



**Kojamo plc's
Interim Report
1 January–30 September 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.

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–30 SEPTEMBER 2019

PROFITABLE GROWTH CONTINUES

SUMMARY OF JULY–SEPTEMBER 2019

- Total revenue increased by 6.7 per cent to EUR 95.7 (89.7) million
- Net rental income increased by 7.8 per cent, totalling EUR 69.5 (64.5) million. Net rental income represented 72.6 (71.9) per cent of revenue
- Profit before taxes amounted to EUR 66.6 (59.1) million. The profit includes EUR 18.4 (13.4) million in net gain on the valuation of investment properties at fair value and EUR 0.3 (-0.1) million in profits and losses from the sale of investment properties. Earnings per share was EUR 0.22 (0.19)
- Funds From Operations (FFO) decreased by 6.1 per cent and amounted to EUR 39.7 (42.3) million
- Gross investments totalled EUR 79.0 (62.6) million, representing 82.5 (69.8) per cent of total revenue

SUMMARY OF JANUARY–SEPTEMBER 2019

- Total revenue increased by 4.7 per cent to EUR 280.3 (267.7) million
- Net rental income increased by 7.6 per cent, totalling EUR 187.2 (174.0) million. Net rental income represented 66.8 (65.0) per cent of revenue
- Profit before taxes amounted to EUR 191.4 (199.5) million. The profit includes EUR 71.0 (87.5) million in net gain on the valuation of investment properties at fair value and EUR 0.2 (0.9) million in profits and losses from the sale of investment properties. Earnings per share was EUR 0.62 (0.67)
- Funds From Operations (FFO) increased by 29.8 per cent and amounted to EUR 106.1 (81.8) million
- The fair value of investment properties was EUR 5.4 (5.0) billion at the end of the review period
- The financial occupancy rate improved, standing at 97.1 (96.8) per cent during the period under review
- Gross investments totalled EUR 175.6 (305.8) million, representing 62.6 (114.2) per cent of total revenue



- Equity per share was EUR 9.72 (9.32) and return on equity was 8.6 (9.8) per cent. Return on investment was 6.3 (6.9) per cent
- EPRA NAV per share (net asset value) was EUR 12.11 (11.39)
- There were 1,211 (1,008) apartments under construction at the end of the review period
- Kojamo specifies its outlook for 2019

Kojamo owned 35,061 (34,416) rental apartments at the end of the review period. Since September of the previous year, 117 (1,049) apartments have been acquired, 1,073 (1,319) have been completed, 548 (1,929) have been sold and 3 (69) have been demolished or altered.

OUTLOOK FOR KOJAMO IN 2019 (specified)

Kojamo estimates that in 2019, the Group's total revenue will increase by 3–5 per cent year-on-year. In addition, the company estimates that the Group's FFO for 2019 will amount to between EUR 137–145 million, excluding one-off items (previously EUR 134–144 million). Investments in new development and housing stock acquisitions are forecast to amount to approximately EUR 190–210 million, as no significant acquisitions of residential properties are expected to take place during the second half of the year (previously: amount to approximately, or exceed, EUR 300 million. Achieving the level of EUR 300 million would have required acquisitions of residential properties during the second half of the year). The change in the investment amount will not have a material impact on the result for 2019.

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

	7-9/2019	7-9/2018	Change %	1-9/2019	1-9/2018	Change %	2018
Total revenue, M€	95.7	89.7	6.7	280.3	267.7	4.7	358.8
Net rental income, M€ ¹⁾	69.5	64.5	7.8	187.2	174.0	7.6	234.0
Net rental income margin, % ¹⁾	72.6	71.9		66.8	65.0		65.2
Profit before taxes, M€ ¹⁾	66.6	59.1	12.7	191.4	199.5	-4.1	277.3
EBITDA, M€ ¹⁾	80.1	70.1	14.3	231.6	235.1	-1.5	325.1
EBITDA margin, % ¹⁾	83.7	78.2		82.6	87.9		90.6
Adjusted EBITDA, M€ ¹⁾	61.4	56.8	8.2	160.3	146.8	9.2	196.5
Adjusted EBITDA margin, % ¹⁾	64.2	63.3		57.2	54.8		54.8
Funds From Operations (FFO), M€ ¹⁾	39.7	42.3	-6.1	106.1	81.8	29.8	116.4
FFO margin, % ¹⁾	41.5	47.1		37.9	30.5		32.4
FFO excluding one-off items, M€ ¹⁾	39.7	42.2	-6.0	106.1	82.6	28.5	117.3
Investment properties, M€				5,376.4	4,997.9	7.6	5,093.2
Financial occupancy rate, %				97.1	96.8		97.0
Interest-bearing liabilities, M€ ¹⁾				2,640.7	2,537.7	4.1	2,485.5
Return on equity, % (ROE) ¹⁾				8.6	9.8		10.1
Return on investment, % (ROI) ¹⁾				6.3	6.9		7.2
Equity ratio, % ¹⁾				42.0	42.2		43.0
Loan to Value (LTV), % ¹⁾				46.7	46.2		45.9
EPRA NAV, M€				2,993.3	2,814.6	6.3	2,889.1
Gross investments, M€ ¹⁾	79.0	62.6	26.3	175.6	305.8	-42.6	365.2
Number of personnel, end of period				293	304		298
Key figures per share, € ²⁾							
FFO per share ¹⁾	0.16	0.17	-5.9	0.43	0.35	22.9	0.49
Earnings per share	0.22	0.19	15.8	0.62	0.67	-7.5	0.93
EPRA NAV per share				12.11	11.39	6.3	11.69
Equity per share				9.72	9.32	4.3	9.54

¹⁾ 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) The transition to IFRS 16 had an effect of 0.6 percentage points on this key figure during the review period.

2) 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

We are making strong progress with the implementation of our strategy, as evidenced by the positive development of our key figures. In January–September, we increased our total revenue, net rental income as well as Funds From Operations (FFO). The growth of like-for-like rental income also improved year-on-year and amounted to 2.8 per cent. Our balance sheet was strong at the end of the review period, which enables future growth.

We have successfully made investments in line with our strategy in spite of the competitive market. Last spring, we started a reverse tendering process in which we requested construction companies to prepare proposals on investment initiatives of approximately EUR 100 million. As a result, at the end of August, we announced new agreements with SRV and Hausia regarding the construction of more than 900 apartments in the Helsinki region. These agreements will support our growth in the coming years. The first apartments covered by the agreements were already completed in September.

At the end of the review period, we had 1,211 apartments under construction. This figure does not include the agreements with SRV and Hausia. At the beginning of September, we also signed an agreement with Hartela on the construction of nearly 100 apartments in Espoo. We have also been successful in buying individual properties on the market in key locations in Helsinki, which is proof of our ability to implement our growth strategy through various approaches. In July, we announced an agreement on the sale of 478 non-strategic apartments. The transaction was completed in August. In spite of the sale, the fair value of our investment properties continued to grow, reaching EUR 5.4 billion at the end of the period. 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 have also achieved good success in our customer relationships. Supported by the development of the renting process and the growth of our webstore, the financial occupancy rate rose to 97.1 per cent. The number of apartments rented via the webstore exceeded 13,000 at the end of September. A growing proportion of tenancy agreements are signed online, and their share is now approximately 60 per cent in the capital region. Going forward, we will focus even more strongly on the development of digital services. After the end of the review period, we announced the appointment of Katri Harra-Salonen as Kojamo's Chief Digital Officer (CDO). Her extensive experience supports the implementation of Kojamo's strategy.

In June, we announced that we will shift from a transaction-based valuation technique to a yield-based valuation technique in the valuation of our investment properties. The preparations for the change are currently under way and they have progressed far enough that we announced the impacts of the change on 1 November 2019. The new valuation technique will be adopted on 31 December 2019.

Jani Nieminen
CEO



OPERATING ENVIRONMENT

General operating environment

As Kojamo operates in the residential real estate sector, the company is affected particularly by urbanisation as well as 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 and population growth.

Operating environment key figures	2020e	2019e
GDP growth forecast, %	1.0	1.5
Unemployment, %	6.3	6.5
Inflation, %	1.4	1.1

Source: Ministry of Finance, Economic survey 10/2019

According to the Ministry of Finance's forecast, economic growth will continue, but growth is expected to slow due to the weakening of the global economy. The slower growth of international trade and the economy is reflected in the growth of Finnish exports. Nevertheless, domestic demand will maintain economic growth in the coming years. The growth of private consumption will continue, supported by the increasing income level and high employment. Growth will, however, be slowed by the moderate acceleration of inflation. Investments in residential construction will contract, but they will still remain at a good level. (Source: Ministry of Finance, Economic survey 10/2019).

Industry operating environment

Industry key figures	2019e	2018
Residential start-ups, units	38,000	45,600
Building permits granted, annual, units ¹⁾	37,660	47,829
Construction costs, %	1.2	2.2
Prices of old apartments in the whole country, change, %	1.2	1.2
Prices of old apartments in the capital region, change, %	2.2–3.5	2.5–3.2
Rents of non-subsidised apartments in the whole country, change, %	1.8	1.6
Rents of non-subsidised apartments in the capital region, change, %	2.0–2.8	2.3–2.6

1) Rolling 12 months, August 2019 and 2018

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

According to the Confederation of Finnish Construction Industries (RT) business survey, the number of new residential projects is declining from record-high levels towards more normal production volumes in 2019 and 2020. Building permits granted for new apartments have declined substantially during the year. The majority of the drop in the volume of residential construction will take place in the latter half of next year. As the rate of economic growth declines, new construction will focus increasingly on the largest urban areas. In spite of slower economic growth, the continued trend of urbanisation will maintain the need for new apartments. According to the survey published by the Confederation of Finnish Construction Industries, the level of residential production will be sufficient in Finland's growth regions in 2019 and 2020, but there are concerns regarding the adequacy of supply thereafter.



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. 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. A growing number of households are choosing rental housing despite having the means to buy an apartment. According to Statistics Finland, living in non-subsidised rental apartments will see the highest relative growth.

Effects of urbanisation

Region	Population growth forecast	Share of rental household-dwelling units	
	2019–2030	2010	2018
Helsinki	11.7%	47.1%	49.3%
Capital region ¹⁾	13.0%	41.9%	44.9%
Helsinki region ²⁾	10.5%	37.7%	40.6%
Jyväskylä	7.1%	40.2%	43.8%
Kuopio	2.9%	36.5%	39.6%
Lahti	0.3%	37.3%	40.4%
Oulu	7.3%	36.7%	40.7%
Tampere	11.7%	42.2%	48.2%
Turku	8.5%	43.0%	48.2%
Other areas	-8.1%	23.8%	25.3%

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 2018, Population forecast 2019

According to a population forecast by Consultancy for Regional Development MDI, the trend of regional divergence will accelerate in the coming years, and the significance of the 10 largest urban areas will increase. Population growth will take place particularly in the Helsinki, Tampere and Turku regions. 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 easy, safe and 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 largest¹ private residential real estate company in Finland measured by the fair value of investment properties. Kojamo offers rental apartments and housing services for tenants primarily in Finnish growth centres². At the end of the review period, Kojamo's property portfolio comprised 35,061 (34,416) rental apartments. The fair value of Kojamo's investment properties at the end of the review period was EUR 5.4 (5.0) billion. Investment properties include completed apartments as well as development projects and land areas.

1 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.

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



Measured at fair value on 30 September 2019, 98.5 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres, 68.0 per cent in the Helsinki region and 83.8 per cent in the Helsinki, Tampere and Turku regions.

FINANCIAL DEVELOPMENT JULY–SEPTEMBER 2019

TOTAL REVENUE

Kojamo's total revenue in July–September 2019 increased to EUR 95.7 (89.7) 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 69.5 (64.5) million, representing 72.6 (71.9) 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 amounted to EUR 66.6 (59.1) million. The profit includes EUR 18.4 (13.4) million in net gain on the valuation of investment properties at fair value and EUR 0.3 (-0.1) million in profits and losses from the sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 2.5 million.

Financial income and expenses were EUR -13.3 (-10.8) million. Financial income and expenses include EUR -0.8 (0.7) million in unrealised changes in the fair value of derivatives.

Funds From Operations (FFO) amounted to EUR 39.7 (42.3) million. FFO was reduced by taxes arising from portfolio sales.

FINANCIAL DEVELOPMENT JANUARY–SEPTEMBER 2019

TOTAL REVENUE

Kojamo's total revenue in January–September 2019 increased to EUR 280.3 (267.7) 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 187.2 (174.0) million, representing 66.8 (65.0) 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, the like-for-like (LfL) growth of rental income and repair expenses being lower than in the comparison period.

Profit before taxes amounted to EUR 191.4 (199.5) million. The profit includes EUR 71.0 (87.5) million in net gain on the valuation of investment properties at fair value and EUR 0.2 (0.9) million



in profits and losses from the sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 8.4 million. The comparison period included EUR 0.8 million in non-recurring costs arising from arrangements related to the Group's listing on the stock exchange and the issuing of shares.

Financial income and expenses totalled EUR -39.3 (-35.0) million. Financial income and expenses include EUR -3.3 (-0.2) 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 2.6 million, operating profit by EUR 1.9 million and financial income and expenses by EUR -1.8 million. The effect on the profit for the review period was EUR 0.0 million.

Funds From Operations (FFO) amounted to EUR 106.1 (81.8) million. The increase in FFO during the review period was attributable to the improved net rental income and the fact that FFO in the comparison period was reduced by taxes arising from portfolio sales.

BALANCE SHEET, CASH FLOW AND FINANCING

	30 Sep 2019	30 Sep 2018	31 Dec 2018
Balance sheet total, M€	5,727.2	5,461.2	5,485.4
Equity, M€	2,401.8	2,303.8	2,358.1
Equity per share, €	9.72	9.32	9.54
Equity ratio, %	42.0	42.2	43.0
Return on equity, % (ROE)	8.6	9.8	10.1
Return on investment, % (ROI)	6.3	6.9	7.2
Interest-bearing liabilities, M€	2,640.7	2,537.7	2,485.5
Loan to Value (LTV), % ^{*)}	46.7	46.2	45.9
Average interest rate of loan portfolio, % ^{**)}	1.8	1.8	1.8
Average loan maturity, years	4.9	5.6	5.5
Cash and cash equivalents, M€	130.0	229.1	150.1

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

^{**)} Includes interest rate derivatives.

The Group's liquidity was excellent during the review period. On 30 September 2019, the Group's cash and cash equivalents stood at EUR 130.0 (229.1) million and liquid financial assets at EUR 152.0 (164.8) million. EUR 50.0 (50.0) 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.

In June, Kojamo plc and OP Corporate Bank signed an agreement on an unsecured loan in the amount of EUR 100 million. The 7-year loan will be used for the Group's general financing purposes. As of the end of the review period, EUR 50 million of the loan had been withdrawn.



REAL ESTATE PROPERTY AND FAIR VALUE

M€	30 Sep 2019	30 Sep 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	152.6	288.3	338.9
Modernisation investments	21.6	15.3	23.7
Disposals of investment properties	-24.3	-105.5	-109.6
Capitalised borrowing costs	1.4	2.1	2.6
Transfer to own use			0.0
Right-of-use assets *)	60.9		
Valuation gains/losses on fair value measurement	71.0	87.5	127.5
Fair value of investment properties at the end of the period	5,376.4	4,997.9	5,093.2

*) IFRS 16 Leases

Kojamo owned a total of 35,061 (34,416) rental apartments at the end of the review period. Measured at fair value at the end of the period, 98.5 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres. 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 30 September 2019. The key criteria for determining fair value are presented in the Notes to the Interim Report.

Kojamo has decided to shift from a transaction-based valuation technique to a yield-based valuation technique in the valuation of investment properties from 31 December 2019 onwards. This represents a change in accounting estimates and its potential effects will be recognised starting from the accounting period in which the change occurs. The change will not be applied retrospectively.

RENTAL HOUSING

Lumo brand	30 Sep 2019	30 Sep 2018	31 Dec 2018
Number of apartments	33,504	32,279	33,058
Average rent, €/sq.m./month	16.14	15.64	15.69
Average rent, €/sq.m./month, yearly average	15.96	15.52	15.53
VVO brand	30 Sep 2019	30 Sep 2018	31 Dec 2018
Number of apartments	1,557	2,137	1,655
Average rent, €/sq.m./month	14.27	13.72	13.81
Average rent, €/sq.m./month, yearly average	14.22	13.63	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, with more than 13,000 agreements already having been signed online by the end of September. 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 4.4 (1.9) million.

Rental housing key figures	1-9/2019	1-9/2018	1-12/2018
Financial occupancy rate, %	97.1	96.8	97.0
Tenant turnover rate, excluding internal turnover, %	22.4	21.8	28.8
Like-for-like rental income growth, % ^{*)}	2.8	2.0	2.4
Rent receivables in proportion to revenue, %	1.3	1.5	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, 127 (60) apartments were vacant due to renovations.

Kojamo's property portfolio by region as at 30 September 2019

Region	Number of apartments, units	Fair value, M€	Fair value, K€/unit	Fair value, €/sq.m.	Financial occupancy rate, %
Helsinki region	20,398	3,420	168	2,990	97.9%
Tampere region	4,942	568	115	2,273	96.6%
Turku region	1,848	225	122	2,142	97.3%
Oulu	2,220	197	89	1,685	96.1%
Jyväskylä	1,727	205	119	2,244	93.0%
Kuopio region	1,674	179	107	2,023	93.9%
Lahti region	1,436	158	110	1,963	95.1%
Others	816	77	94	1,746	95.3%
	35,061	5,028¹⁾	143	2,619	97.1%
Other		348 ²⁾			
Total portfolio	35,061	5,376			

¹⁾ The figures reflect income-generating portfolio assets, which excludes ongoing projects, plots owned by the company and ownership of certain assets through shares (such as parking spaces under a different legal entity).

²⁾ Fair value of 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

Investments, M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Acquired investment properties	152.6	288.3	338.9
Modernisation investments	21.6	15.3	23.7
Capitalised borrowing costs	1.4	2.1	2.6
Total	175.6	305.8	365.2
Repair expenses, M€	24.1	26.1	35.4

Number of apartments	30 Sep 2019	30 Sep 2018	31 Dec 2018
Apartments at the start of the review period	34,713	34,383	34,383
Divestments	-482	-1,842	-1,908
Acquisitions	117	1,049	1,049
Completed	710	895	1,258
Demolished or altered	3	-69	-69
Apartments at the end of the review period	35,061	34,416	34,713
Started during the review period	855	378	797
Under construction at the end of the period	1,211	1,008	1,064
Preliminary agreements for new construction	1,033	1,460	380

A total of 117 apartments were acquired during the review period. Kojamo signed an agreement on 30 April regarding the acquisition of the entire share capital of Kiinteistö Oy Helsingin Somerontie 14. Consisting of 83 apartments and one unit of business premises, the building is located in Helsinki's Vallila district in close proximity to good transportation connections and services. In addition, Kojamo signed an agreement on 1 July to acquire the entire share capital of the housing company Bostads Ab Fasanen i Helsingfors. Consisting of 18 apartments and one unit of business premises, the building is located in the centre of Helsinki.

In August, Kojamo Group companies sold 478 rental apartments in 12 locations across Finland to Olo Asunnot. In addition, Kojamo's goal is to divest the remaining individual non-strategic properties during 2019.

On 30 August, Kojamo signed cooperation agreements with SRV and Hausia on the construction of 527 and 378 Lumo rental apartments respectively. The completion of individual projects under the agreements is subject to the customary terms and conditions. The first 42 apartments covered by the agreement signed with SRV were completed in September. Construction has not yet begun on the other apartments covered by the agreements.

Of the apartments under construction, 1,155 (896) are located in the Helsinki region and 56 (112) in other Finnish growth centres. A total of 772 (1,258) apartments are expected to be completed in 2019.

Modernisation investments during the review period amounted to EUR 21.6 (15.3) million and repair costs totalled EUR 24.1 (26.1) million.



Binding acquisition agreements for new development, M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Actual costs incurred from new construction in progress	129.5	134.2	90.3
Cost of completing new construction in progress	144.0	61.2	77.8
Total	273.6	195.4	168.1

Plots and real estate development sites owned by the company	30 Sep 2019		30 Sep 2018		31 Dec 2018	
	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.
Plots	44.4	72	60.2	90	60.1	83
Plots and existing residential building	27.6	42	28.4	41	30.0	43
Conversions	85.5	77	96.3	85	95.3	85
Total ¹⁾	157.5	191	184.9	216	185.4	211

Binding preliminary agreements and provisions for plots and real estate development	30 Sep 2019		30 Sep 2018		31 Dec 2018	
	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.
Preliminary agreements for new construction ²⁾	236.3		68.4		60.3	
Estimate of the share of plots of preliminary agreements for new development ¹⁾	35.2	59	18.1	23	18.1	23
Preliminary agreements and reservations for plots ¹⁾	44.2	64	65.3	96	65.9	97

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

2) Including plots.

STRATEGIC TARGETS AND ACHIEVEMENTS

	30 Sep 2019	Goal 2021
Fair value of investment properties, EUR billion	5.4	6.0
Number of apartments	35,061	approx. 38,000
Equity ratio, %	42.0	>40
Loan to Value (LTV), %	46.7	<50
FFO as percentage of total revenue	37.9	>32
Net promoter score	33	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 30 September 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^{*)}	1 January– 30 September 2019	15 June– 30 September 2018	15 June– 31 December 2018
Lowest price, €	8.00	8.50	8.11
Highest price, €	15.08	9.75	9.75
Average price, €	11.62	8.62	8.65
Closing price, €	15.02	9.42	8.11
Market value of share capital, M€, end of period	3,712.1	2,327.1	2,003.1
Share trading, million units	24.0	62.8	68.1
Share trading of total share stock, %	9.7	25.4	27.6
Share trading, M€	278.5	541.5	589.8

*) 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 Cboe CXE, Cboe BXE and Cboe Periodic. From 1 January to 30 September 2019, approximately 19 million Kojamo shares were traded on alternative marketplaces, corresponding to approximately 44 per cent of the total trading volume. (Source: Fidessa 1 January–26 July 2019, Reuters 29 July–30 September 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 4,354, including nominee-registered shareholders. The proportion of nominee-registered and direct foreign shareholders was 26.7 per cent of the company's shares at the end of the review period. The 10 largest shareholders owned in aggregate 64.8 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 will remain 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 will remain in force until the closing of the next Annual General Meeting, however no longer than until 30 June 2020.

Flagging notifications

On 25 April 2019, Kojamo received a notification pursuant to the Securities Markets Act from Service Union United PAM. The holding of Service Union United PAM in Kojamo's shares fell below 5 per cent on 24 April 2019. Following the transaction, Service Union United PAM's holding in Kojamo plc amounted to 11,920,660 shares, corresponding to 4.82 per cent of Kojamo plc's shares and votes.

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 Rytölä. 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 10 September 2019 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 Riku Aalto, President, Finnish Industrial Union. In addition, the Chairman of Kojamo's Board of Directors serves as an expert member of the Nomination Board.

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.

On 27 September 2019, Kojamo announced that Teemu Suila, Chief Development Officer and a member of the Management Team, was leaving Kojamo by mutual agreement and that his work obligation would end immediately. The responsibility for business development was transferred immediately to CEO Jani Nieminen for the transition period.

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; and Ville Raitio, Chief Investment Officer.

PERSONNEL

At the end of the review period, Kojamo had a total of 293 (304) employees. The average number of personnel during the review period was 310 (325). Kojamo employed nearly 50 summer workers in summer 2019.

The salaries and fees paid during the review period totalled EUR 12.3 (12.5) 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 bonus would be a sum corresponding to 300,298 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. All of Kojamo's properties use Helen's hydropower-certified electricity. 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. Starting from summer 2019, all of these shared cars are self-charging full hybrid vehicles.



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.

A more detailed description of the risks and uncertainties is presented in the 2018 financial statements.

Helsinki, 6 November 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 6 November 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 news conference can be streamed online at <https://kojamo.videosync.fi/2019-q3-results>

You can also participate in the press conference by calling:

FI: +358 9 8171 0310

SE: +46 8566 42651

UK: +44 3333 000 804

US: +1 6319 131 422

Please use the following PIN code to participate in the press conference by telephone: 99864467#


EPRA performance measures

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
EPRA Earnings, M€	42.7	42.3	109.4	95.8	130.3
EPRA Earnings per share (EPS), €	0.17	0.17	0.44	0.41	0.54
EPRA NAV, M€			2,993.3	2,814.6	2,889.1
EPRA NAV per share, €			12.11	11.39	11.69
EPRA Triple Net Asset Value (NNNAV), M€			2,328.7	2,291.1	2,375.2
EPRA NNNAV per share, €			9.42	9.27	9.61
EPRA Net Initial Yield (NIY), %			5.0	5.0	5.0
EPRA 'topped-up' NIY, %			5.0	5.0	5.0
EPRA Vacancy Rate, %			2.9	3.2	3.0
EPRA Cost Ratio (including direct vacancy costs), %	12.2	11.2	14.8	15.0	15.2
EPRA Cost Ratio (excluding direct vacancy costs), %	11.3	10.2	13.3	13.2	13.6

M€	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Earnings per IFRS income statement	53.2	47.6	153.1	158.8	221.8
(i) Change in value of investment properties, development properties held for investment and other interests	-18.4	-13.4	-71.0	-87.5	-127.5
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	-0.3	0.1	-0.2	-0.9	-1.0
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties			-0.1	0.0	-0.1
(iv) Tax on profits or losses on disposals	3.2	0.1	3.2	15.1	15.4
(vi) Changes in fair value of financial instruments and associated close-out costs	0.8	-0.7	3.3	0.2	0.4
(viii) Deferred tax in respect of EPRA adjustments	4.2	8.6	21.1	10.1	21.4
EPRA Earnings	42.7	42.3	109.4	95.8	130.3
EPRA Earnings per share (EPS), €	0.17	0.17	0.44	0.41	0.54

M€	1-9/2019	1-9/2018	2018
NAV per the financial statements	2,401.8	2,303.8	2,358.1
(iv) Fair value of financial instruments	91.6	31.5	42.5
(v.a) Deferred tax	499.9	479.3	488.4
EPRA Net Asset Value (NAV)	2,993.3	2,814.6	2,889.1
EPRA NAV per share, €	12.11	11.39	11.69

M€	1-9/2019	1-9/2018	2018
EPRA NAV	2,993.3	2,814.6	2,889.1
(i) Fair value of financial instruments	-91.6	-31.5	-42.5
(ii) Fair value of debt ¹⁾	-73.2	-12.7	17.0
(iii) Deferred tax	-499.9	-479.3	-488.4
EPRA Triple Net Asset Value (NNNAV)	2,328.7	2,291.1	2,375.2
EPRA NNNAV per share, €	9.42	9.27	9.61

¹⁾ Balance sheet at amortised cost and the fair value of interest-bearing loans and borrowings.



M€		1-9/2019	1-9/2018	2018
Investment property		5,376.4	4,997.9	5,093.2
Trading property		0.3	0.4	0.4
Developments		-258.6	-291.1	-248.6
Completed property portfolio		5,118.0	4,707.2	4,845.0
Allowance for estimated purchasers' costs		102.4	94.1	96.9
Gross up completed property portfolio valuation	B	5,220.4	4,801.4	4,941.9
Annualised cash passing rental income		385.2	368.7	375.6
Property outgoing		-125.4	-129.2	-127.4
Annualised net rents	A	259.8	239.5	248.2
Notional rent expiration of rent free periods or other lease incentives		-	-	-
Topped-up net annualised rent	C	259.8	239.5	248.2
EPRA Net Initial Yield (NIY), %	A/B	5.0	5.0	5.0
EPRA 'topped-up' NIY, %	C/B	5.0	5.0	5.0

M€		1-9/2019	1-9/2018	2018
Estimated rental value of vacant space ¹⁾	A	8.0	8.5	10.6
Estimated rental value of the whole portfolio ¹⁾	B	273.1	263.5	352.3
EPRA Vacancy Rate, %	A/B	2.9	3.2	3.0

¹⁾ Including rental value of apartments only.

M€		7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Include:						
(i) Administrative expense line per IFRS income statement		8.6	8.0	28.3	28.3	38.6
(i) Maintenance expense line per IFRS income statement		17.3	16.7	69.0	67.6	89.5
(i) Repair expense line per IFRS income statement		8.9	8.6	24.1	26.1	35.4
(ii) Net service charge costs/fees		-1.8	-1.1	-4.9	-2.5	-3.8
(iii) Management fees less actual/ estimated profit element		0.0	0.0	0.0	0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		-0.2	-0.1	-0.3	-0.2	-0.2
Exclude:						
(vii) Ground rent costs		0.0	-1.0	0.1	-2.5	-3.4
(viii) Service charge costs recovered through rents but not separately invoiced		-24.3	-24.0	-88.7	-91.1	-120.9
EPRA Costs (including direct vacancy costs)	A	8.5	7.1	27.5	25.7	35.1
(ix) Direct vacancy costs		-0.6	-0.7	-2.7	-3.0	-3.8
EPRA Costs (excluding direct vacancy costs)	B	7.8	6.5	24.8	22.7	31.4
(x) Gross Rental Income less ground rent costs - per IFRS		93.7	87.6	275.0	262.5	351.5
(xi) Service fee and service charge costs components of Gross Rental Income		-24.3	-24.0	-88.7	-91.1	-120.9
Gross Rental Income	C	69.4	63.6	186.3	171.4	230.5
EPRA Cost Ratio (including direct vacancy costs), %	A/C	12.2	11.2	14.8	15.0	15.2
EPRA Cost Ratio (excluding direct vacancy costs), %	B/C	11.3	10.2	13.3	13.2	13.6



CONDENSED CONSOLIDATED INCOME STATEMENT

M€	Note	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Total revenue		95.7	89.7	280.3	267.7	358.8
Maintenance expenses		-17.3	-16.7	-69.0	-67.6	-89.5
Repair expenses		-8.9	-8.6	-24.1	-26.1	-35.4
Net rental income		69.5	64.5	187.2	174.0	234.0
Administrative expenses		-8.6	-8.0	-28.3	-28.3	-38.6
Other operating income		0.7	0.4	1.7	1.4	2.1
Other operating expenses		-0.3	-0.1	-0.3	-0.3	-1.0
Profit/loss on sales of investment properties		0.3	-0.1	0.2	0.9	1.0
Profit/loss on sales of trading properties				0.1	0.0	0.1
Profit/loss on fair value of investment properties	3	18.4	13.4	71.0	87.5	127.5
Depreciation, amortisation and impairment losses		-0.3	-0.2	-0.9	-0.6	-0.8
Operating profit		79.9	69.9	230.7	234.5	324.2
Financial income		0.6	1.0	2.2	2.9	3.2
Financial expenses		-13.9	-11.8	-41.5	-37.9	-50.3
Total amount of financial income and expenses		-13.3	-10.8	-39.3	-35.0	-47.1
Share of result from associated companies						0.2
Profit before taxes		66.6	59.1	191.4	199.5	277.3
Current tax expense		-9.2	-2.8	-17.2	-30.6	-34.1
Change in deferred taxes		-4.2	-8.6	-21.1	-10.1	-21.4
Profit for the period		53.2	47.6	153.1	158.8	221.8
Profit for the financial period attributable to Shareholders of the parent company		53.2	47.6	153.1	158.8	221.8
Earnings per share based on profit attributable to shareholders of the parent company						
Basic, €		0.22	0.19	0.62	0.67	0.93
Diluted, €		0.22	0.19	0.62	0.67	0.93
Average number of shares, million	8	247.1	247.1	247.1	236.5	239.2
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges		-14.7	5.6	-46.6	11.7	0.5
Deferred taxes		2.9	-1.1	9.3	-2.3	-0.1
Items that may be reclassified subsequently to profit or loss		-11.7	4.5	-37.3	9.3	0.4
Total comprehensive income for the period		41.4	52.1	115.9	168.2	222.2
Total comprehensive income attributable to shareholders of the parent company		41.4	52.1	115.9	168.2	222.2

**CONDENSED CONSOLIDATED BALANCE SHEET**

M€	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS				
Non-current assets				
Intangible assets		0.2	0.3	0.2
Investment properties	3	5,376.4	4,997.9	5,093.2
Property, plant and equipment	4	31.0	30.6	30.5
Investments in associated companies		2.2	2.0	2.2
Financial assets	7	0.6	0.5	0.6
Non-current receivables		4.9	5.4	5.3
Derivatives	6, 7	0.3	4.3	1.5
Deferred tax assets		20.1	9.0	10.8
Non-current assets total		5,435.8	5,050.0	5,144.3
Current assets				
Trading properties		0.3	0.4	0.4
Derivatives	6, 7	0.4	0.4	0.7
Current tax assets		0.1	6.0	9.3
Trade and other receivables		8.7	10.6	8.3
Financial assets	7	152.0	164.8	172.3
Cash and cash equivalents		130.0	229.1	150.1
Current assets total		291.4	411.3	341.1
ASSETS TOTAL		5,727.2	5,461.2	5,485.4
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to shareholders of the parent company				
Share capital		58.0	58.0	58.0
Share issue premium		35.8	35.8	35.8
Fair value reserve		-61.1	-14.9	-23.9
Invested non-restricted equity reserve		164.4	164.4	164.4
Retained earnings		2,204.7	2,060.5	2,123.7
Equity attributable to shareholders of the parent company		2,401.8	2,303.8	2,358.1
Total equity		2,401.8	2,303.8	2,358.1
LIABILITIES				
Non-current liabilities				
Loans and borrowings	5, 7	2,424.8	2,432.2	2,391.7
Deferred tax liabilities		520.2	488.1	499.0
Derivatives	6, 7	92.3	35.8	44.6
Provisions		0.5	0.7	0.6
Other non-current liabilities		13.9	13.9	14.0
Non-current liabilities total		3,051.7	2,970.7	2,949.9
Current liabilities				
Loans and borrowings	5, 7	215.9	105.5	93.9
Derivatives	6, 7	0.1	0.3	0.1
Current tax liabilities		3.4	15.2	13.5
Trade and other payables		54.3	65.7	69.9
Current liabilities total		273.7	186.7	177.3
Total liabilities		3,325.4	3,157.4	3,127.2
TOTAL EQUITY AND LIABILITIES		5,727.2	5,461.2	5,485.4

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

M€	1-9/2019	1-9/2018	1-12/2018
Cash flow from operating activities			
Profit for the period	153.1	158.8	221.8
Adjustments	6.7	-11.1	-22.8
Change in net working capital			
Change in trade and other receivables	-0.3	-1.0	-1.6
Change in trading properties	0.1	0.1	0.2
Change in trade and other payables	2.0	0.0	-1.6
Interest paid	-37.8	-30.7	-40.5
Interest received	0.6	0.5	0.8
Other financial items	-0.8	-7.6	-5.3
Income taxes paid	-18.0	-30.0	-38.5
Net cash flow from operating activities	105.6	79.2	112.4
Cash flow from investing activities			
Acquisition of investment properties	-191.9	-310.6	-366.6
Acquisition of associated companies		-0.3	-0.3
Acquisition of property, plant and equipment and intangible assets	-0.1	-0.1	-0.2
Proceeds from sale of investment properties	24.5	106.0	110.9
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.0
Purchases of financial assets	-93.1	-269.0	-304.0
Proceeds from sale of financial assets	114.5	153.5	180.5
Non-current loans, granted		-0.2	-0.2
Repayments of non-current loan receivables	0.2	0.1	0.2
Interest and dividends received on investments	0.2	0.2	0.2
Net cash flow from investing activities	-145.7	-319.8	-379.4
Cash flow from financing activities			
Share issue		150.0	150.0
Items related to the share issue recorded in equity		-4.3	-4.3
Non-current loans and borrowings, raised	167.8	500.0	500.0
Non-current loans and borrowings, repayments	-75.0	-240.3	-292.9
Current loans and borrowings, raised	89.9	288.9	338.8
Current loans and borrowings, repayments	-90.0	-292.1	-342.0
Repayments of lease liabilities	-1.2		
Dividends paid	-71.7	-50.3	-50.3
Net cash flow from financing activities	19.9	352.0	299.3
Change in cash and cash equivalents	-20.1	111.3	32.3
Cash and cash equivalents at the beginning of the period	150.1	117.8	117.8
Cash and cash equivalents at the end of the period	130.0	229.1	150.1



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
Equity at 1 Jan 2019	58.0	35.8	-23.9	164.4	2,123.7	2,358.1	2,358.1
Comprehensive income							
Cash flow hedging			-37.3			-37.3	-37.3
Profit for the period					153.1	153.1	153.1
Total comprehensive income for the period			-37.3		153.1	115.9	115.9
Transactions with shareholders							
Share-based incentive scheme					-0.5	-0.5	-0.5
Dividend payment					-71.7	-71.7	-71.7
Total transactions with shareholders					-72.2	-72.2	-72.0
Total change in equity			-37.3		81.0	43.7	43.7
Equity at 30 Sep 2019	58.0	35.8	-61.1	164.4	2,204.7	2,401.8	2,401.8
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
Equity at 1 Jan 2018	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
Restated 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			9.3			9.3	9.3
Profit for the period					158.8	158.8	158.8
Total comprehensive income for the period			9.3		158.8	168.2	168.2
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					0.9	0.9	0.9
Dividend payment					-50.3	-50.3	-50.3
Total transactions with shareholders				146.6	-49.3	97.3	97.3
Total change in equity			8.8	146.6	109.8	265.2	265.2
Equity at 30 Sep 2018	58.0	35.8	-14.9	164.4	2,060.5	2,303.8	2,303.8
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
Equity at 1 Jan 2018	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
Restated 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
Profit for the period					221.8	221.8	221.8
Total comprehensive income for the period			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
Total transactions with shareholders				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



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 30 September 2019, Kojamo owned a total of 35,061 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 6 November 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 the 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 10.

Kojamo has applied 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 300,298 Kojamo shares, of which 50 per cent would be paid in Kojamo shares and 50 per cent in cash.

The Annual General Meeting on 14 March 2019 decided to change the remuneration practice of the members of the Board of Directors. Under the new practice, the annual fees of the members of the Board of Directors are paid as the company's shares and cash, with approximately 40 per cent of the annual fee paid as Kojamo plc shares and the rest paid in cash.



2. REVENUE

Specification of revenue from contracts with customers:

M€	1-9/2019	1-9/2018	1-12/2018
Rental income	275.0	265.0	354.8
Water fees	4.4	1.9	3.1
Sauna fees	0.5	0.5	0.7
Total	279.9	267.5	358.6

3. INVESTMENT PROPERTIES

M€	30 Sep 2019	30 Sep 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 *)	152.6	288.3	338.9
Modernisation investments	21.6	15.3	23.7
Disposals of investment properties	-24.3	-105.5	-109.6
Capitalised borrowing costs	1.4	2.1	2.6
Right-of-use assets **)	60.9		
Transfer to own use			0.0
Valuation gains/losses on fair value measurement	71.0	87.5	127.5
Fair value of investment properties at the end of the period	5,376.4	4,997.9	5,093.2

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

**) IFRS 16 Leases

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, income value and 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.

Kojamo has decided to shift from a transaction-based valuation technique to a yield-based valuation technique in the valuation of investment properties from 31 December 2019 onwards. This represents a change in accounting estimates and its potential effects will be recognised starting from the accounting period in which the change occurs. The change will not be applied retrospectively.

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€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Properties measured at transaction value	4,637.5	4,227.2	4,384.7
Properties measured at yield value	249.7	312.5	293.4
Properties measured at balance sheet value	429.1	458.2	415.1
Right-of-use assets	60.1		
Total	5,376.4	4,997.9	5,093.2

Investment properties by valuation class

Number of apartments	30 Sep 2019	30 Sep 2018	31 Dec 2018
Properties measured at transaction value	29,310	27,619	28,169
Properties measured at yield value	2,473	3,047	2,857
Properties measured at balance sheet value	3,278	3,750	3,687
Total	35,061	34,416	34,713

Sensitivity analysis of investment properties

Change %	30 Sep 2019				
	-10%	-5%	0%	5%	10%
Properties measured at transaction value, M€					
Change in market prices	-463.7	-231.9		231.9	463.7
Properties measured at yield value, M€					
Yield requirement	27.5	13.0		-11.8	-22.5
Rental income	-42.6	-21.3		21.3	42.6
Maintenance costs	16.1	8.0		-8.0	-16.1
Financial occupancy rate for properties measured at yield value (change in percentage points)					
Rental income, M€	-0.8	-0.4		0.4	0.8

Sensitivity analysis of investment properties

Change %	30 Sep 2018				
	-10%	-5%	0%	5%	10%
Properties measured at transaction value, M€					
Change in market prices	-422.7	-211.4		211.4	422.7
Properties measured at yield value, M€					
Yield requirement	34.4	16.3		-14.8	-28.2
Rental income	-53.3	-26.6		26.6	53.3
Maintenance costs	20.0	10.0		-10.0	-20.0



Financial occupancy rate for properties measured at yield value (change in percentage points)					
	-2%	-1%	0%	1%	2%
Rental income, M€	-0.8	-0.4		0.4	0.8

Sensitivity analysis of investment properties					
31 Dec 2018					
Change %	-10%	-5%	0%	5%	10%
Properties measured at transaction value, M€					
Change in market prices	-438.5	-219.2		219.2	438.5
Properties measured at yield value, 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 percentage points)					
	-2%	-1%	0%	1%	2%
Rental income, M€	-0.8	-0.4		0.4	0.8

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

The weighted average for the return requirement is 6.2 (6.1) per cent for the 2,473 (3,047) rental homes included within the scope of the yield value method in 2019, and 9.3 (9.3) per cent for the 427 (425) business premises.

4. PROPERTY, PLANT AND EQUIPMENT

M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Carrying value, beginning of period	30.5	31.0	31.0
Increases	0.1	0.1	0.2
Right-of-use asset	1.3		
Decreases	-0.1		
Depreciation for the period	-0.8	-0.5	-0.7
Carrying value, end of period	31.0	30.6	30.5

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	0.3
Depreciation for the period	-0.4
Carrying value on 30 Sep 2019	1.0



5. INTEREST-BEARING LIABILITIES

Non-current liabilities			
M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Bonds	1,191.3	1,289.2	1,289.7
Loans from financial institutions	1,102.1	1,006.4	995.2
Interest subsidy loans	69.0	133.9	104.0
Lease liability	60.0		
Other loans	2.4	2.8	2.8
Total	2,424.8	2,432.2	2,391.7
Current liabilities			
M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Bonds	99.9		
Loans from financial institutions	31.8	25.5	25.1
Interest subsidy loans	26.6	23.2	12.1
Lease liability	1.1		
Commercial papers	50.0	50.0	50.0
Other loans	6.5	6.8	6.7
Total	215.9	105.5	93.9
Total interest-bearing liabilities	2,640.7	2,537.7	2,485.5

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

Fair values of derivative instruments	30 Sep 2019			30 Sep 2018	31 Dec 2018
	Positive	Negative	Net	Net	Net
Interest rate derivatives					
Interest rate swaps, cash flow hedges		-81.5	-81.5	-24.8	-35.7
Interest rate swaps, not in hedge accounting		-10.8	-10.8	-7.6	-8.2
Electricity derivatives	0.7	0.0	0.7	0.9	1.3
Total	0.7	-92.3	-91.6	-31.5	-42.5

Nominal values of derivative instruments			
M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Interest rate derivatives			
Interest rate swaps, cash flow hedges	974.4	827.4	948.3
Interest rate swaps, not in hedge accounting	42.6	48.9	48.9
Total	1,016.9	876.4	997.2
Electricity derivatives, MWh	137,243	180,944	162,167



During the review period, EUR -46.6 (11.7) 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 2020 and 2035. At the end of the review period, the average maturity of interest rate swaps was 5.9 (6.5) years. Electricity derivatives hedge against increases in electricity prices and mature between 2020 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 under liabilities in the item Derivative instruments.

7. FAIR VALUES OF FINANCIAL INSTRUMENTS

M€	30 Sep 2019				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets					
Measured at fair value					
Electricity derivatives	0.7		0.7		0.7
Financial assets recognised at fair value through profit or loss					
	152.6	142.0	10.0	0.6	152.6
Measured at amortised cost					
Cash and cash equivalents	130.0		130.0		130.0
Trade receivables	5.6				5.6
Financial liabilities					
Measured at fair value					
Interest rate derivatives	92.3		92.3		92.3
Electricity derivatives	0.0	0.0			0.0
Measured at amortised cost					
Other interest-bearing liabilities	1,349.5		1,352.7		1,352.7
Bonds	1,291.3	1,361.2			1,361.2
Trade payables	12.8				12.8

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
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
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



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 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 61.1 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€	30 Sep 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

	1–9/2019	1–9/2018	1–12/2018
Profit for the period attributable to shareholders of the parent company, M€	153.1	158.8	221.8
Weighted average number of shares during the period (million)	247.1	236.5	239.2
Earnings per share			
Basic, €	0.62	0.67	0.93
Diluted, €	0.62	0.67	0.93

The company has no diluting instruments.



9. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Loans covered by pledges on property and shares as collateral	1,315.1	1,419.4	1,367.0
Mortgages	1,412.9	1,528.5	1,451.2
Shares *)	254.2	257.1	257.1
Pledged collateral, total	1,667.1	1,785.7	1,708.3
Other collateral given			
Mortgages and shares	17.3	32.6	31.7
Guarantees **)	455.8	335.7	326.8
Pledged deposits	0.1		0.1
Other collateral total	473.1	368.3	358.6

*) 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 for which property pledges have also been given as collateral.

Other liabilities

Unrecognised acquisition agreements related to work in progress:

M€	30 Sep 2019	30 Sep 2018	31 Dec 2018
Cost of completing new construction	144.0	57.3	77.8
Preliminary agreements for new construction	236.3	68.4	60.3
Modernisation investments and repairs	21.4	21.7	21.2
Total	401.7	147.5	159.3

10. 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 30 September 2019, the lease liability amounted to EUR 60.1 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) 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€	1-9/2019
Maintenance expenses	2.6
Net rental income	2.6
Administrative expenses	0.4
Profit/loss on fair value of investment properties	-0.8
Depreciation, amortisation and impairment losses	-0.4
Operating profit	1.9
Financial expenses	-1.8
Profit before taxes	0.0
Change in deferred taxes	0.0
Profit for the period	0.0

Condensed consolidated balance sheet

M€	30 Sep 2019
ASSETS	
Non-current assets	
Investment properties	60.1
Property, plant and equipment	1.0
Deferred tax assets	0.0
Non-current assets total	61.1
ASSETS	61.1
SHAREHOLDERS' EQUITY AND LIABILITIES	
Equity attributable to shareholders of the parent company	
Profit/loss for the period	0.0
LIABILITIES	
Non-current liabilities	
Loans and borrowings	60.0
Non-current liabilities total	60.0
Current liabilities	
Loans and borrowings	1.1
Current liabilities total	1.1
Total liabilities	61.1
TOTAL EQUITY AND LIABILITIES	61.1



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.

11. EVENTS AFTER THE REVIEW PERIOD

Stock exchange release 21 October 2019

Kojamo published a stock exchange release after the review period, on 21 October 2019, regarding the appointment of Katri Harra-Salonen, M.Sc. (Eng.), eMBA, as Chief Digital Officer (CDO) at Kojamo plc and as a member of the Management Team as of 7 January 2020. She will be responsible for digital solutions to improve the customer experience and business operations, the coordination of business development projects as well as the ICT and development function at Kojamo. She will report to CEO Jani Nieminen.

Stock exchange release 28 October 2019

On 28 October, Kojamo received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Trade Union PRO after the review period. The holding of Trade Union PRO in Kojamo's shares fell below 5 per cent on 26 October 2019. Following the transaction, Trade Union PRO's holding in Kojamo plc amounted to 12,319,698 shares, corresponding to 4.9848 per cent of Kojamo plc's shares and votes.

Stock exchange release 1 November 2019

Kojamo published a stock exchange release after the review period, on 1 November 2019, announcing that a change in the valuation technique used to assess the fair value of investment properties will improve Kojamo's result for 2019. On 6 June 2019, Kojamo announced it will shift from a transaction-based valuation technique to a yield-based valuation technique in the valuation of its investment properties in the financial statements of 31 December 2019. The preparations for shifting to the new valuation technique have now progressed to the point where Kojamo can estimate the impacts of the change on the fair value of the company's investment properties and result for 2019.

Kojamo estimates that the shift to the new valuation technique will increase the fair value of Kojamo's investment properties. The impact of the change will be recognised through profit or loss, and the change will improve Kojamo's result for the financial year 2019. If the fair value of Kojamo's investment properties were to be assessed using the new valuation technique at the end of September 2019, the fair value would be an estimated EUR 760–840 million higher than it is under the transaction-based valuation technique used currently.

The change will have no impact on Kojamo's total revenue, Funds From Operations (FFO), investments in new development and acquisitions of housing stock, for which Kojamo has issued guidance for 2019.



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

	Formula	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Total revenue, M€		95.7	89.7	280.3	267.7	358.8
Net rental income, M€	1	69.5	64.5	187.2	174.0	234.0
Net rental income margin, %	2	72.6	71.9	66.8	65.0	65.2
Profit before taxes, M€	3	66.6	59.1	191.4	199.5	277.3
EBITDA, M€	4	80.1	70.1	231.6	235.1	325.1
EBITDA margin, %	5	83.7	78.2	82.6	87.9	90.6
Adjusted EBITDA, M€	6	61.4	56.8	160.3	146.8	196.5
Adjusted EBITDA margin, %	7	64.2	63.3	57.2	54.8	54.8
Funds From Operations (FFO), M€	8	39.7	42.3	106.1	81.8	116.4
FFO margin, %	9	41.5	47.1	37.9	30.5	32.4
FFO per share, € ¹⁾	10	0.16	0.17	0.43	0.35	0.49
FFO excluding one-off items, M€	11	39.7	42.2	106.1	82.6	117.3
Adjusted Funds From Operations (AFFO), M€	12	29.6	35.7	84.5	66.4	92.7
Investment properties, M€				5,376.4	4,997.9	5,093.2
Financial occupancy rate, %	19			97.1	96.8	97.0
Interest-bearing liabilities, M€	13			2,640.7	2,537.7	2,485.5
Return on equity, % (ROE)	14			8.6	9.8	10.1
Return on investment, % (ROI)	15			6.3	6.9	7.2
Equity ratio, %	16			42.0	42.2	43.0
Loan to Value (LTV), % ²⁾	17			46.7	46.2	45.9
Earnings per share, € ¹⁾		0.22	0.19	0.62	0.67	0.93
Equity per share, € ¹⁾				9.72	9.32	9.54
Gross investments, M€	18	79.0	62.6	175.6	305.8	365.2
Number of personnel, end of period				293	304	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) 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), %	$= \frac{(\text{Profit before taxes} + \text{Interest and other financial expenses}) \text{ (annualised)}}{(\text{Total assets} - \text{Non-interest-bearing liabilities}), \text{ average of opening and closing balances}}$	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, %	$= \frac{\text{Total equity}}{\text{Balance sheet total} - \text{Advances received}}$	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), %	$= \frac{\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}}{\text{Investment properties}}$	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.	
Other performance measures		
19) Financial occupancy rate, %	$= \frac{\text{Rental income}}{\text{Potential rental income at full occupancy}}$	x 100

**Reconciliation of key indicators**

M€	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit for the period	53.2	47.6	153.1	158.8	221.8
Depreciation, amortisation and impairment losses	0.3	0.2	0.9	0.6	0.8
Profit/loss on sales of investment properties	-0.3	0.1	-0.2	-0.9	-1.0
Profit/loss on sales of trading properties			-0.1	0.0	-0.1
Profit/loss on sales of other non-current assets	0.0		0.0	0.0	0.0
Profit/loss on fair value of investment properties	-18.4	-13.4	-71.0	-87.5	-127.5
Financial income	-0.6	-1.0	-2.2	-2.9	-3.2
Financial expenses	13.9	11.8	41.5	37.9	50.3
Share of result from associated companies			0.0		-0.2
Current tax expense	9.2	2.8	17.2	30.6	34.1
Change in deferred taxes	4.2	8.6	21.1	10.1	21.4
Adjusted EBITDA	61.4	56.8	160.3	146.8	196.5
Financial income and expenses	-13.3	-10.8	-39.3	-35.0	-47.1
Profit/loss on fair value of financial assets	0.7	-0.8	2.3	0.6	1.2
Adjusted net interest charges	-12.6	-11.7	-37.0	-34.4	-46.0
Current tax expense	-9.2	-2.8	-17.2	-30.6	-34.1
FFO	39.7	42.3	106.1	81.8	116.4
One-off items		0.0		0.8	0.8
FFO excluding non-recurring costs	39.7	42.2	106.1	82.6	117.3
Total equity			2,401.8	2,303.8	2,358.1
Assets total			5,727.2	5,461.2	5,485.4
Advances received			-6.7	-5.4	-6.1
Equity ratio, %			42.0	42.2	43.0