



Orava Residential REIT plc

Rules of procedure of the Board of Directors

These rules of procedure were approved by the meeting of the company's Board of Directors on 30 December 2010, and they were last updated on 19 March 2015. The Board of Directors updates and changes the rules of procedure as necessary. The Board of Directors reviews the rules of procedure after the General Meeting following the election of the Board of Directors.

1. The operation of the Board of Directors is determined by the Articles of Association and other provisions

These rules of procedure guide the operation of the Board of Directors and supplement the other provisions followed in the operation of the Board of Directors, among which the following are central: the Limited Liability Companies Act, the Securities Markets Act, the Real Estate Funds Act, the Accounting Act, the Act on the Tax Exemption of Certain Limited Liability Companies Engaging in Apartment Rental Operations ("the Tax Exemption Act") and the company's Articles of Association.

2. The composition of the Board of Directors and the election procedure

According to the Articles of Association, the General Meeting elects the Board members until further notice. According to the Articles of Association, there shall be 3–8 regular members.

3. Tasks of the Board of Directors

It is the general task of the Board of Directors to guide the operation of the company so that it generates the best possible added value for shareholders measured in future cash flows. However, the operation of the company shall take other stakeholder groups appropriately into account and manage the implementation of corporate social responsibility.

The Board of Directors monitors the development of the Group's operational activities mainly through the CEO's reviews and monthly reports.

The following decisions concerning the REIT's investment operations shall be made by the REIT's Board of Directors:

- Acquisition or assignment of the REIT's investment assets if the contract price exceeds 10% of the REIT's entire capital;
- Acquisition or assignment of real estate;
- Deciding on taking out liabilities;
- Entering into administrative and service agreements related to the acquisition and management of the REIT's investments or amending them.

As its other key tasks the Board of Directors:

- Appoints and dismisses the CEO and decides on the terms and conditions of the CEO's duties;
- Approves the operating policies and values;
- Confirms the strategy and annual budget and monitors their implementation;

- Deals with and approves interim reports and financial statement bulletins and the financial statements and reviews any significant stock exchange releases;
 - Approves significant investments and other particularly significant decisions;
 - Approves the disclosure policy;
 - Approves the risk management policy;
 - Approves the dividend distribution policy and makes a proposal to the General Meeting for the distribution of dividends;
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- Monitors the implementation and efficiency of internal control and risk management;
 - Defines the principles for the remuneration of executive management.

In addition, the Board of Directors, if it has not appointed a separate audit committee,

- Monitors the process of financial statement reporting;
- Supervises the financial reporting process;
- Monitors the statutory audit of the financial statements;
- Assesses the independence of the statutory auditor and particularly the offering of auxiliary services to the company;
- Prepares the decision proposal concerning the election of the auditor;
- Deals with other matters which the chairman of the Board and the CEO have agreed to be dealt with by the Board of Directors or which otherwise fall under the decision-making power of the Board of Directors pursuant to the Limited Liability Companies Act, other acts, the Articles of Association or any other provisions.

4. Special tasks of the chairman

The chairman of the Board and the CEO prepare the agenda for the meetings of the Board of Directors and make up the composition that prepares the matters to be introduced to the meetings. For this purpose, the aforementioned composition shall convene well in advance of the Board meetings.

In addition, the special tasks of the chairman of the Board include:

- Participating in the acquisition and assignment of investment properties under the authorisation granted by the Board of Directors;
- Monitoring the statutory audit of the financial statements;
- Leading the work of the Board of Directors so that the Board of Directors manages its tasks as effectively and appropriately as possible;
- Monitoring that the meetings entered in the meeting schedule are appropriately convened;
- Convening additional meetings, as necessary;
- Maintaining regular contact with the CEO also between meetings in order to monitor the operations of the company;
- Maintaining contact with other Board members, as necessary, also between meetings;
- Maintaining contact with other stakeholder groups, as necessary;
- Being responsible for the planning and assessment of operations and the evaluation of the CEO;
- Assessing and deciding with the CEO on the need for announcing profit warnings. The assessment of the need is based on the forecasts previously provided by the company, taking into account the outlook and the prevailing market situation.

5. Induction and independence of Board members and assessment of operations

The CEO shall induct new members of the Board into the company and the business of the Group as far as possible immediately after their election, before the first Board meeting.

The Board of Directors assesses its operations and the operation of the CEO once a year towards the end of its term of office.

6. Board meetings and meeting material



The Board shall convene 8–10 times at regular intervals during the term of office according to the meeting schedule confirmed separately in advance by the Board of Directors, and also whenever needed. Additional meetings may be arranged as telephone meetings. At least one of the meetings shall be a longer-term strategy meeting and, in connection with one meeting, the attendants shall attempt to meet the auditor. The language of the meetings is Finnish. As a rule, the meetings shall be held on company premises.

As a standard matter, the Board meetings shall approve and sign the minutes of the previous meeting, and deal with the situation review and monthly report of the CEO to the necessary extent.

The notice of the meeting and the meeting material shall be delivered to Board members by email so that Board members have it available for about a week before the meeting and, as far as possible, so that Board members have an opportunity to familiarise themselves with the material the weekend before the meeting. The CEO's accompanying words, the agenda, the minutes of the previous meeting with their appendices, the latest monthly report and any documents related to the matters on the agenda shall be delivered with the notice of the meeting.

The Board of Directors is convened by the chairman. The chairman shall convene the Board of Directors if a Board member or the CEO so demands. However, the CEO manages the practical convening of the regular Board meetings and the delivery of the meeting material. As necessary, a Board meeting may be convened by not only the CEO but also a Board member.

7. Minutes of the Board meeting

Minutes shall be prepared of Board meetings. The minutes shall be prepared by the secretary of the Board. The Board may also appoint a secretary external to the Board. The minutes shall be signed by all attending members of the Board.

Extracts of the minutes may be provided in compelling situations before they are approved and signed with the permission of the chairman of the Board and the CEO.

8. Material provided to members between meetings

In those months during which the Board of Directors does not convene, the latest monthly report shall, however, be delivered to Board members by email with the accompanying letter from the CEO. According to their discretion, the chairman of the Board may deliver other material related to the operation of the company to Board members between meetings.