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Maija Hongas: Good morning, ladies and gentlemen, and welcome to Kojamo's Half-Year Financial Reports news conference. My name is Maija Hongas, I am manager of investor relations here at Kojamo. And today's presenters will be CEO Jani Nieminen and CFO Erik Hjelt. After the presentations there is some time for questions, and first we're going to take questions here from the conference room and after that, from the conference call line. You have also an opportunity to ask questions with a web chat function at the Webcast. But let's get started. Please Jani, the stage is yours.

Jani Nieminen: Better bring with me all the important papers to cover right topics. So we will cover what's been going on during the first half year here in Kojamo. Of course, starting point is the operating environment, to wrap up shortly; it is still positive, no big changes going on. The first half year has been really consistent with our expectations. So strong operating performance is reflected in all our key figures. And, of course, at this point of time, time of year, we see that probably there is a chance to slightly specify the outlook. If we start with the general operating environment. So, as I said, no big changes. Urbanisation is still the biggest and most important megatrend creating lot of demand for new rental homes. The construction volume here in Finland seems to settle down to the so-called normal level, especially in the biggest growth centres. I talk about Helsinki region, Jyväskylä, probably Tampere and Turku. It seems that the estimate of building permits is slightly going down. Of course, the population growth is going forward and people are moving towards especially Helsinki region, which will be the winner in this urbanisation game here, going on here in Finland, as Helsinki is the most

important economic point here in Finland. And of course Tampere and Turku areas are important as well. Overall the operating big picture and GDP growth here in Finland is still positive and good. But of course, the slowing growth of the world trade would have an impact to Finland as we are a small nation, export driven economy. But the demand supply in the rental market is based on urbanisation not so much about the GDP growth. As the urbanisation proceeds, there are no big changes in so-called more operating environment concerning residential production and housing development. The number of startups, new building startups, is going down but as I said, the level of construction work in my eyes will return to normal in the biggest cities. And the biggest growth centres Helsinki, Tampere, Turku and of course, the low interest levels are appealing. So the institutional players seem to be quite willing to invest in residential business. But in my eyes it seems that the total number of building permits granted this year might be a bit lower than the official estimate at this point at this point of the year. But the dropping down is outside the biggest growth centres. Of course, even though the number of building permits granted is going down, there are still a lot of new supply in the market because of the construction work going on and the supply situation will remain the same throughout the next 12 to 14 months and then the supply demand balance will change after the new construction work goes on a bit lower level. But as I said, still it seems that in the biggest cities it is returning to a so-called normal level, not dropping really down. But there has been a lot of supply in the market and in my eyes it will stay the same throughout the next year. We've been doing OK in that environment. As I said, there's a combination what creates demand for new rental homes. It's a combination of urbanisation and changing household sizes and, more and more, households are one or two person households. There has been also as said before, a change in people's attitudes towards ownership. More and more people who would be able to buy an apartment or as a matter of fact, for example a car, are choosing not the buy and not to own. And that creates a bit more demand towards the rental market. Another aspect is that the apartment prices have been increasing and for some people they are just too expensive or they don't want to spend the money in order to buy the apartment and they choose to rent. The third aspect are that there has been slight changes concerning loan terms and the equity needed for individuals in order to buy the apartment and so-called housing co-operational loan discussion has been impacted a bit. I see that there's a good demand for rental homes in the future, as well and as we see on the lower right-hand corner, the number of households living in rental apartments in all the main growth centres is growing all the time. And, for example, here in Helsinki roughly half of the households today live in rental apartments. It's actually more households living in rental apartments than owning their own apartment.

As I said, the year has been as expected in my eyes. No, no surprises and we do have a really strong operating year. It's reflected in all the key figures. The total revenue has been growing 3.7% like-for-like growth this year 2.8 compared to last year 1.9. So in my eyes, like-for-like growth this year is really strong. We've been able to improve the net rental income by 7.4%. Of course, the funds from operations (FFO) is this year really strong and it is a combination of improved net rental income and lower paid income taxes. Profit, excluding changes in value, is important because it's an operative result, and it's 8.9% better than last year. So of course, have happy, good number, strong numbers. And on the other hand, even though the EUR 52.6 million net gain in fair value this year, is a positive and big figure, it is slightly lower figure than last year, and that's reflected in the profit before taxes. All the figures are really strong and it seems that we are proceeding as expected and planned.

As the organization is going on and proceeding, it's important to notice that more than two thirds of our housing portfolio, residential portfolio, is located in Helsinki region and actually the portion of the value in Helsinki region is slightly growing all the time, but the numbers are so big at this point of time that there are no that big changes but 67.9% today in Helsinki region, and if we combine Helsinki region with Turku and Tampere regions, so the three biggest growth centres here in Finland, it covers is 83.5% of our rental homes from the value point of view. We've been able to improve the occupancy rate this year, even though we were happy as well last year. After the first half of the year last year it was 96.5 and this year, 96.9. And we have to really keep in mind that say, like-for-like growth of 2.8% going on. And at the same time, we've been able to improve the occupancy rate. So we've been able to improve the processes, of course the digitalization and our web store is an important vehicle how we help the people here in Finland to move towards the growth centres. Same comments concerning Jyväskylä area than last year, last presentation after Q1. So even though the city of Jyväskylä is growing and they have good growth going on, there has been a lot of going on with the supply side, so there, for a short period of time, there's a situation that too many new construction projects were started a couple of years ago at the same time, so there's a good supply for the tenants at the moment but it will level off.

The strategy is still the same. We are a combination of strong operative performance and the ability and goal to grow. During this year, we've been able to complete 383 apartments. We have started the construction of 648 apartments. At the moment we have under construction 1,329 apartments of which 1,127 here in Helsinki region. So a clear focus all the time in Helsinki region. We have agreed to sell 478 apartments in 12 different locations here in Finland to Olo Asunnot, and behind Olo is international money and an international investor. There's a slight

capital gain of EUR 0.4 million. There were non-core assets to us, so it's a natural strategic move. We've been telling already after Q1 that the aim is that this part of the strategy will be completed during this year, and now the deal is done. We've been following and monitoring the market closely in order to find a suitable portfolio according to our parameters. In the market there's a lot of interest towards portfolios. We've been seeing quite low yields. We haven't found a portfolio meeting to our parameters yet, but the work is still going on when we have a lot of time this year still. If we will find a suitable investment opportunity of course, we are ready and able to move really fast.

Digitalization and the customer experience is actually really important for us all the time. And we've been able to improve the customer experience. It starts always from the point of time, where a person is looking for a rental apartment. We have to be able to provide an easy and effortless experience. We are not selecting the customer, the customer is selecting us. We are providing means to rent an apartment from the web store. Still a promise; in 15 minutes you are able to rent an apartment and move in the next day. We provide a lot of services, even before you live in our apartments, and after you are our customer of course, it's important that the customer experience stays the same. It's easy and effortless. We're providing added value. We launched My Lumo services Q1 this year. Today a bit more than 22,000 active users. A mobile app you get all the information concerning your living, our apartments, you get the services available. We have now the Leanheat system in all of the apartments. There's winter coming again in a couple of months, and now we have the system in place at full. Of course, all kinds of different services still, a big service is the sharing car system, providing opportunity that you really don't need to own a car in order to use a car. It's available for you through My Lumo service. And as I said, the web store is important. After the first half of the year, the number was 12,000. This morning, more than 13,000. And the portion of transactions coming in through the web store has been growing all the time. At the moment half of the rental agreements are coming from the web store concerning the whole of Finland. Here in Helsinki region at the moment, more than half, roughly 60% of all the transactions are coming through the web portal. That's something that nobody else is able to provide for the customers. At this point of time, I will let our CFO Erik to provide some more detailed information.

Erik Hjelt: Thank you, Jani and good morning everybody from my side as well. So our figures H1 this year came out strong and a total revenue increased by 3.7%. And that includes the like-for-like rental growth 2.8% and 2.4% from the rent increases and 0.4 from improved occupancy. The revenue growth, EUR 6.6 million, was driven by completed apartments, EUR 4.6 million, and that of course includes completed apartments H2 2018 as well as the completed

apartments H1 this year. Acquisition contributed EUR 1 million. Disposals, negative figure there of course, EUR 3.9 million. Rent increases, euro-wise EUR 4.2 million, and improved occupancy EUR 0.7 million. Profit before taxes. If you look if you look at the profit, excluding profit on fair value investment properties, the growth was EUR 5.9 million, and main driver in that growth was a net rental income improvement of EUR 8.2 million, SG&A expenses EUR 0.4 million of pretty stable situation there, financial expenses growth EUR 2 million, mainly because of the bigger loan portfolio we have. And then, of course, the profit on fair value investing properties, EUR 52.6 million. It's a positive figure, quite sizeable positive figure, but slightly smaller than in corresponding period. Roughly 60% of the profit came through because of the higher prices in the market and roughly 40% of that profit came through the ending restrictions.

Net rental income, there the growth rate 7.4% is clearly higher than the top line growth rate and there's two main reasons behind that. One is that maintain expenses grew only 1.6%, EUR 0.8 million. There's two items that grew there, one is the property taxes EUR 0.5 million bigger than in corresponding period, and the cleaning costs, outside areas cleaning costs, was higher than in corresponding period. Repairs was EUR -2.3 million compared to corresponding period. There we had some clear savings and on top of that, some of the project type of repairs were postponed. FFO growth EUR 68.1 million. There's good note that in the corresponding period we booked EUR 13.5 million cash taxes because of the disposals of apartments there. The net rental income grew EUR 8.2 million. So that's on the positive side, and it's good to know that IFRIC 21 property taxes are recognized now as an expense first of January this year. The whole year's property taxes, and this year the property taxes are EUR 10.8 million. Jani will discuss later our guidance, but a couple notes there already at the stage. So the FFO guidance, the mid-point of the guidance is based on a couple of assumptions. The first one is that the weather is going to be on an average level. And, already in the mid-point of the FFO guidance there is a bigger amount for repairs compared to previous years. So if we are able to get some savings there, there's potential to move towards the upside of, or the upper part of the range. But that remains to be to be seen. And as Jani discussed already we are agreed to dispose 478 apartments and that deal will be closed the end of this month and in this guidance is already included EUR 4.4 million cash taxes because of that disposal.

Occupancy rate improved slightly. We declined slightly during the Q1 and the Q2 was clearly stronger so this is the cumulative figure for the whole H1 improvement there. And the tenant turnover seems to be in the market based rental part of the market, roughly on the 30% level. So no changes there.

Gross investments, investments are proceeding according to strategy, EUR 96.6 million. There is acquisitions EUR 17 million. We acquired 99 apartments during the first half of this year. Development investments EUR 98.1 million both completed apartments and still ongoing apartments there. And modernization investments EUR 11.5 million. Modernization investments and repairs on the same level as in the corresponding period. As already said we have achieved some savings there and the division between repairs and modernization investments has slightly changed. There's one bigger modernization project that was postponed next year and there is another modernization project that was started later than what we had in our budgets. So that means that part of those costs will be booked next year. But these two postponements is not going to have an impactful for total amount of modernization renewals and repairs in 2020. The value of investment properties increased in line with the strategy. From the beginning of this year, the increase was EUR 210 million. IFRS16 had roughly EUR 61 million impact there. So developments, acquisitions and modernization investments EUR 96.6 million and change in fair value when we do valuation was positive EUR 52.6 million. The valuation was made according to old valuation technique. The biggest portion is valued based on transactions from the market, and we have disclosed that we are going to change the valuation technique at the end of this year, to yield-based valuation technique. We don't have any new figures for you guys at this stage, but what we are preparing the change there and the model. We are building the model and it's going to be 10 years discounted cash flow method that we are going to apply going forward and there's going to be an external expert giving a statement each quarter going forward as well and it's going to be a household name. And as soon as we have some figures, we are going to disclose of course those figures. So far this year, 570 apartments came out of restrictions and the total amount coming out of restrictions this year is going to be a little more than 1,400. Most of them will come out of the restriction during the Q4 this year.

Our landbank on upper part of this page, our landbank that we already owned. So plots means basically pure land. EUR 43 million roughly 1,100 apartments, so that's management estimation. So the floor square meters multiplied by 0.8 and the average size of apartment 50 square meters that gives the rough figure of 1,100. Plots and existing residential buildings, there the idea is to demolish the existing building and build a new one, 700 apartments roughly. Currently in that part of the portfolio we have 300 apartments. And conversions, mainly Metropolia project and Erik 7, in the heart of a city of Helsinki, altogether roughly 1,300 apartments. The lower part of the page there is figures for what we have binding agreement and reservations for plots. So this EUR 121 million is binding agreements where we agreed to

acquire the existing land and is already a construction agreement in place. And the lower part, this is pure land. So we have an agreement that we are allowed buy by those lands. And good to note you know that 99% of the total of what we just discussed is located in Helsinki region.

Equity ratio and loan to value well in line with our targets. So equity ratio target is to be above 40% and loan to value to be below 50, and are well in line with those targets. EPRA NAV growth by 6.4%. We are extremely pleased with that growth rate.

Versatile capital structure. We made a one new agreement with OP financial group EUR 100 million 7 years maturity unsecured at the end of reporting period that was undrawn that supports our growth. In the beginning of this year we made the latter part of the loan from European Investment Bank. Well balanced loan structure. Well balanced distribution of loan maturities, average interest rate state at 1.8. That's including the stock derivatives, hedging ratio 89% and the average maturity for loan portfolio 5.1, and average interest rate for fixed period 5.4 years. So very strong financial key figures and there's no major refinancing needs for next two or three years and outstanding commercial papers is included in these figures. We have EUR 300 million committed credit line in place and at the end of H1 they were totally unused. And at this stage, back to Jani.

Jani Nieminen: And then we move forward towards the outlook and what is going on in a big picture. So we have to keep in mind that our strategy, is based on different elements, which provides a complete picture. So there's a strategy that we want grow and the target at the moment is that by the end of 2021 we are going to be a EUR 6 billion company. So we do have the means, the willingness and the ability to grow. The second aspect is that we haven't been willing and the aim not to grow at any cost. We want to keep the FFO level above 32%. Actually we have been in strategy growing in order to be even more profitable. Third aspect is how we handle the risk. We want to keep the equity ratio above 40 and the LTV below 50 and of course, the customer experience is important for us. The aim is that the NPS will be 40 by end of 21. And we've been proceeding according to our strategy. All the aspects at the moment are well in line with our strategy goals. This year still, no big portfolios, last year we were able to buy more than the strategy actually need. So last year, a bit ahead still here this year, still looking for a suitable portfolio. We have to keep in mind that the growth strategy actually is being able to provide roughly 1,000 new apartments by building and by buying portfolios of roughly 500 apartments a year. So some year the portfolio deal might be 1,000 or 2,000, some year a couple of hundreds. But the average of 500 apartments from the market existing apartments with carry on through to be a EUR 6 billion company by the end of 2021.

And as Erik provided a lot of colour behind the numbers and the specified outlook. At this point of the year, we feel that we are able to be a more specified range concerning the total revenue increase and it will be between 3 and 5%. The previous outlook was from 2 to 7. And the FFO range will be somewhere between EUR 134-144 million, excluding one-off items, previously EUR 132-143 million. Still we see that we are investing this year approximately EUR 300 million, of course, depending whether we are able to find the portfolio. We are looking all the time. There are some opportunities coming available. Depending on the size of the portfolio, such a deal could take a day, a couple months or a couple of weeks. But this is the specified outlook.

And to look the second aspect, of course, the dividend policy. There are no changes. Still, the dividend policy is the annual dividend payment will be at least 60% of the FFO provided that the group's equity ratio is 40% or more. Of course, taking account of the company's financial position, and there's a number where we were last years EUR 0.29.

And to wrap up the whole, of course, as I said, no surprises. All the things are going according to our expectations, a really strong performance. We have to keep in mind that the operating performance is strong and efficient. On the other hand, we're providing good customer experience. The customer is choosing us from the web store. They are willing to move into our apartment and pay the rents. We are providing new kinds of services, nobody else has been able to copy them. Web store providing more and more new clients. My Lumo service, it's growing with roughly 2,000-3,000 active users a month. So I guess at this point we are ready to move towards the questions.

Maija Hongas: Thank you, Jani and Erik. So now it's time for question and first would take questions here from the conference room in Helsinki.

Erkki Vesola: Yes, thank you and good morning. It's Erkki from Inderes. A couple questions. First on the Lumo services, the revenue and profitability. Any comment on those would be nice, or even better, ballpark figures regarding those services.

Jani Nieminen: I'll answer this way, at the moment we are not providing any detailed figures and we have to keep in mind that it's a combination of different aspects. Some of the services are and will be such that you really feel easy and effortless. Some of the services are providing added value that you feel that you're willing to pay a bit more compared to our competitors. Some of the services in the future will be that you pay as you use. But of course, this a financial check-up, and we are testing some of the services collecting data all the time. Some of the services will disappear. Some of the new services will appear. The service development is much

quicker. You have to find, test, get the customer feedback, compared to the real estate investment where are you invested in a property and keep it for the next 40 years.

Erkki Vesola: OK, thanks. And then this goes to Erik. How's the new valuation methodology going to impact bookkeeping? And what's the treatment going to be? Is it going to show in P&L etc?

Erik Hjelt: If there's going to be a change in the values compared to what we now have in the bookkeeping, it is going to come through P&L.

Erkki Vesola: OK, thank you very much.

Jani Nieminen: And if I may add. I guess one aspect could be that the customer experience and the service might be helping our like-for-like growth compared to others.

Anssi Kiviniemi: Thanks. It's Anssi Kiviniemi from SEB. A couple of questions from my side. First of all, like-for-like growth, its rental growth. Basically, what are the key drivers? We have seen a small pickup in like-for-like basis. So what are the drivers behind the number?

Jani Nieminen: Of course the 2.8% like-for-like growth is a combination of two aspects. The rental growth 2.4 and the improvement with the occupancy rate is 0.4. So that's a combination. And the rent increase; the urbanization is creating demand, but there is supply in the market more than usual. So, as I said, the customers are choosing us. They're willing to pay in order to move into the Lumo apartments.

Anssi Kiviniemi: Thanks. Then, my second question...

Erik Hjelt: One is that, there's actually three components in behind that. One is that, according to the lease agreements we are allowed to increase the rents once a year on and that has an impact, of course, for the like to like rental growth. Other aspect is that that we compare what is the rent level in new agreements compared to expiring ones. And there has been a slight increase in a couple of years. And then third aspect is of course this vacancy level. And there's two questions there. Is that how fast we get a new tenant when one is leaving, and we have been able to shorten that time. Another thing is of course, if there is quite a long time vacant apartments. There's of course things that we need to do about this. These are the main drivers behind the like-for-like for growth.

Anssi Kiviniemi: Thanks. Then you already touched upon this, but it's really to do with the housing supply, if we look at the official data that we have already seen on Finnish scale, declining new rental contracts and prices. So in a way, should we expect that this will have some kind of impact for you in the future? Or how should we read the situation? Kind of my question is that how resilient do you see this, let's say 2.4% rental growth rate that you currently have?

Jani Nieminen: I think the latest statistics provided was it last week or a couple of weeks ago showed an increased with existing rents of 1.5 or something like that. Still the expectation is that the increase with the rents, and actually with the house prices in main growth centres will stay the same roughly, 2-2.5. So we have been able to provide a bit more with a like-for-like growth. So as we provided the colour behind 2.8, the actual rental increase was 2.4. And that side seems steady, no changes there in my eyes.

Anssi Kiviniemi: Thank you.

Svante Krokfors: Svante Krokfors, Nordea. First question regarding maintenance and repair costs. Was Q2 representative or was it below what you should model in for their remainder of the year? And how does that compare also to 2020 when you have postponed some projects.

Erik Hjelt: We just discussed before this meeting that how predictable this business is that these repairs and modernisation investments is one item that it's not that easy to predict. In the mid-point of FFO we pencilled in increase in repairs compared to a corresponding, last year's, the latter half of last year. Typically, the repairs, the amount of repairs is higher in the second half of the year. There's two reasons. One is if you in the beginning of the year start a repair project, it will take time before they are up and running. Another thing is that, I don't know why, but for some odd reason construction companies are sending bills quite late. So the amount of bills coming in, this is for some reason piling up in towards the end of year. So we expect the repairs in the last part, the second part of this year, to be higher level compared to last year. But there is a couple of these projects as discussed that we have postponed, so that has an impact for anticipating the beginning of this year. They are not going to have an impact to the total amount next year that we are going to spend for repairs and maintenance. We are, of course, not giving any guidance for concerning 2020. But as a general comment, this is not going to have any impact for the total amount next year. So slightly above, last year's figures.

Svante Krokfors: Thank you. Then, you quite clearly say that you haven't found targets that match your parameters? Can you a bit elaborate on which the parameters are and what is the

main reason that that deals haven't come through? Is it I guess, in location, it you decide whether you want to look at it at all, but this is just that the pricing has been, how much too high has the pricing being to your parameters?

Jani Nieminen: In order to provide colour, it truly is a combination of different aspects and related to the previous question, where the rents are going. So it starts really from the micro location and our existing locations. Do we feel that this is the right micro location? Does it match the criteria of what kind of apartments are included in that property? Is it studios? One bedroom apartment, the average size in general. What's the technical condition? And then we come to the pricing and we've seen quite low yields. Three and half, even below that. We are not willing to pay that yield if we don't truly believe it's a unique, good building. We've been able to close our deals with better yields. Well, you could say that we are a bit picky. That we choose carefully. It would be easy to grow at any means. But we are choosing not to.

Svante Krokfors: And I guess the 3- 3.5% yield, is not only on new production?

Jani Nieminen: Mostly newly built, but there seems that there has been quite a lot of appetite towards the Finnish residential market.

Svante Krokfors: Then, last question about the 478 apartments you sold at the 0.4 million gain. Can you give any indication about the yield on that? I know it's non-core deal.

Jani Nieminen: Even though I do understand the question and it would be nice to provide the colour concerning the yield. But there hasn't been a yield discussion. It was a non-core portfolio, including non-core locations. Might be some more challenging technical conditions. It was a portfolio deal done on a chunk-based pricing.

Svante Krokfors: OK. Thank you.

Maija Hongas: Ok. One more.

Jesse Kinnunen: Yes. Hello. This is Jesse Kinnunen from Inderes. One question concerning your divestments. You still have some noncore assets in your portfolio. Could you briefly describe your strategy? And how and when are you going to divest these assets?

Jani Nieminen: We provided the colour after Q1 that we had roughly 500 apartments under disposal process in a strategy. And now we provided the information of selling 478 apartments. So close to that 500 so really not that much left. But of course, we are a professional investor

and although in the future it will be rational to sell some of the properties each year in order to improve the overall portfolio, even though the main focus is to grow. But the big part of the disposals concerning the location strategy is ready.

Maija Hongas: OK, since we don't have any more questions from here. So let's go to the conference call line, please.

Operator: Thank you. If you have a question please dial zero one on your telephone keypad now to join the queue. Once you're announced, you can ask your question. If you find it's answered before it's your turn to speak, you can dial zero two to you to cancel. So once again that is zero one to ask a question, or zero two if you need to cancel. There will be a brief pause now while we register any questions. OK. There seem to be no questions from the phones at this time.

Maija Hongas: OK. Thank you. And then we'll have questions from the Webcast or the chat function. We have one question from there. It's regarding that several executives have left the company this year. So what's behind that?

Jani Nieminen: No big surprises, we are a company having more than 300 people. Most of our employees have been around for a really long time. So there comes a time that people feel that they want to have a change. Of course, we have become a more visible company. The Kojamo story is more and more known, and it seems that we've been able to provide actions and solutions nobody else has been able to provide. So more and more our people are provided offers outside. Actually, even though we are able to find new people, really high-class new people, but we are living in a new world, that the other companies are after our people as well. It's like a normal situation. You get some new blood, you lose some blood. No big things going on.

Maija Hongas: OK. Thank you. It seems that was our last question. So thank you, everybody for joining us today on. We will be publishing our Q3 report on 6th of November. So I hope we'll meet there. Thank you very much.

Jani Nieminen: Thank you.