



**Kojamo plc's  
Interim Report  
1 January–31 March 2019**





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

Kojamo has begun to apply the interpretation IFRIC 21 *Levies* in accounting for property taxes for the financial year. According to the interpretation, property taxes are recognised as expenses on the income statement when they are determined, and they are not accrued over the different quarters of the year. The comparison figures have been restated to reflect the current practice.

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 Interim Report, the Finnish version is the official one.

## **KOJAMO PLC'S INTERIM REPORT 1 JANUARY – 31 MARCH 2019**

### **TOTAL REVENUE, NET RENTAL INCOME AND FFO INCREASED**

#### **SUMMARY OF JANUARY–MARCH 2019**

- Total revenue increased by 3.7 per cent to EUR 91.5 (88.2) million
- Net rental income increased by 5.7 per cent, totalling EUR 50.8 (48.1) million. Net rental income represented 55.6 (54.5) per cent of revenue
- Profit before taxes was EUR 38.9 (48.9) million. The profit includes EUR 10.4 (20.7) million in net gain on the valuation of investment properties at fair value and EUR 0.0 (0.6) million in profit on sale of investment properties. Earnings per share was EUR 0.13 (0.17)
- Funds From Operations (FFO) increased by 20.3 per cent and amounted to EUR 26.3 (21.9) million
- The fair value of investment properties was EUR 5.2 (4.9) billion at the end of the review period, including EUR 0.0 (96.4) million in investment properties held for sale
- The financial occupancy rate improved, standing at 96.9 (96.3) per cent during the review period
- Gross investments totalled EUR 38.0 (203.7) million, representing 41.5 (230.9) per cent of total revenue
- Equity per share was EUR 9.32 (8.87) and return on equity was 5.5 (7.6) per cent. Return on investment was 4.3 (5.4) per cent
- EPRA NAV per share (net asset value) was EUR 11.55 (11.08)
- There were 1,280 (1,251) apartments under construction at the end of the review period
- Kojamo specifies its outlook regarding Funds From Operations (FFO)

Kojamo owned 34,792 (35,697) rental apartments at the end of the review period. Since March of the previous year, 84 (981) apartments have been acquired, 836 (1,291) have been completed, 1,786 (345) have been sold and 39 (73) have been demolished or altered.



## **OUTLOOK FOR KOJAMO IN 2019 (specified)**

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 130–143 million, excluding one-off items (previously EUR 126–141 million). Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million.

The outlook takes into account the effects of the completed housing divestments and acquisitions, 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

	1–3/2019	1–3/2018	Change %	2018
Total revenue, M€	91.5	88.2	3.7	358.8
Net rental income, M€ <sup>1)</sup>	50.8	48.1	5.7	234.0
Net rental income margin % <sup>1)</sup>	55.6	54.5		65.2
Profit before taxes, M€ <sup>1)</sup>	38.9	48.9	-20.4	277.3
EBITDA, M€ <sup>1)</sup>	52.3	60.6	-13.7	325.1
EBITDA margin, % <sup>1)</sup>	57.2	68.7		90.6
Adjusted EBITDA, M€ <sup>1)</sup>	42.0	39.3	6.8	196.5
Adjusted EBITDA margin, % <sup>1)</sup>	45.9	44.6		54.8
Funds From Operations (FFO), M€ <sup>1)</sup>	26.3	21.9	20.3	116.4
FFO margin, % <sup>1)</sup>	28.8	24.8		32.4
FFO excluding one-off items, M€ <sup>1)</sup>	26.3	21.9	20.3	117.3
Investment properties, M€ <sup>1)</sup>	5,201.8	4,930.8	5.5	5,093.2
Financial occupancy rate, %	96.9	96.3		97.0
Interest-bearing liabilities, M€ <sup>2)</sup>	2,634.7	2,734.7	-3.7	2,485.5
Return on equity, % (ROE) <sup>1)</sup>	5.5	7.6		10.1
Return on investment, % (ROI) <sup>1)</sup>	4.3	5.4		7.2
Equity ratio, % <sup>1)</sup>	40.7	37.4		43.0
Loan to Value (LTV), % <sup>2)3)</sup>	46.7	49.2		45.9
EPRA NAV, M€	2,854.8	2,543.7	12.2	2,889.1
Gross investments, M€ <sup>1)</sup>	38.0	203.7	-81.3	365.2
Number of personnel, end of period	299	319		298
<b>Key figures per share, € <sup>4)</sup></b>	<b>1–3/2019</b>	<b>1–3/2018</b>	<b>Change %</b>	<b>2018</b>
FFO per share <sup>1)</sup>	0.11	0.10	10.0	0.49
Earnings per share	0.13	0.17	-23.5	0.93
EPRA NAV per share	11.55	11.08	4.2	11.69
Equity per share	9.32	8.87	5.1	9.54

\*) 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 interim report.

1) Including items held for sale.

2) Excluding items held for sale.

3) The transition to IFRS 16 had an effect of 0.6 percentage points on this key figure during the review period.

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



## CEO'S REVIEW

The year began in line with our expectations. Our success was reflected in our key performance indicators. Our total revenue and net rental income increased, and our Funds From Operations (FFO) figure improved by as much as 20 per cent year-on-year. The fair value of properties rose to EUR 5.2 billion. The financial occupancy rate increased to 96.9 per cent. The Lumo webstore reached the milestone of 10,000 tenancy agreements in late March, which is evidence of the webstore having established its position in the rental apartment market.

Our financial position was strong at the end of the review period and we are in a good position to invest when suitable opportunities are identified. We are making good progress towards our target of increasing the value of our investment properties to EUR 6 billion by the end of 2021. We started construction on 277 new apartments during the first quarter and we currently have nearly 1,300 apartments under construction.

We want to be a frontrunner in our industry, also by developing new and effective methods for identifying suitable investments. During the review period, we started a reverse tendering process in which we requested construction companies to prepare proposals on investment initiatives of approximately EUR 100 million. It is an approach that we have used previously with good results. Based on the investment initiatives obtained through the process, we can subsequently make actual investment decisions as necessary. In addition to competitive tendering, we are also actively surveying other investment opportunities.

We made a significant leap forward in our service development by making the My Lumo application, originally introduced last autumn, available to all of our tenants at the end of March. The service was well received and more than 7,000 of our tenants started using it immediately. The application currently allows users to, for example, pay rent, send fault reports and monitor the progress of resolving the issues in real time. We intend to further expand and develop the application's features in the future. My Lumo is a great example of Kojamo's service platform, which provides our tenants and partners with a platform for developing and piloting new services. We strongly believe that our ability to serve our customers conveniently on their terms is essential for our success.

We are celebrating our 50th anniversary at Kojamo this year. Kojamo's success and our ability to execute our strategy are driven by our highly competent and enthusiastic personnel. In February, Kojamo was again recognised as one of "Finland's most inspiring workplaces", reflecting the dedication of our personnel and success in personnel surveys. I want to take this opportunity to thank our personnel for their commitment to our shared goal of creating better urban 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 in the residential property market and development in Finnish growth centres. The company is also affected by macroeconomic factors, such as economic growth, employment, disposable income, inflation, population growth and urbanisation.



<b>Operating environment key figures</b>	<b>2020e</b>	<b>2019e</b>
GDP growth forecast, %	1.4	1.7
Unemployment, %	6.1	6.3
Inflation, %	1.5	1.2

Source: Ministry of Finance, Economic survey 4/2019

According to the Ministry of Finance's forecast, the slowing growth of world trade is expected to put the brakes on export growth. Private investment growth is estimated to be modest in 2019 and the volume of new residential construction is expected to decline substantially.

Domestic demand is expected to maintain growth and the growth of private consumption is estimated to remain strong. The favourable development of employment and the accelerating increase in income levels are expected to maintain growth in disposable income.

## Industry operating environment

<b>Industry key figures</b>	<b>2019e</b>	<b>2018</b>
Residential start-ups, units	39,000	46,200
Building permits granted, annual, units <sup>1)</sup>	41,263	51,118
Construction costs, %	2.0	2.5
Prices of old dwellings in the whole country, change, %	1.2	1.2
Prices of old dwellings in the capital region, change, %	2.2–3.5	2.5–3.2
Rents of non-subsidised dwellings in the whole country, change, %	1.8	1.6
Rents of non-subsidised dwellings in the capital region, change, %	2.0–2.8	2.3–2.6

<sup>1)</sup> Rolling 12 months, February 2019 and 2018

Sources: Confederation of Finnish Construction Industries RT, business survey, April 2019; Statistics Finland, Building and dwelling production 2019, February; Pellervo Economic Research PTT, Housing market 2019 forecast

According to the Confederation of Finnish Construction Industries' business survey, the volume of housing production is returning to normal after the record levels seen in recent years. The number of building permits and new residential projects are declining, which gives reason to expect that the rate of housing production will slow down. Nevertheless, the supply in 2019 will remain at the high level seen in the previous year, with the decline not being reflected in the housing supply until 2020. New construction is still supported by the growth of the Finnish economy, consumer confidence, low interest rate outlook and the potential yield of residential investments compared to other investments. In the longer term, residential construction, in particular, will be supported by the accelerating trend of urbanisation and the expansion of commuting areas due to new transport projects.

The development of prices in the housing market will continue to diverge between growth centres and other areas according to Pellervo Economic Research (PTT). Accelerated urbanisation increases the demand for apartments, which puts upward pressure on prices in growth centres. 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 the only option for finding an apartment in a specific area for many households.



## Effects of urbanisation

Area	Population growth forecast	Share of rental household-dwelling units	
	2017–2030	2010	2017
Helsinki	14.8%	47.1%	49.2%
Capital region <sup>1)</sup>	16.0%	41.9%	44.5%
Helsinki region <sup>2)</sup>	13.7%	37.7%	40.1%
Jyväskylä	5.0%	40.2%	42.9%
Kuopio	2.7%	36.5%	38.9%
Lahti	-2.7%	37.3%	39.9%
Oulu	5.9%	36.7%	40.0%
Tampere	7.3%	42.2%	47.2%
Turku	7.3%	43.0%	47.5%
Other areas	-7.1%	23.8%	25.0%

1) Helsinki, Espoo, Kauniainen, Vantaa

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

Sources: Statistics Finland, Dwellings and Housing Conditions 2017; MDI, population forecast 2040

According to a population forecast by Consultancy for Regional Development MDI, the trend of regional divergence will accelerate in 2017–2040 and the significance of the 10 largest urban areas will increase. Population growth will take place particularly in the Helsinki, Tampere and Turku regions.

The popularity of rental housing will increase along with urbanisation. According to Pellervo Economic Research (PTT), the changing living preferences of Finnish people are closely linked to major trends such as urbanisation, the ageing of the population and digitalisation. Urbanisation increases the demand for rental housing. Those who move to growth centres increasingly see rental housing as an easier, safer and more flexible choice. Many people moving to cities want to live centrally to feel the pulse of the city and enjoy close proximity to services, hobbies and leisure time activities. The growing demand for services is also reflected in living preferences. Living-related needs can be increasingly satisfied by services instead of owning.

## BUSINESS OPERATIONS

Kojamo is the largest private residential real estate company in Finland measured by the fair value of investment properties.<sup>1</sup> Kojamo offers rental apartments and housing services for tenants primarily in Finnish growth centres<sup>2</sup>. At the end of the review period, Kojamo's property portfolio comprised 34,792 (35,697) rental apartments. The fair value of Kojamo's investment properties amounted to EUR 5.2 (4.9) billion at the end of the period, including EUR 0.0 (96.4) million in investment properties held for sale. Investment properties include completed apartments as well as development projects and land areas.

Measured at fair value on 31 March 2019, 98.3 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres, 67.5 per cent in the Helsinki region and 83.4 per cent in the Helsinki, Tampere and Turku regions.

<sup>1</sup> KTI Property Information Ltd: The Finnish property market 2019. Investment properties include apartments, ongoing projects, plots owned by the company and ownership of certain assets through shares, such as parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

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



## FINANCIAL DEVELOPMENT JANUARY–MARCH 2019

### TOTAL REVENUE

Kojamo's total revenue in January–March 2019 increased to EUR 91.5 (88.2) million. Total revenue is generated entirely by income from rental operations.

The increase in total revenue was mainly due to the completion of rental apartments in 2018 and during the review period as well as the like-for-like (LfL) growth of rental income.

### RESULT AND PROFITABILITY

The Group's net rental income totalled EUR 50.8 (48.1) million, representing 55.6 (54.5) per cent of total revenue. The increase in net rental income was mainly due to the completion of rental apartments in 2018 and during the review period as well as the like-for-like (LfL) growth of rental income.

Profit before taxes was EUR 38.9 (48.9) million. The profit includes EUR 10.4 (20.7) million in net valuation gain on the fair value assessment of investment properties and EUR 0.0 (0.6) million profit and loss on the sale of investment properties. In 2018, Kojamo began to apply the interpretation IFRIC 21 *Levies* in accounting for property taxes. A total of EUR 10.8 (9.7) million in property taxes are recognised in profit. Under the previous interpretation, the share allocated to the review period would have been EUR 2.6 (2.4) million. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 0.3 million. Financial income and expenses were EUR -13.1 (-11.5) million. Financial income and expenses include EUR -1.6 (-0.6) million in unrealised changes in the fair value of derivatives.

Kojamo adopted IFRS 16 on 1 January 2019. The new standard affected net rental income by EUR 0.9 million, operating profit by EUR 0.6 million and financial income and expenses by EUR -0.6 million. The effect on the profit for the review period was EUR 0.0 million.

Funds From Operations (FFO) amounted to EUR 26.3 (21.9) million. The increase in FFO during the review period was attributable to the improved net rental income as well as lower income taxes than in the comparison period.

## BALANCE SHEET, CASH FLOW AND FINANCING

	31 Mar 2019	31 Mar 2018	31 Dec 2018
Balance sheet total, M€	5,661.9	5,443.5	5,485.4
Equity, M€	2,304.4	2,034.3	2,358.1
Equity per share, €	9.32	8.87	9.54
Equity ratio, %	40.7	37.4	43.0
Return on equity, % (ROE)	5.5	7.6	10.1
Return on investment, % (ROI)	4.3	5.4	7.2
Interest-bearing liabilities, M€	2,634.7	2,734.7	2,485.5
Loan to Value (LTV), % <sup>*)</sup>	46.7	49.2	45.9
Average interest rate of loan portfolio, % <sup>**)</sup>	1.8	1.8	1.8
Average loan maturity, years	5.3	5.8	5.5
Cash and cash equivalents, M€	206.5	354.4	150.1

<sup>\*)</sup> The IFRS 16 standard had an effect of 0.6 percentage points on this key figure during the review period.

<sup>\*\*)</sup> Includes interest rate derivatives





The Group's liquidity was excellent during the review period. On 31 March 2019, the Group's cash and cash equivalents stood at EUR 206.5 (354.4) million and liquid financial assets at EUR 187.5 (85.7) million. EUR 50.0 (132.0) million of the EUR 250 million commercial paper programme was in use at the end of the review period. In addition, the Group has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million that remained unused at the end of the period.

## REAL ESTATE PROPERTY AND FAIR VALUE

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Fair value of investment properties on 1 Jan	5,093.2	4,710.2	4,710.2
Acquisition of investment properties	35.0	200.0	338.9
Modernisation investments	2.6	2.9	23.7
Disposals of investment properties	-0.3	-3.9	-109.6
Capitalised borrowing costs	0.4	0.8	2.6
Transfer to own use	0.0	0.0	0.0
Right-of-use assets <sup>**)</sup>	60.5		
Valuation gains/losses on fair value measurement	10.4	20.7	127.5
<b>Fair value of investment properties at the end of the period <sup>*)</sup></b>	<b>5,201.8</b>	<b>4,930.8</b>	<b>5,093.2</b>

<sup>\*)</sup> The fair value of investment properties on 31 March 2018 included EUR 96.4 million in Investment properties held for sale. There were no Investment properties held for sale on 31 March 2019 and 31 December 2018. <sup>\*\*)</sup> IFRS 16 Leases

Kojamo owned a total of 34,792 (35,697) rental apartments at the end of the review period. Measured at fair value at the end of the period, 98.3 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres on 31 March 2019. The company aims to divest its apartments outside the seven major growth centres in Finland.

The fair value of Kojamo's investment properties is determined quarterly on the basis of the company's own evaluation. An external expert gives a statement on the valuation of Kojamo's investment properties. The latest valuation statement was issued on 31 March 2019. The key criteria for determining fair value are presented in the Notes to the Interim Report.

## RENTAL HOUSING

Lumo brand	31 Mar 2019	31 Mar 2018	31 Dec 2018
Number of apartments	33,137	33,560	33,058
Average rent, €/sq.m./month	15.98	15.43	15.69
Average rent, €/sq.m./month, yearly average	15.81	15.30	15.53
VVO brand	31 Mar 2019	31 Mar 2018	31 Dec 2018
Number of apartments	1,655	2,137	1,655
Average rent, €/sq.m./month	14.06	13.69	13.81
Average rent, €/sq.m./month, yearly average	13.89	13.49	13.74

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 serve as a platform to which the new services can easily be connected.

The number of tenancy agreements signed via the Lumo webstore continued to increase sharply during the review period. By the end of March, more than 10,000 tenancy agreements had been signed on the webstore. 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 during the review period amounted to EUR 1.3 (0.4) million.

<b>Rental housing key figures</b>	<b>1-3/2019</b>	<b>1-3/2018</b>	<b>1-12/2018</b>
Financial occupancy rate, %	96.9	96.3	97.0
Tenant turnover rate, excluding internal turnover, %	7.4	7.0	28.8
Like-for-like (LfL) rental income growth, % *)	2.6	2.2	2.4
Rent receivables in proportion to revenue, %	1.4	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 year-on-year. The increase in the occupancy rate was supported by the successful development of rental processes and the growth of the Lumo webstore. At the end of the review period, 42 (220) apartments were vacant due to renovations.

### Kojamo's property portfolio by region as at 31 March 2019

<b>Region</b>	<b>Number of apartments, units</b>	<b>Fair value, EUR million</b>	<b>Fair value, EUR thousand / unit</b>	<b>Fair value, EUR / sqm</b>	<b>Financial occupancy rate, %</b>
Helsinki region	19,949	3,263	164	2,901	97.9%
Tampere region	4,848	541	112	2,183	96.1%
Turku region	1,848	227	123	2,155	96.6%
Oulu	2,220	190	86	1,627	95.6%
Jyväskylä	1,659	196	118	2,193	91.9%
Kuopio region	1,674	177	106	2,001	93.4%
Lahti region	1,477	159	108	1,928	95.4%
Others	1,117	83	75	1,382	95.9%
<b>Total</b>	<b>34,792</b>	<b>5,202 *)</b>	<b>139</b>	<b>2,525</b>	<b>96.9%</b>

\*) Includes EUR 367 million of fair value related to ongoing projects, plots owned by the company and ownership of certain assets through shares and IFRS 16 right-of-use assets.

## INVESTMENTS, DIVESTMENTS AND REAL ESTATE DEVELOPMENT

<b>Investments, M€</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
Acquired investment properties	35.0	200.0	338.9
Modernisation investments	2.6	2.9	23.7
Capitalised borrowing costs	0.4	0.8	2.6
<b>Total</b>	<b>38.0</b>	<b>203.7</b>	<b>365.2</b>
Repair expenses, M€	6.7	7.6	35.4



<b>Number of apartments</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
Apartments at the start of the review period	34,713	34,383	34,383
Divestments	-1	-123	-1,908
Acquisitions	16	981	1,049
Completed	61	483	1,258
Demolished or altered	3	-27	-69
Apartments at the end of the review period	34,792	35,697	34,713
Started during the review period	277	209	797
Under construction at the end of the period	1,280	1,251	1,064
Preliminary agreements for new construction	635	503	380

Of the apartments under construction, 1,010 (977) are located in the Helsinki region and 270 (274) in other Finnish growth centres.

<b>Binding acquisition agreements for new development, M€</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
Actual costs incurred from new construction in progress	125.1	143.8	90.3
Cost of completing new construction in progress	103.1	88.4	77.8

<b>Plots and real estate development sites owned by the company</b>	<b>31 Mar 2019</b>		<b>31 Mar 2018</b>		<b>31 Dec 2018</b>	
	<b>M€</b>	<b>1,000 fl.sq.m.</b>	<b>M€</b>	<b>1,000 fl.sq.m.</b>	<b>M€</b>	<b>1,000 fl.sq.m.</b>
Plots	54.3	78	63.1	97	60.1	83
Plots and existing residential building	28.0	40	15.4	28	30.0	43
Conversions	95.3	85	90.3	85	95.3	85
<b>Total <sup>1)</sup></b>	<b>177.6</b>	<b>203</b>	<b>168.8</b>	<b>209</b>	<b>185.4</b>	<b>211</b>

<b>Binding preliminary agreements and reservations for plots and real estate development</b>	<b>31 Mar 2019</b>		<b>31 Mar 2018</b>		<b>31 Dec 2018</b>	
	<b>M€</b>	<b>1,000 fl.sq.m.</b>	<b>M€</b>	<b>1,000 fl.sq.m.</b>	<b>M€</b>	<b>1,000 fl.sq.m.</b>
Preliminary agreements for new construction (including plots)	123.6		101.5		60.3	
Estimate of the share of plots of preliminary agreements for new development <sup>1)</sup>	24.7	37	20.5	31	18.1	23
Preliminary agreements and reservations for plots <sup>1)</sup>	48.9	73	46.9	71	65.9	97

1) The management's estimate of the fair value and building rights of the plots

Kojamo's goal is to divest the remaining approximately 500 non-strategic apartments during 2019.



## STRATEGIC TARGETS AND ACHIEVEMENTS

	31 Mar 2019	Goal 2021
Fair value of investment properties, EUR billion	5.2	6.0
Number of apartments	34,792	~38,000
Equity ratio, %	40.7	>40
Loan to Value (LTV), %	46.7	<50
FFO as percentage of total revenue	28.8	>32
Net promoter score	28	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 March 2019 was EUR 58,025,136 and the number of shares at the end of the review period 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.

The trading code of the shares is KOJAMO and the ISIN code is FI4000312251.

### Trading in the company's share

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 <sup>*)</sup>	1 January– 31 March 2019	15 June– 31 December 2018
Lowest price, €	8.00	8.11
Highest price, €	10.86	9.75
Average price, €	9.34	8.65
Closing price, €	10.73	8.11
Market value of share capital, M€, end of period	2,652.0	2,003.1
Share trading, million units	6.5	68.1
Share trading of total share stock, %	2.6	27.6
Share trading, M€	60.6	589.8

<sup>\*)</sup> Including the sale of shares related to the listing.

In addition to the Nasdaq Helsinki stock exchange, Kojamo shares were traded on other marketplaces, such as Posit, Cboe BXE and Cboe LIS Service. From 1 January to 31 March 2019, approximately 6 million Kojamo shares were traded on alternative marketplaces, corresponding to approximately 46 per cent of the total trading volume (Source: Fidessa, 2 April 2019).



## Own shares

Kojamo did not hold any of its own shares during or at the end of the review period.

## Dividend

In accordance with the Board of Directors' proposal, the Annual General Meeting on 14 March 2019 decided that a dividend of EUR 0.29 per share, or EUR 71,671,875.71 in total, be paid for the financial year 2018 and that EUR 325,310,236.78 be retained in unrestricted equity. The dividend payment date was 2 April 2019.

## Shareholders

At the end of the review period, the number of registered shareholders was 3,510, including nominee-registered shareholders. The proportion of nominee-registered and direct foreign shareholders was 25.3 per cent of the company's shares at the end of the period. The 10 largest shareholders owned in aggregate 67.3 per cent of Kojamo's shares at the end of the review period.

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

## The Board of Directors' authorisations

Kojamo's Annual General Meeting on 14 March 2019 authorised the Board of Directors to decide on the repurchase and/or acceptance as pledge of an aggregate maximum of 24,714,439 of the company's own shares according to the proposal of the Board of Directors. The proposed amount of shares corresponds to approximately 10 per cent of all the shares of the company. The authorisation shall be in force until the closing of the next Annual General Meeting, however no longer than until 30 June 2020.

The Board of Directors was also authorised to decide on the issuance of shares and the issuance of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Companies Act according to the proposal of the Board of Directors. The number of shares to be issued on the basis of the authorisation shall not exceed an aggregate maximum of 24,714,439 shares, which corresponds to approximately 10 per cent of all the shares of the company. The authorisation applies to both the issuance of new shares and the conveyance of own shares held by the company. The authorisation shall be in force until the closing of the next Annual General Meeting, however no longer than until 30 June 2020.

## Flagging notifications

Kojamo did not receive any notifications pursuant to the Finnish Securities Market Act regarding changes in holdings in Kojamo shares during the review period.

## Managers' transactions

Managers' transactions at Kojamo in 2019 have been published as stock exchange releases and they are available on the Kojamo website at <https://kojamo.fi/en/news>.



## GOVERNANCE

### Annual General Meeting

Kojamo's Annual General Meeting on 14 March 2019 adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2018. The AGM also elected the members of the Board of Directors and decided on their remuneration. The AGM authorised the Board of Directors to resolve 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 Companies Act. The minutes of the AGM are available at <https://kojamo.fi/en/investors/corporate-governance/annual-general-meeting/>.

### Board of Directors and auditors

The members of Kojamo's Board of Directors are Mikael Aro (Chairman), Mikko Mursula (Vice-Chairman), Matti Harjuniemi, Anne Leskelä, Minna Metsälä, Heli Puura and Reima Rytsölä. The company's 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. Anne Leskelä (Chairman), Matti Harjuniemi, Mikko Mursula and Heli Puura serve in the Audit Committee. Mikael Aro (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, Finnish Industrial Union.

The Shareholders' Nomination Board is a body 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 review period. The CEO's deputy was CFO Erik Hjelt, Licentiate in Laws, EMBA.

### Management Team

Chief Customer Officer Tiina Kuusisto and Chief Investment Officer Ville Raitio joined Kojamo's Management Team on 7 January 2019. At the end of the review period, the members of the Management Team were Jani Nieminen, CEO; Erik Hjelt, CFO; Irene Kantor, Marketing and Communications Director; Tiina Kuusisto, Chief Customer Officer; Ville Raitio, Chief Investment Officer; and Teemu Suila, Chief Development Officer.



## PERSONNEL

At the end of the review period, Kojamo had a total of 299 (319) employees. The average number of personnel during the review period was 298 (316).

The salaries and fees paid during the review period totalled EUR 4.2 (4.4) 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 Group's key personnel. The reward is based on reaching the targets set for Kojamo's key business criteria in relation to the Group's strategic goals. Three performance periods are currently ongoing: 2017–2019, 2018–2020 and 2019–2021.

On 14 February 2019, Kojamo's Board of Directors resolved on the long-term incentive plan's performance period of 2019–2021. The possible rewards for the performance period are based on the Group's revenue, return on equity (%) and Funds From Operations (FFO) per share. The rewards to be paid on the basis of the performance period of 2019–2021 correspond to the value of a maximum total of 116,752 shares including the proportion to be paid in cash. If the three ongoing earning periods were accrued in full, the maximum reward would be a sum corresponding to 340,148 Kojamo shares, of which 50 per cent would be paid in Kojamo shares and 50 per cent in cash. More information on the long-term incentive plan is provided in Kojamo's remuneration statement for 2018.

## 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 the company's 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. Leanheat Oy's AI-based IoT solution already controls the indoor temperature of 29,000 Kojamo-owned apartments.

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 the 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 taxes and tax-like charges paid by Kojamo totalled approximately EUR 106 million in 2018 and approximately EUR 104 million in 2017.

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

Kojamo also works to promote its corporate culture and the well-being of its personnel. In February 2019, Kojamo was recognised by Corporate Spirit in the “Finland’s most inspiring workplaces” survey.

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 athletes aged 12–20 to encourage them in their sporting careers. Those living in Lumo and VVO homes are given priority. In 2019, the sponsored athletes are Anna Haataja (orienteering, long-distance running), Joonas Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Mörö (athletics), Emmi Parkkisenniemi (snowboarding) and Nooralotta Neziri (athletics). A total of 360 grants have been awarded since 2012.

## **NEAR-TERM RISKS AND UNCERTAINTIES**

There were no significant changes in Kojamo’s near-term risks and uncertainties during the review period.

Kojamo estimates that the risks and uncertainties in the current review period are related, first and foremost, to the development of the Finnish economy. 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.

Helsinki, 9 May 2019

Kojamo plc  
Board of Directors



**Further information:**

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

**NEWS CONFERENCE AND WEBCAST**

Kojamo will hold a news conference for institutional investors, analysts and media on 9 May 2019 at 10:00 a.m. at the company's head office at Mannerheimintie 168a, Helsinki. The event will be held in English. Members of the media will also have the opportunity to ask questions in Finnish after the event.

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

The press conference can be streamed online at <https://kojamo.videosync.fi/2019-q1-results>

You can also participate in the news conference by calling:

FI: +358 9 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:  
33427020#



## EPRA performance measures

	1-3/2019	1-3/2018	2018
EPRA Earnings, M€	26.6	21.7	130.3
EPRA Earnings per share (EPS), €	0.11	0.09	0.54
EPRA Net Asset Value (NAV), M€	2,854.8	2,543.7	2,889.1
EPRA NAV per share, €	11.55	11.08	11.69
EPRA Triple Net Asset Value (NNNAV), M€	2,282.8	2,007.5	2,375.2
EPRA NNNAV per share, €	9.24	8.75	9.61
EPRA Net Initial Yield (NIY), %	4.8	5.2	5.0
EPRA 'topped-up' NIY, %	4.8	5.2	5.0
EPRA Vacancy Rate, %	3.1	3.8	3.0
EPRA Cost Ratio (including direct vacancy costs), %	17.8	17.7	15.2
EPRA Cost Ratio (excluding direct vacancy costs), %	15.3	14.5	13.6

M€	1-3/2019	1-3/2018	2018
Earnings per IFRS income statement	32.2	38.7	221.8
(i) Change in value of investment properties, development properties held for investment and other interests	-10.4	-20.7	-127.5
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	0.1	-0.6	-1.0
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties		0.0	-0.1
(iv) Tax on profits or losses on disposals	0.0	0.5	15.4
(vi) Changes in fair value of financial instruments and associated close-out costs	1.6	0.6	0.4
(viii) Deferred tax in respect of EPRA adjustments	3.2	3.2	21.4
<b>EPRA Earnings</b>	<b>26.6</b>	<b>21.7</b>	<b>130.3</b>
<b>EPRA Earnings per share (EPS), €</b>	<b>0.11</b>	<b>0.09</b>	<b>0.54</b>

M€	1-3/2019	1-3/2018	2018
NAV per the financial statements	2,304.4	2,034.3	2,358.1
(iv) Fair value of financial instruments	60.6	35.9	42.5
(v.a) Deferred tax	489.8	473.5	488.4
<b>EPRA Net Asset Value (NAV)</b>	<b>2,854.8</b>	<b>2,543.7</b>	<b>2,889.1</b>
<b>EPRA NAV per share, €</b>	<b>11.55</b>	<b>11.08</b>	<b>11.69</b>

M€	1-3/2019	1-3/2018	2018
EPRA NAV	2,854.8	2,543.7	2,889.1
(i) Fair value of financial instruments	-60.6	-35.9	-42.5
(ii) Fair value of debt <sup>1)</sup>	-21.7	-26.8	17.0
(iii) Deferred tax	-489.8	-473.5	-488.4
<b>EPRA Triple Net Asset Value (NNNAV)</b>	<b>2,282.8</b>	<b>2,007.5</b>	<b>2,375.2</b>
<sup>1)</sup> Balance sheet at amortised cost and the fair value of interest-bearing loans and borrowings.			
<b>EPRA NNNAV per share, €</b>	<b>9.24</b>	<b>8.75</b>	<b>9.61</b>



M€		1-3/2019	1-3/2018	2018
Investment property		5,201.8	4,930.8	5,093.2
Trading property		0.4	0.4	0.4
Developments		-277.5	-292.0	-248.6
<b>Completed property portfolio</b>		<b>4,924.7</b>	<b>4,639.3</b>	<b>4,845.0</b>
Allowance for estimated purchasers' costs		98.5	92.8	96.9
<b>Gross up completed property portfolio valuation</b>	<b>B</b>	<b>5,023.2</b>	<b>4,732.1</b>	<b>4,941.9</b>
Annualised cash passing rental income		369.4	374.5	375.6
Property outgoings		-128.7	-128.9	-127.4
<b>Annualised net rents</b>	<b>A</b>	<b>240.7</b>	<b>245.6</b>	<b>248.2</b>
Notional rent expiration of rent free periods or other lease incentives		-	-	-
<b>Topped-up net annualised rent</b>	<b>C</b>	<b>240.7</b>	<b>245.6</b>	<b>248.2</b>
<b>EPRA Net Initial Yield (NIY), %</b>	<b>A/B</b>	<b>4.8</b>	<b>5.2</b>	<b>5.0</b>
<b>EPRA 'topped-up' NIY, %</b>	<b>C/B</b>	<b>4.8</b>	<b>5.2</b>	<b>5.0</b>

M€		1-3/2019	1-3/2018	2018
Estimated rental value of vacant space <sup>1)</sup>	A	2.8	3.3	10.6
Estimated rental value of the whole portfolio <sup>1)</sup>	B	89.9	87.4	352.3
<b>EPRA Vacancy Rate, %</b>	<b>A/B</b>	<b>3.1</b>	<b>3.8</b>	<b>3.0</b>

<sup>1)</sup> Including rental value of apartments only

M€		1-3/2019	1-3/2018	2018
Include:				
(i) Administrative expense line per IFRS income statement		9.3	9.1	38.6
(i) Maintenance expense line per IFRS income statement		33.9	32.5	89.5
(i) Repair expense line per IFRS income statement		6.7	7.6	35.4
(ii) Net service charge costs/fees		-1.5	-0.6	-3.8
(iii) Management fees less actual/ estimated profit element		0.0	0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		-0.1	-0.1	-0.2
Exclude:				
(vii) Ground rent costs		0.0	-0.8	-3.4
(viii) Service charge costs recovered through rents but not separately invoiced		-39.4	-39.4	-120.9
<b>EPRA Costs (including direct vacancy costs)</b>	<b>A</b>	<b>9.0</b>	<b>8.4</b>	<b>35.1</b>
(ix) Direct vacancy costs		-1.3	-1.5	-3.8
<b>EPRA Costs (excluding direct vacancy costs)</b>	<b>B</b>	<b>7.7</b>	<b>6.9</b>	<b>31.4</b>
(x) Gross Rental Income less ground rent costs - per IFRS		89.9	86.8	351.5
(xi) Service fee and service charge costs components of Gross Rental Income		-39.4	-39.4	-120.9
<b>Gross Rental Income</b>	<b>C</b>	<b>50.5</b>	<b>47.4</b>	<b>230.5</b>
<b>EPRA Cost Ratio (including direct vacancy costs), %</b>	<b>A/C</b>	<b>17.8</b>	<b>17.7</b>	<b>15.2</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs), %</b>	<b>B/C</b>	<b>15.3</b>	<b>14.5</b>	<b>13.6</b>



## CONDENSED CONSOLIDATED INCOME STATEMENT

M€	Note	1–3/2019	1–3/2018	1–12/2018
<b>Total revenue</b>		<b>91.5</b>	<b>88.2</b>	<b>358.8</b>
Maintenance expenses		-33.9	-32.5	-89.5
Repair expenses		-6.7	-7.6	-35.4
<b>Net rental income</b>		<b>50.8</b>	<b>48.1</b>	<b>234.0</b>
Administrative expenses		-9.3	-9.1	-38.6
Other operating income		0.4	0.5	2.1
Other operating expenses		-0.1	-0.2	-1.0
Profit/loss on sales of investment properties		0.0	0.6	1.0
Profit/loss on sales of trading properties			0.0	0.1
Profit/loss on fair value of investment properties	3	10.4	20.7	127.5
Depreciation, amortisation and impairment losses		-0.3	-0.2	-0.8
<b>Operating profit</b>		<b>52.0</b>	<b>60.4</b>	<b>324.2</b>
Financial income		0.9	0.9	3.2
Financial expenses		-14.0	-12.4	-50.3
<b>Total amount of financial income and expenses</b>		<b>-13.1</b>	<b>-11.5</b>	<b>-47.1</b>
Share of result from associated companies		0.0		0.2
<b>Profit before taxes</b>		<b>38.9</b>	<b>48.9</b>	<b>277.3</b>
Current tax expense		-3.6	-7.1	-34.1
Change in deferred taxes		-3.2	-3.2	-21.4
<b>Profit for the period</b>		<b>32.2</b>	<b>38.7</b>	<b>221.8</b>
<b>Profit for the financial period attributable to Shareholders of the parent company</b>		<b>32.2</b>	<b>38.7</b>	<b>221.8</b>
<b>Earnings per share based on profit attributable to shareholders of the parent company</b>				
Basic, €		0.13	0.17	0.93
Diluted, €		0.13	0.17	0.93
Average number of shares, million	8	247.1	229.5	239.2
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		-16.7	9.5	0.5
Deferred taxes		3.3	-1.9	-0.1
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>-13.4</b>	<b>7.6</b>	<b>0.4</b>
<b>Total comprehensive income for the period</b>		<b>18.8</b>	<b>46.3</b>	<b>222.2</b>
<b>Total comprehensive income attributable to Shareholders of the parent company</b>		<b>18.8</b>	<b>46.3</b>	<b>222.2</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**

M€	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		0.2	0.4	0.2
Investment properties	3	5,201.8	4,834.4	5,093.2
Property, plant and equipment	4	31.3	30.8	30.5
Investments in associated companies		2.2	1.8	2.2
Financial assets	7	0.6	0.5	0.6
Non-current receivables		5.2	5.3	5.3
Derivatives	6, 7	0.4	5.3	1.5
Deferred tax assets		15.7	11.1	10.8
<b>Non-current assets total</b>		<b>5,257.4</b>	<b>4,889.6</b>	<b>5,144.3</b>
Non-current assets held for sale	10		96.7	
<b>Current assets</b>				
Trading properties		0.4	0.4	0.4
Derivatives	6, 7	0.4	0.1	0.7
Current tax assets		2.2	5.0	9.3
Trade and other receivables		7.5	11.6	8.3
Financial assets	7	187.5	85.7	172.3
Cash and cash equivalents		206.5	354.4	150.1
<b>Current assets total</b>		<b>404.4</b>	<b>457.2</b>	<b>341.1</b>
<b>ASSETS TOTAL</b>		<b>5,661.9</b>	<b>5,443.5</b>	<b>5,485.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity attributable to shareholders of the parent company</b>				
Share capital		58.0	58.0	58.0
Share issue premium		35.8	35.8	35.8
Fair value reserve		-37.2	-16.6	-23.9
Invested non-restricted equity reserve		164.4	17.9	164.4
Retained earnings		2,083.4	1,939.3	2,123.7
<b>Equity attributable to shareholders of the parent company</b>		<b>2,304.4</b>	<b>2,034.3</b>	<b>2,358.1</b>
<b>Total equity</b>		<b>2,304.4</b>	<b>2,034.3</b>	<b>2,358.1</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	5, 7	2,534.9	2,513.7	2,391.7
Deferred tax liabilities		503.8	483.4	499.0
Derivatives	6, 7	61.3	40.8	44.6
Provisions		0.6	0.8	0.6
Other non-current liabilities		13.9	15.5	14.0
<b>Non-current liabilities total</b>		<b>3,114.4</b>	<b>3,054.1</b>	<b>2,949.9</b>
Liabilities related to non-current assets held for sale	10		0.2	
<b>Current liabilities</b>				
Loans and borrowings	5, 7	99.8	221.0	93.9
Derivatives	6, 7	0.1	0.4	0.1
Current tax liabilities		0.6	6.9	13.5
Trade and other payables		142.6	126.4	69.9
<b>Current liabilities total</b>		<b>243.0</b>	<b>354.8</b>	<b>177.3</b>
<b>Total liabilities</b>		<b>3,357.5</b>	<b>3,409.2</b>	<b>3,127.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,661.9</b>	<b>5,443.5</b>	<b>5,485.4</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>M€</b>	<b>1–3/2019</b>	<b>1–3/2018</b>	<b>1–12/2018</b>
<b>Cash flow from operating activities</b>			
Profit for the period	32.2	38.7	221.8
Adjustments	9.1	0.6	-22.8
Change in net working capital			
Change in trade and other receivables	0.8	-1.6	-1.6
Change in trading properties		0.1	0.2
Change in trade and other payables	9.2	9.5	-1.6
Interest paid	-13.6	-7.1	-40.5
Interest received	0.2	0.2	0.8
Other financial items	-0.2	-3.1	-5.3
Income taxes paid	-9.4	-13.8	-38.5
<b>Net cash flow from operating activities</b>	<b>28.3</b>	<b>23.5</b>	<b>112.4</b>
<b>Cash flow from investing activities</b>			
Acquisition of investment properties	-44.5	-210.8	-366.6
Acquisition of associated companies		-0.1	-0.3
Acquisition of property, plant and equipment and intangible assets	-0.0	-0.0	-0.2
Proceeds from sale of investment properties	0.2	4.4	110.9
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.0
Purchases of financial assets	-27.0	-155.0	-304.0
Proceeds from sale of financial assets	12.5	118.5	180.5
Non-current loans, granted			-0.2
Repayments of non-current loan receivables	0.0	0.0	0.2
Interest and dividends received on investments	0.1	0.0	0.2
<b>Net cash flow from investing activities</b>	<b>-58.9</b>	<b>-243.0</b>	<b>-379.4</b>
<b>Cash flow from financing activities</b>			
Share issue			150.0
Items related to the share issue recorded in equity			-4.3
Non-current loans and borrowings, raised	95.0	500.0	500.0
Non-current loans and borrowings, repayments	-7.6	-123.0	-292.9
Current loans and borrowings, raised	20.0	219.0	338.8
Current loans and borrowings, repayments	-20.1	-140.0	-342.0
Repayments of lease liabilities	-0.4		
Dividends paid			-50.3
<b>Net cash flow from financing activities</b>	<b>87.0</b>	<b>456.0</b>	<b>299.3</b>
<b>Change in cash and cash equivalents</b>	<b>56.4</b>	<b>236.5</b>	<b>32.3</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>150.1</b>	<b>117.8</b>	<b>117.8</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>206.5</b>	<b>354.4</b>	<b>150.1</b>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to shareholders of the parent company	Total equity
<b>Equity at 1 Jan 2019</b>	58.0	35.8	-23.9	164.4	2,123.7	2,358.1	2,358.1
Comprehensive income							
Cash flow hedging			-13.4			-13.4	-13.4
Result for the financial period					32.2	32.2	32.2
<b>Total comprehensive income</b>			-13.4		32.2	18.8	18.8
Transactions with shareholders							
Share-based incentive scheme					-0.8	-0.8	-0.8
Dividend payment					-71.7	-71.7	-71.7
<b>Total transactions with shareholders</b>					-72.5	-72.5	-72.5
Total change in equity			-13.4		-40.3	-53.7	-53.7
<b>Equity at 31 Mar 2019</b>	58.0	35.8	-37.2	164.4	2,083.4	2,304.4	2,304.4

  

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to shareholders of the parent company	Total equity
<b>Equity at 1 Jan 2018</b>	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6
Change in accounting policy			-0.5		0.3	-0.2	-0.2
<b>Restated equity at 1 Jan 2018</b>	58.0	35.8	-24.3	17.9	1,950.9	2,038.3	2,038.3
Comprehensive income							
Cash flow hedging			7.6			7.6	7.6
Result for the financial period					44.6	44.6	44.6
<b>Total comprehensive income</b>			7.6		44.6	52.2	52.2
Transactions with shareholders							
Dividend payment					-50.3	-50.3	-50.3
<b>Total transactions with shareholders</b>					-50.3	-50.3	-50.3
Total change in equity			7.1		-5.4	1.7	1.7
<b>Equity at 31 Mar 2018</b>	58.0	35.8	-16.6	17.9	1,945.2	2,040.2	2,040.2

  

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to shareholders of the parent company	Total equity
<b>Equity at 1 Jan 2018</b>	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6
Change in accounting policy			-0.5		0.3	-0.2	-0.2
<b>Restated equity at 1 Jan 2018</b>	58.0	35.8	-24.3	17.9	1,950.9	2,038.3	2,038.3
Comprehensive income							
Cash flow hedging			0.4			0.4	0.4
Result for the financial period					221.8	221.8	221.8
<b>Total comprehensive income</b>			0.4		221.8	222.2	222.2
Transactions with shareholders							
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
<b>Total transactions with shareholders</b>				146.6	-49.0	97.6	97.6
Total change in equity			-0.1	146.6	173.1	319.6	319.6
<b>Equity at 31 Dec 2018</b>	58.0	35.8	-23.9	164.4	2,123.7	2,358.1	2,358.1



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Basic information about the Group

Kojamo plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive. On 31 March 2019, Kojamo owned 34,792 rental apartments across Finland.

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

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.

Kojamo plc's Board of Directors approved this Interim Report for publication at its meeting on 9 May 2019.

## 1. ACCOUNTING POLICIES

### Basis for preparation

These interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* as well as by applying the same accounting policies as in the previous annual financial statements, excluding the exceptions described below. The figures of the interim financial statements have not been audited.

Kojamo's business operations were previously divided into two segments: Lumo and VVO. Kojamo discontinued the division of operations between two segments effective from the beginning of 2019.

The figures for 2018 are based on Kojamo plc's audited financial statements for 2018. The figures in brackets refer to the corresponding period in 2018, and the comparison period is the corresponding period the year before, unless otherwise stated.

The preparation of interim financial statements in accordance with IFRS requires application of judgement by Kojamo's management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the balance sheet date and the reported amounts of income and expenses for the period. Management must also make judgements when applying the Group's accounting policies. Actual results may differ from the estimates and assumptions used. The most significant items of these interim financial statements where judgement has been applied by management, as well as the assumptions about the future and other key uncertainty factors in estimates at the end of the reporting period that 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 applies the new IFRS 16 *Leases* standard effective from 1 January 2019. Land lease contracts, which were previously treated as other leases in accordance with IAS 17, and other leases specified in the standard are included in the consolidated balance sheet under IFRS 16. Kojamo applies the simplified approach in the adoption of the standard, which means that the comparison figures have not been adjusted.

These changes in accounting policies are described in more detail in Note 11.

Kojamo has begun to apply the interpretation IFRIC 21 *Levies* in accounting for property taxes for the review period. According to the interpretation, property taxes are recognised as expenses on the income statement when they are determined, and they are not accrued over the different quarters of the year. The comparison figures have been restated to reflect the current practice.

### **Share-based payments**

Kojamo plc's incentive plans were converted into share-based plans in connection with the listing of the company on the stock exchange in 2018. The performance criteria remained unchanged. If the three ongoing earning periods were accrued in full, the maximum bonus would be a sum corresponding to 340,148 Kojamo shares, of which 50 per cent would be paid in Kojamo shares and 50 per cent in cash.



## 2. REVENUE

### Specification of revenue from contracts with customers:

M€	1-3/2019	1-3/2018	1-12/2018
Rental income	89.9	87.6	354.8
Water fees	1.3	0.4	3.1
Sauna fees	0.2	0.2	0.7
<b>Total</b>	<b>91.4</b>	<b>88.2</b>	<b>358.6</b>

## 3. INVESTMENT PROPERTIES

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Fair value of investment properties on 1 Jan	5,093.2	4,710.2	4,710.2
Acquisition of investment properties *)	35.0	200.0	338.9
Modernisation investments	2.6	2.9	23.7
Disposals of investment properties	-0.3	-3.9	-109.6
Capitalised borrowing costs	0.4	0.8	2.6
Right-of-use assets **)	60.5		
Transfer to own use	0.0	0.0	0.0
Valuation gains/losses on fair value measurement	10.4	20.7	127.5
<b>Fair value of investment properties at the end of the period ***)</b>	<b>5,201.8</b>	<b>4,930.8</b>	<b>5,093.2</b>

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

\*\*) IFRS 16 Leases

\*\*\*) Includes EUR 96.4 million in investment properties classified as non-current assets held for sale as of 31 March 2018.

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

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



## 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, yield value or acquisition cost. In addition, Kojamo has right-of-use assets measured in accordance with IFRS 16.

### Transaction value

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

#### Reductions and additions on transaction prices for the properties measured at transaction 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 centres)	-30% - 0%
Facade and HVAC repairs (planned -%; recently completed +%)	-15% - +8%

### 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.

### Acquisition 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.



## Measurement of right-of-use assets

The fair value of land lease contracts is the present value of the lease payments for the remaining lease term discounted by the incremental borrowing rate.

### Fair value of investment properties by valuation class

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Properties measured at transaction value	4,419.7	4,078.7	4,384.7
Properties measured at yield value	269.5	381.2	293.4
Properties measured at balance sheet value	452.4	470.8	415.1
Right-of-use assets	60.2		
<b>Total</b>	<b>5,201.8</b>	<b>4,930.8</b>	<b>5,093.2</b>

### Fair value of investment properties by valuation class

Number of apartments	31 Mar 2019	31 Mar 2018	31 Dec 2018
Properties measured at transaction value	28,567	28,219	28,169
Properties measured at yield value	2,659	3,510	2,857
Properties measured at balance sheet value	3,566	3,968	3,687
<b>Total</b>	<b>34,792</b>	<b>35,697</b>	<b>34,713</b>

### Sensitivity analysis of investment properties

Change %	31 Mar 2019				
	-10%	-5%	0%	5%	10%
<b>Properties measured at transaction value, M€</b>					
Change in market prices	-442.0	-221.0		221.0	442.0
<b>Properties measured at yield value, M€</b>					
Yield requirement	29.5	14.0		-12.7	-24.2
Rental income	-45.9	-23.0		23.0	45.9
Maintenance costs	17.5	8.7		-8.7	-17.5
<b>Financial occupancy rate for properties measured at yield value (change in percentage points)</b>					
Rental income, M€	-0.8	-0.4		0.4	0.8

### Sensitivity analysis of investment properties

Change %	31 Mar 2018				
	-10%	-5%	0%	5%	10%
<b>Properties measured at transaction value, M€</b>					
Change in market prices	-407.9	-203.9		203.9	407.9
<b>Properties measured at yield value, M€</b>					
Yield requirement	41.5	19.7		-17.8	-34.0
Rental income	-63.4	-31.7		31.7	63.4
Maintenance costs	23.7	11.9		-11.9	-23.7
<b>Financial occupancy rate for properties measured at yield value (change in percentage points)</b>					
Rental income, M€	-0.8	-0.4		0.4	0.8



Sensitivity analysis of investment properties Change %	31 Dec 2018				
	-10%	-5%	0%	5%	10%
<b>Properties measured at transaction value, M€</b>					
Change in market prices	-438.5	-219.2		219.2	438.5
<b>Properties measured at yield value, M€</b>					
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
<b>Financial occupancy rate for properties measured at yield value (change in percentage points)</b>					
	-2%	-1%	0%	1%	2%
Rental income, M€	-0.8	-0.4		0.4	0.8

All of Kojamo's investment properties are classified in the fair value hierarchy level 3 in accordance with IFRS 13. Hierarchy level 3 includes assets, the fair value of which is measured using input data concerning the asset that are not based on observable market data.

The weighted average for the return requirement is 6.2 (6.1) per cent for the 2,659 (3,510) rental homes included within the scope of the yield value method in 2019, and 9.3 (9.4) per cent for the 414 (422) business premises.

#### 4. PROPERTY, PLANT AND EQUIPMENT

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Carrying value, beginning of period	30.5	31.0	31.0
Increases	0.0	0.0	0.2
Right-of-use asset	1.1		
Decreases	-0.1		
Depreciation for the period	-0.3	-0.2	-0.7
<b>Carrying value, end of period</b>	<b>31.3</b>	<b>30.8</b>	<b>30.5</b>

Property, plant and equipment consist of assets held and used by the company, mainly buildings and land areas, as well as machinery and equipment. The right-of-use asset includes car leasing agreements in accordance with IFRS 16 *Leases*. These agreements are itemised below:

M€	Leasing agreements
Carrying value on 1 Jan 2019	1.0
Increases	0.1
Depreciation for the period	-0.1
<b>Carrying value on 31 Mar 2019</b>	<b>1.0</b>



## 5. INTEREST-BEARING LIABILITIES

<b>Non-current liabilities</b>			
<b>M€</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
Bonds	1,290.2	1,288.1	1,289.7
Loans from financial institutions	1,081.5	1,081.8	995.2
Interest subsidy loans	102.1	140.8	104.0
Lease liability	58.7		
Other loans	2.4	3.0	2.8
<b>Total</b>	<b>2,534.9</b>	<b>2,513.7</b>	<b>2,391.7</b>
<b>Current liabilities</b>			
<b>M€</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
Loans from financial institutions	27.8	49.4	25.1
Interest subsidy loans	13.0	31.3	12.1
Lease liability	2.5		
Commercial papers	50.0	132.0	50.0
Other loans	6.5	8.3	6.7
<b>Total</b>	<b>99.8</b>	<b>221.0</b>	<b>93.9</b>
<b>Total interest-bearing liabilities</b>	<b>2,634.7</b>	<b>2,734.7</b>	<b>2,485.5</b>

As a result of Kojamo's adoption of IFRS 16 Leases on 1 January 2019, land lease contracts previously treated as operating leases have been recognised as an increase in the value of the Group's investment properties and interest-bearing liabilities. The comparison figures have not been adjusted.

## 6. DERIVATIVE INSTRUMENTS

<b>Fair values of derivative instruments</b>	<b>31 Mar 2019</b>			<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
	<b>Positive</b>	<b>Negative</b>	<b>Net</b>	<b>Net</b>	<b>Net</b>
<b>Interest rate derivatives</b>					
Interest rate swaps, cash flow hedges		-52.2	-52.2	-27.7	-35.7
Interest rate swaps, not in hedge accounting		-9.1	-9.1	-8.3	-8.2
Interest rate options, not in hedge accounting				0.0	
<b>Electricity derivatives</b>	0.8	-0.1	0.7	0.1	1.3
<b>Total</b>	<b>0.8</b>	<b>-61.4</b>	<b>-60.6</b>	<b>-35.9</b>	<b>-42.5</b>

<b>Nominal values of derivative instruments</b>			
<b>M€</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
<b>Interest rate derivatives</b>			
Interest rate swaps, cash flow hedges	936.6	832.1	948.3
Interest rate swaps, not in hedge accounting	44.1	47.6	48.9
Interest rate options, not in hedge accounting		6.9	
<b>Total</b>	<b>980.7</b>	<b>886.7</b>	<b>997.2</b>
Electricity derivatives, MWh	146,049	184,292	162,167



During the review period, EUR -16.7 (9.5) million was recognised in the fair value reserve from interest rate derivatives classified into cash flow hedging. The interest rate derivatives are used to hedge the loan portfolio's interest cash flows against increases in market interest rates. The interest rate derivatives mature between 2019 and 2035. At the end of the review period, the average maturity of interest rate swaps was 6.2 (6.6) years. Electricity derivatives hedge against increases in electricity prices and mature between 2019 and 2022. Electricity derivatives are not included in hedge accounting. The unrealised gains and losses from the measurement of derivatives are presented on the balance sheet under current and non-current assets or liabilities in the item Derivative instruments.

## 7. FAIR VALUES OF FINANCIAL INSTRUMENTS

M€	31 Mar 2019				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>					
Measured at fair value					
Electricity derivatives	0.8	0.8			0.8
Financial assets recognised at fair value through profit or loss	188.1	166.0	21.5	0.6	188.1
Measured at amortised cost					
Cash and cash equivalents	206.5		206.5		206.5
Trade receivables	5.6				5.6
<b>Financial liabilities</b>					
Measured at fair value					
Interest rate derivatives	61.3		61.3		61.3
Electricity derivatives	0.1	0.1			0.1
Measured at amortised cost					
Other interest-bearing liabilities	1,344.5		1,345.2		1,345.2
Bonds	1,290.2	1,311.2			1,311.2
Trade payables	8.3				8.3

  

M€	31 Dec 2018				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>					
Measured at fair value					
Interest rate derivatives	0.8		0.8		0.8
Electricity derivatives	1.4	1.4			1.4
Financial assets recognised at fair value through profit or loss	173.0	165.3	7.0	0.6	173.0
Measured at amortised cost					
Cash and cash equivalents	150.1		150.1		150.1
Trade receivables	5.2				5.2
<b>Financial liabilities</b>					
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



The fair value of floating rate loans is the same as their nominal value, as the margins of the loans correspond to the margins of new loans. The fair value of the bonds is based on market quotations and the fair value of other fixed-rate liabilities is based on discounted cash flows, in which market interest rates are used as input data. Lease liabilities pursuant to IFRS 16, amounting to EUR 61.2 million, are included in fixed-rate liabilities effective from 1 January 2019.

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

**Level 1:**

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

**Level 2:**

A quoted market price exists in active markets for the instrument, but the price may be derived from directly or indirectly quoted market data. 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**

**Financial assets recognised at fair value through profit or loss**

M€	31 Mar 2019	31 Dec 2018
Beginning of period	0.6	0.5
Change	0.0	0.1
End of period	0.6	0.6

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. EARNINGS PER SHARE

	1-3/2019	1-3/2018	1-12/2018
Profit for the period attributable to shareholders of the parent company, M€	32.2	38.7	221.8
Weighted average number of shares during the period (million)	247.1	229.5	247.1
Earnings per share			
Basic, €	0.13	0.17	0.93
Diluted, €	0.13	0.17	0.93

The company has no diluting instruments.





## 9. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Loans covered by pledges on property and shares as collateral	1,359.4	1,534.0	1,367.0
Mortgages	1,457.0	1,661.2	1,451.2
Shares *)	253.8	273.1	257.1
<b>Pledged collateral, total</b>	<b>1,710.8</b>	<b>1,934.4</b>	<b>1,708.3</b>
<b>Other collaterals given</b>			
Mortgages and shares	31.7	32.2	31.7
Guarantees **)	414.9	360.7	326.8
Pledged deposits	0.1		0.1
<b>Other collaterals total</b>	<b>449.6</b>	<b>392.9</b>	<b>358.6</b>

\*) Pledged mortgages and shares relate in some cases to the same properties.

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

### Other liabilities

Unrecognised acquisition agreements related to work in progress:

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Cost of completing new construction	103.1	88.4	77.8
Preliminary agreements for new construction	123.6	101.5	60.3
Modernisation investments and repairs	33.5	9.9	21.2
<b>Total</b>	<b>260.2</b>	<b>199.8</b>	<b>159.3</b>

## 10. NON-CURRENT ASSETS HELD FOR SALE

M€	31 Mar 2019	31 Mar 2018	31 Dec 2018
Investment properties		96.4	
Receivables		0.3	
<b>Total assets</b>		<b>96.7</b>	
Trade and other payables		0.2	
<b>Total liabilities</b>		<b>0.2</b>	
<b>Net carrying value</b>		<b>96.5</b>	

Kojamo had no non-current assets held for sale on 31 March 2019 or 31 December 2018. The non-current assets held for sale on 31 March 2018 consisted of 1,594 rental apartments in 15 municipalities, which were sold to a real estate fund managed by Morgan Stanley Real Estate Investing on 30 April 2018.

The investment properties have been measured at fair value in the financial statements (fair value hierarchy level 3).



## 11. CHANGES TO ACCOUNTING POLICIES (IFRS 16)

Kojamo applies the new IFRS 16 *Leases* standard effective from 1 January 2019. Land lease contracts, which were previously treated as other leases in accordance with IAS 17, are included in the consolidated balance sheet under IFRS 16. Kojamo applies the simplified approach in the adoption of the standard, which means that the comparison data has not been adjusted. The standard's entry into force did not give rise to changes in Kojamo's accounting treatment of leases in which Kojamo is the lessor.

Right-of-use assets have been recognised on the leases within the scope of the standard in the balance sheet items Investment properties and Property, plant and equipment. Right-of-use assets are measured at a value that corresponds to the value of the lease liability at the time of transition.

The right-of-use assets recognised in investment properties consist of land lease contracts measured at fair value. The fair value of land lease contracts is the present value of the lease payments for the remaining lease term discounted by the incremental borrowing rate. Kojamo's lease liability is measured by discounting the lease liabilities of the leases within the scope of the standard at their present value, using the management's estimate of the incremental borrowing rate in the year in which the lease began as the discount factor. From 1 January 2019 onwards, the incremental borrowing rate will be determined on the commencement date of the lease. On 31 March 2019, the lease liability amounted to EUR 61.2 million. The weighted average incremental borrowing rate of the lease liability was 3.5 per cent on 1 January 2019.

The right-of-use assets recognised in property, plant and equipment are car leasing agreements. Depreciation on the right-of-use asset is recognised as straight-line depreciation over the lease term. The balance sheet items do not include the service components of leases.

Expenses associated with right-of-use assets included in investment properties (leases for plots of land) are recognised in the income statement under Profit/loss on fair value of investment properties and the interest expenses allocated to the lease liability are recognised in financial expenses. The expenses associated with car leasing agreements are recognised in depreciation and financial expenses.

The adoption of the standard had the following effects on Kojamo's financial reporting for the review period:

### Condensed consolidated income statement

M€	1-3/2019
Maintenance expenses	0.9
<b>Net rental income</b>	<b>0.9</b>
Administrative expenses	0.1
Profit/loss on fair value of investment properties	-0.3
Depreciation, amortisation and impairment losses	-0.1
<b>Operating profit</b>	<b>0.6</b>
Financial expenses	-0.6
<b>Profit before taxes</b>	<b>0.0</b>
Change in deferred taxes	0.0
<b>Profit for the period</b>	<b>0.0</b>

**Condensed consolidated balance sheet**

<b>M€</b>	<b>31 Mar 2019</b>
<b>ASSETS TOTAL</b>	
<b>Non-current assets</b>	
Investment properties	60.2
Property, plant and equipment	1.0
Deferred tax assets	0.0
<b>Non-current assets total</b>	<b>61.2</b>
<b>ASSETS TOTAL</b>	<b>61.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	
<b>Equity attributable to shareholders of the parent company</b>	
Profit/loss for the period	0.0
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Loans and borrowings	58.7
<b>Non-current liabilities total</b>	<b>58.7</b>
<b>Current liabilities</b>	
Loans and borrowings	2.5
<b>Current liabilities total</b>	<b>2.5</b>
<b>Total liabilities</b>	<b>61.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61.2</b>

Lease liabilities presented on 31 December 2018 in accordance with IAS 17 amounted to EUR 137.9 million. At the time of the adoption of IFRS 16 on 1 January 2019, the discounted lease liability for these leases amounted to EUR 61.5 million.

## 12. EVENTS AFTER THE REVIEW PERIOD

Kojamo received a notification pursuant to the Securities Markets Act from Service Union United PAM (Palvelualojen ammattiliitto PAM ry). According to the notification, the holding of Service Union United PAM in Kojamo's shares and votes fell below 5 per cent on 24 April, 2019. After the transaction, Service Union United PAM holds a total of 11,920,660 shares corresponding to an ownership of 4.82 percent in Kojamo's shares and votes.



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

	Formula	1-3/2019	1-3/2018	2018
Total revenue, M€		91.5	88.2	358.8
Net rental income, M€	1	50.8	48.1	234.0
Net rental income margin, %	2	55.6	54.5	65.2
Profit before taxes, M€	3	38.9	48.9	277.3
EBITDA, M€	4	52.3	60.6	325.1
EBITDA margin, %	5	57.2	68.7	90.6
Adjusted EBITDA, M€	6	42.0	39.3	196.5
Adjusted EBITDA margin, %	7	45.9	44.6	54.8
Funds From Operations (FFO), M€	8	26.3	21.9	116.4
FFO margin, %	9	28.8	24.8	32.4
FFO per share, € <sup>1)</sup>	10	0.11	0.10	0.49
FFO excluding one-off items, M€	11	26.3	21.9	117.3
Adjusted Funds From Operations (AFFO), M€	12	23.7	18.9	92.7
Investment properties, M€ <sup>2)</sup>		5,201.8	4,930.8	5,093.2
Financial occupancy rate, %	19	96.9	96.3	97.0
Interest-bearing liabilities, M€ <sup>3)</sup>	13	2,634.7	2,734.7	2,485.5
Return on equity, % (ROE)	14	5.5	7.6	10.1
Return on investment, % (ROI)	15	4.3	5.4	7.2
Equity ratio, %	16	40.7	37.4	43.0
Loan to Value (LTV), % <sup>3) 4)</sup>	17	46.7	49.2	45.9
Earnings per share, € <sup>1)</sup>		0.13	0.17	0.93
Equity per share, € <sup>1)</sup>		9.32	8.87	9.54
Gross investments, M€	18	38.0	203.7	365.2
Number of personnel, end of period		299	319	298

1) Key figures per share 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.

2) Including items held for sale.

3) Excluding items held for sale.

4) The IFRS 16 standard had an effect of 0.6 percentage points on this key figure during the review period.

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



## Formulas used in the calculation of the key figures

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

- 1) Net rental income = Total revenue - Maintenance expenses - Repair expenses  

Net rental income measures the profitability of the Group's rental business after the deduction of maintenance and repair costs.
- 2) Net rental income margin, % = 
$$\frac{\text{Net rental income}}{\text{Total revenue}} \times 100$$

This figure reflects the ratio between net rental income and total revenue.
- 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 on 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 the profitability of the Group's underlying rental operations excluding gains/losses on sale of properties and unrealised value changes of investment properties.



7) Adjusted EBITDA margin, % =  $\frac{\text{Adjusted EBITDA}}{\text{Total revenue}} \times 100$

Adjusted EBITDA margin discloses adjusted EBITDA in relation to total revenue.

8) Funds From Operations (FFO) = Adjusted EBITDA - Adjusted net interest charges - Current tax expenses

FFO measures cash flow before change in net working capital. The calculation of this APM takes into account financial expenses and current taxes but excludes items not directly connected to rental operations, such as unrealised value changes.

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

FFO margin discloses FFO in relation to total revenue.

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

FFO per share illustrates FFO for an individual share.

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

FFO measures cash flow before change in net working capital. The calculation of this APM takes into account financial expenses and current taxes but excludes items not directly connected to rental operations, such as unrealised 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, adjusted for modernisation investments. The calculation of this APM takes into account modernisation investments, financial expenses and current taxes but excludes items not directly connected to rental operations, such as unrealised value changes.



13) Interest-bearing liabilities	=	Non-current loans and borrowings + Current loans and borrowings	
		Interest-bearing liabilities measures the Group's total debt.	
14) Return on equity (ROE), %	=	$\frac{\text{Profit for the period (annualised)}}{\text{Total equity, average of opening and closing balances}}$	x 100
		ROE measures the financial result in relation to equity. This APM illustrates Kojamo's ability to generate a return for the shareholders.	
15) Return on investment (ROI), %	=	$\frac{\text{(Profit before taxes + Interests and other financial expenses) (annualised)}}{\text{(Total assets - Non-interest-bearing liabilities), average of opening and closing balances}}$	x 100
		ROI measures the financial result in relation to invested capital. This APM illustrates Kojamo's ability to generate a return on the invested funds.	
16) Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$	x 100
		Equity to assets is an APM for balance sheet structure that discloses the ratio of equity to total capital. This APM illustrates the Group's financing structure.	
17) 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. This APM illustrates the Group's indebtedness.	
18) Gross investments	=	Acquisition and development of investment properties + Modernisation investments + Capitalised borrowing costs	
		This APM illustrates total investments including acquisitions, development investments, modernisation investments and capitalised interest.	
<b>Other performance measures</b>			
19) Financial occupancy rate, %	=	$\frac{\text{Rental income}}{\text{Potential rental income at full occupancy}}$	x 100

**Reconciliation of key indicators**

<b>M€</b>	<b>1-3/2019</b>	<b>1-3/2018</b>	<b>2018</b>
Profit for the period	32.2	38.7	221.8
Depreciation, amortisation and impairment losses	0.3	0.2	0.8
Profit/loss on sales of investment properties	0.0	-0.6	-1.0
Profit/loss on sales of trading properties		0.0	-0.1
Profit/loss on sales of other non-current assets	0.0	0.0	0.0
Profit/loss on fair value of investment properties	-10.4	-20.7	-127.5
Financial income	-0.9	-0.9	-3.2
Financial expenses	14.0	12.4	50.3
Share of result from associated companies	0.0		-0.2
Current tax expense	3.6	7.1	34.1
Change in deferred taxes	3.2	3.2	21.4
Adjusted EBITDA	42.0	39.3	196.5
Financial income and expenses	-13.1	-11.5	-47.1
Profit/loss on fair value of financial assets	1.0	1.1	1.2
Adjusted net interest charges	-12.1	-10.4	-46.0
Current tax expense	-3.6	-7.1	-34.1
FFO	26.3	21.9	116.4
One-off items			0.8
FFO excluding non-recurring costs	26.3	21.9	117.3
Total equity	2,304.4	2,034.3	2,358.1
Assets total	5,661.9	5,443.5	5,485.4
Advances received	-5.8	-5.6	-6.1
Equity ratio, %	40.7	37.4	43.0