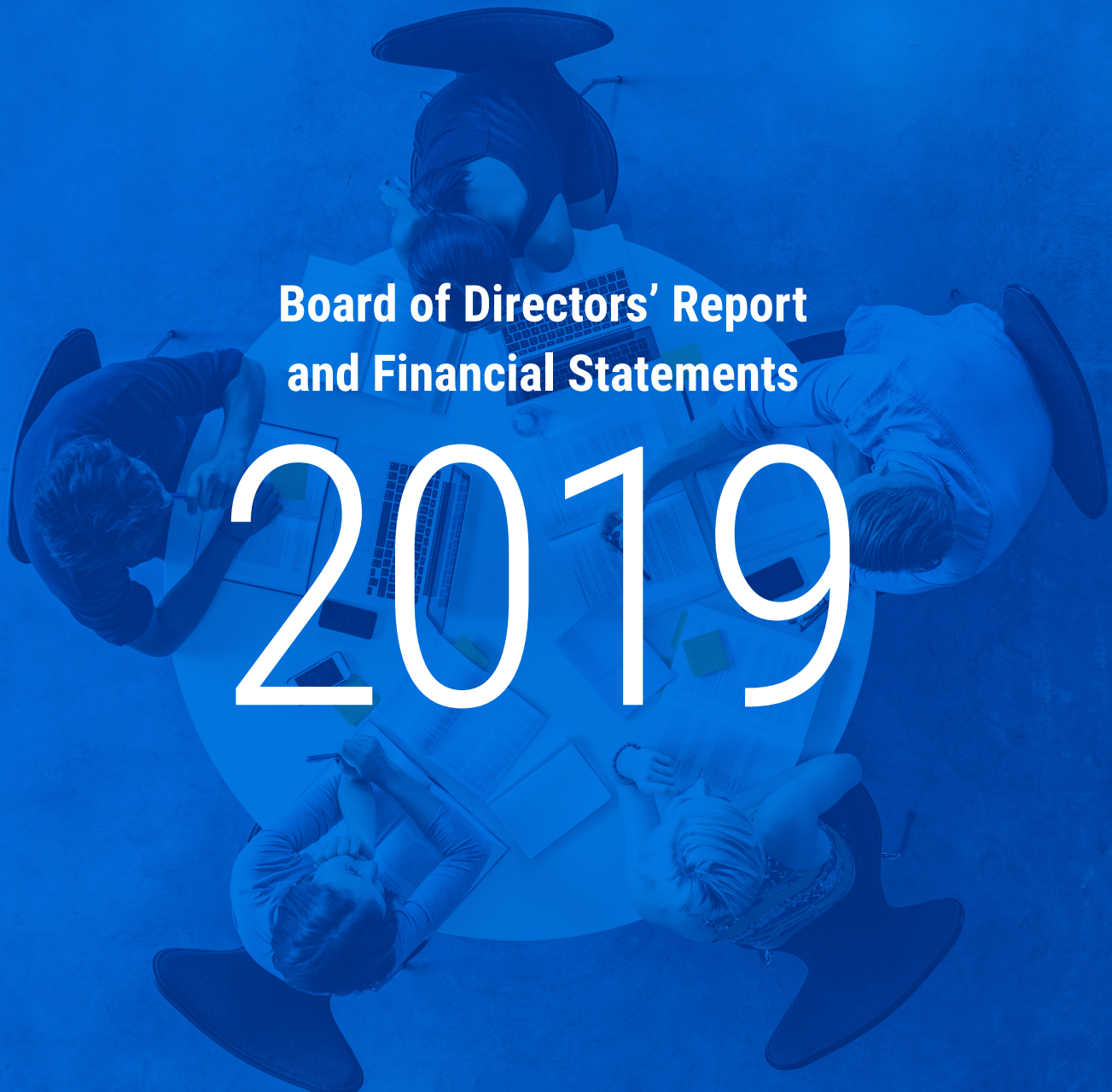


**Board of Directors' Report
and Financial Statements**

2019



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CEO'S review

The ten-year jubilee year of University Properties of Finland Ltd (SYK) included many memorable events, but also everyday activities and valuable encounters with our customers. Among other things, events of the year included the merger of two of our customer universities, the Tampere University and the Tampere University of Technology, the divestment of Palosaari real estate properties in Vaasa, as well as international operations for supporting education exports. There was also a change of CEO in November when I succeeded Mauno Sievänen who had been at the helm ever since the company was established.

Ten years later, we own and develop international campuses in vibrant university cities. The aim of the strategic project entitled “Campus as part of the city” is to strengthen the role of university campuses in their economic areas and to integrate the campus into the urban structure. Our campuses are at different stages of completion, but we already have good examples of how we have succeeded in making the campus an attractive and multistructural part of the city that is in increasingly close contact with the surrounding urban structure and supports, for its part, the vitality of its hometown.

Our strategy period of 2016–2019 ended, and we have already had preliminary strategy discussions with the universities. This work will continue in 2020, and the goal is to decide on the new strategy with the owners of the company.

As expected, the start of my term as CEO has been interesting and busy. SYK operates nationwide in a large area, providing

employment and purchasing services. We are visible to the users of campuses in many ways – as a lessor, partner and even enabler of services. We also want to be a forerunner of the entire real estate sector in Finland. One example of this is the fact that we budget a significant amount of money every year in Research, development and innovation activities and pilot culture to gain information and knowledge of the learning and working environments of the future. The values of sustainable development are a significant factor that guides the choices in everything we do. In financing, the green bond has made us even more committed to environmental values. The operations of SYK have a big impact, but they also carry a great responsibility. As a reliable and financially sound operator, we bear this responsibility together with the resources of our small team of experts, relying on our competent network of service providers and partners.

It is great to be the CEO of a responsible company like SYK, taking the operations into a new decade. The coming years will show how the operations shape up and how we respond to the challenges we meet. One thing is certain, however: we will constantly develop our operations.

I want to thank all our customers, partners and employees for the past year!

Sanna Sianoja
Chief Executive Officer

University Properties of Finland – Board of Directors' 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, Tampere University, University of Turku, University of Vaasa and Åbo Akademi University) and the Finnish government.

The company offers universities suitable and reasonably priced premises and also develops its property assets for use by others. The aim is to turn campuses into attractive and sustainable learning and innovation environments that support the success of universities, even by international standards. The company has a strong focus on research and development in order to support the competitiveness of its customers by providing high-quality premises and solutions.

In 2019, the company's operations progressed as planned towards the objectives and promises defined in its strategy. The development of the themes and key strategic projects of the strategy period (2016–2019) approved by University Properties of Finland Ltd's Board of Directors is already underway and they are being put into practice as part of the way the company's personnel operate. The company's strategic projects are: the campus as part of the city, cumulative competence, sustainable

development and internationality. Our vision is to be Europe's most valued campus developer.

The company continued its extensive property development and renovation activities in 2019. The management of external risks remains at a very good level. Ever since it was established, the company has had a strong focus on the energy management of its properties. Excellent results were once again achieved on this front in 2019.

Even at times of substantial investments, the company's finances have developed favourably, with the operating profit at the planned level and the equity ratio relatively high for the sector. The company's profit performance remained stable.

Corporate responsibility reporting for the year 2019 was implemented by using the GRI Standards framework. The report 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.

The most important strategic and commercial transaction in 2019 was the sale of Palosaari campus in Vaasa to the University of Vaasa on 1 May 2019. The transaction reduced the company's leasable floor area by approximately 30,000 square metres.

Key indicators, EUR million

	Group			Parent company		
	2019	2018	2017	2019	2018	2017
Revenue	165,2	159,5	150,1	164,5	158,7	149,3
Operating profit	46,0	46,0	38,8	46,9	46,9	39,4
Result for the period	27,0	27,5	21,2	31,2	31,0	24,7
Equity on 31 December	625,7	617,4	604,8	612,1	599,5	583,4
Balance sheet total on 31 December	1335,0	1357,1	1268,8	1335,7	1357,0	1267,5
Equity ratio, %	46,9	45,5	47,7	46,9	45,5	47,7
Return on capital employed, %	3,0	3,0	2,6	3,3	3,3	2,9
Return on equity, %	4,3	4,5	3,5	4,5	4,6	3,6

Business operations

In 2019, the Group's revenue grew by EUR 5.7 million from the previous year. The main reasons for the increase in revenue (3.6%) were the completion of new buildings and the repairs and renovations of the premises, as well as successful rental operations. The company made substantial investments in maintenance and annual repair work to improve the condition and quality of its buildings.

Customer relations and services

The overall score for University Properties of Finland Ltd's operations was 3.6 in the most recent customer satisfaction survey conducted in late 2019 by Innolink Research Oy, and 87% (2018: 84%) of the respondents indicated that the company's role as a campus developer is fairly important or very important. 26% (2018: 30%) of the respondents indicated that the company's operations have improved over the past year.

A new Campus Partner cooperation has been established at the multi-user campus of Lappeenranta where the university, SYK and Visma Solutions Oy enable the smooth combination of teaching and work at the campus. Multi-purpose office solutions have been implemented at the Kuopio and Joensuu campuses of the University of Eastern Finland in a working environment development project. The projects were implemented for Aducate's activities in Aurora, Joensuu, for Bioteknia in Kuopio and for university services in Snellmania, Kuopio.

In Turku, the first whole year of operations of Medisiina D was a good indication of the strong synergy between actors at the site, when the operation of the Turku University of Applied Sciences also began at the site. Close cooperation took place in 2019 regarding the new Aurum building project with its future users Åbo Akademi University and the University of Turku, as well as with companies providing catering and physical exercise services, for example. The close cooperation provides a good basis for further cooperation when the site is completed.

The work with the Yhteiskampus 2020 theme and arrangements for premises has advanced well in Oulu. The roofing celebration of Oulu University of Applied Sciences (Oamk) took place in June, and Oamk was given possession of the first premises at the campus late in the year. An extension of the teacher training school was completed for the University of Lapland in Rovaniemi.

Excellent premises were renovated for the university staff in the Main Building of the Hervanta campus in Tampere, taking into account the requirements of the new organisation of the Tampere University. The planned additional premises were made available in Konetalo house to the Etelä-Hervanta school (850 pupils, 120 preschool children, 80 teachers). Eight new companies established themselves at the Hervanta campus in Tietotalo house and Kampusareena building, and interest in the campus area as a location for businesses is growing.

SYK aims to support the operations of businesses by providing an increasing range of real estate services, user services and added value services. The experience gained from services introduced to the campus has been positive, and changes in the market will require the operations to be developed. The future trend is towards multi-user campuses, where the importance of services is further emphasised. During 2019, SYK has had a pilot project regarding shared use of cars at the Hervanta campus. Investigations regarding the services and their introduction to the campuses will continue in 2020.

Kampusklubi®

Kampusklubi® brings together businesses, universities, research and product innovation. The Club had its fourth year of busy activities. During the year, 32 corporate members and the Tampere university community have been active at the Kampusklubi® of Hervanta campus.

Several events were organised in cooperation with different actors. The occupancy rates of the Kampusklubi® premises have been really high. During the busiest months the Kampusklubi® has had several events in progress simultaneously.

Several Kampusklubi® members and competent performers have been at the spotlights in major events. There have been participants from around Finland and the world.

In addition to other activities, extensive investments have been made this year in cooperation between students and companies. The freshman orienteering event presented the Kampusklubi®, and the competence of Kampusklubi® member companies was tested in a quiz organised by several hundred students in September. In keeping with the tradition, the MeetUp event was organised in October. In the event, eleven member companies presented their operations and future competence requirements to first- and second-year students.

Campus development

Campuses are home to the makers of the future, consumers and future operating environments. Campuses support their local regions in international competition and promote regional vitality. Understanding and supporting the primary customer – the university – holds a key role in campus development. Development is based on campus strategies drafted in cooperation with the universities.

The challenge in campus development is identifying the right concepts for premises vacated by universities to ensure that they are occupied in sensible ways in the long term. We do not want to build any unnecessary new space. Instead, we renovate existing building stock whenever possible, which is also in line with our commitment to sustainable development.

Communications

Our communications are aimed at continuous improvement and increasing awareness of the company's brand. Thanks to successful operations and construction projects, we achieved a number of media hits and content visibility in both mainstream news and professional channels during the year. The articles on SYK have discussed a wide range of different topics ranging from responsible real estate ownership and responsible construction to rent levels and everything in between.

During 2019, a video production and native article under the theme of *Responsible real estate owner* was also implemented in cooperation with the University of Jyväskylä and distributed by the Kauppalehti newspaper. The appointment of a new CEO also increased SYK's visibility in various media at the end of the year.

A successful publication entitled SYKLI was issued to celebrate the 10-year history of SYK. The publication received a lot of positive feedback and is also available on SYK's website.

Social media visibility and stakeholder engagement were increased in 2019 and development in these areas is likely to continue in the new year.

Rental operations

The occupancy rate remained nearly at the previous year's level and stood at 95.1% at the end of 2019. The average euro-weighted duration of the leases was approximately 8.4 years, a decrease of 0.2 compared to the previous year.

The total number of new leases, renewed leases and leases renewed in connection with renovation projects in 2019 was 28, corresponding to 53,582 m². Ten of these (51,091 m²) were concluded with universities. The average rent of the leases was EUR 19.85 per m² per month (universities) and EUR 14.36 per m² per month (other tenants). The increase in cash flow brought about by the lease agreements totalled EUR 158.6 million, of which universities accounted for EUR 156.1 million. Furthermore, modifications to the user's premises were agreed for a total of EUR 2.73 million, and they increased the cash flow by approximately EUR 3.22 million.

The most significant items in 2019 included the conclusion of lease agreements for the new day care centre building at Rauma Teacher Training School and the basic renovations of Arcanum in Turku and Building B in Jyväskylä (main library).

In rental operations in 2019, the focus was again placed on the renewal of the existing lease portfolio and the continuity of leases. The duration of leases was assessed in connection

with user-driven changes to premises and negotiations on contract extensions were carried out.

Changes took place in the company's leasable property portfolio during the year, when the buildings in the Palosaari campus in Vaasa were sold.

At the end of 2019, the Tietotalo building at the Hervanta campus in Tampere had corporate tenants leasing a total floorspace of 2,494 m², and the Campus Club in the Kampusareena building had 32 members.

At the end of 2019, approximately 51,592 m² (4.9%) of the company's premises were vacant. Of the vacant premises, approximately 18,455 m² were leasable.

Key figures for rental operations:

	2019	2018
Rental margin, % of revenue	62,9	65,8
Average rental income, EUR/m ² /month	13,0	12,2
Average occupancy rate, %	95,1	94,9
Average duration of lease agreements, years	8,4	8,6
Proportion of premises producing rental income, %	90,6	90,9
Total leasable floor area, millions of m ²	1,05	1,08
Lease agreements, EUR million	1 674	1 681

Maintenance operations

The key focus areas of maintenance operations were energy management, the development of needs-based maintenance activities, as well as updating and securing the operating models for maintenance activities.

The network of maintenance services was assessed and developed, and agreements were renewed following competitive tendering in keeping with a predetermined schedule. The work for developing an audit tool for the service network was also initiated in 2019.

Sustainable development was promoted by selecting a service partner with nationwide operations for waste management. One of the selection criteria applied was the promotion of circular economy. The project regarding demand response for electricity has advanced to the order and implementation planning stage. The purpose of demand response is to allow more extensive utilisation or renewable energy in the national grid. The operating model for energy management has been reformed, and the new model will be deployed gradually during 2020.

The campus safety project has become part of the operating model for maintenance. Safety is promoted in close cooperation with the universities.

Key figures for maintenance operations:

	2019	2018
Average maintenance costs, EUR/m ² /month	4,8	4,2
Maintenance repairs, EUR million	13,5	10,1
Weather-adjusted heating energy consumption, kWh/gross m ²	154,9	144,7
Water consumption, dm ³ /gross m ²	263,9	273,4
Electricity consumption, kWh/gross m ²	116,6	109,2
Emissions, CO ₂ /gross m ²	32,0	42,0

Investments

In 2019, the company's investments totalled EUR 115 million. On the date of closing the books, the company had 187 investment projects in the preparatory and planning stages (EUR 125 million) and 63 projects in the investment phase (EUR 238 million).

Project planning and construction have progressed for the projects approved by the General Meetings of University Properties of Finland Ltd on 24 October 2016 (Extraordinary General Meeting), 27 April 2017 and 11 April 2019.

Investments:

Over EUR 30 million	estimated start	estimated completion	General Meeting
Planning/ preparation phase			
Teacher Training School, Oulu	open	open	2019
University student health centre, Tampere	2021	2022	2017
Jyväskylä University of Applied Sciences	2022	2025	2017
Investment phase			
Aurum (formerly referred to as the new Juslenia building), Turku	2017	2020	2017
Oulu University of Applied Sciences	2018	2020	2016 additional
Completed			
	–	–	–

Other significant projects at the end of 2019:

The projects at the planning stage included the development of Ylistönrinne in Jyväskylä and preparations for its basic renovation, an alteration project of the Sirkkala barracks area and the day-care centre in Hämeenlinna which is still at the development stage.

New building projects in progress include Aurum in Turku and the training day-care centre of the University of Turku, as well as the extension of the Teacher Training School of the Tampere University. On-going basic renovation projects include that of Medisiina A-C for the University of Turku, basic renovation of the Main Building and modification of premises in the Arcanum building, i.e. first stage of the basic renovation work. Furthermore, the basic renovation of the library building of the University of Jyväskylä and modification of the premises and basic renovation of the Oulu University of Applied Sciences are progressing.

The most significant renovation and new construction projects completed in 2019 were:

- Renovation of the Tornii building of the University of Turku in Rauma
- An extension of the teacher training school for the University of Lapland in Rovaniemi.
- Alterations to the premises of the Main Building of the Tampere University in Hervanta, Tampere
- Alterations to the premises of Skinnarila day-care centre, Lappeenranta

Research and development activities

As a learning organisation, the company is constantly seeking to utilise the competence of universities and its partners in research, development and innovation activities. The SYK Academy serves as a multidisciplinary forum for the company's future RDI activities. The purpose of the forum is to make the entire personnel more familiar with the Group's valuable R&D investments as well as serve as a platform for increasingly multidisciplinary development areas and needs in cooperation with universities.

The SYK Academy has been organising monthly RDI afternoons, where the company's employees and partners are briefed on research results. To celebrate our jubilee year, we organised a Campus Seminar event where our international researcher partners of the past ten years shared their experiences and views on campus development and changes in the working and learning environments. For its part, SYK has also been involved in authoring the publications.

The themes of the R&D projects have included digitalisation, sustainable development, joint development and service development, e.g. regarding needs-based maintenance. The demo-scale, or small-scale, pilot activities regarding renovation work, implemented in cooperation between SYK and the universities, continues to be a solid part of the company's RDI activities. In 2019, we implemented a total of six demo projects. Premises demos and joint development are facilitating a move towards the themes of platform business, the sharing economy and shared resources. 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

activities are conducted in close cooperation with the universities and selected partner enterprises with the aim of developing the attractiveness and functionality of campuses.

In 2019, a demo investment totalling EUR 530,000 was allocated to six demo projects. For example, an intelligent parking solution was implemented in Lappeenranta, a virtual forest at the Joensuu campus of the University of Eastern Finland, in Oulu we participated in a digitalisation solution for the campus and in Tampere in the construction of a sensory room environment serving the education and training of mental care personnel.

In 2019, the Group's research and development investments totalled EUR 0.3 million (EUR 0.5 million in 2018, EUR 0.3 million in 2017), which represents 0.5% of operating expenses.

Sustainable development

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 normal requirements in the sector, regarding the E figure, the amount of purchased energy, and the share of renewable energy.

Regarding the demand response for energy, we worked during the year both on electricity and district heating to allow even more environmentally friendly modes of production to be introduced. At Seminaarinmäki in Jyväskylä, we had a pilot project regarding the ability of three of our buildings to be flexible about the consumption of district heating and, thus, accommodate the wish of the local energy

company. Regarding electricity, we surveyed hundreds of machines and devices that can adjust their demand according to the needs of the national grid.

We developed the calculation of company-level carbon footprint to be the most accurate in the sector when preparing our journey towards carbon-neutral operations. We also did groundwork for emissions compensation in order to deploy it as a tool alongside the mitigation of our own emissions in order to perform climate work with a rapid impact.

In 2019, we also continued the environmental certification of construction projects in compliance with BREEAM. At the end of the year, the company already held 10 certificates with the rating “Very Good”. The company has six construction stage certificates and four design stage certificates.

In environmental certification, the company also began totally new work with BREEAM In-Use environmental certification of buildings. This will also allow us to develop and measure the environmental friendliness of our existing buildings. Furthermore, the coverage of environmental certification in our real estate stock can, thus, increase considerably quicker than it would do merely through the construction projects.

For SYK, social responsibility is an important aspect of operations. For us, it means e.g. ensuring that the environments provide everybody with a possibility to study. The buildings can be modified so that it is easy for people to function in them and so that they facilitate social interaction and encounters.

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 and create new things together with the

users and have close interaction throughout the demo project. That provides us with information which we can later also utilise in bigger projects, and we also learn new things about our customers.

During the year, SYK has invested in two different charitable causes. Underprivileged people in Kenya and Finland have been supported through the Shadeshares project by directing funds via the charitable organisations World Vision and YMCA to projects supporting the education and sports activities of people in a poor financial situation. The Kapua project was used to support, through Västöliitto, the Family Federation of Finland, the education of women and handicapped people in Ethiopia.

Financing

The goal of the company’s financing operations is to create a long-term and cost-effective financing base in line with the company’s financing policy. This will create a stable financial operating environment for property maintenance and development.

New financing agreements and an efficient hedging policy have improved the stability and cost-efficiency of the company’s finances, as well as its customers’ rental levels. In 2019, we refinanced two bank loans with an amount smaller than the original loan capital, because we were able to utilise the capital of the green bond issued in November 2018, thus reducing the amount of cash and cash equivalents. In addition, the first green bond investor letter was produced, describing the application of the said funds and the attainment of the green goals in great detail. All in all, the company’s loan portfolio decreased slightly during 2019.

Key figures for financing operations:

	2019	2018
Total loan amount, EUR million	688,3	723,5
Average loan maturity, years	6,9	7,1
Average financing interest, %	1,8	1,8
Interest-bearing period, years	5,3	4,7
Hedge level of loan capital, %	87	85
Interest coverage ratio	9,4	10,6
Liquidity on 31 December, EUR million	16,5	66,9

General meeting

An Extraordinary General Meeting was held in Tampere on 24 January 2019 and elected Päivi Mikkola as the new Chairman of the Board.

The company's Annual General Meeting was held on 11 April 2019 in Tampere. The meeting discussed the matters assigned to the Annual General Meeting.

The Annual General Meeting confirmed the financial statements for 2018 and discharged the members of the Board of Directors and the Chief Executive Officer from liability.

The teacher training school of the University of Oulu was a new investment (exceeding EUR 30 million in value) presented for decision.

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

- Chairman of the Board of Directors
Päivi Mikkola, University of Turku, Director
- Deputy Chairman of the Board:
Sami Yläoutinen, Ministry of Finance,
Budget Director, Director General

- Keijo Hämäläinen, University of Jyväskylä, Rector
- Heli Huhtala, Tampere University, CFO
- Riitta Juutilainen, Senate Properties Ltd, Division Manager

In addition, CFO Pekka Riuttanen of the University of Oulu was elected as a new board member replacing Administrative Director Essi Kiuru (University of Oulu).

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 7.40 per share to be paid, corresponding to a total of EUR 18.6 million.

The Board of Directors met 13 times in 2019.

Personnel

Mauno Sievänen was the company's Chief Executive Officer until 31 October 2019 and retired on 31 December 2019. Sanna Sianoja started as the new CEO on 1 November 2019. In 2019, the company had an average of 30 employees. The personnel is divided into campus development and marketing functions, property development and maintenance functions, customer relationship and service functions, as well as business administration. The company's operating principle is based on a flat organisational structure that is close to the customer, with an important role played by an active and highly competent network

of partners. The average age of the company's personnel was 46 years at the end of the year.

In 2019, the company had an incentive scheme in place, with targets based on the company's strategic objectives. In the event that the remuneration under the incentive scheme is paid out in full, the cost effect of the incentive scheme will be approximately EUR 0.1 million, or roughly 2% of personnel expenses.

Key figures for personnel:

	2019	2018	2017
Average number of personnel	30	34	35
Number of personnel at the end of the period	31	32	36
Personnel expenses, EUR million	2,6	2,8	3,0

Operational risks

The company's operational risks are mainly related to property asset risks, financial risks, maintenance operations and the project risks of renovation and new construction projects. Further risks that can be identified include risks related to the indoor air quality of buildings, the vacating of premises, and the releasing of premises.

Key risks have been identified and analysed and plans have been prepared for their prevention. The plans are implemented across all levels of the organisation.

The company's financial risks are primarily related to interest and liquidity risks. The identified financial risks are managed by

maintaining liquidity reserves and interest rate hedging in line with the company's financing policy. The company's asset and operational risks are insured with If Insurance Company Ltd.

The company has defined its key objectives and procedures for the management of financial risks in its financing policy. The aim of the company is to create a financing base that is extensively hedged against interest rate risk. The company's target is an interest rate hedging level of 60–90% and an interest-bearing period of 2–6 years depending on the prevailing market conditions.

Changes in group structure in 2019

In addition to direct property ownership, University Properties of Finland Ltd owns shares in five different real estate companies. During the year, the shares in Kiinteistö Oy Palosaaren laboratorio (shareholding 13%) were divested, reducing the number of holdings in different companies from six to five. Of these, the Group's subsidiaries and affiliated companies are included in the consolidated financial statements of University Properties of Finland Ltd.

There were no changes in group structure in 2019.

Company shares

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

	2019	2018
1 vote/share	2 520 000 number	2 520 000 number

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 2020

During the current year, the business environments are expected to largely remain the same as in previous years, i.e. relatively stable. The space requirements of universities are expected to further increase, and in order to manage the entire package, the company will increase its active dialogue with universities regarding the future outlook. The active reletting and development of premises vacated by universities are a focal point of our activities.

The most significant tasks will include the development of owner cooperation and the completion of the company's strategy process. The themes guiding our operations in 2020 are trust, cooperation and openness. That means that we demonstrate trustworthiness in our daily work, both to our stakeholders and our colleagues. We are cooperative, listen to other opinions and act in a solution-oriented manner. We share information and ensure that information is, in a timely manner, at the disposal of all who need it.

Customer relationships are at the core of our operations, and we want to improve customer satisfaction.

Sustainable development is also an important focal point for the company in 2020, and operational matters associated with this include putting carbon neutrality into practice, including compensation for CO₂ emissions and an initiation of demand response operations. The creation of the needs-based maintenance model will improve the possibilities for a campus-specific optimisation of maintenance activities.

SYK will continue its RDI and demo activities in 2020. The demos will be implemented in cooperation with universities. We will implement a Showroom demo for the Tampere University and an escape room -type multifunction space for the University of Eastern Finland with equipment, systems and operating guides for gaming, teaching and research, a SM4RTLOC demo. A demo aimed at flexible optimisation of the use of space will be implemented in Lappeenranta and a space usage demo utilising machine intelligence and artificial intelligence aimed at improving user satisfaction will be implemented at the Linnanmaa campus in Oulu. The design work for an electronic demo library is in progress.

The most significant construction project to be completed in 2020 is the premises alteration and basic renovation project of the Linnanmaa university building in Oulu to be used by the Oulu University of Applied Sciences, as well as the associated premises alteration projects of the university. Part of the activities of the university of applied sciences will already start at the campus in the winter, but most functions will only begin in the summer. Other significant projects to be completed include the basic renovation of the Main Building, as well as the first phase of the renovation of the Arcanum building of the University of Turku and its training day-care centre in Rauma.

The competent and committed personnel allows the goals to be achieved, and during the year, we will invest resources in enhancing the SYK spirit and internal corporate image.

Proposal on the use of the profit and distributable funds

The distributable funds of the parent company total EUR 360,091,785.22, of which the result for the financial year accounts for EUR 31,234,291.19. The Board of Directors proposes that the profit for the period is transferred to retained earnings and that the distributable funds are used as follows:

- a total dividend of EUR 18,900,000.00 is paid, equalling EUR 7.50 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 earnings will not compromise the company's solvency.

Financial Statements

Consolidated income statement

EUR, million	Note		1.1.-31.12.2019		1.1.-31.12.2018
REVENUE	1.		165,2		159,5
Other operating income	2.		5,4		3,0
Personnel expenses					
Salaries and remuneration	3.	-2,2		-2,4	
Other personnel expenses					
Pension expenses		-0,4		-0,4	
Other personnel-related costs		-0,1	-2,6	0,0	-2,8
Depreciation and impairment	9., 10.				
Planned depreciation		-60,0		-56,3	
Impairment of fixed assets		0,0	-60,0	-2,1	-58,4
Other operating expenses	5.		-61,8		-55,1
Share of profit (loss) of associated companies	11.		-0,2		-0,2
OPERATING PROFIT			46,0		46,0
Financial income and expenses	7.				
Interest and financial income					
Interest income		0,0		0,2	
Other interest revenue		0,2		0,0	
Interest and financial expenses					
Interest expenses		-6,3		-6,9	
Other interest and financial expenses		-7,0	-13,1	-5,1	-11,9
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES			32,9		34,1
Income taxes	8.		-5,8		-6,7
Minority interest			0,0		0,0
PROFIT (LOSS) FOR THE PERIOD			27,0		27,5

Consolidated balance sheet, assets

EUR, million	Note		31.12.2019		31.12.2018
NON-CURRENT ASSETS					
Intangible assets					
Other capitalised expenditure	9.	2,0	2,0	1,5	1,5
Tangible assets					
Land and water areas	10.	63,8		65,2	
Buildings and structures		1 119,8		1 079,3	
Machinery and equipment		3,7		2,8	
Other tangible assets		4,4		4,7	
Prepayments and incomplete acquisitions		115,7	1 307,4	126,0	1 278,1
Investments					
Holdings in associated companies	11.	4,0		4,2	
Other investments		2,0	6,0	3,8	8,0
Non-current assets total			1 315,4		1 287,6
CURRENT ASSETS					
Long-term receivables					
Accrued income	12.	0,00	0,00	2,7	2,7
Short-term receivables					
Receivables from property income	13.	0,7		1,0	
Accrued income		2,9		1,0	
Other receivables		1,9	5,5	0,3	2,2
Cash and cash equivalents			14,2		64,6
Current assets total			19,7		69,5
ASSETS TOTAL			1 335,0		1 357,1

Consolidated balance sheet, liabilities and equity

EUR, million	Note		31.12.2019		31.12.2018
EQUITY					
Share capital			252,0		252,0
Invested unrestricted equity fund			269,1		269,1
Retained earnings			69,6		60,8
Profit/loss for the period			27,0		27,5
Total equity	14.		617,7		609,4
MINORITY INTEREST					
			8,1		8,0
LIABILITIES					
Long-term liabilities					
Bonds	15.	100,0		100,0	
Loans from financial institutions		544,0		503,6	
Other debts		1,5	645,5	0,3	603,9
Short-term liabilities					
Loans from financial institutions	15.	44,6		119,6	
Deferred tax liability	16.	3,7		4,5	
Prepayments received		0,4		0,6	
Trade payables		11,0		4,4	
Other debts		0,1		0,8	
Accrued expenses		4,0	63,8	5,8	135,9
Total liabilities			709,3		739,7
TOTAL LIABILITIES AND EQUITY			1 335,0		1 357,1

Consolidated cash flow statement

EUR, million	Note	1.1.-31.12.2019	1.1.-31.12.2018
Operating cash flow			
Operating profit		46,0	46,0
Planned depreciation and impairment		60,0	58,4
Other adjustments without payment transactions		0,2	0,2
Change in working capital	1.	3,1	-13,5
Interest received		0,2	0,2
Interest paid		-4,3	-4,9
Other financial items		-7,0	-5,1
Taxes paid		-7,3	-6,1
Operating cash flow total		90,8	75,2
Investment cash flow			
Investments in tangible and intangible assets		-114,9	-95,4
Disposals of tangible and intangible assets		25,0	2,1
Other investments		1,0	0,0
Disposals of other investments		0,8	0,0
Investment cash flow		-88,0	-93,4
Financing cash flow			
Withdrawals/repayments of long-term loans		44,9	95,4
Withdrawals/repayments of short-term loans		-79,6	-10,0
Dividends paid		-18,6	-14,9
Financing cash flow total		-53,3	70,5
Change in cash and cash equivalents		-50,5	52,4
Cash and cash equivalents at the start of the period		64,6	12,2
Cash and cash equivalents at the end of the period		14,2	64,6
Notes to the cash flow statement			
1. Itemisation of working capital adjustment			
Adjustment of long-term receivables		2,7	-0,6
Adjustment of short-term receivables		-2,7	-0,6
Adjustment of short-term non-interest bearing debts		3,1	-12,3
		3,1	-13,5

Notes to the consolidated financial statements

NOTES TO THE INCOME STATEMENT (EUR, million):

	1.1.–31.12.2019	1.1.–31.12.2018
1. Revenue		
Rental income	163,9	158,6
Compensation for use	1,3	0,9
Total	165,2	159,5

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

2. Other operating income

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

Other operating income mainly consists of the net impact of a real estate transaction regarding Palosaari campus area in Vaasa, as well as grants received for research projects and membership fees related to Kampusklubi® activities.

3. Personnel expenses and number of personnel

Salaries and remuneration	2,2	2,4
Pension expenses	0,4	0,4
Other personnel-related costs	0,1	0,0
Total	2,6	2,8
Salaries and remuneration to members of the Board of Directors and the Chief Executive Officer during the period	0,4	0,3
Average number of personnel during the period	30	34
Number of personnel at the end of the period	31	32

4. Depreciation and impairment

Described in more detail in notes 9 and 10		
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NOTES TO THE INCOME STATEMENT (EUR, million):	1.1.–31.12.2019	1.1.–31.12.2018
5. Other operating expenses		
Administration	6,6	5,8
Use and maintenance	12,6	9,3
Maintenance of outdoor areas	0,5	1,8
Cleaning	0,2	0,2
Heating	11,2	11,1
Water and sewage	1,2	1,2
Gas and electricity	1,4	0,9
Waste management	0,8	0,9
Liability insurance	0,2	0,2
Rental expenses	1,1	0,9
Property taxes	12,4	12,1
Repairs	13,9	10,5
Reimbursements and grants received	-0,2	0,0
Other maintenance costs	-0,1	0,1
Total	61,8	55,1
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	0,0
Total	0,1	0,1
7. Financial income and expenses		
Interest income	0,0	0,2
Other interest revenue	0,2	0,0
Total	0,2	0,2
Interest expenses	6,3	6,9
Other interest and financial expenses	7,0	5,1
Total	13,3	12,1
Total financial income and expenses	-13,1	-11,9
8. Income taxes		
Income taxes on actual operations	6,7	7,3
Change in deferred taxes	-0,9	-0,6
Total	5,8	6,7

NOTES ON BALANCE SHEET ASSETS (EUR, million):

9. Intangible assets

2019	Intangible rights	Other capitalised expenditure	Total 31.12.2019
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
2018	Intangible rights	Other capitalised expenditure	Total 31.12.2018
Acquisition cost 01/01/2018	0,1	1,2	1,3
Increases during the period	0,0	1,6	1,6
Disposals during the period	0,0	0,0	0,0
	0,1	2,8	2,9
Accumulated depreciation 01/01/2018	-0,1	-1,1	-1,2
Depreciation during the period	0,0	-0,2	-0,2
Accumulated depreciation 31/12/2018	-0,1	-1,3	-1,4
Carrying amount 31/12/2018	0,0	1,5	1,5

NOTES ON BALANCE SHEET ASSETS (EUR, million):

10. Tangible assets

2019	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31.12.2019
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	1 307,5
2018	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31.12.2018
Acquisition cost 01/01/2018	64,6	1 344,9	4,2	5,3	188,1	1 607,1
Transfers between asset categories	0,0	0,0	0,0	0,0	-229,7	-229,7
Increases during the period	1,0	152,2	0,4	2,2	167,6	323,4
Disposals during the period	-0,4	-1,5	0,0	0,0	0,0	-1,9
Acquisition cost 31/12/2018	65,2	1 495,6	4,6	7,5	126,0	1 698,9
Accumulated depreciation 01/01/2018	0,0	-359,1	-1,3	-2,1	0,0	-362,5
Depreciation during the period	0,0	-55,0	-0,5	-0,7	0,0	-56,1
Impairment	0,0	-2,1	0,0	0,0	0,0	-2,1
Accumulated depreciation 31/12/2018	0,0	-416,2	-1,8	-2,8	0,0	-420,8
Carrying amount 31/12/2018	65,2	1 079,3	2,8	4,7	126,0	1 278,1

NOTES ON BALANCE SHEET ASSETS (EUR, million):

11. Investments

2019	Holdings in associated companies	Other investments	Total 31.12.2019
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

2018	Holdings in associated companies	Other investments	Total 31.12.2018
Acquisition cost 01/01/2018	4,4	3,8	8,2
Share of profit for the period	-0,2	0,0	-0,2
Acquisition cost 31/12/2018	4,2	3,8	8,0
Impairment	0,0	0,0	0,0
Accumulated depreciation 31/12/2018	0,0	0,0	0,0
Carrying amount 31/12/2018	4,2	3,8	8,0

Holdings in Group companies 31/12/2019

	Share %
Kiinteistö Oy Bioteknia	71,5 %
Kiinteistö Oy Kuopion Studentia	56,2 %
Kiinteistö Oy Arctic Centre	50 %

All Group companies are included in the consolidated financial statements.

Shares in associated companies 31/12/2019

	Share %
Kiinteistö Oy F-Medi	24,7 %

The associated company is included in the consolidated financial statements.

Other investments 31/12/2019

	Share %
Kiinteistö Oy Kuopion Teknia	18,4 %

NOTES ON BALANCE SHEET ASSETS (EUR, million):

During the financial period of 2019, the Group divested the real estate property of Palosaari campus area in Vaasa. In conjunction with the transaction, the entire holding (12.98%) of Kiinteistö Oy Palosaaren Laboratoriot was sold. The total floor area of the buildings sold was 30,000 m². The total value of the transaction was EUR 25.9 million.

	1.1.–31.12.2019	1.1.–31.12.2018
12. Long-term receivables		
Accrued income	0,0	2,7
Total	0,0	2,7
13. Short-term receivables		
Receivables from property income	0,7	1,0
Accrued income	2,9	1,0
Other receivables	1,9	0,3
Total	5,5	2,2
Notable accrued income		
Interest and financial items	0,0	0,0
Other	2,9	1,0
Total	2,9	1,0

Other accrued income mainly includes receivables related to property divestments, agreed in connection to the transfers and maturing in 2020.

NOTES ON BALANCE SHEET LIABILITIES AND EQUITY (EUR, million):**14. Itemisation of equity**

Share capital 31 December	252,0	252,0
Total restricted equity	252,0	252,0
Invested unrestricted equity fund 31 December	269,1	269,1
Retained earnings 1 January	88,3	75,7
Dividend paid by the parent company	-18,6	-14,9
Result for the period	27,0	27,5
Retained earnings 31 December	96,6	88,3
Total unrestricted equity	365,7	357,4
Total equity	617,7	609,4
Minority interest 1 January	8,0	8,0
Minority share of profit for the period	0,0	0,0
Minority interest 31 December	8,1	8,0
Total equity and minority interest	625,7	617,4

NOTES ON BALANCE SHEET LIABILITIES AND EQUITY (EUR, million):

1.1.–31.12.2019

1.1.–31.12.2018

15. Liabilities

	1.1.–31.12.2019	1.1.–31.12.2018
Long-term liabilities		
Bonds	100,0	100,0
Loans from financial institutions	544,0	503,6
Other debts	1,5	0,3
Total	645,5	603,9
Loans maturing after more than five years		
Loans from financial institutions	376,5	470,9
Total	376,5	470,9

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	44,6	119,6
Total	44,6	119,6
Short-term non-interest bearing debt		
Advances received	0,4	0,6
Trade payables	11,0	4,4
Other short-term debts	0,1	0,8
Accrued expenses	4,0	5,8
Total	15,5	11,7
Total short-term debt	60,1	131,3
Notable accrued expenses		
Interest and financial items	1,9	2,0
Income taxes	0,0	1,2
Other	2,1	2,6
Total	4,0	5,8
Credit limits		
Checking account limits	2,6	2,6
Unwithdrawn proportion of checking account limits	2,6	2,5

NOTES ON BALANCE SHEET LIABILITIES AND EQUITY (EUR, million):

31.12.2019

Maturity distribution of interest-bearing loans

Maturing year of loans	
2020	44,6
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	4,8
2031	2,4
	688,6

Currency distribution of interest-bearing loans

EUR	688,6
	688,6

EUR, million

1.1.–31.12.2019

1.1.–31.12.2018

16. Deferred tax liabilities and assets

Deferred tax liability recorded on the consolidated balance sheet		
Accumulated depreciation	3,7	4,5

17. Derivative contracts

Interest derivatives		
Interest rate swaps, notional value	405,0	480,0
Interest rate swaps, fair value	-35,2	-24,5
Interest rate caps, notional value	0,0	55,0
Interest rate caps, fair value	0,0	0,0
Additional benefit swaps, notional value	0,0	25,0
Additional benefit swaps, fair value	0,0	-0,2

NOTES ON BALANCE SHEET LIABILITIES AND EQUITY (EUR, million):

Product	Maturity	Notional value of the loan	Hedging period	Notional value of the contract	Market value of the contract 31.12.2019
Interest trade swap	31.5.2010 – 31.5.2025	40,0	29.5.2017 – 29.5.2025	40,0	-5,6
Interest trade swap	31.5.2017 – 31.5.2027	30,0	3.5.2018 – 24.5.2027	30,0	0,0 -2,1
Interest trade swap	8.12.2014 – 8.12.2024	45,0	8.12.2016 – 9.12.2024	45,0	-0,4 -2,1
Interest trade swap	8.12.2020 – 9.12.2024	85,0	10.12.2018 – 9.12.2024	85,0	-0,5 -6,1
Interest trade swap	15.2.2016 – 15.2.2026	60,0	15.2.2019 – 15.2.2026	60,0	-4,3
Interest trade swap	20.8.2014 – 20.8.2026	30,0	20.8.2019 – 20.8.2026	30,0	-0,2 -1,2
Interest trade swap	14.1.2015 – 14.1.2027	40,0	21.10.2015 – 14.1.2027	40,0	-0,2 -5,8
Interest trade swap	3.11.2015 – 3.11.2027	25,0	3.11.2015 – 3.2.2027	25,0	-0,1 -3,6
Interest trade swap	22.4.2016 – 22.4.2028	25,0	22.7.2019 – 24.4.2028	25,0	0,1 -1,6
Interest trade swap	22.5.2017 – 13.5.2031	25,0	13.11.2019 – 13.5.2031	25,0	0,1 -1,6
TOTAL		405,0		405,0	-35,2

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 LIABILITIES AND EQUITY (EUR, million):

1.1.-31.12.2019 **1.1.-31.12.2018**

18. Collateral and contingent liabilities

Debits secured by real estate mortgages		
Loans from financial institutions	543,6	623,2
Mortgages	873,5	970,5
Bank guarantees received	150,0	150,0
Other debts	1,5	0,3

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.

Lease liabilities

Due within the next 12 months	0,3	0,2
Due later	0,3	0,2
Total	0,6	0,4

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

VAT deductions on modernisation investments, liabilities pursuant to section 120 of the Finnish Value Added Tax Act

10-year review period	1.1.-31.12.2019	1.1.-31.12.2018
	91,8	83,7

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 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 eleventh financial period of the parent company and the Group. The company started its actual operations in 2010.

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 and one associated company. These subsidiaries and the 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 planned depreciation. 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

The resulting consolidation difference is allocated to buildings.

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. 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.

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

Equity ratio, %	= 100 x	$\frac{\text{Equity + minority interest}}{\text{Balance sheet total – advances received}}$
Return on investment, % (ROI)	= 100 x	$\frac{\text{Result for the period + financial expenses}}{\text{Balance sheet total - non-interest bearing debt (average of the beginning of the period and the end of the period)}}$
Return on equity, % (ROE)	= 100 x	$\frac{\text{Result for the period}}{\text{Equity (average of the beginning of the period and the end of the period) + minority interest}}$
Occupancy rate, %	= 100 x	$\frac{\text{Area rented out}}{\text{Total leasable area}}$
Interest cover ratio	=	$\frac{\text{Operating margin (operating profit + planned depreciation + impairment)}}{\text{Accrual-based interest expenses}}$

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		1.1.-31.12.2019		1.1.-31.12.2018
REVENUE	1.		164,5		158,7
Other operating income	2.		5,4		3,0
Personnel expenses					
Salaries and remuneration	3.	-2,2		-2,4	
Other personnel expenses					
Pension expenses		-0,4		-0,4	
Other personnel-related costs		-0,1	-2,6	0,0	-2,8
Depreciation and impairment	9., 10.				
Planned depreciation		-59,2		-55,5	
Impairment of fixed assets		0,0	-59,2	-2,1	-57,7
Other operating expenses	5.		-61,1		-54,3
OPERATING PROFIT			46,9		46,9
Financial income and expenses	7.				
Interest and financial income					
Interest income		0,0		0,2	
Interest income from Group companies		0,0		0,0	
Other interest revenue		0,0		0,0	
Interest and financial expenses					
Interest expenses		-6,2		-6,9	
Other interest and financial expenses		-7,1	-13,2	-5,1	-11,9
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES			33,7		35,1
Appropriations					
Change in depreciation difference			4,3		3,2
Income taxes	8.		-6,7		-7,3
PROFIT (LOSS) FOR THE PERIOD			31,2		31,0

Parent company balance sheet, assets

EUR, million	Note		31.12.2019		31.12.2018
NON-CURRENT ASSETS					
Intangible assets	9.				
Intangible rights		0,2		0,3	
Other capitalised expenditure		2,0	2,1	1,5	1,8
Tangible assets	10.				
Land and water areas		63,6		65,0	
Buildings and structures		1 104,9		1 062,8	
Machinery and equipment		3,0		2,8	
Other tangible assets		4,4		4,7	
Prepayments and incomplete acquisitions		115,7	1 291,6	126,0	1 261,4
Investments	11.				
Holdings in Group companies		14,7		14,7	
Receivables from Group companies		0,1		0,2	
Holdings in associated companies		5,8		5,8	
Other investments		2,0	22,6	3,8	24,5
Non-current assets total			1 316,3		1 287,6
CURRENT ASSETS					
Long-term receivables	12.				
Accrued income		0,0	0,0	2,7	2,7
Short-term receivables	13.				
Receivables from property income		0,7		1,0	
Receivables from Group companies		0,0		0,1	
Accrued income		2,9		1,0	
Other receivables		1,9	5,4	0,2	2,2
Cash and cash equivalents			14,0		64,4
Current assets total			19,4		69,4
ASSETS TOTAL			1 335,7		1 357,0

Parent company balance sheet, liabilities and equity

EUR, million	Note		31.12.2019		31.12.2018
EQUITY					
Share capital			252,0		252,0
Invested unrestricted equity fund			269,1		269,1
Retained earnings			59,8		47,4
Profit/loss for the period			31,2		31,0
Total equity	14.		612,1		599,5
ACCUMULATED APPROPRIATIONS					
Depreciation difference			18,5		22,7
LIABILITIES					
Long-term liabilities					
	15.				
Bonds		100,0		100,0	
Loans from financial institutions		543,8		503,3	
Other debts		1,5	645,3	0,3	603,6
Short-term liabilities					
	15.				
Loans from financial institutions		44,6		119,6	
Advances received		0,4		0,6	
Trade payables		10,8		4,4	
Other debts		0,1		0,8	
Accrued expenses		4,0	59,9	5,8	131,2
Total liabilities			705,2		734,8
TOTAL LIABILITIES AND EQUITY			1 335,7		1 357,0

Parent company cash flow statement

EUR, million	Note	1.1.–31.12.2019	1.1.–31.12.2018
Operating cash flow			
Operating profit		46,9	46,9
Planned depreciation		59,2	57,7
Change in working capital	1.	3,1	-13,3
Interest received	2.	0,1	0,2
Interest paid	3.	-4,3	-4,9
Other financial items		-7,1	-5,1
Taxes paid		-7,3	-6,1
Operating cash flow total		90,7	75,3
Investment cash flow			
Investments in tangible and intangible assets	4.	-114,9	-95,4
Disposals of tangible and intangible assets		25,0	2,1
Loans granted		0,1	0,1
Other investments		1,0	0,0
Disposals of other investments		0,8	0,0
Investment cash flow		-87,9	-93,3
Financing cash flow			
Withdrawals/repayments of long-term loans		45,0	95,4
Withdrawals/repayments of short-term loans		-79,6	-10,0
Dividends paid		-18,6	-14,9
Financing cash flow total		-53,2	70,6
Change in cash and cash equivalents		-50,5	52,6
Cash and cash equivalents at the start of the period		64,4	11,8
Cash and cash equivalents at the end of the period		14,0	64,4
Notes to the cash flow statement			
1. Itemisation of working capital adjustment			
Adjustment of long-term receivables		2,7	-0,6
Adjustment of short-term receivables		-2,6	-0,7
Adjustment of short-term non-interest bearing debts		3,0	-12,1
		3,1	-13,3
2. Interest received			
Interest income		0,0	0,2
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
		0,1	0,2

3. Interest paid		
Interest expenses	-6,2	-6,9
Proportion of accrued expenses allocated to interest expenses	1,9	2,0
	-4,3	-4,9
4. Investments in tangible and intangible assets		
Investments in non-current assets, net 1 January	24,5	24,6
Investments in non-current assets, net 31 December	-22,6	-24,5
Intangible and tangible non-current assets 1 January	1 263,2	1 227,5
Intangible and tangible non-current assets 31 December	-1 293,8	-1 263,2
Planned depreciation	-59,2	-57,7
	-87,9	-93,3

Notes to the parent company's financial statements

NOTES TO THE INCOME STATEMENT (EUR, million):

1.1.–31.12.2019 1.1.–31.12.2018

1. Revenue

Rental income	163,4	158,0
Compensation for use	1,1	0,7
Total	164,5	158,7

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

2. Liiketoiminnan muut tuotot

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

Other operating income mainly consists of the net impact of a real estate transaction regarding Palosaari campus area in Vaasa, as well as grants received for research projects and membership fees related to Kampusklubi® activities.

3. Personnel expenses and number of personnel

Salaries and remuneration	2,2	2,4
Pension expenses	0,4	0,4
Other personnel-related costs	0,1	0,0
Total	2,6	2,8
Salaries and remuneration to members of the Board of Directors and the Chief Executive Officer during the period	0,4	0,3
Average number of personnel during the period	30	34
Number of personnel at the end of the period	31	32

4. Depreciation and impairment

Described in more detail in notes 9 and 10		
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NOTES TO THE INCOME STATEMENT (EUR, million):

1.1.–31.12.2019 **1.1.–31.12.2018**

5. Other operating expenses

Administration	6,5	5,8
Use and maintenance	10,9	9,0
Maintenance of outdoor areas	2,0	1,8
Cleaning	0,2	0,2
Heating	10,8	10,8
Water and sewage	1,2	1,2
Gas and electricity	1,0	0,6
Waste management	0,8	0,8
Liability insurance	0,2	0,2
Rental expenses	2,1	1,8
Property taxes	12,2	11,8
Repairs	13,5	10,1
Reimbursements and grants received	-0,2	0,0
Other maintenance costs	-0,1	0,2
Total	61,1	54,3

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	0,0
Total	0,1	0,1

7. Financial income and expenses

Interest income	0,0	0,2
Interest income from Group companies	0,0	0,0
Other interest and financial income	0,0	0,0
Total	0,1	0,2
Interest expenses	6,2	6,9
Other interest and financial expenses	7,1	5,1
Total	13,3	12,1
Total financial income and expenses	-13,2	-11,9

8. Income taxes

Income taxes on actual operations	6,7	7,3
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NOTES ON BALANCE SHEET ASSETS (EUR, million):

9. Intangible assets

2019	Intangible rights	Other capitalised expenditure	Total 31.12.2019
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
2018	Intangible rights	Other capitalised expenditure	Total 31.12.2018
Acquisition cost 01/01/2018	1,2	1,1	2,3
Increases during the period	0,0	1,6	1,6
	1,2	2,7	3,9
Accumulated depreciation 01/01/2018	-0,8	-1,0	-1,8
Depreciation during the period	-0,1	-0,2	-0,3
Accumulated depreciation 31/12/2018	-0,9	-1,2	-2,1
Carrying amount 31/12/2018	0,3	1,5	1,8

NOTES ON BALANCE SHEET ASSETS (EUR, million):

10. Tangible assets

2019	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31.12.2019
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
2018	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Incomplete acquisitions	Total 31.12.2018
Acquisition cost 01/01/2018	64,4	1 318,3	4,2	5,2	188,1	1 580,2
Transfers between asset categories	0,0	0,0	0,0	0,0	-229,7	-229,7
Increases during the period	1,0	152,1	0,4	2,3	167,6	323,4
Disposals during the period	-0,4	-1,5	0,0	0,0	0,0	-1,9
	65,0	1 468,9	4,6	7,5	126,0	1 672,0
Accumulated depreciation 01/01/2018	0,0	-349,9	-1,3	-2,1	0,0	-353,3
Depreciation during the period	0,0	-54,1	-0,5	-0,7	0,0	-55,2
Impairment	0,0	-2,1	0,0	0,0	0,0	-2,1
Accumulated depreciation 31/12/2018	0,0	-406,1	-1,8	-2,8	0,0	-410,7
Carrying amount 31/12/2018	65,0	1 062,8	2,8	4,7	126,0	1 261,4

NOTES ON BALANCE SHEET ASSETS (EUR, million):

11. Investments

2019	Holdings in Group companies	Receivables from Group companies	Holdings in associated companies	Other investments	Total 31.12.2019
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
2018					
2018	Holdings in Group companies	Receivables from Group companies	Holdings in associated companies	Other investments	Total 31.12.2018
Parent company					
Acquisition cost 01/01/2018	14,7	0,3	5,8	3,8	24,6
Disposals during the period	0,0	-0,1	0,0	0,0	-0,1
Acquisition cost 31/12/2018	14,7	0,2	5,8	3,8	24,6
Impairment	0,0	0,0	0,0	0,0	0,0
Accumulated depreciation 31/12/2018	0,0	0,0	0,0	0,0	0,0
Carrying amount 31/12/2019	14,7	0,2	5,8	3,8	24,5

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

12. Long-term receivables

	1.1.-31.12.2019	1.1.-31.12.2018
Accrued income	0,0	2,7
Total	0,0	2,7

NOTES ON BALANCE SHEET ASSETS (EUR, million):

1.1.–31.12.2019 **1.1.–31.12.2018**

13. Short-term receivables

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

Other accrued income mainly includes receivables related to property divestments, agreed in connection of the transfers and maturing in 2020.

NOTES ON BALANCE SHEET LIABILITIES AND EQUITY:

1.1.–31.12.2019 **1.1.–31.12.2018**

14. Itemisation of equity (EUR, million)

Share capital 31 December	252,0	252,0
Total restricted equity	252,0	252,0
Invested unrestricted equity fund 31 December	269,1	269,1
Retained earnings 1 January	78,4	62,3
Distribution of dividend	-18,6	-14,9
Result for the period	31,2	31,0
Retained earnings 31 December	91,0	78,4
Total unrestricted equity	360,1	347,5
Total equity	612,1	599,5
Parent company's distributable funds 31 December		
Retained earnings 1 January	78,4	62,3
Distribution of dividend	-18,6	-14,9
Result for the period	31,2	31,0
Invested unrestricted equity fund	269,1	269,1
Total	360,1	347,5

NOTES ON BALANCE SHEET LIABILITIES AND EQUITY (EUR, million):	1.1.–31.12.2019	1.1.–31.12.2018
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15. Liabilities

Long-term liabilities		
Bonds	100,0	100,0
Loans from financial institutions	543,8	503,3
Other debts	1,5	0,3
Total	645,3	603,6
Loans maturing after more than five years		
Bonds	0,0	100,0
Loans from financial institutions	376,5	470,8
Total	376,5	570,8

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	44,6	119,6
Total	44,6	119,6
Short-term non-interest bearing debt		
Advances received	0,4	0,6
Trade payables	10,8	4,4
Accrued expenses	4,0	5,8
Other short-term debts	0,1	0,8
Total	15,3	11,6
Total short-term debt	59,9	131,2
Notable accrued expenses		
Interest and financial items	1,9	2,0
Income taxes	0,0	1,2
Others	2,1	2,6
Total	4,0	5,8
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 LIABILITIES AND EQUITY (EUR, million):

1.1.–31.12.2019

1.1.–31.12.2018

16. Derivative contracts

	1.1.–31.12.2019	1.1.–31.12.2018
Interest derivatives		
Interest rate swaps, notional value	405,0	480,0
Interest rate swaps, fair value	-35,2	-24,5
Interest rate caps, notional value	0,0	55,0
Interest rate caps, fair value	0,0	0,0
Additional benefit swaps, notional value	0,0	25,0
Additional benefit swaps, fair value	0,0	-0,2

Product	Maturity	Notional value of the loan	Hedging period	Notional value of the contract	Market value of the contract 31.12.2019
Interest rate swap	31.5.2010 – 31.5.2025	40,0	29.5.2017 – 29.5.2025	40,0	-5,6
Interest rate swap	31.5.2017 – 31.5.2027	30,0	3.5.2018 – 24.5.2027	30,0	0,0 -2,1
Interest rate swap	8.12.2014 – 8.12.2024	45,0	8.12.2016 – 9.12.2024	45,0	-0,4 -2,1
Interest rate swap	8.12.2020 – 9.12.2024	85,0	10.12.2018 – 9.12.2024	85,0	-0,5 -6,1
Interest rate swap	15.2.2016 – 15.2.2026	60,0	15.2.2019 – 15.2.2026	60,0	-4,3
Interest rate swap	20.8.2014 – 20.8.2026	30,0	20.8.2019 – 20.8.2026	30,0	-0,2 -1,2
Interest rate swap	14.1.2015 – 14.1.2027	40,0	21.10.2015 – 14.1.2027	40,0	-0,2 -5,8
Interest rate swap	3.11.2015 – 3.11.2027	25,0	3.11.2015 – 3.2.2027	25,0	-0,1 -3,6
Interest rate swap	22.4.2016 – 22.4.2028	25,0	22.7.2019 – 24.4.2028	25,0	0,1 -1,6
Interest rate swap	22.5.2017 – 13.5.2031	25,0	13.11.2019 – 13.5.2031	25,0	0,1 -1,6
TOTAL		405,0		405,0	-35,2

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 LIABILITIES AND EQUITY (EUR, million):

1.1.-31.12.2019 **1.1.-31.12.2018**

17. Collateral and contingent liabilities

Debts secured by real estate mortgages		
Loans from financial institutions	503,3	622,9
Mortgages	872,2	969,2
Bank guarantees received	150,0	150,0
Other debts	1,5	0,3

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.

Lease liabilities

Due within the next 12 months	0,3	0,2
Due later	0,3	0,2
Total	0,6	0,4

Other liabilities

VAT review liability on property investments

VAT deductions on modernisation investments, liabilities pursuant to section 120 of the Finnish Value Added Tax Act

	1.1.-31.12.2019	1.1.-31.12.2018
10-year review period		
	91,8	83,7

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 upon. The company has undertaken to comply with the legislation, decrees, decisions and agreements on the protection of each property or conservation area.

Signatures to the financial statements and annual report

Tampere 19 March 2020

Päivi Mikkola

Chairman of the Board of Directors

Sami Yläoutinen

Deputy Chairman of the Board of Directors

Heli Huhtala

Member of the Board of Directors

Keijo Hämäläinen

Member of the Board of Directors

Riitta Juutilainen

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 19.3.2020

KPMG Oy Ab

Assi Lintula, Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Suomen Yliopistokiinteistöt Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Suomen Yliopistokiinteistöt Oy (business identity code 2268637-3) for the year ended 31 December, 2019. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness

of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Tampere May 13, 2020

KPMG Oy Ab
Assi Lintula, Authorised Public Accountant, KHT