

# Transcript – Kojamo Half-Year Financial Report

August 21, 2025

Niina Saarto: Very good morning and welcome. This is Kojamo's Half-Year Result webcast. I'm Niina Saarto, and I'm from Investor Relations. Today, we have two presenters, namely our new CEO, Reima Rytsölä. He starts the presentation with the highlights for the review period, and he also discusses the operating environment. Then, CFO Erik Hjelt continues with financial figures and the outlook for this year. As usual, we have Q&A after the presentation, and there we take questions via chat, and then we also open the phone line for live questions. I guess we are now ready for the presentation.

Reima Rytsölä: Thank you, Niina, and very good morning on behalf of myself as well. I'm excited to be here for my first quarterly release. I calculated that it has been roughly 12 years since I was last on this side of the table in an investment meeting and investment community. I was then at Pohjola Bank Plc's Division Head of banking. For the last 12 years, I've been sitting on the other side of the table, your side of the table, but I'm very happy to be here. It has been a very positive start for me. It has been great to notice that the Kojamo people are very energised and competent, and even though the market conditions haven't been that great in the last two years, hopefully they are getting better. As Niina said, I started recently, on 1<sup>st</sup> of June, or actually on 2<sup>nd</sup> June Monday. Obviously, two-thirds of the quarter was already done at that stage, but I'm happy to present the main key points of the quarterly results.

Reima Rytsölä: I think the highlight of our first half year has been that we have been significantly improving our occupancy rate, and that has been a positive development. Both revenue and net rental income increased. In Q2, however, there was some leakage from gross revenue to net rental income. That was mainly due to a one-off allocation, but of course, some of the effects were also related to inflation picking, still affect the maintenance and repair costs. But, we assume that those costs overall will be around the same level this year as they were the previous year. FFO decreased mainly due to higher financial costs. Maintenance and repair expenses also caused some decline in FFO, but as I said, the majority of the impact came from financial costs. As I told you in the very beginning, the occupancy rate development has been really good, and it has been a very conscious strategy. We were lacking in our occupancy rate, and we have worked hard and made some changes in our processes, especially in pricing and sales process as such so that we have been able to achieve very good development. The market hasn't helped that much in that respect. There's still an oversupply in the market, especially in the capital area. But, at least it looks like the growth of oversupply has stalled now. You might expect that at some point, it will turn around.

Reima Rytsölä: We also signed, in June and closed the deal in July, the 1,944 apartment sale. As we have already communicated earlier, the proceeds of the sale will be used to reduce debt and start the share buyback programme. Of course, this transaction and the usage of proceeds will strengthen our balance sheet. Also, with the buyback, we also aim to neutralise the FFO effect on the shareholders. Through that, it gives a better chance for value creation. Our financing position is very strong. Both in June and actually this month, we have closed over EUR 200 million bank loans refinancing, and next refinancing arrangements will focus on loans that are maturing in 2027. Then, of course, starting those refinancing operations next year. It's a very solid base for doing business where we are.

Reima Rytsölä: Operating environment. I think many of us who follow the global economy and indicators are somewhat confused about what's going on. There has been a lot of hassle around tariffs and their effects on the global economy. It certainly brings some uncertainty. Still, even though there's an expectation that the US economy will slow down a bit. There's still some positive upbeat in the expectations of the euro area growth, and Finland has been forecasted as well that the growth will be better this year. Inflation in Finland is very modest, and I think it's fair to say that given the circumstances that our own growth prospects in Finland and then inflation, monetary policy as such is tighter than the Finnish economy would require. Some might argue that there's room to cut rates further from a euro area perspective. But, anyhow, the rate cut expectations have, if not vanished, but at least expectations are definitely not there to that extent that they were some months ago.

Reima Rytsölä: Even though the macroeconomic outlook is not as boosting as we all would hope, I would say that megatrends are still there when talking about housing. The two main drivers of that are, of course, the start-ups of a new residential housing and then the population growth in major

cities. If you look at this graph of the housing starts, it's at a very low level at the moment. Even the expectation of a residential start-up this year, 20,000, I would say that it's probably on the optimistic side. For example, today, this morning, it was in a Finnish newspaper, Helsingin Sanomat article about legislative changes concerning the subsidised apartment building and if that will be cut as well. Given the fact that it has been estimated that the need for a new apartment is roughly 35,000 a year in Finland, and the current level is 20,000 or less than 20,000. It has already been for a couple of years under 20,000. That's obvious that it will affect the supply.

Reima Rytsölä: At the same time, the population growth in major cities in Finland has even picked up. For example, Helsinki just posted that there are over 700,000 inhabitants in Helsinki. Also, the overall capital area is growing. Of course, the big driver in that sense is immigration. Even though the trend of decreasing average household size is still there, immigration as such is a little bit affecting that trend, slowing down because it seems to be the case that many immigrants are living more intensively in apartments than the Finnish ones. However, overall, the urbanisation megatrend, I think, is definitely there. The biggest cities like Helsinki, or capital region, Tampere, and Turku are the ones that are the clear winners in that sense.

Reima Rytsölä: Then, if you look at the glance for our own portfolio, it fits very well with that trend. Roughly 87 per cent of the fair value of our real estate is in Helsinki region, Tampere, and Turku. I would say that it's a very good strategic fit in that sense. ESG as such has kind of – if not faded away from investors' interests but at least the significance is not there to that extent as it used to be a couple of years ago. However, we still think that it's a super important topic. We keep on doing constant work to achieve carbon neutrality by 2030. We are well in time with that schedule. For us, it's, of course, also a matter of profitability so to speak. The more energy efficient than we are, so we can cut down our maintenance costs. Even though we speak about the scope two here, it's good to notice that actually, heating is included in our figures. It is in that sense a relatively comprehensive scope so to speak. Of course, we all know that the last mile is the most difficult here, but there's still some room to develop different kinds of technologies as well, which could enable achieving carbon neutrality in that sense.

Reima Rytsölä: I would say overall, very solid first half year. As I said, the most positive point is picking up the occupancy rate and creating the revenue growth, although the development in rent levels is muted or even in negative territory in some locations. But, the one thing that I would like to highlight here as well in this screen is the Net Promoter Score, which is 58 for us, and it's an all-time high. The customer experience and developing customer experience will be a key factor for us in the future as well. We truly believe in putting the customer in the centre. We can create the service and kind of a glue for our customer relationships that in the future, we will even be able to improve our rent premium, hopefully. I think this is pretty much the part that I should cover. I would like to now hand over to Erik or to financial development, and then we will take it together with the Q&A. Thank you very much.

Erik Hjelt: Thank you, Reima, and good morning, everybody, from my side as well. Page 12, if you first look at the total revenue growth first half of this year compared to the first half last year was EUR 4.3 million, and Q2 was EUR 3.3 million up compared to Q2 last year. You may say that growth came entirely thanks to improved occupancy. On the net rental income side, the H1 growth was EUR 2.9 million and Q2 EUR 2.7 million. On the maintenance side, the cost increase was EUR 0.8 million in the first half, and the repair side was EUR 0.6 million. In the maintenance expenses, both positive and negative figures are on the positive side, heating EUR 1.5 million below last year's figures which mainly came through during Q1 this year. Electricity down by EUR 0.4 million and credit losses EUR 0.5 million. On the other side, there's water that went up to EUR 0.9 million. That's actually quite logical. When you have more customers, they spend more water. Maintenance up EUR 5.7 million and outdoor maintenance up EUR 5.6 million. As Reima already mentioned, there are some allocations in the cost side, and we still expect the whole year maintenance expenses and repairs to be brought in line with last year figures.

Erik Hjelt: Page 13, if you first look at the left-hand side profit and loss before taxes, I'll come to the change in values later, the profit excludes a change in values, it's down by EUR 12.3 million. Net rental income contributed EUR 2.9 million. As said, SGA expenses increased by EUR 0.2 million, financial expenses up by EUR 8.8 million, and then depreciation EUR 7.3 million. I will come to that figure later when we're discussing value changes. On the right-hand side, FFO went down by EUR

6.2 million. Most of the items are the same as in profit calculations, so net rental income, SGA and finance expenses. Then, in FFO calculations, current taxes are up by EUR 1.7 million.

Erik Hjelt: Page 14, as Reima mentioned, there was a strong growth in our occupancy rate, and our focus has been quite a long time already to improve the occupancy. There have been discussions about whether we should release quarterly figures as well. Now they are here. This 93.6 is a cumulative figure year to date, but you can, of course, already calculate the quarterly figures as well. However, now it's released here. The Q2 occupancy rate was already 94.4. In June alone, it was 94.8. Quarter on quarter, the growth was 1.6 percentage points. If you compare Q4 to Q2 this year, the growth was 3.3 percentage points. At the same time, our tenant turnover came down by 1.9 percentage points.

Erik Hjelt: Page 15. These are backward-looking calculations because we compare the latest 12 months against the previous 12-month period. In a turnaround situation where we clearly are at the moment, this is clearly lagging behind, and this is especially true if you look at the occupancy rate. In these types of calculations, you have the tail of previous quarters. In these calculations, Q3, you compare Q3 2024 against Q3 2023. That's why it's really backward-looking. Of course, rent and water charges are better represented. We are still increasing the rents for existing customers. The rent increases on average are somewhere between 1.2 and 1.3 per cent. Some of that is, if you like, because we are now even more flexible when comes to the renting part. In total in these calculations, we are still the impact of rent and water charges on the positive side.

Erik Hjelt: Investments remained at a low level. We have only one ongoing development, 119 apartments. One process to be completed in January or February 2026. For the time being, we are not making any new investment decisions as part of the savings programme. We are no longer talking about a savings programme as such, but we are still in the mode that in at the moment, we are not making any new investment decisions. Of course, the disposal side, with almost 2,000 apartments completed after a review period, but the agreement was signed during the period. Modernisation investments now are up to EUR 10.4 million, and we estimate that the modernisation investments this year will grow from last year. Estimates are around EUR 30 million because we have started a few larger modernisation projects, and as said, repairs are expected to be in line with last year's figures.

Erik Hjelt: Page 17. Fair value investment properties. There haven't been any changes in calculation parameters, nor any changes in what comes to the yield requirements. All transactions, small or big ones, are taken into account in these calculations. Those ones completed after the review period are pretty much in line with these parameters. During the second quarter this year, the fair value change was negative EUR 48 million. The biggest portion of that EUR 33.8 million is related to value chains in non-yielding assets, particularly Metropolia properties. We estimate that this will not have any impact on the valuation or value of apartments. On top of that, there's an impairment loss of EUR 7.3 million to the write-down of our own office premises, or so head office here in Helsinki where we are currently. However, that is booked on a different line, or that's a change in fair value investment properties.

Erik Hjelt: Loan-to-value, equity ratio is quite stable. On the loan-to-value side, 44.4. That includes the non-current assets held for sale. Now, the biggest portion of that has already sold as we speak. Page 19. Next financing arrangements needed for us are to refinance 2027 maturing loans, so no need to do any additional financing arrangements in the short term. However, its interest rate came down to 3.2 percent. We have made two different agreements, one during the review period and one after that. They were actually both extending existing loans. In that sense, no new financing agreements. Net debt came down, and our financial figures are strong. Equity per share and EPRA NRV quite stable this quarter.

Erik Hjelt: Then page 21, our outlook. When we released the closing of the divestment, we updated our outlook, and we restate that outlook. Compared to that, no changes. We estimated that total revenue growth for this year is going to be zero to two percent. Then FFO is expected to be between 135 to EUR 141 million. Why we made the update in outlook in connection with the disposal is because our outlook is always given excluding the impact of potential transactions. That's why, linked to the transaction, we updated our outlook. It's good to keep in mind that the outlook doesn't take into account taxes resulting from the transactions, because they are considered to be non-recurring items. However, then a couple of notes regarding the outlook. If we take the midpoint of the top line outlook,

we estimate that the occupancy will improve even going forward. We estimated that the rent increases are going to be moderate, and we are flexible with rents, and we don't expect any support from the market. It may happen that the market is going to be more supportive going forward. However, in this guidance, we haven't anticipated any support from the market. Then the midpoint of the range for FFO, which, of course, reflects the range for the top-line outlook. At the midpoint of this FFO guidance, we expect that repairs and extra expenses are going to be brought in line with last year figures, maintenance expenses were brought in line, last year's figures, as already discussed, and then averaged weather for the remaining part of this year. At this point, back to Reima.

Reima Rytsölä: Thank you, Erik. I think overall we have tried to cover as well as possible at the moment, the H1 results, and maybe a couple of words before we went to Q&A, that's how to move forward. We have decided to start reviewing our strategy during the latter part of the year. I would say that as a non-native English speaker, I'm not 100 percent sure reviewing is the correct word. It's more of a tuning, but anyhow, tuning or reviewing, as you can take it, but we definitely do that. I think a couple of themes that will be in the spotlight going forward as well as is customer experience and operational excellence. We definitely understand growth importance from a value creation perspective. We will work hard to assess the way to grow in the future and what's the good timing for that. Definitely note taken even before the note was given. I think we are more or less ready to start the Q&A.

Niina Saarto: Yes, we are. Definitely. Do we have any questions from the room here? No. Then, in that case, we start with the questions from the phone line. Go ahead, please.

Moderator: If you wish to ask a question, please dial Pound Key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial Pound Key six on your telephone keypad. The next question comes from Anssi Raussi from SEB. Please go ahead.

Anssi Raussi: Yes. Hi, all, and thank you for the presentation. I have a few questions, and I will go one by one. The first one is about your rents. The report states that the rent per month decreased a bit year-over-year. You mentioned that the rents actually increased in existing agreements. Can you maybe discuss a bit about these underlying elements here, like the impact of campaigns? Should we expect that this will level out towards the end of this year? That's the first one.

Reima Rytsölä: Maybe if I start, then Erik can continue. The obvious outcome is that when we have gained so much in occupancy rate, and the market conditions haven't eased that much, so it's obvious that we have had to reprise the new apartments as such. But, as we discussed earlier, the market conditions that we expect the oversupply to have at least stalled. There might be a good chance that it will ease a little bit in the coming months. That's why it's difficult to say how the rent increase will develop in the coming months. But, I would say that we see that going next year, there is room for a rental increases, but on the other hand, the amount probably will be relatively modest. I don't know if you want to add some, Erik.

Erik Hjelt: We have changed our approach to how we price apartments that become vacant. Now we are doing it when it becomes available and not before that. In some cases, it turned out that the market conditions are such that the new rent is lower than the one in a contract that expired. That plays a role there. Then some campaigns. In some cases, we give a two or three-week rent-free period at the beginning of tenancy. The market standard has actually been one or two months, and we've never done those, but about two or three weeks is something that we use. The impact on top of the rent increases that we do that for existing customers. We started this new approach for pricing when we concluded that we are now focusing on improving the occupancy. We wanted to be more flexible in the rents, given the market conditions. Now, as part of expanding or enhancing our own operations thanks to the more flexible rent levels. Now we've been improving the occupancy very strongly, and of course, the idea is going forward that once our occupancy is on a high level, and once we see that the market conditions are improving, then we start to increase the rents more. Already today, in some cases, we are able to increase the rents through these average figures depending on the local supply and demand situation.

Reima Rytsölä: If I still add a couple of words. We have made the changes to our pricing methodology as such and making it more dynamic. That will obviously work on both sides, expect it to work on another when the market picks up on the other side as well.

Anssi Raussi: Okay. Thanks. That's really helpful. Maybe the next question is related to this fair value change, especially in this Metropolia property or properties. What triggered this fair value change? Do you have plans regarding this property? Also, maybe you can comment on other plans if you have any related to possible future divestments.

Reima Rytsölä: Can you repeat the first part of the question? I missed it. About the Metropolia asset, what was your first question?

Anssi Raussi: Yes. Basically, what triggered this fair value change?

Reima Rytsölä: What triggered? Oh sorry. Yes. Sorry, I didn't hear. I think, of course, as a new CEO, I wanted to do that thorough due diligence as well. We discussed quite a lot of possibilities of those non-yielding development assets, as Metropolia assets are, and of course, the market has changed quite dramatically when talking about the development assets as such and their pricing. Then we did a thorough analysis and readjusted the valuations more to a level that we think the fair market price is. As you know, when we talk about the non-yielding assets, the valuation is more depending on many criteria and inputs. However, we think that at the moment they are at a fair value.

Anssi Raussi: Okay. Got it. The final question was whether you have any initial discussions regarding possible future additional divestment.

Reima Rytsölä: Well, we keep on focusing our portfolio and concentrate even further on the major cities in Finland. That's what we keep on doing. We are definitely, as we both stated earlier with Erik, that we think that we are in a strong financial position. We don't have any kind of urgency to divest further. However, on the other hand, you can't focus the portfolio even further if you don't do any divestment. In that respect, there's still some on the agenda of divestments.

Erik Hjelt: One additional comment. After this transaction was completed during the summer, we still have four assets held for sale, and those discussions are proceeding quite nicely.

Anssi Raussi: Thank you so much. That's all from me for now, at least.

Moderator: The next question comes from John Vong from Van Lanschot Kempen. Please go ahead.

John Vong: Hi. Good morning. You've been gaining quite a bit some market share as you move up in occupancy, but at the same time, it sounds like you still aren't really happy with the occupancy you're at. What's exactly the next step in your view, and what's the level that you'd be a bit happier with where you wouldn't necessarily have to do these marketing campaigns anymore?

Reima Rytsölä: Well, I think we still have some room to improve the occupancy. It's fair to say that we're progressing well on that. Our plan is, of course, that our occupancy will be at more normalised levels when the market picks up, and we have a better capability to go with the rent hikes as well.

John Vong: What would you consider more normalised levels? That's like 97 percent.

Reima Rytsölä: Well, we haven't communicated any kind of target level for our occupancy. But, I would say that around about 96 to 97 sounds much better to me than 94.8.

John Vong: No, that's fair. Thanks. Just on the net promoter score, I think you mentioned that you also see room for rent premium given that you have such a good score. Just try to understand here, what's the difference between your in-place rents and market rents, and how much more of a premium do you expect to get in this market?

Erik Hjelt: We do get a premium compared to market rents, still, even being more flexible, when it comes to renting. That is the current situation, and going forward, of course, our aim is to get even more of the premium. As said, when the occupancy rate is higher and the market improves, our net promoter score improves, so customer feedback improves as well, that gives us more space to start to increase the rent score going forward. We get premium pricing at the moment, but we definitely want to get more premium in the future.

Reima Rytsölä: I think that, as Erik said, that kind of focus will be in the future as well. The customer experience is one key part that we will be able to charge a kind of premium rent, so that our customers will value our apartments and services, so they are willing to pay a premium.

John Vuong: Okay. That's clear. Just one last question. As we start your share buyback programme, I suppose you will send a signal that you are comfortable with your leverage. How should we think about restarting the different distributions?

Reima Rytsölä: Well, that's a discussion that we have to go through with our board of directors in a latter part of this year. Of course, we aim to get back to paying dividends as well. That has definitely been a temporary period during which we have not distributed any dividends in the last two years. However, of course, then we need to adjust the market price and valuations so that we are the best and optimal way to proceed funds to owners.

John Vuong: Okay. Clear. Thank you.

Moderator: The next question comes from Rob Phillips from Green Street. Please go ahead.

Rob Phillips: Thank you very much for the presentation. I just heard two questions on my mind. Firstly, following your recent disposal, how you see the broader transaction market developing, and are you observing other potential deals, and should we expect future transactions at similar discounts to balance sheet value? Then secondly, could you share some thoughts on your capital allocation roadmap going forward? Should we expect more disposals and balance sheet discipline, or are you starting to tilt towards growth? How do you think about the role of new equity in that context as well?

Reima Rytsölä: Well, I think if we start with the transaction that we made and the feedback since that and market reactions. Of course, it was a very big transaction given the recent history of finished real estate markets. It has definitely created some more interest around the transactional market. There's a kind of picking up of interest to invest in the Finnish real estate market, or in general. I would say that, as we have already answered previous questions, we do have some thoughts to divest further. It depends on how it will match our strategy and portfolio, and more of an aim to further focus the portfolio. Wouldn't take the stance of a possible discount in future transactions, but, of course, everything depends on the quality of the disposed assets and so on. But, on the other hand, I would consider that at least it looks like the market conditions are getting better. In that respect, I think if something, so it would be with the kind of like-for-like type of portfolio, the discount should be smaller. I don't know if you have anything to add.

Erik Hjelt: Of course, the transaction volume has been quite muted. Six or seven small transactions last year and at the beginning of this year. One, two, three, even four assets each. Based on discussions after our transaction with the progress, it looks at this transaction is actually creating momentum because there seems to be more international investors who are really scanning the Finnish property market. They've been here earlier as well. However, in most cases, what we heard and what we know some of those have filed in so-called lowball offers, but, now it looks at the discussions around more relevant levels. Now the transaction was the biggest transaction, or the only bigger transaction after 2022. That really was positive for the whole market. After our transaction, there was one bigger transaction in the market as well. I said there are more realistic discussions, at least at the moment, thanks to our transaction.

Moderator: The next question comes from Neeraj Kumar from Barclays. Please go ahead.

Neeraj Kumar: Morning, everyone. My question is in regards to Moody's rating. I see the negative outlook from Moody's has been there for nearly 2.5 years now. We see that you have started a share buyback programme as well. Is it fair to say that you see no risk of Moody's downgrade from here?

Erik Hjelt: Yes, the negative outlook has been there quite a long time already. That's quite unusual to be frank. However, based on discussions with Moody's, they think that all our other KPIs and ICR are very strong in line with the requirements for Baa2. They do share our view that the market is about to change. They have noticed the same as we have, that the interest rates came down, and they seem to like the company. They are more focused now on the big picture, not only one KPI, and they

appreciate all the actions taken by the company. The saving programme, not starting new developments and not paying dividends for two years in a row. They view that the company is moving in the right direction. They wanted to give the company time to show that this is really happening. In that, that's what it's all about. We are going to have a management team with Moody's on Friday this week. Perhaps we can learn something more. We really didn't discuss this disposal and how do you use the money with Moody's. But, we say that our aim is the same as we released in the Q4 report, our aim is to dispose of something, and first priority is to pay back loans, the second priority is to buy back our own shares. Now that's something we've done, and we are doing. The biggest portion of the proceeds received was used to pay back loans. On top of that, we are about to start this share buyback. They are aware of this. As said, the negative outlook has been there for quite a long time. What I explained is the reason why they kept that for a long time. They wanted to give the company time to show that all the actions taken by the company are really paying off as they are doing.

Neeraj Kumar: Got it. My second question is in regards to the valuation yields and the valuation assumptions. I see that you are assuming a value occupancy of 97.2 percent. Looking at the last five years of occupancy numbers, it's nowhere close to 97.2 percent. Also, in light of your recent transaction where you disposed of around a 10 percent discount to book values, do you think it warrants a rethinking of how you're valuing your portfolio, and if there are more valuation declines to be taken?

Reima Rytsölä: Yes, I think we are confident in our valuation parameters. That's true, that our occupancy rate hasn't been there as the parameters, but we have made that adjustment. Would you like to elaborate a little bit, Erik?

Erik Hjelt: The adjustment as such was made when we moved the portfolio assets held for sale. However, before the transaction and when the transaction discussions were ongoing, we just discussed with Jones Lang Lasalle the potential impact of this transaction, if it's completed on these levels which we're talking about at that time. The feedback from Jones Lang Lasalle was that it's not going to have any impact on the valuation. Actually, they say that the yield we were discussing was even better than they expected. In that sense, it was actually a positive thing. That transaction, according to our standard, is not going to have any impact on the valuation going forward. Yes, we do believe that the valuation is made correctly and reflects the fair value of these properties. Of course, the requirement has been one topic that we have been discussing for two or three years already. Now, since the interest has come down quite nicely, at least the pressure to increase the requirement in the valuation has gone away. Jones Lang Lasalle shares our view regarding that.

Neeraj Kumar: Got it. That's very helpful. Thank you.

Moderator: The next question comes from Svante Krokfors from Nordea. Please go ahead.

Svante Krokfors: Good morning. Svante Krokfors from Nordea. Thank you, Reima, Erik, and Niina, for the presentation. A couple of questions left from my side. The first one regards the market balance. I think you have also mentioned earlier this year that the market balance, I guess, for the capital region could be reached. I mean, a similar level as witnessed before the pandemic could be reached already in H2. That doesn't seem to be what you commented now. So what has changed, or perhaps not changed for you to have a more cautious view of the market balance?

Reima Rytsölä: I think it's partly because I don't know what it's called in English, but "*Siperia opettaa*" or so to say in Finnish [*"experience is a harsh teacher"*], so that when you forecast that it will balance and there's a very good reason for it from megatrends like population growth in major cities, and on the other hand, a very low level of startups by new residents. That will eventually balance the supply and demand pattern. We are confident that it will do, but we have probably stopped guessing now that what is the quarter or what is the half that it will happen. However, I think it's fair to say that our confidence that it will happen hasn't decreased as such.

Erik Hjelt: Perhaps I'm guilty of saying something regarding balancing the market situation. As said earlier, we are not guiding anything, and as Reima mentioned, "*Siperia opettaa*". However, what I said was actually that we expect to be in a market situation at the same level, available apartments in the portal on the same level as before COVID-19, by the end of this year. I haven't changed my view. It remains to be seen whether it happens or not. Overall situation of Finland is one thing, but if you then

look at available apartments in the portals, Helsinki, Espoo and Vantaa, and one of the volumes has gone down in beginning of this year. In that sense, we are moving in the right direction, and the gap between these cities, the gap of available apartments today compared to the volumes before COVID-19, it's not that huge. But, now, at the moment, it's rather challenging to comment whether this trend at the moment is thanks to the situation really changing, because it has to change at some point. If you look at the volumes of new startups for the last three years or so, and the estimates for population growth in some parts of them, it has to change. Is it thanks to this expectation coming through, or is it because of the seasonality? During the summer, do you typically have more lease agreements. We've been making a very strong improvement in occupancy, despite the seasonality earlier this year and despite the oversupply in the market. But, as said, this is the situation that in Helsinki, Espoo, and Vantaa, we've been moving in the right direction to the market in beginning of this year. But as said, remains to be seen where we are by the end of this year and in what quarter we are in that type of balanced situation.

Svante Krokfors: Okay. Thank you. That is very helpful. The second question is regarding your churn, which seems to have come down quite clearly. Still, you're raising rents on existing contracts in a difficult market. What are the reasons behind that?

Reima Rytsölä: I think that's one thing that we are actually targeting to bring the churn somewhat down, and we have a focus on the already now on improving the customer experience. As showed in the NPS figures, we seem to have succeeded in doing that. Of course, that will help bring the churn figure down. We are in the early days in that respect but that's definitely something that we try to bring down in the future as well. Of course, that can't be an intrinsic value type of target, the churn. But, with every new customer, you have an acquisition cost as well. In that respect, I think it's from a company point of view, it's profitable to bring the churn down.

Erik Hjelt: I think our own doings plays an important role there as well in improving NPS. We have actually changed many things that we are doing. One is that now we have better cooperation with service providers and are leading them in a more efficient way. We have developed the operations that come to the Lumo Service Centre. Now we are faster and provide more effortless services to our customers because we have changed how we manage the whole actions in the customer interface. I think these play an important role in improving net promoter score.

Svante Krokfors: Thank you. The last question. Reima, you mentioned growth, and obviously the most profitable growth in history for you has been own new developments. What needs to change in the market for you to be attracted to make new developments again? I guess we are quite far from that point currently.

Reima Rytsölä: Yes. I agree that's not the next step or next tool for growth because, already in the market, there are a very good existing assets to be acquired if there's a will. That's more tempting at the moment than developing and starting up new developments of our own. It's very difficult to say that when it definitely needs better market conditions than at the moment, but it's very difficult to give a timeline when that would happen. However, at the moment, the development margin doesn't tend to work as well as it did before the interest rates started to rise.

Svante Krokfors: Okay. Thank you. That is all from me.

Moderator: The next question comes from Paul Gorrie from CTI. Please go ahead.

Paul Gorrie: Hi, all. It's Paul. I had a quick question on the cash tax and its relation to the disposal. I just wanted to understand that we don't always see cash tax actually crystallised as part of these transactions. I wanted to understand why it crystallises here. Is it that the company doesn't have tax losses carried forward to offset against that?

Erik Hjelt: We have quite a sizable amount of deferred tax liabilities in the balance sheet, almost EUR 1 billion. That's, of course, due to the depreciation and due to the positive value changes in the history. When you dispose of something, of course, those deferred tax liabilities will crystallise as cash taxes. That's how it works.

Paul Gorrie: Okay. For future developments, would it be the same structure? If you did another



transaction tomorrow of roughly the same size, I could expect the same level of cash tax to come through.

Erik Hjelt: There's clearly going to be a cash tax as well about what amount depends on what properties we are disposing, because it depends on the value changes and depreciation in the history. In some cases, the impact is zero, in some cases at the same level as in this one, and in most cases somewhere in between.

Paul Gorrie: Okay. That makes sense. I guess I was thinking about it from the perspective of disposals and share buybacks. The logic is that you do the disposal at NAV roughly. I mean, it's a 10 percent discount in this instance. However, at NAV, and then buy back the shares are a big discount. Once you factor in the potential discount to book, and then the tax impact, it kind of negates. Would you say that kind of future development? The tax element has a big implication as to whether you would then do additional share buybacks with the proceeds, or you don't really relate.

Erik Hjelt: Of course, we take into account and consider the potential tax implications. However, we are not running the company based on taxes and tax implications. The other drivers are beyond disposals and share buybacks.

Paul Gorrie: Okay. That makes sense. That's it for me. Thanks.

Moderator: There are no more questions at this time. I hand the conference back to the speakers.

Niina Saarto: Yes. Thank you. Excellent questions. I think we have a few more here left, although we covered quite many. Coming back to the rent increases, could you give some colour regarding your ability to increase or the pressure to decrease rent in different areas and different cities? Is there a lot of variation between cities?

Reima Rytsölä: Yes, I think there is. Definitely the market is not one and the same. That's why I think it was also important that we have changed our pricing methodology so that it goes to basically in the end for a single flat. It depends. Of course, if you look at the occupancy rates in different cities, they are different. That indicates as well the pricing power in the future. As we have discussed, quite a lot of the capital region, there we have had difficulties with the oversupply. However, as we discussed earlier about the market outlook and probable timing for balancing that supply and demand, that will definitely help with the pricing power as well.

Niina Saarto: Yes, a little bit the same theme as you mentioned, occupancy levels are different in different cities, the supply-demand balance is different, but does this influence your future portfolio allocation? Would you see any potential to invest outside Finland?

Reima Rytsölä: Well, to invest outside Finland, this is not at the moment is on the cards. I think we have plenty to do here in Finland as well. I would say that the current occupancy rates in different cities are not affecting that much of our future portfolio consistency, or that content. I would say that it's more of those megatrends or trends that are affecting that where's the population growth, which will drive our portfolio, focusing on our portfolio, and that will come to the which I already mentioned earlier that we are focusing more on bigger cities here in Finland.

Niina Saarto: Right. Okay then, practical question about the share buyback programme. Has it started, or what is the current status?

Erik Hjelt: We are about to start it.

Niina Saarto: Okay. Then you mentioned you might have some disposals in the pipeline. Do you expect them to impact negatively your guidance?

Reima Rytsölä: Well, we haven't indicated any, and if that will happen, then we would refresh our guidance, but not at the moment to inform in that respect.

Erik Hjelt: For assets held for sale, they are quite small compared to the transaction we completed already. The impact is going to be, in any case, quite limited.

Niina Saarto: Then the question about maintenance and repair expenses. When you mentioned that they are expected to be under last year's level, do you mean in absolute terms or relative terms, taking into account, for example, the divestments?

Erik Hjelt: Euro wise.

Niina Saarto: Euro wise. Can you comment on anything about the 2026 repairs or the long-term level?

Erik Hjelt: We are not guiding 2026 years beyond that. In due course, we are going to give guidance for 2026.

Niina Saarto: Okay. That was the final question. Thank you very much for your active participation. The Q3 report is published on October 30th. Thank you all for joining us, and I hope to see you in October. Have a lovely autumn.

Reima Rytsölä: Thank you very much.

Niina Saarto: Thank you.