

ORAVA RESIDENTIAL REIT PLC FINANCIAL STATEMENTS BULLETIN

—

1 JANUARY – 31 DECEMBER 2015



ORAVA

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CEO'S COMMENTS:

"The financial result for the fourth quarter and the entire financial year for Orava Residential REIT lagged slightly behind the targeted result of 10% return on equity.

The price development of apartments in Finland in the fourth quarter and the entire year 2015 was weak. The change in the value of apartments owned for the entire quarter by the Residential REIT was -0.9% in the fourth quarter, while it was -0.7% in the first, 0% in the second and -0.5% in the third quarter. However, the market situation enabled profitable acquisition of new apartments, and the wholesale discounts for acquisitions compensated for the fall in the value of the old portfolio. In the fourth quarter, we agreed on the acquisition of 81 apartments at a debt-free price of EUR 16.4 million. The fair value of the investment properties owned by the Residential REIT grew from EUR 178.9 million at the end of September to EUR 195,9 million at the end of December, while

it was EUR 130.6 million at the end of December 2014.

No material changes took place in rental operations in the fourth quarter compared to the previous quarter. The gross rental yield for the year 2015 was 6.8%, while net rental yield was 3.8% and the economic occupancy rate was 90.4%.

With regard to apartment sales, the situation improved slightly towards the end of the year. We sold apartments at EUR 1.4 million in the fourth quarter, and the apartment and plot sales totalled EUR 6.1 million in 2015. The fourth quarter was the best in the history of the Residential REIT in terms of apartments sales measured in euros.

The maintenance and repair costs of investment properties in relation to the value of the portfolio came to 3.0% converted to an annual level in the fourth quarter and 2.9% for the entire year. The anticipated increase in the fourth quarter compared to the third quarter was mainly due to seasonal

fluctuation. At the annual level, the slight increase in the ratio is explained by the rise in the cost index of the maintenance of apartment blocks by a few percentage points at the same time as the prices of apartments have fallen.

The number of shareholders of Orava Residential REIT continued growing and reached over 7,500 at the end of the year, while it was 5,500 at the end of the previous year. Trading in the company's shares on the Helsinki Stock Exchange also grew; the average daily turnover in 2015 was EUR 270,000 (EUR 254,000 a year before).

Shareholders have been paid a total of EUR 1.20 per share in dividends on the last business days of March, June, September and December according to the decision of the Annual General Meeting.

The company estimates that it has reasonably good prerequisites for maintaining good profitability and achieving the targeted total return of 10% on shareholders' equity in 2016."





1 October – 31 December 2015

- Revenue: EUR 4.5 million (1 October – 31 December 2014: EUR 2.8 million)
- Comprehensive profit: EUR 1.3 million (EUR 1.7 million)
- Earnings per share: EUR 0.16 (EUR 0.35)
- Economic occupancy rate: 89.7% (88.4%)
- Gross rental yield: 7.0% (6.6%)
- Net rental yield: 3.7% (3.6%)
- Profit from assignments and changes in fair value: EUR 1.8 million (EUR 0.8 million)
- Total dividends distributed during the period under review: EUR 0.30 per share (EUR 0.28 per share)

1 January – 31 December 2015

- Revenue: EUR 17.5 million (1 January – 31 December 2014: EUR 15.3 million)
- Comprehensive profit: EUR 7.4 million (EUR 8.2 million)
- Earnings per share: EUR 0.96 (EUR 1.83)
- Economic occupancy rate: 90.4% (89.4%)
- Gross rental yield: 6.8% (6.7%)
- Net rental yield: 3.8% (4.0%)
- Profit from assignments and changes in fair value: EUR 7.4 million (EUR 8.8 million)
- Total dividends distributed in 2015: EUR 1.20 per share (EUR 1.12 per share)

Net assets per share of Orava Residential REIT plc amounted to EUR 11.64, while they were EUR 12.02 (adjusted) at the beginning of the year. The company has continued growing, and the value of its investment properties rose to EUR 195.9 million at the end of the period under review (31 December 2014: EUR 130.6 million). The company's proposal to the Annual General Meeting concerning dividends to be paid in 2016 is EUR 0.27 per share in each quarter, or a total of EUR 1.08 per share.



OPERATING ENVIRONMENT

National economy

GDP growth was estimated to remain at between -0.1% and +0.3% in Finland last year and to settle at 0.6–1.1% this year. The growth in private consumption, which is of key importance for the housing market, is estimated to have settled at 0.5–1.1% last year, and it is predicted to remain at approximately at the same level, 0.2–1.0%, in 2016. The market interest rates in the euro area have continued to fall, and short-term rates are also expected to remain at less than one per cent for the next four to five years. The estimate is based on the most recent economic forecasts by 15 parties drawing up forecasts on the Finnish economy, compiled by the Federation of Finnish Financial Services, and the market interest rate expectations calculated on the basis of the euro interest rate curve published by the European Central Bank.

We expect the housing market to strengthen during 2016.

Demand in the housing market

During October–December 2015, households drew down EUR 4.3 billion in new mortgages, or 11% more than a year previously according to statistics from the Bank of Finland. The euro-denominated mortgage base totalled EUR 92.0 billion at the end of December, and the annual growth in the mortgage base was 2.8%.

The average marketing period for old apartments in the country overall according to the Finnish marketing service Etuovi.com rose slightly from 117 days in October to 122 days in January, while it had been 127 days in January in the previous year.

A slight recovery seems to have taken place in the demand for housing during the second half of the year.

Supply in the housing market

According to Statistics Finland, building permits for apartment blocks were granted for 1,462 apartments

in November, which was 6% more than a year previously. Correspondingly, in January–November, building permits for apartment blocks were granted for a total of 18,994 apartments, or 11% more than a year previously. The annual change in the sliding annual sum of building permits granted for apartment blocks was +8%.

The three-month change in the housing construction volume index that describes the value of on-going new construction was +5% in November, and the change year-on-year was +3%.

According to the February confidence indicator survey by the Confederation of Finnish Industries, the balance figure for construction production over the past three months was +2 points in the fourth quarter of the year, while it was +17 points in the previous quarter and -12 points a year before. The balance figure for construction production for the past three months was -2 points, in the previous quarter +21 points and -10 points a year before. The

number of unsold residential apartments compared to normal fell from +20 in the third quarter of the year to +10; a year ago, the balance figure was +30 points.

Signs of recovery are still being seen in the supply in the housing market.

Prices, rents and returns in the housing market

In the fourth quarter of 2015, the rents of non-subsidised apartments increased by 2.7% year-on-year. The change in the prices of apartments during the fourth quarter was +0.2% compared to the situation a year previously. The change in housing prices from the previous quarter was -0.2%, which we estimate to correspond to an increase of approximately 0.8% when converted seasonally. The ratio of housing prices to rents is slightly below the long-term average; the ratio calculated from the square metre prices of apartment block apartments in the fourth quarter and the rents non-subsidised apartments was 15.2. The 42-year average for the ratio of square metre prices to annual rents in Finland is 16.9.

We expect housing prices in the country as a whole to start rising slightly during the next 12 months, and the growth rate in rents for non-

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Gross rental yield, %	6.8	6.7
Net rental yield, %	3.8	4.0
Economic occupancy rate, %	90.4	89.4
Operational occupancy rate, %	90.4	88.7
Tenant turnover/month, %	2.3	2.1

subsidised apartments to remain approximately the same if the market interest rate expectations and economic forecasts prove true with regard to their essential components affecting the housing market.

RENTAL OPERATIONS

The economic occupancy rate for the fourth quarter was 89.7%. The slight fall in the economic occupancy rate compared with the previous quarter (90.6%) is influenced by the apartments acquired without tenants at the end of the third quarter. The economic occupancy rate, adjusted so that acquisitions over the past six months have been eliminated, was 92.2%.

We managed to increase the economic occupancy rate slightly during the financial year. The

economic occupancy rate at the end of 2015 was 90.4%, while it was 89.4% a year previously.

At the end of the period, there were a total of 1,702 residential apartments (2014: 1,318). There were 1,323 leases at the end of the period (2014: 1,017) and 124 apartments were for sale (2014: 62). Approximately 98% of the entire lease base for residential apartments is in agreements valid until further notice. A total of 108 agreements were terminated in the fourth quarter (2014: 55) and 443 during the entire financial year (2014: 237).



ACQUISITIONS

On 30 December 2015, the company acquired 81 apartments with binding agreements. The company acquired a total of 23 apartments from five properties from Skanska Talonrakennus Oy and Sipoonranta Oy. A total of 30 apartments were acquired from eleven properties from YIT Construction Ltd. The apartments acquired are located in a total of 16 properties in Espoo, Hyvinkää, Kauniainen, Sipoo, Tuusula, Vantaa, Lahti, Oulu, Hamina, Heinola, Naantali, Paimio, Porvoo, Riihimäki (2 apartments) and Savonlinna. The apartments were without tenants at the time of acquisition. In addition, a property of 26 apartments in Kerava was acquired from VVO. The debt-free selling prices of the acquisitions totalled EUR 16.4 million.

Acquisitions implemented or agreed during the period under review

Time	Property	Debt-free purchase price (EUR million)	Company debt (EUR million)	Directed issues (1,000 shares)	Apartments (qty.)
January– September	5 properties and apartments from 25 properties	48.2	30.3	801	346
30 Dec 2015	Property from Kerava and apartments from 16 properties	16.4	9.8	-	81
TOTAL		64.6	40.1	801	427

APARTMENT SALES

Apartment sales picked up significantly in the fourth quarter compared with the previous quarters and the last quarter of 2014. During the fourth quarter, the company sold a total of 18 residential apartments from thirteen different housing companies. The debt-free selling prices of the apartments totalled EUR 1.4 million. Measured in euros, the quarter was the best in the company's history. The brokerage fees for the sales amounted to EUR 63,000.

During the period, the company sold a total of 43 apartments from 21 different housing companies. The total sales in the period, EUR 3.6 million, exceed the sales in the corresponding period in the previous year (1 January – 31

December 2014: EUR 2.9 million). The brokerage fees for the sales amounted to EUR 151,000.

Apartment sales were supplemented by selling five plots at a selling price totalling EUR 2.6 million. The plots were located in Kerava, Lahti (2 plots), Kaarina and Riihimäki. The housing companies located on the plots concluded leases with the new owner.

The total sales from the investment portfolio in 2015 were EUR 6.1 million (1 January – 31 December 2014: EUR 5.7 million).



Age and regional distributions of the investment portfolio	31 Dec 2015	31 Dec 2014
Newer (1990 onwards)	65 %	58 %
Older (up to 1989)	35 %	42 %
Helsinki Region	40 %	43 %
Major cities	29 %	23 %
Medium-sized cities	31 %	34 %

INVESTMENT PROPERTIES 31 DEC 2015

The fair value of investment properties at the end of the period totalled EUR 195.9 million (31 December 2014: EUR 130.6 million). Orava Residential REIT had a total of 1,702 apartments on 31 December 2015 (31 December 2014: 1,318); the aggregate floor area of the apartments was approximately 108,000 m² (31 December 2014: EUR 82,000 m²). The apartments were located at 108 different housing companies, and the company's holding was 100% in 17 of the cases. More detailed information on the investment properties is presented in the tables section.

The values of the apartments owned by the REIT are measured at fair value at least on a monthly basis and are published at least on a quarterly basis, and always when a change in the REIT's

economic situation requires it or when changes in the condition of the real estate have a material impact on the value of the holdings of the REIT. A more detailed account of the apartment price measurement model is presented in the 2014 financial statements.

CONSOLIDATED PROFIT FOR THE PERIOD

The Group's revenue for the financial year totalled EUR 17.5 million (2014: EUR 15.3 million). The revenue was divided into income from ordinary operations of EUR 10.0 million (2014: EUR 6.5 million) and capital gains of EUR 7.4 million (2014: EUR 8.8 million). Income from ordinary operations includes rental income, compensation for use and other income. Capital gains are made up of profit

from sales of investment properties less sales commissions for sold apartments, as well as the change in the fair value of apartments.

Operating expenses totalled EUR 7.8 million (2014: EUR 5.4 million), of which maintenance costs and annual repairs amounted to EUR 5.1 million (2014: EUR 2.8 million) and the performance-based management fee totalled 0.0 million (2014: EUR 0.8 million). The growth in costs is mainly due to the expansion of the operations.

Operating profit amounted to EUR 9.7 million (2014: EUR 9.9 million).

Financial income and expenses totalled EUR -2.6 million (2014: EUR -1.4 million), and taxes for the period totalled EUR 161,000 (2014: EUR 94,000).



Profit for the period stood at EUR 6.9 million (2014: EUR 8.5 million). Comprehensive income items amounted to EUR 490,000 (2014: EUR -270,000), and comprehensive profit for the period totalled EUR 7.4 million (2014: EUR 8.2 million).

FINANCING

Financial expenses (net) totalled EUR 2,6 million during the period 1 January – 31 December 2015 (2014: EUR 1.4 million).

Orava Residential REIT issued a EUR 20 million bond on 1 April 2015. The bond will fall due on 1 April 2020, and it has a fixed coupon of 4.25%. In the same connection, the parent company repaid the variable-rate loans of EUR 16.9 million taken out from Danske Bank and concluded a credit limit agreement of EUR 15 million with Danske Bank.

The interest-bearing loans of Orava Residential REIT and the company loans allocated to the shares in housing companies totalled EUR 95,8 million on 31 December 2015 (31 December 2014: EUR 60.5 million).

In addition to the loans, the long-term liabilities in the statement of financial position also include EUR 660,000 in rental deposits paid by tenants (31 December 2014: EUR 478,000).



SHARES AND SHAREHOLDERS OF ORAVA RESIDENTIAL REIT

In the first quarter, the company implemented directed issues of a total of 444,193 shares, and applied for the shares to be admitted to trading on the main list of the Helsinki Stock Exchange (trading codes OREIT and OREITN0115). The company allocated 200,000 shares to itself in a charge-free share issue on 9 February 2015. In addition, in a directed issue related to an acquisition, Osuusasunnot Oy subscribed to 244,193 shares on 31 March 2015. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding the subscription. Of the shares subscribed to in the issues, 328,461 shares do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years.

In the second quarter, the company implemented directed issues of a total of 1,119,668 shares and applied for the shares to be admitted to trading on the main list of the Helsinki Stock Exchange (trading codes OREIT and OREITN0115).

The company allocated 200,000 shares and 500,000 shares to itself in charge-free share issues implemented on 4 June 2015 and 17 June 2015.

In addition to these, in directed issues related to acquisitions, 50,450 shares subscribed by Rakenusliike Leimarakentajat Oy on 29 May 2015 and 369,218 shares subscribed by Maakunnan Asunnot Oy on 29 June 2015 were recorded in the Trade Register by 3 July 2015. Of the shares subscribed to in the issues, 419,383 shares do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years.

In the third quarter, the company implemented directed issues of a total of 69,717 shares and applied for the shares to be admitted to trading on the main list of the Helsinki Stock Exchange (trading codes OREIT and OREITN0115). On 31 July 2015, the company allocated 69,717 shares to Suomen Vuokradit Oy related to an acquisition communicated on 30 June 2015, of which 35,926 shares do not provide entitlement to dividends to be paid from the result for 2014 during 2015, but

LIST OF OWNERS ON 31 DECEMBER 2015, TEN LARGEST

Shareholder	Number of shares	%
Royal House Group***	488,421	5.4
Maakunnan Asunnot Oy *	433,664	4.8
Godoinvest Oy**	204,360	2.3
Yli-Torkko Erkki	135,205	1.5
Ålands Ömsesidiga Försäkringsbolag	100,000	1.1
Vähävara Oy	92,000	1.0
Rannikko Reino	91,000	1.0
Osuusasunnot Oy	76,000	0.8
Orava Funds plc****	45,639	0.5
Ström Leif	45,240	0.5
Total	1,711,529	19.0

* Company under the control of Board members Tapani Rautiainen and Timo Valjakka

** Company under the control of Board member Timo Valjakka

*** Company under the control of Board member Tapani Rautiainen

**** Company under the control of Board member Jouni Torasvirta



they will provide entitlement to dividends in 2016 and subsequent years.

In the fourth quarter, the company implemented a directed issue of a total of 1,045,000 shares and applied for the shares to be admitted to trading on the main list of the Helsinki Stock Exchange (trading code OREIT). In the share issue, 150,000 shares were subscribed by experienced investors and 895,000 shares were subscribed by the company. A prospectus was prepared for the shares, which was published on 21 December 2015.

After the record date, 18 December 2015, of the dividend paid on 30 December, all shares in the company were combined (ISIN code FI4000068614) and all shares had equal rights to dividends. Trading with the trading code OREITN0114 on the Helsinki Stock Exchange ended on 18 December 2014. The number of the company's shares in the Trade Register at the end of 2015 was 9,006,619.

The company has allocated and will allocate shares to itself in charge-free share issues, which it may use to strengthen its capital structure, develop its business and widen its ownership base through both acquisition of investment properties and the

issue of convertible bonds. During the period 1 January – 31 December 2015, the company has concluded convertible bond agreements worth EUR 15.3 million, of which EUR 14.8 million was exchanged for 1,340,673 shares in the company and recognised in the company's shareholders' equity. In addition to these agreements, the company's equity has grown in the period under review by EUR 11.0 million through directed issues. The company's shareholders' equity is EUR 94.3 million (31 December 2014: EUR 69.9 million). At the end of the period, the company had 898,311 shares in its possession that it had allocated to itself. More detailed information on shareholders' equity and convertible bonds is presented in the tables section.

The trading codes of the company's shares during the financial year were OREIT and OREITN0115. The average daily turnover of the company's shares during the financial period was EUR 270,000, and the weighted average price of the share during the last five days of stock exchange trading was EUR 9.37.

The company had more than 7,500 shareholders at the end of December.

MANAGEMENT OF THE RESIDENTIAL REIT

Orava Residential REIT was established on the initiative of Orava Funds plc. Orava Funds is responsible for the organisation, management and development of the operations and administration of the Residential REIT. The Residential REIT has no personnel of its own.

As compensation for management services, Orava Residential REIT pays the management company 0.6% of the fair value of the assets of the REIT as an annual fixed management fee and 20% of the annual return on the REIT exceeding the hurdle rate of 6% as a performance-based management fee. The stock exchange price is used in the calculation of the performance-based management fee if it is lower than net assets per share. The performance-based management fee is only paid if the closing stock exchange price for the financial period is higher than the highest closing stock exchange price for the previous financial periods, adjusted for dividends, issues and splits.

The fixed management fee is calculated on a quarterly basis, and the value is considered to be the latest fair value of the assets according to IFRS in the



previous quarter. The fixed management fees during the period under review 1 January – 31 December 2015 amounted to EUR 967,000 (2014: EUR 614,000).

On the basis of the company's net assets per share, share price and dividend distribution realised in 2015, no performance-based management fee has been booked (2014: EUR 1.6 million).

During the period, Newsec Asset Management Oy and Ovenia Oy were paid a total of EUR 790,000 for financial administration and other support activities and for apartment rental operations and administrative services, including value added tax.

PERSONNEL

The personnel of Orava Residential REIT are part of the business organisation of the management company. The management company is responsible for the personnel expenses incurred from the operational activities of the Residential REIT.

BOARD OF DIRECTORS AND AUDITORS

The Board of Directors of Orava Residential REI is composed of six members: Tapani Rautiainen, Veli Matti Salmenkylä, Jouni Torasvirta, Timo Valjakka, Mikko Larvala and Patrik Hertsberg (as of 19 March

2015) as well as Peter Ahlström (until 19 March 2015). The Chairman of the Board is Jouni Torasvirta, and the Vice Chairman is Tapani Rautiainen. The Board of Directors convened a total of 26 times during the period under review. The Board members' rate of attendance at Board meetings was 97%.

Orava Residential REIT's auditor is PricewaterhouseCoopers Oy, with Tuomas Honkamäki, APA, as the chief auditor. The auditor is paid a fee in accordance with the invoice.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

The Board of Directors has an authorisation for a share issue of 6,000,000 shares given by the Annual General Meeting on 19 March 2015. On 31 December 2015, a total of 3,503,426 shares remain of the share issue authorisation.

MANAGEMENT

Pekka Peiponen is the CEO of Orava Residential REIT. The management of Orava Residential REIT is part of the business organisation of the management company Orava Funds plc. The management company is responsible for the costs of personnel

and management incurred from the REIT's operational activities.

REGULATION

The current rules for real estate investment operations are available on the company's website at www.oravaasuntorahasto.fi, and they are included as an appendix.

NEAR-TERM RISKS AND UNCERTAINTIES

Orava Residential REIT estimates that the key risks and uncertainties for the company in the near future will be related to the acquisition of investment properties, changes in the value of apartments and repair costs.

It may be challenging and difficult for the company to acquire investments that meet the company's goals. In addition, it may be difficult for the company to secure debt financing for investments under competitive terms and conditions.

Major unexpected repairs and repair costs would result in a decline in the occupancy rate of apartments, loss of rental income and a decline in profitability.



MAJOR EVENTS

1 JANUARY – 31 DECEMBER 2015

The 500,000 shares that Orava Residential REIT allocated to itself in a charge-free share issue on 17 December 2014 were recorded in the Trade Register on 5 January 2015. The company may use the shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership base through both acquisition of investment properties and the issue of convertible bonds. After the issue, the number of the company's shares totalled 5,706,123.

On 19 January 2015, Orava Residential REIT submitted a listing application for 47,800 shares to be admitted to trading on the stock exchange list of the Helsinki Stock Exchange as of 20 January 2015. The shares are included in the 500,000 shares recorded in the Trade Register on 5 January 2015. The trading code of the shares is OREIT, and the ISIN code is FI4000068614. After the listing, the number of the company's listed shares totalled 5,253,923.

On 23 January 2015, the Financial Supervisory Authority approved the company's prospectus, which was related to the listing of a total of 1,056,122 shares. The shares were related to the directed issue

allocated to Osuusasunnot Oy (235,922 shares), communicated by the company on 28 November 2014, the directed issue allocated to Royal House Oy (368,000 shares), communicated on 31 December 2014, and the charge-free directed issue allocated to the company itself (500,000 shares, of which 47,800 shares were listed on 20 January 2015), communicated on 5 January 2015. In the directed issues subject to a payment, the subscription price of new shares was the average stock exchange price on the Helsinki Stock Exchange weighted by the share turnover during the five trading days preceding the subscription. The subscription price of Osuusasunnot Oy was EUR 11.33 per share, and the subscription price of Royal House Oy was EUR 10.60 per share.

The 368,000 new shares allocated by Orava Residential REIT plc to Royal House Oy in connection with a property acquisition on 31 December 2014, and the 200,000 shares allocated to the company itself in a charge-free share issue on 9 February 2015 were recorded in the Trade Register on 12 February 2015. The company may use the new shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership base

through both acquisition of investment properties and issue of convertible bonds. After the issues, the number of the company's shares recorded in the Trade Register totalled 6,510,045.

The Helsinki Stock Exchange approved Orava Residential REIT's listing application concerning the aforementioned 568,000 shares, and the new shares have been subject to trading on the stock exchange list since 13 February 2015. The trading code of the 368,000 shares allocated to Royal House Oy is OREIT, and the ISIN code is FI4000068614. The trading code of the 200,000 shares allocated by the company to itself is OREITN0115, and the ISIN code is FI4000148036. The shares with the trading code OREITN0115 do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years. After these issues, the number of the company's listed shares totalled 6,510,045.

The company's Annual General Meeting was held on 19 March 2015. The AGM decided to change the company name to Orava Residential REIT plc (previously Orava Residential Real Estate Investment Trust plc). The related amendment to section 1 of



the Articles of Association was recorded in the Trade Register on 31 March 2015.

The AGM decided to make a specification in the rules for real estate investment operations concerning the payment of the performance-related management fee so that the stock exchange price of the share shall be used in the calculation of the management fee if it is lower than net assets per share. According to the decision of the AGM, the rules for real estate investment operations (section 11, paragraph 3) were specified with regard to the determination of the performance-based management fee. The clause "if the stock exchange price of the share is lower than net assets per share" was added to the end of the sentence, "After listing, the stock exchange price of the share shall be used in the calculation instead of net assets per share" in section 11, paragraph 3.

The AGM decided to grant a share issue authorisation to the Board of Directors so that, on the basis of the authorisation, the Board may decide to issue no more than 6,000,000 new shares in the company (of which no more than 1,500,000 shares shall provide entitlement to dividends as of 1 April 2015

and 4,500,000 shares shall not provide entitlement to dividends during 2015).

The company acquired a total of 140 apartments through transactions made and an agreement concluded on 31 March 2015. Their aggregate debt-free purchase price was EUR 16.1 million. The company concluded a binding agreement with Skanska Talonrakennus Oy on a transaction of 53 apartments, which are located in a total of nine properties in Tampere (11 apartments), Turku (5), Oulu (7), Vaasa (5), Rovaniemi (13), Kokkola (3) and Savonlinna (9). In addition, a residential property of 36 apartments at Hoviherrankatu 3 in Kaarina and a residential property of 51 apartments at Kunnaankatu 7 in Raisio were purchased from Osuusasunnot Oy. The transaction was partly financed through a directed issue allocated to Osuusasunnot Oy, where Osuusasunnot Oy subscribed to 244,193 new shares issued by the company. Of these shares, 128,461 do not provide entitlement to dividends paid in 2015. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding the subscription.



Orava Residential REIT issued a EUR 20 million bond on 1 April, and communicated its decision to issue the bond on 26 March 2015. The bond will fall due on 1 April 2020, and it has a fixed coupon of 4.25%. The bond was listed on the regulated market of the Helsinki Stock Exchange on 2 April 2015. Danske Bank Plc acted as the lead manager in the issue of the bond, and Castrén & Snellman Attorneys Ltd acted as the legal advisor in the arrangement.

The 244,193 new shares allocated by Orava Residential REIT plc to Osuusasunnot Oy in connection with an acquisition on 31 March 2015 were recorded in the Trade Register on 17 April 2015. After the issue, the number of the company's shares recorded in the Trade Register totalled 6,754,238. Of the shares allocated to Osuusasunnot Oy, the ISIN code of 115,732 shares is FI400068614 (trading code OREIT), and the ISIN code of 128,461 shares is FI4000148036 (trading code OREITN0115). The shares whose trading code is OREITN0115 do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years. The company submitted a listing application to the Helsinki Stock Exchange concerning the

aforementioned 244,193 shares, and the new shares have been subject to trading on the stock exchange list since 21 April 2015. After the listing, the number of the company's listed shares totalled 6,754,238.

The transaction of 53 residential apartments agreed with Skanska Talonrakennus Oy in March 2015 was completed on 28 April 2015.

On 29 May 2015, the company agreed with Rakennusliike Leimarakentajat Oy on the construction of 52 apartments in Hämeenlinna. The apartments to be built will be completed by the end of 2016. The company is financing the building project with directed issues allocated to Rakennusliike Leimarakentajat Oy and company loans taken out for the company established. The total value of the directed issues allocated to Rakennusliike Leimarakentajat Oy during the building period is approximately EUR 1.8 million. At the time of the agreement, Rakennusliike Leimarakentajat Oy had subscribed to a total of 50,450 shares at EUR 0.6 million. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding the subscription. The remainder of the

directed issues will be subscribed after the project has been completed.

The 200,000 shares that Orava Residential REIT plc allocated to itself in a charge-free share issue on 4 June 2015 were recorded in the Trade Register on 9 June 2015. The company may use the shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership base through both acquisition of investment properties and the issue of convertible bonds. After the issue, the number of the company's shares recorded in the Trade Register totalled 6,954,238. Of the shares allocated to the company itself, the ISIN code of 150,000 shares is FI400068614 (trading code OREIT), and the ISIN code of 50,000 shares is FI4000148036 (trading code OREITN0115). The shares whose trading code is OREITN0115 do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years.

The company submitted a listing application to the Helsinki Stock Exchange concerning the aforementioned 200,000 shares, and the new shares have been subject to trading on the stock exchange





list since 10 June 2015. After the listing, the number of the company's listed shares totalled 6,954,238.

The 500,000 shares that Orava Residential REIT plc allocated to itself in a charge-free share issue on 17 June 2015 were recorded in the Trade Register on 23 June 2015. The company may use the shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership base through both acquisition of investment properties and the issue of convertible bonds. After the issue, the number of the company's shares recorded in the Trade Register totalled 7,454,238. Of the shares allocated to the company itself, the ISIN code of 350,000 shares is FI400068614 (trading code OREIT), and the ISIN code of 150,000 shares is FI4000148036 (trading code OREITN0115). The shares whose trading code is OREITN0115 do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years.

The 50,450 shares allocated by the company to Rakennusliike Leimarakentajat Oy in May 2015 and the 377,502 shares assigned by the company on the basis of convertible bond agreements concluded between 1 March and 31 May 2015 were recorded

in the company's shareholders' equity items on 23 June 2015. The increase in share capital is EUR 4.3 million, in addition to which EUR 0.8 million was booked in the company's reserve for invested unrestricted equity. After the increases, the company's share capital was EUR 67,057,020.00.

Through a transaction concluded on 29 June 2015, the company acquired 46 apartments from Asunto Oy Vantaan Kaakkoisväylä 4 at a purchase price of EUR 4.15 million. The transaction was financed through a directed issue allocated to Maakunnan Asunnot Oy, where Maakunnan Asunnot Oy subscribed to 369,218 new shares issued by the company. Of these shares, 192,889 do not provide entitlement to dividends paid in 2015. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding the subscription.

On 30 June 2015, the company concluded a binding agreement to acquire a total of 44 apartments from Asunto Oy Lahden Jukolan Aapo and Asunto Oy Lahden Jukolan Tuomas at a debt-free purchase price of EUR 7.1 million. The transaction will be financed through a directed issue allocated



to Suomen Vuokrakodit Oy, where Suomen Vuokrakodit Oy has undertaken to subscribe to 138,163 new shares issued by the company. Of these shares, 71,684 do not provide entitlement to dividends paid in 2015. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding the subscription.

On 30 June 2015, the Financial Supervisory Authority approved the company's prospectus, which was related to the listing of a total of 937,664 shares. The shares are related to the directed issues to Maakunnan Asunnot Oy (369,218 shares) communicated on 29 June 2015 and Suomen Vuokrakodit Oy (68,446 shares) communicated on 30 June 2015, and the charge-free directed issue allocated to the company itself (500,000 shares) communicated on 23 June 2015. In the directed issues allocated to Maakunnan Asunnot Oy and Suomen Vuokrakodit Oy, the subscription price of the new shares was the average stock exchange price on the Helsinki Stock Exchange weighted by the share turnover during the five trading days preceding 29 June 2015. The subscription prices of the shares were EUR 11.65 per

share (trading code OREIT) and EUR 10.65 per share (trading code OREIN0115).

On 1 July 2015, the company submitted a listing application to the Helsinki Stock Exchange concerning the admission of the shares subscribed in the directed issue allocated to Maakunnan Asunnot Oy on 29 June 2015 and the shares allocated to the company itself and communicated on 23 June 2015, i.e. a total of 869,218 shares, to trading on the stock exchange list of the Helsinki Stock Exchange. Trading in the new shares started on 6 July 2015. Of the shares, 526,329 were applied to be admitted to trading on the stock exchange list with the trading code OREIT (ISIN code FI4000068614) and 342,889 with the trading code OREITN0115 (ISIN code FI4000148036).

The Financial Supervisory Authority approved the supplement to the company's prospectus on 2 July 2015. The prospectus estimated that the 937,664 shares will be applied to be admitted to trading on the stock exchange list of the NASDAQ Helsinki on or around 3 July 2015. The 68,446 shares subscribed by Suomen Vuokrakodit Oy will be applied to be admitted to trading later.

The 369,128 shares allocated by the company to Maakunnan Asunnot Oy on 29 June 2015 were recorded in the Trade Register on 3 July 2015. The increase in the share capital was EUR 3.7 million. After the increases, the number of the company's shares recorded in the Trade Register totalled 7,823,456 and the company's share capital was EUR 70,749,200.00.

Orava Residential REIT allocated a new share issue to Suomen Vuokrakodit Oy on 31 July 2015. Suomen Vuokrakodit Oy has undertaken to subscribe to 69,717 new shares issued by the company. Of these shares, 35,926 do not provide entitlement to dividends paid in 2015. The subscription price of the shares is the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding 31 July 2015. The directed issue is related to the binding agreement communicated on 30 June 2015, by which Orava Residential REIT acquired a total of 44 apartments from Asunto Oy Lahden Jukolan Aapo and Asunto Oy Lahden Jukolan Tuomas at a debt-free purchase price of EUR 7.1 million.



The company's auditor, PricewaterhouseCoopers Oy, has appointed Tuomas Honkamäki, APA, as the company's chief auditor as of 11 August 2015.

The Financial Supervisory Authority approved the supplement to the company's prospectus on 24 August 2015. The prospectus was supplemented with the changed information concerning the transaction concluded with Suomen Vuokrakodit Oy, and reference was made in the prospectus to the company's interim report for 1 January – 30 June 2015.

The 138,163 new shares allocated by Orava Residential REIT plc to Suomen Vuokrakodit Oy in directed issues on 29 June 2015 and 31 July 2015 were recorded in the Trade Register on 24 August 2015. After the issue, the number of the company's shares recorded in the Trade Register totalled 7,961,619. The company submitted a listing application to the Helsinki Stock Exchange concerning the aforementioned 138,163 shares, and the new shares have been subject to trading on the stock exchange list since 26 August 2015. After the listing, the number of the company's listed shares totalled 7,961,619.

On 30 September 2015, the company acquired a total of 42 apartments from YIT Construction Ltd through a binding agreement at a debt-free purchase price of 10.3 million. The apartments acquired are new, and they are located in Helsinki, Espoo, Hyvinkää, Turku, Raisio, Oulu, Kuopio, Rovaniemi and Vaasa. The apartments were not leased.

Through conditional agreements concluded on 30 September 2015, housing companies owned by Orava Residential REIT sold five plots at a total selling price of EUR 2.6 million. The plots are located in Kerava, Lahti, Kaarina and Riihimäki. The completion of the transactions requires that pledge arrangements are concluded.

On 18 November 2015, Orava Residential REIT signed an agreement on the acquisition of equity with Carnegie Investment Bank AB (hereinafter "Carnegie"). Under the agreement, the company attempts to issue no more than 4 million shares, which correspond to a no more than 50% addition to the current number of shares of Orava Residential REIT. On 19 March 2015, the Annual General Meeting of Orava Residential REIT authorised the Board of Directors to implement directed issues of no more than 6 million shares. Approximately 4.5 million



shares remain of the share issue authorisation. On the basis of the agreement, Carnegie will to the best of its abilities and in accordance with the instructions of Orava Residential REIT attempt to sell the shares issued by the company in one or several batches at the prevailing market price. The purpose of the agreement is to acquire new capital for Orava Residential REIT to expand the company's operations in accordance with its strategic growth objectives, expand the shareholder base and increase the awareness of international institutional investors of Orava Residential REIT.

The plot transactions agreed by the housing companies owned by Orava Residential REIT on 30 September 2015 were completed in November after pledge arrangements.

On 14 December 2015, the company published its intention to offer the company's shares to a limited group of institutional investors and the company itself. Orava Residential REIT would offer no more than 4,000,000 new shares in the company to be subscribed against payment by a restricted number of institutional, experienced investors within the meaning of the Prospectus Directive, designated by Carnegie Investment Bank AB and participating in a

tender procedure in the European Economic Area, and if the issued shares would not be subscribed to in their entirety by the institutional investors, they would be subscribed by the company free of charge. The subscription price of the issued shares would be determined finally by the subscription offers made by the institutional investors in the tender procedure. The company and Carnegie Investment Bank AB set the preliminary price range for the issued shares at EUR 9.70 –10.50 per issued share. The tender procedure began on 14 December 2015 at 9:30 a.m. Finnish time, and it ended no later than 17 December 2015 at 6:30 p.m. Finnish time. The issued shares do not give entitlement to dividends distributed by the company in 2015. Carnegie Investment Bank AB acted as the lead manager in the share issue. Bird & Bird Attorneys Ltd acted as the legal advisor of the company in the share issue.

The company communicated on 16 December 2015 that the dividend to be paid for the shares of Orava Residential REIT (trading code OREIT, ISIN code FI4000068614) on 30 December 2015 is EUR 0.30. The dividend detachment date was 17 December 2015, and the record date was 18

December 2015. The total amount of dividends was EUR 2,149,664.10.

On 18 December 2015, the company decided on a share issue where the company offers no more than 500,000 issued shares as communicated by the company on 14 December 2015 to experienced investors participating in an organised tender procedure and no more than 1,000,000 issued shares to the company itself so that the company may, however, subscribe to no more than 10% of the number of shares remaining after the share issue together with the company shares already owned by the company. The company's Board of Directors approved the terms and conditions of the share issue. On the basis of the tender procedure, the subscription price of the issued shares for experienced investors was set at EUR 9.70 per issued share. The issued shares that the company itself subscribes to according to the terms and conditions, are charge-free. The maximum amount of the share issue before fees and costs is EUR 4,850,000. The subscription price of the issued shares is recognised in its entirety in the company's reserve for invested unrestricted equity. The issued shares do not give entitlement to dividends distributed by the



company in 2015. The subscription period of the share issue started on 18 December 2015 at 8:00 a.m. Finnish time and ended at 12:00 Finnish time. The company will apply for the issued shares to be admitted to trading on the Helsinki Stock Exchange on or around 28 December 2015 together with the company's other shares. The company's Board of Directors decided on the share issue on the basis of the authorisation given to it by the AGM on 19 March 2015. Carnegie Investment Bank AB acted as the lead manager in the share issue. Bird & Bird Attorneys Ltd acted as the legal advisor of the company in the share issue.

The company's Board of Directors decided to approve the subscriptions made in the share issue on 18 December 2015. In the share issue, 150,000 shares were subscribed by experienced investors and 895,000 shares were subscribed by the company. Accordingly, the company collected approximately EUR 1,455,000 of new equity through the share issue before fees and costs. The subscription price of the issued shares will be recognised in its entirety in the company's reserve for invested unrestricted

equity. The issued shares do not give entitlement to dividends distributed by the company in 2015.

Since the difference in dividends between the company's OREIT (ISIN code FI4000068614) and OREITN0115 (ISIN code FI4000148036) shares was removed on 17 December 2015, the company's shares have the same and equal rights to dividends, including the dividends paid in 2016 and subsequent years. The trading code OREITN0115 was removed from the main list of the stock exchange on Friday 18 December 2015 after the close of trading, at which time the combination of the shares with the OREIT shares also took place,

The Financial Supervisory Authority approved the prospectus of Orava Residential REIT on 21 December 2015. On 18 December 2016, Orava Residential REIT plc communicated a directed issue where a restricted group of experienced investors and the company subscribed to a total of 1,045,000 new shares in the company. The experienced investors subscribed to the issued shares for approximately EUR 1.5 million. The issued shares subscribed to by the company were charge-free. The Financial

Supervisory Authority approved the prospectus for application of the issued shares in the share issue to be admitted to trading on Nasdaq Helsinki (the Helsinki Stock Exchange). When the issued shares were recorded in the Trade Register, the company's number of shares grew by 1,045,000 shares from 7,961,619 shares to 9,006,619 shares.

The 1,045,000 shares subscribed to in the share issue were recorded in the Trade Register on 23 December 2015. After the issue, the number of the company's shares recorded in the Trade Register totalled 9,006,619. The company submitted a listing application to Nasdaq Helsinki (the Helsinki Stock Exchange) concerning the aforementioned additional 1,045,000 shares, and the new shares have been subject to trading on the stock exchange list since 28 December 2015. After the listing, the number of the company's listed shares totalled 9,006,619.

On 30 December /2015, the company acquired a total of 81 apartments from YIT Construction Ltd through binding agreements at a debt-free purchase price of 16.4 million. Out of the value of the apartments acquired, 62% are located in the Helsinki





Region, 22% in major cities and 16% in medium-sized cities. The 53 apartments acquired from construction companies were not leased.

EVENTS AFTER THE FINANCIAL PERIOD

The Board of Directors of Orava Residential REIT plc confirmed the company's updated strategy for 2016 on 11 January 2016. The strategic financial objectives remained unchanged: the targeted total return on the share shall be at least 10% p.a., the targeted dividend return shall be 7–10% p.a. on net assets per share, and the crediting rate shall be approximately 50%.

In addition to the financial objectives, the following were confirmed as the main strategic objectives:

- increasing equity to at least EUR 110 million in 2016 and maintaining an annual growth of approximately at least EUR 20% over the medium term
- diversifying the acquisition of debt financing further
- increasing the economic occupancy rate to over 95%
- reducing property maintenance costs to 5% and repair costs to 10% below the statistical benchmark, and

- achieving apartment sales at 5–10% of the value of investment assets on the opening statement of financial position.

The regional and age distribution objectives for portfolio management were updated. According to the updated regional distribution objective, 53% of the market value of apartments shall be located in the Helsinki region, 22% in major cities and 25% in medium-sized cities with a variation range of plus or minus approximately 10%. The age distribution objective remained unchanged, i.e. the weighting of properties completed in the 1990s and afterwards shall be 51%, and the weighting of properties completed before 1990 shall be 49% plus or minus approximately 10% calculated from the market value of the investment portfolio.

The Board of Directors of Orava Residential REIT plc and management company Orava Funds plc agreed to change the performance-based management fee on 17 February 2016. The hurdle rate of six per cent was increased to seven per cent. The Board of Directors of Orava Residential REIT plc proposes that the same change concerning the payment of performance-based management fee be made to the rules for investment operations.



Dividends per share paid during the period under review:**FI4000068614**

31 Mar 2015 • 1st dividend	EUR 0.30
30 Jun 2015 • 2nd dividend	EUR 0.30
30 Sep 2015 • 3rd dividend	EUR 0.30
30 Dec 2015 • 4th dividend	EUR 0.30
Total	EUR 1.20

DIVIDEND

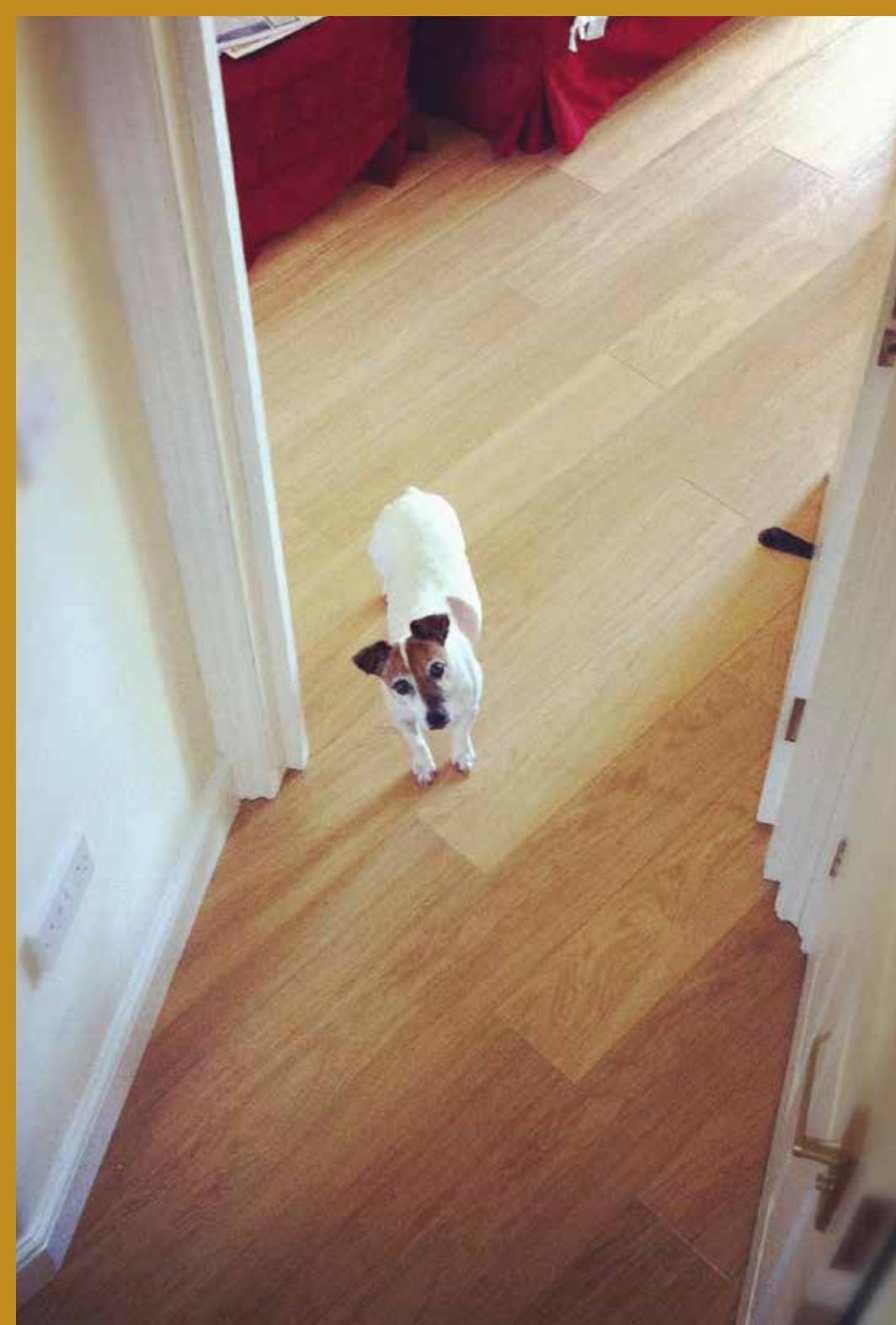
2015

The Annual General Meeting of 19 March 2015 decided to distribute a dividend of EUR 0.30 per share from the profit for 2014 in each quarter of 2015, i.e. in total at most EUR 1.20 per share in 2015. The dividend will be paid on the last business day of each quarter.

2016

The Board of Directors proposes to the Annual General Meeting that a total of EUR 1.08 per share be distributed from the result for 2015 in dividends and that the Board of Directors be authorised to decide on the amounts of dividends to be paid in each quarter.





FUTURE OUTLOOK

Orava Residential REIT estimates that it has reasonably good prerequisites for maintaining good profitability and achieving the targeted total return of 10% on shareholders' equity in 2016.

The change in the value of current apartments in the investment portfolio is expected to turn slightly positive during this year. The gross and net rental yields are estimated to remain approximately at the level of last year. The euro-denominated result impact of the acquisition of properties is not expected to differ significantly from the same order as 2015. The ratio of maintenance and repair costs to the value of investment properties is also not expected to change materially compared to the previous year.

Helsinki, 18 February 2016

Orava Residential REIT plc
Board of Directors

ADDITIONAL INFORMATION:

Pekka Peiponen, CEO, tel. +358 (0)10 420 3104

Veli Matti Salmenkylä, CFO and administrative director, tel. +358 (0)10 420 3102

APPENDICES

Appendix: Descriptive and tables sections



DESCRIPTIVE AND TABLES SECTIONS



**Consolidated Statement of
Comprehensive Income**
IFRS

Consolidated Statement of Comprehensive Income	Note	Q4 2015	Q4 2014	2015	2014
		EUR 1,000			
Revenue					
Income from ordinary operations	2	2,748	2,003	10,087	6,532
Gains from disposals and changes in the fair value of apartments	2	1,764	807	7,431	8,794
Total revenue		4,512	2,811	17,519	15,327
Maintenance expenses	3	-1,517	-1,070	-5,075	-2,831
Expenses from rental operations	3	-251	-109	-507	-350
Administrative expenses	3	-592	-437	-2,179	-1,379
Other operating income and expenses	3	-24	765	-25	-862
Total expenses		-2,384	-851	-7,786	-5,422
Operating profit		2,128	1,960	9,732	9,905
Financial expenses (net)	5.1	-676	-200	-2,640	-1,361
Profit before taxes		1,452	1,761	7,092	8,545
Direct taxes	3	-139	-66	-161	-94
Profit/loss for the period		1,313	1,695	6,931	8,451
Profit/loss for the period attributable to the owners of the parent company		1,313	1,695	1,695	8,451
Earnings per share calculated from the profit attributable to the owners of the parent company					
Earnings per share, EUR	5.8	0.16	0.35	0.96	1.83
Other comprehensive income items					
Items that may in the future be reclassified to profit or loss					
Derivatives – interest rate swaps	5.7	-3	11	490	-270
Items that are not reclassified to profit or loss		0	0	0	0
Comprehensive profit/loss for the period		1,310	1,706	7,421	8,181
Comprehensive profit/loss for the period attributable to the owners of the parent company		1,310	1,706	7,421	8,181
non-controlling interests		0	0	0	0



Consolidated statement of financial position

The notes presented in the balance sheet book form an integral part of the consolidated financial statements.

Consolidated statement of financial position	Note	31 Dec 2015	31 Dec 2014
ASSETS	1,000 EUR		
Fair value of investment properties	4	195,851	130,668
Current assets			
Trade and other receivables	2, 5.2	674	4,070
Cash and cash equivalents	5.2	2,790	1,990
		3,464	6,059
TOTAL ASSETS		199,315	136,728
Equity attributable to the owners of the parent company			
Share capital	5.8	72,131	50,337
Share issue		0	7,526
Reserve for invested unrestricted equity	5.8	13,713	2,260
Hedge reserve	5.7	-3	-493
Retained earnings		1,574	1,780
Profit for the period		6,931	8,451
Total equity		94,346	69,860
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	5.3	91,763	58,059
Other non-current liabilities	5.3	660	478
Total non-current liabilities		92,423	58,538
Current liabilities			
Interest-bearing liabilities, loans	5.3	4,002	1,931
Trade payables and other current liabilities	3, 5.3	8,541	5,906
Derivatives	5.7	3	493
Total current liabilities		12,546	8,330
Total liabilities		104,969	66,868
TOTAL EQUITY AND LIABILITIES		199,315	136,728



Consolidated statement of cash flows

Consolidated statement of cash flows	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
Cash flows from operational activities	EUR 1,000	
Payments received from ordinary activities	9,801	7,657
Expenses paid from ordinary activities	-7,987	-4,406
Cash flows from operational activities before financial items	1,814	3,251
Interest paid and other finance expenses, net	-4,165	-1,990
Taxes paid	-47	-72
Net cash flows from operational activities	-2,399	1,189
Cash flows from investment activities		
Acquisition of residential apartment shares	-6,562	-3,833
Investments in tangible fixed assets	-481	-2,670
Investments in intangible assets	-510	-490
Income from divestitures of tangible fixed assets	4,708	4,381
Net cash flows used in investments	-9,070	-15,738
Cash flows from financing activities		
Payments received from share issues	2,472	2,750
Loan withdrawals	23,451	6,518
Payments received from the issue of convertible bonds	15,000	4,816
Loan repayments	-20,954	-2,079
Dividends paid	-7,701	-4,600
Net cash flows used in financing activities	12,268	7,405
Net decrease (-) / increase (+) in cash and cash equivalents	800	-7,143
Cash and cash equivalents at the beginning of the period	1,990	9,134
Cash and cash equivalents at the end of the period	2,790	1,990

The notes presented in the balance sheet book form an integral part of the consolidated financial statements.



Statement of changes in equity (1/2)

Shareholders' equity consists of share capital, the reserve for invested unrestricted equity and retained earnings. Fees related to an increase in the share capital paid to third parties are deducted from shareholders' equity. The company may only distribute its funds as dividends. Under the Tax Exemption Act, acquisition of the company's own shares is prohibited.

STATEMENT OF CHANGES IN EQUITY		1,000 EUR				
	1	2	3	4	5	6
Equity 31 Dec 2013	43,144	0	-224	6,859	49,780	49,780
Proceeds from shares issued 25 Jun 2014	3,189	899			4,088	4,088
Proceeds from shares issued 30 Sep 2014	1,148	302			1,450	1,450
Proceeds from shares issued 30 Dec 2014	6,039	535			6,574	6,574
Conversion of a convertible bond 8 Oct 2014	1,576	424			2,000	2,000
Conversion of a convertible bond 23 Dec 2014	1,280	220			1,500	1,500
Conversion of a convertible bond 31 Dec 2014	1,486				1,486	1,486
Costs of acquiring equity		-120		-258	-378	-378
Distribution of dividends 28 Mar 2014				-1,206	-1,206	-1,206
Distribution of dividends 30 Jun 2014				-1,206	-1,206	-1,206
Distribution of dividends 30 Sep 2014				-1,206	-1,206	-1,206
Distribution of dividends 30 Dec 2014				-1,206	-1,206	-1,206
Profit for the period				8,451	8,451	8,451
Comprehensive income items			-270		-270	-270
Equity 31 Dec 2014	57,863	2,260	-493	10,230	69,860	69,860

- 1 Share capital and share issue
- 2 Reserve for invested unrestricted equity
- 3 Hedge reserve
- 4 Retained earnings
- 5 Total equity attributable to the owners of the parent company
- 6 Total equity



Statement of changes in equity (2/2)

STATEMENT OF CHANGES IN EQUITY	1,000 EUR					
	1	2	3	4	5	6
Proceeds from shares issued 11 Feb 2015	396	24			420	420
Proceeds from shares issued 26 Feb 2015	50	8			58	58
Proceeds from shares issued 31 Mar 2015	2,442	361			2,803	2,803
Conversion of a convertible bond 19 Mar 2015	2,024	490			2,514	2,514
Proceeds from shares issued 29 May 2015	505	80			585	585
Conversion of a convertible bond 17 Jun 2015	3,776	725			4,501	4,501
Proceeds from shares issued 29 Jun 2015	4,377	493			4,870	4,870
Conversion of a convertible bond 29 Jun 2015		500			500	500
Proceeds from shares issued 31 Jul 2015	697	65			762	762
Conversion of convertible bonds 29 Sep 2015		4,500			4,500	4,500
Conversion of convertible bonds 31 Dec 2015		4,206			4,206	4,206
Costs of acquiring equity				-705	-705	-705
Distribution of dividends 31 Mar 2015				-1,795	-1,795	-1,795
Distribution of dividends 30 Jun 2015				-1,927	-1,927	-1,927
Distribution of dividends 30 Sep 2015				-2,080	-2,080	-2,080
Distribution of dividends 30 Dec 2015				-2,150	-2,150	-2,150
Profit for the period				6,931	6,931	6,931
Comprehensive income items			-3		-3	-3
Maturing of a hedge instrument			493		493	493
Equity 31 Dec 2015	72,131	13,713	-3	8,504	94,346	94,346

1 Share capital and share issue

2 Reserve for invested unrestricted equity

3 Hedge reserve

4 Retained earnings

5 Total equity attributable to the owners of the parent company

6 Total equity

In 2015, a total of 41 convertible bond agreements were entered into with a total value of EUR 15.3 million. The lenders were domestic investment companies introduced to the company by UB Securities Ltd.



NOTES TO THE FINANCIAL STATEMENTS

1 Consolidation

Under the Consolidation heading, we have compiled basic information on Orava Residential REIT plc, the main provisions of the Tax Exemption of Certain Limited Liability Companies Engaging in Apartment Rental Operations (299/2009) ("the Tax Exemption Act"), as well as the principles related to the consolidation of the Group and the related notes.

To increase the understanding of the calculation principles, Orava Residential REIT describes the accounting policies in connection with the note in question as part of the note.

The interim report is unaudited.

1.1 Basic details of the Group

Orava Residential REIT plc ("Orava Residential REIT", business ID 2382127-4, at the address Fabianinkatu 14 B, 00100 HELSINKI, Finland) was established on 30 December 2010 as a real estate fund as referred to in the Real Estate Funds Act. Its rules for real

estate investment operations have been approved by the Finnish Financial Supervisory Authority. The up-to-date rules are included as an appendix to the financial statements.

The purpose of the company as a real estate fund under the Real Estate Funds Act (1173/1997) is to let apartments and real estate which it owns or possesses due to its shareholding, to engage in ordinary housing management and maintenance focusing on its own property, to exercise construction contracting on the company's own behalf and to finance all these operations. The operations of the company aim to take advantage of the Act on the Tax Exemption of Certain Limited Liability Companies Engaging in Apartment Rental Operations (299/2009) ("the Tax Exemption Act"). The company has been granted an exemption from income tax. The tax exemption started from the beginning of the first tax year on 30 December 2010.

Orava Residential REIT was listed on NASDAQ OMX Helsinki ("the Helsinki Stock Exchange") in October 2013.

The Board of Directors of Orava Residential REIT approved these financial statements for publication at its meeting on 17 February 2016.



1.2 The Act on the Tax Exemption of Certain Limited Liability Companies Engaging in Apartment Rental Operations (299/2009) (“the Tax Exemption Act”)

In Finland, a limited company generally liable for tax and engaged in the rental of residential apartments is exempted from paying income tax in the manner prescribed in the Tax Exemption Act.

The main prerequisites for granting exemption from tax are as follows:

- The company may not be engaged in any other business than that of renting residential apartments
- At least 80% of the company's assets shown on the balance sheet must be invested in apartments or real estate primarily intended for residential use
- The other assets of the company besides the residential assets are compliant with the Real Estate Funds Act
- The company's liabilities do not exceed 80%

- No individual shareholder may hold more than 30% of the company's share capital (less than 10% from the end of 2014)
- The Real Estate Funds Act is applicable to the company

In addition to the above, the requirements for maintaining the exemption from tax are broadly as follows:

- At least 90% of the result must be distributed in dividends every year (excluding any non-materialised change in value)
- The company's shares shall be listed on the stock exchange on the third year at the latest
- The company will not distribute its funds in any other manner than as dividends

The company becomes partially liable for tax

- to the extent that its rental income is less than 80% of its total income (excluding disposal prices)
- for capital gains from apartments it has owned for less than five years

In the initial stage of company operations, residential apartments owned for less than five years have been disposed of, so a liability to pay tax may arise from such disposals.

It is not possible to set off disposal gains and losses in capital gains taxation. Income tax is only recognised if it is known that the company will become partially liable to pay tax. For taxation purposes, a capital gain is created when the disposal price exceeds the sum total of the original acquisition price, the asset transfer tax paid, the estate agent's fee and the apartment repair expenses and capitalised repairs.

The subsidiaries pay the relevant taxes on their financial result and capital gains.

1.3 Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applying the IAS and IFRS standards and SIC and IFRIC interpretations endorsed for use in the EU and in force on 31



December 2015. The term “International Financial Reporting Standards” refers to the standards and their interpretations in the Finnish Accounting Act and provisions based on this approved for application in the EU in accordance with the procedure established in EU Regulation No 1606/2002. The notes to the consolidated financial statements also comply with the provisions of Finnish accounting and corporate legislation that supplement the IFRS provisions. In addition, Orava Residential REIT complies with the recommendations of the European Public Real Estate Association (EPRA) of August 2011, as applicable.

The consolidated financial statements were prepared in euros, and they are presented in thousands of euros. All figures have been rounded, so the sum total of the individual figures may differ from the total amount presented.

The consolidated financial statements are based on the acquisition cost method apart from investment properties and interest rate swaps used for hedging cash flows, which are recognised at fair value.

The preparation of IFRS-compliant financial statements requires discretion from the management.

Discretion influences the selection and application of accounting principles, the amount of reported assets, liabilities, income and expenses, as well as the notes presented. When exercising discretion, the management uses estimates and assumptions based on previous experience and its best view on the closing date concerning the future development of the real estate market, in particular. The final outcome may differ from the estimates made. Any changes in estimates and assumptions are recognised in the accounts in the financial period during which the estimates or assumptions are adjusted.

1.4 Consolidation principles

Orava Residential REIT consolidates its wholly-owned housing companies in compliance with IFRS 10. Partially owned housing companies are consolidated using the proportionate method in compliance with IAS 11, in which case only the amount of each income statement and balance sheet item of the subsidiaries corresponding to the holding of the Group is consolidated. Accordingly, no non-controlling interests are created in the Group consolidation process.

1.5 Asset items available for sale

In accordance with the company's investment strategy, the aim is to annually sell apartments for 10 per cent of the value of the investment properties on the company's opening statement of its financial position. The sales of apartments are implemented by selling apartments released from rental use individually. The sales of apartments may be supplemented by sales of plots. In 2015, the sales of investment properties corresponded to slightly more than 4.7% of the value of investment properties on the opening statement of financial position. Apartment sales totalled EUR 3.6 million, and plot sales came to EUR 2.6 million. Asset items classified as available for sale are measured at fair value.

The book values of assets items available for sale on 31 December 2015 were EUR 13.2 million (31 December 2014: EUR 4.1 million).

2 Segments and income

In the note on operating income we have collected notes on financial result and the statement of financial position related to revenue and other



income so that their impact on the financial result and statement of financial position of Orava Residential REIT would be better perceived.

The Group's chief operational decision-maker is the Board of Directors. Segment information is based on monthly reports which the Board of Directors uses for allocating resources and for assessing financial performance.

Orava Residential REIT lets apartments and real estate, which it owns or possesses due to its shareholding, and engages in ordinary housing management and maintenance focusing on its own property.

The form of segment reporting used by the company is in accordance with the intended use of the investment properties. According to the Tax Exemption Act, at least 80% of the assets shown on the company's balance sheet must be invested in apartments or real estate primarily intended for residential use and rental income from these must account for at least 80% of its income, excluding the disposal prices of investment properties. The assets shown on the balance sheet and the income of Orava Residential REIT have consisted of apartments and real estate primarily intended for residential use, so no segment division has been performed.

The revenue of Orava Residential REIT is presented in compliance with accounting principles, divided into income from ordinary operations and capital gains from disposals and changes in fair value. Income from ordinary operations is divided into gross rental yield, i.e. income from rental of apartments and other facilities, and compensation for use and resident services. Income from ordinary operations is recognised in the income statement in equal instalments on a monthly basis over the lease period.

The capital gains and losses from apartments are arrived at by deducting the previous quarter's closing balance value from the debt-free selling price. Capital gains also include transaction fees from sales, i.e. estate agents' sales commissions, changes in the fair value of apartments in the period under review and the share of the apartments of the asset transfer tax, activated repairs and apartment repair expenses that have not been activated yet. During the period 1 January – 31 December 2015, a total of 43 apartments were sold.



Revenue	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
Income from ordinary operations		
Gross rental yield	9,749	6,302
Compensation for use and service income	337	230
Gains from disposals and changes in the fair value of apartments		
Apartment disposal prices deducted from the fair value closing the quarter preceding the sales and capital gains on plots	-201	466
Sales commissions for apartments disposed of	-151	-115
Net gains and losses from the measurement of investment properties at fair value	7,784	8,443
Total	17,519	15,327
Distribution of investment property values by their location, %		
	31 Dec 2015	31 Dec 2014
Helsinki Region	40	43
Major cities	29	23
Medium-sized cities	31	34
Total	100	100
Distribution of investment property values by age group, %		
	31 Dec 2015	31 Dec 2014
Built in 1989 or earlier	35	43
Built in 1990 or later	65	57
Total	100	100

The geographical distribution of the value of investment properties and their breakdown by age is also regularly reported to the Board of Directors. The Helsinki Region includes Helsinki, Espoo, Kauniainen, Vantaa and the surrounding municipalities, while Tampere, Turku, Oulu, Jyväskylä and Lahti are classified as major cities. Medium-sized cities are those cities of approximately 20,000 inhabitants where population growth is higher than average in Finland.



Trade receivables	31 Dec 2015	31 Dec 2014
Rental and trade receivables	187	138
Total	187	138

During the period, EUR 25,000 in credit losses for rental receivables have been recognised.

Rental receivables are recognised on the balance sheet at their initial invoiced value. Rental receivables are regularly reviewed. Reminder and collection letters are sent at two-week intervals. An external collection agency manages the collection of rental receivables. A summons is sent to a district court approximately two months after the first due date in case of no payment.

At the end of every reported period, it is estimated whether there is proof of impairment of the value of receivables. Impairment of rental receivables is recognised under other operating expenses during the period it is incurred. Credit risk arises from the possibility that the counterparty to an agreement fails to meet its contractual obligations.

On the balance sheet date, the major credit risks faced by the Group were due to rental receivables. The Group does not have any significant concentrations of receivable or credit risks. On 31 December 2015, rental receivables totalled EUR 187 thousand.



3 Operating expenses

In the note on operating expenses we have collected the notes on financial results and the statement of financial position related to operating expenses so that their impact on the financial result and statement of financial position of Orava Residential REIT can be better perceived.

The expenses include the management, maintenance and annual repair expenses of investment properties, expenses for rental operations and the administrative expenses of the Residential REIT. Administrative expenses include the remuneration of the Board of Directors, the fixed fee of the management company and other administrative expenses. Other administrative expenses include any performance-based fees of the management company and credit losses.

Land leases of subsidiaries are treated as other leases, and the rents paid are recognised in the income statement under maintenance expenses in equal instalments over the lease period.

Expenses by type	2015	2014
Property maintenance expenses	-5,075	-2,831
Expenses from rental operations	-507	-350
Board of Directors' fees	-143	-107
Management fee Orava Funds plc	-967	-614
Other administrative expenses	-1,069	-658
Other operating expenses	-25	-862
Total	-7,786	-5,422

Property maintenance expenses	2015	2014
Property maintenance expenses less compensation for use	-4,739	-2,601
Property maintenance expenses less compensation for use as percentage of market value, p.a.	2.9%	2.5%
Average market value of investment properties during the period, EUR 1,000	164,753	104,873

Property maintenance expenses also include maintenance expenses for residential apartments in the sales portfolio.

Board of Directors' fees	2015	2014
Jouni Torasvirta	-37	-29
Peter Ahlström until 19 March 2015	-4	-16
Patrik Hertsberg as of 19 March 2015	-17	
Mikko Larvala	-21	-16
Tapani Rautiainen	-21	-15
Veli Matti Salmenkylä	-21	-16
Timo Valjakka	-20	-16
Total	-143	-107

The fees of the Board of Directors consist of monthly and meeting fees. The Board's attendance at meetings during the period was 97.4%. The Board held 26 meetings (2014: 18 meetings) during the period. Orava Residential REIT is externally managed. It has no personnel.



Auditor's fees	2015	2014
Audit, parent company	-78	-46
Audit, subsidiaries	-35	-21
Total	-113	-67

The auditor's fees are included in other administrative expenses. The auditor is paid a fee in accordance with an invoice.

Other operating expenses include credit losses from rental operations and the performance-based fee of the management company.

Other operating expenses	2015	2014
Credit losses	-25	-15
Performance-based fee paid to the management company	0	-847
Total	-25	-862

EUR 25,000 in credit losses have been recognised during the period (2014: EUR 15,000). No performance-based fee is payable for 2015. Half of the performance-based fee for 2014 was paid in shares in the first quarter of 2015.

As a performance-based management fee, the REIT pays the management company 20% of the company's annual return exceeding 6%. The performance-based management fee is only paid if the closing stock exchange price for the financial period is higher than the highest closing



stock exchange price for the previous financial periods, adjusted for dividends, issues and splits. No maximum amount has been specified for the fee to be paid to the management company. After listing, the stock exchange price of the share has been used for the calculation of the performance-based management fee instead of the net assets per share. On 19 March 2015, the General Meeting confirmed an amendment to the rules for real estate investment operations, in accordance with which the stock exchange price will be used for calculating the performance-based fee if it is lower than the net assets per share; otherwise the net assets per share will be used in calculation.

Any other operating income and expenses include income and expenses which cannot be considered to be directly related to the real estate investment operations of Orava Residential REIT.

Trade payables related to expenses	2015	2014
Trade payables	185	284

The majority of the Group's trade payables are related to acquisitions made by the subsidiaries.

Income taxes

The Large Taxpayers' Office granted the company an exemption from the payment of income tax on 20 January 2012. According to the decision, the tax exemption started from the beginning of the first tax year on 30 December 2010.

However, pursuant to the Tax Exemption Act, the company has to pay tax for capital gains from apartments it has owned for less than five years. Capital losses from apartments may not be deducted from capital gains.

For taxation purposes, a capital gain is created when the disposal price exceeds the sum total of the original acquisition price, the asset transfer tax paid, the estate agent's fees and the apartment repair expenses and capitalised repairs.

The subsidiaries pay the relevant taxes on their financial result and capital gains.

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
Taxes of the Group for the financial period	-161	-94





4 Investment properties

In the investment properties group, we have collected notes particularly related to investment properties and their valuation.

In accordance with the Tax Exemption Act, Orava Residential REIT does not engage in any operations other than letting premises which it owns or possesses due to its shareholding, ordinary housing management and maintenance focusing on such premises, construction contracting on the company's own behalf and financing required for these.

Under the Tax Exemption Act, at least 80% of the company's assets shown on the balance sheet at the end of the tax year shall be made up of real properties, housing company shares or shares conferring the right to possess a residential apartment

in another mutual real estate company which only engages in the ownership and management of the buildings on its real estate and which are primarily intended for permanent residential use. Orava Residential REIT possesses such assets to obtain rental income or an increase in the value of its assets or both.

In the valuation of its investment properties, Orava Residential REIT applies section 18 of the Real Estate Funds Act and the fair value model according to IFRS 13, Fair Value Measurement. Any profit or loss from changes in fair value is recognised through profit or loss for the period during which it arises.

Changes in fair value are recognised under revenue. Investment properties are initially valued at acquisition cost. Fair value is used in the measure-



Investment properties	31 Dec 2015	31 Dec 2014
	Fair value	
Acquisition cost 1 Jan	130,668	79,190
Increases	64,453	45,099
Transfer of cash and cash equivalents away from the fair value of investment properties	-913	0
Decreases	-6,140	-2,783
Change in fair value in the period taking the impact of asset transfer tax into account	7,784	9,162
Fair value 31 Dec	195,851	130,668

The decreases are disposals of residential apartments. A total of 43 residential apartments were sold during the period.

The change in the value of apartments owned for the entire quarter by the Residential REIT was -0.9% in the fourth quarter, while it was -0.7% in the first, 0% in the second and -0.5% in the third quarter.

ment and valuation after the original recognition. Fair value is the amount of money for which the assets could be exchanged between informed parties willing to enter into a transaction and independent of each other. Fair value has been determined in accordance with IFRS 13, Fair Value Measurement, since 1 January 2013.

Orava Residential REIT possesses investment properties under construction to obtain rental income or an increase in the value of its assets or both in the future. On the closing date, long-term development and construction projects where a new building or new apartments are built are measured at fair value. The use of fair value requires that the percentage of completion of the project can

be reliably estimated. Investment properties under construction also include apartments for which Orava Residential REIT has signed a construction-stage deed of purchase for a residential apartment.

As residential apartments are disposed of individually according to Orava Residential REIT's strategy, the value of Orava Residential REIT's investment properties is the sum of the market values of individual apartments calculated using a measurement model. Investment properties are disclosed on the statement of financial position at their gross value, in which case the share of debt related to ownership allocated to the property is presented in Orava Residential REIT's consolidated statement of financial position as a liability.

Individual apartments are de-recognised when they are disposed of. Capital gains and losses from apartments are presented in the income statement under revenue.

An external expert annually audits the fair value measurement process and determination method used by Orava Residential REIT. In addition to the audit, an external expert issues a calculation of value on all Orava Residential REIT's investment properties twice a year. A description of the determination of the fair value of the investment properties is presented in more detail in the annual report for 2014.



Investment properties 31 Dec 2015

Company	Region	City	Holding, %	Built in, year	Apartments	Floor area
As Oy Espoon Albert	Helsinki Region	Espoo	13.0	2014	4	275
As Oy Espoon Revontuli	Helsinki Region	Espoo	4.5	2015	2	115
As Oy Espoon Tähestäjä	Helsinki Region	Espoo	2.5	2013	1	81
As Oy Espoon Suulperi	Helsinki Region	Espoo	6.9	2014	3	225.5
As Oy Helsingin Koirasaarentie 1	Helsinki Region	Helsinki	97.1	2000	23	1,391
As Oy Helsingin Limnologi	Helsinki Region	Helsinki	13.8	2015	5	427
As Oy Helsingin Apteekkari	Helsinki Region	Helsinki	20.5	2014	4	343.5
As Oy Helsingin Hjalmar	Helsinki Region	Helsinki	9.6	2014	2	202
As Oy Hyvinkään Ukko-Pekka	Helsinki Region	Hyvinkää	13.5	2014	6	606
As Oy Järvenpään Terho	Helsinki Region	Järvenpää	5.1	2012	1	95
As Oy Järvenpään Tuohi	Helsinki Region	Järvenpää	81.8	2013	14	1,116
As Oy Järvenpään Saundi	Helsinki Region	Järvenpää	17.2	2013	8	687.5
As Oy Kauniaisten Venevalkamantie	Helsinki Region	Kauniainen	22.7	2012	6	373
As Oy Kauniaisten Kvartetti	Helsinki Region	Kauniainen	3.8	2014	2	142
As Oy Keravan Ritariperho	Helsinki Region	Kerava	100.0	2011	19	2,071
As Oy Keravan Nissilänpiha 911	Helsinki Region	Kerava	100.0	1974	28	2,493
As Oy Kirkkonummen Pomada	Helsinki Region	Kirkkonummi	32.5	2012	6	650
As Oy Kirkkonummen Tammi	Helsinki Region	Kirkkonummi	31.0	2013	4	321
As Oy Kirkkonummen Kummikallio	Helsinki Region	Kirkkonummi	100.0	1973	84	5,241
As Oy Nurmijärven Puurata 15-17	Helsinki Region	Nurmijärvi	49.8	1974-75	27	3,042
As Oy Nurmijärven Soittaja	Helsinki Region	Nurmijärvi	58.9	2013	15	1,326
As Oy Lindhears, Sipoo	Helsinki Region	Sipoo	64.9	1982	14	1,139.5
Sipoonranta Saalinki	Helsinki Region	Sipoo	6.5	2011	3	252.5
As Oy Tuusulan Pihta	Helsinki Region	Tuusula	27.1	2014	6	630



Investment properties 31 Dec 2015

Company	Region	City	Holding, %	Built in, year	Apartments	Floor area
As Oy Vantaan Rasinrinne 13	Helsinki Region	Vantaa	66.4	1975	26	1,357.5
As Oy Vantaan Rusakko	Helsinki Region	Vantaa	75.6	1992	7	384
As Oy Vantaan Maauunintie 14	Helsinki Region	Vantaa	100.0	1975	75	5,065
As Oy Vantaan Kaakkoisväylä 4	Helsinki Region	Vantaa	85.8	1979	46	3,341
As Oy Vantaan Popliini	Helsinki Region	Vantaa	8.0	2015	4	321
As Oy Haminan Tervaniemi	Medium-sized cities	Hamina	95.8	1999	16	1,039.5
As Oy Haminan Kaivopuisto	Medium-sized cities	Hamina	13.2	2014	2	83
As Oy Heinolan Tamppilahdenkulma	Medium-sized cities	Heinola	92.0	1977	18	1,070.5
As Oy Heinolan Torihovi	Medium-sized cities	Heinola	11.9	2015	5	223.5
As Oy Hämeenlinnan Aulangontie	Medium-sized cities	Hämeenlinna	51.0	1974	11	527
As Oy Hämeenlinnan Salmiakki	Medium-sized cities	Hämeenlinna	100.0	2016	52	2,556.5
As Oy Kokkolan Luotsi	Medium-sized cities	Kokkola	22.5	2012	4	321
As Oy Kokkolan Omenapiha	Medium-sized cities	Kokkola	26.1	2012	3	260.5
As Oy Kotkan Vuorenrinne	Medium-sized cities	Kotka	95.0	1973-75	70	3,824
As Oy Kotkan Alahovintorni	Medium-sized cities	Kotka	93.3	1973	27	1,482.5
As Oy Kotkan Matruusi	Medium-sized cities	Kotka	12.9	2013	4	265
As Oy Kotkan Alahovintie 7	Medium-sized cities	Kotka	100.0	1974	36	2,140.5
As Oy As Oy Mällinkatu 6	Medium-sized cities	Kotka	100.0	1958 and 74	54	2,874.5
As Oy Kuopion Rantahelmi	Medium-sized cities	Kuopio	2.8	2014	1	100
As Oy Lohjan Koulukuja 14	Medium-sized cities	Lohja	94.3	1976	50	2,801.5
As Oy Lohjan Pinus	Medium-sized cities	Lohja	57.2	2012	11	1,056
As Oy Mikkelin Neptun	Medium-sized cities	Mikkeli	43.5	2013	12	804
As Oy Paimion Jokilaivuri	Medium-sized cities	Paimio	6.3	2013	2	72
As Oy Porin Pihlavankangas	Medium-sized cities	Pori	94.7	1973	50	2,691.5



Investment properties 31 Dec 2015

Company	Region	City	Holding, %	Built in, year	Apartments	Floor area
As Oy Porin Kommodori	Medium-sized cities	Pori	8.7	2013	4	371.5
As Oy Porin Huvitus	Medium-sized cities	Pori	33.1	2014	10	735.5
Koy Liikepuisto (incl. business premises)	Medium-sized cities	Porvoo	100.0	1960	10	607
As Oy Kaivopolku (incl. business premises)	Medium-sized cities	Porvoo	100.0	1993	32	2,055
As Oy Porvoon Laamanninpiha	Medium-sized cities	Porvoo	9.3	2013	2	181
As Oy Riihimäen Vuorelanmäki I	Medium-sized cities	Riihimäki	100.0	1956	16	773
As Oy Riihimäen Laidunaho	Medium-sized cities	Riihimäki	12.1	2013	1	78.5
As Oy Riihimäen Lovisa	Medium-sized cities	Riihimäki	19.9	2013	1	88.5
As Oy Rovaniemen Rekimatka 16-18	Medium-sized cities	Rovaniemi	100.0	1991	24	1,456
As Oy Rovaniemen Rekimatka 29	Medium-sized cities	Rovaniemi	98.8	1989	55	3,093
As Oy Rovaniemen Suvihinä	Medium-sized cities	Rovaniemi	6.5	2014	2	119
As Oy Rovaniemen Uitto	Medium-sized cities	Rovaniemi	20.5	2015	9	576
As Oy Rovaniemen Laura	Medium-sized cities	Rovaniemi	2.5	2014	2	104
As Oy Rovaniemen Koivula	Medium-sized cities	Rovaniemi	7.4	2014	2	172
As Oy Salon Ristinkedonkatu	Medium-sized cities	Salo	94.4	1975	69	4,266.5
As Oy Savonlinnan Välimäentie 5-7	Medium-sized cities	Savonlinna	100.0	1977	51	2,722.5
As Oy Savonlinnan Kotiranta	Medium-sized cities	Savonlinna	48.8	2014	9	520.5
As Oy Savonlinnan Postityttö	Medium-sized cities	Savonlinna	6.1	2015	3	111
As Oy Tornion Kuparimarkka	Medium-sized cities	Tornio	86.1	1975	44	2,511
As Oy Tornion Aarnitie 7	Medium-sized cities	Tornio	39.0	1974	19	1,138
As Oy Vaasan Asemankatu 9	Medium-sized cities	Vaasa	20.6	2014	5	362.5
As Oy Vaasan Leipurinkulma	Medium-sized cities	Vaasa	2.4	2015	1	38.5
As Oy Vaasan Aleksander	Medium-sized cities	Vaasa	11.0	2015	3	130.5
As Oy Varkauden Onnela	Medium-sized cities	Varkaus	100.0	1920	9	864



Investment properties 31 Dec 2015

Company	Region	City	Holding, %	Built in, year	Apartments	Floor area
As Oy Varkauden Parsius	Medium-sized cities	Varkaus	97,1	1973	35	1,928.5
As Oy Varkauden Ahlströminkatu 12	Medium-sized cities	Varkaus	95.2	1954	30	1,979
As Oy Jyväskylän Kruunutorni (business premises)	Major cities	Jyväskylä	36.0	2010	5	1,232
As Oy Jyväskylän Tukkipoika	Major cities	Jyväskylä	12,3	2013	3	228
As Oy Jyväskylän Ahjotar	Major cities	Jyväskylä	27.9	2014	8	393.5
As Oy Jyväskylän Kyläseppä	Major cities	Jyväskylä	16.0	2014	4	276.5
As Oy Kaarinan Lampaankääpä	Major cities	Kaarina	100.0	1974	36	2,254
As Oy Lahden Helkalanhovi	Major cities	Lahti	77.2	1975	33	2,553
As Oy Lahden Poikkikatu	Major cities	Lahti	60.1	1971	24	2,220
As Oy Lahden Vuoksenkatu	Major cities	Lahti	44.3	1970	10	483
As Oy Lahden Leinikki	Major cities	Lahti	8.9	2013	2	160
As Oy Lahden Pormestari	Major cities	Lahti	8.0	2012	2	120.5
As Oy Lahden Jukolan Tuomas	Major cities	Lahti	100.0	2010	22	1,306
As Oy Lahden Jukolan Aapo	Major cities	Lahti	100.0	2010	22	1,306
As Oy Lahden Aleksanteri	Major cities	Lahti	22.7	2014	4	308.5
As Oy Lempäälän Tikanhovi	Major cities	Lempäälä	52.6	2014	17	1,044
As Oy Naantalin Vesperi	Major cities	Naantali	23.7	2015	11	654.5
As Oy Oulun Seilitie 1	Major cities	Oulu	79.3	2009	16	876
As Oy Oulun Eveliina	Major cities	Oulu	14.1	2011	2	161
As Oy Oulun Jatulinmäki	Major cities	Oulu	7.7	2013	2	159.5
As Oy Merijalinväylä	Major cities	Oulu	4.6	2012	2	138
As Oy Alppilan Iiris	Major cities	Oulu	17.1	2014	7	489.5
As Oy Oulun Resiina	Major cities	Oulu	7.8	2015	6	446
As Oy Oulunsalon Poutapilvi	Major cities	Oulunsalo	4.1	2010	1	93



Investment properties 31 Dec 2015

Company	Region	City	Holding, %	Built in, year	Apartments	Floor area
As Oy Raision Valonsäde	Major cities	Raisio	47.6	2014	13	870
As Oy Raision Vaisaaren Kunnaankatu 7	Major cities	Raisio	100.0	1978	51	2,806.5
As Oy Raision Lumme	Major cities	Raisio	26.6	2015	9	541
As Oy Tampereen Professori	Major cities	Tampere	11.6	2013	3	256.5
As Oy Tampereen Vuorenpaikko	Major cities	Tampere	2.9	2013	1	68
As Oy Tampereen Ruuti	Major cities	Tampere	59.6	2014	20	945
As Oy Tampereen Vuoreksen Emilia	Major cities	Tampere	29.5	2014	10	917
As Oy Härmälänrannan Nalle	Major cities	Tampere	7.2	2013	3	249
As Oy Tampereen Solaris	Major cities	Tampere	21.8	2014	11	880.5
As Oy Turun Michailowinportti	Major cities	Turku	22.2	2013	5	417
As Oy Turun Androksenranta	Major cities	Turku	15.7	2014	5	390
As Oy Turun Michailowinlinna	Major cities	Turku	8.9	2015	5	285



Investment properties 31 Dec 2015						
Region	Properties	Apartments	Floor area (m2)	Fair value	Percentage of Investment portfolio	EUR/m2
Vantaa	5	158	10,469	17,294,130	8.8%	1,652
Kirkkonummi	3	104	6,973	14,394,484	7.3%	2,064
Kerava	2	47	4,564	10,192,724	5.2%	2,233
Helsinki	4	34	2,364	9,647,587	4.9%	4,081
Järvenpää	3	23	1,899	6,647,190	3.4%	3,500
Helsinki region, others	12	86	6,680	19,677,474	10.0%	2,946
Helsinki region, total	29	452	32,949	77,853,589	39.8%	2,363
Lahti	8	118	6,857	14,788,592	7.6%	2,157
Tampere	6	48	3,316	10,897,289	5.6%	3,286
Raisio	3	73	4,218	7,269,777	3.7%	1,724
Oulu	7	36	2,363	6,956,614	3.6%	2,944
Turku	3	15	1,092	4,255,606	2.2%	3,897
Major cities, others	7	84	6,083	13,175,353	6.7%	2,166
Major cities, total	34	374	23,929	57,343,231	29.3%	2,396
Kotka	5	191	10,587	7,800,373	4.0%	737
Rovaniemi	6	94	5,520	7,144,477	3.6%	1,294
Porvoo	3	44	2,843	6,605,892	3.4%	2,324
Pori	3	64	3,799	5,356,974	2.7%	1,410
Lohja	2	61	3,858	5,289,817	2.7%	1,371
Medium-sized cities, others	26	422	24,570	28,456,296	14.5%	1,158
Medium-sized cities, total	45	876	51,177	60,653,829	31.0%	1,185
TOTAL (100%)	108	1,702	108,055	195,850,649		1,813

The sales portfolio contained 31 Dec 2015 124 apartments in 42 properties.

The sales portfolio's floor area was in total 8,079.5 square meters and the fair value was EUR 13,241,000.



Fair value hierarchy

The following table shows assets and liabilities measured at fair value broken down by the valuation method in thousands of euros. The levels used are defined as follows:

Level 1 Prices of totally identical assets or liabilities quoted on active markets

Level 2 Input information, other than the quoted prices included in Level 1, that is observable for the asset item concerned

Level 3 Input information regarding the asset item or liability which is not based on any observable market information Values of business premises and car spaces measured by an external appraiser.

Assets	Level 1	Level 2	Level 3
Investment properties 31 Dec 2015		-	195,851
Investment properties 31 Dec 2014	-	-	130,668

During the financial period, the company re-estimated the division of its investment properties between level 2 and level 3. Investment properties have in all respects been transferred to level 3.

Financial income and expenses	2015	2014
Interest expenses and fees for loans and interest rate hedges	-1,879	-1,046
Share of the capital charges of associated companies expensed	-624	-291
Other financial expenses	-145	-32
Total financial expenses	-2,648	-1,369
Financial income	8	8
Total	-2,640	-1,361

5 Capital structure and financial expenses

In the capital structure and financial expenses group, we have collected notes on financial assets and liabilities and shareholders' equity related to financial result and the statement of financial position, so that the overall picture of the financial position of the Group could be better perceived. The note on earnings per share is part of the information on equity.

5.1 Financial income and expenses

The company issued a EUR 20 million covered bond on 1 April 2015. The bond will fall due on 1 April 2020, and it has a fixed coupon of 4.25%. In the same context, on 1 April 2015, the parent company

repaid its financial institution loans of approximately EUR 17 million.

5.2 Financial assets

Cash in hand and in the bank includes cash, bank accounts and liquid investments whose investment period is no more than three months at the time they are made.

Cash and cash equivalents	31 Dec 2015	31 Dec 2014
Cash and cash equivalents held in accounts	2,790	1,990
Total	2,790	1,990



The cash and cash equivalents include an unused overdraft facility of a bank account of EUR 200,000.

Purchases and sales of financial assets are initially recognised at fair value on the basis of the transaction date, and the transaction costs are expensed in the income statement. Loans and other receivables are later valued at amortised cost.

Current financial assets	31 Dec 2015	31 Dec 2014
Other receivables	209	3,897
Prepaid expenses and accrued income	313	35
Total other receivables	489	3,932

At the end of each period under review it is estimated whether there are grounds for the impairment of the value of an item included in financial assets. Significant risks are not related to receivables.

5.3 Financial liabilities

Non-current liabilities

Non-current interest-bearing loans are recognised at fair value less transaction costs at the time of acquisition. Loan arrangement fees are expensed in

the income statement over the loan period. A loan is classified as a non-current interest-bearing liability insofar as the amortisation of the loan takes place after more than a year from the closing date. The overdraft facilities of bank accounts are included in non-current interest-bearing liabilities.

Investment properties are recognised in the statement of financial position at fair value as a gross value, in which case the share of company loans allocated to the shares related to the ownership of the shares is presented as a liability on the statement of financial position.

The company issued a EUR 20 million covered bond on 1 April 2015. The bond will fall due on 1 April 2020, and it has a fixed coupon of 4.25%. The bond was listed on the regulated market of the Helsinki Stock Exchange on 2 April 2015. In the same context, on 1 April 2015, the parent company repaid its financial institution loans of approximately EUR 17 million.

The main covenants of the bond and the parent company's financial institution loans are tied to the ratio of debt to the value of the housing company shares, the equity/assets ratio and the loan servicing margin.

Non-current liabilities	31 Dec 2015	31 Dec 2014
Bond	19,382	0
The Group's loans from financial institutions	72,381	58,060
Long-term security deposits received	660	478
Total non-current liabilities	92,423	58,538

In addition, the company had an overdraft facility of EUR 200,000 at its disposal.

Costs of liabilities which arise from the acquisition, construction and manufacture of investment properties which require a considerably long period for completion are added to the acquisition cost of the acquisition in question. Capitalisation is continued until the asset items are ready to be rented or sold.

Other costs of liabilities are expensed during the period they are incurred.

Current interest-bearing liabilities

Loans are financial assets not included in derivative assets, and the related payments are fixed or determinable and are not quoted on active markets. They



are included in current assets, except if they fall due after more than 12 months from the closing date.

Investment properties are recognised on the statement of financial position at fair value as a gross value, in which case the share of company loans allocated to the shares related to the ownership of the shares is presented as a liability on the statement of financial position.

Current interest-bearing liabilities	31 Dec 2015	31 Dec 2014
The Group's loans from financial institutions	602	1,086
Current loans from related parties	0	295
Current loans from others	3,400	550
Current interest-bearing liabilities	4,002	1,931

Other current liabilities

Other current loans include advance payments received and accrued liabilities and deferred income, among other things. If trade payables fall due within over a year, they are recognised under non-current liabilities.

Advance payments received	164	128
Other liabilities	639	305
Accrued liabilities and deferred income	7,546	5,189
Fair value of interest rate hedges	3	493
Total current liabilities	8,353	6,115

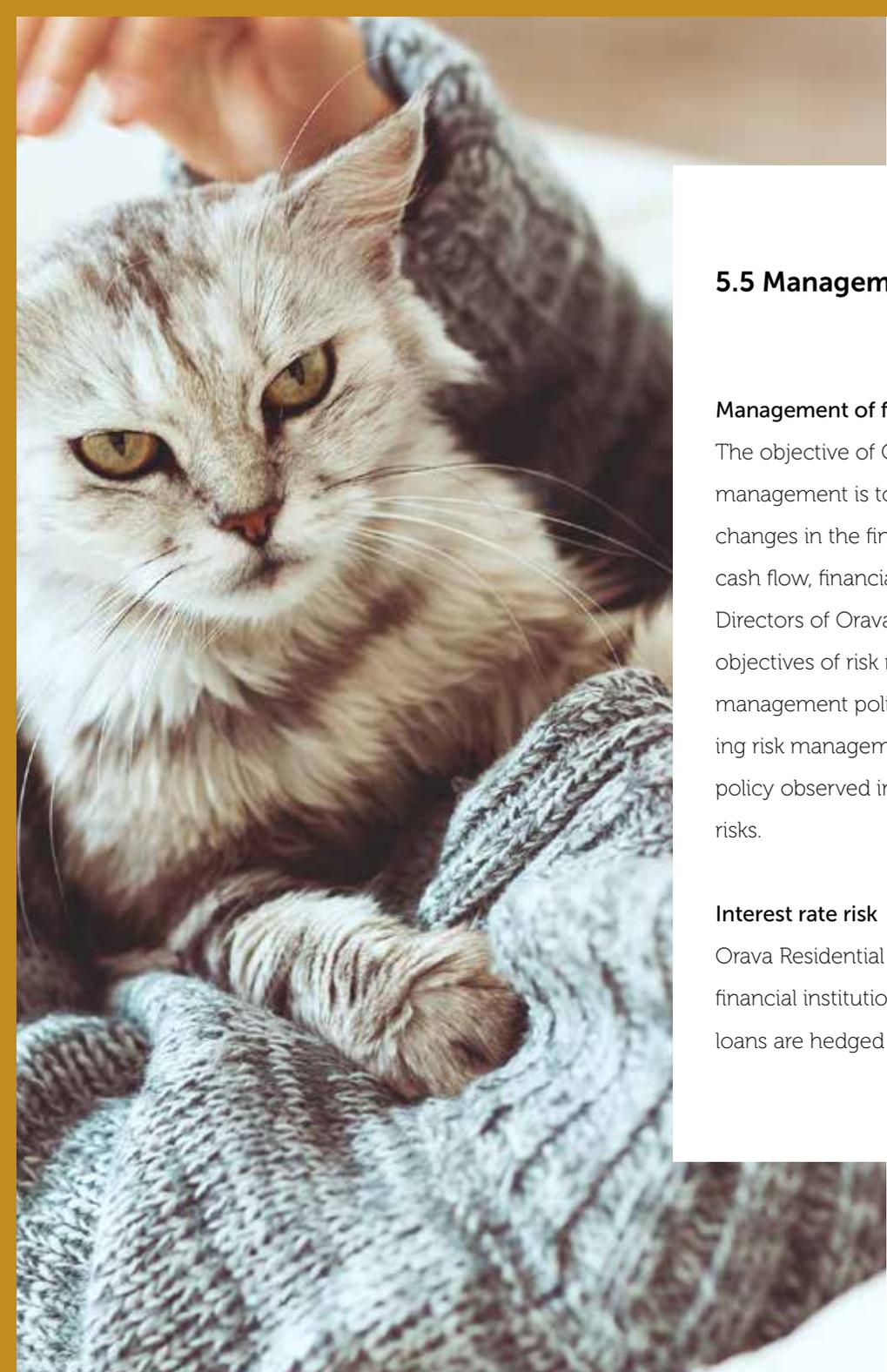
Other liabilities mainly consist of tax retained in advance (EUR 478,000) and the tax liability (EUR 182,000). Accrued liabilities and deferred income consist of transaction price (EUR 5,835,000), asset transfer tax (EUR 475,000) and interest (EUR 638,000) accruals as well as other accrued liabilities and deferred income.

5.4 Contingent liabilities

General pledges as collateral, real estate mortgages given to custody as collateral for the debt	31 Dec 2015	31 Dec 2014
Total real estate mortgages	34,523	34,523
Loans for which shares have been pledged		
Loans and a bond	25,782	32,645
Book value of the pledged shares	92,678	63,620

As Oy Vantaan Maaunintie 14 and the Porvoo-based Kiint Oy Liikepuisto and As Oy Kaivopolku sold the plots they owned in October 2014. In the same context, they entered into leases of 60 years. As Oy Lahden Jukolan Aapo, As Oy Lahden Jukolan Tuomas, As Oy Kaarinan Lampaankäpä, As Oy Keravan Ritariperho ja As Oy Riihimäen Vuorelanmäki I sold the plots they owned in November 2015. In the same context, they entered into leases of 100 years.





5.5 Management of financing risks

Management of financing risks

The objective of Orava Residential REIT's risk management is to minimise the negative effects of changes in the financial markets to the company's cash flow, financial result and equity. The Board of Directors of Orava Residential REIT decides on the objectives of risk management, determines the risk management policy and is responsible for monitoring risk management activities. The operational policy observed in financial operations is to avoid risks.

Interest rate risk

Orava Residential REIT uses variable-rate loans from financial institutions to finance its acquisitions. The loans are hedged with interest rate swaps. On 31

December 2015, the hedging degree of the loans was 100% (31 December 2014: 100%). Derivative contracts have been concluded for the purpose of hedging the loan portfolio, and they are measured at fair value in the financial statements. The fair value represents the result that would have been achieved had the derivative positions been closed on the balance sheet date. The derivative contracts are measured on the basis of the zero-coupon euro swap curve published and calculated by Deutsche Bundesbank on the basis of market data for the balance sheet day. The cash flows of each payment transaction for the interest rate swaps are discounted, and the market value of the swaps is calculated by linear interpolation using the interest rates determined from the above zero-coupon curve and valuation methods commonly used on the market. The net losses/gains for the financial period, recorded in other comprehensive income items, are



shown under the consolidated statement of comprehensive income. A change of one percentage point in short market interest rates has no significant impact on the financial result of the company.

Liquidity risk

The Group seeks to constantly assess and monitor the amount of financing required for business operations in order to ensure that the Group has sufficient liquid funds to finance its operations. The risk regarding the availability of financing has been mitigated through regular negotiations with several providers of financing. The company expects to be able to renew loans maturing in the coming years. The parent company had drawn down one bank loan of EUR 3.5 million on 31 December 2015. Within the framework of the loan agreement, the loan may be drawn by a total of EUR 15 million. The loan arrangement will fall due on 31 March 2020.

Credit risk

Credit risk arises from the possibility that a counterparty to an agreement fails to meet its contractual obligations. On the balance sheet date, the major credit risks faced by the Group were due to rental

	less than 1 year	1–5 years	over 5 years
Interest-bearing loans, EUR 1,000 31 December 2015	4,002	35,406	56,557

receivables. The Group does not have any significant concentrations of receivable or credit risks. On 31 December 2015, rental receivables totalled EUR 185,000 (31 December 2014: EUR 138,000).

Capital management

The objective of capital management is to secure the Group's capability for continuous operations so that it can produce income for its owners and benefits to its other stakeholders. Another objective is to maintain an optimal capital structure, for example when interest rates change.

In order to maintain or change its capital structure, the Group may, within the constraints of the Limited Liability Companies Act and the Tax Exemption Act, change the amount of dividends payable to its shareholders, issue new shares or sell

apartments it owns in order to reduce its debts. On 31 December 2015, the equity/assets ratio was 47.4% (31 December 2014: 51.1%).

The Group's bank loans not included in derivative liabilities and other interest-bearing liabilities were as follows at the end of the period under review, shown by contractual periods of maturity. The amounts disclosed are non-discounted cash flows of loan repayments based on loan agreements.



5.6 Classification of liabilities

Fair value hierarchy

The following table shows assets and liabilities measured at fair value broken down by the valuation method in thousands of euros. The levels used are defined as follows:

Level 1 Prices of totally identical assets or liabilities quoted on active markets

Level 2 Input information, other than the quoted prices included in Level 1, that is observable for the asset item concerned

Level 3 Input information regarding the asset item or liability which is not based on any observable market information

Liabilities	Level 1	Level 2	Level 3
Interest rate hedging contracts on 31 December 2015		-3	
Interest rate hedging contracts on 31 December 2014	-	-493	-

5.7 Derivatives

In accordance with its risk management policy, Orava Residential REIT uses interest rate derivatives to reduce the interest rate risk of its variable-rate loans. Orava Residential REIT may only use derivatives for hedging the interest rate risk within the limits allowed by the Tax Exemption Act. Through interest rate swaps, variable-rate loans are changed to fixed-rate loans, so the hedging instruments and the underlying objects are consistent in their critical characteristics (amount, maturity).

Changes in the fair value of interest rate swaps are recognised under comprehensive income items and shareholders' equity. The fair values of interest rate swaps are measured on the basis of the zero-coupon euro swap curve published and calculated by Deutsche Bundesbank on the basis of market data for the balance sheet day. The cash flows of each payment transaction of the interest rate swaps are discounted, and the market value of the swaps is calculated by linear interpolation using the interest rates determined from the above zero-coupon curve.



Interest rate swaps

Instrument	EUR 1,000	Fixed interest	Maturity
OTC interest rate swap	3,500	0.22	21 Feb 2020

Fair value of interest rate hedges	31 Dec 2015	31 Dec 2014
At the end of the period, the fair value of interest rate swaps was	-3	-493
Change in fair value during the period, EUR 1,000	490	-270

The counterparty of the interest rate swaps is Danske Bank Plc. The bank's charges for the derivative contracts are expensed during the period they are incurred.

5.8 Shareholders' equity

Up to 30 June 2015, EUR 10.00 per share has been recognised in the share capital for directed issues and the conversions of convertible bond agreements, and the excess has been recognised in the reserve for invested unrestricted equity. Since the

summer of 2015, increases in equity have been recognised in the reserve for invested unrestricted equity. The costs of the acquisition of equity and the changes in the fair value of interest rate hedges have been deducted directly from equity.

Share capital and the reserve for invested unrestricted equity	31 Dec 2015	31 Dec 2014
Share capital 1 Jan	50,337	43,144
Increase in share capital, paid	21,794	7,193
Share capital 31 Dec	72,131	50,337
Reserve for invested unre- stricted equity	13,713	9,786
Total share capital and reserve for invested unre- stricted equity	85,844	60,123

The number of shares on 31 December 2011 was 1,171,736.
The number of shares on 31 December 2012 was 1,366,588.
The number of shares on 31 December 2013 was 4,314,394.
The number of shares on 31 December 2014 was 5,206,123.
The number of shares on 31 December 2015 was 9,006,619,
of which the company possessed 898,311 shares.

The company's equity has grown significantly with the convertible bond agreements concluded. In 2015, a total of 41 convertible bond agreements were entered into with a total value of EUR 15.3

million. The lenders were domestic investment companies introduced to the company by UB Securities Ltd.

Earnings per share

Earnings per share are calculated by dividing the result for the period attributable to the owners of the parent company by the weighted average number of shares outstanding.

(a) Undiluted	1 Jan –31 Dec 2015	1 Jan –31 Dec 2014
Undiluted earnings per share are calculated by dividing earnings before comprehensive income items attributable to the company's shareholders by the weighted average number of shares outstanding during the period.		
Profit attributable to the company's shareholders	6,931	8,451
Weighted average number of outstanding shares, 1,000 shares	7,212	4,622
(a) Undiluted earnings per share	0.96	1.83
(b) Adjusted for dilution effect		
The company did not have any potentially diluting shares outstanding.		



Dividend distribution obligation

Under the Tax Exemption Act, at least 90% of the profit for the period shall be distributed annually in dividends, excluding any unrealised change in the fair value of investment properties. On the other hand, the Tax Exemption Act restricts the distribution of funds for the distribution of profit only. The dividends that the Board of Directors proposes to be distributed are not recognised before the General Meeting approves them. Dividend distribution is recorded on the consolidated statement of financial position for the period during which the dividend is approved at the General Meeting. If the General Meeting authorises the Board of Directors to decide on the distribution of dividends, the distribution of dividends is recognised on the consolidated statement of financial position for the period during which the dividends are approved at a Board meeting.

6 Related parties

According to IAS 24, a party is a related party of a corporation when he or she owns a share in the corporation that gives him or her significant influence or he or she is a member of the key management personnel of the corporation or its parent company. Key persons' family members, corporations under the person's control, and corporations where the person has significant influence are also included in related parties.

Any business transactions implemented with related parties and fees paid to related parties are presented in the notes.

The company had no related party transactions from 1 October to 31 December 2015.



FINANCIAL INDICATORS FOR THE GROUP

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
Revenue, EUR 1,000	17,519	15,327	9,682
Operating profit, EUR 1,000	9,732	9,905	7,439
Financial result for the period, EUR 1,000	6,931	8,451	6,753
Comprehensive profit for the period, EUR 1,000	7,421	8,181	6,936
Earnings per share, EUR	0.96	1.83	3.19
Maximum dividends per share for the year, EUR	1.08	1.20	1.12
Dividend of the comprehensive profit for the period, %	129.8%	87.8%	69.6%
Return on equity, % p.a. (ROE)	8.4%	14.7%	33.4%
Total return per share, % p.a.	6.8%	13.9%	14.9%
Weighted average number of shares	7,212,172	4,622,183	2,117,600



	31 Dec 2015	31 Dec 2014	31 Dec 2013
Balance sheet total, EUR 1,000	199,315	136,728	88,526
Equity/assets ratio, %	47.4%	51.1%	56.3%
Loan to value ratio, %	48.0%	43.9%	42.2%
Net asset value per share, EUR, NAV	11.64	13.52	11.54
Adjusted net asset value per share, EUR, NAV	11.64	12.02	
Net gearing, %	98.5%	83.0%	56.6%
Number of shares 31 Dec	9,006,619	5,206,123	4,314,394
Adjusted number of shares 31 Dec	8,108,308	5,810,611	-
Market capitalisation 31 Dec EUR 1,000	85,563	53,362	44,345

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
Economic occupancy rate %, (EUR)	90.4%	89.4%	93.8%
Operational occupancy rate, %, (m2)	90.4%	88.7%	92.5%
Tenant turnover/month	2.3%	2.1%	2.3%
Gross rental yield, % of fair value	6.8%	6.7%	8.0%
Net rental yield, % of fair value	3.8%	4.0%	4.5%
EPRA Earnings, EUR 1,000 (Operational result)	2,301	1,972	908
EPRA Earnings per share, EUR (Operational result per share)	0.26	0.43	0.43
EPRA Net Asset Value, EUR 1,000 (Net assets)	94,346	70,353	50,004
EPRA Net Asset Value per share, EUR, adjusted (Net assets per share)	11.64	12.11	11.59
EPRA Net Initial Yield (NIY), % (Initial yield)	3.8%	4.0%	3.9%
EPRA Vacancy Rate	9.6%	10.6%	6.2%



FORMULAS FOR FINANCIAL INDICATORS

(1/3)

$$\text{Earnings per share, EUR} = \frac{\text{Financial result for the period attributable to the shareholders of the parent company}}{\text{Weighted average number of shares during the reported period}}$$

$$\text{Return on equity, \% (ROE)} = \frac{\text{Profit/loss for the period} \times 100}{\text{Equity (average during the reported period)}}$$

$$\text{Total return per share, \% per year} = \left\{ \frac{\text{Net assets per share at the end of the year} + \text{dividends paid per share}}{\text{Net assets per share at the beginning of the year}} - 1 \right\} \times 100$$

$$\text{Equity/assets ratio, \%} = \frac{\text{Equity} \times 100}{\text{Balance sheet total less advance payments received}}$$

$$\text{Loan to value ratio, \%} = \frac{\text{The Group's share of outstanding capital of interest-bearing loans}}{\text{Debt-free value of housing company shares and other assets}}$$

$$\text{Net asset value per share, EUR (NAV)} = \frac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares at the end of the reported period}}$$



FORMULAS FOR FINANCIAL INDICATORS

(2/3)

$$\text{Net gearing, \%} = \frac{\text{Interest-bearing liabilities} - \text{liquid assets} \times 100}{\text{Equity}}$$

$$\text{Economic occupancy rate, \% (EUR)} = \frac{\text{Gross rental income for the reported period per the number of months}}{\text{Potential gross rental income for the reported period per the number of months}}$$

$$\text{Operational occupancy rate, \% (m}^2\text{)} = \frac{\text{Square metres let on the last day of the month during the reported period per the number of months}}{\text{Square metres available for letting on the last day of the month during the reported period per the number of months}}$$

$$\text{Tenant turnover} = \frac{\text{Expired agreements per month}}{\text{Number of apartments available for letting on the last day of the month}}$$

$$\text{Gross rental yield, \%} = \frac{\text{Gross rental income} \times 100}{\text{Market value of the rent portfolio at the end of the previous reported period}}$$

Calculated on a monthly basis; the figure for the reported period is the average of the monthly figures

$$\text{Net rental yield, \%} = \frac{\text{Gross rental income less expenses} = \text{net income} \times 100}{\text{Market value of the rent portfolio at the end of the previous reported period}}$$

Calculated on a monthly basis; the figure for the reported period is the average of the monthly figures



FORMULAS FOR FINANCIAL INDICATORS

(3/3)

$$\begin{array}{l} \text{EPRA Earnings} \\ \text{(Operational result)} \end{array} = \begin{array}{l} \text{Net rental income} \\ - \text{marketing and administrative expenses} \\ +/- \text{ other operating income and expenses included in operations} \end{array}$$

$$\begin{array}{l} \text{EPRA Earnings per share} \\ \text{(Operational result per share)} \end{array} = \frac{\text{EPRA Earnings}}{\text{Weighted average number of shares during the reported period}}$$

$$\begin{array}{l} \text{EPRA Net Asset Value} \\ \text{(Net assets)} \end{array} = \begin{array}{l} \text{Equity attributable to the shareholders of the parent company} \\ - \text{any other equity reserve} \end{array}$$

$$\begin{array}{l} \text{EPRA Net Asset Value per share} \\ \text{(Net assets per share)} \end{array} = \frac{\text{EPRA Net Asset Value}}{\text{Undiluted number of shares at the end of the reported period}}$$

$$\begin{array}{l} \text{EPRA Net Initial Yield (NIY), \%} \\ \text{(Initial yield)} \end{array} = \frac{\begin{array}{l} \text{Annualised rental income including indexation adjustments on 1 Jan} \\ \text{2014} \end{array}}{\begin{array}{l} \text{Investment properties less properties under development on 31 Dec} \\ \text{2013} \end{array}}$$

$$\text{EPRA Vacancy Rate} = \frac{\text{Potential rent from vacant apartments}}{\text{Potential rent from apartments available for letting}}$$





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