



Kojamo plc

(incorporated with limited liability in Finland)

EUR 2,500,000,000

Euro Medium Term Note Programme

This base prospectus supplement (the “**Supplement**”) is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 20 March 2020 (the “**Base Prospectus**”) which comprises a base prospectus for the purposes of the Prospectus Regulation prepared by Kojamo plc (the “**Issuer**”) in connection with its €2,500,000,000 Euro Medium Term Note Programme (the “**Programme**”). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. When used in this Supplement, “Prospectus Regulation” means Regulation (EU) 2017/1129.

Purpose of the Supplement

The purpose of the Supplement is to (i) incorporate by reference into the Base Prospectus the Issuer’s Interim Report 1 January – 31 March 2020; (ii) update the section titled “*General Information*” in the Base Prospectus; (iii) update the risk factors included in the Base Prospectus on account of the coronavirus pandemic; (iv) update the section titled “*Information about the Issuer*” in the Base Prospectus; and (v) update the table setting forth reconciliation of certain alternative performance measures below the subheading “*Reconciliation of Certain Alternative Performance Measures*” of the section titled “*Selected Consolidated Financial Information*” in the Base Prospectus.

This Supplement has been approved by the Central Bank of Ireland, as competent authority for the purposes of the Prospectus Regulation, as a base prospectus supplement for the purposes of Article 23 of the Prospectus Regulation. The Central Bank of Ireland only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus which may affect the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements in this Supplement including a document incorporated by reference in this Supplement are based on the beliefs of the Issuer's management as well as assumptions made by and information currently available to the Issuer's management, and such statements may constitute forward-looking statements. The words "believe", "expect", "anticipate", "intend" or "plan" and similar expressions identify certain of such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, scope of performance or achievements of Kojamo, or industry results, to differ even materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Known risks and uncertainties have been described in section "*Risk Factors*" in the Base Prospectus as supplemented hereby and should also be read together with the other cautionary statements in this Supplement including all information incorporated by reference in this Supplement. Should one or more of these or other risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of Kojamo could differ materially from those described herein as anticipated, believed, estimated or expected.

AMENDMENTS TO THE BASE PROSPECTUS

With effect from the date of this Supplement, the information appearing in the Base Prospectus shall be amended and/or supplemented in the manner described below.

DOCUMENTS INCORPORATED BY REFERENCE

On 7 May 2020, the Issuer published its Interim Report 1 January – 31 March 2020 (the “*Interim Report*”). The following information set out in the Interim Report shall be incorporated in, and form part of, this Supplement and the Base Prospectus. The page numbers correspond to those given in the Interim Report:

- a) Information under the heading “Balance sheet, cash flow and financing”, page 8;
- b) Information under the heading “Rental housing”, pages 9 to 10;
- c) Information under the heading “Investments, divestments and real estate development”, pages 10 to 12;
- d) Information under the heading “Strategic targets and achievements”, page 12;
- e) Condensed consolidated income statement, page 22;
- f) Condensed consolidated balance sheet, page 23;
- g) Consolidated statement of cash flows, page 24;
- h) Condensed consolidated statement of changes in equity, page 25;
- i) Condensed notes to the consolidated financial statements, pages 26 to 35; and
- j) Key figures, the formulas used in their calculation, and reconciliation calculations in accordance with ESMA guidelines, pages 36 to 40.

The Interim Report is available on the following website:

[https://kojamo.fi/wp-content/uploads/2020/05/Kojamo Interim Report Q1 2020.pdf](https://kojamo.fi/wp-content/uploads/2020/05/Kojamo_Interim_Report_Q1_2020.pdf)

Any documents themselves incorporated by reference in a document that is incorporated by reference in this Supplement shall not form part of this Supplement or the Base Prospectus.

Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement or the Base Prospectus.

GENERAL INFORMATION

The paragraph of the section titled “*General Information*”, with the subheading “*Significant or Material Change*” on page 137 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

“There has been no significant change in the financial performance or position of the Issuer or the Group since 31 March 2020 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2019.”

RISK FACTORS

The following risk factor shall be added as the second risk factor within the category of risk factors entitled “*Risks Relating to Macroeconomic Conditions*” below the risk factor titled “*Kojamo’s business, results of operations and profitability are subject to risks related to general economic conditions in Finland and indirectly in Europe more generally.*” on pages 12 and 13 of the Base Prospectus:

Risks relating to coronavirus and other similar health epidemics

The occurrence of extraordinary events, such as the outbreak of disease epidemics, may have an adverse impact on the global economy as a whole and may lead to a global recession, or even depression. The coronavirus outbreak, which was declared a pandemic by the World Health Organisation in March 2020, has led to a major slowdown in the economic growth across the globe during the first quarter of 2020, partly due to the spread of the virus itself, but even more so due to the political decisions enacted across different nations in order to contain the virus, such as quarantines, shut downs and restrictions on mobility. Whilst the full impact of the coronavirus outbreak, direct and indirect, remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macroeconomic risks. A prolongation of the outbreak could significantly adversely affect economic growth, and impact business operations across the economy generally and, by extension, residential real estate markets, both as a result of weakened overall economic activity and in terms of the health and wellbeing of households and employees being affected. Such weakening of the economy and/or operations could have a material adverse impact on the financial performance or operations of, or the cost of funding for, or the value of residential properties owned by Kojamo. There is currently no reliable way to predict, with certainty, the timing or value of operations affected. Thus, the outbreak of coronavirus may lead to investments being postponed or that planned acquisitions, development projects and/or divestments could not be carried out as planned, which could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects. The longer the coronavirus crisis goes on it may become more difficult for Kojamo to raise capital, obtain loans or other financing or service existing debt.

There is also a risk that the global downturn could increase the unemployment rate, and thus, affect the ability of Kojamo's existing tenants to pay rent, which in turn may require such tenants to postpone rental payments or cause defaults under lease agreements. Due to coronavirus, and in spite of Kojamo offering tenants flexibility in rent payments, there is a risk that Kojamo's current tenants may choose not to renew existing leases or resign their ongoing lease terms. Moreover, the political decisions enacted in order to contain the virus may decrease the demand for rental apartments. Accordingly, the coronavirus crisis' impact on Kojamo's current and prospective tenants could lead to a decrease in Kojamo's financial occupancy rate and rental income, which could have a material adverse effect on Kojamo's business, financial condition, results of operations and future prospects.

INFORMATION ABOUT THE ISSUER

- 1) The subsection titled "*Market Overview*" of the section titled "*Information about the Issuer*" on pages 85 to 88 of the Base Prospectus shall be deemed deleted and replaced with the following:

Market Overview

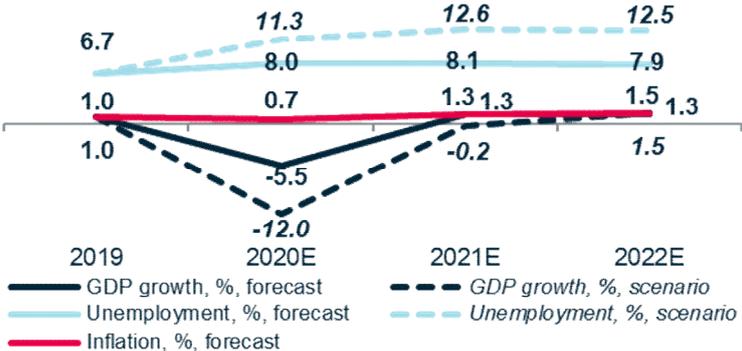
Kojamo's operations are influenced by certain megatrends. As Kojamo operates in the residential real estate sector and focuses its operations primarily on the Finnish Growth Centres, it is affected particularly by urbanisation as well as the development in the residential property market and in the Finnish Growth Centres. Kojamo is also affected by macroeconomic factors, such as economic growth, employment, disposable income, inflation and population growth.

According to the forecast by Finland's Ministry of Finance which offers projections of economic developments for 2019–2022, the coronavirus pandemic will dampen economic activity everywhere. The forecast suggests that the Finnish economy will contract by 5.5 per cent. in 2020. The Ministry of Finance estimates that the impacts are at their highest in the second quarter of 2020, and a strong recovery is expected as early as in the third quarter of 2020. This forecast is based on the assumption that the restrictions aimed at preventing the spread of the coronavirus will remain in place for three months. Prolonged restrictions could have an even more drastic impact; if restrictions remain in place for six months, the Finnish economy may contract by as much as 12 per cent. in 2020. The estimates of the duration of the restrictions aimed at preventing the spread of the coronavirus are constantly changing, which creates exceptional uncertainty in estimating future development. The restrictive measures implemented in response to the coronavirus pandemic are expected to significantly reduce private

consumption this year. The decrease in purchasing power caused by temporary layoffs and higher unemployment are expected to also reduce the consumption of goods.¹

The following chart sets out certain key figures regarding Kojamo’s macroeconomic business environment 2019–2022:

Figure 1: Business environment key figures



2020-2022 figures are estimates.

Source: Ministry of Finance, Economic Survey, Spring 2020. Forecast is based on the assumption that the restrictions aimed at preventing the spread of the coronavirus remain in place for three months. Scenario takes into account prolonged restrictions which could lead to a more drastic impact.

Kojamo’s business operations are affected by the situation in the residential property market. According to the Ministry of Finance’s economic survey, the effects of the coronavirus pandemic on the construction industry may include difficulties with the availability of labour, material shortages and delays to the start of planned new construction projects. Construction volume is predicted to also decline in 2021 and subsequently turn to growth in 2022. The decline in residential real estate investments is expected to be sharpest in 2020 due to delays in starting construction projects during the first part of the year. Residential start-ups are estimated to contract by several thousand units until 2021, followed by a return towards the long-term average, which is slightly under 32,000 units per year.²

¹ Ministry of Finance, Economic Survey, Spring 2020.

² Ministry of Finance, Economic Survey, Spring 2020.

The following table sets forth information regarding industry operating environment 2019–2020:

INDUSTRY KEY FIGURES	2020*	2019
Residential start-ups, units	will decrease by thousands	38,770
Building permits granted, annual, units ¹	36,234	42,219
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, February 2020.

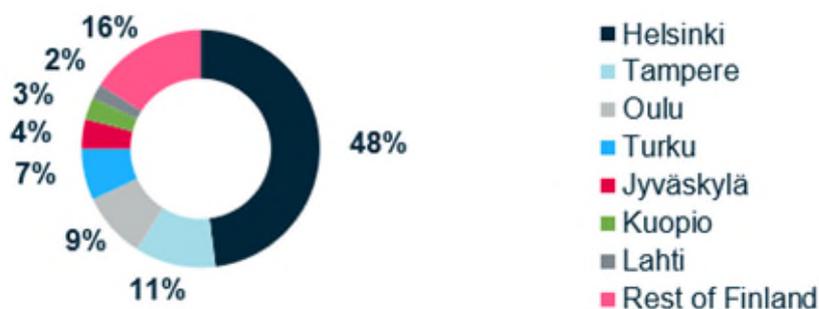
* 2020 figures are estimates.

Sources: Statistics Finland, Building and dwelling production 2020, February; Pellervo Economic Research PTT, Housing market 2020 forecast. The availability of post-coronavirus forecasts is limited.

As the rate of economic growth declines, new construction will focus increasingly on the largest urban areas where the continued trend of urbanisation is expected to maintain the need for new apartments.³ Urbanisation is one of the most significant megatrends affecting Kojamo’s business. Kojamo’s management believes that urbanisation increases the popularity and demand for rental housing. According to Pellervo Economic Research (PTT), the trend of urbanisation has continued in Finland even stronger than expected, and rapid urbanisation is currently the most significant driving force behind the development of the housing market. People in cities want to live in city centres even if their job is located outside the city centre. The significance of location and services is increasingly highlighted in people’s housing needs. Commuting from cities to rural areas for work is growing substantially.⁴

The following chart sets forth information regarding estimated housing production need in Finland 2015–2040:

Figure 2: Housing production need 2015–2040



Source: VTT, Need for housing 2015–2040.

According to a forecast by Pellervo Economic Research (PTT), the polarisation of trends in apartment prices is becoming even more pronounced than before. In spite of economic growth in recent years, activity in the housing market has only picked up in the most significant growth centres, whereas apartment prices have continued to fall in smaller cities. Demand is growing in housing markets in growth centres but at the same time, problems in the housing markets are increasing in areas that are in decline.⁵ The regional differences in the housing market are also evident in the rental market. In spite of strong growth in supply in recent years, migration in particular is maintaining high demand for rental apartments in the Finnish Growth Centres.⁶

³ Confederation of Finnish Construction Industries RT, business survey, October 2019.

⁴ Pellervo Economic Research PTT, Housing market 2020 forecast.

⁵ Pellervo Economic Research PTT, Housing market 2020 forecast.

⁶ Pellervo Economic Research PTT, Housing market 2020 forecast.

The following chart illustrates the effects of urbanisation in Finland:

Area	Population growth forecast	Share of rental household-dwelling units	
	2019–2030	2010	2018
Helsinki	11.7%	47.1%	49.3%
Capital region ¹	13.0%	41.9%	44.9%
Helsinki region ²	10.5%	37.7%	40.6%
Jyväskylä	7.1%	40.2%	43.8%
Kuopio	2.9%	36.5%	39.6%
Lahti	0.3%	37.3%	40.4%
Oulu	7.3%	36.7%	40.7%
Tampere	11.7%	42.2%	48.2%
Turku	8.5%	43.0%	48.3%
Other areas	-6.4%	23.8%	25.3%

¹ Helsinki, Espoo, Kauniainen, Vantaa.

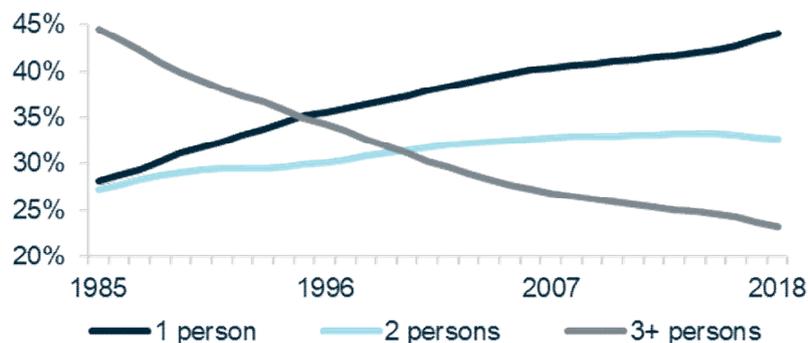
² Capital region, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula, Vihti.

Sources: Statistics Finland, Dwellings and Housing Conditions 2018, Population forecast 2019.

In addition to urbanisation, Kojamo's management believes that Kojamo can benefit from the increasing popularity of rental living and decreasing household sizes. According to a forecast by Pellervo Economic Research (PTT), households living in rental homes outnumber those living in owner-occupied housing in Helsinki. The use of rental housing is expected to grow to exceed the use of owner-occupied housing in Tampere and Turku in the near future. This is a strong sign of the acceleration of urbanisation on the one hand and the change in housing preferences on the other hand. Owning a home is no longer seen by younger generations as the only way to accumulate wealth. Instead, people are increasingly attracted by the freedom provided by rental housing. This is expected to support the development of the rental housing market also going forward.⁷

The following chart sets forth information regarding development of household sizes in Finland 1985–2018:

Figure 3: Development of household sizes¹



¹ % of all households.

Source: Statistics Finland, Dwellings and housing conditions 2018.

⁷ Pellervo Economic Research PTT, Housing market 2020 forecast.

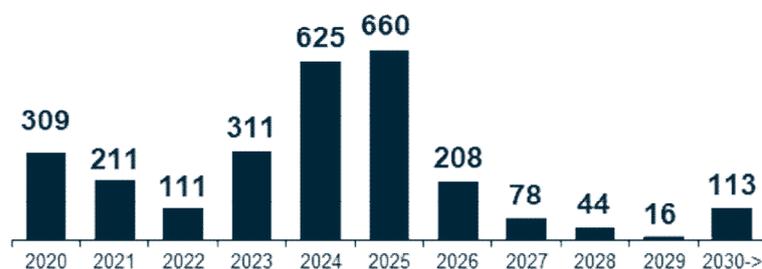
- 2) The table presenting certain key figures of Kojamo related to its financing and capital structure under subheading “General” of the subsection titled “Financing and Capital Structure” of the section titled “Information about the Issuer” on page 109 of the Base Prospectus shall be supplemented by the following table:

	As at 31 March 2020
Equity ratio, %	45.3
Loan to Value, %	39.5
Hedging ratio, %	85
Solvency ratio	0.37
Secured solvency ratio	0.19
Coverage ratio*	4.3
Unencumbered assets ratio, %	70.9
Average interest rate of loan portfolio, %**	1.8
Average loan maturity, years	4.4
Average interest rate fixing period, years	4.6

* Calculated on a rolling 12-month basis
** Includes interest rate derivatives

- 3) The chart setting forth information on the maturity profile of Kojamo's short and long-term debt (Figure 11: Distribution of the Group's loan maturities 31 December 2019, EUR million) below subheading “Interest-bearing Liabilities” of the subsection titled “Financing and Capital Structure” of the section titled “Information about the Issuer” on page 110 of the Base Prospectus shall be deemed deleted and replaced with the following:

Figure 11: Distribution of the Group's loan maturities 31 March 2020, EUR million



- 4) The following new subsection shall be added to the section titled “Information about the Issuer” below subsection titled “Dividend Policy” on page 112 of the Base Prospectus:

Effects of the Coronavirus 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 Group’s day-to-day operations have continued normally in spite of the exceptional circumstances. The systems used at Kojamo enable remote work, and employees switched to working remotely, for the most part, starting from 16 March 2020. The transition went smoothly and did not cause any disruptions to services. All of Kojamo’s development projects have progressed as planned in spite of the pandemic.

Lumo Home Centres throughout Finland are currently closed, but customer service operates via digital channels and by phone. The My Lumo online service offered to residents enables effective communication with residents regarding exceptional arrangements. Thanks to the Lumo webstore, apartment rental operations have continued

almost as normal, and customers can rent an apartment without physical contact by taking advantage of safe virtual tours of apartments. Non-urgent maintenance and repair visits have been postponed to ensure the safety of residents. Restrictions have been introduced on the use of shared facilities, such as saunas and club rooms. Kojamo offers flexibility to residents with regard to rent payment.

As at 31 March 2020, Kojamo's cash and cash equivalents stood at EUR 237.3 million (EUR 206.5 million as at 31 March 2019) and liquid financial assets at EUR 70.9 million (EUR 187.5 million as at 31 March 2019). As at 31 March 2020, the Group also had EUR 300 million in unused credit limits. Kojamo has taken measures to ensure its financing during coronavirus pandemic, and the Group's diverse financing structure supports this. In March 2020, Kojamo strengthened its financial position further by signing an agreement with OP Corporate Bank on a 5.5-year unsecured loan in the amount of EUR 75 million for the Group's general corporate purposes. Kojamo also increased its cash and cash equivalents on a precautionary basis by increasing the issuance of commercial papers.

- 5) The following information shall be added to the subsection "*Recent Developments*" of the section titled "*Information about the Issuer*" on page 112 of the Base Prospectus:

"In April 2020, 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 drawn in April 2020.

In April 2020, Lumo Kodit Oy and European Investment Bank signed an unsecured loan agreement of EUR 34 million. The financing is the third part of EUR 204 million long-term financing granted by European Investment Bank, which will be used to fund the construction of nearly zero-energy buildings.

Kojamo has assessed the impact of the coronavirus pandemic on the Group's result, balance sheet and cash flows after the review period of 1 January to 31 March 2020 on 7 May 2020 and determined that the pandemic did not have a significant impact to these figures. Neither rent receivables nor credit losses have increased significantly. Kojamo follows the development of these figures actively."

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The table setting forth reconciliation of certain alternative performance measures as at and for the financial years ended 31 December 2019, 2018 and 2017 below the subheading "*Reconciliation of Certain Alternative Performance Measures*" of the section titled "*Selected Consolidated Financial Information*" on pages 122 to 123 of the Base Prospectus shall be supplemented by the following table:

	As at and for three month period ended 31 March*
	2020
	(unaudited)
	<i>(EUR in millions, unless otherwise indicated)</i>
Unencumbered investments properties	4,417.6
Non-current assets, other than investment properties	29.5
Current assets total	317.7
Unencumbered assets	4,764.8
Consolidated Total Assets	6,717.7
Unencumbered asset ratio, %¹	70.9
Interest-bearing liabilities	2,745.6
Deferred purchase price due after 90 days	8.7
Consolidated Total Indebtedness	2,754.3
Cash and cash equivalents	-237.3
Consolidated Total Indebtedness less cash and cash equivalents	2,517.0
Consolidated Total Assets	6,717.7
Solvency ratio	0.37

Adjusted EBITDA	214.7
Total amount of financial income and expenses	-54.1
Valuation changes on financial assets recognised at fair value through profit or loss	4.0
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Net Interest Charges	-50.1
Coverage ratio	4.3
Secured Consolidated Total Indebtedness	1,289.6
Consolidated Total Assets	6717.7
Secured solvency ratio	0.19

* Save for the coverage ratio, which has been calculated on a rolling 12-month basis.

¹ The calculation formula was changed in 2018 to limit the maximum amount of warranties to the fair value of the investment property and comparative figures restated to correspond to the current formula.