



RENOR

ANNUAL REVIEW 2008

Renor in brief

Renor Ltd is a real estate investment company that owns, develops and leases business properties. The company specializes in developing and renewing former industrial communities.

Main properties owned

- Asko area, Lahti
- Finlayson area, Forssa
- Karistonkulma, Hämeenlinna
- PMK building, Tampere
- Porin Puuvilla, Pori
- Tikkurilan Silkki, Vantaa
- WSOY building, Porvoo

Key figures

Market value of the property portfolio	EUR 152 million
Return on market value	7%
Leasable area	approx. 370,000 m ²
Unused building rights	approx. 400,000 m ²
Number of personnel	38

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From the CEO

Renor's activities in 2008 progressed according to plan. The company achieved its financial targets and leasing operations developed encouragingly, slowing down towards the end of the year as a result of the economic situation.

Preserving the industrial heritage

Renor's properties are mainly old industrial milieus, and for us it is important to highlight the nature, spirit and history of a highly valued area. We want to protect factory buildings by using them. Cleaning, tidying and modernizing them demand much work and money, and this work has just begun. The work done in the factories has left in the locality a heritage that we are preserving. The red-brick buildings speak of Finnish craftsmanship and the professional skills of the builders. Corners that are not quite straight and roughness on the walls make the property more valuable and distinctive, and we want to highlight these and certainly not to cover them up. They are part of the character of the property.

Renor works to raise the perceived value of industrial milieus. This increases awareness of the sites and has attracted new customers.

Key activities

Planning of the shopping centre in Pori is currently progressing towards obtaining building permission.

The Asko area in Lahti is Renor's largest site and its success is important for us. Leasing activities in Lahti made encouraging progress.

Care sector is growing strongly

Renor is looking into the financial requirements for developing care business operations. One basic requirement in this sector is a suitable property, and one feature of the care sector that makes it attractive is the financial link between the property and the business operations. Renor wishes to learn about the sector and obtain experience of the business. In my opinion the best way to do this is as a shareholder in a care sector company and by participating in the business operations. In Forssa, the care home Hoivakoti Pumpuli started up in October, and in Vantaa Renor is examining the possibility of establishing a care sector company in the Tikkurilan Silkki property.

Economic outlook

Economic prospects are weakening in 2009 and the late cycle nature of the property business means that the recession in the sector will continue in 2010 and 2011. As part of its prepara-



tions for coping with economic uncertainty, Renor has to reduce its efforts to improve the image of areas, which include renovating facades and restoring outdoor areas. Renor spent altogether EUR 12 million in 2008 on tenant improvements, improving the overall appearance of properties, and repairs. In 2009 Renor will probably not be able to spend so much on this. This will demand from our personnel more creative solutions for attracting new customers and carrying out investments.

May I thank our customers for their confidence in our company. I would also like to thank our personnel, whose skills and commitment have made possible our strong success. Although the overall economic situation looks challenging, I believe that Renor will also succeed in the future in achieving its targets.

Kari Kolu, CEO

Renor's business

Renor Oy is a Finnish privately owned real estate company that owns, develops and leases business premises. Renor owns old buildings, mainly former industrial properties, in different parts of southern Finland and specializes in converting old red-brick communities into practical, dynamic business complexes.

The real estate assets had a market value on 31 December 2008 of EUR 152 (133) million. Leasable floor space totalled 370,000 m² and unused building rights 400,000 m². Renor owns the following major industrial and business properties: Asko area (Lahti), Porin Puuvilla (Pori), Finlayson area (Forssa), WSOY building (Porvoo), PMK building (Tampere), Tikkurilan Silkki (Vantaa), Karistokulma (Hämeenlinna) as well as office buildings and industrial properties in the Helsinki metropolitan area. Renor purchased no new properties during 2008.

The former factory properties owned by Renor are large complexes, and because of their size and location they provide an excellent basis for a wide range of activities. The properties are in central areas in cities and have good transport connections.

Renor's goal is to arouse dormant factory communities and turn them into dynamic, financially viable complexes. These revived properties contain offices, wellbeing facilities such as fitness centres, care homes and medical centres, and educational premises for universities, providing training courses etc. The premises range in size from single rooms of a few square metres in a business centre to logistics buildings with tens of thousands of square metres. The long-term objective is to develop the customer structure for the properties at each site by building offices in some of the buildings and logistics and warehouse premises in others. Customers can then profit from each other's business operations and obtain synergy benefits.

Renor possesses indepth specialist skills in the cost-efficient renovation of historical industrial buildings with its high demands. Tidying up the surroundings and gradually removing eyesores require major financial inputs. Decontaminating soil at former industrial sites is a time-consuming, costly activity. The attractive windows and thick walls are outstanding examples of Finnish

craftsmanship and building traditions, and renovation work is carried out respecting these.

Property development

The financial crisis brought a change in priorities in property development. Renor considerably reduced its purchasing of property and focused more strongly on developing its existing sites.

The most significant project during the review year was the Porin Puuvilla shopping centre project in Pori. The master plan prepared by the city came into force at the beginning of 2008, and this permits the building of a large retail store unit in the Porin Puuvilla block. Renor had alternative draft plans made during the year and examined the financial viability of the shopping centre scheme. The positive response and the technical and financial feasibility of the scheme all support carrying out the project. The architects' plans highlight the importance of the old Porin Puuvilla buildings, and the new buildings are designed to blend in with the existing, distinguished surroundings. The shopping centre is a natural next step in Porin Puuvilla's long, remarkable history. The scope and substance of the project make it of major importance to the whole region. The current stages in developing the shopping centre involve drawing up the building permit plans and attracting customers.

Renor commissioned well-known urban planners Arkkitehti-toimisto Davidsson and Arkkitehti-toimisto Harris-Kjisik, in co-operation with the City of Lahti, to draw up a master plan for the Asko area in Lahti, including a broader area in the plan. The master plan was commended for integrating the Asko area with the centre of Lahti, both physically and in the mind of local residents. The plan expands the centre naturally towards the railway





The historical sites owned by Renor in Forssa, Hämeenlinna, Lahti, Pori, Porvoo, Tampere and Vantaa are dynamic, multipurpose complexes that have great potential for development.

station. The speed and success of the direct rail link to Helsinki are drawing Lahti closer to Helsinki, and it supports Lahti in the quality of life it offers and as an alternative to the Helsinki metropolitan area. Being located just 200 metres from the railway station is a real point in favour of the Asko area, as ever greater attention is paid to environmental efficiency and the carbon footprint of jobs. As well as creating places to work, Renor is also carrying out a town planning project to bring housing close to the railway.

In Forssa the care home Hoivakoti Pumpuli began operations in the top wing of the Old Weaving Mill next to the river. Renor is committed to further developing the wellbeing sector; for example by being an active shareholder in Hoivakoti Pumpuli. A senior vice president, wellbeing, joined the company at the beginning of 2009 and will develop and coordinate activities in this field at Renor. The labour-intensive wellbeing sector took positive steps forward in Forssa, but 2008 was a difficult year for industrial operations. Finlayson Forssa Oy, a major client of Renor, was forced to terminate its operations. Bringing jobs back to Forssa requires smooth cooperation between players in the public and private sectors.

The city plan for the area to the north of the river came into force and the retail cooperative society Osuuskauppa Hämeenmaa continued its preparations for building a Prisma store. During 2008 Renor sold land areas to Hämeenmaa. In the zoning of the Finlayson area it is planned to expand the permitted us-

age for the Old Weaving Mill and the Factory Area. High-quality residential housing, mainly one-family homes, and one apartment block are planned by the shore at Makasiiniranta.

The challenge at the WSOY building in Porvoo is how to meet the demand for premises. The building is almost full, apart from a few individual premises. Renor commissioned and examined alternative plans for supporting future leaseings. At the same time Renor looked into ways to improve the functionality of the premises leased by customers. In the next few years steps will probably be taken to improve the internal logistics of the building, for example with a new main entrance. Renor continued to work closely with the city, to the benefit of both parties, to create cost-effective premises. The premises planned for the youth department will be in quite unique surroundings and will bring fresh dynamism to a fine building.

Zoning of Tikkurilan Silkki is nearing completion. A broad range of usages will help develop Tikkurilan Silkki to meet demand. Building loft apartments is not realistic in the present state of the market, but the plans have not been buried. The premises have been temporarily leased, while Renor looks into different options. One real option is to establish wellbeing activities in the area. The plan will make it possible to have a residential building suitable for senior housing by the shore of the Keravanjoki river; while standard sheltered housing and a home providing a higher level of sheltered accommodation could be located in the B building. Services could then be provided efficiently.

The lease for Karistonkulma in Hämeenlinna was renewed with the Ministry of Justice. A cooling system will be installed in the building during the spring. No major projects are planned at the PMK building in Tampere. The site is in practice fully leased. Retail premises were built and improvements made to the outdoor area at Hämeentie 29 in the Kurvi district of Helsinki.

Wellbeing sector

The ageing of the population creates pressures to develop the service system. The number of over 85 year-olds will double from its present level in the next 30 years. The increase in the number of elderly people and changes in their attitudes and consumer habits will have an impact on the business of local authority and private-sector service providers. In 2007 local authorities accounted for 70.7 per cent of the more than EUR 7 billion total turnover of social services, organizations for 17.3 per cent and private companies for 12.0 per cent.

The wellbeing sector has grown rapidly in the past few years. Various housing services are some of the biggest social service companies, in terms of revenue and number of personnel. The sector is labour-intensive and markets are still fairly local. The largest companies in the sector operate throughout the country, however.

The owner of the property and the service provider are usually different bodies in housing services. Renor aims to combine owning property with providing service. Renor owns several large industrial properties with a rich cultural history around Finland, and new forms of housing and service solutions for elderly people could be developed in these. The properties are located in central areas, close to services and with good transport connections.

Summary of properties

Properties	Location	Leasable area, m ²	Occupancy rate, % of area	Number of lease agreements	Unused building rights, m ²
Asko area	Lahti	126,573	72	183	250,000
Finlayson area	Forssa	84,815	69	80	4,700
Porin Puuvilla	Pori	62,820	63	124	85,500
WSOY building	Porvoo	25,500	85	111	
PMK building	Tampere	17,675	100	110	
Ansatie	Vantaa	11,848	100	1	4,300
Perstorp	Heinola	11,418	99	4	16,400
Tikkurilan Silkki	Vantaa	11,149	58	73	4,000
Porin Askokylä	Pori	6,551	86	14	660
Karistonkulma	Hämeenlinna	4,715	100	1	
Höyläämötie 3	Helsinki	2,988	100	14	
Hämeentie 29	Helsinki	2,212	99	17	
Total		368,264	74	732	365,000

Renor's real estate assets

Renor owns properties in Forssa, Hämeenlinna, Lahti, Pori, Porvoo, the Helsinki metropolitan area and Tampere. In addition Renor owns individual retail and residential properties and land sites that are for sale.

Renor's real estate assets have a total leasable area of 370,000 m² and an occupancy rate of 74%. The properties are offices and retail, industrial and warehouse premises. The property portfolio had a market value at the end of 2008 of EUR 152 million and gives a return of 7% on the market value.

Renor signs fixed-term and indefinite leases. The rent is linked to the cost of living index, and rents are revised once a year in line with the change in the index.

Asko area Lahti

Office, production and warehouse premises 90,000 m²
Occupancy rate 72%
Unused building rights 250,000 m²
Number of customers 174



Renor believes in the success of the Asko area.

Favourable progress was made with leasing activities in the Asko area in Lahti during 2008. The Asko area is Renor's largest site, with a total of 90,000 m² of leased business premises and 174 customers. The property comprises the former Asko and Upo production plants, where industrial activities mainly ceased in the 1990s.

The renaissance of the area has begun, and the site is being developed into a lively business complex. Renor is investing heavily in the area, for its location in the centre of the town and close to the railway station and other transport routes form a solid basis for making a success of the centre for business and other activities. The location of the railway station in the Asko area links it directly to the Helsinki metropolitan area, for passengers can get from Helsinki Central Railway Station to the Asko area in about 45 minutes. Tidying up the area and making it attractive is important for Renor. The industrial milieu lay vacant after the factories closed down, and it will take much effort to restore it to its former standing in the eyes of the general public. The area is linked to the lives of most of the inhabitants of Lahti, for at one time the Asko and Upo factories employed thousands of people. The time of lying idle is over and Renor aims to create a lively, modern complex for businesses and administrative, cultural and wellbeing services. Interest in the area is growing all the time and the number of new activities has grown considerably year by year.

New customers in new premises

Renor has built about 4,000 m² of completely refurbished premises with cooling for customers, virtually the equivalent of a complete office building. During the year an accounting firm, a software company, engineering companies and the Häme occupational health and safety office have moved into the Asko area. More than 1,400 m² of office, with loft area, was designed for the accountants Tilikeskus, in the more than six metre high space called the 'Church'.

A large tyre depot obtained functional premises of 14,000 m². Taking advantage of the proximity of the tyre depot, a motorcycle repair shop and store opened up in the autumn in the Foundry, with more than 1,100 m² of premises.

Major investments while respecting traditions

Renor is investing altogether EUR 7 million in tenant improvements and repairs and in tidying up the area and giving it a facelift.

A parking area for 400 cars, with heated spaces for 300, has been completed and is in active use. The new direct rail link to Helsinki makes the Asko area even more attractive. In future travellers will be able to walk in the dry from the railway station to the area, once the covered pedestrian walkway is finished. Students from the Lahti Institute of Design did their course projects on linking the Asko area to the railway and on renovating the outdoor areas, the facade facing the railway and the main entrance.



"The Asko area is in an excellent location. Its history can be seen in the buildings and is present in people's minds. We have obtained many new customers and improvements have taken place in the surroundings. There is still much to be done, but we're moving in the right direction," says **Timo Väisänen**, property manager for the Asko area.

Asko area Lahti

Renor has the vision of making the Asko area, located in the centre of Lahti and linked to the railway station, an integral part of the Helsinki metropolitan area.

Work on improving the yard areas goes on all the time, for example the old power station has been pulled down. The whole area is becoming increasingly smart and attractive as progress is made with the renovations. The work on restoring the yard areas may slow down if the economic situation remains unstable.

The renovations have been carried out respecting the history of the Asko area and always bearing in mind its industrial past. The guiding principle for the architects has been to retain what is old and to let history be visible. The renovated entrance to the B stairway in the Asko 2 building has old photographs showing what went on in the furniture and domestic appliance factories. The antique brick walls and the steel sheets on the floor for the forklift trucks remind the visitor of the history of the property. The stairways and lifts have been renovated, retaining and restoring the old fabric.

The massive refurbishment of the facade of the Foundry building is one of the biggest carried out in Lahti in 2008. Renor installed new cladding and extra insulation on some 5,000 m² of outer wall, recoated the base of walls, and built several hundred metres of new eaves structures. The loading bay area was renewed and the branch railway line to the area was taken into use again.

Examining methods to save energy

Sustainable development solutions are important for Renor. At present it is looking into the use of renewable natural resources in the cooling and heating of buildings. Renor is also considering

utilizing locally generated energy. Renor is continuously examining new processes that will save energy and conserve the environment. On the fourth floor of the Foundry building, 550 m² of new office space have been built and this is cooled using the cold groundwater that rises into the cellar of the building. The electricity needed to run the pumps for the cooling system is obtained from solar panels mounted on the roof of the Foundry. The equipment supplier and partner in this pilot scheme is Uponor Oyj. Renor is looking into the possibility of using the same technology in other buildings in the area. In another aspect of this ecofriendly pilot project, Renor is looking into the possibility of heating the premises with groundwater fed through a heat pump. Since the solution also utilizes solar energy, it can be said to be breaking new ground in saving the environment and energy.

In situ chemical oxidation is an interesting method that is just in a trial stage and is being tested to clean the soil under the Foundry. The objective is to remove the light fuel oil deep in the ground with a chemical process, enabling soil remediation without all the hard work involved in excavating and replacing the soil.

The soil in the Asko area has been studied and remediation of the contaminated soil discovered has been by replacing the soil. During the demolition of the power plant, oily, contaminated concrete and brick was found, and this has been taken for further processing. The Asko area is located in an I-grade groundwater area and the cleanliness of the soil is extremely important.



The new offices of NCC Roads in the Foundry building are cooled using groundwater. Studies are being carried out to apply the same technology to heating.

Porin Puuvilla

Office, production and warehouse premises 63,000 m²

Occupancy rate 63%

Unused building rights 85,500 m²

Number of customers 85



Porin Puuvilla has developed during the 2000s into a vibrant business centre. The centre for shopping, culture and leisure activities planned for the area will add to the attraction of Porin Puuvilla.

Porin Puuvilla (the Pori cotton mill) forms an impressive complex on the banks of the River Kokemäenjoki beside the Pori bridge. Björneborgs Bomullsmanufaktur Aktiebolag – Porin Puuvilla-teollisuus Osakeyhtiö (Pori Cotton Industry Ltd) started operations in 1900, and that is when some of the buildings, important industrial symbols, were built. In its heyday the textile industry employed more than 3,000 people in Pori, and industrial activities continued until the 1990s. Renor began to renovate the old Porin Puuvilla properties after the mills had closed down, and the factory area has become a lively business and educational centre. Good transport connections, modernized business premises and many different businesses and organizations make Porin Puuvilla an attractive, distinctive business environment. At present Porin Puuvilla has 63,000 m² of leasable premises and about 85 customers.

The north side of the City of Pori will grow in importance when the large combined shopping, cultural and entertainment centre planned for the area is completed. The project has received a positive welcome in Pori. The shopping centre is expected to employ 800–1,000 people when completed, and about 80 businesses will obtain premises there. The planned leisure and shopping centre will have up to 50,000 m² of premises.

Dynamic, youthful atmosphere

One organization operating in Porin Puuvilla is the University Consortium, where 3,800 students study. Of these, 1,600 are working on degrees and 2,200 are studying at the Open University or are in further training. There are five universities: the University of Art and Design Helsinki, the Tampere University of Technology, the University of Tampere, the Turku School of Economics and the University of Turku. The centre has 11,000 m² of premises. The City of Pori's education and social services unit, technical service centre, Satakunta museum and Pori Theatre Foundation have obtained storage space in Porin Puuvilla.

The Satakunta region occupational health services moved into 1,200 m² of new premises in February 2009. Six local authorities belong to this public enterprise: Pori, Ulvila, Luvia, Noormarkku, Pomarkku and Merikarvia. Eniro almost doubled the area of its premises when the company leased a further 600 m² of open-plan office space.

The main regional media, the newspaper Satakunnan Kansa, and the city newspaper Porin Sanomat will obtain new premises in Porin Puuvilla. More than 120 employees of the newspaper group will move into the 2,300 m² open-plan premises in summer 2009. This is a major move, for Satakunnan Kansa has operated for more than 100 years in Valtakatu street on the other side of the River Kokemäenjoki. Satakunnan Kirjateollisuus Oy, which publishes the newspapers, is a business unit of Alma Media Corporation. The move of the main newspaper to the historical Porin Puuvilla property raises the visible profile of the whole property and will arouse further interest in the area.

In addition to the City of Pori and the University Consortium, representatives of different sectors have found business premises in Porin Puuvilla. The regional council, engineering offices, various professions such as sheet iron workers and carpenters, furniture manufacturers, beauty and health care services, property maintenance, accounting companies, consultants, IT companies and a dancing school all function in the area. The size of the premises varies from just a few square metres to premises with several thousand square metres of space. Cultural services such as the office of Pori Jazz, restaurants and coffee bars add to the attractions of the area. The area even has its own coffee roasting plant.

Doing up the area is an ongoing process and requires financial investments that do not generate immediate visible returns. Architecturally the most valuable buildings are the Old Weaving Mill and the Head Office.



"It is encouraging to see that the long-term work to raise the image of Pori and Porin Puuvilla has brought results. During the year a large number of new customers have chosen Porin Puuvilla for their business environment.

The largest of these are the newspaper Satakunnan Kansa and the Satakunta Occupational Health public enterprise," says **Kalevi Halminen**, property manager at Porin Puuvilla.

Finlayson area Forssa

Office, production and warehouse premises 85,000 m²

Occupancy rate 69%

Unused building rights 4,700 m²

Number of customers 84



The Old Weaving Mill in the Finlayson area forms a very good location for a wide range of wellbeing activities.

The Finlayson area is located in a central place in Forssa beside the natural beauty of the Loimijoki river. The area comprises several red brick buildings that were part of Finlayson's textile manufacturing operations. Architecturally, the most important of these is the Old Weaving Mill (1857), designed by the architect Georg Theodor Policron von Chiewitz. The site covers about 18 hectares and has altogether 85,000 square metres of leasable space and 84 customers.

The size of the premises in the Finlayson area varies from more than 33,000 square metre factory buildings to small office premises. Customers include an accounting office, Finlayson's factory store, a luncheon restaurant, an advertising agency, electrical contractors and a jewellery studio. The Old Weaving Mill has gradually grown into a centre for health care and wellbeing services. The building now houses a care home, a medical clinic, a dental surgery, an occupational health clinic, a physiotherapist's and a keep-fit centre. The luncheon restaurant serves people working in the area and the care home.

Retail complex in the Finlayson area

The Prisma shopping centre being built nearby will give a boost to the Finlayson area. Due for completion in 2010, Prisma is being built on the site of the now discontinued Forssan Saha (Forssa sawmill). Together with the existing Citymarket store and the Tarojoustalo store that opened at the beginning of 2008, Prisma will form a commercial complex offering a wide range of stores and services. The cost estimate for the project is more than EUR 30 million, and when completed the department store and the 15–20 other stores will provide about 150 jobs. Prisma will have a sales area of 12,000 square metres. The project is a shot in the arm for the Finlayson area, where the well maintained brick

buildings offer elegant business premises for many different companies. There would still be space in the area for a logistics centre requiring effective transport connections, an extensive yard area and high buildings.

Hoivakoti Pumpuli – care home business in full swing

A major event in 2008 was the opening of the Hoivakoti Pumpuli care home in the Old Weaving Mill at the beginning of October. The care home has 16 residential places with a higher level of sheltered accommodation and eight daycare places. The daycare facilities provide support especially for care giving relatives. The care home takes in not just permanent residents but also patients as they recuperate from surgery. The care home started up its business straight away and by the end of the year more than half of the residential places had been taken. Hoivakoti Pumpuli has a staff of 13, including three nurses, one physiotherapist, seven auxiliary nurses and two cleaning staff. Meal services are purchased from the personnel restaurant in the area. The care home occupies 720 square metres.

At the moment Renor is looking into the possibility of building senior apartments in the same building, for it is possible to build two-room apartments for independent living in the Old Weaving Mill. Residents would benefit from the proximity of the Hoivakoti Pumpuli care home and could purchase services from there where necessary.

The spacious halls of the Old Weaving Mill are very suitable for converting into apartments, since the room height of more than five metres and the large windows fill the rooms with light. The more than 100 year old brick walls and the beautiful details speak of Finnish building skills.



"The long traditions of the Finlayson area, the imposing setting and the unique surroundings make this an interesting and challenging place to work," says **Hannu Reko**, property manager for the Finlayson area. The Finlayson area has been like a second home for him for almost 40 years. Bringing different basic premises up to standard so they can be marketed requires a detailed knowledge of the building portfolio, which Hannu Reko possesses.

WSOYTALO Porvoo

Office, production and warehouse premises 25,500 m²

Occupancy rate 85%

Unused building rights 1,700 m²

Number of customers 111



The WSOY building, located in the heart of Porvoo and occupying a complete block, has developed into a lively business centre.

The WSOY building is an important historical and cultural landmark for the people of Porvoo; at one time the famous Iris factory functioned on the property. The Iris factory, which was established by Louis Sparre and made ceramics and furniture, is considered one of the pioneers in Finnish design. These traditions were picked up by Werner Söderström Oy, when the company moved its printing operations into the same building at the start of the 1900s. Over the years the WSOY building expanded to occupy the entire block and today it provides premises for more than 110 clients, representing culture, wellbeing, youth activities, educational institutions, printing and a variety of businesses. The building has altogether 25,500 m² of leasable premises.

Wide range of clients

The location and the premises it offers make the WSOY building popular among businesses and other organizations, and its history gives the property a significant standing in Porvoo. WSOY celebrated its 130th anniversary in 2008, and an important role in its history is played by the building where everything began. Today, the property houses the WSOY book archive, which contains more than 300,000 books and occupies more than 1,200 square metres. WSOY's customer service and sales ledger department also function in the WSOY building, and the publisher has its own bookshop at street level.

The public sector has located several functions in the WSOY building. During 2008 many new clients moved in. Porvoo Regional Music College obtained more than 2,000 m² of renovated premises. The "Do it" wood and metal workshops supporting youth employment function in the building, giving 17–24 year-olds the opportunity to learn the basics about wood and metal

working and machining methods. Klubitalo (clubhouse) provides support and activities for those in mental health rehabilitation. The Service Centre run by the Porvoo Regional Employment Service looks for solutions to long-term unemployment. The Defence Forces' service desk in the WSOY building looks after matters concerning those in national service from the Itä-Uusimaa region. Some 220 m² of attractive premises were renovated for a family clinic. Cinemas and restaurants as well as beauty treatment, care and keep fit services are a visible element in the activities on the property. The WSOY building contains many small offices, which have quite a high turnover rate.

Investments

Renor invested some EUR 820,000 in repairing and renovating the premises in 2008. The year was extremely busy because of various building projects. The air conditioning and cooling systems were replaced and this gave energy savings. New windows were put in. The property automation system was modernized. The pavement in Kaivokatu street was asphalted and the rainwater system and drains were replaced at the same time.

Parking is a serious problem in Porvoo, and the WSOY building has participated in surveys to identify possible solutions. One option is a multi-storey parking building, which would be built partly on the adjacent piece of land in Papinkatu street which is owned by Renor. It is also possible to build parking places in the inner courtyard of the WSOY building and underground. One solution would be to participate in the construction of parking facilities and an air shelter that would be excavated in the rock close to the property.



"With its great variety and buildings built at different periods, the WSOY building offers outstanding potential for further development. However, the depth of the frame required for the original industrial activities make it more difficult to implement development schemes," says **Pekka Kunnas**, property manager for the WSOY building.

PMK BUILDING Tampere

Office, production and warehouse premises 17,500 m²

Occupancy rate 100%

Number of customers 115



The PMK building recalls the golden age of the textile industry and is part of the common heritage shared by the people of Tampere.

The PMK building in the Tammela district of Tampere has about 17,500 m² of leasable premises and 115 customers. The property is fully leased. The customers represent different sectors and include the largest veterinary surgery in Tampere, a keep fit gym, offices, a handicrafts school, a printing press, various stores, artisan studios and warehouses. The wide range of different businesses means that tenants can profit from synergy benefits. Businesses can find services they need in the same building, whether they need a printer or maintenance or IT services. Extensive parking facilities and ease of access make it a popular location. The central location some 250 metres from the railway station reduces traffic emissions.

In April 2008 an exact replica of the original PMK illuminated sign was restored to the roof of the PMK building, after an absence of 20 years. Renor wishes to recall the long history of the building and the cotton industry that was so important to the city of Tampere. Tampere is an important area for Renor and the company is constantly looking for suitable prospective investments in the area.

PMK building is linked to Tampere's industrial history

The building was built in 1938 as the sales office and central warehouse for the cotton mills. PMK, the sales office of the Finnish Cotton Mills, functioned in the period 1938–80. It was established as a central office for marketing the products of five Finnish cotton mills. The mills agreed on common principles for quality and pricing and on being included in the PMK collections. PMK then sold the ready fabrics on behalf of the mills as its own collection. PMK marketed cotton products for more than 40 years and became a popular Finnish brand.

Jarl Eklund designed the red brick 8-storey central warehouse. Railway lines ran into the building and products could be loaded straight onto the trains. The materials were largely processed by hand, and so the height of the rooms was lower than normal. This places some restrictions on reusing the premises. The sales office ceased operations in the 1980s, but the PMK building quickly found new occupants. Today the PMK building is a modern commercial, store and office building, that has however retained its original atmosphere. Its architecture and position in the cityscape make it part of Tampere's cultural landscape.



"The central location, sufficient parking places and excellent transport connections make the PMK building a popular property. It is fully leased and the customer companies represent a wide range of sectors. Conditions will become even better when Ratapihankatu street is built," says **Arto Nieminen**, property manager for PMK building.

Karistonkulma, Hämeenlinna

Office, production and warehouse premises 4,700 m²
Occupancy rate 100%
Number of customers 1



Renor purchased the Karistonkulma office property in the centre of Hämeenlinna on the shore of Lake Vanajavesi in 2007.

The Ministry of Justice has leased all the property built for the Kustannusliike Karisto publishing house in 1928 as well as the new part of the building built in the 1990s. The building has a leasable area of about 4,700 m². The Hämeenlinna district court and the Kanta-Häme enforcement authority are located in the older part of the building and the Hämeenlinna administrative court in the newer. The office area has room for about 70 people to work and there are four courtrooms. A cooling system will be installed in all the rooms in the building in spring 2009, which will cost about EUR 600,000.

Hämeenlinna region attractive for investments

Renor considers the Hämeenlinna region an attractive area for investments, in part because of its geographical location. Hämeenlinna also has a key position in government. The district and administrative courts operating in Karistonkulma handle cases concerning the residents of the Kanta-Häme, Pirkanmaa and Central Finland districts. The people working in the building can take advantage of the public transport connections to get to work, which helps reduce emissions from the use of private cars. Hämeenlinna is one of Renor's priority areas and the company

aims to increase its property assets in the city. With its excellent location, Karistonkulma is Renor's first property investment in Hämeenlinna.

Karistonkulma is closely linked to Finnish cultural history

Karistonkulma was built in May 1928, at a time when a recession began in Finland. In the midst of a publishing crisis, it was necessary to cut back printing output but Arvi A Karisto Osakeyhtiö (nowadays called Karisto Oy) maintained its position as the third largest Finnish publishing company. In the 1920s Karisto's literature department discovered the Tarzan books by Edgar Rice Burroughs, and they were an enormous success. Altogether 320,000 copies of 10 books were sold. In the 1930s Karisto set up the Finnish national book club and acquired new fiction for the club. The book club introduced readers to new European literature in translation. The "Ryhmy ja Romppainen" novels written by Armas J Pulla, classified as war adventures, were also extremely popular. Although Karisto has moved its publishing business away from Karistonkulma, the building is closely connected to Finnish cultural history.



"The central location of Karistonkulma makes it easier to visit the court house and reduces the emissions caused by traffic. In spring 2009 the cooling system for the whole building will be completed, which will further improve working conditions in the building," says **Arto Nieminen**, property manager at Karistonkulma.

Tikkurilan silkki

Office, production and warehouse premises 11,000 m²
Occupancy rate 58%
Unused building rights 4,000 m²
Number of customers 67



The Tikkurilan Silkki mill area was built in three stages over the period 1934–1965.

Tikkurilan Silkki (the old silk mill) owned by Renor is located right in the centre of Tikkurila, in an area bordered by Tikkurilantie road, Kielotie road and the River Keravanjoki. The site consists mainly of a light industrial property with 67 client-tenants. The property contains 11,000 m² of leasable premises.

At the moment the clients are a day nursery, theatre, flea market, service company, barber's, martial arts centre, dancing school, physiotherapist, various studios and workshops, small office premises and storerooms. The premises are in constant demand. The site is unique in the Helsinki metropolitan area, for red brick industrial environments have usually had to make way for housing. In Tikkurila, companies have an opportunity to design distinctive premises for themselves by the riverside, in cultural surroundings that have an interesting history and are in a central location. The protected buildings require complete refurbishing, since some of the foundations have sunk. It is planned to continue with the present concept, however, until the decision about the final usage of the property is made. Once this has been confirmed, it will be possible to start developing the customer structure. New residential accommodation may be planned near the River Keravanjoki, and some of the new buildings may be designated for service housing for young or old people. Some of the premises can be offered for services supporting different forms of activities.

Vantaa wishes to protect most of the old industrial properties at Tikkurilan Silkki, for the site contains several buildings of cultural and historical importance. Renor has carried out a survey of the foundations, the load-bearing capacities of the structures, and the condition of the buildings. A study has also been made

of the levels of possible harmful substances in the structures and soil resulting from the industrial processes.

Thanks to its excellent location, Tikkurilan Silkki has development potential, but the technical condition of the buildings makes it a financial challenge. Much of the property has to be totally refurbished. Some of the buildings must be pulled down and approximately 5,000 m² of new premises can be built to replace them. Restoring the outdoor areas to their park-like status requires a common plan. In its visions for the area Renor has considered different usages. It would be possible to build loft apartments, offices, a hotel or a care home there. The central location and good connections by road and rail increase the attraction of the area.

The Tikkurilan Silkki mill area was built in three stages over the period 1934–1965. Tikkurilan Silkki ceased its manufacturing operations in 1977 and the vacated premises were leased out to companies in different sectors. Tikkurilan Silkki, originally called Suomen Silkkiteollisuus Oy (the Finnish Silk Industry), was established in 1933 and represented a new textile industry sector in Finland, which was based on the use of cellulose artificial fibre yarn. Demand for 'artificial silk', in other words rayon, and products developed from this grew strongly during the 1930s. The mill, which despite its name only ever used artificial fibre in its production, produced fashion, lining and curtain fabrics and later made flag fabrics and ready garments. In 1934 the mill started to move in phases from Sörmäinen in Helsinki to Tikkurila, which had good transport connections, the water needed in dyeing, and the young work force of a growing economic region.

Tikkurilan Silkki's new zoning plan was approved by Vantaa City council on 2 March 2009.



"Tikkurilan Silkki's central location and its authentic factory milieu make it a popular, and rare, property. The poor condition of the protected buildings does require a considerable financial investment. Tikkurilan Silkki has plenty of development potential, and the historical area offers a wealth of opportunities," says **Hanna Nurminen**, property manager for Tikkurilan Silkki.

Board of Directors and owners

Renor's Board of Directors has seven members: Heikki Hyppönen (chairman), Niilo Pellonmaa (deputy chairman) and Hannu Katajamäki, Timo Kokkila, Kari Kolu, Jyrki Ojanen and Jarmo Rytilahti.

Heikki Hyppönen, Niilo Pellonmaa, Hannu Katajamäki, Ilpo Kokkila, Kari Kolu, Jyrki Ojanen and Jarmo Rytilahti own 89.5 per cent of Renor's shares through their companies. Janne Larma owns the remaining 10.5 per cent through his company.

Renor's Board of Directors



Heikki Hyppönen,
Chairman

Niilo Pellonmaa,
Deputy Chairman

Hannu Katajamäki

Timo Kokkila



Kari Kolu

Jyrki Ojanen

Jarmo Rytilahti

Personnel and management

At the end of 2008 Renor employed 38 people (2007: 36) and the average number of personnel during 2008 was 41 (38). The company had 10 (9) women employees and 28 (27) men. The average age of personnel was 50 (50) years and the average length of employment was 19.8 (19.5) years. Two new employees joined Renor during 2008.

Renor places great emphasis on local knowhow and ownership with a face, and the company's own personnel play a key role in these. Renor has six offices and each office has a head of real estate, between one and three maintenance persons, and a property assistant who are locally responsible for properties. The heads of real estate have a broad job description: they are responsible for leasing property, and for its maintenance and development. Renor has personnel in Group administration working in Helsinki, Lahti and Tampere in development and marketing, in financial and human resources management, and in senior management.

Group administration



Kari Kolu,
President and CEO

Hannu Katajamäki,
Executive Vice President

Orvo Laine,
Executive Vice President,
Senior Vice President,
Administration

Pekka Dunder,
Senior Vice President,
Marketing



Mika Hartikka,
Vice President, Finance

Heini Lehtoranta,
Senior Vice President,
Wellbeing Sector

Jarkko Leinonen,
Senior Vice President,
Property Development

Property

Forssa

Hannu Reko, Property Manager
Sinikka Ajanko, Property Assistant

Hämeenlinna

Arto Nieminen, Property Manager
Kaarina Yläraakkola, Property Assistant

Lahti

Timo Väisänen, Property Manager
Kaarina Yläraakkola, Property Assistant

Pori

Kalevi Halminen, Property Manager
Birgit Kynäslähti, Property Assistant

Porvoo

Pekka Kunnas, Property Manager
Sinikka Ajanko, Property Assistant

Tampere

Arto Nieminen, Property Manager
Kaarina Yläraakkola, Property Assistant

Vantaa

Hanna Nurminen, Property Manager
Kaarina Yläraakkola, Property Assistant

Renor Ltd 2008 summary

EUR 1,000

Consolidated income statement	I Jan.–31 Dec. 2008	I Jan.–31 Dec. 2007
Rental income	19,847	18,568
Property expenses	–9,773	–8,596
Net operating income	10,074	9,972
Depreciation and amortization	–3,095	–3,800
Administrative expenses	–1,806	–1,798
Profit from disposal of properties	1,467	5,428
Loss from disposal of properties	0	–233
Operating profit	6,640	9,569
Financial expenses	–2,615	–2,235
Profit before taxes	4,025	7,334
Income taxes	–1,049	–2,081
Profit for period	2,976	5,253
Consolidated balance sheet	31 Dec. 2008	31 Dec. 2007
Investment properties	95,289	85,979
Receivables	1,544	1,125
Cash and cash equivalents	337	1,100
Total assets	97,170	88,204
Share capital	23,546	24,040
Minority interest	368	368
Non-current liabilities	63,044	56,753
Current liabilities	10,212	7,043
Total shareholders' equity and liabilities	97,170	88,204
Interest-bearing debt, total	67,749	57,988
Consolidated cash flow statement	I Jan.–31 Dec. 2008	I Jan.–31 Dec. 2007
Cash flow from operating activities before financial items	8,211	7,946
Net financial items	–2,853	–2,339
Taxes paid/received	–819	–7,108
Net cash from operating activities	4,539	–1,501
Investments in properties	–13,909	–12,053
Proceeds from disposal of properties and investments	2,315	7,538
Net cash from investing activities	–11,594	–4,515
Cash flow from financing activities	6,292	–2,932
Cash flow	–763	–8,948



History

Renor Oy's properties have played a key role in the history of industrialization in Finland. Renor has carried out its business idea at all the sites, and areas that are important in the cityscape are being revitalized with new activities and people. The process of change is mainly just beginning and will demand time and money.

The Old Weaving Mill is of cultural and historical value and was built in Forssa to the design of the English architect Edward Potts in 1878. The 'new' automated weaving mill, designed by Bertel Strömmer, was built in 1951.

Gustav Efraim Ramberg established Porin Puuvillatehdas (Pori Cotton Mill) in 1898. In Pori, buildings defined as being of cultural and architectural value are the old spinning mill and the weaving mill, and the head office and housing built in the 1930s.

Aukusti Avonius started to mass produce furniture in Lahti in 1918 and over the years production expanded into domestic appliances. The Asko area comprises 40 hectares of land and several factory complexes.

The most modern printing press in the Nordic countries operated at one time in the WSOY building. Karistonkulma in Hämeenlinna is an outstanding example of 1920s architecture.

Tikkurilan Silkki's unique factory milieu in the heart of busy Tikkurila was built in three phases between 1934 and 1965.

The output from six textile mills was stored in the PMK building in Tampere, built in 1932. PMK became a popular brand of cotton patterns, under which the products of different mills were marketed. This monopoly ended in 1975.

- 1930 Forssa cotton industry merges with Oy Finlayson Ab
- 1973 Porin Puuvilla merges with Finlayson
- 1985 Asko acquires most of Finlayson
- 1999 Oy Uponor Ab merges with Asko Oyj. The name is changed to Uponor Oyj.
- 2000 Uponor establishes Asko Kiinteistöt Oy
Pori University Consortium begins in the Porin Puuvilla area
- 2001 Asko Kiinteistöt changes its name to Renor Oy
- 2004 Nine Finnish investors acquire Renor from Uponor
- 2005 Renor acquires the WSOY building in Porvoo
- 2007 Renor acquires Karistonkulma Oy in Hämeenlinna
- 2008 General plan completed, permitting a shopping centre with up to 50,000 m² in Porin Puuvilla.
The care home Hoivakoti Pumpuli, in which Renor is a minor shareholder, started operations in the Finlayson area.

Photos: Juha Tanhua
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