



TOIVO

3-in-1 Residential Company

FEBRUARY 2022

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Meeting you today



MARKUS MYLLYMÄKI

CEO

- M. Sc. in Business
- Founder of Toivo Group
- 12 years of experience as an investor, builder, project developer and manager in the Finnish real estate industry
- Previously an executive at Lehto Group



SAMULI NIEMELÄ

CFO

- M. Sc. in Business
- CFO at Toivo Group since 2019
- 11 years of financial experience, previously Business Controller and partner at Barona

TOIVO INTRODUCTION AND INVESTMENT HIGHLIGHTS

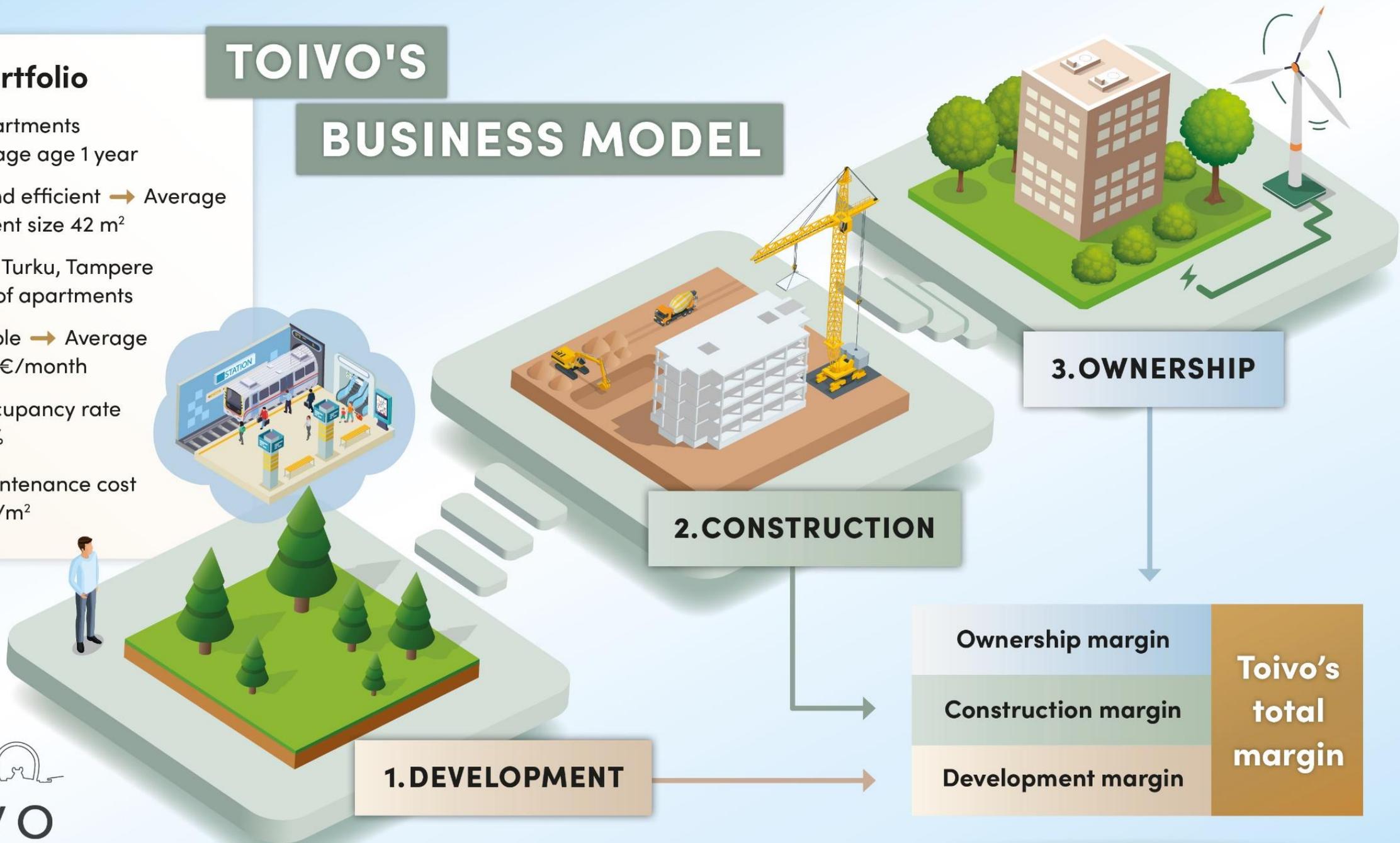


Toivo's portfolio

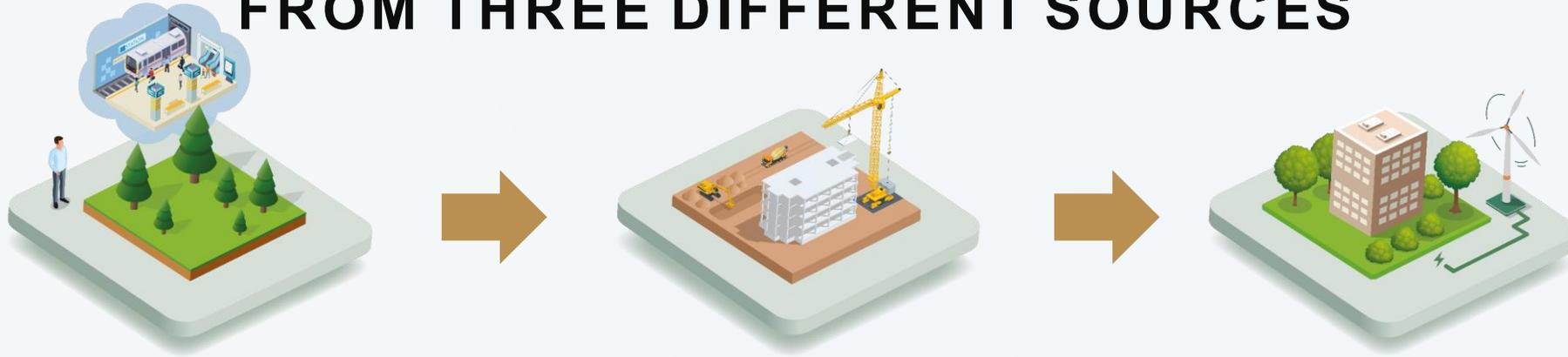
-  New apartments
→ Average age 1 year
-  Small and efficient → Average apartment size 42 m²
-  Helsinki, Turku, Tampere
→ 98% of apartments
-  Affordable → Average rent 825€/month
-  High occupancy rate
→ ~99%
-  Low maintenance cost
→ 2.4€/m²

TOIVO'S

BUSINESS MODEL



TOIVO'S BUSINESS MODEL ENABLES MARGIN CONTRIBUTION FROM THREE DIFFERENT SOURCES



1. DEVELOPMENT

Plot procurement
 Zoning development
 Product development
 Market research & analysis
 Authority cooperation
 Mathematical project guidance

2. CONSTRUCTION

Planning guidance
 Construction permit acquirement
 Construction contracting
 Construction
 Construction oversight
 Risk management

3. OWNERSHIP

Rental
 Management
 Maintenance fee optimization
 Property branding and marketing

FINANCIAL OBJECTIVES

- ~10-16% development margin
- Development cost optimization through in-house expertise

- ~10-16% construction margin
- Margin maximization by leveraging in-house experience vs. outsourcing

- Annual rental income
- Property fair value growth

1 OPTIMIZED PROPERTY DEVELOPMENT PROCESS

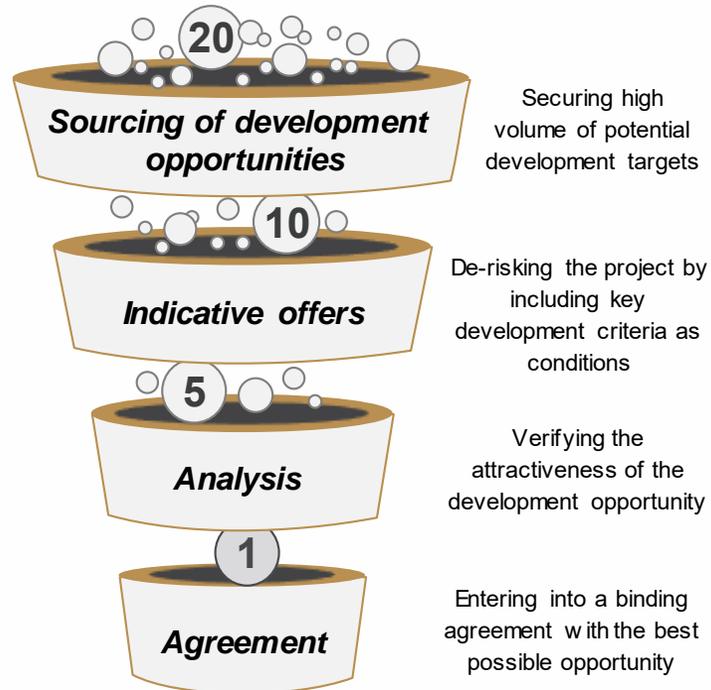
SOURCES OF ~10-16% DEVELOPMENT MARGIN

Property development is a complex project with several stakeholders



Toivo has unique market understanding and strives to develop properties in a way that each stakeholder is completely satisfied

Structured approach in sourcing the best development opportunities



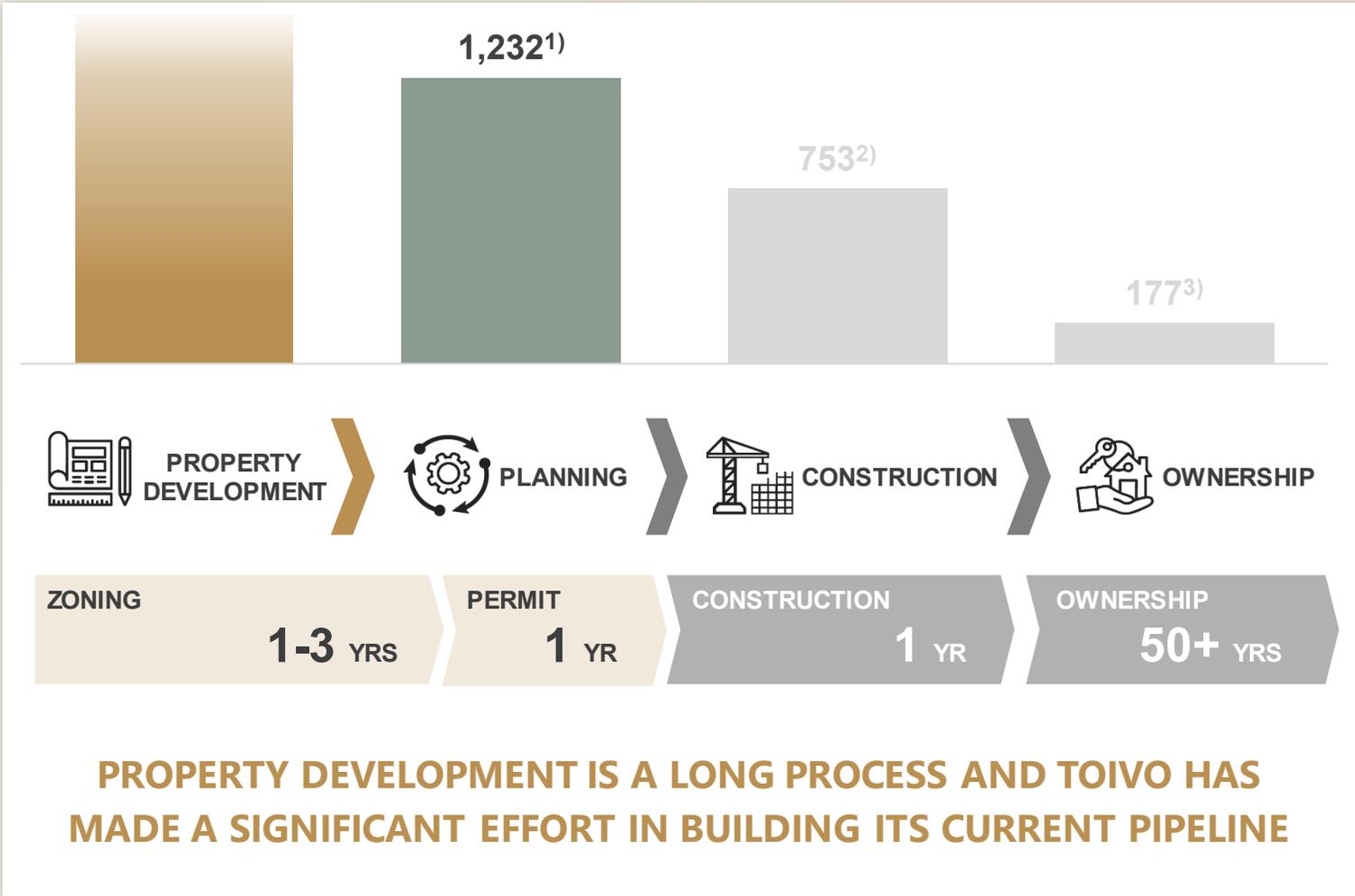
Detailed planning enabling cost control and margin optimization



Predefined target objectives driving planning process, enabling project fine-tuning and further cost control

➔ **Lower€/m²**
(development cost vs market value at completion)

1 PROPERTY DEVELOPMENT KEY FIGURES



KEY FIGURES

444⁴⁾ total apartments developed

~28%⁵⁾ average development + construction margin

~2,000⁶⁾ apartments in pipeline

~80,000m²⁶⁾ lettable area in the pipeline

430EURm⁷⁾ estimated total fair value of pipeline

1) Number of apartments in agreement phase as per 31 Dec 2021; 2) Number of apartments under construction as per 31 Dec 2021; 3) Number of completed and owned apartments as per 31 Dec 2021; 4) Sum of sold and currently owned apartments; 5) Average development + construction margin of all residential properties owned by Toivo; 6) Apartments under construction and in agreement phase as per 31 Dec 2021; 7) Value of properties under construction and in agreement phase as per 31 Dec 2021, assuming that the properties would have been completed and rented as per 31 Dec 2021. Value of properties under construction based on estimates by Catella and value of properties in agreement phase based on management estimates; Source: Toivo

EXPERIENCED TEAM DRIVING VALUE CREATIVE CONSTRUCTION PROCESS

SOURCES OF ~10-16% CONSTRUCTION MARGIN

~17,000

Developed apartments

>10 years

Average relevant experience
of the Toivo team

~800

of apartments in largest
development project
(Turun Herttuankulma)

SELECTED EXAMPLES OF THE TOIVO TEAM



Markus Myllymäki
CEO

- ▶ ~4150 apartments
- ▶ 12y of experience



Urho Myllymäki
Construction manager

- ▶ ~3850 apartments
- ▶ 12y of experience



Heikki Myllymäki
Development manager

- ▶ ~1650 apartments
- ▶ 14y of experience



Markus Pulkkinen
Production manager

- ▶ ~1400 apartments
- ▶ 10y of experience



Tommi Peltola
Planning manager

- ▶ ~4650 apartments
- ▶ 14y of experience



Ville Välikilä
Site manager

- ▶ ~1450 apartments
- ▶ 10y of experience

VALUE CREATIVE CONSTRUCTION PROCESS



Extensive industry expertise



Deep-rooted partnerships



Well-established
construction methods



All decisions backed by
quantitative analysis



**DELIVERING THE RIGHT QUALITY,
ON TIME AND AT THE RIGHT COST**

2 EXAMPLES OF TOIVO DEVELOPMENT PROJECTS



Kartanonlehto & Piha

- Location: Espoo
- # of apartments: 127



Toivo Studios

- Location: Espoo
- # of apartments: 101



Wood, Terrace & Rock

- Location: Espoo
- # of apartments: 101



Nalle

- Location: Kirkkonummi
- # of apartments: 92



Uluru

- Location: Turku
- # of apartments: 66



Augustus

- Location: Tampere
- # of apartments: 65



Rupatus & Rattaansiipi

- Location: Espoo
- # of apartments: 55



Heinäketo & Marjamäki

- Location: Turku
- # of apartments: 37

3 MODERN PORTFOLIO WITH HIGH QUALITY RENTAL

SOURCES OF STRONG OWNERSHIP MARGIN

ATTRACTIVE AND MODERN APARTMENTS



Average age 1 year

AFFORDABLE



Average rent 825€/month

SMALL & EFFICIENT



Average apartment size ~42m²

ATTRACTIVE MICRO-LOCATIONS IN GROWTH CENTERS



98% in Helsinki, Tampere & Turku regions

ECOLOGICAL



All new A-energy class properties

COMPLEMENTARY SERVICES



Great experience to tenants

FOCUS ON BEST-IN-CLASS RENTAL AND MARKETING



BRANDED APARTMENTS



Separately branded properties

"ASUNTOMESTARIT"



Personal and quick service to tenants

HIGH ~99% OCCUPANCY RATE COMPARED TO MARKET AVERAGE 93%¹⁾

1) Source: KTI Market Review - Autumn 2021
Source: Toivo

3 EFFICIENT PROPERTY MANAGEMENT

OPTIMIZED PROPERTY DEVELOPMENT AND LOW MAINTENANCE FEE ENABLE SIGNIFICANTLY HIGHER RENTAL INCOME

TRADITIONAL PLAYERS

Due to relatively high value of properties, there are inefficiencies in the market



TYPICAL
MAINTENANCE
FEE

4.5€/m²¹⁾



Toivo takes an active approach to optimise property maintenance



Digitalisation



Remote solutions



Keyless homes



Smart energy solutions



In-house property management



Service tendering



TOIVO
MAINTENANCE
FEE

2.4€/m²²⁾

1) Average monthly maintenance fee/m² (including plot rents of 0.09 €/m²/month) in Finnish housing companies in 2019 (Source: Statistics Finland, Asunto-osakeyhtiöiden hoitokulut nousivat vuonna 2019, kesäkuu 2020); 2) Monthly maintenance fee/m² (excluding plot rents). According to Toivo's management, difference to typical maintenance fee may be partly explained by the fact that the average age of Toivo's apartment portfolio is less than a year; Source: Statistics Finland, Toivo

FINNISH HOUSING MARKET



THE FINNISH HOUSING MARKET OFFERS AN ATTRACTIVE OPERATING ENVIRONMENT

HEALTHY FINNISH HOUSING MARKET

Strong population growth in the capital region and other growth centers

+245,000 people by 2040¹⁾

Small homes increasingly popular

77% of households have 1-2 people²⁾

High share of low-income population

59% of population within the two lowest income groups³⁾

Continued solid growth of housing prices and rents in the growth centers

**26% growth in prices⁴⁾
18% growth in rents⁵⁾**

ADVANTAGES OF THE FINNISH HOUSING MARKET

Unregulated rental market creates an efficient operating environment

- ▶ More upside for rental yields

Governmental housing benefit eases rental risk

- ▶ High share of low-income classes creating significant demand for affordable living
- ▶ ~90% of rent for typical Toivo apartments covered by housing benefit

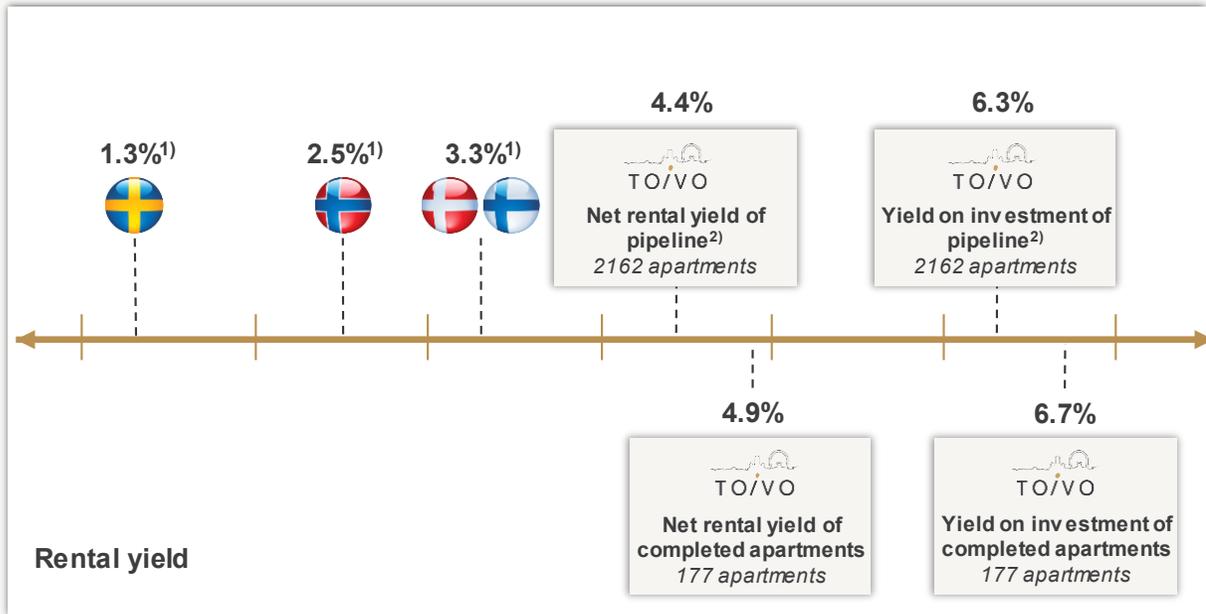
Typical Toivo rent structure⁶⁾
825€/month rent

746€
housing benefit

Population change in city areas of Helsinki, Espoo, Vantaa, Tampere and Turku combined in 2020-2040 (Source: Statistics Finland (Väestöennuste 2019; Väestö iän ja sukupuolen mukaan alueittain, 2019-2040)); 2) Household size in Finland in 2019 (Source: Statistics Finland (Asuntokunnat koon ja talotyypin mukaan, 1985-2019)); 3) Percentage of population in the two lowest income groups (Source: Elinkeinoelämän valtuuskunta EVA, Me olemme keskiluokka, May 2018); 4) Growth in average price of old dwellings in Helsinki, Tampere and Turku between 2010-2020 (Source: Statistics Finland (Vanhojen osakeasuntojen hintaindeksi, vuosittain, 1988-2020)); 5) Growth in average rent/m² in Helsinki, Tampere and Turku between 2015-2020 (Source: Statistics Finland (Vuokraindexi ja keskineliövuokrat, vuosittaiset, 2015-2020)); 6) Housing benefit calculated based on a 2 person household in Espoo, receiving full housing benefit. Source: KELA housing benefit calculator. Monthly rent used is average rent of Toivo apartments

TOIVO'S BUSINESS MODEL IS UNIQUE IN THE FINNISH MARKET

FINNISH MARKET YIELD PROFILE



TOIVO'S UNIQUE BUSINESS MODEL ENABLES EXCEPTIONAL YIELDS NOT ACHIEVABLE THROUGH TRADITIONAL BUY-AND-HOLD STRATEGY

THE TOIVO MODEL IS DIFFICULT TO REPLICATE

Requires significant amount of time

- 3-5 years to complete a development project and initialize cash generation

Requires significant amount of capital

- Capital intensive model particularly when pursuing a meaningful portfolio size

Not feasible for large players

- Difficult to meaningfully change business model as existing portfolio already represents a significant part of operations

Complex projects

- Property development requires broad know-how and extensive contacts with different stakeholders

1) Prime rental yield Q1 21, capitals of the respective countries. For Finland Helsinki metropolitan area; Note: Prime rental yield = Gross initial yield for a property of the highest quality specification in a prime location within the area; 2) Including apartments under construction and in agreement phase
Source: Catella, Toivo

TOIVO HAS A VERY ATTRACTIVE PORTFOLIO COMPARED TO TRADITIONAL REAL ESTATE PLAYERS



Category

Category	TOIVO	kojamo	sato
Business model	Develop – Construct – Own	Buy & Hold	Buy & Hold
Average age (years)	1	~31 ³⁾	>30 ⁶⁾
Average size (m ²)	42m ² 2)	56m ² 4)	53m ² 7)
Location split (% in broader Helsinki region ¹⁾ , Turku, Tampere region)	98% ²⁾	76% ⁴⁾	95% ⁸⁾
Average rent (€/month)	825€/month	938€/month ⁵⁾	933€/month ⁹⁾

1) Helsinki region, or "Helsingin Seutukunta" includes following municipalities: Helsinki, Espoo, Vantaa, Kauniainen, Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, Porvoo, Riihimäki, Sipoo, Tuusula and Vihti; 2) Includes completed apartments and apartments under construction and in agreement phase; 3) Based on 2018 reports; 4) Based on Q3 2021 reporting; 5) Average rent of 16.87€/month/m² multiplied by average size of apartments, based on Q3 2021 reporting; 6) Toivo management estimate; 7) Finnish apartments only, based on Q3 2021 reporting; 8) Based on Q3 2021 reporting; 9) Average rent of 17.46€/month/m² of Finnish apartments multiplied by average size of Finnish apartments, based on Q3 2021 reporting
Source: Toivo, Kojamo Q3 2021 report, Sato Q3 2021 report

TOIVO MODEL ACHIEVES SIGNIFICANTLY HIGHER EQUITY EFFICIENCY COMPARED TO TRADITIONAL BUY & HOLD

HIGH LEVEL EXAMPLE OF 40M€ EQUITY INVESTMENT

Develop – Construct – Own

Buy & Hold

Illustrative

333M€ Portfolio

100M€ Portfolio

60% LTV

200M€ loan

**13.9M€
rental income**

**4.2M€
rental income**

40% Equity

93M€ (28%)
development +
construction margin

**~1,600
apartments¹⁾**

**~500
apartments¹⁾**

**40M€ equity
investment**

60% LTV

60M€ loan

40% Equity

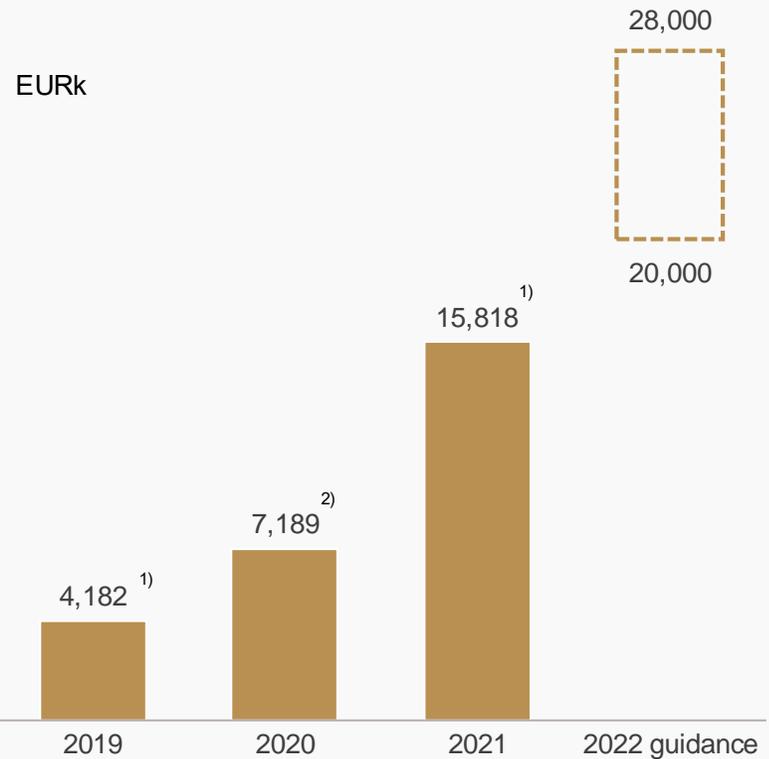
**40M€ equity
investment**

1) Illustrative estimate based on average valuation of apartments in Toivo's portfolio
Source: Management estimates

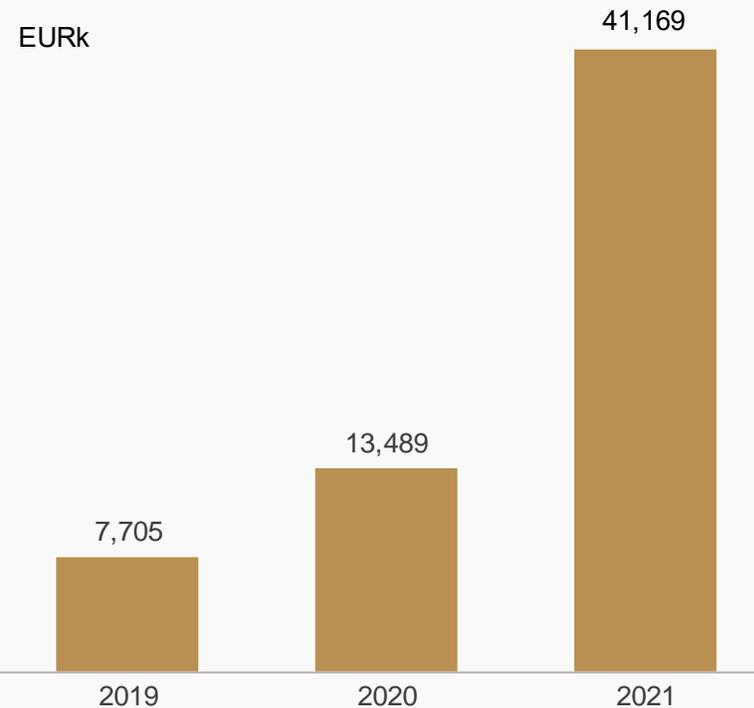
FINANCIAL HIGHLIGHTS

SOLID FINANCIAL TRACK RECORD

OPERATING PROFIT



LONG-TERM NAV



CAPITAL EFFICIENCY

31%
ROE 2021³⁾

41%
LTV 2021

1) Unaudited; 2) Audited; 3) Calculated using weighted equity
Source: Toivo

STRONG PIPELINE FOR RAPID EXPANSION

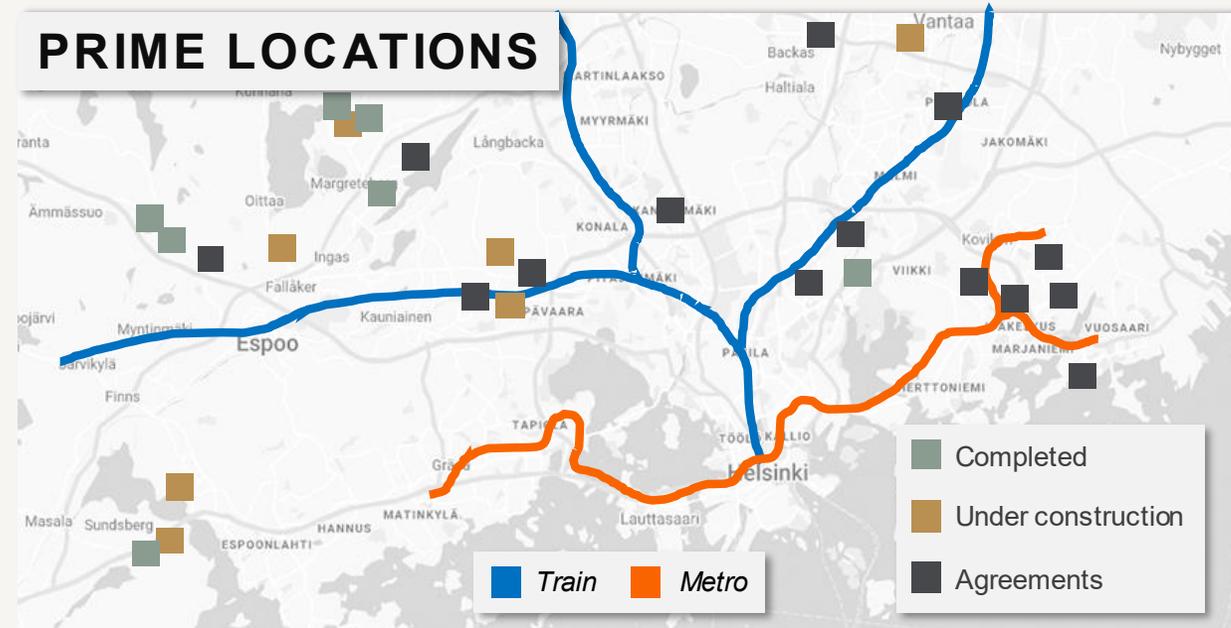
PIPELINE IN NUMBERS

~2,000¹⁾
apartments

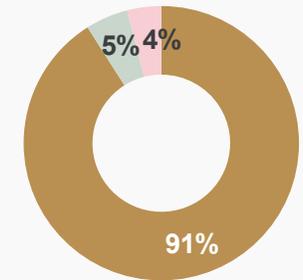
~80,000m²¹⁾
lettable area

EUR 430m²⁾
estimated fair value

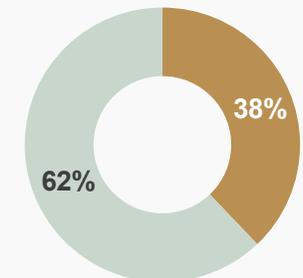
PRIME LOCATIONS



PIPELINE BY LOCATION AND STATUS



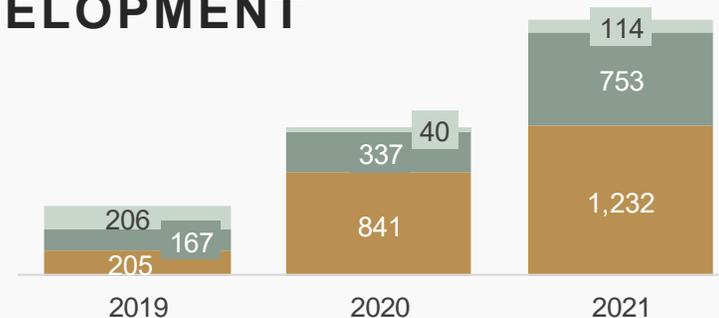
■ Helsinki ■ Tampere ■ Turku



■ Under construction ■ Agreements

PIPELINE DEVELOPMENT

- Apartments completed during the period
- Apartments under construction
- Apartments under development



1) Apartments under construction and in agreement phase as per 31 Dec 2021; 2) Value of properties under construction and in agreement phase as per 31 Dec 2021, assuming that the properties would have been completed and rented as per 31 Dec 2021. Value of properties under construction based on estimates by Catella and value of properties in agreement phase based on management estimates; Source: Toivo

FINANCIAL TARGETS, DIVIDEND POLICY & 2022 OUTLOOK

FINANCIAL TARGETS AND DIVIDEND POLICY

Growth

- Fair value of investment properties to reach EUR 500m by end of 2026
- Significant growth in long-term NAV per share annually

Capital structure

- LTV below 60%

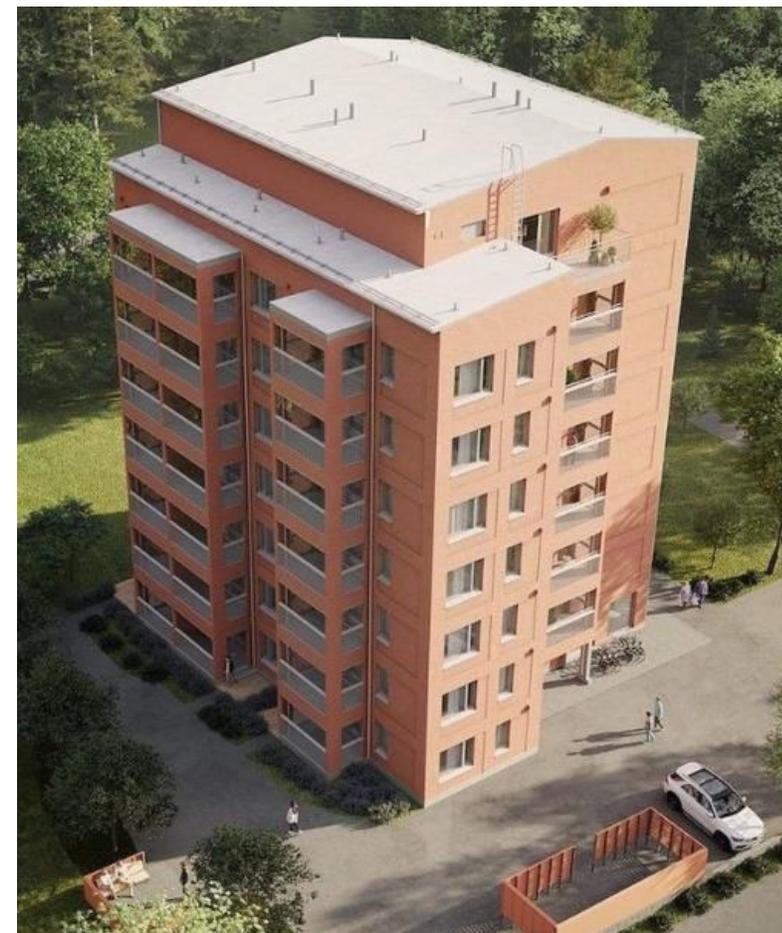
Dividend policy

- Annual dividend will be low or none in the coming years, as potential profits will be reinvested to support further growth of the company

2022 GUIDANCE

Guidance

- Toivo estimates that the company's operating profit for 2022 will amount to between EUR 20-28 million
- Toivo estimates that the fair value of investment properties will amount to approximately EUR 175 million (EUR 97.6 million in 12/2021) at the end of 2022



APPENDIX



INCOME STATEMENT

	IFRS		
EURk	2019 ¹⁾	2020 ²⁾	2021 ¹⁾
Revenue	3,074	4,250	13,574
Profit/loss on fair value of investment properties	2,870	5,627	13,252
Other operating income	0	68	4
Materials and services	-666	-858	-8,475
Personnel expenses	-531	-654	-1,060
Depreciation, amortization and impairment losses	-30	-70	-68
Other operating expenses	-536	-1,174	-1,409
Operating profit	4,182	7,189	15,818
Financial income	502	21	18
Financial expenses	-415	-718	-703
Net financial income	86	-697	-685
Profit before tax	4,268	6,492	15,133
Current tax expense	-419	-427	-756
Change in deferred taxes	-438	-938	-2,306
Profit for the year	3,411	5,127	12,071

1) Unaudited; 2) Audited
Source: Toivo

BALANCE SHEET

ASSETS

EURk	IFRS		
	2019 ¹⁾	2020 ²⁾	2021 ¹⁾
Assets			
Non-current assets			
Investment properties	31,110	57,022	97,649
Right-of-use assets	59	17	16
Tangible right-of-use commodities	50	195	61
Intangible assets	-	65	45
Deferred tax assets	142	21	57
Total non-current assets	31,361	57,320	97,828
Current assets			
Trading property	972	500	4,808
Rental and trade receivables and other receivables	519	2,863	3,143
Cash and equivalents	3,379	3,154	15,275
Total Current Assets	4,870	6,517	23,226
Assets hold for sale	24,600	-	-
Total Assets	60,830	63,837	121,054

EQUITY AND LIABILITIES

EURk	IFRS		
	2019 ¹⁾	2020 ²⁾	2021 ¹⁾
Equity and liabilities			
Share capital	1,000	1,000	1,000
Subordinated debt	11,079	15,661	16,921
Invested non-restricted equity reserve	-	-	14,529
Conversion difference	-	-1	-2
Retained earnings	5,682	10,537	21,726
Equity (parent)	17,761	27,198	54,175
Minority share	223	92	245
Total equity	17,984	27,290	54,420
Non-current liabilities			
Loans from financial institutions	13,356	23,097	46,125
Rent liabilities	1,168	2,463	4,105
Liabilities to related parties	369	-	-
Other financial liabilities and other long-term liabilities	553	631	1,263
Deferred tax liabilities	1,165	1,982	3,972
Total non-current liabilities	16,612	28,173	55,466
Current liabilities			
Loans from financial institutions	362	600	971
Rent liabilities	42	28	26
Liabilities to related parties	-	369	3,000
Provisions	-	-	123
Trade and other payables	3,419	7,378	7,049
Total current liabilities	3,824	8,375	11,169
Total liabilities	20,436	36,547	66,634
Liabilities related to investment properties for sale	22,410	-	-
Total Equity and liabilities	60,830	63,837	121,054

1) Unaudited; 2) Audited
Source: Toivo

CASH FLOW STATEMENT

EURk	IFRS		
	2019 ¹⁾	2020 ²⁾	2021 ¹⁾
Cash flow from operations			
Net Income	3,411	5,127	12,071
Adjustments:			
Profit/loss on fair value of investment properties	-2,870	-5,627	-13,252
Depreciation, amortization and impairment losses	30	69	68
Net financing expenses	-86	697	685
Income taxes	857	1,365	3,062
Cash flow before change in NWC and operating financing	1,341	1,632	2,634
Change in NWC:			
Change in sales receivables and other receivables	-301	-2,344	-280
Change in trading property	-972	-303	-4,308
Change in payables and other loans	1,202	914	941
Cash flow before operating financing	1,271	-102	-1,013
Interest paid	-372	-623	-643
Interest received	18	0	5
Income taxes paid	-227	-372	-277
Cash flow from operations (A)	690	-1,097	-1,928

EURk	IFRS		
	2019 ¹⁾	2020 ²⁾	2021 ¹⁾
Cash flow from investing			
Acquisition of investment properties	-13,558	-18,361	-34,002
Acquisition of tangible assets	-55	-192	-28
Acquisition of intangible assets	-	-67	-
Proceeds from sale of tangible assets	-	21	137
Proceeds from sale of intangible assets	-	-	17
Proceeds from sale of investment properties	-	4,331	3,980
Proceeds from sale of other investments	2,031	-	-
Repayments of loan receivables	70	-	-
Interest and dividends received on investments	168	-	-
Cash flow from investing (B)	-11,344	-14,268	-29,896

EURk	IFRS		
	2019 ¹⁾	2020 ²⁾	2021 ¹⁾
Cash flow from financing			
Subordinated debt, raised	4,904	4,465	1,260
Initial public offering	-	-	14,529
Share issue	-	-	1,147
Interest paid on subordinated debt	-	-128	-
Loans from financing institutions, raised	7,842	10,994	37,276
Other loans, raised	922	77	4,260
Loan repayments	-43	-229	-13,857
Other loan repayments	-	-	-411
Rent agreements, repayments	-49	-39	-258
Financing cash flow (C)	13,576	15,140	43,946
Change in cash (A+B+C)	2,922	-225	12,121
Cash at the start of the period	456	3,379	3,154
Cash at the end of the period	3,379	3,154	15,275

1) Unaudited; 2) Audited
Source: Toivo