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CREDIT OPINION
20 April 2023

Update

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RATINGS

Kojamo plc

Domicile	Finland
Long Term Rating	Baa2
Type	LT Issuer Rating - Dom Curr
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Kojamo plc

Update to credit analysis

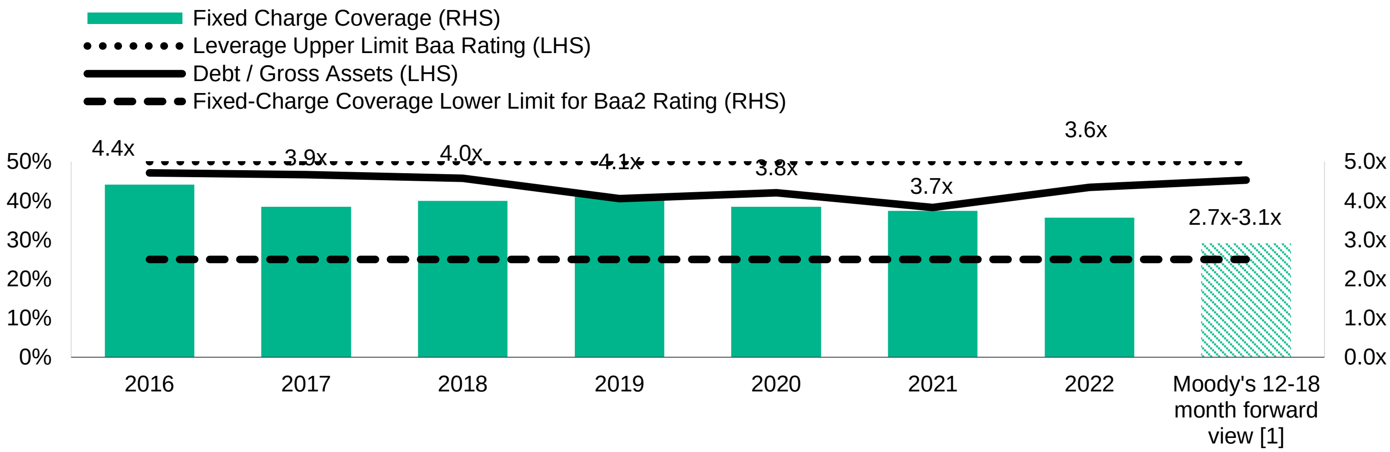
Summary

On 23 March 2023, we affirmed Kojamo plc's (Kojamo) Baa2 long-term issuer rating and changed the outlook to negative from stable. The rating action reflects the company's weaker-than-expected operating performance in a point-in-time oversupplied rental market in Finland; the unregulated segment within the Finnish rental market, which can lead to changes in operating conditions more swiftly than in regulated markets; high tenant turnover with a weak growth outlook for rents; and a relatively short-dated debt maturity profile that exposes the group to rising interest rates in the near to medium term. Also, the short debt maturity profile exposes the company to rising interest rates in the near to medium term, leading to a declining fixed-charge coverage.

Kojamo's issuer rating reflects its position as Finland's largest residential property company; stable rental cash flow (supported by a granular tenant base and occupancy rate of 90% for 2022) from its portfolio of 39,231 rental apartments as of Q4 2022; and a well-located residential property portfolio predominantly in attractive locations in the Helsinki metropolitan area but also in other growth cities in Finland. The weaker-than-expected operating performance, in combination with an oversupplied rental market because of significant building activity during the last years, will limit Kojamo's ability to increase rents to at least partly offset inflation this year. However, the urbanisation trend is strong. Additionally, Kojamo has developed a significant franchise that enhances its ability to attract tenants in a dynamic and competitive rental market. Its properties are concentrated in seven growing Finnish cities that comprise the vast majority of the country's population, with the greatest proportion (76.1% by property value) in the metropolitan Helsinki area.

The rapid increase in interest rates and subsequently difficult capital market conditions with widening credit spreads will continue to increase funding costs significantly. As a result, we expect Kojamo's EBITDA interest coverage to decrease below 3x over the next two years from the estimated 3.6x as of 2022. This is because about 45% (9% in 2023, 17% in 2024 and 18% in 2025) of €1.6 billion of Kojamo's total debt will mature in the next three years. The fixed charge coverage was 3.6x as of year-end 2022. In the context of a weak earnings outlook for this year and higher interest rates, Kojamo has written down market values of its property portfolio by 8.3% for 2022. This caused debt/total assets to increase to 43.4% (38.3%) in 2022. We continue to expect yields to continue to widen and to lead to effective leverage, measured as Moody's-adjusted debt/assets, increasing above 45%, while we expect its net debt/EBITDA of 14.5x as of year-end 2022 to decrease to 12x because of increasing rental revenue, largely as a result of new flats being delivered and no new developments to start. We expect Kojamo to predominantly use secured funding, which will reduce the share of unencumbered assets to total assets towards 70%.

Exhibit 1
Leverage and fixed-charge coverage



[1] This represents Moody's view, not the view of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Investors Service estimates

Credit strengths

» Good-quality assets located in attractive city centre locations

» A diversified tenant base and historically strong rental growth

» Strong demand for Kojamo's apartments, underpinned by urbanisation

» Controlled development programme with an adequate pipeline that is likely to enhance value and portfolio quality

» Adequate liquidity and moderate effective leverage

Credit challenges

» Higher refinancing costs to lead to a decline in EBITDA fixed coverage to less than 3x over the next 12-18 months

» Weaker occupier market and low like-for-like (LFL) rental growth since the pandemic

» Significant construction activity within Kojamo's focus markets, which has strained rent levels but not necessarily occupancy rates as urbanisation is strong

» High net debt/EBITDA as a result of the company's development programme, which we expect to decrease

» Large portion of debt maturing in the coming three years, which will weaken its interest coverage

Rating outlook

The negative outlook reflects the deteriorating financial market environment amid higher interest rates and expected yield widening, which will make it difficult for Kojamo to protect credit metrics in line with the requirements for its Baa2 rating. This relates in particular to the group's fixed charge cover, which we forecast will decline below 3x over the next two years. In addition, Kojamo is exposed to significant bond maturities in an increasingly difficult public bond market over the next few years, which we expect the group to address proactively.

Factors that could lead to an upgrade

» Effective leverage moving towards 40% and a tighter financial policy that supports such a level, in combination with a consistent decline in net debt/EBITDA

» Fixed charge coverage maintained at 4.0x

» Strong market fundamentals, increasing market rental levels and asset values, and good access to capital markets

Factors that could lead to a downgrade

» Effective leverage above 50% on a sustained basis, although in case of a substantial increase in its net debt/EBITDA from 12x, our tolerance for effective leverage will significantly decline from the level of around 50%

» Failure to reduce net debt/EBITDA to 12x

» Fixed charge coverage falling and remaining below 3.0x on a sustained basis

» Weaker market fundamentals, resulting in falling rents and asset values

Key indicators

Exhibit 2
Kojamo plc [1][2][3]

USD Billion	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	12-18 Month Forward View [3]
Real Estate Gross Assets	$6.0	$6.3	$7.4	$8.9	$9.9	$9.0	$8.6 - $8.7
Amount of Unencumbered Assets	44.9%	58.6%	59.8%	70.8%	77.7%	80.4%	66% - 69%
Debt / Real Estate Gross Assets	46.7%	45.8%	40.6%	42.1%	38.3%	43.4%	45.0% - 45.5%
Net Debt / EBITDA	11.8x	11.0x	11.5x	12.4x	13.1x	14.5x	12.5x - 13.4x
Secured Debt / Real Estate Gross Assets	28.8%	20.7%	19.3%	17.2%	13.5%	14.6%	21.9% - 23.6%
EBITDA / Fixed Charges [2]	3.8x	4.0x	4.1x	3.9x	3.7x	3.6x	2.7x - 3.1x

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments.
[2] Periods are financial year-end unless indicated.
[3] Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Investors Service

Profile

Kojamo plc (Kojamo) is a residential real estate company established in 1969 and headquartered in Helsinki. The company owns, develops and manages a residential property portfolio located across Finland's largest growth cities (market value of €8.2 billion as of 31 December 2022).

The company's main shareholders are Heimstaden (15%), Ilmarinen Mutual Pension Insurance Company (8.3%), Varma Mutual Pension Insurance Company (7.8%) and Norges Bank Investment Management (5.3%). Kojamo was listed on the Nasdaq Helsinki Exchange after the IPO in June 2018.

Detailed credit considerations

Leading residential landlord in Finland

Kojamo is the largest residential landlord in Finland. It has a market share of around 4%, ahead of its close competitor SATO Oyj (Baa3 on review for downgrade), which reflects the market's high level of fragmentation.

The company's €8.2 billion property portfolio is spread across Finland's seven largest and fastest-growing cities. Its 39,231 units span around 2.0 million square metres (sqm). Kojamo has a relatively high occupancy rate of 92.0%, although increased because of pandemic-related restrictions in Helsinki and record-high rate of construction for a long period. Kojamo generated €413 million in annual rental income for 2022, with a reported yield of around 3.7%. The Finnish professional property investment market had an estimated total value of €83 billion as of year-end 2019, of which institutional and international investors accounted for 33% (KTI Property Information, 2021).

As of 2022, around 99% (39,231 apartments) of Kojamo's residential units were not subject to rental regulations, while the remaining 1% were subject to restrictions on rent increases.

Kojamo's tenant turnover was 31.1% for 2022, which is higher than that of its European peers and which increased on the back of the pandemic's negative impact on migration and supply. This reflects the local practice of signing lease agreements that can be terminated at will, the sizeable proportion of young professionals among Kojamo's tenants, overall market competition and a growing stock of new properties. The high tenant turnover is mitigated by historically high occupancy rates.

Operationally, Kojamo's LFL rental growth has been weak since the pandemic. The record-high rate of construction for a long period has also added to supply on the market and increased the competition for tenants while making rental growth more difficult.

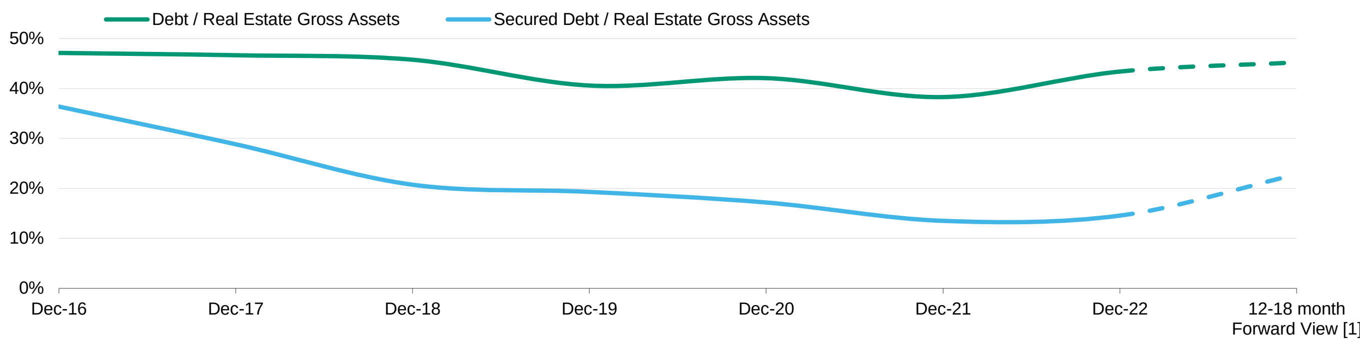
Increasing leverage due to the expectation of widening yields

As Exhibit 8 shows, Kojamo's estimated Moody's-adjusted gross debt/total assets was 43.4% as of 2022, with €3.7 billion of adjusted gross debt and total adjusted assets of €8.5 billion, including €8.2 billion of investment properties.

While we expect high cost inflation and economic uncertainty to decrease the supply of rental apartments, it will take some time for Kojamo to return to significant rental growth. In the context of a weak earnings outlook for this year and higher interest rates, Kojamo has written down market values of its property portfolio by 8.3% for 2022. This will lead to effective leverage, measured as Moody's-adjusted debt/assets, increasing above 45%.

Exhibit 3

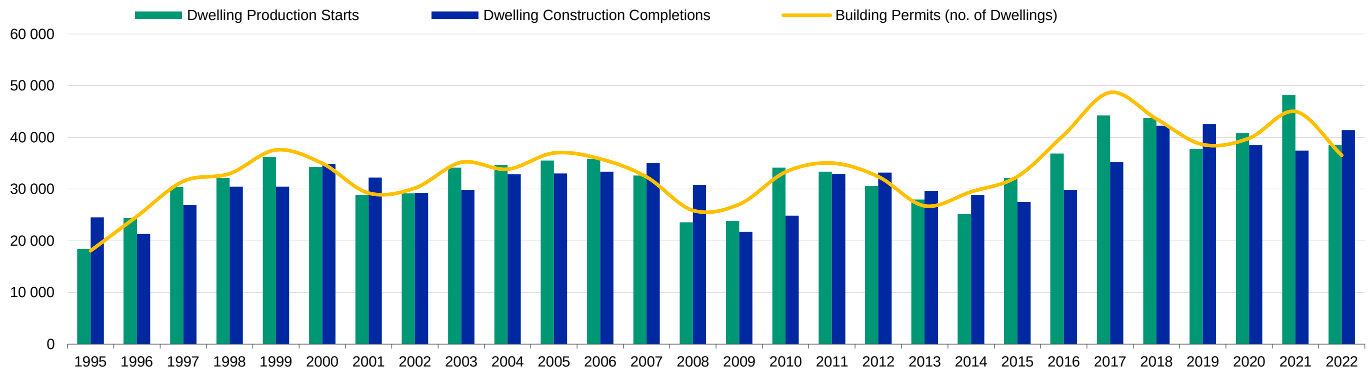
Improvement in effective leverage following change in valuation technique, but it is likely to rise again



[1] This represents Moody's view, not the view of the issuer.
Source: Moody's Financial Metrics™

Residential construction activity has been high in recent years, with the number of starts peaking in 2021, when the construction of more than 47,000 residential dwellings was started. According to the Confederation of the Finnish Construction Industries RT, the construction of an average of 35,000 new dwellings should be started annually to meet the needs of urbanisation and migration. Still, the number of residential units to be completed, especially in the Helsinki metropolitan area, will be high throughout 2023, maintaining intense competition for tenants. Despite the economic uncertainty, there is demand for rental homes and the urbanisation trend continues. In addition, we expect rising interest rates to make rental housing more active than owner-occupied housing, which should over time lead to a better-balanced market. We expect stable rental cash flow from Kojamo's portfolio of 39,231 rental apartments as of Q4 2022 and a well-located residential property portfolio predominantly in attractive locations in the Helsinki metropolitan area, but also in other growth cities in Finland.

Exhibit 4
Dwelling production starts in Finland have decreased notably during 2022 and expected to decrease further in 2023



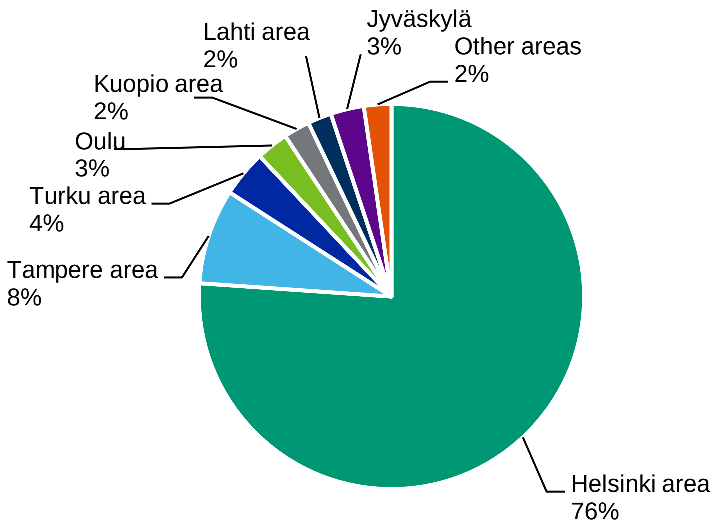
Source: Statistics Finland

Strong tenant diversification; some concentration in Helsinki mitigated by population growth and presence in attractive micro locations

Kojamo has a diversified tenant base only partly offset by some geographical concentration. The strong diversification of its tenant base, which is typical of residential real estate companies, is credit positive and is further enhanced by the relatively small size of the apartments on offer, which cater to small family units and individuals. Kojamo's property portfolio is granular and includes 39,231 rental apartments.

As Exhibit 3 shows, Kojamo's largest holdings are in Helsinki, representing 76% of the total portfolio value and 61% of the total number of its apartments. With a population of around 1.5 million, the Helsinki region is the country's most populous area (out of a total population of 5.5 million). Kojamo operates in six other metropolitan areas with growing populations, namely Tampere, Turku, Oulu, Kuopio, Lahti and Jyväskylä.

Exhibit 5
Kojamo operates in Finland's seven largest cities
Fair value of apartments as of 31 December 2022



Source: Company

Increasing urbanisation, ageing population and smaller households underpin steady demand for Kojamo's properties

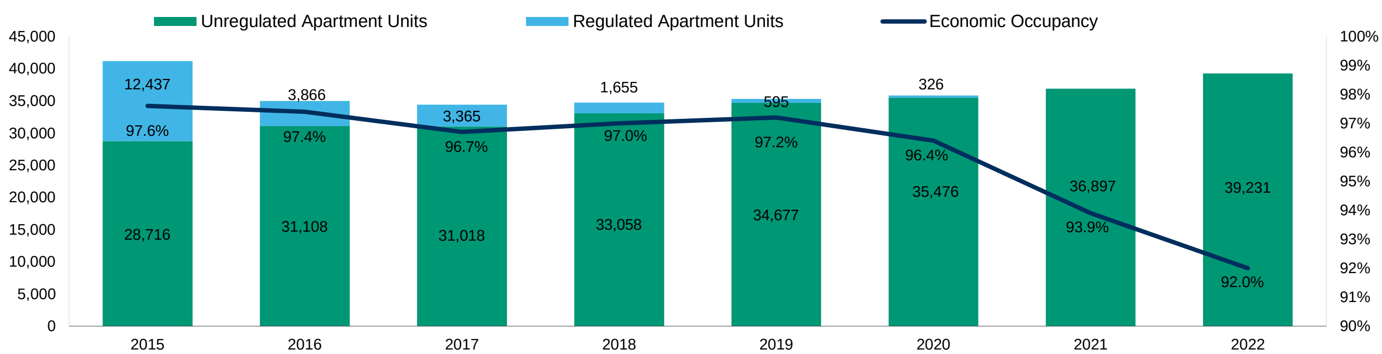
Three population trends in Finland underpin demand for rental housing in general, and for Kojamo's rental housing stock in particular. These trends are growing urbanisation with an increasing proportion of the Finnish population residing in cities; the general ageing of the population in combination with elderly people staying longer in their own households; and the growing proportion of one-person households in Finland. All of these factors are likely to underpin demand for smaller apartments. In addition, we expect rising interest rates to make rental housing relatively more active than owner-occupied housing.

Kojamo has developed a significant franchise as Finland's largest residential landlord and benefits from a recognised brand name, LUMO. We positively view the company's focus on providing tenants with value-added services. These include a 24-hour rental service that allows people to choose and rent apartments online, a car-sharing scheme under which cars are reserved and picked up from a building's own car pool, and its affordable offering, Lumo Kompakti.

Kojamo underwent a strategic transformation in 2016 and revised its strategic policies. Its strategy is to invest in properties whose rent can be freely set based on prevailing market trends. As a result, Kojamo divested 11,208 apartments subject to long-term restrictions between 2016 and 2018 (also including units free from restrictions and moving out of a regulated business to an unregulated one), and both acquired and developed 4,768 (net) market-based rental apartments.

Exhibit 6

Occupancy high but has declined because of rent increases and the pandemic



Source: Company

Development activities set to decrease

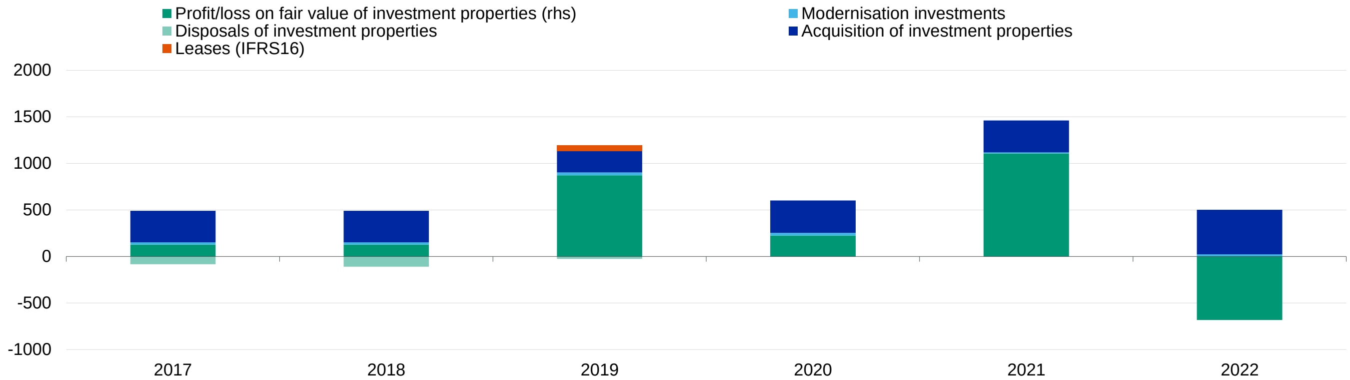
Kojamo has decided to pause new investments in light of the current market environment, with planned investments of €177 million for 2023, but only €30 million in 2024. This will make it more difficult for the group to reach its revenue growth target of 4%-5% per year, but for 2023 and 2024, this is still achievable because of investments that have already been made. This will likely have a positive effect on occupancy. The absolute majority of current developments are at fixed costs, which means that Kojamo is protected from the increasing inflation. However, future project developments will be exposed to cost inflation risks, which will weaken development yields.

As of December 2022, Kojamo had binding acquisition agreements for new developments and cost of completion of apartments under construction totalling €439 million, corresponding to around 5.2% of total assets.

Exhibit 7

Development of Kojamo's investment properties

Kojamo underwent a strategic portfolio reallocation in 2016 and changed its valuation technique in 2019



Source: Company

Kojamo's projects include large refurbishments of residential and office buildings, which it transforms into residential buildings because of their favourable location in the city, as well as the upgrade of apartments before new tenants move in and greenfield project developments. However, this vacancy risk is significantly mitigated by historical evidence of developments showing occupancy rates of 93%-98% one to three months after completion, which reflects the attractive location of the units and good demand. Ultimately, development activities are likely to improve the asset quality of Kojamo's portfolio.

Adequate liquidity despite sizeable planned investments and bond maturities

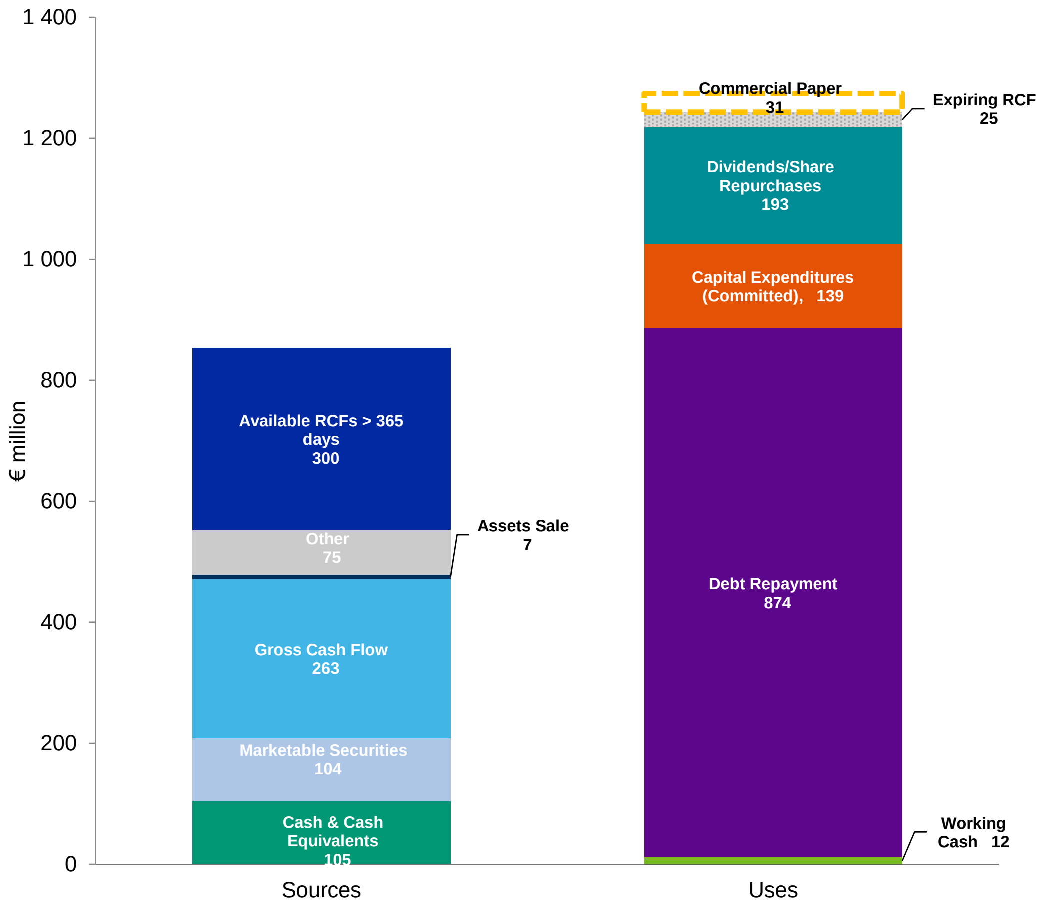
Kojamo has adequate liquidity, reflecting its stable cash flow and significant unused committed credit facilities. However, there are upcoming bond maturities of around €700 million, which will need to be addressed shortly because internal sources will not be able to cover these maturities. The investment plan has been paused, easing Kojamo's internal cash flow. Also, the adequate liquidity is only including committed capital spending and planned but not committed project developments require additional bond or bank financing.

The company has good access to bank debt, and its diversified bank relationships and highly liquid and unencumbered housing portfolio further support funding needs. Overall, the refinancing risk in the European real estate sector has increased significantly, leaving public bond markets largely unattractive. Therefore, we expect companies, including Kojamo, to return to secured bank financing. Following the issuance of three €500 million unsecured bonds in June 2017, March 2018 and May 2020, and a €350 million bond in May 2021, Kojamo increased its unencumbered asset pool to 80% as of 2022 from 39% as of 31 December 2016. This issuance also improved its access to capital. We expect this ratio to be closer to 66%-69% of total assets in the next 12-18 months as the company moves further to a secured bank funding structure. The high refinancing requirements will lead to lower fixed charge coverage ratio. Also contributing to liquidity are its unsecured revolving credit facilities (RCFs) of €300 million as of December 2022. We assign Kojamo a Baa score for the Liquidity and Access to Capital subfactor.

Exhibit 8

Kojamo's liquidity as of Q4 2022 for the next 18 months

Kojamo's liquidity sources will cover liquidity needs for 15 months but not for 18 months



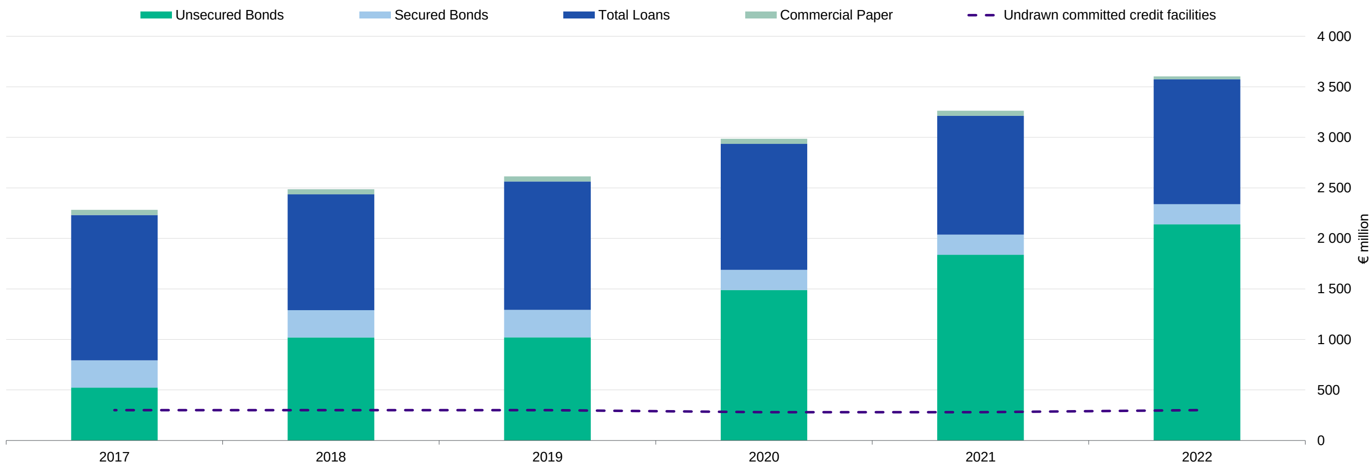
Source: Company

We view positively the fact that the company is not a REIT and it can stop paying dividends if needed. The company's dividend policy is to distribute a minimum of 60% of its funds from operations as dividends, provided that its equity ratio exceeds 40%. Despite high refinancing requirements which will in the end lead to a weaker fixed charge coverage we view the continued dividend payment as a credit negative.

Exhibit 9

Kojamo's debt funding sources

Kojamo has measurably increased unsecured bond debt since 2017



[1] Excludes IFRS16 leases of €61.1 million, €68.3 million, €71.5 million and €74.5 million in 2019, 2020, 2021 and 2022, respectively, for comparability.
Source: Company

Weakening liquidity but liquidity sources will cover liquidity needs for 15 months

Kojamo has a diversified funding mix, consisting of commercial paper, bank loans, bonds and interest subsidy loans. As of 31 December 2022, the company's debt included €1.2 billion of loan debt; one unsecured bond of €350 million maturing in 2029, three unsecured bonds of €500 million, maturing in 2024, 2025 and 2027, and one secured bond of €200 million, maturing in 2023; €50 million in commercial paper; and €300 million of undrawn RCFs, primarily backing its €250 million commercial paper programme but which could also be used for general corporate purposes. The RCFs were refinanced and increased to €300 million in Q1 2021. They were spread across several facilities as of December 2022, with staggered maturities between December 2023 and March 2026. The four facilities are unsecured. Kojamo also has €27 million in interest subsidy loans outstanding.

The company had an unrestricted cash and cash equivalents position of €209 million (including €104 million of marketable securities) as of 31 December 2022. The company maintains a low level of cash in bank accounts, and its liquidity is instead managed by cash-flow and bank lines. The long-dated unused RCFs with ample covenant capacity provide a backstop in the event that the company struggles to roll over its commercial paper.

Kojamo has used commercial paper to a large extent as a funding source. The programme size is €250 million, but drawn commercial paper still constitutes a low share (0.9% as of December 2022) of total debt. Loan financing is the company's second-largest (35% as of December 2022: 34% bank loans and 1% interest subsidy loans) funding source. We expect unencumbered assets to decrease as Kojamo may increase secured borrowing from banks.

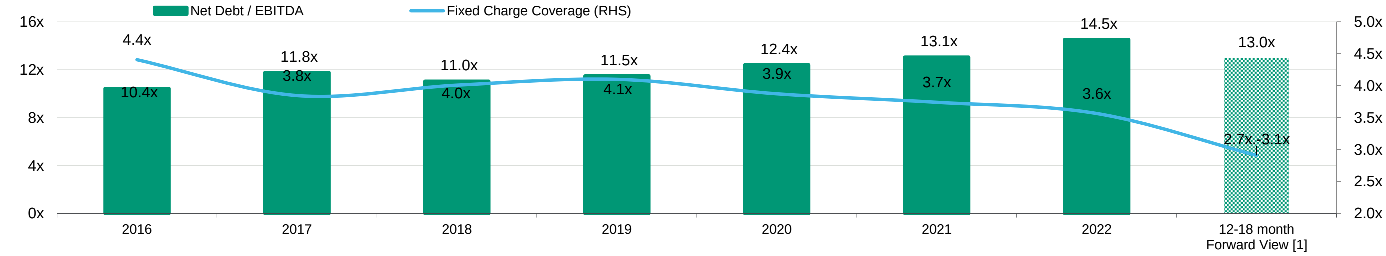
Weakening fixed-charge coverage because of increasing interest rates and significant refinancing need in the coming years

The rapid increase in interest rates and subsequently difficult capital market conditions with widening credit spreads will continue to significantly increase funding costs. Overall, the refinancing risk in the European real estate sector has significantly increased, leaving public bond markets largely unattractive and hence we expect companies, including Kojamo, to return to secured bank financing. While bank financing remains a credible refinancing option at lower costs than bond issuances, it will not shield Kojamo from rising interest costs. As a result, we expect Kojamo's EBITDA interest coverage to decrease below 3x during the next two years from the estimated 3.6x as of 2022. This is because about 45% (9% in 2023, 17% in 2024 and 18% in 2025) of €1.6 billion of Kojamo's total debt will be maturing in the next three years.

The targeted hedging ratio is 50%-100%. As of 31 December 2022, 84% of Kojamo's debt was fixed, with an average duration of interest hedges of 3.5 years, which will contribute to the stability of the company's fixed-charge coverage, but only for the next 3-4 years.

Exhibit 10

Net debt/EBITDA likely to decline from high levels paired with deteriorating fixed charge coverage



[1] This represents Moody's view, not the view of the issuer.
Source: Moody's Financial Metrics™

For 2022, Kojamo's Moody's-adjusted EBITDA was €238 million and net debt was around €3.5 billion. Moody's-adjusted net debt/EBITDA was a high 14.5x, partly reflecting the fact that the company sold and acquired properties from March 2017 to December 2022. The company's net debt/EBITDA will decrease towards 12x-13x the coming 12-18 months driven by increasing rental revenue, driven by the delivery of new flats, potentially decreasing vacancies. In general, the investment, and the financing, is made upfront and the EBITDA is generated after completion, that is, up to two years later.

In addition, Kojamo's focus on properties in attractive locations implies higher acquisition costs. We assess this ratio in conjunction with the effective leverage, which is more moderate and in line with that of similarly rated peers, and reflects the high potential value of Kojamo's property portfolio.

ESG considerations

Kojamo plc's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 11

ESG Credit Impact Score

CIS-2

Neutral-to-Low

NEGATIVE IMPACT

POSITIVE IMPACT

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

ESG considerations have a neutral to low impact on Kojamo's rating (**CIS-2**), with a potentially larger impact in the future. This mainly reflects a neutral to low negative carbon transition risks and potential exposes the company towards social risk arising from affordable living requirements and competition from alternative lodging options.

Exhibit 12
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-3	G-2
Moderately Negative	Moderately Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental

E-3: Kojamo's exposure towards carbon transition risk is moderate and in line with most of the peers in the real estate industry in the Nordics. The company is primarily concentrated to Helsinki, 73%. The company's has a development pipeline of ongoing projects 4.5% of total assets which enables the company to improve /upgrade the energy performance. The company target to achieve carbon-neutral energy operations by 2030.

Social

S-3: Credit exposure to social risks is moderately negative. Kojamo is active on a unregulated market and set the rent for its tenants. The company's investments are mostly located in the larger urban areas in Finland. The company has 76% of its portfolio in attractive locations in Helsinki metropolitan. Urbanization, positive demographic trends, and a trend towards smaller households underpin the demand for Kojamo's rental housing. This market differs from other European regulated markets. Companies in the sector are also exposed to moderate customer relationship risk through the handling of sensitive private individual data.

Governance

G-2: Policy to keep LTV below 50%. In Q2 2022 Moody's adjusted effective leverage stood at 43.4% and represent a buffer and management conservative commitment to financial policy. Strong execution, good track-record of management continuous developments (4.5% of total assets) which enhances quality.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Methodology and scorecard

The principal methodology used in rating Kojamo was the REITs and Other Commercial Real Estate Firms rating methodology, published in September 2022. The assigned rating is in line with the Baa2 scorecard-indicated outcome for 2022, but one notch below in the forward-looking view. This is a result of our assumption that unencumbered assets will be reduced because Kojamo will return to secured borrowing at banks.

Exhibit 13

Rating factors

Kojamo plc

REITs and Other Commercial Real Estate Firms Industry Scorecard [1][2]	Current FY 12/31/2022		Moody's 12-18 Month Forward View As of 3/22/2023 [3]	
Factor 1 : Scale (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets (USD Billion)	$9.0	Baa	$8.6 - $8.7	Baa
Factor 2 : Business Profile (25%)				
a) Market Positioning and Asset Quality	A	A	A	A
b) Operating Environment	A	A	Baa	Baa
Factor 3 : Liquidity and Access To Capital (25%)				
a) Liquidity and Access to Capital	Baa	Baa	Baa	Baa
b) Unencumbered Assets / Gross Assets	80.4%	A	66% - 69%	Baa
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	43.4%	Baa	45% - 45.5%	Baa
b) Net Debt / EBITDA	14.5x	Ca	12.5x - 13.4x	Caa
c) Secured Debt / Gross Assets	14.6%	Baa	21.9% - 23.6%	Ba
d) Fixed Charge Coverage	3.6x	Baa	2.7x - 3.1x	Baa
Rating:				
a) Scorecard-Indicated Outcome		Baa2		Baa3
b) Actual Rating Assigned				Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 12/31/2022; Source: Moody's Financial Metrics™
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures

Source: Moody's Financial Metrics™

Ratings

Exhibit 14

Category	Moody's Rating
KOJAMO PLC	
Outlook	Negative
Issuer Rating -Dom Curr	Baa2
Senior Unsecured -Dom Curr	Baa2

Source: Moody's Investors Service

Appendix

Exhibit 15

Moody's-adjusted debt reconciliation for Kojamo plc[1][2]

(in EUR million)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
As Reported Total Debt	**2,485.6**	**2,674.2**	**3,053.3**	**3,334.5**	**3,678.2**
Leases	43.0	0.0	0.0	0.0	0.0
Moody's Adjusted Total Debt	**2,528.6**	**2,674.2**	**3,053.3**	**3,334.5**	**3,678.2**

[1] All figures are calculated using Moody's estimates and standard adjustments.
[2] Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 16

Moody's-adjusted EBITDA reconciliation for Kojamo plc[1][2]

(in EUR million)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
As Reported EBITDA	**323.5**	**1,081.6**	**445.4**	**1,336.2**	**(436.5)**
Non-Standard Adjustments	-0.2	-0.2	0.0	0.0	0.0
Unusual Items - Income Statement	-127.8	-871.9	-225.8	-1,105.7	674.3
Leases	4.3	0.0	0.0	0.0	0.0
Moody's Adjusted EBITDA	**200.0**	**209.7**	**219.6**	**230.5**	**237.8**

[1] All figures are calculated using Moody's estimates and standard adjustments.
[2] Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 17

Peer comparison[1][2]

REITs and Other Commercial Property Firms Industry Grid [1]	Kojamo [2]	SATO [2]	LEG Immobilien [2]	Grand City Properties Properties S.A. [2]	Annington Limited [2]
Factor 1 : Scale (5%)	**Measure**	**Measure**	**Measure**	**Measure**	**Measure**
a) Gross Assets (USD Billion)	$8.6 - $8.7	$5.11	$20 - $21	$10.5 - $11.5	$9.5 - $10
Factor 2 : Business Profile (25%)					
a) Market Positioning and Asset Quality	A	A	Baa	Baa	Baa
b) Operating Environment	Baa	Baa	Aa	Aa	A
Factor 3 : Liquidity and Access To Capital (25%)					
a) Liquidity and Access to Capital	Baa	Ba	Baa	A	Baa
b) Unencumbered Assets / Gross Assets	66% - 69%	44.3% - 70.3%	35% - 40%	80% - 90%	100%
Factor 4 : Leverage and Coverage (45%)					
a) Total Debt + Preferred Stock / Gross Assets [3]	45% - 45.5%	46.5% - 50.2%	44% - 49%	40% - 45%	50% - 53%
b) Net Debt / EBITDA	12.5x - 13.4x	13.3x 14.1x	16x - 17x	13x - 14x	17x - 19x
c) Secured Debt / Gross Assets	21.9% - 23.6%	14.3% - 27.4%	15% - 20%	4% - 8%	0%
d) Fixed Charge Coverage [4]	2.7x - 3.1x	2.1x - 2.6x	3.5x - 4x	4x - 5x	1.3x - 1.5x
Rating:					
a) Scorecard-indicated outcome	Baa3	Ba1	Baa3	Baa1	Baa2
b) Actual Rating Assigned	Baa2	Baa3	Baa1	Baa1	Baa2
c) Gap	+1	+1	+2	0	0

[1] All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] This represents Moody's forward view, not the view of the issuer.
[3] Debt includes a portion of hybrid securities considered to have debt like features as explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010.
[4] Fixed charges includes capitalised interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010.
Source: Moody's Financial Metrics™

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CLIENT SERVICES

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Asia Pacific	852-3551-3077
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