



Financial Statements 1 January – 31 December 2017

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New construction thrives and housing services develop rapidly

Our strong renewal continued in real estate business

- We increased the number of Lumo apartments mainly by building new properties, and began to develop the Lumo brand into a frontrunner in urban housing.
- We launched significant new construction and conversion projects in growth centres and divested non-strategic apartments. To increase the supply of urban housing, we acquired the value properties previously used by the Metropolia University of Applied. Our goal is to refine them from modern city apartments to the best locations.
- At the end of the year our property portfolio totaled to 34,383, of which 95 per cent is situated in the seven biggest cities in Finland. There were 1,525 rental apartments under construction, mainly in Helsinki metropolitan area.
- To meet our growth targets, we continued to diversify and strengthen our financing base. Our public credit rating (Moody's Baa2 with a stable outlook) and the EUR 500 million bond listed on the Irish Stock Exchange support our goal of investing in Lumo homes in urbanising Finland.

The best customer experience and service development in housing at the heart of better urban living

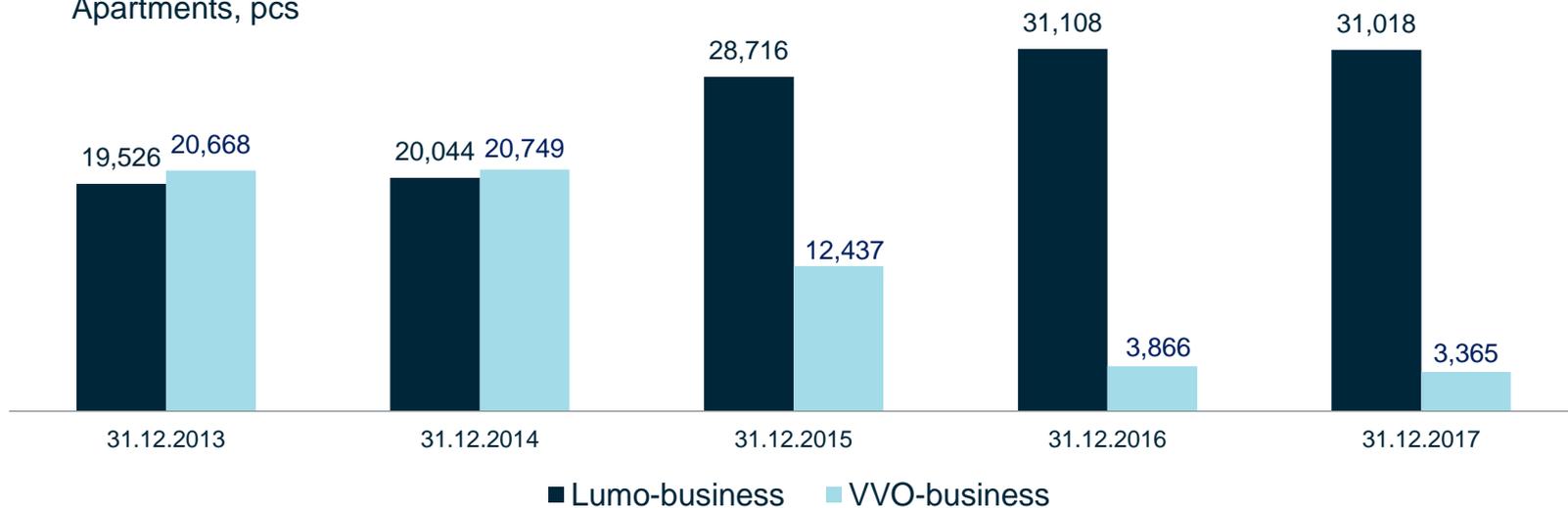
- We developed new and existing services, including Lumotalkkarit property caretakers, Pihakoutsu sports services and Lumo car sharing service. We strengthened the role of property managers in building a housing experience.
- The Lumo webshop grew strongly and has already made 4,000 leases. All new and vacant Lumo apartments are available for rent on Lumo online store 24 hours a day.
- We launched the Lumo brand as an open service development platform and we invited companies at different growth stages to develop residential services together with us.



We are strongly focusing on market-based operations

In five years, we have invested EUR 1.7 billion in the Lumo business operations in Finland

Apartments, pcs



Key Figures 2017



- Gross investments amounted to EUR 367.3 (696.0) million
- Total revenue totalled EUR 337.0 (351.5) million. Total revenue is generated entirely by rental income. Total revenue decreased due to the divestments of 1,603 non-strategic rental apartments in 2017 and 9,011 apartments in 2016.
- Net rental income was 216.0 (222.0) million.
- The rental occupancy rate was 96.7 (97.4) %.
- Customer satisfaction index (net promoter score, NPS) was 33 (29).
- The Group had a total of 34,383 (34,974) rental apartments and approximately 4% (4%) market share.
- At the end of the year, there were 1,525 (1,536) rental apartments under construction.
- We divested 1,603 (9,011) to support our strategic property development objectives.
- Over 4,000 tenancy agreements already signed via Lumo web store.

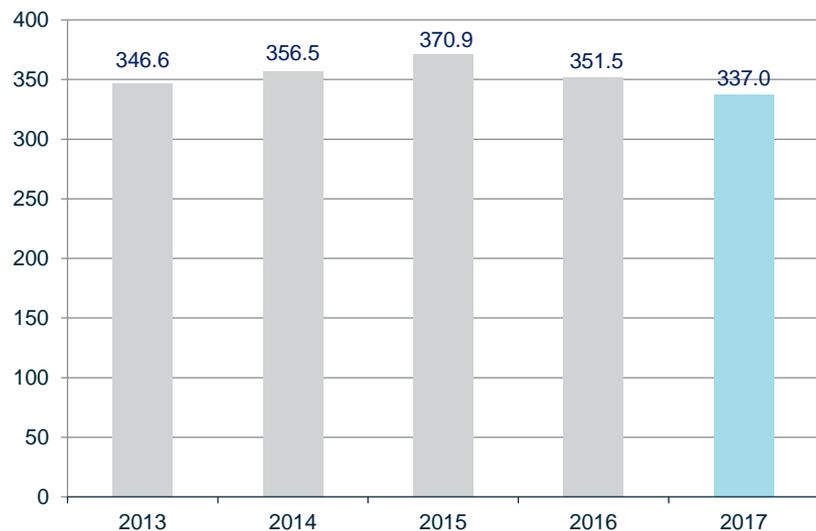


Business operations and strategy progress

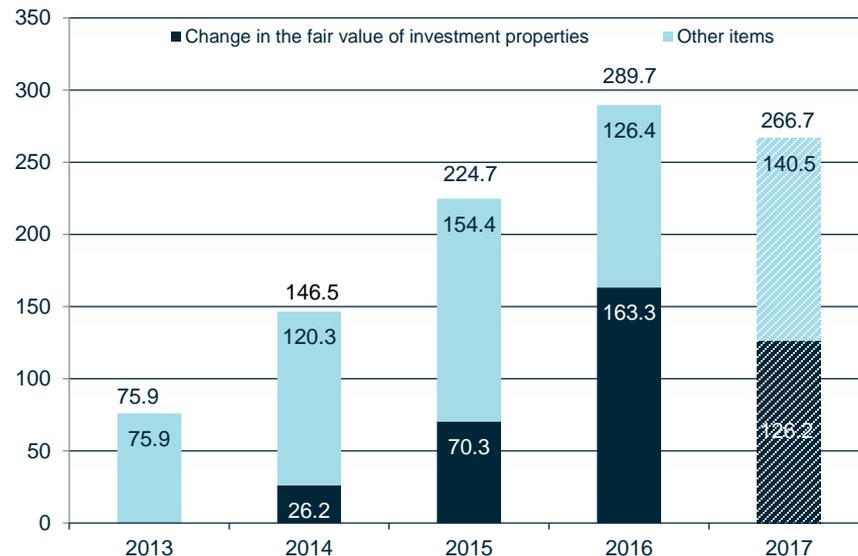


The divestment of non-strategic properties affected the total revenue

Total revenue , M€



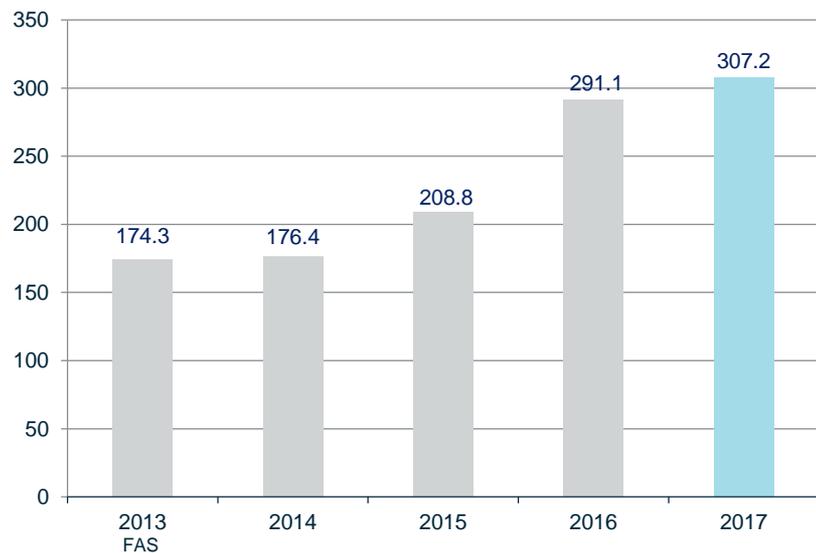
Profit before taxes, M€



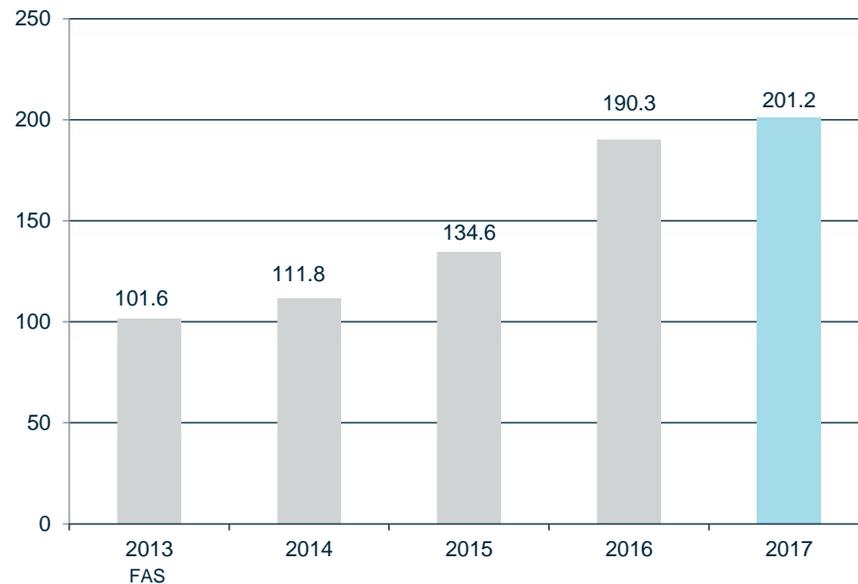


In Lumo Business, total revenue and net rental income increased year-on-year

Total revenue, Lumo business, M€



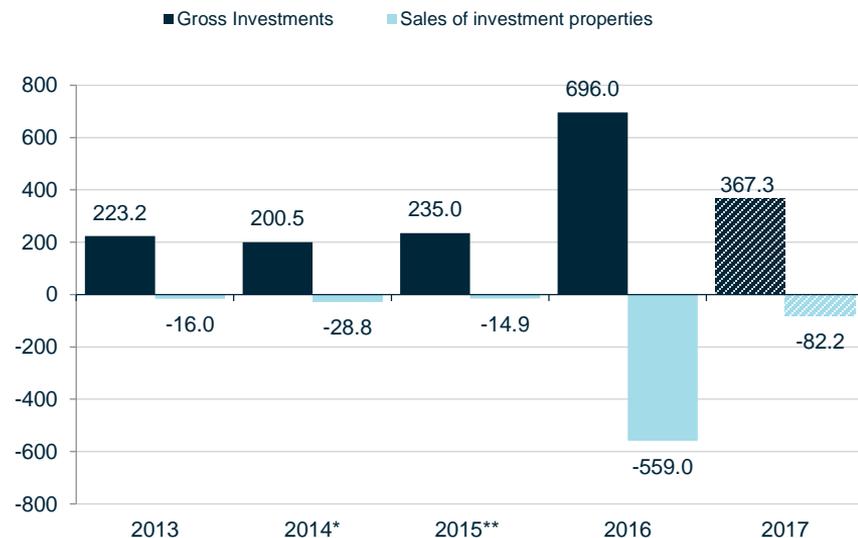
Net Rental Income, Lumo business, M€



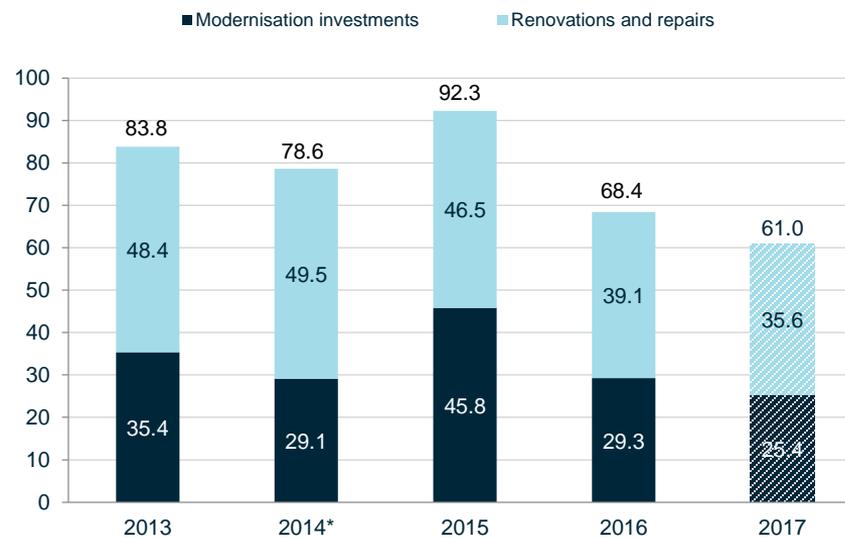


Investments in Lumo business operations continued

Gross investments and sales of investment properties, M€



Renovations, M€



**As of 2014, the Group adopted IFRS for its financial reporting.

**The calculation method of gross investments has been changed. Previously, gross investments in the cash flow were presented; starting from 31 Dec. 2015, investments on an accrual basis are presented.



The value of investment properties developed in line with strategy

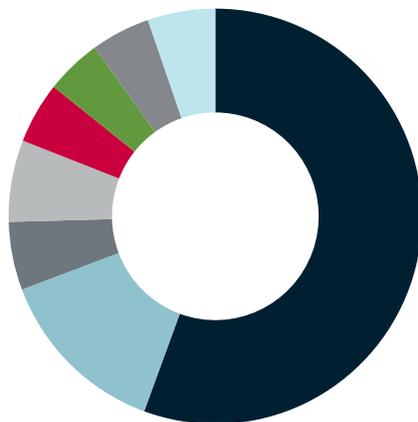
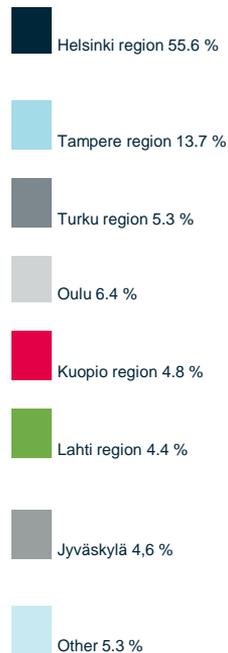


M€	31.12. 2017	31.12. 2016	Muutos
Investment properties	4,706.5	4,228.3	478.2
Investment property held for sale	3.7	70.6	-66.8
Fair value, total	4,710.2	4,298.9	411.3
Fair value measurement	126.2	163.3	-37.1



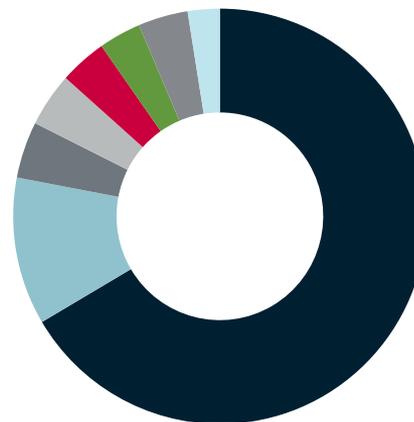
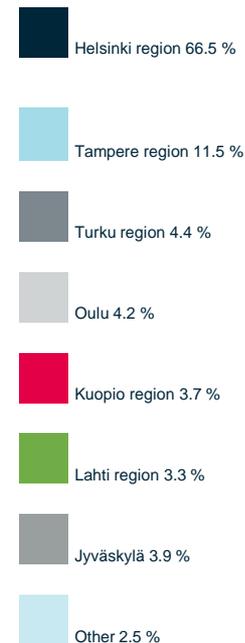
The focus of our operations is on the seven main urban regions of Finland

Apartment distribution, %



Total number of apartments 34,383

Fair value distribution, %

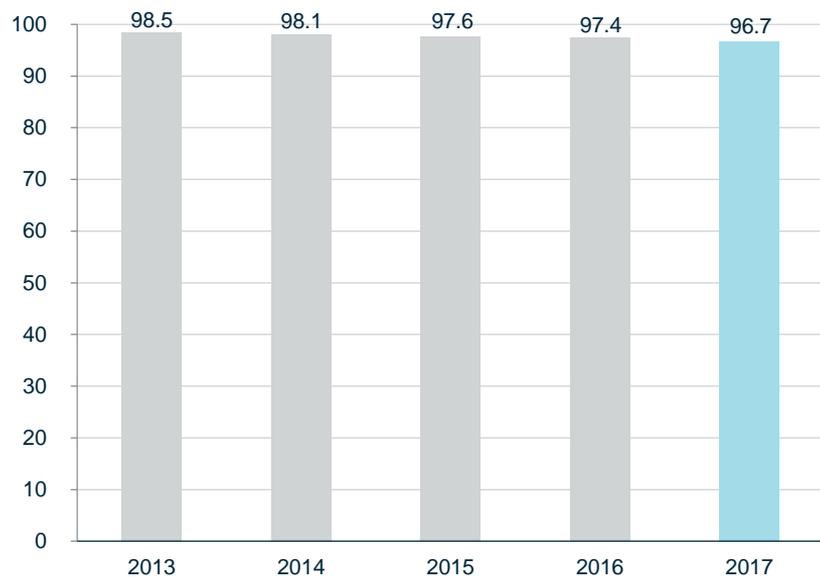


Fair value of investment portfolio EUR 4.7 billion

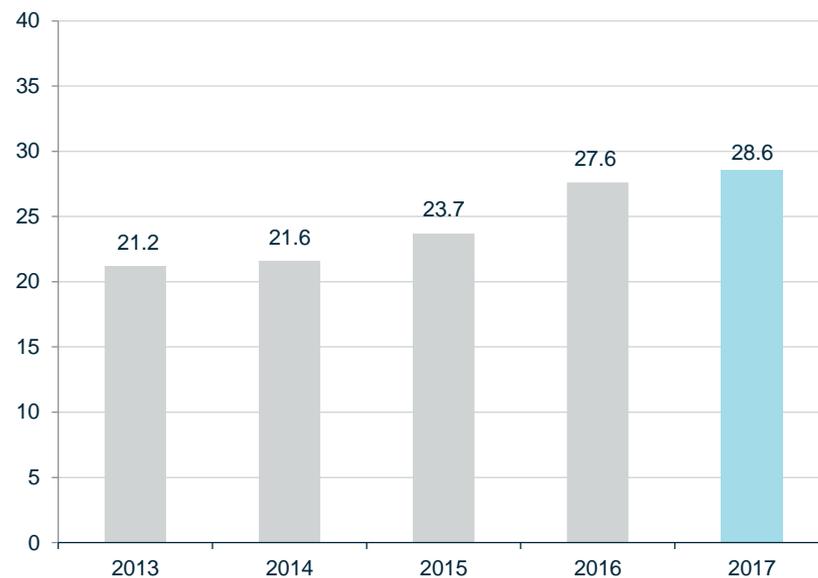


The rental occupancy rate

Rental occupancy rate, %



Tenant turnover, %
Excluding internal turnover



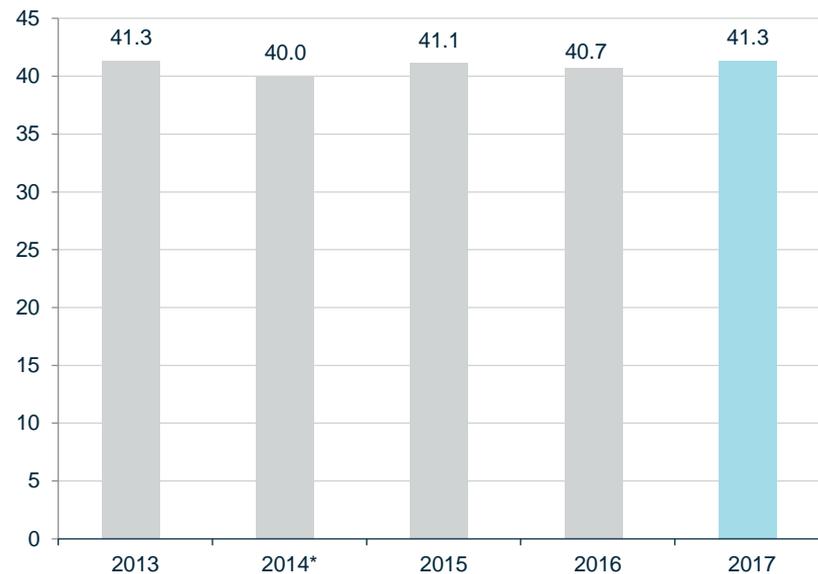


Equity ratio remained strong

Equity per share, EUR



Equity ratio, %



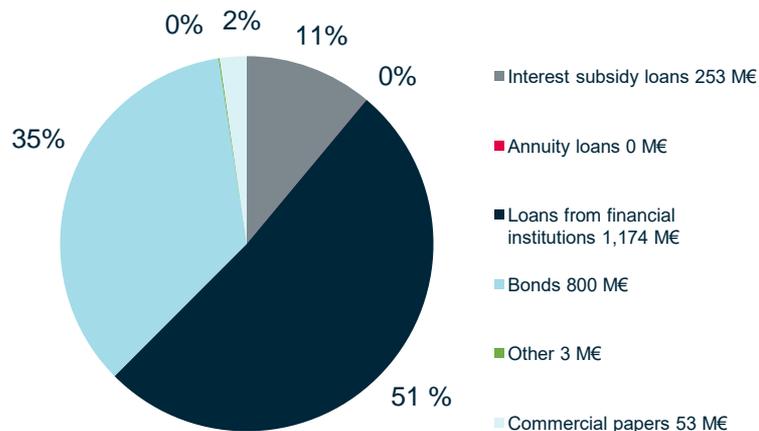
*As of 2014, the Group adopted IFRS for its financial reporting.



We diversified our financing sources and maintained a balanced distribution of maturities

The Group's loan distribution

31 Dec 2017



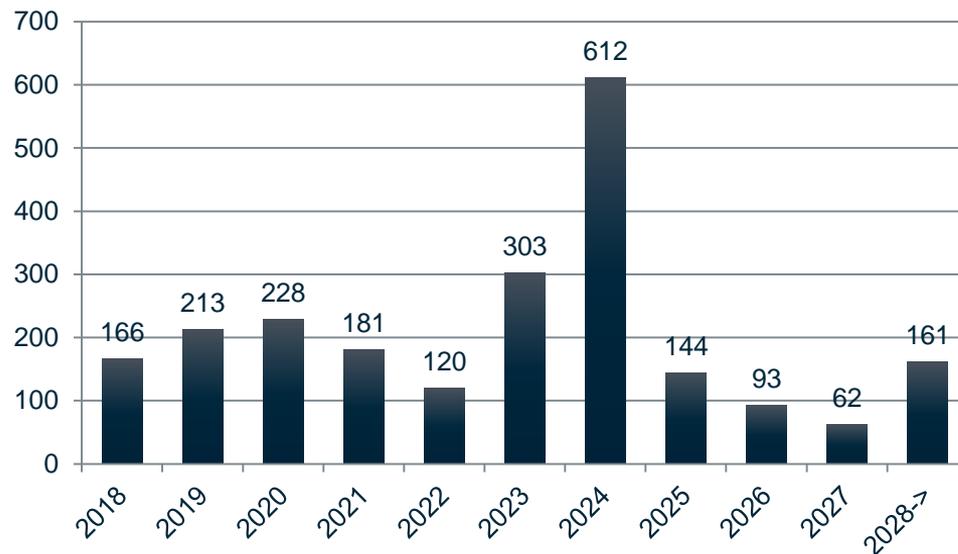
Loan portfolio structure 2,283 M€

Nominal values of the loans. Other item includes activated transaction costs of the loans.

Amounts include VVO –segment loans EUR 45 million of which interest subsidy loans EUR 32 million and loans from financial institutions EUR 13 million.

Distribution of loan maturities, M€

31 Dec 2017





Moderate LTV and strong key indicators

LTV (Loan to Value), %

Konserni



Average interest rate, maturity and interest rate fixing period of the Group's loans



Strategic key indicators

Key figure	Actual result 31 Dec 2017	Goal 2021
Fair value of properties, EUR billion	4.7	6.0
Number of apartments	34,383	38,000
Operative result of the Lumo business as a percentage of total revenue	32.5	32.0
Equity ratio of the Lumo business, %	41.2	40.0
Net promoter score	33	40



Industry operating environment and outlook 2018

Industry operating environment

- Driven by migration, the demand for rental housing is expected to remain strong in major growth centres. Supply has grown significantly, which is reflected in increasing tenant turnover in particular.
- According to a forecast by Pellervo Economic Research, the increase in rents will continue in growth centres, but it will become more moderate.
- According to Statistics Finland, apartment prices rose during the financial year compared to the year before. The rise was fastest in the Helsinki Metropolitan region. Outside of growth centres, prices have decreased in the past few years. The increase in the Helsinki Metropolitan region is attributable to the high demand for apartments and the low supply of plots.

Outlook for 2018

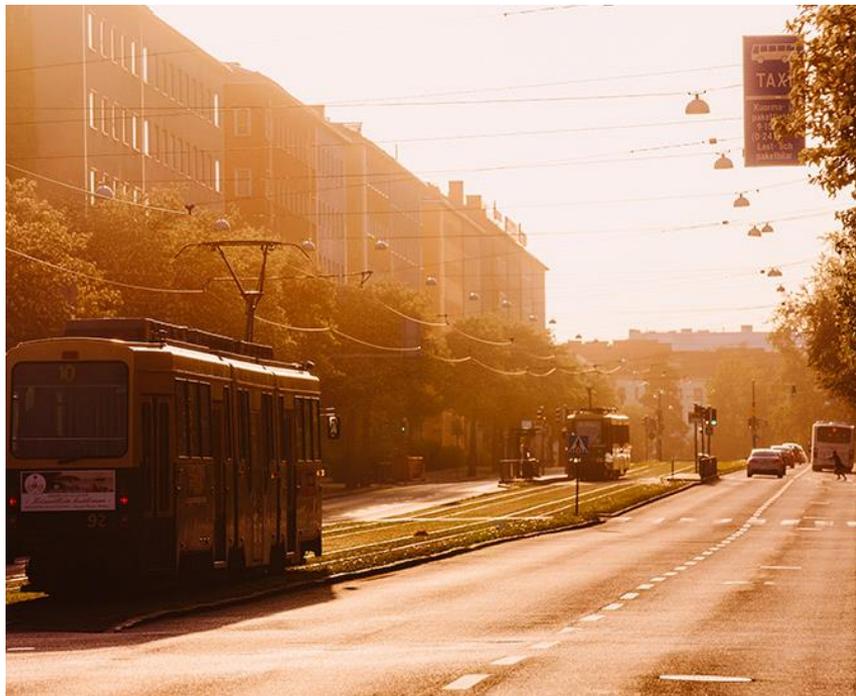
- Kojamo estimates that in 2018, net rental income will amount to EUR 219–232 million.
- Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million.
- Kojamo estimates that in 2018, its operative result will be EUR 101–113 million.
- The outlook takes into account the effects of the housing divestments and acquisitions planned for 2018, the estimated occupancy rate and the number of apartments under construction.



Appendices



Better urban housing for everyone



Kojamo's vision is to be the property market frontrunner and the number one choice for customers who value better urban housing. With our Lumo brand, we are transforming Finnish rental housing and making it more attractive.

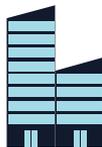
We operate in the seven main urban regions of Finland, responding to increasing housing demand in urbanising Finland.

At the end of the review period, Kojamo Group owned 34,383 (34,974) rental apartments. The fair value of Kojamo's investment properties at the end of the review period was EUR 4.7 (4.3) billion.

Kojamo's strategy

Megatrends

Urbanisation & internationalisation



Ageing population & smaller family sizes



New technologies & digitalisation



Individuality & sense of community



Environment & sustainable development



Mission

We create better urban housing.

Vision 2021

We are the property market frontrunner and the number one choice for our customers.

Strategic focal points

- ▶ Delivering the best customer experience
- ▶ Generating long-term shareholder value
- ▶ Leading on sustainable development
- ▶ Dynamic and professional place to work

Values



Happy to serve



Strive for success



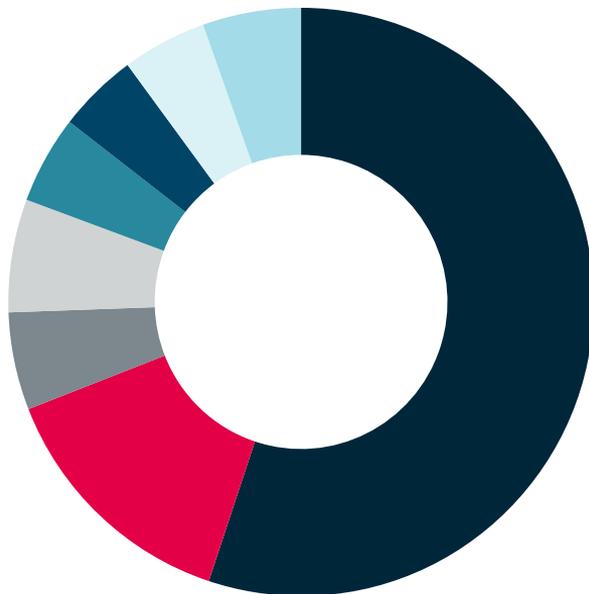
Courage to change



The focus of our operations is on the seven main urban regions of Finland

Distribution of apartments

Helsinki region	Tampere region
19,116	4,697
Turku region	Oulu
1,827	2,187
Kuopion region	Lahti region
1,644	1,505
Jyväskylä	Other
1,587	1,820



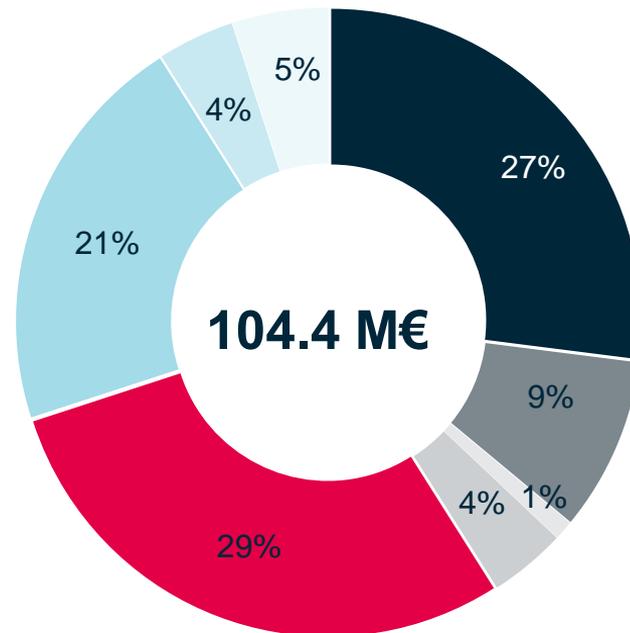
Apartments		Average region of apartments	
34,383		55.6 m²	
Properties		Residents numbering nearly	
1,360		55,000	
Average age of buildings		Apartments	
31.2 yrs		1,9 million dwelling m²	



Over EUR 104 million in paid taxes and an indirect employment effect of 6,971 years in Finland

Group's tax footprint in 2017

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



Indirect employment effect in person-years **6,971.**



Responsibility is part of our operations

- According to the Personnel Satisfaction Survey, the satisfaction of Kojamo's employees is significantly better than the level in the industry, the AAA category. We received the most prestigious jobs in Finland 2017 award, and placed first in the Responsible Summer Job campaign in 2017 in large companies' league.
- The anti-grey economy models used by Kojamo exceed legislative requirements in many respects.
- Kojamo's estimated taxes and similar charges in 2017 amount to approximately EUR 104 million.
- Our climate and environmental management is goal-oriented. We are the Climate Partner of the City of Helsinki and the only Finnish real estate company in the Climate Leadership Coalition. Our largest offices are WWF's Green Office Certified.
- Kojamo joined the Rental Property Energy Efficiency Agreement (VAETS II) after reaching the targets of the plan that ended in 2016. Under the new agreement period that started in 2017, we pursue energy savings of 7.5 per cent by 2025.
- We follow the principles of sustainable development in our property portfolio. The energy monitoring and control covers all real estate. The advanced Leanheat system is in use at the 64 Lumo House and we are developing a new energy efficient residential building in the Kalasatama area in the SunZeb project in Helsinki. We provide our residents with services based on sharing economy, for example, sharing cars nationwide.



Consolidated income statement

ME	1-12/2017	1-12/2016
Total revenue	337.0	351.5
Property maintenance costs	-85.4	-90.3
Renovation and repairs	-35.6	-39.1
Net rental income	216.0	222.0
Administrative costs	-37.2	-37.4
Other operating income and costs	0.7	-0.8
Profit/loss on sales of investment properties	2.5	-10.4
Profit/loss on sales of trading properties	0.0	0.1
Change in the fair value of investment properties	126.2	163.3
Amortisations and depreciation	-1.1	-1.2
Operating profit	307.0	335.6
Financial income and expenses	-40.5	-46.0
Share in profits of associated companies	0.1	0.1
Profit before taxes	266.7	289.7
Current tax	-28.6	-35.4
Change in deferred taxes	-25.1	-22.1
Profit for the period	212.9	232.3



Balance sheet

M€	Group 31 Dec 2017	Group 31 Dec 2016
ASSETS		
Non-current assets		
Intangible assets	0.4	0.8
Investment properties	4,706.5	4,228.3
Property, plant and equipment	31.0	31.0
Share in associated companies	1.7	1.2
Financial assets	0.5	0.6
Non-current receivables	5.3	5.6
Derivative instruments	6.5	2.0
Deferred tax assets	10.9	15.4
Non-current assets, total	4,762.7	4,284.8
Non-current assets held for sale	3.7	70.7
Current assets		
Inventories	0.6	0.9
Derivative instruments	0.0	0.3
Current tax assets	0.5	7.7
Sales receivables and other receivables	8.8	6.8
Financial assets	49.3	69.0
Cash and cash equivalents	117.8	132.0
Current assets	177.0	216.7
ASSETS	4,943.5	4,572.2



Balance sheet

M€	Group 31 Dec 2017	Group 31 Dec 2016
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Share capital	58.0	58.0
Share premium	35.8	35.8
Fair value reserve	-23.7	-40.2
Reserve for invested unrestricted equity	17.9	17.9
Retained earnings	1,950.6	1,788.0
Parent company shareholders' interest	2,038.6	1,859.5
Equity, total	2,038.6	1,859.5
Non-current liabilities		
Loans	2,109.8	1,796.1
Deferred tax liabilities	478.3	453.4
Derivative instruments	48.3	68.3
Statutory provisions	0.8	1.0
Other non-current liabilities	14.8	7.1
Non-current liabilities, total	2,652.0	2,325.9
Non-current liabilities held for sale		1.0
Current liabilities		
Loans, current	173.2	326.8
Derivative instruments	0.2	0.9
Profit-based tax liabilities	9.1	9.9
Trade payables and other debts	70.4	48.3
Current liabilities, total	252.9	385.8
Liabilities, total	2,904.9	2,712.6
SHAREHOLDERS' EQUITY AND LIABILITIES	4,943.5	4,572.2



Business operations

M€	Lumo 1-12/2017	Lumo 1-12/2016	VVO 1-12/2017	VVO 1-12/2016	Group 1-12/2017	Group 1-12/2016
Total revenue	307.2	291.1	30.4	61.5	337.0	351.5
Operating profit	295.2	316.8	11.8	18.1	307.0	335.6
Profit before taxes	256.9	278.2	9.7	10.9	266.7	289.7
Balance sheet	4,835.5	4,338.4	211.6	319.7	4,943.5	4,572.2
Equity	1,990.3	1,735.0	48.3	124.7	2,038.6	1,859.5
Equity ratio, %	41.2	40.0	22.9	39.1	41.3	40.7
Apartments	31,018	31,108	3,365	3,866	34,383	34,974
Rental occupancy rate, %	95.6	96.2	98.0	98.2	95.8	96.4
Financial occupancy rate, %	96.6	97.3	98.2	98.5	96.7	97.4
Tenant turnover, excl. internal turnover, %	29.5	29.8	20.0	19.7	28.6	28.6
Average number of personnel	285	248	25	50	310	298



Financial key figures

Group

	31 Dec 2017	30 Sept .2017	30 June 2017	31 Mar 2017	31 Dec 2016
Equity ratio, %	41.3	40.2	38.8	40.6	40.7
Interest cover	4.2	4.1	4.2	4.5	4.8
LTV, %	46.0	45.9	46.6	45.6	47.1
Hedging ratio, %	111	88	83	79	77
Average interest rate, %	2.0	2.0	1.9	2.1	2.0
Average loan period, years	5.6	5.7	5.7	5.8	5.7
Average interest rate fixing period, years	5.6	5.8	5.7	5.2	5.2



Thank you!

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