

Approved at the Representative Council meeting 07/2026

# Real estate policy

## 1. The purpose of the document

This document outlines the permanent principles governing the maintenance, management, financing, and changes related to the student union's real estate assets.

AYY's real estate assets consist of non-profit real estate assets and for-profit real estate assets. Non-profit real estate assets include office and meeting facilities used for the student union's non-profit operations, as well as student housing properties, which make up the majority of AYY's real estate assets. For-profit properties and facilities include properties whose primary purpose is to generate profit for the student union. These include, for example, business and office premises owned by AYY and rented out to external parties. With regard to for-profit real estate assets, AYY generally does not engage in direct real estate investments. A residential property may be classified as for-profit through a process described in Section 7 of this document.

This document primarily concerns properties and premises that are owned for a non-profit purpose. Principles relating to for-profit properties are described in Section 7.

In addition to the real estate policy, AYY's housing and real estate operations are guided by:

- AYY's strategy
- Financial and asset management policy
- Housing regulations

## 2. Basic principles of real estate operations

*For members and on members' terms:* The objective of AYY's real estate operations is to serve its members and meet their needs. Through its real estate operations, AYY does not seek to generate profit, except in relation to properties and premises designated as for-profit. AYY's real estate assets are for the benefit of its members, and therefore they are given as much influence as possible over the use of the assets.

*On loan from future generations:* The student union's real estate assets are not intended for a single student generation. Instead, it is the responsibility of each generation to ensure that future generations receive the assets in at least an equivalent condition. For that reason, real estate assets are managed in a way that ensures the preservation or growth of their value over time. The real estate assets are maintained systematically, and all decisions take their long-term financial effects into account.

*Realization of the student union's purpose and non-profit objectives:* Real estate operations are part of AYY's activities and a means of achieving its purpose. In its real estate operations,

the student union follows its values and principles, as well as the objectives it has set for its own activities, including, among other things, sustainability. Providing affordable facilities is a key means of enabling a diverse range of student activities for AYY members. AYY's real estate operations are conducted in a manner that supports the achievement of AYY's non-profit objectives.

### **3. Maintenance, condition, repairs, and development**

#### **3.1. Condition**

AYY maintains its property portfolio in a way that ensures the preservation of its value over time, taking cost levels into account and ensuring that the condition of the properties meets users' needs. Residents have the opportunity to have an impact through feedback, surveys, and resident activities.

AYY does not assume responsibility for maintenance or alteration work carried out by tenants themselves in facilities and storage spaces rented to associations.

The condition of AYY's properties is monitored and maintained systematically. The condition of the properties owned by AYY is monitored through regular condition inspections and continuous monitoring of consumption and costs. Future repairs to AYY properties are assessed in property-specific long-term plans (PTS), which are drawn up on the basis of property-specific condition assessments and condition surveys.

#### **3.2. Development and maintenance**

Property maintenance is carried out as cost-efficiently as possible. The procurement of services is tendered at regular intervals, applying the principle of fitness for purpose while also taking local operators into account. Framework agreements are used for property maintenance. If necessary, agreements also include 24/7 on-call service.

Major renovation projects and the development of new properties are tendered on a case-by-case basis. A comprehensive assessment is applied when evaluating tenders, with quality factors taken into account in addition to costs.

Maintenance responsibilities for housing and facilities rented out by AYY are defined in accordance with AYY's division of responsibilities chart. Alteration work in association facilities rented out by AYY may be carried out only with separate permission from AYY. All alteration work requires permission from AYY's real estate operations and member services in a separately specified manner. Following an unfavorable decision, the tenant has the right to request reconsideration of the matter by the AYY Board. For significant alterations, applications are also reviewed by the AYY Board.

#### **3.3. Sustainability of real estate operations**

AYY's sustainability objectives are taken into account in construction and property maintenance from the perspectives of ecological, financial, and social responsibility. All real estate operations aim to achieve comprehensive energy efficiency. In residential property

maintenance, living comfort, cost-effectiveness, and sustainability are considered in a balanced way. In connection with property repairs, efforts are made to improve energy efficiency when and in ways that are justified, taking into account the costs and the energy savings achieved. AYY uses carbon-neutral electricity in its properties.

As a developer, AYY focuses on reasonable lifecycle costs and environmental sustainability. In its real estate operations, AYY is open to new environmentally friendly technologies and solutions.

Cultural values are taken into account in the development and maintenance of AYY's property portfolio. Many AYY properties are located in the Otaniemi campus area, classified as a nationally significant built cultural environment (RKY). In construction, AYY takes building protection principles into account in a way that enables the use of properties and areas in line with AYY's objectives, while avoiding unreasonable additional costs for users.

## 4. Changes to housing and property portfolio

AYY's objective is to own affordable housing near Aalto University that meets the demand of students. In addition to residential properties, AYY aims to own a sufficient number of other non-profit properties and facilities to enable the achievement of its non-profit objectives.

### 4.1. Acquisition and development

AYY expands its residential property portfolio in a way that is most economical in terms of lifecycle costs. AYY may acquire new residential properties by developing them independently or in cooperation with partners, by purchasing residential properties, or by converting acquired properties for residential use. AYY always develops new properties using the most affordable funding available in terms of overall costs, taking into account any subsidies available for the construction of student housing.

The acquisition and development of non-profit facilities separate from the housing operations are always treated as a special matter, to be considered by the Board and, in accordance with the bylaws, by the Finance Board and the Representative Council. In addition to ownership, facilities intended for non-residential use may also be rented. The core objective of AYY's housing operations is to provide affordable housing on a cost-price basis. This entails high utilization rates, space-efficient construction, and affordable construction costs. Therefore, AYY develops housing and related facilities for which there is established demand in the area. AYY aims to maximize the amount of rental residential floor space within the building area. In construction projects, AYY avoids risks that could increase construction costs. The construction of facilities for non-residential purposes in Varke-subsidized properties requires separate funding, which may increase the financial risk they pose. AYY avoids building business premises in residential properties, but may develop them if they are required for the realization of a housing project and if the risk posed by the business premises is small in relation to the importance of the residential property.

For each new residential property, the Representative Council is consulted separately on the intended distribution of apartment types, the planned amount of shared facilities, and any other facilities intended for non-profit purposes.

For new construction, AYY aims to acquire plots using Varke's interest-subsidized financing or other financing that is most economical in terms of total costs. Otherwise, the acquisition of plots is assessed on a case-by-case basis and pursued when it is the most cost-effective long-term solution for AYY and the most suitable option in terms of securing the property portfolio. Alternatively, AYY seeks to enter long-term lease agreements with landowners, which may be extended under the same terms once the lease period expires, and in which reasonable principles for rent increases have been agreed.

## **4.2. Divestment of properties**

AYY may divest a partially or fully owned residential property or apartment that does not support the implementation of AYY's strategy. With regard to non-residential properties, divestment is possible when they are no longer required for the execution of AYY's non-profit objectives. When a residential property no longer meets the criteria set out in the strategy, AYY must decide whether to continue owning the property for use as student housing, sell the property, or convert it into a for-profit property. Divestment of a property is always a financially significant decision in accordance with Section 39 of AYY's bylaws. AYY always aims to achieve the best possible return on the properties it sells, taking the overall situation into account.

The Representative Council may decide to convert a residential property into a for-profit property, provided that Varke's restrictions do not prevent such a change and that the property is no longer in line with AYY's strategy. Non-profit properties, excluding residential properties, may be converted into for-profit properties by decision of the Representative Council when they are no longer required for the student union's non-profit operations. Converting a property into a for-profit property means that market-based rent is charged for the property and that its purpose is to generate income for AYY, similarly to other investment assets.

## **5. Finances of housing and real estate operations**

AYY's housing and real estate finances are managed in a manner that will:

- Ensure that the assets are preserved and retain their value for future student generations.
- Enable the use of AYY's real estate assets for activities in line with AYY's non-profit objectives at reasonable cost.
- Keep AYY residents' rents clearly below market rent levels.
- Avoid increases in membership fees resulting from the costs of properties and premises used for non-profit activities.

AYY's student housing operations are a core member service, offering members the opportunity for more affordable housing than is available on the open market. For AYY, the cost-price principle applied to rents is not merely a necessity dictated by Varke restrictions, but rather a non-profit foundation for its housing operations.

AYY does not seek to generate profit through its student housing operations or other non-profit real estate operations. Proceeds from the sale of residential properties are used for AYY's housing operations, unless the Representative Council decides otherwise on a case-

by-case basis. AYY complies with Varke's rent determination guidelines and with legislation relating to the definition of cost-price rent in properties subject to Varke restrictions.

## **5.1. Expenses**

Expenses are budgeted on a property-specific basis. In budgeting, provision is made for future repairs by setting aside a property-specific repair allowance. Major renovation projects are financed through loans, while internal financing may be used on a case-by-case basis for smaller renovation projects.

## **5.2. Income**

Income from housing operations refers to income generated from the rental of apartments as well as related services and facilities. Income from properties used purely for investment purposes is treated in the same way as income from other investment assets. Income from facilities rented on a one-off basis, association facilities, and other properties used for non-profit purposes is considered part of AYY's organizational activities.

AYY's objective is that rental income from the apartments covers the property's capital and management costs, and that rents remain reasonable and reflect the perceived use value of the apartments.

AYY determines the rent per square meter for residential properties on a property-specific basis so that, after other income is taken into account, the rent covers the property's operating and capital costs. A proposal for the rents of residential properties recorded in the student union's balance sheet is decided by the student union board. A proposal for the rents of residential properties in property companies is decided by the board of the property company in question, based on the guidance of the student union board. The housing cooperative is asked to provide a statement on the rents. The Representative Council approves the rents as part of the student union's budget process.

AYY charges interest on equity invested in student housing properties at the maximum rate permitted by legislation and Varke (4% in 2026). For repair provisions, student housing properties are generally charged the maximum amount permitted by Varke and legislation per month (in 2026 €1/m<sup>2</sup> for properties where less than 20 years have passed since the interest-subsidized loan was drawn, and a maximum of €2/m<sup>2</sup> for other properties). AYY may adjust rents in accordance with Varke's guidelines in order to keep rents reasonable and to ensure they reflect the use value of the apartments.

Rental facilities, association facilities, and other facilities serving the student union's non-profit activities are charged cost-based rent in residential properties.

AYY seeks to maximize long-term rental income from facilities located in residential properties or other properties serving non-profit purposes that are not residential premises or other facilities serving AYY's non-profit objectives. These facilities include, for example, business premises located in residential properties. An exception may be made if this is considered justified for the benefit of AYY's membership and residents. For example, by compromising on rental income, it is possible to provide services in the area that residents or members need.

## 6. Management

AYY manages its real estate assets in a manner that is most economical from an overall financial perspective and allows for the flexible use of assets. Some of AYY's residential assets are held directly on the student union's balance sheet, while others are held in separate property companies. AYY does not aim to standardize the ownership structure of all properties unless this can be done without significant tax consequences and unless it is profitable for AYY. For new residential properties, the ownership structure is decided on a case-by-case basis, taking into account AYY's overall benefit. AYY manages its residential properties in a manner that allows for rent adjustments.

AYY primarily aims to fully own the property companies. If this is not possible, AYY seeks to acquire a sufficient majority in a property company.

The Student Union Board appoints AYY's representatives to the boards of property companies wholly or partially owned by AYY, and the members appointed by AYY act under the guidance of the Student Union Board. The student union ensures that its properties have adequate property insurance and other necessary insurance coverage.

The use of AYY's non-profit facilities is decided by the Board. By decision of the Board, facilities may be designated as association facilities, facilities rented on a one-off basis, or as facilities for AYY's own use.

## 7. For-profit properties and facilities

The purpose of for-profit properties and facilities is to generate income for the student union. These include business and office premises rented to external parties, as well as residential properties classified as for-profit. The ownership of for-profit properties is not part of AYY's core operations, and such properties are divested if this is considered sensible from an overall financial perspective for the company. Decisions on the sale of for-profit properties or premises are made by the Representative Council, and preparations for the sale may be initiated by a decision of the Board.

AYY aims to achieve the best possible long-term profit from its for-profit properties and premises.

## 8. Entry into force and amendments

Amendments to this real estate policy are made by the Representative Council.

Amendments take effect immediately, unless otherwise stated in the decision.

This real estate policy has been approved at the Representative Council meeting 7/2026 on September 15<sup>th</sup> 2026.