

# Annual Report 2017





**Kojamo plc focuses on real estate investments in Finland, renewing rental housing in order to make it increasingly attractive. The vision of the housing investment company is to be the property market frontrunner and the number one choice for our customers.**



Kojamo in brief .....	3
Key events in 2017 .....	4
CEO's review .....	7
Megatrends .....	9
Rental housing market .....	11
Strategy .....	12
Value creation .....	14
Responsibility at Kojamo .....	15
Key responsibility themes.....	16
Business operations .....	17
Better customer experience .....	18
Sense of community in Lumo homes .....	20
A reliable landlord .....	21
Developing urban housing in Finland.....	22
Housing investments in growth centres.....	23
Real estate development and property services .....	24
New development and acquisitions, investments .....	26
Financing sources.....	27
Cooperation network and procurement chain .....	28
Personnel .....	29
Sustainable development and the environment .....	31

Kojamo in brief

# Better urban housing for everyone

**K**ojamo's vision is to be the property market frontrunner and the number one choice for customers who value better urban housing. With our Lumo brand, we are transforming Finnish rental housing and making it more attractive. We are promoting the competitiveness and well-being of urbanising Finland by facilitating work-related mobility.

We are investing heavily in digital services, the customer experience and our corporate culture. Our objective is to be a strongly performing housing investment company known for its excellent customer experience.

We operate in the seven main urban regions of Finland, responding to increasing rental demand in the Helsinki region in particular. Over the last five years, we have invested EUR 1.7 billion in the development of commercial rental housing.

We are promoting the competitiveness and well-being of urbanising Finland by facilitating work-related mobility.



## Key events in 2017

# Kojamo's year 2017

We increased the number of Lumo apartments mainly by building new properties, and began to develop the Lumo brand into a frontrunner in urban housing. At year-end, we had 1,525 rental apartments under construction: 1,188 in the Helsinki region and 337 in other Finnish growth centres. Gross investments totalled EUR 367.3 million.

In densely built urban districts, converting buildings for residential purposes is an effective way to increase supply in popular areas. During the year, several conversions of properties were completed or under way in Helsinki. Moreover, we finalised a deal on the purchase of properties from the City of Helsinki, previously used by Metropolia University of Applied Sciences.

We launched significant new construction and conversion projects in growth centres and divested non-strategic apartments. Together with our partners, we introduced our tenants entirely new Lumo services. The Lumo web store, which has transformed the renting of apartments, established its popularity among consumers.

### Rent a new home in 15 minutes – online

We gave the power to our customers by taking all new and soon-to-be-vacant

Lumo homes to the web store, where the customer can choose his or her preferred home and sign a tenancy agreement right away. The Lumo web store has seen strong growth, with some 4,000 tenancy agreements already signed there by the year-end.

### A platform for housing services

During the year, we developed our services to make daily living easier. As part of customer experience development, we revamped the house manager's role. In addition to taking care of housing services and the condition of properties, the house manager is responsible for building a unique customer experience.

In the review period, we also introduced free-of-charge sports services for our tenants in 13 Lumo buildings in Helsinki, and expanded the car sharing service to include vans. In November, we opened the Lumo brand as an innovation platform for our current and new partners.

### Stable growth in property business

Kojamo's turnover in 2017 was EUR 337 million, consisting entirely of rental income. The financial occupancy rate was 96.7 per

Turnover, EUR million

337.0

Gross investments,  
EUR million

367.3

Rental apartments, pcs

34,383

Fair value of housing stock,  
EUR billion

4.7

cent. At year-end, the rental housing stock included 34,383 apartments, of which the commercial Lumo segment accounted for 90 per cent. The fair value of investment properties was EUR 4.7 billion at the end of the financial year.

The Group's parent company diversified its financing to ensure the achievement of strategic growth targets. On 19 June 2017, the company issued a EUR 500 million unsecured bond that was listed on the official list of the Irish Stock Exchange and admitted for trading on its regulated market. On 30 May 2017, Moody's Investor Service issued a long-term credit rating of Baa2 with a stable outlook for Kojamo plc.

### Our new name is Kojamo

The new name of the Group's parent company, Kojamo plc, came into effect on 27 March 2017. The aim of the name change is to clarify activities in line with the new strategy for better urban housing as well as strengthen competitiveness. Kojamo is investing heavily in digital services, the customer experience and corporate culture.

## Key indicators

Kojamo Group	2017	2016	2015	2014	2013 **)
Total revenue, M€	337.0	351.5	370.9	356.5	346.6
Net rental income, M€	216.0	222.0	227.4	210.0	198.4
% total revenue	64.1	63.2	61.3	58.9	57.2
Net financial expenses, M€	40.5	46.0	37.1	47.3	40.3
Profit before taxes, M€	266.7	289.7	224.7	146.5	75.9
Operative result, M€ *)	107.6	116.9	121.4	103.2	
Balance sheet total, M€	4,943.5	4,572.2	4,236.1	3,957.2	2,468.5
Investment properties, M€ <sup>1) 5)</sup>	4,710.2	4,298.9	3,999.2	3,708.8	3,351.1
Financial occupancy rate, %	96.7	97.4	97.6	98.1	98.5
Tenant turnover, % <sup>4)</sup>	28.6	27.6	23.7	21.6	21.2
Equity attributable to equity holders of the parent company, M€	2,038.6	1,859.5	1,738.5	1,579.0	497.9
Interest-bearing liabilities, M€ <sup>2)</sup>	2,283.0	2,122.8	1,494.6	1,850.1	1,795.1
Return on equity, % (ROE) *)	10.9	12.9	10.8	7.2	15.5
Return on investments, % (ROI) *)	7.5	8.8	7.6	5.9	5.5
Equity ratio, % <sup>1) *)</sup>	41.3	40.7	41.1	40.0	41.3
Loan to Value (LTV), % <sup>1) 2) 3) *)</sup>	46.0	47.1	39.8	46.8	48.6
Earnings per share, €	28.77	31.38	24.23	14.95	10.07
Equity per share, € <sup>1)</sup>	275.39	251.20	234.85	213.30	209.16
Dividend per share, € <sup>6)</sup>	6.80	15.80	5.00	3.00	2.20
Dividend per earnings, % *)	23.64	50.35	20.64	20.07	21.85
Gross investments, M€	367.3	696.0	235.0	200.5	223.2
Number of personnel, average	310	298	364	339	341

\*) Disclosure on Alternative Performance Measurements based on ESMA guidelines is located on key figures section of the financial statements

\*\*\*) As of 2014, the Group adopted IFRS for its financial reporting. For 2013, figures are presented according to the FAS Financial Statements.

1) Calculated with FAS 2013 fair values

2) Does not include items held for sale

3) The calculation formula is changed 2017 and the comparative figures adjusted to correspond to the current calculation method

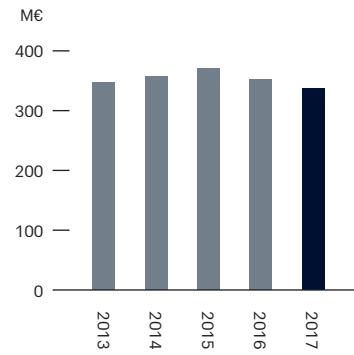
4) Excluding internal turnover

5) Including items held for sale

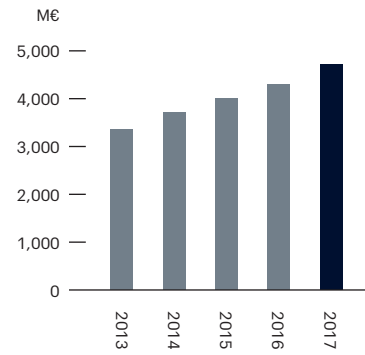
6) 2017: the Board of Directors proposed that a dividend of 6,80 € per share. 2016: including extra dividend 9 €

7) As of 1st of Jan 2017 20 M€ of investment funds have been reclassified from financial assets to cash and cash equivalents. Comparative period has not been restated.

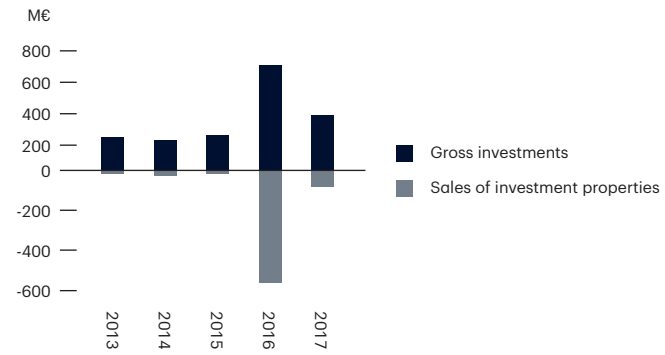
### Turnover



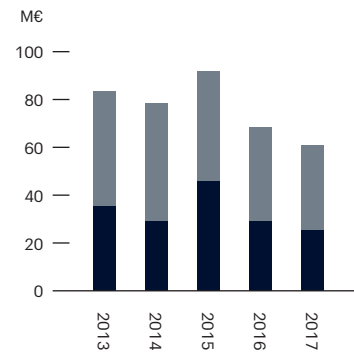
### Value development



### Gross investments and sales of investment properties

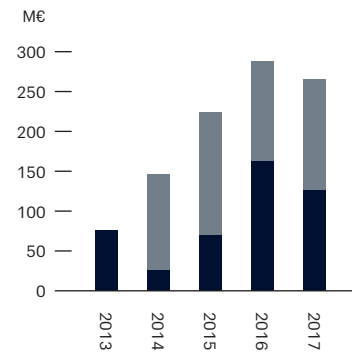


### Renovations



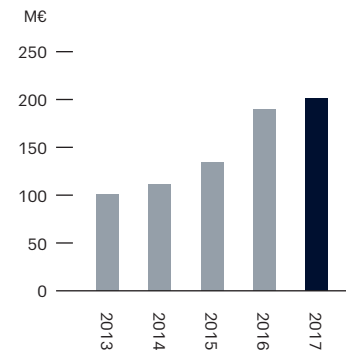
- Modernisation investments
- Renovations and repairs

### Profit before taxes



- Change in the fair value of investment properties
- Other items

### Net rental income, Lumo business





## New construction thrives and housing services develop rapidly

In 2017, we consolidated our position as Finland's largest real estate investor and innovator in rental housing services. We developed our property portfolio actively, revamped the customer experience of our Lumo brand and improved our abilities to become a pioneer showing the way to better urban housing in Finland.

We implemented our growth strategy by building new Lumo homes, converting offices into apartments, renovating older housing stock and acquiring properties that meet the requirements of the Lumo segment. We applied sustainability principles in our properties by, for example, promoting



**We applied sustainability principles in our properties by, for example, promoting the wise use of electricity, heat and water as well as by creating opportunities for sharing-economy applications in housing.**

## CEO's review

the wise use of electricity, heat and water as well as by creating opportunities for sharing-economy applications in housing. We are contributing to the climate friendliness of the entire sector by participating actively in Climate Leadership Coalition as the only real estate company in Finland.

We are continuously improving our housing stock to meet people's needs in the increasingly urban Finland. Over the last five years, we have invested approximately EUR 1.7 billion in Lumo Business. At year-end, we owned 34,383 rental apartments and had 1,525 rental apartments under construction. New rental apartments have been built particularly in the Helsinki Metropolitan Area. The occupancy rate of our rental apartments remained high, although supply has momentarily increased. We believe that the continued urbanisation will create long-term demand for rental apartments in growth centres.

Urban living in a city centre, in a modern, high-quality home, will attract more and more people in the future. At the end of the year, we finalised a deal on the purchase of properties owned by the City of Helsinki, previously used by Metropolia University of Applied Sciences, in an excellent location. We aim to turn them into modern, sought-after urban apartments.

Finance that supports growth is the key to achieving our strategic objectives. To

meet our growth targets, we continued to diversify and strengthen our financing base. Our public credit rating (Moody's Baa2 with a stable outlook) and the EUR 500 million bond listed on the Irish Stock Exchange support our goal of investing in Lumo homes in urbanising Finland.

Services also developed rapidly in this record year of construction. The needs and wishes of urban tenants can be seen in our customers' actions: the Lumo web store has increased steadily, and over 4,000 tenancy agreements have already been completed there. Some 300 apartments are rented via the web store every month. On a monthly level, 30 per cent of all new Lumo tenancy agreements are signed via the web store. For newly constructed properties, the figure is up to 80 per cent.

In autumn 2017, we made an open invitation to companies to join us in developing new housing services, and offered the Lumo brand, the most valued brand in the sector\*, as an innovation platform for service development. The idea is to develop both common services for all customers and services tailored to meet individual requirements.

I am proud of our employees, who have contributed enthusiastically to renewing our corporate culture. We have achieved a lot: in line with our values, we have reviewed our old habits and streamlined

# 4,000

**"The Lumo web store has increased steadily, and over 4,000 tenancy agreements have already been completed there."**

our ways of working. At today's Kojamo, we are truly living our jointly created values – Happy to serve, Strive for success and Courage to change – in a new and energetic way. We will continue to have courage to change in 2018 as well.

The Board of Directors of Kojamo have decided to explore the possibility of a stock exchange listing to broaden our ownership base to support Kojamo's continued growth.



Jani Nieminen  
CEO

\*Taloustutkimus: Brändien arvostus 2018 (brand appreciation report)



# Megatrends that influence Kojamo



## Urbanisation and internationalisation

- Population shift to the Helsinki Metropolitan Area is continuing and strengthening.
- The development of growth centres is being actively steered.
- Within cities, the market is becoming divided.
- The attraction of city centres is increasing.
- People and cities are becoming more international.

### Impact on Kojamo

- Demand for rental housing is concentrating in locations where Kojamo Group operates.
- Market knowledge is increasing in importance.
- The customer potential created by the workforce of global technology businesses relocating to growth centres must be taken into account.



## Ageing population and smaller family sizes

- Family sizes are becoming smaller, especially among those living in rental apartments.
- Immigration is continuing and multiculturalism is becoming established.
- The population is ageing.
- Higher living standards are increasing investments in housing.

### Impact on Kojamo

- The average area of new apartments, 45 sq m, fits the demand.
- Immigration offers unused potential.
- Seniors are expecting high-quality housing services.
- Communal and individual services are meeting diversifying housing needs.



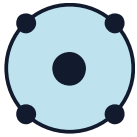
## New technologies and digitalisation

- Digitalisation is opening up new opportunities in all areas of housing and properties.
- Self-service that is not bound to time and place is increasing.
- Smart homes and IoT are becoming more common.

### Impact on Kojamo

- New solutions (big data, sensors, smartlocks, digital business) are being piloted in properties and services.
- Soon-to-be-vacant Lumo homes can be rented via the Lumo web store.
- Customer self-service solutions are being expanded.
- Innovative services are based on understanding customers' individual needs.

# Megatrends that influence Kojamo

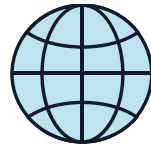


## Individuality and sense of community

- The individuality of homes and housing is increasing.
- Sense of community has expanded through social networks.
- Consumption is focusing on experiences and services instead of material.
- Sharing economy, crowdsourcing and pop up culture are becoming more common.
- Ownership is less important to younger generations.

### Impact on Kojamo

- Taking individuality into account in new development.
- Creating new kinds of resident activities and supporting sense of community.
- Increasingly active Lumo service development based on customer understanding.



## Environment and sustainable development

- Construction control is becoming stricter, creating cost pressures in production and maintenance.
- More and more consumers want to live sustainably.
- Consumers are demanding corporate responsibility and voting with their wallets.
- Renewable energy is increasing in popularity.

### Impact on Kojamo

- Taking sustainability into account in construction and service development.
- Developing dense urban housing next to good transport links.
- Ecological solutions that provide the best overall advantages in order to reduce environmental impacts.
- All of own contractor based new development consists of nearly zero-energy buildings (nZEB).

## Rental housing market

# Position of rental housing strengthening in cities

Living in rented accommodation is typically urban. In the 2010s, its importance as a mode of living has increased in growth centres and Finland's largest cities in particular. According to Statistics Finland, almost half of all households in Helsinki, Turku and Tampere have chosen renting. On a national scale, nearly one in three households live in rented homes.

### Many operators in the rental market

The Finnish rental housing market is competitive and fragmented. With its four per cent market share, Kojamo is Finland's largest provider of rental apartments. The majority of rental apartments in Finland are owned by private landlords. Other operators in the rental housing market include professional housing investors, rental apartment owners, housing funds and municipal rental housing companies. Demand for rental housing is strongest in growth centres as well as among one- and two-person households and young adults. Of the households living in rented homes,

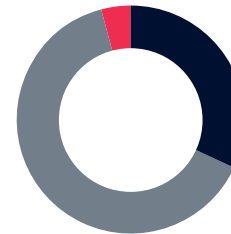
some 86 per cent have one or two members. Young people prefer renting: nearly 57 per cent of those aged 20–29 years lived in rental apartments at the end of 2016.

Demand for rental housing remained strong in growth centres. However, differences between regions increased and in some regions, supply and demand were in balance. Studios and one-bedroom apartments were in highest demand. According to Statistics Finland, privately financed rents increased by 2.3 per cent in the Helsinki Metropolitan Area and by 2.5 per cent elsewhere in Finland.

The greater part of new rental homes on offer were privately financed. Continuing urbanisation can be seen in the growing number of apartment buildings being built in growth centres.



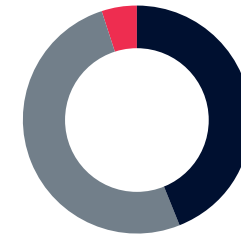
Households by mode of living, entire country



■ Rental apartments .....	32%
■ Owner-occupied apartments .....	64%
■ Other .....	4%

Source: Statistics Finland, 2016

Households by mode of living, Finland's 5 largest cities



■ Rental apartments .....	44%
■ Owner-occupied apartments .....	51%
■ Other .....	5%

Source: Statistics Finland, 2016

# Strategy implementation

Our strategic objective is to be the property market frontrunner and the number one choice for our customers. We want to be known as a housing investment company that provides an excellent customer experience and generates long-term shareholder value.

Our mission is to create better urban housing and grow in line with our strategy. New rental apartments have been built particularly in the Helsinki Metropolitan Area. Urbanisation is creating long-term demand for rental housing in growth centres.

### Investments in better urban housing

Over the last five years, we have invested nearly EUR 1.7 billion in the Lumo business operations.

At year-end, we owned 34,383 rental apartments and had 1,525 apartments under construction. During the year, 983 new apartments were completed.

We will continue our investments by developing new properties and buying existing properties. We operate in the seven main urban regions of Finland, responding to rental demand in the Helsinki region in

particular. Kojamo's share of the country's entire rental housing market is about four per cent. During the current strategy period, by the end of 2021, we will divest properties that do not support the company's strategy due to their characteristics or location.

At the end of the year, we implemented our strategy by finalising a deal on the acquisition of properties owned by the City of Helsinki, which were previously used by Metropolia University of Applied Sciences.

Gross investments totalled EUR 367.3 million, of which the Lumo segment accounted for EUR 367.0 million. Repair costs and modernisation investments amounted to EUR 61.0 million in 2017. The fair value of investment properties was EUR 4.7 billion at year-end.

We diversified our financing to ensure the achievement of our strategic goals. Our public credit rating (Moody's Baa2 with a stable outlook) and the Eurobond listed on the Irish Stock Exchange in 2017 support our goal of investing in Lumo homes in urbanising Finland. We are significantly increasing the share of unsecured financing.

### Lumo meets the expectations of today's customers

We have reformed and innovated our housing solutions and services, with the aim of generating added value for customers. Significant investments in Lumo apartments and service solutions facilitate work-related mobility in urbanising Finland.

The Lumo brand and service design will lead the way in the housing sector. Lumo has achieved a strong position as the most valued brand in the rental housing sector\*, and its share of the Group's business operations is already over 90 per cent.

The Lumo web store has transformed the customer's role in renting an apartment and established its position: the web store has seen strong growth, with over 4,000 tenancy agreements signed there since its launch. Some 300 apartments are rented via the web store every month. From early 2017, all soon-to-be-vacant Lumo rental apartments have been available for rent on the Lumo web store.

Digital housing services and the potential offered by smart homes improve the comfort of living and the customer experience. We want to speed up this change in Finland. In autumn 2017, we made an open invitation to companies to join us in developing new housing services, and opened the Lumo brand as an innovation platform for service development. The idea

is to develop both common services for all customers and services tailored to meet individual requirements.

We will also introduce new Lumo home types in all our properties to meet the different needs and expectations of customers regarding housing, and to make it easier to find a home from the varied selection of apartments. We developed these home types in close cooperation with our customers. The Lumo home types are a combination of the characteristics of the apartment and residential area and housing services.

### Committed to high-quality housing

We are committed to working responsibly and promoting high-quality urban housing, constantly developing our operations to ensure our competitiveness. We have the skills and enthusiasm to discover even better construction solutions, housing services, ecological innovations and ways to provide good customer experiences. Our energetic corporate culture creates a solid foundation for our work.

We have reformed our corporate culture, so that the importance of the customer experience is emphasised in everything we do. The customer experience consists of our code of conduct, professional skill, our customer service attitude and our desire to solve the customer's problems all at once.

\*Taloustutkimus: Brändien arvostus 2018 (brand appreciation report)

## Strategy

The foundation of our corporate culture is created by our energetic, forward-looking values: Happy to serve, Strive for success and Courage to change. In line with our values, we have reviewed our old habits and streamlined our ways of working, including our customer service process. We have also launched a programme to develop our strategic competencies.

### Strategic focal points and strategy programmes

#### Delivering the best customer experience

- Transformation of service culture
- Added value for customers through customer solution differentiation
- Competitive price-quality ratio

#### Generating long-term shareholder value

- Growth through investments and focus on growth centres
- Master of real estate development
- The most cost-efficient operator in the industry

#### Leading on sustainable development

- Promoting sustainable development in practice
- Paragon of responsibility

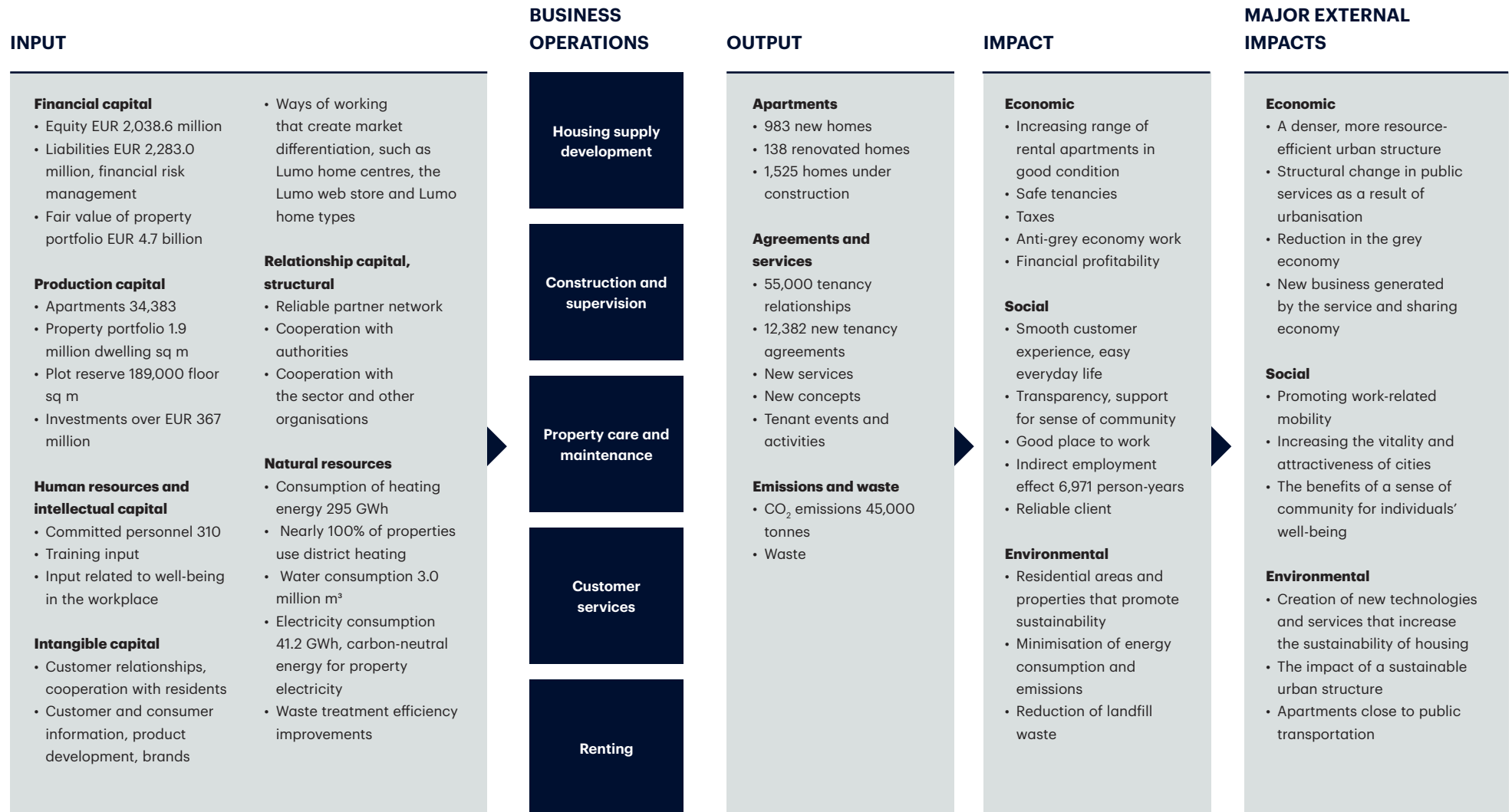
#### Dynamic and professional place to work

- Can-do professionals
- Inspired by success

### Strategic key figures

	Actual 2017	Target 2021
Apartment assets	EUR 4.7 billion 34,383 apartments	EUR 6.0 billion 38,000 apartments
Operative result of the Lumo segment, % of turnover	32.5	32.0
Equity ratio of the Lumo segment, %	41.2	40.0
Net promoter score (NPS)	33	40
<small>(New tenants, annual customer satisfaction survey, phone customer service and tenants who have moved out)</small>		

# Value creation model



# Better urban housing

We create better urban housing from the perspective of sustainable development by identifying phenomena and factors that influence it. We make use of these factors in our daily work when building sustainable cities and homes.

Living in rented accommodation with good transport links saves time and natural resources. Effective property maintenance and energy-efficient maintenance of living conditions, together with helping tenants to live more sustainably, reduce the climate impact per tenant.

We understand the main effects of our operations and services on the surrounding world and people. We want to operate responsibly with respect to the climate, environment, customers and society. In this way, we can also further profitable finances, which will help us to grow our own offering over the long term.

Responsibility is embedded in the daily work of all Kojamo employees and is, ultimately, the management's responsibility. Decisions made in the company are based on the well-being of our tenants, personnel and those working in the value chain, the positive development of society and cities, and the consideration of the environment

**Living in rented accommodation with good transport links saves time and natural resources.**

and climate. This allows us to improve our profitability and strengthen our reliability from the point of view of obtaining financing.

We are guided by our Group values and our operating principles: Good Governance, Ethical Code, Personnel and Data Security Policy, Procurement Policy and Fair Rental Practice.

We are members of the following associations and organisations: The Finnish Association of Building Owners and Construction Clients (RAKLI), Climate Leadership Coalition, The Association for Finnish Work, WWF Green Office, FIBS – Finnish Business and Society.



## Key responsibility themes

# Kojamo's responsibility goals and results

Perspective	Kojamo's objective	Long-term goals	Results 2017
Housing and the attractiveness of cities	<b>Developing better urban housing</b>	<ul style="list-style-type: none"> <li>Making the Lumo brand the property market frontrunner in urbanising Finland</li> <li>Significantly increasing the offering of market-based rental apartments in growth centres</li> </ul>	<ul style="list-style-type: none"> <li>983 completed Lumo homes</li> <li>1,525 apartments under construction</li> <li>All newly constructed properties in growth centres, next to good transport links</li> </ul>
Customers	<b>Delivering the best customer experience</b>	<ul style="list-style-type: none"> <li>Overall satisfaction NPS* &gt; 40</li> <li>Making the Lumo web store the easiest way to rent a home</li> <li>Bringing added value to housing with Lumo services</li> </ul>	<ul style="list-style-type: none"> <li>NPS = 33</li> <li>30% of new Lumo tenancy agreements were signed via the web store</li> <li>Several new services added to the Lumo offering during the year</li> </ul>
Personnel	<b>Dynamic and professional place to work</b>	<ul style="list-style-type: none"> <li>High level of personnel satisfaction</li> <li>The most attractive employer in the industry</li> <li>Significant transformation of corporate culture</li> <li>High level of summer employee satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>The highest AAA level achieved in the People Power employee satisfaction survey</li> <li>Recognised as one of Finland's most inspiring places to work in 2017</li> <li>Winner of the major employer category in the Responsible Summer Job 2017 competition</li> <li>Salaries and fees paid EUR 15.3 million</li> </ul>
Partners	<b>Responsible purchasing, safe worksites and boosting the housing services platform</b>	<ul style="list-style-type: none"> <li>The entire procurement chain committed to ethical conduct and combating the grey economy</li> <li>High level of TR measurements</li> <li>Offering the best customer experience in housing with the Lumo service platform</li> </ul>	<ul style="list-style-type: none"> <li>All suppliers are committed to Kojamo plc's purchasing principles</li> <li>TR index 92.8%</li> <li>Lumo service platform opened to interested companies</li> </ul>
The environment	<b>Leading on sustainable development</b>	<ul style="list-style-type: none"> <li>Increasing the efficiency of relative electricity, heat and water use in housing stock</li> <li>Piloting energy-efficient technologies</li> <li>Reducing the environmental impact of own operations</li> </ul>	<ul style="list-style-type: none"> <li>District heating, total consumption -3,5% (-11 GWh/v)</li> <li>Relative water use -0,6% (-2 l/rm<sup>3</sup>)</li> <li>Relative use of property electricity -2,1% (-0,1 kWh/rm<sup>3</sup>)</li> <li>Leanheat and Sunzeb projects</li> <li>All of new property development implemented on a developer contracting basis consist of nearly zero-energy buildings (nZEB)</li> <li>Most significant offices participating in WWF's Green Office scheme</li> </ul>
Shareholders and investors	<b>Generating long-term shareholder value and profitability</b>	<ul style="list-style-type: none"> <li>Increasing apartment assets to EUR 6.0 billion (38,000 apartments)</li> <li>Operative result of the Lumo segment, % of turnover &gt; 32%</li> <li>Lumo segment equity ratio &gt; 40%</li> </ul>	<ul style="list-style-type: none"> <li>Apartment assets EUR 4.7 billion</li> <li>Dividends paid EUR 50.3 million***</li> <li>Lumo segment <ul style="list-style-type: none"> <li>operative result of the Lumo segment, % of turnover 32.5%</li> <li>equity ratio 41.2%</li> </ul> </li> </ul>
Society	<b>Economic responsibility and positive indirect impact on national economy</b>	<ul style="list-style-type: none"> <li>Responsible corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>Taxes and tax-like charges EUR 104.4 million</li> <li>Investments EUR 367.3 million</li> <li>Indirect employment effect about 6,971 person-years</li> </ul>

\* Customer satisfaction is monitored at the different stages of housing using the Net Promoter Score (NPS). The total NPS is composed of the satisfaction of new, current and departing residents as well as satisfaction with our telephone service.

\*\* According to the employee satisfaction survey conducted in 2017, the satisfaction of Kojamo employees has improved from the previous year and is well above average, at AAA level. The 2017 normative benchmark for Finnish white-collar employees was used as external benchmark data for the main level of the survey.

\*\*\* Dividends paid for the year 2016.



# Description of business operations

Kojamo offers rental apartments and housing services in Finnish growth centres. As stated in our mission, we create better urban housing. Our vision is to be the property market frontrunner and the number one choice for our customers.

Kojamo Group rents out commercial apartments mainly under the Lumo brand. The range of services related to the Lumo apartments is extensive, and is constantly being developed. At year-end, there were 32,152 apartments under the Lumo brand, with an average rent per sq m of EUR 15.03 during the year.

The average rent was higher than the year before, largely due to the renewal of the housing stock and rising quality of apartments. The number of non-commercial apartments under the VVO brand, was 2,231, with an average rent per sq m of EUR 13.30 during the year.

Versatile housing services make it easier for people to move in search of jobs in urbanising Finland. The Group operates in the seven main urban regions of Finland, responding to increasing rental demand in the Helsinki region in particular. Kojamo's share of the country's entire rental housing market is about four per cent.



## Better customer experience

# Delivering the best customer experience

The Lumo brand, which is one of the best-known rental housing brands in Finland, is showing the way in urban housing. We want to deliver the best customer experience to our tenants, and we are therefore focusing on housing service design as well as building and utilising customer understanding in all our operations.

### Lumo home types make choosing easier

We all have individual wishes and expectations regarding housing. During the year, we developed Lumo home types together with our clients to meet these expectations and make it easier for customers to choose an apartment from our broad selection based on their preferred characteristics and services. Each of the home types offers the best characteristics and customer experiences to tenants.

### Lumo web store gives the power to customers

The unique Lumo web store has transformed the customer's role in renting an apartment: it is now possible to rent a home online right away. The Lumo web store has seen strong growth, with more than 4,000

tenancy agreements already signed there to date. From early 2017, all soon-to-be-vacant Lumo rental apartments have been available for rent on the Lumo web store,

which has accelerated the renting process and shortened vacancy periods between tenants.



### New home for the duration of repairs via the web store

## Moving to a new home the next day

Unexpected events intervened in the life of Jan Enlund's family in January. The family's detached house suffered water damage, and they had to find a new apartment at once for the duration of repairs. There had to be at least two rooms, which would accommodate Jan and his wife Ulla and their two large Scottish Deerhounds. Fortunately, they found a temporary home quickly and easily via the Lumo web store.

"We chose the Lumo web store, as there were vacant apartments in which pets were allowed and that could be rented quickly," Enlund says.

"We were able to move the next day after signing the tenancy agreement via the web store. I definitely recommend this service. Renting was easy and fast. If you like an apartment, you can make an agreement and get the keys right away," he continues.

[> Read the whole story](#)

### **A Lumo home is full of services**

New forms of urban housing give tenants an opportunity to go back to a time when communities were more tightly knit. In this era of sharing economy, not everyone needs to own everything, and many services related to housing are more easily available than before.

We offer Lumo tenants many convenient shared-use services.

In properties across Finland, the Lumo car sharing service has already been available for two years, and this year, the service was expanded to include vans.

A good property manager knows the building and its residents. As part of improving the service experience, Lumo brought back caretakers to each property. A new kind of caretaker team took on responsibility for property maintenance in the Helsinki Metropolitan Area, in cooperation with L&T. There are currently about 30 Lumo caretakers at the service of our tenants in Helsinki, Espoo, Kauniainen and Vantaa.

### **Lumo also offers companionship and well-being**

In developing our services, we pay attention to things that make daily living easier and increase well-being. During the year, we introduced sports services in the form of a 'yard coach' concept. In several properties located in Helsinki, professional sports

instructors are bringing the joy of exercise and companionship to the front doors of tenants. We also developed an individual well-being service, together with physiotherapy company Fysios, for six Lumo houses designed for senior citizens, with the aim of improving their well-being and mobility.

### **Housing to become a jointly-provided service**

Digital services, the potential offered by smart homes and properties as well as

social innovations improve the comfort of living and the customer experience. In autumn 2017, we made an open invitation to companies at different stages of growth to join us in developing new housing services, and opened the Lumo brand as an innovation platform for service development.

Our goal is to turn innovation collaboration into new services that customers can choose according to their wishes and needs. The idea is to develop both common services for all customers and services

tailored to meet individual requirements. We are developing our services based on in-depth customer understanding.

### **Lumo Kompakti – everything you need in a small space**

An innovative housing solution, Lumo Kompakti, is being built in Tikkurila, Vantaa. It offers versatile shared facilities and compact apartments. The use of space within apartments has been maximised by ensuring that no space is wasted and by using innovative multi-purpose spaces.



# Unique Lumo teams and tenant events

Active cooperation with residents is part of the new era of communal housing. When neighbours know each other, they also feel that their home building is cosy and safe and belongs to all residents. Doing things together and participating in events and activities is a great way to get to know the neighbours. We want to offer a sense of community and better urban housing to the residents of Lumo homes.

## From house committees to Lumo teams

We are supporting the sense of community based on the wishes and needs of residents. We are giving room to resident activity and promoting the use of shared facilities and services.

In Lumo properties, we began to convert house committees into Lumo teams to make them more approachable. The teams organise all sorts of activities and participate in developing new Lumo services. We also aim to engage younger residents in the activities. Residents choose active members from among them to boost the activities of Lumo teams locally and act as links between the community and the local Lumo home centre.

In 2017, there were around 500 Lumo teams and house committees across Finland, with some 1,200 active residents as responsible persons.

Residents are also represented on a national level. A total of 14 representatives have been selected to the Board of Residents from the areas the Lumo home centres. Their task is to participate in developing cooperation with residents and in creating new Lumo services.

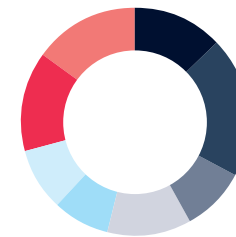
## Resident events draw 15,000 participants

The national Housing Day was held in April in Helsinki. Nearly 100 active residents involved in residential development teams came together to meet each other and talk with Kojamo's management about housing, housing service design and factors that influence the customer experience.

The summer's big resident event was spent in Linnanmäki as usual. In addition, local events were arranged to bring joy to residents throughout Finland. The national resident events culminated in the Kohti joulu Christmas concert tour starring Dian-dra, which visited nine locations in November and December. The national and local events attracted 15,000 residents in all.



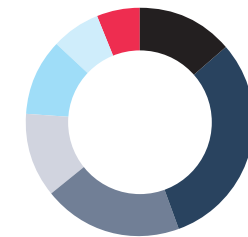
Resident structure



- Young people (16-24 years)
- Singles (25-44 years)
- Singles (45-54 years)
- Couples without children
- Child families
- Single parents
- Seniors (55-64 years)
- Seniors over 65 years

Source: Kojamo

Rental housing applications by type of apartment



- 1 room
- 1 room and 2 rooms
- 2 rooms
- 2 rooms and 3 rooms
- 3 rooms
- 3 rooms and 4 rooms
- 4 rooms+

Source: Kojamo

## A reliable landlord

# Delivering the best customer experience

A good customer experience is the sum of many parts. Our aim is to offer attractive, tranquil homes in excellent locations, housing-related services and open dialogue with residents. Safe tenancies and the landlord's reliability and responsibility are key priorities for us.

We are committed to delivering the best customer experience. We actively monitor the satisfaction of our customers at the different stages of housing. Satisfaction surveys for new, current and departing residents provide important information about how we have succeeded. The results are complemented by a survey conducted by our phone service. We monitor the satisfaction of our customers with a Net Promoter Score (NPS) consisting of the results of these four areas.

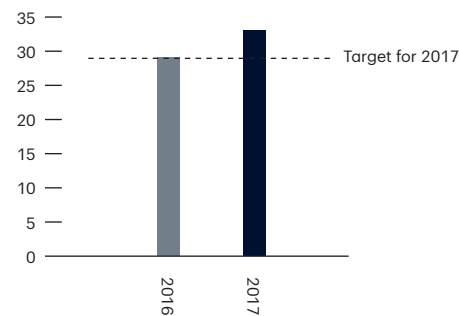
In 2017, the NPS improved from the previous year, standing at 33 (2016: 29). The customers considered our key strength to be the good location and quality of apartments. The majority of respondents, 71 per cent, felt that the quality of the apartments is competitive.

The highest scores were given for the tranquility and fixtures of the apartments

as well as the service attitude and operations of the customer service and the maintenance company. Among the areas for development was the cleanliness of waste collection points.

Our objective is to deliver the best customer experience in the sector and, thereby, have the most satisfied customers. The results of customer satisfaction surveys are utilised daily in managing the operations, developing new services, selecting partners and planning the company's strategy. Close customer dialogue, guidance for residents and customer feedback all help us to improve our operations.

### Customer satisfaction development (total NPS)



Source: Kojamo



### Yard coach is part of good housing

## Coach and training partners waiting outside

Yard coaches lead training sessions even when it snows or rains. You can race your neighbour to keep warm.

The Yard Coach service is already available in 18 Lumo buildings in Helsinki. Residents can join in free-of-charge exercise classes, which are held in the yard or in nearby nature.

The services are provided by Raatamo, which specialises in local exercise opportunities, and classes are led by professional sports instructors, yard coaches.

Antti Lampinen, who lives in Capellan puistotie, attends the workouts regularly.

"The Kalasatama area provides a wonderful setting for exercise. The Yard Coach service has expanded our backyard to cover the nearby Mustikkamaa area."

I like this service because it's easy to use and it's nice to do something together with other residents. Everyone can participate, no matter their previous experience or physical condition.

"It's great to try out different sports, and you always feel good after a workout! I never miss a class, even if it's raining heavily," Lampinen concludes.

[> Read the whole story](#)

# We are making cities better places to live

We aim to develop urban housing in Finland and offer people homes that improve their quality of life and can be adapted to more easily combine different areas of life.

Through our investments, we are meeting the demand for high-quality rental housing in central locations, as work-related mobility becomes more common in urbanising Finland. We strive to contribute to increasing the number of rental apartments and raising their service level in the Helsinki region in particular.

We are renewing rental housing in Finland to make it more attractive by developing new types of homes and services. We are responding to housing needs by building new homes and renovating older properties. An extensive range of rental apartments and adequate production of new high-quality housing both serve to benefit home seekers and increase their freedom of choice.

We are actively involved in various cooperation groups in order to develop rental housing and cities from the resident's point of view. We aim to actively participate in discussions about the sector and renew the

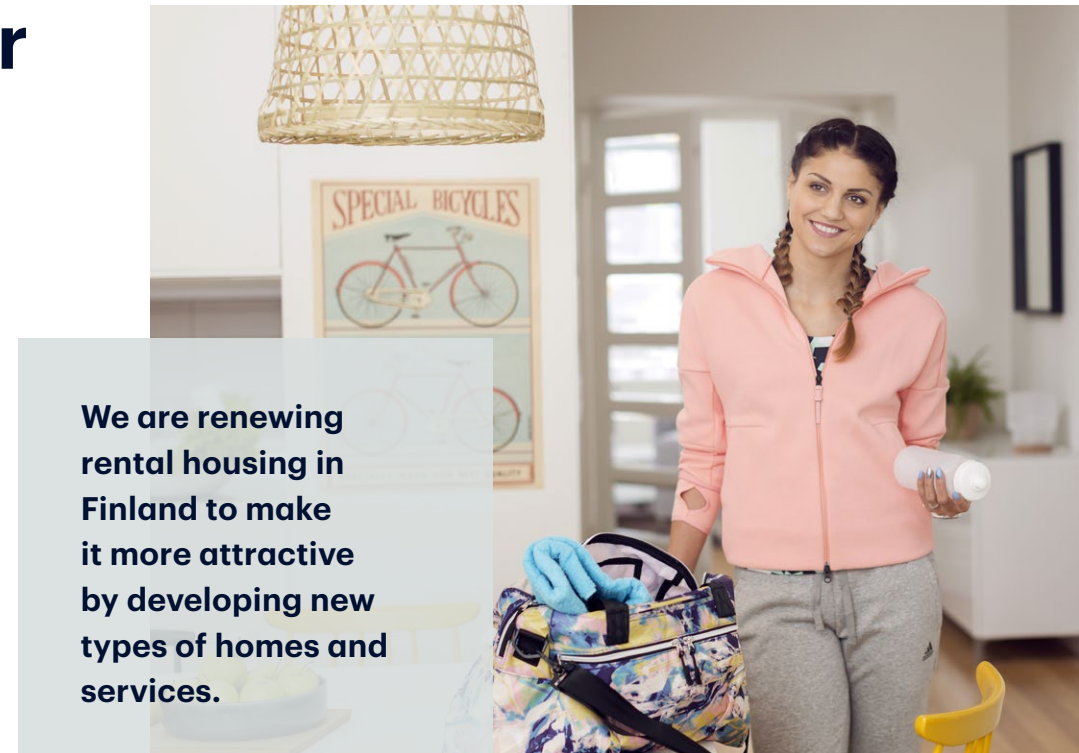
industry by developing new kinds of customer-oriented practices. In this way, we are promoting the role of rental housing in Finland.

By developing entirely new and reforming traditional housing services, we are making sure that rental housing will remain the preferred mode of living for one- and two-person households in particular.

## Sponsorship

Our Lumo sponsorship and grant programme supports top Finnish athletes as well as individual and team sports for young people. It was launched in 2012, under the name Virkeä, to promote the well-being and development of young, promising athletes and support them in being a role model to other young athletes.

The recipients of team sponsorship for the 2016–2017 season were the FC Honka women's football championship team and four girls' teams. The individual athletes sponsored in 2017 were Anna Haataja (orienteeing), Riikka Honkanen (alpine skiing), Joonas Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Mörö (athletics),



**We are renewing rental housing in Finland to make it more attractive by developing new types of homes and services.**

Nooralotta Neziri is one of seven Lumo sponsored athletes.

Nooralotta Neziri (athletics) and Emmi Parkkisenniemi (snowboarding).

In spring 2017, grants were awarded to 25 young athletes. The grant recipients had to be aged 12–20 and be engaged in active sports as members of a sports club. Those living in Lumo and VVO homes were given priority. A total of 275 grants have been awarded since 2012.

In December, the following were chosen as the recipients of team sponsorship in 2018: 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.

# New development and improving housing stock structure

We have reformed and innovated our housing solutions and services, with the aim of generating added value for customers and increasing better urban housing in cities. Significant investments in Lumo apartments and service solutions facilitate work-related mobility in urbanising Finland.

Over the last five years, we have invested around EUR 1.7 billion in the Lumo business operations and, in addition to acquisitions, launched the construction of 4,260 privately financed rental apartments.

New construction, property conversions, the acquisition of existing properties and renovations increase the supply of rental housing in the areas with strongest demand.

We will continue our investments by developing new properties and buying existing properties in the largest growth centres. We operate in the seven main urban regions of Finland, responding to rental demand in the Helsinki region in particular.

Kojamo's share of the entire rental housing market is about four per cent. During the current strategy period, by the end of

2021, we will divest properties that do not support the company's strategy due to their characteristics or location.

## Own organisation to ensure high-quality construction

New construction volumes grew rapidly in 2017. This led to a lack of resources at worksites, in designing and in the manufacture of building products.

Due to the resulting higher quality risks, we paid particular attention to quality management at the various stages of construction. Kojamo's strength in managing quality at worksites is our own, experienced supervision organisation. It aims to identify quality risks as early as possible and determine corrective measures together with the contractor. The objective is to anticipate and eliminate risks associated with construction quality well in advance of each stage. However, individual projects had to be stopped during the year to ensure that their implementation could continue without compromising quality.

We can contribute to construction quality even before work at a site starts. Kojamo

has its own construction organisation, with experience in project and design management. Solid project management experi-

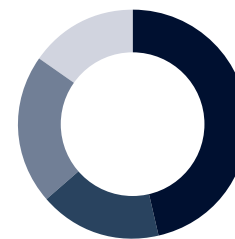
ence and close links with skilled designers support overall project quality at the various stages of construction.

Apartment distribution, %



- One room
- Two rooms
- Three rooms
- Four rooms and larger

Nationwide apartment distribution, %



- Helsinki Metropolitan Area
- Rest of Southern Finland
- Western Finland
- Eastern and Northern Finland

# Active development and smart maintenance

We develop our property portfolio with a customer focus, responding to changing expectations for housing and ensuring that its value will increase in urbanising Finland. Real estate development consists of constructing new properties, modernising old ones and converting existing stock for new purposes. Conversion projects are often the only way to offer new apartments in city centres.

Kojamo has several projects in the pipeline, under way or completed in which offices are turned into apartments. In recent years, most of the conversion projects have been carried out in the Helsinki Metropolitan Area.

The most important projects involving the conversion of offices into Lumo homes were completed in Kamppi (Lönrotinkatu 30) and Hakaniemi (Saariniemenkatu 6). In Töölö (Töölönkatu 11), the conversion of Weilin + Göös's former printing and office building into a premium residential property was finished in early 2018. In Kamppi, plans for the conversion of an office property in Eerikinkatu 7 are ready and construction will begin in early 2018.

The most significant real estate development project in the coming years will be redesigning the prime properties purchased from the City of Helsinki. The properties were previously used by Metropolia University of Applied Sciences.

## Smart, energy-efficient SunZeb block to Helsinki's Kalasatama

The design of the SunZeb block, which will house smart buildings and urban solutions, progressed to the building design phase. The aim is to increase the opportunities of using renewable energy, recycling energy flows and reducing emissions in urban construction.

Over the next few years, we will build Lumo homes in the block, taking the quality of housing and energy efficiency to the next level. The solutions are based on the SunZeb model, in which buildings are renewable energy sources and are cooled and heated in an energy-efficient manner. Our partners in the project are Asuntosäätiö, Fira and Helen.





### Hourly metering ensures good living conditions

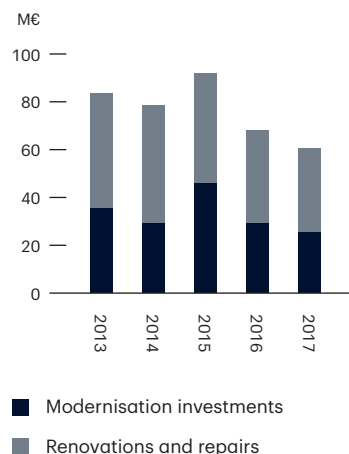
Property maintenance and the management of living conditions have a material impact on the customer experience and the condition of properties. We aim to care for our properties responsibly and effectively, taking into account living conditions, maintenance costs and environmental aspects as well as retaining the value of properties.

We monitor the use of electricity, heat and water in our properties hourly. This makes it possible to maintain constant indoor temperatures under different weather conditions. We are also alerted to unusual consumption, enabling us to quickly initiate investigations. We are currently looking into installing apartment-specific water meters in our properties. On-demand use of energy and water is kinder to the environment – and does not affect living conditions.

### AI makes Lumo homes comfortable, regardless of the weather

We introduced the Leanheat system in 64 Lumo properties, with the aim of optimising their heating and supply of warm water to reduce energy consumption and achieve comfortable and stable living conditions. Balancing the buildings' need for energy reduces the carbon footprint of housing. Artificial intelligence learns to control the conditions based on the characteristics of

### Renovations



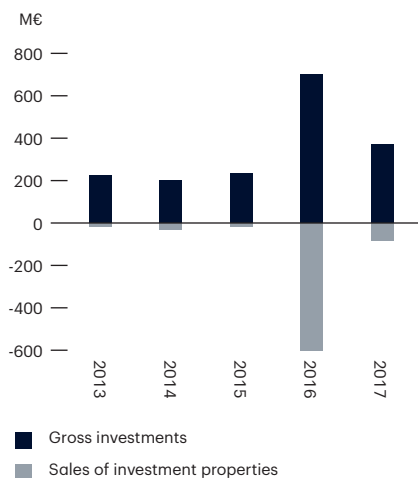
each building, using actual temperature and humidity data, consumption profiles and weather forecasts.

The system is used in properties located in Espoo, Kauniainen, Kirkkonummi, Järvenpää and Tuusula. The need for heating energy decreased and indoor temperatures remained stable under all weather conditions.

### Lumo caretakers fix indoor conditions

A large part of customer feedback concerns the indoor conditions of apartments. As a response, we have hired Lumo caretakers specialised in indoor conditions in the

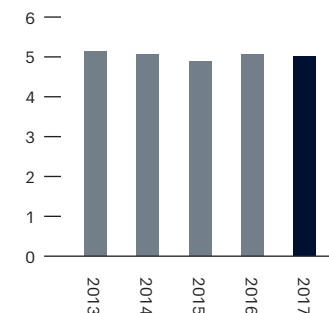
### Gross investments and sales of investment properties



Helsinki Metropolitan Area. They are technical maintenance professionals who resolve complaints related to indoor conditions.

On a maintenance visit, the caretaker measures the temperature of the apartment and checks the operation of radiators. If the temperature is not as recommended or the apartment is draughty, corrective measures are taken at once. These include venting radiators, repairing radiator valves and sealing windows. Only one visit is needed to fix the conditions.

### Property portfolio maintenance expenses, € per dwelling m<sup>2</sup> per month



**We aim to care for our properties responsibly and effectively, taking into account living conditions, maintenance costs and environmental aspects as well as retaining the value of properties.**

## New development and acquisitions, investments

# Strong growth in new development

We continued our major investment programme in the growing urban regions of Finland and especially in the Helsinki Metropolitan Area. In 2017, we launched the construction of 972 apartments, and there were 1,525 apartments under construction at year-end. We aim to start the construction of 1,000 new apartments each year.

We are developing the housing stock with a long-term view, anticipating an increase in urban housing and people's changing housing needs. Rapid urbanisation, people's increased mobility and the higher number of small households will create more demand for smaller, one-to-two person apartments with carefully thought-out use of space and functions.

### New development and renovations

We set in motion several new construction projects in the Helsinki Metropolitan Area.

In Helsinki, projects were launched in Viikki (Ristiretkeläisenkatu), Vuosaari (Punakiventiet), Kannelmäki (Kantelettarentie), Roihuvuori (Tulisuontie), Etu-Töölö (Töölönkatu) and Punavuori (Iso Roobertinkatu).

In Espoo, new construction started in Saunalahti (Reelinkikatu and Saunalahdenkatu), Tontunmäki (Koivu-Mankkaantie) and Vermo (Uuno Kailaan katu).

In Vantaa, projects were started in Kaivokselä (Kaivokselantie) and Martinlaakso (Martinlaaksonpolku). In other growth centres, new construction was launched in Tampere (Myrskynkatu), Turku (Riitasuonkatu), Jyväskylä (Tiilitehtaantie and Honkaharjuntie) and Hämeenlinna (Linnankatu).

Changes to the intended use of buildings were made in various areas, including Helsinki. A building that had originally functioned as a printing house and commercial space at Töölönkatu 11 was converted into Lumo rental apartments. Saariniemenkatu 6, formerly in commercial use, was converted into residential homes. A commercial building located on the courtyard side of Lönnrotinkatu 30 was renovated. In place of the former commercial property, urban homes will be completed in early 2018. At Iso Roobertinkatu 30, work to convert a commercial building into rental apartments has begun. Completion is expected in autumn 2018. In Hämeen-

linna, at Linnankatu 3, a property conversion of a former Local Register Office is set for completion in early 2018. Renovations were carried out at various sites, including Haapaniemenkatu 11 in Helsinki.

### Acquired properties

Lumo Kodit Oy finalised the acquisition of seven properties previously used by

Metropolia University of Applied Sciences. The properties are located in Helsinki at Onnentie 18, Sofianlehdonkatu 5, Tukholmankatu 10, Agricolankatu 1-3, Albertinkatu 40-42, Abrahaminkatu 1-3 and Bulevardi 31.



# Diverse financing supports growth

Kojamo Group's strong financial performance and stable operations create a solid foundation for the availability of financing. Financing is planned proactively with a long-term approach, considering the Group's growth target and liquidity management. The strategic growth target increases the importance of the good availability of financing and risk management.

We have strengthened and diversified our financing sources in recent years. Expanding the financing base and managing the maturity of long-term loans also support the management of counterparty and refinancing risks. As part of expanding our financing base, we have raised the share of bond financing and switched to largely using unsecured financing.

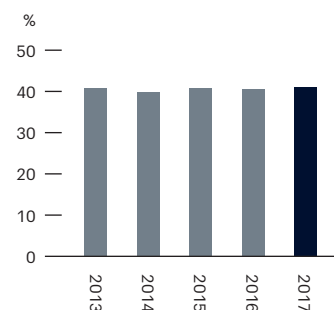
At the end of the financial year, interest-bearing liabilities stood at EUR 2,283.0 million, of which EUR 2,020.4 million were market-based loans. The average interest rate of the loan portfolio was 2 per cent and average maturity 5.6 years at year-end. The Group's equity ratio was 41.3 per cent.

On 30 May 2017, Moody's Investor Service issued a long-term credit rating of Baa2 with a stable outlook to Kojamo plc.

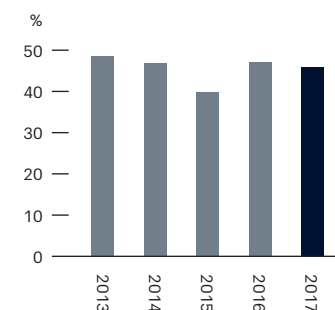
During the year, Kojamo plc issued an unsecured EUR 500 million bond that was listed on the Irish Stock Exchange. In addition, Kojamo plc increased its revolving credit facilities to EUR 255 million and its domestic commercial paper programme to EUR 250 million. Lumo Kodit Oy also signed a domestic EUR 50 million secured term loan facility.

Open dialogue with finance providers and compliance with the disclosure obligation of public companies contribute to the long-term development of investor relations and reinforcement of mutual trust. Kojamo is investigating new opportunities and developing its financing models, actively seeking more relevant, strategy-promoting solutions.

Equity ratio, fair values

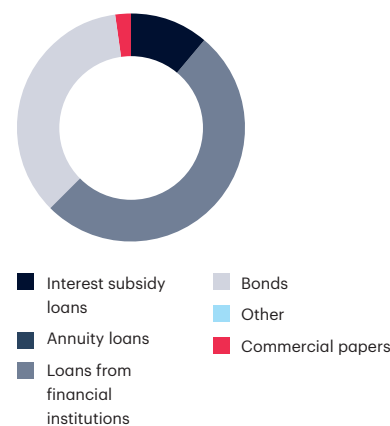


Loan to Value\*

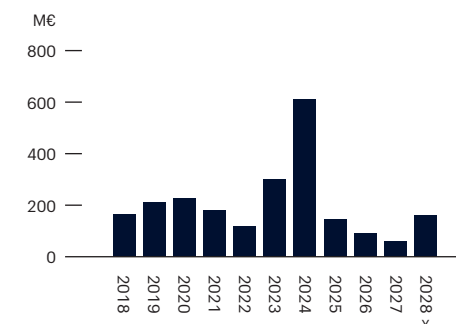


\* The formula used in the calculation was changed in 2017, and comparative data have been changed to correspond to the current formula.

The Group's loan distribution 31 Dec 2017



Distribution of loan maturities



# Responsible conduct in cooperation networks

The responsibility of our procurement chain encompasses economic, social and environmental aspects. When talking about economic responsibility and the procurement chain in the construction sector, the focus is on combating grey economy. Our anti-grey economy models exceed legislative requirements in many respects.

Through our procurement principles, we promote responsibility in all our purchases, both those made by us and those that we commission. The procurement principles include the promotion of sustainable development saving raw materials, energy and the environment.

We expect all our permanent business partners and their entire procurement chains to commit themselves to combating grey economy and operating ethically in accordance with the Contractor's Obligations Act and our Ethical Code. We comply with RAKLI ry guidelines on the prevention of financial crime and workplace health and safety. We treat our partners equally and favour ethically sustainable competi-

tion. The business operations of our suppliers may not be dependent on acquisitions made by Kojamo or the operations of any other single company.

Furthermore, we require all parties in the procurement chain that are involved in renovation, new construction and property maintenance to be members of the Tilaaja-vastuu.fi register, to not use illegal labour, to take care of their statutory social obligations and to commit to achieving Kojamo's environmental objectives.

### Our impact on society is extensive

Kojamo Group's estimated taxes and tax-like charges in 2017 exceed EUR 104 million. The indirect financial impact of our operations is also significant.

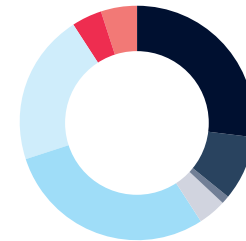
In addition to providing employment to its personnel, Kojamo Group is an important indirect employer as a purchaser and investor. The indirect employment effect of property maintenance, cleaning, and renovation and building contracting totalled approximately 6,971 person-years in 2017.

### Occupational safety index for construction sites

TR measurements are a means of observing occupational safety at construction sites, with the aim of monitoring key factors affecting on-site accidents. From Kojamo Group's perspective, the measurements are important for maintaining occupational safety at a good level. The Group has collected this information since 2013.

The project manager sets the minimum level of TR measurements at the tender stage. The target levels are then specified with the contractor at the site start-up meeting. At monthly construction site meetings, these TR figures are compared with actual figures measured on the site.

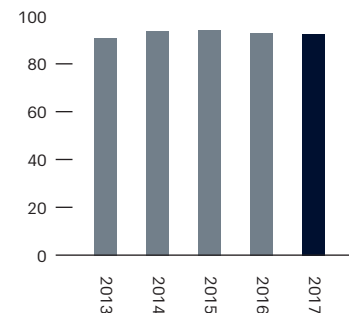
Group's tax footprint in 2017, %



- Income taxes
- Property taxes
- Transfer taxes
- Employment payments
- VAT non-deductible included in investments
- VAT non-deductible included in other procurements
- VAT remitted
- Withholdings from salaries

Indirect employment effect in person-years 6,971

### TR measurements at Kojamo's construction sites



# Satisfied and enthusiastic people are at the heart of Kojamo

Meaningful work, good management, clear goals and the development of strategic competence are the cornerstones of Kojamo's corporate culture. We are a specialist organisation in which people work in roles related to customer accounts, investments and real estate development as well as functions that ensure their success.

In 2017, we launched the transformation of our corporate culture so as to align it with our revised business operations and strategic focal points. We placed delivering the best customer experience in the centre. In addition to high-quality housing, we aim to provide new, industry-changing solutions and services in order to develop urban housing, turn housing into services and make use of technology and digitalisation. We are a strong, competent real estate investor and developer of real estate property, which will ensure the long-term generation of shareholder value.

## A boost to our new corporate culture

We have reformed our corporate culture,

so that the customer is at the centre of everything we do. Delivering the best customer experience in relation to apartments and housing services is an indication of our way of working, expertise, service attitude and willingness to solve problems quickly. Our jointly determined values – Happy to serve, Strive for success and Courage to change – give us energy and push us forward. In line with our values, we have reviewed our old habits and streamlined our ways of working, including our customer service process.

Smooth internal communications and up-to-date communication methods are part of the corporate culture reform. At team level, we have introduced new forms of communication and collaboration between units and within teams.

We have also revamped recruitment and orientation as well as begun to develop Kojamo into an employer of the future. Successful recruitment is more important than ever, as the transformation of the business also requires new kind of competence.



We have launched a programme to develop our strategic competencies. The programme will be put into practice in 2018. It will focus on defining and identifying strategic capabilities as well as developing the competencies of key persons and the entire personnel.

## Personnel satisfaction and responsibility awarded

Kojamo received recognition as one of Finland's most inspiring places to work (Suomen innostavimmat työpaikat 2017). The recognition is awarded to businesses that achieve the highest rating in the PeoplePower® personnel survey conducted by Corporate Spirit. The survey explored staff views on job satisfaction, team working, leadership and the organisation as a whole.

According to the personnel survey conducted in 2017, the satisfaction of Kojamo

employees is clearly above average, at AAA level. The 2017 normative benchmark for Finnish white-collar employees was used as external benchmark data for the main level of the survey. The survey was conducted with the People Power method, which focuses on factors that contribute to engagement. All indices rose clearly compared to the previous survey, conducted in 2016, and were very high compared to the external benchmark data. The strongest growth was seen in the engagement index.

Kojamo won first place in the major employer category of the Responsible Summer Job 2017 competition. In previous years, we have ranked second and third. Kojamo hired 50 summer employees, who were challenged during orientation to innovate and throw around ideas on how to improve our operations at both unit and Group levels. About half of the summer

employees submitted various proposals for improvement, and more than 50 ideas were forwarded to the Management Group. A large part of these were implemented as part operational development.

### Employees contribute to development in many ways

We carried out the TyöOptimi survey, which will give the occupational healthcare information about possible health risks and enable it to target support measures proactively at both individual and Group levels. A follow-up survey will also be conducted to monitor how the respondents' experience of their health has developed compared to the corresponding survey and situation two years ago.

On 11 December 2017, Kojamo and Trade Union Pro reached an agreement on the new collective agreement. The solutions agreed are mainly related to the timing of working hours in order to meet changes in business and customer needs.

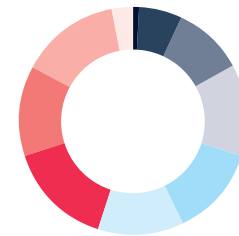
Members of Trade Union Pro unanimously selected Energy and Environment Specialist Ayla Dincay as Kojamo Group's chief shop steward and House Manager Reima Kettunen as deputy shop steward for the 2018–2019 term.

### Distribution of employees among various tasks



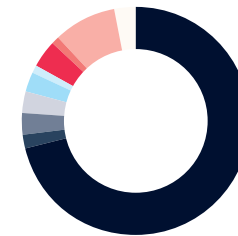
- Rental operations and customer service
- Building management
- Construction and other technical
- Investments
- Marketing and communications
- ICT and development
- Financial management and financing
- Other tasks

### Age distribution of employees



- Less than 20
- 20–25
- 26–30
- 31–35
- 36–40
- 41–45
- 46–50
- 51–55
- 56–60
- More than 60

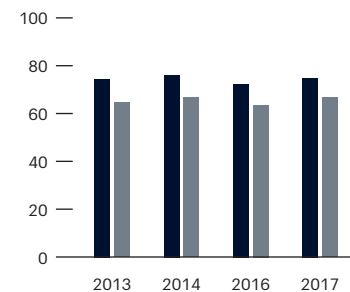
### Geographic distribution of personnel



- Helsinki
- Hämeenlinna
- Jyväskylä
- Kuopio
- Lahti
- Lappeenranta
- Oulu
- Rovaniemi
- Tampere
- Turku

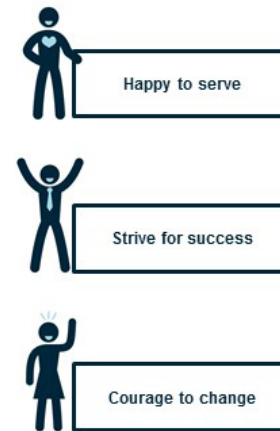
Personnel on average 310.

### Personnel satisfaction



- Kojamo
- Control group

### Kojamo's values



# Environmentally friendly housing in sustainable cities

We have identified the key environmental impacts of our operations and aim to systematically reduce them. The most significant environmental impacts are associated with construction and property maintenance. The single most important impact comes from the carbon dioxide emissions caused by our properties' energy consumption.

Kojamo has long traditions in energy management. We have improved the energy efficiency of our housing stock through sustained consumption monitoring and the development energy issues. Our properties are connected to a remote monitoring system for energy and water consumption, making it easier to target energy saving measures.

Annual property maintenance costs total around EUR 80.3 (84.3) million, of which just over a third is spent on energy. Greater energy efficiency can help to curb property maintenance costs and reduces greenhouse gas emissions.

## **Damp and chilly year increases relative energy consumption**

In 2017, the consumption of heating energy in all our properties decreased by -3,5% (-11 GWh/v). In proportion to the volume of the buildings, the relative consumption of district heating increased and was 37.7 kWh/rm<sup>3</sup> in 2017. The damp and chilly year increased the use of heating energy, owing to the greater need for air drying. The high humidity of outdoor air also resulted in apartments feeling cold. To respond to customer feedback, temperatures in apartments were raised to ensure the comfort of residents.

Daily per capita water consumption decreased by -0,6% and daily per capita electricity consumption decreased by -2,1%. Both water and electricity consumption decreased from the previous year.

The housing stock is largely (99 per cent) heated with district heating purchased from local district heating companies. District heating is usually generated in cities using combined heat and power systems. Peaking power plants are needed only during the coldest winter months. Car-

bon dioxide emissions from the generation of heating energy decreased in 2017 and were 45,000 (49,000) tonnes.

The electricity used in the shared facilities and outdoor areas of our properties was purchased from Helen, and was produced using carbon-free energy sources. Our customers conclude their own electricity agreements with their preferred energy company.

## **Lumo homes are cosy and energy-smart**

Our aim is to create attractive homes and provide comfortable living conditions using energy as efficiently as possible. Digitalisation and new energy technologies enable new solutions, and we are among the first to develop and deploy them.

In the area of energy recycling, we are currently examining the use of property-specific exhaust air heat pumps in the recovery of waste heat from ventilation. We have significantly increased the monitoring and optimisation of living conditions in recent years.

Room temperatures and ventilation are automatically monitored in new properties.

In older buildings, monitoring is carried out through regular sample measurements. We have also introduced various measurement systems based on IoT technology.

Using comprehensive measurement data and customer feedback, we can ensure optimal living conditions in an energy-efficient manner. This reduces the climate impact per resident, maintains the value of the property portfolio and cuts energy costs.

In customer communications, we aim to promote smart energy use and encourage our customers to save energy in the home.

## **Own contractor-based projects almost zero energy level**

In 2016, the European Investment Bank granted a loan of EUR 170 million to Kojamo for the production of energy-efficient housing.

Since 2017, Kojamo's own contractor-based investment program has consisted of nearly zero-energy properties (nZEB).

The aim is to reduce energy consumption and carbon dioxide emissions and

thereby support EU emission reduction targets.

### SunZeb plus-energy home to Helsinki's Kalasatama

In the SunZEB plus energy model, the excess heating load of the sun on the buildings is turned into a source of renewable energy. Kojamo announced that it is planning, in cooperation with Asuntosäätiö, Fira and Helen Ltd, a diverse residential block in Kalasatama, Helsinki with the objective of taking energy efficiency to the level of future standards. The construction of the first SunZEB Lumo homes will start in 2018.

### Smarter heating

The Leanheat system optimises building heating systems to reduce energy consumption and produce comfortable and stable living conditions. Leanheat balances the buildings' need for energy, thereby decreasing the carbon footprint. The system is used in 64 Lumo properties.

### Kojamo participates in environmental agreements

Kojamo continued its climate partnership agreement with the City of Helsinki. We are committed to the Rental Property Action Plan (VAETS II), in which the target is energy savings of 7.5 per cent by 2025.

Kojamo is the only Finnish real estate company in the Climate Leadership Coalition. As a member, we have an opportunity to influence climate issues and public dialogue. CLC is also a source of innovation and practical solutions. In return, we

provide solution developers with pilot sites and views from the field of everyday housing operations.

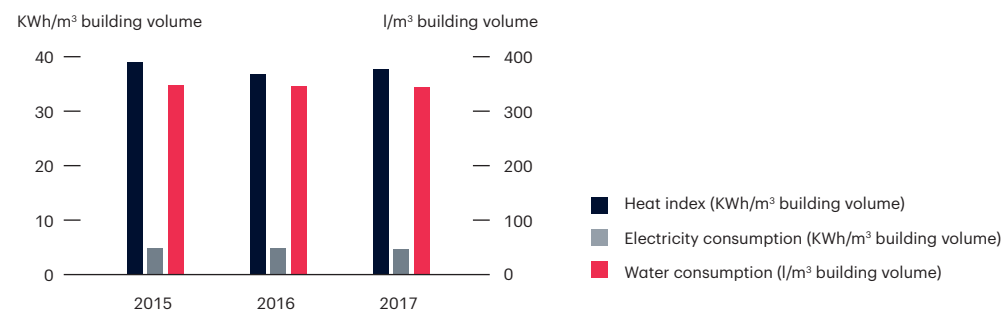
A significant share of Kojamo's offices are involved in WWF's Green Office scheme. We aim to reduce the ecological footprint

of our workplaces in many ways, taking into account the characteristics of each office. The Group head office in Helsinki has been Green Office certified since 2002, and Lumo home centres in Tampere and Hämeenlinna followed suit in 2016.

### Environmental responsibility key figures

	2017	2016	2015
Heating energy, total consumption (GWh)	302	313	346
Heat index, entire housing stock (kWh/rm <sup>3</sup> )	37.7	36.8	39
Water, total consumption (l/m <sup>3</sup> building volume)	3.0	3.1	3.6
Water consumption (l/m <sup>3</sup> building volume)	344	346	347
Property electricity, total consumption (GWh)	41.2	43.1	50.1
Property electricity consumption (kWh/m <sup>3</sup> building volume)	4.7	4.8	4.8
CO (tonnes)	45,000	49,000	54,000

### Specific consumption of heat, electricity and water 2015–2017







**Kojamo plc**

Mannerheimintie 168a  
P.O. Box 40, FI-00301 Helsinki  
Tel. +358 20 508 3300  
name.surname@kojamo.fi  
[www.kojamo.fi](http://www.kojamo.fi)