

Sustainability report 2022

AVARA





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Avara in brief

Avara is Finland’s leading residential real estate partner specialising in investment, asset management, and property management. We manage, develop, and increase the value of residential real estate assets worth approximately EUR 1.2 billion.

Our customers include the tenants of Avara rental apartments as well as professional Finnish and international real estate investors. The geographic focus of operations lies in Finland’s growth centres, where the need for rental apartments is the greatest due to the rapid progress of urbanisation.

We offer responsible and sustainable returns for professional investors who want to invest in urban housing. We manage the growth of the value of real estate investments throughout a property’s life cycle. We invest in the digitalisation of our business and in customer satisfaction. We are pioneers in knowledge and data based management.

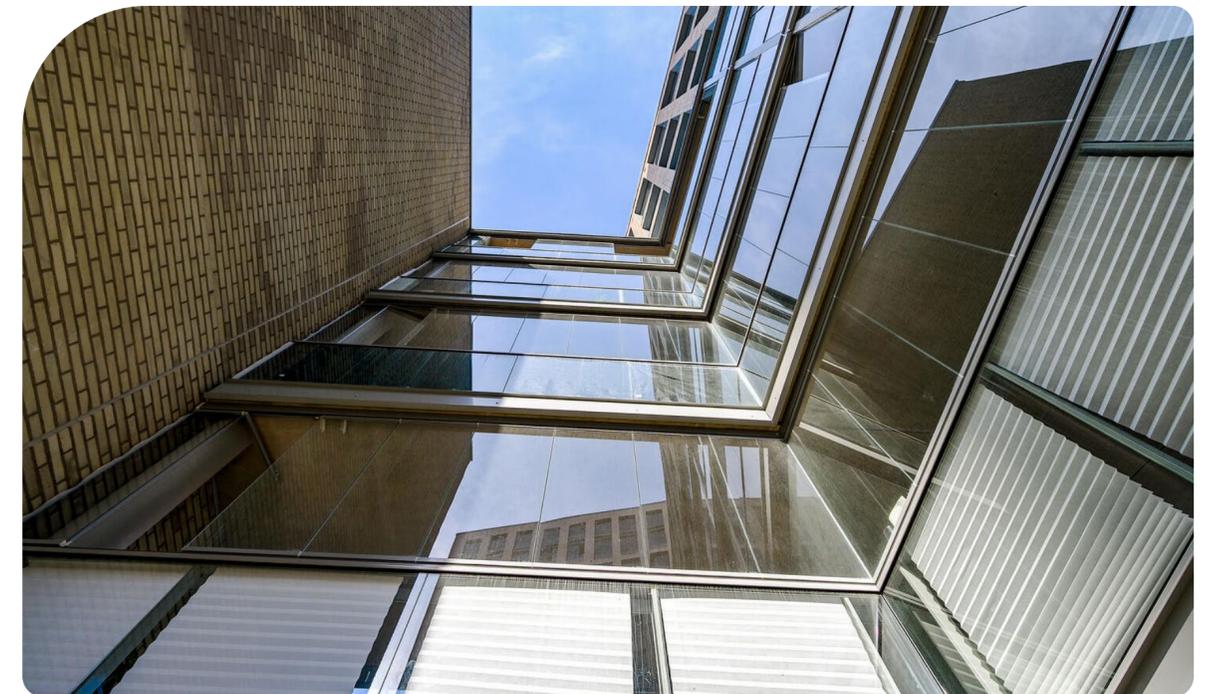
Our service model is unique in Finland. It covers the entire value chain of residential real estate investment – from investing to property management. We aim for the highest customer satisfaction rate in our industry, every day.

The largest owners of the Group’s parent company Avara Oy are Elo Mutual Pension Insurance Company (34%), the company’s senior management through Erreon Oy (30%), Fennia Life Insurance Company (15%) and OP Group companies (11% combined). Avara has a total of 13 shareholders and the five largest shareholders hold more than 90% of the company’s shares.

We support the well-being and growth of society by providing apartments that suit people’s changing needs. We are a responsible residential real estate

company that operates with a long-term approach and actively develops its business. Our operations are guided by the company’s strategy and values as well as our operating principles and models.

Our aim is to be the preferred partner in residential real estate investment and asset management as well as a leading provider of rental housing. The people of Avara are highly motivated leading professionals in their respective fields and they play a key role in creating an excellent customer experience. Our operating models and methods are among the best in our industry. They produce an excellent customer experience and benefits for both our residents and investors.



Vanha Talvitie 3, Helsinki



Key events in 2022

JANUARY

The first project with 87 apartments is completed in the rapidly developing Suvela residential district in Espoo. The investment belongs to Avara Residential Fund II.

A new Avara property with 81 apartments is completed in the Kalasatama district of Helsinki, close to the Redi shopping centre and Teurastamo area, at the turn of the year. The investment belongs to Avara Residential Fund I.

JUNE

The project in the Suvela residential district in Espoo is completed with the completion of its second investment. The 92 apartments belong to Avara Residential Fund II.

Avara donates a total of EUR 10,000 to children’s and young people’s sports clubs and teams through the Avara supports well-being campaign.

SEPTEMBER

Avara joins the development of the Tapiola centre in Espoo with its real estate development project just off the Länsituulenaukio square. Upon completion, the project will include about 120 non-subsidised residential apartments, commercial space and common areas.

Avara and six other professional real estate companies together with Rakli launch the Green homes sustainability programme focusing on rental housing.

NOVEMBER

Avara joins the #BuildingLife project as an action plan sponsor and commits to striving for a carbon-neutral built environment by 2035 in accordance with the joint objectives of the real estate and building sector.

FEBRUARY

Avara joins Green Building Council Finland.

MAY

Avara conducts the Great Place to Work® Trust Index™ personnel survey for the first time, reaching the Great Place to Work certification following the excellent result.

JULY

Starwood Capital Group and Avara sell a residential fund to Orange Capital Partners. The fund includes approximately 2,200 apartments in 16 localities, with more than 50% of the value located in the Helsinki region. Avara was responsible for the asset and property management during Starwood Capital’s ownership.

OCTOBER

Avara breaks the national record in Excellent-level environmental certification of residential real estate by having as many as five residential properties with the 'Excellent' BREEAM certification.

An investment of 92 apartments is completed in the new Rykmentinpuisto residential area in Tuusula. The investment belongs to Avara Vuokrakodit I fund.

DECEMBER

Avara revises its partner network and selects Kotikatu and its group companies as the new service provider for property maintenance starting from 2023.



From the CEO

For Avara, 2022 was a year of major changes and investments. We completed Finland's biggest real estate transaction of the year and continued our strong development work to achieve our sustainability goals. We achieved a record result in environmental certifications of residential real estate and took part in launching the Green Homes sustainability programme. Furthermore, thanks to the excellent results, we were accredited with Great Place to Work certification.

We strengthened our commitment to carbon neutrality

During 2022, we joined both the Green Building Council Finland and also the programme of the #BuildingLife project. Through these measures, we are demonstrating our commitment to striving for a carbon-neutral built environment by 2035 in accordance with the joint objectives of the real estate and building sector.

We certified an entire fund with an historic result

A carbon neutrality road map was prepared for Avara Residential Fund I in autumn 2022. At the same time, the fund began to develop its sustainability through the BREEAM In-Use environmental rating system suitable for certifying residential buildings. Five of the properties





Vanha Talvitie 3, Helsinki

in the fund achieved the demanding Excellent level in the benchmarking. In addition to Avara's properties, only one property in Finland had achieved the Excellent rating at the time of the certification, which indicates how rare and demanding it is.

We invested in responsible tenant communication

Together with six other professional real estate companies and Rakli ry, we launched the Green Homes sustainability programme focusing on rental housing. The programme requires committing to energy efficiency measures and regularly informing the tenants of housing-related climate emissions. In autumn 2022, Avara's tenants had an opportunity to attend webinars organised by Green Homes, providing practical information about saving energy in day-to-day life.

We listened to our customers

As in previous years, we completed extensive customer and personnel surveys. We fell slightly short of the results of 2021 in the tenant NPS scores, and an analysis of customer feedback resulted in subjecting our property maintenance partner's tasks to competitive bidding

towards the end of the year. With regard to our investor customers, we exceeded our target, as in 2021, and again achieved an excellent NPS score. As the biggest customer success story, we completed the realisation of the Avara Star real estate fund, which was the biggest real estate transaction of the year in Finland.

We are a Great Place to Work

Continuously developing and maintaining the well-being, competence and enthusiasm of the company's employees are high priorities for Avara. Job satisfaction at Avara has remained on a high level for a long time, and the eNPS score for 2022 was 80.

In May 2022, we conducted the Great Place to Work® Trust Index™ personnel survey for the first time, achieving the Great Place to Work certification following the excellent result.

I am very pleased and proud of how Avara performed in 2022, the development of our sustainability work and our achievements. We are continuing this strong and active trend in 2023.

Mika Savolainen
CEO



2022 in numbers

<p>Assets under management¹</p> <p>EUR 1.2 billion (EUR 1.5 billion)</p>	<p>Investments²</p> <p>EUR 58 million (EUR 142 million)</p>	<p>Personnel</p> <p>27 Avara people (29)</p>
<p>Economic occupancy rate</p> <p>96.4% (96.1%)</p>	<p>Apartments¹</p> <p>6,594 (8,515)</p>	<p>CO₂ intensity³</p> <p>22.8 kg CO₂e/dwelling area m² (24.5 kg)</p>
<p>Customer satisfaction (NPS)</p> <p>Tenants 28 (31)</p> <p>Investors 77 (88)</p>	<p>Apartments completed or under construction</p> <p>645 (1,096)</p>	<p>Further information</p> <p>Situation as of 31 December 2022. Data for the previous year or change year-on-year in brackets.</p> <p>¹Avara and Starwood Capital Group sold a 2,200-apartment residential fund in autumn 2022. The sale had an impact on the 2022 figures.</p> <p>²Includes new construction, acquisitions, repairs, and renovations of existing assets.</p> <p>³Greenhouse gas emissions per square metre of dwelling area for all properties that were under Avara's management for the entire year.</p>



Impactful sustainability

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Impactful sustainability

Avara's sustainability principles are based on a materiality analysis performed in 2018 and reviewed annually.

The analysis accounts for Avara's strategy, the most significant impacts, opportunities, and risks of the company's operations as well as the sustainability-related needs and expectations of key stakeholders. The materiality assessment also takes into account long-term risks and the industry-specific opportunities Avara and its stakeholders have in terms of impacting and adapting to climate change, in particular.

The material aspects of Avara's corporate responsibility are related to the environmentally, socially, and economically sustainable growth and development of assets, investment and property management as well as rental housing services.

Avara's sustainability priorities and lines of action



Sustainable returns

We offer sustainable opportunities with attractive risk levels to make profitable long-term investments in residential real estate in Finland's growth centres.



Low-carbon housing

We are committed to reducing the environmental impacts of housing and increasing the efficiency of resource use through actions with measurable impacts and a long-term view.



Well-being of people and communities

Our operations, decisions and development projects have a positive impact on the well-being of tenants, employees and local communities.



Strategy and operating model

Avara’s aim is to be the preferred partner in residential real estate investment and asset management. We offer opportunities to invest responsibly in both non-subsidised and subsidised rental housing in Finland. We are an active property developer.

Avara is pursuing significant growth during its strategy period extending until 2023. The strategy is based on the company’s role as a strategic partner of professional investors and

on Avara’s own investment activities as as major investment and asset management company in Finland. Avara’s businesses support and complement each other in an efficient manner, generating value for both shareholders and customers.

Avara supports its investors’ selected investment strategies and operating methods, and manages residential real estate assets with the same comprehensive approach it applies to its own assets — professionally and

independently. Avara is responsible for all management activities and development of real estate funds, including operational activities, financial management and financing as well as the preparation and execution of investment decisions.

Urbanisation and the growing popularity of rental housing are strong forces of change in the Finnish housing market. Avara responds to changing housing needs in our changing world. Our operations are

focused on major growth centres where the need for high-quality rental housing is the highest. Our relatively new housing stock, the central locations of our apartments, and apartment types that are suitable for decreasing household sizes are a good match with market demand today and in the future. We develop services that make daily life easier and improve the housing experience. This enables us to offer the best possible residential real estate services to customers.

STRATEGIC OBJECTIVES 2023			
Strategic goals	Critical success factors	Objectives	Financial targets
<ul style="list-style-type: none"> First-rate team Preferred partner Customer loyalty 	<ul style="list-style-type: none"> Asset management excellence Inspiring employee experience Best customer experience 	<p>Profitable growth in all business segments</p> <ul style="list-style-type: none"> Investment management Asset management Property management 	<ul style="list-style-type: none"> Increase in the value of assets under management Revenue growth EBITDA growth



Business model

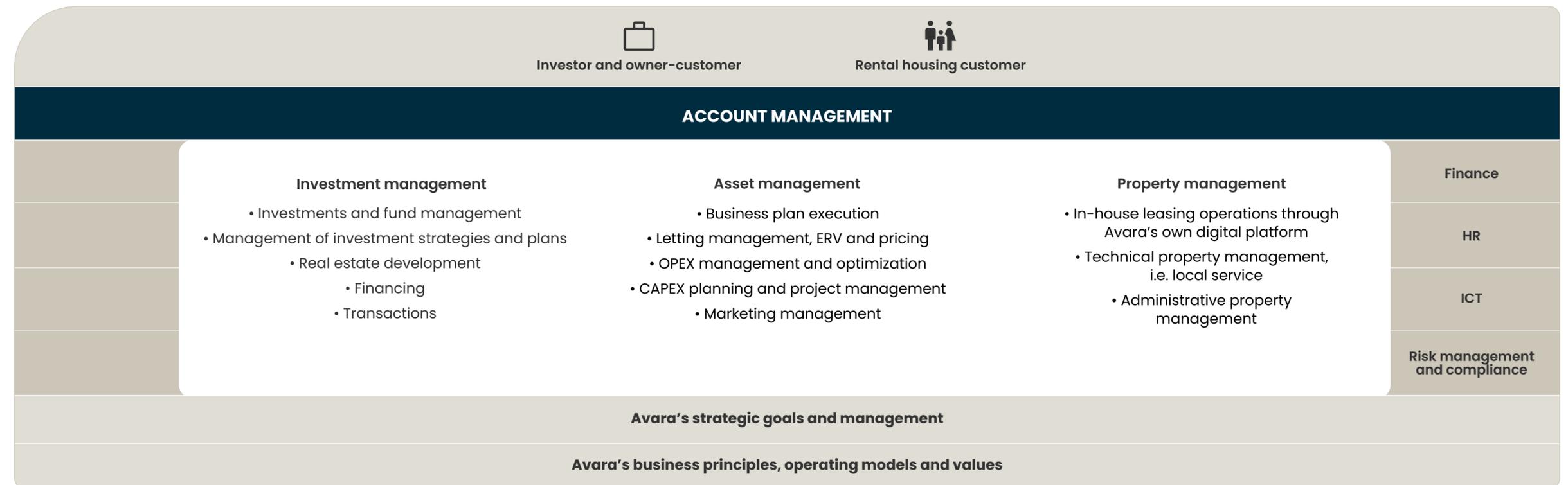
Avara’s business model covers the entire value chain of real estate investments: investment management, asset management and property management. Client accounts are managed with a comprehensive approach in line with the goals and expectations of the real estate funds and in accordance with Avara’s strategy and operating model. The

business support functions include financial management, HR, and ICT as well as risk management and compliance.

The company’s own property management business, established in 2020, is responsible for professional and customer-oriented letting of apartments, customer service and

property management. Asset and property management are supported by Avara’s own digital platform OmaAvara. Specialised professionals and appropriately targeted property management measures — which also take advantage of digitalisation — ensure the best possible customer experience and occupancy.

Investment management
Avara operates in various risk-return categories in residential real estate investments and offers real estate investors the opportunity to participate in diverse closed real estate funds as well as separately managed joint ventures. The aim is to provide investors with convenient, sustainable, and profitable solutions for investing





in residential real estate in Finland that suit each investor’s investment profile.

The services of investment management cover the entire life cycle of an investment: planning and implementing an investment strategy, finding investments in line with the strategy, analysing and executing transactions, the property development of new residential real estate investments, the structuring of investments and raising of capital as well as financing from Finnish and international markets.

Avara’s own property development, which produces excellent returns, is a key part of investment management. In the coming years, the company aims to increase the number of its own development projects, which will increase the significance of plot acquisition. At the end of 2022, Avara had 281 apartments under construction. Number of apartments under Avara’s management will increase by 600 until the end of current strategy period. Almost all new projects are internally developed and built on own plots.

Asset management

The operational management of asset management includes maintenance and repairs of assets and apartments under management as well as efficient management of real estate operations. Our asset management services implement investment strategies proactively, actively, and transparently.

Avara takes care of a real estate investment’s profitability, management, and development comprehensively and in accordance with the investment strategy. Avara provides extensive reports on the development of your investment’s value and returns, and forecast future development analytically, from the perspectives of different dimensions and alternatives. Avara has long-term experience of managing real estate investments as well as solid skills and achievements in both asset management and the active development of properties’ profitability. We manage assets

with knowledge based on extensive analyses and by making use of our strong experience in the industry.

In maintenance and repair activities, Avara operates locally and nationally in close cooperation with selected service providers in the real estate sector. Avara’s local expertise sets it apart from other asset managers in the field. Real estate is a local asset category in which the highest returns can be achieved through a combination of national and local expertise, partners and operating models. Customer understanding is based on active listening and use of information in all areas of the client relationship.

Property management

Avara’s property management services support asset management and the creation of good customer experiences in housing. The services cover the life-cycle management of properties, the property management, leasing operations and customer services,

technical property management, and the project management of capex projects.

The service model of our property management is based on efficient, digitalised processes and the best data driven understanding of properties and customer. Our nationally local operating model combines the scaling benefits of centralised service production and procurement and the local technical management of properties and customer services.

The property management operations previously purchased from partners changed into operations run by Avara itself as of the beginning of 2020. As one of Avara’s own businesses, property management is efficiently and productively integrated with asset management.



Suokatu 30, Kuopio



Business principles and risk management

Avara's operations are guided by the company's strategy, values, and confirmed principles, which include Avara's Code of Conduct, business principles and governance, principles for the prevention of conflicts of interest, remuneration policy, internal control and risk management principles, privacy and data security policy, procurement guidelines, fair rental practices and fair housing management practices or the housing manager's code of conduct (Isännöinnin eettiset ohjeet).

The company's governance complies with the sustainable and diligent principles approved by the company's Board of Directors as well as with the company's internal control and risk management principles. The principles define Avara's decision-making procedures and organisational structure, which specify the reporting relationships, the division of duties, and the responsibilities of the governing bodies. The company's principles and policies ensure that its management is carried out in accordance with its owners' objectives, the company's values and the requirements arising from investors, legislation and other regulations.

The company's business is based on effective and reliable internal control procedures that apply to all employees. Internal control and risk management are part of Avara's day-to-day operations and matters pertaining to these topics are regularly discussed in the meetings of the management team. If any deficiencies are observed, the

necessary action will be taken without delay. The management team regularly monitors corrective action related to deficiencies in its meetings.

Risk management and compliance
Avara's risk management is based on the company's Code of Conduct and confirmed risk management principles.

The company has a permanent risk management function, and risk management has been organised in such a way to ensure independence and expertise. The purpose of the risk management function is to identify threats that could influence the achievement of strategic, operational or business objectives in cooperation with business functions. The risk management function supports business risk management and measures, manages, and continuously monitors the company's risks and reports on them.

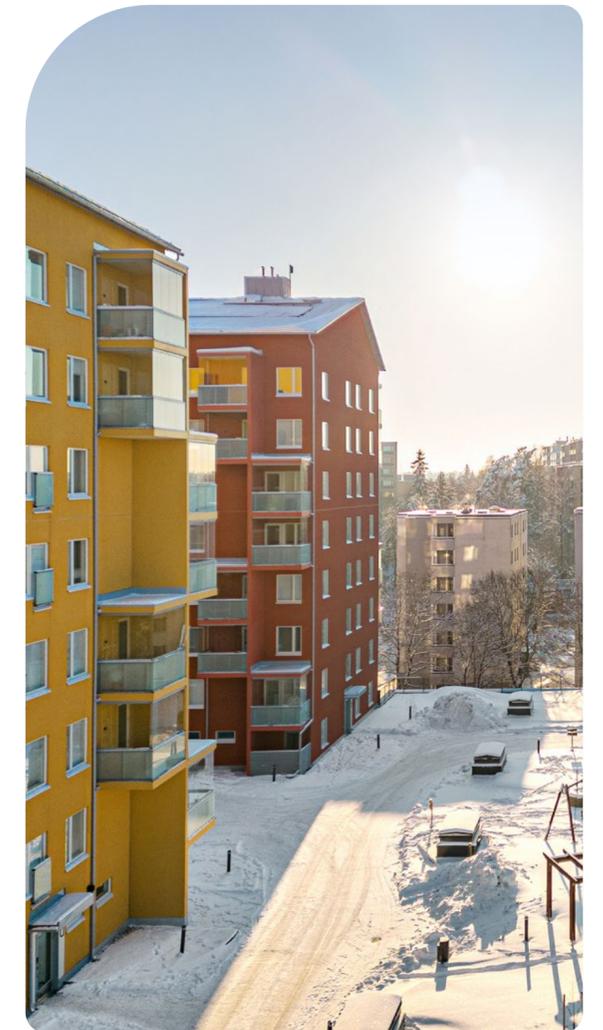
Avara carries out an annual risk assessment with the aim of identifying the risks related to Avara's business

and assessing their impact, probability, and the measures to take to manage and mitigate the risks. The risk management function reports on significant risks and risk management on a regular basis. Avara reports to investors on risks as part of its investor reporting.

The key risks identified by Avara include market and industry risk, strategic business risks, sustainability risks, operational risks, liquidity risk, credit risk and counterparty risk. Market and industry risk include risks related to investment targets, valuation risk, rent risk, interest rate risk, leveraged investment risk and financing risk. Operational risks include compliance and regulatory risks, outsourcing risk, key personnel risk, and liability risks in relation to professional liabilities.

Avara's compliance function promotes regulatory compliance through proactive legal counselling and monitors that Avara operates in

compliance with regulations, contracts, internal procedures, principles and policies.



Kirstinmäki 6, Espoo

Materiality assessment on sustainability management and reporting

Avara identified and analysed its key themes of corporate responsibility for the first time in early 2018. The themes were defined by means of a materiality analysis in accordance with the Global Reporting Initiative (GRI) Standard. The materiality analysis took into account the most significant impacts of Avara’s operations and the expectations of Avara’s key stakeholders with regard to sustainability.

The key stakeholders are Avara’s customers (tenants, investors, and property owners), its personnel,

municipalities and cities, construction and property maintenance companies, the suppliers of services and materials as well as the company’s shareholders. Avara’s management confirms priorities and considers whether there is a need to make any changes or updates to them on an annual basis.

For the 2022 sustainability reporting, the content of Avara’s sustainability reporting was reviewed from the point of view of compliance with the GRI standards, and the GRI content index was updated.

Avara’s sustainability report for 2022 has been prepared with reference to the Global Reporting Initiative standards. The reported information is comparable with Avara’s previous corporate responsibility reports, except where otherwise mentioned. The conformity of the information with the GRI standards is presented in the GRI content index. Avara applies the Global Reporting Initiative’s GRI Standards 2021 reporting guidelines to the content and principles of sustainability reporting.

Avara’s sustainability report for 2022 has been prepared with reference to the Global Reporting Initiative (GRI) standards.

MATERIAL THEMES OF AVARA’S CORPORATE RESPONSIBILITY		
Economic responsibility	Social responsibility	Environmental responsibility
<ul style="list-style-type: none"> • Profitability and solvency • Increasing the value of investors’ assets • Reliable and responsible operating methods • Partner selection 	<ul style="list-style-type: none"> • Comfortable and safe residential environments • Listening to customers • Employee well-being • Diversity, equality and non-discrimination • Social impact • Prevention of marginalisation and segregation 	<ul style="list-style-type: none"> • Energy and water consumption • Carbon footprint • Building life cycle • Waste and recycling



Case

Avara Residential Fund I certified its entire residential real estate fund



Retkeilijänkatu 15, Helsinki (Breeam In-Use certification: Excellent)

Avara Residential Fund I certified its entire residential fund in cooperation with Ecoreal Oy in autumn 2022 and prepared a carbon neutrality road map. The aim was to develop the sustainability of the fund through the BREEAM In-Use environmental rating system suitable for certifying residential buildings. More than one in two properties achieved the demanding Excellent level in the benchmarking. At the time of the certification, the fund included a total of nine residential properties across Finland.

“We began to prepare a carbon neutrality road map for our residential fund, but wanted to review the sustainability of the fund on the whole. Once we found about the possibility of environmental certification of residential properties, we definitely wanted to certify all of the properties in our fund. It is great to see how our work for the sustainability of our fund, ranging from the well-being of users to energy efficiency, has borne fruit,” says Arttu Ekqvist, CEO of Avara Rahastot Oy.

The certification of residential properties is still a new thing. In autumn 2022, there were a total of 86 BREEAM In-Use-certified sites in Finland, six of which had been certified at the Excellent level.

Of these residential properties, five were included in Avara Residential Fund I. Globally, there were only 22 residential sites certified as BREEAM In-Use International Residential V6 Excellent.

“Reaching the Excellent level in the BREEAM certification of residential properties is very rare, and it requires many things to be at an extremely good level in the property. It has been great to be involved in developing the sustainability of Avara Residential Fund I and to see the fund managers’ genuine interest in the sustainability and environmental friendliness of the fund. The results of the certification and the prepared

carbon neutrality road map provide us with good tools for the development of sustainability going forward as well,” says Lotta Kauppinen, Sustainability Manager at EcoReal.

The fund set carbon-neutral energy use by 2025 as its goal. In addition, the aim is to minimise other indirect emissions. In 2021, the energy use of buildings accounted for more than 70% of the fund’s emissions. The properties in the fund are new and energy-efficient, so the focus of emissions reduction is on renewable energy.

BREEAM In-Use

BREEAM In-Use is an internationally distinguished environmental certification system for the environmental efficiency and sustainability of real estate. Besides environmental aspects, the certification process assesses the property in terms of health and well-being. The assessment is based on a scale of 0–6 stars, “Unclassified” – “Outstanding”. The majority of properties in Finland have been ranked as “Good” or “Very Good”.

Source: Ecoreal



Green Building Council Finland membership and #Building Life action programme

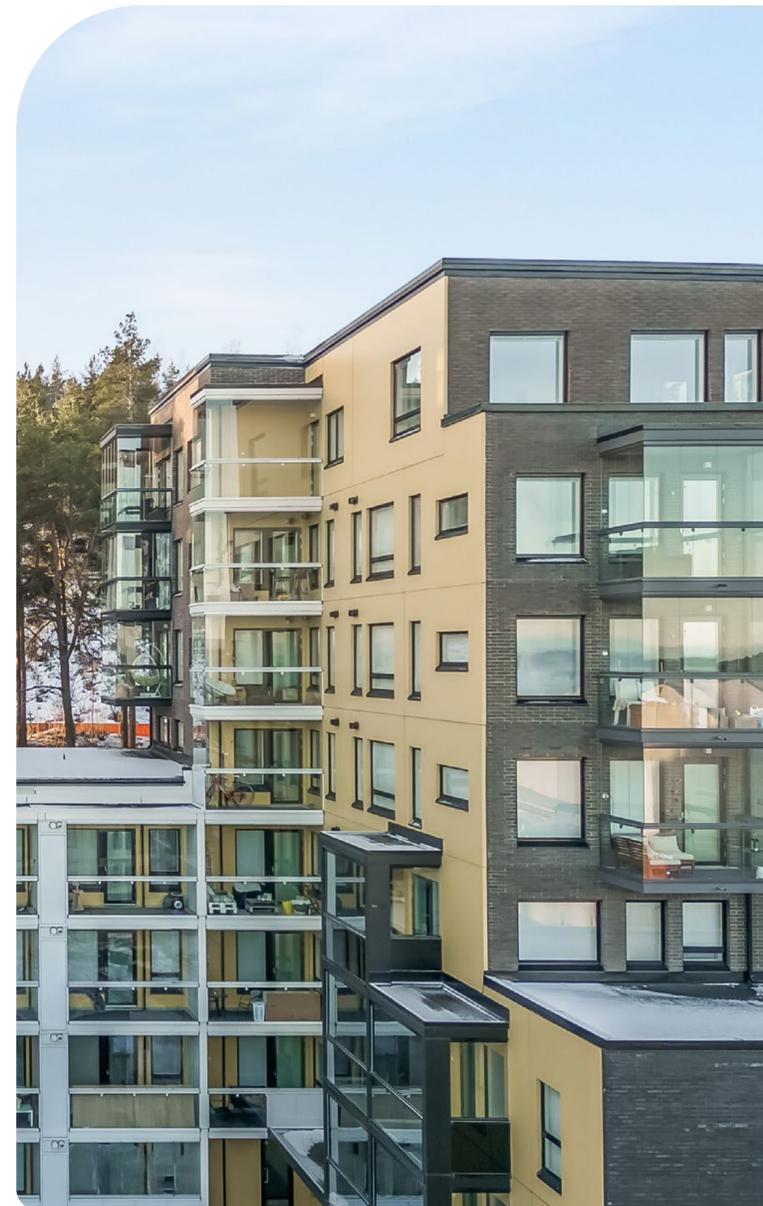
Avara joined Green Building Council Finland in February 2022. In November, Avara became a sponsor of the #BuildingLife action programme.

As a sponsor of the #BuildingLife project action plan, Avara is committed to striving for a carbon-neutral built environment by 2035 in accordance with the joint objectives of the real estate and building sector. Moreover, with the #BuildingLife action programme, Avara has undertaken to prepare an action programme to achieve carbon neutrality in its business.

#BuildingLife is a joint project of ten European Green Building Councils, highlighting the built environment as a key factor in the battle against climate change. An action programme presenting the direction and processes with which companies will reduce their own emissions

and the emission of their value chain in general will be prepared in each country. In Finland, the companies supporting the action programme commit to its objectives and taking measures so that Finland’s real estate and construction industry emissions will reach a carbon neutral state by 2035.

Read more: figbc.fi/projektit/buildinglife.



Tikkukuja 1, Tampere

Avara is committed to the UN Principles for Responsible Investment

Signatory of:



In July 2019, Avara Oy became a signatory to the UN Principles for Responsible Investment (PRI). Becoming a signatory strengthened the company’s commitment to the principles of responsible investment as part of its investment practices.

As a signatory to the UN Principles for Responsible Investment, Avara is committed to supporting responsible ownership practices as well as promoting the practical implementation of the principles and cooperation in the real estate investment industry. Avara is also committed to reporting on its actions and progress with regard to responsible investment.

Read more www.unpri.com



Good housing – functional everyday life

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Good housing – functional everyday life

We want everyone to feel that their home is the best place in the world. Every day, we ensure that our tenants have what they need to be safe and comfortable in their daily life, including functional and pleasant apartments, properties and outdoor areas.



Vanha Talvitie 3, Helsinki



Customer satisfaction is a number one priority

28

Customer satisfaction NPS¹

69

Letting NPS

7,404

tenants
(parties to leases on
31 December 2022.)

A good HOME is the sum of many individual factors. Avara listens with a sensitive ear to its customers' experiences and feedback, and tries to gain as good an understanding as possible of tenants' needs and expectations. Existing and new services are developed continuously on the basis of customer feedback, and development targets are taken care of in a friendly and determined manner.

Avara aims for the best customer satisfaction in the industry by improving particularly the level of multi-channel customer services during leasing and housing. Changing the property management operations previously purchased from partners into operations run by Avara itself was a significant step in this direction.

NPS measurement covers a tenancy's entire lifecycle

Avara monitors the satisfaction of its rental housing customers and their perceptions of the company with the help of NPS. In 2022, Avara's overall

NPS declined slightly year-on-year and was 28 (the target being 35). The NPS index was measured at three different points during a tenancy's lifecycle throughout the 2022 calendar year:

- Letting NPS
- Moving-in NPS
- NPS during tenancy
- Moving-out NPS

The overall NPS of customer satisfaction is the arithmetic mean of the four NPS measurements taken at different stages of tenancy.

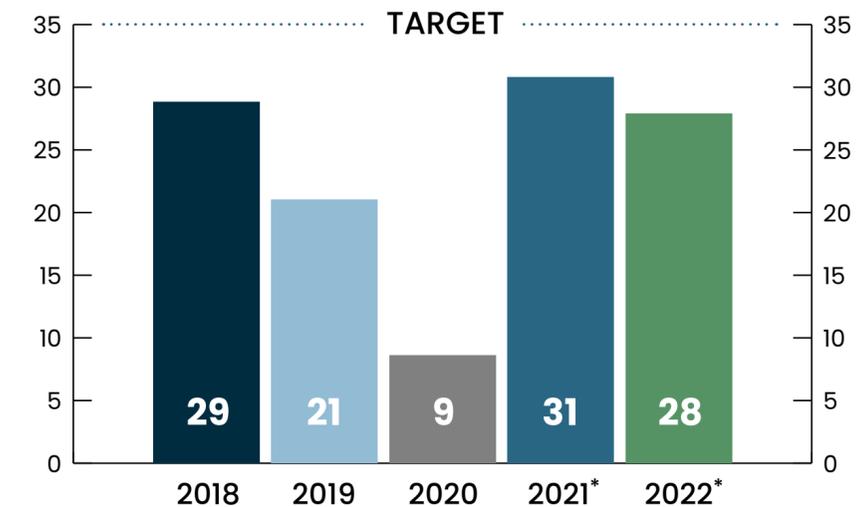
Avara's NPS is also used as the goal for the company's property management partner. The company reacts to NPS results rapidly when necessary. In the event that any score given in the feedback surveys is 6 or lower (on a scale of 0–10), Avara's customer service receives a notification of a low score. The customer service function then processes the feedback as an urgent customer complaint, evaluates the case and logs the corrective actions taken.

*The measurement for 2022 included the letting NPS for the second time, measured one week after the lease was signed. The letting NPS is used for monitoring the success of Avara's Rent-immediately service and Avara's in-house rental service. For 2022, the letting NPS was 69.

New measurement added for the application process and future development plans

In December, a new NPS measurement point was added to Avara's apartment application process. The NPS survey is sent to tenants who have submitted an application after they have submitted their applications. In December, the NPS for the survey was 42.

Development of customer satisfaction (NPS¹) (NPS)*



¹The NPS score is measured in four phases of the customer journey. The overall NPS is the average of these four measurements. The Net Promoter Score measures how likely a user is to recommend a service on a scale of 0–10. The index is calculated by deducting the portion of the detractors (0–6) from the portion of the promoters (scores 9–10).



A development plan for Avara’s applicant and tenant surveys and measurement was prepared in 2022, and its implementation will commence during 2023. The aim is to harmonise and clarify the tenant surveys and improve the overall management of the surveys from the points of view of the systems, customer experience and analysis.

Tenant feedback resulted in competitive bidding of a property maintenance service partner

During 2021 and 2022, Avara’s tenants submitted a great deal of feedback concerning the maintenance of the properties and their outdoor areas through tenant surveys and complaints. The situation led to the property maintenance and outdoor area maintenance service provider’s tasks being subject to competitive bidding during autumn 2022, and a new service provider was selected starting from the beginning of 2023. The choice of the new service provider emphasised matters that emerged

through customer feedback, such as local cooperation and expertise.

Customer surveys and feedback play a significant role in identifying problems so that the causes can be assessed and corrective action can be taken as efficiently and quickly as possible. For customer satisfaction, it is important to continue to develop in a better direction and towards our permanent target.

Multi-channel service and communication

Avara maintains active communication and good dialogue with its tenants. Avara can be contacted via the customer service by e-mail, telephone and the OmaAvara service.

A log-in functionality using strong authentication was implemented in the OmaAvara system in 2022, facilitating the user experience and improving information security.

The tenants’ service experience and communication are also enhanced by:

- Avara’s website features a continuously updated FAQ section to make it easier for the tenants to find information and use the services.
- Tenants regularly receive information through electronic newsletters. In addition, Avara property managers can send electronic property-specific

bulletins through Avara’s customer account management system.

- Avara’s customer service uses an electronic ticketing system. After a service event, the customer is sent a feedback survey and the quality of customer service is developed based on the responses to it.
- Avara’s tenants can submit failure notifications electronically on Avara’s

website or via OmaAvara.

- Housing-related tips, instructions and other content are regularly published on Avara’s website and social media channels.
- The housing guidelines available to tenants are annually updated and all tips relating to smooth rental housing and Avara services are collected in them.



Kirstinmäki 6, Espoo (furnished model apartment of the site)



Green Homes sustainability activities

Avara is involved in launching the Green homes sustainability activities focusing on rental housing

Avara and six other professional real estate companies launched the Green homes sustainability programme focusing on rental housing together with Kiinteistönomistajat ja rakennuttajat Rakli ry in 2022.

In the early stage, 122 Avara properties with a total of more than 4,000 rental apartments joined the Green homes programme. A commitment to the energy efficiency agreement for rental housing (VAETS) has been made with regard to the Green homes properties, and measures to improve energy efficiency will be reported on annually. In addition, the aim is to achieve the

World Green Building Council’s Net Zero Carbon Buildings Commitment by 2030.

Tenant communication at the core of everything

The tenants of Green homes regularly receive information about housing-related climate emissions. In autumn 2022, there were tenant webinars with the theme “saving energy in day-to-day life”, among other things. At the webinar, tenants could receive practical information on how to save electricity at home and reduce housing-related climate emissions.

CASE Tuusulan Puustellinniitynkaari 2 ja 6

More than 90 affordable Avara rental apartments were completed in Tuusula in October 2022. 11 apartments were let via Linna Asunnot Oy for use by Ukrainian refugees.

Tuusulan Puustellinniitynkaari 2 ja 6 is short-term interest subsidy ARA production developed by Avara. The choice of tenants for interest subsidy apartments is based on social appropriateness and economic need, and notifications pursuant to the Interest Subsidy Act are made of the tenant choices to the municipal housing office.

The apartments were opened for applications three months before the building was completed. At the time of completion, the application situation made it possible to offer 11 apartments to Linna Asunnot Oy. Linna Asunnot

cooperates with the Finnish Immigration Office and Kotokunta Oy. “Refugees from Ukraine, most of them women, children and elderly people,

moved into the apartments. The tenants have been happy with their homes and given praise for first-rate operations”, says Hanna Smedjebacka, Senior Leasing Manager at Avara.



Puustellinniitynkaari 6, Tuusula (furnished model apartment of the site)



Case: tenant story

Sara and Marie live in a three-women shared apartment in Jätkäsaari



A couple of years ago, cousins Marie and Sara leased a brand new three-bedroom apartment on Suezinkatu in Jätkäsaari, Helsinki, from Avara. There is also a third flatmate living in the apartment. The apartment, found during the first spring of the COVID-19 pandemic, was leased without public viewing, but the fabulous apartment was impressive also on site.

“We have a sauna and a washing machine and all luxurious things that are not always present in student apartments. And the balcony is amazing,” Marie says happily.

The three women’s co-habitation has gone well. One of the most common reasons for problems are differing views of tidiness, so they wanted a clear solution to it. The flatmates have a cleaning list that rotates so that everyone cleans up something once a week, by Sunday evening.

“You always hear these horror stories about life as flatmates, but we don’t know anything about them. It’s just bliss for us,” says Sara, a fourth-year student of theology and development studies.

Sara and Marie wanted to tell us about their housing arrangement to highlight that living together

with your friends while studying can be truly rewarding.

“At best, it can be like this: you get this kind of a wonderful apartment and always have close friends near you. Especially now during these remote times, it’s been a major thing,” says Marie, a fifth-year student of Russian and Estonian languages and literatures at the University of Helsinki.

An urban and tidy area – and a surprising landmark in their own housing company

Before Jätkäsaari, Sara lived in a studio apartment in Kruununhaka, Marie in a shared apartment in Pitäjänmäki. Sara was anxious about living in a small studio apartment during the pandemic times, and the area was too expensive. Pitäjänmäki was a temporary solution to Marie from day one.

The flatmates praise Jätkäsaari’s urban, modern and tidy area and say that they have really enjoyed living there. Local services include Citymarket and S-market grocery shops and a pharmacy, and Kamppi and Töölö, where student health services are located, can be reached quickly by tram, for instance. Occasionally, the flatmates use city bikes, they do not need a car of their own.

“We call this place a haven. It’s a wonderful home, in many ways. It has brought us a huge amount of joy”

The housing company also has a special feature that people come to see from afar: A pipe collection system for waste. The majority of wastes can be sorted into collection pipes, in addition to which the remaining waste fractions are collected in a separate waste room. Sara and Marie also considered it important to get additional recycling containers in their home.

“Every now and then, people come here to see the pipe collection system. My window offers a direct view to the pipe collection system of another building, and there is occasionally a huge crowd there, looking at it. This is clearly a progressive urban living thing,” Marie says, amused but satisfied.

“Once at the university, I came across my fellow students’ presentation on the pipe collection system, so it’s clearly a hot topic,” Sara adds, laughing.



Comfortable and safe residential environments

32.6

Avara's Playcare index score

30.5

Peer group average

SAFE and comfortable residential environments have a strong impact on the perceived quality of homes and their environments. The quality of outdoor areas and playgrounds is monitored regularly, and the property maintenance function carries out the required maintenance measures and repairs.

Avara's all-time high index score

We have ambitious targets for safety and the outdoor areas and playgrounds of our properties are subject to annual safety inspections by Lappset Oy. The necessary renewal and renovation measures, based on condition assessments, are entered in the long-term plans of the buildings at the same time.

Lappset Playcare inspections involve an expert assessment of the safety, overall condition and play value of the outdoor areas and playgrounds of residential properties. At 32.6, Avara's total index score was once again above the peer group average (30.5) in 2022. It was

also Avara's all-time high total index score. The highest possible score is 40.0.

Active and timely property management increases the comfort and safety of housing. Avara pays attention to its selection of property maintenance partners and long-term local partners in accordance with the company's procurement principles. Local circumstances are given special attention in property maintenance contracts. Due to increased rainfall and variations in temperature, special attention has been paid in property maintenance in recent years to aspects such as preventing hazards related to snow accumulated on rooftops and preventing slipping.

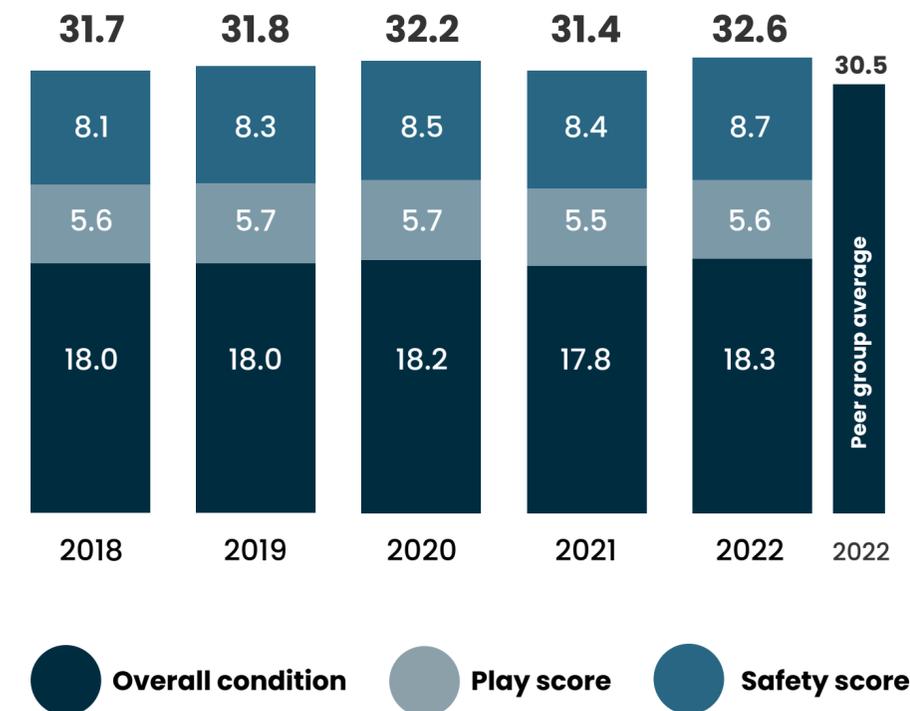
Green areas are systematically managed by using annual maintenance contracts. In case of complaints, the property maintenance partners take the necessary action in accordance with previously agreed and jointly defined complaint handling processes.

Customer feedback is essential to the development of the residential environment

Tenant feedback plays an important role in the development of comfortable and safe residential environments. When a tenant reports abnormal conditions at an Avara property, the

process described in Avara's condition complaint process description is followed. Avara's property management partners are to ensure that the required investigations and corrective measures are carried out in the apartment and the conditions and measures taken are reported to Avara.

Development of Playcare index score





Diversity, engagement and the prevention of marginalisation

A HOME provides a focal point for their life management and connection to the local community. At Avara, we aim to provide tenants with various opportunities for community-oriented living and enhance people’s opportunities to live in a home that suits their needs during different stages of their life.

In newly developed residential properties, Avara strives to increase community spirit by taking potential future needs into consideration in a timely manner. This can mean, for example, investing in the design and construction of shared indoor and outdoor facilities for tenants as well as services for daily life that support the tenants collectively, such as shared-use vehicles.

Engagement and participation

A strong community spirit is highlighted in non-profit communities where tenant management and shared activities are part of daily life. Avara offers solutions and support for increasing cohesion and the sense of community in collaboration with tenants. For example, Avara encourages tenants to organise and network among themselves through area-specific and building-specific tenant committees and social media groups.

Tenants in affordable housing can participate and cooperate in building-specific tenant committees. Tenant committees promote dialogue between tenants and Avara. Tenants get the opportunity to familiarise themselves with annual budgets and financial statements, the rental levels of their

building relative to other buildings as well as the property’s long-term maintenance plan and its implementation. The tenant committee is requested to issue a statement on the budget and the financial statements.

The tenants’ views and expectations are taken into consideration as much as possible in the annual planning of maintenance and repairs. For example, the tenants can highlight development ideas as well as proposals for renovations and annual repairs regarding their building. Tenants can also participate in the development of their building by participating in various forms of collective activities. Local collective activities are always tenant-led and Avara supports them in various ways.

Year of growth in the activity of tenants

In 2021, the COVID-19 pandemic caused challenges to organising tenant activities, with the regional restrictions on public gatherings affected tenant meetings. During that year, digital meeting methods were used in organising tenant meetings for the first time. Lessons were learned from the challenging year of COVID-19, and hybrid meetings became the general practice in 2022. The possibility of attending remotely has turned out to work well and increase tenant attendance.

During 2022, tenants were informed of the possibilities and methods of influence of tenant committees through electronic newsletters. The letters were scheduled to be sent just before the meeting invitations, aiming to increase interest and the number of participants. In the light of numbers, this goal was an excellent success.



Four electric cars for hire are available to the tenants.

The number of participants in the tenant meetings was 341 in 2022, which was many times more than the previous years. The number of tenant committees and contact persons was also increased when compared to previous years.

Annual Tenant Day cruise

As part of Avara Amplus' tenant activities, the members of the tenant committees attended the annual Tenant Day cruise in August. An entourage of eleven Avara tenants and two Avara representatives set off on the sea journey. Tenant committee members and tenants from Jyväskylä, Kuopio, Lahti, Riihimäki and Espoo were among the travellers.

Similarly to previous years, the active discussion concerned good operating

models for implementing and maintaining tenant administration. Other themes included extensive apartment renovations carried out during tenancy, data protection, reform of the Act on Joint Management of Rental Buildings and waste sorting.

Promoting affordable housing

In Avara's subsidised portfolios, rents are determined based on the absorption principle. It means that the rent is, at most, the amount needed on top of other income to cover the costs of the rental building community's apartments and other facilities that serve housing-related purposes as well as management costs in accordance with good property maintenance.

Tenant selection criteria are applied in some of Avara's non-profit housing

stock. The tenant selection criteria are in line with the recommendations of the Housing Finance and Development Centre of Finland ARA. Tenant selection is based on social suitability and economic need, which are assessed on the basis of the applicant's need for an apartment, assets and income.

In accordance with ARA's recommendations, the applicant's need for an apartment, assets and income influence their eligibility for an apartment. The apartments are leased to those who need them the most. Priority is given to homeless people and others who have the most urgent need for housing, people with the least assets and people with the lowest incomes. At the same time, efforts are made to achieve diverse tenant structures in rental housing and maintain socially balanced residential areas.

Source: ARA <https://www.ara.fi/fi-FI/ARAasuntokanta/ARAvuokraasunnot/Asukasvalinta>



Case

Support for the well-being of children and young people

As part of our sustainability work, we want to promote the well-being of children and young people by sponsoring sports clubs and teams with the aim of making sports accessible to as many children and young people as possible.

The Avara supports well-being campaign was conducted for the second time in spring 2022, and it offered children's and young people's sports clubs and teams an opportunity to apply for grants to maintain club and team activities. Avara decided to distribute the grants among all applicants that met the criteria for the support to impact as many children and young people as possible. There were 18 recipients, and the amount of support was EUR 555 per team or club.

Tenant activity in 2017–2022

	2022	2021	2020	2019	2018	2017
Number of tenant committees	73	62	51	55	62	67
Number of tenant meeting participants	341	87	92	121	191	208



Case

City of Helsinki’s SAVE project /housing counselling pilot experiment

Avara kicked off a housing counseling pilot project associated with the Ministry of Social Affairs and Health’s programme to cut homelessness by 50% in cooperation with the City of Helsinki’s housing consultation service in 2021. The experiment ended on 16 June 2022.

The experiment focused on offering housing counselling in situations of overdue rent and, partly, also in other housing-related problems. The experiment involved a total of 60 Avara tenants.

The cooperative processes were planned together with the City of Helsinki’s project manager,

a team of three housing consultants and Avara’s rent supervision unit.

Customers were guided to the housing counselling services by using the “early intervention” model in a multi-channel way. Even in the case of minor overdue rent payments or disturbances, Avara’s customer services sent the housing counselling brochure and prompted the tenant to contact the housing counsellor.

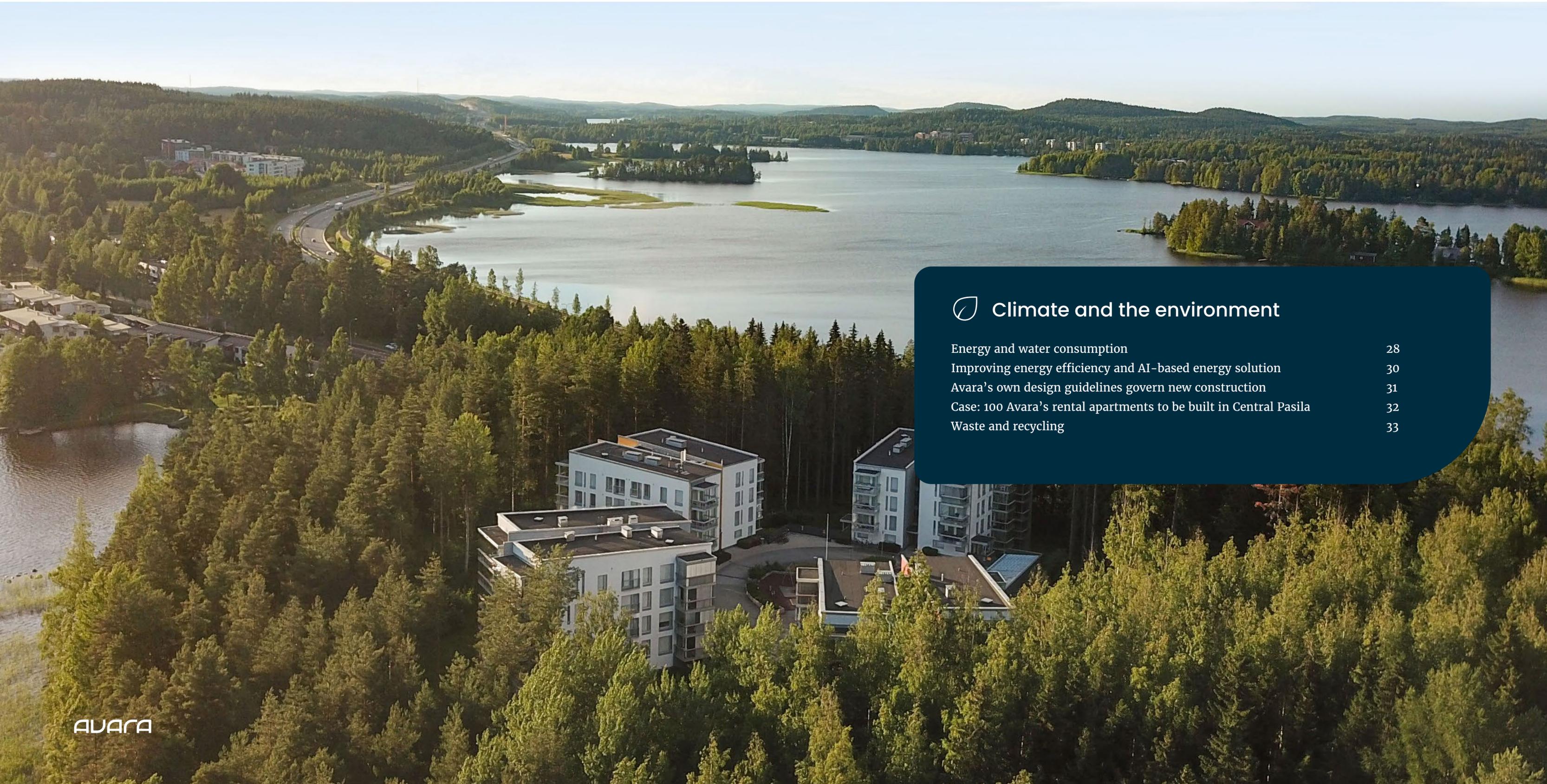
Avara’s rent ledger partner Lowell, on the other hand, sent the housing counselling brochure with overdue rent reminders. In addition, the contact details for housing counselling were available

The continuation tenancy was secured for all tenants during the experiment.

on the bulletin boards of the buildings, and the launch of the pilot project was communicated to the tenants of the area through an electronic bulletin.



Suezinkatu 3, Helsinki



Climate and the environment

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Energy and water consumption

The carbon footprint of housing and properties is a key corporate responsibility theme at Avara. Avara has reduced its relative energy consumption for several years now. Smart heating control, energy-efficient new construction and the use of renewable energy sources reduce the climate impact of housing while also saving costs.

ENERGY consumption has reduced steadily at Avara’s properties over a longer period of time. Starting from 2017, new properties and increasingly efficient consumption have contributed to the reduced specific consumption of energy. We use energy and water consumption monitoring at all our properties. This enables us to monitor and analyse consumption in a comprehensive manner. Advanced control systems allow for optimising consumption and rapid responses to any deviations.

The data can be used to efficiently allocate changes and repairs that

save energy and water in a manner that reduces costs and conserves the environment. We aim to create pleasant and healthy housing conditions as ecologically as possible by promoting smart energy and water consumption.

In addition to energy management and monitoring, energy efficiency is improved with the help of repairs, replacements, and adjustments. Besides continuous maintenance and optimisation, Avara renewed the lighting systems of 12 properties in 2022 by increasing the use of motion sensors and LED lighting in staircases and outdoor lighting.

Heating systems were also balanced in three properties. Water fixtures in Avara’s residential properties are inspected at approximately seven-year intervals. In connection with these inspections, we install water-conserving water fixtures and strive to prevent increases in water consumption.

The property portfolio of Amplus Holding is included in the national Rental Property Action Plan under the Property and Building Sector Energy Efficiency Agreement (VAETS II). The goal is to achieve energy savings of 7.5 per cent during the period 2017–2025.

Relative specific consumption figures in 2016–2022

Water consumption

+1.4%

Heating consumption

-13.4%

Electricity consumption

-4.8%

Energy

-11.7%



Energy and water consumption since 2016: Total consumption (MWh/year)
Includes the consumption of the Avara Star real estate portfolio for months 1–10.

	2022	2021	2020	2019	2018	2017	2016	Change in 2016–2022
Electricity	8,379	7,625	6,754	6,946	7,120	6,925	7,358	13.8%
Heating	64,675	71,670	61,691	63,986	64,191	65,190	66,331	-2.5%
Energy	73,054	79,295	68,446	70,932	71,311	72,115	73,689	-0.9%
Water (m ³ / year)	659,123	673,931	620,484	584,906	587,426	578,905	587,007	12.3%

Energy and water consumption since 2016: Specific consumption (kWh/ m³ /year)
For calculation purposes, excludes the consumption of the Avara Star real estate portfolio, because the management of the portfolio did not continue for the entire year.

	2022	2021	2020	2019	2018	2017	2016	Change in 2016–2022
Electricity	4.4	4.0	3.7	3.9	4.0	4.0	4.2	4.8%
Heating	34.9	37.3	37.6	37.8	37.2	39.2	40.3	-13.4%
Energy	39.3	41.3	41.4	41.7	41.2	43.2	44.5	-11.7%
Water (m ³ /rm ³ /year)	344.4	351.8	342.6	328.1	332.9	335.1	339.7	1.4%



Tuiskunkatu 2, Tampere



Improving energy efficiency and AI-based energy solution

Investing in energy management is of primary importance in the mitigation of climate change and in slowing down the increase of maintenance costs. At Avara, energy management refers to the comprehensive management of the real estate portfolio by using building-specific and even apartment-specific data. Improving energy efficiency and increasing the use of renewable energy sources are key means by which to reduce Avara’s carbon footprint.

AI-based energy solution creates optimum conditions and saves energy

The indoor air conditions and comfort of most of Avara’s apartments are ensured by the use of artificial intelligence. Leanheat is an energy efficiency system based on advanced analytics. It manages the conditions of apartments while saving costs and

reducing negative climate impacts. It optimises the heating of apartments and the heating intake of entire buildings through the use of data generated by temperature and humidity sensors inside the apartments.

The data provided by the sensors is combined with information on the building’s characteristics, temporal variation in warm water consumption, local weather forecasts, and the local energy company’s production and pricing models to keep heating as inexpensive and low in emissions as possible at all times. The data obtained from humidity and temperature sensors also helps reduce maintenance costs. Deploying Leanheat technology in its properties as early as in 2014, Avara was a pioneer in the use of artificial intelligence. In the first year, a total

of nine buildings and 240 apartments were connected to the system. Based on the excellent experiences obtained early on, the use of the service has been gradually expanded. Today, its use covers 69 per cent of Avara’s housing stock. The savings generated by Avara’s AI-based energy management vary from one property to the next, but the savings in the use of heating energy have been as high as 20%.

87 % of electricity renewable in 2022

Avara started purchasing certified green electricity for its properties in 2018. At the annual level, 87 per cent of the electricity purchased for the buildings’ common areas and outdoor lighting was certified Nordic hydropower.

69%

of apartments are covered by the scope of AI-based energy management

Carbon footprint of properties since 2016

	2022	2021	2020	2019	2018	2017	2016	Change in 2016–2022
CO ₂ emissions (tCO ₂ /year)	11,790	10,968	9,715	10,782	13,387	12,890	13,186	-10.6%
Specific emissions* (kgCO ₂ /m ² of residential space/year)	22.8	24.5	23.0	25.6	30.8	31.0	31.7	-28.1%
Proportion of certified green electricity 31 December 2022*	87%	84%	89%	86%	28%	-	-	-

*For calculation purposes, excludes the consumption of the Avara Star real estate portfolio, because the management of the portfolio did not continue for the entire year.



Avara's own design guidelines govern new construction

The most significant share of the energy efficiency and carbon footprint of buildings is determined by design choices and construction methods. Avara maintains and continuously updates its own design guidelines for new construction. The guidelines steer the design and material choices of newly developed properties with a strong emphasis on the perspectives of life cycle thinking and sustainable development.

The design guidelines are reviewed at least once a year, taking into account the latest experiences and information on life cycle planning, materials, and their optimisation. The valid guidelines and the appendices thereto include requirements concerning structural engineering implementations as well as HVAC and electrical engineering

solutions. A supervision agreement that includes a supervision plan is concluded with the supervisors of new property developments and building technology supervisors.

Avara uses the design guidelines to define its design principles and technical specifications for newly developed properties in order to ensure that the residential buildings and their outdoor areas are safe and healthy for their users in all circumstances.

The design guidelines also stipulate that a safety coordinator and moisture control coordinator are designated for each project in the design phase.

The practices outlined in the design guidelines are based on Avara's extensive long-term experience of

the design, material choices and maintenance of properties. Avara aims to realise architecturally sustainable and impressive buildings with indoor material solutions that meet the criteria for long-term sustainability.

New buildings in energy class A

Avara decided in 2021 that all new future residential buildings will be energy class A buildings.

In Finland, the regulations require building residential high-rise buildings of energy class B at the minimum, which allows for a maximum E rating of 90 kWh/m²/year. For an energy class A, the maximum permitted E rating is 75 kWh/m²/year. The E rating indicates how much energy the building consumes in a year for each heated square metre of the building.

In practice, achieving energy class A means that increasing attention is paid to the optimisation of the ventilation and heating of the building, airtightness, more insulating windows and water consumption. In addition, solar panels are fitted on the roofs of the buildings, if necessary.

In a building, the consumption of hot water accounts for a significant part of the building's energy consumption, and therefore Avara has begun to use water-conserving taps and shower heads. The taps mix an appropriate ratio of air to the shower water, making the shower feel the same as it would with higher water consumption.



Suokatu 30, Kuopio



Case

100 Avara’s rental apartments to be built in Central Pasila



Photo: Arkkitehdit Hannunkari & Mäkipaja Oy (architect's illustration)

Avara and Senate Properties reached an agreement on the sale of the Ratapiha railway yard plots in Central Pasila in December 2022. Following the acquisition, Avara will carry out two new property development projects consisting of 44 affordable, subsidised and 56 non-subsidised rental apartments. Construction is set to start in autumn 2023, and the new apartments are expected to be completed during 2025.

Energy-efficient rental apartments in rapidly growing Central Pasila

Construction of the Ratapiha railway yard blocks began in 2018, and by 2030, the area is expected to provide housing for over 3,000 residents. Avara’s new property development projects are located close to excellent transport connections and services, in block number 17110 north of the Mall of Tripla. The same block is complemented with owner-occupied and rental apartments, which are financed with long-term interest subsidy loans. Furthermore, the neighborhood is expected to have a daycare centre and a school in the coming few years.

“It is a pleasure to be a part of the development of this diverse housing project in rapidly growing Pasila. These new properties are a part of Avara’s

own project development, and we are also responsible for designing the block’s parking facility. The development projects will include energy class A rental apartments ranging in size from studios to three-room apartments”, says Tuomas Rantsi, Chief Operating Officer at Avara.

“The market interest towards Ratapiha railway yard blocks has remained steady and strong, and it continues to grow as the neighbourhood is completed block by block. The area’s transformation from an old railway yard to a new residential neighborhood and a service and transport hub can already be seen. It is great to see the construction of this block get well and truly underway”, says Leena Palokangas, Sales Manager for Senate Properties.

The new property development projects complement Avara’s two different residential portfolios

44 of the apartments in the Ratapiha development project will complement the Avara Vuokrakodit I fund, which invests in affordable, subsidised, housing. The remaining 56 apartments will become a part of the Avara Residential Fund II, which invests in non-subsidised housing. Both Funds invest in Finland’s growth centres and

Avara will carry out two new property development projects consisting of 44 affordable, subsidised and 56 non-subsidised rental apartments.

investors consist of professional institutional and family office investors.

“We strongly believe in the demand for rental apartments in the Central Pasila area now and in the future. Few residential areas can offer such a great location, diverse transport connections and comprehensive services. The apartments to be built in the Ratapiha will be a great addition to both funds”, says Avara’s Chief Investment and Financial Officer Harri Retkin.



Waste and recycling

REDUCING the volume of waste generated is the most effective way of reducing the negative environmental impact caused by waste. The second-most important aspect is effective recycling.

The waste management of Avara’s properties complies with municipal requirements and the waste collection stations are equipped with the appropriate collection containers. Avara provides tenants with comprehensive recycling opportunities provided by the local waste management company.

In customer communications, Avara emphasises preventing the creation of waste and promoting recycling. The general sorting and recycling instructions and the sorting instructions posted in the waste collection rooms provide assistance to the tenants in their daily life. In

the Helsinki region, the Kuljetusrinki service comes by to collect recyclable items left outside the waste collection containers to be reused.

Plastic collection has been introduced at several properties and it will be increasingly offered at new properties

where the waste collection rooms allow it. In new construction, the recycling opportunities inside the apartments themselves are taken into account right from the design phase.

5,719 tonnes of waste

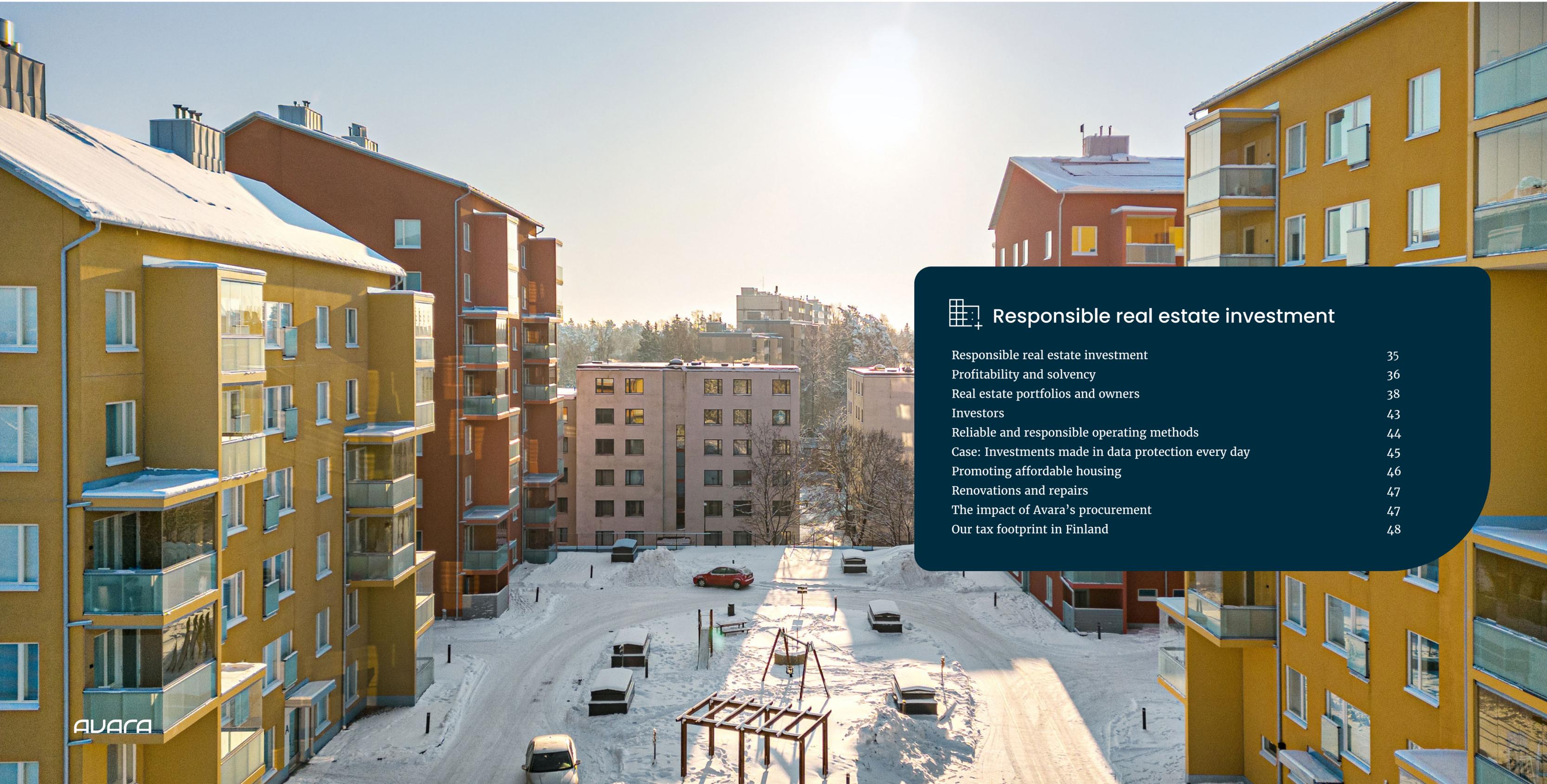
37% sorted waste

62% recovered waste

The total volume of waste generated by tenants has been estimated based on Avara’s total number of tenants and the average tenant-specific waste volume reported by Statistics Finland. The most recent data from Statistics Finland is for 2021.



Tikkukuja 1, Tampere



Responsible real estate investment

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Responsible real estate investment

Measured by the assets under management and number of apartments managed, Avara is among Finland's largest players in the field of residential investment. Avara provides domestic and international investors with opportunities to make profitable investments in rental apartments that account for the environment, sustainable development, tenant well-being and safety and other social factors.



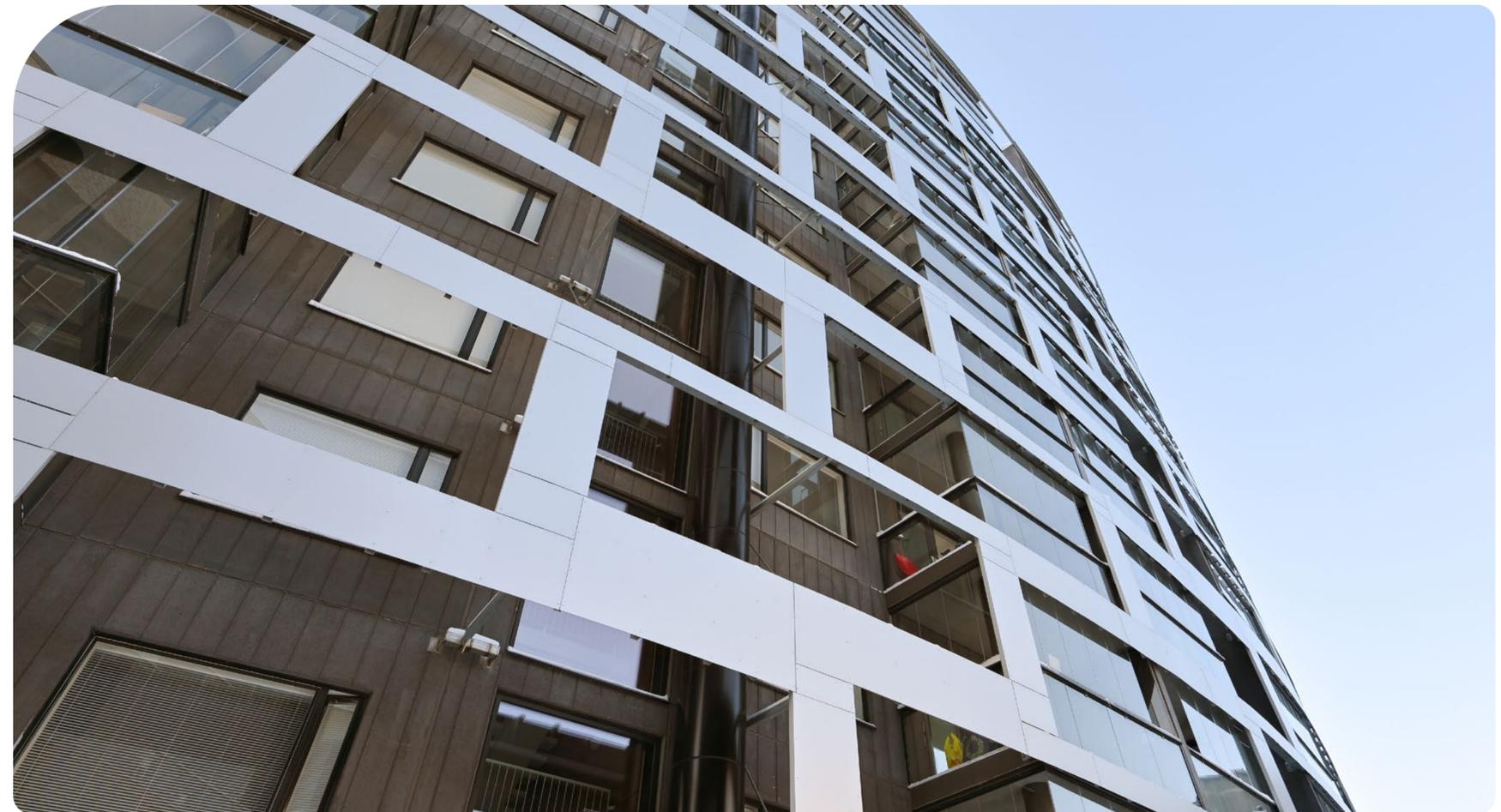


Profitability and solvency

Avara has a solid financial position, liquidity, solvency and profitability by having major Finnish professional as its owners. This is significant in the management of the current real estate funds as well as in the new property development projects.

Avara’s revenue is generated from real estate investment and asset and property management services performed to the real estate funds managed by Avara.

Avara’s business remained stable in 2022. The change in revenue is due to the sale of the residential investment portfolio of the Avara Star real estate fund. The fund included approximately 2,200 apartments in 16 localities.



Kvartsiraitti 10, Vantaa

Revenue and operating profit in 2017–2022

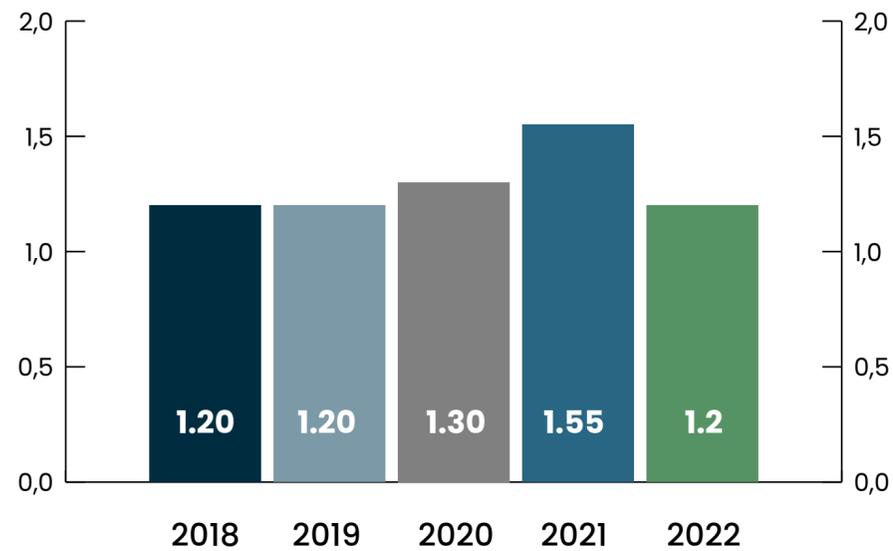
	2022	2021	2020	2019	2018	2017
Revenue, EUR thousand	8,059	9,795	9,655	4,477	4,025	3,685
Operating profit, EUR thousand	666	4,772	50	411	768	532
Operating profit, %	8.3	48.7	0.5	9.2	19.1	14.4



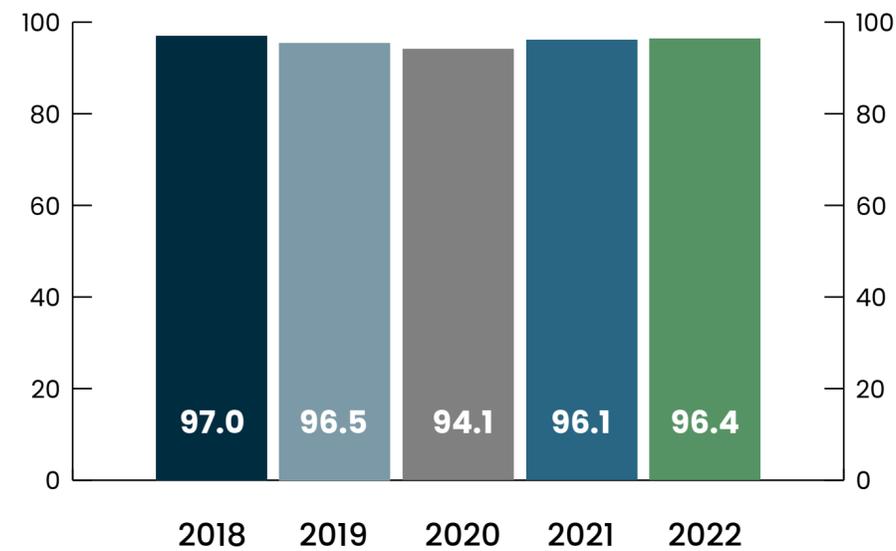
AUM, occupancy and number of apartments in 2018–2022 (situation as at 31 December 2022)

Avara and Starwood Capital Group sold a 2,200-apartment residential fund in autumn 2022. The sale can be seen as a decrease in the value of assets under management and number of apartments in 2022.

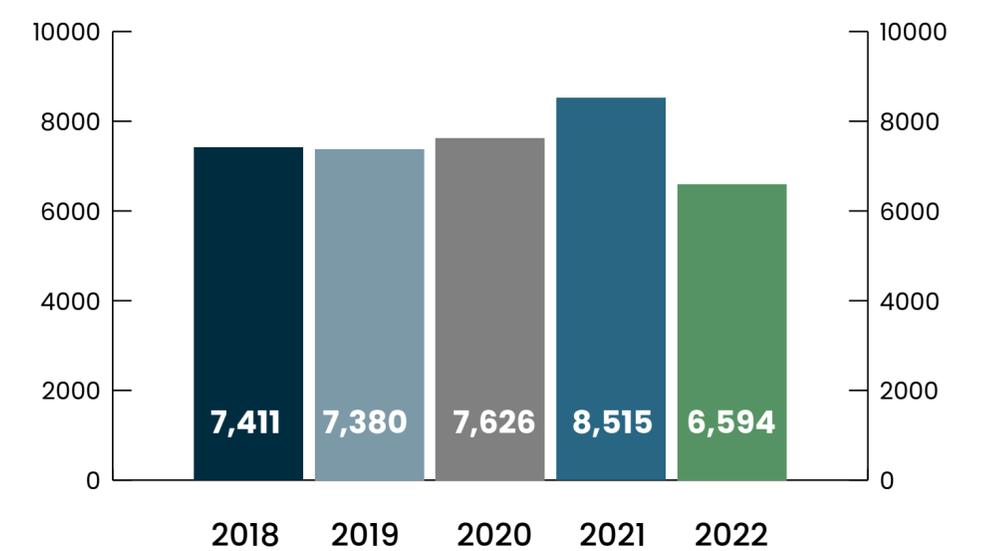
Assets under management (AUM), EUR billion



Economic occupancy, %



Number of apartments





Real estate funds and owners

Residential real estate funds managed by Avara, 31 December 2022		
Fund name	Profile	Investment phase
Alternative investment funds (AIFs) that invest in real estate		
Avara Residential Fund I	Non-subsidised rental apartments	<ul style="list-style-type: none"> The investment phase has ended 684 apartments completed
Avara Residential Fund II	Non-subsidised rental apartments	<ul style="list-style-type: none"> Target size 1,000–1,200 apartments 797 apartments completed 165 apartments under construction
Avara Vuokrakodit I	Affordable 10-year interest subsidised rental apartments	<ul style="list-style-type: none"> Target size 1,200–1,500 apartments 389 apartments completed 116 apartments under construction
Residential real estate funds		
Amplus Holding	Affordable rental apartments financed by interest subsidy loans and Arava loans	<ul style="list-style-type: none"> The fund is fully invested and in the stage of developing its portfolio Comprises 4,316 apartments
Tammi-Kodit Ky	Non-subsidised rental apartments	<ul style="list-style-type: none"> The fund is fully invested and in the stage of developing its portfolio Comprises 408 apartments
Avara Star	Non-subsidised rental apartments	<ul style="list-style-type: none"> The Avara Star real estate portfolio was sold in autumn 2022. At the time of the sale, the portfolio comprised 2,169 apartments.

The focus of Avara’s residential real estates is on large growth centres where rising demand driven by urbanisation creates the greatest need for rental apartments. The new residential developments are located in areas with good transport connections and services and the types of apartments are well in line with the market demand.

Responsible and profitable asset management

The focal point of our funds lies in rental apartments located or under construction in Finland’s growth centres. Urbanisation and changes in housing needs are actively monitored and accounted for in the development of current funds and the planning of new ones. Market knowledge and local presence help us identify the right investments and act fast.

Our goal is to offer competitive returns to investors and opportunities for promoting responsible investment in the Finnish housing market. We provide the opportunity to invest in alternative investment funds (AIF) which invest in residential

properties and in separately managed real estate funds.

Alternative investment funds

Alternative investment funds (AIFs) are closed-end funds that invest in residential real estate. The AIFs are managed by Avara Rahastot Oy, which acts as an authorised AIF manager pursuant to the Act on Alternative Investment Funds Managers. The supervisory authority is the Finnish Financial Supervisory Authority.

Avara Asuinkiinteistörahasto I

The fund is a closed-ens private equity fund investing in non-subsidised rental housing in Finland’s growth centres. Its strategy is to generate stable cash flow and returns with Avara’s own project development and by investing in the projects of construction companies. The fund’s investment commitments total EUR 45 million, enabling investments of approximately EUR 115 million with a moderate leverage ratio. The fund is fully invested.



Avara Residential Fund II

The fund is a closed-end private equity fund investing in non-subsidised housing and particularly rental housing in Finland's growth centres. Its strategy is to generate stable cash flow and returns by investing in Avara's own property development, value creation from standing, existing assets, and by investing in projects of construction companies. The fund's investment commitments exceed EUR 70 million, enabling investments of more than EUR 200 million.

Avara Vuokrakodit I

The fund is a closed-end private equity fund investing in affordable rental housing, constructed with short-term interest subsidy loans in Finland's biggest growth centres. The new properties are largely based on Avara's own property development. The fund's investment commitments exceed EUR 27 million, enabling investments of approximately EUR 250–300 million.

Residential real estate funds

Our residential real estate funds are investment funds specialising in rental apartments whose investment and asset management services are taken care of by Avara Oy.

Avara Star

A joint venture real estate fund established in cooperation with Starwood Capital Group. Starwood

Capital Group and Avara sold the fund to Orange Capital Partners in July 2022. The sold fund included approximately 2,200 apartments in 16 localities, with more than 50% of the value of the fund located in the Helsinki region. Avara was responsible for the management of the real estate assets and property management during Starwood Capital's ownership. Following the change of ownership, the real estate fund was managed by Avara until the end of October 2022.

Amplus Holding

The real estate fund consists of affordable, subsidised rental apartments financed with 40-year interest subsidy loans and Arava loans. The fund is a non-profit owner of affordable rental housing that is subject to oversight by the Housing Finance and Development Centre of Finland (ARA).

Tammi-Kodit

Tammi-Kodit is a closed real estate fund that invests in non-subsidised rental apartments. The strategy is to develop the portfolio by liquidating apartments from select sites when the apartments are vacated and maintain the properties to be kept in rental use with a high quality.



Tuiskunkatu 2, Tampere



Financial indicators for the real estate funds, 31 December 2022

	2022	2021	2020	2019	2018
Fair value of assets under management (AUM ¹)	EUR 1.2 billion	EUR 1.5 billion	EUR 1.3 billion	EUR 1.2 billion	EUR 1.2 billion
Number of properties	171	239	239	248	246
Number of apartments	6,594	8,515	7,626	7,380	7,411
Share of subsidised housing apartments	71%	54%	59%	60%	61%
Number of leases	6,656	8,203	7,167	7,010	7,221
Economic occupancy	96.4%	96.1%	94.1%	96.5%	97.0%

¹ AUM: Assets Under Management

Sizes of the real estate funds managed by Avara, 31 December 2022¹

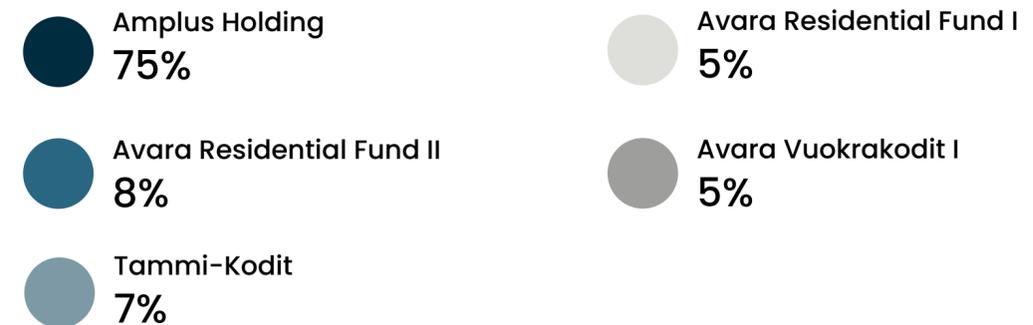
	2022	2021	2020	2019	2018
Amplus Holding	128	128	132	146	146
Tammi-Kodit	12	12	15	24	24
Avara Residential Fund I	9	9	9	5	3
Avara Residential Fund II	14	13	6	0	0
Avara Vuokrakodit I	8	6	5	0	0
Total number of properties	171²	239	239	248	246

¹ In 2022, the figures for 2020–2022 were revised and the calculation method was harmonised further. There has been variation between previous years in how partly-owned properties and properties under construction had been taken into consideration in the calculation. The figures reported in this table are comparable, and refer to properties in which the holding exceeds 50%. Properties under construction have been included in the total for the real estate base.

² Avara and Starwood Capital Group sold a 2,200-apartment residential portfolio in autumn 2022. The sale can be seen as a decrease in the number of properties in 2022.

Distribution of properties between the funds, 31 December 2022

171 properties



Returns on real estate investments					
	2022	2021	2020	2019	2018
Non-subsidised housing					
Net rental income	3.5%	4.2%	4.6%	5.0%	5.4%
Gains on fair value measurement	-2.4%	2.6%	4.3%	4.8%	1.6%
Total returns	1.1%	6.8%	8.9%	9.8%	7.0%
Interest-subsidised housing					
Net rental income	4.5%	4.3%	4.7%	4.4%	4.6%

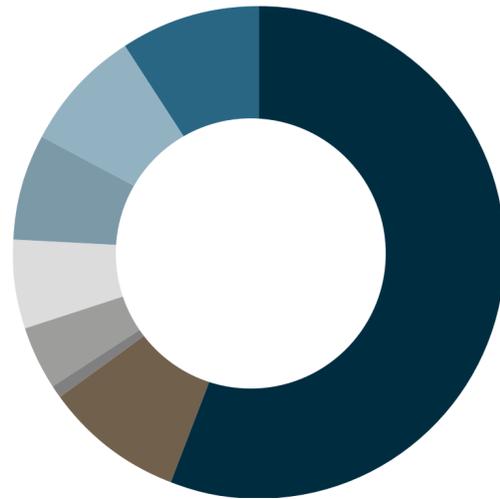
Cash flow from real estate assets (EUR million)					
	2022	2021	2020	2019	2018
Cash inflows	149	229.2	114.3	90.4	123.8
Cash outflows	348	98.4	77	116.6	124.2
Operating expenses	21.4	25.2	39.3	40.9	33.5
Property development investments	49.1	61.2	138.0	14.9	19.8
Property capex	4.7	3.2	7.0	3.1	2.2
Apartment capex	11.9	8.2	6.9	3.1	2.2



Tuiskunkatu 2, Tampere



Breakdown of the value of real estate assets, 31 December 2022



- Helsinki region 56%
- Jyväskylä region 9%
- Kuopio region 8%
- Tampere region 7%
- Oulu region 6%
- Lahti region 4%
- Turku region 1%
- Others 9%

Geographic distribution of apartments under construction and in the planning stage, 31 December 2022



- Helsinki region 100%
- Other growth centres 0%



Taulumäentie 61, Jyväskylä



Investors

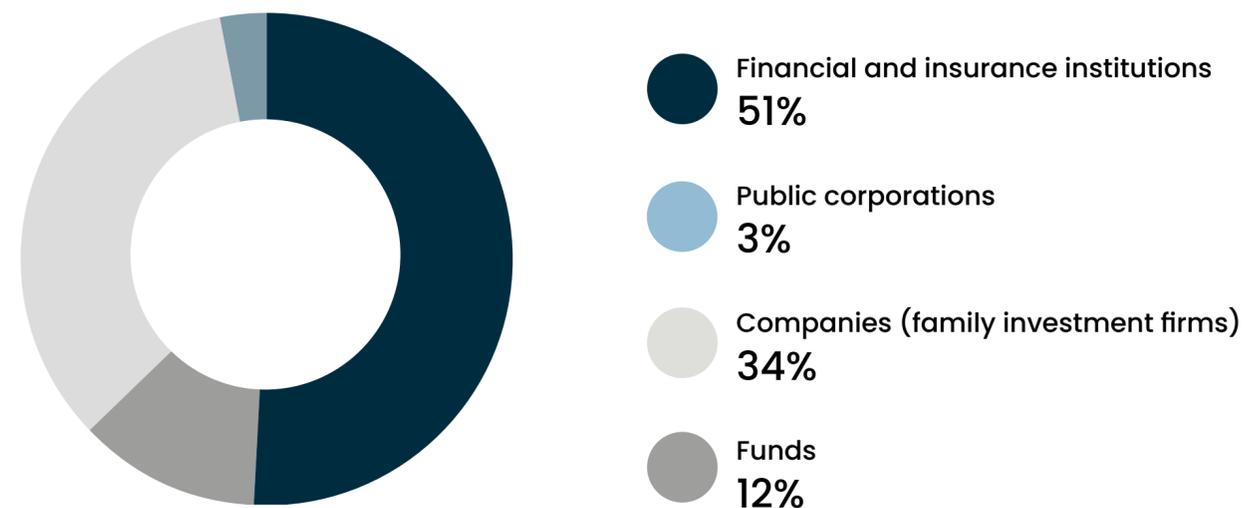
The owners of the funds managed by Avara are significant Finnish and international institutional investors, funds and family investment firms. Large Finnish financial and insurance institutions constitute the most significant group of investors.

The ownership base became more international in 2019 when a joint venture established by Avara Oy and the leading global private investment firm Starwood Capital Group acquired a real estate portfolio consisting of more than 2,200

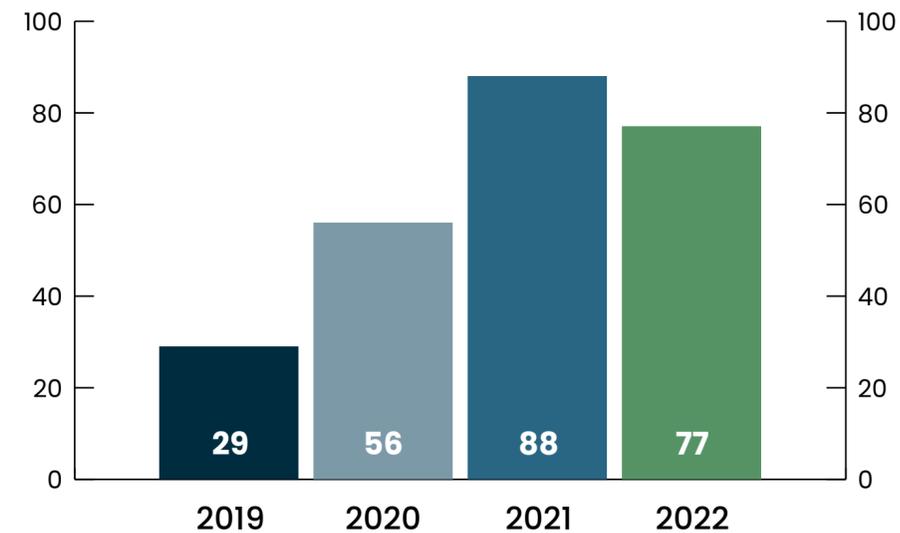
apartments from Finnish investors. The real estate portfolio was already managed by Avara prior to the transaction. This portfolio was sold to Orange Capital Partners in 2022.

Avara follows the satisfaction of investors with a NPS measurement conducted once a year. In 2022, the NPS was 77.

Investor classification by sector, 31 December 2022



Investor satisfaction (NPS)





Reliable and responsible operating methods

Responsible operating methods are an integral aspect of Avara’s processes and daily operations. Responsibility is managed as part of the company’s day-to-day management.

We expect Avara’s partners to manage their social and employer obligations appropriately and operate transparently. Avara has a Service Provider Code of Conduct. All of our partners must be within the scope of Vastuu Group’s system (<https://www.vastuugroup.fi/fi-en>). We want to promote responsible operating methods in the real estate sector in cooperation with our partners. We always treat our partners equally and promote fair competition.

Avara collects and processes personal data from customers, employees and third parties in compliance with the currently valid legislation on data protection. Customers’ personal data and other confidential information is stored securely and, unless otherwise required by law, the data is only disclosed to parties that are authorised

to gain access to it. Data protection documentation is managed using a separate system. During the year, there were no incidents related to the processing of personal data or data protection that would have been classified as personal data breaches in accordance with the EU’s General Data Protection Regulation.

Avara’s general privacy policy and data file description for tenant customers are available on the company’s website at www.avara.fi/en/privacy-notice. The privacy and information security policy approved by the management describes

Avara is committed to reducing the climate and environmental impacts of housing and increasing the efficiency of resource use through actions with measurable impacts and with a long-term view.

Avara’s key principles in this area and all of the company’s employees have been familiarised with the process.

ESG – Responsible investment

Responsible investment refers to taking factors associated with environment, social and governance matters (ESG) into account in investment activities.

The alternative funds managed by Avara comply with sustainability-related principles and criteria in their real estate investments and taken into account factors associated with sustainability risks, namely environmental matters, social responsibility and governance. In addition to other characteristics, our funds promote the environmental or social characteristics pursuant to SFDR 8 Article ¹ or combinations of such characteristics.

Avara is committed to reducing the climate and environmental impacts of housing and increasing the efficiency of resource use through actions with measurable impacts and with a

long-term view. Avara’s operations, decisions and development projects have a positive impact on the well-being of tenants, employees and local communities. Avara wants to provide investors with an opportunity to invest according to their own responsibility strategy and objectives and to ensure the responsibility of their own investment throughout the lifecycle of properties, taking sustainability risks into account.

The carbon footprint of housing and properties is a key corporate responsibility theme at Avara. We provide investors with opportunities to make profitable investments that account for and promote the environment, sustainable development, tenant well-being and safety and other social factors.

Our alternative funds are managed and led accounting for sustainability risks, and we estimate that sustainability risks do not have an impact on the yield requirements of our funds.

¹Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR).



Case

Data protection is a daily priority

In recent years, Avara has done a lot of development work on data protection and security. However, data protection and related information security development work can never be considered complete.

”After the project for GDPR compliance that came into force in 2018, the maintenance of data protection documentation was passive for some time. Responsible handling of personal data requires active maintenance of documentation and consideration of ever-evolving legislation and its interpretation as part of the development of the company’s operations. The responsibility for data protection work is well suited to the risk management and compliance functions. Together with a data protection consultant partner, we drew up an action plan including the development needs we had identified, which are already well advanced in their implementation. The management team has also been involved”, says Richard Malm, Avara’s Data Protection Officer.

Data protection requires continuous improvement

Avara’s business generates a large amount of personal data to be processed. The privacy notice on the Avara website explains how the personal data of customers and tenants is processed. This personal data is processed on the basis of the customer and tenancy relationship.

Based on consent, cookies are processed to provide a better and more targeted service. The introduction of the Cookie Management Tool (CMP) in 2022 has enabled increasingly user-friendly cookie consent management and greater transparency. In addition, Avara processes personal data of partners and investors related to Avara’s customer relationships, which is collected, for example, when entering into a partnership. Avara also processes employee data for the management of employment relationships and data of job applicants.

As data subjects must be informed about the use of personal data, data protection documentation must be kept up to date. Avara uses a dedicated data protection management system, where the entire personal data infrastructure is mapped. At Avara, the processing of data is planned throughout its lifecycle, including the deletion and

possible anonymisation of data. In order to handle data responsibly, not only data protection but also data security must be in order and continuously improved.

Sustainability as a motivator

In addition to data protection regulations, data processing is also governed by the EU’s data strategy projects, and Avara wants to anticipate their obligations. However, the continuous development of data protection is not only motivated by compliance, but also sustainability, which is at the heart of Avara’s strategy and which includes the responsible processing of personal data. It is also essential for the success of the business that data subjects can rely on responsible data processing. This is reflected throughout Avara’s digital strategy. In addition to the Data Protection Officer, the Data Protection Steering Group includes representatives from Avara’s business units, the member of the Management Team responsible for data protection and a representative from Avara’s data protection partner.

”We have developed our personal data processing and data protection proactively, while also taking into account the changing needs of the business”, says Richard Malm.

For tenant customers, the central information system is OmaAvara. OmaAvara is constantly being improved not only in terms of usability but also in terms of personal data processing. Data is transferred in a documented way and, as required, via interfaces to other systems and, for example, to maintenance companies in the form of fault reports or other requests from tenants. Therefore, the role of Avara’s subcontractors is also central in the responsible processing of personal data. Avara only uses partners who have the capacity to process personal data responsibly in compliance with Avara’s guidelines and legal requirements. The security and data protection issues of partners are currently being further developed, with more precise contractual obligations and increased controls.

Avara’s capacity in data protection and security has also been enhanced through various staff training and briefings, which have been based on practical case studies related to Avara’s business.





Promoting affordable housing

In addition to non-subsidised housing, Avara also promotes affordable housing in Finland’s growth centres, thereby contributing to relieving the shortage of housing in the growth centres.

The provision of affordable housing supports employment-based migration and offers choices to people in all life situations and income and asset classes. At the end of 2022, affordable apartments accounted for approximately 71 per cent of the

residential real estate assets managed by Avara.

Avara’s current and planned structure of real estate funds takes into account the demand for both affordable housing and non-subsidised apartments. Avara’s Amplus Holding fund consists of rental apartments financed with interest subsidy loans and Arava loans. The fund specialises in residential investment and owns some 4,500 rental apartments across

Finland. The Avara Vuokrakodit I Ky fund established in August 2019 has already increased and will increase the supply of affordable Avara rental apartments in Finland’s growth centres.

As a provider of affordable rental housing, Avara aims to be a long-term owner of rental apartments, subject to oversight by the Housing Finance and Development Centre of Finland (ARA), and lease apartments at affordable prices, with rental levels lower than the prevailing market rates.

Number of affordable apartments and their share of the apartment base and new production

	2022	2021	2020	2019	2018	2017
Number of affordable apartments	4,705	4,633	4,465	4,445	4,554	4,489
Proportion of the entire housing portfolio	71%	54%	59%	60%	61%	58%
Proportion of newly built apartments	32%	29%	26%	34%	20%	0%



Pustellinniitynkaari 2, Tuusula



Renovations and repairs

The repair and maintenance operations of properties and apartments are based on each building's long-term plans and on the continuous monitoring of the condition of apartments on the basis of customer feedback and moving inspections. The value of real estate assets is looked after carefully and no room is given for maintenance backlog.

Property and apartment repairs allow for responding to customers' increasing requirements and for the comprehensive management of the assets' value. During 2022, a total of approximately 197 apartments were renovated and refurbished, covering the apartments' bathrooms and kitchens as well as other basic improvements to their standards.



Toini Muonan katu 3, Helsinki

The impact of Avara's procurement

Avara's most significant procurement categories are property maintenance services, energy and water. The company also purchases services related to property development, contracting and construction as well as services related to business systems and their development. Procurement is primarily divided into annual contracts and individual purchases.

Avara has confirmed principles that describe the decision-making and procurement authorisations and contract practices of the Avara organisation and its contractual partners. The policies are applied to procurement in various customer relationships. Purchase-specific requirements are placed on suppliers. To prevent the grey economy, Avara only accepts services providers that are

registered with the "Reliable Partner" service at [Tilaajavastuu.fi](https://tilaajavastuu.fi).

Avara revised its service partner network in 2022, with Kotikatu and its group companies selected as the new service provider for property maintenance through competitive bidding starting from 2023. The choice of the new service provider emphasised matters such as local cooperation and expertise.

Due to its geographic position and local procurement, Avara has a significant local employment effect and economic impact. All repair work is realised in cooperation with local parties.



Our tax footprint in Finland

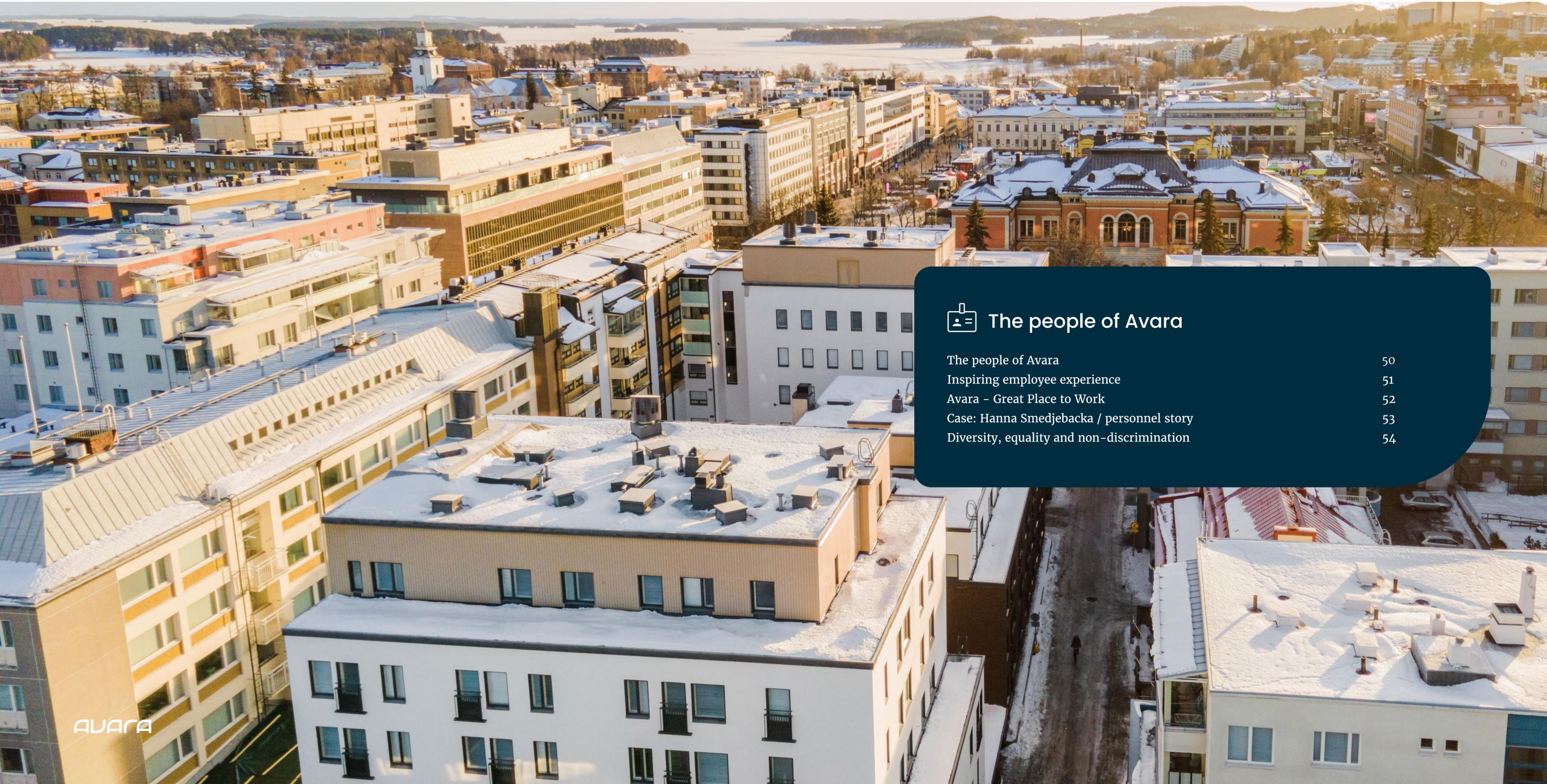
Avara Oy and the real estate funds it manages are domiciled in Finland and they pay all their taxes in Finland. The Group’s combined tax footprint in 2022 totalled EUR 12.2 million.

The tax footprint consists of direct taxes (income tax and real estate tax) and indirect taxes (value added tax, energy tax and insurance premium tax).

Avara’s tax footprint (EUR thousand)						
	2022	2021	2020	2019	2018	2017
Direct taxes	2,400	2,250	2,166	4,900	10,500	4,300
Indirect taxes	9,800	10,048	8,360	8,900	7,200	6,700
Total tax footprint	12,200	12,300	10,526	13,800	17,700	11,000



Taulumäentie 61, Jyväskylä



The people of Avara

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The people of Avara

Avara’s employees are highly competent and motivated top professionals in the real estate industry. As competence needs increase, Avara wants to be the preferred workplace for industry professionals. Continuously developing and maintaining the well-being, competence, and enthusiasm of the company’s employees are high priorities for Avara, especially with our ways of working being in the midst of such a strong change.





Inspiring employee experience

As an expert organisation in the real estate industry, Avara’s highly professional and talented employees are the company’s most important asset. Avara’s HR priorities include continuous development, equality and promoting internal entrepreneurship. Our company culture is supported by strong shared values.

The growing significance of culture and competencies

The accelerating changes in work and the operating environment are taken into account in Avara’s working methods and supervisor work as well as possible. The coronavirus pandemic accelerated the digitalisation of working methods and the development of internal processes.

Combined with Avara’s strategic growth targets, the changes in the

operating environment call for new competencies while giving Avara’s employees the opportunity to develop their expertise. Avara’s HR and competence strategy helps build more systematic and individualised responses to new competence needs.

A coaching management style, individual management and supporting employee autonomy increase the efficiency and productivity of work. Avara benefits from its close-knit and community-oriented working environment, where information flows smoothly and team members and managers are easy to reach when they are needed.

Job satisfaction

Job satisfaction is one of the most important measures of Avara’s success, given how strongly it impacts the

company’s success in the different aspects of its business.

We have set targets for job satisfaction and prepare annual development plans to enhance internal entrepreneurship and job satisfaction. We also actively encourage our employees and managers to engage in continuous dialogue to promote well-being and strong performance.

Target setting and development discussions are held with every Avara employee at least once a year. All Avara employees are included in a performance-based pay system. Performance-linked remuneration is based on the achievement of individually set targets. We are open and transparent with the targets, we know all of the targets set for each individual and we monitor them on a quarterly basis.

A job satisfaction survey is conducted once a year. Job satisfaction at Avara has remained on a high level over the past few years. In 2022, job satisfaction was measured by using a new indicator with the adoption of the eNPS survey. The Employee Net Promoter Score (eNPS) measures the commitment of employees to the company and their satisfaction with the organisation. The eNPS score can range between -100 and 100. Avara’s eNPS was an astonishing 80.

Avara Oy’s employee health and well-being						
	2022	2021	2020	2019	2018	2017
Job satisfaction year 2017–2021 scale of 1–5 year 2022 eNPS adopted	80	4.2	4.1	4.3	4.0	3.9
Scope of development discussions	100%	100%	100%	100%	100%	100%
Employee health index	78%	66%	71%	67%	70%	69%
Sickness absence rate	0.4%	1.9%	0.5%	0.8%	0.5%	0.4%

Avara’s values
Responsible action
With a leader’s attitude
Listening to the customer



Avara – Great Place to Work

Avara conducted the Great Place to Work® Trust Index™ personnel survey for the first time in spring 2022. Thanks to the excellent results, we reached the Great Place to Work certification.

Great Place to Work certification™ is a sign of a comfortable workplace

The Great Place to Work certificate™ is a nationally and globally acknowledged recognition of companies' good employee experience. A company with more than 10 employees is certified if the Great Place to Work® Trust Index™ personnel survey indicates that the employees feel good at the workplace and trust their employer. The recognition is reliable because it is purely based on the employees' responses.

Every Avara employee responded to the Trust Index™ personnel survey

Personnel surveys are used for investigating how employees actually feel about their workplace. The Great Place to Work® Trust Index™

personnel survey is based on data and understanding of employee experience and corporate culture collected over more than 30 years, and it focuses on five focus areas of a great place to place: credibility, respect, fairness, pride and camaraderie. If the results fulfil certain criteria, the company is awarded the Great Place to Work certificate™.

The survey was sent to every Avara employee. The certificate requires a sufficiently high response rate, which was certainly met, as everyone who received the survey also responded to it.

93% of employees consider Avara to be a very good place to work

The Trust Index™ personnel survey measures the employee experience,

compared to the typical Finnish company. In a typical Finnish company, 38% of respondents say that the company is a very good place to work on the whole. At Avara, as many as 93% of employees thought so.



“Everyone is appreciated as an individual, and it is understood that there are also more important things in life than work. New ideas are listened to, and we are quite free to try them out, and continuous development is encouraged.”

“Excellent personnel with very good camaraderie. It’s great to come to work every day.”

Avara employees’ responses in the personnel survey

Case

Hanna Smedjebacka has developed the Avara resident experience in several roles



Hanna Smedjebacka has worked at Avara in several roles on the real estate asset management side. She started in 2019 as Senior Leasing Manager and has now returned to the same role – although the work has changed quite a bit.

”When I started at Avara, the real estate asset management role was very different. We had a single service provider partner and apartment rental was outsourced. The partner contract was being evaluated and I started by requesting proposals for the rental services. Oma Avara’s digital rental process had been developed over several years to make the rental process more agile. At the end of 2019, it was decided that Avara’s core business, rental, would be done in-house, partly for cost reasons but mainly for quality. We wanted the rental service to reflect our values and desired image. The decision has proven to be a good one, as the NPS of the highly refined rental process is around 70. Only one portfolio is served by a rental partner”, says Hanna.

Leena Häkkänen took over Avara’s new rental team and Hanna, who had previously managed service partners and worked as a customer manager at a service provider, moved to Senior Development Manager, where she has played a

big role in customer experience development. As a member of the Real Estate Management team, Hanna has managed outsourced services such as property management and resident parking.

Hanna also led the development of outsourced customer service, and the large project of migrating the customer service ticketing process to HubSpot. The design, implementation, training and monitoring of its processes occupied Hanna for much of 2021. The comprehensive customer service development project also involved a lot of communication work.

Meaningful work with homes

Hanna returned to the position of Senior Leasing Manager at the beginning of October 2022, following a colleague’s parental leave, when roles were reorganised and customer service development projects were largely completed.

As the Senior Leasing Manager, Hanna is now responsible for the leasing team and the profit and loss of the leasing business. The main development task of improving the tenant experience continues. Hanna is very enthusiastic about leading a motivated and professional team. Hanna has made an impressive career in real

estate – especially considering that she got into the industry by chance.

”I graduated in 2002 with a degree in Foreign Trade. When there were no such jobs available in Pietarsaari, I ended up first as a sales secretary and then as a real estate agent in a brokerage firm. I was hooked by real estate. I got my real estate agent licence in 2004, and have also completed professional qualifications as a real estate representative and property manager, which have been useful in my current work. We moved to the Helsinki region in 2007, and I moved into the rental sector, first on the service provider side and from there to investor relations where I now am. I’ve also worked on the office space side, but working with people’s homes feels more meaningful to me.”

Hanna enjoys working at Avara, which she sees as a responsible workplace in every respect. The employees are valued and the residents are cared for.

”Inspired by my own child’s passion for sports, I suggested that Avara could sponsor youth teams. I was delighted when this initiative started the 10 000 € annual grant that Avara gives to sports clubs.”

Diversity, equality and non- discrimination

Ensuring equality and non-discrimination is part of Avara’s day-to-day management. Our responsibility as an employer primarily means responsibility for our employees and their occupational well-being. When necessary, we take quick and decisive action in response to problems and issues requiring improvement. Equality is important for us.

Competent employees with a high level of well-being play a key role in the achievement of Avara’s goals. We operate in compliance with labour legislation and collective bargaining agreements as well as Avara’s HR policy. We provide our employees with a safe working environment, and invest in the occupational well-being of our employees in many different ways.

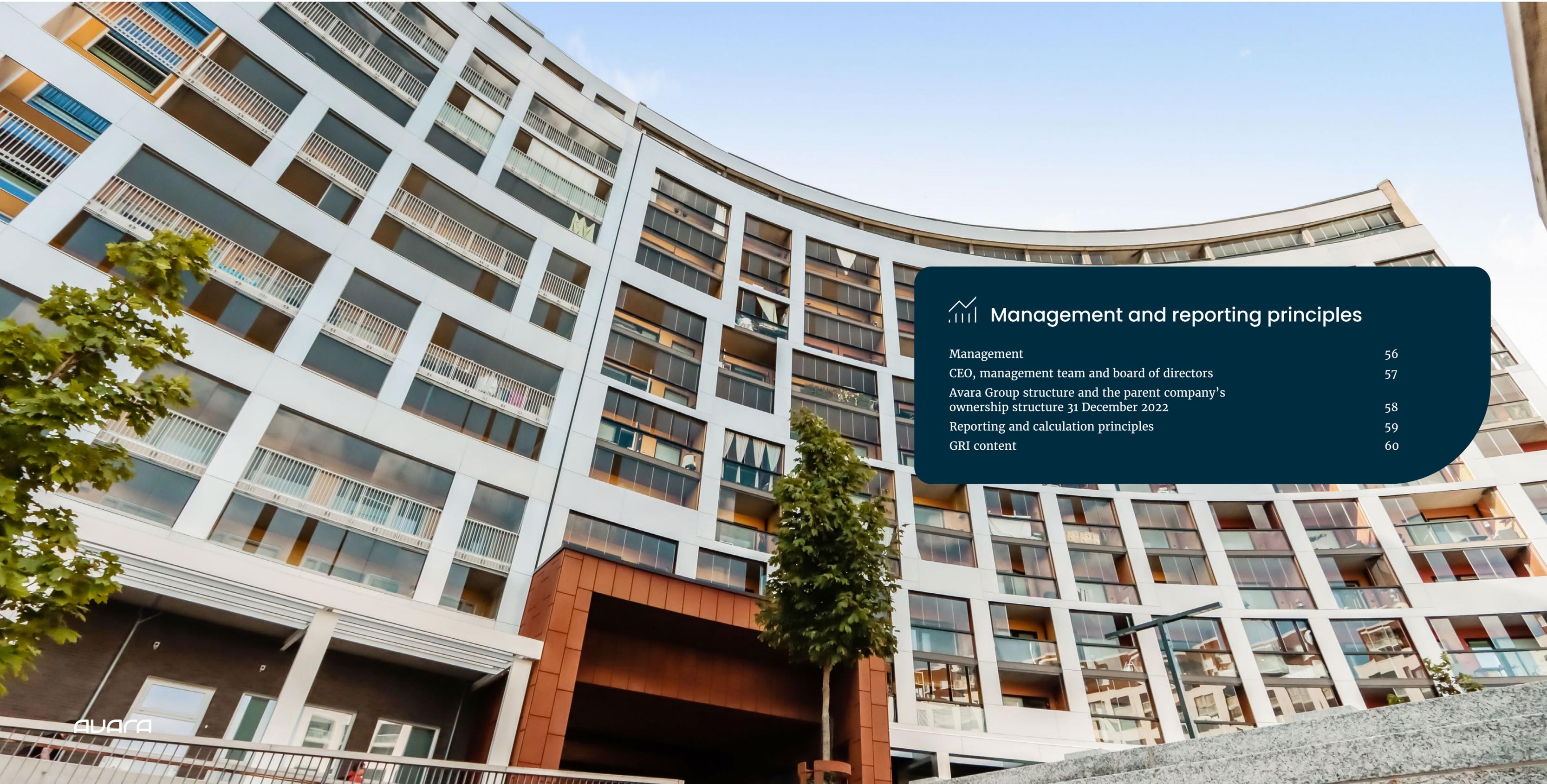


Avara’s HR indicators, 31 December 2022

	2022	2021	2020	2019	2018
Number of employees	27	29	28	24	19
Gender distribution, %					
Women	39	34	39	37	37
Men	61	66	61	63	63
Age distribution, %					
Under 30	11	10	14	16	10
30–50	68	69	64	65	74
Over 50	21	21	22	19	16
Educational background, %					
Master’s degree or equivalent	54	52	54	50	53
Bachelor’s degree	36	34	32	25	26
Short-cycle tertiary	11	14	14	25	21

HR indicators for the boards of directors of Avara Group, 31 December 2022

	2022	2021	2020	2019	2018
Gender distribution, %					
Women	25	25	14	9	14
Men	75	75	86	91	86
Age distribution, %					
Under 30	0	0	0	0	0
30–50	44	44	52	65	55
Over 50	56	56	48	35	45



Management and reporting principles

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Management

Avara is an expert company whose operating model is based on key functions being performed in-house and supporting functions being responsibly and efficiently outsourced to a selected partner network.

Avara's CEO is in charge of the company's business and corporate responsibility as a whole. Business responsibility is divided into three areas: investment management, asset management and property management. The executive in charge of each segment is responsible for the business in question and corporate responsibility in that area.

The highest decision-making power in Avara is exercised by the company's shareholders at the General Meeting. The company's shareholders elect the members of the Board of Directors and the auditor at the General Meeting. The company's Board of Directors oversees and steers the company's operations in accordance with the Limited Liability Companies Act.

The Board of Directors has confirmed a written charter and annual calendar regarding the Board's duties, topics to cover, meeting practices and decision-making procedures.

The Board of Directors decides on the company's strategic objectives and confirms the strategy and organisational structure. The Board of Directors also decides on other matters specified in its charter. The Board of Directors confirms the decision-making authorisations of the senior management and decides on the criteria applied in the retention and remuneration of the company's senior management and employees.

Management remuneration is based on customer relationship management, the implementation of Avara's strategy and annual targets related to the profitability of operations. Aspects related to responsibility and sustainable development are incorporated into these targets and the management does not have separate remuneration programmes related to sustainability. The Board of Directors sets targets for the CEO and the management team, evaluates the achievement of the targets, and decides on performance-based remuneration.



The Group's management is comprised of Mika Savolainen, President and CEO (top left), Tuomas Rantsi, Chief Operating and Development Officer, Harri Retkin, Chief Investment and Finance Officer and Avara Rahastot Oy's CEO Arttu Ekqvist.



CEO, Management Team and Board of Directors

CEO AND GROUP'S MANAGEMENT TEAM

Mika Savolainen

- CEO of Avara Oy since 2015
- At Avara since 2013
- M.Sc. (Tech.), eMBA, KJs, b. 1969
- Holds 7.5% of Avara Oy's share capital through Erreon Oy

Harri Retkin

- CIO and CFO since 2018
- At Avara since 2012
- M.Sc. (Econ.), b. 1978
- Holds 7.5% of Avara Oy's share capital through Erreon Oy

Emmi Tiainen

- Management Assistant since 2016
- At Avara since 2016
- BBA, b. 1991

Tuomas Rantsi

- COO and CDO since 2018
- At Avara since 2017
- M.Sc. (Tech.), KJs, b. 1975
- Holds 7.5% of Avara Oy's share capital through Erreon Oy

Arttu Ekqvist

- CEO of Avara Rahastot Oy since 2019
- At Avara since 2019
- M.Sc. (Econ.), b. 1978

Sabine Ille

- Marketing & Communications Manager since 2021
- At Avara since 2021
- Master of Culture and Arts, MBA, b. 1976

BOARD OF DIRECTORS

Risto Kyhälä

- Chair since November 2012
- CEO of Kiinteistömaailma Oy, board professional
- Independent of the company, not independent of a significant shareholder
- Holds 7.5% of Avara Oy's share capital through Erreon Oy

Alexander Schoschkoff

- Member since April 2019
- CEO of Fennia Life Insurance Company
- Independent of the company, not independent of a significant shareholder
- Fennia Life Insurance Company holds 15% of Avara Oy's share capital

Timo Stenius

- Member since April 2020
- Board professional
- Independent of the company, not independent of a significant shareholder
- Elo holds 34% of Avara Oy's share capital

Marja Kokko

- Member since March 2021
- CEO of Tyvene Oy
- Independent of the company and its significant shareholders

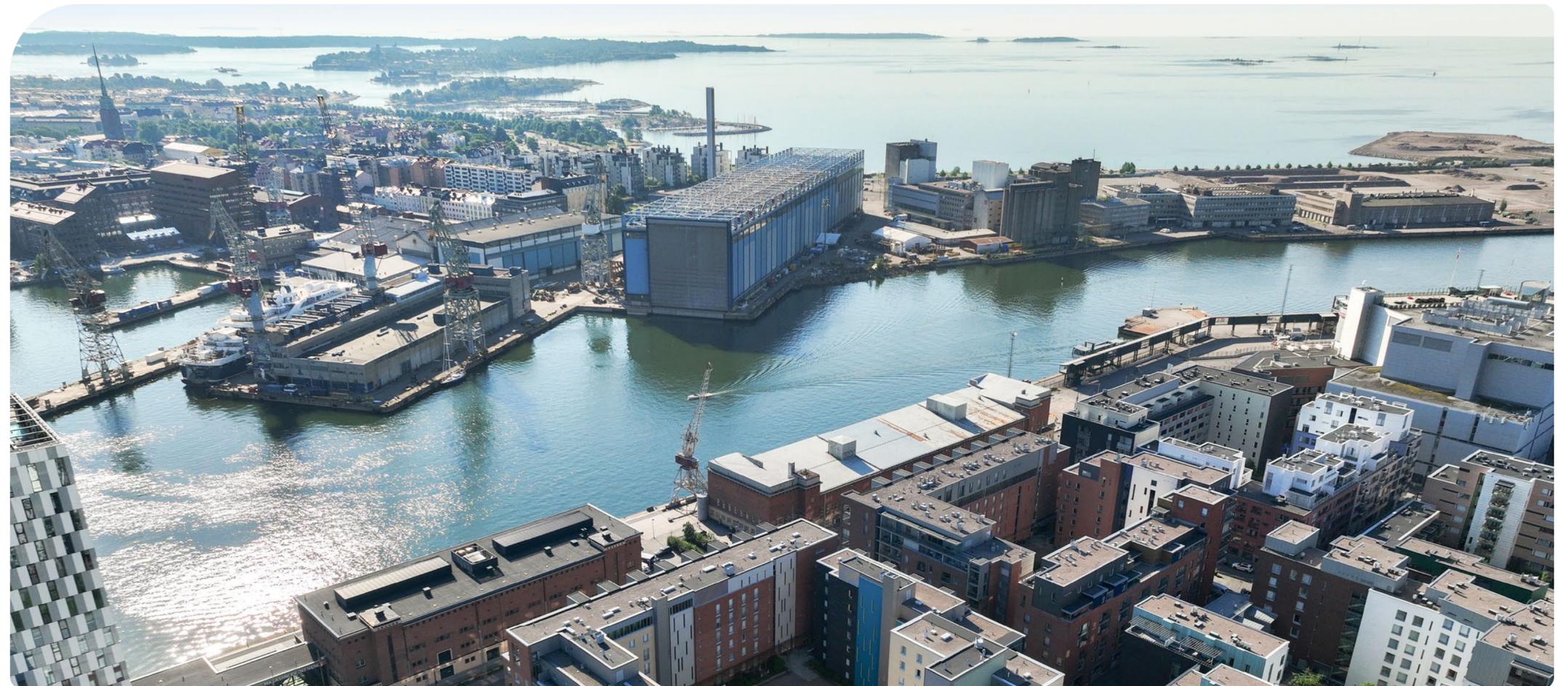


Avara Group structure and the parent company's ownership structure 31 December 2022

Avara Group consists of the parent company Avara Oy and three subsidiaries: Avara Asunto Management II GP Oy, Avara Asunto Management Dekka I GP Oy and Avara Rahastot Oy. The Group also includes Avara Rahastot Oy's subsidiary Avara Asuinkiinteistörahasto I GP Oy.

The parent company Avara Oy is responsible for the Group's management and administration and the production of investment management and asset management services. Avara Rahastot Oy acts as an authorised AIF manager pursuant to the Act on Alternative Investment Funds Managers. Its operations are regulated by the Finnish Financial Supervisory Authority.

The largest shareholders of the Group's parent company Avara Oy are Elo Mutual Pension Insurance Company (34%), the company's senior management (30%), Fennia Life Insurance Company (15%) and OP Group companies (11% combined). Avara has a total of 13 shareholders and the five largest shareholders own more than 90% of the company's shares.



Suezinkatu 3, Helsinki (centre bottom)

Reporting and calculation principles

Avara's sustainability report for 2022 has been prepared with reference to the Global Reporting Initiative (GRI) standards. The reported information is comparable with Avara's previous corporate responsibility reports, except where otherwise mentioned. The conformity of the information with the GRI standards is presented in the GRI content index.

In defining the report content, the company has taken into consideration the key guidelines and voluntary principles concerning sustainability in the real estate sector as well as the nature of Avara's operations as a service company that manages rental housing assets. The results of the materiality analysis have been validated by Avara's management team. The management team is responsible for the sustainability report and has approved its contents.

Unless otherwise mentioned, the information presented in the report covers Avara as a whole. The financial information is based on the companies' official financial statements and financial reporting concerning real estate assets.

Information concerning employees covers the personnel of Avara Group.

Indicators involving the environment cover the properties in the funds managed by Avara. The figures do not cover data concerning the properties of the property management function's other customers. Figures on the total consumption of energy and water cover all properties owned for the entire year and subject to consumption monitoring and the estimated consumption of properties not subject to consumption monitoring.

The specific consumption of energy and water has been calculated as full-year consumption per cubic metre of building space for all properties subject to consumption monitoring. The energy figures have been adjusted for weather to facilitate year-on-year comparisons.

Avara's carbon footprint covers the carbon dioxide emissions calculated based on the total consumption of heating and electricity of properties subject to consumption monitoring and the estimated consumption of

properties that are not subject to consumption monitoring.

The emission factors used for district heating and electricity are based on information from Motiva Oy. For other fuels, the fuel classification factors (oil and natural gas) of Statistics Finland have been used.

The specific emissions of purchased energy have been calculated per square metre of residential space for all properties that were included in rental operations for the entire year.

The total volume of waste generated by tenants has been estimated based on Avara's total number of tenants and the average tenant-specific waste volume reported by Statistics Finland.

Avara will disclose more detailed information* about the sustainability of its alternative funds on its website during 2023.

Reporting scope and principles

This annual sustainability report of Avara is the sixth report prepared in

accordance with or with reference to the GRI guidelines. The sustainability report presents basic information on Avara's aspects of economic, social and environmental responsibility and the impacts of its operations for the period 1 January–31 December 2022 unless otherwise specified. The report has not been subject to independent third-party assurance.

Scope of reporting

Avara applies the Global Reporting Initiative's GRI Standards 2021 reporting guidelines to the content and principles of sustainability reporting. The reports presented in this report are based on Avara's operations in Finland.

*Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR).



Vanha Talvitie 3, Helsinki



GRI content

Avara Group has reported the information cited in this GRI content index for the period [1.1–31.12.2022] with reference to the GRI Standards.

GRI 1: Foundation 2021

Date of most recent report: 17.4.2023

Reporting cycle: 12 months

Avara Group

Bulevardi 7, 00120 Helsinki

Location of operations: Finland

GRI STANDARD	Disclosure	Location
GRI 2: General Disclosures 2021		
	2-1 Organizational details	GRI content Avara Group structure and the parent company's ownership structure p. 58 Reporting and calculation principles p. 59
	2-2 Entities included in the organization's sustainability reporting	Materiality assessment on sustainability management and reporting p. 14 Reporting and calculation principles p. 59
	2-3 Reporting period, frequency and contact point	GRI content
	2-4 Restatements of information	Sizes of the real estate portfolios managed by Avara p. 40
	2-5 External assurance	No external assurance
	2-6 Activities, value chain and other business relationships	Key events in 2022 p. 4 Strategy and operating model p. 10 Business model p. 11
	2-7 Employees	Diversity, equality and non-discrimination p. 54
	2-9 Governance structure and composition	CEO, management team and board of directors p. 57
	2-10 Nomination and selection of the highest governance body	Management p. 56
	2-11 Chair of the highest governance body	CEO, management team and board of directors p. 57
	2-12 Role of the highest governance body in overseeing the management of impacts	Business principles and risk management p. 13
	2-13 Delegation of responsibility for managing impacts	Management p. 56
	2-14 Role of the highest governance body in sustainability reporting	Reporting and calculation principles p. 59



GRI content

GRI STANDARD	Disclosure	Location
	2-15 Conflicts of interest	Business principles and risk management p. 13
	2-16 Communication of critical concerns	Business principles and risk management p. 13
	2-19 Remuneration policies	Management p. 56
	2-22 Statement on sustainable development strategy	From the CEO p. 5 Impactful sustainability p. 9
	2-26 Mechanisms for seeking advice and raising concerns	Business principles and risk management p. 13
	2-28 Membership associations	Green Building Council Finland membership and #Building Life action programme p. 16 Avara is committed to the UN Principles for Responsible Investment p. 16 Green Homes sustainability activities p. 21 In addition: RAKLI ry, ISA ry, VAETS
	2-29 Approach to stakeholder engagement	Materiality assessment on sustainability management and reporting p. 14
	2-30 Collective bargaining agreements	Diversity, equality and non-discrimination p. 54
GRI 3: Material Topics 2021		
	3-1 Process to determine material topics	Materiality assessment on sustainability management and reporting p. 14
	3-2 List of material topics	Materiality assessment on sustainability management and reporting p. 14
GRI 201: Economic Performance 2016		
	201-1 Direct economic value generated and distributed	Profitability and solvency p. 36



GRI content

GRI STANDARD	Disclosure	Location
GRI 203: Indirect Economic Impacts 2016		
	203-1 Infrastructure investments and services supported	Promoting affordable housing p. 46
	203-2 Significant indirect economic impacts	Our tax footprint in Finland p. 48
GRI 205: Anti-corruption 2016		
	205-3 Confirmed incidents of corruption and actions taken	No incidents during the year
GRI 302: Energy 2016		
	302-1 Energy consumption within the organization	Energy and water consumption p. 28
GRI 303: Water and Effluents 2018		
	303-5 Water consumption	Energy and water consumption p. 28 Reporting and calculation principles p. 59
GRI 305: Emissions 2016		
	305-2 Energy indirect (Scope 2) GHG emissions	Improving energy efficiency and AI-based energy solution p. 30
	305-4 GHG emissions intensity	Improving energy efficiency and AI-based energy solution p. 30
GRI 306: Waste 2020		
	306-3 Waste generated	Waste and recycling p. 33



GRI content

GRI STANDARD	Disclosure	Location
GRI 401: Employment 2016		
	401-1 New employee hires and employee turnover	Diversity, equality and non-discrimination p. 54
GRI 404: Training and Education 2016		
	404-3 Percentage of employees receiving regular performance and career development reviews	Inspiring employee experience p. 51
GRI 405: Diversity and Equal Opportunity 2016		
	405-1 Diversity of governance bodies and employees	Diversity, equality and non-discrimination p. 54
GRI 418: Customer Privacy 2016		
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Reliable and responsible operating methods p. 44