



Aalto University

Aalto University Foundation

Board Report and Financial Statements

2010

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Annual Report 2010

Introduction

Aalto University Foundation was one of the two foundation-universities established in 2010 in Finland. The change in the legal status of the universities enhances their autonomy and financial independence. The change also promotes the strategic leadership of the university board and the president. In line with the change in the legal status, the new universities became independent employers, with the civil servant contracts changed to employment contracts.

Year 2010 was the Aalto University Foundation's first with full-scale university activities. The new Finnish Universities Act came into force on 1.1.2010, merging three former universities (the Helsinki School of Economics, University of Art and Design Helsinki, and the Helsinki University

of Technology), their special purpose funds and university funds into the Aalto University Foundation. As laid down by the new Universities Act and the Act on the implementation of the Universities Act, all operations, personnel, students, assets, rights, liabilities, and obligations of the three former universities were transferred to the Aalto University Foundation as of January 1, 2010.

Simultaneously with the transfer of the operations of the three universities to the foundation, the shares of several companies were transferred to the ownership of the foundation, thus forming the Aalto University Group. As of January 1, 2010, 66.7% of the shares of Aalto Properties Oy, a company owning the majority of facilities used

by the university, were transferred to the Aalto University Foundation from the Finnish state, with the Finnish state remaining the minority shareholder through Senate Properties. In addition, full ownership of HSE Holding Company (currently Aalto Holding Company) was transferred to the Aalto University Foundation as well as the ownerships of a few other smaller companies.

Purpose of the Foundation

Based on the Aalto University Foundation charter, the purpose of the foundation is to promote free research and scientific and artistic erudition, provide higher education based on research, and educate students to serve their country and humanity. The foundation is an autonomous multidisciplinary art and science community which operates in the fields of technology, economics, and art and design and fields closely related to them. The foundation works in

interaction with the rest of society and with the international scientific and artistic communities and advances the impact of research and artistic activities on society.

The special national mission of the foundation is to sustain Finland's success, to contribute to Finnish society, its economy, technology, art and design, internationalization and competitiveness and to promote the welfare of humankind

and the environment. The foundation respects the freedom of science, art, and education.

As its mission, Aalto University works towards a better world through top-quality, interdisciplinary research, pioneering education, surpassing traditional boundaries and through renewal. Aalto University educates responsible, broad-minded experts to act as society's visionaries and change agents.

ALL OPERATIONS OF THE UNIVERSITY ARE GUIDED BY THE UNIVERSITY'S FIVE VALUES:



The Aalto University Foundation strategy emphasizes high-quality, long-term research, teaching based on the latest research, excellence in crossing borders, and a strong international focus. Academic leadership, professional

services, top-quality infrastructure, and a tangible societal impact are recognized as the essential requirements to fulfil the goals set for the university.

Governance

The elements of the university governance are defined in the University Strategy, the Finnish Universities Act, the Finnish Foundations Act, the charter of the foundation, and the university by-laws.

The governance of the university is guided by the university strategy, values, and the following principles:

**OPENNESS AND
TRANSPARENCY**

**NEUTRALITY,
INTEGRITY, AND
ACCOUNTABILITY**

EQUALITY

**EXCELLENCE
IN LEADERSHIP
AND SERVICE**

The main governing bodies of the university are the board of trustees, the president, and the Academic Affairs Committee.

The board of trustees consists of seven external members, including the chairperson and the vice-chairperson. The board is responsible for decisions concerning the university strategy, the annual operating plan and budget, the annual report and financial statements as well as the by-laws and other university regulations. The board appoints the president, the vice presidents, and other direct subordinates of the president and sets their duties and terms of office. The board of trustees ensures that the operations of the university are properly organized and the assets are invested in a safe and productive manner.

The board appoints among its members two advisory committees: an audit committee and an HR committee. In addition, the board invites the members of the advisory investment committee.

The board is responsible for the proper internal control of the university accounting and investment activities. The board can delegate executive power to the president or other organs or employees of the foundation.

The president of the foundation leads the university operations according to the duties set forth in the Finnish Universities Act and in line with the orders and instructions of the board. The president is responsible for managing the university in a financially efficient manner and ensuring that the accounting is in line with legislation

and that the investment activities are prudently organized. The president can delegate his or her executive power to other organs or employees of the foundation.

The Academic Affairs Committee is defined by the Finnish Universities Act and is formed by elections among the university faculty, staff, and students. The Committee decides on degree requirements and curricular principles in the university according to the guidelines set by legislation. In addition, the Academic Affairs Committee appoints a Nomination Committee and appoints the members of the board of trustees based on the proposition of the Nomination Committee. The Nomination Committee consists of five members, out of which two represent the private founding organizations of the university.

Research

The vision and intuition of talented researchers – academic freedom – is the cornerstone of research and teaching at Aalto University. The university aims to become an internationally acclaimed multidisciplinary research university where research and education are promoted hand-in-hand. Aalto University's unique profile - one of combining science and art, technology, economics and design - stimulates interdisciplinary collaboration and facilitates the birth of new innovations. These are utilized in providing the students of the university more flexibility in planning their studies.

The most important initiative supporting Aalto research strategy is the implementation of the Tenure Track system. During 2010, the principles of the Tenure Track were defined by the

board, and 45 new Tenure Track positions were opened for competition based on quality of research evaluated in a Research Assessment Exercise conducted in 2009. However, the impact of the new tenure recruitments on the university costs during the financial year was very minor, since the recruitment of high-quality candidates is a time-consuming process. Hence, the surplus of the financial year will be transferred for use during the next one to two years to finance the new tenure track positions as recruitments proceed. The implementation of the Tenure Track career system will continue for several years.

As an indication of research quality, during its first year of operation in 2010, the president of Finland appointed Professor Riitta Hari from the Aalto University as Academician of Science.

The university received European Research Council (ERC) grants, four academy professors, and thirty-one academy researchers. In addition, the university had eleven Professors and four Fellows through the Finland Distinguished Professor Programme (FiDiPro).

The university obtained significant external research funding: 42 million euro from the Finnish Funding Agency for Technology and Innovation (Tekes), 27 million euro from the Academy of Finland, and 12 million euro from European Union research funding programmes. The research co-funding obtained from corporate partners was 21 million euro. The number of published international referee articles in 2010 was around 2,500.

As an indication of research quality, the university had Professor Riitta Hari appointed by the president of Finland as Academician of Science,



had 6 European Research Council (ERC) grants,



4 academy professors,



31 academy researchers,



and 11 Professors and 4 Fellows through the Finland Distinguished Professor Programme (FiDiPro).

Education

Aalto University aims to be an international and multicultural learning community that educates responsible, broad-minded, cooperative, and independent individuals who are capable of acting as role models and leaders in society. The key goals of the teaching development include increasing the focus on master-level and postgraduate education and improvement of the students' skills for entering professional life.

During 2010, the university had 13,797 full-time equivalent students. A total of 492,745 credits were earned, an average of 36 credits per student.

The university awarded 1,146 bachelor's degrees, 2,312 master's degrees, and 184 doctoral degrees. Of the master's degrees, the School of Science and Technology produced 1,887, the School of Economics 246, and the School of Art and Design 179 degrees. The ending of a transition period of the curriculum reform in the School of Science and Technology contributed to the substantially high number of master's degrees earned in 2010. The median duration of the studies for a master's degree was eight years.

The reform process of degree curricula was

started in order to promote students' internal and external mobility and crossing borders of disciplines within studies. In addition, two multidisciplinary master programs and several Aalto mobility courses were realized.

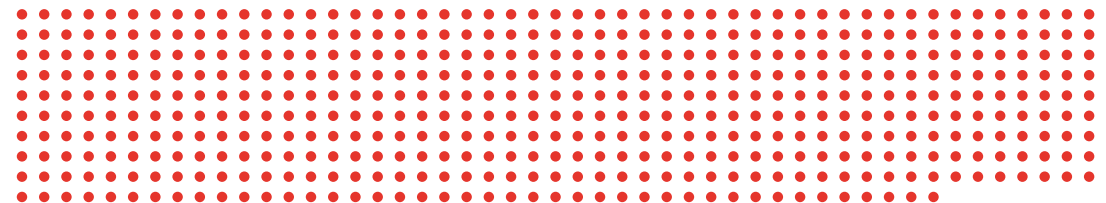
The teaching and education evaluation exercise (TEE) was launched in 2010. The results will be published in autumn 2011 and will be used to develop learning-centred culture at the university. The students are co-creators with teachers and professors to achieve the goal of high-quality learning and teaching.



13 797 full-time equivalent students.



36 credits per student.



492 745 credits earned.

Artistic Activities

Aalto University aims to be an internationally acclaimed leader in art, architecture, and design, integrating these with science, technology, and business. The change in the global economic situation highlights the importance of creativity and dynamism. In today's world, art, architecture and design are as much key change drivers for society as is science.

The artistic activities of the university were successful during 2010. International awards were received by the personnel, students, and alumni of the School of Art and Design. There were almost 200 participations in international exhibitions, in which the university received 35 awards.



35 international awards.



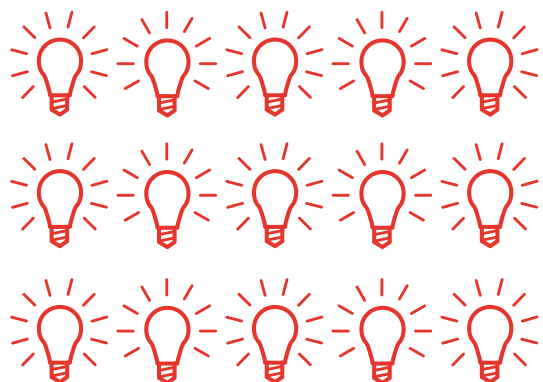
Almost 200 participations in international exhibitions.

Societal Impact

Aalto University aims to understand, anticipate and influence the needs of society, promoting welfare and quality of life. The Research Assessment Exercise conducted in 2009 confirmed that Aalto University's cooperation and interaction with business life and the public sector are versatile and play a major role in the university's activities. The societal impact of the university will be strengthened by developing new ways of working in order to share the expertise of relevant university stakeholders in joint projects.

One measure of the societal impact of the university is its ability to promote entrepreneurship through its research and education activities. During 2010, fifteen companies were established by the student and graduate entrepreneurs of Aalto University. The university obtained significant funding to its research activities from non-academic partners, the top five of them being Nokia (including Nokia Siemens Networks), the Finnish Defence Forces, Outotec, UPM, and the City of Helsinki.

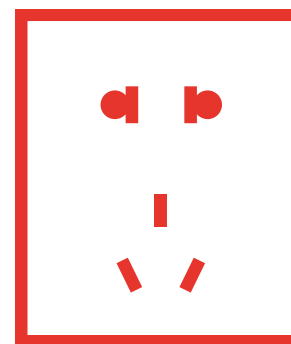
During 2010, Aalto University established a Center for Entrepreneurship (ACE), which offers innovation, commercialization, and start-up services for university researchers, students, and other stakeholders. In addition, the Centre facilitates innovation and growth entrepreneurship by developing research and education in these areas within the university.



15 new companies were established.



Aalto Center for Entrepreneurship (ACE) was founded.



Aalto Tongji Design Factory founded with Tongji University.

Multidisciplinary Factories

The Design Factory, the Media Factory and the Service Factory are Aalto University's multidisciplinary platforms combining the expertise of the different schools of Aalto University in the fields of product development, media and services. The factories are designed to facilitate new forms of collaboration in an environment where academic teams, researchers, and students work together with companies and communities. Teaching and learning are an important part of

factory activities – the new knowledge produced by research is smoothly transferred to teaching.

For 2010, the total funding of the factories was 3.5 million euro. Several courses and hundreds of other workshops and events were held within the Aalto factories. In addition, Aalto University, in cooperation with Tongji University, opened the Aalto Tongji Design Factory at the Tongji University campus in Shanghai in May 2010.

In total, the Aalto Factories brought together thousands of students, teachers, faculty and other members of the university community. The factories have also received considerable media attention both domestically and internationally. The foundation has received many requests from other universities to cooperate in setting up design factory activities around the world.

Open University

The purpose of the Open University is to promote the accessibility of university education by offering people from all educational backgrounds an opportunity to participate in education organized in accordance with the university's curricula.

The value underlying Open University education is the right of the individual to lifelong learning and education. Its aim is to add to the skills, knowledge, expertise, and professional skills of the students, to promote their personal development, active citizenship, social skills and

employment.

During 2010, 678 courses were organized through the Open University, and a total of 16,419 credits were earned during the year. The Open University had 13,382 students.

Campus and Infrastructure

Achieving a high-quality international level in research and education requires state of the art infrastructure. Aalto University's infrastructure includes the premises, devices, equipment, materials and related services that contribute to research and teaching. University campus and infrastructure are being developed with a long-term perspective, cost-effectively, and in accordance with the principles of sustainable development. The University also works towards national cooperation in infrastructure and the creation of a national financing system for research and teaching infrastructure.

In 2010, the university allocated 5 million euro to research infrastructure investments, where the major targets were an upgrade of the Media Center Lume facilities and renewal of IT infrastructure.

In connection with the university reform, a new company, Aalto University Properties Oy, was

formed during 2009 to own and manage the majority of the premises used by the university at the Otaniemi and Töölö campuses. The premises were transferred from the Senate Properties, a property company owned by the State of Finland, to Aalto University Properties Oy as of December 15th, 2009, partly in the form of an in-kind contribution and partly as a purchase. Two-thirds of the shares of the new company were transferred to the foundation on January 1st, 2010, with the Senate Properties remaining as a minority shareholder with one-third of the shares.

In 2010, the university had three main campuses and occupied a total of 321,000 square meters (sqm). The Otaniemi campus occupied 242,000 sqm, the Töölö campus occupied 34,000 sqm, the Arabia campus occupied 40,000 sqm, and other locations in Finland occupied 6,000 sqm. The total rental costs of the university were 53 million euro. During the next ten years, the university

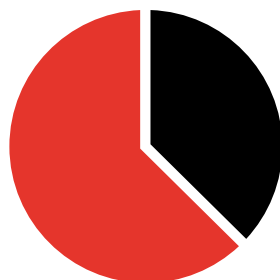
group will face significant campus investment needs. The renovation investments required for the existing building base at Otaniemi are estimated to be around 210 million euro.

During summer 2010, a process was initiated to prepare a plan for future campus solutions for the university. After reviewing the results of this process, in December 2010 the board requested the president of the university to prepare a campus vision for the university. The campus vision, presented to the board in January 2011, proposes a shared campus uniting the main body of the university operations on one site. The benefits of such a model include the promotion of interdisciplinary interaction and learning as well as the potential for synergies and cost savings in terms of shared space usage and shared support services. The vision forms the basis for further discussions within the university community on its campus solutions. The board plans to make a decision on the concept of the campus in 2011.

AALTO UNIVERSITY PROPERTIES OY

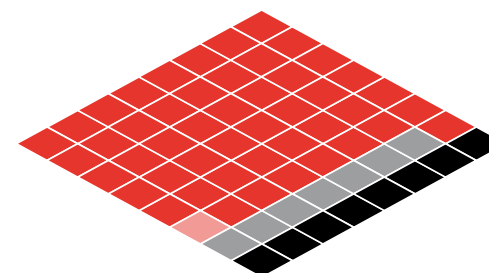
Share Capital.

- Senate Properties
- Aalto University Foundation



AALTO UNIVERSITY PREMISES

- ◆ Otaniemi campus, 242 000 m²
- ◆ Töölö campus, 34 000 m²
- ◆ Arabia campus, 40 000 m²
- ◆ Other locations, 6 000 m²



Personnel

As an employer, Aalto University aims to be a forerunner in the field of target-oriented, inter-
actional university culture, empowering per-
sonnel and students at the both the national and
international level. The university aims to offer
its personnel an inspiring working environment,
challenging tasks, good working conditions, and
encouraging career systems. In 2010, the uni-
versity made a significant investment in modern
human resource processes that support research
and education and university management.

After the merger at the beginning of 2010, Aalto
University was organized into three Schools: the
School of Science and Technology, the School of
Economics, and the School of Art and Design. At
the same time, a joint service unit covering IT,

facility, library, and other joint services was es-
tablished. This unit was formed by transferring
the service units from the three schools into the
university-wide joint service unit.

During 2010, the average number of personnel at
the university was 4,938. 67% of the personnel
were in research and teaching and 23% were in
service and administration. 39% of the personnel
held a permanent employment contract and 81%
were working full-time. 38% of the personnel
were female. The average age of the permanent
personnel was 48 years, and 32% of those will
reach the age of 65 within the next 10 years.

At the end of 2010, the university had 349 profes-
sors, of which 132 had fixed term contracts. 16%

of the professors were female. Around 45% of
the professors will reach the age of 65 within the
next 10 years.

The average number of personnel of the uni-
versity group was 4,994. The total salaries paid
within the university group were 199 million
euro, of which 196 million euro were paid to the
personnel of the foundation.

Total salaries and compensation paid to the
members of the university board of trustees, the
university president and the board members and
CEOs of the group's subsidiary companies were
786,000 euro.



67% of the personnel were in research and teaching, 23% in service and administration, and 10% in other personnel groups.



38% of the personnel were female.



39% of the personnel held a permanent
employment contract.



81% of the personnel were working
full-time.

Endowment

Investment activities of the foundation are guided by the investment strategy approved by the board of trustees in late 2009. According to the strategy, the long-term investment goal is the creation of a stable flow of funding for the university operations. In the future, the proceeds should cover six to eight percent of the university operating budget of about 400 million euro. As laid down by the Finnish Foundations Act, investments shall be made in a secure and profitable manner by diversifying investments in various asset classes and geographical areas. In line with the strategy, investments are made for the long term, with the emphasis on risk management and ethical principles.

During the first years of the foundation, the assets of the foundation are managed in a conservative manner. In the beginning of 2010, the majority of assets were held in fixed-term

deposits. The start-up of the actual investments took place in the beginning of 2010 when a broad tender process for potential asset managers was carried out. Three asset managers were chosen for the start-up phase in March 2010. The execution of the first investments was carried out between April and June 2010.

The conservative investment strategy was visible in the asset allocation, in which 90 percent of assets were invested in fixed income instruments in the end of 2010. Especially investments in investment grade corporate bonds and money market investments were favored. Investments in government bonds and equities were given low weight throughout the year due to the higher perceived risks.

The return on investments for the whole year was 2.1 percent. After the implementation of the

investment strategy in the beginning of June, the investment return for the last seven months was 3.1 percent, which exceeded the target return for the period. The market value of the foundation investment portfolio in the end of the year was 467 million euro.

In the autumn of 2010, the investment strategy was updated and approved by the board in December. The updated strategy, renamed the Endowment Strategy, sets the target allocation and allocation limits for 2011 and redefines the long-term goals, principles and governance of the Endowment. In 2011, the primary goal of the endowment will remain in securing the assets of the foundation. The equity weight of the portfolio will be increased in the coming years. The investment portfolio of the foundation is expected to grow significantly by the end of 2011 when the current fund-raising campaign is completed.

Risk Management

Risk management is an essential part of the strategic and operative planning and the daily decision-making process of the university. The board of trustees, the president, the university management team and employees are all responsible for the proper execution of risk management and internal control in the operations of the university.

The board of trustees decides on the university policies for risk management. The audit committee of the board is responsible for monitoring the efficiency and adequacy of the risk management, taking into account the breadth and nature of university group's operations. Finally, the president is responsible for ensuring that risk-taking is in line with board policies.

Twice a year, in connection with the university strategy process in the spring and the University Annual Planning and Budgeting process in the autumn, the board of trustees reviews the university group risk map, where the risks are quantified in euro and their probabilities estimated along with the risk mitigation plan for the most significant risks.

Based on the earlier decisions by the Finnish government, public funding to Aalto University

is predictable and stable. However, the main strategic risks of the university in the long run are the risks associated with possible changes in public spending on the whole and the funding model of the Finnish universities in particular. During the next Finnish government period there, will be pressures to reduce public spending. At the same time, the funding model of Finnish universities is to be revised. If the new funding model does not emphasize quality of research and education, and university funding in general is being cut, the Aalto University funding may decrease, which in turn will pose a threat for the successful implementation of the university strategy.

The main financial risks of the university are associated with the endowment, modernization and development of the research and teaching infrastructure as well as the development and maintenance of the property and facilities. The university group is facing significant renovation needs at the Otaniemi facilities, while at the same time, financing may be needed to implement the proposed shared campus.

The risks associated with the research infrastructure are related to a lack of a national policy and funding for infrastructure for experimental

research and practice-based teaching. This is a risk that threatens the execution of the university strategy (especially in the fields of engineering and arts and design) to become a global forerunner in its three fields of operation.

The risks related to the foundation endowment are described in a separate chapter.

In addition, Aalto University Properties Oy has a corporate income tax risk of 4 million euro as the Finnish tax authorities have not accepted deductibility of the depreciations in taxation for 2009. The company has appealed the decision of the tax authorities. The decision on the appeal is expected during 2011.

The university property insurance policy is to insure the key assets with a relatively high deductible in order to cover the assets that are essential and material to the operation of the university. The university also has liability insurance that covers damages caused by university operations to third parties and management liability insurance that covers financial damages caused by the university management and the board members of the foundation and its subsidiaries.

Sustainable development

Aalto University Foundation is committed to applying the principles of sustainable development in all its activities, and all the requirements set by legislation are followed. During the financial year, preparation of an execution plan for sustainable development was started with the first proposal completed at the end of the year. In 2020, the goal of the university is to have the leading sustainable campus in Finland and to be internationally recognized for its innovative solutions. A separate process for research and teaching will be launched during 2011. The aim is to incorporate sustainability and responsibility perspectives into all university research

and teaching by 2015. The main focus will be on energy, the sustainable use of natural resources, and a humane environment.

The most important direct environmental aspects of university operations are the campus and transportation. During 2010, Aalto University and Aalto University Properties Oy agreed on energy-saving in all facilities. In addition, the EcoMobility initiative created a research strategy to investigate methods for ecological transportation and to find solutions for the university campus transportation and mobility. In addition, the planning of the Espoo T3 area, consisting

of Otaniemi, Keilaniemi, and Tapiola, and the future metro incorporates the principles of sustainability and includes environmental issues.

The work to promote sustainability and responsibility in university operations will continue in 2011 and will include environment-related research and education, university procurement processes, and waste management. In addition, the aim is to incorporate sustainability issues into university quality assurance mechanisms.

Financial Status of 2010 | Ownership Transfers in the Merger

As part of the creation of Aalto University and as laid down by the Universities Act, all assets and liabilities of the previous three universities were transferred to the foundation on January 1, 2010. These transfers included 23 million euro of intangible and tangible assets, 20 million euro of assets from restricted funds, 0.5 million euro in current assets, and 63 million euro in short-term receivables. Similarly 75 million euro of short-term liabilities were transferred from the former universities. In the opening balance sheet, receivables of 49 million euro from the Finnish

government were created because of the previous years' surplus generated by the three former universities. These receivables were paid by the Finnish government in spring 2010. As ordered by the Ministry of Education, the difference between assets and liabilities received, totaling 49 million euro, was directed to the foundation's operating equity, and 20 million euro was directed to the equity of the restricted funds.

In addition to the transfers from the three universities, the foundation also received 66.7% of

the shares of the Aalto University Properties Oy on January 1, 2010. The transfer value of these shares was 102 million euro. Similarly, the foundation received ten apartments from Senate Properties on January 1, 2010, with a transfer value of 3.5 million euro. The corresponding values were allocated to the foundation's operating equity.

None of the asset transfers resulted in a tax burden for the foundation.



Aalto University Foundation's liabilities



Financial Status of 2010 | Profit and Loss Statement

As the operations of three former universities were transferred to the Aalto University Foundation at the beginning of 2010, the financial situation of the foundation was materially changed compared to 2009, when the foundation had few operations. In 2010, the total income of the foundation was 400 million euro, consisting mainly of basic government funding of 245 million euro and income from ordinary operations of 151 million euro (both 0 euro in 2009). As a comparison, basic government funding for the three former universities in 2009 totaled 204 million euro. Additionally, income from investment operations was 4 million euro (8 million euro in 2009), a decrease from 2009 since unrealized gains of long-term investments are not accounted for as income.

Income from ordinary operations consisted mainly of project funding from the Finnish Funding Agency for Technology and Innovation (Tekes), the Academy of Finland, and the European Union.

Total income of the Foundation

400 000 000 €

Total costs of the Foundation

376 000 000 €

In 2010, the Aalto University Foundation used a total of 376 million euro to fund university operations, compared to 4 million euro in 2009. Personnel costs covered 63% of total costs and facility costs 17%, together making 4/5 of total costs. Costs related to investment activities were 2 million euro.

In 2010, the Aalto University Foundation continued its fundraising campaign, with each private donation earning a government capitalization 2.5 times the amount of the private donation. The financial year's income from fundraising activities was 152 million euro (81 million euro in 2009), which was transferred to the capital reserve. Out of the total fundraising income, 46 million euro came as private donations and 106 million euro as governmental capitalization. In addition, the foundation had 20 million euro in donation commitments at year-end. The university expects the total amount of private donations to reach the goal

of 200 million euro during the first half of 2011 and government capitalization to reach 500 million euro.

The Aalto University Foundation's total deficit from ordinary operations was 223 million euro, which was covered by general government funding. The net profit for the financial year was 24 million euro, corresponding to 6% of the total income. After transfers of -4 million euro to restricted funds, the surplus to be transferred to equity was 28 million euro. Hence, the financial results were well-balanced in 2010, paving the way for strategic initiatives to be initiated in full during 2011.

Total group revenues were 410 million euro and total costs 372 million euro, resulting in a net profit of 38 million euro.

The Aalto University Group balance sheet total in 2010

1 043 000 000 €

THE EQUITY RATIO OF THE GROUP 73%

Balance Sheet

Due to the merger-related asset and liability transfers, the foundation balance sheet grew notably in 2010. The balance sheet of the foundation totaled 541 million euro as of January 1, 2010, compared to the closing balance sheet of 368 million euro from 2009. The ending balance sheet from 2010 was 832 million euro, resulting in an increase of 291 million euro during the financial year.

The transfer of shares of Aalto University Properties Oy and apartments from Senate Properties added 105 million euro to the foundation balance sheet on January 1, 2010. In addition, the transfer of fundraising proceeds to capital reserve added another 152 million euro. The majority of cash and bank receivables in the opening balance sheet was

invested in long-term investments in line with the foundation's investment strategy. In the beginning of the financial year, 90% of the foundation's total assets were current assets. At the end of the financial year, the corresponding share was decreased to 40%. The equity ratio of the foundation improved from 89% to 94% during the financial year, making it financially solid. With the majority of the foundation's assets (over 60%) being cash and bank receivables or highly liquid investments, the liquidity of the foundation remains robust.

To compensate for the special purpose funds transferred from three former universities for the unrealized appreciation and to ensure that the will of donors is honored, the board of the foundation

decided to increase the value of the special purpose funds to match the fair value of the assets transferred from these funds. The revaluation was made by transferring a total of 10 million euro of the free equity of the foundation to the special purpose funds. In addition, the board decided to add a 3% fixed rate of return to all special purpose funds. The total use of the special purpose funds during the financial year was 6 million euro.

The group balance sheet totaled 1,043 million euro. The equity ratio of the group was 73% at the end of the financial year.

Cash Flow

Operative cash flow of the foundation was 98 million euro, resulting mainly from a positive cash flow from fundraising. Cash flow from investments was -345 million euro, of which -352 million was related to financial investments and -6 million to net investments in property, plant, and equipment. Cash flow financing was 49 million euro, as receivables from the Finnish government (related to the surplus

of previous years generated by the three former universities) were received. Total cash flow of the foundation was -198 million euro, resulting mainly from the implementation of the foundation's investment strategy in the spring 2010.

Total group operative cash flow was 131 million euro and total cash flow was -173 million euro.

Auditors

For 2010, the auditors selected for the foundation were Jarmo Lohi APA, CPA and Tiina Lind, APA, CPA, and their deputies were Mikko Ryttilahti, APA, CPA and Ari Lehto, APA, CPA from Ernst&Young Oy. The AUF board elected the same auditors to continue in 2011.

Group Companies

The Aalto University Group was created on January 1, 2010, as part of the university reform. The Aalto University Group structure as of December 31, 2010, is presented on the following page.

HSE Executive Education was renamed Aalto Executive education in April 2010, and HSE Holding Oy was renamed Aalto Holding Oy in December 2010. In addition, all operations of TKK Executive School of Business were acquired by the Aalto Executive Education in the process of combining the operations of the two. TKK Executive School of Business was merged with Aalto Holding Oy on December 31, 2010.

Aalto Holding Oy acquired full ownership of

Sannäs Kartano Oy on November 2010. The acquired company owns and operates a congress hotel in a mansion situated in Porvoo. The Aalto University Group will continue the operations of the company with current personnel and services. Revenues of Aalto Holding Oy remained steady in 2010 at 8 million euro (8 million in 2009). The equity capital of Aalto Holding Oy was increased by 4 million euro during 2010 to finance the acquisition of Sannäs Kartano Oy.

The year 2010 was the first full financial year for Aalto University Properties. 96% of its facilities are rented to the foundation, with a utilization ratio of 99%. Net profit for the financial year was 16 million euro, exceeding the budgeted by 40%.

From 2009 Aalto University Properties reported a net loss of 13 million euro, which was not accepted by the Finnish Tax authorities. A correction request has been made by the company. Should the view of the Tax Authorities remain, the corporate tax of Aalto University Properties Oy from 2010 would increase by 4 million euro. The loan portfolio of Aalto University Properties was rolled over to long-term loan during 2010. This represents the only long term debt position in the Aalto University Group.

All of the group companies have prepared their own financial statements for from 2010.

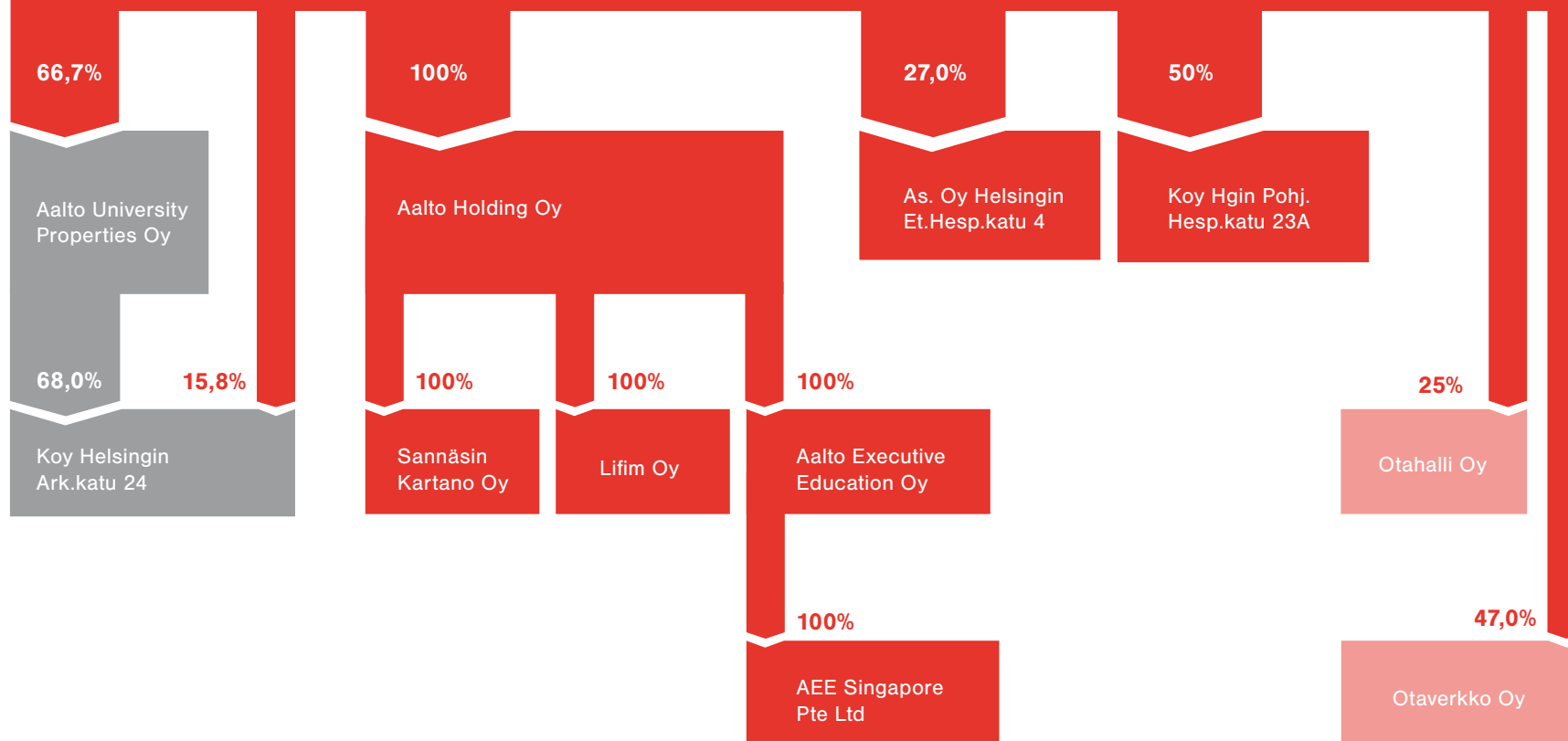
Essential Activities after the Financial Year

As decided by the foundation board in 2010, the School of Science and Technology was divided into four schools on January 1, 2011. The four new schools were formed mainly from the four faculties of the former School of Science and Technology: School of Engineering, School of

Chemical Technology, School of Science, and School of Electrical Engineering.

No other essential activities took place between the end of the financial year and preparation of the financial statement.

Aalto University Foundation



Financial Statements 2010

Aalto Group profit and loss statement 1000€

ORDINARY OPERATIONS		1.1. – 31.12.2010
Income	1	
Income from grants	2	112,834
Income from business activities		15,135
Other income		33,386
		161,356
Expenses		
Personnel expenses	6	239,863
Depreciation and amortization	9	15,133
Other expenses	5	110,776
		365,772
Loss attributable to minority interests in associated companies		-146
Profit/loss from ordinary operations		-204,562

FUNDRAISING	NOTES	1.1. – 31.12.2010
Income		
Donations and other income		151,766
Transfer to capital reserves		-151,708
		58
Expenses		
Fundraising expenses		11
Fundraising total		47
Profit/loss after fundraising		-204,515
INVESTMENT AND FINANCING ACTIVITIES		
	12	
Income		3,952
Expenses		4,655
Investment and Financing activities total		-704
GENERAL GRANTS		
Universities Act based government grant		244,934
Profit/loss before appropriations and tax		39,716
APPROPRIATIONS		
Change in special purpose funds		4,065
Tax	11	867
Minority interests		-5,044
Surplus of the financial year		37,870

Aalto Group balance sheet 1000€

ASSETS	NOTES	31.12.2010
Fixed Assets		
Intangible assets	14	542
Tangible assets	15	
Land and water areas		29,104
Buildings and constructions		248,946
Machinery and equipment		31,827
Other tangible assets		350
Advance payments and work in progress		2,412
		312,639
Investments	16	
Shares in associated companies		2,189
Other shareholdings		361,435
Finnish Government bonds		340
		363,963
Total fixed assets		677,144

Current Assets		
Inventories		318
Receivables		
Long-term receivables		379
Short-term receivables		
Accounts receivable		56,285
Other receivables		98,698
Prepaid expenses and accrued income	18	19,235
		174,218
Securities		23,485
Cash and bank		166,980
Total current assets		365,380
Total assets		1,042,524

EQUITY AND LIABILITIES	NOTES	31.12.2010
Equity	20	
Endowment capital		280,000
Operating equity		154,644
Capital reserve		233,015
Special purpose funds		42,473
Retained earnings		8,260
Surplus of the financial year		37,870
Total equity		756,262
Minority interests		55,964
Liabilities		
Long-term		
Loans from financial institutions		126,050
Other long-term liabilities		7,135
Total long-term liabilities		133,185
Short-term		
Loans from financial institutions		33
Advance payments		40,090
Accounts payable		10,491
Accrued tax		3,954
Other short-term liabilities		19,952
Accrued expenses	21	22,593
Total short-term liabilities		97,113
Total liabilities		230,298
Total equity and liabilities		1,042,524

Aalto Group cash flow 1000€

CASH FLOW FROM OPERATIONS	NOTES	1.1. – 31.12.2010
Profit/Loss from ordinary operations		-204,562
Depreciation included in the above		15,133
Other adjustments		128
Change in net working capital		
Change in inventories		139
Change in short-term interest-free receivables		4,855
Change in short-term interest-free debts		14,093
Total cash flow from ordinary operations		-170,214
Cash flow from fundraising		56,481
Received general grants		244,934
Paid direct taxes		-228
Cash flow from operations		130,974

CASH FLOW FROM INVESTMENTS	NOTES	1.1. – 31.12.2010
Investments in tangible and intangible assets		-16,118
Proceeds from sales of tangible and intangible assets		1,303
Investments in financial assets		-350,193
Proceeds from sales of other investments		9,990
Other net proceeds from investments		-644
Received cash from other receivables		15
Total cash flow from investments		-355,648
CASH FLOW FROM FINANCING		
Increase in equity		48,815
Changes in loans		
Paid short-term loans		-126,000
Withdrawed long-term loans		128,640
Total cash flow from financing		51,455
Change in cash and bank		-173,219
Cash and bank 1.1.		363,683
Cash and bank 31.12.		190,465
Change in cash and bank		-173,219

Aalto University Foundation profit and loss statement 1000€

ORDINARY OPERATIONS	NOTES	1.1. – 31.12.2010	1.1. – 31.12.2009
Income	1		
Income from grants	2	112,834	0
Income from business activities	4	4,453	0
Other income		33,422	0
		150,710	0
Expenses			
Personnel expenses	6	236,301	605
Depreciation and amortization	9	5,841	0
Other expenses	5	131,879	3,482
		374,022	4,087
Profit/loss from ordinary operations		-223,312	-4,087
FUNDRAISING			
Income			
Donations		46,267	23,223
Other income		105,499	58,084
Transfer to capital reserve		-151,708	-81,307
		58	0
Expenses			
Fundraising expenses		11	0
Fundraising total		47	0
Profit/loss after fundraising		-223,265	-4,087

INVESTMENT AND FINANCING ACTIVITIES	NOTES	1.1. – 31.12.2010	1.1. – 31.12.2009
Income			
Dividend income		155	0
Interest income		1,703	8,092
Profit on sale of investments		1,285	0
Reversal of investment depreciation		11	0
Other income		696	0
		3,851	8,092
Expenses			
Interest expenses		14	10
Loss on sale of investments		741	0
Investment depreciation		506	0
Other expenses		192	0
		1,452	10
Investment and financing activities total		2,399	8,082
GENERAL GRANTS			
Universities Act based government grant		244,934	0
Profit/loss before appropriations and tax		24,068	3,995
APPROPRIATIONS			
Change in special purpose funds		4,065	0
Tax	11	22	0
Surplus of the financial year		28,112	3,995

Aalto University foundation balance sheet 1000€

ASSETS	NOTES	31.12.2010	31.12.2009
Fixed assets			
Intangible assets			
Intangible assets	14	321	0
Other long-term expenditure		61	0
Advance payments		9	0
		390	0
Tangible assets	15		
Land and water areas		324	0
Machinery and equipment		19,818	0
Other tangible assets		35	0
Advance payments and work in progress		2,041	0
		22,218	0
Investments	16		
Shares in Aalto group companies		108,005	0
Shares in associated companies		2,334	0
Shares in other associated companies		3,215	0
Other shareholdings		361,165	9,990
Finnish Government bonds		340	0
		475,060	9,990
Total fixed assets		497,668	9,990
Current assets			
Inventories			
Inventories		299	0
		299	0
Receivables			
Long-term receivables			
VAT compensation	17	296	0
		296	0

ASSETS	NOTES	31.12.2010	31.12.2009
Short-term receivables			
Accounts receivable		55,492	0
Other receivables		98,614	0
Prepaid expenses and accrued income	18	18,996	12,346
		173,102	12,346
Cash and bank		160,809	346,093
Total current assets		334,507	358,438
Total assets		832,175	368,428
EQUITY AND LIABILITIES			
Equity	20		
Endowment capital		280,000	280,000
Operating equity		154,644	0
Capital reserve		233,015	81,307
Special purpose funds		42,473	0
Other equity			
Retained earnings		6,889	2,894
Surplus of the financial year		28,112	3,995
Total equity		745,133	368,196
Liabilities			
Short-term liabilities			
Advance payments		38,736	15
Accounts payable		7,753	134
Liabilities to Group companies		64	0
Other liabilities		18,949	56
Accrued expenses	21	21,540	27
Total short-term liabilities		87,042	232
Total liabilities		87,042	232
Total equity and liabilities		832,175	368,428

Aalto University Foundation cash flow 1000€

CASH FLOW FROM OPERATIONS	NOTES	1.1. – 31.12.2010	
Profit/Loss from ordinary operations		-223,312	-4,087
Depreciation included in the above		5,841	0
Change in net working capital			
Change in inventories		66	0
Change in short-term interest-free receivables		4,583	4
Change in short-term interest-free debts		9,826	-347
Total cash flow from ordinary operations		-202,996	-4,430
Cash flow from fundraising		56,481	69,118
Received general grants		244,934	0
Paid direct taxes		-22	0
Cash flow from operations		98,397	64,688

CASH FLOW FROM INVESTMENTS	NOTES	1.1. – 31.12.2010	1.1. – 31.12.2009
Investments in tangible and intangible assets		-7,300	0
Proceeds from sales of tangible and intangible assets		1,297	0
Investments in financial assets		-351,615	-9,990
Proceeds from sales of other investments		9,990	0
Other net proceeds from investments		2,459	8,880
Received cash from other receivables		15	0
Total cash flow from investments		-345,154	-1,110
CASH FLOW FROM FINANCING			
Increase in equity		48,815	0
Total cash flow from financing		48,815	0
Change in cash and bank		-197,942	63,577
Cash and bank 1.1.		358,751	282,515
Cash and bank 31.12.		160,809	346,093
Change in cash and bank		-197,942	63,577

Accounting Principles

Aalto University Foundation accounting complies with the principles laid down in the Finnish Accounting Act (1336/1997) and the Accounting Code for Universities (6/500/2010) issued by the Ministry of Education and Culture.

Initiating University Operations and Related Transfers of Property

Initiating university operations in the Aalto University Foundation from January 1, 2010 is based on the Universities Act (24.7.2009/558) and on the Act on the implementation of the Universities Act (24.7.2009/559) as well as on the government decision on the transfer of assets, liabilities, and privileges to be transferred to the universities and on the clarification of property values and liabilities (17.6.2010, 24/500/2009).

The initial capital donated to the foundation is presented in the balance sheet under the heading Endowment Capital. The donations and corresponding governmental capitalization received thereafter are presented in the balance sheet

under the heading 'Capital Reserve'. Other capital donated by the Finnish government to the foundation on January 1, 2010, as well as the net assets and surpluses from the previous years from the three former universities are presented under the heading, Operating Equity. The surplus of the foundation transferred from the previous years is presented under the heading 'retained earnings' and the surplus of the financial year under the heading 'surplus from the financial year'.

The equity of the special purpose funds transferred to the foundation in connection with the university reform is presented in the balance sheet as a separate item. The value of the special purpose

funds transferred from the former universities has been revalued to correspond to the fair value of the assets received along with the funds. All transferred assets are valued at book value or at net realizable value if lower than book value.

The revaluation of the special purpose funds has been covered by deducting the corresponding amount from the operating equity.

Comparative Information

The operations of the Aalto University Foundation have extended from January 1, 2010 to cover the operations of the three former state universities, the Helsinki School of Economics, the University of Art and Design Helsinki, and the Helsinki University of Technology, as well as related special purpose and other funds. In addition, the assets and liabilities of these universities as shown in their balance sheets of 31.12.2009 have been transferred to the balance sheet of the foundation. Therefore, the figures of the foundation for the financial years 2009 and 2010 are not comparable. No other information except the items on the profit and loss statement and the balance sheet, as well as related notes of the foundation from the financial year 2009, has been shown as comparative information. The Aalto University Foundation Group was established on January 1, 2010. Therefore, no comparative information regarding the group is presented.

Valuation of Fixed Assets

Fixed assets have been valued at the original acquisition cost less accumulated depreciation according to plan. Depreciation according to plan has been calculated from intangible assets according to the useful life of the asset and from tangible assets based on declining depreciation. The minimum value for including a fixed asset on the balance sheet is 10,000 euro.

Additional Depreciation

An additional depreciation of 1,026,741.55 euro from the fixed assets transferred from the former universities was made in the balance sheet of the foundation as of January 1, 2010 in order to harmonize valuation principles. The additional depreciation had no effect on the foundation's profit and loss statement from 2010.

Valuation of Inventories

Inventories are valued in the balance sheet according to their acquisition value or according to the replacement cost or at the probable selling price if it is lower than the acquisition value..

Planned depreciation periods:

Asset Group	Depreciation method	Period
Intangible assets	Straight-line depreciation	4–10 years
Buildings	Straight-line depreciation	23–40 years
Long-standing teaching and research	Straight-line depreciation	15 years
Equipment, machinery and furniture	Straight-line depreciation or declining depreciation	4–5 years /25%

Valuation of Current Assets

Financial assets have been entered into the balance sheet according to the acquisition value or net realizable value if it is lower.

Value Added Tax Compensation Receivables

The foundation's accounts during the financial year have been kept according to gross procedure regarding VAT. However, the accounts relating to operations funded by the general funding grant of the Ministry of Education and Culture have been rectified in the financial statements to net amounts according to the principles set in the Accounting Code for Universities issued by the

Ministry. The receivables relating to the VAT compensation from the Ministry have been recorded in long-term receivables, and it has been calculated according to the principles set in the Accounting Code for Universities.

Revenue Recognition

Revenue from ordinary operations of the university has been recognized as a percentage of completion using the cost-to-cost input method. The turnover of subsidiaries involved in business transactions not yet invoiced has been entered in the accounts at the rate of the estimated completion stage of the deliverable. The receivables corresponding to the sales revenue based on the level of completion has been entered as accrued

income. Pre-invoicing of the projects has been entered on the balance sheet as short-term debts. The turnover of the educational programs in the whole group is recorded as income proportional to the number of training days provided. Government grants based on the Universities Act are general grants and are thus recognized as revenue when received.

Business Activities

Business activities are operations that have been defined by tax authorities to be subject to corporate income tax. For accounting purposes, all projects that fulfill the business activity characteristics defined by tax authorities have been regarded as belonging to business activities.

Fundraising

Donations received by the foundation and corresponding government capitalization are transferred at the end of the financial year to the balance sheet under the heading 'Transfer to the Capital reserve'.

Statutory Pension

The statutory pension for employees born before January 1, 1980, and transferred from the three former universities has been arranged through the state treasury and for other employees through an external pension insurance company. Expenditures related to pension fees is recorded as costs during the same financial year.

Items in Foreign Currencies

Receivables and payables in foreign currencies have been translated into euro at the average exchange rate in force on the last day of the financial year.

Management Compensation

Management compensation includes salaries and other compensation paid to members of the foundation's board of trustees and the president and to the board members and CEOs of the group's subsidiary companies.

Accounting Principles and Extent of the Consolidated Accounts

The cost method has been used to create the consolidated accounts.

In addition to the parent organization, Aalto University Foundation, the accounts of the subgroups Aalto Holding Oy and Aalto University Properties Oy were consolidated in the accounts, as well as the TKK ESB (Executive School of Business) accounts until March 31, 2010, when all business activities of the company were transferred to Aalto University Executive Education Oy.

In addition, the proportion of shares owned by the Aalto University Foundation of the associated real estate company KOy Helsingin Eteläinen Hesperiankatu 4 (50%) and the business group housing company Asunto Oy Eteläinen Hesperiankatu 4 is consolidated in the group accounts. The group companies Otaverkko Oy (share of

ownership 47%) and Otahalli Oy (25%) have not been consolidated, as that would not be relevant in presenting a true and fair view of the financial situation of the university foundation.

Transactions between the group members, mutual receivables and liabilities, mutual ownerships, and internal profit sharing have been eliminated.

The financial statement of the foreign subsidiary has been converted using the average exchange rate quoted by the ECB, and the balance sheet has been converted into euro at the exchange rate of the last day of the financial year. Exchange rate differences arising from conversions and translation differences from the elimination of internal shareholding have been included in the item "profit/loss from previous years".

Notes to profit and loss statement 1000€

1. TOTAL INCOME AND EXPENSES	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Total income	410,299	399,553	8,092
Total expenses	376,495	375,506	-4,097
Difference	33,805	24,046	3,995
2. GRANT INCOME			
Tekes grants	42,028	42,028	0
Academy of Finland grants	26,851	26,851	0
EU grants	12,335	12,335	0
Other grants	31,621	31,621	0
	112,834	112,834	0
3. PROFIT AND LOSS STATEMENT BY FIELD OF OPERATION		FOUNDATION 2010	
Education	FOUNDATION 2010	Artistic activities	FOUNDATION 2010
Income		Income	
Income from grants	10,412	Income from grants	208
Income from business activities	209	Income from business activities	0
Other income	12,419	Other income	135
	23,040		342
Expenses		Expenses	
Personnel expenses	33,116	Personnel expenses	238
Depreciation	744	Depreciation	6
Other expenses	13,768	Other expenses	151
Share of common costs	70,756	Share of common costs	587
	118,384		983
Education total	-95,344	Artistic activities total	-640

Research		Societal impact	
Income		Income	
Income from grants	100,123	Income from grants	2 092
Income from business activities	3,981	Income from business activities	264
Other income	20,026	Other income	842
	124,129		3 198
Expenses		Expenses	
Personnel expenses	73,778	Personnel expenses	1 225
Depreciation	1,557	Depreciation	43
Other expenses	24,354	Other expenses	1 496
Share of common costs	148,097	Share of common costs	4 106
	247,786		6 869
Research total	-123,656	Societal impact total	-3 672
		Common expenses	
		Personnel expenses	127 944
		Depreciation	3 491
		Other expenses	92 112
		- transferred to functions	-223 546
		Total common expenses	0

4. PROFIT AND LOSS STATEMENT FOR BUSINESS ACTIVITIES		FOUNDATION 2010	
Net sales			4,453
Materials and services			
Materials and supplies		155	
External services		83	238
Personnel expenses			
Salaries and other compensations		1,507	1,507
Social expenses			
Pension expenses		93	
Other social expenses		26	119
Other expenses			2,517
Profit before taxes and appropriations			72
Tax			19
Net profit			53
5. OTHER EXPENSES	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Materials and supplies	23,852	19,678	139
Rents and facility expenses	27,142	62,797	19
Travel expenses	11,307	11,185	128
Services	25,597	19,312	3,172
Other expenses	22,877	18,907	24
	110,776	131,879	3,482

6. PERSONNEL EXPENSES			
Salaries and other compensations	198,863	195,864	525
Pension expenses	33,576	33,101	59
Other social expenses	7,424	7,336	21
	239,863	236,301	605
7. AVERAGE PERSONNEL			
Teaching and research	3,258	3,258	0
Other personnel	1,736	1,680	2.5
	4,994	4,938	2.5
8. MANAGEMENT COMPENSATION			
	786	324	126
9. DEPRECIATION AND AMORTIZATION			
	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Depreciation according to plan			
Intangible assets	135	135	0
Other long-term expenditure	8,196	68	0
Machinery and equipment	6,645	5,638	0
Additional depreciation	157	0	0
	15,133	5,841	0
Depreciation in other shares	506	506	0
Reversal of depreciation in other shares	11	11	0
	15,628	6,336	0

10. AUDITOR FEES

Audit fees	63	19	7
Tax advisory fees	23	23	13
Other fees	6	6	12
	93	48	32

11. TAX

Tax	301	22	0
Change in deferred tax	565	0	0
	867	22	0

12. INVESTMENT ACTIVITIES

Income			
Dividend income	183		
Interest income	1,772		
Profit on sale of investments	1,285		
Reversal of investment depreciation	11		
Other income	700		
	3,952		
Expenses			
Interest expenses	3,070		
Loss on sale of investments	741		
Investment depreciation	506		
Other expenses	339		
	4,655		

Notes to balance sheets 1000 €

13. ASSETS AND LIABILITIES TRANSFERRED TO FOUNDATION DURING UNIVERSITY REFORM							
Assets	Intangible assets	Tangible assets	Investments	Inventories	Receivables	Cash and bank	Total assets
Foundation assets 31.12.2009	0	0	9,990	0	12,346	346,093	368,428
Transferred TKK assets 1.1.2010	486	21,149	5,890	54	56,562	12,357	96,498
Transferred HSE assets 1.1.2010	11	197	11,550	0	8,011	1,254	21,024
Transferred TAIK assets 1.1.2010	3	600	157	310	5,235	107	6,412
Total transfers from universities	500	21,946	17,598	365	69,808	13,718	123,934
Universities' 2009 retained earnings from the Government	0	0	0	0	48,815	0	48,815
Transfer of other assets 1.1.2010	0	105,345	0	0	0	0	105,345
Foundation's opening assets 1.1.2010	500	127,290	27,588	365	130,969	359,810	646,522
Equity And Liabilities	Equity	Liabilities	Total equity and liabilities				
Foundation equity and liabilities 31.12.2009	368,196	232	368,428				
Transferred TKK equity and liabilities 1.1.2010	36,896	59,602	96,498				
Transferred HSE equity and liabilities 1.1.2010	8,785	12,239	21,024				
Transferred TAIK equity and liabilities 1.1.2010	1,337	5,074	6,412				
Total transfers from universities	47,018	76,916	123,934				
Universities' 2009 retained earnings from the Government	48,815	0	48,815				
Transfer of other assets 1.1.2010	105,345	0	105,345				
Foundation's opening equity and liabilities 1.1.2010	569,374	77,148	646,522				

14. INTANGIBLE ASSETS	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Intellectual property rights			
Acquisition value 1.1.	371	371	0
Increases	97	95	0
Decreases	-11	-11	0
Acquisition value before depreciation 31.12.	458	456	0
Depreciation for the financial year	-135	-135	0
Total depreciation 31.12.	-135	-135	0
Book value 31.12.	323	321	0
Goodwill			
Increases	150	0	0
Acquisition value before depreciation 31.12.	150	0	0
Book value 31.12.	150	0	0
Other intangible assets, set-off items and prepayments			
Acquisition value 1.1.	129	129	0
Increases	9	9	0
Acquisition value before depreciation 31.12.	138	138	0
Depreciation for the financial year	-68	-68	0
Total depreciation 31.12.	-68	-68	0
Book value 31.12.	69	69	0
Total intangible assets	542	390	0

15. TANGIBLE ASSETS				
Land and water areas				
Acquisition value 1.1.	26,138	324	0	0
Increases	2,966	0	0	0
Acquisition value before depreciation 31.12.	29,104	324	0	0
Book value 31.12.	29,104	324	0	0
Buildings and constructions				
Acquisition value 1.1.	245,886	0	0	0
Increases	11,344	0	0	0
Acquisition value before depreciation 31.12.	257,230	0	0	0
Depreciation for the financial year	-8,128	0	0	0
Additional depreciation	-157	0	0	0
Total depreciation 31.12.	-8,285	0	0	0
Book value 31.12.	248,946	0	0	0
Machinery and equipment				
Acquisition value 1.1.	31,972	0	0	0
Asset transfer from Government 1.1.	0	18,268	0	0
Increases	7,676	7,187	0	0
Decreases	-11	0	0	0
Acquisition value before depreciation 31.12.	39,637	25,455	0	0
Depreciation 1.1.	-2,031	0	0	0
Depreciation for the financial year	-5,797	-5,638	0	0
Additional depreciation	18	0	0	0
Total depreciation 31.12.	-7,810	-5,638	0	0
Book value 31.12.	31 827	19 818	0	0

15. AINEELLISET HYÖDYKKEET	KONSERNI 2010	SÄÄTIÖ 2010	SÄÄTIÖ 2009
Other tangible assets			
Acquisition value 1.1.	48	35	0
Increases	302	0	0
Acquisition value before depreciation 31.12.	350	35	0
Book value 31.12.	350	35	0
Advance payments and work in progress			
Acquisition value 1.1.	5,398	3,318	0
Increases	2,344	9	0
Decreases	-5,330	-1,286	0
Acquisition value before depreciations 31.12.	2,412	2,041	0
Book value 31.12.	2,412	2,041	0

16. INVESTMENTS	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Shares in Aalto Group companies			
Aalto-Yliopistokiinteistöt Oy, Espoo, 100%	0	101,800	0
Aalto Holding Oy, Helsinki, 100%	0	4,311	0
Kiinteistö Oy Hgin Arkadiankatu 24, Helsinki, 15,8%	0	1,895	
	0	108,005	0
Shares in associated companies			
Acquisition value 1.1.	2,334	2,334	0
Decreases	-146	0	0
Book value 31.12.	2,189	2,334	0
Shares in other associated companies			
Kiinteistö Oy Hgin Pohj.Hesperiankatu 23A	0	3,215	0

ASSOCIATED COMPANIES CONSOLIDATED INTO AALTO GROUP

Associated company	Domicile	Shares owned by Group	Shares owned by Foundation
As Oy Helsingin Eteläinen Hesperiankatu 4	Helsinki	27%	27%
Kiinteistö Oy Hgin Pohj.Hesperiankatu 23A	Helsinki	50%	50%

ASSOCIATED COMPANIES NOT CONSOLIDATED INTO AALTO GROUP

Associated company	Domicile	Shares owned by Group	Total equity	Profit for the financial year
Otaverkko Oy	Espoo	47%	445	62
Otahalli Oy	Espoo	25%	384	13

Otaverkko Oy and Otahalli Oy financial statements are not consolidated into Aalto Group's financial statement, because consolidation is not necessary in order to give correct and sufficient information on Groups' operations and financial status.

OTHER SHARES	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Listed shares	1,457	1,457	0
Other shares	955	685	0
Mutual fund shares	354,656	354,656	9,990
Shares in housing companies	4,367	4,367	0
	361,435	361,165	9,990

17. VAT COMPENSATION

17. VAT COMPENSATION			
Gross expenses entitled to VAT compensation			
Expenses in profit and loss statement	115,921	115,921	
Expenses activated into fixed assets	8,404	8,404	
VAT compensation			
VAT compensation, profit and loss statement	19,673	19,673	
VAT compensation, fixed asset investments	1,217	1,217	
Total VAT compensation	20,890	20,890	
Received compensation payments from the Ministry of Education and Culture	-20,594	-20,594	
VAT compensation receivable in balance sheet	296	296	

No investment grants were received.

18. PREPAID EXPENSES AND ACCRUED INCOME	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Accrued interests	1	0	0
Accrued income	14,305	14,305	0
Accrued tax	8	0	0
Other prepaid expenses and accrued income	4,922	4,691	0
	19,235	18,996	0

19. Value of Investments

Market value	389,707	366,164	0
Book value	379,938	356,453	0
Difference	9,769	9,711	0

20. EQUITY			
Equity 1.1.2010 and 31.12.2010	Group 2010	Foundation 2010	Foundation 2009
Endowment capital 1.1.	280,000	280,000	280,000
Endowment capital 31.12.	280,000	280,000	280,000
Capital reserve 1.1.	81,307	81,307	0
Increases 2010, private donations	46,209	46,209	0
Increases 2010, Governmental capitalization (received)	10,225	10,225	0
Increases 2010, Governmental capitalization (receivable)	95,274	95,274	0
Capital reserve 31.12.	233,015	233,015	81,307
Operating equity 1.1.	0	0	0
Increases 2010, asset transfer from Government	164,842	164,842	0
Transfer to special purpose funds	-10,198	-10,198	0
Operating equity 31.12.	154,644	154,644	0
Special purpose funds 1.1.	0	0	0
Transfers from universities	36,341	36,341	0
Transfer from operating equity	10,198	10,198	0
Annual return less expenses	-4,065	-4,065	0
Special purpose funds 31.12.	42,473	42,473	0
Retained earnings 1.1.	8,260	6,889	2,894
Surplus of the financial year	37,870	28,112	3,995
Retained earnings 31.12.	46,130	35,001	6,889
Total equity	756,262	745,133	368,196
Depreciation difference included in equity	11,252		

Capital reserve includes 4 M euros of private donations, to which government capitalization will be applied for during 2011.

SPECIAL PURPOSE FUNDS	Fund equity 1.1.2010	Revaluation	Special purpose fund's fixed annual return	Received donations	Fund usage during financial year	Fund equity 31.12.2010
Special purpose funds in economics						
Helsingin kauppakorkeakoulun stipendirahastot	10,960	3,181	424	0	-314	14,251
Helsingin kauppakorkeakoulun palvelutoimintarahasto	1,363	3,164	136	0	0	4,663
Helsingin kauppakorkeakoulun yliopistorahasto	99	0	3	0	0	102
Special purpose funds in science and technology						
Professori E.J. Nyströmin rahasto	419	1,120	46	0	0	1,585
Vuorineuvos Sundbergin laaturahasto	83	24	3	0	0	110
Yritystoiminnan tukirahasto	336	834	35	0	-4	1,201
Fabian Ahvenaisen rahasto	455	129	18	0	-10	591
Professori Hanneliuksen rahasto	21	6	1	0	0	28
Teräsbetoni Oy:n rahasto	54	15	2	0	0	71
Insinöörien matka-apurahasto	72	20	3	0	0	95
Oy Atlas Diesel Ab:n rahasto	63	18	2	0	0	83
Arkkitehtien matka-apurahasto	35	10	1	0	0	47
Arkkitehti Väinö Vähäkallion stipendirahasto	756	215	29	0	-9	991
Arkkitehti Annikki Paasikiven stipendirahasto	1,452	412	56	0	-20	1,900
Professori Nils Erik Wickbergin rahasto	605	172	23	0	-22	779
Teknos Winter Oy:n rahasto	68	19	3	0	-3	87
Oiva Allan Pölkkyksen rahasto	74	21	3	0	-2	96
Aleksander ja Lucie Lampénin rahasto	1,561	443	60	0	-11	2,054
Oy Strömberg Ab:n rahasto	31	9	1	0	0	41
Yhdistetty opiskelijarahasto	55	16	2	0	0	73
Kansallis-Osake-Pankin rahasto	71	20	3	0	0	94
Julius Tallbergin rahasto	114	32	4	0	0	151
Ernst Wirtzenin rahasto	109	31	4	0	0	144
DI Marja-Terttu Tanttisen rahasto	10	3	0	0	0	14

TIED FUNDS	Fund equity 1.1.2010	Revaluation	Special purpose fund's fixed annual return	Received donations	Fund usage during financial year	Fund equity 31.12.2010
Helsinki University of Technology university fund						
Yliopistorahaston yhteiset	232	0	7	0	0	239
Mide	860	0	26	0	-80	806
Talotekniikan rahasto	365	0	11	0	-153	223
Maa- ja vesitekniikan tuki ry	15	0	0	0	0	15
Puurakentaminen	472	0	14	0	-38	448
Alumnirahasto	245	0	7	0	-126	126
Energiatekniikan professori	100	0	3	0	-106	-3
Tuotantoteollisuuden professori	300	0	9	0	-39	270
Painatustekniikan professori	75	0	2	27	-1	103
Kaute	120	0	4	0	-67	57
Tapani Järvisen Ympäristötekniikan rahasto	147	0	4	0	-115	36
Puunjalostustekniikan Prof. Maloney	120	0	4	0	-67	57
Otto -projekti	147	0	4	0	-115	36
Special purpose funds in art and design						
Helmi-Grönlundin rahasto	259	105	11	0	0	374
Special purpose funds total	36,341	10,198	1,396	57	-5,518	42,473

21. ACCRUED EXPENSES	GROUP 2010	FOUNDATION 2010	FOUNDATION 2009
Accrued salaries and wages	20,854	20,487	27
Accrued tax	219	19	0
Other accrued expenses	1,520	1,034	0
	22,593	21,540	27

Other notes 1000€

COMMITMENTS AND CONTINGENCIES			
1.1 Lease contracts	Group 2010	Foundation 2010	Foundation 2009
Lease payments due within one year	826	821	0
Lease payments due later	928	918	0
	1,754	1,739	0
1.2 Rental agreements (incl. VAT)			
Rental agreement payments due within one year	18,667	64,591	0
Rental agreement payments due later	56,835	247,216	0
	75,502	311,807	0
Rental agreement payments do not include possible contractual index increases.			
1.3 Derivative contracts			
Derivatives in the Aalto Group consist of commodity (electricity) and interest rate swap agreements. Commodity swap agreements provide protection against fluctuation of electricity prices. At the end of the financial year the protection level is 100% for the year 2011 and 25% for the year 2012. Interest rate swaps will protect against interest rate fluctuation by swapping the variable interest rate of bank loans to fixed rate. Existing contracts provide 80% protection rate.			
Electricity derivatives			
Protected amount, MWh	43,800	0	0
Current value of contracts (1000€)	350	0	0
Interest rate swap agreements			
Nominal value of contracts (1000€)	100,800	0	0
Current value of contracts (1000€)	-1,044	0	0
1.4 Collaterals and property as security for own liabilities			
1.4.1 Liabilities with property collaterals			
Bank loans	126,083	0	0
Other loans	4,495	0	0
Total collateral loans	130,578	0	0
Total property collaterals	131,200	0	0
1.4.2 Liabilities with shares as collaterals			
Bank loans	42,000	0	0
Book value of shares deposited as collaterals	5,943	0	0

COMMITMENTS AND CONTINGENCIES

1.5 VAT refund liabilities

Companies owned by the foundation have deducted VAT from their property investments and this involves liability to revise the deduction in case of alteration of use of the property. In 2009 the VAT refund liability relating to the property that was transferred from the Senate Properties was not transferred to the Group company (except Metallimiehenkuja 10 that was under renovation)

VAT Refund liability 31.12.2010

Completed projects (10 year revision period)	1,069	681	0
Work in progress	1,193	0	
Revision liability, total 31.12.2010	2,262	681	0
Total VAT relating to the investments under revision liability			
Completed projects (10 year revision period)	1,188	756	0
Work in progress	1,193	0	0

1.6 Legal proceedings and other compensation claims

The foundation has on 31.12.2010 in process altogether 14 compensation claims relating to employment relationship cases and 2 other cases. The total estimated risk in relation to these cases is 480.000 euro.

1.7 Other contingent liabilities

Letter of Intent

Aalto University Properties Oy and the Student Union of the Helsinki University of Technology signed a letter of intent on 31.12.2009 regarding the sale of the shares of the company called Kiinteistö Oy Jämeränjälki that owns the kongress and training center Dipoli, and the sale of the related site. The letter of intent has been extended with the Student Union of Aalto University by signing a new letter of intent that is valid until 31.12.2011. If realized, the total value of the deals will be 10.500.000 euro.

Income taxation

The tax authorities have in the taxation year 2009 deviated from the tax declaration of Aalto University Properties Oy and confirmed the loss of the company to be 503.913 euro. The company has made an appeal to reverse the decision. In case the original decision of the tax authorities will remain valid, the taxes to be paid by the company will raise to approximately 3.500.000 euro.

Obligation to construct a parking facility

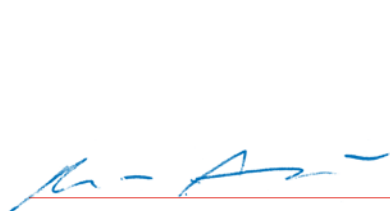
The foundation owns 50% of the shares of Kiinteistö Oy Pohjoinen Hesperiankatu 23A property company. This company and Asunto Oy Helsingin Pohjoinen Hesperiankatu 25 housing company have joint obligation as defined in the contract of land lease and exceptional building permission to construct an underground parking facility for 33 vehicles in those plots.

Share of loans relating to apartments

The foundation owns 27% of the shares of Asunto Oy Helsingin Eteläinen Hesperiankatu 4 housing company, entitling to the use of 7 apartments. The share of company loans relating to these apartments that the foundation is responsible for totals 2,7 million euro.

Signatures for Annual Report and Financial Statements

Espoo, April 4th, 2011



Matti Alahuhta
Hallituksen puheenjohtaja



Marja Makarow
Vice-Chairperson of the Board

Patrick Aebischer



Anne Brunila

Bengt Holmström

Saku Mantere



Anna Valtonen

The Auditor's Note

Our auditor's report has been issued today

Espoo, April 4th, 2011



Jarmo Lohi
KHT, JHTT



Tiina Lind
KHT, JHTT

List of Accounting Records and Storage Methods

Journal Electronic lists in Raindance system
General ledger Electronic lists in Raindance system
Balance sheet book Bound
Balance sheet specifications Bound
Notes Bound
Bank statements Electronic lists in RONDO system
Accounts payable receipts Electronic lists in RONDO system
Invoices Electronic lists in RONDO system
Accounting memos Electronic lists in RONDO system

Espoo, April 4th, 2011