

Transcript – Kojamo Q3 2025 Interim Report

October 30, 2025

Niina Saarto: Good afternoon, ladies and gentlemen. Welcome to Kojamo's news conference. I'm Niina Saarto from Investor Relations. Today, we have two speakers. Our CEO, Reima Rytsölä, starts with the key highlights for the period and with the operating environment. Then, CFO Erik Hjelt continues. We're going to hear more about the financial development. We will have a Q&A session following their presentation, and then we'll take live questions and questions coming via chat. Now let's go. I'm handing over to you.

Reima Rytsölä: Thank you, Niina. A very good afternoon on behalf of myself as well. We released an hour ago our Q3 results. I'm happy to say that it was a solid quarter, even though the market conditions are still more or less challenging, although kind of a bit improving. I think the highlight of this Q3 was the risen occupancy rate. We had a very good performance, and our occupancy rate rose in Q3 to 96.1 per cent. Due to that fact, we're able to grow our revenues and net rental income, and also – the leakage that we discussed last quarter in Q2, where the net rental income didn't grow as much as revenue, we said at that time that we see as a seasonally adjusted issues there, and it remains to be true. This time, the net rental income grew at the same pace as revenues. FFO decreased due to the fact that the financing costs are way higher than last year, and repair expenses are a bit higher than the previous year. The balance sheet as such is in a strong shape. During the quarter, we closed the sale of nearly 2,000 apartments to Apollo funds, which paid our 200 million debt, and we also launched the share buyback.

Reima Rytsölä: The market as such is still in a challenging mode, but I think we have slight or minor signs of improvement, even though the kind of – recovery has already been postponed many times. One very positive topic for Kojamo during Q3 was as well that Moody's affirmed Baa2 rating for us. That is a very important factor for a company like Kojamo that its financing capabilities remain very solid. We also started the strategy review. But, as I said already in the Q2 release, we expect that to be more of a revising of a current strategy or tuning the current strategy, not as such a totally new strategy.

Reima Rytsölä: Then, if we talk a little bit about the operating environment, the economic growth in Finland remains muted, even though there's slight optimism in different kinds of forecasts. The global economy is more optimistic, and also the eurozone. But, in Finland, unemployment has risen lately. All in all, I would say that our equity story can't build on Finnish economic growth as such, but more on an operating environment in the context of supply and demand in the long run. As we can see here in this graph, we can note that the residential start-ups are still very low in Finland, especially the non-regulated or non-subsidised apartment start-ups, which have stayed at a low level. There are some kind of rumours or initiatives that the legislation will change in subsidised apartment buildings as well. We will see how it develops, but it probably will come down in the future as well. In that sense, we have a kind of basic need for 35,000 new apartments in Finland, and you might question whether it's a correct one or should be 30,000 or 35,000. Still, our startup's level has been less than 20,000 for three consecutive years now, and even though there's some forecasts that it will pick up in the next year, it won't be significantly higher. Thus, it's easy to say that it's definitely underneath the constant need for apartments as such. The need is still there. In the biggest cities, the population grows constantly, and immigration is obviously a big factor of that, and it is a kind of megatrend that is backing up the story. The equity story here in Kojamo is obviously the population growth. One thing that has been discussed is why the supply and demand balance is taking such a long time. Probably the one reason is that although immigration has grown a lot in the last three to four years in Finland, the number of households hasn't increased at the same pace as the population growth. That has been one factor that has slowed down the melting process of supply.

Reima Rytsölä: The kind of old story, which we have been explaining for quite a long time, is that more than 97 per cent of our portfolio is in the seven biggest cities. The urbanisation and population growth overall are in big cities, which are supporting Kojamo's portfolio locations. Here we can see that it's kind of a very good fit for the urbanisation process as such. Overall, I would say that this quarter, as I described, was solid. I think if you take a comprehensive view of our results, all the factors were performing as expected. Although, as I said, the market conditions haven't eased up

significantly, our performance has been good in Q3. I would like to hand over to Erik now, and then we can go to Q&A.

Erik Hjelt: Thank you very much, and good afternoon from my side as well. On page 12, if you look at the total revenue first. The total revenue grew by EUR 4.8 million year-to-date compared to the three quarters last year. The Q3 growth was EUR 0.4 million compared to Q3 2024. The whole improvement actually came through because of the improved occupancy. It's good to keep in mind that because of the disposal we completed at the end of July, it has an impact on the top-line at EUR 3.7 million. We lost that in a top-line growth way. Net rental income year-to-date growth was EUR 3.2 million, and in Q3, it was positive at EUR 0.3 million. Maintenance expense is pretty much flattish in year-to-date, and EUR 1.8 million decrease during Q3. Repairs year-to-date are up by EUR 1.5 million and EUR 1 million during Q3. If you then look at maintenance expenses, there are positive and negative figures. On the positive side, heating went down by EUR 1.8 million, credit losses went down by EUR 0.8 million, and electricity went down by EUR 0.5 million. On the negative side, water up by EUR 1.2 million, and cleaning up by EUR 0.6 million. Both water and cleaning are impacted by the improved occupancy.

Erik Hjelt: On page 13, right-hand side, we have FFO. FFO declined by EUR 7.7 million year-to-date, and net rental income contributed EUR 3.2 million. SG&A expenses increased by EUR 0.7 million, and financial expenses on the FFO side grew by EUR 8.6 million. On the P&L side, the finance expenses growth was EUR 9.1 million. Current taxes were up by EUR 2.7 million. In these current taxes, we are not including current taxes due to the disposal of our assets.

Erik Hjelt: On page 14, we are extremely proud that we are still able to improve our occupancy. If you look at the year-to-date figures or the cumulative figures, the growth is 2.9 percentage points. But, more important is to look at what happened in the third quarter compared to the second quarter this year. The third quarter figure was 96.1 per cent, and it was 94.4 per cent in Q2, so there's an improvement of 1.7 percentage points, which I would call quite an achievement in the current market position. Tenant turnover down by 2.4 percentage points. The main driver there is that our net promoter score is at the moment an all-time high, and then we have enhanced our interaction with our customers. That plays a role in the financial occupancy rate angle as well.

Erik Hjelt: On page 15, Like-for-Like rental income at this type of turning point, I'm not even today a good fan of this like-for-like calculation, which is prepared according to the EPRA best practice recommendations. Because it's backward-looking, in this type of turnaround situation, it's not a representative of what's really going on. But, if we look at our figures, they are improving exactly how we estimated. Now, the impact of occupancy rate, which is visible in this figure, is a positive 1.7 per cent. The impact of rent and water charges down by 0.5 per cent, and others by negative 0.2 per cent. The total like-for-like rental income growth is positive 1.1 per cent. Then, if you just do the math and look at our Q4 figures and the Q4 last year, that will be replaced in the calculation in our Q4 calculation this year, so the impact of the occupancy will improve further.

Erik Hjelt: So page 16, we completed the disposal of almost 2000 apartments at the end of July. We have one ongoing development of 119 apartments in the Helsinki region that will be completed early next year, and there's EUR 4.1 million to be invested in order to complete that ongoing project. We estimate that the repairs this year are going to be slightly above the last year's figures, so a little more than EUR 24.1 million. The modernisation investment is already clearly higher than last year. Now, EUR 19 million year-to-date, and last year it was EUR 4.1 million. We estimate that the modernisation investment for the whole year is going to be around EUR 30 million. The increase in modernisation investments is mainly due to the fact that we have started a couple of bigger modernisation investment projects this year.

Erik Hjelt: On the next page, the value of investment properties was quite stable. We didn't change any evaluation parameters. We didn't change the yield requirement or any other valuation parameters. The outcome in the valuation was negative EUR 16.4 million. Almost all that came through because of the ongoing modernisation investments. On the P&L side, the money invested is a negative figure in the valuation. Then, once these projects are completed, the outcome of this process will be booked when completed.

Erik Hjelt: On the loan-to-value and equity ratio, we have quite strong figures there. Actually, our loan-to-value decreased by 2.5 percentage points on the back of the completed disposals and the fact that we paid back EUR 200 million of outstanding loans on the back of this transaction as well. On page 19, there is a very important piece of information that Moody's actually affirmed our Baa2 rating, and they stabilised our outlook. We are extremely pleased with that. The thing is that the next financing arrangements will be to refinance 2027 maturing loans. In that sense, our liquidity position is quite strong because we have EUR 240 million in cash or financial assets put together and EUR 275 million committed in unused credit lines in place. We've been active in financing other ways as well. We refinanced two loans during Q3, which are a EUR 100 million loan with OP Banking Group and a EUR 75 million credit line with Danske Bank.

Erik Hjelt: Our equity per share and EPRA NRV moved sideways, so there are no major changes there. On page 22, we kept our outlook for this year unchanged. We estimate that top-line growth is going to be between zero and two per cent year-on-year. Then we estimate that our FFO this year is going to be between EUR 135 million to EUR 141 million. If we take the midpoint of the revenue growth outlook, we estimate that the occupancy has improved, moderate rent increases for the remaining part of this year, given that we are still flexible as to renting when our apartments become vacant, and we try to find a new tenant. Then, if we look at the midpoint of FFO guidance, the guidance as such is reflecting the range for what revenue growth guidance is. At the midpoint of FFO guidance, we assume the average weather for the remaining part of this year, that SG&A expenses and repairs will be broadly in line with what we had in 2024, and no additional financing arrangements are to be made during the end of this year. Now, at this point, I'll hand it back to Reima.

Reima Rytsölä: Thanks, Erik. I think it's more or less the time for a Q&A. But, as we've told you, on the other hand, it was not an uneventful quarter but a steady quarter so to speak. Its highlight is the risen occupancy rate that ended in Q3 at 96.1 per cent, so we are pleased with that. But, we are happy to take the questions.

Niina Saarto: Thank you. Do we have a question from the audience?

Frans-Mikael Rosted: I'm Frans-Mikael Rostedt from Inderes. First, I would like to ask about the occupancy rate increase which has been significant like you said. What have been the key actions? It seems like you didn't have to make significant rent concessions during Q3. What have you changed during this year to achieve such a quick turnaround in this market situation?

Reima Rytsölä: I think the dynamic pricing is one of the key aspects. Then, on the other hand, as we've shown in one of those slides that our NPS is at a record high level, so our churn has come down as well. We have been an attractive landlord to our existing tenants, so the churn has come down. Then, we have been able to attract new tenants. Of course, we have had to reprice the rents in some cases for new tenants due to the fact that, as you yourself said as well, the market condition is not that good. But, overall, I think we have put quite a lot of effort into our sales operations and into how that process works. Also, we've tried to put more focus on the customer experience, so that has paid off I would say. I don't know if you, Erik, have something to add on.

Erik Hjelt: Yes, I fully agree. I think it's a combination of several things. We are more flexible when it comes to rent, and we've enhanced how we manage the actual operations. We are more active in meeting our customers, and we have better staffed the evening hours and weekends. We have established a special team in our service centre to support the renting operations. I would say it's a combination of several things that we've been doing.

Frans-Mikael Rosted: Then, I have a question about the transaction market. In Finland, as you very well know, we struggle with the capital shortage. But, in your opinion, how have you now developed the interest of the foreign investors? How has the interest in the Finnish residential market developed this year?

Reima Rytsölä: I would say that it's picking up, and one catalyst was the deal that we closed in late July. It was at the end of June that we signed that deal. After that, there has been a kind of picking up the interest. But, on the other hand, it's fair to say that the interest started on a very low level. Even though it has picked up, the transactional market is not in very good shape as such. However, I would say that it's improving.

Frans-Mikael Rosted: Okay. Thank you. That's all from me now.

Niina Saarto: Okay. Let's move on to phone line questions. Do we have any?

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: Hi all, and thank you for the presentation. I have a couple of questions. I'll start with the occupancy and rents. As you said, there is quite an improvement in Q3 regarding occupancy. How should we think about your rents going forward? Is it like your next plan to start implementing some modest hikes there, or what's your plan?

Reima Rytsölä: We do not guide on any kind of target rents or rent levels as such, but obviously, there's an, how would I say, embedded need for rent hikes from a landlord's perspective. That's not news for anybody. But, on the other hand, I think we need to be very sensitive with the market balance overall so that we are not kind of pushing too high rent hikes to the market which is not absorbing those. Given that the occupancy rate has risen, and we are more on a kind of normalised level at the moment, we have better capabilities from our end to rise the rents as well.

Anssi Raussi: I understand that. Thanks. Can you give us any comment on how your occupancy developed during the quarter? Is this 96.1 per cent a good estimate for your current run rate?

Reima Rytsölä: As you can probably calculate from the end of June's figure and the average Q3 figure, it was rising during the quarter going forward. A normal pattern or seasonal effect in occupancy is that they tend to come down a little bit in the latter part of the year. We don't know that yet, but that's kind of a normal pattern, I would say.

Anssi Raussi: Thanks. Finally, I have a question about your repair and maintenance expenses. How would you describe your current levels? I'm thinking here about the next year, so is 2025 the so-called normal level?

Erik Hjelt: We are not guiding about next year at this point but general comments. Repairs most likely will remain roughly on the same level as it is going to be this year if you look next year, given the fact that the repair seems to be on a decent level at the moment. We haven't really decided what is going to be the modernisation investment level, but most likely we are going to start a couple of modernisation projects next year as well. So, it will either remain on the current level or slightly up. But, as said, we are not at this point guiding anything about next year, but these are our current talks regarding repairs and modernisation investments.

Anssi Raussi: Okay. Got it. Thank you.

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

John Vuong: Hi. Good afternoon. You've been mentioning a couple of times that the market remains challenging. At the same time, occupancy is at 96 per cent, which you say is normalised. You also mentioned that rental growth could perhaps be possible at these levels. How do you reconcile that with the challenging market?

Reima Rytsölä: Do you mean how we view the market as such? Was that the question?

John Vuong: Yes. I'm trying to understand what you mean by challenging. Are you saying that 96 per cent is a normalised level for occupancy and that you could see rental growth?

Reima Rytsölä: Yeah. Well, we don't know yet how will the – what I meant is that we have a closer normalised level in the occupancy rate, so we are in a better position to start pushing rent hikes to the market. But, as I said, at the moment, the market remains challenging, and there's still an oversupply, especially in Helsinki and Vantaa area. That differs from city to city. For example, Tampere, Turku,

and Espoo are much better from the bigger cities. But, we need to be sensitive to how the market is absorbing the rent hikes as such. That's why I didn't say we are able to push a significant rent hike for the market. I said that, from our own perspective, we are in a better position to start trying that in the future. That's what I meant when combined to the risen occupancy rate.

John Vuong: Okay. That's clear. When you say that Tampere and Turku are much better, what rental growth are you achieving over there?

Reima Rytsölä: I don't know if we have disclosed the city-by-city rental growth, but I think from the oversupply perspective, they are better, and that's why this kind of market is absorbing better rent hikes. Whether they are in any city at the moment very significant, so I wouldn't say so. But, at least some kind of rent hikes are going through.

John Vuong: That's ahead of inflation?

Reima Rytsölä: Sorry?

John Vuong: Are those rent hikes ahead of inflation?

Reima Rytsölä: Yeah, well, it doesn't require much in Finland to have more than the inflation. If we have a 0.4 per cent forecasted inflation at the moment, that's very low. Still, in Turku and Tampere as well, in some single apartments, there might cases where the new tenant rent is lower than the existing one, but the market as such is absorbing better the minor rent hikes.

John Vuong: Okay. That's right. Thank you. I have another question regarding the actions you're taking to support leasing. You mentioned better service and having a bit more evening hours. How is that impacting your cost structure?

Erik Hjelt: We've been more efficient when it comes to our operations. The headcount is pretty much the same as it was 12 months ago, but we are more efficient here. It really hasn't had any impact on the cost side.

John Vuong: Okay. That's clear. Thank you.

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

Robert Phillips: Thank you very much for the presentation. I just have two questions, which I'll ask one at a time. Could you provide a bit more colour on the strategic review? I know it's still early days, but could you just share what the main areas of focus might be for this? Thanks.

Reima Rytsölä: As you also said, it's early days, but I'd say our balance sheet is in good shape and our loan-to-value ratio is 42.2 per cent, which I think was the latest figure. So, it's in a strong shape. Still, we are more or less constrained with the cash flow, and that gives limitations on strategic renewal in a way. That's why I said it's more of a tuning of the existing strategy. What does it mean then? There are some operational focus points where we should focus more. As I said, customer experience and operational excellence, which support the customer experience, will remain to be the key cornerstones of our strategy in the future as well. We expect that to be an important factor in the future, at least in the long term, to be able to create the rent premium so that we have satisfied customers. Then, of course, there are topics that we need to go through, especially from a capital allocation point of view.

Robert Phillips: Thank you very much. Could you also comment on the use of tenant incentives? Are you still seeing incentives being used to support leasing activity, or have they started to ease slightly?

Reima Rytsölä: We see several types of incentives on the market, from rent-free weeks or rent-free month, or some kind of voucher. There are still some, but our interpretation of the market and customer behaviour has been that the correct rent price as such is more appealing from a tenant's point of view than different kinds of incentives.

Robert Phillips: Perfect. Thank you very much.

Moderator: As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Jonathan Kownator from Goldman Sachs. Please go ahead.

Jonathan Kownator: Good afternoon. Thank you for taking my questions. I just wanted to follow up on this pricing you've talked about. The dynamic pricing. You've talked about the correct level of rent. Can you help us understand how did you change, on average, your pricing to be able to improve the occupancy level? Thank you.

Reima Rytsölä: Sorry. Did you mean how much we have changed the pricing?

Jonathan Kownator: Yes, to improve occupancy. Obviously, you've been very successful. I'm just keen to understand what the correct rent is versus what you were trying to charge before, and where you were a bit less successful.

Reima Rytsölä: It obviously depends a lot on apartment by apartment. Some real estate are more challenging than others. But, the new tenants' rent levels have been something like three to five per cent lower in some cases, on average, and our actual rent roll has decreased slightly during the year. But, we have also been able to push small rent hikes for existing tenants as well during the same time. On the other hand, we have also been able to raise the rents for some new tenants as well.

Jonathan Kownator: Great. That's it. Thank you so much.

Moderator: The next question comes from Anssi Raussi from SEB. Please go ahead.

Anssi Raussi: Yes, one more from me. If I may continue on the topic of capital allocation, I understand that you have not yet completed your strategic work. But, if we consider buybacks, dividends, and additional deleveraging, maybe to prepare for future growth, how do these go together, and what kind of pecking order do you envision here?

Reima Rytsölä: Thanks. I see you pretty much describe the elements of a capital allocation, and those are exactly the ones that we are trying to fit together. But, we do not have any news for that at this stage. As I mentioned earlier, we fully recognise how important the growth is from a value creation point of view, and we are definitely working hard to find our way to a growth path as well.

Anssi Raussi: Okay. Do you think that dividends should or could be part of your plans in the near future?

Reima Rytsölä: They could be. Yes.

Anssi Raussi: Okay. Thanks.

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

Niina Saarto: Thank you. Those were very good questions. When I look at the chat questions, I think we've already covered all the topics, so it's time to conclude. Thank you for joining us today. Our full-year results will be published on the 11th of February. I hope to see you all then. Thank you very much, and have a nice evening.

Reima Rytsölä: Thanks a lot.

Erik Hjelt: Thank you. Bye.