



Y-FOUNDATION

Half-year report  
January–June

2021



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Photo: Lasse Lecklin



## CEO's review

For the first half of the year, we have worked in the shadow of COVID-19, in the new normal. Fortunately, Y-Foundation's employees are well-prepared to work remotely when their duties allow it. Based on our survey, a large proportion of our employees enjoy remote work. This indicates that we have been able to create good conditions for remote work.

This summer, we again hired more than 30 summer workers to manage the day-to-day operations of our offices and carry out landscaping work at our properties. We have been ranked among the best summer employers in Finland for two consecutive years. We hope that this year is no exception and that our young summer workers feel that we've looked after them and their work at Y-Foundation has been meaningful.

We have been able to conduct customer meetings safely and our Koti kuntoon renovation activities have continued throughout the pandemic. We have also completed our new residential construction projects on schedule. In the spring, we had a record-high number of new homes – 875 in total – under construction.

At the beginning of June, tenants were able to move in to Tampereen Jallukka and our new property in Kuopio. Located in the city's Kaleva district, Tampereen Jallukka is aimed at people who work in the cultural sector in Tampere. In Kuopio's Archipelago City neighbourhood, we developed the city's first solid wood apartment buildings.

Early in the year, alarming information came out indicating that long-term homelessness had begun to increase over the past year. This marked the reversal of a positive trend that had continued for more than a decade. The work we do is necessary for achieving a turnaround in this trend. In the spring, we expressed opinions on the themes of the municipal elections in many ways, as the work to eradicate homelessness is primarily carried out in municipalities. The Housing First Development Network also organised an election panel for candidates in Helsinki.

In June, our number of apartments grew by nearly 600 following a property acquisition based on a pre-sale agreement we signed with Nuorisosäätiö on state-subsidised ARA rental apartments for young people. This

In June, our number of apartments grew by nearly 600 following a property acquisition based on a pre-sale agreement we signed with Nuorisosäätiö on state-subsidised ARA rental apartments.

transaction ensured that the apartments will remain available for rent to young people in the future. The properties in question are mostly located in the Uusimaa region. The transaction also includes residential properties in Lahti, Hollola, Orimattila and Lappeenranta.

The housing for the young people who live in these apartments – and our other tenants – has now been secured for a long time to come.

**Juha Kaakinen**  
CEO

## The Y-Foundation in brief

The Y-Foundation Group is the fourth-largest lessor in Finland. We are a social operator and an expert on combating homelessness. We are a politically independent non-profit entity. We want everyone in Finland to have a home. We have some 18,000 rental apartments in 57 municipalities. Our apartments include M2-Kodit and Y-Kodit rental apartments. We bear responsibility for the economic and social well-being of the 26,600 tenants of our rental apartments.

### January–June 2021 in figures

Equity ratio at  
book value  
**29.9%**  
(30.6%)

Y-Foundation Group  
owned rental apartments  
**18,000**  
(17,394)

Revenue  
**70.8 MEUR**  
(67.2 MEUR)

Fair value  
equity ratio  
**42.1%**  
(42.4%)

Apartments  
under construction  
**875**  
(233)

Rent margin  
**28.8%**  
(28.2%)

Financial  
occupancy rate  
**95.8%**  
(96.9%)

! Comparison figures in parentheses refer to the corresponding period in the previous year unless stated otherwise. The figures in this half-year report are unaudited.



# Apartments

# Properties

We reduce homelessness by acquiring and developing rental housing.

At the end of the review period, the Y-Foundation Group had 18,000 (17,394) apartments. This total figure includes both M2-Kodit and Y-Foundation rental apartments. Of the rental apartments, 53.7 per cent are in the Helsinki metropolitan area.

M2-Kodit has 10,580 (10,524) rental apartments in 30 (30) cities and municipalities. The apartments are affordable rental apartments that are rented in accordance with the tenant selection criteria of the Housing Finance and Development Centre of Finland ARA.

Near the end of the review period, the Y-Foundation acquired 595 rental apartments from Nuorisosäätiö that are intended for young adults aged between 18 and 29. The apartments are located in ten municipalities. Nearly 75 per cent of the apartments are in the Helsinki metropolitan area. The apartments are marketed by M2-Kodit. In addition, 20 Y-Kodit apartments were acquired for people who are currently homeless or at risk of becoming homeless. During the review period, a total of 40 (10) Y-Kodit apartments were sold in locations where they were no longer needed.

The Y-Foundation has 7,420 (6,870) rental apartments in 56 (52) municipalities. The tenant selection criteria for individual apartments have been defined by the Funding Centre for Social Welfare and Health Organisations (STEA). The majority of the apartments have been rented to our partners, particularly the City of Helsinki. The apartments have been acquired through grants from the Funding Centre for Social Welfare and Health Organisations STEA

Indicators for H1/2021	M2-Kodit	Y-Foundation	Group
Apartments in different cities and municipalities	30	56	57
Number of apartments	10,580	7,420	18,000
Average rent EUR/sqm/month	13.72	13.04	13.54
Financial occupancy rate, %	94.4	99.1	95.8
Turnover, %	23.17	5.65	16.16
Rental income, EUR million	49.9	20.2	70.8
Renovation expenses, EUR million	17.9	1.8	20.5
Heating, water and electricity, EUR million	7.4		8.2

(formerly Finland's Slot Machine Association) and the Housing Finance and Development Centre of Finland ARA.

## Property development

The Foundation's affordable housing production and supply is centralised to M2-Kodit, which has state-subsidised ARA rental apartments around Finland. A total of 87 (48) new M2-Kodit apartments were completed in the first half of 2021.

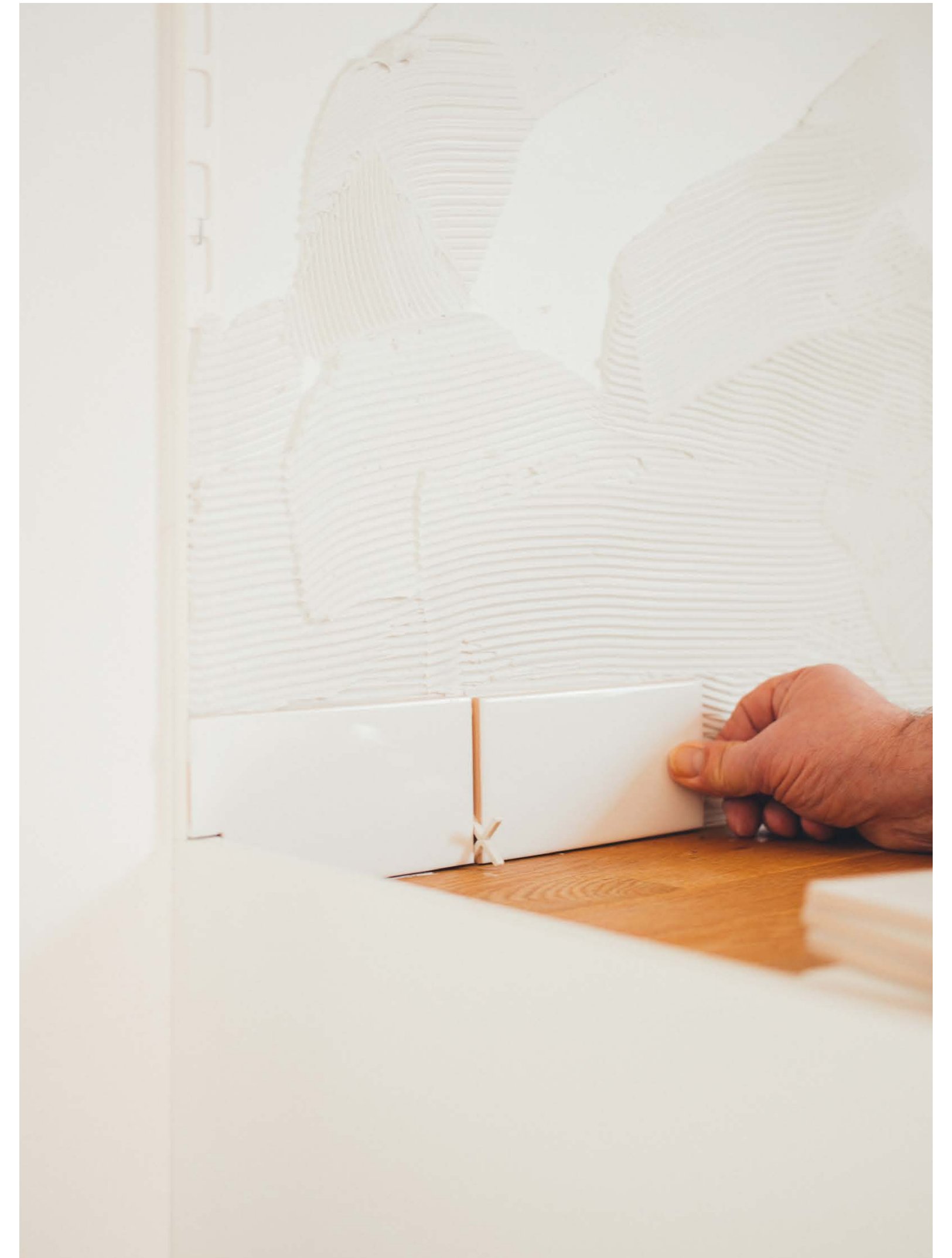
New properties were completed in Kuopio and Tampere. On Vanhankallionkatu in Kuopio, 48 rental apartments were completed in a solid wood apartment building. A total of 39 apartments for performing arts professionals were completed on Sarvijaakonkatu in Tampere. Of the apartments, 17 are owned by Elmu Asunnot Oy and 22 by Koy M2-Kodit. Four M2-Kodit apartments have been allocated for subletting by the city.

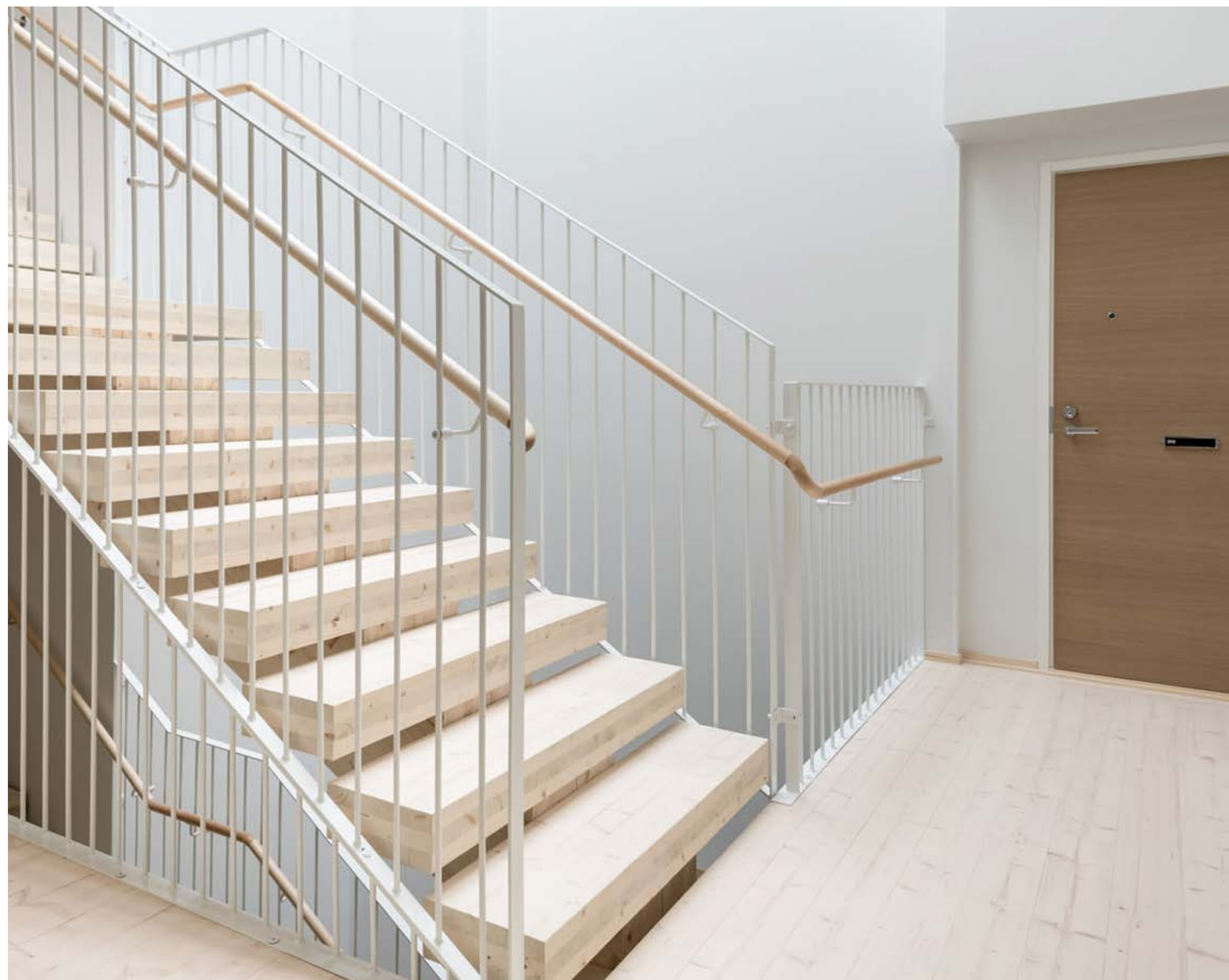
At the end of June 2021, 819 (233) rental apartments were under construction for

M2-Kodit. Property development projects that are currently under construction and eligible for short-term interest rate subsidies include 84 apartments on Kauppakatu in Nokia, 48 apartments on Läpikäytävänkuja in Pirkkala and 89 apartments on Kauppatie in Tuusula. In addition, 62 apartments on Postiljooninkatu and 82 apartments on Maaherrantie, both in Helsinki, were under construction under the long-term interest subsidy scheme. A further 192 apartments were under construction on Laajaniitynkuja in Vantaa. In Espoo, 122 apartments were under construction on Runoratsunkatu and 42 apartments on Kotkakuja. In addition, 46 apartments were under construction on Manttaalitie in Lempäälä and 52 apartments on Kangasrinne in Jyväskylä.

Also under construction was a joint project between Y-Säätiön Palvelutalot and Koy M2-Kodit in Espoo's Friisinmäki district with 56 apartments for young tenants.

In total, there were 875 (233) rental apartments under construction at the end of June 2021.





## Property maintenance

One of the Y-Foundation's strategic objectives is a fair transition towards carbon-neutral living.

However, the energy consumption of the properties of the Y-Foundation Group was increased by the exceptional circumstances that prevailed last year. The cold and snowy winter increased heating costs as well as the maintenance costs of outdoor areas due to snow ploughing and snow removal. The absolute heating consumption of the Group's properties was approximately 14 per cent higher than in the corresponding period in the previous year.

The COVID-19 pandemic significantly increased the water consumption of properties in 2020. Water consumption remained at a high level in the first half of 2021, with the comparable specific consumption increasing by approximately two per cent compared to the first half of 2020. Tenants were reminded of the importance of responsible water consumption by means of a campaign launched in April. The campaign was run in the Järvenpää office's operating area and organised in cooperation with the regional energy advisory services and Ramboll. Tenants were engaged in the campaign by means of competitions and tips.

The operations of the Y-Foundation Group's M2-Kiinteistöpalvelut property maintenance company was expanded effective from 1 February when the responsibility for maintenance and cleaning at properties in Vantaa's Korso, Koivukylä and Tikkurila districts was transferred to

M2-Kiinteistöpalvelut. M2-Kiinteistöpalvelut is now responsible for property maintenance at 30 properties and cleaning at 41 properties.

Starting from the beginning of 2021, work has been underway to install a mobile key system at properties in the Helsinki metropolitan area and properties managed by the Järvenpää regional office. It improves key security and reduces unnecessary movement of contractors between offices and residential properties. The installation work will be completed by the end of 2021.

Starting from the beginning of 2021, the more than 300 lifts at the Y-Foundation's properties are covered by a proactive full maintenance contract.

## Renovation

We look after our properties throughout their life-cycle.

We renovated our properties across Finland under the Koti kuntoon renovation programme. New Koti kuntoon projects were started at seven properties during the first half of the year. Following these renovations, the 248 apartments concerned will have indoor surfaces and home appliances that are as good as new. Facade renovations were under way at six properties.

Life-cycle sustainability is taken into consideration in choices of materials, furniture and home appliances in all of the Y-Foundation Group's property and apartment renovations.

# Rental operations

The Y-Foundation Group operates on a cost basis. Adjustments to rents were very moderate in the first half of 2021. In the M2-Kodit housing portfolio, rents increased by 0.6 (0.0) per cent on average. At nine M2-Kodit properties, the average rents were reduced to correspond to the general rent level. In the Y-Foundation's housing portfolio, rents increased by 0.6 (2.6) per cent on average.

The financial occupancy rate of M2-Kodit apartments was 94.4 (96.1). The financial occupancy rate was reduced by short-term vacancies caused by Koti kuntoon renovation projects, the transaction to acquire apartments intended for young people and the pandemic-related continued decline in demand and increased supply of rental apartments. The application period for new apartments in Tampere, Kuopio and Helsinki increased the number of M2-Kodit applicants to a higher-than-usual level.

During the first half of 2021, we strengthened our network of subletting partners. The development of cooperation in this area is part of preparing for upcoming changes related to the reform of health care and social services.

## Tenants

The growing amount of correspondence with tenants has led to an increased need to develop multi-channel services. During the review period, we developed the OmaM2 self-service channel for our customers. In addition, the new website has been designed to serve tenants better. A brand redesign for M2-Kodit was also carried out during the period.

The customer experience of M2-Kodit is surveyed on a regular basis. The tenants are very satisfied with the smooth rental services: The net promoter score (NPS) for all stages of moving in was 61.5. Satisfaction with housing during tenancy was also high with an NPS of 41. The development of tenant democracy activities was singled out for praise in particular.

In the first half of 2021, we also continued to actively develop customer relationships in rental housing companies and engaged in advocacy activities together with the Association for Advocating Affordable Rental Housing – KOVA and the Housing Finance and Development Centre of Finland ARA. In March 2021, we commissioned a joint customer satisfaction survey of rental housing companies. We will develop our services based on the feedback received.

## The economic and social well-being of tenants

In accordance with its by-laws, the Y-Foundation supports the economic and social well-being of its tenants.

As part of the VelatOn project, a pilot project was continued in Lahti and Hyvinkää in the first half of the year, where applicants with rent arrears were offered financial advice and housing through cooperation between a lease negotiator and a financial adviser. The aim was to find an apartment that suits each applicant's income level, stop the debt spiral and provide applicants with guidance on how to manage their finances. The model has already enabled applicants to find rental apartments, but it is also apparent

that the supply of rental housing is high in the areas in question and even applicants who are in debt have options available to them.

In housing and financial counselling, multi-channel communication has been developed further with the aim of informing tenants about our services and encouraging them to contact us as early as possible.

In customer relationships in housing and financial counselling, the COVID-19 pandemic has, to some degree, led to the service being contacted by tenants who do not have previous experience of applying for benefits or evaluating their financial situation. Nevertheless, the amount of rent receivables shows a slightly declining trend.

The number of work assignments related to resolving disputes between neighbours has increased. Neighbour mediation training for housing advisers, property managers and legal personnel related to the development of a reconciliatory approach to work was completed in the spring. The operating models have been tested in cooperation with property managers in situations involving disputes between neighbours.

A multidisciplinary workshop was organised in March to develop the housing counselling services of M2-Kodit.

Y-Kodit joined the Funding Centre for Social Welfare and Health Organisations' continuous assessment indicator pilot during the first half of the year. Standardised surveys on quality of life and experienced loneliness are tested in the pilot. The aim of the surveys is to assess Y-Kodit tenants' experiences on how having a home of their own affects the various aspects of their life.

## Tenant activities

M2-Kodit's tenant activities are based on the Act on Joint Management of Rental Buildings. The tenant administration at M2-Kodit consists of a tenant council, 12 regional groups and building committees.

The tenant council highlighted waste and recycling as the spearhead theme for activities in 2021. A survey was sent out to the chairpersons of the building committees regarding the effectiveness of waste management and recycling in their building and apartment. We will develop the usability of waste management and recycling based on the responses.

As tenant activities and volunteer work campaigns were mainly suspended due to the COVID-19 pandemic, residential properties were offered the opportunity to have plant boxes in their yard. A total of 32 properties seized the opportunity and the plant boxes also inspired other activities related to management of outdoor areas.

The COVID-19 restrictions were gradually lifted in the spring. In May, it was possible to organise volunteer work campaigns outdoors. Club rooms and shared sauna times were opened at the beginning of June.

## Uuras employment programme

Under the Uuras employment programme, we offer employment opportunities to tenants at our properties, primarily in the Helsinki metropolitan area.

Gig work through the Uuras platform has increased. During the first half of 2021, a total of 1,951 job assignments were made through the Uuras work bank, compared to 2,034 in all of 2020.

The work coaching and job opportunities offered through Uuras made it possible for 27 tenants to find permanent, part-time or seasonal employment in the open labour market. In total, 41 tenants found employment during the first half of 2021, taking into account the seasonal and summer jobs offered by the Y-Foundation Group, where tenants are given priority in recruitment.





Wartsilänkatu 10

# Development

# Development and influence

## Digitalisation

The development of the Kenno ERP system continued in the first half of 2021 in cooperation with developer partners and the system supplier.

The M2-Kodit website was redesigned in the spring to better serve both applicants and tenants. The multi-channel customer service system was upgraded to correspond to today's requirements. The OmaM2 self-service website has been developed based on customer feedback and the organisation's development needs.

Power BI reporting was developed further. Data transfers related to the property acquisition in the spring have been completed and the work to supplement the data and adjust it to the Y-Foundation's needs has begun.

The Y-Foundation joined a collaborative project between several parties related to the automation of data transmission concerning water charges. During the spring, a significant number of outdated workstations were replaced and the information security of remote work was improved, for example, by improving the encryption of connections.

We started using robotics in the pre-processing of applications in April, first in a pilot in Vantaa and subsequently in all of our operating areas in the spring.

## Eradicating homelessness

We conduct experiments and projects aimed at increasing equality together with our partner network.

## Projects

Projects are the Y-Foundation's non-profit activities that are financed by both external funding as well as substantial funding by the Foundation itself.

The Meriheimo project funded by the Funding Centre for Social Welfare and Health Organisations and the NEA project to coordinate the development of work focused on women's homelessness were completed during the period under review. The projects' operating models and materials are available on the [ysaatio.fi](http://ysaatio.fi) and [asuntoensin.fi](http://asuntoensin.fi) websites as well as the Finnish Federation for Social Affairs and Health's Innokylä.

## Project Venda – new direction from the sea

Venda – a new direction from the sea is a broader collaborative project that was launched in May to put the lessons learned from the Meriheimo project to good use. The two-year ESF project is coordinated by Valo-Valmennusyhdistys. The Y-Foundation and Sail Training Association Finland (STAF) are also involved in the project.

The aim of the project is to help young people find hope for the future and provide activities that promote employment. One project coordinator has been hired to handle the Y-Foundation's part of the project's implementation and part of the working hours of a research manager are allocated to assessing the results and impact of the operating model.

## One of Us project

The activities of the One of Us project were affected by the COVID-19 pandemic during the spring. The aim of the project has been to steer lonely people towards community activities but, due to the prevailing situation, facilities such as day centres and other meeting places have been closed. Customers have, however, been met in person. Development networks have been established in Helsinki and Lahti as part of the project.

The target group of the One of Us project has consisted of the Y-Foundation's tenants but, in Lahti, the target group was extended to also include other lonely people during the spring. During the spring season, block walks implemented in cooperation with a partner began in Lahti.

In addition, the Talking about Loneliness tool was completed in the spring through a joint development effort with the Loneliness researcher Niina Junttila, Mental Health Finland and the Finnish Red Cross. The tool is available on the Y-Foundation website. Two theses are being written in relation to the project.

## Housing First Development Network

We coordinate the activities of the Housing First Development Network in Finland. It is a national co-creation platform used in the programmes to halve and eradicate homelessness.

Housing First training for trainers was carried out as part of Housing First Development Network activities and training for supervisors began.

A national network of low-threshold operating locations was launched in the spring. The aim is to collaborate on the development of these service locations focused on homelessness.

The Housing First principle was promoted through various training activities and seminars as well as by launching cooperation with the Diakonia College of Finland. Cooperation also continued between the University of Tampere, the Y-Foundation and the Finnish Work Environment Fund to organise various workshops related to the development of the Housing First video library.

In the spring, a municipal election panel for candidates representing various parties was organised with a focus on homelessness in Helsinki.

## Research

The Y-Foundation engages in diverse and extensive research activities. The Foundation hired its third researcher during the period under review. The focus of the new researcher's work is on national and international impact studies.

The Foundation's studies completed during the first half of the year included a

We conduct experiments and projects aimed at increasing equality together with our partner network.

peer-reviewed article, Social Inclusion, and a study on housing paths for women. Other studies and articles will also be completed this year. They include a study on women's experiences of homelessness and having a home and a Case Finland chapter for a handbook on homelessness.

Our researchers have been involved in both national and international cooperation related to, for example, the planning of follow-up studies. Cooperation partners have included FEANTSA and universities as well as the Foundation's own projects and units. Planning also began on a cost-effectiveness study on one of our residential units. The process of updating the research strategy also started during the first half of the year.

## Other development efforts and advocacy

The Y-Foundation engages in various types of cooperation in Finland to promote the Housing First model. Cooperation between cities takes place particularly with the founding cities of the Y-Foundation.

We continued our participation in the steering groups of various groups, including the following:

- Activities and hope – strengthening functional ability, Housing First 2.0 project (Sininauhasäätiö, ESF)
- Naiset näkyviksi project (Finnish Foundation for Supporting Ex-offenders, Funding Centre for Social Welfare and Health Organisations),
- Asta project focused on financial issues related to housing, coordinated by the Housing Finance and Development Centre of Finland,
- Youth homelessness network (Finnish Youth Housing Association NAL),
- The steering group for KATTO activities (Moniheli),
- The steering group for the NUOLI project focused on providing a meeting place for homeless youth (Sininauhasäätiö and Vailla vakinaista asuntoa Vva), and
- The homelessness advocacy network (Sininauhasäätiö).

We have also been involved in a working group preparing legislative reforms that will make housing counselling a legal requirement. The report of the working group was

published and the Y-Foundation issued its requested opinion on the report in spring 2021.

The Y-Foundation is participating in preparations for the International Social Housing Festival. Coordinated by the Housing Finance and Development Centre of Finland, the event has been postponed to 2022 due to the COVID-19 pandemic.

## International work

We export the Housing First concept developed in Finland by sharing our knowledge and providing training on the concept's principles.

## Erasmus + Women and Homelessness

International cooperation in the Erasmus+ Women and Homelessness project continued. Representatives of the Y-Foundation have participated in international webinars as speakers. International activities have led to increased interest among trainees and students, and numerous enquiries were again answered during the spring season.

An English-language publication on the Y-Foundation is currently being written. The book is intended as a response to international interest in learning about the Housing First model and the Y-Foundation. In the Warsaw cooperation project, a training module on the Housing First approach is planned in cooperation with the Network Developers.

## Housing First Europe Hub

The Housing First Europe Hub coordinated by the Y-Foundation has continued its activities under four main themes. In advocacy work, the Y-Foundation has organised the Systems Change project focused on changing the entire service system for homeless people to be based on the Housing First model. The project will be reported on in spring 2022.

Various webinars were organised during the first half of the year. The most recent of these was the webinar series Table Talks with Juha Kaakinen. A group focused on the development of working practices has also organised webinars and open discussion events for its members. The topics have included Housing First work aimed at women as well as the challenges associated with the organisation of services in small municipalities.

True to its name, the research group has focused on the theme of research, with the Housing First Europe Research Digest having been published in the spring and applications being accepted for the traditional Housing First Early Career Researcher Award. Other activities included the publication of an evaluation template, carrying out research related to the COVID-19 situation and organising a series of webinars in collaboration with Canadian researchers.





# Personnel



## Personnel

The Y-Foundation Group's number of personnel continued to grow slightly and amounted to 194 (192) employees at the end of the review period. Of this total, 43 (47) were fixed-term employees. Fixed-term employment relationships were related to project activities and substitute positions. Three (5) employees worked part-time. The higher-than-usual number of personnel in the summer season is due to the seasonal need for labour.

The Group's largest employer is M2-Kodit, which has 149 (144) employees, including seasonal workers. A total of 34 (38) employees work at the regional offices. The majority

of the personnel work at the Pitkäsillanranta office in Hakaniemi, Helsinki. Women accounted for 68 (69) per cent and men for 32 (31) per cent of employees. The Y-Foundation Group's own property maintenance unit based in Vantaa's Tikkurila district is a growing unit.

The Group belongs to Real Estate Employers, which is part of the Confederation of Finnish Industries EK. The Group applies the collective labour agreements pertaining to salaried and non-salaried employees in the real estate sector.

Personnel indicators 1000 €	H1/2021	H1/2021	H1/2020	H1/2020	2020	2020
	Group	Parent	Group	Parent	Group	Parent
Performance-based pay with fringe benefits	4,067	1,161	3,885	1,117	7,709	2,227
Monetary value of fringe benefit	85	44	85	45	171	90
Pension expenses	771	263	712	247	1,321	433
Statutory social security expenses	144	32	128	24	256	58
Total	5,066	1,499	4,809	1,433	9,457	2,807
Personnel on average	173	40	166	39	170	40
Average age	45.2	47.9	45.2	47.0	45.0	46.7

A photograph of a person from the waist down, wearing a blue suit jacket and dark blue trousers. They are carrying a brown leather briefcase with a gold-colored clasp. The background is a blurred, light-colored surface. A white circle is overlaid on the image, containing the word "Finance" in a blue, sans-serif font.

Finance

## Financial position

Acquisition of apartments in line with the Foundation's basic task is funded with STEA grants, loans from financial institutions, the state's interest subsidy loans, investment grants and partly with the Y-Foundation's internal financing. The Foundation's equity ratio target is 30 per cent, or 40 per cent at fair value, which enables investments over a period of a few years.

The Y-Foundation Group's finances grew according to plan in the period 1 January–30 June 2021. Revenue amounted to EUR 70.8 (67.2) million. The consolidated balance sheet total exceeded EUR 1.3 (1.3) billion.

The Foundation uses Housing Finance and Development Centre of Finland (ARA) interest subsidy loans and grants for funding new construction and renovation investments. At the Group level, investments amounted to EUR 67.1 (30.5) million. Expenditure on repairs amounted to EUR 20.5 (19.7) million during the review period.

The Foundation continued to receive grants from the Funding Centre for Social Welfare and Health Organisations (STEA). The grants are intended for acquiring individual support apartments, and they account for 50 per cent of the cost. The Foundation received

approximately EUR 0.0 (0.8) million in STEA grants to fund its investments.

During the financial year, the Foundation invested approximately 2.7 (5.1) million in acquiring apartments.

In addition to STEA and ARA financing, the Group uses its own capital to finance investments. Due to maintenance and repair expenses, construction and repayment of loans, the Group increased the amount of loans from financial institutions. Loans amounting to EUR 57.2 (11.9) million were withdrawn for apartment acquisition purposes and construction investments. Repayments of loans amounted to EUR 15.4 (15.3) million. The average maturity of the loans was 21.7 (21.4) years and the average interest rate was 1.4 (1.5) per cent.

The finances of the Foundation Group developed steadily and according to plan. Interest rates remained low, which was reflected in, among other things, the interest rates on new loans drawn. The Foundation has hedged most of its bank loans through interest rate swaps. The hedging ratio of the loans will be kept at around 75 per cent of the Group's entire loan portfolio in accordance with the strategy.

Rental income increased considerably compared to 2020 and exceeded EUR 70.8 (67.2) million. Net administrative expenses amounted to 6.1 (6.5) per cent of rental income. The surplus from the Group's own operations was EUR 10.3 (8.6) million. The Group's financial position is moderate and the equity ratio on the consolidated balance sheet was 29.9 (30.6) per cent, which enables continued investments in the future. Based on fair value measurements, the equity ratio is 42.1 (42.4) per cent.

The Foundation complies with the provisions of the Act on State-Subsidised Housing Loans in setting the rents of apartments financed with state-subsidised and interest subsidy loans. The rents of apartments not financed through state-subsidised loans are primarily tied to the cost index of property maintenance. The aim is still to keep the rents of apartments moderate compared to the general level of rents in the area.

The circumstances created by the COVID-19 pandemic have reduced the Foundation's occupancy rate compared to the previous year.

### Key figures

	H1/2021	H1/2020	2020
Revenue	70.8 MEUR	67.2 MEUR	135.7 MEUR
Rent margin	28.8%	28.2%	28.9%
Administrative expenses, net	6.1%	6.5%	5.8%
Cash and cash equivalents (incl. fixed income funds)	59.4 MEUR	58.8 MEUR	58.6 MEUR
Equity ratio			
at book values	29.9%	30.6%	30.7%
at fair values	42.1%	42.4%	42.8%

## The Foundation's governance

The Y-Foundation's operations are managed by the Board of Trustees, which has seven members, and the CEO. In addition, the founding members convene yearly at the Annual Meeting. Once every two years, the Annual Meeting of the founding members elects the Foundation's Board of Trustees for a two-year term. Information on the founding members, the members of the Board of Trustees and the company's management is provided in the notes to the financial statements.

KPMG Oy Ab continued as the auditor in 2021, with Authorised Public Accountant Mauri Eskelinen as the principal auditor.

The related parties of the Y-Foundation include the Foundation's founding members, Board of Trustees, management and auditors, as well as their family members. No grants or other partly or fully gratuitous benefits have been granted to closely-related parties as referred to in the Foundations Act. The fees paid to the members and deputy members of the Board of Trustees and the salaries of the management do not deviate from the ordinary.

The Foundation has not engaged with the related parties in any other financial transactions deviating from the ordinary. The Foundation's properties or apartments are rented to the founding cities of the Foundation, which are related parties, and their residents under similar terms and conditions as to other parties.

Transactions between the Foundations' Group companies are measured at fair value and disclosed in the notes to the financial statements. Essential related party transactions are reported in the table on related parties in the notes to the financial statements.

## Values and responsibility

The Y-Foundation's operations are rooted in social responsibility. Being structured as a foundation ensures that income from operations is used to implement the basic mission of eradicating homelessness and producing affordable housing. The Foundation's by-laws require it to operate responsibly and in full compliance with the applicable rules and regulations. The Foundation's assets are also allocated to a significant degree to research and development in its field. Our task is to maintain the non-profit nature of our operations from the perspective of taxation as well as the organisations that grant funding for our operations.

In the Y-Foundation Group, we act pursuant to our charitable purpose and in a socially responsible manner. We prevent and reduce homelessness by offering rental apartments to people in various life situations. Our social responsibility is based on the principles of the ISO26000 standard.

## Risk management

The Foundation took active measures to minimise the impacts of the COVID-19 pandemic. The Group observed the guidelines issued by the authorities, switched primarily to remote work and used appropriate protective measures during contact with customers. The Management Team continued to monitor the situation closely and decided on quick changes to procedures where necessary. The COVID-19 situation did not increase rent arrears significantly. Rent arrears are prevented as necessary with payment plans and housing counselling. A recovery plan for the remainder of the year was drawn up in the spring.

Risk management continues to be based on the extensive risk assessment of the Foundation's operations and operating environment conducted in 2018. The risk assessment was carried out in relation to a bond issue and to support investors' decision-making. Changes are evaluated annually by the Management Team. The most material risks include unexpected changes in interest rates, construction project delays resulting from complaints, the under-occupancy of premises in recessionary areas and the availability of plots designated for social housing production in growth centres.

Preparations for interest rate risk are based on interest rate hedging. Potential construction project delays are taken into account in contractor agreements. In recessionary areas, the aim has been to maintain high occupancy rates with moderate property-specific rents as well as the sale of properties. In growth centres, active plot acquisition continues by participating in city planning development projects.

The Foundation has prepared for accident risks through full value insurance of properties and diverse operational insurance policies. The occupational risk analysis was updated in spring 2019 and the results of the analysis are utilised – and annually re-evaluated – by the occupational safety organisation. Updating the assessment of personal data risks associated with the ERP system and a related impact assessment began in spring 2021. In insurance-related issues, we use an insurance broker specialising in insuring and handling damage-related matters (Howden).



# Note 1: The Y-Foundation's governance

## Pursuant to the by-laws of the Y-Foundation, the founding members that attend its annual meeting are:

1. City of Espoo
2. City of Helsinki
3. Church Council
4. Finnish Construction Trade Union
5. Confederation of Finnish Construction Industries RT
6. Association of Finnish Local and Regional Authorities
7. MIELI Mental Health Finland
8. Finnish Red Cross
9. City of Tampere
10. City of Turku
11. The City of Vantaa

## The Board of Trustees from 29 April 2020 onwards:

1. **Harjuniemi Matti**,  
Finnish Construction Trade Union, chair
2. **Viljanen Maria**,  
Finnish Red Cross, Head of the Health and Care Unit, vice chair
3. **Ahlström Mari**,  
City of Espoo, Director of Family and Social Services
4. **Forss Teppo**,  
City of Turku, CEO of TVT Asunnot Oy
5. **Mäki Tiina**,  
City of Helsinki, Administrative Director, Social and Health Care Services
6. **Randell Aleks**,  
The Confederation of Finnish Construction Industries RT, Director General
7. **Tähtinen Tapio**,  
MIELI Mental Health Finland, Administrative Director

## The Foundation's Management Team consists of eight members:

1. **Kaakinen Juha**, CEO
2. **Kampman Pekka**, Development Director
3. **Komu Kari**, CFO
4. **Mutalahti Timo**, Corporate Lawyer
5. **Niskanen Juha**, Property Director
6. **Penttilä Laura**, Communications and Marketing Director
7. **Tammisalo Eeva**, Director of Rental Activities
8. **Timonen Sari**, Development Director

## Note 2: Related party transactions at the Y-Foundation

In addition to the Foundations Act, the by-laws of the Y-Foundation and the guidelines issued by the authorities, the Y-Foundation complies with the Good Governance of Foundations guideline published by the Council of Finnish Foundations in 2015. Based on it, the Foundation's Board of Trustees ratified the related party guidelines on 14 April 2016. The related parties of the Y-Foundation, as referred to in chapter 1, section 8 of the Foundations Act, include the Foundation's founding members, Board of Trustees, management and auditors, as well as their family members. At the Y-Foundation, management refers to the CEO and the Management Team.

Related party transactions refer to legal transactions with related parties with or without consideration, regardless of their subjects or designations. These can include purchasing services from related parties, selling services to related parties, benefits and salaries received by related parties, providing a grant or various contracts.

At the Y-Foundation, related parties are not given grants or other partly or fully gratuitous benefits unless they are given as part of the Foundation's activities pursuant to its purpose and the terms and conditions of giving them do not deviate from the terms and conditions applied to outsiders. The Foundation also does not engage in any related party transactions deviating from the ordinary. The Foundation's properties or apartments are rented to the founding cities of the Foundation, which are related parties, and their residents under similar terms and conditions as to other parties at fair values. The fees paid to the members of the Board

Related party table	Nature of related party relationship				
	1	2	3	4	5
Transactions or financial benefits (EUR)					
A. The management's salaries, fees and pension commitments	-	252,842	491,640	-	-
B. Contracts	see 1B below	-	-	-	-
C. Assistance granted	-	-	-	-	-
D. Loans, liabilities and contingent liabilities given	136,661,794	-	-	-	-

### Explanations

1. The founding members of the Y-Foundation and their subsidiaries and subsidiary foundations, Y-Foundation Group companies
2. A member or deputy member of the Board of Trustees or supervisory board, CEO and his deputy, general partner and auditor of the Y-Foundation or an organisation mentioned in item 1
3. The Y-Foundation's Management Team
4. Family member of a person referred to in items 1–3
5. Entity or foundation controlled by persons referred to in items 1–4

1B. The Y-Foundation pays ordinary fees relating to the maintenance of properties to its founding members (Espoo, Helsinki, Tampere, Turku, Vantaa), such as property taxes, street fees and building permits. The founding members pay a fair rent for the apartments owned by the Foundation that they rent.

1D. The Y-Foundation has granted loans to its subsidiaries for the construction of residential buildings and acquisition of residential properties for use pursuant to the Foundation's purpose.

2A. Salaries and fees paid to members of the Y-Foundation's Board of Trustees, the CEO and his deputy and auditors.

3A. Salaries of the Y-Foundation's Management Team.

of Trustees and auditors and the salaries of the management are reasonable and do not deviate from the ordinary.

Related party transactions with the Foundation's group companies are measured at fair value. The measurement of fair value is based on own expertise, auditors' views, investigating the market situation and, if necessary, external expert opinions.

If related party transactions are contrary to the Foundations Act, rules, regulations issued by the authorities or the related party guidelines take place, they are cancelled. Related party transactions deviating from the guideline which are in the benefit of the Foundation are decided on by the Board of Trustees or the CEO within their mandate. In addition to the Board of Trustees and the

CEO, the Foundation's management and financial administration monitor related party transactions.



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report  
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## INCOME STATEMENT

1000 €	1 Jan-30 June 2021 Group	1 Jan-30 June 2020 Group	1 Jan-31 Dec 2020 Group	1 Jan-30 June 2021 Parent	1 Jan-30 June 2020 Parent	1 Jan-31 Dec 2020 Parent
<b>Actual operations</b>						
Lease operations						
Rent and maintenance charge income	67,228	66,937	133,924	20,186	19,583	39,333
Charges for consumption income	326	248	565	50	25	63
Other income			50			
Capital gains	3,199		1,133			
<b>Total income from lease operations</b>	<b>70,753</b>	<b>67,185</b>	<b>135,671</b>	<b>20,236</b>	<b>19,608</b>	<b>39,396</b>
Income from property management services	35	33	70			
<b>Property maintenance expenses</b>						
Personnel expenses	-3,583	-3,385	-6,669			
Depreciation, amortisation and impairment	-9,388	-9,121	-18,553			
Rent and maintenance charge expenses	-10,942	-10,758	-21,624	-11,230	-11,109	-22,368
Other maintenance expenses	-25,583	-23,955	-48,261	-1,402	-1,353	-3,106
Total expenses of lease operations	-49,496	-47,219	-95,107	-12,632	-12,462	-25,474
Construction expenses	-898	-1,029	-1,459	-26	-54	-100
<b>Lease operations, total</b>	<b>20,393</b>	<b>18,969</b>	<b>39,175</b>	<b>7,577</b>	<b>7,092</b>	<b>13,822</b>
<b>Central administration and other operations</b>						
Income	715	831	1,660	638	710	1,407
Expenses						
Personnel expenses	-1,533	-1,478	-2,886	-1,533	-1,478	-2,886
Depreciation and amortisation	-222	-177	-368	-222	-177	-368
Other expenses	-3,307	-3,547	-6,342	-1,199	-1,478	-2,551
Central administration and other operations total	-4,347	-4,371	-7,936	-2,316	-2,424	-4,397
Share of profit from associated companies	239	235	578			
<b>Operating surplus</b>	<b>16,285</b>	<b>14,833</b>	<b>31,817</b>	<b>5,261</b>	<b>4,668</b>	<b>9,424</b>

1000 €	1 Jan-30 June 2021 Group	1 Jan-30 June 2020 Group	1 Jan-31 Dec 2020 Group	1 Jan-30 June 2021 Parent	1 Jan-30 June 2020 Parent	1 Jan-31 Dec 2020 Parent
<b>Investment and financing activities</b>						
Income						
Interest and dividend income	71	59	116	2,068	1,896	4,158
Other income	697	216	321	554	137	169
Total income	768	275	437	2,622	2,033	4,327
Impairment of investments in non-current assets	31	-20	-29	31	-20	-29
Expenses						
Interest expenses	-6,302	-6,168	-12,175	-2,016	-2,175	-4,303
Other expenses	-491	-365	-1,080	-1,349	-1,662	-3,452
Total expenses	-6,793	-6,533	-13,255	-3,364	-3,837	-7,755
Investment and financing activities	-5,994	-6,278	-12,847	-711	-1,824	-3,457
<b>Surplus</b>	<b>10,291</b>	<b>8,555</b>	<b>18,971</b>	<b>4,550</b>	<b>2,844</b>	<b>5,967</b>
General grants						
Investment grants STEA		751	3,156		751	3,156
Other investment grants	55	55	109	55	55	109
Other STEA grants	441	665	1,208	441	665	1,208
Transfers						
Transfer to cover expenses	-441	-665	-1,208	-441	-665	-1,208
Transfer to apartment acquisition reserve		-751	-3,156		-751	-3,156
Transfer to general-purpose reserve	-55	-55	-109	-55	-55	-109
<b>General grants total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Direct taxes</b>						
Income taxes	-11	-4	-12			
Deferred taxes	-1,652	-1,389	-2,782			
Minority interest	35	40	-19			
<b>Surplus/deficit for the financial year</b>	<b>8,662</b>	<b>7,201</b>	<b>16,157</b>	<b>4,550</b>	<b>2,844</b>	<b>5,967</b>

## BALANCE SHEET

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets						
Intangible rights	2,128	2,421	2,245			
Goodwill	38	113	75			
Other capitalised long-term expenditure	3,322	2,991	3,174	2,572	2,363	2,274
<b>Intangible assets total</b>	<b>5,488</b>	<b>5,525</b>	<b>5,494</b>	<b>2,572</b>	<b>2,363</b>	<b>2,274</b>
Tangible assets						
Land and waters	78,799	73,266	77,113			
Connection fees	10,137	9,929	9,943			
Property leases	147	147	147			
Buildings and structures	739,582	712,308	716,888			
Machinery and equipment	1,154	1,335	1,138	1	3	2
Other tangible assets	1,793	2,016	1,882	161	165	170
Advance payments and construction in progress	86,717	21,959	46,969			
<b>Tangible assets total</b>	<b>918,329</b>	<b>820,960</b>	<b>854,081</b>	<b>162</b>	<b>168</b>	<b>172</b>
Investments						
Shares in housing companies	352,936	352,261	351,895	352,936	352,261	351,895
Subsidiaries				14,675	14,557	14,736
Shares in associated companies	5,401	5,305	5,648	3,579	3,579	3,579
Other shares	3,959	3,958	3,958	3	3	3
<b>Investments total</b>	<b>362,296</b>	<b>361,524</b>	<b>361,502</b>	<b>371,194</b>	<b>370,400</b>	<b>370,213</b>
<b>Non-current assets</b>	<b>1,286,113</b>	<b>1,188,010</b>	<b>1,221,076</b>	<b>373,928</b>	<b>372,931</b>	<b>372,658</b>

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Current assets</b>						
Receivables						
Long-term receivables						
Loan receivables	5	5	5	5	5	5
Receivables from group companies				129,236	90,466	112,332
Receivables from associated companies		20	20			
Other receivables	232	56	232	201	29	201
<b>Long-term receivables total</b>	<b>237</b>	<b>81</b>	<b>257</b>	<b>129,443</b>	<b>90,499</b>	<b>112,538</b>
Short-term receivables						
Rent receivables	1,678	1,565	1,510	186	145	142
Loan receivables	16					
Prepayments and accrued income	1,497	1,634	1,379	233	377	879
Receivables from group companies				8,290	11,154	7,005
Other receivables	740	606	946	55	20	75
<b>Short-term receivables total</b>	<b>3,931</b>	<b>3,804</b>	<b>3,835</b>	<b>8,763</b>	<b>11,697</b>	<b>8,102</b>
Shares and holdings	4,926	6,874	6,953	5,166	7,113	7,192
Cash in hand and with banks	54,462	51,907	51,599	16,067	34,270	26,730
<b>Current assets</b>	<b>63,557</b>	<b>62,666</b>	<b>62,644</b>	<b>159,438</b>	<b>143,579</b>	<b>154,562</b>
<b>Assets</b>	<b>1,349,670</b>	<b>1,250,676</b>	<b>1,283,720</b>	<b>533,367</b>	<b>516,510</b>	<b>527,221</b>

## BALANCE SHEET

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Equity and liabilities</b>						
<b>Capital and reserves</b>						
Initial capital	20	20	20	20	20	20
Apartment acquisition reserve	187,149	186,066	187,835	187,149	186,066	187,835
Other reserves	10,200	10,200	10,200	10,120	10,120	10,120
General-purpose reserve	36,243	34,833	35,547	36,243	34,833	35,547
Redemption reserve	79,085	73,118	73,118	79,079	73,112	73,112
Investment reserve	30,932	30,932	30,932	30,932	30,932	30,932
Surplus/deficit from previous financial years	47,588	37,398	37,398	257	257	257
Surplus/deficit for the financial year	8,662	7,201	16,157	4,550	2,844	5,967
<b>Capital and reserves total</b>	<b>399,880</b>	<b>379,767</b>	<b>391,207</b>	<b>348,349</b>	<b>338,183</b>	<b>343,790</b>
Minority interest	2,892	2,140	2,123			
<b>Liabilities</b>						
Long-term liabilities						
Subordinated loans	147		147			
Loans from financial institutions	869,366	797,447	824,201	166,630	157,086	170,627
Advances received	1,839	1,632	1,644	510	342	344
Other liabilities	893	769	769			
Accrued expenses and deferred income		197	167		197	167
Deferred tax liabilities	15,563	12,737	14,158			
<b>Long-term liabilities total</b>	<b>887,808</b>	<b>812,782</b>	<b>841,085</b>	<b>167,140</b>	<b>157,625</b>	<b>171,138</b>

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Short-term liabilities</b>						
Loans from financial institutions	35,874	38,648	31,037	14,120	17,051	9,491
Advances received	2,004	1,981	2,243	240	167	491
Accounts payable	12,470	7,307	10,094	442	345	339
Other liabilities to group companies				4	9	53
Other liabilities	244	230	187	94	91	74
Accrued expenses and deferred income	8,499	7,822	5,745	2,976	3,039	1,844
<b>Short-term liabilities total</b>	<b>59,090</b>	<b>55,987</b>	<b>49,306</b>	<b>17,877</b>	<b>20,702</b>	<b>12,293</b>
<b>Liabilities total</b>	<b>946,898</b>	<b>868,769</b>	<b>890,391</b>	<b>185,017</b>	<b>178,327</b>	<b>183,431</b>
<b>Equity and liabilities</b>	<b>1,349,670</b>	<b>1,250,676</b>	<b>1,283,720</b>	<b>533,367</b>	<b>516,510</b>	<b>527,221</b>

## CASH FLOW STATEMENT

1000 €	1 Jan-30 June 2021 Group	1 Jan-30 June 2020 Group	1 Jan-31 Dec 2020 Group	1 Jan-30 June 2021 Parent	1 Jan-30 June 2020 Parent	1 Jan-31 Dec 2020 Parent
<b>Cash flow from operating activities</b>						
Profit/loss for the financial year	8,662	7,201	16,157	4,550	2,844	5,967
Adjustments:						
Depreciation, amortisation and impairment	9,610	9,299	18,921	222	177	368
Capital gains/losses on non-current assets	-3,473	-2	-624	-275	-2	508
Share of profit from associated companies	-239	-235	-578			
Financial income and expenses	6,268	6,280	12,339	986	1,827	2,949
Income taxes	1,663	1,394	2,794			
Minority interest	-35	-40	19			
<b>Cash flow before change in working capital</b>	<b>22,457</b>	<b>23,897</b>	<b>49,028</b>	<b>5,483</b>	<b>4,845</b>	<b>9,792</b>
Change in working capital						
Changes in receivables	-62	-515	-675	589	215	-478
Changes in liabilities	3,771	4,549	5,951	-203	-71	352
Cash flow before financial items and taxes	26,166	27,930	54,304	5,869	4,990	9,667
Interest paid	-5,335	-5,258	-12,378	-936	-1,063	-4,427
Dividends received	4	3	3	4	3	3
Interest received	65	52	114	1,421	1,197	4,169
Other financial items	-68	-151	-250	-1,069	-1,527	-2,775
Taxes paid	289	-41	145	34	42	
<b>Net cash flow from operating activities</b>	<b>21,120</b>	<b>22,535</b>	<b>41,938</b>	<b>5,323</b>	<b>3,641</b>	<b>6,638</b>

1000 €	1 Jan-30 June 2021 Group	1 Jan-30 June 2020 Group	1 Jan-31 Dec 2020 Group	1 Jan-30 June 2021 Parent	1 Jan-30 June 2020 Parent	1 Jan-31 Dec 2020 Parent
<b>Cash flow from investing activities</b>						
Investments in non-current assets	-69,803	-26,732	-67,166	-511	-514	-619
Proceeds from sale of non-current assets	3,378		1,140			
Shares in housing and real estate companies	-2,398	-5,102	-6,048	-2,398	-5,102	-6,048
Sale of shares in housing companies	1,497	522	1,315	1,497	522	1,315
Shares in subsidiaries bought	-839		-1,933	-260		-179
Shares in subsidiaries sold	482			485		
Shares in associated companies bought	-2					
Shares in associated companies sold	550					
Other investments		-15	-15			
STEA's investment grants		751	3,156		751	3,156
Other investment grants	55	55	109	55	55	109
Loans granted	-16					
Loans to own real estate companies				-28,664	-11,410	-41,975
Instalments of own companies	20			11,152	9,329	21,433
<b>Net cash flow from investing activities</b>	<b>-67,078</b>	<b>-30,522</b>	<b>-69,443</b>	<b>-18,644</b>	<b>-6,369</b>	<b>-22,809</b>
<b>Cash flow from financial activities</b>						
Shares and holdings	2,026	-1,992	-2,071	2,026	-1,992	-2,071
Minority venture capital						
Increase in long-term loans	57,233	11,864	46,119			10,000
Repayment of long-term loans	-15,438	-15,336	-30,303	-4,369	-4,120	-8,138
Increase in short-term loans	5,000			5,000		
<b>Net cash flow from financial activities</b>	<b>48,821</b>	<b>-5,464</b>	<b>13,746</b>	<b>2,657</b>	<b>-6,111</b>	<b>-208</b>
Change in cash and cash equivalents	2,863	-13,451	-13,759	-10,663	-8,839	-16,379
Cash and cash equivalents at the beginning of the period	51,599	65,358	65,358	26,730	43,109	43,109
Cash and cash equivalents at the end of the period	54,462	51,907	51,599	16,067	34,270	26,730



# Notes to the consolidated financial statements

The Group's parent foundation, the Y-Foundation, is a non-profit entity whose domicile is Helsinki and registered address is Pitkäsillanranta 3 A, 00530 Helsinki. Copies of the consolidated financial statements are available at the parent foundation's head office.

## Consolidation principles of the consolidated financial statements

### General

The Group's accounting principles have been applied uniformly to the separate financial statements of the group companies. The consolidated financial statements have been prepared by consolidating the financial statements of the separate companies, and it includes housing companies, real estate companies and limited liability companies in which the holding is over 50 per cent.

Internal shareholding has been eliminated in accordance with the acquisition cost method. The difference in capital and reserves corresponding to the acquisition cost of subsidiaries and acquired share and the resulting deferred tax liabilities have been allocated to buildings. Companies acquired during the financial year are included in the consolidated financial statements as of the date of acquisition or as of the Group obtaining control, and divested subsidiaries up to when control is lost.

Intra-group business transactions, receivables and liabilities and essential internal margins have been eliminated in the consolidated financial statements. The allocation of profit for the financial year to equity holders of the parent company and minority interests is disclosed in the income statement, and the capital and reserves attributable to minority

interest is disclosed as a separate item on the balance sheet. Partly-owned companies belonging to the Group in which the parent foundation has a holding of more than 50% but less than 100% have been consolidated by disclosing the profit deviating from the holding as a separate item. Correspondingly, the capital and reserves attributable to the companies in question are disclosed as a separate item. The minority interest included in the loans in the consolidated financial statements has been taken into consideration in calculating the indicators.

Associated companies are companies which do not belong to the Group and over which the parent foundation has direct or indirect considerable influence. Considerable influence exists when the Group holds a minimum of 20 per cent of the votes conferred by shares in the company or the Group otherwise exerts considerable influence but does not have control. Associated companies are consolidated using the equity method. The share of associated companies' profit for the financial year pursuant to the Group's holding is disclosed as a separate item in the income statement.

Associated companies in which capital and reserves based on shareholding exceeded the acquisition cost were acquired in 2016.

The resulting unrecognised Group reserve of these companies will be recognised as income over ten years.

The Group's associated companies include parking companies. The costs resulting from the construction are recognised in the parent company's construction in progress on the balance sheet. Once the property is completed, these construction-time costs will be recognised as associated company procurements.

### Consolidated income statement

The income statement of the consolidated financial statements has been prepared based on the income statement formula of the parent, a charitable foundation. All of the Group's subsidiaries and joint ventures which are real estate and limited liability housing companies are consolidated in the financial statements.

The income from properties and their maintenance expenses have been considered to be closely associated with the parent foundation's actual operations, letting. Therefore, all of the income and expenses of the subsidiaries and joint ventures have been consolidated into the income and expenses of lease operations. By their nature, financial income and expenses are disclosed as part of financial and investing activities.

### Consolidated balance sheet

The consolidated balance sheet has been prepared using the balance sheet formula of chapter 1, section 6 of the Accounting Decree, which is the same for all parties with an accounting obligation. The Foundation's initial capital and other capital and reserves

items, subsidiaries' and joint ventures' share capital, reserves, surplus/deficit from previous years and surplus/deficit for the financial year have been consolidated under capital and reserves. The capital and reserves remaining after group eliminations comprises the Foundation's initial capital and reserves. The apartment acquisition reserve includes grants received; the grants involve conditions of return.

### Consolidated cash flow statement

The consolidated cash flow statement has been prepared on the basis of the consolidated income statement and balance sheet, supplemented with additional information.

### Accumulated appropriations

Accumulated appropriations comprise residential building provisions and accumulated depreciation difference. In the separate financial statements of the subsidiaries, the difference between depreciation according to plan and taxational depreciation is disclosed as an appropriation on the income statement and accumulated appropriations on the balance sheet. In the consolidated balance sheet, accumulated appropriations are divided between capital and reserves, minority interest and deferred tax liabilities. The change in residential building provisions and depreciation difference during the financial year is divided in the income statement between change in deferred tax liabilities, minority interest and profit for the financial year.

### Measurement of non-current assets

Intangible and tangible assets are recognised on the balance sheet at original cost less planned depreciation and impairment. Grants associated with the acquisition of property, plant and equipment are deducted from the acquisition cost of the asset and grants are recognised as income in the form of smaller depreciation over the useful life of the asset.

In addition to acquisition costs and the asset transfer tax, the value of shares in housing companies held by the parent foundation includes the repair, share of loans and other acquisition expenses specified in the acquisition cost concerned by the grant issued by STEA. As of the beginning of 2015, acquisition repairs have been measured in long-term expenses on the balance sheet, and they are depreciated over ten years. The consolidated goodwill and group reserve allocated to buildings is depreciated over 67 years in the case of new properties and for subsidiaries acquired prior to 1 January 2015 over the estimated remaining useful life, which in this case is 40 years. Minor asset purchases whose costs are below EUR 1,000 are recognised as expenses for the year. Subsequently arising expenses are included in the book value of a tangible asset only if it is likely that the future economic benefit relating to the asset will be to the benefit of the Group. Other repair and maintenance expenses are recognised through profit or loss as they materialise.

## Account of grounds of planned depreciation and changes in them

Asset	Years/per cent	Depreciation method
Intangible assets	4–10 years	Straight-line depreciation
Buildings	67 years	Straight-line depreciation
Civil defence shelters	4 years	Straight-line depreciation
Structures	25–40 years	Straight-line depreciation
Machinery and equipment in buildings	20–50 years	Straight-line depreciation
Machinery and equipment	25%	Reducing method of depreciation
Machinery and equipment	4 years	Straight-line depreciation
Other tangible assets	10–30 years	Straight-line depreciation

### Accounting for general grants in the parent foundation:

- Project grants have been transferred to income for the project concerned
- Grants for the acquisition of apartments granted by STEA are recognised in the apartment acquisition reserve. Grants for apartments subject to terms of return sold are transferred to accrued expenses and deferred income, and reused grants are returned to the reserve.
- The construction reserve includes STEA's and the Housing Finance and Development Centre of Finland's investment grants for equity investments of real estate companies.
- Grants from municipalities and parishes are recognised in the general-purpose reserve. Grants received for apartments released from right of use restrictions are transferred to the general-purpose reserve.

- The amount of loans repaid during the previous financial year is transferred as internal transfers to the redemption reserve from the surplus for the previous financial year.
- The proportion of internal financing of investments during the previous year is transferred to the investment reserve from the surplus for the previous year, if possible.

### Deferred tax assets and liabilities

Deferred tax liabilities and assets are recognised as temporary differences between taxation and financial statements using the tax rate for the following years confirmed on the closing date. As of acquisitions made in 2015, deferred tax liabilities have also been calculated for allocated consolidation assets, no liabilities have been recognised for acquisitions made prior to this. No deferred tax assets have been accounted for confirmed losses of subsidiaries in line with the prudence principle.

### The effects of the coronavirus pandemic (COVID-19) on the Y-Foundation's operations

The prolonged COVID-19 pandemic is still reflected in the outlook for the year and the extensive societal effects resulting from the prevention of its spread lead to increased costs. The health and well-being of our tenants and employees always come first, but we are also prepared for rent arrears, payment plans and even credit losses.

## Notes to the income statement

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Income from lease operations	70,753	67,185	135,671	20,236	19,608	39,396
Income from property management services	35	33	70			
<b>Notes concerning the personnel and members of the administrative organs</b>						
Personnel expenses						
Performance-based pay with fringe benefits	4,067	3,885	7,709	1,161	1,117	2,227
Monetary value of fringe benefit	85	85	171	44	45	90
Pension expenses	771	712	1,321	263	247	433
Statutory social security expenses	144	128	256	32	24	58
<b>Total</b>	<b>5,066</b>	<b>4,809</b>	<b>9,457</b>	<b>1,499</b>	<b>1,433</b>	<b>2,807</b>
Average number of personnel	173	166	170	40	39	40
Fees paid to auditors						
Statutory audit	41	85	115	14	44	58
Other statutory assignments	3	11	11	3	8	8
Tax counselling	6	2	5	6	2	5
Other services	12	8	15	5		6
<b>Total</b>	<b>62</b>	<b>107</b>	<b>146</b>	<b>28</b>	<b>55</b>	<b>77</b>
Fees paid to members of the Board of Trustees and Delegation	38	44	77	32	42	71

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Depreciation, amortisation and impairment</b>						
Depreciation, amortisation and impairment for the financial year	9,610	9,299	18,921	222	177	368
The group has recognised planned depreciation concerning buildings not recorded by the separate companies			1,496			
The lease periods for the plots are 0–60 years; leases EUR	1563	1545	3,069			
<b>Financial income and expenses</b>						
Financial income						
Interest and dividend income from others	71	59	116	53	34	80
Interest income from group companies				2,014	1,862	4,078
Other financial income	697	216	321	554	137	169
Financial income total	768	275	437	2,622	2,033	4,327
Impairment of investments in non-current assets	31	-20	-29	31	-20	-29
Financial expenses						
Interest expenses to others	-6,302	-6,168	-12,175	-2,016	-2,175	-4,303
Other financial expenses	-491	-365	-1,080	-1,349	-1,662	-3,452
Financial expenses total	-6,793	-6,533	-13,255	-3,364	-3,837	-7,755
<b>Financial income and expenses total</b>	<b>-5,994</b>	<b>-6,278</b>	<b>-12,847</b>	<b>-711</b>	<b>-1,824</b>	<b>-3,457</b>
<b>Direct taxes</b>						
Income taxes on ordinary activities	-11	-4	-12			
Change in deferred taxes	-1,652	-1,389	-2,782			

## Notes concerning the assets on the balance sheet

Interest capitalised during the financial year and information about undepreciated capitalised interest expense. Construction-time interest has been included in the cost of a residential building. The undepreciated part of capitalised interest expenses in the balance sheet items "Buildings and structures" comprises the following:

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Capitalised during the financial year	48	51	60			
Capitalised during previous financial years	850	790	790			
Depreciated	-65	-53	-59			
Undepreciated item	833	788	791			
Intangible rights						
Balance 1 January	3,493	3,493	3,493			
Balance end of period	3,493	3,493	3,493			
Depreciation for the financial year	-117	-176	-352			
Accumulated depreciation and amortisation 1 January	-1,247	-896	-896			
Accumulated depreciation and amortisation end of period	-1,365	-1,071	-1,247			
Net expenditure end of period	2,128	2,421	2,245			
Goodwill						
Balance 1 January	377	377	377			
Balance end of period	377	377	377			
Depreciation for the financial year	-38	-38	-75			
Accumulated depreciation and amortisation 1 January	-301	-226	-226			
Accumulated depreciation and amortisation end of period	-339	-264	-301			
Net expenditure end of period	38	113	75			
Other capitalised long-term expenditure						
Balance 1 January	4,750	3,414	3,414	3,641	3,206	3,206
Increase	511	859	1,336	511	346	435
Balance end of period	5,261	4,273	4,750	4,152	3,552	3,641
Depreciation for the financial year	-362	-221	-516	-212	-169	-348
Accumulated depreciation and amortisation 1 January	-1,577	-1,061	-1,061	-1,368	-1,020	-1,020
Accumulated depreciation and amortisation end of period	-1,939	-1,282	-1,577	-1,580	-1,188	-1,368
Net expenditure end of period	3,322	2,991	3,174	2,572	2,363	2,274
<b>Intangible assets total</b>	<b>5,488</b>	<b>5,525</b>	<b>5,494</b>	<b>2,572</b>	<b>2,363</b>	<b>2,274</b>

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Land and waters						
Balance 1 January	77,113	71,708	71,718			
New sites	3,616	1,460	3,245			
Increase		98	2,673			
Properties sold	-1,425		-512			
Impairments	-505					
Balance end of period	78,799	73,266	77,113			
Connection fees						
Balance 1 January	9,943	9,769	9,769			
New sites	104					
Increase	100	141	174			
Properties sold	-10					
Transfers between items		19				
Balance end of period	10,137	9,929	9,943			
Property leases						
Balance 1 January	147	147	147			
Balance end of period	147	147	147			
Buildings and structures						
Balance 1 January	799,210	765,588	765,588			
Grants		-574	-574			
New sites	16,588					
Increase	15,145	21,755	34,965			
Properties sold	-288					
Transfers between items		-768	-768			
Balance end of period	830,654	786,000	799,210			
Depreciation for the financial year	-8,791	-8,423	-17,052			
Accumulated depreciation and amortisation 1 January	-82,322	-65,269	-65,269			
Accumulated depreciation on sold properties	40					
Accumulated depreciation and amortisation end of period	-91,072	-73,692	-82,322			
Net expenditure end of period	739,582	712,308	716,888			

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Machinery and equipment						
Balance 1 January	3,034	2,847	2,847	259	259	259
New sites	4					
Increase	175	186	187			
Properties sold	-1					
Balance end of period	3,212	3,033	3,034	259	259	259
Depreciation for the financial year	-162	-178	-376		-1	-1
Accumulated depreciation and amortisation 1 January	-1,896	-1,520	-1,520	-257	-256	-256
Accumulated depreciation on sold properties	1					
Accumulated depreciation and amortisation end of period	-2,057	-1,698	-1,896	-258	-257	-257
Net expenditure end of period	1,154	1,335	1,138	1	3	2
Other tangible assets						
Balance 1 January	3,758	2,092	2,092	188	5	5
Increase	51	1,514	1,666		168	184
Balance end of period	3,809	3,606	3,758	188	173	188
Depreciation for the financial year	-140	-264	-550	-9	-8	-18
Accumulated depreciation and amortisation 1 January	-1,876	-1,326	-1,326	-18		
Accumulated depreciation and amortisation end of period	-2,016	-1,590	-1,876	-28	-8	-18
Net expenditure end of period	1,793	2,016	1,882	161	165	170
Advance payments and construction in progress						
Balance 1 January	46,969	21,765	21,765			
Grants	-2,342		-1,455			
Increase	42,393	194	26,667			
Decrease	-304		-7			
Balance end of period	86,717	21,959	46,969			
<b>Tangible assets total</b>	<b>918,329</b>	<b>820,960</b>	<b>854,081</b>	<b>162</b>	<b>168</b>	<b>172</b>

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Shares in housing companies						
Balance 1 January	351,895	347,699	347,699	351,895	347,699	347,699
Increase	2,483	5,177	6,272	2,483	5,177	6,272
Properties sold	-1,387	-519	-1,823	-1,387	-519	-1,823
Decrease	-54	-95	-253	-54	-95	-253
Balance end of period	352,936	352,261	351,895	352,936	352,261	351,895
Shares in subsidiaries						
Balance 1 January				14,736	14,557	14,557
New sites				250		
Increase				10		179
Properties sold				-320		
Balance end of period				14,675	14,557	14,736
Shares in associated companies						
Balance 1 January	5,648	5,070	5,070	3,579	3,579	3,579
New sites	2					
Properties sold	-488					
Share of profit from associated companies	239	235	578			
Balance end of period	5,401	5,305	5,648	3,579	3,579	3,579
Other shares and participations						
Balance 1 January	3,958	3,175	3,175	3	3	3
Increase		15	15			
Transfers between items		768	768			
Balance end of period	3,959	3,958	3,958	3	3	3
<b>Investments total</b>	<b>362,296</b>	<b>361,524</b>	<b>361,502</b>	<b>371,194</b>	<b>370,400</b>	<b>370,213</b>

## Shares and participations held by the Y-Foundation

Shares in group companies	Domicile	Group's holding, %	Parent company's holding, %
<b>Subsidiaries</b>			
Kiinteistö Oy Keiteleentie 3	Helsinki	100.00	100.00
Kiinteistö Oy Yypari	Kouvola	100.00	100.00
Kiinteistö Oy Y-Kara	Kouvola	100.00	100.00
Kiinteistö Oy Y-Säätiön Pienasunnot	Tampere	100.00	100.00
Asunto Oy Enon Havupuisto	Joensuu	100.00	100.00
Kiinteistö Oy Ylöjärven Kuusistontie 9	Ylöjärvi	100.00	100.00
Kiinteistö Oy Keuruun Juurikkaniemi	Keuruu	100.00	100.00
Kiinteistö Oy Hiittenhovi	Harjavalta	100.00	100.00
Kiinteistö Oy Y-Säätiön Palvelutalot	Helsinki	100.00	100.00
Kiinteistö Oy Joensuun Senioriparkki	Joensuu	51.60	51.60
Kiinteistö Oy Kotkan Tietotalo	Kotka	100.00	100.00
Asunto Oy Fleminginkatu 9 a	Helsinki	100.00	100.00
Y-Säätiön Palvelut Oy	Helsinki	100.00	100.00
Asunto Oy Tuusulan Korkintie 1	Tuusula	83.57	83.57
Kiinteistö Oy Martinuskodit	Tampere	100.00	100.00
Kiinteistö Oy Uudenkaupungin Lukkosepätkäkatu 1	Helsinki	51.00	51.00
Y-Säätiön Uuras Oy	Helsinki	100.00	100.00
Kiinteistö Oy Y-Säätiön Nuorisoasunnot	Helsinki	100.00	100.00
Kiinteistö Oy Nurmijärven Myllärintie 2	Nurmijärvi	64.73	64.73
<b>Associated companies</b>			
Kiinteistö Oy Haagan Kumppanit	Helsinki	39.10	39.10
Kiinteistö Oy Rukki	Turku	48.01	48.01
Kiinteistö Oy Petäjaveden Ankkuri	Petäjävesi	33.04	33.04
Asunto Oy Kolmas linja 25 Bostads Ab	Helsinki	49.23	49.23

Shares in group companies	Domicile	Group's holding, %	Parent company's holding, %
<b>Subgroup, the Y-Foundation's holding 100%</b>			
Kiinteistö Oy M2-Kodit	Helsinki	100.00	100.00
Kiinteistö Oy Helsingin Muurahaisenpolku 6	Helsinki	64.36	64.36
Kiinteistö Oy Helsingin Jallukka	Helsinki	64.40	64.40
Asunto Oy Päivöläntie 25	Helsinki	93.86	93.86
Asunto Oy Espoon Klariksentie 2	Espoo	92.75	92.75
Kiinteistö Oy M2-Vuokratodit	Vantaa	100.00	100.00
Kiinteistö Oy Lappeenrannan Koulukatu 1	Lappeenranta	75.55	75.55
Asunto Oy Nokian Rantahelmi 1	Nokia	100.00	100.00
Koy Tampereen Jallukka	Helsinki	55.00	55.00
Kiinteistö Oy Espoon Runoratsunkatu 9	Espoo	100.00	100.00
Kiinteistö Oy Nokian Säästökeskus	Nokia	100.00	100.00
Asunto Oy Kouvolan Viirikaari	Kouvola	100.00	100.00
KOY Tuusulan Kauppaholvi	Tuusula	100.00	100.00
Asunto Oy Jyväskylän Kangasrinteen Karpalo	Jyväskylä	100.00	100.00
Asunto Oy Pirkkalan Metsätähti	Pirkkala	100.00	100.00
<b>Associated companies</b>			
Asunto Oy Satotaival	Kerava	34.65	34.65
As. Oy Järvenpään Jampanpaju	Järvenpää	41.35	41.35
Hatanpäänhovin Pysäköinti Oy	Tampere	20.63	20.63
Kiinteistö Oy Tampereen Taijan Parkki	Tampere	49.17	49.17
Kiinteistö Oy Vantaan Puunhaltijankujan Parkki	Vantaa	44.62	44.62
Mummunkujan pysäköinti Oy	Tampere	26.51	26.51
Tamppi Pysäköinti Oy	Tampere	23.21	23.21
Veturitallin Parkki Oy	Jyväskylä	37.50	37.50
Kiinteistö Oy Jyrkkälänpolku	Turku	28.85	28.85
Kiinteistö Oy Ahdinluoto	Espoo	34.50	34.50
Kiinteistö Oy Espoon Pegasos Pysäköinti	Espoo	24.08	24.08
Kiinteistö Oy Helsingin Jokiniementien Pysäköinti	Helsinki	21.90	21.90

## Notes concerning the equity and liabilities on the balance sheet

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Capital and reserves</b>						
Initial capital 1 January	20	20	20	20	20	20
Initial capital end of period	20	20	20	20	20	20
Apartment acquisition reserve 1 January	187,835	185,520	185,520	187,835	185,520	185,520
Transfer of grants		751	3,156		751	3,156
Decrease	-687	-205	-840	-687	-205	-840
Apartment acquisition reserve end of period	187,149	186,066	187,835	187,149	186,066	187,835
Construction reserve 1 January	8,603	8,603	8,603	8,524	8,524	8,524
Construction reserve end of period	8,603	8,603	8,603	8,524	8,524	8,524
Grant reserve 1 January	1,593	1,593	1,593	1,593	1,593	1,593
Grant reserve end of period	1,593	1,593	1,593	1,593	1,593	1,593
Homelessness and marginalisation research reserve 1 January	3	3	3	3	3	3
Homelessness and marginalisation research reserve end of period	3	3	3	3	3	3
General-purpose reserve 1 January	35,547	34,600	34,600	35,547	34,600	34,600
Transfer from acquisition reserve	642	205	743	642	205	743
Transfers of other investment grants	55	27	204	55	27	204
General-purpose reserve end of period	36,243	34,833	35,547	36,243	34,833	35,547
Redemption reserve 1 January	73,118	67,914	67,914	73,112	67,908	67,908
Accumulated	5,967	5,204	5,204	5,967	5,204	5,204
Redemption reserve end of period	79,085	73,118	73,118	79,079	73,112	73,112
Investment reserve 1 January	30,932	30,932	30,932	30,932	30,932	30,932
Investment reserve end of period	30,932	30,932	30,932	30,932	30,932	30,932
Surplus/deficit from previous financial years	47,588	37,398	37,398	257	257	257
Profit for the financial year	8,662	7,201	16,157	4,550	2,844	5,967
<b>Capital and reserves total</b>	<b>399,880</b>	<b>379,767</b>	<b>391,207</b>	<b>348,349</b>	<b>338,183</b>	<b>343,790</b>

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Minority interest 1 January	2,123	2,179	2,179			
Change in holdings in subsidiaries	804		-76			
Profit/loss for the financial year	-35	-40	19			
Minority interest end of period	2,892	2,140	2,123			
Deferred tax liabilities 1 January	14,158	11,348	11,348			
Changes	1,405	1,389	2,810			
Deferred tax liabilities end of period	15,563	12,737	14,158			
<b>Financing loans</b>						
Subordinated loans	147		147			
State Treasury loans	167,297	180,217	172,028	15,074	17,328	16,212
Municipality Finance loans	411,306	367,038	383,561			
Financial institutions	246,636	213,840	224,648	85,676	81,809	88,907
Bonds	75,000	75,000	75,000	75,000	75,000	75,000
Limit	5,000			5,000		
<b>Total</b>	<b>905,386</b>	<b>836,095</b>	<b>855,384</b>	<b>180,750</b>	<b>174,137</b>	<b>180,119</b>
Minority interest included in the Group's loans	12,101	8,919	10,248			
<b>Financing loans maturing in more than five years</b>						
State Treasury	98,229	110,870	104,796	7,566	8,931	8,263
Municipality Finance Plc	409,295	365,968	391,618			
Financial institutions	167,978	164,003	128,199	25,850	42,316	32,611
<b>Total</b>	<b>675,502</b>	<b>640,841</b>	<b>624,613</b>	<b>33,416</b>	<b>51,247</b>	<b>40,873</b>

1000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Grants granted but not withdrawn						
STEAs	1,437	6,746	3,727	1,437	6,746	3,727
Liabilities for which assets have been pledged as collateral						
Loans	905,386	836,095	855,384	180,750	174,137	180,119
Mortgages given	1,258,008	1,144,251	1,180,468			
Shares in limited liability housing companies	224,509	217,295	224,509	224,509	217,295	224,509
Other assets pledged, secondary pledges	14,957	17,929	14,957			
Mortgages have been pledged as collateral for property leases						
total	30,953	30,873	30,873			
Commitments						
Y-Foundation's absolute guarantees						
Obligations	3,200	3,200	3,200	3,200	3,200	3,200

#### Derivative instruments, group

Fair values of derivative instruments 1000 €	30 June 2021			30 June 2020		
	positive	negative	net	positive	negative	net
Long-term						
Interest rate swaps, cash flow hedging		-14,584	-14,584		-18,532	-18,532
Short-term						
Interest rate swaps, cash flow hedging		-126	-126		-676	-676
Total		-14,710	-14,710		-19,208	-19,208

#### Nominal values of derivative instruments

Interest rate swaps, cash flow hedging	346,890	353,780
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#### No hedging, the loan was repaid in 2019/Recognised through profit or loss at the negative market value

1000 €	30 June 2021		30 June 2020	
	Nominal capital	Market value/negative	Nominal capital	Market value/negative
Interest rate swaps, cash flow hedging	10,125		5,438	-197

#### Derivative instruments, group

1000 €	positive	negative	31.12.2020 net
<b>Fair values of derivative instruments</b>			
Long-term			
Interest rate swaps, cash flow hedging		-19,758	-19,758
Short-term			
Interest rate swaps, cash flow hedging		-148	-148
Total		-19,906	-19,906
Nominal values of derivative instruments			
Interest rate swaps, cash flow hedging			351,400

#### No hedging, the loan was repaid in 2019/Recognised through profit or loss at the negative market value

1000 €	Nominal capital	31 Dec 2020 Market value/negative
Interest rate swaps, cash flow hedging	5,250	-167

Interest rate swaps are used for hedging loan portfolio interest flows against changes in market interest rates. The Y-Foundation Group creates hedging against interest rate risk also with interest rate swaps that start only in the future (so-called forward start). On the reporting date, the nominal value of such derivatives was EUR 82.8 million. Interest rate hedging arrangements will mature in 1–11 years, with the average duration being 4.1 years.



## Financial risk management

The aim of the Y-Foundation Group's financial risk management is to protect the company against unfavourable changes in the financial markets. The main principles of the management of financing and financial risks are defined in the financing policy approved by the Y-Foundation's Board of Trustees. The Group Financing function reports to the CFO, who is responsible for organising and leading duties related to the management of financing and financial risks and for ensuring that the principles defined in the financing policy are adhered to. When it comes to interest rate risks, the key market risk which the Y-Foundation's financing is exposed to is the impact of market interest rate changes on future interest flows. Interest rate risk is managed by balancing the ratio of loans with a fixed interest rate and loans with a variable interest rate so that the risk related to the increase of interest expenses is at an acceptable level and liquidity can be ensured. The most significant interest rate risk is related to loans on market terms but the interest rate risk related to other financial items is also monitored.

Interest subsidy loans and loans on market terms are mainly drawn with variable interest rates. The company hedges against the interest rate risk of these loans in line with its financing policy using derivative instruments, such as interest rate swaps and interest rate options, so that the share of fixed interest rate loans after hedging measures is kept at approx. 70 per cent of the entire loan portfolio. On the closing date, the share of financial interest rate debt, taking hedging into account, is 68 per cent. The average maturity of the debt portfolio is 21.7 years. In accounting, interest-rate derivatives are handled as cash flow hedging. There is no ineffectiveness associated with hedging as interest rate swaps have the same interest periods as the hedged items. Changes in market interest rates also influence the interest expenses of interest subsidy loans. However, in interest subsidy loans, interest subsidy is received for the portion that exceeds the own-risk portion of interest and, as a result, cost-related risk when interest rates rise is significantly lower.

In state-subsidised (Arava) properties, rent setting on a cost basis is used, with potential interest rate risk transferred to rents. The interest rate of state-subsidised loans is tied to the change of consumer prices in Finland. The interest rate for a financial year is defined during the preceding financial year and, as a result, there is no uncertainty regarding the coming financial year's interest expenses. Some state-subsidised loans have an interest rate cap based on the interest rate of the state's 10-year bond. The risk in state-subsidised loans is a sudden major rise in interest rates that would be difficult to transfer to rents in full without delay.

1 000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
Revolving credit facility						
The Foundation has a revolving credit facility of EUR 2 million from Danske Bank, of which undrawn on the closing date	2,000	2,000	2,000	2,000	2,000	2,000
The Foundation has a revolving credit facility of EUR 5 million from Handelsbanken, of which undrawn on the closing date		5,000	5,000	5,000	5,000	5,000

1 000 €	30 June 2021 Group	30 June 2020 Group	31 Dec 2020 Group	30 June 2021 Parent	30 June 2020 Parent	31 Dec 2020 Parent
<b>Assets subject to condition of return</b>						
<b>Balance sheet value</b>						
Shares in housing companies	192,184	197,845	192,184	192,184	191,689	192,184
Shares in real estate companies	7,070	7,070	7,070	7,070	7,070	7,070
Total	199,254	204,915	199,254	199,254	198,579	199,254
of which covered by grants	115,818	119,623	115,818	115,818	116,034	115,818
Other operations supported by STEA						
Housing counsellors STEA, Housing First Development Network, One of Us, Sea-Tribe, Women's homelessness						
STEAs grants	441	665	1,206	441	665	1,206
operating expenses	-378	-560	-1,214	-378	-560	-1,214
The expenses of STEA-supported activities are included in the expenses of central administration.						
Shares pledged as collateral for loans						
State Treasury	47,776	47,446	47,776	47,776	47,580	47,776
financial instruments book value	135,962	135,962	135,962	135,962	135,962	135,962
pledged at fair value	224,509	217,295	224,509	224,509	217,099	224,509



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