

Creating better urban housing

Annual General Meeting 2020
Jani Nieminen, CEO

Kojamo plc



Kojamo – Largest residential real estate company in Finland

35,272

rental apartments
in 7 largest growth
centres

72%

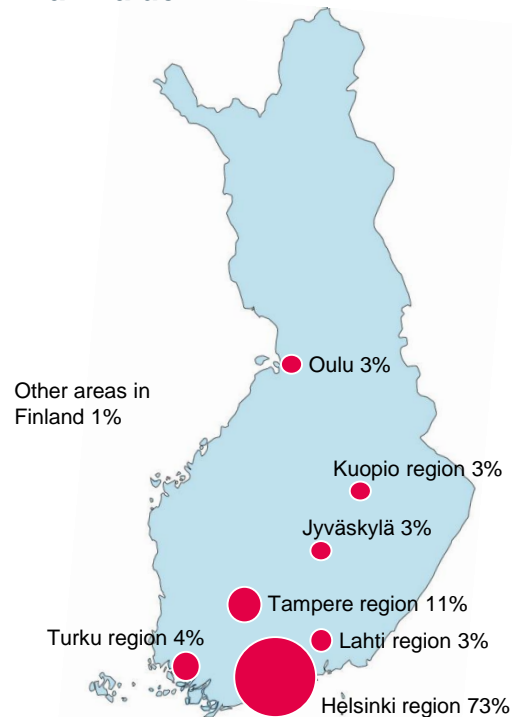
of portfolio studios
and one-bedroom
apartments

6.3

EUR Bn, fair value
of investment
properties

- Kojamo is a frontrunner in rental housing operating in seven Finnish growth centres and offering rental housing, marketed under the Lumo brand
- We create better urban housing and our vision is to be property market frontrunner and the number one choice for our customers

**Kojamo's portfolio
geographically according to
fair value**

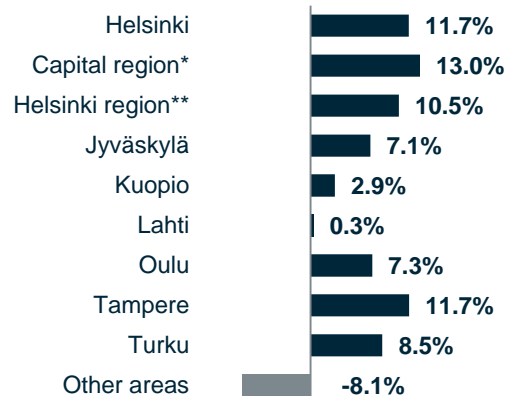




We respond to the opportunities megatrends create

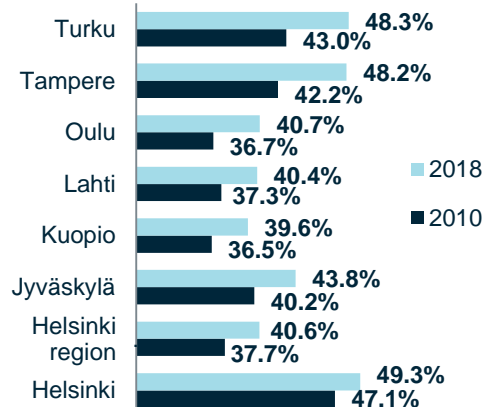
Urbanisation increases demand for rental apartments. The population growth focuses in Finnish growth centres.

Population growth forecast 2019–2030



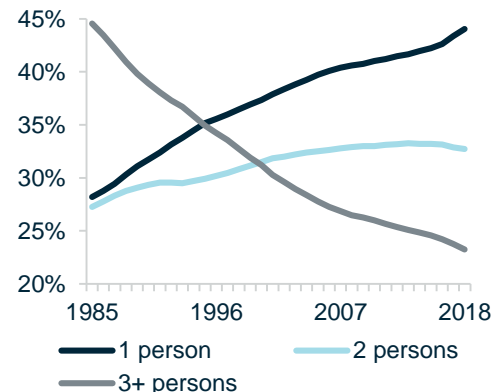
An increasing number of people choose rental housing of their own accord. Those who move to growth centres increasingly see rental housing as an easier, safer and more flexible choice

Development of rental household-dwelling units



The growing demand for services is also reflected in living preferences. Living-related needs can be increasingly satisfied by services instead of owning

Development of household sizes



A photograph of a modern apartment building facade. The building features a light-colored, textured exterior with numerous white, rectangular balconies or window boxes protruding from the facade. These balconies are arranged in a staggered, grid-like pattern. Each balcony has a large window with a white frame and a frosted glass panel. Some balconies have small, dark-framed windows above them. The overall aesthetic is clean and contemporary. A semi-transparent white horizontal band runs across the middle of the image, serving as a background for the text. In the top right corner, there is a large, dark blue curved graphic element. In the bottom left corner, there is a light blue curved graphic element.

Year 2019

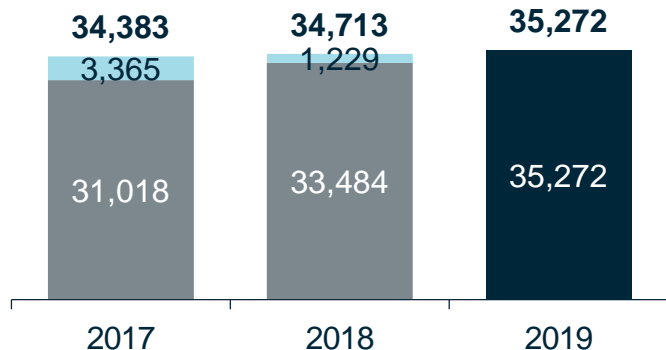


The apartment portfolio is growing

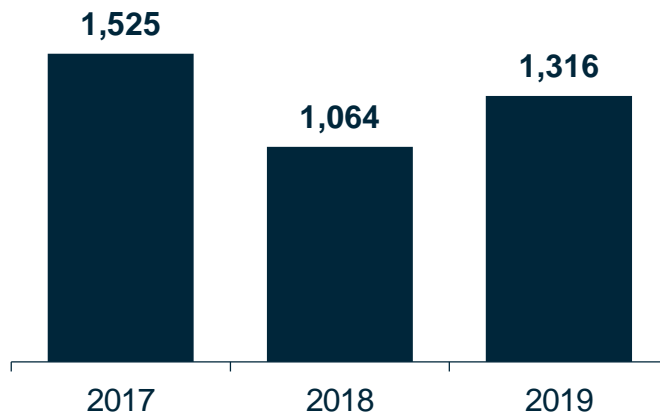
- During the financial year, 520 (1,908) apartments were sold, 260 (1,049) acquired and 816 (1,258) completed
- During the year, construction of 1,066 (797) apartments was started. Additionally, agreements on the construction of over 900 apartments in the next years were signed

Development of apartment portfolio, units

■ Lumo segment ■ VVO segment ■ Kojamo



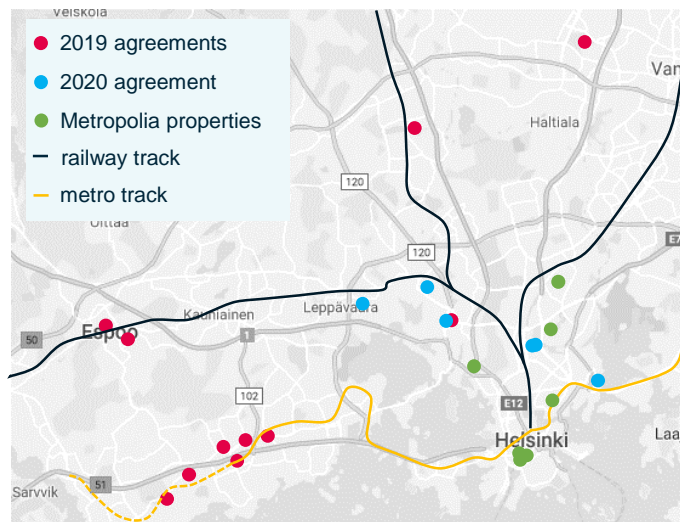
Apartments under construction, units





Strong growth continues in the future

Co-operation agreements and Metropolia properties on map



The apartments are located in the Helsinki region close to good transportation connections

Source of the map: Google Maps

Co-operation agreements

2019: SRV and Hausia to construct 905 apartments in total

- 42 apartments completed in 2019, 47 under construction

2020: SRV to construct 676 apartments in total

Estimate of completion of the apartments included in the contracts

2020 **47 units**

2022 **844 units**

2021 **557 units**

2023 **91 units**

Metropolia development project

Kojamo acquired 7 former educational buildings from the City of Helsinki in 2017 to be converted into residential use. Zoning process is currently ongoing and expected to be completed in 2020.



Lumo builds customer experience in a new way

Services of a new customer



Lumo
webstore



Personal open house

0-
250 €

Affordable security deposit



Move and installation service



Pets are welcome



Broadband included in rent



Interior paints for free

Key courier service

Services during tenancy



**My
Lumo**

posti
SmartPOST

LEANHEAT



Lumo janitors



Benefits from partners



Personal trainer



Car-sharing



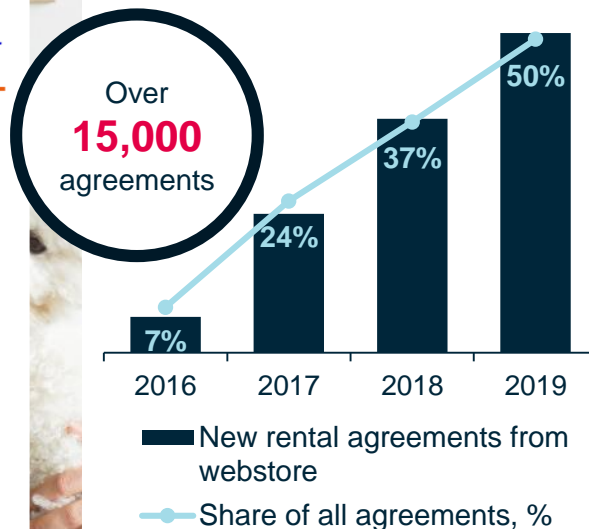
Customer service center



Versatile events for tenants

**Easy pick up service
Installation service**

New rental agreements from webstore



The share has been calculated based on the value of the rental agreement (initial rent)



Sustainability is visible in our every day life

Anti-grey economy models

exceed legislative requirements

90

EUR million tax footprint

0

data protection violations or deviations

4,951

years, indirect employment effect

Finland's most inspiring places to work

recognition for the third consecutive year

75%

Personnel satisfaction index on a high level (control group: 68%)

93.7

TR index on a high level

Members of

Climate Leadership Coalition that aims at carbon neutral operations that utilise natural resources in a sustainable way

All of

Kojamo's premises are WWF Green Office certified

Shared cars

in use of Lumo tenants

Hydro-power-certified

property electricity at all properties

1,503 completed,
1,136

under construction, nearly zero-energy apartments

29,000

apartments' indoor temperature controlled by IoT solution

-1.2%

specific water consumption (l/m³)

-1.4%

energy consumption index (kWh/m³)

-1.2%

total energy consumption in properties (kWh/m³)

-1.0%

waste (kg/apartment)



Key figures 2019

total revenue

375.3 M€

(EUR 358.8 million,
+4.6%)

net rental income

247.3 M€

(EUR 234.0 million,
+5.7%)

funds from operations
(FFO)

140.7 M€

(EUR 116.4 million,
+20.9%)

financial occupancy rate

97.2 %

(97.0%)

fair value of investment
properties

6.3 Bn€

(EUR 5.1 billion,
+22.9%)

gross investments

259.9 M€

(EUR 365.2 million,
-28.8%)

profit excluding
changes in value ¹⁾

158.8 M€

(EUR 149.8 million,
+6.0%)

profit before taxes

1,031.3 M€

(EUR 277.3 million,
+271.9%)

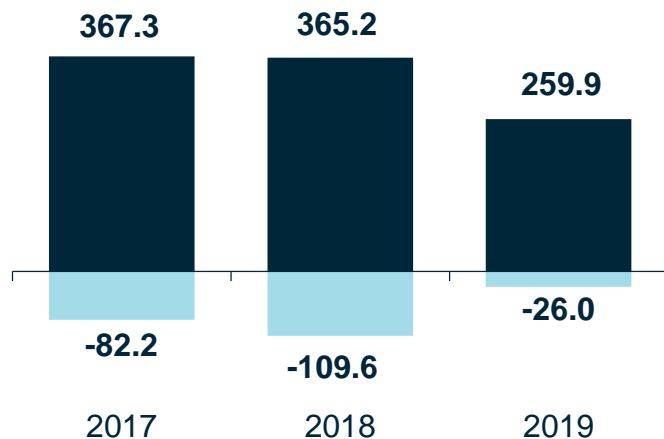
¹⁾ Changes in value = Profit/loss on fair value of investment properties



Investments proceeding according to strategy

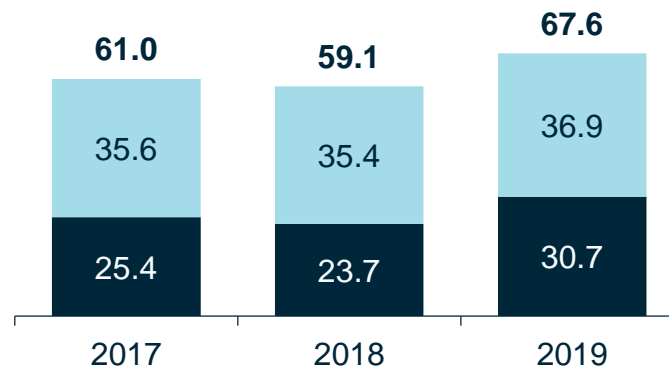
Gross investments and sales of investment properties, M€

- Sales of investment properties
- Gross investments



Modernisation investments and repairs, M€

- Modernisation investments
- Repairs





Change in the valuation technique of investment properties as at 31 December 2019

Change

Kojamo shifted from a transaction-based valuation technique to a yield-based valuation technique in the valuation of its investment properties. The change will not be applied retrospectively.

Rationale

The change in the valuation technique will make the company more comparable with its relevant international peer group

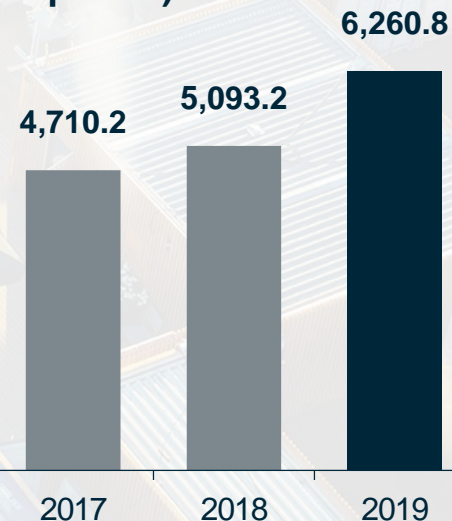
Description of the technique

The new valuation technique is based on 10-year discounted cash flow (DCF) calculations. The discount rate is the 10-year cash flow yield requirement plus inflation. The weighted yield requirements used are the following:

- Capital region **3.84%**
- Other regions of Finland **5.05%**
- Group total **4.25%**

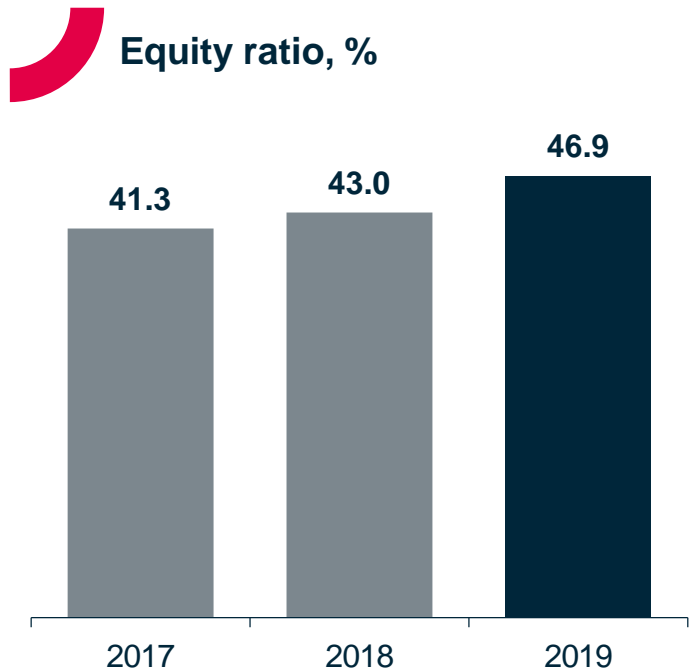
JLL has given a statement about Kojamo's valuation, and the fair value of the investment properties under the assessment corresponds this statements.

Fair value of investment properties, M€ (at the end of the review period)

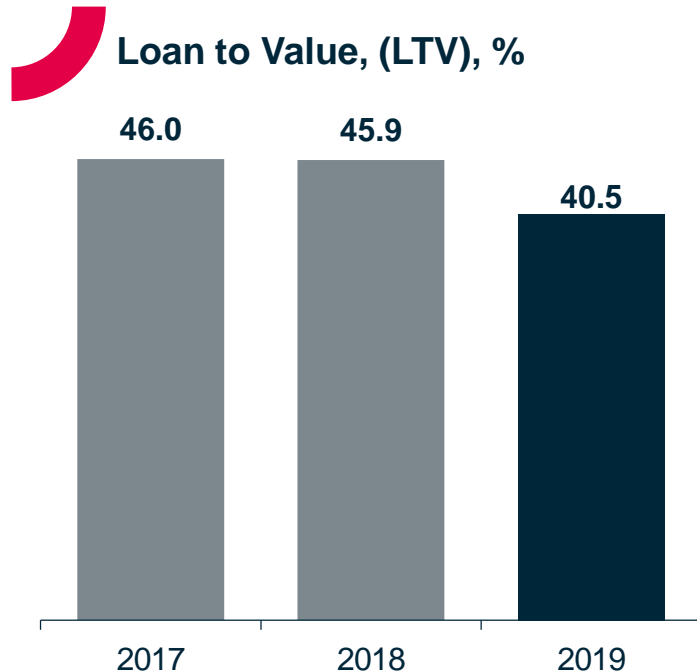




Equity ratio and Loan to Value (LTV) were significantly stronger



The share issue improved the equity ratio by 1.6 percentage points



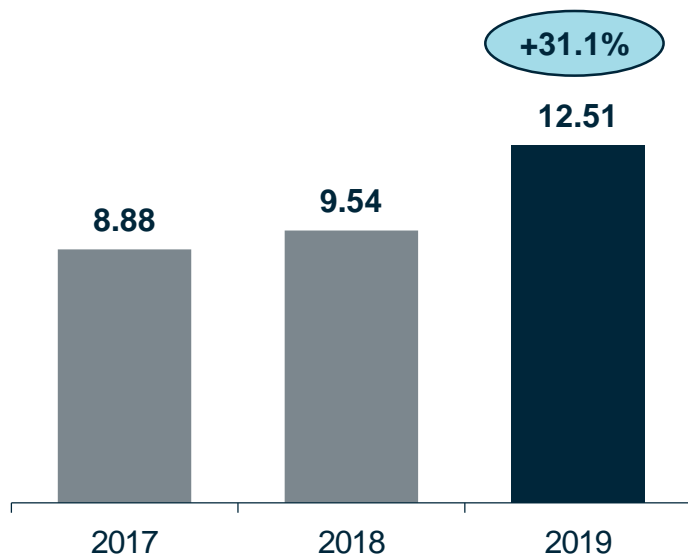
The transition to IFRS 16 had an effect of 0.6 percentage points on this key figure during the review period



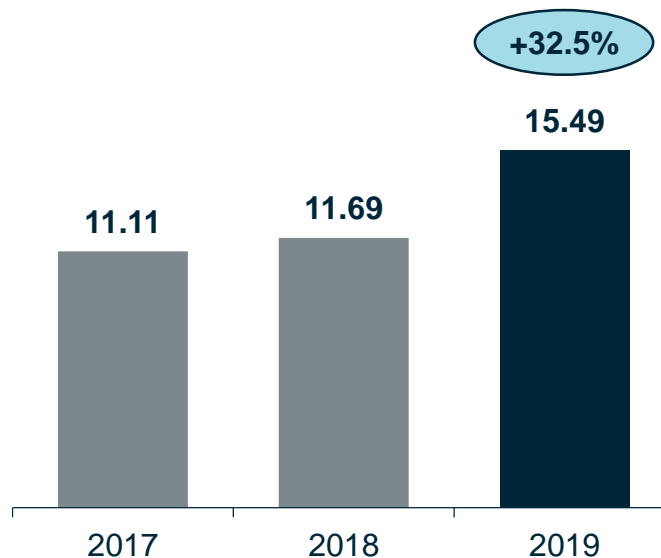


Key figures per share improved significantly

Equity per share, € ¹⁾



EPRA NAV per share, € ¹⁾



* As of 2014, the Group adopted IFRS for its financial reporting. 1) Key figures have been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. In the share split the shareholders received 30 new shares per each existing share



A bright, modern living room with light wood flooring, a light blue sofa, pink armchairs, and a colorful geometric rug. The room features a white kitchen island, a wooden coffee table, and a large window with sheer curtains. A dark blue curved graphic element is in the top right corner.

Updated strategy

Our strategy 2020–2023

Megatrends

Urbanisation & internationalisation



Ageing population & smaller family sizes



New technologies & digitalisation



Individuality & sense of community



Environment & sustainable development



Mission

We create better urban housing.

Vision

We are the property market frontrunner and the number one choice for our customers.

Strategic focal points

- Delivering the best customer experience
- Strong growth
- Operational excellence
- Responsibility and sustainable development
- The most competent personnel and a dynamic place to work
- Renewal through digital solutions

Values



Happy to serve



Strive for success



Courage to change



Strategic focal points 2020–2023

Delivering the best customer experience

We offer easy and effortless services for our customers and create added value through services

Strong growth

We seek profitable growth with multi-channel approach and optimised financing structure

Operational excellence

We create competitiveness and profitability through industry-leading operating models

Responsibility and sustainable development

Responsibility is a part of our DNA and plays important role in the work of everyone at Kojamo

The most competent personnel and a dynamic place to work

We are known for dynamic and effective corporate culture. We ensure our future competitiveness through competence development and employee experience

Renewal through digital solutions

We improve our business and create added value to our customers by taking advantage of solutions enabled by digitalisation



Strategic targets 2020–2023

Key figure	Previous target (12/2021)	Target 12/2023
Annual growth of total revenue, %	-	4–5%
Annual investments, M€	-	200–400 M€
FFO/total revenue, %	> 32	> 36
Loan to Value (LTV), %	< 50	< 50
Equity ratio, %	> 40	> 40
Net Promoter Score (NPS)	40	40

Additionally, previous targets included fair value of investment properties EUR 6 billion and number of apartments approximately 38,000 units. Previous targets were set until the end of 2021.

Outlook



Outlook for Kojamo in 2020

Kojamo estimates that in 2020, the Group's total revenue will increase by 2–6 per cent year-on-year. In addition, the company estimates that the Group's FFO for 2020 will amount to between EUR 142–156 million, excluding one-off items.

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.



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