

ORAVA RESIDENTIAL REIT PLC

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FINANCIAL STATEMENTS BULLETIN

1 JANUARY – 31 DECEMBER 2017



ORAVA

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CEO'S COMMENTS

The fourth-quarter operational result (EPRA) was poor due to nonrecurring expenses of 328 thousand euros, which were related to the exchange offer made in the autumn. The capital losses from apartments sold during 2017 were 361 thousand euros. Additionally during the last quarter the change in the value of the housing portfolio was weak since the values decreased 0.85 per cent, which was -1.7 million euros. The negative change of the value of the portfolio was almost solely due to the decrease of the value of the apartments outside Helsinki region. In combined the the last quarters profit wast -1.9 million euros and the profit for whole year -2.8 million euros. The operational result (EPRA) improved and was 1.1 million euros.

The company estimates that its EPRA earnings for 2018 will be approximately the same as in year 2017.

1 Oct – 31 Dec 2017

- Revenue: EUR 3.3 million (1 October – 31 December 2016: EUR 3.3 million)
- Profit: EUR -1.9 million (EUR -0.5 million)*
- Earnings per share: EUR -0.20 (EUR -0.06)
- Comprehensive profit: EUR -1.9 million (EUR -0.5 million)
- Economic occupancy rate: 94.7% (93.2%)
- Gross rental yield: 7.0% (6.8%)
- Net rental yield: 3.9% (3.7%)
- Profit from assignments and changes in fair value: EUR -2.0 million (EUR -0.7 million)
- No dividends were paid during the fourth quarter (EUR 0.27/share)
- EPRA earnings EUR 46 thousand (EUR 198 thousand)

1 Jan – 31 Dec 2017

- Revenue: EUR 13.3 million (1 January – 31 December 2016: EUR 12.5 million)
- Profit: EUR -2.8 million (EUR 1.5 million)*
- Earnings per share: EUR -0.29 (EUR 0.17)
- Comprehensive profit: EUR -2.7 million (EUR 1.5 million)
- Economic occupancy rate: 94.3% (91.3%)
- Gross rental yield: 7.0% (6.8%)
- Net rental yield: 4.0% (3.8%)
- Profit from assignments and changes in fair value: EUR -3.8 million (EUR 1.4 million)
- Total dividends distributed during the period under review: EUR 0.09 per share (EUR 1.08 per share)
- EPRA earnings EUR 1.1 million (EUR 0.3 million)

* Income statement item Profit/loss for the period.



OPERATING ENVIRONMENT

National economy

Finnish GDP growth in 2017 is estimated to have been between +2.8% and +3.3% and is expected to stay between +2.0% and +2.9% this year. The growth of private consumption, essentially important for the housing market, is estimated to have been between +1.8% and +2.2% last year, while it is expected to be between +1.4% and +2.3% this year. The interest rates remained exceptionally low. The market interest rates in the euro area are still low, and short-term market rates are still expected to remain below one per cent for the next two to three 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.

Overall the operating environment of residential investing was beneficial.

Demand in the housing market

According to statistics from the Bank of Finland, during October–December, households drew down EUR 4.5 billion in new mortgages, or 1 per cent more than the year before. At the end of September, the euro-denominated mortgage base totalled EUR 96.1 billion, and the annual growth in the mortgage base was 2.2%.

According to the January-June statistics of the Central Federation of Finnish Real Estate Agencies, total value of transactions regarding old apartments was over EUR 9 billion, an increase of 4% from the previous year.

The average marketing period for old apartments in the country overall according to the Finnish marketing service Etuovi.com increased from 93 days in October to 101 days in January, while it had been 104 days in January in the previous year.

The demand for old apartments in the whole country remained almost unchanged during the fourth quarter.

Supply in the housing market

According to Statistics Finland, building permits for apartment blocks were granted for 2,540 apartments in November, 9% more than a year before. Correspondingly, in January–November, building permits for apartment blocks were granted for a total of 33,121 apartments, 22% more than a year before. The annual change in the sliding annual sum of building permits granted for apartment blocks increased to +22%.

The three-month change in the housing construction volume index that describes the value of on-going new construction was +1 per cent in November, and the change year-on-year was +8 per cent.

According to the January confidence indicator of the Confederation of Finnish Industries, the balance figure for construction production for the past three months was +3 points in the fourth quarter of the year, while it was +8 points in the previous quarter and +8 points a year before. The balance figure for the three-month production expectation was

+5 points, compared to +6 points in the previous quarter and +9 points a year before. The number of unsold residential apartments compared to normal fell from -32 in the third quarter of the year to -37 in the fourth quarter; a year ago, the balance figure was -22 points.

The increase of supply in the housing market has continued to be slightly subdued during the fourth quarter.

Prices and rents in the housing market

According to Statistics Finland, during the fourth quarter of 2017 the rents of non-subsidised apartments increased by 2.5% year-on-year and by 0.5% from the third quarter.

According to the housing price index from Statistics Finland, the housing prices increased during the fourth quarter by +1.5 per cent year-on-year. The change in the housing price index from the previous quarter calculated by Statistics Finland was 0.0%, which we estimate to correspond to a change of approximately +0.9% when seasonally adjusted.

The Orava 20 index, which describes the price trend for apartment block apartments in 20 major towns in Finland based on the average prices

	1 Jan - 31 Dec 2017	1 Jan – 31 Dec 2016
Gross rental yield, %	7.0	6.8
Net rental yield, %	4.0	3.8
Economic occupancy rate, %	94.3	91.3
Operational occupancy rate, %	94.3	91.8
Tenant turnover/month, %	3.1	2.8

per square metre in advertisements on Oikotie.fi, increased between 31 December 2016 and 31 December 2017 by 2.8% and was at the end of December 1.6% higher than at the end of September. The twelve-month change in square metre prices, based on the average asking prices for all types housing in the country overall calculated by Etuovi.com, was +2.7% in January and +6.7% from October to January. According to Statistics Finland the housing prices increased +1.5% in whole country in 2017. The increase was exceptionally rapid in capital region being +2.8%. In other parts of Finland the increase were +0.4%.

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 of non-subsidised apartments was 15.0. The 44-year average for the ratio of square metre prices to annual rents in Finland is 16.8.



RENTAL OPERATIONS

The economic occupancy rate of rental operations in the fourth quarter was 94.7 per cent, higher than in the previous quarter (94.6 per cent). The gross rental yield for the fourth quarter was 7.0 per cent.

During the whole financial period, the economic occupancy rate was 94.3 per cent (1 January–31 December 2016: 91.3 per cent) and gross rental yield was 7.0 per cent (1 January–31 December 2016: 6.8 per cent).

At the end of the period, there were a total of 1,626 residential apartments and business premises (31 December 2016: 1,696), 1,423 tenancy agreements (31 December 2016: 1,494) and 99 were for sale (31 December 2016: 106). Approximately 99 per

cent of the entire lease base for residential apartments is in agreements valid until further notice. A total of 572 agreements were terminated during the financial period (1 January–31 December 2016: 518).

ACQUISITIONS

No new apartments have been acquired in 2017. In 2016, a total of 85 apartments were acquired for a total debt-free acquisition price of EUR 20.1 million

APARTMENT SALES

During the fourth quarter, apartment sales slowed down from the third quarter. During the fourth quarter, the company sold a total of 12 residential apartments from 12 different housing companies.

The debt-free contract prices of the apartments totalled EUR 1.7 million, while the sales commissions were EUR 60,000.

During the whole financial period, a total of 70 apartments were sold (1 January–31 December 2016: 92 apartments) at a total debt-free price of EUR 8.9 million (1 January–31 December 2016: EUR 11.6 million). The capital losses from apartments sold were 361 thousand euros.

INVESTMENT PROPERTIES

31 DECEMBER 2016

The fair value of investment properties at the end of the period totalled EUR 199.6 million (31 December 2016: EUR 210.9 million). The valuation



Age and regional distributions of the investment portfolio	31 December 2017	31 December 2016
Newer (1990 onwards)	70 %	70 %
Older (up to 1989)	30 %	30 %
Helsinki Region	39 %	39 %
Major cities	30 %	30 %
Medium-sized cities	31 %	31 %

of the external valuator was EUR 193.9 million on 31 December 2017 which is 5.7 million euros (2.9%) lower than the valuation calculated by the company's own method. On 31 December 2017, Orava Residential REIT had a total of 1,626 apartments (31 December 2016: 1,696), with a total floor area of about 105,000 m² (31 December 2016: 109,000 m²). The apartments were in 128 different housing companies, of which 12 were fully owned by Orava Residential REIT. 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 2017 financial statements.

CONSOLIDATED PROFIT FOR THE PERIOD

Consolidated revenue for the fourth quarter totalled EUR 3.3 million (1 October–31 December 2016: EUR 3.3 million). Profit from assignments and changes in fair value: EUR -2.0 million (1 October–31 December 2016: EUR -0.7 million). The returns on rental operations include rental income and compensation for use. Gains consist of the changes in the fair value of

the apartments and the profit from sales of apartments less sales commissions for sold apartments.

Operating expenses for the fourth quarter totalled EUR -2.5 million (1 October–31 December 2016: EUR 2.4 million), of which maintenance costs and annual repairs amounted to EUR 1.6 million (1 October–31 December 2016: EUR 1.6 million). No performance-based management fee was posted.


Operating profit for the fourth quarter totalled EUR -1.3 million (1 October–31 December 2016: EUR 0.2 million).

Financial income and expenses for the fourth quarter totalled EUR -0.7 million (1 October–31 December 2016: EUR -0.7 million) and taxes EUR -11,000 (1 October–31 December 2016: EUR 30,000).

Profit for the fourth quarter was EUR -1.9 million (1 October–31 December 2016: EUR -0.5 million). Comprehensive income items amounted to EUR 0 (1 January–30 September 2016: EUR -21,000), and comprehensive profit for the period totalled EUR -1.9 million (1 October–31 December 2016: EUR -0.5 million).

The Group's revenue for the financial year totalled EUR 13.3 million (2016: EUR 12.5 million). Profit from assignments and changes in fair value: EUR -3.8





million (2016: EUR 1.4 million). The returns on rental operations include rental income and compensation for use. Gains consist of the changes in the fair value of the apartments and the profit from sales of apartments less sales commissions for sold apartments.

Operating expenses for the financial period totalled EUR 9.3 million (2016: EUR 9.3 million), of which maintenance costs and annual repairs amounted to EUR 6.0 million (2016: EUR 6.1 million) and the performance-based management fee totalled 0.0 million (2016: EUR 0.0 million). The decrease of costs is due to the actions for improving the efficiency of operations.

Operating profit for the financial period amounted to EUR 228,000. The comparable operating profit was EUR 564,000 (2016: EUR 4.6 million).

Financial income and expenses for the financial period totalled EUR -2.9 million (2016: EUR -3.0 million), and taxes totalled EUR 64,000 (2016: EUR 117,000).

Profit for the period stood at EUR -2.8 million (2016: EUR 1.5 million). Comprehensive income items amounted to EUR 60,000 (2016: EUR -57,000), and comprehensive profit for the period totalled EUR -2.7 million (2016: EUR 1.5 million).

FINANCING

Financial expenses (net) totalled EUR 2.9 million during the period 1 January – 31 December 2017 (2016: EUR 3.0 million).

The interest-bearing loans of Orava Residential REIT and the company loans allocated to the shares in housing companies totalled EUR 107.9 million on 31 December 2017 (31 December 2016: EUR 114.5 million). In addition to the loans, the long-term liabilities in the statement of the financial position also include EUR 803,000 in rental deposits paid by tenants (31 December 2016: EUR 794,000). During the financial period, the cash flow from operations totalled EUR 685,000. The comparable cash flow

from operations was EUR 1,021,000 (2016: EUR -45,000).

The company's management is monitoring the development of sales of investment properties on a monthly basis as part of cash flow from operations. During the financial period, the company's comparable alternative cash flow from operations, including the debt-free sales prices of investment properties and the company loan proportions of sold apartments, was EUR 6,217,000 (2016: EUR 10,216,000). The company has used the cash flow from operations and its cash for loan repayments and dividends. The cash flows have been sufficient.

The company's strategic target is a debt financing rate of approximately 50 per cent, which means that the intention is to refinance the company loan proportions of sold apartments and other loan repayments by taking out new loans. The company has not taken out new loans during the financial period.

SHARES AND SHAREHOLDERS OF ORAVA RESIDENTIAL REIT

The company can allocate shares to itself in charge-free share issues and use them 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.

The company has not concluded any new convertible bond agreements in 2017, nor does the company have any outstanding convertible bond agreements. On 31/12/2017, the shareholders' equity was EUR 93.3 million (31 December 2016: EUR 97.0 million). More detailed information on shareholders' equity is presented in the tables section, in paragraph 5.3.

The trading code for the company's shares is OREIT. During the whole financial period, the average daily turnover of shares was approximately EUR 152,000.

On 31 December 2017, the company had approximately 4,900 shareholders. Of the total number of shares, 2.5 per cent were nominee registered. Each share is entitled to one vote

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 per cent of the fair value of the assets of the REIT as an annual fixed management fee and 20 per cent of the annual return on the REIT exceeding the hurdle rate of 7 per cent 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

LIST OF OWNERS ON 31 Dec 2017, TEN LARGEST

Shareholder	Number of shares	%
Investors House Oyj*	2,414,582	25.2
Ollikainen Pekka	279,200	2.9
OP-Henkivakuutus Oy	230,546	2.4
Osuusasunnot Oy	160,000	1.7
Orava Rahastot Oyj	154,991	1.6
Ålands Ömsesidiga Försäkringsbolag	100,000	1.0
Ström Leif	67,588	0.7
Jajopa Oy	65,520	0.7
Otavan Kirjasäätiö	65,000	0.7
Vakuutusosakeyhtiö Henki-Fennia	60,513	0.6
TOTAL	3,597,940	37.5

* Company under the control of Board members Tapani Rautainen and Petri Roininen



Distribution of shareholding by owner category on 31 December 2017

Shareholder	Shares	%
Private companies	3,497,364	36.4 %
Financial institutions and insurance companies	536,326	5.6 %
Public sector entities	109,236	1.1 %
Non-profit organisations	229,259	2.4 %
Households	4,968,410	51.8 %
Foreign shareholders	16,461	0.2 %
Nominee registered	241,854	2.5 %
Orava Residential REIT plc	0	0.0 %
TOTAL	9,598,910	100.0 %

Distribution of shareholding by order of magnitude on 31 December 2017

Number of shares	Shares	%	Holdings	%
1 – 100	39,960	0.4%	954	19.5%
101 - 1 000	942,397	9.8%	2,660	54.3%
1 001 - 10 000	2,822,191	29.4%	1,174	24.0%
10 001 - 100 000	2,350,375	24.5%	103	2.1%
100 001 -	3,443,987	35.9%	7	0.1%
TOTAL	9,598,910	100.0%	4,898	100.0%

previous quarter. The fixed management fees during the review period of 1 January–31 December 2017 amounted to EUR 1,267,000 (1 January–31 December 2016: EUR 1,265,000).

On the basis of the company's net assets per share, share price and dividend distribution realised in 2017, no performance-based management fee has been booked (1 January - 31 December 2016: EUR 0 thousand).

During the period, Newsec Asset Management Oy and Colliers International Oy (previously named Ovenia Oy) were paid a total of EUR 808,000 for financial management and for apartment rental oper-

ations (1 January–31 December 2016: EUR 1,060,000), 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

On 18 December 2017, Orava Residential REIT plc had an extraordinary general meeting of shareholders where the company's Board of Directors (Patrik Hertsberg, Mikko Larvala, Veli Matti Salmenkylä, Petra Thorén and Jouni Torasvirta) was dismissed and a new Board of Directors was elected. The Board of Directors of Orava Residential REIT has five members: Taina Ahvenjärvi, Petri Kovalainen, Tapani Rautiainen, Eljas Repo and Petri Roininen. The Chairman of the Board is Petri Roininen, and the Vice Chairman is Tapani Rautiainen. The Board of Directors convened a total of seven times during the period under review. The Board of Directors convened a total of 20 times during the financial





period. The Board members' rate of attendance at Board meetings was 95%. Timo Valjakka resigned his Board membership on 22 August 2017.

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

AUTHORISATIONS OF THE BOARD OF DIRECTORS

The extraordinary general meeting of shareholders held on 18 December 2017 cancelled the authorisation given to the Board of Directors in the Annual General Meeting on 22 March 2017 (The Annual General Meeting decided on 22 March 2016 to authorise the Board of Directors to decide on share issues and the issue of option rights and other special rights giving entitlement to shares so that the Board of Directors may decide to issue no more than 5,000,000 shares in the company's possession or new shares which do not entitle to dividends in 2017) No shares have been issued on the basis of the authorisation given on 22 March 2017.

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 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 changes in the value of apartments, the acquisition of investment properties, interest rate levels and repair costs. In the company's opinion, the most significant of these is the changes in the value of apartments.

The fluctuations on the value of apartments in the housing market affect the value of the company's apartments and, thereby, its financial result. Changes in the housing market are beyond the company's control. If the company would choose for the valuation the estimate of the external valuator, it could be possible that the company would book a nonrecurring profit or loss for the 2018.

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 equity and debt financing for investments under competitive terms and conditions.

The company's cash flow based profits are low compared to administrative and finance expenses. Increase in interest rates can affect negatively the company's cash flow based ie. the operational result (EPRA). The increase in interest rate levels can be a substantial risk to the company's capabilities to make profit.

Major unexpected repairs and repair costs would have a negative impact on occupancy rate, rental income and profitability.



MAJOR EVENTS 1 JANUARY – 31 DECEMBER 2017

There was a change in the market guarantee of the shares of Orava Residential REIT (trading code OREIT) when the market guarantee functions of Nordea Bank Finland Plc were transferred to Nordea Bank Ab as the companies merged on 2 January 2017. Following the merger, Nordea Bank Ab is responsible for all existing and possible future rights and obligations of Nordea Bank Finland plc. The change took effect on Monday, 2 January 2017.

The company annulled 58,657 treasury shares held by the company (ISIN code FI4000068614, trading code OREIT). When the annulment of shares was recorded in the Trade Register on 24 January 2017, the number of the company's shares decreased by 58,657 from 9,657,567 to 9,598,910.

On 22 March 2017, the Annual General Meeting decided to authorise the Board of Directors to decide on the distribution of dividends of a maximum of EUR 0.12 per share. A maximum of EUR 1,151,869.20 may be paid in dividends. The maximum dividend payable quarterly is EUR 0.03 per share. The dividend payment dates are

31/03/2017, 30/06/2017, 29/09/2017 and 29/12/2017.

The Board of Directors was authorised to decide on the amount of dividends and their payment by quarter within the aforementioned restrictions, provided that the company's solvency is not jeopardised as a result of the dividend payments. The Board of Directors was authorised to decide on the record dates of dividend payments.

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 5,000,000 new shares in the company, which do not provide any entitlement to dividends during 2017. The authorisation is valid until 31 March 2018, and it superseded the previous authorisation given on 22 March 2016.

At the meeting held after the actual AGM, the Board of Directors of Orava Residential REIT plc elected Jouni Torasvirta as the Chairman from among the members and Patrik Hertsberg as the Vice Chairman. According to the authorisation received from the AGM, the Board of Directors decided that the dividends to be paid on the share of Orava Residential REIT (trading code OREIT, ISIN code FI4000068614) on 31 March 2017 shall be

EUR 0.03, the dividend detachment date 23 March 2017 and the record date 24 March 2017. The total amount of dividends was EUR 287,967.30.

Orava Residential REIT applied to the Large Taxpayers' Office for a preliminary ruling which would enable the acquisition of the company's own stock. On 7 April, the company received a negative decision from the Large Taxpayers' Office to the application. The company has appealed the ruling to the Administrative Court of Helsinki.

A party that subscribed shares in the share issue in 2013 did not pay up the shares. The company and the main issue organiser, United Bankers Securities Ltd, have demanded that the subscriber compensate for the non-payment as defined in chapter 2, section 7 of the Finnish Limited Liability Companies Act. On 11 May 2017, the District Court of Helsinki ruled that the non-paying party shall pay liabilities amounting to approximately EUR 1.2 million to Orava Residential REIT. The ruling is not yet final. The expects that the sum cannot be obtained from the convicted party who has been declared bankrupt.

On 30 June 2017, the company signed an assignment agreement with JLL (Jones Lang LaSalle



Finland Oy). According to the agreement, JLL will develop a quantitative value determination model that is to be used for determining the value of Orava Residential REIT's portfolio. The purpose of this cooperation is to use the apartment values obtained using JLL's quantitative valuation model for comparison when validating the balance sheet values of apartments arrived at using Orava Residential REIT's own valuation model and for further developing the modelling. In addition, the company strives to obtain external valuations more frequently and cost effectively. In order to further cut costs, the external valuations obtained using conventional real estate valuation methods were no longer ordered for residential apartments during the second quarter.

In its media release issued at 9:35 hrs on 21 August 2017, Investors House Oyj announced that it makes a voluntary public purchase offer for all outstanding shares of Orava Residential REIT plc (trading code OREIT).

Orava Residential REIT plc's Board member Timo Valjakka announced on 22 August 2017 that he resigns his Board membership as a result of the announcement by Investors House Oyj regarding the public voluntary purchase offer. The resignation

was effective immediately. After that, the Board of Directors has had five members.

On 24 August 2017, the Board of Directors of Orava Residential REIT announced that it would take the actions required by the Helsinki Takeover Code in order to achieve the best possible outcome for its shareholders. To this end, the Board of Directors started to survey the possibilities for obtaining competing purchase offers, for example. The Board of Directors elected Castrén & Snellman Attorneys Ltd as its legal advisor and HLP Corporate Finance Oy as its financial advisor.

On 28 August 2017, the Board of Directors of Orava Residential REIT plc received a demand for convening an extraordinary general meeting of shareholders. The extraordinary general meeting of shareholders organised due to the demand was held on Monday, 18 December 2017 starting at 1.00 pm. In the "Pörssisali" hall of the Stock Exchange Building. Notices of the extraordinary general meeting of shareholders were sent on 28 September 2017, and the notice was also displayed at the company's website.

On 8 September 2017, the Board of Directors of Orava Residential REIT decided that Vice Chairman



of the Board Patrik Hertsberg and Board members Board Petra Thorén and Mikko Larvala would participate in the assessment of Investors House Oyj's exchange offer and other possible alternatives, as well as in preparing the statement and making the decision of the Board of Directors.

On 20 September 2017, the Board of Directors of Orava Residential REIT issued its preliminary assessment regarding the public voluntary exchange offer published by Investors House Oyj on 21 August 2017: The independent members of the Board of Directors ("Board of Directors") of Orava Residential REIT studied the voluntary public exchange offer published by Investors House Oyj on 21 August 2017 ("the Exchange Offer") and received the combined offer document and prospectus published on 18 September 2017. On the basis of the preliminary analysis it has carried out, the Board of Directors stated that the Exchange Offer regarding the shares of Orava Residential REIT plc is priced too low, and that the Board of Directors will not recommend acceptance of the Exchange Offer.

On 20 September 2017, the Board of Directors of Orava Residential REIT plc received from Elite Varainhoito Oyj ("Elite") an indicative non-binding

offer for converting Orava Residential REIT into a non-UCITS fund managed by Elite. Elite supplemented its offer on 22 September 2017.

On 26 September 2017, the company was informed that its shareholders representing a total of 11.2 per cent of the company's shares and voting rights consider the voluntary public purchase offer published by Investors House Oyj on 21 August 2017 to be too low to be acceptable. The notifications Orava Residential REIT has received from its shareholders were not binding.

On 4 October 2017, the independent members of the Board of Directors of Orava Residential REIT plc ("the Board of Directors") unanimously decided that the Board of Directors will not recommend acceptance of the exchange offer of Investors House Oyj to the shareholders because the consideration offered is low when compared to the net asset value of Orava Residential REIT plc's share. The Board of Directors carefully assessed the Exchange Offer and its terms and conditions on the basis of the offer document, the Fairness Opinion statement and other information available. The Board of Directors took the view that the Exchange Offer and the amount of consideration offered for the shares

and special rights was not reasonable for the shareholders of Orava Residential REIT in the prevailing circumstances and that the consideration offered was low when compared to the net asset value of Orava Residential REIT plc's share. The Board of Directors further held that there is significant uncertainty associated with implementation of the strategic plans of general nature presented in the Exchange Offer and with their expected positive impacts.

On 11 October 2017, the Board of Directors of Orava Residential REIT received from Orava Funds plc an indicative offer for converting Orava Residential REIT plc into a real estate AIF.

On 12 October 2017, the company announced that on the basis of information available, the Board of Directors considers the best alternative to be that Orava Residential REIT continues as an independent tax-exempt REIT or real estate AIF and that its operations are further developed. The company's Board of Directors decided that it will not continue the preparations regarding the indicative offer made by Elite. According to the preliminary assessment by the company's Board of Directors and its financial advisor HLP Corporate Finance Oy, the





indicative offer made by Orava Funds has more favourable financial terms than the offer made by Elite. The company's Board of Directors considered the indicative offer made by Orava Funds to be interesting. Orava Funds is continuing preparations for the offer

The exchange offer made by Investors House Oyj to the shareholders of Orava Residential REIT plc expired on 13 October 2017, and Investors House Oyj announced on 17 October that it will implement the exchange offer in accordance with its terms and conditions. The 2,414,582 shares offered in accordance with the final outcome of Investors House Oyj's exchange offer represent approximately 25.2 per cent of all shares and voting rights of Orava Residential REIT.

On 23 October 2017, the company received a negative decision on the appeal it filed with the Administrative Court of Helsinki regarding the negative decision it received from the Large Taxpayers' Office regarding acquisition of its own shares. The company is continuing actions for having an amendment of legislation enabling the acquisition of own shares enter into force.

The extraordinary general meeting of Orava Residential REIT plc was held on 18 December 2017. The GM decided to cancel the authorisation given to the Board of Directors in the annual general meeting on 22 March 2017 to decide on share issues and the issue of option and special rights giving entitlement to shares. The extraordinary general meeting decided to dismiss the members of the Board of Directors. Five was confirmed as the number of Board members. Taina Ahvenjärvi, Petri Kovalainen, Tapani Rautiainen, Eljas Repo and Petri Roininen were elected as new members of the Board. The term of office of the Board of Directors began immediately from the extraordinary general meeting and will end at the close of the next Annual General Meeting. The Board of Directors of Orava Residential REIT plc elected Petri Roininen as the Chairman from among its members and Tapani Rautiainen as the Vice Chairman.

On 18 December 2017, the company's Board of Directors decided that the no dividends will be paid for the shares of Orava Residential REIT (trading code OREIT, ISIN code FI4000068614) during the fourth quarter of 2017.



On 18 December 2017, the company's Board of Directors decided to terminate the administrative services agreement with Orava Funds plc. According to the terms and conditions of the agreement, the notice period is 12 months. The company's Board of Directors started investigating alternative administration models that would ensure the best interest of shareholders.

EVENTS AFTER THE FINANCIAL PERIOD

On 18 January 2018, Orava Residential REIT plc announced that the company's Board of Directors will further specify the company's strategy and, as part of that process, assess the company's financial result, expenses and financing structure. Further specification of the strategy is being prepared together with the treasurer company Orava Funds plc. The Board of Directors expects the work for further specifying the strategy to be completed by the Annual General Meeting of 2018.

The debt-free prices of apartments sold by Orava Residential REIT's after the period under review (between 1 January and 22 February 2018) total EUR 0.9 million.

The company received an external estimate (JLL) of the investment portfolio. It was 5.7 million euros (2.9 per cent) lower than the value calculated by the company. The difference is within the evaluation accuracy.

DIVIDEND

Year 2017

The Annual General Meeting of 22 March 2017 decided to distribute dividends of no more than EUR 0.03 per share from the profit for 2016 in each quarter of 2017, i.e. in total at most EUR 0.12 per share in 2017. No dividends were paid during the fourth quarter.

Dividends per share paid during the period under review:	FI4000068614
31 March 2017, 1st dividend	0.03 €
30 June 2017, 2nd dividend	0.03 €
30 Sep 2017, 3rd dividend	0.03 €
Total	0.09 €





FUTURE OUTLOOK

The company estimates that its EPRA earnings for 2018 will be approximately the same as in year 2017.

The company sees possible to start use the estimates of external valuator's for the value of the investment portfolio in stead of the management company's valuation. This possible change would mean that the company might book a nonrecurring profit or loss for the 2018.

The board of directors of the company are searching alternative strategies and structures for the company. These might affect the company's mid term outlook.

Helsinki, 26 February 2018

Orava Residential REIT plc

Board of Directors

Additional information:

Pekka Peiponen, CEO, tel. 010 420 3104

Veli Matti Salmenkylä, CFO tel. 010 420 3102

Appendices:

Rules for real estate investment operations



DESCRIPTIVE AND TABLES SECTIONS



Consolidated Statement of Comprehensive Income IFRS

Consolidated Statement of Comprehensive Income	Note	1 Oct – 31 Dec 2017	1 Oct – 31 Dec 2016	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
	1,000 EUR				
Revenue					
Income from rental operations	2.1	3 301	3 304	13 294	12 539
Maintenance expenses	3	-1 555	-1 628	-6 028	-6 067
Net operating income		1 746	1 676	7 266	6 472
Gains from disposals and changes in the fair value of apartments	2.2	-1 980	-658	-3 794	1 363
Expenses from rental operations	3	-148	-207	-578	-715
Administrative expenses	3	-514	-599	-2 301	-2 510
Other operating income and expenses	3	-334	-14	-366	-11
Operating Profit		-1 229	198	228	4 599
Finance income		0	3	0	13
Finance expenses		-694	-662	-2 924	-2 968
Finance income and expenses total	5.1	-694	-659	-2 924	-2 955
Profit before taxes		-1 923	-461	-2 696	1 644
Direct taxes	3	11	-30	-64	-117
Profit/loss for the period		-1 912	-491	-2 761	1 527
Profit/loss for the period attributable to the owners of the parent company		-1 912	-491	-2 761	1 527
Earnings per share calculated from the profit attributable to the owners of the parent company		11	-30	-64	-117
Earnings per share, undiluted, EUR	5.8	-0,20	-0,06	-0,29	0,17
Other comprehensive income items					
Items that may in the future be reclassified to profit or loss					
Derivatives - interest rate swaps	5.7	0	21	60	-57
Items that are not reclassified to profit or loss		0	0	0	0
Comprehensive profit/loss for the period		-1 912	-470	-2 701	1 470
Comprehensive profit/loss for the period attributable to the owners of the parent company		-1 912	-470	-2 701	1 470
non-controlling interests		0	0	0	0



Consolidated statement of financial position

Consolidated statement of financial position	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Investment properties in rental use	4	187,969	197,768
Investment properties available for sale			
Investment properties available for sale	4	11,648	13,133
<i>Fair value of investment properties in total</i>	4	<i>199,617</i>	<i>210,901</i>
Current assets			
Rental and other receivables	2, 5.2	1,269	1,059
Cash and cash equivalents	5.2	2,677	4,141
<i>Current assets in total</i>		<i>3,946</i>	<i>5,200</i>
TOTAL ASSETS		203,563	216,101
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent company			
Share capital	5.8	72,131	72,131
Share issue		0	0
Reserve for invested unrestricted equity	5.8	23,309	23,309
Hedge reserve	5.7	0	-60
Retained earnings		641	99
Profit for the period		-2,761	1,527
Total equity		93,320	97,007
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	5.3	101,123	106,407
Other non-current liabilities	5.3	804	794
<i>Total non-current liabilities</i>		<i>101,927</i>	<i>107,201</i>
Current liabilities			
Interest-bearing liabilities, borrowings	5.3	2,134	2,936
Trade payables and other current liabilities	3, 5.3	1,509	3,772
Derivatives	5.7	0	60
<i>Total current liabilities</i>		<i>3,643</i>	<i>6,768</i>
Liabilities allocated to investment properties available for sale		4,672	5,123
Total liabilities		110,243	119,093
TOTAL EQUITY AND LIABILITIES		203,563	216,101



Consolidated statement of cash flows

Consolidated statement of cash flows	1 Oct – 31 Dec 2017	1 Oct – 31 Dec 2016	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Cash flows from operational activities	1,000 €			
Payments received from rental operations	3,192	3,241	13,146	12,646
Payments for operating expenses	-2,544	-1,993	-9,362	-9,043
Cash flows from operational activities before financial items	648	1,248	3,784	3,603
Interest paid and other finance expenses, net	-564	-840	-2,993	-3,453
Taxes paid	-105	-192	-106	-195
Net cash flows from operational activities	-21	216	685	-45
Cash flows from investment activities				
Acquisition of subsidiaries less acquired cash and cash equivalents	-493	-767	-2,687	-14,512
Income from divestures of investment properties	919	2,089	5,147	6,613
Net cash flows used in investments	425	1,322	2,459	-7,899
Cash flows from financing activities				
Drawdowns of and increases in loans	0	8,012	0	32,507
Payments received from the issue of a convertible bond	0	2,133	0	9,133
Loan repayments	-949	-8,144	-3,229	-23,405
Dividends paid	-51	-2,261	-1,379	-8,939
Net cash flows used in financing activities	-1,001	-259	-4,608	9,296
Net decrease (-) / increase (+) in cash and cash equivalents	-597	1,279	-1,463	1,351
Cash and cash equivalents at the beginning of the period	3,274	2,863	4,141	2,790
Cash and cash equivalents at the end of the period	2,677	4,141	2,677	4,141



Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	1 000 EUR					
	1	2	3	4	5	6
Equity on 31 Dec 2015	72,131	13,713	-3	8,504	94,346	94,346
Conversion of convertible bond 31 Mar 2016		2,750			2,750	2,750
Distribution of dividends Q1 2016				-2,248	-2,248	-2,248
Distribution of dividends Q2 2016				-2,248	-2,248	-2,248
Distribution of dividends Q3 2016				-2,248	-2,248	-2,248
Distribution of dividends Q4 2016				-2,248	-2,248	-2,248
Cost to gain equity				-368	-368	-368
Conversion of convertible bond 30 Jun 2016		2,061			2,061	2,061
Conversion of convertible bond 30 Sep 2016		2,189			2,189	2,189
Conversion of convertible bond 30 Dec 2016		2,500			2,500	2,500
Proceeds from shares issued 18 July 2016		1,170			1,170	1,170
Reversals of provisions				-117	-117	-117
Profit from the period				1 527	1,527	1,527
Comprehensive income items			-57		-57	-57
Equity on 31 December 2016	72,131	24,382	-60	553	97,007	97,007
Distribution of dividends Q1 2017				-288	-288	-288
Distribution of dividends Q2 2017				-288	-288	-288
Distribution of dividends Q3 2017				-288	-288	-288
Profit from the period				-2 761	-2 761	-2 761
Reversals of provisions				-121	-121	-121
Comprehensive income items			60		60	60
Equity on 31 December 2017	72 131	23 309	0	-2 120	93 321	93 321

Statement of changes in equity

The company's equity consists of share capital, the reserve for invested unrestricted equity and retained earnings. Fees paid to outsiders related to an increase in the share capital are deducted from equity. The company may only distribute its assets as dividends. In accordance with the Tax Exemption Act, the acquisition of treasury shares is prohibited.

- 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



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"

1.1 Basic details of the Group

Orava Residential REIT plc (business ID 2382127-4, 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. The up-to-date rules for real estate investment operations are included as an appendix to the .

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 the payment of income tax as of 30 December 2010. Orava Residential REIT was listed to NASDAQ Helsinki ("Helsingin Pörssi") at October 2013.

Orava Residential REIT's Board of Directors approved these financial statements for publication at its meeting on 26 February 2018.



1.2 Act on the Tax Exemption of Certain Limited Liability Companies Engaging in Apartment Rental Operations (288/2009) ("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 is 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 holds more than 10 % of the company's share capital
- 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 as dividends every year (excluding any non-materialised change in value)
- The company's shares are listed on the stock exchange on the third year at the latest
- The company does 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
- If individual shareholder holds more than 10 % of the company's share capital

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 recog-

nised 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 principles

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 2017. The statements have been prepared in compliance with IAS34. 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.

The consolidated financial statements have been prepared in euros. The figures have been rounded to the nearest thousand euros, 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 to hedge interest rate changes, 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 latest 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 accounting in the financial period during which the estimates or assumptions are adjusted.

The most material estimated items are the measurement at fair value and classification of acquisitions into corporate restructuring or acquisition of real estate properties. The management exercises discretion in every investment property acquisition determining whether it is an acquisition of business operations or is it consolidated using the proportionate method. Only the amount of investment properties corresponding to the holding of the Group has been consolidated.

The value of Orava Residential REIT's investment properties is the sum of the market values of individual apartments calculated using a measurement model created by the fund management company. A more detailed account of the apartment price measurement model is presented in the financial statements.

The information shown in the consolidated financial statements has not been audited.

1.4 Consolidation principles

Orava Residential REIT consolidates the wholly-owned housing companies in compliance with IFRS 10. Partially owned housing companies are consoli-

dated 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 minority 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 has been to annually sell apartments for 5 to 10 per cent of the value of the investment properties on the company's opening statement of 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. Apartment sales totalled EUR 1 700 000 in the fourth quarter. Asset items classified as available for sale are measured at fair value

The book values of assets items available for sale on 31 December 2017 were EUR 11 648 000 (31 December 2016: EUR 13 100 000).



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 the 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

Revenue	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Income from rental operations		
Gross rental yield	12,801	12,119
Compensation for use and service income	493	420
TOTAL	13,294	12,539

Gains from disposals and changes in the fair value of apartments	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Disposal prices of apartments less the fair value in the previous quarter's closing balance	-361	-303
Brokerage fees for apartments disposed of	-294	-380
Net gains and losses from changes in the fair value of investment properties	-3,139	2,046
Total	-3,794	1,363

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.

2.1 Revenue

The revenue of Orava Residential REIT includes rental income. Income from rental operations includes income from ordinary rental operations of

the Group, such as rental of apartments and other facilities, and compensation for use and resident services. Income from rental operations is recognised in the income statement in equal instalments on a monthly basis over the lease period. Earlier, the gains from divestments and changes in fair value were also included in revenue. Now these gains are shown on a separate line. The change in accounting principles was made for these financial statements. The change does not affect the company's operating profit or earnings for the period.



Distribution of investment property values by their location, %	31 Dec 2017	31 Dec 2016
Helsinki Region	39	39
Major cities	30	30
Medium-size towns	31	31
Total	100	100

Distribution of investment property values by age group, %	31 Dec 2017	31 Dec 2016
Built in 1989 or earlier	30	31
Built in 1990 or later	70	69
Total	100	100

2.2 Capital gains from disposals and changes in fair value

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 and activated repairs.

During the period 1 January - 31 December 2017, a total of 70 apartments were sold (2016: 92 apartments).

Orava Residential REIT measures investment properties at fair value according to section 18 in the Real Estate Funds Act. (Kiinteistörahastolaki) and IFRS 13. Changes in fair values are presented in profit

and loss in the reporting period they occur. Changes in fair values are presented in profit and loss. Investment properties are initially recognized at acquisition cost, later carried at fair value. Fair value is the amount of money for which the assets could be exchanged between informed parties willing to enter into the transaction and independent of each other. 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 large urban centres of Tampere, Turku, Oulu, Jyväskylä and Lahti are classified as major cities. Medium-sized towns are cities with more than approximately 20,000 inhabitants.

Rental and other receivables	31 Dec 2017	31 Dec 2016
Prepayments	736	505
Rental and trade receivables	268	223
Total	1 004	728

and loss in the reporting period they occur.

Changes in fair values are

"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.

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 2017, rental receivables totalled EUR 268 000 (31 December 2016: EUR 223 000).



3 Operating expenses

In the note on operating expenses we have collected the notes on financial result 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 would 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 such as administration costs of property managers, Stock Exchange, Central Securities Depository and auditing fees as well as external appraisal costs of investment properties. Other operating expenses include any performance-based fee of the management company and credit losses. Operating expenses are presented on an accrual basis.

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

Expenses by type	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Property maintenance expenses	-6,028	-6,067
Expenses from rental operations	-578	-715
Board of Directors' fees and other fees	-130	-131
Management fee Orava Funds plc	-1,267	-1,265
Other administrative expenses	-904	-1,114
Other operating expenses	-366	-11
Total	-9,273	-9,303

Property maintenance expenses	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Property maintenance expenses less compensation for use	-5,535	-5,647
Property maintenance expenses less compensation for use as percentage of market value, p.a.	2.7 %	2.7 %
Average market value of investment properties during the period, EUR 1,000	205,196	207,412

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

Board of Directors' fees	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Petri Roininen	-2	0
Tapani Rautiainen	-5	-20
Taina Ahvenjärvi	-1	0
Petri Kovalainen	-1	0
Eljas Repo	-1	0
Patrik Hertsberg	-19	-20
Mikko Larvala	-19	-19
Petra Thorén	-16	0
Jouni Torasvirta	-35	-35
Veli Matti Salmenkylä	-20	-20
Timo Valjakka	-11	-19
Total	-128	-131



The fees of the Board of Directors consist of monthly and meeting fees. The Board's attendance at meetings during the period was 95%. The Board held 20 meetings (1 Jan - 31 Dec 2016: 18 meetings) during the period. Orava Residential REIT is externally managed. It has no personnel.

Auditor's fees	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Audit, parent company	-130	-131
Audit, subsidiaries	-43	-40
Total	-173	-171

To the auditor hasn't been paid any other fees. The auditor's fees of Parent Company are included in other administrative expenses. The auditor is paid a fee in accordance with the invoice accepted by the company.

Other operating expenses include credit losses from rental operations.

Other operating expenses	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Credit losses	-30	-11
Performance-based fee paid to the management company	0	0
Total	-30	-11



As a performance-based management fee, the REIT pays the management company 20% of the company's annual return exceeding 7%. The performance-based management fee is only paid if the closing stock exchange price for the financial period, or the net assets per share if they are lower than the stock exchange price, is higher than the highest closing stock exchange price for the previous financial periods or the net assets per share, adjusted for dividends, issues and splits. No maximum amount has been specified for the fee to be paid to the management company.

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.

Salaries and bonuses of the alternative fund manager

In 2017, the Fund Manager paid its management and personnel salaries and bonuses as follows: In addition, the total amount of salaries and bonuses is shown below itemised for top management and personnel whose work has materially affected the risk profile of the REIT. During the financial period,

Trade payables related to expenses	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Trade payables	125	162

	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Taxes of the Group for the period	-64	-117

Accounts payable are initially recognised at the fair value and subsequently measured at amortised cost. The majority of the Group's trade payables are related to acquisitions made by the subsidiaries.

there were a total of 10 persons receiving benefits, while the average number of persons receiving a salary was 5.8.

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

Salaries and bonuses of the AIF-manager	Fixed	Changing	Total	Affected risk
Management	424	98	522	522
Personnel	168	17	185	175
Total	592	115	707	697





4 Investment properties

In the investment properties group, we have collected notes particularly related to investment properties and their valuation. More detailed information on the measurement of the fair value of investment properties is available in the Consolidated Financial Statements of Orava Residential REIT plc of 31 December 2016.

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 which are primarily intended for permanent residential use. Orava Residential REIT possesses such assets to obtain rental income or increase in the value of its assets or both.

The management exercises discretion in every investment property acquisition determining whether it is an acquisition of business operations or is it consolidated using the proportionate method. Only the amount of investment properties corresponding to the holding of the Group has been consolidated.

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 income statement. Investment properties are initially valued at acquisition cost. Fair value is used in the



Investment properties	31 Dec 2017	31 Dec 2016
	Fair value	
Fair value on 1 Jan	210,901	195,851
Increases	800	24,558
Decreases	-8,945	-11,554
Change in fair value in the period taking the impact of asset transfer tax into account	-3,139	2,046
Fair value on 31 Dec	199,617	210,901

The decreases are disposals of residential apartments. A total of 70 apartments were sold during the period 1 Jan - 31 Dec 2017.

The change in the value of investment properties that had been in the portfolio during the period 1 October - 31 December 2017 was -0,8% (1 October - 31 December 2016: -0,2%) i.e. EUR -1 579 000 (1 October - 31 December 2016: EUR - 426 000).

measurement 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 the transaction and independent of each other.

Orava Residential REIT possesses investment properties under construction to obtain rental income or 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. 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.

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 derecognised 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 has issued a calculation of value on the values of all Orava Residential REIT's investment properties twice a year. The company has started a cooperation with an external appraiser (JLL) to develop a quantitative model. In order to cut costs, the company has not ordered external valuations of the apartments calculated using the traditional appraisal methods for the second quarter.

Every year, Realia Management has audited the model used by the Management Company (AIFMR Article 68, Paragraph 3). Realia Management has set accuracy requirements for the model, compliant



with the definitions of international experts in the field. The requirements regarding the assessment made by the valuer are as follows:

- deviation of the entire portfolio from the valuer's assessment in the range of -5 to +5 per cent for individual properties, the deviations from the valuer's assessment
- in at least 60 per cent of the portfolio properties, the deviation from the valuer's assessment must not exceed 10%- in at least 80 per cent of the portfolio properties, the deviation from the valuer's assessment must not exceed 15%
- in at least 90 per cent of the portfolio properties, the deviation from the valuer's assessment must not exceed 20%
- the deviation may be positive or negative.

All calculations by the auditor concerning accuracy of the model from 2016 onwards, as well as the calculation based on the valuer's 2017 assessment show that the model meets accuracy the requirements set for it.

The valuation does not seek to assess the future sales price of apartments, only their fair value at the time of assessment. The differences in sales prices and fair values of apartments (capital gains or losses) affect the future valuations.



Investment properties on 31 Dec 2017

Company	Area	City	Address	Holding, %	Built in, year	Apartments	Floor area, m2
As Oy Espoon Albert	Helsinki region	Espoo	Kilonportti 5	7 %	2014	2	144
As Oy Espoon Revontuli	Helsinki region	Espoo	Revontulentie 1	5 %	2015	2	115
As Oy Espoon Suulperi	Helsinki region	Espoo	Niittytaival 9	7 %	2014	3	226
As Oy Espoon Tiilentekijä	Helsinki region	Espoo	Tegelhagen 2	9 %	2015	2	235
As Oy Espoon Tähystäjä	Helsinki region	Espoo	Ulappakatu 1	3 %	2013	1	81
As Oy Sininärhintie 5	Helsinki region	Espoo	Sininärhintie 5	2 %	2013	1	84
As Oy Helsingin Apteekkari	Helsinki region	Helsinki	Apteekkarinkatu 5	21 %	2014	4	344
As Oy Helsingin Hjalmar	Helsinki region	Helsinki	Teollisuuskatu 18 A	10 %	2014	2	202
As Oy Helsingin Koirasaarentie 1	Helsinki region	Helsinki	Koirasaarentie 1	58 %	2000	14	829
As Oy Helsingin Limnologi	Helsinki region	Helsinki	Agronominkatu 18	14 %	2015	5	427
As Oy Helsingin Rafael	Helsinki region	Helsinki	Teollisuuskatu 18 B	13 %	2014	2	222
As Oy Helsingin Umbra	Helsinki region	Helsinki	Taidemaalarkatu 3	4 %	2016	2	166
As Oy Hyvinkään Rukki	Helsinki region	Hyvinkää	Ranssunkaari 10	3 %	2013	1	92
As Oy Hyvinkään Ryjy	Helsinki region	Hyvinkää	Ranssunkaari 8	4 %	2016	1	107
As Oy Hyvinkään Ukko-Pekka	Helsinki region	Hyvinkää	Tienhaarankatu 7a	34 %	2014	5	505
As Oy Järvenpään Saundi	Helsinki region	Järvenpää	Huvilakatu 7	13 %	2013	6	517
As Oy Järvenpään Terho	Helsinki region	Järvenpää	Piennartie 16	5 %	2012	1	95
As Oy Järvenpään Tuohi	Helsinki region	Järvenpää	Vakka 5	82 %	2013	14	1,116
As Oy Kauniaisten Kvartetti	Helsinki region	Kauniainen	Laaksotie 10	4 %	2014	2	142
As Oy Kauniaisten Venevalkamantie 3	Helsinki region	Kauniainen	Venevalkamantie 3	7 %	2012	2	122
As Oy Keravan Nissilänpiha 9-11	Helsinki region	Kerava	Nissilänpiha 9-11	85 %	1974	24	2,109
As Oy Keravan Ritariperho	Helsinki region	Kerava	Palosenkatu 7	100 %	2011	19	2,071
As Oy Kirkkonummen Kummikallio	Helsinki region	Kirkkonummi	Kummikallio	100 %	1973	84	5,241
As Oy Kirkkonummen Pomada	Helsinki region	Kirkkonummi	Rajakalliontie 3	33 %	2012	6	650



Investment properties on 31 Dec 2017

Company	Area	City	Address	Holding, %	Built in, year	Apartments	Floor,area,,m2
As Oy Kirkkonummen Pronssi	Helsinki region	Kirkkonummi	Vernerinkuja 6	6 %	2014	1	86
As Oy Kirkkonummen Tammi	Helsinki region	Kirkkonummi	Ervastintie 1	31 %	2013	13	993
As Oy Nurmijärven Puurata 15-17	Helsinki region	Nurmijärvi	Puurata 15-17	38 %	1974-75	18	1,153
As Oy Nurmijärven Soittaja	Helsinki region	Nurmijärvi	Pikkutikankuja 4	59 %	2013	15	1,326
As Oy Lindheerst, Sipoo	Helsinki region	Sipoo	Kirkkoniityntie 28	56 %	1982	12	984
As Oy Sipoon rannan Saalinki	Helsinki region	Sipoo	Sipoonranta 10	6 %	2011	3	253
As Oy Tuusulan Pihta	Helsinki region	Tuusula	Paijalannummentie 16	31 %	2014	7	695
As Oy Vantaan Kaakkoisväylä 4	Helsinki region	Vantaa	Kaakkoisväylä 4	67 %	1979	36	2,615
As Oy Vantaan Kruununmasto	Helsinki region	Vantaa	Kolmikallionkuja 3	3 %	2016	1	77
As Oy Vantaan Maauunintie 14	Helsinki region	Vantaa	Maauunintie 14	97 %	1975	72	4,931
As Oy Vantaan Paddington	Helsinki region	Vantaa	Ratakuja 4	6 %	2015	2	180
As Oy Vantaan Piletti	Helsinki region	Vantaa	Ratatie 16	2 %	2015	2	173
As Oy Vantaan Popliini	Helsinki region	Vantaa	Horsmakuja 6	10 %	2015	5	396
As Oy Vantaan Rasinrinne 13	Helsinki region	Vantaa	Rasinrinne 13	52 %	1975	21	1,086
As Oy Vantaan Rusakko	Helsinki region	Vantaa	Kymäojantie 15	55 %	1992	5	282
As Oy Jyväskylän Ahjotar	Large urban centres	Jyväskylä	Seppäläntie 4A	20 %	2014	6	286
As Oy Jyväskylän Kruunutori (liiketilat)	Large urban centres	Jyväskylä	Hoitajantie 4	36 %	2010	5	1,232
As Oy Jyväskylän Kyläseppä	Large urban centres	Jyväskylä	Seppäläntie 4C	11 %	2014	2	138
As Oy Jyväskylän Maailmanpylväs	Large urban centres	Jyväskylä	Äijälänrannantie 34	6 %	2014	2	218
As Oy Jyväskylän Runous	Large urban centres	Jyväskylä	Vapaudenkatu 35a	4 %	2015	1	84
As Oy Jyväskylän Tukkipoika	Large urban centres	Jyväskylä	Schaumanin puistotie 22	12 %	2013	3	228
As Oy Jyväskylän Valssikuja 6	Large urban centres	Jyväskylä	Valssikuja 6	64 %	1995	15	1,229
As Oy Kaarinan Lampaankäätä	Large urban centres	Kaarina	Hoviherrankatu 3	100 %	1974	36	2,254



Investment properties on 31 Dec 2017

Company	Area	City		Holding, %	Built in, year	Apartments	Floor,area,,m2
As Oy Lahden Aleksanteri	Large urban centres	Lahti	Aleksanterinkatu 11	21 %	2014	9	728
As Oy Lahden Helkalanhovi	Large urban centres	Lahti	Pihtikatu 5	72 %	1975	30	1,831
As Oy Lahden Jukolan Aapo	Large urban centres	Lahti	Pollarikatu 5	100 %	2010	22	1,306
As Oy Lahden Jukolan Tuomas	Large urban centres	Lahti	Pollarikatu 7	100 %	2010	22	1,306
As Oy Lahden Leinikki	Large urban centres	Lahti	Huvikatu 8	9 %	2013	2	160
As Oy Lahden Poikkikatu 4	Large urban centres	Lahti	Poikkikatu 4	50 %	1971	20	1,114
As Oy Lahden Pormestari	Large urban centres	Lahti	Rullakatu 4	8 %	2012	2	121
As Oy Lahden Vuoksenkatu 4	Large urban centres	Lahti	Vuoksenkatu 4	44 %	1970	10	428
As Oy Malskin Kruunu	Large urban centres	Lahti	Päijänteekatu 7	5 %	2015	2	170
As Oy Lempäälän Tikanhovi	Large urban centres	Lempäälä	Kotipellonkatu 5	42 %	2014	14	842
As Oy Naantalin Vesperi	Large urban centres	Naantali	Luostarinkatu 20	23 %	2015	10	594
As Oy Alppilan Iiris	Large urban centres	Oulu	Betonimiehenkatu 9	15 %	2014	6	428
As Oy Merijalinväylä	Large urban centres	Oulu	Koskitie 14	5 %	2012	2	138
As Oy Oulun Eveliina	Large urban centres	Oulu	Pesätie 22	14 %	2011	2	161
As Oy Oulun Jatulinmäki	Large urban centres	Oulu	Jatulikivenkatu 1	8 %	2013	2	160
As Oy Oulun Resiina	Large urban centres	Oulu	Rautatienkatu 33	10 %	2015	6	446
As Oy Oulun Seilitie 1	Large urban centres	Oulu	Seilitie 1	41 %	2009	8	453
As Oy Oulun Viskaali	Large urban centres	Oulu	Rautatienkatu 31	11 %	2015	5	378
As Oy Oulunsalon Poutapilvi	Large urban centres	Oulu	Pappilantie 5	4 %	2010	1	93
As Oy Rasion Kertunpuisto	Large urban centres	Raisio	Murroskuja 4	19 %	2014	3	245
As Oy Rasion Lumme	Large urban centres	Raisio	Särkilahdenkatu 2	25 %	2015	8	486
As Oy Rasion Vaisaaren Kunnaankatu 7	Large urban centres	Raisio	Kunnaankatu 7	100 %	1978	51	2,807
As Oy Rasion Valonsäde	Large urban centres	Raisio	Soliniuksenkuja 24	37 %	2014	10	672
As Oy Härmälänrannan Nalle	Large urban centres	Tampere	Lentovarikonkatu 8 ja 14	2 %	2013	1	83



Investment properties on 31 Dec 2017

Company	Area	City		Holding, %	Built in, year	Apartments	Floor,area,,m2
As Oy Tampereen Professori	Large urban centres	Tampere	Tutkijankatu 2	8 %	2013	2	171
As Oy Tampereen Ruuti	Large urban centres	Tampere	Autilankatu 2	19 %	2014	6	301
As Oy Tampereen Solaris	Large urban centres	Tampere	Tieteenkatu 6	22 %	2014	11	881
As Oy Tampereen Vuoreksen Emilia	Large urban centres	Tampere	Pirttisuonkuja 2	13 %	2014	5	404
As Oy Turun Androksenranta	Large urban centres	Turku	Unioninkatu 20	16 %	2014	5	390
As Oy Turun Aurajoen Helmi	Large urban centres	Turku	Koulukatu 2	8 %	2014	3	212
As Oy Turun Michailowinlinna	Large urban centres	Turku	Michailowinkatu 4	10 %	2015	5	285
As Oy Turun Michailowinportti	Large urban centres	Turku	Michailowinkatu 2	9 %	2013	2	154
As Oy Turun Sataman Tähti	Large urban centres	Turku	Eerik Pommerilaisen Ranta 16	16 %	2015	5	300
As Oy Forssan Hellaanpuisto	Medium-sized towns	Forssa	Rautatienkatu 9	10 %	2014	3	186
As Oy Haminan Kaivopuisto	Medium-sized towns	Hamina	Kaivokatu 8	10 %	2014	4	236
As Oy Haminan Tervaniemi	Medium-sized towns	Hamina	Lavatie 6	96 %	1999	16	1,040
As Oy Heinolan Tampilahdenkulma	Medium-sized towns	Heinola	Keskuskatu 30	87 %	1977	17	1,011
As Oy Heinolan Torihovi	Medium-sized towns	Heinola	Virtakatu 5	12 %	2015	5	224
As Oy Hämeenlinnan Asemapäällikkö	Medium-sized towns	Hämeenlinna	Keinukatu 10	4 %	2014	1	76
As Oy Hämeenlinnan Aulangontie 39	Medium-sized towns	Hämeenlinna	Aulangontie 39	51 %	1974	11	527
As Oy Hämeenlinnan Salmiakki	Medium-sized towns	Hämeenlinna	Tervapadankatu 1	100 %	2016	52	2,557
As Oy Kokkolan Luotsi	Medium-sized towns	Kokkola	Merikotkantie 9-17	21 %	2012	4	321
As Oy Kokkolan Omenapiha	Medium-sized towns	Kokkola	Ouluntie 53	26 %	2012	3	261
As Oy Kotkan Alahovintie 7	Medium-sized towns	Kotka	Alahovintie 7	98 %	1974	35	2,107
As Oy Kotkan Alahovintorni	Medium-sized towns	Kotka	Alahovintie 1	89 %	1973	26	1,449
As Oy Kotkan Matruusi	Medium-sized towns	Kotka	Kirkkokatu 2	13 %	2013	4	265
As Oy Kotkan Vuorenrinne 19	Medium-sized towns	Kotka	Vuorenrinne 19	95 %	1973-75	70	3,824
As Oy Mällinkatu 6	Medium-sized towns	Kotka	Mällinmutka 2	100 %	1958 ja 74	54	2,875



Investment properties on 31 Dec 2017

Company	Area	City		Holding, %	Built in, year	Apartments	Floor,area,,m2
As Oy Kouvolan Kuusama	Medium-sized towns	Kouvola	Kalevankatu 29	2 %	2015	1	40
As Oy Kuopion Rantahelmi	Medium-sized towns	Kuopio	Järvihelmenkatu 9	3 %	2014	1	100
As Oy Lohjan Koulukuja 14	Medium-sized towns	Lohja	Lähdehaankuja 2	78 %	1976	41	2 352
As Oy Lohjan Pinus	Medium-sized towns	Lohja	Metsätähtikuja 8	43 %	2012	8	787
As Oy Mikkelin Neptun	Medium-sized towns	Mikkeli	Mannerheimintie 38	37 %	2013	10	662
As Oy Paimion Jokilaivuri	Medium-sized towns	Paimio	Sahurintie 1	6 %	2013	2	72
As Oy Porin Huvitus	Medium-sized towns	Pori	Teljänkuja 2	30 %	2014	9	673
As Oy Porin Kommodori	Medium-sized towns	Pori	Presidentinpuistokatu 1	9 %	2013	4	372
As Oy Porin Pihlavankangas	Medium-sized towns	Pori	Katkojantie 1	85 %	1974 ja 76	45	2 454
As Oy Kaivopolku (sis. Liiketilaja)	Medium-sized towns	Porvoo	Kaivokatu 29	100 %	1993	32	2 055
Koy Liikepuisto (sis. liiketilaja)	Medium-sized towns	Porvoo	Kaivokatu 29	100 %	1960	10	607
As Oy Porvoon Laamanninpiha	Medium-sized towns	Porvoo	Laamanninkatu 1	9 %	2013	2	181
As Oy Riihimäen Laidunaho	Medium-sized towns	Riihimäki	Haratie 1	24 %	2013	2	157
As Oy Riihimäen Lovisa	Medium-sized towns	Riihimäki	Peltokuja 2	40 %	2013	2	177
As Oy Riihimäen Vuorelanmäki I	Medium-sized towns	Riihimäki	Huhtimonkatu 1	100 %	1956	16	773
As Oy Rovaniemen Koivula	Medium-sized towns	Rovaniemi	Maakuntakatu 2	4 %	2014	1	86
As Oy Rovaniemen Laura	Medium-sized towns	Rovaniemi	Kansankatu 13	3 %	2014	2	104
As Oy Rovaniemen Rekimatka 16–18	Medium-sized towns	Rovaniemi	Rekimatka 16–18	83 %	1991	20	1 209
As Oy Rovaniemen Rekimatka 29	Medium-sized towns	Rovaniemi	Rekimatka 29	91 %	1989	50	2 864
As Oy Rovaniemen Suiheinä	Medium-sized towns	Rovaniemi	Heinämiehentie 10	6 %	2014	2	119



Investment properties on 31 Dec 2017

Company	Area	City		Holding, %	Built in, year	Apartments	Floor,area,,m2
As Oy Rovaniemen Uitto	Medium-sized towns	Rovaniemi	Uittomiehentie 6-10	20 %	2015	9	576
As Oy Salon Ristinkedonkatu 33	Medium-sized towns	Salo	Ristinkedonkatu 33	83 %	1975	60	3,816
As Oy Savonlinnan Kotiranta	Medium-sized towns	Savonlinna	Heikinpohjantie 38b	49 %	2014	9	521
As Oy Savonlinnan Postityttö	Medium-sized towns	Savonlinna	Olavinkatu 61	25 %	2015	8	459
As Oy Savonlinnan Välimäentie 5-7	Medium-sized towns	Savonlinna	Välimäentie 5-7	100 %	1977	51	2,723
As Oy Tornion Aamintie 7	Medium-sized towns	Tornio	Aamintie 7	37 %	1974	19	1,138
As Oy Tornion Kuparimarkka	Medium-sized towns	Tornio	Aamintie 13	85 %	1975	43	2,480
As Oy Vaasan Aleksander	Medium-sized towns	Vaasa	Mylykatu 11 B	12 %	2015	3	131
As Oy Vaasan Asemankatu 9	Medium-sized towns	Vaasa	Asemankatu 9	21 %	2014	5	363
As Oy Vaasan Leipurinkulma	Medium-sized towns	Vaasa	Mylykatu 11 A	9 %	2015	4	119
As Oy Varkauden Ahlströminkatu 12	Medium-sized towns	Varkaus	Ahlströminkatu 12	95 %	1954	31	2,029
As Oy Varkauden Onnela	Medium-sized towns	Varkaus	Kosulankatu 6	100 %	1920	9	864
As Oy Varkauden Parsius	Medium-sized towns	Varkaus	Parsiuskatu 6	83 %	1973	30	1,648

The investment properties contain 25 business facilities ca. 3720 square meters.

	City	Business facilities	Floor area, m2
As Oy Vantaan Maaunintie 14	Vantaa	1	292
As Oy Jyväskylän Kruunutori (liiketilat)	Jyväskylä	5	1232
As Oy Kotkan Alahovintie 7	Kotka	1	284
As Oy Kaivopolku (sis. Liiketilaja)	Porvoo	7	494,5
Koy Liikepuisto (sis. liiketilaja)	Porvoo	4	318
As Oy Salon Ristinkedonkatu 33	Salo	2	334,5
As Oy Varkauden Ahlströminkatu 12	Varkaus	5	763





Investment properties on 31 Dec 2017

Region	No of properties	Apartments and business facilities	Floor area, m ²	Fair value, EUR 1000	% of investment portfolio	EUR / m ²
Vantaa	8	144	9 739	16 855	8,4 %	1 731
Kirkkonummi	4	104	6 970	13 723	6,9 %	1 969
Helsinki	6	29	2 190	10 677	5,3 %	4 877
Kerava	2	43	4 180	10 544	5,3 %	2 523
Järvenpää	3	21	1 728	6 583	3,3 %	3 810
Muut	16	77	6 261	19 869	10,0 %	3 173
Helsinki Region	39	418	31 067	78 252	39,2 %	2 519
Lahti	9	119	7 163	16 670	8,4 %	2 327
Raisio	4	72	4 210	7 374	3,7 %	1 752
Oulu	8	32	2 256	7 255	3,6 %	3 216
Turku	5	20	1 340	6 952	3,5 %	5 190
Tampere	5	25	1 839	6 818	3,4 %	3 708
Large urban centres, others	10	94	7 103	14 930	7,5 %	2 102
Major cities	41	362	23 909	59 999	30,1 %	2 510
Hämeenlinna	3	64	3 160	8 469	4,2 %	2 681
Kotka	5	189	10 520	7 531	3,8 %	716
Rovaniemi	6	84	4 957	6 015	3,0 %	1 214
Porvoo	3	44	2 843	6 122	3,1 %	2 154
Savonlinna	3	68	3 702	4 928	2,5 %	1 331
Muut	28	397	24 482	28 301	14,2 %	1 156
Medium-size towns	48	846	49 663	61 367	30,7 %	1 236
TOTAL (100%)	128	1 626	104 638	199 617	100,0 %	1 908

The sales portfolio contained 31 December 2017 101 apartments in 42 properties. The sales portfolio's floor area was in total 6,780 m² and the fair value was EUR 11,648,000.



Hierarchy of fair values

The following table shows assets 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 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 which is not based on any observable market information. Values of business premises and parking spaces measured by an external appraiser.

Assets	Level 1	Level 2	Level 3
Investment properties on 31 Dec 2017	-	-	199,617
Investment properties on 31 Dec 2016	-	-	210,901

In 2015, 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.

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. Interest income and expenses are recognised on a timeproportion basis using the effective interest method.

5.1 Finance income and expenses

Finance income and expenses	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Interest expenses and fees for loans and interest rate hedges	-2,662	-2,772
Other finance expenses	-263	-196
Total finance expenses	-2,924	-2,968
Finance income	0	13
Total	-2,924	-2,955



5.2 Financial assets

Cash in hand and at banks 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 2017	31 Dec 2016
Cash and cash equivalents held in accounts	2,677	4,141
Total	2,677	4,141

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. Rental receivables EUR 268 thousand are presented in section 2, Segments and income.

Current financial assets	31 Dec 2017	31 Dec 2016
Other receivables	20	6
Prepaid expenses and accrued income	245	325
Total	265	331

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 available overdraft facilities of bank accounts are included in non-current interest-bearing liabilities.

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.

Non-current liabilities	31 Dec 2017	31 Dec 2016
Bond	19,668	19,382
The group's loans from financial institutions	81,455	87,025
Long-term security deposits received	804	794
Total non-current liabilities	101,927	107,201

The company has issued EUR 20 million covered bond, which will be due on 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.

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. The company has met all covenants.

Costs of liabilities which arise from the acquisition, construction and manufacture of investment properties the completion of which requires a considerably long period 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, the payments related to which are fixed or determinable and which 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 liabilities	31 Dec 2017	31 Dec 2016
The Group's loans from financial institutions	2,134	2,936
Total of current liabilities	2,134	2,936
Liabilities allocated to investment properties available for sale	4,672	5,123

Convertible bond agreements

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 2017, the company has not concluded convertible bond agreements nor exchanged convertible bonds for shares in the company.

The company's shareholders' equity is EUR 93 319 523 (31 December 2016: EUR 97 006 523). At the end of the period, the company had no shares in its possession that it had allocated to itself.

The ownership of shareholders owning shares at the beginning of 2017 was not diluted as a result of shares converted through bond agreements in 2017



Other current liabilities

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

Other current liabilities	31 Dec 2017	31 Dec 2016
Advance payments received	196	168
Other liabilities	58	621
Accrued expenses and deferred income	1,130	2,821
Fair value of interest rate hedges	0	60
Total current liabilities	1,384	3,670

Other liabilities consist of tax debt (EUR 58 000).

Accrued liabilities and deferred income mainly consist of accrued expenses and deferred income in housing companies (EUR 203 000) and interest accruals (EUR 657 000).

5.4 Contingent liabilities

General pledge as collateral, real estate mortgages given to custody as collateral for the debt	31 Dec 2017	31 Dec 2016
Total real estate mortgages	34,523	34,523
Loans for which shares have been pledged		
Loans and a bond	37,668	37,382
Fair value of the pledged shares (external appraiser)	94,717	109,230

The future aggregate minimum rentals payable under non-cancellable operating leases (land leases of housing companies) are as follows.

Land leases	31 Dec 2017	31 Dec 2016
No later than 1 year	419	434
Later than 1 year and no later than 5	1 676	1 738
Later than 5 years	27 821	28 848
Total	29 916	31 020



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 on 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. Debt financing totalling almost EUR 40 million will mature for the company in 2019–2020. There is so far no certainty about how the maturing debts will be paid, or about how and at what terms they could be refinanced..

Interest rate risk

Orava Residential REIT uses variable-rate loans from financial institutions to finance its acquisitions. The loans will be hedged with interest rate swaps. On 31 December 2017, the hedging degree of variable-rate loans was 0% (31 December 2016: 33,3%). The company loans allocated to the shares of the

housing companies in total EUR 70 261 000 were uncovered. If interest rates increase, the company's financial performance may be at risk. Furthermore, changes in the housing market can result in rapid fluctuations in the financial results, because the operational result is weak and does not include any buffer for changes in market values. If interest rates rise one percentage unit, the companies result will diminish by 900 thousand.

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. Housing company loans regarding the apartments owned by the company are constantly maturing, and the company must pay the financial charges related to them. The company's result in terms of cash flow is not sufficient to pay the financial charges for the housing company loans, which is why the company sells off apartments in order to use the funds thus

raised to pay the financial charges. If the demand for apartments or the prices obtainable for them were to decrease, the company might face liquidity problems.. The company expects to be able to renew the loans maturing in the coming years. The parent company had drawn down bank loans of about EUR 18 million on 31 December 2017. The loan arrangement will fall due on December 2019 and spring 2021..

Credit risk

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 2017, rental receivables totalled EUR 268 000 (31 December 2016: EUR 223 000).

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 for 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 2017, the equity-to-assets ratio was 45,9% (31 December 2016: 44,9%).

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 liabilities measured at fair value broken down by the valuation method in

	less than 1 year	1–5 years	over 5 years
Parent company loans and bond	0	37,668	0
Company loans allocated to the shares in housing companies	2,134	13,625	54,502
Convertible bonds	0	0	0
Interest bearing loans, EUR 1,000 31 Dec 2017	2,134	51,293	54,502

thousands of euros. The levels used are defined as follows:

Level 1 Prices of totally identical 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 liability which is not based on any observable market information.

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 deriva-

Liabilities	Level 1	Level 2	Level 3
Interest rate hedging contracts on 31.12.2017	-	0	-
Interest rate hedging contracts on 31.12.2016	-	-60	-

Fair value of interest rate hedges, EUR 1,000	31 Dec 2017	31 Dec 2016
At the end of the period, the fair value of interest rate swaps was	0	-60
Change in fair value during the period	60	-57



tives for hedging the interest rate risk within the limits allowed by the Tax Exemption Act. Through interest rate swaps, variable-rate loans are changed into fixed-rate loans. The effectiveness of hedging is tested on a quarterly basis.

Fair value of interest rate hedges, EUR 1,000	31 Dec 2017	31 Dec 2016
At the end of the period, the fair value of interest rate swaps was	0	-60
Change in fair value during the period	60	-57

5.8 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 share premium account	31 Dec 2017	31 Dec 2016
Share capital on 1 January	72,131	72,131
Share capital on 31 .xx	72,131	72,131
Share premium account on 1 January	23,309	13,008
Change in share premium account	0	10,301
Share premium account on 31 .xx	23,309	23,309
Total share capital and share premium account	95,440	95,440

The number of shares on 31 December 2017 was 9,598,910 of which the company possessed 0 shares.



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.

	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
(a) Undiluted		
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, EUR 1000	-2,761	1,527
Weighted average number of outstanding shares, 1,000 shares	9,599	8,792
(a) Undiluted earnings per share, EUR	-0,29	0,17
(b) Adjusted for dilution effect	-0,29	0,17
During the period there were an average about 0 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 Additional information

6.1 Insiders

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.

The fixed management fees to management company Orava Funds plc during the period 1 Jan - 31 Dec 2017 amounted to EUR 1 267 000 (1 Jan - 31 Dec 2016: EUR 1 265 000). A performance-based management fee of EUR 0 has been booked during 1 Jan - 31 Dec 2017 (2016: EUR 0)

Investors House Oy has been included in the related parties of Orava Residential REIT after it implemented the exchange offer for Orava Residential REIT's shares in September 2017. In the Exchange offer Investors House received 25.2 per cent of the shares and votes of Orava Residential REIT.

6.2 New IFRS standards and interpretations

Orava Residential REIT used the same accounting principles as in the 2016 financial statements, except for the application of new or revised standards and interpretations.

The amendment to IAS 1 influenced the presentation of other comprehensive income items so that items are categorised into those that may be reclassified subsequently to profit or loss and those that are not so reclassified.

The amendment to IAS 12, Income Taxes, is related to the recognition of a deferred tax liability related to an investment property measured at fair value according to IAS 40, Investment Property. The amendment has no material impact on the consolidated financial statements, as the investment properties of Orava Residential REIT can mainly be disposed of in a tax-free manner after the five-year ownership period entitling to tax exemption.

IFRS standards, interpretations and amendments which have been published but which will enter into force later than on 31 Dec 2017 and which may have an impact on the company's interim reports and consolidated financial statements, include the following:



IFRS 9 Financial instruments. The classification and measurement models in accordance with IAS 39 Financial Instruments: Recognition and Measurement will be replaced in IFRS 9 with a single model. The group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. IFRS 9 will enter into force on 1 January 2018.

IFRS 15 Revenue from contracts with customers standard has no effect to companies revenue recognition, financial position nor to result. IFRS 15 will enter into force 1 January 2018

IFRS 16 leases - will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The accounting by the group will change do to long land lease agreements made by the daughter companies. The group will later assess the possible impact that application of IFRS 16 will have on its financial statement. IFRS 16 will enter into force on 1 January 2019.

IAS34 – it will be specified what 'the information presented elsewhere in the interim report' referred to in the standard means.

6.3 Accounting principles requiring management discretion

The management of Orava Residential REIT exercises discretion when it makes decisions on the choice of accounting principles and their application. This concerns cases where the IFRS norms include alternative recognition, valuation or disclosure methods, in particular. Any estimates and assumptions are based on earlier experience and the best view on the closing date. Estimates are always associated with uncertainty factors, and the final outcome may differ from the estimates made. The discretion and estimates by the management of Orava Residential REIT are mainly related to the measurement of investment properties at fair value.

The fair value of the apartment portfolio of Orava Residential REIT is monthly determined with a comparable sales multi-variable regression method using asking price material obtained from the Oikotie.fi service. The bargaining range – i.e. the difference between asking prices and transaction prices – is estimated using the material of Statistics Finland as a baseline. The measurement model is continuously developed. The uncertainty in the appraisal of the

fair value of investment properties has been reduced by obtaining an appraisal by an external valuer every six months and by selling apartments.

In the company management's view, every acquisition of an investment property must be processed, and it must be separately assessed whether the terms and conditions for the definition of business operations are met or whether the company only presents the part it manages as an investment property in its consolidated financial statements.

As a rule, 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.



FINANCIAL INDICATORS FOR THE GROUP

	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
Revenue, EUR 1,000	13 294	12 539	10087
Operating profit, EUR 1,000	228	4 599	9732
Financial result for the period, EUR 1,000	-2 761	1 527	6931
Comprehensive profit for the period, EUR 1,000	-2 701	1 470	7421
Earnings per share, EUR	-0,29	0,17	0,96
Maximum dividends per share for the year, EUR	0,00	0,12	1,08
Dividends paid during the period under review per share, EUR	0,09	1,08	1,20
Return on equity, % p.a. (ROE)	-2,9 %	1,6 %	8,4 %
Adjusted total return per share, % p.a.	-2,9 %	-3,8 %	6,8 %
Weighted average number of shares	9 598 910	8 792 172	7 212 712
Price / earnings (P/E)		29	9,9
Effective divided yield, %	1,8 %	21,3 %	12,6



Orava Residential REIT has adopted the ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures which were effective from July 3, 2016. Orava uses alternative performance measures because of real estate regulations and recommendations, on the other hand to reflect the underlying business performance and to improve comparability between financial periods.

These Alternative Performance Measures are:

- Operating profit, which is operating profit before taxes, finance expenses and finance income.
- Net operating income, which is calculated by extracting maintenance expenses from total revenue.

The Real Estate Funds Act sets minimum requirements to Real Estate Funds to publish industry specific financial indicators. In addition, Orava Residential REIT complies with the recommendations of the European Public Real Estate Association (EPRA). EPRA Performance Measures are calculated according to EPRA Best Practices Recommendations from November 2016.

These alternative performance measures should, however, not be considered as a substitute for measures of performance in accordance with the IFRS.

	31 Dec 2017	31 Dec 2016	31 Dec 2015
Balance sheet total, EUR 1,000	203,563	216 101	199 315
Equity/assets ratio, %	45.9%	44,9 %	47,4 %
Loan to value ratio, %	53.0%	53,0 %	48,0 %
Net asset value per share, EUR	9.72	10,11	11,64
Net gearing, %	112.8%	113,7 %	98,5 %
Adjusted number of shares on 31 xx	9,598,910	9 598 910	8 108 308
Market capitalisation, EUR 1,000 on 31 xx	47,995	48 867	85 563

	1 jan–31 Dec 2017	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
Economic occupancy rate, %, (EUR)	94.3 %	91.3 %	90.6 %
Operational occupancy rate, %, (m2)	94.3 %	91.8 %	90.3 %
Tenant turnover / month	3.1 %	2.8 %	2.8 %
Gross rental yield, % of fair value	7.0 %	6.8 %	6.8 %
Net rental yield, % of fair value	4.0 %	3.8 %	3.9 %



The Company complies with EPRA BPR Core recommendations

4.1 Accounting basis under IAS 40

Note 4

4.2 Valuation Information

Note 4

4.3 Investment Assets

Note 4

4.4 Development assets

Note 4, No development assets

	1 jan – 31 Dec 2017	1 jan – 31 Dec 2016	Change
EPRA Earnings, 1000 €			
Earnings per IFRS income statement	-2,761	1,527	
-/+ Changes in value of investment properties	3,139	-2,046	
-/+ Profits or losses on disposal of investment properties incl. brokerage fees	655	683	
+ Tax on profits on disposals	64	117	
-/+ Other adjustments	0	0	
EPRA Earnings	1,097	282	289 %
EPRA Earnings per share, €	0.11	0.03	289 %
EPRA Vacancy Rate	5.7 %	8.7 %	-34 %
EPRA Vacancy rate has improved during 2017. Due to smaller amount of acquisitions the number of vacant apartments has decreased.			
	31 Dec 2017	31 Dec 2016	Change
EPRA NAV, 1000 €			
NAV per the Financial statements	93,920	97,007	
Adjustments	0	60	
Diluted NAV	93,320	97,067	
EPRA NAV	93,320	97,067	-4 %
EPRA NAV per share, €	9.7	10.11	-4 %
EPRA Net Initial Yield (NIY), %			
Investment property, lettable	187,972	197,768	
Annualised cash passing rental income	13,763	13,518	
Property outgoing	- 5,727	-5,703	
Annualised net rents	8,036	7,815	
EPRA NIY	4.3 %	4.0 %	8 %
EPRA 'topped-up' NIY	4.3 %	4.0 %	8 %
Like-for-like rental growth reporting	2.8 %		
Value of Portfolio EUR 141 million			



FORMULAS FOR FINANCIAL INDICATORS (1/3)

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

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

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

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

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

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

$$\text{Adjusted net asset value per share, EUR (Adjusted NAV)} = \frac{\text{Equity attributable to the shareholders of the parent company including equity in relation to diluting shares}}{\text{Number of shares at the end of the reported period including diluting shares}}$$



FORMULAS FOR FINANCIAL INDICATORS (2/3)

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

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

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

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

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

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

$$\text{Price / earnings (P/E)} = \frac{\text{Price of shares at end of the reported period}}{\text{Earnings per share}}$$

$$\text{Effective dividend yield, \%} = \frac{\text{Annual dividend per share} \times 100}{\text{Price of shares at end of the reported period}}$$

Operating profit before taxes, finance expenses and finance income.

Net operating income, which is calculated by extracting maintenance expenses from total revenue.



FORMULAS FOR FINANCIAL INDICATORS (3/3)

$$\begin{array}{l} \text{EPRA Earnings} \\ \text{(Operational result)} \end{array} = \begin{array}{l} \text{Net rental income} \\ \text{+/- gains from disposals and changes in the fair value of apartments} \\ \text{+ direct taxes} \end{array}$$

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

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

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

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

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



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