

Orava Residential REIT plc

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ORAVA RESIDENTIAL REIT'S FINANCIAL RESULT 1 JANUARY – 30 JUNE 2015

1 April – 30 June 2015

- Revenue: EUR 4.7 million (1 April – 30 June 2014: EUR 4.1 million)
- Comprehensive profit: EUR 1.9 million (EUR 2.4 million)
- Earnings per share: EUR 0.19 (EUR 0.58)
- Economic occupancy rate: 90.9% (92.7%)
- Gross rental yield: 6.8% (6.8%)
- Net rental yield: 3.7% (4.9%)
- Profit from assignments and changes in fair value: EUR 2.9 million (EUR 2.6 million)
- Total dividends distributed during the period under review: EUR 0.30 per share (EUR 0.28 per share)

1 January – 30 June 2015

- Revenue: EUR 9.3 million (1 January – 30 June 2014: EUR 8.4 million)
- Comprehensive profit: EUR 4.1 million (EUR 4.8 million)
- Earnings per share: EUR 0.54 (EUR 1.15)
- Economic occupancy rate: 90.4% (87.4%)
- Gross rental yield: 6.8% (6.6%)
- Net rental yield: 3.9% (4.2%)
- Profit from assignments and changes in fair value: EUR 4.5 million (EUR 5.6 million)
- Total dividends distributed during the period under review: EUR 0.60 per share (EUR 0.56 per share)

Net assets per share of Orava Residential REIT plc amounted to EUR 11.98 (adjusted), while they were EUR 12.02 (adjusted) at the beginning of the year. The company has continued growing, and the value of its investment properties totalled EUR 166.2 million at the end of the period (31 December 2014: EUR 130.7 million).

CEO's comments:

"Orava Residential REIT's result for the second quarter was almost in accordance with the target.

The state of the Finnish housing market has not picked up, and the fair value of the apartments owned by the Residential REIT for the entire quarter remained unchanged. The returns arisen from wholesale discounts on apartment acquisitions again helped the company to accumulate earnings. In the second quarter, the company agreed on the acquisition of 142 apartments from three different properties at a total of EUR 17.1 million. The fair value of the investment properties owned by the Residential REIT increased from EUR 152.1 million at the end of March to EUR 166.2 million at the end of June.

The construction of the Residential REIT's first wholly new building project was begun in the second quarter. The terraced house project to be completed in Hämeenlinna next year will include 52 apartments.

The gross rental yield of the portfolio remained unchanged. As anticipated, we managed to increase the economic occupancy rate slightly, so that it was again over 90 per cent.

With regard to apartment sales, the situation has not become any easier; in the difficult market situation, apartments were sold at roughly the pace of the first quarter.

The maintenance and repair costs of investment properties in relation to the value of the portfolio were 3.1 per cent converted to the annual level, i.e. 0.3 percentage points higher than in the first quarter. The rise is explained by extra ordinary items, more substantial repair construction than in the first quarter, and the accrual of heating costs partly in the second quarter.

The number of Orava Residential REIT's shareholders increased from approximately 6,500 at the end of April to about 6,800 at the beginning of August. The Residential REIT has shareholders from a total of 22 different countries. Trading in the company's shares on the Helsinki Stock Exchange has continued to be active; the average daily turnover in January–June was EUR 306,000 (EUR 289,000 a year before).

Shareholders have been paid a total of EUR 0.60 per share in dividends on the last business days of March and June according to the decision of the Annual General Meeting. The next dividend payments will take place at the end of September and December.

The company estimates that it has reasonable prerequisites for maintaining good profitability and achieving the targeted total return of 10 per cent on shareholders' equity this year."

Operating environment

National economy

The change in the Finnish GDP is estimated to remain at 0.0%–0.7%, and next year it is forecasted to settle in the range 1.0%–1.6%. The change in private consumption, which is having a key impact on the housing market, is expected to be 0.2%–0.8% this year, and its growth in 2016 is forecasted to be 0.3%–1.2%. Market interest rates in the euro area are very low, and short-term rates are also expected to remain below 1% for approximately the next four to five years. The estimate is based on the most recent economic forecasts by 15 parties drawing up forecasts on the Finnish economy and the market interest rate expectations calculated on the basis of the euro interest rate curve published by the European Central Bank.

The housing market is estimated to start to strengthen slowly as of next winter as a result of the picking up of general economic development.

Demand in the housing market

During April–June 2015, households drew down EUR 4.5 billion in new mortgages, or 9% more than a year previously according to statistics from the Bank of Finland. The euro-denominated mortgage base totalled EUR 90.7 billion at the end of June, and the annual growth in the mortgage base remained at 2.0%.

The average marketing period for old apartments in the country overall decreased slightly from 110 days in April to 109 days in July according to the Finnish Etuovi.com marketing service, while it was 104 days in July in the previous year.

The demand for apartments during late spring has continued to be slightly more active than last winter, mainly as a result of seasonal fluctuations.

Supply in the housing market

According to Statistics Finland, building permits for apartment blocks were granted for 1,551 apartments in May, which was 17% less than a year previously. Correspondingly, in January–May, building permits for apartment blocks were granted for a total of 7,559 apartments, or 14% less than a year previously. The annual change in the sliding annual sum of building permits granted for apartment blocks was 0%.

The three-month change in the housing construction volume index, which describes the value of on-going new construction, was -9% in April, and the change year-on-year was -13%.

According to the August confidence indicator survey of the Confederation of Finnish Industries, the balance figure for construction production for the past three months was +32 points in the second quarter of the year, while it was -12 points in the previous quarter and +15 points a year before. The balance figure for the three-month production expectation was +27 points, compared to +20 points in the previous quarter and +2 points a year before. The number of unsold residential apartments compared to normal fell from +24 in the first quarter of the year to +9; a year ago, the balance figure was +29 points.

According to the most recent statistics, supply in the housing market has continued to decline, even though the expectations of builders have taken a positive turn.

Prices, rents and return in the housing market

In the second quarter of 2015, the rents of non-subsidised apartments increased by 2.8% year-on-year. The change in the prices of apartments during the second quarter was -0.9% compared with the situation a year previously. The ratio of housing prices to rents is slightly below the long-term average; the ratio calculated from the square metre prices and rents of the second quarter was 15.3. The 40-year average for the ratio of square metre prices to annual rents in Finland is 16.7.

We continue to expect housing prices throughout the country to start rising slightly during the next 12 months and the growth rate in rents for non-subsidised apartments to remain approximately the same if the market interest rate expectations and economic forecasts prove to be accurate with regard to their essential components affecting the housing market.

Rental operations

The occupancy rates of rental operations rose in the second quarter of the year compared with both the turn of the year and the corresponding period in the previous year. We have managed to increase the occupancy rate as planned with regard to apartments acquired without tenants during 2014 and the first half of 2015. The economic occupancy rate of the second quarter of the year was 90.9%. In the future, any increase in the occupancy rate will be hindered by the acquisition of apartments without tenants and the rental market in Salo, which has continued to be weak.

	1 Jan - 30 Jun 2015	1 Jan - 30 Jun 2014
Gross rental yield, %	6.8	6.6
Net rental yield, %	3.9	4.2
Economic occupancy rate, %	90.4	87.4
Operational occupancy rate, %	88.8	86.2
Tenant turnover/month, %	2.4	1.9

The economic occupancy rate, adjusted so that acquisitions in the past six months have been eliminated, was 94.1%.

At the end of the period, the company had a total of 1,594 apartments (2014: 1,002). There were 1,320 leases at the end of the period (2014: 979), and 108 apartments were for sale (2014: 48). Approximately 98% of the entire lease base for residential apartments is in agreements valid until further notice. A total of 108 agreements were terminated during the period (2014: 56).

Acquisitions

Acquisitions during the second quarter of the year

Time	Investment property	Debt-free purchase price (EUR million)	Loan (EUR million)	Directed issues (1,000 shares)	Apartments (pcs)
29 May 2015	A property in Hämeenlinna (a building project)	5.8	4.0	50	52
29 Jun 2015	Apartments in 1 property (Vantaa)	4.2	-	369	46
30 Jun 2015	2 properties (Lahti)	7.1	4.0	138	44
TOTAL		17.1	9.4	487	142

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

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

On 30 June 2015, the company concluded a binding agreement to acquire a total of 44 apartments from Asunto Oy Lahden Jukolan Aapo and Asunto Oy Lahden Jukolan Tuomas at a debt-free purchase price of EUR 7.1 million. The transaction will be partly financed through a directed issue allocated to Suomen Vuokrakodit Oy, where Suomen Vuokrakodit Oy has undertaken to subscribe to 138,163 new shares issued by the company. Of these shares, 71,684 do not provide entitlement to dividends paid in 2015. The subscription price of the shares is the weighted average price during the five days of stock exchange trading on the NASDAQ OMX Helsinki preceding the subscription.

Apartment sales

In the difficult market situation, apartment sales remained at the same level as in the first quarter of the year. During the second quarter of the year, the company sold a total of 7 apartments from six different housing companies. The debt-free selling prices of the apartments totalled EUR 0.7 million. The sales commissions totalled EUR 28 thousand. The total apartment sales EUR 1.5 million on the first half of the year exceeds the total apartment sales on the same period of the previous year (1 Jan – 30 Jun 2014: EUR 1.2 million).

Investment properties on 30 June 2015

The fair value of investment properties at the end of the period totalled EUR 166.2 million (31 December 2014: EUR 130.7 million). Orava Residential REIT had a total of 1613 apartments on 30 June 2015 (31 December 2014: 1,318) with an aggregate leasable surface area of approximately 99.0 thousand m² (31 December 2014: 82,200 m²). The apartments were located at 80 different housing companies, and the

company's holding was 100% in 18 of the cases. More detailed information on the investment properties is presented in the tables section.

Age and regional distributions of the investment portfolio

	30 Jun 2015	30 Jun 2014
Newer (1990-present)	61%	55%
Older (until 1989)	39%	45%
Helsinki Region	36.5%	43%
Major towns	30.4%	19%
Rest of Finland	33.1%	38%

The values of the apartments owned by the REIT are measured at fair value at least on a monthly basis, and are published at least on a quarterly basis, and always when a change in the REIT's economic situation requires it or when changes in the condition of the real estate have a material impact on the value of the holdings of the REIT. A more detailed account of the apartment price measurement model is presented in the 2014 financial statements.

Consolidated profit for the second quarter of the year

Consolidated revenue for the second quarter of the year totalled EUR 4.7 million (2014: EUR 4.1 million). The revenue was divided between income from ordinary operations of EUR 2.5 million (2014: EUR 1.6 million) and capital gains of EUR 2.2 million (2014: EUR 2.6 million). Income from ordinary operations includes rental income, compensation for use and other income. Capital gains are made up of profit from sales of investment properties less sales commissions for sold apartments, as well as the change in the fair value of apartments.

Operating expenses totalled EUR 2.3 million (2014: EUR 1.3 million), of which maintenance costs and annual repairs accounted for EUR 1.3 million (2014: EUR 0.4 million).

Operating profit amounted to EUR 2.4 million (2014: EUR 2.9 million)

Financial income and expenses stood at EUR –0.9 million (2014: EUR –354,000) and taxes for the period at EUR 20,000 (2014: EUR 6,000).

Profit for the second quarter of the year amounted to EUR 1.4 million (2014: EUR 2.5 million). Comprehensive income items totalled EUR 503,000 (2014: EUR –140,000) and comprehensive profit for the period totalled EUR 1.9 million (2014: EUR 2.4 million).

Financing

Net financial expenses totalled EUR 1.3 million in the period 1 January – 30 June 2015 (2014: EUR 726,000), and repayments of the parent company's loans from financial institutions totalled EUR 17.4 million (2014: EUR 330,000). The interest rate risk of the parent company's loans from financial institutions is hedged in their entirety through interest rate swaps concluded with Danske Bank.

The interest-bearing loans of Orava Residential REIT and the company loans allocated to the shares in housing companies totalled EUR 79.6 million on 30 June 2015 (31 December 2014: EUR 60.0 million).

In addition to these, the long-term loans on the statement of financial position also include EUR 585,000 in rental deposits paid by tenants (31 December 2014: EUR 478,000).

Shares and shareholders of Orava Residential REIT

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

codes OREIT and OREITN0115). The company allocated 200,000 and 500,000 shares to itself in a charge-free share issue on 4 June 2015 and 17 June 2015. In addition, in directed issues related to acquisitions, Rakennusliike Leimarakentajat Oy subscribed to 50,450 shares on 29 May 2015 and Maakunnan Asunnot Oy subscribed to 369,218 shares on 29 June 2015 was entered into the Trade Register by 3 July 2015. Of the shares subscribed to in the issues, 419,383 shares do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years.

The trading codes of the company's shares are OREIT and OREITN0115. During the period under review, the average turnover of shares was approximately EUR 306,000.

The company had more than 6,800 shareholders at the beginning of August.

LIST OF OWNERS ON 5 AUGUST 2015, TEN LARGEST

Shareholder	Number of shares	%
Royal House Group***	497,925	6.4
Maakunnan Asunnot Oy*	436,640	5.6
Godoinvest Oy**	229,360	2.9
Yli-Torkko, Erkki	135,205	1.7
Osuusasunnot Oy	124,704	1.6
Rannikko, Reino	90,000	1.2
Vähävara Oy	55,000	0.7
Orava Funds plc****	45,639	0.6
Signe och Ane Gyllenbergs Stiftelse	43,845	0.6
Talvio, Pirkko	38,100	0.5
Total	1,696,418	21.7

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

** Company under the control of Board member Timo Valjakka

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

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

Management of the Residential REIT

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

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

The fixed management fee is calculated on a quarterly basis, and the value is considered to be the latest fair value of the assets according to IFRS in the previous quarter. The fixed management fees during the period 1 January – 31 December 2015 amounted to EUR 439,000 (2014: EUR 273,000), including value added tax.

On the basis of the company's net assets per share, share price and dividend distribution realised in 2015, a performance-based management fee of EUR 704,000 has been booked (2014: EUR 934,000). The performance-based management fee will be paid after the end of 2015, on the basis of the company's realised net assets per share or the adjusted share price in March 2016.

During the period, Newsec Asset Management Oy and Ovenia Oy were paid a total of EUR 383,000 for financial administration and other support activities and for apartment rental operations and administrative services, including value added tax.

Personnel

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

Board of Directors and auditors

Orava Residential REIT's Board of Directors is composed of six members: Tapani Rautiainen, Veli Matti Salmenkylä, Jouni Torasvirta, Timo Valjakka, Mikko Larvala and Patrik Hertsberg (as of 19 March 2015) and Peter Ahlström (until 19 March 2015). The Chairman of the Board is Jouni Torasvirta, and the Vice Chairman is Tapani Rautiainen. The Board of Directors convened twelve times during the period under review. The Board members' rate of attendance at Board meetings was 97%.

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

Authorisations of the Board of Directors

The Board of Directors has an authorisation for a share issue of 6,000,000 shares given by the Annual General Meeting on 19 March 2015. On 30 June 2015, a total of 4,190,191 shares remain of the share issue authorisation.

Management

Pekka Peiponen is the CEO of Orava Residential REIT. The management of Orava Residential REIT is part of the business organisation of the management company Orava Funds plc. The management company is responsible for the costs of personnel and management incurred from the REIT's operational activities.

Regulation

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

Near-term risks and uncertainties

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

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

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

Major events 1 January – 30 June 2015

The 500,000 shares that Orava Residential REIT plc allocated to itself in the charge-free share issue on 17 December 2014 were recorded in the Trade Register on 5 January 2015. The company may use the shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership

base through both acquisition of investment properties and the issue of convertible bonds. After the issue, the number of the company's shares totalled 5,706,123.

On 19 January 2015, Orava Residential REIT submitted a listing application for 47,800 shares to be admitted to trading on the stock exchange list of the Helsinki Stock Exchange as of 20 January 2015. The shares are included in the 500,000 shares recorded in the Trade Register on 1 January 2015. The trading code of the shares is OREIT, and the ISIN code is FI4000068614. After the listing, the total number of the company's listed shares was 5,253,923.

On 23 January 2015, the Financial Supervisory Authority approved the company's prospectus, which was related to the listing of a total of 1,056,122 shares. The shares were related to the directed issue allocated to Osuusasunnot Oy (235,922 shares), communicated by the company on 28 November 2014, the directed issue allocated to Royal House Oy (368,000 shares), communicated on 31 December 2014, and the charge-free directed issue allocated to the company itself (500,000 shares, of which 47,800 shares were listed on 20 January 2015), communicated on 5 January 2015. In the directed issues subject to a payment, the subscription price of new shares was the average stock exchange price on the Helsinki Stock Exchange weighted by the share turnover during the five trading days preceding the subscription. The subscription price of Osuusasunnot Oy was EUR 11.33 per share, and the subscription price of Royal House Oy was EUR 10.60 per share.

The 368,000 new shares allocated by Orava Residential REIT plc to Royal House Oy in connection with a property acquisition on 31 December 2014 and the 200,000 shares allocated to the company itself in a charge-free share issue on 9 February 2015 were recorded in the Trade Register on 12 February 2015. The company may use the new shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership base through both acquisition of investment properties and issue of convertible bonds. After the issues, the number of the company's shares recorded in the Trade Register totalled 6,510,045.

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

The company's Annual General Meeting was held on 19 March 2015. The AGM decided to change the company name to Orava Residential REIT plc (previously Orava Residential Real Estate Investment Trust plc). The related amendment to section 1 of the Articles of Association was recorded in the Trade Register on 31 March 2015.

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

The AGM decided to grant a share issue authorisation to the Board of Directors so that, on the basis of the authorisation, the Board may decide to issue no more than 6,000,000 new shares in the company (of which no more than 1,500,000 shares shall provide entitlement to dividends as of 1 April 2015 and 4,500,000 shares shall not provide entitlement to dividends during 2015).

The company acquired a total of 140 apartments through transactions made and an agreement concluded on 31 March 2015. Their aggregate debt-free purchase price was EUR 16.1 million. The company concluded a binding agreement with Skanska Talonrakennus Oy on a transaction of 53 apartments, which are located in a total of nine properties in Tampere (11 apartments), Turku (5), Oulu

(7), Vaasa (5), Rovaniemi (13), Kokkola (3) and Savonlinna (9). In addition, a residential property of 36 apartments at Hoviherrankatu 3 in Kaarina and a residential property of 51 apartments at Kunnaankatu 7 in Raisio were purchased from Osuusasunnot Oy. The transaction was partly financed through a directed issue allocated to Osuusasunnot Oy, where Osuusasunnot Oy subscribed to 244,193 new shares issued by the company. Of these shares, 128,461 do not provide entitlement to dividends paid in 2015. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ OMX Helsinki preceding the subscription.

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

The 244,193 new shares allocated by Orava Residential REIT plc to Osuusasunnot Oy in connection with an acquisition on 31 March 2015 were recorded in the Trade Register on 17 April 2015. After the issue, the number of the company's shares recorded in the Trade Register totalled 6,754,238. Of the shares allocated to Osuusasunnot Oy, the ISIN code of 115,732 shares is FI400068614 (trading code OREIT), and the ISIN code of 128,461 shares is FI4000148036 (trading code OREITN0115). The shares whose trading code is OREITN0115 do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years. The company submitted a listing application to the Helsinki Stock Exchange concerning the aforementioned 244,193 shares, and the new shares have been subject to trading on the stock exchange list since 21 April 2015. After the listing, the number of the company's listed shares totalled 6,754,238.

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

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

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

The company submitted a listing application to the Helsinki Stock Exchange concerning the aforementioned 200,000 shares, and the new shares have been subject to trading on the stock exchange list since 10 June 2015. After the listing, the number of the company's listed shares totalled 6,954,238.

The 500,000 shares that Orava Residential REIT plc allocated to itself in the charge-free share issue on 17 June 2015 were recorded in the Trade Register on 23 June 2015. The company may use the shares allocated to itself to strengthen its capital structure, develop its business and widen its ownership base through both acquisition of investment properties and the issue of convertible bonds. After the issue, the number of the company's shares recorded in the Trade Register totalled 7,454,238. Of the shares allocated to the company itself, the ISIN code of 350,000 shares is FI400068614 (trading code OREIT), and the ISIN code of 150,000 shares is FI4000148036 (trading code OREITN0115). The shares whose

trading code is OREITN0115 do not provide entitlement to dividends paid from the profit for 2014 during 2015, but they will provide entitlement to dividends in 2016 and subsequent years.

The 50,450 shares allocated by the company to Rakennusliike Leimarakentajat Oy in May 2015 and the 377,502 shares assigned by the company on the basis of convertible bond agreements concluded between 1 March and 31 May 2015 were recorded 23 June 2015 in the company's shareholders' equity items. The increase in share capital is EUR 4.3 million, in addition to which EUR 0.8 million was booked in the company's reserve for invested unrestricted equity. After the increases, the company's share capital was EUR 67,057,020.00.

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

On 30 June 2015, the company concluded a binding agreement to acquire a total of 44 apartments from Asunto Oy Lahden Jukolan Aapo and Asunto Oy Lahden Jukolan Tuomas at a debt-free purchase price of EUR 7.1 million. The transaction will be partly financed through a directed issue allocated to Suomen Vuokrakodit Oy, where Suomen Vuokrakodit Oy has undertaken to subscribe to 136,163 new shares issued by the company. Of these shares, 71,684 do not provide entitlement to dividends paid in 2015. The subscription price of the shares is the weighted average price during the five days of stock exchange trading on the NASDAQ OMX Helsinki preceding the subscription.

On 30 June 2015, the Financial Supervisory Authority approved the company's prospectus, which is related to the listing of a total of 937,664 shares. The shares are related to the directed issues to Maakunnan Asunnot Oy (369,218 shares) communicated on 29 June 2015 and Suomen Vuokrakodit Oy (68,446 shares) communicated on 30 June 2015, and the charge-free directed issue allocated to the company itself (500,000 shares) communicated on 23 June 2015. In the directed issues allocated to Maakunnan Asunnot Oy and Suomen Vuokrakodit Oy, the subscription price of the new shares was the average stock exchange price on the Helsinki Stock Exchange weighted by the share turnover during the five trading days preceding 29 June 2015. The subscription prices of the shares were EUR 11.65 per share (trading code OREIT) and EUR 10.65 per share (trading code OREIN0115).

Events after the financial period

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

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

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

Orava Residential REIT allocated a new share issue to Suomen Vuokrakodit Oy on 31 July 2015. Suomen Vuokrakodit Oy has undertaken to subscribe to 69,717 new shares issued by the company. Of these shares, 35,926 do not provide entitlement to dividends paid in 2015. The subscription price of the shares is the weighted average price during the five days of stock exchange trading on the NASDAQ OMX Helsinki preceding 31 July 2015. The directed issue is related to the binding agreement

communicated on 30 June 2015, by which Orava Residential REIT acquired a total of 44 apartments from Asunto Oy Lahden Jukolan Aapo and Asunto Oy Lahden Jukolan Tuomas at a debt-free purchase price of EUR 7.1 million.

Dividend

The Annual General Meeting of 19 March 2015 decided to distribute a dividend of EUR 0.30 per share from the profit for 2014 in each quarter of 2015, i.e. in total at most EUR 1.20 per share in 2015 (100% dividend rights). The dividend will be paid on the last business day of each quarter.

Dividends per share paid during the period under review:

	FI4000068614
	(100%)
31 Mar 2015, 1st dividend	EUR 0.30
30 Jun 2015, 2nd dividend	EUR 0.30
Total	EUR 0.60

Future outlook

Orava Residential REIT estimates that it has reasonable prerequisites for maintaining good profitability and achieving the targeted total return of 10 per cent on shareholders' equity in 2015.

The change in the value of apartments in the investment portfolio is expected to remain close to zero in the second half of the year. Rental returns are estimated to remain unchanged or rise slightly, as we believe that we can still increase the economic occupancy rate slightly compared with the first half of the year. The result impact of property acquisitions is expected to remain at the level of the first half of the year. The ratio of maintenance and repair costs to the value of investment assets is also expected to remain approximately at the level of the first half of the year or slightly lower.

Helsinki, 12 August 2015

Orava Residential REIT plc
Board of Directors

Additional information:

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Appendix: Interim Report Q2 2015