



**Kojamo plc's
Interim Report
1 January–30 September 2020**





Unless otherwise stated, the comparison figures in brackets refer to the corresponding period of the previous year. The figures in this Interim Report have not been audited.

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 Interim Report, the Finnish version is the official one.

Kojamo plc's Interim Report 1 January–30 September 2020

Growth continues, the number of apartments under construction has more than doubled

Summary of July–September 2020

- Total revenue increased by 0.6 per cent to EUR 96.3 (95.7) million
- Net rental income decreased by 1.0 per cent, totalling EUR 68.9 (69.5) million. Net rental income represented 71.5 (72.6) per cent of revenue
- Profit before taxes was EUR 72.8 (66.6) million. The profit includes EUR 25.8 (18.4) million in net gain on the valuation of investment properties at fair value and EUR 0.0 (0.3) million in profits and losses from the sale of investment properties. Earnings per share was EUR 0.24 (0.22)
- Funds From Operations (FFO) increased by 5.9 per cent and amounted to EUR 42.0 (39.7) million
- Gross investments totalled EUR 85.1 (79.0) million, representing 88.4 (82.5) per cent of total revenue

Summary of January–September 2020

- Total revenue increased by 2.3 per cent to EUR 286.8 (280.3) million
- Net rental income increased by 3.5 per cent, totalling EUR 193.8 (187.2) million. Net rental income represented 67.6 (66.8) per cent of revenue
- Profit before taxes was EUR 198.0 (191.4) million. The profit includes EUR 74.1 (71.0) million in net gain on the valuation of investment properties at fair value and EUR -0.7 (0.2) million in profits and losses from the sale of investment properties. Earnings per share was EUR 0.64 (0.62)
- Funds From Operations (FFO) increased by 7.0 per cent and amounted to EUR 113.5 (106.1) million
- The fair value of investment properties was EUR 6.6 (5.4) billion at the end of the review period, including EUR 2.4 (0.0) million in investment properties held for sale



- The financial occupancy rate decreased year-on-year and stood at 96.3 (97.1) per cent
- Gross investments totalled EUR 264.1 (175.6) million, representing 92.1 (62.6) per cent of total revenue
- EPRA NAV per share (net asset value) grew by 31.3 per cent and amounted to EUR 15.90 (12.11)
- Equity per share was EUR 12.76 (9.72) and return on equity was 6.8 (8.6) per cent. Return on investment was 5.3 (6.3) per cent
- There were 2,532 (1,211) Lumo apartments under construction at the end of the review period

Kojamo owned 35,613 (35,061) rental apartments at the end of the review period. Since September of the previous year, 188 (117) apartments have been acquired, 446 (1,073) have been completed, 56 (548) have been sold and -26 (3) have been demolished or altered.

Effects of the COVID-19 pandemic on Kojamo

Kojamo takes the coronavirus seriously and is committed to looking after the health and well-being of the Group's employees, customers and partners. Kojamo monitors the recommendations issued by the authorities and complies with them. The pandemic did not have a significant impact on the Group's profit, balance sheet or cash flow during the review period. Kojamo's financial position and liquidity are good.

The Group's day-to-day operations have continued normally in spite of the exceptional circumstances. The pandemic has had an impact on the housing market and the operating environment. The supply of rental apartments has increased temporarily in the market. Due to the restrictions on travel, apartments intended for short-term rentals have been switched to long-term leases. Work-related immigration slowed down and students, for example, moved in with their parents, while foreign students have returned to their home countries. Kojamo expects the impacts of the pandemic to be short-lived.

Outlook for Kojamo in 2020

Kojamo estimates that in 2020, the Group's total revenue will increase by 2–5 per cent year-on-year. In addition, the company estimates that the Group's FFO for 2020 will amount to between EUR 146–158 million, excluding non-recurring costs.

The outlook takes into account the effects of the completed housing divestments and acquisitions, 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.



Effects of the COVID-19 pandemic on Kojamo's outlook

Kojamo's management estimates that the COVID-19 pandemic does not have a significant impact on the company's outlook for the rest of the year.

Key figures

	7-9/2020	7-9/2019	Change %	1-9/2020	1-9/2019	Change %	2019
Total revenue, M€	96.3	95.7	0.6	286.8	280.3	2.3	375.3
Net rental income, M€ *	68.9	69.5	-1.0	193.8	187.2	3.5	247.3
Net rental income margin, % *	71.5	72.6		67.6	66.8		65.9
Profit before taxes, M€ *	72.8	66.6	9.4	198.0	191.4	3.5	1,031.3
EBITDA, M€ *	87.2	80.1	8.8	240.8	231.6	4.0	1,083.1
EBITDA margin, % *	90.6	83.7		84.0	82.6		288.6
Adjusted EBITDA, M€ *	61.4	61.4	-0.1	167.5	160.3	4.5	210.3
Adjusted EBITDA margin, % *	63.8	64.2		58.4	57.2		56.0
Funds From Operations (FFO), M€ *	42.0	39.7	5.9	113.5	106.1	7.0	140.7
FFO margin, % *	43.7	41.5		39.6	37.9		37.5
FFO excluding non-recurring costs, M€ *	42.0	39.7	5.9	113.5	106.1	7.0	140.7
Investment properties, M€ ¹⁾				6,597.8	5,376.4	22.7	6,260.8
Financial occupancy rate, %				96.3	97.1		97.2
Interest-bearing liabilities, M€ *				3,137.6	2,640.7	18.8	2,674.2
Return on equity (ROE), % *				6.8	8.6		30.3
Return on investment (ROI), % *				5.3	6.3		20.5
Equity ratio, % *				44.1	42.0		46.9
Loan to Value (LTV), % ²⁾ *				42.1	46.7		40.5
EPRA NAV, M€				3,928.4	2,993.3	31.2	3,828.0
Gross investments, M€ *	85.1	79.0	7.7	264.1	175.6	50.4	259.9
Number of personnel, end of period				309	293		296
Key figures per share, €	7-9/2020	7-9/2019	Change %	1-9/2020	1-9/2019	Change %	2019
FFO per share *	0.17	0.16	6.3	0.46	0.43	7.0	0.57
Earnings per share	0.24	0.22	9.1	0.64	0.62	3.2	3.34
EPRA NAV per share				15.90	12.11	31.3	15.49
Equity per share				12.76	9.72	31.3	12.51

* 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 section Key figures, the formulas used in their calculation, and reconciliation calculations in accordance with the ESMA guidelines of the Interim Report

1) Including items held for sale

2) Excluding items held for sale



CEO's review

Our total revenue and net rental income grew during the first nine months of the year. FFO increased by as much as 7 per cent. Successful investments have supported our growth.

Supply in the rental housing market increased in the early part of the year due to the completion of new properties and apartments intended for short-term rental moving to the long-term rental market as a consequence of the pandemic. However, we believe that the impact of these factors has already fully materialised in the market. The pandemic has also temporarily slowed down migration. We nevertheless believe that the trend of urbanisation will continue when the pandemic abates. Our occupancy rate is at a good level in spite of the circumstances and our NPS, which measures customer satisfaction, is strong. The number of new tenancy agreements was at a record-high level in July and has remained good thereafter. However, the effect of the new agreements will become evident gradually as they enter into force.

We are looking firmly into the future. The popularity of rental housing is growing. The number of rental households already exceeds the number of those living in owner-occupied housing in Helsinki, Tampere and Turku, and the number of households who rent their homes has increased in all of Finland's major urban areas. People want to move to cities and they are increasingly attracted by the freedom provided by rental housing. The need for new apartments is growing in the major urban areas. In addition to urbanisation, the need for new apartments is supported by the decreasing average size of households.

The number of residential start-ups is predicted to be below the annual production need this year and next. In Helsinki, which is a significant market for us, the city has set an annual housing production target of 7,000 apartments and indicated that the share of family apartments should grow. Considering the prevailing housing trends, this production target seems low. We also believe that the highest demand is for studios and one bedroom apartments, and efforts should be made to build enough of these. Our investments are aimed at responding to demand in the long term.

Our project portfolio has been strengthened further and we have started construction on 1,556 new homes this year. The number of apartments under construction has more than doubled from the comparison period. I am also satisfied with the quality of our project portfolio: we have been able to make investments in projects that fulfil our requirements with regard to factors such as location, apartment size and profitability.

In addition to properties currently under construction, we have plot reserves in the Helsinki region, where the demand for new apartments is predicted to be the highest. Our balance sheet is strong and it enables future investments, even on a quick schedule. In addition to the properties already under construction, we have binding preliminary agreements on the construction of more than 1,000 apartments in the Helsinki region. Furthermore, our Metropolia real estate development project will see us create new homes in buildings previously occupied by educational institutions in Helsinki's central business district and other good locations.

We will reach an important milestone in our sustainability efforts this year when we publish our sustainability programme on 2 December 2020. This date coincides with our Investors' Day event, where we will present the programme and its objectives.

Jani Nieminen
CEO



Operating environment

General operating environment

As Kojamo operates in the residential real estate sector, the company is affected particularly by urbanisation as well as the situation in the residential property market and development in Finnish growth centres. The company is also affected by macroeconomic factors, such as economic growth, employment, disposable income, inflation, population growth and development of household sizes.

Operating environment key figures	2021e	2020e
GDP growth forecast, %	2.6	-4.5
Unemployment, %	8.2	8.0
Inflation, %	1.2	0.4

Source: Ministry of Finance, Economic survey 10/2020

The COVID-19 pandemic has contracted the Finnish economy less than most European economies. The Finnish GDP is predicted to contract by 4.5 per cent in 2020. In addition to a decrease in exports, there will be a contraction of private consumption and private investment. The economy is gradually recovering from the shutdown earlier this year, and the economy began to grow in the summer. Exports and industrial production suffer from the continuation of the global pandemic and production is only expected to turn to growth next year. (Source: Ministry of Finance, Economic survey 10/2020)

Industry operating environment

Industry key figures	2020e	2019
Residential start-ups, units	28,000	38,700
Building permits granted, annual, units ¹⁾	34,996	39,140
Construction costs, change %	n/a	1.0
Prices of old apartments in the whole country, change, %	1.0	1.2
Prices of old apartments in the capital region, change, %	1.0–3.1	0.5–3.4
Rents of non-subsidised apartments in the whole country, change, %	1.6	1.4
Rents of non-subsidised apartments in the capital region, change, %	1.6–1.8	1.6–2.0

1) Rolling 12 months, August 2020

Sources: Statistics Finland, Building and dwelling production 2020, May; Pellervo Economic Research PTT, Housing market 2020 forecast. Confederation of Finnish Construction Industries, business survey spring 2020

According to the business survey of the Confederation of Finnish Construction Industries, the slowing down of housing production will be increased by the COVID-19 pandemic. Housing production volume has declined since the spring and it is predicted to be below the annual production need for apartments in 2020 and 2021. According to Pellervo Economic Research, increased economic uncertainty makes people postpone their plans to buy a home. The reason is that people are unwilling to take a housing loan in uncertain circumstances.



Effects of urbanisation

Area	Population growth forecast, %	Share of rental household-dwelling units, %	
	2019–2030	2010	2019
Helsinki	11.7	47.1	49.3
Capital region ¹⁾	13.0	41.9	45.2
Helsinki region ²⁾	10.5	37.7	41.1
Jyväskylä	7.1	40.2	44.4
Kuopio	2.9	36.5	40.2
Lahti	0.3	37.3	40.9
Oulu	7.3	36.7	41.5
Tampere	11.7	42.2	48.8
Turku	8.5	43.0	49.1
Other areas	-6.4	23.8	25.5

1) Helsinki, Espoo, Kauniainen, Vantaa

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

Sources: Statistics Finland, Dwellings and Housing Conditions 2019, Population forecast 2019

According to the business survey of the Confederation of Finnish Construction Industries, urbanisation will not stop and the demand for apartments will continue after the pandemic. According to a report published by VTT Technical Research Centre of Finland in June on the demand for housing production in 2020–2040, a minimum of 30,000 new apartments should be built annually in Finland in spite of the stagnation of population growth. The demand for new apartments is strongly focused on the major urban areas and especially the Helsinki Metropolitan Area. If the number of single-adult households continues to grow, the annual need for new apartments would be 35,000.

According to Statistics Finland, the number of households that rent their homes has continued to grow. Households living in rental homes outnumber those living in owner-occupied housing in Helsinki, Tampere and Turku. The share of rental household-dwelling units has also increased in all of Finland's major urban areas. This is a strong sign of the acceleration of urbanisation on the one hand and the change in housing preferences on the other hand. For younger generations, owning a home is not as significant as it was for previous generations. Owning a home is also no longer seen as the only way to accumulate wealth. Instead, people are increasingly attracted by the freedom provided by rental housing. This will support the development of the rental housing market for a long time to come.

Business operations

Kojamo is the largest¹ private residential real estate company in Finland measured by the fair value of investment properties. Kojamo offers rental apartments and housing services for tenants primarily in Finnish growth centres². At the end of the review period, Kojamo's property portfolio comprised 35,613

1 KTI Property Information Ltd: The Finnish property market 2019. Investment properties include apartments, ongoing projects, plots owned by the company and ownership of certain assets through shares, such as parking spaces. Fair value represents the fair value of investment properties and includes investment properties classified as non-current assets held for sale.

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



(35,061) rental apartments. The fair value of Kojamo's investment properties amounted to EUR 6.6 (5.4) billion at the end of the period, including EUR 2.4 (0.0) million in Investment properties held for sale. Investment properties include completed apartments as well as development projects and land areas.

Measured at fair value on 30 September 2020, 98.8 per cent of Kojamo's rental apartments were located in the seven largest Finnish growth centres, 87.6 per cent in the Helsinki, Tampere and Turku regions and 73.8 per cent in the Helsinki region.

Financial development July–September 2020

Total revenue

Kojamo's total revenue amounted to EUR 96.3 (95.7) million in July–September. Total revenue is generated entirely by income from rental operations.

Total revenue was supported by the completion of rental apartments in 2019 and the Like-for-Like (LfL) growth of rental income. Like-for-Like growth is defined as the change of rental income for properties owned for two consecutive years in the past 12 months compared to the previous 12-month period.

Result and profitability

Net rental income totalled EUR 68.9 (69.5) million, representing 71.5 (72.6) per cent of total revenue. Net rental income was affected by maintenance and repair costs being higher than in the comparison period.

Profit before taxes was EUR 72.8 (66.6) million. The profit includes EUR 25.8 (18.4) million in net gain on the valuation of investment properties at fair value and EUR 0.0 (0.3) million in profits and losses from the sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties decreased by EUR 1.2 million.

Financial income and expenses totalled EUR -13.7 (-13.3) million. Financial income and expenses include EUR 0.3 (-0.8) million in unrealised changes in the fair value of derivatives.

Funds From Operations (FFO) amounted to EUR 42.0 (39.7) million.

Financial development January–September 2020

Total revenue

Kojamo's total revenue increased to EUR 286.8 (280.3) million. Total revenue is generated entirely by income from rental operations.

The increase in total revenue was mainly due to the completion of rental apartments in 2019 and the Like-for-Like (LfL) growth of rental income.

Result and profitability

Net rental income grew to EUR 193.8 (187.2) million, representing 67.6 (66.8) per cent of revenue. The increase in net rental income was mainly due to the completion of rental apartments in 2019, the



Like-for-Like (LfL) growth of rental income and maintenance costs being lower than in the comparison period.

Profit before taxes was EUR 198.0 (191.4) million. The profit includes EUR 74.1 (71.0) million in net gain on the valuation of investment properties at fair value and EUR -0.7 (0.2) million in profits and losses from the sale of investment properties. Profit before taxes and excluding the net valuation gain on the fair value assessment of investment properties increased by EUR 3.6 million.

Financial income and expenses totalled EUR -41.6 (-39.3) million. Financial income and expenses include EUR -0.9 (-3.3) million in unrealised changes in the fair value of derivatives. Financial income and expenses increased by EUR 2.2 million year-on-year, mainly due to higher interest-bearing liabilities and valuation gains and losses on investments of EUR -0.2 (0.9) million.

Funds From Operations (FFO) amounted to EUR 113.5 (106.1) million. The increase in FFO was attributable to the improvement in net rental income during the review period as well as current tax being lower than in the comparison period.

Balance sheet, cash flow and financing

	30 Sep 2020	30 Sep 2019	31 Dec 2019
Balance sheet total, M€	7,155.1	5,727.2	6,590.4
Equity, M€	3,154.1	2,401.8	3,090.6
Equity per share, €	12.76	9.72	12.51
Equity ratio, %	44.1	42.0	46.9
Return on equity (ROE), %	6.8	8.6	30.3
Return on investment (ROI), %	5.3	6.3	20.5
Interest-bearing liabilities, M€	3,137.6	2,640.7	2,674.2
Loan to Value (LTV), %	42.1	46.7	40.5
Average interest rate of loan portfolio, % *	1.8	1.8	1.8
Average loan maturity, years	4.6	4.9	4.7
Cash and cash equivalents, M€	358.4	130.0	137.3

* Includes interest rate derivatives

Kojamo's liquidity was very good during the review period. At the end of the period, Kojamo's cash and cash equivalents stood at EUR 358.4 (130.0) million and liquid financial assets at EUR 127.9 (152.0) million.

EUR 50.0 (50.0) million of the EUR 250 million commercial paper programme was in use at the end of the review period. In addition, Kojamo has committed credit facilities of EUR 300 million and an uncommitted credit facility of EUR 5 million, which were unused at the end of the period.

In March, Kojamo plc and OP Corporate Bank signed an unsecured loan agreement of EUR 75 million. The 5.5-year loan will be used for the Group's general financing purposes. The loan was withdrawn in April.



In April, Kojamo plc and Danske Bank A/S, Finnish branch signed an unsecured loan agreement of EUR 50 million, with a maturity of two years with a one-year extension option. The loan was withdrawn in April.

In April, Lumo Kodit Oy and the European Investment Bank (EIB) signed an unsecured loan agreement of EUR 34 million. The financing is the third part of the long-term financing of EUR 204 million granted by the EIB, which will be used to fund the construction of nearly zero-energy buildings. At the end of the review period, the loan was still unwithdrawn.

In May, Kojamo issued EUR 500 million senior unsecured notes under the EUR 2.5 billion EMTN (Euro Medium Term Notes) programme established in March. The unsecured euro-denominated bond has a maturity of seven years and it will mature on 27 May 2027. The bond carries a fixed annual coupon of 1.875 per cent.

Real estate property and fair value

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Fair value of investment properties on 1 Jan ¹⁾	6,260.8	5,093.2	5,093.2
Acquisition of investment properties ^{1) 2)}	243.0	213.5	288.6
Modernisation investments	20.1	21.6	30.7
Disposals of investment properties	-3.3	-24.3	-26.0
Capitalised borrowing costs	2.6	1.4	1.9
Transfer from property, plant and equipment	0.5	-	-
Profit/loss on fair value of investment properties ¹⁾	74.1	71.0	872.4
Fair value of investment properties at the end of the period	6,597.8	5,376.4	6,260.8

The value of investment properties includes EUR 2.4 (0.0) million in Investment properties held for sale.

1) Includes IFRS 16 Leases

2) Includes the existing apartment stock and the acquisition costs of new projects under construction.

Right-of-use assets recognised in investment properties *

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Fair value 1 Jan	60.2	-	-
Increases/decreases	1.6	60.9	61.3
Profit/loss on fair value of investment properties	-0.8	-0.8	-1.1
Fair value at the end of the period	61.0	60.1	60.2

* IFRS 16 Leases

Kojamo owned a total of 35,613 (35,061) rental apartments at the end of the review period. Measured at fair value, 98.8 per cent of the portfolio was located in the seven largest Finnish growth centres. The company aims to divest its apartments outside the seven major growth centres in Finland.

Kojamo shifted from a transaction-based valuation technique to a yield-based valuation technique in the valuation of investment properties from 31 December 2019 onwards. This represents a change in accounting estimates and it was not applied retrospectively. The effect of the change on the fair value of investment properties was approximately EUR 800 million. The yield-based valuation technique makes Kojamo more comparable with its relevant international peer group.



The fair value of Kojamo's investment properties is determined quarterly on the basis of the company's own evaluation. An external expert gives a statement on the valuation of Kojamo's investment properties. The latest valuation statement was issued on 30 September 2020. The criteria for determining fair value are presented in the Notes to the Financial Statements 2019.

At the end of the review period, the plot and real estate development reserve held by the Group totalled about 183,000 floor sq.m. (191,000 floor sq.m.). The fair value of the plot and real estate development reserve (including the Metropolia properties) was EUR 146 (158) million at the end of the review period.

Rental housing

Lumo apartments	30 Sep 2020	30 Sep 2019	31 Dec 2019
Number of apartments	35,287	33,504	34,677
Average rent, €/m ² /month	16.42	16.14	16.13
Average rent, €/m ² /month, yearly average	16.31	15.96	15.96

At the end of the review period, Kojamo also had 326 (1,557) rental apartments under the VVO brand.

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 serve as a platform to which the new services can easily be connected.

The number of tenancy agreements signed via the Lumo webstore continued to increase during the review period. By the end of the review period, more than 20,000 tenancy agreements had been signed on the Lumo webstore. All Lumo rental apartments that become vacant are available for rent on the Lumo webstore, where customers can choose their preferred apartment.

Rental housing key figures	1-9/2020	1-9/2019	1-12/2019
Financial occupancy rate, %	96.3	97.1	97.2
Tenant turnover rate, excluding internal turnover, %	24.4	22.4	29.6
Like-for-Like rental income growth, % *	1.7	2.8	2.7
Rent receivables in proportion to revenue, %	1.2	1.3	1.3

* 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 remained nearly at the previous year's level in spite of increased turnover. At the end of the period, 369 (127) apartments were vacant due to renovations.

**Kojamo's property portfolio by region as at 30 September 2020**

Area	Number of apartments, units	Number of commercial premises and other leased premises, units	Fair value, M€	Fair value, €1,000/unit	Fair value, €/m ²	Financial occupancy rate, % ³⁾
Helsinki region	20,858	315	4,472	211	3,757	96.4
Tampere region	4,934	126	622	123	2,384	96.6
Turku region	1,904	17	217	113	1,980	97.7
Oulu	2,220	19	185	83	1,570	97.0
Jyväskylä	1,771	2	185	104	1,986	93.1
Kuopio region	1,674	47	161	94	1,756	95.0
Lahti region	1,436	4	148	102	1,829	96.2
Other	816	24	71	84	1,487	95.6
Total	35,613	554	6,061 ¹⁾	168	3,043	96.3
Other			537 ²⁾			
Total portfolio	35,613	554	6,598			

1) The figures reflect income-generating portfolio assets, which excludes ongoing projects, plots owned by the company and ownership of certain assets through shares

2) Fair value of ongoing projects, plots owned by the company and ownership of certain assets through shares and IFRS 16 right-of-use assets

3) The financial occupancy rate does not include commercial premises and other leased premises

Investments, divestments and real estate development

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Acquisition of investment properties *	241.4	152.6	227.3
Modernisation investments	20.1	21.6	30.7
Capitalised borrowing costs	2.6	1.4	1.9
Total	264.1	175.6	259.9
Repair expenses, M€	24.9	24.1	36.9

* Not including IFRS 16 Leases



Number of apartments	30 Sep 2020	30 Sep 2019	31 Dec 2019
Apartments at the start of the review period	35,272	34,713	34,713
Divestments	-18	-482	-520
Acquisitions	45	117	260
Completed	340	710	816
Demolished or altered	-26	3	3
Apartments at the end of the review period	35,613	35,061	35,272
Started during the review period	1,556	855	1,066
Under construction at the end of the period	2,532	1,211	1,316
Preliminary agreements for new construction	1,062	1,033	930

Kojamo estimates that investments in development projects will amount to approximately EUR 320–350 million in 2020.

On 2 March, Kojamo announced the signing of a cooperation agreement with SRV on the construction of 676 Lumo rental apartments. On 30 June, Kojamo also announced it had signed a cooperation agreement with Lehto on the construction of 392 apartments. The completion of individual projects specified in the agreements is subject to fulfilling the customary terms and conditions.

During the review period, Kojamo signed agreements on the construction of the following projects:

- 27 January: an agreement with Lehto on the construction of 106 apartments in Kilo, Espoo.
- 11 February: an agreement with Hausia on the construction of 45 apartments in Espoon keskus. The agreement with Hausia is part of the cooperation agreement signed by Kojamo and Hausia in August 2019 regarding the development of 378 apartments in Espoo.
- 11 March: an agreement with Skanska on the construction of 47 apartments in Leinelä, Vantaa.
- 21 April: As part of the cooperation agreement signed by Kojamo and SRV in March 2020, Kojamo signed an agreement with SRV on the construction of 291 apartments in Helsinki's Kalasatama district, in the Lumo One tower building next to the Redi shopping centre.
- 22 April: an agreement with Hausia on the construction of 59 apartments in Matinkylä, Espoo.
- 13 May: an agreement with Peab on the construction of 137 apartments in Vermonniitty, Espoo.
- 20 May: an agreement with Rakennuspetäjä on the construction of 72 apartments in Suurpelto, Espoo.
- 30 June: an agreement with SRV on the construction of 95 apartments in Matinkylä, Espoo. The agreement is part of the cooperation agreement signed by Kojamo and SRV in August 2019 regarding the development of 527 apartments in Helsinki, Espoo, Vantaa and Kerava.



- 26 August: an agreement with JM Suomi Oy on the construction of 101 apartments in Pasila, Helsinki.
- 31 August: an agreement with Lehto on the construction of 74 apartments in Nöykkiönlaakso, Espoo, as part of the cooperation agreement signed by Kojamo and Lehto in June 2020.
- 25 September: an agreement with Lehto on the construction of 116 apartments in Niittykumpu, Espoo, as part of the cooperation agreement signed by Kojamo and Lehto in June 2020.

In addition, Kojamo announced on 30 June that it had acquired 45 apartments in Vuosaari, Helsinki.

Of the apartments under construction, 2,532 (1,155) are located in the Helsinki region and 0 (56) in other Finnish growth centres. A total of 340 (710) apartments were completed during the review period.

Modernisation investments during the review period amounted to EUR 20.1 (21.6) million and repair costs totalled EUR 24.9 (24.1) million.

Binding acquisition agreements for new development, M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Actual costs incurred from new construction in progress	326.8	129.5	166.8
Cost of completing new construction in progress	295.0	144.0	148.2
Total	621.8	273.6	314.9

Plots and real estate development sites owned by the company	30 Sep 2020		30 Sep 2019		31 Dec 2019	
	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.
Plots	32.7	61	44.4	72	45.9	75
Plots and existing residential building	27.6	43	27.6	42	27.6	42
Conversions	85.5	80	85.5	77	85.5	77
Total ¹⁾	145.8	184	157.5	191	159.0	194

Binding preliminary agreements and provisions for plots and real estate development	30 Sep 2020		30 Sep 2019		31 Dec 2019	
	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.	M€	1,000 fl.sq.m.
Preliminary agreements for new construction ²⁾	233.4		236.3		208.9	
Estimate of the share of plots of preliminary agreements for new development ¹⁾	37.8	53	35.2	59	32.4	53
Preliminary agreements and reservations for plots ¹⁾	36.9	50	44.2	64	42.1	68

1) The management's estimate of the fair value and building rights of the plots

2) Including plots



Strategic targets and achievements

Strategic targets 2020–2023	30 Sep 2020	Target 2023
Annual growth of total revenue, %	2.3	4-5
Annual investments, M€	264.1	200–400
FFO/total revenue, %	39.6	>36
Loan to Value (LTV), %	42.1	<50
Equity ratio, %	44.1	>40
Net Promoter Score (NPS)	36	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.

Digital Road Map 2023

In the early summer, we completed our Digital Road Map 2023, which specifies development actions that support the execution of Kojamo's strategy. Kojamo is recognised as a pioneer in the use of a webstore in the rental housing market. Going forward, we will strengthen our position through the digital transformation of the urban housing experience and services throughout the customer path. We will support these efforts by using NPS as an indicator of the customer experience. We will take advantage of technology and revise our operating models to achieve operational excellence. The employee experience will be included in our performance indicators in this area.

Shares and shareholders

Issued shares and share capital

Kojamo's share capital on 30 September 2020 was EUR 58,025,136.00 and the number of shares at the end of the review period 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.

The trading code of the shares is KOJAMO and the ISIN code is FI4000312251.

Trading in the company's share

Kojamo's shares are listed on the official list of Nasdaq Helsinki.



Share price and trading	1 January– 30 September 2020	1 January– 30 September 2019	1 January– 31 December 2019
Lowest price, €	13.64	8.00	8.00
Highest price, €	21.45	15.08	16.48
Average price, €	18.08	11.62	13.48
Closing price, €	18.34	15.02	16.20
Market value of share capital, end of period, M€	4,532.6	3,712.1	4,003.7
Share trading, million units	105.9	24.0	51.1
Share trading of total share stock, %	42.8	9.7	20.7
Share trading, M€	1,914.3	278.5	688.7

In addition to the Nasdaq Helsinki stock exchange, Kojamo shares were traded on other marketplaces, such as Cboe APA, Cboe BXE and Cboe CXE. From 1 January to 30 September 2020, more than 210 million (approx. 19 million) Kojamo shares were traded on alternative marketplaces, corresponding to nearly 65 per cent (approx. 44 per cent) of the total trading volume (Source: 2020: Reuters, 2019: Fidessa).

Own shares

Kojamo did not hold any of its own shares during or at the end of the review period.

Dividend

In accordance with the Board of Directors' proposal, the Annual General Meeting on 12 March 2020 decided that a dividend of EUR 0.34 per share, or EUR 84,029,095.66 in total, be paid for the financial year 2019 and that EUR 304,567,729.26 be retained in unrestricted equity. The dividend payment date was 2 April 2020.

Shareholders

At the end of the review period, the number of registered shareholders was 8,273 (4,354), including nominee-registered shareholders. The proportion of nominee-registered and direct foreign shareholders was 42.1 (26.7) per cent of the company's shares at the end of the review period. The 10 largest shareholders owned in aggregate 49.6 (64.8) per cent of Kojamo's shares at the end of the review period.

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

The Board of Directors' authorisations

Kojamo's Annual General Meeting on 12 March 2020 authorised the Board of Directors to decide on the repurchase and/or acceptance as pledge of an aggregate maximum of 24,714,439 of the company's own shares according to the proposal of the Board of Directors. The proposed amount of shares corresponds to approximately 10 per cent of all the shares of the company. The authorisation



will remain in force until the closing of the next Annual General Meeting, however no longer than until 30 June 2021.

The Board of Directors was also authorised to decide on the issuance of shares and the issuance of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Companies Act according to the proposal of the Board of Directors. The number of shares to be issued on the basis of the authorisation shall not exceed an aggregate maximum of 24,714,439 shares, which corresponds to approximately 10 per cent of all the shares of the company. The authorisation applies to both the issuance of new shares and the conveyance of own shares held by the company. The authorisation will remain in force until the closing of the next Annual General Meeting, however no longer than until 30 June 2021.

Flagging notifications

Flagging notification 24 September 2020

On 23 September 2020, Kojamo received a notification pursuant to Chapter 9, Section 5 of the Securities Market Act from PGGM Vermogensbeheer B.V. According to the notification, PGGM Vermogensbeheer B.V.'s holdings of Kojamo plc's shares and votes fell below the threshold of 5 per cent on 21 September 2020. Following the transaction, PGGM Vermogensbeheer B.V.'s holdings in Kojamo plc amounted to 11,608,439 shares, corresponding to 4.697 per cent of Kojamo plc's shares and votes.

Flagging notification 10 September 2020

On 10 September 2020, Kojamo received a notification pursuant to Chapter 9, Section 5 of the Securities Market Act from Ilmarinen Mutual Pension Insurance Company. According to the notification, Ilmarinen Mutual Pension Insurance Company's holdings of Kojamo plc's shares and votes fell below the threshold of 10 per cent on 9 September 2020. Following the transaction, Ilmarinen Mutual Pension Insurance Company's holdings in Kojamo plc amounted to 20,537,814 shares, corresponding to 8.31 per cent of Kojamo plc's shares and votes.

Flagging notification 10 September 2020

On 10 September 2020, Kojamo received a notification pursuant to Chapter 9, Section 5 of the Securities Market Act from Varma Mutual Pension Insurance Company. According to the notification, Varma Mutual Pension Insurance Company's holdings of Kojamo plc's shares and votes fell below the threshold of 10 per cent on 10 September 2020. Following the transaction, Varma Mutual Pension Insurance Company's holdings in Kojamo plc amounted to 19,362,375 shares, corresponding to 7.83 per cent of Kojamo plc's shares and votes.

Flagging notification 24 August 2020

On 24 August 2020, Kojamo received a notification pursuant to Chapter 9, Section 5 of the Securities Market Act from the Trade Union for the Public and Welfare Sectors JHL. According to the notification, Trade Union for the Public and Welfare Sectors JHL's holdings of Kojamo plc's shares and votes fell below the threshold of 5 per cent on 21 August 2020. Following the transaction, Trade Union for the



Public and Welfare Sectors JHL's holdings in Kojamo plc amounted to 12,300,000 shares, corresponding to 4.9768 per cent of Kojamo plc's shares and votes.

Flagging notification 24 February 2020

On 24 February 2020, Kojamo received a notification pursuant to Chapter 9, Section 5 of the Securities Market Act from Rakennusliitto ry. According to the notification, Rakennusliitto ry's holdings of Kojamo plc's shares and votes fell below the threshold of 5 per cent on 21 February 2020. Following the transaction, Rakennusliitto ry's holdings in Kojamo plc amounted to 12,316,660 shares, corresponding to 4.9835 per cent of Kojamo plc's shares and votes.

Managers' transactions

Managers' transactions at Kojamo in 2020 have been published as stock exchange releases and they are available on the Kojamo website at <https://kojamo.fi/en/news>.

Governance

Annual General Meeting

Kojamo's Annual General Meeting on 12 March 2020 adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2019. The AGM also elected the members of the Board of Directors and decided on their remuneration. The AGM authorised the Board of Directors to resolve 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 Companies Act. The minutes of the AGM are available at <https://www.kojamo.fi/agm>.

Board of Directors and auditors

The members of Kojamo's Board of Directors are Mikael Aro (Chairman), Mikko Mursula (Vice-Chairman), Matti Harjuniemi, Anne Leskelä, Minna Metsälä, Heli Puura and Reima Rytsölä. The company's 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. Anne Leskelä (Chairman), Matti Harjuniemi, Mikko Mursula and Heli Puura serve in the Audit Committee. Mikael Aro (Chairman), Minna Metsälä and Reima Rytsölä serve in the Remuneration Committee.

Nomination Board

A stock exchange release was issued on 4 September 2020 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 Riku Aalto, President, Finnish Industrial Union. In addition, the Chairman of Kojamo's Board of Directors serves as an expert member of the Nomination Board.



The Shareholders' Nomination Board is a body 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 the CEO during the review period. The CEO's deputy was CFO Erik Hjelt, Licentiate in Laws, eMBA.

Management Team

At the end of the review period, the members of the Management Team were Jani Nieminen, CEO; Erik Hjelt, CFO; Irene Kantor, Marketing and Communications Director; Tiina Kuusisto, Chief Customer Officer; Katri Harra-Salonen, Chief Digital Officer; and Ville Raitio, Chief Investment Officer.

Personnel

At the end of the review period, Kojamo had a total of 309 (293) employees. The average number of personnel during the period was 314 (310). Kojamo employed nearly 50 summer workers in summer 2020.

The salaries and fees paid during the review period totalled EUR 13.1 (12.3) 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 Group's key personnel. The reward is based on reaching the targets set for Kojamo's key business criteria in relation to the Group's strategic goals. Three performance periods were ongoing at the end of the review period: 2018–2020, 2019–2021, 2020–2022.

On 13 February 2020, Kojamo's Board of Directors resolved on the long-term incentive plan's performance period of 2020–2022. The possible rewards for the performance period are based on the Group's revenue (%) and Funds From Operations (FFO) per share. The rewards to be paid on the basis of the performance period correspond to the value of a maximum total of 102,242 shares including the proportion to be paid in cash.

If the three ongoing earning periods were accrued in full, the maximum bonus would be a sum corresponding to 312,345 Kojamo shares, of which 50 per cent would be paid in Kojamo shares and 50 per cent in cash. More information on the long-term incentive plan is provided in Kojamo's Remuneration Statement for 2019 and Kojamo's website.



Sustainability

Corporate responsibility and sustainable development are one of Kojamo's strategic focus areas. Sustainability is integral to Kojamo's operations and corporate culture. Sustainability is part of our DNA and it plays an important role in the work of everyone at Kojamo. This is reflected on various levels of our operations, including our business operations, working conditions and the customer interface. We emphasise responsibility towards customers, our obligations as a contractor as well as clear communication to our shareholders about the Kojamo's corporate and social responsibility efforts and their progress. We are committed to developing new and modern construction solutions, housing services and ecological innovations related to energy-efficient housing solutions. We operate openly and ethically and also require our partners to operate responsibly.

EPRA recognised Kojamo's financial statements and sustainability report with an award

EPRA (European Public Real Estate Association), an advocacy organisation for publicly listed European property investment companies, recognised Kojamo's financial statements for 2019 with a gold award for the second consecutive year and Kojamo's sustainability report for 2019 with a silver award. Kojamo also received a Most Improved award for developing its sustainability reporting.

EPRA assesses the financial statements and sustainability reports of European listed property companies yearly and grants awards to the best companies. The assessment compares the companies' reporting with EPRA's reporting standards and Best Practice Recommendations.

Our sustainability report for 2019 marked the first time that we have applied the EPRA (European Public Real Estate Association) Sustainability Best Practices Recommendations (EBRA sBPR, 3rd edition) and the Global Reporting Initiative (GRI) framework.

We are continuing to focus on high-quality transparent sustainability reporting and, in 2020, we participated in the Global Real Estate Sustainability Benchmark (GRESB) survey for the first time. We report on our sustainability each year as part of our Annual Report.

Sustainability programme

We will publish our sustainability programme on 2 December 2020. The sustainability programme will include our sustainability priorities and objectives until 2030. Our sustainability programme is based on a materiality analysis we carried out in June 2020. Based on the materiality analysis, four priorities were selected for our sustainability programme: sustainable urban development, delivering the best customer experience, the most competent personnel and a dynamic place to work, and a responsible corporate citizen.

Towards lower-emission property development

Since 2016, we have implemented all of our new construction projects using our own plot reserves as nearly zero-energy buildings in accordance with the nZEB principles. At the end of the review period, nearly zero-energy buildings represented 79% (2,075 apartments) of all Kojamo projects completed since 2016. Of the properties under construction at the end of the period, nearly zero-energy buildings represented 90% (2,289 apartments).



Continuous improvement of energy efficiency

Kojamo has joined the Rental Property Action Plan (VAETS II) for the period 2017–2025. Our target under this action plan is to enhance the efficiency of energy consumption by 7.5 per cent during the period in question, using 2015 as the baseline (28,944 MWh/a in total). During the first three years of the period, 2017-2019, our energy efficiency measures have amounted to 21,255 MWh/a in total, which means that we had achieved 73% of our 2025 VAETS target by the end of 2019. Our energy efficiency measures have included Leanheat energy optimisation, new elevators and windows, the installation of low-consumption water fittings and adjustments to ventilation systems.

We focus on managing the energy consumption of the buildings in our property portfolio and use an AI-driven IoT solution by Leanheat Oy to control the temperature of 29,000 apartments owned by Kojamo.

Lumo, a responsible and environmentally friendly landlord

All of Kojamo's properties use hydropower-certified property electricity. We have also started to use carbon-neutral district heating at many of our properties. In 2019, carbon-neutral district heating was introduced at 79 properties. All residents of Lumo homes have the opportunity to use shared vehicles that are self-charging full hybrid cars. We aim to continuously develop recycling and offer comprehensive recycling opportunities to our residents.

We also focus on developing the environmental responsibility of our own operations. All Kojamo offices have been WWF Green Office certified since December 2019.

Social responsibility and being a responsible employer

We ensure our future competitiveness through competence development and offer an employee experience that attracts the best talent in the industry. We also work continuously to promote our corporate culture and the well-being of our personnel. The Kojamo Culture Compass project we launched in spring 2020 provided us with valuable input for our continued efforts to develop our corporate culture and employee experience. In September, we started using Virta, a new learning platform that we will use to build an inspiring and impactful culture of lifelong learning around our strategy.

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 athletes aged 12–20 to encourage them in their sporting careers. Those living in Lumo and VVO homes are given priority. Grants have been awarded since 2012.

Corporate Governance

The anti-grey economy models used by Kojamo exceed legislative requirements in many respects. We continuously monitor the fulfilment of contractor obligations for all companies in our supplier network through the Reliable Partner service on the tilaajavastuu.fi website.



Near-term risks and uncertainties

Kojamo estimates that the most significant risks and uncertainties in the current review period are related to the development of the Finnish economy. The near-term risks arise particularly from the COVID-19 pandemic. The risks and their magnitude are affected by the development of the pandemic as well as the scope and duration of the measures introduced to limit the pandemic. Predicting the development of the pandemic and the impact of the restrictions is exceptionally difficult.

The development of the Finnish economy may affect the housing and financial markets in exceptional ways. These factors may have an impact on Kojamo's profit and cash flow as well as the fair value of apartments. The general economic downturn may lead to unemployment, which can affect the ability of residents to pay rent and, subsequently, the company's rental income. The development of rental receivables and credit losses is actively monitored.

Urbanisation is expected to continue in the longer term. The supply of rental apartments may, however, increase locally in the main areas in which Kojamo operates, and the changes in supply and demand could have an impact on Kojamo's tenant turnover or the financial occupancy rate and, thereby, rental income. The restrictions implemented in response to the pandemic may, in the short term, also affect people's willingness to relocate and reduce migration.

If prolonged, the pandemic may have an impact on the operations of construction companies, which could result in delays in new projects. The prolongation of the pandemic could also have broader impacts on the housing market and property market, including apartment prices, rents and yield requirements.

A more detailed description of Kojamo's strategic risks and uncertainties is provided in [the 2019 financial statements](#).

Helsinki, 5 November 2020

Kojamo plc
Board of Directors

Further information:

Maija Hongas, Manager, Investor Relations, Kojamo plc, tel. +358 20 508 3004
Erik Hjelt, CFO, Kojamo plc, tel. +358 20 508 3225

News conference as a webcast

Kojamo will hold a news conference for institutional investors, analysts and media on 5 November 2020 at 10:00 a.m. as a webcast. The event will be held in English.

A recording of the webcast will be available later on the company website at <https://kojamo.fi/en/investors/releases-and-publications/financial-reports/>

The news conference can be streamed online at <https://kojamo.videosync.fi/2020-q3-results>



You can also participate in the press conference by calling:

FI: +358 981 710 310
SE: +46 856 642 651
UK: +44 333 300 0804
US: +1 631 913 1422

Please use the following PIN code to participate in the press conference by telephone: 76174123#



EPRA performance measures

EPRA (European Public Real Estate Association) is an advocacy organisation for publicly listed European property investment companies. Kojamo is a member of EPRA. As part of its activities, the organisation promotes financial reporting in the industry and the adoption of best practices to ensure the quality of information provided to investors and improve comparability between companies. Kojamo follows EPRA recommendations in its reporting practices.

In accordance with EPRA's new best practice recommendations, Kojamo will adopt revised net asset valuation metrics starting from the 2020 financial statements. Going forward, they will replace EPRA Net Asset Value (NAV) and EPRA Triple Net Asset Value (NNNAV).

	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
EPRA Earnings, M€	41.9	42.7	111.9	109.4	144.0
EPRA Earnings per share (EPS), €	0.17	0.17	0.45	0.44	0.58
EPRA Net Asset Value (NAV), M€			3,928.4	2,993.3	3,828.0
EPRA NAV per share, €			15.90	12.11	15.49
EPRA Triple Net Asset Value (NNNAV), M€			3,076.5	2,328.7	3,030.1
EPRA NNNAV per share, €			12.45	9.42	12.26
EPRA Net Initial Yield (NIY), %			4.3	5.0	4.2
EPRA 'topped-up' NIY, %			4.3	5.0	4.2
EPRA Vacancy Rate, %			3.7	2.9	2.8
EPRA Cost Ratio (including direct vacancy costs), %	11.1	12.2	13.7	14.8	15.0
EPRA Cost Ratio (excluding direct vacancy costs), %	9.7	11.3	11.8	13.3	13.6

M€	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Earnings per IFRS income statement	58.4	53.2	158.5	153.1	825.2
(i) Change in value of investment properties, development properties held for investment and other interests	-25.8	-18.4	-74.1	-71.0	-872.4
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interest	0.0	-0.3	0.7	-0.2	-0.1
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-	-	-	-0.1	-0.2
(iv) Tax on profits or losses on disposals	0.0	3.2	-0.2	3.2	3.3
(vi) Changes in fair value of financial instruments and associated close-out costs	-0.3	0.8	0.9	3.3	2.0
(viii) Deferred tax in respect of EPRA adjustments	9.6	4.2	26.1	21.1	186.2
EPRA Earnings	41.9	42.7	111.9	109.4	144.0
EPRA Earnings per share (EPS), €	0.17	0.17	0.45	0.44	0.58



M€	1-9/2020	1-9/2019	2019
NAV per the financial statements	3,154.1	2,401.8	3,090.6
(iv) Fair value of financial instruments	82.7	91.6	69.5
(v.a) Deferred tax	691.7	499.9	667.9
EPRA Net Asset Value (NAV)	3,928.4	2,993.3	3,828.0
EPRA NAV per share, €	15.90	12.11	15.49

M€	1-9/2020	1-9/2019	2019
EPRA Net Asset Value (NAV)	3,928.4	2,993.3	3,828.0
(i) Fair value of financial instruments	-82.7	-91.6	-69.5
(ii) Fair value of debt *	-77.5	-73.2	-60.5
(iii) Deferred tax	-691.7	-499.9	-667.9
EPRA Triple Net Asset Value (NNAV)	3,076.5	2,328.7	3,030.1
* Balance sheet at amortised cost and the fair value of interest-bearing loans and borrowings			
EPRA NNAV per share, €	12.45	9.42	12.26

M€		1-9/2020	1-9/2019	2019
Investment property		6,597.8	5,376.4	6,260.8
Trading property		0.1	0.3	0.1
Developments		-485.4	-258.6	-334.9
Completed property portfolio		6,112.6	5,118.0	5,926.1
Allowance for estimated purchasers' costs		122.3	102.4	118.5
Gross up completed property portfolio valuation	B	6,234.8	5,220.4	6,044.6
Annualised cash passing rental income		393.0	385.2	385.3
Property outgoing		-123.8	-125.4	-128.9
Annualised net rents	A	269.1	259.8	256.4
Notional rent expiration of rent free periods or other lease incentives		-	-	-
Topped-up net annualised rent	C	269.1	259.8	256.4
EPRA Net Initial Yield (NIY), %	A/B	4.3	5.0	4.2
EPRA 'topped-up' NIY, %	C/B	4.3	5.0	4.2

M€		1-9/2020	1-9/2019	2019
Estimated rental value of vacant space *	A	10.5	8.0	10.2
Estimated rental value of the whole portfolio*	B	280.6	273.1	365.2
EPRA Vacancy Rate, %	A/B	3.7	2.9	2.8

* Including rental value of apartments



M€		7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Include:						
(i) Administrative expense line per IFRS income statement		8.8	8.6	29.0	28.3	38.7
(i) Maintenance expense line per IFRS income statement		17.9	17.3	68.1	69.0	91.1
(i) Repair expense line per IFRS income statement		9.6	8.9	24.9	24.1	36.9
(ii) Net service charge costs/fees		-2.2	-1.8	-6.1	-4.9	-6.9
(iii) Management fees less actual/estimated profit element		0.0	0.0	-0.1	0.0	0.0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		-0.1	-0.2	-0.2	-0.3	-0.4
Exclude:						
(vii) Ground rent costs		0.0	0.0	0.0	0.1	0.1
(viii) Service charge costs recovered through rents but not separately invoiced		-26.4	-24.3	-89.6	-88.7	-122.7
EPRA Costs (including direct vacancy costs)	A	7.5	8.5	26.0	27.5	36.8
(ix) Direct vacancy costs		-1.0	-0.6	-3.5	-2.7	-3.6
EPRA Costs (excluding direct vacancy costs)	B	6.5	7.8	22.6	24.8	33.3
(x) Gross Rental Income less ground rent costs - per IFRS		93.9	93.7	280.3	275.0	368.0
(xi) Service fee and service charge costs components of Gross Rental Income		-26.4	-24.3	-89.6	-88.7	-122.7
Gross Rental Income	C	67.5	69.4	190.8	186.3	245.3
EPRA Cost Ratio (including direct vacancy costs), %	A/C	11.1	12.2	13.7	14.8	15.0
EPRA Cost Ratio (excluding direct vacancy costs), %	B/C	9.7	11.3	11.8	13.3	13.6



Condensed consolidated income statement

M€	Note	7–9/2020	7–9/2019	1–9/2020	1–9/2019	1–12/2019
Total revenue		96.3	95.7	286.8	280.3	375.3
Maintenance expenses		-17.9	-17.3	-68.1	-69.0	-91.1
Repair expenses		-9.6	-8.9	-24.9	-24.1	-36.9
Net rental income		68.9	69.5	193.8	187.2	247.3
Administrative expenses		-8.8	-8.6	-29.0	-28.3	-38.7
Other operating income		1.2	0.7	2.6	1.7	2.2
Other operating expenses		0.2	-0.3	0.0	-0.3	-0.5
Profit/loss on sales of investment properties		0.0	0.3	-0.7	0.2	0.1
Profit/loss on sales of trading properties		-	-	-	0.1	0.2
Profit/loss on fair value of investment properties	3	25.8	18.4	74.1	71.0	872.4
Depreciation, amortisation and impairment losses		-0.7	-0.3	-1.2	-0.9	-1.1
Operating profit		86.5	79.9	239.6	230.7	1,081.9
Financial income		0.4	0.6	1.6	2.2	2.6
Financial expenses		-14.1	-13.9	-43.2	-41.5	-53.4
Total amount of financial income and expenses		-13.7	-13.3	-41.6	-39.3	-50.8
Share of result from associated companies		-	-	0.0	0.0	0.2
Profit before taxes		72.8	66.6	198.0	191.4	1,031.3
Current tax expense		-4.8	-9.2	-13.5	-17.2	-19.9
Change in deferred taxes		-9.6	-4.2	-26.1	-21.1	-186.2
Profit for the period		58.4	53.2	158.5	153.1	825.2
Profit for the financial period attributable to						
Shareholders of the parent company		58.4	53.2	158.5	153.1	825.2
Earnings per share based on profit						
attributable to shareholders of the parent company						
Basic, €		0.24	0.22	0.64	0.62	3.34
Diluted, €		0.24	0.22	0.64	0.62	3.34
Average number of shares, million	8	247.1	247.1	247.1	247.1	247.1
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges		-0.4	-14.7	-13.1	-46.6	-26.0
Deferred taxes		0.1	2.9	2.6	9.3	5.2
Items that may be reclassified subsequently to profit or loss		-0.3	-11.7	-10.5	-37.3	-20.8
Total comprehensive income for the period		58.1	41.4	148.0	115.9	804.4
Total comprehensive income attributable to						
shareholders of the parent company		58.1	41.4	148.0	115.9	804.4



Condensed consolidated balance sheet

M€	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Non-current assets				
Intangible assets		0.1	0.2	0.2
Investment properties	3	6,595.4	5,376.4	6,260.8
Property, plant and equipment	4	29.6	31.0	30.9
Investments in associated companies		1.6	2.2	2.4
Financial assets	7	0.7	0.6	0.7
Non-current receivables		7.9	4.9	3.2
Derivatives	6, 7	0.1	0.3	0.2
Deferred tax assets		17.2	20.1	14.4
Non-current assets total		6,652.5	5,435.8	6,312.8
Non-current assets held for sale	10	2.4	-	-
Current assets				
Trading property		0.1	0.3	0.1
Derivatives	6,7	0.5	0.4	0.3
Current tax assets		2.5	0.1	0.1
Trade and other receivables		10.7	8.7	7.7
Financial assets	7	127.9	152.0	132.1
Cash and cash equivalents		358.4	130.0	137.3
Current assets total		500.2	291.4	277.6
ASSETS TOTAL		7,155.1	5,727.2	6,590.4
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to shareholders of the parent company				
Share capital		58.0	58.0	58.0
Share issue premium		35.8	35.8	35.8
Fair value reserve		-55.1	-61.1	-44.7
Invested non-restricted equity reserve		164.4	164.4	164.4
Retained earnings		2,950.9	2,204.7	2,877.0
Equity attributable to shareholders of the parent company		3,154.1	2,401.8	3,090.6
Total equity		3,154.1	2,401.8	3,090.6
LIABILITIES				
Non-current liabilities				
Loans and borrowings	5, 7	2,889.0	2,424.8	2,429.3
Deferred tax liabilities		710.0	520.2	683.8
Derivatives	6, 7	82.5	92.3	69.8
Provisions		0.4	0.5	0.5
Other non-current liabilities		4.7	13.9	5.1
Non-current liabilities total		3,686.6	3,051.7	3,188.4
Current liabilities				
Loans and borrowings	5, 7	248.6	215.9	244.9
Derivatives	6, 7	0.7	0.1	0.2
Current tax liabilities		2.3	3.4	2.0
Trade and other payables		62.8	54.3	64.3
Current liabilities total		314.4	273.7	311.4
Total liabilities		4,001.0	3,325.4	3,499.8
TOTAL EQUITY AND LIABILITIES		7,155.1	5,727.2	6,590.4



Consolidated statement of cash flows

M€	1–9/2020	1–9/2019	1–12/2019
Cash flow from operating activities			
Profit for the period	158.5	153.1	825.2
Adjustments	8.3	6.7	-614.5
Change in net working capital			
Change in trade and other receivables	-2.4	-0.3	0.6
Change in trading properties	-	0.1	0.3
Change in trade and other payables	6.4	2.0	-0.8
Interest paid	-40.3	-37.8	-48.6
Interest received	0.7	0.6	0.8
Other financial items	-6.3	-0.8	0.0
Taxes paid	-15.6	-18.0	-22.2
Net cash flow from operating activities	109.3	105.6	140.8
Cash flow from investing activities			
Acquisition of investment properties	-272.7	-191.9	-273.9
Acquisition of property, plant and equipment and intangible assets	0.0	-0.1	-0.2
Proceeds from sale of investment properties	2.6	24.5	26.1
Proceeds from sale of property, plant and equipment and intangible assets	-	0.0	0.0
Purchases of financial assets	-153.0	-93.1	-111.1
Proceeds from sale of financial assets	157.0	114.5	152.5
Non-current loans, granted	-4.8	-	0.0
Repayments of non-current loan receivables	0.1	0.2	0.4
Interest and dividends received on investments	1.1	0.2	0.3
Net cash flow from investing activities	-269.9	-145.7	-206.0
Cash flow from financing activities			
Non-current loans and borrowings, raised	643.5	167.8	289.8
Non-current loans and borrowings, repayments	-176.6	-75.0	-164.0
Current loans and borrowings, raised	189.8	89.9	139.9
Current loans and borrowings, repayments	-189.9	-90.0	-139.9
Repayments of lease liabilities	-1.2	-1.2	-1.6
Dividends paid	-84.0	-71.7	-71.7
Net cash flow from financing activities	381.7	19.9	52.4
Change in cash and cash equivalents	221.1	-20.1	-12.8
Cash and cash equivalents at the beginning of the period	137.3	150.1	150.1
Cash and cash equivalents at the end of the period	358.4	130.0	137.3



Condensed consolidated statement of changes in equity

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to shareholders of the parent company	Total equity
Equity at 1 Jan 2020	58.0	35.8	-44.7	164.4	2,877.0	3,090.6	3,090.6
Comprehensive income							
Cash flow hedging			-10.5			-10.5	-10.5
Profit for the period					158.5	158.5	158.5
Total comprehensive income for the period			-10.5		158.5	148.0	148.0
Transactions with shareholders							
Share-based incentive scheme					-0.6	-0.6	-0.6
Dividend payment					-84.0	-84.0	-84.0
Total transactions with shareholders					-84.6	-84.6	-84.6
Total change in equity			-10.5		73.9	63.4	63.4
Equity at 30 Sep 2020	58.0	35.8	-55.1	164.4	2,950.9	3,154.1	3,154.1

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to shareholders of the parent company	Total equity
Equity at 1 Jan 2019	58.0	35.8	-23.9	164.4	2,123.7	2,358.1	2,358.1
Comprehensive income							
Cash flow hedging			-37.3			-37.3	-37.3
Profit for the period					153.1	153.1	153.1
Total comprehensive income for the period			-37.3		153.1	115.9	115.9
Transactions with shareholders							
Share-based incentive scheme					-0.5	-0.5	-0.5
Dividend payment					-71.7	-71.7	-71.7
Total transactions with shareholders					-72.2	-72.2	-72.2
Total change in equity			-37.3		81.0	43.7	43.7
Equity at 30 Sep 2019	58.0	35.8	-61.1	164.4	2,204.7	2,401.8	2,401.8

M€	Share capital	Share issue premium	Fair value reserve	Invested non-restricted equity reserve	Retained earnings	Equity attributable to shareholders of the parent company	Total equity
Equity at 1 Jan 2019	58.0	35.8	-23.9	164.4	2,123.7	2,358.1	2,358.1
Comprehensive income							
Cash flow hedging			-20.8			-20.8	-20.8
Profit for the period					825.2	825.2	825.2
Total comprehensive income for the period			-20.8		825.2	804.4	804.4
Transactions with shareholders							
Share-based incentive scheme					-0.3	-0.3	-0.3
Dividend payment					-71.7	-71.7	-71.7
Total transactions with shareholders					-71.9	-71.9	-71.9
Total change in equity			-20.8		753.3	732.5	732.5
Equity at 31 Dec 2019	58.0	35.8	-44.7	164.4	2,877.0	3,090.6	3,090.6



Condensed notes to the consolidated financial statements

Basic information about 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. On 30 September 2020, Kojamo owned a total of 35,613 rental apartments.

The Group's parent company, Kojamo plc, is a Finnish company domiciled in Helsinki. Its registered address is Mannerheimintie 168, 00300 Helsinki, Finland.

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. The Group's three other bonds are 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.

Kojamo plc's Board of Directors approved this Interim Report for publication at its meeting on 5 November 2020.

1. Accounting policies

Basis for preparation

These interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* as well as by applying the same accounting policies as in the previous annual financial statements, excluding the exceptions described below. The figures of the interim financial statements have not been audited.

The figures for 2019 are based on Kojamo plc's audited financial statements for 2019. The figures in brackets refer to the corresponding period in 2019, and the comparison period is the corresponding period the year before, unless otherwise stated.

The preparation of the interim financial statements in accordance with IFRS requires application of judgement by Kojamo's management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the balance sheet date and the reported amounts of income and expenses for the period. Management must also make judgements when applying the Group's accounting policies. Actual results may differ from the estimates and assumptions used. The most significant items of this Interim Report where judgement 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 that create a significant risk of change in the carrying amounts of Kojamo's assets and liabilities within the next review period, are the same as those presented in the consolidated financial statements for the 2019 financial year. Of these, the most important are the determination of the fair values of investment properties and financial instruments. The COVID-19 pandemic may affect the housing and financial markets in exceptional ways. These factors may have an impact on Kojamo's profit and cash flow as well as the fair value of apartments.



2. Revenue

Specification of revenue from contracts with customers:

M€	1-9/2020	1-9/2019	1-12/2019
Rental income	280.3	275.0	367.9
Water fees	5.8	4.4	6.2
Sauna fees	0.3	0.5	0.6
Total	286.4	279.9	374.8

Revenue consists primarily of rental income based on tenancy agreements. In the Group's business, the scope of IFRS 15 includes maintenance and service revenue, which include use-based charges collected from tenants.

3. Investment properties

Change in valuation method

Kojamo shifted from a transaction-based valuation technique to a yield-based valuation technique in the valuation of investment properties from 31 December 2019 onwards. This represents a change in accounting estimates. The change is not applied retrospectively. The effect of the change on the fair value of investment properties was approximately EUR 800 million in the 2019 financial statements. The yield-based valuation technique makes Kojamo more comparable with its relevant international peer group.

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Fair value of investment properties on 1 Jan ¹⁾	6,260.8	5,093.2	5,093.2
Acquisition of investment properties ^{1) 2)}	243.0	213.5	288.6
Modernisation investments	20.1	21.6	30.7
Disposals of investment properties	-3.3	-24.3	-26.0
Capitalised borrowing costs	2.6	1.4	1.9
Transfer from property, plant and equipment	0.5	-	-
Profit/loss on fair value of investment properties ¹⁾	74.1	71.0	872.4
Fair value of investment properties at the end of the period	6,597.8	5,376.4	6,260.8

The value of investment properties includes EUR 2.4 (0.0) million in investment properties held for sale.

1) Includes IFRS 16 Leases

2) Includes the existing apartment stock and the acquisition costs of new projects under construction

Right-of-use assets included in the fair values of investment properties (IFRS 16 Leases):

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Fair value 1 Jan	60.2	-	-
Increases/decreases	1.6	60.9	61.3
Profit/loss on fair value of investment properties	-0.8	-0.8	-1.1
Fair value at the end of the period	61.0	60.1	60.2



Modernisation investments are often significant and they are primarily related to repairs and renovations of plumbing, facades, roofs, windows and balconies. The expected average technical useful lives of the plumbing systems, facades, roofs and balconies of residential properties are taken into consideration in the planning of modernisation investments.

Capitalised borrowing costs totalled EUR 2.6 (1.4) million. The interest rate applied to capitalised borrowing costs was 2.1 (2.2) per cent at the end of the review period.

Fair value of investment properties by valuation method

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Transaction value	-	4,637.5	-
Yield value before 31 December 2019	-	249.7	-
Yield value starting from 31 December 2019	5,937.2	-	5,740.7
Acquisition cost	599.6	429.1	459.9
Right-of-use assets	61.0	60.1	60.2
Total	6,597.8	5,376.4	6,260.8

Including properties valued at the cash flow based valuation method (DCF) EUR 5,892.5 million and other yield-based valued items EUR 44.7 million.

Number of apartments	30 Sep 2020	30 Sep 2019	31 Dec 2019
Transaction value	-	29,310	-
Yield value before 31 December 2019	-	2,473	-
Yield value starting from 31 December 2019	33,084	-	32,286
Acquisition cost	2,529	3,278	2,986
Total	35,613	35,061	35,272

Kojamo has used the following average parameters when applying the yield-based valuation method in 2020:

Investment properties	Capital region	Other regions of Finland	Group total
Unobservable inputs:			
Yield requirement, weighted, %	3.83	5.05	4.23
Inflation assumption, %	1.5	1.5	1.5
Market rents, weighted by square metres, €/m ² /month	18.63	14.40	16.55
Property maintenance expenses, repairs and modernisation investments €/m ² /month	6.10	6.05	6.07
10-year average financial occupancy rate, %	98.0	96.4	97.1
Rent increase assumption, %	2.0	1.6	1.8
Expense increase assumption, %	2.0	2.0	2.0



Kojamo has used the following average parameters when applying the yield-based valuation method in the 2019 financial statements:

Investment properties	Capital region	Other regions of Finland	Group total
Unobservable inputs:			
Yield requirement, weighted, %	3.84	5.05	4.25
Inflation assumption, %	1.5	1.5	1.5
Market rents, weighted by square metres, €/m ² /month	18.70	14.48	16.58
Property maintenance expenses, repairs and modernisation investments €/m ² /month	6.11	6.07	6.09
10-year average financial occupancy rate, %	98.0	96.4	97.1
Rent increase assumption, %	2.0	1.6	1.8
Expense increase assumption, %	2.0	2.0	2.0

Sensitivity analysis for measuring the fair value of investment properties

Properties measured at yield value *	30 Sep 2020				
	-10%	-5%	0%	5%	10%
Change % (relative)					
Change, M€					
Yield requirement	658.6	311.8		-281.9	-537.9
Market rents	-758.2	-379.1		379.1	758.2
Maintenance expenses	250.0	125.0		-125.0	-250.0
Change % (absolute)	-2%	-1%	0%	1%	2%
Change, M€					
Financial occupancy rate	-155.4	-77.7		77.7	155.4

* The cash flow based valuation method (DCF) was adopted on 31 December 2019.

Sensitivity analysis of investment properties	30 Sep 2019				
	-10%	-5%	0%	5%	10%
Change %					
Properties measured at transaction value, M€					
Change in market prices	-463.7	-231.9		231.9	463.7
Properties measured at yield value before 31 December 2019					
Yield requirement	27.5	13.0		-11.8	-22.5
Rental income	-42.6	-21.3		21.3	42.6
Maintenance expenses	16.1	8.0		-8.0	-16.1
Financial occupancy rate for properties measured at yield value (change in percentage points)	-2%	-1%	0%	1%	2%
Rental income, M€	-0.8	-0.4		0.4	0.8



The weighted average yield requirement was 6.2 per cent for the 2,473 apartments included within the scope of the yield value method on 30 September 2019, and 9.3 per cent for the 427 business premises.

Sensitivity analysis for measuring the fair value of investment properties

Properties measured at yield value *	31 Dec 2019				
	Change % (relative)	-10%	-5%	0%	5%
Change, M€					
Yield requirement	636.6	301.6		-273.8	-521.7
Market rents	-734.2	-366.7		365.9	732.6
Maintenance expenses	242.4	121.1		-122.0	-243.6
Change % (absolute)	-2%	-1%	0%	1%	2%
Change, M€					
Financial occupancy rate	-151.0	-75.3		75.0	149.8

* The cash flow based valuation method (DCF) was adopted on 31 December 2019.

Unrecognised acquisition agreements related to work in progress:

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
New development under construction	295.0	144.0	148.2
Preliminary agreements for new construction	233.4	236.3	208.9
Renovation	37.0	21.4	23.7
Total	565.5	401.7	380.7

The criteria for determining fair value are presented in the Notes to the 2019 Financial Statements.

4. Property, plant and equipment

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Carrying value, beginning of period	30.9	30.5	30.5
Increases	0.4	1.4	1.5
Decreases	-	-0.1	-0.1
Transfer to investment properties	-0.5	-	-
Depreciation for the period	-1.2	-0.8	-1.0
Carrying value, end of period	29.6	31.0	30.9



Property, plant and equipment consist of assets held and used by the company, mainly buildings and land areas, as well as machinery and equipment. The right-of-use asset includes car leasing agreements in accordance with IFRS 16 *Leases*. These agreements are itemised below:

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Carrying value, beginning of period	0.9	1.0	1.0
Increases	0.3	0.3	0.3
Depreciation for the period	-0.3	-0.4	-0.5
Carrying value, end of period	0.9	1.0	0.9

5. Interest-bearing liabilities

Non-current liabilities

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Bonds	1,687.6	1,191.3	1,191.8
Loans from financial institutions	1,111.1	1,102.1	1,135.8
Interest subsidy loans	30.9	69.0	39.2
Lease liability	59.5	60.0	60.0
Other loans	-	2.4	2.4
Total	2,889.0	2,424.8	2,429.3

Current liabilities

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Bonds	-	99.9	100.0
Loans from financial institutions	152.5	31.8	37.5
Interest subsidy loans	34.9	26.6	49.9
Lease liability	2.4	1.1	1.1
Other loans	8.8	6.5	6.5
Commercial papers	50.0	50.0	50.0
Total	248.6	215.9	244.9

Total interest-bearing liabilities	3,137.6	2,640.7	2,674.2
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As a result of Kojamo's adoption of IFRS 16 *Leases* on 1 January 2019, land lease contracts previously treated as operating leases have been recognised as an increase in the value of the Group's investment properties and interest-bearing liabilities.



6. Derivative instruments

Fair values of derivative instruments M€	30 Sep 2020			30 Sep 2019	31 Dec 2019
	Positive	Negative	Net	Net	Net
Interest rate derivatives					
Interest rate swaps, cash flow hedges	-	-72.9	-72.9	-81.5	-60.6
Interest rate swaps, not in hedge accounting	-	-9.8	-9.8	-10.8	-9.3
Electricity derivatives	0.5	-0.5	0.0	0.7	0.5
Total	0.5	-83.2	-82.7	-91.6	-69.5

Nominal values of derivative instruments M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
	Interest rate derivatives		
Interest rate swaps, cash flow hedges	953.5	974.4	970.0
Interest rate swaps, not in hedge accounting	41.9	42.6	42.6
Total	995.4	1,016.9	1,012.6
Electricity derivatives, MWh	94,281	137,243	135,960

During the review period, EUR -13.1 (-46.6) million was recognised in the fair value reserve from interest rate derivatives classified as cash flow hedges. The interest rate derivatives are used to hedge the loan portfolio's interest cash flows against increases in market interest rates. The interest rate derivatives mature between 2020 and 2035. At the end of the review period, the average maturity of interest rate swaps was 5.1 (5.9) years. Electricity derivatives hedge against increases in electricity prices and mature between 2020 and 2022. Electricity derivatives are not included in hedge accounting. The unrealised gains and losses from the measurement of derivatives are presented on the balance sheet under current and non-current assets or under liabilities in the item Derivative instruments.



7. Financial assets and liabilities by valuation category

M€	30 Sep 2020				Fair value total
	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets					
Measured at fair value					
Electricity derivatives	0.5	0.5			0.5
Financial assets recognised at fair value through profit or loss					
	128.6	72.9	55.0	0.7	128.6
Measured at amortised cost					
Cash and cash equivalents	358.4		358.4		358.4
Trade receivables	5.4				5.4
Financial liabilities					
Measured at fair value					
Interest rate derivatives	82.7		82.7		82.7
Electricity derivatives	0.5	0.5			0.5
Measured at amortised cost					
Other interest-bearing liabilities	1,450.0		1,453.0		1,453.0
Bonds	1,687.6	1,781.5			1,781.5
Trade payables	14.0				14.0
31 Dec 2019					
M€	Carrying value total	LEVEL 1	LEVEL 2	LEVEL 3	Fair value total
Financial assets					
Measured at fair value					
Electricity derivatives	0.5	0.5			0.5
Financial assets recognised at fair value through profit or loss					
	132.8	129.6	2.5	0.7	132.8
Measured at amortised cost					
Cash and cash equivalents	137.3		137.3		137.3
Trade receivables	5.7				5.7
Financial liabilities					
Measured at fair value					
Interest rate derivatives	70.0		70.0		70.0
Electricity derivatives	0.0	0.0			0.0
Measured at amortised cost					
Other interest-bearing liabilities	1,382.4		1,385.2		1,385.2
Bonds	1,291.8	1,349.5			1,349.5
Trade payables	15.6				15.6



There were no transfers between the hierarchy levels during the review period. The fair value of floating rate loans is the same as their nominal value, as the margins of the loans correspond to the margins of new loans. The fair values of bonds are based on market price 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.

If there is no active market for the financial instrument, judgment is required to determine fair value and impairment. External market to 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.

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.

Level 2:

A quoted market price exists in active markets for the instrument, but the price may be derived from directly or indirectly quoted market data. 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

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Beginning of period	0.7	0.6	0.6
Change	-	0.0	0.0
End of period	0.7	0.6	0.7

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.



8. Earnings per share

	1-9/2020	1-9/2019	1-12/2019
Profit for the period attributable to shareholders of the parent company, M€	158.5	153.1	825.2
Weighted average number of shares during the period (million)	247.1	247.1	247.1
Earnings per share			
Basic, €	0.64	0.62	3.34
Diluted, €	0.64	0.62	3.34

The company has no diluting instruments.

9. Guarantees and commitments

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Loans covered by pledges on property and shares as collateral	1,140.0	1,315.1	1,298.1
Pledges given	1,169.9	1,412.9	1,401.1
Shares ¹⁾	194.2	254.2	220.4
Pledged collateral, total	1,364.1	1,667.1	1,621.5
Other collateral given			
Mortgages and shares	5.9	17.3	16.9
Guarantees ²⁾	566.9	455.8	500.2
Pledged deposits	0.1	0.1	0.1
Other collateral, total	572.9	473.1	517.1

1) Pledged mortgages and shares relate in some cases to the same properties.

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



10. Non-current assets held for sale

M€	30 Sep 2020	30 Sep 2019	31 Dec 2019
Investment properties	2.4	-	-
Total assets	2.4	-	-
Net carrying value	2.4	-	-

On 17 April 2020, Kojamo Group companies signed a preliminary agreement to sell a plot in Kirkkonummi and the properties located on the plot to T2H Rakennus Oy on 31 March 2021 at the latest.

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

11. The impact of COVID-19

Kojamo has assessed the impact of the COVID-19 pandemic on the Group's profit, balance sheet and cash flow and determined that the pandemic did not have a significant impact on the items in question during the review period.

12. Events after the review period

There were no significant events after the review period.



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

	Formula	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Total revenue, M€		96.3	95.7	286.8	280.3	375.3
Net rental income, M€	1	68.9	69.5	193.8	187.2	247.3
Net rental income margin, %	2	71.5	72.6	67.6	66.8	65.9
Profit before taxes, M€	3	72.8	66.6	198.0	191.4	1,031.3
EBITDA, M€	4	87.2	80.1	240.8	231.6	1,083.1
EBITDA margin, %	5	90.6	83.7	84.0	82.6	288.6
Adjusted EBITDA, M€	6	61.4	61.4	167.5	160.3	210.3
Adjusted EBITDA margin, %	7	63.8	64.2	58.4	57.2	56.0
Funds From Operations (FFO), M€	8	42.0	39.7	113.5	106.1	140.7
FFO margin, %	9	43.7	41.5	39.6	37.9	37.5
Funds From Operations (FFO) per share, €	10	0.17	0.16	0.46	0.43	0.57
FFO excluding non-recurring costs, M€	11	42.0	39.7	113.5	106.1	140.7
Adjusted Funds From Operations (AFFO), M€	12	32.6	29.6	93.4	84.5	110.0
Investment properties, M€ ¹⁾				6,597.8	5,376.4	6,260.8
Financial occupancy rate, %	19			96.3	97.1	97.2
Interest-bearing liabilities, M€	13			3,137.6	2,640.7	2,674.2
Return on equity (ROE), %	14			6.8	8.6	30.3
Return on investment (ROI), %	15			5.3	6.3	20.5
Equity ratio, %	16			44.1	42.0	46.9
Loan to Value (LTV), % ²⁾	17			42.1	46.7	40.5
Earnings per share, €		0.24	0.22	0.64	0.62	3.34
Equity per share, €				12.76	9.72	12.51
Gross investments, M€	18	85.1	79.0	264.1	175.6	259.9
Number of personnel, end of period				309	293	296

1) Including items held for sale

2) Excluding items held for sale

Kojamo presents Alternative Performance Measures to illustrate the financial development of its business operations and improve comparability between reporting periods. The Alternative 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.



Formulas used in the calculation of the key figures

Alternative Performance Measures (APM) based on ESMA guidelines

- 1) Net rental income = Total revenue - Maintenance expenses - Repair expenses

Net rental income measures the profitability of the Group's rental business after the deduction of maintenance and repair costs.
- 2) Net rental income margin, % = $\frac{\text{Net rental income}}{\text{Total revenue}} \times 100$

This figure reflects the ratio between net rental income and total revenue.
- 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

Profit before taxes measures profitability after operative costs and financial expenses.
- 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

EBITDA measures operative profitability before financial expenses, taxes and depreciation.
- 5) EBITDA margin, % = $\frac{\text{EBITDA}}{\text{Total revenue}} \times 100$

EBITDA margin discloses EBITDA in relation to net sales.
- 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

Adjusted EBITDA measures the profitability of the Group's underlying rental operations excluding gains/losses on sale of properties and unrealised value changes of investment properties.
- 7) Adjusted EBITDA margin, % = $\frac{\text{Adjusted EBITDA}}{\text{Total revenue}} \times 100$

Adjusted EBITDA margin discloses adjusted EBITDA in relation to total revenue.



- 8) Funds From Operations (FFO) = Adjusted EBITDA - Adjusted net interest charges - Current tax expenses
- FFO measures cash flow before change in net working capital. The calculation of this APM takes into account financial expenses and current taxes but excludes items not directly connected to rental operations, such as unrealised value changes.
- 9) FFO margin, % = $\frac{\text{FFO}}{\text{Total revenue}} \times 100$
- FFO margin discloses FFO in relation to total revenue.
- 10) FFO per share = $\frac{\text{FFO}}{\text{Weighted average number of shares outstanding during the financial period}}$
- FFO per share illustrates FFO for an individual share.
- 11) FFO excluding non-recurring costs = FFO + non-recurring costs
- FFO measures cash flow before change in net working capital. The calculation of this APM takes into account financial expenses and current taxes but excludes items not directly connected to rental operations, such as unrealised value changes and non-recurring costs.
- 12) Adjusted Funds From Operations (AFFO) = FFO - Modernisation investments
- AFFO measures cash flow before change in net working capital, adjusted for modernisation investments. The calculation of this APM takes into account modernisation investments, financial expenses and current taxes but excludes items not directly connected to rental operations, such as unrealised value changes.
- 13) Interest-bearing liabilities = Non-current loans and borrowings + Current loans and borrowings
- Interest-bearing liabilities measures the Group's total debt.
- 14) Return on equity (ROE), % = $\frac{\text{Profit for the period (annualised)}}{\text{Total equity, average during the period}} \times 100$
- ROE measures the financial result in relation to equity. This APM illustrates Kojamo's ability to generate a return for the shareholders.
- 15) Return on investment (ROI), % = $\frac{(\text{Profit before taxes} + \text{Interests and other financial expenses}) (\text{annualised})}{(\text{Total assets} - \text{Non-interest-bearing liabilities}) \text{ average during the period}} \times 100$
- ROI measures the financial result in relation to invested capital. This APM illustrates Kojamo's ability to generate a return on the invested funds.



16) Equity ratio, % = $\frac{\text{Total equity}}{\text{Balance sheet total - Advances received}} \times 100$

Equity to assets is an APM for balance sheet structure that discloses the ratio of equity to total capital. This APM illustrates the Group's financing structure.

17) Loan to Value (LTV), % = $\frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties}} \times 100$

Loan to value discloses the ratio of net debt to investment properties. This APM illustrates the Group's indebtedness.

18) Gross investments = Acquisition and development of investment properties + Modernisation investments + Capitalised borrowing costs

This APM illustrates total investments including acquisitions, development investments, modernisation investments and capitalised interest.

Other performance measures

19) Financial occupancy rate, % = $\frac{\text{Rental income}}{\text{Potential rental income at full occupancy}} \times 100$

**Reconciliation of key indicators**

M€	7-9/2020	7-9/2019	1-9/2020	1-9/2019	2019
Profit for the period	58.4	53.2	158.5	153.1	825.2
Depreciation, amortisation and impairment losses	0.7	0.3	1.2	0.9	1.1
Profit/loss on sales of investment properties	0.0	-0.3	0.7	-0.2	-0.1
Profit/loss on sales of trading properties	-	-	-	-0.1	-0.2
Profit/loss on sales of other non-current assets	-	0.0	-	0.0	0.0
Profit/loss on fair value of investment properties	-25.8	-18.4	-74.1	-71.0	-872.4
Financial income	-0.4	-0.6	-1.6	-2.2	-2.6
Financial expenses	14.1	13.9	43.2	41.5	53.4
Share of result from associated companies	-	-	0.0	0.0	-0.2
Current tax expense	4.8	9.2	13.5	17.2	19.9
Change in deferred taxes	9.6	4.2	26.1	21.1	186.2
Adjusted EBITDA	61.4	61.4	167.5	160.3	210.3
Financial income and expenses	-13.7	-13.3	-41.6	-39.3	-50.8
Profit/loss on fair value measurement of financial assets	-0.8	0.7	1.1	2.3	1.1
Adjusted net interest charges	-14.6	-12.6	-40.5	-37.0	-49.7
Current tax expense	-4.8	-9.2	-13.5	-17.2	-19.9
FFO	42.0	39.7	113.5	106.1	140.7
FFO excluding non-recurring costs	42.0	39.7	113.5	106.1	140.7
Total equity			3,154.1	2,401.8	3,090.6
Assets total			7,155.1	5,727.2	6,590.4
Advances received			-6.5	-6.7	-6.7
Equity ratio, %			44.1	42.0	46.9