



Interim Report 1 Jan.–31 Mar. 2017

Kojamo plc

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Our Group is now Kojamo

By changing our name, we are clarifying our operations and defining distinct profiles for our Group's parent company brand and customer interface brand.

- Our company has renewed significantly in five years, and the original name no longer reflects our operations today.
- The Group adopted the new name on 27 March 2017.
- At the customer interface, we operate under two brands: Lumo offers housing solutions for our customers with more than 31,000 apartments, and the name VVO will remain in use for the non-commercial rental operations of 3,800 apartments.

The Lumo brand already constitutes 90 per cent of the Group's business

- In five years, we have invested nearly EUR 1.5 billion in the Lumo business operations
- In addition to acquisitions, we have launched the construction of nearly 4,000 privately financed rental apartments
- We believe that new ideas create better urban housing and generate well-being in our country, a task that we contribute to with pride.

We are undergoing a major transformation, building future competitiveness

- As a housing investment company, we focus on commercial operations and rental housing service design
- The Lumo online store has revolutionised the customer's role in renting an apartment
- Lumo Kompakti will offer a new housing solution
- The car-share scheme has expanded to several locations

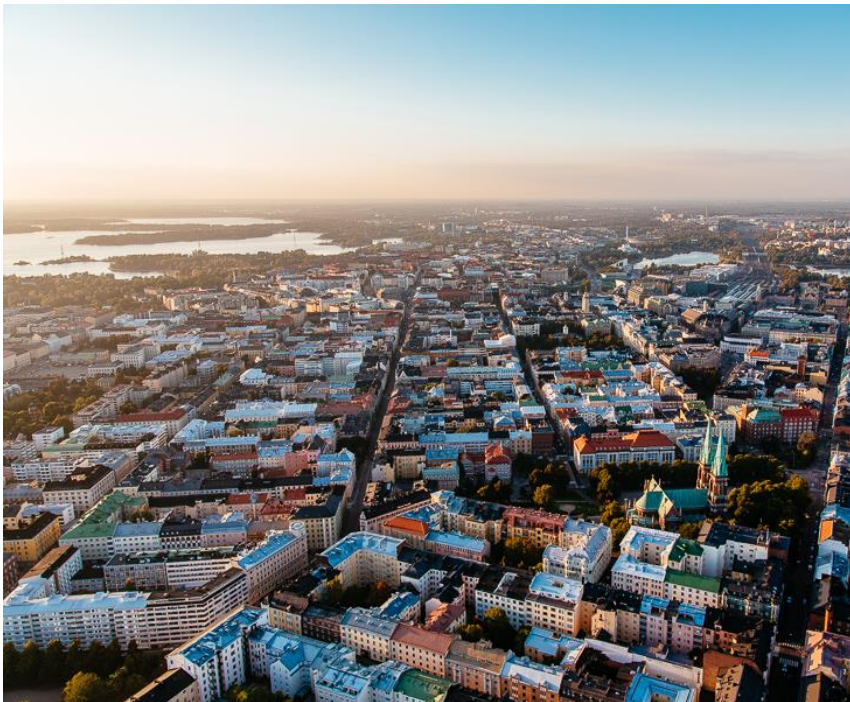


Key aspects of the review period



- Gross investments amounted to EUR 65.0 million.
- Turnover totalled EUR 83.6 million.
- Net rental income was EUR 52.6 million.
- The financial occupancy rate was 96.8 per cent.
- The Group had a total of 33,843 rental apartments and approximately 4% market share.
- There were 1,747 rental apartments under construction.
- We divested 1,381 apartments.
- A new committed EUR 100 million revolving credit facility with Swedbank AB (publ).
- 1,500 apartments have been rented through the Lumo online store.
- We changed the name of the Group's parent company. The new name became valid on 27 March 2017.

Operating environment



Demand for rental housing remained high in growth centres. However, differences between regions increased and, in some regions, supply and demand were in balance. The strongest demand focused on smaller apartments, that is, studios and one-bedroom apartments. The increase in rents slowed.

Urbanisation has continued strongly, which could be seen in the growing number of apartment buildings being built in growth centres.

New construction clearly focused on privately financed rental apartments.

Slow zoning and the lack of suitable plots remain bottlenecks in operations in the Helsinki Metropolitan Area.

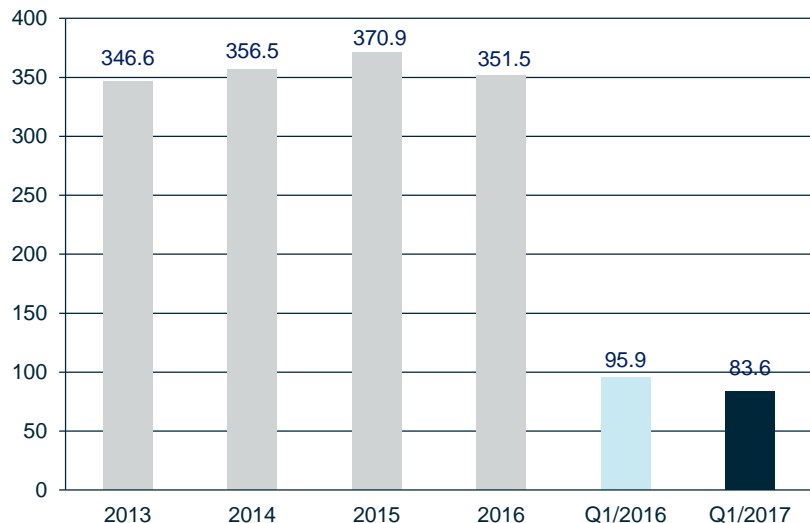


Business operations and strategy progress

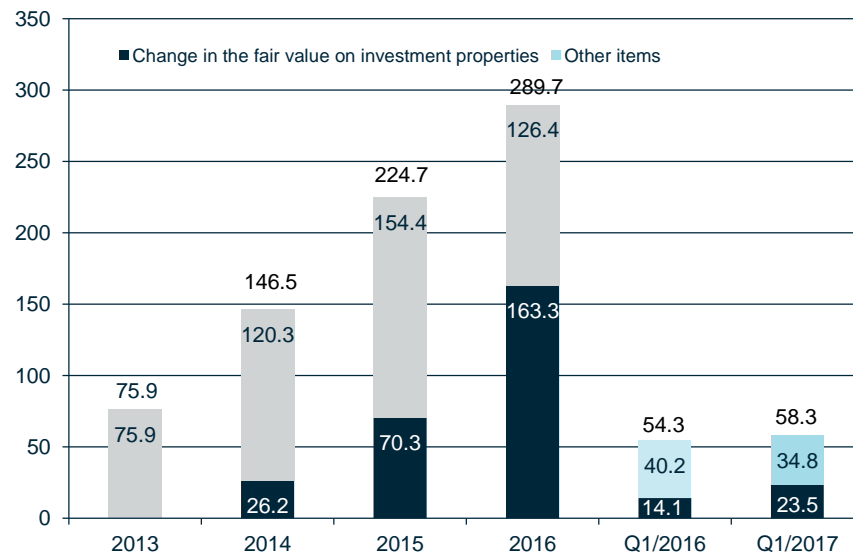


Turnover and profit before taxes developed steadily

Turnover, EUR million



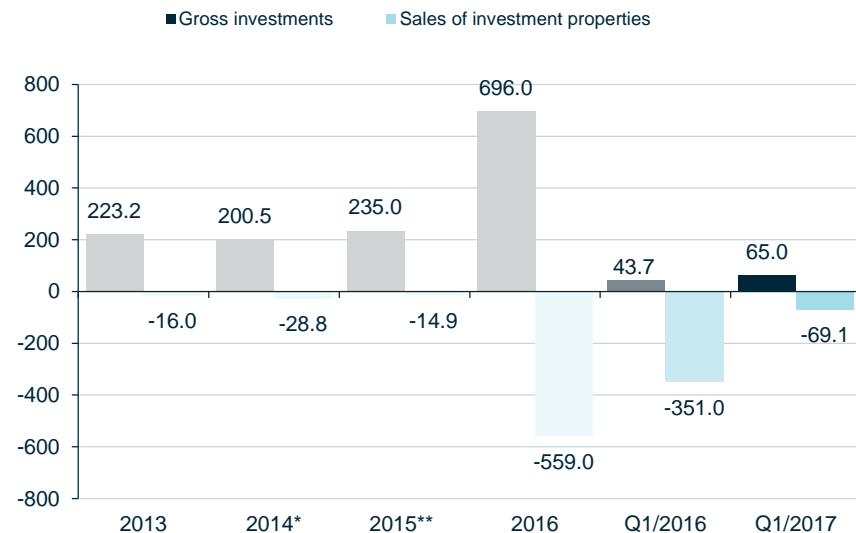
Profit before taxes, EUR million



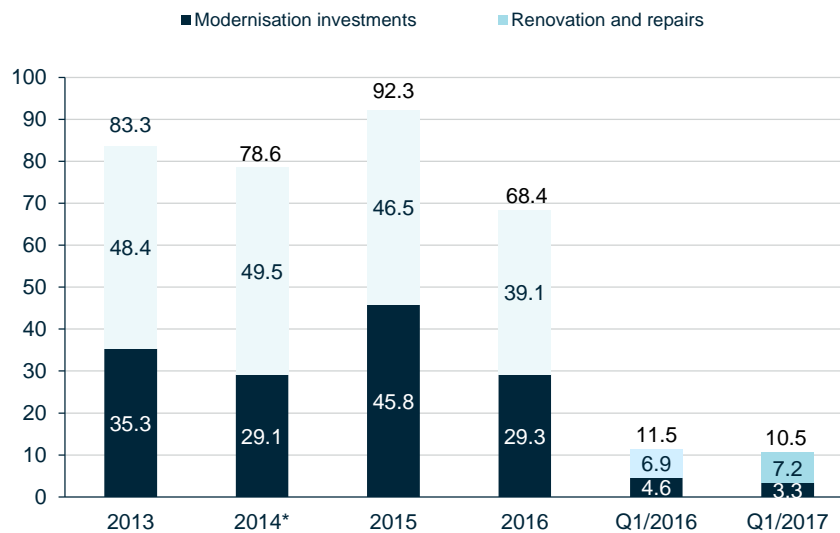


Investments in Lumo business operations continued

Gross investments and sales of investment properties, EUR million



Renovations, EUR million

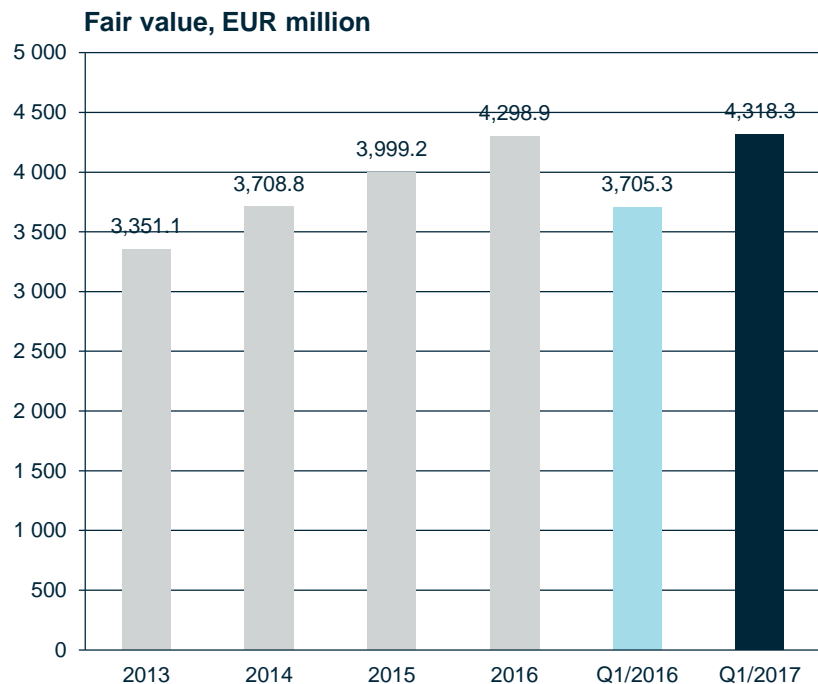


*As of 2014, the Group adopted IFRS for its financial reporting.

**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 the housing stock developed in line with strategy



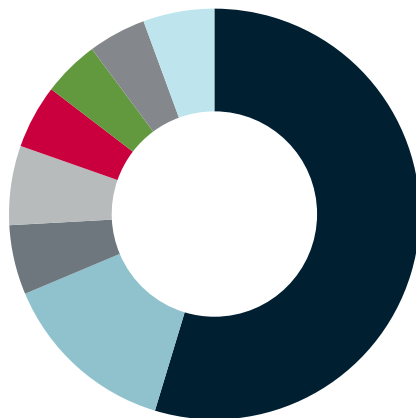
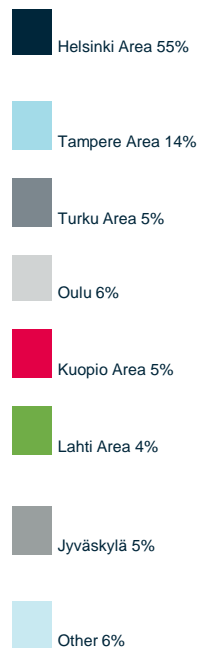
EUR million	Q1/2017	Q4/2016	Change
Investment properties	4,314.4	4,228.3	86.1
Investment property held for sale	3.9	70.6	-66.7
Fair value, total	4,318.3	4,298.9	19.4
Fair value measurement	23.5	163.3	



Geographical distribution of investment properties

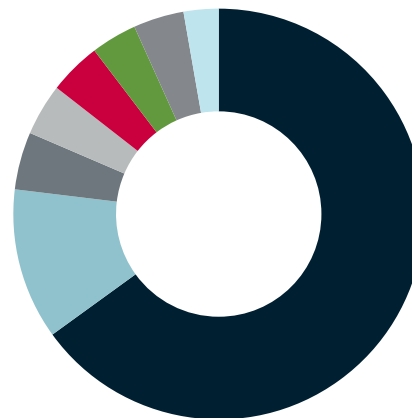
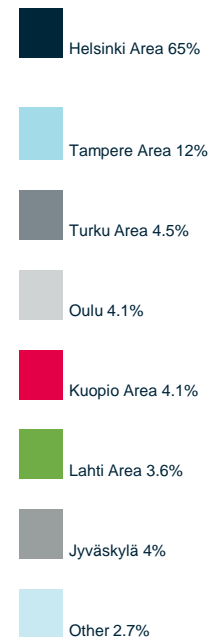
31 March 2017

Apartments, %



Total number of apartments 33,843

Fair value, %

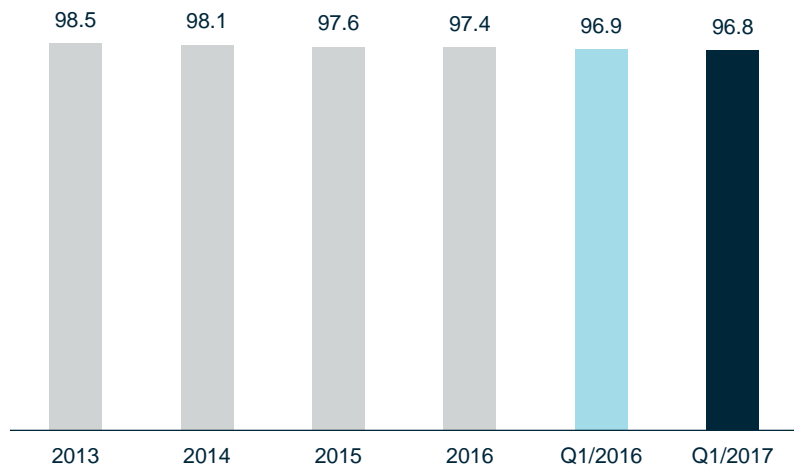


Fair value of investment properties
EUR 4.3 billion

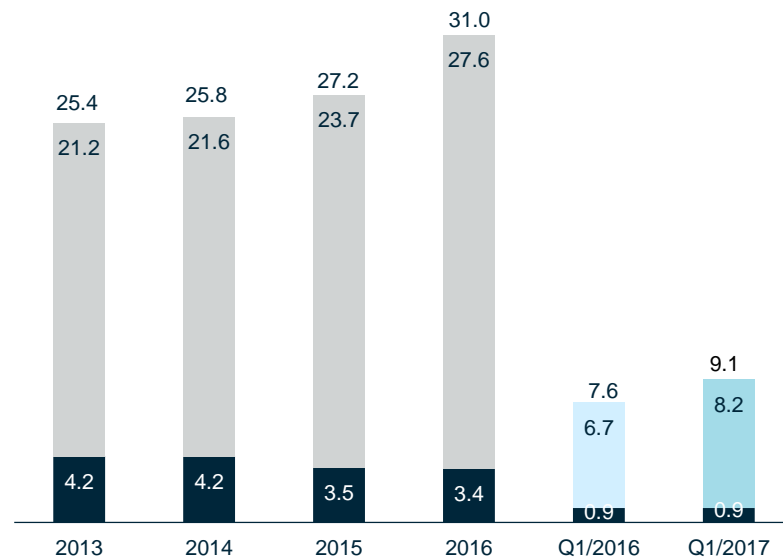


The financial occupancy rate remained high

Financial occupancy rate, %



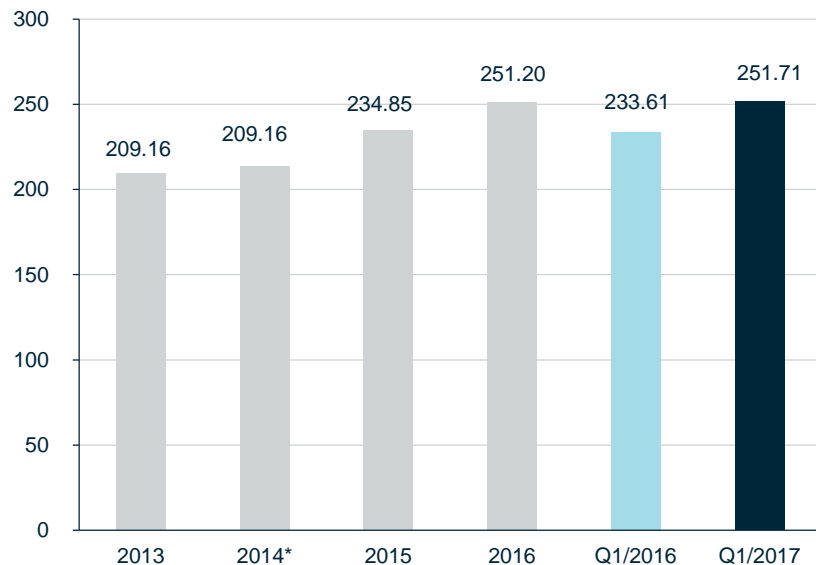
Tenant turnover, % Internal turnover, %





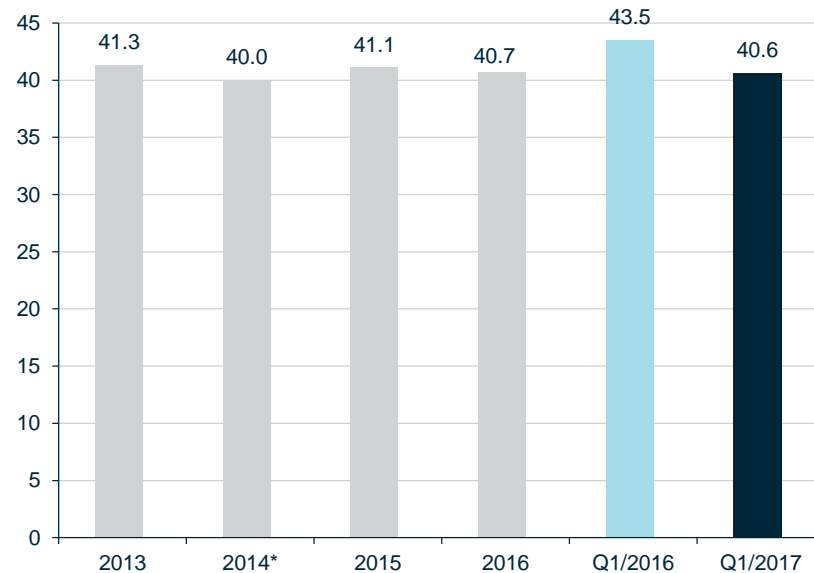
Equity ratio remained strong

Equity per share, EUR



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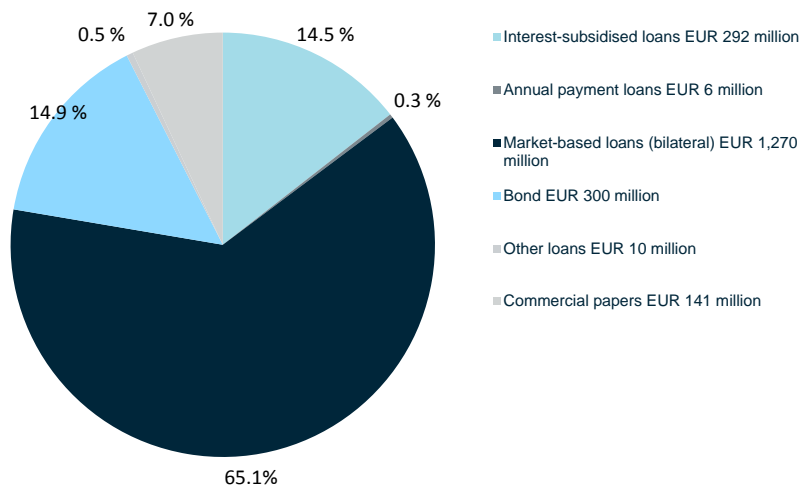
Equity ratio, %



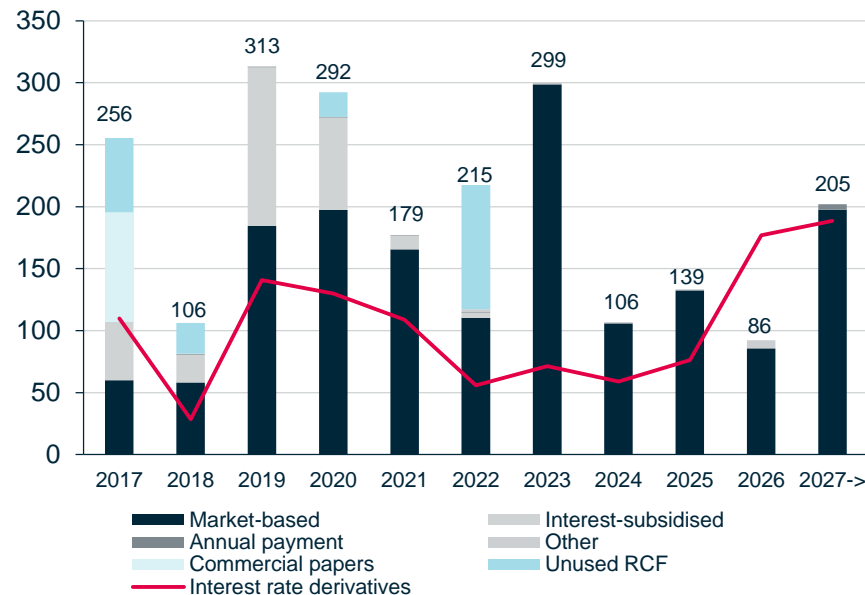


We diversified our financing sources and maintained a balanced distribution of maturities

Loan portfolio structure, EUR 1,991 million (Lumo)



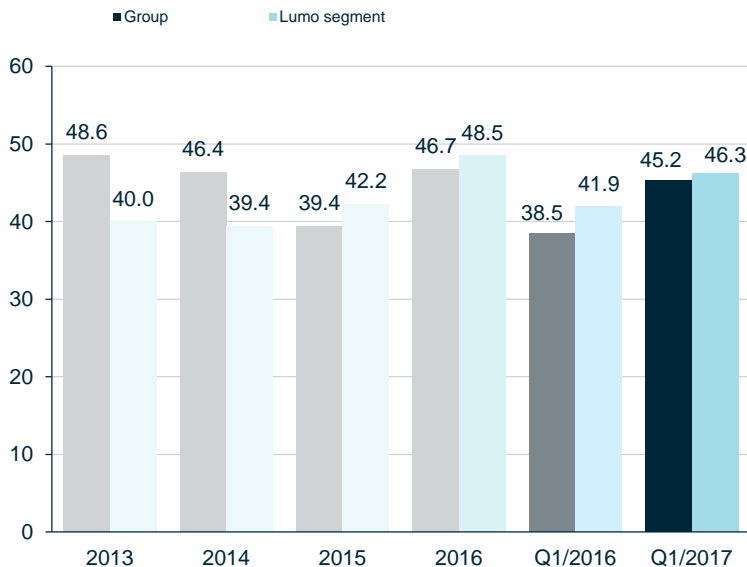
Distribution of loan maturities (Lumo)



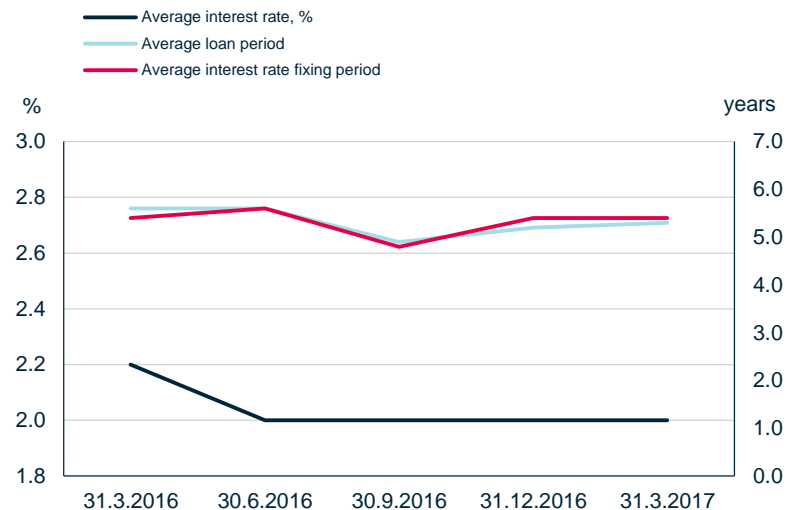


Moderate LTV and strong key indicators

LTV (Loan to Value), %



Average interest rate, maturity and interest rate fixing period of loans (Lumo segment)



Strategic key indicators

Key indicator	Actual result Q1/2017	Goal 2021
Apartment assets	EUR 4.3 billion 33,843 apartments	EUR 5.8 billion 38,000 apartments
Operative result of the Lumo business as a percentage of turnover	32.0	32.0
Equity ratio of the Lumo business, %	41.1	40.0
Net promoter score	35	40



Outlook

Market outlook

- The growth forecasts for the Finnish economy has been revised upwards during the past few months. Growth expectations are based on household consumption, construction and increasing exports.
- Demand for rental housing is expected to remain strong in major growth centres, even if supply has increased significantly.
- 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.
- Price trends in owner-occupied apartments are expected to continue to be stable in growth centres. A slight rise is expected in the prices of small, centrally located apartments. The prices of large apartments on the outskirts may fall slightly.

Outlook for Kojamo Group in 2017

- Net rental income is estimated to amount to EUR 208–220 million.
- Investments are forecast to exceed EUR 300 million.
- The operative result is estimated to be 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 plc offers rental apartments and housing services in Finnish growth centres. Its mission is: We create better urban housing. The vision of the housing investment company is to be a pioneer in housing and the customer's number-one choice.

The fair value of Kojamo's investment properties at the end of the review period was EUR 4.3 (3.7) billion. At the end of the review period, Kojamo Group owned 33,843 (37,293) rental apartments.

Kojamo plc'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 a pioneer in housing and the customer's number-one choice.

Strategic focal points

- ▶ The best customer experience.
- ▶ A long-term development of shareholders value.
- ▶ A leader in sustainable development.
- ▶ An energetic and the most competent place to work.

Values



Happy to serve



Strive to success



Courage to change



Country-wide operations in good locations

Distribution of apartments

Helsinki Area 18,503	Tampere Area 4,733
Turku Area 1,852	Oulu 2,114
Kuopio Area 1,697	Lahti Area 1,505
Jyväskylä 1,541	Other 1,898



Apartments
33,843



Average area
of apartments

55.9 m²



Properties
1,369



Residents numbering nearly

55,000



Average age of buildings
31.6 yrs



Apartments
**1.9 million
dwelling m²**

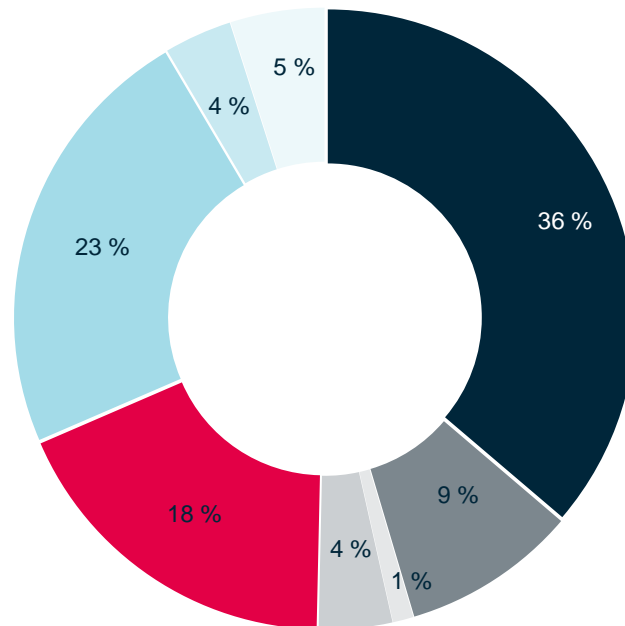


EUR 100 million in paid taxes in Finland

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
- Withholding tax for salaries

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





Responsibility is part of our operations

- The anti-grey economy models exceed legislative requirements.
- 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 announced that it is planning, in cooperation with Asuntosäätiö, Fira and Helen Ltd, a diverse residential block in Kalasatama, Helsinki with the objective of taking energy efficiency to the level of future standards. In the SunZEB plus energy model, the excess heating load of the sun on the buildings is turned into a source of renewable energy. The construction of the first buildings will start in 2018.
- Kojamo Group is the only Finnish real estate company in the Climate Leadership Council.



Virkeä spurs young athletes to success



- The following persons were chosen as Virkeä athletes: Anna Haataja (orienteering), Riikka Honkanen (alpine skiing), Joonas Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Mörö (hurdles), Nooralotta Neziri (athletics) and Emmi Parkkisenniemi (snowboarding).
- The Virkeä programme covers not only individual sports but also team sports. The recipients of Virkeä team sponsorship for the 2016–2017 season are the FC Honka women’s championship team and four girls’ teams.
- Sponsorships under the Virkeä programme are awarded to 50 promising athletes each year.



Consolidated income statement

EUR million	1–3/2017	1–3/2016	1–12/2016
Turnover	83.6	95.9	351.5
Property maintenance costs	-23.7	-28.3	-90.3
Renovation and repairs	-7.2	-6.9	-39.1
Net rental income	52.6	60.8	222.0
Administrative costs	-8.5	-9.7	-37.4
Other operating income and costs	-0.4	0.8	-0.8
Profit/loss on sales of investment properties	0.7	1.0	-10.4
Profit/loss on sales of trading properties		0.1	0.1
Change in the fair value of investment properties	23.5	14.1	163.3
Amortisations and depreciation	-0.3	-0.3	-1.2
Operating profit	67.6	66.7	335.6
Financial income and expenses	-9.3	-12.4	-46.0
Share in profits of associated companies			0.1
Profit before taxes	58.3	54.3	289.7
Current tax	-12.5	-14.8	-35.4
Change in deferred taxes	1.1	4.6	-22.1
Profit for the period	46.9	44.0	232.3



Balance sheet

EUR million	Group 31 March 2017	Group 31 March 2016	Group 31 December 2016
ASSETS			
Non-current assets			
Intangible assets	0.7	1.0	0.8
Investment properties	4,314.4	3,522.1	4,228.3
Property, plant and equipment	30.8	31.5	31.0
Share in associated companies	1.2	1.0	1.2
Financial assets	0.5	0.5	0.6
Non-current receivables	5.7	2.9	5.6
Derivative instruments	3.9		2.0
Deferred tax assets	13.9	16.6	15.4
Non-current assets, total	4,371.2	3,575.7	4,284.8
Non-current assets held for sale	3.9	187.3	70.7
Current assets			
Inventories	0.9	0.9	0.9
Derivative instruments	0.2		0.3
Current tax assets	10.2	1.4	7.7
Sales receivables and other receivables	15.7	13.5	6.8
Financial assets	69.1	66.7	69.0
Cash and cash equivalents	122.3	138.0	132.0
Current assets	218.3	220.4	216.7
ASSETS	4,593.4	3,983.4	4,572.2



Balance sheet

EUR million	Group 31 March 2017	Group 31 March 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	-33.0	-48.8	-40.2
Reserve for invested unrestricted equity	17.9	17.9	17.9
Retained earnings	1,784.6	1,666.4	1,788.0
Parent company shareholders' interest	1,863.3	1,729.3	1,859.5
Non-controlling interest		0.6	
Equity, total	1,863.3	1,729.9	1,859.5
Non-current liabilities			
Loans	1,871.8	1,247.3	1,796.1
Deferred tax liabilities	452.6	425.8	453.4
Derivative instruments	60.5	71.3	68.3
Statutory provisions	0.9	0.9	1.0
Other non-current liabilities	6.9	6.7	7.1
Non-current liabilities, total	2,392.7	1,752.0	2,325.9
Non-current liabilities held for sale		137.0	1.0
Current liabilities			
Loans, current	215.8	259.4	326.8
Derivative instruments	0.6	1.6	0.9
Profit-based tax liabilities	20.7	21.3	9.9
Trade payables and other debts	100.2	82.1	48.3
Current liabilities, total	337.3	364.5	385.8
Liabilities, total	2,730.1	2,253.5	2,712.6
SHAREHOLDERS' EQUITY AND LIABILITIES	4,593.4	3,983.4	4,572.2



Business operations

	Lumo 1–3/2017	Lumo 1–3/2016	VVO 1–3/2017	VVO 1–3/2016	Group 1–3/2017	Group 1–3/2016
Turnover, EUR million	76.2	68.5	7.5	27.8	83.6	95.9
Operating profit, EUR million	64.2	51.7	3.4	14.6	67.6	66.7
Profit before taxes, EUR million	55.6	42.2	2.8	11.7	58.3	54.3
Balance sheet, EUR million	4,440.1	3,622.7	232.2	537.4	4,593.4	3,983.4
Equity, EUR million	1,820.7	1,605.8	42.6	124.5	1,863.3	1,729.9
Equity ratio, %	41.1	44.4	18.4	23.4	40.6	43.5
Apartments	30,478	28,901	3,365	8,392	33,843	37,293
Rental occupancy rate, %	95.8	95.6	98.4	97.8	96.0	95.8
Financial occupancy rate, %	96.7	96.7	98.4	98.3	96.8	96.9
Tenant turnover, %	9.4	7.9	5.6	4.9	9.1	7.6
Average number of personnel	271	225	24	66	295	290



Financial key figures

	Lumo segment					Group	
	31 Mar. 2017	31 Dec. 2016	30 Sep. 2016	30 June 2016	31 Mar. 2016	31 Mar. 2017	31 Dec. 2016
Equity ratio, %	41.1	40.0	38.8	43.0	44.4	40.1	40.7
Interest cover	4.5	4.7	5.0	4.9	4.6	4.5	4.8
Hedging ratio, %	79.0	77.0	71.0	74.0	72.0	79.0	77.0
Average interest rate, %	2.0	2.0	2.0	2.0	2.2	2.1	2.0
Average loan period, years	5.3	5.2	4.9	5.6	5.6	5.8	5.7
Average interest rate fixing period, years	5.4	5.4	4.8	5.6	5.4	5.2	5.2



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