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 **kojamo**

Annual Report

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www

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Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

# Kojamo in 2018

## TOTAL REVENUE

EUR **358.8** million  
(EUR 337.0 MILLION) | +6.5%

## NET RENTAL INCOME

EUR **234.0** million  
(EUR 216.0 MILLION) | +8.3%

## PROFIT BEFORE TAXES

EUR **277.3** million  
(EUR 266.7 MILLION) | +4.0%

## FAIR VALUE OF INVESTMENT PROPERTIES

EUR **5.1** billion  
(EUR 4.7 BILLION) | +8.1%

## GROSS INVESTMENTS

EUR **365.2** million  
(EUR 367.3 MILLION) | -0.6%

## FUNDS FROM OPERATIONS (FFO)

EUR **116.4** million  
(EUR 107.8 MILLION) | +8.0%

**Kojamo** is Finland's largest private residential real estate company and a frontrunner in rental housing business. Our mission is to create better urban housing. We want to be the pioneer in housing and the number one choice for our customers. Our Lumo brand offers rental housing and new services for urban living. We operate in Finland's largest growth centres, responding to increasing rental demand in the Helsinki region in particular, with 50 years of experience. We actively develop the value and number of our investment properties by developing new properties and our existing property portfolio. Kojamo's share is listed on the official list of Nasdaq Helsinki.

**More information**  
on the key figures and  
their meaning can be  
found in the investor's  
glossary on page 35.

# Highlights of the year

**7 FEB  
2018**

We agreed on the purchase of 981 rental apartments. The purchase was completed on 5 March 2018.

**29 MAR  
2018**

We agreed on the sale of 1,594 rental apartments. The transaction was completed on 30 April 2018.

**15 JUNE  
2018**

Trading in our shares began on Nasdaq Helsinki.

**21 MAY  
2018**

We announced our plan to list on the official list of Nasdaq Helsinki.

**7 MAR  
2018**

We successfully issued an unsecured EUR 500 million Eurobond.

**12 OCT 2018**

We announced our agreement with Leanheat Oy, a provider of artificial intelligence solutions for controlling district heating, which will enable the use of Leanheat's AI-based IoT solution to control the indoor temperature of approximately 26,000 Kojamo-owned apartments.

**22 NOV 2018**

We announced a Smartpost cooperation with Posti Group Corporation. With Smartpost parcel lockers located in Lumo houses, tenants can send and receive packages and take care of many other tasks that make everyday life easier.

**4 DEC 2018**

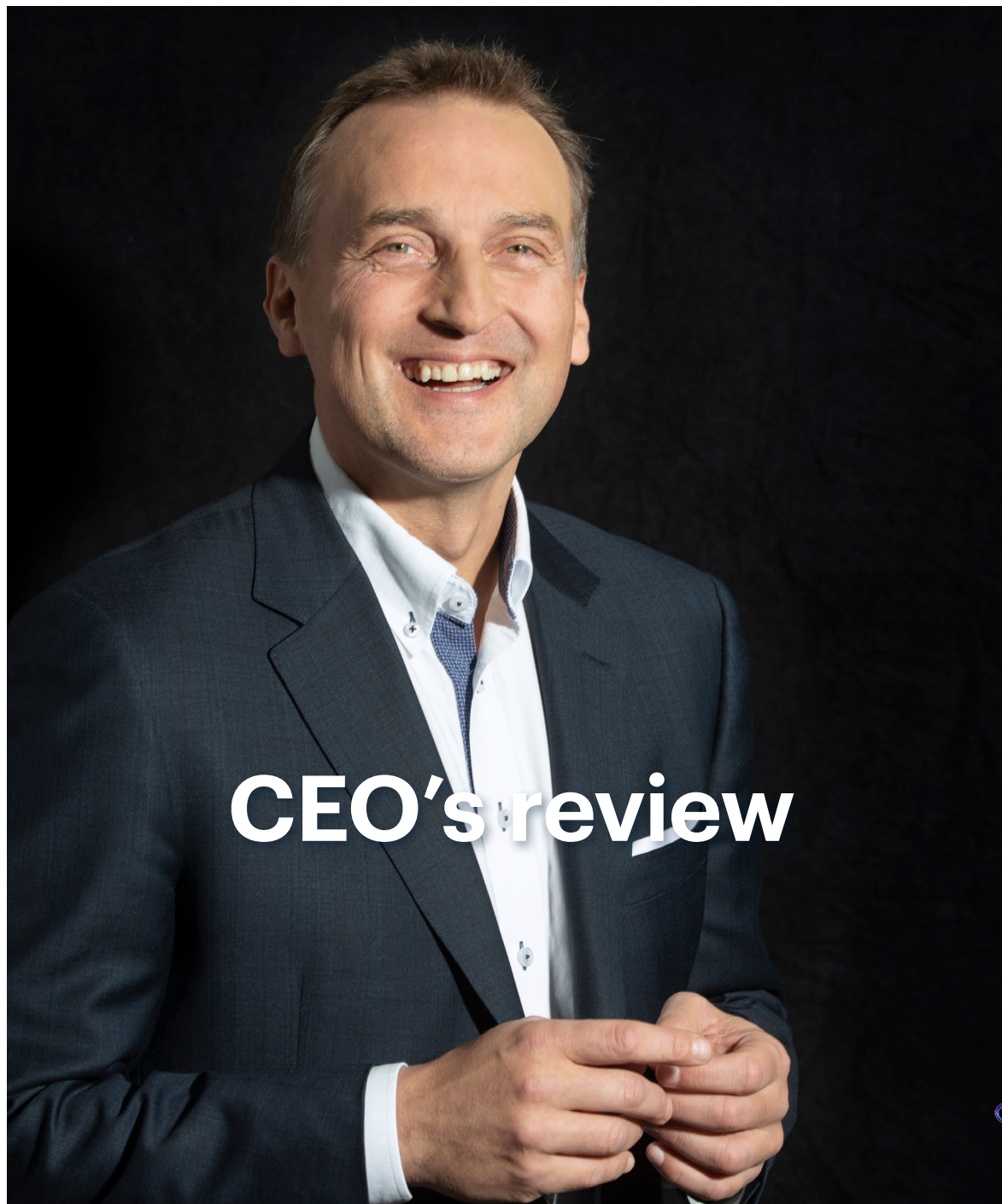
We announced the appointment of Tiina Kuusisto as Chief Customer Officer and Ville Raitio as Chief Investment Officer. Both became members of the Management Team after taking up their post at the beginning of 2019.

**T**he implementation of our strategy took significant steps forward during the year. Our listing on the Nasdaq Helsinki stock exchange in June was the largest in the Nordics. The objective of the listing was to pursue our growth strategy and to increase our strategic flexibility. We offer our shareholders a unique combination of growth and profitability: we aim to increase the fair value of our real estate portfolio to EUR 6.0 billion by the end of 2021 while generating a steady cash flow. We also aim to be a stable dividend payer. During the year, we improved our performance on all our financial targets.

**We believe** that urbanisation creates long-term demand for new rental housing in growth centres and especially in the Helsinki region. In our view, the trends related to urbanisation, such as choosing rental living over owner occupied housing, decreasing household sizes and the declining average size of apartments, support the demand for rental housing.

**During the year**, the operating environment has been characterised by large construction volumes, which have kept the volume of new development high. Despite this, we have been able to improve the financial occupancy rate from the previous year. I believe that our strong brand, high-quality housing supply in central locations and our commitment to serve our customers as well as possible have supported this positive development.

**Our objective is** to be a forerunner in the property market and the number one choice for our customers. We want to renew the industry and pioneer its digitalisation. A Lumo apartment can already be rented with the click of a button via our website.



**Our values –  
Happy to serve,  
Strive for success  
and Courage to  
change – are present  
in our daily work.**



As a further development of our digital services, at the end of the year we introduced the My Lumo web application that enables our customers to use various services and, for example, pay their rent using a mobile device. We have created a service and innovation platform for developing services together with our partners and tenants for the benefit of our customers.

**I am proud** of our staff, who have worked closely together to drive Kojamo forward. Our values – Happy to serve, Strive for success and Courage to change – are present in our daily work. Throughout our history, we have always aspired to develop our operations and services on our customers' terms while also renewing our industry. As we celebrate our 50th anniversary this year, we will take even bigger steps in our operations towards delivering the best customer experience in housing.

**Jani Nieminen**  
CEO

VALUE

Happy to serve

## We serve each customer as an individual and with joy

“The best thing about customer service is variety – you never know what the day might bring. This is both the job’s challenge and attraction,” says service manager Elise Hasselgren. Hasselgren and the head service advisor Anu Aatamila work in our customer service, where they manage a team of approximately 15 service advisors and advise customers.

The meaning of customer experience is highlighted in our corporate culture, and high-quality customer service is a significant factor when creating an excellent experience. Happy to serve is one of our values and the foundation of our culture. “Joy and happiness have always been a part of our job,” notes Hasselgren. According to her, happiness to serve is a built-in characteristic of Kojamo’s customer service.

**And where** does the happiness come from? “The strength comes from a skilled team full of service-oriented people,” Hasselgren says. We strive to develop our service by learning from customer situations and enhancing the customer experience together with other specialists within the company. However, our customer service is almost top-notch, as complaints regarding the quality of our service have remained rare.

We receive inquiries and contact requests on many matters related to living. The changing world has also had an impact on the nature of the work. “The tempo of customer service has increased, and there are more service channels than ever before. At the same time, the customers’ awareness of and demand for quality service has grown,” says Aatamila.

**We aspire to exceed** our customers’ expectations via all channels. In the customer service centre we are in daily contact with the customers via phone, email, chat and Facebook Messenger, as well as face-to-face at the customer service desk in Helsinki. However, most of our customer service takes place over the phone.

Both Hasselgren and Aatamila believe that human interaction and communication are important in customer situations. The idea is to make customer service as easily approachable as possible to reduce the threshold for a customer to contact us. “We have happy people working here at Kojamo and we will do our best to help each and every customer – do not hesitate to contact us!” the service professionals encourage.



**ANU AATAMILA**  
Head Service Advisor

**ELISE HASSELGREN**  
Service Manager

# Kojamo's key strengths

## FOCUSED BUSINESS AND DIFFERENTIATED BUSINESS MODEL

As a company, we are well positioned to benefit from the growing demand for apartments, generated by urbanisation. In addition to urbanisation, we believe we can benefit from the increasing popularity of rental living and decreasing household sizes. Measured at fair value, 98.3 per cent of our housing stock is located in the seven largest growth centres in Finland.

Because of our focused strategy, high-quality housing stock and Lumo brand, we believe we can benefit from the current trends and the development of rent levels.

➤ [Read more: pages 14–17 and 19–20](#)

## HIGH-QUALITY PROPERTY PORTFOLIO

Our strategy is to focus on the seven Finnish growth centres and high-quality rental apartments, marketed under the Lumo brand. At the end of 2018, these comprised 95.2 per cent of Kojamo's apartments.

At the end of 2018, the average age of our apartment buildings was 30.9 years, while the average age for a Finnish apartment building in 2017 was 41.2 years. In 2018, the financial occupancy rate was 97.0 per cent and the net rental income was 65.2 per cent of revenue.

➤ [Read more: pages 14–15 and 18–20](#)

## STRONG TRACK RECORD OF ORGANIC GROWTH AND ACQUISITIONS ALONG WITH A ROBUST DEVELOPMENT PIPELINE

We have developed our property portfolio in accordance with our strategy by building new Lumo apartments, converting buildings that have been used for other purposes into apartments, renovating older housing stock and acquiring properties.

One of the objectives of our strategy, extending to the year 2021, is to increase the number of apartments we own to 38,000 apartments through a combination of new construction and acquisitions. During the year, we acquired 1,049 apartments and completed 1,258 apartments. At the end of 2018, the number of apartments totalled 34,713 and 1,064 Lumo apartments were under construction.

➤ [Read more: pages 19–20](#)

### EXPERIENCED AND SKILLED MANAGEMENT TEAM AND COMPETENT AND COMMITTED PERSONNEL

Our Management Team has a significant background in rental and real estate business and a strong track record of shifting portfolio focus towards the Finnish growth centres, changing the Company's financing structure and developing the corporate culture to be more agile and customer oriented. In 2018 we strengthened our Management Team even further, as Tiina Kuusisto was appointed as Chief Customer Officer and Ville Raitio as Chief Investment Officer.

Our personnel form a team of experienced real estate professionals. We want to continue to be an attractive employer and maintain our high employee satisfaction.

**> Read more: pages 13, 29 and 32**

### INNOVATIVE, VALUE-ADD OPERATING PLATFORM

We have created an operating platform that combines the services we produce ourselves even better with the services produced by our partners. By developing and producing services together with our partners we aim to offer our customers the best customer experience. Together, our strong focus on customer experience and our expertise related to real estate property management and development create strong opportunities for value creation.

**> Read more: pages 16 and 21**

### ATTRACTIVE YIELD WITH SUSTAINABLE GROWTH BACKED BY A STRONG AND WELL-RUN BALANCE SHEET

In our view, the combination of our property portfolio's growth target and yield potential makes us an attractive investment target. Yield potential is created by net asset growth and stable cash flow. We strive to further increase total yield by carefully selecting our development projects and by acquiring apartments that fit our strategy and by selling the apartments that do not.

We offer access to Finland's attractive residential real estate market that historically has produced stable cash flow from rents linked to the consumer price index. A strong and well-run balance sheet helps to secure diversified financing to support growth.

**> Read more: pages 14-15**





# Urbanisation supports our business

**A**s we operate in the residential real estate sector, the company is affected by the situation on the residential property market and its development particularly in the Finnish growth centres. The company is also affected by macro-economic factors, such as economic growth, employment, disposable income, inflation and population growth. The trend of urbanisation supports our business operations.

## General operating environment

Global trade is estimated to slow down as trade barriers keep increasing, which is anticipated to slow down export growth. The fast growth of households' disposable income is estimated to continue supported by the accelerated growth in income levels. Despite the accelerating inflation, household consumption is estimated to increase in 2019 compared to previous year.

According to a forecast by the Finnish Ministry of Finance, investment growth is set to slow down significantly in 2019, due in particular to a decrease in the number of new construction projects started. In addition, the increase of trade barriers and the

declining growth prospects of the global economy are decreasing the industrial and other sectors' incentive to invest.

## Urbanisation

Migration from the countryside to urban areas and big cities has continued in Finland for decades. This urbanisation is expected to continue, and according to the projections of Statistics Finland, the number of people living in Finland's growth centres is expected to grow by approximately 8 per cent between 2018–2028, corresponding to an increase of approximately 200,000 inhabitants. The key beneficiary from urbanisation is the capital region, and the population growth in the area is expected to account for approximately 60 per cent of the total population growth in Finland, corresponding to an increase of almost 114,000 people. By 2040, the population of the capital region is expected to increase to approximately 1.4 million people.<sup>1</sup>

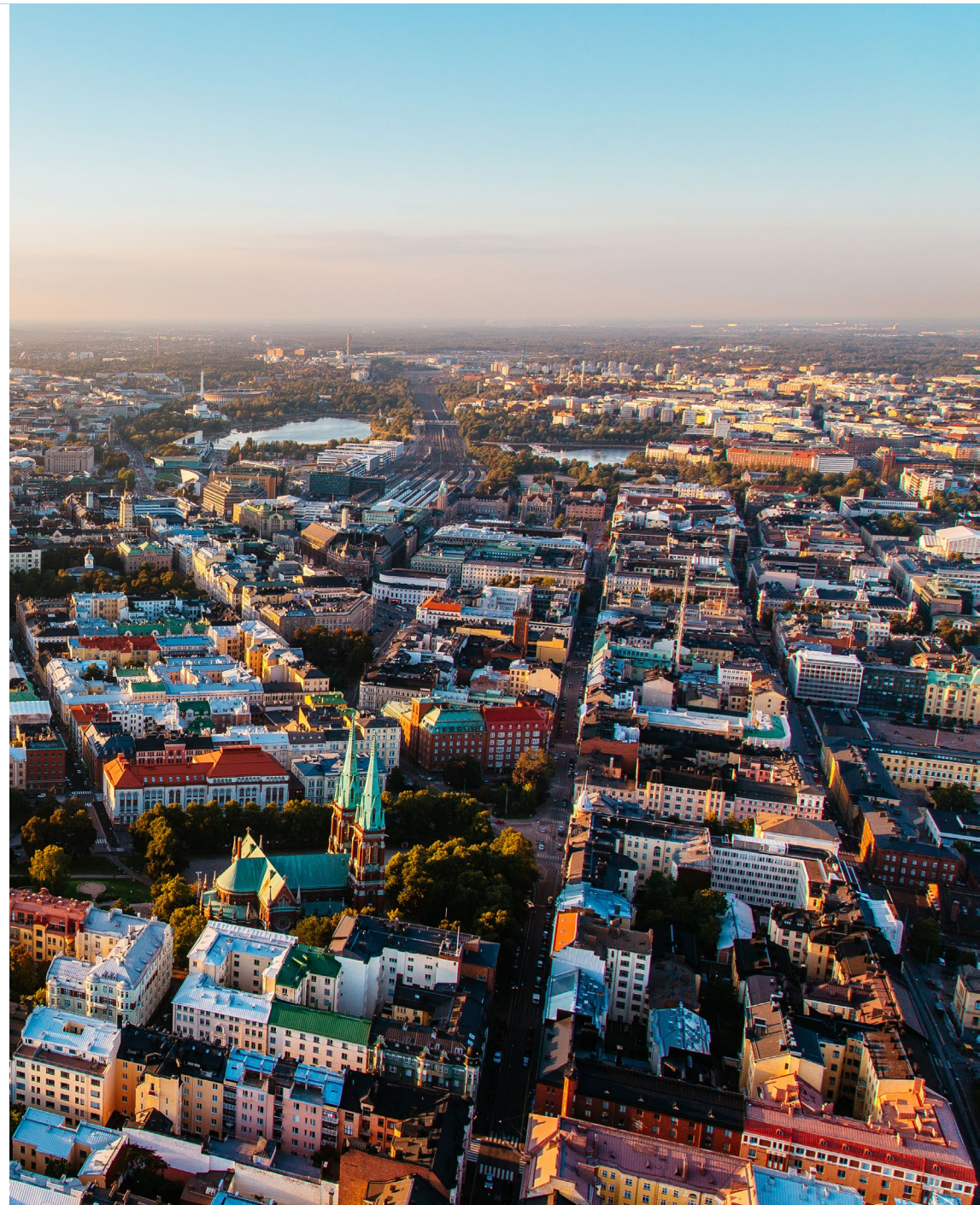
Urbanisation increases the popularity of rental living. According to a study by Pellervo Economic Research (PTT), the Finns' changing housing preferences are closely related to big trends, such as urbanisation, ageing population and digitalisation.

<sup>1</sup>Statistics Finland: Population projection

## OPERATING ENVIRONMENT KEY FIGURES

	2019E	2020E
GDP growth forecast, %	1.5	1.3
Unemployment, %	6.9	6.7
Inflation, %	1.4	1.6

Source: Ministry of Finance Economic survey 12/2018



Urbanisation increases the demand for rental housing. People moving to large growth centres increasingly see rental housing as an easy, safe and flexible way of living. Many who move to the beat of the city want to live close to services, hobbies and leisure activities. The increasing demand for services is reflected also in living preferences. Housing-related needs can often be satisfied with services instead of ownership.

### Residential real estate market in Finland

Growing urbanisation, demographic development and changes in housing preferences have a profound impact on Finland's housing market. Demand for small and well-located apartments has increased both in owner-occupied and rental housing markets, whereas the demand for single-family houses and row houses has decreased<sup>2</sup>.

According to a study published by the VTT Technical Research Centre in 2016<sup>3</sup>, the need for new apartments is expected to be approximately 30,500 apartments annually until 2040, of which the 14 larg-

est cities account for 95 per cent, or approximately 29,000 apartments per year. We believe that urbanisation, changes in housing preferences and the accumulated housing shortage in the capital region will reinforce the strong demand for apartments also in the near future.

According to a forecast by Pellerovo Economic Research (PTT), housing market price development between the growth centres and other areas continues to diverge. Accelerated urbanisation will increase the demand for apartments, boosting prices in the growth centres. The construction boom is still close to a record level in 2018, keeping the focus of real estate market growth on new development. An increasing number of people also choose rental housing of their own accord. Due to rising apartment prices and stricter loan terms, it is becoming increasingly difficult to buy an apartment especially in the inner city areas of large cities, so renting is often a better option for finding an apartment in a specific area for many households.

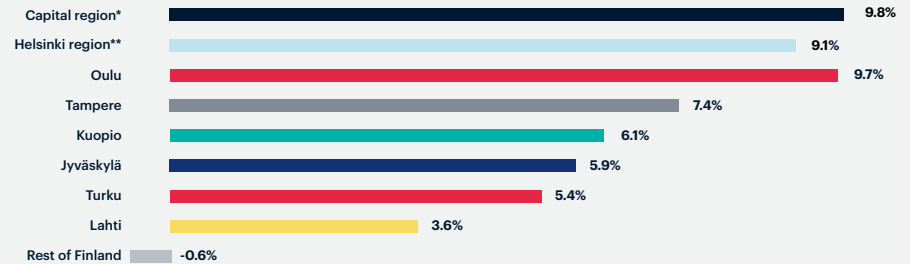
<sup>2</sup> KTI Property Information Ltd: The Finnish Property Market 2018<sup>3</sup> VTT Technical Research Centre of Finland (2016): Asuntotuotantotarve 2015–2040

### INDUSTRY KEY FIGURES

	2018	2019E
Residential start-ups, units	44,000	39,000
Building permits granted, annual, units	45,000	n/a
Construction costs, %	2.5	2.0
Prices of dwellings in the whole country, change, %	1.2	1.2
Prices of dwellings in the capital region, change, %	2.5–3.2	2.2–3.5
Rents of non-subsidised rental dwellings in the whole country, change, %	1.6	1.8
Rents of non-subsidised rental dwellings in the capital region, change, %	2.3–2.6	2.0–2.8

Sources: Confederation of Finnish Construction Industries RT, Pellerovo Economic Research (PTT)

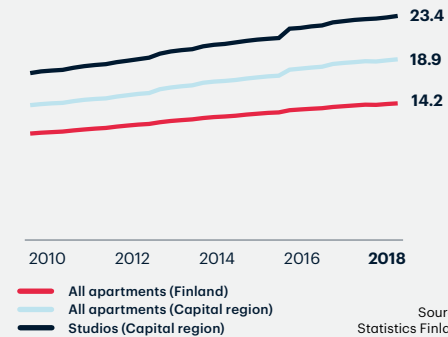
### POPULATION GROWTH FORECAST IN 2018E-2028E



\*Helsinki, Espoo, Vantaa, Kauniainen \*\*Capital region, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula, Vihti

Source: Statistics Finland

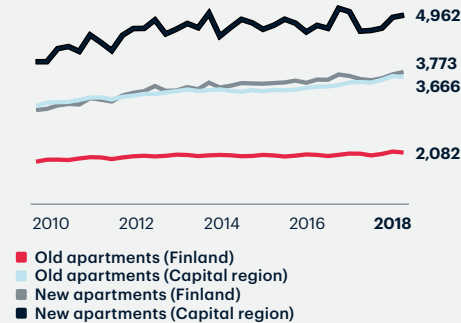
### DEVELOPMENT IN MARKET RENTS, EUR / MONTH / M<sup>2</sup>



Source: Statistics Finland

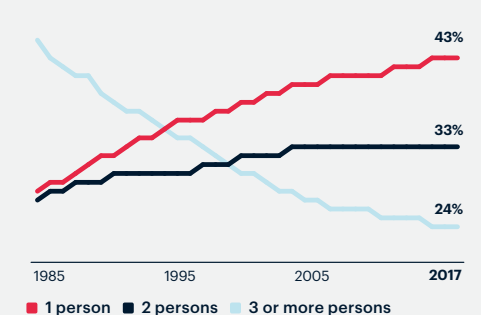
Demand for small and well-located apartments has increased both in the owner-occupied and rental housing markets.

### PRICE DEVELOPMENT OF OWNER-OCCUPIED APARTMENTS, EUR / M<sup>2</sup>



Source: Statistics Finland

### DEVELOPMENT OF HOUSEHOLD SIZES, PERCENTAGE OF ALL HOUSEHOLDS



Source: Statistics Finland

# We respond to the opportunities megatrends create



## URBANISATION AND INTERNATIONALISATION

- Population shift to the capital region 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

### > KOJAMO'S RESPONSE

- We are focusing on the seven Finnish growth centres where there is high demand for rental housing
- We are developing our property portfolio in accordance with the market trends
- We are supporting migration by enabling people to rent a home online
- We are recognising the customer potential in the workforce of global technology companies that relocate to growth centres

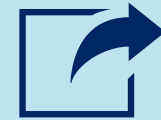


## AGEING POPULATION AND SMALLER FAMILY SIZES

- 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

### > KOJAMO'S RESPONSE

- The average size of our new apartments, 45 m<sup>2</sup>, fits the demand
- Approximately 72% of our housing supply are studios and one-bedroom apartments
- We offer Lumo homes for different life stages – our apartment offering includes, for example, senior houses
- We are enabling urban living as a Service: for example, we have introduced Lumo Caretakers, a car sharing service and Smart-Post parcel service at our Lumo apartment buildings



## 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

### > KOJAMO'S RESPONSE

- Our innovation and service platform offers the tenants and partners a common platform for piloting and developing housing services
- The previously piloted Leanheat AI solution will be controlling the temperature of 28,000 apartments
- Lumo apartments that become vacant are immediately available for rent via the Lumo webstore
- We are gradually implementing the My Lumo service that allows for the tenant to order services and pay rent on their mobile device



### INDIVIDUALITY AND SENSE OF COMMUNITY

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

#### > KOJAMO'S RESPONSE

- We take individuality into account in new development, starting from the design
- We create new kinds of resident activities and support the sense of community
- We accelerate the Lumo service development which is based on customer understanding
- We offer our customers, for example, paint and materials for small-scale home improvements so they can make their home more suited to their own taste



### 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

#### > KOJAMO'S RESPONSE

- We take sustainability into account in construction and service development
- We develop dense urban housing next to good public transport links
- We procure ecological solutions that offer high overall affordability in order to reduce environmental impacts
- All our own contractor-based new property development consists of nearly zero-energy buildings (nZEB)

**We create new kinds of resident activities and support the sense of community.**

# Corporate culture gives us courage to change

**A**s a company, we have changed drastically and renewed our operations down to our name over the last years. When a company's mission and strategy change, the way things are done must also change. Therefore, we started to develop our corporate culture systematically in 2017.

We see corporate culture comprising our values, attitudes and ways of working. Our corporate culture and values reflect how we want to operate in order to achieve our goals as a company. Therefore, it is especially important that our values – Happy to serve, Strive for success and Courage to change – came from our personnel.

The premise of renewing our corporate culture has been profitability, as we want our culture and ways of working to support the implementation of our strategy. It is great to do things right, but most important is to do the right things right.

Creating and developing an excellent customer experience is at the core of our culture. It is made up daily of the ways each person at Kojamo works and of our attitude towards serving our customers. Delivering the customer experience combines all our values.

Kojamo employees form a very motivated and talented team. Our personnel understand our strategy, and that understanding has transformed into practices where we focus on things that matter. Our

corporate culture supports the courage to change.

"We have not tried to change everything at once, but instead have progressed systematically in our development," says CEO Jani Nieminen.

Change and renewal have brought about concrete improvements year after year. Visible results have boosted people's daring, courage and motivation.

"We were bold and used service design in creating the Lumo brand. Instead of following the traditional ways of the real estate industry, we have been open to the global trends and their possibilities and have moved systematically forward," Nieminen says.

The change in corporate culture was also visible in our human resource management and its accomplishments in 2018. At the beginning of the year, we launched Kojamo Leaders, a management development programme consisting of defining strategic competences, identifying key persons and potential and leadership training conducted together with Aalto EE. We received recognition as one of Finland's most inspiring places to work (Suomen innovativimmat työpaikat) and placed second in the major employer category in the Responsible Summer Job 2018 competition.

 [Read more about our human resource management on page 29.](#)



Distinguished Kojamo employees were rewarded in Kojamo's annual personnel event. Milla-Roosa Pentikäinen, a property manager in the capital region, received the newcomer of the year reward. The prizes were awarded by the CEO Jani Nieminen.

# Strategy progress in 2018

# 1.

## GENERATING LONG-TERM SHAREHOLDER VALUE

### Focusing on the Lumo brand and segment

Our strategy is to focus on commercial operations and to reduce the relative proportion of apartments subject to ARAVA and/or interest subsidy legislation in our portfolio. We believe that the current ARAVA and/or interest subsidy legislation restrictions in our apartment stock will expire by way of application by the end of 2025. As the restrictions expire, VVO apartments will become Lumo apartments, which we expect will increase the fair value of investment properties currently subject to restrictions. We are constantly investigating opportunities to expand our digital and other housing services to create an attractive service offering.

In 2018, we implemented our strategy by accelerating service development and growing the Lumo business both with new development completed and by acquiring completed apartments. Due to the decrease in the VVO business, we will abandon the division between the Lumo and VVO segments from the beginning of 2019.

### Operating in the Finnish growth centres, anchored in the Helsinki region

We focus on developing rental living and housing services in selected Finnish growth centres: Helsinki region, Tampere, Turku, Kuopio and Lahti areas, and the cities of Oulu and Jyväskylä. We expect the population growth in these growth centres to exceed the national average due to urbanisation. The most important area in our strategy is the Helsinki region. At the same, we will continue to divest our properties that are located outside the Finnish growth centres.

In 2018 our operations in the selected growth centres progressed successfully, supported by the property acquisitions and divestments we had executed during the year in line with our strategy.

### Growing the property portfolio by acquiring and developing properties

In our view, we have significant opportunities to increase our property portfolio. Real estate development will also play an important role as we strive towards improving long-term shareholder value especially by increasing our property portfolio in the Helsinki region.

In 2018 we advanced towards our strategic targets by increasing the number of apartments in our property portfolio and the fair value of our investment properties. Listing on the official list of Nasdaq Helsinki supports the implementation of our growth strategy and strategic flexibility.

➤ [Read more: pages 19–20](#)

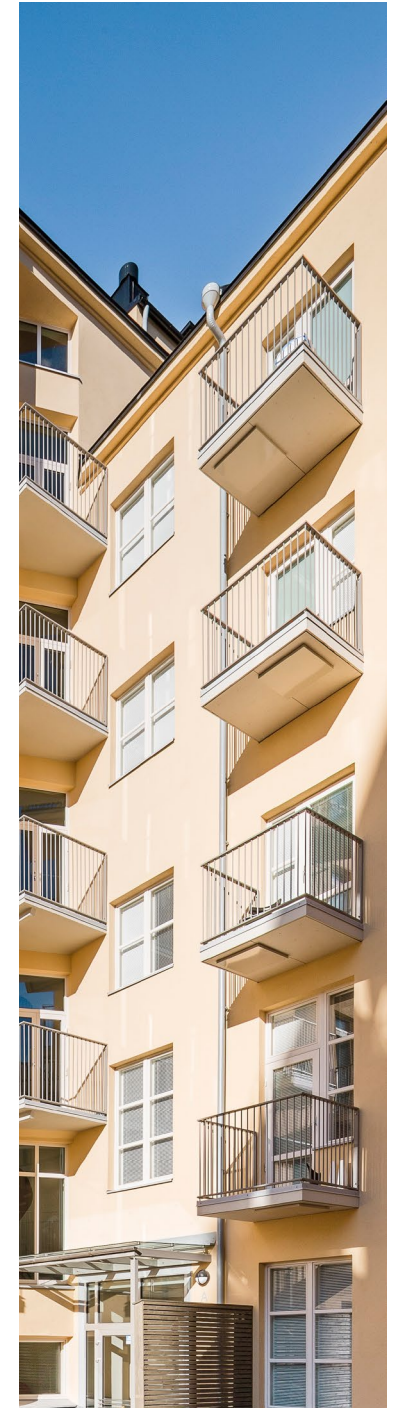
# 2.

## THE BEST CUSTOMER EXPERIENCE

Our vision is to be a pioneer in housing and the number one choice for our customers. We will continue to focus on providing the best customer experience by offering a range of different housing solutions and services. We want to be a forerunner in the digital transformation of the housing industry in Finland. We believe that digital solutions offer unique opportunities to improve customer experience.

We have launched a service and innovation platform for co-creation with our partners and customers. The platform enables opening interfaces to different operators' data and piloting and developing versatile housing services. At the end of 2018, we expanded our existing digital services offering by introducing the My Lumo application that enables residents to order services and pay their rent using a mobile device. In addition, depending on where they live, Lumo tenants have access to many services that make everyday life easier, such as services related to moving, shared cars and Smartpost parcel service.

➤ [Read more: pages 26–28](#)



# 3.

## LEADING IN SUSTAINABLE DEVELOPMENT AND CORPORATE RESPONSIBILITY

We are committed to developing new and modern construction solutions, housing services and ecological innovations related to energy-efficient housing solutions. We focus on the sustainable development of our business operations and strive to be the forerunner of sustainable development in our industry. All new development projects that utilise our own plot reserve are nearly zero-energy buildings in accordance with FInZEB concepts and guidelines.

In 2018 we commissioned a preliminary materiality analysis on our responsibility themes as a basis for developing our reporting. We reached a significant milestone with regards to environmental responsibility when we expanded the use of Leanheat's AI solution that we piloted earlier to control the temperature of 28,000 apartments. The solution both improves the comfort of living and reduces the carbon footprint of buildings.

➔ Read more: pages 22–30

# 4.

## THE MOST COMPETENT AND ENERGETIC PLACE TO WORK

We are developing our corporate culture and the skills and competences of our personnel to support the implementation of our strategy. In addition, we strive to commit our entire personnel to our objectives with the help of our remuneration and incentive plan.

As the company's strategy changes, the way of working must also change. The systematic strengthening of our corporate culture was one of the most significant focal points of 2018. We reformed our culture and ways of working by focusing on the development of competences and management, and achieved recognition and results for the successful personnel work by way of, for example, performing well in the personnel satisfaction index.

➔ Read more: pages 13 and 29



### ACHIEVEMENT OF STRATEGIC TARGETS IN 2018

FINANCIAL TARGETS 2021	ACTUAL 31 DEC 2018
Equity ratio over 40%	43.0%
Loan to Value (LTV) less than 50%	45.9%
Funds from Operations (FFO) over 32% of total revenue	32.4%
OPERATING TARGETS 2021	ACTUAL 31 DEC 2018
Investment property portfolio:	Investment property portfolio:
• Approximately 38,000 apartments	• 34,713 apartments
• Fair value EUR 6 billion	• Fair value EUR 5.1 billion
Net promoter score: 40	Net promoter score: 35
DIVIDEND POLICY	ACTUAL 2018
Kojamo's objective is to be a stable dividend payer whose annual dividend payment will be at least 60 per cent of FFO, provided that the Group's equity ratio is 40 per cent or more and taking account of the Company's financial position.	The Board of Directors proposes that a dividend of 62 per cent of the FFO be paid for the financial year 2018.

# Differentiated business model creates added value

**K**ojamo is Finland's largest private residential real estate investment company measured by fair value of investment properties. We offer rental apartments and housing services for tenants. We focus on Finland's growth centres where the demand for rental apartments is on the rise due to urbanisation and increased popularity of rental housing. We are concentrating our operations in the Helsinki Metropolitan area and the six other growth centres by building, acquiring and developing properties in the areas. At the same time, we also strive to divest properties located outside of our key areas. Our supply is set to meet specifically the demand for studios and one-bedroom apartments that has increased due to decreasing household sizes.

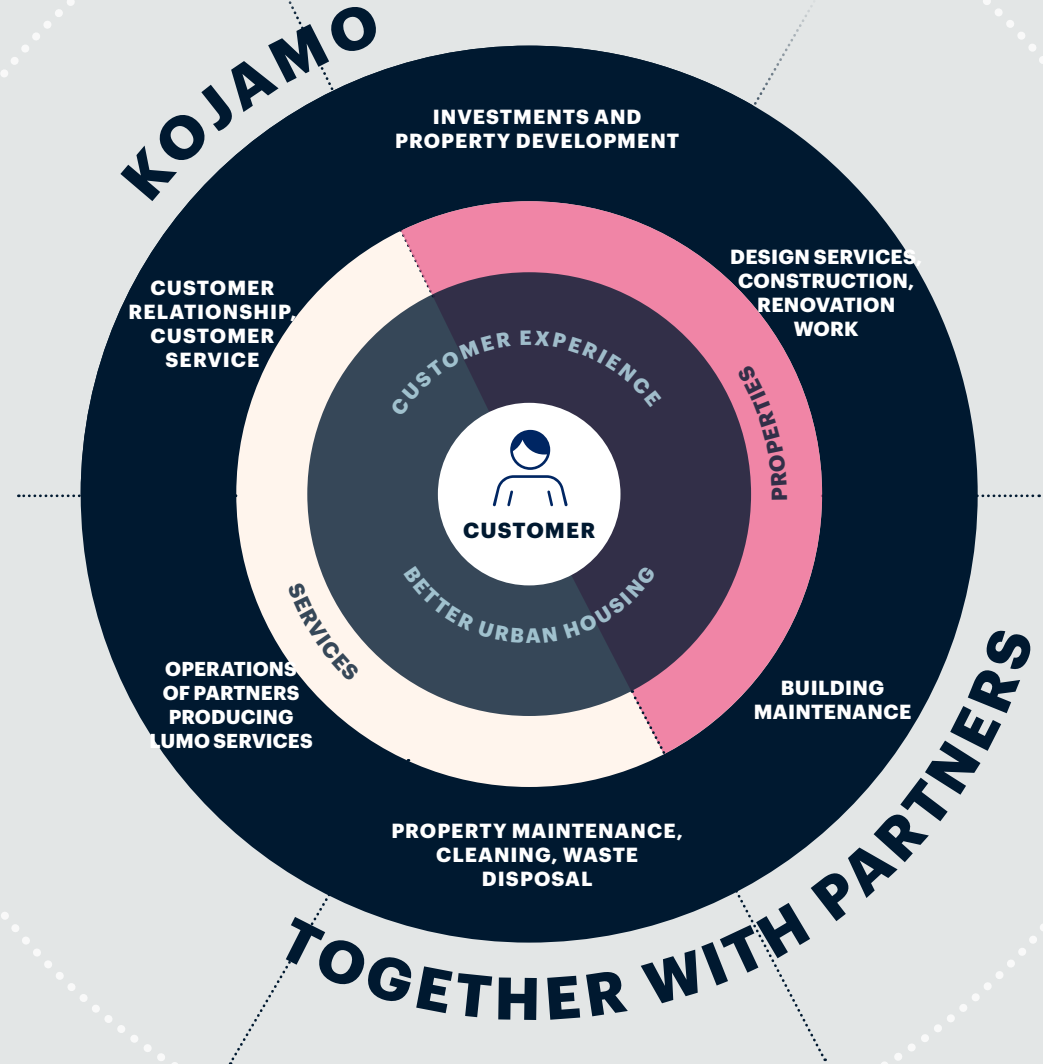
Our business model is to own the apartments we rent and provide related services both ourselves and together with our partners. In order to develop services, we have created a service and innovation platform (see picture). The networking and idea creation phase of the platform was started at the beginning of 2018 together with the first partners.

Our own employees are mainly responsible for business operations that create added value, including investments operations, property development and customer relations. Outsourced operations include for example construction, property management and building maintenance. We have high quality and efficiency goals for both our own and outsourced operations. We coordinate and supervise the operations to ensure that they strengthen and improve the customer experience.

We are developing the platform to make the properties and related technology, information systems and customer services more easily connected. Our goal is to enable even tighter collaboration between Kojamo and our partners, for example, in developing new services.

## KOJAMO'S SERVICE AND INNOVATION PLATFORM

- CO-CREATION**
  - Developing services together with customers, partners and subcontractors
  - Developing modern construction solutions and ecological innovations to improve efficiency
- DIGITAL INTEGRATION**
  - Integrating properties and their technology as well as available data in order to create the best customer experience and differentiating services and to improve efficiency





## KOJAMO'S VALUE CREATION MODEL

### RESOURCES

#### FINANCIAL CAPITAL

- Equity
- Liabilities
- Fair value of property portfolio

#### PRODUCTION CAPITAL

- Apartments, property portfolio and plot reserve
- Service and innovation platform
- Investments

#### HUMAN RESOURCES

- Committed, motivated and skilled personnel
- Investments into well-being at work, training and skills

#### INTANGIBLE CAPITAL

- Brands and product development
- Customer and consumer understanding
- Strong corporate culture, ways of working and service concepts that promote market differentiation

#### RELATIONSHIP CAPITAL

- Customer relationships, cooperation with tenants
- Partner network, co-creation model with partners
- Investors and financiers
- Cooperation with authorities
- Cooperation with the sector and other organisations

#### NATURAL RESOURCES (SEE PAGES 23-25)

- Heating energy (almost 100% district heating), water, electricity (carbon neutral real estate electricity)
- Construction materials

### BUSINESS OPERATIONS

#### OUR VISION

We are a frontrunner in the rental housing business and the customer's number one choice.



#### STRATEGIC FOCAL POINTS

1. Generating long-term shareholder value
2. Providing the best customer experience
3. Leading in sustainable development and corporate responsibility
4. The most competent and energetic place to work

### OUTPUT

#### CUSTOMERS

- Satisfied customers
- New customers

#### APARTMENTS

- A growing housing stock in good condition located in the 7 growth centres within the reach of public transport

#### SERVICES AND AGREEMENTS

- Rental services, webstore
- Housing-related services that make daily living easier
- Multichannel customer service
- Tenancy agreements
- Agreements with suppliers and subcontractors

#### EMISSIONS AND WASTE

(SEE PAGES 23-25)

- Carbon dioxide emissions
- Waste

#### COMPANY'S VALUATION AND ECONOMIC RETURN

#### MARKET POSITION

- Finland's largest private residential real estate investment company

### IMPACTS

#### ON CUSTOMERS

- High-quality living conditions, safe tenancies
- Good customer experience, easy daily life

#### ON INVESTORS AND FINANCIERS

- Solid investment target
- Dividends and increase in value

#### ON SUPPLIERS AND PARTNERS

- New business generated by the service and sharing economy
- Long-term partnerships, fair business operations
- Payments to service providers and subcontractors

#### ON PERSONNEL

- Salaries and remunerations
- A good place to work
- Professional development and growth

#### ON SOCIETY

- Employment, direct and indirect
- Payment of taxes, curbing the grey economy
- Increased vitality of cities
- Efficiency of denser urban structure

#### ON ENVIRONMENT

- Properties and residential areas that promote sustainable development
- Creation of new technologies that increase the sustainability of housing
- Impact of a sustainable urban structure

VALUE

Strive for success

## Former schools turn into unique city apartments

**Strive for success** is a value that originated from our employees. Our strive for success can be seen for example in the way we are increasing our real estate portfolio by acquiring and developing properties. One of our most visible real estate development projects are the properties previously used by the Metropolia University of Applied Sciences, which are mostly located in the vicinity of Hietalahdentori in Helsinki. Conversions of old properties are challenging but rewarding projects. The Metropolia properties are an excellent example of how we can create better urban living, as stated in our mission.

“Former school facilities make for unique city apartments,” says project director Heikki Hirvonen. “For example, the Kottarainen block between Eerikinkatu and Kalevankatu is an exquisite hidden gem that many people do not even know about. Currently it serves as a temporary space for art galleries.”

We purchased the Metropolia properties from the City of Helsinki in October 2017. Our real estate development team is currently having discussions with the City of Helsinki about the local planning related to the properties, which is expected to begin in 2019. Depending on the plans, the properties can be converted to house approximately 800–1,000 apartments. It

is still undecided what role the impressive main building, built at the end of the 19th century, will have in the future property complex. One of the possibilities currently investigated is a hotel.

**At Kojamo, strive for success** means, among other things, that we get results and achieve our goals. According to Hirvonen, this is reflected in the attitude and atmosphere at Kojamo. “When the goals are clear, things will be carried forward vigorously.”

However, strive for success does not apply only to the achievement of financial objectives but also to bearing responsibility, appreciating others and keeping one’s promises.

**“We want to offer people** homes that suit their needs. In the future, living will more of a service. Rooms can be joined flexibly, and communal spaces will enable the residents to use them according to their changing needs, as they would for example in a hotel.”

“The projects of the Metropolia properties, for example, will bring more residents to the best locations in Helsinki to use the services in the city centre. This will add to the vitality and attractiveness of Helsinki also on an international scale.”



**HEIKKI HIRVONEN**  
Project Director

# A successful first year as a listed company

2018 was a very good year for Kojamo and we achieved the goals we had set. During the year, we developed our property portfolio, were successfully listed on the official list of Nasdaq Helsinki and executed other significant financing arrangements. At the same time, we continued to focus on Finland's seven growth centres and the Lumo rental apartments.

We are actively developing the value and number of our investment properties both by building new and renovating, acquiring and divesting existing housing stock. In 2018 we invested in the Lumo segment, through which we offer commercial rental housing services. We have offered non-commercial rental apartments in the VVO segment, but we abandoned the segment division at the beginning of 2019 due to the decline in VVO's business.

During 2018 we proceeded towards our goals in developing our property portfolio. Our goal is to own approximately 38,000 rental apartments by the end of 2021. At the end of 2018, our property portfolio consisted of 34,713 apartments. At the end of the year, the fair value of our investment properties was EUR 5.1 billion, while our long-term goal is EUR 6.0 billion.

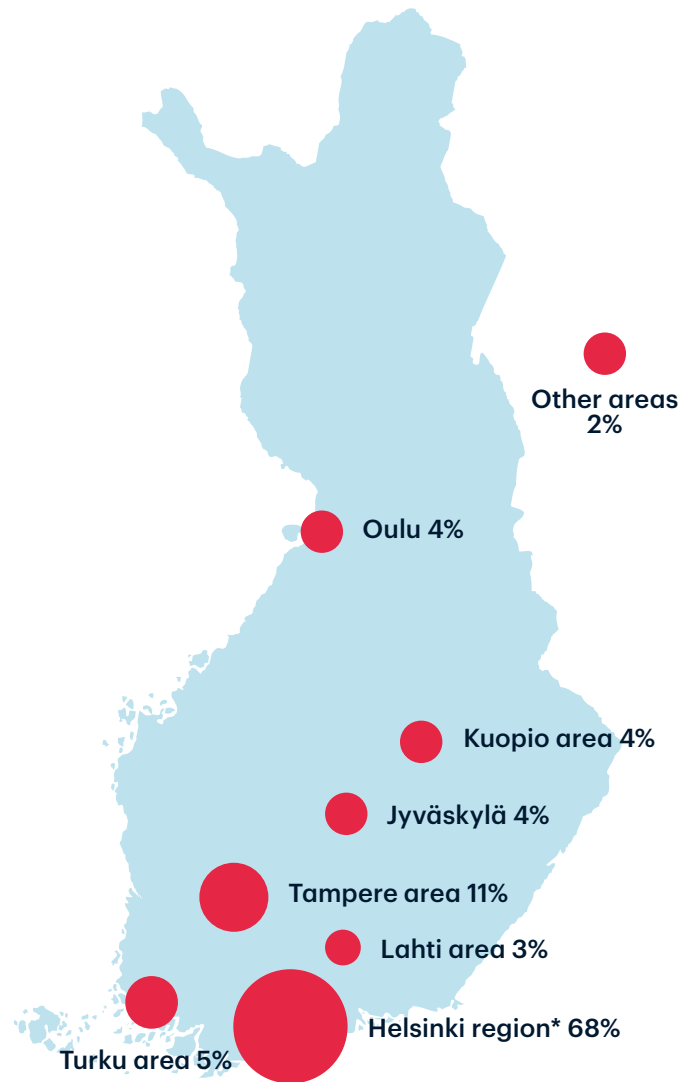
## Investments and property development in the seven largest growth centres

Investments and property development have a significant role in supporting our strategic growth. We acquired 981 apartments from OP Financial Group's real estate funds at the beginning of the year and 68 apartments from Henna and Pertti Niemistö Art Foundation (ARS FENNICA sr) in September. During the year, 1,258 new Lumo rental apartments were completed.

The demand caused by urbanisation and the housing shortage that has developed earlier were reflected in the large number of new apartments completed. On the other hand, the high volume of new development delayed the start of certain new projects.

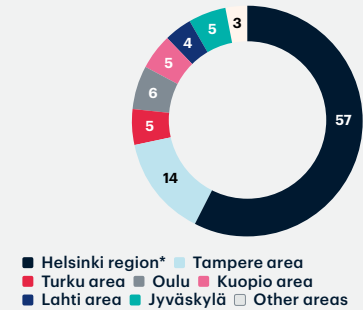
In accordance with our strategy, we are focusing on the seven largest Finnish growth centres and the Helsinki region in particular. As part of this, we continued divesting apartments outside the growth centres. We sold 1,594 rental apartments in 15 locations to a real estate fund managed by the Morgan Stanley Real Estate Investing, to Renger Investment Management and to Premico Group, among others.

## KOJAMO'S BUSINESS OPERATIONS BY FAIR VALUE

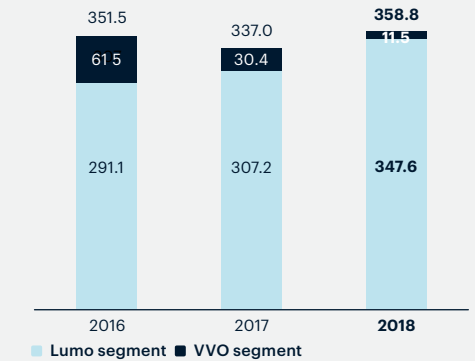


\*The Helsinki region includes the following cities: Helsinki, Espoo, Vantaa, Kauniainen, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula and Vihti

## PROPERTY PORTFOLIO geographical distribution of rental apartments (by units), %

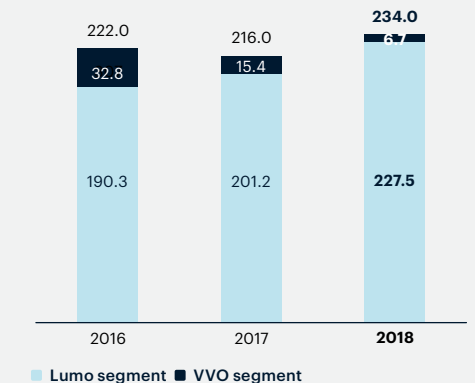


## TOTAL REVENUE BY SEGMENT, EUR MILLION



The Group's total revenue includes items related to Group consolidation measures.

## NET RENTAL INCOME BY SEGMENT, EUR MILLION



In property development, we continued renovations as well as mapped new construction and conversion projects. In recent years, conversion projects have gained popularity as a way of utilising the best locations in the growth centres. One significant conversion project is the property complex that was previously used by the Metropolia University of Applied Sciences. We finalised the purchase of seven properties at the end of 2017. In the past year, we have been negotiating with the city of Helsinki and investigating opportunities to develop the properties into Lumo rental apartments.

Another significant real estate development project taking place in the next few years is located in the SunZeb block in Kalasatama, Helsinki. The Lumo homes we are building in the block offer advanced quality of living and energy efficiency solutions. Our partners in the development of the block are Asuntosäätiö, Fira and Helen. The project combines smart solutions and energy efficiency.

**Financial occupancy rate increased, Lumo webstore continued to grow**

The financial occupancy rate of Kojamo’s rental apartments was at a good level at 97.0 per cent in 2018. The growth of the occupancy rate has been supported by the improvement of customer experience and rental processes, as well as the growth of the Lumo webstore.

The Lumo webstore shifts the power of renting an apartment directly to the customer. Through the webstore, our customers can rent a Lumo apartment immediately and move in the next working day. The number of tenancy agreements made in the Lumo webstore increased sharply during the year.

The tenant turnover, excluding internal turnovers, remained at the previous year’s level and was 28.8%.

**Diverse financing sources**

Kojamo seeks to diversify its financing sources. During the year, we made several significant financing arrangements that support our business operations.

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

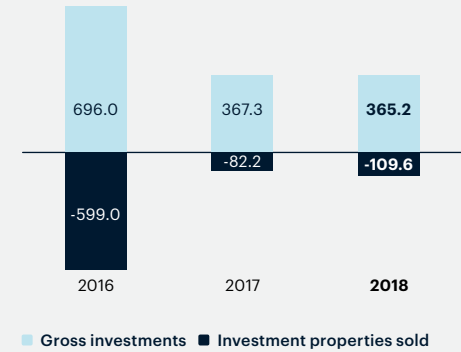
Our objective is to increase the share of bond financing and continue shifting to unsecured financing. Of the EUR 500 million bond issued by Kojamo, approximately EUR 300 million was used to repay secured loans.

In June, Kojamo was successfully listed on the official list of Nasdaq Helsinki. In connection with the listing, Kojamo issued 17,665,039 new shares and raised a total of approximately EUR 150 million in gross proceeds.

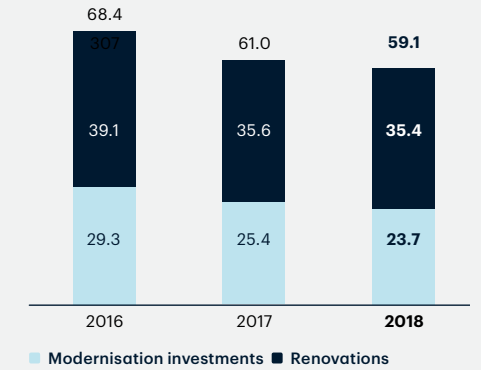
Kojamo and the European Investment Bank (EIB) signed an unsecured loan agreement of EUR 95 million on 7 March 2018. The financing is the second part of the long-term financing of EUR 170 million granted by EIB on 28 November 2016, which will be used to fund the construction of nearly zero-energy buildings (nZEBs). At the end of the year the loan was undrawn.

**Nearly 8,600 tenancy agreements have already been signed in the Lumo webstore by the end of 2018.**

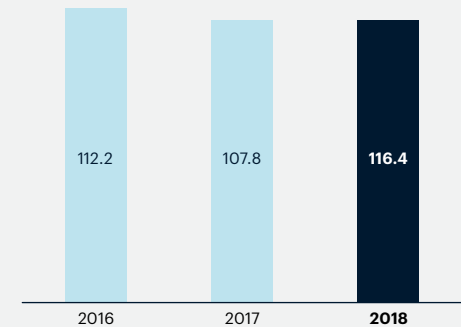
**GROSS INVESTMENTS AND INVESTMENT PROPERTIES SOLD, EUR MILLION**



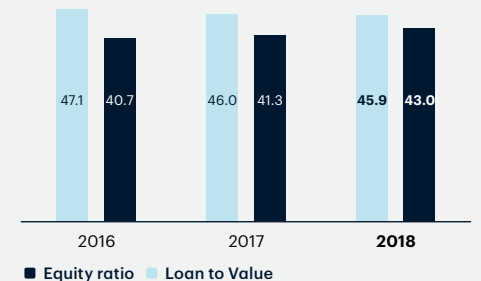
**MODERNISATION INVESTMENTS AND RENOVATIONS, EUR MILLION**



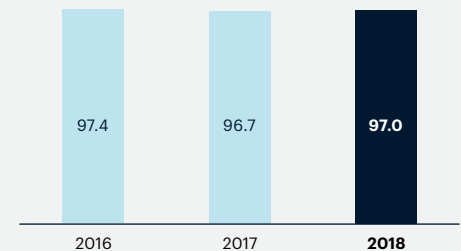
**FUNDS FROM OPERATIONS (FFO), EUR MILLION**



**LOAN TO VALUE AND EQUITY RATIO, %**

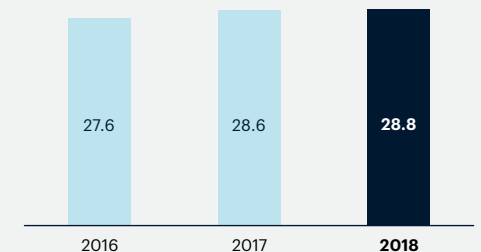


**FINANCIAL OCCUPANCY RATE, %**



Financial occupancy rate = (rental income / potential rental income at full occupancy) \* 100. Financial occupancy rate does not include apartments under renovation.

**TENANT TURNOVER RATE, EXCLUDING INTERNAL TURNOVERS, %**



Tenant turnover rate = (terminated rental agreements / total number of apartments) \* 100

## VALUE

## Courage to change

## New solutions are created in networks for the customer's benefit

We work in a traditional industry where digital solutions have not yet been widely implemented. At the same time, old structures and ways of working have already been disrupted in many other industries and been replaced with digital solutions.

“Going digital will change the whole playing field. Our industry does not yet realise the disruption it is headed towards. It is possible that within a few years our playing field is defined by completely new players, patterns and rules,” says our CDO Teemu Suila.

Our courage to change is based on our desire to be the frontrunner of our industry, so that we can offer a first-class customer experience. The benefit received by the customer is always an objective in all our new solutions.

We have always welcomed new ideas. We have invited interested parties to develop the services with us. The service and innovation platform we have developed provides our customers and partners with a joint platform to pilot and develop housing-related services.

“All ideas cannot be created internally. When we involve our network in developing new services and innovations with us, we will be quicker to reach a solution that works for everyone,” Suila says.

Renewal requires that we constantly learn new things and have an open mind towards

change. The right atmosphere is built, first and foremost, on challenging the old ways of working and on trying new things together. As an internal channel for collecting new ideas, we have for example the online Ideapaja channel and a competition for summer employees. Refining ideas into successful solutions encourages people and pushes the corporate culture towards a more experimental direction.

During the past year, we introduced many new services and extended some of the existing ones. Our new My Lumo web application is part of the service and innovation platform. With My Lumo we can offer our customers even better, more individual and faster service.

Understanding the needs of our customers' everyday life is the basis for our service and solution development. For example, the apartment heating solution we are providing in collaboration with Leanheat Oy will create a better living environment for our tenants with the help of digitalisation, AI and IoT. Leanheat is a leading provider of intelligent solutions to control heating, and Kojamo has increased the use of the solution significantly over the past year.

“In the current environment, it is not enough that one company alone adopts new solutions. We at Kojamo aim to cooperate with global networks for the benefit of the whole built environment,” Suila says.



**TEEMU SUILA**  
Chief Development Officer



# Becoming a forerunner in corporate responsibility

**K**ojamo's core mission, to develop better urban housing, is strongly based on responsibility and sustainable business operations. All our strategic focal points are based on our responsibility to our stakeholders (see pages 14–15). We want to take part in creating a high-quality, sustainable, healthy and comfortable living environment for all city residents. We believe that significantly increasing the supply of rental apartments in the growth centres supports the vitality and commercial attractiveness of cities and hence the well-being of the entire society.

One of our strategic objectives is to be a forerunner in sustainable development and corporate responsibility. We want to have an impact on other actors as well, so that together we can create better urban living. For a long time, we have taken ef-

fective and measurable actions resulting, for example, in increased efficiency of our properties' relative electricity, heat and water use and improved customer experience. Our own anti-grey economy operating models exceed legislative requirements in many respects. The Lumo brand is one of the most valued and well-known brands in rental housing.

In 2019 our aim is to develop our sustainability reporting to make our responsible ways of working and their results more visible and easier to evaluate also to our shareholders. In 2018 we commissioned a preliminary materiality analysis on our responsibility themes. The analysis included interviews with both Kojamo's internal and external stakeholders. The work has only just begun, however, and the responsibility themes emphasised in this annual report – environment, customer experience, eco-

nomical responsibility and personnel – are based on both continuous contact with our stakeholders as well as our own evaluation on the most integral themes.

We are happy to receive feedback and suggestions regarding our responsibility work: [info@kojamo.fi](mailto:info@kojamo.fi)

**We want to take part in creating a high-quality, sustainable, healthy and comfortable living environment for all city residents.**



# Kojamo's responsibility goals and results

PERSPECTIVE	KOJAMO'S OBJECTIVE	LONG-TERM GOALS	RESULTS 2018
Housing and the attractiveness of cities	Developing better urban housing	<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>1,258 completed Lumo homes</li> <li>1,064 apartments under construction</li> <li>All newly constructed properties in growth centres, next to good transport links</li> </ul>
Customers	Delivering the best customer experience	<ul style="list-style-type: none"> <li>Overall satisfaction Net Promoter Score (NPS) &gt; 40</li> <li>Making the Lumo webstore 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 = 35</li> <li>Approx. 5,800 Lumo tenancy agreements were signed via the webstore</li> <li>My Lumo mobile service expanded digital services</li> </ul>
Personnel	Dynamic and professional place to work	<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>A good AA level achieved in the People Power employee satisfaction survey</li> <li>Recognised as one of Finland's most inspiring places to work in 2018</li> <li>Second place in the major employer category in the Responsible Summer Job 2018 competition</li> <li>Salaries and fees paid EUR 16.8 million</li> </ul>
Partners	Responsible purchasing, safe worksites and boosting the housing services platform	<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 94.3%</li> <li>Continuing to develop the innovation and service platform together with partners</li> </ul>
The environment	Leading in sustainable development	<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>Heating energy consumption index, entire housing stock -3.7% (GWh/v)</li> <li>Relative use of property electricity -2.1% (-0.1 kWh/rm<sup>2</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>All offices participating in or transitioning to WWF's Green Office scheme</li> </ul>
Shareholders and investors	Generating long-term shareholder value and profitability	<ul style="list-style-type: none"> <li>Increasing apartment assets to EUR 6.0 billion (38,000 apartments)</li> <li>Equity ratio &gt; 40.0%</li> <li>Loan to Value, &lt; 50%</li> <li>Funds from Operations (FFO) as percentage of total revenue &gt; 32%</li> <li>Net Promoter Score (NPS) &gt; 40</li> <li>A stable dividend payer</li> </ul>	<ul style="list-style-type: none"> <li>Apartment assets EUR 5.1 billion (34,713 apartments)</li> <li>Equity ratio 43.0%</li> <li>Loan to Value 45.9%</li> <li>FFO as percentage of total revenue 32.4%</li> <li>NPS = 35</li> <li>The Board of Directors' dividend proposal EUR 0.29 per share</li> </ul>
Society	Economic responsibility and positive indirect impact on national economy	<ul style="list-style-type: none"> <li>Responsible corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>Taxes and tax-like charges approximately EUR 105.7 million</li> <li>Investments EUR 365.2 million</li> </ul>

# Saving energy without compromising quality of housing

**T**he most important environmental impact of Kojamo's operations comes from the carbon dioxide emissions caused by our properties' energy consumption. We are continuously developing our operations to improve our energy efficiency. Our principle is to use energy as smartly and efficiently as possible without compromising the quality and conditions of housing. We are committed to developing new and modern construction solutions, housing services and ecological innovations that can help us to improve the energy efficiency of our apartments.

Continuous monitoring, maintenance and required repair work have the largest impact on energy efficiency in our daily work. Over 90 per cent of Kojamo's properties are connected to a remote monitoring system for energy and water consumption.

In 2018, the single largest investment related to energy efficiency was the implementation of an AI-based Leanheat system in about 80 per cent of our apartments. The system was installed in approximately 570 properties by the end of 2018, and it covers almost 28,000 apartments.

We reported the consumption of district heat, electricity and water, and for the

first time, the entire Group's carbon footprint caused by property maintenance and ownership in 2018. Our current report on the carbon footprint is more comprehensive than before, when we reported the information received from energy producers on carbon dioxide emissions caused by heating energy production.

## Leanheat makes heating intelligent

Kojamo uses Finnish Leanheat solution that utilises predictive artificial intelligence to automatically adjust a building's heating based on the actual temperature inside the apartments and the weather forecast, to prevent excessive heating and to help regulate the balance between different apartments more accurately than before. Leanheat also helps to improve indoor air quality and comfort of living as well as to reduce the energy consumption and carbon footprint of buildings. Leanheat typically reduces heating costs by approximately 10 per cent.

Buildings connected to the Leanheat system have temperature and humidity sensors that collect data and help the system to learn the building's characteristics and adjust the indoor temperature to make it sta-



Leanheat helps to improve indoor air quality and comfort of living as well as to reduce the energy consumption and carbon footprint of buildings.



ble and optimal. The system also analyses changes in humidity, which helps to identify deficiencies in ventilation, for example, and can prevent potential negative impacts on tenants.

Leanheat uses weather forecasts to predict heating needs, which allows the properties to be pre-heated so that heating them during the anticipated consumption peaks can be avoided. This reduces emissions, because carbon dioxide emissions are at their highest when reserve power plants must be used to balance the consumption peaks. During consumption peaks energy prices are also at their highest, so smart heating not only reduces emissions but also costs.

### Warm and dry summer decreased properties' energy consumption

In 2018 the heat index of our entire housing stock was 36.3 kWh/rm<sup>3</sup>, decreasing by -3.0% from the previous year. In proportion to the volume of the buildings, the relative consumption of district heating decreased by -1.0% from the previous year and was 35.2 kWh/rm<sup>3</sup>. The first quarter of the year was exceptionally cold, but the summer from May till September was unusually warm and dry. Especially the warm spring and early autumn decreased the energy consumption of the properties and compensated for the cold period at the beginning of the year. We made savings also during the final quarter of the year.

The daily per capita water consumption increased by 2.0 per cent and the daily per

capita electricity consumption decreased 1.9 per cent. The rise in water consumption is mostly due to the changes in the housing stock.

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 efficiently using combined heat and power systems. Peaking power plants are needed only during the coldest winter months.

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.

### Kojamo participates in environmental agreements and flagship initiatives

We are committed to the Rental Property Action Plan (VAETS II), in which the target is energy savings of 7.5 per cent between 2017-2025. The plan consists of a housing stock that was built by the end of 2016, which means that new development is excluded from the plan. Since 2017, Kojamo's own new construction projects have consisted of nearly zero-energy buildings, in accordance with FinZEB concepts and guidelines.

In Kalasatama, Helsinki we collaborate on building a SunZEB block that will take quality and energy efficiency to the level of future standards. The block will be the first of its kind in the world. Based on an innovative

SunZEB model developed by VTT Technical Research Centre and Helen, the concept utilises solar power and has the buildings functioning as the source for renewable energy.

Kojamo is also a member of the Finnish Climate Leadership Coalition. CLC is a non-profit organisation that encourages its members and other organisations to become carbon neutral and use natural resources sustainably.

Our headquarters and four other offices are WWF Green Office certified. The aim of the Green Office scheme is to help offices reduce their environmental load, to increase employees' environmental awareness and to achieve energy savings.

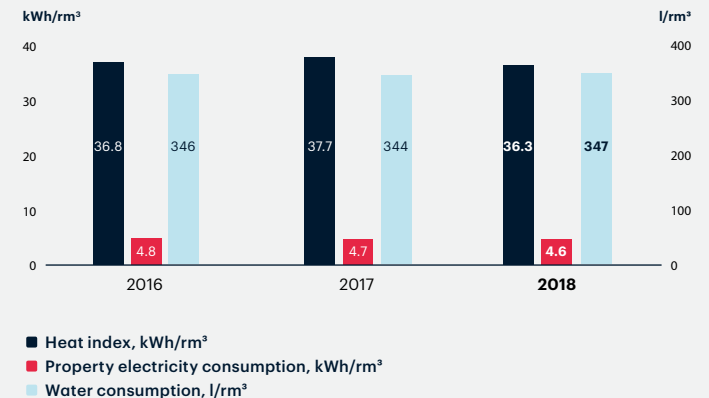
Since 2017, Kojamo's own new construction projects have consisted of nearly zero-energy buildings.

## ENVIRONMENTAL RESPONSIBILITY KEY FIGURES

	2018	2017	2016
Heating energy, total consumption (GWh)	307	302	313
Heat index, entire housing stock (kWh/rm <sup>3</sup> )	36.3	37.7	36.8
Water, total consumption (Mrm <sup>3</sup> )	3.0	3.0	3.1
Water consumption (l/rm <sup>3</sup> )	347	344	346
Property electricity, total consumption (GWh)	39.9	41.2	43.1
Property electricity consumption (kWh/rm <sup>3</sup> )	4.6	4.7	4.8
Carbon footprint (tonnes)*	70,995		
Emissions (kg, CO <sup>2</sup> /m <sup>3</sup> )	7.9		
Emissions (kg, CO <sup>2</sup> /day/apartment)	5.6		

\*Kojamo's carbon footprint report will be more comprehensive than before. The reported CO<sup>2</sup> figures from previous years are not comparable with the carbon footprint reported in 2018.

## SPECIFIC CONSUMPTION OF HEAT, ELECTRICITY AND WATER 2016-2018



# Striving for the best customer experience both online and at home

**O**ur vision is to be property market frontrunner and the number one choice for our customers. We want to deliver the best customer experience and differentiating, accessible and user-friendly services. We are continuously developing our customer experience together with our customers and partners and measuring our success at all stages of our relationship with the customer. We believe that an excellent customer experience improves customer loyalty and minimises vacancies due to tenant turnover, which will create value for our shareholders, as well.

## Digitalisation is transforming the customer experience

We want to be a forerunner in forming a future where digitalisation and smart homes will transform the housing experience. From the consumers' point of view, the real estate industry is globally among the least digitalised industries, and it is only now beginning to change. We have been developing digital services already since 2008 and have been among the pioneers by for example launching the Lumo webstore, where the customer has been given the power to choose us. By the end of the year, approx-

imately 8,600 tenancy agreements had already been signed via the Lumo webstore. Up to 38.6 per cent of the tenancy agreements for new development were made in the webstore.

In autumn 2017, we issued an open invitation to companies in different growth stages to join us in developing new housing services for Kojamo by launching our service and innovation platform (see page 16). We believe that by combining properties and their related technology, information systems, data and services provided, we can offer our customers progressively an even better, differentiated customer experience.



**We are continuously developing our customer experience together with our customers and partners.**



Good examples of services co-created with partners are the Avainkuriiri and Helpponou- to services that we started piloting in the autumn in Helsinki and Vantaa.

### My Lumo brings services to your mobile

A part of our service and innovation platform is the My Lumo web application, launched in December, which expands our existing digital service offering. With the application, a Lumo tenant can book and buy services and even pay their rent. The service will be implemented gradually from early 2019 onwards for all Kojamo's tenants. In phase one, My Lumo will offer residents digital services that make everyday life easier, such as submitting a maintenance request and paying rent quickly and easily on a mobile device. Later, it will also be possible to use the web application to book and purchase home delivered services, such as cleaning or food services, or reserve common club or remote working spaces and order services for them.

Optimising building technology is also a way to harness digital services and data-driven management to improve housing conditions. AI-based Leanheat solution (see pages 24–25) improves energy efficiency as well as comfort of living by adjusting the room temperature to make it stable and monitoring the indoor air quality. This enables us to for example rectify the temperature of the apartment even before the tenant has had time to contact us. In the future, the system might let the tenants change the temperature themselves.

### Services also create a sense of community

Depending on where they live, Lumo tenants have access to various services that

make everyday life easier, such as moving-related services, shared cars and Smartpost parcel service. In addition, we also offer our tenants different activities and additional benefits. These include, for example, concerts and visits to amusement parks, exercise and health and wellness training, discounts for retail stores and service providers and special benefits for long-term tenants.

The 'yard coach' programme, launched in 2017, is a good example of a service that creates a sense of community. Lumo yard coaches are professional sports instructors who lead versatile training sessions which are held in the yard or in nearby nature. Any tenant can participate in the free sessions, and there is no pre-registration needed. From the start, the programme has been so popular that it was expanded in 2018 and will be expanded still. At the moment, there are 65 Lumo buildings in Helsinki involved in the yard coach programme.

During our 50-year history, we have developed a strong tradition and a way of

working together with the tenants on matters ranging from living arrangements and local tenant events to service development. Most buildings have a house committee that in Lumo housing units are called Lumo teams. The teams can decide themselves how they want to operate and what activities they want to organise for the other tenants. Each team can have Lumo funding to organise activities.

### Efficient property management improves quality of housing

Our customer relations function controls and coordinates the day-to-day property management. The main point of contact for tenants is our own customer service centre. Property managers have a key role in delivering the customer experience and answering the tenants' questions about their apartment or the building they live in. We systematically monitor the quality and service level of our building maintenance services with on-site audits and tenant satisfaction surveys.

In 2018, we further improved our cooperation with maintenance companies. We achieved significant improvements in service quality and were able to speed up handling of issues even more. This was also reflected in the improved results of customer satisfaction surveys.

The Lumo caretaker service operating in the Helsinki Metropolitan Area was expanded with professionals specialised in indoor conditions and landscaping. There are now over 50 people working as caretakers under the Lumo brand. The Lumo caretaker team have also taken us back to a time when each building had its own appointed caretaker. The aim of this change is to have more competent and smooth-operating property management close to the customer.



Depending on where they live, Lumo tenants have access to various services that make everyday life easier.



### Customer feedback guides our operations

We measure customer satisfaction with customer satisfaction surveys and Net Promoter Score. At the beginning of 2018, the customer satisfaction survey changed from an annual survey to a quarterly survey, so we can tackle possible issues more quickly and develop our operations.

The Net Promoter Score (NPS) is one of our most important measurements, and our staff can monitor it in real time. We measure the Net Promoter Score separately for new, current and departing tenants, and the company's NPS is the weighted average of these two. In 2018, the NPS increased to 35 from the previous year's 33. Our long-term goal is to raise our NPS over 40.

Our goal is to offer the best comprehensive customer experience in housing under our Lumo brand, and we measure the achievement of this goal with customer satisfaction surveys as well as brand research. At the end of 2018, Lumo's aided brand awareness was 76 per cent.

# Returning home after renovation

**Our tenants expect Lumo homes to offer high-quality, functional and comfortable living conditions. Even an old property can be renovated to match the tenants' modern standards. Christel Silvonen, who found a home on Kavallintie in Kauniainen, had to leave her home for a while due to renovation. It was worth it. "It was amazing to come back to a familiar address when everything was new and stylish.**

**W**hen Christel Silvonen sits on her couch at home, her living room window offers a view over the balcony railing of the tree-tops of the nearby forest and the blue sky above. From her balcony, she can see the yards of the ground floor apartments. One of the downstairs apartments is her former home where she moved in 2013.

"I used to live in the adjacent building. When the building was renovated, I lived on the other side of the tracks for a bit over a year before moving back here," Silvonen says in her 48 square metre one-bedroom apartment.

The light coloured three-story Lumo building, located next to the Kauniainen church, was built in 1973. Even after the renovation, the building still has that '70s cosy feeling.

The building has a fresh new look both

on the inside and outside. The walls have been painted, windows and floors renewed, bathrooms tiled, railings of the balconies changed, and the balconies have been given glass panels. All of the house appliances as well as the kitchen cabinets are new. Also the yard has been re-designed.

## Anticipated renovation

The renovation did not come as a surprise to the tenants of the Lumo homes in Kavallintie. Already in 2013, when Silvonen moved to the building, there was talk of the renovation happening at some point. Two years later, in the autumn of 2015, it was announced that the renovation was approaching. The renovation started in the summer of 2016 and lasted approximately a year and a half.

"It was amazing to come back when everything was new and stylish. My current home is smaller than the last one but feels more spacious. The new, light surfaces also add to the feeling of space. Before the renovation, the window frames and railings of the balcony were brown and the kitchen cabinets were wood coloured," Silvonen recalls.

The common facilities of the building have changed as much as the apartments. The storage units, laundry room and sauna facilities have been renewed and the swimming pool room is shinier than ever. Even though the doors are from the 1970s,

the locks have been removed as the whole building has been made key-free. Electronic locks only let you in if you have a right to enter. The Kavallintie building is one of the first key-free buildings in Finland.

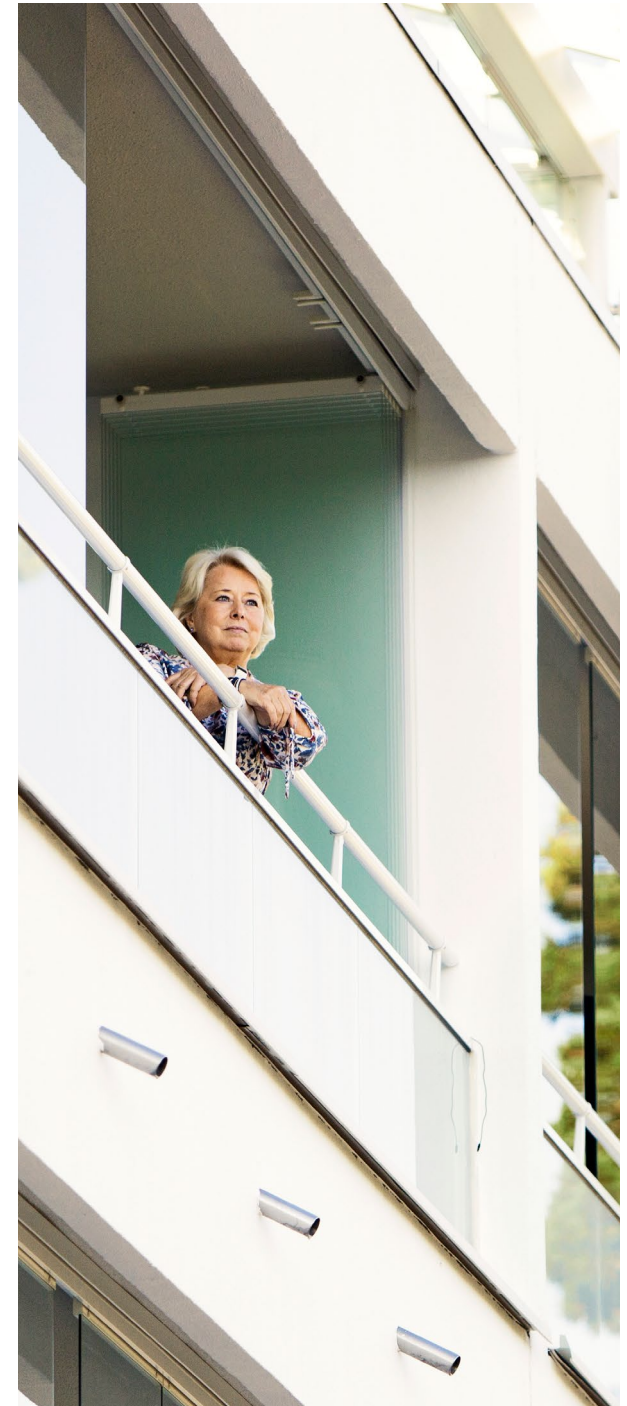
## People returning to Lumo homes are given preference

When Lumo homes are renovated, the tenants get help finding a new apartment for the duration of the renovation and they are given preference when moving back to the renovated building. Active contact is kept with the tenants during the renovation. Silvonen decided to become a returnee after going to see the renewed Lumo homes in Kavallintie.

"I wasn't sure about moving, but I didn't want to lose a chance to come back to this building. I am from Kauniainen and my mother lives nearby, which is why living in Kauniainen is important to me," she says.

In her own apartment, Silvonen is especially thrilled about the spacious bathroom, which has plenty of room for a washing machine, as well about the big walk-in closet, which has a long clothing rack and plenty of shelf space.

"There's a bit of a collector in me. I like to put things on display and change them from time to time. I also have a lot of things hidden from view."



## Strong corporate culture is founded on a well-functioning work community

**D**uring the year, we focused especially in strengthening our corporate culture, developing the competence of our personnel and smooth human resource practices. Our goal is that each employee individually contributes towards creating an excellent customer experience, which comprises our customer service attitude, professional skill and willingness to solve customers' problems all at once. The foundation of corporate culture is created by our energetic and forward-looking values: Happy to serve, Strive for success and Courage to change. Read more about our corporate culture on page 13.

### We support the competence and wellbeing of our personnel

By developing competence, we boost the courage to change as well as the culture of profitability, where we strive for success. At the end of the year, we carried out a Kojamo Leaders management development programme for our key employees with Aalto EE. The programme focused on systematic development of strategy work and on how our values are reflected in our competence and ways of working.

During the year, we continued to support our personnel's wellbeing and work ability with occupational healthcare and recreational and leisure time activities, as well as with wellbeing benefits, such as offering exercise or massage benefits. In addition to an occupational healthcare survey carried out by the occupational healthcare provider, we launched a sleep group to sup-

port personnel's recovery together with the provider. Over 90 per cent of our personnel consider themselves fit to work. Our personnel can participate in developing the workplace by for example presenting ideas and proposals via our intranet's Ideapaja site.

### Investing in personnel pays off

According to the People Power personnel survey conducted in 2018, the satisfaction of Kojamo employees is on a good AA level. The 2018 normative benchmark for Finnish white-collar employees was used as external benchmark data for the main level of the survey.

Our personnel satisfaction was on a good level compared to the control group. Even though our PeoplePower® personnel survey index decreased slightly from the previous year, questions related to inspiration and developing our own operations received particularly good ratings. These are also the cornerstones of our corporate culture.

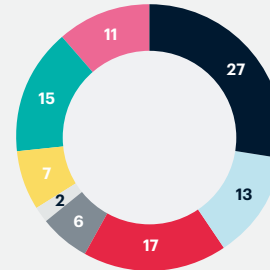
At the beginning of the year, Kojamo received recognition as one of Finland's most inspiring places to work (Suomen inostavimmat työpaikat 2018). The recognition indicates that the company has invested in developing operations by listening to the personnel's views on matters important to the company.

Kojamo placed second in the major employer category in the Responsible Summer Job 2018 competition. We can be proud of our good rankings in the recent years. We were the main partner of the Responsible Summer Job 2018 campaign and offered a summer job for 50 young people.

### PERSONNEL AT YEAR END

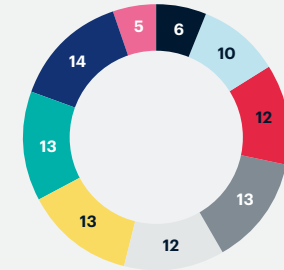
	2018	2017
Personnel in total	298	316
Permanent/temporary	274/24	284/32
Women/men, %	63/37	62/38

### PERSONNEL DISTRIBUTION BY TASK, %



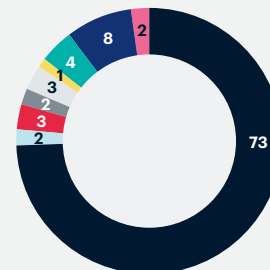
- Rental operations and customer service
- Marketing and communications
- Building management
- Construction and other technical
- Investments
- ICT and development
- Financial management and financing
- Other tasks

### PERSONNEL DISTRIBUTION BY AGE, %



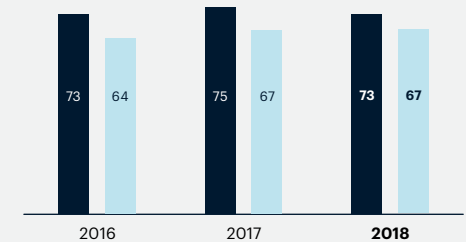
- 20-25
- 26-30
- 31-35
- 36-40
- 41-45
- 46-50
- 51-55
- 56-60
- over 60

### GEOGRAPHIC DISTRIBUTION OF PERSONNEL, %



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

### PERSONNEL SATISFACTION INDEX



- Kojamo
- Control group

# We create economic and social added value

**I**n our strategy, we are committed to developing shareholder value in the long term, which creates the foundation for our economic responsibility. In addition, our operations also generate added economic and social value for many stakeholders. We are a significant taxpayer: In 2018 our taxes and tax-like charges totalled to approximately EUR 105.7 million. Kojamo pays all its taxes to Finland. We are building a solid foundation for our future operations by managing risks in our cooperation networks, taking good care of the condition of our apartments and the tenants and by innovating new services.

## Responsibility in the supply chain

Construction is a significant outsourced operation for Kojamo. Consequently, anti-grey economy models have an important role in our procurement and cooperation network, and our models exceed the legislative requirements in many respects.

Our procurement principles and guidelines define detailed practices for selecting our business partners as well as for our purchases, both those made by us and those that we commission. Long-term partnerships contribute to the implementation of responsible ways of working. We treat our partners equally and ensure that our suppliers' business operations are not too dependent on purchases made by Kojamo or on the operations of any other company.

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.

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.

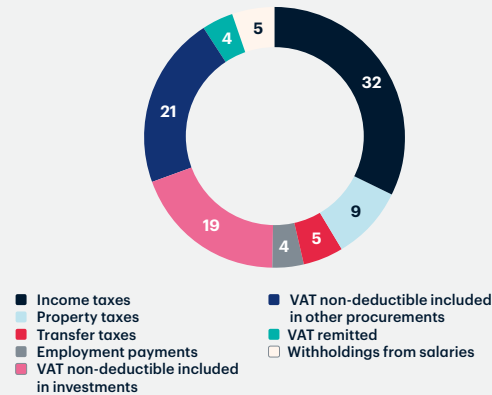
We monitor the occupational safety index for construction sites (TR measurements) closely in order to maintain occupational safety at a good level. The minimum level of TR measurements is set at the tender stage and the target levels are then specified with the contractor at the site start-up meeting. The measurements are monitored on the site on a monthly basis.



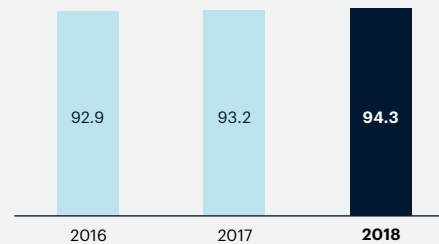
**Kojamo pays all its taxes to Finland.**



GROUP'S TAX FOOTPRINT IN 2018, %



TR MEASUREMENTS AT KOJAMO'S 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.

**TAXES AND TAX-LIKE CHARGES APPROX.**

EUR **105.7** million  
(2017: APPROX. EUR 104.4 MILLION)

**GROSS INVESTMENTS**

EUR **365.2** million  
(2017: EUR 367.3 MILLION)



**Riku Aalto**  
**Chairman of the Board**  
 b. 1965  
 M.Soc.Sc. (Administration)  
 Chairman of the Remuneration Committee

Chairman of the Board of Kojamo since 2007 and member of the Board since 2003, Chairman of the Remuneration Committee since 2007 and Chairman of the Audit Committee in 2007–2016.

**Riku Aalto has been** the President of The Finnish Industrial Union since 2017. Previously Mr. Aalto has, inter alia, acted as President of the Finnish Metalworkers' Union in 2008–2017 and as Financial Manager of the Finnish Metalworkers' Union in 2003–2008.



**Mikko Mursula**  
**Member of the Board**  
 b. 1965  
 M.Sc. (Economics and Business Administration)

Deputy Chairman and member of the Board of Kojamo since 2016 and Chairman of the Audit Committee since 2016.

**Mikko Mursula has acted** as Chief Investment Officer in Ilmarinen Mutual Pension Insurance Company since 2015 and Deputy CEO since 2018. Previously, Mr. Mursula has acted as Chief Executive Officer of FIM Oyj and Head of Asset Management and Securities Broking Business of S-Bank in 2013–2015 and as Managing Director of FIM Asset Management in 2010–2015. Mr. Mursula has also acted at Ilmarinen Mutual Pension Insurance Company in several management positions in investment function in 2000–2010.



**Matti Harjuniemi**  
**Member of the Board**  
 b. 1958  
 M.Sc.

Member of the Board of Kojamo since 2010 and member of the Audit Committee since 2010.

**Matti Harjuniemi has been** Chairman of The Finnish Construction Trade Union since 2005.



**Anne Leskelä**  
**Member of the Board**  
 b. 1962  
 M.Sc. (Business Administration)

Member of the Board of Kojamo since 2018.

**Anne Leskelä has acted** as Chief Financial Officer and Vice President for Finance and Control and IR at Nokian Tyres plc in 2006–2018. In 1997–2006 Ms. Leskelä has acted as Treasurer and Manager, Treasury at Nokian Tyres plc. In 1995–1997 Ms. Leskelä acted as Financial analyst at group administration at Oyj Kyro Ab. In 1992–1994 Ms. Leskelä has participated in founding Suomen Säästöpankki – SSP Oy and acted as Manager, Domestic Money Market. She was the member of the management team and head of market dealers.

## The Board of Directors



**Minna Metsälä**  
**Member of the Board**  
 b. 1967  
 M.Sc. (Economics)

Member of the Board of Kojamo since 2018 and member of the Remuneration Committee since 2018.

**Minna Metsälä has acted** as Business Director of Tays Heart Hospital since Autumn 2018. Previously, Ms. Metsälä has acted as Chief Executive Officer of Turva Mutual Insurance Company in 2008–2018. In 2000–2008 Ms. Metsälä acted as Group Logistics Manager, Supply Chain Manager and Customer Service Manager at Nokian Tyres plc.



**Reima Rytsölä**  
**Member of the Board**  
 b. 1969  
 M.Soc.Sc., CEFA, AMP

Member of the Board of Kojamo since 2014 and member of the Remuneration Committee since 2015. Rytsölä was a member of the Audit Committee in 2014–2015.

**Mr Rytsölä has acted** as Varma Mutual Insurance Company as the Executive Vice President since 2015 and Chief Investment Officer since 2014. Previously, Mr Rytsölä has acted as a Senior Executive Vice President, Banking with Group-level responsibility for major corporate and institutional customers of Pohjola Bank Plc in 2008–2013 and in other managerial and investment-related positions of Pohjola Bank Plc and its subsidiaries in 1998–2007.



**Jan-Erik Saarinen**  
**Member of the Board**  
 b. 1967  
 MBA (Finance)

Member of the Board of Kojamo since 2013 and member of the Audit Committee since 2015.

**Jan-Erik Saarinen has acted** as the Financial Manager of Trade Union for the Public and Welfare Sectors JHL since 2013. Previously, Mr. Saarinen has acted as Director of Investments of Ajanta Oy in 2010–2013 and worked in business management and finance at several companies, including Aurora Asset Management (Chairman 2010–2013), Evli Bank plc and 3C Asset Management Oy.

Kojamo's Corporate Governance Statement and Remuneration Statement for 2018 are available at Kojamo's website.

# Management team

since 7 January 2019

In 2018, the Management team also has the following members: **Juha Heino**, Director of Customer Relations until 16 April 2018; **Kim Jolkkonen**, Real Estate Development Director and **Mikko Suominen**, Investment Director until 4 December 2018.



**Jani Nieminen**  
CEO  
b. 1968  
M.Sc. (Tech.), MBA

Nieminen has been the CEO of Kojamo since 2011. Previously, Mr. Nieminen has acted as Business Director and Deputy to CEO of Realia Group Oy in 2006–2011 and as Unit Manager of Sato Plc in 1997–2006.



**Erik Hjelt**  
CFO  
b. 1961  
Licentiate in Laws, eMBA

Hjelt has been the CFO and Deputy to CEO of Kojamo since 2015. Previously, Mr. Hjelt has acted at Sponda Plc as the Chief Financial Officer (CFO) in 2009–2015 and Senior Vice President for Legal Affairs and Treasury, in 2007–2009. He has also acted at Kapiteeli Plc as Senior Vice President for Finance and Legal Affairs, HR and Communications in 1999–2006.



**Irene Kantor**  
Marketing and Communications Director  
b. 1968  
M.Sc (Arts), eMBA

Kantor has been the Marketing and Communications Director of Kojamo since 2013. Previously, Ms. Kantor has been the Communications Director of DNA Oy in 2012–2013, Chief Executive Officer of SEK Public Oy in 2010–2012, Chief Executive Officer and owner of Aidema Oy in 2006–2010 and Communications Consultant of BNL Euro RSCG in 2001–2006.



**Tiina Kuusisto**  
Chief Customer Officer (CCO)  
b. 1968  
M.Sc. (Econ)

Kuusisto has been the Chief Customer Officer (CCO) of Kojamo since 7 January 2019. Previously, Ms. Kuusisto has been Elisa Corporation’s CMO in 2018 and responsible for digital consumer sales and marketing in 2009–2018. Before that, she was Managing Director at Tiimari Retail Oy in 2008–2009 and Marketing Director at Seppälä Oy in 2001–2008, among others.



**Ville Raitio**  
Chief Investment Officer (CIO)  
b. 1978  
M.Sc. (Econ), CFA

Raitio has been the Chief Investment Officer (CIO) of Kojamo since 7 January 2019. Mr. Raitio has previously been, among others, Co-Head of Direct Property, Nordics and Country Head, Finland at Aberdeen Standard Investments in 2013–2019. Before that, he was Partner, Investments at ATP Real Estate from 2007 to 2013 and Research Director at INREV from 2004 to 2007, among others.



**Teemu Suila**  
Chief Development Officer (CDO)  
b. 1970  
M.Sc (Tech)

Teemu Suila has been the Chief Development Officer of Kojamo since 2017. Previously, Mr. Suila has been the Chief Executive Officer of Respond 113 Oy in 2016–2017 and the Chief Operating Officer of Rovio Entertainment Ltd in 2013–2016. He has also acted among other things as Head of Strategy, Corporate, of Nokia Corporation in 2010–2012, Head of Strategy and Business Development & Portfolio Management, Consulting and Systems Integration (CSI) of Nokia Siemens Networks in 2007–2010 and Director, Consumer Solutions & Business Innovations of Consulting & Integration of Nokia Networks in 2005–2007.

More information about the Management team at Kojamo’s website.





# Information for shareholders and investors

## Listing on the official list of Nasdaq Helsinki

The trading in Kojamo plc's shares commenced on the pre-list of Nasdaq Helsinki on 15 June 2018 and on the official list on 19 June 2018. The demand in the initial public offering was very strong and the offering was oversubscribed. The offering raised EUR 483 million and was the largest offering completed in the Nordic countries in 2018 when measured in euros.

We issued 17,665,039 new shares, corresponding to approximately 7.1 per cent of the total number of outstanding shares after the offering. In addition, the princi-

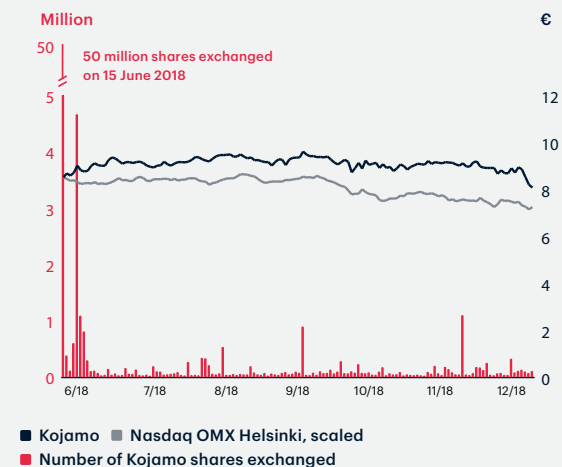
pal sellers and certain other shareholders of the Company sold 39,202,312 existing shares in the Company.

We established a very strong international investor base in our successful initial public offering. At the end of the year 2018, nominee registered and foreign shareholders held 24.1% of the share capital. International investors see Finland as an attractive market for residential real estate investments. Our market differs from the markets in other countries especially due to the fact that the market-based rental operations are not as heavily regulated in Finland as they are in other countries, such as Sweden.

## BASIC INFORMATION ON THE SHARE

**Listing market** Nasdaq Helsinki  
**Listing date** 15 June 2018  
**Trading currency** EUR  
**Market value segment** Large Cap  
**Industry** Real estate  
**Trading symbol:** KOJAMO  
**ISIN code** FI4000312251  
**Reuters symbol** KOJAMO.HE  
**Bloomberg symbol** KOJAMO:HF

KOJAMO'S SHARE PRICE DEVELOPMENT  
15 JUNE - 31 DECEMBER 2018



### Kojamo's financial reporting in 2019

Kojamo published the 2018 Financial Statements Release, Financial Statements and The Board of Directors' Report on 14 February 2019. The 2019 Interim Reports and Half-Year Report will be published as follows:

- **Interim Report**  
**January–March 2019: 9 May 2019**
- **Half-Year Financial Report**  
**January–June 2019: 23 August 2019**
- **Interim Report**  
**January–September 2019: 7 November 2019**

The publications are preceded by a silent period, beginning 30 days prior to the publication of the next financial report. During the silent period, the representatives of the Company do not meet with capital market representatives or issue statements regarding the Company's business prospects, markets, financial performance or outlook to the media or other parties.

### Analyst tracking

According to information we have received, the investment banks and stockbrokers listed below follow Kojamo on their own initiative. Kojamo does not assume responsibility for analysts' assessments.

**Goldman Sachs International**  
**J.P. Morgan Chase & Co**  
**Nordea Markets**  
**OP Corporate Bank plc**

The analysts' up-to-date contact information is available on Kojamo's [website](#).

### Investor relations

**Maija Hongas**, Manager, Investor Relations  
tel. +358 20 508 3004  
email: [maija.hongas@kojamo.fi](mailto:maija.hongas@kojamo.fi)

Flagging notifications are to be sent to: [liputusilmoitukset@kojamo.fi](mailto:liputusilmoitukset@kojamo.fi)  
We aim to offer up-to-date and comprehensive information about Kojamo as an investment on our website. Information about Kojamo as an investment can also be found in the Annual Report on page 7–8.

### KOJAMO'S LARGEST SHAREHOLDERS 31 DECEMBER 2018

Shareholders	Number of shares	% of share capital
1 Ilmarinen Mutual Pension Insurance Company	32,359,243	13.1
2 Varma Mutual Pension Insurance Company	30,398,089	12.3
3 Finnish Industrial Union	28,954,557	11.7
4 Trade Union for the Public and Welfare Sectors JHL	15,630,222	6.3
5 Trade Union of Education in Finland OAJ	15,081,498	6.1
6 Finnish Construction Trade Union	14,880,053	6.0
7 Trade Union PRO	13,460,270	5.4
8 Service Union United PAM	13,401,963	5.4
9 Union of Health and Social Care Professionals in Finland	2,479,919	1.0
10 Finnish Food Workers' Union SEL	2,110,790	0.9
10 largest registered shareholders, in total	168,756,604	68.3
Other shareholders	78,387,795	31.7
<b>All shares, in total</b>	<b>247,144,399</b>	<b>100.0</b>

In addition, in accordance with the flagging notification published on 21 June 2018, Stichting PGGM Depository holds over 5 per cent of Kojamo's shares.

## ANNUAL GENERAL MEETING

### Annual General Meeting 2019

Kojamo plc's Annual General Meeting will be held on Thursday, 14 March 2019 at 10:00 a.m. (Finnish time) at Finlandia Hall (Congress wing) at Mannerheimintie 13e, 00100, Helsinki. Entrance to Finlandia Hall through the Mannerheimintie entrance M1 or Karamzininranta entrance K1.

The reception of persons who have registered for the Annual General Meeting and the distribution of voting tickets will commence at the venue at 09:00 a.m.

### Right to participate

Each shareholder, who is registered on the record date of the meeting, Monday, 4 March 2019 in the shareholders' register of the company held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the company.

### Registration

A shareholder, who is registered in the company's shareholders' register and who wants to participate in the Annual General Meeting, shall register for the meeting no later than on Monday, 11 March 2019 at 10:00 a.m. (Finnish time) by giving a prior notice of participation, which shall be received by the company no later than on the above-mentioned time. Such notice can be given:

- through website at [www.kojamo.fi/agm](http://www.kojamo.fi/agm);
- by regular mail to Kojamo plc/AGM 2019, P.O. Box 40, FI-00301 Helsinki, Finland.

In connection with the registration, a shareholder shall notify his/her name, personal/business identification number, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of a proxy representative. The personal data given to Kojamo plc is used only in connection with the Annual General Meeting and with the processing of related registrations.

A shareholder, his/her authorized representative or proxy representative shall, where necessary, be able to prove at the meeting place their identity and/or right of representation.

### Payment of dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.29 per share be paid from the distributable profits of Kojamo plc based on the balance sheet to be adopted for the financial year 2018. Dividend shall be paid to shareholders who on the record date of the dividend payment 18 March 2019 are recorded in the company's shareholders' register held by Euroclear Finland Ltd. The dividend will be paid on 2 April 2019.

# Kojamo's glossary for investors

CFO Erik Hjelt lists three particularly interesting performance measures and explains how they illustrate Kojamo's operations and result.



## Gross investments

Gross investments illustrate the total volume of investments, including investments in new development and for example converting properties for residential purposes, housing stock acquisitions, modernisation investments and capitalised borrowing costs. Investments in new development and housing stock acquisitions are one of three key figures we use in our 2019 earnings guidance.

**"This performance measure is an indicator of the company's strategic growth. Our objective is to increase the fair value of investment properties to EUR 6 billion by the end of 2021."**

## EPRA NAV

EPRA (European Public Real Estate Association) has developed a performance measure for comparable analysis of property investment companies.

The EPRA NAV performance measure is widely used in the real estate industry. NAV (Net Asset Value) roughly translates as the fair value of real estate properties, excluding net debt. EPRA NAV, on the other hand, represents the Group's net asset value, adjusted by items that are not expected to materialise while the company continues its operations. Such an item would be, for example, a deferred income tax liability that would become payable should the properties be sold. EPRA NAV per share illustrates the net asset value for a single share. More on EPRA key figures

in the Financial Statements.

## Funds From Operations (FFO)

Funds From Operations (FFO) measure illustrates the profitability of the business. Unlike operating profit, the FFO excludes changes in fair value as well as gains and losses on sales of assets. FFO is one of the three key figures we use in our 2019 earnings guidance. The objective for dividend payment is also included in this key figure.

**"FFO represents the profitability of the company's rental operations. FFO is calculated from the income statement and only includes items that generate cash flow. Kojamo's dividend policy is tied to the FFO, which is why the company distributes dividends only from the inbound cash flow and not from the calculated changes in value."**

## Property maintenance and repair expenses

Property maintenance and repair expenses include maintenance and repair expenses arising from the regular and continuous maintenance of the properties and are recorded in the income statement above net rental income. Maintenance expenses are mainly related to heating, electricity, waste disposal, water use, property management, property taxes, property insurances and other maintenance expenses paid by Kojamo. Modernisation investments that enhance the income formation ability of the property, such as pipeline renovations, are

recorded in gross investments and their effects are recognised in the income statement under fair value changes.

## Total revenue

Total revenue consists of rental income and service charges. Rental income accrued from the tenancy agreements is recognised on a monthly basis in accordance with the terms of the operative tenancy agreement. Related to the tenancy agreements, we collect service charges that mainly consist of water, sauna and parking space fees. Total revenue is one of the key figures we use in our 2019 earnings guidance.

## Operating profit

In addition to net rental income, operating profit also includes other operating income and expenses, profit and loss on sales, changes in fair value, as well as administrative expenses and depreciation, amortisation and impairment losses.

## Like for Like growth (LfL)

Like for Like growth (LfL) represents the change of rental income for apartments owned for two consecutive years in the past 12 months compared to the previous 12-month period. LfL rental income growth is affected by changes in the financial occupancy rate, rent increases, the amount of rent of new tenancy agreements compared to those that have ended, and the time between new and ended tenancies. LfL rental income growth is also affected by the changes in maintenance and repair expenses.

## Loan to Value (LTV)

Loan to Value (%) is a measure of debt, which is calculated by dividing net debt with the value of investment properties. The figure illustrates the Group's indebtedness in relation to the fair value of the investment properties. Our strategic objective is to keep Loan to Value below 50 per cent.

## Net rental income

Net rental income illustrates what is left of the rental income after deducting the maintenance and repair expenses of the properties.

## Investment properties

Investment properties comprise apartments, business premises, land plots and

**"The company's total revenue might change significantly due to completion of new apartments and acquisitions and divestments of apartments. Therefore, the change in revenue might not give an accurate picture of the existing apartments. Like for Like growth illustrates the organic rental income growth of the current housing stock."**

ongoing projects and certain assets owned through shares like parking spaces that are owned by us.

## Fair value change of investment properties

The fair value of investment properties is changed by investment properties acquired and sold, modernisation investments, capitalised borrowing costs, transfers to own use and valuation gains or losses on fair value measurement.

## Valuation gains or losses on fair value measurement of investment properties

Investment properties are initially measured at their acquisition cost. Subsequently, they are measured at fair value, and the resulting changes in fair values are recognised in profit or loss as they arise. In our reporting, fair value refers to the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date. Fair value is determined quarterly. Read more about fair value measurement principles in the Financial Statements.

## Financial occupancy rate

The financial occupancy rate is calculated by dividing rental income with potential rental income. In recent years, Kojamo's financial occupancy rate has been 96-98 per cent.



# kojamo

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