

YLVWA

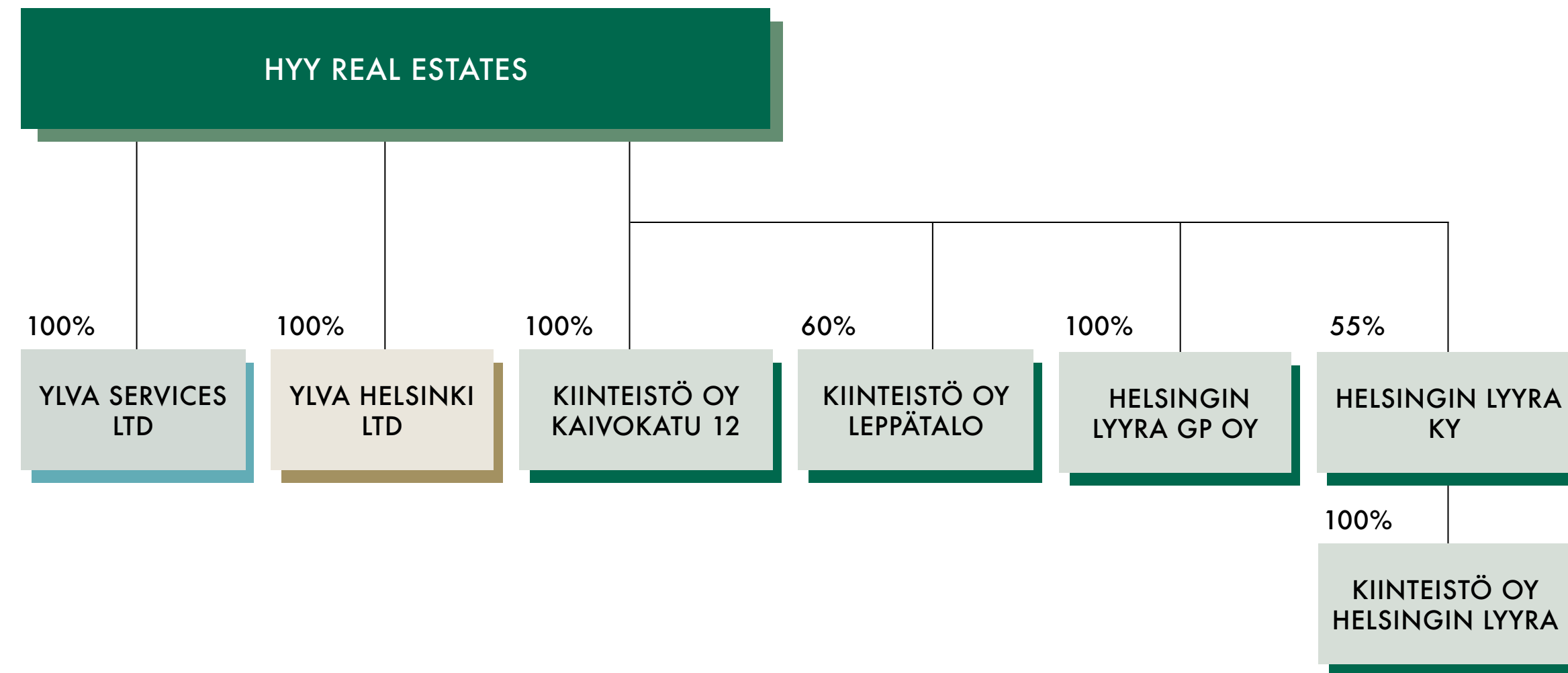
Board of Directors' Report and Financial Statements



Board of Directors' report

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YLVA GROUP



Group holdings

The student union of the University of Helsinki (HYY) is a public entity entitled to self-administration, with its status based on the Universities Act (558/2009). Based on the student union’s adopted bylaws, which are based on the law, the financial management of real estate (HYY Real Estates) owned by the student union, which is subject to the Accounting Act, operates as the parent entity of a group of entities of a different form (Ylva) as referred to in the Accounting Act.

HYY Real Estates owns 100 per cent of Ylva Services Ltd, Ylva Helsinki Oy, Kiinteistö Oy Kaivokatu 12 and Helsingin Lyyra GP Oy, and approximately 60 per cent of Kiinteistö Oy Leppätalo. In addition, HYY Real Estates owns 55 per cent of Helsingin Lyyra Ky, which owns 100 per cent of Kiinteistö Oy Helsingin Lyyra.

Ylva is owned by the student union of the University of Helsinki and its income enables an active student life.

Changes in Group structure

Helsingin Lyyra GP Oy, a wholly-owned subsidiary of HYY Real Estates, was established during the financial year. Helsingin Lyyra Ky was established at the same time. HYY Real Estates owns 55 per cent of Helsingin Lyyra Ky. Ownership of Kiinteistö Oy Helsingin Lyyra was transferred to Helsingin Lyyra Ky as part of ownership restructuring that supports the Group’s financing structure.

YLVA'S OPERATIONS

Ylva group consists of HYY Real Estates and the related subsidiaries as well as Ylva Services Ltd and its subsidiaries. The parent entity of the Group is HYY Real Estates. Ylva’s business operations are focused on property investments and the restaurant business under the UniCafe brand. In addition to the restaurant business, Ylva Services Ltd produces the group administrative services for Ylva Group and the student union of the University of Helsinki.

Ylva aims to build an international and sustainable city of science and economics – the Helsinki of the future. The distribution of profits from Ylva’s business operations to the student union of the University of Helsinki provides funding for the student union’s activities.

Ylva’s goal is to be a corporate activist with greater influence than its size would imply, driving its industries towards more sustainable business and promoting the development of a sustainable city by setting a positive example and participating in public discourse around themes corresponding to Ylva’s objectives.

NET SALES AND PROFIT

Ylva’s net sales in 2021 amounted to EUR 19.9 million. Net sales decreased by 13 per cent compared to the previous year’s total of EUR 22.8 million. The decrease in net sales was mainly due to the effects of the COVID-19 pandemic. The pandemic had a significant negative impact on the restaurant business, with several operating locations being closed for extended periods of time. The pandemic also had a somewhat negative impact on the real estate business. Ylva’s accommodation business was discontinued on 31 August 2020.

Distribution of Ylva’s net sales

| EUR million | 2021 | 2020 | Change (%) |
|--|-------------|-------------|------------|
| Real estate | 16.0 | 16.6 | -4 |
| Ylva Services Ltd (incl. accommodation services until 31 August 2020, restaurants and internal services) | 6.7 | 8.8 | -37 |
| ./. intra-group sales | -2.8 | -2.6 | |
| YLVA TOTAL | 19.9 | 22.8 | -13 |

Ylva’s operating profit decreased by 81 per cent year-on-year and amounted to EUR 1.4 million (2020: EUR 7.3 million). Government grants of EUR 1.8 million were recognised in other operating income in 2021. The figures for 2020 include a profit of EUR 6.1 million recognised on the sale of residential plots, which had a significant effect on operating profit in 2020.

Net gains from the sale of securities totalled EUR 0.0 million (2020: EUR 0.5 million). Fair value adjustments were recognised in the amount of EUR +0.8 million (2020: EUR +0.4 million). Other financial income from securities amounted to EUR 0.2 million and the other expenses of securities investment operations came to EUR 0.1 million.

The estimated market value of Ylva's properties at the end of the year was EUR 425.9 million, representing an increase of EUR 52.3 million compared to 2020. The market value exceeded the corresponding carrying value amount by EUR 247.0 million. The valuation was prepared using the net present value formula (with cash flows projected for 10 or 15 years), where the annual net gains and residual value are discounted to the date of calculation. The ongoing Lyyra project, which is significant for Ylva's operations, is included in the market value by representing the end-of-year acquisition value of the plot of land and the amount of incomplete investment project.

REAL ESTATE

The renovation of the Old Student House and the Kaivopiha renewal project were fully completed during the financial year.

Progress continued on the significant hotel project on the premises of the New Student House and Kaivokatu 12 in the Helsinki city centre properties. The main contractor began work on the project premises during the financial year.

In Hakaniemi, construction of the group company Kiinteistö Oy Helsingin Lyyra progressed according to plan.

During the financial year, HYY Real Estates signed a new debt financing agreement to refinance its previous bank loans and finance the renovation work associated with the Grand Hansa hotel project.

The subsidiary Helsingin Lyyra Ky signed a debt financing agreement with Nordic banks for the purpose of construction work on the Lyyra project.

The average economic occupancy rate of HYY Real Estates during the year was 91.5 per cent (2020: 95.5 per cent).

The net sales of HYY Real Estates' rental operations in 2021 amounted to EUR 16.0 million (2020: EUR 16.6 million), representing a year-on-year decrease of 4 per cent.

The operating profit of rental operations came to EUR 3.2 million (2020: EUR 10.7 million, of which EUR 6.1 million was profit from the sale of residential plots, recognised in other operating income). Profit and net sales were also affected, to a lesser extent, by rent reductions granted in response to the challenges presented by the COVID-19 pandemic to the tenants' business operations and rent reductions granted due to disruptions caused by renovations.

The net financial expenses of rental operations amounted to EUR 5.5 million.

Net sales and profit*

| EUR million | Net sales | 2021 EBITDA | Profit | Net sales | 2020 EBITDA** | Profit |
|-------------|-----------|----------------|--------|-----------|------------------|--------|
| Real estate | 16.0 | 8.3 | -3.7 | 16.6 | 9.2 | 7.7 |

* Profit before appropriations and taxes.

** EBITDA for 2020 excluding the one-off profit of EUR 6.1 million derived from the sale of a plot portfolio.

RESTAURANTS AND INTERNAL SERVICES

Ylva Services Ltd is part of the Ylva Group owned by the student union of the University of Helsinki (HYY).

Ylva Services Ltd engaged in the student restaurant and café business, as well as the conference and catering business, which supports customer relationships. The company had 17 operating locations at the beginning of the year and 16 at the end of the year, all in Helsinki.

The past financial year was highly exceptional due to the continued COVID-19 pandemic. As the COVID-19 situation improved, it became possible to open more operating locations, but some of the operating locations closed in the previous financial year remained closed throughout the past financial year. The number of active operating locations fluctuated significantly during the year as the epidemiological situation changed.

Universities' teaching activities have taken place on campuses where restrictions have allowed it. At the same time, the hybrid model has been used extensively, which has had a significant impact on student mobility and, consequently, the customer volumes of student restaurants. Students often make the choice of whether to study remotely or on campus on the day in question, which makes it harder to predict the sales of student lunches. The content of the menu may have a substantial effect on sales during the use of the hybrid model.

The company has applied for, and received, government grants to compensate for the losses in net sales caused by COVID-19. These grants are presented in other operating income.

The company also produced internal group services, mainly for Ylva and HYY. The company was responsible for Ylva's strategic management, operating structure, corporate structure, company culture and company image. Ylva's external and internal communications and sustainability issues were also an integral part of the company's operations. Internal services was also responsible for duties related to finance, financial management, investments, real estate management, payroll and HR management and information management and served as the parent entity for the group's internal cash pool.

Ylva Helsinki Oy also provided a small number of internal services to Ylva.

The net sales of Ylva Services Ltd decreased by 24 per cent year-on-year and amounted to EUR 6.7 million (2020: EUR 8.7 million).

The company's operating profit increased to EUR 0.1 million (2020: EUR -1.5 million). The improvement in operating profit was largely attributable to received government grants amounting to EUR 1.8 million.

Ylva Services Ltd's shareholders' equity totalled EUR 1.3 million on 31 December 2021. The company had no distributable assets.

Net sales and profit*

| EUR million | Net sales | 2021 EBITDA | Profit | Net sales | 2020 EBITDA | Profit |
|-------------------|-----------|----------------|--------|-----------|----------------|--------|
| Ylva Services Ltd | 6.7 | 0.5 | 0.1 | 8.8 | -1.0 | -1.5 |

* Profit before appropriations and taxes.

INVESTMENTS IN SECURITIES

Ylva has invested in listed securities, equities and fixed-income instruments (the securities portfolio). These investments are recognised at fair value. Acceptance of the risk of value changes in the equities and fixed-income instruments included in investment operations is an integral aspect of those operations. The development of the securities markets includes periods of decline as well as growth. The only way to hedge against these fluctuations is to reduce the selected risk level of the investment portfolio and, consequently, the long-term expected return. The risk exposure of the securities portfolio was reduced by selling equities and shifting the allocation increasingly to fixed-income instruments. At the end of 2021, equities had a weight of 17 per cent and fixed-income instruments 83 per cent of the portfolio. In 2020, the corresponding figures were 30 per cent (equities) and 70 per cent (fixed-income instruments).

At the end of 2021, the carrying value/market value of the securities portfolio was EUR 11.7 million. Compared to the situation at the end of 2020, the change in the calculated value of the securities portfolio in 2021 was EUR +1.0 million and the calculated return was 9.2 per cent (2019: 5.8 per cent).

Securities portfolio by asset class

| Market value (EUR thousand) | 31.12.2021 | | 31.12.2020 | | 31.12.2019 | |
|--|---------------|-------------|---------------|-------------|---------------|-------------|
| Equities | | | | | | |
| Equities Finland | 299 | 3% | 727 | 7% | 2,427 | 15% |
| Equities Europe | 485 | 4% | 1,117 | 10% | 2,794 | 16% |
| Emerging markets | 561 | 5% | 1,273 | 12% | 4,462 | 28% |
| Global equity funds | 605 | 5% | 1,308 | 12% | 7,041 | 42% |
| Fixed-income instruments and cash | 9,764 | 83% | 6,300 | 59% | 31 | 0% |
| Total | 11,714 | 100% | 10,725 | 100% | 16,756 | 100% |

FINANCING

At the end of the year, Ylva's liquid assets amounted to EUR 37.3 million (2020: EUR 44.9 million). At the end of the financial year, interest-bearing loan principal totalled EUR 184.0 million (2020: EUR 179.0 million).

During the financial year, HYY Real Estates signed a new debt financing agreement to refinance its previous bank loans and finance the renovation work associated with the Grand Hansa hotel project.

The subsidiary Helsingin Lyyra Ky signed a debt financing agreement with Nordic banks for the purpose of construction work on the Lyyra project.

During the year under review, Ylva had a commercial paper programme to cover its short-term financing needs. The amount of commercial paper issued by the end of the year was EUR 5 million.

The equity ratio at carrying value was 28.2 per cent (2020: 24.7 per cent). The equity ratio at the estimated market values of the real estate was 62.7 per cent (2020: 60.2 per cent).

Ylva's operating cash flow was EUR 3.2 million in the negative (2020: EUR 3.9 million in the positive). Ylva's cash-based net investments amounted to EUR 26.5 million (2020: EUR 15.1 million). The net increase in short-term and long-term borrowing was EUR 5.0 million (2020: a decrease of EUR 54.0 million), and equity investments of EUR 19.9 million were received (2020: EUR 0.05 million). EUR 2.8 million (2020: EUR 2.8 million) was paid in the form of profit distribution.

INVESTMENTS

HYY Real Estates' gross investments amounted to EUR 33.3 million (2020: EUR 46.8 million).

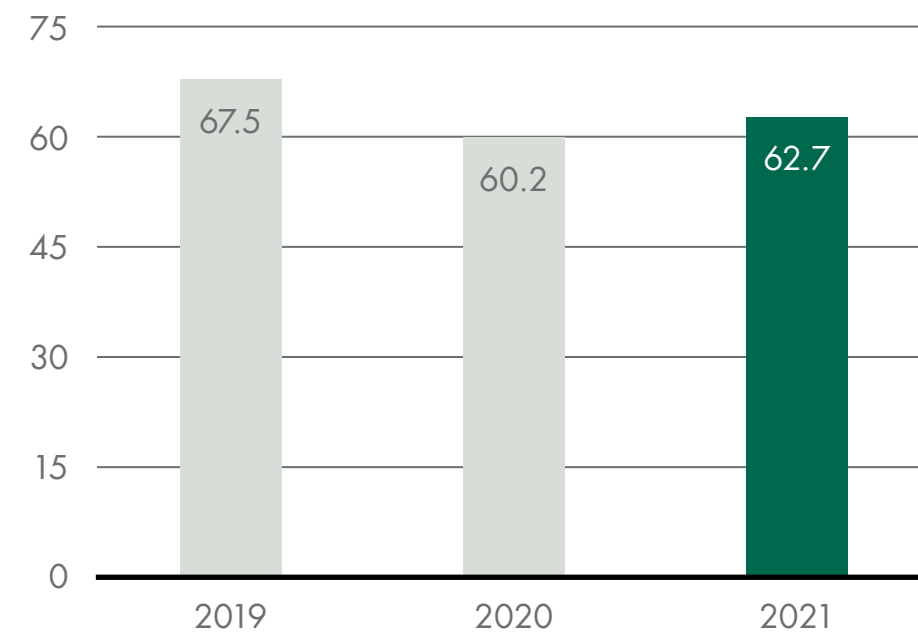
Ylva's largest investments were made by Kiinteistö Oy Helsingin Lyyra, Kiinteistö Oy Kaivokatu 12 and the parent entity HYY Real Estates. The most significant investments were the Lyyra project, work related to the Kaivopiha renewal project, the energy efficiency project and facilitating the progress of the city centre hotel project.

Distribution of gross investments by operating sector

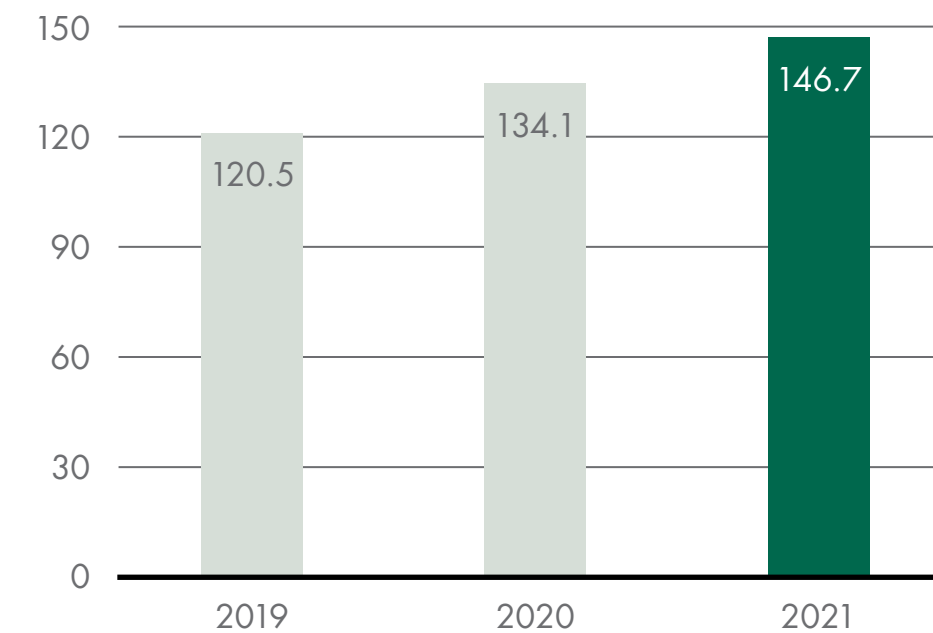
| EUR million | 2021 | 2020 | 2019 |
|-------------------|-------------|-------------|-------------|
| Real estate | 33.3 | 46.8 | 11.6 |
| Ylva Services Ltd | 0.1 | 0.7 | 1.0 |
| YLVA TOTAL | 33.3 | 47.5 | 12.5 |

SUMMARY OF YLVA'S FINANCIAL INDICATORS

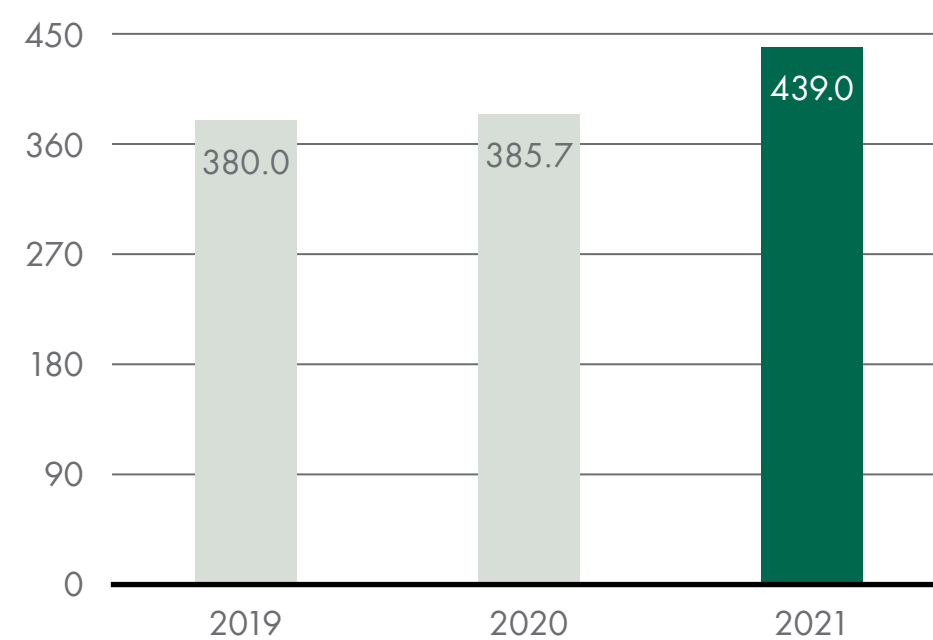
Equity ratio (at market value), %



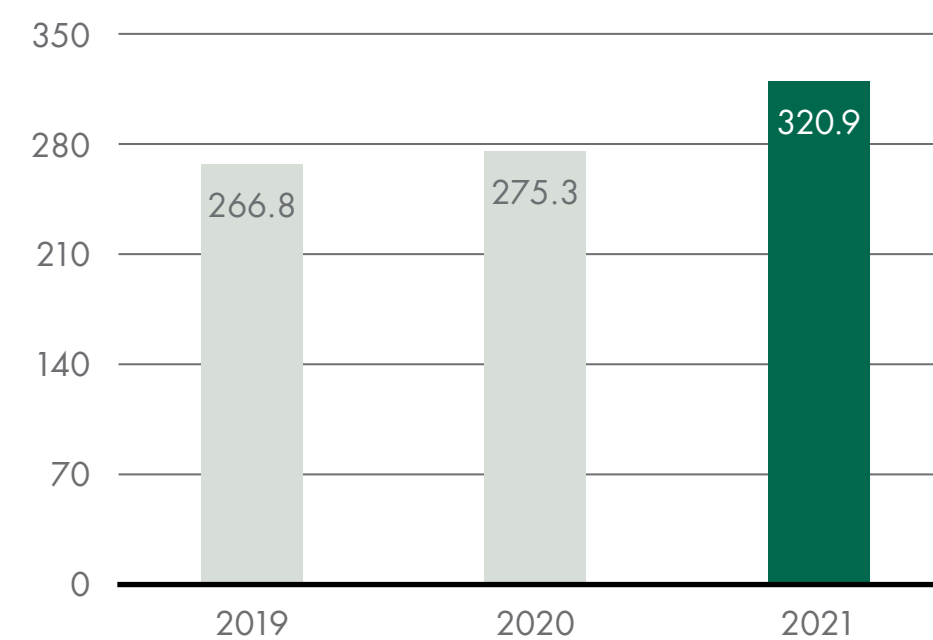
Net interest-bearing liabilities, EUR million



Market value of real estate and investments, EUR million



Net assets at market value, EUR million



CALCULATION PRINCIPLES FOR KEY INDICATORS

| | | |
|-----------------------------------|---|---|
| EBITDA | = | Operating profit + depreciation and impairment |
| Return on equity (ROE), % | = | $\frac{\text{Net profit} \times 100}{\text{Shareholders' equity (average)}}$ |
| Equity ratio at carrying value, % | = | $\frac{(\text{Shareholders' equity} + \text{minority interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$ |
| Equity ratio at market value, % | = | $\frac{(\text{Shareholders' equity} + \text{minority interest} + \text{difference between the estimated market value and carrying value of real estate}) \times 100}{\text{Balance sheet total} - \text{advances received} + \text{difference between the estimated market value and carrying value of real estate}}$ |
| Net assets at market value | = | Balance sheet total + difference between the estimated market value and carrying value of real estate - balance sheet liabilities +/- market value of derivatives |
| Net interest-bearing liabilities | = | Interest-bearing liabilities - cash and cash equivalents |

FINANCIAL INDICATORS

| | 2021 | 2020 | 2019 |
|---|------|------|------|
| Net sales, EUR million | 19.9 | 22.8 | 37.5 |
| EBITDA, EUR million | 8.8 | 8.1 | 14.3 |
| Operating profit, EUR million | 1.4 | 7.3 | 7.7 |
| Profit for the financial period (including the securities portfolio), EUR million | -2.6 | 7.1 | 11.3 |
| Operating profit/net sales (%) | 6.9 | 31.9 | 20.5 |
| Return on equity (%) (at carrying value) | -3.8 | 1.7 | 21.5 |
| Equity ratio (%) (at carrying value) | 28.2 | 24.7 | 30.2 |

In the table above, EBITDA and return on equity are shown exclusive of the profit of EUR 6.1 million gained from the sale of the plot portfolio in 2020. The profit from the sale of the portfolio is, however, included in operating profit and the profit for the financial period. The figures above are calculated based on balance sheet values and they do not take the market values of the real estate into consideration.

RISKS AND UNCERTAINTIES

The significant economic disruptions caused by COVID-19 and the global pandemic still had a substantial impact on Ylva's business operations during the financial year.

In the real estate business, the disruptions were reflected in the rental market as slower decision-making by potential new users, which made rental processes longer and increased the vacancy rate of unoccupied premises. Pandemic-related restrictions also caused significant disruptions to tenants' business operations, especially in the restaurant and retail industries.

The prolonged COVID-19 pandemic has also affected the tourism industry and hotel market, with the net sales of industry operators being significantly reduced due to the various restrictions. This affects HYY Real Estates due to a significant hotel project, and it also affects a subsidiary of HYY Real Estates due to the hotel that is part of Koy Helsingin Lyyra. This is reflected especially in tenant risks but also, to a small extent, in property valuations.

HYY Real Estates' tenant risk was at the same level as in the previous year. However, the risk has increased slightly during the COVID-19 pandemic because, due to the hotel project in Helsinki's city centre, a substantially higher proportion of the rental cash flow will be derived from an individual tenant and, due to COVID-19, the financial position and operating conditions of hotel operators are under exceptional pressure. Otherwise, tenant risks have been managed fairly well, and the impacts related to COVID-19 only led to minor credit losses during the financial year. The tenant base is diverse and the situation regarding tenants' payments is monitored continuously.

The property valuations and yield requirements of the properties owned by HYY Real Estates have remained fairly stable. Value increases have been attributable to the reduced repair backlog, higher rents for office properties and the robust real estate investment market. The worst of the volatility also appears to have passed in the hotel sector.

At the same time, however, COVID-19 is expected to curb the significant increase in supply in the coming years that was previously expected in the hotel market. This may improve the relative position of HYY Real Estates' hotel project in the future. In addition, the projects in the heart of Helsinki and Hakaniemi will benefit from their central locations and excellent transport connections.

The most significant risks in the next few years are related to the financing of real estate projects, their success in terms of scheduling and cost control, cyclical fluctuations in the construction market, as well as rental and tenant risks related to the project.

Acceptance of the risk of value changes in the equities and fixed-income instruments included in investment operations is an integral aspect of those operations. The development of the securities markets includes periods of decline as well as growth. The only way to hedge against these fluctuations is to reduce the selected risk level of the investment portfolio and, consequently, the long-term expected return. The risk exposure of the securities portfolio was reduced by selling equities and shifting the allocation increasingly to fixed-income instruments.

Even in normal circumstances, the daily and weekly changes in lunch demand amongst the student customers of UniCafe restaurants are unpredictable. In addition, conference and catering sales are highly dependent on the general economic climate. The COVID-19 pandemic continued to present extraordinary challenges to the restaurant business in 2021. The restrictions on people's mobility and the restaurant business led to unique direct negative impacts that were impossible to prepare for. In addition to the restrictions imposed by the authorities, the University of Helsinki's own policies significantly

complicated business operations during the year. This emphasised UniCafe's dependence on a single external operator – the University of Helsinki. The greatest risk for the restaurant business in the near future is related to the risks caused by COVID-19 and the University of Helsinki's future policies and decisions regarding remote studying, remote work and the potential competitive tendering of restaurant services.

In addition, the regulation of the basic price of student lunches, which does not take cost trends into account, is an even greater challenge to the profitability of the business than previously, in spite of the Kela compensation for student lunches having been increased effective from the beginning of 2021 and increasing the maximum price having been allowed in autumn 2020 for the first time since 2012.

Internal services do not carry significant risks or uncertainties. The risks are related to the risks of companies belonging to Ylva, and the potential ramifications for internal services. At the time of the adoption of the financial statements, uncertainty in the market environment is increased by the war in Ukraine. The crisis does not have a direct impact on Ylva's business operations, as they take place only in Finland. Nevertheless, changes in the market may increase tenant risk and lead to higher costs for energy and raw material procurement, in particular.

FINANCIAL RISK MANAGEMENT

Financial risk management and the associated principles are specified in the financing policy approved by Ylva's Board of Directors. In addition, the maximum amount of overall liabilities is decided in the investment and risk framework applying to Ylva, approved annually by HYY's Representative Council.

The aim of financial risk management is to minimise the impact on the Group's profit, solvency and liquidity posed by financial risks related to the business. Risks related to the covenants of financing agreements, liquidity, refinancing and fluctuations in interest rates have been identified as the key financial risks. The main method of managing the risks is to keep the Group's total indebtedness low enough to ensure that the Group has room for manoeuvre if an unforeseen event arises. The aim is to keep the equity ratio, calculated using market values, at more than 50 per cent.

Ylva is exposed to interest rate risk through the reference rates on its interest-bearing debt and the discount rate used to determine the value of real estate assets. The interest rate risk gives rise to uncertainties concerning profits and the profitability of investments. The primary aim of interest rate risk management is to manage and mitigate the effect of liabilities on fluctuations in the profit over the long term. According to Ylva's hedging policy for interest rate risks, 30–70 per cent of debts should always be hedged against increases in the interest rate over a 24-month period, either using interest rate swaps, other interest rate derivatives or directly with fixed-interest loans. Interest hedges are not used to seek profit and must always be used to hedge liabilities. In other words, interest rate derivatives may not be used for speculative purposes.

Continuously maintained liquidity management and adequate liquidity buffers ensure that Ylva can discharge its liabilities and obligations at all times.

Ylva's most significant credit risks are associated with tenant risks. These risks are managed by verifying and monitoring the credit ratings of customers. Tenants are also generally required to pledge a tenancy deposit or external guarantee. The restaurant business is mainly based on cash sales, which means that it does not involve significant credit risks.

PERSONNEL

During the year under review, Ylva had an average of 96 employees. At the end of the year, the number of employees was 136 (2020: 153).

Summary of indicators related to Ylva's personnel

| | 2021 | 2020 | 2019 |
|------------------------------------|------|------|------|
| Average number of employees | 96 | 107 | 162 |
| Salaries and bonuses (EUR million) | 2.6 | 3.9 | 5.6 |

MANAGEMENT, GOVERNANCE AND AUDITORS

Eemeli Lehto served as Ylva's interim CEO until 14 February 2021. Leea Tolvas took up the post of CEO on 15 February 2021. During the financial year, in spring 2021, the members of Ylva's Executive Team were as follows:

- Leea Tolvas, Ylva's CEO since 15 February 2021
- Eemeli Lehto, interim CEO 1 January–14 February 2021, CFO (until 31 August 2021)
- Lea Jokio-Suramo, COO (retired on 30 June 2021)
- Ville Vaarala, Real Estate Director
- Leena Pihlajamäki, Business Director, Restaurants (until 31 August 2021)
- Jannica Aalto, Marketing and Communications Director (until 31 May 2021)
- Antti Ruuska, Chief Sustainability Officer.

Starting from 9 August 2021, the members of Ylva's Executive Team are Leea Tolvas, Ville Vaarala, Antti Ruuska and Anne Immonen (Business Director, Restaurants, starting from 19 July 2021).

Ylva's Board of Directors had 10 members and convened 12 times during the financial year. The attendance rate at Board meetings was 98 per cent. Ylva's Board of Directors consisted of Jenni Hupli (Chair), Jaakko Hietala (assessor), Sara Järvinen, Timo Kalliokoski (as of 1 April), Joel Lindqvist (as of 1 April), Tarja Pääkkönen (assessor), Sofia Rahikainen, Anna-Maija Riekkinen (until 31 March), Reima Rytölä (assessor), Sameli Sivonen, Erkkä Valkila (assessor), Santeri Velin (until 31 March) and Petri Minni (personnel representative).

The provisions governing the asset management and business operations of the student union of the University of Helsinki (HYY) are documented in HYY's administrative regulations. According to the administrative regulations, HYY Real Estates has a real estates board as part of Ylva's governance structure, the Chair of which is elected by the board of the student union. The decision-making authorisations of the real estates board, which serves as Ylva's Board of Directors, are laid out by an annual authorisation decision by the board of the student union.

Ylva's Board of Directors monitors and oversees real estate rental operations and investment operations as a whole and serves as the Board of Directors of Ylva Services Ltd. Ylva's Board of Directors reviews the budgets and financial statements of the properties and presents them to the board of the student union. Ylva's financial matters are discussed and prepared by Ylva's Board of Directors but presented to the board of the student union for decision as necessary. The Representative Council of the student union decides on and confirms the annual investment and risk framework, including the specifications concerning Ylva's maximum liabilities and real estate mortgages.

Ylva's Board of Directors has appointed an audit committee, an investment committee and an HR committee.

Until 21 September 2021, the members of the audit committee were the Chair of Ylva's Board of Directors and two members of the Board of Directors, one of whom was an assessor. The audit committee also included Ylva's CFO. Following a decision made by Ylva's Board of Directors on 21 September, the audit committee is chaired by the Chair of Ylva's Board of Directors and it additionally consists of two members of the Board of Directors, one of whom is an assessor. Ylva's CEO, the CFO, the Chair of Ylva's Supervisory Board, the auditor with principal responsibility and the secretary to the committee are entitled to attend the meetings. The audit committee convened twice during the financial period and the attendance rate at the meetings was 100 per cent.

Until 21 September 2021, the investment committee was chaired by the Chair of Ylva's Board of Directors and it consisted of four members of the Board of Directors, two of whom were assessors, as well as Ylva's CEO and CFO. Following a decision made by Ylva's Board of Directors on 21 September, the investment committee is chaired by the Chair of Ylva's Board of Directors and it additionally consists of four members of the Board of Directors, two of whom are assessors. Ylva's CEO, the Chair of Ylva's Supervisory Board and the secretary to the committee are entitled to attend the meetings. The investment committee assists the management in matters of principle related to investments, investment risks and financing, and in choosing an asset manager. However, it does not make independent decisions. The management submits proposals for decisions to Ylva's Board of Directors. The investment committee convened five times during the financial year. The attendance rate at the investment committee's meetings was 93 per cent.

In its meeting on 6 April 2021, Ylva's Board of Directors decided to rename the remuneration working group as the HR committee. The HR committee is chaired by the Chair of Ylva's Board of Directors and it additionally consists of three members of the Board of Directors, one of whom is an assessor. Ylva's CEO, the Chair of Ylva's Supervisory Board and the secretary to the committee are entitled to attend the meetings. The HR committee convened 14 times during the financial year. The attendance rate at the HR committee's meetings was 98 per cent.

KPMG Oy Ab served as the auditor of the parent entity of HYY's Representative Council and of Ylva Services Ltd and its group of companies in 2021, having been elected to this position at the Annual General Meeting. In accordance with the decisions made by the entities, KPMG Oy Ab's audit plan includes internal audits of the entities. The auditors took this into consideration and, where necessary, expanded the scope of their audits. In addition, the auditors conducted separate internal audit projects in specifically agreed areas.

SUSTAINABILITY AND RESPONSIBILITY

Ylva's business is centred around sustainability. Ylva manages and expands HYY's wealth sustainably over the long term, thereby enabling current and future students to be active and happy throughout their studies.

Ylva aims to be a pioneer of responsibility in all its business operations, and it endeavours to provide open and transparent information about its activities. One example of the transparency of operations is the company-wide annual carbon budget, which is linked to the SDGs (Sustainable Development Goals) and published openly. Key to Ylva's operations is to keep economic growth separate from environmental contamination. The primary goal is to achieve operational carbon neutrality in the Group's operations by the end of 2025.

In addition to sustainability goals, Ylva takes social responsibility into account in its operations. Ylva promotes equality and non-discrimination amongst its personnel. Ylva's Code of Conduct, which applies to all employees and, to some extent, the stakeholders, is available on Ylva's website. Ylva's construction sites also apply the same values and the inclusivity of construction sites has been highlighted as a key goal for real estate projects. Potential problems and misconduct can be reported via Ylva's anonymous whistleblowing channel on Ylva's website. Ylva aims to be Finland's best workplace, and the Great Place to Work certificate awarded to Ylva is a step towards achieving this goal.

Ylva looks after HYY's real estate, which has considerable cultural-historical value, and it executes construction and renovation projects to high architectonic standards and with regard to the cityscape as it builds the Helsinki of the Future. One aspect of the realisation of cultural responsibility is to enable a diverse student culture.

External commitments – such as the World Green Building Council's Net Zero Carbon Buildings Commitment, the OECD B4IG network, the UN Global Compact and the Green Office initiative – play a part in determining Ylva's operating principles and disclosures.

Ylva will also publish a more extensive separate sustainability report in spring 2022. The report is based on the UN SDGs, the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and, where applicable, the GRI (Global Reporting Initiative) standards.

More information is available online at www.ylva.fi/en.

EVENTS AFTER THE FINANCIAL YEAR AND THE DEVELOPMENT OUTLOOK

Ylva has significant real estate projects under way in Helsinki in Kaivopihka (Grand Hansa) and Hakaniemi (Lyyra). The Hakaniemi project is implemented by Kiinteistö Oy Helsingin Lyyra. In spite of the continued challenges presented by the COVID-19 pandemic, the focus during the new financial year will be on the continued progress of the real estate projects while at the same time appropriately managing the financial risks associated with the projects. The terms of the EUR 205 million syndicated loan agreement are being negotiated in more detail. It is estimated that the matter will be resolved during Q1 2022.

In 2022, the Group's net sales are expected to increase, and operational EBITDA is expected to remain on a par with 2021. In the real estate business, net sales and EBITDA are expected to remain stable. At the same time, however, funds

from operations will be reduced by increasing debt associated with real estate projects and rising financial expenses. The restaurant business is expected to gradually recover from the exceptional circumstances, although the volume of the business is expected to be substantially lower than normal due to the continued impacts of the COVID-19 pandemic, at least in the early part of 2022.

Barring significant changes in the market, the market value of Ylva's assets is expected to continue to grow as the investments proceed due to the appreciation of the real estate.

The net sales of the company's internal services consist of the services provided to Ylva Group, HYY and Ylioppilaslehdin Kustannus Oy, the publisher of the student magazine. Internal services are expected to remain stable on the whole. During the new year and in the coming years, the focus will be on ensuring the profitable growth of Ylva's business through business development and the improvement of the cost-efficiency and scalability of internal services.

STUDENT UNION OF THE UNIVERSITY OF HELSINKI (HYY) STUDENT OPERATIONS FINANCIAL MANAGEMENT

The operating finance derived from the realisation of the student union's purpose as stipulated in the Universities Act – Student Union of the University of Helsinki (HYY) operations financial management – is a form of financing tied to the budget of a public entity without a legal obligation to keep accounts under the Accounting Act. The financial management of student operations and the related budget, accounting, financial statements and auditing are subject to the regulations applying to student unions (the law, the student union's bylaws, the rules of finance). The financial management of student operations is not consolidated with Ylva. Ylva's profit is distributed by transfers from the unrestricted equity of HYY Real Estates to the contingency reserve for the financial management of student operations.

The operating expenses for the financial management of student operations in 2021 amounted to EUR 3.7 million (2020: EUR 3.4 million). Of this amount, EUR 1.2 million was covered by membership fees and EUR 0.1 million was covered by proactive fundraising, grants and collections. The student union membership fee for 2021 – EUR 46.00 per member – was among the lowest student union fees in Finland. The EUR 2.4 million deficit in the financial management of student operations was covered by the contingency reserve, which has been built up with profit distributions from Ylva.

On 31 December 2021, the balance sheet total for the financial management of operations was EUR 5.2 million, with shareholders' equity accounting for EUR 4.5 million of this sum.

PROPOSAL FOR THE DISTRIBUTION OF CAPITAL

The balance sheet for HYY Real Estates contained shareholders' equity amounting to EUR 57,575,249 and distributable assets of EUR 54,575,249. The Board of Directors proposes that capital amounting to EUR 1,400,000 be transferred from retained earnings to the contingency reserve for HYY's financial management of student operations.

Financial statements

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INCOME STATEMENT

| EUR | Note number | 1 Jan-31 Dec 2021 | % | 1 Jan-31 Dec 2020 | % |
|---|-------------|-------------------|--------------|-------------------|--------------|
| NET SALES | 1 | 19,898,739 | 100.0 | 22,757,433 | 100.0 |
| Other operating income | 2 | 1,838,067 | 9.2 | 7,011,457 | 30.8 |
| Materials and services | 3 | -3,551,424 | 17.8 | -4,280,111 | 18.8 |
| Personnel expenses | 4 | -3,162,974 | 15.9 | -4,640,750 | 20.4 |
| Depreciation and impairment | 5, 9, 10 | -7,412,301 | 37.3 | -6,902,585 | 30.3 |
| Other operating expenses | 6 | -6,243,543 | 31.4 | -6,683,444 | 29.4 |
| OPERATING PROFIT | | 1,366,565 | 6.9 | 7,262,001 | 31.9 |
| Financial income and expenses | 7 | | | | |
| Income from other investments in non-current assets | | 20,735 | 0.1 | 293,314 | 1.3 |
| Other interest and financial income | | 396,208 | 2.0 | 847,285 | 3.7 |
| Interest expenses and other financial expenses | | -5,297,982 | 26.6 | -1,634,253 | 7.2 |
| Change in fair value of investment securities | | 829,254 | 4.2 | 357,354 | 1.6 |
| Total financial income and expenses | | -4,051,785 | 20.4 | -136,300 | -0.6 |
| PROFIT BEFORE TAXES | | -2,685,220 | -13.5 | 7,125,701 | 31.3 |
| Income taxes | 8 | 129,305 | -0.6 | -33,376 | 0.1 |
| Minority interests | | 3,682 | 0.0 | 1,441 | 0.0 |
| PROFIT FOR THE FINANCIAL PERIOD | | -2,552,234 | -12.8 | 7,093,766 | 31.2 |

BALANCE SHEET

| EUR | Note number | 31 Dec 2021 | % | 31 Dec 2020 | % |
|---|-------------|--------------------|--------------|--------------------|--------------|
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Intangible assets | 9 | | | | |
| Intangible rights | | 498,773 | | 613,841 | |
| Other intangible assets | | 10,094,951 | | 9,904,798 | |
| | | 10,593,724 | 4.0 | 10,518,640 | 4.3 |
| Tangible assets | 6, 10 | | | | |
| Land | | 49,587,005 | | 48,428,843 | |
| Buildings and constructions | | 99,263,918 | | 90,031,637 | |
| Machinery and equipment in buildings | | 7,883,874 | | 4,452,847 | |
| Machinery and equipment | | 282,301 | | 489,376 | |
| Other tangible assets | | 1,252,074 | | 1,321,539 | |
| Advance payments and acquisitions in progress | | 45,103,337 | | 32,854,087 | |
| | | 203,372,508 | 75.9 | 177,578,329 | 71.9 |
| Investments | 11 | | | | |
| Other shares and holdings | | 12,754,970 | 4.8 | 11,766,912 | 4.8 |
| TOTAL NON-CURRENT ASSETS | | 226,721,202 | 84.6 | 199,863,881 | 80.9 |
| CURRENT ASSETS | | | | | |
| Inventories | | | | | |
| Finished products/goods | | 62,435 | 0.0 | 87,788 | 0.0 |
| Short-term receivables | 12 | | | | |
| Trade receivables | | 472,297 | | 284,845 | |
| Receivables from owners | | 3,167 | | 9,368 | |
| Loan receivables | | 20,400 | | 23,400 | |
| Other receivables | | 2,382,331 | | 1,449,361 | |
| Prepayments and accrued income | | 1,063,603 | | 334,137 | |
| | | 3,941,799 | 1.5 | 2,101,112 | 0.9 |
| Cash and cash equivalents | | 37,269,114 | 13.9 | 44,883,188 | 18.2 |
| TOTAL CURRENT ASSETS | | 41,273,348 | 15.4 | 47,072,087 | 19.1 |
| ASSETS | | 267,994,550 | 100.0 | 246,935,968 | 100.0 |

| EUR | Note number | 31 Dec 2021 | % | 31 Dec 2020 | % |
|---|-------------|--------------------|--------------|--------------------|--------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| | 13 | | | | |
| Equity | | 3,000,000 | | 3,000,000 | |
| Reserve fund | | 207,484 | | 207,484 | |
| Retained earnings | | 53,713,400 | | 49,419,634 | |
| Profit for the financial period | | -2,552,234 | | 7,093,766 | |
| TOTAL SHAREHOLDERS' EQUITY | | 54,368,650 | 20.3 | 59,720,884 | 24.2 |
| MINORITY INTERESTS | | 21,028,917 | 7.8 | 1,174,323 | 0.5 |
| LIABILITIES | | | | | |
| | 14 | | | | |
| Long-term | | | | | |
| Loans from financial institutions | | 178,520,213 | | 108,918,009 | |
| Deferred tax liabilities | | 420,642 | | 549,946 | |
| | | 178,940,855 | 66.8 | 109,467,955 | 44.3 |
| Short-term | | | | | |
| Loans from financial institutions | | 508,477 | | 48,026,056 | |
| Advances received | | 541,062 | | 467,539 | |
| Trade payables | | 5,485,130 | | 2,962,705 | |
| Liabilities to owners | | 5,104 | | 4,826,000 | |
| Other liabilities | | 6,114,081 | | 17,912,018 | |
| Accrued expenses and deferred income | | 1,002,275 | | 2,378,487 | |
| | | 13,656,128 | 5.1 | 76,572,805 | 31.0 |
| TOTAL LIABILITIES | | 192,596,983 | 71.9 | 186,040,760 | 75.3 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | 267,994,550 | 100.0 | 246,935,968 | 100.0 |

CASH FLOW STATEMENT

| EUR | 2021 | 2020 |
|---|--------------------|--------------------|
| OPERATING CASH FLOW | | |
| Operating profit | 1,366,565 | 7,262,001 |
| Adjustments to operating profit: | | |
| Planned depreciation | 7,412,301 | 6,902,585 |
| Other adjustments | 3,904 | -6,344,935 |
| Change in working capital: | | |
| Short-term receivables, increase/decrease (-/+) | -1,848,399 | -1,197,108 |
| Inventories, increase/decrease (-/+) | 25,352 | 25,139 |
| Interest-bearing short-term debt, increase/decrease (+/-) | -3,865,163 | -1,663,035 |
| Taxes and fees paid | -6,444,242 | -1,216,241 |
| Financial income received | 327,063 | 233,474 |
| Taxes paid | -132,496 | -145,883 |
| OPERATING CASH FLOW | -3,155,115 | 3,855,996 |
| CASH FLOW FROM INVESTMENTS | | |
| Investments in tangible and intangible assets | -26,530,859 | -44,611,372 |
| Proceeds from sales of tangible and intangible assets | 0 | 22,410,000 |
| Long-term investments (investment portfolio) | -1,415,695 | 4,939,414 |
| Investment portfolio dividends and refunds of fees | 88,967 | 133,427 |
| Proceeds and losses from investment portfolio sales | 1,326,728 | 1,927,159 |
| Other investments | 0 | -164,556 |
| Proceeds from the sale of other investments | 0 | 274,000 |
| CASH FLOW FROM INVESTMENTS | -26,530,859 | -15,091,928 |

| EUR | 2021 | 2020 |
|--|-------------------|-------------------|
| CASH FLOW FROM FINANCING | | |
| Withdrawal (+)/repayment (-) of short-term loans | -65,097,056 | 56,507,000 |
| Withdrawal (+) of long-term loans | 170,656,968 | 0 |
| Repayment of long-term loans (-) | -100,546,287 | -2,526,056 |
| Dividends paid/profit distribution | -2,800,000 | -2,750,000 |
| Investment in equity reserves | 19,858,275 | 48,000 |
| CASH FLOW FROM FINANCING | 22,071,900 | 51,278,944 |
| Change in cash and cash equivalents | -7,614,074 | 40,043,012 |
| CASH AND CASH EQUIVALENTS, 1 JAN | 44,883,188 | 4,840,176 |
| CASH AND CASH EQUIVALENTS, 31 DEC | 37,269,114 | 44,883,188 |

NOTES TO THE FINANCIAL STATEMENTS

Ylva's parent entity is HYY Real Estates, domiciled in Helsinki. Ylva Services Ltd, wholly owned by HYY Real Estates and domiciled in Helsinki, was the parent company of the sub-group until 31 March 2020, at which time the subsidiaries were merged with their parent company.

Helsingin Lyyra Ky, a company domiciled in Helsinki, and in which HYY Real Estates holds a 55 per cent stake, is the sub-group's parent company effective from 1 July 2021.

No consolidated sub-group financial statements were prepared for Ylva Services Ltd and Helsingin Lyyra Ky pursuant to Chapter 6, Section 1 of the Accounting Act. The financial statements of the companies belonging to the Group have been consolidated into Ylva Group's financial statements. Copies of Ylva Group's financial statements are available at Ylva's headquarters: Kaivokatu 10 A, 00100 Helsinki, Finland.

ACCOUNTING PRINCIPLES

Ylva's financial statements were prepared in accordance with the Accounting Act and the rules and regulations applicable in Finland.

Scope

The consolidated financial statements include all of the subsidiaries of which the parent entity directly or indirectly owns more than 50 per cent.

Owners

The owners consist of the operative financial management of the student union of the University of Helsinki – HYY's financial management of student operations – which does not belong to Ylva.

Calculation principles

The consolidated financial statements are based on original acquisition prices. Intra-Group transactions, profit distribution, receivables and liabilities, and any internal margins have been eliminated.

Mutual shareholdings have been eliminated using the acquisition cost method. The difference between the acquisition price and shareholders' equity is recognised as consolidated goodwill, depreciated over its economic life.

In the income statement, minority interests are separated out as a share of the profit for the financial period and as a share of shareholders' equity in the balance sheet.

In order to comply with the principle of prudence, Ylva has not recognised tax assets deriving from confirmed losses and deferred depreciation (the temporary difference between bookkeeping and taxation) in the balance sheet.

Electricity forward contracts and interest rate swaps for long-term loans are not recognised at fair value in the balance sheet. The fair values of these assets are presented in the notes. When electricity forward contracts are realised, the hedging effect is recognised through profit or loss as an adjustment to the electricity expenses incurred. The interest rates based on interest rate swaps are recognised in the income statement according to the accruals principle.

Net sales

Net sales consist of the income from sales of products and services, as well as lease income and compensation for the use of real estate, with deductions for indirect taxes, discounts and exchange rate losses related to trade receivables, plus the exchange rate gains related to trade receivables.

Pensions

The statutory and voluntary pension cover for the personnel of Group companies has been arranged via external insurance companies.

Non-current assets and depreciation

Fixed assets are recognised on the balance sheet at acquisition cost less planned depreciation. Planned depreciation is calculated on a straight-line basis over the economic service life of fixed assets.

The service lives of assets used as the basis for planned depreciation are as follows:

- Intangible rights 3–5 years
- Other long-term expenditure 3–30 years
- Buildings and constructions 15–40 years
- Machinery and equipment in buildings 5–20 years
- Machinery and equipment 3–5 years
- Other tangible assets 20 years

In line with the materiality principle, which is integral to good accounting practice, minor tangible assets such as mobile phones and computers with an estimated economic service life of less than three years, have been recognised directly as annual expenses. Land has not been depreciated.

Other long-term expenditure includes renovation expenses if the lessor agrees to renovate leased premises when the tenancy agreements are negotiated and the impact of the renovation is taken into consideration when the price of the rent is determined. In general, the depreciation period for these is the same as the term of the tenancy agreement.

The interest and other financial expenses associated with the Kiinteistö Oy Lyyra investment project and the Grand Hansa project have been recognised in acquisitions in progress and will be capitalised as building acquisition costs when the buildings are completed.

For more information on the market values of real estate, value adjustments during the financial period and the potential for value increases, see the notes to the balance sheet.

The estimated market value of real estate properties was calculated by Jones Lang LaSalle Finland Oy, an authorised property valuer. The market value was calculated according to the following principles:

The valuation method was the 10- or 15-year discounted cash flow method (net present value method). The modelling made use of the M2 cash flow model, which is used in the Finnish market. The calculation used the rents stated in the tenancy agreements for each leased unit, and the rent for the period after the tenancy is the market rent estimated by the valuer.

The potential gross rental income is the sum of the return according to the tenancy agreements and the return potential calculated at market rents for empty units. In addition, any other charges collected from tenants (e.g., electricity and water charges) were added as other income. The effective rental income was obtained by subtracting the vacancy rate on the date of calculation and the presumed structural vacancy rate prevailing after the lease is renewed. The net return was obtained by subtracting the property management expenses and potential tenant improvements. The net return after comprehensive renovations was obtained by subtracting the value of overhaul-type renovations and investments. The present value of future cash flows was calculated by discounting the aforementioned net return to the present.

The residual value at the end of the cash-flow period was calculated by capitalising the net return after comprehensive renovation in the 11th or 16th year by the return requirement for the terminal value. The total value of the real estate was obtained by summing the present values of the annual net cash flows in the cash-flow period and the discounted residual value on the calculation date.

The valuer determined the yield requirements by taking into account the lengths of tenancy agreements, tenants, locations, characteristics of the premises, recent comparable transactions on the Finnish market and on other European markets, sale negotiations on the record, the position of the financial markets, and its knowledge of the current return requirements of active investors.

Investments

The parent entity of Ylva Group acts as a securities investor. Listed securities (the investment portfolio) are recognised at market value. In other regards, securities held as non-current assets are valued at acquisition price or, if their fair value is permanently impaired, at the lower value.

Current assets

Inventories are recognised in the balance sheet at acquisition cost or at likely sale price, whichever is lower.

Appropriations

Appropriations are depreciation differences, and the change in the deferred tax liability caused by these differences is recognised in the consolidated financial statements under taxes for the financial period. Accumulated appropriations are divided between tax liabilities and unrestricted equity in the consolidated balance sheet.

NOTES TO THE INCOME STATEMENT

1. Distribution of net sales

| EUR | 2021 | 2020 |
|--------------------|-------------------|-------------------|
| By business sector | | |
| Real estate | 16,005,309 | 16,592,911 |
| HoReCa | 3,893,430 | 6,164,522 |
| TOTAL | 19,898,739 | 22,757,433 |
| By market area | | |
| Finland | 19,898,739 | 22,757,433 |

2. Other operating income

| EUR | 2021 | 2020 |
|--|------------------|------------------|
| Profit from the sale of fixed assets | 0 | 6,086,443 |
| Insurance compensation and government grants | 1,800,000 | 867,229 |
| Other | 38,067 | 57,785 |
| TOTAL | 1,838,067 | 7,011,457 |

3. Materials and services

| EUR | 2021 | 2020 |
|-------------------------------|------------------|------------------|
| Raw materials and consumables | 1,696,752 | 2,368,801 |
| External services | 1,854,671 | 1,911,310 |
| TOTAL | 3,551,424 | 4,280,111 |

4. Personnel and members of governing bodies

| EUR | 2021 | 2020 |
|---|------------------|------------------|
| Personnel expenses | | |
| Salaries and bonuses | 2,637,527 | 3,859,899 |
| Pension contributions | 417,069 | 636,324 |
| Other personnel expenses | 108,378 | 144,528 |
| TOTAL | 3,162,974 | 4,640,750 |
| Salaries and bonuses for the management | | |
| Ylva's CEO, including fringe benefits | 196,200 | 261,900 |
| Members of Ylva's Board of Directors | 100,450 | 117,236 |
| TOTAL | 296,650 | 379,136 |

In the event of termination, Ylva's CEO is entitled to compensation corresponding to six months' salary.

Ylva's CEO, Executive Team and key personnel are covered by the short-term (calendar year) performance-related bonus scheme approved by Ylva's Board of Directors. The criteria for performance-related bonuses consist of profit targets and personal targets in proportions ranging from 8 to 55 per cent depending on the person's area of responsibility within the organisation. In 2019, Ylva's Board of Directors decided to introduce a long-term (three-year earning period) performance-related bonus scheme based on increases in net asset value and covering the CEO and the key personnel of real estate projects. A provision based on an estimate is recognised for short-term bonuses annually. The payment of bonuses is confirmed annually by Ylva's Board of Directors. Preparations for the long-term bonus scheme, which spans multiple years, consist of an accrual on the balance sheet that is increased or reversed annually depending on performance. Performance-related bonuses totalling EUR 164,493 were recognised in the financial statements based on estimates for 2021 and previously recognised estimates were reversed in the amount of EUR 120,965. Consequently, the net effect of the items recognised in relation to the bonus schemes for 2021 was EUR 43,528. Bonuses were paid out for 2020 in the total amount of EUR 207,651.

Pension commitments for the management

Based on Ylva's own voluntary pension insurance, the retirement age for one of the directors (not the CEO) had been set at 60. The agreement in question ended in 2020. Pursuant to a decision of Ylva's Board of Directors, new employment contracts will no longer include voluntary pension insurance.

There are no pension commitments pertaining to the members of the Board of Directors.

Average number of employees during the financial year

| | 2021 | 2020 |
|-----------|------|------|
| Personnel | 96 | 107 |

5. Depreciation and impairment

| EUR | 2021 | 2020 |
|--|------------------|------------------|
| DEPRECIATION BY FIXED ASSET CLASS | | |
| Intangible assets | | |
| Intangible rights | 143,040 | 14,675 |
| Other intangible assets | 2,332,910 | 2,229,362 |
| Tangible assets | | |
| Buildings and constructions | 3,781,663 | 3,615,052 |
| Machinery and equipment in buildings | 873,660 | 732,845 |
| Machinery and equipment | 211,563 | 241,187 |
| Other tangible assets | 69,465 | 69,465 |
| TOTAL | 7,412,301 | 6,902,585 |

6. Auditor's fees and services

| EUR | 2021 | 2020 |
|----------------|---------------|---------------|
| Auditing | 33,127 | 31,908 |
| Tax advice | 4,519 | 9,769 |
| Other services | 7,529 | 0 |
| TOTAL | 45,175 | 41,676 |

7. Financial income and expenses

| EUR | 2021 | 2020 |
|---|-------------------|-------------------|
| Dividend income | | |
| From others | 20,735 | 27,112 |
| Profit from the sale of shares in housing companies | 0 | 266,202 |
| Other interest and financial income | | |
| Profit from the sale of investment securities | 105,375 | 531,809 |
| Other | | |
| From others | 290,832 | 315,476 |
| Total | 396,208 | 847,285 |
| Total financial income | 416,942 | 1,140,599 |
| Interest expenses and other financial expenses | | |
| Losses from the sale of investment securities | -35,538 | -52,850 |
| Other | | |
| To others | -5,262,444 | -1,581,403 |
| Total | -5,297,982 | -1,634,253 |
| Total financial expenses | -5,297,982 | -1,634,253 |
| Change in fair value of investment securities | 829,254 | 357,354 |
| TOTAL | -4,051,785 | -136,300 |

The termination of interest hedges caused expenses totalling EUR 1.3 million during the financial year 2021, recognised in interest expenses and other financial expenses.

8. Assessed taxes

| EUR | 2021 | 2020 |
|------------------------------------|-----------------|---------------|
| Income tax on ordinary operations | | |
| For the financial period | 0 | 204,346 |
| Change in deferred tax liabilities | | |
| Due to appropriations | -129,305 | -170,971 |
| TOTAL | -129,305 | 33,376 |

NOTES TO THE BALANCE SHEET

9. Intangible assets

| EUR | 2021 | 2020 |
|---|-------------|-------------|
| INTANGIBLE RIGHTS | | |
| Acquisition cost, 1 Jan | 1,306,531 | 696,037 |
| Additions | 27,971 | 610,494 |
| Acquisition cost, 31 Dec | 1,334,502 | 1,306,531 |
| Accumulated depreciation, 1 Jan | -692,690 | -678,015 |
| Depreciation for the financial period | -143,040 | -14,675 |
| Accumulated depreciation, 31 Dec | -835,729 | -692,690 |
| Carrying value, 31 Dec | 498,773 | 613,841 |
| OTHER INTANGIBLE ASSETS | | |
| Acquisition cost, 1 Jan | 30,737,404 | 28,132,767 |
| Additions | 105,000 | 2,617,274 |
| Decreases | 0 | -323,453 |
| Transfers from acquisitions in progress | 2,418,063 | 310,816 |
| Acquisition cost, 31 Dec | 33,260,466 | 30,737,404 |
| Accumulated depreciation, 1 Jan | -20,832,606 | -18,926,697 |
| Accumulated depreciation on decreases and transfers | 0 | 323,453 |
| Depreciation for the financial period | -2,332,910 | -2,229,362 |
| Accumulated depreciation, 31 Dec | -23,165,516 | -20,832,606 |
| Carrying value, 31 Dec | 10,094,951 | 9,904,798 |
| ADVANCE PAYMENTS | | |
| Acquisition cost, 1 Jan | 0 | 0 |
| Additions | 29,940 | 0 |
| Transfers between asset items | -29,940 | 0 |
| Acquisition cost, 31 Dec | 0 | 0 |

10. Tangible assets

| EUR | 2021 | 2020 |
|---|-------------|-------------|
| LAND | | |
| Acquisition cost, 1 Jan | 48,428,843 | 45,814,334 |
| Additions | 714,533 | 18,642,280 |
| Decreases | -1 | -16,027,771 |
| Transfers from acquisitions in progress | 443,630 | 0 |
| Acquisition cost, 31 Dec | 49,587,005 | 48,428,843 |
| Carrying value, 31 Dec | 49,587,005 | 48,428,843 |
| BUILDINGS AND CONSTRUCTIONS | | |
| Acquisition cost, 1 Jan | 149,767,021 | 149,767,021 |
| Transfers from acquisitions in progress | 13,013,944 | 0 |
| Acquisition cost, 31 Dec | 162,780,964 | 149,767,021 |
| Accumulated depreciation, 1 Jan | -59,735,383 | -56,120,331 |
| Depreciation for the financial period | -3,781,663 | -3,615,052 |
| Accumulated depreciation, 31 Dec | -63,517,046 | -59,735,383 |
| Carrying value, 31 Dec | 99,263,918 | 90,031,637 |
| MACHINERY AND EQUIPMENT IN BUILDINGS | | |
| Acquisition cost, 1 Jan | 16,390,110 | 16,113,713 |
| Additions | 0 | 213,591 |
| Transfers from acquisitions in progress | 4,304,687 | 62,806 |
| Acquisition cost, 31 Dec | 20,694,797 | 16,390,110 |
| Accumulated depreciation, 1 Jan | -11,937,263 | -11,204,418 |
| Depreciation for the financial period | -873,660 | -732,845 |
| Accumulated depreciation, 31 Dec | -12,810,923 | -11,937,263 |
| Carrying value, 31 Dec | 7,883,874 | 4,452,847 |

| EUR | 2021 | 2020 |
|--|-------------|------------|
| MACHINERY AND EQUIPMENT | | |
| Acquisition cost, 1 Jan | 2,257,664 | 2,926,191 |
| Additions | 4,487 | 120,925 |
| Decreases | 0 | -789,452 |
| Acquisition cost, 31 Dec | 2,262,151 | 2,257,664 |
| Accumulated depreciation, 1 Jan | -1,768,288 | -2,316,553 |
| Accumulated depreciation on decreases and transfers | 0 | 789,452 |
| Depreciation for the financial period | -211,563 | -241,187 |
| Accumulated depreciation, 31 Dec | -1,979,851 | -1,768,288 |
| Carrying value, 31 Dec | 282,301 | 489,376 |
| OTHER TANGIBLE ASSETS | | |
| Acquisition cost, 1 Jan and 31 Dec | 2,117,320 | 2,117,320 |
| Accumulated depreciation, 1 Jan | -795,781 | -726,316 |
| Depreciation for the financial period | -69,465 | -69,465 |
| Accumulated depreciation, 31 Dec | -865,246 | -795,781 |
| Carrying value, 31 Dec | 1,252,074 | 1,321,539 |
| ADVANCE PAYMENTS AND ACQUISITIONS IN PROGRESS | | |
| Acquisition cost, 1 Jan | 32,854,087 | 8,091,492 |
| Additions | 32,433,478 | 25,180,770 |
| Transfers between asset items | -20,180,323 | -373,622 |
| Transfers to expenses | -3,904 | -44,554 |
| Acquisition cost, 31 Dec | 45,103,337 | 32,854,087 |
| Carrying value, 31 Dec | 45,103,337 | 32,854,087 |

Market value of real estate*

| EUR | 2021 | 2020 |
|---|--------------------|--------------------|
| MARKET VALUE | | |
| Central real estate properties | | |
| Mannerheimintie 3-5, Kaivokatu 10, Aleksanterinkatu 23 Area of the plot: 11,618 m ² Gross leasable area (GLA) 44,421 m ² | 322,800,000 | 289,000,000 |
| Leppäsuo properties | | |
| Leppäsuonkatu 9, Hietaniemenkatu 14 Area of the plot: 7,076 m ² Gross leasable area (GLA) 13,643 m ² | 53,100,000 | 46,500,000 |
| Domus Gaudium | | |
| Ownership of the premises: HYY Real Estates: 60%, Helsinki School of Economics Support Foundation: 40% Mechelininkatu 3 C Area of the plot: 1,901 m ² Gross leasable area (GLA) 3,241 m ² | 8,300,000 | 7,800,000 |
| TOTAL MARKET VALUE | 384,200,000 | 343,300,000 |
| TOTAL CORRESPONDING CARRYING VALUE | 137,173,110 | 124,025,968 |
| DIFFERENCE BETWEEN MARKET VALUE AND CARRYING VALUE | 247,026,890 | 219,274,032 |

* The market value is stated if it is materially different from the carrying value.
The accounting principles in the financial statements describe the calculation principles used.

In addition, the Lyyra plot and Lyyra project in progress in Hakaniemi constitute a significant proportion of real estate assets with a carrying value totalling EUR 41,678,187.

11. Investments

| EUR | 2021 | 2020 |
|---|------------|-------------|
| OTHER SHARES AND HOLDINGS | | |
| Acquisition cost, 1 Jan | 10,292,440 | 15,067,836 |
| Additions | 4,009,837 | 6,765,203 |
| Decreases | -2,594,142 | -11,540,599 |
| Acquisition cost, 31 Dec | 11,708,135 | 10,292,440 |
| Accumulated value changes, 1 Jan | 1,474,472 | 2,565,318 |
| Decreases | -1,256,891 | -1,448,200 |
| Value changes during the financial period | 829,254 | 357,354 |
| Accumulated value changes, 31 Dec | 1,046,835 | 1,474,472 |
| Carrying value, 31 Dec | 12,754,970 | 11,766,912 |

INVESTMENT ASSET GROUPS AND FAIR VALUE

Listed securities (investment portfolio)

Recognised at fair value through profit or loss

| | Carrying value | Level 1 | Level 2 | Level 3 | Total fair value |
|----------------------------|----------------|------------|---------|---------|------------------|
| Finnish equities | 299,485 | 299,485 | 0 | 0 | 299,485 |
| Foreign equity funds | 1,649,942 | 1,649,942 | 0 | 0 | 1,649,942 |
| Foreign fixed income funds | 9,756,322 | 9,756,322 | 0 | 0 | 9,756,322 |
| | 11,705,749 | 11,705,749 | 0 | 0 | 11,705,749 |

Definitions of fair value

The fair value of level 1 instruments is based on entirely unmodified market quotations on active markets.

The fair value of level 2 instruments is based, to a certain extent, on inputs that do not consist of direct market quotations but is nevertheless based in substantial part on directly observable data (price) or other equivalent, indirectly observable indicators.

The fair value of level 3 instruments is based on input data that is not derived from quoted market data (unobservable inputs). The fair value may be based on factors such as confirmations provided by counterparties backed by generally recognised valuation methods.

Sensitivity analysis

If any factor (such as prices) in the unobservable inputs for level 1 items changed substantially on the reporting date, the impact would be as follows:

| | Impact on profit |
|--------------------------|------------------|
| Change in market value | |
| Equities +/- 10% | +/- 29,948 |
| Emerging markets +/- 20% | +/- 112,165 |
| Exchange rate change | |
| USD +/- 10% | +/- 34,942 |
| Interest rate change | |
| Interest rates +/- 1% | +/- 335,617 |

| | Group holding (%) | Parent entity holding (%) |
|-------------------------------|-------------------|---------------------------|
| GROUP COMPANIES | | |
| Ylva Services Ltd | 100.0 | 100.0 |
| Kiinteistö Oy Helsingin Lyyra | 55.0 | 55.0 |
| Kiinteistö Oy Kaivokatu 12 | 100.0 | 100.0 |
| Ylva Helsinki Oy | 100.0 | 100.0 |
| Kiinteistö Oy Leppätalo | 60.6 | 60.6 |
| Helsingin Lyyra GP Oy | 100.0 | 100.0 |
| Helsingin Lyyra Ky | 55.0 | 55.0 |

12. Receivables

| EUR | 2021 | 2020 |
|--|-----------|---------|
| SHORT-TERM RECEIVABLES | | |
| Receivables from owners | | |
| Trade receivables | 3,167 | 9,368 |
| Material items of prepayments and accrued income | | |
| Related to personnel | 39,142 | 39,735 |
| Other | 1,024,461 | 294,402 |
| | 1,063,603 | 334,137 |
| Deferred tax assets | | |
| From confirmed losses | 322,855 | 350,626 |
| From deferred depreciation | 38,639 | 36,312 |
| | 361,494 | 386,938 |

No deferred tax assets have been recognised.

13. Shareholders' equity

| EUR | 2021 | 2020 |
|-----------------------------------|-------------------|-------------------|
| RESTRICTED EQUITY | | |
| Equity, 1 Jan and 31 Dec | 3,000,000 | 3,000,000 |
| Reserve fund, 1 Jan and 31 Dec | 207,484 | 207,484 |
| Total restricted equity | 3,207,484 | 3,207,484 |
| UNRESTRICTED EQUITY | | |
| Retained earnings, 1 Jan | 56,513,400 | 52,169,634 |
| Distribution of profit | -2,800,000 | -2,750,000 |
| Retained earnings, 31 Dec | 53,713,400 | 49,419,634 |
| Profit for the financial period | -2,552,234 | 7,093,766 |
| Total unrestricted equity | 51,161,166 | 56,513,400 |
| TOTAL SHAREHOLDERS' EQUITY | 54,368,650 | 59,720,884 |

14. Liabilities

| EUR | 2021 | 2020 |
|--|-------------|-------------|
| INTEREST-BEARING LIABILITIES | | |
| Long-term | | |
| Loans from financial institutions | 178,520,213 | 108,918,009 |
| Short-term | | |
| Loans from financial institutions | 508,477 | 48,026,056 |
| Commercial paper | 5,000,000 | 17,000,000 |
| Cash pool liabilities | 0 | 5,071,000 |
| | 5,508,477 | 70,097,056 |
| Total interest-bearing liabilities | 184,028,690 | 179,015,065 |
| LONG-TERM LIABILITIES | | |
| Deferred tax liabilities | | |
| Due to appropriations | 420,642 | 549,946 |
| Liabilities with over five years until maturity | | |
| Loans from financial institutions | 0 | 19,125,969 |
| SHORT-TERM LIABILITIES | | |
| Liabilities to owners | | |
| Other liabilities | 5,104 | 4,826,000 |
| Material items of accrued expenses and deferred income | | |
| Related to personnel | 886,868 | 1,208,624 |
| Interest | 43,860 | 634,955 |
| Taxes | 0 | 456,519 |
| Other | 71,547 | 78,389 |
| | 1,002,275 | 2,378,487 |

The terms of the EUR 205 million syndicated loan agreement are being negotiated in more detail. It is estimated that the matter will be resolved during Q1 2022.

OTHER NOTES

Related party transactions

There have been no transactions with related parties that deviate from the ordinary course of business.

Pledged collateral, contingent liabilities and other obligations

| EUR | 2021 | 2020 |
|---|-------------|-------------|
| LIABILITIES SECURED BY MORTGAGES ON REAL ESTATE AND PLEDGES | | |
| Loans from financial institutions | 179,028,690 | 156,944,065 |
| Mortgages pledged to secure loans from financial institutions | 284,000,000 | 216,827,237 |
| Bank accounts pledged to secure loans from financial institutions | 15,206,044 | 3,130,630 |
| Bank accounts pledged to secure interest rate hedges | 1,132,449 | 0 |
| Fair value of receivables from pledged interest rate hedges | 143,966 | 0 |
| Lease receivables pledged to secure loans from financial institutions | 455,508 | 0 |
| Internal loan receivables pledged to secure loans from financial institutions | 18,000,000 | 0 |
| OTHER PLEDGED COLLATERAL | | |
| Pledged mortgages on real estate | 2,025,051 | 2,025,051 |
| GUARANTEES | | |
| Issued on behalf of others | | |
| For a loan from a financial institution | 100,000 | 100,000 |

| EUR | 2021 | 2020 |
|---|----------------|----------------|
| LEASE LIABILITIES | | |
| Outstanding payments on tenancy agreements | | |
| Payable in the next financial period | 521,624 | 231,357 |
| Payable later | 82,265 | 48,044 |
| | 603,889 | 279,401 |
| VALUE ADDED TAX REPAYMENT OBLIGATION | | |
| VAT repayment obligation on real estate investments | 5,208,391 | 1,353,181 |
| DERIVATIVES | | |
| Electricity forward contracts | | |
| Fair value | 327,947 | -8,462 |
| Electricity forward contracts are used to hedge the annual electricity consumption against the average procurement power. The physical electricity is procured at the spot price corresponding to the hourly price for the Finland pricing area. The spot price is determined daily, so the procurement would carry risks in the absence of hedging. | | |
| Interest rate swaps | | |
| Nominal value | 138,750,000 | 74,724,948 |
| Fair value (according to bank notification) | -1,746,802 | -4,817,072 |
| Interest rate swaps are used to turn the variable interest rates on loans into fixed rates. On 31 December 2021, 81% of the loan portfolio was hedged. The nominal value, fair value and hedging rate at the end of 2021 includes a hedging agreement with a nominal value of EUR 55.5 million that will enter into effect in 2023. The interest rate swaps will mature in 2023 and 2026. | | |
| OTHER OBLIGATIONS | | |
| The loan agreements include covenants. The covenants have not been breached. | | |

SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT

Helsinki, 8 March 2022

Jenni Hupli
Chair

Jaakko Hietala

Sara Järvinen

Timo Kalliokoski

Joel Lindqvist

Tarja Pääkkönen

Sofia Rahikainen

Reima Rytsölä

Sameli Sivonen

Erkka Valkila

Leea Tolvas
CEO

AUDITOR'S STATEMENT

A statement has been issued today on the performed audit.

Helsinki, 8 March 2022

KPMG Oy Ab

Roland Pettersson
APA

AUDITOR'S REPORT

To the Annual General Meeting of Ylva

Report on the audit of the financial statements

Opinion

We have audited Ylva's consolidated financial statements for the financial year 1 January–31 December 2021. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of 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 company 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 CEO for the financial statements

The Board of Directors and the CEO 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 CEO 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 CEO are responsible for assessing the company'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 company 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 scepticism 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 company'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 CEO'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 company'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.

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 CEO 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.

Helsinki, 8 March 2022

KPMG OY AB

Roland Pettersson

APA

STATEMENT OF THE SUPERVISORY BOARD

The Supervisory Board has reviewed Ylva's financial statements (the consolidated financial statements, which include the parent entity HYY Real Estates, Ylva Services Ltd, Kiinteistö Oy Kaivokatu 12, Ylva Helsinki Oy, Helsingin Lyyra GP Oy, Kiinteistö Oy Helsingin Lyyra, Helsingin Lyyra Ky and Kiinteistö Oy Leppätalo) for 2021 and the auditor's report. The Supervisory Board has not identified any aspects of the reviewed disclosures that would give cause for objections or remarks.

Therefore, the Supervisory Board recommends the adoption of the financial statements and supports the Board of Directors' proposal on the use of profit.

Helsinki, 9 March 2022

On behalf of the Supervisory Board

Mikko Kanervo
Chair of the Supervisory Board

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