



ANNUAL REPORT

2022

Avain Yhtiöt

Tilkankuja 1, Klaukkala,
completed in 2022, right-of-occupancy

Annual report 2022

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Kyösti Kallion katu 9 A, Lahti,
completed in 2022, right-of-occupancy

Kyösti Kallion katu 9 C, Lahti,
completed in 2022, rental apartments



Avain Group

Avain Yhtiöt is a Finnish real estate investment company that specialises in the production, development and construction of apartments and housing services. Our construction value chain is unique – we own the entire value chain of raw land acquisition, housing design, construction and maintenance. Our own land acquisition, construction and contractor organisation, in-house sales and leasing, property management and versatile services, combined with our own housing production, make our operations cost-effective, customer-friendly and agile. Further strengthening the value chain, we will be starting in-house production of environmentally friendly precast concrete at the beginning of 2023. The industrial production of building elements strengthens the Group companies' security of supply and enables more environmentally friendly construction. The unique value chain, combined with a diverse range of housing, gives us a significant competitive advantage.

The Group has several subsidiaries, all of which have social responsibility and sustainability as an integral part of their business operations.

Vision

Avain Yhtiöt's vision is to be the best provider of housing services in Finland in terms of price-quality ratio. To achieve this goal, we have created a quality and customer-oriented operating model that emphasises genuine interaction with our stakeholders, flexibility, cost-effectiveness and quality.

Strategic focus areas for 2022–2026

Our strategy, updated in 2022, focuses on the following areas:

- Unique value chain
- Profitable growth
- Motivated personnel
- Best customer experience
- Responsibility and sustainable development

HOUSING AND CONSTRUCTION SERVICES

Right-of-occupancy apartments | We are the third largest owner of right-of-occupancy housing in Finland and play a major role in providing affordable housing services in the country.

Rental Apartments | We build and own high-quality non-subsidised rental housing in and around growth centres. Our rental apartments are on average 2.4 years old, well-equipped and suitable for different life situations.

Owner-occupied apartments | We design, build and implement high-quality and well-equipped owner-occupied homes in desirable locations.

Assisted living facilities | We provide a high-quality and safe way of living for the elderly, people with reduced mobility and others in need of assisted living. We own the assisted living properties, while the actual resident and care services are provided by a separate operator.

Construction and development | Avain Rakennuttaja specialises in residential construction and project management services. Tencon is a company specialising in new construction, working in close cooperation with Avain Rakennuttaja. The company has overall responsibility for site management and procurement. The company operates in the Helsinki metropolitan area.

Industrial production | The concrete element factory Tenel Oy is the newest branch of Avain Yhtiöt. In its operations, the factory focuses on sustainability and the reduction of carbon dioxide emissions with the aim of reducing the carbon footprint of the Group's building production. The aim is to develop the most environmentally friendly concrete element factory on the market.





Haukankaari 5 D, Jyväskylä,
completed in 2021, rental apartments

Year 2022 in figures

103

TOTAL REVENUE
(EUR million)

1,686

BALANCE SHEET
(EUR million)

170

INVESTMENTS
(EUR million)

10,927

AVAIN APARTMENTS

Avain Yhtiöt's total revenue in 2022 was EUR 103 million and investments amounted to EUR 169.9 million, of which EUR 156.8 million concerned new construction and EUR 13.1 million renovation investments. 730 new apartments were completed and the total number of apartments at the end of the year was 10,927.



CEO'S REVIEW

The year 2022 has been a year of strong growth for Avain Yhtiöt. In the autumn, the company had a record number of apartments under construction, more than 1,600. By the end of the year, the company had nearly 11,000 apartments and about 18,500 residents. Avain Yhtiöt is a significant developer, builder and housing investor in Finland. We are on a good growth track in pursuing and implementing our strategic growth objectives, the most important of which is to achieve a non-subsidised rental apartment stock worth billion euros in 2026.

During the past year, several major key projects have progressed. The annual production targets of approximately 1,000 apartments have been met in rental and right-of-occupancy apartment production. Avain Asunnot apartments have been popular. According to the resident survey conducted at the beginning of 2023, our NPS was 39, which is a very good result in the real estate sector. We have been able to maintain good occupancy rates. In the summer of 2022, occupancy rates were at a peak of 98%, but the completion of new properties in the autumn temporarily lowered the occupancy rates at the end of the year. We are succeeding in a tight market situation thanks to smart construction, skilled expert personnel and versatile housing options.

The world is in turmoil

The year 2022 has also been a year of turmoil in many ways. The war launched by Russia against Ukraine, combined with the damages caused to supply chains during the pandemic, led to high inflation in the spring of 2022, which central banks are trying to curb with interest rate increases. Various suppliers have reported difficulties in the supply of building materials and equipment. Cycles are part of the economy and, as a result, less healthy business is eliminated from the market. It is clear that the sector also needs government support measures if employment in the construction sector is to be kept high in our country.

For Avain Yhtiöt, the increased prices and financing costs have mainly been reflected in challenges related to the costs of new projects. There have also been challenges with material availability. Increased uncertainty has been positively reflected in the demand for Avain Asunnot apartments. The rise in interest rates has led to a slowdown in con-

sumer trade, mainly in owner-occupied properties: many people postpone their housing purchases and continue to live in rented apartments or acquire a right-of-occupancy apartment instead of their own property. Nevertheless, we have managed to grow as planned and new homes have been completed on time. Avain Yhtiöt implemented a Hitas (price-regulated) project of 49 owner-occupied apartments, which was a bestseller. As many as 1,200 applicants showed interest towards the apartments, and the fortunate owners of new apartments were chosen by means of a draw.

Increasing uncertainty will open up opportunities to acquire good plots in central locations, as operators will leave the sector due to tightened funding. Each year, Avain Yhtiöt acquires plots corresponding to more than 100,000 square metres of floor area, which enables the construction of approximately 1,500 apartments.

Interesting key projects

Avain Yhtiöt announced three major key projects during the year. They concern the planning and building a centrally located block complex in Helsinki, either alone or together with partners.

Kumpulanmäki, Helsinki, is located on an approach road to the Lahti motorway, next to the Kumpula campus of the University of Helsinki. Avain Yhtiöt and Ahlström Kiinteistöt won the partnership and bidding competition organised by Senate Properties and Helsinki University Properties in spring 2022. This is the first joint project between Ahlström Real Estate and Avain Yhtiöt. It combines different types of housing, right-of-occupancy and rental apartments with offices and business premises in a creative way. The total scope of the project is 21,000 m², of which Avain Yhtiöt accounts for 11,500 m². I am very happy that cooperation with Ahlström Real Estate got off to such a swift and successful start in 2022.

Avain Yhtiöt is involved in Finland's largest demolition and construction project in Mellunmäki, Helsinki. The aim of this block project is to build new apartments to replace the existing buildings that have reached the renovation age. Avain Yhtiöt will build approximately 200 apartments and a day-care centre, and it will also own a share of the joint parking facility the block. The total scope of the project is 13,500 m². The purpose of the project is to demonstrate that demolition can be an ecological alternative in comparison with the continued use of properties at the end of their service life.

Avain Yhtiöt will build high-rise buildings in Central Pasila, near the Mall of Tripla. This project involves building rights is approximately 23,000 m² in two different blocks. The blocks will include modern business premises as well as non-subsidised and subsidised housing production. The block will include a 12-storey residential building and

a 14-storey high-rise building. Three rental housing projects have already been completed in Pasila, and the project will increase Avain Asunnot's presence in a central area in the heart of Helsinki.

Reinforcing the value chain at the element factory

In late 2022, Avain Yhtiöt launched a project to establish its own element factory in Kouvola. Tenel manufactured the first elements in March 2023. The aim of establishing a precast concrete element factory is to reduce production costs, improve security of supply and reduce the effects of economic cycle fluctuation. This is the company's first step towards industrial production. The production of building elements expands and deepens our unique value chain.

The aim is to be the most environmentally friendly concrete element factory on the market. In its operations, the factory focuses on sustainability and the reduction of carbon dioxide emissions with the aim of reducing the carbon footprint of the Group's building production. The factory uses renewable energy. The factory property is heated with air-water heat pumps and during the winter season, additional heating is provided using bioenergy. Electricity will be produced with solar energy. This factory project strengthens Avain Yhtiöt's unique value chain and responsible operations.

Senate Properties and Helsinki University Properties organised a partnership and bidding competition for the northernmost block of the Kumpulanmäki area in the spring of 2022. Avain Yhtiöt and A. Ahlström Kiinteistöt won the competition with their proposal Kustaanportti, which was prepared by Architectural Office HMM Oy.



Illustration

Resident satisfaction is the starting point of our operations

Regular resident satisfaction measurements give us a direction for improving our operations. A satisfaction survey conducted in early 2023 showed that resident satisfaction and willingness to recommend have continued to rise. Avain Asunnot achieved a reputation score of 3.8 on a scale of 1 to 5, and its NPS was 39 (33 in 2021). We can be very satisfied with these figures, and we will continue working on this area – resident satisfaction is the starting point for everything we do.

Our operations are based on strong values

Every successful company is based on strong values. During the autumn, our personnel has participated in defining the values of Avain Yhtiöt. As a key value for the company is keeping promises. The work is done and not left unfinished or halfway. Reliability and delivery security are what we promise to all stakeholders and customers.

Social sustainability is our objective

The mission of Avain is to build diverse city quarters where people can live ecologically sustainable and communal lives in a comfortable environment. Although non-subsidised rental production is at the heart of our growth, state-subsidised housing production will remain an important part of the Group's activities. State-subsidised housing production includes long-term interest rate subsidies for right-of-occupancy, rental and assisted living homes. We focus on large-scale projects, and new developments will continue to be state-subsidised housing production.

Ecology is at the heart of our operations

During the year, Avain Yhtiöt published a responsibility programme, and in the autumn we have collected and concretised the measures taken to save energy and the environment. Responsibility and sustainability is a strategic focus for Avain Yhtiöt and part of the everyday work of everyone at Avain Yhtiöt.

I have solid faith that Avain Yhtiöt, as a reliable and stable rental and right-of-occupancy company, will emerge victorious from the current turmoil. A big thank you for the past year to our customers and employees. Building sustainable cities continues!

PERTTU LIUKKU

CEO

Avain's value chain

From land price to property maintenance – our unique value chain guarantees high-quality housing for the residents.

1. LAND ACQUISITION AND ZONING PLAN DEVELOPMENT

We acquire approximately new building rights corresponding to 100,000 m² of floor area annually

2. DESIGN CONTROL

Thanks to design control, we are able to take the market situation, life cycle costs and environmental aspects into account

3. INDUSTRIAL PRODUCTION

Own production of low-carbon elements and optimisation of project construction time

4. CONSTRUCTION AND CONTRACTING

Own project management, supervision and own construction company

5. SALES AND RENTAL

Our own sales organisation enables quick responses to market changes and high-quality customer service

6. PROPERTY MAINTENANCE

Own real estate unit carries out property management, maintenance and repairs



Avain Yhtiöt has a unique value chain. Our value chain begins with the development of land use planning and land acquisition in cooperation with the land owner.

When constructing properties for ourselves, we take the demand for different types of apartments, life cycle costs and environmental aspects into account in the planning phase.

Our project management organises the tendering competitions for construction contracts and our own construction company operating in the Helsinki metropolitan area participates in the contract competitions.

Thanks to our own element factory, we are able to optimise the construction time and produce low-carbon elements for projects contracted by our own construction company.

Thanks to our sales, we are able to react quickly to changes in the market and guarantee high-quality customer service.

Our own property unit is responsible for the management of property maintenance and repairs. We continuously monitor customer feedback and develop our operations based on it.



CHAIRMAN OF THE BOARD'S REVIEW

As the Chairman of the Board of Avain Yhtiöt, I have been able to follow the company's success story in these very interesting times. The war in Ukraine has cast its shadow over the whole sector. Rapid price rises, issues with the availability of building materials, and weakening financing opportunities, as well as the nearly total stop in sales of owner-occupied apartments have created an operating environment that only a healthy business can cope with.

My task as Chairman of the Board is to ensure that the company's business is on a solid foundation. I have been pleased to see that the company was able to anticipate the biggest risks before the start of the year and reacted to the challenges of the operating environment quickly. I believe that the measures taken will help Avain to emerge from the crisis among the winners, whereas less healthy business will leave the industry.

Despite the crisis, the demand for housing has remained the same. People are moving to the growth triangle area and the current economic trend will increase the need for rental and right-of-occupancy apartment production. The popularity of rental housing continues to grow at the expense of owner-occupied housing.

During the past year, Avain Yhtiöt has updated the strategy to reflect the changed operating environment. Our operational structures were further streamlined, we were able to grow as planned and strengthen our market share, especially in growth areas in line with our strategy. The strategic goal of Avain Yhtiöt is to achieve a non-subsidised rental apartment stock worth billion euros by the end of 2026.

We have put responsibility at the heart of the company's operations. Avain Yhtiöt has well crystallised its climate targets into concrete actions. The company is particularly well known for bearing social responsibility by producing affordable and means-tested housing. It implements good governance, is a good employer and an excellent taxpayer in Finland. We can say that we are top-notch with regard to our responsibility work.

We will emerge victorious from this economic uncertainty.

PERTTI HUUSKONEN

Chairman of the Board
Avain Yhtiöt

MANAGEMENT TEAM



PERTTU LIUKKU

**Avain Yhtiöt,
CEO**

M.Sc. (Econ.)

2009–2010 Director, CapMan
2002–2009 CEO, Avara Suomi
1999–2002 Deputy Managing Director,
YH-Suomi Osuuskunta



JAN HARTI

**Avain Yhtiöt,
CFO**

M.Sc. (Econ.)

2013–2016 Director,
YIT Group Accounting
2009–2013 CFO,
YIT International Construction
Services



PETER HELLMAN

**Avain Yhtiöt,
Business Director, Construction**

M.Sc. (Eng.)

2021–2022 Project Development
Director, Avain Rakennuttaja Oy
2017–2021 Development Manager,
Avain Rakennuttaja Oy



ELIAS KIVIRANTA

**Avain Yhtiöt,
Sales and Marketing Director**

**Student of Economics, LKV
(Legalised Real Estate Broker)**

2011–2014 Development Manager, YIT
2009–2011 Marketing Manager, YIT
2007–2009 Development Manager,
YIT International Construction Services



JAN BERTILLS

**Avain Yhtiöt,
Real Estate Director**

M.Sc. (Eng.)

2009–2015 Regional Manager, SATO
2007–2009 Property Manager, SATO
2004–2007 Account Manager,
Olof Granlund



MATIAS MEHTÄLÖ

**Tencon Oy,
CEO**

M.Sc. (Eng.)

2020–2021 Production Director,
Tencon Oy
2018–2020 Project Manager,
Avain Rakennuttaja Oy

BOARD



PERTTI HUUSKONEN

**Chairman of the Board
since 2021**

Aedifica, member of the Board
A. Ahlström Real Estate Ltd,
Deputy Chair of the Board
Hoivatilat, Deputy Chair of the Board



KARI MÄENPÄÄ

**Deputy Chairman of the Board,
member of the Board since 2010**

Tencon Oy, Chairman of the Board
Avain Rakennuttaja Oy,
Chairman of the Board



PERTTU LIUKKU

**CEO, member of the Board
since 2010**

Avain Yhtiöt Oy, CEO



PIA LINDBORG

Member of the Board since 2021

A. Ahlström Real Estate Ltd, Director

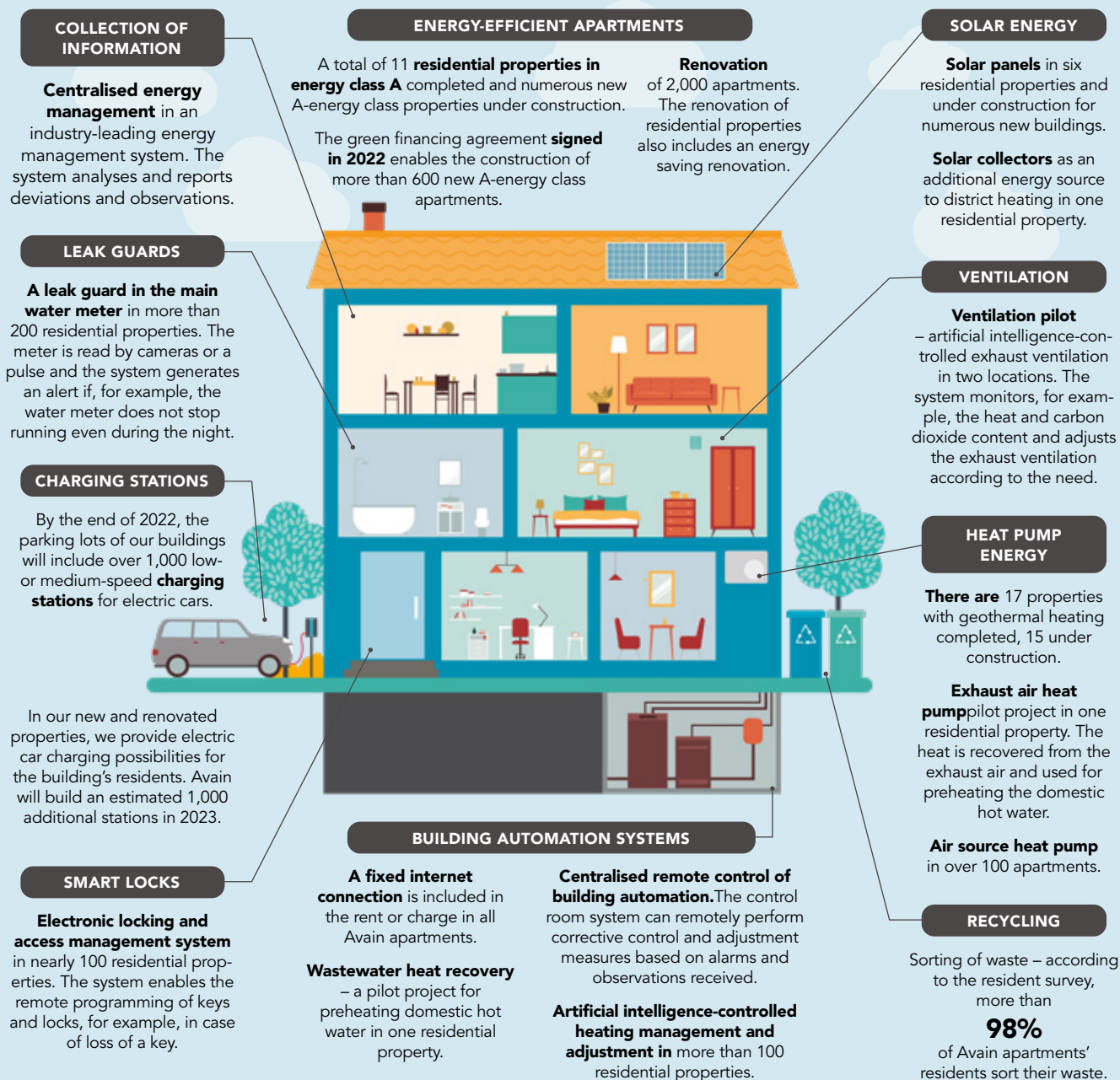
Lusikkakatu 2, Palokka,
completed 2021, right-of-occupancy

Lusikkakatu 4, Palokka,
completed 2021, rental apartments



Smart climate actions by Avain

We do many things to save energy and natural resources. Digitalisation and artificial intelligence solutions can significantly reduce housing costs.



Avain for sustainable housing



The key idea behind Avain Yhtiöt's business is to promote socially sound and ecologically sustainable residential environments and to build affordable housing. We want everyone to be able to afford to live in a high-quality apartment in an ecologically sustainable way. Our aim is to become carbon neutral in terms of the CO2 emissions of the energy use of properties by 2035.

Sustainable housing cannot be achieved simply by building individual residential buildings. We believe that the best way to prevent problems related to urbanisation, such as segregation, is to design large block entities.

It makes sense to design blocks that contain rental housing, right-of-occupancy housing, owner-occupied housing, business premises, offices, maybe even an assisted living unit. It is a smart option to combine these forms of housing with shared spaces, so that social contacts between different forms of housing and residents from different backgrounds arise from encounters in everyday life. Courtyards and barbecues create a sense of community in everyday life.

It is also important to design residential areas as functional entities from the climate perspective, i.e. design building technology for the needs of the entire area instead of individual houses. We are particularly good at building and maintaining such diverse blocks.

New properties will be built and constructed in a climate-friendly manner in Finland's growth centres. The goal is to achieve 10% better energy efficiency than the 80 kWh/m²/year required in building regulations in all our projects, and we primarily aim to build A-energy class houses. We build homes that last for generations.

Our goal is to have satisfied residents. The living comfort of residents is greatly influenced by the services of property management and maintenance. We actively monitor the quality of our management and maintenance services and regularly conduct customer satisfaction surveys to identify areas for improvement. In the survey conducted in early 2023, our Net Promotion Index (NPS) was 39, which is top-notch.

Our goal is to renovate 500 apartments annually. We take sustainability into account in our renovation measures, including reducing our carbon footprint and implementing sustainable solutions. We recycle waste efficiently and aim to raise residents'

awareness of sorting and recycling. According to the survey, 98% of our residents said they sorted their waste.

Ultimately, the key to sustainable and communal living is in the residents' small everyday acts of responsibility; sorting waste, greeting in the stairwell, recycling goods at the house's yard sale, helping to repair a bicycle, holding yard parties and working on the shared premises together. Warm encounters bring good mood to everyone. The Avain&Koti magazine contains information about living in Avain apartments, but it also tells about these warm-hearted encounters and encourages them. Responsibility creates an atmosphere in which the residents genuinely feel that the Avain apartment is their home.



Kankurinkatu 23, Kerava,
completed 2022, right-of-occupancy

Avain Yhtiöt's Sustainability Indicators 2022



Total daily per capita energy consumption



36.9

kWh/r m3

9.7

MWh/apartment

Carbon footprint*



5.0 kg

CO2/r m3

1.3 t

CO2/apartment

*Of total energy use in buildings



Energy class A apartments under construction

912



Apartments renovated with energy efficiency increase

152



Car charging stations for Avain residents

1,000



Share of renewable energy in energy use

53%



Decrease in personal water consumption since 2016

-53%



Percentage of residents sorting their waste according to survey

98%



NPS index

39



Employees' mood for work

4.1/5



Total investments

170 million



Taxes paid to Finland

56 million



Domestic employment impact

approx. 2,500 people

Objectives of sustainable development

In 2015, UN Member States agreed on a Sustainable Development Agenda including goals that will guide the promotion of sustainable development in 2016–2030. Their aim is to eradicate extreme poverty in the world and secure well-being in an environmentally sustainable way. The UN's 17 Sustainable Development Goals (SDG) guide the operations of Avain Yhtiöt.





HEALTH AND CLEAN INDOOR AIR

Goal 3. and 3a. Ensure healthy lives and promote well-being for all at all ages.

3.a Support tobacco control

Actions taken:

- Since 2020, the new buildings have been non-smoking zones.
- Our new constructions always have an indoor air quality of S2.
- We construct buildings to the roof level before commencing indoor work – this helps make buildings healthier.



WATER

Goal 6. Achieve universal access to water, sanitation and sustainable water use for all.

Actions taken:

- The introduction of apartment-specific remotely readable water meters has significantly reduced water consumption.
- From 2016 to 2022, the personal water consumption of residents has decreased by 53%.
- We instruct our residents to save water and we use reliable water fixtures.

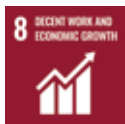


ENERGY

Goal 7. Ensure universal access to affordable, reliable and modern energy services.

Actions taken:

- Specific energy consumption has decreased by 13% since 2015. In 2015, the figure was 42.5 (kWh/r-m3), and it decreased to 36.9 (kWh/r-m3) by 2022.
- At the end of 2022, Avain had 912 apartments in energy class A under construction.
- The targeted energy consumption in our buildings is under 80 kWh/m²/year, and we primarily aim to build A-energy class houses.
- We aim to implement geothermal heating in all of our new buildings and explore opportunities of replacing or supplementing the current energy sources with geothermal heating in our existing buildings. In addition, some of our new constructions include solar panels.



EMPLOYMENT AND ECONOMIC GROWTH

Goal 8. Promote universal sustainable economic growth, full and productive employment and decent jobs.

Actions taken:

- We are a significant taxpayer, and we pay all of our taxes to Finland. In 2022, we paid EUR 56 million in taxes.
- Our gross investments amounted to EUR 170 million.
- Avain Yhtiöt is an expert organisation of 110 people whose impact on employment is wide-ranging.
- According to the construction industry's estimate, each investment of one million euros in construction will employ 13–16 people. With the investment of 170 million euros, we employ an estimated 2,210–2,720 people in addition to our own people.
- Avain Yhtiöt's summer job programme and internship opportunities provide employment to several young people. Many summer employees have become experts in the company.



INDUSTRY

Goal 9. Build resilient infrastructure and promote sustainable industry and innovation.

Actions taken:

- Avain has its own construction company Tencon, which employs about 50 people.
- In 2022, Avain founded a concrete element factory in Kouvola. The employment impact of the factory will be 30–50 people, which will promote employment in the region that has suffered from high unemployment rates.
- We strive to improve the profitability of the construction sector by utilising takt production during the indoor work stage.
- We create infrastructure for electric car charging stations. At the end of 2022, the parking lots of our buildings included over 1,000 low- or medium-speed charging stations for electric cars.



SUSTAINABLE CITIES AND COMMUNITIES

Goal 11. Ensure safe and sustainable cities and communities.

Actions taken:

- We design our properties with due consideration for the environmental and health effects of their entire life cycle.
- In block solutions, we aim to prevent negative phenomena of urbanisation, such as segregation, by planning the areas in a versatile and communal manner.
- Approximately 90% of our housing stock consists of affordably priced, price-regulated housing production.
- We build and construct sustainable houses that are inexpensive to maintain and repair.
- With regard to the acquisition of land, we focus on areas close to services and covered by good public transport connections.
- We actively participate in zoning plan development projects and take into account the ecological lifecycle of the zoned project
- In 2022, we donated EUR 30,000 to charity.



CONSTRUCTION AND RECYCLING

11.6 By 2030, reduce the adverse environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

Actions taken:

- We work actively to raise awareness of waste sorting and recycling. According to a survey, 98% of our residents said they sorted their waste. We aim to keep our residents' waste sorting rate at over 80%.
- To promote circular economy, we reduce the volume of construction waste by means of waste sorting and the recycling of construction materials.
- We aim to use concrete aggregate for excavation work whenever possible.
- In contracting, the sorting rate target is 90%.
- We use recycled products for insulation, for example.
- We avoid material waste through precision deliveries, accurate quantity surveying and careful storage.
- We promote circular economy by reporting any excess soil of new construction projects at Lupapiste.
- On the whole, our new and renovated sites have an electronic access control system.



RENOVATION

Goal 12. Ensure responsible consumption and production.

Actions taken:

In 2022, we renovated 152 apartments. Apartments are renovated approximately at the age of 20 years. In connection with the renovation, we will improve the energy efficiency of the site in several ways:

- We renovate our properties with due consideration for the environmental and health effects of their entire life cycle.
- We will replace the heat distribution equipment and adjust heating.
- We will replace home automation and move to the remote control of home automation.
- We will replace the ventilation equipment, clean the ventilation ducts and adjust the air volume.
- We will install remotely readable water meters in the homes.
- We will add heat insulation to the roofs of buildings.
- We will replace car heating posts with slow charging points for electric cars.
- We will replace the light fixtures in the outdoor areas and communal spaces of the buildings as well as the fixed light fixtures in homes with LED lights.
- We will refurbish kitchens and kitchen appliances with energy-friendly equipment.
- When renovating oil and natural gas-fired houses, we will switch to geothermal heating.
- In connection with the renovation, we will investigate the possibility of installing solar panels on the roofs of residential properties.



REPORTING

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Actions taken:

- We review the fulfilment of our partners' obligations pursuant to the Act on the Contractor's Obligations and Liability when Work is Contracted Out prior to signing a contract or letting work commence. We have a zero tolerance policy with regard to ambiguity.
- We combat the grey economy and ensure a responsible service and supply chain.
- We operate in accordance with GDPR legislation and in a customer-oriented manner in all our operations. We take every care to protect the customer's privacy.
- We publish information on the progress of our sustainability work on an annual basis.
- As a responsible property owner, we are also committed to the principles of sustainable development in the areas of human rights, labour, the environment and anti-corruption.
- We provide our employees with training in recycling.
- We draw up site-specific waste management plans.
- Our goal is to reduce the number of erroneous deliveries to zero, thus reducing superfluous work, material loss and movement.
- Our properties use a home automation remote control service.
- We use an energy management system to identify consumption deviations.
- We provide our residents with support and information regarding sustainable daily choices.



CLIMATE CHANGE

Goal 13. Take urgent action against climate change and its effects.

Goals

- In the coming years, we will increasingly focus on reducing our carbon footprint, improving energy efficiency and making our buildings more resilient to the impacts of climate change. Our aim is to become carbon neutral by 2035 in terms of the CO₂ emissions of the energy use of properties.

2023

We will reduce personal water consumption by 55% compared to the 2016 consumption level.

2024

We will reduce the specific total energy consumption from the consumption level of 2015 (42.2 kWh/r-m³) to 35 kWh/r-m³ by the end of 2024.

2025

Avain will have 2,500 charging stations for electric cars by the end of 2025.

80% of our housing production is carried out with low-carbon concrete elements.

2026

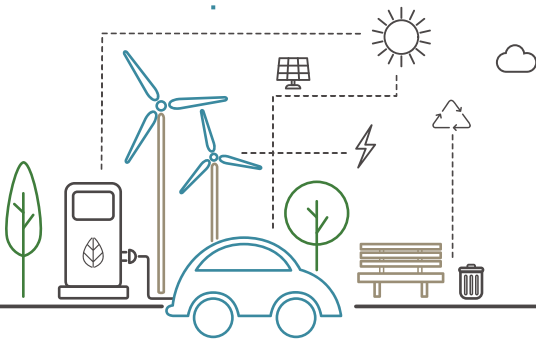
We will triple the use of renewable energies for heat production by 2026.

We will reduce our district heating energy consumption by 15% by the year 2026, compared to the consumption level of 2018.



2023

2024



2025

2026

2027

We will optimise indoor temperatures and increase the use of AI in property temperature control tenfold by 2026, compared with the rate of 2020.

2028

We will switch to carbon neutral electricity by 2028.

2030

We will cease to use oil and gas as our primary heat sources by 2030.

2035

We aim to become carbon neutral by 2035 in terms of the CO2 emissions of the energy use of properties.



2027

2028

2030

2035

We cherish the joy of doing things and caring throughout the organisation.
Photo: Stina and Noora from Avain's sales and customer service on Women's Day.



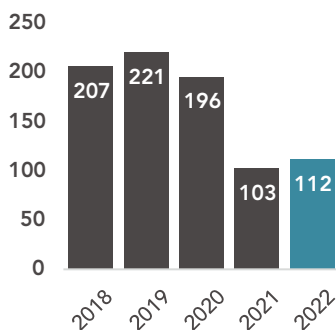
Well-being of personnel

Successful business are built on professional, motivated and well-feeling personnel. We maintain good well-being at work through high-quality occupational health care, a goal-oriented reward system and by encouraging personnel to practice physical exercise. We support our employees' participation in sporting events and provide them with annual exercise and cultural vouchers. The low level of sickness absence (3.4 days/person/year) is proof that we have been successful in our efforts.

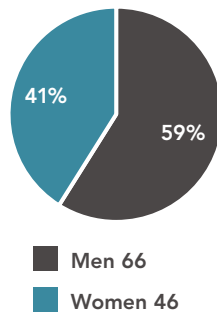
We encourage our personnel to take part in training. We organise training courses ourselves and actively share information within the company across departments. Among job seekers, Avain Yhtiöt is perceived as a good and responsible employer. Through successful recruitments, we strengthen the competence and development of both the company and the employees.

In a challenging market situation, we have managed to attract new professionals in their respective fields. We have survived the last few years thanks to our energetic personnel. Good team spirit and the support of colleagues and supervisors help with managing at work.

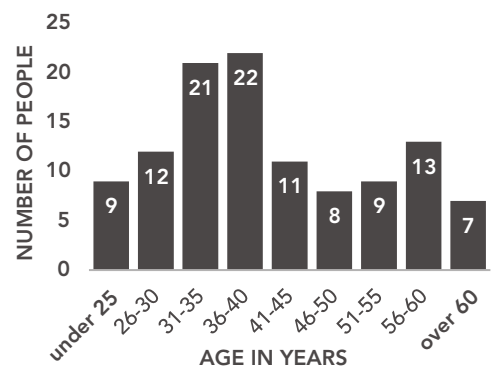
Number of employees



Gender distribution of personnel

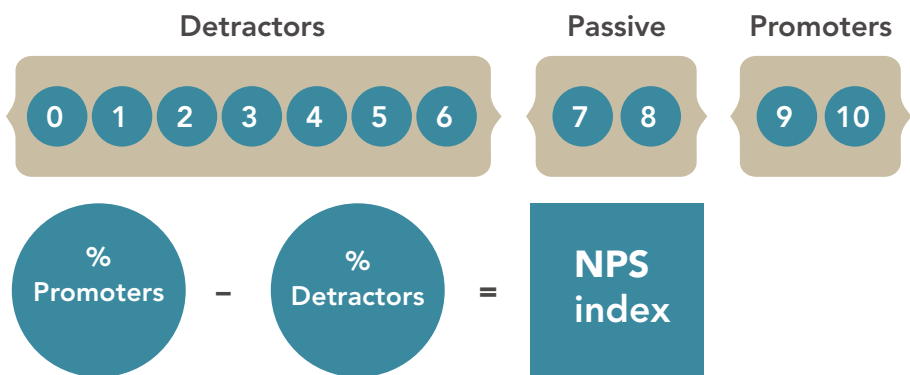


Age distribution of employees (number of persons)





The social media influencer and figure skater Joanna Kallela lives in an Avain apartment in Jyväskylä with her dog Fasú.



The Net Promoter Score (NPS) answers the question: “How likely are you to recommend the company’s service or products to a friend or colleague?” Those who respond with 9–10 are promoters. Those who respond with 0–6 are detractors. Those who respond with 7–8 are passive. The NPS index is calculated by subtracting the relative share of detractors (1–6) from the share of promoters (9–10).

Happy resident enjoys living in an Avain apartment

The personnel of Avain Asunnot know the apartments and customers. We regularly collect customer feedback and carry out resident surveys and analyse the results to improve our service and operations. The average NPS in the 2022 moving-in survey was +47 (1,110 respondents) and the average NPS in the moving-out survey was +21 (458 respondents). In addition to moving-in and -out survey, we conduct an extensive telephone survey every other year. In the February 2023 survey, the NPS index was 39 (NPS 33 in 2021).

Active residents can join our resident activities that increase the flow of information, community spirit and resident satisfaction. Participation in resident activities is voluntary and unique to each building. Right-of-occupancy residents' influence increased with the new right-of-occupancy act. In 2022, elections were held to a co-operative body in Avain's right-of-occupancy properties, and all holders of Avain's right-of-occupancy were eligible for election. Residents of right-of-occupancy apartments can, if they so wish, influence and participate in the development of living comfort on four different levels: in the building's resident meeting, in the co-operative body, in the Board of the right-of-occupancy association, where Avain has three resident representatives, and in the national advisory board, where Avain has one resident representative and one company representative. A national advisory board maintained by the Ministry of the Environment addresses issues concerning right-of-occupancy housing at the national level.

Residents are closely involved in Avain's communication. Four times a year, they receive the magazine Avain&Koti, which provides information on housing-related issues. In addition, we use newsletters and bulletins distributed to apartments. Regional seminars are organised for right-of-occupancy residents every year to discuss the development of housing together with other residents and property management. To facilitate the everyday life of the residents, a new mobile application called Kotiavain will be introduced, which contains diverse information related to the building, housing and resident activities. We carry out continuous development work to improve electronic services.

A happy resident enjoys living in an Avain apartment for a long time. We reward right-of-occupancy residents after staying with us for more than 10 and 20 years. They get to choose between a discount from the charge, a repair or home appliance as an award for their long-term residence. Long-term housing reduces turnover costs, but neighborhood retention also promotes the good spirit of communities and the spirit of doing things together. We work to maintain our residents' satisfaction every day.

FINANCING

Funding is available despite tighter financial market conditions.

The year 2022 was a year of great changes in the financial markets. In the early part of the year, the rapid economic recovery following the coronavirus pandemic was discussed and economic growth was estimated to gradually slow down to a more balanced growth path. However, inflation, which had remained low for years, started to rise at the beginning of the year, but it was expected to moderate already during 2022. Contrary to expectations, inflation continued to rise strongly throughout the year, putting significant pressure on the ECB to make rapid monetary policy changes.

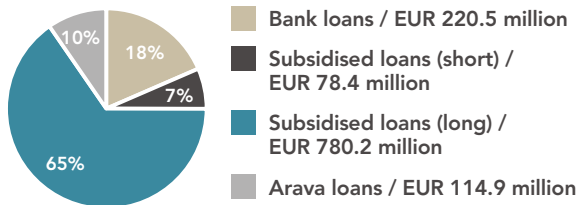
Access to finance will play an important role in achieving our strategic growth objectives. We will continue to invest in non-subsidised rental properties and subsidised housing. In 2022, we diversified our financing sources, and in the future, we will strive to broaden our financing base and utilise new sources of financing. To this end, we have drawn up a Green Finance Framework, which enables green lending. The tightening financial market conditions have affected lending rates for new properties, for example.

Financial risk management is part of long-term real estate investing. The aim of risk management is to protect the company from adverse market changes and to give the business time to adapt to the changed operating environment. The Group's liquidity risk is managed by diversifying funding sources, balancing the maturity of the loan portfolio and sizing the business according to liquid assets. The Group's liquid assets at the end of the year amounted to EUR 41.5 million. We expect the availability of financing to remain good in the first half of the current year.

Financial expenses have an impact on the Group's profitability. Interest rates increased strongly during the financial year. In 2022, our financing costs excluding the change in the fair value of interest rate hedges amounted to EUR 13.1 million. Starting 2022, long-term interest rates predicted that short-term interest rates would remain close to zero for many years to come, but the ECB's actions raised the Euribor 12-month rate by almost 3.8% over the calendar year, from negative to just below 3.3%. In early 2023, interest rates have risen slightly from the turn of the year, but long-term interest rates nevertheless predict a moderate decline from their current level in the coming years.

Interest rate risk is managed by monitoring the fixed-interest period of the loan portfolio. At the end of 2022, the average interest rate fixation period of the entire loan portfolio was 4.2 years, which is why the increase in interest rates will not have a significant impact on the Group's interest expenses in the coming years. If necessary, new loans can be tied to long interest rates, or by doing new interest rate swap contracts. The Group's interest rate risk is significantly reduced by the fact that the majority of loans are covered by the Government's interest rate subsidy and the Arava scheme. Interest rate swaps taken out to hedge interest rate risk are valued at fair value through profit or loss at the Group level. In 2022, valuation at fair value reduced financial expenses by EUR 27.5 million (2021: reduced financial expenses by EUR 6.3 million).

Loan portfolio structure



Financial key figures

Average loan maturity, years

2021: 24.0
2022: 23.3

Interest coverage ratio

2021: 6.4 *)
2022: 3.6

*) Including Renevo Oy, which was sold in November 2021

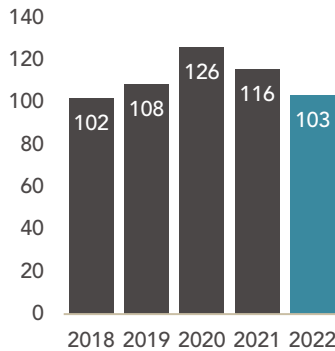
Average interest rate on loans

2021: 1.20%
2022: 1.55%

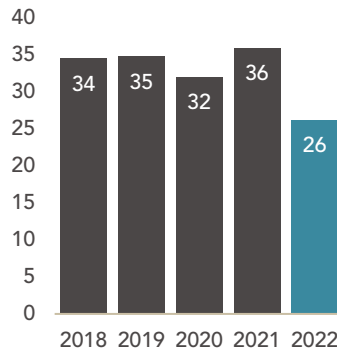
Average interest rate fix, years

2021: 4.5
2022: 4.2

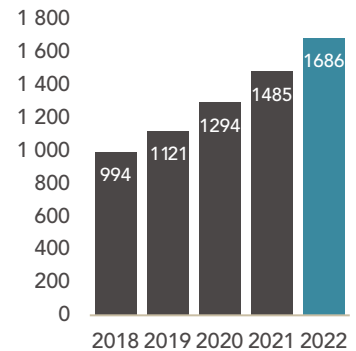
Total revenue (EUR million)



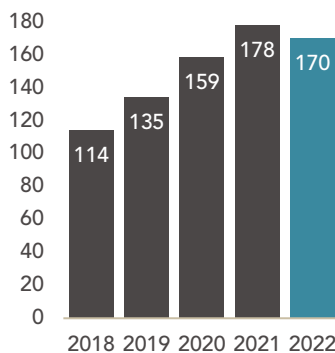
Cash flow from operating activities (EUR million)



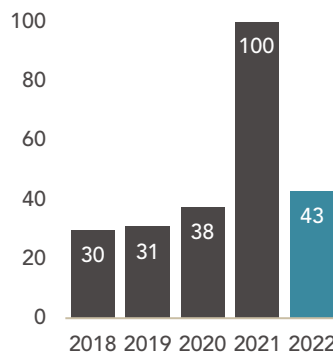
Balance sheet (EUR million)



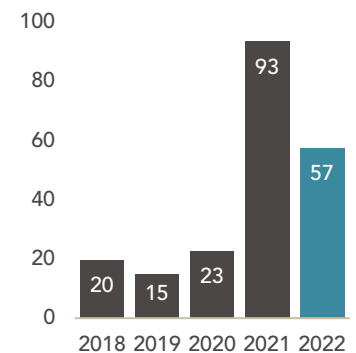
Investments (EUR million)



Operating profit (EUR million)*



Result after financial items (EUR million)**



* Includes fair value measurement of investment properties, which improved operating profit for 2022 by EUR 17.6 million (2021: EUR 38.0 million, 2020: EUR 6.5 million, 2019: EUR 3.7 million, 2018: EUR 2.5 million).

** Includes, in addition to the valuation at fair value of investment property, the change in the fair value of interest rate derivatives taken out for interest rate hedging purposes. This improved the result for 2022 after financial items by EUR 45.1 million (2021: EUR +6.3 million, 2020: EUR -4.5 million, 2019: EUR -7.2 million and 2018: EUR -2.0 million).

Avain Yhtiöt's tax footprint in 2022



Direct

Income tax	EUR 0.3 million
Property tax	EUR 3.6 million
Investment transfer tax	EUR 0.6 million
Employer contributions	EUR 1.4 million
total	EUR 5.9 million

Indirect

Non-deducted VAT included in investments	EUR 30.7 million
Non-deducted VAT included in acquisitions	EUR 7.5 million
Other indirect	EUR 0.0 million
total	EUR 38.2 million

Payable tax for the financial period

Tax deduction at source	EUR 2.0 million
Payable net VAT	EUR 10.0 million
total	EUR 12.0 million

All tax in total EUR 56 million

Avain Yhtiöt paid

EUR 56 million in taxes.



49,200

56 million covers the child benefits of 49,200 children for one year.



1,200

56 million pays for the salaries of 1,200 nurses for one year.



6,600

56 million covers the upper secondary school education of 6,600 students for one year.

CONSOLIDATED FINANCIAL STATEMENTS 2022

CONSOLIDATED INCOME STATEMENT EUR

	1 January–31 December 2022	1 January–31 December 2021
TOTAL REVENUE	103,320,623	115,727,962
Change in inventories of work in progress	4,033,471	-1,325,312
Other operating income	347,514	35,243,576
Manufacture for own use	38,559,263	54,692,403
Change in the fair value of investment properties	17,555,119	37,971,920
Materials and services	-41,490,325	-66,699,632
Personnel expenses	-8,700,303	-12,879,561
Depreciation, amortisation and impairment	-21,933,997	-20,236,005
Other operating income	-48,881,440	-42,475,293
OPERATING PROFIT	42,809,925	100,020,059
Other interest and financial income from others	50,830	14,754
Interest expenses and other financial expenses to others	-13,058,846	-12,891,305
Change in the fair value of derivatives	27,523,090	6,304,697
Financial income and expenses in total	14,515,074	-6,571,854
PROFIT BEFORE TAXES	57,324,999	93,448,205
Income taxes	-11,532,244	-13,061,207
Minority interests	-11,680,458	-9,143,482
PROFIT FOR THE FINANCIAL PERIOD	34,112,298	71,243,516

CONSOLIDATED BALANCE SHEET
EUR

31 December 2022

31 December 2021

ASSETS

NON-CURRENT ASSETS

Intangible assets	377,995	689,931
Tangible assets		
Land and water areas	81,385,429	79,133,165
Buildings and constructions	1,031,031,132	957,803,831
Machinery and equipment	946,452	776,780
Other tangible assets	36,163	30,873
Prepayments and work in progress	2,735,850	2,585,015
	<u>1,116,135,027</u>	<u>1,040,329,666</u>
Investments		
Other shares and interests	8,799,091	8,040,503
Investment properties	480,699,792	360,440,437
	<u>489,498,884</u>	<u>368,480,940</u>
TOTAL NON-CURRENT ASSETS	1,606,011,906	1,409,500,537

CURRENT ASSETS

Inventories	4,033,471	0
Long-term receivables		
Loan receivables	0	435,912
Other receivables	5,400,000	10,864,321
Accrued income	70,164	10,164
Derivatives receivables	17,949,075	0
Deferred tax receivables	4,330,498	3,304,112
	<u>27,749,736</u>	<u>14,614,509</u>
Short-term receivables		
Trade receivables	5,121,569	523,970
Other receivables	1,231,588	2,247,433
Accrued income	650,250	3,517,403
	<u>7,003,407</u>	<u>6,288,806</u>
Cash and cash equivalents	41,529,848	54,337,934
TOTAL CURRENT ASSETS	80,316,462	75,241,249
TOTAL ASSETS	1,686,328,368	1,484,741,786

CONSOLIDATED BALANCE SHEET
EUR

31 December 2022

31 December 2021

EQUITY AND LIABILITIES

EQUITY

Share capital	2,500	2,500
Reserve for invested unrestricted equity	26,002,800	26,002,800
Profit for previous financial periods	98,784,014	31,047,145
Profit for the financial period	34,112,298	71,243,516
	<u>158,901,612</u>	<u>128,295,961</u>

MINORITY INTEREST

Right-of-occupancy fund	145,540,926	137,013,985
Right-of-occupancy redemption fund	43,486	43,486
Minority interest	77,468,230	65,863,589
	<u>223,052,642</u>	<u>202,921,060</u>

LIABILITIES

Long-term

Loans from financial institutions	1,160,067,335	1,043,977,519
Trade payables	43,295	53,770
Derivative liabilities	0	9,574,016
Deferred tax liability	42,243,936	29,954,535
Other liabilities	21,970,718	4,813,397
Accruals and deferred income	210,000	0
	<u>1,224,535,283</u>	<u>1,088,373,237</u>

Short-term

Loans from financial institutions	33,915,923	30,060,382
Advance payments	14,099,377	5,117,378
Trade payables	14,102,989	13,321,323
Other liabilities	12,481,208	8,913,853
Accruals and deferred income	5,239,335	7,738,592
	<u>79,838,831</u>	<u>65,151,528</u>

TOTAL LIABILITIES	1,304,374,114	1,153,524,765
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TOTAL EQUITY AND LIABILITIES	1,686,328,368	1,484,741,786
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CONSOLIDATED FINANCIAL STATEMENT
EUR

1 January–31 December 2022

1 January–31 December 2021

CASH FLOW FROM OPERATING ACTIVITIES

Profit for the financial period	34,112,298	71,243,516
Adjustments		
Depreciation, amortisation and impairment	21,933,997	20,236,005
Minority interests	11,680,458	9,143,482
Gains and losses on sales of non-current assets	62,036	-35,135,302
Income taxes	11,532,244	13,061,207
Other adjustments	152,338	5,475,528
Change in the fair value of investment properties	-17,555,119	-37,971,920
Financial income and expenses	-14,515,074	6,571,854
Cash flow from operating activities before change in working capital	47,403,177	52,624,369
Change in working capital		
Change in current non-interest-bearing receivables	-2,668,893	1,746,117
Change in inventories	-4,033,471	1,385,093
Change in current non-interest-bearing liabilities	-1,104,929	-6,028,830
Cash flow from operating activities before financial items and taxes	39,595,884	49,726,749
Paid interests and other financial expenses	-12,951,394	-12,513,792
Received interest and other financial income	50,509	14,754
Paid taxes	-576,052	-1,321,195
Loans granted	0	0
Loan receivables and repayments	0	5,500
Cash flow from operating activities (A)	26,118,946	35,912,018

CASH FLOW FROM INVESTING ACTIVITIES

Investments in tangible and intangible assets	-105,232,266	-104,748,993
Investments in investment properties	-63,691,860	-73,166,873
Investments in non-current asset investments	-758,588	-405
Investments in subsidiary shares	-218,344	0
Proceeds from the sale of fixed assets	141,043	256,869
Sold shares in subsidiaries	3,089,177	20,456,249
Loans granted/loan repayments	435,912	156,750
Cash flow from investing activities (B)	-166,234,926	-157,046,404

CASH FLOW FROM FINANCING ACTIVITIES

Paid share issue	0	26,002,800
Right-of-occupancy payments	8,526,941	9,354,526
Withdrawals of long-term loans	151,058,785	129,537,277
Repayment of long-term loans	-31,113,428	-30,116,675
Withdrawals of short-term loans	0	0
Repayment of short-term loans	0	-963,480
Collateral provided	2,295,300	3,472,100
Dividends paid	-3,516,515	-3,671,492
Change in security deposits	56,811	95,482
Cash flow from financing activities (C)	127,307,894	133,710,538
Change in cash and cash equivalents (A+B+C)	-12,808,086	12,576,152
Cash and cash equivalents, opening balance 1 January	54,337,934	41,761,783
Cash and cash equivalents, closing 31 December	41,529,848	54,337,934
Change in cash and cash equivalents	-12,808,086	12,576,152

97.8

FINANCIAL
OCCUPANCY RATE of
right-of-occupancy apartments (%)
(in 2021: 97.2)

13

NEW PROPERTIES
(in 2021: 21)

95.7

FINANCIAL
OCCUPANCY RATE of
rented apartments (%)
(in 2021: 93.4)

730

NEW APARTMENTS
(in 2021: 906)

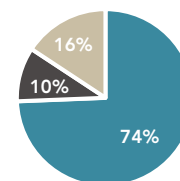
22.2

AVERAGE TENANT TURNOVER of
right-of-occupancy apartments
and rented apartments (%)
(in 2021: 18.3)

4,795

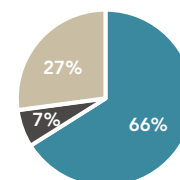
NEW AVAIN RESIDENTS
(in 2021: 4,837)

Distribution of completed apartments



- Right-of-occupancy apartments / 8,126
- Assisted living apartments and long-term subsidised rental apartments / 1,083
- Rental apartments / 1,718

Distribution of balance sheet value of completed apartments



- Right-of-occupancy apartments / EUR 944 million
- Assisted living apartments and long-term subsidised rental apartments / EUR 98 million
- Rental apartments / EUR 388 million



Haukankaari 5 A-C and E, Jyväskylä,
completed in 2020 and 2022, right-of-occupancy

Haukankaari 5 D, Jyväskylä,
completed in 2021, rental apartments

➤ Responsible business from 2010

Around
5,500
APARTMENTS

2011

Avain Yhtiöt expands its operations by establishing Aari Isännöinti Oy and Avain Palvelukodit Oy.

2013

Total revenue exceeds the threshold of EUR 50 million.

The first nursing homes are completed.

Over
6,000
APARTMENTS



2010

2011

2012

2013

2014



2015

2016

2010

The operations of Avain Yhtiöt in their current form begin when the company acquires a 51% stake in Avain Asumisoikeus Oy.

There are 2 employees.

There are approximately 5,500 apartments.

The turnover is EUR 42 million.

2012

Avain Yhtiöt establishes Renevo Oy, which provides renovation services.

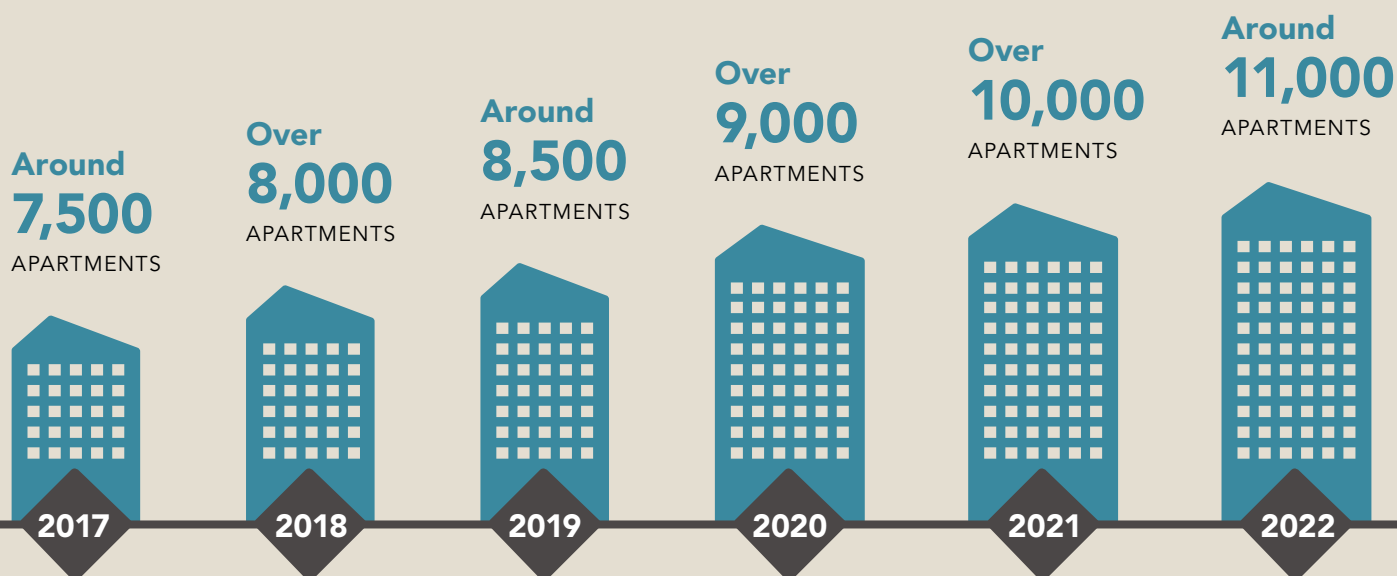
Avain Yhtiöt establishes Avain Vuokrakodit Oy to expand its operations to non-subsidised rental apartments.

2015

Avain Yhtiöt acquires the remaining 49% of the shares in Avain Asumisoikeus Oy.

The number of completed apartments exceeds the threshold of 6,000.

The first non-subsidised rental apartments are completed.



2017

The 7,000th Avain apartment is completed in the summer.

Avain Yhtiöt establishes Tencon Oy, which specialises in new construction.

2018

Avain Yhtiöt rises to the top 500 companies in Finland.

The 8,000th Avain apartment is completed at the end of the year.

The number of personnel exceeds the threshold of 200.

2019

The balance sheet exceeds the threshold of EUR 1 billion.

There are approximately 8,500 apartments.

The number of personnel is 221.

2020

Avain Yhtiöt sells Aari Isännöinti Oy.

There are over 9,000 apartments.

There are 196 employees.

2021

A. Ahlström Real Estate Ltd becomes the owner of Avain Yhtiöt with a 25% stake.

Renevo Oy is sold to a new owner.

There are over 10,000 apartments.

2022

Avain Yhtiöt establishes Tenel Oy, a manufacturer of concrete elements.



Avain Yhtiöt is a Finnish real estate investment company that specialises in the production, development and construction of apartments and housing services. Our goal is to build and maintain a functional, safe and environmentally friendly living environment, as well as to develop the overall quality of housing and construction.

avainasunnot.fi

HELSINKI | JYVÄSKYLÄ | LAHTI | TAMPERE

Group's head office:
Lautatarhankatu 8 B
FI-00580 Helsinki, Finland
Switchboard: +358 20 7624 700

