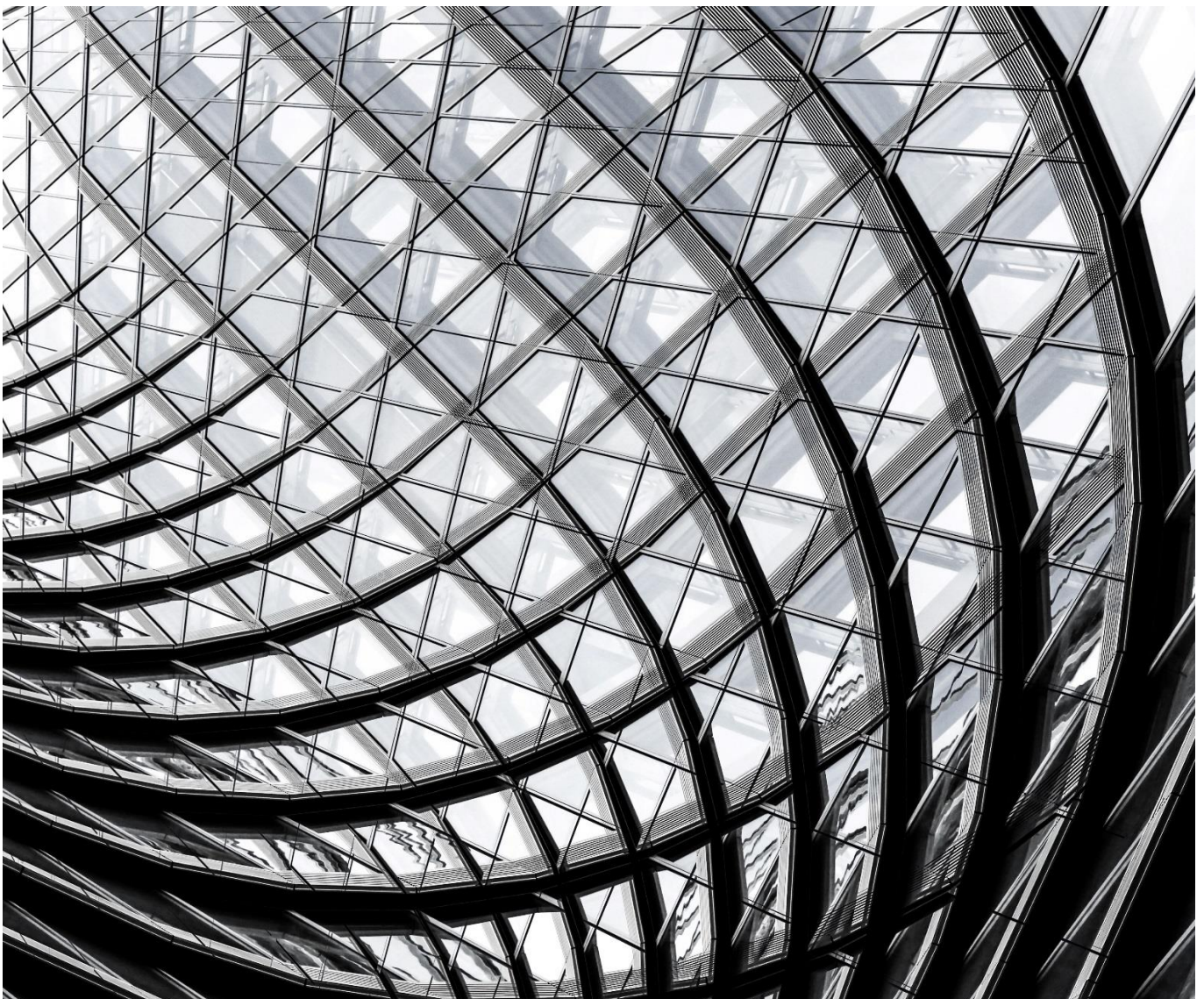


Valuation Advisory

Review of Internal Fair Valuation of the Investment Properties

Kojamo Oyj

31 December 2019



Scope of Instructions

In accordance with our instructions as the External Valuer of Kojamo Oyj (“Company”), we have carried out a review of Kojamo’s internal fair valuation of the apartment properties held within the Company’s investment property portfolio as at 31 December 2019.

Fair Value is defined by the International Accounting Standards Board (IASB) and IFRS 13 as:

“The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date.”

The International Valuation Standards Board (IVSB) considers that definitions of Fair Value are generally consistent with Market Value and we confirm that the Fair Value reported is effectively the same as our opinion of Market Value.

We understand that the valuation review is required for financial reporting and performance measurement purposes.

We confirm that our valuation review is compliant with IFRS accounting standards and IVSC and RICS valuation standards and guidance. We also confirm that we have prepared our valuation review as external valuers and that we have no involvement with the subscriber or the properties valued which is likely to cause a conflict of interest in our provision of this advice.

The Company carries out quarterly valuation of the Fair Values of the apartment properties internally. The Fair Values of the investment properties are based on

- income method in properties which are free of any restrictions and in properties which can be sold just as entire property to a limited group of buyers
- construction and acquisition cost committed in properties under construction and for unbuilt plots
- acquisition cost in properties newly acquired (after first quarter they are transferred to income method valuation)
- balance sheet values in Arava properties and in properties with 40-year interest subsidy
- acquisition cost in shares and ownerships in parking, management etc. companies related to investment properties.

The subjects of valuation review are the properties valued by using income method. It has been agreed with the Company that valuers of JLL will inspect the properties included in the valuation review externally once in every four years.

This report is addressed to and may be relied upon by the Company. It has no other purpose and should not be relied on by any other person or entity. No responsibility whatsoever is accepted on the part of any third party, other than those specified above and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with such third parties, without our prior written approval of the form and context in which it will appear.

Valuation Rationale

The valuation of investment properties is based on the model which has been developed in cooperation with the Company and the external valuation company and covers mainly the premises in residential use but includes also commercial units. According to the model

- income method is based on yields defined on city level and in larger cities by submarket level based on the assumption of long-term rental apartment use. The calculation method is 10-year cash flow in Excel-based M2 valuation model which is widely used in Finland among valuers and investors.
- age and condition of the properties affects yields with predefined formulas. Moreover, for row houses separate yield addition is adopted to reflect more limited liquidity.
- income is defined based on current income including retail units and recoverable payments (parking space income is not included due to separate valuation based on acquisition cost)
- market rents are based on estimated rental value for new lease agreement on the valuation date and assumption for rental growth is based on view of future development
- vacancy reduction assumption is defined on city level and adopted to all properties
- operating expenses are based on annual budget and reflect possible corrections based on actual costs on quarterly level. For maintenance repairs minimum and maximum capped reservations are applied based on long-term sustainable level.
- capital expenditure reservation is applied based on construction year or alternatively on last renovation year.

In income method the adopted yields are based on the opinions of external valuer and are reviewed quarterly.

We have not measured the properties but have relied on the leasable areas supplied to us by the Company. We have not read copies of the leases or other related documents, but have relied on the tenancy information provided by the Company, which reflects the latest available tenancy position.

We have also made an assumption that the information which the Company has supplied to us in respect of the properties is both full and correct. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge have been made available to us and that the information is up to date.

We have reviewed the adopted market rents, occupancy rate and operating costs and these can be assumed to be on market level considering the characteristics and locations of the Company's investment properties.

Summary

Based on the material provided by the Company we confirm that the Company's internal valuation process fulfils the commonly approved valuation requirements both methodologically and technically. Thus, the Company's internal valuation process of apartment properties is estimated to be compliant with IFRS accounting standards and IVSC and RICS valuation standards and guidance and provides appropriate and adequate information of property valuation principles and property values.

The subject of valuation review are the 634 properties valued by using income method and consist of properties which are free of any restrictions and properties which can be sold just as entire property to a limited group of buyers.

We confirm that the internal valuations carried out by the Company provide appropriate and adequate information of the Fair Values of Company's apartment properties and the total portfolio value of approximately 5,687.9 million euros is equal to the sum of values of individual properties.

In Helsinki 4 February 2020

Jones Lang LaSalle Finland Oy



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