



Interim report
1 January – 30 June 2021

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Summary

- Revenue and result developed as expected. The Group's revenue for the reporting period increased by EUR 3.2 million to EUR 87.5 million (84.3). Its result also increased year-on-year, amounting to EUR 15.4 million (14.7).
- No new debt has been acquired during 2021.
- There are 162 investment projects in the preparatory and planning stages, and 50 investment projects in the investment phase.
- Actual costs tied up in projects in the investment phase by the end of June totalled EUR 51 million. The total amount tied up in investments was EUR 33 million during the reporting period.
- The Annual General Meeting was held on 20 May 2021. One of the members of the Board of Directors changed, with Patrik Marjamaa, Director of Finance at Tampere University, starting as a new member.
- The Annual General Meeting decided on a dividend of EUR 7.97 per share, EUR 20.1 million in total.
- The company's ownership remains unchanged: nine universities outside the Helsinki metropolitan area own two-thirds of University Properties of Finland (SYK), and the State of Finland owns one-third.

CEO's review

During the first half of 2021, the focus was on the implementation of SYK's strategy. The schedule and content of various measures have been reflected in the strategy roadmap measures designated for each team.

The development of SYK's operating model and organisation continued with the aim of enabling us to achieve the purpose of our operations: to be the best campus partner. With the start of the technical management operating model, SYK's visibility and operations on our campuses are improving. The change in the operating model also marked the beginning of campus team operations. Each team consists of a customer relations manager, technical manager and project manager. This maximises the efficiency of campus-specific information exchange and overall development.

During the spring, decisions were made on the company's service strategy and its annual investment level and criteria. In terms of these, the actual measures will start at the beginning of 2022, but operational planning is in progress.

As a sustainability measure, our campuses are carbon neutral for the second consecutive year as a result of compensation during the spring. Our ambition is to achieve carbon neutrality by the end of 2030 through our own measures. To achieve this goal, we need innovative doers and thinkers, so we have challenged our shareholder universities to participate in the practical implementation of the necessary measures.

During the first half of 2021, we implemented our business operations by means of remote and hybrid work tools and methods. At the time of writing, expectations that our organisation may encounter stakeholders are high. On our part, we will run an experiment during the autumn on the use of space and ways of working. Based on the experiment, we will create a new operating concept: the SYK Ways of Working. Each organisation is working with the same issues. As a property owner, we continue to believe that well-implemented facilities enable an innovative environment for the development of each user organisation's operations.

With autumn regards,

SANNA SIANOJA
CEO

Key figures, EUR million

	Group*			Parent company		
	1-6/2021	1-6/2020	2020	1-6/2021	1-6/2020	2020
Revenue	87.5	84.3	170.5	87.1	83.9	169.7
Operating profit	26.7	25.1	51.4	27.4	25.6	50.4
Result for the period	15.4	14.7	30.3	20.9	19.1	33.5
Equity	657.8	621.5	662.5	652.9	612.3	652.1
Balance sheet	1405.8	1371.3	1417.2	1406.2	1372.3	1416.7
Equity ratio, %	46.8	45.3	46.8	46.8	45.4	46.8
Return on capital employed, %	3.3	3.2	3.3	3.4	3.3	3.5
Return on equity, %	4.7	4.7	4.7	4.9	4.8	4.5

*In addition to its direct property holdings, University Properties of Finland Ltd owns shares in four real estate companies.

Profit performance for the period

The University Properties of Finland Group's revenue for 1 January – 30 June 2021 was EUR 87.5 million (84.3). The key factors behind the revenue growth were the completion of new buildings and the renovation of properties. The profit for the period increased year-on-year to EUR 15.4 million (14.7).

Other operating expenses decreased to EUR 26.6 million EUR (27.7), mainly because of property management cost savings achieved during the coronavirus pandemic.

The consolidated balance sheet was around EUR 1.4 billion at the end of the reporting period.

Customer relationships

Account management and leasing

There has been close cooperation with several universities on future plans during the first half of the year. These plans include both practical project plans and more extensive longer-term campus assessments. The account management team is responsible for ensuring that the underlying goals and plans for leases meet customers' needs. Over the long term, decision-making requires the examination of not only individual sites, but also campuses as a whole. The potential impacts of the pandemic on changes in the use of space have been addressed in many discussions and assessments.

The average rent for current leases was EUR 14 per m² per month (30 June 2021), and the occupancy rate was 94.2% at the end of June. Seven new facility leases were signed, covering nearly 2,000 m² in total. In terms of area, the largest lease was signed for the Teknia building in Kuopio, where facilities covering nearly 1,000 m² were leased to Kuopion Tilapalvelut, a department of the City of Kuopio. In addition, land leases covering more than 7,000 m² have been signed concerning the Savilahti campus in Kuopio. The contracting party is KUOPAS, a student housing company owned by the City of Kuopio, which will build rental apartments in the immediate vicinity of the campus.

At the end of June, a total of 54,550 m² facilities owned by University Properties of Finland were available for lease. Most of the vacant facilities require renovation before they can be leased, with 14% being available for immediate lease. During the spring, action plans were prepared for the vacant facilities to reduce unused space. Studies on development measures and re-lease opportunities are in progress concerning larger

vacant building complexes. The universities' potential future uses for the sites were assessed during the preparation of the action plans. This work is linked to the campus strategy work carried out with universities. The goal is to prepare long-term plans that support the universities' operations and the achievement of the property owner's targets for each university campus.

In addition, in terms of account management measures arising from the new strategy have been implemented, and the account management plan and corporate leasing concepts have been further developed.

User-driven modification work related to current leases has been carried out in close cooperation with the universities and other tenants. User-driven modifications are projects based on the tenant's initiative and needs. Six modifications were completed, and eleven modifications were started during the first half of the year. University Properties of Finland has been a partner in implementing projects of this type for many years.

Key figures for rental operations:

	1-6/2021	1-6/2020
Revenue per leasable area, EUR/m ² /month	13.69	13.50
Average duration of leases (facilities) in years	8.3	8.7
Total leasable area, millions of m ²	1.06	1.05
Occupancy rate at the end of the reporting period, %	94.2	94.9

Property development

The company has 162 investment projects in the preparatory and planning stages (EUR 138 million), and 50 projects in the investment phase (EUR 84 million). Actual costs tied up in projects in the investment phase by the end of June totalled EUR 51 million. A total amount of EUR 33 million was tied up in investments during the reporting period.

The most significant projects completed during the first half of the year include the final renovation phase of the extension and renovation project of the Teacher Training School of the University of Tampere, the renovation of the University of Jyväskylä library, and the construction of the Aurum building of Åbo Akademi University and the University of Turku.

The most significant projects in progress include the renovation of Building D of the Seminaari School, which has been leased to the City of Hämeenlinna, modifications to the main lobby and the extension of the restaurant in Carelia House on the Joensuu campus of the University of Eastern Finland, modifications to the main lobby in Snellmania on the Kuopio campus of the University of Eastern Finland, and the renovation of the Medisiina A-C and Arcanum buildings of the University of Turku.

Property development as a function has been reorganised following changes in personnel. Property development has been and will continue to be moved closer to the campuses. We currently have project managers in Tampere and Jyväskylä. Starting in the autumn, we will also have project managers in Turku and Oulu. We have acquired a participatory feedback collection system for project management as a tool for property development. The feedback system is used to collect comparable and analysable feedback data after each project phase, with the aim of increasing the potential for project success, as well as clearer and higher-quality customer service.

The planning of investments in construction and repair projects has been developed during 2021 by determining better reporting methods and investment criteria and the annual level of investment, as well as improving the coordination of maintenance and renovation to improve the predictability of the company's repair costs and investments, and to manage the volume and scheduling of investments and annual fluctuations in repair and investment volumes over the long term in line with the company's targets.

Investments by phase, June 2021, EUR:

User	Decided	Being planned	Completed	Total
University of Turku	25 287 933	44 347 750	22 600 000	92 235 683
University of Tampere	1 015 812	68 491 405	1 621 355	71 128 573
University of Jyväskylä	6 955 789	22 102 670	44 500	29 102 959
University of Eastern Finland	8 053 811	3 488 234	-	11 542 045
Other	5 275 810	4 138 001	-	9 413 811
University of Oulu	584 450	6 670 700	343 340	7 598 490
University of Lapland	625 966	-	51 000	676 966
Lappeenranta University of Technology	178 235	344 025	10 000	532 260
Åbo Akademi University	-	21 275	-	21 275
TOTAL	47 977 809	149 604 060	24 670 196	222 252 066

Maintenance and services

Maintenance has been developed in line with the action plan. In accordance with a decision made in 2020, technical management on campuses has been implemented through SYK's own organisation since 1 June 2021. In connection with the change in the operating model, a management operating model has been developed to better support campus maintenance operations and their management. The change in the operating model aims for a better customer experience and closer cooperation, both internally and at the customer interface.

Competitive bidding processes for service production have continued according to plan, and new maintenance contracts have been signed in Lappeenranta, Jyväskylä and Tampere. The Tampere contract is the first open-book contract in line with the fully data-driven need-based maintenance model. Its potential wider use is being studied.

With the use of facilities being lower than usual because of the coronavirus pandemic, cost-effectiveness in maintenance has been sought through the active optimisation of waste collection intervals, for example, and by negotiating ventilation settings with customers as far as possible.

The Board of Directors of University Properties of Finland (SYK) decided on SYK's service strategy in the spring. In implementing and developing services, the company will mainly focus on supporting users by providing services related to the maintenance and modification of properties, such as cleaning and facility modifications. The content of the services provided is site-specific, and depends on whether the facility is a university site or a multi-user site. The services will be introduced during the autumn, and will start in accordance with demand. The Aurum building completed in Turku is the first site for which SYK is providing services more extensively in line with its new service strategy.

Key figures for maintenance operations:

	1-6/2021	1-6/2020
Average maintenance costs, EUR/m ² /month	4.13	4.32
Maintenance repairs, EUR million	2.4	3.9
Resource consumption for previous 12 months	6/2021	6/2020
Weather-adjusted heating, kWh/m ²	145.5	150.4
Electricity, kWh/m ²	100.9	112.8
Water, dm ³ /m ²	187.8	218.9
Emissions, kg CO ₂ e/m ²	21	24

Annual production of solar energy 7/2020–6/2021:

Kampusareena, Ruusuipuisto, Arvo 2, Melania and LUT campus in total 404.2 MWh (previous 12 months: 448.0 MWh).

Real estate portfolio development

The company has continued to develop its real estate portfolio in line with the annual plan. The focus has been on cases in which the university has discontinued its use of the site, or in which it has been established with the university that the purpose of the site is not directly related to the operations of the university.

In the Savilahti campus area in Kuopio, land leases have been signed with KUOPAS, the local student housing operator, on two plots that will enable the construction of around 280 student apartments in the middle of the campus.

The zoning changes concerning the Siljotie property in Rovaniemi have been completed and were approved in the municipal decision-making process in June, and a binding preliminary agreement on the sale of the property has been concluded. The transaction will be executed in the early autumn of 2021.

Responsibility

SYK's Kampusareena building in Hervanta in Tampere was one of the winners at the international BREEAM Awards gala on 23 March 2021. It was selected as the best BREEAM In-Use building in public use. Kampusareena was selected as the winner from among a large number of buildings and high-class Nordic finalists. The jury highlighted Kampusareena's comprehensive approach to sustainability, as well as its purpose, green roof and high level of user satisfaction.

During the reporting period, SYK was granted three new BREEAM sustainability certificates for its construction projects: the renovation of Oulu University of Applied Sciences received construction phase certification with a Very Good rating, Arcanum in Turku received a Very Good rating for its design, and the University of Jyväskylä library received a design phase certificate with an Excellent rating and a very high score of 75.4%. During the reporting period, SYK received nine BREEAM In-Use certificates for its existing buildings, for five sites in Lappeenranta and four in Joensuu.

During the first half of the year, SYK carried out its second emissions compensation for the remaining emissions arising from its operations, meaning that this year is the company's second carbon-neutral year. Selected with stakeholders at the Carbon-neutral University Campuses event on 23 March 2021, this year's projects are targeted at Malawi, Indonesia, Kenya and Finland. The total contribution of these projects to reducing carbon dioxide from the atmosphere is more than 35,000 tCO₂e.

Communications

Between 1 January and 30 June 2021, SYK appeared in the media 147 times. These hits consisted of 97 online articles and 50 articles in

printed newspapers and magazines. Frequently covered topics included the Linnanmaa campus in Oulu, zoning changes in Rovaniemi, appointments, the City of Tampere Social Services and Health Centre, the Annual General Meeting press release, the completion of the Aurum building in Turku, the development of Turku city centre, and the BREEAM Award granted to Kampusareena in Tampere. Media meetings have been held as far as possible in the prevailing circumstances. Otherwise, the media have been served in the best possible way, and inquiries have been responded to quickly.

Internal communication was actively developed during the first half of the year.

Research, development and innovation

The SYK Lab has invested in RDI projects that support business operations and the company's strategy. An open invitation for the customer universities to an expert pool in carbon neutrality was released in May. The goal is to gain access to the latest scientific information and innovations related to achieving low-carbon goals. SYK is also committed to participating in the national RAKLI work environment clinic to keep up to date with new practices in the development of work environments. A new research project is being prepared concerning learning environments and the lecture rooms of the future in particular.

SYK is involved in research projects in several customer universities concerning integrated sustainable development solutions, safe and healthy indoor climates, and urban development. Experts from these projects regularly visit the monthly RDI afternoon events. Experts have also helped SYK identify threats and opportunities arising from the coronavirus pandemic in terms of both

consumer behaviour and sustainable built environments. The extended Executive Board has convened once a month for round-table sessions, and the material has been stored for use by the entire company.

In demo operations, three of the four demos in 2021 have progressed to implementation, at the Universities of Turku, Tampere and Jyväskylä. The demo project at the University of Oulu is expected to be delayed. The year 2021 started with a joint demo event in which presentations were given about last year's and this year's demos, and in which the demo culture was also codeveloped further. The company's strategy roadmap enables the further integration of RDI operations into business development.

Funding

In line with the annual plan, no new debt has been acquired during 2021. The refinancing process of SYK's existing loan portfolio started in late spring, and the goal is to complete the refinancing arrangements during the autumn. The purpose of the arrangement is to extend and balance the maturity of the current loan portfolio. Active attention has been paid to the development of the equity ratio, and measures promoting an equity ratio in line with the financing policy are in progress.

The company has carried out investor reporting in accordance with the terms and conditions of the Green Bond issued by SYK in 2018. The report is available in the Green Bond section of the company's website.

Key figures for financing 1–6/2021:

Average financing interest	2.0%
Interest-bearing period	4.7 years
Hedge level of loan capital	82%
Interest coverage ratio	8.2
Liquidity on 30 June 2021	EUR 35.0 million

Annual general meeting and administration

The company's Annual General Meeting was held on 20 May 2021 in Tampere using remote connections. The meeting discussed the matters assigned to the Annual General Meeting, and as a separate item the progress report of the major investments (cost over EUR 30 million) project programme.

The Annual General Meeting adopted the Board's proposal for a dividend of EUR 7.97 per share to be paid, totalling EUR 20.1 million.

The Annual General Meeting confirmed the financial statements for 2020 and discharged the members of the Board of Directors and the CEO from liability.

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

- Chairman of the Board
Jukka Mönkkönen, Rector,
University of Eastern Finland
- Deputy Chairman of the Board
Sami Yläoutinen, Budget Manager,
Ministry of Finance
- **Riitta Juutilainen**, Division Director,
Senate Properties Ltd
- **Päivi Mikkola**, Director,
General Administrative Services,
University of Turku
- **Pekka Riuttanen**, CFO, University of Oulu

Patrik Marjamaa, Director of Finance, University of Tampere was elected as a new member of the Board of Directors.

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

Personnel

During the first half of the year, the company had an average of 32 full-time employees. At the end of the review period, it had 42. The number of personnel was affected by a maintenance operation arrangement implemented on 1 June 2021. As a result of the arrangement, technical management is carried out by the company's own employees.

The company conducts a personnel survey every six months to assess aspects significant for the employees. In the survey conducted in the spring, the recommendation index for the company as a workplace increased to 26 from 3 in the previous survey. A new performance review model supporting interactive supervisory work was introduced at the beginning of the year. Within the model, performance reviews are carried out at least four times during the year and whenever necessary.

Key figures for personnel 1–6/2021:

Average number of personnel	32
Number of personnel at the end of the period	42
Personnel expenses, EUR million	1.4

Risk management

Key risks identified by the company include risks related to SYK's ownership, changes in the value of properties, releasing vacant properties, a decrease in the technical condition and indoor climate of buildings, financial failures related to significant investments or repair measures, and financing. Operational risks related to the company's assets and operations are minimised through insurance with If Insurance Company Ltd. Risk management reviews are carried out regularly as part of the company's operating activities, and key risks are reviewed annually by the Board of Directors.

Outlook for the second half of 2021

The company's operations are expected to progress in line with its action plan and financial forecast in the second half of 2021. A customer satisfaction survey will start in the autumn. KTI Property Information Ltd has been selected as the provider of the survey for the strategy period 2021–2023. With the new provider, SYK has the possibility to compare its customer satisfaction levels with those of other real estate operators. Campus-specific facility and strategy discussions with all user-owners will continue in the autumn. Active discussion is believed to further deepen a common understanding of future operational priorities and development needs concerning buildings and facilities on campuses. Measures to implement the service strategy and introduce the investment criteria are under preparation to ensure that SYK will be able to fulfil its mission in line with the agreed operational processes in 2022.

Income statement and balance sheet

Consolidated income statement

EUR million	1-6/2021	1-6/2020	2020
Revenue	87.5	84.3	170.5
Other operating income	0.2	0.8	3.1
Personnel expenses	-1.4	-1.4	-2.8
Depreciation and impairment	-32.9	-30.7	-62.5
Other operating expenses	-26.6	-27.7	-56.6
Share of the profit or loss of associated companies	0.0	-0.2	-0.3
Operating profit	26.7	25.1	51.4
Financial income and expenses	-7.2	-6.7	-14.0
Income taxes	-4.1	-3.7	-7.2
Minority interest	-0.0	-0.0	0.0
RESULT FOR THE PERIOD	15.4	14.7	30.3

Consolidated balance sheet

EUR million	1-6/2021	1-6/2020	2020
Intangible assets	0.5	1.7	0.6
Tangible assets	1368.7	1321.9	1370.4
Investments	2.0	5.8	2.0
Non-current assets total	1371.2	1329.4	1373.0
Long-term receivables	0.0	0.0	0.0
Short-term receivables	2.0	3.3	1.7
Cash and cash equivalents	32.7	38.5	42.5
Current assets total	34.6	41.9	44.1
ASSETS TOTAL	1405.8	1371.3	1417.2
Share capital	252.0	252.0	252.0
Revaluation reserve	25.5	0.0	25.5
Invested unrestricted equity fund	269.1	269.1	269.1
Retained earnings	87.8	77.7	77.7
Result for the period	15.4	14.7	30.3
Total equity	649.8	613.5	654.5
Minority interest	8.0	8.1	8.0
Long-term liabilities	720.1	723.0	722.3
Short-term liabilities	28.0	26.7	32.4
Total liabilities	748.0	749.7	754.7
TOTAL LIABILITIES AND EQUITY	1405.8	1371.3	1417.2

Parent company income statement

EUR million	1-6/2021	1-6/2020	2020
Revenue	87.1	83.9	169.7
Other operating income	0.2	0.8	1.5
Personnel expenses	-1.4	-1.4	-2.8
Depreciation and impairment	-32.2	-30.3	-61.7
Other operating expenses	-26.3	-27.3	-56.3
Operating profit	27.4	25.6	50.4
Financial income and expenses	-7.3	-6.8	-14.1
Appropriations	6.0	4.9	5.3
Income taxes	-5.3	-4.6	-8.2
RESULT FOR THE PERIOD	20.9	19.1	33.5

Parent company balance sheet

EUR million	1-6/2021	1-6/2020	2020
Intangible assets	0.5	1.8	0.7
Tangible assets	1354.5	1306.5	1355.5
Investments	16.7	22.6	16.7
Non-current assets total	1371.8	1330.9	1372.8
Long-term receivables	0.0	0.0	0.0
Short-term receivables	1.9	3.3	1.5
Cash and cash equivalents	32.5	38.1	42.3
Current assets total	34.4	41.4	43.9
ASSETS TOTAL	1406.2	1372.3	1416.7
Share capital	252.0	252.0	252.0
Revaluation reserve	25.5	0.0	25.5
Invested unrestricted equity fund	269.1	269.1	269.1
Retained earnings	85.5	72.1	72.1
Result for the period	20.9	19.1	33.5
Total equity	652.9	612.3	652.1
Accumulated appropriations	7.1	13.5	13.1
Long-term liabilities	719.9	722.8	722.1
Short-term liabilities	26.3	23.7	29.4
Total liabilities	746.2	746.5	751.5
TOTAL LIABILITIES AND EQUITY	1406.2	1372.3	1416.7