

Orava Residential Real Estate Investment Trust plc

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STRATEGY UPDATE OF ORAVA RESIDENTIAL REAL ESTATE INVESTMENT TRUST PLC

The Board Of Directors of Orava Residential Real Estate Investment Trust plc has confirmed the company's updated strategy for 2015.

The strategic financial objectives remained unchanged: the targeted total return on the share shall be at least 10% p.a., the targeted dividend return shall be 7–10% p.a. on net assets per share, and the crediting rate shall be approximately 50%.

In addition to the financial objectives, the main strategic objectives are:

- increasing equity to EUR 90 million in 2015 and to EUR 200–300 million over the medium term
- diversifying the acquisition of debt financing
- increasing the economic occupancy rate to over 95%
- reducing property maintenance costs to 5% and repair costs to 10% below the statistical benchmark, and
- increasing the volume of apartment sales to approximately 10% of the value of investment assets on the opening balance sheet.

The regional and age distribution objectives for portfolio management were updated, and the acquisition criteria for apartments were specified further.

According to the updated regional distribution objective, 52% of the market value of apartments shall be located in the Helsinki region, 22% in large towns and 26% in medium-sized towns with a variation range of plus minus approximately 10%.

According to the updated age distribution objective, the weighting of properties completed in the 1990s and afterwards shall be 51%, and the weighting of properties completed before 1990 shall be 49% plus minus approximately 10% calculated from the market value of the investment portfolio,

The acquisition criteria of residential apartments were further specified so that, as a rule, properties to be acquired for the Residential REIT shall be located in towns for which Statistics Finland forecasts population growth. If the forecasted population growth of a target town remains materially below the average in the entire country, it is additionally required that the property to be acquired be located in the pedestrian zone in the centre of the town.

Board of Directors

Additional information

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