



**Kojamo plc's
Interim Report
1 January–31 March 2018**





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The quarterly figures of this interim report have not been audited. The figures for 2017 are based on Kojamo plc's audited financial statements for 2017. The bracketed figures refer to the corresponding period in 2017, and the comparison period is the corresponding period the year before, unless otherwise stated.

SUMMARY OF JANUARY–MARCH 2018 (comparison period 1 January–31 March 2017)

- Total revenue totalled EUR 88.2 (83.6) million. Total revenue is generated entirely by rental income. The increase in total revenue was mainly due to the completion of rental apartments in 2017 and early 2018, as well as the acquisition of rental apartments in early 2018.
- Net rental income was EUR 55.5 (52.6) million, representing 62.9 (62.9) per cent of total revenue. The increase in net rental income was mainly due to the completion of rental apartments in 2017 and early 2018, as well as the acquisition of rental apartments in early 2018.
- Profit before taxes amounted to EUR 56.3 (58.3) million. The profit includes EUR 20.7 (23.5) million in net valuation gain on the fair value assessment of investment properties, as well as EUR 0.6 (0.7) million in gains and losses on sales of investment properties. The change in the value of investment properties included in the profit is EUR 2.8 million lower than in the comparison period. Financial income and expenses were EUR 2.2 million higher than in the comparison period due to the significant increase in the amount of interest-bearing liabilities.
- Equity per share was EUR 275.61 (251.71), and return on equity was 8.8 (10.1) per cent. Return on investment was 6.0 (7.0) per cent.
- Gross investments during the period totalled EUR 203.7 (65.0) million. Gross investments were 230.9 (77.8) per cent of total revenue. The increase in gross investments was the result of a major purchase of rental apartments during the period.
- EPRA NAV per share (net asset value) was EUR 344.42 (318.85).
- The financial occupancy rate remained high, standing at 96.3 (96.8) per cent during the period under review.
- The fair value of investment properties was EUR 4.9 (4.3) billion, including EUR 96.4 (3.9) million of investment property held for sale.
- At the end of the review period, there were 1,251 (1,747) Lumo apartments under construction.
- Kojamo owned 35,697 (33,843) rental apartments at the end of the period. Since March 2017, 981 apartments have been acquired, 1,291 have been completed, 345 have been sold and 73 have been demolished or altered.
- Kojamo will change its dividend policy and the disclosure of the company's outlook. In future, the company will provide the outlook for total revenue (previously net rental income), funds from operations (FFO) (previously operative result) and gross investments.



KEY FIGURES

	1-3/2018	1-3/2017	2017
Total revenue, M€	88.2	83.6	337.0
Net rental income, M€	55.5	52.6	216.0
Funds From Operations (FFO), M€ *)	29.2	21.0	107.8
Earnings per share, €	6.03	6.33	28.77
EPRA Earnings, M€	29.1	29.3	117.0
EPRA NAV per Share, €	344.42	318.85	344.31
Investment properties, M€ ¹⁾	4,930.8	4,318.3	4,710.2

*) 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) Includes non-current assets held for sale

CEO'S REVIEW

Lumo business is increasing Kojamo's value and total revenue

In the first quarter of the year, we have grown our Lumo business in Finnish growth centres with both newly constructed properties and purchases of existing apartments. During the review period, we also agreed on a strategic divestment that was carried out at the end of April.

Our strategy is to provide the best customer experience and to grow the value and number of our investment properties in Finnish growth centres. The financial occupancy rate was at a good level, however the increased number of new apartments completed in the market has temporarily increased the supply of rental apartments and created a balance between supply and demand. We estimate that urbanisation will create long-term demand for new rental apartments in Finnish growth centres and in the Helsinki region in particular. Brisk construction is needed to create a balance between rental housing supply and demand in Finnish growth centres in the long run.

Home seekers are increasingly interested in Lumo homes, and the number of customers in our web store rose to an all-time high during the review period. I am happy to say that in early April, we exceeded the threshold of 5,000 tenancy agreements signed via the web store.

In the first quarter, we continued to actively develop our property portfolio. We aim to increase both the value of our investment properties and the attractiveness of our rental housing among customers who value better urban living. In early March, we completed the acquisition of 981 apartments from OP Financial Group's funds. At the end of the month, we signed an agreement for the sale of 1,594 apartments to real estate fund managed by the Morgan Stanley Real Estate Investing. The transaction was completed at the end of April.

Urbanisation and the growing number of small households are key factors that are driving the demand for rental housing. Positive economic development and high consumer confidence support our aim of turning rental housing into services and create demand for better urban housing. We are investing in growth in the seven largest urban regions in Finland and in the customer experience in Lumo homes. A total of 483 new Lumo rental apartments were completed in the first quarter, especially in the Helsinki Metropolitan Area.



Over the last five years, we have invested EUR 1.7 billion in the Lumo segment in Finnish growth centres. Our financing structure is strong, enabling the development of the property portfolio in line with our strategy. On 7 March 2018, we issued an unsecured EUR 500 million bond that was listed on the Irish Stock Exchange to diversify our financing structure.

The examination into the possibility of listing the company on the stock exchange, launched by Kojamo's Board of Directors, is progressing well. As part of the process, the company is also holding preliminary meetings with potential new investors.

We will continue to develop innovative services that make daily lives easier, while also making significant investments in the Lumo segment and boldly renewing urban housing.

Jani Nieminen
CEO

OPERATING ENVIRONMENT

General operating environment

According to a forecast by the Finnish Ministry of Finance, global economic growth is set to continue on a wide front. The Ministry of Finance says that strong growth in the euro area is continuing, confidence is high and investments are now almost at the same level as before the financial crisis.

According to the Bank of Finland, the key European Central Bank interest rates have been exceptionally low for a long time. The moderate rise in long-term rates continued in the first quarter of 2018, driven by the strong outlook for growth.

Finland's economic growth has been improving for a couple of years now. The Ministry of Finance forecasts that the Finnish GDP will grow by 2.6 per cent in 2018 and 2.2 per cent in 2019. The Ministry of Finance expects that the rapid recovery of the economy and continued strong economic growth will increase demand for labour. Economic growth will be supported by both foreign trade and domestic demand. Growth in household demand will slow as accelerating inflation reduces real disposable income.

Industry operating environment

According to the Confederation of Finnish Construction Industries RT (CFCI), the number of building permits granted for apartments has ceased to grow during recent months in the largest cities. Permit numbers were only on the rise in Turku and Oulu, as well as in medium-sized cities. CFCI estimates that the construction of 23,400 privately financed apartments will begin in 2018 and that this figure will decrease to 18,700 the following year. Based on the demand created by urbanisation, CFCI expects the number of rental apartments constructed for investors to grow in 2018. CFCI projects that construction costs will increase by 2.5 per cent in 2018.

According to a forecast by Pellervo Economic Research (PTT), apartment prices have diverged considerably not only between regions but also between different-sized apartments. Demand is still strongest for small apartments. In growth centres, the prices of small apartment are rising much more rapidly than those of other apartments. This has increased their demand in the rental housing market. According to Statistics Finland, apartment prices rose in January and February compared



to the year before. The growth was 2.9 per cent in the Helsinki Metropolitan Area and 0.9 per cent in the whole of Finland on average. The increase in the Helsinki Metropolitan Area is attributable to the high demand for apartments and the low supply of plots.

According to preliminary data, the rents of privately financed apartments rose by 1.8 per cent in 2017. Compared to the year before, increase in rents slowed. PTT forecasts that the rents of new and existing privately financed apartments will rise by 2.1 per cent in 2018.

THE GROUP'S STRATEGIC KEY FIGURES

	Actual 31 Mar 2018	Target 2021
Fair value of investment properties	EUR 4.9 billion	EUR 6.0 billion
Number of apartments	35,697	about 38,000
Equity ratio, %	37.5	> 40
Loan to Value, %	49.2	< 50
FFO as percentage of total revenue	33.1	> 32
Net promoter score	33	40

The Board of Directors has decided to change Kojamo's dividend policy. 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.

OUTLOOK FOR KOJAMO IN 2018

Kojamo will change the disclosure of the company's outlook. In future, the company will provide the outlook for total revenue (previously net rental income), funds from operations (FFO) (previously operative result) and gross investments. The main difference between FFO and operative result concerns the treatment of the taxes to be paid. The reconciliation to operative result is presented in the key figures section. The company's assessment is that this new method will clarify the disclosure of the company's outlook.

Kojamo estimates that in 2018, the Group's total revenue will grow by 3 to 9 per cent year-on-year. In addition, the company estimates that the Group's FFO for 2018 will amount to between EUR 103 and EUR 116 million, excluding one-off items. Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million.

The outlook takes into account the effects of the housing divestments and acquisitions completed in 2018, 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.



BUSINESS OPERATIONS

Kojamo's aim is to be the frontrunner in rental housing and real estate investment and offer rental apartments and housing services in Finnish growth centres.

We are investing heavily in the best customer experience, digital services and our corporate culture. Our objective is to be a strongly performing housing investment company known for its excellent customer experience. Our vision is to be the property market frontrunner and the number one choice for our customers. As stated in our mission, we create better urban housing.

At the end of the review period, the fair value of investment properties was EUR 4.9 (4.3) billion, including EUR 96.4 (3.9) million of investment property held for sale. Investment property includes completed apartments, as well as development projects and land areas. At the period end, Kojamo Group owned 35,697 (33,843) rental apartments.

Kojamo makes it easier for people to migrate in pursuit of employment in urbanising Finland. The Group operates in the seven main urban regions of Finland, focusing on the demand for rental apartments especially in the Helsinki region. Kojamo's share of the country's entire rental housing market is about four per cent.

SEGMENT REPORTING

Kojamo Group's business operations are divided into two segments: Lumo and VVO.

The Lumo segment comprises the Group's parent company Kojamo plc and Lumo Kodit Oy, Lumo Vuokratalot Oy and Kojamo Palvelut Oy, as well as other group companies in whose apartments the restrictions on the determination of rent, related to the ARAVA and interest subsidy legislation, will end by the close of 2019. Some of the housing included in the Lumo segment is subject to property-specific restrictions in accordance with the ARAVA Act.

The group companies in whose apartments the restrictions on the determination of rent, related to the ARAVA and interest subsidy legislation, will end after 2019 belong to the VVO segment. The companies of the VVO segment are subject to the profit distribution restriction and they can pay their owner a four per cent return on own funds invested in them that have been confirmed by the Housing Finance and Development Centre of Finland (ARA). The loans of VVOhousing 7 Oy, VVOhousing 10 Oy, VVOhousing 11 Oy and VVOhousing 12 Oy were repaid over the course of 2017, and the companies were transferred to the Lumo segment on 1 January 2018.

The return payable from the annual profits of companies subject to profit distribution restrictions totals approximately EUR 0.2 million.

Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

TOTAL REVENUE

Kojamo Group's total revenue during the period 1 January–31 March 2018 amounted to EUR 88.2 (83.6) million.

The Lumo segment recorded a total revenue of EUR 85.5 (76.2) million, and the VVO segment EUR 2.8 (7.5) million. Total revenue is generated entirely by rental income.



RESULT AND PROFITABILITY

The Group's net rental income totalled EUR 55.5 (52.6) million, representing 62.9 (62.9) per cent of total revenue. The Lumo segment recorded a net rental income of EUR 53.9 (48.4) million, and the VVO segment EUR 1.6 (4.4) million.

The Group's profit before taxes was EUR 56.3 (58.3) million. The profit includes EUR 20.7 (23.5) million in net valuation gain on the fair value assessment of investment properties, as well as EUR 0.6 (0.7) million in gains and losses on sale of investment properties. The change in the value of investment properties included in the profit is EUR 2.8 million lower than in the comparison period. Financial income and expenses were EUR 2.2 million higher than in the comparison period due to the significant increase in the amount of interest-bearing liabilities.

Financial income and expenses totalled EUR -11.5 (-9.3) million. Financial income and expenses include EUR -0.6 (0.8) million unrealised changes in the fair value of derivatives.

BALANCE SHEET, CASH FLOW AND FINANCING

At the end of the review period, the Group's balance sheet total was EUR 5,449.4 (4,593.4) million. Equity totalled EUR 2,040.2 (1,863.3) million. The equity ratio was 37.5 (40.6) per cent. At the period end, the company had an exceptionally large amount of cash and cash equivalents due to financing arrangements, which reduced the Group's equity ratio by about 2 percentage points. Equity per share was EUR 275.61 (251.71). The equity ratio of the Lumo segment was 37.5 (41.1) per cent. The Group's return on equity was 8.8 (10.1) per cent and return on investment 6.0 (7.0) per cent.

At the period end, the Group's cash and cash equivalents totalled EUR 354.4 (142.3) million. The Group maintained excellent liquidity throughout the period. EUR 132.0 (87.9) 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 period end.

At the end of the review period, loans and borrowings stood at EUR 2,734.7 (2,087.6) million, of which EUR 2,551.3 (1,697.4) million were market-based loans. At the period end, the Group's Loan to Value was 49.2 (45.1) per cent.

The average interest rate of the loan portfolio was 1.8 (2.1) per cent, including interest rate derivatives. The average maturity of loans and borrowings at the period end was 5.8 (5.8) years.

Kojamo plc issued an unsecured EUR 500 million bond on 7 March 2018. The bond is listed on the official list of the Irish Stock Exchange. The unsecured euro-denominated bond has a maturity of seven years and will mature on 7 March 2025. The bond carries a fixed annual coupon of 1.625 per cent.

The company's objective is to increase the share of bond financing and continue shifting to unsecured financing. Of the EUR 500 million bond issued by Kojamo plc, about EUR 300 million will be used to repay secured loans. The loans will be repaid in several phases to minimise repayment costs. For this reason, the company had an exceptional amount of cash and cash equivalents on 31 March 2018. A total of EUR 117.1 in secured loans were repaid during the review period.

During the review period, Kojamo and the European Investment Bank (EIB) signed an unsecured loan agreement in the amount of EUR 95 million. The financing is the second part of the long-term



financing of EUR 170 million granted by the EIB on 28 November 2016, which will be used to fund the construction of nearly zero-energy buildings (nZEBs). At the end of the review period, the loan was still unwithdrawn.

REAL ESTATE PROPERTY AND FAIR VALUE

Kojamo Group owned a total of 35,697 (33,843) rental apartments at the end of the review period. The Lumo segment accounted for 34,468 (30,478) and the VVO segment for 1,229 (3,365) of these apartments. At the period end, the Group owned apartments in 34 (35) municipalities. The company aims to divest its apartments outside the seven major urban centres in Finland.

At the period end, the fair value of investment properties owned by Kojamo Group was EUR 4.9 (4.3) billion, including EUR 96.4 (3.9) million of investment property held for sale. During the review period, the fair value increased by EUR 220.6 (19.4) million. The change includes EUR 20.7 (23.5) million in net valuation gain on the fair value assessment of investment properties. The fair value of the Group's investment properties is determined quarterly based on the company's own evaluation. An external expert gives a statement on the valuation of the Group's investment properties. The latest valuation statement was issued on 31 March 2018. The key criteria for determining fair value are presented in the Notes to the Interim Report.

At the end of the review period, the plot and real estate development reserve held by the Group totalled about 209,000 floor sq m (104,000 floor sq m). The fair value of the plot and real estate development reserve was EUR 123.5 (44.4) million at the period end.

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Fair value of investment properties, at 1 Jan	4,710.2	4,298.9	4,298.9
Acquisition of investment properties	200.0	61.1	338.6
Modernisation investments	2.9	3.3	25.4
Disposals of investment properties	-3.9	-69.1	-82.2
Capitalised borrowing costs	0.8	0.6	3.3
Transfer to owner-occupied property	0.0	0.0	0.0
Valuation gains/losses on fair value measurement	20.7	23.5	126.2
Fair value of investment properties, at 31 Mar	4,930.8	4,318.3	4,710.2

Fair values disclosed in the table above include the investment properties classified as non-current assets held for sale on 31 March 2018, totalling EUR 96.4 (3.9) million.

RENTAL HOUSING

Demand for rental housing remained strong in growth centres, and the urbanisation trend that supports long-term demand continued. The increased volume of new development completed in 2017 and projected for 2018 has created a temporary balance between supply and demand. In addition, it has locally provided more alternatives for rental home seekers and intensified competition for good customers. Studios and one-bedroom apartments continue to be in highest demand.

The financial occupancy rate of apartments remained at a good level, standing at 96.3 (96.8) percent for the review period. At the period end, 220 (189) apartments were vacant due to renovations. The tenant turnover rate, which includes internal transfers, decreased slightly compared to the corresponding period in 2017 and was 8.9 (9.1) per cent.



The average rent for the Group's 33,560 (29,817) commercial Lumo apartments was EUR 15.43 (15.18) per square metre per month at the end of the review period and EUR 15.30 (14.88) during the period on average. The average rent for Lumo apartments is increased by the renewal of the property portfolio due to strong investment activities. The corresponding figures for the 2,137 (4,026) non-commercial VVO apartments were EUR 13.69 (13.34) at the end of the review period and EUR 13.49 (13.14) during the period on average.

The number of tenancy agreements signed via the Lumo web store increased sharply during the review period, and at the beginning of April, their number had already exceeded 5,000. All Lumo rental apartments that became vacant were available for rent on the Lumo web store, where customers can choose their preferred apartment.

Thanks to successful rental control and our housing advisory service, the proportion of annual turnover accounted for by rent receivables remained low and was 1.4 (1.2) per cent at the end of the review period.

INVESTMENTS, DIVESTMENTS AND REAL ESTATE DEVELOPMENT

The Group's gross investments totalled EUR 203.7 (65,0) million. Total repair costs and modernisation investments during the review period were EUR 10.5 (10.6) million, of which modernisation investments accounted for EUR 2.9 (3.3) million. The Lumo segment accounted for EUR 203.5 (65,0) million of gross investments and the VVO segment for EUR 0.2 (0.0) million.

At the end of the review period, binding acquisition agreements for new development totalled EUR 190 (342.6) million, of which EUR 88.4 (154.9) million is related to properties under construction. A total of 1,754 (2,706) new Lumo rental apartments will be built under the acquisition agreements, of which 1,251 (1,747) were under construction at the period end. The main reason for the decrease in the number of apartments under construction was the completion of apartments during the review period. Of the apartments under construction, 977 (1,473) are in the Helsinki region and 274 (274) in other Finnish growth centres.

Construction began on 209 (386) apartments during the review period, and 483 (175) new Lumo apartments were completed during the period. A total of 1,198 (934) apartments are expected to be completed in 2018.

A total of 981 (75) apartments were acquired during the review period. The acquisition of 981 apartments from OP Financial Group's funds was completed in early March. The apartments are in Helsinki, Vantaa, Turku, Jyväskylä, Kuopio, Hämeenlinna, Lahti, Oulu and Naantali. The total gross annual rent for the apartments is EUR 9.7 million. The transaction was announced via stock exchange releases on 7 February 2018 and 5 March 2018.

During the review period, the company divested 123 (1,381) non-strategic apartments and demolished 27 apartments. Divestments are carried out as part of implementing our strategy of concentrating in the seven largest urban regions of Finland. On 29 March 2018, Kojamo plc signed an agreement for the sale of 1,594 apartments in 15 locations to real estate fund managed by the Morgan Stanley Real Estate Investing. The debt-free selling price of the housing stock is EUR 97 million, which exceeds the fair value of the properties as stated in Kojamo's financial statements on 31 December 2017 by about EUR 5 million. The transaction increases the income tax for the financial year by about EUR 14 million, but it also reduces deferred tax liabilities by almost the same amount.



Kojamo's goal is to divest the remaining approximately 500 non-strategic apartments over the next two years.

ANNUAL GENERAL MEETING

At the Annual General Meeting of Kojamo plc held on 15 March 2018, Riku Aalto, Matti Harjuniemi, Olli Luukkainen, Jorma Malinen, Mikko Mursula, Reima Rytsölä, Jan-Erik Saarinen and Ann Selin were re-elected as members of the Board of Directors for the term that ends with the Annual General Meeting of 2019. Riku Aalto was elected as Chairman of the Board of Directors.

Jarkko Eloranta, Ville-Veikko Laukkanen, Pasi Pesonen and Esko Torsti were elected as members of the Nomination Board.

It was decided that the following annual fees will be paid to the members of the Board of Directors elected at the Annual General Meeting: EUR 26,000 for the Chairman of the Board of Directors, EUR 15,000 for the Deputy Chairman and EUR 9,000 for each of the members. In addition, it was decided that the attendance allowance for Board meetings will be EUR 600 per meeting.

KPMG Oy Ab, with Esa Kailiala, APA, as its principal auditor, was elected the auditor for the company for the term lasting until the next Annual General Meeting.

The Annual General Meeting decided in accordance with the proposal of the Board of Directors that the company will pay a dividend of EUR 6.80 for every Series A share, for a total of EUR 50,337,408.00, and EUR 132,103,905.59 will be carried over in unrestricted shareholders' equity for the financial year 2018.

The Annual General Meeting authorised the Board of Directors to decide on one or more share issues and the issuance of special rights entitling to shares, as referred to in chapter 10, section 1 of the Limited Liability Companies Act. Share issues and the issuance of special rights entitling to shares can be used to issue a maximum of 1,480,512 new Series A shares in the company, or transfer a maximum of 600,978 Series A shares currently held by the company. The authorisation is valid until the next Annual General Meeting.

At its Organising Meeting following the Annual General Meeting, the Board of Directors elected Mikko Mursula Vice Chairman of the Board of Directors.

The following persons were elected to the Audit Committee: Mikko Mursula as Chair and Matti Harjuniemi, Jorma Malinen and Jan-Erik Saarinen as members.

The following persons were elected to the Remuneration Committee: Riku Aalto as Chair and Olli Luukkainen, Reima Rytsölä and Ann Selin as members.

PERSONNEL

At the end of the review period, Kojamo Group had a total of 319 (296) employees. The average number of personnel during the period was 316 (295).



SHAREHOLDERS

No significant changes occurred in the company's ownership during the review period.

Kojamo plc's 10 largest shareholders on 31 March 2018:

Shareholders	Holding, %
Ilmarinen Mutual Pension Insurance Company	18.08
Varma Mutual Pension Insurance Company	16.98
The Finnish Industrial Union	16.17
Trade Union for the Public and Welfare Sectors	8.73
Finnish Construction Trade Union	8.31
Trade Union Pro	7.52
Service Union United PAM	7.49
Trade Union of Education in Finland	7.46
Union of Health and Social Care Professionals TEHY	1.39
The Finnish Electrical Workers' Union	1.18
Others	6.69
Total	100.00

SUSTAINABILITY

Kojamo plc's mission is to create better urban housing. Kojamo plc focuses on real estate investment in Finland, renewing rental housing to make it increasingly attractive by developing new types of homes and services. The solutions promote labour mobility in the urbanising Finland, increase well-being and are environmentally friendly.

The anti-grey economy models used by Kojamo exceed legislative requirements in many respects. We continuously monitor the fulfilment of contractor obligations for all of the companies in our supplier network through the Reliable Partner service on the tilaajavastuu.fi website. The taxes and tax-like charges paid by Kojamo in 2017 totalled approximately EUR 104 million.

The climate partnership agreement with the City of Helsinki is continuing. After reaching the targets of the plan that ended in 2016, Kojamo joined the Rental Property Action Plan (VAETS II): during the agreement period that started in 2017, the housing investment company pursues energy savings of 7.5 per cent by 2025.

Kojamo is the only Finnish real estate company in the Climate Leadership Coalition.

The Leanheat system has been deployed in 63 Lumo properties, which have a total of 2,640 apartments. Leanheat also adjusts heating proactively and balances the buildings' need for energy, thereby decreasing the carbon footprint. The aim is to optimise building heating systems to reduce energy consumption and achieve comfortable and stable living conditions.

All of Kojamo's new development implemented on a developer contracting basis consists of nearly zero-energy buildings (nZEBs). In use, their energy consumption and, thereby, their CO² emissions will be considerably lower compared to other types of housing.

The residents of Lumo homes have an opportunity to enjoy eco-friendly motoring. Anyone living in a Lumo home can reserve a shared car. There are both passenger cars and vans available.



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 twice a year to 12–20-year-old athletes who show commitment to training and a passion for success to encourage them in their sporting careers. Those living in Lumo and VVO homes are given priority. A total of 275 grants have been awarded since 2012. In 2018, the sponsored athletes are Anna Haataja (orienteeing), Riikka Honkanen (alpine skiing), Joonas Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Mörö (athletics), Nooralotta Neziri (athletics) and Emmi Parkkisenniemi (snowboarding).

The recipients of team sponsorship in 2018 are the Helsinki Figure Skating Club's three synchronised skating teams competing at the national championships level (Helsinki Rockettes, Team Fintastic and Finettes), as well as five Academy groups.

NEAR-TERM RISKS AND UNCERTAINTIES

Kojamo estimates that the risks and uncertainties in the current financial year are related, first and foremost, to the development of the Finnish economy. The economic development is reflected in both the housing and financial markets. These factors may have an impact on Kojamo's profit and cash flow.

Finland's economic development may bring on fluctuations in housing prices, which could have an impact on the fair value of the Group's real estate property.

The supply of rental apartments may increase locally in the main areas in which Kojamo operates, and the changes in supply and demand could have an impact on the turnover of Kojamo's tenants or the financial occupancy rate and, thereby, rental income.

Disturbances in the financial market may impair the availability and costs of financing. This may influence the financing of Kojamo's growth.

A more detailed description of the risks and uncertainties is presented in the 2017 financial statements.

EVENTS AFTER THE REVIEW PERIOD

Juha Heino, a member of Kojamo plc's management team since 2011, announced on 16 April 2018 that he will leave his position as Director of Customer Relations. Kojamo disclosed Heino's resignation via a stock exchange release on the same day.

On 30 April 2018, Kojamo Group companies completed the sale of 1,594 apartments to real estate fund managed by the Morgan Stanley Real Estate Investing, Renger Investment Management and Premico Group.



EPRA PERFORMANCE MEASURES

	1-3/2018	1-3/2017	2017
EPRA Earnings, M€	29.1	29.3	117.0
EPRA Earnings per Share (EPS), €	3.93	3.96	15.81
EPRA Net asset Value (NAV), M€	2,549.6	2,360.3	2,548.8
EPRA NAV per Share, €	344.42	318.85	344.31
EPRA Triple Net Asset Value (NNNAV), M€	2,013.4	1,851.6	2,016.8
EPRA NNNAV per share, €	271.99	250.13	272.45
EPRA Net Initial Yield (NIY), %	5.2	5.2	5.2
EPRA 'topped-up' NIY, %	5.2	5.2	5.2
EPRA Vacancy Rate, %	3.8	3.2	3.3
EPRA Cost Ratio (including direct vacancy costs), %	15.3	15.8	16.5
EPRA Cost Ratio (excluding direct vacancy costs), %	13.0	13.9	14.6

M€	1-3/2018	1-3/2017	2017
Earnings per IFRS income statement	44.6	46.9	212.9
(i) change in value of investment properties, development properties held for investment and other interests	-20.7	-23.5	-126.2
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	-0.6	0.2	-1.6
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0.0	0.0	0.0
(iv) Tax on profits or losses on disposals	0.5	7.7	9.4
(vi) Changes in fair value of financial instruments and associated close-out costs	0.6	-0.8	-2.7
(viii) Deferred tax in respect of EPRA adjustments	4.6	-1.1	25.1
EPRA Earnings	29.1	29.3	117.0
EPRA Earnings Per Share (EPS), €	3.93	3.96	15.81

M€	1-3/2018	1-3/2017	2017
NAV per the financial statements	2,040.2	1,863.3	2,038.6
(iv) Fair value of financial instruments	35.9	57.0	42.0
(v.a) Deferred tax	473.5	440.0	468.2
EPRA Net Asset Value (NAV)	2,549.6	2,360.3	2,548.8
EPRA NAV per share, €	344.42	318.85	344.31

M€	1-3/2018	1-3/2017	2017
EPRA NAV	2,549.6	2,360.3	2,548.8
(i) Fair value of financial instruments	-35.9	-57.0	-42.0
(ii) Fair value of debt ¹⁾	-26.8	-11.6	-21.8
(iii) Deferred tax	-473.5	-440.0	-468.2
EPRA Triple Net Asset Value (NNNAV)	2,013.4	1,851.6	2,016.8
1) Difference between interest-bearing loans and borrowings included in balance sheet at amortised cost, and the fair value of interest bearing loans and borrowings.			
EPRA NNNAV per share, €	271.99	250.13	272.45



M€		1-3/2018	1-3/2017	2017
Investment property		4,930.8	4,318.3	4,710.2
Trading property		0.4	0.9	0.6
Developments		-292.0	-241.7	-350.8
Completed property portfolio		4,639.3	4,077.5	4,359.9
Allowance for estimated purchasers' costs		92.8	81.5	87.2
Gross up completed property portfolio valuation	B	4,732.1	4,159.0	4,447.1
Annualised cash passing rental income		374.5	343.5	354.7
Property outgoings		-128.9	-127.0	-124.2
Annualised net rents	A	245.6	216.5	230.5
Notional rent expiration of rent free periods or other lease incentives		-	-	-
Topped-up net annualised rent	C	245.6	216.5	230.5
EPRA Net Initial Yield (NIY), %	A/B	5.2	5.2	5.2
EPRA 'topped-up' NIY, %	C/B	5.2	5.2	5.2
M€		1-3/2018	1-3/2017	2017
Estimated rental value of vacant space	A	3.3	2.7	11.1
Estimated rental value of the whole portfolio	B	87.4	83.4	336.2
EPRA Vacancy Rate, %	A/B	3.8	3.2	3.3
M€		1-3/2018	1-3/2017	2017
Include:				
(i) Administrative expense line per IFRS income statement		9.1	8.5	37.2
(i) Maintenance expense line per IFRS income statement		25.2	23.7	85.4
(i) Repair expense line per IFRS income statement		7.6	7.2	35.6
(ii) Net service charge costs/fees		-0.6	-0.4	-1.6
(iii) Management fees less actual/ estimated profit element		0.0	0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		-0.1	-0.1	-0.2
Exclude:				
(vii) Ground rent costs		-0.8	-0.8	-3.1
(viii) Service charge costs recovered through rents but not separately invoiced		-32.1	-30.1	-118.0
EPRA Costs (Including direct vacancy costs)	A	8.4	8.2	35.2
(ix) Direct vacancy costs		-1.2	-1.0	-4.0
EPRA Costs (Excluding direct vacancy costs)	B	7.1	7.2	31.2
(x) Gross Rental Income less ground rent costs - per IFRS		86.8	82.4	332.0
(xi) Service fee and service charge costs components of Gross Rental Income		-32.1	-30.1	-118.0
Gross Rental Income	C	54.8	52.3	214.0
EPRA Cost Ratio (including direct vacancy costs), %	A/C	15.3	15.8	16.5
EPRA Cost Ratio (excluding direct vacancy costs), %	B/C	13.0	13.9	14.6



CONDENSED CONSOLIDATED INCOME STATEMENT

M€	Note	1-3/2018	1-3/2017	1-12/2017
Total revenue		88.2	83.6	337.0
Maintenance expenses		-25.2	-23.7	-85.4
Repair expenses		-7.6	-7.2	-35.6
Net rental income		55.5	52.6	216.0
Administrative expenses		-9.1	-8.5	-37.2
Other operating income		0.5	0.5	2.0
Other operating expenses		-0.2	-0.9	-1.3
Profit/loss on sales of investment properties		0.6	0.7	2.5
Profit/loss on sales of trading properties		0.0		0.0
Fair value change of investment properties	3	20.7	23.5	126.2
Depreciation, amortisation and impairment losses		-0.2	-0.3	-1.1
Operating profit		67.8	67.6	307.0
Financial income		0.9	1.4	5.0
Financial expenses		-12.4	-10.6	-45.5
Total amount of financial income and expenses		-11.5	-9.3	-40.5
Share of result from associated companies				0.1
Profit before taxes		56.3	58.3	266.7
Current tax expense		-7.1	-12.5	-28.6
Change in deferred taxes		-4.6	1.1	-25.1
Profit for the period		44.6	46.9	212.9
Profit for of the financial period attributable to Owners of the parent company		44.6	46.9	212.9
Earnings per share based on profit attributable to owner of the parent company				
Basic, euro		6.03	6.33	28.77
Diluted, euro		6.03	6.33	28.77
Average number of the shares		7,402,560	7,402,560	7,402,560
M€		1-3/2018	1-3/2017	1-12/2017
Profit/loss for the period		44.6	46.9	212.9
Other comprehensive income				
Items that may be reclassified subsequently to profit				
Cash flow hedgings		9.5	9.0	20.4
Available-for-sale financial assets			0.1	0.2
Deferred taxes		-1.9	-1.8	-4.1
Items that may be reclassified subsequently to profit or loss		7.6	7.2	16.5
Total comprehensive income for the period		52.2	54.1	229.4
Total comprehensive income attributable to Owners of the parent company		52.2	54.1	229.4



CONDENSED CONSOLIDATED BALANCE SHEET

M€	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS				
Non-current assets				
Intangible assets		0.4	0.7	0.4
Investment properties	3	4,834.4	4,314.4	4,706.5
Property, plant and equipment	4	30.8	30.8	31.0
Investments in associated companies		1.8	1.2	1.7
Financial assets	7	0.5	0.5	0.5
Non-current receivables		5.3	5.7	5.3
Derivatives	6, 7	5.3	3.9	6.5
Deferred tax assets		9.6	13.9	10.9
Total non-current assets		4,888.1	4,371.2	4,762.7
Non-current assets held for sale	9	96.7	3.9	3.7
Current assets				
Trading properties		0.4	0.9	0.6
Derivatives	6, 7	0.1	0.2	0.0
Current tax assets		5.0	10.2	0.5
Trade and other receivables		19.0	15.7	8.8
Financial assets		85.7	49.1	49.3
Cash and cash equivalents		354.4	142.3	117.8
Total current assets		464.6	218.3	177.0
TOTAL ASSETS		5,449.4	4,593.4	4,943.5
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent company				
Share capital		58.0	58.0	58.0
Share issue premium		35.8	35.8	35.8
Fair value reserve		-16.6	-33.0	-23.7
Invested non-restricted equity reserve		17.9	17.9	17.9
Retained earnings		1,945.2	1,784.6	1,950.6
Equity attributable to owners of the parent company		2,040.2	1,863.3	2,038.6
Total equity		2,040.2	1,863.3	2,038.6
LIABILITIES				
Non-current liabilities				
Loans and borrowings	5, 7	2,513.7	1,871.8	2,109.8
Deferred tax liabilities		483.4	452.6	478.3
Derivatives	6, 7	40.8	60.5	48.3
Provisions		0.8	0.9	0.8
Other non-current liabilities		15.5	6.9	14.8
Total non-current liabilities		3,054.1	2,392.7	2,652.0
Liabilities associated with non-current assets held for sale	9	0.2		
Current liabilities				
Loans and borrowings	5, 7	221.0	215.8	173.2
Derivatives	6, 7	0.4	0.6	0.2
Current tax				
Liabilities		6.9	20.7	9.1
Trade and other payables		126.4	100.2	70.4
Total current liabilities		354.8	337.3	252.9
Total liabilities		3,409.2	2,730.1	2,904.9
TOTAL EQUITY AND LIABILITIES		5,449.4	4,593.4	4,943.5

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

M€	1-3/2018	1-3/2017	1-12/2017
Cash flow from operating activities			
Profit for the period	44.6	46.9	212.9
Adjustments	2.0	-3.2	-33.5
Change in net working capital			
Change in trade and other receivables	-9.0	-8.7	-0.8
Change in trading properties	0.1		0.3
Change in trade and other payables	9.5	7.8	0.1
Interest paid	-7.1	-8.5	-39.7
Interest received	0.2	0.1	0.6
Other financial items	-3.1	-0.2	-7.4
Taxes paid	-13.8	-4.1	-22.1
Net cash flow from operating activities	23.5	30.0	110.4
Cash flow from investing activities			
Acquisition of investment properties	-210.8	-74.0	-341.9
Acquisition of associated companies	-0.1		-0.4
Acquisition of property, plant and equipment and intangible assets	0.0	-0.1	-0.8
Proceeds from sale of investment properties	4.4	69.8	84.5
Proceed from sale of property, plant and equipment and intangible assets	0.0		
Purchases of financial assets	-155.0	0.0	-322.5
Proceeds from sale of financial assets	118.5	0.0	322.8
Non-current loans, granted			-1.8
Repayments of non-current loan receivables	0.0	0.0	1.3
Interest and dividends received on investments	0.0	0.1	0.3
Net cash flow from investing activities	-243.0	-4.2	-258.5
Cash flow from financing activities			
Non-current loans and borrowings, raised	500.0	87.0	686.4
Non-current loans and borrowings, repayments	-123.0	-69.3	-434.0
Current loans and borrowings, raised	219.0	34.0	267.8
Current loans and borrowings, repayments	-140.0	-87.3	-355.9
Dividends paid			-50.3
Net cash flow from financing activities	456.0	-35.6	113.9
Change in cash and cash equivalents	236.5	-9.7	-34.2
Cash and cash equivalents in the beginning of period	117.8	152.0	152.0
Cash and cash equivalents at the end of period	354.4	142.3	117.8



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
M€							
Equity at 1 Jan 2018	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6
Changes to accounting policies			-0.5		0.3	-0.2	-0.2
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			7.6			7.6	7.6
Result for the financial period					44.6	44.6	44.6
Total comprehensive income	0.0	0.0	7.6	0.0	44.6	52.2	52.2
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners	0.0	0.0	0.0	0.0	-50.3	-50.3	-50.3
Total change in equity			7.1		-5.4	1.7	1.7
Equity at 31 Mar 2018	58.0	35.8	-16.6	17.9	1,945.2	2,040.2	2,040.2
M€							
Equity at 1 Jan 2017	58.0	35.8	-40.2	17.9	1,788.0	1,859.5	1,859.5
Comprehensive income							
Cash flow hedging			7.2			7.2	7.2
Available-for-sale financial assets			0.1			0.1	0.1
Result for the financial period					46.9	46.9	46.9
Total comprehensive income			7.2		46.9	54.1	54.1
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners					-50.3	-50.3	-50.3
Changes in shareholdings							
Total change in equity			7.2		-3.5	3.8	3.8
Equity at 31 Mar 2017	58.0	35.8	-33.0	17.9	1,784.6	1,863.3	1,863.3
M€							
Equity at 1 Jan 2017	58.0	35.8	-40.2	17.9	1,788.0	1,859.5	1,859.5
Comprehensive income							
Cash flow hedging			16.3			16.3	16.3
Available-for-sale financial assets			0.1			0.1	0.1
Result for the financial year					212.9	212.9	212.9
Total comprehensive income			16.5		212.9	229.4	229.4
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
Total transactions with owners					-50.3	-50.3	-50.3
Total change in equity			16.5		162.6	179.1	179.1
Equity at 31 Dec 2017	58.0	35.8	-23.7	17.9	1,950.6	2,038.6	2,038.6



CONDENSED NOTES

Basic information about the Group

Kojamo plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive. On 31 March 2018, Kojamo owned 35,697 rental apartments across Finland.

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

Kojamo's business operations are divided into two segments: Lumo and VVO. There are a total of 34,468 Lumo apartments and 1,229 VVO apartments. Kojamo will abandon the division between the Lumo and VVO segments from the beginning of 2019.

A bond issued by Kojamo in 2016 is listed on Nasdaq Helsinki Ltd. In addition, two other bonds issued by the company have been approved for listing on the official list of the Irish Stock Exchange, and admitted for trading on the regulated market in question. 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.

At its meeting on 3 May 2018, Kojamo plc's Board of Directors approved this Interim Report for publication.

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 quarterly figures of the Interim Report have not been audited.

The figures for 2017 are based on Kojamo plc's audited financial statements for 2017. The bracketed figures refer to the corresponding period in 2017, and the comparison period is the corresponding period the year before, unless otherwise stated.

The preparation of interim financial statements in accordance with IFRS requires application of judgement by Kojamo's management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the balance sheet date and the reported amounts of income and expenses for the period. Management must also make judgements when applying the accounting policies of the Group. 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 which 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 2017 financial year. Of these, the most important are the determination of the fair values of investment properties and financial instruments.

Kojamo has adopted IFRS 15 *Revenue from Contracts with Customers* on 1 January 2018. Due to the nature of the company's business, the change of the standard will not have a material impact



on Kojamo's consolidated financial statements. This is because Kojamo's revenue consist of rental income based on tenancy agreements. Note 2. *Segment information* provides an itemisation of revenue from contracts with customers.

IFRS 9 *Financial Instruments* replaces the existing standard IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments. This also covers a new expected credit loss model for determining impairment of financial assets. Kojamo began to apply the standard as of 1 January 2018 and will not apply it retrospectively.

These changes in accounting policies are described in more detail in Note 10.

Kojamo's property taxes for the financial year are recognised as a liability at the time the tax is assessed and allocated as expenses for the quarter to which the corresponding rental income is allocated. In the interim report for the period 1 January–31 March 2018, EUR 2.4 million in property tax has been allocated to the quarter, with EUR 9.8 million recognised as a liability and EUR 7.4 million in accrued income. If the IFRIC 21 Levies interpretation were to be applied to property taxes, property taxes would be recognised as expenses in the income statement at the time of tax assessment, and they would not be allocated to the different quarters of the year. If this were the case, a total of EUR 9.8 million in property taxes would have been recognised as expenses in the interim report for the period 1 January–31 March 2018. The method of recognition does not affect the result for the full financial year or the outlook issued by the company.



2. SEGMENT INFORMATION

M€	Lumo 1-3/2018	VVO 1-3/2018	Group consolidation methods	Kojamo Group Total 1-3/2018
Rental income	84.9	2.8	0.0	87.6
Other property income	0.6	0.0	0.0	0.6
Internal income	0.0	0.0	-0.1	0.0
Total revenue	85.5	2.8	-0.1	88.2
Maintenance expenses	-24.3	-0.9	0.0	-25.2
Repair expenses	-7.3	-0.3		-7.6
Net rental income	53.9	1.6	-0.1	55.5
Administrative expenses	-8.7	-0.4	0.1	-9.1
Other operating income	0.5	0.0		0.5
Other operating expenses	-0.2			-0.2
Profit/loss on sales of investment properties	1.5		-0.9	0.6
Profit/loss on sales of trading properties	0.0			0.0
Fair value change of investment properties	20.7			20.7
Depreciation, amortisation and impairment losses	-0.2			-0.2
Operating profit / loss	67.5	1.2	-0.9	67.8
Financial income				0.9
Financial expenses				-12.4
Total amount of financial income and expenses				-11.5
Profit before taxes				56.3
Current tax expense				-7.1
Change in deferred taxes				-4.6
Profit/loss for the period				44.6
Investments	203.5	0.2		203.7
Investment properties	4,779.5	54.9	0.0	4,834.4
Investments in associated companies	1.8			1.8
Non-current assets held for sale	96.7			96.7
Cash and cash equivalents	354.1	0.2		354.4
Other assets	167.8	9.8	-15.5	162.1
Total assets	5,400.0	64.9	-15.5	5,449.4
Interest bearing liabilities	2,709.8	39.9	-15.1	2,734.7
Liabilities associated with non-current assets held for sale	0.2			0.2
Other liabilities	668.5	5.9	-0.1	674.3
Total liabilities	3,378.5	45.8	-15.2	3,409.2



M€	Lumo 1-3/2017	VVO 1-3/2017	Group consolidation methods	Kojamo Group Total 1-3/2017
Rental income	75.6	7.5	0.0	83.1
Other property income	0.5	0.0	0.0	0.5
Internal income	0.1	0.0	-0.1	0.0
Total revenue	76.2	7.5	-0.1	83.6
Maintenance expenses	-21.5	-2.2	0.0	-23.7
Repair expenses	-6.3	-0.9		-7.2
Net rental income	48.4	4.4	-0.1	52.6
Administrative expenses	-7.7	-1.0	0.1	-8.5
Other operating income	0.5	0.0		0.5
Other operating expenses	-0.9			-0.9
Profit/loss on sales of investment properties	0.7			0.7
Fair value change of investment properties	23.5			23.5
Depreciation, amortisation and impairment losses	-0.3			-0.3
Operating profit / loss	64.2	3.4	0.0	67.6
Financial income				1.4
Financial expenses				-10.6
Total amount of financial income and expenses				-9.3
Profit before taxes				58.3
Current tax expense				-12.5
Change in deferred taxes				1.1
Profit/loss for the period				46.9
 Investments	 65.0	 0.0		 65.0
Investment properties	4,188.9	124.6	0.9	4,314.4
Investments in associated companies	1.2			1.2
Non-current assets held for sale	3.9			3.9
Cash and cash equivalents	48.8	93.6		142.3
Other assets	197.4	14.0	-79.9	131.5
Total assets	4,440.1	232.2	-79.0	4,593.4
Interest bearing liabilities	1,990.6	176.1	-79.0	2,087.6
Other liabilities	628.9	13.6	0.0	642.5
Total liabilities	2,619.4	189.6	-79.0	2,730.1



M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Kojamo Group Total 1-12/2017
Rental income	304.8	30.0	0.3	335.1
Other property income	1.9	0.2	-0.3	1.9
Internal income	0.5	0.1	-0.6	0.0
Total revenue	307.2	30.4	-0.6	337.0
Maintenance expenses	-77.3	-8.1	0.1	-85.4
Repair expenses	-28.7	-6.9		-35.6
Net rental income	201.2	15.4	-0.6	216.0
Administrative expenses	-34.1	-3.7	0.6	-37.2
Other operating income	1.9	0.1		2.0
Other operating expenses	-1.3	0.0		-1.3
Profit/loss on sales of investment properties	2.5			2.5
Profit/loss on sales of trading properties	0.0			0.0
Fair value change of investment properties	126.2		0.0	126.2
Depreciation, amortisation and impairment losses	-1.1			-1.1
Operating profit / loss	295.2	11.8	0.0	307.0
Financial income				5.0
Financial expenses				-45.5
Total amount of financial income and expenses				-40.5
Share of result from associated companies				0.1
Profit before taxes				266.7
Current tax expense				-28.6
Change in deferred taxes				-25.1
Profit/loss for the year				212.9
Investments	367.0	0.3		367.3
Investment properties	4,580.7	124.9	0.9	4,706.5
Investments in associated companies	1.7			1.7
Non-current assets held for sale	3.7			3.7
Cash and cash equivalents	44.6	73.2		117.8
Other assets	204.7	13.5	-104.5	113.8
Total assets	4,835.5	211.6	-103.6	4,943.5
Interest bearing liabilities	2,237.7	148.7	-103.4	2,283.0
Other liabilities	607.5	14.6	-0.2	621.9
Total liabilities	2,845.1	163.4	-103.6	2,904.9

**Segment-specific itemisation of revenue from contracts with customers:**

M€	Lumo 1-3/2018	VVO 1-3/2018	Group consolidation methods	Kojamo Group Total 1-3/2018
Rental income	84.9	2.8	0.0	87.6
Water fees	0.4	0.0		0.4
Sauna fees	0.2	0.0		0.2

M€	Lumo 1-3/2017	VVO 1-3/2017	Group consolidation methods	Kojamo Group Total 1-3/2017
Rental income	75.7	7.5	-0.1	83.1
Water fees	0.2			0.2
Sauna fees	0.2	0.0		0.2

M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Kojamo Group Total 1-12/2017
Rental income	305.3	30.1	-0.3	335.1
Water fees	0.9	0.0		0.9
Sauna fees	0.6	0.1		0.7

3. INVESTMENT PROPERTIES

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Fair value of investment properties, at 1 Jan	4,710.2	4,298.9	4,298.9
Acquisition of investment properties	200.0	61.1	338.6
Modernisation investments	2.9	3.3	25.4
Disposals of investment properties	-3.9	-69.1	-82.2
Capitalised borrowing costs	0.8	0.6	3.3
Transfer to owner-occupied property	0.0	0.0	0.0
Valuation gains/losses on fair value measurement	20.7	23.5	126.2
Fair value of investment properties, at 31 Mar	4,930.8	4,318.3	4,710.2

The Group has acquisition agreements for new development and renovations, presented in Note 8.

Value development of investment property results from investments, changes in market prices and parameters used in valuation, as well as from the expiration 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. 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 cost.



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. Comparability is assessed based on location, year of completion, building type and apartment type. The source of market data applied by Kojamo 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 based on the condition (e.g. public facade, plumbing and roof renovations), location and other characteristics of the property.

Income value (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.

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.

Fair value of investment properties by valuation class

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Properties measured at market value	4,078.7	3,372.1	3,787.1
Properties measured at yield value	381.2	520.1	395.3
Properties measured at cost	470.8	426.1	527.8
Total	4,930.8	4,318.3	4,710.2

Sensitivity analysis of investment properties

Change %	31 Mar 2018				
	-10 %	-5 %	0 %	5 %	10 %
Properties measured at market values					
Change in market prices (M€)	-407.9	-203.9		203.9	407.9
Properties measured at yield values					
Yield requirement (M€)	41.5	19.7		-17.8	-34.0
Rental income (M€)	-63.4	-31.7		31.7	63.4
Maintenance expenses (M€)	23.7	11.9		-11.9	-23.7

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

Change %	31 Mar 2017				
	-10 %	-5 %	0 %	5 %	10 %
Properties measured at market values					
Change in market prices (M€)	-337.2	-168.6		168.6	337.2
Properties measured at yield values					
Yield requirement (M€)	57.2	27.1		-24.5	-46.8
Rental income (M€)	-85.3	-42.6		42.6	85.3
Maintenance expenses (M€)	30.1	15.1		-15.1	-30.1

Financial occupancy rate for properties measured at yield value (change in percentage points)

	-2 %	-1 %	0 %	1 %	2 %
Rental income (M€)	-1.4	-0.7		0.7	1.4



Sensitivity analysis of investment properties		31 Dec 2017			
Change %	-10 %	-5 %	0 %	5 %	10 %
Properties measured at market values					
Change in market prices (M€)	-378.7	-189.4		189.4	378.7
Properties measured at yield values					
Yield requirement (M€)	43.7	20.7		-18.7	-35.7
Rental income (M€)	-66.9	-33.5		33.5	66.9
Maintenance expenses (M€)	25.2	12.6		-12.6	-25.2
Financial occupancy rate for properties measured at yield value (change in percentage points)					
Rental income (M€)	-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 was 6.1 (6) per cent for the 3,510 (4,722) rental homes included within the scope of the yield value method in 2018, and 9.4 (9.4) per cent for the 422 (422) business premises.

4. PROPERTY, PLANT AND EQUIPMENT

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Book value, beginning of period	31.0	31.0	31.0
Increases	0.0	0.0	0.7
Decreases			0.0
Depreciations for accounting period	-0.2	-0.2	-0.7
Book value, end of period	30.8	30.8	31.0

Property, plant and equipment consist of assets held and used by the company, mainly buildings and land areas, as well as machinery and equipment.



5. INTEREST-BEARING LIABILITIES

Non-current			
M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest subsidy loans	140.8	271.6	187.7
Annuity loans	0.4	59.3	0.4
Bonds	1,288.1	299.7	793.8
Loans from financial institutions	1,081.8	1,237.9	1,125.3
Other liabilities	2.6	3.3	2.6
Total	2,513.7	1,871.8	2,109.8
Current			
M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest subsidy loans	31.3	47.9	64.8
Annuity loans	0.1	1.1	0.1
Loans from financial institutions	49.4	71.9	48.4
Other liabilities	8.2	6.9	7.0
Commercial papers	132.0	87.9	52.9
Total	221.0	215.8	173.2
Total interest-bearing liabilities	2,734.7	2,087.6	2,283.0

The average interest rate of the loan portfolio was 1.8 (2.1) per cent, including interest rate derivatives. The average maturity of loans at the period end was 5.8 (5.8) years.

Kojamo plc issued an unsecured EUR 500 million bond on 7 March 2018. The bond has been approved for listing on the official list of the Irish Stock Exchange. The unsecured euro-denominated bond has a maturity of seven years and will mature on 7 March 2025. The bond carries a fixed annual coupon of 1.625 per cent.

6. DERIVATIVE INSTRUMENTS

M€	31 Mar 2018			31 Mar 2017	31 Dec 2017
	Positive	Negative	Net	Net	Net
Interest rate derivatives					
Interest rate swaps, cash flow hedges	5.2	-32.9	-27.7	-47.4	-33.3
Interest rate swaps, not in hedge accounting		-8.3	-8.3	-2.8	-8.7
Interest rate options, not in hedge accounting		0.0	0.0	-6.3	0.0
Electricity derivatives	0.2	-0.1	0.1	-0.6	0.0
Total	5.4	-41.3	-35.9	-57.1	-42.0



M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest rate derivatives			
Interest rate swaps, cash flow hedges	832.1	1,097.9	1,439.0
Interest rate swaps, not in hedge accounting	47.6	19.1	44.8
Interest rate options, not in hedge accounting	6.9	104.7	63.1
Total	886.7	1,221.7	1,546.9
Electricity derivatives, MWh	184,292	174,405	183,957

During the reporting period, EUR 9.5 (9) million were recognised in the fair value reserve from interest rate derivatives classified into cash flow hedging. The interest rate derivatives hedge the loan portfolio interest flows against increases in market interest rates. The interest rate derivatives mature between 2018 and 2035. At the balance sheet date, the average maturity for interest rate swaps was 6.6 (6.3) years. Electricity derivatives hedge against increases in electricity prices and mature between 2018 and 2022. Electricity derivatives are not included in hedge accounting.

7. FAIR VALUES OF FINANCIAL INSTRUMENTS

M€	31 Mar 2018				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets					
Measured at fair value					
Interest rate derivatives	5.2		5.2		5.2
Electricity derivatives	0.2	0.2			0.2
Investments at fair value through profit and loss	86.2	85.7		0.5	86.2
Measured at amortised cost					
Investments at amortised cost	40.0	40.0			40.0
Trade receivables	6.6				6.6
Financial liabilities					
Measured at fair value					
Interest rate derivatives	-41.2		-41.2		-41.2
Electricity derivatives	-0.1	-0.1			-0.1
Measured at amortised cost					
Other interest-bearing liabilities	1,446.6		1,447.0		1,447.0
Bond	1,288.1		1,300.0		1,300.0
Trade payables	6.3				6.3



M€	31 Dec 2017				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets					
Measured at fair value					
Interest rate derivatives	6.3		6.3		6.3
Electricity derivatives	0.2	0.2			0.2
Available-for-sale financial assets	46.6	44.1	2.0	0.5	46.6
Measured at amortised cost					
Loans and receivables	23.2	23.2			23.2
Trade receivables	6.7				6.7
Financial liabilities					
Measured at fair value					
Interest rate derivatives	-48.3		-48.3		-48.3
Electricity derivatives	-0.2	-0.2			-0.2
Measured at amortised cost					
Other interest-bearing liabilities	1,489.3		1,489.8		1,489.8
Bond	793.8		800.0		800.0
Trade payables	20.0				20.0

The fair value of loans is the same as their nominal value. There were no changes between fair value hierarchy levels during the reporting period.

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 an instrument on the same terms, but the price may be derived from directly or indirectly quoted market data.

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

M€	31 Mar 2018
31 Dec 2017	0.5
Changes in fair value	0.1
31 Mar 2018	0.5

M€	31 Dec 2017
Beginning of period	0.6
Change	-0.1
End of period	0.5

Investments measured at fair value through profit and loss on hierarchy level 3 are investments in unlisted securities.



8. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Loans and borrowings covered by pledges on property and shares as a collateral	1,534.0	1,962.5	1,656.9
Mortgages	1,661.2	2,349.4	1,851.1
Shares*)	273.1	326.4	276.9
Pledged collaterals total	1,934.4	2,675.7	2,127.9
Other collaterals given			
Mortgages and shares	32.2	5.9	32.0
Guarantees**)	360.7	456.2	373.4
Pledged deposits		0.2	
Other collaterals total	392.9	462.2	405.4

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

**) Guarantees given mainly relate to parent company guarantees given on behalf of Group companies' loans, and these loans are also given mortgages as collaterals.

Other off-balance sheet liabilities

Unrecognised acquisition agreements related to work in progress:

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
New construction in-process	88.4	154.9	99.6
Preliminary agreements for new construction	101.5	187.7	101.5
Renovation	9.9	21.2	11.5
Total	199.8	363.8	212.7

9. NON-CURRENT ASSETS HELD FOR SALE

M€	31 Mar 2018	31 Mar 2017	31 Dec 2017
Investment properties	96.4	3.9	3.7
Receivables	0.3		
Total assets	96.7	3.9	3.7
Trade and other payables	0.2		
Liabilities total	0.2		
Net asset value	96.5	3.9	3.7

On 29 March 2018, Kojamo Group companies signed an agreement for the sale of 1,594 rental apartments in 15 locations to a real estate fund managed by the Morgan Stanley Real Estate Investing. Non-current assets held for sale also include two individual plots.

The investment properties are subsequently measured at fair value in the interim report (fair value hierarchy level 3).



10. CHANGES TO ACCOUNTING POLICIES

As of 1 January 2018, Kojamo applied the new IFRS 9 *Financial Instruments*, which replaces the previous IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with IFRS 9, financial assets and liabilities are classified based on the nature of cash flows and the business models specified for the assets and liabilities.

The Group has classified its financial assets as financial assets recognised at amortised cost, financial assets recognised at fair value through profit and loss, as well as financial assets recognised at fair value through other comprehensive income, which only include derivative instruments used for hedging purposes.

The classification changes are presented in the following table:

M€	Classification IAS 39	Classification IFRS 9	Carrying value 31 Dec 2017	Carrying value 1 Jan 2018
Financial assets				
Cash	Loans and receivables	Amortised cost	20.1	20.1
Investments				
Funds	Available-for-sale financial assets	Fair value recognised in profit or loss	46.1	46.1
Loans and receivables	Loans and receivables	Fair value recognised in profit or loss	3.1	3.1
Other shares	Available-for-sale financial assets	Fair value recognised in profit or loss	0.5	0.5
Financial assets total			69.8	69.9

Regarding derivatives, the changes had no impact on the measurement principles.

Kojamo applies the following principles to the classification of financial assets and liabilities and their recognition, derecognition and measurement. The fair value hierarchy related to the fair value determination of financial assets and liabilities is similar to the hierarchy described in the Fair value hierarchy note to the consolidated financial statements.

Financial assets and liabilities have been classified as follows for the determination of measurement principles:

Financial asset group	Instruments	Measurement principle
1. Financial assets recognised at fair value through profit or loss	a) Investments in unlisted securities b) Investments in other instruments with a reliably determinable fair value: fund investments and investments in bonds c) Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial assets recognised at amortised cost	Sales and loan receivables, fixed-term deposits and similar receivables	Amortised cost
3. Financial assets recognised at fair value through other comprehensive income	Derivative instruments, hedge accounting	Fair value, changes in value through other comprehensive income
Financial liability group	Instruments	Measurement principle



1. Financial liabilities recognised at fair value through profit and loss	Derivative instruments: interest rate and electricity, non-hedge accounting	Fair value, changes in value are recognised in the income statement
2. Financial liabilities measured at amortised cost (other financial liabilities)	Various debt instruments	Amortised cost
3. Financial liabilities recognised at fair value through other comprehensive income	Derivative instruments, hedge accounting	Fair value, changes in value through other comprehensive income

Financial assets recognised at fair value through profit or loss

Kojamo uses derivative instruments only for hedging purposes. Those derivative instruments that do not meet the requirements of IFRS 9 *Financial Instruments* concerning the application of hedge accounting, or instruments to which Kojamo has decided not to apply hedge accounting, are included in financial assets or liabilities recognised at fair value through profit and loss. These instruments are classified as held for trading.

Financial assets recognised at amortised cost

Financial assets recognised at amortised cost are non-derivative financial assets with fixed or determinable payments. They are solely related to payments of principal and interest, and they are not held for trading. Financial assets obtained by handing over cash, goods or services directly to a debtor are recognised at amortised cost. Kojamo's financial assets recognised at amortised cost consist of trade and other receivables.

Financial liabilities recognised at fair value through profit and loss

Financial liabilities recognised at fair value through profit and loss include electricity derivatives and those interest rate derivatives that are not subject to hedge accounting in accordance with IFRS 9. Realised and unrealised gains and losses from changes in fair value are recognised in the income statement in the period in which they arise.

Financial liabilities measured at amortised cost (other financial liabilities)

Financial liabilities measured at amortised cost are initially recognised at fair value. Transaction costs directly attributable to the acquisition of loans and borrowings, such as arrangement fees that can be allocated to a particular liability, are deducted from the original amortised cost of the liability. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds and the redemption value is recognised as financial cost through profit and loss over the period of borrowings.

Derivative instruments and hedge accounting

Kojamo uses interest rate derivatives to hedge its exposure to changes in future interest payment cash flows concerning non-current loans and borrowings. The majority of interest rate derivatives are subject to cash flow hedge accounting in accordance with IFRS 9, in which case changes in fair value are recognised in other comprehensive income. Fluctuations in Kojamo's result caused by changing electricity prices are restricted by using electricity derivatives. Electricity derivatives are not subject to hedge accounting in accordance with IFRS 9, even though these instruments are used for hedging.

**Impairment of financial assets**

The assessment of credit losses recognised in accordance with IFRS 9 is based on expected credit losses. The method takes into account a possible increase in credit risk. The impairment model is applied to financial assets recognised at amortised cost, the most significant item being trade receivables.

Impairment loss is immediately recognised in the income statement. If the value is later restored, the reversal of the impairment is recognised in equity for equity instruments and through profit or loss for other investments. The impairment model is based on credit losses estimated on the basis of experience. The change had no material impact on the opening balance.

11. NEW AND REVISED STANDARDS AND INTERPRETATIONS TO BE APPLIED IN SUBSEQUENT FINANCIAL YEARS

Kojamo has assessed the impact of the adoption of IFRS 16 Leases. Leases for plots of land, which are currently accounted for as operating leases in accordance with IAS 17, will be included in the consolidated balance sheet under the new standard. Kojamo will adopt the standard as of 1 January 2019, resulting in an increase of approximately EUR 61 million in the value of the Group's investment properties and non-current liabilities, based on the current estimate.



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

	Formula	1-3/2018	1-3/2017	2017
Revenue, M€		88.2	83.6	337.0
Net rental income, M€		55.5	52.6	216.0
% revenue		62.9	62.9	64.1
Profit before taxes, M€		56.3	58.3	266.7
EBITDA, M€ ^{*)}	3	68.0	67.9	308.2
% revenue		77.1	81.2	91.5
Adjusted EBIDTDA, M€ ^{*)}	4	46.7	43.6	179.5
% revenue		52.9	52.2	53.3
Funds From Operations (FFO), M€ ^{*)}	5	29.2	21.0	107.8
Adjusted Funds From Operations (AFFO), M€ ^{*)}	6	26.3	17.7	82.3
Operative result, M€ ^{*)}	7	28.5	26.6	107.6
Investment properties, M€ ²⁾		4,930.8	4,318.3	4,710.2
Financial occupancy rate, %	12	96.3	96.8	96.7
Interest-bearing liabilities, M€ ¹⁾		2,734.7	2,087.6	2,283.0
Return on equity, % (ROE) ^{*)}	8	8.8	10.1	10.9
Return on investments, % (ROI) ^{*)}	9	6.0	7.0	7.5
Equity ratio, % ^{*)}	10	37.5	40.6	41.3
Loan to Value, % ^{1) 3) *)}	11	49.2	45.1	46.0
Earnings per share, €	1	6.03	6.33	28.77
Equity per share, €	2	275.61	251.71	275.39
Gross investments, M€		203.7	65.0	367.3
Number of personnel, end of period		319	296	316

^{*)} Disclosure on Alternative Performance Measurements based on ESMA guidelines is located on key figures section of this Interim Report

¹⁾ Excludes items held for sale

²⁾ Includes items held for sale

³⁾ The formula used in the calculation was changed 2017, and comparative figures were changed to correspond to the current formula.

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 and their definitions.

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

IFRS performance measures

- 1) Earnings per share, € = $\frac{\text{Profit for the financial year attributable to owners of the parent company}}{\text{Weighted average number of shares outstanding during the financial period}}$
- 2) Equity per share, € = $\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares at the end of the financial period}}$

Alternative Performance Measures (APM) based on ESMA guidelines

- 3) EBITDA = Operating profit + Depreciation, amortisation and impairment losses
- EBITDA measures operative profitability before financial expenses, taxes and depreciation.
- 4) Adjusted EBITDA = Operating profit +/- Gains/ losses on sales of properties +/- Fair value changes + Depreciation, amortisation and impairment losses
- Adjusted EBITDA measures profitability for Groups' underlying rental operations excluding gains/losses on sale of properties and non-realized value changes of investment properties.
- 5) Funds from operations (FFO) = Adjusted EBITDA - Adjusted net interest charges - Current tax expenses
- FFO measures cash flow before change in net working capital. APM calculation takes into account financial expenses and current taxes but excludes items not directly connected to rental operations like unrealized value changes.
- 6) Adjusted funds from operations (AFFO) = FFO - Modernisation investments
- AFFO measures cash flow before change in net working capital. APM calculation takes into account modernization investments, financial expenses and current taxes but excludes items not directly connected to operative rental operations like unrealized value changes.
- 7) Operative result = Profit for the period +/- Gains/losses on sales of properties +/- Fair value changes - Tax adjustments
- Operative result measures profitability for Groups' operative rental business excluding value adjustments on investment properties and other similar non-operative items.
- 8) Return on equity (ROE), % = $\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$
- ROE measures financial result in relation to equity. APM illustrates Kojamo's ability to generate return for the shareholders
- 9) Return on investment (ROI), % = $\frac{\text{Profit before taxes + Interests and other financial expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$
- ROI measures financial result in relation to invested capital. APM illustrates Kojamo's ability to generate return for the invested funds.



10) Equity ratio, % = $\frac{\text{Total equity}}{\text{Balance sheet total} - \text{Advanced received}} \times 100$

Equity to assets is APM for balance sheet structure which discloses share of equity to total capital. APM illustrates Group's financing structure.

11) Loan to Value, % = $\frac{\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}}{\text{Investment properties}} \times 100$

Loan to value discloses the ratio of net debt to investment properties. APM illustrates Groups' indebtedness

Other performance measures

12) Financial occupancy rate, % = $\frac{\text{Rental income}}{\text{Potential rental income at full occupancy}} \times 100$



Reconciliation of key figures

M€	1-3/2018	1-3/2017	2017
Operating profit	67.8	67.6	307.0
Profit/ loss on sales of investment properties	-0.6	-0.7	-2.5
Profit/ loss on sales of trading properties	0.0		0.0
Profit/ loss on sales of other non-current assets	0.0		0.0
Fair value change of investment properties	-20.7	-23.5	-126.2
Depreciation, amortisation and impairment losses	0.2	0.3	1.1
Adjusted EBITDA	46.7	43.6	179.5
Financial income and expenses	-11.5	-9.3	-40.5
Fair value change of financial assets	1.1	-0.8	-2.7
Adjusted net interest charges	-10.4	-10.1	-43.1
Current tax expense	-7.1	-12.5	-28.6
FFO	29.2	21.0	107.8
Profit for the period	44.6	46.9	212.9
Profit/ loss on sales of investment properties	-0.6	-0.7	-2.5
Profit/ loss on sales of trading properties	0.0		0.0
Profit/ loss on sales of other non-current assets	0.0		0.0
Fair value change of investment properties	-20.7	-23.5	-126.2
Fair value change of financial assets	1.1	-0.8	-2.7
Other items affecting comparability		0.9	0.9
Tax adjustments	4.0	3.9	25.1
Operative result	28.5	26.6	107.6
Operative result	28.5	26.6	107.6
Depreciation, amortisation and impairment losses	0.2	0.3	1.1
Other items affecting comparability		-0.9	-0.9
Share of result from associated companies			-0.1
Difference in deferred taxes	0.6	-5.0	0.0
FFO	29.2	21.0	107.8
Total equity	2,040.2	1,863.3	2,038.6
Assets total	5,449.4	4,593.4	4,943.5
Advances received	-5.6	-5.0	-5.1
Equity ratio, %	37.5	40.6	41.3