



**Kojamo plc's  
Half Year Financial Report  
1 January–30 June 2018**





Unless otherwise stated, the comparison figures in brackets refer to the corresponding period of the previous year. The figures in this Half Year Financial Report have not been audited.

All statements made in this report regarding the company or its business are based on the views of the management, and the sections addressing the general macro-economic or industry situation are based on third-party information.

If there are differences between different language versions of the Half Year Financial Report, the Finnish version is the official one.

## **KOJAMO PLC'S HALF YEAR FINANCIAL REPORT 1 JANUARY–30 JUNE 2018**

**Kojamo had a successful listing, strong operative development and increased investments**

### **SUMMARY OF APRIL–JUNE 2018**

- Total revenue increased to EUR 89.8 (83.6) million.
- Net rental income increased to EUR 61.4 (55.6) million, representing 68.4 (66.5) per cent of total revenue.
- Profit before taxes increased to EUR 91.5 (80.7) million. The profit includes EUR 53.4 (44.0) million in net valuation gain on fair value assessment.
- The fair value of investment properties was EUR 4.9 (4.4) billion at the end of review period.
- Gross investments totalled EUR 39.5 (64.4) million.
- The share issue in connection with the listing increased the Group's equity by EUR 146.9 million.

### **SUMMARY OF JANUARY–JUNE 2018**

- Total revenue increased to EUR 178.0 (167.2) million.
- Net rental income totalled EUR 109.5 (101.1) million, representing 61.5 (60.5) per cent of total revenue.
- Profit before taxes increased to EUR 140.5 (132.0) million. The profit includes EUR 74.1 (67.5) million in net valuation gain on the fair value assessment of investment properties and EUR 1.0 (1.3) million profit on sale of investment properties.
- The fair value of investment properties was EUR 4.9 (4.4) billion at the end of review period, including EUR 0.0 (3.9) million in investment properties held for sale.
- The financial occupancy rate remained high, standing at 96.5 (96.6) per cent during the review period.
- Gross investments totalled EUR 243.2 (129.4) million, representing 136.6 (77.4) per cent of total revenue.
- Equity per share was EUR 9.11 (8.40) and return on equity was 10.4 (11.1) per cent. Return on investments was 7.3 (7.4) per cent.
- EPRA NAV per share (net asset value) amounted to EUR 11.17 (10.59).



- There were 1,214 (1,835) Lumo apartments under construction at the end of the review period.

Kojamo owned 34,172 (33,877) rental apartments at the end of the period. Since June 2017, 981 apartments have been acquired, 1,360 have been completed, 1,956 have been sold and 90 have been demolished or altered.

## **OUTLOOK FOR KOJAMO IN 2018 (unchanged)**

Kojamo estimates that in 2018, the Group's total revenue will grow by 3 to 9 per cent 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.

The outlook takes into account the effects of the housing divestments and acquisitions completed in 2018, the estimated occupancy rate and rises in rents, as well as the number of apartments to be completed. The outlook is based on the management's assessment of total revenue, net rental income, administrative expenses, financial expenses, taxes to be paid and new development to be completed, as well as the management's view on future developments in the operating environment.

Additionally, the outlook is based on strong demand sustained by migration, which will increase like-for-like rental income. The management can influence total revenue and FFO through the company's business operations. In contrast, the management has no influence over market trends, the regulatory environment or the competitive landscape.



## KEY FIGURES

	4-6/2018	4-6/2017	Change%	1-6/2018	1-6/2017	Change%	2017
Total revenue, M€	89.8	83.6	7.3	178.0	167.2	6.4	337.0
Net rental income, M€ *)	61.4	55.6	10.4	109.5	101.1	8.3	216.0
Net rental income margin, % *)	68.4	66.5		61.5	60.5		64.1
Profit before taxes, M€ *)	91.5	80.7	13.3	140.5	132.0	6.4	266.7
EBITDA, M€ *)	104.4	91.0	14.7	165.0	151.8	8.7	308.2
EBITDA margin, % *)	116.3	108.9		92.7	90.8		91.5
Adjusted EBITDA, M€ *)	50.7	46.5	8.9	90.0	83.0	8.4	179.5
Adjusted EBITDA margin, % *)	56.4	55.6		50.6	49.7		53.3
Funds From Operations (FFO), M€ *)	17.6	31.0	-43.1	39.5	44.9	-12.1	107.8
FFO margin, % *)	19.6	37.1		22.2	26.9		32.0
FFO per share, € *) <sup>4)</sup>	0.08	0.14	-43.9	0.17	0.20	-12.7	0.47
FFO excluding one-off items, M€ *)	18.5	31.0	-40.3	40.4	44.9	-10.1	107.8
Investment properties, M€ <sup>2)</sup>				4,923.3	4,423.0	11.3	4,710.2
Financial occupancy rate, %				96.5	96.6		96.7
Interest-bearing liabilities, M€ <sup>1)</sup> *)				2,540.3	2,460.0	3.3	2,283.0
Return on equity, % (ROE) *)				10.4	11.1		10.9
Return on investments, % (ROI) *)				7.3	7.4		7.5
Equity ratio, % *)				41.6	38.7		41.3
Loan to Value, % <sup>1)</sup> *) <sup>3)</sup>				46.7	46.1		46.0
EPRA NAV, M€				2,760.3	2,429.2	13.6	2,548.8
EPRA NAV per share, € <sup>4)</sup>				11.17	10.59	5.5	11.11
Gross investments, M€ *)	39.5	64.4	-38.7	243.2	129.4	87.9	367.3
Number of personnel, end of period				347	333		316

\*) Disclosure of Alternative Performance Measurements based on ESMA guidelines is located on key figures section of this Half-Year Report

<sup>1)</sup> Excluding items held for sale

<sup>2)</sup> Including items held for sale

<sup>3)</sup> The formula used in the calculation was changed during year 2017, and comparative figures were adjusted to correspond to the current formula.

<sup>4)</sup> Key figures have been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. In the share split the shareholders received 30 new shares per each existing share.

## CEO'S REVIEW

Kojamo successfully listed on Nasdaq Helsinki during the review period. Demand for the Initial Public Offering was strong, and the IPO was oversubscribed. Trading in Kojamo's shares began on the official list of Nasdaq Helsinki on 19 June 2018. I am very pleased with the great interest investors have shown towards Kojamo's listing.

In March, Kojamo issued an unsecured EUR 500 million bond, listed on the official list of the Irish Stock Exchange. With the bond, the company continued to shift towards unsecured financing.

The company's favourable development continued during the second quarter. We have proceeded with implementing our strategy and succeeded in our operational activities. The financial occupancy rate was on a good level during the review period, despite the increased number of new properties completed in the market. The financial occupancy rate in the review period was 96.5 per cent and improved during the second quarter.



During the review period, the number of tenancy agreements signed via the Lumo webstore increased sharply, with over 6,000 agreements signed by the end of June.

During the first quarter of the year, we grew our Lumo business in Finnish growth centres with both newly constructed properties and purchases of existing apartments. We acquired 981 apartments from OP Financial Group's funds. 689 new Lumo apartments were completed during the period.

Additionally we also sold 1,812 rental apartments as part of the strategy. Out of these, 1,594 apartments were sold to a real estate fund managed by the Morgan Stanley Real Estate Investing, Renger Investment Management, and Premico Group. At the end of the review period, we owned 34,172 apartments.

Acquiring and selling apartments is part of our strategy, according to which we will focus on the seven largest growth centres.

Jani Nieminen  
CEO

## **OPERATING ENVIRONMENT**

### **General operating environment**

As Kojamo operates in the residential real estate sector, the company is affected particularly by the situation on the residential property market in Finland and development in the Finnish growth centres. The company is also affected by macro-economic factors, such as economic growth, employment, disposable income, inflation and population growth.

According to a forecast by the Ministry of Finance (June 2018), Finland's GDP is expected to grow by 2.9 per cent in 2018, and growth is expected to slow down to 1.8 per cent in 2019. In the next few years, economic growth will be supported by both foreign trade and domestic demand. Export growth is expected to become more stable in accordance with the growth of global trade, with the impact of net export in boosting growth becoming smaller. Household consumption demand is limited by the weakening growth in real disposable income.

According to the forecast by the Ministry of Finance, investment growth will slow down significantly in 2019, due in particular to a decrease in the number of new construction projects started. The continuing relatively rapid GDP growth and modest development in real income maintain the demand for workforce in 2018–2020.

### **Industry operating environment**

According to the Confederation of Finnish Construction Industries RT (CFCI), the number of building permits granted for apartments continued to decrease in May 2018. CFCI estimates that the permits have decreased by approximately a third from the previous year during the spring. According to CFCI, the number of residential building permits granted was 46,400 on an annual level, and the number of construction starts was 48,000.

Based on the demand created by urbanisation, CFCI expects the number of rental apartments constructed for investors to grow in 2018. CFCI projects that construction costs will increase by 2.5 per cent in 2018.



According to a forecast by Pellervo Economic Research (PTT), development of the housing markets and apartment prices continue to diverge considerably between cities, although the strong construction boom in growth centres and increased demand even out the differences somewhat. Real estate business has picked along with prices in regions with growing populations. In growth centres, the prices of small apartments have diverged considerably from the price development of other apartments. The increase in studio prices in particular has increased demand in the rental housing market. According to Statistics Finland, apartment prices increased during March–April 2018 from the comparison period. The growth was 1.3 per cent in the Helsinki Metropolitan Area and 0.6 per cent in the whole country on average. The growth in prices in the Helsinki Metropolitan Area is attributable to a high demand for apartments and low supply of plots.

According to preliminary data, the rents of privately financed apartments increased by 1.8 per cent in 2017. Compared to the previous year, the increase in rents slowed down. PTT forecasts that the rents of new and existing privately financed apartments will increase by 2.1 per cent in 2018.

## BUSINESS OPERATIONS

Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties.<sup>1</sup> Kojamo offers rental apartments and housing services for tenants primarily in the Finnish Growth Centres<sup>2</sup>. At the end of the review period, Kojamo's property portfolio comprised 34,172 rental apartments. The fair value of Kojamo's investment properties amounted to EUR 4.9 (4.4) billion, including EUR 0.0 (3.9) million in investment property held for sale. Investment properties include completed apartments, as well as development projects and land areas.

Measured at fair value on 30 June 2018, 98.2 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres, 66.7 per cent in the Helsinki region and 82.9 per cent in the Helsinki, Tampere and Turku regions. Kojamo's share of the country's entire rental housing market is about four per cent.

## SEGMENT REPORTING

Kojamo Group's business operations are divided into two segments: Lumo and VVO. On 30 June 2018, the Lumo segment included 32,943 (30,512) apartments and the VVO segment included 1,229 (3,365) apartments. 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. The companies under the VVO business are subject to restrictions on distribution of profit and can distribute to their owner a four per cent return on capital invested as confirmed by the Housing Finance and Development Centre of Finland (ARA).

Kojamo will discontinue segment reporting of the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

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<sup>1</sup> 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.

<sup>2</sup> Helsinki, Tampere, Turku, Kuopio and Lahti regions and the cities of Oulu and Jyväskylä.



## FINANCIAL DEVELOPMENT APRIL–JUNE 2018

### TOTAL REVENUE

Kojamo Group's total revenue during the period April–June 2018 increased to EUR 89.8 (83.6) million. Total revenue of the Lumo segment increased to EUR 87.0 (76.2) million, while the total revenue of the VVO segment decreased to EUR 2.8 (7.6) million. Total revenue is generated entirely by income from rental operations.

### RESULT AND PROFITABILITY

The Group's net rental income totalled EUR 61.4 (55.6) million, representing EUR 68.4 (66.5) of total revenue. The Lumo segment recorded a net rental income of EUR 59.8 (51.5) million, and the VVO segment a net rental income of EUR 1.6 (4.3) million.

The Group's profit before taxes was EUR 91.5 (80.7) million. The profit includes EUR 53.4 (44.0) in net valuation gain on the fair value assessment of investment properties and EUR 0.4 (0.5) million profit on sale of investment properties. The change in the value of investment properties included in the profit is EUR 9.3 million higher than in the comparison period. Financial income and expenses were EUR 2.7 million higher than in the comparison period due to the significant increase in the amount of interest-bearing liabilities. The profit includes EUR 0.9 million in one-off items related to the listing and the IPO arrangements.

According to specifications issued by the Finnish Financial Supervisory Authority on 18 June 2018, Kojamo has applied the IFRIC 21 *Levies* interpretation to property taxes in the Half Year Financial Report. According to the interpretation, property taxes will be recognised as expenses in the income statement at the time of tax assessment, and they will not be allocated to different quarters of the year. Comparative figures have been adjusted to reflect the current method. The method of recognition does not affect the result for the full financial year or the outlook issued by the company.

Financial income and expenses totalled EUR -12.7 (-10.0) million. Financial income and expenses include EUR -0.3 (0.7) million unrealised changes in the fair value of derivatives.

## FINANCIAL DEVELOPMENT JANUARY–JUNE 2018

### TOTAL REVENUE

Kojamo Group's total revenue during the period January–June 2018 increased to EUR 178.0 (167.2) million. Total revenue of the Lumo segment increased to EUR 172.4 (152.3) million, and the total revenue of the VVO segment decreased to EUR 5.7 (15.2) million. Total revenue is generated entirely by income from rental operations.

The growth in revenue resulted primarily from rental apartments completed in 2017 and the start of 2018 as well as rental apartments acquired at the start of 2018. The decrease in the revenue of the VVO segment resulted from the number of apartments in the segment decreasing according to plan.



## RESULT AND PROFITABILITY

Net rental income amounted to EUR 109.5 (101.1) million, representing 61.5 (60.5) per cent of total revenue. The Lumo segment recorded a net rental income of EUR 106.6 (93.2) million and the VVO segment EUR 3.1 (8.2) million. The increase in net rental income resulted primarily from rental apartments completed in 2017 and the start of 2018 as well as rental apartments acquired at the start of 2018.

The Group's profit before taxes amounted to EUR 140.5 (132.0) million. The profit includes EUR 74.1 (67.5) million in net valuation gain on the fair value assessment of investment properties and EUR 1.0 (1.3) million profit on sale of investment properties. The change in the value of investment properties included in the profit is EUR 6.6 million higher than in the comparison period. Financial income and expenses were EUR 4.9 million higher than in the comparison period due to the significant increase in the amount of interest-bearing liabilities. The profit includes EUR 0.9 million in one-off items related to the listing and IPO arrangements.

According to specifications issued by the Finnish Financial Supervisory Authority on 18 June 2018, Kojamo has applied the IFRIC 21 *Levies* interpretation to property taxes in the Half Year Financial Report. According to the interpretation, property taxes will be recognised as expenses in the income statement at the time of tax assessment, and they will not be allocated to different quarters of the year. During the review period applying for IFRIC 21 increased property tax expenses by EUR 5.2 (4.8) million compared to the earlier method. Comparative figures have been adjusted to reflect the current method. The method of recognition does not affect the result for the full financial year or the outlook issued by the company.

Financial income and expenses totalled EUR -24.1 (-19.3) million. Financial income and expenses include EUR -0.9 (1.6) million unrealised changes in the fair value of derivatives.

## BALANCE SHEET, CASH FLOW AND FINANCING

At the end of the review period, the balance sheet total was EUR 5,421.5 (4,980.9) million. Equity totalled EUR 2,252.4 (1,926.9) million. Equity per share was EUR 9.11 (8.40).

Kojamo was listed on the Nasdaq Helsinki Stock Exchange in June 2018. In connection with the listing, Kojamo issued 17,665,039 new shares and raised a total of approximately EUR 150 million in gross proceeds. The share issue increased the Group's equity by EUR 146.9 million. The share issue improved the equity ratio by 1.6 percentage points.

The equity ratio was 41.6 (38.7) per cent.

The Group's return on equity was 10.4 (11.1) per cent and return on investments 7.3 (7.4) per cent.

At the end of the review period, interest bearing liabilities stood at EUR 2,540.3 (2,460.0) million, of which EUR 2,372.8 (2,162.0) million were market-based loans. At the period end, the Group's Loan to Value was 46.7 (46.1) per cent.

The average interest rate of the loan portfolio was 1.8 (1.9) per cent, including interest rate derivatives. The average maturity of loans at the period end was 5.9 (5.7) years.

The Group's liquidity position was excellent throughout the review period. At the period end, the Group's cash and cash equivalents totalled EUR 242.9 (421.2) million. EUR 49.9 (49.9) million of the EUR 250 million commercial paper programme was in use at the end of the review period. In





addition, the Group has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million that remained unused at the period end.

Kojamo plc issued an unsecured EUR 500 million bond on 7 March 2018. The bond is listed 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.

The company's objective is to increase the share of bond financing and continue shifting to unsecured financing. Of the EUR 500 million bond issued by Kojamo, approximately EUR 300 million was used to repay secured loans.

On 7 March 2018, Kojamo and the European Investment Bank (EIB) signed an unsecured loan agreement in the amount of EUR 95 million. The financing is the second part of the long-term financing of EUR 170 million granted by EIB on 28 November 2016, which will be used to fund the construction of nearly zero-energy buildings (nZEBs). At the end of the review period, the loan was still undrawn.

## REAL ESTATE PROPERTY AND FAIR VALUE

Kojamo Group owned a total of 34,172 (33,877) rental apartments at the end of the review period. The Lumo segment accounted for 32,943 (30,512) and the VVO segment for 1,229 (3,365) of these apartments. At the period end, the Group owned apartments in 33 (35) municipalities. The company aims to divest its apartments outside the seven major growth centres in Finland.

At the period end, the fair value of investment properties was EUR 4.9 (4.4) billion. The fair value increased by EUR 213.1 (124,1) million during the review period. The increase includes EUR 74.1 (67.5) million in net valuation gain on the fair value assessment of investment properties.

The fair value of the Group's investment properties is determined quarterly based on the company's own evaluation. An external expert gives a statement on the valuation of the Group's investment properties. The latest valuation statement was issued on 30 June 2018. The key criteria for determining fair value are presented in the Notes to the Interim Report.

At the end of the review period, the plot and real estate development reserve held by the Group totalled approximately 212,000 floor sq m (107,000 floor sq m). At the period end, the fair value of the plot and real estate development reserve was EUR 122.6 (44.0) million.

M€	30 Jun 2018	30 Jun 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	233.0	120.1	338.6
Modernisation investments	8.8	7.8	25.4
Disposals of investment properties	-104.2	-72.8	-82.2
Capitalised borrowing costs	1.4	1.6	3.3
Transfer to owner-occupied property	0.0	0.0	0.0
Valuation gains/losses on fair value measurement	74.1	67.5	126.2
<b>Fair value of investment properties, at the end of period</b>	<b>4,923.3</b>	<b>4,423.0</b>	<b>4,710.2</b>



## RENTAL HOUSING

Demand for rental housing remained strong in growth centres, and the urbanisation trend that supports long-term demand continued. The increased volume of new development in 2017 and 2018 has created a temporary balance between supply and demand, provided more alternatives for rental home seekers locally, and intensified competition for good customers. Studios and one-bedroom apartments continue to be in highest demand.

The financial occupancy rate of apartments was 96.5 (96.6) per cent for the review period, increasing during the second quarter. The increase in occupancy rate was supported by the successful development of rental processes and growing use of the webstore.

The number of tenancy agreements signed via the Lumo webstore increased sharply during the review period. At the end of June, the number of tenancy agreements had already exceeded 6,000. All Lumo rental apartments that became vacant are available for rent on the Lumo webstore, where customers can choose their preferred apartment.

At the period end, 91 (199) apartments were vacant due to renovations. The tenant turnover rate excluding internal turnovers increased slightly compared to the corresponding period in 2017 and was 14.7 (14.4) per cent.

The average rent for the Group's 32,035 (29,935) commercial Lumo apartments was EUR 15.68 (15.17) per square metre per month at the end of the review period and EUR 15.45 (15.03) during the period on average. The average rent for Lumo apartments is increased by the renewal of the property portfolio due to strong investment activities. The corresponding figures for the 2,137 (3,942) non-commercial VVO apartments were EUR 13.70 (13.34) at the end of the review period and EUR 13.59 (13.24) during the period on average. Like-for-like rental income increased by 1.9 per cent during the review period.

Thanks to successful rental control and our housing advisory service, the proportion of annual revenue accounted for by rent receivables remained low and was 1.5 (1.2) per cent at the end of the review period.

## INVESTMENTS, DIVESTMENTS AND REAL ESTATE DEVELOPMENT

The Group's gross investments totalled EUR 243.2 (129.4) million during the review period. Total repair costs and modernisation investments during the period were EUR 26.3 (25.4) million, of which modernisation investments accounted for EUR 8.8 (7.8) million. The Lumo segment accounted for EUR 242.9 (129.2) million of gross investments and the VVO segment for EUR 0.3 (0.2) million.

<b>Investments</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Acquisition and development of investment properties	233.0	120.1	338.6
Modernisation investments	8.8	7.8	25.4
Capitalised borrowing costs	1.4	1.6	3.3
<b>Total</b>	<b>243.2</b>	<b>129.4</b>	<b>367.3</b>
Repair expenses	17.5	17.6	35.6



At the end of the review period, binding acquisition agreements for new development totalled EUR 201.3 (294.4) million, of which EUR 89.9 (134.2) million is related to properties under construction. A total of 1,866 (2,761) new Lumo rental apartments will be built under the acquisition agreements, of which 1,214 (1,835) were under construction at the period end. The main reason for the decrease in the number of apartments under construction was the completion of apartments during the review period. Of the apartments under construction, 1,053 (1,596) are in the Helsinki region and 161 (239) in other Finnish growth centres.

Construction began on 378 (611) apartments during the review period, and 689 (312) new Lumo apartments were completed during the period. A total of 1,198 (934) apartments are expected to be completed in 2018.

A total of 981 (75) apartments were acquired during the review period. The apartments acquired from OP Financial Group's funds are located in Helsinki, Vantaa, Turku, Jyväskylä, Kuopio, Hämeenlinna, Lahti, Oulu and Naantali. The total gross annual rent for the apartments is EUR 9.7 million. The transaction was announced via stock exchange releases on 7 February 2018 and 5 March 2018.

During the review period, the company divested 1,812 (1,459) non-strategic apartments and demolished 69 (25) apartments. The divestments were carried out as part of implementing the company strategy of concentrating in the seven largest growth centres in Finland. Of these, 1,594 apartments in 15 locations were sold to a real estate fund managed by the Morgan Stanley Real Estate Investing, Renger Investment Management, and Premico Group. The transaction was completed on 30 April 2018. The debt-free selling price of the housing stock was EUR 97 million, which exceeds the fair value of the properties as stated in Kojamo's financial statements on 31 December 2017 by approximately EUR 5 million. The transaction increased the income tax for the financial year by EUR 13.5 million and reduced deferred tax liabilities by EUR 14.3 million.

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

## STRATEGIC TARGETS AND ACHIEVEMENTS

	<b>Actual 30 Jun 2018</b>	<b>Target 2021</b>
Fair value of investment properties	EUR 4.9 billion	EUR 6.0 billion
Number of apartments	34,172	about 38,000
Equity ratio, %	41.6	> 40
Loan to Value, %	46.7	< 50
FFO as percentage of total revenue	22.2 <sup>1)</sup>	> 32
Net promoter score	36	40

<sup>1)</sup> Not adjusted with the change in property tax recognition.

Kojamo's objective is to be a stable dividend payer whose annual dividend payment will be at least 60 per cent of FFO, provided that the Group's equity ratio is 40 per cent or more and taking account of the company's financial position.



## GOVERNANCE

The Annual General Meeting of Kojamo plc held on 15 March 2018 adopted the financial statements for the financial year 2017 and discharged the members of the Board of Directors and the CEO from liability. At the Annual General Meeting, Riku Aalto, Mikko Mursula, Matti Harjuniemi, Olli Luukkainen, Jorma Malinen, Reima Rytsölä, Jan-Erik Saarinen and Ann Selin were re-elected as members of the Board of Directors. Riku Aalto was elected as Chairman of the Board of Directors.

In addition, the Annual General Meeting decided 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, it was decided that an attendance allowance of EUR 600 will be paid for each meeting of the Board of Directors.

The Annual General Meeting also authorised the Board of Directors to decide 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 in the company or transfer a maximum of 600,978 Series A shares currently held by the company. At the date of the decision, the company had Series A and Series B shares. The Extraordinary General Meeting of Shareholders held on 25 May 2018 decided to amend the Articles of Association, among other things, by removing the clause regarding different share classes.

The authorisation entitles the Board of Directors 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 authorisation 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 authorisation entitles the Board of Directors to decide on all other terms and conditions of share issues as well as issuance of special rights entitling to shares. The authorisation replaces the Annual General Meeting authorisation of 27 March 2017.

The Extraordinary General Meeting held on 25 May 2018 authorised the Board of Directors to decide on a directed share issue of 30,000,000 new shares in connection with the listing. Based on the authorisation, the Board of Directors decided on 14 June 2018 on the issuance of new shares. In the share issue, 17,665,039 new shares in the company were issued, with the total number of shares increasing to 247,144,399 shares. The authorisation is in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2019. The authorisation does not cancel any other share issue authorisations.

The Extraordinary General Meeting of Shareholders on 25 May 2018 authorised the Board of Directors to decide on the repurchase of the company's own shares. The number of own shares to be repurchased is limited to 18,163,555 shares in aggregate, however, it shall not in aggregate exceed 7 per cent 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 authorisation, and the shares can only be repurchased at the price prevailing in public trading on the date of the repurchase or otherwise at the price prevailing on the market. The shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders. The authorisation is in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2019.

The Extraordinary General Meeting of Shareholders held on 25 May 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 25 May 2018. The Extraordinary General Meeting also decided to remove the redemption clause from the Articles of Association subject to the implementation of the listing. The removal of the redemption clause was registered with the Finnish Trade Register on 15 June 2018.



The Board of Directors resolved on 28 May 2018 to issue shares without consideration based on the authorisation of the Extraordinary General Meeting of Shareholders on 25 May 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 the pre-emptive subscription right. 30 new shares were issued per each existing share. After the share issue, the number of shares in the Company amounted to in aggregate 229,479,360 shares.

The Extraordinary General Meeting of Shareholders held on 25 May 2018 resolved that the number of Board members is seven after the commencement of trading in the Company's shares on the official list of Nasdaq Helsinki. The Extraordinary General Meeting elected Anne Leskelä and Minna Metsälä as new Board members. The election of the new Board members was conditional upon the completion of the share issue and took effect immediately upon the commencement of trading in the Company's shares on the official list of Nasdaq Helsinki on 19 June 2018. It was noted at the meeting that current Board members Ann Selin, Olli Luukkainen and Jorma Malinen had 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 Extraordinary General Meeting resolved on 25 May 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, and Chairman of the Audit Committee EUR 36,000. This resolution replaced the resolution concerning the annual remuneration of the Board of Directors passed at the Annual General Meeting held on 15 March 2018, starting from the first month of the Company's listing.

Juha Heino, Director of Customer Relations and a member of Kojamo's management team, resigned from his position on 16 April 2018.

## PERSONNEL

At the end of the review period, Kojamo Group had a total of 347 (333) employees. The average number of personnel during the period was 325 (306). Employee turnover during the review period was 9.1 per cent (including employees on permanent and temporary contracts). The company hired a total of 50 summer employees this year.

In connection with the listing, the Group employees subscribed to 179,800 shares in the Personnel Offering. The final offer price in the Personnel Offering, EUR 7.65, was 10 per cent lower than the final offer price in the public offering. The total discount received by the personnel, EUR 152,830.00, has been recorded as a share-based payment in other personnel expenses, in accordance with IFRS, with a corresponding entry to equity.



## SHARES AND SHAREHOLDERS

The trading in Kojamo's shares commenced on the pre-list of Nasdaq Helsinki on 15 June 2018 and on the official list of Nasdaq Helsinki on 19 June 2018. In the share issue organised in connection with the listing, Kojamo raised gross proceeds of approximately EUR 150 million. In addition, Ilmarinen, Varma, 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 and other sellers listed in the Offering Circular received gross proceeds of approximately EUR 403 million from the sale of shares after exercise of the over-allotment option and stabilisation measures.

Kojamo issued 17,665,039 new shares in connection with the listing, corresponding to approximately 7.1 per cent of the total number of outstanding shares in the company after the Initial Public Offering. The final subscription price of the shares was EUR 8.50 per share in the Public Offering and EUR 7.65 per share in the Personnel Offering. The share trading code of the shares is KOJAMO and the ISIN code is FI4000312251.

Kojamo's registered share capital on 30 June 2018 was EUR 58,025,136. At the end of the review period, the company had 247,144,399 fully paid shares. 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. The company shares belong to the book-entry system.

In connection with the listing, the long-term incentive plans for Kojamo's management were converted into share-based plans. The performance criteria or the targets set for each criterion will not change. If the three ongoing earning periods were accrued in full, the maximum bonus would be a sum corresponding to 333,687 Kojamo shares, of which 50 per cent would be paid in Kojamo's shares and 50 per cent in cash.

The share trading volume during the review period was EUR 494.6 million and 57.8 million shares, including the sale of shares related to the listing. The highest share price was EUR 9.75 and the lowest EUR 8.50. The share's closing price at the end of June was EUR 9.15. The market capitalisation of the share capital was EUR 2,261.4 million on 30 June 2018. Currently, the company does not own any of its own shares.

At the end of the review period, the number of registered shareholders was 3,076, including nominee-registered shareholders. The proportion of nominee-registered and direct foreign shareholders was 23.9 per cent of the company's shares at the period end. The ten largest shareholders owned in aggregate 67.8 per cent of Kojamo's shares at the period end.

Kojamo plc has been granted a fast entry to the FTSE EPRA/NAREIT Global Real Estate Index Series since 25 June 2018. The Index series is the leading benchmark for listed real estate stocks worldwide.

### Flagging notifications

Kojamo received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act from Stichting PGGM Depository on 21 June 2018. The holding of Stichting PGGM Depository in Kojamo's shares had risen above 5 per cent on 15 June 2018. According to the notification, PGGM Vermogensbeheer B.V. is the fund manager of the PGGM Listed Real Estate Fund, a Dutch fund for joint account. All assets of the fund are held by Stichting PGGM Depository (as title



holder). Therefore, the shareholder is Stichting PGGM Depository. After the transaction, Stichting PGGM Depository holds a total of 15,000,000 Kojamo shares, corresponding to 6.07 per cent of Kojamo plc's shares and votes.

## SUSTAINABILITY

Pursuing corporate responsibility is integral to Kojamo's operations and corporate culture. Kojamo focuses especially on responsibility towards its customers, its obligations as a 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 committed to developing new and modern construction solutions, housing services and ecological innovations related to energy-efficient housing solutions. All of Kojamo's new construction projects utilising own plot reserves will be nearly zero-energy buildings in accordance with FInZEB concepts and guidelines. In addition, Kojamo will focus on managing the energy consumption in the apartment buildings in its portfolio.

Kojamo is involved in several corporate responsibility programmes. 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 decided to join the agreement's continuation period, VAETS II. Kojamo's energy saving target relating to the Rental Property Action Plan for the period 2017–2025 is to decrease energy consumption by 7.5 per cent from the 2015 level. Kojamo is also the only Finnish real estate company in Climate Leadership Coalition. 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.

The anti-grey economy models used by Kojamo exceed legislative requirements in many respects. The company continuously monitors the fulfilment of contractor obligations for all companies in its supplier network through the Reliable Partner service on the tilaajavastuu.fi website. The taxes and tax-like charges paid by Kojamo in 2017 totalled approximately EUR 104 million.

The Leanheat system has been deployed in 63 Lumo properties, which have a total of 2,640 apartments. Leanheat adjusts heating also proactively and balances the buildings' need for energy, thereby decreasing the carbon footprint. The aim is to optimise building heating systems to reduce energy consumption and achieve comfortable and stable living conditions. The implementation of the Leanheat system will be expanded in autumn 2018.

The residents of Lumo homes have an opportunity to enjoy eco-friendly motoring. Anyone living in a Lumo home can reserve a shared car.

Kojamo's sponsorship and grant programme provides financial support for young talents. The programme covers not only individual sports but also team sports. Personal grants are awarded to 12–20-year-old athletes to encourage them in their sporting careers. Those living in Lumo and VVO homes are given priority. In 2018, the sponsored athletes are Anna Haataja (orienteering), Riikka Honkanen (alpine skiing), Joonas Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Möro (athletics), Nooralotta Neziri (athletics) and Emmi Parkkisenniemi (snowboarding). A total of 300 grants have been awarded since 2012.

The recipients of team sponsorship in 2018 are the Helsinki Figure Skating Club's three synchronised skating teams competing at the national championships level (Helsinki Rockettes, Team Fintastic and Finettes), as well as five Academy groups.



## NEAR-TERM RISKS AND UNCERTAINTIES

There have been no significant changes in Kojamo's near-term risks and uncertainties during the review period. Kojamo estimates that the risks and uncertainties in the current financial year are related, first and foremost, to the development of the Finnish economy. The economic development is reflected in both the housing and financial markets. These factors may have an impact on Kojamo's profit and cash flow.

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

The supply of rental apartments may increase locally in the main areas in which Kojamo operates, and the changes in supply and demand could have an impact on the turnover of Kojamo's tenants or the financial occupancy rate and, thereby, rental income.

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

A more detailed description of the risks and uncertainties is presented in the 2017 financial statements.

## EVENTS AFTER THE REVIEW PERIOD

Kojamo published a stock exchange release on 13 July 2018, announcing that the company had received a notification that Nordea Bank AB (publ), Finnish Branch, acting as the stabilising manager in the offering, had decided to partially exercise the over-allotment option granted by 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 of Education in Finland and Trade Union PRO (the "Principal Sellers"). Of the over-allotment option of 8,530,098 shares granted by the Principal Sellers to cover any over-allotments, a total of 8,245,346 shares were used. The stabilisation period was discontinued on 13 July 2018.

Helsinki 24 August, 2018

Kojamo plc  
The Board of Directors

For more information, please contact:

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The live audiocast of the Half Year Financial Report is held on 24 August 2018 at 11 a.m. Finnish time at <https://kojamo.videosync.fi/2018-h1-results>.

The audiocast will also be available later at the website <https://kojamo.fi/en/investors/>.




**EPRA PERFORMANCE MEASURES**

	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
EPRA Earnings, M€	31.7	31.3	53.5	53.5	117.0
EPRA Earnings per share (EPS), €	0.14	0.14	0.23	0.23	0.51
EPRA Net Asset Value (NAV), M€			2,760.3	2,429.2	2,548.8
EPRA NAV per share, €			11.17	10.59	11.11
EPRA Triple Net Asset Value (NNNAV), M€			2,224.7	1,915.1	2,016.8
EPRA NNNAV per share, €			9.00	8.35	8.79
EPRA Net Initial Yield (NIY), %			5.0	5.1	5.2
EPRA 'topped-up' NIY, %			5.0	5.1	5.2
EPRA Vacancy Rate, %			3.5	3.4	3.3
EPRA Cost Ratio (including direct vacancy costs), %	16.9	16.2	17.2	17.1	16.5
EPRA Cost Ratio (excluding direct vacancy costs), %	15.4	14.4	15.0	14.9	14.6

M€	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Earnings per IFRS income statement	72.5	64.0	111.2	105.2	212.9
(i) change in value of investment properties, development properties held for investment and other interests	-53.4	-44.0	-74.1	-67.5	-126.2
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	-0.4	-0.5	-1.0	-0.4	-1.6
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0.0		0.0		0.0
(iv) Tax on profits or losses on disposals	14.4	0.6	14.9	8.3	9.4
(vi) Changes in fair value of financial instruments and associated close-out costs	0.3	-0.7	0.9	-1.6	-2.7
(viii) Deferred tax in respect of EPRA adjustments	-1.7	12.0	1.4	9.5	25.1
<b>EPRA Earnings</b>	<b>31.7</b>	<b>31.3</b>	<b>53.5</b>	<b>53.5</b>	<b>117.0</b>
<b>EPRA Earnings per share (EPS), €</b>	<b>0.14</b>	<b>0.14</b>	<b>0.23</b>	<b>0.23</b>	<b>0.51</b>

M€	1-6/2018	1-6/2017	2017
NAV per the financial statements	2,252.4	1,926.9	2,038.6
(iv) Fair value of financial instruments	38.1	49.4	42.0
(v.a) Deferred tax	469.8	453.0	468.2
<b>EPRA Net Asset Value (NAV)</b>	<b>2,760.3</b>	<b>2,429.2</b>	<b>2,548.8</b>
<b>EPRA NAV per share, €</b>	<b>11.17</b>	<b>10.59</b>	<b>11.11</b>

M€	1-6/2018	1-6/2017	2017
EPRA NAV	2,760.3	2,429.2	2,548.8
(i) Fair value of financial instruments	-38.1	-49.4	-42.0
(ii) Fair value of debt <sup>1)</sup>	-27.7	-11.8	-21.8
(iii) Deferred tax	-469.8	-453.0	-468.2
<b>EPRA Triple Net Asset Value (NNNAV)</b>	<b>2,224.7</b>	<b>1,915.1</b>	<b>2,016.8</b>

1) Difference between interest-bearing loans and borrowings included in balance sheet at amortised cost, and the fair value of interest bearing loans and borrowings.

<b>EPRA NNNAV per share, €</b>	<b>9.00</b>	<b>8.35</b>	<b>8.79</b>
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M€	1-6/2018	1-6/2017	2017
Investment property	4,923.3	4,423.0	4,710.2
Trading property	0.4	0.9	0.6
Developments	-296.7	-280.5	-350.8
<b>Completed property portfolio</b>	<b>4,627.0</b>	<b>4,143.3</b>	<b>4,359.9</b>
Allowance for estimated purchasers' costs	92.5	82.9	87.2
<b>Gross up completed property portfolio valuation</b>	<b>4,719.5</b>	<b>4,226.2</b>	<b>4,447.1</b>
Annualised cash passing rental income	364.8	342.2	354.7
Property outgoings	-129.0	-126.1	-124.2
<b>Annualised net rents</b>	<b>235.8</b>	<b>216.1</b>	<b>230.5</b>
Notional rent expiration of rent free periods or other lease incentives	-	-	-
<b>Topped-up net annualised rent</b>	<b>235.8</b>	<b>216.1</b>	<b>230.5</b>
<b>EPRA Net Initial Yield (NIY), %</b>	<b>A/B</b>	<b>5.0</b>	<b>5.1</b>
<b>EPRA 'topped-up' NIY, %</b>	<b>C/B</b>	<b>5.0</b>	<b>5.2</b>



<b>M€</b>		<b>1-6/2018</b>	<b>1-6/2017</b>	<b>2017</b>
Estimated rental value of vacant space	A	6.2	5.7	11.1
Estimated rental value of the whole portfolio	B	175.9	167.3	336.2
<b>EPRA Vacancy Rate, %</b>	<b>A/B</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>

  

<b>M€</b>		<b>4-6/2018</b>	<b>4-6/2017</b>	<b>1-6/2018</b>	<b>1-6/2017</b>	<b>2017</b>
Include:						
(i) Administrative expense line per IFRS income statement		11.2	9.5	20.2	18.0	37.2
(i) Maintenance expense line per IFRS income statement		18.4	17.6	50.9	48.5	85.4
(i) Repair expense line per IFRS income statement		9.9	10.4	17.5	17.6	35.6
(ii) Net service charge costs/fees		-0.8	-0.4	-1.4	-0.8	-1.6
(iii) Management fees less actual/ estimated profit element		0.0	0.0	0.0	0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		-0.1	0.0	-0.1	-0.1	-0.2
Exclude:						
(vii) Ground rent costs separately invoiced		-0.8	-0.9	-1.6	-1.6	-3.1
		-27.6	-27.2	-67.1	-64.4	-118.0
<b>EPRA Costs (Including direct vacancy costs)</b>	<b>A</b>	<b>10.2</b>	<b>8.9</b>	<b>18.6</b>	<b>17.2</b>	<b>35.2</b>
(ix) Direct vacancy costs		-0.9	-1.0	-2.4	-2.3	-4.0
<b>EPRA Costs (Excluding direct vacancy costs)</b>	<b>B</b>	<b>9.3</b>	<b>7.9</b>	<b>16.2</b>	<b>14.9</b>	<b>31.2</b>
(x) Gross Rental Income less ground rent costs - per IFRS		88.1	82.3	174.9	164.7	332.0
(xi) Service fee and service charge costs components of Gross Rental Income		-27.6	-27.2	-67.1	-64.4	-118.0
<b>Gross Rental Income</b>	<b>C</b>	<b>60.5</b>	<b>55.1</b>	<b>107.8</b>	<b>100.3</b>	<b>214.0</b>
<b>EPRA Cost Ratio (including direct vacancy costs), %</b>	<b>A/C</b>	<b>16.9</b>	<b>16.2</b>	<b>17.2</b>	<b>17.1</b>	<b>16.5</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs), %</b>	<b>B/C</b>	<b>15.4</b>	<b>14.4</b>	<b>15.0</b>	<b>14.9</b>	<b>14.6</b>



## CONDENSED CONSOLIDATED INCOME STATEMENT

M€	Note	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
<b>Total revenue</b>		<b>89.8</b>	<b>83.6</b>	<b>178.0</b>	<b>167.2</b>	<b>337.0</b>
Maintenance expenses		-18.4	-17.6	-50.9	-48.5	-85.4
Repair expenses		-9.9	-10.4	-17.5	-17.6	-35.6
<b>Net rental income</b>		<b>61.4</b>	<b>55.6</b>	<b>109.5</b>	<b>101.1</b>	<b>216.0</b>
Administrative expenses		-11.2	-9.5	-20.2	-18.0	-37.2
Other operating income		0.5	0.4	1.0	0.9	2.0
Other operating expenses		-0.1	-0.1	-0.3	-1.0	-1.3
Profit/loss on sales of investment properties		0.4	0.5	1.0	1.3	2.5
Profit/loss on sales of trading properties		0.0		0.0		0.0
Fair value change of investment properties	3	53.4	44.0	74.1	67.5	126.2
Depreciation, amortisation and impairment losses		-0.2	-0.3	-0.4	-0.6	-1.1
<b>Operating profit</b>		<b>104.2</b>	<b>90.7</b>	<b>164.6</b>	<b>151.3</b>	<b>307.0</b>
Financial income		1.0	1.2	1.9	2.6	5.0
Financial expenses		-13.7	-11.2	-26.1	-21.9	-45.5
<b>Total amount of financial income and expenses</b>		<b>-12.7</b>	<b>-10.0</b>	<b>-24.1</b>	<b>-19.3</b>	<b>-40.5</b>
Share of result from associated companies						0.1
<b>Profit before taxes</b>		<b>91.5</b>	<b>80.7</b>	<b>140.5</b>	<b>132.0</b>	<b>266.7</b>
Current tax expense		-20.7	-4.8	-27.8	-17.3	-28.6
Change in deferred taxes		1.7	-12.0	-1.4	-9.5	-25.1
<b>Profit for the period</b>		<b>72.5</b>	<b>64.0</b>	<b>111.2</b>	<b>105.2</b>	<b>212.9</b>
<b>Profit for of the financial period attributable to Owners of the parent company</b>		<b>72.5</b>	<b>64.0</b>	<b>111.2</b>	<b>105.2</b>	<b>212.9</b>
<b>Earnings per share based on profit attributable to owner of the parent company</b>						
Basic, euro		0.31	0.28	0.48	0.46	0.93
Diluted, euro		0.31	0.28	0.48	0.46	0.93
Average number of the shares, M	9	231.0	229.5	231.0	229.5	229.5
<b>Other comprehensive income</b>						
Items that may be reclassified subsequently to profit						
Cash flow hedgings		-3.5	6.6	6.1	15.5	20.4
Available-for-sale financial assets			0.1		0.1	0.2
Deferred taxes		0.7	-1.3	-1.2	-3.1	-4.1
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>-2.8</b>	<b>5.3</b>	<b>4.8</b>	<b>12.5</b>	<b>16.5</b>
<b>Total comprehensive income for the period</b>		<b>69.7</b>	<b>69.3</b>	<b>116.1</b>	<b>117.7</b>	<b>229.4</b>
<b>Total comprehensive income attributable to Owners of the parent company</b>		<b>69.7</b>	<b>69.3</b>	<b>116.1</b>	<b>117.7</b>	<b>229.4</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**

M€	Note	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		0.3	0.5	0.4
Investment properties	3	4,923.3	4,419.1	4,706.5
Property, plant and equipment	4	30.7	31.1	31.0
Investments in associated companies		2.6	1.2	1.7
Financial assets	7	0.5	0.5	0.5
Non-current receivables		5.5	5.8	5.3
Derivatives	6, 7	3.0	5.4	6.5
Deferred tax assets		11.1	13.6	10.9
<b>Total non-current assets</b>		<b>4,977.0</b>	<b>4,477.2</b>	<b>4,762.7</b>
Non-current assets held for sale	11		3.9	3.7
<b>Current assets</b>				
Trading properties		0.4	0.9	0.6
Derivatives	6, 7	0.5	0.1	0.0
Current tax assets		9.0	5.1	0.5
Trade and other receivables		11.0	8.4	8.8
Financial assets		180.6	64.1	49.3
Cash and cash equivalents		242.9	421.2	117.8
<b>Total current assets</b>		<b>444.5</b>	<b>499.8</b>	<b>177.0</b>
<b>TOTAL ASSETS</b>		<b>5,421.5</b>	<b>4,980.9</b>	<b>4,943.5</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent company</b>				
Share capital		58.0	58.0	58.0
Share issue premium		35.8	35.8	35.8
Fair value reserve		-19.4	-27.7	-23.7
Invested non-restricted equity reserve		164.6	17.9	17.9
Retained earnings		2,013.4	1,842.9	1,950.6
<b>Equity attributable to owners of the parent company</b>		<b>2,252.4</b>	<b>1,926.9</b>	<b>2,038.6</b>
<b>Total equity</b>		<b>2,252.4</b>	<b>1,926.9</b>	<b>2,038.6</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	5, 7	2,434.8	2,248.1	2,109.8
Deferred tax liabilities		480.2	464.4	478.3
Derivatives	6, 7	41.1	54.3	48.3
Provisions		0.7	1.2	0.8
Other non-current liabilities		14.0	6.9	14.8
<b>Total non-current liabilities</b>		<b>2,970.8</b>	<b>2,774.9</b>	<b>2,652.0</b>
<b>Current liabilities</b>				
Loans and borrowings	5, 7	105.4	211.9	173.2
Derivatives	6, 7	0.4	0.6	0.2
Current tax liabilities		24.1	15.9	9.1
Trade and other payables		68.3	50.8	70.4
<b>Total current liabilities</b>		<b>198.3</b>	<b>279.1</b>	<b>252.9</b>
<b>Total liabilities</b>		<b>3,169.1</b>	<b>3,054.0</b>	<b>2,904.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,421.5</b>	<b>4,980.9</b>	<b>4,943.5</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>M€</b>	<b>1-6/2018</b>	<b>1-6/2017</b>	<b>1-12/2017</b>
<b>Cash flow from operating activities</b>			
Profit for the period	111.2	105.2	212.9
Adjustments	-21.8	-21.8	-33.5
Change in net working capital			
Change in trade and other receivables	-1.5	-1.3	-0.8
Change in trading properties	0.1		0.3
Change in trade and other payables	8.5	8.2	0.1
Interest paid	-26.4	-22.3	-39.7
Interest received	0.3	0.2	0.6
Other financial items	-5.7	-5.7	-7.4
Taxes paid	-21.3	-8.6	-22.1
<b>Net cash flow from operating activities</b>	<b>43.5</b>	<b>53.9</b>	<b>110.4</b>
<b>Cash flow from investing activities</b>			
Acquisition of investment properties	-251.1	-134.8	-341.9
Acquisition of associated companies	-0.3		-0.4
Acquisition of property, plant and equipment and intangible assets	-0.1	-0.5	-0.8
Proceeds from sale of investment properties	105.3	74.0	84.5
Proceed from sale of property, plant and equipment and intangible assets	0.0		
Purchases of financial assets	-250.0	-15.0	-322.5
Proceeds from sale of financial assets	118.5	0.0	322.8
Non-current loans, granted	-0.1		-1.8
Repayments of non-current loan receivables	0.1	0.1	1.3
Interest and dividends received on investments	0.1	0.2	0.3
<b>Net cash flow from investing activities</b>	<b>-277.6</b>	<b>-76.1</b>	<b>-258.5</b>
<b>Cash flow from financing activities</b>			
Share issue	150.0		
Items related to the share issue recorded to equity	-2.9		
Non-current loans and borrowings, raised	500.0	686.4	686.4
Non-current loans and borrowings, repayments	-234.6	-253.5	-434.0
Current loans and borrowings, raised	270.1	174.8	267.8
Current loans and borrowings, repayments	-273.2	-266.1	-355.9
Dividends paid	-50.3	-50.3	-50.3
<b>Net cash flow from financing activities</b>	<b>359.1</b>	<b>291.4</b>	<b>113.9</b>
<b>Change in cash and cash equivalents</b>	<b>125.1</b>	<b>269.2</b>	<b>-34.2</b>
<b>Cash and cash equivalents in the beginning of period</b>	<b>117.8</b>	<b>152.0</b>	<b>152.0</b>
<b>Cash and cash equivalents at the end of period</b>	<b>242.9</b>	<b>421.2</b>	<b>117.8</b>



## 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
<b>Equity at 1 Jan 2018</b>	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
<b>Equity at 1 Jan 2018</b>	58.0	35.8	-24.3	17.9	1,950.9	2,038.3	2,038.3
Comprehensive income							
Cash flow hedging			4.8			4.8	4.8
Result for the financial period					111.2	111.2	111.2
<b>Total comprehensive income</b>			4.8		111.2	116.1	116.1
Transactions with owners							
Share issue				150.0		150.0	150.0
Expenses related to the share issue				-4.1		-4.1	-4.1
Tax impact of share issue				0.8		0.8	0.8
Discount related to the share issue for personnel					0.2	0.2	0.2
Share based incentive scheme					1.4	1.4	1.4
Dividend payment					-50.3	-50.3	-50.3
<b>Total transactions with owners</b>				146.7	-48.8	98.0	98.0
<b>Total change in equity</b>			4.3	146.7	62.7	213.8	213.8
<b>Equity at 30 Jun 2018</b>	58.0	35.8	-19.4	164.6	2,013.4	2,252.4	2,252.4

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
<b>Equity at 1 Jan 2017</b>	58.0	35.8	-40.2	17.9	1,788.0	1,859.5	1,859.5
Comprehensive income							
Cash flow hedging			12.4			12.4	12.4
Available-for-sale financial assets			0.1			0.1	0.1
Result for the financial period					105.2	105.2	105.2
<b>Total comprehensive income</b>			12.5		105.2	117.7	117.7
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
<b>Total transactions with owners</b>					-50.3	-50.3	-50.3
<b>Total change in equity</b>			12.5		54.8	67.4	67.4
<b>Equity at 30 Jun 2017</b>	58.0	35.8	-27.7	17.9	1,842.9	1,926.9	1,926.9

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
<b>Equity at 1 Jan 2017</b>	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
<b>Total comprehensive income</b>			16.5		212.9	229.4	229.4
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
<b>Total transactions with owners</b>					-50.3	-50.3	-50.3
<b>Total change in equity</b>			16.5		162.6	179.1	179.1
<b>Equity at 31 Dec 2017</b>	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 30 June 2018, Kojamo owned 34,172 rental apartments across Finland.

The Group's parent company, Kojamo plc, is a Finnish public company domiciled in Helsinki. Its registered address is Mannerheimintie 168a, 00300 Helsinki, Finland.

Kojamo's business operations are divided into two segments: Lumo and VVO. There are a total of 32,943 Lumo apartments and 1,229 VVO apartments. Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019.

Trading in Kojamo's shares began on the official list of Nasdaq Helsinki on 19 June 2018. In addition, a bond issued by Kojamo in 2016 is listed on Nasdaq Helsinki Ltd. 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 24 August 2018, Kojamo plc's Board of Directors approved this Half Year 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 figures of the interim financial statements 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 12.

Kojamo has begun to apply the IFRIC 21 *Levies* interpretation to property tax recognition for the financial year. Comparative figures have been adjusted to reflect the current method. The method of recognition does not affect the result for the full financial year or the outlook issued by the company.

Kojamo plc's incentive plans were converted into share-based plans during the half year reporting period. The performance criteria or the targets set for each criterion will not change. If the three ongoing earning periods were accrued in full, the maximum bonus would be a sum corresponding to 333,687 Kojamo shares, of which 50 per cent would be paid in Kojamo's shares and 50 per cent in cash.





## 2. SEGMENT INFORMATION

M€	Lumo 1-6/2018	VVO 1-6/2018	Group consolidation methods	Kojamo Group Total 1-6/2018
Rental income	170.8	5.6	0.1	176.5
Other property income	1.5	0.0	-0.1	1.5
Internal income	0.1	0.0	-0.1	0.0
<b>Total revenue</b>	<b>172.4</b>	<b>5.7</b>	<b>-0.1</b>	<b>178.0</b>
Maintenance expenses	-49.3	-1.6	0.0	-50.9
Repair expenses	-16.6	-1.0		-17.5
<b>Net rental income</b>	<b>106.6</b>	<b>3.1</b>	<b>-0.1</b>	<b>109.5</b>
Administrative expenses	-19.6	-0.7	0.1	-20.2
Other operating income	1.0	0.0		1.0
Other operating expenses	-0.3	0.0		-0.3
Profit/loss on sales of investment properties	1.9		-0.9	1.0
Profit/loss on sales of trading properties	0.0			0.0
Fair value change of investment properties	74.1			74.1
Depreciation, amortisation and impairment losses	-0.4			-0.4
<b>Operating profit / loss</b>	<b>163.2</b>	<b>2.4</b>	<b>-0.9</b>	<b>164.6</b>
Financial income				1.9
Financial expenses				-26.1
<b>Total amount of financial income and expenses</b>				<b>-24.1</b>
<b>Profit before taxes</b>				<b>140.5</b>
Current tax expense				-27.8
Change in deferred taxes				-1.4
<b>Profit/loss for the period</b>				<b>111.2</b>
<b>Investments</b>	<b>242.9</b>	<b>0.3</b>		<b>243.2</b>
Investment properties	4,868.3	55.0	0.0	4,923.3
Investments in associated companies	2.6	0.0	0.0	2.6
Cash and cash equivalents	242.8	0.2		242.9
Other assets	258.2	10.8	-16.4	252.6
<b>Total assets</b>	<b>5,371.9</b>	<b>66.0</b>	<b>-16.4</b>	<b>5,421.5</b>
Interest bearing liabilities	2,516.5	39.7	-16.0	2,540.3
Other liabilities	622.7	6.3	-0.1	628.9
<b>Total liabilities</b>	<b>3,139.3</b>	<b>46.0</b>	<b>-16.1</b>	<b>3,169.2</b>



<b>M€</b>	<b>Lumo</b> <b>1-6/2017</b>	<b>VVO</b> <b>1-6/2017</b>	<b>Group</b> <b>consolidation</b> <b>methods</b>	<b>Kojamo Group</b> <b>Total</b> <b>1-6/2017</b>
Rental income	151.1	15.0	0.1	166.3
Other property income	1.0	0.1	-0.1	0.9
Internal income	0.3	0.0	-0.3	0.0
<b>Total revenue</b>	<b>152.3</b>	<b>15.2</b>	<b>-0.3</b>	<b>167.2</b>
Maintenance expenses	-44.0	-4.4	0.0	-48.5
Repair expenses	-15.1	-2.5	0.0	-17.6
<b>Net rental income</b>	<b>93.2</b>	<b>8.2</b>	<b>-0.3</b>	<b>101.1</b>
Administrative expenses	-16.4	-1.9	0.3	-18.0
Other operating income	0.9	0.1	0.0	0.9
Other operating expenses	-1.0	0.0	0.0	-1.0
Profit/loss on sales of investment properties	1.3	0.0	0.0	1.3
Fair value change of investment properties	67.5	0.0	0.0	67.5
Depreciation, amortisation and impairment losses	-0.6	0.0	0.0	-0.6
<b>Operating profit / loss</b>	<b>144.9</b>	<b>6.4</b>	<b>0.0</b>	<b>151.3</b>
Financial income				2.6
Financial expenses				-21.9
<b>Total amount of financial income and expenses</b>				<b>-19.3</b>
<b>Profit before taxes</b>				<b>132.0</b>
Current tax expense				-17.3
Change in deferred taxes				-9.5
<b>Profit/loss for the period</b>				<b>105.2</b>
<b>Investments</b>	<b>129.2</b>	<b>0.2</b>	<b>0.0</b>	<b>129.4</b>
Investment properties	4,293.4	124.8	0.9	4,419.1
Investments in associated companies	1.2	0.0	0.0	1.2
Non-current assets held for sale	3.9	0.0	0.0	3.9
Cash and cash equivalents	380.1	41.1	0.0	421.2
Other assets	198.0	13.9	-76.3	135.5
<b>Total assets</b>	<b>4,876.5</b>	<b>179.8</b>	<b>-75.5</b>	<b>4,980.9</b>
Interest bearing liabilities	2,413.6	121.9	-75.5	2,460.0
Other liabilities	580.5	13.4	0.1	594.0
<b>Total liabilities</b>	<b>2,994.1</b>	<b>135.4</b>	<b>-75.5</b>	<b>3,054.0</b>



<b>M€</b>	<b>Lumo</b>	<b>VVO</b>	<b>Group</b>	<b>Kojamo Group</b>
	<b>1-12/2017</b>	<b>1-12/2017</b>	<b>consolidation</b>	<b>Total</b>
			<b>methods</b>	<b>1-12/2017</b>
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
<b>Total revenue</b>	<b>307.2</b>	<b>30.4</b>	<b>-0.6</b>	<b>337.0</b>
Maintenance expenses	-77.3	-8.1	0.1	-85.4
Repair expenses	-28.7	-6.9		-35.6
<b>Net rental income</b>	<b>201.2</b>	<b>15.4</b>	<b>-0.6</b>	<b>216.0</b>
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
<b>Operating profit / loss</b>	<b>295.2</b>	<b>11.8</b>	<b>0.0</b>	<b>307.0</b>
Financial income				5.0
Financial expenses				-45.5
<b>Total amount of financial income and expenses</b>				<b>-40.5</b>
Share of result from associated companies				0.1
<b>Profit before taxes</b>				<b>266.7</b>
Current tax expense				-28.6
Change in deferred taxes				-25.1
<b>Profit/loss for the year</b>				<b>212.9</b>
<b>Investments</b>	<b>367.0</b>	<b>0.3</b>		<b>367.3</b>
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
<b>Total assets</b>	<b>4,835.5</b>	<b>211.6</b>	<b>-103.6</b>	<b>4,943.5</b>
Interest bearing liabilities	2,237.7	148.7	-103.4	2,283.0
Other liabilities	607.5	14.6	-0.2	621.9
<b>Total liabilities</b>	<b>2,845.1</b>	<b>163.4</b>	<b>-103.6</b>	<b>2,904.9</b>

**Revenue from contracts with customers by segment:**

<b>M€</b>	<b>Lumo 1-6/2018</b>	<b>VVO 1-6/2018</b>	<b>Group consolidation methods</b>	<b>Kojamo Group Total 1-6/2018</b>
Rental income	170.9	5.6	-0.1	176.5
Water fees	1.0	0.0		1.0
Sauna fees	0.3	0.0		0.4

<b>M€</b>	<b>Lumo 1-6/2017</b>	<b>VVO 1-6/2017</b>	<b>Group consolidation methods</b>	<b>Kojamo Group Total 1-6/2017</b>
Rental income	151.4	15.1	-0.2	166.3
Water fees	0.4			0.4
Sauna fees	0.3	0.0		0.4

<b>M€</b>	<b>Lumo 1-12/2017</b>	<b>VVO 1-12/2017</b>	<b>Group consolidation methods</b>	<b>Kojamo Group Total 1-12/2017</b>
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**

<b>M€</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Fair value of investment properties, at 1 Jan	4,710.2	4,298.9	4,298.9
Acquisition of investment properties	233.0	120.1	338.6
Modernisation investments	8.8	7.8	25.4
Disposals of investment properties	-104.2	-72.8	-82.2
Capitalised borrowing costs	1.4	1.6	3.3
Transfer to owner-occupied property	0.0	0.0	0.0
Valuation gains/losses on fair value measurement	74.1	67.5	126.2
<b>Fair value of investment properties, at the end of period</b>	<b>4,923.3</b>	<b>4,423.0</b>	<b>4,710.2</b>

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 (market 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.

**Reductions and additions on transaction prices for the properties measured at market value**

Rental house reduction	-5 %
Reduction based on the company structure of the property	-4 %
Variables based on the location and condition of the building	-30% - +25%
Variables based on the condition of the apartment	-20% - +10%
Reduction based on the method of sale (outside growth centers)	-30 %
Facade and HVAC repairs (planned -%; recently completed +%)	-15% - +8%

**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**

<b>M€</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Properties measured at market value	4,126.7	3,479.2	3,787.1
Properties measured at yield value	332.2	482.9	395.3
Properties measured at cost	464.4	460.9	527.8
<b>Total</b>	<b>4,923.3</b>	<b>4,423.0</b>	<b>4,710.2</b>



Sensitivity analysis of investment properties		30 Jun 2018			
Change %	-10 %	-5 %	0 %	5 %	10 %
<b>Properties measured at market values</b>					
Change in market prices (M€)	-412.7	-206.3		206.3	412.7
<b>Properties measured at yield values</b>					
Yield requirement (M€)	36.6	17.3		-15.7	-30.0
Rental income (M€)	-56.4	-28.2		28.2	56.4
Maintenance expenses (M€)	21.1	10.6		-10.6	-21.1
<b>Financial occupancy rate for properties measured at yield value (change in percentage points)</b>					
	-2 %	-1 %	0 %	1 %	2 %
Rental income (M€)	-0.8	-0.4		0.4	0.8
Sensitivity analysis of investment properties		30 Jun 2017			
Change %	-10 %	-5 %	0 %	5 %	10 %
<b>Properties measured at market values</b>					
Change in market prices (M€)	-347.9	-174.0		174.0	347.9
<b>Properties measured at yield values</b>					
Yield requirement (M€)	53.1	25.2		-22.8	-43.5
Rental income (M€)	-79.3	-39.7		39.7	79.3
Maintenance expenses (M€)	28.0	14.0		-14.0	-28.0
<b>Financial occupancy rate for properties measured at yield value (change in percentage points)</b>					
	-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 %
<b>Properties measured at market values</b>					
Change in market prices (M€)	-378.7	-189.4		189.4	378.7
<b>Properties measured at yield values</b>					
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
<b>Financial occupancy rate for properties measured at yield value (change in percentage points)</b>					
	-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 (6.1) per cent for the 3,212 (4,432) rental homes included within the scope of the yield value method in 2018, and 9.3 (9.4) per cent for the 415 (422) business premises.

#### 4. PROPERTY, PLANT AND EQUIPMENT

M€	30 Jun 2018	30 Jun 2017	31 Dec 2017
Book value, beginning of period	31.0	31.0	31.0
Increases	0.1	0.5	0.7
Decreases	0.0	0.0	0.0
Depreciations for accounting period	-0.3	-0.4	-0.7
<b>Book value, end of period</b>	<b>30.7</b>	<b>31.1</b>	<b>31.0</b>



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

<b>Non-current</b>			
<b>M€</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Interest subsidy loans	134.8	259.4	187.7
Annuity loans	0.4	0.4	0.4
Bonds	1,288.6	793.3	793.8
Loans from financial institutions	1,008.6	1,192.3	1,125.3
Other liabilities	2.4	2.7	2.6
<b>Total</b>	<b>2,434.8</b>	<b>2,248.1</b>	<b>2,109.8</b>
<b>Current</b>			
<b>M€</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Interest subsidy loans	22.9	28.6	64.8
Annuity loans	0.1	0.1	0.1
Loans from financial institutions	25.7	126.5	48.4
Other liabilities	6.8	6.9	7.0
Commercial papers	49.9	49.9	52.9
<b>Total</b>	<b>105.4</b>	<b>211.9</b>	<b>173.2</b>
<b>Total interest-bearing liabilities</b>	<b>2,540.3</b>	<b>2,460.0</b>	<b>2,283.0</b>

The average interest rate of the loan portfolio was 1.8 (1.9) per cent, including interest rate derivatives. The average maturity of loans at the period end was 5.9 (5.7) 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

### Fair values of derivative instruments

<b>M€</b>	<b>30 Jun 2018</b>			<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
	Positive	Negative	Net	Net	Net
Interest rate derivatives					
Interest rate swaps, cash flow hedges	2.4	-33.1	-30.7	-40.2	-33.3
Interest rate swaps, not in hedge accounting	0.1	-8.3	-8.3	-2.7	-8.7
Interest rate options, not in hedge accounting			0.0	-6.1	0.0
Electricity derivatives	0.9	0.0	0.9	-0.4	0.0
<b>Total</b>	<b>3.4</b>	<b>-41.5</b>	<b>-38.1</b>	<b>-49.4</b>	<b>-42.0</b>



**Nominal values of derivative instruments**

M€	30 Jun 2018	30 Jun 2017	31 Dec 2017
Interest rate derivatives			
Interest rate swaps, cash flow hedges	790.8	1,035.9	1,439.0
Interest rate swaps, not in hedge accounting	49.2	19.1	44.8
Interest rate options, not in hedge accounting		104.7	63.1
<b>Total</b>	<b>840.0</b>	<b>1,159.7</b>	<b>1,546.9</b>
Electricity derivatives, MWh	172,291	164,588	183,957

During the reporting period, EUR 6.7 (15.5) million were recognised in the fair value reserve from interest rate derivatives classified into cash flow hedging. The interest rate derivatives are used to hedge the loan portfolio’s interest cash flows against increases in market interest rates. The interest rate derivatives mature between 2018 and 2035. At the end of the review period, 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€	30 Jun 2018				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>					
Measured at fair value					
Interest rate derivatives	2.5		2.5		2.5
Electricity derivatives	0.2	0.2			0.2
Investments at fair value through profit and loss	180.6	180.6			180.6
Measured at amortised cost					
Cash and cash equivalents	242.9		242.9		242.9
Trade receivables	7.5				7.5
<b>Financial liabilities</b>					
Measured at fair value					
Interest rate derivatives	41.5		41.5		41.5
Electricity derivatives	0.1	0.1			0.1
Measured at amortised cost					
Other interest-bearing liabilities	1,251.7		1,251.5		1,251.5
Bonds	1,288.6	1,317.3			1,317.3
Trade payables	15.1				15.1





M€	31 Dec 2017				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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
Bonds	793.8		800.0		800.0
Trade payables	20.0				20.0

The fair value of floating-rate loans is the same as their nominal value, as the loan margins are the same as the margins on new loans. Bonds were transferred from fair value hierarchy level 2 to level 1 on 30 June 2018, as the company began to determine the fair value of bonds based on quoted market prices. The fair value of other fixed rate loans is based on discounted cash flows using market rates as input data.

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€	30 Jun 2018
31 Dec 2017	0.5
Changes in fair value	0.1
30 Jun 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. ISSUANCE OF EQUITY INSTRUMENTS

Kojamo was listed on the Nasdaq Helsinki Stock Exchange in June 2018. In connection with the listing, Kojamo issued 17,665,039 new shares and raised a total of approximately EUR 150 million in gross proceeds. The share issue increased the Group's equity by EUR 146.9 million. Kojamo's expenses related to the listing at the end of June 2018 amounted to EUR 5.0 million, of which EUR 4.1 million was recognised as items related to the share issue in the invested non-restricted equity reserve in exchange for the assets received, deducted by a EUR 0.8 million deferred tax liability. In connection with the listing, the Group employees subscribed to 179,800 shares in the Personnel Offering. The final offer price in the Personnel Offering, EUR 7.65, was 10 per cent lower than the final offer price in the public offering. The total discount received by the personnel, EUR 152,830.00, has been recorded as a share-based payment in other personnel expenses, in accordance with IFRS, with a corresponding entry to equity.

## 9. EARNINGS PER SHARE

	1-6/2018	1-6/2017	1-12/2017
Profit for of the financial period attributable to owners of the parent company, M€	111.2	105.2	212.9
Weighted average number of shares, millions	231.0	229.5	229.5
<b>Basic earnings per share, €</b>	<b>0.48</b>	<b>0.46</b>	<b>0.93</b>
<b>Diluted earnings per share, €</b>	<b>0.48</b>	<b>0.46</b>	<b>0.93</b>

## 10. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

M€	30 Jun 2018	30 Jun 2017	31 Dec 2017
Loans and borrowings covered by pledges on property and shares as a collateral	1,422.5	1,837.7	1,656.9
Mortgages	1,524.3	2,124.6	1,851.1
Shares*)	265.4	320.3	276.9
<b>Pledged collaterals total</b>	<b>1,789.7</b>	<b>2,444.9</b>	<b>2,127.9</b>
<b>Other collaterals given</b>			
Mortgages and shares	32.2	5.9	32.0
Guarantees**)	343.9	389.7	373.4
Pledged deposits		0.0	
<b>Other collaterals total</b>	<b>376.2</b>	<b>395.6</b>	<b>405.4</b>

\*) Pledged mortgages and shares relate in some cases to same real estates.

\*\*) Guarantees given are mainly absolute guarantees granted as collateral for group companies' loans and property pledges have also been given as collateral for these loans.

### Other off-balance sheet liabilities

Unrecognised acquisition agreements related to work in progress:



M€	30 Jun 2018	30 Jun 2017	31 Dec 2017
New construction in progress	89.9	134.2	99.6
Preliminary agreements for new construction	111.4	160.3	101.5
Renovation	8.3	24.0	11.5
<b>Total</b>	<b>209.6</b>	<b>318.4</b>	<b>212.7</b>

## 11. NON-CURRENT ASSETS HELD FOR SALE

M€	30 Jun 2018	30 Jun 2017	31 Dec 2017
Investment properties		3.9	3.7

Non-current assets held for sale in 2017 include two individual plots. There were no non-current-assets held for sale in the June 2018 balance sheet.

The investment properties are subsequently measured at fair value in the interim report (fair value hierarchy level 3).

## 12. CHANGES TO ACCOUNTING POLICIES (IFRS 9)

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 included in hedge accounting.

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
<b>Financial assets</b>				
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
<b>Financial assets total</b>			<b>69.8</b>	<b>69.9</b>

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:



<b>Financial asset group</b>	<b>Instruments</b>	<b>Measurement principle</b>
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
<b>Financial liability group</b>	<b>Instruments</b>	<b>Measurement principle</b>
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.

### **13. 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 64 million in the value of the Group's investment properties and non-current liabilities, based on the current estimate.

### **14. EVENTS AFTER THE REVIEW PERIOD**

Kojamo published a stock exchange release on 13 July 2018, announcing that the company had received a notification that Nordea Bank AB (publ), Finnish Branch, acting as the stabilising manager in the offering, had decided to partially exercise the over-allotment option granted by 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 of Education in Finland and Trade Union PRO (the "Principal Sellers"). Of the over-allotment option of 8,530,098 shares granted by the Principal Sellers to cover any over-allotments, a total of 8,245,346 shares were used. The stabilisation period was discontinued on 13 July 2018.



## KEY FIGURES, THE FORMULAS USED IN THEIR CALCULATION, AND RECONCILIATION CALCULATIONS IN ACCORDANCE WITH ESMA GUIDELINES

	Formula	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Total revenue, M€		89.8	83.6	178.0	167.2	337.0
Net rental income, M€ <sup>*)</sup>	1	61.4	55.6	109.5	101.1	216.0
Net rental income margin, % <sup>*)</sup>	2	68.4	66.5	61.5	60.5	64.1
Profit before taxes, M€ <sup>*)</sup>	3	91.5	80.7	140.5	132.0	266.7
EBITDA, M€ <sup>*)</sup>	4	104.4	91.0	165.0	151.8	308.2
EBITDA margin, % <sup>*)</sup>	5	116.3	108.9	92.7	90.8	91.5
Adjusted EBITDA, M€ <sup>*)</sup>	6	50.7	46.5	90.0	83.0	179.5
Adjusted EBITDA margin, % <sup>*)</sup>	7	56.4	55.6	50.6	49.7	53.3
Funds From Operations (FFO), M€ <sup>*)</sup>	8	17.6	31.0	39.5	44.9	107.8
FFO margin, % <sup>*)</sup>	9	19.6	37.1	22.2	26.9	32.0
FFO per share, € <sup>*) 4)</sup>	10	0.08	0.14	0.17	0.20	0.47
FFO excluding one-off items, M€ <sup>*)</sup>	11	18.5	31.0	40.4	44.9	107.8
Adjusted Funds From Operations (AFFO), M€ <sup>*)</sup>	12	11.8	26.6	30.7	37.2	82.3
Operative result, M€ <sup>*)</sup>	13	29.1	27.8	51.6	48.7	107.6
Investment properties, M€ <sup>2)</sup>				4,923.3	4,423.0	4,710.2
Financial occupancy rate, %	20			96.5	96.6	96.7
Interest-bearing liabilities, M€ <sup>1) *)</sup>	14			2,540.3	2,460.0	2,283.0
Return on equity, % (ROE) <sup>*)</sup>	15			10.4	11.1	10.9
Return on investments, % (ROI) <sup>*)</sup>	16			7.3	7.4	7.5
Equity ratio, % <sup>*)</sup>	17			41.6	38.7	41.3
Loan to Value, % <sup>1) 3) *)</sup>	18			46.7	46.1	46.0
Earnings per share, € <sup>4)</sup>		0.31	0.28	0.48	0.46	0.93
Equity per share, € <sup>4)</sup>				9.11	8.40	8.88
Gross investments, M€ <sup>*)</sup>	19	39.5	64.4	243.2	129.4	367.3
Number of personnel, end of period				347	333	316

\*) Disclosure on Alternative Performance Measurements based on ESMA guidelines is located on key figures section of this interim report.

1) Excludes non-current items held for sale

2) Includes non-current items held for sale

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

4) The comparative figures for earnings per share have been adjusted to reflect the impact of the decision made by the Extraordinary General Meeting of Shareholders on 25 May 2018 regarding a share split. The shareholders received 30 new shares for each existing share.

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****Alternative Performance Measures (APM) based on ESMA guidelines**

- 1) Net rental income = Total revenue - Maintenance expenses - Repair Expenses  
  
Net rental income measures profitability for Groups' rental business after deduction of maintenance and repair costs.
- 2) Net rental income margin, % =  $\frac{\text{Net rental income}}{\text{Total revenue}} \times 100$   
  
Net rental income margin discloses net rental income in relation to net sales  
  
Net rental income - Administrative expenses + Other operating income - Other operating expenses +/- Profit/loss on sales of investment properties +/-
- 3) Profit before taxes = Profit/loss on sales of trading properties +/- Fair value change of investment properties - Depreciation, amortisation and impairment losses +/- Financial income and expenses +/- Share of result from associated companies  
  
Profit before taxes measures profitability after operative costs and financial expenses.
- 4) EBITDA = Profit for the period + Depreciation, amortisation and impairment losses +/- Financial income and expenses +/- Share of result from associated companies + Current tax expense + Change in deferred taxes  
  
EBITDA measures operative profitability before financial expenses, taxes and depreciation.
- 5) EBITDA margin, % =  $\frac{\text{EBITDA}}{\text{Total revenue}} \times 100$   
  
EBITDA margin discloses EBITDA in relation to net sales  
  
Profit for the period + Depreciation, amortisation and impairment losses +/- Profit loss on sales of investment properties +/- Profit/loss on sales trading properties +/- Profit/loss on sales of other non-current assets +/- Fair value change of investment properties +/- Financial income and expenses +/- Share of result from associated companies + Current tax expense + Change in deferred taxes
- 6) Adjusted EBITDA = Adjusted EBITDA measures profitability for Groups' underlying rental operations excluding gains/losses on sale of properties and non-realized value changes of investment properties.
- 7) Adjusted EBITDA margin, % =  $\frac{\text{Adjusted EBITDA}}{\text{Total revenue}} \times 100$   
  
Adjusted EBITDA margin discloses adjusted EBITDA in relation to net sales



8) 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.

9) FFO margin, % =  $\frac{\text{FFO}}{\text{Total revenue}} \times 100$

FFO margin discloses FFO in relation to net sales

10) FFO per share =  $\frac{\text{FFO}}{\text{Weighted average number of shares outstanding during the financial period}}$

FFO per share illustrates FFO for individual share.

11) FFO excluding non-recurring costs = FFO + non-recurring costs

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 and non-recurring costs.

12) Adjusted funds from operations (AFFO) = FFO - Modernisation investments

AFFO measures cash flow before change in net working capital. APM calculation takes into account modernisation investments, financial expenses and current taxes but excludes items not directly connected to operative rental operations like unrealized value changes.





- 13) 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.
- 14) Interest-bearing liabilities = Non-current loans and borrowings + Current loans and borrowings
- Interest-bearing liabilities measures Group's total debt.
- 15) Return on equity (ROE), % =  $\frac{\text{Profit for the period (annualised)}}{\text{Total equity (average during the period)}} \times 100$
- ROE measures financial result in relation to equity. APM illustrates Kojamo's ability to generate return for the shareholders
- 16) Return on investment (ROI), % =  $\frac{(\text{Profit before taxes} + \text{Interests and other financial expenses}) \text{ (annualised)}}{\text{Total assets} - \text{Non-interest-bearing liabilities (average during the period)}} \times 100$
- ROI measures financial result in relation to invested capital. APM illustrates Kojamo's ability to generate return for the invested funds.
- 17) Equity ratio, % =  $\frac{\text{Total equity}}{\text{Balance sheet total} - \text{Advanced received}} \times 100$
- Equity to assets is APM for balance sheet structure which discloses share of equity to total capital. APM illustrates Group's financing structure.
- 18) Loan to Value, % =  $\frac{\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}}{\text{Investment properties}} \times 100$
- Loan to value discloses the ratio of net debt to investment properties. APM illustrates Groups' indebtedness
- 19) Gross investment = Acquisition and development of investment properties + Modernisation investments + Capitalised borrowing costs
- APM illustrates total investments including acquisitions, development investments, modernisation investments and capitalized interests.
- Other performance measures**
- 20) Financial occupancy rate, % =  $\frac{\text{Rental income}}{\text{Potential rental income at full occupancy}} \times 100$



## Reconciliation of key figures

M€	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Profit for the period	72.5	64.0	111.2	105.2	212.9
Depreciation, amortisation and impairment losses	0.2	0.3	0.4	0.6	1.1
Profit/ loss on sales of investment properties	-0.4	-0.5	-1.0	-1.3	-2.5
Profit/ loss on sales of trading properties	0.0		0.0		0.0
Profit/ loss on sales of other non-current assets	0.0	0.0	0.0	0.0	0.0
Fair value change of investment properties	-53.4	-44.0	-74.1	-67.5	-126.2
Financial income	-1.0	-1.2	-1.9	-2.6	-5.0
Financial expenses	13.7	11.2	26.1	21.9	45.5
Share of result from associated companies					-0.1
Current tax expense	20.7	4.8	27.8	17.3	28.6
Change in deferred taxes	-1.7	12.0	1.4	9.5	25.1
Adjusted EBITDA	50.7	46.5	90.0	83.0	179.5
Financial income and expenses	-12.7	-10.0	-24.1	-19.3	-40.5
Fair value change of financial assets	0.4	-0.7	1.4	-1.6	-2.7
Adjusted net interest charges	-12.3	-10.7	-22.7	-20.8	-43.1
Current tax expense	-20.7	-4.8	-27.8	-17.3	-28.6
Funds From Operations (FFO)	17.6	31.0	39.5	44.9	107.8
One-off items	0.9		0.9		
FFO excluding one-off items	18.5	31.0	40.4	44.9	107.8
Profit for the period	72.5	64.0	111.2	105.2	212.9
Profit/ loss on sales of investment properties	-0.4	-0.5	-1.0	-1.3	-2.5
Profit/ loss on sales of trading properties	0.0		0.0		0.0
Profit/ loss on sales of other non-current assets	0.0	0.0	0.0	0.0	0.0
Fair value change of investment properties	-53.4	-44.0	-74.1	-67.5	-126.2
Fair value change of financial assets	0.4	-0.7	1.4	-1.6	-2.7
Other items affecting comparability				0.9	0.9
Tax adjustments	9.9	9.1	14.0	13.0	25.1
Operative result	29.1	27.8	51.6	48.7	107.6
Operative result	29.1	27.8	51.6	48.7	107.6
Depreciation, amortisation and impairment losses	0.2	0.3	0.4	0.6	1.1
Other items affecting comparability				-0.9	-0.9
Share of result from associated companies					-0.1
Difference in deferred taxes	-11.6	2.9	-12.5	-3.5	0.0
One-off items	0.9		0.9		
FFO excluding one-off items	18.5	31.0	40.4	44.9	107.8
Total equity			2,252.4	1,926.9	2,038.6
Assets total			5,421.5	4,980.9	4,943.5
Advances received			-5.6	-5.5	-5.1
Equity ratio, %			41.6	38.7	41.3