

Green Bond Investor Letter and Impact Report

Issued March 2021



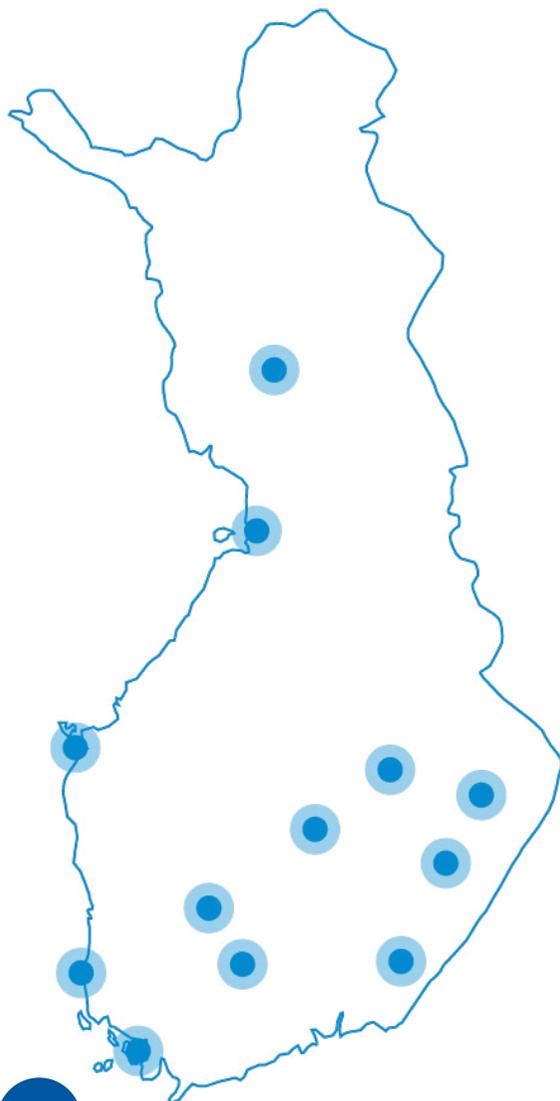
SYK UNIVERSITY
PROPERTIES OF
FINLAND LTD



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University Properties of Finland Ltd



12 cities, 16 campuses

- Hämeenlinna
- Joensuu
- Jyväskylä
- Kuopio
- Lappeenranta
- Oulu
- Rauma
- Rovaniemi
- Savonlinna
- Tampere
- Turku
- Vaasa

We are a nationwide real estate owner developing, maintaining and leasing properties for universities and organizations whose business is supported by good location on campus nearby university. Our campuses are located in Finland, outside the Helsinki metropolitan area. We are owned by Finnish government and nine universities.

Based on our company strategy, our purpose is to be the best campus partner for universities and all other customers. We will drive regional growth by supporting universities to combine science, business and vibrant urbanity. We produce and provide cost-efficient facilities to our customers to suit their needs.

Our revenue in 2020 totalled EUR 170 millions and profit for the period was EUR 30 millions.

More information: www.sykoy.fi





Our operations are guided
by responsibility
and the principles
of sustainable development



Sustainability vision of SYK:

**Our campuses will be the most responsible
campuses in Europe by 2030.**

For us responsibility means:

ECOLOGICAL SUSTAINABILITY

- Energy efficiency and origin of energy
- Supporting biodiversity
- Climate emissions
- Circular Economy
- Resource Wisdom

FINANCIAL SUSTAINABILITY

- Sharing economy and smart resource utilization
- Circular economy creating value
- Strong economy enables responsible operations

SOCIAL SUSTAINABILITY

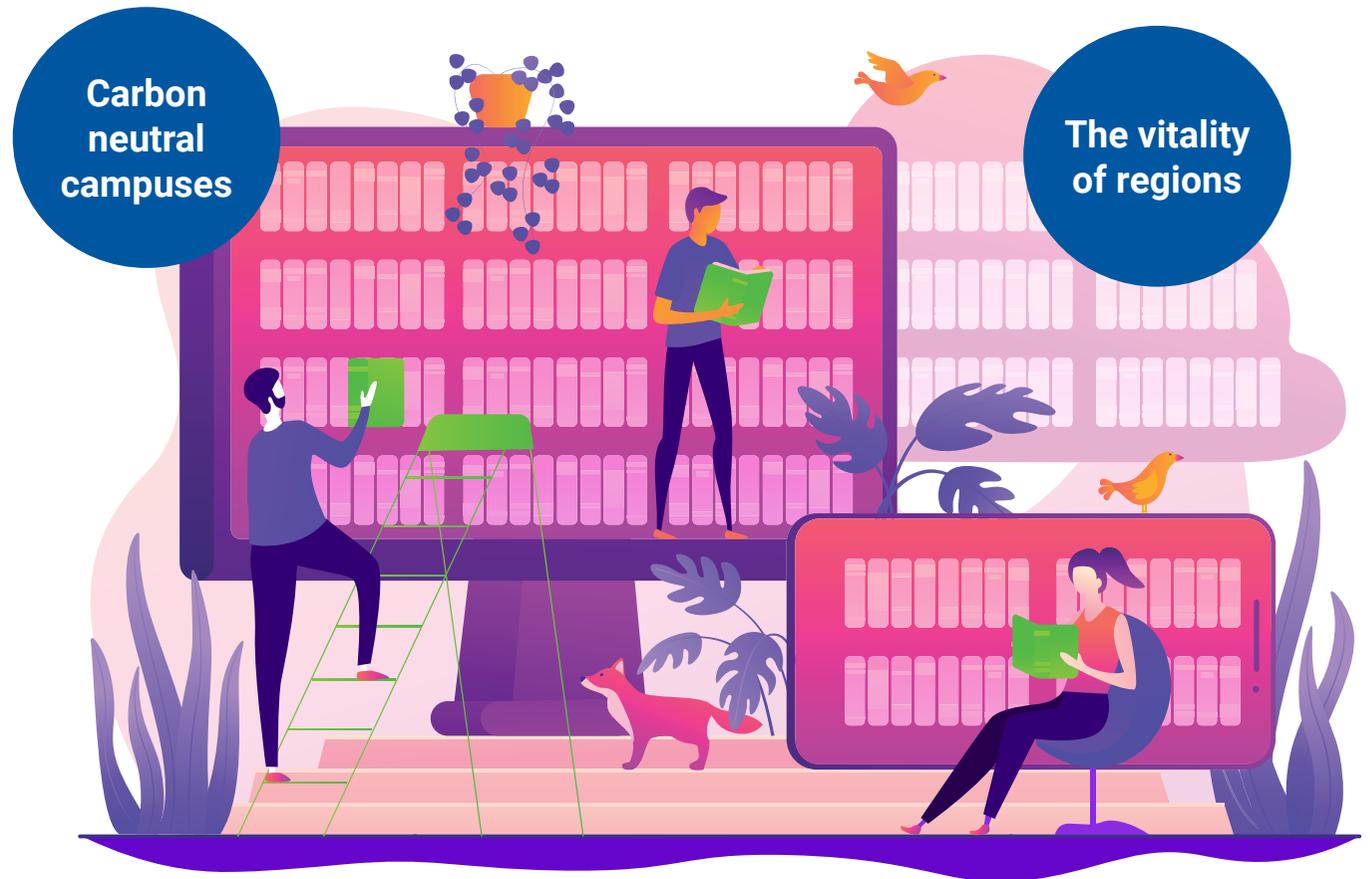
- Learning facilities
- Everyone's right of learning
- Life-long learning
- Multicultural campuses
- Preserving the cultural heritage
- Customer and employee satisfaction

In addition to restricting our own carbon footprint we off-setted our total emissions through voluntary emission trading market in 2020.

Read more in Finnish: [Link](#)

We have started working more intensively on supporting biodiversity of our campuses.

Read more in Finnish: [Link](#)



Eligible projects under the Green Bond framework of SYK



New properties or major renovation of properties that have or will have a BREEAM certification with certification level of at least **Very Good** and an energy use that it is **at least 15 % lower** than that required by the Finnish national building code.



Existing buildings with BREEAM In-use certification (two parts out of three: Asset and Building Management) with a certification level of at least **Very Good**.



Energy efficiency projects leading to a **reduction of energy use of at least 25 %**.



Technical solutions utilizing **renewable energy** of solar, geothermal or wind power to satisfy the energy needs of properties.



Clean transportation infrastructure for electric vehicles.



- At the beginning of November 2018, University Properties of Finland Ltd became the first company in the Finnish property industry to issue a Green Bond.
- The EUR 100 million fixed-rate bond has a maturity of five years and is not secured by real estate.
- University Properties of Finland Ltd is committed to using the funds raised by the bond issue on environmentally progressive projects and to report on the status of the projects annually.
- Green finance plays a significant role in the management of SYK's financing and the achievement of goals related to ecologically sustainable development.
- The use of green financing supports the development of our operations with regard to our reporting and projects, for example.



SYK's first Green Bond issue in November 2018



The advantages in brief:

- Diversification of the capital structure.
- Lower costs of capital.
- Reputation and brand of the parties involved.
- The positive impact of responsibility on competitiveness.



Members of the Green Bond Committee of SYK:



Sanna Sianoja
M.Sc. (Tech), MBA, CEO



Aki Havia
M.Sc. (Tech) Director,
Project Management and Maintenance



Ari-Pekka Lassila
M.Sc. (Tech),
Sustainability Specialist



Suvi Lehtikoinen
BBA, Finance Manager,
Team Leader

Eligible projects for Green Bond funding are selected by Green Bond Committee of SYK that consists employees of SYK. The Green Bond Committee approves eligible projects in consensus (i.e. all members have a veto).

Green Bond Committee of SYK



SYK seeks to promote sustainable development from the perspectives of eco-friendliness, economy and social sustainability. The company develops properties to make them increasingly energy-efficient and ecological. In its investments, SYK focuses on finding environmentally friendly and long-term solutions as well as the versatility of buildings. Sustainable development is also highlighted in our green financing projects.

Projects financed with the Green Bond proceeds

MEDISIINA D Turku, Finland



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A multi-user building and hub of medical development that serves the needs of the Hospital District of Southwest Finland, the University of Turku and Turku University of Applied Sciences. In addition to each of the three having premises of their own in the building, there are shared information, restaurant, teaching and meeting spaces as well as some shared laboratory facilities. Equipment supply premises have been consolidated in a single unit, compared to 15 locations previously. Shared use reduces the need for space and resources and creates cost savings.

VERSO PROJECT Lappeenranta, Finland



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The objective in Lappeenranta is the increased sharing of space between Lappeenranta University of Technology and Saimaa University of Applied Sciences. The Verso project will involve upgrading the university's main building and two laboratories, adding more premises for businesses and modernising building services. Efficiency will be improved by more streamlined operations and higher rates of utilisation.

AURUM BUILDING Turku, Finland



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Aurum's main users will be the Faculty of Science and Engineering of Åbo Akademi University and the Department of Chemistry of the University of Turku. Other users include the Biodiversity Unit and the Library of the University of Turku. The new Aurum building is part of the Scientia Aboensis cooperation between Åbo Akademi University and the University of Turku. The spatial solutions support joint activities and shared services. This contributes to a high rate of utilisation and the economical use of space.

Name and location of the project: Medisiina D, Turku, Finland
Total costs of the project: 72 million euros.
Timetable: Project ready in 13th of March 2018
Building area: 25 318 m²
Project category of Green Bond: New properties or major renovation

BREEAM-certification info:

Minimum requirement: At least a grade of Very Good (>55 %)
Project feature: Very Good 57,3 %
Documentary evidence: Medisiina D BREEAM Certification Final Stage
23rd of August 2019

Energy Efficiency info:

Minimum requirement: At least 15 % more energy efficient than required.
Project feature: 16 % more energy efficient than required by Finnish building code
Calculated energy consumption per year: heating 65 kWh/m²,
electricity 53 kWh/m², district cooling 15 kWh/m²
Impact on emissions per year: 89 tonnes less CO²* than baseline solution**
Documentary evidence: Medisiina D Final Energy Calculation Report
2nd of March 2018

Other environmental benefits:

This new building carries out a close urban structure: it was built in close connection with the old buildings to the former car parking and has an inner access to the central hospital.

* Average from three previous years of National Finnish emission factors for energy are used.
** Baseline solution refers to minimum energy efficiency solution required by Finnish building code

MEDISIINA D Turku, Finland



Name and location of the project: Verso, Lappeenranta, Finland
Total costs of the project: 40 million euros.
Timetable: Project ready in 29th of October 2018
Building area: 18 795 m²
Project category of Green Bond: New properties or major renovation

BREEAM-certification info:

Minimum requirement: At least a grade of Very Good (>55 %)
Project feature: Very Good 58,9 %
Documentary evidence: Verso BREEAM Certification Final Stage
14th of May 2020

Energy Efficiency info:

Minimum requirement: At least 15 % more energy efficient than required.
Project feature: 21 % more energy efficient than required by Finnish building code.
Calculated energy consumption per year: heating 60 kWh/m²,
electricity 41 kWh/m²
Impact on emissions per year: 74 tonnes less CO² * than baseline solution**
Documentary evidence: Verso LUT Energy Certification 22nd of February 2019

* Average from three previous years of National Finnish emission factors for energy are used.

** Baseline solution refers to minimum energy efficiency solution required by Finnish building code

VERSO Lappeenranta, Finland



Other environmental benefits:

The air to water heat pumps were installed during the renovation to generate heating energy for the building. Also a field of PV-panels with a peak power of 260 kW were installed on the roofs.

Name and location of the project: Aurum, Turku, Finland
Total costs of the project: 80 million euros.
Timetable: Project will be ready in Spring 2021
Building area: 22 879 m²
Project category of Green Bond: New properties or major renovation

BREEAM-certification info:

Minimum requirement: At least a grade of Very Good (>55 %)
Project feature: Excellent 77,7 %
Documentary evidence: Aurum BREEAM Design Stage 20th of November 2020

Energy Efficiency info:

Minimum requirement: At least 15 % more energy efficient than required.
Project feature: 43 % more energy efficient than required by Finnish building code
Calculated energy consumption per year: heating 20 kWh/m², electricity 38 kWh/m², district cooling 4 kWh/m²
Impact on emissions per year: 150 tonnes less CO²* than baseline solution**
Documentary evidence: Aurum Energy Report 31st of January 2019

Other environmental benefits:

Geothermal heating system and district heating that covers power peaks. The building is connected to the district cooling system. PV-panels will be installed to the building. Aurum centralizes different functions and it is a multi-user building of two universities.

* Average from three previous years of National Finnish emission factors for energy are used.
** Baseline solution refers to minimum energy efficiency solution required by Finnish building code

AURUM-BUILDING Turku, Finland



Allocation of green bond proceeds to approved eligible projects

Green Bond EUR 100 million issued 2.11.2018

	Project	Location	Project status	Project finalized	Total estimated projects costs, EURm	Allocated proceed 31.12.2020, EURm
New projects*	Medisiina D	Turku, Finland	In use	13 Mar 2018	72	36
	Verso-project	Lappeenranta, Finland	In use	29 Oct 2018	40	40
	Aurum building	Turku, Finland	Under construction		80	24
Total					192	100

Total new projects	100
Total allocated proceeds 31.12.2020	100

*New projects are defined as projects that have been finalized or acquired within one year before the time of approval by SYK's Green Bond Committee and forward.





Independent Assurance Report to the Management of University Properties of Finland Ltd.

We have been engaged by the Management of University Properties of Finland Ltd. – Suomen Yliopistokiinteistöt Oy (hereafter “SYK”) to provide limited assurance on SYK’s Green Bond Investor Letter and Impact Report dated March 2021 (hereafter “Investor Report”).

Management’s responsibilities

The Management of SYK is responsible for the preparation and presentation of the Investor Report in accordance with the reporting criteria, i.e. *SYK’s Green Bonds Framework*. The Management is also responsible for producing an Investor Report that is free from material misstatement.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. The scope of our assignment is the contents of the Investor Report including both the use of proceeds and environmental disclosures. Our assignment is limited to the historical information presented in the Investor Report and does not encompass earlier periods or future-oriented tasks. We conducted our assurance engagement on the Investor Report in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board IAASB. This Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Investor Report is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Investor Report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Investor Report,

and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed relevant staff responsible for providing the Investor Report;
- Assessed the application of *SYK’s Green Bonds Framework* reporting principles in the presentation of the Investor Report;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Investor Report;
- Reviewed the presented Investor Report and assessed its quality and reporting boundary definitions and;
- Assessed the Investor Report’s data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with *SYK’s Green Bonds Framework*.

Helsinki, 30 March 2021

KPMG OY AB

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APA

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Meet the Green Bond Committee of SYK



We truly appreciate and value Your interest in SYK and we are happy to assist you if you would like to have any further information:

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