

Transcription

Kojamo Q3 / 2021 Interim Report

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04 November 2021

PRESENTATION

Maija Hongas

Good morning ladies and gentlemen. Welcome to Kojamo's Interim Report of January-September's news conference. My name is Maija Hongas and I'm manager of Investor Relations here at Kojamo. I have the pleasure to welcome our CFO, Erik Hjelt, and CEO, Jani Nieminen, to present our results in a second. But first of all, it's good to mention that after the presentation we have time for questions. As we are able to host live guests today, we will be taking guests questions first from the room and after that from the conference call line. Final questions will be taken from the chat.

Without further ado, the stage is yours, Jani.

Jani Nieminen

Thank you Maija. Good morning. It's nice to be here to provide colour on Kojamo's Q3 results. As we've been saying previously, this year has been in line with our expectations. The Covid-19 pandemic has had a temporary impact on the urbanisation and rental apartment markets. We have seen that our occupancy is temporarily lower and because of that, like-for-like growth has been flat.

During the summer, the delta variant and the so-called fourth wave of Covid-19 created uncertainty for sufficient vaccination levels, as it now seems this 80% vaccination level will be reached in the next couple of days or, at least, weeks. We have already seen that the rental apartment market has been returning back to basically normal in the Turku and Tampere regions. Here in the Helsinki region, we have seen the impact of this uncertainty, even though since August we have witnessed a rapid increase with open job opportunities and a lack of workforce, especially in service industries. So, a positive indication that as soon as vaccination level is reached and this uncertainty level goes a bit down, urbanisation will continue in the Helsinki region and we do estimate that long-term mega-trends creating demand for new rental apartments in the bigger cities are still valid.

Moving to the operational environment, it's easy to say that since last spring, the Finnish economy has been recovering well, despite the pandemic. On the other hand, during the summer we witnessed a rapid increase concerning construction costs, although construction volumes have been picking up speed in terms of the number of new residential start-ups. We have also seen that there is an increase in the number of build-to-sell projects.

At this point it's good to keep in mind that all projects under construction here at Kojamo have fixed pricing, so this construction cost increase has no impact on our initial net yields. In the market, otherwise, what we've seen is that a lot of home buyers have been moving; there is an increase concerning old dwellings. Of course, there are big regional differences and micro-location differences. We see that low interest rates and high-level consumer confidence is backing up this home buying. On the other hand, what has been happening and we still estimate forward is that rents are still going up between 1.7 to 1.8% in the market.

Moving to page five, as I said, we do believe and I estimate that long-term mega-trends creating demand for rental apartments in the biggest cities are still valid. There will be an increasing number of small households – meaning one- and two-person households – and they do typically live in rental apartments. Urbanisation will continue according to MDI estimates done in the summer. What will happen here in Finland is that urbanisation will continue in all three scenarios

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they provided. In the market, otherwise, what we have seen is that there is still a lot of interest in the Finnish rental apartment market from international investors. There have been several transactions made this year, typically all done by international players. Some ongoing portfolio processes. And it seems that the yields paid are quite aggressive.

And on the bottom right-hand side we see that this mega trend is creating the atmosphere and people's values towards rental apartments have been still the same. So, in all the big cities, the number of households living in rental apartments has been increasing all the time. For example, in Helsinki, Turku and Tampere, half of the households today live in rental apartments.

Moving to page six, concerning the operational environment. As I said, Covid-19 has caused a discontinuity to urbanisation, especially here in the Helsinki region, where we see positive signs since August, when job opportunities started picking up speed and there is a lack of workforce. As soon as these restrictions are removed and we have sufficient vaccination levels, that is estimated to have a positive impact on urbanisation.

There has now been a higher number of build-to-sell projects and construction volume seems to be picking up speed toward the end of this year. On the other hand, it is focusing towards the biggest cities and the most important part there is that it seems that a bigger portion of those start-ups are really build-to-sell projects and estimates are that this increase in construction volumes seems to be levelling off next year.

Of course, increasing construction costs and the amount of materials available could hurt the volumes in the short term, as well and bring down the high volumes.

Digging a bit deeper into our Q3 figures, we are still providing profitable growth. Our total revenue grew by 1.8%. Two elements there, most of all importantly is that we are still completing a lot of apartments this year and last year. That provides growth. On the other hand, we have been quite systematic with our renting processes, so even though like-for-like growth was flat, we have been increasing our like for-like-rent by 2.1%.

Net rental income €196.7 million was improved by 1.5% comparing the comparison period. Some comments there, the same reasons are still valid. So we did have a cold winter last winter with a lot of snow. We have been having a higher intensity in cleaning because of Covid-19. On the other hand, we had slightly less repairs.

FFO improved by 1.1%. The fair value of investment properties today of €7.6 billion is because of our strong growth combined with the positive change in fair value this year.

Gross investments €258.1 million this year so far are mostly new development projects. The amount invested there is €228.9 million.

As I said, we are still providing profitable growth, so profit excluding changes in fair value, €131.9 million was improved from the corresponding period by 6.4% and then profit before taxes was €616 million. There is of course the impact of changes in fair value of investment properties that amounted to €484.1 million.

Moving the page eight, we are providing strong growth. So far this year we have completed 820 apartments and started 818 apartments. At the moment, we have 2624 apartments under construction; all projects located here in the Helsinki region, so we do have a really strong pipeline providing future growth.

All the locations are here in the Helsinki region at the moment, having an excellent micro-location, close to public transportation and close to services. The net initial yield still concerning our projects under development is 4% or above

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4%, so actually it means that we are still providing a really strong development gain as well as those projects will be completed.

And even though there has been this cost increase, all of our projects do have fixed pricing and the binding agreement with construction companies providing an additional 800 apartments, so the cost-increase risk is carried by the construction companies.

Moving to page ten, there is not much additional new colour on so-called Metropolia properties other than the first project. We are getting ready to start those projects hopefully later this year, meaning Abrahaminkatu 1, Agricolankatu 1 and then the zoning should be completed concerning Albertinkatu, Eerikinkatu 36, so-called Kottaraisen kortteli. Then some small delays because of municipality decision-making and the zoning process with a couple of projects. By next year, we hope that we are able to start most of the projects.

A couple of words concerning our way of operating. We are providing additional value for our customers. We have the platform in place providing a lot of services. Customers are still really happy with our way of providing the customer experience. For example, the Net Promoter Score concerning our digital services is 63. And roughly 70% of our customers are using so-called MyLumo services, so mobile and digital services you are able to take care of your daily issues, order services and get a lot of information from us.

We have seen slight changes happening in the customer base. Students were active in the market in the summer. So there is actually an increase of one percentage point with customers below 25 years and on the other hand a one percentage point increase with one-person households. On the other hand, there is a slight decrease concerning single-parent households, so a one percentage point change downwards there.

Sustainability plays an important role for Kojamo. We have always said that it's a part of our DNA. Sustainability work is proceeding nicely. Our GRESB score improved by seven points and we earned three stars. We also achieved the highest A-level rating concerning public disclosure assessment and EPRA gave us a silver award concerning sustainability reporting.

We are moving with our sustainability road map, providing, by 2030, all our properties with zero carbon. Already today we are using no-carbon electricity in all our properties.

At this point, I would pass the word to Erik. Please, Erik.

Erik Hjelt

Thank you, Jani, and good morning everybody from my side as well.

So page 14, our top line grew by €5.2 million year to date and the growth during Q3 was €1.8 million and as Jani mentioned, the like-for-like was flat, but 2.1% positive impact for rent and work charges increases, occupancy rate -2% impact and then others -0.2%. So the growth was driven pretty much by the growth of the property portfolio.

Net rental income grew €2.9 million and the growth during Q3 was actually €3.3 million. Maintenance year to date is €3.9 million, higher than in the corresponding period. But it's good to know that during Q1 the weather played the role there, so the heating and snow together was more than €2 million higher than the corresponding periods and then Covid-19-related

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items, so cleaning and water consumption of more than €1 million higher than the corresponding periods. So maintenance costs during Q3 were actually flat and repairs are €1.4 million lower than in the corresponding periods.

Page 15. So the profit, excluding change in values up by €7.9 million and the whole year change in fair values of positive figure €616 million. During Q3, the increase was €17.9 million. We kept the yield requirements unchanged during Q3 and there was no ending restriction during Q3, so the positive impact was pretty much due to the development gain from the finalised developments, so we are still above this budgeted 20% development gain level.

So FFO up by €1.2 million during Q3. FFO was €45 million. growth there €3 million.

Net rental income contributed €2.9 million, SG&A expenses were €1.6 million lower than in corresponding periods. We achieved some savings due to Covid-19. Financial expenses up by €2.7 million and the reason behind that is that the loan portfolio is much bigger than in the corresponding period. Gas taxes reflecting, of course, the better result, so up €1.9 million from the corresponding period.

The formula used, the calculation was changed during the previous period regarding the current taxes of disposals and, of course, comparison, because it was adjusted respectively. Previously, actually, we excluded the loss and profit from sale on investment properties from the calculation, but they included the gas taxes of those property disposals and we received feedback from especially international investors that it's not a balanced situation, that we should actually exclude both items and that's what we changed now. The timing for that change was good because it has no material impact on our conversion figures.

Page 16, financial occupancy rate, as Jani mentioned, the uncertainty is here related to vaccination and removing existing restrictions was delayed and the migration towards the Helsinki region. We have already seen an improvement in our occupancy rate because of Turku and Tampere.

I think we already covered the like-for-like, so page 18. Our investments €258.1 million, by far the biggest portion there are developments, modernisation investment €7.7 million capitalised borrowing costs €4.2 million.

Repairs, €1.4 million less than in corresponding periods, modernisation investments €12.4 million less than in corresponding periods. That decline in modernisation investments is pretty much a timing issue, so we haven't started any bigger projects during Q3 or Q2 actually, and that plays a role, so it's pretty much a timing question.

Page 19. Fair value investment properties up by year-end €743.6 million. Investments €262 million and profit on fair value of investment properties €484 million. We still have 2,127 apartments where we have restrictions regarding the valuation and these restrictions will gradually end by 2024 and there's going to be an uplift in value between €140 and €160 million and any restriction is back-weighted.

Page 20. We have already invested €411.9 million for apartments under construction and €233 million to be invested to complete those ongoing developments, providing 2,624 apartments, binding agreements, €163.4 million to be invested to provide 796 apartments. On top of that we have, of course, this Metropolia portfolio and land and existing properties where the idea is to demolish existing properties and replace them with new ones. We estimate that investments in development projects amount to about €350 to €380 million this year and all our ongoing developments and land located here in the Helsinki region.

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Equity ratio and Loan to Value, page 21. We have very strong figures actually and we are very in line with our strategic targets to have equity ratio above 40 and Loan to Value below 50%.

Page 22, showing strong growth in EPRA NRV – 19.32 at the end of Q3.

We still have quite a strong capital financial key figures, average cost of debt 1.8% including cost of derivatives, hedging ratio quite high, above 90%, average interest rate and average loan maturities clearly above four years. We didn't make any new financial arrangements during Q3 and there's no need for additional financing this year, nor are there any refinancing needs for 2022 or beginning with 2023. There is one €200 million bond that will mature in in 2023, but it's not time to do anything about that, so no major refinancing needs for a couple of years to come.

We are quite cash rich, so cash and cash equivalents and financial assets together more than €380 million credit lines committed unused €300 million and Commercial Paper programme €250 million, €50 million outstanding commercial papers at the end of Q3.

Page 24, cover notes regarding our strategic KPIs. So top-line growth 1.8%, investments €258 million, FFO against total revenue about 39%. So clearly above our 36% target. We still have property taxes calculated in these figures, so the Q4 portion of whole year's property taxes is €2.75 million. Loan-to-value equity ratio well in line with our target as already discussed. Net Promoter Score 20. Here it's good to note that our digital NPS is 63 and it's not included in this figure. And although this NPS figure has come down during this year, all questions regarding customer satisfaction have actually improved during this year and then we have noted that this coming down of NPS is quite a universal phenomenon across the board.

Page 26, our outlook is unchanged. So we estimate that top-line growth will be between 2% and 4% and the FFO between €150 and €158 million.

So there has been a delay in lifting Covid-19 restrictions, affecting the rate of migration and that of course plays a role there for the top line and that's why we estimate that we will hit the lower end of that top-line range. A key consideration regarding FFO is of course that top-line development plays a role there. Weather during Q4 is going to play a role there, the timing of repair projects will play a role there and we don't need any additional financing for the remaining part of this year. And it's good to keep in mind that there are some seasonalities regarding the maintenance cost, of course they are mainly related to the weather.

Dividend policy, page 27. No changes there. The dividend policy is to pay at least 60% of FFO provided the group's equity ratio is above 40%.

Now I'll hand it over to Jani.

Jani Nieminen

Thank you. To summarise in a way, it's easy to say that strategy-wise we have been still proceeding systematically, creating growth and we do have a strong project portfolio creating future growth. Long-term trends creating demand for new rental apartments are still valid and we estimate that urbanisation will continue in the future as well, creating this demand for new homes. And at this point I will pass it to Maija.

Q&A

Maija Hongas

Thank you very much for the presentation and now it's time for questions. First, we'll be taking questions here from the room.

Svante Krokfors

Svante Krokfors, Nordea. A couple of questions. First, regarding relatively high level of completions and coming completions of new rental apartments in the Helsinki area, a lot of build-to-sell properties. What kind of challenges do you see in being able to maintain the 2-2.5% rent increase?

Jani Nieminen

We do estimate that as soon as this uncertainty concerning what the right level of vaccination is and whether restrictions will remain or will be removed, will come down. People will be starting to move towards Helsinki as there are already a lot of job opportunities available. So, we estimate that demand will be growing.

On the other hand, even though there are more build-to-sell projects, as I said, in the customer base, we have seen that, for example, the number of one-person households moving to Lumo homes has been increasing, so there is a strong underlying demand for rental apartments.

Svante Krokfors

Okay, thank you and then regarding your occupancy rate, it has been quite stable before the pandemic at around 97%, is that still the long-term target that you expect to stay at? I think that in your valuation calculation it's slightly higher. Do you have any comments on that?

Jani Nieminen

I'll provide some colour there. Valuation-wise, there are estimates concerning occupancy, with different estimates concerning different parts of Finland. We do believe that we are going back to our normal levels in the coming year, so 97% is to be expected in the long run. On the other hand, as I said, we have already seen that things are back to so-called normal in Turku and Tampere.

Svante Krokfors

Thanks. Then you took down a bit the full-year investment level from the previous 370 to 420, now 350 to 380. Is that relating in any way, perhaps not immediately, to cost inflation, but how do you also look at the current high cost level? Is that something that that could postpone your decisions to make new investment decisions?

Jani Nieminen

Erik can provide deeper colour, but it's more a question of timing. These kinds of situations with rapid cost increases have been happening before as well. For example, two to three years ago we provided information already then that when the market gets tough, we are good. We are able to find different solutions. Different approaches, if needed. We are still working on a daily basis in order to find new projects and we do believe that we are still able to find new projects according to our parameters, even though we know that we are quite systematic and hard with our parameters.

Svante Krokfors

Thanks, and I think Erik alluded to it, but the development gain you are achieving is still closer to 30% than 25%, is that correct?

Erik Hjelt

That's correct.

Svante Krokfors

Last question. You had a big value uplifting in Q2. You said that there are some transactions possibly going on. Could you just specify a bit what were the transactions in Q2 that impacted you the most and what sort of portfolios are out in the market now?

Jani Nieminen

As I said, already after H1, there were a couple of transactions completed and we know that there are some ongoing processes, without going to specify project by project, what have we have seen is that yields paid have been a really low figure.

Svante Krokfors

You're already seeing yields starting with 2?

Jani Nieminen

I guess that part remains to be seen, but hitting flat three has been happening already.

Svante Krokfors

Okay, thank you, that's all from me.

Maija Hongas

Okay, then we will move to questions from the conference call line, so please operator, we're ready.

Operator

Thank you. If you wish to ask a question, please dial 01 on your telephone keypads now to enter the queue. Once your name is announced, you can ask your question. If you find your question is answered before it's your turn to speak, you can dial 02 to cancel. Our first question comes from the line Selene Shudreen of Barclays. Please go ahead, your line is open.

Celine Huynh

Good morning. I have two questions. One on occupancy. Can you break down the occupancy rate that you have disclosed? What was the like-for-like move? And what is the vacancy due to new development? I just want to understand if your occupancy rate is improving on a like-for-like basis.

And then my second question will be on the recent announcement and any comments on the new large shareholder Heimstaden Bostad. Have you spoken to them? Do you know if they intend to do something differently in terms of strategy? Any colour on it, really. Thank you.

Erik Hjelt

So the like-for-like growth was -0.1% and there are three components actually included in that figure. So, the increase in rents and water charges was a positive figure, 2.1%. The impact of occupancy was -2% and then other items were -0.2%.

And then your next question. Yes, we have received the flagging notification from the Heimstaden that currently holds a little more than 10% of Kojamo shares. And we discuss with them as with any shareholder.

Celine Huynh

Can you provide a bit of colour on it? What was the discussion about?

Erik Hjelt

Well, we discussed with them like any other shareholder, so there's actually nothing more to be added at this point.

Celine Huynh

Okay, thank you.

Operator

Thank you and the next question comes from the line of Erik Granström of Carnegie. Please go ahead, your line is open.

Erik Granström

Thank you, good morning. I also would like to talk a little bit about what you're seeing in the market. You keep mentioning the fact that there is quite substantial interest in the direct market for residential rentals with yields coming down towards 3 flat.

You obviously have higher requirements than that on your books. Technically how long do you think that this lag between what we're seeing in the transactions market is going to trickle through into your numbers? And secondly, do you see a large difference in yield requirements in portfolios depending upon where these assets are located in Finland?

Jani Nieminen

Of course, there are some differences between yields depending on the location and the age of the building concerning those portfolio transactions, but in my eyes, it seems that this range seems to be narrowing.

Concerning valuation, we do believe that our valuation is being done as always in an appropriate manner, providing correct information. There it's good to keep in mind that valuation is always done property by property, specified yields, what we have seen in the market is that investors are willing to pay a portfolio premium. Valuation will be done next time at the end of this year by an outside expert. So we don't provide any guidance or any colour of what might happen or what will not happen. That part remains to be seen.

Erik Granström

OK, good. And then my final question was regarding the fact that you mentioned you had fixed contracts with the construction companies of your projects. But have you seen any of your contractors run into financial issues due to cost increases? Because it's one thing to have the cost fixed – that works as long as the contractor is still around. But if a smaller contractor can't handle the cost inflation and goes bankrupt, obviously you're going to end up in a quite a poor situation. Have you seen any situation like that at all?

Jani Nieminen

No. All our projects are proceeding in normal manner. Of course, we are a professional buyer. We are following all construction companies continuously risk-wise. We do have good companions providing us new homes, so it seems everything is okay there.

Erik Granström

Okay, thank you. My final question, then, regards like-for-like development. Given how you're guiding for the full year, it seems that like-for-like development in Q4 is going to be quite similar to Q3, and given your expectations for moving into

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next year, could you give some more guidance as to what you expect in terms of like-for-like for next year given the scenario that you have for vaccination and Helsinki development in general?

Jani Nieminen

So far we haven't provided any guidance for 2022, but we've been providing information that mid to long term we are able to provide like-for-like growth between 2.1% and 2.45% and that's still our estimate. So that's a combination of both capabilities to increase rents and then the positive impact when urbanisation continues and occupancy increases.

Erik Granström

Okay, that's clear enough. Thank you very much.

Operator

Thank you. Our next question comes from the line of Anders Thorman of Green Street Advisors. Please go ahead. Your line is open.

Andres Toome

Hi, good morning. I was just wondering maybe you can provide some more colour on the rental market developments in general in Helsinki? What are you seeing in terms of leasing volumes at the moment as you've gone through the recent months? I do recall that from the previous quarter you mentioned that domestic volumes generally are higher than 2019 levels. I'm just wondering how that leasing momentum will translate into occupancy going forward.

Jani Nieminen

Thank you for the question. Yes, we did provide colour after H1 results that what we saw during July was a record-high number of new tenant agreements because it was true. We saw a lot of students moving toward the university cities. Leasing numbers have been quite strong this autumn, so we are quite happy and looking with a positive mindset towards the future.

Andres Toome

And at the moment, then, in autumn are they also about 2019 levels or how do they compare?

Jani Nieminen

We are a bit above 2019 levels.

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Andres Toome

Okay, understood. Thanks. And then my final question is about Heimstaden as well. I'm just wondering what the Board of Kojamo would even entertain an offer if something were to be put on the table. And I'm also curious, has Heimstaden's move prompted a dialogue with any other interested parties potentially?

Jani Nieminen

I would say that this type of questions concerning Kojamo shareholders, for me as a company CEO, have been present throughout the years from different angles and it's good to keep in mind that, as Kojamo's CEO, I do not comment on questions relating to company ownership as it falls within the remit of the Board. It also has been never been our practice to generate comment on changes in a company's ownership. As a CEO, all the owners are always good ones. And we are always happy with our owners.

And further questions concerning board decision-making should be provided to the Chairman of the Board.

Andres Toome

Thank you, that's all from my end.

Operator

Thank you, we currently have one further question in the queue. So, if there are any further questions, please dial 01 on your telephone keypads now. The next question comes from the line of Oliver Caruthers at Goldman Sachs. Please go ahead. Your line is open.

Oliver Carruthers

Morning all. Oliver Caruthers from Goldman Sachs. So in your portfolio appraisal disclosure, there is a capital region market rental assumption of €19 per square metre. However, if I look today on your Lumo webstore, I struggle to find anything less than €23 per square metre around Helsinki. And it seems like the average of what's available is much higher than this. Can you first comment on where the average in place rents are today for your Helsinki region portfolio? And secondly, if you are right, and migration to Helsinki does resurge over the next 12 months, how positive do you think this could be for the market rental impact? Thank you.

Erik Hjelt

Thanks for the question. It's actually a tricky one because there's such a huge variation. So it depends on which part of the Helsinki region you are and whether the building is a new one or an old one, whether you are on a first floor or on a top floor. So, we have seen rents in our portfolio in the Helsinki region somewhere between €20 and the highest is actually about €30 per square metre per month.

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When we do renting and when we do look other rent increases every month. We price them apartment by apartment and we look at the other prices in the market then, of course, we are able to set the prices higher given the stronger brand name and services and stuff like that, so it varies. It depends which property we're talking about.

Oliver Carruthers

But the in-place level for your portfolio today, are you able to give that disclosure?

Erik Hjelt

So we need to see whether we are going to add some disclosures, so we think that currently we are quite visible in our figures, but we need to discuss internally whether we should add something actually.

Jani Nieminen

But then, on the other hand, yes, it's good to keep in mind that all our tenant agreements include a clause which allows us to increase the rent once a year with index plus maximum 5 percentage points. So we do have quite a good headroom to move with the rent levels if we see that markets are changing.

Oliver Carruthers

OK, clear, thank you.

Operator

Thank you and currently we have no further questions on the phone lines.

Maija Hongas

Thank you very much. Then we will continue with the questions from the chat.

The first question we actually have already discussed regarding Heimstaden.

The next question is: The increased payable tax ratio. Can you please comment on the payable tax in Q3? Also, what are the tax relating divestment adjustments in the FFO calculation?

Erik Hjelt

We estimate that the gas tax rate will be somewhere between 11% and 13% going forward, given the fact that we are able to use depreciation in our portfolio, and we have quite large tax in there. So that's pretty much going forward. In the FFO calculation, the figures added in the calculation are related to how we calculate the FFO. So previously, we excluded the profit and loss of sale of investment properties out of FFO calculation, but we included the gas taxes due to the disposal

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of our properties and we received a lot of feedback from international investors, especially that it's not balanced and that we should exclude both items and that's what we changed and now it's visible and in that calculation.

Maija Hongas

And then the final question: The occupancy rate in the Helsinki region of 93.6%. How does this stand versus market levels, and how does the competitive landscape of rental levels hold up in the region?

Jani Nieminen

We have to keep in mind that a lot of the supply is provided by individuals owning a couple or several apartments. They don't provide any information concerning occupancy levels. Comparing to big players, we are doing good and the market seems to be improving. So, as I said, it seems that rents are still improving or increasing between 1.7%-1.8%.

Maija Hongas

Thank you very much.

We have one additional question from the room, so we'll take that one next.

Svante Krokfors

One final question. You mentioned that there's some yield narrowing between good and not-so-good locations. What is that the consequence of? Is it that you have a lot of international investors who have done a DD on Finland as a market and just don't get hold of any good portfolios and want to look also outside those locations?

Jani Nieminen

Yes, I think that's a typical impact when there's a lot of money looking for investment opportunities and, on the other hand, not enough opportunities available and hard competition. So that typically narrows down the range.

Svante Krokfors

And you expect that to continue also?

Jani Nieminen

If there are not enough portfolios available that could continue.

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Svante Krokfors

OK, thank you.

Jani Nieminen

So it's typical that buyers are looking for A-class properties. If they are not able to find them, they are moving to B and then to C, because, as we know, there is a lot of money in the world at the moment seeking for opportunities.

Maija Hongas

Okay, thank you very much for participating in our event today and our full year report will be published on the 17th of February, so we hope to see you all then. Thank you very much.