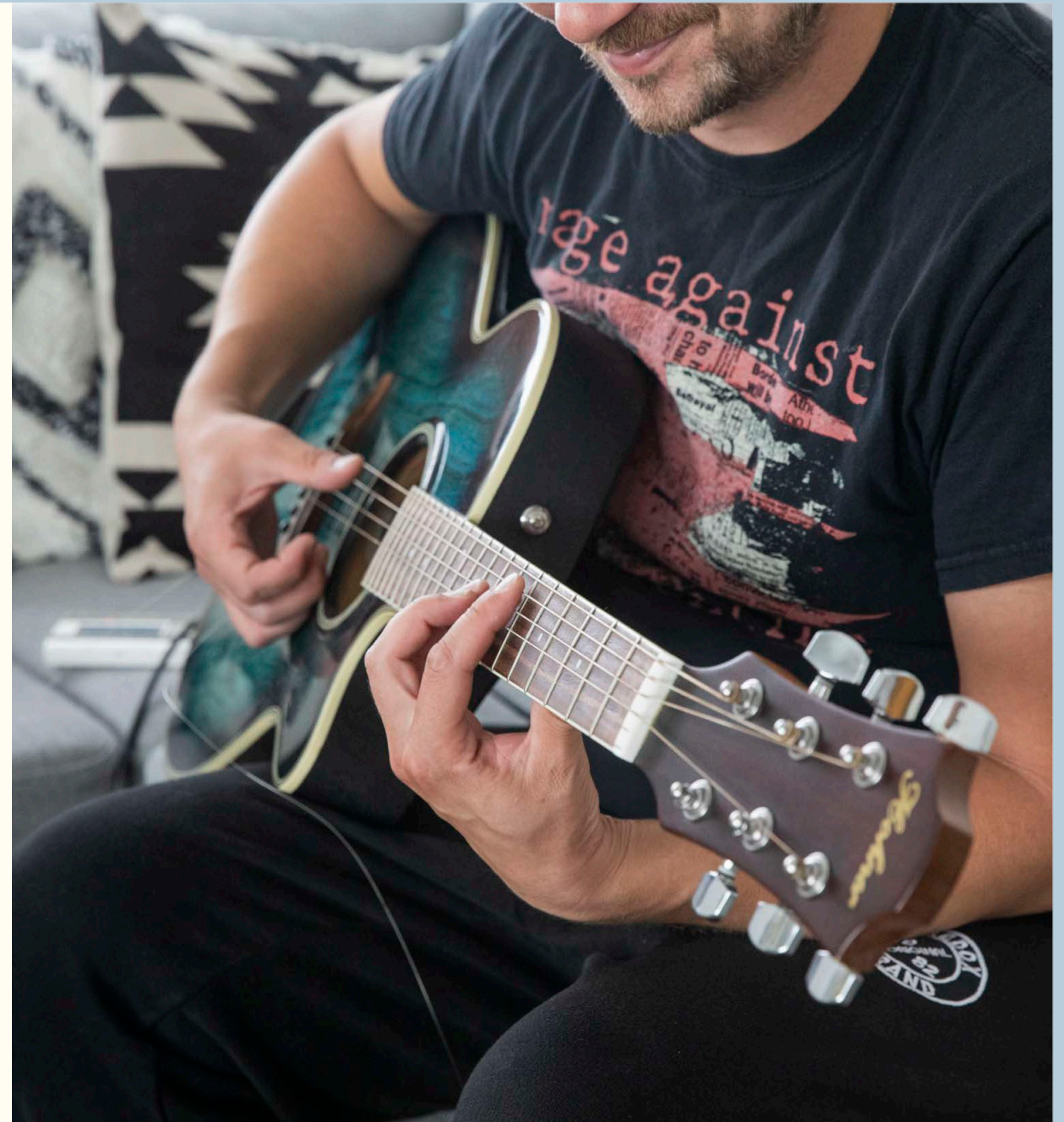


Credit Investor Presentation

June 2023

Y-Säätiö



Introduction to Y-Säätiö

Fourth largest residential landlord in Finland that focuses on offering affordable rental housing & mitigating homelessness

Key information

- Was founded in 1985 to reduce homelessness.
- Is a non-profit, politically non-affiliated foundation that is the fourth largest residential property owner in Finland.
- Has 218 employees and 18,688 apartments, majority of which are located in southern Finland.
- Operates as a charitable entity; the goal of the Foundation is not to make a profit but to determine rents and operate according to the ARA's absorption principle¹
 - The sustained surplus income generated by the Foundation is invested to growth according to the Foundation's goals.

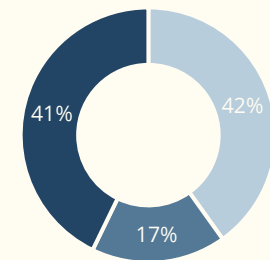
Y-Säätiö consists of Y-Kodit and M2-Kodit

- Y-Foundation operates two main segments: Y-Kodit serving specialty groups such as the homeless and M2-Kodit offering lowcost rental apartments.
 - Y-Kodit owns 7,519 apartments and leases the majority of the dwellings to their partners, organizations and municipalities.
 - M2-Kodit owns 11,169 state subsidized (ARA) rental apartments.
- Both segments, Y-Kodit and M2-Kodit share the same central operating principle: all people need a home of their own.
- Together, the segments constitute Finland's largest nationwide non-profit residential property owner.

Key figures of Y-Säätiö, EURm

	H12023	H12022	H12021	2022
Revenue	74.7	71.3	70.8	143.5
EBITDA	21.4	23.5	25.9	43.7
Operating surplus	9.9	8.6	16.3	22.4
Rental income margin, %	19.5%	18.6%	28.8%	21.5%
Total assets	1,509.0	1,444.8	1,349.7	1,478.1
Interest bearing debt	1,044.1	995.3	906.2	1,018.4
Investments	46.2	42.9	74.6	84.5
# of apartments	18,688	18,577	18,000	18,525

Housing portfolio locations & main ratios H12023



- Helsinki Metropolitan Area
- Other Uusimaa
- Rest of Finland

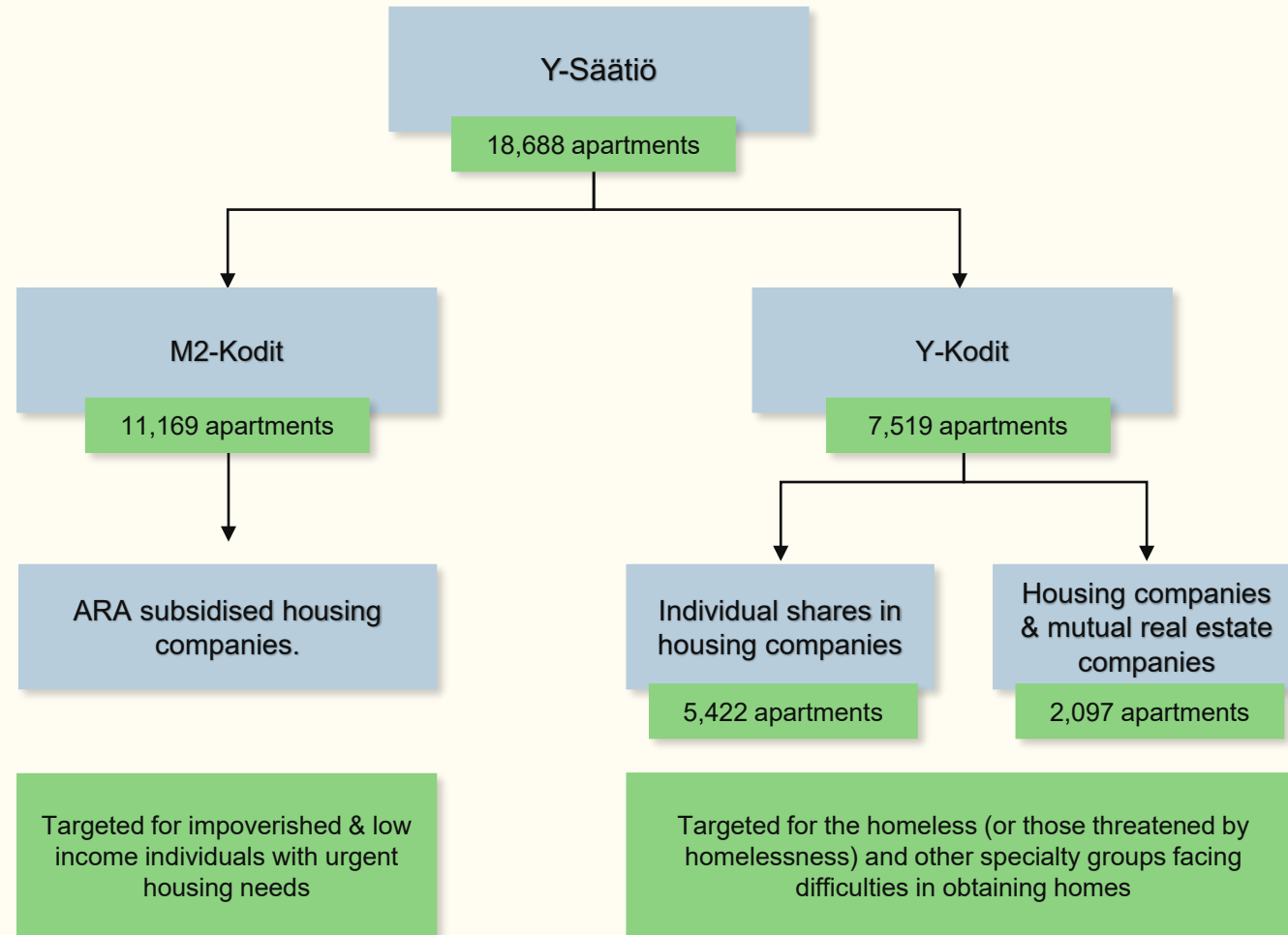
**Equity ratio
(book value):**
28.2%

**Equity ratio
(fair value):** 37.4%

ICR: 3.8x

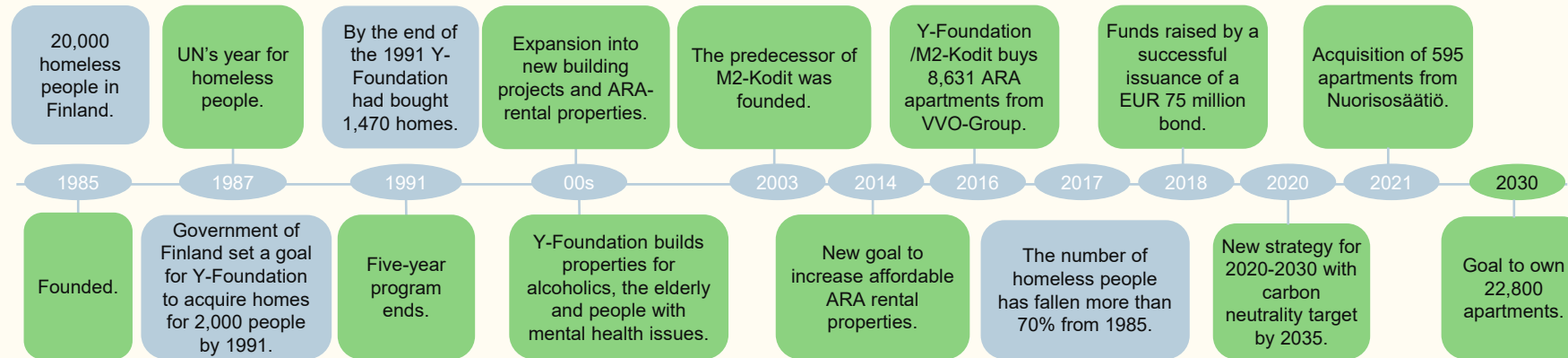
Organisational structure

Organisational structure of Y-Säätiö at the end of June 2023

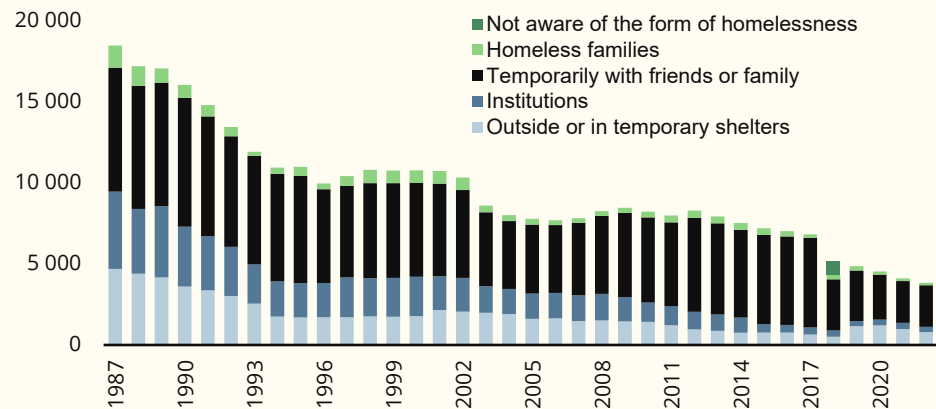


Y-Säätiö milestones

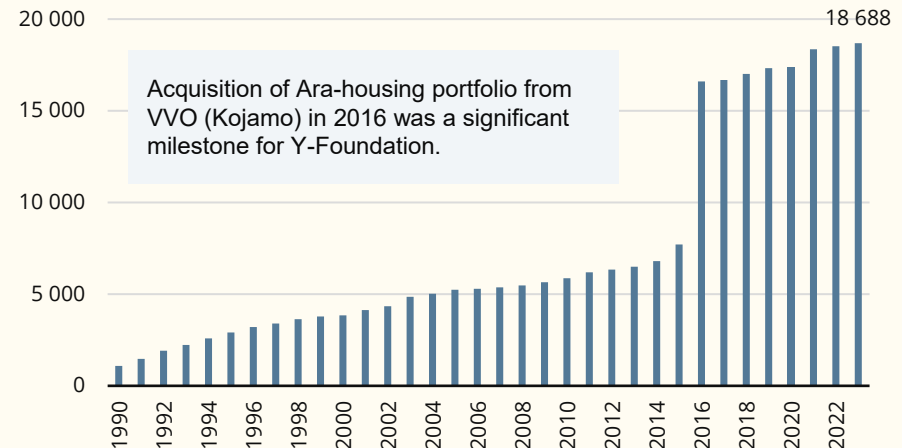
Very successful track record of reducing homelessness; acquisition of M2-Kodit a significant milestone



Homelessness by type in Finland, # of persons



Housing portfolio development, # of apartments



Governance and founding members

Founding members are top Finnish municipalities, institutions, associations and trade unions.

Governance much like in a limited liability company

- **Founders:** founding members are prominent Finnish municipalities, institutions, associations and trade unions.
- **Authority:** the ultimate authority is vested in the Board of Trustees consisting of seven members (of which more than half must represent other than public bodies), chosen by the founding members every two years in the annual meeting. Board decides matters through a simple majority vote.
- **Annual meeting:** takes place within six months of financial year-end, a $\frac{3}{4}$ majority from founders is required to change the by-laws.
- The current chairman of the Board of Trustees is the Finnish Red Cross's Maria Viljanen.

Foundation's key tasks

- Promote social justice and mitigate homelessness.
- Increase the amount of affordable rental housing in growth centres where their demand is the greatest.
- Acquire individual apartments for the specialty groups.
- Promote knowledge about homelessness and provide solutions for matters relating to construction, living and tenant welfare.
- Enhance tenants' economical and social wellbeing.

Description of the founding members



City of Helsinki

The largest and the capital city of Finland with a population of 664,921.



City of Espoo

Second largest city in Finland with a population of 305,274.



THE CITY OF TAMPERE

Third largest city in Finland with a population of 249,060.



City of Vantaa

Fourth largest city in Finland with a population of 242,917.



CITY OF
TURKU

Sixth largest city in Finland with a population of 197,917.



Kuntaliitto
Kommunförbundet

Association of Finnish Local and Regional Authorities promotes local self-government and the modernisation of municipal services.

KIRKKOHALLITUS⁺

Church Council is in charge of government, economics and operations of the Finnish Lutheran church.

mieli
Suomen Mielenterveysseura

The Finnish Association for Mental Health, FAMH, is a Finnish non-governmental organization and a federation of over 50 local mental health associations.

Punainen Risti
Röda Korset

The Finnish Red Cross is the most significant Finnish civic organization providing humanitarian aid.

Rakennusliitto
BYGGMÄSTRFÖRBUNDET

The Finnish Construction Trade Union is the trade union for employees working in the construction sector in Finland.

RT Rakennusteollisuus

The Confederation of Finnish Construction Industries RT (CFCI) is the joint interest organisation of building contractors, special contractors and the construction product industry.

COVID-19 effects to Y-Säätiö

The pandemic had a minimal effect on the financials and operations – people need a home even amidst a pandemic

The COVID-19 pandemic characterized the Foundation's operations in many ways, although its impacts on the Foundation's finances were minimal.

The uncertainty caused by the COVID-19 pandemic during the year was reflected in a lower financial occupancy rate for the Foundation. At the end of June, the occupancy rate was 96.7 per cent.

Covid-19 boosted the digitalization and remote solutions were introduced to help employees cope with their work and Customer service was mainly provided via electronic channels.

The pandemic affected tenants' economic situation and ability to pay rent, therefore we continue to take a flexible approach to payment plans concerning rent arrears caused by the pandemic.

The future outlook is still overshadowed by the continued COVID-19 pandemic and the restrictions in place in society.



Strategy 2020 - 2030

The strategy is based on the UN Sustainable Development Goals

Y-Säätiö

Strategy Objectives

1. We want the Y-Foundation Group's tenants to enjoy a high level of economic and social well-being.
2. We work to eradicate homelessness in Finland and reduce it internationally. We engage in close cooperation with cities, municipalities and NGOs.
3. We aim for a fair transition towards carbon neutral living.

Mission

So that everyone can have a home.

Vision

We are a leader in the eradication of homelessness and we promote well-being and sustainable lifestyles among our tenants.

Service Promise

We are here for you.

Values

Courage

We have the courage to be on your side even when others are not. We lead the way, make decisions and put our plans into action with an open mind.

Trust

We do what we promise. Our tenants can trust in the affordability, continuity and safety of their housing.

Housing with dignity

Dignity is the foundation of our work. We treat our tenants equally. We provide affordable rental apartments. Everything we do starts from the Housing First principle.

Y-Säätiö targets for 2030

22,800 Apartments	Recycling rate of 80% for household waste	0 People experiencing Homelessness
20,000 new work opportunities for tenants between 2020 and 2030	70% reduction in the Group's CO2 emissions	

Carbon neutral Y-Säätiö - 2035

Y-Säätiö's goal is to minimise carbon footprint during the strategy period and achieve carbon neutrality by 2035.

Spearhead projects supporting strategic objectives

Spearhead projects enable Y-Säätiö to address key areas within 2020-2030 strategy

1. We want Y-Säätiö Group's tenants to enjoy a high level of economic and social well-being



2. We work to eradicate homelessness in Finland and reduce it internationally. We engage in close cooperation with cities, municipalities and NGOs



3. We aim for a fair transition towards carbon neutral living



Spearhead Projects

- Successful housing
- Work opportunities for tenants
- One Y-Säätiö – one excellent customer experience
- Growing the housing portfolio

Spearhead Projects

- Close cooperation with municipalities and NGOs
- Y-Säätiö as a leader in the international effort against homelessness
- Pursuing equality together with partners

Spearhead Projects

- Carbon neutral Y-Säätiö 2035
- Sustainable and convenient daily life for tenants

Sustainable Development Goals

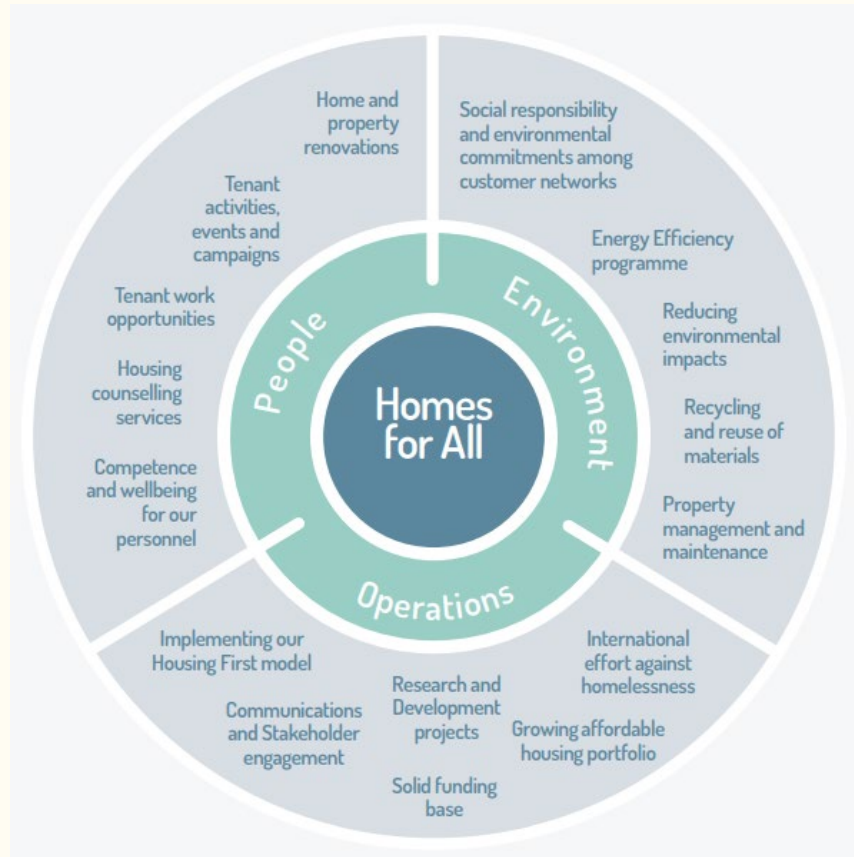
The UN Sustainable Development Goals are the starting point for the Y-Säätiö's 10-year strategy. Our strategy is linked to 11 of the UN SDGs. We will reduce inequality between people, increase the well-being of our tenants and lead the way as part of the international community of homelessness organisations.



Key sustainability areas at Y-Säätiö

Materiality assessment guides Y-Säätiö's activities

Y-Säätiö's material sustainability topics

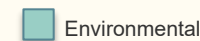


Y-Säätiö's activities supporting the 2030 strategy

- We produce and disseminate information on homelessness and the importance of pursuing equality in society.
 - We conduct experiments and projects aimed at increasing equality together with our partner network.
 - We will develop solutions for community-oriented and decentralised housing that can be used by various parties around the world.
 - We develop practices for preventing homelessness and reducing inequality through extensive network cooperation.
 - We offer work and training opportunities through our Uuras employment programme.
 - We also help our tenants on the path to employment by providing counselling services, apprenticeship opportunities and various training courses.
 - In new construction, we build Energy Class A residential properties that are implemented with a high level of material efficiency.
 - In our existing properties, we improve energy efficiency through renovations and upgrades focused on energy consumption.
 - We will change our heating agreements to renewable district heating or geothermal heating, depending on availability, by 2030.
 - We will make use of solar power whenever possible. We will make use of smart solutions in improving energy efficiency.
 - We prioritise ecology, ethics and sustainable development in all of our procurement activities.
- We increase awareness among our personnel through communications and training.



Social



Environmental

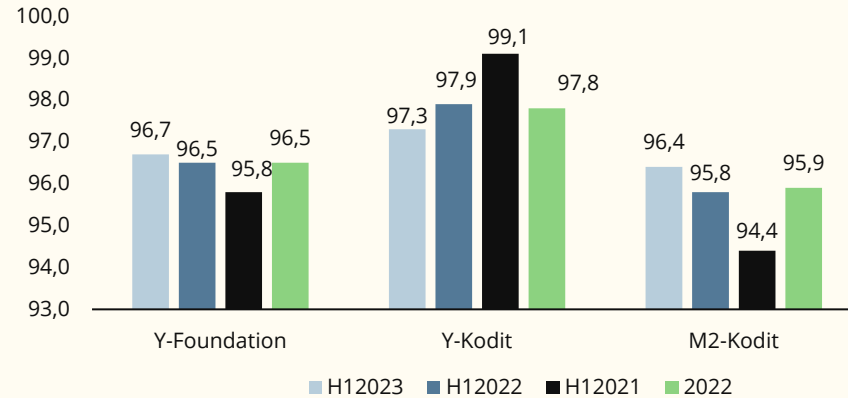
Key portfolio information H12023

Diversified housing portfolio backed by high occupancy rates and low tenant turnover

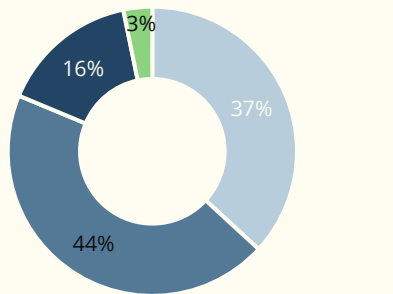
Key information by segment

	M2-Kodit	Y-Kodit	Group
Total number of apartments	11,169	7,519	18,688
Average apartment size (sqm)	56.3	38.4	49.1
Total rentable space (sqm)	~628,500	~288,500	~917,000
Average rent/sqm (EUR)	14.1	13.7	14.0
Economic occupancy rate	96.4%	97.3%	96.7%
Tenant turnover rate	20.6%	6.2%	14.8%

Economic occupancy rate % is on a satisfactory level

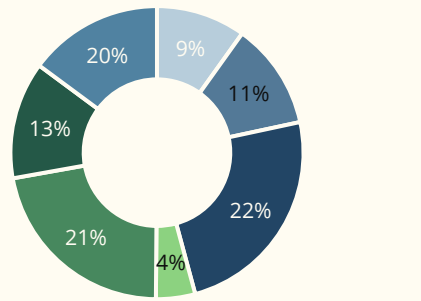


81% of 1-2 room apartments



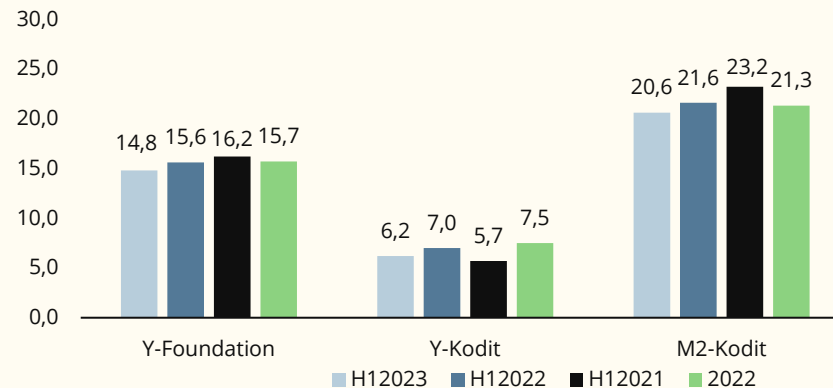
■ 1 rooms
■ 2 rooms
■ 3 rooms
■ 4 rooms or more

54% of apts. built after 90's



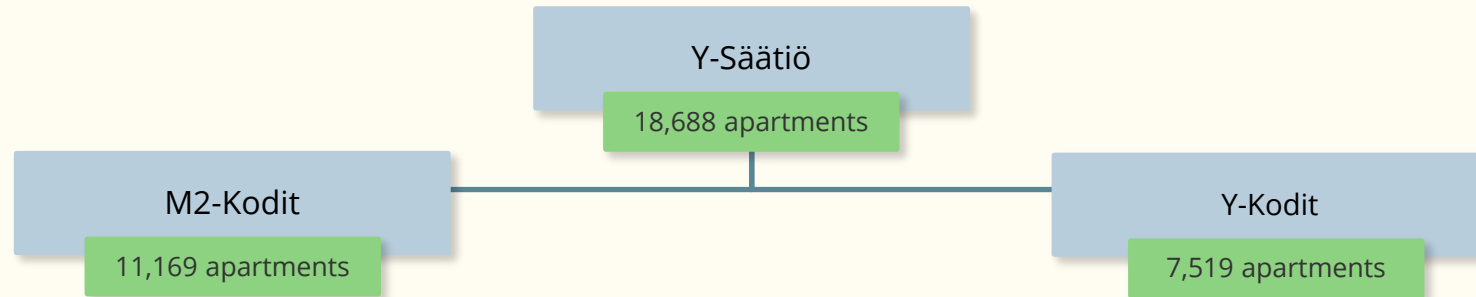
■ < 1960's
■ 1960's
■ 1970's
■ 1980's
■ 1990's
■ 2000's
■ >2010

Low tenant turnover rate % indicates high tenant loyalty



Two operating segments: Y-Kodit and M2-Kodit

Social responsibility is at the core of both entities

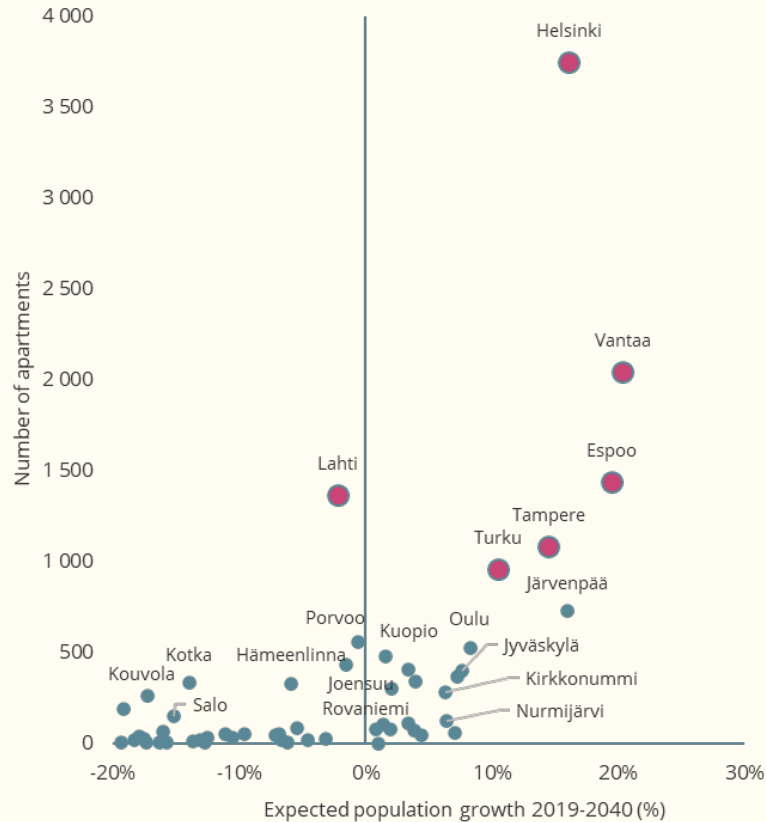


- M2-Kodit is a fully owned subsidiary company focusing on non-profit urban ARA subsidised rental housing.
 - Targeted for impoverished & low income individuals with urgent housing needs; prioritised for individuals most in need.
- Y-Säätiö acquired the whole ARA subsidised apartment portfolio of VVO (now: Kojamo) during 2016 and transferred the portfolio to a new “M2-Kodit” entity.
 - 8,631 new apartments along with 66 new employees transferred, thus doubling the number of apartments and tripling the number of employees of Y-Foundation.
 - After the transaction, all Y-Foundation’s existing (old) ARA apartments were also transferred to M2-Kodit.
- The strategy of M2-Kodit is to provide truly affordable rental housing, reflecting the cost price principle of the ARA-subsidy programme.
- The apartments owned by Y-Kodit are meant for homeless people, people in risk of homelessness and other specialty groups that find it difficult to enter the housing market.
- Y-Kodit owns 5,422 individual apartments (shares in housing companies) around Finland, of which ca. 4,050 have been rented to Y-Säätiö’s partners and some 1,350 directly to tenants. The rest, ca. 2,100 apartments are owned through fully owned housing companies.
 - The individual apartment acquisitions have been assisted by grants from STEA (previously RAY) and ARA.
 - The partner organisations include municipalities, foundations and charity organisations, that also handle tenant selection.

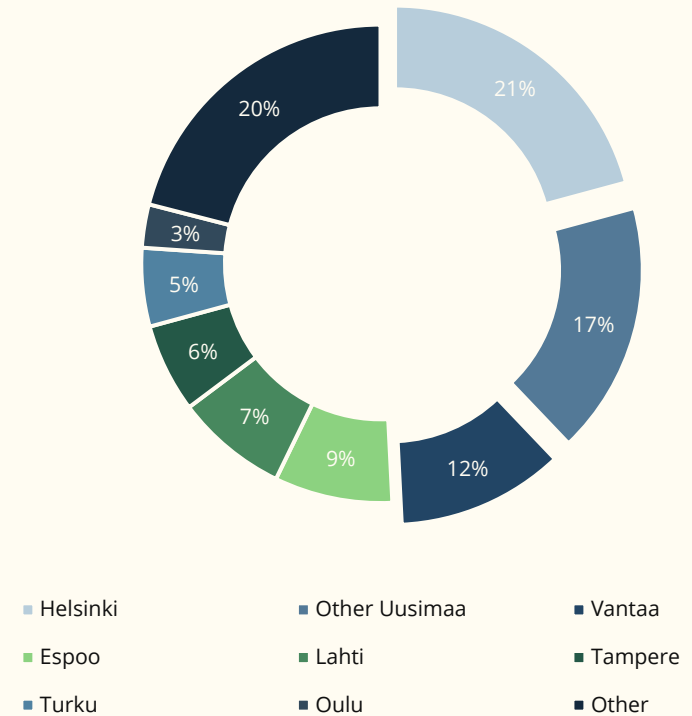
Geographical review of the housing portfolio

Vast majority of apartments located in growing areas and nearly half of cash flows derived from the metropolitan area

of apartments per city and expected population growth



Geographical split of rental housing



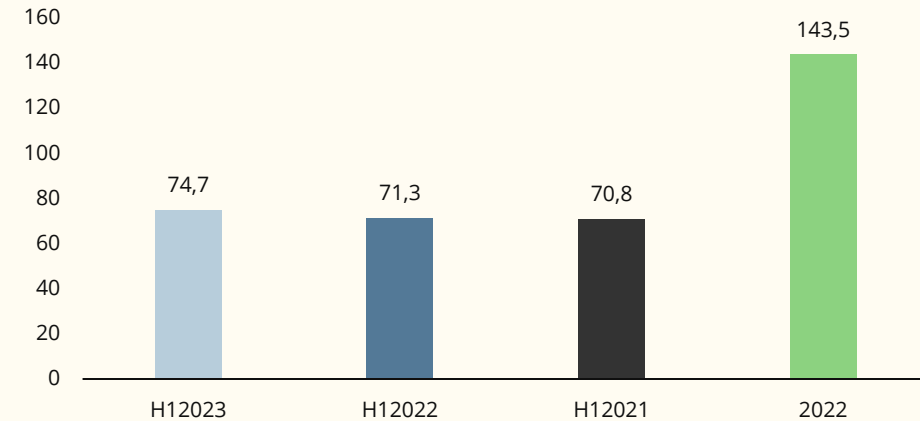
Key financials

Stability best seen in the figures

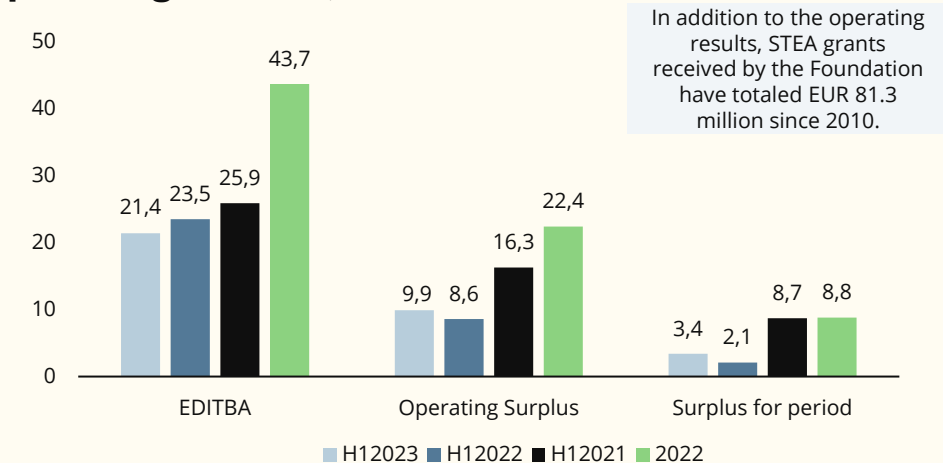
Key financial figures

EURm	H12023	H12022	H12021	2022
Revenue	74.7	71.3	70.8	143.5
EBITDA ¹	21.4	23.5	25.9	43.7
Operating surplus	9.9	8.6	16.3	22.4
Net interest expense ²	-5.6	-5.9	-6.2	-12.4
Surplus for period	3.4	2.1	8.7	8.8
Interest bearing debt	1,044.1	995.3	906.2	1,018.4
Equity	420.8	408.6	399.9	417.3
Total assets	1,509.0	1,444.8	1,349.7	1,478.1
Cash in hand and with banks	53.2	61.2	54.5	58.5
Investments	46.2	42.9	74.6	84.5
FINANCIAL RATIOS				
Rental income margin	19.5%	18.6%	28.8%	21.5%
Equity ratio ³ (book value)	28.2%	28.6%	29.9%	28.6%
Interest Cover Ratio ⁴ (ICR)	3.8x	4.0x	4.2x	3.5x

Group revenue, EURm

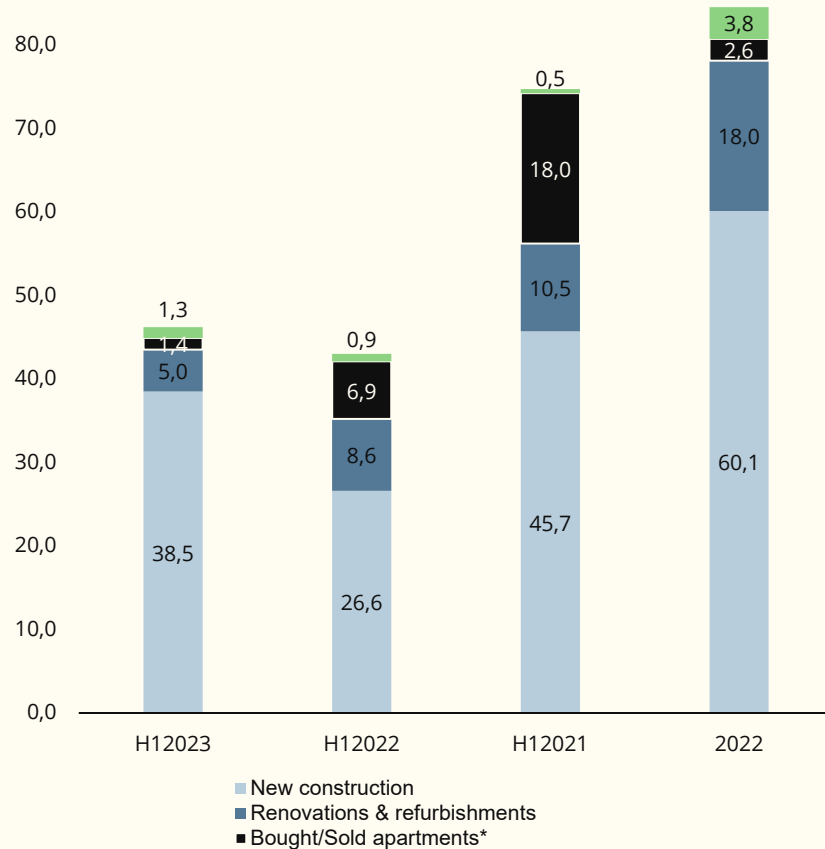


Operating results, EURm



Capex breakdown

Capex development 2021 - 2023



Commentary

Y-Säätiö uses ARA interest subsidy loans and grants for funding new construction and renovation investments. All of the new properties developed by M2-Kodit are ARA properties, meaning they are built with state subsidies and have regulated rents.

As at 30 June 2023, Y-Säätiö had 567 rental apartments under construction, of which 536 were M2-Kodit apartments.

In June 2023, Y-Säätiö acquired 89 Y-Kodit rental apartments, while in June 2022, it acquired 24 rental apartments.

The company estimates that in the future, expenditure on new construction is likely to increase to EUR 70-80 million per year from the 2020 levels. Renovations & refurbishments expenditures are estimated to remain at the current levels, while expenditures on bought/sold apartments is likely to be halved from 2022 onwards.

Funding and maturity analysis H12023

Long maturities with mostly subsidised loan stock

Commentary

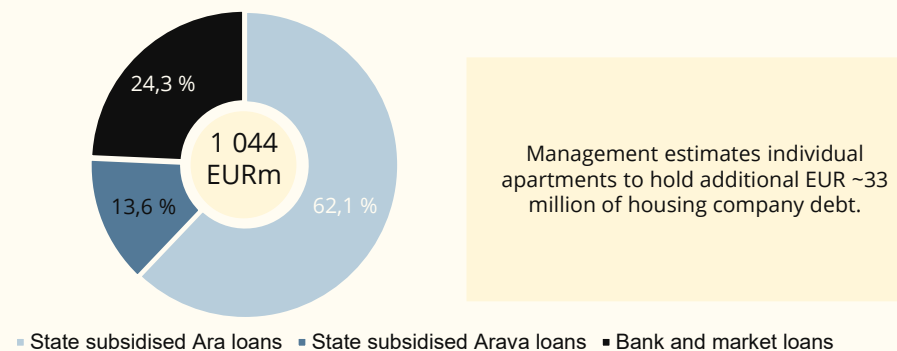
The current funding focuses strongly on older Arava loans and newer Ara loans; state subsidised loan stock represents some 76% of total.

As at 30 June 2023, all of the financial liabilities of Y-Foundation Group are secured, except for its EUR 135m bond of which 35m maturing 2023 and 100m maturing 2026.

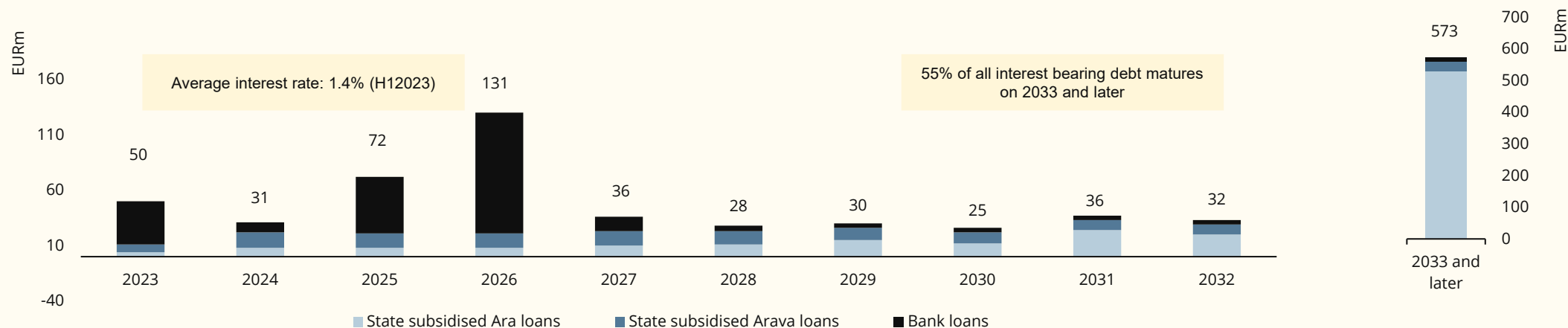
Current maturity profile of the Foundation is very even, consisting mostly of ARA loan amortizations. Additionally, most of the loan stock matures after 2033.

The loan hedging ratio target is 70 per cent of the Group's entire loan portfolio.

State subsidised loans make up ca. 76% of debt



Current maturity profile strongly focused on the long end with limited refinancing risks in any given year

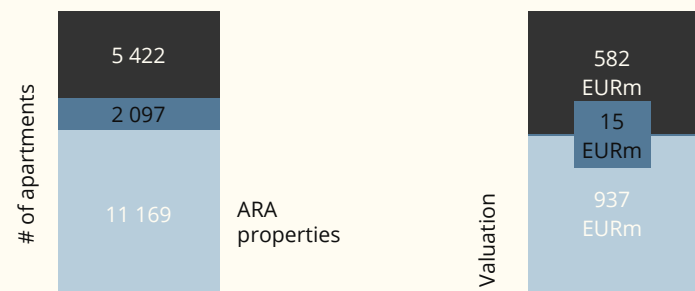


Note: The Arava loans were government subsidised loans granted by State Treasury until 2006. Since 2007, these loans have been granted by either banks or Municipality Finance and are categorised as Ara loans.

Key credit ratios and property valuation

Unlocked property value in the subsidised apartment stock – strong ICR & stable equity ratio

Property valuation in Y-Säätiö H12023



EUR 582 million in market value (valued by Retta on 30 June 2023)

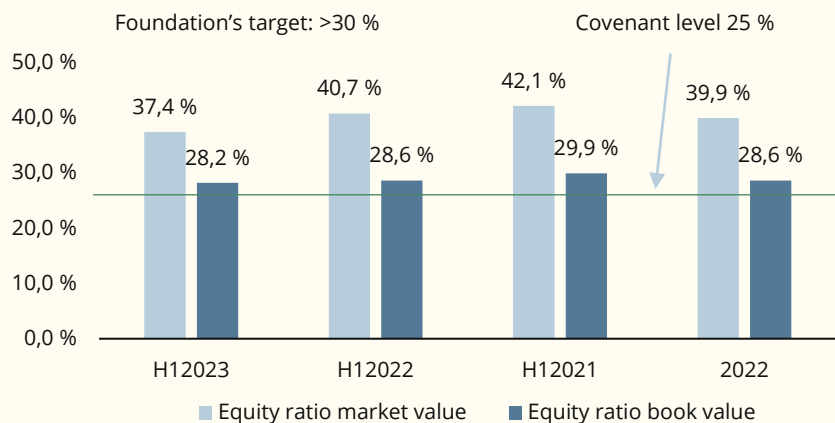
EUR 15m in book value

EUR 937m in book

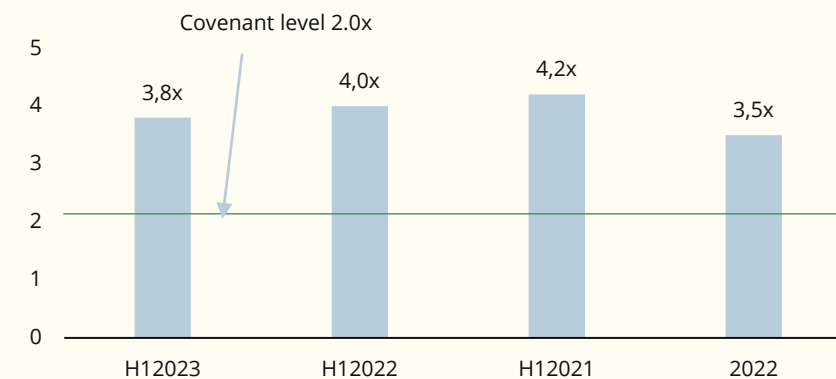
Currently Y-Säätiö evaluates the fair value of its ownership in housing company shares (5,422) via an external valuation provider Retta. Other properties such as the M2-Kodit ARA stock are valued to their book value.

■ M2-Kodit apartments ■ Y-Kodit housing companies ■ Y-Kodit individual apartments

Equity ratio



Interest cover ratio (ICR) ¹



¹ Interest Cover Ratio: EBITDA / Net interest expense

Introduction to Y-Säätiö's governance and by-laws

Governance resembles that of a limited liability company

Selected points defining the governance of the Foundation

- The purpose of Y-Säätiö is to support social care services by providing decent housing to people who are capable of normal or nearly normal independent living but who are facing difficulties in getting a home. The Foundation may also participate in improving the social and economic living conditions of the people referred to above, as well as support and commission research that mainly serves these purposes.
- The Foundation seeks to achieve its social goals by providing affordable housing and arranging the funding for the housing in such a way that rents will match the financial capabilities of the tenants.
- In case the Foundation accumulates assets that are not used immediately for achieving the purposes of the Foundation, the Foundation's assets must be invested in a profitable manner in accordance with an investment plan approved by the Board of Trustees.
- The governing bodies of the Foundation are the Annual Meeting, the Board of Trustees and the Managing Director.
- The founding members meet for an Annual Meeting within six months of the end of the financial year (31.12.). The annual meeting issues a statement concerning the financial statements and the budget of the Foundation and elects the Board of Trustees.
- The Board of Trustees has seven members. More than half of the members of the Board of Trustees represent other than public bodies. The members of the Board of Trustees are elected for a term of two years at a time and the maximum total term of membership in the Board is 12 years.
 - Current composition of the Board: Maria Viljanen (Chairman), Tiina Mäki, Aleksi Randell, Tapio Tähtinen, Tomi Henriksson, Kimmo Palonen, Pekka Salmi
- The Board of Trustees is responsible for the Foundation's governance and for organising the activities of the Foundation so as to achieve the purpose of the Foundation. The Board of Trustees is responsible for the oversight of the Foundation's accounting and asset management.
- The Board of Trustees elects and dismisses the Managing Director. The Managing Director oversees the achievement of the Foundation's purpose and manages the day-to-day running and administration of the Foundation in accordance with instructions and orders from the Board of Trustees.
- A majority of the members of the Board is required to decide on changing these by-laws or dissolving the Foundation. In addition, the changes to the by-laws must be approved by the Annual Meeting. To become effective, the decision by the Annual Meeting must be made with at least 3/4 of the attending founding members in favour of the decision.
- If the Foundation is dissolved, the remaining assets of the Foundation will be transferred in equal portions to the Finnish Red Cross, the Finnish Church Council and the Finnish Association for Mental Health to be used primarily for purposes matching those of the Foundation.
- The founding members mentioned above are the Association of Finnish Local and Regional Authorities, the City of Espoo, the City of Helsinki, the City of Tampere, the City of Turku, the City of Vantaa, the Church Council, the Finnish Construction Trade Union, the Finnish Association for Mental Health, the Finnish Red Cross and the Confederation of Finnish Construction Industries RT.

ARA-homes introduction

ARA (previously ARAVA) implements Finnish housing policy



ARA introduction

ARA, the Housing Finance and Development Centre of Finland has major responsibility for the implementation of Finnish housing policy.

belongs to the administrative branch of the Ministry of the Environment.

grants subsidies, grants and guarantees for housing and construction and controls and supervises the use of the ARA housing stock.

In addition, ARA participates in projects related to the development of housing and expertise in the housing market, and produces information services for the industry.

expert partner, developer and modernizer of housing and promotes ecologically sustainable, high-quality and reasonably priced housing.

operating principle is: everyone is entitled to comfortable housing.

ARA's tasks

supports the improvement of the housing conditions of people with low or average incomes and special-needs groups.

monitors and directs non-profit housing corporations to ensure the sound management of finances and the allocation of government subsidies to residents.

develops sustainable, high-quality and reasonably priced housing.

develops the existing building stock and living environments to meet the challenges of the times in question.

directs and monitors the use of ARA's stock of buildings and manages the risks related to their loans together with the State Treasury.

promotes, utilizes and disseminates the results of research and development activities related to housing conditions.

collects, analyses and disseminates information on the housing market and maintains online and information services for the industry.

Introduction to STEA grants

STEA grants are mainly used to acquire individual apartments & have helped the foundation's portfolio to grow

Background

STEA is a standalone state-aid authority operating in connection with the Administration and Planning Department of the Ministry of Social Affairs and Health.

STEA is responsible for administration, payment and monitoring of funds granted to social and health organisations from Veikkaus Oy gaming income.

Y-Foundation receives STEA investment aid for the acquisition and/or construction of apartments for specialty groups. Approx. 90% of Y-Foundation individual housing company shares have received STEA grants.

The investment aid per project/application accounts for maximum of 50% of the acquisition price.

The Y-Foundation also regularly receives grants from ARA that are used to fund new construction and renovation investments EUR 4,9 million in H12023 (EUR 0.3 million in H12022).

The amount of annual STEA grants received by Y-Foundation has remained relatively stable through the 2010's.

The received amount has been varying between approx. EUR 2.6m and EUR 8.3m with maximum year-over-year variance of ca. EUR 5.7m.

Restrictions posed by the STEA subsidies

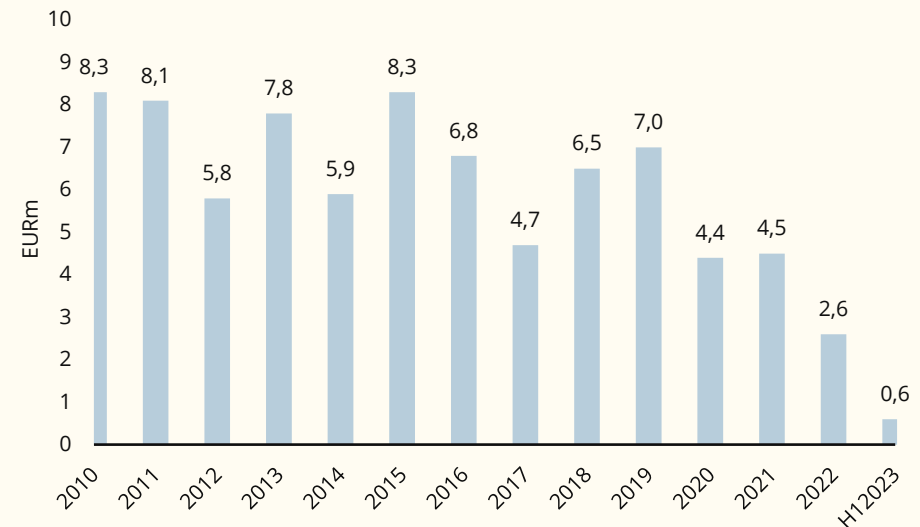
The apartments acquired with the help of STEA investment aid have to be used for the purpose stated in the application for at least 20 years.

If the apartment is sold before the 20-year lock-up period ends, a part of the grant needs to be paid back to STEA.

The repayment equals 5% of the grant amount per year left of the lock-up period. The repayment is interpolated linearly over time, including both the year of the grant and the current year as whole years.

If the organisation is financially unable to pay back the grant, they can appeal to the Ministry and request a moderation to the repayment.

STEA grants by year



Source: STEA, Y-Foundation

Y-Säätiö

Kari Komu
CFO

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