

2019



LEHTO GROUP PLC

Annual Review



Annual Review 2019

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Lehto Group – Innovator in the construction sector

LEHTO is a fast-growing Finnish construction and real-estate group. We operate in three service areas: Housing, Business Premises, and Social Care and Educational Premises. Our mission is to be an innovator in the construction sector.

We are a pioneer in economically driven construction and our innovative operating model makes construction more productive, ensures the quality of construction and brings significant time and cost benefits to the customer.

We employ 1,274 (Q4 2019) people and our net sales for 2019 amounted to EUR 667.7 million. Our subsidiary Lehto Sverige Ab is starting up operations in the Swedish market.

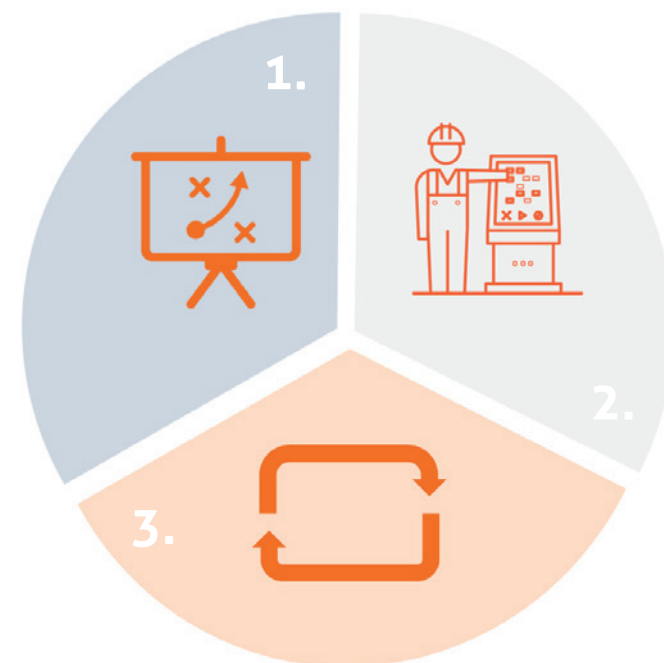
Economically driven construction

ECONOMICALLY DRIVEN CONSTRUCTION is an innovation that integrates design and implementation. The first cornerstone of this approach is **cost-conscious design**: over 80% of construction costs are determined at the design stage, which is why we also keep this phase in our own hands.

Industrial manufacturing is at the heart of the economically driven construction process. It is what separates Lehto from other construction companies. Innovative module and element production at Lehto's own factories across Finland boosts productivity in construction, speeds up schedules, and ensures high quality compared to traditional construction.

The third major cornerstone of economically driven construction is **standardised solutions**. We do not always reinvent the wheel. Instead, we use tried-and-true solutions. Standard solutions speed up both the design and construction phases. This can also mean relying on established partner networks or operating methods.

Above all, economically driven construction is an **ideology and a way of thinking**. It boldly challenges traditional construction. This approach hinges on competent employees who have the right attitude. **Digitalisation** – which is increasingly powering up our business – also supports economically driven construction.



1.

DESIGN CONTROL

Up to 80% of construction costs are determined at the design stage.

2.

INDUSTRIAL MANUFACTURING

Production at our own factories guarantees a moisture-controlled chain and ensures high, uniform quality.

3.

REPEATABLE STANDARD SOLUTIONS

Effective standard solutions speed up design processes and construction.

Innovator in construction business

Changes in
the business
environment

Digitalisation
Social welfare and
healthcare reform

Urbanisation

Requirements for
renovation and changes

Ecologically efficient

Cost-efficiency

Aging population

Climate change



Economically driven
construction

Industrial
manufacturing

Cost-conscious
design

Standardised
solutions

Digital processes and service chain

Motivated employees



ENTERPRISE

BUSINESS

LEHTO



Our customer promise: the most desired partner in the market

- 1 One agreement
- 2 Fixed price
- 3 Agreed move-in date
- 4 Agreed content and quality



Lehto's long-term strategy in brief

LEHTO'S long-term strategy is defined until the year 2022. The strategy sets its sights not only in Finland, but also in the other Nordic countries. Lehto will forge ahead with the further development of its operating model. This concept-based model emphasises aspects such as customer benefits. We seek to make even greater use of standardised solutions in both design and production. Furthermore, we intend to increase the share of factory production in construction projects – that is, transfer construction from sites to factories. Through this model, Lehto seeks to attain significant schedule, cost and quality benefits for its customers.

LONG-TERM FINANCIAL TARGETS

- **Average annual growth of net sales 10–20%**
- **Average operating profit approximately 10% of net sales**
- **Equity ratio a minimum of 35%**
- **Distribution of dividends approximately 30–50% of the result of the financial year**

Strategic focus of our operations

DIGITAL PROCESSES AND THE SERVICE CHAIN

- Our productivity development is based on a digital construction process, which guides and steers the entire construction production value chain. Accurately specified information modelling carried out in the right order brings added value to both the client and constructor. Operational efficiency increases, implementation is faster and the quality and usability of the property are improved.
- The life cycle benefits of information modelling can be achieved when the data generated during construction can be re-used in renovation and complementary building. Added value is produced when the information is used and processed further after the completion of construction for the maintenance, use and asset management of buildings.
- Our aim is to increase productivity by tens of per cent through digitalisation compared to construction on site.

CONCEPT-BASED OPERATING MODEL

- Lehto aims to develop design and building production so that as much as possible of the Group's production is based on standardised solutions.

INCREASING THE ROLE OF FACTORY PRODUCTION

- The goal is to continuously develop innovative module-based solutions and to utilise the current modular solutions in an increasing number of projects.

AN OPERATING MODEL THAT EMPHASISES CUSTOMER BENEFITS

- We aim to further develop our operating model that provides customers with an end-to-end solution that includes all the services required for the completion of a construction project. Through this model, we seek to attain significant schedule, cost and quality benefits for our customers.

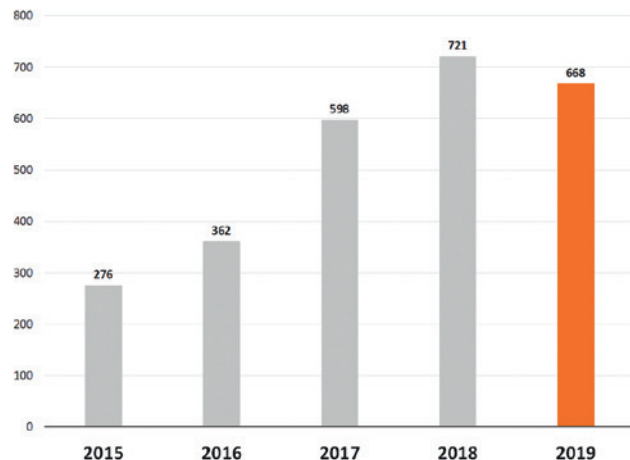
INTERNATIONALISATION

- Our goal is to further expand our operations in the Nordic countries.

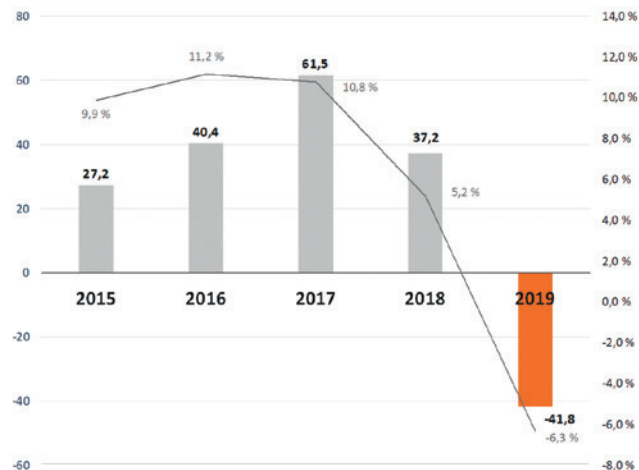


2019 in figures

Net sales, EUR million

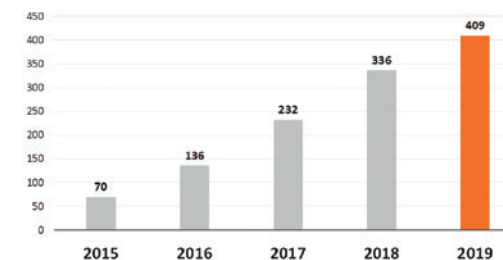


Operating profit, EUR million and operating profit, %

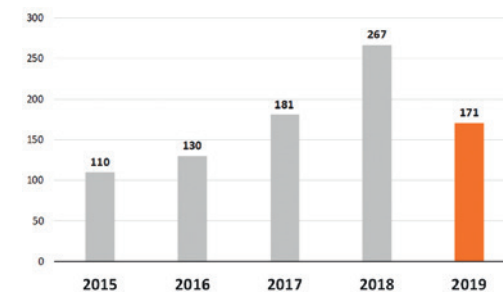


Net sales by service area, EUR million

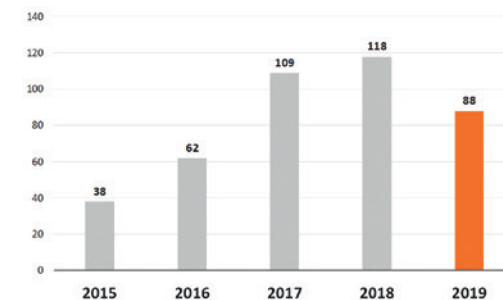
Housing



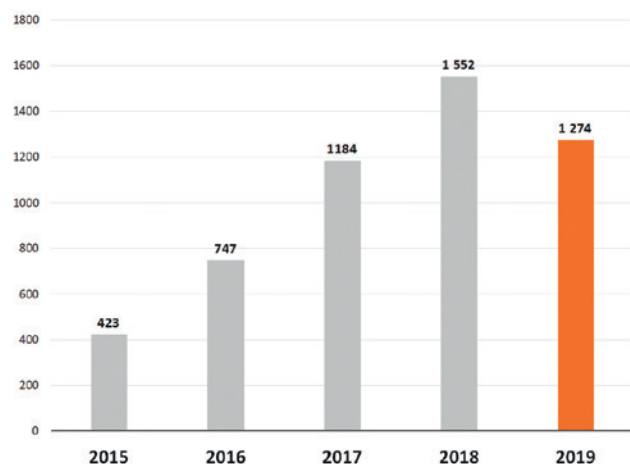
Business Premises



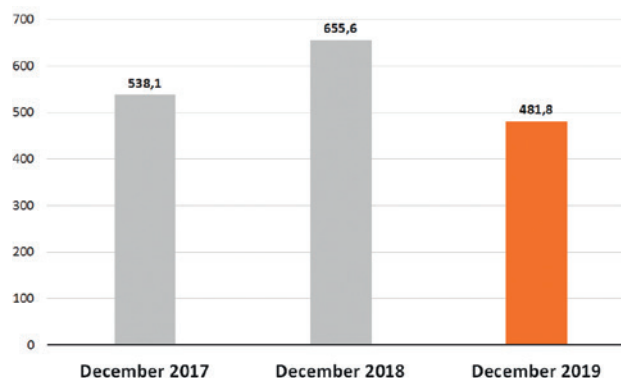
Social Care and Educational Premises



Number of personnel at the end of the year



Order backlog, EUR million



2019

Net sales were down **7,5%** on the previous year

The operating loss was EUR 41,8 million or **-6.3%** of net sales

The number of personnel at period end was **1 274**

A total of **1 837** apartments were sold in during the period

A total of **24** business premises were completed during the period

Lehto has production facilities totalling about **50 000 m²**

A total of **14** care homes and assisted living facilities **3** schools and **1** healthcare centre were completed

CEO Hannu Lehto

Getting our game in shape

IN 2019, we focused on getting our game in shape after a period of strong growth.

Early in the year, we discontinued our Building Renovation service area due to its poor profitability. We only kept its very profitable pipeline renovations. During the review year, we also had to adjust both our production and personnel strength at our factories and in the Business Premises, Social Care and Educational Premises and Group administration organisations. In our day-to-day work, we have focused on matters such as induction and training, site forecasting, guidelines, manuals and other aspects that build our processes. These efforts are gradually producing results.

Our steps to develop the company's earnings performance will pay off down the line, but in our daily operations and practices we have already been able to turn the ship in the right direction.

The most memorable highlights of the year are our good housing sales in a challenging market as well as large-scale investor agreements, such as the DWS housing portfolio and the SBB assisted living facility portfolio. The company's largest project to date, Ideapark in Seinäjoki, was completed in November. In addition, we launched phenomenal new offerings during the year, such as a wooden block of flats

concept with contemporary appeal and the Kirittäjä (Pacesetter) concept for creating a business premises solution in just five days using lean methods. Lehto Total, a service package launched in the previous year that combines complementary building and pipeline renovations for housing cooperatives, attracted a great deal of interest in both the Greater Helsinki Area and the Tampere region where we presented the concept.

Our strategy remains unchanged – we have every faith in it and still believe that our plans truly set us apart in the industry. Lehto's way of building is ahead of its time with respect to three of the major megatrends – industrial construction, digitalisation and ecology. Our strategy yields customer benefits that drove strong growth, as there was – and still is – demand for our approach. Lehto's long-term objective is to achieve what our industry has as yet failed to do. We want to make construction more affordable, faster and higher quality. To this end, we must shake up the traditions of our industry and have a strong will to overhaul the way things are done.

In 2020, it is important for us to keep getting our game in shape and set our sights on profitability. We are now consciously taking a breather from pursuing growth.





Events during 2019

01

JANUARY

- Lehto discontinues the Building Renovation service area and will limit its renovation operations

- Fennia withdraws from the Hippos2020 project – Lehto committed to continuing the preparation of the project
- Lehto transfers production operations from its Oulu factory to Oulainen

02

FEBRUARY

03

MARCH

- Lehto launches an ecological block of flats and innovative online shop
- Lehto and Taaleri sign an agreement for the construction of 52 residential units in Kirkkonummi

- Lehto sells a portfolio of 542 apartments to the German company DWS

- Results of indoor climate measurements performed by the University of Jyväskylä indicate that Lehto flats have good living conditions

- Lumo Kodit and Lehto agree on building 56 new residential units in Vasaramäki, Turku

- Lehto announces that it will build a new Tokmanni store in Virrat

04

APRIL

08

AUGUST

- Lehto announces that losses in the first half of the year weaken Lehto's financial outlook for the year 2019
- Lehto announces that it will build a new factory for Meconet Oy in Hirvaskangas

- Fennovoima and Lehto clinched a contract for office buildings

- Lehto announces that it has agreed on four school projects: Hausjärvi, Siilinjärvi, Pieksämäki and Utsjoki

- The framework agreement between Lehto and the special investment fund eQ Hoivakiinteistöt has been fulfilled, including two optional properties.

- Lehto receives an honourable mention for the development of information model practices in the Tekla BIM Awards 2019

- Lehto announces that it is starting pipeline renovations for a total of 360 residential units in the Greater Helsinki Area

06

JUNE

05

MAY

- Lehto weakens its financial outlook for the year 2019
- Lehto starts production adjustment measures at its two factories

- Lehto offers a 24-month rent profit guarantee to buyers of investment flats
- Lehto signs an extensive preliminary agreement for the sale of 241 residential units in the Turku and Tampere regions

09

SEPTEMBER

- Lehto starts employee cooperation negotiations to improve profitability
- Lehto announces that it will build a day care centre in Kouvola, a multipurpose school in Utsjoki and a school in Karigasniemi.

10

OCTOBER

- Lehto announces a deal for a new school in Savukoski and the construction of a high-bay warehouse in Joensuu for John Deere Forestry Oy

11

NOVEMBER

- Lehto weakens its estimate of net sales and operating profit for 2019
- Lehto Group and SBB start cooperation with a large contract for service homes
- The Kirittäjä (Pacesetter) concept is launched – a business premises solution in five days
- Ideapark opens its doors to the public in Seinäjoki
- Lehto to build an art hotel in Jätkäsaari – the only one of its kind in the Nordic region

12

DECEMBER

- Lehto will build a datacenter for Yandex in Mäntsälä
- A building permit is granted to the Hippos2020 project

Our service areas

In 2019, Lehto operated in three service areas: Housing, Business Premises, and Social Care and Educational Premises. The Building Renovation service area was discontinued in January 2019. However, its profitable pipeline renovations are continuing as one of the functions of the Housing service area.

HOUSING

Lehto builds new blocks of flats, balcony access blocks and detached houses. Lehto builds homes in growth centres, near good traffic connections and versatile services. We build reasonably priced, comfortable and compact homes in growth areas, especially the Helsinki Metropolitan Area, for singles, couples and families – not forgetting investors. Functional layouts, individual decoration options and highly affordable per-square prices make our apartments desirable. Our service area also provides high-quality, affordably priced and smooth pipeline renovations to housing cooperatives.

In 2019, Lehto launched its concept for ecological wooden of blocks of flats.



In November 2019, the Business Premises service area wrapped up the largest project in the company's history when Ideapark opened its doors to the public in Seinäjoki.

BUSINESS PREMISES

In the Business Premises service area, Lehto builds modifiable and reasonably priced office, retail, logistics, storage and production premises, sports arenas and shopping centres. Business premises are designed according to the customers' needs and are built using structural and spatial solutions developed and tried and tested by Lehto. We build business premises across Finland for local, national and international customers. Most of the business is in the form of contracting, but Lehto also implements some developer contracting-based business premises projects.

SOCIAL CARE AND EDUCATIONAL PREMISES

In the Social Care and Educational Premises service area, Lehto plans and builds nursing homes, day care centres and schools for the communal sector and nationwide service providers. In most cases, Lehto makes a lease agreement with a service provider and sells the finished property to a fund that invests in properties in the sector. In some cases, the properties are implemented as traditional construction contracts.

In 2019, Lehto made numerous agreements for schools around Finland. In addition, the service area started up cooperation with the Swedish company SBB with a large-scale agreement for assisted living facilities.





Comments from customers

"The Lehto Group was able to make an offer for the school construction work as a turnkey contract – something that was massively important to us. Not all construction companies make such offers. Over 200 Finnish municipalities had a budgetary deficit last year and resources are tight. For that reason, it was truly wonderful that Lehto could provide a model that keeps the budget and schedule under control."

Pekka Määttänen, Mayor
Municipality of Hausjärvi

"In the housing market, there's demand for compact rental apartments with smart floorplans and innovative solutions that enhance the efficient use of space – homes like Lumo. We're building them in collaboration with Lehto, this time in an excellent location in Vasaramäki, Turku."

Ville Raitio, Chief Investment Officer
Kojamo

"We opened a new Tokmanni store in Virrat on a rapid schedule in time for Christmas sales in 2019. The team that installed the store furnishings said they'd never before carried out their work in a store that was already so finished. The new store was in really good shape on opening day in spite of the fast schedule."

Marko Kupiainen, Furnishing Installation Team Manager
Tokmanni

References from 2019

We utilise 3D design, module production and automated in-house factory production in our projects to achieve cost-effective and precise production, and high customer satisfaction. We seek to maximise cost-effectiveness without compromising on quality.

KIDE Hotel, Iso-Syöte



As Oy Espoon Harmaakarhu



Seinäjäki: Ideapark



Luovi sports hall



Attendo Äänekoski



Karveli quarter



As Oy Helenenkatu 7-9, Hyvinkää



“TO IMPLEMENT this kind of project, you need a construction company like Lehto that is agile and cost-efficient. We have previously worked together on the well-run Ideapark construction project in Oulu. Now we have an impressive and modern shopping and entertainment centre for our customers in Seinäjoki, too.”

– Tuomas Henttula, Group President, Sukari Group –

Industrial manufacturing

Lehto is also transforming construction by harnessing the power of industrial prefabrication. We are transferring challenging phases of construction from sites to factories – indoors, where work is not at the mercy of the weather.

Industrial prefabrication enables us to achieve cost and time benefits as well as to ensure quality from start to finish with our sustainable moisture-controlled chain.



Lehto's factory production

Lehto's factory production already employs over 400 persons in rural towns and areas facing regional policy challenges.

OULAINEN FACTORIES:

- Space elements for modular apartment buildings
- Fixtures: kitchens, bedroom closets, hallway closets, kitchen islands, bathroom fixtures (mirror cabinets, etc.)
- Windows and balcony doors
- Technical Studios for apartment buildings, kitchen-bathroom modules for care homes
- Concrete slabs for Technical Studios
- Concrete hallway elements
- Building technology containers
- Plumbing elements

HARTOLA:

- Space elements for modular apartment buildings
- Space elements for daycare centres
- Space elements for schools

LUOHUA:

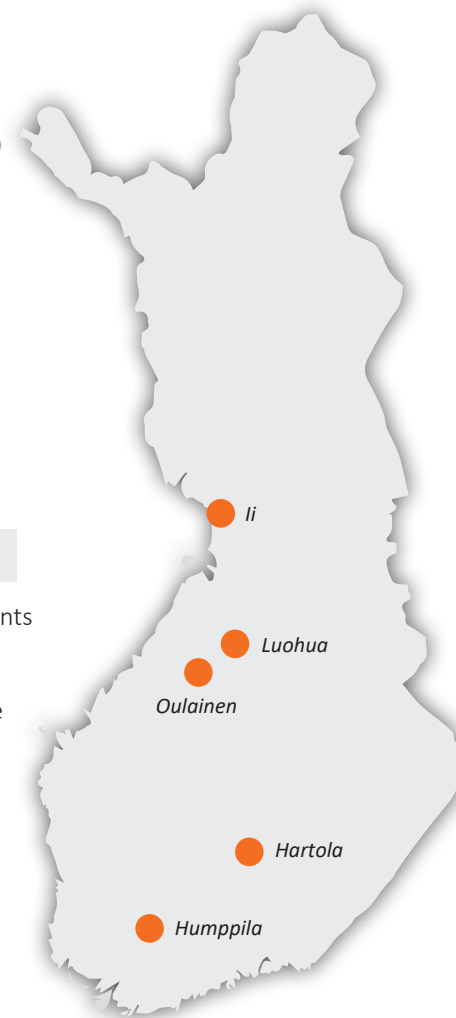
- Wooden wall elements
- Partition walls
- Wooden detachable elements

II:

- Wooden wall elements
- Partition walls
- Wooden detachable elements

HUMPPILA:

- Large roof elements





Products from our factories

KITCHEN AND BATHROOM MODULES

Kitchen and bathroom modules are mainly used in the construction of apartment buildings and care homes. The modules are manufactured under stringent quality control that ensures not only even quality, but also considerably better moisture control than in traditional construction. The use of modules also facilitates scheduling the construction site phase, which speeds up the completion of the properties and enables significant cost savings. The completed factory-made modules are lowered into the interior through the roof.

APARTMENT ELEMENTS

Lehto's apartment elements are completely finished apartments manufactured on the assembly line. The completed apartments are installed on the construction site on top of prebuilt foundations. This improves the quality of construction, ensures a moisture-controlled process and reduces the construction time on site by almost a half compared to traditional construction. Apartment elements can be used to build 2–4-storey small apartment buildings. Apartment elements are produced at the Oulainen and Hartola factories, for instance.

LARGE ROOF ELEMENTS

Lehto's large roof elements are manufactured at our Humppila factory. By using finished elements, we can install up to 1,500 m² of roof a day. Lehto's large roof elements come equipped with lines for sprinkler systems, electricity wiring and installation rails, for example, according to the customer's wishes.

BUILDING TECHNOLOGY CENTRES

Lehto's building technology centres contain complete ventilation machine rooms that include pre-installed ventilation equipment, a district heating distribution centre, building cooling equipment, a switchboard, and a central building automation controller. The building technology module can be added as a whole to the building, after which its systems are connected to the piping installed onsite. After connection and technical adjustments, the building technology is ready to use.

PLUMBING ELEMENTS

The plumbing elements developed by Lehto considerably speed up the implementation of plumbing renovations and bring savings on overall costs to housing companies. Our stylish plumbing elements are manufactured in our factory under carefully monitored conditions. The use of plumbing elements reduces the space needed for new pipelines and ensures both uniform quality and top-class leakage security. It also considerably reduces the logistic challenges of the renovation. The plumbing elements contain a wide range of prefabricated technology, such as heating, water, drain and electricity rises. A modern, easy-to-clean wall-hung toilet is also integrated into the element. In large pipeline renovation projects, the plumbing elements can be customised.

FIXTURES

At the end of 2018, Lehto was already one of the largest manufacturers of fixtures in Finland. We manufacture kitchens, bedroom and hallway closets, kitchen islands, and bathroom fixtures, for instance.

Did you know this about industrial prefabrication?

WE IMPROVE THE PRODUCTIVITY OF CONSTRUCTION

1.

It's a well-known fact that the productivity of Finnish construction has not increased significantly during the past 40 or so years. Industrial prefabrication is one means of substantially improving productivity: construction is partly transferred from construction sites to dry indoor factory premises, from where the completed components are transported to the sites. Not only is it faster to manufacture components, elements and modules in a factory than at the site – but this also speeds up work on the site.

CUSTOMERS' WISHES DIRECT OUR FACTORIES

2.

Did you think that a building that is partly made at a factory cannot be unique or have personality? Our customers' wishes direct our factories: for instance, they can choose the kitchen layout of their new apartment from a range of tried-and-true alternatives, the colours of interior walls, laminate or parquet, the colours of kitchen doors and the bathroom floor tiles. What's more, Lehto apartments already come complete with many high-quality details, such as a stone composite kitchen basin, wall-mounted toilet seat and top-notch integrated household appliances. Industrial prefabrication enables catering to customers' wishes with respect to the new building and quality, while also keeping the price at a reasonable level.

INDUSTRIAL PREFABRICATION IMPROVES QUALITY

3.

Repeatability is one of the aspects of industrial manufacture that enhances quality. We rely on tried-and-true materials and work phases, which results in higher quality. In other words, we do not reinvent the wheel every time we build. We make use of good, proven solutions to benefit our customers. We do not think of buildings as "prototypes," unlike the traditional construction industry.

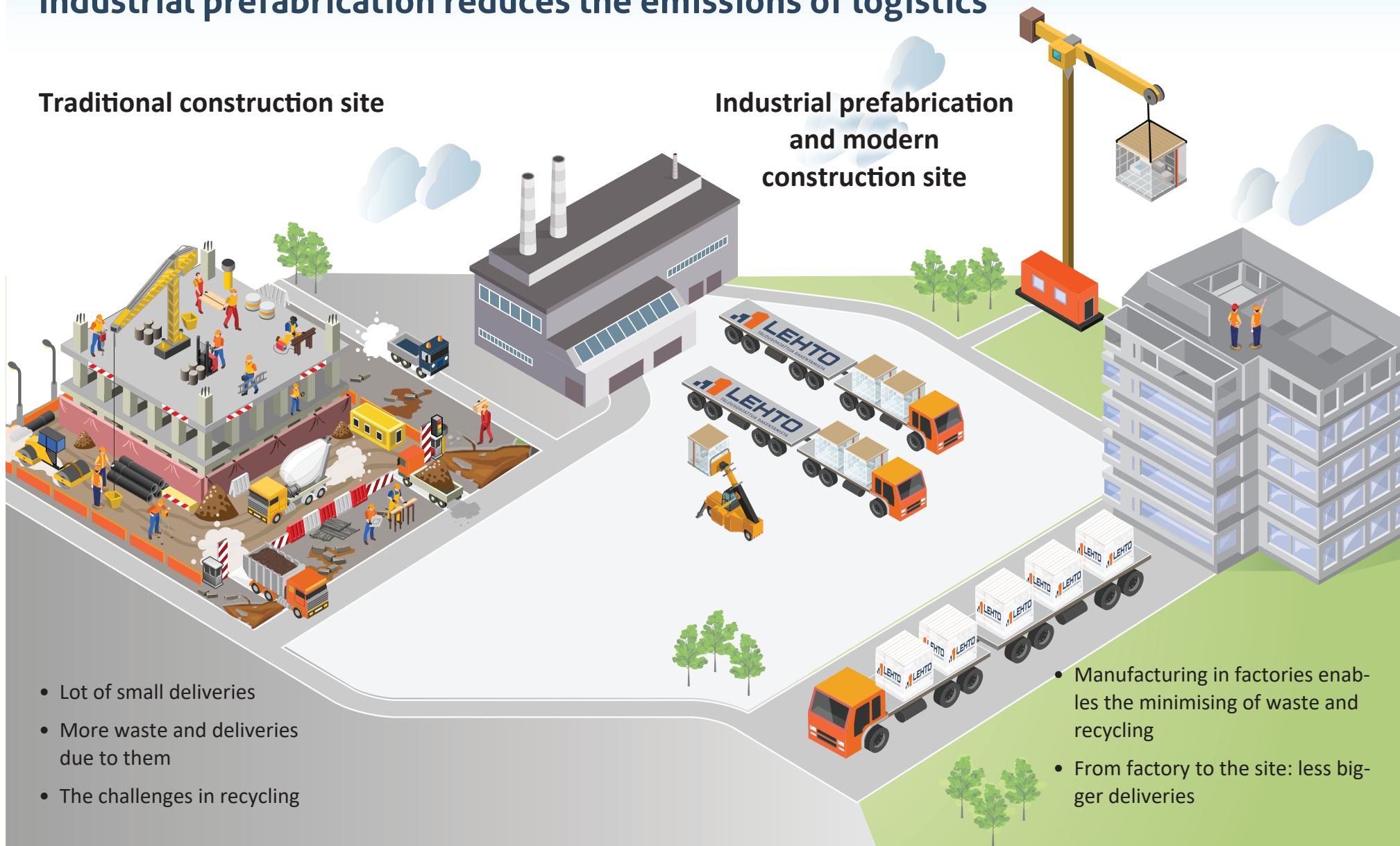
One of the cornerstones of quality in industrial prefabrication is our moisture-controlled chain, which improves on traditional construction methods: elements that were once built on-site at the mercy of the weather are now manufactured indoors. This ensures significantly better moisture control during construction.



Industrial prefabrication reduces the emissions of logistics

Traditional construction site

Industrial prefabrication and modern construction site



- Lot of small deliveries
- More waste and deliveries due to them
- The challenges in recycling

- Manufacturing in factories enables the minimising of waste and recycling
- From factory to the site: less bigger deliveries

Our employees

IN 2019, Lehto conducted two major rounds of employee cooperation negotiations. The negotiations in the summer concerned factory production and resulted in a reduction of 70 person-work years in the form of layoffs and redundancies. The negotiations in the autumn in turn concerned factories, the Social Care and Educational Premises service area, the Group's renovation business and the parent company. The autumn negotiations resulted in a reduction of 143 person-work years in the form of layoffs, redundancies and switches to part-time contracts.

As a result of these negotiations, the Group's total personnel count has declined. The prevailing economic climate was also evident in recruitments, in which the focus has shifted after the period of growth from the recruitment of new employees to normal hiring to replace employees leaving the company.

In 2019, Lehto carried out four extensive personnel training programmes: Lehto's Induction Programme, Career Promise, Management Academy and Production Academy, a new programme that focuses on mobilising new practices arising from industrial production and the operating models of economically driven construction philosophy. In 2019, 97 students participated in the Career Promise programme. Management Academy training was developed to provide even better support to managerial work. To support the first module of the Academy, we developed information sources for managers to provide them with practical instructions and examples to facilitate managerial work.

The development targets we identified for 2019 in connection with People Power HR measurements were: investments in high-quality products and services, strategy-related communications, cooperation between units, and the visibility of the company's values and objectives in everyday work. We have progressed towards these goals by revising the content of our Induction Programme, Academy offering, and managerial training.

When it comes to occupational safety, Lehto started taking steps to develop guidelines, training and monitoring in an even more systematic direction. The aim is to significantly reduce workplace accidents over the next few years.

In 2019, Lehto carried out four extensive personnel training programmes.



"Lehto has a relaxed vibe, a warm atmosphere and flat hierarchy."



AKI JUNTUNEN, PRODUCTION DIRECTOR, BUSINESS PREMISES

"I returned to Lehto after a couple of years with another construction company. While I was working elsewhere, I missed the things that I found inspiring and motivating at Lehto, which not every other company lets you utilise. At a traditional construction company, you live in the world of competitive contracting, and you have little say on the plans. At Lehto's Business Premises, we first offer the customer a product and a 'wallet' and then we start the design work. We dare to offer novel alternatives."



KALEVI PÖYKIÖ, CARPENTER, LEHTO HOUSING

"In 2019, I worked at Lehto's As Oy Gibraltar site in Oulu. It's been 48 years since I stepped onto my first construction site. Over the years, I've seen and done all sorts of things. My days currently involve a wide variety of carpentry tasks, such as the installation of floor, partition wall and ceiling boards and the panelling of saunas and washrooms. I feel that employees are valued here. Occupational safety also plays an important role. The company devotes great effort to it."



MARIA PERNU, ADMINISTRATIVE ASSISTANT

"When I heard there was a job opening for an administrative assistant at Lehto, I felt in my heart that this is the workplace for me. I like customer service and I'm here for people – to help our guests and employees. Lehto has a relaxed vibe, a warm atmosphere and flat hierarchy, even though our work community is already quite big. We greet each other, talk and smile. That's why it's always nice to come to work. Lehto values the development of expertise. I'm studying human resources and managerial work – studying can open up good career paths at a growing company."



TIINA MYLLYNEN, DESIGNER, SOCIAL CARE AND EDUCATIONAL PREMISES

"I've been at Lehto for three years now. I mainly design schools and day care centres. We have good team spirit. Even though we have many different kinds of experts, we're a united team. As a designer, I feel that this operating model gives me a great opportunity to develop professionally. I may play a greater, more important role than a designer usually does."

I also get to be in touch with very different kinds of doers and sites during my working days. At Lehto, you work independently and take responsibility. People don't breathe down your neck or try to micromanage you – what matters is that the end result is good."



MARJA RAJALA, OCCUPATIONAL SAFETY MANAGER, FACTORY PRODUCTION

"I came to work at the Oulainen factory in 2017. After about a year, I stepped into the position of Occupational Safety Manager. Since then, we've successfully reduced the accident frequency – absolute commitment is the watchword in improving safety. We still have work to do in this respect. In 2020, the key

focus in occupational safety was to involve employees in the development of safety and observation of the work environment. Good everyday measures include safety briefings at the workplace and proactive safety observations. In addition, accidents are analysed and corrective measures are taken immediately. I enjoy my job and feel that we're all working together."

Construction megatrends

Three major megatrends of the future have been identified in the construction industry. Lehto is a pioneer in Finland. Among other things, the company seeks to transfer construction phases from sites to factories.

FROM SITES TO FACTORIES

In the future, more phases of construction work will no longer be done on site, but at factories. Lehto is a Finnish pioneer in industrial prefabrication. We have the largest domestic factory capacity of our own. Carrying out construction work at factories enhances efficiency and also ensures a moisture-controlled production chain. One of the advantages of mass production is continuous quality improvement. However, mass production does not mean that our customers are unable to make choices that are important to them, such as in terms of interior design.

DIGITALISATION

Lehto employs the strategic LEKA project to digitalise construction operations. It has been part of our day-to-day operating model since 2017. These days, all projects are started up using information models. Lehto uses information models throughout the construction process, from design to construction. Thanks to this, those working in different roles can utilise real-time information during the entire project. In 2019, a Lehto block of flats project received an honourable mention in the Tekla BIM Awards 2019 for the development of information model practices.

SUSTAINABLE CONSTRUCTION

In 2019, Lehto launched a new concept for industrially manufactured wooden blocks of flats. The company is particularly interested in carbon-neutral construction, such as in the Housing service area. Lehto uses geothermal heating and wood as an ecological raw material company-wide at numerous sites. Industrial production supports the ideology of sustainable construction by reducing waste and loss in production.



Our solutions

For housing cooperatives struggling to carry out pipeline renovations:

Lehto Total – free pipeline renovations?

Lehto Total combines pipeline renovations and housing construction in a unique way. Sparsely built plots may mean unutilised assets that can be harnessed with supplementary construction. A housing cooperative can fund its pipeline renovations by selling building rights to Lehto. If no free building rights are available, a plan alteration application can be submitted. Lehto serves as the only contractual partner of the housing cooperative and has end-to-end responsibility for the success of the project, from design to final cleaning. We give the best warranty on the market for our pipeline renovations!

Buying an apartment is challenging if you do not have the initial capital:

Lehto Finance – get a home of your very own without having to save up for many years!

Lehto Finance (Lehto Raha) is an easy solution for buying a new home. Choose the materials for your home and move in immediately when it has been completed. We draft a fixed-term lease agreement and a preliminary agreement on the purchase of the apartment. After 12 months, we will credit you with five per cent of the debt-free price of the apartment when you redeem it for yourself. This amount corresponds to the down payment that the Financial Supervisory Authority requires from first-time homebuyers. In other words, you do not have to use up all your savings on the apartment and finance it solely with debt. The service is designed for first-time homebuyers, but can be used by all those buying an apartment for themselves. You can move into your new apartment and benefit from the credited share when you redeem the apartment for yourself.

In the worst-case scenario, the design phase of business premises can take years and budgets are exceeded:

Kirittäjä (Pacesetter) – a five-day solution for business premises!

If you are building new premises – for retail, sports, logistics or production – turn to us for a solution proposal. With our Kirittäjä service, based on the lean method, we will provide you with a fixed-price proposal for your business premises construction project in five working days – just one working week. Kirittäjä does not commit you to anything – and the service is free of charge! All you have to do is spend five hours of your time during the project week – and we will propose a fixed-price, competitive and comparable solution. After we give you our proposal, you can think about whether you would like to keep working with us.

Shares and shareholders

SHAREHOLDERS 31 DECEMBER 2019

	Number of shares	%
Lehto Invest Oy	21,748,221	37.3 %
Kinnunen Mikko	1,446,454	2.5 %
Danske Invest Finnish Equity Fund	915,718	1.6 %
Saartoala Ari	865,329	1.5 %
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	800,000	1.4 %
Sr eQ Pohjoismaat Pienyhtiö	761,336	1.3 %
Heikkilä Jaakko	640,000	1.1 %
OP-Henkivakuutus Oy	476,231	0.8 %
Keskinäinen Työeläkevakuutusyhtiö Elo	474,206	0.8 %
Paloranta Veli-Pekka	324,851	0.6 %
10 LARGEST SHAREHOLDERS	28,452,346	48.8 %
Nominee-registered	6,515,921	11.2 %
Other shareholders	23,341,176	40.0 %
TOTAL	58,309,443	100.0 %

SHAREHOLDING BREAKDOWN

	Number of shares	%
1 – 100 shares	284,132	0.5 %
101 – 1,000 shares	4,133,862	7.1 %
1,001 – 10,000 shares	9,081,839	15.6 %
10,001 – 100,000 shares	7,058,243	12.1 %
100,001 – 1,000,000 shares	8,817,295	15.1 %
over 1,000,000 shares	28,934,072	49.6 %
TOTAL	58,309,443	100.0 %
where of Nominee-registered	6,515,921	11.2 %

SHAREHOLDINGS BY SECTOR

	Number of shares	%
Companies	26,856,144	46.1 %
Financial and insurance institutions	8,306,118	14.2 %
Public sector organizations	1,492,013	2.6 %
Households	21,303,825	36.5 %
Non-profit organizations	186,485	0.3 %
Foreign countries	164,858	0.3 %
TOTAL	58,309,443	100.0 %
where of Nominee-registered	6,515,921	11.2 %

SHARE PERFORMANCE 2019



- Closing price of the share EUR 2.35
- Lowest rate during the review period EUR 1.48
- Highest rate during the review period EUR 5.33
- Trading 45,281,956 shares

Group Management



Group's executive team 2019

From left: **Hannu Lehto**, CEO | **Juha Höyhtyä**, EVP, Housing | **Ville Kettunen**, EVP, Social Care and Educational Premises | **Timo Reiniluoto**, EVP, Business Support Services | **Veli-Pekka Paloranta**, Chief Financial Officer | **Toni Kankare**, Chief Commercial Officer | **Arto Tolonen**, Chief Development Officer | **Jaakko Heikkilä**, EVP, Business Premises | **Kaarle Törrönen**, EVP, Human Resources | **Jukka Haapalainen**, EVP, Industrial manufacturing



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