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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached confidential offering circular relating to Kojamo plc (the "Company") dated June 1, 2018 accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached document to any other person. This electronic transmission and the attached document has been prepared solely in connection with the offer to certain institutional and professional investors (the "Institutional Offer") of ordinary shares (the "Shares") of the Company. Pricing information and other related disclosures are expected to be published on http://www.kojamo.fi/IPO. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT AND THE SECURITIES REFERENCED THEREIN MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITHIN THE UNITED STATES TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT ("RULE 144A") OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

The Company has not authorized any offer to the public of securities in any Member State of the European Economic Area other than Finland. With respect to each Member State of the European Economic Area other than Finland and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (b) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to exercise, purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This communication does not constitute an offer of the securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the securities. This communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Confirmation of Your Representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company and Goldman Sachs International ("Goldman Sachs"), J.P Morgan Securities plc ("J.P. Morgan"), Nordea Bank AB (publ), Finnish Branch ("Nordea") and OP Corporate Bank plc ("OP", together with Goldman Sachs, J.P. Morgan and Nordea, the "Managers") that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in "offshore transactions", as defined in, and in reliance on, Regulation S under the US Securities Act; (ii) if you are in the UK, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the UK or the EEA; (iii) if you are in any Member State other than the UK, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the UK; and (iv) you are an institutional investor that is eligible to receive the attached document and you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession the attached document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver the attached document, electronically or otherwise, to any other person. The attached document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Managers nor any of their respective directors, officers, employees or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. A hard copy of the attached document will be made available to you only upon request.

By accessing the attached document, you consent to receiving it in electronic form. None of the Managers nor any of their respective directors, officers, employees or affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares. The Managers and each of their respective directors, officers, employees or affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of the attached document or any such statement. No representation or warranty express or implied, is made by any of the Managers or any of their respective directors, officers, employees or affiliates as to the accuracy, completeness or sufficiency of the information set out in the attached document.

Restriction: Nothing in this electronic transmission constitutes, and this electronic transmission may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE ATTACHED DOCUMENT BUT ONLY ON THE BASIS OF THE ATTACHED DOCUMENT AS FINALIZED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION OR SUPPLEMENTARY MATERIAL.

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OFFERING CIRCULAR **June 1, 2018**

Kojamo plc

Share Issue of approximately EUR 150 million

Share Sale of initially a minimum of 39,202,312 and a maximum of 54,304,117 Sale Shares

Preliminary Price Range EUR 8.50–10.00 per Offer Share

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of Kojamo plc (together with its subsidiaries on a consolidated basis, the "**Company**", "**Kojamo**" or the "**Kojamo Group**", except where it is clear from the context that the term means Kojamo plc or a particular subsidiary or business unit only), a public limited liability company incorporated in Finland. The Company aims to raise gross proceeds of approximately EUR 150 million by offering new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). The number of New Shares to be issued will be determined based on the final price per Offer Share (as defined below) (the "**Final Offer Price**"). The Company will issue 16,222,184 New Shares assuming that the Final Offer Price will be at the mid-point of the Preliminary Price Range (as defined below) and that the persons subscribing for shares in Personnel Offering (as defined below) subscribe for a total of 60,000 New Shares in the Personnel Offering (as defined below) at the discount applicable to such New Shares. In addition, Ilmarinen Mutual Pension Insurance Company ("**Ilmarinen**"), Varma Mutual Pension Insurance Company ("**Varma**"), the Finnish Industrial Union ("**Teollisuusliitto**"), Trade Union for the Public and Welfare Sectors ("**JHL**"), Finnish Construction Trade Union ("**Rakennusliitto**"), Service Union United PAM ("**PAM**"), Trade Union PRO ("**PRO**") and Trade Union of Education in Finland ("**OAJ**", and together with Ilmarinen, Varma, Teollisuusliitto, JHL, Rakennusliitto, PAM and PRO, the "**Principal Sellers**") and certain other listed existing shareholders of the Company listed in Annex A of this Offering Circular (the "**Other Sellers**", and together with the Principal Sellers, the "**Sellers**") are offering initially a minimum of 39,202,312 and a maximum of 54,304,117 existing shares in the Company (the "**Sale Shares**") to be subscribed and purchased (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). Unless the context indicates otherwise, the New Shares, the Sale Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

The Offering consists of (i) private placements to institutional investors in Finland and internationally, including in the United States to persons who are reasonably believed by the Managers (as defined below) to be qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), pursuant to exemptions from the registration requirements of the U.S. Securities Act (the "**Institutional Offering**"), (ii) a public offering to private individuals and organizations in Finland (the "**Public Offering**") and (iii) an offering to all employees of Kojamo and to the members of the Management Team of Kojamo (the "**Personnel Offering**"). All offers and sales outside the United States will be made in offshore transactions in reliance on, and in compliance with, Regulation S under the U.S. Securities Act ("**Regulation S**"). This Offering Circular relates to the Institutional Offering of Offer Shares to QIBs in the United States and to institutional investors outside of Finland.

The preliminary subscription and sale price for the Offer Shares is a minimum of EUR 8.50 and a maximum of EUR 10.00 per Offer Share (the "**Preliminary Price Range**"). In the Personnel Offering, the subscription price per Offer Share will be 10 percent lower than the Final Offer Price in the Public Offering. The Final Offer Price and the final number of Offer Shares will be published through a stock exchange release on or about June 14, 2018.

Goldman Sachs International ("**Goldman Sachs**"), J.P. Morgan Securities plc ("**J.P. Morgan**") and Nordea Bank AB (publ), Finnish branch ("**Nordea**") have been appointed to act as joint global coordinators and joint bookrunners for the Offering (Goldman Sachs, J.P. Morgan and Nordea together, the "**Joint Global Coordinators**"), and OP Corporate Bank plc ("**OP**") has been appointed to act as joint bookrunner for the Offering (OP together with the Global Coordinators, the "**Managers**"). Goldman Sachs and J.P. Morgan act as Managers only in the Institutional Offering. The Principal Sellers are expected to grant to Nordea as stabilization manager (the "**Stabilization Manager**") an option, exercisable within 30 days from commencement of trading in the Company's shares (the "**Shares**") on Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**"), to purchase, or to procure purchasers for, a maximum of 10,396,510 additional Shares (the "**Additional Shares**") solely to cover over-allotments in connection with the Offering (the "**Over-allotment Option**").

The subscription period for the Institutional Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 14, 2018 at 12:00 noon (Finnish time). The subscription period for the Public Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 12, 2018 at 4:00 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 12, 2018 at 4:00 p.m. (Finnish time). For more information on the terms and conditions of the Offering, see "*Terms and Conditions of the Offering*".

For certain risk factors involved in investing in the Shares, see section "*Risk Factors*".

The Offer Shares have not been and will not be registered under the U.S. Securities Act and are being offered and sold (i) in the United States only to persons reasonably believed by the Managers to be QIBs in reliance on Rule 144A or other applicable exemptions from the registration requirements under the U.S. Securities Act and (ii) outside the United States in offshore transactions in compliance with Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The distribution of this Offering Circular and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Accordingly, neither this Offering Circular nor any advertisement or any other Offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons in possession of this Offering Circular are required by the Company, the Sellers and the Managers to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. See "*Selling and Transfer Restrictions*" and "*Important Information*".

Before the Offering, the Shares have not been subject to trading on a regulated market. The Company will make an application to Nasdaq Helsinki for the Shares to be listed on the official list of Nasdaq Helsinki with the trading code KOJAMO. Trading in the Shares on the pre-list of Nasdaq Helsinki is expected to commence on or about June 15, 2018 and on the official list of Nasdaq Helsinki on or about June 19, 2018 (the "**Listing**").

This Offering Circular may not be sent to any person in Australia, Hong Kong, Japan, Singapore, South Africa or, subject to certain exceptions, the United States and Canada, or any other jurisdiction in which it would not be permissible to make an offer of the Shares. The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

Joint Global Coordinators

Goldman Sachs J.P.Morgan Nordea

Joint Bookrunner

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IMPORTANT INFORMATION

In connection with the Offering, the Company has prepared a Finnish language prospectus (the "**Finnish Prospectus**"). The Finnish Prospectus has been prepared in accordance with the Finnish Securities Markets Act (746/2012, as amended), European Commission Regulation (EC) No 809/2004 (as amended) implementing Directive 2003/71/EC of the European Parliament and of the Council concerning information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, European Commission Delegated Regulation (EU) No 486/2012 (as amended) amending Regulation (EC) No 809/2004 as regards the format and the content of the prospectuses, the base prospectuses, the summary and the final terms and as regards disclosure requirements (annexes I, III and XXII), Decree 1019/2012 of the Ministry of Finance on the Prospectus Referred to in Chapter 3–5 of the Finnish Securities Markets Act, and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FSA**"). The FSA has approved the Finnish Prospectus, but is not liable for the correctness of the information presented therein. The journal number of the FSA's decision of approval is FIVA 23/02.05.04/2018.

This Offering Circular is an English language translation of the Finnish Prospectus. This Offering Circular contains the same information as the Finnish Prospectus, with the exception of certain information directed at investors outside of Finland. The restrictions for distribution differ between the Finnish Prospectus and the English language Offering Circular. The English language Offering Circular has not been approved by the FSA.

In this Offering Circular, any reference to the "**Company**", "**Kojamo**" or "**Kojamo Group**" means Kojamo plc and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Kojamo plc or a particular subsidiary or business unit only. References relating to the Shares and share capital of the Company or matters of corporate governance shall refer to the Shares, share capital and corporate governance of Kojamo plc.

Shareholders and prospective investors should rely solely on the information contained in the Offering Circular as well as on the stock exchange releases published by Kojamo. Neither Kojamo nor the Managers have authorized anyone to provide any information or give any statements other than those provided in the Offering Circular. Delivery of the Offering Circular shall not, under any circumstances, indicate that the information presented in the Offering Circular is correct on any day other than the date of the Offering Circular, or that there would not be any changes in the business of Kojamo after the date of the Offering Circular. However, if a fault or omission is discovered in this Offering Circular after the FSA's approval of the Offering Circular but before the admission of the Shares for trading on the pre-list of Nasdaq Helsinki and such fault or omission may be of material importance to investors, or new material information becomes available, the Offering Circular shall be corrected or supplemented in accordance with the Finnish Securities Markets Act. Information given in the Offering Circular is not a guarantee or grant for future events by Kojamo or the Managers, and shall not be considered as such.

In a number of countries, in particular in Australia, Hong Kong, Japan, Singapore and South Africa, and subject to certain exceptions, the United States and Canada, the distribution of the Offering Circular and the offer of the Shares are subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for the Offer Shares does not include persons in any jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company or the Managers to permit the possession or distribution of the Offering Circular (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

The Offer Shares may not be offered or sold, directly or indirectly, and none of this Offering Circular, any other documents relating to the Offer Shares or any advertisements may be distributed or published in any jurisdiction in which this would violate any laws or regulations. No action has been or will be taken by the Company or the Managers to permit public offering of the Offer Shares outside Finland. The Company and the Managers require that any person who receives this Offering Circular into their possession acquire adequate information of these restrictions and comply with them. See "*Selling and Transfer Restrictions*". Neither the Company nor the Managers accept any legal responsibility for persons who have obtained the Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Shares. The Company reserves the right, in its sole and absolute discretion, to reject any subscription of the Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

The Managers are acting exclusively on behalf of the Company and the Principal Sellers and no-one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering

Circular) as their respective client in relation to the Offering. The Managers will not be responsible to anyone other than the Company and the Principal Sellers for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in this Offering Circular.

Investors must not construe the contents of this Offering Circular as legal, investment or tax advice. Each investor should consult such investor's own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering, if they deem it necessary.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In any member state of the European Economic Area (the "**EEA**") (each, a "**Relevant Member State**"), this Offering Circular is only addressed to, and is only directed at, qualified investors in that Relevant Member State within the meaning of the Prospectus Directive.

This Offering Circular has been prepared on the basis that any Offer Shares in any Relevant Member State, other than the Public Offering in Finland, will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Offer Shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is subject of the offering contemplated in this Offering Circular may only do so in circumstances in which no obligation arises for the Company, any of the Sellers or any of the Managers to publish a prospectus for such offer. None of the Company, the Sellers or the Managers authorize the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of Offer Shares contemplated in this Offering Circular.

For the purposes of this provision, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the Amending Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and are being: (i) offered and sold in the United States only to persons who are reasonably believed by the Managers to be QIBs in reliance on Rule 144A; and (ii) offered and sold outside the United States in compliance with Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For certain restrictions on transfer of the Offer Shares, see "*Selling and Transfer Restrictions—Transfer Restrictions*".

In the United States, this Offering Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Offering Circular has been provided by the Company and other sources identified herein. Distribution of this Offering Circular to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to acquire Offer Shares.

Kojamo's auditor, KPMG Oy Ab, has, as required by the Commission Regulation (EC) No. 809/2004, as amended, Annex I item 13.2, issued an auditor's statement on the profit forecast included elsewhere in this Offering Circular. The auditor's statement on the profit forecast is issued solely to comply with the requirements of the Commission Regulation referred to above. Such profit forecast has not been prepared in accordance with generally accepted practices in the United States. The work by KPMG Oy Ab on the profit forecast has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States and, accordingly, the auditor's statement does not constitute a part of this offering circular for the private placement of the Offer Shares in the United States and should not be relied upon as if it had been carried out in accordance with those standards and practices.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Offering Circular is only being distributed to, and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons being referred to as "**Relevant Persons**"). Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

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ANNEXES

SUMMARY

Summaries are made up of disclosure requirements known as "elements". These elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the elements required to be included in a summary for this type of securities and issuer. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

Even though an element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the element. In this case a short description of the element is included in the summary with the mention of "not applicable".

Section A—Introduction and warnings		
A.1	**Warning**	This summary should be read as an introduction to the Offering Circular. Any decision to invest in the securities should be based on consideration of the Offering Circular as a whole by the investor. Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. Kojamo assumes civil liability in respect of this summary only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular, or if it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in the securities issued by the Company.
A.2	**Information to be provided regarding consent by the issuer or person responsible for drawing up the Offering Circular for the use of inter-mediary financial organizations**	Not applicable.

Section B—Issuer		
B.1	**Legal and Commercial Name**	The issuer's legal and commercial name is Kojamo Oyj. The issuer's parallel company name in English is Kojamo plc.
B.2	**Domicile/Legal Form/Legislation/ Country of Incorporation**	The domicile of Kojamo is Helsinki, Finland. Kojamo is a public limited liability company incorporated in Finland and operating under Finnish law.
B.3	**Key factors relating to the issuer's current operations and principal activities**	Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties.[1] It offers rental apartments and housing services for tenants primarily in the Helsinki region[2], the Tampere, Turku, Kuopio and Lahti regions as well as the cities of Oulu and Jyväskylä (together, the "**Finnish Growth Centers**"). As at March 31, 2018, Kojamo's portfolio comprised 35,697 rental apartments offering a wide range of rental

[1] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

[2] Helsinki region includes cities of Helsinki, Espoo, Vantaa, Kauniainen, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula and Vihti.

Section B—Issuer		
		housing alternatives. The fair value of Kojamo's investment properties[3] was EUR 4.9 billion as at March 31, 2018. Measured by fair value, 98 percent of Kojamo's rental apartments are situated in the Finnish Growth Centers, 82 percent in the Helsinki, Tampere and Turku regions and 66 percent in the Helsinki region.[4] Kojamo has two business segments: Lumo and VVO.[5] The Lumo segment included 34,468 apartments and the VVO segment included 1,229 apartments as at March 31, 2018. The Lumo segment offers the commercial housing services of Kojamo Group. Most of the apartments in the Lumo segment are not subject to restrictions under arava and/or interest subsidy legislation. The VVO segment offers the non-commercial housing services of Kojamo Group. Most of the apartments in the VVO segment are subject to restrictions under arava and/or interest subsidy legislation. Between 2014 and 2017, Kojamo's investments in new developments and acquisitions of properties were in aggregate EUR 1.5 billion[6] including the construction of approximately 3,700 apartments Kojamo launched over the same period. During the periods under review, Kojamo has focused its investments in new developments and acquisitions of properties almost solely to the Lumo segment. Between 2014 and 2017, Kojamo sold 11,363 apartments and demolished or removed from residential use 158 apartments. Kojamo's aim is to create a superior customer-service experience for its customers and it has therefore invested significantly in services. The Lumo webstore enables customers to rent a suitable apartment online by paying the first month's rent and then move into the new apartment as soon as the following day. Kojamo's resident co-operation model gives residents an opportunity to influence the development of housing and the Lumo services. Lumo apartments offer a variety of services such as free broadband connection, pets welcome, Lumo-lounges, a car sharing service in partnership with 24Rent and Lumo Caretakers with Lassila & Tikanoja. In addition, to further improve the customer experience, Kojamo has piloted wellness coach services with Raatamo and Fysios and a SmartPost parcel service in partnership with Posti Group Corporation.
B.4a	**Most significant recent trends**	Given Kojamo's involvement in the residential real estate sector, the Company is affected by developments in and related to the residential property market in Finland, particularly in the Finnish Growth Centers, macro-economic indicators such as economic growth, employment, disposable income, inflation and population growth. In 2017, Finland enjoyed robust economic growth that exceeded the European Union (the "**EU**") and euro area averages, as well as the growth in the other Nordic countries and Germany. Following a period of weaker development in 2012-2014, the GDP growth turned slightly positive in 2015 with 0.1 percent growth compared to the previous year. The growth has accelerated since and in 2016 and 2017 the GDP grew 2.1 and 2.6 percent, respectively.[7] The growth has been supported by net exports as well as higher investments and robust private

3 Includes investment properties classified as non-current assets held for sale.

4 By fair value of rental apartments as at March 31, 2018.

5 Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

6 Consisting of investments of EUR 367 million, EUR 696 million, EUR 235 million and EUR 201 million for the years ended December 31, 2017, 2016, 2015 and 2014, respectively.

7 Source: Ministry of Finance: Economic Survey, Spring 2018.

		consumption.[8] Further, the Ministry of Finance has projected that the Finnish GDP will continue to grow 2.6 percent in 2018 and 2.2 percent in 2019.[9] Since 2010, the Finnish population has shown stable development at an average growth of 0.4 percent per annum reaching 5.5 million in 2017, a cumulative increase of approximately 140,000. Projections by Official Statistics Finland forecasts that the population will continue to grow, albeit at a decelerating rate. By 2027, the population is expected to grow in aggregate by 3.5 percent reaching 5.7 million, an increase of approximately 190,000.[10] While in aggregate, the demographic trends have been and are expected to be moderate, there are more substantial regional movements, the most important of which relate to the urbanization trend and decreasing household sizes. The Finnish housing stock consists of approximately 2.6 million occupied dwellings comprising approximately 296 million square meters.[11] The share of high-rise buildings has increased from 44 percent to 45 percent between 2010 and 2016, while at the same time the share of single-family houses and row houses has decreased from 54 percent to 53 percent of the total housing stock. Studios comprise 13 percent of Finnish households, 30 percent are one-bedroom apartments and the remaining 57 percent are apartments with three or more rooms.[12] During the period from 2010 to 2013, the Finnish professional real estate transaction market remained subdued with an average transaction volume of EUR 2.2 billion, of which approximately 15 percent was focused on residential assets. From 2014 to 2017, the transaction volumes experienced rapid growth reaching a total of EUR 10.2 billion. This growth was predominantly driven by increasing interest from international investors. In 2013, the share of foreign investments was 28 percent and in 2017, foreign investments accounted for 69 percent of the transaction volumes. Furthermore, the growth is primarily driven by increasing investments in commercial properties, which in 2017 amounted to EUR 9.2 billion, while investments in residential properties was EUR 1.0 billion. The Finnish residential property market is highly fragmented. 68 percent of all apartments were owner-occupied in 2016, and of the approximately 850,000 rental apartments, 35 percent were owned by households and private individuals. Professional investors owned approximately 179,000 apartments representing approximately 21 percent of the rental stock. Municipalities and other owners accounted for 44 percent of the rental stock.[13]
B.5	**Group**	As at March 31, 2018, the Kojamo Group consisted of Kojamo plc, the parent company, and 322 subsidiaries and associated companies. 275 subsidiaries were wholly-owned and 22 subsidiaries were majority-owned. In addition, there were 35 associated companies, of which Kojamo directly or indirectly owned between 20 and 50 percent. All of Kojamo's subsidiaries are incorporated in Finland. Kojamo is a holding company and its material assets are its shareholdings in its subsidiaries. Other than the receivables under intercompany loans and any other proceeds from loans made in connection with other financing transactions, Kojamo largely depends on distribution of dividends, group support and other payments from its subsidiaries which generate operating cash flow from rental

8 European Commission: European Economic Forecast, Winter 2018.

9 Source: Ministry of Finance: Economic Survey, Spring 2018.

10 Official Statistics Finland: Population projection.

11 KTI Property Information Ltd: The Finnish Property Market 2018.

12 Realia Management Oy: Market study, spring 2018.

13 KTI Property Information Ltd: The Finnish Property Market 2018.

		apartments and housing services, and from the profitability and cash flow of its subsidiaries.
B.6	**Major shareholders**	As at the date of this Offering Circular, the following shareholders own more than 5 percent of the Shares:

Shareholder	No. of Shares	Shareholding, %
Ilmarinen Mutual Pension Insurance Company . .	41,480,356	18.1
Varma Mutual Pension Insurance Company	38,966,411	17,0
The Finnish Industrial Union	37,115,990	16.2
Trade Union for the Public and Welfare Sectors .	20,035,920	8.7
Finnish Construction Trade Union	19,074,300	8.3
Trade Union PRO	17,254,321	7.5
Service Union United PAM	17,179,580	7.5
Trade Union of Education in Finland	17,126,942	7.5

None of Kojamo's shareholders has control over Kojamo as referred to in Chapter 2, Section 4 of the Finnish Securities Markets Act. Each Share entitles the holder to one vote in the General Meeting of Shareholders.

B.7	**Selected historical key information**	Kojamo has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS) for the financial years ended December 31, 2017, 2016 and 2015. The consolidated financial information presented below has been derived from Kojamo's audited consolidated financial statements for the financial years ended December 31, 2017, and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, attached to this Offering Circular, prepared in accordance with IFRS, as well as Kojamo's unaudited interim report for the three months ended March 31, 2018, attached to this Offering Circular, prepared in accordance with IAS 34 and including the comparative information for the three months ended March 31, 2017.

The following table sets forth Kojamo's consolidated income statement data for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
CONSOLIDATED INCOME STATEMENT					
Total revenue	**88.2**	**83.6**	**337.0**	**351.5**	**370.9**
Maintenance expenses	(25.2)	(23.7)	(85.4)	(90.3)	(97.0)
Repair expenses	(7.6)	(7.2)	(35.6)	(39.1)	(46.5)
Net rental income	**55.5**	**52.6**	**216.0**	**222.0**	**227.4**
Administrative expenses	(9.1)	(8.5)	(37.2)	(37.4)	(39.7)
Other operating income	0.5	0.5	2.0	2.3	2.1
Other operating expenses	(0.2)	(0.9)	(1.3)	(3.1)	(0.4)
Profit/loss on sales of investment properties	0.6	0.7	2.5	(10.4)	2.7
Profit/loss on sales of trading properties	0.0	-	0.0	0.1	0.0
Fair value change of investment properties	20.7	23.5	126.2	163.3	70.3
Depreciation, amortization and impairment losses	(0.2)	(0.3)	(1.1)	(1.2)	(1.2)
Operating profit	**67.8**	**67.6**	**307.0**	**335.6**	**261.2**
Financial income	0.9	1.4	5.0	2.4	7.8
Financial expenses	(12.4)	(10.6)	(45.5)	(48.4)	(44.8)
Total amount of financial income/expenses	**(11.5)**	**(9.3)**	**(40.5)**	**(46.0)**	**(37.1)**
Share of result from associated companies	-	-	0.1	0.1	0.6
Profit before taxes	**56.3**	**58.3**	**266.7**	**289.7**	**224.7**
Current tax expense	(7.1)	(12.5)	(28.6)	(35.4)	(22.1)
Change in deferred taxes	(4.6)	1.1	(25.1)	(22.1)	(23.2)
Profit for the period	**44.6**	**46.9**	**212.9**	**232.3**	**179.4**
Profit of the financial period attributable to					
Shareholders of the parent company	44.6	46.9	212.9	232.3	179.3
Non-controlling interests	-	-	-	0.0	(0.1)
Earnings per share based on profit attributable to equity holders of the parent company					
Basic, euro(1)	0.19	0.20	0.93	1.01	0.78
Diluted, euro(1)	0.19	0.20	0.93	1.01	0.78
Average number of the shares, millions(1)	229.5	229.5	229.5	229.5	229.5

(1) Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on May 25, 2018 regarding the share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

The following table sets forth Kojamo's consolidated statement of comprehensive income data for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit for the period	**44.6**	**46.9**	**212.9**	**232.3**	**179.4**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedging	9.5	9.0	20.4	(9.9)	4.6
Available-for-sale financial assets	-	0.1	0.2	0.4	(1.6)
Deferred taxes	(1.9)	(1.8)	(4.1)	1.9	(0.6)
Items that may be reclassified subsequently to profit or loss	**7.6**	**7.2**	**16.5**	**(7.6)**	**2.4**
Total comprehensive income for the period	**52.2**	**54.1**	**229.4**	**224.7**	**181.8**
Total comprehensive income attributable to					
Shareholders of the parent company	52.2	54.1	229.4	224.7	181.7
Non-controlling interests	-	-	-	0.0	(0.1)

The following table sets forth Kojamo's consolidated balance sheet data as at the dates indicated:

(EUR in millions)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)		(audited)		
CONSOLIDATED BALANCE SHEET					
ASSETS					
Non-current assets					
Intangible assets	0.4	0.7	0.4	0.8	1.1
Investment properties	4,834.4	4,314.4	4,706.5	4,228.3	3,464.9
Property, plant and equipment	30.8	30.8	31.0	31.0	31.2
Investments in associated companies	1.8	1.2	1.7	1.2	1.0
Financial assets	0.5	0.5	0.5	0.6	0.5
Non-current receivables	5.3	5.7	5.3	5.6	2.2
Derivatives	5.3	3.9	6.5	2.0	-
Deferred tax assets	9.6	13.9	10.9	15.4	12.0
Non-current assets total	**4,888.1**	**4,371.2**	**4,762.7**	**4,284.8**	**3,513.1**
Non-current assets held for sale	96.7	3.9	3.7	70.7	541.0
Current assets					
Trading properties	0.4	0.9	0.6	0.9	1.0
Derivatives	0.1	0.2	0.0	0.3	-
Current tax assets	5.0	10.2	0.5	7.7	1.7
Trade and other receivables	19.0	15.7	8.8	6.8	8.8
Financial assets	85.7	49.1	49.3	69.0(1)	54.6(1)
Cash and cash equivalents	354.4	142.3	117.8	132.0(1)	116.0(1)
Current assets total	**464.6**	**218.3**	**177.0**	**216.7**	**182.0**
ASSETS TOTAL	**5,449.4**	**4,593.4**	**4,943.5**	**4,572.2**	**4,236.1**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	58.0	58.0	58.0	58.0	58.0
Share issue premium	35.8	35.8	35.8	35.8	35.8
Fair value reserve	(16.6)	(33.0)	(23.7)	(40.2)	(32.6)
Invested non-restricted equity reserve	17.9	17.9	17.9	17.9	17.9
Retained earnings	1,945.2	1,784.6	1,950.6	1,788.0	1,659.4
Equity attributable to shareholders of the parent company	**2,040.2**	**1,863.3**	**2,038.6**	**1,859.5**	**1,738.5**
Non-controlling interests	-	-	-	-	0.6
Total equity	**2,040.2**	**1,863.3**	**2,038.6**	**1,859.5**	**1,739.1**
LIABILITIES					
Non-current liabilities					
Loans	2,513.7	1,871.8	2,109.8	1,796.1	1,259.8
Deferred tax liabilities	483.4	452.6	478.3	453.4	429.8
Derivatives	40.8	60.5	48.3	68.3	48.4
Provisions	0.8	0.9	0.8	1.0	0.9
Other non-current liabilities	15.5	6.9	14.8	7.1	7.1
Non-current liabilities total	**3,054.1**	**2,392.7**	**2,652.0**	**2,325.9**	**1,746.0**
Liabilities related to non-current assets held for sale	0.2	-	-	1.0	467.1
Current liabilities					
Loans	221.0	215.8	173.2	326.8	234.7
Derivatives	0.4	0.6	0.2	0.9	1.3
Current tax liabilities	6.9	20.7	9.1	9.9	9.9
Trade and other payables	126.4	100.2	70.4	48.3	38.0
Current liabilities total	**354.8**	**337.3**	**252.9**	**385.8**	**283.9**
Total liabilities	**3,409.2**	**2,730.1**	**2,904.9**	**2,712.6**	**2,497.1**
TOTAL EQUITY AND LIABILITIES	**5,449.4**	**4,593.4**	**4,943.5**	**4,572.2**	**4,236.1**

(1) As from January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparison figures have not been changed to correspond to the current classification.

The following table sets forth Kojamo's cash flow data as at the dates and for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
CONSOLIDATED STATEMENT OF CASH FLOWS					
Cash flow from operating activities					
Profit for the period	44.6	46.9	212.9	232.3	179.4
Adjustments	2.0	(3.2)	(33.5)	(46.6)	9.0
Change in net working capital					
Change in trade and other receivables	(9.0)	(8.7)	(0.8)	0.6	0.2
Change in trading properties	0.1		0.3	0.1	2.0
Change in trade and other payables	9.5	7.8	0.1	(2.5)	(2.2)
Interest paid	(7.1)	(8.5)	(39.7)	(38.0)	(42.4)
Interest received	0.2	0.1	0.6	0.7	0.6
Other financial items	(3.1)	(0.2)	(7.4)	(2.7)	(0.5)
Taxes paid	(13.8)	(4.1)	(22.1)	(41.4)	(24.8)
Net cash flow from operating activities	**23.5**	**30.0**	**110.4**	**102.4**	**121.3**
Cash flow from investing activities					
Acquisition of investment properties	(210.8)	(74.0)	(341.9)	(421.8)	(230.9)
Acquisition of associated companies	(0.1)	-	(0.4)	0.0	-
Acquisition of property, plant and equipment and intangible assets	0.0	(0.1)	(0.8)	(0.1)	(0.5)
Proceeds from sale of investment properties	4.4	69.8	84.5	89.9	15.4
Proceeds from sale of associated companies	-	-	0.0	0.6	0.0
Proceeds from sale of property, plant and equipment and intangible assets	0.0	-	0.0	0.0	0.0
Purchases of financial assets	(155.0)	0.0	(322.5)	(28.0)	(39.0)
Proceeds from sale of financial assets	118.5	0.0	322.8	14.0	53.7
Non-current loans, granted	-	-	(1.8)	(0.4)	(0.2)
Repayments of non-current receivables	0.0	0.0	1.3	0.2	0.5
Interest and dividends received on investments	0.0	0.1	0.3	0.4	1.3
Net cash flow from investing activities	**(243.0)**	**(4.2)**	**(258.5)**	**(345.1)**	**(199.8)**
Cash flow from financing activities					
Non-current loans, raised	500.0	87.0	686.4	482.6	195.9
Non-current loans, repayments	(123.0)	(69.3)	(434.0)	(154.9)	(134.2)
Current loans, raised	219.0	34.0	267.8	390.1	252.3
Current loans, repayments	(140.0)	(87.3)	(355.9)	(358.0)	(209.1)
Dividends paid	-	-	(50.3)	(103.6)	(22.2)
Net cash flow from financing activities	**456.0**	**(35.6)**	**113.9**	**256.1**	**82.7**
Change in cash and cash equivalents	**236.5**	**(9.7)**	**(34.2)**	**13.4**	**4.2**
Cash and cash equivalents in the beginning of period	**117.8**	**152.0**	**152.0**	**118.6**[(1)]	**114.4**[(1)]
Cash and cash equivalents at the end of period	**354.4**	**142.3**	**117.8**	**132.0**[(1)]	**118.6**[(1)]

(1) As from January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparison figures have not been changed to correspond to the current classification.

Key Figures

Kojamo monitors several key figures which it uses to measure its financial performance, increase understanding of the profitability of Kojamo's rental business, of the rental growth without the impact of the purchases and sales of investment properties as well as completed apartments in the new building, on

Kojamo's ability to acquire financing and on how Kojamo's cash flow is formed. Key figures include also alternative performance measures.

The following table sets forth key figures of Kojamo as at the dates and for the periods indicated:

	As at and for the three months ended March 31,		As at and for the year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
KEY FIGURES					
Total revenue (EUR in millions)	88.2	83.6	337.0(4)	351.5(4)	370.9(4)
Net rental income (EUR in millions)	55.5	52.6	216.0(4)	222.0(4)	227.4(4)
Net rental income margin, %	62.9	62.9	64.1	63.2	61.3
Profit before taxes (EUR in millions)	56.3	58.3	266.7(4)	289.7(4)	224.7(4)
EBITDA (EUR in millions)	68.0	67.9	308.2	336.8	262.4
EBITDA margin, %	77.1	81.2	91.5	95.8	70.7
Adjusted EBITDA (EUR in millions)	46.7	43.6	179.5	186.3	189.1
Adjusted EBITDA margin, %	52.9	52.2	53.3	53.0	51.0
Funds from operations (FFO) (EUR in millions)	29.2	21.0	107.8	112.2	129.4
Funds from operations margin, %	33.1	25.1	32.0	31.9	34.9
Adjusted funds from operations (AFFO) (EUR in millions)	26.3	17.7	82.3	82.9	83.6
Operative result (EUR in millions)	28.5	26.6	107.6(4)	116.9(4)	121.4
Investment properties (EUR in millions)(1)	4,930.8	4,318.3	4,710.2(4)	4,298.9(4)	3,999.2(4)
Financial occupancy rate, %	96.3	96.8	96.7	97.4	97.6
Interest-bearing liabilities (EUR in millions)(2)	2,734.7	2,087.6	2,283.0(4)	2,122.8(4)	1,494.6(4)
Return on equity (ROE), %	8.8	10.1	10.9(4)	12.9(4)	10.8(4)
Return on investments (ROI), %	6.0	7.0	7.5(4)	8.8(4)	7.6(4)
Equity ratio, %	37.5	40.6	41.3(4)	40.7(4)	41.1(4)
Loan to value, %(2)(3)	49.2	45.1	46.0(4)	47.1(4,6)	39.8(4,6)
Unencumbered asset ratio, %(5)	62.0	41.7	54.8	39.7	34.7
Hedging ratio, %	87	79	111(4)	77(4)	72(4)
Earnings per share (EUR)(7)	0.19	0.20	0.93(4)	1.01(4)	0.78(4)
Equity per share (EUR)(7)	8.89	8.12	8.88(4)	8.10(4)	7.58(4)
EPRA NAV (net asset value) per share (EUR)(7)	11.11	10.29	11.11	10.31	9.62
Gross investments (EUR in millions)	203.7	65.0	367.3	696.0	235.0
Number of personnel, end of period	319	296	316	286	356

(1) Includes investment properties classified as non-current assets held for sale.

(2) Excludes liabilities relating to non-current assets held for sale. See Note 21 to the financial statements for the years ended December 31, 2017, 2016 and 2015 appended to this Offering Circular.

(3) The formula used in the calculation was changed in 2017, and comparative figures were restated to correspond to the current formula.

(4) Audited.

(5) The calculation formula was changed in 2018 to limit the maximum amount of warranties to the fair value of the investment property and the comparative figures for earlier periods presented in this Offering Circular were restated to correspond to the current formula.

(6) As at January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparative figures as at December 31, 2016 and 2015 have not been restated to correspond to the current classification.

(7) Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

Section B—Issuer		
B.8	**Selected key pro forma financial information**	Not applicable; there have been no material changes in the Company's operations that would require the presentation of pro forma financial information.
B.9	**Profit forecasts and estimates**	*This section includes forward-looking statements. Forward-looking statements are not guarantees of future developments, and Kojamo's actual results may differ materially from the results described in or implied by forward-looking statements contained herein due to various factors. Kojamo cautions investors not to place undue reliance on these forward-looking statements, which speak only as at the date of this Offering Circular and are subject to uncertainty.* Kojamo estimates that in 2018, the group's total revenue will grow by 3 to 9 percent year-on-year. In addition, the Company estimates that the group's FFO for 2018 will amount to between EUR 103 and EUR 116 million, excluding one-off items. Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million. Kojamo's auditor, KPMG Oy Ab, has, as required by the Commission Regulation (EC) No. 809/2004, as amended, Annex I item 13.2, issued an auditor's statement on the profit forecast stated above. The auditor's statement on the profit forecast is issued solely to comply with the requirements of the Commission Regulation referred to above. Such profit forecast has not been prepared in accordance with generally accepted practices in the United States. The work by KPMG Oy Ab on the profit forecast has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States and, accordingly, the auditor's statement does not constitute a part of this Offering Circular for the private placement of the Offer Shares in the United States and should not be relied upon as if it had been carried out in accordance with those standards and practices. ***Basis for Guidance*** Going forward, the Company will provide guidance for total revenue (instead of the previous guidance on net rental income included in the Company's 2017 audited financial statements), funds from operations (FFO) (instead of the previous guidance on operative result included in the Company's 2017 audited financial statements) and gross investments. The main difference between FFO and operative result concerns the treatment of taxes to be paid. The Company's assessment is that this new method will clarify the disclosure of the Company's guidance. The Company's guidance for 2018 is based on the performance of the Company's business in the three months ended March 31, 2018, subsequent management reporting data through May 2018 and the Company's good faith estimates and assumptions concerning its expected performance through 2018. The guidance has been prepared on the basis of the Company's accounting policies, which are in accordance with the recognition and measurement regulations of IFRS consistent in all material respects with those set forth in the IFRS consolidated financial statements of the Company included elsewhere in this Offering Circular. The guidance has been prepared in accordance with the Company's normal forecasting procedures on the basis a number of assumptions and estimates, that are subject to numerous and significant uncertainties. Certain important assumptions and estimates are set forth below. In addition to these assumptions and estimates, the Company's actual results of operations could deviate materially as a result of other factors. Many of these factors are outside of management's control. For instance, management can influence total revenue and FFO through the Company's business operations, but has no influence over

Section B—Issuer		
		general economic trends, demographic trends, market trends, the regulatory environment or the competitive landscape. The guidance takes into account the effects of the housing divestments and acquisitions completed prior to the date of this Offering Circular and the number of apartments contracted to be completed in 2018. The guidance assumes that there will not be significant changes in occupancy rates or tenant turnover and that the new apartments contracted to be completed in 2018 will reach the Company's average occupancy rate within a reasonable time from completion in 2018. The guidance also assumes that rents will increase moderately and that demand remains at its current levels, in particular, owing to continued migration to the Finnish Growth Centers. The guidance further assumes that long-term interest rates increase only moderately in 2018, having a limited impact on the Company's funding costs, and that the overall Finnish economy and the construction sector continue to develop favorably in line with the growth estimates presented by the Finnish Ministry of Finance and the Confederation of Finnish Industries RT, respectively, included elsewhere in this Offering Circular. The Company's guidance concerning FFO is additionally based on the Company's actual operating expenses and taxes incurred through May 2018 and budgeted operating expenses for the rest of 2018. For the FFO guidance for 2018, the current tax expenses incurred also includes the impact of disposals, including without limitation the non-recurring approximately EUR 14 million income tax impact from the disposal of 1,594 apartments to real estate funds managed by Morgan Stanley Real Estate Investing in April 2018.
B.10	**Qualifications in the audit reports**	Not applicable; the audit reports do not include any qualifications.
B.11	**Sufficiency of working capital**	Not applicable; in the opinion of the Company, Kojamo's working capital is sufficient for its present needs for the next twelve months following the date of this Offering Circular.

Section C—Securities		
C.1	**Type and class of securities**	The Offer Shares are in the book-entry system. The Company has a single series of shares, the ISIN code of which is FI4000312251. Both the New Shares to be issued in the Offering and the existing Sale Shares to be sold in the Offering correspond to the existing share class in Kojamo.
C.2	**Currency of the securities issue**	The currency of the Offering is euro.
C.3	**Share information**	As at the date of this Offering Circular, the number of Shares issued by the Company is 229,479,360. All of the Shares are fully paid. The Shares have no nominal value.
C.4	**Rights attached to the securities**	The rights attached to the Shares include, amongst others, pre-emptive rights to subscribe for New Shares in the Company, right to participate and exercise voting power at the General Meeting of Shareholders, right to dividend and distribution of other unrestricted equity, and right to demand redemption of his/her share at a fair price from a shareholder that holds shares representing more than 90 percent of all the shares and votes in Kojamo, as well as other rights generally available under the Finnish Companies Act.

Section C—Securities		
		The New Shares will entitle their holders to full shareholder rights in the Company after the New Shares have been registered in the Finnish Trade Register maintained by the Finnish Patent and Registration Office (the "**Finnish Trade Register**") and in the Company's shareholder register on or about June 14, 2018 and will also entitle their holders to full dividend and other distribution of funds declared by the Company, if any, in a similar manner as the existing Shares.
C.5	**Restrictions on the free transferability of the shares**	As at the date of this Offering Circular, the Company's Articles of Association include a redemption clause. The Company's Extraordinary General Meeting of Shareholders has on May 25, 2018 decided to remove the redemption clause from the Articles of Association subject to the implementation of the Listing. The removal of this clause will be notified to the Finnish Trade Register in connection with Listing so that the removal of the redemption clause would take effect on the earlier the following: either on the day immediately preceding the commencement of trading in the Company's shares on the pre-list of Nasdaq Helsinki or in connection with the registration notification of the New Shares issued in the Offering on the basis of the authorization given to Kojamo's Board of Directors in the same Extraordinary General Meeting of Shareholders. The selling restriction agreements related to the Shares have been described in the Element E.5.
C.6	**Admission to trading**	The Company will submit a listing application to Nasdaq Helsinki for the listing of the Shares on the official list maintained by Nasdaq Helsinki.
C.7	**Dividend policy**	Kojamo aims to distribute a minimum of 60 percent of its funds from operations as annual dividends, provided that the Kojamo Group's equity ratio is at least 40 percent and taking into account the financial position of the Company. There can be no assurances that dividends or equity returns will be paid in the future, nor are there any assurances as to the amount of dividends or equity returns to be paid for a particular year.

Section D—Risks		
D.1	**Risks specific to the issuer or its industry**	Risk factors relating to the Company as an issuer and to its business are listed below. This listing is not exhaustive as additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also have a material adverse effect on the Company's business, results of operations and financial condition or an investment in the Company. **Risks Related to Macroeconomic Conditions** • Kojamo's business, results of operations and profitability are subject to risks related to general economic conditions in Finland and indirectly in Europe more generally. • If interest rates increase, this may lead to a decrease in the valuation of Kojamo's property portfolio, which could have an adverse effect on the fair value of Kojamo's investment properties, financial condition and results of operations. • Unfavorable changes in demographic trends in Finland, such as a decline in urbanization or an increase in average household size, could have an adverse impact on Kojamo's business.

		Risks Related to Kojamo's Business • Decreases in Kojamo's rental income and financial occupancy rate and increases in tenant turnover may have an adverse effect on Kojamo's results of operations. • Poor tenant selection and defaults by tenants may result in overdue or unpaid rents and affect Kojamo's results of operations and reputation. • Kojamo may not necessarily be able to identify or acquire properties suitable for its property portfolio or otherwise implement its business strategy as planned. • Kojamo's revenue and expenses are not directly correlated, and since a large percentage of Kojamo's expenses is fixed, Kojamo may not be able to adapt its cost structure or increase rents to offset any declines in its financial occupancy rate. • Many factors, such as variations in supply and demand, can lead to unfavorable development of the housing market, which could decrease Kojamo's rental income and have a negative impact on the value of Kojamo's property portfolio. • Increased repair costs and modernization investments may lead to adverse development of Kojamo's financial condition and results of operations. • Kojamo may not be able to transfer to its tenants operating costs relating to its rental apartments and services in the same proportion as operating costs increase. • Kojamo's acquisitions and development projects involve risks such as delays, unexpected costs or hidden defects. • Locations where Kojamo's residential properties are situated may become less attractive. • Changes in legislation and underlying political environment could adversely affect the value of Kojamo's residential property or revenue, increase costs and/or slow or halt real estate development. • Residential properties subject to arava and/or interest subsidy legislation are subject to extensive regulation and supervision, and new or stricter restrictions may be imposed. • The Property Valuation Report included in this Offering Circular may incorrectly assess the values of Kojamo's properties. • Property valuation is to a certain extent subjective and inaccurate. • Potential lack of liquidity in the housing market may limit Kojamo's ability to dispose of investment properties and any defects in divested properties may cause liabilities to Kojamo. • Kojamo is exposed to risks relating to unfavourable contractual terms, quality of work and weakened financial standing by partners and suppliers. • Kojamo is dependent upon key personnel. • Kojamo's business can be adversely affected by a weakening of the value, reputation and recognition of its brands. • The rental housing business is highly competitive and its competitive field fragmented. • Failure of the Lumo housing concept and related complimentary services to gain strategic advantages and stay ahead of competition could weaken Kojamo's competitive position.

		• System malfunctions in Kojamo's operations may decrease the efficiency and/or profitability of its operations. • Security breaches and other disruptions could compromise Kojamo's information and functions and expose it to liability, which would adversely affect its business and reputation. • Kojamo may fail to comply with data protection and privacy laws. • Contamination and other environmental damage in Kojamo's properties can lead to costly environmental liabilities, reduce the value of such properties and delay development projects on such properties. • Kojamo may be subject to losses that are either uninsurable, not economically insurable or that are in excess of its insurance coverage. • Kojamo plc is a holding company and thereby dependent on the profitability and cash flows of its subsidiaries as well as distribution of dividends and other payments from them. • Legal or regulatory proceedings or claims could have a material adverse effect on Kojamo. • Kojamo's financial administration and operative information systems may be subject to human or software errors. • Weaknesses in internal control and risk management processes may increase the risk of errors, damage and malpractice, which, if it materializes, could have a material adverse effect on Kojamo. • Counterparty risk, if it materializes, could have a material adverse effect on Kojamo's business. • Kojamo's actual results of operations and financial condition may differ materially from the operating and financial targets and future prospects presented in this Offering Circular, and historical financial data is not necessarily predictive of Kojamo's future financial performance. **Risks Related to Financing** • Kojamo may not be able to obtain new financing or refinance its existing debt at competitive terms or at all and its costs of financing may increase. • Kojamo's substantial debt could limit its flexibility and adversely affect its business. • Fluctuations in interest rates may decrease the value of Kojamo's properties and increase the cost of financing and thereby adversely affect Kojamo's business.
D.2	**Risks specific to the securities**	Risk factors relating to the Offering and the Offer Shares are listed below. This listing is not exhaustive as additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also have a material adverse effect on the Company's business, results of operations and financial condition or an investment in the Company. **Risks Related to the Shares and the Listing** • The market price and liquidity of the Shares may fluctuate significantly. • There can be no assurances of distribution of dividends or capital repayment to the shareholders, or the amounts of such dividends or capital repayment, in the future. • The non-execution or termination of the Underwriting Agreement would lead to the cancellation of the Offering.

		• Kojamo's significant shareholder may sell a significant part of its shareholding, which may have a negative effect on the market price of the Shares and result in other adverse effects for Kojamo. • Commitments cannot be cancelled. • The Listing may not necessarily succeed as expected, or occur at all. • Shareholders in the United States and certain other jurisdictions may not be able to exercise their subscription rights in any future offerings. • Not all rights available to shareholders under United States law will be available to holders of the Shares. • Investors with a different reference currency than the euro are exposed to certain foreign exchange risks when investing in the Shares.

Section E—Offer		
E.1	**Total proceeds and expenses**	See Element E.2a.
E.2a	**Reasons for the Offering and use of proceeds**	**Background and Reasons for the Initial Public Offering** The objective of the Offering is to enable Kojamo to pursue its growth strategy and to improve its strategic flexibility. The Listing would also allow Kojamo to obtain access to capital markets and broaden its ownership base both with domestic and foreign investors, which would increase the liquidity of the Shares. Furthermore, the Offering is expected to benefit Kojamo operationally (e.g., in recruiting and making Kojamo a stronger and more credible partner), strengthen Kojamo's recognition among customers, prospective employees, investors and the real estate and rental markets in general, and, thus, enhance Kojamo's competiveness. The Listing and increased liquidity would also enable Kojamo to use the Shares more effectively as a means of consideration in potential acquisitions and remuneration of personnel. **Use of Proceeds** The gross proceeds that the Sellers will receive from the Share Sale will amount to approximately EUR 598 million calculated by using the mid-point of the Preliminary Price Range, assuming that the Sellers will sell the maximum amount of Shares and that the Over-Allotment Option will be exercised in full, and approximately EUR 363 million, assuming that the Sellers will sell the minimum amount of Shares and that the Over-allotment Option will not be exercised. The fees to be paid by the Sellers in connection with the Offering are expected to amount to in aggregate approximately from EUR 5.3 million to EUR 16.8 million depending on the size and final pricing of the Share Sale (taking also into account the impact of any discretionary fee). In the Share Issue, Kojamo aims to raise gross proceeds of approximately EUR 150 million by offering New Shares for subscription. The number of the New Shares to be issued will be determined on the basis of the Final Offer Price. The Company will issue a total of 16,222,184 New Shares assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million. Kojamo estimates that the fees and expenses payable by it in relation to the Offering will amount to approximately EUR 5 million, and as such, the net proceeds that Kojamo will receive from the Offering are estimated to be approximately EUR 145 million. Kojamo will not receive any proceeds from the sale of the Sale Shares and the Additional Shares, if any, by the Sellers in the Offering.

Section E—Offer		
		The proceeds from the Share Issue are intended to be used for supporting Kojamo's growth strategy, including residential property acquisitions and development projects as well as other growth investments, to repayment of debts as a part of liquidity management and to general corporate purposes. If proceeds are used to repayment of debts, the Company does not intend to use more than EUR 50 million for the repayment of debts.
E.3	**Terms and conditions of the Offering**	*"Subscription" means below an offer or commitment provided by an investor in the Offering, whether the investor has offered or committed to purchase Sale Shares or to subscribe New Shares. Correspondingly, "subscriber", "subscription period", "subscription place", "subscription price", "subscription offer" and "subscription commitment" (and other corresponding terms) refer to both Share Issue and Share Sale.* Offering comprises the Share Issue and Share Sale. Through the Share Issue, Kojamo aims to raise gross proceeds of approximately EUR 150 million by offering New Shares for subscription. The number of New Shares to be issued will be determined based on the Final Offer Price. The Company will issue 16,222,184 New Shares assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering (as defined below) at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million. In addition, certain existing shareholders of the Company are offering initially a minimum of 39,202,312 and a maximum of 54,304,117 Sale Shares for subscription and purchase. The Offering consists of (i) private placements to institutional investors in Finland and internationally, including in the United States to persons who are reasonably believed by the Managers (as defined below) to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, pursuant to exemptions from the registration requirements of the U.S. Securities Act, (ii) a public offering to private individuals and organizations in Finland and (iii) an offering to all employees of Kojamo and to the members of the Management Team of Kojamo. All offers and sales outside the United States will be made in offshore transactions in reliance on, and in compliance with, Regulation S under the U.S. Securities Act. The Offer Shares represent approximately 28.7 percent of the Shares and votes after the Offering without the Over-allotment Option (approximately 32.9 percent with the Over-allotment Option) assuming that the Sellers sell the maximum number of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million). With these assumptions, the New Shares issued in the Share Issue would represent approximately up to 6.6 percent of the Shares and votes after the Share Issue (7.1 percent of the Shares before the Share Issue). The Principal Sellers are expected to grant to the Managers an over-allotment option, exercisable by Nordea on behalf of the Managers within 30 days from commencement of trading in the Shares on Nasdaq Helsinki (which is expected to be between June 15, 2018 and July 14, 2018) to purchase, or to procure purchasers for, up to 10,396,510 Additional Shares solely to cover over-allotments in connection with the Offering. Nordea, as the Stabilization Manager, may, to the extent permitted by applicable law, within 30 days from commencement of trading in the Shares on Nasdaq

		Helsinki (which is expected to be between June 15, 2018 and July 14, 2018), engage in measures that stabilize, maintain or otherwise affect the price of the Shares. The subscription period for the Institutional Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 14, 2018 at 12:00 p.m. (Finnish time). The subscription period for the Public Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 12, 2018 at 4:00 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and will end on June 12, 2018 at 4:00 p.m. (Finnish time). The Board of Directors and the Principal Sellers, have, in the event of an oversubscription, the right to discontinue the Institutional Offering, the Public Offering and the Personnel Offering by joint decision at the earliest on June 11, 2018 at 4:00 p.m. (Finnish time). The Institutional Offering, the Public Offering and the Personnel Offering can be discontinued independently of each other. The Institutional Offering, the Public Offering and the Personnel Offering may be discontinued even if they all are not oversubscribed. A stock exchange release will be published in the event of a discontinuation. The Board of Directors and the Principal Sellers, have the right to extend the subscription periods of the Offering by joint decision. A possible extension of the subscription period of the Institutional Offering, the Public Offering or the Personnel Offering or all of them will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription period for the Institutional Offering, the Public Offering and the Personnel Offering will end in any case at the latest on June 28, 2018 at 12:00 p.m. (Finnish time). The Preliminary Price range for the Offer Shares is a minimum of EUR 8.50 and a maximum of EUR 10.00 per Offer Share. The Preliminary Price Range can be changed during the subscription period, which will be communicated through a stock exchange release and on the Internet on the websites www.kojamo.fi/ipo, www.nordea.fi/kojamo and www.op.fi/merkinta. The Final Offer Price will be decided based on Subscription Offers (as defined below) submitted by institutional investors in negotiations between the Company, the Principal Sellers, and the Joint Global Coordinators after the subscription period has ended on or about June 14, 2018, provided that the Institutional Offering or the Public Offering has not been discontinued earlier. In the Personnel Offering, the subscription price per Offer Share is 10 percent lower than the Final Offer Price in the Public Offering. In the Personnel Offering, the subscription price per Offer Share may be a maximum of EUR 9.00. The Final Offer Price will be announced through a stock exchange release following the Completion Decision on or about June 14, 2018 at the subscription places of the Offering and on the Internet on the websites www.kojamo.fi/ipo, www.nordea.fi/kojamo and www.op.fi/merkinta. The Company will submit a listing application with Nasdaq Helsinki to list the Shares on the official list of Nasdaq Helsinki. The trading is expected to commence on the pre-list of Nasdaq Helsinki on or about June 15, 2018 and on the official list of Nasdaq Helsinki on or about June 19, 2018. The trading code of the Shares is KOJAMO and the ISIN code is FI4000312251.

Section E—Offer		
		When the trading on the pre-list commences on or about June 15, 2018, all Shares issued or sold in the Offering may not have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Shares purchased or subscribed for in the Offering on the pre-list, he or she should ensure, before placing the order, that the number of Shares registered to his or her book-entry account covers the transaction in question at the time of the trade.
E.4	**Material interests**	The Principal Sellers and the Other Sellers will sell Shares in the Offering. The fees and commissions to be paid to the Managers are, in part, linked to the proceeds from the Offering, including the proceeds from any sales of Additional Shares based on the Over-allotment Option. Goldman Sachs, J.P. Morgan, Nordea and OP acting as the Managers, as well as other entities within the same groups, may purchase and sell Shares for their own or their customers' account prior to, during and after the Offering subject to applicable laws and regulations. The Managers, other entities within the same groups and/or their affiliates have provided, and may provide in the future, investment, insurance, banking and/or other services to the Company and the Principal Sellers in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. In addition, certain of the Managers, other entities within the same groups and/or their affiliates have acted as arrangers or lenders under certain loan agreements of the Company and its subsidiaries, and in various roles in the Unsecured Notes and Secured Notes for which they have received and may continue to receive customary interest, fees and commissions. The Managers do not intend to disclose the content of any such services, investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. As described above, the Managers will receive fees in connection with the Offering and, as such, have an interest in the Offering.
E.5	**Names of persons offering to sell / Lock-up agreements**	The following entities are offering as Sellers together initially a minimum of 39,202,312 and a maximum of 54,304,117 existing Shares in the Company for subscription and purchase in the Share Sale: • Ilmarinen Mutual Pension Insurance Company • Varma Mutual Pension Insurance Company • The Finnish Industrial Union • Trade Union for the Public and Welfare Sectors • Finnish Construction Trade Union • Service Union United PAM • Trade Union PRO • Trade Union of Education in Finland • Tehy ry • Transport Workers' Union AKT • Tradeka-invest ltd • The Federation of Public and Private Sector Employees Jyty • The Union of Insurance Employees in Finland VvL • The City of Hämeenlinna

Section E—Offer		
		The Company, the Sellers and certain other shareholders are expected to agree not to, and to procure that no person acting on their behalf will, during the period ending 180 days after the Listing, without the prior written consent of the Joint Global Coordinators (on behalf of the Managers) (in the case of the Company and the Principal Sellers) or Nordea (in the case of the Other Sellers), (i) issue, offer, pledge, hypothecate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing. However, the above restrictions do not apply to the disposal of any Sale Shares made in and for the purpose of the Offering pursuant to the Underwriting Agreement and under the Placing Agreement.
E.6	**Dilution**	As a result of the New Shares issued in the Offering, the number of Shares in the Company could increase up to a maximum amount of 247,150,419 Shares assuming that (i) the Final Offer Price would be at the lowest point of the Preliminary Price Range (ii) a total of 240,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares, including the maximum of 180,000 additional New Shares that may be issued in the event of an oversubscription in the Personnel Offering and (iii) the Company will raise gross proceeds of no more than EUR 150 million. As a result, the total ownership of the existing shareholders would, based on the assumptions above, be diluted by approximately 7.7 percent.
E.7	**Estimated expenses charged to the investor**	Not applicable. There are no expenses charged to the investors by the Company in connection with the Offering.

Potential investors should carefully review the following risk factors, in addition to other information contained in this Offering Circular. Each of the risks presented could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects, and they may individually or together result in Kojamo failing to achieve its operating and financial targets. Should these risks lead to a decline in the market price of the Shares, investors who have invested in the Shares could lose part or all of their investment. In addition to the risks described in this Offering Circular, risks and uncertainties currently unknown to the Company, or deemed immaterial by the Company could also have a material adverse effect on Kojamo's business, financial condition and results of operations as well as on the value of an investment in Kojamo. Certain other factors related to Kojamo's business that should be considered before making an investment are described in, among other sections, "Operating and Financial Review and Prospects" and "Kojamo's Business." The order in which the risk factors are presented in this Offering Circular does not reflect the probability of their realization or their potential impact on Kojamo.

Risks Relating to Macroeconomic Conditions

Kojamo's business, results of operations and profitability are subject to risks related to general economic conditions in Finland and indirectly in Europe more generally.

Changes in general economic conditions in Finland, which are usually reflected in changes in Finnish GDP, impact the overall demand for rental apartments in Finland, the ability of tenants to pay rent, the value of residential properties, rent levels and the broader housing market. As all of Kojamo's properties are located in Finland these factors, in turn, affect vacancy rates, rental income and the valuation of its properties, and adverse changes in these factors may have an adverse effect on Kojamo's business, results of operations and financial condition. In addition, Finland's economy may be impacted by developments in Finland's neighboring countries and the broader European and global economies. Therefore, the economic developments in neighboring countries and in Europe more generally could also result in deterioration of the economic conditions in Finland.

If the general economic situation weakens, the value and rental income of Kojamo's property portfolio, as well as the value of the Shares may decline. Following a period of weaker development in 2012–2014, Finnish GDP growth turned slightly positive in 2015 with 0.1 percent growth compared to the previous year. The growth has accelerated since and in 2016 and 2017, the Finnish GDP grew 2.1 and 2.6 percent, respectively.[14] The European Commission has projected that the Finnish GDP will continue to grow 2.6 percent in 2018 and 2.2 percent in 2019.[15] While consumer confidence, employment rates and households' purchasing power have also developed positively in Finland in recent years[16], there can be no assurances that these positive trends will continue. For more information on the evolution of the Finnish market conditions, see section "*Market Overview*".

As Kojamo's current residential properties are located mostly in the Helsinki region[17], the Tampere, Turku, Kuopio and Lahti regions as well as the cities of Oulu and Jyväskylä (together the "**Finnish Growth Centers**"), the general economic development in these particular regions has an impact on Kojamo's business. Kojamo's business could further be adversely influenced by social and demographic developments, which differ from one Finnish region to another. For example, in the Helsinki Metropolitan Area[18], the general consumer confidence indicator was 28.6 points in January 2018, compared to 24.2 points for Finland as whole.[19] In addition, the number of unemployed jobseekers decreased by 15 percent in the Uusimaa region[20] between January 2017 and January 2018 and is lower than the Finnish average.[21] However, there can be no assurances that the economy will continue to develop favorably in the Helsinki region and in other Finnish Growth Centers. If, for example, the unemployment rate in any of Kojamo's target regions increases significantly due to

[14] Ministry of Finance: Economic Survey, Spring 2018.

[15] European Commission: European Economic Forecast, Winter 2018.

[16] Bank of Finland, December 18, 2017 and Bank of Finland, January 11, 2018.

[17] Helsinki region includes cities of Helsinki, Espoo, Vantaa, Kauniainen, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula and Vihti.

[18] Helsinki Metropolitan Area includes cities of Helsinki, Espoo, Vantaa and Kauniainen.

[19] Helsinki Region Trends: Consumer confidence indicator. https://www.helsinginseudunsuunnat.fi/en/regional-economy/consumers/consumer-confidence-indicator. Visited on April 10, 2018.

[20] Uusimaa region is a region consisting of 26 municipalities, including the cities of the Helsinki region and certain other cities and municipalities.

[21] Ministry of Economic Affairs and Employment of Finland: Employment Bulletin. January 2018.

local economic conditions or otherwise, demand for rental apartments and rent levels in that region could decrease. Kojamo aims to further focus its property ownership and rental business in its selected target regions in Finland, which will increase the geographical focus of Kojamo's property portfolio. Kojamo may not be able to react in a timely manner to adverse developments in one or more of these target regions. This could result in a situation where Kojamo has a large property portfolio in and significant investments tied to a region where the economic conditions are developing unfavorably, which in turn could have an adverse effect on Kojamo's profitability and financial condition.

Any decrease in demand for rental apartments or a reduction in the value of Kojamo's residential properties resulting from a decline of the economic conditions in Finland generally or locally in a region that is strategically important to Kojamo could have a material adverse effect on Kojamo's business operations, financial condition, results of operations and future prospects. Further, uncertainty and possible decline in the macroeconomic conditions in Finland may expose Kojamo to risks related to costs and availability of financing. See "—*Risks Relating to Financing*" below.

If interest rates increase, this may lead to a decrease in the valuation of Kojamo's property portfolio, which could have an adverse effect on the fair value of Kojamo's investment properties, financial condition and results of operations.

The current low interest rate environment in Finland and the European Union has had a significant impact on the residential property market leading to higher valuations for residential properties in Finland and the European Union. However, it is possible and likely that interest rates will increase in the future, for example due to improving economic conditions and rising inflation. Any increase in interest rates may have a negative effect on the valuation of Kojamo's apartments and may require Kojamo to record fair value adjustment losses. Such losses would result in a corresponding decrease in the value of Kojamo's apartments as reported on its balance sheet and in Kojamo's fair values and increases in Kojamo's loan to value.

Further, increases in interest rates generally may cause demand for residential properties to decrease and could have an adverse effect on the ability of potential buyers to finance purchase of properties. This in turn might negatively impact Kojamo's strategic disposal program due to lack of demand for apartments.

The materialization of any of these risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Unfavorable changes in demographic trends in Finland, such as a decline in urbanization or an increase in average household size, could have an adverse impact on Kojamo's business.

Kojamo has based its strategy on certain demographic trends in recent years, in particular urbanizations and decreasing average household size. The number of households with one or two persons has been growing for several decades, being 76 percent of all households at the end of 2016.[22] Moreover, urbanization has proceeded rapidly in Finland. In 1990, approximately 62 percent of the Finnish population lived in urban areas, and by 2016, approximately 70 percent of the Finnish population lived in the 14 largest city regions. Due to continuing urbanization and a decrease in average household size, demand for rental housing has been strong in recent years, especially for small apartments in the major cities. Rented housing is more common in major cities than in the whole country on average.[23] However, general economic developments, the personal preferences and social circumstances of persons living in Finland may change in time, and such changes may be unpredictable. If such changes were to lead the trends in Finnish housing to a direction that is not favorable for Kojamo's strategy and property portfolio and if Kojamo is not able to adjust its business operations accordingly and in a timely manner, this could have a material adverse effect on Kojamo's business operations, financial condition, results of operations and future prospects.

Risks Relating to Kojamo's Business Operations

Decreases in Kojamo's rental income and financial occupancy rate and increases in tenant turnover may have an adverse effect on Kojamo's results of operations.

Kojamo's commercial success depends significantly on its ability to maintain and increase its rental income. Therefore, in addition to rental rates, the most notable risks in Kojamo's operations are related to financial

[22] Official Statistics Finland: Dwellings and housing conditions.

[23] KTI Property Information Ltd: The Finnish property market 2018.

occupancy rate[24] and tenant turnover and, by extension, the amount of rental income that Kojamo is able to generate. These depend on, among other things, macroeconomic conditions, demographic trends (as described above in "*—Risks Relating to Macroeconomic Conditions—Unfavorable changes in demographic trends in Finland, such as a decline in urbanization or an increase in average household size, could have an adverse impact on Kojamo's business.*") and the level of new apartment construction, which could increase the supply of rental apartments relative to demand. Further, if the condition, location or other characteristics of the apartments in Kojamo's property portfolio are not responsive to the demand, this may negatively affect Kojamo's ability to maintain and increase rent levels and total rental income.

The financial occupancy rate of Kojamo's residential properties has a significant impact on Kojamo's rental income and, therefore, on the profitability of Kojamo's operations. The financial occupancy rate of Kojamo's residential properties was 96.7 percent as at December 31, 2017, 97.4 percent as at December 31, 2016 and 97.6 percent as at December 31, 2015. There can be no assurances that Kojamo will be able to maintain its financial occupancy rate at similar levels in the future. If Kojamo's financial occupancy rate were to decrease, Kojamo's total revenue would decrease while its maintenance and financing costs would remain relatively constant. For more information on this, see "*—Kojamo's revenue and expenses are not directly correlated, and since a large percentage of Kojamo's expenses is fixed, Kojamo may not be able to adapt its cost structure or increase rents to offset any declines in its financial occupancy rate.*" Similarly, in addition to the lack of rental income between tenancies, increases in tenant turnover result in costs for Kojamo, for example due to the expenses associated with arranging and signing new lease agreements and the costs of minor renovations and maintenance typically made following a tenant's departure from an apartment.

The majority of Kojamo's lease agreements with its tenants are for a non-fixed term and valid subject to notice, and only a small number of Kojamo's lease agreements are for a fixed term. Tenants may generally terminate lease agreements with one month's notice. Therefore, a significant number of Kojamo's lease agreements may be terminated within a short time period. In such cases, Kojamo may encounter difficulties in finding a sufficient number of incoming tenants to replace outgoing tenants, which may result in decreased financial occupancy rate and increased turnover costs.

Kojamo aims to maintain and increase its rental income, secure a high financial occupancy rate and reduce tenant turnover and related costs by (i) enhancing the desirability of its housing through planned maintenance and renovations, (ii) improving the efficiency of the renting process though focusing on its digital service offering, (iii) actively developing its property portfolio to meet the demands of existing and prospective tenants and (iv) maintaining tenant satisfaction through well-functioning services that are easy to access during the tenancy. However, there can be no assurances that any measures that Kojamo takes will achieve the intended goals and provide a service level that meets the needs of existing and prospective tenants.

If Kojamo, despite the aforementioned measures, fails to maintain and, where possible, increase its rental income as it anticipates, or fails to maintain a high financial occupancy rate, this could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Poor tenant selection and defaults by tenants may result in overdue or unpaid rents and affect Kojamo's results of operations and reputation.

Kojamo's results of operations depend in large part upon its ability to attract and retain solvent long-term tenants for its rental apartments. This, in turn, depends on Kojamo's ability to screen applicants, identify good tenants and avoid tenants with higher default risk.

Kojamo aims to choose its tenants with care but despite this intention, it may end up renting apartments to tenants that default on the lease agreements or otherwise fail to comply with the terms of their lease agreement, which may negatively impact Kojamo's financial performance as well as the quality of Kojamo's residential properties. In addition, tenants may make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints, use Kojamo's rental apartments for illegal purposes, damage or make unauthorized structural changes to Kojamo's rental apartments that may not be fully covered by security deposits (if any), refuse to leave the rental apartment when the lease agreement is terminated, cause threatening situations and other disturbances such as noise, odors or eyesores or leave trash, sublet the apartment in violation of their lease agreement or permit unauthorized persons to live with them. This could result in, among other things, increased costs for Kojamo, subject Kojamo to liability, and adversely affect Kojamo's reputation with current and potential tenants and in the regions where Kojamo has residential properties. Furthermore, while the terms of Kojamo's lease agreements concluded or renewed in December 2016 and later require

[24] Financial occupancy rate = (Rental income) / (Potential rental income at full occupancy) x 100. Financial occupancy rate does not include apartments under refurbishment.

tenants to maintain their own home insurance, Kojamo has no means to verify that tenants maintain such insurance at all times. If a tenant does not have the required insurance in place or the insurance coverage is insufficient, Kojamo may not be able to recover from the tenant the costs of repairing any damage to the apartment caused by an event that would otherwise be covered by the home insurance. Kojamo may also not be able to collect from the tenant the costs of repairs relating to damage to the apartment for which the tenant receives insurance compensation to cover the repair costs.

The process of evicting a defaulting tenant from a residence can be adversarial, protracted and costly. Furthermore, some tenants facing eviction may damage or destroy the apartment. Damage to Kojamo's rental apartments may significantly delay re-letting after eviction, require expensive repairs or reduce the rental income or value of the apartment, resulting in a lower than expected rate of return. In addition, Kojamo will incur turnover costs associated with re-leasing the rental apartments, such as marketing, and will not collect revenue while the rental apartment sits vacant. While Kojamo collects security deposits for certain of its rental apartments, such deposits may be small or the security deposit may have been returned to the tenant after the tenant has paid the rent on time for three years. In respect of the rental apartments rented through the Lumo webstore, no separate security deposit is required (online banking codes are required for the purpose of renting on the Lumo webstore and Kojamo automatically checks the Finnish credit data register for any registered payment defaults as well as the payment history from Kojamo's internal customer data). Therefore, it is possible that the security deposits, if any, would not be sufficient to cover the repair costs from incidents caused by tenants. However, Kojamo considers the lack or small amount of security deposits to be a competitive advantage and the risks to be minor since Kojamo's property portfolio is very large and incidents caused by tenants requiring major repairs to rental apartments are rare in Kojamo's experience, but if such incidents were to increase significantly, it could have a negative impact on Kojamo's results of operations.

Moreover, adverse changes to the macro-economic conditions may have a significant adverse effect on the financial position of Kojamo's tenants and their ability to pay rents if, for example, the unemployment rate increases. Poor tenant selection and an increasing number of tenants who do not pay their rents in a timely manner may result in increases of overdue or unpaid rents and, therefore, have a negative impact on Kojamo's results of operations and financial condition.

Kojamo carefully screens its tenancy applicants and has policies on how such screening process is handled. However, there can be no assurances that tenant applicants will not accuse Kojamo of choosing its tenants on discriminatory grounds or in an otherwise inappropriate manner, and any accusations of such conduct could harm Kojamo's reputation. In Kojamo's VVO segment, the screening of applicants is subject to the application of the relevant arava and/or interest subsidy legislation provisions regulating the resident selection process, tenant criteria and income limits, which restrict Kojamo's application screening process as compared to the Lumo segment. The general rule is that Kojamo must appoint apartments subject to arava and/or interest subsidy legislation to the applicants who are in most urgent need of an apartment. If Kojamo has reasonable suspicion regarding the tenant's ability to pay rent, it can collect a larger security deposit or use a fixed-term lease period, but there is nevertheless a possibility that the requirements of the Finnish arava and/or interest subsidy legislation regarding the selection of tenants may lead to the VVO segment's rental apartments being inhabited by tenants with high default risk and, by extension, more payment defaults. For more information on the arava and interest subsidy legislation, see section "*Legislation Relating to Real Estate and Rental Business*".

Materialization of any of the above risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo may not necessarily be able to identify or acquire properties suitable for its property portfolio or otherwise implement its business strategy as planned.

Kojamo actively seeks opportunities to expand its property portfolio and, according to its strategy, it aims to have a EUR 6.0 billion property portfolio by 2021 (compared to the fair value of investment properties[25] of EUR 4.9 billion as at March 31, 2018).

According to its strategy, Kojamo aims to concentrate its investments in its target markets, being the Finnish Growth Centers and the Helsinki region in particular. Kojamo's ability to find suitable properties with attractive locations may be limited, especially in the Finnish Growth Centers where the competition for land is increasing. The number of plots and building rights depend on the development of urban planning and zoning. In Helsinki, the City of Helsinki is a significant landowner. Therefore, the availability of plots is subject to the willingness of the City of Helsinki to sell plots, and sales procedures are typically subject to public tender

[25] Includes investment properties classified as non-current assets held for sale.

processes, which may result in intensifying price competition and thereby affect Kojamo's ability to find and acquire plots and properties in Helsinki at a commercially attractive price. The number of opportunities to acquire residential properties that meet Kojamo's objectives may be materially restricted due to, among other things, availability of suitable properties, adverse zoning decisions and competition from other operators engaging in real estate investment activities. Such competition could also require Kojamo to pay higher prices in order to secure apartments, which could result in lower than targeted returns. Furthermore, there can be no assurances that apartments can be acquired within the expected timelines, in the planned regions, at commercially reasonable prices or at all. This may lead to higher costs for Kojamo to acquire residential properties and advance development projects, and future investments could have lower yield characteristics than Kojamo's current property portfolio.

Kojamo intends to use the proceeds from the Share Issue for supporting its growth strategy, including residential property acquisitions and development projects and as well as other growth investments. Use of proceeds for these purposes is, however, dependent on, among other things, the availability of properties and their suitability for Kojamo's property portfolio. If suitable properties are not available, this may have an impact on the timing of the use of proceeds from the Share Issue and thereby also on the possible return to shareholders from the use of proceeds.

Furthermore, there can be no assurances that Kojamo's strategy will generate competitive returns for shareholders in the short or long term, that Kojamo will be able to execute its strategy successfully or that investments made by Kojamo will be successful. If Kojamo is not able to initiate and complete acquisitions and development projects in commercially reasonable terms in accordance with its strategy, and if by extension Kojamo's strategy fails or does not generate expected results, this could have a material adverse effect Kojamo's business, financial condition, results of operations and future prospects.

Kojamo's revenue and expenses are not directly correlated, and since a large percentage of Kojamo's expenses is fixed, Kojamo may not be able to adapt its cost structure or increase rents to offset any declines in its financial occupancy rate.

Most of the expenses associated with Kojamo's business, such as maintenance and repair costs, real estate taxes, insurance, utilities, employee wages and benefits and other general corporate expenses do not in general decrease proportionately with any decrease in rental income (whether as a result of lower financial occupancy rate, higher tenant turnover, increased rent delinquencies or otherwise) or at all. Kojamo's apartments are also prone to depreciation and may therefore require significant modernization and repairs. Such modernization and repairs cannot necessarily be deferred until the end of a tenancy, and as a result the completion of the required works may negatively affect the living comfort of the tenants, which could increase tenant turnover and reduce the financial occupancy rate. While Kojamo aspires to improve the efficiency of its operations and thereby decrease expenses arising from its operations, there can be no assurances that Kojamo will be able to sufficiently or at all improve the efficiency of its operations to decrease operating expenses if there is a decrease in the financial occupancy rate and by extension decrease in rental income. Kojamo may also not be able to fully offset a decrease in financial occupancy rate or rising costs through higher rents, which could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Many factors, such as variations in supply and demand, can lead to unfavorable development of the housing market, which could decrease Kojamo's rental income and have a negative impact on the value of Kojamo's property portfolio.

The success of Kojamo's business model depends, in part, on favorable conditions in its target rental markets, being the Finnish Growth Centers. Kojamo's rents have recently developed positively for Kojamo and its financial occupancy rate has remained relatively stable between 96 and 98 percent during the periods under review, which is partly due to positive macroeconomic trends affecting the Finnish economy and the Finnish residential real estate markets in particular. These trends include the tightening of credit decision policies of banks, which has made it more difficult to finance home purchases, therefore increasing the demand for rental housing. This trend may reverse in the future, and the currently ongoing strengthening of the economy and employment rates and conditions, as well as other factors such as an increase in the disposable income of existing or current tenants, may eventually contribute to rental housing becoming less popular. A softening of the rental market in Kojamo's target regions could reduce Kojamo's rental income and profitability.

The housing market is sensitive to fluctuations in supply and demand. The relative demand for owner-occupied housing, on the one hand, and rental apartments, on the other, is affected by a number of factors including events related to governmental and municipal policies, interest rates, economic growth, the rate of inflation, the availability of credit and taxation policies. Furthermore, the balance of the supply and demand of the apartments may develop differently in different regions, since new construction, supply and demand of the apartments and other factors may materially affect the values of owner-occupied housing and rental housing in different regions regardless of the overall development of the Finnish housing market. Regional development can even be contrary to the overall development in Finland.

Driven by the expected continued urbanization, VTT Technical Research Center of Finland forecasts stronger than average population growth in the Finnish Growth Centers compared to the rest of Finland between 2015 and 2040. The increasing population is expected to result in increased demand of rental housing in the Finnish Growth Centers. There is currently excess of demand for rental housing in the Helsinki region.[26] On the other hand, according to Kojamo's estimate, there is also a short-term local excess supply within the Finnish Growth Centers. If supply were to increase more widely in the future due to increased construction activity, this would have a downward pressure on rents, which could decrease Kojamo's net rental income. On the other hand, if there is excess of demand of apartments in a region, resulting in insufficient supply, this could lead to higher property prices and adversely affect Kojamo's ability to find suitable properties to acquire in accordance with its growth strategy in attractive terms.

In addition, any decrease in the prices of properties due to excess supply and insufficient demand of apartments or other factors is likely to have a negative impact on the fair value of Kojamo's property portfolio and adversely affect the growth of Kojamo's business. Moreover, such development could turn the housing trends more from rental housing towards owner-occupied housing.

The materialization of any of the above risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Increased repair costs and modernization investments may lead to adverse development of Kojamo's financial condition and results of operations.

Kojamo's apartments have infrastructure and fittings of varying ages and conditions and nearly all of Kojamo's residential properties and rental apartments will require some level of repair and maintenance in the future, following expiration of current lease agreements or otherwise. Such regular property maintenance is necessary in order to maintain the fair value of the residential properties and in order to maintain the rent levels of the rental apartments. However, the amount of required maintenance and repair work may increase, for example, as a result of changes to energy-efficiency or other requirements set to residential properties or as a result of damage caused by tenants or other parties. In addition, Kojamo's repair costs and modernization investments may increase more than Kojamo currently anticipates as a result of its growth strategy and the related residential property acquisitions and real estate development projects. Further, if some maintenance needs are not recognized in time and as a result the level of maintenance is left insufficient in one or more residential properties, this may lead to decreases in the value of such properties, and Kojamo may also need to set lower rent levels in such residential properties.

In addition to the regular repair costs arising from maintenance and repair work, Kojamo seeks to increase the value of its residential properties and increase rent levels in its rental apartments with modernization investments. However, Kojamo may not correctly estimate in its modernization plan the need and benefits of repairs and modernization in one or more residential properties, which could result in Kojamo making modernization investments that do not lead to the expected value and rent increases. This would have a negative effect on Kojamo's results of operations and financial condition.

Modernization investments are often significant and relate mainly to plumbing, facade, roof, window and balcony repair and renovations. The expected average technical operating life of the plumbing, facades, roofs and balconies in residential properties affects the planning of modernization investments. In the financial year ended December 31, 2017, Kojamo spent EUR 61.0 million on the modernization and repair of its residential properties, representing 1.3 percent of the fair value of its property portfolio. Of the total modernization investments and repair costs in the financial year ended December 31, 2017, modernization investments accounted for EUR 25.4 million. There can be no assurances that Kojamo will not be required to make modernization or repair work at more frequent intervals than the expected average technical operating life information would suggest, and a need for repair and renovation may arise unexpectedly. Any damage to a property or an apartment could require repairs of building structures or components or necessitate modernization investments or the commencement of a real estate development project. For more information on typical risks relating to real estate development projects, see "*—Kojamo's acquisitions and development projects involve risks such as delays, unexpected costs or hidden defects.*"

[26] VTT Technical Research Center of Finland Ltd: Asuntotuotantotarve 2015–2040.

Kojamo routinely retains independent contractors and trade professionals to carry out routine repair and modernization work and therefore, Kojamo is exposed to all of the risks relating to using partners and contractors, (for information, see "*—Kojamo is exposed to risks relating to unfavorable contractual terms, quality of work and weakened financial standing by partners and suppliers*"). Although renovation costs or delays on any individual property would not be expected to have a material impact on Kojamo's overall results, there can be no assurances that Kojamo's aggregate capital expenditures relating to renovations will not significantly increase or that Kojamo's estimates regarding such capital expenditures or the underlying assumptions regarding the costs or timing of renovation will always be correct.

If any of the above risks materialize, this could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo may not be able to transfer to its tenants operating costs relating to its rental apartments and services in the same proportion as operating costs increase.

There are some housing-related operating costs relating to Kojamo's rental apartments, including water and electricity costs as well as the maintenance of parking and certain other services, which Kojamo aims to partly cover in rents. Moreover, Kojamo aims to have the tenants partly cover these costs through the tenants paying separate fees for certain service options such as parking. Since January 2018, Kojamo has assumed the practice of having tenants also pay separate fees for their water usage in new and renewed lease agreements, while in most lease agreements water usage has previously been included in the rent. Further, Kojamo offers certain additional services, which are presented in more detail in section "*Kojamo's Business—Kojamo's Customer Experience—Lumo Service Concepts*", some of which incur costs to Kojamo. Kojamo aims to cover also many of the costs from services by including them in rents or by collecting separate fees for them. However, there can be no assurances that Kojamo will in the future be able to have the tenants cover these costs, either by way of separate fees or as a part of rents, to the same extent that they do as at the date of this Offering Circular.

If the operating costs increase, there can be no assurances that Kojamo will be able to fully or partly offset such increases in the form of separate fees or rent increases. If the market practice, Kojamo's legal obligations as a landlord or be able to the requirements of the tenants were to force Kojamo to assume all or a part of such costs in such way that it could not recover those costs in the form of separate fees or rent increases, this would lead to increases in Kojamo's non-recoverable costs. If the above risk materializes, Kojamo's net rental income may decrease or Kojamo may be required to increase rents to offset such increased costs, which may result in reduced demand for Kojamo's rental apartments and have a negative effect on the financial occupancy rate. This, in turn, could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo's acquisitions and development projects involve risks such as delays, unexpected costs or hidden defects.

Kojamo's completed and future residential property acquisitions as well as investments in real estate development projects involve considerable risks relating to potential incorrect profitability assessments, delays, unexpected costs, hidden defects and unfavorable development of the locations of acquired or constructed properties.

Kojamo makes acquisitions and development project plans using business plans that are based on assumptions regarding various factors such as rental income, growth potential, maintenance and repair costs, integration costs, modernization investments, value development, economies of scale and cost savings as well as transaction costs. However, these and other assumptions underlying Kojamo's strategy and related acquisitions and development projects may not be met, or they may be met only in part or later than expected. If Kojamo's assumptions prove to be too optimistic, Kojamo's acquisitions and development projects could become more expensive than planned and not be as profitable as Kojamo has expected, which could have a material adverse effect on Kojamo's cash flows and profitability.

In development projects, Kojamo faces also the risk of delays, additional costs and structural defects and other risks that may cause further delays and have other adverse consequences. Kojamo's land use and plot transfer agreements are subject to timing provisions for development project related construction, sanctioned with delay penalties. In case Kojamo's current or future development project related construction work is delayed for any reason from the timing provisions set in the land use and plot transfer agreements, it is possible that Kojamo will be liable to pay delay penalties in accordance with the land use and plot transfer agreements. In addition, if delays become apparent only at the end of the development project at a time when lease agreements have already been concluded with future tenants, Kojamo may be liable to arrange or compensate the costs of temporary housing for affected tenants. In addition, actual or alleged hidden defects may result in complaints and repair costs after tenants have moved in, and such defects may cause reputational harm to Kojamo.

While considering property transactions Kojamo seeks to conduct thorough due diligence with respect to the structural condition and, to the extent necessary, the existence of harmful environmental impacts of any residential properties before concluding transactions. However, damage or quality defects may remain undiscovered or the scope of such problems may not be fully apparent in the course of the due diligence investigation. Defects may also become apparent only at a later point in time. Further, Kojamo may in some cases only have the opportunity to conduct limited due diligence. While sellers typically give various warranties in acquisition agreements, it is possible that these warranties will not cover all risks sufficiently, for example relating to liability for hidden defects. Warranties given by sellers may also be unenforceable due to the sellers' insolvency or otherwise. Accordingly, Kojamo may not be able to recover costs arising from hidden and undetected defects from the sellers. Additionally, Kojamo may be exposed to unexpected problems or unrecognized risks that may not be covered in acquisition contracts, such as delays in the implementation of maintenance, repair or modernization measures in connection with acquired residential properties, which may result in any problems getting bigger or the condition of apartments deteriorating more or faster than expected. As a result, the repair costs may increase and the repairs may take more time during which Kojamo may not be able to collect rents in full or at all.

Acquisitions and development projects may lead to higher leverage and higher interest costs for Kojamo. Anticipated economies of scale and cost savings may not be realized in whole or in part or may occur later than anticipated. This may result in higher administrative costs than planned. There can also be no assurances that the systems, operations or controls required to support the expansion of Kojamo's business are sufficient and they may require continued development.

Factors that may negatively impact the value of newly acquired residential properties include deterioration of the macroeconomic conditions in Kojamo's strategic growth regions or in the wider economy, an unfavorable market trend for the sale of residential units, higher than anticipated maintenance requirements and difficulties in increasing rents and maintaining a high financial occupancy rate. These or other factors may adversely impact the valuation of newly acquired residential properties and/or lead to a decrease in rental income or proceeds from disposals, which may adversely affect Kojamo's results of operations following the acquisition of newly acquired residential properties.

There can be no assurances that Kojamo's past or future residential property acquisitions and real estate development projects are successful. A failure of Kojamo's acquisitions or development projects to achieve the desired results could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Locations where Kojamo's residential properties are situated may become less attractive.

One of the main factors affecting the attractiveness of a rental apartment from the perspective of prospective tenants is the location. The locations where Kojamo's residential properties are situated may become less attractive due to factors that are outside of Kojamo's control. Such factors include, among other things, changes in public transportation or social conditions as well as zoning and urban planning decisions that may bring undesirable features to the area and negatively affect its reputation. The attractiveness of individual locations may change significantly over time, which may have an adverse effect on Kojamo's ability to find tenants for particular locations and the rent levels and, accordingly, Kojamo's net rental income. If the locations of Kojamo's residential properties become less attractive this could have an adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Changes in legislation and underlying political environment could adversely affect the value of Kojamo's residential property or revenue, increase costs and/or slow or halt real estate development.

Kojamo's operations are subject to various laws and regulations covering areas such as urban planning, construction and operating permits, residential leases, health, safety, environmental, competition and labor as well as corporate, accounting and tax laws.

In particular, urban planning and zoning matters may affect Kojamo's ability to acquire and use plots, and zoning decisions may affect the attractiveness of areas where Kojamo has residential properties. Zoning procedures relating to a location where Kojamo already has or may acquire or develop residential properties are largely outside of Kojamo's control, and may create delays and uncertainty with respect to development projects. Further, Kojamo is subject to legislation on residential leases, and if such legislation were amended to introduce rent controls, change the landlord's ability to end tenancies or introduce other adverse amendments, this could make it more difficult for Kojamo to increase rents or end unprofitable or undesirable tenancies. Moreover, changes to the housing allowance and income support systems and related legislation may negatively affect the income levels of some of Kojamo's tenants, who may as a result seek apartments with lower rent levels.

Further, tax laws and regulations (including, for example, regulations impacting property values and tax deductibility of interest in connection with property acquisitions and developments) or their interpretation and application practices may be subject to change. Even though Kojamo believes that it complies with the applicable tax legislation and requirements in the payment, collection, settling and reporting of taxes, there can be no assurances that all tax risks can be recognized and avoided. As Kojamo's tax burden is dependent on tax laws and regulation and their interpretation and application, any changes in Kojamo's taxation treatment could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

The Ministry of Finance of Finland published on January 19, 2018 a draft proposal for changes in the Finnish interest deduction limitation rules. According to the draft proposal, the new interest deduction limitation, which would become effective as of January 1, 2019, would expand and significantly tighten current regulation. Interest on third party loans, e.g., bank loans and bonds, would also become subject to the deduction limitations. In this regard, according to proposed rules, other than related party net interest, expenses would be fully deductible up to EUR 3,000,000 and thereafter subject to the general deduction limitations, i.e., 25 percent of the "TaxEBITD" of the company. The actual Government proposal may differ from the draft proposal. In order to ensure compliance with any new or amended legislation, Kojamo may need to spend time and financial resources, which could have an adverse effect on Kojamo's business and financial condition. It is also possible that Finnish interest deduction limitation rules would impact tax deductibility of interest cost of Finnish companies. Hence, the change in legislation could result in higher income in taxation than accounting potentially increasing the tax cost in the structure.

Changes in the laws and regulations applicable to or affecting Kojamo or their interpretations could require Kojamo to adapt its business operations or strategy, which could potentially have a negative impact on the value of its investment properties or revenue, increase its expenses, and/or slow or halt the development of certain of its properties. In particular, requirements for energy-efficiency have become more stringent in recent years, which has resulted in, among other things, increased costs relating to maintenance and repair costs and construction prices generally. Changes in laws and regulations are often ultimately related to the political environment, and therefore changes in the political environment may initiate or accelerate changes in laws and regulations. The materialization of any of these risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

For more information on the key regulatory framework governing Kojamo's operations, see section "*Legislation Relating to Real Estate and Rental Business*".

Residential properties subject to arava and/or interest subsidy legislation are subject to extensive regulation and supervision, and new or stricter restrictions may be imposed.

Kojamo's business operations are divided into two segments: Lumo and VVO. The non-commercial VVO segment includes such Group companies that own rental apartments that are subject to restrictions under arava and/or interest subsidy legislation on rent levels and for which such restrictions end after 2019. In some of the apartments in the VVO segment, the rent level restrictions have already ended. Some of the Lumo segment rental apartments are also subject to restrictions. The rental apartments subject to restrictions are currently subject to the restriction on the determination of rent and/or profit distribution restriction and other restrictions under arava and interest subsidy legislation. Measured by the number of apartments, 3.0 percent of the property portfolio of Kojamo belonged to the VVO segment as at March 31, 2018. While Kojamo aims to convert all VVO apartments into Lumo apartments by the end of 2025, there can be no assurances that all of Kojamo's apartments subject to arava and/or interest subsidy legislation will be converted as currently expected. If conversion to Lumo apartments free from property-specific restrictions would not be completed in all respects by the end of 2025, restrictions could be in force in individual properties until the end of 2049.

Due to numerous amendments, arava and interest subsidy legislation has become very complex and consequently difficult to manage, often leading to differing interpretations in respect of the application of the legislation. Kojamo is subject to the risk that new or additional laws or regulations will be adopted with regard to apartments subject to arava and/or interest subsidy legislation and such new laws and regulations could, for example, increase or tighten the restrictions on the permitted levels of return and/or ownership or extend the restriction time periods applicable to such apartments. This could prevent or delay the conversion of VVO apartments into Lumo apartments, which could adversely affect Kojamo's ability to realize its strategy and commence charging market rents for such apartments. The materialization of this risk could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

For more information on arava and interest subsidy legislation, see section "*Legislation Relating to Real Estate and Rental Business*".

The Property Valuation Report included in this Offering Circular may incorrectly assess the values of Kojamo's properties.

The property valuation report prepared for inclusion in this Offering Circular (the "**Property Valuation Report**"), which is included in this Offering Circular as Annex C, was prepared by the independent appraisers Realia Management Oy ("**Realia**"). The Property Valuation Report has been prepared for inclusion in this Offering Circular and it presents Realia's opinion on the fair values of Kojamo's investment properties in its property portfolio as at March 31, 2018. In addition, the fair values of Kojamo's investment properties in its property portfolio are determined quarterly by Kojamo in connection with the preparation of its financial statements and interim reports as discussed below in "*—Property valuation is to a certain extent subjective and inaccurate.*"

The Property Valuation Report represents solely the opinion of the independent appraiser who prepared the report. The Property Valuation Report is based on assumptions that may turn out to be incorrect. The assumptions underlying the appraisals are tested merely through random sampling, as is customary in such appraisals. Additionally, the valuation of real estate is based on a multitude of factors that also enter into subjective valuations by the appraiser. These factors include, for example, the general market environment, interest rate levels, the creditworthiness of tenants, the rental market, the transfer prices of individual apartments, the development of the locations and tax considerations. The valuation of the properties contained in the Property Valuation Report is therefore subject to numerous uncertainties. Moreover, appraisal methods that are currently generally accepted and that were used for the purpose of developing the Property Valuation Report may in hindsight be determined to be unsuitable. Further, it cannot be ruled out that the assumptions underlying the appraisals of the properties in the past or in the future may later be determined to have been erroneous.

The fair values estimated to the appraised properties in the Property Valuation Report may exceed the transaction prices that Kojamo will be able to generate from the sale of the appraised properties. This may also apply to sales that occur on or shortly after the respective valuation date. Accordingly, it is possible that the Property Valuation Report does not accurately represent current value of Kojamo's properties, and it is not meant to represent any future value of Kojamo's properties but instead only the value on the valuation date. It is also possible that Kojamo is not able to generate rental income from the properties in amounts that correspond to the assumptions underlying the valuation of properties appraised in the Property Valuation Report. If Kojamo were to be unable to realize its individual properties at valuations that correspond to the Property Valuation Report or generate rental income in amounts that corresponds to the assumptions underlying the valuation of properties in the Property Valuation Report, this could have a material adverse effect on the valuation of Kojamo's properties and the overall valuation of the Kojamo Group.

Property valuation is to a certain extent subjective and inaccurate.

In addition to the Property Valuation Report, Kojamo's properties are internally valued at the end of each financial quarter, based on methods which Kojamo's management believes to be generally accepted and generally used in the housing sector in Finland. The value of Kojamo's residential properties in Kojamo' historical financial information presented in this Offering Circular for the financial years ended December 31, 2017, 2016 and 2015 and for the three months ended March 31, 2018 and March 31, 2017 are determined based on this internal valuation.

Kojamo's internal property valuations are based on historical Finnish residential property price data, on certain assumptions and base information, including realized acquisition costs, and on calculations on capitalized net rental income and deductions based on Kojamo's internal valuation principles at a specified date. In the event of significant and rapid market changes, the valuations of the models using historical data may not accurately reflect the current market value of Kojamo's investment properties. Further, the above described valuation assumptions used by Kojamo may prove to be inaccurate, and adverse market changes since the date when such assumptions were made may result in significant reductions in the value of Kojamo's investment properties. Realia, an independent appraiser issues a statement on the applicability of Kojamo's valuation method and model for each financial quarter. Regardless of this, the valuation of Kojamo's properties is subjective and, thus, subject to uncertainty.

Hence, there can be no assurances that any historical or future valuations accurately reflect the market value of Kojamo's investment properties as at valuation date. Further, the valuations as at any specific valuation date are not meant to represent any future value of Kojamo's investment properties but instead only the value on the respective valuation date. Further, any future investment property valuations may exceed the transaction prices that Kojamo will be able to generate from the sale of the properties. It is also possible that Kojamo will not be able to generate rental income from properties in amounts that correspond to any assumption underlying the valuation. Incorrect assumptions or flawed assessments underlying the valuations, or materialization of any of the above risks could result in incorrect or overestimated value of Kojamo's property portfolio, and as a result Kojamo would be required to recognize the negative change in value as a loss resulting from the fair value adjustment of investment properties for the relevant accounting period. If such losses are significant, this could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects. Further, a negative change in value could lead to a situation where Kojamo's loan to value exceeds its target level of below 50 percent (see "*Kojamo's Business—Operating and Financial Targets*"), which could reflect negatively on Kojamo's financial condition and reputation among investors. The materialization of any of these risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

For more information on Kojamo's property portfolio valuation, see section "*Operating and Financial Review and Prospects—Key Factors Affecting Kojamo's Business and Results of Operations—Property Portfolio valuation*".

Potential lack of liquidity in the housing market may limit Kojamo's ability to dispose of investment properties and any defects in divested properties may cause liabilities to Kojamo.

Kojamo's business model contemplates making selective divestments of investment properties that no longer meet Kojamo's investment criteria for example due to the property being outside Kojamo's strategical focus regions, due to otherwise undesirable micro-location from a business perspective or due to the technical condition. Currently, Kojamo has approximately 500 apartments that do not support its strategy and which it intends to sell over the next two years. Such divestments may be affected by many factors beyond Kojamo's control, such as interest rates, the supply of and demand for properties and the availability of bank financing to potential buyers. A possible lack of liquidity in the housing market may limit Kojamo's ability to sell properties and modify its property portfolio in a timely manner in response to changes in economic or other conditions. Should Kojamo choose to divest its properties either for strategic repositioning or to increase liquidity, there can be no assurances that Kojamo will be able to carry out such divestments in a profitable manner or that such divestments will be possible at all, if the market functions inadequately or is illiquid. Moreover, some of Kojamo's residential properties are subject to restrictions resulting from arava and/or interest subsidy legislation, regarding sales prices or to whom properties can be sold, which may restrict the profitability of any divestments of such properties. Further, hidden or other defects that are detected later on may cause liabilities to Kojamo.

While divestments do not represent a major part of Kojamo's results of operations, any unsuccessful divestments of properties or liabilities caused to Kojamo from defects in disposed properties could have an adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo is exposed to risks relating to unfavorable contractual terms, quality of work and weakened financial standing by partners and suppliers.

Kojamo relies on long-term contracts with its key partners and suppliers to carry out certain services and tasks relating to, among other things, real estate development and construction, maintenance and cleaning as well as repair and modernization work of residential properties. By relying on partners and suppliers, Kojamo is exposed to a number of risks relating to these entities. For example, Kojamo may not be able to enter into agreements with its partners and suppliers on acceptable terms or the partners and suppliers may experience financial or other difficulties, for example relating to a shortage of labor, industrial disputes and insolvency situations, which may affect their ability to provide services. The quality of the work carried out by the partners and suppliers may be inadequate and may result in defects despite Kojamo's efforts to ensure quality. Further, although Kojamo aims to ensure the quality of the work performed by its partners and suppliers, using partners and suppliers may subject Kojamo to cost overruns (such as an unexpected increase of labor and material costs), delays with contractors in completing work, delays in acquiring the necessary work permits as well as weak quality of work and errors.

Kojamo strives to mitigate risks related to external partners and suppliers by performing certain central services and tasks, such as property management and marketing as well as continuously monitoring the performance of its key partners and suppliers, through in-house personnel. Moreover, Kojamo seeks to avoid dependence on individual service providers to secure the continuity of services provided by partners and suppliers by regularly identifying more than one eligible service provider for each outsourced task. However, there can be no assurances that eligible service providers will be available when needed, and replacing existing service providers may be difficult and costly. Any of these risks may affect Kojamo's ability to provide services to its tenants, conclude its projects on time and within budget and result in additional costs for Kojamo and thereby, have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo is dependent upon its key personnel.

Kojamo's success depends significantly on the professional skills and contribution of Kojamo's management and personnel. Further, Kojamo's success is, to a large extent, dependent on its ability to retain, motivate and recruit highly skilled staff at every level of its organization. Kojamo may fail to retain key personnel and recruit skilled staff. Kojamo's current Management Team has been instrumental to Kojamo's business. Any loss of any Management Team members may cause challenges for Kojamo and finding a suitable replacement could be costly and take time. Any loss of senior management or other employees with special expertise in the business and industry of Kojamo could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo's business can be adversely affected by a weakening of the value, reputation and recognition of its brands.

The value of the Lumo brand as well as the Kojamo and VVO brands may affect Kojamo's business. Kojamo manages and protects its brands and their value through separate brand management plans for each segment. Kojamo's brands hold a great significance in respect of both its business operations and the implementation of its strategies. The Lumo and VVO brands are important in attracting new tenants. Kojamo's namesake brand, which it uses in dealings with business partners, such as cities, construction companies and lenders, is an important factor in such business relations. As the Kojamo brand is a relatively new brand, created when the Company changed its name from VVO Group plc to Kojamo plc in March 2017, it has not had much time to establish itself among business and contracting partners. The success of the Lumo and VVO brands affects the Kojamo brand as well.

The maintenance and positioning of Kojamo's brands is highly dependent on the success of marketing and promotional activities and on Kojamo's ability to provide uniformly high quality rental apartments. Failure to achieve success in this regard, and failure to implement measures and policies related to corporate social responsibility or the impairment of Kojamo's corporate image or reputation due to negative publicity or bad customer experience relating to for example health and safety problems caused by errors in Kojamo's property management or repair and construction work conducted by third-party construction companies, delays and other problems with Kojamo's residential properties or services could have an adverse effect on Kojamo's brands and their development. The Lumo brand is particularly important to Kojamo and its strategy, and while the Company considers that the Lumo brand has gained a lot of recognition, it is a relatively new brand. Accordingly, there can be no assurances that the Lumo brand will continue to gain further recognition. Should the Lumo, VVO or Kojamo brands lose value, regaining any lost brand value might prove impossible or give rise to significant costs. This, in turn, could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

The rental housing business is highly competitive and its competitive field fragmented.

Rental housing is a highly competitive business in Finland, and in addition its competitive field is fragmented. While Kojamo is the largest private residential real estate company in Finland measured by fair value of investments properties[27], its market share of all rental apartments in Finland is only approximately 4 percent.[28] Kojamo's main competitors in this sector are private individuals, municipalities, parishes, foundations and real estate investors.

[27] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

[28] Market share is calculated based on information on the total number of 926,000 rental apartments the end of 2016. Source Official Statistics Finland: Dwellings and housing conditions.

The competition for attractive plots is intense, particularly in the Finnish Growth Centers. According to Kojamo's experience, the competition for attractive plots has led to a steep increase in plot prices during the recent years. Furthermore, an uptrend in construction usually increases construction prices which may in turn decrease the profitability of real estate development projects and can result in delays in the commencement and execution of projects, due to reduced availability levels of contractors and service providers.

The competition for tenants of good financial standing is also intense, particularly in regions where the supply is wider and potential tenants have more options to choose from. The rate of construction of rental apartments could also increase substantially, which could lead to intensifying competition for tenants and, therefore, put more pressure on attracting suitable tenants at lower rent levels than would otherwise be necessary.

Intensifying competition could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Failure of the Lumo housing concept and related complimentary services to gain strategic advantages and stay ahead of competition could weaken Kojamo's competitive position.

The Lumo brand and its housing services strive to differentiate from other rental apartment offerings in the market, among other things, through the accessibility of its services and the quality of its online services, most importantly the Lumo webstore. To achieve such recognition, Kojamo has piloted and taken into use service concepts, such as car sharing and SmartPost, which are related to the rental business, but not necessarily an instrumental part of it. Kojamo believes that these supplementary services and the Lumo webstore are important strategic assets. However, these service concepts as well as the webstore platform are novel and therefore Kojamo has not yet been able to monitor their functionality and usefulness in the long term. Accordingly, there can be no assurances that such supplementary services and the Lumo concept or potential new innovations will at all times and in all Lumo apartments help increase rental income and brand recognition at all or enough to cover the costs of initiating, maintaining and developing such services. For more information on Kojamo's Lumo concept and related services, see section "*Kojamo's Business—Kojamo Customer Experience*".

In addition, unexpected or gradual changes in technology, operating models and service concepts could enable rental apartment services to be provided in novel ways that Kojamo has not identified. If competitors react more quickly and efficiently than Kojamo to new or altered opportunities, technologies, standards and consumer preferences by, for example, adopting new, more efficient and positively received operating models and service concepts, this could adversely affect Kojamo's competitive position. In such circumstances there can be no assurances that Kojamo and its Lumo brand will be able to successfully compete with such new operating models and service concepts either in the short or long term. Difficulties in refining supplementary services and making them profitable as well as difficulties in adapting to changes in the industry may have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

System malfunctions in Kojamo's operations may decrease the efficiency and/or profitability of its operations.

A large proportion of Kojamo's operations is dependent on information technology systems, the ability to operate such information technology systems efficiently and to operate and introduce new technologies, systems as well as safety and back-up systems. Such information systems include the Lumo webstore, telecommunication systems as well as software applications which Kojamo uses to manage lease agreements, control business operations, manage its property portfolio, prepare operating and financial reports and execute treasury operations. Further, the increasing use of home and property automation (where certain functions, such as heating systems, can be automated or remote-controlled) relies on the proper and continuous operation of the information systems enabling the functionality, the failure of which could result in tenant complaints or dissatisfaction. To mitigate the risks in relation to system malfunctions, Kojamo maintains guidelines and practices concerning, among other things, planning and management of key systems, information management, data center operations and contingency planning measures. However, the operation of Kojamo's information systems may be interrupted because of, among other things, power cuts, computer or telecommunication malfunctions, computer viruses, defaults by IT suppliers, crime targeted at information systems or major disasters, such as fires, as well as user errors committed by Kojamo's own staff. Material interruptions or serious malfunctions in the operation of the information systems, including the Lumo webstore, may hinder the conclusion of new lease agreements and otherwise impair and weaken Kojamo's business, financial condition and results of operations.

Kojamo may also face difficulties when developing new systems and maintaining or updating current systems in order to maintain its competitiveness. In particular, severe malfunctions in its IT systems could delay Kojamo in issuing rental invoices to its customers and prevent Kojamo from renting available apartments.

The materialization of any of the above risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Security breaches and other disruptions could compromise Kojamo's information and functions and expose it to liability, which would adversely affect its business and reputation.

In the ordinary course of business, Kojamo acquires and stores sensitive data, including Kojamo's proprietary business information and personally identifiable information of Kojamo's prospective, previous and current tenants, employees and third-party service providers. This information is acquired and stored in Kojamo's offices and information systems and on the third-party service provider's networks that Kojamo uses.

The secure processing and maintenance of the sensitive information and important information technology systems is critical to Kojamo's operations and business strategy. To mitigate risks relating to security breaches, Kojamo conducts regular privacy impact assessments for key applications and Kojamo has also implemented information security practices as well as technical, physical and administrative controls. Despite these security measures, Kojamo's as well as any third-party service providers' information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise Kojamo's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to Kojamo's operations and the services Kojamo provides to customers or damage Kojamo's reputation, which could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo may fail to comply with data protection and privacy laws.

Kojamo handles a large amount of personal data of its current and prospective tenants including, inter alia, detailed information on individuals' finances. Therefore, Kojamo's operations are subject to a number of laws relating to data protection and privacy, including the EU General Data Protection Regulation ((EU) 679/2016, the "**GDPR**"), which replaced the EU Data Protection Directive (95/46/EC) in May 2018, as well as other Finnish data protection laws (for example, related to processing of credit information). The requirements of these laws affect Kojamo's ability to collect and process personal data in a way that is of commercial use to Kojamo in its tenant selection. The GDPR increases the obligations on companies processing personal data, including the obligation to, within timeframes specified in the GDPR, respond to and process the registered persons' requests regarding the stored data. Further, the GDPR introduces substantial administrative fines for non-compliance (up to EUR 20 million or 4 percent of the company's global annual turnover).

While Kojamo strives to comply with all applicable laws and regulations relating to privacy and data protection, it is possible that such requirements may be interpreted and applied by Kojamo in a manner that is inconsistent or may conflict with the interpretations of the EU or the Finnish authorities. That concern is particularly relevant for the GDPR given that it only came into force in May 2018. In addition, non-compliance or data breaches may result in fines, damages, orders to stop processing information as well as damage to Kojamo's reputation, and otherwise have a negative impact on Kojamo' business. Any failure to comply with the data protection laws could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Contamination and other environmental damage in Kojamo's properties can lead to costly environmental liabilities, reduce the value of such properties and delay development projects on such properties.

In respect of its properties, Kojamo must comply with regulations related to, for example, the environment, health and safety. For example, soil contamination can cause substantial delays and clean-up can result in significant costs. Kojamo aims to always have in place contractual protection regarding acquired or developed properties. The main principle of the allocation of environmental liability in Finland is that the entity having caused environmental damage, deterioration or other hazardous cause (and not the owner) is liable for such damage. However, if Kojamo's contractual protections in its acquisition or property development contracts prove to be inadequate in some situations, such inadequacy may expose Kojamo to direct or indirect environmental liability or increased acquisition or development costs. Any such event or material decrease in the value of the properties not known or not recognizable at the time of the purchase or occurring at a later date could have a material adverse effect on Kojamo.

In addition, the time for the removal or clean-up of any contamination may delay Kojamo's development projects and business operations. Further, there can be no assurances that the costs of clean-up can always be recovered from the entity that caused the contamination. Moreover, failure to comply with environmental regulations, or the need to comply with new, stricter environmental regulations that may be introduced, could lead to higher costs or hinder the development of Kojamo's operations. While Kojamo has not faced any significant environmental liabilities in the past, there can be no assurances that Kojamo could not become liable for material environmental damage or other environmental liabilities in the future. The materialization of any of the above risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo may be subject to losses that are either uninsurable, not economically insurable or that are in excess of its insurance coverage.

Kojamo's properties may be damaged by adverse weather conditions and natural disasters such as wind, floods, snow and fires. Damage caused to Kojamo's properties by such adverse weather conditions and natural disasters may require extensive unpredicted repair work that may be costly and time-consuming. In addition, Kojamo may be exposed to personal liability for accidents that occur on Kojamo's properties. All the properties owned by Kojamo are covered by full value insurance (including among other things coverage of lost rent for a maximum of one year). However, such insurance does not cover indirect damage and may not be adequate to cover all damages or losses from adverse events, or it may not be cost-effective to purchase insurance for certain types of losses. As a result, Kojamo may be required to incur significant costs in the event of adverse weather conditions and natural disasters or events which result in environmental or personal liability. Kojamo may not carry or may discontinue certain types of insurance coverage on some or all of Kojamo's properties in the future if the cost of premiums for any of these policies in Kojamo's judgment exceeds the value of the coverage discounted for the risk of loss. If Kojamo experiences losses that are uninsured or exceed policy limits, Kojamo could incur significant uninsured costs or liabilities, lose the capital invested in the properties and/or lose the anticipated future cash flows from those properties. In addition, Kojamo's environmental, personal or other liability may result in losses substantially in excess of the value of the related property. The materialization of any of the above risks could have a material adverse effect on Kojamo's financial condition, results of operations and future prospects.

Kojamo plc is a holding company and thereby dependent on the profitability and cash flows of its subsidiaries as well as distribution of dividends and other payments from them.

Kojamo plc is a holding company. Its material assets are its shareholdings in its subsidiaries and material amounts of Kojamo's debt are the obligations of Kojamo plc's subsidiaries. Other than the receivables under intercompany loans and any other proceeds from loans made in connection with other financing transactions, Kojamo plc largely depends on distribution of dividends and other payments from its subsidiaries and is dependent on the profitability and cash flows of its subsidiaries. As such, a weakening of the subsidiaries' results of operations and financial position may have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Legal or regulatory proceedings or claims could have a material adverse effect on Kojamo.

Kojamo may be subject to legal or regulatory proceedings or claims relating to its operations. It is inherently difficult to predict the outcome of legal, regulatory and other adversarial proceedings or claims, and there can be no assurances as to the outcome of such proceedings or claims, whether existing or arising in the future. In the normal course of its business operations, Kojamo could be involved in legal proceedings relating, for example, to alleged breaches of contracts by Kojamo and employer's liabilities and be subject to tax and administrative audits. Real estate transactions involve a customary risk that one of the parties to the transaction is dissatisfied with the final outcome of the deal, for example, as regards the transaction price or the condition of the premises, and initiates a legal proceeding against the other party.

During the 12 months preceding the date of this Offering Circular, Kojamo has not been involved in any administrative proceedings, lawsuits or arbitration proceedings (including any such proceedings which are pending or threatened of which Kojamo is aware), which may have, or which in the recent past have had, a significant impact on Kojamo's and/or its subsidiaries' financial position or profitability. However, there can be no assurances that Kojamo will not become involved in the future in a legal, administrative or arbitration proceeding that could have a significant effect on Kojamo's and/or its subsidiaries' financial position or profitability.

Such proceedings may become expensive and time-consuming and create negative publicity for Kojamo. Any legal or regulatory proceedings or claims against Kojamo could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo's financial administration and operative information systems may be subject to human or software errors.

Kojamo's management considers Kojamo's present financial administration and operative information systems sufficient for Kojamo's business operations and financial administration purposes. However, human or software errors may nevertheless arise, since the utilization of such systems involves communication of several persons and systems. Kojamo closely monitors the coordination between its various operations and further develops its financial administration and operative information systems on an ongoing basis. Any weakness in its financial administration and operative information systems may affect Kojamo's ability to manage and report its operations and results, which, in turn, may have a material adverse effect on Kojamo's reputation as well as its business, financial condition, results of operations and future prospects.

Weaknesses in internal control and risk management processes may increase the risk of errors, damage and malpractice, which, if it materializes, could have a material adverse effect on Kojamo.

Kojamo has adopted internal control and risk management processes aimed at ensuring that (i) Kojamo appropriately complies with applicable laws and regulations, (ii) Kojamo reaches its targets related to its operations, strategy, practices and financial reporting and (iii) the risks affecting Kojamo's business are appropriately recognized, assessed and monitored. However, Kojamo's internal control and risk management processes may not identify or properly address all potential risks or may fail during their development stage or in connection with the development or deployment of Kojamo's other processes. Identified risks may also turn out to be significantly larger than predicted. As a result of such failure, Kojamo may not be able to address harmful or erroneous practices and operating methods with sufficient speed or efficiency, which may increase the risk of errors and damage. Further, Kojamo has established practices and guidelines relating to preventing money laundering but nevertheless there can be no assurances that, regardless of such practices and guidelines, third parties or individuals belonging to Kojamo's personnel will not engage in financial malpractice affecting Kojamo and its reputation. The occurrence of errors and malpractice could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Counterparty risk, if it materializes, could have a material adverse effect on Kojamo's business.

Kojamo is subject to counterparty risks relating primarily to the ability of its business partners to meet their contractual obligations. Macroeconomic conditions and many other factors could have an adverse effect, directly or indirectly, on the business, economic condition and prospects of Kojamo's counterparties and in particular prospective purchasers of its residential properties held for sale. Kojamo aims to mitigate the counterparty risk by continually monitoring the risks related to creditworthiness and non-performance. The insolvency of business partners, such as construction partners could result in disruptions to construction or renovation work to be performed on Kojamo's property or to services that are essential for Kojamo's operations. The insolvency or business failure of a construction partner, financial institution or other significant contractual party could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo's actual results of operations and financial condition may differ materially from the operating and financial targets and future prospects presented in this Offering Circular, and historical financial data is not necessarily predictive of Kojamo's future financial performance.

The operating and financial targets and future prospects presented in this Offering Circular are forward-looking statements, and Kojamo's actual results of operations and financial condition may differ significantly from such targets and prospects Kojamo's operating and financial targets and future prospects are based on many assumptions, which are by nature exposed to significant business, operative, financial and other risks, and many of these risks may be beyond Kojamo's control. The central assumptions that the Board of Directors has made when setting targets for Kojamo and preparing estimates on Kojamo's future prospects may change or fail to materialize, and as such they may not necessarily reflect the actual commercial, regulatory and financial environment in the future. Furthermore, unexpected events may have an adverse effect on Kojamo's actual results of operations and financial condition during future periods even if Kojamo's assumptions prove correct.

Due to these factors, Kojamo's actual results of operations and financial condition may differ significantly from Kojamo's financial targets and future prospects, and investors should not unduly rely on the financial targets and future prospects presented in this Offering Circular. For more information on operating and financial targets, see "*Kojamo's business—Operating and financial targets*", on future prospects, see "*Operating and financial review and prospects—Prospects*" and on forward-looking statements in general, see "*Forward-looking statements*".

Further, the financial information provided for and discussed in this Offering Circular and the financial statements of Kojamo included in this Offering Circular relate to the past performance of Kojamo. The future development of Kojamo could deviate significantly from past results due to a large number of internal and external factors. The historical earnings, historical dividends and other historical financial data of Kojamo are, therefore, not necessarily predictive of Kojamo's future earnings or other key financial figures.

Risks Relating to Financing

Kojamo may not be able to obtain new financing or refinance its existing debt at competitive terms or at all and its costs of financing may increase.

There can be no assurances that Kojamo will be able to secure sufficient financing in a timely manner and with favorable terms (or at all) in order to maintain its liquidity and finance its operations and investments. Any uncertainty in the financial markets, increases in interest rates or tightening bank regulation could mean that the price of financing needed to carry out Kojamo's business will increase and that such financing may be less readily available. Kojamo's management continuously assesses and monitors Kojamo's funding position and has taken various measures, such as diversifying Kojamo's funding base and actively managing its interest rate risk, to minimize the uncertainty which changes in financial markets cause to its financial performance. However, adverse pricing or any failure to arrange sufficient financing either on the basis of cash flow from operations or debt or equity financing may result in poor liquidity and prevent the implementation of Kojamo' growth strategy. For more information on Kojamo's strategy, see the risk factor "*—Risks Related to Kojamo's Business Operations—Kojamo may not necessarily be able to identify or acquire properties suitable for its property portfolio or otherwise implement its business strategy as planned.*"

Further, Kojamo has undertaken four bond issuances between 2013 and 2018, of which the two latest unsecured bonds include certain customary covenants that may in some cases limit Kojamo's ability to incur additional debt. For more information on the issued bonds, see section "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Loans and Borrowings—Bonds*".

The level of Kojamo's leverage may also affect its ability to refinance its existing debt, which in turn could also affect the competitiveness of Kojamo and limit its ability to obtain new financing and to react to market conditions and to take advantage of opportunities to acquire properties at favorable terms. Kojamo's target equity ratio is 40 percent calculated on the basis of the fair value of its properties. As at March 31, 2018, Kojamo's equity ratio was 37.5 percent. Kojamo's management considers Kojamo's financial situation to be good and that Kojamo currently satisfies its target equity ratio referred to above, taking into account that Kojamo issued on March 7, 2018 a EUR 500 million unsecured bond, approximately EUR 300 million of which was to be used to repay secured loans in several phases, and for this reason Kojamo had, as at March 31, 2018, an exceptional amount of cash and cash equivalents, which reduced Kojamo's equity ratio by approximately 2 percentage points (for more information on the mentioned bond, see "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Loans and Borrowings—Bonds—Unsecured Notes*"). Despite this, Kojamo may yet have difficulties in securing new debt financing, refinancing existing debt and fulfilling its target for equity ratio in the future. The inability to refinance the existing debt or raise new debt at corresponding, or more favorable, terms could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Kojamo's substantial debt could limit its flexibility and adversely affect its business.

Kojamo has a substantial amount of debt and significant debt service obligations. As at March 31, 2018, the total amount of Kojamo's interest-bearing liabilities was EUR 2,734.7 million. In addition to possibly limiting Kojamo's ability to access new financing or increasing the costs of such financing, Kojamo's substantial debt could have other adverse consequences on its business and operations, including:

- Make it difficult for Kojamo to satisfy its obligations with respect to debt and liabilities;

- Require Kojamo to dedicate a substantial portion of its cash flow from operations to making payments on debt, thereby limiting the availability of funds for investment capital expenditures, business opportunities and other general corporate purposes;
- Increase Kojamo's vulnerability to a downturn in its business or adverse general economic or industry conditions;
- Limit Kojamo's flexibility to react to changes in its business or industry; and
- Place Kojamo at a competitive disadvantage compared to those of its competitors that have less debt.

Furthermore, if Kojamo's future cash flows from operations as well as new debt or new equity financing are insufficient to pay its debt obligations as they mature or to fund its liquidity needs, Kojamo may be forced to reduce or delay its capital expenditure plans, sell assets, obtain additional debt or equity capital, or restructure or refinance all or a portion of its debt on or before maturity. There can be no assurances that Kojamo would be able to accomplish any of these alternatives on a timely manner or on satisfactory terms, if at all. In such an event, Kojamo may not have sufficient assets to repay all of its debt, which could result in acceleration of outstanding indebtedness and insolvency and in turn have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Fluctuations in interest rates may decrease the value of Kojamo's properties and increase the cost of financing and thereby adversely affect Kojamo's business.

As at March 31, 2018, Kojamo's interest-bearing debt was EUR 2,734.7 million, of which EUR 1,289.9 million was floating-rate loans. Interest rate fluctuations affect Kojamo's profit through changes in interest expenses and through the market values of interest rate hedging. Kojamo hedges its interest rate risk with interest rate derivatives and fixed-rate loans in accordance with Kojamo's treasury policy. According to the treasury policy, the targeted hedging ratio is 50 to 100 percent and, as at March 31, 2018, the hedging ratio was 87 percent. Despite the high hedging level, Kojamo's positions may not be completely hedged at all times. Further, fluctuations in interest rates may affect the rental apartment business and the valuation of properties (see "*Risks Relating to Macroeconomic Conditions—If interest rates increase, this may lead to a decrease in the valuation of Kojamo's property portfolio, which could have an adverse effect on the fair value of Kojamo's investment properties, financial condition and results of operations.*") as well as Kojamo's profitability if it is unable to increase its rents to balance out the effects of increases in interest rates. Significant increases in interest rates may also affect private consumption and decrease the value of properties. In addition, an increase in the interest rates could have a material adverse effect on the cost of financing and Kojamo's current financing expenses. Although Kojamo seeks to carefully monitor the development of interest rates and seeks to actively manage its interest rate risk, there can be no assurances that Kojamo will manage its interest rate risk properly. Materialization of any of the above risks could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

Risks Relating to the Shares and the Listing

The market price and liquidity of the Shares may fluctuate significantly.

Prior to the Offering, the Shares have not been traded on any regulated markets. Kojamo will apply for the Shares to be admitted to trading on Nasdaq Helsinki, but there are no assurances that an active market will emerge or can be maintained for the Shares after the Offering. The prices of shares traded for the first time on a regulated market have generally experienced significant fluctuations, which may not have been related to the business or financial performance of the company that have issued the shares.

The market price of the Shares may fluctuate significantly due to various factors, including but not limited to the market's perception of Kojamo or the Shares, public discussion and news relating to Kojamo's field of business, planned and implemented changes in the legislation applied to Kojamo's operations or changes in Kojamo's results of operations or development of its business. The prices of shares may fluctuate also due to factors that have no connection to the performance or prospects of Kojamo. A general decline on stock markets or decline in the prices of securities comparable to shares may have a material adverse effect on the demand and liquidity of the Shares. Also unusual events and general economic conditions in Europe may have a general effect on the equity markets.

It is also possible that Kojamo's growth, profitability, results or future prospects will fall short of equity analysts' and investors' expectations. Any of these factors, as well as various other factors, may lead to the market price of the Shares falling below the Final Offer Price. The Final Offer Price of the Offer Shares will be determined in negotiations between Kojamo, the Principal Sellers and the Joint Global Coordinators on the basis of offers made, and will not necessarily correlate with the market price of the Shares following the Offering.

There can be no assurances of distribution of dividends or capital repayment to the shareholders, or the amounts of such dividends or capital repayment, in the future.

There can be no assurances that Kojamo will distribute dividends or make capital repayments in the future. The payment of dividend or repayment of capital and their amounts are at the discretion of Kojamo's Board of Directors and, ultimately, dependent on a resolution of a General Meeting of Shareholders of Kojamo, as well as on cash assets, profit for previous financial periods, estimated financing needs, Kojamo's operating results and financial condition, terms and conditions of loan agreements binding Kojamo, stipulations of the Finnish Limited Liability Companies Act and other related factors. See "*Dividends and Dividend Policy*" and "*Shares and Share Capital—Shareholders' Rights—Dividend and Distribution of Other Unrestricted Equity.*"

The non-execution or termination of the Underwriting Agreement would lead to the cancellation of the Offering.

The Company expects that it will, on or about June 14, 2018, together with the Principal Sellers, enter into an underwriting agreement concerning the Offering (the "**Underwriting Agreement**"). The Underwriting Agreement is expected to include certain customary terms and conditions concerning, among other things, such aspects as to the accuracy and correctness of certain contractual representations and warranties given by Kojamo and the Principal Sellers, the breach of which could result in the termination of the Underwriting Agreement. If the Underwriting Agreement is not entered into or if it is otherwise terminated, the Offering would not be carried out. For more information on the Underwriting Agreement, see "*Plan of Distribution*."

Kojamo's significant shareholders may sell a significant part of their shareholdings, which may have a negative effect on the market price of the Shares and result in other adverse effects for Kojamo.

Following the completion of the Offering, Ilmarinen will own 12.7 percent of the Shares, assuming that (i) the Sellers sell the maximum number of Sale Shares, (ii) no exercise of the Over-allotment Option, and (iii) that the Company issues 16,222,184 New Shares, and 11.8 percent if the Over-allotment Option is exercised in full. Further, following the completion of the Offering, Varma will own 11.9 percent of the Shares, assuming that (i) the Sellers sell the maximum number of Sale Shares, (ii) no exercise of the Over-allotment Option, and (iii) that the Company issues 16,222,184 New Shares, and 11.1 percent if the Over-allotment Option is exercised in full, and the Finnish Industrial Union will own 11.3 percent of the Shares, assuming that (i) the Sellers sell the maximum number of Sale Shares, (ii) no exercise of the Over-allotment Option, and (iii) that the Company issues 16,222,184 New Shares, and 10.6 percent if the Over-allotment Option is exercised in full.

The Company, Sellers and certain other shareholders will be subject to restrictions on the issuance and sale of Shares on the date that falls 180 days from the Listing. The corresponding restriction concerning the Board members and Management Team is applicable for 360 days from the Listing. These restrictions are further described in section "*Terms and Conditions of the Offering—Lock-up*". The issue or sale of a substantial number of Shares by the Company or the Sellers in the public market after the lock-up restrictions in the Underwriting Agreement and related arrangements expire (or are waived by the Joint Global Coordinators), or the perception that these share sales may occur, may depress the market price of the Shares and could impair the Company's ability to raise capital through the issue of additional equity securities.

Commitments cannot be cancelled.

Commitments made in the Offering are binding and cannot be cancelled or changed once a subscription has been made, notwithstanding the exception specified in "*Terms and Conditions of the Offering— Cancellation of the Commitment*". The Final Offer Price of the Shares in the Offering will be determined in negotiations between Kojamo, the Principal Sellers and the Managers on the basis of offers made by the institutional investors. Therefore, investors must make their investment decision at a time when the Final Offer Price and the final outcome of the Offering are not yet known.

The Listing may not necessarily succeed as expected, or occur at all.

In the view of Kojamo's management, Kojamo fulfills the criteria set for a company applying for listing, but there can be no assurances that the listing of the Shares on Nasdaq Helsinki will not be delayed or rejected. It is also possible that all New Shares will not be subscribed for in the Offering, and in such case, Kojamo may not succeed to raise new capital as anticipated. The Listing may be carried out even if all New Shares are not subscribed for. It is also possible that the Listing and the Offering will not be carried out due to reasons relating to the execution of the Listing and the Offering, or due to requirements set by authorities or Nasdaq Helsinki, or other reasons. Delay in or failure of the Listing could have a material adverse effect on Kojamo's business, financial condition and operating results, as well as on the value of the Shares.

Shareholders in the United States and certain other jurisdictions may not be able to exercise their subscription rights in any future offerings.

According to Finnish legislation, shareholders have certain pre-emptive subscription rights pro rata their shareholdings, when Kojamo issues new Shares or securities entitling subscription for new Shares. Certain shareholders in Kojamo who reside or will reside or whose registered address is in certain countries outside Finland, such as the United States, may not necessarily be able to exercise their pre-emptive subscription rights in possible future share issues, unless the Shares have been registered according to the securities legislation in effect in the relevant country or in another corresponding way or an exception from registration or other similar requirements is available based on applicable legislation. This may dilute the shareholding of such shareholders in Kojamo. Furthermore, if the number of such shareholders who cannot exercise their subscription rights is large and their subscription rights are sold on the market, this may have an adverse effect on the price of the subscription rights. In addition, the legislation of the relevant country may limit the right of a foreign shareholder to receive information on share issues and other important transactions. For more information on shareholders' rights, see "*Shares and Share capital—Shareholders' Rights*".

Not all rights available to shareholders under United States law will be available to holders of the Shares.

Rights afforded to shareholders under Finnish law differ in certain respects from the rights of shareholders in typical United States companies. The rights of holders of the Shares are governed by Finnish law and the Articles of Association of the Company. In particular, Finnish law currently limits significantly the circumstances under which the shareholders of Finnish companies may bring derivative actions. Under Finnish law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, Finnish law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a United States company.

Investors with a different reference currency than the euro are exposed to certain foreign exchange risks when investing in the Shares.

The Shares will be priced and traded on Nasdaq Helsinki in euros, and any potential dividends on the Shares would be paid in euros. Accordingly, the market price of the Shares in other currencies than the euro can fluctuate due to changes in exchange rates. In addition, fluctuations in the value of the euro affect the value of possible dividends and other distributions of unrestricted equity, such as capital repayment, if the investor's reference or main currency differs from the euro. In addition, exchanging euros into another currency may incur such investors' additional transaction costs.

IMPORTANT DATES

June 4, 2018 at 10:00 a.m. (Finnish time)	The subscription periods for the Public Offering, Personnel Offering and the Institutional Offering commence
June 11, 2018 at 4:00 p.m. (Finnish time)	The Offering may be discontinued at the earliest
June 12, 2018 at 4:00 p.m. (Finnish time)	The subscription period for the Public Offering and Personnel Offering ends
June 14, 2018 at 12:00 p.m. (Finnish time)	The subscription period for the Institutional Offering ends
On or about June 14, 2018	The Final Offer Price, the subscription price per Share in the Personnel Offering and the results of the Offering will be announced through a stock exchange release
On or about June 15, 2018	The Shares subscribed for in the Public Offering and the Personnel Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment (as defined below)
On or about June 15, 2018	Trading in the Shares on the pre-list of Nasdaq Helsinki is expected to commence
On or about June 19, 2018	The Shares subscribed for in the Institutional Offering will be ready to be delivered against payment through Euroclear Finland Ltd
On or about June 19, 2018	Trading in the Shares on the official list of Nasdaq Helsinki is expected to commence

PARTIES RESPONSIBLE FOR THE OFFERING CIRCULAR

Kojamo plc
Business identity code: 0116336-2
Domicile: Helsinki, Finland
Address: Mannerheimintie 168a, FI-00300 Helsinki, Finland

STATEMENT REGARDING THE OFFERING CIRCULAR

The Company accepts responsibility for this Offering Circular. The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Sellers listed in Annex A to this Offering Circular accept responsibility for the information presented in this Offering Circular to the extent the information is related to their shareholdings. The Sellers declare that, having taken all reasonable care to ensure that such is the case, the information relating to the Sellers's shareholdings contained in this Offering Circular is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

INFORMATION DERIVED FROM THIRD PARTY SOURCES

Where certain information contained in this Offering Circular has been derived from third-party sources, such sources have been identified herein. The Company confirms that third-party information has been accurately reproduced herein and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, any estimates with respect to market development relating to Kojamo or its industry are based upon the reasonable estimates of the Company's management.

REALIA MANAGEMENT OY'S PROPERTY VALUATION REPORT AND MARKET STUDY

This Offering Circular includes, among others, information from a market study commissioned by the Company from Realia Management Oy ("**Realia**") in the spring of 2018. The Property Valuation Report used to determine the fair value of Kojamo's properties, appended to this Offering Circular as Annex C, has also been prepared by Realia. Realia has consented to the use of the Property Valuation Report and its market study in the Offering Circular and approved the information based on these documents presented in this Offering Circular.

There are some deviations in Realia's Property Valuation Report as compared to the Company's internal valuation determination as at March 31, 2018. These differences have been explained below.

The number of apartments in the Property Valuation Report (34,100 apartments) differs from the Company's number of apartments (35,697 apartments) as at March 31, 2018 for the following reasons:

- Realia's Property Valuation Report excludes 1,594 apartments for the sale of which the Company had on March 29, 2018 signed a preliminary agreement. This fact is mentioned in Realia's Property Valuation Report. The sale was completed on April 30, 2018. The Company has treated these 1,594 apartments as non-current assets held for sale.
- Realia's Property Valuation Report excludes three individual apartments that the Company owned as at March 31, 2018 and which the Company has treated as trading property items.

The fair value of the investment properties in the Company's balance sheet as at March 31, 2018 was EUR 4,930.8 million and the fair value of the investment properties in Realia's Property Valuation Report as at March 31, 2018 was EUR 4,884.5 million. If the effect of the aforementioned apartments treated as non-current assets held for sale and trading property items would not be taken into account, the fair value of investment properties in the Company's balance sheet as at March 31, 2018 would be EUR 4,834.4 million and thus EUR 50.1 million smaller than the fair value in Realia's Property Valuation Report.

Differences between the fair value in the Company's balance sheet and the fair value in Realia's Property Valuation Report exists because even if the Company and Realia base their valuation in the same statistics on the completed apartment transactions, maintained by the Central Federation of Finnish Real Estate Agencies, Realia and the Company have used the same information in a slightly different manner. The Company uses the average value of the transactions completed in the latest two years preceding the date of valuation by type of apartments whereas Realia has determined for each apartment type's average size, based on the same material, a comparison price that it considers representative. The difference in how completed transactions are allocated as comparison transactions for the appraised properties explains the difference between the fair value calculated in accordance with the Company's valuation method, which is included in the interim report for the three months ended March 31, 2018, and the fair value in Realia's Property Valuation Report that presents the situation as at March 31, 2018.

Valued based on Realia and the Company have each used their own income rate requirements. Income rate requirements represent the view of each entity on the market-based income rate requirement as at the valuation date and the differences in income rate requirements are reflected in the calculations based on these views.

Except where expressly otherwise provided, the property valuation information in this Offering Circular has been derived from the Company's internal valuation determination.

AVAILABILITY OF THE OFFERING CIRCULAR

The Finnish Prospectus is expected to be available through the Company's website, kojamo.fi/IPO, on or about June 4, 2018. The Finnish Prospectus is expected to also be available at the websites www.op.fi/merkinta, and www.nordea.fi/kojamo on or about June 4, 2018. In addition, printed copies of the Finnish Prospectus are expected to be available on or about June 4, 2018 at the headquarters of the Company at Mannerheimintie 168a, FI-00300 Helsinki, Finland, as well as at the offices of Nordea, at the branch offices of cooperative banks belonging to the OP Financial Group and at the service point of Nasdaq Helsinki at Fabianinkatu 14, FI-00100 Helsinki.

INFORMATION AT THE WEBSITE IS NOT INCLUDED IN THE OFFERING CIRCULAR

Information presented at the website of the Company or any other website is not part of this Offering Circular and the shareholders of Kojamo should not rely on such information.

INFORMATION AVAILABLE IN THE FUTURE

The Company publishes its annual reports, its Board of Directors' reports and its audited consolidated financial statements as well as its unaudited interim reports. Accordingly, the Company plans to publish its annual report and its audited consolidated financial statements for the financial year ending December 31, 2018 and onwards, as well as interim report, which includes unaudited consolidated interim financial statements, for the six months ending June 30, 2018 and onwards. The Company plans to publish interim reports that include unaudited consolidated interim financial statements, for the first, second and third quarter of each year. A half-year financial report for the six months ending June 30, 2018 is planned to be published on August 23, 2018 and an interim report for the nine months ending September 30, 2018 is planned to be published on November 5, 2018. All annual reports, interim reports and stock exchange releases will be published in Finnish and in English.

FINANCIAL STATEMENTS RELATED AND CERTAIN OTHER INFORMATION

Kojamo has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU ("**IFRS**") for the financial years ended December 31, 2017 and 2016.

The consolidated financial information presented in this Offering Circular has been derived from Kojamo's audited consolidated financial statements for the financial years ended December 31, 2017 and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, attached to this Offering Circular, prepared in accordance with IFRS, as well as Kojamo's unaudited consolidated financial statements included in the interim report for the three months ended March 31, 2018, attached to this Offering Circular, prepared in accordance with IAS 34 and including the comparative information for the three months ended March 31, 2017.

The audited consolidated financial statements presented in this Offering Circular have been extracted from Kojamo's statutory financial statements as at and for the financial years ended December 31, 2017 and 2016, previously published by Kojamo. The Company's auditor, KPMG Oy Ab, has issued auditor's reports regarding such statutory financial statements of Kojamo on February 15, 2018 and March 3, 2017, respectively. For the purposes of this Offering Circular, KPMG Oy Ab has issued auditor's reports that cover only the consolidated financial statements as at and for the financial years ended December 31, 2017 and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, attached to this Offering Circular.

Kojamo's operations are divided into two business units, Lumo and VVO, which also constitute the Company's reporting segments.

Alternative Performance Measures

Kojamo presents in this Offering Circular certain performance measures, which in accordance with the "Alternative Performance Measures" guidance by the European Securities and Markets Authority (ESMA) are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS, but which are instead alternative performance measures. These alternative performance measures are the following:

- Operating profit, which measures profitability by measuring financial result before financial expenses and taxes.
- Net rental income, which measures profitability for rental business after deduction of maintenance and repair expenses.
- Net rental income margin, which discloses net rental income in relation to total revenue.
- Profit before taxes, which measures profitability after operating and financial expenses.
- Like-for-Like rental growth for the Lumo segment, which represents the annual change of rental income for the years 2014-2017 for the apartments that have belonged to and been owned by the Lumo segment between 2013-2017 non-stop without the impact of the purchases and sales of investment properties as well as completed apartments in the new building.
- EBITDA, which measures operative profitability before net financial expenses, taxes, depreciation and amortization.
- EBITDA margin, which discloses EBITDA in relation to total revenue.
- Adjusted EBITDA, which measures profitability for the Kojamo Group's rental operations excluding gains/losses on sale of properties and non-realized value changes of investment properties.
- Adjusted EBITDA margin, which discloses adjusted EBITDA in relation to total revenue.
- Funds from operations (FFO), which measures the Kojamo Group's cash flow before change in net working capital adjusted for modernization investments. Calculation of the measure takes into account financial expenses and current taxes but excludes items not directly connected to rental operations like gains/losses on sales of properties and unrealized value changes.
- Funds from operations margin (FFO margin), which is cash flow before change in net working capital as a percentage of total revenue.

- Adjusted funds from operations (AFFO), which measures Kojamo's cash flow before change in net working capital adjusted for modernization investments. Calculation of the measure takes into account modernization investments, financial expenses and current taxes but excludes items not directly connected to rental operations like gains/losses on sales of properties and unrealized value changes.
- Operative result, which measures profitability for the Kojamo Group's operative rental business excluding gains/losses on sales of properties, value adjustments on investment properties and financial assets and other similar non-operative items[29] as well as related tax effect of the adjustments.
- Interest-bearing liabilities, which measures Group's total debt.
- Return on equity (ROE), which measures financial result in relation to equity. The performance measure illustrates Kojamo's ability to generate return for the shareholders.
- Return on investment (ROI), which measures financial result in relation to invested capital. The performance measure illustrates Kojamo's ability to generate return for the invested funds of investors.
- Equity ratio, which is a performance measure for balance sheet structure which discloses share of equity to total capital. The performance measure illustrates the Kojamo Group's financial structure.
- Loan to value (LTV), which discloses the ratio of net debt to investment properties. The performance measure illustrates the Kojamo Group's indebtedness.
- Unencumbered asset ratio, which discloses the amount of assets with no encumbrance to total assets.
- Hedging ratio, which discloses portion of interest-bearing liabilities that is hedged against fluctuations in interest rates.
- EPRA NAV, which illustrates net asset value adjusted by items that are not expected to materialize under going concern assumption.
- EPRA NAV per share, which illustrates net asset value for single share.
- Gross investments, which illustrate total investments including property acquisitions, property development, modernization investments and capitalized borrowing costs.

The calculation formulas for the alternative performance measures are presented in section "*Selected Financial Information—Calculation Formulas Used in the Calculation of Key Figures*" and the reconciliation of the alternative performance measures to the nearest IFRS measure are presented in section "*Selected Financial Information—Reconciliations of Certain Alternative Performance Measures*".

Kojamo presents alternative performance measures as additional information to financial measures presented in the consolidated income statements, consolidated balance sheets and consolidated statements of cash flows prepared in accordance with IFRS. In Kojamo's view, the alternative performance measures provide to the management, investors, securities analysts and other parties significant additional information related to Kojamo's results of operations, financial position or cash flows and are often used by analysts, investors and other parties.

Kojamo presents total revenues net rental income, EBITDA, adjusted EBITDA, profit before taxes and operative result because the measures in question are often used by analysts and other parties. According to the Company's view, the measures in question increase understanding of the profitability of Kojamo's rental business. Kojamo presents the percentage of total revenue for these measures for the same reason to illustrate the relative profitability of the rental business and on the other hand the return on equity and return on investment to illustrate the profitability of the rental business in relation to invested assets. Kojamo presents the Like-for-Like rental growth for the Lumo segment because this measure increases understanding of the rental growth without the impact of the purchases and sales of investment properties as well as completed apartments in the new building interest-bearing liabilities, equity ratio, loan to value, unencumbered asset ratio and hedging ratio are also presented as complementary measures because according to the Company's view they are useful measures on Kojamo's ability to acquire financing. EPRA NAV and EPRA NAV per share are presented because they are often used by analysts and other parties. FFO and adjusted FFO provide additional information on how the Company's cash flow is formed.

The alternative performance measures should not be considered in isolation or as substitute to the measures under IFRS. All companies do not calculate alternative performance measures in a uniform way, and, therefore,

[29] Other similar non-operative items include for example adjustment made in 2017 to transaction price received during an earlier financial year.

the alternative performance measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies.

Independent Auditors

The consolidated financial statements of Kojamo as at and for the periods ended December 31, 2017 and 2016 included in this Offering Circular, have been audited by KPMG Oy Ab, Authorized Public Accountant firm, as stated in their audit reports included in this Offering Circular, with Esa Kailiala, Authorized Public Accountant, acting as the responsible auditor.

With respect to the unaudited interim financial information as at and for the period ended March 31, 2018, including comparative information as at and for the three months ended March 31, 2017, included in this Offering Circular, the independent auditor has reported that they have applied limited procedures in accordance with professional standards for a review of such information. The auditors report regarding such information, included in this Offering Circular, states that the auditor did not audit and does not express an opinion on that interim financial. Accordingly, the degree of reliance on the auditor's report on such information should be restricted in light of the limited nature of the review procedures applied.

KPMG Oy Ab, Authorized Public Accountant firm, with Esa Kailiala, Authorized Public Accountant, acting as the responsible auditor, has been appointed to act as the auditor for the financial year ending December 31, 2018.

Other Information

The financial and other information presented in the tables in this Offering Circular are rounded. Accordingly, in certain cases, the sum of numbers presented in a column or row does not always correspond to the presented total sum of a column or a row. In addition, certain percentages are calculated with accurate numbers before rounding, so they do not necessarily correspond to the results that would have been reached if rounded figures had been used.

In this Offering Circular, references to "**euro**", "**€**" or "**EUR**" are references to the currency of the member states of the Economic and Monetary Union of the EU. In this Offering Circular, references to "**U.S. dollar**", "**$**" or "**USD**" are references to the currency of the United States.

Enforcement of Liabilities and Service of Process

The Company is organized under the laws of Finland, with its domicile in Helsinki, Finland. All of the members of the Board of Directors and the Management Team of Kojamo are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in United States courts judgments obtained in such courts.

The Company has been advised that there is doubt as to the enforceability in Finland, in original actions instituted in United States courts, of civil liabilities predicated solely upon the federal securities laws of the United States. Therefore, final judgments for the payment of money rendered by a United States court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be automatically enforceable in Finland.

Available Information

The Company has agreed that it will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of the Offer Shares, or any prospective investor designated by any such holder or beneficial owner, information satisfying the requirements of subsection (d)(4) of Rule 144A to permit compliance with Rule 144A in connection with resales of the Offer Shares for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

FORWARD-LOOKING STATEMENTS

Certain statements in the Offering Circular, including but not limited to certain statements set forth under "*Summary*", "*Risk Factors*", "*Background and Reasons for the Initial Public Offering and Use of Proceeds*", "*Kojamo's Business*", "*Market Overview*" and "*Operating and Financial Review and Prospects*" are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management, and such statements may constitute forward-looking statements. The words "believe", "expect", "anticipate", "intend" or "plan" and similar expressions identify certain of such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, scope of performance or achievements of Kojamo, or industry results, to differ even materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Known risks and uncertainties have been described in section *"Risk Factors"*, which should be read together with the other cautionary statements in this Offering Circular. Should one or more of these or other risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of Kojamo could differ materially from those described herein as anticipated, believed, estimated or expected.

EXCHANGE RATES

The following tables set forth, for the periods and dates indicated, the average, high, low and period-end reference rates published by the European Central Bank for U.S. dollars per euro. The average rate has been calculated as an average of all daily average rates of the indicated period.

The rates are provided solely for the convenience of the reader and are not necessarily the rates used in the preparation of the financial statements of Kojamo. No representation is made that euro could have been converted into U.S. dollars at the rates shown or at any rate for such periods or at such dates.

	Average ($)	High ($)	Low ($)	Period End ($)
Year ended December 31, 2015	1.1095	1.2043	1.0552	1.0887
Year ended December 31, 2016	1.1069	1.1569	1.0364	1.0541
Year ended December 31, 2017	1.1297	1.2060	1.0385	1.1993
Three months ended March 31, 2018	1.2292	1.2493	1.1932	1.2321
January 1, 2018–May 30, 2018	1,2193	1,2493	1,1558	1,1632

	High ($)	Low ($)
January 2018	1.2457	1.1932
February 2018	1.2493	1.2214
March 2018	1.2421	1.2171
April 2018	1.2388	1.2070
May 2018 (until May 30, 2018)	1,2007	1,1558

BACKGROUND AND REASONS FOR THE INITIAL PUBLIC OFFERING AND USE OF PROCEEDS

Background and Reasons

The objective of the Offering is to enable Kojamo to pursue its growth strategy and to improve its strategic flexibility. The Listing would also allow Kojamo to obtain access to capital markets and broaden its ownership base both with domestic and foreign investors, which would increase the liquidity of the Shares. Furthermore, the Offering is expected to benefit Kojamo operationally (*e.g.,* in recruiting and making Kojamo a stronger and more credible partner), strengthen Kojamo's recognition among customers, prospective employees, investors and the real estate and rental markets in general, and, thus, enhance Kojamo's competiveness. The Listing and increased liquidity would also enable Kojamo to use the Shares more effectively as a means of consideration in potential acquisitions and remuneration of personnel.

Use of Proceeds

The gross proceeds that the Sellers will receive from the Share Sale will amount to approximately EUR 598 million calculated by using the mid-point of the Preliminary Price Range, assuming that the Sellers will sell the maximum amount of Shares and that the Over-Allotment Option will be exercised in full, and approximately EUR 363 million, assuming that the Sellers will sell the minimum amount of Shares and that the Over-allotment Option will not be exercised. The fees to be paid by the Sellers in connection with the Offering are expected to amount to in aggregate approximately from EUR 5.3 million to EUR 16.8 million depending on the size and final pricing of the Share Sale (taking also into account the impact of any discretionary fee).

In the Share Issue, Kojamo aims to raise gross proceeds of approximately EUR 150 million by offering New Shares for subscription. The number of the New Shares to be issued will be determined on the basis of the Final Offer Price. The Company will issue a total of 16,222,184 New Shares assuming that (i) the subscription price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million. Kojamo estimates that the fees and expenses payable by it in relation to the Offering will amount to approximately EUR 5 million, and as such, the net proceeds that Kojamo will receive from the Offering are estimated to be approximately EUR 145 million. Kojamo will not receive any proceeds from the sale of the Sale Shares and the Additional Shares, if any, by the Sellers in the Offering.

The proceeds from the Share Issue are intended to be used for supporting Kojamo's growth strategy, including residential property acquisitions and development projects as well as other growth investments, to repayment of debts as a part of liquidity management and to general corporate purposes. If proceeds are used to repayment of debts, the Company does not intend to use more than EUR 50 million for the repayment of debts.

TERMS AND CONDITIONS OF THE OFFERING

"Subscription" means below an offer or commitment provided by an investor in the Offering, whether the investor has offered or committed to purchase Sale Shares or to subscribe New Shares. Correspondingly, "subscriber", "subscription period", "subscription place", "subscription price", "subscription offer" and "subscription commitment" (and other corresponding terms) refer to both Share Issue and Share Sale.

General Terms and Conditions of the Offering

The Offering

The offering comprises the Share Issue and Share Sale (as defined below) (together, the "**Offering**"). Through the Share Issue, Kojamo plc (together with its subsidiaries on a consolidated basis, the "**Company**", "**Kojamo**" or the "**Kojamo Group**", except where it is clear from the context that the term means Kojamo plc or a particular subsidiary or business unit only) aims to raise gross proceeds of approximately EUR 150 million by offering new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). The number of New Shares to be issued will be determined based on the final price per Offer Share (as defined below) (the "**Final Offer Price**"). The Company will issue 16,222,184 New Shares assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range (as defined below), (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering (as defined below) at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million. In addition, Ilmarinen Mutual Pension Insurance Company ("**Ilmarinen**"), Varma Mutual Pension Insurance Company ("**Varma**"), The Finnish Industrial Union ("**Teollisuusliitto**"), Trade Union for the Public and Welfare Sectors ("**JHL**"), Finnish Construction Trade Union ("**Rakennusliitto**"), Service Union United PAM ("**PAM**"), Trade Union of Education in Finland ("**OAJ**") and Trade Union PRO ("**PRO**"), and together with Ilmarinen, Varma, Teollisuusliitto, JHL, Rakennusliitto, PAM and OAJ, the "**Principal Sellers**") and certain other existing shareholders of the Company listed in the Annex A of this Offering Circular (the "**Other Sellers**", and together with the Principal Sellers, the "**Sellers**") are offering initially a minimum of 39,202,312 and a maximum of 54,304,117 existing shares in the Company (the "**Sale Shares**") for subscription and purchase (the "**Share Sale**"). Unless the context indicates otherwise, the New Shares, the Sale Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

The Offering consists of (i) private placements to institutional investors in Finland and internationally, including in the United States to persons who are reasonably believed by the Managers (as defined below) to be qualified institutional buyers as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), pursuant to exemptions from the registration requirements of the U.S. Securities Act (the "**Institutional Offering**"), (ii) a public offering to private individuals and organizations in Finland (the "**Public Offering**") and (iii) an offering to all employees of Kojamo and to the members of the Management Team of Kojamo (the "**Personnel Offering**"). The terms and conditions of the Public Offering apply to the Personnel Offering unless expressly stated otherwise. Only New Shares will be offered in the Personnel Offering and a discount will be applied to the subscription price in the Personnel Offering as described below. All offers and sales outside the United States will be made in offshore transactions in reliance on, and in compliance with, Regulation S under the U.S. Securities Act ("**Regulation S**").

The Offer Shares represent approximately 28.7 percent of the shares in the Company (the "**Shares**") and votes after the Offering without the Over-allotment Option (as defined below) (approximately 32.9 percent with the Over-allotment Option) assuming that the Sellers sell the maximum number of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million). With the Share Issue, the Company aims to raise gross proceeds of approximately EUR 150 million and, to achieve this goal, it may increase or decrease the number of New Shares offered in the Share Issue within the limits of these terms and conditions.

The Offer Shares represent approximately 22.6 percent of the Shares and votes after the Offering assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares, (iii) the Company will raise gross proceeds of EUR 150 million, (iv) the minimum amount of Sale Shares will be sold in the Offering and (v) the Over-allotment Option will not be exercised.

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Institutional Offering, the Public Offering and the Personnel Offering.

Share Issue

The extraordinary general meeting of shareholders of the Company held on May 25, 2018 (the "**EGM**") resolved to authorize the board of directors of the Company (the "**Board of Directors**") to decide on a directed issue of a maximum of 30,000,000 New Shares. The Board of Directors has resolved on May 31, 2018 to offer New Shares for subscription in the Share Issue on the basis of the authorization granted by the EGM.

With the Share Issue, the Company aims to raise gross proceeds of approximately EUR 150 million. As a result of the Share Issue, the number of the Shares may increase to a maximum of 247,132,419 Shares assuming that (i) the Final Offer Price will be at the lowest point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million. The New Shares issued in the Share Issue would represent approximately up to 7.1 percent of the Shares and votes after the Share Issue assuming that the maximum number of New Shares are offered and subscribed for in the Offering. The maximum number of New Shares offered represent approximately 7.7 percent of the Shares before the Share Issue. The final number of New Shares to be issued in the Share Issue will be announced through a stock exchange release together with the announcing of the Final Offer Price following the Pricing (as defined below) on or about June 14, 2018, at the subscription places of the Offering and on the Internet on the websites www.kojamo.fi/ipo, www.nordea.fi/kojamo and www.op.fi/merkinta.

The New Shares will be offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**Listing**"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund. Thus, the Company's share capital will not increase in connection with the Share Issue.

Share Sale

The Sellers will offer for purchase initially a minimum of 39,202,312 and a maximum of 54,304,117 Sale Shares in the Share Sale. The Sale Shares represent approximately 22.1 percent of the Shares and votes without the Over-allotment Option (approximately 26.3 percent with the Over-allotment Option) after the Share Issue assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million).

Procedure in Undersubscription Situations

If the Offering is not subscribed for in full and the Offering is nevertheless completed, the subscriptions would be allocated firstly to New Shares, and thereafter to Sale Shares. In such case, the number of Sale Shares sold by each Seller would be reduced on a *pro rata* basis according to the number of Sale Shares initially offered for purchase by such Seller.

Joint Global Coordinators, Joint Bookrunner and Managers

The Company has appointed Goldman Sachs International ("**Goldman Sachs**"), J.P. Morgan Securities plc ("**J.P. Morgan**") and Nordea Bank AB (publ), Finnish branch ("**Nordea**") to act as the joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**"), and OP Corporate Bank plc as the joint bookrunner ("**OP**") for the Offering (the Joint Global Coordinators and OP together, the "**Managers**", and each individually, a "**Manager**"). Goldman Sachs and J.P. Morgan act as Managers only in the Institutional Offering.

Over-allotment Option

The Principal Sellers are expected to grant to the Managers an over-allotment option, exercisable by Nordea on behalf of the Managers within 30 days from commencement of trading in the Shares on Nasdaq Helsinki (which is expected to be between June 15, 2018 and July 14, 2018) to purchase, or to procure purchasers for, up to 10,396,510 additional Shares (the "**Additional Shares**") solely to cover over-allotments in connection with the Offering (the "**Over-allotment Option**"). The number of Additional Shares may be up to 15 percent of the aggregate number of the Offer Shares.

The Additional Shares correspond to approximately 4.5 percent of the Shares and votes before the Offering and approximately 4.2 percent after the Offering, assuming that the Sellers sell the maximum number of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million).

Stabilization Measures

Nordea, as the stabilization manager (the "**Stabilization Manager**"), may, to the extent permitted by applicable law, within 30 days from commencement of trading in the Shares on Nasdaq Helsinki (which is expected to be between June 15, 2018 and July 14, 2018), engage in measures that stabilize, maintain or otherwise affect the price of the Shares. The Managers may allocate a number of Shares that is larger than the total number of Offer Shares, creating a short position. Any short selling would be covered if the short position does not exceed the number of Shares that the Stabilization Manager can acquire through the Over-allotment Option. The Stabilization Manager may close covered short selling with the Over-allotment Option or by purchasing Shares in the market. In determining how to close covered short selling, the Stabilization Manager will consider, among other things, the market price of the Shares compared to the Over-allotment Option price. In connection with the Offering, the Stabilization Manager may also bid for and purchase Shares in the market to stabilize the price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilization measures will not be carried out at a higher price than the Final Offer Price. The Stabilization Manager has no obligation to carry out these measures, and the Stabilization Manager may stop any of these measures at any time, and the measures must be brought to an end within 30 days of the commencement of trading in the Shares on Nasdaq Helsinki.

Any stabilization measures will be conducted in accordance with the Market Abuse Regulation ((EU) No 596/2014) and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilization Manager may sign a share lending agreement with Ilmarinen and Varma related to stabilization. According to the share lending agreement, the Stabilization Manager may borrow a number of Shares equal to the Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilization Manager borrows Shares in accordance with these provisions, it must return an equal number of Shares to Ilmarinen and Varma.

Underwriting Agreement and Placing Agreement

The Company expects that it will, on or about June 14, 2018, together with the Principal Sellers, enter into an underwriting agreement (the "**Underwriting Agreement**") with the Managers, and that the Other Sellers will, on the same date, enter into a placing agreement (the "**Placing Agreement**") with Nordea with respect to the Offering. For further information, see the section "*Plan of Distribution*".

Conditionality of the Offering

The Board of Directors and the Principal Sellers, will jointly decide on execution of the Share Issue and the Share Sale. The Board of Directors and the Principal Sellers, will jointly decide on the Final Offer Price, the final number of the Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") after the book building period directed at institutional investors has ended, on or about June 14, 2018. The above will be published through a stock exchange release and will be available on the Company's website at www.kojamo.fi/ipo after the Completion Decision and in the subscription places of the Public Offering and the Personnel Offering no later than the banking day following the Completion Decision (i.e., on or about June 15, 2018).

The Offering is conditional and requires that the Underwriting Agreement and the Placing Agreement be entered into by the respective parties.

Lock-up

The Company, the Sellers and certain other shareholders are expected to agree not to, and to procure that no person acting on their behalf will, during the period ending 180 days after the Listing, without the prior written consent of the Joint Global Coordinators (on behalf of the Managers) (in the case of the Company and the Principal Sellers) or Nordea (in the case of the Other Sellers), (i) issue, offer, pledge, hypothecate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing. However, the above restrictions do not apply to the disposal of any Sale Shares made in and for the purpose of the Offering pursuant to the Underwriting Agreement or Placing Agreement.

The members of the Board of Directors and the Management Team of Kojamo are expected to enter into a lock-up agreement with similar terms to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing.

As a precondition for participating in the Personnel Offering, employees must enter into a lock-up agreement with similar terms that ends, for the Management Team of Kojamo, on the date that falls 360 days, and for other personnel, on the date that falls 180 days from the Listing. The participants of the Personnel Offering must agree that a transfer restriction will be recorded to their book-entry accounts. See "*—Special terms and conditions concerning the Personnel Offering—Lock-up*" below.

In aggregate, the terms of the lock-up agreements apply to approximately 68.5 percent of the Shares after the Offering without the Over-allotment Option and the Shares possibly subscribed for by the members of the Board of Directors and the Management Team of Kojamo in the Public Offering (approximately 64.3 percent with the Over-allotment Option), assuming that the Sellers sell the maximum number of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million).

Subscription Period

The subscription period for the Institutional Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 14, 2018 at 12:00 p.m. (Finnish time). The subscription period for the Public Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and end at the latest on June 12, 2018 at 4:00 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on June 4, 2018 at 10:00 a.m. (Finnish time) and will end on June 12, 2018 at 4:00 p.m. (Finnish time). However, the subscription period for the Personnel Offering for Nordea's e-subscriptions will end on June 11, 2018 at 4:00 p.m. (Finnish time).

The Board of Directors and the Principal Sellers, have, in the event of an oversubscription, the right to discontinue the Institutional Offering, the Public Offering and the Personnel Offering by joint decision at the earliest on June 11, 2018 at 4:00 p.m. (Finnish time). The Institutional Offering, the Public Offering and the Personnel Offering can be discontinued independently of each other. The Institutional Offering, the Public Offering and the Personnel Offering may be discontinued even if they all are not oversubscribed. A stock exchange release will be published in the event of a discontinuation.

The Board of Directors and the Principal Sellers, have the right to extend the subscription periods of the Offering by joint decision. A possible extension of the subscription period of the Institutional Offering, the Public Offering or the Personnel Offering or all of them will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription period for the Institutional Offering, the Public Offering and the Personnel Offering will end in any case at the latest on June 28, 2018 at 12:00 p.m. (Finnish time).

Subscription Price

The preliminary price range for the Offer Shares is a minimum of EUR 8.50 and a maximum of EUR 10.00 per Offer Share (the "**Preliminary Price Range**"). The Preliminary Price Range can be changed during the subscription period, which will be communicated through a stock exchange release and on the Internet on the websites www.kojamo.fi/ipo, www.nordea.fi/kojamo and www.op.fi/merkinta. If, as a result of the change, the upper limit of the Preliminary Price Range increases or the lower limit decreases, the Offering Circular will be supplemented and the supplement will be published through a stock exchange release. In the Public Offering, the Final Offer Price is at most the upper limit of the Preliminary Price Range, or EUR 10.00 per Offer Share.

The Final Offer Price will be decided based on Subscription Offers (as defined below) submitted by institutional investors in negotiations between the Company, the Principal Sellers, and the Joint Global Coordinators after the subscription period has ended on or about June 14, 2018 (the "**Pricing**"), provided that the Institutional Offering or the Public Offering has not been discontinued earlier. The Final Offer Price may be above or below the Preliminary Price Range provided, however, that in the Public Offering, the Final Offer Price cannot be higher than the maximum price of the Preliminary Price Range, or EUR 10.00 per Offer Share. The Final Offer Price in the Public Offering and the Institutional Offering can differ from one another only if the Final Offer Price in the Institutional Offering is higher than the maximum price of the Preliminary Price Range. If the Final Offer Price is above or below the Preliminary Price Range, the Offering Circular will be supplemented and the supplement will be published through a stock exchange release.

If the upper limit of the Preliminary Price Range increases or the lower limit decreases during the subscription period or if the Final Offer Price is beyond the Preliminary Price Range, investors who have made a Commitment before the change was announced may, for at least the next two (2) banking days after the publication of the change, cancel their Commitment. If a Commitment made in the Public Offering is not cancelled, any excess amount paid will be refunded to the bank account specified in the Commitment. See "*—Cancellation of the Commitment*" below.

In the Personnel Offering, the subscription price per Offer Share is 10 percent lower than the Final Offer Price in the Public Offering. In the Personnel Offering, the subscription price per Offer Share may be a maximum of EUR 9.00.

The Final Offer Price will be announced through a stock exchange release immediately following the Completion Decision and it will be available at the latest on the next banking day following the Pricing, on or about June 15, 2018 at the subscription places of the Offering and on the Internet on the websites www.kojamo.fi/ipo, www.nordea.fi/kojamo and www.op.fi/merkinta.

Cancellation of the Commitment

A subscription commitment in the Public Offering or in the Personnel Offering (a "**Commitment**") cannot be changed or cancelled, otherwise than in the situations provided for in the Finnish Securities Market Act (746/2012, as amended, the "**Finnish Securities Market Act**").

If the Offering Circular is supplemented or amended in accordance with the Finnish Securities Market Act due to a material error or omission or due to material new information that has become known after the Finnish Financial Supervisory Authority has approved the Offering Circular and before the end of the subscription period or before the Offer Shares are admitted to trading, and respectively, with regards to the New Shares issued in the Personnel Offering before they are admitted to trading, investors who have committed to subscribe for Shares before the publication of a supplement or correction of the Offering Circular have, in accordance with the Finnish Securities Market Act, the right to cancel their Commitments within at least two (2) banking days after the supplement or correction has been published. The use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. If the Offering Circular is supplemented, such an event will be announced through a stock exchange release. Such stock exchange release shall also contain information on the investors' right to cancel their Commitments in accordance with the Finnish Securities Market Act.

Procedure to Cancel a Commitment According to the Finnish Securities Market Act

The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation. However, a Commitment made by telephone to the Managers may be cancelled by telephone. Cancelling or changing a Commitment cannot be made online via Nordea Netbank or e-subscription, but must be made by telephone in Nordea's 24/7 service or in other Nordea's subscription places. Cancelling or changing a Commitment in the Public Offering cannot be made either in OP Financial Group's online services, instead it must be made in a branch office of OP Financial Group's cooperative bank or in the OP 0100 0500 telephone service (internet banking agreement with OP and bank identifiers required). With regard to investors that are not Nordea or OP customers and that have submitted a Commitment in a Designated Bank (as defined below) of OP Financial Group, the cancellation of a

Commitment must be made in the same Designated Bank where the investor has submitted its Commitment. The possible cancellation of a Commitment concerns the entire Commitment. After the period entitling to the cancellation right has lapsed, the cancellation right no longer exists. If the Commitment is cancelled, the subscription place refunds the sum paid for the Offer Shares to the bank account specified in the Commitment or, with respect to Nordea's e-subscription, to the account from which the subscription payment has been made. The money is refunded as soon as possible after the cancellation, approximately within five (5) banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on such repaid funds.

Registration of Shares to Book-entry Accounts

An investor making a Commitment must have a book-entry account and a related cash account with a Finnish custodian or account operator, or with another such custodian operating in Finland, and submit the number of his or her book-entry account in the Commitment. Shares issued in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about June 15, 2018. In the Institutional Offering, the Offer Shares will be ready to be delivered against payment on or about June 19, 2018 through Euroclear Finland. The New Shares issued in the Personnel Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment on or about June 15, 2018.

Title and Shareholder Rights

The title to the Offer Shares is transferred when the Offer Shares are paid for, the New Shares are registered and the Offer Shares are recorded in the investor's book-entry account. The right to dividend and to other distribution of funds as well as other rights carried by the Shares in the Company belong to the investor after the title has been transferred.

Transfer Tax and Other Expenses

No transfer tax is payable for subscribing for New Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for depositing shares.

The Sale Shares will be sold at the same instance when trading in the Shares commences on the pre-list of Nasdaq Helsinki, and no transfer tax is expected to be payable for these trades.

Trading in the Shares

The Company will submit a listing application with Nasdaq Helsinki to list the Shares on the official list of Nasdaq Helsinki. The trading is expected to commence on the pre-list of Nasdaq Helsinki on or about June 15, 2018 and on the official list of Nasdaq Helsinki on or about June 19, 2018. The trading code of the Shares is KOJAMO and the ISIN code is FI4000312251.

When the trading on the pre-list commences on or about June 15, 2018, all Shares issued or sold in the Offering may not have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Shares purchased or subscribed for in the Offering on the pre-list, he or she should ensure, before placing the order, that the number of Shares registered to his or her book-entry account covers the transaction in question at the time of the trade.

Right to Cancel the Offering

The Board of Directors and the Principal Sellers, are entitled to cancel the Offering at any time prior to the execution of the Offering by joint decision for any reason, such as due to a material change in the market conditions, the Company's financial position or the Company's business. The paid subscription prices will be refunded to subscribers approximately five (5) banking days after such decision by the Board of Directors. If the investor's bank account is in another financial institution than the subscription place, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no more than two (2) banking days later. No interest will be paid on such repaid funds.

Other Issues

Other issues and practical matters relating to the Share Issue will be resolved by the Board of Directors.

Other issues and practical matters relating to the Share Sale will be resolved by the Company and the Principal Sellers, together with the Joint Global Coordinators.

Documents on Display

The Company's latest financial statements, the report of the Board of Directors and the auditor's report as well as the other documents pursuant to Chapter 5, Section 21 of the Finnish Limited Liability Companies Act (624/2006, as amended), are available during the subscription period at the Company's headquarters at Mannerheimintie 168a, FI-00300, Helsinki, Finland.

Governing Law

The Offering is governed by the laws of Finland. Any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions of the Institutional Offering

Initially a maximum of 67,897,176 Offer Shares (without the Over-allotment Option) will be offered in the Institutional Offering in private placements to institutional investors in Finland and internationally on the terms and conditions set forth herein. The number of Offer Shares offered in the Institutional Offering may be more or less than the respective amount presented herein. The Company and the Principal Sellers, may jointly decide, based on demand, to transfer Offer Shares without any restrictions between the Institutional Offering, the Public Offering and the Personnel Offering in deviation from the preliminary number of Shares.

The Managers may reject a Subscription Offer, either partially or wholly, if the Subscription Offer has not been made in accordance with the terms and conditions herein.

Right to Participate

An investor whose subscription offer in the Institutional Offering (a "**Subscription Offer**") includes at least 20,001 Shares may participate in the Institutional Offering. Natural persons or estates of deceased persons may not participate in the Institutional Offering other than via asset manager. Corporations submitting Subscription Offers must have a valid LEI-identifier.

Subscription Places, Approval of the Subscription Offers and Allocation

Subscription Offers by institutional investors may be submitted to Managers. In the Institutional Offering, the Company and the Sellers will decide on the approvals of the Subscription Offers after the Completion Decision. The Company and the Principal Sellers will decide on the procedures in the event of a potential oversubscription. The Subscription Offers can be accepted or rejected partially or wholly. A confirmation of the accepted Subscription Offers in the Institutional Offering will be provided as soon as practically possible after the allocation of the Offer Shares.

Payment for the Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Subscription Offers in accordance with the instructions issued by the Managers, on or about June 19, 2018. The Managers have the right, in accordance with the duty of care set for securities intermediaries, where necessary, upon receipt of a Subscription Offer or before approval thereof, to request the subscriber to give an account of its ability to pay for the Offer Shares corresponding to the Subscription Offer or to require an amount corresponding to the Subscription Offer to be paid in advance. The amount payable will then be the maximum price of the Preliminary Price Range, amounting to EUR 10.00, multiplied by the number of Shares corresponding to the Subscription Offer. If the Preliminary Price Range is decreased or increased, the maximum price per Share of the new price range will be applied to the Subscription Offers submitted thereafter. Possible refunds will be made on or about on the fourth (4th) banking day following the Pricing, on or about June 20, 2018. No interest will be paid on such repaid funds.

Special Terms and Conditions of the Public Offering

General

Initially a maximum of 4,000,000 Offer Shares will be offered in the Public Offering for subscription by private individuals and corporations in Finland. The Company and the Principal Sellers, may, based on demand, reallocate Offer Shares between the Institutional Offering, the Public Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering is 2,000,000 Offer Shares, or if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions set forth herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

In the Public Offering, the Offer Shares will be offered to investors whose domicile is in Finland and who submit their Commitments in Finland. Corporations must have a valid LEI-identifier to submit a Commitment. In the Public Offering, the Commitment must concern a minimum of 100 Offer Shares and a maximum of 20,000 Offer Shares. If an investor submits Commitments in the Public Offering in more than one subscription place, the Commitments are combined into one Commitment to which the above-mentioned minimum and maximum amounts are applied. However, the Commitments submitted by one and the same investor in the Public Offering and the Personnel Offering are not combined.

Places of Subscription and Submission of Commitments

The places of subscription in the Public Offering for **customers with a book-entry account in Nordea** are:

- Nordea Netbank with bank identifiers at www.nordea.fi;
- Nordea 24/7 service for private customers with Nordea's bank identifiers by telephone Monday to Friday 8:00 a.m. to 8:00 p.m. (Finnish time), tel. 0200 3000 (Finnish service, local network charge / mobile charge), tel. 0200 5000 (Swedish service, local network charge / mobile charge) or Monday to Friday 8:00 a.m. to 6:00 p.m. (Finnish time), tel. 0200 70 000 (English service, local network charge / mobile charge);
- Nordea Business Centre for Nordea corporate customers;
- Nordea's branch offices (except branches with cash services only) in Finland during their normal business hours; and
- Nordea Private Banking units in Finland (only for Nordea Private Banking customers).

The places of subscription in the Public Offering for **customers of OP Financial Group** are:

- OP Financial Group online service for private customers at the address www.op.fi/merkinta. OP Financial Group's customers submitting a Commitment by e-subscription are required to have OP Financial Group's bank identifiers;
- OP 0100 0500 telephone service (in Finnish, local network charge / mobile charge). The Commitment may be submitted via telephone if the customer has personal internet banking agreement with OP Financial Group and bank identifiers, which are required in connection with the identification to the telephone service; and
- Branch offices of OP Financial Group's cooperative banks during their normal business hours.

The place of subscription in the Public Offering for **investors that are not Nordea or OP customers** are:

- OP Financial Group online service for private customers at the address www.op.fi/merkinta. An internet subscription requires bank identifiers of Aktia, Danske Bank, Handelsbanken, POP Bank, S-Bank, Savings Bank or Ålandsbanken;
- Nordea's branch offices (except branches with cash services only) in Finland during their normal business hours; and
- Designated banks[30] of OP Financial Group (the "**Designated Banks**"), during their normal business hours.

[30] The Designated Banks are: Etelä-Hämeen Osuuspankki, Etelä-Karjalan Osuuspankki, Etelä-Pohjanmaan Osuuspankki, Itä Uudenmaan Osuuspankki, Kainuun Osuuspankki, Keski-Pohjanmaan Osuuspankki, Keski-Suomen Osuuspankki, Keski-Uudenmaan Osuuspankki, Kymenlaakson Osuuspankki, Lounaismaan Osuuspankki, Lounaisrannikon Osuuspankki, Länsi-Suomen Osuuspankki, Länsi-Uudenmaan Osuuspankki, Helsingin Seudun Osuuspankki, Oulun Osuuspankki, Pohjois-Karjalan Osuuspankki, Pohjois-Savon Osuuspankki, Pohjolan Osuuspankki, Päijät-Hämeen Osuuspankki, Suur-Savon Osuuspankki, Tampereen Seudun Osuuspankki, Turun Seudun Osuuspankki and Vasa Andelsbank.

As of June 21, 2017, new securities cannot be recorded or managed through Euroclear Finland's account operator, Customer Account Services. Therefore, the book-entry account customers of Euroclear Finland must open a book-entry account in another account operator to be able to subscribe for Shares in the Offering.

Submitting a Commitment to Nordea via internet banking or via telephone requires a valid internet banking agreement with Nordea. Corporations may not submit Commitments via telephone in Nordea's 24/7 service or Nordea Netbank. The phone calls to Nordea's customer service are recorded.

When submitting a Commitment in OP Financial Group's internet banking service, the person submitting the Commitment has to check his or her daily limit in the account bank. If the payment exceeds the daily limit, the Commitment cannot be submitted through internet banking services. The payment of the Commitment must be made from a bank account that is solely in the name of the investor who submitted the Commitment. Corporations or estates of a deceased person cannot submit the Commitment through online service but instead they have to submit the Commitment either through telephone service or in a branch office. Persons under guardianship cannot submit the Commitment through online service but instead they have to submit the Commitment in a branch office. The Commitments submitted in OP Financial Group's online service violating the terms and conditions will be rejected afterwards.

On the part of persons under 18 years of age or investors otherwise under guardianship, permission from the magistrate is required in order for them to give a Commitment because the Shares will not be admitted to trading on a regulated market when the Commitment is made.

The Commitment is considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions or has confirmed the Commitment with his or her bank identifiers and paid for the share subscription price concerned by the Commitment. Any detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment. Commitments in the Public Offering are binding and cannot be changed and can only be cancelled in the manner and situations referred to above under "*—Cancellation of the Commitment*".

Payment of the Offer Shares

When submitting a Commitment, the price to be paid for the Offer Shares in the Public Offering is the maximum price of the Preliminary Price Range (i.e., EUR 10.00 per Offer Share) multiplied by the number of Offer Shares covered by the Commitment. The Final Offer Price in the Public Offering will not be higher than the maximum price of the Preliminary Price Range (i.e., EUR 10.00 per Offer Share).

The payment of a Commitment submitted in a branch office of Nordea will be debited directly from the investor's bank account in Nordea, or it may be paid by cash payment. The payment corresponding to a Commitment that has been submitted through Nordea Netbank will be charged from the investor's bank account when the investor confirms the Commitment with his or her bank identifiers.

A payment corresponding to a Commitment submitted in the OP Financial Group's internet banking service will be debited directly from the investor's bank account, when the investor confirms the payment of the Commitment with his or her bank identifiers. The payment of a Commitment submitted through the internet service must be made in accordance with the terms and conditions of the internet service immediately after the Commitment has been submitted. The payment must be made from a bank account that is solely in the investor's name. The payment corresponding to a Commitment that has been submitted through OP 0100 0500 telephone service will be charged from the investor's bank account in OP Financial Group.

The customers of OP Financial Group may submit and pay Commitments in the branch offices of cooperative banks belonging to OP Financial Group. Non-customers of OP Financial Group may submit and pay their Commitments solely in the Designated Banks belonging to OP Financial Group.

If a customer of OP Financial Group has submitted a Commitment in a branch office of a cooperative bank belonging to OP Financial Group, the customer's bank account in OP Financial Group is debited directly. If non-customers of OP Financial Group have submitted the Commitments in the cooperative bank belonging to OP Financial Group, the payments can be settled in cash or by cheque.

OP Financial Group will conduct necessary controls regarding the investor and the origin of the funds when paying in cash or by cheque in the branch offices of cooperative banks belonging to OP Financial Group. When carrying out banking operations in the branch offices of cooperative banks belonging to OP Financial Group, the investor must schedule an appointment.

Approval of Commitments and Allocation of the Offer Shares in the Public Offering

The Company and the Principal Sellers will decide on the allocation of the Offer Shares to investors in the Public Offering after the Completion Decision. Commitments can be approved or rejected in full or in part. In the possible event of an oversubscription, the Company and the Principal Sellers aim to approve the Commitments in full for up to 100 Offer Shares and for Commitments exceeding this amount, to allocate the Offer Shares in the Public Offering in proportion to the amount of Commitments unmet. The final allocation principles will be published through a stock exchange release after the Pricing on or about June 14, 2018, in the subscription places of the Public Offering and on the websites www.kojamo.fi/ipo, www.nordea.fi/kojamo and www.op.fi/merkinta. A confirmation letter regarding the approval of the Commitments and allocation of the Offer Shares will be sent as soon as possible and no later than on or about June 15, 2018 to all investors who have submitted their Commitments in the Public Offering.

Refund of Paid Amount

If the Commitment is rejected or approved only in part and/or if the Final Offer Price is less than the price paid in connection with submission of the Commitment, the paid amount or part thereof will be refunded to the investor who submitted the Commitment approximately five (5) banking days after the Pricing, on or about June 21, 2018, to the Finnish bank account specified in the Commitment. If the investor's bank account is in another financial institution than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If the Commitments submitted by the one and the same investor are being combined, the potential refund of paid amount is only refunded to one bank account of the investor. No interest will be paid on such repaid funds. See also "*—Cancellation of the Commitment—Procedure for Changing the Preliminary Price Range or Deciding on the Final Offer Price in Deviation of the Preliminary Price Range*" above.

Special Terms and Conditions Concerning the Personnel Offering

In the Personnel Offering, initially a maximum of 60,000 Offer Shares and, in the event of an oversubscription, a maximum of 180,000 additional Offer Shares will be offered to all employees of Kojamo and to the members of the Management Team of Kojamo. The Company and the Principal Sellers, may, based on demand, reallocate Offer Shares between the Institutional Offering, the Public Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation.

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions set forth herein or if it is otherwise incomplete.

Right to Participate

All of Kojamo's employees with a direct contract of employment to Kojamo, which has not been terminated, at the end of the subscription period of the Personnel Offering and the members of the Management Team of Kojamo may participate in the Personnel Offering. The right to participate in the Personnel Offering is personal and non-transferrable. In the Personnel Offering, the Commitment must concern a minimum of 100 Shares. Each person eligible to participate may only provide one Commitment in the Personnel Offering. The Commitments submitted by the same person eligible to participate in one or more subscription places are combined into one Commitment, which the above-mentioned minimum amount is applied to. However, the Commitments submitted by one and the same investor in the Public Offering and the Personnel Offering are not combined.

The Subscription Price of the Personnel Shares

When submitting a Commitment, the subscription price payable for the Offer Shares offered in the Personnel Offering is 10 percent lower than the Final offer Price in the Public Offering multiplied by the number of Shares covered by the Commitment.

Approval of Commitments and Allocation of the Offer Shares in the Personnel Offering

The Board of Directors will decide on the allocation of the New Shares in the Personnel Offering after the Completion Decision. The Board of Directors will decide on the procedure to be followed in the event of an oversubscription and will, if necessary, use its authorization to issue a maximum of 180,000 additional New Shares. Commitments can be approved or rejected in full or in part. The Board of Directors aims to approve Commitments in full. If a Commitment is rejected or approved only in part, the paid amount or the part thereof will be refunded to the person who submitted the Commitment approximately five (5) banking days after the

Completion Decision (i.e., on or about June 21, 2018), to the Finnish bank account stated in the Commitment. If the investor has a bank account at a financial institution other than the place of subscription, the refunded amount will be paid to a Finnish bank account according to the general schedule of payment transaction between financial institutions, approximately two (2) banking days later. See also the section "— *Terms and Conditions of the Offering—Cancellation of the Commitment*" above. A confirmation letter regarding the approval of the Commitments and allocation of the Offer Shares will be sent to all investors who have submitted their Commitments in the Personnel Offering.

Lock-up

By submitting a Commitment to participate in the Personnel Offering, the respective party agrees to be bound by a lock-up in respect of the Shares. In accordance with these lock-up restrictions, parties participating in the Personnel Offering may not, without the prior written consent of the Joint Global Coordinators during a period ending 360 days after the Listing for the Management Team of Kojamo and 180 days after the Listing for other personnel, sell, sell short or otherwise directly or indirectly transfer Shares subscribed for in the Personnel Offering, or option rights or warrants entitling to buy Shares subscribed for in the Personnel Offering that they hold or purchase in the Personnel Offering or are authorized to dispose. Those participating in the Personnel Offering agree that the lock-up described herein can be recorded to their book-entry accounts.

Places of Subscription and Submission of Commitments

In the Personnel Offering, Commitments must be made and paid up in accordance with the detailed instructions given by the Company to the personnel.

The Commitment is considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions or has confirmed the Commitment with his or her bank identifiers and paid for the share subscription price concerned by the Commitment, and committed to the lock-up restrictions in accordance with these terms and conditions. Any detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment. Commitments in the Personnel Offering are binding and cannot be changed and can only be cancelled in the manner and situations referred to above under "*—Cancellation of the Commitment*".

Refund of paid amount

If the Commitment is rejected, or approved only in part, and/or if the Final Offer Price in the Personnel Offering is less than the price paid in connection with submission of the Commitment, the paid amount or part thereof will be refunded to the investor who submitted the Commitment approximately five (5) banking days after the Pricing, on or about June 21, 2018, to the Finnish bank account specified in the Commitment. If the investor's bank account is in another financial institution than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If the Commitments submitted by the same investor are being combined, the potential refund of paid amount is only refunded to one bank account of the investor. No interest will be paid on such repaid funds. See also the section "*—Cancellation of the Commitment*".

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Kojamo Group's capitalization and indebtedness as at March 31, 2018 (i) as realized based on Kojamo's unaudited consolidated interim report for the three months ended March 31, 2018 and (ii) as adjusted with the approximately EUR 145 million net proceeds from in the Share Issue, assuming that the adjustments had occurred as at March 31, 2018. The proceeds from the Share Issue are intended to be used for supporting Kojamo's growth strategy, including residential property acquisitions and development projects as well as other growth investments, to repayment of debts as a part of liquidity management and to general corporate purposes. If proceeds are used to repayment of debts, the Company does not intend to use more than EUR 50 million for the repayment of debts. When reading the following table, please note that the completion of the Share Issue is uncertain.

The following table should be read together with the following sections of this Offering Circular: "*Selected Financial Information*" and *"Operating and Financial Review and Prospects*", including "*Operating and Financial Review and Prospects—Liquidity and Capital Resources*" as well as Kojamo's audited consolidated financial statements attached to this Offering Circular and unaudited consolidated interim report for the three months ended March 31, 2018.

Capitalization (EUR million)	As at March 31, 2018 Actual	As at March 31, 2018 Adjusted
	(unaudited)	(unaudited)
Current financial liabilities		
Guaranteed/Secured	89.0	89.0
Unguaranteed/Unsecured	132.0	132.0
Total	**221.0**	**221.0**
Non-current financial liabilities		
Guaranteed/Secured	1,445.0	1,445.0
Unguaranteed/Unsecured	1,068.7	1,068.7
Total	**2,513.7**	**2,513.7**
Total financial liabilities	**2,734.7**	**2,734.7**
Equity attributable to equity holders of the Company		
Share capital	58.0	58.0
Share issue premium	35.8	35.8
Fair value reserve	(16.6)	(16.6)
Invested non-restricted equity reserve	17.9	163.4
Retained earnings	1,945.2	1,944.7
Equity attributable to shareholders of the parent company	**2,040.2**	**2,185.2**
Total equity	**2,040.2**	**2,185.2**
Total equity and financial liabilities		
Net indebtedness		
Liquidity (A)		
Cash and cash equivalents	354.4	499.4
Total	**354.4**	**499.4**
Current financial liabilities (B)		
Loans from financial institutions	49.4	49.4
Other current financial liabilities	171.6	171.6
Total	**221.0**	**221.0**
Current net indebtedness (C = B–A)	**(133.4)**	**(278.4)**
Non-current financial liabilities		
Loans from financial institutions	1,081.8	1,081.8
Other non-current financial liabilities	1,431.9	1,431.9
Total	**2,513.7**	**2,513.7**
Net indebtedness (C + D)	**2,380.3**	**2,235.3**

The gross proceeds to be acquired in the Share Issue and to be recognized in the invested non-restricted equity reserve have been adjusted with the estimated EUR 4.5 million costs relating to the Share Issue, and the earnings of the financial period have been adjusted with other Listing related costs of EUR 0.5 million, which will arise and be recognized as costs after March 31, 2018.

For information about Kojamo's off-balance-sheet liabilities and given collaterals, see "*Operating and Financial Review and Prospects—Balance Sheet Information—Off-balance-sheet Liabilities*".

Sufficiency of Working Capital

In the opinion of the Company, Kojamo's working capital is sufficient for its present needs for the next twelve months following the date of this Offering Circular.

DIVIDENDS AND DIVIDEND POLICY

Kojamo's objective is to be a stable dividend payer whose annual dividend payment will be at least 60 percent of funds from operations (FFO), provided that Kojamo Group's equity ratio is 40 percent or more and taking account of the Company's financial position. There can be no assurances that dividends will be paid in the future, nor are there any assurances as to the amount of dividends to be paid for a particular year.

Under the Finnish Limited Liability Companies Act, the General Meeting of Shareholders decides on the distribution of dividends based on a proposal by the company's Board of Directors. Dividends are generally declared once every financial year and may be paid only after the General Meeting of Shareholders has approved the company's financial statements. For a description of the restrictions applicable to dividend distributions, see "*Shares and Share Capital—Shareholders' Rights—Dividend and Distribution of Other Unrestricted Equity*".

For the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015, Kojamo paid a dividend of EUR 50.3 million, EUR 50.3 million and EUR 37.0 million, respectively. The dividend per Share for the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015 was EUR 0.22, EUR 0.22 and EUR 0.16, respectively.[31] In addition, Kojamo paid an additional dividend of EUR 66.6 million to its shareholders due to the divestment of 8,571 rental apartments subject to arava and/or interest subsidy legislation to Kiinteistö Oy M2-Kodit for the financial year ended December 31, 2016. The additional dividend per Share was EUR 0.29.[32]

As to the certain tax considerations for shareholders applicable to dividends, see section "*Taxation*".

[31] Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

[32] Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

MARKET OVERVIEW

Overview

Kojamo is the largest private residential real estate company in Finland measured by fair value of investments properties.[33] Kojamo offers rental apartments and housing services for tenant with focus on the seven largest Finnish Growth Centers, which include Helsinki region[34], the Tampere, Turku, Kuopio and Lahti regions, as well as the cities of Oulu and Jyväskylä (together the "**Finnish Growth Centers**"). As at March 31, 2018, approximately 98 percent of Kojamo's apartments were located within the Finnish Growth Centers and approximately 66 percent in the Helsinki region.[35] Kojamo's business activities are influenced by numerous demographic, economic and political factors. Given Kojamo's involvement in the residential real estate sector, the Company is affected by developments in and related to the residential property market in Finland, particularly in the Finnish Growth Centers, macro-economic indicators such as economic growth, employment, disposable income, inflation and population growth.

General Macroeconomic Developments

As at December 31, 2017, Finland had a population of 5.5 million. The Finnish population is concentrated in the Finnish Growth Centers which account for approximately 40 percent of the total population.[36] In 2017, the Finnish GDP grew by 2.6 percent.[37]

The following table sets forth certain key information related to Finnish economy 2014-2020E:

	2014	2015	2016	2017	2018E	2019E	2020E
GDP growth (%)(1)	(0.6)%	0.1%	2.1%	2.6%	2.6%	2.2%	1.8%
Population (millions)(2)	5.5	5.5	5.5	5.5	5.6	5.6	5.6
Unemployment rate(1)	8.7%	9.4%	8.8%	8.6%	8.2%	7.9%	7.0%
Employment rate(1)	68.3%	68.1%	68.7%	69.6%	71.1%	71.9%	72.5%
Disposable income growth(1)	0.5%	1.7%	2.0%	2.3%	3.1%	3.3%	3.7%
Inflation(1)	1.0%	(0.2)%	0.4%	0.8%	1.2%	1.4%	1.7%

(1) Ministry of Finance: Economic Survey, Spring 2018.

(2) Official Statistics of Finland: Population Structure.

Gross Domestic Product and Economic Growth Developments

In 2017, Finland enjoyed robust economic growth that exceeded the EU and euro area averages, as well as the growth in the other Nordic countries and Germany. Following a period of weaker development in 2012-2014, the GDP growth turned slightly positive in 2015 with 0.1 percent growth compared to the previous year. The growth has accelerated since and in 2016 and 2017 the GDP grew 2.1 and 2.6 percent, respectively.[38] The growth has been supported by net exports as well as higher investments and robust private consumption.[39] Further, the Ministry of Finance has projected that the Finnish GDP will continue to grow 2.6 percent in 2018 and 2.2 percent in 2019.[40]

Employment Conditions and Disposable Income

The solid economic growth in Finland is also reflected in the strengthening employment conditions and disposable income. Unemployment turned to a decline in 2015 and decreased from 9.4 percent in 2015 to

33 KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

34 In this section, the data pertaining to the Helsinki region excludes data from the towns of Riihimäki and Porvoo. The statistical data in this section is thus not fully comparable in this respect with the Company's description of its own operations in the Helsinki region as described elsewhere in this Offering Circular, which includes both Riihimäki and Porvoo in the definition of Helsinki region (elsewhere in this Offering Circular, the Helsinki region includes cities of Helsinki, Espoo, Vantaa, Kauniainen, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula and Vihti). Whilst the data is not fully comparable, the Company's believes that this difference does not materially impact the import of the information given in this section.

35 By fair value of rental apartments as at March 31, 2018.

36 Official Statistics Finland: Population structure

37 Official Statistics Finland. National accounts.

38 Ministry of Finance: Economic Survey, Spring 2018.

39 European Commission: European Economic Forecast, Winter 2018.

40 Ministry of Finance: Economic Survey, Spring 2018.

8.6 percent in 2017. Also, employment rate has grown from 68.1 percent on average in 2015 to 69.6 percent on average in 2017. The strengthening economy and employment conditions have improved the consumer confidence indicator which reached 26.0 in December 2017, as compared to 4.0 in December 2015.[41] The strong consumer confidence also reflects the improving disposable income, which grew 2.0 percent in 2016 and 2.3 percent in 2017.[42]

The improving economic conditions are likely to continue to increase demand for labor. Demand for labor is especially targeted at skilled people in the largest cities, whereas unemployment is highest in rural areas and among the less educated workforce. The amount of the so called structural unemployment is assessed to be 7 percent.[43]

Kojamo's management believes that the improving employment conditions together with growing disposable income support the ability to pay and enables growth in spending on living. During the past years, spending on living in Finland as a share of total spend has steadily grown. According to the data from Official Statistics Finland, the average spend on living per consumption unit has grown from EUR 6,048 in 2012 to EUR 7,147 in 2016, corresponding to 25 percent and 28 percent, respectively, of the total spend. In the Uusimaa region[44], the average spend on living was 30.9 percent of total spend, which is still lower compared to certain other European countries. For example, in Copenhagen and Berlin, the average spend on living in 2016 was approximately 34 percent of the total spend.[45]

Inflation

During the past years, the development of inflation has been slow and in 2015 inflation was negative 0.2 percent. From 2016 onwards, consumer prices have again gradually increased along with the strengthening economy and inflation was 0.4 and 0.8 percent in 2016 and 2017, respectively. Going forward, the Ministry of Finance expects inflation to pick up gradually, driven by an increase in service and energy prices. Annual inflation is expected to reach 1.2 percent in 2018 and 1.4 percent in 2019 with service prices continuing to have the largest impact on overall inflation.[46]

Interest Rate Environment and Housing Loans

Finland is a member of the European Monetary Union and, therefore, the financing and interest rates in Finland are dependent on the monetary policy of the European Central Bank ("**ECB**") and the official interest rates set by the ECB. Following the financial crisis in 2008, ECB has exerted expansionary monetary policy for a prolonged period and the interest rates set by the ECB have been exceptionally low.[47] As at the date of this Offering Circular, the interest rate for the main refinancing operations was 0.0 percent, negative 0.4 percent for the deposit facility and 0.25 percent for the marginal lending facility.[48] The ECB's agenda is to maintain accommodative financing conditions until price stability has been achieved at a sustainable level. The ECB expects the interest rates to remain at their current level for a longer period going forward. Reflecting the ECB monetary policy, the Finnish Government bond yield has decreased from a level of 4.4 percent as at December 31, 2007 to 0.6 percent as at December 31, 2017.[49]

The accommodative financing conditions have also contributed to household indebtedness. The imputed margin on housing loans has narrowed and the most commonly used Euribor reference rates have continued to fall in 2017.[50] Of the approximately 185,000 housing loans issued in 2017, 84 percent were linked to Euribor reference rates. In December 2017, the 12-month Euribor reference rate was on average negative 0.191 percent.[51]

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41 Realia Management Oy: Market study, Spring 2018.

42 Ministry of Finance: Economic Survey, Spring 2018.

43 KTI Property Information Ltd: The Finnish Property Market 2018.

44 Uusimaa region is a region consisting of 26 municipalities in Finland, including the cities of the Helsinki region and certain other cities and municipalities.

45 Official Statistics Finland: Households' consumption, Statistics Denmark, Federal Statistical Office of Germany.

46 Ministry of Finance: Economic Survey, Spring 2018.

47 Bank of Finland: Euro ja talous 1/2018.

48 European Central Bank: Official interest rates.

49 Factset as of 30/04/2018.

50 Bank of Finland: Euro ja talous 5/2017.

51 Bank of Finland as of 30/04/2018.

The Bank of Finland projects, that despite the low interest rates and the economic recovery, the increase in demand for new housing loans will be relatively modest compared with the period leading up to the recession. Moreover, the growth rate of Finland's housing loan stock is quite restrained compared with the rest of the euro area. In early 2017, the housing loan stock increased by approximately 2 percent in Finland, whereas Sweden and Germany saw growth of well over 7 percent and just below 4 percent, respectively.[52]

Demographic Development

Since 2010, the Finnish population has shown stable development at an average growth of 0.4 percent per annum reaching 5.5 million in 2017, a cumulative increase of approximately 140,000. Projections by Official Statistics Finland forecasts that the population will continue to grow, albeit at a decelerating rate. By 2027, the population is expected to grow in aggregate by 3.5 percent reaching 5.7 million, an increase of approximately 190,000.[53] While in aggregate, the demographic trends have been and are expected to be moderate, there are more substantial regional movements, the most important of which relate to the urbanization trend and decreasing household sizes.

Urbanization

For decades, the Finnish people have migrated from rural areas towards the urban regions and large cities in the country. Since 1990, the share of people living in urban areas has grown from 62.3 percent to 70.0 percent in 2016. Moreover, the number of people living in the Finnish Growth Centers has grown from approximately 40 percent in 2000 to approximately 45 percent in 2016, corresponding to an increase of approximately 360,000. This urbanization trend is expected to continue and according to the projections by Official Statistics Finland the population living in the Finnish Growth Centers is forecast to grow by almost 10 percent in aggregate between 2017 and 2027, corresponding to a cumulative increase of approximately 205,000, whereas the population in the other parts of Finland is forecast to diminish. The cities of Helsinki, Vantaa, Espoo and Kauniainen (the "**Helsinki Metropolitan Area**") are the key beneficiaries from the urbanization trend and the population growth in the region is expected to account for approximately 60 percent of the total population growth in Finland, a cumulative increase of approximately 117,000 during the same period. By 2040, the Helsinki Metropolitan Area is forecast to include a total of 1.4 million people.[54] In 2015, 69 percent of the population lived in the 14 main city regions in Finland, and by 2040 the percentage is expected to grow to 75 percent of the population. In 2015–2040, the population living in the 14 main city regions is expected to increase by almost 625,000 people in total.[55]

Population development is highly dependent on changes in the regional economy and employment conditions. There is a strong correlation between the change in jobs and net migration.[56] The Helsinki economic region[57] is the most important business center in Finland and its economic importance within the country is growing. The share of GDP generated by the Helsinki economic region has grown from 36.4 percent in 2010 to 37.0 percent in 2015. Moreover, the share of employed people in the Helsinki economic region grew from 30.6 to 32.0 percent of all employed people in Finland during the same period. Following the growing number of employed people, the share of people living in the Helsinki economic region has grown from 26.2 percent to 27.2 percent during 2010-2015.[58]

Kojamo's management believes that the urbanization trend in the Helsinki Metropolitan Area is further supported by the continuous development of the region. The ongoing development of new large residential and commercial districts, as well as the large infrastructure projects increase the attractiveness of the Helsinki Metropolitan Area by offering new services, retail stores, jobs and dwellings, as well as new means for public transportation. The key areas under large scale development in the Helsinki Metropolitan Area include, for example, the Kalasatama residential and business district with its REDI shopping center, the Jätkäsaari area, Vantaa Aviapolis, the Pasila area with its Tripla shopping mall and the Espoo region with multiple development projects, including the Lippulaiva shopping center. Also, the Jokeri light rail will connect the eastern part of Helsinki to the south-eastern part and the second phase of the West Metro project will extend the metro line by seven kilometers and five new stations further to the West of Espoo, from Kivenlahti to Matinkylä.

52 Bank of Finland: Euro ja Talous 5/2017.

53 Official Statistics Finland: Population projection.

54 Official Statistics Finland: Population projection.

55 VTT Technical Research Center of Finland Ltd (2016): Asuntotuotantotarve 2015-2040. The 14 main city regions include the Helsinki, Tampere, Oulu, Turku, Jyväskylä, Kuopio, Seinäjoki, Vaasa, Lahti, Joensuu, Hämeenlinna, Lappeenranta, Pori and Kouvola regions.

56 City of Helsinki, Executive Office, Urban Research and Statistics (2017): Helsinki and Helsinki region population forecast 2017-2050.

57 Helsinki economic region consists of the Helsinki region and the cities of Karkkila, Lohja and Siuntio.

58 Official Statistics of Finland: Output and employment by sub-regional units.

The following picture sets forth certain key construction development areas within the Helsinki Metropolitan Area:[59]

Households

While the number of households in Finland has exhibited a stable yet low growth during recent years, the more profound development relates to the housing preferences of the people and the structure of Finnish households. The number of Finnish households has increased from 2.5 million in 2010 to 2.7 million in 2016. During the same period, one and two-person households ("**Small Households**") have become more common and in 2016, Small Households accounted for 76 percent of all households, as compared to 74 percent in 2010. The number of Small Households has grown in aggregate 7.1 percent from 2010 to 2016, and the number of people living in Small Households has grown 6.5 percent. At the same time, number of larger households with three or more rooms has decreased 2.5 percent. This trend dates back over multiple decades and since 1985 the number of one-person households has grown in total 113 percent and one bedroom apartments 71 percent, while the number of larger households has decreased 24 percent.[60]

Residential Real Estate Market in Finland

The Finnish housing stock consists of approximately 2.6 million occupied dwellings comprising approximately 296 million square meters.[61] The share of high-rise buildings has increased from 44 percent to 45 percent between 2010 and 2016, while at the same time the share of single-family houses and row houses has decreased from 54 percent to 53 percent of the total housing stock. Studios comprise 13 percent of Finnish households, 30 percent are one-bedroom apartments and the remaining 57 percent are apartments with three or more rooms.[62]

Overview of the Regulation

The regulatory environment in Finnish housing market is generally fairly liberal and in principle there are no restrictions on buying or selling properties. However, there are certain provisions on real estate transactions and it is common to use real estate brokers or lawyers in property transactions in Finland. The regulations governing the lease agreements are minor, and the rental market regulation in Finland is among the most liberal in the world since there are no restrictions concerning for example minimum or maximum lease terms. The

59 City of Helsinki, City of Vantaa, City of Espoo and Länsimetro Oy.

60 Official Statistics Finland: Dwellings and housing conditions.

61 KTI Property Information Ltd: The Finnish Property Market 2018.

62 Realia Management Oy: Market study, spring 2018.

regulation enables parties to determine the terms and conditions of a lease agreement relatively freely. Nonetheless, there are certain regulations protecting the tenants in Finland.

Lease agreements in Finland can be agreed to be effective until further notice or over a fixed term. Unless agreed otherwise, the lease is effective until further notice. If the landlord terminates the lease agreement, the notice period is six months when the tenancy has been continuously in effect for a minimum of one year, and in other cases, three months. If the tenant terminates the lease agreement, the notice period is one month. It is not possible for the landlord to make a unilateral increase to the rent. A rent increase clause can be added to the lease agreement. A common way to agree on the rent increase is to tie the rent to an index, such as the consumer price index.[63] For more information on regulation relating to lease agreements in Finland, see "*Legislation Relating to Real Estate and Rental Business*".

Additional expenses can be added to lease agreements. It is common that, for example, a fixed water charge is charged to the tenant. However, it is also typical that other utilities such as electricity and heating are not separately charged to the tenant. In most cases, tenants themselves are responsible for making a separate electricity agreement with a utility company. Compensation for the use of, for example, a laundry room, sauna or a parking space are typically paid directly by the resident to the housing company.

Overview of the Housing Subsidy System in Finland

The government subsidizes housing through direct housing allowances, production subsidies for construction (for more information on production subsidies, see "*Legislation Relating to Real Estate and Rental Business*") for construction and the tax deduction of housing loan interest. The share of direct housing allowances of all subsidies has gradually increased from 48 percent in 2008 to 81 percent in 2016.

The housing subsidy system represents an important portion of the total residential funding in Finland. The most common channel for receiving housing subsidies is the general housing allowance. The general housing allowance is a subsidy granted to low-income households to assist them with housing costs. It is available for households living in owner-occupied and rented homes, right-of-occupancy homes and part-ownership homes. Other forms of direct housing allowances include housing assistance for conscripts and housing allowance for pensioners. Direct housing allowances are paid directly to the residents, who are responsible for paying the rent to the landlord. The general housing allowance is a benefit concerning a household including all the residents, whereas the housing allowance, for example, pensioners is a personal benefit. This is relevant consideration when evaluating the eligibility for such allowances.

The amount of the housing allowance provided to a household depends on the number of adults and children living in the household, the municipality in which the household is located and the monthly gross income. The general housing allowance can cover up to 80 percent of the housing costs and the housing allowance can be paid only for accepted housing costs determined by the law. The maximum amount of acceptable housing costs as the basis for calculating the housing allowance is EUR 508 for single-person households and EUR 1,095 for four-person households in Helsinki. Additional persons in a household increase the maximum amount by EUR 137 per additional person.[64] In 2016, the average monthly housing allowance was EUR 328 whereas the average acceptable monthly housing costs were EUR 608. On average, the housing allowances covered 54 percent of the housing costs.

The amount of direct housing allowances paid to residents and especially the amount of general housing allowances has been increasing during the past years due to increased unemployment and changes in the support system[65]. During the period from 2000 to 2010, the amount of general housing allowances paid remained close to EUR 500 million per annum. From 2010 onwards, the amount has been increasing rapidly and in 2017, the total amount of direct housing allowances paid was EUR 2 billion, of which EUR 1.3 billion was paid as general housing allowances. As at December 31, 2016, there were 267,400 households receiving a general housing allowance, corresponding to approximately 10 percent of all households. The number of households receiving a housing allowance increased by 9 percent from the previous year. The average income of the household as the basis for the allowance was EUR 1,088 per month. 93 percent of the recipients were living in rental housing and 59 percent were unemployed.[66]

[63] Realia Management Oy: Market study, spring 2018.

[64] The Social Insurance Institution of Finland (Kela).

[65] The Social Insurance Institution of Finland (Kela).

[66] Realia Management Oy: Market study, spring 2018.

In August 2017, students were transferred to the general housing allowance scheme. Previously, there was a separate housing allowance for students. This amendment is expected to increase the general housing allowances paid and the number of households receiving general housing allowances.[67]

In addition to the aforementioned housing subsidies, home ownership has historically been supported by the government through a tax deduction system. Part of the housing loan interest payments can be subtracted from capital income, and if one has no such income, partially from the taxes paid on earned income. The percentage of the deductible part has decreased during the last five years, making loan financed owner-occupation less attractive. In 2014, 75 percent of the housing loan interest payments were deductible, whereas by 2017 the portion had decreased to 35 percent.[68]

Housing Supply

In 2016, the Finnish housing stock consisted of approximately 2.6 million dwellings. 45 percent of the dwellings were apartments in high-rise buildings. Single-family houses still represented a relatively high share of the housing stock with a 40 percent share of the total number of dwellings. The remaining 15 percent consisted of primarily row houses. Studios and one bedroom apartments accounted for approximately 13 percent and 30 percent of the total number of dwellings respectively. The remaining 57 percent included larger apartments with three or more rooms.[69]

Since 2000, housing construction in Finland has varied between 20,000 and 35,000 completed new dwellings annually.[70] The Helsinki Metropolitan Area accounted for approximately 34 percent of the total construction during 2000 to 2017.[71] An increasing portion of the new residential building starts, measured in number of apartments, consist of high-rise apartments. In 2000, high-rise apartments accounted for 46.8 percent of the total number of new residential building starts, whereas in 2017, the share was 75.9 percent. During the past three to four years, the residential construction activity has grown rapidly and 2017 saw a new record in the number of new dwelling permits issued, new residential building starts as well as completed dwellings. The sentiment in the construction industry in Finland has improved and the construction confidence indicator has increased gradually from the low and volatile levels following the financial crisis, reaching 12 in December 2017. While a large number of new apartments are being built, the record high construction activity in 2017 measured in square meters is broadly in line with the average during 2000 to 2017. This implies that the high activity is focused on smaller apartments, reflecting the prevailing market trends and growing demand for small apartments particularly in high-rise buildings.[72]

During the financial crisis in 2008 and 2009, the total new residential construction decreased 13 percent and 30 percent, respectively. The downturn in construction activity was reflected in the Helsinki Metropolitan Area as well, which saw a decline of 11 percent and 26 percent, respectively in new residential construction. During the same time, the annual residential construction target set for the Helsinki Metropolitan Area by the Finnish Government was at a level of approximately 13,000 new apartments annually. The target is based on agreements on land use, housing and transport ("**MAL**") between the Finnish Government and the main city regions of Finland. The cumulative difference between the MAL target and completed dwellings in the Helsinki Metropolitan Area from the beginning of 2008 to the end of 2016 amounted to approximately 26,500 apartments, implying an accumulated shortage in residential housing in the area. This is further supported by analysis by VTT Technical Research Center of Finland ("**VTT**"). As per the calculation methodology employed by VTT, the slow construction activity created a housing shortage in the Helsinki Metropolitan Area of approximately 20,000 apartments at the end of 2016.[73] In 2017, the construction activity reached the highest level since 2000 and for the first time during this period, the number of completed apartments exceeded the MAL construction target for the Helsinki Metropolitan Area. When taking into account the short-term annual construction targets for new dwellings as per MAL and the long-term demand projections as per VTT, the current construction activity of new dwellings in Helsinki Metropolitan Area is not sufficient to materially reduce the existing shortage built during the past 10 years. Moreover, according to the

[67] Realia Management Oy: Market study, spring 2018.

[68] Tax Administration of Finland, April 2018.

[69] Realia Management Oy: Market study, spring 2018.

[70] Official Statistics Finland: Building and dwelling production.

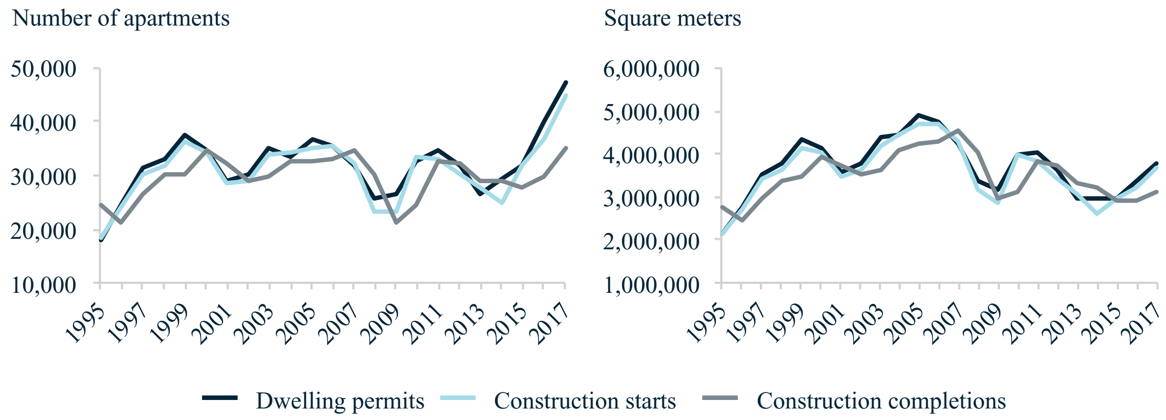
[71] Official Statistics Finland: Building and dwelling production; Helsingin Seudun Asuntostrategia 2025; Ministry of the Environment: Follow-up on the Helsinki region MAL-agreement May 29, 2017 and November 10, 2017; Helsingin Seudun Asuntostrategia 2025; Ministry of the Environment: Follow-up on the Helsinki region MAL-agreement May 29, 2017 and November 10, 2017.

[72] Official Statistics Finland: Building and dwelling production.

[73] VTT Technical Research Center of Finland Ltd (2016): Asuntotuotantotarve 2015–2040.

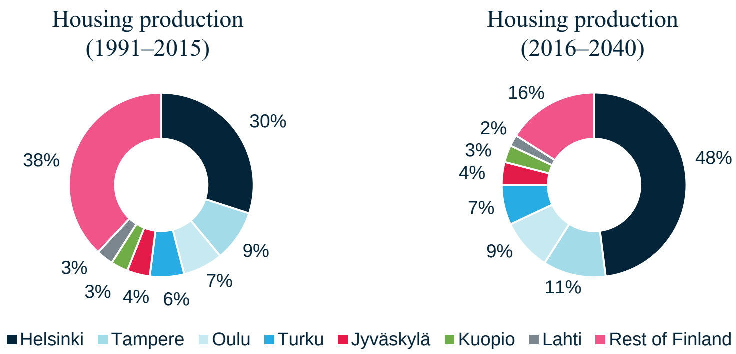
Confederation of Finnish Construction Industries, the annual number of residential building starts is expected to decrease in 2018 and 2019, as compared to 2016 to 2017, potentially further exacerbating the dwelling shortage in the Helsinki Metropolitan Area.[74]

The following chart sets forth the number of dwelling permits issued, construction starts and completed constructions (number of apartments and square meters) 1995–2017:[75]



Going forward, the housing production is expected to focus on the Finnish Growth Centers.

The following chart sets forth the historical and projected housing production split between cities (measured as number of apartments):[76]



Housing Demand

Increasing urbanization, demographic development and changes in housing preferences have a profound impact on the housing markets in Finland. The demand for small, well-located apartments has increased both in owner-occupied and rental housing markets, whereas the need for single-family houses and large apartments has decreased.[77] Based on the number of apartments bought in 2016, the housing demand is tilted towards small apartments. Of the apartments bought in 2016, 21 percent were studios, 46 percent were one-bedroom apartments and the remaining 33 percent were larger apartments with three or more rooms. In addition, rental living has increased its popularity in Finland. The share of Finnish households living in rental housing has increased from 30.4 percent in 2010 to 32.2 percent in 2016.[78] Rental living is more prevalent in the Finnish Growth Centers with 41.2 percent of households living in rental apartments in 2016 and 48.7 percent in the City of Helsinki. The strong demand for rental living is further evidenced by the low vacancy rates, particularly in the largest cities. In the City of Helsinki, the average vacancy rate for rental residential properties for a period from 2010 to 2017 was 3.1 percent, and 2.8 percent, 3.4 percent and 2.1 percent in the cities of Tampere, Oulu and Turku, respectively.

74 Confederation of Finnish Construction Industries: Survey, March, 2018.

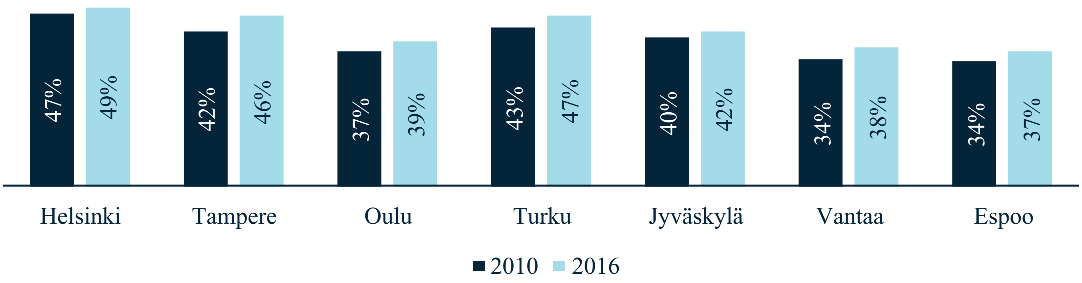
75 Official Statistics Finland: Building and dwelling production.

76 KTI Property Information Ltd: The Finnish Property Market 2017.

77 KTI Property Information Ltd: The Finnish Property Market 2018.

78 Realia Management Oy: Market study, Spring 2018.

The following chart sets forth the share of households living in rental housing in urban cities:[79]



According to a study published by VTT in 2015, the annual demand for new residential units in Finland is estimated to be up to approximately 30,500 new dwellings annually until 2040, of which the 14 largest cities account for 95 percent, or approximately 29,000 new dwellings annually. The Helsinki region is estimated to account for nearly half of the increase in demand or 14,608 new dwellings, the Tampere region 3,348 new dwellings, the Turku region 2,240 new dwellings and the Oulu region 2,620 new dwellings. By comparison, the average annual number of new dwellings complete during 1995 to 2015 in the regions amounted to 9,557, 2,837, 1,760 and 2,212, respectively. These demand estimates are based on VTT's urbanization scenario, which they consider more likely. The scenario assumes that the migration towards the 14 largest cities continues in line with the period from 2010 to 2014. Based on VTT's conservative scenario, the demand is estimated to be approximately 25,000 new dwellings annually, of which the 14 largest cities account for 85 percent.[80] The management of Kojamo believes the urbanization trend, changes in housing preferences and the accumulated housing shortage in the Helsinki Metropolitan Area give support to the continuing high housing construction activity in the near term.

Development of Housing Prices and Rent Levels

In 2017, the average per-square-meter price paid for an apartment in Finland was EUR 3,087. There are considerable differences in apartment prices depending on several factors including, among other things, location, size and age of the apartment. Apartments tend to be more expensive in the Finnish Growth Centers, the City of Helsinki in particular where the average price paid for an apartment in 2017 was EUR 5,153 per square meter. Moreover, the difference between studio and larger apartments is substantial. On average, in 2017 the average price of a studio apartment in the City of Helsinki was EUR 6,300, whereas the prices of a one bedroom and two bedroom or larger were EUR 4,965 and EUR 4,602 respectively. While generally the housing prices in Finland have increased steadily during the past years, the price differences have further expanded particularly due to urbanization and the trend towards smaller households, both of which have created additional demand for smaller apartments in the Finnish Growth Centers boosting their prices. From 2010 to 2017, the dwelling prices on average increased by 3.3 percent per year in Finland. By comparison, during the same period, the prices of all apartments in the Helsinki Metropolitan Area increased on average by 3.2 percent per year, and the prices of studio apartments increased by 4.5 percent per year.[81]

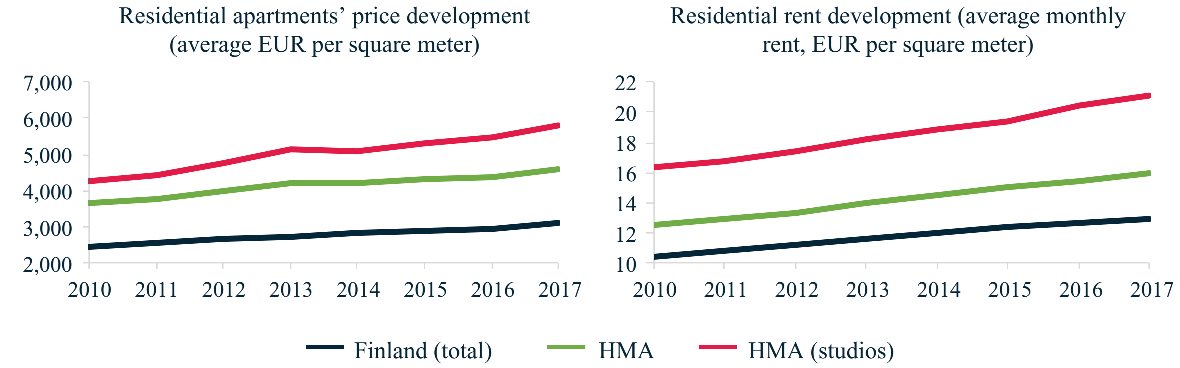
The rent levels have followed a similar pattern as the average dwelling prices. The growth in rents has been the fastest in small apartments in the Finnish Growth Centers, the Helsinki Metropolitan Area in particular. Nationwide the rents have increased on average by 3.1 percent per year. In the Helsinki Metropolitan Area, on aggregate terms the rents increased by 3.5 percent per year on average while the rents for studio apartments increased by 3.7 percent.

[79] Official Statistics Finland: Dwellings and housing conditions.

[80] VTT Technical Research Center of Finland (2016): Asuntotuotantotarve 2015–2040.

[81] Realia Management Oy: Market study, Spring 2018.

The following chart sets forth the price per square meter development and rental development:



The comparison of the rent development to the development of prices paid for apartments implies that the transaction yields have decreased, particularly in the Finnish Growth Centers. This is supported by Realia's analysis on the market net rental yields. According to Realia, the average net rental yield in Finland has decreased from 5.7 percent in 2010 to 5.1 percent in 2017. Comparing to the City of Helsinki, during the same time period, the net rental yield has decreased from 5.2 to 4.7 percent.

Overview of the Helsinki Region and the Helsinki Metropolitan Area

Helsinki is the capital city of Finland and the center of the Helsinki Metropolitan Area. Helsinki Metropolitan Area is the largest and the most international business center in the country. The economic structure of the Helsinki region is highly service oriented, in particular, the share of trade and commerce, and services in the area exceed that of the rest of the country. Of the nearly 800,000 jobs in the region in 2017, services accounted for 45 percent and trade and commerce 13 percent. The share of public services in the area is somewhat lower compared to the whole country, accounting for 25 percent of the jobs in the area. The share of jobs in processing, with a 16 percent share of the jobs, is clearly lower compared to other regions in the country. The significance of primary production in the Helsinki region is marginal. The business activities in the region are specialized in information technologies, wholesale, logistics and services related to business activities and financing.[82] Also, over the past years, Helsinki Metropolitan Area has become well-known for its entrepreneurial activities and the start-up ecosystem. In 2017, Nestpick ranked the City of Helsinki as the second most attractive city for start-up employees.[83] Slush, a leading startup event, attracted 20,000 people to the event in 2017, including nearly 2,600 startups, 1,500 venture capitalists and 2,600 journalists.[84] The City of Helsinki is also a tourism hub with 2.3 million overnight stays in hotels recorded in 2017.[85]

The Helsinki Metropolitan Area has a population of approximately 1.2 million people. This corresponds to approximately 21 percent of the total population in Finland. During the recent years, the population has grown every year, and between 2010 and 2016, the average annual growth was 1.4 percent. According to the projections by Official Statistics Finland, the Helsinki Metropolitan Area population is expected to reach 1.3 million by 2027, implying an annual growth of 1.0 percent.[86]

Of the cities constituting the Helsinki Metropolitan Area, Helsinki is the most populous city in Finland with approximately 0.6 million inhabitants in 2016.[87] The population has grown 1.3 percent per annum during the period from 2010 to 2016,[88] and the growth is expected to continue on average by 0.9 percent per year, reaching 0.7 million by 2027.[89] In 2016, the City of Espoo had a population of 0.3 million and it has grown on average 1.7 percent per year since 2010.[90] Statistics Finland projects the population to grow on average 1.2 percent annually, reaching 0.3 million in 2027.[91] The City of Vantaa, the third largest city within the region,

[82] Helsinki Region Chamber of Commerce: Helsingin seudun toimialakatsaus 1/2018.

[83] Nestpick: Best cities for startup employees, 2017.

[84] Slush: Slush in Numbers 2017.

[85] Visit Finland, 2017.

[86] Official Statistics Finland: Population projection.

[87] Official Statistics Finland: Population structure.

[88] Official Statistics Finland: Population structure.

[89] Official Statistics Finland: Population projection.

[90] Official Statistics Finland: Population structure.

[91] Official Statistics Finland: Population projection.

had a population of 0.2 million in 2016, following an annual growth of 1.5 percent since 2010.[92] The population is forecast to grow 0.9 percent per year until 2027, reaching a total population of 0.2 million.[93]

The demographic structure in the City of Helsinki is, in comparison to the whole country, younger. At the end of 2017, the average age in the City of Helsinki was 40.2 years, whereas the average age in Finland as a whole was 42.5 years. The most common age group in the city was 27 years. 69.2 percent of the City of Helsinki inhabitants were between the ages of 15 to 64 and 16.7 percent were older.[94] Small household sizes and rental living are characteristic to the living habits in the City of Helsinki. Small single person and two-person households are very common with 48.1 percent of the households accommodating only a single person and 30.9 percent of households having two persons. While the whole country has seen a decade-long trend towards smaller households, during the past years the development in the City of Helsinki has been more stable. In 2010, one-person households accounted for 49.0 percent of all households in the city and two-person households accounted for 30.6 percent. Along with small household sizes, rental living has continuously become more common and the share of rental households in the City of Helsinki has grown from 47.1 percent in 2010 to 48.7 percent in 2016. Rental living tends to be more common in small households. 55.0 percent of rental households occupied single person households and 28.1 percent two-person households.[95]

Compared to the City of Helsinki, the City of Espoo tends to be more popular for families with children. In 2016, 16 to 64-year-old people accounted for 66.4 percent of the total population and 19.5 percent of the population were younger.[96] The household sizes are more evenly distributed with 36.0 of households occupied by a single person, 31.8 percent occupied by two persons and 32.2 percent occupied by three or more persons. The average household size in the City of Espoo has gradually decreased since 2010, when single person households accounted for 35.1 percent, two-person households 32.2 percent and households with three or more persons accounted for 32.7 percent. Similar to the City of Helsinki, rental living has become more popular form of living in the City of Espoo. The share of households living in rental apartments grew from 33.9 percent in 2010 to 36.7 percent in 2016. Moreover, rental living is focused on smaller apartments with 48.5 percent of rental households occupied by a single person (47.8 percent in 2010), 28.7 percent occupied by two persons (29.3 percent in 2010) and 22.8 percent occupied by three or more persons (22.9 percent in 2010).[97]

Based on the demographic statistics, the City of Vantaa falls between the City of Helsinki and the City of Espoo. In 2016, 67.1 percent of the population was aged between 15 to 64 years and 15.0 percent were older.[98] The average household size has decreased and in 2010 single person, two-person, and larger households accounted for 37.7, 32.6 and 29.6 percent of all households respectively. In 2017, the corresponding figures were 39.2, 32.4 and 28.4 percent. Share of rental living has increased from 34.5 percent of all households in 2010 to 37.7 percent in 2017. Similarly to the City of Helsinki and the City of Espoo, rental living tends to be geared towards smaller households with 51.2 percent of rental households occupied by a single person and 27.6 percent occupied by two persons in 2016.[99]

92 Official Statistics Finland: Population structure.

93 Official Statistics Finland: Population projection.

94 Realia Management Oy: Market study, spring 2018.

95 Official Statistics Finland: Dwelling and housing conditions.

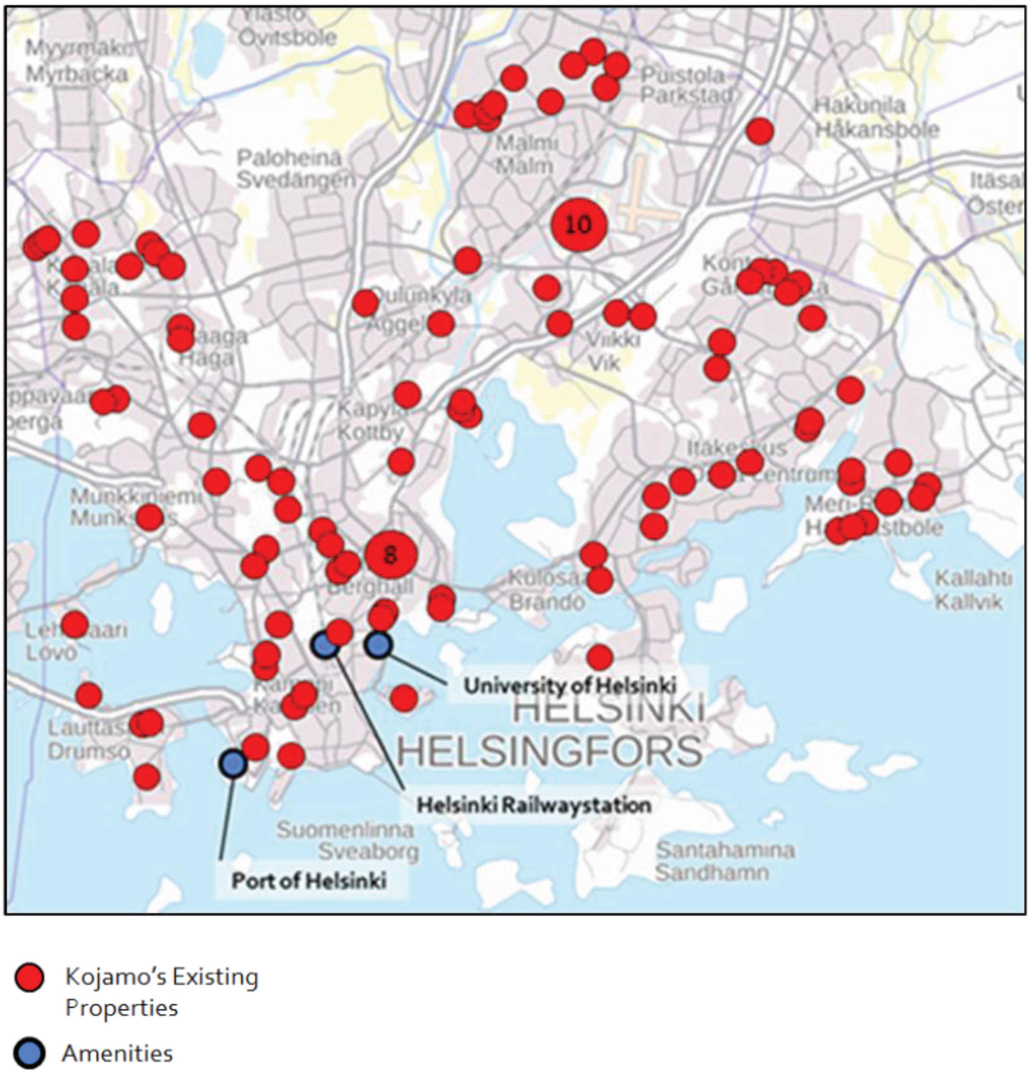
96 Realia Management Oy: Market study, spring 2018.

97 Official Statistics Finland: Dwelling and housing conditions.

98 Realia Management Oy: Market study, spring 2018.

99 Official Statistics Finland: Dwelling and housing conditions.

The following map sets forth Kojamo's properties in the City of Helsinki as at December 31, 2017:[100]



The housing stock in the City of Helsinki included approximately 325,000 residential units in 2016.[101] The majority of these units are apartments in high-rise buildings, which account for approximately 86 percent of the total number of units, compared to approximately 46 percent for the whole country. As at March 31, 2018, Kojamo had a total of 6,943 units in the City of Helsinki, primarily in high-rise buildings. Residential prices have exhibited stable growth over the past years, particularly for small apartments. The average per-square-meter price paid for a studio apartment in the City Helsinki has grown 4.8 percent on average per annum during the period from 2010 to 2017, while prices for one bedroom apartments have grown 3.7 percent and prices for larger apartments have grown 2.9 percent. There are substantial differences in housing prices in the City of Helsinki depending on the size, age and location of the apartment. The average price paid for a studio, one bedroom and two bedroom or larger apartments in 2017 was approximately EUR 6,300, EUR 4,965 and EUR 4,602 per square meter, respectively. The prices paid for new apartments were on average 18 percent higher compared to old apartments.[102] In addition, the prices tend to be higher closer to the city center, in the vicinity of the University of Helsinki, the railway station and other services. The development of average rent levels has also shown stable growth. The rents for a studio and one bedroom apartments grew on average 3.7 percent and 3.5 percent per annum, respectively, during 2010 to 2017, a slightly slower pace compared to average prices paid for apartments of this size. The rents for two bedroom or larger apartments outgrew prices with an average growth of 3.7 percent per annum during the period.[103] Since 2010, despite growing housing prices and rents, the occupancy rate in residential units has been stable at approximately 97 percent. Moreover, as a result of the strong development in residential prices, particularly for

[100] Realia Management Oy: Market study, spring 2018.

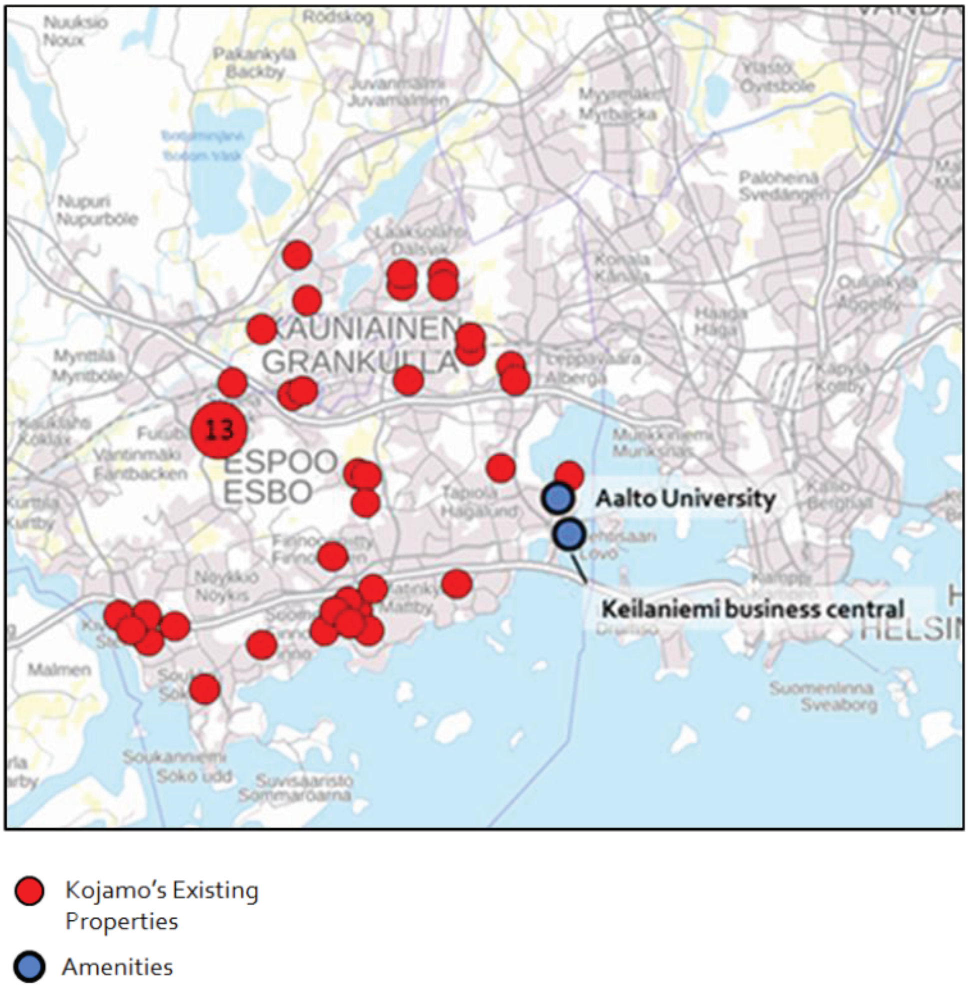
[101] Official Statistics of Finland: Dwellings and housing conditions.

[102] Realia Management Oy: Market study, spring 2018.

[103] Official Statistics Finland: Rents of dwellings.

smaller apartments, the net rental yields in the City of Helsinki have exhibited slight decline from 5.2 percent in 2010 to 4.7 percent in 2017.[104] Kojamo's management believes that there are significant differences in yields depending on more specific location and other asset characteristics.

The following map sets forth Kojamo's properties in the City of Espoo as at December 31, 2017:



The housing stock in the City of Espoo included approximately 120,000 residential units in 2016.[105] Approximately 59 percent of the units were apartments in high-rise buildings. As at March 31, 2018, Kojamo had a total of 2,693 units in the City of Espoo, primarily in high-rise buildings. Residential prices have exhibited stable growth over the past years and particularly for small apartments. The average per-square-meter price paid for a studio apartment in the City of Espoo grew 4.0 percent on average per annum during the period from 2010 to 2017, while prices for one bedroom apartments have grown 3.4 percent and prices for two bedroom or larger apartments grew 2.4 percent. There are substantial differences in housing prices in the City of Espoo depending on size, age and location of the apartment. The average price paid for a studio, one bedroom and larger apartments in 2017 were approximately EUR 4,732, EUR 4,170 and EUR 3,572 per square meter respectively. Prices paid for new apartments were on average 50 percent higher compared to old apartments. The development of average rent levels has also shown stable growth. The rents for a studio and one bedroom apartments grew on average 3.7 percent and 2.8 percent per annum, respectively, during 2010 to 2017, a slightly slower pace compared to average prices paid for these types of apartments. The rents for two bedroom and larger apartments slightly outgrew prices with an average growth of 3.1 percent per annum during the period.[106] Since 2010, despite increases in housing prices and rents, the occupancy rate in residential units has been stable at approximately 97 percent. Moreover, as a result of the strong development in residential prices particularly for the smaller apartments, the net rental yields in the City of Espoo have exhibited a slight

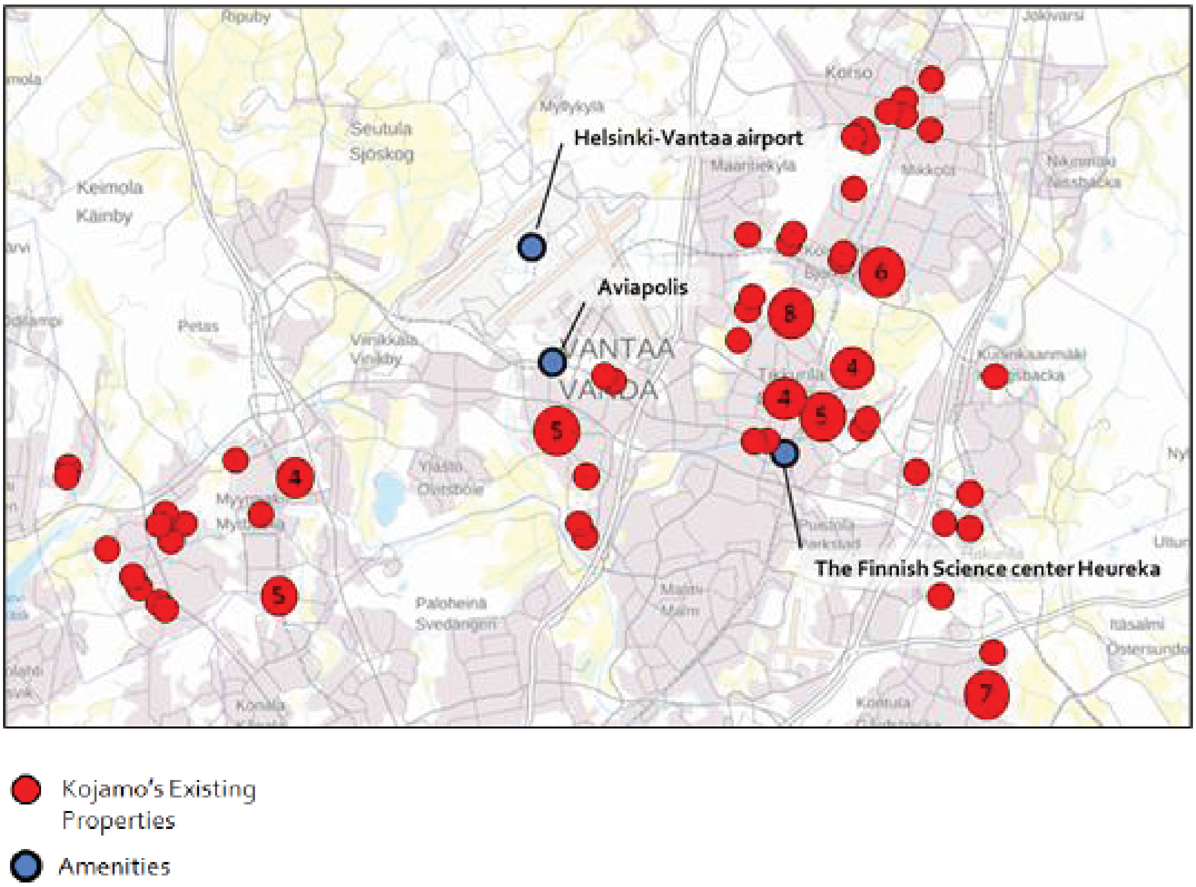
[104] Realia Management Oy: Market study, spring 2018.

[105] Official Statistics of Finland: Dwellings and housing conditions.

[106] Official Statistics Finland: Rents of dwellings.

decline from 5.4 percent in 2010 to 4.8 percent in 2017.[107] Kojamo's management believes that there are significant differences in yields depending on more specific location and other asset characteristics.

The following picture sets forth Kojamo's properties in the City of Vantaa as at December 31, 2017:



The housing stock in the City of Vantaa included approximately 100,000 residential units in 2016.[108] Approximately 63 percent of the units were apartments in high-rise buildings. As at March 31, 2018, Kojamo had a total of 6,253 units in the City of Vantaa, primarily in high-rise buildings. Residential prices have exhibited stable growth over the past years and particularly for small apartments. The average per-square-meter price paid for a studio apartment in the City of Vantaa grew 4.2 percent on average per annum during the period from 2010 to 2017, while prices for one bedroom apartments have grown 2.6 percent and prices for two bedroom or larger apartments grew 2.4 percent. There are substantial differences in housing prices in the City of Vantaa depending on size, age and location of the apartment. The average price paid for a studio, one bedroom and two bedroom or larger apartments in 2017 was approximately EUR 4,250, EUR 3,158 and EUR 2,733 per square meter respectively. The prices paid for new apartments were on average 67 percent higher compared to old apartments. The development of average rent levels has also shown stable growth. The rents for studio apartments grew on average 4.0 percent per annum during 2010 to 2017, a slightly slower pace compared to average prices paid for apartments of this size. The rents for one bedroom and two bedroom or larger apartments slightly outgrew prices with an average growth of 3.6 and 3.7 percent per annum, respectively, during the period. Since 2010, despite increases in housing prices and rents, the occupancy rate in residential units has been stable at approximately 98 percent. According to net rental yield data collected by Realia, yields in the City of Vantaa have remained fairly stable during the period from 2010 to 2017, averaging 5.8 percent.[109]

Overview of the Other Finnish Growth Centers

Tampere is the third largest city in Finland and the largest inland center in the Nordics. The housing stock in the City of Tampere included approximately 120,000 residential units in 2016. Approximately 74 percent of the

107 Realia Management Oy: Market study, spring 2018.

108 Official Statistics of Finland: Dwellings and housing conditions.

109 Realia Management Oy: Market study, spring 2018.

units were apartments in high rise buildings.[110] As at March 31, 2018, Kojamo had a total of 3,841 units in the City of Tampere. The average per-square-meter price paid for a studio apartment in the City of Tampere grew on average 3.9 percent per year during the period from 2010 to 2017, while prices for one bedroom apartments grew on average 2.9 percent per year and prices for two bedroom or larger apartments grew on average 2.2 percent per year. The average price per square-meter paid for studio, one bedroom and two bedroom or larger apartments in 2017 were approximately EUR 3,598, EUR 2,960 and EUR 2,694 per square meter, respectively. The prices paid for new apartments were on average 55 percent higher compared to old apartments.[111] The rents for studio apartments grew on average 2.9 percent per year during 2010 to 2017, while the rents for one bedroom and two bedroom or larger apartments grew on average of 2.9 and 2.8 percent respectively during the period.[112] Since 2010, the occupancy rate in residential units has been stable at approximately 97 percent. According to net rental yield data collected by Realia, yields in the City of Tampere exhibited slight decline from 6.6 percent in 2010 to 5.7 percent in 2017.[113]

The housing stock in the City of Oulu included approximately 100,000 residential units in 2016. Approximately 52 percent of the units were apartments in high rise buildings.[114] As at March 31, 2018, Kojamo had a total of 2,229 units in the City of Oulu. The average per-square-meter price paid for a studio apartment in the City of Oulu has grown on average 4.3 percent per year during the period from 2010 to 2017, while prices for one bedroom -apartments grew on average 3.1 percent per year and prices for two bedroom or larger apartments grew on average 2.2 percent per year. The average price paid for studio, one bedroom and two bedroom or larger apartments in 2017 were approximately EUR 3,202, EUR 2,388 and EUR 2,282 per square meter respectively. The prices paid for new apartments were on average 71 percent higher compared to old apartments. The development of average rent levels has also shown stable growth. The rents for studio apartments grew on average 2.4 percent per year during 2010 to 2017, while the rents for one bedroom and two bedroom or larger apartments grew on an average of 2.3 and 2.2 percent per year respectively during the period.[115] Since 2010, the occupancy rate in residential units has been stable at approximately 97 percent. According to net rental yield data collected by Realia, yields in the City of Oulu exhibited slight decline from 6.4 percent in 2010 to 5.8 percent in 2017.[116]

The housing stock in the City of Turku included approximately 100,000 residential units in 2016. Approximately 74 percent of the units were apartments in high rise buildings.[117] As at March 31, 2018, Kojamo had a total of 1,913 units in the City of Turku. The average per-square-meter price paid for a studio apartment in the City of Turku has grown on average 5.4 percent per year during the period from 2010 to 2017, while prices for one bedroom apartments grew on average 2.9 percent per year and prices for two bedroom or larger apartments grew on average 2.3 percent per year. The average price paid for studio, one bedroom and two bedroom or larger apartments in 2017 were approximately EUR 3,597, EUR 2,490 and EUR 2,143 per square meter, respectively. The prices paid for new apartments were on average 102 percent higher compared to old apartments.[118] The development of average rent levels has also shown stable growth. The rents for studio apartments grew on average 2.8 percent per year during 2010 to 2017, while the rents for one bedroom and two bedroom or larger apartments grew on average of 2.5 and 2.6 percent respectively during the period.[119] Since 2010, the occupancy rate in residential units has been stable at approximately 98 percent. According to net rental yield data collected by Realia, yields in the City of Turku exhibited slight decline from 5.7 percent in 2010 to 5.2 percent in 2017.[120]

The housing stock in the City of Jyväskylä included approximately 70,000 residential units in 2016. Approximately 61 percent of the units were apartments in high rise buildings.[121] As at March 31, 2018, Kojamo had a total of 1,716 units in the City of Jyväskylä. The average per-square-meter price paid for a studio apartment in the City of Jyväskylä has grown on average 4.4 percent per year during the period from

[110] Realia Management Oy: Market study, spring 2018.

[111] Realia Management Oy: Market study, spring 2018.

[112] Official Statistics Finland: Rents of dwellings.

[113] Realia Management Oy: Market study, spring 2018.

[114] Realia Management Oy: Market study, spring 2018.

[115] Official Statistics of Finland: Rents of dwellings.

[116] Realia Management Oy: Market study, spring 2018.

[117] Realia Management Oy: Market study, spring 2018.

[118] Realia Management Oy: Market study, spring 2018.

[119] Official Statistics Finland: Rents of dwellings.

[120] Realia Management Oy: Market study, spring 2018.

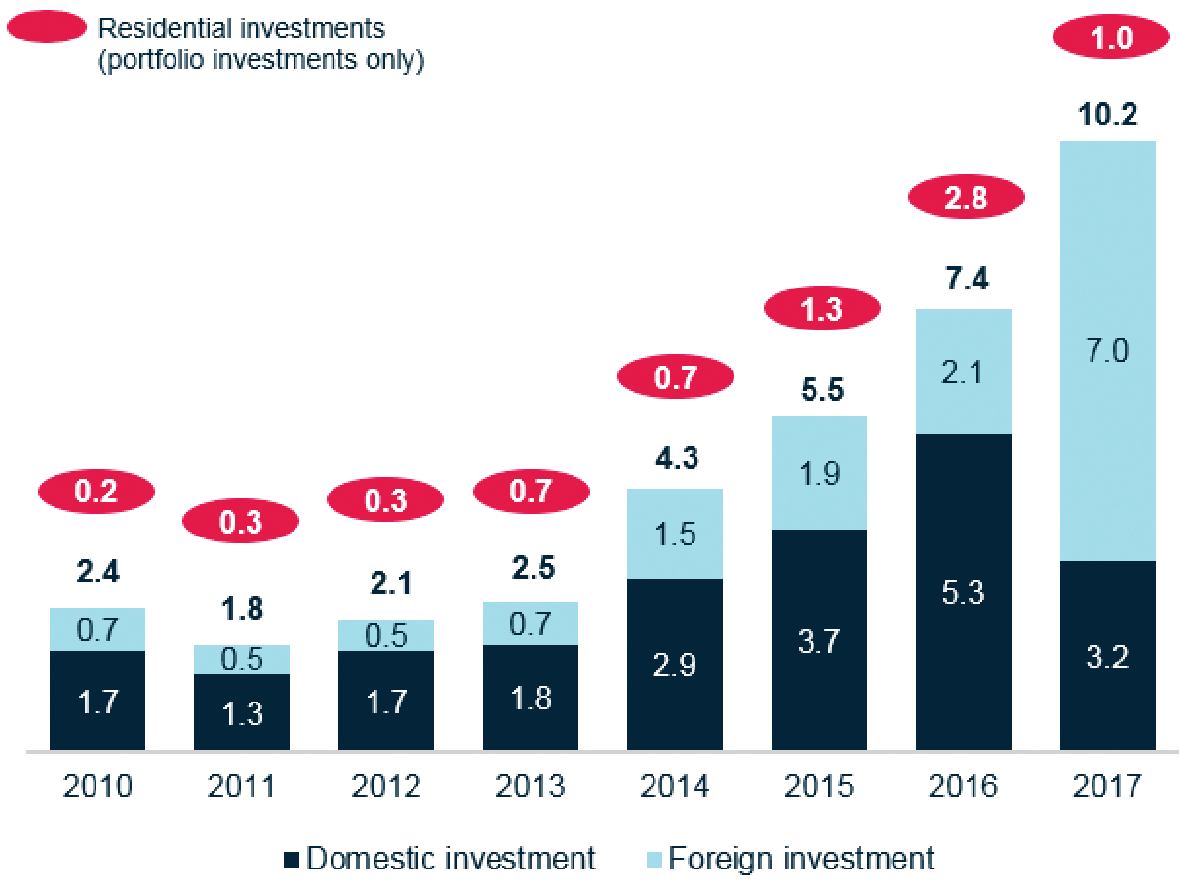
[121] Realia Management Oy: Market study, spring 2018.

2010 to 2017, while prices for one bedroom apartments grew on average 3.0 percent per year and prices for two bedroom or larger apartments grew on average 2.4 percent per year. The average price paid for studio, one bedroom and two bedroom or larger apartments in 2017 were approximately EUR 3,097, EUR 2,542 and EUR 2,314 per square meter, respectively. The prices paid for new apartments were on average 76 percent higher compared to old apartments.[122] The development of average rent levels has also shown stable growth. The rents for studio apartments grew on average 3.1 percent per year during 2010 to 2017, while the rents for one bedroom and two bedroom or larger apartments grew on average of 3.0 and 2.8 percent per year respectively during the period.[123] Since 2010, the occupancy rate in residential units has been stable at approximately 97 percent. According to net rental yield data collected by Realia, yields in the City of Jyväskylä were fairly stable, on average 5.8 percent during 2010 to 2017. Realia Management Oy: Market study, spring 2018.

Transaction Market

During the period from 2010 to 2013 the Finnish professional real estate transaction market remained subdued with an average transaction volume of EUR 2.2 billion, of which approximately 15 percent was focused on residential assets. From 2014 to 2017, the transaction volumes experienced rapid growth reaching a total of EUR 10.2 billion. This growth was predominantly driven by increasing interest from international investors. In 2013, the share of foreign investments was 28 percent and in 2017, foreign investments accounted for 69 percent of the transaction volumes. Furthermore, the growth is primarily driven by increasing investments in commercial properties, which in 2017 amounted to EUR 9.2 billion, while investments in residential properties was EUR 1.0 billion.

The following chart sets forth the transaction volume (billion euros) in Finland 2010–2017[124]:



Competition

The Finnish residential property market is highly fragmented. 68 percent of all apartments were owner-occupied in 2016, and of the approximately 850,000 rental apartments, 35 percent were owned by

122 Realia Management Oy: Market study, spring 2018.

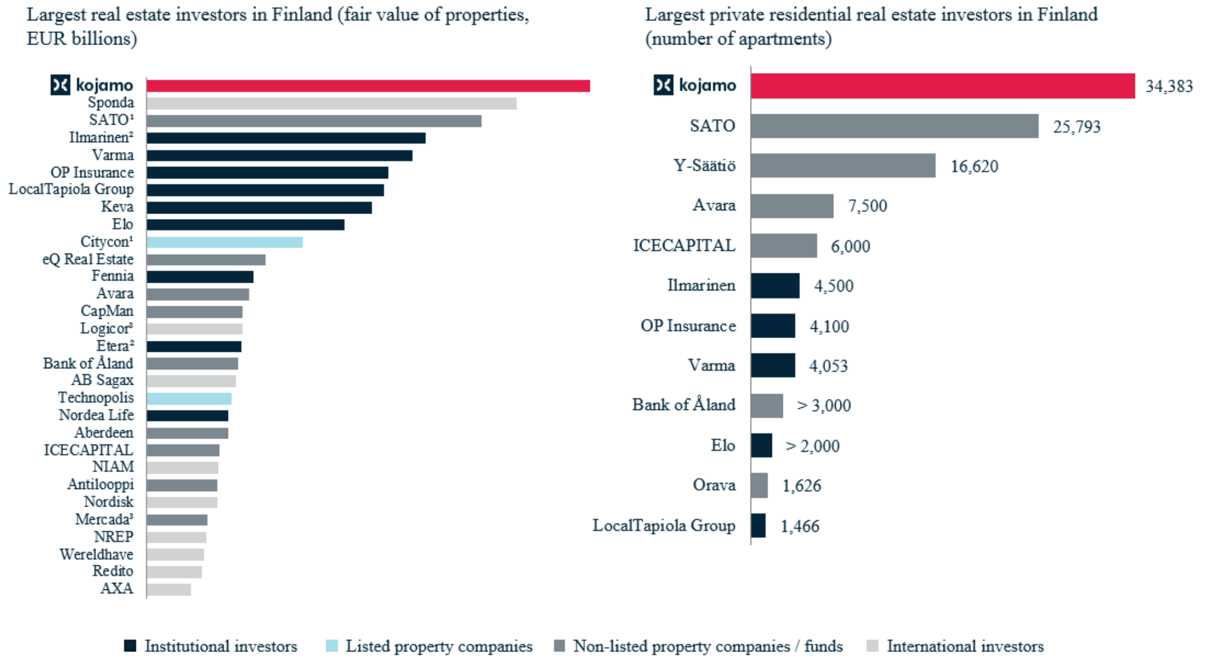
123 Official Statistics of Finland: Rents of dwellings.

124 Realia Management Oy: Market study, spring 2018.

households and private individuals. Professional investors owned approximately 179,000 apartments representing approximately 21 percent of the rental stock. Municipalities and other owners accounted for 44 percent of the rental stock.[125]

Kojamo is the largest private residential real estate company in Finland measured by fair value of investments properties.[126] Kojamo's management believes there are few companies in Finland that directly compete with Kojamo as a pure-play residential company and that have a similar customer-focused strategy and the capacity to deliver similar customer experience.

The following charts set forth from left to right the largest real estate investors in Finland by fair value of properties (EUR billions) and by number of apartments[127,128]:



(1) Includes only portfolio in Finland.

(2) Ilmarinen and Etera merged January 1, 2018.

(3) Estimation of KTI.

Private individuals represent a highly fragmented group of owners which typically own single apartments instead of whole buildings. Kojamo's management sees that Kojamo competes with private individuals primarily for tenants, as they typically do not acquire tendered assets or develop properties themselves. Municipalities and social housing providers are largely focused on subsidized housing, which is outside of Kojamo's core strategy. Therefore, Kojamo's management does not see the group as relevant competition. Residential real estate funds and financial institutions compete with Kojamo for the same target portfolios and development projects. However, Kojamo sees smaller funds as a good platform for growth and may acquire their portfolios when the exit takes place. Additionally, Kojamo's management believes that most of the residential real estate funds and financial institutions do not have sufficient resources or capabilities to deliver similar customer experience. The other pure-play residential companies in Finland with meaningful scale include Sato and Avara. Kojamo's management sees these companies as direct competitors of Kojamo with somewhat similar business model. However, Avara is significantly smaller compared to Kojamo and according to Kojamo's management, does not enjoy the same scale benefits as Kojamo.

[125] KTI Property Information Ltd: The Finnish Property Market 2018.

[126] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

[127] Based on the most recent information available. The number of apartments of ICECAPITAL, Ilmarinen, OP Vakuutus, Bank of Åland and Elo are estimated based on Realia's database.

[128] KTI Property Information Ltd: The Finnish Property Market 2018.

KOJAMO'S BUSINESS

General

Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties.[129] It offers rental apartments and housing services for tenants primarily in the Finnish Growth Centers. As at March 31, 2018, Kojamo's portfolio comprised 35,697 rental apartments offering a wide range of rental housing alternatives. The fair value of Kojamo's investment properties[130] was EUR 4.9 billion as at March 31, 2018. Measured by fair value, 98 percent of Kojamo's rental apartments are situated in the Finnish Growth Centers, 82 percent in the Helsinki, Tampere and Turku regions and 66 percent in the Helsinki region.[131]

Kojamo has two business segments: Lumo and VVO.[132] The Lumo segment included 34,468 apartments and the VVO segment included 1,229 apartments as at March 31, 2018. The Lumo segment offers the commercial housing services of Kojamo Group. Most of the apartments in the Lumo segment are not subject to restrictions under arava and/or interest subsidy legislation (for more information on restrictions regarding apartments in the Lumo segment see "*—Kojamo's Business Segments*" and "*Legislation relating to real estate and rental business*"). The VVO segment offers the non-commercial housing services of Kojamo Group. Most of the apartments in the VVO segment are subject to restrictions under arava and/or interest subsidy legislation (for more information on restrictions regarding apartments in the VVO segment see "*—Kojamo's Business Segments*" and "*Legislation relating to real estate and rental business*").

Between 2014 and 2017, Kojamo's investments in new developments and acquisitions of properties were in aggregate EUR 1.5 billion, including the construction of approximately 3,700 apartments Kojamo launched over the same period. During the periods under review, Kojamo has focused its investments in new developments and acquisitions of properties almost solely to the Lumo segment. Between 2014 and 2017, Kojamo sold 11,363 apartments and demolished or removed from residential use 158 apartments.

Kojamo's aim is to create a superior customer-service experience for its customers and it has therefore invested significantly in services. The Lumo webstore enables customers to rent a suitable apartment online by paying the first month's rent and then move into the new apartment as soon as the following day. Kojamo's resident co-operation model gives residents an opportunity to influence the development of housing and the Lumo services. Lumo apartments offer a variety of services such as free broadband connection, pets welcome, Lumo-lounges, a car sharing service in partnership with 24Rent and Lumo Caretakers with Lassila & Tikanoja. In addition, to further improve the customer experience, Kojamo has piloted wellness coach services with Raatamo and Fysios and a SmartPost parcel service in partnership with Posti Group Corporation.

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[129] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

[130] Includes investment properties classified as non-current assets held for sale.

[131] By fair value of rental apartments as at March 31, 2018.

[132] Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

The following table sets forth the split of the Group's total revenue and net rental income by segment for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the financial year ended December 31, 2017	2016	2015	2014
	(unaudited)		(audited, unless otherwise indicated)			
Lumo						
Total revenue	85.5	76.2	307.2	291.1	208.8	176.4(1)
Net rental income	53.9	48.4	201.2	190.3	134.6	111.8(1)
VVO						
Total revenue	2.8	7.5	30.4	61.5	165.8	184.9(1)
Net rental income	1.6	4.4	15.4	32.8	94.9	100.9(1)
Group total						
Total revenue	88.2	83.6	337.0	351.5	370.9	356.6
Net rental income	55.5	52.6	216.0	222.0	227.4	210.0

(1) Unaudited.

The following table sets forth the split of the fair value of Kojamo's investment properties[133] by segment and the total EPRA NAV (net asset value) for the Group as at the dates indicated:

(EUR in millions)	As at March 31, 2018	2017	As at December 31, 2017	2016	2015
	(unaudited)		(audited)		
Lumo					
Fair value of investment properties	4,875.9	4,192.8	4,584.4	4,159.5	3,331.7
VVO					
Fair value of investment properties	54.9	124.6	124.9	138.5	667.3
Group total					
Fair value of investment properties	4,930.8	4,318.3	4,710.2	4,298.9	3,999.2
EPRA NAV (net asset value)	2,549.6	2,360.3	2,548.8(1)	2,365.5(1)	2,207.7(1)

(1) Unaudited.

History

Kojamo was established as a co-operative and registered in the Finnish Trade Register on May 9, 1969 to provide safe rental housing and alleviate the shortage of housing for people in Finland who were migrating to the cities.

The Group's first three rental properties in Malminiitty, Vantaa, were completed in 1970. By the end of the 1970s, Kojamo operated in 28 municipalities and the number of rental apartments exceeded 5,000. By the end of the 1980s, Kojamo had increased its property portfolio of rental apartments to almost 9,700 rental apartments in 30 municipalities.

During the 1990s, Kojamo's property portfolio grew from 10,000 to more than 35,000 apartments in 60 municipalities. Kojamo was converted from a co-operative into a limited liability company in 1997. The first VVO Home Centers (currently *Lumo-Kotikeskus* centers) were launched in 1995. These centers focus on serving Kojamo's customers in all matters relating to renting an apartment and housing management. Kojamo also started constructing and offering owner-occupied apartments during the 1990s. However, this part of the business was eventually discontinued in 2009.

During the 2000s, Kojamo achieved its position as one of Finland's largest nation-wide owners of residential properties.[134] In 2001, the Company was converted into a public limited company.

In 2012, Kojamo renewed its strategy, focusing on commercial operations, and in September 2014, Kojamo Group launched a new brand which was built around commercial housing services: Lumo, "rental housing at its

[133] Includes investment properties classified as non-current assets held for sale.

[134] KTI Property Information Ltd: The Finnish property market 2017.

best". The renewal aims to facilitate apartment rental by offering a range of auxiliary services to the renting and housing process. These services include, among other things, the easy rental process through the Lumo webstore, an in-house contact center, an online service portal and broadband connections included in the rent.

During the first half of 2016, Kojamo sold 8,571 state-subsidized ARA rental apartments to Kiinteistö Oy M2-Kodit. In July 2016, Lumo Kodit Oy acquired ICECAPITAL Housing Fund II which then owned 2,274 market-based rental apartments, primarily located in Helsinki, Espoo, Vantaa and Tampere. Going forward, Kojamo will focus on Finnish Growth Centers; the Helsinki region, the Tampere, Turku, Kuopio and Lahti regions as well as cities of Oulu and Jyväskylä. This strategic focus has resulted in a decreasing number of municipalities where Kojamo is present.

During 2016, Kojamo concluded a strategic transformation into residential real estate investment company. As a result of this strategic transformation, the 2017 annual general meeting of Kojamo decided to change the name of the group from VVO Group plc to Kojamo plc in March 2017. Between 2014 and 2017, Kojamo's gross investments in new developments and acquisitions of properties were in aggregate EUR 1.5 billion, and during the periods under review Kojamo has focused its investments almost solely on the Lumo segment. Kojamo has financed its growth, among other things, by operative cash flow, and by issuing secured and unsecured notes in 2013, 2016, 2017 and 2018. In 2017, Kojamo received a Baa2 rating with a stable outlook from Moody's Investor Service. In addition, Lumo was the most valued residential housing rental brand in Finland in 2017.[135]

Vision, Mission and Values

Kojamo's vision is to be a frontrunner in the rental housing business and the customer's number-one choice. Kojamo's mission is to create attractive urban housing through a modern property portfolio and through offering best customer experience with its service offering, aiming to respond to changing customer expectations. Kojamo's operations are guided by the following values: happy to serve, strive for success and courage to change.

Key Strengths

Focused Business and Differentiated Business Model in the Highly Attractive Finnish Market

Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties[136] with 35,697 apartments as at March 31, 2018. The Company has an integrated platform for rental and real estate business, strong in-house capabilities and the ability to scale up the business. Economies of scale combined with a bargaining power driven by Kojamo's size and its long experience in the Finnish real estate and rental markets have enabled Kojamo to successfully execute its focused growth strategy through value-accretive investments and portfolio acquisitions into the Lumo segment. Kojamo's management believes that Kojamo is well positioned to benefit from favorable market dynamics.

The demand for apartments is expected to increase due to urbanization particularly in the main urban regions in Finland. Kojamo's management believes that Kojamo is well positioned to be a beneficiary of this development as it has significant exposure to the main urban regions with 97.7 percent of its apartments measured by fair value located in the Finnish Growth Centers as at March 31, 2018. Approximately 45 percent of the population lives in these Finnish Growth Centers[137] and they are forecast to grow faster than the rest of Finland. From 2017 to 2027, the population of the Finnish Growth Centers is forecast to grow 10.2 percent in Helsinki region[138], 10.2 percent in Oulu, 7.7 percent in Tampere, 6.3 percent in Kuopio, 6.1 percent in Jyväskylä, 5.6 percent in Turku and 3.8 percent in Lahti while the rest of Finland's population is forecast to grow only 0.2 percent in total during the same time period.[139] For additional information, see "*Market Overview—Demographic Development*". The Helsinki region is one of the fastest growing regions in Finland by number of apartments, with its share of all apartments constructed in Finland forecast to increase from 30 percent in the period 1991–2015 to 48 percent in the period 2016–2040.[140] For additional information,

[135] Gallup Poll conducted by ToinenPHD, December 2017, Brand Tracking, commissioned by Kojamo.

[136] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

[137] As at 2016, Official Statistics Finland: Population structure.

[138] Helsinki region includes Espoo and Vantaa.

[139] Official Statistics Finland: Population projection 2015.

[140] KTI, The Finnish Property Market, 2017.

see "*Market Overview—Housing Supply*". 66 percent of Kojamo's rental apartments by fair value were located in the Helsinki region as at March 31, 2018.

In addition to urbanization, Kojamo's management expects Kojamo to benefit from the increasing popularity of rental living (relative to owner occupancy) and decreasing household sizes. Almost one-half of all households in Helsinki (49 percent in 2016), Turku (47 percent in 2016) and Tampere (46 percent in 2016) have chosen renting over owning. On a national scale, nearly one-third of households live in rented apartments.[141] The share of households living in rented apartments has increased from 30.4 percent to 32.2 percent in 2010–2016.[142] This level is still below the level of Sweden (35 percent in 2016), Denmark (38 percent in 2016) and Germany (48 percent in 2016) but above Norway (17 percent in 2016), which are comparable countries.[143] Smaller households, urbanization and the growth of the portion of rental housing of all housing have been general trends over the past three decades in Finland.[144] According to Kojamo's management, these trends provide further growth potential for Kojamo. 76 percent of Finnish rental households at the end of 2016 were one or two person households.[145] According to Kojamo's management. Kojamo's property portfolio is well positioned to meet this demand as approximately 72 percent of Kojamo's rental apartments were either studios or one bedroom apartments and the average apartment size in the portfolio was approximately 55.5 square meters as at March 31, 2018.

Along with the increasing demand for rental apartments and smaller apartments, the growth rate of rental prices in the Finnish Growth Centers has been fast during 2010–2017.[146] In 2010–2017, the average annual increase in rent levels in Finland was 3.1 percent. In the city of Helsinki, the average annual increase was 3.6 percent, in Tampere 2.9 percent and in Turku 2.6 percent.[147] With a focused strategy, high quality portfolio and an attractive positioning in the market, Kojamo's management believes that Kojamo is well positioned to benefit from the prevailing market trends and development in rent levels.

High Quality Portfolio

Kojamo is a company focused on residential properties and its high-quality property portfolio is located exclusively in Finland. According to its current strategy, Kojamo focuses on the seven Finnish Growth Centers and on the commercial apartments under the Lumo brand which by number of apartments accounted for 94 percent of Kojamo's total portfolio as at March 31, 2018. Kojamo's close to 33,500 individual lease agreements help to diversify business risk and promote the stability and predictability of cash flow.

Kojamo's apartment buildings are also younger than all apartment buildings in Finland on average and Kojamo's apartment buildings are maintained with historically stable modernization and repair expenses. The average age of Kojamo's apartment buildings as at March 31, 2018 was 31.9 years, whereas the average age of residential apartment buildings was 40.9 years in the Finnish Growth Centers and 41.2 years in all of Finland in 2017.[148]

Kojamo has continuously developed its portfolio with investments in the Lumo segment. Kojamo's net rental income margin for the whole property portfolio increased from 61.3 percent in 2015 to 64.1 percent in 2017. Kojamo has been able to consistently increase the rent levels in the Lumo rental apartments while maintaining a high and stable financial occupancy rate. During the period from 2012 to 2017, the CAGR of average monthly rent per square meter was 4.4 percent for the Lumo segment and 4.6 percent for Kojamo's entire portfolio. The net rental income of the Lumo segment for 2017 was 4.6 percent.[149] As at March 31, 2018, the financial occupancy rate[150] of Kojamo's rental apartments was 96.3 percent.

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141 Official Statistics Finland: Dwellings and housing conditions.

142 Official Statistics Finland: Dwellings and housing conditions.

143 Eurostat—Products Datasets: Distribution of population by tenure status, type of household and income group—EU-SILC survey. http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do. Visited on May 3, 2018.

144 Official Statistics Finland: Dwellings and housing conditions, and Realia Management Oy: Market study, spring 2018.

145 Official Statistics Finland: Dwellings and housing conditions.

146 Official Statistics Finland: Rents of dwellings.

147 Official Statistics Finland: Rents of dwellings.

148 Official Statistics Finland: Dwellings and housing conditions.

149 Calculated as net rental income of the Lumo segment divided by the fair value of investment properties (fair value) for the Lumo segment, which is calculated as the average of opening and closing balance in the given period.

150 Financial occupancy rate = (Rental income) / (Potential rental income at full occupancy) x 100. Financial occupancy rate excludes apartments under refurbishment.

Strong Track Record of Organic Growth and Acquisitions along with a Robust Development Pipeline

Kojamo has a successful track record of organic and acquisitive growth with focus on the Finnish Growth Centers. In implementing its growth strategy, Kojamo has developed its portfolio by building new Lumo apartments, converting buildings that have been used for other purposes into apartments, renovating older housing stock and acquiring properties that meet the requirements of the Lumo segment. In 2014–2017, Kojamo acquired 2,736 and added an additional 2,969 apartments to its property portfolio through its development activities. The gross total investment amount for these apartments was EUR 1.5 billion between 2014 and 2017.

Kojamo has a strong development pipeline and initiatives to support earnings and NAV (net asset value) growth. Kojamo's real estate development strategy is backed by a long-term view of an increase in urban housing and people's changing housing needs, and it aims for strong growth in development projects with a major investment program in the Finnish Growth Centers. As at March 31, 2018, Kojamo had 1,251 rental apartments under construction, of which 49 percent were new construction projects utilizing own plot reserves, 38 percent bought from construction companies, 9 percent of conversion projects where the purposed use of a property is changed and 4 percent demolition and replacement projects. In addition, Kojamo had as at March 31, 2018 a land bank and potential plots corresponding to approximately 173,000 square meters of rentable apartment floor area with a potential to build a total of approximately 3,600 apartments. Of the land bank and potential plots, 22 percent were own plots, 32 percent potential plots (including reservations and preliminary agreements) and 46 percent development projects[151]. Kojamo's strategy until 2021 includes a target to increase to property portfolio to approximately 38,000 rental apartments by the end of the period through a combination of new construction (comprising approximately two-thirds of the net increase) and acquisitions (comprising approximately one-third of the net increase).

Experienced and Skillful Management Team and Competent and Committed Personnel

Kojamo's Management Team has a significant background in rental and real estate business and is highly qualified to implement the Company's growth strategy. In addition, the members of Kojamo's Management Team are experts in their respective fields of expertise and have over 120 years of combined relevant work experience. Kojamo has an established management track record of shifting portfolio focus towards the Lumo segment and towards the Finnish Growth Centers, of changing the Company's funding structure and developing the corporate culture to be more agile and customer centered.

Kojamo has a team of experienced property professionals. Work satisfaction has been high at Kojamo and Kojamo strives to continue to be an attractive employer and maintain its high employee satisfaction also in the future. In 2017, Kojamo received recognition as one of Finland's most inspiring places to work. The recognition has been awarded to businesses that achieve the highest rating in the PeoplePower® personnel survey conducted by Corporate Spirit Ltd[152].

Innovative, Value-add Operating Platform

Kojamo's business model is both to own the apartments it rents itself and to provide renting related services itself and in cooperation with its partners. This enables Kojamo to develop and provide to its customers services and customer experiences that require changes in the buildings, information systems and service provision. This integrated operation model constitutes Kojamo's operating platform.

Kojamo's core value-add business operations including investment operations, real estate development and customer relations are primarily organized in-house. Kojamo leverages its strong internal know-how and local expertise to manage and develop its assets through buying, selling and developing real estate as well as monitoring and increasing the profitability of Kojamo's property portfolio. These factors and strong focus on the best customer experience create for Kojamo good possibilities for value creation. For more information on Kojamo's core business operations, see "*—Kojamo's Property Portfolio*" and "*—Kojamo Customer Experience*". Kojamo also sets high requirements of quality and efficiency to its outsourced operations and coordinates and supervises their operations also from the perspective of customer experience. Outsourced operations include for example property management and cleaning, design services, construction and renovation

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[151] Including 800–1,000 apartments in the buildings that have been aqcuired from Metropolia University of Applied Sciences and that are under conversion into rental use. For more information, see "—Kojamo's Property Portfolio—Portfolio Development—Recent Important Real Estate Development Projects".

[152] Kojamo participates in the PeoplePower® survey conducted by Corporate Spirit Ltd to measure the personnel satisfaction and commitment. Kojamo's results in the survey are compared to the results of other participating organizations, and the most inspiring places to work recognition is awarded to the organizations with best survey results among the participating organizations.

works, turnkey construction and development projects, building maintenance, waste management as well as the operations of the Lumo segment's service business partners.

In addition, Kojamo aims to develop its operating platform to enable the combination of the properties and related technology, information systems and provided services to an increasing extent. This enables Kojamo to provide a more special customer experience step by step. Kojamo has an efficient[153] approach focusing on the tenant experience, aimed at maximizing the tenor of leases and minimizing vacancies due to tenant turnover. Furthermore, Kojamo's management believes that the increasing value offered to tenants through innovative and unique housing concepts and services will improve customer experience and may thereby increase the profitability and/or cash flow. All new apartments in Kojamo's Lumo segment are developed to meet evolving customer preferences and Kojamo continually develops its services to meet customers' expectations. Kojamo has developed a service offering that includes a variety of housing services to make living in a Lumo apartment effortless and attractive. Kojamo seeks to be at the forefront of integrating technology and its innovation, the Lumo webstore offers a quick and convenient rental process. In November 2015, the Lumo webstore received a distinction in the division for large companies at the annual Quality Innovation Awards organized by TEKES (the Finnish Funding Agency for Innovation) and Deloitte.

In addition, Kojamo offers its customers various activities and other benefits that further enrich living in Lumo communities and promote long-term relationship with the Lumo brand. These customer activities include free events such as concerts and amusement park visits, personal sports and wellness coaching, discounts from various retail and service providers and loyalty benefits for long-term residents.

Attractive Yield with Sustainable Growth Backed by a Strong and Well-Run Balance Sheet

In Kojamo's management's view, Kojamo offers an attractive investment proposition from a combination of targeted asset growth and yield potential. According to management, yield potential comes from good net asset growth and stable cash flow, and Kojamo strives to further increase total returns with selected development projects and by disposing apartments that do not fit its strategy and using the proceeds from such disposals to acquire apartments that fit. Furthermore, Kojamo provides an attractive entry point into a resilient residential property asset class in Finland with stable historical cash flow performance from rents that are linked to the consumer price index. According to Kojamo's general lease agreement terms in the Lumo segment, the Company may increase rents yearly by a maximum of the change in the Finnish consumer price index plus 5 percentage points. The net rental yield of the Lumo segment for 2017 was 4.6 percent, for 2016 was 5.1 percent and for 2015 was 4.8 percent,[154] while the Finnish 10 year Government Bond's yield for the corresponding periods has been 0.6 percent, 0.3 percent and 0.9 percent[155].

Kojamo benefits from a strong and well-run balance sheet with diversified sources of funding and a public rating of Baa2 with a stable outlook from Moody's Investor Service. Kojamo has strengthened and diversified its financing sources in recent years and has significantly increased the share of bond financing. As at the date of this Offering Circular, the sources of financing include loans from financial institutions, bonds, interest subsidy loans and commercial paper. As at March 31, 2018, Kojamo's loan to value was 49.2 percent, equity ratio 37.5 percent and average cost of debt[156] 1.8 percent (including the cost of derivatives). The average maturity of Kojamo's loan portfolio was 6 years. As at March 31, 2018, 44 percent of Kojamo's funding was unsecured and the portion of unencumbered assets of all assets was 62 percent.

Strategy

Kojamo Group commenced its strategic transformation process in 2012 which was completed in 2016. During the strategic transformation process, Kojamo reviewed its strategic policies to respond to changes in its

[153] Kojamo measures tenant satisfaction with financial occupancy rate and customer satisfaction, which are both on a good level. Customer satisfaction is measured with a method called the "net promoter score", which is described in more detail in section "—Kojamo Customer Experience—Overview".

[154] Calculated as net rental income of the Lumo segment divided by the fair value of investment properties (fair value) for the Lumo segment, which is calculated as the average of opening and closing balance in the given period.

[155] Bloomberg.

[156] Average cost of debt is calculated by weighting interest rates for a certain date with the related debt.

operating environment and the expectations of the customers and its shareholders. The strategic focal points of Kojamo for the period 2018−2021 are the following:

Generating Long-term Shareholder Value

Focusing on the Lumo Brand and Segment

Kojamo's strategy is to focus on its commercial market-based operations and to reduce the proportion of apartments subject to arava and/or interest subsidy legislation in its portfolio. Kojamo has divested the VVO apartments that are subject to long-term restrictions. The Company's management believes that the current arava and/or interest subsidy legislation restrictions in Kojamo's apartment stock will expire by way of application by the end of 2025. As the restrictions expire, VVO apartments will become Lumo apartments. Kojamo expects that the conversion of VVO apartments to Lumo apartments and the resulting change in valuation method from acquisition cost value to transaction value increases the fair value of investment properties currently subject to restrictions and, in addition, that the conversion enables Kojamo to determine the rents of Lumo apartments on a market basis. For further information on the legislation on apartments subject to arava and/or interest subsidy legislation, see section "*Legislation Relating to Real Estate and Rental Business*", and for further information on the process of converting VVO properties into Lumo properties, see section "*—Kojamo's Property Portfolio—Subsidized Housing".* If the expiration of restrictions by way of application and conversion to restriction-free Lumo apartments would not be completed in all respects by the end of 2025, restrictions could be in force in individual properties until the end of 2049.

In addition, Kojamo invests in the Lumo segment's rental housing service design, improving customer experience and further developing the housing services offered under the Lumo brand. Kojamo will keep examining opportunities to expand its digital and other housing services to create an attractive service offering to support its rental business, further differentiate Kojamo from its competition and add value to the Lumo brand.

Operating in the Finnish Growth Centers, Anchored in the Helsinki Region

Kojamo continues to focus on offering rental apartments and housing services in the Finnish Growth Centers that Kojamo expects, as a result of urbanization, to experience stronger than average population growth and where further potential exists for growth in the demand for rental housing. These identified Finnish Growth Centers are the Helsinki region, the Tampere, Turku, Kuopio and Lahti regions as well as the cities of Oulu and Jyväskylä. Kojamo invests in regions with well-established and functioning public transport and all of Kojamo's newly constructed properties are next to good transport links.

Kojamo aims to respond to the growing demand for rental housing particularly in the Helsinki region, which is the most important region for Kojamo's strategy. As at March 31, 2018, Kojamo had 19,781 rental apartments in the Helsinki region (having an aggregate fair value of EUR 3.1 billion), representing 66 percent of the value of Kojamo's entire property portfolio of 35,697 rental apartments (having an aggregate fair value of EUR 4.6 billion excluding ongoing projects, land plots owned by the Company and ownership of certain assets through shares).

At the same time, Kojamo aims to continue to divest its assets located in regions other than the Finnish Growth Centers. As at March 31, 2018, Kojamo had 1,739 rental apartments that were located outside of the Finnish Growth Centers, with an aggregate fair value of EUR 108 million, representing 2 percent of the value of Kojamo's entire property portfolio.

After the divestment of 1,594 apartments completed on April 30, 2018, Kojamo had 1,175 rental apartments located outside of the Finnish Growth Centers.

Growing the Property Portfolio by Development Activities and Acquisitions

Kojamo is the largest private residential real estate company in Finland measured by fair value of investments properties.[157] Its operations have significant scale and it has significant brand visibility. This positioning has allowed Kojamo to become a strong and widely recognized player in the fragmented real estate market, and in Kojamo's management's view, the Company has significant opportunities to increase the size of its property portfolio. Kojamo will further strive to generate long-term shareholder value by increasing the size of its property portfolio both through real estate development and acquisitions. The Company targets having

[157] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

approximately 38,000 rental apartments and having a fair value of investment properties of approximately EUR 6.0 billion by the end of 2021.

Real estate development will also be important for Kojamo when striving towards improving long-term shareholder value, especially in increasing Kojamo's housing stock in the Helsinki region. Kojamo has strong in-house experience and resources for acquiring new plots and contracting construction of new buildings for both acquired and existing plots. Continuous improving of cost-efficiency and price-quality ratio of Kojamo's procurements will be key focus areas for Kojamo's real estate development. Kojamo may also demolish individual old buildings and replace them with new, modern buildings. Kojamo may also acquire for example office properties, and convert them into residential properties. Furthermore, Kojamo's strategy includes acquiring attractive construction projects from construction companies, and Kojamo continuously aims to maintain and increase the fair value of its residential properties through targeted modernization investments. As at March 31, 2018, Kojamo had 1,251 new apartments under construction in Finland, of which 977 were in the Helsinki region.

Kojamo has a proven track record of value-accretive investments and acquisitions as well as disposal of non-strategic assets. Kojamo has been able to grow its property portfolio in the Lumo segment through portfolio acquisitions and real estate development. The Lumo segment's fair value of investment properties[158] increased from EUR 3,331.7 million as at December 31, 2015 to EUR 4,875.9 million as at March 31, 2018, driven by the structural changes in Kojamo's portfolio and Kojamo's investments and property management.

Delivering the Best Customer Experience

In line with its vision to be a pioneer in housing and its customer's number one choice, Kojamo will continue to focus on providing the best customer experience by offering a range of different housing solutions and services, customer activities and other benefits, accessible customer service and user-friendly online services. The Lumo brand and its housing services strive to differentiate from other rental apartment offerings in the market, among other things, through the accessibility of its services and the quality of its online services, especially the Lumo webstore, through which the customers can rent Lumo apartments. Kojamo's services aim to provide better urban living and higher customer satisfaction. Kojamo also has a longstanding tradition of active resident co-operation enabling its residents to participate in decision-making related to their rental apartments.

Digitalization and smart homes provide unique potential for enhancing the tenants' living. The real estate related industries are among the least digitalized industries globally. However, digitalization is rapidly transforming the way its property-related businesses are being conducted as well as the entire value network in which real estate companies and their service providers operate. Kojamo, in line with its mission to create better urban living, intends to be a forerunner in the digital transformation of the housing industry in Finland. Kojamo targets utilizing its properties and its related data in its services and as an innovation platform. This enables development and delivery of new innovative services through an open networked ecosystem. Kojamo is actively participating and driving industry initiatives together with other industry players as well as developing its own operations to support this industry trend.

Kojamo expects that Lumo digital housing services and the potential offered by smart homes will improve comfort of living and customer experience. In fall 2017, Kojamo made an open invitation to companies at different stages of growth to join Kojamo in developing new housing services and opened the Lumo brand 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. The networking and idea phase started in early 2018 with Kojamo's first pioneer partners.

Leading on Sustainable Development and Pursuing Corporate Social Responsibility

Kojamo is committed to developing new and modern construction solutions, housing services and ecological innovations related to energy-efficient housing solutions. Kojamo will focus on sustainable development in its business operations and strives to be the leading player in sustainability in its field of business. All of Kojamo's new construction projects utilizing own plot reserves will be nearly zero-energy buildings in accordance with FInZEB concepts and guidelines[159]. Further, Kojamo will focus on managing the energy consumption in the apartment buildings in its portfolio, developing optimal energy efficient conditions and actively improving

[158] Includes investment properties classified as non-current assets held for sale.

[159] FInZEB project was a governmental initiative to define the national concepts, standards, goals and guidelines for nearly zero-energy buildings in Finland to prepare for the implementation of the Energy performance of buildings directive (2010/31/EU). The project was completed in 2015.

waste management of its apartment buildings. Improved energy efficiency impacts the evolution of property maintainance expenditures and lowers green house emissions. Kojamo aims to fulfill its sustainable development principles also in cooperation with tenants and to enhance sharing economy by, among other things, further developing car sharing and utilizing joint areas in buildings.

Pursuing corporate social responsibility is also integral to Kojamo's operations and corporate culture. Kojamo believes its corporate social responsibility is already at a high level but it will continue to strive towards further improvement. Kojamo especially focuses on responsibility towards its customers, its obligations as contractor as well as clear communication to its shareholders about the Company's corporate and social responsibility processes. Kojamo acts transparently and in an ethical manner and also requires responsible operations from its partners.

Kojamo is involved in several corporate social responsibility programs. After reaching the targets of the Rental Property Action Plan (VAETS) under the Property and Building Sector Energy Efficiency Agreement that ended in 2016, Kojamo made a decision to join the agreement's continuation period. Kojamo's energy saving target relating to the Rental Property Action Plan (measured in GWh) for the period 2017–2025 is to decrease energy consumption by 7.5 percent from the 2015 level. Kojamo aims to take energy efficiency to the level of future standards with the SunZEB energy model[160]. Kojamo is also the only Finnish real estate company member in Climate Leadership Coalition, a Finnish non-profit association that encourages its members to find more sustainable ways to produce goods and services for consumers. Kojamo's head office in Helsinki and four of its other offices have been Green Office certified under WWF Finland's Green Office initiative targeted at offices with a goal to help reduce their environmental load, increase environmental awareness among employees and achieve energy savings.

Energetic and Most Competent Place to Work

Kojamo will continue to focus on developing its corporate culture to support its strategy implementation. Kojamo makes and will continue to make its values visible in every day work and supports inspiring working ambiance and wellbeing of employees in various ways. Employees' skills and know-how are developed by training Kojamo's managers and employees based on Kojamo's strategic goals. Employees will be offered competence mapping to identify each employee's strengths and individual targets for development. Moreover, Kojamo maintains substitute and successor plans for its personnel. Kojamo's reward and incentive programs are aimed at supporting the implementation of Kojamo's strategic goals. In 2017 and 2018, Kojamo was recognized as one of Finland's most inspiring places to work based on it achieving a high score raising Kojamo to the best category in the PeoplePower® personnel survey conducted by Corporate Spirit Ltd. In addition, Kojamo was recognized by the Responsible Summer Job campaign in first place in the major employer category in 2017.

Operating and Financial Targets

The Board of Directors has set the following operating and financial targets in connection with the Listing. The operating and financial targets are forward-looking statements and are not guarantees of future performance. Kojamo's results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Forward-looking statements", "Risk factors" above and "Operating and financial review and prospects—Key factors affecting Kojamo's Business and Results of Operations" below. All operating and financial targets presented in this Offering Circular are solely targets and they do not constitute, and should not be treated as, forecasts or estimates of Kojamo's operating or financial performance in the future.

Kojamo's operating and financial targets until the end of 2021 are the following:

- The fair value of investment properties is EUR 6 billion and the Company owns approximately 38,000 apartments. The fair value of Kojamo's investment properties was EUR 4.9 billion as at March, 31, 2018, EUR 4.7 billion as at December 31, 2017, EUR 4.3 billion as at December 31, 2016 and EUR 4.0 billion as at December 31, 2015. The Company owned 35,697 apartments as at March 31, 2018, 34,383 apartments as at December 31, 2017, 34,974 apartments as at December 31, 2016 and 41,153 apartments as at as at December 31, 2015.
- Equity ratio is over 40 percent and the loan to value below 50 percent. Kojamo's equity ratio was 37.5 percent as at March 31, 2018, 41.3 percent as at December 31, 2017, 40.7 percent as at December 31, 2016 and 41.1 percent as at December 31, 2015. Kojamo's loan to value was 49.2 percent as at March 31,

[160] SunZEB is an energy-efficient building design solution developed by VTT Technical Research Centre of Finland Ltd. The solution is based on innovative energy recycling in buildings.

2018, 46.0 percent as at December 31, 2017, 47.1 percent as at December 31, 2016 and 39.8 percent as at December 31, 2015.

- Funds from operations (FFO) is at least 32 percent of total revenue. Funds from operations (FFO) was 33.1 percent of the total revenue for the three months ended March 31, 2018, 32.0 percent of total revenue for the financial year ended December 31, 2017, 31.9 percent for the financial year ended December 31, 2016 and 34.9 percent for the financial year ended December 31, 2015.
- Net promoter score[161] of 40. For the three months ended March 31, 2018 and for the financial year ended December 31, 2017, net promoter score was 33. Net promoter score has not been in use in the financial years ended December 31, 2016 and 2015.
- Kojamo's objective is to be a stable dividend payer whose annual dividend payment will be at least 60 percent of funds from operations, provided that the Group's equity ratio is 40 percent or more and taking account of the Company's financial position. 46.7 percent of the funds from operations was distributed as dividend for the financial year ended December 31, 2017. The corresponding figure for the financial year ended December 31, 2016 was 104.2 percent with the additional dividend paid in 2016 and 44.9 percent without the additional dividend. The corresponding figure for the financial year ended December 31, 2015 was 28.6 percent.[162]

Kojamo's Property Portfolio

Overview

Kojamo's rental apartments are all located in Finland and are primarily in apartment buildings, with a significant concentration in the Finnish Growth Centers. As at March 31, 2018, approximately 75 percent of the rental apartments of Kojamo were located on freehold land and 25 percent on leasehold land. Kojamo owned a total of 35,697 rental apartments in 1,390 properties as at March 31, 2018, 34,383 rental apartments in 1,360 properties as at December 31, 2017, 34,974 rental apartments in 1,418 properties as at December 31, 2016 and 41,153 rental apartments in 1,822 properties as at December 31, 2015.[163] The decrease in the number of rental apartments and properties primarily reflects targeted disposals of apartments, as planned, in regions that are not strategic for Kojamo and of apartments that are subject to long-term restrictions under arava and/or interest subsidy legislation. As at March 31, 2018, the total residential lettable area of Kojamo amounted to 2.0 million square meters.

Kojamo's property portfolio is divided into Lumo and VVO segments. Lumo segment offers commercial housing services and thus the majority of apartments included in the Lumo segment are free from restrictions under arava and/or interest subsidy legislation. Lumo segment comprises the majority of Kojamo's rental business and during the periods under review Kojamo has focused its investments almost solely on the Lumo segment. Lumo segment accounted for 34,468 rental apartments of Kojamo's rental apartments as at March 31, 2018, 31,018 rental apartments as at December 31, 2017, 31,108 rental apartments as at December 31, 2016 and 28,716 as at December 31, 2015. Some of the apartments in the Lumo segment are subject to restrictions under arava and/or interest subsidy legislation (for more information see "*Legislation Relating to Real Estate and Rental Business*"). Further, some of the companies in the Lumo segment are entities with non-profit status as referred to in the Arava Act Section 15 a, and these entities are subject to restrictions on distribution of profit and can distribute to their owner a four percent return on capital invested as confirmed by the Housing Finance and Development Centre of Finland (ARA). However, most of the apartments and companies in the Lumo segment are not subject to restrictions.

The non-commercial VVO segment includes currently such Group companies that own rental apartments that are subject to restrictions on rent levels under arava and/or interest subsidy legislation and for which such

161 Kojamo uses a method called the "net promoter score" to measure tenant satisfaction. In Kojamo's tenant satisfaction surveys, tenants are requested to respond to the following survey question: "How likely is that you would recommend company to a friend or a colleague?" on a scale from 1 to 10. Tenants giving a score 9 or 10 in the survey are called "promoters", tenants giving a score from 0 to 6 are "detractors", and tenants responding 7 or 8 are excluded when calculating the net promoter score. The net promoter score is calculated by deducting the total percentage of the respondents who are "detractors" from the total percentage of tenants being "promoters". As an illustrative example, if 65 percent of tenants are "promoters" and respond 9 or 10 in the survey and 25 percent of tenants are "detractors" responding a score between 0 and 6, the net promoter score is 40 (65–25=40).

162 Kojamo's dividend distribution target has been changed in April 2018. Previously, the Company's dividend policy was to distribute as dividends at least 50 percent of the operative result of the Lumo segment provided that the Group's equity ratio is more than 40 percent. This previous dividend policy has guided the Company's dividend distribution in 2016–2017.

163 In general, Kojamo is the sole owner of the apartments in its property portfolio but in the Lumo segment there are 19 partially owned apartments as the tenants of these apartments own 20 percent of the apartments they occupy even though their occupancy is based on a lease agreement.

restrictions end after 2019. In some of the apartments in the VVO segment the restrictions on rent levels have already ended. The rental apartments and/or real estates in the VVO segment are also subject to other restrictions under arava and/or interest subsidy legislation. All of the companies in the VVO segment are entities with non-profit status as referred to in the Arava Act Section 15 a, and these entities are subject to restrictions on distribution of profit and can distribute to their owner a four percent return on capital invested as confirmed by the Housing Finance and Development Centre of Finland (ARA). The VVO segment accounted for 1,229 of Kojamo's rental apartments as at March 31, 2018, 3,365 as at December 31, 2017, 3,866 as at December 31, 2016 and 12,437 as at December 31, 2015. All commercially priced apartments are marketed under the Lumo brand and apartments subject to restrictions on rent levels under arava and/or interest subsidy legislation are marketed under the VVO brand regardless of the business segment to which they belong.

The following table sets forth key portfolio metrics for Kojamo's property portfolio by region as at March 31, 2018:

Region	No of Apartment Units	Fair value (EUR million)	Fair value[1] (%)	Fair value (EUR thousand/unit)	Fair value (EUR/sqm)	Financial occupancy rate (%)
Helsinki	19,781	3,053	66%	154	2,718	96.3%
Tampere	4,926	533	12%	108	2,095	96.7%
Turku	1,989	212	5%	107	1,839	97.9%
Oulu	2,229	186	4%	84	1,586	96.6%
Jyväskylä	1,716	186	4%	109	1,974	95.4%
Kuopio	1,731	175	4%	101	1,920	97.2%
Lahti	1,586	157	3%	99	1,755	90.6%
Other	1,739	108	2%	62	1,152	97.1%
Subtotal[1]	**35,697**	**4,612**	**100%**	**129**	**2,329**	**96.3%**
Other[2]		319				
Total Portfolio	**35,697**	**4,931**				**96.3%**
Of which Lumo	*34,468*	*4,876*	***99%***			
Of which VVO	*1,229*	*55*	***1%***			

(1) Figures relate to the yielding assets of the portfolio, i.e., exclude ongoing projects, land plots owned by the Company and ownership of certain assets through shares (e.g., parking space under a different legal entity).

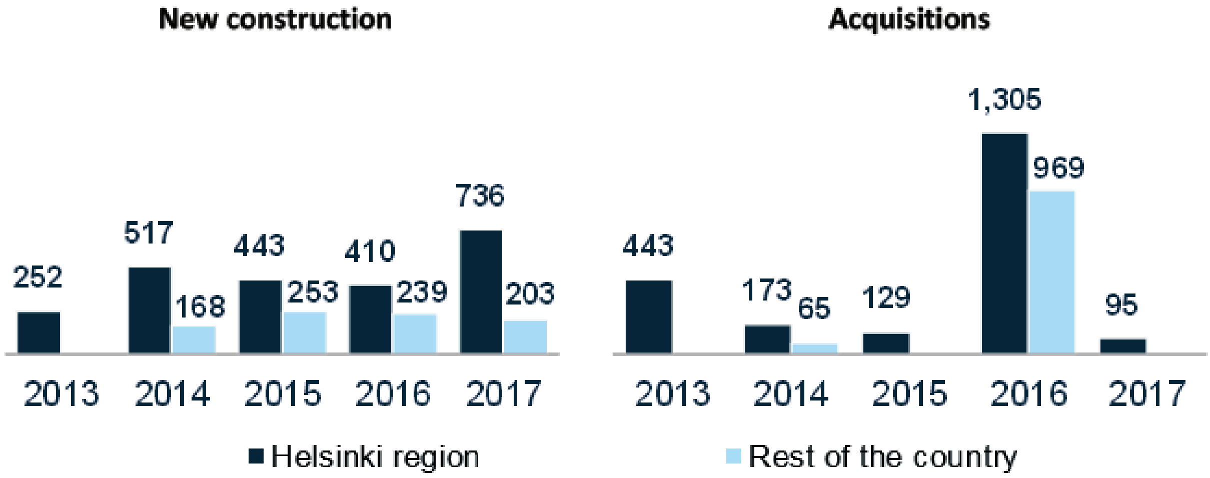
(2) Fair value related to ongoing projects, land plots owned by the Company and ownership of certain assets through shares (e.g., parking space under a different legal entity).

Portfolio Development

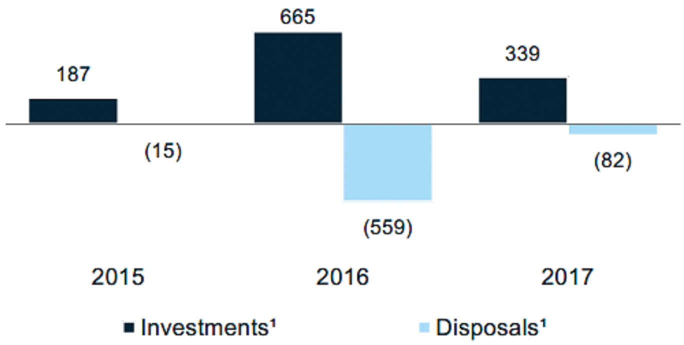
General

Through active portfolio development, Kojamo seeks to improve its net rental income and to increase the fair value of its investment properties in the long term. Kojamo develops its property portfolio with a long-term view taking into consideration the urbanization trend and the changing customer preferences. Kojamo's asset management function is responsible for the development of Kojamo's property portfolio through buying, selling or developing properties. In addition, the function monitors and seeks to increase the profitability of Kojamo's property portfolio. Kojamo's policy is to acquire or develop entire buildings instead of individual apartments.

In 2017, Kojamo invested EUR 338.6 million in new construction (including conversion projects) and property acquisitions mainly located in the Helsinki region. The following charts set forth the new construction (including conversion projects) and acquisitions of Kojamo by number of apartments between 2013 and 2017:



Currently, all of the investments in new construction and property acquisitions are focused on the Lumo segment and the investments are funded through long-term borrowings from a variety of sources, bonds and operating cash flows. The following chart sets forth the total investments (including strategic acquisitions of investment properties and investments in real estate development projects) and total disposals (EUR million) of Kojamo between 2015 and 2017:



(1) Figures exclude modernization investments and capitalized borrowing costs.

Real Estate Development

Kojamo's real estate development consists of both constructing new buildings and converting existing property stock for new purposes. Kojamo carries out new construction and development investments either by building on its own plots with its own plans after a tender request for construction or by acquiring projects from construction companies. When buying turn-key projects from construction companies Kojamo typically has a say in the planning of the building before construction commences. Kojamo's real estate development function is responsible for the acquisition of new plots and other land, management of plot reserves and development and construction of new projects. The main task of the real estate development function is to increase the fair value of Kojamo's property portfolio.

As at March 31, 2018, Kojamo had in place binding acquisition agreements related to new construction (including conversion projects) with an aggregate value of EUR 190.0 million, of which EUR 88.4 million will be used to complete apartments that were already under construction as at March 31, 2018. Kojamo does not recognize its acquisition agreements on the balance sheet until the project commences. A total of 1,754 new apartments are expected to be built under the existing acquisition agreements, of which 1,251 apartments were under construction as at March 31, 2018. Of the apartments under construction, 977 apartments are located in the Helsinki region and 274 in other Finnish Growth Centers. Kojamo's ongoing real estate development investments and those to be made in 2018 are going to be financed with Kojamo's cash flow from operations and external debt financing. In 2017, the construction of 983 apartments was completed (649 apartments in 2016) and Kojamo estimates that 1,198 apartments will be completed during 2018. As at March 31, 2018, Kojamo had a land bank and potential plots suitable of own new construction corresponding to approximately 173,000 square meters of rentable net floor area, which will enable the construction of approximately 3,600 apartments. Of the land bank and potential plots, approximately 92 percent is located in the Helsinki region and approximately 61 percent is in zoning stage.

The new construction projects utilizing own plot reserves, conversion and projects acquired from construction companies follow a unified process. Kojamo's real estate development project comprise of five steps which are identification, feasibility study, project development, implementation and completion. Decisions are taken in two stages and in two organizational levels.

In the identification phase, Kojamo's real estate development function constantly seeks opportunities for real estate development that would fit Kojamo's strategy. To find the right opportunity and project for Kojamo the real estate development function reviews, among other things, the suitability of its own plot reserves, tendering requests for zoned plots, supply for unzoned land, buildings to be converted as well as turn-key projects offered by construction companies. In the feasibility study phase, a proposal addressing market study, general specifications and layout of the real estate, a cost-analysis, approximate rental levels and property value estimates are prepared. Based on this proposal, the new construction control group decides whether to proceed to the project development phase.

In the project development phase of turn-key projects, an investment decision proposal is prepared based on more in-depth investment calculations, due diligence as well as project and construction planning. In new construction projects utilizing own plot reserves, the investment proposal is prepared based on planning and competitive bidding. Kojamo's Management Team reviews the proposal, including whether the project meets the investment criteria approved as part of Kojamo's strategy. Based on its review, the Management Team or the Board of Directors decides whether the project should be implemented.

The project implementation phase includes the construction and supervision of the project. For the actual planning of each new project, Kojamo utilizes outsourced design services for architectural, structural, HVAC, electricity and automation design. In the planning of the project, Kojamo's own planning guidelines are followed which, in addition to technical specifications, also include guidelines for the interior of the apartment buildings. In addition, Kojamo's own technical building experts are involved in defining the technical specifications of the new projects and are also involved in testing and inspecting of the completed new buildings. An internal project manager and a technical supervisor are designated for each project. Technical supervisors are mainly in-house experts. In addition, external consultancy services are used, especially for technical systems.

Upon completion of the project, an examination process, revisions and final adjustments to technical systems are carried out before the building is approved for use. After a project is completed, Kojamo's Management Team monitors various parameters, including, among others, fulfillment of the investment criteria, initial rental income and rental occupancy rate, in order to track the success of the project.

Recent Important Real Estate Development Projects

In densely built urban districts, converting buildings for residential purposes is an effective way to increase supply. During 2017, several conversions of properties in the City of Helsinki were completed by Kojamo or were in progress at the year end. The conversion of seven properties (11 buildings) acquired from City of Helsinki on October 16, 2017 is expected to be the most significant real estate development project for Kojamo in the medium term. Some of the properties acquired will be used by Metropolia University of Applied Sciences until the end of 2018 and some until the end of 2019. The properties are located in central Helsinki. Under the terms of the agreement, the fixed sales price was EUR 80.9 million, based on existing building rights and local zoning plan allowing use for business purposes, and it was paid by the end on 2017. The sales price will increase if the local zoning plan is revised to allow extension of building rights and to change the property use. Kojamo aims to change the property use from university buildings to primarily residential use. If the property use is changed in this manner, Kojamo expects that it will be possible to develop up to 800–1,000 centrally located apartments depending on the outcome of the zoning process. The sales price will increase by a maximum of EUR 21.0 million if all relevant zoning plans are revised to allow the change of the buildings for residential use. If the zoning revision is not completed, Kojamo may either keep the properties or demand the City of Helsinki to buy them back at the same sales price.

Some of Kojamo's most important recent conversion projects include Lönnrotinkatu 30, Saariniemenkatu 6, Iso Roobertinkatu 30, Töölönkatu 11 and Ajurinkuja 1. The following table sets forth key information on these projects:

	Saariniemenkatu 6 Central Helsinki	Töölönkatu 11 Central Helsinki	Lönnrotinkatu 30 Central Helsinki	Iso Roobertinkatu 30 Central Helsinki	Ajurinkuja 1 Espoo
Purpose	Conversion of offices into Lumo homes and commercial premises	Conversion of Weilin + Göös's former printing and office building into a residential property	Conversion of office building into Lumo apartments and business premises	Conversion of office building into Lumo apartments and business premises	Conversion of office building into Lumo apartments
Number of apartments	44 apartments rental apartments and 3 offices and commercial premises	102 rental apartments	41 rental apartments and 2 business premises	32 rental apartments and 2 business premises	27 rental apartments
Average apartment size	48.0 sqm	35.6 sqm	53.6 sqm	30.1 sqm	37.4 sqm
Completion	Completed on October 1, 2017	Completed on January 26, 2018	Completed on March 23, 2018	Estimated completion fall 2018	Estimated completion January–March 2019

Kojamo also commenced the construction of several new properties during 2017 focusing on the Finnish Growth Centers. The following table sets forth the construction of new properties commenced during 2017 and the first quarter of 2018:

City	Address	Number of apartments	Estimated completion
2017			
Helsinki	Ristiretkeläistenkatu	30	10/2018
Helsinki	Punakiventie	57	10-12/2018
Helsinki	Kantelettarentie	45	4-6/2019
Helsinki	Tulisuontie	31	4-6/2018
Espoo	Reelinkikatu and Saunalahdenkatu	100	7-9/2018
Espoo	Koivu-Mankkaantie	94	1-3/2019
Espoo	Uuno Kailaan katu	135	10-12/2019
Vantaa	Kaivokselantie	69	10-12/2018
Vantaa	Martinlaaksonpolku	53	1-3/2019
Tampere	Myrskynkatu	53	completed 3/2018
Turku	Riitasuonkatu	49	7-9/2018
Jyväskylä	Tiilitehtaantie	44	10-12/2018
Three months ended March 31, 2018			
Helsinki	Henrik Borgströmin tie	62	4-6/2019
Helsinki	Keinulaudankuja	79	7-9/2019
Jyväskylä	Yliopistonkatu	68	4-6/2019

Property Acquisitions and Divestments

Kojamo carries out its strategy through active property portfolio development, including acquisitions and divestments of properties that are not part of its strategy. The preparation of acquisitions and divestments is part of Kojamo's normal planning process. Property acquisitions are focused on residential properties and portfolios that meet the investment criteria in Kojamo's strategy. The main criteria include, among other things, the geographical area, micro-location, technical condition and potential net rental income yield of the property. Kojamo's strategic real estate portfolio development also includes making selective divestments of properties that are considered to no longer meet Kojamo's strategic goals.

Kojamo's investment unit is responsible for the acquisition process which includes financial, commercial, legal and technical assessments provided by Kojamo's internal experts. The acquisition proposal is then presented to the CEO of Kojamo, who oversees the fulfillment of investment criteria and approves the tender offer and the terms and conditions. Tenders are usually made indicative and subject to, for example, Kojamo's Board of Directors' final approval. In addition, tender bids exceeding the CEO's mandate are made subject to Board of Directors approval of the terms and conditions and the final agreement is made once the Board of Directors has approved the acquisition.

Property divestment plans for the forthcoming year are prepared annually by Kojamo's investment unit. Divestments of properties are decided based on the same criteria as acquisitions. The investment unit prepares and implements the property divestments in-house and, if necessary, with the help of external experts. As a general rule, properties are to be sold through a bidding process. The final decision for each sale is made by the Kojamo's Management Team for the sale of individual properties and apartments and by the Board of Directors for sale of a significant part of the property portfolio. The Board of Directors of Kojamo oversees the implementation of the divestment plan.

Recent Important Acquisitions and Divestments

Kojamo's acquisitions and divestments reflect its strategic goals of focusing its property portfolio in the Finnish Growth Centers, increasing the size of the portfolio in these regions and reducing the percentage of the apartments subject to restrictions under arava and/or interest subsidy legislation.

During the first half of 2016, Kojamo sold 8,571 apartments to Kiinteistö Oy M2-Kodit which is owned by Y-Foundation. The first phase of the transaction was executed on March 31, 2016 and the remaining phase on June 20, 2016. The sales price confirmed by the Housing Finance and Development Centre of Finland (ARA) was approximately EUR 75 million. The portfolio sold was subject to restrictions under arava and/or interest subsidy legislation and was not part of the Company's core focus according to its strategy.

On July 4, 2016, Kojamo acquired ICECAPITAL Housing Fund II which owned 2,274 market-based rental apartments. The apartments included into the transaction are located across Finland, with 57 percent in the Helsinki Metropolitan Area, 18 percent in the Tampere region[164], 8 percent in the City of Jyväskylä, 7 percent in the City of Oulu, 6 percent in the City of Kuopio, 2 percent in the City of Lahti and 2 percent in Turku region[165]. The transaction underlines Kojamo's strategic ambitions to grow.

On January 31, 2017, Kojamo sold 1,344 apartments to a company managed by Avant Capital Partners. The apartments covered by the transaction are located across Finland. The transaction supports Kojamo's concentration on the Finnish Growth Centers.

On March 5, 2018, Kojamo acquired a total of 981 rental apartments from funds belonging to OP Financial Group. The apartments included in the transaction are located across Finland, with 35 percent in the Helsinki Metropolitan Area, 13 percent in the Tampere region[166], 13 percent in the City of Jyväskylä, 4 percent in the City of Oulu, 9 percent in the City of Kuopio, 9 percent in the City of Lahti and 17 percent in the Turku region[167]. The transaction matches the growth strategy of Kojamo.

On April 30, 2018, Kojamo sold 1,594 apartments to a real estate fund managed by Morgan Stanley Real Estate Investing, Renger Investment Management and Premico Group. The apartments covered by the transaction are located in 15 municipalities across Finland. The total unencumbered sales price amounted to EUR 97 million. The apartments were divested to support Kojamo's concentration to the Finnish Growth Centers and due their condition.

Real Estate Management

As a part of its portfolio development strategy, Kojamo seeks to maintain the value of its rental apartments and properties and increase it in the long term as well as maintain and enhance the attractiveness of apartments and properties to tenants through systematic modernization investments, repairs and maintenance scheme.

Modernization investments are relatively large repair construction projects that can include major renovations of buildings, building components or technical building systems or equipment. In these projects, the aim is to maintain the building's quality level and value or to increase them in the long-term. In a modernization investment, the building's quality level is in some cases raised substantially from the original quality level. For example, a modernization project may include building an elevator or improving the building's energy efficiency by using structural (for example changing the windows) or technical (for example installation of the heat pumps) methods.

The annual budget frame for modernization investments is approved by the Board of Directors and based on this Kojamo's repair coordination group makes the decisions on modernization investments. Modernization investments are included in the annual budget as individual projects, and the annual modernization budget is implemented in stages so that a permission is granted by the repair coordination group to execute the project after the coordinated competitive bidding phase. Kojamo assigns an in-house project manager to modernization

164 Including the City of Hämeenlinna.

165 Including the City of Naantali.

166 Including the City of Hämeenlinna.

167 Including the City of Naantali.

investment projects and in larger projects also an in-house supervisor to monitor and coordinate the general implementation of the project.

Repairs are smaller renovations that are made in order to keep the buildings and apartments in good general condition and attractive for the customers. Kojamo plans and budgets repairs annually in conjunction with real estate budgeting. Smaller repairs of building systems, equipment and surfaces are carried out continuously. Repair works are sought to be aggregated into a single competitive bidding process in order to benefit from economies of scale.

The following table sets forth the repair costs and modernization investments of Kojamo for the periods indicated:

	For the three months ended March 31,		For the financial year ended December 31,			
(EUR in millions)	2018	2017	2017	2016	2015	2014
	(unaudited)		(audited, unless otherwise indicated)			
Repairs and modernization investments						
Repairs (in income statement)	7.6	7.2	35.6	39.1	46.5	49.5(1)
Modernization investments	2.9	3.3	25.4	29.3	45.8	29.1(1)
Total	**10.5**	**10.6**	**61.0**	**68.4**	**92.4**	**78.7**1

(1) Unaudited.

The following table sets forth the repair costs and modernization investments of Kojamo per square meter from 2014 to 2017:

	2017	2016	2015	2014
Repairs and modernization investments per square meter (EUR/month/ square meter)	**2.68**	**2.76**	**3.32**	**2.85**

Maintenance contains various operations providing good daily living conditions in Kojamo's apartments. The maintenance services consists of, for example, monitoring the general condition of buildings and the technical systems, energy efficiency, cleaning and technical care of indoor and outdoor areas as well as minor repairs. Maintenance costs are budgeted annually containing, for example, building maintenance, heating, electricity, waste management, water, property management, property taxes, property insurances and other maintenance expenses.

Kojamo's customer relations function controls and co-ordinates the day-to-day property management. The main point of contact for tenants in maintenance-related issues is Kojamo's in-house contact center. Property managers have a pivotal role in delivering the customer experience and serving the tenants questions relating to the apartment or building they live in. Among other things, property managers handle service defects, make and manage work orders related thereto and are responsible for providing assistance to tenants relating to living in Kojamo's rental apartments as well as with moving in and out of rental apartments.

Day-to-day building maintenance services are sourced from selected external service providers. Local utilities, such as water and district heat, are sourced from regional water and district heating companies, and universal utilities for the whole apartment stock are sourced centrally. For example, property electricity is purchased and the electricity portfolio management related thereto is sourced from one electricity company. The significant concentration of Kojamo's residential properties in the Finnish Growth Centers enables the service partners to utilize economies of scale in service production and improves cost-effectiveness. Kojamo systematically monitors the quality and service level of the building maintenance services through technical inspections and service audits performed on-site, as well as through tenant satisfaction surveys.

To improve the quality of property maintenance and customer experience, Kojamo has introduced, in cooperation with Lassila & Tikanoja plc, Lumo branded caretakers in the Helsinki region. Lumo caretakers is an external service consisting of building maintenance and building services engineering professionals dedicated to Lumo housing units. Currently, there are three specialized groups of Lumo caretakers. The general Lumo caretakers perform regular house maintenance work and tasks based on maintenance schedules and defect notices by tenants and care for the general upkeep of outdoor areas. The Lumo caretakers specializing in housing conditions are building services engineering professionals whose focus is to resolve issues related to indoor conditions, preferably in a single visit. The Lumo caretakers specializing in landscaping perform more demanding green care and maintenance works in the outdoor areas.

The following table sets forth the maintenance expenses of Kojamo for the periods indicated:

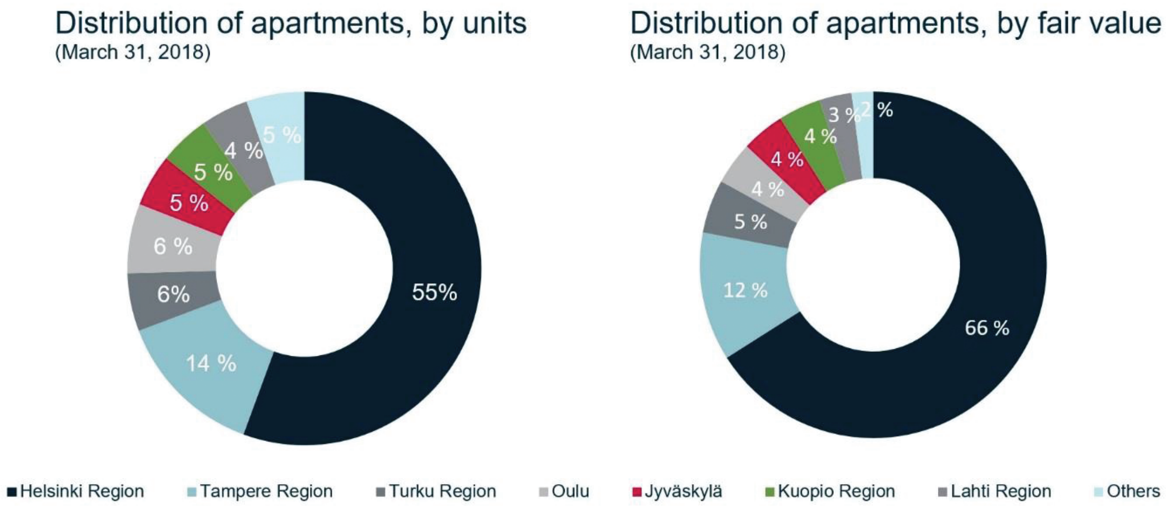
(EUR in millions)	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(audited)		
Maintenance expenses	25.2	23.7	85.4	90.3	97.0

Geographical Focus

Kojamo focuses its investments in the Finnish Growth Centers where it sees sufficient demand for rental apartments in the long term. The Company considers that these areas have historically featured a positive demographic trend, comprehensive municipal and commercial service network, employment opportunities and ease of public transport. The Company expects to sell properties outside the Finnish Growth Centers and, as a result, the number of cities in which it owns properties to decrease from the current 34 to less than 30 in the near future. Investment properties are acquired in areas with well-established and functioning transport links and an established service sector.

As at March 31, 2018, Kojamo owned in aggregate 35,697 apartments in the Finnish Growth Centers as well as in certain other regions in Finland. As at March 31, 2018, Kojamo had 19,781 apartments in the Helsinki region, which represented 55 percent of the total number of apartments in Kojamo's property portfolio. The Tampere region accounted for 14 percent and the Turku region for 6 percent of the total number of apartments as at March 31, 2018.

The following charts set forth the geographical distribution on Kojamo's apartments by number of apartments and by their fair value as at March 31, 2018:

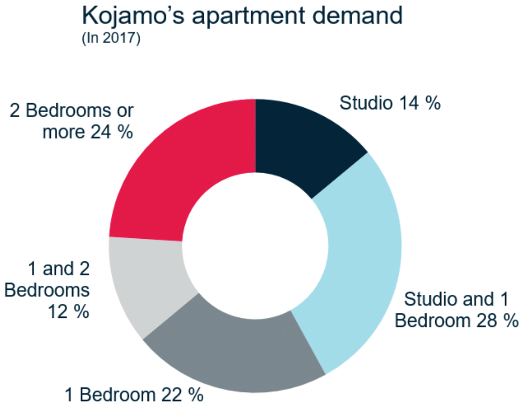


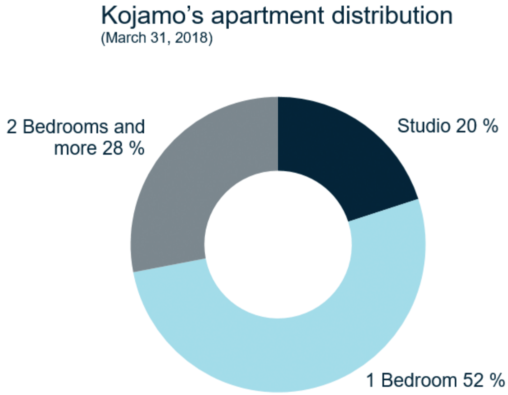
After the sale of 1,594 apartments completed on April 30, 2018, approximately 97 percent of Kojamo's rental apartments by unit are located in the Finnish Growth Centers, approximately 76 percent in the Helsinki region and the Tampere and Turku regions and approximately 57 percent in the Helsinki region. 1,175 rental apartments are located outside the Finnish Growth Centers, corresponding to approximately 3 percent of all of Kojamo's rental apartments.

Rental Apartments

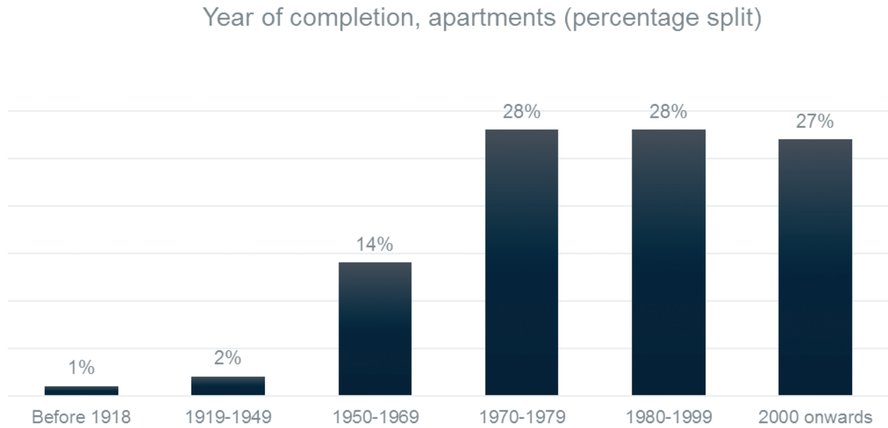
As at March 31, 2018 72 percent of Kojamo's rental apartments were either studios or one bedroom apartments for which there is the highest demand based on the number of applications that Kojamo receives. The average size of Kojamo's rental apartments was approximately 55.5 square meters as at March 31, 2018.

The following charts set forth Kojamo's apartment distribution by apartment type as at March 31, 2018 as well as demand for Kojamo's apartments by apartment type based on new applications received during 2017:





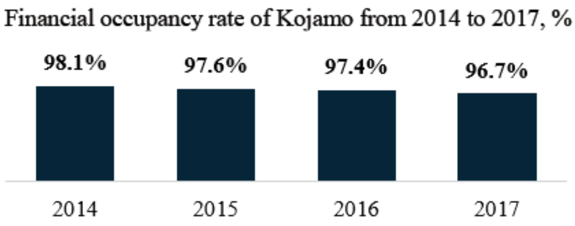
As at March 31, 2018, the average age of Kojamo's rental properties was 31.9 years. As at December 31, 2017, the average age of Kojamo's rental properties was 31.2 years as compared to 31.4 years as at December 31, 2016 and 30.2 years as at December 31, 2015. The following chart sets forth the year of completion of Kojamo's apartments as at December 31, 2017:

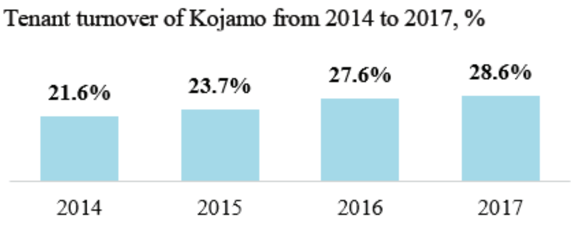


Rentals

As at March 31, 2018, there were in total approximately 55,000 residents in Kojamo's rental apartments. As at December 31, 2017, there were in total 55,000 residents in Kojamo's rental apartments as compared to approximately 70,000 residents as at December 31, 2015. The decrease in the total number of residents was mainly due to the divestment of 8,571 apartments during the first half of 2016 as discussed in "*Portfolio Development—Recent Important Acquisitions and Divestments*".

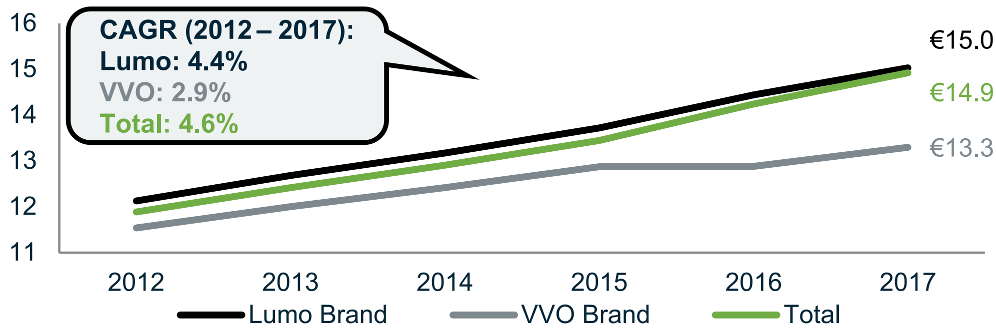
For the three months ended March 31, 2018, Kojamo's financial occupancy rate was 96.3 percent. For the financial year ended December 31, 2017, the financial occupancy rate was 96.7 percent as compared to 97.4 percent for the financial year ended December 31, 2016 and 97.6 percent for the financial year ended December 31, 2015. Kojamo's management estimates that the small decrease in financial occupancy rate was mainly due to the strategic transformation of the property portfolio from non-commercial housing to commercial housing. Historically, the financial occupancy rate has been higher in the non-commercial housing compared to the commercial housing. The following charts set forth the financial occupancy rate of Kojamo from 2012 to 2017 and tenant turnover of Kojamo from 2013 to 2017:





For the three months ended March 31, 2018, the average monthly rent of Kojamo's rental apartments was EUR 15.2 per square meter. For the three months ended March 31, 2018, the average monthly rent of rental apartments marketed under the Lumo brand was EUR 15.30 per square meter and rental apartments marketed under the VVO brand EUR 13.5 per square meter. All commercially priced apartments are marketed under Lumo brand and apartments subject to restrictions on rent levels under arava and/or interest subsidy legislation are marketed under VVO brand regardless of the business segment to which they belong.

The following chart sets forth the evolution of average monthly rent (per square meter) between 2012 and 2017:



Kojamo's current lease agreements enable the rents in the Lumo apartments to be increased annually based on the change in the CPI (Consumer Price Index) plus maximum of 5 percentage points. In VVO apartments, the rents are determined based on absorption principle and the rent review is made based on rent calculations made in accordance with guidelines and resolutions of authorities (for more information see "*Legislation Relating to Real Estate and Rental Business*"). The rent levels are reviewed once per calendar year and the average increase in rent was 2.5 percent in 2017, as compared to an increase in the CPI of 0.8 percent. In the new Lumo lease agreements made as of January 1, 2018, the rent levels are reviewed every 12 months starting from the date on which the lease agreement was signed.

Kojamo's customer relations function operates Kojamo's rent collection processes and management of outstanding rents. The due date of rent is agreed on the lease agreement and is usually the second day of the month. As at the date of this Offering Circular, a penalty interest of 7 percent is applied to overdue rents.[168] If rent is late for more than three weeks, a reminder is sent to the tenant. If rent is not paid despite such reminder, the collection of rent is transferred to an external collection agency. If the same tenant has outstanding rents for two months, legal proceedings, including eviction, are considered.

Given its long experience in tenant management and the number of apartments as well as statistical analysis related thereto, Kojamo has opted not to take rental security deposits against payment default or damage risk in certain Lumo apartments. To minimize the risk of payment defaults, Kojamo has introduced rental liaison officers whose task is to actively identify tenants who have problems with payment or whose life situation puts them at increased risk of payment defaults. The rental liaison officers provide support and try to come up with solutions in co-operation with tenants. The rental liaison officers contact the tenants to discuss alternative solution such as negotiating a scheme of payment or drawing up a service plan that may include, for example, counseling in financial issues or support in social welfare related matters.

[168] The penalty interest rate is based on the Finnish Interest Act according to which the amount of the interest is seven percentage points higher than the reference rate in force at the time in question. The reference rate is the interest rate applied by the European Central Bank to its most recent main refinancing operation carried out before the first calendar day of each half-year rounded up to the nearest half percentage point. The reference rate in force on the first calendar day of the half year in question applies for the following six months.

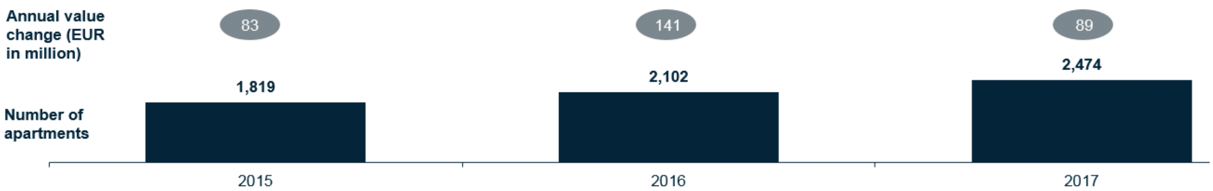
Subsidized Housing

Significant part of the rental apartments owned by the group companies in the VVO segment and small part of the rental apartments owned by the group companies in the Lumo segment were as at March 31, 2018 subject to restrictions on rent levels in accordance with arava and/or interest subsidy legislation. Kojamo's management expects restrictions on rent levels to terminate for the apartments currently in the Lumo segment by the end of 2019. Kojamo's management expects restrictions on rent levels for the apartments currently in the VVO segment to end by 2021.[169] Once the restrictions on rent levels end, the rent level for the apartments free from these restrictions is determined commercially. For further information on the restrictions on rent levels, see "*Legislation Relating to Real Estate and Rental Business*".

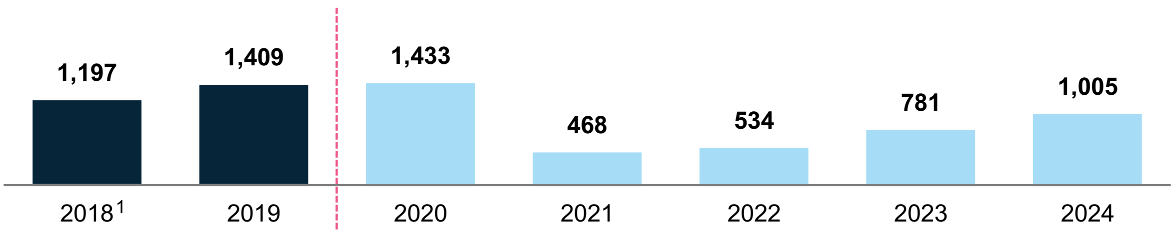
All rental apartments owned by the group companies in the VVO segment and small part of the rental apartments owned by the group companies in the Lumo segment were as at March 31, 2018 subject to some restrictions regarding selection of tenants, conveyance of real estate or shares and profit distribution under arava and/or interest subsidy legislation. Kojamo's management expects these restrictions to end by 2025. For further information on the restrictions in accordance with arava and/or interest subsidy legislation, see "*Legislation Relating to Real Estate and Rental Business*".

Kojamo utilizes the acquisition cost method in valuing its properties subject to assignment restrictions under arava and/or interest subsidy legislation whose selling price is restricted by a maximum assignment compensation of the legislation. The reported acquisition cost value is determined based on original acquisition cost less depreciation accumulated up to the IFRS transition date and any impairment losses. Once these properties come off assignment restrictions under arava and/or interest subsidy legislation, Kojamo begins to apply transaction value in the valuation of these properties. The transaction value of the properties as of the valuation date is calculated based on actual sales prices of comparable apartments for the two preceding years with various building level adjustments. For further information on valuation of investment properties, see "*Operating and Financial Review and Prospects—Key Factors Affecting Kojamo's Business and Results of Operations—Portfolio Valuation*". By changing the valuation method from acquisition cost value or income value to transaction value Kojamo expects to experience growth in the fair value of investment properties currently subject to restrictions.

The following chart sets forth the historical number of apartments coming off restrictions and the annual change in the fair value (EUR million) (due to change in valuation method from acquisition cost value to transaction value once the apartments come off restrictions) and due to change in valuation method from income value to transaction value between 2015 and 2017:



The following chart sets forth the number of apartments Kojamo's management expects to come off all restrictions under arava and/or interest subsidy legislation per year:



(1) Of which 165 apartments have already come off restrictions as at March 31, 2018.

Appraisals and Appraisal Methods

As at March 31, 2018, the aggregate fair value of investment properties was EUR 4.9 billion.[170] Kojamo's property value appraisal model and the appraisal methodology are reviewed on a quarterly basis by Realia

[169] The management's expectations on the expiration of restrictions are based on the current arava and interest subsidy legislation and its interpretation.

[170] Includes investment properties classified as non-current assets held for sale.

Management Oy, an independent external valuation expert. The most recent review was conducted in April 2018.[171] Realia Management Oy is a property valuation company approved by Authorized Property Valuers (AKA) who are valuation experts approved by the Property Valuation Board of Finland Chamber of Commerce. The parameters used by the Kojamo in its appraisal model are market-based and the calculations meet general requirements and principles. According to Realia Management Oy's review statement (Statement on the valuation of Kojamo plc's Investment Properties) concerning March 31, 2018, the valuation method and model used by the Kojamo is valid and fulfils the requirements under the IFRS (International Financial Reporting Standards) and IVS (International Valuation Standards) standards.

Kojamo's Business Segments

General

Kojamo's business operations are divided into two segments: Lumo (formerly VVO Non-subsidized) and VVO (formerly VVO State-subsidized).[172] At the beginning of 2016 the segments were renamed, which had no effect on Kojamo's financial reporting.

The Lumo segment offers the commercial housing services and the VVO segment the non-commercial housing services of Kojamo Group. The majority of the apartments included in the Lumo segment are free from restrictions under arava and/or interest subsidy legislation whereas all apartments in the VVO segment are subject to such restrictions. All commercially priced apartments are marketed under Lumo brand and apartments subject to restrictions on rent levels under arava and/or interest subsidy legislation are marketed under VVO brand regardless of the business segment to which they belong.

Lumo

As at March 31, 2018, the Lumo segment included 34,468 apartments and as at December 31, 2017, 31,018 apartments compared to 31,108 apartments as at December 31, 2016, 28,716 apartments as at December 31, 2015, 20,044 apartments as at December 31, 2014, 19,526 apartments as at December 31, 2013 and 19,116 apartments as at December 31, 2012. During 2017, Kojamo divested approximately 1,300 apartments from its Lumo segment. The fair value of the investment properties[173] belonging to the Lumo segment was EUR 4,584.4 million as at December 31, 2017 (EUR 4,159.5 million as at December 31, 2016 and EUR 3,331.7 million as at December 31, 2015). Kojamo's latest investments in residential properties are focused on the Lumo segment.

The following table sets forth the net rental income and the percent of total revenue represented by the net rental income of the Lumo segment for the periods indicated:

	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
Lumo segment					
Net rental income (EUR in millions)	53.9	48.4	201.2(1)	190.3(1)	134.6(1)
Net rental income, percent of total revenue of the Lumo segment (percent)	63.1	63.5	65.5	65.4	64.5
Number of apartments in the Lumo segment	34,468	30,478	31,018	31,108	28,716
Number of apartments marketed under Lumo brand	33,560	29,817	32,152	30,823	28,167
Rentable net floor area (sqm)	1,911,547.7	1,704,561.7	1,726,050.2	1,744,127.2	1,619,478.7

(1) Audited.

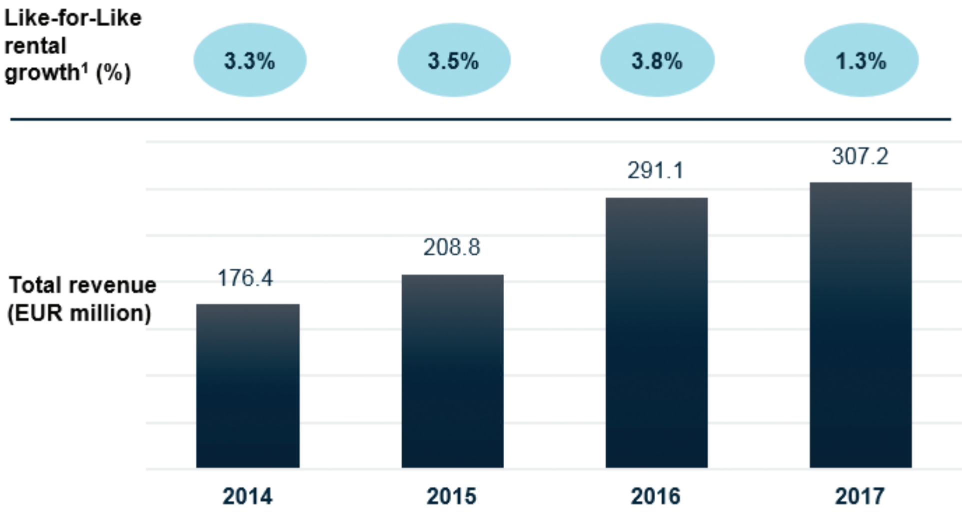
171 Statement on the correctness of the market values determined by Kojamo, April 23, 2018, Realia Management Oy.

172 Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

173 Includes investment properties classified as non-current assets held for sale.

The following chart sets forth the total revenue and Like-for-Like rental growth in the Lumo segment from 2014 to 2017:

Total revenue and Like-for-Like rental growth in Lumo segment

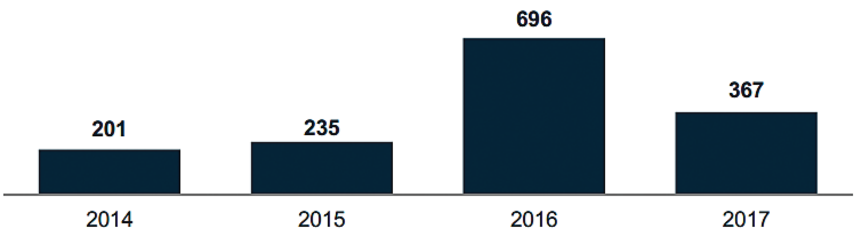


(1) The measure Like-for-Like rental growth represents the annual change of rental income for the years 2014–2017 for the apartments that have belonged to and been owned by the Lumo segment between 2013–2017 non-stop without the impact of the purchases and sales of investment properties as well as completed apartments in the new building. The fair value of the investment properties included in the Like-for-Like rental growth calculation as at December 31, 2017 was in total EUR 1,796 million.

The Lumo segment contains those Group companies whose apartments subject to restrictions on rent levels under arava and/or interest subsidy legislation will come off restrictions by the end of 2019 (for more information see "—*Kojamo's Property Portfolio—Subsidized Housing*").

Certain companies in the Lumo segment are still subject to also other restrictions under arava and/or interest subsidy legislation (for more information on restrictions see "*Legislation Relating to Real Estate and Rental Business*"). However, all apartments marketed under the Lumo brand are free of restrictions on rent levels.

During the periods under review, Kojamo has focused its investments almost solely to the Lumo segment. The following table sets forth the total investments in investment properties (EUR million) of Kojamo in the Lumo segment between 2014 and 2017:



VVO

As at March 31, 2018, the VVO segment included 1,229 apartments and as at December 31, 2017 3,365 apartments, as compared to 3,866 apartments as at December 31, 2016, 12,437 apartments as at December 31, 2015, 20,749 apartments as at December 31, 2014, 20,668 apartments as at December 31, 2013 and 20,780 apartments as at December 31, 2012. The fair value of the investment properties[174] belonging to the VVO segment was EUR 124.9 million as at December 31, 2017 (EUR 138.5 million as at December 31, 2016 and

[174] Includes investment properties classified as non-current assets held for sale.

EUR 667.3 million as at December 31, 2015). The following table sets forth the net rental income and the percent of total revenue represented by the net rental income of the VVO segment for the periods indicated:

	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
VVO segment					
Net rental income (EUR in millions)	1.6	4.4	15.4(1)	32.8(1)	94.9(1)
Net rental income, percent of total revenue of the VVO segment (percent)	56.6	57.9	50.6	53.3	57.3
Number of apartments in VVO segment	1,229	3,365	3,365	3,866	12,437
Rentable net floor area (sqm)	68,355	187,045.5	187,045.5	215,104	709,260.5

(1) Audited.

The non-commercial VVO segment currently includes those Group companies that own rental apartments that are subject to restrictions on rent levels under arava and/or interest subsidy legislation and for which such restrictions end after 2019 (for more information see "*—Kojamo's Property Portfolio—Subsidized Housing*"). Part of the rental apartments in the VVO segment and/or real estates are also subject to other restrictions under arava and/or interest subsidy legislation and all of the companies in the VVO segment, and some companies in the Lumo segment, are subject to restrictions on distribution of profit and these companies can distribute to their owner a four percent return on capital invested as confirmed by the Housing Finance and Development Centre of Finland (ARA). All commercially priced apartments are marketed under Lumo brand and apartments subject to restrictions on rent levels under arava and/or interest subsidy legislation are marketed under VVO brand regardless of the business segment to which they belong (for more information see "*Legislation Relating to Real Estate and Rental Business*").

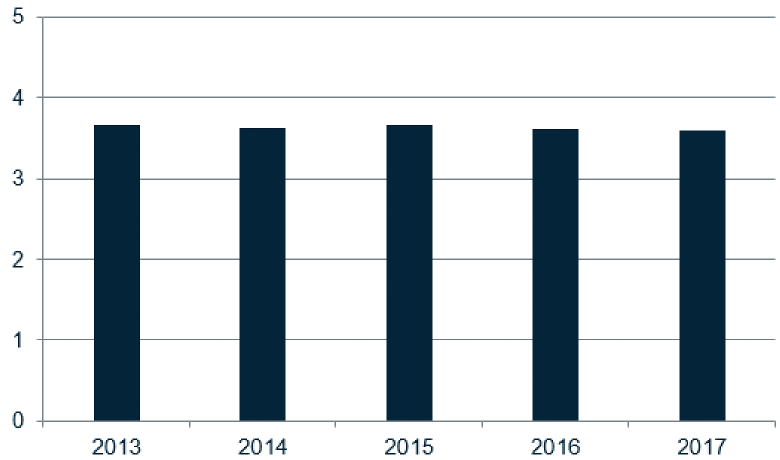
The return payable for the original equity invested from the annual profits of the group companies in the VVO segment to Kojamo plc as a group contribution totaled EUR 0.3 million in 2017, EUR 2.2 million in 2016 and EUR 3.0 million in 2015.

Kojamo Customer Experience

Overview

Striving for the best customer experience and easy and effortless service drives Kojamo's operations. Kojamo aims to offer well-located attractive, tranquil apartments with useful housing-related services and open dialogue between the landlord and the tenant. Kojamo aims to act in a safe, reliable and responsible way as a landlord. Kojamo believes that by focusing in improving tenant satisfaction Kojamo is also able to create shareholder value and optimize its financial occupancy rate.

Kojamo actively monitors the satisfaction of its customers at each stage of their relationship with Kojamo. Satisfaction surveys for new, current and departing residents provide important information about how Kojamo has succeeded in managing customer relations. Based on surveys commissioned by Kojamo and conducted by external research agency Innolink, the customer satisfaction at Kojamo has been on a good level and remained stable during the last five years. As of January 1, 2018, the single annual tenant satisfaction survey is split into four surveys enabling Kojamo to better its reactivity, and to have more efficient measures to address issues affecting the overall tenant satisfaction. Kojamo also started to carry out the survey by itself. The following chart sets forth the results of customer satisfaction survey from 2013 to 2017[175]:



The pillars present the total customer satisfaction (average of success scores) on a scale of 1 to 5 where 1 means very unsatisfied and 5 means very satisfied. The topics of the questionnaire are apartment, residential building and provision of information as well as the property manager, customer service and maintenance operations.

In addition, Kojamo measures tenant satisfaction with a method called the "net promoter score". In Kojamo's tenant satisfaction surveys, tenants are requested to respond to, for example, the following survey question: "How likely is that you would recommend company to a friend or a colleague?" on a scale of 0 to 10 or 1 to 10 depending on the applicable metric. Tenants giving a score of 9 or 10 in the survey are called "promoters", tenants giving a score from 0 to 6 are "detractors" and tenants responding 7 or 8 are excluded when calculating the net promoter score. The net promoter score is calculated by deducting the total percentage of the respondents who are "detractors" from the total percentage of tenants being "promoters". According to the annual tenant satisfaction survey of Kojamo, tenant satisfaction improved in 2017 with the net promoter score of 33 (29 in 2016). Net promoter score for new tenants was 49. Net promoter score includes four indicators all of which weight 25 percent: (i) survey regarding a new customer, (ii) survey regarding customer moving out, (iii) survey regarding customer currently living and (iv) survey regarding telephone service of customer contact center. Tenants are satisfied with, among other things, customer service, the location of apartments, improved property maintenance, online services and the small rental deposit. Kojamo uses the results of tenant satisfaction surveys to continuously improve its operations.

Lumo Brand

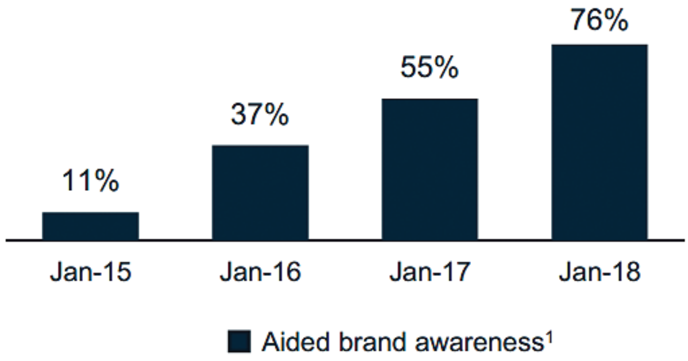
The Lumo brand was first introduced in 2014 and as at March 31, 2018, the Lumo segment constitutes approximately 97 percent of Kojamo Group's business by number of rental apartments. Lumo underlines Kojamo's strategical shift from regulated to commercial housing services, and Kojamo has prioritized the Lumo segment in its most recent residential property investments.

Kojamo develops better urban housing and turns housing into easy and effortless living experience with Lumo services and making use of technology and digitalization. The Lumo service concepts are designed to be distinguishable from general rental market practices, in particular by utilizing the sharing economy and communality trends in services such as car sharing service and common spaces for the tenants. Kojamo believes that constant development of services connected to housing and digitalization and the potential offered by smart homes has the potential to improve the comfort of living and the customer experience. In 2015, Kojamo launched the Lumo webstore which enables customers to rent an available apartment from Kojamo's property portfolio directly from the online service without the need to fill an application or to be subjected to a tenant selection processes. With its service concepts and digital platform, Lumo represents a new way of operating an urban rental living.

Kojamo aims to provide with its Lumo brand the best comprehensive housing customer experience. The realization of this target is measured with brand and customer satisfaction studies. In the management's view, Kojamo's housing customer experience and especially the Lumo webstore and the ease of renting through it

[175] Innolink survey, Innolink Research Oy.

form a customer experience that is differentiated from other housing brands for consumers. Since its introduction, the Lumo brand's aided brand awareness has risen to more than 70 percent and it is the most preferred brand in rental housing in Finland.[176] The Lumo brand has achieved a strong market position and, according to recent market research, Lumo is the most valued brand in rental housing in Finland, and 63 percent of the customers rated the Lumo brand "very good" or "good" compared to competitors Vuokraturva (57 percent) and Sato (42 percent).[177] In addition, the Lumo brand has outperformed its competitors in several metrics such as customer orientation, easiness and effortlessness, condition of the apartments, image, quality, service-mindedness and safety.[178] The following chart sets forth the development of aided brand awareness of the Lumo brand between 2015 and 2017:



(1) Percentage of people who expressed knowledge of a brand when prompted.

Lumo Service Concepts

Core Services

Kojamo develops and offers a variety of services to its customers before and during the move as well as while living in Lumo apartments. Customers can either rent the apartment from the Lumo webstore or leave an application for an apartment online at the Lumo.fi website. In the traditional renting process, the customer sends an application to the lessor who processes all applications and chooses the tenant. However, in the Lumo webstore the customer can choose and rent the apartments they want without waiting times and uncertainty on whether they receive the apartments. Moreover, customers can familiarize themselves with the Kojamo Group's entire rental apartment offering online and, should they wish to do so, leave an application for apartments that match certain customer-defined criteria or to be waitlisted for a location that does not have available apartments at that time. When moving into a new or refurbished building, the customers are offered moving aid free of charge. In addition, free moving boxes are offered when moving between Lumo apartments. Kojamo uses external service providers to provide moving services.

Tenants of Lumo apartments have access to several services provided by Kojamo. Almost all Lumo apartments have a free 10 Mbit/s broadband connection. In addition, events such as concerts and visits to amusement parks are offered free of charge. Some of the Lumo buildings also have a free gym or customer lounge where the tenants of Lumo apartments can meet and arrange events.

Services Provided with Partners

Since 2016, tenants of Lumo apartments have had access to a smart-traffic car-sharing service in several locations around Finland which has been developed in partnership with 24Rent. With the help of the car-sharing service, Kojamo has been able to lower the number of parking spaces in certain apartment buildings. The shared car can be reserved by all tenants at a discounted rate and is available at the parking space. 24Rent is responsible for the operation of the car (including insurance, maintenance and tire changes) and receiving reservations. The tenant only needs to reserve the car and return it to the designated parking space after use. In 2016, the car sharing service was expanded to most of the cities where the Kojamo Group operates.

In February 2017, Posti Group Corporation and Lumo Kodit Oy launched a pilot SmartPost parcel service at a Lumo apartment building. SmartPost is Posti Group's new service for sending and receiving parcels and

[176] Gallup Poll conducted by ToinenPhd, December 2017, Brand Tracking, commissioned by Kojamo.

[177] Brand study by Taloustutkimus, 2017, Brand respectability.

[178] Gallup Poll conducted by ToinenPHD, December 2017, Brand Tracking, commissioned by Kojamo.

accessing other services using parcel collection points located in communal areas within apartment buildings. Recipients are sent details of the pick-up box number and a PIN code by text message. Smaller postal items, such as letters, continue to be delivered directly to the recipients' homes.

In March 2017, Kojamo and Lassila & Tikanoja introduced a new kind of team of caretakers to take care of the property maintenance of Lumo buildings in the Helsinki region. The designated Lumo Caretakers represent personal service from the era when each individual building had its own caretaker. For the inhabitants of the buildings, the new operating model aims to provide smooth and professional property maintenance.

In fall 2017, Kojamo launched a fitness service pilot program with Raatamo in 13 Lumo rental housing units. The coach of Raatamo provides fitness services to residents of Lumo apartments free of charge. The purpose of the program is to bring fitness services close to home and bring together residents of Lumo apartments. Also in fall 2017, Kojamo launched an overall wellness service to its senior customers with Fysios in seven Lumo senior houses.

In addition to the services described above, Kojamo regularly offers to tenants of Lumo apartments discounts on the services of its partners. Some of the services provided with partners are cost neutral to Kojamo, since tenants pay the costs themselves, while certain services in pilot use that Kojamo believes to have the potential to become a differentiating factor in the rental market cause costs to Kojamo.

Continuous Development of Services with Customers and Partners

For Kojamo, co-operation with residents is decades-long tradition and a way of working. Procedures for co-operation with residents have been developed over the approximately 50-year history of Kojamo. The co-operation model gives Kojamo's residents an opportunity to influence their living arrangements, organize local tenant events and to take part in development of housing services. Many Lumo housing units have their own house committees. The ways of co-operation have evolved along with the development of the Lumo brand and in the newest Lumo housing units these committees are called Lumo Teams.

To manage customer interaction and underline the best possible customer experience, Kojamo established an in-house contact center in 2014. The contact center provides assistance in matters relating to apartment rental and housing. On average, over 70 percent of customers' contacts are solved by the contact center. Approximately 55 percent of contacts are related to applications or renting of an apartment. Other issues resolved by the contact center relate to, among others, rental payments, apartments or service. In total, the contact center received approximately 195,000 contacts in 2017 of which 27 percent were via phone and 68 percent via email, as compared to approximately 175,000 contacts in 2016 of which 24 percent were via phone and 73 percent via email with the remainder being split between chat contacts and contacts in person for 2017 and 2016 respectively. The response rate for contacts made in 2017 was 84 percent. The contact center has received good reviews from the customers and had a net promoter score of 62.6 in 2017 based on feedback from nearly 2,000 customers.

Digital housing services and smart homes have the potential to improve the comfort of living and customer experience. In fall 2017, Kojamo made an open invitation to companies to join them in developing new housing services and opened the Lumo brand 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. The networking and idea phase commenced in early 2018 with the first pioneer partners.

Kojamo's partnership with Leanheat Ltd ("**Leanheat**") is an example of a successful application of smart housing technologies, developed building service engineering and artificial intelligence. In 2016 and 2017, a Leanheat smart energy heating solution was installed in 10 Kojamo properties with 748 apartments. The Leanheat solution utilizes climate sensors installed in apartments and artificial intelligence to control the heating of the building in optimized manner. The system constantly maintains optimal indoor climate and enables predictive maintenance with the help of continuous monitoring and artificial intelligence. The Leanheat solution together with its features is designed to provide cost savings through optimized energy consumption and predictive preventing of different inefficiencies and issues, for example moisture problems. The solution is also designed to improve customer experience and reduce the carbon footprint.[179]

Based on a positive experiences from the pilot project with Leanheat during the heating period 2016-2017, in 2017, Kojamo ordered an expansion of the Leanheat solution to 53 additional properties with 1,892 apartments. In Kojamo's current properties with Leanheat solution, the annual heating costs are estimated to decrease approximately by 10 percent taking into consideration that every property has its own savings potential.

[179] Leanheat Ltd.

Respectively, the carbon dioxide savings are estimated to be approximately 438,000 kilograms.[180] The expansion of the solution is planned by taking into consideration the district heating pricing models offered by local energy companies and profitability of the investment in property level.

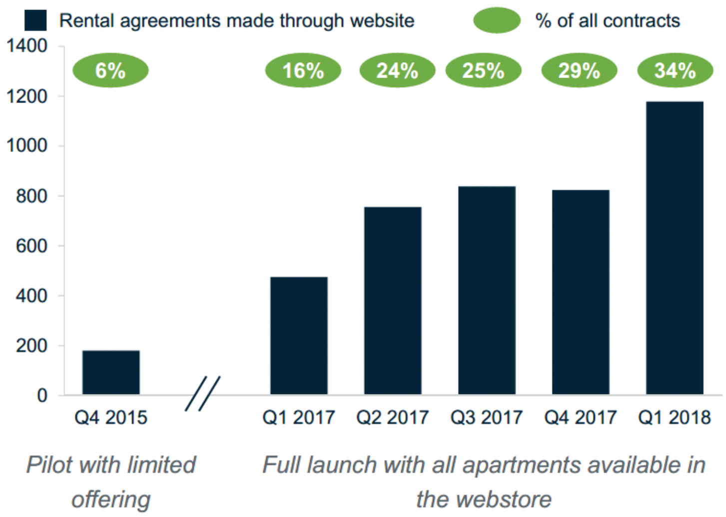
Lumo Webstore and E-services

Kojamo's innovation, the Lumo webstore, is another step in the development of the Lumo service concept. Kojamo believes that the online apartment rental service will drive change in the rental housing sector; the decision-making power and the freedom of choice are handed over to the customers who can rent any available apartment they want immediately. This differs from the traditional model in which the customer submits an application and the landlord then offers the tenant an available apartment that matches the criteria set out by the tenant. Tenants can apply for a certain apartment or an apartment in a specific building or area.

Through the Lumo webstore, Kojamo offers prospective tenants the power and freedom to choose their apartment. All available Lumo apartments can be found from the webstore with description and pictures. The customer can log into the Lumo webstore by using online Nordic banking codes and rent a suitable apartment online without a need to submit a traditional application. Once the customer has chosen the apartment, an automatically binding lease agreement is confirmed by accepting it and its terms and by paying the first month's rent. Kojamo automatically checks the Finnish credit data register for any registered payment defaults as well as the payment history from Kojamo's internal customer data. To be eligible to enter into a lease agreement in the Lumo webstore, the customer must have a clean credit rating and be at least 18 years of age. A further requirement is that the customer must not have any previous arrears payable to Kojamo. If the customer's credit rating or payment history does not meet Kojamo's requirements, the webstore automatically prevents the customer from entering into a lease agreement and instructs the customer to contact customer service or submit an application for an apartment via the Lumo.fi website. When renting the apartment through the Lumo webstore, no separate security deposit is required. The Lumo webstore enables the customer to move in as soon as the next day.

As at the date of this Offering Circular, the lease agreements made in the Lumo webstore are fixed-term agreements for a period of three months. If both parties wish to continue the tenancy after the initial fixed term of three months, the agreement will be extended as an agreement valid until further notice.

Since its launch in October 2015, the Lumo webstore has increased its popularity amongst customers. The following chart sets forth the number of lease agreements made through Lumo webstore in the periods indicated:



As at the date of this Offering Circular, more than 5,700 lease agreements have been agreed through the Lumo webstore. Approximately 34 percent of all lease agreements and 70 percent of lease agreements for newly constructed apartments are made in the Lumo webstore. In Helsinki, approximately 50 percent of all lease agreements are made in the Lumo webstore. In many cases, agreements are made by people migrating between cities. This enhances Kojamo's ability to benefit from the urbanization trend.

[180] Leanheat Ltd.

In addition to concluding the lease agreement online, customers can manage their contract-related issues flexibly in a tenant online service, including outside normal business hours, without needing to visit a *Lumo-Kotikeskus* customer service center. Further, customers can use the electronic services to view their rental payment information, update their contact information, use the apartment exchange market where the tenants of Lumo apartments are able to switch apartments with each other, report a defect, contact a property manager, terminate their lease agreement or reserve a parking space. Kojamo aims to continue to expand its electronic services for tenants and prospective tenants in order to ensure that their use is as easy and effortless as possible.

VVO Brand and Service Concepts

VVO is a customer brand of Kojamo offering good quality and reasonably priced rental apartments. All VVO brand apartments are subject to arava and/or interest subsidy legislation (for more information on restrictions, see "*Legislation Relating to Real Estate and Rental Business*"). The VVO brand targets customers who are looking for a reasonably priced, basic apartment with good quality core services.

The customers wishing to rent a VVO apartment may submit an application through the lumo.fi website. The customer can find a description and pictures of all VVO apartments on lumo.fi as well as information on available or soon to be available apartments. Tenants can apply for a certain apartment or an apartment in a specific building or area. Since all VVO apartments are subject to restrictions under arava and/or interest subsidy legislation, to be able to rent a VVO apartment, the tenant must meet certain requirements regarding need for an apartment, wealth and income level. According to the arava and/or interest subsidy legislation, apartments must be offered primarily to people most in need of an apartment, with limited means and low income. (For further information on restrictions under arava and/or interest subsidy legislation, see "*Legislation Relating to Real Estate and Rental Business*".)

Once the application has been submitted, Kojamo will offer to the tenant an available VVO apartment that matches the criteria set out by the tenant. Kojamo will also confirm that the tenant meets the requirements set by the Arava Restrictions Act or Interest-Subsidy Act.

Kojamo offers a variety of services such as a free 10 Mbit/s broadband connection to the tenants of VVO apartments. To provide a good customer experience, Kojamo's contact center provides assistance for tenants of VVO apartments in matters relating to apartment rental and housing.

Digital Integration and Customer Data

Kojamo's aim is to digitally integrate different layers of its business operations seamlessly to be able to provide the best customer experience, develop new differentiating services and achieve better efficiency than peers. Such layers include the physical buildings and technology therein, the customer and property and other available information on the needs and circumstances of customers as well as the systems that process this information in order to be used to improve customer experience as well as the actual service layer consisting of the services provided by Lumo brand or partners' digital services. The aim is to enable the provision and delivery of services that customers want and a better housing experience together with third parties easier and more efficiently through Kojamo's integrated operating platform.

Kojamo takes data protection into consideration in storing, analyzing, exchanging and utilizing customer data and has implemented processes aimed at complying with the GDPR. In addition, Kojamo realizes that the service development involves a significant amount of commercial and technological partnerships and co-creation. Kojamo aims to be one of the pioneers of the industry in these aspects and, therefore, has taken an active role in initiatives that aim to enable the digitalization of real estate and construction industries in Finland.

Marketing

The key target for Kojamo's marketing is to increase brand awareness and net promoter score. In 2017, Kojamo had a team of seven professionals focusing on communications and marketing. In addition to its in-house team, Kojamo utilizes external service providers, for example, for the overall planning of Kojamo's marketing strategy, marketing analytics, digital marketing and search engine optimization.

Kojamo uses a variety of marketing channels with the main channels being search engine optimization and marketing, display and mobile advertising as well as advertising on rental apartment portals and social media. Online marketing and social media are used particularly to reach Kojamo's younger target group. Kojamo has ongoing online marketing and social media campaigns. On average, during fall 2017 search engine marketing accounted for 25 percent and display and mobile advertising 15 percent of the weekly users of the Lumo webstore. In addition, Kojamo advertises the Lumo brand and its rental apartments using out-of-home and television advertising. Printed marketing is used only when it is needed to support local marketing or to reach specific target groups.

Environment

Kojamo Group is developing its operations to continually improve its environmental efficiency and Kojamo's principle is to adopt the most appropriate and efficient use of energy without compromising the quality and conditions of housing. The most significant environmental aspect Kojamo takes into consideration is the energy consumption of its properties. Energy use is continually being improved based on the goals agreed for the Rental Property Action Plan under the Property and Building Sector Energy Efficiency Agreement 2017–2025 (VAETSII) which is a governmental action plan for real estate industry to improve the energy efficiency of the industry. Kojamo's aim is to exceed energy efficiency requirements in all its new built properties.

Kojamo aims to reduce energy usage by 7.5 percent by 2025. To reduce the energy consumption of its properties, Kojamo is currently targeting an indoor air temperature of 21 degrees in its apartments in accordance with the Housing Health Guidelines issued by the Finnish Ministry of Social Affairs and Health. In the area of energy recycling, Kojamo is currently examining and implementing the use of property-specific exhaust air heat pumps to recover waste heat from ventilation. Kojamo has also implemented an operational model for the management of water consumption in order to ensure that water fittings are maintained and equipped with water-saving components in conjunction with the regular maintenance cycle (six to eight years). Moreover, Kojamo is constantly striving to improve waste management on its properties and apartment buildings. Over 90 percent of Kojamo's properties are connected to a remote monitoring system for energy and water consumption, making it easier to target energy saving measures.

In 2016, the European Investment Bank granted EUR 170 million of funding to Kojamo for the production of energy-efficient housing. Since 2017, Kojamo's own new construction has comprised only nearly zero-energy properties (nZEB). The aim is to reduce energy consumption and carbon dioxide emissions and thereby support EU emission reduction targets.

Preventing climate change is also a long-term commitment at Kojamo and a consideration in all its business development actions. Kojamo is a member of Climate Leadership Coalition (CLC) which enables it to improve its efforts to help prevent global warming and in this way build a better future for the housing sector. The Kojamo Group Head Office and two *Lumo-Kotikeskus* centers are WWF Green Office certified.

Personnel

As at the date of this Offering Circular, the number of Kojamo's personnel is 341 of whom 282 have permanent contracts and 59 have temporary contracts (including 40 summer employees).

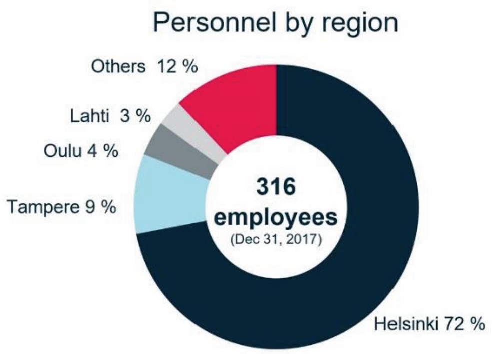
The following chart sets forth certain key information regarding Kojamo's personnel for the financial years and as at the periods indicated:

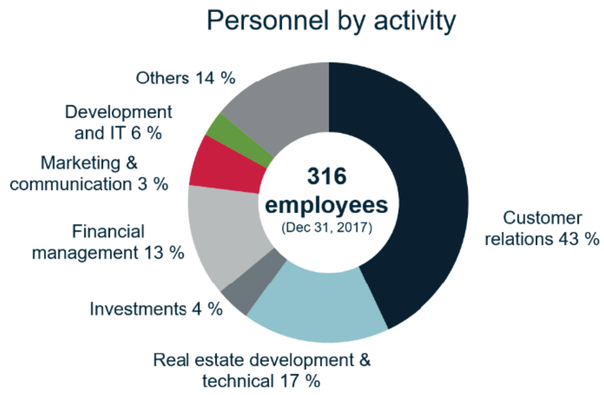
	Jan 1–Dec 31 or Dec 31,		
	2017	**2016**	**2015**
Total number of employees as at the end of the financial year	316	286	356
Employees on permanent contracts as at the end of the financial year	284	267	323
Employees on temporary contracts as at the end of the financial year	32	19	33
Average length of service as at the end of the financial year (years)	10.0	10.6	11.4
Employee turnover as at the end of the financial year (%)	17.2	16.3	13.5
Average number of employees during the financial year(1)	310	298	364
Total wages and salaries during the financial year, (EUR in millions)	15.3	16.3	18.0

(1) Personnel on average is the average number of employees at the end of each month during the financial year. Total number covers all employees as at the end of the last month of the financial year.

The total number of employees decreased from 2015 to 2016 due to the transition of 66 persons from Kojamo to Y-Foundation in conjunction with a divestment of 8,571 apartments to Y-Foundation (for more information, see "*—Kojamo's Property Portfolio—Portfolio Development—Recent Important Acquisitions and Divestments*"). The total number of employees increased from 2016 to 2017 due to new recruitments as well as increased use of hourly based sales representatives. Kojamo has its own collective bargaining agreement with Trade Union Pro.

The following charts sets forth the distribution of Kojamo's personnel geographically as at December 31, 2017 and by main activity on the dates presented:



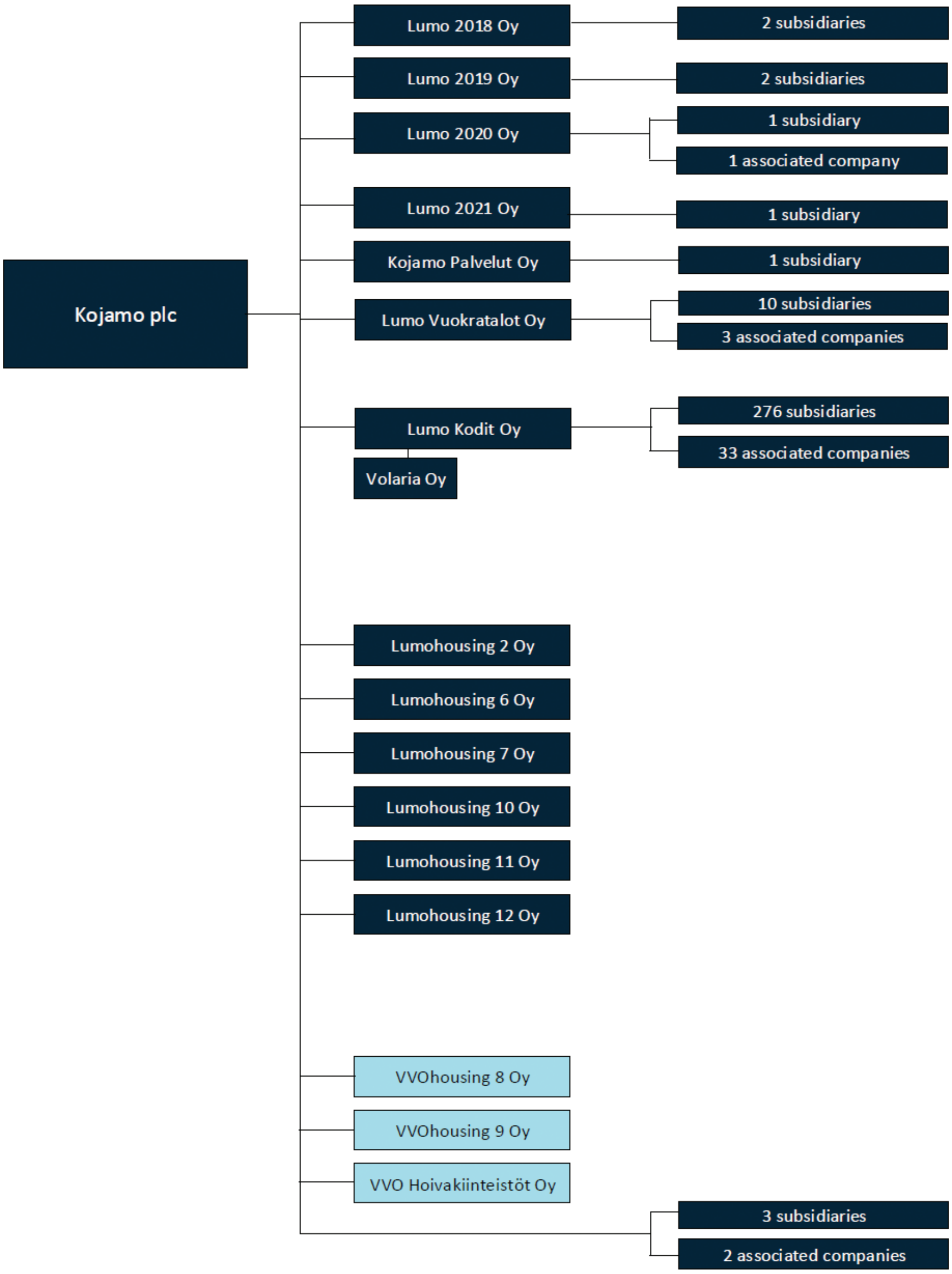


Group Legal Structure

As at March 31, 2018, Kojamo Group consisted of Kojamo plc, the parent company, and 322 subsidiaries. 275 subsidiaries were wholly-owned and 22 subsidiaries were majority-owned. In addition, there were 35 associated companies of which Kojamo directly or indirectly owned between 20 and 50 percent.[181] All of Kojamo's

[181] The number of associated companies in the chart below does not correlate with the actual number of associated companies because four of the associated companies are considered to be subsidiaries in Kojamo Group as a result of the Group's cross and joint ownerships.

subsidiaries are incorporated in Finland. The following chart sets out a simplified legal structure of Kojamo Group as at the date of this Offering Circular[182]:



Kojamo is a holding company and its material assets are its shareholdings in its subsidiaries. Other than the receivables under intercompany loans and any other proceeds from loans made in connection with other financing transactions, Kojamo largely depends on distribution of dividends, group support and other payments from its subsidiaries which generate operating cash flow from rental apartments and housing services, and from the profitability and cash flow of its subsidiaries.

Legal Proceedings

Neither Kojamo nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Kojamo is aware) during the previous twelve months preceding the date of this Offering Circular which may have or have had in

[182] In the organizational chart, the subsidiaries of Kojamo plc marked in dark blue belong to the Lumo segment and subsidiaries marked in light blue belong to the VVO segment.

such period or in the recent past a significant effect on Kojamo's and/or the Group's financial position or profitability. Kojamo's management is not aware of any facts or circumstances that could reasonably be expected to lead to any material claims being made against Kojamo Group in the foreseeable future.

Risk Management Processes

Kojamo has a risk management policy that aims to create unified risk management principles and processes through the organization. The aim is also to increase the knowledge about the risks, develop the risk management process and make sure that management has all necessary information to support its decisions. The risk management policy defines the goals, process and distribution of duties regarding the risk management.

The main principles of Kojamo's risk management consist of processes allowing Kojamo to identify, assess and manage risks. By identifying risks, Kojamo recognizes those matters that may prevent Kojamo from achieving its goals and implementing its strategy. The identified risks are assessed on how likely they are to materialize and what the effects would be. The identified risks are either accepted, avoided or reduced depending on the risk bearing capacity and cost-benefit analysis.

Risk management is part of everyday process and decision making of all units of the organization. All units regularly identify and assess the risks related to their operations and define how to manage the identified risks. The unit leaders are responsible for organizing the risk management in respective units and collection of risk related information. All units report to a person responsible for risks management of Kojamo. The person responsible for risk management develops and takes care of the efficiency of the risk management process and reports to the management and the Board of Directors of Kojamo. Each member of Kojamo's Management Team is responsible for identification, assessment and management of risks related to his/hers area of responsibility and the CEO is responsible for efficiency of the risk management process. The Board of Directors is responsible for the overall risk management and adopts the risk management policy and changes thereto.

Insurance

The properties owned by Kojamo are covered with full value insurance policies which, as at the date of this Offering Circular, are provided by If P&C Insurance Ltd (publ), branch in Finland. These insurances cover sudden and unforeseen direct property damage resulting from, for example, water and fire as well as theft and malicious damage. In addition, Kojamo has various other insurances, including cyber insurance, third-party liability insurance for business operations and for the Board of Directors and managing director of Kojamo as well as insurance for buildings and movable property and statutory accident insurance, all subject to standard limitations in the Finnish insurance market. Kojamo reviews its insurance policies on a regular basis as a matter of its general risk management.

Technology and IT

With the aim of enabling best customer experience, development of new differentiating services and better-than-peers efficiency, Kojamo's IT infrastructure constitutes an integrated and solid platform for supporting all business needs of the Company. The modular architecture consists of both Kojamo's own and third-party applications either as on premise solutions, Microsoft Azure-based solutions, or purchased as a Software-as-a-Service. The approach has enabled Kojamo to differentiate its customer service, for example by launching the first fully integrated apartment rental webstore in Finland.

Kojamo has its own internal IT function that steers the development of the IT infrastructure and manages the related internal policies, processes and partner relations. The operative management of Kojamo's IT systems as well as the development of new applications are largely outsourced to selected key partners.

Kojamo's information security policies and procedures aim at ensuring the reliability of operations and the protection of customer and other data under all circumstances. Kojamo also uses external experts to audit the main elements of its IT infrastructure and operations.

Kojamo continues to invest in the development of its IT infrastructure and operations in line with its strategy and business needs.

Intellectual Property Rights

Kojamo is a residential real estate investment company. Kojamo has not registered and does not own or license intellectual property rights that would be material to its operations except for the registration of the Kojamo, Lumo and VVO names, logos, domain names, trademarks and domains of the Group companies. Intellectual property rights do not have a material effect on Kojamo's business or profitability.

The Company is not a Real Estate Investment Trust ("REIT")

In order to operate as a REIT, a Finnish public limited liability company must qualify under the Finnish Act on Real Estate Funds (19.12.1997/1173) and also qualify for tax relief under the Finnish Act on the Tax Relief of Certain Limited Liability Companies Engaged in Apartment Rental Activities (24.4.2009/299). These acts regulate, among other things, the profit distribution and the scope of permissible investment activities of a Finnish REIT. In order to qualify as a REIT, a newly incorporated public limited liability company must also apply for the listing of its shares within three years from its incorporation, unless the FSA grants an exemption from this requirement (which exemption can only be granted for a further two years). The above referenced acts do not apply to the Company's business and the Company's strategic goals do not include conducting its business as a REIT. In the Company's view, there is no precedent in Finland of converting an already listed public limited liability company into a REIT.

Material Agreements

Metropolia properties transaction with the City of Helsinki

Lumo Kodit Oy entered into a framework agreement dated October 12, 2017, regarding properties purchased from the City of Helsinki, which properties, as at the date of this Offering Circular, are being used by Metropolia Ammattikorkeakoulu (see section "*Kojamo's Property Portfolio—Portfolio Development—Recent Important Real Estate Development Project*"). In the framework agreement, the parties agreed on, inter alia, the determination of the purchase price concerning the properties included in the transaction and the related payment schedule, collaboration in the development of the properties, and redemption, selling and forwarding rights regarding the properties. The purchase price for the properties consists of a fixed part and a variable part. The fixed part of the purchase price was EUR 80.9 million. The variable part of the purchase price is based on the building right set out in the new land use plan in respect of each property and the changed purpose of use of the properties and will be paid when the amended land use plan or the decision on the changed purpose of use has gained legal force, the lease period set out in the lease agreement entered into with Metropolia Ammattikorkeakoulu has expired and Metropolia Ammattikorkeakoulu has transferred possession of the property to the purchaser of the property in question, belonging to the 14 real estate companies owned by Lumo Kodit Oy that complete the individual transactions. Lumo Kodit Oy is responsible for filing the application regarding the amendment of the current land use plan with the relevant authority two years from the signing of the framework agreement, at the latest.

The relevant properties were purchased from the City of Helsinki by 14 real estate companies owned by Lumo Kodit Oy through separate real estate transactions executed on October 16, 2017. Simultaneously with these real estate transactions, the City of Helsinki and the real estate companies (not including two of the real estate companies) entered into separate binding preliminary agreements concerning the respective targets in the real estate transactions, according to which, in case there is an obstacle, as specified in the preliminary agreement, in respect of the execution of the property development (i.e., the purpose of use has regardless of an appropriate application not been changed from educational or other public purpose through a change in the detailed plan or a building permit or exceptional permit), both the seller and the buyer have the right to demand the execution of the transaction stipulated in the preliminary agreement during the period January 1, 2022–December 31, 2023 by notifying the other party thereof six months prior to the relevant transaction. This would result in the property in question returning to the ownership of the City of Helsinki in accordance with the conditions of the property transaction set out in the preliminary agreement in question.

According to the aforementioned framework agreement, Lumo Kodit Oy warrants towards the City of Helsinki, without any limitations, that no such party which has not been previously approved by the City of Helsinki in writing becomes the direct or indirect owner of a company which has purchased a property, in case the change in ownership is executed prior to the fulfillment of the obligations set out in the framework agreement or the real estate purchase agreement or the preliminary agreement concerning the relevant property.

Lumo Kodit Oy has sold one of the real estate companies having bought a so-called Metropolia property through a share transaction executed in December 2017. The City of Helsinki has approved the transaction and the conditions set out in the above mentioned framework agreement have transferred to the acquiring party.

Real estate transaction with a company managed by Avant Capital Partners

On December 21, 2016, Kojamo entered into a sale and purchase agreement whereby it sold to a company managed by Avant Capital Partners a total of 1,344 apartments located across Finland. The transaction was duly completed on January 31, 2017.

In the sale and purchase agreement, both Kojamo and the buyers have given customary warranties, and the sale and purchase agreement also contains limitation of liability provisions customary for the Finnish market, including, among other things, *de-minimis*, basket and liability cap provisions. The buyers' right to make any claims based on a breach of warranty in the sale and purchase agreement will expire 18 months after the completion of the transaction, i.e. on July 31, 2018. The described time limitation does not apply to the fundamental warranties for which the claim period expires 36 months after the completion of the transaction, i.e., on January 31, 2020.

Real estate transaction with a real estate fund managed by Morgan Stanley Real Estate Investing

On March 28, 2018, Kojamo entered into a sale and purchase agreement whereby it sold to a real estate fund managed by Morgan Stanley Real Estate Investing, Renger Investment Management and Premico Group a total of 1,594 apartments located across Finland. The aggregate debt-free purchase price was EUR 97 million. The transaction was duly completed on April 30, 2018.

In the sale and purchase agreement, both Kojamo and the buyers have given customary warranties. The sale and purchase agreement also contains limitation of liability provisions customary for the Finnish market, including, among other things, *de-minimis*, basket and liability cap provisions. The buyers' right to make any claims based on a breach of warranty in the sale and purchase agreement will expire 18 months after the completion of the transaction, i.e., on October 31, 2019. The described time limitation does not apply to certain fundamental warranties for which the claim period expires 48 months after the completion of the transaction, i.e., on April 30, 2022, nor to the sellers' tax warranties for which the claim period will expire 120 days after the applicable statute of limitations.

Real estate transaction with funds managed by OP Financial Group

On March 5, 2018, Kojamo entered into six different sale and purchase agreements whereby it acquired from funds managed by OP Financial Group a total of 981 apartments located across Finland. The transaction was duly completed on the signing date of the sale and purchase agreements, i.e., on March 5, 2018.

The sale and purchase agreements contain limitation of liability provisions customary for the Finnish market, including, among other things, *de-minimis*, basket and liability cap provisions. Kojamo's right to make any claims based on a breach of warranty in the sale and purchase agreements will expire 15 months after the completion of the transaction on June 5, 2019. The described time limitation does not apply to certain fundamental warranties for which the claim period expires three years after the completion of the transaction, i.e., on March 5, 2021, nor to the sellers' tax warranty for which the claim period will expire three months after the expiry of the statutory limitation period for the relevant tax reassessment. In addition, the sale and purchase agreements contain provisions according to which the seller has a right to buy back the shares in the relevant target companies in case Kojamo's claims exceed an agreed percentage of the debt-free purchase price set out in the respective sale and purchase agreements.

SELECTED FINANCIAL INFORMATION

Kojamo has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS) for the financial years ended December 31, 2017 and 2016.

The consolidated financial information presented below has been derived from Kojamo's audited consolidated financial statements for the financial years ended December 31, 2017, and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, attached to this Offering Circular, prepared in accordance with IFRS, as well as Kojamo's unaudited consolidated interim financial statements included in the interim report for the three months ended March 31, 2018, attached to this Offering Circular, prepared in accordance with IAS 34 and including the comparative information for the three months ended March 31, 2017.

Kojamo's operations are divided into two business units, Lumo and VVO, which also constitute the Company's reporting segments.

The following table sets forth Kojamo's consolidated income statement data for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	For the three months ended March 31, 2017	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015
	(unaudited)			(audited)	
CONSOLIDATED INCOME STATEMENT					
Total revenue	**88.2**	**83.6**	**337.0**	**351.5**	**370.9**
Maintenance expenses	(25.2)	(23.7)	(85.4)	(90.3)	(97.0)
Repair expenses	(7.6)	(7.2)	(35.6)	(39.1)	(46.5)
Net rental income	**55.5**	**52.6**	**216.0**	**222.0**	**227.4**
Administrative expenses	(9.1)	(8.5)	(37.2)	(37.4)	(39.7)
Other operating income	0.5	0.5	2.0	2.3	2.1
Other operating expenses	(0.2)	(0.9)	(1.3)	(3.1)	(0.4)
Profit/loss on sales of investment properties	0.6	0.7	2.5	(10.4)	2.7
Profit/loss on sales of trading properties	0.0	—	0.0	0.1	0.0
Fair value change of investment properties	20.7	23.5	126.2	163.3	70.3
Depreciation, amortization and impairment losses	(0.2)	(0.3)	(1.1)	(1.2)	(1.2)
Operating profit	**67.8**	**67.6**	**307.0**	**335.6**	**261.2**
Financial income	0.9	1.4	5.0	2.4	7.8
Financial expenses	(12.4)	(10.6)	(45.5)	(48.4)	(44.8)
Total amount of financial income/expenses	**(11.5)**	**(9.3)**	**(40.5)**	**(46.0)**	**(37.1)**
Share of result from associated companies	—	—	0.1	0.1	0.6
Profit before taxes	**56.3**	**58.3**	**266.7**	**289.7**	**224.7**
Current tax expense	(7.1)	(12.5)	(28.6)	(35.4)	(22.1)
Change in deferred taxes	(4.6)	1.1	(25.1)	(22.1)	(23.2)
Profit for the period	**44.6**	**46.9**	**212.9**	**232.3**	**179.4**
Profit of the financial period attributable to					
Shareholders of the parent company	44.6	46.9	212.9	232.3	179.3
Non-controlling interests	—	—	—	0.0	(0.1)
Earnings per share based on profit attributable to equity holders of the parent company					
Basic, euro(1)	0.19	0.20	0.93	1.01	0.78
Diluted, euro(1)	0.19	0.20	0.93	1.01	0.78
Average number of the shares, millions(1)	229.5	229.5	229.5	229.5	229.5

(1) Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on May 25, 2018 regarding the share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

The following table sets forth Kojamo's consolidated statement of comprehensive income data as at the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit for the period	**44.6**	**46.9**	**212.9**	**232.3**	**179.4**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedging	9.5	9.0	20.4	(9.9)	4.6
Available-for-sale financial assets	—	0.1	0.2	0.4	(1.6)
Deferred taxes	(1.9)	(1.8)	(4.1)	1.9	(0.6)
Items that may be reclassified subsequently to profit or loss	**7.6**	**7.2**	**16.5**	**(7.6)**	**2.4**
Total comprehensive income for the period	**52.2**	**54.1**	**229.4**	**224.7**	**181.8**
Total comprehensive income attributable to					
Shareholders of the parent company	52.2	54.1	229.4	224.7	181.7
Non-controlling interests	—	—	—	0.0	(0.1)

The following table sets forth Kojamo's consolidated balance sheet data as at the dates indicated:

(EUR in millions)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)		(audited)		
CONSOLIDATED BALANCE SHEET					
ASSETS					
Non-current assets					
Intangible assets	0.4	0.7	0.4	0.8	1.1
Investment properties	4,834.4	4,314.4	4,706.5	4,228.3	3,464.9
Property, plant and equipment	30.8	30.8	31.0	31.0	31.2
Investments in associated companies	1.8	1.2	1.7	1.2	1.0
Financial assets	0.5	0.5	0.5	0.6	0.5
Non-current receivables	5.3	5.7	5.3	5.6	2.2
Derivatives	5.3	3.9	6.5	2.0	—
Deferred tax assets	9.6	13.9	10.9	15.4	12.0
Non-current assets total	**4,888.1**	**4,371.2**	**4,762.7**	**4,284.8**	**3,513.1**
Non-current assets held for sale	96.7	3.9	3.7	70.7	541.0
Current assets					
Trading properties	0.4	0.9	0.6	0.9	1.0
Derivatives	0.1	0.2	0.0	0.3	—
Current tax assets	5.0	10.2	0.5	7.7	1.7
Trade and other receivables	19.0	15.7	8.8	6.8	8.8
Financial assets	85.7	49.1	49.3	69.0(1)	54.6(1)
Cash and cash equivalents	354.4	142.3	117.8	132.0(1)	116.0(1)
Current assets total	**464.6**	**218.3**	**177.0**	**216.7**	**182.0**
ASSETS TOTAL	**5,449.4**	**4,593.4**	**4,943.5**	**4,572.2**	**4,236.1**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	58.0	58.0	58.0	58.0	58.0
Share issue premium	35.8	35.8	35.8	35.8	35.8
Fair value reserve	(16.6)	(33.0)	(23.7)	(40.2)	(32.6)
Invested non-restricted equity reserve	17.9	17.9	17.9	17.9	17.9
Retained earnings	1,945.2	1,784.6	1,950.6	1,788.0	1,659.4
Equity attributable to shareholders of the parent company	**2,040.2**	**1,863.3**	**2,038.6**	**1,859.5**	**1,738.5**
Non-controlling interests	—	—	—	—	0.6
Total equity	**2,040.2**	**1,863.3**	**2,038.6**	**1,859.5**	**1,739.1**
LIABILITIES					
Non-current liabilities					
Loans	2,513.7	1,871.8	2,109.8	1,796.1	1,259.8
Deferred tax liabilities	483.4	452.6	478.3	453.4	429.8
Derivatives	40.8	60.5	48.3	68.3	48.4
Provisions	0.8	0.9	0.8	1.0	0.9
Other non-current liabilities	15.5	6.9	14.8	7.1	7.1
Non-current liabilities total	**3,054.1**	**2,392.7**	**2,652.0**	**2,325.9**	**1,746.0**
Liabilities related to non-current assets held for sale	0.2	—	—	1.0	467.1
Current liabilities					
Loans	221.0	215.8	173.2	326.8	234.7
Derivatives	0.4	0.6	0.2	0.9	1.3
Current tax liabilities	6.9	20.7	9.1	9.9	9.9
Trade and other payables	126.4	100.2	70.4	48.3	38.0
Current liabilities total	**354.8**	**337.3**	**252.9**	**385.8**	**283.9**
Total liabilities	**3,409.2**	**2,730.1**	**2,904.9**	**2,712.6**	**2,497.1**
TOTAL EQUITY AND LIABILITIES	**5,449.4**	**4,593.4**	**4,943.5**	**4,572.2**	**4,236.1**

(1) As from January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparison figures have not been changed to correspond to the current classification.

The following table sets forth Kojamo's cash flow data for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	For the three months ended March 31, 2017	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015
	(unaudited)		(audited)		
CONSOLIDATED STATEMENT OF CASH FLOWS					
Cash flow from operating activities					
Profit for the period	44.6	46.9	212.9	232.3	179.4
Adjustments	2.0	(3.2)	(33.5)	(46.6)	9.0
Change in net working capital					
Change in trade and other receivables	(9.0)	(8.7)	(0.8)	0.6	0.2
Change in trading properties	0.1	—	0.3	0.1	2.0
Change in trade and other payables	9.5	7.8	0.1	(2.5)	(2.2)
Interest paid	(7.1)	(8.5)	(39.7)	(38.0)	(42.4)
Interest received	0.2	0.1	0.6	0.7	0.6
Other financial items	(3.1)	(0.2)	(7.4)	(2.7)	(0.5)
Taxes paid	(13.8)	(4.1)	(22.1)	(41.4)	(24.8)
Net cash flow from operating activities	**23.5**	**30.0**	**110.4**	**102.4**	**121.3**
Cash flow from investing activities					
Acquisition of investment properties	(210.8)	(74.0)	(341.9)	(421.8)	(230.9)
Acquisition of associated companies	(0.1)	—	(0.4)	0.0	—
Acquisition of property, plant and equipment and intangible assets	0.0	(0.1)	(0.8)	(0.1)	(0.5)
Proceeds from sale of investment properties	4.4	69.8	84.5	89.9	15.4
Proceeds from sale of associated companies	—	—	0.0	0.6	0.0
Proceeds from sale of property, plant and equipment and intangible assets	0.0	—	0.0	0.0	0.0
Purchases of financial assets	(155.0)	0.0	(322.5)	(28.0)	(39.0)
Proceeds from sale of financial assets	118.5	0.0	322.8	14.0	53.7
Non-current loans, granted	—	—	(1.8)	(0.4)	(0.2)
Repayments of non-current receivables	0.0	0.0	1.3	0.2	0.5
Interest and dividends received on investments	0.0	0.1	0.3	0.4	1.3
Net cash flow from investing activities	**(243.0)**	**(4.2)**	**(258.5)**	**(345.1)**	**(199.8)**
Cash flow from financing activities					
Non-current loans, raised	500.0	87.0	686.4	482.6	195.9
Non-current loans, repayments	(123.0)	(69.3)	(434.0)	(154.9)	(134.2)
Current loans, raised	219.0	34.0	267.8	390.1	252.3
Current loans, repayments	(140.0)	(87.3)	(355.9)	(358.0)	(209.1)
Dividends paid	—	—	(50.3)	(103.6)	(22.2)
Net cash flow from financing activities	**456.0**	**(35.6)**	**113.9**	**256.1**	**82.7**
Change in cash and cash equivalents	**236.5**	**(9.7)**	**(34.2)**	**13.4**	**4.2**
Cash and cash equivalents in the beginning of period	**117.8**	**152.0**	**152.0**	**118.6**(1)	**114.4**(1)
Cash and cash equivalents at the end of period	**354.4**	**142.3**	**117.8**	**132.0**(1)	**118.6**(1)

(1) As from January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparison figures have not been changed to correspond to the current classification.

Key Figures

Kojamo monitors several key figures which it uses to measure its financial performance, increase understanding of the profitability of Kojamo's rental business, of the rental growth without the impact of the purchases and sales of investment properties as well as completed apartments in the new building, on Kojamo's ability to acquire financing and on how Kojamo's cash flow is formed. Key figures include also alternative performance measures. For more information on alternative performance measures and their definitions see "*Financial Statements Related and Certain Other Information—Alternative Performance Measures*" and "*—Reconciliations of Certain Alternative Performance Measures*".

The following table sets forth key figures of Kojamo as at the dates and for the periods indicated:

	As at and for the three months ended March 31,		As at and for the year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
KEY FIGURES					
Total revenue (EUR in millions)	88.2	83.6	337.0(4)	351.5(4)	370.9(4)
Net rental income (EUR in millions)	55.5	52.6	216.0(4)	222.0(4)	227.4(4)
Net rental income margin, %	62.9	62.9	64.1	63.2	61.3
Profit before taxes (EUR in millions)	56.3	58.3	266.7(4)	289.7(4)	224.7(4)
EBITDA (EUR in millions)	68.0	67.9	308.2	336.8	262.4
EBITDA margin, %	77.1	81.2	91.5	95.8	70.7
Adjusted EBITDA (EUR in millions)	46.7	43.6	179.5	186.3	189.1
Adjusted EBITDA margin, %	52.9	52.2	53.3	53.0	51.0
Funds from operations (FFO) (EUR in millions)	29.2	21.0	107.8	112.2	129.4
Funds from operations margin, %	33.1	25.1	32.0	31.9	34.9
Adjusted funds from operations (AFFO) (EUR in millions)	26.3	17.7	82.3	82.9	83.6
Operative result (EUR in millions)	28.5	26.6	107.6(4)	116.9(4)	121.4
Investment properties (EUR in millions)(1)	4,930.8	4,318.3	4,710.2(4)	4,298.9(4)	3,999.2(4)
Financial occupancy rate, %	96.3	96.8	96.7	97.4	97.6
Interest-bearing liabilities (EUR in millions)(2)	2,734.7	2,087.6	2,283.0(4)	2,122.8(4)	1,494.6(4)
Return on equity (ROE), %	8.8	10.1	10.9(4)	12.9(4)	10.8(4)
Return on investments (ROI), %	6.0	7.0	7.5(4)	8.8(4)	7.6(4)
Equity ratio, %	37.5	40.6	41.3(4)	40.7(4)	41.1(4)
Loan to value, %(2)(3)	49.2	45.1	46.0(4)	47.1(4)(6)	39.8(4)(6)
Unencumbered asset ratio, %(5)	62.0	41.7	54.8	39.7	34.7
Hedging ratio, %	87	79	111(4)	77(4)	72(4)
Earnings per share (EUR)(7)	0.19	0.20	0.93(4)	1.01(4)	0.78(4)
Equity per share (EUR)(7)	8.89	8.12	8.88(4)	8.10(4)	7.58(4)
EPRA NAV (net asset value) per share (EUR)(7)	11.11	10.29	11.11	10.31	9.62
Gross investments (EUR in millions)	203.7	65.0	367.3	696.0	235.0
Number of personnel, end of period	319	296	316	286	356

(1) Includes investment properties classified as non-current assets held for sale.

(2) Excludes liabilities relating to non-current assets held for sale. See Note 21 to the financial statements for the years ended December 31, 2017, 2016 and 2015 appended to this Offering Circular.

(3) The formula used in the calculation was changed in 2017, and comparative figures were restated to correspond to the current formula.

(4) Audited.

(5) The calculation formula was changed in 2018 to limit the maximum amount of warranties to the fair value of the investment property and the comparative figures for earlier periods presented in this Offering Circular were restated to correspond to the current formula.

(6) As at January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparative figures as at December 31, 2016 and 2015 have not been restated to correspond to the current classification.

(7) Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

Calculation Formulas Used in the Calculation of Key Figure

Operating profit	=	Total revenue−Maintenance expenses−Repair Expenses−Administrative expenses + Other operating income−Other operating expenses +/− Profit/loss on sales of investment properties +/− Profit/loss on sales of trading properties +/− Fair value change of investment properties−Depreciation, amortisation and impairment losses	
Net rental income	=	Total revenue−Maintenance expenses−Repair Expenses	
Net rental income, %		$\dfrac{\text{Net rental income}}{\text{Total revenue}}$	x 100
Profit before taxes		Net rental income−Administrative expenses + Other operating income−Other operating expenses +/− Profit/loss on sales of investment properties +/− Profit/loss on sales of trading properties +/− Fair value change of investment properties−Depreciation, amortization and impairment losses +/− Financial income and expenses +/− Share of result from associated companies	
EBITDA	=	Net profit + Depreciation, amortization −/+ Total amount of financial income/expenses −/+ Share of result from associated companies + Current tax expense + Change in deferred taxes	
EBITDA margin, %	=	$\dfrac{\text{EBITDA}}{\text{Total revenue}}$	x 100
Adjusted EBITDA	=	Net profit + Depreciation, amortization −/+ Profit/loss on sales of investment properties −/+ Profit/loss on sales of trading properties −/+ Profit/loss on sales of other non-current assets −/+ Fair value change of investment properties −/+ Total amount of financial income/expenses expenses −/+ Share of result from associated companies+ Current tax expense + Change in deferred taxes	
Adjusted EBITDA margin, %	=	$\dfrac{\text{Adjusted EBITDA}}{\text{Total Revenue}}$	x 100
Funds from operations (FFO)	=	Adjusted EBITDA + Adjusted net interest charges + Current tax expenses	
Funds from operations margin, %	=	$\dfrac{\text{Adjusted EBITDA + Adjusted net interest charges + Current tax expenses}}{\text{Total revenue}}$	x 100
Adjusted funds from operations (AFFO)	=	Adjusted EBITDA + Adjusted net interest charges + Current tax expenses−Modernization investments	
Operative result	=	Profit for the period −/+ Gains/losses on sales of properties −/+ Fair value changes −/+ Other items affecting comparability−Tax effect of the adjustments	
Interest-bearing liabilities	=	Non-current loans and borrowings + Current loans and borrowings	
Return on equity (ROE), %	=	$\dfrac{\text{Profit for the period (annualized)}}{\text{Total equity, average of opening and closing balances}}$	x 100
Return on investment (ROI), %	=	$\dfrac{\text{Profit before taxes−Interests and other financial expenses}}{\text{(Assets total−Non-interest-bearing liabilities), average of opening and closing balances}}$	x 100
Equity ratio, %	=	Total equity	x 100

Assets total−Advances received

Earnings per share, EUR = $\frac{\text{Earnings attributable to equity holders}}{\text{Weighted average number of shares outstanding during the financial period}}$

Equity per share, € = $\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares at the end of the financial period}}$

Loan to value, % = $\frac{\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}}{\text{Investment properties}} \times 100$

Unencumbered asset ratio, % = $\frac{\text{Unencumbered assets}}{\text{Assets total}} \times 100$

Hedging ratio, % = $\frac{\text{Nominal amount of interest rate derivatives + fixed rate loans}}{\text{Loans from financial institutions + bonds + commercial papers}} \times 100$

EPRA NAV (Net asset value) = Equity attributable to shareholders of parent company + Fair value of derivatives + deferred tax related to fair value of investment properties and derivatives

EPRA NAV per share (Net asset value) = $\frac{\text{EPRA NAV}}{\text{Number of shares at the end of the financial period}}$

Gross investments = Acquisition and development of investment properties + Modernization investments + Capitalized borrowing costs

Reconciliations of Certain Alternative Performance Measures

The following table sets forth the reconciliations of certain alternative performance measures to the nearest IFRS measure, for the periods indicated:

	As at and for the three months ended March 31,		As at and for the year ended December 31,		
(EUR in millions, unless otherwise indicated)	2018	2017	2017	2016	2015
	(unaudited)		(audited, unless otherwise indicated)		
Profit for the period	44.6	46.9	212.9	232.3	179.4
Depreciation, amortization and impairment losses	0.2	0.3	1.1	1.2	1.2
Financial income	(0.9)	(1.4)	(5.0)	(2.4)	(7.8)
Financial expenses	12.4	10.6	45.5	48.4	44.8
Share of result from associated companies	—	—	(0.1)	(0.1)	(0.6)
Current tax expense	7.1	12.5	28.6	35.4	22.1
Change in deferred taxes	4.6	(1.1)	25.1	22.1	23.2
EBITDA	**68.0**	**67.9**	**308.2**[1]	**336.8**[1]	**262.4**[1]
Profit for the period	44.6	46.9	212.9	232.3	179.4
Depreciation, amortization and impairment losses	0.2	0.3	1.1	1.2	1.2
Profit/loss on sales of investment properties	(0.6)	(0.7)	(2.5)	10.4	(2.7)
Profit/loss on sales of trading properties	0.0	—	0.0	(0.1)	0.0
Profit/ loss on sales of other non-current assets	0.0	—	0.0	2.5	(0.3)
Fair value change of investment properties	(20.7)	(23.5)	(126.2)	(163.3)	(70.3)
Financial income	(0.9)	(1.4)	(5.0)	(2.4)	(7.8)
Financial expenses	12.4	10.6	45.5	48.4	44.8
Share of result from associated companies	—	—	(0.1)	(0.1)	(0.6)
Current tax expense	7.1	12.5	28.6	35.4	22.1
Change in deferred taxes	4.6	(1.1)	25.1	22.1	23.2
Adjusted EBITDA	**46.7**	**43.6**	**179.5**[1]	**186.3**[1]	**189.1**[1]
Financial income and expenses	(11.5)	(9.3)	(40.5)	(46.0)	(37.1)
Fair value change of financial assets	1.1	(0.8)	(2.7)[1]	7.3[1]	(0.5)[1]
Adjusted net interest charges	(10.4)	(10.1)	(43.1)	(38.7)	(37.6)
Current tax expense	(7.1)	(12.5)	(28.6)	(35.4)	(22.1)
FFO	**29.2**	**21.0**	**107.8**[1]	**112.2**[1]	**129.4**[1]
Modernization investments	(2.9)	(3.3)	(25.4)	(29.3)	(45.8)

(EUR in millions, unless otherwise indicated)	As at and for the three months ended March 31, 2018	2017	As at and for the year ended December 31, 2017	2016	2015
	(unaudited)		(audited, unless otherwise indicated)		
AFFO	**26.3**	**17.7**	**82.3**[(1)]	**82.9**[(1)]	**83.6**[(1)]
Profit for the period	44.6	46.9	212.9	232.3	179.4
Profit/loss on sales of investment properties	(0.6)	(0.7)	(2.5)	10.4	(2.7)
Profit/loss on sales of trading properties	0.0	—	0.0	(0.1)	0.0
Profit/ loss on sales of other non-current assets	0.0	—	0.0	2.5	(0.3)
Fair value change of investment properties	(20.7)	(23.5)	(126.2)	(163.3)	(70.3)
Fair value change of financial assets	1.1	(0.8)	(2.7)[(1)]	7.3[(1)]	(0.5)[(1)]
Other items affecting comparability[(2)]	—	0.9	0.9	—	—
Tax effect of the adjustments	4.0	3.9	25.1[(1)]	27.9[(1)]	15.8[(1)]
Operative result	**28.5**	**26.6**	**107.6**	**116.9**	**121.4**[(1)]
Profit for the period	44.6	46.9	212.9	232.3	179.4
Annualized profit for the period	178.5	187.5	212.9[(1)]	232.3[(1)]	179.4[(1)]
Total equity of opening balance	2,038.6	1,859.5	1,859.5	1,739.1	1,579.5[(1)]
Total equity of closing balance	2,040.2	1,863.3	2,038.6	1,859.5	1,739.1
Average	2,039.4	1,861.4	1,949.0[(1)]	1,799.3[(1)]	1,659.3[(1)]
Return on equity (ROE), %	**8.8**	**10.1**	**10.9**	**12.9**	**10.8**
Profit before taxes	56.3	58.3	266.7	289.7	224.7
Financial expenses	12.4	10.6	45.5	48.4	44.8
Annualized profit before taxes and financial expenses	274.8	275.9	312.2[(1)]	338.1[(1)]	269.5[(1)]
Assets total of opening balance	4,943.5	4,572.2	4,572.2	4,236.1	3,957.2[(1)]
Deferred tax liabilities	(478.3)	(453.4)	(453.4)	(429.8)	(405.9)[(1)]
Non-current derivatives	(48.3)	(68.3)	(68.3)	(48.4)	(53.7)[(1)]
Provisions	(0.8)	(1.0)	(1.0)	(0.9)	(1.5)[(1)]
Other non-current liabilities	(14.8)	(7.1)	(7.1)	(7.1)	(7.4)[(1)]
Current derivatives	(0.2)	(0.9)	(0.9)	(1.3)	(1.1)[(1)]
Current tax liabilities	(9.1)	(9.9)	(9.9)	(9.9)	(12.3)[(1)]
Trade and other payables	(70.4)	(48.3)	(48.3)	(38.0)	(45.9)[(1)]
Liabilities related to non-current assets held for sale, trade and other payables	—	(0.9)	(0.9)	(6.4)	—
Non-interest-bearing liabilities of opening balance	(621.9)	(589.7)	(589.7)[(1)]	(541.8)[(1)]	(527.7)[(1)]
Assets total of closing balance	5,449.4	4,593.4	4,943.5	4,572.2	4,236.1
Deferred tax liabilities	(483.4)	(452.6)	(478.3)	(453.4)	(429.8)
Non-current derivatives	(40.8)	(60.5)	(48.3)	(68.3)	(48.4)
Provisions	(0.8)	(0.9)	(0.8)	(1.0)	(0.9)
Other non-current liabilities	(15.5)	(6.9)	(14.8)	(7.1)	(7.1)
Current derivatives	(0.4)	(0.6)	(0.2)	(0.9)	(1.3)
Current tax liabilities	(6.9)	(20.7)	(9.1)	(9.9)	(9.9)
Trade and other payables	(126.4)	(100.2)	(70.4)	(48.3)	(38.0)
Liabilities related to non-current assets held for sale, trade and other payables	(0.2)	—	—	(0.9)	(6.4)
Non-interest-bearing liabilities of closing balance	(674.5)	(642.5)	(621.9)[(1)]	(589.7)[(1)]	(541.8)[(1)]
Average	4,548.3	3,966.7	4,152.0[(1)]	3,838.4[(1)]	3,561.9[(1)]
Return on investment (ROI), %	**6.0**	**7.0**	**7.5**	**8.8**	**7.6**
Total equity	2,040.2	1,863.3	2,038.6	1,859.5	1,739.1
Assets total	5,449.4	4,593.4	4,943.5	4,572.2	4,236.1
Advances received	(5.6)	(5.0)	(5.1)	(4.6)	(5.6)
Equity ratio, %	**37.5**	**40.6**	**41.3**	**40.7**	**41.1**
Interest-bearing liabilities	2,734.7	2,087.6	2,283.0	2,122.8	1,494.6
Cash and cash equivalents	(354.4)	(142.3)	(117.8)	(132.0)	(116.0)
Investment properties	4,834.4	4,314.4	4,706.5	4,228.3[(1)]	3,464.9
Loan to value (LTV), %	**49.2**	**45.1**	**46.0**	**47.1**	**39.8**
NAV per the financial statements	2,040.2	1,863.3	2,038.6	1,859.5	1,738.5
Fair value of financial instruments	35.9	57.0	42.0	66.8	49.7
Deferred tax	473.5	440.0	468.2	439.2[(1)]	419.6[(1)]
EPRA NAV (Net Asset Value)	2,549.6	2,360.3	2 548.8[(1)]	2,365.5[(1)]	2,207.7[(1)]

(EUR in millions, unless otherwise indicated)	As at and for the three months ended March 31,		As at and for the year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(audited, unless otherwise indicated)		
EPRA NAV per share, (EUR)[3]	**11.11**	**10.29**	**11.11**	**10.31**	**9.62**
Number of shares (in millions)[6]	229.5	229.5	229.5	229.5	229.5
Pledged collaterals total	N/A[5]	2,675.7	N/A[5]	2,758.1	2,765.1
Total Assets—Pledged collaterals	N/A[5]	1,917.7	N/A[5]	1,814.1	1,471.0
Total Assets	N/A[5]	4,593.4	N/A[5]	4,572.2	4,236.1
Unencumbered asset ratio, %		**41.7**		**39.7**[1]	**34.7**[1]
Unencumbered investment properties	2,762.4	N/A[5]	2,473.6[1]	N/A[5]	N/A[5]
Non-current assets, other than investment properties	53.7	N/A[5]	56.2[1]	N/A[5]	N/A[5]
Current assets total	561.3	N/A[5]	177.0[1]	N/A[5]	N/A[5]
Unencumbered assets	3,377.4	N/A[5]	2,706.8	N/A[5]	N/A[5]
Total Assets	5,449.4	N/A[5]	4,943.5	N/A[5]	N/A[5]
Unencumbered asset ratio, %[4]	**62.0**	**N/A**[5]	**54.8**[1]	**N/A**[5]	**N/A**[5]
Fixed-rate loans	1,413.3	379.2	914.5[1]	345.0[1]	146.5[1]
Nominal amount of interest rate swaps	829.8	1,038.7	1,433.9[1]	1,060.1[1]	671.4[1]
Loans from financial institutions, bonds and commercial papers total	2,564.3	1,803.1	2,111.6[1]	1,831.9[1]	1,131.4[1]
Hedging ratio, %	**87**	**79**	**111**	**77**	**72**

(1) Unaudited.

(2) Other items affecting comparability consist of adjustment to transaction price received during an earlier financial year.

(3) Earnings per share has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the Share sprilt. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

(4) The calculation formula was changed in 2018 to limit the maximum amount of warranties to the fair value of the investment property and comparative figures restated to correspond to the current formula.

(5) The calculation method was not in use during the period in question.

(6) The number of shares has been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on May 25, 2018 regarding share split. The shareholders received thirty new shares for each existing share. Adjusted information is unaudited.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Kojamo has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS) for the financial years ended December 31, 2017 and 2016.

The consolidated financial information presented below has been derived from Kojamo's audited consolidated financial statements for the financial years ended December 31, 2017 and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, attached to this Offering Circular, prepared in accordance with IFRS, as well as Kojamo's unaudited interim consolidated financial statements included in the interim report for the three months ended March 31, 2018, attached to this Offering Circular, prepared in accordance with IAS 34 and including the comparative information for the three months ended March 31, 2017.

This review contains forward-looking statements, in particular under the statements made under "—Prospects" below, which are inherently subject to risks and uncertainties. The actual results of operations or financial condition of Kojamo may differ materially from those expressed or implied in the forward-looking statements. See "Forward-looking Statements" and "Risk Factors", as well as "—Prospects".

Overview

Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties.[183] It offers rental apartments and housing services for tenants primarily in the Finnish Growth Centers. As at March 31, 2018, Kojamo's portfolio comprised 35,697 rental apartments offering a wide range of rental housing alternatives. The fair value of Kojamo's investment properties[184] was EUR 4.9 billion as at March 31, 2018. Measured by fair value, 98 percent of Kojamo's rental apartments are situated in the Finnish Growth Centers, 82 percent in the Helsinki, Tampere and Turku regions and 66 percent in the Helsinki region.[185]

Kojamo has two business segments: Lumo and VVO.[186] The Lumo segment included 34,468 apartments and the VVO segment included 1,229 apartments as at March 31, 2018. The Lumo segment offers the commercial housing services of Kojamo Group. Most of the apartments in the Lumo segment are not subject to restrictions under arava and/or interest subsidy legislation (for more information on restrictions regarding apartments in the Lumo segment see "*Kojamo's Business—Kojamo's Business Segments*" and "*Legislation relating to real estate and rental business*"). The VVO segment offers the non-commercial housing services of Kojamo Group. Most of the apartments in the VVO segment are subject to restrictions under arava and/or interest subsidy legislation (for more information on restrictions regarding apartments in the VVO segment see "*Kojamo's Business—Kojamo's Business Segments*" and "*Legislation relating to real estate and rental business*").

Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment and this will affect Kojamo's financial reporting as of January 1, 2019.

As at the date of this Offering Circular, the entities in the Lumo segment that are considered entities with non-profit status are Lumo 2018 Oy, Lumo 2019 Oy, Lumo 2020 Oy, Lumo 2021 Oy, Lumohousing 2 Oy, Lumohousing 6 Oy, Lumohousing 7 Oy, Lumohousing 10 Oy, Lumohousing 11 Oy and Lumohousing 12 Oy. In addition, Lumo Vuokratalot Oy has been named as an entity with non-profit status, but its apartment assets constitute property referred to in section 15 a, subsection 2, to which restrictions on income recognition of the Arava Act section 15 a do not apply. All three companies in the VVO segment, VVOhousing 8 Oy, VVOhousing 9 Oy and VVO Hoivakiinteistöt Oy have been named as entities with non-profit status.

Key Factors Affecting Kojamo's Business and Results of Operations

Kojamo's business and results of operations are influenced by a number of factors, some of which are outside of Kojamo's control. The following key factors, among others, have had, or may have, an effect on Kojamo's business and results of operations:

- general economic conditions and demographic developments affecting the demand for rental housing in Finland;

[183] KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

[184] Includes investment properties classified as non-current assets held for sale.

[185] By fair value of rental apartments as at March 31, 2018.

[186] Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

- the amount of rental income Kojamo is able to achieve in its markets depends on the level of market rents, financial occupancy rate and tenant turnover rate;
- the evolution of Kojamo's property portfolio, including new developments as well as acquisitions and disposals of properties;
- Kojamo's management of its modernization investments and maintenance and repair expenses;
- development of general and administrative expenses;
- changes in the fair value of Kojamo's property portfolio;
- changes in the cost of financing;
- transfer of apartments from the VVO segment to the Lumo segment; and
- changes in legislation and political environment.

These factors are described in more detail below.

General Economic Conditions and Demographic Developments

Kojamo's business activities and its results of operations are influenced by a number of general economic and demographic factors that are beyond Kojamo's control. Given Kojamo's focus on the Finnish residential property markets, the Company is particularly affected by developments in and related to the residential property market in Finland, macro-economic indicators such as economic growth, employment, disposable income and consumer price index as well as demographic developments in Finland. These factors affect Kojamo's rental income, the value of Kojamo's properties and the level of its costs and expenses. As Kojamo's current residential properties are primarily located in the Finnish Growth Centers, its business and results of operations are also dependent on the development of the residential property market in these particular regions. See "*Market Overview*" for more information on the general economic conditions and demographic developments affecting the Finnish residential property market.

The GDP is considered as an indicator of a country's general economic conditions and the standard of living. During the periods under review, the Finnish GDP has developed positively, with a slight GDP growth of 0.1 percent in 2015, 2.1 percent in 2016 and 2.6 percent in 2017.[187] Consumer confidence, employment rates and households' purchasing power have also developed positively in Finland in recent years.[188] In comparison, in Sweden, GDP grew by 4.5 percent in 2015, 3.2 percent in 2016 and 2.4 percent in 2017. In Norway, GDP grew by 2.0 percent in 2015, 1.1 percent in 2016 and 1.8 percent in 2017. In Denmark, GDP grew by 1.6 percent in 2015, 2.0 percent in 2016 and 2.1 percent in 2017. In Germany, GDP grew by 1.8 percent in 2015, 1.9 percent in 2016 and 2.2 percent in 2017.[189]

Consumer confidence is an indicator measuring the degree of optimism on the state of the economy that consumers are expressing through their activities of savings and spending. Therefore, consumer confidence is also a measure of general activity in the rental and owner occupied housing market. Currently, consumer confidence in Finland is at its highest level since 2010, and it is also higher than in the EU countries (as a whole), the Nordic Countries (as a whole), and Germany.[190]

Demographic developments also have a particular bearing on the demand for rental apartments and the markets in which Kojamo operates, and thus, on the amount of rental apartments which Kojamo is able to rent and on the level of rents it can charge. These demographic factors include among other things average household size, home ownership rates and migration patterns. In terms of Finnish demographic trends, the most important trends in recent years for Kojamo have been the migration from rural areas to larger Finnish cities and the development towards smaller household sizes. These trends form the basis for Kojamo's strategy to focus on the Finnish Growth Centers and to offer apartments that respond to the increasing demand for smaller apartments.

Looking forward, driven by the forecast continued urbanization, Official Statistics Finland is forecasting stronger than average population growth in the Finnish Growth Centers compared to the rest of Finland. The increased population is expected to result in increased demand of rental housing in the Finnish Growth Centers. For example, when taking into account the short-term (MAL) housing production target and long-term (VTT)

[187] Ministry of Finance: Economic Survey, Spring 2018.

[188] Bank of Finland, December 18, 2017 and Bank of Finland, January 11, 2018.

[189] OECD (2018): Quarterly GDP (indicator).

[190] Eurostat: Sentiment indicators (monthly data); IECONOMICS: Norway consumer confidence.

housing demand projections, the current pace of construction of new dwellings in the Helsinki region is insufficient to reduce the existing shortage which has built up in the past.[191] Furthermore, the Confederation of Construction Industries (RT), expects that the annual number of new residential building starts to decrease 2018–2019 in comparison to the 2016–2017 according to potentially further exacerbating the shortage.[192] In addition, in the Tampere, Turku, and Oulu regions, the annual historical level (1995–2015) of completed dwellings is not enough to cover the annual estimated need for new housing in VTT's urbanization scenario for 2016–2040.[193] The Helsinki, Tampere, Turku, and Oulu regions cover 86.4 percent of Kojamo's portfolio as measured by fair value as at March 31, 2018, and as such the Company believes it is well positioned to benefit from these forecast supply-demand development.

During the period under review, the demographic trends have had a positive effect on Kojamo's total revenue and results of operations by increasing the demand for Kojamo's apartments as more potential tenants have moved to the Finnish Growth Centers. The improving general economic conditions and the increased consumer confidence have also resulted in higher levels of disposable income, which has also allowed the increase of Kojamo's gross rents (EUR 13.45 per square meter per month in 2015 and EUR 14.92 per square meter per month in 2017).

Rental Income, Market Rents, Financial Occupancy Rate and Tenant Turnover

The development of Kojamo's rental income is mainly affected by market rents, financial occupancy rate as well as tenant turnover. In addition, rental income is affected by changes in the number of square meters available for rent (see "—*Growth through Development Investments as well as Acquisitions and Divestments*"). During the periods under review, changes in Kojamo's rental income have primarily arisen from portfolio divestments and acquisitions.

During the periods under review, Kojamo has been successful in increasing its rents. Rent increases in the Lumo segment are commercially based on supply and demand while the rent increases in the VVO segment are regulated (see "*Legislation Relating to Real Estate and Rental Business*"). Pursuant to its general lease terms, the Company has the right to increase rents in Lumo apartments by consumer price index change plus up to a maximum of 5 percentage points annually. This has enabled Kojamo to maintain the rents in its portfolio at market rent levels and increase rents in pace with cost increases. The growth rate of rents in the Finnish Growth Centers has exceeded the growth rate of the Finnish average between 2010 and 2017.[194] This demand of rental housing has had a positive impact on prevailing rent levels in the Finnish Growth Centers where Kojamo operates.

Kojamo's results of operations are also affected by its financial occupancy rate[195]. Kojamo's rental income is based on the number of rented apartments whereas the operating expenses are principally based on the total number of apartments, regardless of whether they are vacant or let to tenants. Kojamo's financial occupancy rate has remained relatively stable between 96 and 98 percent during the periods under review. The financial occupancy rate is affected by the prevailing macroeconomic conditions (see "—*General Economic Conditions and Demographic Developments*"), the rent Kojamo is able to charge for its apartments, the level of housing supply in a given region and the frequency of tenant turnover.

Tenant turnover[196] increases both demand and supply on the rental markets. In particular, high levels of tenant turnover can decrease financial occupancy rate, as it is not always possible to re-lease apartments within a narrow time frame. In addition, high tenant turnover often entails a low average lease duration, which may lead to increased expenses incurred for re-leasing apartments, such as advertising expenses, potentially offset by providing opportunities to increase rents beyond what would have been possible had the previous tenant remained in place. However, during the periods under review tenant turnover has remained relatively stable and its impact on Kojamo's revenue has not been significant.

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[191] VTT Technical Research Center of Finland Ltd (2016): Asuntotuotantotarve 2015–2040.

[192] Confederation of Finnish Construction Industries: Survey, March, 2018.

[193] Lahtinen 2017: Asuntotuotanto ei vastaa tulevaisuuden tavoitteisiin. www.stat.fi/tietotrendit/artikkelit/2017/asuntotuotanto-ei-vastaa-tulevaisuuden-tavoitteisiin/, visited June 1, 2018.

[194] Realia Management Oy: Market study, spring 2018.

[195] Financial occupancy rate = (Rental income) / (Potential rental income at full occupancy) x 100. Financial occupancy rate excludes apartments under refurbishment.

[196] Tenant turnover = (Terminated lease agreements excluding internal transfers) / (Total number of apartments average) x 100.

Growth through Development Investments as well as Property Acquisitions and Divestments

During the periods under review, Kojamo has engaged in a number of property transactions, as a result of which Kojamo's results of operations during such period may not be directly comparable to preceding or subsequent periods. Kojamo targets properties located in the Finnish Growth Centers the characteristics of which fit in the Company's property portfolio. The Company needs a necessary number of apartments in each market to drive operational synergies and to improve margins. Furthermore, necessary number of apartments in the local markets is needed for sustainable and value enhancing investments as well as leveraging the asset management capabilities and brand.

Development Investments

Kojamo's real estate development consists of both commissioning construction of new properties and converting existing property stock for new purposes. Kojamo uses two methods for real estate development: (i) utilizing its own plot reserves and submitting tendering request for their construction or (ii) by undertaking turnkey construction projects with construction companies. For more information on Kojamo's real estate development function, see "*Kojamo's Business—Kojamo's Property Portfolio—Portfolio Development*".

During the periods under review, Kojamo's construction of new projects was mainly concentrated to the Finnish Growth Centers while the conversion projects were mainly concentrated in the Helsinki region.

Property Acquisitions and Divestments

The following table sets forth the Kojamo's acquisitions and divestments during the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	For the three months ended March 31, 2017	For the financial year ended December 31, 2017	For the financial year ended December 31, 2016	For the financial year ended December 31, 2015
	(unaudited)	(unaudited)		(unaudited)	
Acquisitions and Divestments					
Acquisitions	158.9	10.4	10.4	468.9	22.2(1)
Divestments	(2.9)	(69.1)	(82.1)	(559.8)	(14.9)

(1) Acquisitions and new construction have been recorded on separate accounts since 2016 and therefore the figure for 2015 also includes new construction.

In July 2016, Kojamo acquired ICECAPITAL Housing Fund II, which owns 2,274 market-based rental apartments and most of them are located in Helsinki, Espoo, Vantaa and Tampere. The transaction also covers apartments in Jyväskylä, Kerava, Kuopio, Lahti, Mäntsälä, Nurmijärvi, Oulu and Turku. Kojamo also acquired in February 2018 a total of 981 rental apartments from funds belonging to OP Financial Group. These apartments are in 22 different locations in Helsinki, Vantaa, Turku, Jyväskylä, Kuopio, Hämeenlinna, Lahti, Oulu and Naantali. Both transactions are in line with Kojamo's growth strategy.

During the first half of 2016, Kojamo sold 8,571 apartments to Kiinteistö Oy M2-Kodit owned by Y-Foundation. The first phase of the transaction was completed on March 31, 2016 and the second and last phase on June 20, 2016. Further, on January 31, 2017, Kojamo sold 1,344 apartments to a company managed by Avant Capital Partners. The sales completed during the financial period under review have had a downward impact on Kojamo's net rental income. Kojamo aims to divest non-strategic apartments by the end of 2021. Kojamo's disposals are focused on apartments outside of the Finnish Growth Centers. Currently, Kojamo has approximately 500 apartments that do not support its strategy and which it intends to sell over the next two years.

Modernization Investments, Repair Expenses and Maintenance Expenses

As a part of its strategic property development, Kojamo seeks to enhance the value of its rental apartments and properties and their attractiveness to tenants through systematic renovation and maintenance scheme. Property maintenance expenses are mainly dependent on inflation and the price of energy as well as the size and condition of Kojamo's property portfolio.

Modernization Investments

Modernization investments are relatively large repair construction projects that can include major renovations of buildings, building components, plumbing, facades, roofs, windows and balconies, or technical building systems or equipment. In these projects, the aim is to maintain or increase the building's quality level and long-term value. In some cases, a building's quality level can be raised substantially from the original quality level with modernization investments. For example, a modernization project may include installation of an elevator or improving the building's energy efficiency by using structural or technical methods. The expected average technical operating life of the plumbing, facades, roofs and balconies of properties affects the planning of modernization investments. The Company's modernization investments have decreased from EUR 46 million in 2015 to EUR 25 million in 2017. The modernization investments per square meter have decreased from EUR 1.7 per square meter in 2015 to EUR 1.1 per square meter in 2017.

Modernization investments are capitalized and reflected through the changes in fair value within the income statement.

	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
Modernization investments (EUR in millions)	2.9	3.3	25.4(1)	29.3(1)	45.8(1)
Modernization investments (EUR per m^2)	0.5	0.6	1.1	1.2	1.7

(1) Audited.

Repair Expenses

Repair costs relate to smaller renovations that are made in order to keep buildings and apartments in good general condition and attractive for the customers. Kojamo plans and budgets repairs annually in conjunction with real estate budgeting. Smaller repairs of building systems, equipment and surfaces are carried out continuously. Repair works can be composed into contracts subject to competitive bidding making use of economies of scale.

Repair costs arising from the regular and continuous maintenance of the properties are recognized immediately in the income statement.

	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
Maintenance repairs (EUR in millions)	7.6	7.2	35.6(1)	39.1(1)	46.5(1)
Maintenance repairs (EUR per m^2)	1.3	1.3	1.6	1.6	1.7

(1) Audited.

Maintenance Expenses

Maintenance contains various operations providing good daily living conditions in Kojamo's apartments. The maintenance services consists, among other things, of monitoring the general condition of buildings and the technical systems, energy efficiency, cleaning and technical care of indoor and outdoor areas as well as minor repairs. Maintenance costs are budgeted annually containing for example building maintenance, heating, electricity, waste management, water, property management, property taxes, property insurances and other maintenance expenses.

The changes in property maintenance costs are primarily dependent on the number and condition of properties owned by the Company as well as changes in the unit prices of cost items such as heating, water and waste and property electricity. Further, winter season's weather conditions and the amount of snowfall, which can result in a greater need for outdoor area maintenance, affect the amount of expenses. Credit losses are included in the maintenance costs of properties. Subsequent recoveries of amounts recognized as expenses are credited against other operating expenses in the income statement. Property taxes are also recognized in the maintenance expenses. Kojamo's overall maintenance costs decreased over the period under review by 6.2 percent per annum mainly driven by smaller number of apartments.

	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
Maintenance expenses (EUR in millions)	25.2	23.7	85.4(1)	90.3(1)	97.0(1)
Maintenance expenses (EUR per m^2)	4.3	4.2	3.8	3.6	3.5

(1) Audited.

Kojamo's residential buildings have been maintained with historically stable modernization investments and repairs. Kojamo's apartments are younger than the average in the region. In the Finnish Growth Centers in 2016, the average age of apartment buildings was 40.9 years (in Finland as a whole 41.2 years),[197] as compared to Kojamo's apartment buildings' average age of 31.2 years as at December 31, 2017.

General and Administrative Expenses

The largest item of Kojamo's administrative expenses is personnel costs. These costs depend mainly on the level of inflation, the development of salary levels and bonuses, number of personnel, and changes in the legislation on pension and social expenses. The average number of Kojamo's personnel decreased from 364 persons in 2015 to 310 persons in 2017. The total remuneration of Kojamo's employees includes short-term benefits, post-employment benefits, termination benefits (in case of termination of employment) and other long-term benefits.

	For the three months ended March 31,		For the financial year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(unaudited, unless otherwise indicated)		
Administrative expenses (EUR millions)	9.1	8.5	37.2(1)	37.4(1)	39.7(1)
Administrative expenses (EUR per m^2)	1.6	1.5	1.6	1.5	1.4

(1) Audited.

Kojamo's overall expenses are materially affected by general economic conditions. The Company's expenses are also exposed to inflation-related price increases. To the extent permissible under applicable rental terms and lease agreements, and taking into account the market environment, cost increases are compensated for by rent increases and/or allocated to ancillary costs. Kojamo's administrative expenses decreased by 3.2 percent on an annual level between 2015 and 2017, which was mainly due to the transfer of 66 employees to Y-Foundation in connection with the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016.

Property Portfolio Valuation

Apartment market price trends affect the fair value of real estate property. Changes in the fair value of Kojamo's investment properties is the most significant item affecting Kojamo's results of operations. Kojamo applies the "IAS 40—*Investment Properties*" standard in the valuation of its investment properties, whereby investment property is measured at fair value, with changes in fair values being recognized in profit or loss for the period in which they arise. The fair value of Kojamo's investment properties[198] in its property portfolio as at March 31, 2018 was EUR 4.9 billion, and it was EUR 4.7 billion as at December 31, 2017, as compared to EUR 4.3 billion as at December 31, 2016 and EUR 4.0 billion as at December 31, 2015. The fair values of Kojamo's investment properties in its property portfolio are determined quarterly on the basis of Kojamo's own evaluation utilizing a number of valuation methods: (i) transaction value, (ii) income value (yield value) or (iii) acquisition cost (balance sheet value). Realia Management Oy has primarily given a statement on the internal valuation model and methodology of Kojamo's investment properties and, in addition, confirmed the values of Kojamo's properties valuated with transaction value method based on sampling.

In addition, Realia Management Oy determined a valuation of Kojamo's investment properties on a as at March 31, 2018 property-by-property basis in its Property Valuation Report. For more information, see "*Realia's Property Valuation Report and Market Study*".

[197] Official Statistics Finland: Dwellings and housing conditions.

[198] Includes investment properties classified as non-current assets held for sale.

Kojamo utilizes transaction value for the properties of which individual apartments can be sold by Kojamo without restrictions (primarily the apartments included in the Lumo segment). The transaction value of the properties as of the valuation date is calculated based on actual sales prices of comparable apartments for the two preceding years with various building level adjustments.

Kojamo utilizes income value for those properties that are required to be kept as rental apartments by virtue of arava and/or interest subsidy legislation. The income value is determined by capitalizing the net rental income using region-specific required rate of net rental income.

Kojamo utilizes acquisition cost value in respect of properties under construction, and to properties subject to arava and/or interest subsidy legislation whose selling price is restricted by a maximum assignment compensation of the legislation. The reported acquisition cost value is determined based on original cost less depreciation accumulated up to the IFRS transition date (January 1, 2015) and any impairment losses.

The following table sets forth the allocation of the fair value[199] of Kojamo's property portfolio between the three valuation methods described above:

	As at March 31,		As at December 31,		
(EUR in millions)	2018	2017	2017	2016	2015
	(unaudited)			(audited)	
Valuation method					
Transaction value	4,078.7	3,372.1	3,787.1	3,287.7	2,417.6
Income value	381.2	520.1	395.3	602.9	697.2
Acquisition cost	470.8	426.1	527.8	408.3	884.4
Total	**4,930.8**	**4,318.3**	**4,710.2**	**4,298.9**	**3,999.2**

The fair value changes of investment properties can be divided into different components as set forth in the following table:

	As at March 31,		As at December 31,		
(EUR in millions)	2018	2017	2017	2016	2015
	(unaudited)			(audited)	
Fair value change components					
Acquisition and development of investment properties	200.0	61.1	338.6	664.9	187.1
Modernization investments	2.9	3.3	25.4	29.3	45.8
Disposals of investment properties	(3.9)	(69.1)	(82.2)	(559.0)	(14.9)
Capitalized borrowing costs	0.8	0.6	3.3	1.7	2.0
Transfer to own use	—	—	0.0	(0.7)	0.0
Profit/loss in valuation to fair value	20.7	23.5	126.2	163.3	70.3
Total(1)	**220.6**	**19.4**	**411.3**	**299.7**	**290.4**

(1) Investment properties, including non-current assets held for sale at the beginning and at the end of a period and their difference.

Changes in the fair value of investment properties affect Kojamo's income statement but they do not have a direct effect on cash flow. Changes in the fair value of investment property are influenced by, among other things, general interest rate development, developments in regional supply and demand of apartments and general economic development in Finland. Changes in the fair value of investment properties are presented as a separate item in the income statement.

199 Fair value represents the fair value of investment properties which includes investment properties classified as non-current assets held for sale.

The following table sets forth the fair values of investment properties[200] by segment as at the dates indicated:

(EUR in millions)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)			(audited)	
Investment properties					
Lumo segment	4,875.9	4,192.8	4,584.4	4,159.5	3,331.7
VVO segment	54.9	124.6	124.9	138.5	667.3
Group eliminations(1)	0.0	0.9	0.9	0.9	0.2
Group total	**4,930.8**	**4,318.3**	**4,710.2**	**4,298.9**	**3,999.2**

(1) Group internal margin (profit elimination between the segments).

The general increase in interest rates affects the investors required rate of return in the real estate markets but does not affect Kojamo directly due to the fact that the main valuation method is transaction value which is not based on income rate requirements. Required rates of return vary depending on the geographic location of the investment properties. The increase in interest rates may increase the rate of return required by the investors in some or all areas where Kojamo's apartments are located.

Cost of Financing

The residential real estate business requires large investments and Kojamo's ability to obtain financing at competitive terms is essential to its business operations. In the past few years, Kojamo has financed its business operations and investments utilizing both cash flows from operations and long-term funding obtained from various sources, including secured bonds issued in 2016 and 2013 and unsecured bonds issued in 2018 and 2017. Kojamo has strengthened and diversified its financing sources in recent years. Expanding the financing base and managing the maturity of non-current loans and borrowings also support the management of counterparty and refinancing risks. As part of expanding its financing base, Kojamo has raised the share of bond financing and switched to largely using unsecured financing. As at March 31, 2018, the unencumbered assets represented approximately 62 percent of the total loan portfolio while the portion of encumbered assets were approximately 38 percent.

There are a number of customary easements registered to most of Kojamo's properties. The easements include, for example, building easements, utility easements, wall easements, right of use easements and joint arrangements. There are also a number of customary encumbrances registered against most of the properties. Kojamo also uses loans from financial institutions to finance its operations and Kojamo's cost of finance is therefore principally affected by the general economic trends. The cost of financing and Kojamo's financing expenses may also increase due to increases in interest rates. In addition, uncertainty in the financial market or tightening regulation of banks could mean that the price of financing needed to carry out Kojamo's business, and in particular the implementation of Kojamo's growth strategy, investments and property maintainance, will increase and that such financing will be less readily available. With the current rating on Eurobonds, the pricing of unsecured financing, which always includes financial convenants, is comparable to secured financing. Further, increasing the proportion of unsecured financing enhances the Company's possibilities to acquire financing in the future and enables the use of free securities to take secured financing if necessary.

As at March 31, 2018, Kojamo's loans from financial institutions amounted to EUR 1,131.3 million, representing 41 percent of its interest-bearing liabilities. Kojamo aims to increase the share of unsecured financing in the future and new loans from banks are expected to be mostly unsecured.

As at March 31, 2018, Kojamo's equity ratio was 37.5 percent and loan to value (LTV) was 49.2 percent. For information on risks relating to the costs of financing, see "*Risk Factors—Risks Relating to Financing—Kojamo may not be able to obtain new financing or refinance its existing debt at competitive terms or at all and its costs of financing may increase.*"

Development of interest rates and margin on financing affects Kojamo's results of operations. The effects of the development can be twofold and they concern Kojamo's current financing as well as future financing.

As at March 31, 2018, 47 percent of Kojamo's financing facilities were floating rate instruments and 53 percent were fixed rate instruments. The Company hedges the impact of change in interest rates with the use of interest rate derivatives. According to Kojamo's treasury policy, the targeted hedging ratio is 50–100 percent. As at March 31, 2018, the hedging ratio was 87 percent. The average interest rate of Kojamo's loans and borrowing

200 Includes investment properties classified as non-current assets held for sale.

including the cost of derivatives has been relatively stable amounting to 1.8 percent as at March 31, 2018, 2.0 percent as at December 31, 2017 and 2.0 percent as at December 31, 2016.

Transfer of Apartments from the VVO Segment to the Lumo Segment

Kojamo seeks to annually move from the VVO segment to the Lumo segment those apartments that are subject to restrictions on rent levels for two years or less at the beginning of the relevant financial period. In 2017, 2,474 apartments came off from all restrictions under arava and interest subsidy legislation restrictions (resulting in annual value change of EUR 89 million in 2017). In 2016, 2,102 apartments came off from restrictions (resulting in an annual value change of EUR 141 million in 2016). In 2015, 1,819 apartments came off from restrictions (resulting in an annual value change of EUR 83 million in 2015). See above section "*—Portfolio Valuation*" and table named "Fair Value Change Components" and its line item "Valuation technique changes".

Changes in Legislation and Political Environment

Legislative changes in the real estate sector can have a material effect on Kojamo's operations. For further information on legislation affecting the Company's business, see "*Legislation Relating to Real Estate and Rental Business*". These changes could include new or additional requirements relating to construction standards, energy efficiency or provision of amenities, which could increase Kojamo's construction or renovation costs. In addition, changes in zoning requirements could serve to increase the supply of plots for development (potentially increasing the supply of rental housing and therefore competition for tenants) or restricting the supply of viable plots for development (potentially increasing property acquisition costs). Kojamo is not aware of any pending regulatory changes that would materially impact its results of operations.

Recent Developments

Other than described below, there has not been any significant change in the financial or operating position of Kojamo between March 31, 2018 and the date of this Offering Circular.

On March 29, 2018, Kojamo signed an agreement to sell 1,594 apartments in 15 regions to a real estate fund managed by Morgan Stanley Real Estate Investing, Renger Investment Management and Premico Group. The sale was closed on April 30, 2018. The total sales price amounted to EUR 97 million. The purchase price exceeds the fair value of the properties as at December 31, 2017 by approximately EUR 5 million. The apartments were divested mainly due their technical condition and to support Kojamo's growth in the Finnish Growth Centers.

The Company's Articles of Association includes a redemption clause. The Company's Extraordinary General Meeting of Shareholders has on May 25, 2018 decided to remove the redemption clause from the Articles of Association subject to the implementation of the Listing. The removal of this clause will be notified to the Finnish Trade Register in connection with Listing so that the removal of the redemption clause would take effect on the earlier the following: either on the day immediately preceding the commencement of trading in the Company's shares on the pre-list of Nasdaq Helsinki or in connection with the registration notification of the New Shares issued in the Offering on the basis of the authorization given to Kojamo's Board of Directors in the same Extraordinary General Meeting of Shareholders.

The Company had two series of shares, Series A Shares and Series B Shares (with no outstanding Series B Shares). The Extraordinary General Meeting held on May 25, 2018 decided to amend the Articles of Association, among other things, by removing the clause regarding different share classes. The change was registered with the Finnish Trade Register on May 25, 2018.

Share split

The Board of Directors resolved on May 28, 2018 to issue shares without consideration based on the authorization resolved by the Extraordinary General Meeting of Shareholders on May 25, 2018. In the share issue, in aggregate 222,076,800 new shares in the Company were issued without consideration to the shareholders pro rata applying pre-emptive subscription right. 30 new shares were issued per each existing share. After the share issue, the number of the shares in the Company amounted to in aggregate 229,479,360 shares.

Prospects

This section "Prospects" includes forward-looking statements. Forward-looking statements are not guarantees of future developments, and Kojamo's actual results may differ materially from the results described in or implied by forward-looking statements contained herein due to various factors, some of them described in sections "Forward-Looking Statements" and "Risk Factors". Kojamo cautions investors not to place undue reliance on these forward-looking statements, which speak only as at the date of this Offering Circular and are subject to uncertainty.

Kojamo estimates that in 2018, the group's total revenue will grow by 3 to 9 percent year-on-year. In addition, the Company estimates that the group's FFO for 2018 will amount to between EUR 103 and EUR 116 million, excluding one-off items. Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million.

Kojamo's auditor, KPMG Oy Ab, has, as required by the Commission Regulation (EC) No. 809/2004, as amended, Annex I item 13.2, issued an auditor's statement on the profit forecast stated above. The auditor's statement on the profit forecast is issued solely to comply with the requirements of the Commission Regulation referred to above. Such profit forecast has not been prepared in accordance with generally accepted practices in the United States. The work by KPMG Oy Ab on the profit forecast has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States and, accordingly, the auditor's statement does not constitute a part of this Offering Circular for the private placement of the Offer Shares in the United States and should not be relied upon as if it had been carried out in accordance with those standards and practices.

Basis for Guidance

Going forward, the Company will provide guidance for total revenue (instead of the previous guidance on net rental income included in the Company's 2017 audited financial statements), funds from operations (FFO) (instead of the previous guidance on operative result included in the Company's 2017 audited financial statements) and gross investments. The main difference between FFO and operative result concerns the treatment of taxes to be paid. The Company's assessment is that this new method will clarify the disclosure of the Company's guidance.

The Company's guidance for 2018 is based on the performance of the Company's business in the three months ended March 31, 2018, subsequent management reporting data through May 2018 and the Company's good faith estimates and assumptions concerning its expected performance through 2018.

The guidance has been prepared on the basis of the Company's accounting policies, which are in accordance with the recognition and measurement regulations of IFRS consistent in all material respects with those set forth in the IFRS consolidated financial statements of the Company included elsewhere in this Offering Circular. The guidance has been prepared in accordance with the Company's normal forecasting procedures on the basis a number of assumptions and estimates, that are subject to numerous and significant uncertainties. Certain important assumptions and estimates are set forth below. In addition to these assumptions and estimates, the Company's actual results of operations could deviate materially as a result of other factors, including, but not limited to, those described under "*Risk Factors*." Many of these factors are outside of management's control. For instance, management can influence total revenue and FFO through the Company's business operations, but has no influence over general economic trends, demographic trends, market trends, the regulatory environment or the competitive landscape.

The guidance takes into account the effects of the housing divestments and acquisitions completed prior to the date of this Offering Circular and the number of apartments contracted to be completed in 2018. The guidance assumes that there will not be significant changes in occupancy rates or tenant turnover and that the new apartments contracted to be completed in 2018 will reach the Company's average occupancy rate within a reasonable time from completion in 2018. The guidance also assumes that rents will increase moderately and that demand remains at its current levels, in particular, owing to continued migration to the Finnish Growth Centers.

The guidance further assumes that long-term interest rates increase only moderately in 2018, having a limited impact on the Company's funding costs, and that the overall Finnish economy and the construction sector continue to develop favorably in line with the growth estimates presented by the Finnish Ministry of Finance and the Confederation of Finnish Industries RT, respectively, included elsewhere in this Offering Circular.

The Company's guidance concerning FFO is additionally based on the Company's actual operating expenses and taxes incurred through May 2018 and budgeted operating expenses for the rest of 2018. For the FFO guidance for 2018, the current tax expenses incurred also includes the impact of disposals, including without limitation the non-recurring approximately EUR 14 million income tax impact from the disposal of 1,594 apartments to real estate funds managed by Morgan Stanley Real Estate Investing in April 2018.[201] The reconciliation of FFO to operative result is presented in section "*Selected Financial Information—Reconciliation Calculations of Certain Alternative Performance Measures.*"

Main Items in the Income Statements

Total Revenue

Rental income is recognized monthly as income based on the terms of the lease agreement in force. Relating to the lease agreements, Kojamo collects utility charges, mainly water and sauna fees and parking space fees. This income is recognized on an accrual basis.

Maintenance Expenses

Maintenance expenses arise from the regular and continuous maintenance of the properties and are recognized immediately in the income statement. Maintenance expenses comprise mainly heating, electricity, waste management, water, property management, property taxes, property insurances and other maintenance expenses, which are payable by Kojamo.

Repair Expenses

These expenses comprise repair expenses arising from the regular and continuous maintenance of the properties and these are recognized immediately in the income statement.

Net Rental Income

Net rental income is calculated by deducting property maintenance and repair expenses from total revenue.

Administrative Expenses

These expenses include employee benefit expenses, IT, marketing and communication, professional services, travel expenses, insurances and office expenses including rental expenses for rented business premises.

Other Operating Income

Other operating income includes income not related to the residential real estate business of Kojamo. It includes items such as gains on sale of intangible assets and property, plant and equipment, as well as income from debt collection activities.

Other Operating Expenses

These expenses include cost on construction contracting and other expenses which cannot be recorded elsewhere in the income statement.

Gain/Loss on Sales of Investment Properties

Gains or losses on sales of investment property are recorded under gain or loss on sales of investment properties in the income statement. An existing property owned by Kojamo is considered as sold once the substantial risks and rewards associated with ownership have been transferred from Kojamo to the buyer.

Gain/Loss on Sales of Trading Properties

Gains or losses on sales of trading properties is recorded under gains or losses on sales of trading properties in the income statement.

Fair Value Change of Investment Properties

Investment properties are carried at fair value on Kojamo's balance sheet. Changes in fair values of investment properties are recognized in profit or loss as they arise. Fair value gains and losses are presented netted as a separate line item in the income statement. According to IFRS 13—*Fair value measurement*, fair value refers to

[201] The FFO guidance does not include one-off items, which may be especially the costs relating to the Listing of the Company.

the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Operating Profit

Kojamo defines operating profit as the net amount after adding other operating income to net rental income, then deducting administrative expenses and other operating expenses, and depreciation, amortization and impairment, and then adding/deducting gains/losses from the disposal of investment properties, from measurement at fair value, and from the disposal of trading properties. All the other income statement items except those mentioned above are presented below operating profit.

Depreciation, Amortization and Impairment Losses

These include depreciations related to the head office building and office equipment as well as the amortization of intangible assets.

Financial Expenses

These expenses consist of interest expenses, interest expenses from derivatives and other financial expenses (such as loan fees and commitment fees).

Financial Income

This income consists of interest income, interest income from derivatives and other financial income (dividends).

Current Tax Expenses

These expenses relate to income taxes for the financial year.

Change in Deferred Taxes

Change in deferred taxes includes the net change in deferred tax assets and liabilities.

Results of Operations

The review below describes Kojamo's results of operations for the three months ended March 31, 2018 and 2017, as well as for the financial years ended December 31, 2017, 2016 and 2015. The review below for the three months ended March 31, 2018, as compared to the three months ended March 31, 2017, is based on the quarterly information prepared by Kojamo in accordance with IFRS. The review for the financial year ended December 31, 2017 as compared to the financial year ended December 31, 2016 and for the financial year ended December 31, 2016 as compared to the financial year ended December 31, 2015, are based on Kojamo's consolidated financial statements prepared in accordance with IFRS.

The following table sets forth Kojamo's consolidated income statement for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
CONSOLIDATED INCOME STATEMENT					
Total revenue	**88.2**	**83.6**	**337.0**	**351.5**	**370.9**
Maintenance expenses	(25.2)	(23.7)	(85.4)	(90.3)	(97.0)
Repair expenses	(7.6)	(7.2)	(35.6)	(39.1)	(46.5)
Net rental income	**55.5**	**52.6**	**216.0**	**222.0**	**227.4**
Administrative expenses	(9.1)	(8.5)	(37.2)	(37.4)	(39.7)
Other operating income	0.5	0.5	2.0	2.3	2.1
Other operating expenses	(0.2)	(0.9)	(1.3)	(3.1)	(0.4)
Profit/loss on sales of investment properties	0.6	0.7	2.5	(10.4)	2.7
Profit/loss on sales of trading properties	0.0	—	0.0	0.1	0.0
Fair value change of investment properties	20.7	23.5	126.2	163.3	70.3
Depreciation, amortization and impairment losses	(0.2)	(0.3)	(1.1)	(1.2)	(1.2)
Operating profit	**67.8**	**67.6**	**307.0**	**335.6**	**261.2**
Financial income	0.9	1.4	5.0	2.4	7.8
Financial expenses	(12.4)	(10.6)	(45.5)	(48.4)	(44.8)
Total amount of financial income and expenses	**(11.5)**	**(9.3)**	**(40.5)**	**(46.0)**	**(37.1)**
Share of result from associated companies	—	—	0.1	0.1	0.6
Profit before taxes	**56.3**	**58.3**	**266.7**	**289.7**	**224.7**
Current tax expense	(7.1)	(12.5)	(28.6)	(35.4)	(22.1)
Change in deferred taxes	(4.6)	1.1	(25.1)	(22.1)	(23.2)
Profit for the period	**44.6**	**46.9**	**212.9**	**232.3**	**179.4**
Profit of the financial period attributable to					
Shareholders of the parent company	44.6	46.9	212.9	232.3	179.3
Non-controlling interests	—	—	—	0.0	(0.1)

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

Total Revenue

Group

Kojamo's total revenue for the three months ended March 31, 2018 was EUR 88.2 million, representing an increase of EUR 4.6 million, or 5.5 percent, as compared to EUR 83.6 million for the three months ended March 31, 2017. The increase was mainly due to the completion of construction of rental apartments in 2017 and early 2018 and acquisition of rental apartments in early 2018. The number of Kojamo's apartments as at March 31, 2018 was 35,697 as compared to 33,843 apartments March 31, 2017.

The following table sets forth Kojamo's total revenue and its change by business segment for the periods indicated:

(EUR million, except percentages)	For the three months ended March 31, 2018	2017	Change amount	percent
	(unaudited)			
Total revenue				
Lumo	85.5	76.2	9.3	12.2
VVO	2.8	7.5	(4.7)	(62.7)
Group total	**88.2**	**83.6**	**4.6**	**5.5**

Lumo

The Lumo segment's total revenue for the three months ended March 31, 2018 was EUR 85.5 million, representing an increase of EUR 9.3 million, or 12.2 percent, as compared to EUR 76.2 million for the three months ended March 31, 2017. The increase was mainly due to the completion of construction of rental apartments in 2017 and early 2018 and acquisition of rental apartments in early 2018. In addition, the increase was affected by transfers from the VVO segment to the Lumo segment.

VVO

The VVO segment's total revenue for the three months ended March 31, 2018 was EUR 2.8 million, representing a decrease of EUR 4.7 million, or 62.7 percent, as compared to EUR 7.5 million for the three months ended March 31, 2017. The decrease was mainly due to transfers from the VVO segment to the Lumo segment.

Maintenance Expenses

Kojamo's property maintenance expenses for the three months ended March 31, 2018 were EUR 25.2 million, representing an increase of EUR 1.4 million, or 6.0 percent, as compared to EUR 23.7 million for the three months ended March 31, 2017. Property maintenance expenses consisted mostly of energy costs and other maintenance costs. The increase in maintenance expenses was primarily due to increase in rental housing stock.

Repair Expenses

Kojamo's repair expenses for the three months ended March 31, 2018 were EUR 7.6 million, representing an increase of EUR 0.4 million, or 5.6 percent, as compared to EUR 7.2 million for the three months ended March 31, 2017. The increase was due to increase in the number of repair projects.

Net Rental Income

Group

Kojamo's net rental income for the three months ended March 31, 2018 was EUR 55.5 million, representing an increase of EUR 2.9 million, or 5.4 percent, as compared to EUR 52.6 million for the three months ended March 31, 2017. The increase was mainly due to increase in rental housing stock.

The following table sets forth Kojamo's net rental income and its change by business segment for the periods indicated:

	For the three months ended March 31,		Change	
(EUR million, except percentages)	**2018**	**2017**	**amount**	**percent**
	(unaudited)			
Net rental income				
Lumo	53.9	48.4	5.6	11.5
VVO	1.6	4.4	(2.8)	(63.5)
Group total	**55.5**	**52.6**	**2.9**	**5.4**

Lumo

Lumo segment's net rental income for the three months ended March 31, 2018 was EUR 53.9 million, representing an increase of EUR 5.6 million, or 11.5 percent, as compared to EUR 48.8 million for the three months ended March 31, 2017. The increase was mainly due to completed construction of rental apartments during 2017 and in early 2018 as well as rental apartments that were acquired in early 2018, for which income has been on a higher level compared to costs.

VVO

VVO segment's net rental income for the three months ended March 31, 2018 was EUR 1.6 million, representing a decrease of EUR 2.8 million, or 63.5 percent, as compared to EUR 4.4 million for the three months ended March 31, 2017. The decrease was mainly due to transfers from the VVO segment to the Lumo segment.

Administrative Expenses

Kojamo's administrative expenses for the three months ended March 31, 2018 were EUR 9.1 million, representing an increase of EUR 0.6 million, or 7.1 percent, as compared to EUR 8.5 million for the three months ended March 31, 2017. The increase was mainly due to increase in salary costs related to the increase in personnel.

Other Operating Income

The following table sets forth Kojamo's other operating income and its changes for the periods indicated:

(EUR million, except percentages)	For the three months ended March 31, 2018	2017	Change amount	percent
	(unaudited)			
Income from construction contracting	0.0	0.1	0.0	(51.4)
Income from the sales of property, plant and equipment and intangible assets	0.0	0.0	0.0	—
Income from debt collection activities	0.4	0.3	0.1	28.7
Other	0.0	0.1	(0.1)	(89.3)
Total other operating income	**0.5**	**0.5**	**0.0**	**(4.0)**

Other Operating Expenses

The following table sets forth Kojamo's other operating expenses and their changes for the periods indicated:

(EUR million, except percentages)	For the three months ended March 31, 2018	2017	Change amount	percent
	(unaudited)			
Expenses from construction contracting	(0.2)	0.0	(0,1)	(448,1)
Other	(0.0)	(0.9)	0,9	100
Total other operating expenses	(0.2)	(0.9)	0.8	82.3

Kojamo's other operating expenses for the three months ended March 31, 2018 were EUR 0.2 million, as compared to EUR 0.9 million for the three months ended March 31, 2017. Other operating expenses consisted mostly of construction contracting. The decrease in other operating expenses was primarily due to loss on sale from the previous year, recognized in 2017.

Depreciation, Amortization and Impairment Losses

Kojamo's depreciation, amortization and impairment losses for the three months ended March 31, 2018 was EUR 0.2 million, representing a decrease of EUR 0.1 million, or 24 percent, as compared to EUR 0.3 million for the three months ended March 31, 2017.

Operating Profit

Group

For the reasons indicated above, Kojamo's operating profit for the three months ended March 31, 2018 was EUR 67.8 million, representing an increase of EUR 0.2 million, as compared to EUR 67.6 million for the three months ended March 31, 2017.

The following table sets forth Kojamo's operating profit, its changes and operating profit margin by business segment for the periods indicated:

(EUR million, except percentages)	For the three months ended March 31, 2018	2017	Change amount	percent	Percent of segment revenue 2018	2017
	(unaudited)					
Operating profit						
Lumo	67.5	64.2	3.3	5.1	79.0	84.3
VVO	1.2	3.4	(2.2)	(64.9)	42.7	45.4
Group total	**67.8**	**67.6**	**0.2**	**0.2**	**76.8**	**80.9**

Financial Income

Kojamo's financial income for the three months ended March 31, 2018 was EUR 0.9 million, representing a decrease of EUR 0.5 million, or 35.7 percent, as compared to EUR 1.4 million for the three months ended March 31, 2017. The increase was mainly due to decrease in interest derivative income.

Financial Expenses

Kojamo's financial expenses for the three months ended March 31, 2018 were EUR 12.4 million, representing an increase of EUR 1.7 million, or 16.4 percent, as compared to EUR 10.6 million for the three months ended March 31, 2017. The increase was mainly due to increase of the outstanding loans in the loan portfolio.

Current Tax Expense

Kojamo's current tax expense for the three months ended March 31, 2018 was EUR 7.1 million, representing a decrease of EUR 5.4 million, or 43.2 percent, as compared to EUR 12.5 million for the three months ended March 31, 2017. The decrease in tax expense was due to the taxes booked due to capital gain received when Kojamo sold 1,344 apartments to a company managed by Avant Capital Partners in the beginning of the comparison period.

Profit/loss for the Period

For the reasons indicated above, Kojamo's profit for the three months ended March 31, 2018 was EUR 44.6 million, representing a decrease of EUR 2.3 million, or 4.9 percent, as compared to EUR 46.9 million for the three months ended March 31, 2017.

Financial Year Ended December 31, 2017 as Compared to Financial Year Ended December 31, 2016

Total Revenue

Group

Kojamo's total revenue for the financial year ended December 31, 2017 was EUR 337.0 million, representing a decrease of EUR 14.5 million, or 4.1 percent, as compared to EUR 351.5 million for the financial year ended December 31, 2016. The decrease was mainly due to the divestment of 1,603 rental apartments in 2017 and 9,011 rental apartments in 2016 (and the consequential decrease in rental income received), carried out as part of implementing the Company's strategy of focusing on the Finnish Growth Centers and commercial market based operations. The decrease was partly offset by the acquisition in July 2016 by Lumo Kodit Oy of ICECAPITAL Housing Fund II, which owned 2,274 market-based rental apartments. The decrease was partly offset by increases in rents. Further, the construction of 983 apartments was completed in 2017, which also partly offset the decrease. The number of apartments in Kojamo´s property portfolio as at December 31, 2017 was 34,383, as compared to 34,974 apartments as at December 31, 2016. In addition, the Kojamo's financial occupancy rate decreased slightly during the period, decreasing total revenue.

The following table sets forth Kojamo's total revenue and the change in total revenue by business segment for the periods indicated:

	For the financial year ended December 31,		Change	
(EUR million, except percentages)	**2017**	**2016**	**amount**	**percent**
	(audited)			
Total revenue				
Lumo	307.2	291.1	16.1	5.5
VVO	30.4	61.5	(31.2)	(50.6)
Group consolidation methods	(0.6)	(1.2)	0.6	50.0
Group total	**337.0**	**351.5**	**(14.5)**	**(4.1)**

Lumo

The Lumo segment's total revenue for the financial year ended December 31, 2017 was EUR 307.2 million, representing an increase of EUR 16.1 million, or 5.5 percent, as compared to EUR 291.1 million for the financial year ended December 31, 2016. The increase was due to rent increases in all regions and the transfer of 501 apartments from the VVO segment to the Lumo segment in April 2017. In July 2016, Lumo Kodit Oy acquired ICECAPITAL Housing Fund II, which owned 2,274 market-based rental apartments. The increase was also supported by the completion of 983 newly built apartments in 2017 and the acquisition of 75 new apartments in January 2017. The increase was partially offset by the sale of 1,344 apartments to a company managed by Avant Capital Partners in January 2017. The apartments covered by the transaction are located across Finland.

VVO

The VVO segment's total revenue for the financial year ended December 31, 2017 was EUR 30.4 million, representing a decrease of EUR 31.2 million, or 50.6 percent, as compared to EUR 61.5 million for the financial year ended December 31, 2016. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit owned by Y-Foundation, during the first half of 2016 and also due to the transfer of 501 apartments from the VVO segment to the Lumo segment in April 2017. The decrease was partly offset by annual rent increases in all regions.

Maintenance Expenses

Kojamo's maintenance expenses for the financial year ended December 31, 2017 were EUR 85.4 million, representing a decrease of EUR 4.9 million, or 5.5 percent, as compared to EUR 90.3 million for the financial year ended December 31, 2016. The decrease was mainly due to the sale of 8,571 apartments in 2016 and 1,603 apartments in 2017 resulting in corresponding decrease in maintenance expenses. In 2017, the construction of 983 apartments was completed and 75 new apartments were acquired, which partly offset the decrease in maintenance expenses. This decrease was also partly offset by the purchase of ICECAPITAL Housing Fund II, which, in 2016, owned 2,274 market-based rental apartments, and this purchase contributed to the increase of maintenance expenses. The decrease was also partly offset by the increase in property taxes, water and waste costs.

Repair Expenses

Kojamo's repair expenses for the financial year ended December 31, 2017 were EUR 35.6 million, representing a decrease of EUR 3.5 million, or 9.0 percent, as compared to EUR 39.1 million for the financial year ended December 31, 2016. The decrease was mainly due to certain repair projects being classified as modernization investments and recorded under change in fair value.

Net Rental Income

Group

Kojamo's net rental income for the financial year ended December 31, 2017 was EUR 216.0 million, representing a decrease of EUR 6.1 million, or 2.7 percent, as compared to EUR 222.0 million for the financial year ended December 31, 2016. The decrease was mainly due to the divestments of rental apartments in 2016 and early 2017 as discussed above. The decrease was partly offset by lower maintenance and repair expenses year-on-year due to the sale of apartments. The completion and acquisition of new apartments did not significantly offset this decrease as the newly constructed apartments were completed towards the end of 2017.

The following table sets forth Kojamo's net rental income, its changes and percentages of segment revenue for the periods indicated:

	For the financial year ended December 31,		Change		Percent of segment revenue	
(EUR million, except percentages)	**2017**	**2016**	**amount**	**percent**	**2017**	**2016**
	(audited)					
Net rental income						
Lumo	201.2	190.3	10.9	5.7	65.5	65.4
VVO	15.4	32.8	(17.4)	(53.2)	50.6	53.3
Group consolidation methods	(0.6)	(1.0)	0.4	40.0	—	—
Group total	**216.0**	**222.0**	**(6.1)**	**(2.7)**	**64.1**	**63.2**

Lumo

The Lumo segment's net rental income for the financial year ended December 31, 2017 was EUR 201.2 million, representing an increase of EUR 10.9 million, or 5.7 percent, as compared to

EUR 190.3 million for the financial year ended December 31, 2016. The increase was due to the rent increases and the completion of 983 newly built apartments and acquisition of 75 apartments in 2017. In 2017, 501 apartments were transferred from the VVO segment to the Lumo segment, which attributed to the increase. The increase was partly offset by the sale of 1,344 apartments to a company managed by Avant Capital Partners in January 2017. The apartments covered by the transaction are located across Finland.

VVO

The VVO segment's net rental income for the financial year ended December 31, 2017 was EUR 15.4 million, representing a decrease of EUR 17.4 million, or 53.2 percent, as compared to EUR 32.8 million for the financial year ended December 31, 2016. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit owned by Y-Foundation in the first half of 2016 and the transfer of 501 apartments from the VVO segment to the Lumo segment in 2017.

Administrative Expenses

Kojamo's administrative expenses for the financial year ended December 31, 2017 were EUR 37.2 million, representing a decrease of EUR 0.2 million, or 0.5 percent, as compared to EUR 37.4 million for the financial year ended December 31, 2016. The decrease was mainly due to the transfer of personnel to Y-Foundation in connection with the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016. The salaries of these employees were still part of Kojamo's expenses in early 2016. The decrease was partly offset by the increase in marketing expenses due to the brand building of the Lumo brand.

Other Operating Income

The following table sets forth Kojamo's other operating income and its changes for the periods indicated:

	For the financial year ended December 31,		Change
(EUR million, except percentages)	**2017**	**2016**	**amount**
	(audited)		
Income from construction contracting	0.2	0.1	0.1
Income from debt collection activities	1.5	1.5	0.1
Other	0.3	0.8	(0.5)
Total other operating income	**2.0**	**2.3**	**(0.3)**

Kojamo's other operating income for the financial year ended December 31, 2017 was EUR 2.0 million, representing a decrease of EUR 0.3 million, as compared to EUR 2.3 million for the financial year ended December 31, 2016. The decrease was mainly due to a VAT refund of EUR 0.4 million in 2016, as compared to EUR 0.1 million in 2017.

Other Operating Expenses

The following table sets forth Kojamo's other operating expenses and their changes for the periods indicated:

	For the financial year ended December 31,		Change
(EUR million, except percentages)	**2017**	**2016**	**amount**
	(audited)		
Expenses from construction contracting	(0.4)	(0.6)	0.2
Loss on sale	-	(2.5)	2.5
Other	(0.9)	-	(0.9)
Total other operating expenses	**(1.3)**	**(3.1)**	**(1.8)**

Kojamo's other operating expenses for the financial year ended December 31, 2017 were EUR 1.3 million, representing a decrease of EUR 1.8 million, as compared to EUR 3.1 million for the financial year ended December 31, 2016. The decrease was mainly due to the loss on the sale of the shares of one associated company as part of a real estate transaction conducted with Y-Foundation.

Depreciation, Amortization and Impairment losses

Kojamo's depreciation, amortization and impairment losses for the financial year ended December 31, 2017 were EUR 1.1 million, representing a decrease of EUR 0.1 million, or 8.3 percent, as compared to EUR 1.2 million for the financial year ended December 31, 2016.

Operating Profit/Loss

Group

For the reasons discussed above, Kojamo's operating profit for the financial year ended December 31, 2017 was EUR 307.0 million, representing a decrease of EUR 28.6 million, or 8.5 percent, as compared to EUR 335.6 million for the financial year ended December 31, 2016.

The following table sets forth Kojamo's operating profit, its changes and percentages of segment revenue for the periods indicated:

(EUR million, except percentages)	For the financial year ended December 31, 2017	2016	Change amount	Change percent	Percent of segment revenue 2017	2016
	(audited)					
Operating profit/loss						
Lumo	295.2	316.8	(21.6)	(6.8)	96.1	108.8
VVO	11.8	18.1	(6.3)	(34.8)	38.8	29.4
Group consolidation methods	0.0	0.7	(0.7)	-	-	-
Group total	**307.0**	**335.6**	**(28.6)**	**(8.5)**	**91.1**	**95.5**

The decrease in operating profit margin for the business segments and the Group total was driven by a change in the fair value of the investment properties of EUR 126.1 million in 2017, as compared to EUR 163.3 million in 2016.

Financial income

Kojamo's financial income for the financial year ended December 31, 2017 was EUR 5.0 million, representing an increase of EUR 2.6 million, or 108.3 percent, as compared EUR 2.4 million for the financial year ended December 31, 2016. The increase was mainly due to the proceeds from the interest rate derivatives being higher in 2017, as compared to 2016.

Financial Expenses

Kojamo's financial expenses for the financial year ended December 31, 2017 were EUR 45.5 million, representing a decrease of EUR 2.9 million, or 6.0 percent, as compared to EUR 48.4 million for the financial year ended December 31, 2016. The decrease was mainly due to the losses from the derivatives being lower in 2017, as compared to 2016.

Current Tax Expense

Kojamo's current tax expense for the financial year ended December 31, 2017 was EUR 28.6 million, representing a decrease of EUR 6.8 million, or 19.2 percent, as compared to EUR 35.4 million for the financial year ended December 31, 2016. The decrease was mainly due to the change in depreciation in the comparison year 2016 in relation to the real estate transaction of 8,571 apartments conducted with Y-Foundation.

Profit/Loss for the Period

For the reasons indicated above, Kojamo's profit for the financial year ended December 31, 2017 was EUR 212.9 million, representing a decrease of EUR 19.3 million, or 8.3 percent, as compared to EUR 232.3 million for the financial year ended December 31, 2016.

Financial Year Ended December 31, 2016 as Compared to Financial Year Ended December 31, 2015

Total Revenue

Group

Kojamo's total revenue for the financial year ended December 31, 2016 was EUR 351.5 million, representing a decrease of EUR 19.5 million, or 5.3 percent, as compared to EUR 370.9 million for the financial year ended December 31, 2015. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016 (the apartments were located mainly in Helsinki, Espoo, Vantaa and Oulu) from the VVO segment, resulting in a corresponding decrease in aggregate rental income in all regions. The decrease was partly offset by the Lumo segment's acquisition of ICECAPITAL Housing Fund II in 2016, which owned 2,274 market-based rental apartments and the completion of 649 newly built apartments in 2016. The number of apartments in Kojamo's property portfolio as at December 31, 2016 was 34,974, as compared to 41,153 as at December 31, 2015.

The following table sets forth Kojamo's total revenue and its change by business segment for the periods indicated:

(EUR million, except percentages)	For the financial year ended December 31, 2016	2015	Change amount	percent
	(audited)			
Total revenue				
Lumo	291.1	208.8	82.3	39.4
VVO	61.5	165.8	(104.2)	(62.9)
Group consolidation methods	(1.2)	(3.6)	2.4	66.7
Group total	**351.5**	**370.9**	**(19.5)**	**(5.3)**

Lumo

The Lumo segment's total revenue for the financial year ended December 31, 2016 was EUR 291.1 million, representing an increase of EUR 82.3 million, or 39.4 percent, as compared to EUR 208.8 million for the financial year ended December 31, 2015. The increase was mainly due to the completion of 649 new apartments in 2016 and the acquisition of ICECAPITAL Housing Fund II in 2016 increasing rental income.

VVO

The VVO segment's total revenue for the financial year ended December 31, 2016 was EUR 61.5 million, representing a decrease of EUR 104.2 million, or 62.9 percent, as compared to EUR 165.8 million for the financial year ended December 31, 2015. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016.

Maintenance Expenses

Kojamo's property maintenance expenses for the financial year ended December 31, 2016 were EUR 90.3 million, representing a decrease of EUR 6.7 million, or 6.9 percent, as compared to EUR 97.0 million for the financial year ended December 31, 2015. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016 and the sale of 440 apartments to other parties in 2016. This decrease was also partly offset by the purchase of ICECAPITAL Housing Fund II, which owned 2,274 market-based rental apartments in 2016, which in turn contributed to the increase of maintenance expenses. The decrease was also partly offset by the increase in property taxes, water and waste costs.

Repair Expenses

Kojamo's repair expenses for the financial year ended December 31, 2016 were EUR 39.1 million, representing a decrease of EUR 7.4 million, or 16.0 percent, as compared to EUR 46.5 million for the financial year ended December 31, 2015. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016 as well as the sale of 440 apartments to other parties in 2016. The decrease was partly offset by the general increase in construction costs.

Net Rental Income

Group

Kojamo's net rental income for the financial year ended December 31, 2016 was EUR 222.0 million, representing a decrease of EUR 5.4 million, or 2.4 percent, as compared to EUR 227.4 million for the financial year ended December 31, 2015. The decrease was mainly due to the sale of 9,011 apartments in 2016. In addition, 649 new apartments were completed in the Helsinki region[202] and 2,274 new apartments were acquired mainly in the Helsinki region, which was more than the 736 apartments completed and the 64 apartments acquired in 2015.

The following table sets forth Kojamo's net rental income, its changes and percentages of segment revenue for the periods indicated:

(EUR million, except percentages)	For the financial year ended December 31, 2016	2015	Change amount	percent	Percent of segment revenue 2016	2015
	(audited)					
Net rental income						
Lumo	190.3	134.6	55.6	41.3	65.4	64.5
VVO	32.8	94.9	(62.1)	(65.5)	53.3	57.3
Group consolidation methods	(1.0)	(2.2)	1.2	54.5	-	-
Group total	**222.0**	**227.4**	**(5.4)**	**(2.4)**	**63.2**	**61.3**

Lumo

The Lumo segment's net rental income for the financial year ended December 31, 2016 was EUR 190.3 million, representing an increase of EUR 55.6 million, or 41.3 percent, as compared to EUR 134.6 million for the financial year ended December 31, 2015. The increase was mainly due to the completion of 649 new apartments and the acquisition of 2,274 apartments in 2016. In addition to the increase in the number of apartments, the increased rents in 2016 as compared to 2015 increased the net rental income.

VVO

The VVO segment's net rental income for the financial year ended December 31, 2016 was EUR 32.8 million, representing a decrease of EUR 62.1 million, or 65.5 percent, as compared to EUR 94.9 million for the financial year ended December 31, 2015. The decrease was mainly due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016.

Administrative Expenses

Kojamo's administrative expenses for the financial year ended December 31, 2016 were EUR 37.4 million, representing a decrease of EUR 2.2 million, or 5.5 percent, as compared to EUR 39.7 million for the financial year ended December 31, 2015. The decrease was mainly due to the transfer of 66 employees to Y-Foundation in connection with the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016.

Other Operating Income

The following table sets forth Kojamo's other operating income and its changes for the periods indicated:

(EUR million, except percentages)	For the financial year ended December 31, 2016	2015	Change amount
	(audited)		
Income from the sales of fixed assets	0.0	0.3	(0.3)
Income from debt collection activities	1.5	1.3	0.2
Other	0.8	0.5	0.4
Total other operating income	**2.3**	**2.1**	**0.2**

[202] Helsinki region includes cities of Helsinki, Espoo, Vantaa, Kauniainen, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula ja Vihti.

Kojamo's other operating income for the financial year ended December 31, 2016 was EUR 2.3 million, representing an increase of EUR 0.2 million, as compared to EUR 2.1 million for the financial year ended December 31, 2015.

Other Operating Expenses

The following table sets forth Kojamo's other operating expenses and their changes for the periods indicated:

(EUR million, except percentages)	For the financial year ended December 31, 2016	2015	Change amount
	(audited)		
Expenses from construction contracting	(0.6)	(0.4)	(0.3)
Loss on sale	(2.5)	0.0	(2.4)
Total other operating expenses	**(3.1)**	**(0.4)**	**(2.7)**

Kojamo's other operating expenses for the financial year ended December 31, 2016 were EUR 3.1 million, representing an increase of EUR 2.7 million, as compared to EUR 0.4 million for the financial year ended December 31, 2015. The increase was due to a loss on the sale of the shares of one associated company in relation to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit during the first half of 2016.

Depreciation, Amortization and Impairment Losses

Kojamo's depreciation, amortization and impairment losses for the financial year ended December 31, 2016 were EUR 1.2 million, representing an increase of 0.0 percent, as compared to EUR 1.2 million for the financial year ended December 31, 2015.

Operating Profit/Loss

Group

For the reasons discussed above, Kojamo's operating profit for the financial year ended December 31, 2016 was EUR 335.6 million, representing an increase of EUR 74.4 million, or 28.5 percent, as compared to EUR 261.2 million for the financial year ended December 31, 2015.

The following table sets forth Kojamo's operating profit, its changes and percentages of segment revenue for the periods indicated:

(EUR million, except percentages)	For the financial year ended December 31, 2016	2015	Change amount	Change percent	Percent of segment revenue 2016	2015
	(audited)					
Operating profit/loss						
Lumo	316.8	145.1	171.7	118.4	108.8	69.5
VVO	18.1	116.7	(98.6)	(84.5)	29.4	70.4
Group consolidation methods	0.7	(0.6)	1.3	-	-	-
Group total	**335.6**	**261.2**	**74.4**	**28.5**	**95.5**	**70.4**

The increase in operating profit margin for the business segments and the Kojamo Group total was driven by a greater change in the fair value of investment properties in 2016, as compared to 2015.

Financial Income

Kojamo's financial income for the financial year ended December 31, 2016 was EUR 2.4 million, representing a decrease of EUR 5.3 million, or 68.6 percent, as compared to EUR 7.8 million for the financial year ended December 31, 2015. The decrease was mainly due to the proceeds from interest rate derivative transactions being at a lower level in 2016, as compared to 2015.

Financial Expenses

Kojamo's financial expenses for the financial year ended December 31, 2016 were EUR 48.4 million, representing an increase of EUR 3.6 million, or 8.0 percent, as compared to EUR 44.8 million for the financial year ended December 31, 2015. The increase was mainly due to the proceeds from interest rate derivative transactions being at a higher level in 2016, as compared to 2015.

Current Tax Expense

Kojamo's current tax expense for the financial year ended December 31, 2016 was EUR 35.4 million, representing an increase of EUR 13.3 million, or 60.1 percent, as compared to EUR 22.1 million for the financial year ended December 31, 2015. The increase was mainly due to the change in depreciation in relation to the real estate transaction of 8,571 apartments conducted with Y-Foundation.

Profit/Loss for the Period

For the reasons discussed above, Kojamo's profit for the financial year ended December 31, 2016 was EUR 232.3 million, representing an increase of EUR 52.9 million, or 29.5 percent, as compared to EUR 179.4 million for the financial year ended December 31, 2015.

Liquidity and Capital Resources

Overview

Kojamo generates liquidity from cash flows from operations and from debt financing. Kojamo's liquidity requirements primarily relate to its investments in development projects and acquisitions, repayments and interest payments on its debts and dividends paid to its shareholders.

As at March 31, 2018, Kojamo's cash and cash equivalents totalled EUR 354.4 million. Of the EUR 500 million unsecured bond issued by Kojamo on March 7, 2018, approximately EUR 300 million will be used to repay secured loans. The loans will be repaid in several phases to minimise repayment costs. For this reason, Kojamo had an exceptional amount of cash and cash equivalents on 31 March 2018.

As at March 31, 2018, EUR 132.0 million of Kojamo's EUR 250 million commercial paper programme was in use. In addition, Kojamo has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million that remain unused as at the date of this Offering Circular.

Cash Flows

The following table sets forth summary of Kojamo's cash flow data for the periods indicated:

	For the three months ended March 31,		For the financial year ended December 31,		
(EUR in million)	2018	2017	2017	2016	2015
	(unaudited)			(audited)	
CONSOLIDATED CASH FLOW DATA					
Net cash flow from operating activities	23.5	30.0	110.4	102.4	121.3
Net cash flow from investing activities	(243.0)	(4.2)	(258.5)	(345.1)	(199.8)
Net cash flow from financing activities	456.0	(35.6)	113.9	256.1	82.7
Change in cash and cash equivalents	236.5	(9.7)	(34.2)	13.4	4.2
Cash and cash equivalents in the beginning of the period	117.8	152.0	152.0	118.6	114.4
Cash and cash equivalents at the end of the period	354.4	142.3	117.8	132.0[1]	118.6[1]

(1) As at January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparison figures have not been changed to correspond to the current classification.

Net Cash Flow from Operating Activities

Kojamo's net cash inflow from operating activities for the three months ended March 31, 2018 was EUR 23.5 million, representing a decrease of EUR 6.6 million, or 21.8 percent, as compared to EUR 30.0 million for the three months ended March 31, 2017. The decrease was mainly due to higher negative cash flow impact of paid taxes as considered to the comparison period.

Kojamo's net cash inflow from operating activities for the financial year ended December 31, 2017 was EUR 110.4 million, representing an increase of EUR 8.0 million, or 7.8 percent, as compared to EUR 102.4 million for the financial year ended December 31, 2016. The increase was mainly due to lower paid income taxes and net financial expenses, as compared to 2016.

Kojamo's net cash inflow from operating activities for the financial year ended December 31, 2016 was EUR 102.4 million, representing a decrease of EUR 18.9 million, or 15.6 percent, as compared to EUR 121.3 million for the financial year ended December 31, 2015. The decrease was mainly caused by higher paid income taxes, as well as to lower level of revenues due to the sale of 8,571 apartments to Kiinteistö Oy M2-Kodit, in the first half of 2016.

Net Cash Flow from Investing Activities

Kojamo's net cash outflow from investing activities for the three months ended March 31, 2018 was EUR 243.0 million, representing an increase of EUR 238.8 million, or 5,685.7 percent, as compared to EUR 4.2 million for the three months ended March 31, 2017. The increase was mainly due to the bigger amount of property investments in the three months ended March 31, 2018, as compared to the three months ended March 31, 2017.

Kojamo's net cash outflow from investing activities for the financial year December 31, 2017 was EUR 258.5 million, representing a decrease of EUR 86.6 million, or 25.1 percent, as compared to EUR 345.1 million for the financial year ended December 31, 2016. The decrease was mainly due to the smaller number of acquisitions of investment properties in 2017, as compared to 2016, as well as the increases in purchases of financial assets and proceeds from the sale of financial assets in 2017, as compared to 2016.

Kojamo's net cash outflow from investing activities for the financial year ended December 31, 2016 was EUR 345.1 million, representing an increase of EUR 145.3 million, or 72.8 percent, as compared to EUR 199.8 million for the financial year ended December 31, 2015. The increase was mainly due to the larger number of acquisitions of investment properties in 2016, as compared to 2015, as well as the increases in purchases of financial assets and proceeds from the sale of financial assets in 2016, as compared to 2015.

Net Cash Flow from Financing Activities

Kojamo's net cash inflow from financing activities for the three months ended March 31, 2018 was EUR 456.0 million, representing an increase of EUR 491.6 million, or 1,380.9 percent, as compared to a net cash outflow of EUR 35.6 million for the three months ended March 31, 2017. This was mainly due to the issuance of EUR 500 million unsecured notes in March 2018. The purposed use of the proceeds of the issuance of the notes was repayment of one or more secured loan facilities in the approximate amount of EUR 300 million, general corporate purposes and supporting the growth targets of the Company.

Kojamo's net cash inflow from financing activities for the financial year ended December 31, 2017 was EUR 113.9 million, representing a decrease of EUR 142.2 million, or 55.5 percent, as compared to net cash inflow of EUR 256.1 million for the financial year ended December 31, 2016. The net cash inflow in 2017 of EUR 113.9 million was mainly due to refinancing of the Company's loans and borrowings and a smaller dividend distribution in 2017, as compared to 2016. The decrease was due to an additional dividend distributed in 2016. The Company refinanced loans from financial institutions with the proceeds from the issuance of a EUR 500 million bond. See "*—Loans and Borrowings—Bonds—Unsecured Notes*".

Kojamo's net cash inflow from financing activities for the financial year ended December 31, 2016 was EUR 256.1 million, representing an increase of EUR 173.4 million, or 209.7 percent, as compared to net cash inflow of EUR 82.7 million for the financial year ended December 31, 2015. The net cash inflow of EUR 256.1 million in 2017 was due to withdrawal of debt under new financing arrangements and was somewhat offset by a larger dividend distribution in 2016, as compared to 2015. Kojamo also issued EUR 200 million senior secured notes. See "*—Loans and Borrowings—Bonds—Senior Secured Notes".*

Loans and Borrowings

The following table sets forth a breakdown on Kojamo's interest-bearing liabilities as at the dates indicated:

(EUR million)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)			(audited)	
Non-current					
Loans from financial institutions	1,081.8	1,237.9	1,125.3	1,163.3	864.9
Bonds	1,288.1	299.7	793.8	297.7	99.6
Interest subsidy loans and annuity loans	141.1	330.9	188.1	331.5	291.7
Other loans	2.6	3.3	2.6	3.4	3.6
Current					
Loans from financial institutions	49.4	71.9	48.4	123.6	41.6
Interest subsidy loans and annuity loans	31.4	49.1	64.9	54.9	77.0
Commercial papers	132.0	87.9	52.9	141.3	108.8
Other loans	8.2	6.9	7.0	7.0	7.3
Interest-bearing liabilities total	**2,734.7**	**2,087.6**	**2,283.0**	**2,122.8**	**1,494.6**

The average interest rate of Kojamo's loans and borrowings including the cost of interest derivatives has been relatively stable amounting to 1.8 percent as at March 31, 2018, 2.0 percent as at December 31, 2017 and 2.0 percent as at December 31, 2016.

The following table sets forth the contractual repayment and interest cash flows of the Company's outstanding loans, borrowings and derivatives as at March 31, 2018:

(EUR million)	2018	2019–2022	2023–2027	2028–2032	2033–
			(unaudited)		
Loans from financial institutions	(52.0)	(486.3)	(518.3)	(86.5)	(58.3)
Bonds	(14.0)	(182.0)	(1,242.6)	0.0	0.0
Interest subsidy loans	(28.1)	(117.1)	(3.2)	(4.2)	(26.4)
Annuity loans	0.0	(0.3)	(0.1)	0.0	0.0
Other loans	(0.1)	(2.6)	(6.2)	0.0	0.0
Commercial papers	(132.0)	0.0	0.0	0.0	0.0
Interest rate derivatives	(10.4)	(46.2)	(33.7)	(8.0)	(2.7)
Total	**(236.7)**	**(834.5)**	**(1,804.2)**	**(98.7)**	**(87.4)**

Loans and Borrowings and Financing Agreements

As at the date of this Offering Circular, Kojamo's loans and borrowings consist mainly of loans from financial institutions, bonds, interest-subsidy loans and commercial papers.

Loans from financial institutions

As at March 31, 2018, loans from financial institutions amounted to EUR 1,131.3 million, representing 41 percent of total debt. The loans from financial institutions are all loans from banks or other financial institutions and exclude the bonds issued by Kojamo, which are described below. Kojamo's loans from financial institutions include financial covenants that measure the solvency ratio, the proportion of secured loans and the capacity of the business to cover its interest liabilities. Covenants are reviewed quarterly. Kojamo has always fulfilled the covenant terms.

Kojamo and the European Investment Bank (the "**EIB**") signed on March 7,2018 an unsecured loan agreement of EUR 95 million. The financing is the second part of in total EUR 170 million of long-term financing from the EIB, which will be used to fund the construction of nearly zero-energy buildings (nZEBs), agreed on 28 November 2016.

Several companies of the Kojamo Group have entered into bilateral term loan agreements with various financial institutions active in the Finnish market. The aggregate amount of this indebtedness as at March 31, 2018 was EUR 1,131.3 million. EUR 32.1 million of the term loan agreements was owed by Kojamo plc, EUR 754.5 million by Lumo Kodit Oy and EUR 344.7 million by other subsidiaries. These loan facilities are mainly based on the standard terms and conditions of the respective lenders. These loans are secured by *inter alia* real estate mortgages and shares in the subsidiaries, in addition to which Lumo Kodit Oy and Kojamo plc have granted guarantees for some of these loans.

Revolving credit facility agreements

Kojamo has entered into five binding credit facility agreements (the "**RCFs**") with total credit amount of EUR 300 million. The lenders for the RCFs are Danske Bank A/S, Finland Branch, Nordea Bank AB (publ), Finnish branch, OP Corporate Bank plc, Svenska Handelsbanken AB (publ.), Branch Operations in Finland and Swedbank AB (publ.). The RCFs bear interest rate of EURIBOR plus applicable margin. The credit facilities include margins, in addition to which commitment fees and utilization fees are payable for the RCFs. The RCFs include a change of control clause whereby Kojamo must promptly notify the lenders if one person or several persons directly or indirectly acquire the beneficial ownership of Kojamo's shares representing more than 50 percent of the votes or capital in Kojamo.

The RCFs have been originally made at different times for a maturity of 3 to 5 years. One EUR 25 million agreement is due in December 2018 and the Company intends to renew it before the due date. The agreements with the farthest due dates, with a total capital of EUR 200 million, are in force until spring 2022. Kojamo's unsecured credit facilities include financial covenants that measure the solvency ratio, the proportion of secured loans and the capacity of the business to cover its interest liabilities. According to the terms of certain credit facilities, the Kojamo Group's loan-to-value must be below 60 percent and interest coverage ratio over 1.8. Covenants are reviewed quarterly. Kojamo has always fulfilled the covenant terms.

In addition, Kojamo has an uncommitted credit facility of EUR 5 million from Nordea Bank AB (publ), Finnish branch. The uncommitted credit facility does not have a determined maturity and no covenants or collaterals are in place regarding it.

As at the date of this Offering Circular, all of the credit facilities are unused.

Bonds

Unsecured Notes

On March 7, 2018, Kojamo plc issued EUR 500 million unsecured notes due March 7, 2025 (the "**2025 Notes**"). On June 19, 2017, Kojamo plc issued EUR 500 million unsecured notes due June 19, 2024 (the "**2024 Notes**", and together with the 2025 Notes the "**Unsecured Notes**"). The Unsecured Notes are listed on the Official List of the Irish Stock Exchange and have been rated Baa2 with a stable outlook by Moody's Investor Service. The 2025 Notes bear interest at the rate of 1.625 percent per annum and the 2024 Notes at the rate of 1.500 percent per annum.

Unsecured Notes do not have collateral but in their terms there is a pledging prohibition according to which Kojamo and its subsidiaries may not pledge their assets in ways other than those allowed in the terms and conditions of the Unsecured Notes (collateral may be given for example to the Secured Notes defined and described below) unless such collateral is also given to the Unsecured Notes.

Kojamo's Unsecured Notes include financial covenants where the Kojamo Group's solvency ratio must be below 0.65, secured solvency ratio below 0.45 and interest coverage ratio 1.8 or over. These ratios are reviewed on a quarterly basis. Kojamo has always fulfilled the covenant terms.

The Unsecured Notes are redeemable on their respective due dates, in addition to which they may be redeemed by the Company earlier if the Company would be required to gross up payments for tax reasons, or voluntarily. A voluntary redemption on or before the date falling three months prior to the maturity date of the relevant notes shall be made at a make whole amount, while a redemption after such date shall be at the outstanding principal amount plus accrued interest. The holders of the notes may require Kojamo plc to redeem or purchase the Unsecured Notes at 101 percent of the principal amount and accrued interest if a change of control put event occurs. A change of control put event is defined as (i) a person or persons acting together acquire beneficial ownership of more than 50 percent of the total voting rights in Kojamo plc; and (ii) there is a ratings downgrade of the Company to below investment grade; and (iii) the ratings downgrade resulted in whole or in part from the change of control. Kojamo plc and its subsidiaries are also free to purchase Unsecured Notes in any manner and at any price.

The trustee of the notes may (and in specified circumstances shall) declare the Unsecured Notes to be immediately due and payable if an event of default occurs. The events of default include among other things non-payment of any sums under the Unsecured Notes (subject to remedy periods of 7 days for principal and 14 for interest), breach of other obligations, cross default (subject to a threshold amount of EUR 20,000,000), winding up, cessation of business and insolvency or analogous proceedings of the Company or material subsidiaries.

Senior Secured Notes

On May 29, 2013, Kojamo plc issued EUR 100 million senior secured notes due May 29, 2020 (the "**2020 Notes**"). On October 17, 2016, Kojamo plc issued EUR 200 million senior secured notes due October 17, 2023 (the "**2023 Notes**", and together with the 2020 Notes, the "**Secured Notes**"). The 2023 Notes are listed on the official list of Nasdaq Helsinki. The 2020 Notes bear fixed interest at the rate of 3.25 percent per annum and the 2023 Notes at the rate of 1.625 percent per annum. The Secured Notes contain a change of control clause requiring prepayment of the Secured Notes in the event a person gains control (being defined as obtaining more than 50 percent of the total voting rights or the power to appoint or remove the majority of the members of the Board of Directors) of Kojamo. The 2023 Notes also include a redemption option for the Company and an option to issue further bonds under the same terms and conditions. The net proceeds of the Secured Notes have been lent by Kojamo to Lumo Kodit Oy.

The Secured Notes are secured by security pools comprising freehold and leasehold properties owned by the Company's wholly-owned subsidiary Lumo Kodit Oy and shares in mutual real estate companies and housing companies owned by Lumo Kodit Oy as well as all amounts standing to the credit of Kojamo's and Lumo Kodit Oy's specified bank accounts and rent receivables of Lumo Kodit Oy. Pursuant to the terms and conditions of the Secured Notes, Lumo Kodit Oy may grant as security additional or replace properties or shares in real estate or housing companies as long as the new security assets provided meet the applicable security criteria under the terms and conditions of the Secured Notes. In addition to the minimum collateralization level (130 percent for the 2020 Notes and 125 percent for the 2023 Notes), the terms and conditions of the Secured Notes require periodic valuations of the collateral and maintenance and insurance of the properties. Events of default, upon which the noteholders are entitled to accelerate the Secured Notes include non-payment, non-compliance with the collateralization level, non-compliance with other undertakings, cross-default, the Secured Notes no longer ranking *pari passu* with the obligations of the Company, cessation of business and insolvency proceedings.

Interest subsidy loans and annuity loans

Interest subsidy loans and annuity loans amounted to EUR 172.5 million as at March 31, 2018, to EUR 253.0 million as at December 31, 2017, to EUR 386.4 million as at December 31, 2016 and to EUR 368.7 million as at December 31, 2015.

Commercial paper program

The Company has a commercial paper program of EUR 250 million to back short-term funding needs. The borrowing under commercial paper program totaled EUR 132.0 million as at March 31, 2018, EUR 52.9 million, as at December 31, 2017, EUR 141.3 million as at December 31, 2016 and EUR 108.8 million as at December 31, 2015.

Balance Sheet Information

Non-current Assets

The following table sets forth Kojamo's non-current assets as at the dates indicated:

(EUR million)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)			(audited)	
Non-current assets					
Intangible assets	0.4	0.7	0.4	0.8	1.1
Investment properties	4,834.4	4,314.4	4,706.5	4,228.3	3,464.9
Property, plant and equipment	30.8	30.8	31.0	31.0	31.2
Investments in associated companies	1.8	1.2	1.7	1.2	1.0
Financial assets	0.5	0.5	0.5	0.6	0.5
Non-current receivables	5.3	5.7	5.3	5.6	2.2
Derivatives	5.3	3.9	6.5	2.0	0.0
Deferred tax assets	9.6	13.9	10.9	15.4	12.0
Total non-current assets	**4,888.1**	**4,371.2**	**4,762.7**	**4,284.8**	**3,513.1**

Kojamo's non-current assets mainly consist of investment properties and property, plant and equipment. Kojamo's property, plant and equipment mainly consist of land areas, connection fees, buildings and machinery and equipment.

Kojamo's non-current assets as at March 31, 2018 amounted to EUR 4,888.1 million, representing an increase of EUR 516.9 million, or 11.8 percent, as compared to EUR 4,371.2 million, as at March 31, 2017. The increase was mainly due to increase in the number of investment properties.

Kojamo's non-current assets as at December 31, 2017 amounted to EUR 4,762.7 million, representing an increase of EUR 478.0 million, or 11.2 percent, as compared to EUR 4,284.8 million as at December 31, 2016. The increase was mainly due to increase in the number of investment properties acquired primarily in the Helsinki region and thereby the increase in investment properties' fair value.

Kojamo's non-current assets as at December 31, 2016 amounted to EUR 4,284.8 million, representing an increase of EUR 771.7 million, or 22.0 percent, as compared to EUR 3513.1 million as at December 31, 2015. The increase was mainly due to increase in the number of investment properties acquired primarily in the Helsinki region and thereby the increase in investment properties' fair value.

Current Assets

The following table sets forth Kojamo's current assets as at the dates indicated:

(EUR million)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)			(audited)	
Current assets					
Trading properties	0.4	0.9	0.6	0.9	1.0
Derivatives	0.1	0.2	0.0	0.3	—
Current tax assets	5.0	10.2	0.5	7.7	1.7
Trade and other receivables	19.0	15.7	8.8	6.8	8.8
Financial assets	85.7	49.1	49.3	69.0(1)	54.6(1)
Cash and cash equivalents	354.4	142.3	117.8	132.0(1)	116.0(1)
Current assets total	**464.6**	**218.3**	**177.0**	**216.7**	**182.0**

(1) As at January 1, 2017, EUR 20.0 million of liquid investments have been reclassified from financial assets to cash and cash equivalents. The comparison figures have not been changed to correspond to the current classification.

Kojamo's current assets as at March 31, 2018 amounted to EUR 464.6 million, representing an increase of EUR 246.3 million, or 112.8 percent, as compared to EUR 218.3 million as at March 31, 2017. The increase was mainly due to the EUR 500 million unsecured bond issued in March 2018.

Kojamo's current assets as at December 31, 2017 amounted to EUR 177.0 million, representing a decrease of EUR 39.6 million, or 18.3 percent, as compared to EUR 216.7 million as at December 31, 2016. The decrease was mainly due to decrease in financial assets and cash and cash equivalents in 2017.

Kojamo's current assets as at December 31, 2016 amounted to EUR 216.7 million, representing an increase of EUR 34.6 million, or 19 percent, as compared to EUR 182.0 million, as at December 31, 2015. The increase was mainly due to increase in cash and cash equivalents as well as an increase in investments in 2016.

Investments

During the period under review, Kojamo has made significant investments in modernization of its apartments as well as construction and acquisition of new buildings.

The following table sets forth Kojamo's investments for the periods indicated:

(EUR million)	As at March 31, 2018	As at March 31, 2017	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
	(unaudited)			(audited)	
Acquisition and development of investment properties(1)	200.0	61.1	338.6	664.9	187.1
Modernization investments	2.9	3.3	25.4	29.3	45.8
Capitalized borrowing costs	0.8	0.6	3.3	1.7	2.0
Total investments	**203.7**	**65.0**	**367.3**	**696.0**	**235.0**

(1) Includes the costs of completed housing stock and new properties under construction.

Working Capital

The following table sets forth Kojamo's working capital as at the dates indicated:

(EUR million)	As at March 31,		As at December 31,		
	2018	2017	2017	2016	2015
	(unaudited)		(audited)		
Trade receivables	6.6	4.2	6.7	4.2	3.6
Trading properties	0.4	0.9	0.6	0.9	1.0
Trade payables	6.3	7.3	20.0	19.3	10.6
Advances received	5.6	5.0	5.1	4.6	5.6
Working capital[(1)]	**(4.9)**	**(7.2)**	**(17.8)**	**(18.9)**	**(11.6)**

(1) The line items "Trade payables" and "Advances received" are customarily presented as positive figures even though they represent cost items and are therefore subtracted from the sum of the line items "Trade receivables" and "Trading properties".

Kojamo's working capital as at March 31, 2018 amounted to EUR 4.9 million negative, representing an increase of EUR 2.3 million, as compared to the EUR 7.2 million negative working capital as at March 31, 2017. Trade receivables increased EUR 2.4 million. The increase was primarily due to the payment terms of two plots sold during 2017. Trading properties decreased by EUR 0.5 million. The decrease was primarily due to sales of trading property shares. Trade payables decreased by EUR 1.0 million. Advances received increased by EUR 0.6 million.

Kojamo's working capital as at December 31, 2017 amounted to EUR 17.8 million negative, representing an increase of EUR 1.1 million, compared to the EUR 18.9 million negative working capital as at December 31, 2016. This was primarily due to payment terms granted for two plots sold during 2017. Trade receivables increased by EUR 2.5 million, trading properties decreased by EUR 0.3 million, trade payables increased EUR 0.7 million and advances received increased by EUR 0.5 million.

Kojamo's working capital as at December 31, 2016 amounted to EUR 18.9 million negative, representing a decrease of EUR 7.3 million, compared to the EUR 11.6 million negative working capital as at December 31, 2015. This was primarily due to accelerated rate of new development projects and thus increased account payables relating to these investments. Trade receivables increased by EUR 0.6 million, trading properties decreased by EUR 0.1 million, trade payables increased EUR 8.7 million and advances received decreased EUR 1.0 million.

Equity

Kojamo's equity as at March 31, 2018 was EUR 2,040.2 million, an increase of EUR 176.9 million, as compared to EUR 1,863.3 million as at March 31, 2017. The increase was due to an increase in retained earnings. The increase was partly offset by a dividend of EUR 50.3 million which the Company distributed from year 2017.

Kojamo's equity as at December 31, 2017 was EUR 2,038.6 million, an increase of EUR 179.1 million, as compared to EUR 1,859.5 million as at December 31, 2016. The increase was due to an increase in retained earnings. The increase was partly offset by a dividend of EUR 50.3 million which the Company distributed from year 2016.

Kojamo's equity was EUR 1,859.5 million as at December 31, 2016, an increase of EUR 120.5 million, as compared to EUR 1,739.1 million as at December 31, 2015. The increase was mainly due to an increase in retained earnings. The increase was partially offset by the EUR 37.0 million dividend which the Company distributed from year 2015 and the EUR 66.6 million additional dividend which the Company distributed in 2016.

As at March 31, 2018, Kojamo's equity included EUR 20.1 million of equity subject to profit distribution restrictions. Of this figure, EUR 0.3 million was recognizable as income in the financial year 2017 according to the latest calculation basis set by the Housing Finance and Development Centre of Finland (ARA).

Off-balance sheet Liabilities

Kojamo's off-balance sheet liabilities were EUR 199.8 million as at March 31, 2018, EUR 212.7 million as at December 31, 2017, EUR 359.9 million as at December 31, 2016 and EUR 276.4 million as at December 31,

2015. Off-balance sheet liabilities mainly consist of preliminary agreements for new construction and new construction in progress.

	As at March 31,		As at December 31,		
(EUR million)	2018	2017	2017	2016	2015
	(unaudited)			(audited)	
New construction in-progress	88.4	154.9	99.6	136.8	253.9
Preliminary agreements for new construction	101.5	187.7	101.5	206.0	—
Renovation	9.9	21.2	11.5	17.1	22.5
Total	**199.8**	**363.8**	**212.7**	**359.9**	**276.4**

Kojamo's guarantees given are mainly absolute guarantees granted as collateral for group companies' loans for which property pledges have also been given as collateral. Issued guarantees amounted to EUR 360.7 million as at March 31, 2018, EUR 373.4 million as at December 31, 2017, EUR 479.9 million as at December 31, 2016 and EUR 433.3 million as at December 31, 2015.

The following tables set forth other information relating to off-balance sheet liabilities:

	As at December 31,		
(EUR million)	2017	2016	2015
		(audited)	
Land lease contracts, Group as lessee			
The future minimum lease payable under operating leases			
During the following financial year	3.4	3.3	5.1
Due after following year and before five years	13.6	13.0	19.6
Due after five years	117.9	106.7	168.5
Total	**134.9**	**123.0**	**193.2**

	As at December 31,		
(EUR million)	2017	2016	2015
		(audited)	
Operating leases, vehicles			
During the following financial year	0.7	0.6	0.7
Due in 2–5 years	1.2	0.9	0.8
Total	**1.9**	**1.5**	**1.5**

	As at March 31,		As at December 31,		
(EUR million)	2018	2017	2017	2016	2015
	(unaudited)			(audited)	
Guarantees, commitments and contingent liabilities					
Loans covered by pledges on property and shares as a collateral	1,534.0	1,962.5	1,656.9	1,986.5	1,849.7
Mortgages	1,661.2	2,349.4	1,851.1	2,446.2	2,551.5
Shares(1)	273.1	326.4	276.9	312.0	213.6
Pledged collaterals total	**1,934.4**	**2,675.7**	**2,127.9**	**2,758.1**	**2,765.1**
Other collaterals given					
Mortgages and shares	32.2	5.9	32.0	5.8	12.8
Guarantees(2)	360.7	456.2	373.4	479.9	433.3
Pledged deposits	-	0.2	-	0.2	-
Other collaterals total	**392.9**	**462.2**	**405.4**	**485.9**	**446.1**

(1) Pledged mortgages and shares relate in some cases to same real estates.

(2) Guarantees given are mainly absolute guarantees granted as collateral for group companies' loans for which property pledges have also been given as collateral.

	As at December 31,		
(EUR million)	2017	2016	2015
		(audited)	
Value added tax refund liabilities	2.5	2.6	3.1

(EUR million)	As at December 31, 2017	2016 (audited)	2015
Land purchase liabilities			
Purchase prices for target building rights and draft plans	38.4	4.5	14.3
Liabilities for municipal infrastructure	4.1	4.3	4.4

Construction Obligations

The land use agreement related to the zoned areas Suurpelto I and II in Espoo is subject to timing provision for development project related construction, sanctioned with delay penalties. The zoned areas are divided into three execution areas in the agreement. Kojamo holds building rights in these areas as follows: area 2—18,217 floor square meters; and area 3—7,600 floor square meters. The agreement stipulates that all of the residential building rights have to be used up by November 2013 in area 2 and by November 2016 in area 3. This schedule has not been fully met by Kojamo. The delay penalty is graded based on the period of delay and can at most, if the delay has continued for at least five years, be equal to one-half of the land use payments in accordance with the agreement. According to the agreement, the City of Espoo may, should circumstances change, lower the penalty or waive it altogether. The fulfilment of these commitments will be financed with Kojamo's cash flow from operating activities.

The land use agreement related to quarters 62007 and 62025 in Jokiniemi, Vantaa is subject to timing provisions construction, sanctioned with delay penalties. The construction liability is divided into various forms of financing and ownership. The fulfilment of these commitments will be financed with Kojamo's cash flow.

The following plots are subject to schedule construction, sanctioned with delay penalties:

1. a plot located in the City of Helsinki (92-70-118-5);
2. a plot located in the City of Espoo (49-12-220-1); and
3. a plot located in the City of Helsinki (91-20-67-1), a plot located in the City of Helsinki (91-10-634-2).

The fulfilment of these commitments will be financed with Kojamo's cash flow from operating activities.

Financial Risk Management

Overview

The financial risks associated with Kojamo's business are managed in accordance with the treasury policy confirmed by Kojamo plc's Board of Directors. The objective is to protect Kojamo against unfavorable changes in the financial market. The management of financial risks is centralized in Kojamo's treasury unit.

Interest Rate Risk

The most significant financial risk is related to interest rate fluctuations affecting the loan portfolio. This risk is managed through fixed-rate loans and interest rate derivatives. The most significant interest rate risk is associated with loans from financial institutions. This risk is hedged with interest rate derivatives according to Kojamo's treasury policy. The targeted hedging ratio is 50–100 percent. As at March 31, 2018, the hedging ratio was 87 percent, as compared to 79 percent as at March 31, 2017. As at December 31, 2017, the hedging ratio was 111 percent, as compared to 77 percent as at December 31, 2016 and 72 percent as at December 31, 2015.

As at March 31, 2018, of the total nominal value of EUR 886.7 million of interest rate derivatives, only approximately 6.2 percent (EUR 54.6 million) was not in hedge accounting. Kojamo makes all interest rate derivative agreements for hedging purposes. In addition, hedge accounting in accordance with IFRS 9 is applied always when possible. Interest rate options where application of hedge accounting has not been possible were as at March 31, 2018 a total of EUR 6.9 million. The rest of the agreements outside hedge accounting are interest swap agreements. There has been optionality relating to some of these derivatives (right of cancellation) that has made them not easily suitable for hedge accounting. Further, part of the hedges are such that the related loan has been repaid in advance during this year, meaning that the hedging target no longer exists. Originally such derivatives have belonged to hedge accounting. The derivatives in question are with short maturities meaning that their market values do not fluctuate much. Only a small amount of all interest rate derivatives are not in hedge accounting. The maturities of many agreements are so short that from the market value point of view it does not much matter whether they are kept until the end or closed in advance. With short-term agreement changes in the market values are small meaning that risk regarding such changes is minor in nature.

The interest rate risk associated with interest subsidy loans is decreased by the State's interest subsidy. Interest subsidy loans are not hedged with interest rate derivatives, with the exception of some 10-year interest subsidy loans. The interest rate of loans with annual payments is tied to changes in Finnish consumer prices, and the interest costs for the following year are known in the preceding fall. Rent in properties with state-subsidized loans is determined according to the cost principle. Therefore, any changes in interest rates are transferred to rents. In accordance with its treasury policy, Kojamo does not hedge these loans with interest rate derivatives.

Liquidity Risk and Refinancing Risk

Kojamo secures its liquidity through sufficient cash funds, the commercial paper program and supporting credit facility agreements. Cash flow from the rental business is stable, and the sufficiency of liquidity is monitored regularly with cash flow forecasts.

The functioning of the money market has been affected by stricter bank regulation, which has reflected on lending and the cost of financing. The availability of financing is ensured by maintaining Kojamo's good reputation among financiers and by keeping the equity ratio at an appropriate level. The risk associated with the availability of financing is mitigated by diversifying the maturities and financial instruments and by expanding the financier base. Kojamo prepares for the maturing of large loans well in advance.

Price Risk

Kojamo uses electricity derivatives to hedge against exposure to electricity price risk. The electricity derivatives hedge highly probable future electricity purchases, and the trading in derivatives has been outsourced to an external expert. Electricity derivatives are not included in hedge accounting.

Kojamo's surplus cash may be invested in accordance with the approved principles of the treasury policy. Available-for-sale financial assets are subject to a price risk that is mitigated through diversification of investment assets. The investments do not involve a currency risk.

Credit Risk

Kojamo does not have any significant credit risk concentrations. The majority of trade receivables consists of rent receivables, which are efficiently diversified. In addition, the application of rental deposits decreases the credit risk associated with rent receivables.

Currency Risk

Kojamo's cash flows are euro-denominated, and the business does not involve any currency risk.

Accounting Estimates and Judgments in Preparation of the Financial Statements

The preparation of financial statements in accordance with IFRS requires Kojamo's management to make judgements in the application of the accounting policies, as well as estimates and assumptions that affect the amounts of reported assets, liabilities, income and expenses and the presented notes.

Management judgments affect the choice of accounting policies and their application. This particularly applies to cases for which the current IFRSs include alternative recognition, measurement or presentation methods. Kojamo's management must make judgements when applying the following accounting policies: classification of properties, classification of long-term leases, business acquisitions and asset acquisitions, deferred tax assets, recognition principle of deferred taxes and exception to the initial recognition of deferred taxes.

The estimates and related assumptions are based on Kojamo's historical experience and other factors, such as expectations concerning future events. These are considered to represent the management's best understanding at the time of evaluation and believed to be reasonable considering the circumstances. The actual results may differ from the estimates and assumptions used in the financial statements. Estimates and related assumptions are continually evaluated. Changes in accounting estimates are recorded for the period for which the estimate is being reviewed, if the change in the estimate concerns only that period. If the change in the estimate concerns both the period in question and later periods, the change in the estimate is recorded both for the period in question and the future periods. The key sources of estimation uncertainty concern the fair value measurement of investment property and determination of the fair value and impairment of financial instruments.

Recent Changes in Accounting Policies

IASB has issued new and amended standards and interpretations, the application of which is mandatory in financial years beginning on or after January 1, 2018. Kojamo has not applied these standards and interpretations in preparing the consolidated financial statements appended to this Offering Circular. Kojamo will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. The new IFRS 9—*Financial Instruments* standard (effective for financial years beginning on or after January 1, 2018) replaces the existing standard IAS 39 *Financial Instruments: Recognition and Measurement*. The new IFRS 9 includes revised guidance on the classification and measurement of financial instruments. This also covers a new expected credit loss model for determining impairment on financial assets. The requirements concerning general hedge accounting have also been revised. The requirements on recognition and derecognition of financial instruments from IAS 39 have been retained. Kojamo began to apply IFRS 9 as of January 1, 2018 and will not apply it retrospectively.

In accordance with IFRS 9, financial assets will be classified based on the nature of cash flows and the specified business models. The implementation of the reclassification and measurement of financial assets will result in some changes in current recognition practices, but their impact on equity or the result will be minor. Changes in impairment principles will have a minor impact on the expected credit losses recorded for trade receivables.

The impact of the adoption of IFRS 9:

			Carrying value, EUR in millions	
	Classification IAS 39	**Classification IFRS 9**	**December 31, 2017**	**January 1, 2018**
Financial assets				
Cash Investments	Loans and receivables	Amortized cost	20.1	20.1
Funds	Available-for-sale financial assets	Fair value recognized in profit or loss	46.1	46.1
Loans and receivables	Loans and receivables	Fair value recognized in profit or loss	3.1	3.1
Other shares	Available-for-sale financial assets	Fair value recognized in profit or loss	0.5	0.5
Financial assets total			**69.8**	**69.9**

Kojamo has classified cash and cash equivalents as financial assets measured at amortized cost and as financial assets measured at fair value through profit or loss. The classification of financial assets is presented in the following table:

Financial asset group	Instruments	Measurement principle
1. Financial assets recognized at fair value through profit or loss	a) Investments in unlisted securities b) Investments in other instruments with a reliably determinable fair value: fund investments and investments in bonds c) Derivative instruments: interest rate and electricity non-hedge accounting	Fair value, changes in value are recognized in the income statement
2. Cash and cash equivalents measured at amortized cost	Sales and loan receivables, fixed-term deposits and similar receivables	Amortized cost
3. Financial assets recognized at fair value through comprehensive income	Derivative instruments, subject to hedge accounting	Fair value, changes in value are recognized in other comprehensive income

Financial liability group	Instruments	Measurement principle
1. Financial liabilities recognized at fair value through profit or loss	Derivative instruments: Interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognized in the income statement
2. Financial liabilities measured at amortized cost (other financial liabilities)	Various debt instruments	Amortized cost
3. Financial liabilities recognized at fair value through comprehensive income	Derivative instruments, subject to hedge accounting	Fair value, changes in value are recognized in other comprehensive income

LEGISLATION RELATING TO REAL ESTATE AND RENTAL BUSINESS

General

Kojamo's business is impacted significantly by legislation governing real estate and rental housing business. The key regulations consist of legislation governing residential leasing, legislation governing loans granted from the Housing Fund of Finland (the "**arava loans**") and legislation governing interest subsidies paid out of state funds. Legislation governing residential leases applies to all rental apartments owned by Kojamo. However, legislation governing arava loans and legislation governing interest subsidies paid out of state funds apply to only a small proportion of all apartments owned by Kojamo. The majority of apartments in the Lumo segment are not covered by these regulations, whereas all of the apartments in the VVO segment are subject to these regulations. As at March 31, 2018, the Lumo segment constitutes approximately 97 percent of Kojamo Group's business by number of rental apartments. Furthermore, Kojamo must observe the legislation governing, among others, the conveyance and registration of real estate as well as land use and construction in its business.

Residential Leases Act

General

The Act on Residential Leases (481/1995, as amended) (the "**Residential Leases Act**") includes provisions on, among other things, the use, condition and maintenance of a leased apartment, as well as on the duration and termination of a lease relationship and the amount of rent. The provisions of the Residential Leases Act are partially statutory, which means they cannot be deviated from to the detriment of the tenant, and partially discretionary, which means they can be agreed on freely.

Amount of Rent and Rent Increases

As a general rule, the amount of rent is determined on the basis of what is agreed between the lessor and the tenant. According to the Residential Leases Act, the lessor may also unilaterally increase the rent or other consideration for using the property, provided that a provision concerning this is recorded in the lease agreement. The amount, grounds and date of a rent increase must be clearly stated in the lease agreement. Thus the Residential Leases Act permits, for example, Kojamo to tie rent increases to the development of an applicable index in its lease agreements. The fairness of the rent, however, may be brought for investigation before a court of law, and a court of law may decide to decrease or increase the rent.

During the period in which a residence is subject to the provisions concerning the determination of the rent pursuant to the Arava Restrictions Act or the Interest-Subsidy Act (as defined below), the lessor may increase the rent by notifying the tenant of the increase, its grounds and the new amount of rent in writing. The increased rent will become valid no earlier than two months after the notice was given and as of the beginning of the following rent payment period. However, when increasing the rent, the lessor must observe the restrictions on the amount of rent pursuant to the to the Arava Restrictions Act and Interest-Subsidy Act (as defined below) (see also "*—Legislation Governing State's Housing Production—Arava Restrictions Act—Restrictions—Amount of Rent*" and "*—Legislation Governing State's Housing Production—Interest-Subsidy Act—Restrictions on Use and Assignment").*

Validity and Termination of a Lease Agreement

According to the Residential Leases Act, lease agreements can be in force for a fixed term or until further notice. A lease agreement is in force until further notice unless otherwise agreed or unless otherwise provided by law. If a fixed-term lease of no more than three months is agreed on with the same tenant more than twice consecutively, the lease shall be considered valid until further notice notwithstanding the fixed-term provision.

A lease is terminated by giving notice, rescission or lapse. If a notice is given on a non-fixed-term lease agreement, it will be terminated after the period of notice, unless otherwise agreed. When the lessor gives notice on a lease agreement, the statutory notice period is six months if the lease has lasted uninterruptedly for at least one year immediately prior to the giving of notice, and otherwise three months. When the tenant gives notice the notice period is one month, regardless of the duration of the lease. Any stipulation in the lease agreement reducing the lessor's notice period or extending the tenant's notice period is null and void. The notice of termination must always be given in writing. Pursuant to the Residential Leases Act, the notice period begins from the last day of the calendar month during which the notice was received.

A court of law may permit the tenant or lessor to give notice on a fixed-term lease agreement on special grounds specified in the Residential Leases Act. The right to give notice on a fixed-term lease agreement may be granted to the tenant if his or her need for an apartment comes to an end or is essentially altered by his or her illness or disability, if he or she moves to another locality for reasons of study, employment, or if for any other comparable reason the agreement's remaining in force until the agreed date would be patently unreasonable from the tenants point of view. The right to give notice on a fixed-term lease agreement may be granted to the lessor if he or she needs the apartment for his or her own use or for the use of a member of his or her family for an unforeseen reason, or if due to other comparable circumstances the agreement's remaining in force until the agreed date would be patently unreasonable from the lessor's point of view. The party that did not give notice on the lease agreement shall be entitled to reasonable compensation for any loss incurred due to the premature termination of the agreement.

In certain cases of negligence, the lessor is entitled to rescind the lease agreement with a notice of rescission, and the rescission shall be effective immediately without a notice period. The lessor has the right to rescind the agreement if the tenant neglects to pay the rent on time or if the leasehold is transferred or the apartment is otherwise assigned for another person's use contrary to the provisions of the Residential Leases Act. In addition, the lessor may rescind the agreement if the apartment is used for any other purpose or in any other manner than that provided in the lease agreement, if the tenant creates a disturbance with his or her way of life or allows others to do so in the apartment, if the tenant fails to take good care of the apartment, or if the tenant violates provisions or regulations for the maintenance of public health and order in the apartment. However, there is no right to rescind the lease agreement if the actions giving rise to the grounds for rescission are of minor significance. Moreover, the lessor may not rescind the lease agreement unless he or she has verifiably issued the tenant with a written caution in which the reason for the caution is stated. Once the caution is issued, the tenant must be given the opportunity to fulfill his or her obligations or otherwise correct the matter. Pursuant to the Residential Leases Act, the tenant also has the right to rescind the lease agreement. The tenant may rescind the lease agreement, for example, if the health of the tenant or a member of the tenant's household is manifestly endangered by use of the apartment for the purpose specified in the agreement.

A lease agreement shall lapse if the apartment is destroyed or the authorities prohibit its use for the purpose specified in the lease. If this is due to reasons which must be considered the lessor's fault, negligence or other carelessness, the tenant is entitled to compensation for the tenant's loss.

Lease Security

The Residential Leases Act also includes provisions on security for residential leases with which the lessor can strive to ensure the payment of rent by the tenant and the tenant's fulfillment of its other statutory obligations. According to the Act, the parties to a lease agreement can agree that reasonable security will be put up against any loss incurred as a result of the tenant's failure to fulfill his or her obligations. The security may amount to a maximum of three months' rent. Pursuant to the Residential Leases Act, any stipulation requiring either party to put up security larger than three months' rent shall be null and void. Once the lease expires, the lease security must be returned to the tenant unless the lessor has unpaid receivables from the tenant. Kojamo has decided not to collect lease securities for its lease receivables or damages for certain Lumo apartments based on Kojamo's long-term experience of tenant management, the large number of apartments and statistical analysis based on these.

Legislation Governing State's Housing Production

General

The legislation governing arava loans and interest subsidies paid from state funds seek to promote social objectives. The state aims to affect the use of the apartments through legislation. The aim is to direct subsidized housing to those who need it the most and to regulate the amount of rents charged. An important objective is to satisfy the need for capital in the construction of housing by means of loans with interest subsidies from the state. Ownership and assignment of apartments are also regulated so as to be able to fulfill the long-term objectives related to the use of the apartments. New arava loans are no longer granted, however, state aims to support housing via interest-subsidies.

Arava Act

General

The Act on State-subsidized Housing Loans (the "**Arava Act**", 1189/1993, as amended) was enacted for the purpose of regulating state-subsidized housing loans. Pursuant to the Arava Act, state-subsidized housing loans are granted out of the funds of the Housing Fund of Finland to build, purchase and renovate owner-occupied, rental and right-of-occupancy apartments. New arava loans have not been granted after 2007, however, the legislation regarding the arava loans granted prior to this is still in force.

Arava loans can be divided into arava loans for owner-occupied housing and arava loans for rental housing. An arava loan for rental housing has been granted to municipalities or other public entities, and to entities specified by the Housing Finance and Development Centre of Finland (ARA) that fulfill certain public-benefit criteria specified in the Arava Act and operate in accordance with them. An arava loan can be called in for immediate repayment, either entirely or partly, if the borrower neglects to repay the loan, uses the loan for other purposes than those for which it was granted or fails to comply with the provisions of the Arava Restrictions Act, among other reasons. The restrictions regarding selection of tenants, determination of rent as well as use and assignment in accordance with the arava legislation are always property-specific legislation.

Non-profit status of Arava Act

An entity may apply for non-profit status from the Housing Finance and Development Centre of Finland (ARA). A non-profit status is a requirement for receiving an arava loan. Legislation following the non-profit status is directed towards the entity which owns the rental apartments or houses, whereas target based restrictions within the Arava Restriction Act are individually directed towards each rental apartment or house. The non-profit status under the Arava Act is not same as the non-profit status of tax legislation and thus non-profit status of Arava Act does not exempt from income tax. Kojamo Group's subsidiaries, which own arava rental apartments and/or arava rental houses have a non-profit status in accordance with the Arava Act.

For an entity to meet the criteria of the non-profit status pursuant the Arava Act, its field of business must be to construct and acquire rental and right-of-occupancy apartments and rent them on social grounds or offer them for use as right-of-occupancy apartments, with the aim of providing the occupants with good and safe living conditions at reasonable cost. In addition, the entity must make the apartments publicly available to be applied for.

A non-profit entity may not recognize as income to its owner anything but a fair profit on the funds invested by the owner in the entity. Pursuant to the Decree on Income for Recipients of State-Subsidized and Interest-Subsidized Loans (1371/2016), income shall be calculated based on the funds invested in the entity as cash or other assets required for the entity's activities, which the owner has personally invested in the form of share capital, capital in a cooperative or other comparable assets. The basis for calculating the income on the owner's invested funds also includes such income that could have been recognized for the owner pursuant to the decree but was left unrecognized. According to the degree, an acceptable income may not exceed 4 percent of the basis for calculation.

The restriction concerning the recognition of income does not, however, apply to the income on such funds that the owner has invested in arava rental apartments for which loans were granted prior to January 1, 1980, nor are such funds included in the basis for calculating the income in question. The income must, however, be used in such a way as to secure financing for the own funds required for the new building and renovation of rental housing of the entity or a non-profit entity belonging to the same group. In addition, the Arava Act stipulates that the income recognition may not jeopardize the financial position of the entity or any non-profit entity belonging to the same group, nor the maintenance of the rental housing stock.

In accordance with the provisions on non-profit status, an entity must arrange the ownership of apartments in such a way that rents or charge for use can be equalized, and an entity may not organize its structure in a way that jeopardizes liability for rental and right-of-occupancy buildings that face financial difficulties. Moreover, a non-profit entity may not bear any other risks than those related to its field of business, in practice leasing and building operations, and it may not grant loans or pledge security to any other entities than non-profit entities belonging to the same group. Therefore, within the framework of the Arava Act, non-profit entities may, if they wish, grant loans or pledge security to another non-profit entity that belongs to the same group.

The Housing Finance and Development Centre of Finland (ARA) oversees the fulfillment of non-profit status criteria and may, where necessary, revoke an entity's public benefit purpose status if certain conditions are met. If an entity's non-profit status is revoked, it must repay all of its arava loans and it will no longer receive interest subsidies. However, the revocation of the non-profit status does not remove housing-specific use and assignment restrictions, which will remain in force until the expiry of the original restriction periods.

Arava Restrictions Act

General

The Arava Restrictions Act (1190/1993, as amended) includes provisions on the use and assignment of arava rental apartments and buildings and the redemption of arava rental apartments. arava rental apartments and buildings are the rental apartments and buildings financed with loans pursuant to the Arava Act and certain preceding acts.

The property-specific restrictions concerning arava rental apartments and buildings are valid for the period for which the loan is granted, regardless of an early repayment. After this the rental apartments or buildings financed with arava loans granted before January 1, 1980 were still subject to ten year restrictions on use and assignment (so called extension restrictions) enacted in 1997. However, the restrictions are in force, regardless of the loan period, for 45 years from the date on which the loan was granted if the loan was granted after January 1, 1980, but before September 1, 2004. If the loan was granted after September 1, 2004, the restrictions shall apply, regardless of the loan period, for 40 years from the date on which the loan was granted. For more information concerning the expiration of Kojamo's rental apartments restrictions, see *"Kojamo's Business—Kojamo's Property Portfolio—Subsidized Housing*".

Upon application, the Housing Finance and Development Centre of Finland (ARA) may waive on its own terms, partially or fully, the restrictions laid down in the Arava Restrictions Act, if such a waiver would promote the functioning of the housing market in an area or prevent vacancies in apartments and consequent financial losses, or for another special reason. The Housing Finance and Development Centre of Finland (ARA) must also waive the restrictions if the validity of the restrictions for ten years after the original loan period would violate the owner's right to use its assets normally, reasonably and sensibly, or if a restriction becomes otherwise manifestly unreasonable. Moreover, the Housing Finance and Development Centre of Finland (ARA) must waive the restrictions laid down in the Arava Restrictions Act once 35 years have passed from the granting of a loan if the loan was granted after January 1, 1980, and it was not granted as a loan with annual amortizations. Moreover, the Housing Finance and Development Centre of Finland (ARA) must grant a release from the restrictions of Arava Restrictions Act upon application, if the loan is granted with annual amortization and 40 years have passed from the granting of the loan and the loan was granted on January 1, 1990 or after but before September 1, 2004. In this case, however, it is required that the state housing loan or arava loan be repaid in full or state's obligation to guarantee is rescinded with respect to the apartment or building for which the restrictions are to be waived.

Restrictions

<u>*Selection of Tenants*</u>

The selection of tenants for arava rental apartments is based on social expediency and financial need, and as such, applicants' need for an apartment, wealth and income are taken into consideration when selecting tenants. Homeless and other applicants in urgent need of an apartment, the economically disadvantaged and low-income applicants are given precedence when selecting tenants. The selection criteria may be deviated from for health or social reasons or for promoting the appropriate use of the rental apartments. However, a deviation must be justified from the perspective of social grounds and the applicant's status or the maintenance of the building and taking into consideration the aims of tenant selection. In addition, a deviation may not materially hamper the ability of applicants who take precedence to obtain an apartment. The municipality shall supervise compliance with the selection criteria for tenants. The more detailed provisions governing the selection of tenants are laid down in the Government Decree on the Selection of Occupants for State-Subsidized (arava) and Interest-Subsidized Rental Dwellings (166/2008).

<u>*Amount of Rent*</u>

The provisions of the Arava Restrictions Act concerning the amount of rent are based on so called rent-at-cost principle. Pursuant to the provisions of the Arava Restrictions Act, the rent charged from tenants may not exceed the amount needed, in addition to other income, to cover expenses arising in financing the arava rental apartments and connected premises, and in sound real estate management. Such expenses include those arising from loans taken out for building, acquiring and carrying out renovation on the property and the apartment, from the upkeep and maintenance of the properties and buildings, from leasing and administrating the apartment, and from the owner's statutory obligations. The rent-at-cost principle need not be satisfied at the level of individual apartments or buildings, as the rents charged for arava rental buildings and apartments as well as the rental buildings and apartments financed with loans obtained under the Interest-Subsidy Act (as defined below) that are owned by the same owner can be equalized, notwithstanding certain exceptions laid down in the Arava Restrictions Act.

Assignment

The Arava Restrictions Act lays down detailed rules on the assignment of an arava rental apartment or building. Any assignment to a party other than those specified in the Arava Restrictions Act is null and void. An arava rental apartment or shares entitling the holder to the possession of such an apartment or an arava rental building or shares in an arava rental housing company can be assigned to a municipality or to an assignee nominated by the Housing Finance and Development Centre of Finland (ARA), to which an arava loan for rental housing could be granted under the Arava Act, or to some other assignee nominated by the Housing Finance and Development Centre of Finland (ARA) which can be deemed to correspond to the assignor, or to an assignee nominated by the Housing Finance and Development Centre of Finland (ARA) whose field of activity includes the offering of rental apartments in the case of an arava rental apartment or building which is subject to the restrictions laid down in the Arava Restrictions Act. In addition, shares can be sold in a public auction pursuant to the Bankruptcy Act (120/2004, as amended) or the Enforcement Code (705/2007, as amended), or if the shares are pledged, in accordance with provisions of the pledging agreement.

The maximum assignment price allowed for an arava rental apartment or building or the shares entitling the occupancy of such apartment or building is the assignment compensation calculated according to the Arava Restrictions Act. The maximum assignment price allowed for a rental apartment or building or the shares entitling the occupancy of such apartment or building financed by a loan under the Housing Renovation Act is the maximum price calculated according to the Arava Restrictions Act. The Housing Finance and Development Centre of Finland (ARA) determines the assignment compensation and the maximum price, which are calculated according to the provisions of the Arava Restrictions Act.

Under the Arava Restrictions Act, the calculation of the assignment compensation shall take into account the equity invested by the owner of an arava rental apartment or building which was needed to finance the confirmed acquisition value of an apartment or real estate in addition to a state housing loan or arava loan, and a loan approved with higher priority. Moreover, the calculation accounts for the index adjustment for equity calculated on the basis of coefficients confirmed monthly by Official Statistics Finland according to the change in the building cost index. Further, the calculation accounts for a state housing loan or arava loan and a loan approved with higher priority insofar as the loan remains the assignor's liability. The calculation also takes into account a loan taken to finance renovation or other acceptable costs insofar as it remains the assignor's liability, as well as any increase in equity made to finance renovation or other acceptable costs. The maximum price under the Arava Restrictions Act consists of the basic price, which is the confirmed acquisition value of an apartment or a building, and an adjustment to the basic price according to changes in the building cost index on the basis of coefficients confirmed monthly by Official Statistics Finland.

Interest-Subsidy Act

General

Under the conditions laid down in the Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (604/2001) ("**Interest-Subsidy Act**") and the Government Degrees based on this Act[203], the state pays interest subsidies for loans ("**Interest-Subsidy Loan**") granted by a lending institution, insurance company, pension institution or local authority for new building construction, acquisition and renovation of a rental apartment and right-of-occupancy housing intended for occupants selected on the basis of social criteria. The restrictions regarding selection of tenants, determination of rent as well as use and assignment in accordance with the Interest Subsidy legislation are always property-specific legislation.

A loan can be accepted as an Interest-Subsidy Loan if it is granted for the new construction of a rental building, or for the acquisition or renovation of a rental building or apartment. More detailed provisions on the criteria for accepting loans as Interest-Subsidy Loans are laid down in the Government Decree on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (666/2001, as amended) ("**Interest-Subsidy Decree**"). The new construction, acquisition and renovation costs of sites must be reasonable. As a general rule, new construction and renovation must be based on a competitive tendering process, unless the Housing Finance and Development Centre of Finland (ARA) has a special reason to grant an exception.

The recipient of an Interest-Subsidy Loan may be a municipality, a public entity or a non-profit entity named by the Housing Finance and Development Centre of Finland (ARA), or a company under direct control of such an entity. To receive non-profit status, an entity must fulfill the non-profit criteria laid down in the

[203] The Interest-Subsidy Act rescinded The Act on Interest Subsidy for Rental Housing (867/1980, as amended, so called Old Interest-Subsidy Act). The restrictions of the Old Interest-Subsidy Act stay in force in relation to the apartments financed with interest-subsidy before the Interest-Subsidy Act came into force.

Interest-Subsidy Act, which correspond to the aforementioned conditions for non-profit status laid down in the Arava Act, which are described above in section "*—Arava Act—Non-Profit Status of Arava Act*". In the case of rental apartments, the recipient of an Interest-Subsidy Loan can also be a housing company that has not been namd as a non-profit entity that fulfils the conditions laid down in the Interest-Subsidy Act for the company's field of activity, operations and solvency.

The State Treasury may suspend the payment of interest subsidies and oblige the debtor to repay to the Housing Finance and Development Centre of Finland (ARA) any interest subsidy which the state has paid on the loan, either entirely or in part, if the debtor uses the loan funds for a purpose other than that which is specified in the Interest-Subsidy Act or violates certain provisions of the Interest-Subsidy Act concerning, for example, assignment restrictions.

Interest-Subsidy Loan

The maximum loan period for an Interest-Subsidy Loan is 45 years and it always involves a conditional state guarantee. Interest-Subsidy Loans can have fixed amortizations or be based on total capital expenditure. The amortization schedule, interest or other terms of an Interest-Subsidy Loan can be amended during the loan period if the State Treasury approves such an amendment. The amount of an Interest-Subsidy Loan for rental housing can be no more than 95 percent of the approved construction or acquisition costs of the housing and no more than 80 percent of renovation costs. A renovation interest-subsidy loan for rental housing can also be granted separately for each housing location, and it is subject to a maximum euro amount.

Amount of interest subsidy

A certain percentage of the interest exceeding the debtor's own basic liability is paid as interest subsidy. The percentage declines gradually to zero over a period of 23 years in the case of construction or acquisition of rental apartments and over a period of 16 years in the case of renovation loans. The debtor must pay its own basic liability, which is 3.4 percent of the interest on an Interest-Subsidy Loan in the case of rental apartments. Pursuant to an addition made to the Interest-Subsidy Decree in 2016, the own basic liability to be paid by the debtor is, however, 1.7 percent of the interest on an Interest-Subsidy Loan in the case of loans which are approved as Interest-Subsidy Loans between August 1, 2016, and December 31, 2019. The interest charged by the creditor on an Interest-Subsidy Loan may not exceed the interest generally applied, at any given time, to loans with a similar risk profile and other terms and conditions.

Restrictions on Use and Assignment

The restrictions on use and assignment pursuant to the Interest-Subsidy Act correspond to the aforementioned restrictions laid down in the Arava Restrictions Act, which are described in more detail under "*—Arava Restrictions Act—Restrictions*". The restrictions laid down in the Interest-Subsidy Act are valid for 40–45 years from the date on which the loan was accepted, depending on this date. With respect to renovation interest-subsidy loans, the restrictions, however, are in force for only 30 years.

According to the so called Old Interest-Subsidy Act (867/1980, as amended, rescinded), an apartment that is built, acquired or renovated with an Interest-Subsidy Loan granted for it, must be used as a rental apartment. This restriction on the use concerning so called long Interest-Subsidy will cease after 20 years have passed from the withdrawal of first loan instalment.

The Housing Finance and Development Centre of Finland (ARA) can waive the restriction on part or entirely upon application if such a waiver would promote the functioning of the housing market in an area or prevent vacancies in apartments and consequent financial losses, or for another special reason. The requirement for a waiver is that the share of Interest-Subsidy Loan allocated to the apartment or building to be exempted is repaid or that the creditor releases the state from its guarantee liability.

Similarly to the Arava Restrictions Act, the Interest-Subsidy Act includes restrictions on the selection of tenants and on the amount of rent. Thus the selection of tenants for rental apartments financed with Interest-Subsidy Loans must be based on social expediency and financial need and their rent must be determined on the rent-at-cost principle (see more under "*—Arava Restrictions Act—Restrictions*").

Similarly to the Arava Restrictions Act, the Interest-Subsidy Act places restrictions on the assignment of an apartment. Any assignment to a party other than those specified in the Interest-Subsidy Act is null and void. An interest-subsidy rental apartment or shares entitling the holder to the possession of such an apartment or an interest-subsidy rental building or shares in an interest-subsidy rental housing company can be assigned to a municipality or to an assignee nominated by the Housing Finance and Development Centre of Finland (ARA), to which an Interest-Subsidy Loan could be granted. In addition, shares can be sold in a public auction pursuant to the Bankruptcy Act (120/2004, as amended) or the Enforcement Code (705/2007, as amended), or if the shares are pledged, in accordance with provisions of the pledging agreement.

The permitted assignment price of an interest-subsidy rental apartment or shares entitling the holder to the possession of such an apartment or an interest-subsidy rental building or shares in an interest-subsidy rental housing company is the assignment consideration calculated in accordance with the Interest-Subsidy Act and confirmed by the Housing Finance and Development Centre of Finland (ARA). The calculation of the assignment compensation takes into account the equity invested by the owner which was needed to finance the confirmed construction, acquisition or renovation costs of an apartment or real estate in addition to an Interest-Subsidy Loan, the index adjustment for equity, an Interest-Subsidy Loan insofar as the loan remains the assignor's liability, a loan taken out to finance renovation or other acceptable costs insofar as the loan remains the assignor's liability and an increase in equity made to finance renovation or other acceptable costs.

Assignment and Registration of Real Estate

The Code of Real Estate (540/1995, as amended) lays down broad provisions on the acquisition of and title to real estate and the registration of special rights, liens, the registration of title and the mortgage register. The assignment of real estate is subject to detailed requirements on the form of assignment, as specified in the Code of Real Estate, so as to make the assignment valid. The sale of real estate must be concluded in writing, the seller and the buyer or their representatives must sign the deed of sale and a notary must attest the sale in the presence of all the signatories to the deed of sale. The assignment of the notary is null and void if it is not attested, and the buyer may not register the real estate. The assignee must apply for a registration of title to real estate, as a result of which title is registered in the title and mortgage register.

In addition to registrations of title, mortgages and special rights, such as usage rights concerning real estate are recorded in the title and mortgage register. The information in the register is public, and the registering authority must provide certificates from the register upon request. The land register is also a material register in relation to real estates. The land register includes the location information of real estate and other land and water areas in a land register map, as well as information on their features. The register is maintained by the National Land Survey of Finland and many municipalities. The title and mortgage register is a trustworthy pubic register, which means that any person acting in good faith shall have the right to trust the correctness of the information recorded in the register. On the other hand, a person also has the right to trust that no rights or liabilities that have not been recorded in the register burden the real estate.

Land Use and Construction

Zoning is used as a means of guiding land use and regulating construction in Finland. The Land Use and Building Act (132/1999, as amended) contains general provisions on land planning, construction and use, including provisions on various zoning solutions of different levels. Additionally, the act includes provisions on construction. The zoning system in Finland consists of three tiers, and its general principle is that a more general plan always guides more detailed plans. The plan types are divided into regional plans, local master plans and local detailed plans. Regional plan steers general regional land use planning and the regional development program. The local master plan provides general guidance regarding the land use of a municipality and the local detailed plan defines the land use and organizing of building in parts of municipalities. Each municipality is independently responsible for its local master plans and local detailed plans.

In addition to plans and the related legislation, each municipality must have a building ordinance containing provisions regarding the construction in the municipality, taking into consideration local conditions that are necessary for organized and appropriate building, cultural, ecological and scenic values and the creation and maintainance of a good living environment. The building ordinance regulations may concern construction sites, the size and location of buildings, a building's suitability for its surroundings, the method of construction, planting, fences and other constructions, management of the built environment, organization of water supply and drainage, definition of areas requiring planning and other corresponding matters of local importance pertaining to building. Additionally, various types of modification work on buildings are usually subject to a permit, and once a construction project is completed, the building can be taken into use only after the competent building supervision authority has completed a final inspection.

CORPORATE MANAGEMENT

General

Under the Finnish Limited Liability Companies Act and Kojamo's Articles of Association, the Company's governance and management are distributed between the shareholders, Board of Directors and the Chief Executive Officer (CEO). The Management Team supports the CEO in the daily management of the Company's operations.

The shareholders take part in the supervision and governance of the Company through the resolutions of General Meetings of Shareholders. A General Meeting of Shareholders is generally convened by the Board of Directors. In addition to this, a General Meeting of Shareholders shall be held if the Company's auditor or shareholders representing a minimum of one-tenth of all outstanding shares in the Company demand in writing that a General Meeting be convened.

The task of the Board of Directors is to see to the governance of the Company and ensure the appropriate organization of the Company's operations. According to Kojamo's Articles of Association, the Board of Directors consists of a minimum of five and a maximum of eight ordinary members. The term of office for members of the Board of Directors expires at the end of the first Annual General Meeting of Shareholders following the election. The Board's Audit Committee assists the Board of Directors in matters relating to financial reporting and control in accordance with the duties specified for audit committees in the Finnish Corporate Governance Code of 2015 issued by the Securities Market Association (hereinafter, the "**Corporate Governance Code**"). The purpose of the Audit Committee is to assist the Board of Directors in ensuring the appropriate arrangement of the governance, controls and risk management according to the Finnish Limited Liability Companies Act. The Board's Remuneration Committee is responsible for recommending and evaluating executive nominations and compensation, including the CEO's, evaluating the performance of the CEO and making recommendations to the Board of Directors on management compensation matters.

The CEO is responsible for the supervision and control of the Company's day-to-day operations in accordance with the Finnish Limited Liability Companies Act, the Company's Governance Guideline and authorizations and guidelines issued by the Board of Directors. Kojamo's Board of Directors appoints the CEO and decides on the terms and conditions of his/her executive contract in writing.

Kojamo's corporate governance complies with the Finnish Limited Liability Companies Act and the Corporate Governance Code.

The business address of the members of the Board of Directors, the CEO and the Management Team is Mannerheimintie 168a, FI-00300 Helsinki, Finland.

Kojamo's Management

Board of Directors

As at the date of this Offering Circular, the members of the Board of Directors are Riku Aalto (the Chairman), Mikko Mursula (the Vice Chairman), Matti Harjuniemi, Olli Luukkainen, Jorma Malinen, Reima Rytsölä, Jan-Erik Saarinen and Ann Selin. Olli Luukkainen, Jorma Malinen and Ann Selin have informed the Company that they will resign from the Board of Directors subject to, and immediately effective upon, the commencement of trading in the Company's Shares on the official list of Nasdaq Helsinki.

The following table sets forth the members of Kojamo's Board of Directors as at the date of this Offering Circular, excluding the resigning Board members:

Name	Year of birth	Position	Member of the Board of Directors since
Riku Aalto	1965	Chairman of the Board of Directors	Member of the Board of Directors since 2003, Chairman of the Board of Directors since 2007
Mikko Mursula . . .	1966	Vice Chairman of the Board of Directors	Member of the Board of Directors since 2016, Vice Chairman of the Board of Directors since 2016
Matti Harjuniemi . .	1958	Member of the Board of Directors	2010
Reima Rytsölä . . .	1969	Member of the Board of Directors	2014
Jan-Erik Saarinen .	1967	Member of the Board of Directors	2013

Riku Aalto has been the Chairman of Kojamo's Board of Directors since 2007, a member of Kojamo's Board of Directors since 2003, the Chairman of Kojamo's Remuneration Committee since 2007 and the Chairman of Kojamo's Audit Committee in 2007–2016. In addition, Mr. Aalto has been the President of The Finnish Industrial Union since 2017. Previously Mr. Aalto has, *inter alia*, acted as President of the Finnish Metalworkers' Union in 2008–2017 and as Financial Manager of the Finnish Metalworkers' Union in 2003–2008. Mr. Aalto holds a Master's degree in Social Sciences in Administration and he is a Finnish citizen.

Mikko Mursula has been a member and the Vice Chairman of Kojamo's Board of Directors since 2016 and a member and the Chairman of the Audit Committee since 2016. In addition, Mr. Mursula has acted as the Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company since 2015. Previously, Mr. Mursula has acted as Chief Executive Officer of FIM Corporation and Head of Asset Management and Securities Broking Business of S-Bank in 2013–2015 and as Managing Director of FIM Asset Management in 2010–2015. Mr. Mursula has also acted at Ilmarinen Mutual Pension Insurance Company as a portfolio manager and as the Head of Equities and Head of Allocation and Listed Securities in 2000–2010. Mr. Mursula holds a Master's degree in Science, Economics and Business Administration and he is a Finnish citizen.

Matti Harjuniemi has been a member of Kojamo's Board of Directors since 2010 and a member of Kojamo's Audit Committee since 2010. In addition, Mr. Harjuniemi has been the President of the Finnish Construction Trade Union since 2005. Mr. Harjuniemi holds a Master's degree in Science and he is a Finnish citizen.

Reima Rytsölä has been a member of Kojamo's Board of Directors since 2014 and a member of the Remuneration Committee since 2015. Mr. Rytsölä has also been a member of the Audit Committee in 2014-2015. In addition, Mr. Rytsölä has acted at Varma Mutual Pension Insurance Company as the Executive Vice President since 2015 and Chief Investment Officer since 2014. Previously, Mr. Rytsölä has acted as a Senior Executive Vice President, Banking, with Group-level responsibility for major corporate and institutional customers of Pohjola Bank Plc in 2008–2013 and in other managerial and investment-related positions of Pohjola Bank Plc and its subsidiaries in 1998–2007. Mr. Rytsölä holds a Master's degree in Social Sciences and a CEFA degree and he has completed an AMP at the Harvard Business School. Mr. Rytsölä is a Finnish citizen.

Jan-Erik Saarinen has been a member of Kojamo's Board of Directors since 2013 and a member of the Audit Committee since 2015. In addition, Mr. Saarinen has acted as the Financial Manager of Trade Union for the Public and Welfare Sectors JHL since 2013. Previously, Mr. Saarinen has acted as a Director of Investments of Ajanta Oy in 2010–2013 and worked in business management and finance at several companies, including Aurator Asset Management Oy (Chairman 2010–2013), Evli Bank plc and 3C Asset Management Oy. Mr. Saarinen holds a Master's degree in Business Administration Finance and he is a Finnish citizen.

The following table sets forth the Members of the Board of Directors that have informed the Company that they will conditionally resign from the Board of Directors:

Name	Year of birth	Position	Member of the Board of Directors since
Olli Luukkainen	1957	Member of the Board of Directors	2011
Jorma Malinen	1959	Member of the Board of Directors	2015
Ann Selin	1960	Member of the Board of Directors	2006

Olli Luukkainen has been a member of Kojamo's Board of Directors since 2011 and a member of Kojamo's Remuneration Committee since 2016. In addition, Mr. Luukkainen has acted as a President of the Trade Union of Education in Finland OAJ since 2010. Previously, Mr. Luukkainen has acted in Trade Union of Education in Finland OAJ as Head of Education in 2009–2010 and as a Development Manager in 2007–2009. Further, Mr. Luukkainen has acted as the Director of University of Professional Teacher Education, HAMK University of Applied Sciences in 2004–2007. Mr. Luukkainen holds a Doctoral degree in Education and he is a Finnish citizen.

Jorma Malinen has been a member of Kojamo's Board of Directors since 2015 and a member of Kojamo's Audit Committee since 2015. In addition, Mr. Malinen has been the President of Trade Union Pro since 2014. Previously, Mr. Malinen has acted as a Design Coordinator at STX Finland in 1997–2014. Mr. Malinen holds a degree in automation design and he is a Finnish citizen.

Ann Selin has been a member of Kojamo's Board of Directors since 2006 and a member of the Remuneration Committee since 2013. In addition, Ms. Selin has acted as the President of Service Union United PAM since 2002. Ms. Selin holds a Trade Union Officer Qualification and an eMBA. She is a Finnish citizen.

The Company's Extraordinary General Meeting held on May 25, 2018 elected Anne Leskelä and Minna Metsälä as new members of the Board of Directors. The election of the new members of the Board of Directors is conditional upon the completion of the contemplated Offering and it enters into force immediately upon the commencement of trading in the Company's shares on the official list of Nasdaq Helsinki. The following table sets forth the new members of the Board of Directors elected by the Company's Extraordinary General Meeting held on May 25, 2018:

Name	Year of birth
Anne Leskelä	1962
Minna Metsälä	1967

Anne Leskelä has acted as the Chief Financial Officer and Vice President for Finance and Control and IR at Nokian Tyres plc since 2006. Ms. Leskelä holds a Master's degree in Business Administration and she is a Finnish citizen.

Minna Metsälä has acted as the Chief Executive Officer of Turva Mutual Insurance Company since 2008. Previously, Ms. Metsälä has acted as Group Logistics Manager, Supply Chain Manager and Customer Service Manager for Nokian Tyres plc in 2000–2008. Ms. Metsälä holds a Master's degree in Economic Sciences and she is a Finnish citizen.

CEO and the Management Team

The CEO is responsible for the supervision and control of the Company's day-to-day operations in accordance with the Finnish Limited Liability Companies Act and authorizations and guidelines issued by the Board of Directors.

The following table sets forth the members of Kojamo's Management Team as at the date of this Offering Circular.

Name	Year of birth	Position	Member of Management Team since
Jani Nieminen	1968	CEO	2011
Erik Hjelt	1961	CFO, Deputy to CEO	2015
Irene Kantor	1968	Marketing and Communications Director	2013
Mikko Suominen	1971	Investments Director	2013
Kim Jolkkonen	1971	Real Estate Development Director	2013
Teemu Suila	1970	Chief Development Officer	2017

Jani Nieminen has been the CEO of Kojamo since 2011. Previously, Mr. Nieminen has acted as Business Director and Deputy to CEO of Realia Group Oy in 2006–2011 and as Unit Manager of Sato Plc in 1997–2006. Mr. Nieminen holds a Master's degree in Science, Technology and a Master's degree in Business Administration, MBA. Mr. Nieminen is a Finnish citizen.

Erik Hjelt has been the CFO and Deputy to CEO of Kojamo since 2015. Previously, Mr. Hjelt has acted at Sponda Plc as the Chief Financial Officer (CFO) in 2009–2015 and Senior Vice President for Legal Affairs and Treasury, in 2007–2009. He has also acted at Kapiteeli Plc as Senior Vice President for Finance and Legal

Affairs, HR and Communications in 1999–2006. Mr. Hjelt is a Licentiate in Laws and holds an eMBA. Mr. Hjelt is a Finnish citizen.

Irene Kantor has been the Marketing and Communications Director of Kojamo since 2013. Previously, Ms. Kantor has been the Communications Director of DNA Oy in 2012–2013, Chief Executive Officer of SEK Public Oy in 2010–2012, Chief Executive Officer and owner of Aidema Oy in 2006–2010 and Communications Consultant of BNL Euro RSCG in 2001–2006. Ms. Kantor holds a Master's degree in Arts and an eMBA. Ms. Kantor is a Finnish citizen.

Mikko Suominen has been the Investments Director of Kojamo since 2013. Previously, Mr. Suominen has acted at Kojamo as Unit Director, Investments, in 2009–2013, Investments Negotiator in 2007–2009 and as an Attorney in 2002–2007. Mr. Suominen holds a Master's degree in Laws and he is a Finnish citizen.

Kim Jolkkonen has been the Real Estate Development Director of Kojamo since 2013. Previously, Mr. Jolkkonen has been the CEO of FCG Design and Engineering Ltd in 2012–2013, Technical Manager of Helsingin kaupungin asunnot Oy in 2011–2012 and Business Area Manager of Vahanen-yhtiöt in 2008–2011 and Real Estate Manager in Sato Corporation in 2003–2008. Mr. Jolkkonen is a Licentiate of Science, Technology and he is a Finnish citizen.

Teemu Suila has been the Chief Development Officer of Kojamo since 2017. Previously, Mr. Suila has been the Chief Executive Officer of Respond 113 Oy in 2016–2017 and the Chief Operating Officer of Rovio Entertainment Ltd in 2013–2016. He has also acted among other things as Head of Strategy, Corporate, of Nokia Corporation in 2010–2012, Head of Strategy and Business Development & Portfolio Management, Consulting and Systems Integration (CSI) of Nokia Siemens Networks in 2007–2010 and Director, Consumer Solutions & Business Innovations of Consulting & Integration of Nokia Networks in 2005–2007. Mr. Suila holds a Master's degree in Science, Technology and he is a Finnish citizen.

Kojamo's Management's Backgrounds and Family Relations

None of the members of Kojamo's Board of Directors or of the Management Team has been convicted of any fraudulent offence during the last five years, and none of them has been the subject of any official public prosecution and/or sanctions by statutory or regulatory authorities. Moreover, none of them has been disqualified by a court from acting as a member of the administrative, management, or supervisory bodies of an issuer/of a company or to conduct the affairs of any company during the past five years. Teemu Suila has in 2013–2015 been a Board member in Leia Media Oy, which was liquidated in April 2016. In addition, arrangements have been carried out with the Kojamo Group to clarify the group structure. Excluding these, none of the members of the Board of Directors or of the Management Team has been involved in any bankruptcies, receiverships or liquidations during the past five years.

There are no family relations between the members of Kojamo's Board of Directors and/or the Management Team.

Conflicts of Interest

The Finnish Limited Liability Companies Act includes provisions on the management's conflicts of interest. In accordance with Chapter 6, Section 4 of the Finnish Limited Liability Companies Act, members of the Board of Directors and the CEO are disqualified from the consideration of a matter pertaining to contracts between them and the company. They may neither take part in the consideration of a matter pertaining to a contract between the company and a third party, if they are to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. The provisions above on a contract apply correspondingly to other transactions, court proceedings and other use of powers. The Finnish Limited Liability Companies Act contains no provisions on conflicts of interest of Management Team members.

The members of Kojamo's Board of Directors, the CEO and the members of the Management Team have no conflicts between their duties within the Company and their private interests and/or other duties.

According to the independence assessment, the following members of Kojamo's Board of Directors are independent of the Company and its major shareholders: Jan-Erik Saarinen, Matti Harjuniemi, Jorma Malinen and Olli Luukkainen. Also the new members of the Board of Directors, Anne Leskelä and Minna Metsälä, are independent of the Company and its major shareholders. As at the date of this Offering Circular, Riku Aalto and Ann Selin have served as Board members for more than ten consecutive years and according to the Corporate Governance Code, they may therefore be considered to be dependent of the Company. Riku Aalto is the President of The Finnish Industrial Union, Mikko Mursula is the Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company and Reima Rytsölä is the Executive Vice President and Chief Investment

Officer of Varma Mutual Pension Insurance Company, and thus they are deemed to be dependent of the Company's major shareholders.

Duties of the Board of Directors

The Board of Directors supervises Kojamo's operations and management, deciding on significant matters concerning the company strategy, investments, organization and finance in accordance with the Finnish Limited Liability Companies Act. The general duty of the Board of Directors is to act as the representative of all shareholders by governing Kojamo's operations in accordance with the Articles of Association, to ensure that it will generate the highest possible added value in the long term while taking into account the expectations of its various stakeholders.

The Board of Directors' duties further include, among others:

- approving financial statements, consolidated financial statements and interim reports;
- approving the Kojamo Group's strategic plan, annual budget and investment and divestment plans;
- deciding on major, strategically important business matters as well as investments and divestments;
- deciding on taking out a loan for the Kojamo Group and on issuing any loans or guarantees;
- confirming any policies governing the Kojamo Group, including personnel, treasury and risk management policies;
- ensuring the appropriate organization of risk management and internal audit within the Kojamo Group.

The Board of Directors also appoints Kojamo's CEO, Deputy CEO as well as the members of the Management Team and decides on the terms of their service. The Board of Directors has compiled a written working order for its operations, defining the main duties and operating principles of the Board. The Board of Directors evaluates its operations and working methods annually, and develops the operations based on the results. The outcomes of the evaluation shall be observed when preparing a proposal for the composition of the new Board of Directors.

Committees

General

Kojamo has two committees appointed by the Board of Directors, the Audit Committee and the Remuneration Committee. The Committees have no independent decision-making authority but their purpose is to present issues within their remit to the Board of Directors or the General Meeting for a decision. The Committees report regularly to the Board of Directors. In addition, Kojamo has a Shareholders' Nomination Board.

Audit Committee

The Board of Directors has confirmed a written working order for the Audit Committee, defining its tasks and operating principles. The Board of Directors appoints the members of the Audit Committee from among its members. The Audit Committee has four members.

The main duties of the Audit Committee include:

- monitoring Kojamo's financial statement reporting;
- monitoring the efficiency of the internal control, internal audit and risk management systems;
- reviewing the description of the main features of the internal control and risk management systems in relation to the financial reporting process, included in the Company's Corporate Governance Statement;
- monitoring the statutory audit of the financial statements and consolidated financial statements;
- evaluating the independence of the statutory auditor or auditing firm, particularly the provision of related services to the Company;
- monitoring the Company's financial position;
- overseeing the financial reporting process;
- evaluating compliance with laws and regulations; and
- maintaining contacts with the auditor and reviewing the Auditor's Report.

The current members of the Audit Committee are Mikko Mursula (Chairman), Matti Harjuniemi, Jorma Malinen and Jan-Erik Saarinen. The Audit Committee convened four times during the financial year 2017, with an attendance rate of 100 percent.

Remuneration Committee

The Board of Directors has confirmed a written working order for the Remuneration Committee, defining its tasks and operating principles. The Board of Directors appoints the members of the Remuneration Committee from among its members. The Remuneration Committee has four members.

The main task of the Remuneration Committee is to prepare matters concerning the remuneration and benefits of Kojamo's CEO and Deputy CEO. In addition, the committee prepares matters relating to the remuneration of all other members of Kojamo's management and relating to its remuneration system.

The current members of the Remuneration Committee are Riku Aalto (Chairman), Olli Luukkainen, Reima Rytsölä and Ann Selin. The Remuneration Committee convened six times during the financial year 2017, with an attendance rate of 92 percent.

Shareholders' Nomination Board

The Extraordinary General Meeting of Kojamo held on May 25, 2018 approved a new written Charter of the Shareholders' Nomination Board (the "**Nomination Board**"). According to the Charter, the Nomination Board consists of representatives nominated by the three largest shareholders of the Company and the Chairman of the Board of Directors as an expert member. The right to nominate representatives is vested with the three shareholders of the Company having the largest share of the votes represented by all the Shares in the Company annually on the first workday of September preceding the Annual General Meeting.

The Nomination Board is a body of the Company's shareholders with the responsibility for preparing the proposals to the Annual General Meeting and, if needed, to the Extraordinary General Meeting concerning the election and remuneration of the members of the Board of Directors and the remuneration of the members of the Board Committees. The main responsibility of the Nomination Board is to ensure that the Board of Directors and its members have a sufficient level of expertise, knowledge and experience for the needs of the Company.

The Chairman of the Board of Directors does not take part in the decision-making of the Nomination Board. The representative of the largest shareholder shall be elected Chairman of the Nomination Board unless the Nomination Board expressly decides otherwise. The Chairman of the Board of Directors cannot act as the Chairman of the Nomination Board.

The current members of the Nomination Board have been appointed in accordance with the former Nomination Board Charter. According to the former Charter, the Annual General Meeting appointed the Nomination Board, consisting of four members elected at the Annual General Meeting and the Chairman of the Board of Directors in an advisory capacity, and the Nomination Board elected its Chairman from amongst its members. The current members of the Nomination Board are Jarkko Eloranta (Chairman, the President of the Central Organization of Finnish Trade Unions SAK), Ville-Veikko Laukkanen (the Executive Vice-President of Varma), Pasi Pesonen (the Organization Director of OAJ) and Esko Torsti (Director of Ilmarinen). The Nomination Board convened twice during the financial year 2017, with an attendance rate of 100 percent.

Corporate Governance

Kojamo is committed to good corporate governance through compliance with laws and regulations in all of its operations and to implement recommendations for good corporate governance. The governance of Kojamo Group complies with the Company's Articles of Association, Finnish legislation, in particular the Finnish Limited Liability Companies Act, the Finnish Accounting Act, securities markets regulations and other decrees and regulations relevant to the governance of a public limited liability company. Furthermore, Kojamo's operations are guided by values and internal operating principles ratified by the Company.

In its governance, Kojamo also complies with the Corporate Governance Code. If Kojamo deviates from a recommendation of the Corporate Governance Code, it will specify the deviation and justify it. As at the date of this Offering Circular, the Company does not deviate from any Corporate Governance Code recommendation. The Corporate Governance Code is available on the Internet at www.cgfinland.fi.

Shareholding and Options of the Members of the Board of Directors and the Management Team

As at the date of this Offering Circular, the members of Kojamo's Board of Directors and the Management Team do not own Shares or options entitling to Shares.

Board of Directors' and Management's Fees and Benefits

Board of Directors' Fees

In accordance with the Finnish Limited Liability Companies Act, the Annual General Meeting of Shareholders decides on the fees payable to the members of Kojamo's Board of Directors.

The Annual General Meeting of Shareholders held on March 15, 2018 resolved that the remuneration of the Chairman of the Board of Directors is EUR 26,000 per year, remuneration of the Deputy Chairman of the Board of Directors is EUR 15,000 per year and the remuneration of the members of the Board of Directors is EUR 9,000 per year. In addition, the Annual General Meeting decided that an attendance allowance of EUR 600 will be paid for each meeting of the Board of Directors.

The Extraordinary General Meeting of Kojamo resolved on May 25, 2018, conditional on the Company's Listing on the official list of Nasdaq Helsinki, that the members of the Board of Directors will be paid annual remuneration as follows: Chairman EUR 60,000, Vice Chairman EUR 36,000, other Members of the Board of Directors EUR 30,000, Chairman of the Audit Committee EUR 36,000. This resolution replaces the resolution concerning the annual remuneration of the Board of Directors passed at the Annual General Meeting of March 15, 2018, starting from the first month of the Company's listing.

Remuneration of the CEO and Members of the Management Team

The Board's Remuneration Committee is responsible for recommending and evaluating executive nominations and compensations, including the CEO's, evaluating the performance of the CEO and making recommendations to the Board of Directors on management compensation matters. The Board of Directors appoints the CEO and approves his/her compensation as well as the nomination and compensation of other members of the Management Team. The remuneration of the CEO and other members of the Management Team consists of a fixed monthly salary, fringe benefits and a long-term and a short-term incentive program.

The salary and other benefits of the CEO for the financial year ended December 31, 2017 were EUR 739 thousand and the salaries and other benefits accrued to the Management Team for the same financial year were EUR 1.4 million. The figures include the salaries and fees from Kojamo and all of its subsidiaries insofar the persons stated above are employed by the Company.

The statutory pension and supplementary pension costs of the CEO were EUR 156 thousand for the financial year ended December 31, 2017, EUR 150 thousand for the financial year ended December 31, 2016 and EUR 169 thousand for the financial year ended December 31, 2015. The statutory pension and supplementary pension costs of the other members of the Management Team were EUR 396 thousand for the financial year ended December 31, 2017, EUR 375 thousand for the financial year ended December 31, 2016 and EUR 411 thousand for the financial year ended December 31, 2015.

Termination Benefits

The CEO's agreement can be terminated by the Company with a notice period of 12 months during which the CEO does not have an obligation to work. The CEO can terminate the agreement with a notice period of three months. No separate termination compensation has been agreed on in the CEO's agreement.

For the other members of the Management Team, the agreement can be terminated by the Company with a notice period of six months during which the manager does not have an obligation to work. The members of the Management Team can terminate the agreement with a notice period of three months.

Incentive Plans

Kojamo Group maintains the long-term incentive plans 2015 and 2018 for the Group's key employees. These incentive plans are not based on shares, and they offer key employees selected by the Board of Directors a possibility to earn cash rewards based on the performance criteria defined by the Board of Directors. The incentive plans follow three-year performance periods commencing each year.

Kojamo Group's Board of Directors has decided to convert the on-going performance periods (2016–2018, 2017–2019 and 2018–2020) and future performance periods (2019–2021 and 2020–2022) of the long-term incentive plans 2015 and 2018 into share-based plans, provided that the contemplated public listing of the shares will be carried out. As a result, the amount of possible rewards in euros will be converted into an incentive based on shares in Kojamo Group. The performance criteria or the targets set for each criterion will not change.

The incentive plan aims to align the interests of Kojamo's shareholders and key employees in order to increase the Company's value in the long term and commit the key employees to the implementation of the Company's strategy and offer them a competitive incentive plan based on earning and accumulation of the Company's shares. During the performance periods of 2016–2018, 2017–2019 and 2018–2020, the incentive plan is targeted at the members of the Management Board and individually selected key employees.

The incentives under the plans are based on:

- net rental yield, EBITDA, return on capital employed (%) and indebtedness for the performance period of 2016–2018;
- net rental yield, operative result and return on capital employed (%) for the performance period of 2017–2019; and
- operational result and return on capital employed (%) for the performance period of 2018–2020.

The Company's Board of Directors will determine the performance criteria for the performance periods of 2019–2021 and 2020–2022, the targets to be set for each criterion, the target group and the level of possible rewards available for the key employees included in the target group.

Any reward for each performance period will be paid during the year following the expiry of the performance period partially in shares in the Company and partially in cash. The cash portion is aimed to cover taxes and similar fees incurred to the key employees as a result of the rewards. In case a key employee's service in the Company is terminated prior to the payment of the reward, usually no reward will be paid.

The Group's CEO must hold 50 percent of the net number of shares paid to him based on the whole incentive plan, until his/her total shareholding in the Company corresponds to the value of his/her annual gross salary. Other participants must hold 50 percent of the net number of shares paid to them based on the whole incentive plan, until their total shareholding in the Company corresponds to the value of 50 percent of their annual gross salary. Such amount of shares must be held as long as the participant's employment or service continues in company belonging to the Kojamo the Group.

The Company does not currently have any other incentive plans of key personnel. The Board of Directors of Kojamo has resolved to implement annual performance bonus system for the members of the Management Team of the Group from the beginning of the financial year 2019. The annual performance bonus system will be planned during 2018.

The One-off Award

The Board of Directors has decided on the payment of a one-off award to the CEO and CFO in connection with the Listing. The award payable to the CEO is EUR 150,000 and to the CFO EUR 110,000. The CEO and the CFO are committed to personally invest 50 percent of the one-off award (net amount, after taxes) in the Company by subscribing to the Shares in the Personnel Offering.

Memberships and Partnerships

The members of the Board of Directors and the Management Team of the Company have or have had during the last five years before the date of this Offering Circular the following memberships and/or been partners in the following partnerships:

Members of the Board of Directors	Current memberships and partnerships	Previous memberships and partnerships
Riku Aalto	Industrial Union Varma Mutual Pension Insurance Company	VR-group
Matti Harjuniemi	Construction Trade Union Finland Y-Foundation SKK Oy	
Olli Luukainen	The State Pension Fund Confederation of Unions for Academic	Kaleva Mutual Insurance Company

Members of the Board of Directors	Current memberships and partnerships	Previous memberships and partnerships
	Professionals in Finland (AKAVA) Varma Mutual Pension Insurance Company Nordic Teacher's Council Public Sector Negotiating Commission (JUKO ry) National Defence Training Association of Finland	
Jorma Malinen	Trade Union Pro Turva Mutual Insurance Company Labor Institute for Economic Research STTK Teollisuuden Palkansaajat neuvottelukunta Elo Mutual Pension Insurance Company The Unemployment Insurance Fund STTK-Lomat Oy Kustavin Matkailu Oy Majvik Oy Levi Tourist Office Ltd Levihotelli Oy Industrianställda i Norden IndustrialALL Europe IndustriALL Global	Meyer Turku Oy
Mikko Mursula	Tornator Oyj Jane and Aatos Erkko foundation	
Reima Rytsölä	Technopolis Plc Oy HYY Group Ltd Kiinteistö Oy Pickalanrinne Nordea Funds Ltd	
Jan-Erik Saarinen	Sijoitusyhtiö 53th Oy	
Ann Selin	Service Union United (PAM) UNI Global Union Handels, the Commercial Employees' Union The Education Fund Elo Mutual Pension Insurance Company The Unemployment Insurance Fund Syöpäklinikoiden ja syöpätutkimuksen tuki ry Palvelualojen Unioni	UNI Europa SAK Helsinki City Council Visit Finland Vanajavesi Foundation Finnish Social Democratic Party (SDP) Party Committee Tapiola Mutual Pension Insurance Company Helsinki City Employment Committee The Representatives of the Finnish Centre for Pensions
Anne Leskelä	Componenta Corporation Vianor Oy Nokian Raskaat Renkaat Oy Nokian Renkaat Holding Oy Hakka Invest Oy Vianor Holding Oy Vianor Russia Holding Oy NT Tyre Machinery Oy Tammer Tukku Oy Sammaliston Sauna Oy Direnic Oy Posiber Oy SHB konttorihallitus	Rotary club Nokia
Minna Metsälä	Tampereen Ensi- ja turvakoti ry Tampere Chamber of Commerce Tampere Board Partners Directors Institute Finland	Veikkaus Oy Tampereen työväen Teatteri Kansan Sivistysrahasto TBS Tampere Business Campus

Members of the Board of Directors	Current memberships and partnerships	Previous memberships and partnerships
	LocalTapiola Mutual Life Insurance Company Finance Finland, Non-life Insurance	
Management Team		
Jani Nieminen	ARY (Asuntoreformiyhdistys	Rakli ry SFHP (Suomi-Finland Housing and Planning ry) KIINKO Real Estate Education
Erik Hjelt	As Oy Kruununmetsäntie 10	Sponda Kiinteistöt Oy Sponda Russia Oy Ltd Hextagon Oy Russia Europe Oy Sponda Asset Management Oy Sponda Asset Management II Oy Sponda Russia Finance Oy Ltd MOW Mothership of Work Oy Sivuston Vounamo Oy
Irene Kantor	—	—
Mikko Suominen	Forensis Oy Evelien Oy	Sivuston Vounamo Oy
Kim Jolkkonen	—	—
Teemu Suila	Asunto Oy Espoon Taavilantie 10 Rakli Oy (deputy member)	Leia Media Oy Dicor Oy (deputy member) Collob Oy (deputy member)

RELATED PARTY TRANSACTIONS

General

Kojamo's related parties include its subsidiaries, associated companies and joint arrangements. Other related parties are the key management personnel, comprising the members of the Board of Directors and Management Team, the CEO and their close family members and entities controlled by them. Parties holding 20 percent or more of the Shares are considered related parties. Shareholders whose shareholding remains below 20 percent are considered related parties if they are otherwise considered to have significant influence.

None of Kojamo's shareholders hold 20 percent or more of the Shares as at the date of this Offering Circular.

The relationships between the parent, subsidiaries and associated companies of the Kojamo Group are presented in section "*Kojamo's Business—Group Legal Structure*".

Transactions with Related Parties

There were no transactions between Kojamo and its related parties during the financial year ended December 31, 2017 or after it until the date of this Offering Circular.[204] Kojamo's business transactions with its related parties during the financial years ended December 31, 2016 and 2015 consisted of rental and insurance agreements and one real estate company transaction with a related party shareholder, completed in the financial year ended December 31, 2015.

Related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

The following table sets forth the transactions with shareholders for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
TRANSACTIONS WITH SHAREHOLDERS					
Lease agreements	-	-	-	-	0.1
Insurance fees	-	-	-	4.5	3.9
Total	-	-	-	**4.5**	**4.0**

The following table sets forth the outstanding balances with other related parties as at the dates indicated:

(EUR in millions)	As at March 31, 2018	2017	As at December 31, 2017	2016	2015
	(unaudited)		(audited)		
OUTSTANDING BALANCES WITH OTHER RELATED PARTIES					
Other current liabilities	-	-	0.1	0.2	0.3

Management Remuneration

The following table sets forth the salaries and other employee benefits of the Kojamo Group's Management Team for the periods indicated:

(EUR in millions)	For the three months ended March 31, 2018	2017	For the year ended December 31, 2017	2016	2015
	(unaudited)		(audited)		
Management Team (excluding the CEO)					
Salaries and other employee benefits	0.7	0.7	1.4	1.3	1.5

[204] Kojamo clarified the definition of related parties in 2017. Prior to 2017, a shareholder whose ownership was less than 20 percent of all votes in Kojamo was considered Kojamo's related party if the shareholder had a seat on Kojamo's Board of Directors, but in 2017, the requirement for having a Board seat was removed. Therefore, transactions with such shareholders who hold less than 20 percent of Kojamo's shares and have a Board seat, which transactions have previously been considered to have been made with related parties, are no longer considered related party transactions in 2017. Because of this, 2017 figures are not comparable with 2016 and 2015 figures.

The following table sets forth the salaries and fees of the Company's CEO and the members of the Board of Directors and Shareholders' Nomination Board for the periods indicated:

(EUR in thousands)	For the three months March 31,(1)		For the year ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)			(audited)	
CEO					
Jani Nieminen	400	450	738.7	738.3	744.7
Board of Directors					
Riku Aalto	0.6	1.2	36.2	28.4	27.8
Matti Harjuniemi	-	-	16.8	16.4	13.4
Olli Luukkainen	-	-	16.8	15.2	13.4
Jorma Malinen	-	-	15.6	15.8	12.2
Mikko Mursula, from March 17, 2016	-	-	22.2	17.6	-
Reima Rytsölä	-	-	18.0	14.0	14.0
Jan-Erik Saarinen	-	-	16.8	16.4	14.0
Ann Selin	-	-	16.2	13.4	12.8
Tomi Aimonen, until March 17, 2016	-	-	-	1.2	17.0
Board of Directors, total	**0.6**	**1.2**	**158.6**	**138.4**	**124.6**
Shareholders' Nomination Board					
Jarkko Eloranta	1.2	1.2	1.2	1.2	1.2
Ville-Veikko Laukkanen	1.2	1.2	1.2	1.2	1.2
Pasi Pesonen	1.2	1.2	1.2	1.2	1.2
Esko Torsti	1.2	1.2	1.2	1.2	
Timo Ritakallio	-	-	-	-	1.2
Shareholders' Nomination Board, total	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**
Total	405.4	456.0	**902.1**	**881.5**	**874.1**

(1) The fees of the Board of Directors and Board committees are recorded on a cash basis. The meeting fees of the Board and committee members are paid every six months on June 30 and December 31 and the annual remuneration of the Board members is paid annually on December 31. However, the meeting fees of the members of the Shareholders' Nomination Board are paid after each meeting. Riku Aalto as the Chairman of the Board of Directors acts as expert member in the Sharholders' Nomination Board, and therefore he has been paid meeting fees for the three months ended March 31, 2018 and 2017 while the other Board members had not been paid fees during the same periods.

Kojamo employees do not receive additional compensation for serving as Board members or as the CEO of Group companies.

No shares or share derivatives were given to members of the Board of Directors during the financial years ended December 31, 2017, 2016 and 2015.

The retirement age for members of the Management Team is 63 years. Members of the Management Team belong to a defined contribution-based pension system in which an insurance premium corresponding to two months' taxable income is paid annually into a group pension insurance plan.

The cost of the statutory pension plan for the CEO was EUR 24 thousand for the three months ended March 31, 2018 (EUR 24 thousand for the three months ended March 31, 2017) and EUR 0.1 million in the financial year ended December 31, 2017 (EUR 0.1 million in the financial year ended December 31, 2016 and EUR 0.1 million in the financial year ended December 31, 2015). Payments to the voluntary pension plan[205] for the CEO amounted to EUR 0.1 million in the financial year ended December 31, 2017 (EUR 0.1 million in the financial year ended December 31, 2016 and EUR 0.1 million in the financial year ended December 31, 2015).

The cost of the statutory pension plan for the other members of the Management Team was EUR 61 thousand for the three months ended March 31, 2018 (EUR 59 thousand for the three months ended March 31, 2017) and EUR 0.2 million in the financial year ended 2017 (EUR 0.2 million in the financial year ended December 31, 2016 and EUR 0.3 million in the financial year ended December 31, 2015). Payments to the voluntary pension

[205] Payments to the voluntary pension plans are made once in a year every October, and therefore there were no such payments during the three months ended March 31, 2018 and 2017.

plan[206] for the other members of the Management Team amounted to and EUR 0.2 million in the financial year ended December 31, 2017 (EUR 0.1 million in the financial year ended December 31, 2016 and EUR 0.1 million in the financial year ended December 31, 2015).

There have been no material changes to the management's salaries and other remuneration after March 31, 2018. Excluding the statutory and voluntary pension costs presented above, the Company has no liabilities arising out of pension obligations.

[206] Payments to the voluntary pension plans are made once in a year every October, and therefore there were no such payments during the three months ended March 31, 2018 and 2017.

OWNERSHIP STRUCTURE

Kojamo's registered share capital as at the date of this Offering Circular is EUR 58,025,136.00 and it comprises 229,479,360 Shares.

According to the shareholder register maintained by Euroclear Finland Ltd. Kojamo had 36 shareholders as at May 31, 2018. According to the Company's understanding, there are also 14 shareholders on the issuer account maintained by Euroclear Finland Ltd. None of Kojamo's shareholders has control over Kojamo.The following table sets forth the ten largest shareholders of the Company and their shareholdings as at May 31, 2018:

Shareholder	No. of Shares	Shareholding, %
Ilmarinen Mutual Pension Insurance Company	41,480,356	18.1
Varma Mutual Pension Insurance Company	38,966,411	17.0
The Finnish Industrial Union	37,115,990	16.2
Trade Union for the Public and Welfare Sectors	20,035,920	8.7
Finnish Construction Trade Union	19,074,300	8.3
Trade Union PRO	17,254,321	7.5
Service Union United PAM	17,179,580	7.5
Trade Union of Education in Finland	17,126,942	7.5
Union of Health and Social Care Professionals TEHY	3,179,360	1.4
The Finnish Electrical Workers' Union	2,704,781	1.2
Others	15,361,399	6.7
Total	**229,479,360**	**100.00**

SHARES AND SHARE CAPITAL

General Information

Kojamo was incorporated on May 9, 1969 in Finland and organized under the laws of Finland. The Company's corporate name is Kojamo plc (Kojamo Oyj in Finnish) and it is domiciled in Helsinki, Finland. Kojamo is registered in the Finnish Trade Register under the business identity code 0116336-2, and its registered office is located at Mannerheimintie 168a, FI-00300 Helsinki, Finland and phone number +358 20 508 3300.

According to Kojamo's Articles of Association, Section 2, Kojamo's line of business is providing housing services and other related business operations. The company engages, either by itself or through its subsidiaries or affiliates, in renting apartments and business premises, partial ownership apartments, as well as transferring tenures of right-of-occupancy apartments. The company, its subsidiary or affiliate may also engage in building management and other building management related services, provide construction services and pursue development of owner-occupied dwellings. For its operations the company, its subsidiary or affiliate, acquires through ownership or lease land areas suitable for construction and constructs residential buildings on them, as well owns and manages them. The company acts as a parent company of the group by supervising and directing its subsidiaries and providing them with financial and other services. The company may own securities and real estates as well as trade in securities. In addition, the company acts as a housing policy influencer.

Share Capital Information

General

Kojamo has a single series of shares, and each Share entitles its holder to one vote in the General Meeting of Shareholders of the Company. There are no voting restrictions related to the Shares. The Shares have no nominal value. All Shares carry equal rights to dividends and other distributions by Kojamo (including distributions of assets in the event of a liquidation of the Company).

Kojamo's registered share capital as at the date of this Offering Circular is EUR 58,025,136 and Kojamo has 229,479,360 fully paid Shares.

The Board of Directors of Kojamo decided on May 31, 2018 that the Company will apply for the listing of the Shares on the official list of Nasdaq Helsinki. Trading in the Shares on the pre-list of Nasdaq Helsinki is expected to commence on or about June 15, 2018 and on the official list of Nasdaq Helsinki on or about June 19, 2018 under the trading code "KOJAMO" and ISIN code FI4000312251.

As at the date of this Offering Circular, the Company does not hold any of its Shares.

There have been no changes in the Company's share capital from January 1, 2015 to the date of this Offering Circular. The Board of Directors resolved on May 28, 2018 to issue shares without consideration based on the authorization resolved by the Extraordinary General Meeting of Shareholders on May 25, 2018. In the share issue, in aggregate 222,076,800 new shares in the Company were issued without consideration to the shareholders pro rata applying pre-emptive subscription right. 30 new shares were issued per each existing share. After the share issue, the number of the shares in the Company amounted to in aggregate 229,479,360 shares.

Outstanding Authorizations

Kojamo's Extraordinary General Meeting of Shareholders held on May 25, 2018 authorized the Board of Directors to decide on a directed share issue in connection with the Listing.

The maximum number of New Shares issued on the basis of the authorization is 30,000,000 and the New Shares can be issued in one or more lots. The share issue can be executed in deviation from the shareholders' pre-emptive subscription right, including offering of shares to institutional investors and to the public including the Company's personnel and the members of the Board of Directors.

The authorization is in force until the end of next Annual General Meeting of Shareholders, however, no longer than until June 30, 2019. The authorization does not cancel any other share issue authorizations.

The Extraordinary General Meeting of Shareholders of May 25, 2018 authorized the Board of Directors to decide on the approval of the Underwriting Agreement and the Offering Circular and the submitting of the listing application to the pre-list and official list of Nasdaq Helsinki as well as to take any other necessary measures in connection with the Listing.

The Extraordinary General Meeting of Shareholders on May 25, 2018 authorized the Board of Directors to decide on the repurchase of the Company's own Shares. The amount of own Shares to be repurchased is limited to 18,163,555 Shares in aggregate, however, it shall not in aggregate exceed 7 percent of all the Shares in the Company calculated at the time of the repurchase. Only the unrestricted equity of the Company can be used to repurchase own Shares on the basis of the authorization and the Company's own Shares can be repurchased at the price prevailing in public trading on the date of the repurchase or otherwise at the price prevailing on the market. Shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorization would be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2019.

Kojamo's Annual General Meeting of Shareholders held on March 15, 2018 authorized the Board of Directors to resolve on one or more Share Issues and the issuance of special rights entitling to shares, as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. Share Issues and the issuance of special rights entitling to shares can be used to issue a maximum of 1,480,512 New Series A shares[207] in the Company, or transfer a maximum of 600,978 Series A shares currently held by the Company.

The authorization entitles the Board to derogate from the shareholders' pre-emption right (directed share issue). A derogation may be made from the shareholders' pre-emption right if the Company has a substantial financial reason for doing so. The authorization may be used for developing the capital structure of the Company, financing real estate purchases and company acquisitions as well as enabling mergers and acquisitions or other forms of corporate development.

The authorization entitles the Board of Directors to decide on all other terms and conditions of Share Issues as well as the issuance of special rights entitling to shares. The authorization replaces the Annual General Meeting of Shareholders authorization of March 27, 2017.

Shareholders' Agreements

Kojamo is not aware of any existing shareholder agreements between its shareholders as at the date of this Offering Circular.

Shareholders' Rights

Pre-emptive Rights

Under the Finnish Limited Liability Companies Act, existing shareholders have pre-emptive right to subscribe for new shares pro rata their shareholdings. A resolution to issue new shares waiving pre-emptive rights as well as a resolution to grant option rights and other special rights entitling to the Shares requires at least two-thirds of all votes cast and shares represented at a General Meeting of Shareholders. In addition, such resolution requires that there is a weighty financial reason for the company to do so. According to the Finnish Limited Liability Companies Act, a resolution on a share issue without payment waiving the shareholders' pre-emptive rights requires that there is an especially weighty reason for the company and in regard to the interests of all shareholders in the company.

Certain shareholders who reside or whose registered address is outside Finland, including shareholders in the United States (as defined in Regulation S of the U.S. Securities Act), may not necessarily be able exercise their pre-emptive subscription rights unless the shares have been registered according to the securities legislation in effect in the relevant country or an exception from registration or other similar requirements is available under the securities legislation of the relevant country.

General Meeting of Shareholders

Under the Finnish Limited Liability Companies Act, shareholders exercise their power to decide at General Meetings of Shareholders. According to the Finnish Limited Liability Companies Act, the Annual General Meeting of Shareholders shall be held annually within six months from the end of the financial year. According to Kojamo's Articles of Association, the Annual General Meeting of Shareholders shall be held annually within six months of the close of the financial year. At the Annual General Meeting of Shareholders, the financial statements including the income statement, balance sheet, cash flow statement and notes relating to each such

[207] On the date the decision was made, the Company had two series of shares, Series A Shares and Series B Shares (with no outstanding Series B Shares). The Extraordinary General Meeting held on May 25, 2018 decided to amend the Articles of Association, among other things, by removing the clause regarding different share classes. The change was registered with the Finnish Trade Register on May 25, 2018.

document, as well as the consolidated financial statements shall be presented to the shareholders for approval. At the Annual General Meeting of Shareholders, the shareholders shall pass resolutions on, among others, the use of the profit shown on the balance sheet, discharge of the members of the Board of Directors and of the CEO from liability, elections of members of the Board of Directors and the auditor and their remuneration. An Extraordinary General Meetings of Shareholders in respect of specific matters must be convened when considered necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one tenth of all issued and outstanding shares of the company.

According to the Finnish Limited Liability Companies Act and the Company's Articles of Association, the notice convening a General Meeting of Shareholders shall be delivered to the shareholders no more than three months and no less than three weeks before the General Meeting of Shareholders, however, at least nine days before the record date of the General Meeting of Shareholders. The notice shall be delivered to the shareholders with a notification published in the Company's website or on at least one national newspaper chosen by the Board of Directors. To be entitled to attend the General Meeting of Shareholders, the shareholder shall notify his/her attendance to the Company at the latest by the date mentioned in the notice convening the meeting, which date may be no more than ten days before the General Meeting of Shareholders.

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder must be registered in the shareholders' register kept by Euroclear Finland Ltd in accordance with the Finnish legislation no later than eight business days prior to the relevant General Meeting of Shareholders (the record date of the General Meeting of Shareholders). For further information, see "*Finnish Securities Market—Custody of Securities and Nominee Registration*". A nominee-registered shareholder wishing to attend and vote at the General Meeting of Shareholders should register the shares in their own name in the shareholders' register kept by Euroclear Finland Ltd at the latest on the date mentioned in the notice to the General Meeting of Shareholders, which shall, according to the Finnish Limited Liability Companies Act, be after the record date of the General Meeting of Shareholders. The notification of temporary registration in the company's shareholders' register concerning the beneficial owner is considered a notice of participation in the General Meeting of Shareholders. If the shareholder is participating in the General Meeting of Shareholders through several authorized representatives, the shareholder shall in connection with the notification notify the shares on the basis of which each authorized representative represents the shareholder.

Except for certain exceptions stipulated in the Finnish Limited Liability Companies Act, there are no quorum requirements for General Meetings of Shareholders.

Voting Rights

A shareholder may attend and vote at a General Meeting of Shareholders in person or through an authorized representative. Each Share in the Company entitles its holder to one vote at a General Meeting of Shareholders. If the shareholder's shares are recorded on more than one book-entry account, the shareholder has the right to use a different authorized representative for each book-entry account. The shareholder may also vote differently with a part of his owned votes.

At the General Meeting of Shareholders, most resolutions are passed by a simple majority of the votes cast. However, certain resolutions, such as amending the Articles of Association, waiving shareholders' pre-emptive right to subscribe for shares in a new issue and resolutions on a merger, a demerger or dissolution of the Company require at least a two-thirds majority of the votes cast and the shares represented at the meeting.

Dividend and Distribution of Other Unrestricted Equity

A General Meeting of Shareholders decides on the payment of dividend and other distribution of funds by the majority of the votes cast. All Shares in the Company carry equal rights to dividends and other distributions by the company. In accordance with prevailing practice in Finland, dividends on shares of a Finnish company are generally only paid annually and only after shareholder approval of the company's financial statements and of the amount of the dividend proposed by the Board of Directors. However, under the Finnish Limited Liability Companies Act the decision on the payment of a dividend may be made, in addition to the decision made by the General Meeting of Shareholders, by the Board of Directors by virtue of an authorization given by the General Meeting of Shareholders.

Under the Finnish Limited Liability Companies Act, shareholders' equity is divided into restricted and unrestricted equity. Restricted equity consists of the share capital and the fair value fund and the revaluation fund under the Finnish Accounting Act as well as any possible reserve fund and share premium fund formed subject to the old Finnish Limited Liability Companies Act effective prior to September 1, 2006. The other equity reserves are included in unrestricted equity. Accordingly, unrestricted equity includes the profit or loss for the ended financial year, retained earnings from previous financial years and the company's other unrestricted equity, including the funds in the invested unrestricted equity fund. A company may distribute its reserves of unrestricted equity less the reported losses and the amount that the Articles of Association of the company require to be left undistributed, and certain other non-distributable funds. According to the Finnish Limited Liability Companies Act, the amount of dividends to be distributed may not exceed the company's distributable assets and the dividend distribution may not cause insolvency. Accordingly, companies are entitled to pay dividends and otherwise distribute assets from reserves of unrestricted equity for a certain financial period after the General Meeting of Shareholders has approved the financial statements of the company concerning such financial year, and after the General Meeting of Shareholders has resolved on the distribution of dividend or other unrestricted equity in accordance with the proposal of the Board of Directors of the company. According to the Finnish Limited Liability Companies Act, distribution of dividend or of other unrestricted equity may be based also on financial statements concerning other than that approved for the previous financial year, provided that the General Meeting of Shareholders has approved such financial statements. However, material changes in the financial position of the company that have occurred after the completion of the financial statements shall be taken into consideration when the decision on the distribution of profits takes place. The consolidated financial statements of the Kojamo Group are prepared in accordance with IFRS. The financial statements of the Kojamo Group's parent company are prepared in accordance with Finnish Accounting Standards (FAS).

The Finnish Limited Liability Companies Act emphasizes the maintenance of the company's solvency in connection with the distribution of funds and, consequently, no funds may be distributed if, when making the decision on the distribution, the persons knew or should have known that the company was insolvent or that it would become insolvent due to the distribution of the funds.

Under the Finnish Limited Liability Companies Act, the amount of dividend may not exceed the amount proposed or accepted by the Board of Directors. However, shareholders holding no less than 10 percent of all the shares may request at the Annual General Meeting of Shareholders that the amount distributed as dividend shall be at least one-half of the profit of the company for the last preceding financial year, less the amount that the Articles of Association of the company may require to be left undistributed and the possible prior dividends paid in respect of the financial year in question. However, the dividend so paid may neither exceed the amount distributable without the creditors' consent nor constitute more than 8 percent of the total shareholders' equity of the company.

Under the Finnish Limited Liability Companies Act, dividends and other distributions are paid to shareholders or their custodial nominee account holders entered in the shareholders' register on the relevant record date. The shareholders' register is maintained by Euroclear Finland Ltd through the account operators. No dividends are payable to shareholders not entered in the shareholders' register. In the Finnish book-entry securities system, dividends are paid by wire transfer to the shareholders' accounts recorded into the book-entry register. All Shares in Kojamo carry equal rights to dividends and other assets distributed by Kojamo (including the distribution of assets in connection with Kojamo's dissolution).

The right to dividends is forfeited three years from when they are payable according to the decision on the dividend.

Distribution of other unrestricted equity is effected essentially in the same way as described above regarding distribution of dividend.

For information on the taxation of dividends, see *"Taxation"*.

Obligation to Make a Mandatory Bid and Redemption Obligations and Rights

According to the Finnish Securities Markets Act, a shareholder holding more than three-tenths or more than half of the voting rights attached to shares in a company after the shares or securities entitling to such shares of the company have entered into public trading, is obligated to make an offer for all such remaining shares and securities entitling to such shares in the company at fair value (mandatory bid). According to the Finnish Securities Markets Act, the obligation to launch a mandatory bid shall, however, not arise if the securities resulting in the threshold referred to above being exceeded have been acquired through a voluntary takeover bid, provided that the initial voluntary takeover bid is made for all securities entitling to shares of the target company. Moreover, the obligation to launch a mandatory bid shall not arise if the exceeding of the threshold for a mandatory bid is caused solely by the actions of the target company or another shareholder. The obligation to launch a mandatory bid shall no longer exist if the person obliged to offer within a month from the emergence of the obligation gives up the share of voting rights exceeding the threshold for a mandatory bid by assigning shares of the target company or otherwise decreasing its share of voting rights in the target company.

Under the Finnish Limited Liability Companies Act, a shareholder holding shares representing more than 90 percent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair market value (squeeze-out). In addition, a shareholder whose shares can be redeemed in the above manner is entitled to demand redemption of his/her shares from the majority shareholder entitled to exercise redemption (sell-out).

The Articles of Association of the Company includes a clause regarding redemption obligation.

The Company's Extraordinary General Meeting of Shareholders has on May 25, 2018 decided to remove the redemption clause from the Articles of Association subject to the implementation of the Listing. The removal of this clause will be notified to the Finnish Trade Register in connection with Listing so that the removal of the redemption clause would take effect on the earlier the following: either on the day immediately preceding the commencement of trading in the Company's shares on the pre-list of Nasdaq Helsinki or in connection with the registration notification of the New Shares issued in the Offering on the basis of the authorization given to Kojamo's Board of Directors in the same Extraordinary General Meeting of Shareholders.

Dilution of Ownership

To the extent that a shareholder does not subscribe for or purchase any Offer Shares in the Offering, the proportionate ownership and voting interest in the Company of such shareholder will be diluted.

As a result of the New Shares issued in the Offering, the number of Shares in the Company could increase up to a maximum amount of 247,150,419 Shares assuming that (i) the Final Offer Price would be at the lowest point of the Preliminary Price Range (ii) a total of 240,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares, including the maximum of 180,000 additional New Shares that may be issued in the event of an oversubscription in the Personnel Offering and (iii) the Company will raise gross proceeds of no more than EUR 150 million. As a result, the total ownership of the existing shareholders would, based on the assumptions above, be diluted by approximately 7.7 percent.

Transfer of Shares in the Finnish Book-entry Securities System

When shares are sold through the book-entry system, the shares are transferred as a bank transfer from the seller's book-entry account to the buyer's book-entry account. For the purpose of the sales, allocation data is entered in the HEXClear clearing system of Euroclear Finland Ltd and, if necessary, a reservation regarding the book-entries is entered in the book-entry account. The purchase is marked as a pre-sale until it has been cleared and the shares have been paid, after which the buyer is automatically entered in the company's shareholders' register. If the shares are nominee registered and the shares of both seller and buyer are held in the same custodial nominee accounts, the sale of shares does not cause any notes on the book-entry system unless the custodial nominee account holder is changed or the shares will not be transferred from the custodial nominee account as a result of the sale.

In connection with the Offering, the Company, the Sellers and the Management Team of the Company as well as the employees participating the Personnel Offering have agreed to lock-ups regarding their Shares. See "*Plan of Distribution*" and "*Terms and Conditions of the Offering—Lock-up*".

Exchange Control

Foreigners can acquire shares in a Finnish company without any specific exchange control authorization. Foreigners can also receive dividend without any specific exchange control authorization, but the company distributing the dividend must deduct the tax-at-source from the assets transferred outside Finland, unless otherwise stated in an applicable tax treaty. Foreigners who have acquired shares in a Finnish company may receive shares in connection with a capitalization or participate in a pre-emptive subscription rights issue without any specific exchange control authorization. Foreigners may sell their shares in a Finnish company and the assets acquired in connection with such sale can be transferred outside Finland in any convertible currency. There are no exchange control rules in Finland which would restrict the selling of shares of a Finnish company to another foreigners.

FINNISH SECURITIES MARKET

The following summary is a general description of the Finnish securities market and it is based on the laws in force in Finland as at the date of this Offering Circular. The following summary is not exhaustive.

General

The securities market in Finland is supervised by the FSA. The primary statutes governing securities markets are the Finnish Securities Markets Act (746/2012, as amended), which contains provisions, notably, in respect of company and shareholder disclosure obligations, prospectus requirements and public tender offers, and the Market Abuse Regulation ((EU) No 596/2014), which contains regulations, inter alia, related to disclosure of inside information and reporting of trading by the issuer's management. The regulation governing the admission of securities and other financial instruments into public trading and the trading in listed financial instruments is compiled under the Act on Trading in Financial Instruments (748/2012, as amended). The role of the FSA is to monitor compliance with these provisions. The FSA may issue more detailed regulation under the Finnish Securities Markets Act and other acts.

The Finnish Securities Markets Act and the Market Abuse Regulation ((EU) No 596/2014) specify minimum disclosure requirements for Finnish companies applying to have their shares listed on Nasdaq Helsinki or whose securities are publicly traded or who offer their securities to the public. Insider information must be made public in a manner that enables fast access and complete, correct and timely assessment of the information by the public. A Finnish listed company, *i.e.,* a company that has issued shares that are traded in a regulated market, is responsible for regularly publishing financial information on the company as well as for informing the markets of any matters concerning the company that, if made public, would be likely to have a material effect on the prices of the financial instruments of the issuer.

A shareholder is required to notify, without undue delay, the Finnish listed company and the FSA when their holding of the Finnish listed company reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50 or 90 percent or 2/3, calculated in accordance with the Finnish Securities Markets Act. A flagging notification must also be made when a shareholder is entitled to acquire, on the basis of a financial instrument, a number of shares that will reach, exceed or fall below the flagging threshold or, when the combined holding based either on direct holding or holding through financial instruments reaches, exceeds or falls below the flagging threshold. Financial instrument also refers to financial instruments the value of which is determined on the basis of the company's share and which have a similar economic effect as a financial instrument that entitles its holder to receive the company's shares. A flagging notification must be made regardless of whether the underlying asset of the financial instrument will be settled physically or in cash. The notification must be submitted without an undue delay, however no later than on the following trading day after the shareholder was informed or should have known about such a change in the shareholder's voting rights or ownership. The shareholder shall be deemed to have been informed of the said transaction no later than two trading days after the transaction. When a listed company has received the above-mentioned information, it must disclose the information in a stock exchange release without undue delay.

According to the Finnish Securities Markets Act, a shareholder whose holding increases to more than 30 percent or more than 50 percent of the voting rights attached to shares in a company, after the shares or securities entitling to such shares in the company have been entered into public trading on the regulated market, is obligated to make a public offer for all remaining shares and securities entitling to such shares in the company at fair value (mandatory bid). Under the Finnish Limited Liability Companies Act, a shareholder holding shares representing more than 90 percent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair value (squeeze-out). In addition, a shareholder whose shares can be redeemed in the above-mentioned manner is entitled to demand redemption of his/her shares from the majority shareholder entitled to exercise redemption (sell-out). Detailed rules apply to the calculation of the proportions of shares and votes discussed above. In Kojamo's Articles of Association, there are no specific provisions on redemption right or obligation deviating from the law.

According to the Finnish Securities Markets Act, a Finnish listed company shall directly or indirectly belong to an independent body representing the economy on a wide basis and established in Finland, which has issued a recommendation to promote compliance with good securities markets practice on the actions of the management of the offeree company with regard to a takeover bid (the "**Helsinki Takeover Code**"). According to the Finnish Securities Markets Act, a listed company must provide an explanation for not committing to complying with the Helsinki Takeover Code.

The FSA must be notified of net short positions in shares listed on the Nasdaq Helsinki in accordance with the Regulation (EU) No 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps. The obligation to notify net short positions applies to all investors and market participants. A net short position in relation to the shares of a company that has shares admitted to trading on a regulated market must be disclosed where the position reaches, exceeds or falls below the threshold of 0.2 percent of the target company's issued share capital. A new notification must be submitted for each 0.1 percent above the threshold. The FSA will publish any notified net short position that reaches, exceeds or falls below the threshold of 0.5 percent of the target company's issued share capital on its website.

The Finnish Penal Code (39/1889, as amended), contains provisions relating to breach of disclosure requirements, the misuse of inside information, unauthorized disclosure of inside information and market manipulation. Breach of these provisions constitutes a criminal offence. The FSA has the right to impose administrative sanctions for breach of the provisions relating to disclosure requirements, misuse of inside information, market manipulation and reporting of trading by management, except for situations where a party is subject to a preliminary investigation, consideration of charges, or criminal case pending in a court of law for the same offence, or the party has received a non-appealable sentence for the same act. The FSA can, for example, issue a public warning, prohibit the person involved to trade securities or impose monetary penalties.

Trading and Settlement on Nasdaq Helsinki

Share trading on Nasdaq Helsinki occurs through automatic order matching. In carrying out share trades, Nasdaq Helsinki uses the INET trading platform, which is an order-based system in which buying and selling orders are matched as trades when the price and the volume information tally. In the INET trading platform, the trading day consists, as a general rule, of the following main phases: pre-trading, continuous trading, the closing auction and post-trading.

During the pre-trading session from 9:00 a.m. to 9:45 a.m., orders may be entered, changed or deleted. The opening call begins at 9:45 a.m. and ends at 10:00 a.m. Round lot orders entered during the pre-trading phase and existing orders that may be valid for more than one day are automatically transferred into the opening call. Continuous trading takes place between 10:00 a.m. and 6:25 p.m. Continuous trading begins sequentially immediately after the end of the opening call at 10:00 a.m., at which time the first share's opening price is determined, after which continuous trading in said share commences. Approximately ten minutes later, the opening prices of all the shares have been determined and trading based on market demand continues until 6:25 p.m. The closing auction begins at 6:25 p.m. and ends at approximately 6:30 p.m., when the closing prices are determined and when continuous trading ends as well. In post-trading between 6:30 p.m. and 7:00 p.m., the only trades that may be registered are contract trades for shares in after-hours trading. The shares will be registered at prices established during the trading day.

Trades are primarily cleared by netting them in the clearing and settlement system of the European Multilateral Clearing Facility acting as the central counterparty and executed in Euroclear Finland Ltd's automated clearing and settlement system on the second (2^{nd}) banking day after the trade date (T+2) unless otherwise agreed by the parties.

Trading in securities on Nasdaq Helsinki and clearing of trades in Euroclear Finland Ltd takes place in euros, with the minimum tick size for trading quotations depending on the tick size table and being a minimum of EUR 0.0001. The price information is produced and published only in euros.

The Finnish Book-entry Securities System

General

Any issuer established in the EU that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be represented in book-entry form. The issuer has the right to choose the Central Securities Depository in which its securities are recorded. The Central Securities Depository maintains the book-entry system. Euroclear Finland Ltd acts as the Central Securities Depository in Finland. Euroclear Finland Ltd maintains a book-entry securities register for both equity and debt securities. The registered office of Euroclear Finland Ltd is located at Urho Kekkosen katu 5C, FI-00100, Helsinki.

Euroclear Finland Ltd keeps company-specific shareholder registers of the shareholders of companies entered into the book-entry securities system and offers book-entry account services to shareholders who have established accounts before the entry into force of the Finnish Act on the Book-entry System and Settlement Activities (348/2017). During the transition period of the Finnish Act on the Book-entry System and Settlement Activities, the basic custody expenses incurred by Euroclear Finland Ltd in connection with maintaining the book-entry accounts are mainly borne by the issuers and account operators participating in the book-entry securities system. The account operators, which consist of, among others, banks, investment services companies and other institutions licensed to act as account operators by Euroclear Finland Ltd, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Registration

Shareholders of all companies registered in the book-entry securities system must establish a book-entry account with an account operator or register its securities through nominee registration in order to effect share entries. A Finnish shareholder may not hold his/her shares through nominee registration in the Finnish book-entry system. For shareholders who have not transferred their shares into book-entries, a joint book-entry account shall be opened with Euroclear Finland Ltd and the issuer is entered as the account holder. All transactions in securities registered with the book-entry securities system are executed as computerized book-entry transfers. The account operator confirms book-entry transfers by sending notifications of all transactions to the holder of the respective book-entry account. The account holders also receive an annual statement of their holdings as at the end of each calendar year.

Each book-entry account must give the particulars of the account holder and other holders of rights to the book-entries in the account or of the manager of a nominee registration who manages the assets in the nominee-registered account, as well as information on the account operator for the account. The required information includes the type and number of the book-entry securities registered in the account as well as the rights and restrictions pertaining to the account and the book-entries. Any nominee-registered account must be identified when making entries in the account. Euroclear Finland Ltd and all the account operators are responsible for maintaining the confidentiality of the information they receive. The company must, however, keep the shareholder register available to anyone at the company's head office or, when the shares of the company are entered into the book-entry securities system, at the office of the Central Securities Depository in Finland. The FSA is entitled to receive certain information on nominee registrations upon request.

Each account operator is liable for possible errors and omissions in the book-entry registers maintained by it and for any breach of data protection. However, if an account holder has suffered loss as a result of a faulty registration and the account operator is unable to compensate such a loss, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland Ltd. The capital of the registration fund must be at least 0.0048 percent of the average of the total market value of the book-entries kept in the book-entry securities system during the last five (5) calendar years and it must be no less than EUR 20 million. The compensation to be paid to one injured party shall be equal to the amount of damage suffered by such (an) injured party from a single account operator, subject to a maximum amount of EUR 25,000. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

Custody of Securities and Nominee Registration

According to Finnish legislation, a non-Finnish shareholder may appoint an account operator (or certain non-Finnish organizations approved by the Central Securities Depository) to act as a custodial nominee account holder on its behalf. In some cases, nominee-registration of Finnish shareholders abroad may be possible by virtue of the Regulation (EU) No 909/2014 of the European Parliament and of the Council or other EU regulations or if a Finnish company issues its shares in another EU country. A nominee shareholder is entitled to receive dividends and to exercise all share subscription rights and other financial and administrative rights attaching to the shares held in its name. A nominee-registered shareholder wishing to attend and vote at the General Meeting of Shareholders should temporarily register the shares in their own name in the shareholders' register kept by Euroclear Finland Ltd at the latest on the date mentioned in the notice to the General Meeting of Shareholders, which shall, according to the Finnish Limited Liability Companies Act, be after the record date of the General Meeting of Shareholders. A custodial nominee account holder or another nominee is required to disclose to the FSA and to the relevant issuer, upon request, the actual identity of the shareholder of any shares registered in the name of such a nominee, where the nominee-registered shareholder is known, as well as the number of shares owned by such nominee-registered shareholder. If the name of the nominee-registered shareholder is not known, the nominee is required to disclose said information in respect of the representative acting on behalf of the nominee-registered shareholder and to submit a written declaration to the effect that the actual shareholder is not a Finnish natural person or legal entity.

Finnish depositories for both Euroclear Bank SA/NV—as operator of Euroclear Finland Ltd—and Clearstream have nominee accounts within the book-entry securities system and, accordingly, non-Finnish shareholders may hold their shares listed on Nasdaq Helsinki in their accounts in Euroclear Bank SA/NV and in Clearstream.

Shareholders wishing to hold their shares in the book-entry securities system in their own name but who do not maintain a book-entry account in Finland are required to open a book-entry account with an account operator as well as a bank account denominated in euros in Finland.

Compensation Fund for Investors

The Finnish Act on Investment Services (747/2012, as amended) sets forth a compensation fund for investors. Under the Finnish Act on Investment Services, investors are divided into professional and non-professional investors. The definition of professional investors includes business enterprises and public entities which can be deemed to know the securities markets and the risks related thereto. A customer may also declare in writing that, on the basis of his/her professional skills and experience in investment activities, he or she is a professional investor. However, private investors are generally considered to be non-professional investors.

Credit institutions and such investment services companies managing or retaining clients' assets that do not provide solely intermediation or investment advisory services or organizing of multilateral trading must belong to a compensation fund for investors. The compensation fund safeguards to investors payment of clear, indisputable claims that are due when an investment services company or a credit institution, for a reason other than temporary insolvency, is not capable of paying the claims of investors within a determined period of time. Only claims of non-professional investors are paid by the compensation fund. An investor is paid 90 percent of the investor's receivable, subject to a maximum amount of EUR 20,000. The fund does not compensate for losses due to a fall in equity prices or incorrect investment decisions, whereby the customer is still responsible for the consequences of his/her investment decisions. Pursuant to the Act on Finnish Financial Stability Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee scheme, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit insurance fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit insurance fund or the compensation fund; however, an investor's funds cannot be safeguarded by both funds at the same time.

TAXATION

The following summary is based on the tax laws of Finland as in effect as at the date of this Offering Circular, and is subject to changes in Finnish law, including changes that could have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or deal with the tax laws of any country other than Finland. Prospective investors are advised to consult their own professional tax advisors as to the Finnish or foreign tax consequences of the Offering and the purchase, ownership and disposition of the Shares. Prospective investors who may be affected by the tax laws of other jurisdictions should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances.

Finnish Taxation

The following is a description of the material Finnish income tax consequences that may be relevant with respect to this Offering. The following description of Finnish domestic tax legislation relating to dividend distributions and capital gains arising from the sale of Shares is applicable to natural persons and limited liability companies both resident and non-resident in Finland.

The following description does not address tax considerations applicable to the holders of the Shares that may be subject to special tax rules, including, among others, different restructurings of corporations, controlled foreign corporations (CFC), non-business carrying entities, income tax-exempt entities or general or limited partnerships. Furthermore, this description addresses neither Finnish inheritance nor gift tax consequences.

This description is based on:

- The Finnish Income Tax Act (1535/1992, as amended);
- The Finnish Business Income Tax Act (360/1968, as amended);
- The Finnish Act on Taxation of Non-residents (627/1978, as amended); and
- The Finnish Transfer Tax Act (931/1996, as amended).

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Offering Circular have been taken into account.

All of the foregoing is subject to change, which could apply retroactively and could affect the tax consequences described below.

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on Finnish source income only. In addition, any income received by a non-resident from a permanent establishment in Finland is subject to taxation in Finland. However, tax treaties subject to which Finland is may limit the applicability of the domestic tax legislation and also the right to tax the non-resident's income that is received from Finland.

Generally, an individual is deemed a resident of Finland if such individual stays in Finland for more than six consecutive months or if the permanent home and dwelling of such individual is in Finland. A Finnish citizen who has left Finland to live in a foreign country is deemed resident in Finland for tax purposes during the tax year of their relocation and three following years, unless they can demonstrate that no material ties between them and Finland have existed during the relevant tax year. Earned income, including salary, is taxed at progressive rates. Capital income is currently taxed at a rate of 30 percent. However if the capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 percent. Corporate entities established under the laws of Finland are regarded as residents of Finland and are subject to corporate income tax on their worldwide income. Non-residents are liable to pay tax for the income of permanent establishments located in Finland. Currently, the corporate income tax rate is 20 percent.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposal of the Shares by Finnish resident and non-resident shareholders.

Personnel Offering

Under the Finnish Income Tax Act employer may offer new shares for subscription by employee at a discount not exceeding 10 percent without triggering taxable benefits. The discount is calculated as difference between the fair value and subscription price calculated as provided in the Income Tax Act. The shares offered by the employer shall be new issued shares and shares shall be offered to the majority of personnel in order to fulfill the prerequisites for tax exemption.

Discount on subscription price of new shares exceeding 10 percent is considered as taxable earned income of the employee. The discount provided in personnel offering is in general exempted from social security and pension contributions. The employee health insurance premium is, however, payable on the taxable part of the benefit.

Taxation of Dividends and Equity Returns

Distribution of funds from unrestricted equity fund (Chapter 13, Section 1, subsection 1 of the Finnish Limited Liability Companies Act) by a public listed company as defined in the Finnish Income Tax Act Section 33 a Sub-section 2 ("**Listed Company**") is taxed as distribution of dividends. Therefore, the following applies also to the distribution of funds from unrestricted equity funds of the Company.

Resident Individuals

85 percent of dividends paid by a Listed Company to an individual shareholder is considered capital income of the recipient, taxable at the rate of 30 percent (however, if the overall capital income exceeds EUR 30,000 during the calendar year, the tax rate for the exceeding amount is 34 percent) while the remaining 15 percent is tax-exempt. If the shares form part of a resident individual shareholder's business activities, 85 percent of dividends paid by a Listed Company is considered business income subject to taxation, which is taxed partly as earned income at progressive rates and partly as capital income at the rate of 30 percent (however, if the overall capital income exceeds EUR 30,000 during a calendar year, the tax rate for the exceeding amount is 34 percent), the remaining 15 percent being tax-exempt.

A Listed Company distributing the dividends is obligated to withhold tax in advance from dividends paid to resident individuals. Currently, the amount of the tax withheld in advance is 25.5 percent of the amount of the dividend paid. The advance tax withheld by the distributing company is credited against the final tax payable by the individual shareholder for the dividend received. Resident individuals must review their pre-completed tax form to confirm that the received dividend income during the tax year is correct. If necessary, the taxpayer must report the correct amount of dividend income and the amount of prepaid income tax to the tax authorities, should these amounts be incorrectly entered on the pre-completed tax form.

Finnish Limited Liability Companies

Dividends received by a Listed Company from another Listed Company are generally tax-exempt. However, in case the shares are included in the investment assets of the shareholder (only financial, insurance and pension institutes may have investment assets referred to in this context), 75 percent of the dividend is taxable income while the remaining part of the dividend is tax-exempt.

Dividends received by a non-listed Finnish company from a Listed Company are generally taxable income with respect to 100 percent of the dividend. However, in cases where the non-listed company directly owns 10 percent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax-exempt provided that the shares are not included in the investment assets of the shareholder. If the shares are included in the investment assets of the shareholder, 75 percent of the dividend is taxable income while the remaining 25 percent of the dividend is tax-exempt.

Non-Residents

Dividends paid by a Finnish company to non-residents are subject to Finnish withholding tax. The withholding tax as a final tax at source is withheld by the company distributing the dividend at the time of the dividend payment. The withholding tax rate for a dividend received by a non-resident individual shareholder is 30 percent whereas the withholding tax rate for a dividend received by a non-resident company is 20 percent unless otherwise set forth in an applicable treaty on avoiding double taxation.

Finland has entered into double income tax treaties with many countries pursuant to which the withholding tax rate on dividends paid to persons entitled to the benefits under such treaties is reduced. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced to the following percentages: Austria: 10 percent; Belgium: 15 percent; Canada: 15 percent; Denmark: 15 percent; France: zero; Germany: 15 percent; Ireland: zero; Italy: 15 percent; Japan: 15 percent; the Netherlands: 15 percent; Norway: 15 percent; Spain: 15 percent; Sweden: 15 percent; Switzerland: 10 percent; the United Kingdom: zero; and the United States: 15 percent. Please note that this list is not exhaustive. A further reduction in the withholding tax rate is usually available to corporate shareholders for dividend distributions on qualifying holdings (usually ownership of at least 10 or 25 percent of the share capital or voting rights of the distributing company). The benefit of reduced withholding rate in an applicable income tax treaty will be available if the receiver of the dividend has provided the payer of the dividend the necessary details on the applicability of the income tax treaty.

Where a shareholder of nominee-registered shares is entitled to dividends, the Finnish distributing company pays the dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owner. If such beneficial owner holding the shares through a nominee account is a resident in an income tax treaty country, the withholding tax rate is the tax rate set forth in the relevant income tax treaty. However, the withholding rate is always at least 15 percent, in case the payer (dividend distributing company or Finnish custodian entity) has confirmed the applicability of the income tax treaty to the person beneficially entitled to the dividend in a reasonably diligent manner. If the tax rate set forth in the income tax treaty is less than 15 percent, an application for the refund of the excess withholding tax may be submitted together with the necessary details on the beneficiary owner's nationality and identity. This means that with respect to dividend paid on shares held through a nominee account, a withholding tax pursuant to the applicable tax treaty or at least at the rate of 15 percent is withheld without a thorough clarification of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authorities' register and that it is resident in a country Finland has an income tax treaty with. In addition, the foreign custodian intermediary must have an agreement with the Finnish account operator with regard to the custody of the shares. In such agreement the foreign custodian intermediary shall, inter alia, commit to report the dividend receiver's residential country to the account operator and to provide additional information to the tax authorities, if needed. In case these provisions are not fulfilled, the 30 percent withholding tax will be withheld on the nominee accounts dividends received by a non-resident individual shareholder, and the 20 percent withholding tax will be withheld on nominee accounts dividends received by non-resident company shareholder.

Foreign Companies Residing in the EU Member States

No withholding tax is levied under Finnish tax laws on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU), as amended by the Council Directive 2013/13/EU and 2014/86/EU, and that directly hold at least 10 percent of the capital of the dividend distributing Finnish company.

Foreign Companies Residing in the European Economic Area

Dividends paid to certain foreign companies residing in the European Economic Area are either tax-exempt in full or a lowered rate of withholding tax is applied depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

No withholding tax will be levied in Finland from dividends paid by a Finnish company to a non-resident entity, if (i) the entity receiving the dividend resides in the European Economic Area; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC, as amended by the Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation under Directive (EU) 2015/2376, or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the receiver of the dividend; and (iii) the company receiving dividend is equivalent to a Finnish entity defined in the Finnish Income Tax Act Section 33 d Sub-section 4 or in Section 6 a of the Finnish Business Income Tax Act; (iv) the dividend would be tax-exempt in full if paid to a corresponding Finnish limited liability company (see above "—*Finnish Limited Liability Companies*"): and (v) the entity provides a report (a certificate from the home member state's tax authority) clarifying that in accordance with the treaties on avoiding double taxation applicable in the home state of the receiver of dividends, the withholding tax cannot be reimbursed in full.

If dividend is paid to a foreign company that fulfils the requirements presented above in section (iii) and resides in a country which fulfils the criteria set out in sections (i) and (ii), but the dividend would be only partly tax exempt if it was paid to a corresponding Finnish entity (see above "—*Finnish Limited Liability Companies*"), a withholding tax will be withheld on the dividends (see above "—*Non-Residents*"), but the withholding tax for such dividends will be lowered to 15 percent (instead of 20 percent). Thus, notwithstanding entities as defined in the Parent Subsidiary Directive, which fulfil the criteria for tax exemption by directly owning at least 10 percent of the capital of the Finnish company paying the dividends (see above "—*Foreign Companies Residing in the EU Member States*"), the withholding tax rate of 15 percent will be applied to dividends paid to a foreign entity if the shares of the Finnish company paying dividends belong to the investment assets of the company receiving the dividends. Depending on the applicable treaty on avoiding double taxation, the applicable withholding tax can also be lower than 15 percent (see above "—*Non-Residents*").

Foreign Individuals Residing in the European Economic Area

The dividends paid to a foreign non-resident individual can upon request by the individual in question be taxed, instead of as withholding tax (see above "—*Non-Residents*"), in accordance with the Act on Assessment Procedure (1558/1995, as amended) and thus similarly as resident individuals in Finland are taxed (see above "—*Resident Individuals*"), provided that (i) the individual receiving the dividend resides in the European Economic Area; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC, as amended by the Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation under Directive (EU) 2015/2376, or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the receiver of the dividend; and (iii) the individual provides a report (a certificate from the home member state's tax authority) clarifying that in accordance with the treaties on avoiding double taxation applicable in the home state of the receiver of dividends, the withholding tax cannot be reimbursed in full.

Taxation of Capital Gains

Resident Individuals

Capital gain or loss arising from the sale of shares or subscription rights (other than in the context of business activities) is taxable as capital gain or as capital loss deductible from capital gains for resident individuals. Capital gains are currently taxed at a rate of 30 percent (however if the overall capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 percent). If the disposition of shares is connected to the business activities (business income source) of the seller, any gain arising from the sale is deemed to be the seller's business income, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income at a flat rate of 30 percent (however if the overall capital income exceeds EUR 30,000 during the calendar year, the tax for the exceeding amount is 34 percent).

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, individuals may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 percent of the sales price or, if the shares have been held for at least ten years, 40 percent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any sales related expenses are deemed to be included therein and, therefore, may not be separately deducted from the sales price.

A capital loss arising from the sale of securities, such as the Shares, is deductible primarily from the resident individual's capital gains and secondarily from other capital income arising in the same year and during the following five calendar years. However, the tax exempt part of the subscription discount related to personnel offering is not included in the acquisition cost of shares when calculating capital gains or losses. Capital losses will not be taken into account when calculating the capital income deficit for the calendar year in question. Thus, such capital losses do not affect the amount of the deficit credit deductible from earned income.

Notwithstanding the above stated, capital gains arising from the sale of assets, such as the Shares, are exempt from tax provided that the proceeds of all assets sold by the resident individual during the calendar year do not, in the aggregate, exceed EUR 1,000 (not including proceeds of assets the sale of which is tax-exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the calendar year does not, in the aggregate, exceed EUR 1,000 and also the proceeds of all assets sold by the resident individual during the calendar year do not, in the aggregate, exceed EUR 1,000.

An individual resident in Finland has to enter information regarding the sale of securities (such as the Shares) occurred during the relevant calendar year on the pre-completed tax form.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies taxed in accordance of the Finnish Business Income Tax Act. Generally, capital gain arising from the Shares is taxable income of the limited liability company.

Shares may be fixed assets, current assets, investment assets (only financial, insurance, and pension institutes may have investment assets as referred to in this context) or financial assets of a limited liability company. The taxation of a disposal of shares and loss of value may vary according to the asset type for which the shares qualify. Shares may also qualify as income source assets of other activities of a limited liability company. The provisions of the Finnish Income Tax Act are applied to the capital gains arising from the sale of assets from other income source.

Any sales price from the sale of securities is generally included in the business income of a Finnish company. Correspondingly, the acquisition cost of the shares is a loss deductible from business income upon disposal of the shares. A participation exemption for capital gains on share disposals is available for Finnish companies, provided that certain strict requirements are met. Under the participation exemption and except for private equity investors, capital gains arising from the sale of shares that are part of the fixed assets of the selling company are not considered taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible, provided, among others, that (i) the selling company has continuously owned at least 10 percent of the share capital in the company whose shares are sold and such sold shares have been owned for at least one year, which period has ended no later than one year before the sale, (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, on a factual basis, mainly consist of ownership or possession of property, and (iii) the company whose shares are sold is resident in Finland or a company meant in Article 2 of the Parent Subsidiary Directive or is a company that is resident in a country with which Finland has entered into a tax treaty for the elimination of double taxation which is applicable to dividends. Furthermore, in order for the capital gain to be tax-exempt, an operational connection between the company transferring the shares and the company whose shares are being transferred has been a requirement in case law.

Tax deductible capital losses arising from the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of shares part of fixed assets in the same fiscal year and five subsequent years. Capital losses arising from the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward. Should the capital loss belong to other source of income, the capital loss resulting from the transfer of shares can be deducted from capital gains accruing from sale of assets belonging to other source of income in the same fiscal year and five subsequent years.

Non-residents

Non-residents are generally not tax liable in Finland on capital gains realized on the sale of shares in a Finnish company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland according to the Finnish Income Tax Act and an applicable tax treaty, and the shares are considered as assets of that permanent establishment or more than 50 percent of the assets of the company whose shares are being transferred comprise one or multiple real properties located in Finland. The Company's assets principally comprise interests in housing and other real estate companies, which, based on currently applicable precedent case law are not deemed to be real property located in Finland for these purposes.

Transfer Tax

Transfer tax is not payable in connection with the issuance or subscription of shares. Transfer tax is generally not payable in Finland on the transfer of shares subject to public trading against fixed cash consideration. The transaction is not subject to transfer tax provided that an investment service company or a foreign investment service company or another investment service provider, as defined in the Finnish Act on Investment Services (747/2012, as amended), is brokering or serving as a party to the transaction or that the transferee has been approved as a trading party in the market where the transfer is executed. If the transferee's broker or other party to the transfer is not a Finnish investment firm, Finnish credit institution or Finnish branch or office of a foreign investment firm or credit institution, the transfer will be exempted from transfer tax provided that the transferee liable for tax notifies the Finnish tax authorities of the transfer within two months thereof or that the broker submits an annual declaration concerning the transfer to the Finnish Tax Administration as set forth in the Finnish Assessment Procedure Act (1558/1995, as amended). Tax exemption does not apply to transfers executed as capital investments or distribution of funds or to transfers in which consideration comprises in full or in part of work contribution, or to certain other transfers set out in the Transfer Tax Act. Accordingly, in case law it has been considered that if an incentive scheme remuneration of key persons is paid in money and the receiver of the remuneration is obliged to purchase shares of the Listed Company with a part of the remuneration, consideration of the share purchase comprises in full or in part of work contribution, and is thus subject to transfer tax.

The buyer is liable to pay transfer tax amounting to 1.6 percent of the transaction price in share transfers that do not fulfil the above criteria (2.0 percent on transfers of shares in a company qualified as a real estate company). If the buyer in that case is not generally liable for tax in Finland or a foreign credit institution's or an investment firm's or a fund management company's or an EEA alternative investment fund manager's Finnish branch, the seller must charge the tax from the buyer. If the broker is a Finnish stockbroker or a credit institution or a foreign stockbroker's or credit institution's Finnish branch, it is liable to charge the transfer tax from the buyer and effect the payment on the buyer's behalf. If neither party to the transaction is generally liable for tax in Finland or a foreign credit institution's or an investment firm's or a fund management company's or an EEA alternative investment fund manager's Finnish branch, transfer tax will not be payable in Finland on the transfer of shares (excluding transfers of qualified real estate company shares). No transfer tax is levied if the amount of the tax is less than EUR 10.

Certain U.S. Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax consequences to U.S. Holders, as defined below, of owning and disposing of Shares acquired in the Offering. The summary is not a complete description of all tax considerations that may be relevant to a prospective investor. This discussion applies only to a U.S. Holder that owns Shares as capital assets for tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including U.S. estate or gift tax consequences, alternative minimum tax consequences and tax consequences applicable to U.S. Holders subject to special rules, including: certain financial institutions, dealers or traders in securities who use a mark-to-market method of tax accounting, persons holding Shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to Shares, persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar, entities or arrangements classified as partnerships for U.S. federal income tax purposes, persons that directly, indirectly or constructively own 10 percent or more of our equity interests (by vote or value) or persons holding Shares in connection with a permanent establishment or a trade or business conducted outside of the United States. It also does not address U.S. state and local or non-US tax considerations.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares should consult their tax advisors as to the particular U.S. federal income tax consequences to their partners of holding and disposing of Shares.

A "**U.S. Holder**" is a beneficial owner of Shares that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court; or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion assumes, for the reasons and subject to the qualifications explained below, that the Company is not, and will not become, a passive foreign investment company (a "**PFIC**").

Taxation of distributions

Distributions paid on Shares will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of the Company's earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The amount of a distribution will include any amounts withheld in respect of Finnish taxes. Dividends will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder's income as ordinary dividend income on the date that such U.S. Holder actually or constructively receives the distribution in accordance with its regular method of accounting for U.S. federal income tax purposes.

Dividends paid by the Company generally will be treated as "qualified dividend income" ("**QDI**") taxable to a non-corporate U.S. Holder at the reduced rate normally applicable to long-term capital gains, if the Company qualifies for the benefits of the income tax treaty between the United States and Finland (the "**Treaty**"), the U.S. Holder satisfies a minimum holding period and certain other requirements are met. The Company believes that it will qualify for benefits under the Treaty.

Dividends paid in currency other than U.S. dollars will be includable in a U.S. Holder's income as a U.S. dollar amount based on the spot exchange rate in effect on the date such dividend is received whether or not the currency is converted into U.S. dollars at that time. If a dividend paid in non-US currency is converted to U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize a foreign currency gain or loss. However, if the U.S. Holder converts the currency into U.S. dollars on a later date, the U.S. Holder must include in income any gain or loss resulting from any exchange rate fluctuations during the period from the date such U.S. Holder included the dividend in income to the date such holder converts the currency into U.S. dollars (or otherwise disposes of the currency). Generally, any gain or loss resulting from currency exchange rate fluctuations will be ordinary income or loss and will be treated as income from sources within the United States for foreign tax credit limitation purposes. U.S. Holders should consult their own tax advisors regarding the tax consequences to them if the Company pays dividends in currency other than U.S. dollars.

U.S. Holders may be eligible for a foreign tax credit in respect of any Finnish withholding taxes imposed on any dividends at the rate available under the Treaty, subject to generally applicable limitations. If a U.S. Holder is eligible for, but fails properly to claim, a reduced withholding tax rate available under the Treaty, the U.S. Holder may not be allowed a foreign tax credit for withholding tax in excess of the Treaty rate. U.S. Holders should consult their tax advisors regarding the creditability of foreign taxes in their particular circumstances.

Any dividends will be subject to the Medicare tax on net investment income applicable to certain non-corporate U.S. Holders.

Sale or other disposition of Shares

A U.S. Holder will recognize capital gain or loss on the sale or other disposition of Shares in an amount equal to the difference between the U.S. Holder's adjusted tax basis in the Shares and the U.S. dollar value of the amount realized (without reduction for any Finnish tax imposed). A U.S. Holder's adjusted tax basis in the Shares generally will be its U.S. dollar cost. Gain from the disposition of Shares generally will be long-term capital gain or loss if the holder has held Shares for more than one year. Deductions for capital losses are subject to significant limitations.

A U.S. Holder that receives non-US currency on the disposition of Shares will realize an amount equal to the U.S. dollar value of the currency received at the spot exchange rate on the date of sale (or, in the case of cash basis and electing accrual basis U.S. Holders, the settlement date). A U.S. Holder will recognize foreign currency gain or loss to the extent the U.S. dollar value of the amount received at the spot exchange rate on the settlement date differs from the amount realized. A U.S. Holder will have a tax basis in the currency received equal to the U.S. dollar value of the currency received on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the currency will be U.S. source ordinary income or loss for foreign tax credit limitation purposes.

Any gain recognized will be subject to the Medicare tax on net investment income applicable to certain non-corporate U.S. Holders.

Passive foreign investment company rules

The Company believes that it is not currently a PFIC for US federal income tax purposes and, although the matter is not free from doubt, the Company does not expect to become a PFIC in the Company's next taxable year or in the foreseeable future. A foreign corporation is considered a PFIC for any taxable year in which either (1) at least 75 percent of its gross income is "passive" income (the "**income test**") or (2) at least 50 percent of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income (the "**asset test**"). For purposes of determining whether a foreign corporation will be considered a PFIC, such foreign corporation will be treated as holding its proportionate share of the assets and receiving directly its proportionate share of the income of any other corporation in which it owns, directly or indirectly, at least 25 percent (by value) of the stock. Goodwill attributable to the conduct of an activity that generates active income is treated as an active asset. Whether the Company will be a PFIC in the current year (and possibly future years) will depend, in substantial part, on the amount of and the timing of the Company's use of the net proceeds of the Offering and a valuation of the Company's goodwill and other intangibles, which will depend on the Company's market capitalization as at each quarter's end as indicated by the price of Shares at such time. The PFIC determination is made annually, and the Company's status could change depending on, among other things, changes in the composition and relative value of the Company's gross receipts and assets. Accordingly, no assurance can be given that the Company will not be a PFIC in the current or any future taxable year. If the Company were a PFIC for any year during which a U.S. Holder owns

Shares, the Company generally would continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset tests discussed above.

Although rental income generally is treated as passive for purposes of the PFIC income test, certain rents derived in the active conduct of a trade or business from unrelated persons generally are not passive income for these purposes. Specifically, rents will not be passive if they are derived from property (i) which the lessor acquires and through its own officers or staff of employees, adds substantial value to, (ii) as to which the lessor, through its own officers or staff of employees, performs active and substantial management and operational functions for, or (iii) which the lessor leases as a result of the performance of marketing functions by such lessor provided those functions are performed by its own officers or staff of employees through a substantial organization. The Company believes, based on the way in which the Company manages its real property, that it should qualify for the active and substantial management test described in (ii), above, and it is also possible that some or all of the Company's rental income might also be considered active as a result of either the Company's marketing functions or as a result of adding substantial value to the Company's group's properties. Nonetheless, it is possible that the United States Internal Revenue Service ("**IRS**") could assert and that a court may hold that the PFIC rules could be interpreted in a manner which could cause the Company's rental income to be treated as passive income. In addition, it is possible that changes to the Company's planned operational structure or business plans could result in it becoming a PFIC or becoming more likely to be considered a PFIC. Potential U.S. Holders are encouraged to consult their own advisers about the rules for determining whether rental income is passive or active for purposes of the PFIC income test and about our current and future PFIC status, taking into account these rules.

If the Company were a PFIC for any taxable year during which a U.S. Holder held Shares, gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of Shares would be allocated ratably over the U.S. Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount of such tax. Further, to the extent that any distribution received by a U.S. Holder on Shares exceeds 125 percent of the average of the annual distributions on Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. In addition, if the Company were to become a PFIC, the Company's dividends will not be QDI eligible for the reduced rate of taxation discussed above.

In the event the Company becomes a PFIC, a U.S. Holder might be able to avoid some of the tax consequences described above by electing to mark the Shares to market annually. The election is available only if the Shares are marketable stock. Shares are marketable stock if they trade on a qualified exchange in more than de minimis quantities for at least 15 days during each calendar quarter. Any gain from marking Shares to market or from disposing of them would be ordinary income. Any loss from marking Shares to market would be recognized only to the extent of gains previously included in income. Loss from marking Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of gains previously included in income. No assurances can be made regarding whether Nasdaq Helsinki is a qualified exchange. A U.S. Holder should ask its tax advisor whether a mark-to-market election is available and, if so, whether it would be advisable. A valid mark-to-market election cannot be revoked without the consent of the IRS unless the Shares cease to be marketable.

If the Company were to become a PFIC, it is not expected that a U.S. Holder would be able to elect to treat the Company as a "qualified electing fund" ("**QEF**") because the Company does not expect to be able to provide to U.S. Holders the information required to make such an election.

If the Company were to become a PFIC, certain of the Company's direct and indirect subsidiaries and other non-U.S. companies in which the Company invests also may be PFICs (such subsidiaries and other companies, "**lower-tier PFICs**"). Because a shareholder in a PFIC is deemed to own its proportionate share of interests in any lower-tier PFICs, if the Company were a PFIC, U.S. Holders generally would be subject to adverse US federal income tax consequences on excess distributions by or deemed dispositions of shares in any lower-tier PFICs. A mark-to-market election with respect to Shares (if available and properly elected) would not apply to a U.S. Holder's indirect interests in any lower-tier PFICs.

Each U.S. Holder is encouraged to consult its own tax advisor as to the Company's possible status as a PFIC and, if the Company were a PFIC, the consequences to them and whether a mark-to-market election is available or advisable in their particular circumstances.

Information reporting and backup withholding

Dividends on and proceeds from the sale or other disposition of the Shares may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption. Backup withholding is not an additional tax. A U.S. Holder can claim a credit against its U.S. federal income tax liability for amounts withheld under the backup withholding rules, and can claim a refund of amounts in excess of its tax liability by making the required filing with the IRS. Prospective investors should consult their tax advisors about qualifying for an exemption from backup withholding.

U.S. Holders are required to report information to the IRS with respect to their investment in financial instruments not held through an account with a financial institution. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about information reporting requirements applicable to their investment in the Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR PROSPECTIVE INVESTORS IN SHARES. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF ACQUIRING, OWNING, AND DISPOSING OF SHARES IN SUCH INVESTORS OWN CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

PLAN OF DISTRIBUTION

Underwriting Agreement and Placing Agreement

Goldman Sachs, J.P. Morgan and Nordea act as the Joint Global Coordinators of the Offering, and OP, together with the Joint Global Coordinators, act as the Managers of the Offering. The Company, the Principal Sellers and the Managers are expected to enter into the Underwriting Agreement on or about June 14, 2018, pursuant to which the Company will undertake to issue and the Principal Sellers will undertake to sell the Offer Shares to subscribers or purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers severally but not jointly will undertake, subject to certain conditions, to procure subscribers or purchasers for or, failing which, to subscribe for or purchase, the percentage of the total number of Offer Shares as set forth in the table below.

Manager	Percent of Offer Shares
Goldman Sachs	30
J.P. Morgan	30
Nordea	30
OP	10
Total	**100**

On or about June 14, 2018, the Other Sellers and Nordea are expected to enter into the Placing Agreement ("**Placing Agreement**"), pursuant to which the Other Sellers will undertake to offer their Sale Shares to purchasers procured by Nordea or, failing which, to Nordea itself.

The Underwriting Agreement will provide that the obligations of the Managers to procure subscribers or purchasers for or, failing which, to purchase themselves, the Offer Shares will be subject to certain conditions and may be subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Managers) under certain circumstances, including force majeure. If the Joint Global Coordinators elect to terminate the several commitments of the Managers in the Underwriting Agreement, the Offering may be cancelled and no Offer Shares would be delivered. Furthermore, if the Underwriting Agreement is terminated, the Placing Agreement would also terminate in accordance with its terms. Furthermore, the Underwriting Agreement will provide that the Company and the Principal Sellers will severally indemnify the Managers against certain liabilities arising, directly or indirectly, out of or in connection with the Offering.

The Offering consists of (i) the Institutional Offering to institutional investors as private placements in Finland and internationally, including in the United States to persons who are reasonably believed by the Managers to be QIBs as defined in Rule 144A, pursuant to exemptions from the registration requirements of the U.S. Securities Act, (ii) the Public Offering to private individuals and organizations in Finland and (iii) the Personnel Offering to all employees of Kojamo and to the members of the Management Team of Kojamo. In the Personnel Offering, the subscription price per Offer Share will be 10 percent lower than the Final Offer Price in the Public Offering.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. All offers and sales in the United States will be made only to persons who are reasonably believed by the Managers to be QIBs in reliance on Rule 144A or pursuant to another applicable exemption from the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in offshore transactions in reliance on, and in compliance with, Regulation S. Any offer or sale of Offer Shares in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act will be made solely by broker dealers registered as such under the U.S. Exchange Act.

Over-allotment Option

The Principal Sellers are expected to grant to the Managers the Over-allotment Option, exercisable by Nordea on behalf of the Managers within 30 days from commencement of trading in the Shares on Nasdaq Helsinki (which is expected to be between June 15, 2018 and July 14, 2018) to purchase, or to procure purchasers for, up to 10,396,510 Additional Shares solely to cover over-allotments in connection with the Offering. The Additional Shares correspond to approximately 4.5 percent of the Shares and votes before the Offering and approximately 4.2 percent after the Offering, assuming that the Sellers sell the maximum number of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million).

Stabilization Measures

Nordea, as the Stabilization Manager, may, to the extent permitted by applicable law, within 30 days from commencement of trading in the Shares on Nasdaq Helsinki (which is expected to be between June 15, 2018 and July 14, 2018), engage in measures that stabilize, maintain or otherwise affect the price of the Shares. The Managers may allocate a number of Shares that is larger than the total number of Offer Shares, creating a short position. Any short selling would be covered if the short position does not exceed the number of Shares that the Stabilization Manager can acquire through the Over-allotment Option. The Stabilization Manager may close covered short selling with the Over-allotment Option or by purchasing Shares in the market. In determining how to close covered short selling, the Stabilization Manager will consider, among other things, the market price of the Shares compared to the Over-allotment Option price. In connection with the Offering, the Stabilization Manager may also bid for and purchase Shares in the market to stabilize the price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilization measures will not be carried out at a higher price than the Final Offer Price. The Stabilization Manager has no obligation to carry out these measures, and the Stabilization Manager may stop any of these measures at any time, and the measures must be brought to an end within 30 days of commencement of trading in the Shares on Nasdaq Helsinki.

Any stabilization measures will be conducted in accordance with the Market Abuse Regulation and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilization Manager may sign a share lending agreement with Ilmarinen and Varma related to stabilization. According to the share lending agreement, the Stabilization Manager may borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilization Manager borrows Shares in accordance with these provisions, it must return an equal number of Shares to Ilmarinen and Varma.

Lock-up

The Company, the Sellers and certain other shareholders are expected to agree not to, and to procure that no person acting on their behalf will, during the period ending 180 days after the Listing, without the prior written consent of the Joint Global Coordinators (on behalf of the Managers) (in the case of the Company and the Principal Sellers) or Nordea (in the case of the Other Sellers), (i) issue, offer, pledge, hypothecate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing. However, the above restrictions do not apply to the disposal of any Sale Shares made in and for the purpose of the Offering pursuant to the Underwriting Agreement or the Placing Agreement.

The members of the Board of Directors and the Management Team of Kojamo are expected to enter into a lock-up agreement with similar terms to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing.

As a precondition for participating in the Personnel Offering, employees must enter into a lock-up agreement with similar terms that ends, for the Management Team of Kojamo, on the date that falls 360 days, and for other personnel, on the date that falls 180 days from the Listing. The participants of the Personnel Offering must agree that a transfer restriction will be recorded to their book-entry accounts. See "*Terms and conditions of the Offering—Special terms and conditions concerning the Personnel Offering—Lock-up*".

In aggregate, the terms of the lock-up agreements apply to approximately 68.0 percent of the Shares after the Offering without the Over-allotment Option and the Shares possibly subscribed for by the members of the Board of Directors and the Management Team of Kojamo in the Public Offering (approximately 64.3 percent with the Over-allotment Option), assuming that the Sellers sell the maximum number of Sale Shares and that the Company will issue 16,222,184 New Shares (the number of New Shares has been calculated assuming that (i) the Final Offer Price will be at the mid-point of the Preliminary Price Range, (ii) a total of 60,000 New Shares would be subscribed for in the Personnel Offering at the discount applicable to such New Shares and (iii) the Company will raise gross proceeds of no more than EUR 150 million).

Listing of the Shares

The Company will submit a listing application to Nasdaq Helsinki to list the Shares on the official list of Nasdaq Helsinki.

Commissions and Expenses

The Company and the Principal Sellers will undertake in the Underwriting Agreement, and the Other Sellers will undertake in the Placing Agreement, to pay the Managers a commission that will be based on the gross proceeds from the Offer Shares, including any sales of Additional Shares based on the Over-allotment Option. The liability to pay the commission will be divided between the Sellers and the Company on the basis of the share of gross proceeds received by the Company and each of the Sellers from the Offer Shares. In addition, the Company and the Sellers may, at the discretion of the Company and the Principal Sellers, pay the Managers a performance fee based on the gross proceeds from the Offer Shares, including the proceeds from any sales of Additional Shares based on the Over-allotment Option. The Company and the Principal Sellers will also undertake in the Underwriting Agreement, among others, to reimburse to the Managers certain expenses incurred in connection with the Offering. Kojamo estimates that the fees and expenses payable by it in relation to the Offering will amount to approximately EUR 5 million, and the fees to be paid by the Sellers in connection with the Offering are expected to amount to in aggregate approximately from EUR 5.3 million to EUR 16.8 million depending on the size and final pricing of the Share Sale (taking also into account the impact of any discretionary fee).

Interests Related to the Offering

The fees and commissions to be paid to the Managers are, in part, linked to the proceeds from the Offering, including the proceeds from any sales of Additional Shares based on the Over-allotment Option.

Goldman Sachs, J.P. Morgan, Nordea and OP acting as the Managers, as well as other entities within the same groups, may purchase and sell Shares for their own or their customers' account prior to, during and after the Offering subject to the legislation and regulations applicable to this.

The Managers, other entities within the same groups and/or their affiliates have provided, and may provide in the future, investment, insurance, banking and/or other services to the Company and the Principal Sellers in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. In addition, certain of the Managers, other entities within the same groups and/or their affiliates have acted as arrangers or lenders under certain loan agreements of the Company and its subsidiaries, and in various roles in the Unsecured Notes and Secured Notes for which they have received and may continue to receive customary interest, fees and commissions. For more information on these facilities, see "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Loans and Borrowings*."

The Managers do not intend to disclose the content of any such services, investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. As described above, the Managers will receive fees and commissions in connection with the Offering and, as such, have an interest in the Offering.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Target Market Assessment**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

SELLING AND TRANSFER RESTRICTIONS

Selling Restrictions

General

No public offer is being made and no one has taken any action that would, or is intended to, permit a public offering of the Shares to be made in any country or jurisdiction other than Finland where any such action for that purpose is required.

Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material nor advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in compliance with applicable rules and regulations of such country or jurisdiction. It is the responsibility of any person who receives a copy of this Offering Circular to satisfy himself or herself as to full observance of the laws of any relevant territory with respect to any actions he or she may take, including the obtaining of any requisite governmental or other consent or the observance of any requisite formalities and the payment of any issue, transfer or other taxes due in such territory.

United States

The Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in certain transaction exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. See "—*Transfer Restrictions*" below.

European Economic Area

In relation to each member state of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Shares may not be made in that Relevant Member State (other than the public offering in Finland), except that an offer to the public in the Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to qualified investors within the meaning of Article 2(1)(c) of the Prospectus Directive;
2. to fewer than 150 natural or legal persons (other than a person that is a qualified investor within the meaning of Article (2)(1)(c) of the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company, the Seller or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC) and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

In the United Kingdom, this Offering Circular is only addressed to, and directed to qualified investors within the meaning of Article 2(1)(c): (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); and/or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Shares are only available in the United Kingdom, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Shares in the United Kingdom, will be engaged in only with relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

Australia

This Offering Circular does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (the "**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Offering Circular has not been, and will not be, lodged with the Australian Securities and Investments Commission (whether as a disclosure document under the Australian Corporations Act or otherwise). Any offer in Australia of the Shares or otherwise may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer for on-sale of the Shares that is received in Australia within 12 months after their issue by the Company is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring Shares should observe such Australian on-sale restrictions.

The Company is not licensed in Australia to provide financial product advice in relation to the Shares. Any advice contained in this Offering Circular is general advice only. This Offering Circular has been prepared without taking account of any investor's objectives, financial situation or needs, and before making an investment decision on the basis of this Offering Circular, investors should consider the appropriateness of the information in this Offering Circular, having regard to their own objectives, financial situation and needs. No cooling off period applies to an acquisition of the Shares.

Canada

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45–106 Prospectus Exceptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31–103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with and exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to Section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33–105 Underwritings Conflicts (NI 33–105), the Managers are not required to comply with the disclosure requirements of NI 33–105 regarding underwriting conflicts of interest in connection with the Offering.

China

This Offering Circular has not been and will not be circulated or distributed in the People's Republic of China, and the Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the People's Republic of China except pursuant to applicable laws and regulations of the People's Republic of China. For the purpose of this paragraph, People's Republic of China does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Dubai International Financial Centre

This Offering Circular relates to an Exempt Offer in accordance with the Offered Securities Rule of the Dubai Financial Services Authority (the "**DFSA**"). This Offering Circular is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Offering Circular nor taken steps to verify the information set forth herein and has no responsibility for this Offering Circular. The Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares should conduct their own due diligence on the Shares. If you do not understand the contents of this Offering Circular, you should consult an authorized financial adviser.

In relation to its use in the Dubai International Financial Centre (the "**DIFC**"), this Offering Circular is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Shares may not be offered or sold directly or indirectly to the public in DIFC.

Hong Kong

This Offering Circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, the Shares other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No.25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Shares will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 27 4 of the Securities and Futures Act, Chapter 289 of Singapore; (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA,

or as specified in Regulation 32 of the Securities and Futures (Offers and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed in the SIX Swiss Exchange (the "**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Circular has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering of marketing material relating to the Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Circular will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

Transfer Restrictions

The Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Offer Shares are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and within the United States to persons reasonably believed by the Managers to be qualified institutional buyers pursuant to an exemption from the registration requirements of the U.S. Securities Act. Terms used in this section are used as defined in Regulation S and/or Rule 144A.

Each purchaser of Offer Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is purchasing Offer Shares in an offshore transaction meeting the requirements of Regulation S;
2. the purchaser has not purchased the Offer Shares as a result of any directed selling efforts;
3. the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;
4. the purchaser will not offer, sell, pledge, or transfer any Offer Shares, except in accordance with the U.S. Securities Act and any applicable laws of any state of the United States and any other jurisdictions;
5. the purchaser is not engaged in the business of distributing securities or, if it is, the purchaser agrees that it will not offer or sell in the United States (i) any Offer Shares that it acquires in the Offering at any time; or (ii) any Offer Shares that it acquires other than in the Offering until 40 days after the date of the Offering Circular, except in both cases in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act pursuant to Rule 144A or Regulation S thereunder; and
6. the Company will not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

Each purchaser of Offer Shares in the United States pursuant to Rule 144A will be deemed to have represented and agreed that it has received a copy of the Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser (i) is a qualified institutional buyer; (ii) is aware that the sale to it is being made in reliance on Rule 144A; and (iii) is acquiring such Offer Shares for its own account or for the account of another qualified institutional buyer;
2. the purchaser acknowledges that the Offer Shares (i) have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States; (ii) are

being offered and sold in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act; and (iii) are "restricted securities" within the meaning of Rule 144A(a)(3) under the U.S. Securities Act and are subject to restrictions on transfer;

3. for so long as the Offer Shares are "restricted securities", the purchaser will only offer, sell, pledge or otherwise transfer the Offer Shares: (i) to a person reasonably believed to be a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) in accordance with Regulation S; or (iii) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
4. for so long as the shares are "restricted securities", the purchaser will not deposit, or cause to be deposited, the shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility; and
5. the Company will not recognize any offer, sale, pledge, or other transfer of the Shares made other than in compliance with the above-stated restrictions.

Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Furthermore, each purchaser in a Relevant Member State, other than, in the case of paragraph (1) below, persons receiving offers contemplated in this Offering Circular in Finland who receive any communication in respect of, or who acquire any Offer Shares under, the Offering contemplated in this Offering Circular, will be deemed to have represented and agreed that:

1. the purchaser is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
2. in the case of any Offer Shares acquired by the purchaser as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer and resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

LEGAL MATTERS

Certain legal matters in connection with the Initial Public Offering will be passed upon for Kojamo by Roschier, Attorneys Ltd and Freshfields Bruckhaus Deringer LLP and for the Managers by White & Case LLP.

INDEPENDENT AUDITORS

The consolidated financial statements of Kojamo as at and for the financial years ended December 31, 2017 and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, included in this Offering Circular, have been audited by KPMG Oy Ab, Authorized Public Accountant firm, as stated in their audit reports included in this Offering Circular, with Esa Kailiala, Authorized Public Accountant, acting as the responsible auditor.

The audited consolidated financial statements presented in this Offering Circular have been extracted from Kojamo's statutory financial statements as at and for the financial years ended December 31, 2017 and 2016, previously published by Kojamo. The Company's auditor, KPMG Oy Ab, has issued auditor's reports regarding such statutory financial statements of Kojamo on February 15, 2018 and March 3, 2017, respectively. For the purposes of this Offering Circular, KPMG Oy Ab has issued auditor's reports that cover only the consolidated financial statements as at and for the financial years ended December 31, 2017 and 2016, including the audited comparative financial information as at and for the financial year ended December 31, 2015, attached to this Offering Circular.

With respect to the unaudited interim financial information as at and for the period ended March 31, 2018, including comparative information as at and for the three months ended March 31, 2017, included in this Offering Circular, the Company's independent auditor has reported that they have applied limited procedures in accordance with professional standards for a review of such information. The auditors' report regarding such information, included in this Offering Circular, states that the auditor did not audit and does not express an opinion on that interim financial. Accordingly, the degree of reliance on the auditor's report on such information should be restricted in light of the limited nature of the review procedures applied.

KPMG Oy Ab, Authorized Public Accountant firm, with Esa Kailiala, Authorized Public Accountant, acting as the responsible auditor, has been appointed to act as the auditor for the financial year ending December 31, 2018.

DOCUMENTS AVAILABLE FOR INSPECTION

Kojamo's Articles of Association, Realia Management Oy's Property Valuation Report, Auditor's Statement on a Profit Forecast, Kojamo's audited consolidated financial statements for the financial years ended December 31, 2017 and 2016, prepared in accordance with IFRS, including the audited comparative information for the financial year ended December 31, 2015, as well as Kojamo's unaudited consolidated interim report for the three months ended March 31, 2018 prepared in accordance with IAS 34 including the comparative information for the three months ended March 31, 2017 as well as the relevant auditor's report, each attached to this Offering Circular, are available for inspection during the validity period of the Offering Circular at the Company's website at www.kojamo.fi/ipo. Printed copies are available in Finnish and in English at the office of Kojamo at Mannerheimintie 168a, FI-00300 Helsinki, Finland, as well as at the service point of Nasdaq Helsinki at Fabianinkatu 14, FI-00100 Helsinki, Finland.

FINANCIAL STATEMENTS

Index to Financial Statements

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

M€	Note	1-3/2018	1-3/2017	1-12/2017
Total revenue		**88.2**	**83.6**	**337.0**
Maintenance expenses		-25.2	-23.7	-85.4
Repair expenses		-7.6	-7.2	-35.6
Net rental income		**55.5**	**52.6**	**216.0**
Administrative expenses		-9.1	-8.5	-37.2
Other operating income		0.5	0.5	2.0
Other operating expenses		-0.2	-0.9	-1.3
Profit/loss on sales of investment properties		0.6	0.7	2.5
Profit/loss on sales of trading properties		0.0		0.0
Fair value change of investment properties	3	20.7	23.5	126.2
Depreciation, amortisation and impairment losses		-0.2	-0.3	-1.1
Operating profit		**67.8**	**67.6**	**307.0**
Financial income		0.9	1.4	5.0
Financial expenses		-12.4	-10.6	-45.5
Total amount of financial income and expenses		**-11.5**	**-9.3**	**-40.5**
Share of result from associated companies				0.1
Profit before taxes		**56.3**	**58.3**	**266.7**
Current tax expense		-7.1	-12.5	-28.6
Change in deferred taxes		-4.6	1.1	-25.1
Profit for the period		**44.6**	**46.9**	**212.9**
Profit for of the financial period attributable to				
Owners of the parent company		44.6	46.9	212.9
Earnings per share based on profit attributable				
to owner of the parent company				
Basic, euro		6.03	6.33	28.77
Diluted, euro		6.03	6.33	28.77
Average number of the shares		7,402,560	7,402,560	7,402,560

Consolidated statement of comprehensive income

M€	1-3/2018	1-3/2017	1-12/2017
Profit/loss for the period	**44.6**	**46.9**	**212.9**
Other comprehensive income			
Items that may be reclassified subsequently to profit			
Cash flow hedgings	9.5	9.0	20.4
Available-for-sale financial assets		0.1	0.2
Deferred taxes	-1.9	-1.8	-4.1
Items that may be reclassified subsequently to profit or loss	**7.6**	**7.2**	**16.5**
Total comprehensive income for the period	**52.2**	**54.1**	**229.4**
Total comprehensive income attributable to			
Owners of the parent company	**52.2**	**54.1**	**229.4**

CONDENSED CONSOLIDATED BALANCE SHEET

M€	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS				
Non-current assets				
Intangible assets		0.4	0.7	0.4
Investment properties	3	4,834.4	4,314.4	4,706.5
Property, plant and equipment	4	30.8	30.8	31.0
Investments in associated companies		1.8	1.2	1.7
Financial assets	7	0.5	0.5	0.5
Non-current receivables		5.3	5.7	5.3
Derivatives	6, 7	5.3	3.9	6.5
Deferred tax assets		9.6	13.9	10.9
Total non-current assets		**4,888.1**	**4,371.2**	**4,762.7**
Non-current assets held for sale	9	96.7	3.9	3.7
Current assets				
Trading properties		0.4	0.9	0.6
Derivatives	6, 7	0.1	0.2	0.0
Current tax assets		5.0	10.2	0.5
Trade and other receivables		19.0	15.7	8.8
Financial assets		85.7	49.1	49.3
Cash and cash equivalents		354.4	142.3	117.8
Total current assets		**464.6**	**218.3**	**177.0**
TOTAL ASSETS		**5,449.4**	**4,593.4**	**4,943.5**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent company				
Share capital		58.0	58.0	58.0
Share issue premium		35.8	35.8	35.8
Fair value reserve		-16.6	-33.0	-23.7
Invested non-restricted equity reserve		17.9	17.9	17.9
Retained earnings		1,945.2	1,784.6	1,950.6
Equity attributable to owners of the parent company		**2,040.2**	**1,863.3**	**2,038.6**
Total equity		**2,040.2**	**1,863.3**	**2,038.6**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	5, 7	2,513.7	1,871.8	2,109.8
Deferred tax liabilities		483.4	452.6	478.3
Derivatives	6, 7	40.8	60.5	48.3
Provisions		0.8	0.9	0.8
Other non-current liabilites		15.5	6.9	14.8
Total non-current liabilities		**3,054.1**	**2,392.7**	**2,652.0**
Liabilities associated with non-current assets held for sale	9	0.2		
Current liabilities				
Loans and borrowings	5, 7	221.0	215.8	173.2
Derivatives	6, 7	0.4	0.6	0.2
Current tax Liabilities		6.9	20.7	9.1
Trade and other payables		126.4	100.2	70.4
Total current liabilities		**354.8**	**337.3**	**252.9**
Total liabilities		**3,409.2**	**2,730.1**	**2,904.9**
TOTAL EQUITY AND LIABILITIES		**5,449.4**	**4,593.4**	**4,943.5**

The notes are an integral part of the interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

M€	1-3/2018	1-3/2017	1-12/2017
Cash flow from operating activities			
Profit for the period	44.6	46.9	212.9
Adjustments	2.0	-3.2	-33.5
Change in net working capital			
Change in trade and other receivables	-9.0	-8.7	-0.8
Change in trading properties	0.1		0.3
Change in trade and other payables	9.5	7.8	0.1
Interest paid	-7.1	-8.5	-39.7
Interest received	0.2	0.1	0.6
Other financial items	-3.1	-0.2	-7.4
Taxes paid	-13.8	-4.1	-22.1
Net cash flow from operating activities	**23.5**	**30.0**	**110.4**
Cash flow from investing activities			
Acquisition of investment properties	-210.8	-74.0	-341.9
Acquisition of associated companies	-0.1		-0.4
Acquisition of property, plant and equipment and intangible assets	0.0	-0.1	-0.8
Proceeds from sale of investment properties	4.4	69.8	84.5
Proceed from sale of property, plant and equipment and intangible assets	0.0		
Purchases of financial assets	-155.0	0.0	-322.5
Proceeds from sale of financial assets	118.5	0.0	322.8
Non-current loans, granted			-1.8
Repayments of non-current loan receivables	0.0	0.0	1.3
Interest and dividends received on investments	0.0	0.1	0.3
Net cash flow from investing activities	**-243.0**	**-4.2**	**-258.5**
Cash flow from financing activities			
Non-current loans and borrowings, raised	500.0	87.0	686.4
Non-current loans and borrowings, repayments	-123.0	-69.3	-434.0
Current loans and borrowings, raised	219.0	34.0	267.8
Current loans and borrowings, repayments	-140.0	-87.3	-355.9
Dividends paid			-50.3
Net cash flow from financing activities	**456.0**	**-35.6**	**113.9**
Change in cash and cash equivalents	**236.5**	**-9.7**	**-34.2**
Cash and cash equivalents in the beginning of period	**117.8**	**152.0**	**152.0**
Cash and cash equivalents at the end of period	**354.4**	**142.3**	**117.8**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
Equity at 1 Jan 2018	**58.0**	**35.8**	**-23.7**	**17.9**	**1,950.6**	**2,038.6**	**2,038.6**
Changes to accounting policies			**-0.5**		**0.3**	**-0.2**	**-0.2**
Equity at 1 Jan 2018	**58.0**	**35.8**	**-24.3**	**17.9**	**1,950.9**	**2,038.3**	**2,038.3**
Comprehensive income							
Cash flow hedging			7.6			7.6	7.6
Result for the financial period					44.6	44.6	44.6
Total comprehensive income	**0.0**	**0.0**	**7.6**	**0.0**	**44.6**	**52.2**	**52.2**
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners	**0.0**	**0.0**	**0.0**	**0.0**	**-50.3**	**-50.3**	**-50.3**
Total change in equity			7.1		-5.4	1.7	1.7
Equity at 31 Mar 2018	**58.0**	**35.8**	**-16.6**	**17.9**	**1,945.2**	**2,040.2**	**2,040.2**

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
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			7.2			7.2	7.2
Available-for-sale financial assets			0.1			0.1	0.1
Result for the financial period					46.9	46.9	46.9
Total comprehensive income			**7.2**		**46.9**	**54.1**	**54.1**
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners					**-50.3**	**-50.3**	**-50.3**
Changes in shareholdings							
Total change in equity			7.2		-3.5	3.8	3.8
Equity at 31 Mar 2017	**58.0**	**35.8**	**-33.0**	**17.9**	**1,784.6**	**1,863.3**	**1,863.3**

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
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 year					212.9	212.9	**212.9**
Total comprehensive income			**16.5**		**212.9**	**229.4**	**229.4**
Transactions with owners							
Dividend payment					-50.3	-50.3	**-50.3**
Total transactions with owners					**-50.3**	**-50.3**	**-50.3**
Total change in equity			16.5		162.6	179.1	**179.1**
Equity at 31 Dec 2017	**58.0**	**35.8**	**-23.7**	**17.9**	**1,950.6**	**2,038.6**	**2,038.6**

CONDENSED NOTES

Basic information about the Group

Kojamo plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive. On 31 March 2018, Kojamo owned 35,697 rental apartments across Finland.

The Group's parent company, Kojamo plc, is a Finnish public company domiciled in Helsinki. Its registered address is Mannerheimintie 168, 00300 Helsinki, Finland.

Kojamo's business operations are divided into two segments: Lumo and VVO. There are a total of 34,468 Lumo apartments and 1,229 VVO apartments. Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019.

A bond issued by Kojamo in 2016 is listed on Nasdaq Helsinki Ltd. In addition, two other bonds issued by the company have 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.

At its meeting on 3 May 2018, Kojamo plc's Board of Directors approved this Interim Report for publication.

1. ACCOUNTING POLICIES

Basis for preparation

These interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* as well as by applying the same accounting policies as in the previous annual financial statements, excluding the exceptions described below. The quarterly figures of the Interim Report have not been audited.

The figures for 2017 are based on Kojamo plc's audited financial statements for 2017. The bracketed figures refer to the corresponding period in 2017, and the comparison period is the corresponding period the year before, unless otherwise stated.

The preparation of interim financial statements 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 must also make judgements when applying the accounting policies of the Group. Actual results may differ from the estimates and assumptions used. The most significant items of these interim financial statements where judgement has been applied by management, as well as the assumptions about the future and other key uncertainty factors in estimates at the end of the reporting period which create a significant risk of change in the carrying amounts of Kojamo's assets and liabilities within the next financial year, are the same as those presented in the consolidated financial statements for the 2017 financial year. Of these, the most important are the determination of the fair values of investment properties and financial instruments.

Kojamo has adopted IFRS 15 *Revenue from Contracts with Customers* on 1 January 2018. 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. This is because Kojamo's revenue consist of rental income based on tenancy agreements. Note 2. *Segment information* provides an itemisation of revenue from contracts with customers.

IFRS 9 *Financial Instruments* replaces the existing standard IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments. This also covers a new expected credit loss model for determining impairment of financial assets. Kojamo began to apply the standard as of 1 January 2018 and will not apply it retrospectively.

These changes in accounting policies are described in more detail in Note 10.

Kojamo's property taxes for the financial year are recognised as a liability at the time the tax is assessed and allocated as expenses for the quarter to which the corresponding rental income is allocated. In the interim report for the period 1 January–31 March 2018, EUR 2.4 million in property tax has been allocated to the quarter, with EUR 9.8 million recognised as a liability and EUR 7.4 million in accrued income. If the IFRIC 21 Levies interpretation were to be applied to property taxes, property taxes would be recognised as expenses in the income statement at the time of tax assessment, and they would not be allocated to the different quarters of the year. If this were the case, a total of EUR 9.8 million in property taxes would have been recognised as expenses in the interim report for the period 1 January–31 March 2018. The method of recognition does not affect the result for the full financial year or the outlook issued by the company.

2. SEGMENT INFORMATION

M€	Lumo 1-3/2018	VVO 1-3/2018	Group consolidation methods	Kojamo Group Total 1-3/2018
Rental income	84.9	2.8	0.0	87.6
Other property income	0.6	0.0	0.0	0.6
Internal income	0.0	0.0	-0.1	0.0
Total revenue	**85.5**	**2.8**	**-0.1**	**88.2**
Maintenance expenses	-24.3	-0.9	0.0	-25.2
Repair expenses	-7.3	-0.3		-7.6
Net rental income	**53.9**	**1.6**	**-0.1**	**55.5**
Administrative expenses	-8.7	-0.4	0.1	-9.1
Other operating income	0.5	0.0		0.5
Other operating expenses	-0.2			-0.2
Profit/loss on sales of investment properties	1.5		-0.9	0.6
Profit/loss on sales of trading properties	0.0			0.0
Fair value change of investment properties	20.7			20.7
Depreciation, amortisation and impairment losses	-0.2			-0.2
Operating profit / loss	**67.5**	**1.2**	**-0.9**	**67.8**
Financial income				0.9
Financial expenses				-12.4
Total amount of financial income and expenses				**-11.5**
Profit before taxes				**56.3**
Current tax expense				-7.1
Change in deferred taxes				-4.6
Profit/loss for the period				**44.6**
Investments	**203.5**	**0.2**		**203.7**
Investment properties	4,779.5	54.9	0.0	4,834.4
Investments in associated companies	1.8			1.8
Non-current assets held for sale	96.7			96.7
Cash and cash equivalents	354.1	0.2		354.4
Other assets	167.8	9.8	-15.5	162.1
Total assets	**5,400.0**	**64.9**	**-15.5**	**5,449.4**
Interest bearing liabilities	2,709.8	39.9	-15.1	2,734.7
Liabilities associated with non-current assets held for sale	0.2			0.2
Other liabilities	668.5	5.9	-0.1	674.3
Total liabilities	**3,378.5**	**45.8**	**-15.2**	**3,409.2**

M€	Lumo 1-3/2017	VVO 1-3/2017	Group consolidation methods	Kojamo Group Total 1-3/2017
Rental income	75.6	7.5	0.0	83.1
Other property income	0.5	0.0	0.0	0.5
Internal income	0.1	0.0	-0.1	0.0
Total revenue	**76.2**	**7.5**	**-0.1**	**83.6**
Maintenance expenses	-21.5	-2.2	0.0	-23.7
Repair expenses	-6.3	-0.9		-7.2
Net rental income	**48.4**	**4.4**	**-0.1**	**52.6**
Administrative expenses	-7.7	-1.0	0.1	-8.5
Other operating income	0.5	0.0		0.5
Other operating expenses	-0.9			-0.9
Profit/loss on sales of investment properties	0.7			0.7
Fair value change of investment properties	23.5			23.5
Depreciation, amortisation and impairment losses	-0.3			-0.3
Operating profit / loss	**64.2**	**3.4**	**0.0**	**67.6**
Financial income				1.4
Financial expenses				-10.6
Total amount of financial income and expenses				**-9.3**
Profit before taxes				**58.3**
Current tax expense				-12.5
Change in deferred taxes				1.1
Profit/loss for the period				**46.9**
Investments	**65.0**	**0.0**		**65.0**
Investment properties	4,188.9	124.6	0.9	4,314.4
Investments in associated companies	1.2			1.2
Non-current assets held for sale	3.9			3.9
Cash and cash equivalents	48.8	93.6		142.3
Other assets	197.4	14.0	-79.9	131.5
Total assets	**4,440.1**	**232.2**	**-79.0**	**4,593.4**
Interest bearing liabilities	1,990.6	176.1	-79.0	2,087.6
Other liabilities	628.9	13.6	0.0	642.5
Total liabilities	**2,619.4**	**189.6**	**-79.0**	**2,730.1**

M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Kojamo Group Total 1-12/2017
Rental income	304.8	30.0	0.3	335.1
Other property income	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 yesr				**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
Non-current assets held for sale	3.7			3.7
Cash and cash equivalents	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**

Segment-specific itemisation of revenue from contracts with customers:

M€	Lumo 1-3/2018	VVO 1-3/2018	Group consolidation methods	Kojamo Group Total 1-3/2018
Rental income	84.9	2.8	0.0	87.6
Water fees	0.4	0.0		0.4
Sauna fees	0.2	0.0		0.2

M€	Lumo 1-3/2017	VVO 1-3/2017	Group consolidation methods	Kojamo Group Total 1-3/2017
Rental income	75.7	7.5	-0.1	83.1
Water fees	0.2			0.2
Sauna fees	0.2	0.0		0.2

M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Kojamo Group Total 1-12/2017
Rental income	305.3	30.1	-0.3	335.1
Water fees	0.9	0.0		0.9
Sauna fees	0.6	0.1		0.7

3. INVESTMENT PROPERTIES

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Fair value of investment properties, at 1 Jan	4,710.2	**4,298.9**	**4,298.9**
Acquisition of investment properties	200.0	61.1	338.6
Modernisation investments	2.9	3.3	25.4
Disposals of investment properties	-3.9	-69.1	-82.2
Capitalised borrowing costs	0.8	0.6	3.3
Transfer to owner-occupied property	0.0	0.0	0.0
Valuation gains/losses on fair value measurement	20.7	23.5	126.2
Fair value of investment properties, at 31 Mar	**4,930.8**	**4,318.3**	**4,710.2**

The Group has acquisition agreements for new development and renovations, presented in Note 8.
Value development of investment property results from investments, changes in market prices and parameters used in valuation, as well as from the expiration of restrictions on some properties.

Some of the investment properties are subject to legislative divestment and usage restrictions. Usage 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. 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 on the measurement date.

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

Transaction value
Properties in which apartments can be sold by Kojamo 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. Comparability is assessed based on location, year of completion, building type and apartment type. The source of market data applied by Kojamo 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 based on the condition (e.g. public facade, plumbing and roof renovations), 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 a whole 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.

Cost (balance sheet value)
Kojamo 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.

Fair value of investment properties by valuation class

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Properties measured at market value	4,078.7	3,372.1	3,787.1
Properties measured at yield value	381.2	520.1	395.3
Properties measured at cost	470.8	426.1	527.8
Total	**4,930.8**	**4,318.3**	**4,710.2**

Sensitivity analysis of investment properties			**31 Mar 2018**		
Change %	**-10 %**	**-5 %**	**0 %**	**5 %**	**10 %**
Properties measured at market values					
Change in market prices (M€)	-407.9	-203.9		203.9	407.9
Properties measured at yield values					
Yield requirement (M€)	41.5	19.7		-17.8	-34.0
Rental income (M€)	-63.4	-31.7		31.7	63.4
Maintenance expenses (M€)	23.7	11.9		-11.9	-23.7
Financial occupancy rate for properties measured at yield value (change in percentage points)	**-2 %**	**-1 %**	**0 %**	**1 %**	**2 %**
Rental income (M€)	-0.8	-0.4		0.4	0.8

Sensitivity analysis of investment properties			**31 Mar 2017**		
Change %	**-10 %**	**-5 %**	**0 %**	**5 %**	**10 %**
Properties measured at market values					
Change in market prices (M€)	-337.2	-168.6		168.6	337.2
Properties measured at yield values					
Yield requirement (M€)	57.2	27.1		-24.5	-46.8
Rental income (M€)	-85.3	-42.6		42.6	85.3
Maintenance expenses (M€)	30.1	15.1		-15.1	-30.1
Financial occupancy rate for properties measured at yield value (change in percentage points)	**-2 %**	**-1 %**	**0 %**	**1 %**	**2 %**
Rental income (M€)	-1.4	-0.7		0.7	1.4

Sensitivity analysis of investment properties			**31 Dec 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 expenses (M€)	25.2	12.6		-12.6	-25.2
Financial occupancy rate for properties measured at yield value (change in percentage points)	**-2 %**	**-1 %**	**0 %**	**1 %**	**2 %**
Rental income (M€)	-0.8	-0.4		0.4	0.8

All of Kojamo's investment properties are classified in 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) per cent for the 3,510 (4,722) rental homes included within the scope of the yield value method in 2018, and 9.4 (9.4) per cent for the 422 (422) business premises.

4. PROPERTY, PLANT AND EQUIPMENT

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Book value, beginning of period	31.0	31.0	31.0
Increases	0.0	0.0	0.7
Decreases			0.0
Depreciations for accounting period	-0.2	-0.2	-0.7
Book value, end of period	**30.8**	**30.8**	**31.0**

Property, plant and equipment consist of assets held and used by the company, mainly buildings and land areas, as well as machinery and equipment.

5. INTEREST-BEARING LIABILITIES

Non-current

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest subsidy loans	140.8	271.6	187.7
Annuity loans	0.4	59.3	0.4
Bonds	1,288.1	299.7	793.8
Loans from financial institutions	1,081.8	1,237.9	1,125.3
Other liabilities	2.6	3.3	2.6
Total	**2,513.7**	**1,871.8**	**2,109.8**

Current

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest subsidy loans	31.3	47.9	64.8
Annuity loans	0.1	1.1	0.1
Loans from financial institutions	49.4	71.9	48.4
Other liabilities	8.2	6.9	7.0
Commercial papers	132.0	87.9	52.9
Total	**221.0**	**215.8**	**173.2**
Total interest-bearing liabilities	**2,734.7**	**2,087.6**	**2,283.0**

The average interest rate of the loan portfolio was 1.8 (2.1) per cent, including interest rate derivatives. The average maturity of loans at the period end was 5.8 (5.8) years.

Kojamo plc issued an unsecured EUR 500 million bond on 7 March 2018. The bond has been approved for listing on the official list of the Irish Stock Exchange. The unsecured euro-denominated bond has a maturity of seven years and will mature on 7 March 2025. The bond carries a fixed annual coupon of 1.625 per cent.

6. DERIVATIVE INSTRUMENTS

M€	31 Mar 2018 Positive	31 Mar 2018 Negative	31 Mar 2018 Net	31 Mar 2017 Net	31 Dec 2017 Net
Interest rate derivatives					
Interest rate swaps, cash flow hedges	5.2	-32.9	-27.7	-47.4	-33.3
Interest rate swaps, not in hedge accounting		-8.3	-8.3	-2.8	-8.7
Interest rate options, not in hedge accounting		0.0	0.0	-6.3	0.0
Electricity derivatives	0.2	-0.1	0.1	-0.6	0.0
Total	**5.4**	**-41.3**	**-35.9**	**-57.1**	**-42.0**

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest rate derivatives			
Interest rate swaps, cash flow hedges	832.1	1,097.9	1,439.0
Interest rate swaps, not in hedge accounting	47.6	19.1	44.8
Interest rate options, not in hedge accounting	6.9	104.7	63.1
Total	**886.7**	**1,221.7**	**1,546.9**
Electricity derivatives, MWh	184,292	174,405	183,957

During the reporting period, EUR 9.5 (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 (6.3) 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

M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
	31 Mar 2018				
Financial assets					
Measured at fair value					
Interest rate derivatives	5.2		5.2		5.2
Electricity derivatives	0.2	0.2			0.2
Investments at fair value through profit and loss	86.2	85.7		0.5	86.2
Measured at amortised cost					
Investments at amortised cost	40.0	40.0			40.0
Trade receivables	6.6				6.6
Financial liabilities					
Measured at fair value					
Interest rate derivatives	-41.2		-41.2		-41.2
Electricity derivatives	-0.1	-0.1			-0.1
Measured at amortised cost					
Other interest-bearing liabilities	1,446.6		1,447.0		1,447.0
Bond	1,288.1		1,300.0		1,300.0
Trade payables	6.3				6.3

M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
	31 Dec 2017				
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

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 Mar 2018
31 Dec 2017	0.5
Changes in fair value	0.1
31 Mar 2018	0.5

M€	31 Dec 2017
Beginning of period	0.6
Change	-0.1
End of period	0.5

Investments measured at fair value through profit and loss on hierarchy level 3 are investments in unlisted securities.

8. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Loans and borrowings covered by pledges on property and shares as a collateral	1,534.0	1,962.5	1,656.9
Mortgages	1,661.2	2,349.4	1,851.1
Shares*)	273.1	326.4	276.9
Pledged collaterals total	**1,934.4**	**2,675.7**	**2,127.9**
Other collaterals given			
Mortgages and shares	32.2	5.9	32.0
Guarantees**)	360.7	456.2	373.4
Pledged deposits		0.2	
Other collaterals total	**392.9**	**462.2**	**405.4**

*) Pledged mortgages and shares relate in some cases to the same properties.
**) Guarantees given mainly relate to parent company guarantees given on behalf of Group companies' loans, and these loans are also given mortgages as collaterals.

Other off-balance sheet liabilities

Unrecognised acquisition agreements related to work in progress:

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
New construction in-process	88.4	154.9	99.6
Preliminary agreements for new construction	101.5	187.7	101.5
Renovation	9.9	21.2	11.5
Total	**199.8**	**363.8**	**212.7**

9. NON-CURRENT ASSETS HELD FOR SALE

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Investment properties	96.4	3.9	3.7
Receivables	0.3		
Total assets	96.7	3.9	3.7
Trade and other payables	0.2		
Liabilities total	0.2		
Net asset value	96.5	3.9	3.7

On 29 March 2018, Kojamo Group companies signed an agreement for the sale of 1,594 rental apartments in 15 locations to a real estate fund managed by the Morgan Stanley Real Estate Investing. Non-current assets held for sale also include two individual plots.

The investment properties are subsequently measured at fair value in the interim report (fair value hierarchy level 3).

10. CHANGES TO ACCOUNTING POLICIES

As of 1 January 2018, Kojamo applied the new IFRS 9 *Financial Instruments*, which replaces the previous IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with IFRS 9, financial assets and liabilities are classified based on the nature of cash flows and the business models specified for the assets and liabilities.

The Group has classified its financial assets as financial assets recognised at amortised cost, financial assets recognised at fair value through profit and loss, as well as financial assets recognised at fair value through other comprehensive income, which only include derivative instruments used for hedging purposes.

The classification changes are presented in the following table:

M€	Classification IAS 39	Classification IFRS 9	Carrying value 31 Dec 2017	Carrying value 1 Jan 2018
Financial assets				
Cash	Loans and receivables	Amortised cost	20.1	20.1
Investments				
Funds	Available-for-sale financial assets	Fair value recognised in profit or loss	46.1	46.1
Loans and receivables	Loans and receivables	Fair value recognised in profit or loss	3.1	3.1
Other shares	Available-for-sale financial assets	Fair value recognised in profit or loss	0.5	0.5
Financial assets total			69.8	69.9

Regarding derivatives, the changes had no impact on the measurement principles.

Kojamo applies the following principles to the classification of financial assets and liabilities and their recognition, derecognition and measurement. The fair value hierarchy related to the fair value determination of financial assets and liabilities is similar to the hierarchy described in the Fair value hierarchy note to the consolidated financial statements.

Financial assets and liabilities have been classified as follows for the determination of measurement principles:

Financial asset group	Instruments	Measurement principle
1. Financial assets recognised at fair value through profit or loss	a) Investments in unlisted securities b) Investments in other instruments with a reliably determinable fair value: fund investments and investments in bonds c) Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial assets recognised at amortised cost	Sales and loan receivables, fixed-term deposits and similar receivables	Amortised cost
3. Financial assets recognised at fair value through other comprehensive income	Derivative instruments, hedge accounting	Fair value, changes in value through other comprehensive income
Financial liability group	**Instruments**	**Measurement principle**
1. Financial liabilities recognised at fair value through profit and loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial liabilities measured at amortised cost (other financial liabilities)	Various debt instruments	Amortised cost
3. Financial liabilities recognised at fair value through other comprehensive income	Derivative instruments, hedge accounting	Fair value, changes in value through other comprehensive income

Financial assets recognised at fair value through profit or loss

Kojamo uses derivative instruments only for hedging purposes. Those derivative instruments that do not meet the requirements of IFRS 9 *Financial Instruments* concerning the application of hedge accounting, or instruments to which Kojamo has decided not to apply hedge accounting, are included in financial assets or liabilities recognised at fair value through profit and loss. These instruments are classified as held for trading.

Financial assets recognised at amortised cost

Financial assets recognised at amortised cost are non-derivative financial assets with fixed or determinable payments. They are solely related to payments of principal and interest, and they are not held for trading. Financial assets obtained by handing over cash, goods or services directly to a debtor are recognised at amortised cost. Kojamo's financial assets recognised at amortised cost consist of trade and other receivables.

Financial liabilities recognised at fair value through profit and loss

Financial liabilities recognised at fair value through profit and loss include electricity derivatives and those interest rate derivatives that are not subject to hedge accounting in accordance with IFRS 9. Realised and unrealised gains and losses from changes in fair value are recognised in the income statement in the period in which they arise.

Financial liabilities measured at amortised cost (other financial liabilities)

Financial liabilities measured at amortised cost are initially recognised at fair value. Transaction costs directly attributable to the acquisition of loans and borrowings, such as arrangement fees that can be allocated to a particular liability, are deducted from the original amortised cost of the liability. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds and the redemption value is recognised as financial cost through profit and loss over the period of borrowings.

Derivative instruments and hedge accounting

Kojamo uses interest rate derivatives to hedge its exposure to changes in future interest payment cash flows concerning non-current loans and borrowings. The majority of interest rate derivatives are subject to cash flow hedge accounting in accordance with IFRS 9, in which case changes in fair value are recognised in other comprehensive income. Fluctuations in Kojamo's result caused by changing electricity prices are restricted by using electricity derivatives. Electricity derivatives are not subject to hedge accounting in accordance with IFRS 9, even though these instruments are used for hedging.

Impairment of financial assets

The assessment of credit losses recognised in accordance with IFRS 9 is based on expected credit losses. The method takes into account a possible increase in credit risk. The impairment model is applied to financial assets recognised at amortised cost, the most significant item being trade receivables.

Impairment loss is immediately recognised in the income statement. If the value is later restored, the reversal of the impairment is recognised in equity for equity instruments and through profit or loss for other investments. The impairment model is based on credit losses estimated on the basis of experience. The change had no material impact on the opening balance.

11. NEW AND REVISED STANDARDS AND INTERPRETATIONS TO BE APPLIED IN SUBSEQUENT FINANCIAL YEARS

Kojamo has assessed the impact of the adoption of IFRS 16 Leases. Leases for plots of land, which are currently accounted for as operating 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 61 million in the value of the Group's investment properties and non-current liabilities, based on the current estimate.

KEY FIGURES, THE FORMULAS USED IN THEIR CALCULATION, AND RECONCILIATION CALCULATIONS IN ACCORDANCE WITH ESMA GUIDELINES

	Formula	1-3/2018	1-3/2017	2017
Revenue, M€		88.2	83.6	337.0
Net rental income, M€		55.5	52.6	216.0
% revenue		62.9	62.9	64.1
Profit before taxes, M€		56.3	58.3	266.7
EBITDA, M€ *)	3	68.0	67.9	308.2
% revenue		77.1	81.2	91.5
Adjusted EBIDTDA, M€ *)	4	46.7	43.6	179.5
% revenue		52.9	52.2	53.3
Funds From Operations (FFO), M€ *)	5	29.2	21.0	107.8
Adjusted Funds From Operations (AFFO), M€ *)	6	26.3	17.7	82.3
Operative result, M€*)	7	28.5	26.6	107.6
Investment properties, M€ 2)		4,930.8	4,318.3	4,710.2
Financial occupancy rate, %	12	96.3	96.8	96.7
Interest-bearing liabilities, M€ 1)		2,734.7	2,087.6	2,283.0
Return on equity, % (ROE)*)	8	8.8	10.1	10.9
Return on investments, % (ROI)*)	9	6.0	7.0	7.5
Equity ratio, %*)	10	37.5	40.6	41.3
Loan to Value, % 1) 3) *)	11	49.2	45.1	46.0
Earnings per share, €	1	6.03	6.33	28.77
Equity per share, €	2	275.61	251.71	275.39
Gross investments, M€		203.7	65.0	367.3
Number of personnel, end of period		319	296	316

*) Disclosure on Alternative Performance Measurements based on ESMA guidelines is located on key figures section of this Interim Report

1) Excludes items held for sale

2) Includes items held for sale

3) The formula used in the calculation was changed 2017, and comperative figures were changed to correspond to the current formula.

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

1) Earnings per share, € = $\frac{\text{Profit for the financial year attributable to owners of the parent company}}{\text{Weighted average number of shares outstanding during the financial period}}$

2) Equity per share, € = $\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares at the end of the financial period}}$

Alternative Performance Measures (APM) based on ESMA guidelines

3) EBITDA = Operating profit + Depreciation, amortisation and impairment losses

EBITDA measures operative profitability before financial expenses, taxes and depreciation.

4) Adjusted EBITDA = Operating profit -/+ Gains/ losses on sales of properties -/+ Fair value changes + Depreciation, amortisation and impairment losses

Adjusted EBITDA measures profitability for Groups' underlying rental operations excluding gains/losses on sale of properties and non-realized value changes of investment properties.

5) Funds from operations (FFO) = Adjusted EBITDA - Adjusted net interest charges - Current tax expenses

FFO measures cash flow before change in net working capital. APM calculation takes into account financial expenses and current taxes but excludes items not directly connected to rental operations like unrealized value changes.

6) Adjusted funds from operations (AFFO) = FFO - Modernisation investments

AFFO measures cash flow before change in net working capital. APM calculation takes into account modernization investments, financial expenses and current taxes but excludes items not directly connected to operative rental operations like unrealized value changes.

7) 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.

8) Return on equity (ROE), % = $\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$

ROE measures financial result in relation to equity. APM illustrates Kojamo's ability to generate return for the shareholders

9) Return on investment (ROI), % = $\frac{\text{Profit before taxes + Interests and other financial expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$

ROI measures financial result in relation to invested capital. APM illustrates Kojamo's ability to generate return for the invested funds.

10) Equity ratio, % $= \dfrac{\text{Total equity}}{\text{Balance sheet total - Advanced received}} \times 100$

Equity to assets is APM for balance sheet structure which discloses share of equity to total capital. APM illustrates Group's financing structure.

11) Loan to Value, % $= \dfrac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties}} \times 100$

Loan to value discloses the ratio of net debt to investment properties. APM illustrates Groups' indebtedness

Other performance measures

12) Financial occupancy rate, % $= \dfrac{\text{Rental income}}{\text{Potential rental income at full occupancy}} \times 100$

Reconciliation of key figures

M€	1-3/2018	1-3/2017	2017
Operating profit	67.8	67.6	307.0
Profit/ loss on sales of investment properties	-0.6	-0.7	-2.5
Profit/ loss on sales of trading properties	0.0		0.0
Profit/ loss on sales of other non-current assets	0.0		0.0
Fair value change of investment properties	-20.7	-23.5	-126.2
Depreciation, amortisation and impairment losses	0.2	0.3	1.1
Adjusted EBITDA	46.7	43.6	179.5
Financial income and expenses	-11.5	-9.3	-40.5
Fair value change of financial assets	1.1	-0.8	-2.7
Adjusted net interest charges	-10.4	-10.1	-43.1
Current tax expense	-7.1	-12.5	-28.6
FFO	29.2	21.0	107.8
Profit for the period	44.6	46.9	212.9
Profit/ loss on sales of investment properties	-0.6	-0.7	-2.5
Profit/ loss on sales of trading properties	0.0		0.0
Profit/ loss on sales of other non-current assets	0.0		0.0
Fair value change of investment properties	-20.7	-23.5	-126.2
Fair value change of financial assets	1.1	-0.8	-2.7
Other items affecting comparability		0.9	0.9
Tax adjustments	4.0	3.9	25.1
Operative result	28.5	26.6	107.6
Operative result	28.5	26.6	107.6
Depreciation, amortisation and impairment losses	0.2	0.3	1.1
Other items affecting comparability		-0.9	-0.9
Share of result from associated companies			-0.1
Difference in deferred taxes	0.6	-5.0	0.0
FFO	29.2	21.0	107.8
Total equity	2,040.2	1,863.3	2,038.6
Assets total	5,449.4	4,593.4	4,943.5
Advances received	-5.6	-5.0	-5.1
Equity ratio, %	37.5	40.6	41.3

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Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements of Kojamo plc

To the Board of Directors of Kojamo plc

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Kojamo plc which comprise the condensed consolidated balance sheet as at March 31, 2018, condensed consolidated income statement, statement of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2018 and notes to the condensed interim information. The Board of Directors and the CEO are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements ISRE 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Kojamo plc as at March 31, 2018 and for the three month period ended March 31, 2018 has not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Helsinki June 1, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant, KHT

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Kojamo plc's

Financial Statements

1 Jan–31 Dec 2017

Consolidated income statement, IFRS

M€	Note	1-12/2017	1-12/2016
Total revenue		**337.0**	**351.5**
Maintenance expenses		-85.4	-90.3
Repair expenses		-35.6	-39.1
Net rental income		**216.0**	**222.0**
Administrative expenses	5, 7	-37.2	-37.4
Other operating income	4	2.0	2.3
Other operating expenses	4	-1.3	-3.1
Gain/loss on sales of investment properties	4	2.5	-10.4
Gain/loss on sales of trading properties		0.0	0.1
Fair value change of investment properties	11	126.2	163.3
Depreciation, amortisation and impairment losses	6	-1.1	-1.2
Operating profit		**307.0**	**335.6**
Financial income		5.0	2.4
Financial expenses		-45.5	-48.4
Total amount of financial income and expenses	8	**-40.5**	**-46.0**
Share of result from associated companies		0.1	0.1
Profit before taxes		**266.7**	**289.7**
Current tax expense	9	-28.6	-35.4
Change in deferred taxes	9	-25.1	-22.1
Profit for the financial year		**212.9**	**232.3**
Profit for the financial year attributable to			
Owners of the parent company		212.9	232.3
Non-controlling interests			0.0
Earnings per share based on profit attributable to owners of the parent company			
Basic, euro	10	28.77	31.38
Diluted, euro	10	28.77	31.38
Average number of the shares, millions	10	7.4	7.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

M€		1-12/2017	1-12/2016
Profit for the financial year		**212.9**	**232.3**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedging	8	20.4	-9.9
Available-for-sale financial assets	8	0.2	0.4
Deferred taxes	9	-4.1	1.9
Items that may be reclassified subsequently to profit or loss		**16.5**	**-7.6**
Total comprehensive income for the financial year		**229.4**	**224.7**
Total comprehensive income attributable to			
Owners of the parent company		229.4	224.7
Non-controlling interests			0.0

The notes are an integral part of the consolidated financial statements.

Consolidated balance sheet, IFRS

M€	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	13	0.4	0.8
Investment properties	11	4,706.5	4,228.3
Property, plant and equipment	12	31.0	31.0
Investments in associated companies		1.7	1.2
Financial assets	14	0.5	0.6
Non-current receivables	15	5.3	5.6
Derivatives	22	6.5	2.0
Deferred tax assets	16	10.9	15.4
Total non-current assets		**4,762.7**	**4,284.8**
Non-current assets held for sale	3, 11	3.7	70.7
Current assets			
Trading properties	17	0.6	0.9
Derivatives	22	0.0	0.3
Current tax assets		0.5	7.7
Trade and other receivables	18	8.8	6.8
Financial assets	14	49.3	69.0
Cash and cash equivalents	19	117.8	132.0
Total current assets		**177.0**	**216.7**
TOTAL ASSETS		**4,943.5**	**4,572.2**
EQUITY AND LIABILITIES			
Equity attributable to owners 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 owners of the parent company		**2,038.6**	**1,859.5**
Total equity	20	**2,038.6**	**1,859.5**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	21	2,109.8	1,796.1
Deferred tax liabilities	16	478.3	453.4
Derivatives	22	48.3	68.3
Provisions	23	0.8	1.0
Other non-current liabilites	23	14.8	7.1
Total non-current liabilities		**2,652.0**	**2,325.9**
Liabilities associated with non-current assets held for sale	3		1.0
Current liabilities			
Loans and borrowings	21	173.2	326.8
Derivatives	22	0.2	0.9
Current tax liabilities		9.1	9.9
Trade and other payables	24	70.4	48.3
Total current liabilities		**252.9**	**385.8**
Total liabilities		**2,904.9**	**2,712.6**
TOTAL EQUITY AND LIABILITIES		**4,943.5**	**4,572.2**

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows, IFRS

M€	Note	1-12/2017	1-12/2016
Cash flow from operating activities			
Profit for the financial year		212.9	232.3
Adjustments	27	-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 loan 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 and borrowings, raised		686.4	482.6
Non-current loans and borrowings, repayments		-434.0	-154.9
Current loans and borrowings, raised		267.8	390.1
Current loans and borrowings, 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 was not adjusted to correspond to the current classification.

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity, IFRS

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners holders of the parent company	Non-controlling interests	Total equity
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 year					212.9	212.9		**212.9**
Total comprehensive income			**16.5**		**212.9**	**229.4**		**229.4**
Transactions with owners								
Dividend payment					-50.3	-50.3		**-50.3**
Total transactions with owners					**-50.3**	**-50.3**		**-50.3**
Changes in shareholdings								
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€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attri-butable to owners of the parent company	Non-controlling interests	Total equity
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 year					232.3	232.3	0.0	232.3
Total comprehensive income			**-7.6**		**232.3**	**224.7**	**0.0**	**224.7**
Transactions with owners								
Dividend payment					-103.6	-103.6		-103.6
Total transactions with owners					**-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**

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting policies for consolidated financial statements

Basic information of the Group

Kojamo plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive.

The Group's parent company, Kojamo plc, is a Finnish company domiciled in Helsinki. Its registered address is Mannerheimintie 168, 00300 Helsinki, Finland. The Board of Directors approved the financial statements for 2017 on 15 February 2018. A copy of the consolidated financial statements is available at www.kojamo.fi/en or the parent company's head office.

At its meeting on 15 February 2018, Kojamo plc's Board of Directors approved these financial statements to be published. According to the Finnish Limited Liability Companies Act, the shareholders may approve or reject the financial statements in a General Meeting held after the publication of the financial statements. Moreover, the General Meeting may make a decision on altering the financial statements.

Basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in force on 31 December 2017. The International Financial Reporting Standards refer to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are endorsed by the EU in accordance with the procedure laid down in Regulation (EC) No. 1606/2002. Kojamo has not early adopted any standards or interpretations. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish accounting and corporate legislation supplementing the IFRS rules.

The figures in the consolidated financial statements are in euro, presented mainly as million euro. All the figures presented are rounded. Consequently, the sum of individual figures may deviate from the aggregate amount presented. The key figures are calculated using exact values. The consolidated financial statements are presented for the calendar year, which is also the reporting period for the parent company and the Group.

Investment properties, derivative instruments and available-for-sale financial assets are measured at fair value after initial recognition. In other respects, the consolidated financial statements are prepared on the basis of original cost, unless otherwise stated in the accounting policies.

Consolidation policies

The consolidated financial statements include the parent company Kojamo plc, the subsidiaries, interests in joint arrangements (joint operations) and investments in associated companies.

More detailed information on entities consolidated on the consolidated financial statements for 2017 is provided in Note 31 to the consolidated financial statements.

Subsidiaries

Subsidiaries are companies that are under the parent company's control. Kojamo is considered to control an entity when Kojamo is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its control over the entity. The control is usually based on the parent company's direct or indirect holding of more than 50 per cent of the voting rights in the subsidiary. Should facts or circumstances change in the future, Kojamo will reassess whether it continues to have control over the entity.

Mutual shareholdings are eliminated using the acquisition method. Subsidiaries acquired during the financial year are consolidated in the financial statements from the day of acquisition, when the

Group gained control of the company. Divested subsidiaries are consolidated until the date of divestment, when control ceases. Intra-Group transactions, receivables, liabilities, essential internal margins and internal profit distribution are eliminated in the consolidated financial statements.

The result for the financial year and total comprehensive income are allocated to the owners of the parent company and non-controlling interests, and this allocation is presented in the income statement and statement of comprehensive income. The result and total comprehensive income for the financial year are allocated to the owners of the parent company and to non-controlling interests even in situations where the allocation would result in the non-controlling interests' share being negative, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling interests' investment in the company. Equity attributable to non-controlling interests is presented on the balance sheet separate from equity attributable to ownersof the parent company.

Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or joint venture. In a joint operation, Kojamo has rights to the assets and obligations for the liabilities relating to the arrangement, whereas a joint venture is an arrangement in which Kojamo has rights to the net assets of the arrangement. All of Kojamo's joint arrangements are joint operations. They include those housing companies and mutual real estate companies in which Kojamo has a holding of less than 100 per cent. In these companies, the shares held by Kojamo carry entitlement to have control over specified premises.

Kojamo includes in its consolidated financial statements on a line-by-line basis and in proportion to its ownership its share of the assets and liabilities on the balance sheet related to joint operations as well as its share of any joint assets and liabilities. In addition, Kojamo recognises its income and expenses related to joint operations, including its share of the joint income and expenses incurred jointly. Kojamo applies this proportional consolidation method to all the joint operations described hereinabove, regardless of Kojamo's holding. If the proportionally consolidated companies have such items on the comprehensive income statement or balance sheet that solely belong to Kojamo or other owners, these items are dealt with accordingly also in Kojamo's consolidated financial statements.

Associated companies

Associated companies are entities in which Kojamo has significant influence. Significant influence is basically defined as Kojamo holding 20–50 per cent of the votes in the company, or Kojamo as otherwise exercising significant influence but not having control in the company. Holdings in associated companies are consolidated using the equity method from the date of acquiring significant influence until the date when the significant influence ends. The Group's share of the results of associated companies is shown in a separate line on the income statement.

Business combinations and asset acquisition

Acquisitions of investment properties by Kojamo are accounted for as an acquisition of an asset or a group of assets, or a business combination within the scope of IFRS 3 *Business Combinations*. Reference is made to IFRS 3 to determine whether a transaction is a business combination. This requires management judgment.

IFRS 3 is applied to the acquisition of investment property when the acquisition is considered to constitute a business. Usually, a single property and its leases do not constitute a business. To constitute a business, the acquisition of the property should include acquired operations and people carrying out these operations, such as marketing of properties, management of tenancies and property repairs and renovation.

The consideration transferred in the business combination and the identifiable assets and liabilities assumed of the acquired entity are measured at fair value on the acquisition date. Goodwill is recognised at the amount of consideration transferred, interest of non-controlling shareholders in the acquiree and previously held interest in the acquiree minus Kojamo's share of the fair value of the acquired net assets. Goodwill is not amortised, but it is tested for impairment at least annually.

Acquisitions that do not meet the definition of a business in accordance with IFRS 3 are accounted for as asset acquisitions. In this event, goodwill or deferred taxes, etc., are not recognised.

Translation of foreign currency items

Transactions in foreign currency are recorded in Euro at the exchange rate on the transaction date. On the last date of the reporting period, monetary receivables and liabilities denominated in foreign currencies are translated into Euro at the exchange rate of the last date of the reporting period. Gains and losses arising from transactions denominated in foreign currency and from translating monetary items are recognised in profit or loss, and they are included in financial income and expenses. Consolidated financial statements are presented in Euro, which is the functional and presentation currency of Kojamo's parent company.

Kojamo has very few transactions denominated in foreign currencies. Kojamo has no foreign entities.

Investment properties

General recognition and measurement principles for investment property

Investment property refers to an asset (land, building or part of a building) that Kojamo retains to earn rental income or capital appreciation, or both. An investment property can be owned directly or through an entity. Properties used for administrative purposes are owner-occupied property and included in the balance sheet line item "Property, plant and equipment". An investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property.

Investment property is measured initially at cost, including related transaction costs, such as transfer taxes and professional fees, as well as capitalised expenditure arising from eligible modernisation. The cost also includes related borrowing costs, such as interest costs and arrangement fees, directly attributable to the acquisition or construction of an investment property. The capitalisation of borrowing costs is based on the fact that an investment property is a qualifying asset, i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The capitalisation commences when the construction of a new building or extension begins, and continues until such time as the asset is substantially ready for its intended use or sale. Capitalisable borrowing costs are either directly attributable costs accrued on the funds borrowed for a construction project or costs attributable to a construction project.

After initial recognition, investment property is carried at fair value. The resulting changes in fair values are recognised in profit or loss as they arise. Fair value gains and losses are presented netted as a separate line item in the income statement. According to IFRS 13, *Fair Value Measurement*, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Some of the investment properties are subject to legislative divestment and usage restrictions. 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.

Kojamo's investment property portfolio incorporates the completed investment property, investment property under construction and under major renovation and Kojamo's plot reserve. Properties classified as trading properties as well as properties classified as held for sale are included in the Group's property portfolio but excluded from the balance sheet item "Investment properties". A property is reclassified from "Investment properties" under "Trading properties" in the event of a change in the use of the property, and under "Non-current assets held for sale", when the sale of an investment property is deemed highly probable.

An investment property is derecognised from the balance sheet on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses on disposals are presented netted as a separate line item in the income statement.

In the property measurement model, the properties within the scope of balance sheet value and income value methods will be moved to the transaction value method after their property-specific restrictions end. The change of the valuation technique affects the fair value of the property.

Valuation techniques

The fair value of investment property determined by Kojamo is based on market value, yield value and cost.

Transaction value

Properties in which apartments can be sold by Kojamo 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 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. The resulting transaction value is individually adjusted, when deemed necessary, 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.

Cost (balance sheet value)

Kojamo estimates that the 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 cost, less the depreciation accumulated up to the IFRS transition date and any impairment losses.

Fair value hierarchy

Inputs used in determining fair values (used in the valuation techniques) are classified on three levels in the fair value hierarchy. The fair value hierarchy is based on the source of inputs.

Level 1 inputs

Quoted prices (unadjusted) in active markets for identical investment property.

Level 2 inputs

Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 inputs

Unobservable inputs for investment property.

An investment property measured at fair value is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The fair value measurement for all of the investment property of Kojamo has been categorised as a Level 3 fair value, as observable market information for the determination of fair values has not been available.

Investment properties classified as held for sale

If the sale of an operative investment property is deemed highly probable, such a property is transferred from the balance sheet item “Investment property” to “Non-current assets held for sale”. On that date, the carrying amount of the property is considered to be recovered principally through a sale transaction rather than through continuing use in rental. Reclassification requires that a sale is deemed highly probable and:

- the investment property is available for immediate sale in its present condition subject to usual and customary terms
- management is committed to an active plan to sell the property and Kojamo has initiated a programme to locate a buyer and complete the plan
- the property is actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Investment properties classified as held for sale are measured at fair value.

Trading properties

Trading properties include properties meant for sale which do not meet the objectives of the company due to their location, type or size. A property is reclassified from the balance sheet item “Investment properties” under “Trading properties” in the event of a change in the use of the property. This is evidenced by the commencement of development with a view to sale. If an investment property is being developed with a view to sale, it will be accounted for as a trading property.

Trading properties are measured at the lower of cost and net realisation value. The net realisation value is the estimated selling price in the ordinary course of business deducted by the estimated costs necessary to make the sale. If the net realisation value is lower than the carrying amount, an impairment loss is recognised.

When a trading property becomes an investment property measured at fair value, the difference between the fair value on the transfer date and its previous carrying amount is recognised in the income statement under “Gain/loss on sales of trading properties”.

Kojamo’s trading properties include mainly individual apartments ready for sale, business premises and parking facilities that are meant for sale but have not been sold by the balance sheet date.

Property, plant and equipment

Property, plant and equipment are measured at their original cost, less accumulated depreciation and any impairment losses, adding capitalised costs related to modernisations. Kojamo’s property, plant and equipment consist mainly of buildings, land and machinery and equipment.

The cost includes costs that are directly attributable to the acquisition of the item of property, plant and equipment. If the item consists of several components with different useful lives, they are treated as separate items of property, plant and equipment. In this case, costs related to the replacement of a component are capitalised, and any remaining carrying amount is derecognised from the balance sheet in connection with the replacement. Government grants received for the acquisition of property, plant and equipment are recorded as a reduction of the cost of the said asset. The grants are recognised in income as lower depreciation charges over the useful life of the asset.

Costs that arise later as a result of additions, replacements of parts or maintenance, such as modernisation costs, are included in the carrying amount of the item of property, plant and equipment only in the event that the future economic benefit related to the asset will probably flow to Kojamo and the cost can be reliably determined. Maintenance and repair expenses are recognised through profit or loss as incurred.

Depreciation on property, plant and equipment is recognised on a straight-line basis over the useful life. No depreciation is charged on land, as land is considered to have an indefinite useful life.

The depreciation periods, based on the useful life, are as follows:

Buildings	67 years
Machinery and equipment in buildings	10–50 years
Other intangible rights assets	0–20 years
Capitalised renovations and repairs	10–50 years
IT hardware and software	4–5 years
Office machinery and equipment	4 years
Cars	4 years

Gains and losses on sales and disposals of property, plant and equipment are recognised in the income statement and presented as other operating income and expenses.

Intangible assets

An intangible asset is recognised in the balance sheet only in the event that the cost of the asset can be reliably determined and the expected future economic benefit related to the asset will probably flow to Kojamo. Any other costs are recognised as expenses as incurred. Intangible assets are valued at cost less amortisation and any impairment losses. Kojamo's intangible assets consist of licences and IT systems. Intangible assets are amortised on a straight-line basis over their estimated useful lives. Intangible assets with a time limit are amortised over the life of the contract. The amortisation periods for intangible assets are four to five years.

Research costs are recognised as an expense as incurred. Development costs are recognised as intangible assets in the balance sheet, provided that they can be reliably determined, the product or process is technically and commercially feasible, it will probably generate economic benefit in the future and Kojamo has the resources required for completing the development work and for using or selling the intangible asset.

The residual value, useful life and amortisation method of the asset are reviewed at least at the end of each financial year. When necessary, they are adjusted to reflect changes in the expectations on economic benefit.

Kojamo's consolidated balance sheet did not include goodwill in the periods being presented.

Impairment of intangible assets and property, plant and equipment

At least once a year, Kojamo carries out an assessment of any indications of impairment of intangible assets and property, plant and equipment. In practice, this is usually an asset group-specific assessment. If any indications of impairment are detected, the recoverable amount of the asset is determined.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is based on the expected future net cash flows resulting from the asset, discounted to the present. The recoverable amount is compared with the asset's carrying amount. An impairment loss is recognised if the recoverable amount is lower than the carrying amount. Impairment losses are recognised in the income statement. In connection with the recognition of the impairment loss, the useful life of the amortisable/depreciable asset is reassessed.

The impairment loss will be reversed later if the circumstances change and the recoverable amount has increased after the recognition of the impairment loss. However, reversal of impairment loss shall not exceed the asset's carrying amount less impairment loss. An impairment loss recognised on goodwill cannot be reversed under any circumstances.

Financial assets and liabilities

Kojamo applies the following principles to the classification of financial assets and liabilities and their recognition, derecognition and measurement.

The fair value hierarchy related to the fair value determination of financial assets and liabilities is similar to the hierarchy described in the Fair value hierarchy note to the consolidated financial statements.

Financial assets are classified as follows for the determination of measurement principles:

Financial asset category	Instruments	Measurement principle
1. Financial assets recognised at fair value through profit or loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement

2. Available-for-sale financial assets	a) Investments in unlisted securities b) Investments in other instruments with a reliably determinable fair value: fund investments and investments in bonds	a) Original cost less impairment losses b) Fair value, changes in value are basically recognised through other comprehensive income less impairment losses
3. Loans and receivables	Trade and loan receivables, fixed-term deposits and similar receivables	Amortised cost
4. Held-to-maturity investments	Bonds and similar assets	Amortised cost

The classification depends on the purpose for which the financial assets were acquired and takes place at initial recognition. Transaction costs are included in the original carrying amount of financial assets for items that are not measured at fair value through profit or loss. At the end of the financial year, Kojamo had no held-to-maturity investments. All purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which Kojamo undertakes to purchase or sell the financial instrument. Financial assets are derecognised from the balance sheet when Kojamo has lost its contractual right to the cash flows or when it has transferred a significant part of the risks and yield outside Kojamo.

Financial assets recognised at fair value through profit or loss

Kojamo uses derivative instruments only for hedging purposes. Those derivative instruments that do not meet the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* concerning the application of hedge accounting, or if Kojamo has decided not to apply hedge accounting to the instrument, are included in financial assets or liabilities recognised at fair value through profit or loss. These instruments are classified as held for trading.

Derivative instruments are initially recognised at fair value and are subsequently recognised at fair value on the last day of each reporting period.

Kojamo's derivative instruments consist of interest rate derivatives and electricity derivatives. Kojamo uses interest rate derivatives to hedge its interest rate risk exposure related to non-current loans and borrowings. This refers to changes caused by fluctuating market interest rates to future interest payment cash flows (cash flow hedging) and resulting volatility in profits. The purpose of electricity derivatives is to limit fluctuations in Kojamo's result caused by changing electricity prices. The positive fair values of derivative instruments are recognised in the balance sheet under non-current or current derivatives.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated to this category or not classified in any other financial asset category. They are included in non-current assets, unless the investment matures or the company intends to dispose of the investment within 12 months from the end of the reporting date.

Available-for-sale financial assets are measured at fair value. If the fair value cannot be reliably determined (unlisted securities), they are measured at cost less any impairment losses. The fair value is determined using quoted market rates and market prices at the reporting date and other appropriate valuation methods, such as recent transaction prices. Fair value changes of available-for-sale financial assets are recognised in other comprehensive income and presented in the fair value reserve net of tax. When a financial asset classified as available for sale is sold or an impairment is recognised on it, the cumulative change in fair value is transferred from equity and recognised through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They do not have quoted market prices and they are not held for trading. Loans and receivables include Kojamo's financial assets obtained by handing over cash, goods or services directly to a debtor. Kojamo's loans and receivables consist of trade receivables and other receivables.

Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. They are included in current financial assets if they mature within 12 months of the end of the reporting period. Otherwise, they are included in non-current financial assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments. They mature on a given date and Kojamo has the positive intention and ability to hold them until this date. They are measured at amortised cost less any impairment loss, using the effective interest method. They are included in non-current assets, providing that they do not mature within 12 months of the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents consist of cash and cash equivalents, which include bank deposits that can be raised on demand and other short-term highly liquid investments, such as interest securities. Items classified as cash equivalents mature within three months of the date of acquisition. They are readily convertible to a known amount of cash, and the risk of changes in value is insignificant. The cash and cash equivalents of non-profit companies are kept separate from those of other companies.

Impairment of financial assets

At the end of each reporting period, Kojamo assesses whether there is objective evidence of the impairment of any single financial asset or group of assets. 'Objective evidence' may refer to evidence such as a significant or long-lasting decrease in the value of an equity instrument, falling below the instrument's cost. Impairment loss is immediately recognised in the income statement. If the value is later restored, the reversal of the impairment is recognised in equity for equity instruments and through profit or loss for other investments.

Trade receivables are amounts that arise from renting our apartments. Kojamo recognises an impairment loss on an individual trade receivable when there is objective evidence that Kojamo will not be able to collect the full amount due. Credit losses are included in the maintenance expenses of properties. Subsequent recoveries of amounts recognised as expenses are credited against other operating expenses in the income statement.

Financial liabilities are classified as follows:

Financial liability category	Instruments	Measurement principle
1. Financial liabilities recognised at fair value through profit or loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial liabilities measured at amortised cost (other financial liabilities)	Various debt instruments	Amortised cost

A financial liability is classified as current unless Kojamo has the unconditional right to defer the payment of the liability to at least 12 months from the end of the reporting period. Financial liabilities, or parts thereof, are not derecognised from the balance sheet until the liability has extinguished, i.e. once the contractually specified obligation is discharged or cancelled or expires.

Financial liabilities recognised at fair value through profit or loss

Financial liabilities recognised at fair value through profit or loss include electricity derivatives and those interest rate derivatives that are not subject to hedge accounting in accordance with IAS 39. Realised and unrealised gains and losses from changes in fair value are recognised in the income statement in the period in which they have arisen. In the balance sheet, the negative fair values of interest rate derivatives and electricity derivatives are included in non-current or current liabilities (line item Derivatives).

Financial liabilities measured at amortised cost (other financial liabilities)

Financial liabilities measured at amortised cost are initially recognised at fair value. Transaction costs directly attributable to the acquisition of loans and borrowings, such as arrangement fees that can be allocated to a particular liability, are deducted from the original amortised cost of the liability. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds and the redemption value is recognised as financial cost through profit or loss over the period of the borrowings.

Derivative instruments and hedge accounting

Kojamo uses interest rate derivatives to hedge its exposure to changes in future interest payment cash flows concerning non-current loans and borrowings. The majority of interest rate derivatives is subject to cash flow hedge accounting in accordance with IAS 39. Fluctuations in Kojamo's result caused by changing electricity prices are restricted by using electricity derivatives. Electricity derivatives are not subject to hedge accounting in accordance with IAS 39, even though these instruments are used for hedging.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently recognised at fair value.

At the beginning of the hedging relationship, Kojamo documents the relationships between each hedging instrument and hedged item as well as the objectives of risk management and the hedging strategy. The hedge effectiveness is assessed and documented both at the beginning of and during hedging in all financial statements. This includes demonstrating whether the derivatives are effective in reversing the changes in the cash flows of the hedged items.

Changes in the fair values of derivatives within hedge accounting are recognised in other comprehensive income insofar as the hedging is effective. Changes in value are reported in fair value reserve in equity. Interest payments arising from interest rate derivatives are recognised in interest expenses. If market interest rates are negative, interest rate swap hedges may lead to a situation in which both fixed and variable interest must be paid, and both of these interests are recognised in interest expenses. The ineffective portion of a hedge is immediately recognised in financial items in the income statement. The gains and losses accumulated in equity are recognised in the income statement at the same time with the hedged item.

Changes in value from derivatives not included in hedge accounting are recognised in financial items through profit or loss.

Government grants

Kojamo may receive various grants for its operations from different representatives of public administration. State-subsidised loans granted by the State Treasury constitute the most important form of government grants. Kojamo may receive a state-subsidised low-interest loan for specific properties supported by the government. The actual net interest expenses of these loans may be lower than interest expenses of market-based loans. The interest benefit obtained through the support from government is therefore netted into interest expenses in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and is not shown as a separate item in interest income.

Government grants are recognised only where it is reasonably certain that they will be received and Kojamo meets the criteria attached to the grant. Government grants are accounted for as part of the effective interest rate of the loan in question. The amount of government grants was low in the financial year.

Borrowing costs

Borrowing costs are usually recognised as financial expenses in the financial year during which they are incurred. However, borrowing costs attributable to qualifying assets, that is, mainly borrowing costs attributable to Kojamo's investment properties, such as interest costs and arrangement fees, directly resulting from the acquisition or construction of the above assets, are capitalised as part of the cost of the asset. The capitalisation principles of borrowing costs are described in more detail under Accounting policies for consolidated financial statements, in the section entitled General recognition and measurement principles for investment property.

Equity

An equity instrument is any contract that demonstrates a residual interest in Kojamo's assets after deducting all of its liabilities. The share capital consists of the parent company's ordinary shares classified as equity. Transaction costs directly attributable to the issue of new shares are presented in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases parent company's shares (treasury shares), the consideration paid, including any directly attributable transaction costs (net of taxes), is deducted from equity attributable to the owners of the parent company, until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and net of taxes, is directly recognised in equity attributable to the owners of the parent company.

Dividend distribution to the parent company's shareholders is recognised as a liability in the consolidated balance sheet in the period in which the dividends are approved by the company's General Meeting of Shareholders.

Provisions and contingent liabilities

A provision is recognised in the balance sheet when all the following criteria are met:

- Kojamo has a present legal or constructive obligation as a result of past events
- it is probable that an outflow of resources will be required to settle the obligation
- the amount of the obligation can be reliably estimated.

Provisions may result from restructuring plans, onerous contracts or obligations related to the environment, legal action or taxes. Kojamo's provisions on 31 December 2017 consisted of ten-year guarantee reserves for Lumo Kodit Oy's (VVO Rakennuttaja Oy's) founder construction. Their amount is based on Kojamo's experience of costs arising from the realisation of such liabilities.

The amount recognised as provision is the management's best estimate of costs required for settling an existing obligation on the last day of the reporting period. Where it can be expected some of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation resulting from past events and whose existence will be confirmed only by the occurenceof an uncertain future event that is beyond the Group's control (such as the result of pending legal proceedings). In addition, a present obligation that will probably not require a settlement of the obligation or the amount of which cannot be reliably determined is considered as a contingent liability. Contingent liabilities are presented in the notes.

Total revenue and revenue recognition principles

Kojamo's total revenue consists of rental income and charges for utilities. The total revenue is adjusted with indirect taxes and sales adjustment items. In addition, Kojamo recognises income for the selling of investment properties and financial income.

Kojamo's total revenue consists mainly of rental income from investment properties. Leases of investment properties with Kojamo as the lessor are classified as operating leases, as Kojamo retains a substantial proportion of the risks and rewards of ownership. Most of the leases are in force until further notice. Rental income accrued from operating leases is recognised on a straight-line basis over the lease term. As a lessor, Kojamo does not have leases that could be classified as finance leases. Tenants may generally terminate leases with month's notice.

Relating to the leases, Kojamo collects utility charges, mainly water and sauna fees. This income is recognised on an accrual basis.

Interest income is recognised using the effective interest method, and dividend income is recognised when a right to receive payment has arisen.

An existing property owned by Kojamo is considered as sold once the substantial risks and rewards associated with ownership have been transferred from Kojamo to the buyer. This usually takes place when control over shares is transferred. Income from selling property is presented in the income statement under Gains/loss on sales of investment properties.

Other operating income

Other operating income includes income not related to the actual business. It includes items such as gains on sale of intangible assets and property, plant and equipment, as well as income from debt collection activities.

Net rental income

Net rental income is calculated by deducting property maintenance and repair expenses from total revenue. These expenses comprise maintenance and annual repair expenses arising from the regular and continuous maintenance of the properties and are recognised immediately in the income statement.

Operating profit

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. At Kojamo, operating profit is defined as the net amount after adding other operating income to net rental income, then deducting sales and marketing expenses, administrative expenses and other operating expenses, the share in profits of associated companies and amortisation, depreciation, amortisation and impairment, and then adding/deducting gains/losses from the disposal of investment properties, from assessment at fair value, and from the disposal of trading properties. All the other income statement items except those mentioned above are presented below operating profit. Changes in the fair values of derivative instruments are included in operating profit if they arise from items related to business operations; otherwise they are recognised in financial items.

Employee benefits

Kojamo's employee benefits include the following:

- short-term employee benefits
- post-employment benefits
- termination benefits (benefits provided in exchange for the termination of an employment)
- other long-term employee benefits.

Short-term employee benefits

Wages, salaries, fringe benefits, annual leave and bonuses are included in short-term employee benefits and are recognised in the period in which the service is performed.

Post-employment benefits (pension plans)

Post-employment benefits are payable to employees after the completion of employment. At Kojamo, these benefits are related to pensions. Pension coverage at Kojamo is arranged through external pension insurance companies.

Pension plans are classified as defined contribution and defined benefit plans. Kojamo has only defined contribution plans. A defined contribution plan is a pension plan under which Kojamo pays fixed contributions into a separate entity. Kojamo has no legal or constructive obligations to pay further contributions if the payee does not hold sufficient assets to pay out all pension benefits. Pension plans that are not defined contribution plans are defined benefit plans. Payments made into defined contribution plans are recognised through profit or loss in the periods that they concern.

Termination benefits

Termination benefits are not based on employee service but the termination of employment. These benefits consist of severance payments. Termination benefits result either from Kojamo's decision to terminate the employment or the employee's decision to accept the benefits offered by Kojamo in exchange for the termination of employment.

Other long-term employee benefits

Kojamo has a remuneration plan that covers the entire personnel, entitling them to benefits after a specific number of years of service. The discounted present value of the obligation resulting from the arrangement is recognised as a liability in the balance sheet on the last day of the reporting period.

Operating leases

Kojamo as lessee

Leases in which the risks and rewards of ownership substantially remain with the lessee are accounted for as operating leases. Payments made under operating leases are recognised as an expense through profit or loss on a straight-line basis over the lease term. More information about Kojamo's operating leases is available in Note 26 to the consolidated financial statements (Operating leases).

Income tax

Recognition and measurement principles

The tax expense in the income statement comprises current tax and the change in deferred tax liabilities and assets. Income tax is recognised in profit or loss, except when income tax is related to items recognised directly in equity or other comprehensive income. In this event, the tax is also included in these items.

Current taxes are calculated from taxable profit determined in Finnish tax legislation using the tax rates that have been enacted or substantively enacted by the balance sheet date. Taxes are adjusted by any taxes related to previous years.

As a rule, deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities using the liability method. Acquisitions of individual assets as defined in IAS 12.15 b constitute an exception to this rule. At Kojamo, these assets include such investment property acquisitions that do not meet the criteria of a business and are, therefore, classified as asset acquisitions.

The most significant temporary difference in the Group is the difference between the fair values and tax bases of investment properties (residual tax value) owned by Kojamo. After the initial recognition, the investment property is measured at fair value through profit or loss at the end of the reporting period. Other temporary differences arise, for example, from the measurement of financial instruments at fair value.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available to Kojamo against which temporary differences can be utilised. The eligibility of the deferred tax asset for recognition is reassessed on the last day of each reporting period. Deferred tax liabilities are usually recognised in the balance sheet in full.

Deferred taxes are determined applying those tax rates (and tax laws) that are expected to apply at the time of paying the tax. Tax rates in force on the last day of the reporting period are used as the tax rate, or tax rates for the year following the financial year if they have been substantively enacted by the last day of the reporting period.

Accounting policies that require management judgement and key sources of estimation uncertainty

Management judgement related to the application of the accounting policies

The preparation of financial statements in accordance with IFRS requires Kojamo’s management to make judgements on the application of the accounting policies, as well as estimates and assumptions that affect the amounts of reported assets, liabilities, income and expenses and the presented notes.

Management judgements affect the choice of accounting policies and their application. This particularly applies to cases for which the current IFRSs include alternative recognition, measurement or presentation methods.

Kojamo’s management must exercise judgement when applying the following accounting policies:

Classification of properties:

Kojamo classifies its property portfolio into investment properties, trading properties and investment properties held for sale in accordance with the principles described hereinabove. For instance, determining when a sale is considered to be highly probable in different circumstances requires management judgement. The classification has an effect on the financial statements, as the nature of the intended use of a property held by Kojamo affects the content of the required IFRS financial statement information.

Classification of long-term land leases:

Long-term land leases are classified as finance leases or operating leases. These leases signed by Kojamo with different municipalities have been analysed and, on the basis of the analyses, Kojamo has deemed them to be operating leases. This is based on the management's opinion that the significant risks and rewards associated with these leases are not transferred to Kojamo. More information about Kojamo's operating leases is available in Note 26 to the consolidated financial statements (Operating leases).

Business combinations and asset acquisitions:

Acquisitions of investment properties are classified either as acquisitions of an asset or assets (IAS 40) or business combinations (IFRS 3). If the acquisition of an investment property involves other operations in addition to the property, it is considered to be a business combination.

Deferred tax assets:

Determining whether to recognise a deferred tax asset on the balance sheet requires management judgement. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to Kojamo against which deductible temporary differences or tax losses carried forward can be utilised. A deferred tax asset recognised in a previous reporting period is recognised as an expense in the income statement, if Kojamo is not expected to generate enough taxable income to utilise the temporary differences or unused tax losses that constitute the basis for the deferred tax asset.

Recognition principle of deferred taxes:

As a rule, the deferred tax for investment properties measured at fair value is determined assuming that the temporary difference will reverse through sale. Kojamo can usually dispose of an investment property either by selling it in the form of property or by selling the shares in the company, such as a housing company.

Exception to the initial recognition of deferred taxes:

As a rule, deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities. An exception to this principal rule is constituted by acquisitions of single investment properties, which are not considered to meet the definition of a business according to IFRS 3. In this case, they are classified as asset acquisitions, for which no deferred tax is recorded in the balance sheet at initial recognition. Therefore, the classification of property acquisitions described above has an effect on the recognition of deferred taxes.

Key sources of estimation uncertainty

The estimates and related assumptions are based on Kojamo's historical experience and other factors, such as expectations concerning future events. These are considered to represent the management's best understanding at the time of evaluation and believed to be reasonable considering the circumstances. The actual results may differ from the estimates and assumptions used in the financial statements. Estimates and related assumptions are continually evaluated. Changes in accounting estimates are recorded for the period for which the estimate is being reviewed, if the change in the estimate concerns only that period. If the change in the estimate concerns both the period in question and later periods, the change in the estimate is recorded both for the period in question and the future periods.

Below are presented the most significant sections of the financial statements in which the judgement described hereinabove has been applied by management, as well as the assumptions about the future and other key uncertainty factors in estimates at the end of the reporting period which create a significant risk of change in the carrying amounts of Kojamo's assets and liabilities within the next financial year.

The key sources of estimation uncertainty concern the following sections of the financial statements:

Fair value measurement of investment property:

In Kojamo's consolidated financial statements, the determination of the fair value of investment property is the key area that involves the most significant uncertainty factors arising from the estimates and assumptions that have been used. The determination of the fair value of investment property requires significant management judgement and assumptions, particularly with respect to the comparability of transaction values in relation to the property being evaluated as well as the future development of return requirements, vacancy rates and rent levels. More information about the fair value determination for Kojamo's investment properties is available in Note 11 to the consolidated financial statements (Investment properties).

Kojamo uses valuation techniques that are appropriate under those circumstances, and for which sufficient data is available to measure fair value. Kojamo aims to maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Determination of the fair value and impairment of financial instruments:

If there is no active market for the financial instrument, judgement is required to determine fair value and impairment. External mark to market valuations may be used for some interest rate derivatives. Recognition of impairment is considered if the impairment is significant or long-lasting. If the amount of impairment loss decreases during a subsequent financial year and the decrease can be considered to be related to an event occurring after the recognition of impairment, the impairment loss will be reversed. More information about Kojamo's financial instruments is available in Note 14 to the consolidated financial statements (Values of financial assets and liabilities by category).

New and revised standards and interpretations to be applied in subsequent financial years

IASB has issued new and amended standards and interpretations, the application of which is mandatory in financial years beginning on or after 1 January 2018. Kojamo has not applied these standards and interpretations in preparing these consolidated financial statements. Kojamo will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

New IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2018): The standard replaces the existing standard IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments. This also covers a new expected credit loss model for determining impairment on financial assets. The requirements concerning general hedge accounting have also been revised. The requirements on recognition and derecognition of financial instruments from IAS 39 have been retained. Kojamo will apply the standard as of 1 January 2018; it will not be applied retrospectively.

In accordance with IFRS 9, financial assets will be classified based on the nature of cash flows and the specified business models. The implementation of the reclassification and measurement of financial assets will result in some changes in current recognition practices, but their impact on equity or the result will be minor. Changes in impairment principles will have a minor impact on the expected credit losses recorded for trade receivables.

The impact of the adoption of IFRS 9:

Kojamo has classified financial assets as financial assets measured at amortised cost and as financial assets measured at fair value through profit or loss. The classification of financial assets is presented in the table below.

M€	Classification IAS 39	Classification IFRS 9	Carrying value 31 Dec 2017	Carrying value 1 Jan 2018
Financial assets				
Cash	Loans and receivables	Amortised cost	20.1	20.1
Investments				
Funds	Available-for-sale financial assets	Fair value recognised in profit or loss	46.1	46.1
Loans and receivables	Loans and receivables	Fair value recognised in profit or loss	3.1	3.1
Other shares	Available-for-sale financial assets	Fair value recognised in profit or loss	0.5	0.6
Financial assets total			69.8	70.0

Classification changes to income statement and items in statement of comprehensive income

INCOME STATEMENT, M€	IAS 39 1-12/2017	changes	IFRS 9 1-12/2017
Financial income	0.0	0.2	0.2
Financial expenses	0.0		0.0
Total financial income and expenses	0.0	0.2	0.2
Change in deferred tax		0.0	0.0
Profit/loss for the financial year	0.0	0.1	0.1
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, M€			
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets	0.2	-0.2	0.0
Deferred taxes	0.0	0.0	0.0
Comprehensive income total	0.1	-0.1	0.0

Classification changes to equity

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
Equity 31 Dec 2017	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6
Changes:							
Comprehensive income							
Available-for-sale financial assets			-0.5		0.5	0.0	0.0
Profit/loss for the financial year							
Available-for-sale financial assets					0.1	0.1	0.1
Receivables					0.3	0.3	0.3
Equity 1 Jan 2018	**58.0**	**35.8**	**-24.3**	**17.9**	**1,951.5**	**2,039.0**	**2,039.0**

New IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018): The new standard replaces the current IAS 18 and IAS 11 standards and related interpretations. IFRS 15 includes a five-step model for recognising revenue: to which amount and when it is recognised. Revenue is recognised as control is passed, either over time or at a point in time. The standard also increases the number of notes presented. Kojamo has assessed the impact of the change by analysing the key concepts of IFRS 15 with regard to 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.

New IFRS 16 *Leases* (effective for financial years beginning on or after 1 January 2019): The standard replaces the currently applied IAS 17 standard and related interpretations. The IFRS 16 standard requires lessees to record leases in the balance sheet as a lease liability and a related asset. Recording in the balance sheet is highly similar to the accounting for finance leases in accordance with IAS 17. There are two exemptions to recording in the balance sheet, applicable to short-term leases with a lease term of 12 months or less and assets with a value of USD 5,000 or less. For lessors, the accounting will largely remain as defined in the current IAS 17. Kojamo has assessed the impact of the adoption of IFRS 16 *Leases*. Leases for plots of land, which are currently treated as operating 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. The assessment has been made taking into account the plot reserve at the balance sheet date and current contractual terms.

The adoption of the other amended standards and interpretations is not expected to have any material effects on Kojamo's financial statements.

2. Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Separate financial information is available about it and Kojamo's chief operating decision maker evaluates it on a regular basis in order to make decisions on the allocation of resources to the segment and to assess its performance.

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

The Lumo segment contains the Group's parent company Kojamo plc and the group companies Lumo Kodit Oy, Lumo Vuokratalot Oy and Kojamo Palvelut Oy as well as those 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 and borrowings of VVOhousing 7 Oy, VVOhousing 10 Oy, VVOhousing 11 and VVOhousing 12 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 profit distribution restrictions totals approximately EUR 0.3 million. Some of the housing in the VVO segment is not subject to property-specific restrictions in accordance with the ARAVA Act.

The principles for preparing operating segment information are the same as the accounting principles for the Group.

Group consolidation methods include mainly expenses, assets and liabilities of the Group's shared operations.

Kojamo plc

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
Other property income	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
Gain/loss on sales of investment properties	2.5			2.5
Gain/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 financial year				**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
Non-current assets held for sale	3.7			3.7
Cash and cash equivalents	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
Other property income	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
Gain/loss on sales of investment properties	-1.2	-10.0	0.7	-10.4
Gain/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 financial year				**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
Non-current assets held for sale	70.7			70.7
Cash and cash equivalents	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 associated with non-current assets 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. Non-current assets held for sale

In 2017, non-current assets held for sale consist of two individual plots.

In 2016, non-current assets held for sale consisted of 1,344 apartments sold to a company managed by Avant Capital Partners.

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

The investment properties remain to be measured at fair value in the financial statements (fair value hierarchy level 3).

The collaterals and commitments related to the 2016 items are presented in Note 28.

4. Gain/loss on sales of investment properties and Other operating income and expenses

Gain/loss on sales of investment properties

M€	1-12/2017	1-12/2016
Gain on sales of investment properties	3.0	36.8
Loss on sales of investment properties	-0.5	-47.2
Total	**2.5**	**-10.4**

The most significant investment property sales in 2017 were made to a company managed by Avant Capital Partners, a total of 1,344 apartments.

Other operating income

M€	1-12/2017	1-12/2016
Income from the sales of property, plant and equipment and intangible assets	0.0	0.0
Income from construction contracting	0.2	0.1
Income from debt collection	1.5	1.5
Other	0.3	0.8
Total	**2.0**	**2.3**

Other operating expenses

M€	1-12/2017	1-12/2016
Expenses on construction contracting	0.4	0.6
Loss on sales		2.5
Other	0.9	
Total	**1.3**	**3.1**

Auditors' fees

M€	1-12/2017	1-12/2016
KPMG Oy Ab		
Audit	0.2	0.2
Tax consultancy	0.1	0.4
Advisory services	0.1	0.1
Total	**0.3**	**0.7**

5. Employee benefits expense

M€	1-12/2017	1-12/2016
Salaries and wages	15.3	16.3
Defined contribution pension plans	3.1	3.1
Other social security expenses	0.6	0.8
Total	**19.0**	**20.2**

The management's employee benefits are presented in Note 29, Related party transactions.

	31 Dec 2017	31 Dec 2016
Number of personnel, average	310	298

6. Amortisation, depreciation and impairment

Amortisation and depreciation by asset group

M€	1-12/2017	1-12/2016
Intangible assets	0.4	0.4
Property, plant and equipment	0.7	0.8
Total	**1.1**	**1.2**

No impairment was recognised on intangible assets or property, plant and equipment.

7. Research and development expenditure

M€	1-12/2017	1-12/2016
Research and development	0.2	0.3
Total	**0.2**	**0.3**

Kojamo has no capitalised development expenditure. Development activities focus on the development of product concepts, improvement of electronic services and renewal of information systems.

8. Financial income and expenses

M€	1-12/2017	1-12/2016
Dividend income	0.1	0.0
Interest income	0.9	1.0
Changes in value from financial assets at fair value through profit or loss	3.7	1.3
Gains on sales of available-for-sale financial assets	0.3	0.1
Other financial income	0.1	0.1
Financial income, total	5.0	2.4
Interest expenses		
Interest expenses on liabilities recognised at amortised cost	-26.4	-24.8
Interest expenses from interest rate derivatives	-16.5	-14.3
Changes in value from financial assets at fair value through profit or loss	-1.0	-8.5
Losses on sales of available-for-sale financial assets	0.0	0.0
Other financial expenses	-1.6	-0.8
Financial expenses, total	-45.5	-48.4
Financial income and expenses, total	**-40.5**	**-46.0**

Items of comprehensive income

M€	1-12/2017	1-12/2016
Cash flow hedges	20.4	-9.9
Available-for-sale financial assets	0.2	0.4
Total	**20.6**	**-9.5**

The changes in cash flow hedging arise from interest rate derivatives.

9. Income tax

The tax expense in the income statement is broken down as follows:

M€	1-12/2017	1-12/2016
Current tax expense	28.6	35.4
Change in deferred taxes	25.1	22.1
Total	**53.7**	**57.5**

Tax effects relating to components of other comprehensive income:

2017 **M€**	**Pre-tax**	**Tax effect**	**Net of tax**
Cash flow hedges	20.4	-4.1	16.3
Available-for-sale financial assets	0.2	0.0	0.1
Total	**20.6**	**-4.1**	**16.5**

2016 **M€**	**Pre-tax**	**Tax effect**	**Net of tax**
Cash flow hedges	-9.9	2.0	-7.9
Available-for-sale financial assets	0.4	-0.1	0.3
Total	**-9.5**	**1.9**	**-7.6**

Reconciliation between the tax expense shown in the income statement and tax calculated using the parent company's tax rate (tax rate 20 per cent):

M€	**1-12/2017**	**1-12/2016**
Profit before taxes	266.7	289.7
Taxes with current tax rate	53.3	57.9
Tax-exempt income / non-deductible costs	0.0	1.3
Utilization of previously unrecognized confirmed tax losses	-0.6	-0.9
Write-down of deferred tax assets previously recognised on confirmed tax losses	0.8	1.1
Taxes from the previous financial years	0.0	-1.4
Share of result of associated companies	0.0	0.0
Acquired investment properties	0.0	0.2
Sold investment properties	-1.0	-0.9
Other	1.2	0.0
Adjustments total	**0.4**	**-0.5**
Taxes total recognised in profit or loss	**53.7**	**57.5**

10. Earnings per share

Earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent company by the weighted average number of the shares outstanding during the financial year.

	1-12/2017	1-12/2016
Profit for the financial year attributable to owners of the parent company	212.9	232.3
Weighted average number of the shares during the financial year, millions	7.4	7.4
Earnings per share		
Basic, euro	28.77	31.38
Diluted, euro	28.77	31.38

The company has no dilutive instruments.

11. Investment properties

M€	31 Dec 2017	31 Dec 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 owner occupied property	0.0	-0.7
Valuation gains/losses on fair value measurementt	126.2	163.3
Fair value of investment properties, at 31 Dec	**4,710.2**	**4,298.9**

*) Includes the 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 28.

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. Usage 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.

Investment properties by valuation classes M€	31 Dec 2017	31 Dec 2016
Properties measured at market value	3,787.1	3,287.7
Properties measured at yield value	395.3	602.9
Properties measured at acquisition method	527.8	408.3
Total	**4,710.2**	**4,298.9**

The above fair values include the investment properties classified as non-current assets held for sale on 31 December 2017, totalling EUR 3.7 (70.6) million.

Measurement process of investment property

In the transaction value method, the measurement is performed with the help of 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. The resulting property-specific transaction value is individually adjusted based on the condition, location, and other characteristics of the rental property.

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.

In the cost method, rental properties are carried at original cost, less the depreciation accumulated up to the IFRS transition date and any impairment losses.

Kojamo performs internal measurement of investment property each quarter. The results of the assessment are reported to the Management Group, Audit Committee and Board of Directors. The measurement process, market conditions and other factors affecting the assessment of the fair value of properties are reviewed quarterly with the CEO and CFO in accordance with Kojamo's reporting schedule. Each quarter, an external independent expert, Realia Management Oy, issues a statement on the valuation methods applied in the valuation of rental apartments and business premises owned by Kojamo as well as on the quality and reliability of the valuation.

Sensitivity analysis of investment properties			31 Dec 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 expenses (M€)	25.2	12.6		-12.6	-25.2
Financial occupancy rate for properties measured at yield value (change in percentage points)	**-2%**	**-1%**	**0%**	**1%**	**2%**
Rental income	-0.8	-0.4		0.4	0.8

Sensitivity analysis of investment properties			31 Dec 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 expenses (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.

12. Property, plant and equipment

M€	**Land areas**	**Connection fees**	**Buildings**	**Machinery and equipment**	**Other tangible assets**	**Total**
Cost at 1 Jan 2017	5.5	0.2	28.2	3.7	1.6	39.0
Increases				0.7		0.7
Decreases				-0.9		-0.9
Cost at 31 Dec 2017	5.5	0.2	28.2	3.5	1.6	38.8
Accumulated depreciation at 1 Jan 2017			-4.6	-3.4	-0.1	-8.1
Depreciation for the financial year			-0.4	-0.3	0.0	-0.7
Decreases				0.9		0.9
Accumulated depreciation at 31 Dec 2017			-5.1	-2.8	-0.1	-7.9
Carrying value at 1 Jan 2017	5.5	0.2	23.5	0.3	1.5	31.0
Carrying value at 31 Dec 2017	**5.5**	**0.2**	**23.1**	**0.7**	**1.5**	**31.0**

M€	Land areas	Connection fees	Buildings	Machinery and equipment	Other tangible assets	Total
Cost at 1 Jan 2016	5.5	0.2	27.6	3.7	1.6	38.5
Increases				0.1		0.1
Decreases			-0.3	-0.1	0.0	-0.4
Transfer from investment properties	0.0	0.0	0.9	0.0	-0.1	0.9
Cost at 31 Dec 2016	5.5	0.2	28.2	3.7	1.6	39.0
Accumulated depreciation at 1 Jan 2016			-4.0	-3.2	-0.1	-7.3
Depreciation for the financial year			-0.4	-0.3	0.0	-0.7
Decreases				0.1		0.1
Transfer from investment properties			-0.2	0.0		-0.2
Accumulated depreciation at 31 Dec 2016			-4.6	-3.4	-0.1	-8.1
Carrying value at 1 Jan 2016	5.5	0.2	23.5	0.5	1.6	31.2
Carrying value at 31 Dec 2016	**5.5**	**0.2**	**23.5**	**0.3**	**1.5**	**31.0**

13. Intangible assets

M€	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2017	2.6	3.0	5.6
Increases	0.1	0.0	0.1
Decreases	-0.1	-0.7	-0.8
Cost at 31 Dec 2017	2.5	2.4	4.9
Accumulated amortisation at 1 Jan 2017	-2.3	-2.5	-4.8
Amortisation for the financial year	-0.1	-0.3	-0.4
Decreases	0.1	0.7	0.8
Accumulated amortisation at 31 Dec 2017	-2.3	-2.1	-4.5
Carrying value at 1 Jan 2017	0.2	0.5	0.8
Carrying value at 31 Dec 2017	**0.1**	**0.3**	**0.4**

M€	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2016	2.5	3.0	5.5
Increases	0.1	0.0	0.1
Cost at 31 Dec 2016	2.6	3.0	5.6
Accumulated amortisation at 1 Jan 2016	-2.2	-2.2	-4.4
Amortisation for the financial year	-0.2	-0.3	-0.4
Accumulated amortisation at 31 Dec 2016	-2.3	-2.5	-4.8
Carrying value at 1 Jan 2016	0.3	0.8	1.1
Carrying value at 31 Dec 2016	**0.2**	**0.5**	**0.8**

14. Values of financial assets and liabilities by category

M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
			31 Dec 2017		
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

M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
			31 Dec 2016		
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 and borrowings is the same as their nominal value. During the year, there were no transfers between the fair value hierarchy levels.

A more detailed analysis of the fair values of interest rate derivatives included and not included in hedge accounting is presented in Note 22.

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 market price quoted on the active market exists for similar instruments. The price may, however, be derived directly or indirectly from quoted price information.

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

Available-for-sale financial assets

M€	31 Dec 2017	31 Dec 2016
Beginning of financial year	0.6	0.5
Change	-0.1	0.0
End of financial year	0.5	0.6

Available-for-sale financial assets 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.

15. Non-current receivables

M€	31 Dec 2017	31 Dec 2016
Loan receivables from associated companies	0.3	0.3
Other non-current receivables	1.6	3.1
Loan receivables from others	3.0	2.1
Non-current prepaid expenses and accrued income	0.4	
Total	**5.3**	**5.6**

16. Deferred tax assets and liabilities

Changes to deferred tax assets and liabilities in 2017 are as follows:

M€	1 Jan 2017	Recognised in profit or loss	Recognised in other comprehensive income	Other changes	31 Dec 2017
Deferred tax assets					
Confirmed tax losses	0.9	-0.3			0.6
Cash flow hedges	10.6		-3.3		7.3
Electricity derivatives measured					
at fair value	0.1	-0.1			0.0
Other items/transfers	3.8	-0.9		0.0	3.0
Total	**15.4**	**-1.2**	**-3.3**	**0.0**	**10.9**
Deferred tax liabilities					
Investment properties measured					
at fair value and residential building provisions	452.6	23.9		0.1	476.7
Cash flow hedges	0.5		0.8		1.3
Financial instruments measured					
at fair value	0.1		0.0		0.1
Electricity derivatives measured					
at fair value	0.0	0.0			0.0
Other items/transfers	0.2	0.0			0.2
Total	**453.4**	**23.9**	**0.8**	**0.1**	**478.3**

M€	1 Jan 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other changes	31 Dec 2016
Deferred tax assets					
Confirmed tax losses	1.3	-0.5			0.9
Cash flow hedges	8.2		2.5		10.6
Electricity derivatives measured					
at fair value	0.2	-0.1			0.1
Other items/transfers	2.2	1.6			3.8
Total	**12.0**	**1.0**	**2.5**		**15.4**
Deferred tax liabilities					
Investment properties measured					
at fair value and residential building provisions	429.6	23.1		0.0	452.6
Cash flow hedges			0.5		0.5
Financial instruments measured					
at fair value	0.0		0.1		0.1
Other items/transfers	0.2	0.0			0.2
Total	**429.8**	**23.1**	**0.6**	**0.0**	**453.4**

Expiration years for unrecognised confirmed tax losses

Year of expiration	2018-2019	2020-2021	2022-2023	2024-2025	2026-2027	Total
Confirmed losses	0.2	0.7	1.2	0.7	1.4	4.2
Unrecognised defered tax	0.0	0.1	0.2	0.1	0.3	0.8

17. Trading properties

M€	31 Dec 2017	31 Dec 2016
Trading properties	0.6	0.9
Total	**0.6**	**0.9**

18. Trade receivables and other receivables

M€	31 Dec 2017	31 Dec 2016
Trade receivables	6.7	4.2
Receivables from associated companies	0.0	0.0
Loan receivables	0.6	0.9
Other receivables	0.2	0.7
Prepaid expenses and accrued income	1.3	0.9
Total	**8.8**	**6.8**

Specification of prepaid expenses and accrued income	31 Dec 2017	31 Dec 2016
Rental services	0.6	0.5
Prepayments	0.5	0.2
Interests	0.0	0.0
Other prepaid expenses and accrued income	0.2	0.2
Total	**1.3**	**0.9**

The term of notice for leases is usually one month. The fair value of trade receivables and other receivables approximates their carrying amount.

19. Cash and cash equivalents

M€	31 Dec 2017	31 Dec 2016
Cash and bank accounts	117.8	132.0
Total	**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 was not adjusted to correspond to the current classification.

20. Share capital and other equity funds

M€	Number of shares (1,000)	Share capital	Share premium reserve	Fair value reserve	Invested non-restricted equity reserve	Total
1 Jan 2017	7,403	58.0	35.8	-40.2	17.9	71.5
Other comprehensive income				16.5		16.5
31 Dec 2017	**7,403**	**58.0**	**35.8**	**-23.7**	**17.9**	**87.9**

M€	Number of shares (1,000)	Share capital	Share premium reserve	Fair value reserve	Invested non-restricted equity reserve	Total
1 Jan 2016	7,403	58.0	35.8	-32.6	17.9	79.0
Other comprehensive income				-7.6		-7.6
31 Dec 2016	**7,403**	**58.0**	**35.8**	**-40.2**	**17.9**	**71.5**

Kojamo plc has one share class. The share has no nominal value. All issued shares have been paid for in full.

Description of equity funds:

Shares

- The number of Kojamo plc shares issued as at 31 December 2017 was 7,402,560.

Share premium reserve

- Kojamo plc has no such instruments in force that would accrue a share premium under the current Limited Liability Companies Act. The share premium was generated under the previous Limited Liability Companies Act.

Fair value reserve

- The fair value reserve contains the changes in fair values of the derivatives used to hedge cash flow and the available-for-sale financial assets.

Invested non-restricted equity reserve

- The invested non-restricted equity reserve contains equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

Dividends

- A dividend of EUR 6.80 per share was paid in 2017. After the balance sheet date, 31 December 2017, the Board of Directors has proposed that a dividend of EUR 6.80 be paid per share.

Non-controlling interest

Kojamo had no non-controlling interest in 2017.

In 2016, the non-controlling interest consisted of the result of Kiinteistö Oy Oulun Kotkankynsi. In 2016, Kojamo acquired the company's entire stock.

Restrictions related to Kojamo's equity

- Kojamo's retained earnings as at 31 December 2017, EUR 1,950.6 (1,788.0) million, include a total of EUR 383.9 (521.8) million of equity subject to profit distribution restrictions relating to non-profit operations. Equity subject to profit distribution restrictions includes the measurement of investment property at fair value.
- Some of the Group companies are subject to profit distribution restrictions under the non-profit provisions of housing legislation, according to which an entity cannot distribute funds to its owner more than the profit regulated by housing legislation.

21. 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 liabilities	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 liabilities	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**

Changes in liabilities from financing activities

M€	31 Dec 2016	Cash flows	Non-cash items	31 Dec 2017
Non-current liabilities	1,796.1	252.3	61.5	2,109.8
Current liabilities	326.7	-88.1	-65.5	173.1
Total liabilities from financing activities	**2,122.8**	**164.2**	**-4.0**	**2,283.0**

Changes in non-current liabilities involving cash flows consist of EUR 686.4 million of withdrawals of loans and borrowings and EUR -434.0 million of repayments of loans and borrowings. Non-cash changes in non-current liabilities mainly consist of transfers to current liabilities. Changes in current liabilities involving cash flows mainly consist of EUR 267.8 million of withdrawals of commercial paper loans and EUR -355.9 million of repayments of loans and borrowings. Non-cash changes in current liabilities mainly consist of transfers of non-current liabilities to current liabilities.

On 19 June 2017, Kojamo plc issued an unsecured EUR 500 million bond which is listed on the Irish Stock Exchange. The bond was rated Baa2 by Moody's. The bond matures in 2024, and its fixed coupon rate is 1.50 per cent. Bonds also include the bonds issued in 2013 and 2016. The EUR 100 million secured bond issued in 2013 matures in 2020. The bond has a fixed annual interest rate of 3.25 per cent. In 2016, a EUR 200 million secured bond was issued and listed on Nasdaq Helsinki Ltd. The loan matures in 2023 and its fixed coupon rate is 1.625 per cent.

For short-term financing, Kojamo has a EUR 250 (200) million commercial paper programme, EUR 300 (100) million committed credit facility agreements and a EUR 5 (5) million non-committed credit facility agreement. At the balance sheet date, the committed and non-committed credit facility agreements remained unused.

Other non-current liabilities include the EUR 2.4 million capital loan received by Lumo Kodit Oy from the City of Tampere in 2001. The interest rate is six-month Euribor + 0.75 per cent. The loan is repaid in 20 years.

Liabilities do not include the liabilities associated with non-current assets held for sale, totalling EUR 0.0 (0.1) million.

22. 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**

Nominal values of derivative instruments

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.

23. Provisions and other non-current liabilities

Provisions

M€	31 Dec 2017	31 Dec 2016
Provisions	0.8	1.0

Provisions include EUR 0.8 (1.0) million of ten-year guarantee reserves for Lumo Kodit Oy's (VVO Rakennuttaja Oy's) founder construction, estimated on the basis of experience.

Other non-current liabilities

M€	31 Dec 2017	31 Dec 2016
Accrued expenses and deferred income	0.8	0.8
Collateral payments	5.6	6.3
Other	8.5	
Total	**14.8**	**7.1**

24. Trade and other payables

M€	31 Dec 2017	31 Dec 2016
Advances received	5.1	4.6
Trade payables	20.0	19.3
Other current liabilities	16.5	1.3
Accrued expenses and deferred income	28.7	23.1
Total	**70.4**	**48.3**

Specification of accrued expenses and deferred income	31 Dec 2017	31 Dec 2016
Rental services	1.6	4.8
Investments	5.7	1.1
Personnel expenses	7.1	6.8
Interest	14.1	10.3
Other items	0.2	0.2
Total	**28.7**	**23.1**

25. Financial risk management

The financial risks associated with Kojamo's business are managed in accordance with the treasury policy confirmed by Kojamo plc's Board of Directors. The objective is to protect Kojamo against unfavourable changes in the financial market. The management of financial risks is centralised in the Kojamo's Treasury unit.

Interest rate risk

The most significant financial risk is related to interest rate fluctuations affecting the loan portfolio. This risk is managed through fixed-rate loans and borrowings and interest rate derivatives. The most significant interest rate risk is associated with loans from financial institutions. This risk is hedged with interest rate derivatives according to Kojamo's treasury policy. The targeted hedging ratio is 50–100 per cent. At the balance sheet date, the hedging ratio was 111 (77) per cent. The company estimates that the hedging ratio will be below 100 per cent in early 2018.

The interest rate risk associated with interest subsidy loans is decreased by the State's interest subsidy. Interest subsidy loans are not hedged with interest rate derivatives, with the exception of some 10-year interest subsidy loans. The interest rate of annuity loans is tied to changes in Finnish consumer prices, and the interest costs for the following year are known in the preceding autumn. Rent in properties with state-subsidised loans is determined according to the cost principle. Therefore, any changes in interest rates are transferred to rents. In accordance with its treasury policy, Kojamo does not hedge these loans with interest rate derivatives.

The effects of changes in market interest rates on the income statement and equity are evaluated in the table below. The interest rate position affecting the income statement includes floating-rate loans and borrowings and interest rate derivatives not included in hedge accounting. The effect on equity results from changes in the fair values of interest rate derivatives included in hedge accounting. Some market-based loan agreements involve a condition of a minimum of zero reference rate. As the market interest rates are currently negative, interest rate swap hedges may lead to a situation in which both fixed and variable interest must be paid.

	31 Dec 2017				**31 Dec 2016**			
	Income statement		**Equity**		**Income statement**		**Equity**	
M€	**1%**	**-0.1 %**	**1%**	**-0.1 %**	**1%**	**-0.1 %**	**1%**	**-0.1 %**
Floating rate loans and borrowings	-7.7	0.3			-10.2	0.6		
Interest rate derivatives	11.3	-1.2	94.1	-9.9	12.0	-1.2	71.2	-7.5
Total effect	3.6	-0.8	94.1	-9.9	1.8	-0.7	71.2	-7.5

Deferred tax effect is excluded from the calculation.

Liquidity and refinancing risk

Kojamo secures its liquidity through sufficient cash funds, the commercial paper programme and supporting credit facility agreements. Cash flow from the rental business is stable, and the sufficiency of liquidity is monitored regularly with cash flow forecasts.

Kojamo's liquidity remained good in the financial year. In order to ensure its liquidity, Kojamo has a EUR 250 million parent company commercial paper programme, EUR 300 million committed credit facility agreements and a EUR 5 million non-committed credit facility agreement. A total of EUR 52.9 (141.3) million of the commercial paper programme had been issued at the end of the financial year. No credit facilities were in use at the balance sheet date.

The functioning of the money market has been affected by stricter bank regulation, which has reflected on lending and the cost of financing. Due to Kojamo's strong financial position and stable cash flow, the risk associated with the availability of financing is not considered significant.

The availability of financing is ensured by maintaining Kojamo's good reputation among financiers and by keeping the equity ratio at an appropriate level. The risk associated with the availability of financing is mitigated by diversifying the maturities and financial instruments in the loan portfolio and by expanding the financier base. Kojamo prepares for the maturing of large loans and borrowings well in advance.

The following tables show the contractual repayment and interest cash flows of financial liabilities and derivative instruments.

31 Dec 2017

M€	Within 1 year	2-5 years	6-10 years	11-15 years	Later
Interest subsidy loans	67.0	159.6	3.2	4.2	25.4
Annuity and mortgage loans	0.1	0.3	0.1		
Bonds	14.0	149.5	718.3		
Loans from financial institutions	60.1	518.6	524.9	86.7	58.4
Other liabilities	0.1	2.7	6.2		
Commercial papers	53.0				
Interest rate derivatives	16.1	49.1	33.8	8.0	2.7
Total	**210.5**	**879.7**	**1,286.6**	**98.8**	**86.5**

31 Dec 2016

M€	Within 1 year	2-5 years	6-10 years	11-15 years	Later
Interest subsidy loans	55.8	242.3	7.1	4.0	27.8
Annuity and mortgage loans	3.9	15.8	20.2	27.3	42.2
Bonds	6.5	122.8	206.5		
Loans from financial institutions	136.3	545.7	480.4	146.8	61.8
Other liabilities	0.4	3.2	6.3	0.1	0.9
Commercial papers	141.5	0.0	0.0	0.0	0.0
Interest rate derivatives	15.8	49.6	33.1	9.0	3.9
Total	**360.2**	**979.4**	**753.5**	**187.2**	**136.7**

The figures exclude liabilities related to non-current assets held for sale.

Price risk

Kojamo uses electricity derivatives to hedge against exposure to electricity price risk. The electricity derivatives hedge highly probable future electricity purchases, and the trading in derivatives has been outsourced to an external expert. Electricity derivatives are not included in hedge accounting.

Kojamo's surplus cash may be invested in accordance with the approved principles of the Treasury policy. Available-for-sale financial assets are subject to a price risk that is mitigated through diversification of investment assets. The investments do not involve a currency risk.

The sensitivity of the electricity derivatives and available-for-sale financial assets to +/-10 per cent changes in the market price are shown in the table below.

	31 Dec 2017				**31 Dec 2016**			
	Income statement		**Equity**		**Income statement**		**Equity**	
M€	**10%**	**-10%**	**10%**	**-10%**	**10%**	**-10%**	**10%**	**-10%**
Electricity derivatives	0.3	-0.3			0.3	-0.3		
Available-for-sale financial assets			4.6	-4.6			4.6	-4.6
Total effect	0.3	-0.3	4.6	-4.6	0.3	-0.3	4.6	-4.6

Deferred tax effect is excluded from the calculation.

Credit risk

Kojamo does not have any significant credit risk concentrations. The majority of trade receivables consists of rent receivables, which are efficiently diversified. In addition, the application of rental deposits decreases the credit risk associated with rent receivables.

Aging analysis of trade receivables

M€	31 Dec 2017		31 Dec 2016	
Less than a month	1.5	22.0 %	1.2	28.2 %
1-3 months	2.9	43.9 %	2.5	59.2 %
3-6 months	2.1	31.7 %	0.3	8.1 %
6-12 months	0.2	2.5 %	0.1	2.9 %
More than a year	0.0	0.1 %	0.1	1.6 %
Total	**6.7**	**100.0 %**	**4.2**	**100.0 %**

The activities related to financial investments and derivatives involve counterparty risk. The risk is managed by choosing financially sound counterparties and by sufficient diversification.

Currency risk

Kojamo's cash flows are euro-denominated, and the business does not involve any currency risk.

Management of capital structure

The objective of the management of Kojamo's capital structure is to optimise the capital structure in relation to the current market conditions. The aim is to achieve a capital structure that best ensures Kojamo's strategic long-term operations and promotes the company's growth targets.

In addition to the financial result, Kojamo's capital structure is affected by factors such as capital expenditure, asset sales, acquisitions, dividend payments, equity-based facilities and measurement at fair value.

Kojamo plc's Board of Directors has set the Lumo segment's long-term equity ratio target at 40 per cent.

On 31 December 2017, Kojamo's equity ratio stood at 41.3 (40.7) per cent. Kojamo's interest-bearing liabilities totalled EUR 2,283.0 (2,122.8) million. EUR 0.0 (0.1) million of interest-bearing liabilities have been transferred to Liabilities associated with non-current assets held for sale. The equity ratio calculation principle is presented in the financial statements under Formulas used in the calculation of the key figures.

Kojamo's unsecured financing agreements include financing covenants related to the solvency ratio, the proportion of secured loans and the capacity of the business to cover its interest liabilities (interest coverage ratio). Kojamo fulfilled the terms of the agreements during the review period.

According to the terms and conditions of certain credit facilities, the Group's Loan to Value (LTV) must be below 60 per cent and interest coverage ratio over 1.8. At the balance sheet date, Loan to Value was 46.0 (47.1) per cent and interest coverage ratio 4.2 (4.8).

According to the terms and conditions of Kojamo plc's unsecured bond, the Group's solvency ratio must be below 0.65, secured solvency ratio below 0.45 and interest coverage ratio 1.8 or over. At the balance sheet date, solvency ratio was 0.44 (0.44), secured solvency ratio 0.34 (0.43) and interest coverage ratio 4.2 (4.8).

M€	31 Dec 2017	31 Dec 2016
Interest-bearing liabilities	2,283.0	2,122.8
Cash and cash equivalents	117.8	132.0
Interest-bearing net liabilities	2,165.2	1,990.9
Total equity	2,038.6	1,859.5
Total assets	4,943.5	4,572.2
Equity ratio, %	41.3	40.7

26. Operating leases

Land lease contracts
Group as lessee

M€	31 Dec 2017	31 Dec 2016
The future minimum lease payable under operating leases		
During the following financial year	3.4	3.3
Due after following year and before five years	13.6	13.0
Due after five years	117.9	106.7
Total	**134.9**	**123.0**

Non-current assets held for sale include EUR 0.0 (0.9) million from rental agreement liabilities.

The leases are mainly land leases with municipalities and cities. The maximum durations of the remaining agreements are 99 years, the average being 29 years.

Operating leases, vehicles	31 Dec 2017	31 Dec 2016
During the following financial year	0.7	0.6
Due after following year and before five years	1.2	0.9
Total	**1.9**	**1.5**

The operating leases are four-year car leases.

27. Adjustment to cash flow from operating activities

M€	31 Dec 2017	31 Dec 2016
Depreciation and amortisation	1.1	1.2
Financial income and expenses	40.5	45.9
Income taxes	53.7	57.5
Share of result of associated companies	-0.1	-0.1
Gain/loss from investment properties measured at fair value	-126.2	-163.3
Gain/loss on sales of investment properties	-2.5	10.4
Other adjustments	-0.1	1.8
Total	**-33.5**	**-46.6**

28. Guarantees, commitments and contingent liabilities

M€	31 Dec 2017	31 Dec 2016
Loans and borrowings 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 properties.
**) Guarantees given are mainly absolute guarantees granted as collateral for group companies' loans and borrowings for which property pledges have also been given as collateral.

The figures for 31 December 2017 do not include obligations related to non-current assets held for sale: liabilities with EUR 0.0 (0.1) million of pledges given as a guarantee; the collaterals given totals EUR 0.0 (0.4) million.

Other off-balance sheet obligations

Unrecognised acquisition agreements related to work in progress:

M€	31 Dec 2017	31 Dec 2016
New construction in-progress	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 obligations

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

Land purchase obligations

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

Construction obligations

The land use agreement related to the zoned areas Suurpelto I and II in Espoo is subject to schedules for construction sanctioned with delay penalties.

The zoned areas are divided into three execution areas in the agreement. Kojamo holds building rights in these areas as follows: area 2 – 18,217 (18,217) floor sqm; and area 3 – -7,600 (7,600) floor sqm. The agreement stipulates that all of the residential building rights have to be used up by November 2013 in area 2 and by November 2016 in area 3. This schedule has not been fully met. The delay penalty is graded based on the period of delay and can at most, if the delay has continued for at least five years, be equal to half of the land use payments in accordance with the agreement. According to the agreement, the City of Espoo may, should circumstances change, lower the penalty or waive it altogether.

The land use agreement related to quarters 62007 and 62025 in Jokiniemi, Vantaa is subject to schedules for construction sanctioned with delay penalties. The construction liability is divided into various forms of financing and ownership.

A plot located in the City of Vantaa (92-70-118-5) is subject to a schedule for construction sanctioned with delay penalties.

A plot located in the City of Espoo (49-12-220-1) is subject to a schedule for construction sanctioned with delay penalties.

A plot located in the City of Helsinki (91-20-67-1) is subject to a schedule for construction sanctioned with delay penalties.

A plot located in the City of Helsinki (91-10-634-2) is subject to a schedule for construction sanctioned with delay penalties.

Some plots located in the City of Helsinki are subject to an obligation to use them for rental housing. There is a contractual penalty for breaching this obligation.

Kojamo has some individual disputes pending, but the company considers them to be of negligible value.

Group companies have made commitments restricting the assignment and pledging of shares owned by them.

Other commitments

Lumo Kodit Oy, a subsidiary of Kojamo, finalised 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 31 from the City of Helsinki on 16 October 2017. Under the terms of the agreement, the fixed sales price is set at EUR 80.9 million, as determined by a valuation based on existing building rights to develop further commercial provision. The sales price may be adjusted in the event that the building rights are amended following a revision of the local plan as applied for by the purchaser.

29. Related party transactions

Related parties

Kojamo plc’s related parties include its subsidiaries, associated companies and joint arrangements. Other related parties are the key management personnel, comprising the members of the Board of Directors and Management Group, the CEO and the close members of their families. Parties holding 20 per cent or more of the shares of Kojamo are always considered related parties. Shareholders whose shareholding remains below 20 per cent are considered related parties if they are otherwise considered to have significant influence.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Information on Kojamo's holdings in subsidiaries, associated companies and joint arrangements is presented in Note 31.

Outstanding balances with related parties

M€	31 Dec 2017	31 Dec 2016
Other current liabilities	0.1	0.2

Employee benefits of key management personnel

M€	31 Dec 2017	31 Dec 2016
Salaries and other short-term employee benefits	2.1	2.0

Salaries and fees to CEO, Board of Directors and Committees

1 000 €	31 Dec 2017	31 Dec 2016
Jani Nieminen, Chief executive officer	738.7	738.3
Board of Directors and Committees		
Riku Aalto	36.2	28.4
Mikko Mursula	22.2	17.6
Reima Rytsölä	18.0	14.0
Matti Harjuniemi	16.8	16.4
Olli Luukkainen	16.8	15.2
Jan-Erik Saarinen	16.8	16.4
Ann Selin	16.2	13.4
Jorma Malinen	15.6	15.8
Eloranta Jarkko	1.2	1.2
Laukkanen Ville-Veikko	1.2	1.2
Pesonen Pasi	1.2	1.2
Torsti Esko	1.2	1.2
Tomi Aimonen		1.2
Board of Directors and Committees, total	163.4	143.2
Total	**902.1**	**881.5**

Kojamo employees do not receive additional compensation for serving as Board members or the CEO of Group companies.

No shares or share derivatives were given to members of the Board of Directors during the financial year.

The retirement age for members of the Management Group is 63 years. Members of the Management Group belong to a defined contribution-based pension plan in which an insurance premium corresponding to two months' taxable income is paid annually into a group pension insurance plan.

In 2017, the cost of the statutory pension plan for the CEO was EUR 0.5 (0.5) million, and payments to the voluntary pension plan amounted to EUR 0.1 (0.1) million.

In 2017, the cost of the statutory pension plan for the Management Group was EUR 1.2 (1.2) million, and payments to the voluntary pension plan amounted to EUR 0.2 (0.2) million.

The period of notice for terminating the CEO's employment relationship is twelve months.

30. Borrowing costs

M€	31 Dec 2017	31 Dec 2016
Capitalised borrowing costs	3.3	1.7
Total	**3.3**	**1.7**

Capitalisation rate, 2.2 (2.2) per cent

31. The Group's subsidiaries, joint arrangements and associated companies

Subsidiaries and joint arrangements	Kojamo plc holding %	Group holding %
Kojamo Oyj		
Kojamo Holding Oy	100.00%	100.00%
Kojamo Palvelut Oy	100.00%	100.00%
Lumo 2017 Oy	100.00%	100.00%
Lumo 2018 Oy	100.00%	100.00%
Lumo 2019 Oy	100.00%	100.00%
Lumo 2020 Oy	100.00%	100.00%
Lumo 2021 Oy	100.00%	100.00%
Lumo Kodit Oy	100.00%	100.00%
Lumo Vuokratalot Oy	100.00%	100.00%
Lumohousing 2 Oy	100.00%	100.00%
Lumohousing 5 Oy	100.00%	100.00%
Lumohousing 6 Oy	100.00%	100.00%
VVO Asunnot Oy	100.00%	100.00%
VVO Hoivakiinteistöt Oy	100.00%	100.00%
VVOhousing 7 Oy	100.00%	100.00%
VVOhousing 8 Oy	100.00%	100.00%
VVOhousing 9 Oy	100.00%	100.00%
VVOhousing 10 Oy	100.00%	100.00%
VVOhousing 11 Oy	100.00%	100.00%
VVOhousing 12 Oy	100.00%	100.00%
Kiinteistö osakeyhtiö Pikkuhirvas	100.00%	100.00%
Kotinyt Oy	100.00%	100.00%

Subsidiaries and joint arrangements	Kojamo plc holding %	Group holding %
Lumo Kodit Oy		
As Oy Kuopion Havuketo	100.00%	100.00%
As Oy Turun Puistokatu 12	100.00%	100.00%
As Oy Vantaan Junkkarinkaari 7	100.00%	100.00%
As. Oy Heinolan Korvenkaarre	66.90%	66.90%
As. Oy Helsingin Haapaniemenkatu 11	100.00%	100.00%
As. Oy Kuopion Kaarenkulma	100.00%	100.00%

As. Oy Malski 3, Lahti	100.00%	100.00%
As. Oy Pihavaahtera	100.00%	100.00%
Asunto Oy Espoon Henttaan Puistokatu C	100.00%	100.00%
Asunto Oy Espoon Henttaankaari A	100.00%	100.00%
Asunto Oy Espoon Kilonportti 3	100.00%	100.00%
Asunto Oy Espoon Klariksentie 6	100.00%	100.00%
Asunto Oy Espoon Koivu-Mankkaan tie 1 b	100.00%	100.00%
Asunto Oy Espoon Kulovalkeantie 21 B	100.00%	100.00%
Asunto Oy Espoon Likusterikatu A	100.00%	100.00%
Asunto Oy Espoon Marinkallio 4	100.00%	100.00%
Asunto Oy Espoon Marinkallio 6	100.00%	100.00%
Asunto Oy Espoon Marinkallio 8	100.00%	100.00%
Asunto Oy Espoon Nihtitorpankuja 3	100.00%	100.00%
Asunto Oy Espoon Rastasniityntie 1 A	100.00%	100.00%
Asunto Oy Espoon Rastasniityntie 1 B	100.00%	100.00%
Asunto Oy Espoon Reelinkikatu 2	100.00%	100.00%
Asunto Oy Espoon Saunalahdenkatu 2	100.00%	100.00%
Asunto Oy Espoon Servinkuja 3	100.00%	100.00%
Asunto Oy Espoon Soukanrinne	100.00%	100.00%
Asunto Oy Espoon Suurpelto 44	100.00%	100.00%
Asunto Oy Espoon Suurpelto 5	100.00%	100.00%
Asunto Oy Espoon Tietäjäntie 3	100.00%	100.00%
Asunto Oy Espoon Ulappakatu 1	100.00%	100.00%
Asunto Oy Espoon Uuno Kailaan katu 4	100.00%	100.00%
Asunto Oy Espoon Uuno Kailaan katu 5	100.00%	100.00%
Asunto Oy Espoon Uuno Kailaan katu 6	100.00%	100.00%
Asunto Oy Espoon Valakuja 8	100.00%	100.00%
Asunto Oy Hattulan Jukolankuja 3	79.46%	79.46%
Asunto Oy Helsigin Punahilkantie 6	100.00%	100.00%
Asunto Oy Helsingin Bahamankatu 8	100.00%	100.00%
Asunto Oy Helsingin Capellan puistotie 4	100.00%	100.00%
Asunto Oy Helsingin Eerik VII	100.00%	100.00%
Asunto Oy Helsingin Fregatti Dygdenin kuja	100.00%	100.00%
Asunto Oy Helsingin Haapsalunkuja 4	100.00%	100.00%
Asunto Oy Helsingin Hela-aukio 4	100.00%	100.00%
Asunto Oy Helsingin Helatehtaankatu 3	100.00%	100.00%
Asunto Oy Helsingin Henrik Borgströmin tie 2	100.00%	100.00%
Asunto Oy Helsingin Hesperiankatu 18	100.00%	100.00%
Asunto Oy Helsingin Hilapellontie 2c	100.00%	100.00%
Asunto Oy Helsingin Hilapellontie 2d	100.00%	100.00%
Asunto Oy Helsingin Hopeatie 9	100.00%	100.00%
Asunto Oy Helsingin Iso Roobertinkatu 30	100.00%	100.00%
Asunto Oy Helsingin Juhana Herttuan tie 8	100.00%	100.00%
Asunto Oy Helsingin Kadetintie 6	100.00%	100.00%
Asunto Oy Helsingin Kahvipavunkuja 3	100.00%	100.00%
Asunto Oy Helsingin Kahvipavunkuja 4	100.00%	100.00%
Asunto Oy Helsingin Kantelettarentie 15	100.00%	100.00%
Asunto Oy Helsingin Karavaanikuja 2	100.00%	100.00%
Asunto Oy Helsingin Karhulantie 13	100.00%	100.00%
Asunto Oy Helsingin Katariinankartano	100.00%	100.00%
Asunto Oy Helsingin Katariinankoski	100.00%	100.00%
Asunto Oy Helsingin Katontekijänkuja 1	100.00%	100.00%
Asunto Oy Helsingin Kauppakartanonkuja 3	100.00%	100.00%

Asunto Oy Helsingin Keinulaudankuja 2a	100.00%	100.00%
Asunto Oy Helsingin Kivensilmänkuja 3	100.00%	100.00%
Asunto Oy Helsingin Koirasaarentie 23	100.00%	100.00%
Asunto Oy Helsingin Kontulantie 19	100.00%	100.00%
Asunto Oy Helsingin Koskikartano	100.00%	100.00%
Asunto Oy Helsingin Kotkankatu 9	100.00%	100.00%
Asunto Oy Helsingin Kuuluttajankatu 2	100.00%	100.00%
Asunto Oy Helsingin Lauttasaarentie 27	100.00%	100.00%
Asunto Oy Helsingin Leikkikuja 2	100.00%	100.00%
Asunto Oy Helsingin Leonkatu 21	100.00%	100.00%
Asunto Oy Helsingin Luotsikatu 1a	100.00%	100.00%
Asunto Oy Helsingin Lönnrotinkatu 30	100.00%	100.00%
Asunto Oy Helsingin Maasälväntie 5 ja 9	100.00%	100.00%
Asunto Oy Helsingin Marjatanportti	100.00%	100.00%
Asunto Oy Helsingin Melkonkatu 12 B	100.00%	100.00%
Asunto Oy Helsingin Messeniuksenkatu 1B	100.00%	100.00%
Asunto Oy Helsingin Oulunkylän tori 1	100.00%	100.00%
Asunto Oy Helsingin Palmsenpolku 2	100.00%	100.00%
Asunto Oy Helsingin Pertunpellontie 6	100.00%	100.00%
Asunto Oy Helsingin Pertunpellontie 8	100.00%	100.00%
Asunto Oy Helsingin Plazankuja 5	100.00%	100.00%
Asunto Oy Helsingin Posetiivari	100.00%	100.00%
Asunto Oy Helsingin Punakiventie 13	100.00%	100.00%
Asunto Oy Helsingin Punakiventie 15	100.00%	100.00%
Asunto Oy Helsingin Pärnunkatu 6	100.00%	100.00%
Asunto Oy Helsingin Ratarinne	100.00%	100.00%
Asunto Oy Helsingin Retkeilijänkatu 1	100.00%	100.00%
Asunto Oy Helsingin Ristipellontie 6	100.00%	100.00%
Asunto Oy Helsingin Ristiretkeläistenkatu 19	100.00%	100.00%
Asunto Oy Helsingin Risupadontie 6	100.00%	100.00%
Asunto Oy Helsingin Sörnäistenkatu 12	100.00%	100.00%
Asunto Oy Helsingin Tilketori 2	93.06%	93.06%
Asunto Oy Helsingin Tulisuontie 1	100.00%	100.00%
Asunto Oy Helsingin Tuulensuunkuja 3	100.00%	100.00%
Asunto Oy Helsingin Valanportti	100.00%	100.00%
Asunto Oy Helsingin Von Daehnin katu 8	100.00%	100.00%
Asunto Oy Helsingin Vuorenpeikontie 5	100.00%	100.00%
Asunto Oy Helsingin Välimerenkatu 8	100.00%	100.00%
Asunto Oy Hilapellontie 4	100.00%	100.00%
Asunto Oy Hyvinkään Astreankatu 27	100.00%	100.00%
Asunto Oy Hyvinkään Merino	100.00%	100.00%
Asunto Oy Hyvinkään Mohair	100.00%	100.00%
Asunto Oy Hyvinkään Värimestarinkaari 3	100.00%	100.00%
Asunto Oy Hämeenlinnan Aurinkokatu 10	100.00%	100.00%
Asunto Oy Hämeenlinnan Hilpi Kummilantie 16	100.00%	100.00%
Asunto Oy Hämeenlinnan Kajakulma	73.97%	73.97%
Asunto Oy Hämeenlinnan Linnankatu 3	100.00%	100.00%
Asunto Oy Hämeenlinnan Turuntie 38	100.00%	100.00%
Asunto Oy Hämeenlinnan Uusi-Jukola	100.00%	100.00%
Asunto Oy Hämeentie 48	100.00%	100.00%
Asunto Oy Jyväskylän Heinämutka 5	100.00%	100.00%
Asunto Oy Jyväskylän Jontikka 4	100.00%	100.00%
Asunto Oy Jyväskylän Kelokatu 4	100.00%	100.00%

Asunto Oy Jyväskylän Kerkkäkatu 1	100.00%	100.00%
Asunto Oy Jyväskylän Honkaharjuntie 14b	100.00%	100.00%
Asunto Oy Jyväskylän Runkotie 3 B	100.00%	100.00%
Asunto Oy Jyväskylän Runkotie 5 C	100.00%	100.00%
Asunto Oy Jyväskylän Tellervonkatu 8	97.58%	97.58%
Asunto Oy Jyväskylän Tervalankatu 6	100.00%	100.00%
Asunto Oy Jyväskylän Tiilitehtaantie 46	100.00%	100.00%
Asunto Oy Jyväskylän Väinönkatu 15	100.00%	100.00%
Asunto Oy Järvenpään Antoninkuja 3	100.00%	100.00%
Asunto Oy Järvenpään Metallimiehenkuja 2	100.00%	100.00%
Asunto Oy Järvenpään Reki-Valko	100.00%	100.00%
Asunto Oy Järvenpään Rekivatro	100.00%	100.00%
Asunto Oy Järvenpään Sibeliuksenkatu 27	100.00%	100.00%
Asunto Oy Kalasääksentie 6	100.00%	100.00%
Asunto Oy Kauniaisten Asematie 10	100.00%	100.00%
Asunto Oy Kauniaisten Asematie 12-14	100.00%	100.00%
Asunto Oy Kauniaisten Bredantie 8	100.00%	100.00%
Asunto Oy Kauniaisten Kavallinterassit	100.00%	100.00%
Asunto Oy Kauniaisten Thurmaninpuistotie 2	100.00%	100.00%
Asunto Oy Kaustisenpolku 5	100.00%	100.00%
Asunto Oy Keravan Eerontie 3	100.00%	100.00%
Asunto Oy Keravan Palopolku 3	99.57%	99.57%
Asunto Oy Keravan Tapulikatu 30	100.00%	100.00%
Asunto Oy Keravan Tapulitori 1	100.00%	100.00%
Asunto Oy Keravan Tapulitori 2	100.00%	100.00%
Asunto Oy Kirkkonummen Vernerinkuja 5	100.00%	100.00%
Asunto Oy Kivivuorenkuja 1	100.00%	100.00%
Asunto Oy Kivivuorenkuja 3	100.00%	100.00%
Asunto Oy Konalantie 14	100.00%	100.00%
Asunto Oy Kuopion Itkonniemenkatu 4b	100.00%	100.00%
Asunto Oy Kuopion Kelkkailijantie 4	100.00%	100.00%
Asunto Oy Kuopion Sompatie 7	100.00%	100.00%
Asunto Oy Kuopion Sompatie 9	100.00%	100.00%
Asunto Oy Lahden Radanpää 6	100.00%	100.00%
Asunto Oy Lahden Sorvarinkatu 5	100.00%	100.00%
Asunto Oy Lahden Vanhanladonkatu 2	100.00%	100.00%
Asunto Oy Lahden Vihdinkatu 4	100.00%	100.00%
Asunto Oy Lahden Vihdinkatu 6	100.00%	100.00%
Asunto Oy Lappeenrannan Gallerianpolku	100.00%	100.00%
Asunto Oy Lappeenrannan Koulukatu 13	100.00%	100.00%
Asunto Oy Lappeenrannan Nurmelanpirtti	100.00%	100.00%
Asunto Oy Lappeenrannan Sammonkatu 3-5	100.00%	100.00%
Asunto Oy Lappeenrannan Upseeritie 12	100.00%	100.00%
Asunto Oy Lintukallionrinne 1	100.00%	100.00%
Asunto Oy Mäntsälän Hemmintie 2	100.00%	100.00%
Asunto Oy Mäntsälän Karhulantie 2	100.00%	100.00%
Asunto Oy Nurmijärven Mahlamäentie 16	100.00%	100.00%
Asunto Oy Nurmijärven Ratsutilantie 2	100.00%	100.00%
Asunto Oy Oulun Kitimenpolku 21	100.00%	100.00%
Asunto Oy Oulun Koskelantie 19	100.00%	100.00%
Asunto Oy Oulun Kurkelankuja 1 B	100.00%	100.00%
Asunto Oy Oulun Revonkuja 1	100.00%	100.00%
Asunto Oy Oulun Tervahanhi 1	98.65%	98.65%

Asunto Oy Oulun Tietolinja 11	100.00%	100.00%
Asunto Oy Pirtinketosato	63.55%	63.55%
Asunto Oy Pohtolan Kynnys	100.00%	100.00%
Asunto Oy Pohtolan Kytö	100.00%	100.00%
Asunto Oy Porin Kansankulma	100.00%	100.00%
Asunto Oy Rientolanhovi	100.00%	100.00%
Asunto Oy Riihimäen Mäkiraitti 17	68.58%	68.58%
Asunto Oy Rovaniemen Koskikatu 9	100.00%	100.00%
Asunto Oy Rovaniemen Tukkivartio	100.00%	100.00%
Asunto Oy Salamankulma	62.99%	62.99%
Asunto Oy Tampereen Keskisenkatu 4	100.00%	100.00%
Asunto Oy Tampereen Keskisenkatu 8 A	100.00%	100.00%
Asunto Oy Tampereen Koipitaipaleenkatu 9	100.00%	100.00%
Asunto Oy Tampereen Lentokonetehtaankatu 5	100.00%	100.00%
Asunto Oy Tampereen Meesakatu 2	100.00%	100.00%
Asunto Oy Tampereen Myrskynkatu 4	100.00%	100.00%
Asunto Oy Tampereen Nuolialantie 44	100.00%	100.00%
Asunto Oy Tampereen Pohtolan Pohja	100.00%	100.00%
Asunto Oy Tampereen Satakunnankatu 21	100.00%	100.00%
Asunto Oy Tampereen Tieteenkatu 3	100.00%	100.00%
Asunto Oy Tampereen Tuomiokirkonkatu 32	100.00%	100.00%
Asunto Oy Tampereen Tutkijankatu 7	100.00%	100.00%
Asunto Oy Toppilan Tuulentie 2	100.00%	100.00%
Asunto Oy Tuiran Komuntalo	100.00%	100.00%
Asunto Oy Turun Aurinkorinne	81.50%	81.50%
Asunto Oy Turun Riitasuonkatu 28	100.00%	100.00%
Asunto Oy Turun Työnjohtajankatu 1	100.00%	100.00%
Asunto Oy Turun Vänrikinkatu 2	100.00%	100.00%
Asunto Oy Tuusulan Bostoninkaari 2	100.00%	100.00%
Asunto Oy Tuusulan Kievarinkaari 4	100.00%	100.00%
Asunto Oy Tuusulan Metsontie 2	73.89%	73.89%
Asunto Oy Vantaan Antaksentie 3	100.00%	100.00%
Asunto Oy Vantaan Arinatie 10	100.00%	100.00%
Asunto Oy Vantaan Elmontie 11	100.00%	100.00%
Asunto Oy Vantaan Esikkotie 9	100.00%	100.00%
Asunto Oy Vantaan Hiiritornit	100.00%	100.00%
Asunto Oy Vantaan Kaivokselantie 5b	100.00%	100.00%
Asunto Oy Vantaan Keikarinkuja 3	100.00%	100.00%
Asunto Oy Vantaan Kilterinaukio 4	100.00%	100.00%
Asunto Oy Vantaan Kilterinkaari 2	100.00%	100.00%
Asunto Oy Vantaan Krassitie 8	97.70%	97.70%
Asunto Oy Vantaan Lauri Korpisen katu 10	100.00%	100.00%
Asunto Oy Vantaan Lauri Korpisen katu 8	100.00%	100.00%
Asunto Oy Vantaan Lehtikallio 4	100.00%	100.00%
Asunto Oy Vantaan Leinelänkaari 13	100.00%	100.00%
Asunto Oy Vantaan Leinelänkaari 14	100.00%	100.00%
Asunto Oy Vantaan Leineläntie 3	100.00%	100.00%
Asunto Oy Vantaan Martinlaaksonpolku 4	100.00%	100.00%
Asunto Oy Vantaan Neilikkapolku	100.00%	100.00%
Asunto Oy Vantaan Pyhtäänkorvenkuja 4 ja 6	100.00%	100.00%
Asunto Oy Vantaan Pyhtäänkorventie 25	100.00%	100.00%
Asunto Oy Vantaan Tammistonvuori	100.00%	100.00%
Asunto Oy Vantaan Tarhurintie 6	100.00%	100.00%

Asunto Oy Verkkotie 3	100.00%	100.00%
Asunto Oy Vähäntuvantie 6	100.00%	100.00%
Kiint. Oy Taivaskero 2	100.00%	100.00%
Kiinteistö Oy Helsingin Abrahaminkatu 1	100.00%	100.00%
Kiinteistö Oy Helsingin Agricolankatu 1	100.00%	100.00%
Kiinteistö Oy Helsingin Albertinkatu 40	100.00%	100.00%
Kiinteistö Oy Helsingin Bulevardi 31	100.00%	100.00%
Kiinteistö Oy Helsingin Eerikinkatu 36	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 37	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 39	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 41	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 43	100.00%	100.00%
Kiinteistö Oy Helsingin Lönnrotinkatu 34	100.00%	100.00%
Kiinteistö Oy Helsingin Onnentie 18	100.00%	100.00%
Kiinteistö Oy Helsingin Sofianlehdonkatu 5	100.00%	100.00%
Kiinteistö Oy Helsingin Tukholmankatu 10	100.00%	100.00%
Kiinteistö Oy Malminhaka	90.00%	90.00%
Kiinteistö Oy Mannerheimintie 168	82.61%	82.61%
Kiinteistö Oy Saarensahra	100.00%	100.00%
Kiinteistö Oy Saariniemenkatu 6	100.00%	100.00%
Kiinteistö Oy Siilinjärven Kirkkorinne	100.00%	100.00%
Kiinteistö Oy Tuureporin Liiketalo	100.00%	100.00%
Kiinteistö Oy Uuno Kailaan kadun pysäköinti	100.00%	100.00%
Kiinteistö Oy Vallikallion Toimistotalo	100.00%	100.00%
Kiinteistö Oy Vantaan Pyhtäänpolku	100.00%	100.00%
Kiinteistö Oy Ylä-Malmintori	100.00%	100.00%
Kiinteistöosakeyhtiö Näsilinnankatu 40	100.00%	100.00%
Kilterin Kehitys Oy	100.00%	100.00%
Lehtolantien Pysäköinti Oy	100.00%	100.00%
Lumo Eerikinkatu VII Holding 2 Oy	100.00%	100.00%
Lumo Hankeyhtiö 1 Oy	100.00%	100.00%
Lumo Hankeyhtiö 2 Oy	100.00%	100.00%
Lumo Hankeyhtiö 3 Oy	100.00%	100.00%
Lumo Hankeyhtiö 4 Oy	100.00%	100.00%
Lumo Holding 50 Oy	100.00%	100.00%
Rajalantien Pysäköinti Oy	55.86%	55.86%
Volaria Oy	100.00%	100.00%

Subsidiaries and joint arrangements	Kojamo plc holding %	Group holding %
Lumo Vuokratalot Oy		
Asunto Oy Espoon Asemakuja 1	100.00%	100.00%
Asunto Oy Espoon Piilipuuntie 25	100.00%	100.00%
Asunto Oy Espoon Piilipuuntie 31	100.00%	100.00%
Asunto Oy Helsingin Vaakamestarinpolku 2	100.00%	100.00%
Asunto Oy Kuopion Niemenkatu 5	100.00%	100.00%
Asunto Oy Oulun Jalohaukantie 1	100.00%	100.00%
Asunto Oy OulunTuiranmaja	100.00%	100.00%
Kiinteistö Oy Kanavanpirtti	100.00%	100.00%
Kiinteistö Oy Nummenperttu	100.00%	100.00%
Kiinteistö Oy Vehnäpelto	100.00%	100.00%
Tikantupa Oy	100.00%	100.00%
Kiinteistö Oy Vehnäpelto subsidiary:		
Kiinteistö Oy Viljapelto	55.56%	76.67%

Subsidiaries and joint arrangements	Kojamo plc holding, %	Group holding %
Kojamo Palvelut Oy		
Kiinteistö Oy Mannerheimintie 168a	100.00%	100.00%

Subsidiaries and joint arrangements	Kojamo plc holding, %	Group holding %
Lumo 2017 Oy		
Kiinteistö Oy Tampereen Kyllikinkatu 15	76.50%	100.00%

Subsidiaries and joint arrangements	Kojamo plc holding, %	Group holding %
Lumo 2018 Oy		
Kiinteistö Oy Vantaan Karhunkierros 1 C	86.58%	86.58%

Subsidiaries and joint arrangements	Kojamo plc holding, %	Group holding %
Lumo 2021 Oy		
Asunto Oy Kuopion Vilhelmiina	78.38%	100.00%

Subsidiaries and joint arrangements	Kojamo plc holding, %	Group holding %
Group holding		
Katajapysäköinti Oy		50.93%

Associated companies	Kojamo plc holding, %	Group holding %
Kojamo Oyj		
Asunto Oy Nilsiän Ski	28.33%	28.33%
SV-Asunnot Oy	50.00%	50.00%
Lumo Vuokratalot Oy		
Asunto Oy Viljapelto	21.11%	76.67%
Kiinteistö Oy Keinulaudantie 4	41.62%	41.62%
Pajalan Parkki Oy	31.44%	44.06%
Lumo 2017 Oy		
Paavolan Parkki Oy	24.93%	24.93%
Virvatulentien Pysäköinti Oy	25.15%	25.15%
Lumo 2020 Oy		
Lintulammenkadun Pysäköintilaitos Oy	39.19%	39.19%

Associated companies	Kojamo plc holding, %	Group holding %
Lumo Kodit Oy		
Asunto Oy Kuopion Vilhelmiina	21.62%	100.00%
Fastighets Ab Lovisa Stenborg Kiinteistö Oy	45.50%	45.50%
Hatanpäänhovin Pysäköinti Oy	41.88%	41.88%
Katajapysäköinti Oy	34.26%	50.93%
Kiinteistö Oy Bäckisåker	50.00%	50.00%
Kiinteistö Oy Jyväskylän Torikulma	42.63%	42.63%
Kiinteistö Oy Lappeenrannan Koulukatu 1	24.45%	24.45%
Kiinteistö Oy Mannerheimintie 40	29.42%	29.42%
Kiinteistö Oy Myllytullin Autotalo	24.39%	24.39%
Kiinteistö Oy Oulun Tullivahdin Parkki	33.60%	33.60%
Kiinteistö Oy Pohjois-Suurpelto	50.00%	50.00%
Kiinteistö Oy Tampereen Kyllikinkatu 15	23.50%	100.00%
Kiinteistö Oy Tampereen Tieteen Parkki	47.49%	47.49%
Marin autopaikat Oy	21.00%	21.00%
Mummunkujan pysäköinti Oy	26.51%	26.51%
Pihlajapysäköinti Oy	30.56%	30.56%
Ristikedonkadun Lämpö Oy	34.40%	34.40%
Ruukuntekijäntien paikoitus Oy	26.24%	26.24%
SKIPA Kiinteistöpalvelut Oy	20.63%	20.63%
Suurpellon Kehitys Oy	50.00%	50.00%
Asunto Oy Vantaan Lehtikallio 4:		
Kiinteistö Oy Lehtikallion pysäköinti	39.84%	39.84%
Asunto Oy Järvenpään Sibeliuksenkatu 27:		
Kiinteistö Oy Järvenpään Tupalantalli	33.33%	33.33%
Asunto Oy Vantaan Leinelänkaari 13:		
Leinelänkaaren Pysäköinti Oy	21.63%	21.63%
Asunto Oy Oulun Revonkuja 1:		
Kiinteistö Oy Revonparkki	20.37%	20.37%

Asunto Oy Tampereen Keskisenkatu 4:		
Kiinteistö Oy Tampereen Seponparkki	29.91%	45.98%
Asunto Oy Vantaan Arinatie 10:		
Kiinteistö Oy Arinaparkki Vantaa	25.59%	25.59%
Asunto Oy Lahden Radanpää 6:		
Asemantaustan Pysäköinti Oy	39.76%	39.76%
Asunto Oy Helsingin Kantelettarentie 15:		
Kiinteistö Oy Sävelkorttelin Parkkihalli	47.38%	47.38%
Kiinteistö Oy Vallikallion Toimistotalo:		
Kiinteistö Oy Valliparkki	31.31%	31.31%

32. Events after the end of the reporting 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.

Key figures, the formulas used in their calculation, and reconciliations 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 owners 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 its financial reporting. For 2013, figures are presented according to the FAS Financial Statements (Finnish Accounting Standards).
1) Calculated with FAS 2013 fair values
2) Excludes non-current assets held for sale
3) The calculation formula was changed in 2017 and the comperative figures adjusted to correspond to the current calculation method
4) Excluding internal transfers
5) Including non-current assets held for sale
6) 2017: the Board of Directors proposed that a dividend of EUR 6.80 per share. 2016: including extra dividend EUR 9.00
7) As of 1 Jan 2017 EUR 20 million of investment funds were reclassified from financial assets to cash and cash equivalents. The comparative period was not 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 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

$$\text{Earnings per share, €} = \frac{\text{Profit for the financial year attributable to owners of the parent company}}{\text{Weighted average number of shares outstanding during the financial year}}$$

$$\text{Equity per share, €} = \frac{\text{Equity attributable to owners of the parent company}}{\text{Number of shares at the end of the financial year}}$$

Alternative Performance Measures (APMs) based on ESMA guidelines

Operative result = Profit for the financial year - 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 financial instruments and other similar non-operative items.

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit for the financia year}}{\text{Total equity, average of opening and closing balances}} \times 100$$

ROE measures profit for the financial year in relation to equity.

This APM illustrates Kojamo's ability to generate return for the

owners.

$$\text{Return on investment (ROI), \%} = \frac{\text{Profit before taxes + Financial expenses}}{\text{(Total assets - Non-interest-bearing liabilities), average of opening and closing balances}} \times 100$$

ROI measures operating result in relation to invested capital. This APM illustrates Kojamo's ability to generate return for the invested funds.

$$\text{Equity ratio, \%} = \frac{\text{Total equity}}{\text{Total assets - Advances received}} \times 100$$

Equity to assets is an APM for balance sheet structure which discloses share of equity to total capital. The APM illustrates Group's financing structure.

$$\text{Loan to Value (LTV), \%} = \frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties}} \times 100$$

Loan to value discloses the ratio of net debt to investment properties.

The APM illustrates Group's indebtedness

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Dividend payout ratio measures the ratio of dividends to earnings. The APM illustrates the share of result that is distributed to Groups's owners.

EPRA NAV per share	=	Equity attributable to owners 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 year	

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, %	=	Rental income / Potential rental income at full occupancy	x 100
Tenant turnover, %	=	Terminated leases excluding internal transfers / Total number of apartments, average	x 100

Reconciliation of key figures

M€	2017	2016	2015	2014	2013 *)
Profit for the financial year	212.9	232.3	179.4	110.8	
Gaint/loss on sales of investment properties	-2.5	10.4	-2.7	4.6	
Gaint/loss on sales of trading properties	0.0	-0.1	0.0	0.2	
Gain/loss on sales of property, plant and equipment and intangible 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
Total assets 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
Equity attributable to owners of the parent company	2,038.6	1,859.5			
Fair value of derivatives	42.0	66.8			
Deferred tax related to fair value of investment properties and derivatives	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 its financial reporting. For 2013, figures are presented according to FAS financial statements.

1) Calculated with FAS 2013 fair values

Signatures to the financial statements

Helsinki, 15 February 2018

Riku Aalto Chairman of the Board of Directors		Mikko Mursula Vice-Chairman of the Board of Directors
Matti Harjuniemi	Olli Luukkainen	Jorma Malinen
Reima Rytsölä	Jan-Erik Saarinen	Ann Selin
Jani Nieminen CEO		

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Independent Auditor's Report

To the Board of Directors of Kojamo plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Kojamo plc (business identity code 0116336-2) for the year ended 31 December 2017. The financial statements comprise the consolidated balance sheet, consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the group in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Valuation of investment properties (refer to notes 1 and 11 to the consolidated financial statements)

- Investment properties measured at fair value (EUR 4,707 million) represent 95 % of the consolidated total assets as at 31 December 2017. Valuation of investment properties is considered a key audit matter due to management's estimates used in forecasts underlying the valuations, and significance of the carrying amounts involved.
- The fair values of investment properties are determined a property-specific basis using the transaction value, income value or acquisition cost. Determining the underlying key assumptions requires management to make judgements in respect of return requirements, maintenance costs and choice of actual sales considered comparable, among others.

- We assessed the assumptions used requiring management judgement, as well as the grounds for substantial changes in fair values. We also tested controls in place in the company over the fair value accounting.
- We involved KPMG valuation specialists, to test the technical appropriateness of the calculations, and to compare the assumptions used to market and industry data, on a sample basis.
- We met with the external property valuer (Authorised Property Valuer, AKA) used by the Group, to evaluate the appropriateness of the valuation method applied by Kojamo.
- We assessed the appropriateness of the disclosures provided on the investment properties.

Total revenue: recognition of rental income (refer to note 1 to the consolidated financial statements)

- The Group's total revenue consists almost solely of rental income from investment properties.
- The industry is marked by a large lease portfolio with a substantial number of invoicing and payment transactions monthly.

- We evaluated and tested controls over the accuracy of rental income, to assess the completeness and accuracy of total revenue.

Property acquisitions, divestments and investments (refer to notes 1, 4 and 11 to the consolidated financial statements)

- During the financial year, Kojamo carried one major property sale transaction. The Group acquired 75 apartments and sold 1,603 apartments. Furthermore, 983 apartments were completed in 2017 and 1,525 were under construction at the end of the financial year. The sale and purchase agreements for property acquisitions and disposals may have terms, which require judgement from management to consider the timing and amount of gains or losses arising from disposals.

- We evaluated the internal control environment and tested controls over the approval process for investment projects and property transactions.
- Our substantive procedures included assessing the appropriateness of the accounting treatment and the related documentation for major property transactions.

Accounting for interest-bearing liabilities and derivative instruments (refer to notes 1, 21 and 22 to the consolidated financial statements)

- At the year-end 2017, Kojamo's interest-bearing liabilities totaled EUR 2,283 million, representing 46 % of the consolidated balance sheet total.
- In 2017 Kojamo plc issued an unsecured EUR 500 million bond.
- The Group utilizes interest rate derivative contracts, measured at fair value. The nominal value of these derivatives totaled EUR 1,547 million as at 31 December 2017. Kojamo uses derivative contracts mainly to hedge its interest rate risk exposure. The Group applies hedge accounting to qualifying interest rate derivative instruments.

- Our audit procedures included evaluation of the appropriateness of the recognition and measurement policies for financial instruments, and testing of the controls relevant to the accuracy and measurement of financial instruments.
- We tested the accuracy of the measurements and the accruals for financial items, on a sample basis.
- We assessed the appropriateness of the hedge accounting as applied by Kojamo.
- We assessed the appropriateness of the disclosures provided on the interest-bearing liabilities and derivative instruments.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Helsinki 15 February, 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

The auditor's report presented above has been amended for the Offering Circular from the statutory auditor's report issued on February 15, 2018 which includes an opinion on both the parent company and the consolidated financial statements. As only the consolidated financial statements have been included in the Offering Circular, our report has been amended accordingly. No amendments have been made to the consolidated financial statements and thus the date of the auditor's report has not been changed.

1 June 2018, KPMG Oy Ab/Esa Kailiala, Authorised Public Accountant

VVO Group plc's

Financial Statements

1 Jan – 31 Dec 2016

VVO-yhtymä Oyj

Consolidated income statement, IFRS

M€	Note	1-12/2016	1-12/2015
Total revenue		**351.5**	**370.9**
Maintenance expenses		-90.3	-97.0
Repair expenses		-39.1	-46.5
Net rental income		**222.0**	**227.4**
Administrative expenses	5, 7	-37.4	-39.7
Other operating income	4	2.3	2.1
Other operating expenses	4	-3.1	-0.4
Gain/loss on sales of investment properties	4	-10.4	2.7
Gain/loss on sales of trading properties		0.1	0.0
Fair value change of investment properties	11	163.3	70.3
Depreciation, amortisation and impairment losses	6	-1.2	-1.2
Operating profit / loss		**335.6**	**261.2**
Financial income		2.4	7.8
Financial expenses		-48.4	-44.8
Total amount of financial income and expenses	8	**-46.0**	**-37.1**
Share of result from associated companies		0.1	0.6
Profit before taxes		**289.7**	**224.7**
Current tax expense	9	-35.4	-22.1
Change in deferred taxes	9	-22.1	-23.2
Profit/loss for the financial year		**232.3**	**179.4**
Profit for the financial year attributable to			
Owners of the parent company		232.3	179.3
Non-controlling interests		0.0	-0.1
Earnings per share based on profit attributable to owners of the parent company			
Basic, euro	10	31.38	24.23
Diluted, euro	10	31.38	24.23
Average number of the shares, millions	10	7.4	7.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

M €		1-12/2016	1-12/2015
Profit/loss for the financial year		**232.3**	**179.4**
Other comprehensive income			
Items that may be reclassified subsequently			
to profit or loss			
Cash flow hedging	8	-9.9	4.6
Available-for-sale financial assets		0.4	-1.6
Deferred taxes	9	1.9	-0.6
Items that may be reclassified subsequently to profit or loss		**-7.6**	**2.4**

The notes are an integral part of the consolidated financial statements.

Total comprehensive income for the financial year	**224.7**	**181.8**
Total comprehensive income attributable to		
Owners of the parent company	224.7	181.7
Non-controlling interests	0.0	-0.1

The notes are an integral part of the consolidated financial statements.

Consolidated balance sheet, IFRS

M€	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	13	0.8	1.1
Investment properties	3, 11	4,228.3	3,464.9
Property, plant and equipment	12	31.0	31.2
Investments in associated companies		1.2	1.0
Financial assets	14	0.6	0.5
Non-current receivables	15	5.6	2.2
Derivatives		2.0	
Deferred tax assets	16	15.4	12.0
Total non-current assets		**4,284.8**	**3,513.1**
Non-current assets held for sale	3, 11	70.7	541.0
Current assets			
Trading properties	17	0.9	1.0
Derivatives	22	0.3	
Current tax			
Assets		7.7	1.7
Trade and other receivables	18	6.8	8.8
Financial assets	14	69.0	54.6
Cash and cash equivalents	19	132.0	116.0
Total current assets		**216.7**	**182.0**
TOTAL ASSETS		**4,572.2**	**4,236.1**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	20	58.0	58.0
Share issue premium		35.8	35.8
Fair value reserve		-40.2	-32.6
Invested non-restricted equity reserve		17.9	17.9
Retained earnings		1,788.0	1,659.4
Equity attributable to owners of the parent company		**1,859.5**	**1,738.5**
Non-controlling interests			0.6
Total equity		**1,859.5**	**1,739.1**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	21	1,796.1	1,259.8
Deferred tax liabilities	16	453.4	429.8
Derivatives	22	68.3	48.4
Provisions	23	1.0	0.9
Other non-current liabilities	23	7.1	7.1
Total non-current liabilities		**2,325.9**	**1,746.0**

The notes are an integral part of the consolidated financial statements.

Liabilities associated with non-current assets held for sale	3	1.0	467.1
Current liabilities			
Loans and borrowings	21	326.8	234.7
Derivatives	22	0.9	1.3
Current tax liabilities		9.9	9.9
Trade and other payables	24	48.3	38.0
Total current liabilities		**385.8**	**283.9**
Total liabilities		**2,712.6**	**2,497.1**
TOTAL EQUITY AND LIABILITIES		**4,572.2**	**4,236.1**

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows, IFRS

M€	Note	1-12/2016	1-12/2015
Cash flow from operating activities			
Profit for the financial year		232.3	179.4
Adjustments	27	-46.6	9.0
Change in net working capital		-1.8	0.0
Interest paid		-38.0	-42.4
Interest received		0.7	0.6
Other financial items		-2.7	-0.5
Taxes paid		-41.4	-24.8
Net cash flow from operating activities		**102.4**	**121.3**
Cash flow from investing activities			
Acquisition of investment properties		-421.8	-230.9
Acquisition of associated companies		0.0	
Acquisition of property, plant and equipment and intangible assets		-0.1	-0.5
Proceeds from sale of investment properties		89.9	15.4
Proceeds from sale of associated companies		0.6	0.0
Proceeds from sale of property, plant and equipment and intangible assets		0.0	
Purchases of financial assets		-28.0	-39.0
Proceeds from sale of financial assets		14.0	53.7
Non-current loans, granted		-0.4	-0.2
Repayments of non-current loan receivables		0.2	0.5
Interest and dividends received on investments		0.4	1.3
Net cash flow from investing activities		**-345.1**	**-199.8**
Cash flow from financing activities			
Non-current loans and borrowings, raised		482.6	195.9
Non-current loans and borrowings, repayments		-154.9	-134.2
Current loans and borrowings, raised		390.1	252.3
Current loans and borrowings, repayments		-358.0	-209.1
Dividends paid		-103.6	-22.2
Net cash flow from financing activities		**256.1**	**82.7**
Change in cash and cash equivalents		**13.4**	**4.2**
Cash and cash equivalents in the beginning of period		**118.6**	**114.4**
Cash and cash equivalents at the end of period *)		**132.0**	**118.6**

*) Includes cash and cash equivalents related to non-current assets held for sale

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity, IFRS

M €	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
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 year					232.3	232.3	0.0	232.3
Total comprehensive income			**-7.6**		**232.3**	**224.7**	**0.0**	**224.7**
Transactions with owners								
Dividend payment					-103.6	-103.6		-103.6
Total transactions with owners					**-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**

M €	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attri-butable to owners of the parent company	Non-controlling interests	Total equity
Equity at 1 Jan 2015	58.0	35.8	-35.0	17.9	1,502.3	1,579.0	0.5	1,579.5
Comprehensive income								
Cash flow hedging			3.7			3.7		3.7
Available-for-sale financial assets			-1.3			-1.3		-1.3
Result for the financial year					179.3	179.3	0.1	179.4
Total comprehensive income			**2.4**		**179.3**	**181.7**	**0.1**	**181.8**
Transactions with owners								
Dividend payment					-22.2	-22.2		-22.2
Total transactions with owners					**-22.2**	**-22.2**	**0.0**	**-22.2**
Total change in equity			2.4		157.1	159.5	0.1	159.6
Equity at 31 Dec 2015	**58.0**	**35.8**	**-32.6**	**17.9**	**1,659.4**	**1,738.5**	**0.6**	**1,739.1**

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting policies for consolidated financial statements

Basic information of the Group

VVO Group plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive. On 31 December 2016, the Group owned 34,974 rental apartments across Finland. Of these, 31,108 are Lumo apartments and 3,866 are VVO apartments.

VVO Group's parent company, VVO Group plc, is a Finnish company domiciled in Helsinki. Its registered address is Mannerheimintie 168, 00300 Helsinki, Finland. The Board of Directors approved the financial statements for 2016 on 3 March 2017. A copy of the consolidated financial statements is available at www.vvo.fi/en or the parent company head office.

In its meeting on 3 March 2017, VVO Group plc's Board of Directors has approved these financial statements to be published. According to the Finnish Limited Liability Companies Act, the shareholders may approve or reject the financial statements in a General Meeting held after the publication of the financial statements. Moreover, the General Meeting may make a decision on altering the financial statements.

Basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in force on 31 December 2016. The International Financial Reporting Standards refer to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are endorsed by the EU in accordance with the procedure laid down in Regulation (EC) No. 1606/2002. VVO has not early adopted any standards or interpretations. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish accounting and corporate legislation supplementing the IFRS rules.

The figures in the consolidated financial statements are in euro, presented mainly as million euro. All the figures presented are rounded. Consequently, the sum of individual figures may deviate from the aggregate amount presented. The key figures are calculated using exact values. The consolidated financial statements are presented for the calendar year, which is also the reporting period for the parent company and the Group.

Investment properties, derivative instruments and available-for-sale financial assets are measured at fair value after initial recognition. In other respects, the consolidated financial statements are prepared on the basis of original cost, unless otherwise stated in the accounting policies.

Consolidation policies

The consolidated financial statements include the parent company VVO Group plc, the subsidiaries, interests in joint arrangements (joint operations) and investments in associated companies.

More detailed information on entities consolidated on the consolidated financial statements for 2016 is provided in Note 31 to the consolidated financial statements.

Subsidiaries

Subsidiaries are companies that are under the parent company's control. VVO is considered to control an entity when VVO is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its control over the entity. The control is usually based on the parent company's direct or indirect holding of more than 50 per cent of the voting rights in the subsidiary. Should facts or circumstances change in the future, VVO will reassess whether it continues to have control over the entity.

Mutual shareholdings are eliminated using the acquisition method. Subsidiaries acquired during the financial year are consolidated in the financial statements from the day of acquisition, when the Group gained control of the company. Divested subsidiaries are consolidated until the date of divestment, when control ceases. Intra-Group transactions, receivables, liabilities, essential internal margins and internal profit distribution are eliminated in the consolidated financial statements.

The result for the financial year and total comprehensive income are allocated to the owners of the parent company and non-controlling interests, and this allocation is presented in the income statement and statement of comprehensive income. The result and total comprehensive income for the financial year are allocated to the owners of the parent company and to non-controlling interests even in situations where the allocation would result in the non-controlling interests' share being negative, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling interests' investment in the company. Equity attributable to non-controlling interests is presented on the balance sheet separate from equity attributable to owners of the parent company.

Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or joint venture. In a joint operation, VVO has rights to the assets and obligations for the liabilities relating to the arrangement, whereas a joint venture is an arrangement in which VVO has rights to the net assets of the arrangement. All of VVO's joint arrangements are joint operations. They include those housing companies and mutual real estate companies in which VVO has a holding of less than 100 per cent. In these companies, the shares held by VVO carry entitlement to have control over specified premises.

VVO includes in its consolidated financial statements on a line-by-line basis and in proportion to its ownership its share of the assets and liabilities on the balance sheet related to joint operations, as well as its share of any joint assets and liabilities. In addition, VVO recognises its income and expenses related to joint operations, including its share of the joint income and expenses incurred jointly. VVO applies this proportional consolidation method to all the joint operations described above, regardless of the Group's holding. If the proportionally consolidated companies have such items on the comprehensive income statement or balance sheet that solely belong to VVO or other owners, these items are dealt with accordingly also in VVO's consolidated financial statements.

Associated companies

Associated companies are entities in which VVO has significant influence. Significant influence is basically defined as VVO holding 20–50 per cent of the votes in the company or VVO as otherwise exercising significant influence but not having control in the company. Holdings in associated companies are consolidated using the equity method from the date of acquiring significant influence until the date when the significant influence ends. VVO's share of the results of associated companies is shown in a separate line on the income statement.

Business combinations and asset acquisition

Acquisitions of investment properties by VVO are accounted for as an acquisition of an asset or a group of assets, or a business combination within the scope of IFRS 3 *Business Combinations*. Reference is made to IFRS 3 to determine whether a transaction is a business combination. This requires management judgment.

IFRS 3 is applied to the acquisition of investment property when the acquisition is considered to constitute a business. Usually, a single property and its leases do not constitute a business. To constitute a business, the acquisition of the property should include acquired operations and people carrying out these operations, such as marketing of properties, management of tenancies and property repairs and renovation.

The consideration transferred in the business combination and the identified assets and liabilities assumed of the acquired entity are measured at fair value on the acquisition date. Goodwill is recognised at the amount of consideration transferred, interest of non-controlling shareholders in the acquiree and previously held interest in the acquiree minus VVO's share of the fair value of the acquired net assets. Goodwill is not amortised, but it is tested for impairment at least annually.

Acquisitions that do not meet the definition of a business in accordance with IFRS 3 are accounted for as asset acquisitions. In this event, goodwill or deferred taxes, etc., are not recognised.

Translation of foreign currency items

Transactions in foreign currency are recorded in Euro at the exchange rate on the transaction date. On the last date of the reporting period, monetary receivables and liabilities denominated in foreign currencies are translated into Euro at the exchange rate of the last date of the reporting period. Gains and losses arising from transactions denominated in foreign currency and from translating monetary items are recognised in profit or loss, and they are included in financial income and expenses. Consolidated financial statements are presented in Euro, which is the parent company's functional and presentation currency.

The Group has very few transactions denominated in foreign currencies. VVO has no foreign entities.

Investment properties

General recognition and measurement principles for investment property

Investment property refers to an asset (land, building or part of a building) that VVO retains to earn rental income or capital appreciation, or both. An investment property can be owned directly or through an entity. Properties used for administrative purposes are owner-occupied property and included in the balance sheet line item "Property, plant and equipment". An investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property.

Investment property is measured initially at cost, including related transaction costs, such as transfer taxes and professional fees, as well as capitalised expenditure arising from eligible modernisation. The cost also includes related borrowing costs, such as interest costs and arrangement fees, directly attributable to the acquisition or construction of an investment property. The capitalisation of borrowing costs is based on the fact that an investment property is a qualifying asset, i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The capitalisation commences when the construction of a new building or extension begins and continues until such time as the asset is substantially ready for its intended use or sale. Capitalisable borrowing costs are either directly attributable costs accrued on the funds borrowed for a construction project or costs attributable to a construction project.

After initial recognition, investment property is carried at fair value. The resulting changes in fair values are recognised in profit or loss as they arise. Fair value gains and losses are presented netted as a separate line item in the income statement. According to IFRS 13, *Fair Value Measurement*, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Some of the investment properties are subject to legislative divestment and usage restrictions. 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.

VVO's investment property portfolio incorporates the completed investment property, investment property under construction and under major renovation and VVO Group's plot reserve. Properties classified as trading properties as well as properties classified as held for sale are included in the Group's property portfolio but excluded from the balance sheet item "Investment properties". A property is reclassified from "Investment properties" under "Trading properties" in the event of a change in the use of the property, and under "Non-current assets held for sale", when the sale of an investment property is deemed highly probable.

An investment property is derecognised from the balance sheet on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses on disposals are presented netted as a separate line item in the income statement.

In the property measurement model, the properties within the scope of balance sheet value and income value methods will be moved to the transaction value method after their property-specific restrictions end. The change of the valuation technique affects the fair value of the property.

Valuation techniques

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

Transaction value

Properties of which apartments can be sold by VVO 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 VVO 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. The resulting transaction value is individually adjusted, when deemed necessary, on the basis of the condition, location, and other characteristics of the rental 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.

Cost (balance sheet value)

VVO Group estimates that the 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 cost, less the depreciation accumulated up to the IFRS transition date and any impairment losses.

Fair value hierarchy

Inputs used in determining fair values (used in the valuation techniques) are classified on three levels in the fair value hierarchy. The fair value hierarchy is based on the source of inputs.

Level 1 inputs

Quoted prices (unadjusted) in active markets for identical investment property.

Level 2 inputs

Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 inputs

Unobservable inputs for investment property.

An investment property measured at fair value is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The fair value measurement for all of the investment property of VVO has been categorised as a Level 3 fair value, as observable market information for the determination of fair values has not been available.

Investment properties classified as held for sale

If the sale of an operative investment property is deemed highly probable, such a property is transferred from the balance sheet item “Investment property” to “Non-current assets held for sale”. On that date, the carrying amount of the property is considered to be recovered principally through a sale transaction rather than through continuing use in rental. Reclassification requires that a sale is deemed highly probable and:

- the investment property is available for immediate sale in its present condition subject to usual and customary terms
- management is committed to an active plan to sell the property and VVO has initiated a programme to locate a buyer and complete the plan
- the property is actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Investment properties classified as held for sale are measured at fair value.

Trading properties

Trading properties include properties meant for sale which do not meet the objectives of the company due to their location, type or size. A property is reclassified from the balance sheet item “Investment properties” under “Trading properties” in the event of a change in the use of the property. This is evidenced by the commencement of development with a view to sale. If an investment property is being developed with a view to sale, it will be accounted for as a trading property.

Trading properties are measured at the lower of cost and net realisation value. The net realisation value is the estimated selling price in the ordinary course of business deducted by the estimated costs necessary to make the sale. If the net realisation value is lower than the carrying amount, an impairment loss is recognised.

When a trading property becomes an investment property measured at fair value, the difference between the fair value on the transfer date and its previous carrying amount is recognised in the income statement under “Gain/loss on sales of trading properties”.

VVO’s trading properties include mainly individual apartments ready for sale, business premises and parking facilities that are meant for sale but have not been sold by the balance sheet date.

Property, plant and equipment

Property, plant and equipment are measured at their original cost, less accumulated depreciation and any impairment losses, adding capitalised costs related to modernisations. VVO’s property, plant and equipment consist mainly of buildings, land and machinery and equipment.

The cost includes costs that are directly attributable to the acquisition of the item of property, plant and equipment. If the item consists of several components with different useful lives, they are treated as separate items of property, plant and equipment. In this case, costs related to the replacement of a component are capitalised, and any remaining carrying amount is derecognised from the balance sheet in connection with the replacement. Government grants received for the acquisition of property, plant and equipment are recorded as a reduction of the cost of the said asset. The grants are recognised in income as lower depreciation charges over the useful life of the asset.

Costs that arise later as a result of additions, replacements of parts or maintenance, such as modernisation costs, are included in the carrying amount of the item of property, plant and equipment only in the event that the future economic benefit related to the asset will probably flow to VVO and the cost can be reliably determined. Maintenance and repair expenses are recognised through profit or loss as incurred.

Depreciation on property, plant and equipment is recognised on a straight-line basis over the useful life. No depreciation is charged on land, as land is considered to have an indefinite useful life.

The depreciation periods, based on the useful life, are as follows:

Buildings	67 years
Machinery and equipment in buildings	10–50 years
Office machinery and equipment	4 years
Cars	4 years

Gains and losses on sales and disposals of property, plant and equipment are recognised in the income statement and presented as other operating income and expenses.

Intangible assets

An intangible asset is recognised in the balance sheet only in the event that the cost of the asset can be reliably determined and the expected future economic benefit related to the asset will probably flow to VVO. Any other costs are recognised as expenses as incurred. Intangible assets are valued at cost less amortisation and any impairment losses. The Group’s intangible assets consist of licences and IT systems. Intangible assets are amortised on a straight-line basis over their estimated useful lives. Intangible assets with a time limit are amortised over the life of the contract. The amortisation periods for intangible assets are four to five years.

Research costs are recognised as an expense as incurred. Development costs are recognised as intangible assets in the balance sheet, provided that they can be reliably determined, the product or process is technically and commercially feasible, it will probably generate economic benefit in the future and the Group has the resources required for completing the development work and for using or selling the intangible asset.

The residual value, useful life and amortisation method of the asset are reviewed at least at the end of each financial year. When necessary, they are adjusted to reflect changes in the expectations on economic benefit.

VVO's consolidated balance sheet did not include goodwill in the periods being presented.

Impairment of intangible assets and property, plant and equipment

At least once a year, VVO carries out an assessment of any indications of impairment of intangible assets and property, plant and equipment. In practice, this is usually an asset group-specific assessment. If any indications of impairment are detected, the recoverable amount of the asset is determined.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is based on the expected future net cash flows resulting from the asset, discounted to the present. The recoverable amount is compared with the asset's carrying amount. An impairment loss is recognised if the recoverable amount is lower than the carrying amount. Impairment losses are recognised in the income statement. In connection with the recognition of the impairment loss, the useful life of the amortisable/depreciable asset is reassessed.

The impairment loss will be reversed later if the circumstances change and the recoverable amount has increased after the recognition of the impairment loss. However, reversal of impairment loss shall not exceed the asset's carrying amount less impairment loss. An impairment loss recognised on goodwill cannot be reversed under any circumstances.

Financial assets and liabilities

VVO applies the following principles to the classification of financial assets and liabilities and their recognition, derecognition and measurement.

The fair value hierarchy related to the fair value determination of financial assets and liabilities is similar to the hierarchy described in the Fair value hierarchy note to the consolidated financial statements.

Financial assets are classified as follows for the determination of measurement principles:

Financial asset category	Instruments	Measurement principle
1. Financial assets recognised at fair value through profit or loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Available-for-sale financial assets	a) Investments in unlisted securities b) Investments in other instruments with a reliably determinable fair value: fund investments and investments in bonds	a) Original cost less impairment losses b) Fair value, changes in value are basically recognised through other comprehensive income less impairment losses
3. Loans and receivables	Trade and loan receivables, fixed-term deposits and similar receivables	Amortised cost
4. Held-to-maturity investments	Bonds and similar assets	Amortised cost

The classification depends on the purpose for which the financial assets were acquired and takes place at initial recognition. Transaction costs are included in the original carrying amount of financial assets for items that are not measured at fair value through profit or loss. At the end of the financial year, VVO had no held-to-maturity investments. All purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which VVO undertakes to purchase or sell the financial instrument. Financial assets are derecognised from the balance sheet when VVO has lost its contractual right to the cash flows or when it has transferred a significant part of the risks and yield outside the Group.

Financial assets recognised at fair value through profit or loss

VVO uses derivative instruments only for hedging purposes. Those derivative instruments that do not meet the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* concerning the application of hedge accounting, or if VVO has decided not to apply hedge accounting to the instrument, are included in financial assets or liabilities recognised at fair value through profit or loss. These instruments are classified as held for trading.

Derivative instruments are initially recognised at fair value and are subsequently recognised at fair value on the last day of each reporting period.

VVO's derivative instruments consist of interest rate derivatives and electricity derivatives. The Group uses interest rate derivatives to hedge its interest rate risk exposure related to non-current loans and borrowings. This refers to changes caused by fluctuating market interest rates to future interest payment cash flows (cash flow hedging) and resulting volatility in profits. The purpose of electricity derivatives is to limit fluctuations in the Group's result caused by changing electricity prices. The positive fair values of derivative instruments are recognised in the balance sheet under non-current or current derivatives.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated to this category or not classified in any other financial asset category. They are included in non-current assets, unless the investment matures or the company intends to dispose of the investment within 12 months from the end of the reporting date.

Available-for-sale financial assets are measured at fair value. If the fair value cannot be reliably determined (unlisted securities), they are measured at cost less any impairment losses. The fair value is determined using quoted market rates and market prices at the reporting date and other appropriate valuation methods, such as recent transaction prices. Fair value changes of available-for-sale financial assets are recognised in other comprehensive income and presented in the fair value reserve net of tax. When a financial asset classified as available for sale is sold or an impairment is recognised on it, the cumulative change in fair value is transferred from equity and recognised through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They do not have quoted market prices and they are not held for trading. Loans and receivables include VVO's financial assets obtained by handing over cash, goods or services directly to a debtor. VVO's loans and receivables consist of trade receivables and other receivables.

Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. They are included in current financial assets if they mature within 12 months of the end of the reporting period. Otherwise, they are included in non-current financial assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments. They mature on a given date and VVO has the positive intention and ability to hold them until this date. They are measured at amortised cost less any impairment loss, using the effective interest method. They are included in non-current assets, providing that they do not mature within 12 months of the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents consist of cash and cash equivalents, which include bank deposits that can be raised on demand and other short-term highly liquid investments, such as interest securities. Items classified as cash equivalents mature within three months of the date of acquisition. They are readily convertible to a known amount of cash, and the risk of changes in value is insignificant. The cash and cash equivalents of non-profit companies are kept separate from those of other companies.

Impairment of financial assets

At the end of each reporting period, VVO assesses whether there is objective evidence of the impairment of any single financial asset or group of assets. 'Objective evidence' may refer to evidence such as a significant or long-lasting decrease in the value of an equity instrument, falling below the instrument's cost. Impairment loss is immediately recognised in the income statement. If the value is later restored, the reversal of the impairment is recognised in equity for equity instruments and through profit or loss for other investments.

Trade receivables are amounts that arise from renting our apartments. VVO recognises an impairment loss on an individual trade receivable when there is objective evidence that VVO will not be able to collect the full amount due. Credit losses are included in other operating expenses. Subsequent recoveries of amounts recognised as expenses are credited against other operating expenses in the income statement.

Financial liabilities are classified as follows:

Financial liability category	Instruments	Measurement principle
1. Financial liabilities recognised at fair value through profit or loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial liabilities measured at amortised cost (other financial liabilities)	Various debt instruments	Amortised cost

A financial liability is classified as current unless VVO has the unconditional right to defer the payment of the liability to at least 12 months from the end of the reporting period. Financial liabilities, or parts thereof, are not derecognised from the balance sheet until the liability has extinguished, i.e. once the contractually specified obligation is discharged or cancelled or expires.

Financial liabilities recognised at fair value through profit or loss

Financial liabilities recognised at fair value through profit or loss include electricity derivatives and those interest rate derivatives that are not subject to hedge accounting in accordance with IAS 39. Realised and unrealised gains and losses from changes in fair value are recognised in the income statement in the period in which they have arisen. In the balance sheet, the negative fair values of interest rate derivatives and electricity derivatives are included in non-current or current liabilities (line item Derivatives).

Financial liabilities measured at amortised cost (other financial liabilities)

Financial liabilities measured at amortised cost are initially recognised at fair value. Transaction costs directly attributable to the acquisition of loans and borrowings, such as arrangement fees that can be allocated to a particular liability, are deducted from the original amortised cost of the liability. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds and the redemption value is recognised as financial cost through profit or loss over the period of the borrowings.

Derivative instruments and hedge accounting

VVO Group uses interest rate derivatives to hedge its exposure to changes in future interest payment cash flows concerning non-current loans and borrowings. The majority of interest rate derivatives is subject to cash flow hedge accounting in accordance with IAS 39. Fluctuations in the Group's result caused by changing electricity prices are restricted by using electricity derivatives. Electricity derivatives are not subject to hedge accounting in accordance with IAS 39, even though these instruments are used for hedging.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently recognised at fair value.

At the beginning of the hedging relationship, the Group documents the relationships between each hedging instrument and hedged item as well as the objectives of risk management and the hedging strategy. The hedge effectiveness is assessed and documented both at the beginning of and during hedging in all financial statements. This includes demonstrating whether the derivatives are effective in reversing the changes in the cash flows of the hedged items.

Changes in the fair values of derivatives within hedge accounting are recognised in other comprehensive income insofar as the hedging is effective. Changes in value are reported in fair value reserve in equity. Interest payments arising from interest rate derivatives are recognised in interest expenses. If market interest rates are negative, interest rate swap hedges may lead to a situation in which both fixed and variable interest must be paid, and both of these interests are recognised in interest expenses. The ineffective portion of a hedge is immediately recognised in financial items in the income statement. The gains and losses accumulated in equity are recognised in the income statement at the same time with the hedged item.

Changes in value from derivatives not included in hedge accounting are recognised in financial items through profit or loss.

Government grants

VVO may receive various grants for its operations from different representatives of public administration. State-subsidised loans granted by the State Treasury constitute the most important form of government grants. VVO may receive a state-subsidised low-interest loan for specific properties supported by the government. The actual net interest expenses of these loans may be lower than interest expenses of market-based loans. The interest benefit obtained through the support from government is therefore netted into interest expenses in accordance with IAS 20

Accounting for Government Grants and Disclosure of Government Assistance and is not shown as a separate item in interest income.

Government grants are recognised only where it is reasonably certain that they will be received and VVO meets the criteria attached to the grant. Government grants are accounted for as part of the effective interest rate of the loan in question. The amount of government grants was low in the financial year.

Borrowing costs

Borrowing costs are usually recognised as financial expenses in the financial year during which they are incurred. However, borrowing costs attributable to qualifying assets, that is, mainly borrowing costs attributable to VVO's investment properties, such as interest costs and arrangement fees, directly resulting from the acquisition or construction of the above assets, are capitalised as part of the cost of the asset. The capitalisation principles of borrowing costs are described in more detail under Accounting policies for consolidated financial statements, in the section entitled General recognition and measurement principles for investment property.

Equity

An equity instrument is any contract that demonstrates a residual interest in VVO's assets after deducting all of its liabilities. The share capital consists of the parent company's ordinary shares classified as equity. Transaction costs directly attributable to the issue of new shares are presented in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases parent company's shares (treasury shares), the consideration paid, including any directly attributable transaction costs (net of taxes), is deducted from equity attributable to the owners of the parent company, until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and net of taxes, is directly recognised in equity attributable to the owners of the parent company.

Dividend distribution to the parent company's shareholders is recognised as a liability in the consolidated balance sheet in the period in which the dividends are approved by the company's General Meeting of Shareholders.

Provisions and contingent liabilities

A provision is recognised in the balance sheet when all the following criteria are met:

- VVO has a present legal or constructive obligation as a result of past events
- it is probable that an outflow of resources will be required to settle the obligation
- the amount of the obligation can be reliably estimated.

Provisions may result from restructuring plans, onerous contracts or obligations related to the environment, legal action or taxes. The Group's provisions on 31 December 2016 consisted ten-year guarantee reserves for VVO Kodit Oy's (VVO Rakennuttaja Oy's) founder construction. Their amount is based on VVO's experience of costs arising from the realisation of such liabilities.

The amount recognised as provision is the management's best estimate of costs required for settling an existing obligation on the last day of the reporting period. Where it can be expected some of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation resulting from past events and whose existence will be confirmed only by the occurrence of an uncertain future event that is beyond the Group's control (such as the result of pending legal proceedings). In addition, a present obligation that will probably not require a settlement of the obligation or the amount of which cannot be reliably determined is considered as a contingent liability. Contingent liabilities are presented in the notes.

Total revenue and revenue recognition principles

VVO's total revenue consists of rental income and charges for utilities. The total revenue is adjusted with indirect taxes and sales adjustment items. In addition, VVO recognises income for the selling of investment properties and financial income.

VVO's total revenue consists mainly of rental income from investment properties. Leases of investment properties with VVO as the lessor are classified as operating leases, as VVO retains a substantial proportion of the risks and rewards of ownership. Most of the leases are in force until further notice. Rental income accrued from operating leases is recognised on a straight-line basis over the lease term. As a lessor, VVO does not have leases that could be classified as finance leases. Tenants may generally terminate leases with one month's notice.

Relating to the leases, VVO collects utility charges, mainly sauna fees. This income is recognised on an accrual basis.

Interest income is recognised using the effective interest method, and dividend income is recognised when a right to receive payment has arisen.

An existing property owned by VVO is considered as sold, once the substantial risks and rewards associated with ownership have been transferred from VVO to the buyer. This usually takes place when control over shares is transferred. Income from selling property is presented in the income statement under Gain/loss on sales of investment properties.

Other operating income

Other operating income includes income not related to the actual business. It includes items such as gains on sale of intangible assets and property, plant and equipment, as well as income from debt collection activities.

Net rental income

Net rental income is calculated by deducting property maintenance and repair expenses from total revenue. These expenses comprise maintenance and annual repair expenses arising from the regular and continuous maintenance of the properties and are recognised immediately in the income statement.

Operating profit

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. At VVO, operating profit is defined as the net amount after adding other operating income to net rental income, then deducting sales and marketing expenses, administrative expenses and other operating expenses, the share in profits of associated companies and amortisation, depreciation, amortisation and impairment, and then adding/deducting gains/losses from the disposal of investment properties, from assessment at fair value, and from the disposal of trading properties. All the other income statement items except those mentioned above are presented below operating profit. Changes in the fair values of derivative instruments are included in operating profit if they arise from items related to business operations; otherwise they are recognised in financial items.

Employee benefits

The Group's employee benefits include the following:

- short-term employee benefits
- post-employment benefits
- termination benefits (benefits provided in exchange for the termination of an employment)
- other long-term employee benefits.

Short-term employee benefits

Wages, salaries, fringe benefits, annual leave and bonuses are included in short-term employee benefits and are recognised in the period in which the service is performed.

Post-employment benefits (pension plans)

Post-employment benefits are payable to employees after the completion of employment. At VVO, these benefits are related to pensions. Pension coverage in the Group is arranged through external pension insurance companies.

Pension plans are classified as defined contribution and defined benefit plans. VVO has only defined contribution plans. A defined contribution plan is a pension plan under which VVO pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the payee does not hold sufficient assets to pay out all pension benefits. Pension plans that are not defined contribution plans are defined benefit plans. Payments made into defined contribution plans are recognised through profit or loss in the periods that they concern.

Termination benefits

Termination benefits are not based on employee service but the termination of employment. These benefits consist of severance payments. Termination benefits result either from the Group's decision to terminate the employment or the employee's decision to accept the benefits offered by VVO in exchange for the termination of employment.

Other long-term employee benefits

VVO has a remuneration plan that covers the entire personnel, entitling them to benefits after a specific number of years of service. The discounted present value of the obligation resulting from the arrangement is recognised as a liability in the balance sheet on the last day of the reporting period.

Operating leases

Group as lessee

Leases in which the risks and rewards of ownership substantially remain with the lessee are accounted for as operating leases. Payments made under operating leases are recognised as an expense through profit or loss on a straight-line basis over the lease term. More information about VVO's operating leases is available in Note 26 to the consolidated financial statements (Operating leases).

Income tax

Recognition and measurement principles

The tax expense in the income statement comprises current tax and the change in deferred tax liabilities and assets. Income tax is recognised in profit or loss, except when income tax is related to items recognised directly in equity or other comprehensive income. In this event, the tax is also included in these items.

Current taxes are calculated from taxable profit determined in Finnish tax legislation using the tax rates that have been enacted or substantively enacted by the balance sheet date. Taxes are adjusted by any taxes related to previous years.

As a rule, deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities using the liability method. Acquisitions of individual assets as defined in IAS 12.15 b constitute an exception to this rule. In VVO, these assets include such investment property acquisitions that do not meet the criteria of a business and are therefore classified as asset acquisitions.

The most significant temporary difference in the Group is the difference between the fair values and tax bases of investment properties (residual tax value) owned by VVO. After the initial recognition, the investment property is measured at fair value through profit or loss at the end of the reporting period. Other temporary differences arise, for example, from the measurement of financial instruments at fair value.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available to VVO against which temporary differences can be utilised. The eligibility of the deferred tax asset for recognition is reassessed on the last day of each reporting period. Deferred tax liabilities are usually recognised in the balance sheet in full.

Deferred taxes are determined applying those tax rates (and tax laws) that are expected to apply at the time of paying the tax. Tax rates in force on the last day of the reporting period are used as the tax rate, or tax rates for the year following the financial year if they have been substantively enacted by the last day of the reporting period.

Accounting policies that require management judgement and key sources of estimation uncertainty

Management judgement related to the application of the accounting policies

The preparation of financial statements in accordance with IFRS requires VVO's management to make judgements on the application of the accounting policies, as well as estimates and assumptions that affect the amounts of reported assets, liabilities, income and expenses and the presented notes.

Management judgements affect the choice of accounting policies and their application. This particularly applies to cases for which the current IFRSs include alternative recognition, measurement or presentation methods.

VVO's management must exercise judgement when applying the following accounting policies:

Classification of properties:

VVO classifies its property portfolio into investment properties, trading properties and investment properties held for sale, in accordance with the principles described above. For instance, determining when a sale is considered to be highly probable in different circumstances requires management judgement. The classification has an effect on the financial statements, as the nature of the intended use of a property held by VVO affects the content of the required IFRS financial statement information.

Classification of long-term land leases:

Long-term land leases are classified as finance leases or operating leases. These leases signed by VVO with different municipalities have been analysed and on the basis of the analyses VVO has deemed them to be operating leases. This is based on the management's opinion that the significant risks and rewards associated with these leases are not transferred to VVO. More information about VVO's operating leases is available in Note 26 to the consolidated financial statements (Operating leases).

Business combinations and asset acquisitions:

Acquisitions of investment properties are classified either as acquisitions of an asset or assets (IAS 40) or business combinations (IFRS 3). If the acquisition of an investment property involves other operations in addition to the property, it is considered to be a business combination.

Deferred tax assets:

Determining whether to recognise a deferred tax asset on the balance sheet requires management judgement. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to VVO against which deductible temporary differences or tax losses carried forward can be utilised. A deferred tax asset recognised in a previous reporting period is recognised as an expense in the income statement, if VVO is not expected to generate enough taxable income to utilise the temporary differences or unused tax losses that constitute the basis for the deferred tax asset.

Recognition principle of deferred taxes:

As a rule, the deferred tax for investment properties measured at fair value is determined assuming that the temporary difference will reverse through sale. VVO can usually dispose of an investment property either by selling it in the form of property or by selling the shares in the company, such as a housing company.

Exception to the initial recognition of deferred taxes:

As a rule, deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities. An exception to this principal rule is constituted by acquisitions of single investment properties, which are not considered to meet the definition of a business according to IFRS 3. In this case, they are classified as asset acquisitions, for which no deferred tax is recorded in the balance sheet at initial recognition. Therefore, the classification of property acquisitions described above has an effect on the recognition of deferred taxes.

Key sources of estimation uncertainty

The estimates and related assumptions are based on VVO's historical experience and other factors, such as expectations concerning future events. These are considered to represent the management's best understanding at the time of evaluation and believed to be reasonable considering the circumstances. The actual results may differ from the estimates and assumptions used in the financial statements. Estimates and related assumptions are continually evaluated. Changes in accounting estimates are recorded for the period for which the estimate is being reviewed, if the change in the estimate concerns only that period. If the change in the estimate concerns both the period in question and later periods, the change in the estimate is recorded both for the period in question and the future periods.

Below are presented the most significant sections of the financial statements where the judgement described above has been applied by management, as well as the assumptions about the future and other key uncertainty factors in estimates at the end of the reporting period which create a significant risk of change in the carrying amounts of VVO's assets and liabilities within the next financial year.

The key sources of estimation uncertainty concern the following sections of the financial statements:Fair value measurement of investment property:

In VVO's consolidated financial statements, the determination of the fair value of investment property is the key area that involves the most significant uncertainty factors arising from the estimates and assumptions that have been used. The determination of the fair value of investment property requires significant management judgement and assumptions, particularly with respect to return requirements, vacancy rates, the development of rent levels and the comparability of transaction values in relation to the property being evaluated. More information about the fair value determination for VVO's investment properties is available in Note 11 to the consolidated financial statements (Investment properties).

VVO uses valuation techniques that are appropriate under those circumstances, and for which sufficient data is available to measure fair value. VVO aims to maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Determination of the fair value and impairment of financial instruments:

If there is no active market for the financial instrument, judgement is required to determine fair value and impairment. External mark to market valuations may be used for some interest rate derivatives. Recognition of impairment is considered if the impairment is significant or long-lasting. If the amount of impairment loss decreases during a subsequent financial year and the decrease can be considered to be related to an event occurring after the recognition of impairment, the impairment loss will be reversed. More information about VVO's financial instruments is available in Note 14 to the consolidated financial statements (Values of financial assets and liabilities by category).

New and revised standards and interpretations to be applied in subsequent financial years

IASB has issued new and amended standards and interpretations, the application of which is mandatory in financial years beginning on or after 1 January 2017. VVO has not applied these standards and interpretations to the preparation of these consolidated financial statements. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

New IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018): The new standard replaces the current IAS 18 and IAS 11 standards and related interpretations. IFRS 15 includes a five-step model for recognising revenue: to which amount and when it is recognised. Revenue is recognised as control is passed, either over time or at a point in time. The standard also increases the number of notes presented. In 2016, VVO assessed the impact of the change by analysing the key concepts of IFRS 15 with regard to 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 VVO's consolidated financial statements.

New IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2018): The standard replaces the existing standard IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments. This also covers a new expected credit loss model for determining impairment on financial assets. The requirements concerning general hedge accounting have also been revised. The requirements on recognition and derecognition of financial instruments from IAS 39 have been retained. The Group will start applying the standard as of 1 January 2018. The implementation of the re-classification and measurement of financial assets or new hedge accounting principles will result in some changes in current recognition practices, but their impact is minor when compared to the financial statements. It is also estimated that along with the IFRS 9 standard, hedge accounting can be applied more extensively. Changes in impairment principles will mainly affect expected credit losses recorded for trade receivables. The Group estimates that the impact will not be material.

New IFRS 16 *Leases* (effective for financial years beginning on or after 1 January 2019): The standard replaces the currently applied IAS 17 standard and related interpretations. The IFRS 16 standard requires lessees to record leases in the balance sheet as a lease liability and a related asset. Recording in the balance sheet is highly similar to the accounting for finance leases in accordance with IAS 17. There are two exemptions to recording in the balance sheet, applicable to short-term leases with a lease term of 12 months or less and assets with a value of USD 5,000 or less. For lessors, the accounting will largely remain as defined in the current IAS 17. The Group has started to assess the impact of the standard. The assessment is expected to be completed in 2017.

The adoption of the other amended standards and interpretations is not expected to have any material effects on the Group's financial statements.

2. Operating segment information

An operating segment is a component of VVO Group that engages in business activities from which it may earn revenues and incur expenses. Separate financial information is available about it and VVO's chief operating decision-maker evaluates it on a regular basis in order to make decisions on the allocation of resources to the segment and to assess its performance.

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

The Lumo segment contains the Group's parent company VVO Group plc and the group companies VVO Kodit Oy, VVO Vuokratalot Oy and VVO Palvelut Oy, as well as those 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 2018. 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 2018 belong to the VVO segment. The companies of the VVO segment are subject to the profit distribution restriction, and they can pay their owner an eight per cent return on own funds invested in them that have been confirmed by the Housing Finance and Development Centre of Finland (ARA). The return payable from the annual profits of companies subject to profit distribution restrictions totals approximately EUR 2.2 million. Some of the housing in the VVO segment is not subject to property-specific restrictions in accordance with the ARAVA Act.

The principles for preparing operating segment information are the same as the accounting principles for the Group.

Group consolidation methods include mainly expenses, assets and liabilities of the Group's shared operations.

VVO Group plc

M €	Lumo 1-12/2016	VVO 1-12/2016	Group consolidation methods	VVO Group Total 1-12/2016
Rental income	288.4	61.1	0.4	349.9
Other property income	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	0.0	-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	0.0	2.3
Other operating expenses	-0.7	-2.5	0.0	-3.1
Gain/loss on sales of investment properties	-1.2	-10.0	0.7	-10.4
Gain/loss on sales of trading properties	0.1	0.0	0.0	0.1
Fair value change of investment properties	159.3	4.0	0.0	163.3
Depreciation, amortisation and impairment losses	-1.2	0.0	0.0	-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 financial year				**232.3**
Investments	**695.6**	**0.5**	**0.0**	**696.0**
Investment properties	4,088.9	138.5	0.9	4,228.3
Investments in associated companies	1.2	0.0	0.0	1.2
Non-current assets held for sale	70.7	0.0	0.0	70.7
Cash and cash equivalents	30.3	101.7	0.0	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 associated with non-current assets held for sale	1.0	0.0	0.0	1.0
Other liabilities	573.6	17.0	-1.8	588.8
Total liabilities	**2,603.4**	**195.0**	**-85.8**	**2,712.6**

VVO Group plc

M €	Lumo 1-12/2015	VVO 1-12/2015	Group consolidation methods	VVO Group Total 1-12/2015
Rental income	203.3	164.4	1.9	369.6
Other property income	1.9	1.0	-1.6	1.4
Internal income	3.6	0.4	-3.9	0.0
Total revenue	**208.8**	**165.8**	**-3.6**	**370.9**
Maintenance expenses	-53.5	-44.9	1.4	-97.0
Repair expenses	-20.6	-25.9	0.0	-46.5
Net rental income	**134.6**	**94.9**	**-2.2**	**227.4**
Administrative expenses	-24.1	-18.9	3.3	-39.7
Other operating income	1.3	1.9	-1.1	2.1
Other operating expenses	-0.4	-0.2	0.2	-0.4
Gain/loss on sales of investment properties	2.2	0.6	0.0	2.7
Fair value change of investment properties	32.7	38.4	-0.8	70.3
Depreciation, amortisation and impairment losses	-1.2	0.0	0.0	-1.2
Operating profit / loss	**145.1**	**116.7**	**-0.6**	**261.2**
Financial income				7.8
Financial expenses				-44.8
Total amount of financial income and expenses				**-37.1**
Share of result from associated companies				0.6
Profit before taxes				**224.7**
Current tax expense				-22.1
Change in deferred taxes				-23.2
Profit/loss for the financial year				**179.4**
Investments	**228.1**	**6.9**	**-0.1**	**235.0**
Investment properties	3,331.7	133.1	0.2	3,464.9
Investments in associated companies	1.0	0.0	0.0	1.0
Non-current assets held for sale	0.0	541.0	0.0	541.0
Cash and cash equivalents	14.9	101.2	0.0	116.0
Other assets	213.5	81.3	-181.7	113.1
Total assets	**3,561.2**	**856.5**	**-181.6**	**4,236.1**
Interest bearing liabilities	1,435.1	235.2	-175.7	1,494.6
Liabilities associated with non-current assets held for sale	0.0	467.1	0.0	467.1
Other liabilities	500.7	39.8	-5.1	535.4
Total liabilities	**1,935.7**	**742.1**	**-180.8**	**2,497.1**

3. Non-current assets held for sale

VVO Group sold 8,571 cost principle apartments in different parts of Finland to Kiinteistö Oy M2-Kodit which is part of the Y-Foundation group. The first phase of the transaction was executed on 31 March 2016 and the remaining phase on 20 June 2016.

On 21 December 2016, VVO Group signed an SPA whereby its various group companies sold a total of 1,344 non-restricted apartments, located around Finland, to a company managed by Avant Capital Partners. The transaction was completed on 31 January 2017.

M €	31 Dec 2016	31 Dec 2015
Investment properties	70.6	534.3
Investments in associated companies		3.0
Receivables	0.1	1.2
Cash and cash equivalents		2.6
Total assets	70.7	541.0
Loans from financial institutions	0.1	460.7
Trade and other payables	0.9	6.4
Total liabilities	1.0	467.1
Net asset value	69.7	73.9

The investment properties remain to be measured at fair value in the financial statements (fair value hierarchy level 3).

The collaterals and commitments related to these items are presented in Note 28.

4. Gain/loss on sales of investment properties and other operating income and expenses

Profit/loss on sales of investment properties

M €	1-12/2016	1-12/2015
Profit on sales of investment properties	36.8	3.2
Loss on sales of investment properties	-47.2	-0.4
Total	**-10.4**	**2.7**

The most significant sales in 2016 were: Kiinteistö Oy M2-Kodit, 8,571 apartments; Rautatienkatu 12, Tampere, 81 apartments; Pinsiöntie 29, Nokia, 41 apartments.

Other operating income

M €	1-12/2016	1-12/2015
Income from the sales of fixed assets	0.0	0.3
Income from debt collection	1.5	1.3
Other	0.8	0.4
Total	**2.3**	**2.1**

Other operating expenses

M €	1-12/2016	1-12/2015
Expenses on construction contracting	0.6	0.4
Loss on sales	2.5	0.0
Total	**3.1**	**0.4**

Auditors' fees

M €	1-12/2016	1-12/2015
KPMG Oy Ab		
Audit	0.2	0.2
Tax consultancy	0.4	0.1
Advisory services	0.1	0.0
Total	**0.7**	**0.3**

5. Employee benefits expense

M €	1-12/2016	1-12/2015
Salaries and wages	16.3	18.0
Defined contribution pension plans	3.1	3.6
Other social security costs	0.8	0.7
Total	**20.2**	**22.4**

The management's employee benefits are presented in Note 29, Related party transactions.

	31 Dec 2016	31 Dec 2015
Number of personnel, average	298	364

6. Amortisation, depreciation and impairment

Amortisation and depreciation by asset group

M €	1-12/2016	1-12/2015
Intangible assets	0.4	0.4
Property, plant and equipment	0.8	0.7
Total	**1.2**	**1.2**

No impairment was recognised on intangible assets or property, plant and equipment.

7. Research and development expenditure

M €	1-12/2016	1-12/2015
Research and development	0.3	0.3
Total	**0.3**	**0.3**

VVO has no capitalised development expenditure. Development activities focus on the development of product concepts, improvement of electronic services and renewal of information systems.

8. Financial income and expenses

M €	1-12/2016	1-12/2015
Dividend income	0.0	0.2
Interest income	1.0	1.8
Change in fair value		
Recognised at fair value through profit and loss	1.3	3.0
Other financial income	0.2	2.8
Financial income, total	2.4	7.8
Interest expenses		
Interest expenses on liabilities recognised		
at amortised cost	-26.3	-31.2
Interest expenses from derivatives	-14.3	-9.8
Change in fair value		
Recognised at fair value through profit and loss	-8.5	-2.6
Other financial expenses	0.7	-1.3
Financial expenses, total	-48.4	-44.8
Financial income and expenses, total	**-46.0**	**-37.1**

Other comprehensive income

M €	1-12/2016	1-12/2015
Cash flow hedges	-9.9	4.6
Available-for-sale financial assets	0.4	-1.6
Total	**-9.5**	**3.0**

The changes in cash flow hedging arise from interest rate derivatives.

9. Income tax

The tax expense in the income statement is broken down as follows:

M €	2016	2015
Current tax expense	35.4	22.1
Change in deferred taxes	22.1	23.2
Total	**57.5**	**45.3**

Tax effects relating to components of other comprehensive income:

2016 M €	Pre-tax	Tax effect	Net of tax
Cash flow hedges	-9.9	2.0	-7.9
Available-for-sale financial assets	0.4	-0.1	0.3
Total	**-9.5**	**1.9**	**-7.6**

2015 M €	Pre-tax	Tax effect	Net of tax
Cash flow hedges	4.6	-0.9	3.7
Available-for-sale financial assets	-1.6	0.3	-1.3
Total	**3.0**	**-0.6**	**2.4**

Reconciliation between the tax expense shown in the income statement and tax calculated using the parent company's tax rate (tax rate 20%):

M €	1-12/2016	1-12/2015
Profit before taxes	289.7	224.7
Taxes with current tax rate	57.9	44.9
Tax-exempt Income / nondeductible costs	1.3	0.7
Previously unrecognised confirmed tax losses	-0.9	-1.3
Write-down of deferred tax assets previously recognised on confirmed tax losses	1.1	-0.3
Taxes from the previous financial years	-1.4	0.0
Share of result of associated companies	0.0	-0.1
Acquired investment properties	0.2	1.2
Sold investment properties	-0.9	0.0
Other	0.0	0.2
Adjustments total	**-0.5**	**0.3**
Taxes total recognised in profit and loss	**57.5**	**45.3**

10. Earnings per share

Earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent company by the weighted average number of the shares outstanding during the financial year.

M €	1-12/2016	1-12/2015
Profit of the financial year attributable to owners of the parent company	232.3	179.3
Weighted average number of the shares during the financial year, millions	7.4	7.4
Earnings per share		
Basic, euro	31.38	24.23
Diluted, euro	31.38	24.23

The company has no dilutive instruments.

11. Investment properties

M €	2016	2015
Fair value of investment properties, at 1 Jan	**3999.2**	**3708.8**
Acquisition of investment properties *)	664.9	187.1
Modernisation investments	29.3	45.8
Disposals of investment properties	-559.0	-14.9
Capitalised borrowing costs	1.7	2.0
Transfer to own use	-0.7	
Valuation gains/losses on fair value assessment	163.3	70.3
Fair value of investment properties, at 31 Dec	**4,298.9**	**3,999.2**

*) Includes the costs of new properties under construction, among others.

The fair values include the investment properties classified into Non-current assets held for sale, totalling EUR 70.6 (534.3) million.

The Group has acquisition agreements for new development and renovations, presented in Note 28.

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. Usage 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.

Investment properties by valuation classes		
M €	**31 Dec 2016**	**31 Dec 2015**
Properties measured at market value	3,287.7	2,417.6
Properties measured at yield value	602.9	697.2
Properties measured at acquisition method	408.3	884.4
Total	**4,298.9**	**3,999.2**

The above fair values include the investment properties classified into Non-current assets held for sale on 31 December 2016, totalling EUR 70.6 (534.3) million.

Measurement process of investment property

In the transaction value method, the measurement is performed with the help of 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. The resulting property-specific transaction value is individually adjusted based on the condition, location, and other characteristics of the rental property.

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.

In the cost method, rental properties are carried at original cost, less the depreciation accumulated up to the IFRS transition date and any impairment losses.

VVO Group performs internal measurement of investment property each quarter. The results of the assessment are reported to the Management Group, Audit Committee and Board of Directors. The measurement process, market conditions and other factors affecting the assessment of the fair value of properties are reviewed on a quarterly basis with the CEO and CFO in accordance with the Group's reporting schedule. Each quarter, an external independent expert, Realia Management Ltd, issues a statement on the valuation methods applied in the valuation of rental apartments and business premises owned by VVO Group as well as on the quality and reliability of the valuation.

Sensitivity analysis of investment properties			**31 Dec 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 expenses (M€)	35.7	17.9		-17.9	-35.7
Financial Occupancy rate (change in percentage points)	**-2 %**	**-1 %**	**0 %**	**1 %**	**2 %**
Rental income (M€)	-1.4	-0.7		0.7	1.4

Sensitivity analysis of investment properties	31 Dec 2015				
Change %	**-10 %**	**-5 %**	**0 %**	**5 %**	**10 %**
Properties measured at market values					
Change in market prices (M€)	-241.8	-120.9		120.9	241.8
Properties measured at yield values					
Yield requirement (M€)	76.9	36.4		-33	-62.9
Rental income (M€)	-118.8	-59.4		59.4	118.8
Maintenance expenses (M€)	45	22.5		-22.5	-45

Financial Occupancy rate (change in percentage points)	-2 %	-1 %	0 %	1 %	2 %
Rental income (M€)	-1.5	-0.7		0.7	

All of VVO'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 6.3 (7.2) per cent for rental homes included within the scope of the yield value method in 2016, and 10.0 (11.0) per cent for business premises.

12. Property, plant and equipment

M €	Land areas	Connection fees	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Cost at 1 Jan 2016	5.5	0.2	27.6	3.7	1.6	38.5
Increases				0.1		0.1
Decreases			-0.3	-0.1	0.0	-0.4
Transfer from investment properties	0.0	0.0	0.9	0.0	-0.1	0.9
Cost at 31 Dec 2016	5.5	0.2	28.2	3.7	1.6	39.0
Accumulated depreciation at 1 Jan 2016			-4.0	-3.2	-0.1	-7.3
Depreciation for the financial year			-0.4	-0.3	0.0	-0.7
Decreases				0.1		0.1
Transfer from investment properties			-0.2	0.0		-0.2
Accumulated depreciation at 31 Dec 2016			-4.6	-3.4	-0.1	-8.1
Carrying value at 1 Jan 2016	5.5	0.2	23.5	0.5	1.6	31.2
Carrying value at 31 Dec 2016	**5.5**	**0.2**	**23.5**	**0.3**	**1.5**	**31.0**

M €	Land areas	Connection fees	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Cost at 1 Jan 2015	5.5	0.2	27.6	3.6	1.6	38.4
Increases				0.2	0.1	0.3
Decreases				-0.1		-0.1
Cost at 31 Dec 2015	5.5	0.2	27.6	3.7	1.6	38.5
Accumulated depreciation at 1 Jan 2015			-3.6	-3.0	-0.1	-6.7
Depreciation for the financial year			-0.4	-0.3		-0.7
Decreases				0.1		0.1
Accumulated depreciation at 31 Dec 2015			-4.0	-3.2	-0.1	-7.3
Carrying value at 1 Jan 2015	5.5	0.2	23.9	0.6	1.5	31.7
Carrying value at 31 Dec 2015	**5.5**	**0.2**	**23.5**	**0.5**	**1.6**	**31.2**

13. Intangible assets

M €	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2016	2.5	3.0	5.5
Increases	0.1	0.0	0.1
Cost at 31 Dec 2016	2.6	3.0	5.6
Accumulated depreciation at 1 Jan 2016	-2.2	-2.2	-4.4
Amortisation for the financial year	-0.2	-0.3	-0.4
Accumulated depreciation at 31 Dec 2016	-2.3	-2.5	-4.8
Carrying value at 1 Jan 2016	0.3	0.8	1.1
Carrying value at 31 Dec 2016	**0.2**	**0.5**	**0.8**

M €	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2015	2.5	2.8	5.3
Increases		0.2	0.2
Cost at 31 Dec 2015	2.5	3.0	5.5
Accumulated depreciation at 1 Jan 2015	-2.0	-1.9	-4.0
Amortisation for the financial year	-0.2	-0.3	-0.4
Accumulated depreciation at 31 Dec 2015	-2.2	-2.2	-4.4
Carrying value at 1 Jan 2015	0.5	0.9	1.4
Carrying value at 31 Dec 2015	**0.3**	**0.8**	**1.1**

14. Values of financial assets and liabilities by category

			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	1,824.93		1,825.38		1,825.38
Bond	297.9		300.0		300.0
Trade payables	19.3				19.3

			31 Dec 2015		
M€	**Carrying value total**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**Fair value total**
Financial assets					
Measured at fair value					
Interest rate derivatives	1.9		1.9		1.9
Electricity derivatives	0.8	0.8			0.8
Available-for-sale financial assets	29.7	27.3	2.0	0.5	29.7
Measured at amortised cost					
Held-to-maturity investments	6.2	2.0	4.2		6.2
Loans and receivables	19.0	19.0			19.0
Trade receivables	3.6				3.6
Financial liabilities					
Measured at fair value					
Interest rate derivatives	-50.3		-50.3		-50.3
Electricity derivatives	-2.0	-2.0			-2.0
Measured at amortised cost					
Other interest-bearing liabilities	1,394.96		1,395.00		1,395.00
Bond	99.6		100.0		100.0
Trade payables	10.6				10.6

The fair value of loans and borrowings is the same as their nominal value. During the year there were no transfers between the fair value hierarchy levels.

A more detailed analysis of the fair values of interest rate derivatives included and not included in hedge accounting is presented in Note 22.

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 market price quoted in active markets exists for an instrument on the same terms, but the price may, however, 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 are not based on observable market data.

Level 3 reconciliation

Available-for-sale financial assets

M€	31 Dec 2016	31 Dec 2015
Beginning of period	0.5	0.6
Deductions	0.0	0.0
End of period	0.6	0.5

Available-for-sale financial assets 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.

15. Non-current receivables

M €	31 Dec 2016	31 Dec 2015
Loan receivables from associated companies	0.3	0.5
Other non-current receivables	3.1	0.0
Loan receivables from others	2.1	1.7
Total	**5.6**	**2.2**

16. Deferred tax assets and liabilities

Changes to deferred tax assets and liabilities in 2016 are as follows:

M €	1 Jan 2016	Recognised in profit and loss	Recognised in other comprehensive income	Other changes	31 Dec 2016
Deferred tax assets					
Confirmed losses	1.3	-0.5			0.9
Cash flow hedges	8.2		2.5		10.6
Electricity derivatives measured at fair value	0.2	-0.1			0.1
Other items/transfers	2.2	1.6			3.8
Total	**12.0**	**1.0**	**2.5**		**15.4**
Deferred tax liabilities					
Investment properties measured at fair value	429.6	23.1		0.0	452.6
Cash flow hedges			0.5		0.5
Financial instruments measured at fair value	0.0		0.1		0.1
Other items/transfers	0.2	0.0			0.2
Total	**429.8**	**23.1**	**0.6**	**0.0**	**453.4**

M €	1 Jan 2015	Recognised in profit and loss	Recognised in other comprehensive income	Other changes	31 Dec 2015
Deferred tax assets					
Confirmed losses		1.3			1.3
Cash flow hedges	9.1		-0.9		8.2
Electricity derivatives measured at fair value	0.2	0.1			0.2
Other items/transfers	2.5	-0.3			2.2
Total	**11.8**	**1.1**	**-0.9**	**0.0**	**12.0**
Deferred tax liabilities					
Investment properties measured at fair value	405.3	24.3			429.6
Financial instruments measured at fair value	0.3		-0.3		0.0
Other items/transfers	0.2				0.2
Total	**405.9**	**24.3**	**-0.3**	**0.0**	**429.8**

Expiration years for unrecognised confirmed losses

Year of expiration	2017-2018	2019-2020	2021-2022	2023-2024	2025-2026	Total
Confirmed losses	0.4	0.6	0.6	0.6	0.3	2.5
Unrecognised defered tax	0.1	0.1	0.1	0.1	0.1	0.5

Unrecognised deferred taxes include EUR (0.0) 0.7 million of tax assets from tax losses carried forward for properties transferred to Non-current assets held for sale.

17. Trading properties

M €	31 Dec 2016	31 Dec 2015
Trading properties	0.9	1.0
Total	**0.9**	**1.0**

18. Trade receivables and other receivables

M €	31 Dec 2016	31 Dec 2015
Trade receivables	4.2	3.6
Receivables from associated companies	0.0	0.1
Loan receivables	0.9	0.3
Other receivables	0.7	3.1
Prepaid expenses and accrued income	0.9	1.7
Total	**6.8**	**8.8**

Specification of prepaid expenses and accrued income	31 Dec 2016	31 Dec 2015
Rental services	0.5	0.6
Investments		0.8
Prepayments	0.2	0.2
Interests	0.0	0.0
Other prepaid expenses and accrued income	0.2	0.1
Total	**0.9**	**1.7**

The term of notice for leases is usually one month. The fair value of trade receivables and other receivables approximates their carrying amount.

19. Cash and cash equivalents

M €	31 Dec 2016	31 Dec 2015
Cash and cash equivalents	132.0	116.0
Total	**132.0**	**116.0**

20. Share capital and other equity funds

M €	Number of shares (1,000)	Share capital	Share premium reserve	Fair value reserve	Invested non-restricted equity reserve	Total
1 Jan 2016	7,403	58.0	35.8	-32.6	17.9	79.0
Change in other comprehensive income				-7.6		-7.6
31 Dec 2016	**7,403**	**58.0**	**35.8**	**-40.2**	**17.9**	**71.5**

M €	Number of shares (1,000)	Share capital	Share premium reserve	Fair value reserve	Invested non-restricted equity reserve	Total
1 Jan 2015	7,403	58.0	35.8	-35.0	17.9	76.7
Change in other comprehensive income				2.4		2.4
31 Dec 2015	**7,403**	**58.0**	**35.8**	**-32.6**	**17.9**	**79.1**

VVO Group plc has one share class. The share has no nominal value. All issued shares have been paid for in full.

Description of equity funds:

Shares

- The number of VVO Group plc shares issued as at 31 December 2016 was 7,402,560.

Share premium

- VVO Group plc has no such instruments in force that would accrue a share premium under the current Limited Liability Companies Act. The share premium was generated under the previous Limited Liability Companies Act.

Fair value reserve

- The fair value reserve contains the changes in fair values of the derivatives used to hedge cash flow and the available-for-sale financial assets

Invested non-restricted equity reserve

- The invested non-restricted equity reserve contains equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

Dividends

- A dividend of EUR 14.00 per share was paid in 2016. After the balance sheet date, 31 December 2016, the Board of Directors has proposed that a dividend of EUR 6.80 be paid per share.

Non-controlling interest

The non-controlling interest consists mainly of the 2015 result of Kiinteistö Oy Oulun Kotkankynsi. The company was fully (100%) acquired in 2016 and the name has been changed to Asunto Oy Oulun Jalohaukantie 1.

Restrictions related to the Group's equity

- VVO Group's retained earnings as at 31 December 2016, EUR 1,788.0 (1,659.4) million, include a total of EUR 521.8 (531.2) million of equity subject to profit distribution restrictions relating to non-profit operations. Equity subject to profit distribution restrictions includes the measurement of investment property at fair value.
- Some of the Group companies are subject to profit distribution restrictions under the non-profit provisions of housing legislation, according to which an entity cannot distribute funds its owner more than the profit regulated by housing legislation.

21. Interest-bearing liabilities

Non-current

M €	31 Dec 2016	31 Dec 2015
Interest subsidy loans	271.2	223.4
Annuity and mortgage loans	60.3	68.3
Market-based loans	1,461.2	964.5
Other loans	3.4	3.6
Total	**1,796.1**	**1,259.8**

Current

M €	31 Dec 2016	31 Dec 2015
Interest subsidy loans	53.6	75.3
Annuity and mortgage loans	1.3	1.7
Market-based loans	123.6	41.6
Other loans	7.0	7.3
Commercial papers	141.3	108.8
Total	**326.8**	**234.7**
Total interest-bearing liabilities	**2,122.8**	**1,494.6**

Liabilities do not include the liabilities associated with non-current assets held for sale, totalling EUR 0.1 (460.7) million.

Market-based loans include the bonds issued by VVO Group plc. The EUR 100 million secured bond issued in 2013 matures in 2020. The bond has a fixed annual interest rate of 3.25%. In 2016, a EUR 200 million secured bond was issued and listed on Nasdaq Helsinki Ltd. The loan matures in 2023 and its fixed coupon rate is 1.625%. The committed and non-committed credit limit agreements, signed for short-term financing, were unused at the balance sheet date.

Other non-current liabilities include the EUR 2.4 million capital loan received by VVO Kodit Oy from City of Tampere in 2001. The interest rate is six-month Euribor + 0.75%. The loan is repaid in 20 years.

22. Derivative instruments

Fair values of derivative instruments

		31 Dec 2016		31 Dec 2015
M€	Positive	Negative	Net	Net
Interest rate derivatives				
Interest rate swaps, cash flow hedges	2.2	-59.1	-56.9	-40.9
Interest rate swaps, not in hedge accounting		-3.0	-3.0	-2.6
Interest rate options, not in hedge accounting		-6.5	-6.5	-4.9
Electricity derivatives	0.2	-0.5	-0.4	-1.2
Total	**2.4**	**-69.2**	**-66.8**	**-49.7**

Nominal values of derivative instruments

M€	31 Dec 2016	31 Dec 2015
Interest rate derivatives		
Interest rate swaps, cash flow hedges	1,107.0	690.4
Interest rate swaps, not in hedge accounting	61.6	10.0
Interest rate options, not in hedge accounting	104.7	28.0
Total	**1,273.3**	**728.4**
Electricity derivatives, MWh	196,367	245,494

During the financial year, EUR -9.9 (4.6) 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 from 2017 to 2035. At the balance sheet date, the average maturity of the interest rate swaps was 6.2 (7.1) years. Electricity derivatives hedge against increases in electricity prices and mature from 2017 to 2021. Electricity derivatives are not included in hedge accounting.

23. Provisions and other non-current liabilities

Provisions

M €	31 Dec 2016	31 Dec 2015
Provisions	1.0	0.9

Provisions include EUR 1.0 (0.9) million of ten-year guarantee reserves for VVO Kodit Oy's (VVO Rakennuttaja Oy's) founder construction, estimated on the basis of experience.

Other non-current liabilities

M €	31 Dec 2016	31 Dec 2015
Accrued expenses and deferred income	0.8	1.4
Collateral payments	6.3	5.8
Total	**7.1**	**7.1**

24. Trade and other payables

M €	31 Dec 2016	31 Dec 2015
Advances received	4.6	5.6
Trade payables	19.3	10.6
Other current liabilities	1.3	1.1
Accrued expenses and deferred income	23.1	20.8
Total	**48.3**	**38.0**

Specification of accrued expenses and deferred income	31 Dec 2016	31 Dec 2015
Rental services	4.8	2.6
Investments	1.1	0.3
Personnel expenses	6.8	6.8
Interest	10.3	10.9
Other items	0.2	0.2
Total	**23.1**	**20.8**

25. Financial risk management

The financial risks associated with VVO Group's business are managed in accordance with the treasury policy confirmed by VVO Group plc's Board of Directors. The objective is to protect the Group against unfavourable changes in the financial markets. The management of financial risk is centralised in the Group's Treasury unit.

Interest rate risk

The most significant financial risk is related to interest rate fluctuations affecting the loan portfolio. This risk is managed through fixed interest rates and interest rate derivatives. The most significant interest rate risk is associated with the market-based loans which are hedged with interest rate derivatives according to VVO Group's treasury policy. The targeted hedging ratio is 50–100 per cent. At the balance sheet date, the hedging ratio was 77 (72) per cent.

The interest rate risk associated with interest subsidy loans is decreased by the State's interest subsidy. Interest subsidy loans are not hedged with interest rate derivatives, with the exception of some 10-year interest subsidy loans. The interest rate of annuity loans is tied to changes in Finnish consumer prices, and the interest costs for the following year are known in the preceding autumn. Rent in properties with state-subsidised loans is determined according to the cost principle. Therefore, any changes in interest rates are transferred to rents. In accordance with the treasury policy, VVO does not hedge these loans with interest rate derivatives.

The impact of changes in market interest rates on the income statement and equity are evaluated in the table below. The interest rate position affecting the income statement includes variable-rate loans and borrowings and interest rate derivatives not included in hedge accounting. The effect on equity results from changes in the fair values of interest rate derivatives included in hedge accounting. Some market-based loan agreements include a condition that the reference rate is minimum zero. As the short interest rates are currently negative, both fixed and variable interest legs must be paid in some interest rate swaps.

	31 Dec 2016				31 Dec 2015			
	Income Statement		Equity		Income Statement		Equity	
M€	**1 %**	**-0.1 %**	**1 %**	**-0.1 %**	**1 %**	**-0.1 %**	**1 %**	**-0.1 %**
Floating rate loans	-10.2	0.6			-7.7	0.5		
Interest rate derivatives	12.0	-1.2	71.2	-7.5	9.3	-1.1	49.0	-5.2
Total effect	1.8	-0.7	71.2	-7.5	1.6	-0.6	49.0	-5.2

Deferred tax effect is excluded from the calculation.

Liquidity and refinancing risk

The Group secures its liquidity through sufficient cash funds, the commercial paper programme and supporting credit limit agreements. Cash flow from the rental business is stable, and the sufficiency of liquidity is monitored with regular cash forecasts.

The Group's liquidity remained good in the financial year. In order to ensure its liquidity, the Group has a EUR 200 million parent company commercial paper programme, EUR 100 million committed credit facility agreements and a EUR 5 million non-committed credit facility agreement. A total of EUR 141.3 (108.8) million of the commercial paper programme was in use at the end of the financial year. All credit facilities were unused at the balance sheet date.

The functioning of the money market has been affected by tightened bank regulation, which has reflected on lending and the cost of funding. Due to VVO's strong financial position and stable cash flow, the risk associated with the availability of financing is not considered significant.

The availability of financing is ensured by maintaining VVO's good reputation among financiers and by keeping the equity ratio at an appropriate level. The risk associated with the availability of financing is mitigated by diversifying the maturities and financial instruments in the loan portfolio and by expanding the financier base. The maturing of bigger loans and borrowings are planned well in advance.

The following tables show the contractual repayment and interest cash flows of financial liabilities and derivative instruments.

31 Dec 2016

M€	Within 1 year	2-5 years	6-10 years	11-15 years	Later
Interest subsidy loans	55.8	242.3	7.1	4.0	27.8
Annuity and mortgage loans	3.9	15.8	20.2	27.3	42.2
Market-based loans	142.8	668.4	686.9	146.8	61.8
Other liabilities	0.4	3.2	6.3	0.1	0.9
Commercial papers	141.5	0.0	0.0	0.0	0.0
Interest rate derivatives	15.8	49.6	33.1	9.0	3.9
Total	**360.2**	**979.4**	**753.5**	**187.2**	**136.7**

31 Dec 2015

M€	Within 1 year	2-5 years	6-10 years	11-15 years	Later
Interest subsidy loans	79.1	182.8	17.9	3.9	29.0
Annuity and mortgage loans	5.1	19.4	23.7	26.9	37.2
Market-based loans	60.3	447.3	405.4	120.9	89.7
Other liabilities	0.2	1.0	2.6	0.1	0.3
Commercial papers	109.3	0.0	0.0	0.0	0.0
Interest rate derivatives	11.5	39.3	28.6	10.4	4.5
Total	**265.7**	**689.8**	**478.2**	**162.2**	**160.7**

The figures exclude liabilities related to non-current assets held for sale.

Price risk

The Group uses electricity derivatives to hedge against exposure to electricity price risk. The electricity derivatives hedge highly probable future electricity purchases, and the derivatives trading has been outsourced to an external expert. Electricity derivatives are not included in hedge accounting.

The Group's surplus cash may be invested in accordance with the approved principles of the treasury policy. Available-for-sale financial assets are subject to a price risk that is mitigated through diversification of investment assets. The investments do not involve a currency risk.

The sensitivity of the electricity derivatives and available-for-sale financial assets to +/-10% changes in the market price are shown in the table below.

	31 Dec 2016				31 Dec 2015			
	Income Statement		Equity		Income Statement		Equity	
M€	**10 %**	**-10 %**	**10 %**	**-10 %**	**10 %**	**-10 %**	**10 %**	**-10 %**
Electricity derivatives	0.3	-0.3			0.3	-0.3		
Available-for-sale financial assets			4.6	-4.6			2.9	-2.9
Total effect	0.3	-0.3	4.6	-4.6	0.3	-0.3	2.9	-2.9

Deferred tax effect is excluded from the calculation.

Credit risk

VVO Group does not have any significant credit risk concentrations. The majority of trade receivables consists of rent receivables, which are efficiently diversified. In addition, the use of rental deposits decreases the credit risk associated with rent receivables.

Aging analysis of trade receivables

M €	**31 Dec 2016**		**31 Dec 2015**	
Less than a month	1.1	29.0 %	1.0	28.5 %
1-3 months	2.2	57.4 %	2.2	60.2 %
3-6 months	0.3	8.8 %	0.2	6.8 %
6-12 months	0.1	3.1 %	0.1	1.8 %
More than a year	0.1	1.7 %	0.1	2.7 %
Total	**3.9**	**100.0 %**	**3.6**	**100.0 %**

Investments and derivative instruments involve a counterparty risk to financing activities. This risk is managed by choosing financially sound counterparties and with enough diversification.

Currency risk

The Group's cash flows are euro-denominated, and the business does not involve any currency risk.

Management of capital structure

The objective of the management of the Group's capital structure is to optimise the capital structure in relation to the current market conditions. The objective is to achieve a capital structure that best ensures the Group's strategic long-term operations and promotes the Group's growth targets.

In addition to the financial result, the Group's capital structure is affected by factors such as capital expenditure, asset sales, acquisitions, dividend payments, equity-based transactions and measurement at fair value. At the end of the financial year, the Group's loans did not involve financial covenants, but in the future, unsecured financing agreements will include ordinary financial covenants.

VVO Group plc's Board of Directors has set the Lumo segment's long-term equity ratio target at 40 per cent. On 31 December 2016, VVO Group's equity ratio was 40.7 (41.1) per cent and the interest cover ratio, representing ability to pay interest costs, was 4.8 (4.6). VVO Group's interest-bearing liabilities totalled EUR 2,122.8 (1,494.6) million. EUR 0.1 (460.7) million of interest-bearing liabilities have been transferred to Liabilities associated with non-current assets held for sale. The equity ratio calculation principle is presented in the financial statements under Formulas used in the calculation of the key figures.

M €	31 Dec 2016	31 Dec 2015
Interest-bearing liabilities	2,122.8	1,494.6
Cash and cash equivalents	132.0	116.0
Interest-bearing net liabilities	1,990.9	1,378.5
Total equity	1,859.5	1,739.1
Total assets	4,572.2	4,236.1
Equity ratio, %	40.7	41.1

26. Operating leases

Land lease contracts
Group as lessee

M €	31 Dec 2016	31 Dec 2015
The future minimum lease payable under operating leases		
During the following financial year	3.3	5.1
Due after following year and before five years	13.0	19.6
Due after five years	106.7	168.5
Total	**123.0**	**193.2**

Operating leases, vehicles	31 Dec 2016	31 Dec 2015
During the following financial year	0.6	0.7
Due in 2-5 years	0.9	0.8
Total	**1.5**	**1.5**

Non-current assets held for sale are associated with lease obligations amounting to EUR 0.9 (94.6) million from lease obligations.

The leases are mainly land leases with municipalities and cities. The maximum durations of the remaining agreements are 84 years, the average being 30 years.

Operating leases, vehicles	31 Dec 2016	31 Dec 2015
During the following financial year	0.6	0.7
Due in 2-5 years	0.9	0.8
Total	**1.5**	**1.5**

The operating leases are four-year car leases.

27. Adjustment to cash flow from operating activities

M €	31 Dec 2016	31 Dec 2015
Depreciation	1.2	1.2
Financial income and expenses	45.9	37.1
Income taxes	57.5	45.3
Share of result of associated companies	-0.1	-0.6
Profit/loss from investment properties measured at fair value	-163.3	-70.3
Profit/loss on sales of investment properties	10.4	-2.7
Other adjustments	1.8	-1.0
Total	**-46.6**	**9.0**

28. Collaterals, commitments and contingent liabilities

M€	31 Dec 2016	31 Dec 2015
Loans covered by pledges on property and shares as a collateral	1,986.5	1,849.7
Mortgages	2,446.2	2,551.5
Shares	312.0	213.6
Pledged collaterals total	**2,758.1**	**2,765.1**
Other collaterals given		
Mortgages and shares	5.8	12.8
Guarantees*)	479.9	433.3
Pledged deposits	0.2	
Other collaterals total	**485.9**	**446.1**

*) The guarantees granted are mainly absolute guarantees granted as collateral for liabilities contracted by Group companies

The figures for 31 December 2016 include obligations related to Non-current assets held for sale:
Liabilities with EUR 0.1 (493.0) million of pledges given as a guarantee; the collaterals given total EUR 0.4 (816.3) million.

Other off-balance sheet obligations

The most significant unrecognised acquisition agreements related to work in progress:

M€	31 Dec 2016	31 Dec 2015
New construction	342.7	253.9
Renovation	17.1	22.5
Total	**359.9**	**276.4**

The figures for 31 December 2015 include a total of EUR 0.7 million of renovation obligations related to Non-current assets held for sale.

Value added tax refund obligations

M €	31 Dec 2016	31 Dec 2015
Value added tax refund obligations	2.6	3.1

Land purchase obligations

M €	31 Dec 2016	31 Dec 2015
Purchase prices for target building rights and draft plans	4.5	14.3
Obligations for municipal infrastructure	4.3	4.4

Construction obligations

The land use agreement related to the zoned areas Suurpelto I and II in Espoo is subject to schedules for construction sanctioned with delay penalties.

The zoned areas are divided into three execution areas in the agreement. VVO holds building rights in these areas as follows: area 2 – 18,217 (18,217) floor sq m; and area 3 – -7,600 (16,125) floor sq m. The agreement stipulates that all of the residential building rights have to be used up by November 2013 in area 2 and by November 2016 in area 3. This schedule has not been fully met. The delay penalty is graded based on the period of delay and can at most, if the delay has continued for at least five years, be equal to half of the land use payments in accordance with the agreement. According to the agreement, the City of Espoo may, should circumstances change, lower the penalty or waive it altogether.

The land use agreement related to quarters 62007 and 62025 in Jokiniemi, Vantaa is subject to schedules for construction sanctioned with delay penalties. The construction obligation is divided into various forms of financing and ownership. The plot 92-62-7-2 is subject to a contingent EUR 0.6 million contractual sanction, payable to the City of Vantaa, related to changing the form of financing. The potential sanction falls due and is recognised in 2017 if the sanction criteria are met.

A plot located in the City of Vantaa (92-70-118-5) is subject to a schedule for construction sanctioned with delay penalties.

A plot located in the City of Espoo (49-12-220-1) is subject to a schedule for construction sanctioned with delay penalties.

A plot located in the City of Helsinki (91-40-176-8) is subject to a schedule for construction sanctioned with delay penalties. The construction started in 2016.

Plots located in the City of Helsinki (91-54-3-2, 91-54-1-3) are subject to an obligation to use them for rental housing. There is a contractual penalty for breaching this obligation.

VVO Group has some individual disputes pending, but the company considers these to be of negligible value.

Group companies have made commitments restricting the assignment and pledging of shares owned by them.

Other commitments

VVO Group signed a preliminary agreement on the acquisition of seven properties currently occupied by Metropolia University of Applied Sciences. VVO Group's VVO Kodit Oy signed a preliminary agreement on 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 with the City of Helsinki and Merasco Real Estate Ltd Oy. Under the terms of the agreement, the fixed sales price is set at EUR 80.9 million, as determined by a valuation based on existing building rights to develop further commercial provision. The sales price may be adjusted in the event that the building rights are amended following a revision of the local plan as applied for by the purchaser.

29. Related party transactions

Related parties

VVO Group's related parties include the parent company, subsidiaries, associated companies and joint arrangements. Other related parties are the key management personnel, comprising the members of the Board of Directors and Management Group, the CEO and the close members of their families. Shareholders holding 20 per cent or more of the shares of VVO Group are always considered related parties. Shareholders whose shareholding remains below 20 per cent are considered related parties if they otherwise are considered to have significant influence, such as through Board membership.

Transactions with shareholders consist of leases and insurance agreements and a single share transaction. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Information on VVO's holdings in subsidiaries, associated companies and joint arrangements is presented in Note 31.

Transactions with shareholders

M €	31 Dec 2016	31 Dec 2015
Leases		0.1
Insurance fees	4.5	3.9
Total	**4.5**	**4.0**

Outstanding balances with related parties

M €	31 Dec 2016	31 Dec 2015
Other current liabilities	0.2	0.3

Employee benefits of key management personnel

M €	31 Dec 2016	31 Dec 2015
Salaries and other short-term employee benefits	2.0	2.1

Salaries and fees paid to CEO and the Board of the Directors		
1 000 €	**31 Dec 2016**	**31 Dec 2015**
Jani Nieminen, Chief executive officer	738.3	744.7
Board of Directors		
Riku Aalto	28.4	27.8
Matti Harjuniemi	16.4	13.4
Olli Luukkainen	15.2	13.4
Jorma Malinen	15.8	12.2
Mikko Mursula, from 17th March 2016	17.6	
Reima Rytsölä	14.0	14.0
Jan-Erik Saarinen	16.4	14.0
Ann Selin	13.4	12.8
Tomi Aimonen, until 17th March 2016	1.2	17.0
Eloranta Jarkko	1.2	1.2
Laukkanen Ville-Veikko	1.2	1.2
Pesonen Pasi	1.2	1.2
Torsti Esko	1.2	
Ritakallio Timo		1.2
Board of Directors total	143.2	129.4
Total	**881.5**	**874.1**

Employees of VVO Group do not receive additional compensation for serving as Board members or the CEO of Group companies.

No shares or share derivatives were given to members of the Board of Directors during the financial year.

The retirement age for members of the Management Group is 63 years. Members of the Management Group belong to a defined contribution-based pension plan in which an insurance premium corresponding to two months' taxable income is paid annually into a group pension insurance plan.

The period of notice for terminating the CEO's employment relationship is twelve months.

30. Borrowing costs

M €	**31 Dec 2016**	**31 Dec 2015**
Capitalised borrowing costs	1.7	2.0
Yhteensä	**1.7**	**2.0**

Capitalisation rate, 2.2 (2.1) per cent

31. Subsidiaries, joint arrangements and associated companies owned by the Group and the parent

Subsidiaries and joint arrangements	VVO Group plc holding %	Group holding %
VVO-Yhtymä Oyj		
VVO Asunnot Oy	100.00 %	100.00 %
VVO Hoivakiinteistöt Oy	100.00 %	100.00 %
VVO Kodit Oy	100.00 %	100.00 %
VVO Korkotuki 2016 Oy	100.00 %	100.00 %
VVO Korkotuki 2017 Oy	100.00 %	100.00 %
VVO Korkotuki 2018 Oy	100.00 %	100.00 %
VVO Korkotuki 2019 Oy	100.00 %	100.00 %
VVO Korkotuki 2020 Oy	100.00 %	100.00 %
VVO Korkotuki 2021 Oy	100.00 %	100.00 %
VVO Palvelut Oy	100.00 %	100.00 %
VVO Vuokratalot Oy	100.00 %	100.00 %
VVOhousing 2 Oy	100.00 %	100.00 %
VVOhousing 4 Oy	100.00 %	100.00 %
VVOhousing 5 Oy	100.00 %	100.00 %
VVOhousing 6 Oy	100.00 %	100.00 %
VVOhousing 7 Oy	100.00 %	100.00 %
VVOhousing 8 Oy	100.00 %	100.00 %
VVOhousing 9 Oy	100.00 %	100.00 %
VVOhousing 10 Oy	100.00 %	100.00 %
VVOhousing 11 Oy	100.00 %	100.00 %
VVOhousing 12 Oy	100.00 %	100.00 %
Kiinteistö osakeyhtiö Pikkuhirvas	100.00 %	100.00 %
Kotinyt Oy	100.00 %	100.00 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Kodit Oy		
As Oy Kuopion Havuketo	100.00 %	100.00 %
As Oy Turun Puistokatu 12	100.00 %	100.00 %
As Oy Vantaan Junkkarinkaari 7	100.00 %	100.00 %
As. Oy Heinolan Korvenkaarre	73.30 %	73.30 %
As. Oy Helsingin Haapaniemenkatu 11	100.00 %	100.00 %
As. Oy Kuopion Kaarenkulma	100.00 %	100.00 %
As. Oy Malski 3, Lahti	100.00 %	100.00 %
As. Oy Pihavaahtera	100.00 %	100.00 %
Asunto Oy Espoon Henttaan Puistokatu C	100.00 %	100.00 %
Asunto Oy Espoon Henttaankaari A	100.00 %	100.00 %
Asunto Oy Espoon Kilonportti 3	100.00 %	100.00 %
Asunto Oy Espoon Klariksentie 6	100.00 %	100.00 %
Asunto Oy Espoon Koivu-Mankkaan tie 1 b	100.00 %	100.00 %
Asunto Oy Espoon Likusterikatu A	100.00 %	100.00 %
Asunto Oy Espoon Marinkallio 4	100.00 %	100.00 %
Asunto Oy Espoon Marinkallio 6	100.00 %	100.00 %
Asunto Oy Espoon Marinkallio 8	100.00 %	100.00 %
Asunto Oy Espoon Nihtitorpankuja 3	100.00 %	100.00 %
Asunto Oy Espoon Reelinkikatu 2	100.00 %	100.00 %
Asunto Oy Espoon Saunalahdenkatu 2	100.00 %	100.00 %
Asunto Oy Espoon Servinkuja 3	100.00 %	100.00 %
Asunto OY Espoon Soukanrinne	100.00 %	100.00 %
Asunto Oy Espoon Suurpelto 44	100.00 %	100.00 %
Asunto Oy Espoon Suurpelto 5	100.00 %	100.00 %
Asunto Oy Espoon Tietäjäntie 3	100.00 %	100.00 %

Asunto Oy Espoon Uuno Kailaan katu 4	100.00 %	100.00 %
Asunto Oy Espoon Uuno Kailaan katu 5	100.00 %	100.00 %
Asunto Oy Espoon Uuno Kailaan katu 6	100.00 %	100.00 %
Asunto Oy Hattulan Jukolankuja 3	100.00 %	100.00 %
Asunto Oy Helsingin Capellan puistotie 4	100.00 %	100.00 %
Asunto Oy Helsingin Haapsalunkuja 4	100.00 %	100.00 %
Asunto Oy Helsingin Henrik Borgströmin tie 2	100.00 %	100.00 %
Asunto Oy Helsingin Hesperiankatu 18	100.00 %	100.00 %
Asunto Oy Helsingin Hilapellontie 2c	100.00 %	100.00 %
Asunto Oy Helsingin Hilapellontie 2d	100.00 %	100.00 %
Asunto Oy Helsingin Hopeatie 9	100.00 %	100.00 %
Asunto Oy Helsingin Kadetintie 6	100.00 %	100.00 %
Asunto Oy Helsingin Kahvipavunkuja 3	100.00 %	100.00 %
Asunto Oy Helsingin Kahvipavunkuja 4	100.00 %	100.00 %
Asunto Oy Helsingin Karavaanikuja 2	100.00 %	100.00 %
Asunto Oy Helsingin Karhulantie 13	100.00 %	100.00 %
Asunto Oy Helsingin Katariinankartano	100.00 %	100.00 %
Asunto Oy Helsingin Katariinankoski	100.00 %	100.00 %
Asunto Oy Helsingin Kauppakartanonkuja 3	100.00 %	100.00 %
Asunto Oy Helsingin Koirasaarentie 23	100.00 %	100.00 %
Asunto Oy Helsingin Kontulantie 19	100.00 %	100.00 %
Asunto Oy Helsingin Koskikartano	100.00 %	100.00 %
Asunto Oy Helsingin Kotkankatu 9	100.00 %	100.00 %
Asunto Oy Helsingin Lauttasaarentie 27	100.00 %	100.00 %
Asunto Oy Helsingin Leikkikuja 2	100.00 %	100.00 %
Asunto Oy Helsingin Leonkatu 21	100.00 %	100.00 %
Asunto Oy Helsingin Maasälväntie 5 ja 9	100.00 %	100.00 %
Asunto Oy Helsingin Marjatanportti	100.00 %	100.00 %
Asunto Oy Helsingin Messeniuksenkatu 1B	100.00 %	100.00 %
Asunto Oy Helsingin Oulunkylän tori 1	100.00 %	100.00 %
Asunto Oy Helsingin Palmsenpolku 2	100.00 %	100.00 %
Asunto Oy Helsingin Pertunpellontie 6	100.00 %	100.00 %
Asunto Oy Helsingin Pertunpellontie 8	100.00 %	100.00 %
Asunto Oy Helsingin Plazankuja 5	100.00 %	100.00 %
Asunto Oy Helsingin Posetiivari	100.00 %	100.00 %
Asunto Oy Helsingin Pärnunkatu 6	100.00 %	100.00 %
Asunto Oy Helsingin Ratarinne	100.00 %	100.00 %
Asunto Oy Helsingin Retkeilijänkatu 1	100.00 %	100.00 %
Asunto Oy Helsingin Risupadontie 6	100.00 %	100.00 %
Asunto Oy Helsingin Sörnäistenkatu 12	100.00 %	100.00 %
Asunto Oy Helsingin Tilketori 2	93.06 %	93.06 %

Asunto Oy Helsingin Tuulensuunkuja 3	100.00 %	100.00 %
Asunto Oy Helsingin Valanportti	100.00 %	100.00 %
Asunto Oy Helsingin Vuorenpeikontie 5	100.00 %	100.00 %
Asunto Oy Helsingin Välimerenkatu 8	100.00 %	100.00 %
Asunto Oy Hilapellontie 4	100.00 %	100.00 %
Asunto Oy Hyvinkään Merino	100.00 %	100.00 %
Asunto Oy Hyvinkään Mohair	100.00 %	100.00 %
Asunto Oy Hyvinkään Värimestarinkaari 3	100.00 %	100.00 %
Asunto Oy Hämeenlinnan Aurinkokatu 10	100.00 %	100.00 %
Asunto Oy Hämeenlinnan Hilpi Kummilantie 16	100.00 %	100.00 %
Asunto Oy Hämeenlinnan Kajakulma	73.97 %	73.97 %
Asunto Oy Hämeenlinnan Turuntie 38	100.00 %	100.00 %
Asunto Oy Hämeenlinnan Uusi-Jukola	100.00 %	100.00 %
Asunto Oy Hämeentie 48	100.00 %	100.00 %
Asunto Oy Jyväskylän Kukkumäentie	100.00 %	100.00 %
Asunto Oy Jyväskylän Runkotie 3 B	100.00 %	100.00 %
Asunto Oy Jyväskylän Runkotie 5 C	100.00 %	100.00 %
Asunto Oy Jyväskylän Tellervonkatu 8	97.58 %	97.58 %
Asunto Oy Jyväskylän Väinönkatu 15	100.00 %	100.00 %
Asunto Oy Järvenpään Antoninkuja 3	100.00 %	100.00 %
Asunto Oy Järvenpään Metallimiehenkuja 2	100.00 %	100.00 %
Asunto Oy Järvenpään Peltotilkku	100.00 %	100.00 %
Asunto Oy Järvenpään Reki-Valko	100.00 %	100.00 %
Asunto Oy Järvenpään Rekivatro	100.00 %	100.00 %
Asunto Oy Järvenpään Sibeliuksenkatu 27	100.00 %	100.00 %
Asunto Oy Kalasääksentie 6	100.00 %	100.00 %
Asunto Oy Kauniaisten Asematie 10	100.00 %	100.00 %
Asunto Oy Kauniaisten Asematie 12-14	100.00 %	100.00 %
Asunto Oy Kauniaisten Bredantie 8	100.00 %	100.00 %
Asunto Oy Kauniaisten Kavallinterassit	100.00 %	100.00 %
Asunto Oy Kauniaisten Thurmaninpuistotie 2	100.00 %	100.00 %
Asunto Oy Kaustisenpolku 5	100.00 %	100.00 %
Asunto Oy Keravan Eerontie 3	100.00 %	100.00 %
Asunto Oy Keravan Palopolku 3	99.57 %	99.57 %
Asunto Oy Kirkkonummen Vernerinkuja 5	100.00 %	100.00 %
Asunto Oy Kivivuorenkuja 1	100.00 %	100.00 %
Asunto Oy Kivivuorenkuja 3	100.00 %	100.00 %
Asunto Oy Konalantie 14	100.00 %	100.00 %
Asunto Oy Kuopion Kelkkailijantie 4	100.00 %	100.00 %
Asunto Oy Kuopion Sompatie 7	100.00 %	100.00 %
Asunto Oy Kuopion Sompatie 9	100.00 %	100.00 %
Asunto Oy Lahden Sorvarinkatu 5	100.00 %	100.00 %
Asunto Oy Lahden Vanhanladonkatu 2	100.00 %	100.00 %

Asunto Oy Lahden Vihdinkatu 4	100.00 %	100.00 %
Asunto Oy Lahden Vihdinkatu 6	100.00 %	100.00 %
Asunto Oy Lappeenrannan Gallerianpolku	100.00 %	100.00 %
Asunto Oy Lappeenrannan Koulukatu 13	100.00 %	100.00 %
Asunto Oy Lappeenrannan Nurmelanpirtti	100.00 %	100.00 %
Asunto Oy Lappeenrannan Sammonkatu 3-5	100.00 %	100.00 %
Asunto Oy Lappeenrannan Upseeritie 12	100.00 %	100.00 %
Asunto Oy Lintukallionrinne 1	100.00 %	100.00 %
Asunto Oy Oulun Kitimenpolku 21	100.00 %	100.00 %
Asunto Oy Oulun Tervahanhi 1	98.65 %	98.65 %
Asunto Oy Oulun Tietolinja 11	100.00 %	100.00 %
Asunto Oy Pirtinketosato	63.55 %	63.55 %
Asunto Oy Pohtolan Kynnys	100.00 %	100.00 %
Asunto Oy Pohtolan Kytö	100.00 %	100.00 %
Asunto Oy Porin Kansankulma	100.00 %	100.00 %
Asunto Oy Rautamasuuni	100.00 %	100.00 %
Asunto Oy Rientolanhovi	100.00 %	100.00 %
Asunto Oy Riihimäen Mäkiraitti 17	93.22 %	93.22 %
Asunto Oy Rovaniemen Koskikatu 9	100.00 %	100.00 %
Asunto Oy Rovaniemen Pohjolankatu 11	100.00 %	100.00 %
Asunto Oy Rovaniemen Tukkivartio	100.00 %	100.00 %
Asunto Oy Salamankulma	66.18 %	66.18 %
Asunto Oy Tampereen Koipitaipaleenkatu 9	100.00 %	100.00 %
Asunto Oy Tampereen Nuolialantie 44	100.00 %	100.00 %
Asunto Oy Tampereen Pohtolan Pohja	100.00 %	100.00 %
Asunto Oy Tampereen Satakunnankatu 21	100.00 %	100.00 %
Asunto Oy Tampereen Tuomiokirkonkatu 32	100.00 %	100.00 %
Asunto Oy Toppilan Tuulentie 2	100.00 %	100.00 %
Asunto Oy Tuiran Komuntalo	100.00 %	100.00 %
Asunto Oy Turun Aurinkorinne	81.50 %	81.50 %
Asunto Oy Turun Vänrikinkatu 2	100.00 %	100.00 %

Asunto Oy Tuusulan Bostoninkaari 2	100.00 %	100.00 %
Asunto Oy Tuusulan Kievarinkaari 4	100.00 %	100.00 %
Asunto Oy Tuusulan Metsontie 2	82.55 %	82.55 %
Asunto Oy Tuusulan Männistöntie 1	100.00 %	100.00 %
Asunto Oy Vantaan Aerolan A-talot	100.00 %	100.00 %
Asunto Oy Vantaan Elmontie 11	100.00 %	100.00 %
Asunto Oy Vantaan Hiiritornit	100.00 %	100.00 %
Asunto Oy Vantaan Keikarinkuja 3	100.00 %	100.00 %
Asunto Oy Vantaan Kilterinaukio 4	100.00 %	100.00 %
Asunto Oy Vantaan Kilterinkaari 2	100.00 %	100.00 %
Asunto Oy Vantaan Krassitie 8	97.17 %	97.17 %
Asunto Oy Vantaan Lauri Korpisen katu 10	100.00 %	100.00 %
Asunto Oy Vantaan Lauri Korpisen katu 8	100.00 %	100.00 %
Asunto Oy Vantaan Lehtikallio 4	100.00 %	100.00 %
Asunto Oy Vantaan Leinelänkaari 13	100.00 %	100.00 %
Asunto Oy Vantaan Leinelänkaari 14	100.00 %	100.00 %
Asunto Oy Vantaan Leineläntie 3	100.00 %	100.00 %
Asunto Oy Vantaan Neilikkapolku	100.00 %	100.00 %
Asunto Oy Vantaan Pyhtäänkorvenkuja 4 ja 6	100.00 %	100.00 %
Asunto Oy Vantaan Pyhtäänkorventie 25	100.00 %	100.00 %
Asunto Oy Vantaan Tammistonvuori	100.00 %	100.00 %
Asunto Oy Verkkotie 3	100.00 %	100.00 %
Asunto Oy Vähäntuvantie 6	100.00 %	100.00 %
Eerikinkatu 7 Kehitys Oy	100.00 %	100.00 %
Kiint. Oy Taivaskero 2	100.00 %	100.00 %
Kiinteistö Oy Helsingin Eliaksentalo 1	100.00 %	100.00 %
Kiinteistö Oy Malminhaka	90.00 %	90.00 %
Kiinteistö Oy Mannerheimintie 168	82.61 %	82.61 %
Kiinteistö Oy Saarensahra	100.00 %	100.00 %
Kiinteistö Oy Saariniemenkatu 6	100.00 %	100.00 %
Kiinteistö Oy Satonkaarre	90.00 %	90.00 %
Kiinteistö Oy Siilinjärven Kirkkorinne	100.00 %	100.00 %
Kiinteistö Oy Tuureporin Liiketalo	100.00 %	100.00 %
Kiinteistö Oy Uuno Kailaan kadun pysäköinti	100.00 %	100.00 %
Kiinteistö Oy Vantaan Pyhtäänpolku	100.00 %	100.00 %
Kiinteistö Oy Ylä-Malmintori	100.00 %	100.00 %
Kiinteistöosakeyhtiö Näsilinnankatu 40	100.00 %	100.00 %
Kilterin Kehitys Oy	100.00 %	100.00 %

Lumo Eerikinkatu VII Holding 1 Oy	100.00 %	100.00 %
Lumo Eerikinkatu VII Holding 2 Oy	100.00 %	100.00 %
Lumo Hankeyhtiö 1 Oy	100.00 %	100.00 %
Lumo Hankeyhtiö 2 Oy	100.00 %	100.00 %
Lumo Hankeyhtiö 3 Oy	100.00 %	100.00 %
Lumo Hankeyhtiö 4 Oy	100.00 %	100.00 %
Lumo Holding 1 Oy	100.00 %	100.00 %
Lumo Holding 2 Oy	100.00 %	100.00 %
Lumo Holding 3 Oy	100.00 %	100.00 %
Lumo Holding 4 Oy	100.00 %	100.00 %
Lumo Holding 5 Oy	100.00 %	100.00 %
Lumo Holding 6 Oy	100.00 %	100.00 %
Lumo Holding 7 Oy	100.00 %	100.00 %
Lumo Holding 8 Oy	100.00 %	100.00 %
Lumo Holding 9 Oy	100.00 %	100.00 %
Lumo Holding 10 Oy	100.00 %	100.00 %
Lumo Holding 11 Oy	100.00 %	100.00 %
Lumo Holding 12 Oy	100.00 %	100.00 %
Lumo Holding 13 Oy	100.00 %	100.00 %
Lumo Holding 14 Oy	100.00 %	100.00 %
Lumo Holding 15 Oy	100.00 %	100.00 %
Lumo Holding 16 Oy	100.00 %	100.00 %
Lumo Holding 17 Oy	100.00 %	100.00 %
Lumo Holding 18 Oy	100.00 %	100.00 %
Lumo Holding 19 Oy	100.00 %	100.00 %
Lumo Holding 20 Oy	100.00 %	100.00 %
Lumo Holding 21 Oy	100.00 %	100.00 %
Lumo Holding 22 Oy	100.00 %	100.00 %
Lumo Holding 23 Oy	100.00 %	100.00 %
Lumo Holding 24 Oy	100.00 %	100.00 %
Lumo Holding 25 Oy	100.00 %	100.00 %
Lumo Holding 26 Oy	100.00 %	100.00 %
Lumo Holding 27 Oy	100.00 %	100.00 %
Lumo Holding 28 Oy	100.00 %	100.00 %
Lumo Holding 29 Oy	100.00 %	100.00 %
Lumo Holding 30 Oy	100.00 %	100.00 %
Lumo Holding 31 Oy	100.00 %	100.00 %
Lumo Holding 32 Oy	100.00 %	100.00 %
Lumo Holding 33 Oy	100.00 %	100.00 %
Lumo Holding 34 Oy	100.00 %	100.00 %
Lumo Holding 35 Oy	100.00 %	100.00 %
Lumo Holding 36 Oy	100.00 %	100.00 %
Lumo Holding 37 Oy	100.00 %	100.00 %
Lumo Holding 38 Oy	100.00 %	100.00 %
Lumo Holding 39 Oy	100.00 %	100.00 %
Lumo Holding 40 Oy	100.00 %	100.00 %
Lumo Holding 41 Oy	100.00 %	100.00 %
Lumo Housing Fund II Oy	100.00 %	100.00 %
Lumo Real Estate Asset Management II Oy	100.00 %	100.00 %
Volaria Oy	100.00 %	100.00 %

Lumo Housing Fund II Oy subsidiaries:		
Asunto Oy Espoon Leimu	100.00 %	100.00 %
Asunto Oy Espoon Rastasniityntie 1 A	100.00 %	100.00 %
Asunto Oy Espoon Rastasniityntie 1 B	100.00 %	100.00 %
Asunto Oy Espoon Reimari	100.00 %	100.00 %
Asunto Oy Espoon Valakuja 8	100.00 %	100.00 %
Asunto Oy Helsingin Ajuri	100.00 %	100.00 %
Asunto Oy Helsingin Aries	100.00 %	100.00 %
Asunto Oy Helsingin Kivensilmänkuja 3	100.00 %	100.00 %
Asunto Oy Helsingin Leikeri	100.00 %	100.00 %
Asunto Oy Helsingin Malmin Vasalli	100.00 %	100.00 %
Asunto Oy Helsingin Malminholvi	100.00 %	100.00 %
Asunto Oy Helsingin Rauduskoivu	100.00 %	100.00 %
Asunto Oy Helsingin Toimittaja	100.00 %	100.00 %
Asunto Oy Jyväskylän Kerkkäkatu 1	100.00 %	100.00 %
Asunto Oy Jyväskylän Kesäkuu	100.00 %	100.00 %
Asunto Oy Jyväskylän Kommodori	100.00 %	100.00 %
Asunto Oy Jyväskylän Pisara	100.00 %	100.00 %
Asunto Oy Jyväskylän Tervalankatu 6	100.00 %	100.00 %
Asunto Oy Keravan Keijukainen	100.00 %	100.00 %
Asunto Oy Keravan Tapulitori 1	100.00 %	100.00 %
Asunto Oy Keravan Tervahovi	100.00 %	100.00 %
Asunto Oy Kuopion Ratavahti	100.00 %	100.00 %
Asunto Oy Lahden Helkalanpolku	100.00 %	100.00 %
Asunto Oy Mäntsälän Nallentassu	100.00 %	100.00 %
Asunto Oy Mäntsälän Pelto-Orvokki	100.00 %	100.00 %
Asunto Oy Nurmijärven Poolo	100.00 %	100.00 %
Asunto Oy Nurmijärven Rajakivi	100.00 %	100.00 %
Asunto Oy Oulun Kurkelanpuisto	100.00 %	100.00 %
Asunto Oy Oulun Repolinna	100.00 %	100.00 %
Asunto Oy Oulun Sokurin Nisu	100.00 %	100.00 %
Asunto Oy Tampereen Kaneli	100.00 %	100.00 %
Asunto Oy Tampereen Meesakatu	100.00 %	100.00 %
Asunto Oy Tampereen Muskotti	100.00 %	100.00 %
Asunto Oy Tampereen Tieteenkatu 3	100.00 %	100.00 %
Asunto Oy Tampereen Tutkijankatu 7	100.00 %	100.00 %
Asunto Oy Turun Westparkin Kataja	100.00 %	100.00 %
Asunto Oy Vantaan Kultapiisku	100.00 %	100.00 %
Asunto Oy Vantaan Omenatarha	100.00 %	100.00 %
Asunto Oy Vantaan Rinkeli	100.00 %	100.00 %
Asunto Oy Vantaan Tikkurilan Sonaatti	100.00 %	100.00 %
Eerikinkatu 7 Kehitys Oy subsidiary:		
Asunto Oy Helsingin Eerik VII	100.00 %	100.00 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Vuokratalot Oy		
Asunto Oy Espoon Asemakuja 1	100.00 %	100.00 %
Asunto Oy Espoon Piilipuuntie 25	100.00 %	100.00 %
Asunto Oy Espoon Piilipuuntie 31	100.00 %	100.00 %
Asunto Oy Kaarinan Hovirinnan Luumu	100.00 %	100.00 %
Asunto Oy Kuopion Niemenkatu 5	100.00 %	100.00 %
Asunto Oy OulunTuiranmaja	100.00 %	100.00 %
Kiinteistö Oy Kanavanpirtti	100.00 %	100.00 %
Kiinteistö Oy Nummenperttu	100.00 %	100.00 %
Kiinteistö Oy Oulun Kotkankynsi	100.00 %	100.00 %
Kiinteistö Oy Vaakamestarinpolku 2	100.00 %	100.00 %
Kiinteistö Oy Vehnäpelto	100.00 %	100.00 %
Tikantupa Oy	100.00 %	100.00 %
Kiinteistö Oy Vehnäpelto subsidiary:		
Kiinteistö Oy Viljapelto	55.56 %	76.67 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Palvelut Oy		
Kiinteistö Oy Mannerheimintie 168a	100.00 %	100.00 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Korkotuki 2017 Oy		
Kiinteistö Oy Tampereen Kyllikinkatu 15	76.50 %	100.00 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Korkotuki 2018 Oy		
Kiinteistö Oy Vantaan Karhunkierros 1 C	86.58 %	86.58 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Korkotuki 2021 Oy		
Asunto Oy Kuopion Vilhelmiina	78.38 %	100.00 %

Subsidiaries and joint arrangements	Parent company holding %	Group holding %
VVO Group		
Katajapysäköinti Oy		50.93 %

Associated companies	Parent company holding %	Group holding %
VVO-yhtymä Oyj		
Asunto Oy Nilsiän Ski	28.33 %	28.33 %
SV-Asunnot Oy	50.00 %	50.00 %
VVO Vuokratalot Oy		
Asunto Oy Viljapelto	21.11 %	76.67 %
Kiinteistö Oy Keinulaudantie 4	41.62 %	41.62 %
Pajalan Parkki Oy	31.44 %	44.06 %
VVO Korkotuki 2016 Oy		
Kiinteistö Oy Myllytullin Autotalo	24.39 %	24.39 %
VVO Korkotuki 2017 Oy		
Paavolan Parkki Oy	24.93 %	24.93 %
Virvatulentien Pysäköinti Oy	25.15 %	25.15 %
VVO Korkotuki 2020 Oy		
Lintulammenkadun Pysäköintilaitos oy	39.19 %	39.19 %

Associated companies	Parent company holding %	Group holding %
VVO Kodit Oy		
Asunto Oy Kuopion Vilhelmiina	21.62 %	100.00 %
Fastighets Ab Lovisa Stenborg Kiinteistö Oy	45.50 %	45.50 %
Hatanpäänhovin Pysäköinti Oy	41.88 %	41.88 %
Katajapysäköinti Oy	34.26 %	50.93 %
Kiinteistö Oy Jyväskylän Torikulma	42.63 %	42.63 %
Kiinteistö Oy Oulun Tullivahdin Parkki	33.60 %	33.60 %
Kiinteistö Oy Bäckisåker	50.00 %	50.00 %
Kiinteistö Oy Lappeenrannan Koulukatu 1	24.45 %	24.45 %
Kiinteistö Oy Mannerheimintie 40	29.42 %	29.42 %
Kiinteistö Oy Pohjois-Suurpelto	50.00 %	50.00 %
Kiinteistö Oy Tampereen Kyllikinkatu 15	23.50 %	100.00 %
Marin autopaikat Oy	21.00 %	21.00 %
Mummunkujan pysäköinti Oy	26.51 %	26.51 %
Pihlajapysäköinti Oy	30.56 %	30.56 %
Ristikedonkadun Lämpö Oy	34.40 %	34.40 %
Ruukuntekijäntien paikoitus Oy	26.24 %	26.24 %
SKIPA Kiinteistöpalvelut Oy	20.63 %	20.63 %
Suurpellon Kehitys Oy	50.00 %	50.00 %
Asunto Oy Vantaan Lehtikallio 4:		
Kiinteistö Oy Lehtikallion pysäköinti	39.84 %	39.84 %
Asunto Oy Järvenpään Sibeliuksenkatu 27:		
Kiinteistö Oy Järvenpään Tupalantalli	33.51 %	33.51 %
Asunto Oy Vantaan Leinelänkaari 13:		
Leinelänkaaren Pysäköinti Oy	21.63 %	21.63 %
Asunto Oy Oulun Repolinna:		
Kiinteistö Oy Revonparkki	20.37 %	20.37 %
Asunto Oy Tampereen Kaneli:		
Kiinteistö Oy Tampereen Seponparkki	29.91 %	45.98 %
Asunto Oy Vantaan Rinkeli:		
Kiinteistö Oy Arinaparkki Vantaa	25.59 %	25.59 %
Asunto Oy Lahden Helkalanpolku:		
Asemantaustan Pysäköinti Oy	39.76 %	39.76 %
Lumo Housing Fund II Oy:		
Koy Tampereen Tieteen Parkki	41.71 %	41.71 %

32. Events after the end of the reporting period

VVO Group signed an SPA whereby its various group companies sold a total of 1,344 non-restricted apartments, located around Finland, to a company managed by Avant Capital Partners. The transaction was completed on 31 January 2017. Note 3 Non-current assets held for sale specifies the effects of the transaction on the Group in detail.

Key figures

	2016	2015	2014 *)	2013	2012
Total revenue, M €	351.5	370.9	356.5	346.6	335.4
Net rental income, M €	222.0	227.4	210.0	198.4	197.3
% total revenue	63.2	61.3	58.9	57.2	58.8
Net financial expenses, M €	46.0	37.1	47.3	40.3	50.2
Profit before taxes, M €	289.7	224.7	146.5	75.9	62.5
Operative result, M €	116.9	121.4	103.2		
Balance sheet total, M €	4,572.2	4,236.1	3,957.2	2,468.5	2,276.1
Investment properties, M € [1] [5]	4,298.9	3,999.2	3,708.8	3,351.1	3,120.0
Financial occupancy rate, %	97.4	97.6	98.1	98.5	98.7
Tenant turnover, % [4]	27.6	23.7	21.6	21.2	
Equity attributable to owners of the parent company, M €	1,859.5	1,738.5	1,579.0	497.9	438.4
Interest-bearing liabilities, M € [2]	2,122.8	1,494.6	1,850.1	1,795.1	1,664.3
Return on equity, % (ROE)	12.9	10.8	7.2	15.5	10.6
Return on investments, % (ROI)	8.8	7.6	5.9	5.5	5.5
Equity ratio, % [1]	40.7	41.1	40.0	41.3	38.8
Loan to Value, % [1] [2] [3]	46.7	39.4	46.4	48.6	48.4
Earnings per share, €	31.38	24.23	14.95	10.07	6.19
Equity per share, € [1]	251.20	234.85	213.30	209.16	178.60
Dividend per share, € [6]	15.80	5.00	3.00	2.20	2.00
Dividend per earnings, %	50.35	20.64	20.07	21.85	32.31
Gross investments, M€	696.0	235.0	200.5	223.2	74.8
Number of personnel, average	298	364	339	341	343

*) As of 2014, the Group adopted IFRS for itsfinancial reporting. For 2012-2013, figures are presented according to the FAS financial statements.

1) Calculated with FAS 2013 - 2012 fair values

2) Excluding non-current assets held for sale

3) The calculation formula was changed in 2016 and the comperative figures adjusted to correspond to the current calculation method

4) Excluding internal transfers

5) Including non-current assets held for sale

6) 2016: including extra dividend of EUR 9.00 and the Board of Directors' proposal for dividend of 6.80 € per share.

Formulas used in the calculation of the key figures

Formulas used in the calculation of the key figures

Operative result	=	Profit for the financial year - gains/losses on sales of properties - fair value change in investment properties - taxes on the adjustments	
Return on equity (ROE), %	=	Profit for the financial year / Total equity (average during the period)	x 100
Return on investment (ROI), %	=	Profit before taxes + interests and other financial expenses / Total assets - Non-interest-bearing liabilities (average during the period)	x 100
Equity ratio, %	=	Total equity / Total assets - Advances received	x 100
Loan to Value, %	=	Interest-bearing liabilities - Cash / Investment properties + Property, plant and equipment	x 100
Earnings per share, €	=	Profit for the financial year attributable to owners of the parent company / Weighted average number of shares outstanding during the financial year	
Shareholders' equity per share, €	=	Equity attributable to owners of the parent company / Number of shares at the end of the financial year	
Dividend per earnigs. %	=	Dividend per share / Earnigs per share	x 100

Signatures to the financial statements

Helsinki, 3 March 2017

Riku Aalto Chairman of the Board of Directors		Mikko Mursula Vice-Chairman of the Board of Directors
Matti Harjuniemi	Olli Luukkainen	Jorma Malinen
Reima Rytsölä	Jan-Erik Saarinen	Ann Selin
Jani Nieminen CEO		

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Independent Auditor's Report

To the Board of Directors of Kojamo plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Kojamo plc (former VVO plc, business identity code 0116336-2), which comprise the consolidated balance sheets as at 31 December 2016 and 2015, the consolidated income statements, statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows for the years ended 31 December 2016 and 2015 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the group in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Valuation of investment properties
(Refer to notes 1 and 11 to the consolidated financial statements)

- Investment properties (€4,228 million) represent 92% of the consolidated total assets as at 31 December 2016. Valuation of investment properties is considered a key audit matter due to management's estimates used in forecasts underlying the valuations, and significance of the carrying amounts involved.
- The fair values of investment properties are determined a property-specific basis using the transaction value, income value or acquisition cost. Determining the underlying key assumptions requires management to make judgements in respect of return requirements, maintenance costs and choice of actual sales considered comparable, among others.

- We assessed the assumptions used requiring management judgement, as well as the grounds for substantial changes in fair values. We also tested controls in place in the company over the fair value accounting.
- We involved KPMG valuation specialists, to test the technical appropriateness of the calculations, and to compare the assumptions used to market and industry data, on a sample basis.
- We met with the external property valuer (Authorised Property Valuer, AKA) used by the Group, to evaluate the appropriateness of the valuation method applied by Kojamo.
- We assessed the appropriateness of the disclosures provided on the investment properties.

Total revenue: recognition of rental income
(Refer to notes 1 to the consolidated financial statements)

- The Group's total revenue consists almost solely of rental income from investment properties.
- The industry is marked by a large lease portfolio with a substantial number of invoicing and payment transactions monthly.

- We evaluated and tested controls over the accuracy of rental income, to assess the completeness and accuracy of total revenue.

Property Acquisitions, Divestments and Investments
(Refer to notes 1 and 11 to the consolidated financial statements)

— During the financial year, Kojamo carried out two major property transactions. The Group acquired 2,274 apartments and sold 9,011 apartments. Furthermore, 649 apartments were completed in 2016 and 1,536 were under construction at the end of the financial year. The sale and purchase agreements for property acquisitions and disposals may have terms, which require judgement from management to consider the timing and amount of gains or losses arising from disposals.

— We evaluated the internal control environment and tested controls over the approval process for investment projects and property transactions.

— Our substantive procedures included assessing the appropriateness of the documentation underlying the accounting for major property transactions.

Accounting for interest-bearing liabilities and derivative instruments
(Refer to notes 1, 21 and 22 to the consolidated financial statements)

— At the year-end 2016, Kojamo's interest-bearing liabilities totaled € 2,123 million, representing 46 percent of the consolidated balance sheet total.

— The Group utilizes interest rate derivative contracts, measured at fair value. The nominal value of these derivatives amounted to € 1,273 million as at 31 December 2016. Kojamo uses derivative contracts mainly to hedge its interest rate risk exposure. The Group applies hedge accounting to qualifying interest rate derivative instruments.

— Our audit procedures included evaluation of the appropriateness of the recognition and measurement policies for financial instruments, and testing of controls relevant to the accuracy and measurement of financial instruments.

— We tested the accuracy of the measurements and the accruals for financial items on a sample basis.

— We assessed the appropriateness of the hedge accounting as applied by Kojamo.

— We assessed the appropriateness of the disclosures provided on the interest-bearing liabilities and derivative instruments.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Helsinki 3 March 2017

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

The auditor's report presented above has been amended for the Offering Circular from the statutory auditor's report issued on March 3, 2017, which includes an opinion on both the parent company and the consolidated financial statements. As only the consolidated financial statements have been included in the Offering Circular, our report has been amended accordingly. No amendments have been made to the consolidated financial statements and thus the date of the auditor's report has not been changed.

1 June 2018, KPMG Oy Ab/Esa Kailiala, Authorised Public Accountant

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SHAREHOLDERS SELLING SALE SHARES IN THE OFFERING

The following table sets forth the Principal Sellers and the Other Sellers, their relation to Kojamo, the number of Sale Shares of each Seller and the registered address of each Seller:

Name of the Seller	Relation to the Company	The maximum number of Shares to be sold	Registered address
Ilmarinen Mutual Pension Insurance Company	Shareholder	10,373,119	Helsinki
Varma Mutual Pension Insurance Company	Shareholder	9,744,465	Helsinki
The Finnish Industrial Union	Shareholder	9,281,703	Helsinki
Trade Union for the Public and Welfare Sectors	Shareholder	5,010,441	Helsinki
Finnish Construction Trade Union	Shareholder	4,769,966	Helsinki
Service Union United PAM	Shareholder	4,296,147	Helsinki
Trade Union PRO	Shareholder	4,314,860	Helsinki
Trade Union of Education in Finland	Shareholder	4,282,997	Helsinki
Tehy ry	Shareholder	953,808	Helsinki
Transport Workers' Union AKT	Shareholder	604,500	Helsinki
Tradeka-invest ltd	Shareholder	555,303	Helsinki
The Federation of Public and Private Sector Employees Jyty	Shareholder	46,500	Helsinki
The Union of Insurance Employees in Finland VvL	Shareholder	55,428	Helsinki
The City of Hämeenlinna	Shareholder	14,880	Hämeenlinna

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Articles of Association of Kojamo Oyj

1 § Company name and domicile

The name of the company is Kojamo Oyj and its domicile is in Helsinki. The company's parallel name in Swedish is Kojamo Abp and in English Kojamo plc.

2 § Company's field of business

The company's line of business is providing housing services and other related business operations. The company engages, either by itself or through its subsidiaries or affiliates, in renting apartments and business premises, partial ownership apartments, as well as transferring tenures of right-of-occupancy apartments. The company, its subsidiary or affiliate may also engage in building management and other building management related services, provide construction services and pursue development of owner-occupied dwellings. For its operations the company, its subsidiary or affiliate, acquires through ownership or lease land areas suitable for construction and constructs residential buildings on them, as well owns and manages them. The company acts as a parent company of the group by supervising and directing its subsidiaries and providing them with financial and other services. The company may own securities and real estates as well as trade in securities. In addition, the company acts as a housing policy influencer.

3 § Shares and book-entry system

After a registration date determined by the company's Board of Directors, shares in the company shall belong to the book-entry system. Each share carries one vote.

4 § Board of Directors

The company has a Board of Directors, which includes a minimum of five (5) and a maximum of eight (8) members. The Annual General meeting elects the Chairman of the Board of Directors.

The term of the members of the Board of Directors shall be until the conclusion of the first Annual General Meeting following the election. If the Chairman of the Board of Directors resigns or is otherwise permanently unable to perform the duties of the Chairman during his/her term of office, the Board of Directors shall elect a new Chairman amongst its members.

5 § Chief Executive Officer

The company has a Chief Executive Officer elected by the Board of Directors. The Board of Directors may elect a deputy for the Chief Executive Officer.

6 § Representation

The company is represented by the Chief Executive Officer alone and two members of the Board of Directors jointly. In addition, the Board of Directors may authorize specifically named persons to represent the company either two of them jointly or any one of them together with a member of the Board of Directors.

7 § Auditor

The company's auditor shall be an auditing firm approved by the Finnish Patent and Registration Office. The term of the auditor shall be until the conclusion of the first Annual General Meeting following the election.

8 § Annual General Meeting

The Annual General Meeting shall be held within six (6) months from the termination of the financial year, at a date specified by the Board of Directors. The Annual General Meeting shall be held in Helsinki, Espoo or Vantaa.

The notice convening the General Meeting shall be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the Meeting, but no later than nine (9) days before the record date of the General Meeting. The notice shall be delivered to the shareholders by means of a notice published on the company's website or at least in one national daily newspaper designated by the Board of Directors.

To be entitled to attend the General Meeting, a shareholder shall notify the company of its attendance by the date specified in the notice convening the Meeting, which date may not be earlier than ten (10) days prior to the Meeting.

9 § Matters on the agenda of the Annual General Meeting

At the Annual General Meeting, the following shall be

presented:

1. Financial Statements and Board of Directors' Report, and

2. Auditor's Report,

decided:

3. The adoption of the Financial Statements, which, in parent company, also includes the adoption of the consolidated Financial Statements,

4. The use of profits shown on the Balance Sheet,

5. the discharge from liability for the members of the Board of Directors and the Chief Executive Officer,

6. the remuneration for the members of the Board of Directors and for the auditor, as well as

7. the number of members of the Board of Directors,

elected:

8. the Chairman and the members of the Board of Directors, as well as

9. the auditor,

handled:

10. any other matters possibly contained in the notice to the Meeting.

10 § Financial year

The financial year of the company shall be a calendar year.

11 § Redemption of shares

Right of redemption
Where title to a share has been transferred to a person who is not previously a shareholder in the company, an existing shareholder has the right to redeem such share.

The redemption right applies to all types of acquisitions, except mergers, demergers and transfer of business as well as acquisitions based on inheritance, testament and marital rights.

If two or more shareholders wish to use their redemption rights, the shares shall be distributed in proportion to their previous shareholding in the company, or if the shares cannot be distributed evenly in this manner, by way of drawing lots.

In cases of acquisitions against payment, the redemption price shall be the price paid by the transferor and in gratuitous acquisitions the price shall be the current value of the shares.

The transferor shall immediately notify the Board of Directors of the share transfer. After receiving the notification of the transfer, the Board of Directors shall notify shareholders entitled to redeem the share in writing to their addresses marked in the shareholders register within fourteen (14) days. A redemption claim shall be presented to the company by a shareholder within thirty (30) days from when the transferor notified the Board of Directors of the company about the share transfer. The redemption price shall be paid to the company within seven (7) days from the expiry of the redemption claim's time limit.

The aforementioned time limits do not include the day, during which the notification was made.

The redemption obligation
A shareholder whose proportion of the number of votes conferred by the shares in the company exceeds fifty (50) percent shall have an obligation to redeem rest of the shares issued by the company as well as any securities entitling to shares under the Companies Act.

In calculating a shareholder's proportion of the votes conferred by the shares in the company, also those mentioned in the Chapter 11 of the Securities Markets Act are included.

The redemption price shall be the current value of the shares.

The procedure shall comply with such rules and regulations concerning redeeming procedures, which are included in the provisions governing takeover bids and redemption obligation in the Securities Markets Act.

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Valuation Report

This is a condensed Valuation Report ("Valuation Report") determining the Fair Value of Kojamo's portfolio executed by Realia Management Oy ("Realia") in accordance with the guidelines of the International Financial Reporting Standards ("IFRS"), the International Standards for the Valuation of Real Estate for Investment Purposes ("IVS"), the Valuation Standards of the Royal Institution of Chartered Surveyors ("Red Book")) and the relevant prospectus regulations applicable in Finland, including the CESR recommendations for the consistent implementation of the Committee of European Securities Regulators on prospectus 23 March, 2011 (ESMA update of the CESR recommendations).

The Valuation Report is used in connection with the initial public offering by Kojamo Oyj ("the Company"). The portfolio includes 34,100 residential units, of which 26,622 are non-restricted properties, valued by sales comparison method, and 7,478 are properties subject to restrictions that are valued either by income approach method or appreciated according to their balance sheet value. The latter comprise 3,968 properties under ARA restrictions. In the portfolio, there are also 543 commercial units in residential properties. In addition to residential properties, the portfolio includes three purely commercial properties (one fully owned office property and retail premises in two properties), four (4) unbuilt sites, 49 ongoing projects and 16 sites that are leased to other users. The seven major urban areas account for 76% of the number of assets.

The Date of Valuation is 31.3.2018

The Date of Valuation Report is 1.6.2018

Company: Kojamo Oyj, Mannerheimintie 168A, 00300 Helsinki, Finland

Valuer: Realia Management Oy, Valimotie 17-19, 00380 Helsinki, Finland

Realia Management Oy is a limited liability company registered under Limited Liabilities Company Act in Finland with the business ID number **0951719-6.** Realia Management is a part of Realia Group which was established 1.1.2007.

Realia Management Oy is providing services to its' domestic and international customers. The valuation department's valuers are either certified by AKA and/or RICS.

SUMMARY OF THE VALUATION CONCLUSIONS

Based on the information we have received and assuming that there is no additional information that could have a material impact on value and taking into account the specific comments and assumptions as set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values of the assets in the Portfolio, as at 31.3.2018, is:

4,884,500,000 €

(four billion eight hundred eighty four million five hundred thousand euros)

The exact sum of assets is 4,884,471,566 € of which the value of the unbuilt sites, ongoing projects and leased sites is 301,478,790 €.

The following table 1 shows the aggregated key asset data of the portfolio (excluding unbuilt sites, ongoing projects and leased sites).

Table 1. *Aggregated asset data.*

Total lettable area	**1,935,088 sq m**
Average Fair Value per sq m of lettable area	**2,588 €/sq m**
Residential units, properties valued by sales comparison approach	**4,005,997,196 €**
Residential units, properties valued by income approach	**425,425,771 €**
Residential units, balance sheet value properties	**151,569,809 €**
Other premises, all types and all properties (*)	**38,859,692 €**
Current annual rental income (gross) (**)	**348,797,099 €**
Net initial yield (based on current rent) (**)	**4.75 %**

(*) The value of other premises is included in the method specific values above, which predominantly comprehend the values of residential units.

(**) For Balance Sheet properties only the rental income and value of residential units is included in the calculation of the net initial yield.

Note 1
The 40 properties (1,594 apartments) agreed to be sold on 29.3.2018 and closed on 30.4.2018 are not included in any of the figures of the Valuation Report, although these properties (debt free purchase price of 97 Meur), have been owned by Kojamo Oyj at the Date of Valuation 31.3.2018.

Note 2
This Report does not take into account a portfolio premium, but the reported value is the direct sum of the estimated values of the assets. If the assets were sold in a single transaction, it should be noted, that for a large portfolio would involve a positive premium. Because the assets comprise a significant proportion of the Finnish housing stocks and the assets will provide a unique opportunity to gain a large market share, the portfolio premium would be a quite significant in our point of view.

Note 3
The Valuation Report does not include three separate apartments that the Company owned on 31.3.2018 and that the Company processes as Trading properties.

Further information on the Fair Value of the Portfolio and the assumptions used in the valuation are presented in Part 3 “Explanation of Valuation” and 4 “Valuation Conclusions” of the Valuation Report.

Contents

1 Basis of Valuation

1.1 Valuation Instructions

Realia was instructed by the Company to deliver a Valuation Report with the date of valuation 31.3.2018 based on the rental and property information as of 31.3.2018. The Company has instructed us to carry out site inspections at the largest assets according to the number of apartments and to value the other assets without inspections (more information of the inspections included in section 3.3). The assets have been valued on the basis of properties.

1.2 Addressees

The present Valuation Report is addressed to and may be relied upon only by:

- Kojamo Oyj, Mannerheimintie 168 A, 00300 Helsinki, Finland
- Goldman Sachs International, Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom
- J.P. Morgan Securities plc, 25 Bank Street, London, E14 5JP, United Kingdom
- Nordea Bank AB (publ), Finnish branch, Aleksis Kiven katu 7, 00020 Helsinki
- OP Corporate Bank Plc, Teollisuuskatu 1b, 00020 Helsinki, Finland.

1.3 Publication

Realia acknowledges and agrees that the Valuation Report will appear in the offering circular for the initial public offering of the shares of Kojamo Oyj ("Offering Circular") and that it will be used for

a) the admission to trading of the shares in Company to Nasdaq Helsinki Stock Exchange
b) the public offer and sale of shares in the Company in Finland, and
c) private placements of shares in the Company to institutional investors internationally, including in the USA to "qualified institutional buyers" within the meaning of Rule 144A under the United States Securities Act of 1933, as amended.

1.4 Date of Valuation

The date of the valuation is 31.3.2018.

1.5 Subject Property

In accordance with the valuation instructions, the subject of the valuation is the Company's property portfolio, comprising 34,100 residential units, which are in 695 different properties ("Targets of Valuation"). 7,478 of the residential units are under restrictions, including 3,968 properties under Arava restrictions. Table 2 presents a summary of the subject properties.

The valuation also includes 552 units of commercial premises, of which 543 units are in residential buildings. In addition, there are four (4) retail premises and one office property, in which there are 5 office units.

In addition to these, there are four (4) unbuilt sites, 49 ongoing projects and 16 leased sites in the Company's portfolio.

The 40 properties (1,594 apartments) agreed to be sold on 29.3.2018 and closed on 30.4.2018 are not included in any figures of the Valuation Report, although these properties (debt free purchase price of 97 Meur), have been owned by Kojamo Oyj at the Date of Valuation 31.3.2018.

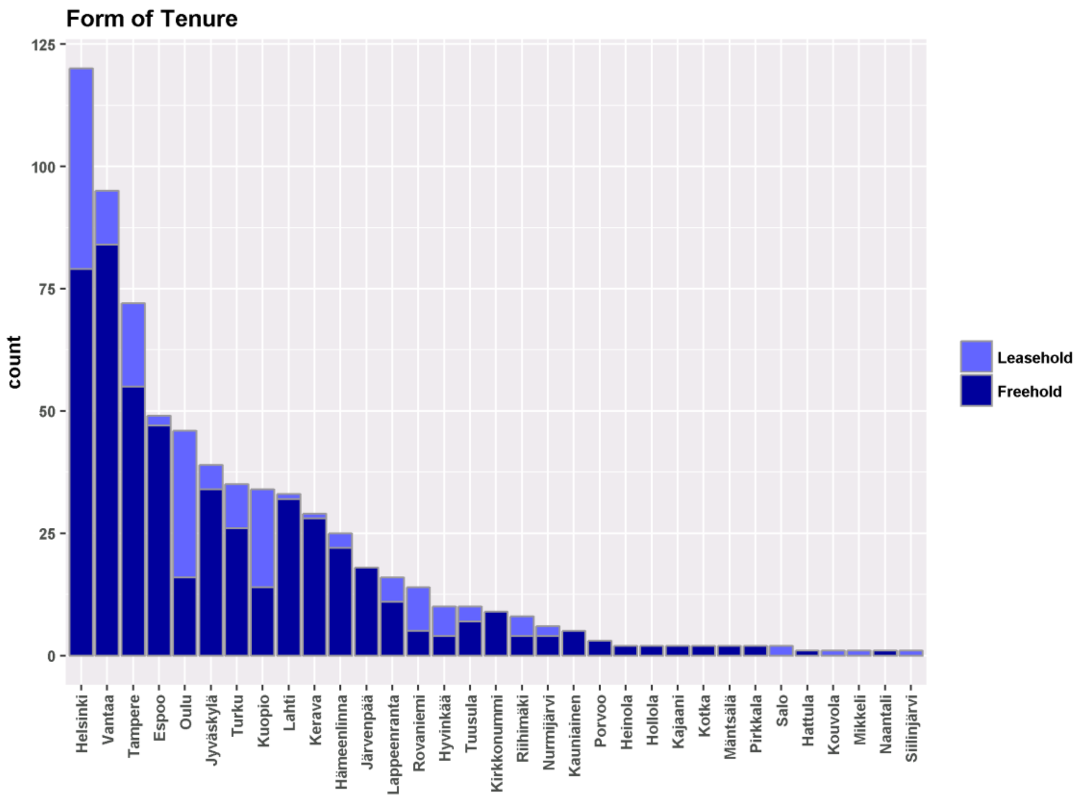
Table 2. *Summary of the subject properties.*

Property type	Valuation method	Number of properties	Number of Units	sq m
Residential 1	Sales comparison approach	520	26,622	1,454,807
Residential 2	Income approach	84	3,510	211,569
Residential 3	Balance sheet value	91	3,968	220,816
Residential propertiesin total		***695***	***34,100***	***1,887,192***
Commercial premises in residential buildings	Income approach	183	543	46,300
Separate retail properties	Income approach	2	4	544
Office properties	Income approach	1	5	1,052
Commercial properties in total		***186***	***552***	***47,896***
Unbuilt sites	Sales comparison approach	4	12,420 building right sq m	26,701 (land sq m)
Ongoing projects	Sales comparison approach *	49	203,489 building right sq m	126,338 (land sq m)
Leased sites	Income approach	16	-	60,785 (land sq m)
Unbuilt properties, ongoing projects and leased sites in total		***69***	***215,909 building right sq m***	***213,824 land sq m***

*Ongoing construction projects do not comprise constructed square meters that would generate rental income. Thus, they are valued by sales comparison approach.

1.6 Form of Tenure

More than three quarters (76%) of the properties are freehold sites and around one quarter (24%) are leasehold. The distribution between leasehold and freehold by municipality is depicted in Picture 1.6.1. Of the largest cities, freehold is a dominating form of tenure in Helsinki, Vantaa, Tampere and Espoo, whereas in Oulu roughly two thirds are on sites which are managed by land leasehold. Also in Kuopio leasehold is more common than freehold covering almost 65% of the tenure. The majority of Kojamo's residential leaseholds are owned by the municipality or the city, only 8 leaseholds are owned by other owners (leasehold sites used for parking are not taken into account).



Picture 1.6.1 *Tenure of the Company's properties/assets by municipality.*

The average maturity of the leaseholds is 27 years for the entire portfolio. In Helsinki, the average maturity is ca. 31 years, ranging from 2 to 80 years. In Vantaa the average maturity is ca. 27 years and the range is from 16 to 47 years. In Tampere the maturities range from 14 to 54 years and the average maturity is at 38 years. For Espoo, the sample regarding leaseholds is too small for a meaningful calculation of statistical numbers. In Oulu the average maturity is ca. 26 years, varying between 0 to 55 years. It is assumed in this valuation that the municipalities will renew the ending land leasehold contracts for all properties in accordance with the current practice.

1.7 Concept of Value

The assessment of Fair Value (as defined below) has been carried out by Realia in accordance with the guidelines of the International Financial Reporting Standards ("IFRS"), the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards"), the Valuation Standards of the Royal Institution of Chartered Surveyors ("RICS") ("Red Book") and in accordance with the relevant prospectus regulations applicable in Finland, including the Committee of European Securities Regulators ("CESR") recommendations for the consistent implementation of the CESR on prospectus 23 March, 2011 (European Securities and Market Authority ("ESMA") update of the CESR recommendations).

The assets have been valued to market value in accordance with RICS Valuation-Global Standard 2017, issued June 2017 and published by the RICS, London ("Market Value") which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgably, prudently and without compulsion."

"Market Value" conforms to the "Fair Value" in accordance with IAS 40.5 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), which is defined as:

"Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction."

We confirm that we have sufficient current local and national knowledge of the particular property markets involved and have the skills and understanding to undertake the valuation(s) competently.

1.8 Market Instability

In accordance with Guidance Note 5 of the RICS Valuation Standards, we would draw your attention to the following comment regarding market conditions.

With an eye on the quickly changing conditions in the global financial and real estate markets, we want to make clear that the Market Value (Fair Value) is a "snapshot", which reflects the current market situation at a given date. Market Value (Fair Value) is therefore not to be regarded valid for a longer period but is rather subject to market-induced variation.

We therefore recommend to follow the behavior of different market players to identify and potentially react to possible changes in the market.

1.9 Currency

The currency used in the Valuation Report is Euro.

1.10 Basic Data

The information on which the valuation was based was provided to Realia by the Company, in the form of electronic documents, public information on media and by means of extensive correspondence with the Company as well as inspections of the properties. The figures in this Valuation Report are based on the rent roll provided by the Company, dated 31.3.2018.

We have had sufficient information about the properties, buildings and leaseholds. The information is fully based on the data provided by the Company. In the course of the valuation, the relevant documents were examined and verified for plausibility on a random sampling basis. We have not verified the basic data on a larger scale and we have relied and based the valuation on the information provided by the Company.

1.11 Scope of Work Carried Out

In the assessment of the Market Values of the assets, inter alia, the following procedures were carried out:

- Analysis and interpretation of the property information provided by the Company, for example the property lists, rent accruals, and other data relevant to the valuation (note. We have not had any access to the Company's databases or similar sources of information);
- Analysis of the Company's portfolio in terms off selecting the properties to be inspected in co-operation with the Company;
- Carrying out the inspections and taking photographs of the properties;
- Analysis of the market, location, conditions etc. for each of the Company's assets;
- Determination of Fair Value at the property level; and
- Composing a comprehensive valuation report both in Finnish and in English.

1.12 Place of Performance and Jurisdiction

Finnish law applies. The place of performance and jurisdiction is Helsinki.

1.13 Assignment of Rights

The Addressees of the Valuation Report are not entitled to assign their rights – either in whole or in part – to third parties.

1.14 Declaration of Independence

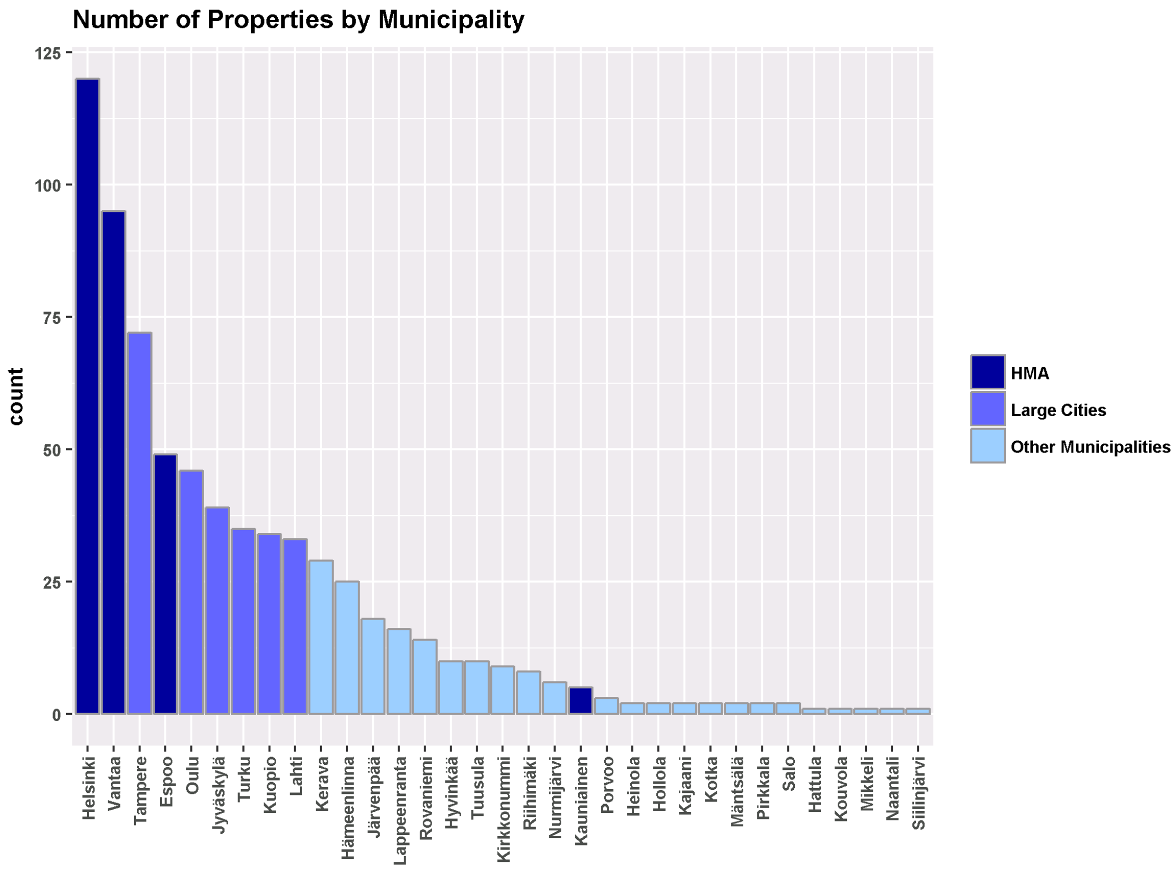
We hereby confirm, to the best of our knowledge and belief that Realia has carried out the determination of Market Value in its capacity as independent valuer, under instructions from the Company. We further confirm that Realia is not aware of any actual or potential conflict of interest that might have influenced its independent status. This declaration also includes all other departments/companies of Realia and Realia Group.

The total fees, including the fee for this assignment, earned by Realia from the Company (or other companies forming part of the same group of companies) is less than 2.1% of the total revenues earned by Realia in 2017.

2 Property Portfolio

2.1 Geographic Allocation

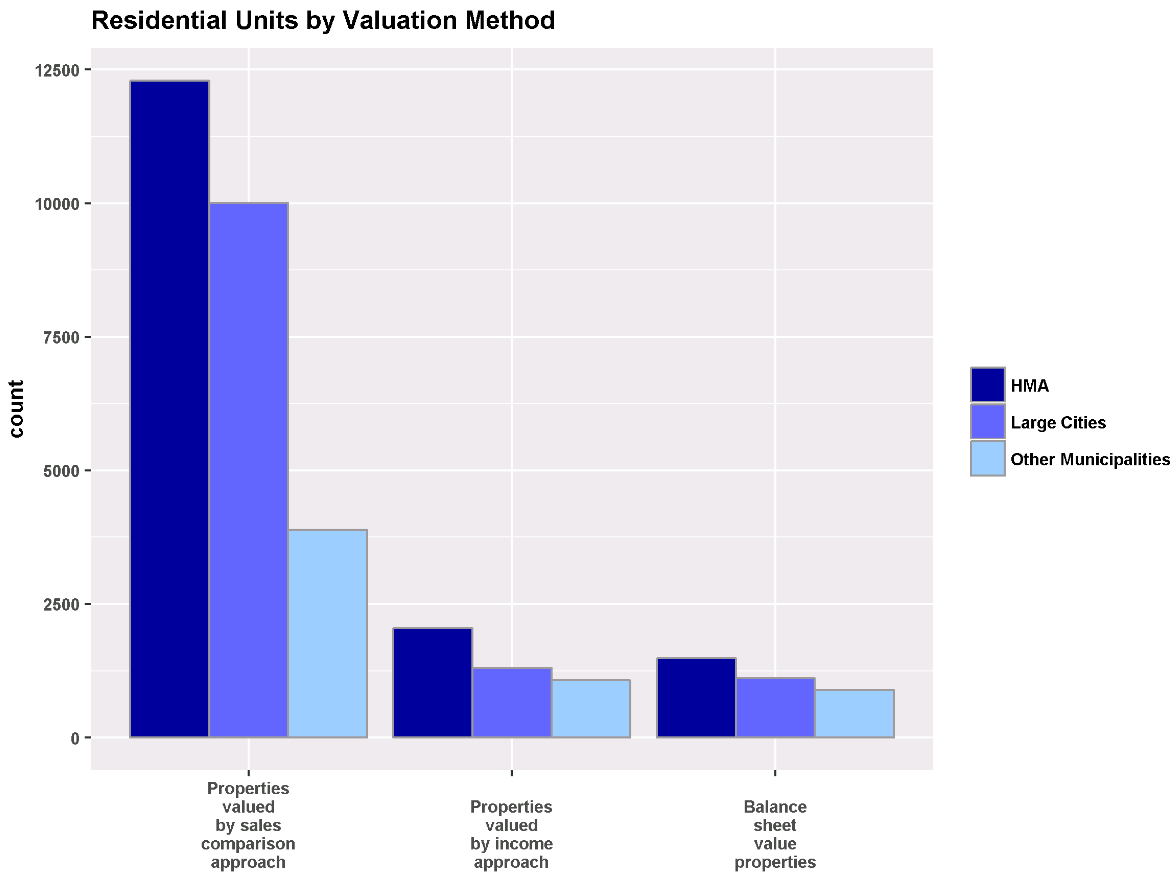
The Company's property portfolio include 695 assets in 33 Finnish cities, with the majority located in the Helsinki metropolitan area ("HMA") which includes Helsinki, Espoo, Vantaa and Kauniainen. In Helsinki alone, there are 120 properties, in Vantaa 95 and in Espoo 49. Tampere has 72 properties and Oulu 46 properties. Jyväskylä, Turku, Kuopio and Lahti each have more than 30 properties. Picture 2.1.1 below shows the geographic allocation of the Company's property holdings.



Picture 2.1.1 *The Company's portfolio property holdings by municipality (properties including residential units).*

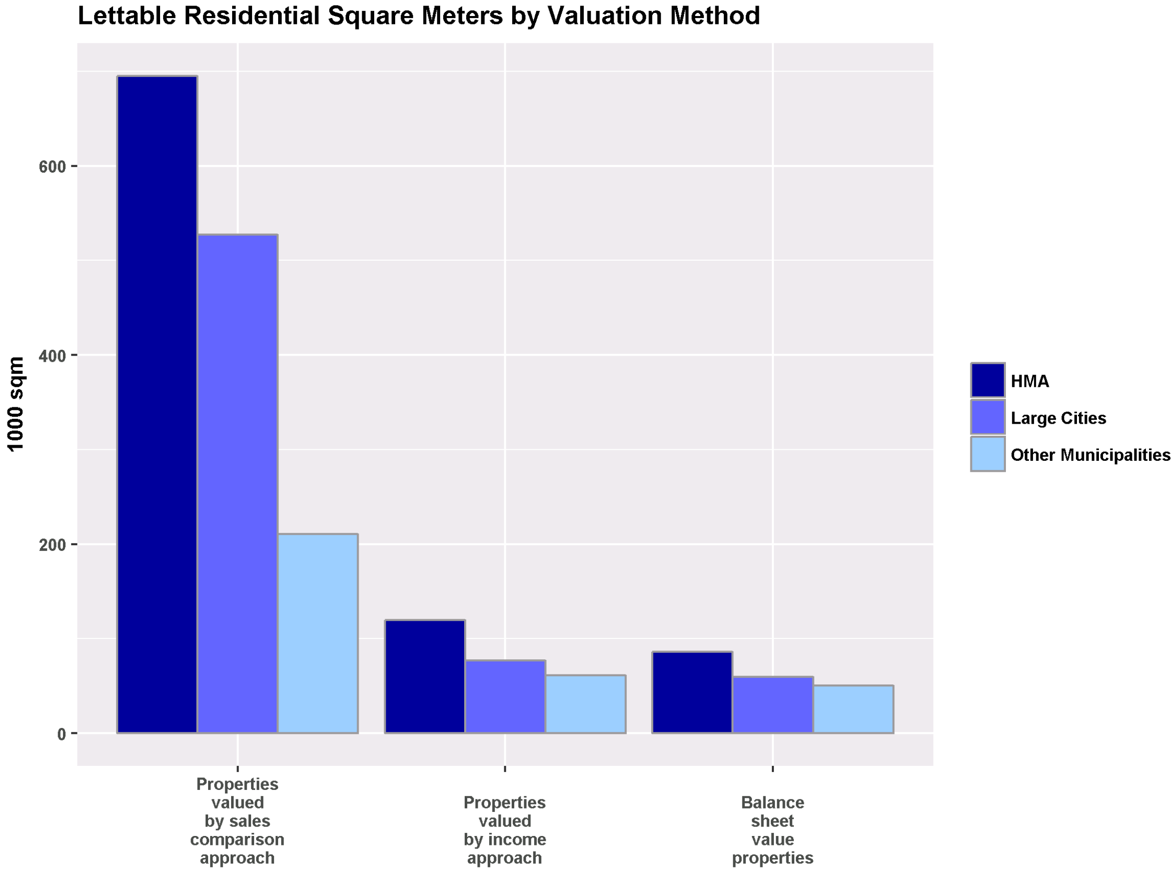
2.2 Breakdown of Rental Units and Lettable Area by Valuation Method

Picture 2.2.1 illustrates the distribution of the Company's residential units by valuation method. The majority of the units are valued using the sales comparison approach and most of them, almost 12,500 units, are located in HMA. There are slightly more units in properties valued by income approach than in balance sheet value properties.



Picture 2.2.1 *Breakdown of the Company's properties/assets by valuation method and geographic location.*

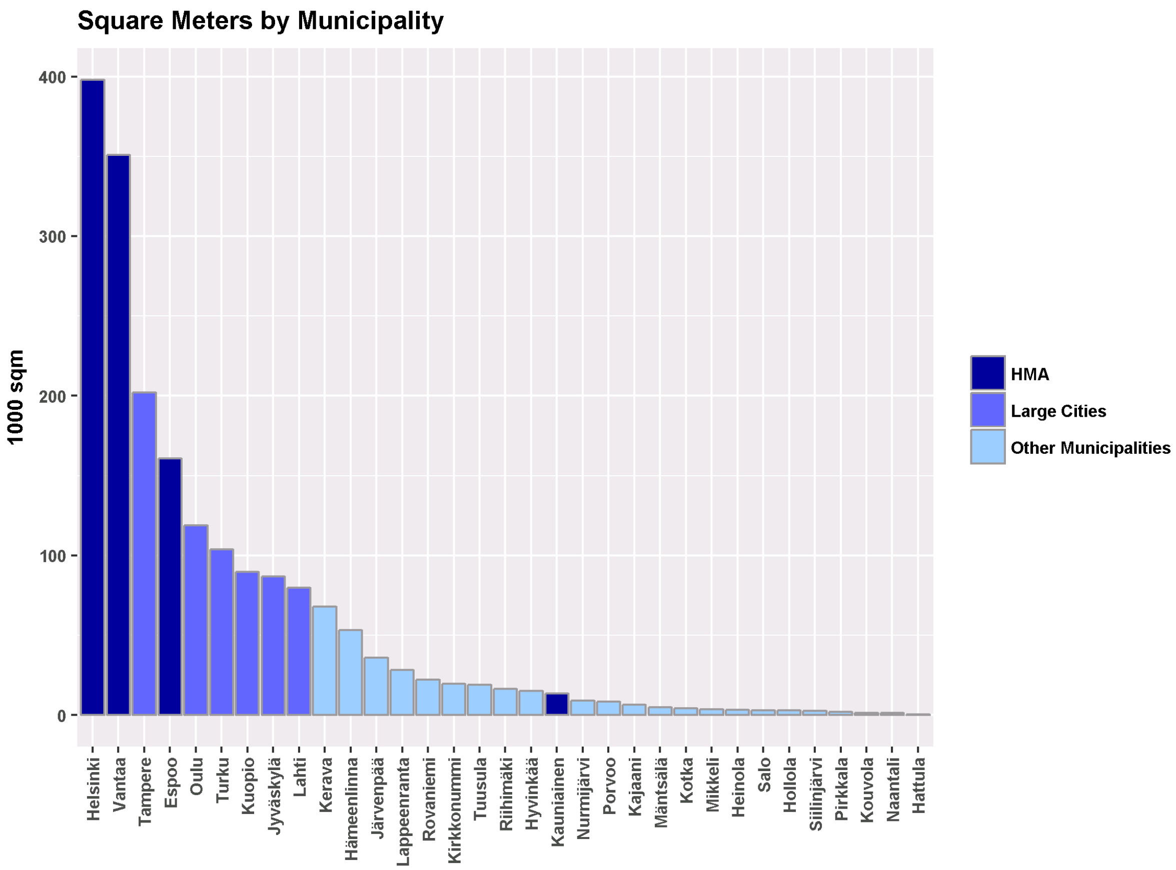
The Company's residential properties have a total lettable area of ca. 1,900,000 sq m. In below the Picture 2.2.2 illustrates the distribution of lettable residential area by valuation method. Properties valued by the sales comparison approach are the largest group by ca. 1,400,000 sq m (about three quarters of the lettable area). The area of properties valued by income approach is only slightly larger than that of properties valued according to their balance sheet value.



Picture 2.2.2 *Lettable area of the Company's properties by valuation method (including residential only).*

2.3 Breakdown of Lettable Area (Residential) by Location

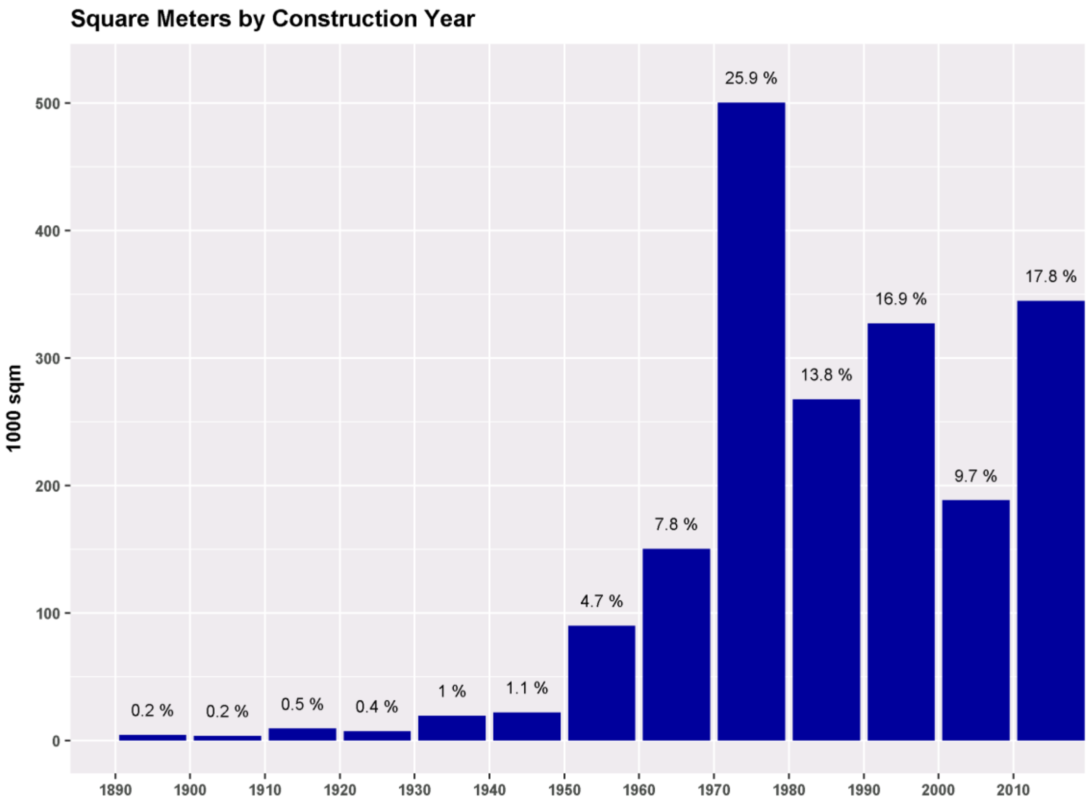
The largest amount of lettable area is located in Helsinki which accounts for nearly 400,000 sq m of lettable area. Vantaa follows Helsinki with ca. 350,000 sq m and Tampere comes third with 200,000 sq m. Picture 2.3.1 exhibits the lettable area by municipality.



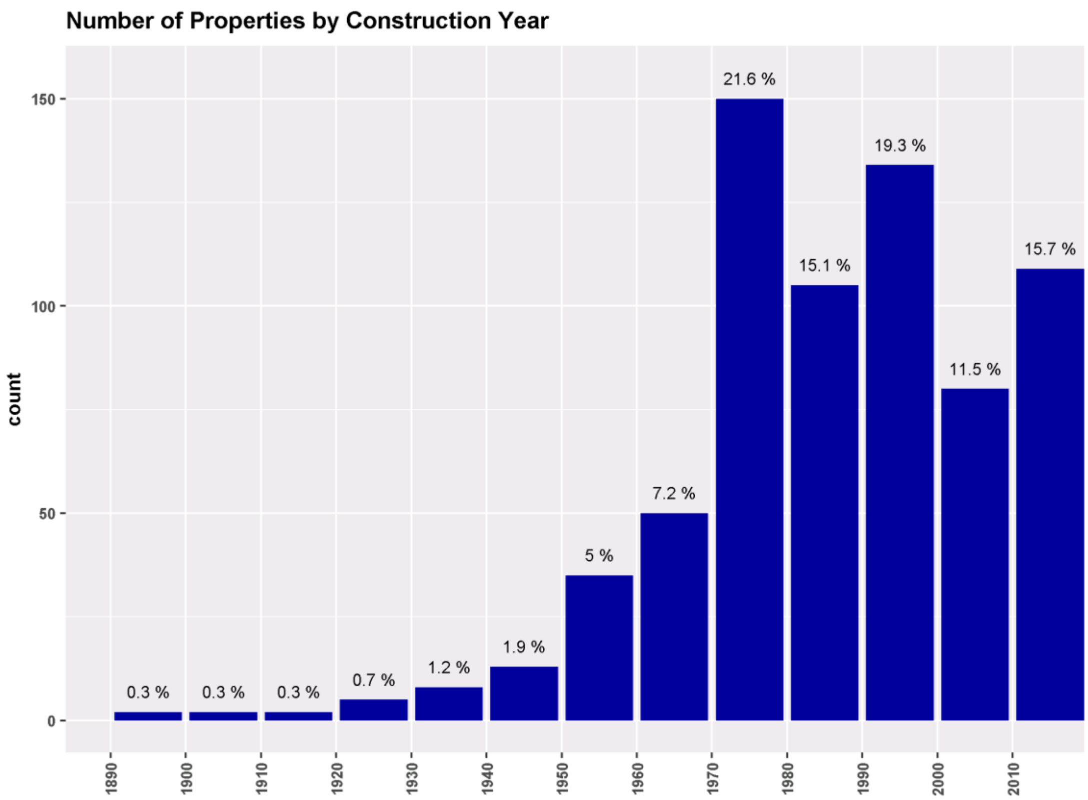
Picture 2.3.1 *Lettable area by municipality (including residential only).*

2.4 Breakdown of Lettable Area (Residential) by Age of Building

The following pictures (2.4.1 and 2.4.2) represent the units in the Company's portfolio according to their construction year as of 31.3.2018. The construction years of the buildings are represented by square meters and by number of properties. The average age of the buildings in the Company's portfolio is ca. 31 years. 27% of the buildings are constructed after 2000, 15% of the buildings are constructed in 1980's and 19% in 1990's. 39% of the buildings are constructed in 1970's or before that.



Picture 2.4.1 *Square meters in the Company's portfolio according to year of construction.*



Picture 2.4.2 *Number of properties in the Company's portfolio according to year of construction.*

2.5 Properties and Affecting Legislation and Restrictions

The properties in the Company's portfolio differ in terms of affecting legislation and restrictions. The property types comprise (1) residential apartments that are non-subsidized, apartments with expired statutory restrictions, and apartments immediately to be freed from restrictions, (2) residential apartments that are for rental use only and (3) residential apartments which are under statutory limitations regarding use and handover of the properties. There are in total 520 properties and 26,622 apartment units that are non-subsidized free from statutory restrictions or that are possible to be freed immediately, 84 properties and 3,510 apartment units that are only for rental use and 91 properties and 3,968 apartment units which are under statutory limitations regarding use and handover.

(1) The non-subsidized residential apartments are built without state-subsidized housing loans (Arava loans) or interest subsidy loans. The non-subsidized residential apartments are free from statutory restrictions. The rights and liabilities of lessor and lessee are stated in The Act on Residential Leases (Laki asuinhuoneiston vuokrauksesta 481/1995), which regulates the renting of the non-subsidized apartments. There is no affecting legislation or restrictions regarding the apartments with expired statutory restrictions. Residential apartments that are non-subsidized and apartments with expired statutory restrictions or apartments immediately to be freed from restrictions can be sold individually and thus, they are valued with sales comparison method.

(2) Residential apartments that are for rental use only comprise apartments built with 20 year interest subsidy loan (based on The Act on Interest Subsidy for Rental Housing Loans 867/1980 and accepted during 1.1.1994 – 31.12.2001) and apartments built with Arava loans which have an extended restriction period. These apartments must be used as rental apartments but the rent determination is free from restrictions. There are no restrictions regarding the transfer price of the apartments, even though the use is restricted. Because of the limitations regarding the use, these apartments are valued with income approach method.

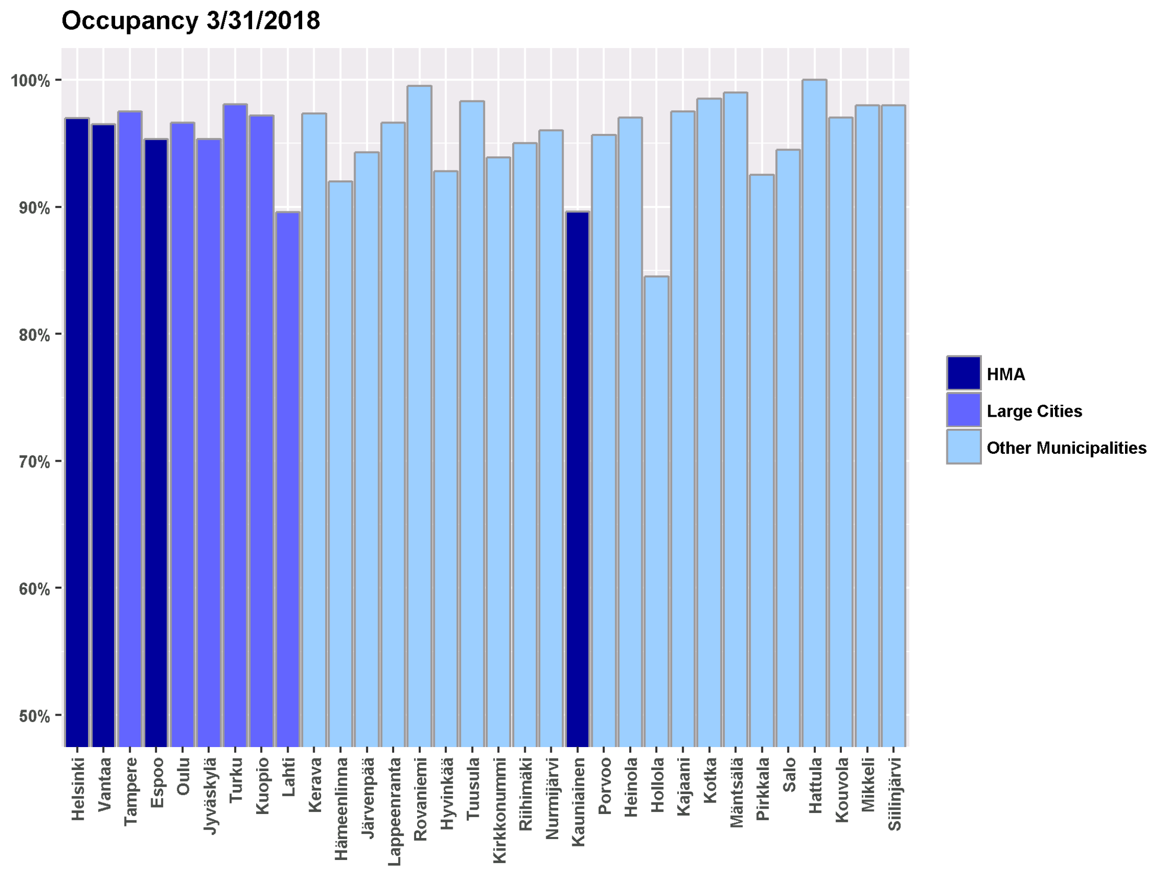
(3) There are statutory limitations regarding use and handover of residential apartments built with Arava loan and 40 year interest subsidy loan if the restriction period is still valid. It is stated in The Act on the Use, Assignment and Redemption of State-Subsidized (Arava) Rental Dwellings and Buildings (1190/1993) and in The Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (604/2001) that these residential apartments must be in rental use, the rent cannot be determined freely and that the transfer price is restricted.

The book value method is used to appraise the value of apartments under use and handover restrictions. According to the legislation, the transfer price of a location encumbered with the use and handover restrictions has been regulated and the permissible maximum disposal price is 'disposal compensation'. The disposal compensation is determined from the own funds to be revised with an index (i.e. the owner's actual investment in the location), which is stepped up with the remaining location-specific portion of debt that is normally transferred to the buyer at the time of disposal if the debt is not transferred during the transaction process.

The disposal compensation is not used as the basis of calculation because location-by-location appraisal can be challenging for older locations. If the disposal compensation were to be used as the basis of the value appraisal, any major repair in the location would not affect the value of the location in any way if the repair were not to be financed with a loan. The Company finances the repairs in state subsidized non-profit companies with cash holdings while loan financing is available only for individual major repairs. In addition, when the transfer compensation is used, the amortization of loans would have a value reducing effect.

2.6 Occupancy Rate (Residential) of the Company's Portfolio

Picture 2.6.1 below shows the economic occupancy rates in the Company's residential portfolio. There are also commercial units located in residential properties, and the occupancies of these units are included in the following picture. In the whole portfolio, the average occupancy rate was 96.1% on 31.3.2018. For all residential properties, we have only had the occupancy rates in March 2018, not any long-term averages. The occupancy rates are quite similar to each other in different municipalities. In municipalities where there are only few properties, an individual renovation can have a considerable temporary effect on the occupancy rate. Overall, the occupancy rates are generally on a good level.



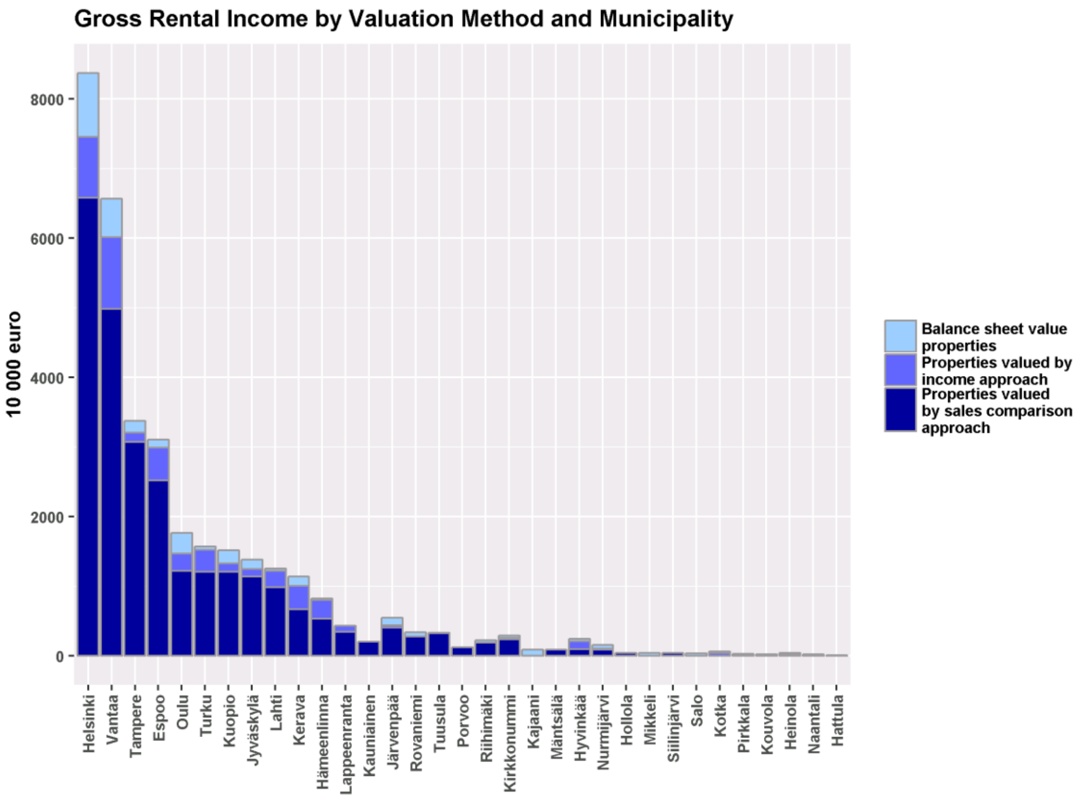
Picture 2.6.1 *The occupancy rates of the properties by municipality.*

2.7 Breakdown of Current Gross Rental Income by Valuation Method and Location

Properties that are valued by sales comparison method, income method and balance sheet values, include units in commercial use in addition to apartments in residential use. Properties valued by income method include also three properties that are completely in other than residential use. For balance sheet value properties, income data was available for residential units only, whereas for the other units we had only a number of them at our disposal.

Unbuilt sites and ongoing construction projects do not have constructed square meters that would generate rental income. Leased sites produce rental income, but this income (land rent) is not included in the following picture 2.7.1. The breakdown of unbuilt sites, ongoing construction projects and leased sites is in chapter 2.8.

The following picture 2.7.1 shows the gross rental income by municipality and valuation methodology: sales comparison method, income method and balance sheet values. Most of the properties in Company's portfolio are valued by sales comparison method and therefore most of the gross rental income is generated by these properties.



Picture 2.7.1 *Gross rental income by valuation method and municipality.*

The assets are located in 33 different municipalities. Most of the units in the Company's portfolio are located in Helsinki, Vantaa, Tampere and Espoo. As Picture 2.7.1 illustrates, the share of the Company's portfolio's total gross rental income coming from these cities is considerable.

2.8 Breakdown of Unbuilt Sites, Ongoing Construction Projects and Leased Sites

There are three different types of non-completed properties in the Company's portfolio; unbuilt sites, ongoing projects and leased sites. These properties are identifiable with property identifier.

2.8.1 Unbuilt sites

There are in total four (4) unbuilt sites in the Company's portfolio that are located in Helsinki and in Espoo. The total area of unbuilt sites is 26,701 s qm and the total building right is 12,420 building right square meters. All the unbuilt sites are residential plots.

2.8.2 Ongoing projects

There are in total 49 ongoing projects in the Company's portfolio that are located in 8 different cities in Finland. Most of the projects (78%) are located in Espoo and Helsinki and rest of the projects are located in Vantaa, Jyväskylä, Hyvinkää, Hämeenlinna, Tampere and Turku. The ongoing projects include residential properties that are in planning or under construction and conversion properties that are being changed to residential use. The total building rights are 203,489 sq m and the total land area of ongoing projects is 126,338 sq m.

Most of the ongoing projects are marked with plan symbol "AK" in the detailed city plan of the site. AK means that the plots are for multistorey residential buildings. There are also 13 ongoing projects in Helsinki, which are marked with plan symbol "Y" (plot is for public buildings). These properties constitute an exception that is processed separately and is valued in a different way to the other properties. These 13 properties were bought from the City of Helsinki in 2017 and the buyer (the Company) is obliged to apply for a change of use for the objects in the city plan within two years. The City of Helsinki will not collect the land use fees of these plots. Furthermore, it has also been agreed that if the new city plan has not been changed within five years, the

Company may require the City of Helsinki to redeem the plots with the purchase price. The purchase price is the value of these 13 ongoing projects. This is a conservative valuation method because even if the changes in the city plan and the final use are uncertain, we can assume that part of the changes in the city plan will be realized and the possibly more valuable use will increase the value for the Company, as no land use fees are collected for the possible changes in the city plan. A fixed additional purchase price is predetermined and the level of this additional purchase price is below normal land use fees.

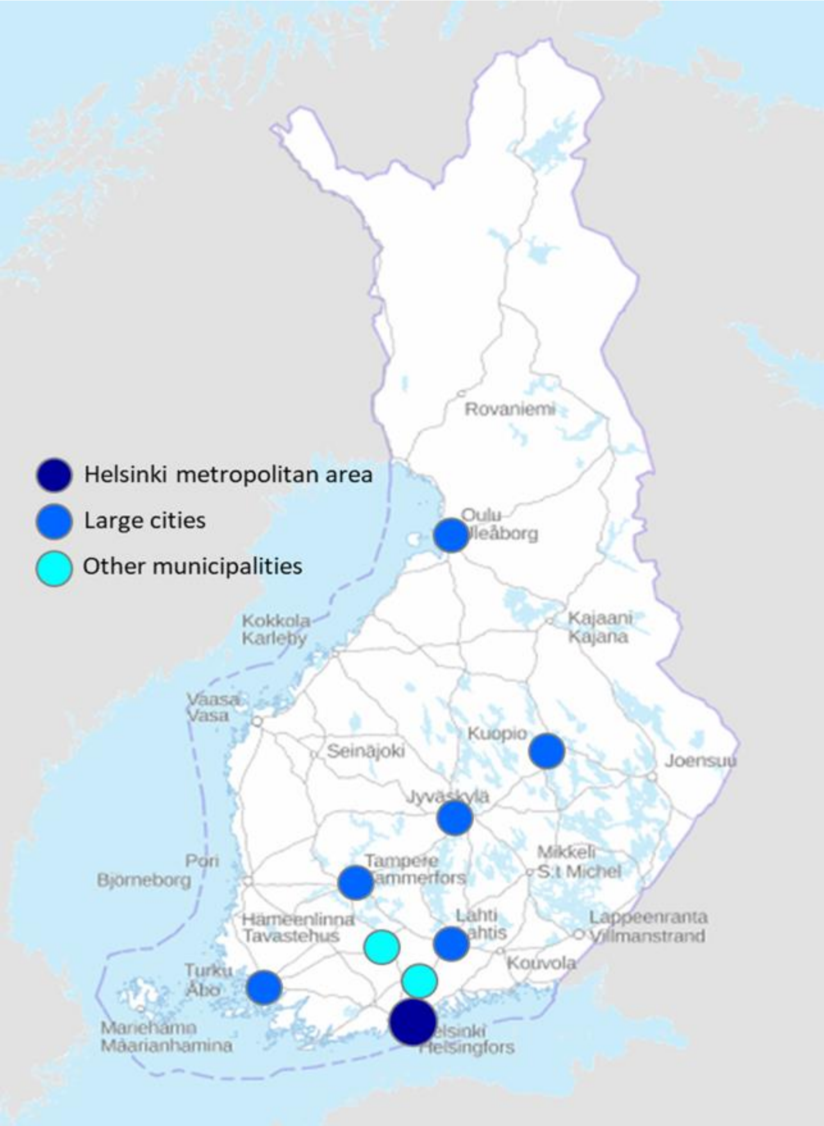
2.8.3 Leased sites

There are in total 16 leased sites in the Company's portfolio for which rental income is received. Leased sites are located in four (4) different cities which are Oulu, Kouvola, Hyvinkää and Imatra.

2.9 Diversity of Finland's Residential Markets

The properties in the Company's portfolio are located in 33 municipalities in different parts of Finland. We have conducted inspections in 11 municipalities for valuation purposes. These cities are segmented in three different categories according to the population. HMA includes Helsinki (the capital city of Finland), Espoo, Vantaa and Kauniainen. "Large Cities" are cities that have a population exceeding 100,000 inhabitants and "Other Municipalities" are cities/municipalities with a population below 100,000 inhabitants. Picture 2.9.1 illustrates the locations of the 11 cities that were subject to inspections.

The average household size in Finland has been decreasing and in 2016, ca. 76% of Finnish households consisted of one or two persons. Especially in Helsinki the share of single-person households is high, being 48% of all households (ca. 43% in whole Finland). This increases the demand for small apartments. Both the decreasing average household size and the continuing urbanization are increasing the demand for small rental apartments especially in major cities. HMA and Large Cities are experiencing the highest migration. For that reason rents, especially for small apartments, are expected to increase in all growth centers. Renting as opposed to owning is more common in Large Cities if compared to the whole of Finland on average.



Picture 2.9.1 *Locations of the 11 cities where on-site inspections were conducted.*

2.9.1 Helsinki Metropolitan Area ("HMA")

Helsinki Metropolitan area consists of four cities: Helsinki, Espoo, Vantaa and Kauniainen (there were no inspections in the last mentioned). Espoo and Vantaa were the fastest growing cities in Finland in 2017. The population has increased in HMA by 14.6% from 2007 to the end of 2017. The population of HMA was in 2017 ca. 1,155,000 accounting for over one fifth of Finland's population. Jobs are centralizing into the service sector and to the HMA contributing to the increasing urbanization. Because of the urban development, the housing construction is centralized in growth areas and HMA area is the most attractive region for a residential location in Finland. The number of households in HMA is predicted to continue increasing in the future.

The housing construction is strongly centralized in HMA, in 2016 a third of the started dwellings was located in HMA. Strong increase in housing production restrains the increase of housing prices and rents. In 2017, the transaction prices of old residential dwellings increased 2.8% in HMA. From 2016 to 2017 the average residential rent increased by 2.3% in HMA. In 2017, the average rent was 15.21 €/sq m/month as in 2010 the average rent was 11.97 €/sq m/month. The highest average rent level was in Helsinki with 16.59 €/sq m, followed by Espoo with 14.58 €/sq m, and the lowest average rents were recorded in Vantaa where they stood at 14.46 €/sq m. The average employment rate was ca. 72.0% in HMA, which is higher than the Finnish average (68.8%). (Sources: KTI, Statistics Finland)

2.9.2 Large Cities

In this context, Large Cities are cities with a population exceeding 100,000 inhabitants. Large Cities consists of six cities: Tampere, Turku, Oulu, Jyväskylä, Lahti and Kuopio. These cities are located in different parts of Finland and all of them, excluding Lahti, are known as university cities. The population in all the Large Cities together totals ca. 1,002,000. For the last ten years, the population has increased in Large Cities by a total of 26.7%, and over the last few years the population has been increasing ca. 1.2% per year. In Tampere the population increased by 1.6% from 2016 to 2017, which was slightly faster than in other Large Cities.

In 2017, the average residential rent was 12.80 €/sq m/month as in 2010 the average rent was 10.40 €/sq m/month. The highest average rent level was in Kuopio with 13.57 €/sq m and the lowest was in Oulu with 11.71 €/sq m. The average employment rate was ca. 64% in Large Cities, which is lower than the Finnish average (68.8%). (Sources: Statistics Finland)

2.9.3 Other Municipalities with inspected properties

Whereas Large Cities had a population above 100,000, Other Municipalities have a population below 100,000 inhabitants. Here, only the municipalities in which there are inspected properties are regarded. Other Municipalities with inspected properties comprises two cities: Hämeenlinna and Järvenpää. Hämeenlinna and Järvenpää are located in southern Finland. By train, Järvenpää is roughly half an hour and Hämeenlinna approximately one hour from Helsinki. The population has increased by 17% in these municipalities from 2007 to the end of 2017 and there were ca. 164,000 inhabitants in 2017. Hämeenlinna is suffering from its slightly declining population and decreasing number of households, unlike Järvenpää. Järvenpää is one of the satellite municipalities and because of the lower rent levels and housing prices compared to HMA, people have moved to Järvenpää where the population increased by 2.5% from 2016 to 2017.

In 2017, the average residential rent in these Other Municipalities was 12.90 €/sq m/month and in 2010 the average rent was 10.10 €/sq m/month. The higher average rent level was in Järvenpää with 13.30 €/sq m and in Hämeenlinna the average rent level was 12.44 €/sq m in 2017. The average employment rate was 74.2% in Järvenpää and 68.9% in Hämeenlinna. Hämeenlinna employment rate is almost the same as in Finland on average (68.8%), because the population is older in Hämeenlinna than in Finland on average. (Sources: Statistics Finland)

3 Explanation of Valuation

3.1 General Valuation Assumptions

3.1.1 Constituents of the subject properties

Equipment and fixtures in the subject properties, such as lift, other conveyor installations, central heating installations and other technical installations have been regarded as integral parts of the subject property and have, therefore, been reflected in our determination of the Market Value. Tenant's fixture and fittings that would normally be the property of the tenant have not been reflected in our valuation.

3.1.2 Structural investigations

Realia has not undertaken structural surveys or investigations for the purposes of this valuation. During the inspections, the properties were not measured nor were the services or technical installations tested. All observations and results from the inspections carried out by Realia are based on exclusively on purely visual examination with no guarantee as to completeness.

If, during the inspection, it appeared that there was a backlog of maintenance or repairs, this was reflected in the valuation accordingly.

No investigations that might have revealed possible issues which could cause damage to the subject properties have been carried out. We have not carried out any closer research concerning structures or material and we have not received any information regarding them.

3.1.3 Premises

No investigations of the measurement of the buildings or measurement surveys of the sites were carried out. For the purposes of the valuation, calculations have been based on the areas shown in the tenancy schedule and the additional information (like number of rooms) provided by the Company, which have not been verified.

3.1.4 Condition of dwelling units and buildings

We have not been provided comprehensive technical data of the condition nor condition surveys of the properties or dwelling units. We have received a list of major renovations during the last 10 years. We have taken into account the major renovations affecting the value. Regarding the properties in which there have been no major renovations during the last ten years, we have relied on the information on the Company's web site, www.lumo.fi. In the cases where we have performed an inspection, we have relied on visual inspections and we may have taken into account renovations that have been done even that might not be listed on the Company's web-site. We have not checked the validity of the information provided by the Company or if the web-site is fully up-to-date.

If there is no list of the possible renovation on the web-site and we have not inspected that specific property, we have assumed that the building and the dwelling units are in the average condition expected for the construction year.

3.1.5 Environmental contamination and soil conditions

Based on the information received from the Company, we have assumed that the subject properties are not subject to any form of contamination and no uses or activities with potential to cause contamination have been or are being carried out on or in them. Based on the information provided, we also assumed that no environmental investigations or soil surveys that have revealed contamination or potential contamination in or on the subject properties (including the buildings) have been carried out.

For the purpose of this valuation, we have not conducted or given instructions for any more detailed investigations to the extent that, in the past or in the present, uses have been or are being carried out in or on the subject property and/or adjoining or nearby properties that have the potential to cause contamination. For the purpose of this valuation, we have assumed that no potential contamination exists.

Should it be discovered, subsequent to our valuation, that contamination exists on any of the subject properties and/or on adjoining or nearby properties or that subject properties have been utilized in a way capable of causing contamination, this could have a detrimental effect on the value of the subject property concerned.

3.1.6 Freehold title and tenancies

In accordance with our valuation instructions, our determination of Market Value is based on the information provided to us, such as rented apartments, current rental income, tenancies, remaining lease terms (sites) but no other lease conditions. Based on the information provided, we have assumed that:

1. Company owns all the buildings;
2. All the subject properties together with encumbrances and restrictions as written in section 2.5 have been correctly registered in the land register; and
3. As a result of additional on-site research, there would be no indications whatsoever that could in principle be a detrimental influence on the Fair Value of the individual properties.

Mortgages or other liabilities that currently exist or might affect one or more of the subject properties in the future have not been taken into account.

3.1.7 Pending litigation, legal restrictions (easements on real estate, rent regulations etc.)

In accordance with the information provided by the Company, we have assumed, without verification that the properties are free from any pending litigation, that the ownership is unencumbered and that there are no other legal restrictions such as easements on real estate, rent regulations (excluding balance sheet properties and income approach properties), restrictive covenants in leases or other expenses that might adversely affect value.

3.1.8 Monument protection

Based on the information provided to us by the Company, we have assumed, without verification that there are no monument protection requirements on any property.

3.1.9 Tenants

Realia has not checked the status of contractual rent payments as at the date of valuation. Provided that Realia has had no contradicting information, we have assumed that there are no overdue rent payments.

3.1.10 Taxes, contributions, charges

Since no information to the contrary has been brought to Realia's attention, we have assumed without verification that all public taxes, contributions, charges etc. which could have an effect on value will have been levied and, as far as they are due, paid as at the date of valuation.

3.1.11 Insurance policy

Since no information to the contrary has been brought to Realia's attention, we have assumed without verification that the subject properties are covered by a valid insurance policy that is adequate both in terms of sum assured and the types of potential loss covered.

3.1.12 Legal requirements/authorization for the existence and use of the subject properties

No investigations of the compliance of the individual subject properties with legal requirements (including planning consent, building permit, acceptance, restrictions, building, fire, health and safety regulations etc.) or with any existing private law provisions or agreements relating to the existence and use of the site and building have been carried out.

When carrying out our valuations, we have assumed that all necessary consents and authorizations for the use of the properties are valid and will continue to be valid and that they are not subject to any onerous conditions.

3.1.13 Town planning and road proposals

Provided that Realia has not been informed to the contrary, we have assumed, without verification, that the properties are not adversely affected by any town planning or road proposals and hence, no subsequent adverse value effects on completed properties will take place.

For unbuilt sites (see 2.8.1) and ongoing projects (2.8.2) the value is derived in whole or in part through town plan. For more about the value determination of these properties, look at section 3.2.5.

3.1.14 Assumptions regarding the future

For the purpose of determining the market value of the subject assets/properties, we have assumed that the existing business will continue (as regarding both manner and extent of usage of the subject property) for the remainder of the useful life determined for the buildings, or that comparable business would be available to take over the use of the subject properties.

3.2 Methods of Valuation

3.2.1 Division of properties by valuation method

All the assets/properties, except for three of them, are residential properties which may include also a small number of other premises mainly on the ground floor. There are only three built properties which do not include any residential units at all.

The majority of the properties are apartment buildings, but the properties include, for example, some row houses. Nearly all of the properties are completed but the valuation includes also unbuilt sites and residential projects under construction. Most of the properties are free from limitations that would prohibit their free use and conveyance, but a number of properties are subject to different restrictions regarding their use and conveyance, thus having a considerable effect on the valuation.

The valuation is performed at asset basis and the value of the whole portfolio of the properties is the direct sum of the values of the individual properties (without any possible portfolio premium). However, the value of the entire portfolio and the premium has been discussed in clause 4.6.

The Valuation has been conducted according to the valuation regulations, the general valuation procedure and to specific regulations described above by implementing the most appropriate valuation method or methods in a manner that will result in a Market Value/Fair Value for each property.

3.2.2 Valuation by Sales Comparison method

Properties valued with sales comparison method are either initially free or freed from restrictions.

The valuation is conducted by employing a sales comparison method, as the asset can be conveyed freely and there is comparable data for valuation best at disposal. The data provided by the Central Federation of Finnish Real Estate Agencies (KVKL), including the descriptive information and justifications, served as a source of comparable information in the apartment specific valuation. KVKL provides for extensive information reserves, including transactions of the largest brokerage companies with a national coverage and detailed information. In Finland, the brokers are (typically) responsible for making sure the transfer tax (FIN: Varainsiirtovero) is paid and hence the actual transaction data in the KVKL database is considered highly reliable and representative.

The valuation has been performed according to type of dwelling unit (studio apartments, one-bedroom apartments, two-bedroom apartments etc.) and by determining the number of apartments and average size for each apartment type. These parameters have been compared to actualized transactions and the most appropriate comparable figures are used (e.g. area and year of construction). Thus, each apartment type received a single (average and representative) price per square meter. The value for each apartment type has been derived by multiplying the total square meters of each apartment type with the aforementioned single price per square meter. The same procedure has been conducted for each apartment type, resulting in summation value of the dwelling units.

The value of possible parking premises (if existing) was added to the summation value of residential apartments. The value of parking premises consists of the value of garages and car parks in parking halls. We have not determined value for car parks under the open sky, as their value is included in the value of apartments. The values of parking premises have been determined by sales comparison method.

The value of potential commercial premises (if existing) was added to the summation value of residential apartments. The value of the commercial premises has been applied by income approach. We have estimated the market rents of all commercial premises, but used the costs given by the Company, if the costs are at a reasonable and sustainable level. The value for commercial premises has been calculated by direct capitalization method by using a property specific and market related yield requirement. The proportion of commercial premises is altogether small.

Property specific summation values including all premises will undergo the necessary asset specific lump sum deductions (more specific information in chapter 3.4.3).

3.2.3 Valuation by Income method

Properties valued with income method must be used for rental use and may be sold as an entire property (selling unit by unit is forbidden).

The valuation of these properties has been performed by the income method when the properties are subject to rental use only, normally for many years onwards after the date of valuation. To clarify, the properties that have restrictions (excluding balance sheet value properties that are set out in paragraph 3.2.4. below) in force will be valued by the income method despite the level of restrictions and the length of the restrictions in force. Exception to the previous is the restricted properties that can be absolved at any day but have not been absolved yet (four properties). The valuation is based on estimated market rents. We have used the current operating costs used by the Company, provided they are at a reasonable and sustainable level.

The valuation has been performed according to unit size (studio, one bedroom, two bedrooms etc.) by valuing the average unit in each class and estimating the number of each unit type. The calculatory units have been compared to existing rents and observed market rents which are most comparable (by the area and the age of the buildings etc.). Measured average gross rent has been used for calculating the value for all dwelling units in each class and possible commercial premises. The value of parking spaces, regardless of type, has been taken into account in the current rental income. After reducing the operating expenses, the value for each asset has been counted by direct capitalization of NOI by using asset related required rate of return (because the terms of notice for the rent agreements is typically as short as one month, use of the Cash Flow method would be impracticable). The required rate of return takes into account the number of dwelling units, location of the properties, age or condition of the buildings, and possible special factors.

3.2.4 Valuation by Balance sheet values

Properties appraised according to their balance sheet values are under ARA-restrictions.

The value of properties under ARA restrictions is special in many aspects. The value of these properties has been based on the value of the properties on the Company's financial statement (“original acquisition cost, deducted by the depreciation accumulated up to the IFRS transition date (2014) and any impairment losses" as at 31.12.2014). We have evaluated the description given by the Company and have given the statement on the method used by the Company to be market based.

The properties under the ARA restrictions have a maximum transfer price based on legislation relying on the size of investments, which is typically not indicative of the Market Value of these properties and, therefore, we will base our valuation of these properties on their values as presented on the Company's balance sheet.

The Company has provided a proper motivation for the relevant basics, rules and legislation to show the rationality of this method to be used in the valuation. The Company has allowed us to assess the methods used by the Company and the latest values based on the method.

3.2.5 Valuation of unbuilt sites, ongoing construction projects and leased sites

Unbuilt sites have been valued by the sales comparison method according to the existing building right. For projects under construction the level of completion has been derived based on the committed costs. The calculation has been conducted by summing up to the site value the invoicing permits as of 31.3.2018 (the construction costs and the necessary costs of planning) so that the level of completion can be evaluated with sufficient accuracy. Leased sites (of which the Company is receiving land rent and on them there is a building owned by the lessor) have been valued by income method by using the agreed rent (sites leased by long term lease agreements). Because there is no information about the costs from these sites to the owner or the details of the contracts, we have used 5.5% yield requirements in our calculations.

3.3 Inspections

In accordance with the Company's instruction, we have conducted inspections in the largest properties according to the number of apartments. The rest of the properties have been valued without inspections. In total, the inspections have been carried out in 110 properties mainly during the week 15 of 2018. The 20 largest properties according to the number of apartments were inspected internally (the apartments were inspected only if there were vacant dwelling units) and for other inspected properties we conducted an external inspection.

The inspected properties (110 in total) are the largest properties by number of apartments (properties free from restrictions / 100 largest, properties under restrictions / 5 largest and properties under ARA-restrictions / 5 largest properties). Those properties are located in eleven cities and provide a reasonable overview of the portfolio in different locations across Finland in our professional opinion. The inspected properties represent 32.8% of the portfolio's total fair value.

During our inspections we verified the locations, condition of the buildings (and condition of the dwelling units, if only possible), and the market situation of each property.

3.4 Valuation Parameters and Property Specific Aspects

Determination of Market Value is based on comparable transactions (Sales Comparison Method) and rental references (Income Method). The following chapters review these aspects in more detail.

3.4.1 Selecting comparable sales

Sales Comparison Method is based on realized transactions of apartments. For each property valued by Sales Comparison Method, data of comparable transactions over the past year between 4/2017– 3/2018 were retrieved. In case comparable transactions were not found, the timeframe for transactions has been prolonged by a year, no more, but when necessary the geographical scope has been extended. Comparable transactions represent the best available property type (apartment house/row house) based on the property classification provided by the Company.

3.4.2 Analysis of comparable sales

Per se, data of transactions include all factors which are affecting the value of apartments. The average apartment for each property type defined above has been compared to transactions as similar as possible, thus enabling the analysis of individual factors. Comparable transactions have provided detailed information on apartment type, area, floor and condition. As we did not have comprehensive floor plans or sufficient information on the properties subject to valuation, we have assumed them to be average when lacking detailed information.

3.4.3 Property specific deductions

Due to the fact that values for properties valued by Sales Comparison Method have been derived from individual apartment level transactions, in the sales / or valuation of a larger entity a deduction is usually done on the aggregate value. The need for this adjustment measure results from the slightly weaker comparability of a large mass to the values of individual properties. The magnitude of the adjustment depends from i.a. the number of apartments, condition and quality of the property and location. Particularly condition has a considerable effect on the deduction, as with the acquisition of a large apartment mass, also the responsibility for the pertaining renovation costs are transferred to the purchaser. In addition, large apartment masses are also purchased by professional investors that have a slightly different mindset in analyzing the transactions than individual apartment buyers.

Property specific deductions have been determined as market oriented as possible based on the information available and the restrictions pertaining to it. All properties are according to prudence principle subject to property specific deductions that, however, vary considerably depending on the object property. The deviation describes the market position of an individual asset without the portfolio effect. For new and good properties the deductions remain at few per cents, whereas for old assets and properties in locations of poorer performance the deductions surpass ten per cent. In addition to location, the condition of the property and the condition related information have the most significant effect on the property specific deduction.

The lowest property specific deductions are reached in the largest market area, meaning HMA and above all Helsinki. The second lowest deductions are found in Tampere and Turku, followed by other Large Cities. While the average age of the properties and the number of major overhauls performed varies from one town to another, the direct comparison of average, property specific deductions is not possible. With assets fair value weighted average of the property specific deductions is 9.5%.

3.4.4 Estimated market rents

Income Method is based on estimated market rents. Net operating income (NOI) for each property is achieved by deducting costs from market rents, and the value of the property is derived by direct capitalization of NOI. Market rents are rent levels defined by Realia for each average apartment type in the property. Public rent statistics, KTI rent statistics and Realia's own databases were employed in the determination of the rent levels. Estimated market rents include all potential income generated by the property.

Properties valued by Income Method are free from rent-determination restrictions. No specific vacancy deduction has been applied, as the average occupancy levels of the properties are on a good level.

3.4.5 Utility charge

According to normal rental practices, there might be fees for possible parking spaces and utility charges, like water charge according to the number of residents in addition to the apartment rent. Still, as the Company has not started to collect utility charges (water charges) until the end of 2017, these are included in the current rental income only in the most recent rental agreements. In accordance with regular market practices, the utility charges have been taken into account as in Realia's market rents.

3.4.6 Operational costs

Operational costs include all costs caused by ownership and use of the property, excluding renovations (more detailed definition of operational costs can be seen in section 5). In our calculations we have used the real operational costs reported by the Company which were in 2017 on average 5.70 €/ sq m/month (including renovation costs). General market level of operational costs is approximately 4.5–5.0 €/sq m/month (excluding renovation costs). Because the average operational cost reported by the Company is higher than the general market level, we can assume it to be at a reasonable and sustainable level.

3.4.7 Modernization and renovation costs

In addition to operational costs, the maintenance and development of the property requires long-term repair activities. According to the data received, the Company has used on average 30 million euros per year on major renovations (renovations over 200,000 euros/property). This is taken into account in the correction multiplier (properties valued with sales comparison method) or in the yield requirement (the properties valued with income method).

3.4.8 Changes made by tenant

The tenant is generally allowed, without the lessor's specific permission, to conduct only rather minor reparations and changes and hence, these changes have no significant value effect. Possible changes are always regarding surface materials that are worn and/or damaged, and the value effect of these is minor.

3.4.9 Yield requirement

Property specific yield requirements are based on Realia's view on each property's or unit's level of return, at which it could be sold. The level of return strongly reflects the market situation and property specific characteristics (location, the condition of the property etc.). The yield requirement takes into account all property specific characteristics and no factors to correct the value are needed in addition to it. City specific yields vary between 4.7–7.5%. In individual properties, the difference between the highest and lowest yield requirement is considerably larger.

3.4.10 Parameters regarding commercial premises

All commercial units in residential properties that include all other units apart from residential units (e.g. retail, office, warehouse) have been valued by income method. In calculations, we have used current rental income (we have assumed that the rents are on average on a good level) or market rents determined by Realia. Average operational costs reported by the Company (including administrative and renovation costs) that are on average 5.60 €/sq m/month, are being deducted from the gross rental income of all commercial premises. This calculated net rental income is directly capitalized with the yield requirement of the commercial units which can be (and are) higher than the yield requirement of the residential units in the property. The range of used yield requirements is 7-13% and the average used yield is 10%. By using a slightly higher yield requirement on commercial units, we arrive at a conservative value.

3.4.11 Purchaser's costs

Normal costs payable by the purchaser on transfer are the following:

1. The transfer tax 2.0% of the debt-free purchasing price (shares) or 4% of the debt-free purchasing price (properties).
2. Brokerage fees vary depending from the property from tenths of a per cent to a few per cent.
3. Possible DD-costs depending on the method and extent.

In accordance with the purposes of the valuation, we have not taken into account the purchase costs.

4 Valuation Conclusions

Based on the information we have received and assuming that there is no additional information that could have a material impact on value and taking into account the specific comments and assumptions as set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values of the assets in the Portfolio, as at 31.3.2018, is:

4,884,500,000 €

(four billion eight hundred eighty four million five hundred thousand euros)

The exact sum of properties is 4,884,471,566 € of which the value of the unbuilt sites, ongoing projects and leased sites is 301,478,790 €.

The following table 3 shows the aggregated key property data of the portfolio (excluding unbuilt sites, ongoing projects and leased sites)

Table 3. *Aggregated property data.*

Total lettable area	**1,935,088 sq m**
Average Fair Value per sq m of lettable area	**2,588 €/sq m**
Residential units, properties valued by sales comparison approach	**4,005,997,196 €**
Residential units, properties valued by income approach	**425,425,771 €**
Residential units, balance sheet value properties	**151,569,809 €**
Other premises, all types and all properties (*)	**38,859,692 €**
Current annual rental income (gross) (**)	**348,797,099 €**
Net initial yield (based on current rent) (**)	**4.75 %**

(*) The value of other premises is included in the method specific values above, which predominantly comprehend the values of residential units.

(**) For Balance Sheet properties only the rental income and value of residential units is included in the calculation of the net initial yield.

Note 1
The 40 properties (1,594 apartments) agreed to be sold on 29.3.2018 and closed on 30.4.2018 are not included in any of the figures of the Valuation Report, although these properties (debt free purchase price of 97 Meur), have been owned by Kojamo Oyj at the Date of Valuation 31.3.2018.

Note 2
This Report does not take into account a portfolio premium, but the reported value is the direct sum of the estimated values of the properties. If the properties were sold in a single transaction, it should be noted, that for a large portfolio would involve a positive premium. Because the properties comprise a significant proportion of the Finnish housing stocks and the properties will provide a unique opportunity to gain a large market share, the portfolio premium would be a quite significant in our point of view.

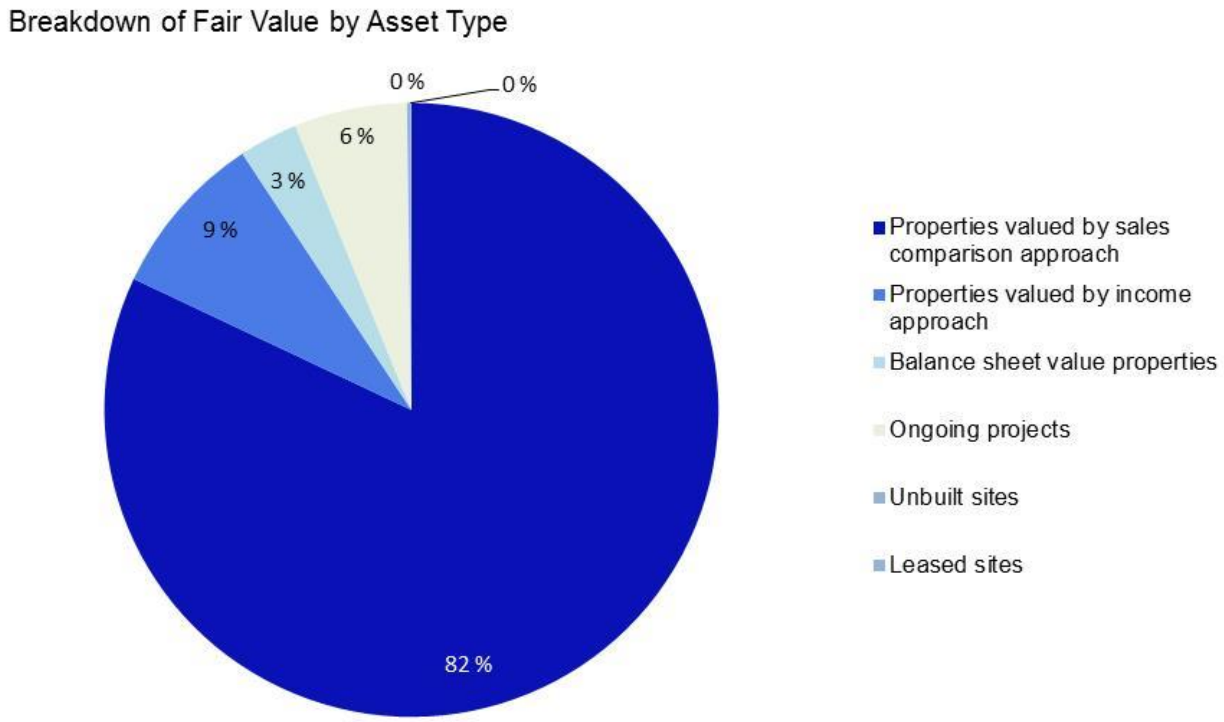
Note 3
The Valuation Report does not include three separate apartments that the Company owned on 31.3.2018 and that the Company processes as Trading properties.

Further information on the Fair Value of the Portfolio and the assumptions used in the valuation are presented in Part 3 "Explanation of Valuation" and 4 "Valuation Conclusions" of the Report.

4.1 Breakdown of Fair Value by Asset Type/Method

The breakdown of the fair value by asset type is as follows: 82.0% of the total fair value consists of assets valued by sales comparison approach, 8.7% of assets valued by income approach, 5.9% of ongoing projects and 3.1% of balance sheet value properties. Unbuilt sites and leased sites compose totally only 0.2% of the fair value.

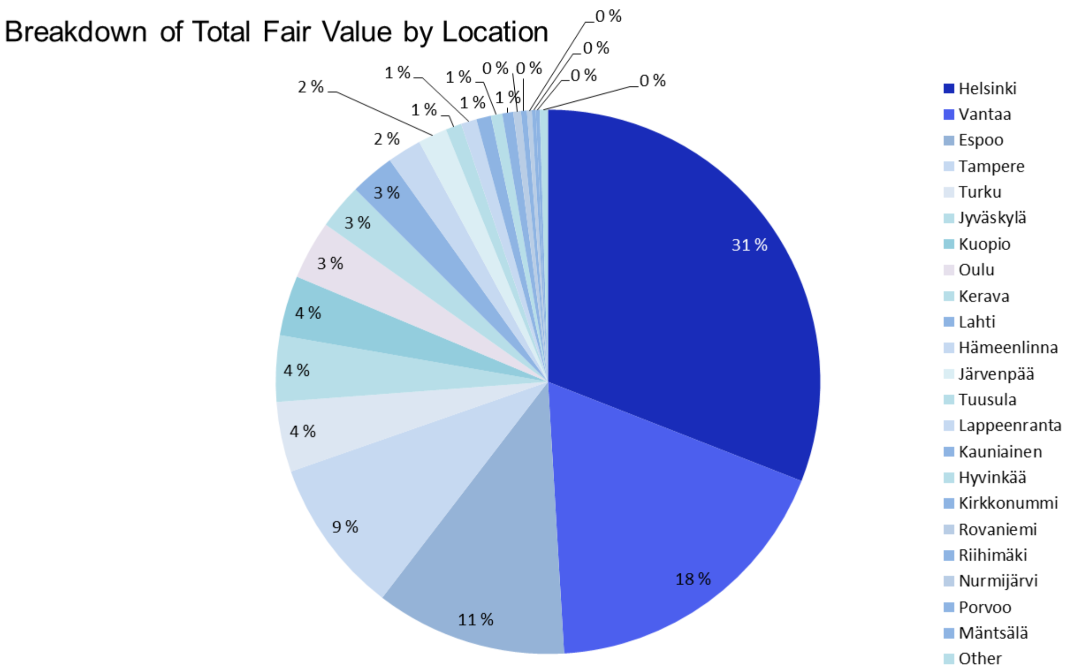
Asset Type	Fair Value	Percentage of Fair Value
Properties valued by sales comparison approach	4 005 997 200	82.01%
Properties valued by income approach	425 425 800	8.71%
Balance sheet value properties	151 569 800	3.10%
Ongoing projects	290 177 900	5.94%
Unbuilt sites	9 468 000	0.19%
Leased sites	1 832 900	0.04%
In Total	**4 884 471 600**	



4.2 Proportion of Total Fair Value by Location

The geographical proportion of the total fair values of individual assets is as follows: 30.9% of the total fair value is located in Helsinki, Vantaa follows with 18.1%, thereafter Espoo with 11.4% and Tampere with 9.2%. These top four locations account for more than two thirds (69.7%) of the whole fair value.

	Properties Valued by Sales Comparison Approach (€)	€/sqm	Properties Valued by Income Approach (€)	€/sqm	Balance Sheet Value Properties (€)	€/sqm	Ongoing Projects, Unbuilt Sites and Leased Sites (€)	In Total (€)	Percentage of Fair Value
Helsinki	1 194 800 400	3 917	104 080 700	3 018	51 123 900	874	161 107 900	1 511 112 900	30.94%
Vantaa	739 300 200	2 731	107 521 800	2 370	24 183 500	695	13 948 800	884 954 300	18.12%
Espoo	429 490 800	2 924	20 368 900	2 863	3 174 900	465	102 081 700	555 116 200	11.36%
Tampere	430 064 700	2 360	15 161 100	1 833	5 047 700	444	723 900	450 997 300	9.23%
Turku	167 155 600	2 190	30 285 900	1 289	2 616 300	682	3 299 500	203 357 300	4.16%
Jyväskylä	165 705 300	2 346	6 758 500	2 061	11 200 700	875	8 284 800	191 949 300	3.93%
Kuopio	154 208 400	2 204	14 486 300	1 898	5 555 100	465		174 249 800	3.57%
Oulu	136 879 600	1 710	18 784 900	1 331	14 040 200	574	492 800	170 197 600	3.48%
Kerava	90 775 300	2 399	29 641 500	1 704	11 316 500	885		131 733 300	2.70%
Lahti	105 917 800	1 707	22 059 800	1 438	1 024 600	429		129 002 100	2.64%
Hämeenlinna	63 840 800	1 942	23 466 200	1 294	2 280 400	1 010	9 479 300	99 066 700	2.03%
Järvenpää	75 836 700	2 855	4 336 900	2 048	3 908 600	537		84 082 200	1.72%
Tuusula	45 787 100	2 522			419 100	597		46 206 300	0.95%
Lappeenranta	38 226 700	1 674	7 213 300	1 365				45 440 000	0.93%
Kauniainen	42 509 300	3 151						42 509 300	0.87%
Hyvinkää	17 207 500	3 372	12 845 500	1 664	1 221 500	541	1 642 800	32 917 300	0.67%
Kirkkonummi	28 719 300	1 754	2 356 300	2 074	846 400	445		31 922 000	0.65%
Rovaniemi	19 961 400	1 168			2 145 000	435		22 106 300	0.45%
Riihimäki	15 585 600	1 139			1 528 300	579		17 113 900	0.35%
Nurmijärvi	10 536 800	2 275	1 196 100	1 167	2 147 800	652		13 880 700	0.28%
Porvoo	11 492 600	1 369						11 492 600	0.24%
Mäntsälä	11 378 900	2 314						11 378 900	0.23%
Other	10 616 500	1 176	4 862 200	1 207	7 789 200	432	417 400	23 685 200	0.48%
In Total	**4 005 997 200**	**2 680**	**425 425 800**	**1 970**	**151 569 800**	**680**	**301 478 800**	**4 884 471 600**	



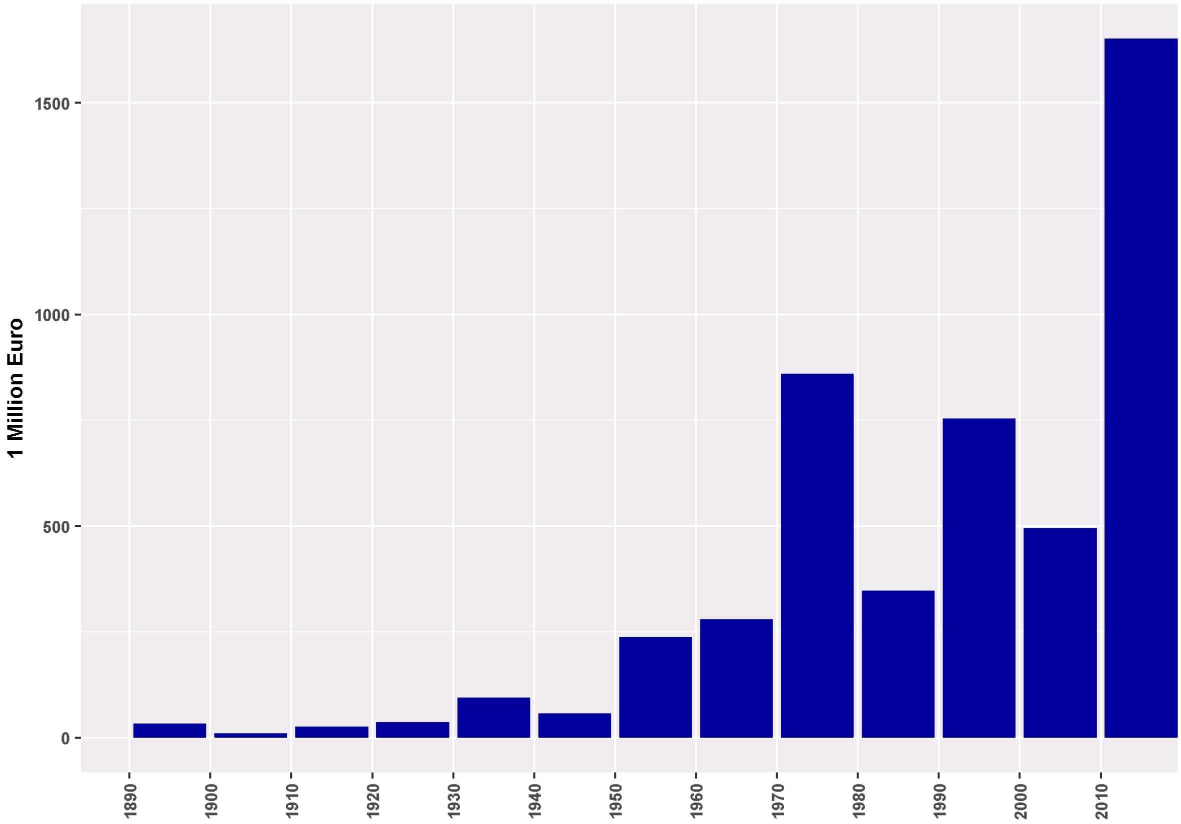
4.3 Breakdown of Fair Value by Age of Building

The breakdown of the fair value by assets construction year is as follows: 33.8% of the total fair value is attributable to buildings that are built after 2010, followed by 17.6 % built in 1970 to 1979 and 15.4% built in 1990 to 1999. Properties built in 2000 to 2009 account for 10.1%, 1980 to 1989 for 7.1%, 1960 to 1969 for 5.7% and 1950 to 1959 for 4.9% of the total fair value. Buildings constructed before 1950 presents only 5.3% of the total fair value.

In the graphs and tables ongoing projects, unbuilt sites and leased sites are included in the properties built after 2010. The share of these properties is 6.2% of the fair value.

Construction year	Fair Value	Percentage of Fair Value
2010 -	1 651 301 400	33.81%
1970 - 1979	860 057 700	17.61%
1990 - 1999	753 934 300	15.44%
2000 - 2009	495 286 700	10.14%
1980 - 1989	347 132 200	7.11%
1960 - 1969	279 459 400	5.72%
1950 - 1959	238 383 400	4.88%
1930 - 1939	94 159 800	1.93%
1940 - 1949	56 929 200	1.17%
1920 - 1929	36 966 300	0.76%
1890 - 1899	33 695 800	0.69%
1910 - 1919	26 340 800	0.54%
1900 - 1909	10 824 600	0.22%
In Total	**4 884 471 600**	

Fair Value by Construction Year

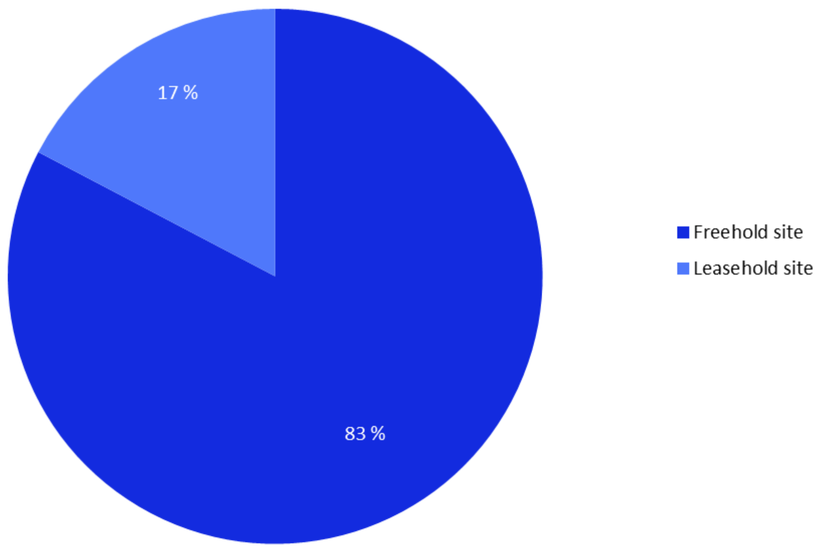


4.4 Breakdown of Fair Value by Tenure

Fair value is divided according to tenure as follows: freehold sites account for 82.8% and leasehold sites 17.2% of the fair value. Ongoing projects are assumed to locate freehold sites, as we were not otherwise informed by the Company.

Tenure	Fair Value	Percentage of Fair Value
Freehold site	4 044 460 000	82.80%
Leasehold site	840 012 000	17.20%
In Total	**4 884 471 600**	

Breakdown of Fair Value by Site Ownership

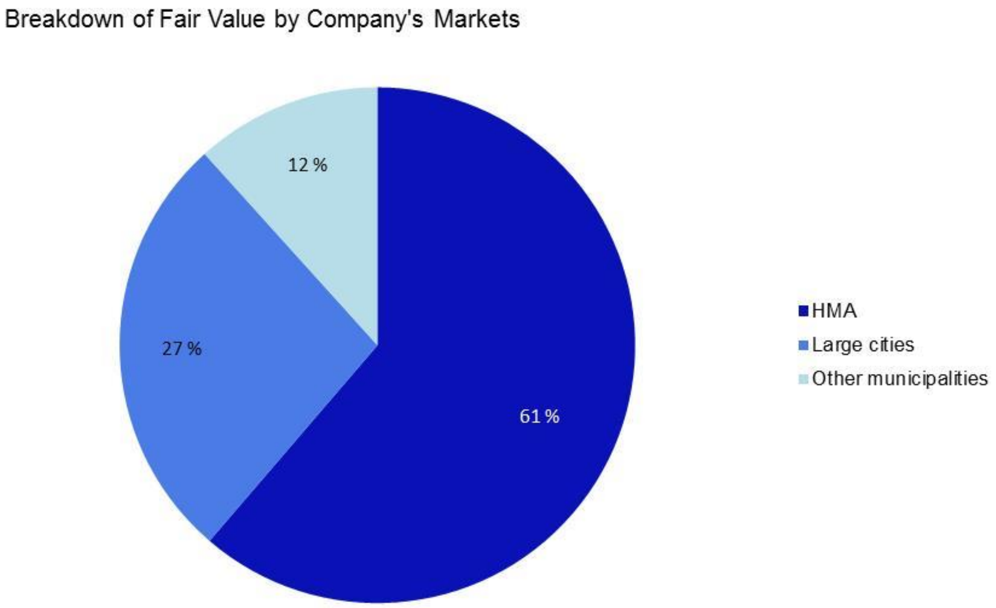


4.5 Breakdown of Fair Value by the Company's Markets

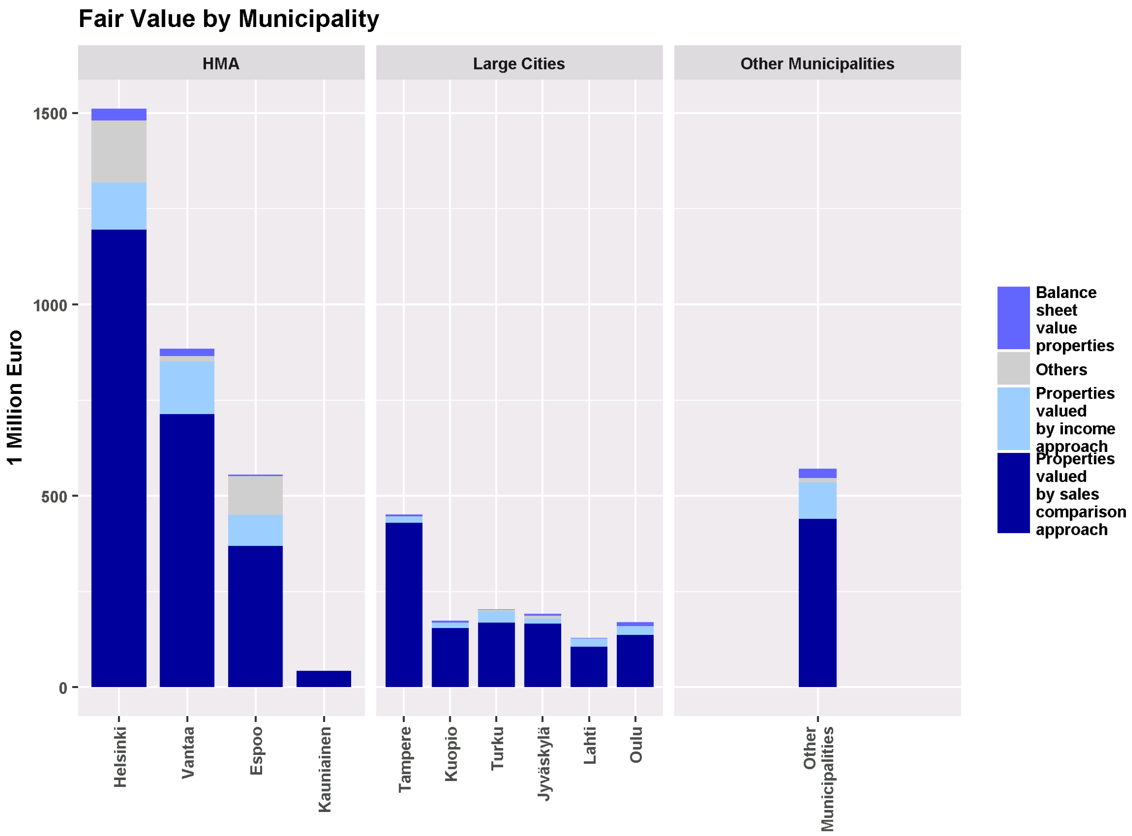
The distribution of the Company's markets is presented earlier in chapter 2.9. The Company's market proportion of the total fair value is as follows: 61.3% of the total Fair Value is located in HMA, 27.0% in Large Cities and 11.7% in Other Municipalities.

Market Area	Fair Value	Percentage of Fair Value
HMA	2 993 692 600	61.29%
Large cities	1 319 753 500	27.02%
Other municipalities	571 025 500	11.69%
In Total	**4 884 471 600**	

Hence, most of the portfolio's value is concentrated in the Helsinki metropolitan area.



The portfolio has good geographical cover, which minimizes the risks and increases the liquidity of the assets.



Class "Others" include the ongoing projects, unbuilt sites and leased sites.

The portion of the non-restricted properties is high in all municipalities, which enables flexibility for the business. Because the HMA's proportion of the value is the highest, the value of the portfolio will follow the development of the HMA property market.

4.6 Portfolio Premium and Portfolio Value

This Valuation Report does not express the value of the entire portfolio in a situation where it would be sold in a single transaction but as according to the assignment, each property was derived a Market Value (Fair Value) according to the appraisal methods described above. However, we see necessary to include the following remarks regarding the value of the portfolio as a whole.

1. As the valuation has been conducted at asset basis assuming that an individual property would be sold separately, the properties valued according to sales comparison approach have been subjected to property specific value deductions. The sum of property specific values has not been subjected to any adjustments (portfolio premium) as the rationale behind this commission is not to sell properties but Company shares.
2. Acknowledging the market situation, the attractiveness of residential investments and the structure of the portfolio, an investor determining a value for the entire portfolio will without a doubt apply a portfolio premium on the individual values of the properties.
3. The magnitude of the premium is influenced i.a. by the possibility to acquire an exceptionally large market share in central locations (HMA over 60% and small cities less than 12% of the value), proportion of properties free from regulations (over 82% of the value) and the share of properties built in year 2000 or after (ca. 44% of the value).
4. The most likely approach of an investor to the entire value of the portfolio would be income approach, whereby the current initial yield and its development (rental development potential and the location of projects, where the share of HMA is focal) are important. According to our perception the investor would employ a yield requirement that would remain considerably lower than that of the initial yield calculated on the sum of values for individual properties in this Valuation Report.
5. Should the investor approach the value of the entire portfolio through individual asset values by using a premium, this premium would in our opinion settle at a range of 4-5%, at minimum.

As this Valuation Report does not, according to the commission, define any portfolio premium, we do not take a stand on the magnitude of the premium. On this account, the above stated remarks can be only regarded as additional comments and they cannot be later on referred to on any part by a third party.

5 Valuation Key Definitions

Valuation methods:

Properties valued by sales comparison approach

- Properties valued by sales comparison approach are non-subsidized residential apartments that are built without state-subsidized housing loans (Arava loans) or interest subsidy loans or have been freed from restrictions. The non-subsidized residential apartments are free from statutory restrictions. The rights and liabilities of lessor and lessee are stated in The Act on Residential Leases (Laki asuinhuoneiston vuokrauksesta 481/1995), which regulates the renting of the non-subsidized apartments. There is no affecting legislation or restrictions regarding the apartments with expired statutory restrictions. Residential apartments that are non-subsidized and apartments with expired statutory restrictions can be sold individually and thus, they are valued with sales comparison method.

Properties valued by income approach

- Properties valued by income approach are residential apartments that are for rental use only. These comprise of apartments built with 20 year interest subsidy loan (based on The Act on Interest Subsidy for Rental Housing Loans 867/1980 and accepted 1.1.1994–31.12.2001) and apartments built with Arava loans which have extended restriction period. These apartments must be used as a rental apartments but the rent determination is free from restrictions. There are no restrictions regarding the transfer price of the apartments, even though the use is restricted. Because of the limitations regarding the use, these rental use only apartments are valued with income approach method.

Balance sheet value properties

- There are statutory limitations regarding use and handover of residential apartments built with Arava loan and 40 year interest subsidy loan if the restriction period is still valid. It is stated in The Act on the Use, Assignment and Redemption of State-Subsidized (Arava) Rental Dwellings and Buildings (1190/1993) and in The Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (604/2001) that these residential apartments must be in rental use, the rent can't be determined freely and the transfer price of a location is restricted. Arava-properties are appraised according to the Company's balance sheet values.

Location Distribution:

Helsinki Metropolitan Area (HMA)

- In this Valuation Report HMA includes: Espoo, Helsinki, Kauniainen and Vantaa.

Large Cities

- In this Valuation Report Lagre Cities includes: Jyväskylä, Kuopio, Lahti, Oulu, Tampere and Turku.

Other Municipalities

- In this Valuation Report Other Municipalities includes: Hattula, Heinola, Hollola, Hyvinkää, Hämeenlinna, Imatra, Järvenpää, Kajaani, Kerava, Kirkkonummi, Kotka, Kouvola, Lappeenranta, Mikkeli, Mäntsälä, Naantali, Nurmijärvi, Pirkkala, Porvoo, Riihimäki, Rovaniemi, Salo, Siilinjärvi and Tuusula.

Other Definitions:

Asset/Property

- In this Valuation Report asset and property means the same, unless it is obvious that property means the physical part of the asset only.

Building rights sq m

- The allowed building right in square meters that is allowed on the site according to town plan, which in this report means the building right of the main use on the site.

Current annual rental income

- Annualised passing rents per 31.3.2018.

Economic occupancy rates

- Economic occupancy rate illustrates the ratio between the potential and realized rental income. Potential rental income is the rental income that there would be if the occupancy rate was 100% and it is calculated by adding vacant net floor area multiplied with the target rent to the realized rental income. The economic occupancy rate is calculated by dividing the passing rental income by the potential rental income.

Fair Value

- The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land square meter

- Land square meter, by which we mean the area of the site.

Market rent

- The estimated rent receivable should the space be let at the valuation date.
- Market rents include all premises without any deductions.
- Market rents include water charges.

Market Value

- The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVS).

Operating costs

- The running expenses of property maintenance. They include costs for administration, maintenance services, outdoor area maintenance, cleaning, heating, water and sewage, electricity and gas, waste management, insurances, site rent, real estate tax and other maintenance costs.
- We only consider those costs, which the landlord is responsible for. Repair and renovation costs (capex) are not included.

Passing rent

- The sum of current lease agreements without temporary rent reductions (if such exist).
- Passing rent does not include any estimate for vacant premises.
- Passing rents may or may not include water charges (whether they are charged or not).

Square meter (sq m)

- Here sq m refers to the lettable area of residential and commercial units, unless otherwise indicated.

Yield requirement

- The estimated net yield required by a potential investor. Includes risk-free interest rates, market risk, property risk and modernization.

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AUDITOR'S REPORT ON A PROFIT FORECAST INCLUDED IN THE PROSPECTUS

To the board of directors of Kojamo plc

In accordance with the Commission Regulation (EC) No 809/2004 Annex I item 13.2 we report on the profit forecast set out in the section "Operating and Financial Review and Prospects- Prospects" of the prospectus dated 1 June, 2018. The prospectus contains a profit forecast compiled by the board of directors of Kojamo plc. According to the forecast "The company estimates that the group's FFO for 2018 will amount to between EUR 103 and EUR 116 million, excluding one-off items".

The responsibility of the board of directors

The board of directors is responsible for the compilation of the profit forecast and for the factors and assumptions made therein, in accordance with the Commission Regulation (EC) No 809/2004.

Auditor's responsibility

It is the auditor's responsibility to express an opinion, as to the proper compilation of the profit forecast on the basis stated and on the consistency of the basis of accounting with the accounting policies of the issuer.

We have conducted our work in accordance with the Finnish Institute of Authorised Accountants' recommendation "Profit Forecasts and Estimates – Guidance for Auditors". We have not performed an audit or review of the profit forecast or the underlying financial information or assumptions.

We have planned and performed our work so as to obtain the information and the explanations we considered necessary in order to provide us with reasonable assurance that the profit forecast has been properly compiled on the basis stated and that the basis of accounting used for a profit forecast has been consistent with the accounting policies of the issuers.

Opinion

In our opinion, the profit forecast included in the prospectus has been properly compiled on the basis stated and the basis of accounting is consistent with the accounting policies of Kojamo plc's consolidated financial statements.

Disclaimer and restriction on the distribution of the report

The future actual outcome may differ from the forecasted as the assumptions relating to future usually do not realize as expected and the differences may be material.

This report is required by the Commission Regulation (EC) No 809/2004 and it is given for the purpose of complying with that requirement and for no other purpose. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Helsinki 1 June 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant, KHT

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