

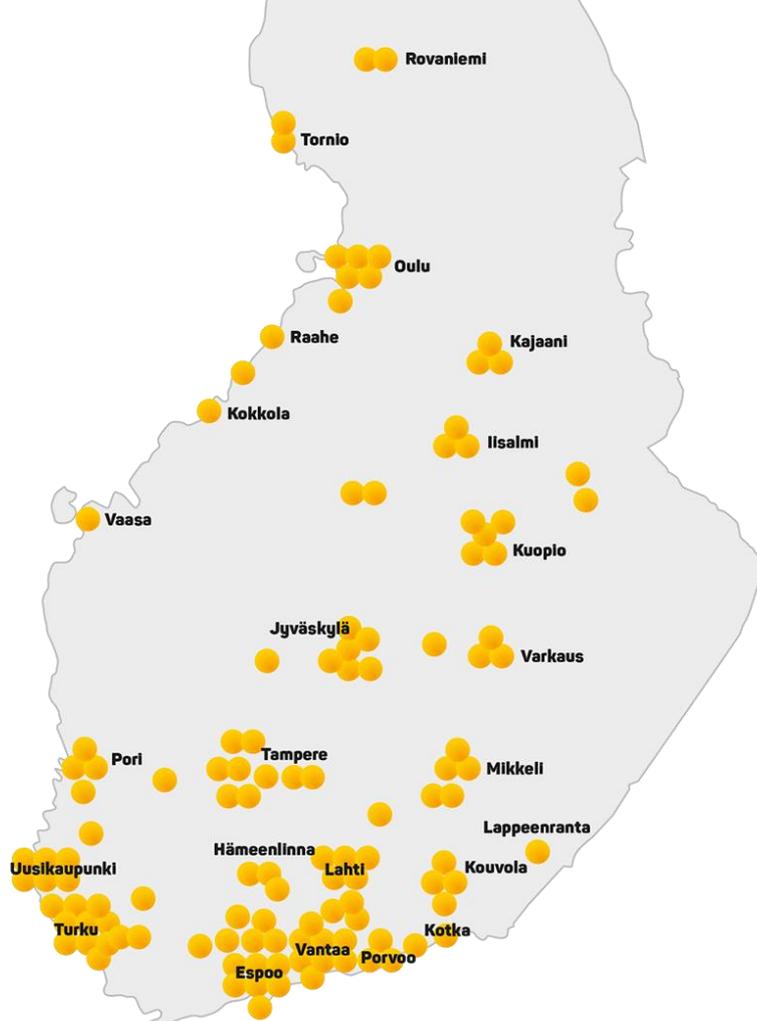
**Business review**  
**1.1.–31.3.2018**



1-3 / 2018 (1-3 / 2017)

## Total revenue

**4 M€**  
(2,5 M€)



## Value of investment properties

**268 M€**  
(173 M€)

## Occupancy rate

**100 %**

## Value of portfolio agreement

**344 M€**  
(234 M€)

## Average maturity of the agreement portfolio

**14,4 y**

# Record number of new construction projects underway

	31 March 2018	31 March 2017	Change, %	31 Decem- ber 2017
Total revenue (EUR thousand)	3,994	2,485	60,7 %	12,373
Profit for the period (EUR thousand)	3,889	3,101	25,7 %	25,504
Operational result (EUR thousand)	1,664	879	89,3 %	5,436
Earnings per share, undiluted (EUR)	0.15	0.15	0 %	1.05
Earnings per share, diluted (EUR)	0.15	0.15	0 %	1.04
Operational result per share (EUR)	0.07	0.04	56.8 %	0.22
Value of investment properties (EUR thousand)	268,284	173,250	54.9 %	247,066
NAV per share (EUR)	5,7	4,57	24,8%	5,67
Value of portfolio agreement (EUR thousand)	343,531	233,920	46.9 %	316,046
Economic occupancy rate, (%)	100 %	100 %	-	100 %
Average maturity of the agreement portfolio (years)	14.3	14.1	-	14.4

## Main events

- The number of new projects under construction and beginning projects reached a record high.
- Hoivatilat is exploring opportunities to expand business operations to other Nordic countries
- Suomen Hoivatilat Plc to receive EUR 50 million financing from the European Investment Bank (stock exchange release 23 April 2018)

## Financial guidance for 2018

Hoivatilat estimates that its revenue will be a minimum of EUR 17.5 million in 2018. The operating result is estimated to be about 40% of revenue. The fair value of investment properties at the end of 2018 is estimated to be at least EUR 340 million. The guidance is based on the assumption that, in 2018, the company will not make significant purchases or sales of finished investment properties, and that the market yields used in the valuation of real estate will remain as they are.

## Material events during the financial year

Over the course of the period under review, the number of new projects under construction and new projects begun by the company increased to a new record level. As things stood at the end of March, the numbers of unfinished projects and projects not yet begun were 48 (32), at a total investment value of EUR 102,9 (66,8) million. Of these projects almost thirty were in the construction site phase. The number of completed sites generating leased asset generating cash flow from leasing grew by two new items compared to the end of 2017. During the period under review Hoivatilat began exploring opportunities to expand business operations to other Nordic countries.

## Financial development

Revenue for the period under review was EUR 4.0 million (January–December 2017: EUR 2.5 million). This is an increase of 60.7% over the same period last year. The revenue consisted entirely of real estate rental income. The increase in revenue is a result of a significant increase in the number of completed real estate leases. The result for the period, after taxes, amounted to EUR 3.9 (3.1) million. Operating profit for the period was EUR 1.7 (0.9) million. The operating result was 41.7% (35.4%) of revenue. The improvement in operational profits was due in particular to growth in rental income. Profit for the period increased by 25.7%, and operating profit increased by 89.3% compared to the same period last year. Earnings per share (diluted and non-diluted) were EUR 0.15 (0.15), with operating profit per share being EUR 0.07 (0.04).

The value of investment properties at the end of March was EUR 268.3 (173.3) million, an increase of 54.9%. Valuation of investment properties as at 31 March 2018 is based on the assumptions and yields applied in the financial statements of 2017. The next comprehensive external valuation of the investment property portfolio will be carried out on 30 June 2018. Net asset value was EUR 5.70 (4.57). The Annual General Meeting on 27 March 2018 decided to distribute a dividend of EUR 0.13 per share, which corresponds to approximately 60,8 % of the operational result for the financial period. The dividend is registered in the balance sheet on 31 March 2018 as a liability and a deduction of equity. The equity ratio at 31 March 2018 was 47.4% (52.7%), and the loan-to-value ratio was 43.3% (31.5%).

The rental occupancy rate was 100% (100%), with an average maturity of leases of 14.3 (14.1) years. The value of the lease portfolio (excluding index increases) was EUR 343.5 (233.9) million. At the end of the period under review, the number of properties under construction and in the planning phase was 48 (32). The investment value was EUR 102.9 (66.8) million, up 54.0% on the same period in the previous year.

Properties 31 March	Completed		In progress and not started*		Total	
	Q1/2018	Q1/2017	Q1/2018	Q1/2017	Q1/2018	Q1/2017
Number of properties	92	63	48	32	140	95.0
Leasable area, thousand floor m <sup>2</sup>	79.9	54.3	43.2	28.8	123.1	83.2
Annual rents, EUR million	16.3	11.2	8.3	5.6	24.6	16.8
Investment (acquisition cost), EUR million	174.1	114.3	102.9	66.8	277.0	181.1

\* = Properties in progress and not started also include properties for which binding leases or letters of intent have been signed, but construction has not yet begun.

## **Decisions by the Annual General Meeting**

The Annual General Meeting of Hoivatilat was held on 27 March 2017 in Oulu. The Annual General Meeting confirmed the financial statements for 2017, and discharged the members of the Board of Directors and the CEO from liability for the financial year 2017.

As proposed by the Board of Directors, the Annual General Meeting decided to pay a dividend of EUR 0.13 per share for the financial year that ended on 31 December 2017. The dividend was paid to shareholders who were registered in the shareholder register maintained by Euroclear Finland Oy on 29 March 2018, the date of record of the dividend payout. The dividend was paid on 9 April 2018.

The Annual General Meeting approved a six-member Board of Directors for the coming financial year. The members of the new board are Pertti Huuskonen, Timo Pekkarinen, Reijo Tauriainen, Satu Ahlman, with Harri Aho and Kari Nenonen as new members. Pertti Huuskonen was elected chair of the Board of Directors. The term of office of the Board members lasts until the conclusion of the Annual General Meeting following their election.

The Annual General Meeting decided that a monthly fee of EUR 1,667 would be paid to each member of the Board of Directors, and that a monthly fee of EUR 3,750 would be paid to the chair of the Board. In addition, in compensation for each board meeting they attend, a fee of EUR 600 will be paid to each of the board members, and EUR 1,200 to the chair of the board. In compensation for each committee meeting they attend, a fee of EUR 400 will be paid to each of the board members, and EUR 600 to the chair of the board. An increase of 50% applies in all cases if the travel time of a board member or the chair for attending a meeting is over three hours.

The auditor elected for a term ending at the end of the next Annual General Meeting was the authorised public accounting firm KPMG Oy Ab, with authorised public accountant Antti Kääriäinen as the principal auditor. The auditor is paid a reasonable fee based on an invoice.

The Annual General Meeting of the company gave its approval that an ordinary or extraordinary general meeting may be held at a venue designated by the Board of Directors in the company's place of domicile, i.e. Helsinki, Espoo or Vantaa.

The Annual General Meeting authorised the Board of Directors to make a decision on the issuance of up to 2,500,000 new shares or shares currently held by the company, in one or more paid share issues. These share issues may be either directed share issues, or share issues in accordance with the pre-emptive subscription rights of the shareholders. The authorisation may also be used for incentive schemes (maximum 250,000 shares). The share issue authorisation of the Board Of Directors is valid until the end of the next Annual General Meeting, or up until 30 June 2019 at the latest. The proposed authorisation supersedes the previously granted share issue authorisations, but does not supersede any prior authorisations to grant special rights entitling to shares. The Board of Directors has been authorised to decide on all other terms and conditions of share issues.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and/or pledge of the company's own shares so that the total number of treasury shares to be acquired and/or pledged is at most 500,000 shares, accounting for approximately 2% of all shares in the company. The authorisation allows for the company's own shares to be acquired with free equity only. The authorisation of the Board Of Directors is valid until the end of the next Annual General Meeting, or up until 30 June 2019 at the latest.

## **Events after the financial year**

On 23 April 2018, Suomen Hoivatilat Oyj and the European Investment Bank (EIB) agreed on a long-term financing package of EUR 50 million for the construction of new nursing homes in the next few years. The first loan instalment, signed in April, is for EUR 30 million, and the agreement for the remainder of the funding is due to be concluded later.

## **Financial targets for the period 2018–2020**

Hoivatilat estimates that its revenue for 2018 will increase by at least 40%, and by at least 30% per year in both 2019 and 2020. The operating result is expected to be 40% of revenue on average, with an average equity ratio of at least 35% in the period 2018–2020.

## **Financial reporting in 2018**

The interim report for January–March 2018 will be published on 03 May 2018. Hoivatilat's half-year financial report for January–June will be published on 16/08/2018, and an interim report for January–September will be published on 01/11/2018.

Oulu, 3 May 2018

Suomen Hoivatilat Oyj

Board of Directors

Further information:

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*This is not an interim report in accordance with the IAS 34 standard. The company carries out semi-annual reporting in accordance with the Finnish Securities Markets Act (746/2012), and publishes business reviews for the first three and nine months of the year that outline key information describing the company's financial performance. The information presented in this review is unaudited. Figures in brackets refer to the corresponding period of the previous year, unless otherwise stated.*