

# Transcript Lumo Q1 2026 Interim Report

May 6, 2026

Niina Saarto (00:00-00:43)

Welcome to Lumo Homes plc first quarter results webcast. I am Niina Saarto, Treasury and Investor Relations Director. Today, we will present the first quarter's figures, and also provide an update on the acquisition of nearly 4,800 apartments, which was completed after the review period on April 1st. CEO Reima Rytsölä starts the presentation, and then CFO Erik Hjelt will continue, then the Q&A. We will open the phone lines for questions.

We also take questions via chat. So all is set. Gentlemen, now it's your turn.

Reima Rytsölä (00:51-11:23)

Thank you, Niina, and very good morning on behalf of myself as well. And welcome to this inaugural Lumo Homes plc interim report. Fantastic to be here under this brand going through our first quarter results. We have agreed with the CFO, Erik Hjelt, that he will delve more thoroughly into the figures, and I will provide an overview of the market conditions and overall situation. But all in all, our like-for-like rental income grew and occupancy rate improved from the previous year.

And that was consistent development for us, even though the total revenue and net rental income decreased, and that was mainly due to the sale of a portfolio of approximately 2,000 apartments, which closed last July. Especially for the people living in Finland. Remember that we had an extraordinarily cold January and February here in Finland. And that affected our, our FFO as well, which declined due to that cold weather. And that affected our FFO as well, which declined due to that cold weather.

Our liquidity position remained very good. And our balance sheet is strong, and loan to value improved and came down to 42.5%.

I will come back to the market situation in a minute. We also published our strategy and held our Capital Markets Day in March, where we released our new strategy. And where customer

experience is at the core of our strategy. And happy to notice that even though it's early days, we already hit a record high NPS of 60 this quarter. So, going in the right direction.

Although, having said that, it's early days. And of course, the NPS figure might show some volatility, but at least a promising start in a sense that the strategy starts to work. And we have already taken a lot of measures to improve our capabilities to focus on customer experience.

And a big part of that was, of course, as I said, this is an inaugural interim report for Lumo Homes plc. So, a big part of the new strategy is also the brand change that we will operate under the name of Lumo Homes plc, and the Annual General Meeting approved that proposal in last March.

As Niina already told. I will give a brief overview of an acquisition where we bought 4,761 apartments, and that deal was closed right after the review period on April 1st. But I'll give some insight into what the first takeaways are after a little over one month of owning those apartments.

The market environment or operating environment has stayed muted. Of course, there's a lot of volatility in global economy. And not the least because of the Ukraine war. And, with those rising interest rates, Finnish GDP growth last year was already impacted. Close to zero at the moment.

The different offices expect GDP growth to 1%. We had a very promising GDP figure from Q1, which was 0.9%, according to Statistics Finland. But it remains to be seen. What the final figure will be. But it was a promising sign.

Anyhow, when talking about the rental apartments and the oversupply of rental apartments. So, we still face oversupply. And the market conditions haven't improved significantly yet. Although having said that, we repeat ourselves that in the medium and long term, the outlook looks very promising. And the main reason is that the new residential startups are coming down at an even more rapid pace than anticipated.

And the current estimate or forecast is even lower for this year than it was last year. And the Confederation of Finnish Construction Industries just revised their forecast to 15,000

apartments. And my personal view is that we won't even reach that. And the main reason is that actually the subsidized part of new residential start-ups will probably be lower, even lower than in this forecast, which was 11,600 apartments. And the main reason is that, actually, the math is not working at the moment for starting new residential start-ups, especially now when there's still an oversupply, and the current price level for existing apartments is much lower than for new buildings.

So that's the situation. That's the main reason.

Although, and combined with the very low level of new startups. So, urbanization still carries on, and the population is growing all the time in big cities in Finland. That's why we are confident of a medium and long-term outlook on supply-demand balance.

I won't go through the table for the figures. So I'll let Erik go through the figures more thoroughly. Our carbon neutral target is well on track, and we are ahead of our plan in reaching carbon neutrality by 2030. And this is, of course, one key component for us for cost efficiency as well. And that's why it is a.

It's double-sided. The target. So it's beneficial, of course, for climate change as such, but also for our profitability.

And then about the acquisition, as I said, we acquired the 4761 apartments from Varma Mutual Pension Insurance Company. And that deal closed right after the review period. So, first of April. So, we now have a little over one month of owning those apartments behind us, and the start has been very promising. As you remember, the occupancy rate of the portfolio was very, very low at the time of signing.

But we said that we are confident that we are able to raise that occupancy rate to our stabilized level. And at the moment, the first month of April looks very promising and even above our expectations. So the lease-up plan is progressing very well. Also, the overall takeover has gone very smoothly. So, I would also like to thank our own people who have worked very hard, as this is a big portfolio to acquire.

So, it has so far gone very smoothly. And the lease-up plan has progressed really well. So we are even more confident than at the signing of this deal that we are able to raise the occupancy to a more stabilized level.

I think this was all in my first stint. So, as Niina said, we are ready to answer the questions. After Erik's financial development and outlook part. I asked Eric to join on the stage.

Erik Hjelt (11:30-20:48)

Thank you and good morning, everybody from my side as well. So, on page 11, total revenue declined €3.5 million from the corresponding period. But it's good to keep in mind that in July 2025, we disposed almost 2000 apartments. And those apartments actually contributed €5.4 million for the top line last year. So, if you exclude that.

So actually, the top line growth was €1.9 million, and the main contributor there was improved occupancy. Net rental income decreased by €2.9 million. Of course, the total revenue plays its role. Repairs came down by €0.6 million. And despite a slightly smaller portfolio, the maintenance expenses moved sideways.

And the main reason there was actually the heating costs, as the winter was very harsh here in Finland, and the heating expenses were €2.4 million more compared to last year. Q1 last year. On the positive side, cleaning and outdoor maintenance came down by €0.8 million and property taxes down by €0.6 million. So, page 12, on the right-hand side, FFO was down by €2.1 million. Of course, net rental income plays a role there as well.

So staff expenses increased €1.1 million. Finance expenses came down by €0.3 million, mainly because of the smaller loan portfolio. And it's good to keep in mind that the closing of the large acquisition was 1st of April. So it has no impact in any of our figures during Q1 this year. And current taxes came down by €0.8 million.

Occupancy rate improved from the previous year. The Q1 fiscal year-to-date figure is 95.6%, an increase of 2.8 percentage points from Q1 last year. Tenant turnover slightly up by 0.6 percentage point.

We saw very strong like-for-like rental income growth, mainly driven by the improved occupancy. 4.3%, while the impact of rent and water charges is a negative 1.1%. So, 4.3% was the impact, and rent and water charges had a negative contribution of 1.1%. We are still increasing the rents for existing tenants. At the moment.

The monthly increases are on average between 1.4% and 1.5%, and we are still flexible in rents. As for the vacant apartments. And that flexibility brings the impact of rents and water charges into negative territory, but altogether, like-for-like rental growth was a very strong 3.2%.

Investments were on a low level in the first quarter. We had one ongoing development project, 119 apartments, that was completed in February, located in Helsinki, and modernization investments increased from the comparison period because we started a few large modernization projects. We sold during the first quarter 166 apartments. And of course, after the period, we completed the acquisition of almost 4,800 apartments.

Modernization investments were up by 2.5% because of a couple of modernisation investment projects we started; the fair value of investment properties was down by €42.6 million. We didn't change any valuation parameters in the Q1 valuation. There were four transactions during Q1, including ours. And all these are considered in our Q1 valuation, and the main reason for the negative valuation impact was due to the change in calculation parameters as properties age. So that's embedded in our model, our valuation model.

The change in the yield requirement is based on the age of the property. So, when the property turns 16 years, or 30 years after completion of renovation, or reaches the 15-year point, we increase the yield requirement. We increase the yield requirement by 12.5%. And that was the main reason for the value change in Q1; there was an unusually high number of aging properties. So, most of these properties for which we changed the requirement due to aging were assets that turned 16 years old, impacting the valuation for the remainder of this year.

We anticipate no major impact because of this aging question.

Page 17. Loan-to-value is a strong 42.5%. Well, in line with our new target to keep our loan to value below 45%. So there's quite a sizable buffer against that level, and the equity ratio is quite stable as well.

So, page 18. Our financial position remains strong. After the reporting period, we signed a €600 million acquisition finance related to the portfolio acquisition. And the idea there is to refinance that debt from the capital markets. In March, we paid back the remaining part of 2026 maturing bond, €135 million. And now the 2026 maturing loans are already paid back.

And now the focus is to refinance 2027 maturing loans. And we will address that at some point during this year; financial key figures remained strong. So, the hedging ratio is very high, 96%. Average interest rate 3.3% and coverage ratio, excluding repair expenses. So, key figures per share remain strong. No major changes there. So, EPRA NTA largely in line with the previous figures. And same goes with equity per share. As we revised our strategy, we released our new financial targets for 2026 to 2028.

We have four cornerstones. So, growth, customer satisfaction, profitability, and risk management. And for growth, the target is to grow 5 to 7% annually; for customer satisfaction, to have a Net Promoter Score of about 65; for profitability, an average annual FFO per share growth of 3.5%; and the Loan to Value is to be kept below 45%. Now we have the figures for Net Promoter Score and Loan to Value, because growth and profitability figures are annual figures, although we didn't calculate them linked to this Q1 report. Of course, the full-year figures will be included when we get there.

Then page 21. Our outlook. We kept our outlook unchanged. So, we estimate that the total revenue will amount to between €484 million and €497 million, and an FFO between €147 million and €157 million. If you look at the midpoint of the top line growth guidance.

So, there we were slight improvement in occupancy, moderate rent increases, and flexibility in new rents, but with a reduced amount compared to last year and the beginning of this year, and

then successful implementation of the acquired portfolio, and we are proceeding well there as Reima already discussed. Then if you look at the FFO guidance. So, of course, the range reflects the top-line outlook. And if you take the midpoint of the FFO guidance. So, there we assume the average weather and then the cost of refinancing on a constructive level.

Niina Saarto (20:54-20:59)

Q&A, and let's start with the audience question.

Timo Nyman 1 (21:01-21:26)

Yes. Thank you for the presentation. First from Nordic Bank. I was just wondering, the occupancy rate, considering that you took over the portfolio with a relatively low occupancy, you have still been able to improve the occupancy? Does that go hand in hand with lots of incentives, or how did you manage that one?

Reima Rytsölä (21:27-22:00)

You mean the acquired portfolio? I think it was very much in line with the business case that we calculated regarding the rent levels. So, we noticed some overpricing in the portfolio that partly explained the very low occupancy rate. But it's well in line with our business case plan, the rent levels.

Niina Saarto (22:02-22:06)

Thank you. So now we can move on to phone line questions.

Operator (22:08-22:25)

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 Andy Rossi from Seb. Please go ahead.

Anssi Raussi (22:28-22:56)

Yes. Hi all. This is Seb. Thank you for the presentation. I have three questions and I will go one by one.

First, I want an update on occupancy. So if we exclude this acquisition, occupancy came down a bit quarter over quarter. So how much of this decline was maybe due to seasonality and how much due to underlying market conditions? That's the first one. Thanks.

Reima Rytsölä (22:57-23:48)

Okay. If I take that. So it's, of course, very difficult to make a distinction or divide those components. But I would say that it's for sure that there's a true seasonal effect on first quarter. So, I would say that the tiny decline from quarter to quarter is mainly a seasonal effect.

So, as I said, the market conditions seem not to have improved. But I think it's fair to say that market conditions haven't worsened either. In that sense, I think it's mainly a seasonal effect.

Anssi Raussi (23:52-24:04)

Thanks. That's helpful. And then about your refinancing this year. Have you changed your plans in terms of timing or are these initial plans still in place?

Erik Hjelt (24:05-24:30)

We are, of course, monitoring the market very carefully and try to figure out whether. These are special circumstances in the short term, but we definitely want to approach the refinancing of 2027 maturing loans. We can tap the market even before the summer, or we can postpone it after the summer, depending on the market conditions.

Anssi Raussi (24:34-24:56)

Got it. Thanks. And finally, regarding your possible discussions with credit raters, have you had any discussions or are you planning to have some at some point, given the geopolitical situation and the rise in interest rates? So, any changes on this situation?

Erik Hjelt (24:57-25:24)

We have set a management meeting with Moody's in August. And we discussed with Moody's several cases when we prepared ourselves for the acquisition. So, they were well informed and they knew our plans there. So since then, there have been the normal liquidity discussions. But other than that, we haven't really discussed with Moody's.

Anssi Raussi (25:27-25:28)

Okay. Thank you.

Operator (25:32-25:36)

The next question comes from Jonathan from GTS. Please go ahead.

Jonathan Kownator (25:38-26:19)

Good morning. So I just wanted to follow up on the first quarter. Do you see any risk to your guidance or being towards the lower end of the guidance? Was that more than you expected at the beginning of the year? And again, to go back to the occupancy question.

Generally speaking, what are you expecting later in the year, and what is your view on pricing as well? There was obviously a negative impact on pricing in your like-for-like rent growth. How do you expect to move your pricing going forward this year, and what do you expect it to be? The impact on occupancy. Thank you.

Reima Rytsölä (26:20-27:49)

Okay. If I take the occupancy, you can then have an answer on the first one. But we actually expect the occupancy to improve going further this year. And we need to stay flexible over pricing. But as Erik Hjelt already said during the first quarter.

We see that there's less need in the future to be as flexible on pricing for new tenants. And as Erik Hjelt already communicated. We have already raised. The existing tenants. Rents from 1.4 to 1.5%.

Of course, this is not the whole stock, but it's kind of a rolling process. All in all, we remain optimistic about the occupancy rate. In both sides, we expect to improve the occupancy. Across both portfolios, we expect to improve the occupancy.

Erik Hjelt (27:51-28:42)

Regarding the impact of heating costs. Of course, that's on a negative side. But when you look at our outlook, there are still many moving pieces there. So we estimated what the remaining part of the year will be. This year, we don't know the weather factor, of course.

And on the positive side, there are some savings we achieved already. And then the acquired portfolio occupancy has been quite strong. The initial leasing up has, of course, been a positive aspect. And then the question mark is when we do the refinancing and what the price for refinancing will be. So there are many moving pieces still.

And we didn't find any reason to change the outlook at this stage.

Jonathan Kownator (28:44-28:45)

Okay. Thank you.

Operator (28:49-28:52)

The next question comes from Andres Toome from Green Street. Please go ahead.

Andres Toome (28:55-29:22)

Hi. Good morning. So, a couple of questions from my end. Firstly, could you maybe give some more color around how the rental market is trending in terms of how, in the last few months, the stock of advertised apartments in the whole market has been trending. Is it still going down or has there been some hiccups?

Just also looking at how the occupancy has trended recently.

Reima Rytsölä (29:24-30:13)

Well, I would say that the market supply hasn't come down so far. Of course, as we discussed earlier, there's definitely a seasonal effect as well. And that seasonal effect will turn on landlord's favor in coming months. And that seasonal effect will turn in landlords' favor in coming months. We are not guessing how the seasonally adjusted supply will react in coming quarters.

But as I said in the very beginning. We are confident that it will ease up in a medium term.

Andres Toome (30:16-30:34)

Understood. I think it's, if you can see now here.

Reima Rytsölä (30:36-31:57)

So, so the split and breakdown of a portfolio is 75% in Helsinki region, close to 18% in Tampere region, and 4.2% in Turku region. The breakdown of the portfolio is 75% in the Helsinki region, close to 18% in the Tampere region, and 4.2% in the Turku region. So. It's very well located.

We don't see a meaningful cannibalization effect or threat as such. At the moment, it looks like the asset is as we were already convinced, and when we released the deal after our due diligence process, we very much liked the asset pool. It has already been verified in the first weeks since owning the apartment. There's definitely a demand for that. And given the fact that our overall market share is still relatively limited.

So, we don't see any significant or meaningful cannibalization in that sense.

Jonathan Kownator (32:00-32:20)

Okay. And then finally, just on the refinancing side as well, Erik, you mentioned that you have an assumption for your cost of debt there. How's the cost of debt right now in the marketplace versus that assumption? Is it higher? And what are the sort of spreads you're talking about here.

Erik Hjelt (32:20-32:22)

In the big picture? It's in line.

Jonathan Kownator (32:25-32:26)

It's in line.

Erik Hjelt (32:26-32:26)

Okay. In line.

Jonathan Kownator (32:29-32:54)

And then maybe finally, just on the guidance as well for this year, I guess, not putting words in your mouth, but it sounded like revenue you see good odds of getting to the midpoint, but maybe on FFO just because it's been a more difficult winter in Q1 and maybe the financing costs have gone up this year, it could be lower than the midpoint?

Erik Hjelt (32:57-33:33)

It's your assumption. The building blocks are of course there. So the top line growth is proceeding nicely. So far, on the expense side, some savings can be achieved. And of course, the cost of refinancing plays a role there.

But it's too early. I said there are so many moving pieces, it's too early to say in which positioning in that range we are going to land. But, but these are the building blocks, if you like.

Reima Rytsölä (33:34-33:39)

But, but we, we appreciate, Jonathan, that you don't try to put words in our mouth.

Jonathan Kownator (33:43-33:44)

Thank you.

Operator (33:47-33:50)

The next question comes from Celine Soo-Huynh from Barclays. Please go ahead.

Celine Soo-Huynh (33:52-34:25)

Hello, Reima. I have two questions for you. The first one is on tenant retention. So, remember, we've talked about tenant retention at Capital Markets Day. And I'm noticing that your tenant turnover ratio has gone up.

So if you could please comment on this number. And the second question is about your guidance. I'll follow up on the previous question, but Q1 results are quite below expectations. So how confident are you on your guidance? Should we expect FFO to be more on the lower end than on the higher end?

Thank you.

Reima Rytsölä (34:26-35:17)

Yeah. I think it's the latter one, and I would immediately repeat Erik's answer. So there are many moving pieces, and we aim to provide more specific guidance. That wouldn't make sense at this point, but then on the journey of a tenant. So, that's correct that it has increased a little bit.

But, I would say that it's more linked to the seasonal effect than anything else. So, not being overly worried about that at this moment.

Celine Soo-Huynh (35:18-35:27)

Okay. Sorry. Can I follow up on your point about the guidance? To put it another way, is there a risk that you might miss this guidance?

Reima Rytsölä (35:31-35:50)

No, we released our guidance. So, I think that tells that we are operating with our best knowledge of our future, which is, of course, limited on our part as well, but we proceed with our best knowledge. So we are confident that we will stay within the band of guidance.

Celine Soo-Huynh (35:52-35:53)

Okay. Thank you.

Reima Rytsölä (35:53-35:53)

Thank you.

Operator (35:56-36:00)

The next question comes from Stephanie from Jefferies. Please go ahead.

Stéphanie Dossmann (36:02-36:46)

Hello. Good morning all. I was just trying to reconcile the FFO in euro millions and the per share basis. Am I right in saying that the FFO per share? Decreased by something like 6.4%.

And, is there a reason that you don't guide on a per share basis for the full year and what your expectations are? I know it's hard for you to reply to this because of the previous questions about the guidance, but that would be good to have per share guidance as well. Maybe this will be the first question. I have a couple of others.

Erik Hjelt (36:48-37:35)

So we discussed internally whether we should give the guidance. Total FFO or FFO per share. And we felt that the total FFO is quite prudent. And of course, we released the amount of shares. So, of course, it depends on whether we ask you guys to do the math or do we do it for you?

Because we don't anticipate any changes in the amount of shares. It's quite easy to calculate that. So, that's why we felt that total FFO, as we've historically given guidance, is appropriate. FFO. So we felt that we keep giving guidance in that form.

Stéphanie Dossmann (37:40-38:10)

Fair enough. But in your disclosures, it's a bit misleading to see that the. The FFO portion is flat in Q1, while it's down mid-single digit. So that was my point. The second question is primarily related to the modernization CapEx.

So you launched a modernization program last year. So we see the impact in Q1. What would be the impact for the full year, please?

Erik Hjelt (38:10-38:20)

So we estimate that the full year modernization investment is going to be somewhere between 30 and €40 million.

Stéphanie Dossmann (38:24-38:52)

Thank you. And, maybe a last one, regarding you said math doesn't work for new builds. And could you quantify the spread between new builds and existing homes? And, I suspect you would not launch a new development anytime soon due to the market oversupply, but I just wanted to clarify your strategy going forward on that piece.

Reima Rytsölä (38:53-39:47)

I would say that, of course, it's difficult to give a precise figure, but it's 15 to 20% more expensive to start new builds than the existing ones. And your question or assumption that we are not going to start a new build. Definitely not in a meaningful scale. Of course, there might be some single or

individual cases where there are, for example, some additional construction or building rights that need to be utilized or something like that. But apart from that, no major new developments.

Stéphanie Dossmann (39:52-39:52)

Thank you.

Operator (39:56-40:00)

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

Neeraj Kumar (40:01-40:30)

Good morning everyone. A few questions on my side. So, starting with your LTV, you mentioned that you have a sizable buffer to the LTV threshold of 45%, but may I confirm that this reported number of 42.5% is excluding the recent acquisition, which has €600 million debt associated with it? How much buffer do you have if you were to include that transaction and how well you are positioned for a potential valuation decline? So that would be my first question.

Erik Hjelt (40:31-41:05)

So we made a pro forma calculation when we prepared ourselves for the acquisition. And based on that pro forma, we should be still below 45%. And that's our long-term target. And we want to definitely be below 45. But it's good to keep in mind that Moody's threshold is 50%.

So we have an even bigger buffer for for that level. But as I said, our target is to be below 45.

Neeraj Kumar (41:07-41:19)

Because I was just adding the current transaction, and the number I reached was 45.1%. So it looks like you're bang on 45%. So if there was to be any valuation decline, you are kind of breaching your internal threshold.

Erik Hjelt (41:21-41:52)

In that sense, yes, but we don't anticipate that and we are not giving any guidance for future value changes. And of course, given the dividend policy, a big portion of the FFO is left inside the company, and we can use that to pay back loans. So there is a path to bring down the loan to value without any actions. And then it remains to be seen where the value goes in the future.

Neeraj Kumar (41:54-42:09)

Got it. That makes sense. Also, you mentioned that you have a strong liquidity position again. May I confirm that the 750 million debt maturing in 2027 is excluding that 600 million bridge loan? So you have nearly 1.5 billion of debt maturing by end of next year.

Erik Hjelt (42:10-42:58)

Correct. And our plan is to approach that refinancing this year, obviously, with some part perhaps before the summer and some part after the summer. But that's something that we are considering. And in our case, it's good to keep in mind that we have access to different sources of financing. So the bond market is there and it's open, and indications today are well in line with our expectations.

And we have access to bank financing as well. And we've been discussing with the banks.

We are discussing with them as well. We are confident that we are able to refinance all our needs.

Neeraj Kumar (43:01-43:18)

You mentioned that the bond market is open. I was looking at your current six-year bond, which is trading at a yield of over 4.3%. So is that the kind of refinancing you're using in your assumptions when you're providing a guidance on your FFO, or are you assuming a bit lower number than that?

Erik Hjelt (43:18-43:34)

And of course, the tricky part is that today it's something else than is tomorrow. And of course, the tricky part is that today it's something else than tomorrow. And it was yesterday. But in our calculations, we penciled in a coupon or slightly north of 4%.

Neeraj Kumar (43:36-44:05)

Not a 4%. That's helpful. And just an associated question with it. How do you see the impact of this on your ICR going forward, given material debt maturities in the next couple of years? I see you mentioned about Moody's.

So the ICR at Moody's was 2.28 for full year 2025. That's much lower than their downgrade threshold of two and a half times. And given the recent increase in interest rates and material refinancing needs, do you see a risk of negative rating action from Moody's in the future?

Erik Hjelt (44:05-44:59)

So of course we've been discussing with Moody's the metrics, and ICR is one important KPI there. But it's not the only one. And actually, today they are not focusing on one or two specific KPIs. And they replaced the ICR requirement. And now they are talking about financing strategy and they take into account, in their view, all factors.

And in our case, they communicated clearly that all other KPIs are strong. And the only one that is slightly under pressure is ICR. And taking all the actions by the company, they estimate that the ICR will go below 2.5, but they start to improve afterwards. And they say that that's fine. Of course, they can change their view.

But this was the latest discussion with Moody's.

Neeraj Kumar (45:02-45:03)

That's very helpful. Thank you very much.

Operator (45:06-45:11)

The next question comes from Alex Kolsteren from Van Lanschot Kempen. Please go ahead.

Alex Kolsteren (45:13-45:22)

Hi, Tim. Good morning. A couple of questions at this point, maybe first, on the portfolio, you commented that the leasing is progressing really well. Could you quantify that a bit more?

Reima Rytsölä (45:23-45:53)

Actually not. We are not willing to quantify it anymore, but try to give you an impression with the qualitative measure that it's as you said, progressing very well and even above our expectations. We, of course, can quantify the figures. Then after the Q2 or in the Q2 release. But at the moment, we stay on qualitative measures.

Alex Kolsteren (45:55-46:02)

All right. Understood. Then on your report of disposals in Q1, is it correct to assume you sold at an 8% discount to the book value?

Erik Hjelt (46:03-46:05)

In a ballpark? Yes.

Alex Kolsteren (46:07-46:27)

All right. Thank you. Lastly, it's been discussed a bit already that the seasonality, which you commented on, if I look back into Q3, Q4 numbers there, you say that typically, towards the end of the year is when the seasonality effect is worst on your occupancy. And now you say it's Q1. So what has led to the change?

Reima Rytsölä (46:28-46:50)

Well, I think it hasn't changed that much. The exception was the beginning of 2025, where occupancy was higher in Q1 than in Q4. Q4 24. But apart from that, the Q1 has been a bit lower than Q4.

Alex Kolsteren (46:53-46:54)

All right. Very clear. Thank you very much.

Operator (46:56-47:07)

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad.

The next question comes from Andy Rossi from Seb. Please go ahead.

Anssi Raussi (47:10-47:50)

It's Anssi from SEB again, one follow-up from me. I think you mentioned that you're increasing your rent from 1.4% to maybe 1.5% for your existing tenants, but I guess you're still facing quite significant pressure to keep your rents unchanged for new tenants or even declining year over year. So how do you manage this spread? And I guess you might be receiving some angry feedback from existing tenants. So, for how long can you continue increasing your rents for existing tenants without new tenant rents increasing?

Thanks.

Reima Rytsölä (47:51-49:11)

You're right that of course it can't continue from here to eternity. That's for sure. So it requires that the market improves. We already see that the amount of flexibility when pricing new tenants is decreasing at the moment. So that's very encouraging in a sense.

But as you mentioned, if the rents for existing and new tenants are going in different directions. So it can't carry on for a very long time. But, at the moment, I would say we are managing the issue fairly well. And, of course, in some cases, you might get negative feedback. But on the other hand, as we all know, it's a bit cumbersome to move as well.

So, you might, if you are happy with your customer experience. So, you're willing to accept a bit higher rent than moving to a different location.

Erik Hjelt (49:11-49:53)

One additional note, if I may. So, this 1.4-1.5% is the average for the whole portfolio. And we look, of course, at how much we increase the rents for existing tenants, property by property and apartment by apartment. And already, for example, in Tampere, the rent increases are between 2 and 3%, and in some subareas in Helsinki, they are zero, because the subareas are not the same. And that of course plays an important role in how much we are able to increase the rents compared to what we do with vacant apartments.

Anssi Raussi (49:56-49:58)

And that's really helpful. Thank you.

Operator (50:01-50:05)

The next question comes from Alex Kolsteren from Van Lanschot Kempen. Please go ahead.

Alex Kolsteren (50:08-50:15)

Hi. Yes, one follow-up question, actually, on the disposals at that 80% discount, is that reflective of your wider portfolio in your view?

Erik Hjelt (50:16-50:40)

Actually no. So all transactions from the market in Q1, and all our own transactions, are taken into account in the valuation, which is made property by property. And these two were well in line with what is our valuation. So no impact in our valuation.

Alex Kolsteren (50:43-50:44)

All right. Thank you very much.

Operator (50:48-50:52)

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

Niina Saarto (50:53-51:07)

Thank you. I think we covered so many topics. We only have one left. It's about the transaction market. So have you seen that there would be a lot of interest from international investors who are actually actively seeking portfolios in Finland.

Reima Rytsölä (51:08-52:26)

Well, there are some foreign interests, and it has somewhat picked up, at least in the very beginning of the year. Of course, at the moment, due to the fact that there's a clear uncertainty of interest rate market as such. So that has probably cooled down the transaction market as well. But we have definitely seen, already during the first quarter, a picking up of foreign investor interest and a return to the transaction market. And perhaps related to the last question as well.

So, we have seen some market portfolio transactions whose yield requirements have been encouraging. So, for example, much lower than the one we disclosed for our acquisition of 4,761 apartments. Yield requirement. So. So that's why we are encouraged.

It seems that it's getting healthier. The transaction market.

Niina Saarto (52:27-52:43)

Okay. Thank you. That was the very last question. So thank you everyone for joining us today. We will publish our half year result on August 13th.

Hope to see you all then. Thank you very much and have a lovely spring.

Reima Rytsölä (52:43-52:50)

And maybe, Eric, this was your last Interim Report. Maybe you would like to say something.

Erik Hjelt (52:50-53:09)

Yeah. This was my last Interim Report, and more than 60 altogether are on my belt right now. So I really want to thank you all guys for participating in these calls and meetings. And it has been great to work with you and discuss and dialogue. So thank you very much for all these years and meetings.

Reima Rytsölä (53:10-53:11)

Thank you.

Niina Saarto (53:11-53:11)

Bye bye.