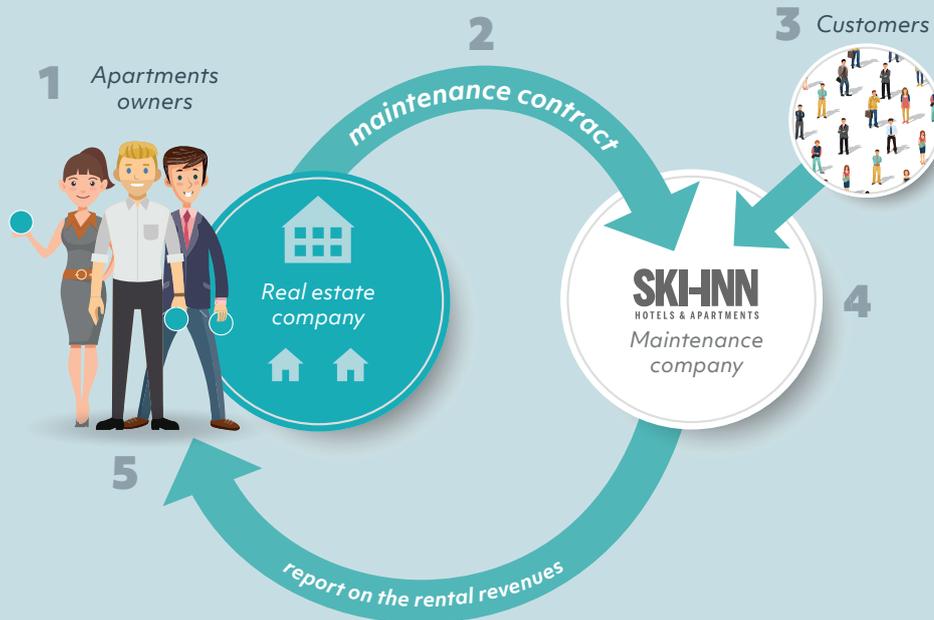


Ski-Inn – your hassle-free holiday home .

Ski-Inn is a simple and profitable way to own your piece of Ruka or Pyhä Ski Resort. This is how Ski-Inn works:



1. Owners own shares in a real estate company

2. Ski-Inn is the maintenance company chosen by the real estate company

Maintenance company Ski-Inn Hotels & Apartments Oy rents out the apartment according to the maintenance agreement when the owner is not using it. Similar apartments form a rental pool, and the profits are shared between the members of the pool.

3. Customers generate the profits

Ski-Inn sells and markets apartments and receives 100% of the accommodation fee from the holidaymaker without deductions.

4. Ski-Inn takes care of everything

Maintenance company Ski-Inn takes care of the maintenance, sales, marketing, reception, administration and transactions for the apartments on behalf of the owners.

5. Ski-Inn forwards the profits to the owners

Ski-Inn compiles a report on the rental revenues for each owner twice a year, at the end of both the summer and winter seasons. The report presents the proceeds and expenses of the apartment as well as the final profit. The report includes detailed instructions and calculations for taxation and other accounting purposes.

The structure of proceeds and expenses is described in more detail on the next page.

Ski-Inn makes ownership easy

Ski-Inn apartments are always located at the heart of ski resorts and offer uniquely effortless ownership.

When renting out an ordinary holiday apartment, the owner must handle the actual renting, hand over the keys, clean the apartment, wash the linen, carry out small and large repairs, ensure water and power supply and take care of any complaints. The owner can handle some of these tasks personally or outsource them. However, the outsourced workers must be instructed and supervised, and their invoices must be checked and paid. The owner is also responsible for buying furniture. In addition to monthly invoices, the owners can easily find themselves looking at more than 100 invoices annually, and these need to be calculated for taxation.

In the Ski-Inn model, the owner can relax and trust the maintenance company to take care of everything professionally and efficiently. You can focus on your holiday and rest assured that your apartment is in good hands and will remain in excellent condition.

Return from your holiday, start seeing rental revenues

The location of Ski-Inn apartments at the heart of ski resorts ensures the profitability of the accommodation business. When you go home, the Ski-Inn maintenance company rents out the apartment to customers of the resorts, adding to your rental revenues.

Owners' discount of 25% and other benefits

Ski-Inn offers its owners the chance to rent other Ski-Inn apartments with a partner discount of 25% outside peak seasons. We also offer varying seasonal benefits, such as season ski passes to Ruka and Pyhä.

Ski-Inn ltd facts in brief

- Established in 2004, turnover approx. EUR 7 million (2018)
- Profit EUR 150,000 (2018)
- 427 Ski-Inn apartments in Ruka, 76 in Pyhä.
- 100% subsidiary of Rukakeskus Ltd, which has operated Ruka since 1973 and Pyhä since 1987 (AAA credit rating, 28 meur turnover).
- The main goal of the company is to maximise the occupancy rate of the apartments and, as a result, maximise the owners' rental revenues
- According to the maintenance agreement, the company pays any revenues exceeding 5% to the owners as additional rent



Usual procedure of owning and renting an apartment



Structure of proceeds and expenses

1. Accommodation paid for by the customer is forwarded to the maintenance company in full

2. Ski-Inn maintenance company manages the operations and the expenses of the operations with the proceeds from customers:

- Cleaning, linen, supplier about 13%
- Sales, marketing, credit card payments about 13%
- Hotel reception services, administration, HR costs, owner services about 6%
- Ski-Inn result about 2–3%

3. Ski-Inn pays 60–65% of the realised overall profit of the accommodation business to the owners as rent, depending on the apartment type

Your rental revenue will be determined by the profits of the entire pool, not just your own apartment.

4. The real estate company collects a maintenance charge and potential charge for financial costs from the owners

Ski-Inn pays the charges on behalf of the owner on a monthly basis. This avoids unnecessary transactions and invoicing of the owners.

5. Maintenance charges cover, for example, water, electricity, real estate tax, Internet connections, repairs of movables, property maintenance and housing management

The owners will have no other maintenance expenses from the apartment.

6. If the apartment has housing company debt, the real estate company collects a charge for financial costs from the owner in June

The real estate company uses the charge for financial costs to pay off the housing company debt and related interest.

Select your Ski-Inn ownership:

① Owner's Use of the apartment 7+7 weeks

You can use your Ski-Inn apartment for 49 days in the winter and 49 days in the summer, a total of 14 weeks. You can choose any days you like. The more days and the more valuable time of year you choose, the more your Owner's Use of the apartment will impact your revenues. However, your rental revenues will not decrease more than about one third of the value of your Owner's Use. You can allow anyone to use the apartment during your Owner's Use, but only the maintenance company has the right to rent out the apartment.

The apartment will always be cleaned and ready for you when you arrive. The costs of cleaning and washing linen will be covered with a cost compensation from Owner's Use. You can also make last-minute reservations during slower seasons, which will not reduce your revenues. Currently, Owner's Use during the slower summer season will not decrease your revenues.

② Investor and VAT refund

Nearly half of all Ski-Inn apartments are rented to the maintenance company all year round without the option of Owner's Use. This means that the value added tax related to the construction of the apartments can be returned to the owner. Depending on the apartment, the VAT refund is about EUR 600–800 per m². You can also deduct the value added tax of maintenance charges and reduce charge expenses by about 20%. In this case, however, you will not be able to personally use your apartment unless you rent it on market terms. The other owners' benefits will be available to you.

If you intend to use the apartment yourself only occasionally (e.g. less than 2 weeks a year), we recommend considering VAT ownership. The VAT status of the apartment can be changed once a year. We will give you more detailed instructions on becoming liable to pay value added tax and paying VAT.

Example of proceeds and expenses

Ski-Inn openly presents the realised rent proceeds and charge expenses of all apartment types at www.ski-inn.fi/tuotot. The example below presents the realised figures of our first and largest rental pool, RukaSuites43, from the summer of 2017 and the winter of 2017–18. The maintenance charge for a VAT-liable investment apartment is lower by the amount of added-value tax. In the example, Owner's Use has accounted for EUR 3,000, reducing the owner's rental revenues by about one third. Past performance is no guarantee of future results, and the maintenance company cannot guarantee future profits. The realised occupancy rate for each apartment type and the mean price have the largest impact on profit.

	Subject to VAT		Owner's Use	
Sales VAT 0%	15,685	(100%)	15,685	(100%)
Rental revenues to owner	10,195	(65%)	10,195	(65%)
Owner's Use			-1,000	(-10%)
Maintenance charge	-2,808	(-18%)	-3,354	(-21%)
Net profit	7,387	(47%)	5,841	(37%)
<i>(before housing company debt)</i>				

If the apartment has housing company debt, Ski-Inn will pay the interest and part payment on the owner's behalf and deduct them from the net profits. If the rental revenues do not cover the entire part payment of the housing company debt, Ski-Inn will invoice the difference from the owner in connection with payment. In practice, paying for the housing company debt can be considered profit for the owner from the apartment. The part payment and interest are tax-deductible as the real estate company enters the received charges for financial costs as income.