



Interim Report 1 January–30 September 2017

Table of contents

1. Kojamo is achieving growth in line with its strategy and boldly renewing housing
2. Key figures for the review period
3. Business operations and strategy progress
4. Operating environment and outlook





We create better urban housing

Kojamo is achieving growth in line with its strategy.

- A substantial number of new rental apartments have been completed, particularly in the Helsinki Metropolitan Area. We have been able to maintain our occupancy rate at a good level, and we are confident that the continued trend of urbanisation will create long-term demand for rental housing.
- After the end of the review period, we implemented our strategy by, for example, finalising the purchase of properties located in Helsinki at Onnentie 18, Sofianlehdonkatu 5, Tukholmankatu 10, Agricolankatu 1–3, Albertinkatu 40–42, Abrahaminkatu 1–3 and Bulevardi 29–31 from the City of Helsinki. The purchase will deliver new growth in the Helsinki region in line with Kojamo's strategy: the new properties will make it easier for people to relocate in pursuit of employment in urbanising Finland.
- The focus of our operations is on the seven main urban regions of Finland and we respond to the demand for rental apartments especially in the Helsinki region. There were 1,760 Lumo apartments under construction.
- Kojamo's share of the entire rental housing market is approximately four per cent.
- In five years, we have invested nearly EUR 1.5 billion in the Lumo business operations.

Kojamo is boldly renewing housing.

- The Lumo web store has shifted power to the customers and seen strong growth, with some 3,000 tenancy agreements already signed. All Lumo rental apartments that became vacant during the review period were available for rent on the Lumo web store, which offers customers the opportunity to choose their preferred apartment and sign a tenancy agreement immediately. The number of apartments rented via the web store is approximately 300 per month.
- As part of developing the customer experience, we revamped the role of the property manager: the property managers we recruit are creators of the customer experience. In addition to managing the provision of housing-related services and looking after the properties, they are tasked with delivering a unique customer experience.



Key figures for the review period



- Gross investments amounted to EUR 193.7 million.
- Turnover totalled EUR 251.3 million.
- Net rental income was EUR 162.1 million.
- The financial occupancy rate was 96.7 per cent.
- The Group had a total of 34,046 rental apartments and approximately 4% market share.
- There were 1,760 rental apartments under construction.
- We divested 1,516 apartments.
- 3,000 tenancy agreements already signed via Lumo web store.
- Kojamo specifies its outlook for the financial year 2017 with regard to net rental income and operative result.

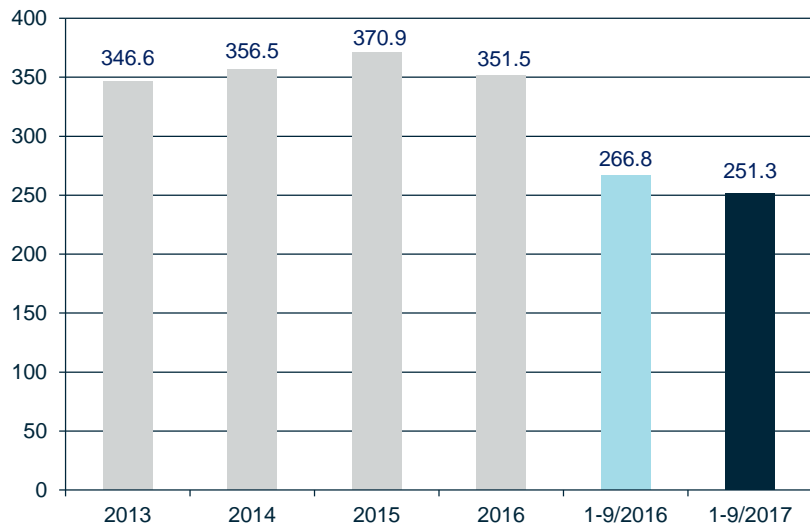


Business operations and strategy progress

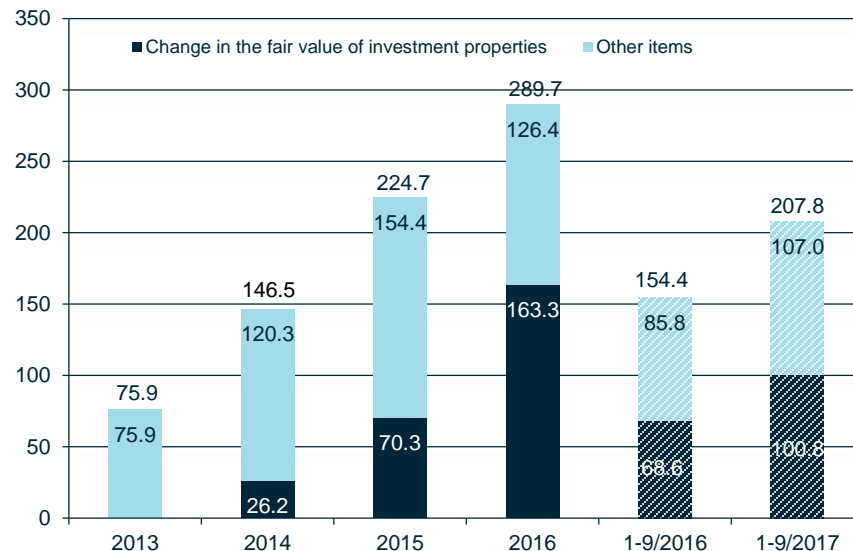


Turnover and profit before taxes developed steadily

Turnover, EUR million



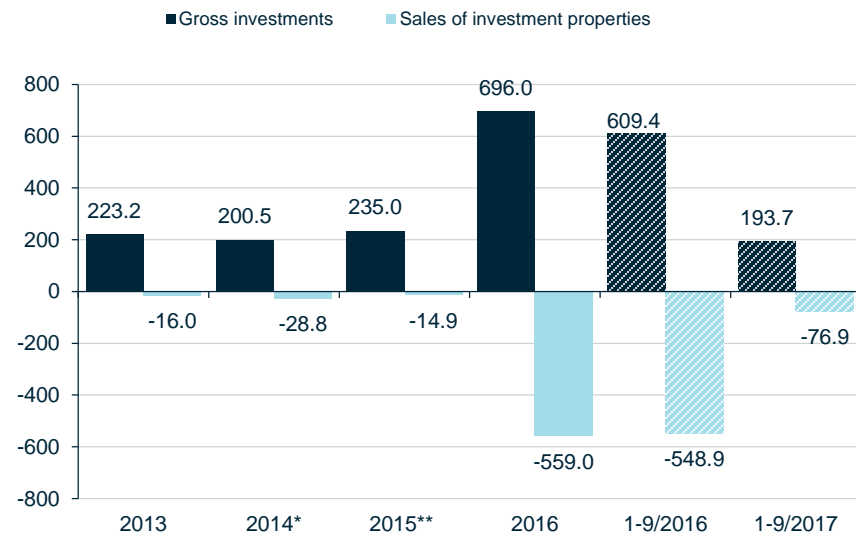
Profit before taxes, EUR million



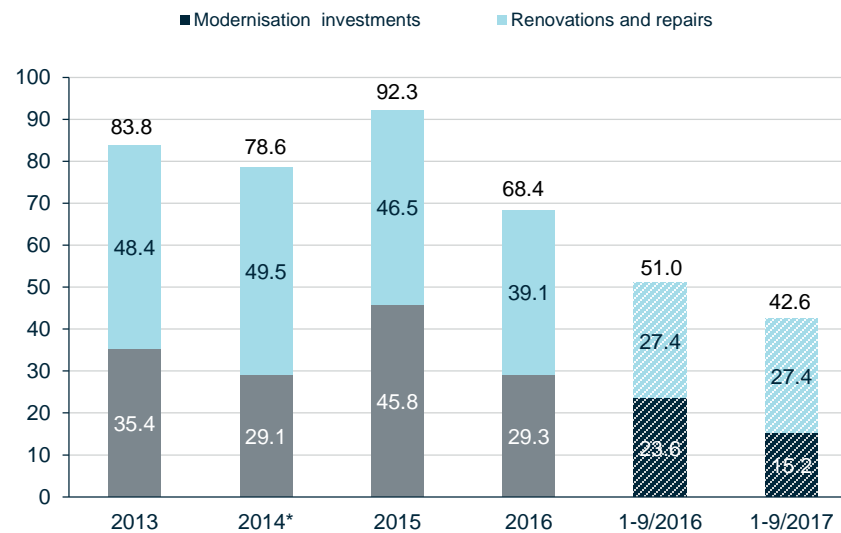


Investments in Lumo business operations continued

Gross investments and sales of investment properties, EUR million



Renovations, EUR million



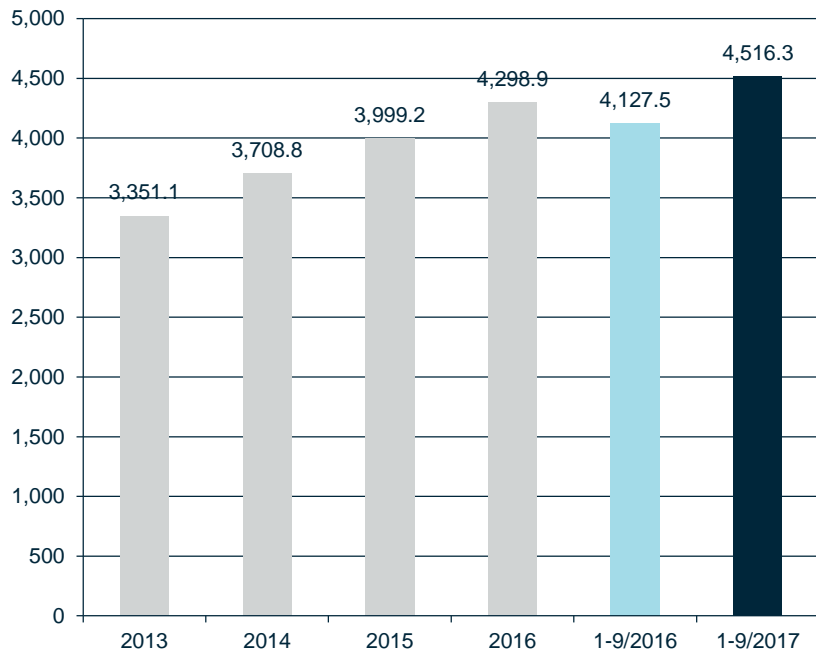
*As of 2014, the Group adopted IFRS for its financial reporting.

**The calculation method of gross investments has been changed. Previously, gross investments in the cash flow were presented; starting from 31 Dec. 2015, investments on an accrual basis are presented.



The value of investment properties developed in line with strategy

Fair value, EUR million

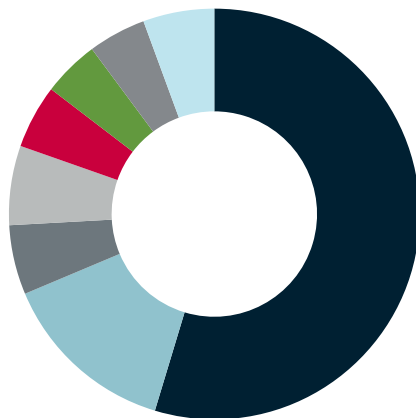
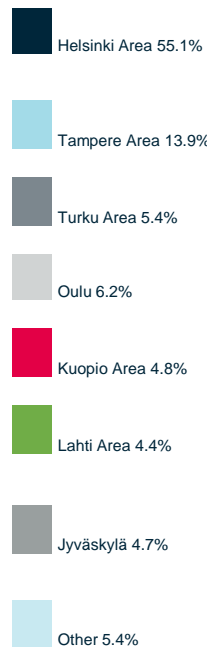


| EUR million | Q3/2017 | Q4/2016 | Change |
|-----------------------------------|---------|---------|--------|
| Investment properties | 4,512.4 | 4,228.3 | 284.1 |
| Investment property held for sale | 3.9 | 70.6 | -66.7 |
| Fair value, total | 4,516.3 | 4,298.9 | 217.4 |
| Fair value measurement | 100.8 | 163.3 | |



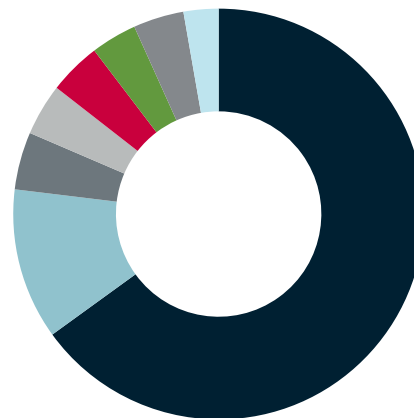
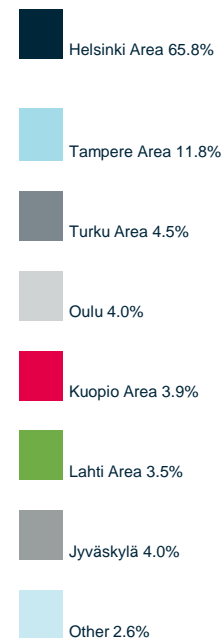
The focus of our operations is on the seven main urban regions of Finland

Apartments, %



Total number of apartments 34,046

Fair value, %

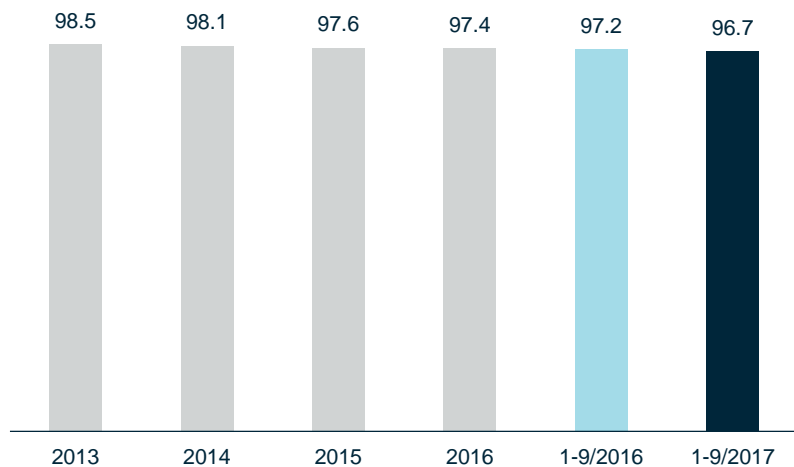


Fair value of apartments
EUR 4.5 billion



The financial occupancy rate remained high

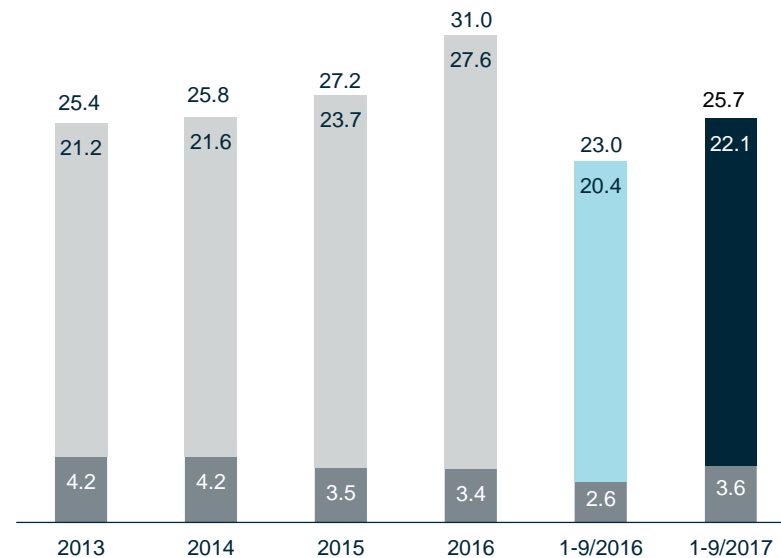
Financial occupancy rate, %



Turnover, %

Tenant turnover%

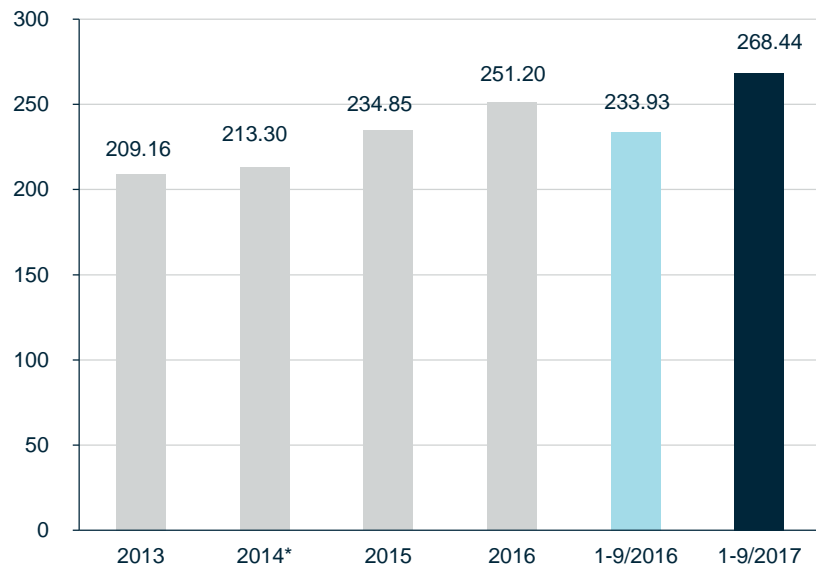
Internal turnover%





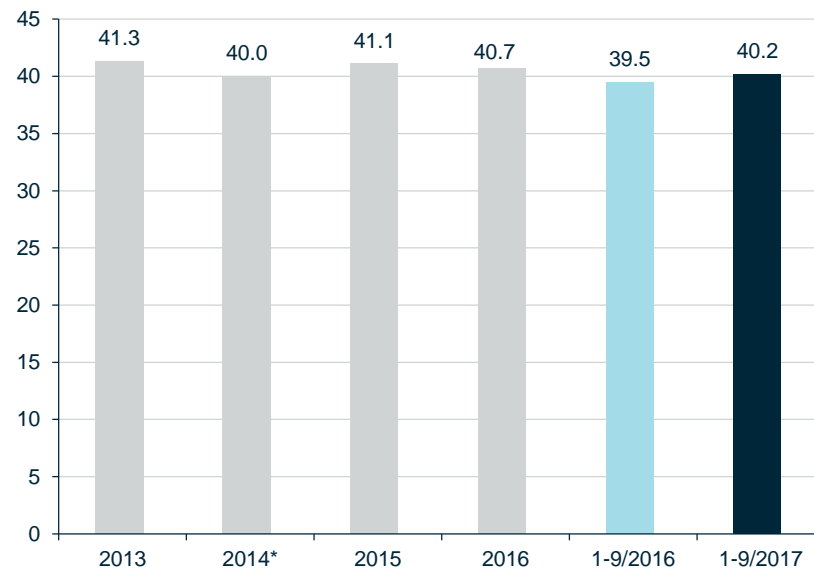
Equity ratio remained strong

Equity per share, EUR



*As of 2014, the Group adopted IFRS for its financial reporting.

Equity ratio, %

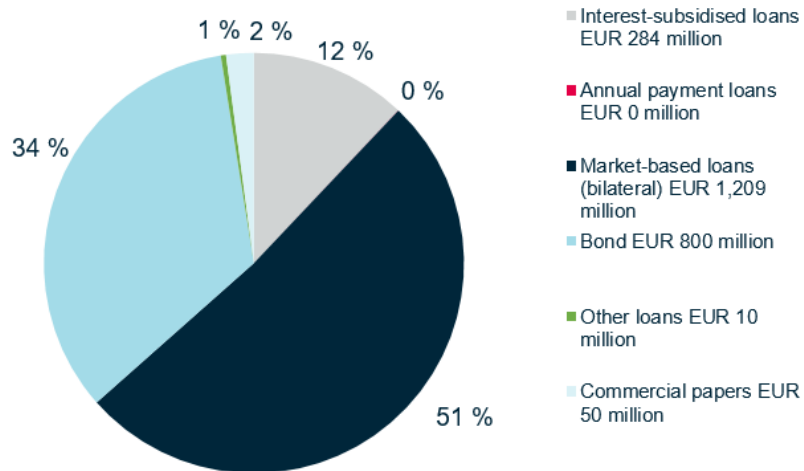




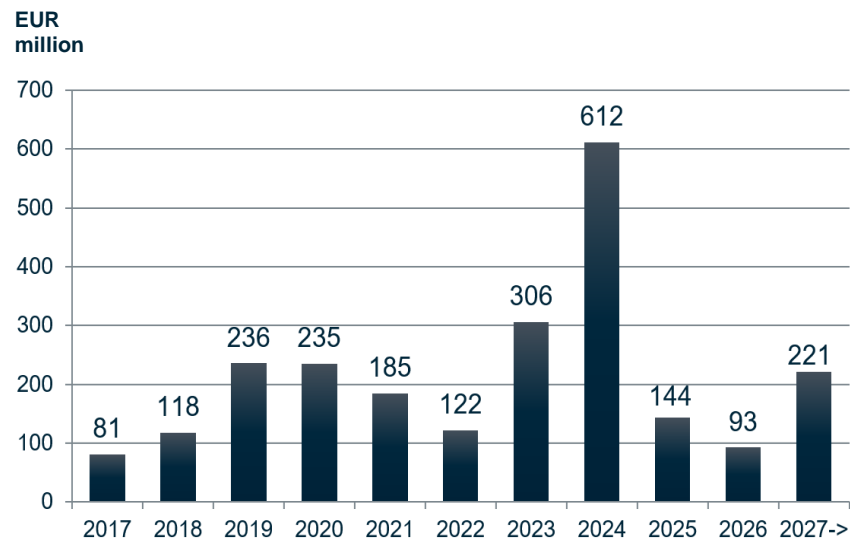
We diversified our financing sources and maintained a balanced distribution of maturities

The Group's loan distribution

Loan portfolio structure, EUR 2,353 million



Distribution of loan maturities

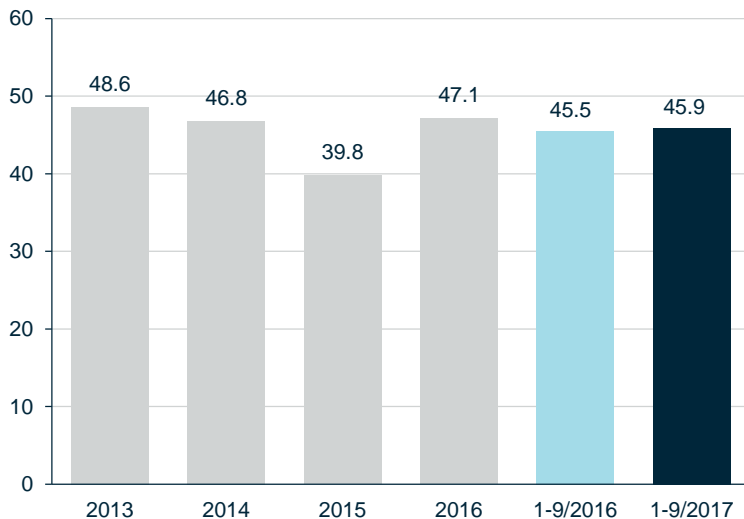




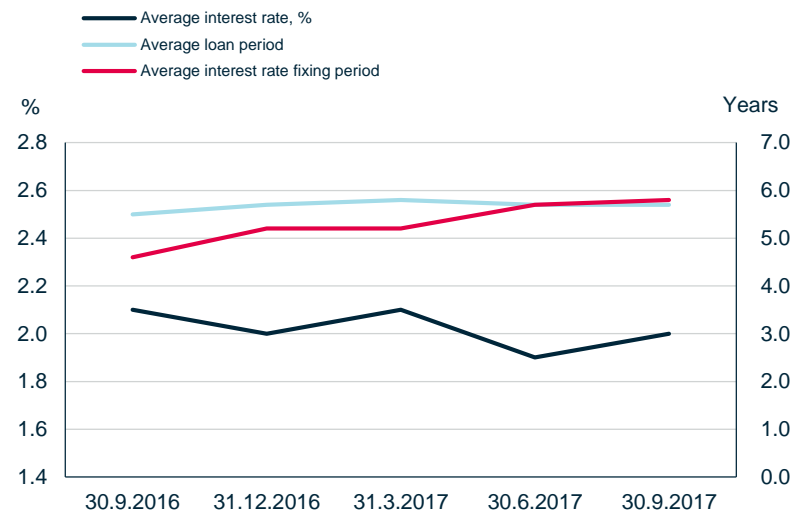
Moderate LTV and strong key indicators

LTV (Loan to Value), %

Group



Average interest rate, maturity and interest rate fixing period of the Group's loans



Strategic key indicators

| Key indicator | Actual result Q3/2017 | Goal 2021 |
|---|--------------------------------------|--------------------------------------|
| Apartment assets | EUR 4.5 billion 34,046 apartments | EUR 6.0 billion 38,000 apartments |
| Operative result of the Lumo business as a percentage of turnover | 32.1 | 32.0 |
| Equity ratio of the Lumo business, % | 40.1 | 40.0 |
| Net promoter score | 32 | 40 |



Industry operating environment and outlook for the year 2017

Industry operating environment

- Driven by migration, the demand for rental housing is expected to remain strong in major growth centres, even though supply has increased significantly. Growing supply is particularly reflected in increasing tenant turnover.
- Continuing intensive urbanisation increases regional differences. Even in the Helsinki Metropolitan Area, differences between regions are increasing. New development is expected to continue focusing on privately financed rental apartments. The strongest demand is still focused on the smallest apartments.
- According to a forecast by Pellervo Economic Research, the increase in rents will continue in growth centres, but the rate of increase will become more moderate than it has been in recent times.

Kojamo specifies its outlook for the year 2017

- Kojamo specifies its outlook for the financial year 2017 with regard to net rental income and operative result.
- Kojamo estimates that, in 2017, net rental income will be EUR 209–218 million (previous outlook: EUR 208–220 million).
- Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million.
- Kojamo estimates that, in 2017, its result will be EUR 100–109 million (previous outlook: EUR 96-107 million).
- The outlook takes into account the effects of both the significant housing divestments carried out in 2016 and the housing divestments and acquisitions planned for 2017, the estimated occupancy rate and the number of apartments under construction.



Appendices



Basic information of the company



Kojamo's aim is to be a leading company in rental housing and real estate investment and offer rental apartments and housing services in Finnish growth centres. Its mission is: We create better urban housing..

The fair value of Kojamo's investment properties at the end of the review period was EUR 4.5 (4.1) billion. At the end of the review period, Kojamo Group owned 34,046 (34,926) rental apartments.

Kojamo's strategy

Megatrends

Urbanisation & internationalisation



Ageing population & smaller family sizes



New technologies & digitalisation



Individuality & sense of community



Environment & sustainable development



Mission

We create better urban housing.

Vision 2021

We are the property market frontrunner and the number one choice for our customers.

Strategic focal points

- ▶ Delivering the best customer experience
- ▶ Generating long-term shareholder value
- ▶ Leading on sustainable development
- ▶ Dynamic and professional place to work

Values



Happy to serve



Strive for success



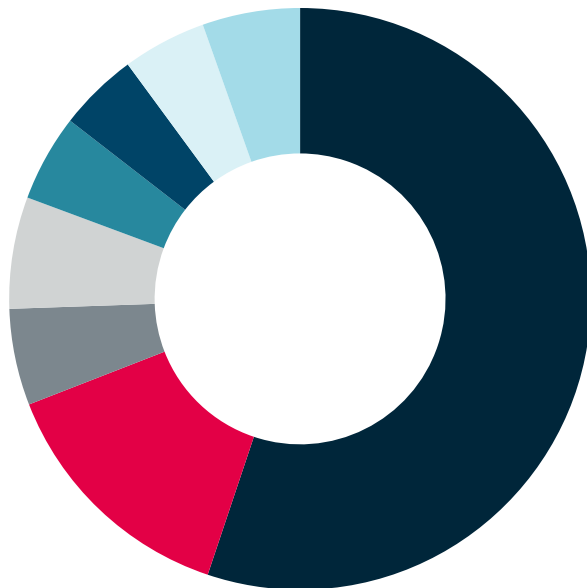
Courage to change



The focus of our operations is on the seven main urban regions of Finland

Distribution of apartments

| | |
|--------------------------------|------------------------------|
| Helsinki Area 18,774 | Tampere Area 4,748 |
| Turku Area 1,827 | Oulu 2,114 |
| Kuopio Area 1,644 | Lahti Area 1,505 |
| Jyväskylä 1,587 | Other 1,847 |



Apartments
34,046



Average area
of apartments
55.8 m²



Properties
1,360



Residents
numbering nearly
55,000



Average age of
buildings
31.3 yrs



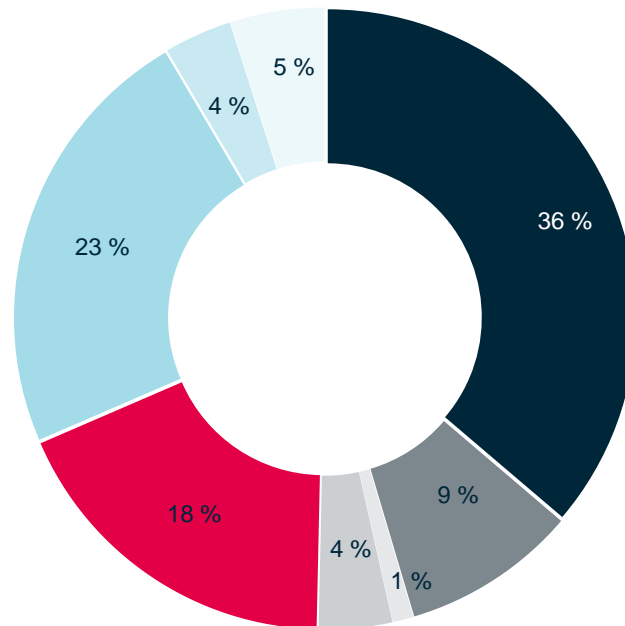
Apartments
1.9 million
dwelling m²



EUR 100 million in paid taxes in Finland

The Group's tax footprint in 2016

- Income taxes
- Property taxes
- Transfer taxes
- Employer payments
- VAT non-deductible included in investments
- VAT non-deductible included in other procurements
- VAT remitted



Indirect employment effect in person-years **5,111**.



Responsibility is part of our operations

- The anti-grey economy models exceed legislative requirements.
- Kojamo Group's estimated taxes and tax-like charges in 2017 amount to approximately EUR 100 million.
- Kojamo Group will continue its climate partnership agreement with the City of Helsinki.
- After reaching the targets of the plan that ended in 2016, Kojamo joined the Rental Property Action Plan (VAETS II). During the VAETS II agreement period, the housing investment company pursues energy savings of 7.5 per cent by 2025.
- Kojamo Group is the only Finnish real estate company in the Climate Leadership Council.
- The Leanheat system was deployed in ten Lumo buildings in Espoo, Vantaa and Tampere. The aim is to optimise building heating systems to reduce energy consumption and achieve comfortable and stable living conditions. Leanheat balances the buildings' need for energy, thereby decreasing the carbon footprint. Leanheat also includes predictive adjustments to heating.



Consolidated income statement

| EUR million | 1–9/2017 | 1–9/2016 | 1–12/2016 |
|---|--------------|--------------|--------------|
| Turnover | 251.3 | 266.8 | 351.5 |
| Property maintenance costs | -61.7 | -67.0 | -90.3 |
| Renovation and repairs | -27.4 | -27.4 | -39.1 |
| Net rental income | 162.1 | 172.4 | 222.0 |
| Administrative costs | -26.7 | -26.0 | -37.4 |
| Other operating income and costs | 0.3 | -0.8 | -0.8 |
| Profit/loss on sales of investment properties | 1.5 | -20.3 | -10.4 |
| Profit/loss on sales of trading properties | 0.0 | 0.1 | 0.1 |
| Change in the fair value of investment properties | 100.8 | 68.6 | 163.3 |
| Amortisations and depreciation | -0.9 | -0.9 | -1.2 |
| Operating profit | 237.1 | 193.0 | 335.6 |
| Financial income and expenses | -29.3 | -38.6 | -46.0 |
| Share in profits of associated companies | | | 0.1 |
| Profit before taxes | 207.8 | 154.4 | 289.7 |
| Current tax | -22.7 | -26.1 | -35.4 |
| Change in deferred taxes | -21.2 | -4.0 | -22.1 |
| Profit for the period | 164.0 | 124.4 | 232.3 |



Balance sheet

| EUR million | Group 30 September 2017 | Group 30 September 2016 | Group 31 December 2016 |
|---|----------------------------|----------------------------|---------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 0.5 | 0.9 | 0.8 |
| Investment properties | 4,512.4 | 4,127.5 | 4,228.3 |
| Property, plant and equipment | 31.1 | 31.1 | 31.0 |
| Share in associated companies | 1.3 | 1.0 | 1.2 |
| Financial assets | 0.5 | 0.6 | 0.6 |
| Non-current receivables | 6.5 | 3.2 | 5.6 |
| Derivative instruments | 4.9 | | 2.0 |
| Deferred tax assets | 11.9 | 21.0 | 15.4 |
| Non-current assets, total | 4,569.1 | 4,185.3 | 4,284.8 |
| Non-current assets held for sale | 3.9 | | 70.7 |
| Current assets | | | |
| Inventories | 0.6 | 0.9 | 0.9 |
| Derivative instruments | 0.0 | | 0.3 |
| Current tax assets | 11.5 | 5.0 | 7.7 |
| Sales receivables and other receivables | 10.1 | 24.5 | 6.8 |
| Financial assets | 71.7 | 62.8 | 69.0 |
| Cash and cash equivalents | 281.2 | 106.6 | 132.0 |
| Current assets | 375.1 | 199.9 | 216.7 |
| ASSETS | 4,948.1 | 4,385.2 | 4,572.2 |



Balance sheet

| EUR million | Group 30 September 2017 | Group 30 September 2016 | Group 31 December 2016 |
|--|----------------------------|----------------------------|---------------------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Equity attributable to shareholders of the parent company | | | |
| Share capital | 58.0 | 58.0 | 58.0 |
| Share premium | 35.8 | 35.8 | 35.8 |
| Fair value reserve | -26.2 | -56.8 | -40.2 |
| Reserve for invested unrestricted equity | 17.9 | 17.9 | 17.9 |
| Retained earnings | 1,901.7 | 1,680.1 | 1,788.0 |
| Parent company shareholders' interest | 1,987.1 | 1,731.7 | 1,859.5 |
| Equity, total | 1,987.1 | 1,731.7 | 1,859.5 |
| Non-current liabilities | | | |
| Loans | 2,228.4 | 1,684.0 | 1,796.1 |
| Deferred tax liabilities | 474.7 | 435.9 | 453.4 |
| Derivative instruments | 51.2 | 93.7 | 68.3 |
| Statutory provisions | 0.8 | 0.8 | 1.0 |
| Other non-current liabilities | 7.1 | 6.3 | 7.1 |
| Non-current liabilities, total | 2,762.3 | 2,220.7 | 2,325.9 |
| Non-current liabilities held for sale | | | 1.0 |
| Current liabilities | | | |
| Loans, current | 124.3 | 300.8 | 326.8 |
| Derivative instruments | 0.3 | 1.1 | 0.9 |
| Profit-based tax liabilities | 21.1 | 10.6 | 9.9 |
| Trade payables and other debts | 52.9 | 120.3 | 48.3 |
| Current liabilities, total | 198.6 | 432.8 | 385.8 |
| Liabilities, total | 2,960.9 | 2,653.5 | 2,712.6 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | 4,984.1 | 4,385.2 | 4,572.2 |



Business operations

| | Lumo 1–9/2017 | Lumo 1–9/2016 | VVO 1–9/2017 | VVO 1–9/2016 | Group 1–9/2017 | Group 1–9/2016 |
|----------------------------------|------------------|------------------|-----------------|-----------------|-------------------|-------------------|
| Turnover, EUR million | 228.9 | 214.8 | 22.8 | 53.0 | 251.3 | 266.8 |
| Operating profit, EUR million | 227.4 | 190.9 | 9.7 | 1.4 | 237.1 | 193.0 |
| Profit before taxes, EUR million | 199.7 | 157.6 | 8.1 | -3.9 | 207.8 | 154.4 |
| Balance sheet, EUR million | 4,842.1 | 4,173.2 | 186.3 | 317.9 | 4,948.1 | 4,385.2 |
| Equity, EUR million | 1,940.2 | 1,619.1 | 46.9 | 112.7 | 1,987.1 | 1,731.7 |
| Equity ratio, % | 40.1 | 38.8 | 25.2 | 35.5 | 40.2 | 39.5 |
| Apartments | 30,681 | 31,060 | 3,365 | 3,866 | 34,046 | 34,926 |
| Rental occupancy rate, % | 95.6 | 95.9 | 98.2 | 98.0 | 95.8 | 96.1 |
| Financial occupancy rate, % | 96.6 | 97.1 | 98.3 | 98.5 | 96.7 | 97.2 |
| Tenant turnover, % | 26.6 | 23.8 | 17.6 | 16.5 | 25.7 | 23.0 |
| Average number of personnel | 284 | 243 | 26 | 59 | 310 | 302 |

Financial key figures

Group

| | 30 Sep. 2017 | 30 June 2017 | 31 Mar. 2017 | 31 Dec. 2016 | 30 Sep. 2016 |
|--|--------------|--------------|--------------|--------------|--------------|
| Equity ratio, % | 40.2 | 38.8 | 40.6 | 40.7 | 39.5 |
| Interest cover | 4.1 | 4.2 | 4.5 | 4.8 | 5.0 |
| Hedging ratio, % | 88.0 | 83.0 | 79.0 | 77.0 | 71.0 |
| Average interest rate, % | 2.0 | 1.9 | 2.1 | 2.0 | 2.1 |
| Average loan period, years | 5.7 | 5.7 | 5.8 | 5.7 | 5.5 |
| Average interest rate fixing period, years | 5.8 | 5.7 | 5.2 | 5.2 | 4.6 |



Thank you!

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