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**Kojamo plc's  
Board of Directors' Report and  
Financial Statements**

1 January – 31 December 2018



# Board of Directors' Report

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# Board of Directors' Report

## Kojamo plc in brief

Kojamo plc offers rental apartments and housing services in the Finnish growth centres. The vision of the company is to be a frontrunner in housing and the customer's number one choice. We create better urban housing, using a long-term approach, focusing on the best customer experience, the competent, energetic personnel and sustainable development. The goal is to create more offering and new service solutions in rental housing, in order to make it easier to acquire rental apartments and to live in them.

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

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

Delivering the best customer experience is a key strategic priority for us. That is why we are constantly developing new housing solutions and services. Our consumer brand, Lumo, is a housing solution that offers good rental housing and next-generation services in the growth centres around Finland. Our non-commercial segment, VVO, offers homes whose rents are determined following the cost-price principle.

## Strategy

Kojamo's mission is to create better urban housing. The company's vision is to be the property market frontrunner and the number one choice for customers. The company's strategic focal points are delivering the best customer experience, generating long-term shareholder value, being the leader in sustainable development and the most competent and

energetic place to work.

By 2021 the Group's objective is to invest heavily in increasing housing supply by developing new properties or acquiring existing housing stock. Due to urbanisation and migration oriented towards the growth centres, the Group has good opportunities to grow in Finland's rental housing market.

Kojamo makes it easier for people to migrate in pursuit of employment in urbanising Finland. Kojamo operates in the seven largest urban regions of Finland, responding to the demand for rental apartments especially in the Helsinki region. Kojamo's share of the entire rental housing market in Finland is approximately four per cent.

Kojamo focuses on providing an excellent customer experience by offering a range of versatile housing solutions, accessible and effortless customer service and user-friendly online services. The Lumo brand and its housing services lead the way in rental living.

Operating in an efficient and responsible manner and attending to our corporate social responsibility are integral to the way we do business.

Kojamo is committed to promoting high-quality housing and engaged in a continuous process of operational development to ensure the company's competitiveness. Kojamo has the skills and enthusiasm to discover even better construction solutions, housing services, ecological innovations and ways to provide good customer experiences. The company's energetic corporate culture creates a solid foundation for this work.

Kojamo's corporate culture has been reformed to emphasise the value of the customer experience in everything we do. The customer experience consists of the company's code of conduct, professional skill, customer service attitude and desire to solve the customer's problems all at once. The foundation of Kojamo's corporate culture is created by the ener-

getic, forward-looking values: Happy to serve, Strive for success and Courage to change.

## Summary of performance in 2018

- Total revenue increased by 6.5 per cent to EUR 358.8 (337.0) million
- Net rental income increased by 8.3 per cent, totalling EUR 234.0 (216.0) million. Net rental income represented 65.2 (64.1) per cent of revenue
- Profit before taxes was EUR 277.3 (266.7) million. The profit includes EUR 127.5 (126.2) million in net gain on valuation of investment properties at fair value and EUR 1.0 (2.5) million profit on sale of investment properties. Earnings per share was EUR 0.93 (0.93)
- Funds From Operations (FFO) was EUR 116.4 (107.8) million
- The fair value of investment properties was EUR 5.1 (4.7) billion at the end of the financial year, including EUR 0.0 (3.7) million in investment properties held for sale
- The financial occupancy rate improved, standing at 97.0 (96.7) per cent during the financial year
- Gross investments totalled EUR 365.2 (367.3) million, representing 101.8 (109.0) per cent of total revenue
- Equity per share was EUR 9.54 (8.88) and return on equity was 10.1 (10.9) per cent. Return on investment was 7.2 (7.5) per cent
- EPRA NAV per share (net asset value) increased by 5.2 per cent to EUR 11.69 (11.11)
- There were 1,064 (1,525) Lumo apartments under construction at the end of the financial year
- The Board of Directors' proposal on dividend: EUR 0.29 per share

Kojamo owned 34,713 (34,383) rental apartments at the end of the financial year. During 2018, 1,049 (75) apartments have been acquired, 1,258 (983) have been completed, 1,908 (1,603) have been sold and 69 (46) have been demolished or altered.

## Key figures

	2018	2017	Change%
Total revenue, M€	358.8	337.0	6.5
Net rental income, M€ <sup>1)</sup>	234.0	216.0	8.3
Net rental income margin, % <sup>1)</sup>	65.2	64.1	
Profit before taxes, M€ <sup>1)</sup>	277.3	266.7	4.0
EBITDA, M€ <sup>1)</sup>	325.1	308.2	5.5
EBITDA margin, % <sup>1)</sup>	90.6	91.5	
Adjusted EBITDA, M€ <sup>1)</sup>	196.5	179.5	9.5
Adjusted EBITDA margin, % <sup>1)</sup>	54.8	53.3	
Funds From Operations (FFO), M€ <sup>1)</sup>	116.4	107.8	8.0
FFO margin, % <sup>1)</sup>	32.4	32.0	
FFO per share, € <sup>1)</sup>	0.49	0.47	4.3
FFO excluding one-off items, M€ <sup>1)</sup>	117.3	107.8	8.8
Investment properties, M€ <sup>2)</sup>	5,093.2	4,710.2	8.1
Financial occupancy rate, %	97.0	96.7	
Interest-bearing liabilities, M€ <sup>3)</sup>	2,485.5	2,283.0	8.9
Return on equity, % (ROE) <sup>1)</sup>	10.1	10.9	
Return on investments, % (ROI) <sup>1)</sup>	7.2	7.5	
Equity ratio, % <sup>1)</sup>	43.0	41.3	
Loan to Value (LTV), % <sup>3)</sup>	45.9	46.0	
EPRA NAV, M€	2,889.1	2,548.8	13.4
EPRA NAV per share, € <sup>1)</sup>	11.69	11.11	5.2
Gross investments, M€ <sup>1)</sup>	365.2	367.3	-0.6
Number of personnel, end of the period	298	316	
Dividend per share, € <sup>1)</sup> <sup>4)</sup>	0.29	0.22	31.8

<sup>1)</sup> In accordance with the guidelines issued by the European Securities and Markets Authority (ESMA), Kojamo provides an account of the Alternative Performance Measures used by the Group in the key figures section of the financial statements bulletin.

<sup>2)</sup> Key figures have been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May 2018 regarding the share split. In the share split the shareholders received 30 new shares per each existing share.

<sup>3)</sup> Including items held for sale.

<sup>4)</sup> Excluding items held for sale.

<sup>5)</sup> 2018: Board of Directors' proposal to the Annual General Meeting.

## Outlook for Kojamo in 2019

Kojamo estimates that in 2019, the Group's total revenue will increase by 2–7 per cent year-on-year. In addition, the company estimates that the Group's FFO for 2019 will amount to between EUR 126–141 million, excluding one-off items. Investments in new development and housing stock acquisitions are forecast to exceed EUR 300 million.

The outlook takes into account the effects of the housing divestments and acquisitions completed in 2018, the estimated occupancy rate and rises in rents, as well as the number of apartments to be completed. The outlook is based on the management's assessment of total revenue, net rental income, administrative expenses, financial expenses, taxes to be paid and new development to be completed, as well as the management's view on future developments in the operating environment.

Additionally, the outlook is based on strong demand sustained by migration, which will increase like-for-like rental income. The management can influence total revenue and FFO through the company's business operations. In contrast, the management has no influence over market trends, the regulatory environment or the competitive landscape.

## Operating environment

### General operating environment

As Kojamo operates in the residential real estate sector, the company is affected particularly by the situation on the residential property market and development 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.

As more trade barriers are set up, world trade is estimated to grow more slowly, which is expected to put the brakes on export growth. Driven by a more rapid rise in earnings, growth in household disposable income is expected to continue. Even though the inflation is accelerating, household spending is estimated to increase in 2019 compared with last year.

According to the Ministry of Finance, investment growth is forecasted to slow down clearly in 2019, which is caused especially by the downturn in new construction project start-ups. Additionally, the establishment of additional trade barriers and weakening growth prospects in the world economy are also making industries and other sectors less willing to make investments.

OPERATING ENVIRONMENT KEY FIGURES	2020e	2019e
GDP growth forecast, %	1.3	1.5
Unemployment, %	6.7	6.9
Inflation, %	1.6	1.4

Source: Ministry of Finance, Economic survey 12/2018

## Industry operating environment

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

Sources: Confederation of Finnish Construction Industries RT, Pellervo Economic Research PTT

Development of the housing markets and apartment prices continue to diverge between cities according to Pellervo Economic Research (PTT). Accelerated urbanisation increases the demand for apartments, which increases the prices in growth centres. Year 2018 still shows record high levels in construction, which is keeping the housing market's focus of growth on new production. However, building per-

mits have clearly started to decrease. 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. This often leaves renting as an only option for finding an apartment in a specific area for many households.

## Influence of urbanisation

AREA	Population growth forecast 2018–2028	Share of rental household-dwelling units 2010	Share of rental household-dwelling units 2017
Capital region <sup>1)</sup>	9.8%	41.9%	44.5%
Helsinki region <sup>2)</sup>	9.1%	37.7%	40.1%
Jyväskylä	5.9%	40.2%	42.9%
Kuopio	6.1%	36.5%	38.9%
Lahti	3.6%	37.3%	39.9%
Oulu	9.7%	36.7%	40.0%
Tampere	7.4%	42.2%	47.2%
Turku	5.4%	43.0%	47.5%
Other areas	-0.6%	23.8%	25.0%

<sup>1)</sup> Helsinki, Espoo, Kauniainen, Vantaa

<sup>2)</sup> Capital region, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula, Vihti

Sources: Pellervo Economic Research PTT, Statistics Finland

The popularity of rental housing increases along with urbanisation. According to Pellervo Economic Research (PTT), the changing living preferences of Finnish people are strictly tied to major trends, such as urbanisation, the aging of the population and digitalization. Urbanisation increases the demand for rental housing. For those moving in growth centres rental housing appears more often as easier, more safe and flexible choice of living. Many people moving in to cities want to live in the pulse of the city close to services, hobby possibilities and leisure time activities. The increasing demand for services is visible in living preferences. Living related needs can be satisfied more often by services instead of owning.

## Business operations

Kojamo is the largest private residential real estate company in Finland measured by fair value of investment properties<sup>1)</sup>. Kojamo offers rental apartments and housing services for tenants primarily in the Finnish growth centres<sup>2)</sup>. At the end of the financial year, Kojamo's property portfolio comprised 34,713 (34,383) rental apartments. The fair value of Kojamo's investment properties amounted to EUR 5.1 (4.7) billion at the end of the financial year, including EUR 0.0 (3.7) million in investment property held for sale. Investment properties include completed apartments, as well as development projects and land areas.

Kojamo's business operations are divided into two segments: Lumo and VVO. The Lumo segment offers commercial housing services and the VVO segment non-commercial housing services. Most of the apartments in the VVO segment are subject to restrictions under arava and/or interest subsidy legislation.

Measured at fair value on 31 December 2018, 98.3 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres, 67.6 per cent in the Helsinki region and 83.3 per cent in the Helsinki, Tampere and Turku regions. Kojamo's

share of the country's entire rental housing market is about four per cent.

Kojamo aims to create its customers the best customer service experience, which is why the company has significantly invested in services. In the Lumo webstore, customers can choose a suitable Lumo rental apartment, pay the rent for the first month and move into the home of their choice as soon as the following day. Kojamo's resident co-operation model gives the residents an opportunity to influence the development of housing and Lumo services. Lumo apartments offer a range of different services, such as broadband internet connection included in the rent and a car sharing service.

## Segment reporting

Kojamo's business operations are divided into two segments: Lumo and VVO. On 31 December 2018, the Lumo segment included 33,484 (31,018) apartments and the VVO segment included 1,229 (3,365) apartments. The Lumo segment offers the commercial housing services of Kojamo. Most of the apartments in the Lumo segment are not subject to restrictions under arava and/or interest subsidy legislation. The VVO segment offers the non-commercial housing services of Kojamo. Most of the apartments in the VVO segment are subject to restrictions under arava and/or interest subsidy legislation. The companies under the VVO business are subject to restrictions on distribution of profit and can distribute to their owner a four per cent return on capital invested as confirmed by the Housing Finance and Development Centre of Finland (ARA).

Kojamo will discontinue segment reporting of the Lumo and VVO segments from the beginning of 2019 due to the decrease of VVO segment.

## Total revenue

Kojamo's total revenue during the period 1 January – 31 December 2018 increased to EUR 358.8 (337.0)

<sup>1)</sup> KTI Property Information Ltd: The Finnish property market 2018. Investment properties include apartments, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

<sup>2)</sup> Helsinki, Tampere, Turku, Kuopio and Lahti regions and the cities of Oulu and Jyväskylä.

million. Total revenue of the Lumo segment increased to EUR 347.6 (307.2) million, and the total revenue of the VVO segment decreased to EUR 11.5 (30.4) million. Total revenue is generated entirely by income from rental operations.

The growth in revenue resulted primarily from rental apartments completed in 2017 and during the financial year as well as rental apartments acquired at the start of 2018. The decrease in the revenue of the VVO segment resulted from transferring apartments from the segment to the Lumo segment according to plan.

## Result and profitability

Net rental income amounted to EUR 234.0 (216.0) million, representing 65.2 (64.1) per cent of total revenue. The Lumo segment recorded a net rental income of EUR 227.5 (201.2) million and the VVO segment EUR 6.7 (15.4) million. The increase in net rental income resulted primarily from rental apartments completed in 2017 and during the financial year as well as rental apartments acquired at the start of 2018. The decrease in the net rental income of the VVO segment resulted from transferring apartments from the segment to the Lumo segment according to plan.

## Balance sheet, cash flow and financing

	31 Dec 2018	31 Dec 2017
Balance sheet total, M€	5,485.4	4,943.5
Equity, M€	2,358.1	2,038.6
Equity per share, €	9.54	8.88
Equity ratio, %	43.0	41.3
Return on equity, % (ROE)	10.1	10.9
Return on investment, % (ROI)	7.2	7.5
Interest-bearing liabilities, M€	2,485.5	2,283.0
Loan to Value (LTV), %	45.9	46.0
Average interest rate of loan portfolio*, %	1.8	2.0
Average loan maturity, years	5.5	5.6
Cash and cash equivalents, M€	150.1	117.8

\* includes interest rate derivatives

The profit before taxes amounted to EUR 277.3 (266.7) million. The profit includes EUR 127.5 (126.2) million in net valuation gain on the fair value assessment of investment properties and EUR 1.0 (2.5) million profit and loss on sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 9.3 million. Financial income and expenses were EUR -47.1 (-40.5) million. Financial income and expenses include EUR -0.4 (2.7) million in unrealised changes in the fair value of derivatives. Financial income and expenses were EUR 6.7 million higher than in the comparison period due to the significant increase in the interest-bearing liabilities. The profit includes EUR 0.8 million in one-off items related to the listing and IPO arrangements.

Funds From Operations (FFO) was EUR 116.4 (107.8) million. In addition to completed and acquired rental apartments, the growth was supported by strong financial occupancy rate, mild weather during the second half of the year and low realized repair expenses.

Kojamo was listed on the Nasdaq Helsinki Stock Exchange in June 2018. In connection with the listing, Kojamo issued 17,665,039 new shares and raised a total of approximately EUR 150 million in gross pro-

ceeds. The share issue increased the Group's equity by EUR 146.6 million. The share issue improved the equity ratio by 1.6 percentage points.

EUR 50.0 (52.9) million of the EUR 250 million commercial paper programme was in use at the end of the financial year. In addition, Kojamo has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million that remained unused at the end of the financial year.

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

The company's objective is to increase the share

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

On 7 March 2018, Kojamo and the European Investment Bank (EIB) signed an unsecured loan agreement of EUR 95 million. 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 financial year, the loan was undrawn.

## Real estate property and fair value

M€	31 Dec 2018	31 Dec 2017
Fair value of investment properties at 1 Jan	4,710.2	4,298.9
Acquisition of investment properties	338.9	338.6
Modernisation investments	23.7	25.4
Disposals of investment properties	-109.6	-82.2
Capitalised borrowing costs	2.6	3.3
Transfer to own use	0.0	0.0
Valuation gains/losses on fair value measurement	127.5	126.2
<b>Fair value of investment properties, at the end of period *)</b>	<b>5,093.2</b>	<b>4,710.2</b>

\*) Fair value of investment properties in 2017 includes EUR 3.7 million of investment properties held for sale. On 31 December 2018, there were no investment properties held for sale.

Kojamo owned a total of 34,713 (34,383) rental apartments at the end of the financial year. The Lumo segment accounted for 33,484 (31,018) and the VVO segment for 1,229 (3,365) of these apartments. At the end of the financial year, Kojamo owned apartments in 32 (33) municipalities. The company aims to divest its apartments outside the seven major growth centres in Finland.

At the end of the financial year, the plot and real estate development reserve held by the Group totalled approximately 211,000 floor sq m (189,000 floor sq m). At the end of the financial year, the fair

value of the plot and real estate development reserve (including the so-called Metropolia properties) was EUR 239 (123) million.

The fair value of Kojamo's investment properties is determined quarterly based on the company's own evaluation. An external expert gives a statement on the valuation of the Kojamo's investment properties. The latest valuation statement was issued on 31 December 2018. The key criteria for determining fair value are presented in the Notes to the Financial Statements.



## Rental housing

<b>Lumo brand</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Number of apartments	33,058	32,152
Average rent, € / sq m / month	15.69	15.17
Average rent, € / sq m / month, on yearly average	15.53	15.03
<b>VVO brand</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Number of apartments	1,655	2,231
Average rent, € / sq m / month	13.81	13.34
Average rent, € / sq m / month, on yearly average	13.74	13.30

Kojamo responds to the trends of urbanisation, digitalisation and communality in accordance with its strategy, providing its customers with apartments with good locations and services that make daily life easier, increase the attractiveness of housing and improve the sense of community. Our aim is to develop a networked service platform that will enable agile innovation implementation in cooperation with other operators. Kojamo's properties form the platform to which the new services can easily be connected.

The demand for rental housing remained strong in growth centres during the financial year, and the urbanisation trend that supports long-term demand continued. The increased volume of new development in 2017 and 2018 has created a temporary balance between supply and demand, provided more

alternatives for rental home seekers locally, and intensified competition for good customers. Studios and one-bedroom apartments continued to be in highest demand during the financial year.

The number of tenancy agreements signed via the Lumo webstore continued to increase sharply during the financial year, totalling approximately 8,600 at the end of the year. All Lumo rental apartments that become vacant are available for rent on the Lumo webstore, where customers can choose their preferred apartment.

As of 15 November 2017, Kojamo has adopted the practice of a separate water charge in its tenancy agreements. Previously, the water charge was included in the rent. The new practice will be implemented in all new tenancy agreements. Water fees in 2018 amounted to EUR 3.1 (0.9) million.

<b>Rental housing key figures</b>	<b>1-12/2018</b>	<b>1-12/2017</b>
Financial occupancy rate, %	97.0	96.7
Tenant turnover rate, excluding internal turnover, %	28.8	28.6
Like-for-like rental income growth, % *)	2.4	
Rent receivables in proportion to revenue, %	1.4	1.4

\*) Change of rental income for properties owned for two consecutive years in the past 12 months compared to the previous 12-month period.

The financial occupancy rate increased during the year. The increase in occupancy rate was supported by the successful development of rental processes and growing use of the Lumo webstore. At the end of the financial year, 85 (204) apartments were vacant due to renovations.

## Investments, divestments and real estate development

<b>Investments, M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Acquired investment properties	338.9	338.6
Modernisation investments	23.7	25.4
Capitalised borrowing costs	2.6	3.3
<b>Total</b>	<b>365.2</b>	<b>367.3</b>

Repair expenses, M€	35.4	35.6
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<b>Number of apartments</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Apartments at start of the financial year	34,383	34,974
Divestments	-1,908	-1,603
Acquisitions	1,049	75
Completed	1,258	983
Demolished or altered	-69	-46
Apartments at end of financial year	34,713	34,383

Started during financial year	797	972
Under construction, 31 Dec	1,064	1,525
Acquisition agreements, not under construction	1,444	2,028

The decrease in the number of apartments under construction was mainly due to the completion of apartments during the financial year. Of the apartments

under construction, 850 (1,188) are in the Helsinki region and 214 (337) in other Finnish growth centres.

<b>Binding acquisition agreements for new development, M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
New construction in progress	77.8	99.6
Preliminary agreements for new construction	60.3	101.5

The 981 apartments acquired from OP Financial Group's funds are located in Helsinki, Vantaa, Turku, Jyväskylä, Kuopio, Hämeenlinna, Lahti, Oulu and Naantali. The total gross annual rent for the apartments is EUR 9.7 million. The transaction was announced via stock exchange releases on 7 February 2018 and 5 March 2018.

Lumo Kodit Oy has acquired an apartment building that has 68 apartments at the address Lintulahdenaukio 6, in Sörnäinen, Helsinki. The seller was Henna and Pertti Niemistö Art Foundation ARS FEN-NICA sr. The debt-free purchase price of the apartments was EUR 18 million and it is estimated that the acquisition will increase Kojamo Group's annual total revenue by around EUR 1 million. The transaction was completed on 28 September 2018.

The divestments completed during the financial

year were carried out as part of implementing the company strategy of concentrating in the seven largest growth centres in Finland. Of these, 1,594 apartments in 15 locations were sold to a real estate fund managed by the Morgan Stanley Real Estate Investing, Renger Investment Management, and Premico Group. The transaction was completed on 30 April 2018. The debt-free selling price of the housing stock was EUR 97 million, which exceeds the fair value of the properties as stated in Kojamo's financial statements on 31 December 2017 by approximately EUR 5 million. The transaction increased the income tax for the financial year by EUR 13.5 million and reduced deferred tax liabilities by EUR 14.3 million.

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

## Strategic targets and achievements

	31 Dec 2018	Target 2021
Fair value of investment properties	EUR 5.1 billion	EUR 6.0 billion
Number of apartments	34,713	~38,000
Equity ratio, %	43.0	> 40
Loan to Value (LTV), %	45.9	< 50
FFO as percentage of total revenue	32.4	> 32
Net promoter score	35	40

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.

## Shares and shareholders

### Issued shares and share capital

Kojamo's share capital on 31 December 2018 was EUR 58,025,136 and the number of shares at the end of the financial year totalled 247,144,399.

Kojamo has a single series of shares, and each share entitles its holder to one vote in the general meeting of shareholders of the company. There are no voting restrictions related to the shares. The shares have no nominal value. The company shares belong to the book-entry system.

Kojamo issued 17,665,039 new shares in connection with the listing, corresponding to approximately 7.1 per cent of the total number of outstanding shares in the company after the Initial Public Offering. The final subscription price of the shares was EUR 8.50 per share in the Public Offering and EUR 7.65 per share in the Personnel Offering. The share trading code of the shares is KOJAMO and the ISIN code is FI4000312251.

Information on share and share capital <sup>1)</sup>	2018	2017	2016
Share capital at the end of period	58,025,136	58,025,136	58,025,136
Number of outstanding shares at the end of the financial year	247,144,399	229,479,360	229,479,360
Weighted average number of outstanding shares	239,158,833	229,479,360	229,479,360
Weighted average number of outstanding shares, diluted	239,158,833	229,479,360	229,479,360

<sup>1)</sup>The number of shares of the comparison figures have been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May 2018 regarding the share split. In the share split the shareholders received 30 new shares per each existing share

## Trading in the company's share

The trading in Kojamo's shares commenced on the pre-list of Nasdaq Helsinki on 15 June 2018 and on the official list of Nasdaq Helsinki on 19 June 2018. As a consequence, no comparison data for share price and trading from years 2017 and 2016 is available. The information regarding share price and trading in 2018 are from 15 June to 31 December 2018.

Share price and trading <sup>*)</sup>	2018	2017	2016
Lowest price, €	8.11		
Highest price, €	9.75		
Average price, €	8.65		
Closing price, €	8.11		
Market value of share capital, M€ 31 Dec 2018	2,003.1		
Share trading, million units	68.1		
Share trading of total share stock, %	27.6		
Share trading, M€	589.8		

<sup>\*)</sup>Including the sale of shares related to the listing.

In addition to Nasdaq Helsinki stock exchange, Kojamo shares were traded on other market places, such as Cboe BXE, Cboe APA and Posit. From 15 June to 31 December 2018, approximately 19 million Kojamo's shares were traded on alternative market places corresponding to approximately 22 per cent of total trading volume (Source: Fidessa, 15 January 2019).

### Own shares

During or at the end of the financial year, Kojamo did not own any of its own shares.

### Dividend

In accordance with the Board of Directors' proposal, the Annual General Meeting on 15 March 2018 decided that a dividend of EUR 6.80 per Series A share, or EUR 50,337,408.00 in total, be paid for the financial period of 2017 and EUR 132,103,905.59 be retained in the unrestricted equity.

### Shareholders

At the end of the financial year, the number of registered shareholders was 3,179, including nomi-

nee-registered shareholders. The proportion of nominee-registered and direct foreign shareholders was 24.1 per cent of the company's shares at the end of the financial year. The ten largest shareholders owned in aggregate 68.3 per cent of Kojamo's shares at the end of the financial year.

The list of Kojamo's shareholders is based on the information given by the Euroclear Finland Ltd (former Finnish Central Securities Depository).

### The Board of Directors' authorisations

Kojamo's Board of Directors is authorised to decide on one or more share issues and the issuance of special rights entitling to shares, as referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act. Share issues and the issuance of special rights entitling to shares can be used to issue a maximum of 1,480,512 new shares in the company or transfer a maximum of 600,978 shares currently held by the company. The authorisation entitles the Board of Directors to derogate from the shareholders' pre-emption right (directed share issue).



Kojamo's Board of Directors is also currently authorised to decide on the repurchase of the company's own shares. The number of own shares to be repurchased is limited to 18,163,555 shares in aggregate, however, it shall not in aggregate exceed 7 per cent of all the shares in the company calculated at the time of the repurchase. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation, and the shares can only be repurchased at the price prevailing in public trading on the date of the repurchase or otherwise at the price prevailing on the market. The shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders.

### Flagging notifications

Kojamo received a notification pursuant to the Finnish Securities Markets Act from Stichting PGGM Depository on 21 June 2018. The holding of Stichting PGGM Depository in Kojamo's shares had risen above 5 per cent on 15 June 2018. According to the notification, PGGM Vermogensbeheer B.V. is the fund manager of the PGGM Listed Real Estate Fund, a Dutch fund for joint account. All assets of the fund are held by Stichting PGGM Depository (as title holder). Therefore, the shareholder is Stichting PGGM Depository. After the transaction, Stichting PGGM Depository held a total of 15,000,000 Kojamo shares, corresponding to 6.07 per cent of Kojamo plc's shares and votes.

### Managers' transactions and shareholdings

The managers' transactions at Kojamo in 2018 have been published as stock exchange releases and they are available at Kojamo's website at <https://kojamo.fi/en/news>.

Members of the Board of Directors or companies over which they have control had no shares or share-based rights in the Company or in the Group companies.

Members of the Management Team and companies over which they have control owned 96,666 shares and share-based rights in the Company and in the Group companies. These shares amount to a total of 0.04 per cent of the Company's shares.

### Shareholdings

There are a total of 3,179 shareholders in Kojamo plc, the largest being (share register as at 31 December 2018):

Shareholder	No. of shares	Holding, %
Ilmarinen Mutual Pension Insurance Company	32,359,243	13.09
Varma Mutual Pension Insurance Company	30,398,089	12.30
The Finnish Industrial Union	28,954,557	11.72
Trade Union for the Public and Welfare Sectors	15,630,222	6.32
Trade Union of Education in Finland	15,081,498	6.10
Finnish Construction Trade Union	14,880,053	6.02
Trade Union PRO	13,460,270	5.45
Service Union United PAM	13,401,963	5.42
Union of Health and Social Care Professionals TEHY	2,479,919	1.00
Finnish Food Workers' Union SEL	2,110,790	0.85
Others	78,387,795	31.72
<b>Total</b>	<b>247,144,399</b>	<b>100.00</b>

### Breakdown of share ownership

Shares	No. of owners	Holding, %	No. Of shares	% of shares
1-100	989	31.11	68,369	0.03
101-500	1,454	45.74	411,136	0.17
501-1,000	341	10.73	287,047	0.12
1,001-5,000	277	8.71	661,803	0.27
5,001-10,000	26	0.82	194,427	0.08
10,001-50,000	35	1.10	800,173	0.32
50,001-100,000	13	0.41	923,380	0.37
100,001-500,000	19	0.60	3,934,533	1.59
500,001-	25	0.79	239,657,691	96.97
On common accounts	0	0.00	205,840	0.08
<b>Total</b>	<b>3,179</b>	<b>100.00</b>	<b>247,144,399</b>	<b>100.00</b>

## Ownership structure

Shareholder	No. of shares	Holding, %	Change	%
Public sector	63,171,119	25.56	-100,000	-0.16
Financial and insurance corporations	61,351,121	24.82	148,268	0.24
Households	1,612,523	0.65	52,301	3.35
Non-financial corporations	3,418,036	1.38	-4,220	-0.12
Non-profit institutions	116,778,721	47.25	-65,633	-0.06
Other countries	607,039	0.25	-30,716	-4.82
On common accounts	205,840	0.08	0	0.00
<b>Total</b>	<b>247,144,399</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
Nominee registered	58,843,590	23.81	-184,626	-0.31

## Governance

### Annual General Meeting

The Annual General Meeting of Kojamo plc held on 15 March 2018 adopted the financial statements for the financial year 2017 and discharged the members of the Board of Directors and the CEO from liability as well as elected the members of the Board of Directors and decided on their remuneration. The Annual General Meeting also authorised the Board of Directors to decide on one or more share issues or the issuance of special rights entitling to shares, as referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act. The minutes of the Annual General Meeting are available at <https://kojamo.fi/en/investors/corporate-governance/annual-general-meeting/the-annual-general-meetings-2018/>.

### Extraordinary General Meeting

The Extraordinary General Meeting of Kojamo plc held on 25 May 2018 authorised the Board of Directors to decide on a directed share issue of 30,000,000 new shares and on the repurchase of the company's own shares, amended the Articles of Association, resolved the number of Board members, elected new members to the Board of Directors and decided on the new annual remunerations of the Board members.

The minutes of the Extraordinary General Meeting are available at <https://kojamo.fi/en/investors/corporate-governance/annual-general-meeting/the-annual-general-meetings-2018/>.

### Board of Directors and auditors

The members of Kojamo's Board of Directors are Riku Aalto (Chairman), Mikko Mursula (Vice-Chairman), Matti Harjuniemi, Anne Leskelä, Minna Metsälä, Reima Rytsölä and Jan-Erik Saarinen. The auditor is KPMG Oy Ab, with Authorised Public Accountant Esa Kailiala as the auditor with principal responsibility.

### Board committees

Kojamo's Board of Directors has established two permanent committees, an Audit Committee and a Remuneration Committee. Mikko Mursula (Chairman), Matti Harjuniemi, Anne Leskelä and Jan-Erik Saarinen serve in the Audit Committee. Riku Aalto (Chairman), Minna Metsälä and Reima Rytsölä serve in the Remuneration Committee.

### Nomination Board

A stock exchange release was issued on 11 September 2018 announcing the composition of Kojamo plc's Nomination Board. Kojamo's three largest shareholders nominated the following members to the Shareholders' Nomination Board: Jouko Pölonen, CEO, Ilmarinen Mutual Pension Insurance Company, Risto Murto, CEO, Varma Mutual Pension Insurance Company, and Timo Korpijärvi, Investment Manager, The Finnish Industrial Union.

Shareholders' Nomination Board is an organ established by the Annual General Meeting consisting of shareholders, with the task of annually preparing

and presenting proposals for the General Meeting concerning the number, composition and Chairman of the Board of Directors, remuneration of the Board of Directors and remuneration of the members of the Board Committees.

### CEO

Jani Nieminen, M.Sc. (Tech.), MBA was CEO during the financial year. The CEO's deputy was CFO Erik Hjelt, Licentiate in Laws, EMBA.

### Management Team

There were changes in Kojamo's Management Team during the financial year.

On 16 April 2018, Kojamo announced as a stock exchange release that Juha Heino, Director of Customer Relations leaves the company. The responsibility for the customer function was transferred immediately to CEO Jani Nieminen.

On 4 December 2018, Kojamo announced as a stock exchange release that Tiina Kuusisto (M.Sc. (Econ)) has been appointed as Chief Customer Officer (CCO) at Kojamo plc and as member of Management Team and that Ville Raitio (M.Sc. (Econ), CFA) has been appointed as Chief Investment Officer (CIO) at Kojamo plc and as member of Management team. Following the change, Real Estate Development Director Kim Jolkkonen and Investment Director Mikko Suominen stepped down from Management Team. The new members of the Management Team started on 7 January 2019.

The members of the Management Team at the end of the financial year were CEO Jani Nieminen, CFO Erik Hjelt, Marketing and Communications Director Irene Kantor and Chief Development Officer Teemu Suila.

### Description of corporate governance

The description of Kojamo's administration and the Corporate Governance Statement are publicly available on Kojamo's website at [www.kojamo.fi/en](http://www.kojamo.fi/en).

### Personnel

At the end of 2018, Kojamo had a total of 298 (316)

employees, of who 274 (284) were on permanent contracts and 24 (32) were on temporary contracts. The average number of personnel during the year was 319 (310). The average length of service was 10.0 (10.0) years. Personnel turnover in 2018 was 19.1 (17.2) per cent. The company hired a total of 50 summer employees in 2018.

In 2018, Kojamo carried out Kojamo Leaders development program with 20 participants who were company's key persons from different functions. The goal of the development program was to strengthen the strategic management and leadership and support in implementing Kojamo's strategy.

The salaries and fees paid during the financial year totalled EUR 16.8 (15.3) million.

### Annual performance bonus and incentive system

Kojamo's employees are included in an annual performance bonus system which is based on the achievement of the company's general targets as well as personal targets.

Kojamo also has a long-term share-based incentive plan for the management. The reward is based on reaching the targets set for Kojamo's key business criteria in relation to the Group's strategic goals. If the three ongoing earning periods were accrued in full, the maximum reward would be a sum corresponding to 377,830 Kojamo shares, of which 50 per cent would be paid in Kojamo's shares and 50 per cent in cash.

## Sustainability

Pursuing corporate responsibility is integral to Kojamo's operations and corporate culture. Kojamo focuses especially on responsibility towards its customers, its obligations as a contractor as well as clear communication to its shareholders about the company's corporate and social responsibility processes. Kojamo acts transparently and in an ethical manner and also requires responsible operations from its partners.

Kojamo is committed to developing new and modern construction solutions, housing services and

ecological innovations related to energy-efficient housing solutions. All of Kojamo's new construction projects utilising own plot reserves will be nearly zero-energy buildings in accordance with FinZEB concepts and guidelines. In addition, Kojamo will focus on managing the energy consumption of the buildings in its portfolio.

Kojamo is involved in several corporate responsibility programmes. After reaching the targets of the Rental Property Action Plan (VAETS) under the Property and Building Sector Energy Efficiency Agreement that ended in 2016, Kojamo joined the agreement's continuation period, VAETS II. Kojamo's energy saving target relating to the Rental Property Action Plan for the period 2017–2025 is to decrease energy consumption by 7.5 per cent from the 2015 level. Kojamo is also the only Finnish real estate company in Climate Leadership Coalition.

The anti-grey economy models used by Kojamo exceed legislative requirements in many respects. The company continuously monitors the fulfilment of contractor obligations for all companies in its supplier network through the Reliable Partner service on the tilaajavastuu.fi website. The tax-like charges paid by Kojamo in 2018 totalled approximately EUR 106 million.

In October, Kojamo and Leanheat Oy, a provider of artificial intelligence solutions for controlling district heating, have signed an agreement to use Leanheat's AI-based IoT solution to control the indoor temperature of approximately 26,000 Kojamo-owned apartments. The agreement covers 80 per cent of the housing stock owned by Kojamo, which provides rental apartments under the Lumo and VVO brands.

The residents of Lumo homes have an opportunity to enjoy eco-friendly motoring. Anyone living in a Lumo home can reserve a shared car.

In December, Kojamo announced an agreement with WWF Finland to include four Lumo Centres in Green Office environmental system. Kojamo has already five Green Office certified offices in Finland and along with the new agreement the rest of Kojamo's offices will become a part of the Green Office network.

Kojamo's sponsorship and grant programme

provides financial support for young talents. The programme covers not only individual sports but also team sports. Personal grants are awarded to 12–20-year-old athletes to encourage them in their sporting careers. Those living in Lumo and VVO homes are given priority. In 2018, the sponsored athletes are Anna Haataja (orienteering), Riikka Honkanen (alpine skiing), Joonas Kangas (ski slopestyle), Henry Manni (wheelchair racing), Oskari Mörö (athletics), Nooralotta Neziri (athletics) and Emmi Parkkisenniemi (snowboarding). A total of 300 grants have been awarded since 2012.

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

## Risks and risk management

### Risk management

Kojamo's risk management is based on the company's risk management and treasury policy, corporate governance and ethical guidelines as well as the risk assessments carried out in connection with the strategy and annual planning process. Risk assessments identify the most significant risks and define means to manage them.

The most notable risks associated with rental operations management relate to a potential drop in the financial occupancy rate, an increase in tenant turnover and an increase in rent receivables. Factors affecting these risks include economic fluctuations and shifts in demand, both nationally and locally. The financial occupancy rate of rental apartments, tenant turnover, the number of applicants, and the amount of rent receivables and changes thereto are monitored by region on a monthly basis.

Kojamo is developing its rental operations and the renovation activities of apartments and properties as well as strengthening its customer relations. These measures seek to maintain a high occupancy rate and decrease tenant turnover.

Ensuring that the value of Kojamo's housing stock continues to rise requires investments in

growth centres and systematic renovations across all apartments and properties.

Apartment market price trends affect the fair value of real estate property.

The financial risks associated with Kojamo's business are managed in accordance with the treasury policy confirmed by Kojamo plc's Board of Directors. The treasury policy defines the objectives of Kojamo's financing activities, division of responsibilities, operating principles, financial risk management principles as well as monitoring and reporting principles. The objectives of Kojamo's treasury function are to ensure the availability of financing, maintain liquidity cost-efficiently at all times and manage financial risks.

The most significant financial risks are associated with the availability and costs of financing. The refinancing risk is mitigated by diversifying the financing sources and instruments in the loan portfolio, spreading the maturity of loans and maintaining a strong balance sheet structure. The interest rate risk associated with the loan portfolio is managed by dividing loans between fixed and floating rate loans, by different interest rate renewal periods and by the use of interest rate derivatives. The company's financial risks and risk management are described in more detail in Note 25 to the Financial Statements.

The most notable risks associated with properties are liability risks, such as water damage and fire. Liability risks are managed with appropriate preventive safety measures and by insuring properties against damage. Kojamo regularly reviews its insurance policies as part of overall risk management. The main insurance policies are property, liability, loss of profits, accident, travel and vehicle insurance.

**Kojamo's most significant strategic risks and their management**

RISK	DEFINITION	MEANS OF MANAGEMENT (NOT LIMITED TO THE FOLLOWING)
<b>RISKS RELATED TO OPERATING ENVIRONMENT</b>		
General operating environment	A risk of the company's operating conditions weakening due to a decline in the general economic situation or a slowdown in urbanisation.	<ul style="list-style-type: none"> <li>- Monitoring and analysing the general operating environment</li> <li>- Regular risk evaluations</li> <li>- Adjusting operations to changes in the operating environment</li> <li>- Diversifying investments</li> <li>- Strong balance sheet structure</li> </ul>
Legislation and other regulations	A risk of new regulations affecting the company's operating conditions and profitability.	<ul style="list-style-type: none"> <li>- Monitoring the preparation of laws</li> <li>- Active dialogue with legislators</li> <li>- Preparing for changes</li> <li>- Training personnel</li> </ul>
New projects	A risk of not being able to start new projects profitably due to a rise in construction costs, lack of suitable land for construction, lack of offers or changes in regulations. Growing demand can also create a risk.	<ul style="list-style-type: none"> <li>- Efficient plot procurement</li> <li>- Planning control</li> <li>- Ensuring the efficiency of project development</li> <li>- Ensuring the efficiency of plans</li> <li>- Cooperation with partners</li> <li>- Confirming the accuracy of level of profit</li> </ul>
<b>FINANCIAL RISKS</b>		
Availability of capital	A risk of the availability of capital or financing deteriorating due to bank regulation and/or decline in domestic or international economic situation or capital market.	<ul style="list-style-type: none"> <li>- Strong balance sheet structure</li> <li>- Diverse financing sources</li> <li>- Balanced maturity distribution</li> <li>- Diverse financial instruments</li> </ul>
Interest rate risk	A risk of significant changes in fluctuating market interest rates and/or margins decreasing the company's profitability.	<ul style="list-style-type: none"> <li>- Strong balance sheet structure</li> <li>- High interest rate risk hedging ratio</li> <li>- Balanced maturity distribution</li> </ul>
<b>BUSINESS RELATED RISKS</b>		
Renting apartments	A risk of apartments not matching demand due to location or quality, or services not meeting the customers' needs.	<ul style="list-style-type: none"> <li>- Monitoring and analysing the operating environment</li> <li>- Regular risk evaluation</li> <li>- Adjusting operations to changes in the operating environment</li> <li>- Cooperation with customers and service providers</li> <li>- Managing changes in properties</li> <li>- Renovations and modernisations</li> <li>- Collecting customer information and reacting to customer feedback</li> </ul>
Asset value	A risk of apartments' comparable market values decreasing due to a weak economic situation or regional demand/supply factors.	<ul style="list-style-type: none"> <li>- Monitoring and analysing the operating environment</li> <li>- Regular risk evaluation</li> <li>- Diversifying investments</li> <li>- Strong balance sheet structure</li> <li>- Renovations and modernisations</li> </ul>

Efficiency of operations	A risk of operations not being efficient, wrong things being done or things being done incoherently or change management not being appropriately executed. Company's insufficient competences can also create a risk.	<ul style="list-style-type: none"> <li>- Management system</li> <li>- Developing processes actively</li> <li>- Operating instructions</li> <li>- Managing partnership network</li> <li>- Controller operations</li> <li>- Developing the corporate culture, competence mapping and developing personnel</li> </ul>
Network and partnership management	A risk of the network or partnership management not achieving the goals set for partners or partnership.	<ul style="list-style-type: none"> <li>- Command of contract law</li> <li>- Operating model for anti-grey economy</li> <li>- Selection and tendering of partners, requirements for partners</li> <li>- Operating model for partner control</li> </ul>
Reporting, operations and responsibility of a listed company	A risk of financial and operative reporting not providing accurate and sufficient information for the management of operations or decision-making, or the company's operations not fulfilling the requirements set for a listed company. Failing to fulfil responsibility requirements can also create a risk.	<ul style="list-style-type: none"> <li>- Instructions, operating principles, operating policies, process descriptions, ethical principles and models</li> <li>- Technical abilities and competence</li> <li>- Audits</li> <li>- Analysing financial reports systematically</li> <li>- Corporate Governance Code</li> </ul>
Legal risks	A risk of defective and faulty documents not achieving the intended legal result.	<ul style="list-style-type: none"> <li>- Ensuring legal competence</li> <li>- Maintaining standard documents and providing personnel training</li> <li>- Sufficient legal resources</li> <li>- Utilising external consultants</li> </ul>
Liability and data security risks as well as crime and injury risks	A risk of properties, their contents or persons being damaged or injured due to e.g. fire, water damage or vandalism, the company or personnel becoming victims of a crime or accidents occurring. Attempt to misuse the company's systems or data can also create a risk.	<ul style="list-style-type: none"> <li>- Systematic maintenance and renovations</li> <li>- Operating instructions and models as well as auditing</li> <li>- Appropriate preventive security work</li> <li>- Programmatic and technical security systems</li> <li>- Insurances</li> </ul>

**Near-term risks and uncertainties**

There have been no significant changes in Kojamo's near-term risks and uncertainties during the financial year.

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

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

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

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

## Internal auditing

Internal audit is responsible for the independent evaluation and assurance function required of a listed company, which systematically examines and verifies the efficiency of risk management, control, management and governance. The Audit Committee of Kojamo's Board of Directors has confirmed the operating instructions for the internal audit function.

Internal auditing operates under the authority of the CEO and the Audit Committee and reports its observations and recommendations to the Audit Committee, the CEO, Management Team and the auditor. The auditing function covers all companies and functions in the Kojamo Group.

The auditing operations are based on risk analyses and conversations with the Group management related to risk management and control. Regular meetings with the auditor are set up in order to guarantee sufficient audit coverage and to avoid overlapping operations.

Internal auditing annually draws up an auditing plan that is approved by the CEO and the Audit Committee. The auditing plan is modified based on risks, if necessary. The internal auditing acquires external services or special expertise to carry out demanding auditing tasks.

In 2018, internal audits focused on Kojamo's strategic focal points by concentrating the operational and control-oriented evaluations on selected functions and matters within the focal point.

The main areas of focus for the internal auditing operations in 2019 will be the progress made in the implementation of Kojamo's strategies as well as projects and changes related to business operations, financial management and data security.

## Group structure and changes

At the end of the financial year, the legal Group comprised 319 (294) subsidiaries and 36 (34) associated companies. In addition, Kojamo plc has a holding of more than 50 per cent in 3 (3) limited liability companies or real estate companies and a 50 per cent

holding in SV-Asunnot Oy.

Subsidiaries wholly owned by Kojamo plc are Lumo Kodit Oy, Lumo Vuokratalot Oy, Lumo 2018 Oy, Lumo 2019 Oy, Lumo 2020 Oy, Lumo 2021 Oy, Lumohousing 2 Oy, Lumohousing 6 Oy, Lumohousing 7 Oy, VVOhousing 8 Oy, VVOhousing 9 Oy, Lumohousing 10 Oy, Lumohousing 11 Oy, Lumohousing 12 Oy, VVO Hoivakiinteistöt Oy, Kojamo Holding Oy, Kotinyt Oy and Kojamo Palvelut Oy.

The following companies merged with Lumo Kodit Oy: Lumohousing 5 Oy, VVO Asunnot Oy and Lumo 2017 Oy on 1 May 2018.

Group structure 31 December 2018	Subsidiaries	Associated companies
Kojamo plc	<sup>1)</sup> 19	2
Parent companies of sub-groups		
Lumo 2018 Oy	2	
Lumo 2019 Oy	2	
Lumo 2020 Oy	1	1
Lumo 2021 Oy	1	
Lumo Kodit Oy	282	<sup>2)</sup> 32
Lumo Vuokratalot Oy	12	<sup>2)</sup> 3
Parking and maintenance companies	1	1
Kojamo Palvelut Oy	1	
<b>Total</b>	<b>319</b>	<b>39</b>

<sup>1)</sup> Includes the parent companies of the sub-group and other subsidiaries listed, excluding parking and maintenance companies

<sup>2)</sup> 3 of the associated companies are subsidiaries at Kojamo Group level

## Events after the period

Kojamo had no significant events after the period.

325,310,236.78 to be retained in the unrestricted equity.

## Proposal by the Board of Directors for the distribution of profits

The parent company Kojamo plc's distributable unrestricted equity at 31 December 2018 amounted to EUR 396,982,112.49, of which the profit for the financial year amounted to EUR 114,878,205.40. No significant changes have taken place in the company's financial position after the end of the financial year.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used as follows: a dividend of EUR 0.29 per share to be paid, totalling EUR 71,671,875.71, and EUR



## EPRA performance measures

	2018	2017
EPRA Earnings, M€	130.3	117.0
EPRA Earnings per share (EPS), €	0.54	0.51
EPRA Net Asset Value (NAV), M€	2,889.1	2,548.8
EPRA NAV per share, €	11.69	11.11
EPRA Triple Net Asset Value (NNAV), M€	2,375.2	2,016.8
EPRA NNAV per share, €	9.61	8.79
EPRA Net Initial Yield (NIY), %	5.0	5.2
EPRA 'topped-up' NIY, %	5.0	5.2
EPRA Vacancy Rate, %	3.0	3.3
EPRA Cost Ratio (including direct vacancy costs), %	15.2	16.5
EPRA Cost Ratio (excluding direct vacancy costs), %	13.6	14.6

M€	2018	2017
Earnings per IFRS income statement	221.8	212.9
(i) Change in value of investment properties, development properties held for investment and other interests	-127.5	-126.2
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	-1.0	-1.6
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-0.1	0.0
(iv) Tax on profits or losses on disposals	15.4	9.4
(vi) Changes in fair value of financial instruments and associated close-out costs	0.4	-2.7
(viii) Deferred tax in respect of EPRA adjustments	21.4	25.1
<b>EPRA Earnings</b>	<b>130.3</b>	<b>117.0</b>
<b>EPRA Earnings per share (EPS), €</b>	<b>0.54</b>	<b>0.51</b>

M€	2018	2017
NAV per the financial statements	2,358.1	2,038.6
(iv) Fair value of financial instruments	42.5	42.0
(v.a) Deferred tax	488.4	468.2
<b>EPRA Net Asset Value (NAV)</b>	<b>2,889.1</b>	<b>2,548.8</b>
<b>EPRA NAV per share, €</b>	<b>11.69</b>	<b>11.11</b>

M€	2018	2017
EPRA NAV	2,889.1	2,548.8
(i) Fair value of financial instruments	-42.5	-42.0
(ii) Fair value of debt <sup>1)</sup>	17.0	-21.8
(iii) Deferred tax	-488.4	-468.2
<b>EPRA Triple Net Asset Value (NNAV)</b>	<b>2,375.2</b>	<b>2,016.8</b>

<sup>1)</sup> Difference between interest-bearing loans and borrowings included in balance sheet at amortised cost, and the fair value of interest bearing loans and borrowings.

<b>EPRA NNAV per share, €</b>	<b>9.61</b>	<b>8.79</b>
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M€	2018	2017
Investment property	5,093.2	4,710.2
Trading property	0.4	0.6
Developments	-248.6	-350.8
<b>Completed property portfolio</b>	<b>4,845.0</b>	<b>4,359.9</b>
Allowance for estimated purchasers' costs	96.9	87.2
<b>Gross up completed property portfolio valuation</b> B	<b>4,941.9</b>	<b>4,447.1</b>
Annualised cash passing rental income	375.6	354.7
Property outgoings	-127.4	-124.2
<b>Annualised net rents</b> A	<b>248.2</b>	<b>230.5</b>
Notional rent expiration of rent free periods or other lease incentives	-	-
<b>Topped-up net annualised rent</b> C	<b>248.2</b>	<b>230.5</b>
<b>EPRA Net Initial Yield (NIY), %</b> A/B	<b>5.0</b>	<b>5.2</b>
<b>EPRA 'topped-up' NIY, %</b> C/B	<b>5.0</b>	<b>5.2</b>

<b>M€</b>		<b>2018</b>	<b>2017</b>
Estimated rental value of vacant space	A	10.6	11.1
Estimated rental value of the whole portfolio	B	352.3	336.2
<b>EPRA Vacancy Rate, %</b>	<b>A/B</b>	<b>3.0</b>	<b>3.3</b>

<b>M€</b>		<b>2018</b>	<b>2017</b>
Include:			
(i) Administrative expense line per IFRS income statement		38.6	37.2
(i) Maintenance expense line per IFRS income statement		89.5	85.4
(i) Repair expense line per IFRS income statement		35.4	35.6
(ii) Net service charge costs/fees		-3.8	-1.6
(iii) Management fees less actual/ estimated profit element		0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		-0.2	-0.2
Exclude:			
(vii) Ground rent costs		-3.4	-3.1
(viii) Service charge costs recovered through rents but not separately invoiced		-120.9	-118.0
<b>EPRA Costs (Including direct vacancy costs)</b>	<b>A</b>	<b>35.1</b>	<b>35.2</b>
(ix) Direct vacancy costs		-3.8	-4.0
<b>EPRA Costs (Excluding direct vacancy costs)</b>	<b>B</b>	<b>31.4</b>	<b>31.2</b>
(x) Gross Rental Income less ground rent costs - per IFRS		351.5	332.0
(xi) Service fee and service charge costs components of Gross Rental Income		-120.9	-118.0
<b>Gross Rental Income</b>	<b>C</b>	<b>230.5</b>	<b>214.0</b>
<b>EPRA Cost Ratio (including direct vacancy costs), %</b>	<b>A/C</b>	<b>15.2</b>	<b>16.5</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs), %</b>	<b>B/C</b>	<b>13.6</b>	<b>14.6</b>

# Financial Statements 1 January – 31 December 2018

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# Financial Statements

## Consolidated income statement

M€	Note	1-12/2018	1-12/2017
<b>Total revenue</b>		<b>358.8</b>	<b>337.0</b>
Maintenance expenses		-89.5	-85.4
Repair expenses		-35.4	-35.6
<b>Net rental income</b>		<b>234.0</b>	<b>216.0</b>
Administrative expenses	4, 6	-38.6	-37.2
Other operating income	3	2.1	2.0
Other operating expenses	3	-1.0	-1.3
Profit/loss on sales of investment properties	3	1.0	2.5
Profit/loss on sales of trading properties		0.1	0.0
Profit/loss on fair value of investment properties	10	127.5	126.2
Depreciation, amortisation and impairment losses	5	-0.8	-1.1
<b>Operating profit</b>		<b>324.2</b>	<b>307.0</b>
Financial income		3.2	5.0
Financial expenses		-50.3	-45.5
<b>Total amount of financial income and expenses</b>	7	<b>-47.1</b>	<b>-40.5</b>
Share of result from associated companies		0.2	0.1
<b>Profit before taxes</b>		<b>277.3</b>	<b>266.7</b>
Current tax expense	8	-34.1	-28.6
Change in deferred taxes	8	-21.4	-25.1
<b>Profit for the period</b>		<b>221.8</b>	<b>212.9</b>
<b>Profit for of the financial period attributable to</b>			
Owners of the parent company		221.8	212.9
<b>Earnings per share based on profit attributable to owner of the parent company</b>			
	9		
Basic, €		0.93	0.93
Diluted, €		0.93	0.93

M€	Note	1-12/2018	1-12/2017
Average number of the shares, million	9	239.2	229.5
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit			
Cash flow hedgings	7	0.5	20.4
Available-for-sale financial assets	7		0.2
Deferred taxes	8	-0.1	-4.1
<b>Items that may be reclassified subsequently to profit or loss</b>			
		<b>0.4</b>	<b>16.5</b>
<b>Total comprehensive income for the period</b>		<b>222.2</b>	<b>229.4</b>
<b>Total comprehensive income attributable to</b>			
Owners of the parent company		222.2	229.4

## Consolidated balance sheet

MC	Note	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13	0.2	0.4
Investment properties	10	5,093.2	4,706.5
Property, plant and equipment	12	30.5	31.0
Investments in associated companies		2.2	1.7
Financial assets	14	0.6	0.5
Non-current receivables	15	5.3	5.3
Derivatives	22	1.5	6.5
Deferred tax assets	16	10.8	10.9
<b>Non-current assets total</b>		<b>5,144.3</b>	<b>4,762.7</b>
Non-current assets held for sale	11	0.0	3.7
<b>Current assets</b>			
Trading properties	17	0.4	0.6
Derivatives	22	0.7	0.0
Current tax assets		9.3	0.5
Trade and other receivables	18	8.3	8.8
Financial assets	14	172.3	49.3
Cash and cash equivalents	19	150.1	117.8
<b>Current assets total</b>		<b>341.1</b>	<b>177.0</b>
<b>ASSETS TOTAL</b>		<b>5,485.4</b>	<b>4,943.5</b>

MC	Note	31 Dec 2018	31 Dec 2017
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the parent company</b>			
Share capital		58.0	58.0
Share issue premium		35.8	35.8
Fair value reserve		-23.9	-23.7
Invested non-restricted equity reserve		164.4	17.9
Retained earnings		2,123.7	1,950.6
<b>Equity attributable to shareholders of the parent company</b>		<b>2,358.1</b>	<b>2,038.6</b>
<b>Total equity</b>	20	<b>2,358.1</b>	<b>2,038.6</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	21	2,391.7	2,109.8
Deferred tax liabilities	16	499.0	478.3
Derivatives	22	44.6	48.3
Provisions	23	0.6	0.8
Other non-current liabilities	23	14.0	14.8
<b>Non-current liabilities total</b>		<b>2,949.9</b>	<b>2,652.0</b>
<b>Current liabilities</b>			
Loans and borrowings	21	93.9	173.2
Derivatives	22	0.1	0.2
Current tax liabilities		13.5	9.1
Trade and other payables	24	69.9	70.4
<b>Current liabilities total</b>		<b>177.3</b>	<b>252.9</b>
<b>Total liabilities</b>		<b>3,127.2</b>	<b>2,904.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,485.4</b>	<b>4,943.5</b>

## Consolidated statement of cash flows

M€	Note	1-12/2018	1-12/2017
<b>Cash flow from operating activities</b>			
Profit for the period		221.8	212.9
Adjustments	27	-22.8	-33.5
Change in net working capital			
Change in trade and other receivables		-1.6	-0.8
Change in trading properties		0.2	0.3
Change in trade and other payables		-1.6	0.1
Interest paid		-40.5	-39.7
Interest received		0.8	0.6
Other financial items		-5.3	-7.4
Taxes paid		-38.5	-22.1
<b>Net cash flow from operating activities</b>		<b>112.4</b>	<b>110.4</b>
<b>Cash flow from investing activities</b>			
Acquisition of investment properties		-366.6	-341.9
Acquisition of associated companies		-0.3	-0.4
Acquisition of property, plant and equipment and intangible assets		-0.2	-0.8
Proceeds from sale of investment properties		110.9	84.5
Proceeds from sale of property, plant and equipment and intangible assets		0.0	
Purchases of financial assets		-304.0	-322.5
Proceeds from sale of financial assets		180.5	322.8
Non-current loans, granted		-0.2	-1.8
Repayments of non-current receivables		0.2	1.3
Interest and dividends received on investments		0.2	0.3
<b>Net cash flow from investing activities</b>		<b>-379.4</b>	<b>-258.5</b>

M€	Note	1-12/2018	1-12/2017
<b>Cash flow from financing activities</b>			
Share issue		150.0	
Items related to the share issue recorded to equity		-4.3	
Non-current loans and borrowings, raised		500.0	686.4
Non-current loans and borrowings, repayments		-292.9	-434.0
Current loans and borrowings, raised		338.8	267.8
Current loans and borrowings, repayments		-342.0	-355.9
Dividends paid		-50.3	-50.3
<b>Net cash flow from financing activities</b>		<b>299.3</b>	<b>113.9</b>
<b>Change in cash and cash equivalents</b>			
		<b>32.3</b>	<b>-34.2</b>
<b>Cash and cash equivalents in the beginning of period</b>			
		<b>117.8</b>	<b>152.0</b>
<b>Cash and cash equivalents at the end of period</b>			
		<b>150.1</b>	<b>117.8</b>



## Consolidated statement of changes in equity

MC	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
<b>Equity at 1 Jan 2018</b>	<b>58.0</b>	<b>35.8</b>	<b>-23.7</b>	<b>17.9</b>	<b>1,950.6</b>	<b>2,038.6</b>	<b>2,038.6</b>
Changes to accounting policies			-0.5		0.3	-0.2	-0.2
<b>Equity at 1 Jan 2018</b>	<b>58.0</b>	<b>35.8</b>	<b>-24.3</b>	<b>17.9</b>	<b>1,950.9</b>	<b>2,038.3</b>	<b>2,038.3</b>
Comprehensive income							
Cash flow hedging			0.4			0.4	0.4
Result for the financial period					221.8	221.8	221.8
<b>Total comprehensive income</b>			<b>0.4</b>		<b>221.8</b>	<b>222.2</b>	<b>222.2</b>
Transactions with owners							
Share issue				150.0		150.0	150.0
Expenses related to the share issue				-4.3		-4.3	-4.3
Tax impact of share issue				0.9		0.9	0.9
Discount related to the share issue for personnel					0.2	0.2	0.2
Share based incentive scheme					1.2	1.2	1.2
Dividend payment					-50.3	-50.3	-50.3
<b>Total transactions with owners</b>				<b>146.6</b>	<b>-49.0</b>	<b>97.6</b>	<b>97.6</b>
Total change in equity			-0.1	146.6	173.1	319.6	319.6
<b>Equity at 31 Dec 2018</b>	<b>58.0</b>	<b>35.8</b>	<b>-23.9</b>	<b>164.4</b>	<b>2,123.7</b>	<b>2,358.1</b>	<b>2,358.1</b>
MC	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to owners of the parent company	Total equity
<b>Equity at 1 Jan 2017</b>	<b>58.0</b>	<b>35.8</b>	<b>-40.2</b>	<b>17.9</b>	<b>1,788.0</b>	<b>1,859.5</b>	<b>1,859.5</b>
Comprehensive income							
Cash flow hedging			16.3			16.3	16.3
Available-for-sale financial assets			0.1			0.1	0.1
Result for the financial period					212.9	212.9	212.9
<b>Total comprehensive income</b>			<b>16.5</b>		<b>212.9</b>	<b>229.4</b>	<b>229.4</b>
Transactions with owners							
Dividend payment					-50.3	-50.3	-50.3
<b>Total transactions with owners</b>					<b>-50.3</b>	<b>-50.3</b>	<b>-50.3</b>
Total change in equity			16.5		162.6	179.1	179.1
<b>Equity at 31 Dec 2017</b>	<b>58.0</b>	<b>35.8</b>	<b>-23.7</b>	<b>17.9</b>	<b>1,950.6</b>	<b>2,038.6</b>	<b>2,038.6</b>

## Notes to the consolidated financial statements

### 1. Accounting policies for consolidated financial statements

#### Basic information of the Group

Kojamo plc is Finland's largest market-based, private housing investment company that offers rental apartments and housing services in Finnish growth centres. Its range of apartments is extensive. On 31 December 2018, Kojamo owned 34,713 rental apartments across Finland. Of these, 33,484 are Lumo apartments and 1,229 are VVO apartments.

The Group's parent company, Kojamo plc, is a Finnish company domiciled in Helsinki. Its registered address is Mannerheimintie 168, 00300 Helsinki, Finland. The Board of Directors approved the financial statements for 2018 on 14 February 2019. A copy of the consolidated financial statements is available at <https://www.kojamo.fi/en> or the parent company's head office.

The trading in Kojamo's shares commenced on the pre-list of Nasdaq Helsinki on 15 June 2018 and on the official list of Nasdaq Helsinki on 19 June 2018. In addition, a bond issued by Kojamo in 2016 is listed on the official list of Nasdaq Helsinki Ltd. Two other bonds issued by the company have been listed on the official list of the Irish Stock Exchange. The Group has chosen Finland as its home state for the disclosure of periodic information pursuant to Chapter 7, Section 3 of the Finnish Securities Market Act.

At its meeting on 14 February 2019, Kojamo plc's Board of Directors approved these financial statements to be published. According to the Finnish Limited Liability Companies Act, the shareholders may approve or reject the financial statements in a General Meeting held after the publication of the financial statements. Moreover, the General Meeting may decide on altering the financial statements.

#### Basis of preparation

These consolidated financial statements were prepared in accordance with International Financial

Reporting Standards (IFRSs). All IFRS and IAS standards as well as SIC and IFRIC interpretations in force on 31 December 2018 and endorsed by the EU have been applied in preparing the financial statements. The International Financial Reporting Standards refer to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are endorsed by the EU in accordance with the procedure laid down in Regulation (EC) No. 1606/2002. Kojamo has not applied any standards or interpretations before their entry into force. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish accounting and corporate legislation supplementing the IFRS rules.

The figures in the consolidated financial statements are in euro, presented mainly as million euro. All the figures presented are rounded. Consequently, the sum of individual figures may deviate from the aggregate amount presented. The key figures have been calculated using exact values. The consolidated financial statements are presented for the calendar year, which is also the reporting period for the parent company and the Group. All statements made in this report regarding the company or its business are based on the views of the management, and the sections addressing the general macro-economic or industry situation are based on third-party information. If there are differences between different language versions of the financial statements, the Finnish version is the official one.

Investment properties, derivative instruments and available-for-sale financial assets are measured at fair value after initial recognition. In other respects, the consolidated financial statements are prepared on the basis of original acquisition cost, unless otherwise stated in the accounting policies.

#### Consolidation policies

The consolidated financial statements include the parent company Kojamo plc, the subsidiaries, inter-

ests in joint arrangements (joint operations) and investments in associated companies.

More detailed information on entities consolidated on the consolidated financial statements for 2018 is provided in Note 30 to the consolidated financial statements.

#### Subsidiaries

Subsidiaries are companies that are under the parent company's control. Kojamo is considered to control an entity when Kojamo is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its control over the entity. The control is usually based on the parent company's direct or indirect holding of more than 50 per cent of the voting rights in the subsidiary. Should facts or circumstances change in the future, Kojamo will reassess whether it continues to have control over the entity.

Mutual shareholdings in the Group are eliminated using the acquisition cost method. Subsidiaries acquired during the financial year are consolidated in the financial statements from the day of acquisition, when the Group gained control of the company. Divested subsidiaries are consolidated until the date of divestment, when control ceases. Intra-Group transactions, receivables, liabilities, essential internal margins and internal profit distribution have been eliminated in the consolidated financial statements.

The result for the financial year and total comprehensive income are allocated to the owners of the parent company and to the non-controlling interests, and this allocation is presented in the income statement and comprehensive income. The result for the financial year and total comprehensive income are allocated to the owners of the parent company and to the non-controlling interests even in situations where the allocation would result in the non-controlling interests' share being negative, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling in-

terests' investment in the company. Equity attributable to non-controlling interests is presented on the balance sheet separate from equity attributable to shareholders of the parent company.

#### Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. In a joint operation, Kojamo has rights to the assets and obligations for the liabilities relating to the arrangement, whereas a joint venture is an arrangement in which Kojamo has rights to the net assets of the arrangement. All of Kojamo's joint arrangements are joint operations. They include those housing companies and mutual real estate companies in which Kojamo has a holding of less than 100 per cent. In these companies, the shares held by Kojamo carry entitlement to have control over specified premises.

Kojamo includes in its consolidated financial statements on a line-by-line basis and in proportion to its ownership its share of the assets and liabilities on the balance sheet related to joint operations as well as its share of any joint assets and liabilities. In addition, Kojamo recognises its income and expenses related to joint operations, including its share of the income and expenses from joint operations. Kojamo applies this proportional consolidation method to all the joint operations described hereinabove, regardless of Kojamo's holding. If the proportionally consolidated companies have such items on the consolidated comprehensive income statement or balance sheet that solely belong to Kojamo or other owners, these items are dealt with accordingly also in Kojamo's consolidated financial statements.

### Associated companies

Associated companies are entities over which Kojamo has considerable influence. Considerable influence is basically defined as Kojamo holding 20–50 per cent of the votes in the company, or Kojamo as otherwise exercising considerable influence but not having control in the company. Holdings in associated companies are consolidated in the financial statements using the equity method from the date of acquiring considerable influence until the date when the considerable influence ends. The Group's share of the results of associated companies is shown in a separate line on the income statement.

### Business combinations and asset acquisition

Acquisitions of investment properties by Kojamo are accounted for as an acquisition of asset or a group of assets, or a business combination within the scope of IFRS 3 Business Combinations. Reference is made to IFRS 3 to determine whether a transaction is a business combination. This requires the management's judgment.

IFRS 3 is applied to the acquisition of investment property when the acquisition is considered to constitute an entity that is treated as a business. Usually, a single property and its rental agreement do not constitute a business entity. To constitute a business entity, the acquisition of the property should include acquired operations and people carrying out these operations, such as marketing of properties, management of tenancies and property repairs and renovation.

The consideration transferred in the business combination and the detailed assets and accepted liabilities of the acquired entity are measured at fair value on the acquisition date. Goodwill is recognised at the amount of consideration transferred, interest of non-controlling shareholders in the acquired entity and previously held interest in the acquired entity minus Kojamo's share of the fair value of the acquired net assets. Goodwill is not amortised, but it is tested for impairment at least annually.

Acquisitions that do not meet the definition of business in accordance with IFRS 3 are accounted for as asset acquisitions. In this event, goodwill or deferred taxes, etc., are not recognised.

### Translation of foreign currency items

Transactions in foreign currency are recorded in EUR at the exchange rate on the transaction date. On the last date of the reporting period, monetary receivables and liabilities denominated in foreign currencies are translated into EUR at the exchange rate of the last date of the reporting period. Gains and losses arising from transactions denominated in foreign currency and from translating monetary items are recognised in profit or loss, and they are included in financial income and expenses. Consolidated financial statements are presented in EUR, which is the functional and presentation currency of Kojamo's parent company.

Kojamo has very few transactions denominated in foreign currencies. Kojamo has no units abroad.

### Investment properties

#### General recognition and measurement principles for investment property

Investment property refers to an asset (land, building or part of a building) that Kojamo retains to earn rental income or capital appreciation, or both. An investment property can be owned directly or through an entity. Properties used for administrative purposes are owner-occupied property and included in the balance sheet line item "Property, plant and equipment". An investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property.

Investment property is measured initially at acquisition cost, including related transaction costs, such as transfer taxes and professional fees, as well as capitalised expenditure arising from eligible modernisation. The acquisition cost also includes related borrowing costs, such as interest costs and arrangement fees, directly attributable to the acquisition or

construction of an investment property. The capitalisation of borrowing costs is based on an investment property being a qualifying asset, i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The capitalisation commences when the construction of a new building or extension begins, and it continues until such time as the asset is substantially ready for its intended use or sale. Capitalisable borrowing costs are either directly attributable costs accrued on the funds borrowed for a construction project or costs attributable to a construction project.

After initial recognition, investment property is carried at fair value. The resulting changes in fair values are recognised in profit or loss as they arise. Fair value gains and losses are presented netted as a separate line item in the income statement. According to IFRS 13 Fair value measurement, 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 at the measurement date.

Some of the investment properties are subject to legislative divestment and usage restrictions. The so-called non-profit restrictions apply to the owning company, and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent restrictions on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include fixed-term restrictions on the use of apartments, the selection of residents, the determination of rent and the divestment of apartments.

Kojamo's investment property portfolio incorporates the completed investment property, investment property under construction and under major renovation and Kojamo's plot reserve. Properties classified as trading properties as well as properties classified as held for sale are included in the Group's property portfolio but excluded from the balance sheet item "Investment properties". A property is re-

classified from "Investment properties" under "Trading properties" in the event of a change in the use of the property, and under "Investment property held for sale", when the sale of an investment property is deemed highly probable.

An investment property is derecognised from the balance sheet on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Capital gains and losses on disposals are presented netted as a separate line item in the income statement.

In the property value measurement model, the properties within the scope of balance sheet value and income value methods will be moved to the transaction value method after their property-specific restrictions end. The change of the valuation technique affects the fair value of the property.

### Valuation techniques

The fair value of investment property determined by Kojamo is based on market value, yield value and acquisition cost.

#### Transaction value (market value)

Properties in which apartments can be sold without restrictions are measured using transaction value. The value as of the measurement date is based on actual sales prices of comparable apartments for the two preceding years. The source of market data applied by Kojamo is the price tracking service provided by the Central Federation of Finnish Real Estate Agencies (KVKL), including pricing information on sales of individual apartments in Finland provided by real estate agents. The resulting transaction value is individually adjusted on the basis of the condition, location and other characteristics of the property.

#### Income value (yield value)

Yield value is applied when a property is required to be kept in rental use based on state-subsidised loans (so-called ARAVA loans) or interest subsidy loans, and it can be sold only as an entire property and to a

restricted group of buyers. In the yield value method, the fair value is determined by capitalising net rental income, using a property-specific required rate of net rental income. The method also considers the impact of future renovations and the present value of any interest subsidies.

**Acquisition cost (balance sheet value)**

Kojamo estimates that the acquisition cost of properties under construction, interest subsidised (long-term) rental properties and state-subsidised rental properties (so-called ARAVA properties) approximate their fair values. State-subsidised and interest subsidised (long-term) rental properties are carried at original acquisition cost, deducted by the depreciation accumulated up to the IFRS transition date and any impairment losses.

**Fair value hierarchy**

Inputs used in determining fair values (used in the valuation techniques) are classified on three levels in the fair value hierarchy. The fair value hierarchy is based on the source of inputs.

**Level 1 inputs**

Quoted prices (unadjusted) in active markets for identical investment property.

**Level 2 inputs**

Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

**Level 3 inputs**

Unobservable inputs for the investment property. An investment property measured at fair value is categorised in its entirety on the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The fair value measurement for all of Kojamo's investment properties has been categorised as a Level 3 fair value, as observable market information for the determination of fair values has not been available.

**Investment properties classified as held for sale**

If the sale of an operative rental investment prop-

erty is deemed highly probable, such a property is transferred from the balance sheet item "Investment property" to "Investment property held for sale". On that date, the carrying amount of the property is considered to be recovered principally through a sale transaction rather than through continuing rental use. Reclassification requires that a sale is deemed highly probable and:

- the investment property is available for immediate sale in its present condition subject to usual and customary terms
- management is committed to an active plan to sell the property and Kojamo has initiated a programme to locate a buyer and complete the plan
- the property is actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale is expected to be completed within 12 months of the date of classification.

Investment properties classified as held for sale are measured at fair value.

**Trading properties**

Trading properties include properties meant for sale which do not meet the objectives of the company due to their location, type or size. A property is reclassified from the balance sheet item "Investment properties" under "Trading properties" in the event of a change in the use of the property. This is evidenced by the commencement of development with a view to sale. If an investment property is being developed with a view to sale, it will be accounted for as a trading property.

Trading properties are measured at the lower of the acquisition cost or the net realisation value. The net realisation value is the estimated selling price in the ordinary course of business deducted by the estimated costs necessary to make the sale. If the net realisation value is lower than the carrying amount, an impairment loss is recognised.

When a trading property becomes an investment property measured at fair value, the difference between the fair value on the transfer date and its previous carrying amount is recognised in the income statement under "Profit/loss on sales of trading properties".

Kojamo's trading properties mainly include completed individual apartments, business premises and parking facilities that are meant for sale but have not been sold by the balance sheet date.

**Property, plant and equipment**

Property, plant and equipment are measured at their original acquisition cost, less accumulated depreciation and possible impairment losses, adding capitalised costs related to modernisations. Kojamo's property, plant and equipment consist mainly of buildings, land and machinery and equipment.

The acquisition cost includes costs that are directly attributable to the acquisition of the property, plant and equipment item. If the item consists of several components with different useful lives, they are treated as separate items of property, plant and equipment. In this case, costs related to the replacement of a component are capitalised, and any remaining carrying amount is derecognised from the balance sheet in connection with the replacement. Government grants received for the acquisition of property, plant and equipment are recorded as a reduction of the acquisition cost of said property, plant and equipment asset. The grants are recognised in income as decreased depreciations over the useful life of the asset.

Costs that arise later as a result of additions, replacements of parts or maintenance, such as modernisation costs, are included in the carrying amount of the property, plant and equipment asset only in the event that the future financial benefit related to the asset will probably benefit Kojamo and the acquisition cost can be reliably determined. Maintenance and repair expenses are recognised immediately through profit and loss.

Depreciation on property, plant and equipment is recognised as straight-line depreciation during the useful life. No depreciation is charged on land, as land is considered to have an indefinite useful life.

The depreciation periods according to plan, based on the useful life, are as follows:

Buildings	67 years
Machinery and equipment in buildings	10–50 years
Intangible rights and long-term expenditure	10–20 years
Capitalised renovations and repairs	10–50 years
IT hardware and software	4–5 years
Office machinery and equipment	4 years
Cars	4 years

Gains and losses from sales and disposals of property, plant and equipment are recognised in the income statement and presented as other operating income and expenses.

**Intangible assets**

Intangible assets are recognised in the balance sheet only in the event that the acquisition cost of the asset can be reliably determined and the expected future financial benefit related to the asset will probably benefit Kojamo. Any other costs are immediately recognised as expenses. Intangible assets are valued at acquisition cost less amortisation and any impairment loss. Kojamo's intangible assets consist of licences and IT systems. Intangible assets are amortised on a straight-line basis over their estimated useful lives. Intangible assets with a time limit are amortised over the life of the contract. The amortisation periods for intangible assets are four to five years.

Research costs are recognised as an expense as incurred. Development costs are recognised as intangible assets in the balance sheet, provided that they can be reliably determined, the product or process is technically and commercially feasible, it will probably generate financial benefit in the future and Kojamo has the resources required for completing the research work and for using or selling the intangible asset.

The residual value, useful life and amortisation method of the asset are checked at least at the end of each financial year. When necessary, they are ad-



justed to reflect changes in the expectations on financial benefit.

Kojamo's consolidated balance sheet did not include goodwill in the periods being presented.

### Impairment of intangible assets and property, plant and equipment

At least once a year, Kojamo carries out an assessment of the possible signs of impairment of intangible assets and property, plant and equipment. In practice, this is usually an asset group-specific assessment. If any signs of impairment are detected, the recoverable amount of the asset is determined.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is based on the expected future net cash flows resulting from the asset, discounted to the present. The recoverable amount is compared with the asset's carrying amount. An impairment loss is recognised if the recoverable amount is lower than the carrying amount. Impairment losses are recognised in the statement of income. In connection with the recognition of the impairment loss, the useful life of the amortisable/depreciable asset is reassessed.

The impairment loss will be reversed later if the circumstances change and the recoverable amount has increased after the recognition of the impairment loss. However, reversal of impairment loss shall not exceed the asset's carrying amount less impairment loss. An impairment loss recognised for goodwill cannot be reversed under any circumstances.

### Financial assets and liabilities

As of 1 January 2018, Kojamo applied the new IFRS 9 Financial Instruments, which replaces the previous IAS 39 Financial Instruments: Recognition and Measurement. In accordance with IFRS 9, financial assets and liabilities are classified based on the nature of cash flows and the business models specified for the assets and liabilities. The standard shall not be applied retrospectively.

The Group has classified its financial assets as finan-

cial assets recognised at amortised cost, financial assets recognised at fair value through profit and loss, as well as financial assets recognised at fair value through other comprehensive income, which only include derivative instruments included in hedge

accounting.

The classification changes are presented in the following table:

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

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

Kojamo applies the following principles to the classification of financial assets and liabilities and their recognition, derecognition and measurement.

The fair value hierarchy related to the fair value determination of financial assets and liabilities is similar to the hierarchy described in the Fair value hierarchy note to the consolidated financial statements.

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

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

### Financial assets recognised at fair value through profit or loss

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

### Financial assets recognised at amortised cost

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

### Financial assets recognised at fair value in components of other comprehensive income

Derivative instruments that meet the requirements of IFRS 9 Financial Instruments concerning the application of hedge accounting are recognised at fair value in components of other comprehensive income. A more comprehensive account below in Derivative instruments and hedge accounting.

### Impairment of financial assets

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

Impairment loss is immediately recognised in the income statement. If the value is later restored, the reversal of the impairment is recognised in equity for equity instruments and through profit or loss for other investments. The impairment model is based on credit losses estimated on the basis of experience.

Financial liabilities are classified as follows:

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

**Financial liabilities recognised at fair value through profit and loss**

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

**Financial liabilities measured at amortised cost (other financial liabilities)**

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

**Financial liabilities recognised at fair value through other comprehensive income**

Derivative instruments that meet the requirements of IFRS 9 Financial Instruments concerning the application of hedge accounting are recognised at fair val-

ue in components of other comprehensive income. A more comprehensive account below in Derivative instruments and hedge accounting.

**Derivative instruments and hedge accounting**

Kojamo uses interest rate derivatives to hedge its exposure to changes in future interest payment cash flows concerning long-term loans. The majority of interest rate derivatives are subject to cash flow hedge accounting in accordance with IFRS 9. All hedging instruments are recognised in Derivatives in the balance sheet either under financial assets or liabilities. The hedged items are reported in the balance sheet under Loans in Non-current or Current liabilities. Fluctuations in Kojamo's result caused by changing electricity prices are restricted by using electricity derivatives. Electricity derivatives are not subject to hedge accounting in accordance with IFRS 9, even though these instruments are used for hedging.

Changes in the fair values of derivatives within hedge accounting are recognised in components of other comprehensive income insofar as the hedging is effective. Changes in value are reported in the fair value reserve in equity. Interest payments arising from interest rate derivatives are recognised in interest costs. If market interest rates are negative, interest rate swap hedges may lead to a situation in which both fixed and variable interest must be paid, and both of these interests are recognised in

interest costs. The ineffective portion of a hedge is immediately recognised in financial items in the income statement. The gains and losses accumulated in equity are recognised in the income statement at the same time with the hedged item.

Changes in value from derivatives not included in hedge accounting are recognised in financial items through profit and loss.

**Government grants**

Kojamo may receive various grants for its operations from different representatives of public administration. State-subsidised loans granted by the State Treasury constitute the most important form of government grants. Kojamo may receive a state-subsidised low-interest loan for specific properties supported by the government. The actual net interest rates of these loans may be lower than interest expenses of market-based loans. The interest advantage obtained through the support from government is therefore netted into interest expenses in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and is not shown as a separate item in interest income.

Government grants are recognised only where it is reasonably certain that they will be received and Kojamo meets the criteria attached to the grant. Public grants are accounted for as part of the effective interest rate of the loan in question. The amount of government grants was low in the financial year.

**Borrowing costs**

Borrowing costs are usually recognised as financial costs in the financial year during which they are incurred. However, borrowing costs attributable to qualifying assets, that is, mainly borrowing costs attributable to Kojamo's investment properties, such as interest costs and arrangement fees, directly resulting from the acquisition or construction of the above assets, are capitalised as part of the cost of the asset. The capitalisation principles of borrowing costs are described in more detail under Accounting

policies for consolidated financial statements, in the section entitled General recognition and measurement principles for investment property.

**Equity**

An equity instrument is any contract that demonstrates a residual interest in Kojamo's assets after deducting all of its liabilities. The share capital consists of the parent company's ordinary shares classified as equity. Transaction costs directly attributable to the issue of new shares are presented in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases parent company's shares (treasury shares), the consideration paid, including any directly attributable transaction costs (net of taxes), is deducted from equity attributable to the owners of the parent company, until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and net of taxes, is directly recognised in equity attributable to the owners of the parent company.

Dividend distribution to the parent company's shareholders is recognised as a liability in the consolidated balance sheet in the period in which the dividends are approved by the company's Annual General Meeting.

**Provisions and contingent liabilities**

Provisions are recognised in the balance sheet when all the following criteria are met:

- Kojamo has a present legal or constructive obligation as a result of past events
- it is probable that an outflow of resources will be required to settle the obligation
- the amount of the obligation can be reliably estimated

Provisions may result from restructuring plans, onerous contracts or obligations related to the environment, legal action or taxes. Kojamo's provisions on



31 December 2018 consisted of ten-year guarantee reserves for Lumo Kodit Oy's (VVO Rakennuttaja Oy's) founder construction. Their amount is based on Kojamo's experience of costs arising from the realisation of such liabilities.

The amount recognised as provision is the management's best estimate of costs required for settling an existing obligation on the last day of the reporting period. Where it can be expected some part of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a potential obligation resulting of past events and may be incurred depending on the outcome of an uncertain future event that is beyond the Group's control (such as the result of pending legal proceedings). In addition, an existing obligation that will probably not require settling the liability to pay or the amount of which cannot be reliably determined is considered as a contingent liability. Contingent liabilities are presented in the notes.

### Total revenue and revenue recognition principles

Kojamo's total revenue consists of rental income and charges for utilities. The total revenue has been adjusted with indirect taxes and sales adjustment items. In addition, Kojamo recognises income for the selling of investment properties and financial income.

Kojamo's total revenue consists mainly of rental income from investment properties. Rental agreements of investment properties with Kojamo as the lessor are classified as other rental agreements, as Kojamo retains a substantial proportion of the risks and rewards of ownership. Most of the rental agreements are in force until further notice. Rental income accrued from other rental agreements is distributed evenly across the rental period. As a lessor, Kojamo does not have rental agreements that could be classified as financial leasing agreements.

Relating to the rental agreements, Kojamo collects utility charges, mainly water and sauna fees.

This income is recognised on an accrual basis.

Interest income is recognised using the effective interest method, and dividend income is recognised when a right to receive payment has arisen.

An existing property owned by Kojamo is considered as sold once the substantial risks and rewards associated with ownership have been transferred from Kojamo to the buyer. This usually takes place when control over shares is transferred. Income from selling property is presented in the income statement under Profit/loss on sales of investment properties.

### Revenue from contracts with customers

The Group's revenue consists mainly of rental income based on rental agreements, to which IAS 17 Standard is applied in accordance with the IFRS rules. The scope of application of the IFRS 15 in the Group's business operations include maintenance and service income, which are utility fees charged from tenants. A more detailed analysis of the revenue is presented in Note 2. Application of the Standard on 1 January 2018 did not require changes in the revenue recognition policies on Kojamo's part.

### Other operating income

Other operating income includes income not related to the actual business. It includes items such as sales profit from intangible assets and property, plant and equipment, as well as income from debt collection activities.

### Net rental income

Net rental income is calculated by deducting property maintenance and repair costs from total revenue. These expenses comprise maintenance and annual repair costs arising from the regular and continuous maintenance of the properties and are recognised immediately in the income statement.

### Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. At Kojamo, operating profit is defined as the net amount after adding other operating income to net rental income,

then deducting sales and marketing expenses, administrative expenses and other operating expenses, the share in profits of associated companies and amortisation, depreciation and impairment, and then adding/deducting gains/losses from the disposal of investment properties, from assessment at fair value, and from the disposal of trading properties. All the other income statement items except those mentioned above are presented below operating profit. Changes in the fair values of derivative instruments are included in the operating result if they arise from items related to business operations; otherwise they are recognised in financial items.

### Employee benefits

Kojamo's employee benefits include the following:

- short-term employee benefits
- post-employment benefits
- termination benefits (benefits provided in exchange for the termination of an employment)
- other long-term employee benefits
- share-based payments.

### Short-term employee benefits

Wages, salaries, fringe benefits, annual leave and bonuses are included in short-term employee benefits and are recognised in the period in which the work is performed. Kojamo's employees are included in an annual performance bonus system which is based on the achievement of the company's general targets as well as personal targets.

### Post-employment benefits (pension plans)

Post-employment benefits are payable to employees after the completion of employment. At Kojamo, these benefits are related to pensions. Pension coverage at Kojamo is arranged through external pension insurance companies.

Pension schemes are classified as defined contribution and defined benefit plans. Kojamo has only defined contribution plans. A defined contribution plan is a pension plan under which Kojamo pays fixed contributions into a separate entity. Kojamo has no legal or constructive obligations to pay fur-

ther contributions if the payee does not hold sufficient assets to pay out all pension benefits. Pension plans that are not defined contribution plans are defined benefit plans. Payments made into defined contribution schemes are recognised through profit and loss in the periods that they concern.

### Termination benefits

Termination benefits are not based on work performance but the termination of employment. These benefits consist of severance payments. Termination benefits result either from Kojamo's decision to terminate the employment or the employee's decision to accept the benefits offered by Kojamo in exchange for the termination of employment.

### Other long-term employee benefits

Kojamo has a remuneration scheme that covers the entire personnel, entitling them to benefits after a specific number of years of service. The discounted present value of the obligation resulting from the arrangement is recognised as a liability in the balance sheet on the last day of the reporting period.

### Share-based payments

Kojamo has in use a long-term share-based incentive plan for executives. The reward is based on the realisation of Kojamo's key operative measurements in relation to the Group's strategic objectives. The reward is recorded in Kojamo's result for each earnings period, and an increase corresponding to the expensed amount is recorded in equity.

### Operating leases

#### Kojamo as a lessee

Leases in which the risks and rewards of ownership substantially remain with the lessee are accounted for as operating leases. Payments made under operating leases are recognised as expense through profit and loss as balance sheet items over the lease term. More information about Kojamo's operating leases is available in Note 26 to the consolidated financial statements (Operating leases).

#### Income tax

**Recognition and measurement principles**

The tax expense in the income statement comprises current tax and the change in deferred tax liabilities and receivables. Income tax is recognised in profit and loss, except when income tax is related to items recognised directly in equity or components of other comprehensive income. In this event, the tax is also included in these items.

Current taxes are calculated from taxable profit determined in Finnish tax legislation with reference to a valid tax rate, or a tax rate that is in practice approved by the balance sheet date. Taxes are adjusted by possible taxes related to previous years.

As a rule, deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities using the liability method. Acquisitions of individual assets as defined in IAS 12.15 b constitute an exception to this rule. At Kojamo, these assets include such investment property acquisitions that do not meet the criteria of business entities and are, therefore, classified as asset acquisitions.

The most significant temporary difference in the Group is the difference between the fair values and tax bases of investment properties owned by Kojamo. After the initial recognition, the investment property is measured at fair value through profit and loss at the end of the reporting period. Other temporary differences arise, for example, from the measurement of financial instruments at fair value.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available to Kojamo against which temporary differences can be utilised. The eligibility of the deferred tax asset for recognition is reassessed on the last day of each reporting period. Deferred tax liabilities are usually recognised in the balance sheet in full.

Deferred taxes are determined applying those tax rates (and tax laws) that will probably be valid at the time of paying the tax. The tax rates used are the tax rates in force on the last day of the reporting period or the tax rates for the year following the financial year if they are in practice approved by the last day of the reporting period.

**Accounting policies that require management's judgement and key sources of estimation uncertainty****Management's judgement related to the application of the accounting policies**

The preparation of financial statements in accordance with the IFRS requires Kojamo's management to make judgement-based decisions on the application of the accounting policies, as well as estimates and assumptions that affect the amounts of reported assets, liabilities, income and expenses and the presented notes.

Management's judgment-based decisions affect the choice of accounting policies and their application. This particularly applies to cases for which the current IFRS standards include alternative recognition, measurement or presentation methods.

Kojamo's management must make judgement-based decisions when applying the following accounting policies:

**Classification of properties:**

Kojamo classifies its property portfolio into investment properties, trading properties and investment properties held for sale in accordance with the principles described hereinabove. For instance, determining when selling is considered to be very likely in different circumstances requires judgement from the management. The classification has an effect on the financial statements, as the character of the intended use of a property held by Kojamo affects the content of the required IFRS financial statements information.

**Classification of long-term leases:**

Long-term leases of plots are classified as financial leases or operating leases. These leases signed by Kojamo with different municipalities have been analysed and, on the basis of the analyses, Kojamo has deemed them to be operating leases. This is based on the management's opinion that the significant risks and rewards associated with these lease arrangements are not transferred to Kojamo. More information about Kojamo's operating leases

is available in Note 26 to the consolidated financial statements (Operating leases).

**Business acquisitions and asset acquisitions:**

Acquisitions of investment properties are classified either as acquisitions of asset or assets (IAS 40) or business combinations (IFRS 3). If the acquisition of an investment property involves other operations in addition to the property, it is considered a business combination.

**Deferred tax assets:**

Determining whether to recognise a deferred tax asset on the balance sheet requires the management's judgement. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to Kojamo against which deductible temporary differences or tax losses carried forward can be utilised. A deferred tax asset recognised in a previous reporting period is recognised as an expense in the income statement, if Kojamo is not expected to accrue enough taxable income to utilise the temporary differences or unused losses that constitute the basis for the deferred tax asset.

**Recognition principle of deferred taxes:**

As a rule, the deferred tax for investment properties measured at fair value is determined assuming that the temporary difference will reverse through selling. Kojamo can usually dispose of an investment property either by selling it in the form of property or by selling the shares in the company, such as a housing company.

**Exception to the initial recognition of deferred taxes:**

As a rule, deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities. An exception to this principal rule is constituted by acquisitions of single investment properties, which are not considered to meet the definition of business according to IFRS 3. In this case, they are classified as asset acquisitions, for which no de-

ferred tax is recorded in the balance sheet at initial recognition. Therefore, the classification of property acquisitions described above has an effect on the recognition of deferred taxes.

**Key sources of estimation uncertainty**

The estimates and related assumptions are based on Kojamo's historical experience and other factors, such as expectations concerning future events. These are considered to represent the management's best understanding at the time of evaluation and believed to be reasonable considering the circumstances. The actual results may differ from the estimates and assumptions used in the financial statements. Estimates and related assumptions are continually evaluated. Changes in accounting estimates are recorded for the period for which the estimate is being checked, if the change in the estimate concerns only that period. If the change in the estimate concerns both the period in question and later periods, the change in the estimate is recorded both for the period in question and the future periods.

Below are presented the most significant sections of the financial statements in which the judgement described hereinabove has been applied by management, as well as the assumptions about the future and other key uncertainty factors in estimates at the end of the reporting period which create a significant risk of change in the carrying amounts of Kojamo's assets and liabilities within the next financial year.

The key sources of estimation uncertainty concern the following sections of the financial statements:

**Fair value measurement of investment property:**

In Kojamo's consolidated financial statements, the determination of the fair value of investment property is the key area that involves the most significant uncertainty factors arising from the estimates and assumptions that have been used. The determination of the fair value of investment property requires significant management discretion and assumptions, particularly with respect to the comparability of transaction values in relation to the property

being evaluated as well as the future development of return requirements, vacancy rates and rent levels. More information about the fair value determination for Kojamo's investment properties is available in Note 10 to the consolidated financial statements (Investment properties).

Kojamo uses valuation techniques that are appropriate under those circumstances, and for which sufficient data is available to measure fair value. Kojamo aims to maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

#### **Determination of the fair value and impairment of financial instruments:**

If there is no active market for the financial instrument, judgement is required to determine fair value and impairment. External market valuations may be used for some interest rate derivatives. Recognition of impairment is considered if the impairment is significant or long-lasting. If the amount of impairment loss decreases during a subsequent financial year and the decrease can be considered to be related to an event occurring after the recognition of impairment, the impairment loss will be reversed. More information about Kojamo's financial instruments is available in Note 14 to the consolidated financial statements (Values of financial assets and liabilities by category).

#### **New standards and interpretations applied during the financial year**

Kojamo has adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018. Due to the nature of the company's business, the change of the standard will not have a material impact on Kojamo's consolidated financial statements. Kojamo's revenue consist mainly of rental income based on tenancy agreements, to which the IAS 17 Standard is applied. Note 2 (Segment information) provides an itemisation of revenue from contracts with customers.

Kojamo has begun to apply the IFRIC 21 Levies interpretation to property tax recognition for the financial year. According to the interpretation, prop-

erty taxes will be recognised as expenses in the income statement at the time of tax assessment, and they will not be allocated to different quarters of the year. Comparative figures have been adjusted to reflect the current method. The method of recognition does not affect the result for the full financial year or the outlook issued by the company.

#### **New and revised standards and interpretations to be applied in subsequent financial years**

IASB has issued new and amended standards and interpretations, the application of which is mandatory in financial years beginning on or after 1 January 2019. Kojamo has not applied these standards and interpretations in preparing these consolidated financial statements. Kojamo will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

New IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019): The standard replaces the currently applied IAS 17 standard and related interpretations. The IFRS 16 standard requires lessees to record leases in the balance sheet as a lease liability and a related asset. Recording in the balance sheet is highly similar to the accounting process for financial leasing in accordance with IAS 17. There are two exemptions to recording in the balance sheet, applicable to short-term leases with a lease term of 12 months or less and assets with a value of USD 5,000 or less. For lessors, the accounting process will largely remain as defined in the current IAS 17. Kojamo has assessed the impact of the adoption of IFRS 16 Leases. Leases for plots of land, which are currently treated as other leases in accordance with IAS 17, will be included in the consolidated balance sheet under the new standard. Kojamo will adopt the standard as of 1 January 2019, resulting in an increase of approximately EUR 60 million in the value of the Group's investment properties and non-current liabilities. The assessment has been made taking into account the plot reserve at the balance sheet date and current contractual terms. In terms of im-

plementing the new standard, Kojamo applies a simplified approach and thus will not restate the comparison figures for the reporting period.

Kojamo has assessed the impact of IFRIC 23 Uncertain tax positions. The interpretation will become effective as of 1 January 2019 and is estimated to have no impact on Kojamo's consolidated financial statements.

The adoption of the other amended standards and interpretations is not expected to have any material effects on Kojamo's financial statements.

## **2. Operating segment information**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Separate financial information is available about it and Kojamo's chief operating decision-maker evaluates it on a regular basis in order to make decisions on the allocation of resources to the segment and to assess its performance.

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

The Lumo segment contains the Group's parent company Kojamo plc and the group companies Lumo Kodit Oy, Lumo Vuokratatlot Oy and Kojamo Palvelut Oy as well as those other group companies in whose apartments the restrictions on the determination of rent, related to the ARAVA and interest subsidy legislation, will end by the close of 2020. Some of the residential property included in the Lumo segment is subject to property-specific restrictions in accordance with the ARAVA Act.

The VVO segment includes the group companies in whose apartments the restrictions on the determination of rent, related to the ARAVA and interest subsidy legislation, will end after 2020. The companies of the VVO segment are subject to the profit distribution restriction, and they can pay their owner a four per cent return on own funds invested in them that have been confirmed by the Housing Finance and Development Centre of Finland (ARA). The return payable from the annual profits of companies subject to revenue recognition restrictions totals ap-

proximately EUR 0.2 million. Some of the apartments in the VVO segment are not subject to property-specific restrictions in accordance with the ARAVA Act.

The principles for preparing operating segment information are the same as the accounting principles for the Group.

Group consolidation measures include mainly expenses, assets and liabilities of the Group's joint operations.

Kojamo will discontinue segment reporting of the Lumo and VVO segments from the beginning of 2019 due to the decrease of the VVO segment.

MC	Lumo 1-12/2018	VVO 1-12/2018	Group consolidation methods	Group Total 1-12/2018
Rental income	343.3	11.4	0.1	354.8
Sales income, other	4.0	0.1	-0.1	4.0
Internal income	0.2	0.0	-0.2	
<b>Total revenue</b>	<b>347.6</b>	<b>11.5</b>	<b>-0.2</b>	<b>358.8</b>
Maintenance expenses	-86.3	-3.2	0.0	-89.5
Repair expenses	-33.8	-1.6		-35.4
<b>Net rental income</b>	<b>227.5</b>	<b>6.7</b>	<b>-0.2</b>	<b>234.0</b>
Administrative expenses	-37.4	-1.4	0.2	-38.6
Other operating income	2.0	0.0		2.1
Other operating expenses	-1.0	0.0		-1.0
Profit/loss on sales of investment properties	2.0		-0.9	1.0
Profit/loss on sales of trading properties	0.1			0.1
Profit/loss on fair value of investment properties	127.5			127.5
Depreciation, amortisation and impairment losses	-0.8			-0.8
<b>Operating profit / loss</b>	<b>319.8</b>	<b>5.4</b>	<b>-0.9</b>	<b>324.2</b>
Financial income				3.2
Financial expenses				-50.3
<b>Total amount of financial income and expenses</b>				<b>-47.1</b>
Share of result from associated companies				0.2
<b>Profit before taxes</b>				<b>277.3</b>
Current tax expense				-34.1
Change in deferred taxes				-21.4
<b>Profit/loss for the period</b>				<b>221.8</b>
<b>Investments</b>	<b>364.4</b>	<b>0.8</b>		<b>365.2</b>
Investment properties	5,037.7	55.6	0.0	5,093.2
Investments in associated companies	2.2			2.2
Liquid assets	149.9	0.2		150.1
Other assets	246.0	12.1	-18.2	239.9
<b>Total Assets</b>	<b>5,435.7</b>	<b>67.9</b>	<b>-18.2</b>	<b>5,485.4</b>
Interest bearing liabilities	2,464.0	39.2	-17.7	2,485.5
Other liabilities	635.4	6.5	-0.2	641.7
<b>Total Liabilities</b>	<b>3,099.4</b>	<b>45.7</b>	<b>-17.9</b>	<b>3,127.2</b>

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

**Segmented specification of the revenue of customer contracts:**

M€	Lumo 1-12/2018	VVO 1-12/2018	Group consolidation methods	Kojamo Group Total 1-12/2018
Rental income	343.5	11.4	-0.1	354.8
Water fees	3.1	0.0		3.1
Sauna fees	0.7	0.0		0.7
<b>Total</b>	<b>347.2</b>	<b>11.5</b>	<b>-0.1</b>	<b>358.6</b>

M€	Lumo 1-12/2017	VVO 1-12/2017	Group consolidation methods	Kojamo Group Total 1-12/2017
Rental income	305.3	30.1	-0.3	335.1
Water fees	0.9	0.0		0.9
Sauna fees	0.6	0.1		0.7
<b>Total</b>	<b>306.8</b>	<b>30.2</b>	<b>-0.3</b>	<b>336.7</b>

**3. Profit/loss on sales of investment properties and Other operating income and expenses****PROFIT/LOSS ON SALES OF INVESTMENT PROPERTIES**

M€	1-12/2018	1-12/2017
Profit on sales of investment properties	2.1	3.0
Loss on sales of investment properties	-1.1	-0.5
<b>Total</b>	<b>1.0</b>	<b>2.5</b>

In 2018, Kojamo acquired 981 apartments from OP Financial Group's funds and 68 apartments from Henna and Pertti Niemistö Art Foundation ARS FENNICA sr. During the financial year, a total of 1,908 apartments were sold, of which 1,594 apartments were sold to a real estate fund managed by the Morgan

Stanley Real Estate Investing, Renger Investment Management and Premico Group.

In 2017, the most significant sale of investment properties was the sale of 1,344 apartments to a company managed by Avant Capital Partners.

**OTHER OPERATING INCOME**

M€	1-12/2018	1-12/2017
Income from construction contracting	0.1	0.2
Income from the sales of fixed assets	0.0	0.0
Income from debt collection	1.8	1.5
Other	0.2	0.3
<b>Total</b>	<b>2.1</b>	<b>2.0</b>

**OTHER OPERATING EXPENSES**

M€	1-12/2018	1-12/2017
Costs on construction contracting	1.0	0.4
Other operating expenses		0.9
<b>Total</b>	<b>1.0</b>	<b>1.3</b>

**AUDITOR'S FEE**

M€	1-12/2018	1-12/2017
<b>KPMG Oy Ab</b>		
Audit	0.3	0.2
Tax consultancy		0.1
Advisory services	0.2	0.1
<b>Total</b>	<b>0.4</b>	<b>0.3</b>

**4. Employee benefit expenses**

M€	1-12/2018	1-12/2017
Salaries and wages	16.8	15.3
Defined contribution pension plans	4.2	3.1
Other social security costs	0.5	0.6
<b>Total</b>	<b>21.5</b>	<b>19.0</b>

Kojamo's employees are included in an annual performance bonus system which is based on the achievement of the company's general targets as

well as personal targets.

The management's employee benefits are presented in Note 29, Related party transactions.

	31 Dec 2018	31 Dec 2017
Number of personnel, average	319	310

**5. Amortisation, depreciation and impairment**

Amortisation and depreciation by asset group

M€	1-12/2018	1-12/2017
Intangible assets	0.2	0.4
Property, plant and equipment	0.7	0.7
<b>Total</b>	<b>0.8</b>	<b>1.1</b>

No impairment has been recognised on intangible assets or property, plant and equipment.



## 6. Research and development expenditure

M€	1-12/2018	1-12/2017
Research and development	0.1	0.2
<b>Total</b>	<b>0.1</b>	<b>0.2</b>

Kojamo has no capitalised development expenditure. Development activities focus on the development of product concepts, improvement of electronic services and renewal of information systems.

## 7. Financial income and expenses

M€	1-12/2018	1-12/2017
Dividend income	0.0	0.1
Interest income	1.0	0.9
Financial assets recognized at fair value through profit or loss	1.6	3.7
Profit from financial assets recognized at fair value through profit or loss	0.4	
Profit from Available-for-sale financial assets		0.3
Other financial income	0.2	0.1
Financial income, total	3.2	5.0
Interest expenses		
Interest expenses on liabilities recognised at amortised cost	-31.8	-26.4
Interest expenses from derivatives	-13.5	-16.5
Financial assets recognized at fair value through profit or loss	-2.8	-1.0
Loss from financial assets recognized at fair value through profit or loss	0.0	
Loss from Available-for-sale financial assets		0.0
Other financial expenses	-2.3	-1.6
Financial expenses, total	-50.3	-45.5
<b>Financial income and expenses, total</b>	<b>-47.1</b>	<b>-40.5</b>

### Comprehensive income

M€	1-12/2018	1-12/2017
Cash flow hedges	0.5	20.4
Available-for-sale financial assets		0.2
<b>Total</b>	<b>0.5</b>	<b>20.6</b>

The changes to cash flow hedging come from interest rate derivatives.

## 8. Income tax

The tax expense in the income statement is broken down as follows:

M€	1-12/2018	1-12/2017
Current tax expense	34.1	28.6
Change in deferred taxes	21.4	25.1
<b>Total</b>	<b>55.5</b>	<b>53.7</b>

Tax effects relating to components of other comprehensive income:

2018 M€	Before taxes	Tax effect	After taxes
Cash flow hedges	0.5	-0.1	0.4
Available-for-sale financial assets	0.0	0.0	0.0
<b>Total</b>	<b>0.5</b>	<b>-0.1</b>	<b>0.4</b>
2017 M€	Before taxes	Tax effect	After taxes
Cash flow hedges	20.4	-4.1	16.3
Available-for-sale financial assets	0.2	0.0	0.1
<b>Total</b>	<b>20.6</b>	<b>-4.1</b>	<b>16.5</b>

Reconciliation between tax expense shown in the income statement and tax calculated using the parent company's tax rate (tax rate 20 per cent):

M€	1-12/2018	1-12/2017
Profit before taxes	277.3	266.7
Taxes with current tax rate	55.5	53.3
Tax-exempt income / non-deductible costs	-0.1	0.0
Utilization of previously unrecognized confirmed tax losses	-1.2	-0.6
Write-down of deferred tax assets previously recognised on confirmed tax losses	0.5	0.8
Taxes from the previous periods	0.0	0.0
Share of result of associated companies	0.0	0.0
Acquired investment properties and proceeds from sale of investment properties	-0.3	-0.9
Other	1.2	1.2
<b>Adjustments total</b>	<b>0.0</b>	<b>0.4</b>
<b>Taxes total recognised in profit and loss</b>	<b>55.5</b>	<b>53.7</b>



## 9. Earnings per share

Earnings per share is calculated by dividing the profit for the financial year attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year.

	1-12/2018	1-12/2017
Profit of the financial period attributable to shareholders of the parent company, M€	221.8	212.9
Average number of the shares during the period, millions	247.1	229.5
Earnings per share		
Basic, €	0.93	0.93
Diluted, €	0.93	0.93

The company has no diluting instruments.

## 10. Investment properties

M€	31 Dec 2018	31 Dec 2017
Fair value of investment properties, at 1 Jan	4,710.2	4,298.9
Acquisition of investment properties *)	338.9	338.6
Modernisation investments	23.7	25.4
Disposals of investment properties	-109.6	-82.2
Capitalised borrowing costs	2.6	3.3
Transfer to own use	0.0	0.0
Profit/loss on fair value of investment properties	127.5	126.2
<b>Fair value of investment properties, at 31 Dec **)</b>	<b>5,093.2</b>	<b>4,710.2</b>

\*) Includes the acquisition costs of completed housing stock and new properties under construction.\*\*) Includes the investment properties classified as Non-current assets held for sale on 31 December 2017, totalling EUR 3.7 million.

The change in the fair value of investment properties results from investments, changes in market prices and parameters used in valuation as well as from expiry of restrictions on some properties.

Some of the investment properties are subject to legislative divestment and usage restrictions. Usage and divestment restrictions are mainly related to balance sheet value properties and usage restrictions to yield value properties. The so-called non-profit restrictions apply to the owning company, and the so-

called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent restrictions on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include fixed-term restrictions on the use of apartments, the selection of residents, the determination of rent and the divestment of apartments.

## INVESTMENT PROPERTIES BY VALUATION CLASSES

M€	31 Dec 2018	31 Dec 2017
Properties measured at market value	4,384.7	3,787.1
Properties measured at yield value	293.4	395.3
Properties measured at acquisition method	415.1	527.8
<b>Total</b>	<b>5,093.2</b>	<b>4,710.2</b>

The above fair values include the investment properties classified as Non-current assets held for sale on 31 December 2017, totalling EUR 3.7 million. Kojamo had no Non-current assets held for sale on 31 December 2018.

Rental apartments	31 Dec 2018	31 Dec 2017
Properties measured at market value	28,169	26,467
Properties measured at yield value	2,857	3,788
Properties measured at acquisition method	3,687	4,128
<b>Total</b>	<b>34,713</b>	<b>34,383</b>

## Measurement process of investment property

In the transaction value method, the measurement is performed with the help of the price tracking service provided by the Central Federation of Finnish Real Estate Agencies (KVKL), including pricing information on sales of individual apartments in Finland provided

by real estate agents. The resulting property-specific transaction value is individually adjusted based on the condition, location, and other characteristics of the rental property. Presented below are the most significant adjustment types and their reasons:

## REDUCTIONS AND ADDITIONS ON TRANSACTION PRICES FOR THE PROPERTIES MEASURED AT MARKET VALUE

Rental house reduction	-5%
Reduction based on the company structure of the property	-4%
Variables based on the location and condition of the building	-30% - +25%
Variables based on the condition of the apartment	-20% - +10%
Reduction based on the method of sale (outside growth centres)	-30% - 0%
Facade and HVAC repairs (planned -%; recently completed +%)	-15% - +8%

In the yield value method, the fair value is determined by capitalising net rental income, using a property-specific required rate of net rental income.

In the acquisition cost method (balance sheet value method), rental properties are carried at original acquisition cost, deducted by the depreciation accumulated up to the IFRS transition date (1 January 2015) and any impairment losses.

The aforementioned valuation techniques have also been described in Notes 1. Accounting policies for consolidated financial statement's section Valuation techniques.

When the restrictions on properties measured at yield values end, they are transferred to be measured with the transaction value method. When the restrictions on the determination of rent of properties measured at acquisition cost end, they are transferred to be measured with the transaction value method. When

said items are transferred as part of the transaction value method, they are measured the same as all other items within the range of transaction value method. A change of value technique has an effect on the item's fair value.

Kojamo performs intra-company measurement of investment properties each quarter. The results of the assessment are reported to the Management Team, Audit Committee and Board of Directors. The measurement process, market conditions and other factors affecting the assessment of the fair value of properties are reviewed quarterly with the CEO and CFO in accordance with Kojamo's reporting schedule. Each quarter, an external independent expert, Realia Management Oy, issues a statement on the valuation methods applied in the valuation of rental apartments and business premises owned by Kojamo as well as on the quality and reliability of the valuation.

#### SENSITIVITY ANALYSIS OF INVESTMENT PROPERTY FAIR VALUE

Sensitivity analysis of investment properties	31 Dec 2018					
	Change %	-10%	-5%	0%	5%	10%
<b>Properties measured at market values, M€</b>						
Change in market prices		-438.5	-219.2		219.2	438.5

<b>Properties measured at yield values, M€</b>						
Yield requirement		32.0	15.2		-13.7	-26.2
Rental income		-49.8	-24.9		24.9	49.8
Maintenance costs		19.0	9.5		-9.5	-19.0

Financial occupancy rate (change in percentage points)	31 Dec 2018				
	-2%	-1%	0%	1%	2%
Rental income, M€	-0.8	-0.4		0.4	0.8

Sensitivity analysis of investment properties	31 Dec 2017					
	Change %	-10%	-5%	0%	5%	10%
<b>Properties measured at market values, M€</b>						
Change in market prices		-378.7	-189.4		189.4	378.7

<b>Properties measured at yield values, M€</b>				
Yield requirement	43.7	20.7	-18.7	-35.7
Rental income	-66.9	-33.5	33.5	66.9
Maintenance costs	25.2	12.6	-12.6	-25.2

Financial occupancy rate for properties measured at yield value (change in percentage points)	31 Dec 2018				
	-2%	-1%	0%	1%	2%
Rental income, M€	-0.8	-0.4		0.4	0.8

All of Kojamo's investment properties are classified into the fair value hierarchy level 3 in accordance with IFRS 13. Hierarchy level 3 includes assets, the fair value of which is measured using input data concerning the asset that are not based on observable market data.

The weighted average for the return require-

ment was 6.1 (6.1) per cent for the 2,857 (3,788) rental homes included within the scope of the yield value method in 2018 and 9.3 (9.4) per cent for the 414 (423) business premises.

Kojamo has acquisition agreements for new development and renovations, presented in Note 28.

Capitalised borrowing

M€	31 Dec 2018	31 Dec 2017
Capitalised borrowing costs	2.6	3.3
<b>Total</b>	<b>2.6</b>	<b>3.3</b>

Capitalisation stood at 2.2 (2.2) per cent.

#### 11. Non-current assets held for sale

In 2018 there were no non-current assets held for sale. The non-current assets held for sale in 2017 consisted of two individual plots.

M€	31 Dec 2018	31 Dec 2017
Investment properties		3.7
<b>Assets total</b>		<b>3.7</b>
<b>Net asset value</b>		<b>3.7</b>

The investment properties have been measured at fair value in the financial statements (fair value hierarchy level 3).

## 12. Property, plant and equipment

M€	Land areas	Connection fees	Buildings	Machinery and equipment	Other tangible assets	Total
Cost at 1 Jan 2018	5.5	0.2	28.2	3.5	1.6	38.8
Increases				0.2		0.2
Cost at 31 Dec 2018	5.5	0.2	28.2	3.6	1.6	39.0
Accumulated depreciation						
1 Jan 2018			-5.1	-2.8	-0.1	-7.9
Depreciation for the period			-0.4	-0.3	0.0	-0.7
Accumulated depreciation						
31 Dec 2018			-5.5	-3.0	-0.1	-8.5
Carrying value at 1 Jan 2018	5.5	0.2	23.1	0.7	1.5	31.0
<b>Carrying value at 31 Dec 2018</b>	<b>5.5</b>	<b>0.2</b>	<b>22.7</b>	<b>0.6</b>	<b>1.5</b>	<b>30.5</b>

M€	Land areas	Connection fees	Buildings	Machinery and equipment	Other tangible assets	Total
Cost at 1 Jan 2017	5.5	0.2	28.2	3.7	1.6	39.0
Increases				0.7		0.7
Decreases				-0.9		-0.9
Cost at 31 Dec 2017	5.5	0.2	28.2	3.5	1.6	38.8
Accumulated depreciation						
1 Jan 2017			-4.6	-3.4	-0.1	-8.1
Depreciation for the period			-0.4	-0.3	0.0	-0.7
Decreases				0.9		0.9
Accumulated depreciation						
31 Dec 2017			-5.1	-2.8	-0.1	-7.9
Carrying value at 1 Jan 2017	5.5	0.2	23.5	0.3	1.5	31.0
<b>Carrying value at 31 Dec 2017</b>	<b>5.5</b>	<b>0.2</b>	<b>23.1</b>	<b>0.7</b>	<b>1.5</b>	<b>31.0</b>

## 13. Intangible assets

M€	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2018	2.5	2.4	4.9
Cost at 31 Dec 2018	2.5	2.4	4.9
Accumulated amortisation			
1 Jan 2018	-2.3	-2.1	-4.5
Amortisation for the period	-0.1	-0.1	-0.2
Accumulated amortisation			
31 Dec 2018	-2.4	-2.2	-4.6
Carrying value at 1 Jan 2018	0.1	0.3	0.4
<b>Carrying value at 31 Dec 2018</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>

M€	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2017	2.6	3.0	5.6
Increases	0.1	0.0	0.1
Decreases	-0.1	-0.7	-0.8
Cost at 31 Dec 2017	2.5	2.4	4.9
Accumulated amortisation			
1 Jan 2017	-2.3	-2.5	-4.8
Amortisation for the period	-0.1	-0.3	-0.4
Decreases	0.1	0.7	0.8
Accumulated amortisation			
31 Dec 2017	-2.3	-2.1	-4.5
Carrying value at 1 Jan 2017	0.2	0.5	0.8
<b>Carrying value at 31 Dec 2017</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>

## 14. Values of financial assets and liabilities by category

M€	31 Dec 2018				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>					
Measured at fair value					
Interest rate derivatives	0.8		0.8		0.8
Electricity derivatives	1.4	1.4			1.4
Financial assets recognized at fair value through profit or loss	173.0	165.3	7.0	0.6	173.0
Measured at amortised cost					
Loans and receivables	150.1		150.1		150.1
Trade receivables	5.2				5.2
<b>Financial liabilities</b>					
Measured at fair value					
Interest rate derivatives	44.7		44.7		44.7
Electricity derivatives	0.0	0.0			0.0
Measured at amortised cost					
Other interest-bearing liabilities	1,195.9		1,192.2		1,192.2
Bonds	1,289.7	1,276.3			1,276.3
Trade payables	12.7				12.7

The fair value of floating rate loans is the same as their nominal value, as the margins of the loans are correspond with the margins of new loans. Bonds were transferred on 30 June 2018 from fair value level 2 to level 1 when the company began to determine the fair value of the bonds based on market quotations. The fair value of other fixed-rate liabilities is based on discounted cash flows, in which market interest rates are used as input data. A more detailed analysis of the fair values of interest

rate derivatives included and not included in hedge accounting is presented in Note 22. Financial assets and liabilities measured at fair value are classified into three fair value hierarchy levels in accordance with the reliability of the valuation technique:

**Level 1:**  
The fair value is based on quoted prices for identical instruments in active markets.

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

**Level 2:**  
A market price quoted on the active market exists for similar instruments. The price may be derived directly or indirectly from quoted price information. Fair values are measured using valuation techniques. Their inputs are based on quoted market prices, including e.g. market interest rates, credit margins and yield curves.

**Level 3:**  
There is no active market for the instrument, the fair value cannot be reliably derived and input data used for the determination of fair value is not based on observable market data.

**Level 3 reconciliation****Financial assets recognised at fair value through profit or loss**

<b>M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Beginning of period	0.5	0.6
Deductions	0.1	-0.1
End of period	0.6	0.5

Investments measured at fair value through profit and loss on hierarchy level 3 are investments in unlisted securities and they are mainly measured at acquisition cost, as their fair value cannot be reliably

measured in the absence of an active market. With regards to these items, it is evaluated that the acquisition cost is an appropriate estimate of fair value.

**15. Non-current receivables**

<b>M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Loan receivables from associated companies	0.2	0.3
Other long-term receivables	1.6	1.6
Loan receivables from others	3.1	3.0
Non-current prepaid expenses and accrued income	0.3	0.4
<b>Total</b>	<b>5.3</b>	<b>5.3</b>

**16. Deferred tax assets and liabilities**

Changes to deferred tax assets and liabilities in 2018 are as follows:

<b>M€</b>	<b>1 Jan 2018</b>	<b>Recognised in profit and loss<sup>*)</sup></b>	<b>Recognised in other comprehensive income</b>	<b>Other changes</b>	<b>31 Dec 2018</b>
<b>Deferred tax assets</b>					
Confirmed losses	0.6	0.6			1.2
Cash flow hedges	7.3		0.0		7.3
Electricity derivatives measured at fair value	0.0	0.0			0.0
Other items/transfers	3.0	-0.7		0.1	2.4
<b>Total</b>	<b>10.9</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>10.8</b>
<b>Deferred tax liabilities</b>					
Investment properties measured at fair value	476.7	20.0		0.3	497.0
Cash flow hedges	1.3		0.1		1.3
Financial instruments measured at fair value	0.1			-0.1	
Electricity derivatives measured at fair value	0.0	0.2			0.3
Other items/transfers	0.2	0.1		0.2	0.5
<b>Total</b>	<b>478.3</b>	<b>20.4</b>	<b>0.1</b>	<b>0.3</b>	<b>499.0</b>

<sup>\*)</sup>The EUR 0.9 million deferred tax liability related to the IPO costs has been recorded in equity and is not included in deferred tax assets.

M€	1 Jan 2017	Recognised in profit and loss	Recognised in other comprehensive income	Other changes	31 Dec 2017
<b>Deferred tax assets</b>					
Confirmed losses	0.9	-0.3			0.6
Cash flow hedges	10.6		-3.3		7.3
Electricity derivatives measured at fair value	0.1	-0.1			0.0
Other items/transfers	3.8	-0.9		0.0	3.0
<b>Total</b>	<b>15.4</b>	<b>-1.2</b>	<b>-3.3</b>	<b>0.0</b>	<b>10.9</b>
<b>Deferred tax liabilities</b>					
Investment properties measured at fair value	452.6	23.9		0.1	476.7
Cash flow hedges	0.5		0.8		1.3
Financial instruments measured at fair value	0.1		0.0		0.1
Electricity derivatives measured at fair value	0.0	0.0			0.0
Other items/transfers	0.2	0.0			0.2
<b>Total</b>	<b>453.4</b>	<b>23.9</b>	<b>0.8</b>	<b>0.1</b>	<b>478.3</b>

#### Expiration years for unrecognised confirmed losses

Year of expiration	2019- 2020	2021- 2022	2023- 2024	2025- 2026	2027- 2028	Total
Confirmed losses	0.3	0.5	0.5	0.4	0.5	2.2
Unrecognised deferred tax	0.1	0.1	0.1	0.1	0.1	0.4

## 17. Trading properties

M€	31 Dec 2018	31 Dec 2017
Trading properties	0.4	0.6
<b>Total</b>	<b>0.4</b>	<b>0.6</b>

## 18. Trade receivables and other receivables

M€	31 Dec 2018	31 Dec 2017
Trade receivables	5.2	6.7
Receivables from associated companies	0.0	0.0
Loan receivables	0.3	0.6
Other receivables	1.2	0.2
Prepaid expenses and accrued income	1.5	1.3
<b>Total</b>	<b>8.3</b>	<b>8.8</b>

Specification of prepaid expenses and accrued income	31 Dec 2018	31 Dec 2017
Rental services	0.4	0.6
Prepayments	0.2	0.5
Interests	0.0	0.0
Other prepaid expenses and accrued income	0.9	0.2
<b>Total</b>	<b>1.5</b>	<b>1.3</b>

The term of notice for rental agreements is usually one month. The fair value of sales receivables and other receivables matches their carrying amount.

## 19. Cash and cash equivalents

M€	31 Dec 2018	31 Dec 2017
Cash and cash equivalents	150.1	117.8
<b>Total</b>	<b>150.1</b>	<b>117.8</b>

## 20. Notes regarding equity

	Number of shares (M)	Share capital	Share premium reserve	Fair value reserve	Invested non- restricted equity reserve	Total
<b>M€</b>						
1 Jan 2018	7.4	58.0	35.8	-23.7	17.9	87.9
Changes in accounting policies				-0.5		-0.5
Transactions with owners	239.7				146.6	146.6
Other comprehensive income				0.4		0.4
<b>31 Dec 2018</b>	<b>247.1</b>	<b>58.0</b>	<b>35.8</b>	<b>-23.9</b>	<b>164.4</b>	<b>234.4</b>

	Number of shares (M)	Share capital	Share premium reserve	Fair value reserve	Invested non- restricted equity reserve	Total
<b>M€</b>						
1 Jan 2017	7.4	58.0	35.8	-40.2	17.9	71.5
Other comprehensive income				16.5		16.5
<b>31 Dec 2017</b>	<b>7.4</b>	<b>58.0</b>	<b>35.8</b>	<b>-23.7</b>	<b>17.9</b>	<b>87.9</b>

Kojamo plc has one share class. The share has no nominal value. All issued shares have been paid for in full. The number of Kojamo plc's shares on 31 December 2018 was 247,144,399.

Kojamo was listed on the Nasdaq Helsinki Stock Exchange in June 2018. In connection with the listing, Kojamo issued 17,665,039 new shares and raised a total of approximately EUR 150 million in gross proceeds. The share issue increased the Group's equity by EUR 146.6 million. Kojamo's expenses related to the listing amounted to EUR 4.9 million, of which EUR 4.3 million was recognised as items related to the share issue in the invested non-restricted equity reserve in exchange for the assets received, deducted by a EUR 0.9 million deferred tax liability. In connection with the listing, the Group employees subscribed to 179,800 shares in the Personnel Offering. The final offer price in the Personnel Offering, EUR 7.65, was 10 per cent lower than the final offer price in the public offering. The total discount received by the personnel, EUR 152,830.00, has been

recorded as a share-based payment in other personnel expenses with a corresponding entry to equity.

### Description of equity funds:

#### Share premium reserve

• Kojamo plc has no such instruments in force that would accrue a share premium under the new Limited Liability Companies Act. The share premium was generated under the previous Limited Liability Companies Act.

#### Fair value reserve

• The fair value reserve contains the changes in fair values of the derivatives used to hedge cash flow and the current available-for-sale financial assets. Changes in the fair values of Available-for-sale financial assets have been recorded into fair value reserve until 1 January 2018.

#### Invested non-restricted equity reserve

• The reserve for invested unrestricted equity contains equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

#### Dividends

• A dividend of EUR 6.80 per share was paid in 2018. After the balance sheet date, 31 December 2018, the Board of Directors has proposed that a dividend of EUR 0.29 be paid per share.

#### Restrictions related to Kojamo's equity

• Kojamo's retained earnings for 2018, EUR 2,123.7 (1,950.6) million, include a total of EUR 299.6 (383.9) million of equity subject to profit distribution restrictions relating to non-profit operations. Equity subject to profit distribution restrictions includes the measurement of investment property at fair value.

• Some of the Group companies are subject to profit distribution restrictions under the non-profit provisions of housing legislation, according to which an entity cannot distribute funds to its owner more than the profit regulated by housing legislation.

#### Board authorisations

• The Board of Directors is authorised to resolve on one or more share issues and the issuance of special rights entitling to shares. Share issues and the issuance of special rights entitling to shares can be used to issue a maximum of 1,480,512 new shares in the company, or transfer a maximum of 600,978 shares currently held by the company.

• The Board of Directors is authorised to resolve on the repurchase of the Company's own shares. The amount of own shares to be repurchased is limited to 18,163,555 shares in aggregate, however, it shall not in aggregate exceed 7 percent of all the shares in the Company calculated at the time of the repurchase. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization and the Company's own shares can be repurchased at the price prevailing in public trading on the date of the repurchase or otherwise at the price prevailing on the market. Shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

## 21. Interest-bearing liabilities

### Non-current

<b>M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Bonds	1,289.7	793.8
Loans from financial institutions	995.2	1,125.3
Interest subsidy loans	104.0	187.7
Other loans	2.8	3.0
<b>Total</b>	<b>2,391.7</b>	<b>2,109.8</b>

### Current

<b>M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Loans from financial institutions	25.1	48.4
Interest subsidy loans	12.1	64.8
Other loans	6.7	7.0
Commercial papers	50.0	52.9
<b>Total</b>	<b>93.9</b>	<b>173.2</b>

<b>Total interest-bearing liabilities</b>	<b>2,485.5</b>	<b>2,283.0</b>
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**Changes in liabilities from financing activities**

M€	31 Dec 2017	Cash flows	Non-cash items	31 Dec 2018
Non-current liabilities	2,109.8	207.1	74.7	2,391.7
Current liabilities	173.1	-3.2	-76.0	93.9
<b>Total liabilities from financing activities</b>	<b>2,283.0</b>	<b>203.9</b>	<b>-1.3</b>	<b>2,485.5</b>

Changes in non-current liabilities involving cash flows consist of EUR 500.0 million of loan withdrawals and EUR -292.9 million of loan repayments. Non-cash changes in non-current liabilities mainly consist of transfers to current liabilities. Changes in current liabilities involving cash flows mainly consist of EUR 338.8 million of withdrawals of commercial paper loans and EUR -342.0 million of loan repayments. Non-cash changes in current liabilities mainly consist of transfers of non-current liabilities to current liabilities.

On 7 March 2018, Kojamo plc issued an unsecured EUR 500 million bond. 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. In 2017 Kojamo plc issued an unsecured EUR 500 million bond which is also listed on the Irish Stock Exchange. The bond matures on 19 June 2024, and

its fixed coupon rate is 1.50 per cent. Both bonds are rated Baa2 by Moody's. Bonds also include the bonds issued in 2013 and 2016. The EUR 100 million secured bond issued in 2013 matures in 2020. The bond has a fixed annual interest rate of 3.25 per cent. In 2016, a EUR 200 million secured bond was issued and listed on Nasdaq Helsinki Ltd. The loan matures in 2023 and its fixed coupon rate is 1.625 per cent.

Other long-term loans include EUR 2.4 million capital loan received by Lumo Kodit Oy from City of Tampere in 2001. The interest rate is six-month Euribor + 0.75 per cent. The loan is repaid in 20 years after the loan was granted.

**22. Derivative instruments****FAIR VALUES OF DERIVATIVE INSTRUMENTS**

M€	31 Dec 2018			31 Dec 2017
	Positive	Negative	Net	Net
Interest rate derivatives				
Interest rate swaps, cash flow hedges	0.8	-36.5	-35.7	-33.3
Interest rate swaps, not in hedge accounting	0.0	-8.2	-8.2	-8.7
Interest rate options, not in hedge accounting				0.0
Electricity derivatives	1.4	0.0	1.3	0.0
<b>Total</b>	<b>2.2</b>	<b>-44.7</b>	<b>-42.5</b>	<b>-42.0</b>

**NOMINAL VALUES OF DERIVATIVE INSTRUMENTS**

M€	31 Dec 2018	31 Dec 2017
Interest rate derivatives		
Interest rate swaps, cash flow hedges	948.3	1,439.0
Interest rate swaps, not in hedge accounting	48.9	44.8
Interest rate options, not in hedge accounting		63.1
<b>Total</b>	<b>997.2</b>	<b>1,546.9</b>
Electricity derivatives, MWh	162,167	183,957

**ITEMS UNDER HEDGE ACCOUNTING**

M€	Nominal value		Fair value of derivatives		Effective portion	Ineffective portion
	Hedged loans	Interest rate derivatives	Positive	Negative	Recognised in other comprehensive income	Recognised in income statement
<b>31 Dec 2018</b>						
Cash flow hedging	768.0	948.3	0.8	-36.5	-35.7	0.5
<b>31 Dec 2017</b>						
Cash flow hedging	911.0	1,439.0	6.3	-39.6	-33.3	20.4

During the financial year, EUR 0.5 (20.4) million were recognised in the fair value reserve from interest rate derivatives classified into cash flow hedging. EUR 0.9 (0.0) million of the results of the cash flow hedges have been reclassified to profit from comprehensive income. The interest rate derivatives hedge the loan portfolio interest flows against increases in market interest rates. The interest rate derivatives mature between 2019–2035. At the balance sheet date, the

average maturity for interest rate swaps was 6.3 (6.6) years. Electricity derivatives hedge against increases in electricity prices and mature between 2019–2022. Electricity derivatives are not included in hedge accounting. Unrealised valuation profits and losses of derivatives are presented in the balance sheet under current and non-current assets or liabilities in Derivatives account.

## 23. Provisions and other non-current liabilities

Provisions M€	31 Dec 2018	31 Dec 2017
Provisions	0.6	0.8

Provisions include EUR 0.6 (0.8) million of ten-year guarantee reserves for Lumo Kodit Oy's (VVO Rakennuttaja Oy's) founder construction, estimated on the basis of experience.

### Other non-current liabilities

M€	31 Dec 2018	31 Dec 2017
Accrued expenses and deferred income	0.0	0.8
Collateral payments	5.3	5.6
Other non-current liabilities, investments	8.7	8.5
<b>Total</b>	<b>14.0</b>	<b>14.8</b>

## 24. Trade payables and other debts

M€	31 Dec 2018	31 Dec 2017
Advances received	6.1	5.1
Trade payables	12.7	20.0
Other current liabilities	12.5	16.5
Accrued expenses and deferred income	38.6	28.7
<b>Total</b>	<b>69.9</b>	<b>70.4</b>

### Specification of accrued expenses and deferred income

	31 Dec 2018	31 Dec 2017
Rental services	3.2	1.6
Investments	10.3	5.7
Personnel expenses	6.0	7.1
Interest	18.9	14.1
Other items	0.2	0.2
<b>Total</b>	<b>38.6</b>	<b>28.7</b>

## 25. Financial risk management

The financial risks associated with Kojamo's business are managed in accordance with the treasury policy confirmed by Kojamo plc's Board of Directors. The objective is to protect Kojamo against unfavourable changes in the financial market. The management of financial risks is centralised in Kojamo's Treasury unit.

### Interest rate risk

The most significant financial risk is related to interest rate fluctuations, which is managed through fixed-rate loans and interest rate derivatives. The most significant interest rate risk is associated with loans from financial institutions, bonds and commercial papers, which is hedged with interest rate derivatives according to Kojamo's treasury policy. The targeted hedging ratio is 50–100 per cent. At the balance sheet date, the share of fixed-rate loans and loans hedged with interest rate derivatives (the hedg-

ing ratio) was 94 (111) per cent.

The interest rate risk associated with interest subsidy loans is decreased by the State's interest subsidy. Interest subsidy loans are not hedged with interest rate derivatives.

The effects of changes in market interest rates on the income statement and equity are evaluated in the table below. The interest rate position affecting the income statement includes floating-rate loans and interest rate derivatives not included in hedge accounting. The effect on equity results from changes in the fair values of interest rate derivatives included in hedge accounting. Some market-based loan agreements involve a condition of a minimum of zero reference rate. As the market interest rates are currently negative, interest rate swap hedges may lead to a situation in which both fixed and variable interest must be paid.

M€	31 Dec 2018		31 Dec 2017	
	Income Statement	Comprehensive Income	Income Statement	Comprehensive Income
	1%	-0.1%	1%	-0.1%
Floating rate loans	-5.9	0.2	-7.7	0.3
Interest rate derivatives	10.9	-1.1	59.7	-6.3
<b>Total effect</b>	<b>4.9</b>	<b>-0.9</b>	<b>59.7</b>	<b>-6.3</b>

Deferred tax effect is not included in the calculation.

### Liquidity and refinancing risk

Kojamo secures its liquidity through sufficient cash funds, the commercial paper programme and supporting credit facility agreements. Cash flow from the rental business is stable, and the sufficiency of liquidity is monitored regularly with cash flow forecasts.

Kojamo's liquidity was excellent in the financial year. At the end of the financial year, the Group's cash and cash equivalents stood at EUR 150.1 million and financial assets at EUR 172.3 million. In order to ensure its liquidity, Kojamo has a EUR 250 million parent company commercial paper pro-

gramme, EUR 300 million committed credit facility agreements and a EUR 5 million non-committed credit facility agreement. A total of EUR 50.0 million of the commercial paper programme had been issued at the end of the financial year. No credit facilities were in use at the balance sheet date. In addition, EUR 95 million loan granted by the European Investment Bank remained unused at the end of the financial year.

The below table presents the expiration of the Group's committed unused credit facilities. The credit facilities are ready for withdrawal according to the Group's financing needs.

## EXPIRATION OF THE GROUP'S COMMITTED CREDIT FACILITIES

MC	Within 1 year	1-2 years	2-5 years	Total
<b>31 Dec 2018</b>				
Undrawn committed credit facilities		20.0	280.0	300.0
<b>31 Dec 2017</b>				
Undrawn committed credit facilities	25.0		275.0	300.0

The functioning of the money market has been affected by stricter bank regulation, which has been reflected on bank lending and the cost of financing. Due to Kojamo's strong financial position and stable cash flow, the risk associated with the availability of financing is not considered significant.

The availability of financing is ensured by maintaining Kojamo's good reputation among financiers

and by keeping the equity ratio at an appropriate level. The risk associated with the availability of financing is mitigated by diversifying the maturities and financial instruments in the loan portfolio and by expanding the financier base. Kojamo prepares for the maturing of large loans well in advance.

The following table shows the contractual repayment and interest cash flows of financial liabilities.

31 Dec 2018 MC	Within 1 year	2-5 years	6-10 years	11-15 years	Later
Bonds	22.1	382.0	1,042.6	0.0	0.0
Loans from financial institutions	35.2	490.7	447.9	66.8	50.8
Interest subsidy loans	12.8	75.6	3.4	4.4	25.4
Commercial papers	50.0	0.0	0.0	0.0	0.0
Other loans	0.2	2.8	6.3	0.0	0.0
Interest rate derivatives	12.8	47.3	30.7	7.5	1.4
Trade payables	12.7				
<b>Total</b>	<b>145.7</b>	<b>998.4</b>	<b>1,530.9</b>	<b>78.7</b>	<b>77.6</b>

31 Dec 2017 MC	Within 1 year	2-5 years	6-10 years	11-15 years	Later
Bonds	14.0	149.5	718.3	0.0	0.0
Loans from financial institutions	60.1	518.6	524.9	86.7	58.4
Interest subsidy loans	67.0	159.6	3.2	4.2	25.4
Commercial papers	53.0	0.0	0.0	0.0	0.0
Other loans	0.2	3.0	6.3	0.0	0.0
Interest rate derivatives	16.1	49.1	33.8	8.0	2.7
Trade payables	20.0				
<b>Total</b>	<b>230.5</b>	<b>879.7</b>	<b>1,286.6</b>	<b>98.8</b>	<b>86.5</b>

Electricity derivatives are substantially related to physical supply of electricity and their results are factored in the price of purchased electricity in electricity bills. Hence, they are not reported as part of the Group's financial liabilities' cash flow table.

## Price risk

Kojamo uses electricity derivatives to hedge against exposure to electricity price risk. The electricity derivatives hedge highly probable future electricity purchases, and the trading in electricity derivatives has

been outsourced to an external expert. Electricity derivatives are not included in hedge accounting.

Kojamo's surplus cash may be invested in accordance with the approved principles of the Treasury policy. Financial assets measured at fair value through profit and loss are subject to a price risk that is mitigated through diversification of investment assets. The investments do not involve a currency risk.

The sensitivity of the electricity derivatives to +/- 10 per cent changes in the market price are shown in the table below.

31 Dec 2018 MC	Income Statement	
	10%	-10%
Electricity derivatives	0.4	0.4

31 Dec 2017 MC	Income Statement		Other Comprehensive Income	
	10%	-10%	10%	-10%
Electricity derivatives	0.3	-0.3		
Available-for-sale financial assets			4.6	-4.6
<b>Total effect</b>	<b>0.3</b>	<b>-0.3</b>	<b>4.6</b>	<b>-4.6</b>

Deferred tax effect is not included in the calculation.

Kojamo's financial assets measured at fair value through profit or loss on levels 1 and 2 are cash management-related low-risk investments in short-term interest funds or other very liquid investments and can be redeemed at a short notice. The impact of one percentage point increase (decrease) of the prices on the income statement would be EUR 1.7 (-1.7) million. Financial assets classified at level 3 consist mostly of strategic investments in unquoted shares. The impact of one percentage point increase (decrease) of these prices on the financial statement would be EUR 0.0 (0.0) million. The figures do not take the tax effect into account.

## Credit risk

Kojamo does not have any significant credit risk concentrations. The majority of sales receivables consists of rent receivables, which are efficiently diversified. In addition, the application of rental deposits decreases the credit risk associated with rent receivables. Credit risk is analysed both based on the age distribution of sales receivables and the success of debt collection activities and it is estimated to remain at the current level.

**AGE DISTRIBUTION OF TRADE RECEIVABLES**

<b>M€</b>	<b>31 Dec 2018</b>		<b>31 Dec 2017</b>	
Less than a month	1.5	28.3%	1.5	22.0%
1-3 months	2.8	54.4%	2.9	43.9%
3-6 months	0.5	10.6%	2.1	31.7%
6-12 months	0.3	5.8%	0.2	2.5%
More than a year	0.0	0.9%	0.0	0.1%
<b>Total</b>	<b>5.2</b>	<b>100.0%</b>	<b>6.7</b>	<b>100.0%</b>

The activities related to financial investments and derivatives involve counterparty risk. The risk is managed by choosing financially sound counterparties and by sufficient diversification.

**Currency risk**

Kojamo's cash flows are euro-denominated, and the business does not involve any currency risk.

**Management of capital structure**

The objective of the management of Kojamo's capital structure is to optimise the capital structure in relation to the current market conditions. The aim is to achieve a capital structure that best ensures Kojamo's strategic long-term operations and promotes the company's growth targets.

In addition to the financial result, Kojamo's capital structure is affected by factors such as capital expenditure, asset sales, acquisitions, dividend payments, equity-based facilities and measurement at fair value.

Kojamo's strategic objectives include an equity ratio of over 40 per cent and Loan to Value (LTV) of

less than 50 per cent. On 31 December 2018, Kojamo's equity ratio stood at 43.0 (41.3) per cent and Loan to Value (LTV) at 45.9 (46.0) per cent. Kojamo's interest-bearing liabilities totalled EUR 2,485.5 (2,283.0) million.

Kojamo's unsecured financing agreements include financing covenants related to the solvency ratio, the proportion of secured loans and the capacity of the business to cover its interest liabilities. Kojamo fulfilled the terms of the agreements during the review period.

According to the terms and conditions of certain credit agreements, the Group's Loan to Value (LTV) must be below 60 per cent and interest coverage ratio at least 1.8. At the balance sheet date, the interest coverage ratio was 4.3 (4.2).

According to the terms and conditions of Kojamo plc's unsecured bonds, the Group's solvency ratio must be below 0.65, secured solvency ratio below 0.45 and interest coverage ratio at least 1.8. At the balance sheet date, solvency ratio was 0.43 (0.44), secured solvency ratio 0.25 (0.34) and interest coverage ratio 4.3 (4.2).

**26. Operating leases****Land lease contracts**

<b>Group as lessee</b>		
<b>M€</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
The future minimum lease payable under operating leases		
Not later than 1 year	3.6	3.4
1-5 years	13.9	13.6
Over 5 years	118.8	117.9
<b>Total</b>	<b>136.4</b>	<b>134.9</b>

The rental agreements are mainly land lease agreements from municipalities and cities. The maximum durations of the remaining agreements are 99 years, the average being 28 years.

**Operating leases**

<b>Operating leases, vehicles</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
During the following financial year	0.7	0.7
Due in 2-5 years	1.0	1.2
<b>Total</b>	<b>1.6</b>	<b>1.9</b>

The operating leases are four-year car leases.

## 27. Adjustment to cash flow from operating activities

M€	1-12/2018	1-12/2017
Depreciation	0.8	1.1
Financial income and expenses	47.1	40.5
Income taxes	55.5	53.7
Share of result of associated companies	-0.2	-0.1
Profit/loss from investment properties measured at fair value	-127.5	-126.2
Profit/loss on sales of investment properties	-1.0	-2.5
Other adjustments	2.4	-0.1
<b>Total</b>	<b>-22.8</b>	<b>-33.5</b>

## 28. Guarantees, commitments and contingent liabilities

M€	31 Dec 2018	31 Dec 2017
Loans covered by pledges on property and shares as a collateral	1,367.0	1,656.9
Mortgages	1,451.2	1,851.1
Shares*)	257.1	276.9
<b>Pledged collaterals total</b>	<b>1,708.3</b>	<b>2,127.9</b>
Other collaterals given		
Mortgages and shares	31.7	32.0
Guarantees**)	326.8	373.4
Pledged deposits	0.1	
<b>Other collaterals total</b>	<b>358.6</b>	<b>405.4</b>

\*) Pledged mortgages and shares relate in some cases to same real estates.

\*\*) Guarantees given are mainly absolute guarantees granted as collateral for group companies' loans for which property pledges have also been given as collateral.

## Acquisition agreements related to investments

Unrecognised acquisition agreements related to work in progress:

M€	31 Dec 2018	31 Dec 2017
New construction in-process	77.8	99.6
Preliminary agreements for new construction	60.3	101.5
Renovation	21.2	11.5
<b>Total</b>	<b>159.3</b>	<b>212.7</b>

## Other liabilities

### VALUE ADDED TAX REFUND LIABILITIES

M€	31 Dec 2018	31 Dec 2017
Value added tax refund liabilities	2.6	2.5

### LAND PURCHASE LIABILITIES

M€	31 Dec 2018	31 Dec 2017
Purchase prices for target building rights and draft plans	19.2	38.4
Liabilities for municipal infrastructure	5.6	4.1

## Construction liability

The land use agreement related to the zoned areas Suurpelto I and II in Espoo is subject to schedules for construction sanctioned with delay penalties.

The zoned areas are divided into three execution areas in the agreement. Kojamo holds building rights in these areas as follows: area 2 – 18,217 (18,217) floor sqm; and area 3 – 7,600 (7,600) floor sqm. The agreement stipulates that all of the residential building rights have to be used up by November 2013 in area 2 and by November 2016 in area 3. This schedule has not been fully met. The delay penalty is graded based on the period of delay and can at most, if the delay has continued for at least five years, be equal to half of the land use payments in accordance with the agreement. According to the agreement, the City of Espoo may, should circumstances change, lower the penalty or waive it altogether.

The land use agreement related to quarters 62007 and 62025 in Jokiniemi, Vantaa is subject to schedules for construction sanctioned with delay penalties. The construction liability is divided into various forms of financing and ownership.

Certain plots are subject to a schedule for construction sanctioned with delay penalties. These plots are located in Espoo, Helsinki, Hyvinkää and Vantaa.

Some of the plots located in Vantaa include an

obligation related to the form of ownership and financing sanctioned with contractual penalties.

Some plots located in the City of Helsinki are subject to an obligation to use them for rental housing. There is a contractual penalty for breaching this obligation.

Group companies have made commitments restricting the assignment and pledging of shares owned by them.

## Disputes

Kojamo has some individual disputes pending, but the company considers them to be of negligible value.

## Other commitments

Lumo Kodit Oy, a subsidiary of Kojamo, finalised the purchase of properties located in Helsinki at Onnentie 18, Sofianlehdonkatu 5, Tukholmankatu 10, Agricolankatu 1–3, Albertinkatu 40–42, Abrahaminkatu 1–3 and Bulevardi 31 from the City of Helsinki on 16 October 2017. Under the terms of the agreement, the fixed sales price is set at EUR 80.9 million, as determined by a valuation based on existing building rights to develop further commercial provision. The sales price may be adjusted in the event that the building rights are amended following a revision of the local plan as applied for by the purchaser. An alteration of local plans has not been put in motion in 2018.

## 29. Related party transactions

### Related parties

Kojamo plc's related parties include its subsidiaries, associated companies and joint arrangements as well as key management personnel, comprising the members of the Board of Directors and Management Team, the CEO and the close members of their families. Parties holding 20 per cent or more of the shares of Kojamo are always considered as related parties. Shareholders whose shareholding remains

below 20 per cent are considered as related parties if they are otherwise considered to have significant influence.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Kojamo's subsidiaries, associated companies and joint arrangements are presented in Note 30.

### OUTSTANDING BALANCES WITH RELATED PARTIES

M€	31 Dec 2018	31 Dec 2017
Other current liabilities	0.0	0.1

### EMPLOYEE BENEFITS TO MANAGEMENT KEY PERSONS

M€	31 Dec 2018	31 Dec 2017
Wages and salaries to management		
Chief Executive Officer	0.9	0.7
Other member of the Management Team	1.5	1.4
Members of the Board and Committees	0.3	0.2
<b>Total wages and salaries for the management</b>	<b>2.7</b>	<b>2.3</b>
Funded pension plans	0.6	0.3
Defined contribution pension plans	0.2	0.2
<b>Total</b>	<b>3.4</b>	<b>2.9</b>

### SALARIES AND WAGES TO CEO AND THE BOARD OF THE DIRECTORS

1 000 €	31 Dec 2018	31 Dec 2017
Jani Nieminen, Chief executive officer	871.7	738.7
Board of Directors		
Riku Aalto	59.5	36.2
Mikko Mursula	40.4	22.2
Reima Ryttsölä	34.8	18.0
Anne Leskelä	21.1	
Minna Metsälä	21.7	
Matti Harjuniemi	31.8	16.8
Olli Luukkainen	9.0	16.8
Jan-Erik Saarinen	35.4	16.8
Ann Selin	9.6	16.2
Jorma Malinen	10.2	15.6
Jarkko Eloranta	4.2	1.2
Ville-Veikko Laukkanen	4.2	1.2
Pasi Pesonen	4.2	1.2
Esko Torsti	4.2	1.2
Board of Directors total	290.1	163.4
<b>Total</b>	<b>1,161.8</b>	<b>902.1</b>

Kojamo employees do not receive additional compensation for serving as Board members or the CEO of Group companies.

### The Management's pension commitments and severance payments

The retirement age for the CEO and members of the Management Team is 63 years. The CEO and members of the Management Team belong to a contribution-based pension system in which an insurance premium corresponding to two months' taxable income is paid annually into a group pension insurance plan. In accordance with the terms of the insurance, the insurance savings can be withdrawn starting from the age of 63 or as a supplementary pension complementing occupational pension. The costs of the statutory pension plan for the CEO and members of the Management Team were EUR 0.6 (0.3) million, and payments to the voluntary pension plan amounted to EUR 0.2 (0.2) million.

The CEO's employment contract can be termi-

nated by the Company with a notice period of 12 months, during which the CEO does not have an obligation to work. The CEO can terminate the contract with a notice period of three months. No separate severance pay has been agreed on in the CEO's contract.

For the other members of the Management Team, the contract can be terminated by the Company with a notice period of six months, during which the manager does not have an obligation to work. The members of the Management Team can terminate the contract with a notice period of three months. The additional severance pay is equivalent to 6 months' salary.

### Share-based incentive plan

Kojamo has in use a long-term share-based incentive plan for executives. Remuneration is based on the realisation of Kojamo's key operative measurements in relation to the Group's strategic objectives.



The potential incentives under the plans are based on:

- net rental yield, EBITDA, return on capital employed (%) and indebtedness for the performance period of 2016–2018;
- net rental yield, operative result and return on capital employed (%) for the performance period of 2017–2019; and
- operational result and return on capital employed (%) for the performance period of 2018–2020.

If the three ongoing earning periods were accrued in full, the maximum remuneration would be an equivalent of 377,830 of Kojamo's shares, of which half would be paid in Kojamo's shares and half in cash. The fair value of a share bonus is measured based on Kojamo plc's exchange rate of EUR 8.50 per share

at the time of initiating the plan as well as taking into account the dividend estimates for the coming years. For the financial year 2018, the impact of the share-based incentive on Kojamo's result was EUR -0.8 million.

#### Other related party information

No shares or share derivatives were given to members of the Board of Directors during the financial year.

Members of the Management Team and companies over which they have control owned 96,666 shares and share-based rights in the Company and in the Group companies. These shares amount to a total of 0.04 per cent of the Company's shares.

### 30. The Group's subsidiaries, joint arrangements and associated companies

Subsidiaries and joint arrangements		Kojamo plc holding %	Group holding %
<b>Kojamo plc</b>			
Kiinteistö osakeyhtiö Pikkuhirvas	Inari	100.00%	100.00%
Kojamo Holding Oy	Helsinki	100.00%	100.00%
Kojamo Palvelut Oy	Helsinki	100.00%	100.00%
Kotinyt Oy	Helsinki	100.00%	100.00%
Lumo 2018 Oy	Helsinki	100.00%	100.00%
Lumo 2019 Oy	Helsinki	100.00%	100.00%
Lumo 2020 Oy	Helsinki	100.00%	100.00%
Lumo 2021 Oy	Helsinki	100.00%	100.00%
Lumo Kodit Oy	Helsinki	100.00%	100.00%
Lumo Vuokratilat Oy	Helsinki	100.00%	100.00%
Lumohousing 10 Oy	Helsinki	100.00%	100.00%
Lumohousing 11 Oy	Helsinki	100.00%	100.00%
Lumohousing 12 Oy	Helsinki	100.00%	100.00%
Lumohousing 2 Oy	Helsinki	100.00%	100.00%
Lumohousing 6 Oy	Helsinki	100.00%	100.00%
Lumohousing 7 Oy	Helsinki	100.00%	100.00%
VVO Hoivakiinteistöt Oy	Helsinki	100.00%	100.00%
VVOhousing 8 Oy	Helsinki	100.00%	100.00%
VVOhousing 9 Oy	Helsinki	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
<b>Lumo Kodit Oy</b>			
As Oy Helsingin Leikosaarenpuisto	Helsinki	98.64%	98.64%
As Oy Helsingin Vuopuisto	Helsinki	98.71%	98.71%
Asunto Oy Hämeenlinnan Keilakatu 4	Hämeenlinna	100.00%	100.00%
As Oy Kuopion Havuketo	Kuopio	100.00%	100.00%
As Oy Turun Puistokatu 12	Turku	100.00%	100.00%
As Oy Vantaan Junkkarinkaari 7	Vantaa	100.00%	100.00%
As. Oy Helsingin Haapaniemenkatu 11	Helsinki	100.00%	100.00%
As. Oy Kuopion Kaarenkulma	Kuopio	100.00%	100.00%
As. Oy Malski 3, Lahti	Lahti	100.00%	100.00%
Asunto Oy Espoon Henttaan Puistokatu 16	Espoo	100.00%	100.00%
Asunto Oy Espoon Henttaankaari A	Espoo	100.00%	100.00%
Asunto Oy Espoon Kilonportti 3	Espoo	100.00%	100.00%
Asunto Oy Espoon Klariksentie 6	Espoo	100.00%	100.00%
Asunto Oy Espoon Koivu-Mankkaan tie 1	Espoo	100.00%	100.00%
Asunto Oy Espoon Kulovalkeantie 21 B	Espoo	100.00%	100.00%
Asunto Oy Espoon Likusterikatu A	Espoo	100.00%	100.00%
Asunto Oy Espoon Marinkallio 4	Espoo	100.00%	100.00%
Asunto Oy Espoon Marinkallio 6	Espoo	100.00%	100.00%
Asunto Oy Espoon Marinkallio 8	Espoo	100.00%	100.00%
Asunto Oy Espoon Nihtitorpankuja 3	Espoo	100.00%	100.00%
Asunto Oy Espoon Rastasniityntie 1 A	Espoo	100.00%	100.00%
Asunto Oy Espoon Rastasniityntie 1 B	Espoo	100.00%	100.00%
Asunto Oy Espoon Reelinkikatu 2	Espoo	100.00%	100.00%
Asunto Oy Espoon Saunalahdenkatu 2	Espoo	100.00%	100.00%
Asunto Oy Espoon Servinkuja 3	Espoo	100.00%	100.00%
Asunto Oy Espoon Soukanrinne	Espoo	100.00%	100.00%
Asunto Oy Espoon Suurpelto 44	Espoo	100.00%	100.00%
Asunto Oy Espoon Suurpelto 5	Espoo	100.00%	100.00%
Asunto Oy Espoon Tietäjätie 3	Espoo	100.00%	100.00%
Asunto Oy Espoon Ulappakatu 1	Espoo	100.00%	100.00%
Asunto Oy Espoon Uuno Kailaan katu 4	Espoo	100.00%	100.00%
Asunto Oy Espoon Uuno Kailaan katu 5	Espoo	100.00%	100.00%
Asunto Oy Espoon Uuno Kailaan katu 6	Espoo	100.00%	100.00%
Asunto Oy Espoon Valakuja 8	Espoo	100.00%	100.00%
Asunto Oy Hattulan Jukolanukuja 3	Hattula	79.46%	79.46%
Asunto Oy Helsingin Bahamankatu 8	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Capellan puistotie 4	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Eerik VII	Helsinki	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
Asunto Oy Helsingin Fregatti Dygdenin kuja 5	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Haapsalunkuja 4	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Hela-aukio 4	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Helatehtaankatu 3	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Henrik Borgströmin tie 2	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Hesperiankatu 18	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Hilapellontie 2c	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Hilapellontie 2d	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Hopeatie 9	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Höyrykatu 8	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Iso Roobertinkatu 30	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Juhana Herttuan tie 8	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Jätäkankallio	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kadetintie 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kahvipavunkuja 3	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kahvipavunkuja 4	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Karavaanikuja 2	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Karhulantie 13	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Katariinankartano	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Katariinankoski	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Katontekijänkuja 1	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kauppakartanonkuja 3	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kaustisenpolku 3	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Keinulaudankuja 2a	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Keinulaudankuja 2c	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Keinulaudantie 2a	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kivensilmänkuja 3	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Koirasaarentie 23	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kontulantie 19	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Koskikartano	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kotkankatu 9	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kuuluttajankatu 2	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Lauttasaarentie 27	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Leikkikuja 2	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Leonkatu 21	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Luotsikatu 1a	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Lönnrotinkatu 30	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Maasälväntie 5 ja 9	Helsinki	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
Asunto Oy Helsingin Marjatanportti	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Melkonkatu 12 B	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Messeniuksenkatu 1B	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Oulunkylän tori 1	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Palmseenpolku 2	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Pertunpellontie 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Pertunpellontie 8	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Plazankuja 5	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Kantelettarentie 15	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Posetiivari	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Punahilkantie 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Punakiventie 13	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Punakiventie 15	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Pärnunkatu 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Ratarinne	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Retkeilijänkatu 1	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Ristipellontie 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Ristiretkeläistenkatu 19	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Risupadontie 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Sörnäistenkatu 12	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Tenderinlenkki 6	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Tenderinlenkki 8	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Tilketori 2	Helsinki	93.06%	93.06%
Asunto Oy Helsingin Tulisuoontie 1	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Tuulensuunkuja 3	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Valanportti	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Vinsentinaukio 4	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Von Daehnin katu 8	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Vuorenpeikontie 5	Helsinki	100.00%	100.00%
Asunto Oy Helsingin Välimerenkatu 8	Helsinki	100.00%	100.00%
Asunto Oy Hilapellontie 4	Helsinki	100.00%	100.00%
Asunto Oy Hyvinkään Astreankatu 27	Hyvinkää	100.00%	100.00%
Asunto Oy Hyvinkään Merino	Hyvinkää	100.00%	100.00%
Asunto Oy Hyvinkään Mohair	Hyvinkää	100.00%	100.00%
Asunto Oy Hyvinkään Värimestarinkaari 3	Hyvinkää	100.00%	100.00%
Asunto Oy Hämeenlinnan Aurinkokatu 10	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Hallituskatu 14	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Hilpi Kummilantie 16	Hämeenlinna	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
Asunto Oy Hämeenlinnan Kajakulma	Hämeenlinna	73.97%	73.97%
Asunto Oy Hämeenlinnan Kummilantie 6	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Linnaniemenkatu 1	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Linnankatu 3b	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Pikkujärventie 9	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Turuntie 38	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeenlinnan Uusi-Jukola	Hämeenlinna	100.00%	100.00%
Asunto Oy Hämeentie 48	Helsinki	100.00%	100.00%
Asunto Oy Jyväskylän Heinämutka 5	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Honkaharjuntie 14b	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Jontikka 4	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Kelokatu 4	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Kerkkäkatu 1	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Keskisentie 1	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Kilpisenkatu 14	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Runkotie 3b	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Runkotie 5 C	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Tellervonkatu 8	Jyväskylä	97.58%	97.58%
Asunto Oy Jyväskylän Tervalankatu 6	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Tiilitehtaantie 46	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Väinönkatu 15	Jyväskylä	100.00%	100.00%
Asunto Oy Jyväskylän Yliopistonkatu 40b	Jyväskylä	100.00%	100.00%
Asunto Oy Järvenpään Antoninkuja 3	Järvenpää	100.00%	100.00%
Asunto Oy Järvenpään Metallimiehenkuja 2	Järvenpää	100.00%	100.00%
Asunto Oy Järvenpään Reki-Valko	Järvenpää	100.00%	100.00%
Asunto Oy Järvenpään Rekiatrat	Järvenpää	100.00%	100.00%
Asunto Oy Järvenpään Sibeliuksenkatu 27	Järvenpää	100.00%	100.00%
Asunto Oy Kalasääksentie 6	Espoo	100.00%	100.00%
Asunto Oy Kauniaisten Asematie 10	Kauniainen	100.00%	100.00%
Asunto Oy Kauniaisten Asematie 12-14	Kauniainen	100.00%	100.00%
Asunto Oy Kauniaisten Bredantie 8	Kauniainen	100.00%	100.00%
Asunto Oy Kauniaisten Kavallinterassit	Kauniainen	100.00%	100.00%
Asunto Oy Kauniaisten Thurmaninpuistotie 2	Kauniainen	100.00%	100.00%
Asunto Oy Kaustisenpolku 5	Helsinki	100.00%	100.00%
Asunto Oy Keravan Eerontie 3	Kerava	100.00%	100.00%
Asunto Oy Keravan Palopolku 3	Kerava	99.57%	99.57%
Asunto Oy Keravan Tapulikatu 30	Kerava	100.00%	100.00%
Asunto Oy Keravan Tapulitori 1	Kerava	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
Asunto Oy Keravan Tapulitori 2	Kerava	100.00%	100.00%
Asunto Oy Kirkkonummen Framnäslantie	Kirkkonummi	100.00%	100.00%
Asunto Oy Kirkkonummen Vernerinkuja 5	Kirkkonummi	100.00%	100.00%
Asunto Oy Kivivuoreнкуja 1	Vantaa	100.00%	100.00%
Asunto Oy Kivivuoreнкуja 3	Vantaa	100.00%	100.00%
Asunto Oy Konalantie 14	Helsinki	100.00%	100.00%
Asunto Oy Kuopion Haapaniemenkatu 13	Kuopio	100.00%	100.00%
Asunto Oy Kuopion Itkonniemenkatu 4b	Kuopio	100.00%	100.00%
Asunto Oy Kuopion Kelkkailijantie 4	Kuopio	100.00%	100.00%
Asunto Oy Kuopion Sompatie 7	Kuopio	100.00%	100.00%
Asunto Oy Kuopion Sompatie 9	Kuopio	100.00%	100.00%
Asunto Oy Kuopion Tulliportinkatu 30	Kuopio	100.00%	100.00%
Asunto Oy Lahden Kauppakatu 38	Lahti	100.00%	100.00%
Asunto Oy Lahden Radanpää 6	Lahti	100.00%	100.00%
Asunto Oy Lahden Saimaankatu 60 a	Lahti	100.00%	100.00%
Asunto Oy Lahden Sorvarinkatu 5	Lahti	100.00%	100.00%
Asunto Oy Lahden Vanhanladonkatu 2	Lahti	100.00%	100.00%
Asunto Oy Lahden Vihdinkatu 4	Lahti	100.00%	100.00%
Asunto Oy Lahden Vihdinkatu 6	Lahti	100.00%	100.00%
Asunto Oy Lappeenrannan Gallerianpolku	Lappeenranta	100.00%	100.00%
Asunto Oy Lappeenrannan Koulukatu 13	Lappeenranta	100.00%	100.00%
Asunto Oy Lappeenrannan Sammonkatu 3-5 B	Lappeenranta	100.00%	100.00%
Asunto Oy Lappeenrannan Upseeritie 12	Lappeenranta	100.00%	100.00%
Asunto Oy Lintukallionrinne 1	Vantaa	100.00%	100.00%
Asunto Oy Mäntsälän Hemmintie 2	Mäntsälä	100.00%	100.00%
Asunto Oy Mäntsälän Karhulantie 2	Mäntsälä	100.00%	100.00%
Asunto Oy Nurmijärven Mahlamäentie 16	Nurmijärvi	100.00%	100.00%
Asunto Oy Nurmijärven Ratsutilantie 2	Nurmijärvi	100.00%	100.00%
Asunto Oy Oulun Kitimenpolku 21	Oulu	100.00%	100.00%
Asunto Oy Oulun Koskelantie 19	Oulu	100.00%	100.00%
Asunto Oy Oulun Kurkelankuja 1 B	Oulu	100.00%	100.00%
Asunto Oy Oulun Revonkuja 1	Oulu	100.00%	100.00%
Asunto Oy Oulun Tervahanhi 1	Oulu	99.10%	99.10%
Asunto Oy Oulun Tietolinja 11	Oulu	100.00%	100.00%
Asunto Oy Pirtinketosato	Kuopio	63.55%	63.55%
Asunto Oy Pohtolan Kynnys	Espoo	100.00%	100.00%
Asunto Oy Pohtolan Kytö	Espoo	100.00%	100.00%
Asunto Oy Rientolanhovi	Tampere	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
Asunto Oy Riihimäen Mäkiraitti 17	Riihimäki	56.18%	56.18%
Asunto Oy Rovaniemen Koskikatu 9	Rovaniemi	100.00%	100.00%
Asunto Oy Rovaniemen Tukkipartio	Rovaniemi	100.00%	100.00%
Asunto Oy Salamankulma	Turku	62.99%	62.99%
Asunto Oy Tampereen Keskisenkatu 4	Tampere	100.00%	100.00%
Asunto Oy Tampereen Keskisenkatu 8 A	Tampere	100.00%	100.00%
Asunto Oy Tampereen Koipitaipaleenkatu 9	Tampere	100.00%	100.00%
Asunto Oy Tampereen Lentokonetehtaankatu 5	Tampere	100.00%	100.00%
Asunto Oy Tampereen Meesakatu 2	Tampere	100.00%	100.00%
Asunto Oy Tampereen Myrskynkatu 4	Tampere	100.00%	100.00%
Asunto Oy Tampereen Nuolialantie 44	Tampere	100.00%	100.00%
Asunto Oy Tampereen Pohtolan Pohja	Tampere	100.00%	100.00%
Asunto Oy Tampereen Satakunnankatu 21	Tampere	100.00%	100.00%
Asunto Oy Tampereen Tieteenkatu 3	Tampere	100.00%	100.00%
Asunto Oy Tampereen Tuomiokirkonkatu 32	Tampere	100.00%	100.00%
Asunto Oy Tampereen Tutkijankatu 7	Tampere	100.00%	100.00%
Asunto Oy Toppilan Tuulentie 2	Oulu	100.00%	100.00%
Asunto Oy Tuuran Komuntalo	Oulu	100.00%	100.00%
Asunto Oy Turun Ahterikatu 12	Turku	100.00%	100.00%
Asunto Oy Turun Aurinkorinne	Turku	81.50%	81.50%
Asunto Oy Turun Hippoksentie	Turku	100.00%	100.00%
Asunto Oy Turun Laivurinkatu 4	Turku	100.00%	100.00%
Asunto Oy Turun Riitasuonkatu 28	Turku	100.00%	100.00%
Asunto Oy Turun Työnjohtajankatu 1	Turku	100.00%	100.00%
Asunto Oy Turun Vänrikinkatu 2	Turku	100.00%	100.00%
Asunto Oy Tuusulan Bostoninkaari 2	Tuusula	100.00%	100.00%
Asunto Oy Tuusulan Kievarinkaari 4	Tuusula	100.00%	100.00%
Asunto Oy Tuusulan Metsontie 2	Tuusula	55.45%	55.45%
Asunto Oy Vantaan Antaksentie 3	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Arinatie 10	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Elmontie 11	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Esikkotie 9	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Hiiritornit	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Kaivokselantie 5 f	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Kaivokselantie 5 b	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Keikarinukuja 3	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Kilterinukujo 4	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Kilterinkaari 2	Vantaa	100.00%	100.00%

Subsidiaries and joint arrangements		Lumo Kodit Oy holding %	Group holding %
Asunto Oy Vantaan Krassitie 8	Vantaa	97.70%	97.70%
Asunto Oy Vantaan Lauri Korpien katu 10	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Lauri Korpien katu 8	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Lautamiehentie 11	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Lautamiehentie 9	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Lehtikallio 4	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Leinelänkaari 13	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Leinelänkaari 14	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Leineläntie 3	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Martinlaaksonpolku 4	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Liesikuja 8	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Neilikkaopolku	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Pyhtäänkorvenkuja 4 ja 6	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Pyhtäänkorventie 25	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Ruukkupolku 14	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Tammistonvuori	Vantaa	100.00%	100.00%
Asunto Oy Vantaan Tarhurintie 6	Vantaa	100.00%	100.00%
Asunto Oy Verkkotie 3	Hämeenlinna	100.00%	100.00%
Asunto Oy Vähäntuvantie 6	Helsinki	100.00%	100.00%
Kiint. Oy Taivaskero 2	Vantaa	100.00%	100.00%
Kiinteistö Oy Helsingin Abrahaminkatu 1	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Agricolankatu 1	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Albertinkatu 40	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Bulevardi 31	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Eerikinkatu 36	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 37	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 39	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 41	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Kalevankatu 43	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Lönnrotinkatu 34	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Onnentie 18	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Sofianlehdonkatu 5	Helsinki	100.00%	100.00%
Kiinteistö Oy Helsingin Tukholmankatu 10	Helsinki	100.00%	100.00%
Kiinteistö Oy Lintulahdenpenger	Helsinki	100.00%	100.00%
Kiinteistö Oy Malminhaka	Tampere	90.00%	90.00%
Kiinteistö Oy Mannerheimintie 168	Helsinki	82.61%	82.61%
Kiinteistö Oy Saarensahra	Tampere	100.00%	100.00%
Asunto Oy Helsingin Saarniemenkatu 6	Helsinki	100.00%	100.00%

		Lumo Kodit Oy holding %	Group holding %
<b>Subsidiaries and joint arrangements</b>			
Kiinteistö Oy Siilinjärven Kirkkorinne	Siilinjärvi	100.00%	100.00%
Kiinteistö Oy Tampereen Kyllikinkatu 15	Tampere	100.00%	100.00%
Kiinteistö Oy Tuureporin Liiketalo	Turku	100.00%	100.00%
Kiinteistö Oy Uuno Kailaan kadun Pysäköinti	Espoo	100.00%	100.00%
Asunto Oy Espoon Ajurinkuja 1	Espoo	100.00%	100.00%
Kiinteistö Oy Vantaan Pyhtäänpolku	Vantaa	100.00%	100.00%
Kiinteistö Oy Ylä-Malmintori	Helsinki	100.00%	100.00%
Kiinteistöosakeyhtiö Näsilinnankatu 40	Tampere	100.00%	100.00%
Kilterin Kehitys Oy	Helsinki	100.00%	100.00%
Lumo Eerikinkatu VII Holding 2 Oy	Helsinki	100.00%	100.00%
Lumo Hankeyhtiö 1 Oy	Helsinki	100.00%	100.00%
Lumo Hankeyhtiö 2 Oy	Helsinki	100.00%	100.00%
Lumo Hankeyhtiö 3 Oy	Helsinki	100.00%	100.00%
Lumo Hankeyhtiö 4 Oy	Helsinki	100.00%	100.00%
Lumo Holding 50 Oy	Helsinki	100.00%	100.00%
Volaria Oy	Helsinki	100.00%	100.00%

		Lumo Vuokratalot Oy holding %	Group holding %
<b>Subsidiaries and joint arrangements</b>			
<b>Lumo Vuokratalot Oy</b>			
Asunto Oy Espoon Asemakuja 1	Espoo	100.00%	100.00%
Asunto Oy Espoon Piilipuuntie 25	Espoo	100.00%	100.00%
Asunto Oy Espoon Piilipuuntie 31	Espoo	100.00%	100.00%
Asunto Oy Helsingin Vaakamestarinpolku 2	Helsinki	100.00%	100.00%
Asunto Oy Kuopion Niemenkatu 5	Kuopio	100.00%	100.00%
Asunto Oy Oulun Jalohaukantie 1	Oulu	100.00%	100.00%
Asunto Oy OulunTuiranmaja	Oulu	100.00%	100.00%
Kiinteistö Oy Nummenperttu	Hämeenlinna	100.00%	100.00%
Kiinteistö Oy Vehnäpelto	Vantaa	100.00%	100.00%
Kiinteistö Oy Viljapelto	Vantaa	55.56%	76.67%

		Lumo 2018 Oy holding %	Group holding %
<b>Subsidiaries and joint arrangements</b>			
<b>Lumo 2018 Oy</b>			
Kiinteistö Oy Vantaan Karhunkierros 1 C	Vantaa	86.58%	86.58%
Asunto Oy Naantalin Palomäenkatu 5	Naantali	100.00%	100.00%

		Lumo 2019 Oy holding %	Group holding %
<b>Subsidiaries and joint arrangements</b>			
<b>Lumo 2019 Oy</b>			
Asunto Oy Oulun Peltolankaari 1	Oulu	100.00%	100.00%
Asunto Oy Turun Reelinkikatu 7	Turku	100.00%	100.00%

		Lumo 2020 Oy holding %	Group holding %
<b>Subsidiaries and joint arrangements</b>			
<b>Lumo 2020 Oy</b>			
Asunto Oy Kuopion Vuorikatu 22	Kuopio	100.00%	100.00%

		Lumo 2021 Oy holding %	Group holding %
<b>Subsidiaries and joint arrangements</b>			
<b>Lumo 2021 Oy</b>			
Asunto Oy Kuopion Vilhelmiina	Kuopio	78.38%	100.00%

Subsidiaries and joint arrangements		Kojamo Palvelut Oy holding %	Group holding %
<b>Kojamo Palvelut Oy</b>			
Kiinteistö Oy Mannerheimintie 168a	Helsinki	100.00 %	100.00 %

Subsidiaries and joint arrangements		Kojamo plc holding %	Group holding %
<b>Group</b>			
Katajapysäköinti Oy	Tampere		50.93 %

Associated companies		Parent company holding %	Group holding %
<b>Kojamo plc</b>			
Asunto Oy Nilsian Ski	Nilsia	28.33%	28.33%
SV-Asunnot Oy	Helsinki	50.00%	50.00%

Lumo Vuokratalot Oy			
Asunto Oy Viljapelto	Vantaa	21.11%	76.67%
Kiinteistö Oy Keinulaudantie 4	Helsinki	41.62%	41.62%
Pajalan Parkki Oy	Järvenpää	31.44%	44.06%

Lumo 2020 Oy			
Lintulammenkadun Pysäköintilaitos Oy	Kerava	39.19%	39.19%

Associated companies		Lumo Kodit Oy holding%	Group holding%
<b>Lumo Kodit Oy</b>			
Asunto Oy Kuopion Vilhelmiina	Kuopio	21.62%	100.00%
Fastighets Ab Lovisa Stenborg Kiinteistö Oy	Loviisa	45.50%	45.50%
Hatanpäänhovin Pysäköinti Oy	Tampere	41.88%	41.88%
Katajapysäköinti Oy	Tampere	34.26%	50.93%
Kiinteistö Oy Bäckisåker	Espoo	50.00%	50.00%
Kiinteistö Oy Jyväskylän Torikulma	Jyväskylä	42.63%	42.63%
Kiinteistö Oy Lappeenrannan Koulukatu 1	Lappeenranta	24.45%	24.45%
Kiinteistö Oy Mannerheimintie 40	Helsinki	29.42%	29.42%
Kiinteistö Oy Myllytullin Autotalo	Oulu	24.39%	24.39%

Associated companies		Lumo Kodit Oy holding%	Group holding%
<b>Lumo Kodit Oy</b>			
Kiinteistö Oy Oulun Tullivahdin Parkki	Oulu	33.60%	33.60%
Kiinteistö Oy Pohjois-Suurpelto	Espoo	50.00%	50.00%
Kiinteistö Oy Tampereen Tieteen Parkki	Tampere	41.71%	41.71%
Marin autopaikat Oy	Espoo	21.00%	21.00%
Mummunkujan pysäköinti Oy	Tampere	26.51%	26.51%
Paavolan Parkki Oy	Tampere	24.93%	32.98%
Pihlajapysäköinti Oy	Tampere	30.56%	30.56%
Ristikedonkadun Lämpö Oy	Salo	34.40%	34.40%
Ruukuntekijäntien paikoitus Oy	Vantaa	26.24%	26.24%
SKIPA Kiinteistöpalvelut Oy	Espoo	20.63%	20.63%
Suurpellon Kehitys Oy	Espoo	50.00%	50.00%
Virvatulentien Pysäköinti Oy	Helsinki	25.15%	25.15%
Asunto Oy Vantaan Lehtikallio 4:			
Kiinteistö Oy Lehtikallion pysäköinti	Vantaa	39.84%	39.84%
Asunto Oy Järvenpään Sibeliuksenkatu 27:			
Kiinteistö Oy Järvenpään Tupalantalli	Järvenpää	33.33%	33.33%
Asunto Oy Vantaan Leinelänkaari 13:			
Leinelänkaaren Pysäköinti Oy	Vantaa	21.63%	21.63%
Asunto Oy Oulun Revonkuja 1:			
Kiinteistö Oy Revonparkki	Oulu	20.37%	20.37%
Asunto Oy Tampereen Keskisenkatu 4:			
Kiinteistö Oy Tampereen Seponparkki	Tampere	29.91%	45.98%
Asunto Oy Vantaan Arinatie 10:			
Kiinteistö Oy Arinaparkki Vantaa	Vantaa	25.59%	25.59%
Asunto Oy Lahden Radanpää 6:			
Asemantaustan Pysäköinti Oy	Lahti	39.76%	39.76%
Asunto Oy Helsingin Kantelettarentie 15:			
Kiinteistö Oy Sävelkorttelin Parkkihalli	Helsinki	47.38%	47.38%
Kiinteistö Oy Vallikallion Toimistotalo:			
Kiinteistö Oy Valliparkki	Espoo	31.31%	31.31%
Asunto Oy Vantaan Lautamiehentie 9:			
Sandbackan Autopaikat Oy	Vantaa	24.62%	44.23%

### 31. Events after the reporting period

Kojamo had no significant events after the period.



## Key figures, the formulas used in their calculation, and reconciliation calculations in accordance with ESMA guidelines

	Formula	2018	2017	2016	2015	2014
Total revenue, M€		358.8	337.0	351.5	370.9	356.5
Net rental income, M€	1	234.0	216.0	222.0	227.4	210.0
Net rental income margin, %	2	65.2	64.1	63.2	61.3	58.9
Profit before taxes, M€	3	277.3	266.7	289.7	224.7	146.5
EBITDA, M€	4	325.1	308.2	336.8	262.4	194.6
EBITDA margin, %	5	90.6	91.5	95.8	70.7	54.6
Adjusted EBITDA, M€	6	196.5	179.5	186.3	189.1	173.3
Adjusted EBITDA margin, %	7	54.8	53.3	53.0	51.0	48.6
Funds From Operations (FFO), M€	8	116.4	107.8	112.2	129.4	107.4
FFO margin, %	9	32.4	32.0	31.9	34.9	30.1
FFO per share, € <sup>1)</sup>	10	0.49	0.47	0.49	0.56	0.47
FFO excluding one-off items, M€	11	117.3	107.8	112.2	129.4	107.4
Adjusted Funds From Operations (AFFO), M€	12	92.7	82.3	82.9	83.6	78.3
Operative result, M€	13	119.1	107.6	116.9	121.4	103.2
Investment properties, M€ <sup>2)</sup>		5,093.2	4,710.2	4,298.9	3,999.2	3,708.8
Financial occupancy rate, %	23	97.0	96.7	97.4	97.6	98.1
Interest-bearing liabilities, M€ <sup>3)</sup>	14	2,485.5	2,283.0	2,122.8	1,494.6	1,850.1
Return on equity, % (ROE)	15	10.1	10.9	12.9	10.8	7.2
Return on investments, % (ROI)	16	7.2	7.5	8.8	7.6	5.9
Equity ratio, %	17	43.0	41.3	40.7	41.1	40.0
Loan to Value, % <sup>3) 4) 5)</sup>	18	45.9	46.0	47.1	39.8	46.8
Earnings per share, € <sup>1)</sup>		0.93	0.93	1.01	0.78	0.48
Equity per share, € <sup>1)</sup>		9.54	8.88	8.10	7.58	6.88
Dividend per share, € <sup>1) 6)</sup>		0.29	0.22	0.51	0.16	0.10
Dividend per earnings, %	20	31.2	23.7	50.5	20.5	20.8
Price per earnings (P/E)	21	8.7				
Effective dividend yield, %	22	3.6				
Gross investments, M€	19	365.2	367.3	696.0	235.0	200.5
Number of personnel, average		319	310	298	364	339

Kojamo presents Alternative Performance Measures to illustrate the financial development of its business operations and improve comparability between reporting periods. The Alternative Performance Measures should not be considered substitutes for IFRS performance measures, i.e. performance measures that are not based

on financial reporting standards, provide significant additional information for the management, investors, analysts and other parties. The Alternative Performance Measures should not be considered substitutes for IFRS performance measures.

<sup>1)</sup> Key figures have been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. In the share split the shareholders received 30 new shares per each existing share.

<sup>2)</sup> Including items held for sale.

<sup>3)</sup> Excluding items held for sale.

<sup>4)</sup> The calculation formula is changed 2017 and the comparative figures adjusted to correspond to the current calculation method.

<sup>5)</sup> As of 1 Jan 2017 20 M€ of investment funds have been reclassified from financial assets to cash and cash equivalents. Comparative period has not been restated.

<sup>6)</sup> 2018: the Board of Directors proposed that a dividend of 0.29€ per share. 2016: including extra dividend 0.29€ per share.

**Formulas for calculating key figures**

**Alternative Performance Measures (APM) based on ESMA guidelines**

<p>1) Net rental income = Total revenue - Maintenance expenses - Repair Expenses</p> <p style="margin-left: 20px;">Net rental income measures profitability for Groups' rental business after deduction of maintenance and repair costs.</p> <p>2) Net rental income margin, % = <math>\frac{\text{Net rental income}}{\text{Total revenue}} \times 100</math></p> <p style="margin-left: 20px;">Net rental income margin discloses net rental income in relation to net sales</p> <p>3) Profit before taxes = Net rental income - Administrative expenses + Other operating income - Other operating expenses +/- Profit/loss on sales of investment properties +/- Profit/loss on sales of trading properties +/- Profit/loss on fair value of investment properties - Depreciation, amortisation and impairment losses +/- Financial income and expenses +/- Share of result from associated companies</p> <p style="margin-left: 20px;">Profit before taxes measures profitability after operative costs and financial expenses</p> <p>4) EBITDA = Profit for the period + Depreciation, amortisation and impairment losses -/+ Financial income and expenses -/+ Share of result from associated companies + Current tax expense + Change in deferred taxes</p> <p style="margin-left: 20px;">EBITDA measures operative profitability before financial expenses, taxes and depreciation.</p> <p>5) EBITDA margin, % = <math>\frac{\text{EBITDA}}{\text{Total revenue}} \times 100</math></p> <p style="margin-left: 20px;">EBITDA margin discloses EBITDA in relation to net sales</p>	<p>6) Adjusted EBITDA = Profit for the period + Depreciation, amortisation and impairment losses -/+ Profit loss on sales of investment properties -/+ Profit/loss on sales trading properties -/+ Profit/loss on sales of other non-current assets -/+ Profit/loss on fair value of investment properties -/+ Financial income and expenses -/+ Share of result from associated companies + Current tax expense + Change in deferred taxes</p> <p style="margin-left: 20px;">Adjusted EBITDA measures profitability for Groups' underlying rental operations excluding gains/losses on sale of properties and unrealized value changes of investment properties.</p> <p>7) Adjusted EBITDA margin, % = <math>\frac{\text{Adjusted EBITDA}}{\text{Total revenue}} \times 100</math></p> <p style="margin-left: 20px;">Adjusted EBITDA margin discloses adjusted EBITDA in relation to net sales</p> <p>8) Funds from operations (FFO) = Adjusted EBITDA - Adjusted net interest charges - Current tax expenses</p> <p style="margin-left: 20px;">FFO measures cash flow before change in net working capital. APM calculation takes into account financial expenses and current taxes but excludes items not directly connected to rental operations like unrealized value changes.</p> <p>9) FFO margin, % = <math>\frac{\text{FFO}}{\text{Total revenue}} \times 100</math></p> <p style="margin-left: 20px;">FFO margin discloses FFO in relation to net sales</p> <p>10) FFO per share = <math>\frac{\text{FFO}}{\text{Weighted average number of shares outstanding during the financial period}}</math></p> <p style="margin-left: 20px;">FFO per share illustrates FFO for individual share.</p> <p>11) FFO excluding no-recurring costs = FFO + non-recurring costs</p>
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				17) Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}}$	x 100
		FFO measures cash flow before change in net working capital. APM calculation takes into account financial expenses and current taxes but excludes items not directly connected to rental operations like unrealized value changes and non-recurring costs.					
12) Adjusted funds from operations (AFFO)	=	FFO - Modernisation investments		18) Loan to Value (LTV), %	=	$\frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties}}$	x 100
		AFFO measures cash flow before change in net working capital. APM calculation takes into account modernisation investments, financial expenses and current taxes but excludes items not directly connected to operative rental operations like unrealized value changes.					
				19) Gross investment	=	Acquisition and devevelopment of investment properties + Modernisation investments + Capitalised borrowing costs	
13) Operative result	=	Profit for the period +/- Gains/losses on sales of properties +/- Fair value changes +/- Other items affecting comparability - Tax adjustments					
		Operative result measures profitability for Groups' operative rental business excluding value adjustments on investment properties and other similar non-operative items.		20) Dividend per earnings, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
14) Interest-bearing liabilities	=	Non-current loans and borrowings + Current loans and borrowings		21) Price per earnings (P/E)	=	$\frac{\text{Share price at the end of the reporting period}}{\text{Earnings per share}}$	
		Interest-bearing liabilities measures Group's total debt.					
15) Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}}$	x 100	22) Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Share price at the end of the reporting period}}$	x 100
		ROE measures financial result in relation to equity. APM illustrates Kojamo's ability to generate return for the shareholders					
16) Return on investment (ROI), %	=	$\frac{(\text{Profit before taxes} + \text{Interests and other financial expenses})}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}}$	x 100				
		ROI measures financial result in relation to invested capital. APM illustrates Kojamo's ability to generate return for the invested funds.					
				<b>Other performance measures</b>			
				23) Financial occupancy rate, %	=	$\frac{\text{Rental income}}{\text{Potential rental income at full occupancy}}$	x 100

## Reconciliation of key indicators

M€	2018	2017	2016	2015	2014
Profit for the period	221.8	212.9	232.3	179.4	110.8
Depreciation, amortisation and impairment losses	0.8	1.1	1.2	1.2	1.7
Profit/loss on sales of investment properties	-1.0	-2.5	10.4	-2.7	4.6
Profit/loss on sales of trading properties	-0.1	0.0	-0.1	0.0	0.2
Profit/loss on sales of other non-current assets	0.0	0.0	2.5	-0.3	0.0
Profit/loss on fair value of investment properties	-127.5	-126.2	-163.3	-70.3	-26.2
Financial income	-3.2	-5.0	-2.4	-7.8	-2.7
Financial expenses	50.3	45.5	48.4	44.8	50.0
Share of result from associated companies	-0.2	-0.1	-0.1	-0.6	-0.9
Current tax expense	34.1	28.6	35.4	22.1	23.5
Change in deferred taxes	21.4	25.1	22.1	23.2	12.2
Adjusted EBITDA	196.5	179.5	186.3	189.1	173.3
Financial income and expenses	-47.1	-40.5	-46.0	-37.1	-47.3
Profit/loss on fair value of financial assets	1.2	-2.7	7.3	-0.5	4.9
Adjusted net interest charges	-46.0	-43.1	-38.7	-37.6	-42.4
Current tax expense	-34.1	-28.6	-35.4	-22.1	-23.5
Funds From Operations (FFO)	116.4	107.8	112.2	129.4	107.4
One-off items	0.8				
FFO excluding one-off items	117.3	107.8	112.2	129.4	107.4
Profit for the period	221.8	212.9	232.3	179.4	110.8
Profit/loss on sales of investment properties	-1.0	-2.5	10.4	-2.7	4.6
Profit/loss on sales of trading properties	-0.1	0.0	-0.1	0.0	0.2
Profit/loss on sales of other non-current assets	0.0	0.0	2.5	-0.3	0.0
Profit/loss on fair value of investment properties	-127.5	-126.2	-163.3	-70.3	-26.2
Profit/loss on fair value of financial assets	1.2	-2.7	7.3	-0.5	4.9
Other items affecting comparability		0.9			
Tax adjustments	24.7	25.1	27.9	15.8	8.8
Operative result	119.1	107.6	116.9	121.4	103.2

M€	2018	2017	2016	2015	2014
Operative result	119.1	107.6	116.9	121.4	103.2
Depreciation, amortisation and impairment losses	0.8	1.1	1.2	1.2	1.7
Other items affecting comparability		-0.9			
Share of result from associated companies	-0.2	-0.1	-0.1	-0.6	-0.9
Difference in deferred taxes	-3.3	0.0	-5.8	7.4	3.5
One-off items	0.8				
FFO excluding one-off items	117.3	107.8	112.2	129.4	107.4
Total equity	2,358.1	2,038.6	1,859.5	1,739.1	1,579.5
Assets total	5,485.4	4,943.5	4,572.2	4,236.1	3,957.2
Advances received	-6.1	-5.1	-4.6	-5.6	-5.7
Equity ratio, %	43.0	41.3	40.7	41.1	40.0

## Parent company's financial statements

### Parent company's income statement, FAS

€	Note	1-12/2018	1-12/2017
Rental income		440,304.76	441,650.13
Sales revenue from administration		9,343,309.00	11,365,930.00
<b>Total revenue</b>	<b>1</b>	<b>9,783,613.76</b>	<b>11,807,580.13</b>
Other operating income	2	276,920.48	15,183.61
Personnel costs	3	-5,459,733.36	-2,962,858.05
Amortisations and depreciation	4	-343,018.12	-646,751.88
Other operating costs	5	-8,680,024.96	-9,047,060.32
<b>Operating loss</b>		<b>-4,422,242.20</b>	<b>-833,906.51</b>
Investment income		1,080.00	200.00
Financial income		24,591,575.90	13,154,339.78
Value adjustments in investments held as non-current assets			-21,715.67
Value adjustments in investments held as current assets		-375,144.55	
Financial expenses		-29,139,856.11	-14,134,202.01
<b>Financial income and expenses</b>	<b>6</b>	<b>-4,922,344.76</b>	<b>-1,001,377.90</b>
<b>Profit before appropriations and taxes</b>		<b>-9,344,586.96</b>	<b>-1,835,284.41</b>
Appropriations	7	153,044,987.79	102,071,057.04
Income tax	8	-28,822,195.43	-20,044,053.99
<b>Profit for the period</b>		<b>114,878,205.40</b>	<b>80,191,718.64</b>

## Parent company's balance sheet, FAS

€	Note	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	9		
Intangible rights		86,077.93	141,911.17
Other long-term expenses		26,462.10	101,887.63
Intangible assets, total		112,540.03	243,798.80
Tangible assets	10		
Land areas		4,520,734.02	4,613,051.32
Machinery and equipment		534,319.76	635,344.89
Other tangible assets		194,397.12	194,397.12
Tangible assets, total		5,249,450.90	5,442,793.33
Investments	11		
Shares in subsidiaries		82,571,717.75	82,571,717.75
Shares in associates		176,951.96	176,951.96
Other securities and shares		829,061.25	829,061.25
Investments, total		83,577,730.96	83,577,730.96
<b>Non-current assets, total</b>		<b>88,939,721.89</b>	<b>89,264,323.09</b>
<b>Current assets</b>			
Non-current receivables	12	1,426,410,472.18	997,473,396.75
Current receivables	13	187,559,897.87	106,543,860.71
Other investments		146,685,164.09	
Cash and cash equivalents		75,238,690.92	1,819,912.92
<b>Current assets, total</b>		<b>1,835,894,225.06</b>	<b>1,105,837,170.38</b>
<b>ASSETS</b>		<b>1,924,833,946.95</b>	<b>1,195,101,493.47</b>

€	Note	31 Dec 2018	31 Dec 2017
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>	15		
Share capital		58,025,136.00	58,025,136.00
Share premium		35,786,180.04	35,786,180.04
Contingency fund		16,920.33	16,920.33
Reserve for invested unrestricted equity		167,856,001.50	17,856,000.00
Retained earnings		114,247,905.59	84,393,594.95
Profit for the period		114,878,205.40	80,191,718.64
<b>Equity, total</b>		<b>490,810,348.86</b>	<b>276,269,549.96</b>
<b>Accumulated appropriations</b>	16	<b>2,630.73</b>	<b>3,507.52</b>
<b>Liabilities</b>			
Non-current liabilities	17	1,335,928,460.37	831,802,204.50
Current liabilities	18	98,092,506.99	87,026,231.49
<b>Total liabilities</b>		<b>1,434,020,967.36</b>	<b>918,828,435.99</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,924,833,946.95</b>	<b>1,195,101,493.47</b>



## Parent company's statement on cash flows, FAS

€	1-12/2018	1-12/2017
<b>Cash flow from operating activities</b>		
Profit before appropriations and taxes	-9,344,586.96	-1,835,284.41
Adjustments:		
Depreciation according to plan and impairment	343,018.12	646,751.88
Asset purchase	-44,567.19	9,071.64
Financial income and expenses	4,547,200.21	1,001,377.90
Other adjustments	-218,664.70	-6,483.66
<b>Cash flow from operating activities before change in working capital</b>	<b>-4,717,600.52</b>	<b>-184,566.65</b>
Change in working capital:		
Change in sales receivables and other receivables	-484,616.12	-1,248,875.23
Change in accounts payable and other liabilities	6,500,726.18	-590,305.60
<b>Cash flow from operating activities before financial items, provisions and taxes</b>	<b>1,298,509.54</b>	<b>-2,023,747.48</b>
Interest paid and payments on other operational financial costs	-25,394,209.47	-14,052,157.43
Financial income from operating activities	1,258,790.79	577,259.48
Direct taxes paid	-19,115,568.84	-25,310,967.74
<b>Cash flow from operating activities</b>	<b>-41,952,477.98</b>	<b>-40,809,613.17</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-49,230.55	-754,834.31
Capital gains from the disposal of tangible and intangible assets	300,000.00	314,684.54
Capital gains on other investments		38,463.17
Repayments on long-term loan receivables	5,571,078.53	214,373.91
Repayments on short-term loan receivables		
Investments in tangible and intangible assets		-2,780.00
Financial securities acquired	-232,068,609.09	
Capital gains from financial securities	85,346,944.96	231,337.13
Interest and dividends received on investments	23,333,876.09	12,324,166.27
<b>Cash flow from investing activities</b>	<b>-548,458,694.67</b>	<b>-410,874,089.29</b>

€	1-12/2018	1-12/2017
<b>Cash flow from financing activities</b>		
Share issue	150,000,001.50	
Withdrawals of long-term loans	500,000,000.00	500,000,000.01
Repayments on long-term loans	-826,042.64	-4,854,479.88
Withdrawals of short-term loans	338,481,103.18	267,693,897.18
Repayments on short-term loans	-341,747,151.78	-355,858,024.65
Change in groups's in-house bank	-33,810,439.61	1,027,548.47
Dividends paid	-50,337,408.00	-50,337,408.00
Group contributions received	102,069,888.00	81,871,440.00
<b>Cash flow from financing activities</b>	<b>663,829,950.65</b>	<b>439,542,973.13</b>
<b>Change in cash and cash equivalents</b>	<b>73,418,778.00</b>	<b>-12,140,729.33</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,819,912.92</b>	<b>13,960,642.25</b>
<b>Cash and cash equivalents at end of period</b>	<b>75,238,690.92</b>	<b>1,819,912.92</b>

## Parent company accounting policies

Kojamo plc's financial statements have been prepared in accordance with the provisions of the Finnish Accounting Act and the Finnish Limited Liability Companies Act.

### Income related to rental operations and compensation for administration costs

Income related to rental operations and compensation for administration costs are recognised on an accrual basis during the agreement period.

### Valuation of fixed assets

Tangible and intangible assets are recognised in the balance sheet at original acquisition cost less depreciation according to plan and possible impairment. Depreciations according to plan are calculated as straight-line depreciation on the basis of the estimated useful life of the assets.

The depreciation periods according to plan, based on the useful life, are as follows:

IT hardware and software	4–5 years
Office machinery and equipment	4 years
Cars	4 years

Costs that arise later are included in the carrying amount of a tangible asset only if it is likely that the future economic benefit related to the asset will benefit the Group. Other repair and maintenance costs are recognised as incurred through profit and loss. Capital gains from the sale of fixed assets are recorded under other operating income and losses under other operating expenses.

### Development expenditure

Development costs are recognised as expenses in the income statement in the financial year in which they are generated.

### Valuation of financial assets

Financial securities have been recognised at the lower of acquisition cost or market price on the balance sheet date.

### Statutory provisions

Future costs and apparent losses with a reasonably estimable monetary value which will no longer generate future income and which Kojamo is obligated or committed to perform are recognised as expenses in the income statement and as statutory provisions in the balance sheet.

### Accumulated appropriations

Appropriations consist of accumulated depreciation differences.

### Accrual of pension costs

The pension cover of Group companies is handled by external pension insurance companies in all respects. Pension costs are recognised as costs in the income statement on an accrual basis.

### Accounting principles for the cash flow statement

The cash flow statement has been compiled on the basis of the information in the income statement and balance sheet and their supplementary information. Cash and cash equivalents include bank accounts, liquid deposit notes and certificates of deposit.

### Items denominated in foreign currencies

All of the receivables and liabilities are euro-denominated.

### Derivative instruments

Derivative instruments' changes in value are presented in the notes to the financial statements.

Derivative instruments that hedge against the interest rate risks of long-term loans have not been entered into the balance sheet. They are reported in the notes to the financial statements.

The interest income and expenses based on derivative instruments are allocated over the agreement period and are used to adjust the interest rates of the hedged asset.

## Notes to the parent company financial statements

### 1. Total revenue

€	1-12/2018	1-12/2017
Intragroup revenue		
Plot rental income	320,590.00	322,816.77
Rental income, total	320,590.00	322,816.77
Central administration services	5,972,184.00	7,369,576.00
IT rental income	3,371,125.00	3,810,253.00
Other sales revenue from administration		186,101.00
Other sales revenue, total	9,343,309.00	11,365,930.00
Intragroup revenue total	9,663,899.00	11,688,746.77
Other operating revenue		
Plot rental income	117,614.76	116,703.36
Other rental income	2,100.00	2,130.00
Other operating income	119,714.76	118,833.36
<b>Revenue, total</b>	<b>9,783,613.76</b>	<b>11,807,580.13</b>

### 2. Other operating income

€	1-12/2018	1-12/2017
Capital gains on fixed assets	218,664.70	13,730.57
Income from debt collection	1,495.61	1,263.04
Other operating income	56,760.17	190.00
<b>Total</b>	<b>276,920.48</b>	<b>15,183.61</b>

### 3. Personnel costs

€	1-12/2018	1-12/2017
Wages, salaries and fees	3,809,908.61	2,391,848.65
Pension costs	1,548,880.60	496,878.95
Other employer contributions	100,944.15	74,130.45
<b>Total</b>	<b>5,459,733.36</b>	<b>2,962,858.05</b>

The management's performance bonuses have been calculated based on the closing rate on 28 December 2018.

**Salaries, fees and other benefits of the Group Executive Team**

€	1-12/2018	1-12/2017
CEO Jani Nieminen	871,734.46	738,662.12
Salaries of Board Members and Committee		
Riku Aalto	59,500.00	36,200.00
Matti Harjuniemi	31,750.00	16,800.00
Olli Luukkainen	9,000.00	16,800.00
Jorma Malinen	10,200.00	15,600.00
Mikko Mursula	40,350.00	22,200.00
Reima Rytstölä	34,750.00	18,000.00
Jan-Erik Saarinen	35,350.00	16,800.00
Ann Selin	9,600.00	16,200.00
Anne Leskelä	21,100.00	
Minna Metsälä	21,700.00	
Eloranta Jarkko	4,200.00	1,200.00
Laukkanen Ville-Veikko	4,200.00	1,200.00
Pesonen Pasi	4,200.00	1,200.00
Torsti Esko	4,200.00	1,200.00
<b>Total</b>	<b>1,161,834.46</b>	<b>902,062.12</b>

	2018	2017
Average number of personnel	25	25

Kojamo plc's CEO and Management Team receive total pay and their retirement age is 63 years. Pension reserve is offset by pension insurance plan, in which an insurance premium corresponding to two months' taxable income is paid annually into a group pension insurance plan. The period of notice for terminating the CEO's employment is 12 months. In 2018,

the cost of the Finnish statutory pension plan for the CEO was EUR 0.2 (0.5) million, and payments to the voluntary pension plan amounted to EUR 0.1 (0.1) million. In 2018, the cost of the Finnish statutory pension plan for the Management Team was EUR 0.4 (1.2) million, and payments to the voluntary pension plan amounted to EUR 0.1 (0.2) million.

**4. Depreciation according to plan**

€	1-12/2018	1-12/2017
Intangible assets	55,833.24	145,078.76
Other long-term expenses	75,425.53	262,115.89
Machinery and equipment	211,759.35	236,244.65
Other tangible assets		3,312.58
<b>Total</b>	<b>343,018.12</b>	<b>646,751.88</b>

**5. Other operating expenses**

€	1-12/2018	1-12/2017
Property tax	142,929.51	143,311.82
Rents and maintenance charges	488,688.60	436,863.22
Central administration	8,048,406.85	8,466,885.28
<b>Total</b>	<b>8,680,024.96</b>	<b>9,047,060.32</b>

**Auditors fee**

€	1-12/2018	1-12/2017
KPMG Oy Ab, authorised public accounting firm		
Audit fees	290,657.26	33,966.91
Statutory statements	37,200.00	2,267.50
Tax advice		59,681.23
Advisory services	219,425.12	83,077.50
<b>Total</b>	<b>547,282.38</b>	<b>178,993.14</b>

**6. Financial income and expenses**

€	1-12/2018	1-12/2017
Dividend income		
From others	1,080.00	200.00
<b>Total</b>	<b>1,080.00</b>	<b>200.00</b>

	1-12/2018	1-12/2017
Interest income		
From Group companies	24,396,246.85	12,853,780.01
From others	76,049.39	5,884.79
Other financial income	119,279.66	294,674.98
<b>Total</b>	<b>24,591,575.90</b>	<b>13,154,339.78</b>

**Dividend, interest and financial income total** **24 592 655,90** **13 154 539,78**

€	1-12/2018	1-12/2017
Value adjustments in investments		
Value adjustments in investments held as non-current assets		-21,715.67
Value adjustment in investments held as current assets	-375,144.55	
<b>Total</b>	<b>-375,144.55</b>	<b>-21,715.67</b>

€	1-12/2018	1-12/2017
Interest and other financial expenses		
To others	-29,139,856.11	-14,134,202.01
<b>Total</b>	<b>-29,139,856.11</b>	<b>-14,134,202.01</b>

**Total financial income and expenses** **-4,922,344.76** **-1,001,377.90**

**7. Appropriations**

€	1-12/2018	1-12/2017
Group contributions, received	153,044,111.00	102,069,888.00
Change in depreciation difference	876.79	1,169.04
<b>Total</b>	<b>153,044,987.79</b>	<b>102,071,057.04</b>

**8. Income tax**

€	1-12/2018	1-12/2017
Income tax on operational income	28,822,202.20	20,044,053.99
Tax during earlier years	-6.77	
<b>Total</b>	<b>28,822,195.43</b>	<b>20,044,053.99</b>

**9. Intangible assets**

€	Rights	Other long-term expenses	Total
Acquisition cost as at 1 Jan 2018	2,490,396.05	2,141,834.00	4,632,230.05
Decreases	-100,981.71	-6,054.34	-107,036.05
Acquisition cost as at 31 Dec 2018	2,389,414.34	2,135,779.66	4,525,194.00
Accumulated depreciation as at 1 Jan 2018	-2,348,484.88	-2,039,946.37	-4,388,431.25
Accumulated depreciation of decreases	100,981.71	6,054.34	107,036.05
Depreciation for the financial year	-55,833.24	-75,425.53	-131,258.77
Accumulated depreciation as at 31 Dec 2018	-2,303,336.41	-2,109,317.56	-4,412,653.97

**Book value as at 31 Dec 2018** **86,077.93** **26,462.10** **112,540.03**

€	Rights	Other long-term expenses	Total
Acquisition cost as at 1 Jan 2017	2,572,269.07	2,799,532.34	5,371,801.41
Increases	60,433.61		60,433.61
Decreases	-142,306.63	-657,698.34	-800,004.97
Acquisition cost as at 31 Dec 2017	2,490,396.05	2,141,834.00	4,632,230.05
Accumulated depreciation as at 1 Jan 2017	-2,345,095.94	-2,433,788.59	-4,778,884.53
Accumulated depreciation of decreases	141,689.82	655,958.11	797,647.93
Depreciation for the financial year	-145,078.76	-262,115.89	-407,194.65
Accumulated depreciation as at 31 Dec 2017	-2,348,484.88	-2,039,946.37	-4,388,431.25

**Book value as at 31 Dec 2017** **141,911.17** **101,887.63** **243,798.80**

**10. Tangible assets**

€	Land areas	Machinery and equipment	Other tangible assets	Total
Acquisition cost as at 1 Jan 2018	4,613,051.32	1,466,979.36	194,397.12	6,274,427.80
Increases		110,734.22		110,734.22
Decreases	-92,317.30	-428,447.39		-520,764.69
Acquisition cost as at 31 Dec 2018	4,520,734.02	1,149,266.19	194,397.12	5,864,397.33
Accumulated depreciation as at 1 Jan 2018		-831,634.47		-831,634.47
Depreciation for the financial year		-211,759.35		-211,759.35
Accumulated depreciation of decreases		428,447.39		428,447.39
Accumulated depreciation as at 31 Dec 2018		-614,946.43		-614,946.43
<b>Book value as at 31 Dec 2018</b>	<b>4,520,734.02</b>	<b>534,319.76</b>	<b>194,397.12</b>	<b>5,249,450.90</b>

€	Land areas	Machinery and equipment	Other tangible assets	Total
Acquisition cost as at 1 Jan 2017	4,921,252.20	1,673,426.14	194,397.12	6,789,075.46
Increases		694,590.70		694,590.70
Decreases	-308,200.88	-901,037.48		-1,209,238.36
Acquisition cost as at 31 Dec 2017	4,613,051.32	1,466,979.36	194,397.12	6,274,427.80
Accumulated depreciation as at 1 Jan 2017		-1,495,471.76		-1,495,471.76
Depreciation for the financial year		-236,244.65		-236,244.65
Accumulated depreciation of decreases		900,081.94		900,081.94
Accumulated depreciation as at 31 Dec 2017		-831,634.47		-831,634.47
<b>Book value as at 31 Dec 2017</b>	<b>4,613,051.32</b>	<b>635,344.89</b>	<b>194,397.12</b>	<b>5,442,793.33</b>

**11. Investments**

€	Shares in subsidiaries	Shares in associates	Other securities and shares	Total
Acquisition cost as at 1 Jan 2018	82,571,717.75	176,951.96	829,061.25	83,577,730.96
Acquisition cost as at 31 Dec 2018	82,571,717.75	176,951.96	829,061.25	83,577,730.96

**Book value as at 31 Dec 2018**      **82,571,717.75**      **176,951.96**      **829,061.25**      **83,577,730.96**

€	Shares in subsidiaries	Shares in associates	Other securities and shares	Total
Acquisition cost as at 1 Jan 2017	82,568,937.75	176,951.96	889,240.09	83,635,129.80
Increases	2,780.00			2,780.00
Decreases			-60,178.84	-60,178.84
Acquisition cost as at 31 Dec 2017	82,571,717.75	176,951.96	829,061.25	83,577,730.96

**Book value as at 31 Dec 2017**      **82,571,717.75**      **176,951.96**      **829,061.25**      **83,577,730.96**

**12. Non-current receivables**

€	31 Dec 2018	31 Dec 2017
Loan receivables from Group companies	1,417,949,784.69	992,057,030.08
Loan receivables from others	114,592.00	
Accrued income	8,346,095.49	5,416,366.67
<b>Total</b>	<b>1,426,410,472.18</b>	<b>997,473,396.75</b>

€	31 Dec 2018	31 Dec 2017
Bond issuance costs recorded in non-current receivables	8,020,173.25	5,012,386.70

**13. Current receivables**

€	31 Dec 2018	31 Dec 2017
Accounts receivable	25,331.28	970.00
From Group companies		
Accounts receivable	1,546,318.44	2,286,872.80
Loan receivables	15,000.00	586,078.53
Other receivables	183,075,260.75	102,069,888.00
From Group companies, total	184,636,579.19	104,942,839.33
Loan receivables	43,129.69	174,129.44
Other receivables	455,076.61	272.56
Accrued income	2,399,781.10	1,425,649.38
<b>Total</b>	<b>187,559,897.87</b>	<b>106,543,860.71</b>

€	31 Dec 2018	31 Dec 2017
Bond issuance costs recorded in current receivables	2,162,898.34	1,164,025.59

**14. Financial securities**

€	31 Dec 2018	31 Dec 2017
Other investments		
Other securities and funds	146,685,164.09	
<b>Total</b>	<b>146,685,164.09</b>	

**15. Equity**

€	31 Dec 2018	31 Dec 2017
Share capital as at 1 Jan	58,025,136.00	58,025,136.00
<b>Share capital as at 31 Dec</b>	<b>58,025,136.00</b>	<b>58,025,136.00</b>
Share premium as at 1 Jan	35,786,180.04	35,786,180.04
<b>Share premium as at 31 Dec</b>	<b>35,786,180.04</b>	<b>35,786,180.04</b>
<b>Other reserves at 1 Jan</b>		
Contingency fund as at 1 Jan	16,920.33	16,920.33
<b>Contingency fund as at 31 Dec</b>	<b>16,920.33</b>	<b>16,920.33</b>
Reserve for invested unrestricted equity as at 1 Jan	17,856,000.00	17,856,000.00
Share	150,000,001.50	
<b>Reserve for invested unrestricted equity as at 31 Dec</b>	<b>167,856,001.50</b>	<b>17,856,000.00</b>
<b>Other reserves at 31 Dec</b>	<b>167,872,921.83</b>	<b>17,872,920.33</b>
Retained earnings as at 1 Jan	164,585,313.59	134,731,002.95
Dividend distribution	-50,337,408.00	-50,337,408.00
Retained earnings as at 31 Dec	114,247,905.59	84,393,594.95
Profit for the period	114,878,205.40	80,191,718.64
<b>Total</b>	<b>490,810,348.86</b>	<b>276,269,549.96</b>

## Calculation on distributable equity

	31 Dec 2018	31 Dec 2017
Reserve for invested unrestricted equity	167,856,001.50	17,856,000.00
Retained earnings	114,247,905.59	84,393,594.95
Profit for the period	114,878,205.40	80,191,718.64
<b>Total</b>	<b>396,982,112.49</b>	<b>182,441,313.59</b>

	31 Dec 2018	31 Dec 2017
The number of Kojamo plc's shares	247,144,399	7,402,560

Kojamo plc raised a total of approximately EUR 150 million in gross proceeds in the initial public offering and issued a total of 17,665,039 new shares.

Kojamo plc's registered share capital is EUR 58,025,136 and the Company has 247,144,399 shares. Kojamo has a single series of shares, and

each share entitles its holder to one vote in the Company's Annual General Meeting. There are no voting restrictions related to the shares. The shares have no nominal value. All shares carry equal rights to dividends and other distributions by Kojamo. Kojamo's shares are part of the Finnish book-entry securities.



**16. Accumulated appropriations**

€	31 Dec 2018	31 Dec 2017
Accumulated depreciation difference		
Machinery and equipment	2,630.73	3,507.52
<b>Total</b>	<b>2,630.73</b>	<b>3,507.52</b>

**17. Non-current liabilities**

€	31 Dec 2018	31 Dec 2017
Loans from financial institutions	30,454,685.70	31,280,728.34
Bonds	1,300,000,000.00	800,000,000.00
Accrued expenses, wages and salaries	741,175.32	521,476.16
Bond derivative profit periodisation	4,732,599.35	
<b>Total</b>	<b>1,335,928,460.37</b>	<b>831,802,204.50</b>

**18. Current liabilities**

€	31 Dec 2018	31 Dec 2017
Loans from financial institutions, instalments in the next financial year	826,042.64	826,042.64
Trade payables	639,023.06	596,930.89
Liabilities to Group companies		
Trade payables	46,616.70	59,268.18
Other debts	16,949,108.87	20,730,379.00
Other debts	50,586,645.84	53,889,167.05
Accrued expenses		
Accrued financial liabilities	13,323,575.15	6,674,944.82
Payroll including social security contributions	1,745,199.50	1,112,347.46
Tax liabilities	12,843,778.04	3,137,151.45
Bond derivative profit periodisation	1,132,517.22	
<b>Total</b>	<b>98,092,506.99</b>	<b>87,026,231.49</b>

**19. Derivative instruments**

€	31 Dec 2018	31 Dec 2017
Interest rate swaps		
Nominal value	108,800,000.00	581,600,000.00
Fair value	806,335.19	2,130,910.92

Hedge accounting is applied to interest rate swaps as their terms and conditions are similar to the terms and conditions of the hedged loan agreements. Interest rate swaps have not been recognised through

profit and loss. If the duration of the derivative is longer than that of the loan, it is highly likely that the loan will be extended.

**20. Collateral and contingent liabilities**

€	31 Dec 2018	31 Dec 2017
Loans that mature in more than five years		
Market-based loans	1,026,638,998.40	727,438,998.40
Loans for which mortgage on and shares in property have been given as a guarantee		
Loans from financial institutions	1,838,998.40	2,038,998.40
Mortgages given	4,015,000.00	4,105,000.00
Guarantees given		
Counter-guarantee	210,232,681.66	242,849,892.30

**21. Other liabilities**

€	31 Dec 2018	31 Dec 2017
Car leasing liabilities		
Payable during the next financial year	108,510.71	72,699.02
Payable later	201,012.47	137,795.19

**Electricity hedging**

Electricity procurement was hedged with electricity derivatives quoted on the Nordic electricity exchange Nord Pool in accordance with the risk policy approved by Kojamo. The market value of the

hedges for 2019–2022 was EUR 1,344,333.85 (33,208.27) at the balance sheet date. Unrealised changes in fair value have not been taken into account in the income statement or balance sheet of Kojamo plc.

**22. Related party transactions**

Members of the Management Team own a total of 96,666 of Kojamo plc's shares, which amounts to 0.04 per cent of the total amount of shares.

**Signatures to the Board of Directors' Report and Financial Statements**

Helsinki, 14 February 2019

Riku Aalto  
Chairman of the Board of Directors

Mikko Mursula  
Vice-Chairman of the Board of Directors

Matti Harjuniemi

Anne Leskelä

Minna Metsälä

Reima Rytsölä

Jan-Erik Saarinen

Jani Nieminen  
CEO

A report on the audit has been issued today.

Helsinki, 14 February 2019  
KPMG Oy Ab

Esa Kailiala, APA

# Auditor's Report to the Annual General Meeting of Kojamo Oyj

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Kojamo Oyj (business identity code 0116336-2) for the year ended 31 December, 2018. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with

these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Ar-

ticle 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consid-

eration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

### THE KEY AUDIT MATTER

### HOW THE MATTER WAS ADDRESSED IN THE AUDIT

#### Valuation of investment properties (refer to notes 1 and 10 to the consolidated financial statements)

- Investment properties measured at fair value (EUR 5,093 million) represent 93 % of the consolidated total assets as at 31 December, 2018. Valuation of investment properties is considered a key audit matter due to management's estimates used in forecasts underlying the valuations, and significance of the carrying amounts involved.
- The fair values of investment properties are determined a property-specific basis using the transaction value, income value or acquisition cost. Determining the underlying key assumptions requires management to make judgements in respect of return requirements, maintenance costs and choice of actual sales considered comparable, among others.

- We assessed the assumptions used requiring management judgement, as well as the grounds for substantial changes in fair values. We also tested controls in place in the company over the fair value accounting.
- We involved KPMG valuation specialists to test the technical appropriateness of the calculations and to compare the assumptions used to market and industry data, on a sample basis.
- We met with the external property valuer (Authorised Property Valuer, AKA) used by the Group, to evaluate the appropriateness of the valuation method applied by Kojamo.
- We assessed the appropriateness of the disclosures provided on the investment properties.

#### Total revenue: recognition of rental income (refer to notes 1 and 2 to the consolidated financial statements)

- The Group's total revenue consists almost solely of rental income from investment properties.
- The industry is marked by a large lease portfolio with a substantial number of invoicing and payment transactions monthly.

- We evaluated and tested controls over the accuracy of rental income to assess the completeness and accuracy of total revenue.

## THE KEY AUDIT MATTER

### Property acquisitions, divestments and investments (refer to notes 1, 3 and 10 to the consolidated financial statements)

• During the financial year 2018 Kojamo carried out two major property sale transactions. The Group acquired 1,049 apartments and sold 1,908 apartments during the financial year. Furthermore, 1,258 apartments were completed in 2018 and 1,064 were under construction at the end of the financial year. The sale and purchase agreements for property acquisitions and disposals may have terms which require judgement from management to consider the timing and amount of gains or losses arising from disposals.

### Interest-bearing liabilities and derivative instruments (refer to notes 21 and 22 to the consolidated financial statements)

• At the year-end 2018, Kojamo's interest-bearing liabilities totaled EUR 2,486 million, representing 45 % of the consolidated balance sheet total.

• The Group utilizes interest rate derivative contracts, measured at fair value. The nominal value of these derivatives totaled EUR 997 million as at 31 December 2018. Kojamo uses derivative contracts mainly to hedge its interest rate risk exposure. The Group applies hedge accounting to qualifying interest rate derivative instruments.

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board

## HOW THE MATTER WAS ADDRESSED IN THE AUDIT

• We evaluated the internal control environment and tested controls over the approval process for investment projects and property transactions.

• Our substantive procedures included assessing the appropriateness of the accounting treatment and the related documentation for major property transactions.

• Our audit procedures included evaluation of the appropriateness of the recognition and measurement policies for financial instruments, and testing of the controls relevant to the accuracy and measurement of financial instruments.

• We tested the accuracy of the measurements and the accruals for financial items, on a sample basis.

• We assessed the appropriateness of the hedge accounting as applied by Kojamo.

• We assessed the appropriateness of the disclosures provided on the interest-bearing liabilities and derivative instruments.

of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the

going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the go-

ing concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we de-

termine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Information on our audit engagement

KPMG Oy Ab was first appointed as auditor by the Annual General Meeting on 7 April, 2005, and our appointment represents a total period of uninterrupted engagement of 13 years. Kojamo Oyj has been a public interest entity since 21 October, 2016.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the

other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 14 February, 2019  
KPMG OY AB

ESA KAILIALA  
Authorised Public Accountant, KHT



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