



14 February 2019
Jani Nieminen, CEO
Erik Hjelt, CFO

Financial Statements Release 2018

Kojamo plc



Agenda

- Summary of year 2018
- Financial development
- Outlook, financial targets and dividend policy



Lauri Korpisen katu 10, Vantaa



Summary of year 2018

Operating environment

General operating environment

- Kojamo is affected particularly by the situation in the residential property market and development in the Finnish growth centres, as well as macro-economic factors
- 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

Business 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, December 2018

Industry operating environment

Apartment prices

- Development of the housing markets and apartment prices continue to diverge between cities (Pellervo Economic Research (PTT))
- Accelerated urbanisation increases the demand for apartments, which increases the prices in growth centres
- 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.

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

Influence of urbanisation

The popularity of rental housing increases

- 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

Area	Population growth forecast		Share of rental household-dwelling units	
	2018–2028	2010	2017	
Capital region*	9.8%	41.9%	44.5%	
Helsinki region**	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%	

*Helsinki, Espoo, Kauniainen, Vantaa

**Capital region, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula, Vihti

Sources: Pellervo Economic Research PTT, Statistics Finland



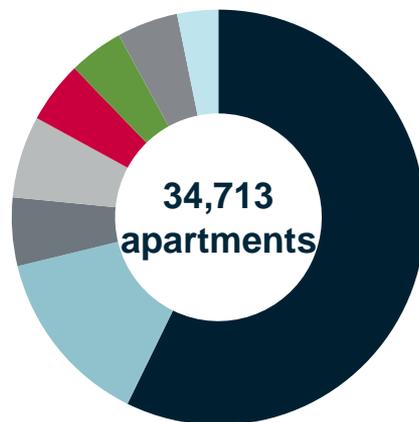
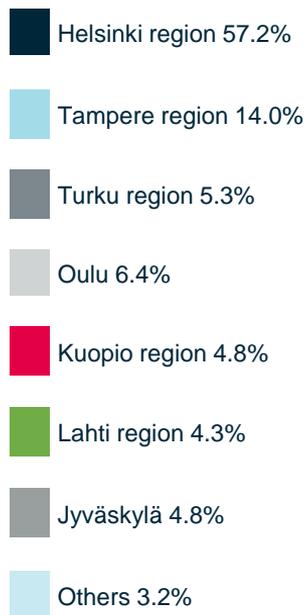
Successful first year as a listed company

- **The strategy implementation** proceeded significantly during the year: IPO in June, Eurobond, significant portfolio transactions
- **The first year as a stock-listed company** was successful: the value of investment properties increased by 8%, net rental income improved by 8%, investments exceeded the total revenue
- **Total revenue** was EUR 358.8 (337.0) million, showing 6.5% growth. Q4: EUR 91.2 (85.7) million, +6.4%
- **Net rental income** increased to EUR 234.0 (216.0) million representing 65.2 (64.1) % of total revenue. Q4: EUR 60.0 (56.3) million and 65.8 (65.7) % of total revenue
- **Profit before taxes** was EUR 277.3 (266.7) million. Q4: EUR 77.7 (58.8) million
- **FFO** was EUR 116.4 (107.8) million, showing 8.0% growth. Q4: EUR 34.7 (29.1) million
- **The financial occupancy rate** improved and was 97.0 (96.7) %
- **The fair value of investment properties** was EUR 5.1 (4.7) billion at the end of review period
- **Gross** investments totaled EUR 365.2 (367.3) million. Kojamo acquired 1,049 (75) apartments, with 981 acquired from OP Financial Group's funds. Number of completed apartments during the period was 1,258 (983)
- Use of **Lumo webstore** continued to increase sharply: The number of tenancy agreements signed via web store was approximately 8,600 at the end of the year
- **The Board's dividend proposal:** EUR 0.29 per share



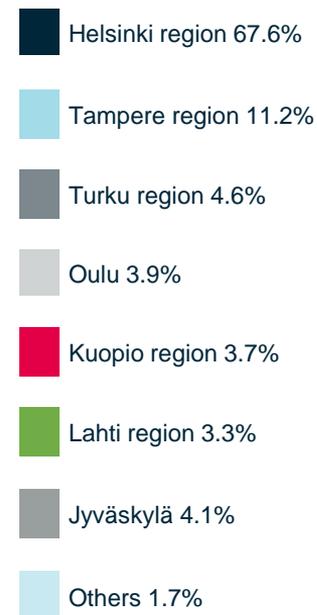
Of the apartments' fair value 98.3% in the seven main urban regions in Finland

Apartment distribution



Total number of apartments 34,713

Fair value distribution, %

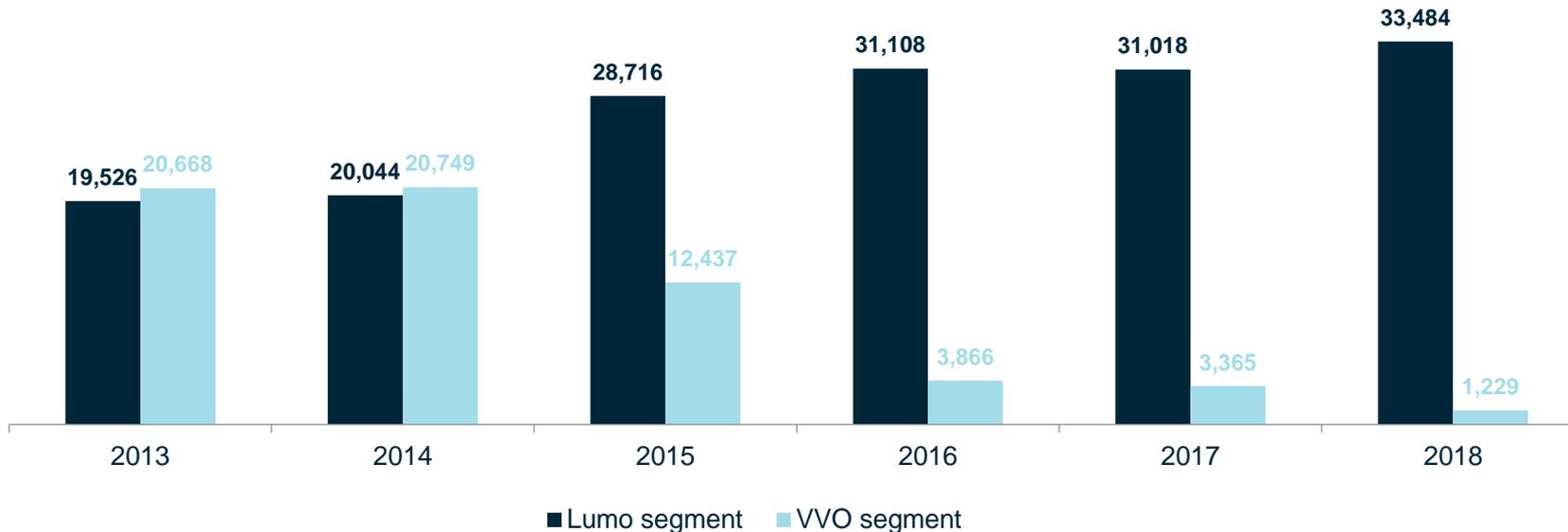


Fair value of investment properties EUR 5.1 Bn



The number of Lumo apartments increased by 8% in 2018

- At the end of the year, the Lumo segment included 33,484 apartments
- The number of VVO apartments was 1,229
- Kojamo's apartment portfolio comprised of 34,713 (34,383) apartments in total



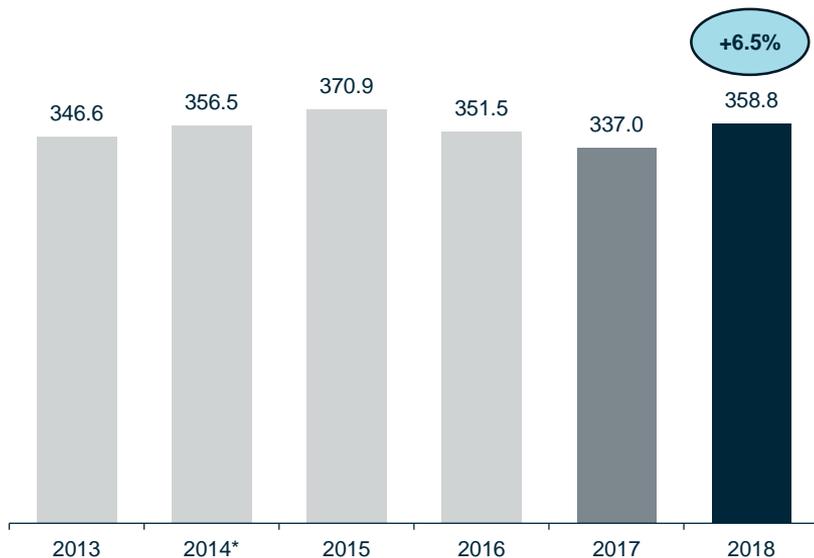


Financial development

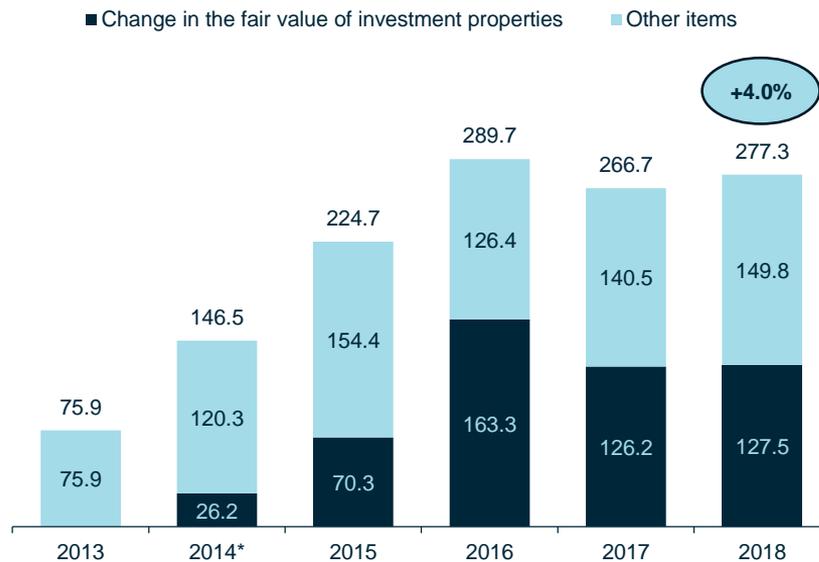


Total revenue and profit increased

Total revenue, M€



Profit before taxes, M€

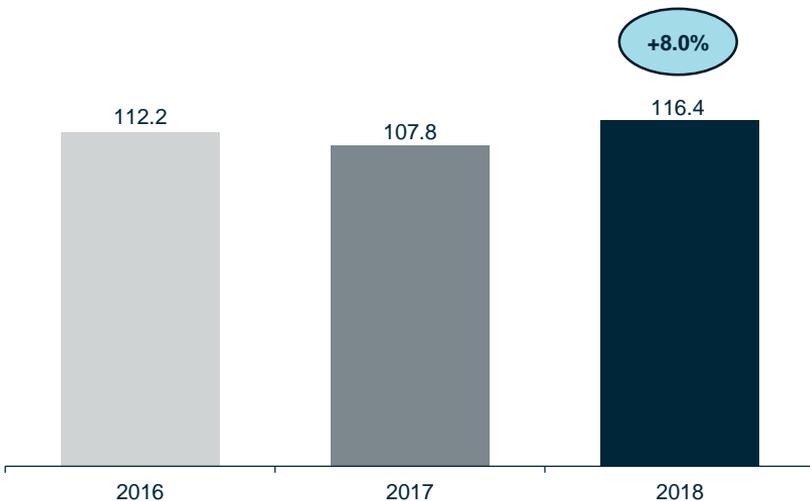


*As of 2014, the Group adopted IFRS for its financial reporting.

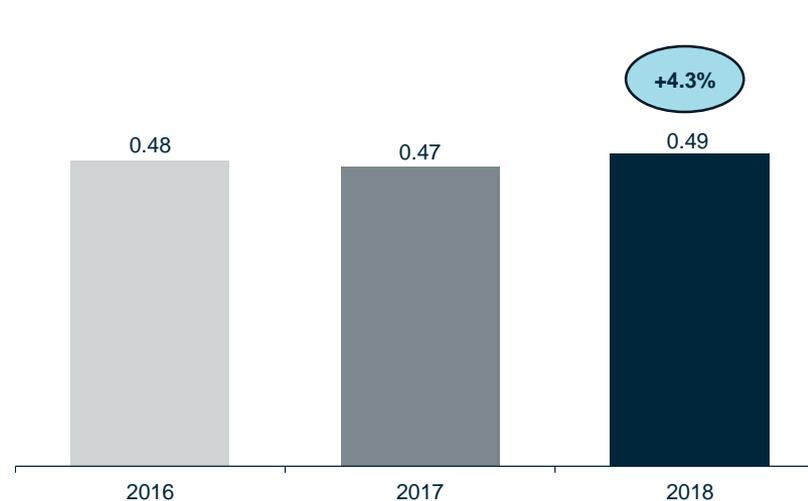


Funds From Operations (FFO) increased by 8%

Funds From Operations (FFO), M€



FFO per share, € ¹⁾



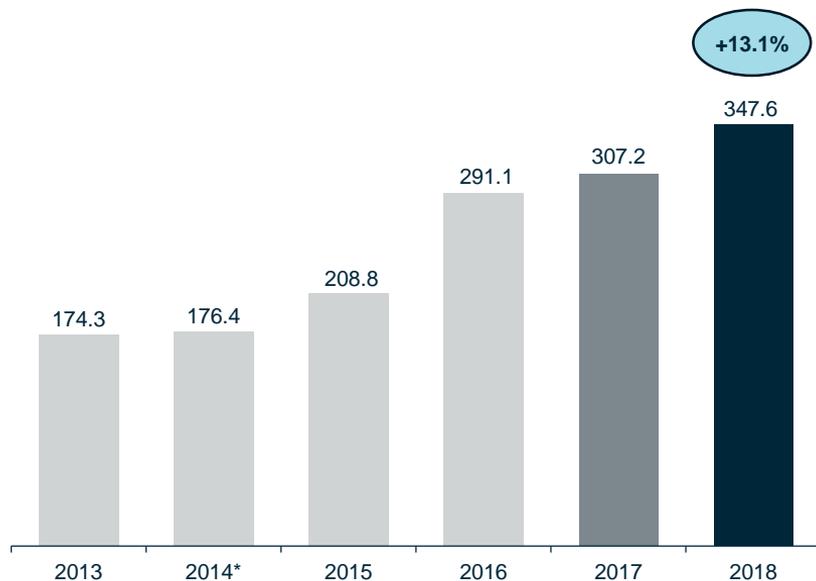
Changes in the total number of Kojamo shares have an impact on relative development of FFO per share.

1) 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.



In Lumo segment, total revenue and net rental income increased significantly

Total revenue, Lumo segment, M€



Net rental income, Lumo segment, M€



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

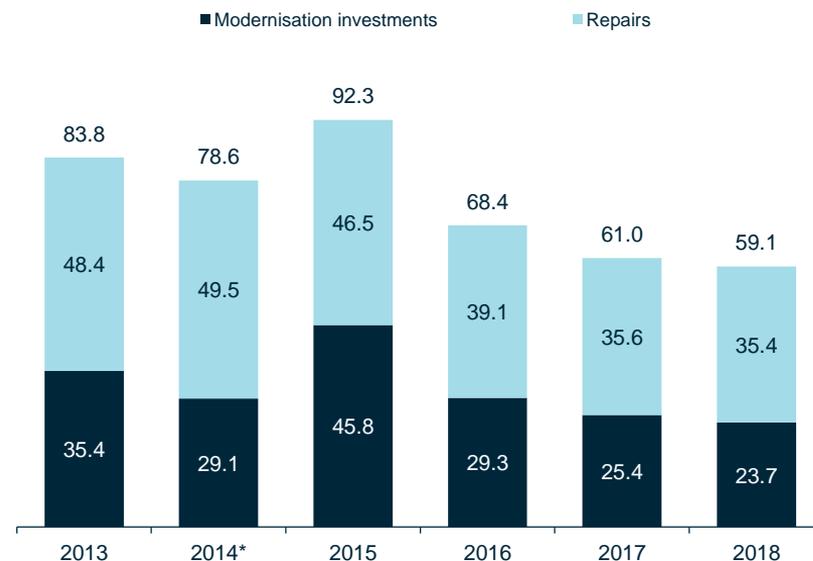


Investments in Lumo segment continued

Gross investments and sales of investment properties, M€



Modernisation investments and repairs, M€



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

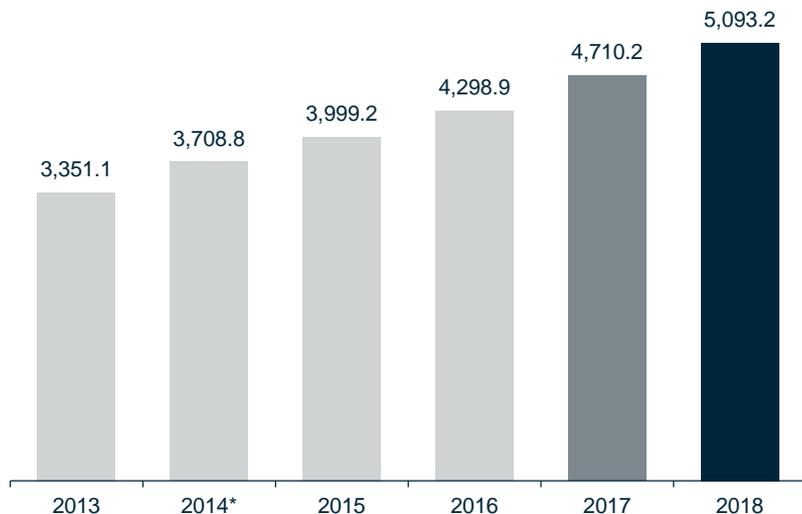
**The calculation method of gross investments has been changed. Previously, gross investments in the cash flow were presented; starting from 31 Dec 2015, investments on an accrual basis are presented.



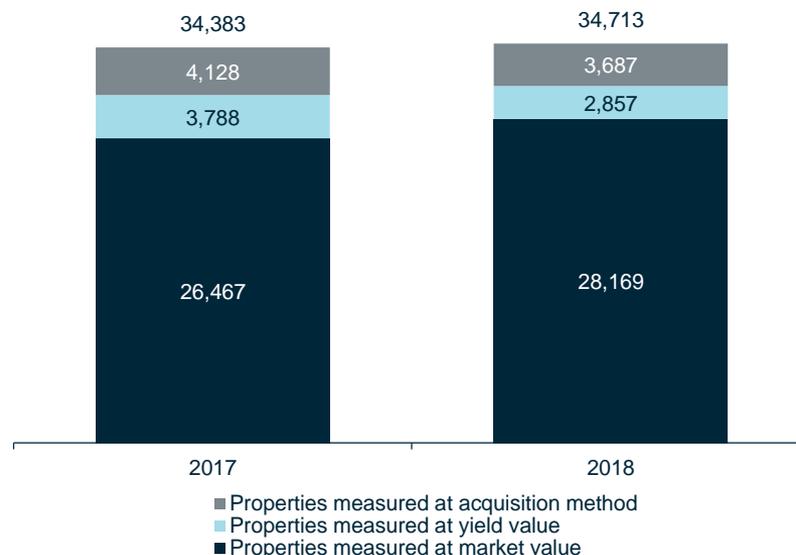
The value of investment properties increasing in line with strategy

Fair value of investment properties, M€ ¹⁾
(at the end of the review period)

+8.1%



Number of rental apartments by valuation classes
(at the end of the review period)



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

1) Investment properties include completed apartments, as well as development projects and land areas.

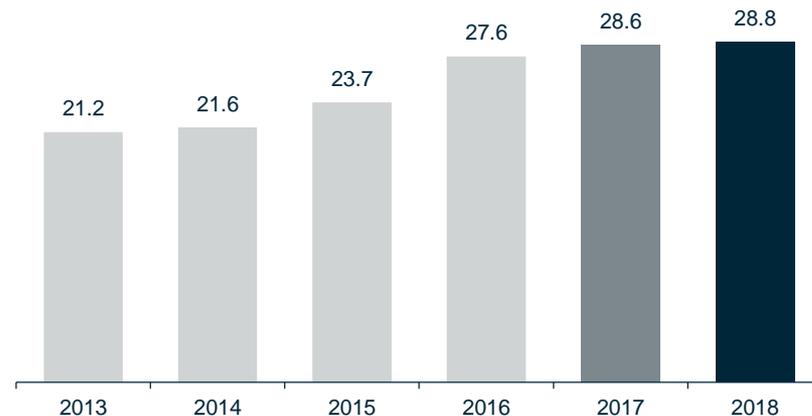


Occupancy rate increased

Financial occupancy rate, %



Tenant turnover, % excluding internal turnover



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

Tenant turnover = (terminated rental agreements under the period / number of apartments) x 100

The calculation method of tenant turnover has been changed, starting from 1 January 2017. The comparison data has not been modified to reflect the new calculation method.

Equity ratio improved

Equity ratio, %



Loan to Value (LTV), %



*As of 2014, the Group adopted IFRS for its financial reporting.
The share issue improved the equity ratio by 1.6 percentage points.

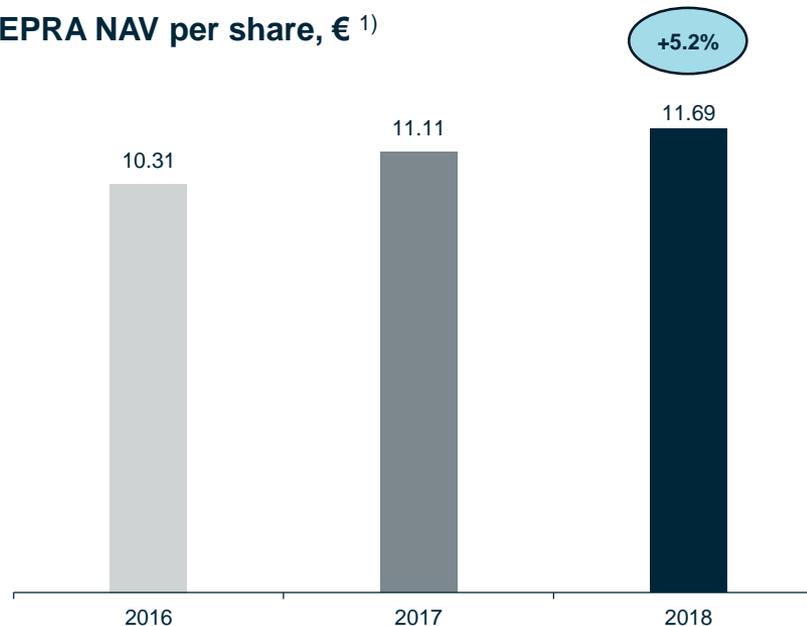


EPRA NAV per share improved

Equity per share, € ¹⁾



EPRA NAV per share, € ¹⁾



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

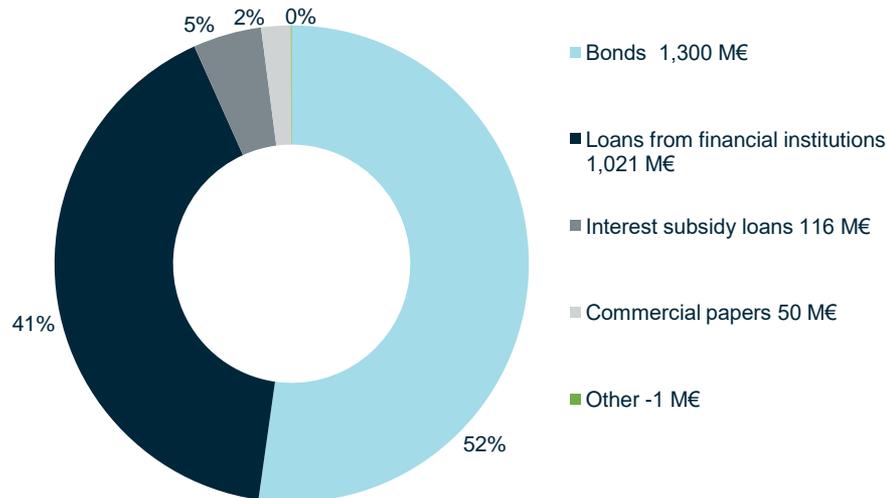
1) Key figures have been adjusted to reflect the impact of the decision by the Extraordinary General Meeting of Shareholders on 25 May, 2018 regarding the share split. In the share split the shareholders received 30 new shares per each existing share.



Versatile capital structure

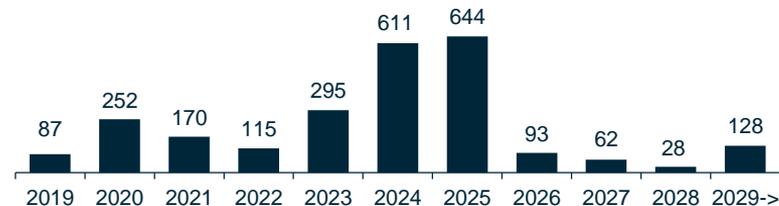
The Group's loan distribution 31 Dec 2018

Loan portfolio EUR 2,486 million

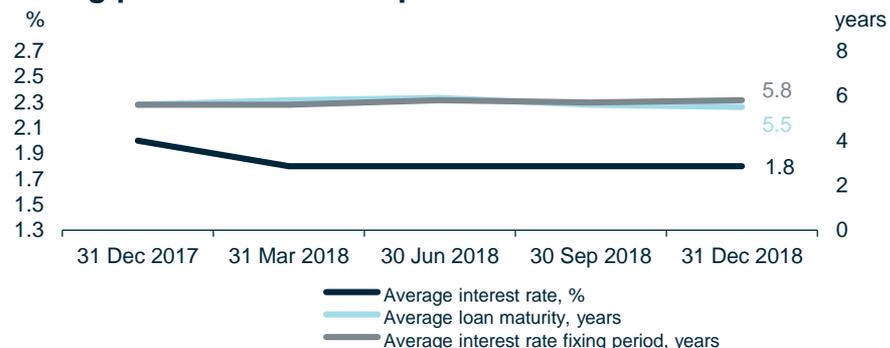


Nominal values of the loans. 'Other' item includes capitalised arrangement fees of the loans. The amounts include VVO segment loans totalling EUR 34 million, of which interest subsidy loans represent 30 M€ and loans from financial institutions EUR 4 million.

Distribution of the Group's loan maturities 31 Dec 2018, average maturity of 5.5 years, M€



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



Average interest rate includes interest rate derivatives.



Outlook, financial targets and dividend policy



We are progressing toward our strategic targets

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



Key actions in 2018 to achieve the strategic targets

Strategic key figure	Action	Strategic key figure	Action
Fair value of investment properties	<ul style="list-style-type: none"> We acquired investment properties worth EUR 338.9 million and divested worth EUR 109.6 million and made modernisation investments worth EUR 23.7 million Gain from fair valuation EUR 127,5 million 	FFO as a percentage of total revenue	<ul style="list-style-type: none"> In addition to growth, we were able to improve our relative profitability
Number of apartments	<ul style="list-style-type: none"> We acquired a portfolio of 981 apartments from OP Financial Group's funds 1,258 completed apartments and 1,064 apartments under construction at the end of the year 	Net Promoter Score (NPS)	<ul style="list-style-type: none"> We developed our services offering and customer experience during the year
Equity ratio, %	<ul style="list-style-type: none"> The share issue brought EUR 150 million gross assets to the company 		
Loan to Value (LTV), %	<ul style="list-style-type: none"> Profit for the period excluding the dividend proposal was EUR 150 million 		



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





Dividend policy and dividend proposal by the Board of Directors

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

Kojamo's objective is to be a stable dividend payer whose annual dividend payment will be at least 60 per cent of FFO, provided that the Group's equity ratio is 40 per cent or more and taking account of the company's financial position.

The Board's dividend proposal corresponds to 62 per cent of FFO.

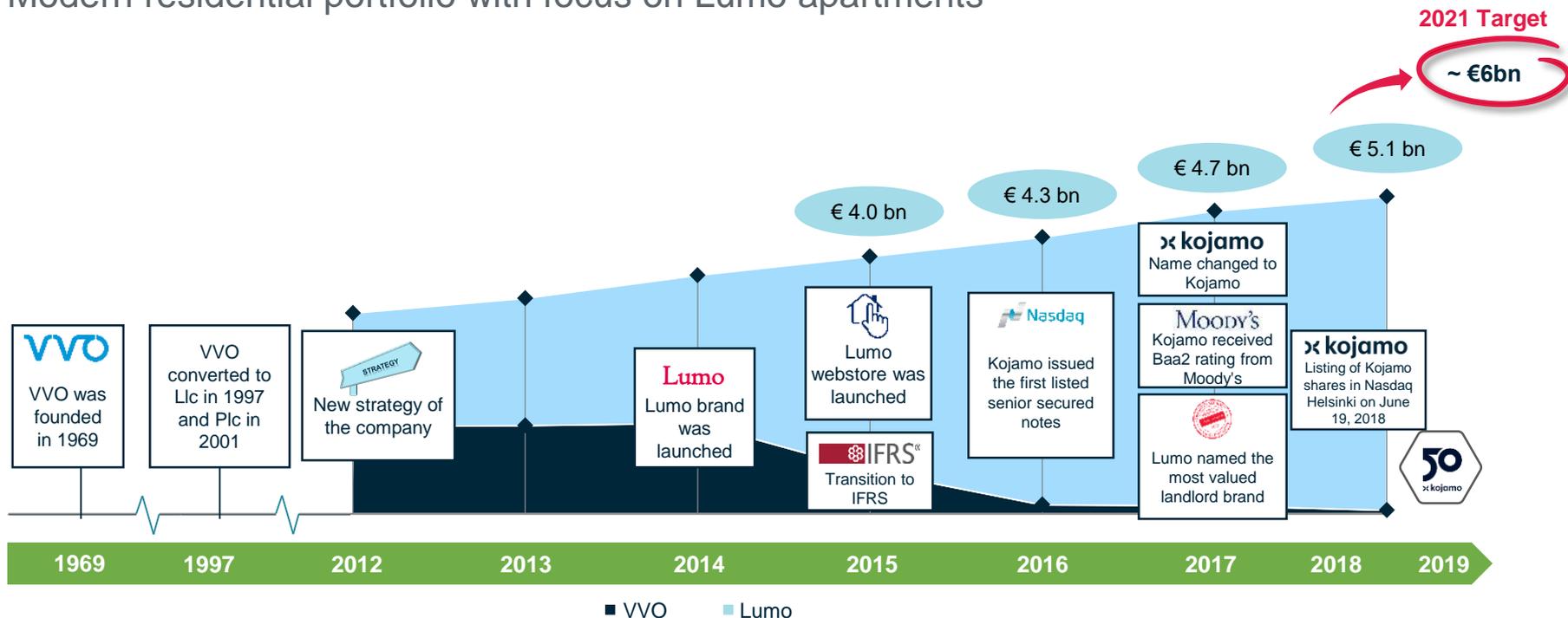


Appendix



Kojamo evolution: From VVO Group to Kojamo

Modern residential portfolio with focus on Lumo apartments



Source: Company information

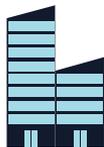
Note: Kojamo adopted IFRS in FY 2015 and comparison figures for FY 2014 were prepared in conjunction with the transition. The financial information for FY 2012 and FY 2013 was prepared in accordance with the Finnish Accounting Standards ('FAS') and consequently, the financial information presented for those years may not be fully comparable with the financial information prepared in accordance with IFRS.

Note: Gross asset value ("GAV") as end of 2015 – 2018. GAV represents the fair value of investment properties and includes items held for sale, ongoing projects, land plots owned by the Company and ownership of certain assets through shares like parking spaces.

Kojamo plc's strategy

Megatrends

Urbanisation & internationalisation



Ageing population & smaller family sizes



New technologies & digitalisation



Individuality & sense of community



Environment & sustainable development



Mission

We create better urban housing.

Vision 2021

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

Strategic focal points

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

Values



Happy to serve



Strive for success



Courage to change



Customer experience at the center

- We focus on creating excellent customer experience, which comes from versatile living solutions, easy contacting and fluent digital services. Our homes are located close to good transport connections and services
- We develop new living services and solutions together with our tenants and partners. By offering our capabilities to a service and innovation platform we promote the servitization of urban living





Responsibility is part of our operations

- 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 and Leanheat Oy, a provider of artificial intelligence solutions for controlling district heating, have signed an agreement in October 2018 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
- Kojamo joined the Rental Property Energy Efficiency Agreement after reaching the targets of the plan that ended in 2016. Under the new agreement period that started in 2017, we pursue energy savings of 7.5 per cent by 2025
- Our climate and environmental management is goal-oriented. We are the Climate Partner of the City of Helsinki and the only Finnish real estate company in the Climate Leadership Coalition
- The residents of Lumo homes have an opportunity to enjoy eco-friendly motoring. Anyone living in a Lumo home can reserve a shared car
- The anti-grey economy models used by Kojamo exceed legislative requirements in many respects
- Kojamo's estimated taxes and similar charges amount to over EUR 106 million



Kojamo's ten largest shareholders (31 Dec 2018)

Shareholder	Number of shares	% of shares
1. Ilmarinen Mutual Pension Insurance Company	32,359,243	13.1
2. Varma Mutual Pension Insurance Company	30,398,089	12.3
3. The Finnish Industrial Union	28,954,557	11.7
4. Trade Union for the Public and Welfare Sectors	15,630,222	6.3
5. Trade Union of Education in Finland	15,081,498	6.1
6. Finnish Construction Trade Union	14,880,053	6.0
7. Trade Union PRO	13,460,270	5.4
8. Service Union United PAM	13,401,963	5.4
9. Union of Health and Social Care Professionals TEHY	2,479,419	1.0
10. Suomen Elintarviketyöläisten Liitto Sel Ry, Finlands Livsmedelsarbetar	2,110,790	0.9
Nominee-registered and direct foreign shareholders	59,472,460	24.1
Other Finnish shareholders	18,915,835	7.7
Total	247,144,399	100.0

The number of shareholders on 31 December 2018 was over 3,100.

The proportion of nominee-registered and direct foreign shareholders was 24.1%.

According to a flagging notification received on 21 Jun 2018, Stichting PGGM Depository owns 6.07% of Kojamo's shares and votes.



Key figures

	10-12/2018	10-12/2017	Change,%	2018	2017	Change, %
Total revenue, M€	91.2	85.7	6.4	358.8	337.0	6.5
Net rental income, M€	60.0	56.3	6.6	234.0	216.0	8.3
Net rental income margin of total revenue, %	65.8	65.7		65.2	64.1	
Profit before taxes, M€	77.7	61.3	26.8	277.3	266.7	4.0
Gross investments, M€	59.4	173.7	-65.8	365.2	367.3	-0.6
Funds From Operations (FFO), M€	34.7	29.1	19.3	116.4	107.8	8.0
FFO per share, € ¹⁾	0.14	0.13	7.7	0.49	0.47	4.3
Financial occupancy rate, %				97.0	96.7	
Fair value of investment properties, Bn€ ²⁾				5.1	4.7	8.1
Number of apartments				34,713	34,383	1.0
Lumo apartments under construction				1,064	1,525	-30.2
EPRA NAV per share, €				11.69	11.11	5.2
Equity ratio, %				43.0	41.3	
Loan to Value (LTV), % ³⁾				45.9	46.0	
Dividend proposal per share, € ^{1) 4)}				0.29	0.22	31.8

1) 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. 2) Including items held for sale. 3) Excluding items held for sale. 4) The Board of Directors' proposal to the Annual General Meeting



Consolidated income statement

M€	10–12/2018	10–12/2017	2018	2017
Total revenue	91.2	85.7	358.8	337.0
Maintenance expenses	-21.9	-21.2	-89.5	-85.4
Repair expenses	-9.3	-8.2	-35.4	-35.6
Net rental income	60.0	56.3	234.0	216.0
Administrative expenses	-10.3	-10.5	-38.6	-37.2
Other operating income and expenses	0.0	0.4	1.1	0.7
Profit/loss on sales of investment properties	0.1	1.0	1.0	2.5
Profit/loss on sales of trading properties	0.1	0.0	0.1	0.0
Profit/loss on fair value of investment properties	40.0	25.5	127.5	126.2
Depreciation, amortisation and impairment losses	-0.2	-0.3	-0.8	-1.1
Operating profit	89.7	72.4	324.2	307.0
Total amount of financial income and expenses	-12.2	-11.2	-47.1	-40.5
Share of result from associated companies	0.2	0.1	0.2	0.1
Profit before taxes	77.7	61.3	277.3	266.7
Current tax expense	-3.4	-5.9	-34.1	-28.6
Change in deferred taxes	-11.3	-4.4	-21.4	-25.1
Profit for the period	63.0	50.9	221.8	212.9



Balance sheet

M€	Group 31 Dec 2018	Group 31 Dec 2017
ASSETS		
Non-current assets		
Intangible assets	0.2	0.4
Investment properties	5,093.2	4,706.5
Property, plant and equipment	30.5	31.0
Investments in associated companies	2.2	1.7
Financial assets	0.6	0.5
Non-current receivables	5.3	5.3
Derivatives	1.5	6.5
Deferred tax assets	10.8	10.9
Total non-current assets	5,144.3	4,762.7
Non-current assets held for sale	0.0	3.7
Current assets		
Trading properties	0.4	0.6
Derivatives	0.7	0.0
Current tax assets	9.3	0.5
Trade and other receivables	8.3	8.8
Financial assets	172.3	49.3
Cash and cash equivalents	150.1	117.8
Total current assets	341.1	177.0
TOTAL ASSETS	5,485.4	4,943.5



Balance sheet

M€	Group 31 Dec 2018	Group 31 Dec 2017
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent company		
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
Equity attributable to owners of the parent company	2,358.1	2,038.6
Total equity	2,358.1	2,038.6
Non-current liabilities		
Loans and borrowings	2,391.7	2,109.8
Deferred tax liabilities	499.0	478.3
Derivatives	44.6	48.3
Provisions	0.6	0.8
Other non-current liabilities	14.0	14.8
Total non-current liabilities	2,949.9	2,652.0
Current liabilities		
Loans and borrowings	93.9	173.2
Derivatives	0.1	0.2
Current tax liabilities	13.5	9.1
Trade and other payables	69.9	70.4
Total current liabilities	177.3	252.9
Total liabilities	3,127.2	2,904.9
TOTAL EQUITY AND LIABILITIES	5,485.4	4,943.5



Segment information

	Lumo 2018	Lumo 2017	VVO 2018	VVO 2017	Group 2018	Group 2017
Total revenue, M€	347.6	307.2	11.5	30.4	358.8	337.0
Net rental income, M€	227.5	201.2	6.7	15.4	234.0	216.0
Balance sheet, M€	5,435.7	4,835.5	67.9	211.6	5,485.4	4,943.5
Equity, M€	2,336.3	1,990.3	22.2	48.3	2,358.1	2,038.6
Equity ratio, %	43.0	41.2	32.8	22.9	43.0	41.3
Apartments	33,484	31,018	1,229	3,365	34,713	34,383
Financial occupancy rate, %	97.0	96.6	97.4	98.1	97.0	96.7
Average number of personnel	306	285	13	25	319	310



Financial key figures

	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017
Equity ratio, %	43.0	42.2	41.6	37.4	41.3
Interest cover	4.3	4.3	4.2	4.2	4.2
Loan to Value (LTV), %	45.9	46.2	46.7	49.2	46.0
Hedging ratio, %	94	94	92	87	111
Average interest rate, % ¹⁾	1.8	1.8	1.8	1.8	2.0
Average loan maturity, years	5.5	5.6	5.9	5.8	5.6
Average interest rate fixing period, years	5.8	5.7	5.8	5.6	5.6

1) Including interest rate derivatives.



Thank you!

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