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Speakers:	Maija Hongas, Investor Relations Jani Nieminen, CEO Erik Hjelt, CFO
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Maija Hongas: Good morning ladies and gentlemen and welcome to Kojamo's full year results and news conference. My name is Maija Hongas and I'm manager investor relations here at Kojamo and today's presenters will be Jani Nieminen CEO, and Erik Hjelt CFO. After the presentation we have some time for questions and first we take questions here from the conference room and after that from the conference call line. It is also possible to ask questions at the webcast with the chat function and after the news conference we have also reserved time for media for interviews. But let's get started. Please, Jani.

Jani Nieminen: Thank you and good morning everyone. It's nice to be here and provide some colour on what's been going on last year and as well what's going on in the future. Today we have on the agenda of course the summary of 2019. The year 2019 was in line with our expectations and I'm happy to provide our results. We've been able to create profitable growth and our strong operating performance is really reflected to all our key figures. Typically, I would say that it's better to analyze our kind of business on the whole year level than one quarter at the time. Our strategy has proved to be strong and we have updated our strategy targets to 2023. Our pipeline for new development projects at the moment is very strong and we are able to grow our business from various sources. We have received a lot of feedback from investors and we started applying a similar valuation methodology as our international peers and that resulted a net gain in our fair values.

And then if we look at the operating environment, of course it's important to notice that overall the operating environment is really positive for Kojamo. Urbanisation is a big mega trend and

that creates a lot of demand for new apartments in the biggest cities. According to the latest estimates population will grow in all Kojamo's focus areas, so the biggest growth cities and regions in Finland. Of course, especially Helsinki, Tampere and Turku regions are the regions where people are moving the most and will be the biggest winners in urbanising Finland. And of course, the most of the new apartments will be needed in Helsinki region.

As we provided estimates last year, the number of new building start-ups has been coming down and it's returning to the so-called normal level and mostly the new building projects are focusing in a biggest cities. It seems that the level would be roughly the same in Helsinki still, but the difference is between the biggest growth centres and then the rest of the Finland are growing all the time. There has been more supply in the market 2018-19 and still this year. But there are already some concerns concerning whether there are, there's enough supply to back up the urbanizing Finland during 2021. In the biggest cities we see that for rental apartments, there's a big need and both the rents and housing prices will still keep on rising and there's a long-term demand for new homes.

As the urbanization is by far the biggest megatrend creating the demand in Finland, and of course there are several other things going on at the same time, the development of household sizes is continuing and so I mean that the number of one person, two person households is still increasing and that creates a lot of demand for smaller apartments, studios and one bedroom apartments. And another trend is that people seem to value more and more the micro-location and the services combined with the living. And at the same time people value more and more the freedom of the rental apartments and that seems to create more demand towards rental apartments. And already in the biggest cities like Helsinki, Turku and Tampere, half of the population, half of the households, live in rental apartments roughly. In Helsinki actually more households live in rental apartments than in owner-occupied apartments. And the trend seems to be clear, the amount of households living in rental apartments is still increasing in all the biggest growth centres.

The last year was a really good year for us. Even though there was more supply in the market, we were able both to create a like for like growth in rents and to improve our occupancy. 2018 the occupancy level was 97% and last year 97.2. And if we look at the allocation, 73% of our housing assets are located in Helsinki region. And if we combine Helsinki, Tampere and Turku regions a bit more than 87% of all our assets are located in the three biggest growth regions.

To wrap up some biggest numbers, of course it's easy to say that that the year 2019 was in line with our expectations and we were able to create strong profitable growth. Our total revenue increased 4.6% and at the same time the net rental income was increasing by 5.7%. The like for like growth with our turnover was 2.5% compared to last year 2.4. And funds from operations, 140.7 million euros was 20.9% better than last year. Of course we have to keep in mind that there are two aspects: we were able to create like for like growth also with a net rental income, but there was some differences between the lower in-taxes paid compared to 2018. On the net level, roughly 10 million euros. Today the fair value of the investment properties is 6.3 billion euros and we invested roughly 260 million euros last year, mainly on new building projects, but we did buy 260 apartments as well. Profit excluding changes in value was 6% better than last year. It actually means 9 million euros. And we then had a net gain in fair values of 872.4 million euros and that results a profit before taxes 1,031 million euros last year. So I would say a really strong year and in line with our expectations.

In the heart of the strategy has been that we are growing and recreating profitable growth. At the end of last year we had 1,316 apartments under construction and of that 1,260 in Helsinki region. So we have been actually able to increase the number of apartments under construction in Helsinki region, because 2018 we had 850 apartments under construction in Helsinki region. And at the same time after reversed tender process competition, we made two agreements with construction companies called SRV and Hausia providing a bit more than 900 new apartments in Helsinki region in the future. In the strategy we are able to grow from various sources. We are combining new development projects, but we are as well buying existing portfolios. Last year we bought 260 apartments and 2018, 1,049 apartments. So actually on average we are well in line with our strategy.

Here are the projects under construction at the year end. And of course, we have to keep in mind that we do believe that, as well as last year, it's possible that during this year we are able to find new building projects and make agreement with construction companies of projects that might be completed already this year. Like we did last year with SRV and Hausia agreements providing already two completed projects.

Just a reminder of SRV and Hausia deals providing 905 apartments here in Helsinki region along with really, really good micro-locations along with the public transportation, mainly studios and one-bedroom apartments. The average size of our apartments in this portfolio is roughly 45 square meters. We have completed one project, one project under construction and still 816

apartments coming in the future. And of course, these projects will be added in our numbers, concerning how many apartments under construction when these projects are starting.

Providing added value for our customers is an important aspect for us and a really big part of our strategy. We are combining a lot of technology, data and customer understanding in order to create easy and effortless living, and added value for our customers. Whether it's a customer entering Lumo world, it should be easy and effortless. You are able to use webstore and rent the apartment 24/7. We are providing a lot of benefits, but as well those existing customers, it should be easy and effortless and a feeling of real added value. So most of our customers today use as application called My Lumo, they're able to take care of their daily matters, whether it's the rent or a defect report or even some services. And actually, during the last six, seven months we've been collecting a lot of data concerning what's going on in Finland in micro-locations and concerning the deeper customer understanding. What are the real preferences in different customer segments? And in the future, this will provide us new concepts and we will keep on creating new services for our customers and specified customer segments. So in the heart of Lumo is to provide easy and effortless living and added value for our customers. And as you notice on the right-hand side, already last year half of all the new agreements came from web store. Here in Helsinki region actually 60% of all the new tenants are entering our world from the web store. And at this point I will pass it for our CFO, Erik. Please.

Erik Hjelt: Thank you, Jani. And good morning everybody from my side as well. Page 14, our total revenue increased by 4.6% and our like for like rental growth was 2.7%. And out of that 2.5% was due to the increase in rents and was 0.2% increases in other charges, mainly water charges. So the total revenue growth was 16.5 million euros and our main contributor for that growth was completed apartments, 10.5 million euros, acquired apartments, 3.3 million euros and, rent increases roughly 10 million euros. On the negative side of course, a disposed asset and there was impact of - 8 million euros. If you then look profit before taxes without changes in fair value of investment properties, the growth there was a 9 million euros and main contributor there net rental income increase 13.3 million euros. SGA expenses moved sideways and the financial expenses growth was 3.7 million euros. And that growth was mainly because of the growth of underlying loan portfolio. But there was small negative figure for a fair value change in interest derivatives. We do apply hedge accounting but a smaller part of the change in fair value of interested derivatives is coming to the P&LS as well. That was 2 million euros. And IFRS16 was an impact for 2.5 million euros for financial expenses. The change in fair value investment properties, 872 million euros includes the impact of the change in valuation technique, roughly 800 million euros and I'll come back to that later.

Page 15, the net rental income and FFO increased. So the NOI margin grew to 65.9%. And the net rental income increase was 13.3 million euros. The increase in net rental income was a bigger than growth of top line. The maintenance expenses growth 1.6%, and the repairs 1.5 million euros. Main drivers for the slight growth in the maintenance expenses were rough weather at the Q1 last year and the fact that the property taxes grow by 0.6 million euros compared to corresponding period. One note for regarding the Q4, we made during the Q4, the repairs was 3.5 million euros bigger than in corresponding period. And the reasons behind that was we made many small repairs but on top of that, we had the opportunity to make a couple of sizable repair projects and we decided to make those during the Q4. It's good to know that, other than, different from our international peers, we book repairs on top of net rental income so that make a fluctuation on a quarterly basis. But because our international peers mainly capitalize all repairs. So that makes an impact for one quarter's figures but in the big picture that won't change basically anything. FFO growth was clear, little more than 20% and main contributors there was of course net rental income growth, 13.3 million euros, others 1.9 million euros. And good to note that during the corresponding period we paid taxes, 13.5 million euros because of the disposal of assets. And 2019 the impact of taxes for disposing assets was 4.4 million euros.

Occupancy rate increased 0.2%, the annual turnover slightly below 30% and the internal turnover was 7%.

Page 17, the investments 260 million euros. Euro-wise, development investments was 183 million euros, acquisitions 44 million euros and modernization investments 30 million euros, and disposals 26 million euros. Modernization investments and repairs put together, 67.6 million euros. And as mentioned during the Q4, the repairs was slightly higher than in corresponding period. Going forward, we expect modernization investments and repairs put together being between 60 and 70 million euros.

Fair value of investment properties, close to 6.3 billion euros. Growth was almost 1.2 billion euros. Development investments and acquisitions contributed 227 million euros. IFRS16 had the impact of 61 million euros. And then the change of fair value of investment properties, 872 million euros. We apply this new valuation technique, yield-based valuation technique, for those apartments that were before this change, they were valued based on transaction prices and this so-called old yield-based valuation technique. We still have roughly 3,000 apartments where we have restrictions on regarding the valuation. So they are currently in our books based on original acquisition cost. And those restrictions regarding the evaluation will end gradually

by the end of 2025. And the impact for those ending restrictions to be more than 80,000 euros per apartment. And roughly 30% of those restrictions will end this year, 30% in 2024 and the remaining part spread equally for the other years.

Page 19, our land bank if you like. So, the plots means pure land. We are able to build 1,200 apartments on that land and they are already in our balance sheet those properties. Plots and existing residential buildings means that we own the land and there is a cashflow generating building on that land. And the idea is to demolish those buildings and build a new one there. So the net impact is going to be around 400 apartments. And conversions, mainly Metropolia case and a property called Erik the 7th. And the idea is to convert them into residential purposes. And in this Metropolia case that the new planning, we have filed in the applications for changing the plans. And the lower part of this page shows, these are off balance sheet items. So we have agreements for new constructions providing almost 1,000 apartments. And on the top of that, we have agreement for to buy land. And then there's more than 1,000 apartments and we can build on that land. It's good to note that 99% of all that is located in Helsinki region. And at the end of Q4, we have 1,316 apartments under construction. Already invested, 167 million euros and to be invested 148 million euros to finalize those ongoing projects.

We still have the equity ratio target and loan to value unchanged. So equity ratio target to be about 40%. And the loan to value below 50. We have now very, very strong, figures for equity ratio and loan to value, quite sizable buffer against these target levels. So that means that we have the capability to grow even further.

And our EPRA NAV, growth to 15.49 at the end of Q4.

We had 2.6 billion euros loans. Half of that is from the bond market and other half mainly from Nordic banks. Very strong financial key figures, almost five years fixed average interest rate period and average maturity in our loan portfolio. Average interest rate including cost of derivatives 1.8% and the hedging ratio at the end of Q4 was 88%. On top of all this, we have a commercial paper program, 250 million euros. Outstanding commercial papers at the end of Q4 was 50 million euros and we have 300 million euros credit lines committed in place. And no major refinancing needs coming next coming couple of years.

And then the change in valuation technique. So we started to apply the same valuation technique as all business premises players are applying in Europe and in Finland as well. And most of the resi-players in Europe is applying this discounted cashflow technique to value their properties. So we wanted to be more comparable with our international peers. And we, after

the IPO, we received a lot of feedback from international investors that they had it slightly difficult to compare our figures because we are applying the different evaluation technique. And now we decided to start to apply the same valuation technique as international peers. It's important for us to have an internationally recognized external valuator partner in this process and going forward and Jones Lang LaSalle is our partner there. And these new valuation techniques came into force at the end of last year and the yield requirements in capital region in this new valuation technique was 3.84, other regions in Finland 5.05 and a group total 4.25. It's good to note that we didn't change these yield requirements at the end of last year because we released the range for the impact early November, and we felt it's not right to change the yield in such a short period. So we didn't change them. And the valuation calculations was made applying same yields requirements as we made the preliminary calculation that was, the range was released during the November. And now back to Jani.

Jani Nieminen: Thank you Erik. Of course one piece of new news is that we have a new strategy period until 2023. Our strategy has proved to be strong and we will continue in a big picture to implement it as well in the future. But in order to provide new color, our board of director has approved an updated strategy and target and focal points until 2023. We seek strong growth with optimized financing and profitable business through leading operating models. So basically, the big picture is still the same. Bot of course some new aspects as well.

The megatrends, still the same urbanization, creating a lot of new demand for new homes in biggest cities. So that provides the opportunity to invest and grow our business with new investments. On the other hand, these other mega trends, are as well important but in my eyes it's more than how we should conduct our business; which kind of concepts we should create; what kind of homes we should build? The population is aging, the family sizes are getting smaller. We have to be able to use more and more new technologies and digitalization. Individuality is an important thing for people, but at the same time they feel the need of sense of community and of course environment and sustainable development is an important aspect for us. Our mission, we create better urban housing actually means is that it's not all about floors, walls and ceilings. It's how we connect to the city, the urban living. How we create services. We want to be the property market front runner, and the number one choice of the customer. Actually, one of the biggest reasons behind the web store; we are not choosing the customer. The customer is really choosing us and these strategic focal points are, we'll come back later in deeper to those, but one big strength for our company and our people is that we have the ability to really focus on our focal points and take them to our daily operations. That's the real strength in Kojamo. Our people really work on these focal points. The values are in

place, they were made with our employees a couple of years ago and they are really present in our company, and I'm really, really happy. It's not often that you find a value in a company as thrive for success. Actually, it really sounds better in Finnish, 'hinku onnistua'. It really describes our world and the courage to change. We are creating a lot of new things.

These strategic focal points. If we take them one by one, they have been present already but of course is, provides a new colour when they are listed here. We want to deliver the best customer experience. Actually, it means easy, effortless living, but a sense of added value. That will back up our ability to create like for like growth and might back up some new businesses as well. Operational excellence. We have the saying that it's good to do things right but it's better to do the right things right. And then efficiently. We are combining technology. We are ready to grow and we have the platform ready, mainly the business models ready. But of course, we want to be the leading company and create even better business models. The personnel is important for us. We operate with our own people. So all the most value adding-processes is all handled by our own people. We want to be known as a company with corporate culture of dynamic and effective atmosphere. We want to keep well our people so and ensure that the competitiveness keeps on going and we learn the right things for tomorrow. We are focusing on what we should know tomorrow and next year. The strong growth. We are able to grow from different sources. It seems that our concept is strong and we are able to create a strong like for like growth. We are able to provide new development projects either based on our own land or by buying from construction companies. We have the ability to convert premises into apartments. We will keep on buying existing portfolios and apartment buildings. So actually, we are combining all the aspects at all times. Responsibility and sustainable development, that's something that's always been present here. ESG matters are a part of our DNA and daily operations. Digitalisation, we've been focusing on that already. But it's something that's connected to everything and we will keep on focusing on digitalisation, whether it's the services or the properties. Like we today apply artificial intelligence in order to optimize the heating, but it's as well how our business is operated. What's the experience for our employees? How they are providing more value, easier? How we are using more and more data in order to be excellent in the business? So it's actually a really big thing and that's why we wanted to highlight it.

The new KPIs for 2020-2023 basically providing still the same strategy and the same future. So we will keep on focusing on growth. We have the ability to grow without asking any new equity. We are combining these different sources and the annual growth of total revenue, the target is between 4- 5% a year. So actually, that provides still the story that we are ready, willing and

able to grow. The annual investments are between 200 and 400 million euros. Of course, we are financially really strong and if we would find a bigger opportunity, we are ready to move fast. But we are not growing at any cost. As we've been saying already and as we've been providing the results, we have increased the requirement of FFO against total revenue. It should be more than 36. This used to be more than 32. And the third angle is that all financial figures are strong and it's the way we handle the risk. So we still want to keep the loan to value under 50 and the equity ratio above 40. And of course, the customer is really important for us as still the net promoter score target is 40. So it's still the same kind of set up of different angles, but providing the same story that we are still growing and creating profitable growth.

Looking forward, the outlook, and of course then the dividend policy, we estimate that during this year the revenue will increase between 2 and 6% and the FFO will be between 142 and 156 million euros. So this is how it looks at this point of time.

And then the board of directors proposes to the annual general meeting, a dividend of 0.35 euros per share, and that's well in line with our dividend policy. The dividend policy has been that the dividend will be 60% of the FFO provided that that the equity ratio... Oh, sorry, I said wrong. It is 34 cents per share. But the dividend policy at 60% of the FFO provided that equity ratio is more than 40.

And to wrap it up last year, we are really happy. No surprises, in line with our expectations and with our strategy. We were able to create strong like for like growth of 2.7%. We were able to improve the occupancy and we were able to strengthen our pipeline for new development projects. And of course we provided some new colour concerning our strategy. At this point I thank you and move it back to Maija.

Maija Hongas: Thank you. And now we have time for questions. Let's take first questions from here. Let's start with Anssi.

Anssi Kiviniemi: Thank you. Anssi Kiviniemi from SEB. A couple of questions from my side. First of all, you will highlighting for strong pipeline in new projects. Were you are referring to units under construction or where you referring something that is beyond that?

Jani Nieminen: I was referring what's going on. So the number of apartments under construction combined with the actual knowledge of the two deals made with Hausia and SRV. So still 816 apartments already coming.

Anssi Kiviniemi: Great. Thanks.

Jani Nieminen: And of course, we are under discussion with all the construction companies, but that's business as usual.

Anssi Kiviniemi: Good. On your new strategy. I didn't see a word Finland in the strategy. So does it mean that you're open to other markets or is Finland still the place you want to be in?

Jani Nieminen: I would say that neither did the old strategy have the word of Finland. So there are no changes. We are still here in Finland focusing in Finland and the growth centres in Finland.

Anssi Kiviniemi: That's pretty clear. Then on perhaps the transaction market. We are still waiting the pipeline to fill in. So what's the transaction market like currently?

Jani Nieminen: There's been a lot of interest towards the Finnish resi-market, as we all know. We've been scanning several portfolios. We were able to buy 260 apartments, basically off market deals last year. We were really happy. We are scanning the market all the time and I see no problem in why we shouldn't be able to keep on track with our strategy. We've been saying that on average we are trying to find 500 apartments, of existing apartments, from the market. So that's doable.

Anssi Kiviniemi: Then the last one. Could you please give the fair value gained from the valuation method change? You didn't highlight it in the report.

Erik Hjelt: I think, we highlight in the report actually it's approximately 800 million euros.

Anssi Kiviniemi: OK. Approximately. Yes. Thanks.

Svante Krokfors: Svante Krokfors from Nordea. First question is about the strategy. You used to have volume targets also. Now you don't have regarding number of apartments and value of that. Does that mean that you could also consider selling apartments or portfolios if that comes?

Jani Nieminen: Actually, we have already provided color that disposal part of the strategy has been in a big picture completed and we have been successful in focusing to the main growth centres. I think that we have the ability to combine different approaches and as last year was visible that some of the investors are worried if we provide exact figures that this should be 500 apartments. And we are flexible. If we find more than 1,000 apartments to buy, we will buy. If we find suitable new building projects more, we move to that. So we are combining, we are

optimizing the situation but we are creating growth and the growth becomes visible in the total turnover growth.

Svante Krokfors: So I assume the answer is that you are not considering selling anything if somebody would pay a good price.

Jani Nieminen: As I said, the disposal part in a big picture is over. But of course we are a rational professional investor and also in the future it might be sensible to sell some of the properties as we invest more in order to improve the average quality of the portfolio in some location.

Svante Krokfors: Again, a second question about the dividend. Might be the wrong forum to ask the question but given that your balance sheet has strengthened very much, you paid basically the very low end of your dividend policy. Do you have any comments on that?

Jani Nieminen: I think that if the dividend policy is in place and the suggestion from the board of directors is aligned with the dividend policy. Our numbers are strong and provide head room for us to move in if we find something that's appealing.

Svante Krokfors: Thank you.

Jussi Nikkanen: Jussi Nikkanen Handelsbanken. Did I understand correctly that you're not having on the growth target, you're kind of, the old 38,000 apartment is now withdrawn? So it's more of an annual investments that you are targeting for?

Jani Nieminen: We were wanting to provide new kind of colour but as we are growing we will hit the number 38 as well. Probably some more in the future as well.

Jussi Nikkanen: Had the leverage target, you remain kind of on the below 50 level on the leverage target and that creates some uncertainty as the buffer is so wide currently. If for example, looking from the rating agency perspective, which they highlighted. Can you estimate something or give us some kind of colour, on the level of the current LTV, kind of 40 and 40 and half that whether that's a good approximate looking ahead or how are you thinking now for the coming investments?

Erik Hjelt: We haven't changed the targets for LTV and equity ratio. And Moody's actually commented these value change and the impact of value change was a credit positive. But they were not ready to change the rating. Yes, our figure currently is very strong and that gives us a

buffer for our level what required by the rating agency for the current rating. We are very pleased with the current rating. It's a good combination actually, this equity ratio and loan to the value targets. What we think that place for equity investors and what we think that debt finance providers would like to see. And this current rating what we have in place is Baa2 with stable outlook from Moodies, that seems to underline the fact that it plays for debt finance providers as well. We are happy with these figures. Yes, we have a buffer and for us it means that we have from that angle as well, capacity to grow if we find something suitable to acquire.

Jussi Nikkanen: Could you repeat on the regulated apartments part, that what was the share of the released apartments in 20 and 21?

Erik Hjelt: 2020 roughly 30% of the regulated apartments comes out of the restrictions. And 2024 again roughly 30% and the remaining part is spread equally for the other years.

Jussi Nikkanen: Ok. Yes and, the share of, amount of, like for like rental increase in 19. That percentage was..

Jani Nieminen: Like-for-like rental growth?

Jussi Nikkanen: Yes. Rental growth.

Jani Nieminen: 2.7.

Jussi Nikkanen: 2.7. That's all. Thank you.

Maija Hongas: Ok. Let's move to the conference call line please.

Operator: Thank you. And ladies and gentlemen, if you do wish to ask a question, please press zero and then one on your telephone keypad now. The first question is from the line of Frederick xxx from Carnegie. Please go ahead. Your line is open.

Frederic Cyon: Good morning gentlemen. On a couple of questions from my side. Ilmarinen just announced that they have sold the portfolio to the Swedish investor RM in Finland for about 140 million euros or slightly below 160,000 per unit. Are you familiar with those assets? Where are you interested in acquiring those? Do you know anything about the net yield that transaction took place at?

Jani Nieminen: I think, it's not our in hand to comment on the actual transaction. But yes, it's basically we always know what's going on in Finland.

Frederic Cyon: And looking at the price tag? Are those assets similar to what you own?

Jani Nieminen: I wouldn't comment the Ilmarinen portfolio in details.

Frederic Cyon: Ok. And then moving over to the turnover rate. It was a fairly high in 2019, close to 30% and has been growing over the years. Do you think this kind of level is what we should expect going forward as well?

Jani Nieminen: I think it seems that's something you have to expect in the future as well. It's a new era and it seems that the millennials are moving more often. Of course, we have to keep in mind that a lot of people are moving inside Finland towards the biggest cities and they might choose the first place and then decide a bit later what should be the best possible micro-location. But that's something we want to be helping them with.

Frederic Cyon: And then when it comes to the new strategic targets for 2023. Those are six, which one do you think is the most challenging to reach?

Jani Nieminen: I think the strategy is always something that you are having challenges in all the aspects. At the same time, so you are comfortable with those, and you are able to meet those targets. That's something in our world that we set the targets high and then we'll go there.

Frederic Cyon: And then my final question on the guidance for revenue increasing 2020. What kind of like for like assumptions, have you used to get to that guidance?

Erik Hjelt: Somewhere between a 2.3 and 2.5.

Frederic Cyon: OK, thank you.

Operator: And there are currently no further questions registered, so I'll hand the call back to the speakers. Please go ahead.

Maija Hongas: Ok, thank you. It also seems that we don't have any questions in the chat, so I thank you all for today and our Q1 report is going to be published on 7th of May. So hopefully we'll meet then again, thank you very much.

Jani Nieminen: Thank you.

Erik Hjelt: Thank you.