SUOMEN YLIOPISTOKIINTEISTÖT OY

2015

BALANCE SHEET BOOK
31 DECEMBER 2015

University Properties of Finland Ltd

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CEO'S REVIEW

The company's first strategy period has now been completed. Strong investment in the improvement of learning environments and the appeal of campuses has produced concrete results at many levels. Together with our partner universities, we have invested in new environments with an innovative, research-oriented and experimental approach. The only way to develop is to develop operations. Our expertise has also been recognised internationally.

In 2015, we significantly expanded our tenant base. This enables healthy business growth and development for the company. During the first years of our operations, we repaired the properties so that they are healthy and safe for their occupants. The proportion of buildings with problematic indoor conditions has decreased substantially. As the volume of repairs is returning to a normal level, we will have more resources available for the improvement of the content and appeal of campuses.

In summer 2015, University Properties of Finland Ltd's new concept building, Kampusareena, was completed on the campus of the Tampere University of Technology. It represents the campus building of the future at its best. What makes Kampusareena unique is that it is the first university building that was specifically built to promote co-operation between the university and companies as well as internationalisation. Furthermore, it has a definitely commercial character. The building will house services such as the Kampusklubi, a new kind of bridge between businesses and the university.

The Kampusklubi will allow businesses to easily integrate into the university environment, and it provides a flexible RDI environment that meets the members' wishes. University co-operation plays the main role at the Kampusklubi, and the results of the first months of activities are promising. The activities may produce interesting student projects that arise from companies' needs and support studies.

The new company strategy for 2016–2019 is mainly complete. The main focus of the new strategy of University Properties of Finland Ltd is more efficient integration of campuses into the surrounding economic area. A compact, vibrant campus is operationally an integral part of the urban structure of the university city. Joint activities, infrastructure and strengths related to the entire higher education and teaching sector, services, housing and companies become available. The Kampusareena and Kampusklubi concepts provide access to the extensive international networks of universities, to be utilised for co-operation and the promotion of international activities in Finland. The new concepts make the campus a gateway to internationality for the economic area.

Despite the highly challenging economic operating environment, the year 2016 is very interesting for us. We can see a number of paths that promote the vitality of campuses.

Chief Executive Officer
Mauno Sievänen

UNIVERSITY PROPERTIES OF FINLAND LTD - ANNUAL REPORT

University Properties of Finland Ltd was established in 2009. Since 2010, the company has leased and developed premises primarily for universities and higher education institutions outside the Greater Helsinki region. The company is owned by 10 universities outside Greater Helsinki (University of Eastern Finland, University of Jyväskylä, University of Lapland, Lappeenranta University of Technology, University of Oulu, University of Tampere, Tampere University of Technology, 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 the owner universities by providing high-quality premises and solutions.

In 2015, the company continued the long-term planning and implementation of its operations. The company's progress towards the targets and promises outlined in its strategy has been very successful. The direction is clear and the entire organisation is committed to working towards it. The company's operations are excellently managed: the key risks are under control and day-to-day business is running smoothly.

The planning of the course for the company's new strategy period (2016–2019) was completed in the latter half of 2015. The Board of Directors of University Properties of Finland Ltd approved the main points of the new strategy, as well as the strategic projects essentially included in the strategy: Campus as part of the city, accumulating expertise, sustainable development and international activities. Our vision is to be Europe's most valued campus developer.

In 2015, the company continued its property development operations on a broad front, invested heavily in repairs and renovation projects as well as the management of risks related to conditions and improved the energy management of its properties. The company made significant investments in experimental research activities in order to develop learning environments. The work received recognition in the Nordic Campus retrofit CARE programme, which aims to improve the appeal of campuses.

Even at a time 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 industry.

Corporate responsibility reporting for 2015 is carried out applying the GRI reporting framework. The most relevant themes for University Properties of Finland Ltd's corporate responsibility were identified by stakeholder analysis and an evaluation of the company's own operations.

BUSINESS OPERATIONS

In 2015, the Group's revenue grew by EUR 5.2 million compared with the previous year. The key reasons behind the increase in revenue (3.7%) were the completion of the new buildings and the repairs and renovations of premises as well as index adjustments to rental levels.

In 2015, an impairment loss of EUR 2.5 million was recognised on one building, as the expected yield of the building had permanently changed to an amount substantially lower than the undepreciated balance. The company continued to make substantial investments in maintenance and annual repair work to improve the condition and quality of its buildings.

Key figures, in millions of euros	Group 2015	Group 2014	Group 2013	Parent company 2015	Parent company 2014	Parent company 2013
Revenue	144.9	139.7	137.7	144.1	139.1	137.0
Operating profit	41.6	38.3	35.3	42.6	39.2	36.0
Result for the period	22.7	19.8	19.2	22.8	20.3	15.8
Equity on 31 December	589.4	579.1	575.0	562.5	552.0	547.5
Balance sheet total on 31 December	1,192.6	1,111.1	1,018.7	1,189.9	1,107.4	1,014.1
Equity ratio, %	49.4%	52.1%	56.4%	49.3%	52.0%	56.3%
Return on capital employed, %	3.2%	3.2%	3.1%	3.2%	3.2%	3.0%
Return on equity, %	3.9%	3.4%	3.3%	4.1%	3.6%	3.3%

CUSTOMER RELATIONS, CAMPUS DEVELOPMENT AND COMMUNICATIONS

Customer satisfaction has remained at an excellent level. The overall score for University Properties of Finland Ltd's operations was 3.7 in the most recent customer satisfaction survey conducted in 2015 by Innolink Research Oy, and 94% of the respondents indicated they would recommend University Properties of Finland Ltd to their colleagues.

Campus strategies completed

City-specific campus strategies were completed in 2015. Campus strategies address the land use, buildings and activities in the university campus area. In addition, the campus strategy includes a summary of the strengths of research and teaching at the university and a summary of the characteristics of companies and the property market in the region.

Campus strategies with consistent formats were prepared for all university campuses of University Properties of Finland Ltd. The campus strategies provide the foundation for the development of land use and activities on the campuses. The way is being paved for the campuses of the future, places that provide synergies and vitality for the entire region in which they operate.

Finnish Work Environment Fund TSR project on communication

The University Communications 2.0 project was carried out in 2015 in co-operation with the University of Lapland and the Finnish Work Environment Fund. The objective of the project was to create a model for communication related to properties with indoor air quality problems, covering the entire life cycle of the repair project. The project was completed on schedule, and the resulting model is useful for University Properties of Finland.

RENTAL OPERATIONS

The occupancy rate remained nearly at the previous year's level and stood at 95.6% at the end of 2015. The average length of leases increased to nearly nine years.

The total amount of new leases and leases renewed in connection with renovation projects in 2015 was 21, corresponding to 38,000 m^2 in leasable area. Eight of the leases were signed with universities. The average rent for new leases was EUR 17.60 €/m^2/month. The total cash flow from the leases is EUR 178 million, of which universities account for EUR 98.5 million.

Changes took place in the company's leasable property portfolio, as the Kampusareena and Ruusupuisto buildings in Tampere and Jyväskylä, respectively, were completed and the company disposed of the Aleksanterinkatu property in Oulu and the property on Seili Island.

At the end of 2015, approximately 47,880 m^2 of the company's space (4.4%) were vacant.

Key figures for rental operations:

	2015	2014
Rental margin, % of revenue	67.1	65.8
Average rental income, EUR/m^2/month	11.0	10.7
Average occupancy rate, %	95.6	96.7
Average lease length, years	8.8	8.0
Proportion of premises producing rental income, %	93.1	92.8
Total leasable area, millions of m^2	1.09	1.08
Value of leases, € million	1,161	966

Key figures for maintenance operations:

*heating consumption data is weather-adjusted	2015	2014
Average maintenance costs, EUR/m^2/month	4.2	4.3
Maintenance repairs, EUR million	14.2	17.3
Heating energy consumption*, kWh/gross m^2	147.1	146.5
Water consumption, dm^3/gross m^2	288.6	295.0
Electricity consumption, kWh/gross m^2	105.1	105.0

MAINTENANCE OPERATIONS

The key focal areas of maintenance operations were energy management, annual repair programmes revised and implemented based on extensive condition assessments, ensuring that operations are in line with the operating models for maintenance activities, and the development of the operations of the service network.

The principles of sustainable development are promoted in the company's maintenance operations. In 2015, the waste management operating model was implemented on campuses. Energy consumption is optimised in a resource-wise manner in order to achieve the best possible conditions and to make the premises safe and healthy to work in, also in the long term.

We are continuously improving our indicators related to the environment and energy consumption, so that figures can be compared in the long term, even when the use of premises changes.

The present state of campus safety was investigated by an extensive survey in 2015. The development of a safety operating model started in the latter part of the year on the basis of the survey. The operating model will be launched on campuses in 2016.

INVESTMENTS

Guidelines for quality assurance in the delivery and implementation stages of technical systems were published and adopted. The objective is a project that is delivered without errors. Deliveries are managed and documented in such a manner that the customer can be certain that all the purchases and installations have been made in accordance with regulations and plans. The aim of quality assurance is to minimise investigations after delivery as well as to minimise the defective or inadequate operation of systems.

In 2015, the company's investments totalled EUR 126.8 million. On the date of closing the books, the company had 151 investment projects in the preparatory and planning stages (EUR 145 million) and 37 projects in the investment phase (EUR 221 million).

Project planning and construction have progressed for the projects approved by University Properties of Finland Ltd's Annual General Meetings on 15 May 2014 and 15 May 2013.

Over EUR 30 million	estimated start	estimated completion	Annual General Meeting
Medisiina D *Multi-user building, Turku*	2015	2018	2014
Construction stage 1, renovation *Lappeenranta University of Technology*	2016	2018	2014
Arvo2, a newly constructed building for the School of Medicine *University of Tampere*	2014	2016	2013
Kampusareena *Multi-user building, Tampere*	2013	completed 07/2015	2013
New Faculty of Dentistry building *Multi-user building, Oulu*	2014	2016	2013
Over EUR 20 million	**estimated start**	**estimated completion**	**Annual General Meeting**
Renovation of the Teacher Training School of the University of Turku *University of Turku*	2015	2017	2014
Renovation of Natural Sciences Building 2 *University of Turku*	2013	completed 10/2015	2013
Ruusupuisto, new building *University of Jyväskylä*	2013	completed 06/2015	2013

The new construction project planned at the Mattilanniemi campus of the University of Jyväskylä was given up according to the university's decision.

Other significant projects at the end of 2015:

Planning phase

- Sports laboratory, University of Jyväskylä
- Lappeenranta University of Technology, building phase I renovation
- Renovation of the future premises of the Oulu University School of Architecture and Department of Computer Science
- Renovation of University of Turku's Calonia building

Construction phase

- University of Jyväskylä, indoor air quality renovation in Main Building C
- University of Eastern Finland, renovation of the old section of the Metria building at the Joensuu campus
- University of Oulu, Faculty of Dentistry, new building
- University of Tampere School of Medicine, new building (Arvo2)
- University of Turku, new building (Medisiina D)
- University of Turku, renovation of the Teacher Training School

The most significant renovation and new construction projects completed in 2015 were:

- Tampere University of Technology, Kampusareena, new building
- University of Jyväskylä, Ruusupuisto, new building
- University of Turku, renovation of Natural Sciences Building II
- University of Lapland, renovation of the F wing
- University of Jyväskylä, renovation of the kitchen and restaurant of Philologica Lozzi
- University of Eastern Finland, renovation of the Futura Building at the Joensuu campus
- University of Oulu, renovation and alterations to the premises of the Faculty of Science

RESEARCH AND DEVELOPMENT ACTIVITIES

The vision of research and development activities is that university campuses are open, inspiring and international meeting places for talented multidisciplinary people. At these innovative campuses, new

knowledge is created and learned efficiently through small experiments, while skills and competencies are quickly utilised in new business ventures for greater competitiveness and general prosperity.

The company's research and development investments totalled EUR 0.7 million in 2015 (2014: EUR 1.2 million). The company received EUR 0.2 million in grants or funding from external partners for research projects in 2015.

Research activities are conducted in close cooperation with the owner universities and selected partner enterprises with the aim of developing the attractiveness and functionality of campuses. Premises are developed to support learning and the creation of new knowledge. The company's key development areas are research and learning environments as well as the development of energy efficiency, indoor air quality and conditions as well as services.

Strategically, the most important project was the four-year Spaces for New Learning and Creation of New Knowledge research project, which was completed on 31 March 2015. The EUR 10 million project was part of the RYM SHOK Indoor Environment research programme. In the research project, the company worked with eight corporate partners and nine research partners to study how space requirements for learning and creating new knowledge are changing and how this affects space-related requirements and concepts, user-driven design processes and solutions, user experiences and services, and solutions that support sustainable development. The detected results also include light, energy-efficient solutions for the improvement of indoor air quality in connection with alterations to premises. In these solutions, case-specific special features can be taken into account. The company will also use the results of the study in its business.

During the year, the company participated in the Campus Retrofit (CARE) project, which focuses on creating new Nordic campus development models and references on the basis of Finnish and Nordic campus development projects. A further objective of the project is to promote joint international research programmes.

SUSTAINABLE DEVELOPMENT

The efficiency of the use of space at the company's properties also takes into consideration the temporal efficiency of the utilisation of space as well as the versatility and shared use of premises. The company develops properties to make them increasingly energy-efficient and ecological. In its investments, it focuses on finding environmentally friendly and long-term solutions.

The company's long-term goal is to comply with the EU energy directive that entered into force in summer 2010.

University Properties of Finland Ltd participates in the action programme for premises (TETS), which aims to improve the energy-efficiency of premises. The TETS energy efficiency agreement for 2010–2016 aims for a six per cent decrease in computational heating energy consumption. By the end of 2014, the company achieved 94% of this target, and 100% will be achieved. The company plans to continue its participation in the programme under an agreement to be signed for the years 2017–2025.

The company aims to seek BREEAM Very Good classification for its new construction projects and most important renovation projects. The Ruusupuisto, Kampusareena and Faculty of Sciences II projects completed in 2015 received Very Good certification for their planning and design phases. It is very likely that similar certifications will be awarded for the use of the buildings.

The company is a forerunner in the determination of the environmental impacts of operations. For example, instead of the national coefficient normally used for the determination of carbon footprints, we take into account local special features and use locally determined coefficients for our

properties located in different parts of Finland.

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.

In 2015, the company used the extensive framework agreement signed with the European Investment Bank in 2013 for the acquisition of external capital. This has greatly helped to meet the company's financing needs during the ongoing phase of heavy investment.

In addition, modification of interest rate hedging enabled the company to make use of the favourable market conditions. These measures increased the overall hedging rate and interest rate linkage, resulting in cost savings across the portfolio of loans.

The new agreements and efficient hedging policy have improved the stability and cost-efficiency of the company's finances as well as rents.

Key figures for financing operations:

	2015	2014
Total loan amount, € million	577.0	512.0
Average loan maturity, years	7.1	7.0
Average financing interest, %	2.1	2.6
Interest-bearing period, years	4.6	4.5
Hedge level of loan capital, %	79	94
Interest coverage ratio	7.7	7.2
Liquidity on 31 December, EUR million	36.7	46.9

ANNUAL GENERAL MEETING

The Annual General Meeting of University Properties of Finland Ltd was held at Hotel Tammer in Tampere on 13 May 2015. All shareholders were represented at the Annual General Meeting.

The Annual General Meeting confirmed the financial statements for 2014 and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The Annual General Meeting confirmed the number of members of the Board of Directors as six (6).

The Annual General Meeting re-elected the following as members of the Board of Directors: Petri Lintunen (University of Tampere) as Chairman, Juha Lemström (Senate Properties Ltd) as Deputy Chairman and Matti Paavonsalo (University of Eastern Finland), Pirjo Kytösalmi (University of Oulu), Kalervo Väänänen (University of Turku) and Päivi Laajala, Director General (Ministry of Finance) as ordinary members.

The Board of Directors met 10 times in 2015.

In accordance with the company's corporate governance code, competitive tendering of auditing is arranged every five years, and this was done in spring 2015. Authorised Public Accountants KPMG Oy were re-elected as the company's auditors, with APA Hannu Paunikallio as the responsible auditor.

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

No projects of more than EUR 30 million were submitted for decision to the Annual General Meeting.

The Annual General Meeting adopted the Board's proposal for a dividend of EUR 4.88 per share to be paid for the 2014 financial year, corresponding to a total of EUR 12.3 million.

PERSONNEL

The Chief Executive Officer of University Properties of Finland Ltd is Mauno Sievänen. In 2015, the company had an average of 35 employees. The functions include customer

relations, campus and concept development, property development and maintenance, finance, administration and rental operations. The company's operating principle is based on a flat organisational structure that is close to the customer. The average age of our personnel is 46.4 years.

The company has implemented an incentive scheme 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 EUR 0.2 million, or approximately 7% of personnel expenses.

Key figures for personnel

	2015	2014	2013
Average number of personnel	35	34	30
Number of personnel at the end of the period	34	36	32
Personnel expenses, € million	2.8	2.7	2.3

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 re-leasing 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 70–90% and an interest-bearing period of 3–5 years.

CHANGES IN GROUP STRUCTURE IN 2015

In addition to direct property ownership, University Properties of Finland Ltd owns shares in six different companies. 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 2015.

COMPANY SHARES

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

	2015	2014
1 vote / share	2,520,000 shares	2,520,000 shares

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

OUTLOOK FOR 2016

The strong and still increasing cost pressures on universities, which constitute University Properties of Finland Ltd's most important category of customers, naturally also have an effect on the company. This is particularly true with regard to further use of premises vacated by universities in the long run.

In 2016, however, the company expects its operating environment to remain relatively stable and revenue to increase compared with the previous year, as planned. The development of the company's result is

expected to remain unchanged from previous years.

In 2016, the company will continue to develop closer co-operation with customers and the most important service providers. This will ensure that the entire partner network will work towards the company's strategic goals. The outlook for 2016 is positive as progress will be made in several significant investments. The company will also focus on further developing its property business during the year.

PROPOSAL ON THE USE OF THE PROFIT AND DISTRIBUTABLE FUNDS

The distributable funds of the parent company total EUR 310,535,242.57, of which the result for the financial year accounts for EUR 22,849,320.28. The Board of Directors proposes that the profit for the period be transferred to retained earnings and that the distributable funds be used as follows:

- a total dividend of EUR 13,708,800.00, equal to EUR 5.44 per share
- the remaining distributable funds will be 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.

University Properties of Finland Ltd

CONSOLIDATED INCOME STATEMENT

	Note		**1 Jan–31 Dec 2015**		**1 Jan–31 Dec 2014**
REVENUE	1)		144 879 784,62		139 728 622,47
Other operating income	2)		293 558,69		413 546,31
Personnel expenses					
Salaries and remuneration	3)	-2 316 528,07		-2 230 865,08	
Other personnel expenses					
Pension expenses		-409 538,39		-384 412,30	
Other personnel-related costs		-90 718,90	-2 816 785,36	-85 459,58	-2 700 736,96
Depreciation and impairment	9), 10)				
Planned depreciation		-45 527 803,69		-41 421 092,76	
Impairment of fixed assets		-2 488 032,45	-48 015 836,14	-4 280 159,74	-45 701 252,50
Other operating expenses	5)		-52 494 117,92		-53 206 216,62
Share of profit (loss) of associated companies	11)		-196 702,27		-197 003,49
OPERATING PROFIT			41 649 901,62		38 336 959,21
Financial income and expenses	7)				
Interest and financial income					
Interest income		695 788,90		1 599 268,39	
Other interest revenue		6 463,08		38 895,14	
Financial charges		54 343,43		30 852,86	
Interest and financial expenses					
Interest expenses		-13 221 402,95		-14 585 662,48	
Other interest and financial expenses		-636 782,77	-13 101 590,31	-400 645,26	-13 317 291,35
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES			28 548 311,31		25 019 667,86
Income taxes	8)		-5 925 195,13		-5 184 884,53
Minority interest			22 085,03		-37 234,82
PROFIT (LOSS) FOR THE PERIOD			22 645 201,21		19 797 548,51

University Properties of Finland Ltd

CONSOLIDATED BALANCE SHEET, ASSETS

	Note		31.12.2015		31.12.2014
NON-CURRENT ASSETS					
Intangible assets	9)				
Intangible rights		1 080,00		1 080,00	
Other capitalised expenditure		196 494,71	197 574,71	349 756,99	350 836,99
Tangible assets	10)				
Land and water areas		61 557 694,48		60 882 400,10	
Buildings and structures		958 167 245,18		872 266 356,89	
Machinery and equipment		2 389 578,50		997 260,58	
Other tangible assets		3 609 918,24		2 287 091,33	
Advance payments and construction in progress		120 630 380,60	1 146 354 817,00	137 024 321,55	1 073 457 430,45
Investments	11)				
Holdings in associated companies		4 711 861,27		4 908 563,54	
Other investments		3 842 520,10	8 554 381,37	3 842 520,10	8 751 083,64
Non-current assets total			**1 155 106 773,08**		**1 082 559 351,08**
CURRENT ASSETS					
Short-term receivables	12)				
Receivables from property income		1 102 385,45		9 654,96	
Accrued income		134 153,73		748 238,75	
Other receivables		1 965 067,94	3 201 607,12	3 330 441,24	4 088 334,95
Cash and cash equivalents			34 330 047,34		24 474 137,93
Current assets total			**37 531 654,46**		**28 562 472,88**
ASSETS TOTAL			**1 192 638 427,54**		**1 111 121 823,96**

University Properties of Finland Ltd

CONSOLIDATED BALANCE SHEET, LIABILITIES AND EQUITY

	Note		31.12.2015		31.12.2014
CAPITAL AND RESERVES					
Share capital			252 000 000,00		252 000 000,00
Invested unrestricted equity fund			269 080 508,78		269 080 508,78
Retained earnings			37 621 544,83		30 123 996,32
Profit/loss for the period			22 645 201,21		19 797 548,51
Total equity	13)		**581 347 254,82**		**571 002 053,61**
MINORITY INTEREST			**8 060 547,20**		**8 082 632,23**
LIABILITIES					
Long-term liabilities	14)				
Loans from financial institutions		517 037 137,07		512 095 999,40	
Other debts		269 000,00	517 306 137,07	269 000,00	512 364 999,40
Short-term liabilities	14)				
Loans from financial institutions		60 064 000,08		64 000,00	
Deferred tax liability	15)	6 108 461,87		5 931 035,39	
Advances received		387 571,11		17 518,05	
Trade payables		15 243 461,20		10 676 428,23	
Other debts		97 351,59		148 147,93	
Accrued expenses		4 023 642,60	85 924 488,45	2 835 009,12	19 672 138,72
Total liabilities			**603 230 625,52**		**532 037 138,12**
TOTAL LIABILITIES AND EQUITY			**1 192 638 427,54**		**1 111 121 823,96**

University Properties of Finland Ltd

CONSOLIDATED CASH FLOW STATEMENT

		1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Operating cash flow			
Operating profit		41 649 901,62	38 336 959,21
Planned depreciation and impairment		48 015 836,14	45 701 252,50
Other adjustments without payment transactions		196 702,27	197 003,49
Change in working capital	1)	4 050 341,97	-1 352 970,81
Interest received		756 595,41	1 669 016,39
Interest paid		-11 787 395,65	-12 864 554,23
Other financial items		-636 782,77	-400 645,26
Taxes paid		-4 270 466,92	-5 642 374,52
Operating cash flow total		77 974 732,07	65 643 686,77
Investment cash flow			
Investments in tangible and intangible assets		-120 759 960,41	-112 982 269,88
Investment cash flow		-120 759 960,41	-112 982 269,88
Financing cash flow			
Withdrawals/repayments of long-term loans		64 941 137,75	206 933 194,53
Withdrawals/repayments of short-term loans		0,00	-120 019 143,37
Dividends paid		-12 300 000,00	-15 799 999,99
Financing cash flow total		52 641 137,75	71 114 051,17
Change in cash and cash equivalents		9 855 909,41	23 775 468,06
Cash and cash equivalents at the start of the period		24 474 137,93	698 669,87
Cash and cash equivalents at the end of the period		34 330 047,34	24 474 137,93
Notes to the cash flow statement			
1) Itemisation of working capital adjustment			
Adjustment of short-term receivables		886 727,83	-985 646,60
Adjustment of short-term non-interest bearing debts		3 163 614,14	-367 324,21
		4 050 341,97	-1 352 970,81

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 listed company domiciled in Tampere. The address of University Properties of Finland Ltd is Korkeakoulunkatu 7, 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, as well as the Finnish Limited Liability Companies Act.
The financial period under review is the seventh 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 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.
KiOY 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.

Measurement and accrual principles

Revenue
Revenue consists primarily of rental income for premises, compensation for use and other service income.
Income is recognised once the output has been delivered.

Valuation of fixed assets
Intangible and tangible assets are carried at original 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:

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

Investments
The parent company's investments include shares in subsidiaries and associated companies and loans to Group companies. Investments are valued at 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-bearing debt is measured at amortised cost using the effective interest rate method.

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 Currency derivatives have been used to hedge the currency risk of loans denominated in SEK. The currency risk is fully hedged. Loans denominated in foreign currencies have been recognised in the financial statements at the contract exchange rate or the exchange rate at the time of repayment rather than the exchange rate on the date of closing the books.

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 expense in proportion to salaries.

University Properties of Finland Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the income statement	**1 Jan–31 Dec 2015**	**1 Jan–31 Dec 2014**
1) Revenue		
Rents	144 543 408,84	139 199 578,93
Usage reimbursements	209 446,66	416 079,10
Other property income	126 929,12	112 964,44
Total	144 879 784,62	139 728 622,47
Geographically, the Group's revenue is produced in Finland.		
2) Other operating income	293 558,69	413 546,31
Other operating income includes mainly grants received for research projects and membership fees related to Campus Club activities.		
3) Personnel expenses and number of personnel		
Salaries and remuneration	2 316 528,07	2 230 865,08
Pension expenses	409 538,39	384 412,30
Other personnel-related costs	90 718,90	85 459,58
Total	2 816 785,36	2 700 736,96
Salaries and remuneration to members of the Board of Directors and the Chief Executive Officer durir	272 170,99	270 173,35
Average number of personnel during the period	35	34
Number of personnel at the end of period	34	36
4) Depreciation and impairment		
Described in more detail in notes 9 and 10		
5) Other operating expenses		
Administration	4 308 487,85	4 895 985,23
Use and maintenance	6 107 531,82	5 538 991,76
Maintenance of outdoor areas	1 666 365,71	1 270 684,71
Cleaning	110 822,59	184 063,43
Heating	10 209 652,17	9 970 362,23
Water and sewage	1 366 258,55	1 204 894,91
Gas and electricity	516 818,72	557 562,22
Waste management	879 928,63	835 859,41
Liability insurance	267 960,84	266 098,40
Rents	768 595,36	698 179,80
Property taxes	10 600 092,80	10 223 443,37
Repairs	14 607 462,55	17 642 704,63
Other maintenance costs	1 084 140,33	-82 613,48
Total	52 494 117,92	53 206 216,62
6) Auditors' fees		
Authorised Public Accountants KPMG Oy		
Auditors' fees	19 889,73	14 443,72
Tax advice	24 140,80	27 579,92
Other expert fees	28 473,92	8 224,20
Total	72 504,45	50 247,84
Authorised Public Accountants Ernst & Young Oy		
Other expert fees	0,00	45 533,14
Total	0,00	45 533,14
7) Financial income and expenses		
Interest income	695 788,90	1 599 268,39
Other interest revenue	6 463,08	38 895,14
Financial charges	54 343,43	30 852,86
Total	756 595,41	1 669 016,39
Interest expenses	13 221 402,95	14 585 662,48
Other interest and financial expenses	636 782,77	400 645,26
Total	13 858 185,72	14 986 307,74
Total financial income and expenses	-13 101 590,31	-13 317 291,35
8) Income taxes		
Income taxes for the period	5 747 768,65	5 101 866,46
Change in deferred taxes	177 426,48	83 018,07
Total	5 925 195,13	5 184 884,53

Notes on balance sheet assets

9) Intangible assets

2015	Intangible rights	Other capitalised expenditure	Total
Acquisition cost 1 January 2015	145 974,86	1 103 082,95	1 249 057,81
Increases during the period	0,00	0,00	0,00
	145 974,86	1 103 082,95	1 249 057,81
Accumulated depreciation 1 January 2015	-144 894,86	-753 325,96	-898 220,82
Depreciation during the period	0,00	-153 262,28	-153 262,28
Accumulated depreciation 31 December 2015	-144 894,86	-906 588,24	-1 051 483,10
Carrying amount 31 December 2015	1 080,00	196 494,71	197 574,71

2014	Intangible rights	Other capitalised expenditure	Total
Acquisition cost 1 January 2014	145 974,86	838 705,13	984 679,99
Increases during the period	0,00	264 377,82	264 377,82
	145 974,86	1 103 082,95	1 249 057,81
Accumulated depreciation 1 January 2014	-144 894,86	-552 530,44	-697 425,30
Depreciation during the period	0,00	-200 795,52	-200 795,52
Accumulated depreciation 31 December 2014	-144 894,86	-753 325,96	-898 220,82
Carrying amount 31 December 2014	1 080,00	349 756,99	350 836,99

10) Tangible assets

2015	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 January 2015	60 882 400,10	1 080 184 514,74	1 382 314,18	2 913 980,16	137 024 321,55	1 282 387 530,73
Increases during the period	1 279 975,40	141 549 012,61	1 650 469,42	1 761 328,48	0,00	146 240 785,91
Disposals during the period	-604 681,02	-8 475 975,24	-6 228,29	0,00	-16 393 940,95	-25 480 825,50
Acquisition cost 31 December 2015	61 557 694,48	1 213 257 552,11	3 026 555,31	4 675 308,64	120 630 380,60	1 403 147 491,14
Accumulated depreciation 1 January	0,00	-207 918 157,85	-385 053,60	-626 888,83	0,00	-208 930 100,28
Depreciation during the period	0,00	-44 684 116,63	-251 923,21	-438 501,57	0,00	-45 374 541,41
Impairment	0,00	-2 488 032,45	0,00	0,00	0,00	-2 488 032,45
Accumulated depreciation 31 Decem	0,00	-255 090 306,93	-636 976,81	-1 065 390,40	0,00	-256 792 674,14
Carrying amount 31 December 2015	61 557 694,48	958 167 245,18	2 389 578,50	3 609 918,24	120 630 380,60	1 146 354 817,00

2014	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 January 2014	60 758 626,60	1 038 593 436,21	1 277 448,89	1 919 752,35	67 120 374,62	1 169 669 638,67
Increases during the period	123 773,50	41 634 738,90	104 865,29	994 227,81	110 369 679,35	153 227 284,85
Disposals during the period	0,00	-43 660,37	0,00	0,00	-40 465 732,42	-40 509 392,79
Acquisition cost 31 December 2014	60 882 400,10	1 080 184 514,74	1 382 314,18	2 913 980,16	137 024 321,55	1 282 387 530,73
Accumulated depreciation 1 January	0,00	-162 819 912,54	-238 296,76	-371 434,00	0,00	-163 429 643,30
Depreciation during the period	0,00	-40 818 085,57	-146 756,84	-255 454,83	0,00	-41 220 297,24
Impairment	0,00	-4 280 159,74	0,00	0,00	0,00	-4 280 159,74
Accumulated depreciation 31 Decem	0,00	-207 918 157,85	-385 053,60	-626 888,83	0,00	-208 930 100,28
Carrying amount 31 December 2014	60 882 400,10	872 266 356,89	997 260,58	2 287 091,33	137 024 321,55	1 073 457 430,45

11) Investments

2015	Holdings in associated companies	Other investments	Total 31.12.2015
Acquisition cost 1 January 2015	4 908 563,54	3 842 520,10	8 751 083,64
Share of profit for the period	-196 702,27	0,00	-196 702,27
Acquisition cost 31 December 2015	4 711 861,27	3 842 520,10	8 554 381,37
Impairment	0,00	0,00	0,00
Accumulated depreciation 31 December 2015	0,00	0,00	0,00
Carrying amount 31 December 2015	4 711 861,27	3 842 520,10	8 554 381,37

2014	Holdings in associated companies	Other investments	Total 31.12.2014
Acquisition cost 1 January 2014	5 105 567,03	3 842 520,10	8 948 087,13
Share of profit for the period	-197 003,49	0,00	-197 003,49
Acquisition cost 31 December 2014	4 908 563,54	3 842 520,10	8 751 083,64
Impairment	0,00	0,00	0,00
Accumulated depreciation 31 December 2014	0,00	0,00	0,00
Carrying amount 31 December 2014	4 908 563,54	3 842 520,10	8 751 083,64

Holdings in Group companies 31 December 2015

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

All Group companies are included in the consolidated financial statements.

Shares in associated companies 31 December 2015

	Share %
Kiinteistö Oy F-Medi	24,66 %

The associated company is included in the consolidated financial statements.

Other investments on 31 December 2015

The most significant other investments are in two real estate companies

	Share %
Kiinteistö Oy Kuopion Teknia	18,42 %
Kiinteistö Oy Palosaaren laboratoriot	12,98 %

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
12) Short-term receivables		
Receivables from property income	1 102 385,45	9 654,96
Accrued income	134 153,73	748 238,75
Other receivables	1 965 067,94	3 330 441,24
Total	3 201 607,12	4 088 334,95
Notable accrued income		
Income taxes	0,00	540 508,05
Other	134 153,73	207 730,70
Total	134 153,73	748 238,75

Notes on balance sheet liabilities and equity

13) Itemisation of equity		
Share capital	252 000 000,00	252 000 000,00
Invested unrestricted equity fund	269 080 508,78	269 080 508,78
Retained earnings 1 January	49 921 544,83	45 923 996,31
Dividend paid by the parent company	-12 300 000,00	-15 799 999,99
Result for the period	22 645 201,21	19 797 548,51
Retained earnings 31 December	60 266 746,04	49 921 544,83
Minority interest 1 January	8 082 632,23	8 045 397,41
Minority share of profit for the period	-22 085,03	37 234,82
Minority interest 31 December	8 060 547,20	8 082 632,23
Total equity	589 407 802,02	579 084 685,84
14) Liabilities		
Long-term liabilities		
Loans from financial institutions	517 037 137,07	512 095 999,40
Other debts	269 000,00	269 000,00
Total	517 306 137,07	512 364 999,40
Loans maturing after more than five years		
Loans from financial institutions	248 760 000,00	202 000 000,00
Total	248 760 000,00	202 000 000,00

Short-term liabilities		
Short-term interest-bearing debt		
Loans from financial institutions	60 064 000,08	64 000,00
Total	60 064 000,08	64 000,00
Short-term non-interest bearing debt		
Advances received	387 571,11	17 518,05
Trade payables	15 243 461,20	10 676 428,23
Other short-term debts	97 351,59	148 147,93
Accrued expenses	4 023 642,60	2 835 009,12
Total	19 752 026,50	13 677 103,33
Total short-term debt	79 816 026,58	13 741 103,33
Notable accrued expenses		
Interest and financial items	1 434 007,30	1 721 108,25
Income taxes	1 477 301,73	0,00
Other	1 112 333,57	1 113 900,87
Total	4 023 642,60	2 835 009,12
Credit limits		
Checking account limits	2 550 000,00	2 550 000,00
Unwithdrawn proportion of checking account limits	2 550 000,00	2 550 000,00
Unwithdrawn binding credit limits	0,00	20 000 000,00

Maturity distribution of loans from financial institutio	**31.12.2015**
Maturing year of loans	
2016	60 064 000,08
2017	54 597 137,07
2018	89 560 000,00
2019	119 560 000,00
2020	4 560 000,00
2021	4 560 000,00
2022	4 560 000,00
2023	4 560 000,00
2024	49 560 000,00
2025	74 560 000,00
2026	34 560 000,00
2027	69 560 000,00
2028	4 560 000,00
2029	2 280 000,00
	577 101 137,15

18240000

Currency distribution of loans from financial institutio	**31.12.2015**
EUR	492 101 137,15
SEK	85 000 000,00
	577 101 137,15

15) Deferred tax liabilities and assets

Deferred tax liability recorded on the consolidated balance sheet		
Accumulated depreciation	6 108 461,87	5 931 035,39

16) Derivative contracts	**1 Jan–31 Dec 2015**	**1 Jan–31 Dec 2014**
Interest derivatives		
Interest rate swaps, notional value	370 000 000,00	395 000 000,00
Interest rate swaps, fair value	-24 306 968,10	-25 549 082,23
Interest and currency derivatives		
Interest and currency swaps, notional value	85 000 000,00	85 000 000,00
Interest and currency swaps, fair value	-1 489 121,00	-2 926 752,00

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.
Currency derivatives have been used to hedge the risk exposure associated with loans denominated in SEK. The currency risk is fully hedged.
Loans denominated in foreign currencies are recognised in the financial statements at the contract exchange rate or the exchange rate at the time of repayment rather than the exchange rate on the date of closing the books. Interest swaps comprise one contract, the right to continue the contract.
The nominal value of the contract is EUR 40,000,000.00 and fair in which the bank has value EUR -6,131,856.48.

17) Collateral and contingent liabilities

Debts secured by real estate mortgages		
Loans from financial institutions	577 101 137,15	512 095 999,40
Mortgages	909 978 000,00	819 178 000,00
Other debts	269 000,00	269 000,00
Lease liabilities		
Due within the next 12 months	17 875,00	43 564,57
Due later	11 102,57	38 307,91
	28 977,57	81 872,48

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 and significant changes in the ownership structure.

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

2009	2010	2011	2012	2013	2014	2015	Total
70 436,93	205 346,51	2 210 936,20	7 355 178,87	5 953 990,01	8 101 125,92	28 018 573,47	51 915 587,90

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 concerning the protection of each property or conservation area.

University Properties of Finland Ltd

CALCULATION FORMULAE FOR KEY FIGURES

Equity ratio, % = 100 x $\frac{\text{Equity}}{\text{Balance sheet total - advances received}}$

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 $\frac{\text{Result for the period}}{\text{Equity (average of the beginning of the period and the end of the period)}}$

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 key figures for the parent company, accumulated depreciation difference and the change in depreciation difference are divide
deferred tax liabilities.

University Properties of Finland Ltd

PARENT COMPANY INCOME STATEMENT

	Note		**1 Jan–31 Dec 2015**		**1 Jan–31 Dec 2014**
REVENUE	1)		144 137 284,69		139 092 213,10
Other operating income	2)		293 874,32		413 798,47
Personnel expenses	3)				
Salaries and remuneration		-2 314 228,07		-2 228 250,08	
Other personnel expenses					
Pension expenses		-409 538,39		-384 412,30	
Other personnel-related costs		-90 718,90	-2 814 485,36	-85 459,58	-2 698 121,96
Depreciation and impairment	9), 10)				
Planned depreciation		-44 607 614,87		-40 617 013,30	
Impairment of fixed assets		-2 488 032,45	-47 095 647,32	-4 280 159,74	-44 897 173,04
Other operating expenses	5)		-51 909 961,70		-52 757 468,24
OPERATING PROFIT			42 611 064,63		39 153 248,33
Financial income and expenses	7)				
Interest and financial income					
Interest income		695 786,46		1 599 266,35	
Interest income from Group companies		18 667,13		21 778,32	
Other interest revenue		6 463,08		38 895,14	
Interest and financial expenses					
Interest expenses		-13 214 736,69		-14 564 946,92	
Other interest and financial expenses		-636 396,29	-13 130 216,31	-411 219,11	-13 316 226,22
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES			29 480 848,32		25 837 022,11
Appropriations					
Change in depreciation difference			-887 132,39		-415 090,36
Income taxes	8)		-5 744 395,65		-5 101 866,46
PROFIT (LOSS) FOR THE PERIOD			22 849 320,28		20 320 065,29

University Properties of Finland Ltd

PARENT COMPANY BALANCE SHEET, ASSETS

	Note		31.12.2015		31.12.2014
NON-CURRENT ASSETS					
Intangible assets	9)				
Intangible rights		619 484,50		727 220,86	
Other capitalised expenditure		196 494,71	815 979,21	349 756,99	1 076 977,85
Tangible assets	10)				
Land and water areas		61 373 916,36		60 698 621,98	
Buildings and structures		938 998 682,65		852 124 744,73	
Machinery and equipment		2 382 862,04		988 825,41	
Other tangible assets		3 590 418,69		2 267 591,78	
Advance payments and construction in progress		120 630 380,60	1 126 976 260,34	137 024 321,55	1 053 104 105,45
Investments	11)				
Holdings in Group companies		14 679 757,34		14 679 757,34	
Receivables from Group companies		452 500,00		543 000,00	
Holdings in associated companies		5 776 476,83		5 776 476,83	
Other investments		3 834 110,70	24 742 844,87	3 834 110,70	24 833 344,87
Non-current assets total			**1 152 535 084,42**		**1 079 014 428,17**
CURRENT ASSETS					
Short-term receivables	12)				
Receivables from property income		1 047 287,06		4 086,24	
Accrued income		124 581,38		734 707,89	
Other receivables		1 920 907,67	3 092 776,11	3 295 883,90	4 034 678,03
Cash and cash equivalents			34 233 350,36		24 381 289,28
Current assets total			**37 326 126,47**		**28 415 967,31**
ASSETS TOTAL			**1 189 861 210,89**		**1 107 430 395,48**

University Properties of Finland Ltd

PARENT COMPANY BALANCE SHEET, LIABILITIES AND EQUITY

	Note		**31.12.2015**		**31.12.2014**
CAPITAL AND RESERVES					
Share capital			252 000 000,00		252 000 000,00
Invested unrestricted equity fund			269 080 508,78		269 080 508,78
Retained earnings			18 605 413,51		10 585 348,22
Profit/loss for the period			22 849 320,28		20 320 065,29
Total equity	13)		**562 535 242,57**		**551 985 922,29**
ACCUMULATED APPROPRIATIONS					
Depreciation difference			**30 542 309,36**		**29 655 176,97**
LIABILITIES					
Long-term liabilities	14)				
Loans from financial institutions		517 000 000,00		512 000 000,00	
Other debts		269 000,00	517 269 000,00	269 000,00	512 269 000,00
Short-term liabilities	14)				
Loans from financial institutions		60 000 000,00		0,00	
Advances received		387 506,11		17 518,05	
Trade payables		15 039 500,05		10 546 706,19	
Other debts		71 935,10		128 023,06	
Accrued expenses		4 015 717,70	79 514 658,96	2 828 048,92	13 520 296,22
Total liabilities			**596 783 658,96**		**525 789 296,22**
TOTAL LIABILITIES AND EQUITY			**1 189 861 210,89**		**1 107 430 395,48**

University Properties of Finland Ltd

PARENT COMPANY CASH FLOW STATEMENT

		1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Operating cash flow			
Operating profit		42 611 064,63	39 153 248,33
Planned depreciation		47 095 647,32	44 897 173,04
Change in working capital	1)	4 024 955,62	-1 411 828,02
Interest received	2)	720 916,67	1 659 939,81
Interest paid	3)	-11 780 729,39	-12 843 838,67
Other financial items		-636 396,29	-411 219,11
Taxes paid		-4 267 093,92	-5 642 374,52
Operating cash flow total		77 768 364,64	65 401 100,86
Investment cash flow			
Investments in tangible and intangible assets	4)	-126 846 803,57	-112 916 012,52
Disposals of tangible and intangible assets		6 140 000,00	0,00
Loans granted		90 500,00	90 500,00
Investment cash flow		-120 616 303,57	-112 825 512,52
Financing cash flow total			
Withdrawals/repayments of long-term loans		65 000 000,00	87 000 000,00
Withdrawals/repayments of short-term loans		0,00	0,00
Dividends paid		-12 300 000,00	-15 799 999,99
Financing cash flow total		52 700 000,00	71 200 000,01
Change in cash and cash equivalents		9 852 061,07	23 775 588,35
Cash and cash equivalents at the start of the period		24 381 289,29	605 700,94
Cash and cash equivalents at the end of the period		34 233 350,36	24 381 289,29

Notes to the cash flow statement

1) Itemisation of working capital adjustment		
Adjustment of short-term receivables	941 901,92	-1 075 053,69
Adjustment of short-term non-interest bearing debts	3 083 053,70	-336 774,33
	4 024 955,62	-1 411 828,02
2) Interest received		
Interest income	695 786,46	1 599 266,35
Interest income from Group companies	18 667,13	21 778,32
Other interest revenue	6 463,08	38 895,14
	720 916,67	1 659 939,81
3) Interest paid		
Interest expenses	-13 214 736,69	-14 564 946,92
Proportion of accrued expenses allocated to interest expenses	1 434 007,30	1 721 108,25
	-11 780 729,39	-12 843 838,67
4) Investments in tangible and intangible assets		
Investments in non-current assets, net 1 January	24 833 344,87	24 923 844,87
Investments in non-current assets, net 31 December	-24 742 844,87	-24 833 344,87
Intangible and tangible non-current assets 1 January	1 054 181 083,30	986 162 243,82
Intangible and tangible non-current assets 31 December	-1 127 792 239,55	-1 054 181 083,30
Planned depreciation	-47 095 647,32	-44 897 173,04
	-120 616 303,57	-112 825 512,52

University Properties of Finland Ltd

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the income statement	**1 Jan–31 Dec 2015**	**1 Jan–31 Dec 2014**
1) Revenue		
Rents	143 978 539,12	138 706 204,95
Usage reimbursements	13 873,74	255 177,15
Other property income	144 871,83	130 831,00
Total	144 137 284,69	139 092 213,10
Geographically, the parent company's revenue is produced in Finland.		
2) Other operating income	293 874,32	413 798,47
Other operating income includes mainly grants received for research projects and membership fees related to Campus Club activities.		
3) Personnel expenses and number of personnel		
Salaries and remuneration	2 314 228,07	2 228 250,08
Pension expenses	409 538,39	384 412,30
Other personnel-related costs	90 718,90	85 459,58
Total	2 814 485,36	2 698 121,96
Salaries and remuneration to members of the Board of Directors and the Chief Executive Officer duri	269 555,99	267 558,35
Average number of personnel during the period	35	34
Number of personnel at the end of period	34	36
4) Depreciation and impairment		
Described in more detail in notes 9 and 10		
5) Other operating expenses		
Administration	4 266 521,46	4 849 913,70
Use and maintenance	5 937 031,63	5 378 590,26
Maintenance of outdoor areas	1 634 768,85	1 242 552,32
Cleaning	58 345,95	150 835,69
Heating	9 904 299,72	9 675 838,63
Water and sewage	1 338 034,46	1 178 102,50
Gas and electricity	155 588,13	192 011,40
Waste management	871 835,15	826 027,40
Liability insurance	248 015,34	248 299,94
Rents	1 762 777,75	1 728 030,49
Property taxes	10 329 078,80	9 951 089,75
Repairs	14 191 454,10	17 327 620,41
Reimbursements and grants received	0,00	-1 100,00
Other maintenance costs	1 212 210,36	9 655,75
Total	51 909 961,70	52 757 468,24
6) Auditors' fees		
Authorised Public Accountants KPMG Oy		
Auditors' fees	17 230,78	11 906,44
Tax advice	24 140,80	27 579,92
Other expert fees	28 473,92	8 224,20
Total	69 845,50	47 710,56
Authorised Public Accountants Ernst & Young Oy		
Other expert fees	0,00	45 533,14
Total	0,00	45 533,14
7) Financial income and expenses		
Interest income	695 786,46	1 599 266,35
Interest income from Group companies	18 667,13	21 778,32
Other interest revenue	6 463,08	38 895,14
Total	720 916,67	1 659 939,81
Interest expenses	13 214 736,69	14 564 946,92
Other interest and financial expenses	636 396,29	411 219,11
Total	13 851 132,98	14 976 166,03
Total financial income and expenses	-13 130 216,31	-13 316 226,22
8) Income taxes		
Income taxes for the period	5 744 395,65	5 101 866,46

Notes on balance sheet assets

9) Intangible assets

2015	Intangible rights	Other capitalised expenditure	Total
Acquisition cost 1 January 2015	1 222 258,89	1 003 977,88	2 226 236,77
Increases during the period	0,00	0,00	0,00
	1 222 258,89	1 003 977,88	2 226 236,77
Accumulated depreciation 1 January 2015	-495 038,03	-654 220,89	-1 149 258,92
Depreciation during the period	-107 736,36	-153 262,28	-260 998,64
Accumulated depreciation 31 December 2015	-602 774,39	-807 483,17	-1 410 257,56
Carrying amount 31 December 2015	619 484,50	196 494,71	815 979,21

2014	Intangible rights	Other capitalised expenditure	Total
Acquisition cost 1 January 2014	1 222 258,89	739 600,06	1 961 858,95
Increases during the period	0,00	264 377,82	264 377,82
	1 222 258,89	1 003 977,88	2 226 236,77
Accumulated depreciation 1 January 2014	-387 301,67	-453 425,37	-840 727,04
Depreciation during the period	-107 736,36	-200 795,52	-308 531,88
Accumulated depreciation 31 December 2014	-495 038,03	-654 220,89	-1 149 258,92
Carrying amount 31 December 2014	727 220,86	349 756,99	1 076 977,85

10) Tangible assets

2015	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total 31.12.2015
Acquisition cost 1 January 2015	60 698 621,98	1 053 605 769,15	1 369 984,91	2 894 480,61	137 024 321,55	1 255 593 178,20
Increases during the period	1 279 975,40	141 495 855,77	1 650 469,42	1 761 328,48	0,00	146 187 629,07
Disposals during the period	-604 681,02	-8 475 975,24	-6 228,29	0,00	-16 393 940,95	-25 480 825,50
	61 373 916,36	1 186 625 649,68	3 014 226,04	4 655 809,09	120 630 380,60	1 376 299 981,77
Accumulated depreciation 1 January 2015	0,00	-201 481 024,42	-381 159,50	-626 888,83	0,00	-202 489 072,75
Depreciation during the period	0,00	-43 657 910,16	-250 204,50	-438 501,57	0,00	-44 346 616,23
Impairment	0,00	-2 488 032,45	0,00	0,00	0,00	-2 488 032,45
Accumulated depreciation 31 December 2(	0,00	-247 626 967,03	-631 364,00	-1 065 390,40	0,00	-249 323 721,43
Carrying amount 31 December 2015	61 373 916,36	938 998 682,65	2 382 862,04	3 590 418,69	120 630 380,60	1 126 976 260,34

2014	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total 31.12.2014
Acquisition cost 1 January 2014	60 574 848,48	1 012 074 806,69	1 271 260,91	1 900 252,80	67 120 374,62	1 142 941 543,50
Increases during the period	123 773,50	41 574 622,83	98 724,00	994 227,81	110 369 679,35	153 161 027,49
Disposals during the period	0,00	-43 660,37	0,00	0,00	-40 465 732,42	-40 509 392,79
	60 698 621,98	1 053 605 769,15	1 369 984,91	2 894 480,61	137 024 321,55	1 255 593 178,20
Accumulated depreciation 1 January 2014	0,00	-157 292 492,42	-236 505,17	-371 434,00	0,00	-157 900 431,59
Depreciation during the period	0,00	-39 908 372,26	-144 654,33	-255 454,83	0,00	-40 308 481,42
	0,00	-4 280 159,74	0,00	0,00	0,00	-4 280 159,74
Accumulated depreciation 31 December 2(	0,00	-201 481 024,42	-381 159,50	-626 888,83	0,00	-202 489 072,75
Carrying amount 31 December 2014	60 698 621,98	852 124 744,73	988 825,41	2 267 591,78	137 024 321,55	1 053 104 105,45

11) Investments

2015 **Parent company**	**Holdings in Group companies**	**Receivables from Group companies**	**Holdings in associated companies**	**Other investments**	**Total 31.12.2015**
Acquisition cost 1 January 2015	14 679 757,34	543 000,00	5 776 476,83	3 834 110,70	24 833 344,87
Disposals during the period	0,00	-90 500,00	0,00	0,00	-90 500,00
Acquisition cost 31 December 2015	14 679 757,34	452 500,00	5 776 476,83	3 834 110,70	24 742 844,87
Impairment	0,00	0,00	0,00	0,00	0,00
Accumulated depreciation 31 December 2015	0,00	0,00	0,00	0,00	0,00
Carrying amount 31 December 2015	14 679 757,34	452 500,00	5 776 476,83	3 834 110,70	24 742 844,87

2014 **Parent company**	**Holdings in Group companies**	**Receivables from Group companies**	**Holdings in associated companies**	**Other investments**	**Total 31.12.2014**
Acquisition cost 1 January 2014	14 679 757,34	633 500,00	5 776 476,83	3 834 110,70	24 923 844,87
Disposals during the period	0,00	-90 500,00	0,00	0,00	-90 500,00
Acquisition cost 31 December 2014	14 679 757,34	543 000,00	5 776 476,83	3 834 110,70	24 833 344,87
Impairment	0,00	0,00	0,00	0,00	0,00
Accumulated depreciation 31 December 2014	0,00	0,00	0,00	0,00	0,00
Carrying amount 31 December 2014	14 679 757,34	543 000,00	5 776 476,83	3 834 110,70	24 833 344,87

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

	1 Jan–31 Dec 2015	**1 Jan–31 Dec 2014**
12) Short-term receivables		
Receivables from property income	1 047 287,06	4 086,24
Accrued income	124 581,38	734 707,89
Other receivables	1 920 907,67	3 295 883,90
Total	3 092 776,11	4 034 678,03
Notable accrued income		
Income taxes	0,00	540 508,05
Other	124 581,38	194 199,84
Total	124 581,38	734 707,89

Notes on balance sheet liabilities and equity

13) Itemisation of equity		
Share capital	252 000 000,00	252 000 000,00
Invested unrestricted equity fund	269 080 508,78	269 080 508,78
Retained earnings 1 January	30 905 413,51	26 385 348,21
Distribution of dividend	-12 300 000,00	-15 799 999,99
Result for the period	22 849 320,28	20 320 065,29
Retained earnings 31 December	41 454 733,79	30 905 413,51
Total equity	562 535 242,57	551 985 922,29

Parent company's distributable funds 31 December	**1 Jan–31 Dec 2015**	**1 Jan–31 Dec 2014**
Retained earnings 1 January	30 905 413,51	26 385 348,21
Distribution of dividend	-12 300 000,00	-15 799 999,99
Result for the period	22 849 320,28	20 320 065,29
Invested unrestricted equity fund	269 080 508,78	269 080 508,78
Total	310 535 242,57	299 985 922,29

14) Liabilities

Long-term liabilities		
Loans from financial institutions	517 000 000,00	512 000 000,00
Other debts	269 000,00	269 000,00
Total	517 269 000,00	512 269 000,00
Loans maturing after more than five years		
Loans from financial institutions	248 760 000,00	202 000 000,00
Total	248 760 000,00	202 000 000,00
Short-term liabilities		
Short-term interest-bearing debt		
Loans from financial institutions	60 000 000,00	0,00
Total	60 000 000,00	0,00
Short-term non-interest bearing debt		
Advances received	387 506,11	17 518,05
Trade payables	15 039 500,05	10 546 706,19
Accrued expenses	4 015 717,70	2 828 048,92
Other short-term debts	71 935,10	128 023,06
Total	19 514 658,96	13 520 296,22
Total short-term debt	79 514 658,96	13 520 296,22
Notable accrued expenses		
Interest and financial items	1 434 007,30	1 721 108,25
Income taxes	1 477 301,73	0,00
Other	1 104 408,67	1 106 940,67
Total	4 015 717,70	2 828 048,92
Credit limits		
Checking account limits	2 500 000,00	2 500 000,00
Unwithdrawn proportion of checking account limits	2 500 000,00	2 500 000,00
Unwithdrawn binding credit limits	0,00	20 000 000,00

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

15) Derivative contracts

Interest derivatives		
Interest rate swaps, notional value	370 000 000,00	395 000 000,00
Interest rate swaps, fair value	-24 306 968,10	-25 549 082,23
Interest and currency derivatives		
Interest and currency swaps, notional value	85 000 000,00	85 000 000,00
Interest and currency swaps, fair value	-1 489 121,00	-2 926 752,00

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.
Currency derivatives have been used to hedge the risk exposure associated with loans denominated in SEK. The currency risk is fully hedged.
Loans denominated in foreign currencies are recognised in the financial statements at the contract exchange rate or the exchange rate at the time of repayment rather than the exchange rate on the date of closing the books.
Interest swaps comprise one contract, in which the bank has the right to continue the contract. The nominal value of the contract is EUR 40,000,000.00 and fair value EUR -6,131,856.48.

16) Collateral and contingent liabilities

Debts secured by real estate mortgages		
Loans from financial institutions	577 000 000,00	512 000 000,00
Mortgages	909 160 000,00	818 360 000,00
Other debts	269 000,00	269 000,00
Lease liabilities		
Due within the next 12 months	16 090,00	39 984,57
Due later	9 782,57	37 962,91
	25 872,57	77 947,48

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

2009	2010	2011	2012	2013	2014	2015	Total
70 436,93	203 165,04	2 210 936,20	7 355 178,87	5 953 990,01	8 101 125,92	28 018 573,47	51 913 406,43

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 concerning the protection of each property or conservation area.

University Properties of Finland Ltd

SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT

Tampere 25 February 2016

Petri Lintunen, Chairman of the Board of Directors

Juha Lemström, Deputy Chairman of the Board of Directors

Pirjo Kytösalmi, Member of the Board of Directors

Päivi Laajala, Member of the Board of Directors

Matti Paavonsalo, Member of the Board of Directors

Kalervo Väänänen, Member of the Board of Directors

Mauno Sievänen, Chief Executive Officer

AUDITOR'S NOTE

A report on the audit performed has been issued today.

Tampere 2016

KPMG Oy
Hannu Paunikallio, Authorised Public Accountant

University Properties of Finland Ltd

ACCOUNTING BOOKS USED IN THE FINANCIAL PERIOD 1 JANUARY–31 DECEMBER 2015

Journals	Computer printout
General ledger	Computer printout
Accounts payable	Computerised partial accounting
Financial statements	Separately bound
Balance sheet items	Attached to the balance sheet