



Kojamo plc's
Financial Statements Release
1 January – 31 December 2018





Unless otherwise stated, the comparison figures in brackets refer to the corresponding period of the previous year. The information in the financial statements release is based on the Kojamo Plc's audited financial statements for the year 2018. The quarterly figures are unaudited.

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 Financial Statements Release the Finnish version is the official one.

KOJAMO PLC'S FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2018

SUCCESSFUL FIRST YEAR AS A LISTED COMPANY

SUMMARY OF OCTOBER–DECEMBER 2018

- Total revenue increased by 6.4 per cent to EUR 91.2 (85.7) million
- Net rental income increased by 6.6 per cent, totalling EUR 60.0 (56.3) million. Net rental income represented 65.8 (65.7) per cent of revenue
- Profit before taxes was EUR 77.7 (61.3) million. The profit includes EUR 40.0 (25.5) million in net gain on valuation of investment properties at fair value. Earnings per share was EUR 0.25 (0.22)
- Funds From Operations (FFO) was EUR 34.7 (29.1) million
- Gross investments totalled EUR 59.4 (173.7) million

SUMMARY OF JANUARY–DECEMBER 2018

- Total revenue increased by 6.5 per cent to EUR 358.8 (337.0) million
- Net rental income increased by 8.3 per cent, totalling EUR 234.0 (216.0) million. Net rental income represented 65.2 (64.1) per cent of revenue
- Profit before taxes was EUR 277.3 (266.7) million. The profit includes EUR 127.5 (126.2) million in net gain on valuation of investment properties at fair value and EUR 1.0 (2.5) million profit on sale of investment properties. Earnings per share was EUR 0.93 (0.93).
- Funds From Operations (FFO) was EUR 116.4 (107.8) million
- The fair value of investment properties was EUR 5.1 (4.7) billion at the end of the financial year, including EUR 0.0 (3.7) million in investment properties held for sale
- The financial occupancy rate improved, standing at 97.0 (96.7) per cent during the financial year
- Gross investments totalled EUR 365.2 (367.3) million, representing 101.8 (109.0) per cent of total revenue
- Equity per share was EUR 9.54 (8.88) and return on equity was 10.1 (10.9) per cent. Return on investment was 7.2 (7.5) per cent



- EPRA NAV per share (net asset value) increased by 5.2 per cent to EUR 11.69 (11.11)
- There were 1,064 (1,525) Lumo apartments under construction at the end of the financial year
- The Board of Directors' proposal on dividend: EUR 0.29 per share

Kojamo owned 34,713 (34,383) rental apartments at the end of the financial year. During 2018, 1,049 (75) apartments have been acquired, 1,258 (983) have been completed, 1,908 (1,603) have been sold and 69 (46) have been demolished or altered.

OUTLOOK FOR KOJAMO IN 2019

Kojamo estimates that in 2019, the Group's total revenue will increase by 2–7 per cent year-on-year. In addition, the company estimates that the Group's FFO for 2019 will amount to between EUR 126–141 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

	10-12/ 2018	10-12/ 2017	Change %	2018	2017	Change %
Total revenue, M€	91.2	85.7	6.4	358.8	337.0	6.5
Net rental income, M€ ^{*)}	60.0	56.3	6.6	234.0	216.0	8.3
Net rental income margin, % ^{*)}	65.8	65.7		65.2	64.1	
Profit before taxes, M€ ^{*)}	77.7	61.3	26.8	277.3	266.7	4.0
EBITDA, M€ ^{*)}	89.9	72.7	23.7	325.1	308.2	5.5
EBITDA margin, % ^{*)}	98.6	84.8		90.6	91.5	
Adjusted EBITDA, M€ ^{*)}	49.7	46.2	7.5	196.5	179.5	9.5
Adjusted EBITDA margin, % ^{*)}	54.5	54.0		54.8	53.3	
Funds from Operations (FFO), M€ ^{*)}	34.7	29.1	19.3	116.4	107.8	8.0
FFO margin, % ^{*)}	38.0	33.9		32.4	32.0	
FFO per share, € ^{*) 1)}	0.14	0.13	7.7	0.49	0.47	4.3
FFO excluding one-off items, M€ ^{*)}	34.7	29.1	19.3	117.3	107.8	8.8
Investment properties, M€ ²⁾				5,093.2	4,710.2	8.1
Financial occupancy rate, %				97.0	96.7	
Interest-bearing liabilities, M€ ^{3) *)}				2,485.5	2,283.0	8.9
Return on equity, % (ROE) ^{*)}				10.1	10.9	
Return on investments, % (ROI) ^{*)}				7.2	7.5	
Equity ratio, % ^{*)}				43.0	41.3	
Loan to Value (LTV), % ^{3) *)}				45.9	46.0	
EPRA NAV, M€				2,889.1	2,548.8	13.4
EPRA NAV per share, € ¹⁾				11.69	11.11	5.2
Gross investments, M€ ^{*)}	59.4	173.7	-65.8	365.2	367.3	-0.6
Number of personnel, end of period				298	316	
Dividend per share, € ^{1) 4)}				0.29	0.22	31.8

^{*)} In accordance with the guidelines issued by the European Securities and Markets Authority (ESMA), Kojamo provides an account of the Alternative Performance Measures used by the Group in the key figures section of the financial statements release.

1) 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.

2) Including items held for sale.

3) Excluding items held for sale.

4) 2018: Board of Directors' proposal to the Annual General Meeting.

CEO'S REVIEW

The implementation of our strategy took significant steps forward during the year. Our listing on the Nasdaq Helsinki stock exchange in June was the largest in the Nordics. The offering attracted strong demand and was oversubscribed. We also implemented significant financing arrangements. In March, we issued an unsecured EUR 500 million bond that was listed on the official list of the Irish Stock Exchange. During the year, we improved our performance on all our financial targets.



Our first year as a listed company was successful. The value of our investment properties increased by 8 per cent during the year, our net rental income improved by 8 per cent and FFO amounted to EUR 116.4 million. Despite the increased volume of new development completed in the market, we succeeded in increasing our financial occupancy rate to 97.0 per cent. Our customer satisfaction was at a good level with an NPS score of 35, while the number of tenancy agreements signed via the Lumo webstore had already increased to approximately 8,600 by the end of the year.

During the year, we have successfully developed our investment portfolio, and the fair value of our investment properties amounted to EUR 5.1 billion at the end of the year. We have continued to focus our apartment portfolio on the seven growth centres, supported by the sales and acquisitions carried out during the year. In addition, a total of 1,258 new Lumo apartments were completed last year.

We have also invested especially in our service development during the year. In November, we expanded our existing range of digital services with the introduction of the My Lumo web application that enables Lumo residents to book and buy services and pay their rent also via a mobile device. We are planning to extend the services also to various reservation and home delivery services in the future. My Lumo is part of Kojamo's innovation and service platform that offers our residents and partners a common platform to pilot and develop housing services.

At the end of the year, we strengthened our Management Team further as we announced the appointment of Tiina Kuusisto as Chief Customer Officer and Ville Rautio as Chief Investment Officer. Following these appointments, we are even better positioned to implement our vision of being the property market frontrunner and the number one choice for our customers.

I want to thank our personnel for their commitment and efforts this past year. We celebrate Kojamo's 50th anniversary in 2019, and the year will see us accelerating our service development even further, as we strive for delivering the best customer experience in housing.

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 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.

OPERATING ENVIRONMENT KEY FIGURES	2020e	2019e
GDP growth forecast, %	1.3	1.5
Unemployment, %	6.7	6.9
Inflation, %	1.6	1.4

Source: Ministry of Finance Economic survey 12/2018



As more trade barriers are set up, world trade is estimated to grow more slowly, which is expected to put the brakes on export growth. Driven by a more rapid rise in earnings, growth in household disposable income is expected to continue. Even though the inflation is accelerating, household spending is estimated to increase in 2019 compared with last year.

According to the Ministry of Finance, investment growth is forecasted to slow down clearly in 2019, which is caused especially by the downturn in new construction project start-ups. Additionally, the establishment of additional trade barriers and weakening growth prospects in the world economy are also making industries and other sectors less willing to make investments.

Industry operating environment

INDUSTRY KEY FIGURES	2019e	2018
Residential start-ups, units	39,000	44,000
Building permits granted, annual, units	n/a	45,000
Construction costs, %	2.0	2.5
Prices of dwellings in the whole country, change, %	1.2	1.2
Prices of dwellings in the capital region, change, %	2.2–3.5	2.5–3.2
Rents of non-subsidised rental dwellings in the whole country, change, %	1.8	1.6
Rents of non-subsidised rental dwellings in the capital region, change, %	2.0–2.8	2.3–2.6

Sources: Confederation of Finnish Construction Industries RT, Pellervo Economic Research PTT

Development of the housing markets and apartment prices continue to diverge between cities according to Pellervo Economic Research (PTT). Accelerated urbanisation increases the demand for apartments, which increases the prices in growth centres. Year 2018 still shows record high levels in construction, which is keeping the housing market's focus of growth on new production. However, building permits have clearly started to decrease. An increasing number of people also choose rental housing of their own accord. Due to rising apartment prices and stricter loan terms, it is becoming increasingly difficult to buy an apartment especially in the inner city areas of large cities. This often leaves renting as an only option for finding an apartment in a specific area for many households.

Influence of urbanisation

AREA	Population growth forecast	Share of rental household-dwelling units	
	2018–2028	2010	2017
Capital region ¹⁾	9.8%	41.9%	44.5%
Helsinki region ²⁾	9.1%	37.7%	40.1%
Jyväskylä	5.9%	40.2%	42.9%
Kuopio	6.1%	36.5%	38.9%
Lahti	3.6%	37.3%	39.9%
Oulu	9.7%	36.7%	40.0%
Tampere	7.4%	42.2%	47.2%
Turku	5.4%	43.0%	47.5%
Other areas	-0.6%	23.8%	25.0%

1) Helsinki, Espoo, Kauniainen, Vantaa



2) Capital region, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula, Vihti

Sources: Pellervo Economic Research PTT, Statistics Finland

The popularity of rental housing increases along with urbanisation. According to Pellervo Economic Research (PTT), The changing living preferences of Finnish people are strictly tied to major trends, such as urbanisation, the aging of the population and digitalization. Urbanisation increases the demand for rental housing. For those moving in growth centres rental housing appears more often as easier, more safe and flexible choice of living. Many people moving in to cities want to live in the pulse of the city close to services, hobby possibilities and leisure time activities. The increasing demand for services is visible in living preferences. Living related needs can be satisfied more often by services instead of owning.

BUSINESS OPERATIONS

Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties.¹ Kojamo offers rental apartments and housing services for tenants primarily in the Finnish growth centres². At the end of the financial year, Kojamo's property portfolio comprised 34,713 (34,383) rental apartments. The fair value of Kojamo's investment properties amounted to EUR 5.1 (4.7) billion at the end of the financial year, including EUR 0.0 (3.7) 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 31 December 2018, 98.3 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres, 67.6 per cent in the Helsinki region and 83.3 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's business operations are divided into two segments: Lumo and VVO. On 31 December 2018, the Lumo segment included 33,484 (31,018) apartments and the VVO segment included 1,229 (3,365) apartments. The Lumo segment offers the commercial housing services of Kojamo. 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. 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.

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

² Helsinki, Tampere, Turku, Kuopio and Lahti regions and the cities of Oulu and Jyväskylä.



FINANCIAL DEVELOPMENT OCTOBER–DECEMBER 2018

TOTAL REVENUE

Kojamo's total revenue during the period October–December 2018 increased to EUR 91.2 (85.7) million. Total revenue of the Lumo segment increased to EUR 88.3 (78.3) million, while the total revenue of the VVO segment decreased to EUR 2.9 (7.6) million. Total revenue is generated entirely by income from rental operations.

RESULT AND PROFITABILITY

Net rental income totalled EUR 60.0 (56.3) million, representing EUR 65.8 (65.7) of total revenue. The Lumo segment recorded a net rental income of EUR 58.3 (53.4) million, and the VVO segment a net rental income of EUR 1.8 (3.1) million.

Profit before taxes was EUR 77.7 (61.3) million. The profit includes EUR 40.0 (25.5) in net valuation gain on the fair value assessment of investment properties and EUR 0.1 (1.0) million profit and loss on sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 1.8 million. Financial income and expenses were EUR -12.2 (-11.2) million. Financial income and expenses were EUR 0.9 million higher than in the comparison period due to the significant increase in the interest-bearing liabilities. Financial income and expenses include EUR -0.1 (0.0) million in unrealised changes in the fair value of derivatives.

Fund From Operations (FFO) was EUR 34.7 (29.1) million. In addition to completed and acquired rental apartments, the growth was supported by strong financial occupancy rate, mild weather during the fourth quarter of the year and low realized repair expenses.

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 2018 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 DEVELOPMENT JANUARY–DECEMBER 2018

TOTAL REVENUE

Kojamo's total revenue during the period January–December 2018 increased to EUR 358.8 (337.0) million. Total revenue of the Lumo segment increased to EUR 347.6 (307.2) million, and the total revenue of the VVO segment decreased to EUR 11.5 (30.4) million. Total revenue is generated entirely by income from rental operations. The growth in revenue resulted primarily from rental apartments completed in 2017 and during the financial year as well as rental apartments acquired at the start of 2018. The decrease in the revenue of the VVO segment resulted from transferring apartments from the segment to the Lumo segment according to plan.



RESULT AND PROFITABILITY

Net rental income amounted to EUR 234.0 (216.0) million, representing 65.2 (64.1) per cent of total revenue. The Lumo segment recorded a net rental income of EUR 227.5 (201.2) million and the VVO segment EUR 6.7 (15.4) million.

The increase in net rental income resulted primarily from rental apartments completed in 2017 and during the financial year as well as rental apartments acquired at the start of 2018. The decrease in the net rental income of the VVO segment resulted from transferring apartments from the segment to the Lumo segment according to plan.

The profit before taxes amounted to EUR 277.3 (266.7) million. The profit includes EUR 127.5 (126.2) million in net valuation gain on the fair value assessment of investment properties and EUR 1.0 (2.5) million profit and loss on sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 9.3 million. Financial income and expenses were EUR -47.1 (-40.5) million. Financial income and expenses include EUR -0.4 (2.7) million in unrealised changes in the fair value of derivatives. Financial income and expenses were EUR 6.7 million higher than in the comparison period due to the significant increase in the interest-bearing liabilities. The profit includes EUR 0.8 million in one-off items related to the listing and IPO arrangements.

Fund From Operations (FFO) was EUR 116.4 (107.8) million. In addition to completed and acquired rental apartments, the growth was supported by strong financial occupancy rate, mild weather during the second half of the year and low realized repair expenses.

BALANCE SHEET, CASH FLOW AND FINANCING

	31 Dec 2018	31 Dec 2017
Balance sheet total, M€	5,485.4	4,943.5
Equity, M€	2,358.1	2,038.6
Equity per share, €	9.54	8.88
Equity ratio, %	43.0	41.3
Return on equity, % (ROE)	10.1	10.9
Return on investment, % (ROI)	7.2	7.5
Interest-bearing liabilities, M€	2,485.5	2,283.0
Loan to Value (LTV), %	45.9	46.0
Average interest rate of loan portfolio ^{*)} , %	1.8	2.0
Average loan maturity, years	5.5	5.6
Cash and cash equivalents, M€	150.1	117.8

^{*)} includes interest rate derivatives

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 146.6 million. The share issue improved the equity ratio by 1.6 percentage points.

EUR 50.0 (52.9) million of the EUR 250 million commercial paper programme was in use at the end of the financial year. In addition, the Kojamo has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million that remained unused at the end of the financial year.



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 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 financial year, the loan was undrawn.

REAL ESTATE PROPERTY AND FAIR VALUE

M€	31 Dec 2018	31 Dec 2017
Fair value of investment properties at 1 Jan	4,710.2	4,298.9
Acquisition of investment properties	338.9	338.6
Modernisation investments	23.7	25.4
Disposals of investment properties	-109.6	-82.2
Capitalised borrowing costs	2.6	3.3
Transfer to own use	0.0	0.0
Valuation gains/losses on fair value measurement	127.5	126.2
Fair value of investment properties, at the end of period ¹⁾	5,093.2	4,710.2

¹⁾ Fair value of investment properties in 2017 includes EUR 3.7 million of investment properties held for sale. On 31 December 2018, there were no investment properties held for sale.

Kojamo owned a total of 34,713 (34,383) rental apartments at the end of the financial year. The Lumo segment accounted for 33,484 (31,018) and the VVO segment for 1,229 (3,365) of these apartments. At the end of the financial year, Kojamo owned apartments in 32 (33) municipalities. The company aims to divest its apartments outside the seven major growth centres in Finland.

At the end of the financial year, the plot and real estate development reserve held by the Group totalled approximately 211,000 floor sq m (189,000 floor sq m). At the end of the financial year, the fair value of the plot and real estate development reserve (including the so-called Metropolia properties) was EUR 239 (123) million.

The fair value of Kojamo's investment properties is determined quarterly based on the company's own evaluation. An external expert gives a statement on the valuation of the Kojamo's investment properties. The latest valuation statement was issued on 31 December 2018. The key criteria for determining fair value are presented in the Notes to the Financial Statements.



RENTAL HOUSING

Lumo brand	31 Dec 2018	31 Dec 2017
Number of apartments	33,058	32,152
Average rent, € / sq m / month	15.69	15,17
Average rent, € / sq m / month, on yearly average	15.53	15,03
VVO brand	31 Dec 2018	31 Dec 2017
Number of apartments	1,655	2,231
Average rent, € / sq m / month	13.81	13.34
Average rent, € / sq m / month, on yearly average	13.74	13.30

Kojamo responds to the trends of urbanisation, digitalisation and communality in accordance with its strategy, providing its customers with apartments with good locations and services that make daily life easier, increase the attractiveness of housing and improve the sense of community. Our aim is to develop a networked service platform that will enable agile innovation implementation in cooperation with other operators. Kojamo's properties form the platform to which the new services can easily be connected.

The demand for rental housing remained strong in growth centres during the financial year, 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 continued to be in highest demand during the financial year.

The number of tenancy agreements signed via the Lumo webstore continued to increase sharply during the financial year, totalling approximately 8,600 at the end of the year. All Lumo rental apartments that become vacant are available for rent on the Lumo webstore, where customers can choose their preferred apartment.

As of 15 November 2017, Kojamo has adopted the practice of a separate water charge in its tenancy agreements. Previously, the water charge was included in the rent. The new practice will be implemented in all new tenancy agreements. Water fees in 2018 amounted to EUR 3.1 (0.9) million.

Rental housing key figures	1–12/2018	1–12/2017
Financial occupancy rate, %	97.0	96.7
Tenant turnover rate, excluding internal turnover, %	28.8	28.6
Like-for-like rental income growth, % *)	2.4	
Rent receivables in proportion to revenue, %	1.4	1.4

*) Change of rental income for properties owned for two consecutive years in the past 12 months compared to the previous 12-month period.

The financial occupancy rate increased during the year. The increase in occupancy rate was supported by the successful development of rental processes and growing use of the Lumo webstore. At the end of the financial year, 85 (204) apartments were vacant due to renovations.



INVESTMENTS, DIVESTMENTS AND REAL ESTATE DEVELOPMENT

Investments, M€	31 Dec 2018	31 Dec 2017
Acquired investment properties	338.9	338.6
Modernisation investments	23.7	25.4
Capitalised borrowing costs	2.6	3.3
Total	365.2	367.3
Repair expenses, M€	35.4	35.6

Number of apartments	31 Dec 2018	31 Dec 2017
Apartments at start of the financial year	34,383	34,974
Divestments	-1,908	-1,603
Acquisitions	1,049	75
Completed	1,258	983
Demolished or altered	-69	-46
Apartments at end of financial year	34,713	34,383
Started during financial year	797	972
Under construction, 31 Dec	1,064	1,525
Acquisition agreements, not under construction	1,444	2,028

The decrease in the number of apartments under construction was mainly due to the completion of apartments during the financial year. Of the apartments under construction, 850 (1,188) are in the Helsinki region and 214 (337) in other Finnish growth centres.

Binding acquisition agreements for new development

M€	31 Dec 2018	31 Dec 2017
New construction in progress	77.8	99.6
Preliminary agreements for new construction	60.3	101.5

The 981 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.

Lumo Kodit Oy has acquired an apartment building that has 68 apartments at the address Lintulahdenaukio 6, in Sörnäinen, Helsinki. The seller was Henna and Pertti Niemistö Art Foundation ARS FENNICA sr. The debt-free purchase price of the apartments was EUR 18 million and it is estimated that the acquisition will increase Kojamo Group's annual total revenue by around EUR 1 million. The transaction was completed on 28 September 2018.

The divestments completed during the financial year 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

	31 Dec 2018	Target 2021
Fair value of investment properties	EUR 5.1 billion	EUR 6.0 billion
Number of apartments	34,713	~38,000
Equity ratio, %	43.0	> 40
Loan to Value (LTV), %	45.9	< 50
FFO as percentage of total revenue	32.4	> 32
Net promoter score	35	40

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.

SHARES AND SHAREHOLDERS

Issued shares and share capital

Kojamo's share capital on 31 December 2018 was EUR 58,025,136 and the number of shares at the end of the financial year totalled 247,144,399.

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.

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.

Trading in the company's share

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.



Share price and trading^{*)}	15 Jun – 31 Dec 2018
Lowest price, €	8.11
Highest price, €	9.75
Average price, €	8.65
Closing price, €	8.11
Market value of share capital, M€ 31 Dec 2018	2,003.1
Share trading, million units	68.1
Share trading of total share stock, %	27.6
Share trading, M€	589.8

*) Including the sale of shares related to the listing.

In addition to Nasdaq Helsinki stock exchange, Kojamo shares were traded on other market places, such as Cboe BXE, Cboe APA and Posit. From 15 June to 31 December 2018, approximately 19 million Kojamo's shares were traded on alternative market places corresponding to approximately 22 per cent of total trading volume. (Source: Fidessa, 15 January 2019).

Own shares

During or at the end of the financial year, Kojamo did not own any of its own shares.

Dividend

In accordance with the Board of Directors' proposal, the Annual General Meeting on 15 March 2018 decided that a dividend of EUR 6.80 per Series A share, or EUR 50,337,408.00 in total, be paid for the financial period of 2017 and EUR 132,103,905.59 be retained in the unrestricted equity.

Shareholders

At the end of the financial year, the number of registered shareholders was 3,179, including nominee-registered shareholders. The proportion of nominee-registered and direct foreign shareholders was 24.1 per cent of the company's shares at the end of the financial year. The ten largest shareholders owned in aggregate 68.3 per cent of Kojamo's shares at the end of the financial year.

The list of Kojamo's shareholders is based on the information given by the Euroclear Finland Ltd (former Finnish Central Securities Depository).

The Board of Directors' authorisations

Kojamo's Board of Directors is authorised 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 shares in the company or transfer a maximum of 600,978 shares currently held by the company. The authorisation entitles the Board of Directors to derogate from the shareholders' pre-emption right (directed share issue).

Kojamo's Board of Directors is also currently authorised 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.

Flagging notifications

Kojamo received a notification pursuant to 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 held a total of 15,000,000 Kojamo shares, corresponding to 6.07 per cent of Kojamo plc's shares and votes.

Managers' transactions and shareholdings

The managers' transactions at Kojamo in 2018 have been published as stock exchange releases and they are available at Kojamo's website at <https://kojamo.fi/en/news/>.

Members of the Board of Directors or companies over which they have control had no shares or share-based rights in the Company or in the Group companies.

Members of the Management Team and companies over which they have control owned 96,666 shares and share-based rights in the Company and in the Group companies. These shares amount to a total of 0.04 per cent of the Company's shares.

GOVERNANCE

Annual General Meeting

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 as well as elected the members of the Board of Directors and decided on their remuneration. The Annual General Meeting also authorised the Board of Directors to decide on one or more share issues or the issuance of special rights entitling to shares, as referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act. The minutes of the Annual General Meeting are available at <https://kojamo.fi/en/investors/corporate-governance/annual-general-meeting/the-annual-general-meetings-2018/>.

Extraordinary General Meeting

The Extraordinary General Meeting of Kojamo plc held on 25 May 2018 authorised the Board of Directors to decide on a directed share issue of 30,000,000 new shares and on the repurchase of the company's own shares, amended the Articles of Association, resolved the number of Board members, elected new members to the Board of Directors and decided on the new annual remunerations of the Board members.



The minutes of the Extraordinary General Meeting are available at <https://kojamo.fi/en/investors/corporate-governance/annual-general-meeting/the-annual-general-meetings-2018/>.

Board of Directors and auditors

The members of Kojamo's Board of Directors are Riku Aalto (Chairman), Mikko Mursula (Vice-Chairman), Matti Harjuniemi, Anne Leskelä, Minna Metsälä, Reima Rytsölä and Jan-Erik Saarinen. The auditor is KPMG Oy Ab, with Authorised Public Accountant Esa Kailiala as the auditor with principal responsibility.

Board committees

Kojamo's Board of Directors has established two permanent committees, an Audit Committee and a Remuneration Committee. Mikko Mursula (Chairman), Matti Harjuniemi, Anne Leskelä and Jan-Erik Saarinen serve in the Audit Committee. Riku Aalto (Chairman), Minna Metsälä and Reima Rytsölä serve in the Remuneration Committee.

Nomination Board

A stock exchange release was issued on 11 September 2018 announcing the composition of Kojamo plc's Nomination Board. Kojamo's three largest shareholders nominated the following members to the Shareholders' Nomination Board: Jouko Pölönen, CEO, Ilmarinen Mutual Pension Insurance Company, Risto Murto, CEO, Varma Mutual Pension Insurance Company, and Timo Korpijärvi, Investment Manager, The Finnish Industrial Union.

Shareholders' Nomination Board is an organ established by the Annual General Meeting consisting of shareholders, with the task of annually preparing and presenting proposals for the General Meeting concerning the number, composition and Chairman of the Board of Directors, remuneration of the Board of Directors and remuneration of the members of the Board Committees.

CEO

Jani Nieminen, M.Sc. (Tech.), MBA was CEO during the financial year. The CEO's deputy was CFO Erik Hjelt, Licentiate in Laws, EMBA.

Management Team

There were changes in Kojamo's Management Team during the financial year.

On 16 April 2018, Kojamo announced as a stock exchange release that Juha Heino, Director of Customer Relations leaves the company. The responsibility for the customer function was transferred immediately to CEO Jani Nieminen.

On 4 December 2018, Kojamo announced as a stock exchange release that Tiina Kuusisto (M.Sc. (Econ)) has been appointed as Chief Customer Officer (CCO) at Kojamo plc and as member of Management Team and that Ville Raitio (M.Sc. (Econ), CFA) has been appointed as Chief Investment Officer (CIO) at Kojamo plc and as member of Management team. Following the change, Real Estate Development Director Kim Jolkkonen and Investment Director Mikko Suominen stepped down from Management Team. The new members of the Management Team started on 7 January 2019.



The members of the Management Team at the end of the financial year were CEO Jani Nieminen, CFO Erik Hjelt, Marketing and Communications Director Irene Kantor and Chief Development Officer Teemu Suila

PERSONNEL

At the end of 2018, Kojamo had a total of 298 (316) employees, of who 274 (284) were on permanent contracts and 24 (32) were on temporary contracts. The average number of personnel during the year was 319 (310). The average length of service was 10.0 (10.0) years. Personnel turnover in 2018 was 19.1 (17.2) per cent. The company hired a total of 50 summer employees in 2018.

In 2018, Kojamo carried out Kojamo Leaders development program with 20 participants who were company's key persons from different functions. The goal of the development program was to strengthen the strategic management and leadership and support in implementing Kojamo's strategy.

The salaries and fees paid during the financial year totalled EUR 16.8 (15.3) million.

Annual performance bonus and incentive system

Kojamo's employees are included in an annual performance bonus system which is based on the achievement of the company's general targets as well as personal targets.

Kojamo also has a long-term share-based incentive plan for the management. The reward is based on reaching the targets set for Kojamo's key business criteria in relation to the Group's strategic goals. If the three ongoing earning periods were accrued in full, the maximum reward would be a sum corresponding to 377,830 Kojamo shares, of which 50 per cent would be paid in Kojamo's shares and 50 per cent in cash.

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 of the 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 joined 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.



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 tax-like charges paid by Kojamo in 2018 totalled approximately EUR 106 million.

In October, Kojamo and Leanheat Oy, a provider of artificial intelligence solutions for controlling district heating, have signed an agreement to use Leanheat's AI-based IoT solution to control the indoor temperature of approximately 26,000 Kojamo-owned apartments. The agreement covers 80 per cent of the housing stock owned by Kojamo, which provides rental apartments under the Lumo and VVO brands.

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

In December, Kojamo announced an agreement with WWF Finland to include four Lumo Centres in Green Office environmental system. Kojamo has already five Green Office certified offices in Finland and along with the new agreement the rest of Kojamo's offices will become a part of the Green Office network.

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 Mörö (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 financial year.

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 2018 financial statements.

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company Kojamo plc's distributable unrestricted equity at 31 December 2018 amounted to EUR 396,982,112.49, of which the profit for the financial year amounted to EUR 114,878,205.40. No significant changes have taken place in the company's financial position after the end of the financial year.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used as follows: a dividend of EUR 0.29 per share to be paid, totalling EUR 71,671,875.71, and EUR 325,310,236.78 to be retained in the unrestricted equity.

Helsinki, 14 February 2019

Kojamo plc
The Board of Directors

Lisätiedot:

Maija Hongas, Manager, Investor Relations, Kojamo plc, +358 20 508 3004
Erik Hjelt, CFO, Kojamo plc, +358 20 508 3225

NEWS CONFERENCE AND WEBCAST

Kojamo will hold a news conference for institutional investors, analysts and media on 14 February 2019 at 10:00 a.m. at its headquarters at Mannerheimintie 168A, Helsinki, Finland. The event will be held in English. After the event, the media has a possibility to ask questions in Finnish as well.

The event can be followed as a live webcast. A recording of the audiocast will be available later at the company's website at <https://kojamo.fi/en/investors/releases-and-publications/financial-reports/>.

The event will be accessible at <https://kojamo.videosync.fi/2018-financial-statement>

You can also participate in the news conference by calling:

FI: 09 8171 0310
SE: +46 8566 42651
UK: +44 3333 000 804
US: +1 6319 131 422

The participants joining the news conference will be asked to provide the following PIN code: 50708981#


EPRA PERFORMANCE MEASURES

	10-12/2018	10-12/2017	2018	2017
EPRA Earnings, M€	34.5	29.5	130.3	117.0
EPRA Earnings per share (EPS), €	0.14	0.13	0.54	0.51
EPRA Net Asset Value (NAV), M€			2,889.1	2,548.8
EPRA NAV per share, €			11.69	11.11
EPRA Triple Net Asset Value (NNNAV), M€			2,375.2	2,016.8
EPRA NNNAV per share, €			9.61	8.79
EPRA Net Initial Yield (NIY), %			5.0	5.2
EPRA 'topped-up' NIY, %			5.0	5.2
EPRA Vacancy Rate, %			3.0	3.3
EPRA Cost Ratio (including direct vacancy costs), %	15.9	17.7	15.2	16.5
EPRA Cost Ratio (excluding direct vacancy costs), %	14.6	16.0	13.6	14.6

M€	10-12/2018	10-12/2017	2018	2017
Earnings per IFRS income statement	63.0	50.9	221.8	212.9
(i) Change in value of investment properties, development properties held for investment and other interests	-40.0	-25.5	-127.5	-126.2
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	-0.1	-1.0	-1.0	-1.6
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-0.1	0.0	-0.1	0.0
(iv) Tax on profits or losses on disposals	0.3	0.6	15.4	9.4
(vi) Changes in fair value of financial instruments and associated close-out costs	0.1	0.0	0.4	-2.7
(viii) Deferred tax in respect of EPRA adjustments	11.3	4.4	21.4	25.1
EPRA Earnings	34.5	29.5	130.3	117.0
EPRA Earnings per share (EPS), €	0.14	0.13	0.54	0.51

M€	2018	2017
NAV per the financial statements	2,358.1	2,038.6
(iv) Fair value of financial instruments	42.5	42.0
(v.a) Deferred tax	488.4	468.2
EPRA Net Asset Value (NAV)	2,889.1	2,548.8
EPRA NAV per share, €	11.69	11.11

M€	2018	2017
EPRA NAV	2,889.1	2,548.8
(i) Fair value of financial instruments	-42.5	-42.0
(ii) Fair value of debt ¹⁾	17.0	-21.8
(iii) Deferred tax	-488.4	-468.2
EPRA Triple Net Asset Value (NNNAV)	2,375.2	2,016.8
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.		
EPRA NNNAV per share, €	9.61	8.79



M€		2018	2017
Investment property		5,093.2	4,710.2
Trading property		0.4	0.6
Developments		-248.6	-350.8
Completed property portfolio		4,845.0	4,359.9
Allowance for estimated purchasers' costs		96.9	87.2
Gross up completed property portfolio valuation	B	4,941.9	4,447.1
Annualised cash passing rental income		375.6	354.7
Property outgoings		-127.4	-124.2
Annualised net rents	A	248.2	230.5
Notional rent expiration of rent free periods or other lease incentives		-	-
Topped-up net annualised rent	C	248.2	230.5
EPRA Net Initial Yield (NIY), %	A/B	5.0	5.2
EPRA 'topped-up' NIY, %	C/B	5.0	5.2

M€		2018	2017
Estimated rental value of vacant space	A	10.6	11.1
Estimated rental value of the whole portfolio	B	352.3	336.2
EPRA Vacancy Rate, %	A/B	3.0	3.3

M€		10-12/2018	10-12/2017	2018	2017
Include:					
(i) Administrative expense line per IFRS income statement		10.3	10.5	38.6	37.2
(i) Maintenance expense line per IFRS income statement		21.9	21.2	89.5	85.4
(i) Repair expense line per IFRS income statement		9.3	8.2	35.4	35.6
(ii) Net service charge costs/fees		-1.3	-0.4	-3.8	-1.6
(iii) Management fees less actual/ estimated profit element		0.0	0.0	0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		0.0	-0.1	-0.2	-0.2
Exclude:					
(vii) Ground rent costs		-0.9	-0.8	-3.4	-3.1
(viii) Service charge costs recovered through rents but not separately invoiced		-29.9	-28.7	-120.9	-118.0
EPRA Costs (Including direct vacancy costs)	A	9.4	9.9	35.1	35.2
(ix) Direct vacancy costs		-0.7	-1.0	-3.8	-4.0
EPRA Costs (Excluding direct vacancy costs)	B	8.6	8.9	31.4	31.2
(x) Gross Rental Income less ground rent costs - per IFRS		88.9	84.4	351.5	332.0
(xi) Service fee and service charge costs components of Gross Rental Income		-29.9	-28.7	-120.9	-118.0
Gross Rental Income	C	59.1	55.7	230.5	214.0
EPRA Cost Ratio (including direct vacancy costs), %	A/C	15.9	17.7	15.2	16.5
EPRA Cost Ratio (excluding direct vacancy costs), %	B/C	14.6	16.0	13.6	14.6



CONDENSED CONSOLIDATED INCOME STATEMENT

M€	Note	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Total revenue		91.2	85.7	358.8	337.0
Maintenance expenses		-21.9	-21.2	-89.5	-85.4
Repair expenses		-9.3	-8.2	-35.4	-35.6
Net rental income		60.0	56.3	234.0	216.0
Administrative expenses		-10.3	-10.5	-38.6	-37.2
Other operating income		0.7	0.7	2.1	2.0
Other operating expenses		-0.7	-0.3	-1.0	-1.3
Profit/loss on sales of investment properties		0.1	1.0	1.0	2.5
Profit/loss on sales of trading properties		0.1	0.0	0.1	0.0
Profit/loss on fair value of investment properties	3	40.0	25.5	127.5	126.2
Depreciation, amortisation and impairment losses		-0.2	-0.3	-0.8	-1.1
Operating profit		89.7	72.4	324.2	307.0
Financial income		0.2	1.1	3.2	5.0
Financial expenses		-12.4	-12.3	-50.3	-45.5
Total amount of financial income and expenses		-12.2	-11.2	-47.1	-40.5
Share of result from associated companies		0.2	0.1	0.2	0.1
Profit before taxes		77.7	61.3	277.3	266.7
Current tax expense		-3.4	-5.9	-34.1	-28.6
Change in deferred taxes		-11.3	-4.4	-21.4	-25.1
Profit for the period		63.0	50.9	221.8	212.9
Profit for of the financial period attributable to Owners of the parent company		63.0	50.9	221.8	212.9
Earnings per share based on profit attributable to owner of the parent company					
Basic, €		0.25	0.22	0.93	0.93
Diluted, €		0.25	0.22	0.93	0.93
Average number of the shares, million	9	247.1	229.5	239.2	229.5
Other comprehensive income					
Items that may be reclassified subsequently to profit					
Cash flow hedgings		-11.2	3.1	0.5	20.4
Available-for-sale financial assets			0.0		0.2
Deferred taxes		2.2	-0.6	-0.1	-4.1
Items that may be reclassified subsequently to profit or loss		-8.9	2.5	0.4	16.5
Total comprehensive income for the period		54.0	53.4	222.2	229.4
Total comprehensive income attributable to Owners of the parent company		54.0	53.4	222.2	229.4

**CONDENSED CONSOLIDATED BALANCE SHEET**

M€	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets		0.2	0.4
Investment properties	3	5,093.2	4,706.5
Property, plant and equipment	4	30.5	31.0
Investments in associated companies		2.2	1.7
Financial assets	7	0.6	0.5
Non-current receivables		5.3	5.3
Derivatives	6, 7	1.5	6.5
Deferred tax assets		10.8	10.9
Non-current assets total		5,144.3	4,762.7
Non-current assets held for sale	11		3.7
Current assets			
Trading properties		0.4	0.6
Derivatives	6, 7	0.7	0.0
Current tax assets		9.3	0.5
Trade and other receivables		8.3	8.8
Financial assets	7	172.3	49.3
Cash and cash equivalents		150.1	117.8
Current assets total		341.1	177.0
ASSETS TOTAL		5,485.4	4,943.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital		58.0	58.0
Share issue premium		35.8	35.8
Fair value reserve		-23.9	-23.7
Invested non-restricted equity reserve		164.4	17.9
Retained earnings		2,123.7	1,950.6
Equity attributable to shareholders of the parent company		2,358.1	2,038.6
Total equity		2,358.1	2,038.6
LIABILITIES			
Non-current liabilities			
Loans and borrowings	5, 7	2,391.7	2,109.8
Deferred tax liabilities		499.0	478.3
Derivatives	6, 7	44.6	48.3
Provisions		0.6	0.8
Other non-current liabilities		14.0	14.8
Non-current liabilities total		2,949.9	2,652.0
Current liabilities			
Loans and borrowings	5, 7	93.9	173.2
Derivatives	6, 7	0.1	0.2
Current tax liabilities		13.5	9.1
Trade and other payables		69.9	70.4
Current liabilities total		177.3	252.9
Total liabilities		3,127.2	2,904.9
TOTAL EQUITY AND LIABILITIES		5,485.4	4,943.5

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

M€	31 Dec 2018	31 Dec 2017
Cash flow from operating activities		
Profit for the period	221.8	212.9
Adjustments	-22.8	-33.5
Change in net working capital		
Change in trade and other receivables	-1.6	-0.8
Change in trading properties	0.2	0.3
Change in trade and other payables	-1.6	0.1
Interest paid	-40.5	-39.7
Interest received	0.8	0.6
Other financial items	-5.3	-7.4
Taxes paid	-38.5	-22.1
Net cash flow from operating activities	112.4	110.4
Cash flow from investing activities		
Acquisition of investment properties	-366.6	-341.9
Acquisition of associated companies	-0.3	-0.4
Acquisition of property, plant and equipment and intangible assets	-0.2	-0.8
Proceeds from sale of investment properties	110.9	84.5
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0
Purchases of financial assets	-304.0	-322.5
Proceeds from sale of financial assets	180.5	322.8
Non-current loans, granted	-0.2	-1.8
Repayments of non-current receivables	0.2	1.3
Interest and dividends received on investments	0.2	0.3
Net cash flow from investing activities	-379.4	-258.5
Cash flow from financing activities		
Share issue	150.0	
Items related to the share issue recorded to equity	-4.3	
Non-current loans and borrowings, raised	500.0	686.4
Non-current loans and borrowings, repayments	-292.9	-434.0
Current loans and borrowings, raised	338.8	267.8
Current loans and borrowings, repayments	-342.0	-355.9
Dividends paid	-50.3	-50.3
Net cash flow from financing activities	299.3	113.9
Change in cash and cash equivalents	32.3	-34.2
Cash and cash equivalents in the beginning of period	117.8	152.0
Cash and cash equivalents at the end of period	150.1	117.8



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
Equity at 1 Jan 2018	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6
Changes to accounting policies			-0.5		0.3	-0.2	-0.2
Equity at 1 Jan 2018	58.0	35.8	-24.3	17.9	1,950.9	2,038.3	2,038.3
Comprehensive income							
Cash flow hedging			0.4			0.4	0.4
Result for the financial period					221.8	221.8	221.8
Total comprehensive income			0.4		221.8	222.2	222.2
Transactions with owners							
Share issue				150.0		150.0	150.0
Expenses related to the share issue				-4.3		-4.3	-4.3
Tax impact of share issue				0.9		0.9	0.9
Discount related to the share issue for personnel					0.2	0.2	0.2
Share based incentive scheme					1.2	1.2	1.2
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners				146.6	-49.0	97.6	97.6
Total change in equity			-0.1	146.6	173.1	319.6	319.6
Equity at 31 Dec 2018	58.0	35.8	-23.9	164.4	2,123.7	2,358.1	2,358.1

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
Equity at 1 Jan 2017	58.0	35.8	-40.2	17.9	1,788.0	1,859.5	1,859.5
Comprehensive income							
Cash flow hedging			16.3			16.3	16.3
Available-for-sale financial assets			0.1			0.1	0.1
Result for the financial period					212.9	212.9	212.9
Total comprehensive income			16.5		212.9	229.4	229.4
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners					-50.3	-50.3	-50.3
Total change in equity			16.5		162.6	179.1	179.1
Equity at 31 Dec 2017	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6



CONDENSED NOTES

Basic information about the Group

Kojamo plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive. On 31 December 2018, Kojamo owned 34,713 rental apartments across Finland. Of these, 33,484 are Lumo apartments and 1,229 are VVO apartments.

The Group's parent company, Kojamo plc, is a Finnish company domiciled in Helsinki. Its registered address is Mannerheimintie 168, 00300 Helsinki, Finland. The Board of Directors approved the financial statements for 2018 on 14 February 2019. A copy of the consolidated financial statements is available at www.kojamo.fi/en or the parent company's head office.

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 addition, a bond issued by Kojamo in 2016 is listed on the official list of Nasdaq Helsinki Ltd. Two other bonds issued by the company have been listed on the official list of the Irish Stock Exchange. 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 14 February 2019, Kojamo plc's Board of Directors approved this financial statements release to be published. Kojamo's Financial Statements and the Report of the Board of Directors as well as Corporate Governance Statement and Remuneration Statement 2018 will be published as a stock exchange release on 14 February 2019, since when the documents are available at Kojamo's website at www.kojamo.fi/en.

1. ACCOUNTING POLICIES

Basis for preparation

This financial statements release 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 financial statements release have not been audited.

The figures for 2018 are based on Kojamo plc's audited financial statements for 2018. 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 financial statements release 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 this financial statements release 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 2018 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 377,830 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 1-12/2018	VVO 1-12/2018	Group consoli- dation methods	Group Total 1-12/2018
Rental income	343.3	11.4	0.1	354.8
Sales income, other	4.0	0.1	-0.1	4.0
Internal income	0.2	0.0	-0.2	
Total revenue	347.6	11.5	-0.2	358.8
Maintenance expenses	-86.3	-3.2	0.0	-89.5
Repair expenses	-33.8	-1.6		-35.4
Net rental income	227.5	6.7	-0.2	234.0
Administrative expenses	-37.4	-1.4	0.2	-38.6
Other operating income	2.0	0.0		2.1
Other operating expenses	-1.0	0.0		-1.0
Profit/loss on sales of investment properties	2.0		-0.9	1.0
Profit/loss on sales of trading properties	0.1			0.1
Fair value change of investment proper- ties	127.5			127.5
Depreciation, amortisation and impairment losses	-0.8			-0.8
Operating profit / loss	319.8	5.4	-0.9	324.2
Financial income				3.2
Financial expenses				-50.3
Total amount of financial income and expenses				-47.1
Share of result from associated compa- nies				0.2
Profit before taxes				277.3
Current tax expense				-34.1
Change in deferred taxes				-21.4
Profit/loss for the period				221.8
Investments	364.4	0.8		365.2
Investment properties	5,037.7	55.6	0.0	5,093.2
Investments in associated companies	2.2			2.2
Liquid assets	149.9	0.2		150.1
Other assets	246.0	12.1	-18.2	239.9
Total Assets	5,435.7	67.9	-18.2	5,485.4
Interest bearing liabilities	2,464.0	39.2	-17.7	2,485.5
Other liabilities	635.4	6.5	-0.2	641.7
Total Liabilities	3,099.4	45.7	-17.9	3,127.2



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

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

M€	Lumo 1-12/2018	VVO 1-12/2018	Group consolidation methods	Kojamo Group Total 1-12/2018
Rental income	343.5	11.4	-0.1	354.8
Water fees	3.1	0.0		3.1
Sauna fees	0.7	0.0		0.7
Total	347.2	11.5	-0.1	358.6

M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Kojamo Group Total 1-12/2017
Rental income	305.3	30.1	-0.3	335.1
Water fees	0.9	0.0		0.9
Sauna fees	0.6	0.1		0.7
Total	306.8	30.2	-0.3	336.7

3. INVESTMENT PROPERTIES

M€	31 Dec 2018	31 Dec 2017
Fair value of investment properties, at 1 Jan	4,710.2	4,298.9
Acquisition of investment properties *)	338.9	338.6
Modernisation investments	23.7	25.4
Disposals of investment properties	-109.6	-82.2
Capitalised borrowing costs	2.6	3.3
Transfer to own use	0.0	0.0
Valuation gains/losses on fair value measurement	127.5	126.2
Fair value of investment properties, at the end of period**)	5,093.2	4,710.2

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

***) Includes the investment properties classified as Non-current assets held for sale on 31 December 2017, totalling EUR 3.7 million.

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% - 0%
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.



Investment properties by valuation classes

M€	31 Dec 2018	31 Dec 2017
Properties measured at market value	4,384.7	3,787.1
Properties measured at yield value	293.4	395.3
Properties measured at acquisition method	415.1	527.8
Total	5,093.2	4,710.2

Investment properties by valuation classes

Rental apartments	31 Dec 2018	31 Dec 2017
Properties measured at market value	28,169	26,467
Properties measured at yield value	2,857	3,788
Properties measured at acquisition method	3,687	4,128
Total	34,713	34,383

Sensitivity analysis of investment properties

Change %	-10%	-5%	31 Dec 2018 0%	5%	10%
Properties measured at market values, M€					
Change in market prices	-438.5	-219.2		219.2	438.5
Properties measured at yield values, M€					
Yield requirement	32.0	15.2		-13.7	-26.2
Rental income	-49.8	-24.9		24.9	49.8
Maintenance costs	19.0	9.5		-9.5	-19.0
Financial occupancy rate for properties measured at yield value (change in procent points)					
Rental income, M€	-0.8	-0.4	0%	1%	2%

Sensitivity analysis of investment properties

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

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 2,857 (3,788) rental homes included within the scope of the yield value method in 2018, and 9.3 (9.4) per cent for the 414 (423) business premises.



4. PROPERTY, PLANT AND EQUIPMENT

M€	31 Dec 2018	31 Dec 2017
Book value, beginning of period	31.0	31.0
Increases	0.2	0.7
Decreases		0.0
Depreciations for accounting period	-0.7	-0.7
Book value, end of period	30.5	31.0

Property, plant and equipment consist of assets held and used by the company, mainly buildings and land areas, as well as machinery and equipment.

5. INTEREST-BEARING LIABILITIES

Non-current liabilities

M€	31 Dec 2018	31 Dec 2017
Annuity and mortgage loans	1,289.7	793.8
Loans from financial institutions	995.2	1,125.3
Interest subsidy loans	104.0	187.7
Other loans	2.8	3.0
Total	2,391.7	2,109.8

Current liabilities

M€	31 Dec 2018	31 Dec 2017
Loans from financial institutions	25.1	48.4
Annuity and mortgage loans	12.1	64.8
Other loans	6.7	7.0
Commercial papers	50.0	52.9
Total	93.9	173.2

Total interest-bearing liabilities **2,485.5** **2,283.0**

Kojamo plc issued an unsecured EUR 500 million bond on 7 March 2018. The bond has been approved for listing on the official list of the Irish Stock Exchange. The unsecured euro-denominated bond has a maturity of seven years and will mature on 7 March 2025. The bond carries a fixed annual coupon of 1.625 per cent.

6. DERIVATIVE INSTRUMENTS

M€	31 Dec 2018			31 Dec 2017
	Positive	Negative	Net	Net
Interest rate derivatives				
Interest rate swaps, cash flow hedges	0.8	-36.5	-35.7	-33.3
Interest rate swaps, not in hedge accounting	0.0	-8.2	-8.2	-8.7
Interest rate options, not in hedge accounting				0.0
Electricity derivatives	1.4	0.0	1.3	0.0
Total	2.2	-44.7	-42.5	-42.0



M€	31 Dec 2018	31 Dec 2017
Interest rate derivatives		
Interest rate swaps, cash flow hedges	948.3	1,439.0
Interest rate swaps, not in hedge accounting	48.9	44.8
Interest rate options, not in hedge accounting		63.1
Total	997.2	1,546.9
Electricity derivatives, MWh	162,167	183,957

Items under hedge accounting

M€	Nominal value		Fair value of derivatives			Effective portion	Ineffective portion
	Hedged loans	Interest rate derivatives	Positive	Negative	Net	Recognised in other comprehensive income	Recognised in income statement
31 Dec 2018							
Cash flow hedging	768.0	948.3	0.8	-36.5	-35.7	0.5	
31 Dec 2017							
Cash flow hedging	911.0	1,439.0	6.3	-39.6	-33.3	20.4	

During the financial year, EUR 0.5 (20.4) million were recognised in the fair value reserve from interest rate derivatives classified into cash flow hedging. EUR 0.9 (0.0) million of the results of the cash flow hedges have been reclassified to profit from comprehensive income. The interest rate derivatives hedge the loan portfolio interest flows against increases in market interest rates. The interest rate derivatives mature between 2019–2035. At the balance sheet date, the average maturity for interest rate swaps was 6.3 (6.6) years. Electricity derivatives hedge against increases in electricity prices and mature between 2019–2022. Electricity derivatives are not included in hedge accounting. Unrealised valuation profits and losses of derivatives are presented in the balance sheet under current and non-current assets or liabilities in Derivatives account.



7. FAIR VALUES OF FINANCIAL INSTRUMENTS

M€	31 Dec 2018				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets					
Measured at fair value					
Interest rate derivatives	0.8		0.8		0.8
Electricity derivatives	1.4	1.4			1.4
Available-for-sale financial assets	173.0	165.3	7.0	0.6	173.0
Measured at amortised cost					
Loans and receivables	150.1		150.1		150.1
Trade receivables	5.2				5.2
Financial liabilities					
Measured at fair value					
Interest rate derivatives	44.7		44.7		44.7
Electricity derivatives	0.0	0.0			0.0
Measured at amortised cost					
Other interest-bearing liabilities	1,195.9		1,192.2		1,192.2
Bonds	1,289.7	1,276.3			1,276.3
Trade payables	12.7				12.7

M€	31 Dec 2017				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets					
Measured at fair value					
Interest rate derivatives	6.3		6.3		6.3
Electricity derivatives	0.2	0.2			0.2
Available-for-sale financial assets	46.6	44.1	2.0	0.5	46.6
Measured at amortised cost					
Loans and receivables	23.2	23.2			23.2
Trade receivables	6.7				6.7
Financial liabilities					
Measured at fair value					
Interest rate derivatives	48.3		48.3		48.3
Electricity derivatives	0.2	0.2			0.2
Measured at amortised cost					
Other interest-bearing liabilities	1,489.3		1,489.8		1,489.8
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 margins of the loans are correspond with the margins of new loans. Bonds were transferred on 30 June 2018 from fair value level 2 to level 1 when the company began to determine the fair value of the bonds based on market quotations. The fair value of other fixed-rate liabilities is based on discounted cash flows, in which market interest rates are used 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 market price quoted on the active market exists for similar instruments. The price may be derived directly or indirectly from quoted price information. Fair values are measured using valuation techniques. Their inputs are based on quoted market prices, including e.g. market interest rates, credit margins and yield curves.

Level 3:

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

Level 3 reconciliation

M€	31 Dec 2018	31 Dec 2017
Beginning of period	0.5	0.6
Deductions	0.1	-0.1
End of period	0.6	0.5

Investments measured at fair value through profit and loss on hierarchy level 3 are investments in unlisted securities and they are mainly measured at acquisition cost, as their fair value cannot be reliably measured in the absence of an active market. With regards to these items, it is evaluated that the acquisition cost is an appropriate estimate of fair value.

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 146.6 million. Kojamo's expenses related to the listing amounted to EUR 4.9 million, of which EUR 4.3 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 0.9 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

	1-12/2018	1-12/2017
Profit of the financial period attributable to shareholders of the parent company, M€	221.8	212.9
Average number of the shares during the period, millions	247.1	229.5
Earnings per share		
Basic, €	0.93	0.93
Diluted, €	0.93	0.93

The company has no diluting instruments.



10. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

M€	31 Dec 2018	31 Dec 2017
Loans covered by pledges on property and shares as a collateral	1,367.0	1,656.9
Mortgages	1,451.2	1,851.1
Shares *)	257.1	276.9
Pledged collaterals total	1,708.3	2,127.9
Other collaterals given		
Mortgages and shares	31.7	32.0
Guarantees**)	326.8	373.4
Pledged deposits	0.1	
Other collaterals total	358.6	405.4

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

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

Other off-balance sheet liabilities

Unrecognised acquisition agreements related to work in progress:

M€	31 Dec 2018	31 Dec 2017
New construction in-process	77.8	99.6
Preliminary agreements for new construction	60.3	101.5
Renovation	21.2	11.5
Total	159.3	212.7

11. NON-CURRENT ASSETS HELD FOR SALE

M€	31 Dec 2018	31 Dec 2017
Investment properties		3.7
Assets total		3.7
Net asset value		3.7

In 2018 there were no non-current assets held for sale. The non-current assets held for sale in 2017 consisted of two individual plots.

The investment properties have been measured at fair value in the financial statements release (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 standard shall not be applied retrospectively.

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
Financial assets				
Cash	Loans and receivables	Amortised cost	20.1	20.1
Investments				
Funds	Available-for-sale financial assets	Fair value recognised in profit and loss	46.1	46.1
Loans and receivables	Loans and receivables	Fair value recognised in profit and loss	3.1	3.1
Other shares	Available-for-sale financial assets	Fair value recognised in profit and loss	0.5	0.5
Financial assets total			69.8	69.9

Regarding derivatives, the changes had no impact on the measurement principles.

Kojamo applies the following principles to the classification of financial assets and liabilities and their recognition, derecognition and measurement. The fair value hierarchy related to the fair value determination of financial assets and liabilities is similar to the hierarchy described in the Fair value hierarchy note to the consolidated financial statements.

Financial assets have been classified as follows for the determination of measurement principles:

Financial asset group	Instruments	Measurement principle
1. Financial assets recognised at fair value through profit or loss	a) Investments in unlisted securities b) Investments in other instruments with a reliably determinable fair value: fund investments and investments in bonds c) Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial assets recognised at amortised cost	Trade and loan receivables, fixed-term deposits and similar receivables	Amortised cost
3. Financial assets recognised at fair value through other comprehensive income	Derivative instruments, hedge accounting	Fair value, changes in value through other comprehensive income



Financial 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 assets recognised at fair value in components of other comprehensive income

Derivative instruments that meet the requirements of IFRS 9 *Financial Instruments* concerning the application of hedge accounting are recognised at fair value in components of other comprehensive income. A more comprehensive account below in Derivative instruments and hedge accounting.

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.

Financial liabilities are classified as follows:

Financial liability group	Instruments	Measurement principle
1. Financial liabilities recognised at fair value through profit and loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial liabilities measured at amortised cost (other financial liabilities)	Various debt instruments	Amortised cost
3. Financial liabilities recognised at fair value through other comprehensive income	Derivative instruments, hedge accounting	Fair value, changes in value through other comprehensive income

Financial 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, such as arrangement fees that can be allocated to a particular loan, are deducted from the original amortised cost of the loan. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The difference between the proceeds and the redemption value is recognised as financial cost through profit and loss over the loan period.

Financial liabilities recognised at fair value through other comprehensive income

Derivative instruments that meet the requirements of IFRS 9 *Financial Instruments* concerning the application of hedge accounting are recognised at fair value in components of other comprehensive income. A more comprehensive account below in Derivative instruments and hedge accounting.

Derivative instruments and hedge accounting

Kojamo uses interest rate derivatives to hedge its exposure to changes in future interest payment cash flows concerning long-term loans. The majority of interest rate derivatives are subject to cash flow hedge accounting in accordance with IFRS 9. All hedging instruments are recognised in Derivatives in the balance sheet either under financial assets or liabilities. The hedged items are reported in the balance sheet under Loans in Non-current or Current liabilities. 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.

Changes in the fair values of derivatives within hedge accounting are recognised in components of other comprehensive income insofar as the hedging is effective. Changes in value are reported in the fair value reserve in equity. Interest payments arising from interest rate derivatives are recognised in interest costs. If market interest rates are negative, interest rate swap hedges may lead to a situation in which both fixed and variable interest must be paid, and both of these interests are recognised in interest costs. The ineffective portion of a hedge is immediately recognised in financial items in the income statement. The gains and losses accumulated in equity are recognised in the income statement at the same time with the hedged item.

Changes in value from derivatives not included in hedge accounting are recognised in financial items through profit and loss.

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 60 million in the value of the Group's investment properties and non-current liabilities, based on the current estimate. In terms of implementing the new standard, Kojamo applies a simplified approach and thus will not restate the comparison figures for the reporting period.



Kojamo has assessed the impact of IFRIC 23 *Uncertain tax positions*. Interpretation will become effective as of 1 January 2019 and is estimated to have no impact on Kojamo's consolidated financial statements.



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

	Formula	10-12/2017	1-12/2018	2018	2017
Total revenue, M€		91.2	85.7	358.8	337.0
Net rental income, M€	1	60.0	56.3	234.0	216.0
Net rental income margin, %	2	65.8	65.7	65.2	64.1
Profit before taxes, M€	3	77.7	61.3	277.3	266.7
EBITDA, M€	4	89.9	72.7	325.1	308.2
EBITDA margin, %	5	98.6	84.8	90.6	91.5
Adjusted EBITDA, M€	6	49.7	46.2	196.5	179.5
Adjusted EBITDA margin, %	7	54.5	54.0	54.8	53.3
Funds From Operations (FFO), M€	8	34.7	29.1	116.4	107.8
FFO margin, %	9	38.0	33.9	32.4	32.0
FFO per share, € ¹⁾	10	0.14	0.13	0.49	0.47
FFO excluding one-off items, M€	11	34.7	29.1	117.3	107.8
Adjusted Funds From Operations (AFFO), M€	12	26.3	18.8	92.7	82.3
Operative result, M€	13	31.2	29.7	119.1	107.6
Investment properties, M€ ²⁾				5,093.2	4,710.2
Financial occupancy rate, %	23			97.0	96.7
Interest-bearing liabilities, M€ ³⁾	14			2,485.5	2,283.0
Return on equity, % (ROE)	15			10.1	10.9
Return on investments, % (ROI)	16			7.2	7.5
Equity ratio, %	17			43.0	41.3
Loan to Value (LTV), % ³⁾	18			45.9	46.0
Earnings per share, € ¹⁾		0.25	0.22	0.93	0.93
Equity per share, € ¹⁾				9.54	8.88
Dividend per share, € ^{1) 4)}				0.29	0.22
Dividend per earnings, %	20			31.2	23.7
Price per earnings (P/E)	21			8.7	
Effective dividend yield, %	22			3.6	
Gross investments, M€	19	59.4	173.7	365.2	367.3
Number of personnel, at the end of period				298	316

1) 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.

2) Including items held for sale.

3) Excluding items held for sale.

4) 2018: Board of Directors' proposal to the Annual General Meeting.

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.

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 for calculating 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
- 3) Profit before taxes = Net rental income - Administrative expenses + Other operating income - Other operating expenses +/- Profit/loss on sales of investment properties +/- Profit/loss on sales of trading properties +/- Profit/loss pm fair value 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
- 6) Adjusted EBITDA = 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 -/+ Profit/loss on fair value of investment properties -/+ Financial income and expenses -/+ Share of result from associated companies + Current tax expense + Change in deferred taxes

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, % = $\frac{\text{Adjusted EBITDA}}{\text{Total revenue}}$ x 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, % = $\frac{\text{FFO}}{\text{Total revenue}}$ x 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 no-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 +/- Other items affecting comparability- 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), %	= $\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}}$	x 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), %	= $\frac{\text{(Profit before taxes + Interests and other financial expenses)}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}}$	x 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, %	= $\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$	x 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 (LTV), %	= $\frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties}}$	x 100
	Loan to value discloses the ratio of net debt to investment properties. APM illustrates Groups' indebtedness	
19) Gross investment	= Acquisition and devevelopment of investment properties + Modernisation investments + Capitalised borrowing costs	
	APM illustrates total investments including acquisitions, development investments, modernisation investments and capitalized interests.	



$$20) \text{ Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Dividend per earnings measures dividend in relation to profit. APM illustrate the share of profit that is distributed to the shareholders.

$$21) \text{ Price per earnings (P/E)} = \frac{\text{Share price at the end of the reporting period}}{\text{Earnings per share}}$$

PE measures share price in relation to profit. APM illustrates the payback time for the share with the current share price and profit.

$$22) \text{ Effectove dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Share price at the end of the reporting period}} \times 100$$

Effective dividend yield illustrates dividends in relation to share price.

Other performance measures

$$23) \text{ Financial occupancy rate, \%} = \frac{\text{Rental income}}{\text{Potential rental income at full occupancy}} \times 100$$



Reconciliation of key figures

M€	10-12/2018	10-12/2017	2018	2017
Profit for the period	63.0	50.9	221.8	212.9
Depreciation, amortisation and impairment losses	0.2	0.3	0.8	1.1
Profit/loss on sales of investment properties	-0.1	-1.0	-1.0	-2.5
Profit/loss on sales of trading properties	-0.1	0.0	-0.1	0.0
Profit/loss on sales of other non-current assets		0.0	0.0	0.0
Profit/loss on fair value of investment properties	-40.0	-25.5	-127.5	-126.2
Financial income	-0.2	-1.1	-3.2	-5.0
Financial expenses	12.4	12.3	50.3	45.5
Share of result from associated companies	-0.2	-0.1	-0.2	-0.1
Current tax expense	3.4	5.9	34.1	28.6
Change in deferred taxes	11.3	4.4	21.4	25.1
Adjusted EBITDA	49.7	46.2	196.5	179.5
Financial income and expenses	-12.2	-11.2	-47.1	-40.5
Profit/loss on fair value of financial assets	0.6	0.0	1.2	-2.7
Adjusted net interest charges	-11.6	-11.3	-46.0	-43.1
Current tax expense	-3.4	-5.9	-34.1	-28.6
Funds From Operations (FFO)	34.7	29.1	116.4	107.8
One-off items			0.8	
FFO excluding one-off items	34.7	29.1	117.3	107.8
Profit for the period	63.0	50.9	221.8	212.9
Profit/loss on sales of investment properties	-0.1	-1.0	-1.0	-2.5
Profit/loss on sales of trading properties	-0.1	0.0	-0.1	0.0
Profit/loss on sales of other non-current assets		0.0	0.0	0.0
Profit/loss on fair value of investment properties	-40.0	-25.5	-127.5	-126.2
Profit/loss on fair value of financial assets	0.6	0.0	1.2	-2.7
Other items affecting comparability				0.9
Tax adjustments	7.9	5.2	24.7	25.1
Operative result	31.2	29.7	119.1	107.6
Operative result	31.2	29.7	119.1	107.6
Depreciation, amortisation and impairment losses	0.2	0.3	0.8	1.1
Other items affecting comparability				-0.9
Share of result from associated companies	-0.2	-0.1	-0.2	-0.1
Difference in deferred taxes	3.4	-0.8	-3.3	0.0
One-off items			0.8	
FFO excluding one-off items	34.7	29.1	117.3	107.8
Total equity			2,358.1	2,038.6
Assets total			5,485.4	4,943.5
Advances received			-6.1	-5.1
Equity ratio, %			43.0	41.3