

# 2019 annual board report and financial statements



Aalto University

# Annual Board Report 2019

---

Based on the audited Finnish version

## The role of Aalto University

Aalto University is an autonomous, multidisciplinary science and art community which operates in the fields of technology, business, art and design, and closely related fields.

The university's mission and its activities seek to promote free research in addition to scientific and artistic education, provide research-based higher education, and educate students to serve society and humanity while respecting ethical principles and preserving the environment. In carrying out its mission, the university promotes lifelong learning, interacts with society, and promotes the societal impact of research findings and artistic activities.

The national mission of the university is to promote Finland's success and make a positive impact on Finnish society, its economy, technology, art, design, internationalisation and competitiveness, as well as promoting the welfare of humankind and the environment through high-quality research and education.

The university abides by the ethical principles of a world-class university in all its activities while following the principles of good administration, safeguarding academic autonomy and the independence of the academic community; all of which are prerequisites for the freedom of education, research and art.

## Activities during 2019

2019 marked Aalto University's tenth year of operation. The university has directed its research towards seven key areas in which it excels, and which are of prime importance for resolving many of the significant challenges facing society. These areas are ICT and digitalisation, materials, art and design, business, energy solutions, living environments, and health and wellbeing. In 2019, the emphasis was given within these key research areas to selected topics such as clean technology, bioeconomy and arctic marine technology.

Within its key areas, the academic results of the university have developed strongly, and in field-specific international comparisons, Aalto University is already ranking among the best (see the ranking results given below). Aalto University has made significant strides towards further internationalisation: Aalto was ranked the 37th most international university (up from 50th in 2018) in the Times Higher Education's World University Rankings, which included a total of 1 400 universities.

Additionally, the university was ranked 18th (22nd) worldwide and 10th (13th) in Europe in the Times Higher Education's Young University Rankings for universities less than 50 years old, which included a total of 351 universities. The QS World University Rankings Top 50 Under 50, which lists the world's 150 best universities that are under 50 years old, placed Aalto 9th (9th) worldwide and 3rd (3rd) within Europe. To put this into context, depending on the definition used, there are between 17 000 and 22 000 universities in the world.

### ICT and digitalisation

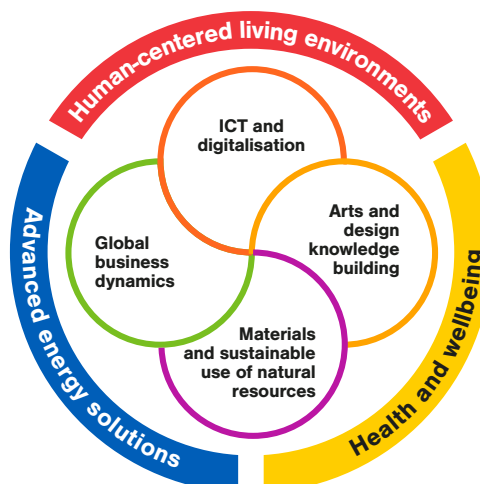
ShanghaiRanking: Telecommunication Engineering 22 (2018: 28)  
US News: Computer Science 33 (2018: 43)

### Global business dynamics

ShanghaiRanking: Business Administration 29 (2018: 34)  
Management 32 (2018: 36)

### Advanced energy solutions

ShanghaiRanking: Electrical & Electronic Engineering 76-100 (2018: 51-75)



### Human-centred living environments

QS: Architecture/Built Environment 2020: 41 (2019: 42)

### Arts and design knowledge building

QS: Art & Design 2020: 7 (2019: 7)

### Health and wellbeing

ShanghaiRanking: Medical Technology 101-150 (2018: 101-150)

### Materials and sustainable use of natural resources

ShanghaiRanking: Mining and Mineral Engineering 76-100 (2018: 51-75)

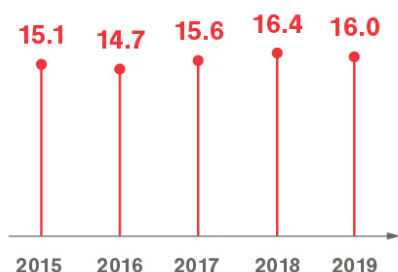
Rankings in key research areas

Figures in parenthesis refer to 2018 unless otherwise mentioned.

Significant investments in professorships connected to the tenure track system continued in 2019. At the end of 2019, there were 278 (268) professors in the tenure track system, appointed since the foundation of the university. Of these, 32% (33%) were international recruits and 26% (26%) were women. The number of professors who had been appointed before the year 2010 was 112 (121).

### Research

The quality of Aalto University's research has further advanced. The number of most cited top 10% of publications rose by 1% to 1 512 (1 493), while the university published 2 235 (2 166) international peer-reviewed articles in scientific journals. Competitive research funding received by the university decreased by 3% to €88 (€91) million, mainly due to a decrease in research funding received from the Academy of Finland and Business Finland.



### Quality of publications

Share of Aalto University publications that belong to the top 10% most highly cited publications in the world in the same subject area. This indicator has been used since 2015.

Aalto University participated in six (6) national Centres of Excellence during 2019, and two (2) Academicians of Science worked at the university. The quality of research conducted at the university is also reflected in the fact that the university has 24 (26) recipients of research grants from the European Research Council (ERC), five (5) Academy professors and 44 (41) Academy researchers.

In early 2019, the Academy of Finland granted Aalto University a total of €4.7 million for the development of research infrastructures through its 2018 FIRI application process. The funding was granted to four research infrastructures which are part of the national roadmap (Bioeconomy, RawMatTERS Finland, OtaNano and Aalto Ice Tank) and also to one new initiative (Research Infrastructure for Future Wireless Communication Networks FUWIRI). In early 2020, Aalto University received a total of €1.7 million FIRI funding through the 2019 application round. The funding was granted to the Bioeconomy and OtaNano infrastructures, which are part of the national infrastructure roadmap, and towards the strengthening of Finland's role in the European EPOS infrastructure for seismological, geomagnetic and geodetic research.

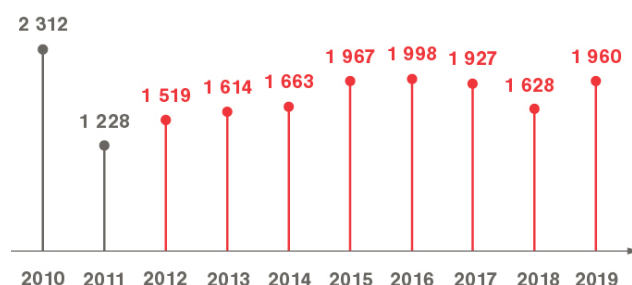
Aalto University performed well in the Flagship Programme funding application round launched by the Academy of Finland in 2018. The Academy of Finland made the funding decisions in early 2019. The Flagship Programme supports high-quality research and develops future expertise and sustainable solutions to societal challenges. The programme also promotes economic growth by developing new business opportunities. Out of the six centres of excellence chosen as flagships, Aalto University coordinates the Finnish Centre for Artificial Intelligence (FCAI) and materials bioeconomy (FinnCERES) flagships and participates in the Finnish Flagship on Photonics Research and Innovation (PREIN).

The openness of research data has increased. In 2019, Aalto University researchers opened up over 20 data sets, among which the Metsähovi Radio Observatory's 40 years of data on active galaxies and solar observations were of particular significance.

### Education

In 2019, a total of 1 340 (1 218) students completed a bachelor's degree, 1 960 (1 628) completed a master's degree, and 235 (263) a doctorate. The number of full-time equivalent bachelor's and master's degree students was 11 205 (10 881). The total number of degree students was 17 626 (17 450). Degree students earned a total of 510 598 (483 979) ECTS study credits, equivalent to an average of 34 (33) study credits per active degree student. International students totalled 3 738 (3 645), of which 75% (73%) were studying for a full degree. The number of applicants for bachelor's degree programmes at Aalto University continued to increase.

The number of master's and doctoral degrees exceeded the targets set by the Ministry of Education and Culture. The number of bachelor's degrees has increased but remained below the target. The proportion of students who completed at least 55 credits during the year saw another slight increase. The systematic work done to improve teaching quality was reflected in the further improved results obtained in the national bachelor feedback.



### Master's degrees

Degree reforms and their transition periods have affected the number of master's degrees in 2010, 2011 and 2018.

Figures in parenthesis refer to 2018 unless otherwise mentioned.

The strategic development of Aalto University teaching and learning continued, with a focus on four primary themes: qualitative development of degree programmes, student wellbeing, development of skills for working life, and promotion of online teaching and learning. In addition to this strategic development work, Aalto University has also continued its long-term efforts to streamline study paths and promote on-time completion of studies.

### Artistic activities

QS World University Rankings ranked Aalto University 7th (7th) in the field of art and design and 41st (42nd) in the field of architecture. In 2019, the range of university-wide art studies on offer was expanded: A total of 29 (25) courses were held during the year, and a total of 1 706 (1 152) credits were earned by students studying in these courses. Additionally, design-related study modules were included as part of the existing bachelor's and master's programmes in the different schools. This ensures that university graduates have a good understanding of the utilisation of design in various fields. In 2019, more than 400 students participated in these design-related teaching activities.

In 2019, the international prominence of Aalto University's art, design and architecture continued to be strong. Aalto University participated in several significant exhibitions and events in which its multidisciplinary expertise was presented through art and design. The success of the university community and its students was reflected in the significant number of awards and recognitions received in this field. The total number of artistic works and awards increased by 4% to 451 (433).

### Impact

The education of new professionals and extensive collaboration with companies and other stakeholders are central elements of Aalto University's societal impact and there continues to be high demand for Aalto University graduates in the Finnish labour market. The university has intensified collaboration with its strategic partners and has sought new forms of collaboration after reductions were made in Business Finland funding. Collaboration with companies brought €14 million (€12 million) funding to the university.

During the year, the university processed 151 (151) innovation proposals, filed 47 (46) patent applications, and realised 14 (34) transfers of technology or competence to businesses.

An active innovation ecosystem has formed around Aalto University, and it has been recognised to be nationally significant and internationally competitive. In 2019, Aalto University participated in the international comparison by the European University Association and received recognition for its strong innovation culture.

Numerous new companies are founded every year, both by Aalto students and faculty. Examples of Aalto University's student-driven entrepreneurship activities include Kiuas, selected as Finland's best business accelerator, the globally renowned startup event Slush, and Junction, Europe's leading hackathon community, yearly gathering around 1 500 hackers to its main event. In 2019, Slush Helsinki gathered 25 000 attendees, with over 3 500 startups, 2 000 investors and 600 journalists from over a hundred countries.

Aalto University aims to increase its societal impact by bringing together international and national actors. A Grid, one of Europe's largest startup centres, is based in Otaniemi. At the end of 2019, around 120 startup businesses and communities were operating in A Grid, including the European Space Agency's BIC business incubator and the UN Technology and Innovation Laboratory UNTIL.

Aalto University's strategic partners also include public sector actors such as other universities and research institutes, as well as international innovation networks. The European Institute of Innovation and Technology (EIT) has become the largest innovation community in Europe, and Aalto is involved in six of its eight Knowledge and Innovation Communities.

Aalto University provides executive education and continuing education through Aalto University Executive Education Oy (Aalto EE). In 2019, Aalto EE ranked 38th (39th) in the Financial Times Executive Education Ranking, putting it in the top 1% of executive educators worldwide.

## Governance

The main governing bodies of the university are the board, the president, the provost, the vice presidents, the academic affairs committee, and the deans of the university's schools.

The board consists of seven external members, including the chair and vice-chair. It is responsible for decisions concerning the university's strategy, for the annual operating plan and budget, and for approving the financial statements and the university's regulations. The board appoints the president, the provost, the vice presidents, the deans and other personnel reporting directly to the president and the provost. It also ensures that the university's operations are organised appropriately and that its assets are invested systematically and productively. The university board had six meetings during the year.

The Aalto University Academic Affairs Committee appointed Professor **Andreas Mortensen** as a new member of the Aalto University Board and appointed Doctor of Philosophy **Susanna Pettersson** to a new term starting on 1 January 2020. Professor **Colin Whitehouse** resigned from the board in 2019, after completing his post in the board. The Aalto community wishes to thank Professor Whitehouse for his important work for Aalto University; especially towards increasing the university's international recognition.

The president leads the operations of the university in accordance with the Universities Act, the values of the university community, the strategy approved by the board and the orders and instructions provided by the board. The president also leads the long-term strategic development and partnerships of the university.

The provost substitutes for the president, supports the president in the planning of strategies, the appointments of professors and the planning of resources, and leads all processes related to education, research and societal impact. The academic vice presidents report to the provost.

The Board of Aalto University appointed Doctor of Philosophy **Tuomas Auvinen** as dean of the School of Arts, Design and Architecture for a five-year period starting on 11 March 2019 and Professor **Timo Korkeamäki** as dean of the School of Business for a five-year period starting on 1 January 2020.

The Aalto University Academic Affairs Committee is a joint multi-member executive body as referred to in the Universities Act. The committee is responsible for matters such as curricula, degree requirements, the principles used for admitting students, and for establishing the bodies necessary to govern the university's research and education. In addition, it appoints the nomination committee and the members of the board based on proposals that they make.

The board's nomination committee has five members, two of which represent founders of the Aalto University Foundation other than the Finnish state.

The university is organised into six schools and joint service units. Led by the deans, the university's schools consist of departments, each led by a department head. The schools are responsible for education and research and are academically independent within the framework established by the university's strategy, guidelines, and annual operating plan and budget.

The university and its subsidiaries form the Aalto University Group, with the board and the president being responsible for its governance. The president appoints university representatives to the annual meetings of subsidiaries, during which the board members of these companies are elected. The boards of the subsidiaries elect their CEOs, who are responsible for the operations of these companies.

## Personnel

The number of the university's personnel was 4 125 (4 052) full-time equivalents. A total of 59% (60%) of the personnel were employed in teaching and research positions, 10% (10%) were degree students working as teaching and research assistants, and 31% (30%) belonged to other personnel groups. In total, 21% (21%) of the personnel were doctoral students.

A total of 36% (37%) of the personnel held a permanent employment contract, and 85% (86%) worked full-time. Women accounted for 39% (39%) of the personnel. A total of 14% (16%) of the personnel will reach the age of 65 within the next ten years. The share of non-Finnish personnel was 28% (29%), which indicates the strong international focus of the university.

At the end of 2019, the university had 390 (389) professors, of whom 141 (150) had fixed-term tenure track contracts. In total, 21% (20%) of professors were women. Approximately 34% (36%) of professors will reach the age of at least 65 within the next ten years.

The average number of personnel employed by the Aalto University Group was 4 522 (4 412). The University Group's personnel costs totalled €250 million (€240 million), of which the university accounted for €237 million (€228 million). Salaries and other remuneration paid to the members of the board, the president, and the members of the boards of Aalto University Group companies and their CEOs totalled €1.1 million (€1.1 million).

## Campus

The university's long-term campus development programme progressed as planned. In January 2019, the second part of the new building at Ekonominaukio 1 was completed in the centre of the Otaniemi campus, and the School of Business moved into its new premises in February, half a year ahead of the original schedule. In Otakaari 5 the construction work continued, enabling the expansion of the A Grid startup centre. The renovation of Vuorimiehentie 2 included the completion of the Circular Raw Materials Hub, a joint research infrastructure hub involving Aalto University, the Geological Survey of Finland GTK and VTT Technical Research Centre of Finland. Renovation work began on the old main building of the School of Business in Töölö at Runeberginkatu 14–16 and at the Metsähovi Radio Observatory in Kirkkonummi. The planning work for the renovation of Otaniemi's old shopping centre began in 2019, and construction will start in early 2020. Work was also carried out to further develop flexible use of facilities and the campus membership concept, which facilitates engagement between the university's research and the business world.

In 2019 the university sold four real estate companies amounting to a total of 25 000 m<sup>2</sup>. These buildings locate outside of the university's core campus at Lämpömiehenkuja 2 and 3, Maarintie 6 and Tekniikantie 3.

At the end of December, a total of 37 500 m<sup>2</sup> (47 500 m<sup>2</sup>) of the university's facilities were rented out to university partners. The most notable tenants were VTT Technical Research Centre of Finland Ltd, Fazer Food Services and Esport Aalto Oy.

---

Figures in parenthesis refer to 2018 unless otherwise mentioned.

As a result of the space efficiency programme, the university reduced its facility usage by 5% (11%) in 2019. For its own use, the university had a total of 217 000 m<sup>2</sup> (228 000 m<sup>2</sup>) of workspace, of which the Otaniemi campus accounted for 213 000 m<sup>2</sup> (203 000 m<sup>2</sup>) and other sites for 4 000 m<sup>2</sup> (4 000 m<sup>2</sup>). In Töölö, the old main building of the School of Business (13 000 m<sup>2</sup>) is still owned by the university. Facility costs for the university totalled €46 million (€52 million) in 2019.

## Endowment

The endowment has a long-term strategy designed to support the implementation of university's strategy. The goals of the endowment activities are to provide a steady and predictable income to fund university operations as well as to preserve and accumulate the real value of the endowment capital in the long term. Preserving the real value of the endowment capital secures equality across generations by maintaining the purchasing power of the endowment capital and the funding it provides to the university's operations over time.

At the end of the year, the market value of the endowment portfolio was €1 142 million (€983 million). The average annual return on the endowment portfolio has been 5.1% after expenses since the inception of operations. The endowment portfolio's return in 2019 was 15.6% (-6.0%) after expenses. At the end of 2019, 30% (37%) of the portfolio was held in fixed income instruments, 57% (52%) in equities and 14% (11%) in alternative risk.

Aalto University is committed to complying with the principles for responsible investments. The university is a member of Finland's Sustainable Investment Forum (FINSIF).

## Sustainable development

Sustainable development and responsibility are central factors in Aalto University's strategy and shared values. The university takes sustainable development and responsibility into account in education, research and other operations. Campus development also has a crucial role in promoting sustainable development.

Aalto University has signed the Sustainable Development Goals (SDG) commitment and is part of the International Sustainable Campus Network (ISCN). Aalto University ranked 19th in the new Times Higher Education University Impact Rankings, which assesses how well universities are promoting the UN's Sustainable Development Goals.

Significant research projects on sustainable development were launched in 2019. Funding was received from the Academy of Finland's Strategic Research Council for several Aalto-coordinated projects, including the FINIX research project promoting the sustainable textile industry,

the SmartLand research project promoting sustainable urbanisation, and the ValueBioMat research project promoting the use of renewable raw materials. Business Finland granted significant funding to the BATCircle consortium, which is coordinated by Aalto University and working on improving production processes in mining, metal refining and battery chemical production and increasing the recycling of lithium-ion batteries.

The themes of sustainable development and climate change were strongly highlighted at various events, such as the Milan Triennale, for which the Aalto University School of Arts, Design and Architecture produced the Finnish exhibition, and Helsinki Design Week, for which one of the main venues was the Aalto University campus in Otaniemi.

## Risk management

Risk management is an essential part of the management system of Aalto University, and it supports the realisation of the university's strategic and operational goals. To reach its goals, the university mainly accepts the risks that are relative to the benefit to be gained and to the likelihood and extent of damages. For unrewarded risks, the strategy is avoidance or, when appropriate, cost-effectively mitigating risks to an acceptable level.

The main risk in Aalto University's operating environment is related to the safeguarding of funding for the university's operations in the long term. The unpredictability of public funding for the university sector and excessively rapid redirecting of funding can endanger the university's long-term academic activities. The uncertainty of financial markets can lead to a negative impact on the university's endowment portfolio and spending policy for endowment returns, thus also impacting funding in the long-term.

The most significant stage of the university's campus development programme is reaching its end, and the associated risks have decreased. Nevertheless, as a consequence of Finland's economic situation and the excess supply of business premises in the Helsinki metropolitan area, it may become difficult to find external parties to rent or buy facilities that have been vacated by the university as part of the on-going space efficiency programme.

The principle for the university's property insurance cover is to insure key assets with a relatively high level of risk. The insurances secure all assets that are essential and material for the university's operations. Aalto University also has liability insurance cover in respect to possible damage caused by its operations to third parties, as well as management liability insurance cover in regard to the financial damage that might result from the actions of the university's management and the members of the board and the boards of its subsidiaries.

## Financial position

The university's pro forma operative income totalled €339 million, down 2% from the €347 million recorded in the previous financial year. The main sources of income were government funding totalling €212 million (€219 million) and grant income: €48 million (€51 million) from the Academy of Finland, €24 million (€21 million) from the European Union, and €11 million (€15 million) from Business Finland. The main reason for the decrease in government funding was the decline in Aalto University's national mission funding received from the Ministry of Education.

The university's pro forma operative expenses were €371 million, up 2% from the €365 million recorded in the previous year. Personnel and facility expenses accounted for the majority of the expenses. Personnel expenses accounted for 64% (62%) and facility expenses 12% (14%) of operative expenses. Personnel expenses rose by 4% from the previous year as a result of an increase in the number of personnel and salary increases implemented in accordance with the collective agreement. Facility expenses fell by 11% from the previous year. In addition to the campus development and space efficiency programmes, the decrease in facility costs is explained by a partial release of a mandatory provision for rental costs.

The university's pro forma operative loss was €32 million (€18 million).

The fundraising profit was €3 million (€2 million). Fundraising income €4 million (€3 million) consisted of donations received, and expenses were mainly personnel expenses and service expenses. In the income statement, the capitalisation of donations raised to special purpose funds is deducted in Change in special purpose funds.

The profit recorded in endowment activities was €153 million (loss of €64 million), and the profit for financing activities was €12 million (€0 million). The profit/loss for endowment activities and financing activities includes both realised gains and losses as well as change in the fair value of assets. The profit for endowment activities in 2019 mainly consisted of the change in the fair value of the endowment portfolio due to the recovery of the financial markets since the end of 2018. In addition, realised gains were obtained from changes in portfolio allocation and individual investment funds. The profit for financing activities in 2019 resulted primarily from realised gains from real estate investments.

The net profit for the university's financial year was €130 million (loss of €85 million), which is 38% (-25%) of the operative income.

The university's balance sheet totalled €1 847 million (€1 669 million).

In assets, investments increased to €1 207 million (€1 007 million) mainly due to the rise in the market value of endowment. In addition to endowment assets, the value of investments includes shares in the group, associated and jointly owned companies and other shareholdings. Long-term receivables declined to €466 million (€474 million) due to loan repayment by group companies as a result of real estate sales.

In equity and liabilities, special purpose funds increased to €61 million (€59 million) due to donations received. Unrestricted funds decreased to €231 million (€260 million), primarily as a result of a transfer of €29 million from the unrestricted funds to the profit of previous years. Long-term liabilities increased to €331 million (€307 million). A new bank loan of €60 million was obtained and existing bank loans were reduced by a total of €35 million, of which €29 million were made as premature repayments. Short-term liabilities increased to €162 million (€138 million), primarily as a result of transactions within the group's internal bank and advance payments.

In the cash flow statement, cash flow from ordinary operations decreased to -€25 million (€26 million), primarily due to the operating loss. Cash flow from investments was -€41 million (€17 million). Of the cash flow from investments, €8 million (-€11 million) related to investments in tangible assets and intangible assets and -€49 million (€28 million) related to endowment activities. Cash flow from financing activities was €23 million (-€5 million), primarily due to the bank loan obtained, a decrease in internal loans and cash investments in a short-term fixed income fund. The university's change in cash and bank was -€43 million (€38 million). Of this change, €5 million (€10 million) related to the university's ordinary activities and -€49 million (€28 million) to its endowment activities.

KEY FIGURES, €1M	2019	2018	2017	2016	2015
Operative income	339	347	345	353	372
Operative profit/loss	-32	-18	4	-5	-12
Endowment profit/loss	153	-64	90	22	30
Fundraising profit/loss	3	2	11	10	1
<b>Profit/loss for the period</b>	<b>130</b>	<b>-85</b>	<b>92</b>	<b>16</b>	<b>18</b>
<b>Total cash flow</b>	<b>-43</b>	<b>38</b>	<b>-3</b>	<b>28</b>	<b>25</b>
Total assets	1 847	1 669	1 657	1 545	1 226
Total equity	1 353	1 221	1 302	1 213	1 153
<b>Total liabilities</b>	<b>493</b>	<b>446</b>	<b>355</b>	<b>332</b>	<b>73</b>

Figures in parenthesis refer to 2018 unless otherwise mentioned.



## Activities with related parties

Aalto University maintains a register of its related parties, which covers all necessary, practically available information. The related parties register is updated on a yearly basis and includes the decision-makers of the university and its subsidiaries as well as their family members.

A summary of financial activities with related parties is presented in the notes to the financial statements.

## Aalto University Group

Aalto University Group's total income was €544 million (€418 million), and its total expenses were €418 million (€506 million). The Group recorded a net profit of €126 million (loss of €88 million).

The Group's balance sheet totalled €1 829 million (€1 671 million) at the end of the year. The growth in the balance sheet total was mainly due to an increase in the value of the university's endowment portfolio. Cash flow from Aalto University Group's ordinary operations was -€2 million (€38 million) and the cash flow from investments was -€39 million (-€59 million). Cash flow from financing was -€6 million (€45million). The group's total cash flow was -€46 million (€24 million).

The sub-group Aalto University Executive Education recorded a turnover of €24 million (€22 million), and its net profit was €1.0 million (€1.0 million).

All Aalto University Group companies have prepared their own financial statements for the financial year 2019.

## Auditor

KPMG Oy Ab was the university's auditor during the financial year.

## Major events after the financial year

At the start of year 2020, financial market stress caused by the corona virus outbreak has led to a significant decrease in the endowment portfolio value.

No other events of a material nature affecting the financial status of the Aalto University Group and its financial statements for 2019 took place between the end of the financial year and the preparation of the financial statements.

FINANCIAL RATIOS	FOUNDATION					GROUP				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
<b>Change in revenue</b>										
Change in turnover %	-2%	-1%	-2%	-5%	-4%	-2%	-1%	-1%	-4%	-3%
<b>Profitability</b>										
Change in operating profit %	-11%	-7%	1%	-2%	-4%	-10%	-5%	1%	3%	2%
Change in equity %	11%	-6%	7%	5%	12%	10%	-6%	7%	6%	10%
Endowment return %	16%	-6%	7%	6%	3%					
<b>Liquidity (without endowment cash and bank)</b>										
Quick ratio	1,0	0,8	2,1	3,3	2,0	1,8	1,5	2,0	2,7	1,1
Days cash on hand	41	30	29	57	29	44	34	47	77	37
<b>Solvency</b>										
Equity ratio	75%	75%	80%	80%	96%	77%	76%	79%	79%	80%
Gearing	19%	17%	16%	17%	-3%	18%	16%	14%	14%	14%
<b>Personnel</b>										
Salaries and other compensations (€1M)	200	193	183	189	201	211	202	191	197	208
Number of personnel on average										
Teaching and research personnel	3 055	2 990	2 869	2 910	3 118	3 055	2 990	2 869	2 910	3 118
Other personnel	1 288	1 262	1 234	1 298	1 435	1 467	1 422	1 399	1 433	1 569
<b>Total</b>	<b>4 343</b>	<b>4 252</b>	<b>4 103</b>	<b>4 208</b>	<b>4 552</b>	<b>4 522</b>	<b>4 412</b>	<b>4 268</b>	<b>4 343</b>	<b>4 686</b>

Figures in parenthesis refer to 2018 unless otherwise mentioned.

# Financial Statements 2019

---

Based on the audited Finnish version

# AALTO UNIVERSITY FOUNDATION PRO FORMA INCOME STATEMENT, €1m

(not audited)

<b>OPERATIVE INCOME</b>	<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>	<b>2015</b>	<b>%</b>	<b>2014</b>	<b>%</b>	<b>2013</b>	<b>%</b>
Government funding	212	62%	219	63%	229	66%	237	67%	254	68%	266	69%	275	66%
Academy of Finland	48	14%	51	15%	45	13%	40	11%	35	10%	31	8%	34	8%
European Union	24	7%	21	6%	19	5%	21	6%	19	5%	21	5%	20	5%
Business Finland	11	3%	15	4%	18	5%	23	6%	26	7%	31	8%	38	9%
Corporate	14	4%	12	4%	12	4%	13	4%	13	3%	14	4%	22	5%
Other	26	8%	24	7%	21	6%	19	5%	24	6%	23	6%	29	7%
Transfer from special purpose funds	5	1%	4	1%	1	0%	1	0%	1	0%	1	0%	2	0%
<b>TOTAL</b>	<b>339</b>	<b>100%</b>	<b>347</b>	<b>100%</b>	<b>345</b>	<b>100%</b>	<b>353</b>	<b>100%</b>	<b>372</b>	<b>100%</b>	<b>389</b>	<b>100%</b>	<b>418</b>	<b>100%</b>
<b>OPERATIVE EXPENSES</b>														
Academic personnel	167	45%	160	44%	153	45%	162	45%	172	45%	174	43%	179	43%
Service personnel	69	19%	67	18%	64	19%	65	18%	73	19%	83	21%	87	21%
Facilities	46	12%	52	14%	48	14%	65	18%	67	17%	68	17%	71	17%
Service purchases	41	11%	39	11%	29	8%	26	7%	28	7%	28	7%	35	8%
Depreciations	12	3%	10	3%	9	3%	8	2%	8	2%	7	2%	7	2%
Other	37	10%	36	10%	38	11%	32	9%	37	10%	40	10%	42	10%
<b>TOTAL</b>	<b>371</b>	<b>100%</b>	<b>365</b>	<b>100%</b>	<b>341</b>	<b>100%</b>	<b>358</b>	<b>100%</b>	<b>385</b>	<b>100%</b>	<b>400</b>	<b>100%</b>	<b>420</b>	<b>100%</b>
<b>OPERATIVE PROFIT/LOSS</b>														
	<b>-32</b>		<b>-18</b>		<b>4</b>		<b>-5</b>		<b>-12</b>		<b>-11</b>		<b>-2</b>	
Endowment profit/loss	153		-64		90		22		30		39		31	
Fundraising profit/loss	3		2		11		10		1		5		5	
Financing activities profit/loss	12		0											
Tax	0		0		0		0		0		0		0	
Transfer to special purpose funds	-6		-5		-13		-12							
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>130</b>		<b>-85</b>		<b>92</b>		<b>16</b>		<b>18</b>		<b>33</b>		<b>33</b>	

# FOUNDATION PROFIT & LOSS STATEMENT, €1 000

	Note	1.1.-31.12.2019	1.1.-31.12.2018
<b>ORDINARY OPERATIONS</b>			
<b>Turnover</b>			
Universities Act based government grant		211 635	219 144
Income from grants	2	95 976	98 318
Income from business activities	7	20 135	18 742
Other income		6 784	6 226
		<b>334 529</b>	<b>342 429</b>
<b>Expenses</b>			
Personnel expenses	5	235 845	227 417
Facility Expenses		46 205	51 984
Depreciation and amortization	8	11 507	10 182
Other expenses	6	77 541	75 467
		<b>371 099</b>	<b>365 050</b>
<b>OPERATING PROFIT/LOSS</b>		<b>-36 570</b>	<b>-22 621</b>
<b>FUNDRAISING</b>			
<b>Fundraising income and expenses</b>	9	<b>2 984</b>	<b>2 007</b>
<b>ENDOWMENT ACTIVITIES</b>			
	10		
Income and expenses		17 283	26 812
Changes in the fair value of investments		136 063	-89 593
<b>Endowment activities total</b>		<b>153 346</b>	<b>-62 780</b>
<b>FINANCING ACTIVITIES</b>			
	11		
Investment Property, Income and Expenses		11 115	-4 747
Other Financial Income and Expenses		2 404	2 039
Changes in the fair value of derivatives		-1 610	1 573
<b>Financing activities total</b>		<b>11 909</b>	<b>-1 135</b>
<b>PROFIT/LOSS BEFORE TRANSFERS IN FINANCIAL STATEMENTS AND TAX</b>		<b>131 669</b>	<b>-84 530</b>
<b>APPROPRIATIONS AND TAXES</b>			
Change in special purpose funds		-1 022	-556
TAX	12	270	284
<b>NET PROFIT/LOSS OF THE FINANCIAL YEAR</b>		<b>130 377</b>	<b>-85 370</b>

# FOUNDATION BALANCE SHEET, €1 000

	Note	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Intangible assets</b>	13	<b>1 148</b>	<b>1 147</b>
<b>Tangible assets</b>	14		
Buildings and constructions		22	43
Machinery and equipment		35 691	31 402
Other tangible assets		740	229
Advance payments and work in progress		3 416	3 476
		<b>39 869</b>	<b>35 150</b>
<b>Investments</b>	16		
Shares in Aalto group companies		68 814	75 295
Shares in associated companies		3 431	3 308
Shares in jointly owned companies		4 441	3 215
Other shareholdings		4 424	5 084
Endowment assets	17	1 126 295	919 661
		<b>1 207 405</b>	<b>1 006 565</b>
<b>TOTAL FIXED ASSETS</b>		<b>1 248 422</b>	<b>1 042 862</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>		<b>124</b>	<b>59</b>
<b>Receivables</b>			
<b>Long-term receivables</b>			
Receivables, associated companies		2 000	2 000
Loans to group companies	18	462 090	470 275
Other receivables		1 645	1 832
		<b>465 735</b>	<b>474 107</b>
<b>Short-term receivables</b>			
Accounts receivable	19	25 078	32 445
Receivable, group companies		6 799	452
Other receivables		6 879	5 088
Prepaid expenses and accrued income	19	16 549	12 989
		<b>55 305</b>	<b>50 974</b>
<b>Securities</b>	21	<b>19 992</b>	<b>0</b>
<b>Cash and bank</b>			
Ordinary activities		44 456	39 249
Endowment		13 174	61 880
		<b>57 630</b>	<b>101 129</b>
<b>TOTAL CURRENT ASSETS</b>		<b>598 785</b>	<b>626 268</b>
<b>TOTAL ASSETS</b>		<b>1 847 208</b>	<b>1 669 130</b>

# FOUNDATION BALANCE SHEET, €1 000

	Note	31.12.2019	31.12.2018
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	22		
Foundation capital		280 000	280 000
Capital reserve		440 885	440 885
Special purpose funds	23		
Special purpose funds expendable		18 249	20 485
Special purpose funds capitalizing		42 263	39 006
Unrestricted funds	24		
Student entrepreneurship fund		160	0
Tenure track fund		23 444	23 880
Accumulated endowment returns fund		207 198	236 293
Operating equity		154 644	154 644
Profit/Loss from previous years	22	55 517	48 584
Profit/Loss of the financial year	22	130 377	-22 438
<b>TOTAL EQUITY</b>		<b>1 352 738</b>	<b>1 221 338</b>
<b>PROVISIONS</b>		<b>1 265</b>	<b>2 065</b>
<b>LIABILITIES</b>	25		
<b>Long-term liabilities</b>			
Loans from financial institutions		320 613	298 571
Other long-term liabilities		10 363	8 710
		<b>330 976</b>	<b>307 282</b>
<b>Short-term liabilities</b>			
Loans from financial institutions		8 959	5 929
Advance payments		40 390	31 582
Accounts payable		7 668	9 283
Liabilities to group companies		68 130	55 385
Other liabilities		17 618	13 698
Accrued expenses		19 464	22 568
		<b>162 229</b>	<b>138 445</b>
<b>TOTAL LIABILITIES</b>		<b>493 204</b>	<b>445 727</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 847 208</b>	<b>1 669 130</b>

# FOUNDATION CASH FLOW STATEMENT, €1 000

	1.1.–31.12.2019	1.1.–31.12.2018
<b>CASH FLOW FROM ORDINARY OPERATIONS</b>		
Operating profit/loss	-36 570	-22 621
Depreciation included in the above	11 507	10 182
Changes in working capital	1 685	23 064
Cashflow in fundraising	2 984	1 357
Paid direct taxes	-270	-276
Transfer from endowment cash and bank	3 856	13 925
Transfer to endowment cash and bank	-8 252	0
<b>TOTAL CASH FLOW FROM OPERATIONS (A)</b>	<b>-25 060</b>	<b>25 632</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
<b>CASH FLOW FROM INVESTMENTS IN TANGIBLE ASSETS AND INTANGIBLE ASSETS</b>		
Investments in tangible and intangible assets	-16 244	-15 905
Received investment grants	1 696	1 146
Net proceeds from real estate	22 156	3 823
<b>CASH FLOW FROM INVESTMENTS IN TANGIBLE ASSETS AND INTANGIBLE ASSETS (B1)</b>	<b>7 609</b>	<b>-10 936</b>
<b>CASH FLOW FROM ENDOWMENT ACTIVITIES</b>		
Investments in endowment	-305 806	-435 548
Proceeds from sales of financial assets	252 202	475 361
Other net proceeds from investments activities	502	2 547
Transfer to other activities cash and bank (net)	4 397	-13 925
<b>CASH FLOW FROM ENDOWMENT ACTIVITIES (B2)</b>	<b>-48 706</b>	<b>28 436</b>
<b>TOTAL CASH FLOW FROM INVESTMENTS (B)</b>	<b>-41 097</b>	<b>17 499</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Changes in equity	0	4 123
Changes in the loan portfolio		
Internal net lending	20 930	-45 410
Withdrawn long-term loans	60 000	42 000
Paid long-term loans	-34 929	-2 500
Other income and expenses	-3 372	-3 123
Other changes in cash flow	-19 971	0
<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>22 658</b>	<b>-4 909</b>
<b>CHANGE IN CASH AND BANK</b>		
Ordinary activities	5 207	9 786
Endowment activities	-48 706	28 436
<b>CHANGE IN CASH AND BANK (A+B+C)</b>	<b>-43 499</b>	<b>38 222</b>
Ordinary activities cash and bank beginning of year	39 249	29 462
Ordinary activities cash and bank end of year	44 456	39 249
<b>Change in cash and bank Ordinary activities</b>	<b>5 207</b>	<b>9 786</b>
Endowment cash and bank beginning of year	61 880	33 444
Endowment cash and bank end of year	13 174	61 880
<b>Change in cash and bank Endowment activities</b>	<b>-48 706</b>	<b>28 436</b>
<b>CHANGE IN CASH AND BANK</b>	<b>-43 499</b>	<b>38 222</b>

# GROUP PROFIT & LOSS STATEMENT, €1 000

	Note	1.1.-31.12.2019	1.1.-31.12.2018
<b>ORDINARY OPERATIONS</b>			
<b>Turnover</b>			
Universities Act based government grant		211 635	219 144
Income from grants	2	96 048	98 388
Income from business activities	7	44 657	43 437
Other income		6 916	6 678
		<b>359 256</b>	<b>367 648</b>
<b>Expenses</b>			
Personnel expenses	5	248 286	238 682
Facility expenses		13 604	19 342
Depreciation and amortization	8	27 526	23 776
Other expenses	6	104 914	106 016
		<b>394 329</b>	<b>387 817</b>
Profit/loss attributable to minority interests in associated companies		11	-10
<b>PROFIT/LOSS FROM ORDINARY OPERATIONS</b>		<b>-35 061</b>	<b>-20 180</b>
<b>FUNDRAISING</b>			
<b>Income and expenses</b>	9	<b>2 984</b>	<b>2 007</b>
<b>ENDOWMENT ACTIVITIES</b>			
Income and expenses	10	17 283	26 812
Changes in the fair value of investments		136 063	-89 593
<b>Endowment activities total</b>		<b>153 346</b>	<b>-62 780</b>
<b>FINANCING ACTIVITIES</b>			
Investment Property, Income and Expenses	11	11 378	-4 249
Other Financial Income and Expenses		-3 518	-3 334
Changes in the fair value of derivatives		-1 610	1 573
<b>Financing activities total</b>		<b>6 250</b>	<b>-6 010</b>
<b>PROFIT/LOSS BEFORE TRANSFERS IN FINANCIAL STATEMENTS AND TAX</b>		<b>127 518</b>	<b>-86 963</b>
<b>APPROPRIATIONS AND TAXES</b>			
Change in special purpose funds		-1 022	-556
Tax	12	366	617
<b>NET PROFIT/LOSS OF THE FINANCIAL YEAR</b>		<b>126 130</b>	<b>-88 137</b>



# GROUP BALANCE SHEET, €1 000

	Note	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Intangible assets</b>	13	<b>2 806</b>	<b>3 007</b>
<b>Tangible assets</b>	14		
Land and water areas		37 118	40 033
Buildings and constructions		413 750	414 443
Machinery and equipment		60 841	57 365
Other tangible assets		4 980	5 177
Advance payments and work in progress		26 948	48 324
		<b>543 637</b>	<b>565 341</b>
<b>Investments</b>	16		
Shares in associated companies		3 821	3 734
Other shareholdings		6 318	6 940
Endowment assets	17	1 127 545	920 911
		<b>1 137 684</b>	<b>931 586</b>
<b>TOTAL FIXED ASSETS</b>		<b>1 684 127</b>	<b>1 499 934</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>		<b>125</b>	<b>59</b>
<b>Receivables</b>			
Long-term receivables		2 746	3 139
Short-term receivables			
Accounts receivable	19	27 050	34 494
Other receivables		9 124	7 481
Prepaid expenses and accrued income	19	16 978	13 406
		<b>53 152</b>	<b>55 381</b>
<b>Securities</b>		<b>26 814</b>	<b>3 991</b>
<b>Cash and bank</b>		<b>62 341</b>	<b>108 219</b>
<b>TOTAL CURRENT ASSETS</b>		<b>145 177</b>	<b>170 789</b>
<b>TOTAL ASSETS</b>		<b>1 829 304</b>	<b>1 670 723</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Foundation capital	22	280 000	280 000
Capital reserve		440 885	440 885
Special purpose funds with separate assets	23	60 513	59 491
Unrestricted funds	24	230 802	260 173
Operating equity		154 644	154 644
Surplus from previous years	22	80 995	76 637
Surplus/Deficit of the financial year	22	126 130	-25 562
<b>TOTAL EQUITY</b>		<b>1 373 968</b>	<b>1 246 268</b>
<b>PROVISIONS</b>		<b>1 320</b>	<b>2 119</b>
<b>LIABILITIES</b>			
<b>Long-term</b>			
Loans from financial institutions		327 953	306 175
Advance payments		2 731	2 589
Other long-term liabilities		7 632	6 122
<b>Total long-term liabilities</b>		<b>338 316</b>	<b>314 885</b>
<b>Short-term</b>			
Loans from financial institutions		9 332	6 362
Advance payments		44 557	35 616
Accounts payable		12 887	16 891
Accrued tax		5 779	6 867
Other short-term liabilities		19 383	16 298
Accrued expenses		23 763	25 418
<b>Total short-term liabilities</b>		<b>115 700</b>	<b>107 452</b>
<b>TOTAL LIABILITIES</b>		<b>454 016</b>	<b>422 337</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 829 304</b>	<b>1 670 723</b>

# GROUP CASH FLOW STATEMENT, €1 000

	1.1.-31.12.2019	1.1.-31.12.2018
<b>CASH FLOW FROM ORDINARY OPERATIONS</b>		
Operating profit/loss	-35 061	-20 180
Depreciation included in the above	27 526	23 776
Changes in working capital	7 949	21 166
Cashflow in fundraising	2 984	1 357
Paid direct taxes	-622	-1 650
Transfer from endowment cash and bank	3 856	13 925
Transfer to endowment cash and bank	-8 252	0
<b>TOTAL CASH FLOW FROM OPERATIONS (A)</b>	<b>-1 621</b>	<b>38 394</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
<b>CASH FLOW FROM INVESTMENTS IN TANGIBLE ASSETS AND INTANGIBLE ASSETS</b>		
Investments in tangible and intangible assets	-66 357	-89 363
Received investment grants	1 696	1 146
Net proceeds from real estate	74 632	630
<b>CASH FLOW FROM INVESTMENTS IN TANGIBLE ASSETS AND INTANGIBLE ASSETS (B1)</b>	<b>9 972</b>	<b>-87 587</b>
<b>CASH FLOW FROM ENDOWMENT ACTIVITIES</b>		
Investments in endowment	-305 806	-435 548
Proceeds from sales of financial assets	252 202	475 361
Other net proceeds from investments activities	502	2 547
Transfer to other activities cash and bank (net)	4 397	-13 925
<b>CASH FLOW FROM ENDOWMENT ACTIVITIES (B2)</b>	<b>-48 706</b>	<b>28 436</b>
<b>TOTAL CASH FLOW FROM INVESTMENTS (B)</b>	<b>-38 734</b>	<b>-59 151</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Changes in equity	0	4 123
Changes in the loan portfolio		
Withdrawn short-term loans	0	5 761
Withdrawn long-term loans	60 000	42 000
Paid long-term loans	-35 191	-3 639
Other income and expenses	-3 518	-3 342
Other changes in cash flow	-26 814	0
<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-5 523</b>	<b>44 902</b>
<b>CHANGE IN CASH AND BANK</b>		
Ordinary activities	2 827	-4 291
Endowment activities	-48 706	28 436
<b>CHANGE IN CASH AND BANK (A+B+C)</b>	<b>-45 878</b>	<b>24 145</b>
Ordinary activities cash and bank beginning of year	46 339	50 630
Ordinary activities cash and bank end of year	49 166	46 339
<b>Change in cash and bank Ordinary activities</b>	<b>2 827</b>	<b>-4 291</b>
Endowment cash and bank beginning of year	61 880	33 444
Endowment cash and bank end of year	13 174	61 880
<b>Change in cash and bank Endowment activities</b>	<b>-48 706</b>	<b>28 436</b>
<b>CHANGE IN CASH AND BANK</b>	<b>-45 878</b>	<b>24 145</b>

# Aalto University Foundation

Aalto University Foundation forms a group, domiciled in Helsinki.

The annual statements and financial reports of the Aalto University Foundation are available at Aalto University Foundation, Otakaari 24, 02150 Espoo.

## Accounting principles

Aalto University Foundation's accounting complies with the principles laid down in the Finnish Accounting Act (1336/1997) and the Accounting Code for Universities (2/500/2018) issued by the Ministry of Education and Culture (MoE). Financial assets and liabilities are valued at fair value through income statement or amortized cost in accordance with IFRS 9. Notes to financial assets and liabilities are presented in accordance with IFRS 7 where appropriate.

The presentation of the income statement has been changed and it is presented as a business income statement in accordance with the new Accounting Code for Universities. The reference information for the year 2018 is updated accordingly. The income statement of the foundation is presented in the notes.

The cash flow statement is presented as an indirect statement.

### Valuation of fixed assets

Fixed assets have been valued at the original acquisition cost deducted by accumulated depreciation according to plan. Depreciation according to plan has been calculated from intangible assets according to straight-line depreciation and from tangible assets based on straight-line depreciation or declining depreciation. Minimum value for activating fixed asset to balance sheet is €10 000.

Depreciation according to plan categories are:

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

### Valuation of inventories

Inventories are valued in the balance sheet at acquisition cost or net realizable value if lower.

### Endowment

Endowment Assets (Endowment portfolio) include the actual investment assets defined by the University Board. University's endowment portfolio consist of fund investments (non-current Assets), foreign currency derivatives (current Assets), and cash (current Assets). The endowment investment returns are used to fund University operations. Endowment portfolio is valued at the market value.

### Securities

Securities include short-term fund investments in current assets. Securities are valued at the market value.

### Financial receivables and liabilities

Financial receivables and liabilities are valued at amortized cost, except for derivatives, which are valued at fair value through profit or loss.

### Unrestricted funds

Investment and financing activities' surplus is transferred to the funds yearly, after approving the financial statements. The Board decides on the use of the funds to cover the University's activities.

### The fair value hierarchy

The fair value hierarchy of financial assets and liabilities valued at fair value is divided into three hierarchical levels with generally used calculation models.

Level 1: Fair values are based on quoted market prices of identical assets or liabilities.

Level 2: Fair values are to a significant extent based on other information than those used in level 1. Fair values are based on directly or indirectly verifiable prices or calculated based on market price components.

Level 3: Fair values are based on information on assets or liabilities that are not based on verifiable market information, for instance private equity fund.

### Valuation techniques and significant non-observable inputs

Levels 1-3 valuation techniques are based on the information described below. The table also contains information on possible non-observable inputs and their use in determining fair value.

Investment	Valuation basis
Investments in equity funds	The instruments included in the fund are valued at market value on the value date. If no reliable market value is available, the most recently confirmed market value is used. The valuation information is available on a monthly / quarterly basis from the fund manager.
Investments in fixed income funds	The instruments included in the fund are valued at market value on the value date. Investments in Fixed income funds can be valued at the last available bid price on each valuation day, if no reliable market value is available. If no reliable market value is available, the most recently confirmed market value is used. The valuation information is available on a monthly / quarterly basis from the fund manager.
Investments in private equity and alternative funds	The value of the fund is based on the fund valuation reports and the fair value corresponds to the fund's market value. The valuations of investments in private equity and alternative funds are based on market quotations or best-in-line feeds. If no reliable market value is available, the most recently confirmed market value is used. The valuation information is available on a monthly / quarterly basis from the fund manager.

### Financial assets and liabilities

Aalto University Group reports financial assets and liabilities according to below principles.

Financial assets are valued according to following valuation principles:

Group of Financial Assets	Instruments	Valuation principle
1. Financial assets at fair value through profit or loss	Fund investments, Interest, Electricity and Currency Derivatives	Fair value, changes in value are recognized in profit or loss
2. Loans and other receivables	Sale and loan receivables, fixed-term deposits and other similar receivables	Amortised cost

Classification is made in connection with the initial acquisition of financial assets based on the purpose of the acquisition. If an item is not valued at fair value through profit or loss, transaction costs are included in the original book values of financial assets.

Financial liabilities are valued according to following valuation principles:

Group of financial Liabilities	Instruments	Valuation principle
1. Financial liabilities at fair value through profit or loss	Interest, Electricity and Currency Derivatives	Fair value, changes in value are recognized in profit or loss
2. Financial liabilities recognized at amortized cost	Bank loans, Bonds	Amortised cost

Costs originated from current liabilities are recognized as an expense in the financial period during which they incurred.

### Derivative contracts

Interest rate swaps, electricity derivatives and FX forward exchange agreements were used during the financial year. Derivatives are not subject to hedge accounting. Derivatives are included in the income statement, according to the Accounting Act, and both realized and unrealized profits and losses are included in the year they first arise. In the balance sheet the fair values of the derivatives are included in short term or long-term liabilities or receivables. The cash collateral of derivative agreement is shown in receivables.

### Value added tax compensation receivables and liabilities

According to the Universities Act the Ministry of Education and Culture shall compensate to the universities the value added tax included in the cost incurred by the universities in the provision of educational services and in procurement and facility rents relating to research other than commercial research. During the financial year the Foundation has followed net procedure as regards to the VAT. The receivables relating to the VAT compensation have been calculated according to the principles set in the Accounting Code for Universities.

### Revenue recognition

The revenue from ordinary operations of the University is recognized as a percentage of completion using cost to cost method. The non-invoiced turnover of the subsidiaries involved in business transactions is recorded in the accounts according to estimated level of completion of the deliverable. The corresponding receivable is recorded in the accrued income. Received advance payments are recorded in the balance sheet as short-term debts. The revenue from educational programs is recorded as income in proportion of number of training days provided.

### **Business activities**

Business activities are operations that according to tax authorities are subject to corporate income tax or subject to value added tax.

### **Statutory pension**

Statutory pension for employees born before 1 January 1980 and transferred from the three earlier universities has been arranged through Keva and for other employees in an external pension insurance company. Pension fees are expensed according to accrual basis.

### **Items in foreign currencies**

Receivables and liabilities in foreign currencies have been translated into euro using the European Central Bank's rates at the financial statement closing date. Events realized during the financial year have been translated into euros using the transaction date's exchange rates.

### **Management compensation**

The management compensation includes salaries and other compensation paid to the members of the Foundation Board of Trustees and the President and for the Board members and CEO's of the Group subsidiary companies.

### **Pro forma income statement**

A Pro forma income statement is included in the Financial Statements. In order to give a better overview of the financials, Pro forma income statement does not follow the official income statement structure. Pro forma income statement is not audited.

### **Accounting principles and extent of the consolidated accounts**

The Group consolidation is done according to the acquisition cost method.

Associated company Asunto Oy Kartanontanhua (31.45%) have not been consolidated in the Group accounts as consolidation is not necessary to give true and fair view of the financial situation of the Aalto University Foundation Group. The Hamilton Lane Aalto Fund SICAV S.à.r.l acts as a fund of investment funds, hence it is included in investments in balance sheet, like other mutual funds. The company's financials are not consolidated in to financial statements line by line. Consolidation would not substantially improve the accuracy and adequacy of information.

Internal business operations, internal receivables and liabilities, mutual ownership as well as internal profit sharing have been eliminated.

The income statement of the foreign Group company has been converted into euros with ECB's average exchange rate for the financial year. Balance sheet has been converted into euros with the exchange rates at the end of the financial year. Differences in exchange rates and elimination of shareholding caused by conversions are recorded in Surplus of the financial year.

## NOTES TO INCOME STATEMENT, €1 000

<b>1. TOTAL INCOME AND EXPENSES</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Total income	536 934	397 422	544 270	417 629
Total expenses	406 556	482 792	418 140	505 766
<b>Difference</b>	<b>130 377</b>	<b>-85 370</b>	<b>126 130</b>	<b>-88 137</b>
<b>2. GRANT INCOME</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Business Finland grants	11 338	15 186	11 410	15 253
Academy of Finland grants	47 675	50 791	47 675	50 791
European Union grants	23 700	21 265	23 700	21 265
Other grants	13 263	11 076	13 263	11 079
<b>Total</b>	<b>95 976</b>	<b>98 318</b>	<b>96 048</b>	<b>98 388</b>
<b>3. INCOME STATEMENT BY FIELD OF OPERATION</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>		
<b>Education</b>				
<b>Income</b>				
Government funding	14 036	11 950		
Income from grants	6 365	5 402		
Income from business activities	1 335	521		
Other income	450	783		
	<b>22 186</b>	<b>18 655</b>		
<b>Expenses</b>				
Total expenses	61 051	59 867		
<b>Education total</b>	<b>-38 865</b>	<b>-41 211</b>		
<b>Research/R&amp;D</b>				
<b>Income</b>				
Government funding	194 618	205 380		
Income from grants	88 259	92 842		
Income from business activities	18 515	8 955		
Other income	6 238	13 756		
	<b>307 630</b>	<b>320 933</b>		
<b>Expenses</b>				
Total expenses	306 388	301 995		
<b>Research/R&amp;D total</b>	<b>1 242</b>	<b>18 938</b>		
<b>Societal impact</b>				
<b>Income</b>				
Government funding	2 982	1 815		
Income from grants	1 352	820		
Income from business activities	284	79		
Other income	96	119		
	<b>4 713</b>	<b>2 833</b>		
<b>Expenses</b>				
Total expenses	3 660	3 180		
<b>Societal impact total</b>	<b>1 053</b>	<b>-347</b>		
<b>OPERATING PROFIT</b>	<b>-36 570</b>	<b>-22 621</b>		
Fundraising, investment and financial activities	168 239	-61 909		
Appropriations	-1 022	-556		
Tax	270	284		
<b>PROFIT (LOSS) OF THE FINANCIAL YEAR</b>	<b>130 377</b>	<b>-85 370</b>		

# NOTES TO INCOME STATEMENT, €1 000

## 4. INCOME STATEMENT IN ACCORDANCE

FINNISH ACCOUNTING ORDINANCE 3 §	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>ORDINARY OPERATIONS</b>				
Income	122 894	123 285	147 633	151 089
Expenses	371 099	365 050	394 329	397 501
Personnel expenses	235 845	227 417	248 286	238 682
Depreciation and amortization	11 507	10 182	27 526	27 885
Other expenses	123 746	127 451	118 517	130 933
<b>SURPLUS/DEFICIT FROM ORDINARY OPERATIONS</b>	<b>-248 205</b>	<b>-241 765</b>	<b>-246 696</b>	<b>-246 411</b>
<b>FUNDRAISING</b>				
Income	3 944	2 614	3 944	2 614
Expenses	960	607	960	607
<b>INVESTMENT AND FINANCING ACTIVITIES</b>				
Income	55 865	46 766	46 017	41 343
Expenses	25 062	22 662	20 875	15 027
Changes in the fair value of investments	134 453	-88 019	134 453	-88 019
<b>GENERAL GRANTS</b>	<b>211 635</b>	<b>219 144</b>	<b>211 635</b>	<b>219 144</b>
<b>SURPLUS BEFORE CHANGE IN SPECIAL PURPOSE FUNDS AND TAX</b>	<b>131 669</b>	<b>-84 530</b>	<b>127 518</b>	<b>-86 963</b>
<b>APPROPRIATIONS AND TAXES</b>				
Change in special purpose funds	-1 022	-556	-1 022	-556
Tax	270	284	366	617
<b>SURPLUS/DEFICIT OF THE FINANCIAL YEAR</b>	<b>130 377</b>	<b>-85 370</b>	<b>126 130</b>	<b>-88 137</b>
<b>5. PERSONNEL EXPENSES</b>				
	Foundation 2019	Foundation 2018	Group 2019	Group 2018
Salaries and other compensations	200 254	192 780	210 590	201 865
Pension expenses	33 227	31 129	35 048	32 933
Other social expenses	3 606	4 388	3 889	4 765
<b>Total</b>	<b>237 087</b>	<b>228 297</b>	<b>249 527</b>	<b>239 563</b>
<b>6. OTHER EXPENSES</b>				
	Foundation 2019	Foundation 2018	Group 2019	Group 2018
Materials and supplies	14 704	14 378	23 354	21 746
Travel expenses	10 577	11 188	10 852	11 426
Services	41 349	39 634	53 154	51 949
Other expenses	11 556	10 940	20 669	21 568
<b>Total</b>	<b>78 185</b>	<b>76 140</b>	<b>108 029</b>	<b>106 689</b>
<b>7. PROFIT AND LOSS STATEMENT FOR BUSINESS ACTIVITIES</b>				
	Total business activities including to corporate income tax		Subject to corporate income tax	
	Foundation 2019	Foundation 2018	Foundation 2019	Foundation 2018
Turnover	20 135	18 742	12 858	9 555
<b>Personnel expenses</b>				
Salaries and other compensations	4 326	3 728	3 190	2 289
Pension expenses	762	613	562	377
Other social expenses	1 022	1 188	891	731
	6 110	5 529	4 642	3 396
<b>Depreciation</b>	<b>18</b>	<b>92</b>	<b>4</b>	<b>8</b>
<b>Other expenses</b>	<b>10 974</b>	<b>9 545</b>	<b>6 879</b>	<b>4 744</b>
<b>OPERATING PROFIT</b>	<b>3 032</b>	<b>3 576</b>	<b>1 334</b>	<b>1 407</b>
<b>Financing income and expenses</b>				
Investment Property, Income	5 162	3 941	0	0
Investment Property, Expenses	11 362	8 688	0	0
	-6 200	-4 747	0	0
<b>Tax</b>	<b>270</b>	<b>286</b>	<b>270</b>	<b>286</b>
<b>PROFIT (LOSS) OF THE FINANCIAL YEAR</b>	<b>-3 438</b>	<b>-1 457</b>	<b>1 064</b>	<b>1 121</b>

## NOTES TO INCOME STATEMENT, €1 000

<b>8. DEPRECIATION AND AMORTIZATION</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Depreciation according to plan				
Intangible assets	265	277	265	277
Goodwill	0	0	204	183
Buildings	21	21	15 843	14 080
Machinery and equipment	11 145	9 882	14 928	13 015
Other tangible assets	3	2	443	284
Additional depreciation	73	0	73	46
<b>Total</b>	<b>11 507</b>	<b>10 182</b>	<b>31 756</b>	<b>27 885</b>
<b>9. FUNDRAISING</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Donations	3 944	2 614	3 944	2 614
Fundraising expenses	960	607	960	607
	<b>2 984</b>	<b>2 007</b>	<b>2 984</b>	<b>2 007</b>
<b>10. ENDOWMENT</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
<b>Income</b>				
Dividend income	2 081	4 011	2 081	4 011
Profit on sale of investments	21 697	31 026	21 697	31 026
Other income	1 532	2 347	1 532	2 347
	<b>25 310</b>	<b>37 383</b>	<b>25 310</b>	<b>37 383</b>
<b>Expenses</b>				
Interest expenses	149	0	149	0
Loss on sale of investments	3 992	5 814	3 992	5 814
Other expenses	3 887	4 757	3 887	4 757
	<b>8 027</b>	<b>10 571</b>	<b>8 027</b>	<b>10 571</b>
<b>Changes in the fair value of investments</b>	<b>136 063</b>	<b>-89 593</b>	<b>136 063</b>	<b>-89 593</b>
	<b>153 346</b>	<b>-62 780</b>	<b>153 346</b>	<b>-62 780</b>
<b>11. FINANCING ACTIVITIES</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
<b>Income</b>				
Dividend income	280	280	0	0
Investment Property, Income	24 499	3 941	20 368	3 941
Other income	5 776	4 881	340	2 347
	<b>30 555</b>	<b>9 102</b>	<b>20 707</b>	<b>6 288</b>
<b>Expenses</b>				
Investment Property, Expenses	13 383	8 688	8 989	8 190
Other expenses	3 652	3 122	3 858	5 681
	<b>17 035</b>	<b>11 810</b>	<b>12 848</b>	<b>13 870</b>
<b>Changes in the fair value of investments</b>	<b>-1 610</b>	<b>1 573</b>	<b>-1 610</b>	<b>1 573</b>
	<b>11 909</b>	<b>-1 135</b>	<b>6 250</b>	<b>-6 010</b>
<b>12. TAX</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Foundation 2019</b>	<b>Group 2018</b>
Tax	270	284	622	713
Change in deferred tax	0	0	-256	-95
<b>Total</b>	<b>270</b>	<b>284</b>	<b>366</b>	<b>617</b>



## NOTES TO BALANCE SHEET, €1 000

13. INTANGIBLE ASSETS	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Intellectual property rights</b>				
Acquisition value 1 Jan.	2 476	2 256	2 475	2 252
Increases	248	272	249	274
Decreases	0	-52	0	-52
<b>Acquisition value before depreciation 31 Dec.</b>	<b>2 724</b>	<b>2 476</b>	<b>2 725</b>	<b>2 475</b>
Total depreciation 1 Jan.	-1 329	-1 052	-1 329	-1 052
Depreciation for the financial year	-265	-277	-265	-277
Total depreciation 31 Dec.	-1 594	-1 329	-1 594	-1 329
<b>Book value 31 Dec.</b>	<b>1 131</b>	<b>1 147</b>	<b>1 131</b>	<b>1 168</b>
<b>Development expenses</b>				
Acquisition value 1 Jan.	0	0	2 462	548
Increases	0	0	21	1 914
<b>Acquisition value before depreciation 31 Dec.</b>	<b>0</b>	<b>0</b>	<b>2 483</b>	<b>2 462</b>
Total depreciation 1 Jan.	0	0	-623	-464
Depreciation for the financial year	0	0	-204	-159
Total depreciation 31 Dec.	0	0	-827	-623
<b>Book value 31 Dec.</b>	<b>0</b>	<b>0</b>	<b>1 657</b>	<b>1 839</b>
<b>Other long-term expenditure</b>				
Acquisition value 1 Jan.	202	202	202	202
Increases	0	279	0	0
Decreases	0	-279	0	0
<b>Acquisition value before depreciation 31 Dec.</b>	<b>202</b>	<b>202</b>	<b>202</b>	<b>202</b>
Total depreciation 1 Jan.	-202	-202	-202	-202
Depreciation for the financial year	0	0	0	0
Total depreciation 31 Dec.	-202	-202	-202	-202
<b>Book value 31 Dec.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>1 148</b>	<b>1 147</b>	<b>2 806</b>	<b>3 007</b>

## NOTES TO BALANCE SHEET, €1 000

14. TANGIBLE ASSETS	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Land and water areas</b>				
Acquisition value 1 Jan.	0	0	40 033	39 023
Increases	0	0	0	2 856
Decreases	0	0	-2 914	-1 846
<b>Acquisition value before depreciation 31 Dec.</b>	<b>0</b>	<b>0</b>	<b>37 118</b>	<b>40 033</b>
<b>Book value 31 Dec.</b>	<b>0</b>	<b>0</b>	<b>37 118</b>	<b>40 033</b>
<b>Buildings and constructions</b>				
Acquisition value 1 Jan.	164	164	510 293	392 066
Adjustments to previous accounting periods	0	0	0	0
Increases	0	0	59 741	122 139
Decreases	0	0	-44 591	-3 911
<b>Acquisition value before depreciation 31.12.</b>	<b>164</b>	<b>164</b>	<b>525 443</b>	<b>510 293</b>
Total depreciation 1 Jan.	-121	-100	-95 850	-81 761
Depreciation for the financial year	-21	-21	-15 843	-14 089
Total depreciation 31 Dec.	-141	-121	-111 693	-95 850
<b>Book value 31 Dec.</b>	<b>22</b>	<b>43</b>	<b>413 750</b>	<b>414 443</b>
<b>Machinery and equipment</b>				
Acquisition value 1 Jan.	98 691	85 146	141 722	120 153
Increases	15 491	13 674	20 532	21 776
Decreases	-58	-129	-13 775	-208
<b>Acquisition value before depreciation 31 Dec.</b>	<b>114 125</b>	<b>98 691</b>	<b>148 478</b>	<b>141 722</b>
Total depreciation 1 Jan.	-67 289	-57 407	-72 699	-71 662
Depreciation for the financial year	-11 145	-9 882	-14 907	-12 694
Foreign exchange difference	0	0	-2	-2
Total depreciation 31 Dec.	-78 434	-67 289	-87 637	-84 357
<b>Book value 31 Dec.</b>	<b>35 691</b>	<b>31 402</b>	<b>60 841</b>	<b>57 365</b>
<b>Other tangible assets</b>				
Acquisition value 1 Jan.	232	216	5 476	2 859
Increases	515	16	839	3 019
Decreases	0	0	-593	-402
<b>Acquisition value before depreciation 31 Dec.</b>	<b>747</b>	<b>232</b>	<b>5 722</b>	<b>5 476</b>
Total depreciation 1 Jan.	-3	-1	-299	-236
Depreciation for the financial year	-3	-2	-443	-332
Total depreciation 31 Dec.	-7	-3	-742	-568
<b>Book value 31 Dec.</b>	<b>740</b>	<b>229</b>	<b>4 980</b>	<b>5 177</b>
<b>Advance payments and work in progress</b>				
Acquisition value 1 Jan.	3 476	1 352	48 324	104 820
Increases	0	8 178	50 558	86 204
Decreases	-60	-6 054	-71 934	-142 700
<b>Acquisition value before depreciation 31 Dec.</b>	<b>3 416</b>	<b>3 476</b>	<b>26 948</b>	<b>48 324</b>
<b>Book value 31 Dec.</b>	<b>3 416</b>	<b>3 476</b>	<b>26 948</b>	<b>48 324</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>39 869</b>	<b>35 150</b>	<b>543 637</b>	<b>565 341</b>

## NOTES TO BALANCE SHEET, €1 000

15. INVESTMENT GRANTS	Foundation 2019	Foundation 2018
Academy of Finland	1 696	1 096
Other	0	49
<b>Total</b>	<b>1 696</b>	<b>1 146</b>

Investment grant related refund liability on 31.12.2019 is €2 941 434 (in 2018 €3 630 435).

16. CHANGES IN INVESTMENTS	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Shares in Aalto Group companies</b>				
Book value 1 Jan.	75 295	75 295	0	0
Decreases *	-6 482	0	0	0
<b>Book value 31 Dec.</b>	<b>68 814</b>	<b>75 295</b>	<b>0</b>	<b>0</b>
<b>Shares in associated companies</b>				
Book value 1 Jan.	3 308	3 160	3 734	5 415
Increases	1 318	148	1 326	334
Decreases	-1 195	0	-1 238	-2 016
<b>Book value 31 Dec.</b>	<b>3 431</b>	<b>3 308</b>	<b>3 821</b>	<b>3 734</b>
<b>Shares in jointly owned companies</b>				
Book value 1 Jan.	3 215	3 215	0	0
Increases	1 226	0	0	0
Decreases	0	0	0	0
<b>Book value 31 Dec.</b>	<b>4 441</b>	<b>3 215</b>	<b>0</b>	<b>0</b>
<b>Other shareholdings</b>				
Book value 1 Jan.	5 084	3 603	6 940	5 459
Increases	0	1 482	38	1 482
Decreases	-660	-0	-660	-0
<b>Book value 31 Dec.</b>	<b>4 424</b>	<b>5 084</b>	<b>6 318</b>	<b>6 940</b>

\*) Foundation sold four of its fully owned mutual real estate companies, reducing the book value of the holdings by €6,5 million and generating a net gain of €17,3 million.

# NOTES TO BALANCE SHEET, €1 000

17. ENDOWMENT PORTFOLIO	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Endowment in fair value</b>				
Investments in equity funds	607 754	523 975	607 754	523 975
Investments in fixed income funds	314 356	262 531	314 356	262 531
Investments in alternative investments	204 184	133 155	204 184	133 155
<b>Investments total</b>	<b>1 126 295</b>	<b>919 661</b>	<b>1 126 295</b>	<b>919 661</b>

	Domicile	Aquisition value 31.12.	Market value 31.12.	Book value 31.12.
<b>Funds *</b>				
Aktia Emerging Market Local Currency Bond	Finland	31 270	37 381	37 381
Aktia Emerging Market Local Currency Frontier Bond	Finland	23 054	25 376	25 376
Aktia Nordic Micro Cap	Finland	14 898	19 386	19 386
AQR Managed Futures Offshore Fund Class B	Cayman Islands	25 053	21 901	21 901
AQR Style Premia All Country Equity Fund	Luxembourg	120 000	130 901	130 901
AQR Style Premia Offshore Fund Class B	Cayman Islands	24 091	19 230	19 230
BNP Paribas Funds Emerging Bond IH EUR Capitalisation	Luxembourg	26 900	28 684	28 684
Brevan Howard Fund Limited	Cayman Islands	14 714	14 257	14 257
Capital Four Invest European Loan & Bond Fund	Luxembourg	42 835	49 278	49 278
Capstone Vol (Offshore) Limited Fund	Cayman Islands	9 798	9 888	9 888
Concordia G-10 Fixed Income Relative Value Class B	Cayman Islands	16 998	19 229	19 229
eQ Europe Stock Index	Finland	46 481	70 791	70 791
Evli Euro Liquidity B	Finland	40 747	42 236	42 236
Evli Finnish Small Cap	Finland	10 674	26 292	26 292
Hamilton Lane Aalto Fund	Luxembourg	45 610	48 960	48 960
Investec Global Strategy Fund Emerging Markets Local Currency	Luxembourg	17 185	19 590	19 590
IPM Systematic Macro Fund	Cayman Islands	15 000	13 440	13 440
iShares Core MSCI EM IMI UCITS ETF	Ireland	49 676	56 111	56 111
iShares Core MSCI Japan IMI UCITS ETF	Ireland	59 751	70 337	70 337
iShares Core S&P 500 UCITS ETF	Ireland	39 414	54 396	54 396
iShares USD Treasury Bond 7-10 UCITS ETF	Ireland	4 983	4 972	4 972
Lodbrok European Credit Opportunities Fund	Cayman Islands	8 000	7 250	7 250
Mirae Asset Asia Great Consumer Equity Fund	Luxembourg	16 256	23 405	23 405
MW Liquid Alpha Plus Fund	Ireland	15 040	15 095	15 095
OP-Euro A	Finland	47 002	46 876	46 876
OP-Obligaatio Prima A	Finland	14 877	15 948	15 948
Robeco QI Global Dynamic Duration	Luxembourg	36 000	36 765	36 765
Systematica Alternative Markets Fund	Cayman Islands	9 991	12 498	12 498
The Tudor BVI Global Fund	Cayman Islands	14 252	14 342	14 342
Two Sigma Risk Premia Enhanced Cayman Fund	Cayman Islands	15 499	15 345	15 345
Vanguard S&P 500 UCITS ETF	Ireland	92 161	119 110	119 110
Xtrackers Stoxx Europe 600 UCITS ETF	Luxembourg	32 671	37 024	37 024
		<b>980 880</b>	<b>1 126 295</b>	<b>1 126 295</b>

## Short-term receivables

Other receivables and accrued income	1 364	1 364	1 364
Fixed-term deposit and cash	13 174	13 174	13 174
Shares in Aalto group companies	1 250	1 250	1 250

**Endowment total** **996 668** **1 142 083** **1 142 083**

## Other shareholdings

Endowment		980 880	1 126 295	1 126 295
Other shareholdings	Finland	3 569	4 424	4 424
<b>Other shareholdings total (Foundation)</b>		<b>984 448</b>	<b>1 130 719</b>	<b>1 130 719</b>

\*) Aalto University Foundation invests only in funds registered in domiciles which participate in automatic exchange of tax information under the Common Reporting Standards (CRS).

## NOTES TO BALANCE SHEET, €1 000

<b>18. OUTSTANDING LOANS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
<b>Long-term loan receivables</b>				
Loans to group companies	462 090	470 275	0	0
Loans to associated companies	2 000	2 000	1 000	1 000
<b>Total</b>	<b>464 090</b>	<b>472 275</b>	<b>1 000</b>	<b>1 000</b>

The loans granted to the subsidiaries are bullet loans and they mature between 2022-2027. The subordinated loan will be paid back between 2031-2035.

<b>19. ACCOUNTS RECEIVABLES, PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
<b>Accounts receivables</b>				
Less than 30 days	23 084	28 369	25 056	30 336
30-180 days	1 159	3 662	1 159	3 703
181-364 days	744	213	744	246
Over 364 days	91	201	91	209
<b>Total</b>	<b>25 078</b>	<b>32 445</b>	<b>27 050</b>	<b>34 494</b>
<b>Prepaid expenses and accrued income</b>				
Accrued income Endowment	347	0	347	0
Accrued income	15 706	12 523	15 706	12 523
Other prepaid expenses and accrued income	495	467	924	884
<b>Total</b>	<b>16 549</b>	<b>12 989</b>	<b>16 978</b>	<b>13 406</b>

<b>20. VAT COMPENSATION</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>
Gross expenses entitled to VAT compensation		
Expenses in profit and loss statement	109 909	113 704
Expenses activated into fixed assets	19 176	18 741
<b>Total</b>	<b>129 086</b>	<b>132 445</b>

<b>VAT compensation</b>		
On expenses	18 991	21 835
On fixed asset activations	3 334	3 119
<b>Total VAT compensation</b>	<b>22 325</b>	<b>24 953</b>

Received compensation from MoE	22 358	23 173
VAT compensation for the year	-33	1 780
VAT compensation receivable/liability 1 Jan.	-266	-3 067
Received compensation clearance from MoE	2 047	1 021
VAT compensation for the year	-33	1 780
<b>VAT compensation receivable/liability (net) 31 Dec.</b>	<b>1 748</b>	<b>-266</b>

<b>21. SECURITIES IN CURRENT ASSETS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Market value 31 Dec.	19 973	0	26 814	3 668
Book value 31 Dec.	19 973	0	26 814	3 991

Securities in current assets include investments from ordinary operations' cash reserve into short term fixed income funds.

## NOTES TO BALANCE SHEET, €1 000

22. EQUITY	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Endowment capital 1 Jan.</b>	280 000	280 000	280 000	280 000
<b>Endowment capital 31 Dec.</b>	280 000	280 000	280 000	280 000
<b>Capital reserve 1 Jan.</b>	440 885	436 762	440 885	436 762
Increases, Governmental capitalization	0	4 123	0	4 123
<b>Capital reserve 31 Dec.</b>	440 885	440 885	440 885	440 885
<b>Operating equity 1 Jan.</b>	154 644	154 644	154 644	154 644
<b>Operating equity 31 Dec.</b>	154 644	154 644	154 644	154 644
<b>Fair value reserve 1 Jan.</b>	0	99 048	0	99 048
Transfer to Accumulated endowment returns fund	0	-99 048	0	-99 048
<b>Fair value reserve 31 Dec.</b>	0	0	0	0
<b>Special purpose funds Expendable 1 Jan.</b>	20 485	23 311	20 485	23 311
Received donations	1 313	984	1 313	984
Use of funds	-3 548	-3 810	-3 548	-3 810
<b>Special purpose funds Expendable 31 Dec.</b>	18 249	20 485	18 249	20 485
<b>Special purpose funds Capitalizing 1 Jan.</b>	39 006	35 624	39 006	35 624
Received donations and return on capital	4 545	4 039	4 545	4 039
Use of funds	-1 288	-657	-1 288	-657
<b>Special purpose funds Capitalizing 31 Dec.</b>	42 263	39 006	42 263	39 006
<b>Student entrepreneurship fund 1 Jan.</b>	0	0	0	0
Capital transfer from Accumulated endowment returns fund	800	0	800	0
Use of fund	-640	0	-640	0
<b>Student entrepreneurship fund 31 Dec.</b>	160	0	160	0
<b>Tenure Track -fund 1 Jan.</b>	23 880	17 500	23 880	17 500
Return on capital	1 194	7 500	1 194	7 500
Use of fund	-1 630	-1 120	-1 630	-1 120
<b>Tenure Track -fund 31 Dec.</b>	23 444	23 880	23 444	23 880
<b>Accumulated endowment returns fund 1 Jan.</b>	236 293	227 567	236 293	227 567
Capital transfer from Fair value reserve	0	99 048	0	99 048
Capital transfer to Tenure Track fund	-1 194	0	-1 194	0
Capital transfer to Student entrepreneurship fund	-800	0	-800	0
Capital transfer to surplus	-27 101	-90 322	-27 101	-90 322
<b>Accumulated endowment returns fund 31 Dec.</b>	207 198	236 293	207 198	236 293
<b>Net profit/loss from previous years 1 Jan.</b>	26 146	27 574	51 075	54 823
Changes in income and expenses in previous accounting periods	0	0	548	447
Capital transfer to Tenure Track fund	0	-7 500	0	-7 500
Capital transfer from Tenure Track fund	1 630	1 120	1 630	1 120
Capital transfer from Student entrepreneurship fund	640	0	640	0
Capital transfer from Accumulated endowment returns fund	27 101	27 390	27 101	27 390
<b>Net profit/loss from previous years 31 Dec.</b>	55 517	48 584	80 995	76 280
<b>Net profit/loss of the financial year</b>	130 377	-85 370	126 130	-88 137
Capital transfer from Accumulated endowment returns fund	0	62 933	0	62 933
<b>Net profit/loss of the financial year</b>	130 377	-22 438	126 130	-25 204
<b>Total equity</b>	<b>1 352 738</b>	<b>1 221 338</b>	<b>1 373 968</b>	<b>1 246 268</b>

# NOTES TO BALANCE SHEET, €1 000

	Fund equity 1 Jan.	Annual return	Received donations	Fund usage during financial year	Fund equity 31 Dec.
<b>23. SPECIAL PURPOSE FUNDS</b>					
<b>Special purpose funds in business</b>					
G. W. Sohlbergin rahasto	116	6	0	0	121
Gustav Pauligin rahasto	278	14	0	0	291
K. H. Lehtisen rahasto	62	3	0	0	65
Kauppakorkeakoulun palvelutoimintarahasto	6 070	303	0	-156	6 217
Kauppakorkeakoulun tukirahasto	1 736	87	0	-114	1 709
Kauppatieteellinen koulutusala	4 810	0	105	-120	4 795
Kaupunkitaloustieteen professuuri	-13	0	500	-163	324
KKK:n keräyksen Naistoimikunnan rahasto	432	22	0	-11	442
Lindforsin rahasto	296	15	0	0	311
Matti Lehden nimikkorahasto	129	6	0	-4	131
Nordean rahasto	1 542	77	0	-18	1 602
Opiskelijoiden stipendirahasto	7 130	356	4	-175	7 316
Oy Stockmann AB:n 100-vuotisrahasto	175	9	0	0	184
Pohjolan stipendirahasto	50	3	0	0	53
Talous- ja datatieteen professuuri	0	0	1 500	0	1 500
Tutkimusapuraharahasto	558	28	0	-10	575
Vakuutusosakeyhtiö Fennian rahasto	876	44	0	-9	911
W. Bonsdorffin rahasto	2 718	136	0	0	2 853
Weilin & Göösin stipendirahasto	2 931	147	0	-19	3 059
<b>Special purpose funds in science and technology</b>					
Aleksander ja Lucie Lampénin rahasto	2 347	117	0	-57	2 408
Alumnirahasto	21	1	0	0	22
Arkkitehti Annikki Paasikiven stipendirahasto	1 914	96	0	-48	1 962
Arkkitehti Väinö Vähäkallion stipendirahasto	998	50	0	0	1 048
Arkkitehtien matka-apurahasto	48	2	0	-1	50
DI Marja-Terttu Tanttisen rahasto	14	0	0	-2	12
Ernst Wirtzenin rahasto	167	8	0	0	175
Fabian ja Jaakko Ahvenaisen rahasto	1 659	50	-30	-17	1 662
Informaatioverkostojen työelämäprofessuuri	208	10	75	-113	181
Insinöörien matka-apurahasto	101	5	0	-3	104
Julius Tallbergin rahasto	172	9	0	-4	177
Kansallis-Osake-Pankin rahasto	108	5	0	0	113
KAUTE-rahasto	43	0	0	0	43
Maa- ja vesitekniiikan tuki ry:n rahasto	229	0	0	-28	201
MIDE-rahasto	87	0	0	-15	72
Norman Ernest Loveless -rahasto	93	0	455	-21	527
Oiva Allan Pölkkyksen rahasto	109	5	0	-2	112
Oy Atlas Diesel Ab:n rahasto	88	0	0	-3	86
Oy Strömberg Ab:n rahasto	46	2	0	0	48
Paloturvallisuustekniikan professuuri	485	0	0	-43	442
Professori E. J. Nyströmin rahasto	2 043	102	0	-33	2 112
Professori Hanneliuksen rahasto	32	2	0	-1	32
Puunjalostustekniikan Prof. Maloney	66	0	0	0	66
RAPAL-apurahat	4	0	0	-2	2
Talotekniikan rahasto	89	0	0	0	89
Tapani Järvisen Ympäristötekniikan rahasto	30	0	0	-11	19
Teknistieteellinen koulutusala	10 487	0	4	-1 079	9 412
Teknologiakasvatuksen työelämäprofessuuri	281	14	0	-68	228
Teknos Winter Oy:n rahasto	100	5	0	-2	103
Teräsbetoni Oy:n rahasto	79	4	0	-2	81
Tuote-palvelujärjestelmien myynnin professuuri	0	0	320	-23	298
Vesitalouden vesi- ja kehitysrahasto	717	0	400	-282	835
Vuorineuvos Sundbergin laaturahasto	104	0	0	0	104
Yhdistetty opiskelijarahasto	84	4	0	-2	86
Yhdyskuntajätevesien käsittelyn työelämäprofessuuri	455	23	50	-135	392
Yritystoiminnan tukirahasto	1 548	77	0	-84	1 542
<b>Special purpose funds in art and design</b>					
Helmi Grönlund-Herlinin rahasto	491	25	0	0	516
Humanitäärisen arkkitehtuurin työelämäprofessuuri	0	0	300	0	300
Professori Nils Erik Wickbergin rahasto	822	41	0	-17	846
Taiteellinen koulutusala	1 141	0	0	-220	921
<b>University funds</b>	0	0	0	0	0
Aalto University general donation fund	1 634	0	1	-1 634	1
Campus Development	80	0	17	-29	67
Game Changers	373	0	0	-59	314
Materials and Sustainability	0	0	243	0	243
<b>Special purpose funds total</b>	<b>59 491</b>	<b>1 915</b>	<b>3 944</b>	<b>-4 836</b>	<b>60 513</b>

Special purpose funds are used for scholarships to students and employees and for financing the university's operations as required by donors. The funds are grouped by field of study. Special purpose funds received return according to the university's endowment spending policy.

## NOTES TO BALANCE SHEET, €1 000

	Fund equity 1 Jan.	Capital transfers	Fund usage during the financial year	Fund equity 31 Dec.
<b>24. UNRESTRICTED FUNDS</b>				
Investment Surplus fund	236 293	0	-29 095	207 198
Tenure Track -fund	23 880	1 194	-1 630	23 444
Student Entrepreneurship -fund	0	800	-640	160
<b>Total</b>	<b>260 173</b>	<b>1 994</b>	<b>-31 365</b>	<b>230 802</b>

	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>25. LIABILITIES</b>				
<b>Long-term liabilities</b>				
Loans from financial institutions	320 613	298 571	327 953	306 175
Investment Grants	2 731	2 589	2 731	2 589
Derivate Liabilities	7 462	5 988	7 462	5 988
Other long-term liabilities	170	133	170	133
<b>Total</b>	<b>330 976</b>	<b>307 282</b>	<b>338 316</b>	<b>314 885</b>
<b>Short-term liabilities</b>				
Loans from financial institutions	8 959	5 929	9 332	6 362
Advance payments	40 390	31 582	44 557	35 616
Accounts payable	7 668	9 283	12 887	16 891
Accrued tax	0	0	5 779	6 867
VAT compensation	0	2 046	0	2 046
Liabilities to group companies *	68 130	55 385	0	0
Coordinated assets	5 002	3 461	5 002	3 461
Other short-term liabilities	12 616	8 191	14 380	10 790
Accrued salaries and wages	17 818	17 298	19 074	18 489
Other accrued expenses	1 646	5 270	4 689	6 929
<b>Total</b>	<b>162 229</b>	<b>138 445</b>	<b>115 700</b>	<b>107 452</b>

\*) Group internal net lending



## OTHER NOTES, €1 000

<b>26. LEASE CONTRACTS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Lease payments due within one year	35	103	209	270
Lease payments due later	10	45	217	228
<b>Total</b>	<b>45</b>	<b>148</b>	<b>426</b>	<b>498</b>

<b>27. RENTAL AGREEMENTS (incl. VAT)</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Rental agreement liabilities due within one year	5 538	5 366	5 709	7 244
Rental agreement liabilities due later	7 620	5 789	7 806	8 407
<b>Total</b>	<b>13 158</b>	<b>11 155</b>	<b>13 515</b>	<b>15 651</b>

<b>28. MANDATORY PROVISIONS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Provision for an unused facility rental agreement	1 265	2 065	1 320	2 119

<b>29. INVESTMENT COMMITMENTS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>
Commitment left €1 000		
Hamilton Lane Aalto Fund SICAV S.à.r.l, Luxemburg	163 140	186 471

Investment commitments are unfunded commitments which are binding under existing agreements.

### 30. DERIVATIVE CONTRACTS

Group derivatives include interest rate swaps, FX forward exchange agreements and electricity derivatives. Derivatives are not subject to hedge accounting. The university aims to keep the contracts to maturity. If a derivative contract would be terminated prior to maturity, the University is committed to cover the pre-termination indemnity to the counter party.

The interest rate swaps hedge the loan portfolio against increase in market interest rates by converting floating interest rates into fixed rates. University's current agreements will mature from 2020 to 2027. One of the agreements has a forward start after the end of the financial year. Interest rate swaps have been used only for hedging purposes. The terms and conditions of interest rate swap portfolio and the loan portfolio are not identical and therefore derivative contracts are included in the income statement at fair value. In some of the interest rate swaps the nominal amount decreases during the contract period. Also the associated company Helsingin Pohjoinen Hesperiankatu 23A has hedged its loans. The company has reported the derivatives in the notes of its financial statements.

According to the Endowment Strategy the university may employ derivatives in investment activities for three purposes: to hedge investment risks, to allocation adjustments or to gain exposure to certain risk premia more efficiently. During 2019 the forward exchange agreements have been used to hedge against the foreign exchange risk of the investment portfolio.

The university's subsidiary, Aalto University Properties Ltd. has hedged its electricity purchases against the increase in electricity prices. The current electricity derivatives mature in 2020. The nominal and the fair value of the derivative instruments are shown below.

	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
<b>Interest rate swaps</b>				
Nominal value of contracts	161 344	183 381	161 719	186 631
Fair value of the contracts, €1 000	-7 748	-6 147	-7 373	-5 896
<b>Forward exchange agreements</b>				
Nominal value of contracts	62 241	32 007	62 241	32 007
Fair value of the contracts €1000	1 017	328	1 017	328
<b>Electricity derivatives</b>				
Electricity derivatives (MWh)	0	0	8 784	26 304
Fair value of the contracts	0	0	82	537

<b>31. LIABILITIES WITH PROPERTY COLLATERALS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Bank loans	320 613	298 571	327 953	306 175
Liabilities			10 800	7 016
Other loans	0	0	1 000	1 000
Liabilities			1 000	1 000
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>11 800</b>	<b>8 016</b>

### 32. LOANS WITH MATURING PERIOD OVER

<b>FIVE YEARS</b>	<b>Foundation 2019</b>	<b>Foundation 2018</b>	<b>Group 2019</b>	<b>Group 2018</b>
Bank loans	156 117	179 153	161 921	183 309

## OTHER NOTES, €1 000

### 33. VAT REFUND LIABILITIES

Companies owned by the Foundation have deducted VAT from their property investments and this involves liability to revise the deduction in the case of alteration of use in the of 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 for Metallmiehenkuja 10 that was under renovation).

	Foundation 2019	Foundation 2018	Group 2019	Group 2018
VAT Refund liability 31 Dec.				
Completed projects (10 year revision period)	0	76	49 223	48 259
Work in progress	0	0	5 515	7 435
<b>Total</b>	<b>0</b>	<b>76</b>	<b>54 738</b>	<b>55 694</b>
Total VAT relating to the investments under revision liability				
Completed projects (10 year revision period)	0	756	70 158	68 670
Work in progress	0	0	5 515	7 435
<b>Total</b>	<b>0</b>	<b>756</b>	<b>75 673</b>	<b>76 105</b>

### 34. VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Investment assets</b>				
<b>Valued at fair value</b>				
Investment funds				
Level 1	1 077 335	898 224	1 077 335	898 224
Level 2	0	0	0	0
Level 3	48 960	21 437	48 960	0
<b>Total</b>	<b>1 126 295</b>	<b>919 661</b>	<b>1 126 295</b>	<b>898 224</b>
Derivates				
Level 1	0	0	0	0
Level 2	1 017	328	1 017	328
Level 3	0	0	0	0
<b>Total</b>	<b>1 017</b>	<b>328</b>	<b>1 017</b>	<b>328</b>

During the financial year 2019 there were no transfers between categories.

#### Reconciliation for Level 3 items

	Foundation 2019	Foundation 2018
<b>Balance 1.1.</b>	<b>23 529</b>	<b>4 410</b>
Unrealized changes in fair value	3 350	0
Gains and losses on category 3	0	0
New category 3 investments, acquisition value	23 331	19 119
Transfers from category 3	0	0
<b>Balance 31.12.</b>	<b>50 210</b>	<b>23 529</b>

#### Sensitivity analysis on category 3 31.12.2019

	Changes in fair value	
	Profit	Loss
Change in market values (20%)	10 042	-10 042

	Foundation 2019	Foundation 2018	Group 2019	Group 2018
<b>Financial Assets</b>				
<b>Valued at fair value</b>				
Securities in current assets				
Level 1	19 992	0	26 814	0
Level 2	0	0	0	0
Level 3	0	0	0	0
<b>Total</b>	<b>19 992</b>	<b>0</b>	<b>26 814</b>	<b>0</b>
Interest rate swaps and electricity derivatives				
Level 1	0	0	0	0
Level 2	0	0	82	537
Level 3	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>537</b>
<b>Financial Liabilities</b>				
<b>Valued at fair value</b>				
Interest rate swaps and electricity derivatives				
Level 1	0	0	0	0
Level 2	7 748	6 147	7 748	6 147
<b>Total</b>	<b>7 748</b>	<b>6 147</b>	<b>7 748</b>	<b>6 147</b>
<b>At amortized cost</b>				
Bank loans				
Level 1	0	0	0	0
Level 2	329 571	304 500	337 285	312 537
<b>Total</b>	<b>329 571</b>	<b>304 500</b>	<b>337 285</b>	<b>312 537</b>

During the financial year 2019 there were no transfers between categories.

## OTHER NOTES, €1 000

### 35. FINANCIAL RISK MANAGEMENT

At Aalto University risk management forms an essential part of Aalto University's governance system and supports the university in achieving its strategic and operational objectives. Aalto University risk management principles, including risk management process and responsibilities, are defined in Aalto University Risk Management Policy approved by the Board. In addition, financial risk management principles and limits are guided by Endowment Authorizations and Risk Limits Policy and Treasury Policy approved by the Board.

#### Price risk

The main price risk of the university consists of market price volatility related to equity fund investments. The financial impact to the endowment portfolio of a possible decline of 20% in global equity market prices is described below (all other factors remaining unchanged). The effect of market sensitivity of the equity investments is also taken into account. The calculated effect of 20% corresponds to the risk level of the asset class.

	2019
	Equity markets
	-20%
Impact on the surplus	-131 340
Impact on the equity	0
<b>Total impact</b>	<b>-131 340</b>

#### Currency risk

The main currency risk of the university relates to investments in equity funds investing in non-euro assets. The financial impact to the endowment portfolio of a possible 10% appreciation of euro against all other currencies is described below. In the calculation the currency positions of the underlying investments as well as possible currency hedges have been taken into account. The calculated effect of 10% corresponds to the risk level of the asset class.

	2019
	EUR appreciation versus
	all other currencies
	10%
Impact on the surplus	-65 099
Impact on the equity	0
<b>Total impact</b>	<b>-65 099</b>

#### Interest rate risk

The university carries interest rate risk as part of its investment and debt activities. In investment activities interest rate risk is defined as market value change due to changes in the level of interest rates. Such changes affect fixed income securities inversely and are managed by changing investment portfolio durations. In debt activities the interest rate risk is due to changes in interest rates of floating rate loans taken out to finance campus investments. The risks related to floating rate loans are managed by interest rate swaps. The financial impact of possible changes in interest rates described below. The change of one percent indicates well the significance of the impact.

	Interest -1%	Interest +1%
<b>Investment activities</b>		
Impact on surplus	10 279	-10 279
Impact on equity	0	0
<b>Floating rate loans</b>		
Impact on interest costs (annual)	224	-1 727
<b>Interest rate swaps</b>		
Impact on interest costs (annual)	-939	939
Impact on change in market value	2 532	7 032
<b>Total</b>	<b>2 532</b>	<b>-4 035</b>

#### Liquidity risk

The university's liquidity risks are limited, as the investments are mainly implemented through mutual funds and ETFs. Future contractual commitments relating to financial instruments are described below.

Contractual commitments	Total	1 year	2-5 years	6-10 years	Over 10 years
Investment commitments	163 140	50 000	94 300	18 840	0
Loans (capital and interests)	334 624	9 775	166 587	71 091	87 171
Leasing	426	209	217	0	0
Accounts payable	12 864	12 864	0	0	0
<b>Total</b>	<b>511 054</b>	<b>72 848</b>	<b>261 104</b>	<b>89 931</b>	<b>87 171</b>
<b>Commitments related to derivatives (net)</b>					
Interest rate swaps	9 012	1 857	5 697	1 457	0
Currency derivatives	820	820	0	0	0
Electricity derivatives	82	82	0	0	0
<b>Total</b>	<b>9 914</b>	<b>2 760</b>	<b>5 697</b>	<b>1 457</b>	<b>0</b>

Commitments of group companies included in Contractual and derivative related commitments

## OTHER NOTES, €1 000

### Credit risk

The university receivables credit risks are limited, as its main funders are public institutions, like Academy of Finland, Business Finland and EU. The impact of possible credits risks related to investment activities are to large extent included in the previous risk categories, mainly in interest rate and price risks. Counter party risks related to investment activities are monitored constantly, based on the counter party limits defined the board. In derivative contracts the counter party risk is managed by cash collateral based on fair value.

### Political risk

Political decisions and events may have a significant impact on the university's financial standing. The university's main political risk relates to university sector's public funding development in the long term. There are also risks relating to the fund allocation between universities. Below table shows the financial impact, if Aalto University's share of Ministry of education and culture's university funding would change one percentage point, all other factors being equal. The one percentage point reflects the biggest realised change in 2010s.

	-1%	+1%
Impact on surplus	-16 801	16 801
Impact on equity	0	0
<b>Total</b>	<b>-16 801</b>	<b>16 801</b>

### 36. LEGAL PROCEEDINGS AND OTHER COMPENSATION CLAIMS

The foundation had three dispute matters in process on 31.12.2019. Total estimated risk relating to these disputes is €503 000.

### 37. OTHER CONTINGENT LIABILITIES

#### Covenants

Aalto University campus development investments are financed by loans taken by Aalto University Foundation. The loan agreements are unsecured and contain different types of restrictive terms. These terms restrict, inter alia, organizational changes and property investment arrangements as well as the level of group indebtedness and provided security.

#### Share of mortgage

The Foundation owns a 27% share of Asunto Oy Helsingin Eteläinen Hesperiankatu 4 housing company, which entitles to the use of 7 apartments. The housing company's mortgage relating to these 7 apartments is €1,6 million (€1,7 million).

#### Liabilities for mutual real estate transactions

During 2019 Aalto University Foundation sold four mutual real estate companies: Koy Espoon Lämpömiehenkuja 2, Koy Espoon Maarintie 6, Koy Espoon Tekniikantie 3 and Koy Espoon Lämpömiehenkuja 3. Based on the contract of shares, seller has specific liability commitments, which may cause liability for damage when defused. Most essential commitments are the ones concerning establishment of the companies, renovation work done for tenants, period of guarantee for the construction work and redemption of the property (fully or partly).

#### Mortgages for plot rent

The associated company Helsingin Pohjoinen Hesperiankatu 23A has given a mortgage for plot rent 247 000€.

38. AUDITOR FEES	Foundation 2019	Foundation 2018	Group 2019	Group 2018
Audit fees	38	38	137	141
Tax advisory fees	0	6	0	14
Other fees	186	77	186	79
<b>Total</b>	<b>223</b>	<b>121</b>	<b>323</b>	<b>234</b>

39. AVERAGE PERSONNEL	Foundation 2019	Foundation 2018	Group 2019	Group 2018
Teaching and research	3 055	2 990	3 055	2 990
Other personnel	1 288	1 262	1 467	1 422
<b>Total</b>	<b>4 343</b>	<b>4 252</b>	<b>4 522</b>	<b>4 412</b>

40. MANAGEMENT COMPENSATION	Foundation 2019	Foundation 2018	Group 2019	Group 2018
Members of Boards, the President and CEOs of Group companies	381	370	1 080	1 072

41. RELATED PARTY FINANCIAL TRANSACTIONS	Grants and similar payments with no respective input received	Financial activities with respective input received			
		Income	Expenses	Receivables	Liabilities
Founders and their subsidiaries, Aalto University's subsidiaries	0	6 785	44 798	470 181	67 341
Above parties' board members, CEOs and their substitutes, auditors, Aalto University's directors and any companies owned by aforementioned	0	45	4 224	5	69
Family members of the above	0	1	141	0	0
<b>Total</b>	<b>0</b>	<b>6 831</b>	<b>49 162</b>	<b>470 186</b>	<b>67 411</b>

## OTHER NOTES, €1 000

### 42. SHARES IN OTHER COMPANIES

	Domicile	Shares owned by Group
Aalto-yliopistokiinteistöt Oy	Espoo	100%
Hamilton Lane Aalto Fund SICAV S.à.r.l	Luxemburg	99%
Asunto Oy Hgin Eteläinen Hesperiankatu 4	Helsinki	27%
Kiinteistö Oy Hgin Pohj. Hesperiankatu 23A	Helsinki	50%
Otahalli Oy	Espoo	50%
Aalto Holding Oy	Helsinki	100%
<b>Owned by Aalto Holding Oy</b>		
Aalto University Executive Education Oy	Helsinki	100%
Sannäsin Kartano Oy	Porvoo	100%
Unigrafia Oy	Helsinki	31%
Funidata Oy	Helsinki	19%
Unihome Oy	Helsinki	19%
<b>Owned by Aalto University Executive Education Oy</b>		
Aalto Executive Academy Pte Ltd	Singapore	100%
FINVA Finanssikoulutus Oy	Helsinki	100%
<b>Mutual real estate companies</b>		
Koy Bionova	Espoo	100%
Koy Espoon Amfi	Espoo	100%
Koy Espoon Betonimiehenkuja 5	Espoo	100%
Koy Espoon Kemistintie 1	Espoo	100%
Koy Espoon Konemiehentie 2	Espoo	100%
Koy Espoon Metallimiehenkuja 10	Espoo	100%
Koy Espoon Metallimiehenkuja 4	Espoo	100%
Koy Espoon Otakaari 1	Espoo	100%
Koy Espoon Otakaari 24	Espoo	100%
Koy Espoon Otakaari 3	Espoo	100%
Koy Espoon Otakaari 5	Espoo	100%
Koy Espoon Otakaari 7	Espoo	100%
Koy Espoon Puumiehenkuja 2	Espoo	100%
Koy Espoon Sähkömiehentie 4	Espoo	100%
Koy Espoon Tietotie 1	Espoo	100%
Koy Espoon Vuorimiehentie 1	Espoo	100%
Koy Espoon Vuorimiehentie 2	Espoo	100%
Koy Espoon Väre	Espoo	100%
Koy Helsingin Runeberginkatu 14-16	Helsinki	100%
Koy Kirkkonummen Metsähovintie 114	Kirkkonummi	100%
Otaniemen Liikekeskus Oy	Espoo	100%
<b>Other holdings</b>		
Asunto Oy Kartanontanhua	Espoo	31%
DIMECC Oy	Tampere	4%
CLIC Innovation Oy	Helsinki	1%
Muovipoli Oy	Lahti	9%
Vierumäen Loma-aika Oy	Heinola	7%
Vierumäki Golf Oy	Helsinki	0%
CSC-Tieteen tietotekniikan keskus Oy	Espoo	0%
<b>Spin out holdings</b>		
Synoste Oy	Espoo	1%
Agilefant Oy	Helsinki	5%
Iceye Oy	Espoo	1%
Minima Prossessor Oy	Oulu	3%
LaDiMo Oy	Espoo	4%
Surgify Medical Oy	Helsinki	7%

The mutual real estate companies' market value on 31. Dec. is 643 million.



Aalto University

Aalto University  
PO Box 11000  
FI-00076 AALTO  
Tel. +358 9 47001