

Annual Review 2008



40 years
of good
living



Welcome home!



WO is a versatile housing services provider in Finland. The Group develops new housing and offers rental and owner-occupied homes. WO has over 38,000 rental apartments in almost 50 towns. The Group has 12 Home Centres providing local customer service around Finland.

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Brisk demand for rental housing

Demand for VVO's rental homes was strong in 2008 and strengthened towards the end of the year. The result of the rental housing business met expectations, but the consolidated Group profit was lower than expected because housing development progressed negatively.

The repercussions of the global financial crisis reached the housing market in the second half of 2008. The sales and production of new owner-occupied housing has ground to a halt, and the demand for rental housing has increased. The key figures of VVO's rental housing business rank among the best in the sector. The utilisation rate is nearly 99% and tenant turnover fell by two percentage points to 21.6%. An average rent raise of 3.7% took effect at the beginning of March. At the end of the year the average rent per housing type varied from EUR 8.10 to EUR 11.15 / m² / month (EUR 7.61–10.73 in 2007). The expenses in the real estate sector increased in 2008 at a pace that was clearly above the general cost level increase. At the end of September, the annual rise of the property maintenance cost index was approximately 10%. VVO has kept the property management costs well in hand. The maintenance costs increased 3.1% during 2007. The interest rates were at their highest in autumn 2008 since Finland joined the Euro zone. The average interest expense in VVO's loan portfolio was 3.8 (3.8)%. In October the interest rates quickly turned around, cutting the interest expenses of market-based loans significantly in 2009. On the other hand, the interest rates of loans granted by the government continue to increase, and if the predicted development continues, no interest subsidy will actually be paid for interest subsidy loans.

Stagnating home sales delay investments and refurbishing projects

The demand for owner-occupied homes weakened rapidly after last spring. The sales of new homes came to a halt and have not picked up again. The Group housing development company has now more than 200 unsold finished homes, some of which were rented out. The unsold apartments and plot reserve have tied up the Group financial resources. At the same time the situation of corporate financing has been exceptional since autumn 2008, making it extremely difficult to get capital financing. VVO has responded to the situation by postponing new investments and launches of refurbishing projects. The company has stopped planning new house projects for owner occupation. The company will reassess the role of housing

development in its operations in spring 2009. The focus will be increasingly on VVO's core business of rental housing. In early February 2009, the Group started co-determination negotiations to cut staff.

Fairly good result for core operations

In 2008, the Group's turnover amounted to EUR 327.2 (356.7) million. Of this, rental housing accounted for 79.9 (70.9)%, housing development and construction for 19.4 (26.2)% and other activities for 0.7 (2.9)%. The decrease in turnover is due to the decrease in home sales, and the reduction of other operations is due to the termination of the energy sales company VVO-sähkö Oy. Net financing costs increased by 12.5%, amounting to EUR 58.7 (48.8) million. Profit before taxes was EUR 32.8 (42.5) million. This figure includes EUR 14.8 (5.8) million of sales revenue from the sale of rental properties. In these financial accounts, all interest paid for development and construction have been entered as expenses, totalling EUR 8.4 (2.8) million. As anticipated, the result of the rental housing business is fairly good. The overall result of the Group was significantly weaker than anticipated because housing development progressed negatively.

At the end of 2008, the Group had a total of 38,244 (37,788) rental homes with a combined book value of EUR 1.6 billion. The housing stock has been systematically developed year after year to maintain and improve quality by investing and divesting to better meet demand. In 2008, the Group spent EUR 42 (41) million on scheduled property maintenance. Investments in rental housing amounted to EUR 153.3 (123.4) million and sales of rental properties to EUR 21.6 (14.6) million.

The Group's balance sheet total on 31 December 2008 was EUR 2,149.6 (2,046.1) million. The Group took out EUR 70.7 (113.3) million in loans to fund investments and paid back EUR 48.8 (54.1) million. Return on equity was 8.0 (11.4)% and the equity ratio was 14.5 (13.1)%. The Group expects to achieve a profit in 2009 on a par with the 2008 result. The Board of Directors proposes to the Annual General Meeting that the Group should distribute a dividend of EUR 0.6 (1.10) per share, EUR 4.1 million in total.

Steady cash flow from rental housing

“Rental housing is a steady business and provides a cash flow that can be reliably predicted. The key figures of our rental housing operations are good, and so is our outlook,” says Chief Financial Officer **Raimo Vehkaluoto**.

In the past few years, the focus in housing development has been on owner-occupied homes. However, as the home sales market drastically deteriorated in 2008, the focus was shifted exclusively to rental housing.

“The disruption in the financial market creates challenging conditions for housing development. Even though there is demand for new rental homes, it has become increasingly difficult to arrange long-term funding.”

VVO Group has relatively good solvency. However, the property maintenance cost increase which has been above the general cost level increase has created pressure for rent increases.



“The key figures of our rental housing operations are good, and so is our outlook.”

Raimo Vehkaluoto, Chief Financial Officer

Shareholders of VVO Group plc, 31 December 2008

VVO Group plc has 68 shareholders, of whom the 10 largest are:

Shareholder	shares	% of shares
Ilmarinen Mutual Pension Insurance Company	1,203,960	17.53%
Varma Mutual Pension Insurance Company	779,550	11.35%
Finnish Metalworkers' Union	650,280	9.47%
JHL - Trade Union for the Public and Welfare Sectors	588,240	8.57%
Finnish Construction Trade Union	527,980	7.69%
Trade Union of Education in Finland	506,868	7.38%
Service Union United PAM	466,700	6.80%
Union of Salaried Employees TU	447,740	6.52%
Chemical Workers' Union	320,240	4.66%
Etera Mutual Pension Insurance Company	257,180	3.75%
Others	1,118,142	16.28%
Total	6,866,880	100.00%

Financial performance key figures

1,000 €	2008	2007	2006	2005	2004
Turnover	327,221	356,651	328,764	307,904	324,987
Operating profit	91,483	92,033	86,030	80,791	73,611
% of turnover	27.96	25.80	26.17	26.24	22.65
Earnings before appropriations and taxes	32,788	42,471	40,858	38,572	33,469
% of turnover	10.02	11.91	12.43	12.53	10.30
Balance sheet total, EUR million	2,150	2,046	1,902	1,831	1,715
Return on equity % (ROE)	8.01	11.36	11.04	10.92	11.72
Return on investments % (ROI)	5.02	5.49	5.33	5.20	5.10
Equity ratio, %	14.47	13.06	13.75	13.34	13.15
Earnings/share, EUR ¹⁾	3.34	4.94	4.61	4.25	4.19
Earnings/share, EUR ^{1) 2)}	0.60	1.10	4.05	1.00	0.95
Earnings/share, % ²⁾	17.95	22.29	87.80	23.50	22.67
Housing stock	38,224	37,788	37,739	38,101	37,472
Personnel at the end of the year	388	400	388	379	377

¹⁾ Key figures per share calculated according to amount of shares each year

²⁾ The Board of Directors proposes a dividend of 0.60€/share

40 years of good rental housing

VVO's key objective for 40 years has been to create opportunities for safe, long-term rental housing. It has grown to become Finland's leading rental housing company. In 2008, the core business of rental housing did reasonably well, even though housing development was unprofitable and therefore the Group result did not reach target levels.

The demand for rental housing remained very high in 2008 and the utilisation rate was nearly 100%. This indicates that we have developed successful processes with our focus on fast and professional home finding service by our Home Centres, among other things. Many customer service operations have been outsourced in the sector, but VVO wants to maintain contact with its customers – for example, our own staff will continue to manage the tenancy contracts and building administration.

In view of developing our operations, the new head office was an important step. The employees that were previously split between three addresses are now all under one roof.

The stagnation of privately financed home sales meant that VVO was not able to reach its profit target for 2008. The situation has caused us to reassess the volume and status of privately financed home production in the Group. The assessment will continue throughout 2009.

Cooperation with the authorities has been highly successful in 2008. For the first time in history Finland now has a separate ministry with a sole focus on housing and construction. This has proven to be a successful solution in terms of developing state housing policies. It is important that future housing policy decisions will support the construction of new apartments that meet the demand. Clear housing policy decisions are particularly important in growing urban areas where the need for rental housing

is most pressing.

Another future challenge for housing production is providing appropriate homes for ageing tenants. VVO is currently working with various cooperation partners to design and build

senior homes.

We will continue our efforts to provide new rental homes on a significant scale, as the demand for rental homes is likely to increase further.

I would like to extend my heartfelt thanks to our staff members, our customers and our cooperation partners for their successful work on behalf of good housing.

Olli Salakka, CEO



"We will continue our efforts
to provide new rental homes
on a significant scale."

Strategy

1. We exceed the customer's service expectations.
2. We strive to improve WO's image and general recognition of our company.
3. We ensure our profitability as we grow.
4. We improve our cost-efficiency.
5. We take care of the life-cycle economy and value enhancement of our housing stock.



Mission

We create safer
and better homes.

Values

- Reliability
- Customer satisfaction
- Profitability
- Innovativeness

Vision

We are Finland's
leading rental
housing company,
also rated
number one by
customers.

Strategy

- We keep our promises. Our operations are based on openness, honesty, fairness and equal treatment of individuals.
- Our operations are guided by customers' needs. Our key objectives are generating value for our customers and exceeding their expectations. We create opportunities for good quality living for people in different situations in life.
- We produce our services efficiently and profitably by appropriate practices, considering the needs and expectations of shareholders and other interest groups. We refurbish and maintain our properties in line with the principles of sustainable development, ensuring that their value increases in the long term.
- We dare to question practices that have been considered matter of course in the sector. This way we can find better, more efficient ways to provide services. Our success requires continuous development; this is a challenge and opportunity for our entire staff.

Becoming an increasingly modern service company

VVO aims to become Finland's leading and tenants' most favoured rental home company through systematic development of operations and improvement of services. Its mission is to provide safe and better living for tenants.

"VVO's basic strategy is to be a customer-focused service provider. We have not lowered our standards even though demand is high and we could fill our flats with less effort if we wanted to," says **Urpo Piilo**, Deputy CEO in charge of strategic development and business support services at VVO.

It requires continuous efforts to guarantee that customers are given as much attention as possible, through improving both operational models and service attitude. By developing its service processes, VVO strives to attain unified operational models, higher quality and cost efficiency.

"We strive to have a competent organisation that allows us consistently, irrespective of who is dealing with the matter, to provide equally excellent service on housing issues to customers at Home Centres around the country," Piilo sums up.

"The operating models are meant to assist us in whatever situations come up and in dealing with routine matters. Customer service situations also require a measure of creativity and a sense of personal responsibility."

In order to make its processes more efficient, VVO revised and simplified its organisation in autumn 2008 and brought all the core business support functions together under a single department.

Training provided to support the change

VVO has 40 years of history; during which time it has evolved from an owner of housing properties within government-subsidised housing schemes, into a customer-focused service company. In 2008, VVO shifted its strategic focus from generating growth to



"We strive to have a competent organisation that allows us consistently, irrespective of who is dealing with the matter, to provide equally excellent service on housing issues to customers at Home Centres around the country."

Urpo Piilo, Deputy CEO, Strategic development and business support services

improving profitability. While processes are developed to better serve customers, due attention is also given to their cost efficiency.

Costs are incurred every time old tenants move out and new ones move in, and therefore it is sensible for VVO to invest in trustworthy, long-term customer relationships. VVO responds to the challenge of improving customer service by continuous training and by recruiting new sales consultants to arrange viewings.

"All changes require training to back them up, so that each individual is properly motivated to adopt new practices," Piilo says.

In its efforts to fulfil its vision – to be the country's number one rental home company and the tenants' most valued choice – VVO develops its operations in line with the Finnish Quality Award criteria.

We are keen to
positively influence
common practices
in the housing
sector.



Safe living in various situations

VVO engages in active cooperation

with stakeholders to positively influence the image of rental housing and general practices in the housing branch. According to an extensive stakeholder survey conducted in 2008, more than 90% of respondents considered VVO a significant or very significant housing policy operator in Finland.

VVO provides a socially significant basic service by providing high-quality long-term rental homes for people in various situations.

Tenant participation plays a central role in VVO's social responsibility

Active interaction with tenants is essential to VVO's operating practice. Continuous direct interaction with tenants has ensured that the shape and content of tenant participation has always been flexibly revised to meet changing customer needs. A variety of activities are on offer at different levels, ranging from official tenants' meetings to leisure activities and parties. At a national level, all VVO tenants are represented by a Tenants' Committee which is heard in matters relating to the development of services at VVO, and which can also speak about housing policy issues in public forums. The VVO principles of Good Rental Practice have been laid out in cooperation with the Tenants' Committee. The focus is on a transparent rental policy and foreseeable lease development.



Combating climate change through energy efficiency

- The single most significant environmental impact arising from VVO's operations is the carbon dioxide emissions that result from the use of energy. To cut down emissions, the Group has engaged in a challenging energy efficiency improvement scheme as part of the voluntary energy savings agreement for the residential building sector (AESS).
- The intermediate energy savings targets set for 2008 were successfully achieved. Improvements will continue through house repairs and improved maintenance processes. Other life cycle, health and environmental properties of the houses will also be improved, following assessment with the PromisE ecological classification tool in 2008.
- In line with a decision made in 2008, VVO will gradually adopt the passive-energy and low-energy concepts in the construction of all new housing projects.
- Emissions will also be minimised by making smart energy source choices. VVO houses are heated primarily by means of efficient district heating, and electricity for the communal areas is generated without any CO₂ emissions.



Striving to ensure motivated, professional employees

VVO aims to maintain long-term employment contracts by offering challenging duties and good training opportunities. Employees also get rewards for good work, with everyone participating in an incentive scheme linked to the Balanced Scorecard.

Well-being at work is promoted through organised cooperation between employees, the Group and occupational health services. Coping at work is also promoted by occupational health services that exceed statutory minimum requirements, as well as flexible working hours and arrangements and financial assistance for physical exercise.

A personnel well-being survey is conducted every two years to chart specific needs, and an organisational survey also evaluates these issues once a year.

The results of the 2008 organisational survey were positive, in line with previous years' results. Team spirit and cooperation at work were given excellent ratings, alongside managerial performance and investments in work-related equipment and well-being. Staff members expressed a wish to have more open discussions and more challenging duties. The average duration of employment of 8.5 years at VVO also implies that people enjoy their work.

For key figures of social responsibility, see the Board of Directors' report and our website at www.vvo.fi/yhteiskuntavastuu.

Risk management enables the achievement of set goals

VVO strives to recognise and assess the major risks involved in its business operations and operating environment. Systematic risk management ensures that the business and strategic goals are attained. The aim is to make risk management an increasingly integral part of the VVO management and reporting system.

“The general economic uncertainty is reflected in VVO’s risk status. We have to consider in our daily operations how to focus our resources and what to invest in, but we also have to try and foresee all the events in our operating environment that may negatively influence our operations,” says Administrative Director **Timo Niemi**, describing the core task of risk management.

The most significant risks in rental homes and home sales relate to fluctuations in demand and to the availability and price of credit. Because of decreasing demand for owner-occupied homes, the company has stopped planning new completion-guaranteed owner-occupied homes, and unsold homes that were intended to be owner-occupied have been rented out. VVO has also investigated alternative financing and tenancy deals to speed up the sales of homes intended for owner-occupancy. The financial risk is managed by adjusting the rate and type of hedging of company loans to the current market situation, and by diversifying practices that guarantee solvency, for example by extending the credit and overdraft limit arrangements.

“The economic downturn will show in our results in the short term specifically in the owner-occupied home business, but it will also create opportunities in the long term, particularly in the rental homes business. Naturally this requires that the situation in the financial market returns back to normal,” Niemi concludes.



“The risks in rental housing and real estate sales are linked to fluctuations in demand.”

Timo Niemi, Corporate Risk Management,
Administrative Director



We aim to
increase our
supply of
rental homes
in growth
centres.

Tenants get value for their rent

The demand for rental apartments was unusually high in 2008, particularly in growth centres. Long-term customer relationships are formed when people find a home they like and feel that they are getting good value for their money.

“These days people have high requirements for rental homes. The quality of the apartment must correspond to customer expectations and needs as closely as possible so that our tenants feel they get value for their money,” **Eero Saastamoinen**, Business Director for Rental Housing sums up the challenge of his business area.

The goal of VVO’s rental housing business is to produce and maintain high-quality rental homes in desirable locations. Nearly 90% of the rental apartments are located in expanding towns.

“It is important that we have high utilisation rates and a profitable business. We therefore aim to increase our supply of rental homes in growth centres and withdraw from areas that seem to have little demand in the long term. As a national operator, we have a good instinct for what is going on in the housing market around the country. This position contributes to our success,” he outlines.



“As a national operator, we have a good instinct for what is going on in the housing market.”

Eero Saastamoinen, Business Director, Rental Housing

WVO has over

38,000 rental apartments in almost 50 towns in Finland. Rental homes constitute WVO's core business and make up some 80% of the Group's business operations. There are 12 WVO Home Centres around the country that take care of the rental and management of the apartments.



Supergran enjoys life

Anne-May Kontkanen, 71, moved to a VVO ground-floor block of flats (“row house”) in Vartiokylä, Helsinki 11 years ago as one of the first tenants in the house. The tenants started engaging in communal activities right from the start, which has earned them the first prize in a city competition for the prettiest communal garden. They have also organised tenants’ parties to which Anne-May always offers to bake some cakes and buns.

Anne-May Kontkanen has a weekly schedule that would make many younger people out of breath. After her morning coffee she plays a game of patience, and then she is ready to go: A brisk five-kilometre walk, visiting elderly friends to give them a hand in household work, picking up the grandchildren and a couple of other kids from school, organising ‘Martha meetings’ where women

gather to enjoy handicrafts and cooking, amateur dramatics, pensioners’ club and, of course, tea dances.

“I suppose I’m a restless soul and like to have something going on all the time. Why should I stay still?” she laughs – she even knits socks while watching television.

Gardening and smooth living

Anne-May is originally from Porvoo, a city located east of Helsinki, and for several decades lived in Puotila, another suburb of Helsinki. She was initially hesitant about the move to Vartiokylä.

“I had always lived in a block of flats above ground level, and was a little apprehensive about living on the ground floor. I soon got over that and have now enjoyed my own little garden for 11 years. I have planted fruit trees, berry bushes and swamp blueberries, and more than a hundred flower bulbs last autumn,” she says proudly.

She is happy with her small but functional flat, and says that things always run as agreed with VVO.

“Sometimes they take better care of us than I would expect. They offered me a new oven and I was at first reluctant to accept it. Actually it’s proven itself very useful,” she says.

Strength in community

Anne-May says that the communal spirit started to build right from the first tenants’ meeting, and people still enjoy doing things together. For instance, the tenants take care of some of the communal area and maintenance tasks themselves.

“Even though some tenants have moved on, we still have a strong sense of community. The tenants are committed and have a sense of responsibility for communal issues. When we have worked together or when we get together for a celebration, I’m the one who cooks us a meal and bakes buns.”

"It is in our best interest to invest in the happiness of our tenants. We must be sensitive to what our customers' wishes are, and guarantee high quality services."

Customer service in own hands

In accordance with its strategy, VVO strives to operate as close to its customers as possible. The renting and management of apartments is conducted by local Home Centres, and the best partners have been selected for outsourced services such as cleaning and maintenance.

"It is in our best interest to invest in the happiness of our tenants. We must be sensitive to what our customers' wishes are, and guarantee high quality services. We therefore strive to reduce the number of cooperation partners where possible and develop services together with those that we have found to be the most adept at meeting our quality criteria."

In future, an increasing share of customer service will be carried out by staff directly employed by VVO, when the company sales representatives also start arranging the apartment checks and presentations of rental homes.

The utilisation rate of VVO rental homes was nearly 99%, in other words nearly all apartments were fully occupied. Last year the tenant turnover rate decreased further, with only one apartment in five getting new tenants.

"This is a clear indication of high customer satisfaction. High utilisation rates and low turnover rates are sure signs of happy customers."

VVO conducts annual surveys to investigate the satisfaction of tenants with their living conditions. The surveys show that tenants are particularly satisfied with VVO's professionalism, expertise and communicative abilities in matters related to housing.

"Our tenants are particularly satisfied when it comes to dealing with issues relating to their rental payments," Saastamoinen comments on the findings.



Sense of security from friendly neighbours

Merja Lehtinen moved into the newly built VVO block of flats in Hämeentie as the first tenant ten years ago, bringing her old cat along. Now she is enjoying a new laminated wood flooring, provided to mark her decade of tenancy.

The rental house in Helsinki celebrated its tenth anniversary last summer, with about ten of the original families still living there in addition to Merja.

"Many tenants have stayed put in this house. There are both single tenants and families with children and we all get along well," says **Merja Lehtinen**.

"We all know each other pretty well, or at least the faces are familiar. This creates a sense of security."

Communal events and parties offer an occasion to get to know the

neighbours. House events in the year up to the tenth anniversary included a New Year's party, Halloween party, barbeque and a communal area tidying session. They even arranged mock Olympic games for the kids on the block.


Activities create well-being

Merja herself is the chair of the housing committee and considers taking care of communal issues important.

"We have an interest in how the house is managed, and we want to be active. We are in touch with the administrator on a weekly basis and, for instance, have cooperated with the local police. Most of the adults here show an active interest in the safety of the children, even if they don't have kids of their own. In the communal playground there are always adults supervising the children," Merja says.

The communal areas within the house – a clubroom, laundry room and saunas – are in active use, and any renovation or maintenance needs are reported to the administrator. Merja feels that the housing company is approachable when it comes to renovation needs, especially since the tenants are aware of things and know the procedure. VVO offers tenants 'gift' renovations after they have lived in their flat for a set number of years. There is a point system for renovation needs, and tenants accumulate points depending on the flat size and the duration of tenancy.

"When I had lived here for ten years, I had new laminated wood flooring laid in the shade I selected. I had the choice of three alternatives, other options being a glazing for my balcony and a shower cabinet for my bathroom."

A photograph of a bathroom sink with a chrome faucet, a yellow rubber duck, and a green and blue towel. The faucet is on the left, with water flowing from it. A yellow rubber duck is on the right side of the sink. A green and blue towel is draped over the edge of the sink. The background is a white tiled wall.

Our services
are based on
customers'
needs.

Apartments tailored to meet customer needs



“VVO has the advantage that it can start renting apartments that were initially planned to be owner-occupied.”

Arto Hiltunen, Business Director, Housing Development

The modern apartment building process starts with investigating what residents want from their new homes. VVO's strength in the contracting housing market is the fact that it can start renting apartments that were initially planned to serve as owner-occupied homes.

“VVO's number one objective is to offer reasonably priced, long-term homes in growing urban locations,” says **Arto Hiltunen**, head of housing development at VVO.

The acquisition of plots and land areas as well as the development and zoning of new locations play key roles in VVO's housing development and construction business. The first half of 2008 was good for home sales, but the second half was heavily affected by the economic recession and home sales almost ground to a complete halt. VVO, however, has the advantage in this challenging market situation that it can start renting apartments that were initially planned to be owned by their occupants.

“The outlook for next year has steadily weakened. But at times when homes are not selling, we can develop reasonably priced rental housing. The demand for rental homes is expected to continue rising,” Hiltunen sums up the situation.

VVO has adopted the ISO 9001:2000 quality system for housing development to ensure that its operations comply with the set criteria.

VVO develops rental homes that remain in its own ownership. The total number of new apartments built each year is around 1,000.

“We have applied the quality system for more than a year and it has allowed us to improve our operations and efficiency and to audit our own operations. It has been an important tool in our efforts to comply with the ideology of continuous improvement.”

New construction concepts present challenges

What do consumers in VVO’s target segment expect from a home?

“We mainly focus on providing blocks of small flats, especially studios and one-bedroom homes. The halt in home sales at the end of 2008 also meant that there was little demand for large family homes – whereas studios and one- and two-bedroom flats were popular,” says Hiltunen.

The wishes of most buyers and tenants are identical: location, space, good floor plan and the option to influence the choice of materials. Nobody wants to pay for unpractical space.

“Adaptability is the current trend, and customers want to tailor their own homes and influence the solutions. It is best to engage the buyers in the process as early as possible. Construction is increasingly moving in a direction where we first find the buyers, and then investigate their needs before making decisions about what we build and where,” says Hiltunen.

VVO believes that it will master future building challenges by means of cost-efficient production methods. The company is carrying out a systematic land acquisition programme and complies with the principles of sustainable development. Good knowledge of the customers and partners continues to be invaluable.

Due to the economic recession and falling demand, the Group has launched plans to revise the housing development organisation.

“New construction concepts and a more transparent segmentation for different target groups will be increasingly in focus. Future challenges for developers include solutions for more affordable rental housing construction as well as senior and assisted living arrangements,” Hiltunen predicts.



High-quality rental housing creates positive municipal image

The municipality of Pirkkala in southern Finland was determined to sell its council houses to a reliable domestic partner in 2008. The deal was closed in the spring, and it resulted in 268 council homes being transferred to VVO.

"The municipal authorities had considered the sale several years ago, and recently we took a closer look at the issue," says municipal Finance Director

Anssi Koski

Money was not the only issue of interest when planning the sale. The municipality wanted to make sure the tenants would have their contracts continued, and they also wanted to make sure that the rental amounts

would increase in a moderate fashion.


"The population of the municipality grows by 300–400 people a year, which makes us proportionally the second fastest growing municipality in Finland! One of the growth challenges is offering adequate housing for newcomers. The sale of the council houses helps us to secure improved basic services and new investments for the growing number of residents."

Refurbishment to make homes competitive

The desire to keep the rental homes in good condition and competitive was also an important factor when making the sales decision.

"We recognised that the condition of the houses we sold was not up to modern requirements. It made sense therefore to sell them to an operator that would carry out renovation and refurbishment professionally and maintain the houses long term. Houses must be in good condition to attract good, committed tenants," Koski acknowledges.

The change of ownership from the council to VVO went smoothly from the tenants' point of view. Before the sale was finalised, tenants were invited to an informational meeting, and transparent communication has also continued since then. As the new, active owner, VVO has also created a framework for increased tenant participation.



WO strives
to be the tenants'
most valued
rental housing
company.

Administration



*Top: Erkki Kangasniemi, Ann Selin, Tomi Aimonen and Risto Murto.
Bottom: Markku Koskinen, Riku Aalto, Juha Majalahti and Antti Rinne.*



Board of Directors

Riku Aalto

born 1965, M.Sc. (Admin.)
Chairman of the Board
President, Finnish Metalworkers' Union

Tomi Aimonen

born 1973, M.Sc. (Tech.)
Real Estate Director, Ilmarinen Mutual Pension
Insurance Company

Erkki Kangasniemi

born 1945, M.Sc. (PE teacher)
President, Trade Union of Education

Markku Koskinen

born 1953, Qualification in Business
Administration,
studies in administrative science
Financial Manager,
Finnish Construction Trade Union

Juha Majalahti

born 1961, Qualification in Social Services
Financial Manager, Trade Union for the Public
and Welfare Sectors

Risto Murto

born 1963, D. Sc. (Econ.)
Chief Investment Officer, Varma Mutual
Pension Insurance Company

Antti Rinne

born 1962, Master of Laws
President, Union of Salaried Employees TU

Ann Selin

born 1960, Trade Union Officer Qualification
President, Service Union United PAM

Management Team 31.12.2008

Olli Salakka

CEO
born 1952
M.Sc. (Tech.)

Arto Hiltunen

born 1956
M.Sc. (Tech.), MBA
Business Director, Housing Development
(held the post until 30 January 2009)

Eero Saastamoinen

born 1950
M.Soc.Sc.
Business Director, Rental Housing

Urpo Piilo

born 1948
M.Sc. (Tech.)
Deputy CEO, Strategic Development and
Business Support

Timo Niemi

born 1966
Master of Laws
Administrative Director

Raimo Vehkaluoto

born 1952
M.Sc. (Econ.)
Chief Financial Officer

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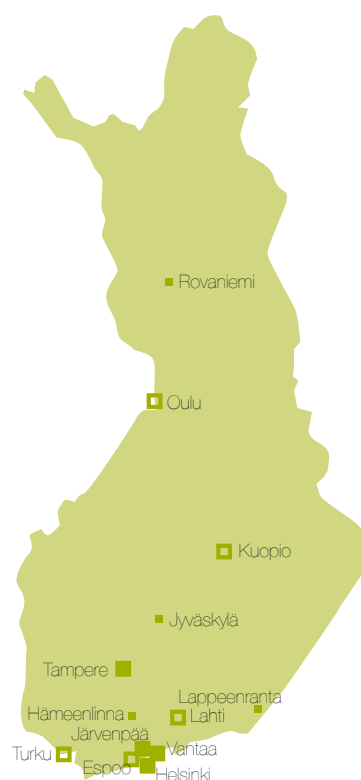
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