

Renor

ANNUAL REVIEW

2013

Renor in figures

MARKET VALUE OF
PROPERTY ASSETS

MEUR168

UNUSED BUILDING RIGHTS

320,000 m²

RETURN ON MARKET VALUE

7 %

NUMBER OF PERSONNEL

34

LEASABLE AREA

338,000 m²

CONTENTS

- 3 From the CEO
- 5 Property assets
 - 6 Asko area, Lahti
 - 9 Puuvilla and Shopping Centre Puuvilla, Pori
 - 12 Forssa, Porvoo, Tampere and Hämeenlinna
 - 13 Helsinki and Vantaa
- 14 Board of Directors and owners
- 15 Management team and personnel
- 16 Consolidated income statement and balance sheet
- 17 Key figures

Renor Ltd

Renor is a Finnish real estate development and investment company that develops and implements solutions for its clients' needs of business premises in properties that deserve a new life cycle. Our historical real estate properties are located very near downtown districts. Our best known properties include the Asko area in Lahti, the Puuvilla district

in Pori, the Finlayson area in Forssa, the WSOY building in Porvoo, the PMK building in Tampere, Karistonskulma in Hämeenlinna, and Tikkurilan Silkki in Vantaa. In addition, we own occasional properties and lots elsewhere. Our vision is to be the most reliable partner to our clients of business premises and a professional provider of services.

Renor



” Sustainable development, energy efficiency and ecology are increasingly appreciated in the society, which changes the behaviour of both individuals and companies. This, we believe, offers plenty of unused potential.”

Timo Valtonen, CEO

Year 2013 • From the CEO

Renor made a good result despite the difficult economic situation

Renor's strategic choice to focus on developing existing properties in growing urban environments turned out to be profitable. The actual net return of Renor's properties remained good.

Important events of the year 2013 include the progress of Renor's central development projects, such as Shopping Centre Puuvilla and the Asko area. Puuvilla's construction reached its ridge height. We continued to plan the Asko area based on the results of the architectural competition arranged for the track side area of Lahti in 2012. Together with the City of Lahti, we further specified the objectives of regional planning, and clinic-style work with RAKLI (The Finnish Association of Building Owners and Construction Clients) created a fine starting point for the cooperation of various disciplines.

Over the year, our operational environment became increasingly challenging, and the demand on the lease market decreased. Despite this, Renor's revenue and result turned out better than targeted. A significant reason for this was investing in lease sales and customer relationship management. For example, we arranged sales training for the whole personnel. Active local operations brought results, and we succeeded in leasing. The most important lease contract was signed with Indoor Group on 44,000 m² of logistics and production facilities in Koy Lahden Teollisuuskeskus (Real Estate Company Industrial Centre of Lahti). Leasing was preceded

by a contract with which Renor acquired the shares of Koy Lahden Teollisuuskeskus owned by Indoor Group. As a result of this deal Renor now owns all of the real estate company. Another significant leaseholder and operator of business premises in the property is TS Log Oy with which Renor signed a lease that covers approximately 10,000 m² of logistics space.

In general, the leasing of business premises was perhaps more challenging in 2013 than ever before during the 21st century. Despite this situation, the leasing of Shopping Centre Puuvilla has progressed as expected. This means that the basic plan of the shopping centre is good. The centre is of interest to the users, and operators can see its potential.

Interest rates have been low for a long time, which keeps the financial costs down. The general economic situation and the market within the property business do not, however, support growth or an increasing demand for leasing and real estate investment. We review and analyse changes in our operational environment and aim to respond to them quickly.

Our operational environment will remain the same in 2014. Forecasts about recession or a long

period of slow growth seem to actualize, and the demand for business premises is not believed to quickly turn for the better. Renor, however, has good possibilities to keep succeeding in the future and to flexibly provide services to its clients in variable conditions. Our strategic choice to focus on existing properties and developing them has proved fruitful. Sustainable development, energy efficiency and ecology are increasingly appreciated in the society, which also changes the behaviour of both individuals and companies. This, we believe, offers plenty of unused potential.

I would like to thank our clients and partners for their cooperation and trust on Renor. I would also like to thank the personnel of Renor for their excellent work and adjustment to the changes in our operational environment. Moreover, my warm thanks go the owners of the company for their fluent cooperation. Our work to develop an attractive and sustainable built environment continues.

Timo Valtonen
CEO



Renor is the leading redeveloper of historical industrial properties and areas in Finland. Our objective is to creatively and open-mindedly redevelop our properties and thus maintain a sustainable and attractive built cultural environment.

Year 2013 • Property assets



Stronger business concentration in the Asko area

The Asko area is the largest of Renor's properties measured by surface area. Located next to the Lahti railway station and the city centre, the Asko area is part of Radanvarsi, the track-side district that will be the most important region of development in the city for the next ten years. The objective is to make the area part of the Lahti city centre and a competitive alternative to the metropolitan area.

The Asko area will strongly develop during the next few years, but it is already a vibrant concentration of businesses. The area houses about 250 companies and communities that employ approximately 2,000 persons. There are six development projects in the area: Asko 1, Valimo (Foundry), Upo 2, Asko 2, Asko 3 and Liesitehdas (Stove Factory).

Tori, a market square with a high glass ceiling, was completed in the Asko 2 property in 2013. It has been built to function as a meeting and event facility for the building's users and to combine the core functions of restaurants, meeting rooms and services. At the same time, 5,000 m² were renovated for office use in Asko 2. Put together, these two projects formed one of the biggest construction initiatives in Lahti.

Another important project was the expansion of a cold water plant that utilizes the area's ground water

resources in Asko 2's renovated facilities. Ground water cools 8,500 m² of office and production space. The cooling system helps reduce electricity consumption 30–50 per cent compared to other air-conditioned facilities.

Both storage and office space leasing increased in the Asko area in 2013. Approximately 3,000 m² of office and meeting facilities were renovated for the use of Andritz Oy in the Asko 2 property. Renor acquired about 48 per cent of the shares of Koy Lahden Teollisuuskeskus (Real Estate Company Industrial Centre of Lahti) owned by Indoor Group. As a result of this deal Renor now owns all of the real estate company. Indoor Group continues its operations in the premises. Renor signed a lease contract with Indoor Group on 44,000 m² of logistics and production facilities in Koy Lahden Teollisuuskeskus. Renor also signed a lease with TS Log Oy that

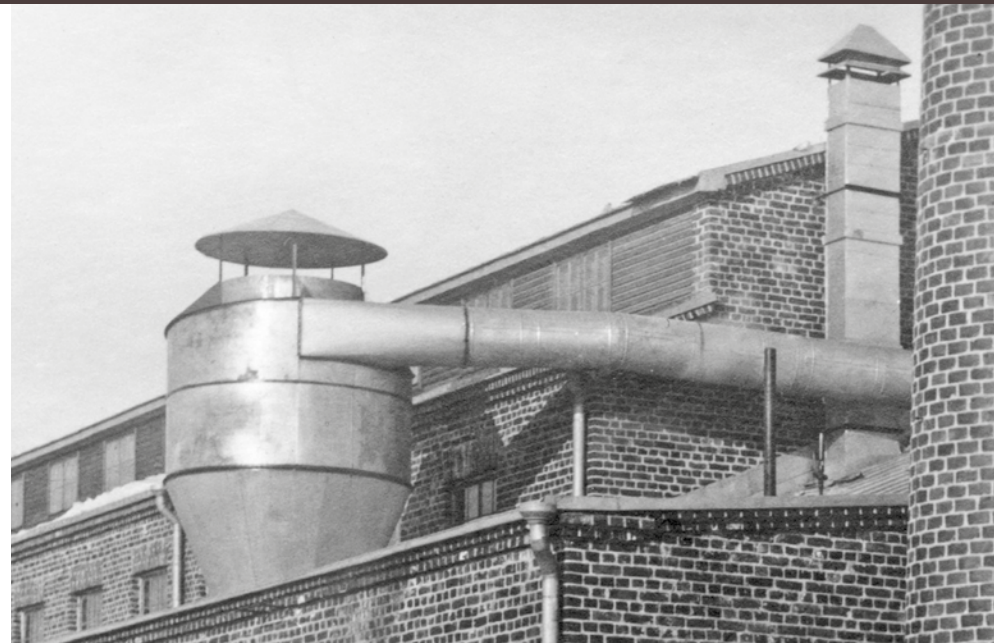


covers approximately 10,000 m² of logistics space. Koy Lahden Teollisuuskeskus has formed into a hub of furniture logistics.

Planning of the Asko area proceeded. Renor agreed to continue the planning of the Asko area in cooperation with AJAK Architects Ltd who won the Lahti track-side area architectural competition. Lahti track-side clinic was organized by RAKLI in the autumn of 2013. The clinic was ordered by the City of Lahti and Renor, in addition to which the work was participated by Lahti Region Development LADEC Ltd, the Finnish Transport Agency, the Centre for Economic Development, Transport and the Environment of Uusimaa, and the VR Group. The objective was to form a shared vision of the aims and methods of developing the track-side district of the Lahti centre.

In 2013

- Meeting and event facility Tori was completed in Asko 2.
- The cold-water plant that utilizes groundwater expanded.
- Renor bought 48% of Koy Lahden Teollisuuskeskus's shares and now owns all of the property.
- The RAKLI clinic visioned the future of the track-side district of Lahti.
- Renor agreed to continue the planning of the Asko area in cooperation with AJAK Architects.



Central part of Lahti's history

Carpenter Aukusti Avonius founded Lahden Puuseppätehdas (the Carpentry Factory of Lahti) and started mass production of furniture in Lahti in 1918. The company later became the Asko Corporation and Lahti the center of Finnish industrial carpentry and furniture. Over the years, production expanded to include household appliances, and the company was one of the biggest employers in the region, employing at best 5,500 persons.

Factory operations declined at the turn of the 21st century, after which Renor has developed the area with more than 50 million euro, creating a realm of modern office facilities. More than 8,000 m³ of soil has been cleaned, a thousand or so parking spaces built, and 37,000 m² of empty industrial warehouse space has been renovated to function as business premises.



Radanvarsi becomes an energy-efficient city district

Renor develops the Asko area as part of the town-planning of Radanvarsi, the track-side district of Lahti. The track-side is planned to become a dense, energy-efficient and urban district that will attract those looking for business space and homes. The development project will proceed into town-planning phase during 2014.

Radanvarsi is a 53-hectare area next to the city centre of Lahti, between highway 12 and the railroad. Renor is the biggest single property developer in this track-side district.

The planning of the district creates a new operational culture which will deepen the cooperation between the municipality, government, and private stakeholders. In addition to the City of Lahti and Renor, the development is participated by RAKLI, Lahti Regional Development LADEC, the Finnish Transport Agency, the ELY Centre of Uusimaa, and VR.

Track-side area planning has been continued based on an architectural competition organized in 2012. AJAK Architects Ltd won the competition with their suggestion named Green Crocodile.

In the plan, the Asko area consists of 14 blocks where people live and work in an urban environment. Homeliness is created by courtyards and garden lots, among other things.

"It is rare for this kind of a unified, undeveloped land site to exist in the heart of a city."

Report of RAKLI development clinic's results

Asko area Lahti

ASKO AREA

31 hectare

UNUSED BUILDING RIGHTS

250 000 m²

OFFICE, PRODUCTION
AND WAREHOUSE PREMISES

ca. **169,000 m²**

OCCUPANCY RATE

68 %

NUMBER OF CLIENTS

278

Puuvilla construction proceeded

Puuvilla has developed into the largest business, education and leisure centre in the Satakunta region that is now complemented with the largest shopping centre in the province. Shopping Centre Puuvilla is a property owned jointly by Renor and Ilmarinen, with equal holdings.

Renor began planning a shopping centre for the Puuvilla cotton mill area as early as 2006. The town master plan confirmed in 2008 enabled proceeding with the project, and construction began in 2012. Along with the shopping centre, the Puuvilla area will form into a versatile city district.

The total investment in the construction project is ca. EUR 130 million. At best, the construction of the shopping centre employs 300 persons, and after completion, it will create 700–800 new jobs.

The objective is to open the shopping centre for Christmas sales in 2014. After completion, the shopping centre will encompass ca. 43,000 m² of leasable area. The purchasing power of the 230,000 inhabitants of the Satakunta catchment area creates good conditions for the success of the shopping centre.

Contracted by Skanska, Shopping Centre Puuvilla was one of the biggest building projects in Finland

last year. Construction that began in the end of 2012 progressed as planned in 2013. The foundation of Shopping Centre Puuvilla was cast in March, and the building rose to ridge height in the autumn. An open-doors event was organized on the construction site of Puuvilla that gathered plenty of Satakunta people interested in the shopping centre.

Pasi Välimaa was appointed as the shopping centre director as well as the property business director of the whole Porin Puuvilla area, and Juha Veistonen was appointed as the technical manager of the properties in the whole Puuvilla area.

In the autumn of 2013, Shopping Centre Puuvilla received the Tekla BIM Award for being the best building information modeling project in Finland, and in the beginning of 2014, for being the best in the world in its category. Puuvilla is one of the first projects of its scale in Finland to involve an excep-



tionally large group of project participants working with building information modeling. In addition to daily supervision, building information models have been used to test spatial solutions and routes.

Porin Puuvilla Ltd explored the possibilities of locating a multifunctional arena for 7,000 spectators in Puuvilla as well as its business concept and profitability. The project will not be continued until further notice



Significant area in view of cultural history

Gustav Efraim Ramberg established the Porin Puuvillatehdas (Pori cotton mill) in 1898. The old spinning mill, the weaving mill, and the head office and residential buildings built in the 1930s are of cultural and historical importance. Finlayson acquired Porin Puuvilla in 1973. Asko Group became the owner of Finlayson in the 1980s, and later Renor became the owner of the property. Finlayson's factory operations ended in 1994. A major step in the development of the area was when the University Consortium of Pori moved into the property in 1999.

Old industrial architecture is made use of in the construction of the shopping centre: approximately 15,000 m² on three floors are renovated into business premises as part of the construction project.

In 2013

- The foundation stone of Shopping Centre Puuvilla was cast in March 2013.
- Pasi Välimaa was appointed as the shopping centre director as well as the property business director of the whole Porin Puuvilla area, and Juha Veistonen was appointed as the technical manager of the properties in the whole Puuvilla area.
- An open-doors event was organized on the construction site of Puuvilla.
- Shopping Centre Puuvilla received the Tekla BIM Award for being the best building information modeling project in Finland.



The objectives set for leasing were achieved

Shopping Centre Puuvilla will house the premises of approximately 90 to 100 stores. A versatile shopping area specialized in fashion and leisure will be formed along the glass-covered gallery aisle, paced by smaller specialty shops. The selection will include interior design and home supplies.

The shopping centre will house stores like K-citymarket, H&M, Lindex, Bik Bok, New Yorker, Aleksi 13, Halonen, Hemtex, Indiska and Clas Ohlson. Puuvilla will become a strong concentration of sports stores, as it will offer premises for brands like Budget Sport, Stadium, Top Sport and Scandinavian Outdoor. It will also offer a versatile selection of restaurants, such as Arnolds, Aschan Coffee & Deli, Pancho Villa, Picnic, Hesburger, Montana Burger & Steak House and Tamarin.

Low-emission energy solution built for the shopping centre

Geoenergy is used for both heating and cooling the shopping centre property. The objective is to cover 80 per cent of heating and 90 per cent of cooling with geoenergy. At least a gold-level LEED (Leadership in Energy and Environmental Design) certificate will be applied for the shopping centre. Environmentally friendly solutions are supported by the property's excellent location near the city centre where it is easy to reach by foot, bike or public transportation.

"Puuvilla is constructed within a tight schedule. Our advantage is the decision made in the very early phase of the project about utilizing building information modeling in design and production."

Project director at Renor, Marko Liimatainen

Puuvilla,
Pori

OFFICE, PRODUCTION AND
WAREHOUSE PREMISES

28,000 m²

UNUSED BUILDING RIGHTS

80,330 m²

NUMBER OF CLIENTS

53

OCCUPANCY RATE

94 %

Shopping Centre
Puuvilla

LEASABLE PREMISES

43,000 m²

STORES

80-90

PARKING SPACES

2 000

TARGETED NUMBER OF VISITORS

5.5 million per year

SALES TARGET

EUR 115 million

NEW PERMANENT JOBS

700-800

The Puuvilla real estate and business property is owned jointly by Renor and Ilmarinen with equal holdings.

Finlayson area, Forssa

The Finlayson area is one of the most beautiful sites of Renor. The area comprises the wellbeing, care service and office complex in the Old Weaving Mill, the old

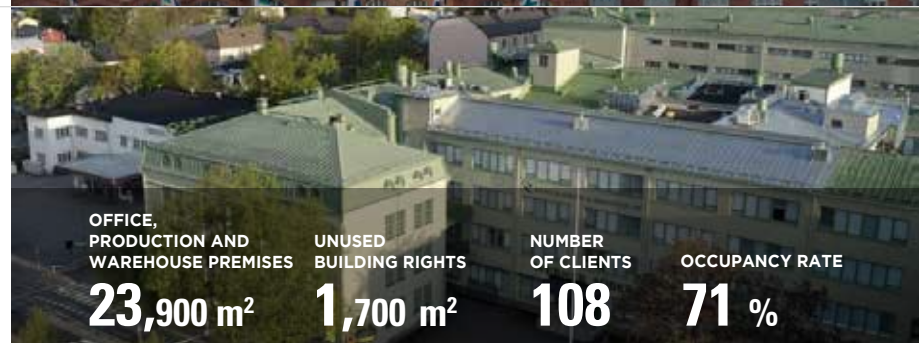
Finlayson mill buildings, and a logistics centre. It is made attractive by its location around a commercial concentration of Prisma, K-citymarket and Tarjoustalo.



WSOY building, Porvoo

The building's history began in 1897 when Swedish earl Louis Sparre and Belgian A.W.Finch established the operations of the Iris factory. Werner Söderström Osakeyhtiö bought the property in 1906. Several of the most important Finnish literary works have been printed in the press located in this

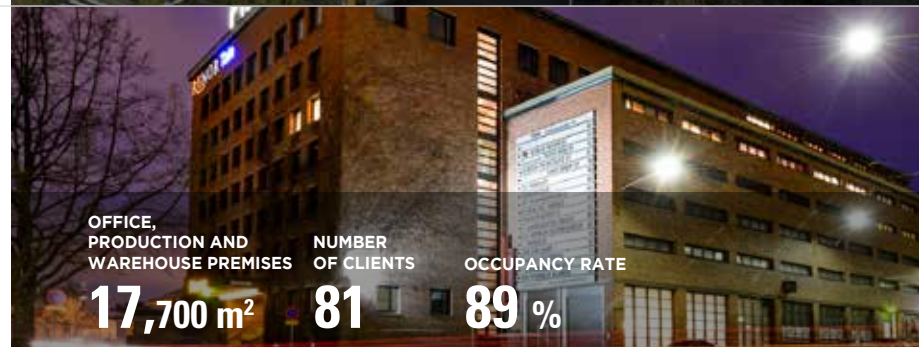
property. Renor's long-term objective is to build the open corner of the block. Renor is investigating the development potential of a lot on the Papinkatu street as well as that of the WSOY building's block. The building brand is further strengthened by the leasing of the offices of the TE Services of Uusimaa.



PMK building, Tampere

Located in the Tammela district ca. 500 m from the Tampere railway station, the PMK building is protected for its cultural and historical importance. It is a property mainly suitable for business and office use and related warehouses. Tampere is developing the railway yard area on the north side of

the station. The town-planning of Ratapiha will introduce ca. 8,000 m² of additional building rights and the possibility to build new office and residential buildings in the north end of the PMK building. It also enables building an underground parking facility on the west side of the property.



Karistonkulma, Hämeenlinna

The Karistonkulma property is located in the centre of Hämeenlinna. The building is leased in its entirety to the Ministry of Justice who have been a client residing in the property since 1980. It houses the Hämeenlinna District Court and the

district enforcement authority as well as the Hämeenlinna Administrative Court. The courts at different levels handle the issues for the Kanta-Häme, Pirkanmaa and Central Finland regions.



Metropolitan area: Helsinki and Vantaa

Renor owns three properties in the Helsinki metropolitan area. Historical Tikkurilan Silkki (old silk mill) has a central location in the heart of Tikkurila, Vantaa, by the River Keravanjoki. The production and office property at Ansatie 3, Vantaa, is located close to the Helsinki/Vantaa airport and Aviapolis. The production and office-focused property at Höyläämötie 3 is located in the Pitäjänmäki district of Helsinki.

Other

ASKO BUILDING, JOENSUU

- Office, production and warehouse premises 2,050 m²
- Number of clients 1
- Occupancy rate 100 %
- Unused building rights 0 m²

ASKO VILLAGE, PORI

- Office, production and warehouse premises 6,551 m²
- Number of clients 12
- Occupancy rate 76 %
- Unused building rights 660 m²

Tikkurilan Silkki, Vantaa

OFFICE, PRODUCTION AND WAREHOUSE PREMISES	UNUSED BUILDING RIGHTS	NUMBER OF CLIENTS	OCCUPANCY RATE
11,149 m²	4,000 m²	100	63 %

Ansatie 3, Vantaa

OFFICE, PRODUCTION AND WAREHOUSE PREMISES	UNUSED BUILDING RIGHTS	NUMBER OF CLIENTS	OCCUPANCY RATE
11,848 m²	4,300 m²	1	100 %

Höyläämötie 3, Helsinki

OFFICE, PRODUCTION AND WAREHOUSE PREMISES	NUMBER OF CLIENTS	OCCUPANCY RATE
2,988 m²	4	68 %



①



②



③

Board of Directors

1. Jarmo Rytilahti,
Chairman of the Board
2. Niilo Pellonmaa,
Deputy Chairman of the Board
3. Heikki Hyppönen
4. Hannu Katajamäki
5. Timo Kokkila
6. Kari Kolu
7. Jyrki Ojanen



④



⑤



⑥



⑦

Owners

*Renor is owned through
their companies by*

Heikki Hyppönen
Hannu Katajamäki
Ilpo Kokkila
Kari Kolu
Janne Larma
Jyrki Ojanen
Niilo Pellonmaa
Jarmo Rytilahti

Year 2013 • Board of Directors and owners
of Renor Ltd

Management team

1. Timo Valtonen,
CEO
2. Mika Hartikka,
*Senior Vice President,
Finance*
3. Marko Liimatainen,
Project Director
4. Toni Pajulahti,
Maintenance Manager
5. Irma Savolainen,
Legal Counsel



Personnel

At the end of 2013 Renor employed 31 (36) people, of whom 11 (11) were women and 20 (25) were men. On average, 34 persons worked at Renor during the year. The average age of personnel was 49.1 (50) years, and the average length of employment was more than 16.7 (20) years. Three new employees joined Renor during 2013.

Renor's personnel are committed experts. Each site has a head of real estate, between one and five maintenance persons, and a property assistant, who are locally responsible for the 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 and Lahti in development, marketing and communications, in financial and human resources management, and in senior management.

Year 2013 • Management team and personnel
of Renor Ltd

Consolidated income statement and balance sheet

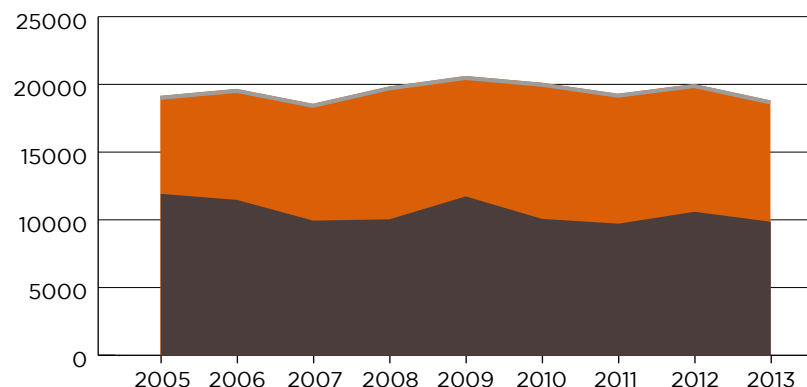
EUR 1,000

CONSOLIDATED INCOME STATEMENT	1 JAN.-31 DEC. 2013	1 JAN.-31 DEC. 2012
Rental income	18,818	20,028
Property expenses	-8,928	-9,402
Net operating income	9,890	10,626
Depreciation and amortization	-3,694	-4,014
Administrative expenses	-1,794	-1,942
Profit from disposal of properties	2,649	1,066
Operating profit	7,051	5,736
Financial expenses	-2,294	-3,350
Profit before taxes	4,757	2,386
Income taxes	-759	-444
Profit for period	3,998	1,942

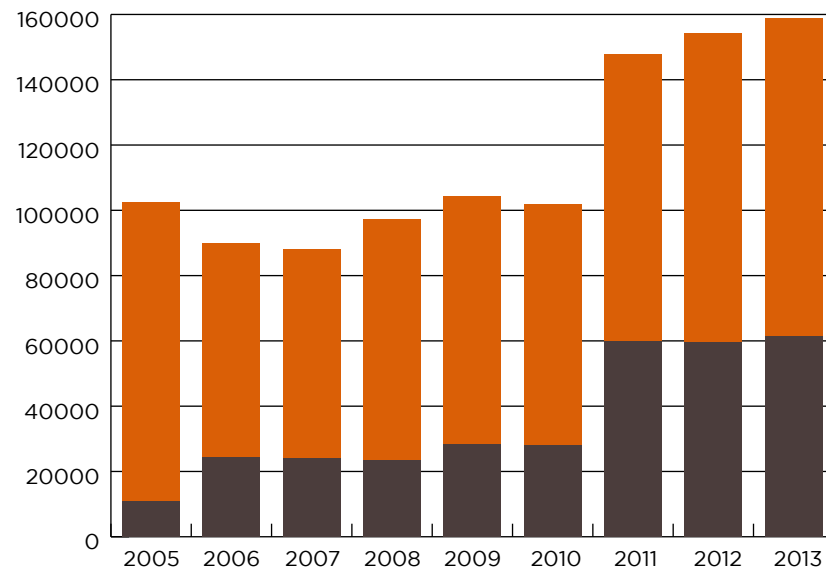
CONSOLIDATED BALANCE SHEET	31 DEC. 2013	31 DEC. 2012
Investment properties	152,538	130,986
Receivables	5,185	19,125
Cash and cash equivalents	1,024	4,216
Total assets	158,747	154,327
Share capital	61,547	59,722
Non-current liabilities	88,627	82,070
Current liabilities	8,573	12,535
Total shareholders' equity and liabilities	158,747	154,327
Interest-bearing debt, total	91,155	83,938

CONSOLIDATED CASH FLOW STATEMENT	1 JAN.-31 DEC. 2013	1 JAN.-31 DEC. 2012
Cash flow from operating activities before financial items	5,183	7,754
Net financial items	-2,650	-3,164
Taxes paid/received	-697	-816
Net cash from operating activities	1,836	3,774
Investments in properties	-13,354	-18,878
Proceeds from disposal of properties and investments	3,281	11,870
Net cash from investing activities	-10,073	-7,008
Cash flow from financing activities	5,046	7,366
Cash flow	-3,191	4,132

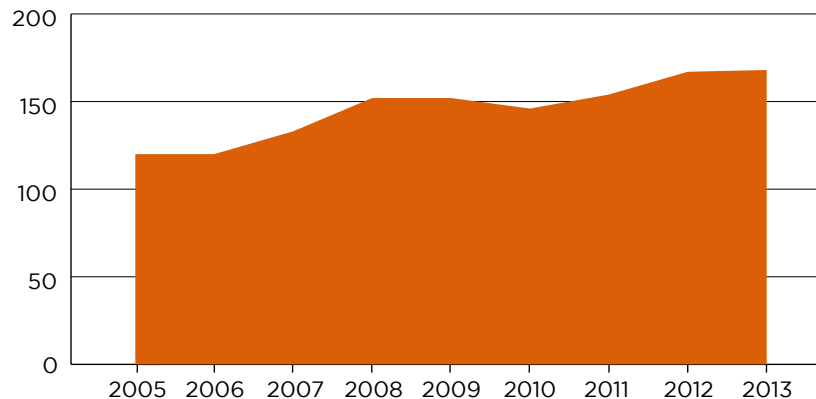
FINANCIAL DEVELOPMENT Net operating income Profit for period Gross operating income



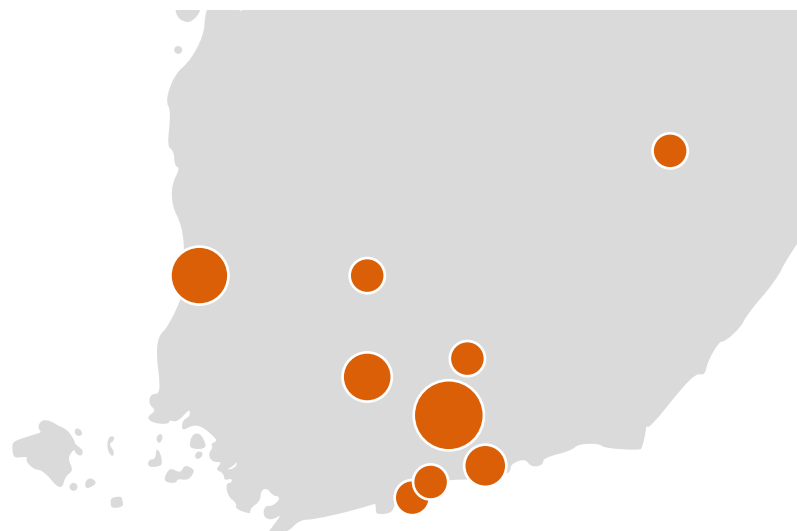
FINANCIAL DEVELOPMENT Share capital Liabilities EUR 1,000



MARKET VALUE EUR 1,000



PROPERTY PORTFOLIO



Forssa

Finlayson area about 70,000 m²

Helsinki

Höyläämötie about 3,000 m²

Hämeenlinna

Karistonkulma about 5,000 m²

Joensuu

Asko building about 2,000 m²

Lahti

Asko area about 170,000 m²

Porvoo

WSOY building about 24,000 m²

Pori

Puuvilla about 30,000 m²

Shopping Centre Puuvilla about 40,000 m²

Asko village about 7,000 m²

Tampere

PMK building about 18,000 m²

Vantaa

Ansatie about 12,000 m²

Tikkurilan Silkki about 11,000 m²

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PO Box 78

30101 FORSSA

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PMK building, Tampere

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