Kojamo Plc Financial Statements Bulletin 1 January – 31 December 2017

Investments in growth centres and development of housing services continue – property portfolio's value developed well

SUMMARY OF JANUARY–DECEMBER 2017

- Total revenue totalled EUR 337.0 (351.5) million. Total revenue is generated entirely by rental income. Total revenue decreased due to the divestments of 1,603 non-strategic rental apartments in 2017 and 9,011 apartments in 2016.
- Net rental income was EUR 216.0 (222.0) million, representing 64.1 (63.2) per cent of total revenue. Net rental income decreased due to the divestments of rental apartments in 2016 and early 2017. The decrease was reduced by lower maintenance and repair costs year-on-year.
- Profit before taxes amounted to EUR 266.7 (289.7) million. The profit includes EUR 126.2 (163.3) million in net valuation gain on the fair value assessment of investment properties and EUR 2.5 (-10.4) million in capital gains and losses on investment properties. The profit decrease resulted primarily from smaller changes in the fair value than in the comparison period.
- Equity per share was EUR 275.39 (251.20), return on equity was 10.9 (12.9) per cent and EPRA NAV per share (net asset value) was EUR 344.31 (319.56).
- The financial occupancy rate remained high, standing at 96.7 (97.4) per cent during the period.
- The fair value of investment properties was EUR 4.7 (4.3) billion. At year-end, the company owned 34,383 (34,974) rental apartments.
- Gross investments during the period totalled EUR 367.3 (696) million. Gross investments were 109 (198) per cent of total revenue. Gross investments exceeded total revenue, but the decrease was due to a significant purchase of rental apartments in the comparison period.
- There were 1,525 (1,536) Lumo apartments under construction at the end of the financial year.

SUMMARY OF OCTOBER–DECEMBER 2017

- Total revenue totalled EUR 85.7(84.6) million.
- Profit before taxes amounted to EUR 58.8 (135.4) million. The profit included EUR 25.5 (94.8) million in net valuation gains on fair value assessment.
- Net rental income was EUR 53.8 (49.6) million, representing 62.8 (58.6) per cent of total revenue.
- The financial occupancy rate remained high, standing at 96.7 (97.8) per cent during the period.
- The Group's gross investments during the period totalled EUR 173.7 (87.0) million.

The information in the financial statements bulletin is based on the Kojamo Plc's audited financial statements for the year 2017. The quarterly figures are unaudited. The figures in brackets refer to the corresponding period of 2016 and the comparison period refers to the corresponding period of the previous year, unless otherwise stated.

KEY INDICATORS

Kojamo Group	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Total revenue, M€	85.7	84.6	337.0	351.5
Net rental income, M€	53.8	49.6	216.0	222.0
% of total revenue	62.8	58.6	64.1	63.2
Profit before taxes, M€	58.8	135.4	266.7	289.7
Operative result, M€ *)	27.7	21.8	107.6	116.9
Investment properties, M€ 1)			4,710.2	4,298.9
Rental occupancy rate, %	96.7	97.8	96.7	97.4
Interest-bearing liabilities, M€ 2)			2,283.0	2,122.8
Return on equity (ROE), % *)			10.9	12.9
Return on investment (ROI), % *)			7.5	8.8
Equity ratio, % *)			41.3	40.7
Loan to Value, % 2) 3) 4) *)			46.0	47.1
Earnings per share, EUR	6.62	14.58	28.77	31.38
Equity per share, EUR			275.39	251.20
EPRA NAV (Net Asset Value) per share, EUR *)			344.31	319.56
Gross investments, M€	173.7	87.0	367.3	696.0
Number of personnel at end of period			316	286

**) In accordance with the guidelines issued by the European Securities and Markets Authority (ESMA), Kojamo provides an account of the Alternative Performance Measures used by the Group in the key indicators section of its financial statements*
1) Contains items held for sale
2) Does not contain items held for sale
3) The formula used in the calculation was changed in 2017 , and comparative data have been changed to correspond to the current formula
4) As of 1st of Jan 2017 20 M€ of investment funds have been reclassified from financial assets to cash and cash equivalents. Comparative period has not been restated

CEO JANI NIEMINEN:

New construction thrives and housing services develop rapidly

In 2017, we consolidated our position as Finland’s largest real estate investor and innovator in rental housing services. We developed our property portfolio actively, revamped the customer experience of our Lumo brand and improved our abilities to become a pioneer showing the way to better urban housing in Finland.

We implemented our growth strategy by building new Lumo homes, converting offices into apartments, renovating older housing stock and acquiring properties that are in keeping with the Lumo business. We applied sustainability principles in our properties by, for example, promoting the wise use of electricity, heat and water as well as by creating opportunities for sharing-economy applications in housing. We are contributing to the climate friendliness of the entire sector by participating actively in Climate Leadership Coalition as the only real estate company in Finland.

We are continuously improving our housing stock to meet people's needs in the increasingly urban Finland. Over the last five years, we have invested EUR 1.7 billion in the Lumo business. At year-end, we owned 34,383 rental apartments and had 1,525 rental apartments under construction. In 2017, approximately 90 per cent of our apartmens and 91 per cent of our total revenue consisted of the Lumo business, whose total revenue grew from the previous year. New rental apartments have been built particularly in the Helsinki Metropolitan Area. The occupancy rate of our rental apartments remained high, although supply has momentarily increased. We believe that the continued urbanisation will create long-term demand for rental apartments in growth centres.

Urban living in a city centre, in a modern, high-quality home, will attract more and more people in the future. At the end of the year, we finalised a deal on the purchase of properties owned by the City of Helsinki, previously used by Metropolia University of Applied Sciences, in an excellent location. We aim to turn them into modern, sought-after urban apartments.

Finance that supports growth is the key to achieving our strategic objectives. To meet our growth targets, we continued to diversify and strengthen our financing base. Our public credit rating (Moody's Baa2 with a stable outlook) and the EUR 500 million bond listed on the Irish Stock Exchange support our goal of investing in Lumo homes in the increasingly urban Finland.

Services also developed rapidly in this record year of construction. The needs and hopes of urban tenants can be seen in our customers' actions: the Lumo web store has increased steadily, and more than 4,000 tenancy agreements have already been completed there. Some 300 apartments are rented via the web store every month. On a monthly level, 30 per cent of all new Lumo tenancy agreements are signed via the web store. For newly constructed properties, the figure is up to 80 per cent.

In autumn 2017, we made an open invitation to companies to join us in developing new housing services, and offered the Lumo brand, the most valued brand in the sector, as an innovation platform for service development. The idea is to develop both common services for all customers and services tailored to meet individual requirements.

I am proud of our employees, who have contributed enthusiastically to renewing our corporate culture. We have achieved a lot: in line with our values, we have reviewed our old habits and streamlined our ways of working. At today's Kojamo, we are truly living our jointly created values – Happy to serve, Strive for success and Courage to change – in a new and energetic way. We will continue to have courage to change in 2018 as well.

The Board of Directors of Kojamo have decided to explore the possibility of a stock exchange listing to broaden our ownership base and to support Kojamo's continued growth.

My sincere thanks for the year 2017!

Jani Nieminen
CEO

*Taloustutkimus: Brändien arvostus (Brand Appreciation) 2018

OPERATING ENVIRONMENT

General operating environment

According to a forecast by the Finnish Ministry of Finance, global economic growth is set to continue on a wide front. Growth is being maintained by emerging economies in particular, but industrial countries are also growing more strongly. Economic growth has also accelerated in the eurozone. Nevertheless, there is uncertainty regarding economic development due to political risks. The Ministry of Finance forecast indicates that economic growth in the eurozone must firm up more permanently before conventional monetary policy can resume.

Interest rates have continued to rise in the United States. In the eurozone, interest rates are predicted to remain low even though it is estimated that the bottom of the interest rate cycle has now been passed. Measures taken by the ECB will have a significant impact on the development of interest rates in the eurozone. Interpretations of the ECB’s future measures have already raised long-term interest rates.

Finland’s economic growth has improved for a couple of years now. The Ministry of Finance forecasts that the Finnish GDP will grow by 2.4 per cent in 2018. According to economic forecasts collected by Finance Finland, the Finnish GDP could grow by up to 3 per cent in 2018. The Bank of Finland says growth will be seen in a wide range of sectors. Growth has also been based on private consumption, but the increase in purchasing power is beginning to slow down.

All types of investment are growing, including research and development. Major background factors for the continuation of private investments include the acceleration of Finland’s economic growth, picking up of exports, continuing low interested rates and positive global developments. According to a forecast by the Finnish Ministry of Finance, housing construction will continue to grow rapidly. Inflation is estimated to remain moderate this year and next.

Industry operating environment

Driven by migration, the demand for rental housing is expected to remain strong in major growth centres. Supply has grown significantly, which is reflected in increasing tenant turnover in particular. Continuing intensive urbanisation increases regional differences. Even in the Helsinki Metropolitan Area, differences between regions are growing. New development is expected to continue focusing on privately financed rental apartments. Demand is still strongest for small apartments.

According to a forecast by Pellervo Economic Research, the increase in rents will continue in growth centres, but it will become more moderate.

According to Statistics Finland, apartment prices rose during the financial year compared to the year before. The rise was fastest in the Helsinki Metropolitan Area. Outside of growth centres, prices have decreased in the past few years. The increase in the Helsinki Metropolitan Area is attributable to the high demand for apartments and the low supply of plots.

Outlook for 2018

Kojamo estimates that in 2018, net rental income will amount to EUR 219–232 million. Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million. Kojamo estimates that in 2018, its operative result will be EUR 101–113 million. The outlook takes into account the effects of the housing divestments and acquisitions planned for 2018, the estimated occupancy rate and the number of apartments under construction.

BUSINESS OPERATIONS

As stated in our mission, we create better urban housing. Kojamo’s aim is to be the frontrunner in rental housing and real estate investment and offer rental apartments and housing services in Finnish growth centres. The new name of Kojamo’s parent company, Kojamo plc, came into effect on 27 March 2017. The name change was needed due to the major transformation of Kojamo.

We are investing heavily in digital services, the customer experience and our corporate culture. We also want to be a strongly performing housing investment company known for its excellent customer experience.

Delivering the best customer experience is a key strategic priority for us. That is why we are constantly developing new housing solutions and services. Our consumer brand, Lumo, is a housing solution that offers good rental housing and next-generation services in growth centres around Fin-land. Our non-commercial segment, VVO, offers homes whose rents are determined following the cost-price principle.

Kojamo operates in the seven main urban regions of Finland, focusing on demand for rental apartments especially in the Helsinki region. Kojamo owned 34,383 rental apartments at the end of the financial year, of which the Lumo segment accounted for about 90 per cent.

SEGMENT REPORTING

Kojamo Group's business operations are divided into two segments: Lumo and VVO.

The Lumo segment comprises the Group's parent company Kojamo plc and Lumo Kodit Oy, Lumo Vuokratalot Oy and Kojamo Palvelut Oy as well as other group companies in whose apartments the restrictions on the determination of rent, related to the ARAVA and interest subsidy legislation, will end by the close of 2019. Some of the housing included in the Lumo segment is subject to property-specific restrictions in accordance with the ARAVA Act.

The group companies in whose apartments the restrictions on the determination of rent, related to the ARAVA and interest subsidy legislation, will end after 2019 belong to the VVO segment. The companies of the VVO segment are subject to the profit distribution restriction and they can pay their owner a four per cent return on own funds invested in them that have been confirmed by the Housing Finance and Development Centre of Finland (ARA). The loans of VVOhousing 7 Oy, VVOhousing 10 Oy, VVOhousing 11 Oy and VVOhousing 12 Oy were repaid over the course of 2017, and the companies will be transferred to the Lumo segment on 1 January 2018.

The return payable from the annual profits of companies subject to revenue recognition restrictions totals approximately EUR 0.3 million.

TOTAL REVENUE

Kojamo's total revenue in 1 January–31 December 2017 was EUR 337.0 (351.5) million. The Lumo segment recorded a total revenue of EUR 307.2 (291.1) million, and the VVO segment EUR 30.4 (61.5) million. Total revenue is generated entirely by rental income.

RESULT AND PROFITABILITY

Kojamo's net rental income was EUR 216.0 (222.0) million, representing 64.1 (63.2) per cent of total revenue. The Lumo segment recorded a net rental income of EUR 201.2 (190.3) million, and the VVO segment EUR 15.4 (32.8) million.

Kojamo's profit before taxes amounted to EUR 266.7 (289.7) million. The profit includes EUR 126.2 (163.3) million in net valuation gain on the fair value assessment of investment properties, and capital gains and losses of EUR 2.5 (-10.4) million. The profit decrease resulted primarily from smaller changes in the fair value than in the comparison period.

Financial income and expenses totalled EUR -40.5 (-46.0) million. Financial income and expenses include EUR 2.7 (-7.3) million in unrealised changes in the fair value of derivatives.

BALANCE SHEET, CASH FLOW AND FINANCING

Kojamo's balance sheet total at year-end amounted to EUR 4,943.5 (4,572.2) million. Equity totalled EUR 2,038.6 (1,859.5) million. On 31 December 2017, the equity ratio stood at 41.3 (40.7) per cent. Equity per share on 31 December 2017 was EUR 275.39 (251.20). The equity ratio of the Lumo segment was 41.2 (40) per cent. Kojamo's return on equity was 10.9 (12.9) per cent and return on investment 7.5 (8.8) per cent.

At the end of the financial year, Kojamo's liquid assets totalled EUR 117.8 (132.0) million. Kojamo's liquidity remained good in the financial year. Of the EUR 250 million commercial paper programme, EUR 52.9 (141.3) million had been issued by the end of the financial year. In addition, Kojamo has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million that remained unused at the end of the financial year.

At year-end, interest-bearing liabilities stood at EUR 2,283 (2,122.8) million, of which EUR 2,020.4 (1,726.1) million were market-based loans. At the end of the financial year, Kojamo's Loan to Value was 46.0 (47.1) per cent.

The average interest rate of the loan portfolio was 2.0 (2.0) per cent, including interest rate derivatives. The average maturity of loans at year-end was 5.6 (5.7) years.

On 30 May 2017, Moody's Investor Service issued a long-term credit rating of Baa2 with a stable outlook to Kojamo plc.

The company's objective is to increase the share of bond financing and shift to unsecured financing to a significant degree.

Kojamo plc raised the value of its domestic EUR 200 million commercial paper programme to EUR 250 million. Swedbank AB (publ), Finnish branch, joined the programme as a new organising the issue.

On 28 September 2017, Kojamo plc signed a new committed EUR 55 million revolving credit facility with Danske Bank. The revolving credit facility is unsecured and has a maturity of four years. The credit facility will be used as a back-up facility for the commercial paper programme and for general corporate purposes. The new credit facility replaced the secured EUR 25 million revolving credit facility from Danske Bank.

Kojamo plc issued an unsecured EUR 500 million bond on 19 June 2017. The bond has been ap-proved for listing on the official list of the Irish Stock Exchange. The unsecured euro-denominated bond has a maturity of seven years and it will mature on 19 June 2024. The bond carries a fixed annual coupon of 1.5 per cent.

On 2 May 2017, Kojamo plc signed a new committed EUR 100 million revolving credit facility with the Finnish branch of Svenska Handelsbanken AB (publ). The revolving credit facility is unsecured and has a maturity of five years. The new credit facility replaced the previous EUR 30 million revolving credit facility from Handelsbanken.

On 20 April 2017, Lumo Kodit Oy signed a new EUR 50 million term loan facility with Nordea Bank AB (publ), Finnish Branch. The loan facility is secured and its maturity with extension options is 5.5 years.

On 30 March 2017, Kojamo plc signed a new committed EUR 100 million revolving credit facility with Swedbank AB (publ). The revolving credit facility is unsecured and has a maturity of five years. The credit facility will be used as a back-up facility for the commercial paper programme and for general financial purposes.

REAL ESTATE PROPERTY VALUE AND FAIR VALUE

Kojamo owned a total of 34,383 (34,974) rental apartments at the end of the financial year. The Lumo segment accounted for 31,018 (31,108) and the VVO segment for 3,365 (3,866) of these apartments. At year-end, Kojamo owned apartments in 33 (40) municipalities.

The fair value of the investment properties owned by Kojamo was 4,710.2 (4,298.9) million at the end of the financial year, including the EUR 3.7 (70.6) million classified as non-current assets held for sale, of which about 98 per cent are located in the seven largest urban regions. During the fi-nancial year, the fair value increased by EUR 411.3 (299.7) million. The change includes EUR 126.2 (163.3) million in net valuation gain on the fair value assessment of investment properties. The fair value of Kojamo's investment properties is determined quarterly on the basis of the company's own evaluation. An external expert gives a statement on the valuation of Kojamo's investment properties. The latest valuation statement was issued on 31 December 2017. The criteria for determining fair value are presented in the Notes to the Financial Statements.

At the end of the financial year, the plot reserve held by Kojamo, including real estate development sites, totalled about 189,000 floor sqm (125,000 floor sqm). The fair value of the plot reserve stood at EUR 123 (63) million at year-end.

M€	31/12/2017	31/12/2016
Fair value of investment properties, at 1 Jan	**4,298.9**	**3,999.2**
Acquisition of investment properties *)	338.6	664.9
Modernisation investments	25.4	29.3
Disposals of investment properties	-82.2	-559.0
Capitalised borrowing costs	3.3	1.7
Transfer to own use	0.0	-0.7
Valuation gains/losses on fair value assessment	126.2	163.3
Fair value of investment properties, at 31 Dec	**4,710.2**	**4,298.9**

*) Includes the acquisition costs of completed housing stock and new properties under construction.

The fair values include the investment properties classified as Non-current assets held for sale, totalling EUR 3.7 (70.6) million.

RENTAL HOUSING

Demand for rental housing remained strong in growth centres. Differences between regions are increasing, and in some regions, supply and demand are now in balance. As in previous years, studios and one-bedroom apartments were in highest demand.

The financial occupancy rate remained at a good level, standing at 96.7 (97.4) per cent for the financial year. At year-end, 204 (161) apartments were vacant due to renovations. Tenant turnover, excluding internal transfers, increased slightly year-on-year and was 28.6 (27.6) per cent.

The average rent for commercial Lumo apartments, which totalled 32,152 (30,823) apartments on the basis of the brand division, was 15.03 (14.44) per sqm per month during the financial year and EUR 15.17 (14.63) at year-end. The average rent for Lumo apartments is increased by the renewal of the property portfolio due to strong investment activities. The corresponding figures for the 2,231 (4,151) non-commercial VVO apartments were EUR 13.30 (12.88) during the financial year and EUR 13.34 (12.96) at year-end.

The Lumo web store has seen strong growth, with more than 4,000 tenancy agreements already signed via the web store to date. The number of apartments rented via the web store is about 300 per month. On a monthly level, some 30 per cent of all new Lumo tenancy agreements are signed via the web store. For newly constructed properties, the figure is up to 80 per cent. All Lumo rental apartments that became vacant during the financial year were available for rent on the Lumo web store, where customers can choose their preferred apartment.

In cooperation with our customers, we developed Lumo home types, which determine the service content for different types of Lumo apartments. The home types, to be introduced in early 2018, clarify the service offering for customers.

We also invited companies to develop new housing services and opened the Lumo brand as an innovation platform for service development. The idea is that digital housing services and the potential offered by smart homes will further improve the comfort of living and the customer experience.

Thanks to successful rental control and our housing advisory service, the proportion of annual turn-over from rental operations accounted for by rent receivables remained low and was 1.4 (1.1) per cent at the end of the financial year.

INVESTMENTS, DIVESTMENTS AND REAL ESTATE DEVELOPMENT

Kojamo launched the construction of 972 (996) apartments during the financial year. At year-end, there were a total of 1,525 (1,536) Lumo apartments under construction. Of these, 1,188 (1,220) are located in the Helsinki region and 337 (316) in other Finnish growth centres. During the financial year, 983 (649) new apartments were completed.

During the financial year, Kojamo acquired 75 (2,274) apartments and sold 1,603 (9,011) apartments. This included the sale of 1,344 non-restricted rental apartments to a company managed by Avant Capital Partners on 31 January 2017.

Kojamo's goal is to divest approximately 500 non-strategic apartments over the next two years.

Kojamo's gross investments totalled EUR 367.3 (696.0) million. Total repair costs and modernisation investments during the financial year amounted to EUR 61.0 (68.4) million, of which modernisation investments accounted for EUR 25.4 (29.3) million. The Lumo segment accounted for EUR 367.0 (695.6) million of gross investments and the VVO segment for EUR 0.3 (0.5) million.

At year-end, binding acquisition agreements for new development totalled EUR 201.2 (342.7) mil-lion, of which EUR 99.6 (133.7) million is related to properties under construction. A total of (2,028) (2,635) new apartments will be built under the acquisition agreements, of which 1,525 (1,536) were under construction at the end of the financial year.

To boost its strategic growth, Kojamo acquired the properties located at Onnentie 18, Sofianlehdonkatu 5, Tukholmankatu 10, Agricolankatu 1–3, Albertinkatu 40–42, Abrahaminkatu 1–3 and Bule-vardi 31 from the City of Helsinki on 16 October 2017. Kojamo's aim is to convert these into apartments.

During the financial year, the consumption of heating energy in properties amounted to 295 (310) GWh.

PERSONNEL

At the end of 2017, Kojamo had a total of 316 (286) employees, of who 284 (267) were on permanent contracts and 32 (19) were on temporary contracts. The average number of personnel during the year was 310 (298). The average length of service was 10.0 (10.6) years. Personnel turnover in 2017 was 17.2 (16.3) per cent.

The salaries and wages paid during the financial year totalled EUR 15.3 (16.3) million.

SUSTAINABILITY

Kojamo plc's mission is to create better urban housing. Kojamo plc focuses on real estate investment in Finland, renewing rental housing to make it increasingly attractive by developing new types of homes and services. The solutions promote work-related mobility in urbanising Finland, increase well-being and are environmentally friendly.

The anti-grey economy models used by Kojamo exceed legislative requirements in many respects. We continuously monitor the fulfilment of contractor obligations for all of the companies in our sup-plier network through the Reliable Partner service at the tilaajavastuu.fi website.

Kojamo's estimated taxes and similar charges in 2017 amount to approximately EUR 104 million.

Kojamo 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 agreement period that started in 2017, the housing investment company pursues energy savings of 7.5 per cent by 2025.

Kojamo is the only Finnish real estate company in the Climate Leadership Coalition.

The Leanheat system was deployed in 64 Lumo buildings in Espoo, Vantaa and Tampere. Leanheat also adjusts heating proactively and balances the buildings' need for energy, thereby decreasing the carbon footprint. The aim is to optimise building heating systems to reduce energy consumption and achieve comfortable and stable living conditions.

All of Kojamo's new development implemented on a developer contracting basis consists of nearly zero-energy buildings (nZEB).

The residents of Lumo homes have an opportunity to enjoy eco-friendly motoring. Anyone living in a Lumo home can reserve a shared car. There are both passenger cars and vans available.

The car sharing scheme makes it possible to reduce the number of parking places by 10 per cent.

Kojamo's sponsorship and grant programme (previously known as Virkeä) provides financial sup-port for young talents. The programme covers not only individual sports but also team sports.

The individual athletes sponsored in 2017 were Anna Haataja (orienteering), Riikka Honkanen (al-pine skiing), Joona Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Mörö (athletics), Nooralotta Neziri (athletics) and Emmi Parkkisenniemi (snowboarding). In 2017, grants were awarded to 50 young athletes. The grant recipients had to be aged 12–20 and be engaged in active sports as members of a sports club. Those living in Lumo and VVO homes were given priority. A total of 275 grants have been awarded since 2012.

The recipients of team sponsorship were the FC Honka women's football team and four girls' teams. In December, the following were chosen as the recipients of team sponsorship in 2018: the Helsinki Figure Skating Club's three synchronised skating teams competing at the national championships level (Helsinki Rockettes, Team Fintastic and Finettes) as well as five Academy groups.

At the end of the financial year, the programme was renamed in line with the Lumo brand.

NEAR-TERM RISKS AND UNCERTAINTIES

Kojamo estimates that the risks and uncertainties in the current financial year are first and foremost related to the development of the Finnish economy. The economic development is reflected in both the housing and financial markets. This may have an impact on Kojamo's profit and cash flow.

The development in the Finnish economy may bring on fluctuations in housing prices, which could have an impact on the fair value of the Group's real estate property.

Disturbances in the financial market may impair the availability and costs of financing. This may influence the financing of Kojamo's growth.

A more detailed description of risks and uncertainties can be found in the 2017 financial statements.

SHAREHOLDINGS

There are a total of 52 shareholders in Kojamo plc, the largest 10 being (share register as at 31 December 2017):

Shareholder	No. of Series A shares	Holding, %
Ilmarinen Mutual Pension Insurance Company	1,338,076	18.08%
Varma Mutual Pension Insurance Company	1,256,981	16.98%
The Finnish Industrial Union	717,780	9.70%
Trade Union for the Public and Welfare Sectors	646,320	8.73%
Finnish Construction Trade Union	615,300	8.31%
Trade Union PRO	554,591	7.49%
Service Union United PAM	554,180	7.49%
Trade Union of Education in Finland	552,482	7.46%
Industrial Union TEAM	443,270	5.99%
Union of Health and Social Care Professionals TEHY	102,560	1.39%
Others	621,020	8.38%
Total	**7 402 560**	**100.00%**

EVENTS AFTER THE PERIOD

Kojamo has negotiated on the sale of 1,594 apartments. The deal will likely be closed in spring 2018, and it is not expected to have a material impact on Kojamo's results.

Kojamo and funds belonging to the OP Financial Group have entered into a preliminary agreement for Kojamo acquiring 981 rental apartments in Finnish growth centres. The parties intend to complete the deal in the first quarter of 2018. The total gross annual rent of the apartments to be acquired is EUR 9.7 million.

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company Kojamo plc's distributable unrestricted shareholders' equity at 31 December 2017 was EUR 182,441,313.59, of which the profit for the financial year was EUR 80,191,718.64. No significant changes have taken place in the company's financial position since the end of the financial year.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used as follows: a dividend of EUR 6.80 per share to be paid for every Series A share, totalling EUR 50,337,408.00, and EUR 132,103,905.59 to be retained in unrestricted shareholders' equity.

CONDENSED CONSOLIDATED INCOME STATEMENT, IFRS

M€	Note	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Total revenue		**85.7**	**84.6**	**337.0**	**351.5**
Maintenance expenses		-23.7	-23.3	-85.4	-90.3
Repair expenses		-8.2	-11.7	-35.6	-39.1
Net rental income		**53.8**	**49.6**	**216.0**	**222.0**
Administrative expenses		-10.5	-11.4	-37.2	-37.4
Other operating income		0.7	0.6	2.0	2.3
Other operating expenses		-0.3	-0.6	-1.3	-3.1
Profit/loss on sales of investment properties		1.0	9.9	2.5	-10.4
Profit/loss on sales of trading properties		0.0		0.0	0.1
Fair value change of investment properties	3	25.5	94.8	126.2	163.3
Depreciation, amortisation and impairment losses		-0.3	-0.3	-1.1	-1.2
Operating profit		**69.9**	**142.6**	**307.0**	**335.6**
Financial income		1.1	1.1	5.0	2.4
Financial expenses		-12.3	-8.4	-45.5	-48.4
Total amount of financial income and expenses		**-11.2**	**-7.3**	**-40.5**	**-46.0**
Share of result from associated companies		0.1	0.1	0.1	0.1
Profit before taxes		**58.8**	**135.4**	**266.7**	**289.7**
Current tax expense		-5.9	-9.3	-28.6	-35.4
Change in deferred taxes		-3.9	-18.1	-25.1	-22.1
Profit for the period		**48.9**	**107.9**	**212.9**	**232.3**
Profit of the financial period attributable to					
Shareholders of the parent company		48.9	107.9	212.9	232.3
Non-controlling interests					0.0
Earnings per share based on profit attributable to equity holders of the parent company					
Basic, euro		6.62	14.58	28.77	31.38
Diluted, euro		6.62	14.58	28.77	31.38
Average number of the shares, millions		7.4	7.4	7.4	7.4

CONSOLIDATED STATEMENT OF THE COMPREHENSIVE INCOME

M€	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Profit for the period	**48.9**	**107.9**	**212.9**	**232.3**
Other comprehensive income				
Items that may be reclassified subsequently to profit				
Cash flow hedgings	3.1	25.0	20.4	-9.9
Available-for-sale financial assets	0.0	-0.1	0.2	0.4
Deferred taxes	-0.6	-5.0	-4.1	1.9
Items that may be reclassified subsequently to profit or loss	**2.5**	**19.9**	**16.5**	**-7.6**
Total comprehensive income for the period	**51.4**	**127.9**	**229.4**	**224.7**
Total comprehensive income attributable to				
Shareholders of the parent company	51.4	127.9	229.4	224.7
Non-controlling interests				0.0

CONDENSED CONSOLIDATED BALANCE SHEET, IFRS

M€	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets		0.4	0.8
Investment properties	3	4,706.5	4,228.3
Property, plant and equipment	4	31.0	31.0
Investments in associated companies		1.7	1.2
Financial assets	7	0.5	0.6
Non-current receivables		5.3	5.6
Derivatives	6,7	6.5	2.0
Deferred tax assets		10.9	15.4
Non-current assets total		**4,762.7**	**4,284.8**
Non-current assets held for sale	9	3.7	70.7
Current assets			
Trading properties		0.6	0.9
Derivatives	6,7	0.0	0.3
Current tax assets		0.5	7.7
Trade and other receivables		8.8	6.8
Financial assets	7	49.3	69.0
Cash and cash equivalents		117.8	132.0
Current assets total		**177.0**	**216.7**
ASSETS TOTAL		**4,943.5**	**4,572.2**

M€	Note	31 Dec 2017	31 Dec 2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital		58.0	58.0
Share issue premium		35.8	35.8
Fair value reserve		-23.7	-40.2
Invested non-restricted equity reserve		17.9	17.9
Retained earnings		1,950.6	1,788.0
Equity attributable to shareholders of the parent company		**2,038.6**	**1,859.5**
Total equity		**2,038.6**	**1,859.5**
LIABILITIES			
Non-current liabilities			
Liabilities	5,7	2,109.8	1,796.1
Deferred tax liabilities		478.3	453.4
Derivatives	6,7	48.3	68.3
Provisions		0.8	1.0
Other non-current liabilites		14.8	7.1
Non-current liabilities total		**2,652.0**	**2,325.9**
Liabilities held for sale	9		1.0
Current liabilities			
Current liabilities	5,7	173.2	326.8
Derivatives	6,7	0.2	0.9
Current tax liabilities		9.1	9.9
Trade and other payables		70.4	48.3
Current liabilities total		**252.9**	**385.8**
Total liabilities		**2,904.9**	**2,712.6**
TOTAL EQUITY AND LIABILITIES		**4,943.5**	**4,572.2**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

M€	1-12/2017	1-12/2016
Cash flow from operating activities		
Profit for the period	212.9	232.3
Adjustments	-33.5	-46.6
Change in net working capital	-0.4	-1.8
Interest paid	-39.7	-38.0
Interest received	0.6	0.7
Other financial items	-7.4	-2.7
Taxes paid	-22.1	-41.4
Net cash flow from operating activities	**110.4**	**102.4**
Cash flow from investing activities		
Acquisition of investment properties	-341.9	-421.8
Acquisition of associated companies	-0.4	0.0
Acquisition of property, plant and equipment and intangible assets	-0.8	-0.1
Proceeds from sale of investment properties	84.5	89.9
Proceeds from sale of associated companies		0.6
Proceeds from sale of property, plant and equipment and intangible assets		0.0
Purchases of financial assets	-322.5	-28.0
Proceeds from sale of financial assets	322.8	14.0
Non-current loans, granted	-1.8	-0.4
Repayments of non-current receivables	1.3	0.2
Interest and dividends received on investments	0.3	0.4
Net cash flow from investing activities	**-258.5**	**-345.1**
Cash flow from financing activities		
Non-current loans, raised	686.4	482.6
Non-current loans, repayments	-434.0	-154.9
Current loans, raised	267.8	390.1
Current loans, repayments	-355.9	-358.0
Dividends paid	-50.3	-103.6
Net cash flow from financing activities	**113.9**	**256.1**
Change in cash and cash equivalents	**-34.2**	**13.4**
Cash and cash equivalents in the beginning of period*	**152.0**	**118.6**
Cash and cash equivalents at the end of period	**117.8**	**132.0**

**) On 1 January 2017, EUR 20 million of liquid investments were reclassified from financial assets to cash and cash equivalents. The comparative data have not been changed to correspond to the current classification.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

A = Share capital
B = Share issue premium
C = Fair value reserve
D = Invested non-restricted equity reserve
E = Retained earnings
F = Equity attributable to shareholders of the parent company
G = Non-controlling interests
H = Total equity

M€	A	B	C	D	E	F	G	H
Equity at 1 Jan 2017	58.0	35.8	-40.2	17.9	1,788.0	1,859.5		**1,859.5**
Comprehensive income								
Cash flow hedging			16.3			16.3		**16.3**
Available-for-sale financial assets			0.1			0.1		**0.1**
Result for the financial period					212.9	212.9		**212.9**
Total comprehensive income			**16.5**		**212.9**	**229.4**		**229.4**
Transactions with shareholders								
Dividend payment					-50.3	-50.3		**-50.3**
Total transactions with shareholders					**-50.3**	**-50.3**		**-50.3**
Total change in equity			16.5		162.6	179.1	0.0	**179.1**
Equity at 31 Dec 2017	**58.0**	**35.8**	**-23.7**	**17.9**	**1,950.6**	**2,038.6**	**0.0**	**2,038.6**

M€	A	B	C	D	E	F	G	H
Equity at 1 Jan 2016	58.0	35.8	-32.6	17.9	1,659.4	1,738.5	0.6	1,739.1
Comprehensive income								
Cash flow hedging			-7.9			-7.9		-7.9
Available-for-sale financial assets			0.3			0.3		0.3
Result for the financial period					232.3	232.3	0.0	232.3
Total comprehensive income			**-7.6**		**232.3**	**224.7**	**0.0**	**224.7**
Transactions with shareholders								
Dividend payment					-103.6	-103.6		-103.6
Total transactions with shareholders					**-103.6**	**-103.6**	**0.0**	**-103.6**
Changes in shareholdings							-0.6	-0.6
Total change in equity			-7.6		128.6	121.0	-0.6	120.5
Equity at 31 Dec 2016	**58.0**	**35.8**	**-40.2**	**17.9**	**1,788.0**	**1,859.5**	**0.0**	**1,859.5**

Since 1 January 2015, Kojamo has prepared its consolidated financial statements, including the Interim Reports, in accordance with International Financial Reporting Standards (IFRS).

1. Accounting policies

Basis for preparation

This financial statements bulletin is prepared in accordance with IAS 34 Interim Financial Reporting and IFRS standards.

The preparation of this financial statements bulletin in accordance with IFRS requires application of judgement by Kojamo's management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the balance sheet date and the reported amounts of income and expenses for the period. Management has to make judgements also when applying the accounting policies of the Group. Actual results may differ from the estimates and assumptions used. The most significant items of the financial statements bulletin where judgement has been applied by management, as well as the assumptions about the future and other key uncertainty Notes to the condensed consolidated financial statement bulletin factors in estimates at the end of the reporting period which create a significant risk of change in the carrying amounts of Kojamo Group's assets and liabilities within the next financial year, are the same as those presented in the consolidated financial statements for the financial year 2017.

A bond issued by Kojamo has been listed on Nasdaq Helsinki Ltd. In addition, another bond issued by the company has been approved for listing on the official list of the Irish Stock Exchange, and admitted for trading on the regulated market in question. The Group has chosen Finland as its home state for the disclosure of periodic information pursuant to Chapter 7, Section 3 of the Finnish Securities Market Act

Kojamo has assessed the impact of the adoption of IFRS 15 Revenue from Contracts with Customers on the company's cash flows. Due to the nature of the company's business, the change of the standard will not have a material impact on Kojamo's consolidated financial statements. Kojamo has assessed the impact of the adoption of IFRS 16 Leases. Leases for plots of land, which are currently treated as other leases in accordance with IAS 17, will be included in the consolidated balance sheet under the new standard. Kojamo will adopt the standard as of 1 January 2019, resulting in an increase of approximately EUR 58 million in the value of the Group's investment properties and non-current liabilities.

2. SEGMENT INFORMATION

M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Group Total 1-12/2017
Rental income	304.8	30.0	0.3	335.1
Sales income, other	1.9	0.2	-0.3	1.9
Internal income	0.5	0.1	-0.6	0.0
Total revenue	**307.2**	**30.4**	**-0.6**	**337.0**
Maintenance expenses	-77.3	-8.1	0.1	-85.4
Repair expenses	-28.7	-6.9		-35.6
Net rental income	**201.2**	**15.4**	**-0.6**	**216.0**
Administrative expenses	-34.1	-3.7	0.6	-37.2
Other operating income	1.9	0.1		2.0
Other operating expenses	-1.3	0.0		-1.3
Profit/loss on sales of investment properties	2.5			2.5
Profit/loss on sales of trading properties	0.0			0.0
Fair value change of investment properties	126.2		0.0	126.2
Depreciation, amortisation and impairment losses	-1.1			-1.1
Operating profit / loss	**295.2**	**11.8**	**0.0**	**307.0**
Financial income				5.0
Financial expenses				-45.5
Total amount of financial income and expenses				**-40.5**
Share of result from associated companies				0.1
Profit before taxes				**266.7**
Current tax expense				-28.6
Change in deferred taxes				-25.1
Profit/loss for the period				**212.9**
Investments	**367.0**	**0.3**		**367.3**
Investment properties	4,580.7	124.9	0.9	4,706.5
Investments in associated companies	1.7			1.7
Investment properties held for sale	3.7			3.7
Liquid assets	44.6	73.2		117.8
Other assets	204.7	13.5	-104.5	113.8
Total Assets	**4,835.5**	**211.6**	**-103.6**	**4,943.5**
Interest bearing liabilities	2,237.7	148.7	-103.4	2,283.0
Other liabilities	607.5	14.6	-0.2	621.9
Total Liabilities	**2,845.1**	**163.4**	**-103.6**	**2,904.9**

M€	Lumo 1-12/2016	VVO 1-12/2016	Group consolidation methods	Group Total 1-12/2016
Rental income	288.4	61.1	0.4	349.9
Sales income, other	1.7	0.3	-0.4	1.6
Internal income	1.0	0.1	-1.2	0.0
Total revenue	**291.1**	**61.5**	**-1.2**	**351.5**
Maintenance expenses	-72.3	-18.1	0.1	-90.3
Repair expenses	-28.5	-10.6		-39.1
Net rental income	**190.3**	**32.8**	**-1.0**	**222.0**
Administrative expenses	-31.7	-6.8	1.0	-37.4
Other operating income	1.8	0.5		2.3
Other operating expenses	-0.7	-2.5		-3.1
Profit/loss on sales of investment properties	-1.2	-10.0	0.7	-10.4
Profit/loss on sales of trading properties	0.1			0.1
Fair value change of investment properties	159.3	4.0	0.0	163.3
Depreciation, amortisation and impairment losses	-1.2			-1.2
Operating profit / loss	**316.8**	**18.1**	**0.7**	**335.6**
Financial income				2.4
Financial expenses				-48.4
Total amount of financial income and expenses				**-46.0**
Share of result from associated companies				0.1
Profit before taxes				**289.7**
Current tax expense				-35.4
Change in deferred taxes				-22.1
Profit/loss for the period				**232.3**
Investments	**695.6**	**0.5**		**696.0**
Investment properties	4,088.9	138.5	0.9	4,228.3
Investments in associated companies	1.2			1.2
Investment properties held for sale	70.7			70.7
Liquid assets	30.3	101.7		132.0
Other assets	147.3	79.5	-86.8	140.0
Total Assets	**4,338.4**	**319.7**	**-86.0**	**4,572.2**
Interest bearing liabilities	2,028.8	178.0	-84.0	2,122.8
Liabilities held for sale	1.0			1.0
Other liabilities	573.6	17.0	-1.8	588.8
Total Liabilities	**2,603.4**	**195.0**	**-85.8**	**2,712.6**

3. INVESTMENT PROPERTIES

M€	31/12/2017	31/12/2016
Fair value of investment properties, at 1 Jan	**4,298.9**	**3,999.2**
Acquisition of investment properties *)	338.6	664.9
Modernisation investments	25.4	29.3
Disposals of investment properties	-82.2	-559.0
Capitalised borrowing costs	3.3	1.7
Transfer to own use	0.0	-0.7
Valuation gains/losses on fair value assessment	126.2	163.3
Fair value of investment properties, at 31 Dec	**4,710.2**	**4,298.9**

*) Includes the acquisition costs of completed housing stock and new properties under construction.

The fair values include the investment properties classified as Non-current assets held for sale, totalling EUR 3.7 (70.6) million.

Kojamo has acquisition agreements for new development and renovations, presented in Note 8.

The change in the fair value of investment properties results from investments, changes in market prices and parameters used in valuation as well as from expiry of restrictions on some properties.

Some of the investment properties are subject to legislative divestment and usage restrictions. Us-age and divestment restrictions are mainly related to balance sheet value properties and usage restrictions to yield value properties. The so-called non-profit restrictions apply to the owning company, and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent restrictions on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include fixed-term restrictions on the use of apartments, the selection of residents, the determination of rent and the divestment of apartments.

Measurement principles of investment property

Investment property is measured initially at its acquisition cost, including related transaction costs. Subsequently it is measured at fair value, and the resulting changes in fair values are recognised in profit or loss as they arise. Fair value refers to the price that would be received from selling an asset or paid for transferring a liability in an ordinary transaction between market participants at the measurement date.

The fair value of investment property determined by Kojamo Group is based on transaction value, income value and acquisition cost.

Transaction value

Properties in which apartments can be sold by Kojamo Group without restrictions are measured using transaction value. The value as of the measurement date is based on actual sales prices of comparable apartments for the two preceding years. The source of market data applied by Kojamo Group is the price tracking service provided by the Central Federation of Finnish Real Estate Agencies (KVKL), including pricing information on sales of individual apartments in Finland provided by real estate agents. If necessary, the resulting transaction value is individually adjusted on the basis of the condition, location, and other characteristics of the property.

Income value (yield value)

Yield value is applied when a property is required to be kept in rental use based on state-subsidised loans (so-called ARAVA loans) or interest subsidy loans, and it can be sold only as an entire property and to a restricted group of buyers. In the yield value method, the fair value is determined by capitalising net rental income, using a property-specific required rate of net rental income. The method also considers the impact of future renovations and the present value of any interest subsidies.

Acquisition cost

Kojamo Group estimates that the acquisition cost of properties under construction, interest subsidised (long-term) rental properties and state-subsidised rental properties (so-called ARAVA properties) approximate their fair values. State-subsidised and interest subsidised (long-term) rental properties are carried at original acquisition cost, deducted by the depreciation accumulated up to the IFRS transition date and any impairment losses.

Sensitivity analysis of investment properties			31/12/2017		
Change %	**-10%**	**-5%**	**0%**	**5%**	**10%**
Properties measured at market values					
Change in market prices (M€)	-378.7	-189.4		189.4	378.7
Properties measured at yield values					
Yield requirement (M€)	43.7	20.7		-18.7	-35.7
Rental income (M€)	-66.9	-33.5		33.5	66.9
Maintenance costs (M€)	25.2	12.6		-12.6	-25.2
Financial occupancy rate					
(change in procent points)	**-2%**	**-1%**	**0%**	**1%**	**2%**
Rental income	-0.8	-0.4		0.4	0.8

Sensitivity analysis of investment properties			31/12/2016		
Change %	**-10%**	**-5%**	**0%**	**5%**	**10%**
Properties measured at market values					
Change in market prices (M€)	-328.8	-164.4		164.4	328.8
Properties measured at yield values					
Yield requirement (M€)	66.4	31.4		-28.4	-54.3
Rental income (M€)	-99.7	-49.8		49.8	99.7
Maintenance costs (M€)	35.7	17.9		-17.9	-35.7
Financial occupancy rate for properties measured at yield value					
(change in percentage points)	**-2%**	**-1%**	**0%**	**1%**	**2%**
Rental income	-1.4	-0.7		0.7	1.4

All of Kojamo's investment properties are classified into the fair value hierarchy level 3 in accordance with IFRS 13. Hierarchy level 3 includes assets, the fair value of which is measured using input data concerning the asset that are not based on observable market data.
The weighted average for the return requirement was 6.1 (6.3) per cent for the 3,788 (5,957) rental homes included within the scope of the yield value method in 2017, and 9.4 (9.4) per cent for the 423 (431) business premises.

4. PROPERTY, PLANT AND EQUIPMENT

M€	31 Dec 2017	31 Dec 2016
Book value, beginning of period	31.0	31.2
Increases	0.7	0.1
Decreases	0.0	-0.3
Depreciations for accounting period	-0.7	-0.7
Transfer from investment properties		0.7
Book value, end of period	31.0	31.0

5. INTEREST-BEARING LIABILITIES

Non-current

M€	31 Dec 2017	31 Dec 2016
Interest subsidy loans	187.7	271.2
Annuity and mortgage loans	0.4	60.3
Bonds	793.8	297.9
Loans from financial institutions	1,125.3	1,163.3
Other loans	2.6	3.4
Total	**2,109.8**	**1,796.1**

Current

M€	31 Dec 2017	31 Dec 2016
Interest subsidy loans	64.8	53.6
Annuity and mortgage loans	0.1	1.3
Loans from financial institutions	48.4	123.6
Other loans	7.0	7.0
Commercial papers	52.9	141.3
Total	**173.2**	**326.8**
Total interest-bearing liabilities	**2,283.0**	**2,122.8**

6. DERIVATIVE INSTRUMENTS

Fair values of derivative instruments

		31 Dec 2017		31 Dec 2016
M€	Positive	Negative	Net	Net
Interest rate derivatives				
Interest rate swaps, cash flow hedges	6.3	-39.6	-33.3	-56.9
Interest rate swaps, not in hedge accounting		-8.7	-8.7	-3.0
Interest rate options, not in hedge accounting		0.0	0.0	-6.5
Electricity derivatives	0.2	-0.2	0.0	-0.4
Total	**6.5**	**-48.5**	**-42.0**	**-66.8**

M€	31 Dec 2017	31 Dec 2016
Interest rate derivatives		
Interest rate swaps, cash flow hedges	1,439.0	1,107.0
Interest rate swaps, not in hedge accounting	44.8	61.6
Interest rate options, not in hedge accounting	63.1	104.7
Total	**1,546.9**	**1,273.3**
Electricity derivatives, MWh	183,957	196,367

During the financial year, EUR 20.4 (-9.9) million were recognised in the fair value reserve from interest rate derivatives classified into cash flow hedging. The interest rate derivatives hedge the loan portfolio interest flows against increases in market interest rates. The interest rate derivatives mature between 2018 and 2035. At the balance sheet date, the average maturity for interest rate swaps was 6.6 (6.2) years. Electricity derivatives hedge against increases in electricity prices and mature between 2018 and 2022. Electricity derivatives are not included in hedge accounting.

7. FAIR VALUES OF FINANCIAL INSTRUMENTS

31 Dec 2017

M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
Financial assets					
Measured at fair value					
Interest rate derivatives	6.3		6.3		6.3
Electricity derivatives	0.2	0.2			0.2
Available-for-sale financial assets	46.6	44.1	2.0	0.5	46.6
Measured at amortised cost					
Loans and receivables	23.2	23.2			23.2
Trade receivables	6.7				6.7
Financial liabilities					
Measured at fair value					
Interest rate derivatives	-48.3		-48.3		-48.3
Electricity derivatives	-0.2	-0.2			-0.2
Measured at amortised cost					
Other interest-bearing liabilities	1,489.3		1,489.8		1,489.8
Bond	793.8		800.0		800.0
Trade payables	20.0				20.0

31 Dec 2016

M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
Financial assets					
Measured at fair value					
Interest rate derivatives	2.2		2.2		2.2
Electricity derivatives	0.2	0.2			0.2
Available-for-sale financial assets	46.5	43.9	2.0	0.6	46.5
Measured at amortised cost					
Loans and receivables	23.1	23.1			23.1
Trade receivables	4.2				4.2
Financial liabilities					
Measured at fair value					
Interest rate derivatives	-68.6		-68.6		-68.6
Electricity derivatives	-0.5	-0.5			-0.5
Measured at amortised cost					
Other interest-bearing liabilities	1,824.9		1,825.4		1,825.4
Bond	297.9		300.0		300.0
Trade payables	19.3				19.3

The fair value of loans is the same as their nominal value. There were no changes between fair value hierarchy levels during the reporting period.

Financial assets and liabilities measured at fair value are classified into three fair value hierarchy levels in accordance with the reliability of the valuation technique:

Level 1:
The fair value is based on quoted prices for identical instruments in active markets.

Level 2:
A quoted market price exists in active markets for an instrument on the same terms, but the price may be derived from directly or indirectly quoted market data.

Level 3:
There is no active market for the instrument, the fair value cannot be reliably derived and input data used for the determination of fair value is not based on observable market data.

Level 3 reconciliation

M€	31 Dec 2017	31 Dec 2016
Beginning of period	0.6	0.5
Deductions	-0.1	0.0
End of period	0.5	0.6

Non-current assets held for sale on hierarchy level 3 are investments in unlisted securities. They are measured at cost, as their fair value cannot be reliably measured in the absence of an active market.

8. COLLATERAL AND CONTINGENT LIABILITIES

M€	31 Dec 2017	31 Dec 2016
Loans covered by pledges on property and shares as a collateral	1,656.9	1,986.5
Mortgages	1,851.1	2,446.2
Shares*	276.9	312.0
Pledged collaterals total	**2,127.9**	**2,758.1**
Other collaterals given		
Mortgages and shares	32.0	5.8
Guarantees**)	373.4	479.9
Pledged deposits		0.2
Other collaterals total	**405.4**	**485.9**

**) Pledged mortgages and shares relate in some cases to same real estates.*
***) Guarantees given are mainly absolute guarantees granted as collateral for group companies' loans for which property pledges have also been given as collateral.*

Other liabilities

M€	31 Dec 2017	31 Dec 2016
New construction in-process	99.6	136.8
Preliminary agreements for new construction	101.5	206.0
Renovation	11.5	17.1
Total	**212.7**	**359.9**

Value added tax refund liabilities

M€	31 Dec 2017	31 Dec 2016
Value added tax refund liabilities	2.5	2.6

Land purchase liabilities

M€	31 Dec 2017	31 Dec 2016
Purchase prices for target building rights and draft plans	38.4	4.5
Liabilities for municipal infrastructure	4.1	4.3

9. NON-CURRENT ASSETS HELD FOR SALE

M€	31 Dec 2017	31 Dec 2016
Investment properties	3.7	70.6
Receivables		0.1
Assets total	3.7	70.7
Loans from financial institutions		0.1
Trade and other payables		0.9
Liabilities total		1.0
Net asset value	3.7	69.7

Key figures, the formulas used in their calculation, and reconciliation calculations in accordance with ESMA guidelines

	2017	2016	2015	2014	2013 **)
Total revenue, M€	337.0	351.5	370.9	356.5	346.6
Net rental income, M€	216.0	222.0	227.4	210.0	198.4
% total revenue	64.1	63.2	61.3	58.9	57.2
Net financial expenses, M€	40.5	46.0	37.1	47.3	40.3
Profit before taxes, M€	266.7	289.7	224.7	146.5	75.9
Operative result, M€ *)	107.6	116.9	121.4	103.2	
Balance sheet total, M€	4,943.5	4,572.2	4,236.1	3,957.2	2,468.5
Investment properties, M€ 1) 5)	4,710.2	4,298.9	3,999.2	3,708.8	3,351.1
Financial occupancy rate, %	96.7	97.4	97.6	98.1	98.5
Tenant turnover, % 4)	28.6	27.6	23.7	21.6	21.2
Equity attributable to equity holders of the parent company, M€	2,038.6	1,859.5	1,738.5	1,579.0	497.9
Interest-bearing liabilities, M€ 2)	2,283.0	2,122.8	1,494.6	1,850.1	1,795.1
Return on equity, % (ROE) *)	10.9	12.9	10.8	7.2	15.5
Return on investments, % (ROI) *)	7.5	8.8	7.6	5.9	5.5
Equity ratio, % 1) *)	41.3	40.7	41.1	40.0	41.3
Loan to Value (LTV), % 1) 2) 3) *)	46.0	47.1	39.8	46.8	48.6
Earnings per share, €	28.77	31.38	24.23	14.95	10.07
Equity per share, € 1)	275.39	251.20	234.85	213.30	209.16
Dividend per share, € 6)	6.80	15.80	5.00	3.00	2.20
Dividend per earnings, % *)	23.64	50.35	20.64	20.07	21.85
Gross investments, M€	367.3	696.0	235.0	200.5	223.2
Number of personnel, average	310	298	364	339	341

*) Disclosure on Alternative Performance Measurements based on ESMA guidelines is located on key figures section of the Financial Statements.
**) As of 2014, the Group adopted IFRS for itsfinancial reporting. For 2013, figures are presented according to the FAS Financial Statements.
1) Calculated with FAS 2013 fair values
2) Does not include items held for sale
3) The calculation formula is changed 2017 and the comperative figures adjusted to correspond to the current calculation method
4) Excluding internal turnover
5) Including items held for sale
6) 2017: the Board of Directors proposed that a dividend of 6,80 € per share. 2016: including extra dividend 9.00 €
7) As of 1st of Jan 2017 20 M€ of investment funds have been reclassified from financial assets to cash and cash equivalents. Comparative period has not been restated.

In accordance with the guidelines issued by the European Securities and Markets Authority (ESMA), Kojamo provides an account of the Alternative Performance Measures used by the Group and their definitions.

Kojamo presents Alternative Performance Measures to illustrate the financial development of its business operations and improve comparability between reporting periods. The Alternative Performance Measures, i.e. performance measures that are not based on financial reporting standards, provide significant additional information for the management, investors, analysts and other parties. The Alternative Performance Measures should not be considered substitutes for IFRS performance measures.

Formulas used in the calculation of the key figures

IFRS performance measures

Earnings per share, €	=	Earnings attributable to equity holders / Number of shares at the end of the financial period	
Shareholders' equity per share, €	=	Equity attributable to shareholders of the parent company / Number of shares at the end of the financial period	

Alternative Performance Measures (APM) based on ESMA guidelines

Operative result	=	Profit for the period - gains/losses on sales of properties - fair value changes - tax adjustments Operative result measures profitability for Groups' operative rental business excluding value adjustments on investment properties and other similar non-operative items.	
Return on equity (ROE), %	=	Profit for the period / Total equity, average of opening and closing balances ROE measures financial result in relation to equity. APM illustrates Kojamo's ability to generate return for the shareholders.	x 100
Return on investment (ROI), %	=	Profit before taxes + Financial expenses / (Assets total - Non-interest-bearing liabilities), average of opening and closing balances ROI measures financial result in relation to invested capital. APM illustrates Kojamo's ability to generate return for the invested funds.	x 100
Equity ratio, %	=	Total equity / Assets total - Advanced received Equity to assets is APM for balance sheet structure which discloses share of equity to total capital. APM illustrates Group's financing structure.	x 100
Loan to Value (LTV), %	=	Interest-bearing liabilities - Cash and cash equivalents / Investment properties Loan to value discloses the ratio of net debt to investment properties. APM illustrates Group's indebtedness	x 100
Dividend payout ratio, %	=	Dividend per share / Earnings per share Dividend payout ratio measures the ratio of dividends to earnings. APM illustrates the share of result that is distributed to Groups's shareholders	x 100
EPRA NAV per share	=	Equity attributable to shareholders of the parent company + fair value of derivatives + deferred tax related to fair value of investment properties and derivatives / Number of shares at the end of the financial period EPRA NAV per share illustrates net asset value adjusted by items that are not expected to materialise under going concern assumption.	

Other performance measures

Financial occupancy rate, %	=	$\frac{\text{Rental income}}{\text{Potential rental income at full occupancy}}$	x 100
Tenant turnover rate, %	=	$\frac{\text{Terminated rental agreements excluding internal transfers}}{\text{Total number of apartments, average}}$	x 100

Reconciliation for APMs

M€	2017	2016	2015	2014	2013 *)
Profit for the period	212.9	232.3	179.4	110.8	
Profit/loss on sales of investment properties	-2.5	10.4	-2.7	4.6	
Profit/loss on sales of trading properties	0.0	-0.1	0.0	0.2	
Profit/loss on sales of fixed assets	0.0	2.5	-0.3	0.0	
Fair value change of investment properties	-126.2	-163.3	-70.3	-26.2	
Fair value change of financial assets	-2.7	7.3	-0.5	4.9	
Other items affecting comparability	0.9				
Tax adjustments	25.1	27.9	15.8	8.8	
Operative result	107.6	116.9	121.4	103.2	
Total equity 1)	2,038.6	1,859.5	1,739.1	1,579.5	1,559.6
Assets total 1)	4,943.5	4,572.2	4,236.1	3,957.2	3,781.5
Advances received	-5.1	-4.6	-5.6	-5.7	-5.7
Equity ratio, % 1)	41.3	40.7	41.1	40.0	41.3
Earnings attributable to equity holders	2,038.6	1,859.5			
Fair value of derivatives	42.0	66.8			
Deferred taxes	468.2	439.2			
EPRA NAV (Net Asset Value)	2,548.8	2,365.5			
EPRA NAV per share, €	344.31	319.56			

*) As of 2014, the Group adopted IFRS for itsfinancial reporting. For 2013, figures are presented according to the FAS financial statements.

1) Calculated with FAS 2013 fair values