

Orava Residential REIT plc

Stock exchange release 20 September at 9:45 a.m.

Preliminary assessment of the Board of Directors of Orava Residential REIT of the public exchange offer published by Investors House Oyj on 21 August 2017: The Board of Directors will not recommend acceptance of the exchange offer

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The independent members of the Board of Directors (“Board of Directors”) of Orava Residential REIT (“Orava Residential REIT”) have studied the voluntary public exchange offer (“the Exchange Offer”) published by Investors House Oyj (“Investors House”) on 21 August 2017 and have received the combined offer document and prospectus (“the Offer Document”) published on 18 September 2017. On the basis of the preliminary analysis it has carried out, the Board of Directors states that the Exchange Offer regarding the shares of Orava Residential REIT is priced too low, and the Board of Directors will not recommend acceptance of the Exchange Offer. This view is supported, among other things, by the following facts:

- In the Exchange Offer, every three shares of Orava Residential REIT can be used to subscribe two new shares of Investors House. In addition, Investors House has offered to pay a cash consideration of EUR 0.21 for each share of Orava Residential REIT. The total consideration offered in the Exchange Offer only corresponds to about half of the assets of Orava Residential REIT. The Exchange Offer values one share of Orava Residential REIT at EUR 5.43 according to the closing price on 19 September 2017, corresponding to approximately 55% of the net assets of Orava Residential REIT as at 30 June 2017. The one share of Investors House offered as consideration for the Exchange Offer is, according to the closing price on 19 September 2017, valued at approximately 105% of the net asset value per share as at 30 June 2017. When evaluating the consideration, one must take into account the fact that the valuation of Investors House shares exceeds the net asset value announced by Investors House Oyj. Therefore, the Board of Directors is of the opinion that the consideration offered for the shares of Orava Residential REIT is too low.
- The notion of the consideration being too low is for its part supported by the fact that Investors House is planning to record a one-off profit of approximately EUR 39 million for measuring the shares of Orava Residential REIT at fair value, provided

- that Investors House obtains all shares of Orava Residential REIT (section 11.5 of the Offer Document, p. 160)
- The preliminary assessments by HLP Corporate Finance Oy, the financial adviser of the Board of Directors, of Orava Residential REIT, Investors House and the Exchange Offer support the view of the Board of Directors that the consideration offered in the Exchange Offer is under-priced.

According to the preliminary opinion of the Board of Directors, there are significant regulatory, taxation-related and other uncertainties in the strategic goals presented by Investors House in the Offer Document (including the change of business model, change of dividends policy, changes in value determination and accounting practices as well as the intended cost synergies), the impact of which on the Exchange Offer the Board of Directors has not yet been able to accurately assess.

The Board of Directors of Orava Residential REIT will continue surveying possible competing offers and other alternatives as well as development of the operations of Orava Residential REIT in order to achieve the best possible outcome for all shareholders.

The Board of Directors of Orava Residential REIT will present its statement of opinion of the Exchange Offer, compliant with Chapter 11, section 13 of the Securities Market Act, on 4 October 2017 approximately. In order to make its final assessment of the Exchange Offer, the Board of Directors has requested a permission to carry out a due diligence inspection in Investors House.

The preliminary assessment of the Board of Directors of Orava Residential REIT must not be considered to constitute investment advice or tax advice. The Board of Directors does not assess or express its opinion of the general price development of Orava Residential REIT shares or of the risks generally associated with the shares or investment activities of Orava Residential REIT. The shareholders of Orava Residential REIT must independently decide on the acceptance or rejection of the Exchange Offer.

In connection with the Exchange Offer, Orava Residential REIT is committed to complying with the Helsinki Takeover Code issued by the Securities Market Association referred to in Chapter 11, section 28 of the Securities Market Act.

Helsinki, 20 September 2017

Orava Residential REIT plc

Board of Directors

Additional information:

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