

ORAVA RESIDENTIAL REIT PLC
INTERIM REPORT
1 JANUARY – 31 MARCH 2015



ORAVA

SISÄLLYSLUETTELO

CEO'S COMMENTS	3	DIVIDEND	15	18. Related party transactions 1 January - 31 March 2015	32
OPERATING ENVIRONMENT	5	FUTURE OUTLOOK	16	19. Financial instruments	33
National economy	5	DESCRIPTIVE AND TABLES SECTION	17	Interest rate risk	33
Demand in the housing market	5	Consolidated Statement of Comprehensive Income	17	Liquidity risk	34
Supply in the housing market	5	Consolidated statement of financial position	18	Credit risk	34
Prices, rents and return in the housing market	6	Consolidated statement of cash flows	19	Capital management	34
RENTAL OPERATIONS	6	STATEMENT OF CHANGES IN EQUITY	20	20. Assessment of fair value	34
ACQUISITIONS	7	STATEMENT OF CHANGES IN EQUITY	21	21. Events after the period under review	35
APARTMENT SALES	8	NOTES	22	FINANCIAL INDICATORS FOR THE GROUP	36
INVESTMENT PROPERTIES ON 31 MARCH 2015	8	1. Basic details of the Group	22	FORMULAS FOR FINANCIAL INDICATORS (1/3)	37
CONSOLIDATED PROFIT FOR THE PERIOD	9	2. Act on the Tax Exemption of Certain Limited Liability Companies Engaging in Apartment Rental Operations (288/2009) ("the Tax Exemption Act")	22	FORMULAS FOR FINANCIAL INDICATORS (2/3)	38
FINANCING	9	3. Accounting principles	23	FORMULAS FOR FINANCIAL INDICATORS (3/3)	39
SHARES AND SHAREHOLDERS OF ORAVA RESIDENTIAL REIT	10	4. Management of financing risks	23		
MANAGEMENT OF THE RESIDENTIAL REIT	11	5. Consolidation	23		
PERSONNEL	11	6. Segment information	23		
BOARD OF DIRECTORS AND AUDITORS	11	7. Expenses by type	25		
AUTHORISATIONS OF THE BOARD OF DIRECTORS	12	8. Finance income and expenses	26		
MANAGEMENT	12	9. Income taxes	26		
REGULATION	12	10. Earnings per share	26		
NEAR-TERM RISKS AND UNCERTAINTIES	12	12. Trade and other receivables	30		
MAJOR EVENTS 1 JANUARY – 31 MARCH 2015	13	13. Cash and cash equivalents	30		
EVENTS AFTER THE FINANCIAL PERIOD	14	14. Share capital and share premium account	30		
		15. Non-current liabilities	30		
		16. Current liabilities	31		
		17. Derivatives - Interest rate swaps	32		



CEO'S COMMENTS

Orava Residential REIT's financial result for the first quarter was in accordance with its objectives.

The state of the Finnish housing market has continued to be weak in the first half of the year, and the fair value of the apartments owned by the Residential REIT for the entire quarter fell by 0.7% over the period under review. However, we managed to compensate the weak value development by income arisen from wholesale discounts of successful apartment acquisitions. During the period under review, the company agreed on the acquisition of 162 apartments from eleven different properties at a total of EUR 20.7 million. The fair value of the investment properties owned by the Residential REIT increased from EUR 130.7 million at the end of 2014 to EUR 152.1 million at the end of March.

Immediately after the end of the period, Orava Residential REIT issued a secured bond of EUR 20 million. Involvement in the bond market enables the Residential REIT to obtain diversified liabilities in the future, and, for

its part, contributes to the achievement of the REIT's strategic growth target.

The rental income of the portfolio remained at the same level as a year before. We managed to slightly increase the economic occupancy rate, even though half of the apartments acquired during the period were without tenants at the time of purchase.

The difficult situation in the housing market was reflected in apartment sales, the number of which remained low in the period under review.

The maintenance and repair costs of investment properties in relation to the value of the portfolio were 2.7% converted to the annual level, i.e. 0.2 percentage points higher than the figure for the entire previous year. The difference is explained in its entirety by seasonal variation.

The number of Orava Residential REIT's shareholders increased from approximately 5,800 at the end of January to about 6,500 at the end of April. Trading in the company's shares on the Helsinki Stock Exchange has

1 January – 31 March 2015

- Revenue EUR 4.6 million (1 January – 31 March 2014: EUR 4.2 million)
- Comprehensive profit EUR 2.3 million (EUR 2.4 million)
- Earnings per share EUR 0.41 (EUR 0.57)
- Economic occupancy rate 89.8% (82.1%)
- Gross rental yield 6.8% (6.4%)
- Net rental yield 4.0% (3.3%)
- Profit from disposals and changes in fair value: EUR 2.4 million (EUR 3.0 million)
- Total dividends distributed during the period under review: EUR 0.30 per share (EUR 0.28 per share)

Net assets per share of Orava Residential REIT plc was EUR 12.01 (adjusted) while it was EUR 12.02 (adjusted) at the beginning of the year. The company has continued growing, and the value of its investment properties totalled EUR 152.1 million at the end of the period (31 December 2014: EUR 130.7 million).





continued to be active; the average daily turnover in January–April 2015 was over EUR 330,000 (EUR 280,000 a year before).

The Annual General Meeting of 19 March 2015 decided to pay a dividend of EUR 0.30 per share in each quarter. This year as well, the dividend will always be paid on the last business day of the quarter. A total of EUR 1.20 per share will be paid in dividends in the current year, or approximately 10 per cent of net assets per share at the beginning of 2015.

The Company continues to estimate that it has reasonably good prerequisites for maintaining good profitability and achieving the targeted total return of 10 per cent on shareholders' equity this year.



OPERATING ENVIRONMENT

National economy

According to advance information, the change in the Finnish GDP remained at -0.1% in the previous year, and it is forecasted to be in the range of +0.1% – +0.9% during the current year. The change in private consumption that has a key impact on the housing market was -0.2% for the past year according to advance information, and the growth forecasted for 2015 is 0.0% – +0.7%. Market interest rates in the euro area have continued to fall, and short-term rates are also expected to remain at less than 1% for approximately the next 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 strengthening slowly as a result of overall economic activity picking up in 2015.

Demand in the housing market

During January–March 2015, households drew down EUR 3.7 billion in new mortgages, or 14% more than a year previously, according to statistics from the Bank of Finland. The euro-denominated mortgage base totalled EUR 89.9 billion at the end of March, and the annual growth in the mortgage base amounted to 1.7%.

The average marketing period for old apartments in the country overall, according to the Finnish Etuovi.com marketing service, decreased from 135 days in December to 110 days in April, while it was 96 days in April in the previous year.

The demand for apartments has picked up slightly in the spring, mainly due to normal seasonal variation.

Supply in the housing market

According to the economic review of the Confederation of Finnish Construction Industries RT for March, housing starts of non-subsidised terraced houses and apartment block apartments are anticipated to remain at 10,500 housing units,

i.e. 7% lower than a year before. As a whole, the construction volume is forecasted to reduce by 0.5% year-on-year.

According to the May confidence indicator survey of the Confederation of Finnish Industries, the balance figure for construction production for the past three months was -12 points in the first quarter of the year, while it was the same -12 points in the previous quarter and -17 points a year before. The balance figure for the three-month production expectation was +20 points, compared to -10 points in the previous quarter and +18 points a year before. The number of unsold residential apartments compared to normal fell from +30 in the last quarter of the previous year to +24; a year ago, the balance figure was -13 points.

Supply in the housing market has continued at a low level, even though some signs of a potential turnaround can be seen.



Prices, rents and return in the housing market

In the first 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 first quarter was -1.1% 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 first quarter was 15.4. The 40-year average for the ratio of square metre prices to annual rents in Finland is 16.7.

We expect housing prices throughout the country to start rising slightly during the next 12 months and the growth rate in rents of 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 slightly in the period under review compared with the turn of the year. We have managed to increase the occupancy rate as planned with regard to the apartments without tenants acquired during 2014. In the future, any

	1 Jan – 31 Mar 2015	1 Jan – 31 Mar 2014
Gross rental yield, %	6.8	6.4
Net rental yield, %	4.0	3.3
Economic occupancy rate, %	89.8	82.1
Operational occupancy rate, %	90.8	82.3
Tenant turnover/month, %	2.2	1.9

increase in the occupancy rate will be slowed down by the acquisition of apartments without tenants at the end of the period under review and the rental market in Salo, which has continued to be weak.

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

At the end of the period, the company had a total of 1,456 residential apartments (Q1 2014: 860). There were 1,208 leases at the end of the period (Q1 2014: 720), and 105 apartments were for sale (Q1 2014: 29). Approximately 97% of the entire lease base for residential apartments is in agreements valid until further notice. A total of 78 agreements were terminated during the period (Q1 2014: 43).



ACQUISITIONS

On 9 February 2015, the company acquired 22 apartments through a transaction made with Skanska Talonrakennus Oy. Their aggregate debt-free purchase price was EUR 4.6 million. The apartments are located in a total of 2 properties in Mikkeli (12 apartments) and Pori (10).

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. 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 for 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 Helsinki

Acquisitions implemented during the period under review

Time	Property	Debt-free purchase price (EUR million)	Debt (EUR million)	Directed issues (1000 shares)	Apartments (qty)
9 Feb 2015	Apartments from 2 properties (Mikkeli and Pori)	4.6	3.7	0	22
31 Mar 2015	Apartments from several properties (Tampere, Turku, Oulu, Rovaniemi, Vaasa, Kokkola and Savonlinna)	11.7	9.1	0	53
31 Mar 2015	2 properties (Kaarina, Raisio)	4.4	1.6	244	87
TOTAL		20.7	14.4	244	162

preceding the subscription. In addition, the company concluded a binding agreement with Skanska Talonrakennus Oy on a transaction of 53 apartments, which are located in a total of 9 properties in Tampere (11 apartments), Turku (5), Oulu (7), Vaasa (5), Rovaniemi (13), Kokkola (3) and Savonlinna (9). The transaction according to the agreement was implemented on 28 April 2015.



Age and regional distributions of the investment portfolio	31 Mar 2015	31 Mar 2014
Newer (1990–present)	60 %	56 %
Older (up to 1989)	40 %	44 %
Helsinki Region	37 %	46 %
Major cities	27 %	18 %
Medium-size towns	36 %	36 %

APARTMENT SALES

During the period under review, the company sold a total of nine apartments from eight different housing companies. The debt-free selling prices of the apartments totalled EUR 0.8 million. The sales commissions totalled EUR 31 thousand. In the difficult market situation apartment sales increased compared with the first quarter of 2014, although not in accordance with the growth in the size of the investment and sales portfolio.

In accordance with the company's investment strategy, the company sells apartments at about 10 per cent of the value of investment properties on the company's opening statement of financial position annually so that apartments released from rental use are sold one by one.

INVESTMENT PROPERTIES ON 31 MARCH 2015

The fair value of investment properties at the end of the period totalled EUR 152.1 million (31 December 2014: EUR 130.7 million). Orava Residential REIT had a total of 1,478 apartments on 31 March 2015 (31 December 2014: 1,318), the aggregate leasable surface area of which was approximately 91,800 m² (31 December 2014: 82,200 m²). The apartments were located in 76 different housing companies, where the company's holding was 100% in 16 of the cases. 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 2014 financial statements.



CONSOLIDATED PROFIT FOR THE PERIOD

Consolidated revenue for the period totalled EUR 4.6 million (Q1 2014: EUR 4.2 million). The revenue was divided into income from ordinary operations of EUR 2.2 million (Q1 2014: EUR 1.2 million) and capital gains of EUR 2.4 million (Q1 2014: EUR 3.0 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 2.0 million (Q1 2014: EUR 1.4 million), of which maintenance costs and annual repairs accounted for EUR 1.0 million (Q1 2014: EUR 0.6 million). The increase in expenses results from the increase in the investment portfolio.

Operating profit amounted to EUR 2.6 million (Q1 2014: EUR 2.9 million)

Financial income and expenses stood at EUR -332 thousand (Q1 2014: EUR -372 thousand) and taxes for the period at EUR 26 thousand (Q1 2014: EUR 16 thousand).

Profit for the period amounted to EUR 2.3 million (Q1 2014: EUR 2.5 million). Comprehensive income items totalled EUR -10 thousand (Q1 2014: EUR -64 thousand) and comprehensive profit for the period totalled EUR 2.3 million (Q1 2014: EUR 2.4 million).

FINANCING

In the period 1 January – 31 March 2015, financial expenses (net) totalled EUR 322 thousand (Q1 2014: EUR 372 thousand), and the repayments of the parent company's financial institution loans amounted to EUR 115 thousand (Q1 2014: EUR 58 thousand). The parent company's financial institution loans are hedged in their entirety in terms of interest rates 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 74.3 million on 31 March 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 532 thousand in rental deposits paid by tenants (31 March 2014: EUR 478 thousand).



SHARES AND SHAREHOLDERS OF ORAVA RESIDENTIAL REIT

In the first quarter, the company implemented directed issues of a total of 444,193 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 shares to itself in a charge-free share issue on 9 February 2015. In addition, in a directed issue related to an acquisition, Osuusasunnot Oy subscribed for 244,193 shares on 31 March 2015. The subscription price of the shares was the weighted average price during the five days of stock exchange trading on the NASDAQ Helsinki preceding the subscription. Of the shares subscribed for in the issues, 328,461 shares do not provide entitlement during 2015 to dividends paid from the profit for 2014, 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 over EUR 330 thousand.

The company had approximately 6,500 shareholders at the end of April.

LIST OF OWNERS ON 30 April 2015, TEN LARGEST

Shareholder	Number of shares	%
Royal House –konserni***	547,925	8.1
Godoinvest Oy**	229,360	3.4
Osuusasunnot Oy	227,830	3.4
Länsi-Suomen Vuokratalot Oy*	176,450	2.6
Yli-Torkko Erkki	100,000	1.5
Livränteanstalten Hereditas	81,000	1.2
Pakarinen Janne	78,083	1.2
Maakunnan Asunnot Oy*	69,422	1.0
Alte Invest Oy	45,698	0.7
Orava Funds plc ****	45,639	0.7
Yhteensä	1.601,407	23.7

* 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 March 2015 amounted to EUR 205 thousand (Q1 2014: EUR 133 thousand).

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 337 thousand has been booked (Q1 2014: EUR 434 thousand). The performance-based management fee will be paid at March 2016 on the basis of the company's net assets per share or adjusted share price realised at the end of the year 2015.

During the period, Newsec Asset Management Oy and Ovenia Oy were paid EUR 105 thousand for financial administration and other support activities and a total of EUR 123 thousand for apartment rental operations and administrative services.

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, Patrik Hertsber (since 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 a total of seven times during the period under review. The Board members' rate of attendance at Board meetings was 98 %.

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 31 March 2015, 5,755,807 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 valid rules for real estate investment operations are available on the company's website at www.oravaasuntorahasto.fi and have been 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 – 31 MARCH 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 is related to the listing of a total of 1,056,122 shares. The shares are 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 as of 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 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 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 provide entitlement to dividends as of 1 April 2015

and 4,500,000 shares do 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 9 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 for 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 Helsinki preceding the subscription.

EVENTS AFTER THE FINANCIAL PERIOD

Orava Residential REIT issued a secured 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 fixed interest 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 totals 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 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 as of 21 April 2015. After the listing, the number of the company's listed shares totals 6,754,238.

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

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:	F14000068614
	(100 %)
31 Mar 2014 1st dividend	EUR 0.30
Total	EUR 0.30





FUTURE OUTLOOK

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

The change in value of apartments in the current investment portfolio is expected to remain close to zero in the second half of the year. Rental income is estimated to rise slightly, as we believe we can increase the economic occupancy rate compared with the previous year and the first quarter. The result impact of property acquisitions is expected to remain at the level of the previous 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 previous year.

Helsinki, 12 May 2015

Orava Residential REIT plc

Board of Directors

ADDITIONAL INFORMATION::

Pekka Peiponen, CEO, tel. +358 (0)10 420 3104

Veli-Matti Salmenkylä, CFO and administrative director, tel. +358 (0)10 420 3102

APPENDIX: Descriptive and tables sections



Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income		1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
	EUR 1,000		
Revenue			
Income from ordinary operations	6	2,242	1,194
Gains from disposals and changes in the fair value of apartments	6	2,379	3,047
Total revenue	6	4,621	4,241
Total expenses			
Maintenance expenses	7	-1,036	-605
Expenses from rental operations	7	-149	-71
Administrative expenses	7	-460	-277
Other operating income and expenses	7	-337	-433
Total expenses		-1,982	-1,386
Operating Profit		2,639	2,855
Finance expenses (net)	8	-322	-372
Profit before taxes		2,317	2,482
Direct taxes	9	-26	-16
Profit/loss for the period		2,291	2,466
Profit/loss for the period attributable to			
the owners of the parent company	10	2,291	2,466
<i>Earnings per share calculated from the profit attributable to the owners of the parent company</i>			
Earnings per share, EUR	10	0,41	0,57
Other comprehensive income items			
Items that may in the future be reclassified to profit or loss			
Derivatives - interest rate swaps	17	-10	-64
Items that are not reclassified to profit or loss		0	0
Comprehensive profit/loss for the period		2,281	2,402
Comprehensive profit/loss for the period attributable to			
the owners of the parent company	10	2,281	2,402
non-controlling interests	10	0	0



Consolidated statement of financial position

Consolidated statement of financial position		31 Mar 2015	31 Mar 2014
ASSETS	EUR 1,000		
Non-current assets			
Fair value of investment properties	11	152,143	130,688
Current assets			
Trade and other receivables	12	1,495	4,070
Trade and other receivables	13	2,389	1,990
		3,884	6,059
TOTAL ASSETS		156,027	136,728
Equity attributable to the owners of the parent company			
Share capital	14	60,336	50,337
Share issue		2,442	7,526
Share premium account		3,144	2,260
Hedge reserve	14	-503	-493
Retained earnings		8,249	1,780
Profit for the period		2,291	8,451
Total equity		75,960	69,860
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	15	55,723	58,059
Other non-current liabilities	15	532	478
Total non-current liabilities		56,255	58,538
Current liabilities			
Interest-bearing liabilities, borrowings	16	18,626	1,931
Trade payables and other current liabilities	16	4,682	5,906
Derivatives	17	503	493
Total current liabilities		23,811	8,330
Total liabilities		80,067	66,868
TOTAL EQUITY AND LIABILITIES		156,027	136,728



Consolidated statement of cash flows

Cash flows from operational activities	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014	1 Jan - 31 Dec 2014
EUR 1,000			
Cash flows from operational activities			
Payments received from ordinary activities	2,138	0	7,657
Expenses paid from ordinary activities	-2,032	0	-4,406
Cash flows from operational activities before financial items	106	-42	3,251
Interest paid and other finance expenses, net	-696	-240	-1,990
Taxes paid	-21	0	-72
Income from divestitures of tangible fixed assets	571	517	4,381
Net cash flows from operational activities	-40	235	5,570
Cash flows from investment activities			
Acquisition of subsidiaries less acquired cash and cash equivalents	-82	-5,563	-13,126
Acquisition of subsidiaries less acquired cash and cash equivalents	-1,192	-745	-3,833
Investments in tangible fixed assets	-115	0	-2,670
Investments in intangible assets	-90	-227	-490
Net cash flows used in investments	-1,479	-6,535	-20,119
Cash flows from financing activities			
Payments received from share issues	481	0	2,750
Loan withdrawals	0	2,280	6,518
Payments received from the issue of a convertible bond	3,553	0	4,816
Loan repayments	-386	-138	-2,079
Dividends paid	-1,732	-1,068	-4,600
Net cash flows used in financing activities	1,916	1,074	7,405
Net decrease (-) / increase (+) in cash and cash equivalents	398	-5,226	-7,144
Cash and cash equivalents at the beginning of the period	1,990	9,134	9,134
Cash and cash equivalents at the end of the period	2,389	3,911	1,990



STATEMENT OF CHANGES IN EQUITY

EUR 1,000						
	1	2	3	4	5	6
Equity on 31 Dec 2010	5,028				5,028	5,028
Equity on 31 Dec 2011	11,717	159	-164	448	12,159	12,159
Equity on 31 Dec 2012	13,666	281	-407	1,466	15,007	15,007
Proceeds from shares issued 25 Mar 2013	257	11			268	268
Proceeds from shares issued 29 Jul 2013	770	10			780	780
Proceeds from shares issued 27 Sep 2013	2,366	70			2,436	2,436
Proceeds from share issued to the public	26,085	783			26,868	26,868
Costs of listing on the stock exchange		-1,155		-15	-1,170	-1,170
Distribution of dividends 28 Mar 2013				-337	-337	-337
Distribution of dividends 28 Jun 2013				-337	-337	-337
Distribution of dividends 30 Sep 2013				-337	-337	-337
Distribution of dividends 27 Dec 2013				-337	-337	-337
Profit from the period				6,753	6,753	6,753
Comprehensive income items			183		183	183
Equity on 31 Dec 2013	43,144	0	-224	6,859	49,780	49,780

- 1 Share capital
- 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



STATEMENT OF CHANGES IN EQUITY

EUR 1,000						
	1	2	3	4	5	6
Proceeds from shares issued 25 Jun 2014	3,189	899			4,088	4,088
Proceeds from shares issued 30 Sep 2014	1,148	302			1,450	1,450
Proceeds from shares issued 30 Sep 2014	6,039	535			6,574	6,574
Conversion of convertible bond 8 Oct 2014	1,576	424			2,000	2,000
Conversion of convertible bond 23 Dec 2014	1,280	220			1,500	1,500
Conversion of convertible bond 31 Dec 2014	1,486				1,486	1,486
Cost to gain equity		-120		-258	-378	-378
Distribution of dividends 28 Mar 2014				-1,206	-1,206	-1,206
Distribution of dividends 30 Jun 2014				-1,206	-1,206	-1,206
Distribution of dividends 30 Sep 2014				-1,206	-1,206	-1,206
Distribution of dividends 30 Dec 2014				-1,206	-1,206	-1,206
Profit from the period				8,451	8,451	8,451
Comprehensive income items			-270		-270	-270
Equity on 31 Dec 2014	57,863	2,260	-493	10,230	69,860	69,860
Proceeds from shares issued 11 Feb 2015	396	24			420	420
Proceeds from shares issued 26 Feb 2015	50	8			58	58
Proceeds from shares issued 31 Mar 2015	2,442	361			2,803	2,803
Conversion of convertible bond 19 Mar 2015	2,024	490			2,514	2,514
Cost to gain equity				-193	-193	-193
Distribution of dividends 31 Mar 2015				-1,795	-1,795	-1,795
Profit from the period				2,291	2,291	2,291
Comprehensive income items			-10		0	0
Equity on 31 Mar 2015	62,777	3,144	-503	10,533	75,960	75,960

- 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

1. Basic details of the Group

Orava Residential REIT plc (business ID 2382127-4, address Kanavaranta 7, 00160 HELSINKI, Finland) was established on 30 December 2010 as a real estate fund as referred to in the Real Estate Funds Act. Its rules for real estate investment operations were approved by the Finnish Financial Supervisory Authority on 28 January 2011. The up-to-date rules are included as an appendix to the financial statements.

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's Board of Directors approved these financial statements for publication at its meeting on 12 May 2015.

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%
- The company's liabilities do not exceed 80%
- No individual shareholder holds more than 30% of the company's share capital (less than 10% from the end of 2014)
- 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



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 March 2015. 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. In addition, Orava Residential REIT complies with the recommendations of the European Public Real Estate Association (EPRA) of August 2011, as applicable.

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 use of original acquisition costs, except for investment properties and interest rate swaps, which are recognised at fair value.

More detailed information on the accounting principles is available in the Consolidated Financial Statements of Orava Residential REIT plc of 31 December 2014.

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

4. Management of financing risks

Orava Residential REIT is exposed to a number of financing risks in its normal business operations. The objective of the company's risk management is to minimise the negative effects of 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. A more detailed descrip-

tion of the company's risk management is included in the financial statements for 2014.

5. Consolidation

Orava Residential REIT consolidates housing companies where the company's holding is 100% in accordance with IFRS 10. Partially owned companies are consolidated in compliance with IFRS 11 using the proportionate method. The company has also discussed the application of the investment company exemption in IFRS 10 with the Financial Supervisory Authority, but as there is as yet no unanimity at national level in Finland about the application practice for the treatment of housing companies; we use IFRS 11. The choice has no impact on the financial result of Orava Residential REIT.

6. Segment information

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 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.

The revenue of Orava Residential REIT is presented in compliance with the accounting principles, divided into income from ordinary operations and capital gains. 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. The transaction fees associated with disposals are deducted from the revenue. During the period 1 January – 31 March 2015, a total of 9 apartments were sold (1 January - 31 March 2014: 7 apartments).

The apartment's share of the asset transfer tax paid and the apartment repair costs and capitalised repairs as a whole reduce the change in fair value.

Revenue	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Income from ordinary operations		
Gross rental yield	2,171	1,160
Compensation for use and service income	71	34
Gains from disposals and changes in the fair value of apartments		
Disposal prices of apartments less the fair value in the previous quarter's closing balance	-69	-18
Brokerage fees for apartments disposed of	-31	-22
Net gains and losses from changes in the fair value of investment properties	2,479	3,086
Total	4,621	4,241

The fair value of investment properties by region and their age distribution are also regularly reported to the Board of Directors of the Group. The Helsinki Region includes Helsinki, Espoo, Kauniainen, Vantaa and the surrounding municipalities, while Tampere, Turku, Oulu, Jyväskylä and Lahti are classified as major cities.

Distribution of investment property values by their location, %	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Helsinki Region	37	46
Major cities	27	18
Medium-size towns	36	36
Total	100	100
Distribution of investment property values by age group, %	31 Mar 2015	31 Mar 2014
Built in 1989 or earlier	40	44
Built in 1990 or later	60	56
Total	100	100



7. Expenses by type

	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Personnel expenses	-32	-21
Fixed management fee Orava Funds plc	-205	-133
Other administrative expenses	-222	-123
Property maintenance expenses	-1,036	-605
Expenses from rental operations	-149	-71
Other operating expenses	-337	-433
Total	-1,981	-1,386

Personnel expenses, Board of Directors' fees	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Jouni Torasvirta	-9	-5
Peter Ahlström	-4	-3
Patrik Hertsberg	-1	0
Mikko Larvala	-5	-3
Tapani Rautiainen	-5	-3
Veli Matti Salmenkylä	-5	-3
Timo Valjakka	-5	-3
Total	-33	-21

The Board of Directors convened seven times during the period, rate of attendance 98%.

Auditor's fees	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Audit, parent company	0	-10
Audit, subsidiaries	-2	0
Total	-2	-10

The auditor's fees are included in other administrative expenses.

Ohter operating expenses	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Credit losses	0	1
Performance-based fee paid to the management company	-337	-434
Total	-337	-433

Property maintenance expenses	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Property maintenance expenses less compensation for use	-965	-571
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	141,400	84,009

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



8. Finance income and expenses

	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Interest expenses and fees for loans and interest rate hedges	-347	-210
Change in the capitalised amounts of arrangement fees	155	-3
Share of the capital charges of associated companies expensed	-117	-151
Other finance expenses	-14	-11
total finance expenses	-323	-374
Finance income	1	2
Total	-322	-372

9. 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 paid, the estate agent's fee and the apartment repair expenses and capitalised repairs.

	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Taxes for the period	-26	-16

10. Earnings per share

(a) Undiluted	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Profit attributable to the company's shareholders	2,281	2,466
Weighted average number of outstanding shares, 1,000 shares	5,597	4,314
(a) Undiluted earnings per share	0.41	0.57

11. Non-current assets

	31 Mar 2015	31 Dec 2014
Investment properties	Fair value	
Acquisition cost on 1 Jan	130,668	79,190
Increases including asset transfer tax	20,841	45,099
Decrease of financial assets from investment properties	-1,161	0
Decreases	-907	-2,783
Change in fair value during the financial period excluding asset transfer tax	2,703	9,162
Fair value on 31 Xxx	152,143	130,668

The decreases are disposals of residential apartments. A total of 9 apartments were sold during the period 1 Jan - 31 Mar 2015. The fair value of the apartments owned for the entire quarter fell by 0.7% over the period under review.

The change in the value of investment properties included in the investment portfolio throughout the period under review 2015 was -0.7 % or EUR -0.7 million.



Investment properties on 31 Mar 2015	Registered office	Construction year	Holding
HELSINKI REGION			
Asunto Oy Espoon Albert	Espoo	2014	13.00%
Asunto Oy Helsingin Koirasaarentie 1	Helsinki	2000	97.20%
Asunto Oy Kauniaisten Venevalkamantie	Kauniainen	2012	21.60%
Asunto Oy Järvenpään Saundi	Järvenpää	2013	17.57%
Asunto Oy Järvenpään Terho	Järvenpää	2012	4.90%
Asunto Oy Järvenpään Tuohi	Järvenpää	2013	88.20%
Asunto Oy Keravan Ritariperho	Kerava	2011	99.90%
Asunto Oy Kirkkonummen Kummihovi	Kirkkonummi	1972-73	100.00%
Asunto Oy Kirkkonummen Pomada	Kirkkonummi	2012	32.50%
Asunto Oy Kirkkonummen Tammi	Kirkkonummi	2013	30.51%
Asunto Oy Nurmijärven Puurata 15-17	Nurmijärvi	1974-75	55.00%
Asunto Oy Nurmijärven Soittaja	Nurmijärvi	2013	58.90%
Bostads Ab Lindhearst Asunto Oy	Sipoo	1982	64.90%
Asunto Oy Vantaan Maaunintie 14	Vantaa	1975	100.00%
Asunto Oy Vantaan Rasinrinne	Vantaa	1975	75.50%
Asunto Oy Vantaan Rusakko	Vantaa	1992	75.00%
MAJOR CITIES			
Asunto Oy Härmälänrannan Nalle	Tampere	2012	6.98%
Asunto Oy Jyväskylän Ahjotar	Jyväskylä	2014	35.18%
Asunto Oy Jyväskylän Kruununtorni	Jyväskylä	2010	36.00%
Asunto Oy Jyväskylän Kyläseppä	Jyväskylä	2014	21.01%
Asunto Oy Jyväskylän Tukkipoika	Jyväskylä	2013	12.30%
Asunto Oy Kaarinan Lampaankääpä	Kaarina	1974	100.00%
Asunto Oy Lahden Helkalanhovi	Lahti	1975	77.20%
Asunto Oy Lahden Leinikki	Lahti	2013	8.90%
Asunto Oy Lahden Poikkikatu 4	Lahti	1971	63.40%
Asunto Oy Lahden Pormestari	Lahti	2012	8.00%
Asunto Oy Lahden Vuoksenkatu 4	Lahti	1970	44.30%
Asunto Oy Lempäälän Tikanhovi	Lempäälä	2014	51.73%

Asunto Oy Oulun Alppilan Iris	Oulu	2014	18.30%
Asunto Oy Oulun Eveliina	Oulu	2011	14.10%
Asunto Oy Oulun Jatulinmetsä	Oulu	2013	7.70%
Asunto Oy Oulun Merijalinväylä	Oulu	2012	4.60%
Asunto Oy Oulunsalon Poutapilvi	Oulu	2010	4.10%
Asunto Oy Oulun Seilitie 1	Oulu	2009	95.30%
Asunto Oy Raision Vaisaaren Kunnaankatu 7	Raisio	1978	100.00%
Asunto Oy Raision Valonsäde	Raisio	2014	48.95%
Asunto Oy Tampereen Professori	Tampere	2013	11.50%
Asunto Oy Tampereen Ruuti	Tampere	2014	59.50%
Asunto Oy Tampereen Solaris	Tampere	2014	23.00%
Asunto Oy Tampereen Vuoreksen Emilia	Tampere	2014	30.50%
Asunto Oy Tampereen Vuorenpeikko	Tampere	2013	3.10%
Asunto Oy Turun Androksenportti	Turku	2014	15.70%
Asunto Oy Turun Michailowinportti	Turku	2013	21.80%
MEDIUM-SIZE TOWNS			
Asunto Oy Haminan Tervaniemi	Hamina	1999	95.80%
Asunto Oy Heinolan Tamppilahdenkulma	Heinola	1977	100.00%
Asunto Oy Hämeenlinnan Aulangontie 39	Hämeenlinna	1974	48.50%
Asunto Oy Kokkolan Luotsi	Kokkola	2012	21.90%
Asunto Oy Kokkolan Omenapiha	Kokkola	2012	26.10%
Asunto Oy Kotkan Alahovintie 7	Kotka	1974	100.00%
Asunto Oy Kotkan Alahovintorni	Kotka	1973	96.50%
Asunto Oy Kotkan Matruusi	Kotka	2013	19.70%
Asunto Oy Kotkan Mällinkatu 6	Kotka	1958 ja 1974	100.00%
Asunto Oy Kotkan Vuorenrinne 19	Kotka	1973-76	95.80%
Asunto Oy Lohjan Koulukuja 14	Lohja	1976	94.20%
Asunto Oy Lohjan Pinus	Lohja	2012	57.20%
Asunto Oy Mikkelin Neptun	Mikkeli	2013	45.00%
Asunto Oy Porin Huvitus	Pori	2014	38.10%
Asunto Oy Porin Kommodori	Pori	2013	8.70%



Asunto Oy Porin Pihlavankangas	Pori	1973	98.30%
Asunto Oy Kaivopolku	Porvoo	1993	100.00%
Kiinteistö Oy Liikepuisto	Porvoo	1960	100.00%
Asunto Oy Riihimäen Vuorelanmäki I	Riihimäki	1956	100.00%
Asunto Oy Rovaniemen Laura	Rovaniemi	2014	2.80%
Asunto Oy Rovaniemen Rekimatka 16-18	Rovaniemi	1991	100.00%
Asunto Oy Rovaniemen Rekimatka 29	Rovaniemi	1989	100.00%
Asunto Oy Rovaniemen Suviheinä	Rovaniemi	2014	6.60%
Asunto Oy Rovaniemen Uitto	Rovaniemi	2015	21.40%
Asunto Oy Salon Ristinkedonkatu 33	Salo	1975-76	99.30%
Asunto Oy Savonlinnan Kotiranta	Savonlinna	2014	50.10%
Asunto Oy Savonlinnan Välimäentie 5-7	Savonlinna	1977	100.00%
Asunto Oy Tornion Aarnintie 7	Tornio	1974	39.00%
Asunto Oy Tornion Kuparimarkka	Tornio	1975	88.10%
Asunto Oy Vaasan Asemakatu 9	Vaasa	2014	20.60%
Asunto Oy Varkauden Onnela	Varkaus	1920	100.00%
Asunto Oy Varkauden Parsius	Varkaus	1973	100.00%
Asunto Oy Varkauden Ahlströminkatu 12	Varkaus	1954	100.00%

The companies have been consolidated using the proportional method, whereby only the amount corresponding to the Group's holding is consolidated for each income statement and balance sheet item. Accordingly, no minority interests are created in the Group consolidation process.

As Oy Hämeenlinnan Aulangontie underwent a basic renovation in 2003, As Oy Tornion Kuparimarkka in 2000, As Oy Tornion Aarnintie 7 in 1990, As Oy Nurmijärven Puurata 15-17 in 1999, As Oy Riihimäen Vuorelanmäki I in 2003, and As Oy Varkauden Ahlströminkatu 12 in 2005 (pipes).



Investment properties on 31 Mar 2015

Region	No of properties	Apartments and business facilities	Floor area	Valuation
Espoo & Kauniainen ***)	2	10	648	3,005
Helsinki	1	23	1,391	4,923
Järvenpää ***)	3	24	1,986	7,804
Kerava	1	19	2,071	6,260
Kirkkonummi ***)	3	104	6,973	14,339
Nurmijärvi	2	41	2,998	6,211
Sipoo	1	14	1,140	1,813
Vantaa *)	3	113	7,118	11,474
Helsinki Region *) ***)	16	348	24,323	55,830
Jyväskylä **)	4	20	2,130	4,422
Lahti	5	72	4,088	5,269
Oulu	6	31	1,986	5,146
Tampere	7	69	4,489	14,889
Turku	5	110	6,738	11,646
Major cities****)	27	302	19,430	41,372
Hamina	1	16	1,040	1,401
Heinola	1	20	1,164	761
Hämeenlinna	1	11	527	1,065
Kokkola	2	7	582	1,829
Kotka *)	5	196	10,853	7,888
Lohja	2	62	3,892	5,978
Mikkeli	1	12	804	2,975
Pori	3	68	3,919	5,620
Porvoo ***)	2	42	2,663	6,222
Riihimäki	1	16	773	812
Rovaniemi	5	93	5,386	6,905
Salo ****)	1	73	4,482	3,036
Savonlinna	2	60	3,243	4,331
Tornio	2	73	3,709	2,739
Vaasa	1	5	363	1,341
Varkaus *****)	3	74	4,662	2,038
Medium-size towns	33	828	48,058	54,941
Total ***)	76	1,478	91,811	152,143

*) As Oy Vantaan Maaunintie 14 and As Oy Kotkan Alahovintie 7 both have one business facility (a day care centre).

***) The apartments in As Oy Jyväskylän Kruunutori were four office facilities and one storage facility.

****) There are 11 business facilities at Kiint Oy Liikepuisto in Porvoo.

*****) As Oy Salon Ristikedonkatu 33 has one business facility and a day care centre.

*****) As Oy Varkauden Ahlströminkatu 12 has two business facilities.

The values of the apartments owned by the REIT are measured 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.

External appraiser provides calculations of the value of each investment property owned by Orava Residential REIT every six months. The total appraisal of all investment properties of the external appraisers Realia Management Oy and Turun seudun OPKK on 31 December 2014 was 0.4% less than the fair value on the balance sheet on 31 December 2014.



12. Trade and other receivables

	31 Mar 2015	31 Dec 2014
Rental and trade receivables	188	138
Other receivables	1,187	3,897
Prepaid expenses and accrued income	120	35
Total other receivables	1,495	4,070

13. Cash and cash equivalents

	31 Mar 2015	31 Dec 2014
Cash and cash equivalents held in accounts	2,389	1,990
Total	2,389	1,990

In addition, the company had an overdraft facility of EUR 200,000 at its disposal.

14. Share capital and share premium account

	31 Mar 2015	31 Dec 2014
Share capital on 1 January	50,337	43,144
Increase in share capital, paid	9,999	7,193
Share capital on 31 Xxx	60,336	50,337
Share issue	2,442	7,526
Share premium account	3,144	2,260
Total share capital and share premium account	65,922	60,123

The number of share on 31 December 2011 was 1,171,736.

The number of share on 31 December 2012 was 1,366,588.

The number of share on 31 December 2013 was 4,314,394.

The number of share on 31 December 2014 was 5,206,123.

The number of shares on 31 March 2015 was 6,510,045.

15. Non-current liabilities

	31 Mar 2015	31 Dec 2014
The group's loans from financial institutions	20,495	32,646
Overdraft facility	0	0
Capitalisation of loan arrangement fees	-28	-31
Long-term security deposits received	532	478
Non-current loans from owners of the parent company	0	0
Share of debt attributable to shares held by the parent company	35,256	25,445
Total non-current liabilities	56,255	58,538

After the reporting period the parent company has repaid its loans from financial institutions (173 million euros). The loans are included in the current liabilities.



16. Current liabilities

	31 Mar 2015	31 Dec 2014
The parent company's loans from financial institutions	17,696	817
Current loans from related parties	0	295
Current loans from others	550	550
Share of debt attributable to the shares held by the parent company	380	269
Advance payments received	147	128
Trade payables	294	284
Other liabilities	372	305
Accrued expenses and deferred income	3,789	5,145
Interest liabilities	80	44
Fair value of interest rate hedges	503	493
Total current liabilities	23,811	8,330

After the reporting period the parent company has repaid its loans from financial institutions (17.3 million euros). The loans are included in the current liabilities.

Parent company's loans from financial institutions	31 Mar 2015	31 Dec 2014
Danske Bank Plc, transferred 29 Mar 2011	2,129	2,127
capital repayments for the next 12 months included in current liabilities	0	-58
Danske Bank Plc, transferred 7 Sep 2011	1,861	1,859
capital repayments for the next 12 months included in current liabilities	0	-88
Danske Bank Plc, transferred 21 Jun 2012	2,452	2,451
capital repayments for the next 12 months included in current liabilities	0	-65

Danske Bank Plc, transferred 10 Oct 2012	618	618
capital repayments for the next 12 months included in current liabilities	0	-16
Danske Bank Plc, transferred 1 Nov 2012	904	903
capital repayments for the next 12 months included in current liabilities	0	-24
Danske Bank Plc, transferred 27 Sep 2013	800	800
capital repayments for the next 12 months included in current liabilities	0	-21
Danske Bank Plc, transferred 17 Dec 2013	2,498	2,496
capital repayments for the next 12 months included in current liabilities	0	-62
Danske Bank Plc, transferred 31 Mar 2014	2,223	2,280
capital repayments for the next 12 months included in current liabilities	0	-57
Danske Bank Plc, transferred 30 Apr 2014	2,350	2,350
capital repayments for the next 12 months included in current liabilities	0	-58
Danske Bank Plc, transferred 25 Jun 2014	1,501	1,500
capital repayments for the next 12 months included in current liabilities	0	-38
Limit of the bank account with an overdraft facility	0	0
Total loans	17,335	16,896

The main covenants of the loans are tied to the ratio of debt to the value of housing company shares, the equity-to-assets ratio and the loan servicing margin. In addition, the company had an overdraft facility of EUR 200,000 at its disposal on 31 Mar 2015



17. Derivatives - Interest rate swaps

In accordance with the risk management policy approved by the Board of Directors, the parent company's variable-rate loans have all been converted into fixed-interest loans using interest rate swaps. The counterparty of the interest rate swaps is Danske Bank Plc. The critical terms (i.e. amounts and dates) of the hedging instruments and the underlying objects are identical. The bank's charges for the derivative contracts are expensed during the period they are incurred.

Instrument	EUR 1,000	Fixed interest	Maturity
OTC interest rate swap	2,129	2.95	15 Apr 2016
OTC interest rate swap	3,237	1.87	7 Sep 2016
OTC interest rate swap	2,452	1.13	21 Jun 2017
OTC interest rate swap	618	0.87	10 Oct 2017
OTC interest rate swap	904	0.86	1 Nov 2017
OTC interest rate swap	800	1.15	27 Sep 2018
OTC interest rate swap	2,499	1.03	18 Dec 2018
OTC interest rate swap	2,223	0.88	31 Mar 2018
OTC interest rate swap	2,350	0.88	30 Apr 2018
OTC interest rate swap	1,501	0.64	25 Jun 2019

Fair value	31 Mar 2015	31 Dec 2014
At the end of the period, the fair value of interest rate swaps was	-503	-493
Change in fair value during the period, EUR 1,000	-10	-270

18. Related party transactions 1 January - 31 March 2015

There were no related party actions during the reporting period.



19. Financial instruments

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.

Interest rate risk

Orava Residential REIT uses variable-rate loans from financial institutions to finance its acquisitions. The loans are hedged with interest rate swaps. On 31 March 2015, the hedging rate of loans was 100% (31 December 2014: 100%). The derivative contracts have been concluded for the purpose of hedging the loan portfolio, and they are measured at fair value in the financial statements. The fair value represents the result that would have been created had the derivative positions been closed on the balance sheet date. The derivative contracts are measured on the basis of the zero-coupon euro swap curve published and calculated by Deutsche Bundesbank on the basis of market data for the balance sheet day. The cash flows of each payment transaction of the interest rate swaps are discounted, and the market value of swaps is calculated by linear interpolation using the interest rates determined from the above zero-coupon curve and valuation methods commonly used on the market. The net losses/gains for the financial period, recorded in other comprehensive income items, are shown under the consolidated statement of comprehensive income. A change of one percentage point in short market interest rates will not affect the financial result of the company.



31 March 2015	less than 1 year	1-5 years	over 5 years
Interest bearing loans, EUR 1,000	18,626	11,145	44,578

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. The company expects to be able to renew the loans maturing in the coming years. On 31 March 2015, the average maturity of the parent company's bank loans was 3.6 years (31 December 2014: 3.3 years).

After the reporting period the parent company has repaid its loans from financial institutions. During the latest three quarters of a year the company has made convertible loan agreements, which have raised EUR 8.5 million by 31 March 2015. These actions have significantly reduced the liquidity risk.

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 March 2015, rental receivables totalled EUR 188,000, of which EUR 116,000 had been referred for debt collection (31 December 2014: EUR 83,000). Receivables in collection less than two months old amounted to EUR 77,000, and receivables more than two months old to EUR 40,000.

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 March 2015, the equity-to-assets ratio was 48.7 % (31 December 2014: 51.1 %).

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.

20. Assessment of fair value

The following table shows assets and liabilities 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 or 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 asset item or liability which is not based on any observable market information



	Level 1	Level 2	Level 3
Assets			
Investment properties on 31 Mar 2015	-	147,755	4,388
Investment properties on 31 Dec 2014		126,986	3,682
Investment properties on 31 Dec 2013	-	76,594	2,596
Investment properties on 31 Dec 2012	-	31,992	-
Investment properties on 31 Dec 2011	-	20,263	-
Liabilities			
Interest rate hedging contracts on 31 Mar 2015	-	-503	-
Interest rate hedging on 31 Dec 2014	-	-493	-
Interest rate hedging contracts on 31 Dec 2013	-	-223	-
Interest rate hedging contracts on 31 Dec 2012		-407	-
Interest rate hedging contracts on 31 Dec 2011	-	-164	-

21. Events after the period under review

Orava Residential REIT issued a secured 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 fixed interest 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 totals 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 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 as of 21 April 2015. After the listing, the number of the company's listed shares totals 6,754,238.

The transaction of 53 residential apartments agreed with Skanska Talorakennus Oy in March 2015 was implemented as planned on 28 April 2015.



FINANCIAL INDICATORS FOR THE GROUP

	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Revenue, EUR 1,000	4,621	4,241
Operating profit, EUR 1,000	2,639	2,855
Financial result for the period, EUR 1,000	2,291	2,466
Comprehensive profit for the period, EUR 1,000	2,281	2,402
Earnings per share, EUR	0.41	0.57
Maximum dividends to be paid during the financial period per share, EUR	1.20	1.12
Dividends paid during the period under review per share, EUR	0.30	0.28
Return on equity, % p.a. (ROE)	12.6 %	19.6 %
Total return per share, % p.a.	9.7 %	18.4 %
Weighted average number of shares adjusted for share issues	5,597,307	4,314,394

	31 Mar 2015	31 Dec 2014
Balance sheet total, EUR 1,000	156,027	136,728
Equity/assets ratio, %	48.7 %	51.1 %
Loan to value ratio, %	47.7 %	43.9 %
Net asset value per share, EUR, NAV	12.46	13.52
Adjusted net asset value per share, EUR, NAV	12.01	12.02
Net gearing, %	94.7 %	83.0 %
Number of shares on 31 Xxx	6,510,045	5,206,123
Adjusted number of shares on 31 xx	6,342,902	5,810,611
Market capitalisation, EUR 1,000 on 31 xx	77,502	53,362

	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Economic occupancy rate, %, (EUR)	89.8 %	82.1 %
Operational occupancy rate, %, (m2)	90.8 %	82.3 %
Tenant turnover/month	2.2 %	1.9 %
Gross rental yield, % of fair value	6.8 %	6.4 %
Net rental yield, % of fair value	4.0 %	3.3 %
EPRA Earnings, EUR 1,000	597	241
EPRA Earnings per share, EUR	0.11	0.06
EPRA Net Asset Value, EUR, 1,000	76,463	51,150
EPRA Net Asset Value per share, EUR	12.09	11.86
EPRA Net Initial Yield (NIY), %	4.1 %	3.9 %
EPRA Vacancy Rate	10.2 %	6.8 %



FORMULAS FOR FINANCIAL INDICATORS (1/3)

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

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

$$\text{Total return per share, \% per year} = \left\{ \frac{\text{Nettovarallisuus/osake vuoden lopussa} + \text{maksettu osinko/osake}}{\text{Net assets per share at the beginning of the year}} - 1 \right\} \times 100$$

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

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

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



FORMULAS FOR FINANCIAL INDICATORS (2/3)

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

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

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

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

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

Calculated on a monthly basis; the figure for the reported period is the average of the monthly figures

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

Calculated on a monthly basis; the figure for the reported period is the average of the monthly figures



FORMULAS FOR FINANCIAL INDICATORS (3/3)

$$\text{EPRA Earnings (Operational result)} = \frac{\text{Net rental income} - \text{marketing and administrative expenses} \pm \text{other operating income and expenses included in operations}}{\text{Weighted average number of shares during the reported period}}$$

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

$$\text{EPRA Net Asset Value (Net assets)} = \frac{\text{Equity attributable to the shareholders of the parent company} - \text{any other equity reserve}}{\text{Undiluted number of shares at the end of the reported period}}$$

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

$$\text{EPRA Net Initial Yield (NIY), \% (Initial yield)} = \frac{\text{Annualised rental income including indexation adjustments on 31 xxxxx}}{\text{Investment properties less properties under development on 31 xxxxx}}$$

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



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