

Annual Report and Financial Statements
31 December 2020

Contents

CEO's review	3
University Properties of Finland Ltd - Annual report.....	5

Financial Statements

Consolidated income statement.....	19
Consolidated balance sheet, assets	20
Consolidated balance sheet, liabilities and equity	21
Consolidated cash flow statement	22
Notes to the consolidated financial statements	23
Accounting principles applied to the preparation of the consolidated and parent company financial statements	33
Calculation of key figures	35
Parent company income statement.....	36
Parent company balance sheet, assets	37
Parent company balance sheet, liabilities and equity.....	38
Parent company cash flow statement	39
Notes to the parent company's financial statements	40
Signatures.....	49

CEO's review

At the beginning of 2020, none of us could even imagine what was to come. The coronavirus pandemic forced us all to change how we use and develop space. Among other organisations, University Properties of Finland (SYK) adopted a digital approach to work, with people working from home.

However, many of our significant projects progressed despite the exceptional situation.

In February, we held a meeting to discuss the company's goals and focuses with our owners and Board of Directors. These discussions continued at several owners' meetings held during the year. Based on the discussions, SYK's strategy was approved in December. The purpose of our operations – “We are the best campus partner” – challenges us to focus on solutions and exceed our customers' expectations in our operations. Our strategy implementation is based on four guidelines: appropriate facility solutions, clear and high-quality customer service, verifiable added value and secured owner benefits.

SYK's internal operations are based on our new values, which were discussed across the organisation in the early autumn. Our operations are based on three values: responsibility for the common, speaking up and listening, and the right attitude. These values guide our day-to-day operations.

In 2020, we also reviewed our organisational structure, and our new organisation was implemented on 1 August 2020. Through this more specified organisation, we want to improve our operations on campuses.

Campus development continued to be at the core of our operations in 2020. Significant renovations were completed in Oulu, for example, where Oulu University of Applied Sciences was able to start its move to the Linnanmaa campus. In Turku, the renovation of the main building of the University of Turku provided the university with modern work environments in an historic building. In addition, renovation and annual maintenance projects of various scopes were carried out on all our campuses.

Sustainability is an integral part of SYK's operations, and our goal is for all our campuses to be carbon neutral by 2030.

This goal encourages us to actively identify measures and prepare a road map for achieving carbon neutrality. SYK's emissions were compensated for (39,780 tCO₂e) in the spring, meaning that our campuses were carbon neutral for the rest of 2020. Strategic planning and the review of the road map to carbon neutrality will continue until 2030 to ensure that we can achieve carbon neutrality through our own measures as planned.

We continued operational development by investing in RDI, and our SYK Academy was converted into the SYK Lab concept during the year. Our new concept supports the broader use of RDI content across our organisation. Our RDI operations also include demos implemented in cooperation with universities, and we were able to make progress in our previously scheduled demos and achieve results during the year, despite the fact that the pandemic changed the use of facilities on campuses.

Looking back, 2020 was a busy year. Many of our achievements depended on the input of several people and organisations. I would like to thank SYK's owners and the campus user organisations for their cooperation and initiative in the development of operations and facilities. I would also like to thank SYK's employees for their flexibility and ability to change established operating models, and adapt to remote and hybrid work. Although meetings on campus have sometimes meant remote meetings over a distance of hundreds of kilometres, we have been able to maintain active dialogue and the desire to make SYK the best campus partner!

Sanna Sianoja
Chief Executive Officer

University Properties of Finland LTD – Annual report

University Properties of Finland Ltd was established in 2009. Since 2010, the company has leased and developed premises primarily for universities and higher education institutions outside the Greater Helsinki region. The company is owned by 9 universities outside Greater Helsinki (University of Eastern Finland, University of Jyväskylä, University of Lapland, Lappeenranta-Lahti University of Technology LUT, University of Oulu, University of Tampere, University of Turku, University of Vaasa and Åbo Akademi University) and the Finnish government.

The company provides universities with suitable and reasonably priced premises, and develops its property assets in line with changing and evolving needs. The goal is to turn campuses into attractive and sustainable environments for learning and innovation that support the success of universities in their research, education and social impact. The company actively engages in RDI to further develop operations and facility solutions in cooperation with its shareholder universities. Facility solutions secure the competitiveness of the organisations that use the facilities.

In 2020, we prepared a new strategy for the company in cooperation with its owners and Board of Directors. The strategy for 2021–2023 was approved by the Board of Directors in

December. It is based on assumptions of our owners' expectations and changes in our operating environment. The purpose of our operations is to be the best campus partner. Our purpose is supported by four strategic guidelines: appropriate facility solutions, clear and high-quality customer service, verifiable added value and secured owner benefits.

SYK's new values were also formulated during the year. Our values guide our operations and contribute to the implementation of our strategy through our day-to-day work. Our values are responsibility for the common, speaking up and listening, and the right attitude.

The company continued its extensive property development and renovation operations in 2020. The management of external risks remains at a very good level. The company has focused strongly on the energy management of its properties since its establishment. In cooperation with the universities, we achieved significant energy savings in 2020 by adjusting the energy consumption of facilities that were fully or partially vacant because of the pandemic, for example.

The company's result for the period was in line with expectations. Its equity ratio at the end of the financial year was 46.8%. The equity ratio is below the target level of 50.0%, and more detailed planning to resume the target level has been in progress since the autumn of 2020.

Our corporate responsibility report for 2020 was prepared in line with the GRI Standards, and will also be published in the GRI database. The material themes of University Properties of Finland Ltd's corporate responsibility were identified by stakeholder analysis and an evaluation of the company's own operations.

Key indicators, EUR million

	Group			Parent company		
	2020	2019	2018	2020	2019	2018
Revenue	170,5	165,2	159,5	169,7	164,5	158,7
Operating profit	51,4	46,0	46,0	50,4	46,9	46,9
Result for the period	30,3	27,0	27,5	33,5	31,2	31,0
Equity on 31 December	662,5	625,7	617,4	652,1	612,1	599,5
Balance sheet total on 31 December	1417,2	1335,0	1357,1	1416,7	1335,7	1357,0
Equity ratio, %	46,8	46,9	45,5	46,8	46,9	45,5
Return on capital employed, %	3,3	3,0	3,0	3,5	3,3	3,3
Return on equity, %	4,7	4,3	4,5	4,5	4,5	4,6

Business operations

In 2020, the Group's revenue grew by EUR 5.3 million year-on-year. The main reasons for the increase in revenue (3.2%) were the completion of new buildings and the repairs and renovations of premises, as well as active rental operations. Maintenance and annual repair measures were implemented as planned.

Customer relationship management

Customer relationships

The purpose of SYK's operations is to be the best campus partner for our shareholder universities and other customers in our campus cities and towns. At the end of 2020, we had around 100 tenants as customers. In addition to universities, our campuses house universities

of applied sciences and municipal functions such as comprehensive schools, oral health services and hospital district functions. Our campuses also house private day-care centres and small, medium-sized and large enterprises in various sectors.

In 2020, our campuses consisted of the following user organisations:

- 8 universities
- 4 universities of applied sciences
- 8 teacher training schools under universities
- 2 comprehensive schools
- 3 hospital districts
- 2 private day-care centres
- 70 other corporate tenants and 29 corporate members of the Campus Club

Campuses are ideal locations for organisations that cooperate or seek to cooperate closely with universities. Synergies between operators arise from collaboration, open interaction, the sharing of resources and meetings between various operations. We signed a total of 15 new corporate lease contracts in 2020. Most of our corporate tenants have their facilities in the Kampusareena and Tietotalo buildings on the Hervanta campus in Tampere.

In customer relationships, we focused on the further development of customer relationship management in 2020. In the spring, meetings with customers were held as remote Teams meetings. Despite the exceptional circumstances, we made good progress in key issues. Customer relationships were also considered in the preparation of project plans in cooperation with representatives of the users of the facilities. In many locations, we have prepared project studies and plans related to renovations, improvements and even new construction. The progress of the pandemic in the spring also created a new type of situation that calls for the more extensive assessment of future facility needs if multi-location work continues to increase.

Our annual customer satisfaction survey was conducted by Innolink Research in November and December 2020. The aim was to study our customers' level of satisfaction with our operations, as well as identifying development needs. The target group consisted of representatives of universities and other tenants. We received a total of 106 responses. The survey was implemented as a combination of telephone interviews and an email questionnaire. Judging from the results, we have made progress in our operations. SYK's overall score in the survey was 3.7 (3.6 in 2019). Our scores improved in customer relationship management, property management and maintenance, and

facility development. Our overall score for new construction and renovation was 3.8, remaining at the same level as in 2019. The respondents' perceptions of SYK were mainly positive. SYK was described as reliable, expert, important, approachable and cooperative. We have succeeded best in friendliness, willingness to serve and reliability. The customer satisfaction survey provides valuable information about customers' views and expectations of operational development.

In the autumn of 2020, we introduced a new model for facility and campus strategy work to guide joint development. Our annual campus-specific strategy discussions with universities provide guidelines for our operating activities and future measures. The goal is to engage in open dialogue on the universities' views of the future, determine guidelines for matters related to facilities and discuss topical themes.

We conducted facility and campus strategy discussions with each of our customer universities between September and November 2020. In these discussions, the universities were represented by the persons in charge of facility matters, the rector, members of financial or administrative management, and representatives of facility services. The discussions were carried out in a spirit of openness, and the dialogue was perceived as necessary for determining joint strategic targets. The goal is to make the facility and campus strategy process a continuous procedure for determining and achieving joint targets through an aligned will. The universities and SYK will prepare action plans for the various strategy levels (campuses, properties and facilities), with schedules and designated persons in charge. This enables us to better centralise measures and jointly develop campuses over the short and long term.

Multi-purpose office solutions have been implemented on the Kuopio and Joensuu campuses of the University of Eastern Finland in a work environment development project. The projects were implemented for Aducate's operations in Aurora, Joensuu, for Bioteknia in Kuopio and for university services in Snellmania, Kuopio.

In Jyväskylä, the planning related to the renovation and alteration projects on the Ylistönrinne campus was completed in October 2020. The implementation planning phase started towards the end of the year.

On the Lappeenranta campus, efficiency measures related to the university's operations and use of facilities were implemented in the spring, which resulted in a significant increase in vacant facilities on the campus. New users will be identified for the vacant facilities.

In Turku, a preliminary study related to the renovation and operational development of the Dentalia building was completed in late 2020. The study was carried out in cooperation with representatives of the users of the facilities. In addition, the planning related to a development project concerning Turku School of Economics started towards the end of the year. Dialogue continued with the future users of the Aurum building to identify service needs, for example, in addition to discussing matters related to the construction project.

In Oulu, the arrangements related to the joint campus were completed, and the staff and students of the Department of Information Technology of Oulu University of Applied Sciences moved to the Linnanmaa campus at the beginning of 2020. The operations of the departments to be relocated will be moved to the Linnanmaa campus by the beginning of the autumn term. The expansion of the Foodoo restaurant was completed in the spring, bringing much-awaited additional capacity

to the catering services available on the campus. Refurbished facilities for the Natural Resources Institute Finland and the Finnish Environment Institute were completed in the Ympäristötietotalo building.

Four new companies moved to the Tietotalo and Kampusareena buildings on the Hervanta campus. At the end of 2020, Tietotalo and Kampusareena on the Hervanta campus had a total of 30 corporate tenants, occupying a total area of around 7,000 m².

As part of organisational restructuring, campus development was integrated in the Customer Relations business operations. Campus development contributes to the implementation of the company's strategy, enabling us to provide our owner customers with modern, innovative and appropriate facility solutions. In campus development, a need has been identified to prepare location-specific action plans for vacant facilities, as well as facilities that are likely to become vacant in the near future. This calls for systematic planning and close cooperation to determine universities' future facility needs.

In rental operations, we continued to pay attention to the renewal of the existing lease portfolio base and the continuity of leases in 2020. The duration of leases was assessed in connection with user-driven changes to premises and negotiations on contract extensions were carried out. No new lease contracts with universities were signed during the year. The average rent of all leases was EUR 14/m²/month at the end of the year.

The average occupancy rate was 94.2% at the end of 2020. Of the company's facilities, a total of 60,450 m² was vacant at the end of 2020. Leasable vacant facilities represented 8% of this total. The successful leasing of other vacant facilities requires renovation measures of various scopes.

Tenant	Number or new leases	Total floor area (m ²)	Maturity (avg.)	Average rent EUR/m ² /month (total rent)
Universities (total)	-	-	-	-
Other tenants (total)	15	3 396 m ²	5,4 years	EUR 20/m ² /month

Key figures for rental operations:

	2020	2019
Rental margin, % of revenue	66,8	62,9
Revenue per leasable area EUR/m ² /month	13,5	13,0
Occupancy rate (31 December) %	94,2	95,1
Average length of leases, years	8,7	*
Proportion of facilities generating rental income (31 Dec) %	92,6	90,6
Total leasable floor area, millions of m ²	1,05	1,05
Value of leases, EUR million	1 538	1 674

* The calculation principles have been further specified, which is why the figures for 2019 are not comparable.

Services on campuses

SYK seeks to support its customers' operations by providing property, user and value-added services. Based on identified customer needs, we have created service portfolios, and will make further decisions concerning these portfolios in connection with discussing the company's service strategy during 2021. New service pilot projects include a need-based cleaning service in the main building of the University of Turku, as well as digital signage. An electronic signage service and a light bulb replacement service are provided in all SYK properties in Turku and Rauma. The experiences gained from the pilots have been positive, and the quality targets have been achieved.

Kampusklubi®

Kampusklubi brings together businesses, universities, research and product innovation. Its fifth year of operation was very exceptional, because the coronavirus pandemic caused restrictions on the use of the club facilities and the organisation of events. However, virtual events were held during the autumn. Kampusklubi in Hervanta had 29 corporate members in 2020, in addition to the Tampere university community.

Construction projects and maintenance

Investments in campuses

The company's investments totalled EUR 94 million in 2020. On the balance sheet date, the company had 78 investment projects in the preparatory and planning stages (EUR 110 million) and 71 projects in the investment phase (EUR 160 million).

With regard to the projects approved by the general meetings of University Properties of Finland Ltd (Extraordinary General Meeting on 24 October 2016, Annual General Meetings on 27 April 2017 and 11 April 2019), the situation of the projects in the planning and completion phases, as well as the needs of the universities, have been studied as part of project planning. The construction of the Aurum building for Åbo Akademi University and the University of Turku has progressed as planned.

More than EUR 30 million	estimated start	estimated completion	Annual General Meeting
Planning/preparation phase			
Teacher Training School, Oulu	open	open	2019
University student health centre, Tampere	open	open	2017
Jyväskylä University of Applied Sciences	open	open	2017
Investment phase			
Aurum (formerly Juslenia), a new building in Turku	2017	2021	2017
Completed			
Oulu University of Applied Sciences	2018	2020	2016 EGM

Other significant projects at the end of 2020:

Projects in the planning phase include the development and preparation of the renovation of Ylistönrinne in Jyväskylä, the second phase of the renovation of the Arcanum building in Turku, the renovation of the D section in Hämeenlinna and alterations to the lobby of the Snellmania building in Kuopio.

The Aurum building is a new construction project in progress in Turku. Renovation projects include the renovation of the Medisiina A–C buildings of the University of

Turku, the renovation of the library building of the University of Jyväskylä, and alterations to the Carelia building in Joensuu, including the expansion of its restaurant.

The most significant renovation and new construction projects completed in 2020 were:

- Renovation of the facilities of Oulu University of Applied Sciences, including alterations, Oulu
- Teacher training day-care centre, University of Turku, Rauma

- Extension of the Teacher Training School of the University of Tampere, Tampere
- Renovation of the main building of the University of Turku, Turku
- Alterations to the Arcanum building/first stage of the renovation project, Turku

Maintenance operations on campuses

In 2020, the key focuses of maintenance operations were energy management, the establishment of a virtual power plant, and the development of need-based maintenance and operations based on long-term plans.

The company's maintenance management model and the related goals were reviewed during the year. As a result of the review, the current management model will be renewed through a transfer to technical management provided by SYK during 2021. Consequently, the service contracts concerning management were terminated, to expire in the spring of 2021.

An auditing tool was introduced to support the operations of the maintenance service network. The competitive bidding process for service contracts has continued as planned and will be completed during 2021.

As part of a sustainable development project, SYK has joined the demand response market, which enables the more extensive use of renewable energy in the national grid. The company adopted a new energy management model in 2020.

The long-term planning process has progressed towards a rolling capital expenditure model. Assessment principles were created during 2020, and the company capitalised on the

synergies arising from the BREEAM In-Use assessments.

Key figures for maintenance operations:

	2020	2019
Average maintenance costs, EUR/m ² /month	4,5	4,8
Maintenance repairs, EUR million	10,1	13,5
Weather-adjusted heating energy consumption, kWh/gross m ²	147,8	154,9
Water consumption, dm ³ /gross m ²	190,3	263,9
Electricity consumption, kWh/gross m ²	102,1	116,6
Energy (heating + electricity), CO ₂ /gross m ²	22,0	32,0

Responsibility and communications

From the ecological perspective of sustainable development, the company had a very active year. The energy efficiency measures of maintenance were accelerated by the 7.5% savings target by 2025, set out in the TETS energy efficiency agreement. In the construction of new buildings and in renovation, we applied new targets, considerably stricter than the standard requirements in the sector, regarding the E figure, the amount of purchased energy, the share of renewable energy, and emissions.

Regarding the demand response for energy, we worked during the year on both electricity and district heating to allow even more environmentally friendly modes of production to be introduced. When piloting the flexible

consumption of district heating at Seminaarinmäki in Jyväskylä, we discovered that the buildings were able to temporarily reduce their heating power by around 33% without significant changes in conditions, based on a request from the energy company. We connected hundreds of devices in buildings to the demand response market to adjust their electricity consumption to the needs of the national grid.

We further improved the accuracy of the calculation of the company's carbon footprint. We prepared a road map for reducing our emissions to zero by 2030. In the spring of 2020, leading the way in the real estate sector, we compensated for the entire company's emissions (39,780 tCO₂e). As far as we know, we were the first company in our sector to do so. In other words, following the compensation, our operations are already carbon neutral, and we can provide our tenants with carbon-neutral facilities.

In 2020, we also continued the environmental certification of construction projects in compliance with BREEAM. At the end of the year, the company had 13 certificates with a "Very Good" or "Excellent" rating. In addition, we had 9 certificates for construction and 13 for plans. The Aurum building, which is under construction in Turku, received an exceptionally high score (77.7%) for its plans. Only two buildings – the extension of Helsinki Airport Terminal 2 and the Lidl Logistics centre in Järvenpää – have received a higher score in Finland.

In 2020, we received our first BREEAM In-Use environmental certificates, with ten buildings in Tampere certified with excellent ratings. Of these buildings, Kampusareena was the only Finnish building shortlisted for the BREEAM Awards based on an assessment conducted in 2020. In early 2021, we will find out whether Kampusareena has been selected as the winner in its category from among five candidates.

Social responsibility is an important part of SYK's operations. For us, it means providing environments that enable everyone to study and learn, for example. We seek to modify the buildings so that they provide functional environments, and enable social interaction and meetings between people. In 2020, in connection with our first emissions compensation, one of our main criteria was to support projects with a positive impact on local people in developing countries. Through our compensation projects, we support the availability of clean drinking water, as well as employment, for example.

In our construction projects, we take different stakeholders into account, listen to them and ask questions, and seek to respond to the needs of the stakeholders as far as possible. We also carry out small-scale demo projects where we learn with the users, create something new and engage in close interaction throughout the project. This provides us with information which we can later use in larger projects, and we also learn something new about our customers.

In 2020, we donated our Christmas gift and greeting funds to charity. We supported children's well-being in Finland through Save the Children. The recipient was selected based on a vote among our employees.

We seek to increase the visibility and recognisability of the company through communications. Thanks to our successful operations and construction projects, we received media coverage and content visibility in news and professional channels during the year. In the stories and articles, SYK was discussed from a wide range of perspectives, from sustainable property ownership and construction to rental levels.

Research, development and innovation

SYK continuously seeks to use the expertise of universities and other partners in research, development and innovation. The operations of the SYK Academy, which was established a few years ago, were updated in the autumn of 2020, and its name was changed to the SYK Lab. Its new operating method supports the use of more broad-based content in the organisation. The SYK Lab continues to serve as a forum for the company's current and future RDI operations. The purpose of the forum is to increase employees' awareness of the company's valuable R&D input, in addition to serving as a platform for more broad-based multidisciplinary development in cooperation with universities.

The SYK Lab has held monthly afternoon events to provide employees and partners with information about research results. In addition, a series of roundtable events started in the autumn of 2020. At these events, leading experts in the real estate sector discussed topical themes arising from the coronavirus pandemic.

Demos – or small-scale experiments in construction – implemented in cooperation with universities continue to be an important part of the company's RDI operations. Four demo projects were carried out in 2020. The investments in demos totalled EUR 355,000 and were related to four projects: the SM4RT LOC escape room at the University of Eastern Finland in Joensuu, the flexible optimisation of facility use on the campus in Lappeenranta, the measurement of restaurant queues and parking spaces in Oulu, and the showroom at the University of Tampere in Hervanta. The Joensuu demo attracted a great deal of

attention: it was reported by newspapers and discussed on breakfast television on one of the Finnish Broadcasting Company's channels.

The development of RDI communications focused on demos and the further conceptualisation of the CoSYK co-development model, which also involves digital implementation. In late 2020, a demo library was published on the company's website, with information about all demos implemented since 2010. The library will be supplemented and further developed in connection with the revamping of the website in 2021. The conceptualisation of the CoSYK operating model was completed in late 2020, resulting in a comprehensive manual on facility modification projects. The related training for employees is in progress. The manual will be published for our network of partners during the spring of 2021.

The themes of the R&D projects have included digitalisation, sustainable development, joint development and service development with regard to need-based maintenance, for example. The aim is to leverage digitalisation to enhance the effectiveness of the campus ecosystem and service infrastructure, supporting the creation of added value for our customers. Research is carried out in close cooperation with universities and selected partner companies. The goal is to improve the attractiveness and functionality of campuses.

In 2020, the company's research and development investments totalled EUR 0.1 million (EUR 0.3 million in 2019; EUR 0.5 million in 2018), which represents 0.1 % of its operating expenses.

Business management

General Meeting

The Annual General Meeting was held through remote connections in Tampere on 11 June 2020. Jukka Mönkkönen, Rector of the University of Eastern Finland, was elected as the new Chair of the Board of Directors. The meeting discussed the matters assigned to the Annual General Meeting.

The Annual General Meeting confirmed the financial statements for 2019 and discharged the members of the Board of Directors and the Chief Executive Officer from liability.

The Annual General Meeting re-elected the following members of the Board of Directors:

- **Sami Yläoutinen** (Deputy Chair), Ministry of Finance, Budget Manager
- **Heli Huhtala**, University of Tampere, Director of Finance
- **Riitta Juutilainen**, Senate Properties Ltd, Division Director
- **Päivi Mikkola**, University of Turku, Director General
- **Pekka Riuttanen**, University of Oulu, CFO

Authorised Public Accountants KPMG Oy were elected the company's auditors, with APA Assi Lintula as the responsible auditor.

The Annual General Meeting decided to maintain the remuneration of Board members and auditors at the current level.

The Annual General Meeting adopted the Board's proposal for a dividend of EUR 7.50 per share to be paid, corresponding to a total of EUR 18.9 million.

The Board of Directors met 14 times in 2020.

Personnel

In June, the company conducted statutory cooperation negotiations concerning all employees for reasons related to production and the reorganisation of the company's operations. The ensuing organisational changes came into force on 1 August 2020. During the process, the company engaged in active dialogue with its employees, and the organisation was adjusted so that everyone interested in new positions could find meaningful and relevant jobs within the organisation. The reorganisation supports business operations in line with the targets determined by the owners of the company by means of a future-proof organisation in which more effective internal cooperation and clearly defined responsibilities create better customer relationship management and an operating culture that supports the owners.

With the new organisation, the company has two business units: Customer Relations, and Construction and Maintenance, including Services. In addition, personnel are divided into three teams: Business Development, Business Administration, and Finance. The Executive Board consists of the CEO and the directors of the business units. The extended Executive Board engages in the development of operations and supervisory work. The reorganisation resulted in new job descriptions, and changes supporting career development were implemented. Consequently, the company recruited four new

employees during the second half of the year. The company's operations continue to be based on a low-hierarchy organisation that is close to the customers, and in which an active and highly competent network of partners plays an important role. The company had an average of 30 employees in 2020, with their average age being 45 at the end of the year.

In the spring, the company started a corporate culture development process that supports change management and the well-being of employees. Through the project, all the personnel have participated in discussing and determining the company's values and target levels, including regular employee surveys, a culture that better supports discussion and stronger supervisory work.

In 2020, the company had an incentive scheme in place, with targets based on its strategic targets. In the event that the remuneration under the incentive scheme is paid out in full, the cost effect of the incentive scheme will be around EUR 0.2 million, or around 6% of personnel expenses.

Key figures for personnel:

	2020	2019	2018
Average number of personnel	30	30	34
Number of personnel at the end of the period	32	31	32
Personnel expenses, EUR million	2,8	2,6	2,8

Financing

The management of SYK's financing and financial risks supports the implementation of its business operations and strategy. In terms

of financing, the goal is to maintain liquidity under all circumstances, optimise financial risks and minimise financial expenses within the determined risk level, prepare for challenges related to financing well in advance, manage financing and financial risks effectively in line with the requirements of internal control, and support decision-making by considering the perspectives of financing and financial risks.

The company withdrew a new loan of EUR 80 million in 2020. The loan was targeted at financing through commercial papers and the company's other equity needs.

The Investor Letter required for the company's Green Bond financing was prepared in line with the financing solution.

The preparation of the company's financing strategy is in progress, and its investment criteria and means to increase its equity ratio have been assessed as part of the strategy. In terms of financing, the company will continue to review its equity-to-debt ratio and debt arrangement options in 2021.

Key figures for financing operations:

	2020	2019
Total loan amount, EUR million	723,8	688,3
Average loan maturity, years	5,6	6,9
Average financing interest, %	1,9	1,8
Interest-bearing period, years	5,2	5,3
Hedge level of loan capital, %	82	87
Interest coverage ratio	9,4	9,4
Liquidity, EUR million, 31 December	44,8	16,5

Risk management

In line with the company's risk management policy, its key risks and risk management policy were reviewed at the Board meeting held on 27 August 2020. The company has identified the following key risks: SYK ownership, a decrease in the value of properties, the re-leasing of vacant facilities, a decrease in the technical condition and indoor climate of buildings, financing, and financial failures related to significant investments or repair measures. The means to manage each key risk and suggestions for the improvement of risk management are examined regularly with regard to the key risks.

Changes in group structure in 2020

In addition to its direct property holdings, University Properties of Finland Ltd owns shares in four real estate companies. During the year, the company sold its holding in Kiinteistö Oy F-Medi, an associated company. Its holding represented 24.66% of the share capital. Of its shares in real estate companies, subsidiaries and associated companies are included in the consolidated financial statements of University Properties of Finland Ltd.

Company shares

The company has one share class and the share capital is divided as follows:

	2020	2019
1 vote per share	2,520,000 shares	2,520,000 shares

All shares have equal entitlement to dividends and company assets. Shares are governed by a redemption clause specified in Section 11 of the company's Articles of Association.

Outlook for 2021

In 2021, the company's basic operations are expected to be at the same level as in previous years. The impacts of the coronavirus pandemic on the future use of facilities, as well as the development of the facility needs of universities, call for active dialogue with the shareholder universities on all our campuses. A shared view on campus development and strategy enables SYK to focus its operations on solutions that support the operations of universities. Vacancy rate management and the active re-leasing of vacant facilities constitute one of the main focuses of our operations.

In 2021, we will continue to engage in active dialogue and hold regular meetings with our owners to ensure that our operations are aligned with the targets set by our owners. We monitor our progress quarterly by means of a road map for implementing the company strategy and achieving the related targets. Our strategy process will continue with the preparation of sub-strategies, and our goal is to have the company's financing, property and service strategy approved during the first half of the year.

Customer relationships are at the core of our operations, and we will apply a more systematic approach to improving customer satisfaction. Customer relationship management will be based on management plans and active interaction with our customers. Through corporate leasing, we will ensure the effective re-leasing of vacant university facilities. During 2021, we will further develop our corporate leasing concept so that we have an efficient leasing process that serves operations on all campuses.

Several significant construction projects will be completed during 2021, including the library renovation project in Jyväskylä, the construction of the Aurum building in Turku and the renovation of the Medisiina A-C buildings in Turku.

Maintenance operations are a significant expense for the company, but they also have a considerable impact on user satisfaction. In maintenance, we will implement processes based on our new operating models in 2021. The most significant of these is the introduction of an efficient management model that supports campus operations.

Sustainability and our goal of achieving carbon neutrality on campuses by 2030 will continue to be important aspects of our operations in 2021. Measures related to properties and their locations play an essential role in achieving our carbon-neutrality target. In line with our road map, the measures to be implemented during 2021 include energy cycling on selected sites and emissions compensation. We will examine financing models for the measures necessary for the achievement of our carbon-neutrality target as part of our financing strategy.

We will continue to further develop the company's operational management, with one of the key development measures being management by information. We started a management-by-information project in 2020, and it will be completed during 2021. As a result of the project, we will be able to improve the quality of the information provided to our Board of Directors, executive management and employees.

In RDI operations, we will continue to further develop the SYK Lab concept and will integrate it in our day-to-day operations. We will also implement demo projects in cooperation with universities and participate in research projects related to our business operations. The demo projects to be carried out in 2021 include the Ludus laboratory (flexible facilities for small-scale research) at the University

of Tampere, bicycle parking facilities at the University of Oulu, a hybrid learning environment at the University of Jyväskylä and a hub for multidisciplinary meetings at the University of Turku.

Thanks to our highly competent employees and their commitment to the implementation of our strategy, we will be able to achieve the goals set for SYK. Our HR focuses for 2021 include further developing our corporate culture, supporting consistent supervisory work and increasing our organisational capabilities.

Proposal on the use of the profit and distributable funds

The distributable funds of the parent company total EUR 374,669,869.20, of which the result for the financial year accounts for EUR 33,478,083.98. The Board of Directors proposes that the profit for the period be transferred to retained earnings and that the distributable funds be used as follows:

- A total dividend of EUR 20,084,400.00 will be distributed, corresponding to EUR 7.97 per share.
- The remaining distributable funds are retained in equity.

There have been no significant changes in the company's financial position after the end of the financial period. The company's liquidity is good and the Board of Directors estimates that the proposed distribution of profits will not compromise the company's solvency.

Financial statements

Consolidated income statement

EUR million	Note		1 Jan – 31 Dec 2020		1 Jan – 31 Dec 2019
REVENUE	1.		170,5		165,2
Other operating income	2.		3,1		5,4
Personnel expenses					
Salaries and remuneration	3.	-2,4		-2,2	
Other personnel expenses					
Pension expenses		-0,4		-0,4	
Other personnel-related costs		0,0	-2,8	-0,1	-2,6
Depreciation and impairment	9., 10.				
Depreciation according to plan		-62,1		-60,0	
Impairment of fixed assets		-0,4	-62,5	0,0	-60,0
Other operating expenses	5.		-56,6		-61,8
Share of profit (loss) of associated companies	11.		-0,3		-0,2
OPERATING PROFIT			51,4		46,0
Financial income and expenses	7.				
Interest and financial income					
Interest income		0,0		0,0	
Other interest revenue		0,1		0,2	
Interest and financial expenses					
Interest expenses		-6,0		-6,3	
Other interest and financial expenses		-8,1	-14,0	-7,0	-13,1
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES			37,4		32,9
Income taxes	8.		-7,2		-5,8
Minority interest			0,0		0,0
PROFIT (LOSS) FOR THE PERIOD			30,3		27,0

Consolidated balance sheet, assets

EUR million	Note		31 Dec 2020		31 Dec 2019
NON-CURRENT ASSETS					
Intangible assets	9.				
Intangible rights		0,0		0,0	
Other capitalised expenditure		0,6	0,6	2,0	2,0
Tangible assets	10.				
Land and water areas		97,1		63,8	
Buildings and structures		1 148,5		1 119,8	
Machinery and equipment		3,3		3,7	
Other tangible assets		6,4		4,4	
Prepayments and incomplete acquisitions		115,1	1 370,4	115,7	1 307,4
Investments	11.				
Holdings in associated companies		0,0		4,0	
Other investments		2,0	2,0	2,0	6,0
Non-current assets total			1 373,0		1 315,4
CURRENT ASSETS					
Long-term receivables	12.				
Accrued income		0,0	0,0	0,0	0,0
Short-term receivables	13.				
Receivables from property income		0,3		0,7	
Accrued income		0,7		2,9	
Other receivables		0,7	1,7	1,9	5,5
Cash and cash equivalents			42,5		14,2
Current assets total			44,1		19,7
ASSETS TOTAL			1 417,2		1 335,0

Consolidated balance sheet, equity and liabilities

EUR million	Note		31 Dec 2020		31 Dec 2019
EQUITY					
Share capital			252,0		252,0
Revaluation reserve			25,5		0,0
Invested unrestricted equity fund			269,1		269,1
Retained earnings			77,7		69,6
Profit/loss for the period			30,3		27,0
Total equity	14.		654,5		617,7
MINORITY INTEREST			8,0		8,1
LIABILITIES					
Long-term liabilities	15.				
Bonds		100,0		100,0	
Loans from financial institutions		614,6		544,0	
Deferred tax liability		6,4		0,0	
Other debts		1,3	722,3	1,5	645,5
Short-term liabilities	15.				
Loans from financial institutions		9,4		44,6	
Deferred tax liability	16.	2,6		3,7	
Advances received		0,4		0,4	
Trade payables		8,8		11,0	
Other debts		0,8		0,1	
Accrued expenses		10,4	32,4	4,0	63,8
Total liabilities			754,7		709,3
TOTAL EQUITY AND LIABILITIES			1 417,2		1 335,0

Consolidated cash flow statement

EUR million	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Operating cash flow			
Operating profit		51,4	46,0
Depreciation and impairment according to plan		62,5	60,0
Other adjustments without payment transactions		0,3	0,2
Change in working capital	1.	5,4	3,1
Interest received		0,0	0,2
Interest paid		-3,9	-4,3
Other financial items		-8,1	-7,0
Taxes paid		-7,3	-7,3
Operating cash flow total		100,4	90,8
Investment cash flow			
Investments in tangible and intangible assets		-94,5	-114,9
Disposals of tangible and intangible assets		2,2	25,0
Other investments		-1,6	1,0
Disposals of other investments		5,3	0,8
Investment cash flow		-88,6	-88,0
Financing cash flow			
Withdrawals/repayments of long-term loans		80,0	44,9
Withdrawals/repayments of short-term loans		-44,6	-79,6
Dividends paid		-18,9	-18,6
Financing cash flow total		16,5	-53,3
Change in cash and cash equivalents		28,3	-50,5
Cash and cash equivalents at the start of the period		14,2	64,6
Cash and cash equivalents at the end of the period		42,5	14,2
Notes to the cash flow statement			
1. Itemisation of working capital adjustment			
Adjustment of long-term receivables		0,0	2,7
Adjustment of short-term receivables		3,8	-2,7
Adjustment of short-term non-interest bearing debts		1,6	3,1
		5,4	3,1

Notes to the consolidated financial statements

NOTES TO THE INCOME STATEMENT:

EUR million

1 Jan – 31 Dec
2020

1 Jan – 31 Dec
2019

1. Revenue

Rental income	168,8	163,9
Compensation for use	1,7	1,3
Total	170,5	165,2

Geographically, the Group's revenue is generated in Finland.

2. Other operating income

Gains on the sale of fixed assets	0,6	4,3
Grants received	0,1	0,2
Other income	2,4	0,9
Total	3,1	5,4

Other operating income mainly consists of gains on the sale of real estate on the Turku and Lappeenranta campuses, as well as membership fees related to Kampusklubi activities and grants received for research projects.

3. Personnel expenses and number of personnel

Salaries and remuneration	2,4	2,2
Pension expenses	0,4	0,4
Other personnel-related costs	0,0	0,1
Total	2,8	2,6
Salaries and remuneration to members of the Board of Directors and the Chief Executive Officer during the period	0,3	0,4
Average number of personnel during the period	30	30
Number of personnel at the end of the period	32	31

4. Depreciation and impairment

Described in more detail in notes 9 and 10		
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NOTES TO THE INCOME STATEMENT:

EUR million

1 Jan – 31 Dec
20201 Jan – 31 Dec
2019

5. Other operating expenses

Administration	6,0	6,6
Use and maintenance	10,0	12,6
Maintenance of outdoor areas	1,9	0,5
Cleaning	0,3	0,2
Heating	9,7	11,2
Water and sewage	1,1	1,2
Gas and electricity	1,1	1,4
Waste management	0,6	0,8
Liability insurance	0,2	0,2
Rental expenses	1,1	1,1
Property taxes	12,4	12,4
Repairs	10,7	13,9
Reimbursements and grants received	0,0	-0,2
Other maintenance costs	1,6	-0,1
Total	56,6	61,8

6. Auditors' fees

Authorised Public Accountants KPMG Oy Ab		
Auditors' fees	0,0	0,0
Tax advice	0,0	0,0
Other expert fees	0,1	0,1
Total	0,1	0,1

7. Financial income and expenses

Interest income	0,0	0,0
Other interest and financial income	0,1	0,2
Total	0,0	0,2
Interest expenses	6,0	6,3
Other interest and financial expenses	8,1	7,0
Total	14,1	13,3
Total financial income and expenses	-14,0	-13,1

8. Income taxes

Income taxes on actual operations	8,2	6,7
Change in deferred taxes	-1,1	-0,9
Total	7,2	5,8

NOTES ON BALANCE SHEET ASSETS
EUR million
9. Intangible assets

2020	Intangible rights	Other capitalised expenditure	Total 31 Dec 2020
Acquisition cost 01/01/2020	0,0	3,7	3,7
Increases during the period	0,0	0,0	0,0
Disposals during the period	0,0	-0,9	-0,9
	0,0	2,9	2,9
Accumulated depreciation 01/01/2020	0,0	-1,8	-1,8
Depreciation during the period	0,0	-0,5	-0,5
Accumulated depreciation 31/12/2020	0,0	-2,3	-2,3
Carrying amount 31/12/2020	0,0	0,6	0,6
2019	Intangible rights	Other capitalised expenditure	Total 31 Dec 2019
Acquisition cost 01/01/2019	0,0	2,8	2,8
Increases during the period	0,0	1,0	1,0
Disposals during the period	0,0	0,0	0,0
	0,0	3,7	3,7
Accumulated depreciation 01/01/2019	0,0	-1,3	-1,3
Depreciation during the period	0,0	-0,5	-0,5
Accumulated depreciation 31/12/2019	0,0	-1,8	-1,8
Carrying amount 31/12/2019	0,0	2,0	2,0

NOTES ON BALANCE SHEET ASSETS

EUR million

10. Tangible assets

2020	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31 Dec 2020
Acquisition cost 01/01/2020	63,8	1 594,2	6,0	8,0	115,7	1 787,7
Transfers between asset categories	0,1	91,4	0,2	2,7	-94,9	-0,5
Increases during the period	1,6	0,3	0,0	0,0	94,2	96,2
Disposals during the period	-0,2	-2,4	0,0	0,0	0,0	-2,6
Acquisition cost 31/12/2020	65,3	1 683,7	6,1	10,7	115,1	1 880,9
Accumulated depreciation 01/01/2020	0,0	-474,4	-2,3	-3,6	0,0	-480,3
Depreciation during the period	0,0	-60,3	-0,5	-0,8	0,0	-61,5
Impairment	0,0	-0,4	0,0	0,0	0,0	-0,4
Accumulated depreciation 31/12/2020	0,0	-535,1	-2,8	-4,4	0,0	-542,3
Revaluation	31,8	0,0	0,0	0,0	0,0	31,8
Carrying amount 31/12/2020	97,1	1 148,5	3,3	6,4	115,1	1 370,4
2019	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31 Dec 2019
Acquisition cost 01/01/2019	65,2	1 495,6	4,6	7,5	126,0	1 698,9
Transfers between asset categories	0,0	0,0	0,0	0,0	-130,2	-130,2
Increases during the period	0,1	126,2	1,3	0,5	120,0	248,1
Disposals during the period	-1,6	-27,5	0,0	0,0	0,0	-29,1
Acquisition cost 31/12/2019	63,8	1 594,2	6,0	8,0	115,7	1 787,7
Accumulated depreciation 01/01/2019	0,0	-416,2	-1,8	-2,8	0,0	-420,8
Depreciation during the period	0,0	-58,2	-0,5	-0,8	0,0	-59,4
Impairment	0,0	0,0	0,0	0,0	0,0	0,0
Accumulated depreciation 31/12/2019	0,0	-474,4	-2,3	-3,6	0,0	-480,3
Carrying amount 31/12/2019	63,8	1 119,8	3,7	4,4	115,7	1 307,4

The "Land and water areas" balance sheet item under tangible assets in non-current assets includes revaluation on land areas owned by the company, totalling EUR 31,8 million. The revaluation amount is based on the statement of an independent third-party expert on the probable selling price of land areas. The valuation method is based on the added value of unused permitted building volume. Deferred tax on revaluation accounts for EUR 6,4 million.

NOTES ON BALANCE SHEET ASSETS

EUR million

11. Investments

2020	Holdings in associated companies	Other investments	Total 31 Dec 2020
Acquisition cost 01/01/2020	4,0	2,0	6,0
Share of profit for the period	-0,3	0,0	-0,3
Disposals during the period	-3,7	0,0	-3,7
Acquisition cost 31/12/2020	0,0	2,0	2,0
Impairment	0,0	0,0	0,0
Accumulated depreciation 31/12/2020	0,0	0,0	0,0
Carrying amount 31/12/2020	0,0	2,0	2,0

2019	Holdings in associated companies	Other investments	Total 31 Dec 2019
Acquisition cost 01/01/2019	4,2	3,8	8,0
Share of profit for the period	-0,2	0,0	-0,2
Disposals during the period	0,0	-1,8	-1,8
Acquisition cost 31/12/2019	4,0	2,0	6,0
Impairment	0,0	0,0	0,0
Accumulated depreciation 31/12/2019	0,0	0,0	0,0
Carrying amount 31/12/2019	4,0	2,0	6,0

Holdings in Group companies 31/12/2020

	Share %
Kiinteistö Oy Bioteknia	71,49 %
Kiinteistö Oy Kuopion Studentia	56,23 %
Kiinteistö Oy Arctic Centre	50 %

All Group companies are included in the consolidated financial statements.

Other investments 31/12/2020	Share %
Kiinteistö Oy Kuopion Teknia	18,42 %

The Group divested its shares in Kiinteistö Oy F-Medi in the 2020 financial period. In conjunction with the transaction, the Group sold its entire holding (24.66%) in the company.

NOTES ON BALANCE SHEET ASSETS

EUR million

	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
12. Long-term receivables		
Accrued income	0,0	0,0
Total	0,0	0,0

13. Short-term receivables

Receivables from property income	0,3	0,7
Accrued income	0,7	2,9
Other receivables	0,7	1,9
Total	1,7	5,5

Notable accrued income

Accrued rent	0,2	0,0
Interest and financial items	0,0	0,0
Other accrued income	0,5	2,9
Total	0,7	2,9

Other items of accrued income mainly consist of allocations of subsidies received through energy aid projects.

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

EUR million

14. Itemisation of equity

Share capital 31 December	252,0	252,0
Revaluation reserve 1 January	0,0	0,0
Revaluation of non-current assets	25,5	0,0
Revaluation reserve 31 December	25,5	0,0
Total restricted equity	277,5	252,0
Invested unrestricted equity fund 31 December	269,1	269,1
Retained earnings 1 January	96,6	88,3
Dividend paid by the parent company	-18,9	-18,6
Result for the period	30,3	27,0
Retained earnings 31 December	108,0	96,6
Total unrestricted equity	377,0	365,7
Total equity	654,5	617,7
Minority interest 1 January	8,1	8,0
Minority share of profit for the period	0,0	0,0
Minority interest 31 December	8,0	8,1
Total equity and minority interest	662,5	625,7

15. Liabilities

Long-term liabilities		
Long-term interest-bearing debt	100,0	100,0
Bonds	614,6	544,0
Loans from financial institutions	714,6	644,0
Long-term non-interest-bearing debt		
Deferred tax liabilities	6,4	0,0
Other debts	-5,1	1,5
Total	1,3	1,5
Total long-term debt	715,9	645,5
Loans maturing after more than five years		
Loans from financial institutions	377,2	376,5
Total	377,2	376,5

In 2018, the company issued a green bond of EUR 100 million with a fixed rate and a maturity of five years. The bond is an unsecured bullet bond. Under the terms of the bond issue, the funds can only be used for green projects and the bond includes ordinary covenants.

Short-term liabilities		
Short-term interest-bearing debt		
Loans from financial institutions	9,4	44,6
Total	9,4	44,6
Short-term non-interest-bearing debt		
Deferred tax liabilities	2,6	3,7
Advances received	0,4	0,4
Trade payables	8,8	11,0
Other short-term debts	0,8	0,1
Accrued expenses	10,4	4,0
Total	23,1	19,2
Total short-term debt	32,4	63,8
Notable accrued expenses		
Interest and financial items	2,1	1,9
Income taxes	0,9	0,0
Property tax	6,2	0,0
Others	1,2	2,1
Total	10,4	4,0
Credit limits		
Checking account limits	2,6	2,6
Unwithdrawn proportion of checking account limits	2,6	2,6

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

EUR million

31 Dec 2020

Maturity distribution of interest-bearing loans

Maturing year of loans	
2021	9,4
2022	9,4
2023	109,4
2024	139,4
2025	79,4
2026	99,3
2027	104,3
2028	34,3
2029	52,0
2030	84,8
2031	2,4
	724,0

Currency distribution of interest-bearing loans

31 Dec 2020

EUR million	724,0
	724,0

1 Jan – 31 Dec
20201 Jan – 31 Dec
2019

16. Deferred tax liabilities and assets

Deferred tax liability recorded on the consolidated balance sheet		
Accumulated depreciation	2,6	3,7
Revaluation of land areas	6,4	0,0
Total	9,0	3,7

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

EUR million

1 Jan – 31 Dec
20201 Jan – 31 Dec
2019

17. Derivative contracts

Interest derivatives		
Interest rate swaps, notional value	405,0	405,0
Interest rate swaps, fair value	-37,7	-35,2

Product	Maturity	Notional value of the loan	Hedging period	Notional value of the contract	Market value of the contract 31 Dec 2020
Interest rate swap	31.5.2010–31.5.2025	40,0	29.5.2017–29.5.2025	40,0	-5,1
Interest rate swap	31.5.2017–31.5.2027	30,0	3.5.2018–24.5.2027	30,0	-0,8 -1,8
Interest rate swap	8.12.2014–8.12.2024	45,0	8.12.2016–9.12.2024	45,0	-0,9 -1,7
Interest rate swap	8.12.2020–9.12.2024	85,0	10.12.2018–9.12.2024	85,0	-1,7 -4,9
Interest rate swap	15.2.2016–15.2.2026	60,0	15.2.2019–15.2.2026	60,0	-4,7
Interest rate swap	20.8.2014–20.8.2026	30,0	20.8.2019–20.8.2026	30,0	-0,8 -1,1
Interest rate swap	14.1.2015–14.1.2027	40,0	21.10.2015–14.1.2027	40,0	-1,2 -5,0
Interest rate swap	3.11.2015–3.11.2027	25,0	3.11.2015–3.2.2027	25,0	-0,7 -3,1
Interest rate swap	22.4.2016–22.4.2028	25,0	22.7.2019–24.4.2028	25,0	-0,8 -1,4
Interest rate swap	22.5.2017–13.5.2031	25,0	13.11.2019–13.5.2031	25,0	-0,5 -1,3
TOTAL		405,0		405,0	-37,7

Interest rate swap contracts made to hedge the risk exposure associated with long-term loans are not entered on the balance sheet, but instead are listed in the notes to the financial statements.

The fair values of the agreements correspond to the values determined by the bank. The interest flows of derivatives will materialise at the same time as the interest flows of the loans. The hedging of a single loan can be divided into multiple parts based on time periods. In this case, however, the hedges must not exceed the validity of the loan they are linked to.

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

EUR million

1 Jan – 31 Dec
2020

1 Jan – 31 Dec
2019

18. Collateral and contingent liabilities

Debts secured by real estate mortgages		
Loans from financial institutions	499,0	543,6
Mortgages	854,1	873,5
Bank guarantees received	150,0	150,0

Loans that include received bank guarantees are presented under the item "Loans from financial institutions". Mortgages have been pledged for bank guarantees and they are presented under the item "Mortgages".

Mortgage instruments held by the company	234,9	180,1
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Lease liabilities

Due within the next 12 months	0,2	0,3
Due later	0,3	0,3
	0,5	0,6

The Group's key loan terms and covenants

The key covenants of the company's loans from financial institutions are linked to the Group's total liabilities, significant changes in the ownership structure and equity ratio.

Other liabilities

VAT review liability on property investments

1 Jan – Dec 31
2020

1 Jan – Dec 31
2019

VAT deductions on modernisation investments, liabilities pursuant to section 120 of the Finnish Value Added Tax Act		
10-year review period	93,7	91,8

Conservation responsibility

The real estate assets acquired for university operations in the company's capital contribution and trading arrangement include protected buildings and areas under the Finnish Nature Conservation Act (1096/1996) or the Decree on the Protection of State-owned Buildings (480/85) or the protection of which has otherwise been agreed upon. The company is committed to complying with legislation, decrees, decisions and agreements on the protection of each property or conservation area.

Accounting principles applied to the preparation of the consolidated and parent company financial statements

Basic information about the company

University Properties of Finland Ltd manages, develops and leases properties and business premises in its ownership primarily for research and education purposes, as well as for related supporting business activities in order to secure the long-term operation of universities.

The Group's parent company is University Properties of Finland Ltd, which is a Finnish limited company domiciled in Tampere. The address of University Properties of Finland Ltd is Korkeakoulunkatu 1, 33720 Tampere.

Basis of preparation of the financial statements

The consolidated and parent company financial statements of University Properties of Finland have been prepared in accordance with the Finnish Accounting Act and Ordinance (FAS) as well as the Finnish Limited Liability Companies Act.

The financial period under review is the twelfth financial period of the parent company and the Group. The company started its actual operations in 2010.

Comparability of the information concerning the previous financial period

When comparing the balance sheet and equity, the revaluation on land areas (EUR 31,8 million) in 2020 must be taken into consideration.

Group relations

University Properties of Finland Ltd was part of the Senate Properties group of companies until 31 December 2009. As of the beginning of 2010,

University Properties of Finland Ltd has been an associated company of Senate Properties, after the Finnish government transferred two thirds of the shares in the company to 10 universities outside the Greater Helsinki region.

University Properties of Finland Ltd is the Group's parent company. The University Properties of Finland Group includes three subsidiaries. The Group divested its shares in Kiinteistö Oy F-Medi, an associated company, on 11 December 2020. The subsidiaries and associated company were first included in the consolidated financial statements of University Properties of Finland on 31 December 2009. Kiinteistö Oy Turun Kasarmialue, a wholly-owned subsidiary of University Properties of Finland, was merged with the parent company on 30 September 2011.

Accounting principles applied in the preparation of the consolidated financial statements

The consolidated financial statements have been prepared using the acquisition cost method. The difference between the acquisition cost of subsidiaries and the equity corresponding to the acquired proportion has been attributed entirely to buildings.

The proportions attributed to buildings are depreciated according to the depreciation plan for the fixed asset class in question.

Intra-group transactions, receivables, debts and profit distribution have been eliminated. Minority interests are recognised separately from the Group's equity and result.

The associated company has been included in the consolidated financial statements using the equity method.

Valuation and timing principles

Revenue and other operating income

Revenue consists primarily of rental income for premises, compensation for use and other service income. Income is recognised when the performance obligation has been satisfied.

Gains on the sale of fixed assets are presented under other operating income.

Valuation of fixed assets

Intangible and tangible assets are valued at their original acquisition cost and depreciated over their useful lives according to a depreciation plan.

Depreciation is presented in the income statement as depreciation according to plan. The useful lives used for depreciation are as follows:

Goodwill	10 years
Intangible rights	3 years
Other capitalised expenditure	5 years
Buildings	25–30 years
Structures	15 years
Machinery and equipment	7–10 years
Other tangible assets	10 years

Group assets are allocated to buildings and depreciated in accordance with the depreciation plan for buildings.

Revaluation can be performed on land areas whose probable selling price on the balance sheet date is permanently and significantly higher than the original acquisition cost. The values of land areas subject to revaluation are based on the statement of an independent third-party expert.

Investments

The parent company's investments include shares in subsidiaries and associated companies and loans to Group companies. Investments are valued at acquisition cost on the balance sheet.

Research and development costs

Research costs are recorded as annual expenditure. Construction project costs similar to development costs are capitalised when the technical implementation of the project is confirmed and the project is deemed to provide income for several years. Development costs are otherwise entered as annual expenditure.

Financial assets and liabilities and derivative contracts

Financial assets and non-interest bearing debt are recognised at acquisition cost. Interest expenses are recognised according to the accrual method.

Interest rate derivative agreements made to hedge the risk exposure associated with long-term loans are not entered on the balance sheet but instead are listed in the notes to the financial statements.

Income taxes

Direct income taxes for the period have been amortised and recognised in the income statement. In addition, a deferred tax liability of EUR 6,4 million has been recognised directly in equity for the revaluation performed.

A deferred tax liability has been entered in the consolidated financial statements from the accrued depreciation difference of the parent company and subsidiaries. A deferred tax asset based on the postponed depreciation in the taxation of the subsidiaries has not been recognised due to their future utilisation being uncertain. Deferred tax liabilities and assets are recognised on the balance sheet.

Other accounting principles

The Group has arranged statutory pension insurance for its personnel with a pension insurance company. The pension costs are entered as an expense in proportion to salaries.

Calculation formulae for key figures

$$\text{Equity ratio, \%} = 100 \times \frac{\text{Equity + minority interest}}{\text{Balance sheet total - advances received}}$$

$$\text{Return on investment, \% (ROI)} = 100 \times \frac{\text{Result for the period + financial expenses}}{\text{Balance sheet total - non-interest bearing debt (average of the beginning of the period and the end of the period)}}$$

$$\text{Return on equity, \% (ROE)} = 100 \times \frac{\text{Result for the period}}{\text{Equity (average of the beginning of the period and the end of the period) + minority interest}}$$

$$\text{Occupancy rate, \%} = 100 \times \frac{\text{Area rented out}}{\text{Total leasable area}}$$

$$\text{Interest coverage ratio} = \frac{\text{Operating margin (operating profit + depreciation according to plan + impairment)}}{\text{Accrual-based interest expenses}}$$

When calculating the key figures for the parent company, accumulated depreciation difference and the change in depreciation difference are divided into equity/profit for the period and deferred tax liabilities.

Parent company income statement

EUR million	Note		1 Jan – Dec 31 2020		1 Jan – Dec 31 2019
REVENUE	1.		169,7		164,5
Other operating income	2.		1,5		5,4
Personnel expenses	3.				
Salaries and remuneration		-2,4		-2,2	
Other personnel expenses					
Pension expenses		-0,4		-0,4	
Other personnel-related costs		0,0	-2,8	-0,1	-2,6
Depreciation and impairment	9., 10.				
Depreciation according to plan		-61,3		-59,2	
Impairment of fixed assets		-0,4	-61,7	0,0	-59,2
Other operating expenses	5.		-56,3		-61,1
OPERATING PROFIT			50,4		46,9
Financial income and expenses	7.				
Interest and financial income					
Interest income		0,0		0,0	
Interest income from Group companies		0,0		0,0	
Other interest revenue		0,0		0,0	
Interest and financial expenses					
Interest expenses		-6,0		-6,2	
Other interest and financial expenses		-8,1	-14,1	-7,1	-13,2
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES			36,4		33,7
Appropriations					
Change in depreciation difference			5,3		4,3
Income taxes	8.		-8,2		-6,7
PROFIT (LOSS) FOR THE PERIOD			33,5		31,2

Parent company balance sheet, assets

EUR million	Note		31 Dec 2020		31 Dec 2019
NON-CURRENT ASSETS					
Intangible assets	9.				
Intangible rights		0,1		0,2	
Other capitalised expenditure		0,6	0,7	2,0	2,1
Tangible assets	10.				
Land and water areas		96,9		63,6	
Buildings and structures		1 134,5		1 104,9	
Machinery and equipment		2,6		3,0	
Other tangible assets		6,4		4,4	
Prepayments and incomplete acquisitions		115,1	1 355,5	115,7	1 291,6
Investments	11.				
Holdings in Group companies		14,7		14,7	
Receivables from Group companies		0,0		0,1	
Holdings in associated companies		0,0		5,8	
Other investments		2,0	16,7	2,0	22,6
Non-current assets total			1 372,8		1 316,3
CURRENT ASSETS					
Long-term receivables	12.				
Accrued income		0,0	0,0	0,0	0,0
Short-term receivables	13.				
Receivables from property income		0,2		0,7	
Receivables from Group companies		0,0		0,0	
Accrued income		0,7		2,9	
Other receivables		0,6	1,5	1,9	5,4
Cash and cash equivalents			42,3		14,0
Current assets total			43,9		19,4
ASSETS TOTAL			1 416,7		1 335,7

Parent company balance sheet, equity and liabilities

EUR million	Note		31 Dec 2020		31 Dec 2019
EQUITY					
Share capital			252,0		252,0
Revaluation reserve			25,5		0,0
Invested unrestricted equity fund			269,1		269,1
Retained earnings			72,1		59,8
Profit/loss for the period			33,5		31,2
Total equity	14.		652,1		612,1
ACCUMULATED APPROPRIATIONS					
Depreciation difference			13,1		18,5
LIABILITIES					
Long-term liabilities	15.				
Bonds		100,0		100,0	
Loans from financial institutions		614,4		543,8	
Deferred tax liability		6,4		0,0	
Other debts		1,3	722,1	1,5	645,3
Short-term liabilities	15.				
Loans from financial institutions		9,3		44,6	
Advances received		0,4		0,4	
Trade payables		8,6		10,8	
Other debts		0,7		0,1	
Accrued expenses		10,4	29,4	4,0	59,9
Total liabilities			751,5		705,2
TOTAL EQUITY AND LIABILITIES			1 416,7		1 335,7

Parent company cash flow statement

EUR million	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Operating cash flow			
Operating profit		50,4	46,9
Depreciation according to plan		61,7	59,2
Change in working capital	1.	5,3	3,1
Interest received	2.	0,0	0,1
Interest paid	3.	-3,9	-4,3
Other financial items		-8,1	-7,1
Taxes paid		-7,3	-7,3
Operating cash flow total		98,2	90,7
Investment cash flow			
Investments in tangible and intangible assets	4.	-94,5	-114,9
Disposals of tangible and intangible assets		2,2	25,0
Loans granted		0,1	0,1
Other investments		0,5	1,0
Disposals of other investments		5,3	0,8
Investment cash flow		-86,4	-87,9
Financing cash flow			
Withdrawals/repayments of long-term loans		80,0	45,0
Withdrawals/repayments of short-term loans		-44,6	-79,6
Dividends paid		-18,9	-18,6
Financing cash flow total		16,5	-53,2
Change in cash and cash equivalents		28,4	-50,5
Cash and cash equivalents at the start of the period		14,0	64,4
Cash and cash equivalents at the end of the period		42,3	14,0
Notes to the cash flow statement			
1. Itemisation of working capital adjustment			
Adjustment of long-term receivables		0,0	2,7
Adjustment of short-term receivables		3,9	-2,6
Adjustment of short-term non-interest bearing debts		1,5	3,0
		5,3	3,1
2. Interest received			
Interest income		0,0	0,0
Proportion of accrued income allocated to interest income		0,0	0,0
Interest income from Group companies		0,0	0,0
Other interest revenue		0,0	0,0
		0,0	0,1

3. Interest paid

Interest expenses	-6,0	-6,2
Proportion of accrued expenses allocated to interest expenses	2,1	1,9
	-3,9	-4,3

4. Investments in tangible and intangible assets

Investments in non-current assets, net 1 January	22,6	24,5
Investments in non-current assets, net 31 December	-16,7	-22,6
Intangible and tangible non-current assets 1 January	1 293,8	1 263,2
Intangible and tangible non-current assets 31 December	-1 324,3	-1 293,8
Depreciation according to plan	-61,7	-59,2
	-86,4	-87,9

Notes to the parent company's financial statements

NOTES TO THE INCOME STATEMENT

EUR million

1 Jan – 31 Dec
2020

1 Jan – 31 Dec
2019

1. Revenue

Rental income	168,2	163,4
Compensation for use	1,5	1,1
Total	169,7	164,5

Geographically, the parent company's revenue is produced in Finland.

2. Other operating income

Gains on the sale of fixed assets	0,6	4,3
Grants received	0,1	0,2
Other income	0,8	0,9
Total	1,5	5,4

Other operating income mainly consists of gains on the sale of real estate on the Turku and Lappeenranta campuses, as well as membership fees related to Kampusklubi activities and grants received for research projects.

3. Personnel expenses and number of personnel

Salaries and remuneration	2,4	2,2
Pension expenses	0,4	0,4
Other personnel-related costs	0,0	0,1
Total	2,8	2,6
Salaries and remuneration to members of the Board of Directors and the Chief Executive Officer during the period	0,3	0,3
Average number of personnel during the period	30	30
Number of personnel at the end of the period	32	31

4. Depreciation and impairment

Described in more detail in notes 9 and 10		
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NOTES TO THE INCOME STATEMENT

EUR million

1 Jan – Dec 31
20201 Jan – Dec 31
2019

5. Other operating expenses

Administration	5,9	6,5
Use and maintenance	9,9	10,9
Maintenance of outdoor areas	1,8	2,0
Cleaning	0,2	0,2
Heating	9,4	10,8
Water and sewage	1,1	1,2
Gas and electricity	0,7	1,0
Waste management	0,6	0,8
Liability insurance	0,2	0,2
Rental expenses	2,0	2,1
Property taxes	12,1	12,2
Repairs	10,1	13,5
Reimbursements and grants received	0,0	-0,2
Other maintenance costs	2,2	-0,1
Total	56,3	61,1

6. Auditors' fees and services

Authorised Public Accountants KPMG Oy Ab		
Auditors' fees	0,0	0,0
Tax advice	0,0	0,0
Other expert fees	0,1	0,1
Total	0,1	0,1

7. Financial income and expenses

Interest income	0,0	0,0
Interest income from Group companies	0,0	0,0
Other interest and financial income	0,0	0,0
Total	0,0	0,1
Interest expenses	6,0	6,2
Other interest and financial expenses	8,1	7,1
Total	14,1	13,3
Total financial income and expenses	-14,1	-13,2

8. Income taxes

Income taxes on actual operations	8,2	6,7
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NOTES ON BALANCE SHEET ASSETS
EUR million
9. Intangible assets

2020	Intangible rights	Other capitalised expenditure	Total 31 Dec 2020
Acquisition cost 01/01/2020	1,2	3,6	4,9
Increases during the period	0,0	0,0	0,0
Disposals during the period	0,0	-0,9	-0,9
	1,2	2,8	4,0
Accumulated depreciation 01/01/2020	-1,0	-1,7	-2,7
Depreciation during the period	-0,1	-0,5	-0,6
Accumulated depreciation 31/12/2020	-1,1	-2,2	-3,3
Carrying amount 31/12/2020	0,1	0,6	0,7
2019	Intangible rights	Other capitalised expenditure	Total 31 Dec 2019
Acquisition cost 01/01/2019	1,2	2,7	3,9
Increases during the period	0,0	1,0	1,0
	1,2	3,6	4,9
Accumulated depreciation 01/01/2019	-0,9	-1,2	-2,1
Depreciation during the period	-0,1	-0,5	-0,6
Accumulated depreciation 31/12/2019	-1,0	-1,7	-2,7
Carrying amount 31/12/2019	0,2	2,0	2,1

NOTES ON BALANCE SHEET ASSETS

EUR million

10. Tangible assets

2020	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31 Dec 2020
Acquisition cost 01/01/2020	63,6	1 568,3	5,2	8,0	115,7	1 760,9
Transfers between asset categories	0,1	91,4	0,2	2,7	-94,9	-0,5
Increases during the period	1,6	0,3	0,0	0,0	94,2	96,2
Disposals during the period	-0,2	-2,4	0,0	0,0	0,0	-2,6
	65,1	1 657,7	5,4	10,7	115,1	1 854,0
Accumulated depreciation 01/01/2020	0,0	-463,4	-2,3	-3,6	0,0	-469,3
Depreciation during the period	0,0	-59,4	-0,5	-0,8	0,0	-60,7
Impairment	0,0	-0,4	0,0	0,0	0,0	-0,4
Accumulated depreciation 31/12/2020	0,0	-523,2	-2,8	-4,4	0,0	-530,4
Revaluation	31,8	0,0	0,0	0,0	0,0	31,8
Carrying amount 31/12/2020	96,9	1 134,5	2,6	6,4	115,1	1 355,5
2019	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31 Dec 2019
Acquisition cost 01/01/2019	65,0	1 468,9	4,6	7,5	126,0	1 672,0
Transfers between asset categories	0,0	0,0	0,0	0,0	-130,2	-130,2
Increases during the period	0,1	126,9	0,6	0,5	120,0	248,1
Disposals during the period	-1,6	-27,5	0,0	0,0	0,0	-29,1
	63,6	1 568,3	5,2	8,0	115,7	1 760,9
Accumulated depreciation 01/01/2019	0,0	-406,1	-1,8	-2,8	0,0	-410,7
Depreciation during the period	0,0	-57,3	-0,5	-0,8	0,0	-58,6
Impairment	0,0	0,0	0,0	0,0	0,0	0,0
Accumulated depreciation 31/12/2019	0,0	-463,4	-2,3	-3,6	0,0	-469,3
Carrying amount 31/12/2019	63,6	1 104,9	3,0	4,4	115,7	1 291,6

The "Land and water areas" balance sheet item under tangible assets in non-current assets includes revaluation on land areas owned by the company, totalling EUR 31,8 million. The revaluation amount is based on the statement of an independent third-party expert on the probable selling price of land areas. The valuation method is based on the added value of unused permitted building volume. Deferred tax on revaluation accounts for EUR 6,4 million.

NOTES ON BALANCE SHEET ASSETS

EUR million

11. Investments

2020	Holdings in Group companies	Receivables in Group companies	Holdings in associated companies	Other Investments	Total 31 Dec 2020
Parent company					
Acquisition cost 01/01/2020	14,7	0,1	5,8	2,0	22,6
Disposals during the period	0,0	-0,1	-5,8	0,0	-5,9
Acquisition cost 31/12/2020	14,7	0,0	0,0	2,0	16,7
Impairment	0,0	0,0	0,0	0,0	0,0
Accumulated depreciation 31/12/2020	0,0	0,0	0,0	0,0	0,0
Carrying amount 31/12/2020	14,7	0,0	0,0	2,0	16,7
2019					
	Holdings in Group companies	Receivables in Group companies	Holdings in associated companies	Other Investments	Total 31 Dec 2019
Parent company					
Acquisition cost 01/01/2019	14,7	0,2	5,8	3,8	24,5
Disposals during the period	0,0	-0,1	0,0	-1,8	-1,9
Acquisition cost 31/12/2019	14,7	0,1	5,8	2,0	22,6
Impairment	0,0	0,0	0,0	0,0	0,0
Accumulated depreciation 31/12/2019	0,0	0,0	0,0	0,0	0,0
Carrying amount 31/12/2019	14,7	0,1	5,8	2,0	22,6

Share and holdings are specified in Note 11 to the consolidated financial statements.

12. Long-term receivables

	1 Jan – Dec 31 2020	1 Jan – Dec 31 2019
Accrued income	0,0	0,0
Total	0,0	0,0

NOTES ON BALANCE SHEET ASSETS

EUR million

1 Jan – 31 Dec
20201 Jan – 31 Dec
2019

13. Short-term receivables

Receivables from property income	0,2	0,7
Accrued income	0,7	2,9
Other receivables	0,6	1,9
Total	1,5	5,4
Notable accrued income		
Accrued rent	0,2	0,0
Interest and financial items	0,0	0,0
Other accrued income	0,5	2,9
Total	0,7	2,9

Other items of accrued income mainly consist of allocations of subsidies received through energy aid projects.

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

1 Jan – 31 Dec
20201 Jan – 31 Dec
2019

14. Itemisation of equity

Share capital 31 December	252,0	252,0
Revaluation reserve 1 January	0,0	0,0
Revaluation of non-current assets	25,5	0,0
Revaluation reserve 31 December	25,5	0,0
Total restricted equity	277,5	252,0
Invested unrestricted equity fund 31 December	269,1	269,1
Retained earnings 1 January	91,0	78,4
Distribution of dividend	-18,9	-18,6
Result for the period	33,5	31,2
Retained earnings 31 December	105,6	91,0
Total unrestricted equity	374,7	360,1
Total equity	652,1	612,1
Parent company's distributable funds 31 December		
Retained earnings 1 January	91,0	78,4
Distribution of dividend	-18,9	-18,6
Result for the period	33,5	31,2
Invested unrestricted equity fund	269,1	269,1
Total	374,7	360,1

15. Liabilities

Long-term liabilities		
Long-term interest-bearing debt		
Bonds	100,0	100,0
Loans from financial institutions	614,4	543,8
	714,4	643,8
Long-term non-interest-bearing debt		
Deferred tax liabilities	6,4	0,0
Other debts	1,3	1,5
Total	7,6	1,5
Total long-term debt	722,1	645,3
Loans maturing after more than five years		
Loans from financial institutions	377,2	376,5
Total	377,2	376,5
In 2018, the company issued a green bond of EUR 100 million with a fixed rate and a maturity of five years. The bond is an unsecured bullet bond. Under the terms of the bond issue, the funds can only be used for green projects and the bond includes ordinary covenants.		
Short-term liabilities		
Short-term interest-bearing debt		
Loans from financial institutions	9,3	44,6
Total	9,3	44,6
Short-term non-interest-bearing debt		
Advances received	0,4	0,4
Trade payables	8,6	10,8
Accrued expenses	10,4	4,0
Other short-term debts	0,7	0,1
Total	20,1	15,3
Total short-term debt	29,4	59,9
Notable accrued expenses		
Interest and financial items	2,1	1,9
Income taxes	0,9	0,0
Property tax	6,2	0,0
Others	1,2	2,1
Total	10,4	4,0
Credit limits		
Checking account limits	2,5	2,5
Unwithdrawn proportion of checking account limits	2,5	2,5

The maturity and currency distributions of loans from financial institutions are in Note 14 to the consolidated financial statements.

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

EUR million

1 Jan – 31 Dec
20201 Jan – 31 Dec
2019

16. Deferred tax liabilities and assets

Deferred tax liability on the parent company's balance sheet		
Revaluation of land areas	6,4	0,0
Total	6,4	0,0

17. Derivative contracts

Interest derivatives		
Interest rate swaps, notional value	405,0	405,0
Interest rate swaps, fair value	-37,7	-35,2

Product	Maturity	Notional value of the loan	Hedging period	Notional value of the contract	Market value of the contract 31 Dec 2020
Interest rate swap	31.5.2010–31.5.2025	40,0	29.5.2017–29.5.2025	40,0	-5,1
Interest rate swap	31.5.2017–31.5.2027	30,0	3.5.2018–24.5.2027	30,0	-0,8 -1,8
Interest rate swap	8.12.2014–8.12.2024	45,0	8.12.2016–9.12.2024	45,0	-0,9 -1,7
Interest rate swap	8.12.2020–9.12.2024	85,0	10.12.2018–9.12.2024	85,0	-1,7 -4,9
Interest rate swap	15.2.2016–15.2.2026	60,0	15.2.2019–15.2.2026	60,0	-4,7
Interest rate swap	20.8.2014–20.8.2026	30,0	20.8.2019–20.8.2026	30,0	-0,8 -1,1
Interest rate swap	14.1.2015–14.1.2027	40,0	21.10.2015–14.1.2027	40,0	-1,2 -5,0
Interest rate swap	3.11.2015–3.11.2027	25,0	3.11.2015–3.2.2027	25,0	-0,7 -3,1
Interest rate swap	22.4.2016–22.4.2028	25,0	22.7.2019–24.4.2028	25,0	-0,8 -1,4
Interest rate swap	22.5.2017–13.5.2031	25,0	13.11.2019–13.5.2031	25,0	-0,5 -1,3
TOTAL		405,0		405,0	-37,7

Interest rate swap contracts made to hedge the risk exposure associated with long-term loans are not entered on the balance sheet, but instead are listed in the notes to the financial statements.

The fair values of the agreements correspond to the values determined by the bank. The interest flows of derivatives will materialise at the same time as the interest flows of the loans. The hedging of a single loan can be divided into multiple parts based on time periods. In this case, however, the hedges must not exceed the validity of the loan they are linked to.

NOTES ON BALANCE SHEET EQUITY AND LIABILITIES

EUR

1 Jan – 31 Dec
2020

1 Jan – 31 Dec
2019

18. Collateral and contingent liabilities

Debts secured by real estate mortgages		
Loans from financial institutions	498,8	503,3
Mortgages	852,8	872,2
Bank guarantees received	150,0	150,0

Loans that include received bank guarantees are presented under the item "Loans from financial institutions". Mortgages have been pledged for bank guarantees and they are presented under the item "Mortgages".

Mortgage instruments held by the company	233,7	178,9
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Lease liabilities

Due within the next 12 months	0,2	0,3
Due later	0,3	0,3
	0,5	0,6

Other liabilities

VAT review liability on property investments

	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
VAT deductions on modernisation investments, liabilities pursuant to section 120 of the Finnish Value Added Tax Act		
10-year review period	93,7	91,8

Conservation responsibility

The real estate assets acquired for university operations in the company's capital contribution and trading arrangement include buildings and areas that are protected under the Finnish Nature Conservation Act (1096/1996) or the Decree on the Protection of State-owned Buildings (480/85) or the protection of which has otherwise been agreed. The company is committed to complying with legislation, decrees, decisions and agreements on the protection of each property or conservation area.

Signatures to the financial statements and annual report

Tampere 29.4.2021

Jukka Mönkkönen

Chair of the Board of Directors

Sami Yläoutinen

Deputy Chair of the Board of Directors

Heli Huhtala

Member of the Board of Directors

Riitta Juutilainen

Member of the Board of Directors

Päivi Mikkola

Member of the Board of Directors

Pekka Riuttanen

Member of the Board of Directors

Sanna Sianoja

Chief Executive Officer

Auditor's note

A report on the audit performed has been issued today.

Tampere, on the date of the digital signature

KPMG Oy Ab

Assi Lintula, Authorised Public Accountant