

SATO ANNUAL REPORT 2020



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CONTENTS



ANNUAL REPORT

SATO in brief and key figures.....	5
CEO's review.....	7
Report of the Board of Directors.....	8
Financial statements.....	20

SUSTAINABILITY

The Sustainable SATO	3
Our sustainability work in 2020.....	5
Key figures.....	25
Reporting Principles	32

GOVERNANCE

Sustainability management	3
Risk management.....	4
Corporate Governance Statement 2020.....	8
Remuneration statement 2020	14
Board of Directors	15
Corporate Management Group	17

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CONTENTS

SATO in brief and key figures 5

CEO's review 7

Report of the Board of Directors 8

Operating environment 8

Strategy 9

Net sales and profit 10

Financial position and financing 10

Group structure 10

Housing business 10

Investment properties 12

Fair value 12

Investments, divestments and property development 12

Sustainability 15

Development activities 16

Events after the review period 16

Risk management 17

Pending legal actions 17

Shares 17

Personnel 17

Shareholders' Nomination Committee 17

Board of Directors, CEO and auditors 18

Members of the Management Group 18

Outlook 18

Proposal of the Board of Directors
for the distribution of profit 18

Financial statements 20

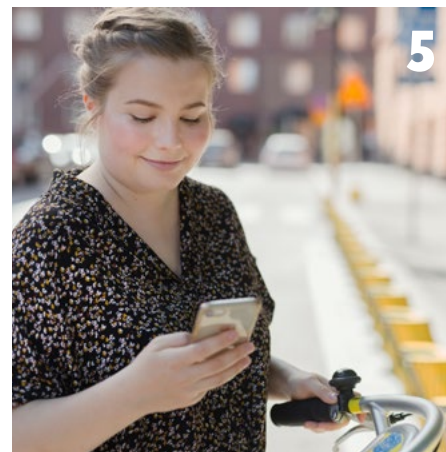
Consolidated financial statements, IFRS 20

Financial statements of the parent company, FAS 63

Auditor's report 73

Five year indicators 76

Information for shareholders 78



SATO IN BRIEF AND KEY FIGURES

As cities and populations change, we believe that housing also needs to change. SATO is one of Finland's leading rental housing providers. Our goal is to build thriving and vibrant cities and neighbourhoods where people enjoy a high level of well-being. We offer our residents homes in cities, along good transport routes, and we develop services to make their daily lives easier. We own, build, buy and renovate urban homes to ensure safe, carefree and pleasant living for our customers. Our service promise to our customers is: **A home the way you want it.**

We own approximately 26 800 SATOhomes in Finland's largest growth centres and in St. Petersburg. As a major housing provider, we bear responsibility for urban development and the environmental impacts of housing. We invest in rental apartments that meet our residents' needs and are near good transport connections, and we grow profitably. We increase the value of our housing stock through investments, divestments and repairs.



Four stars once again in global real estate sustainability benchmark

We participated in the Global Real Estate Sustainability Benchmark (GRESB) for the sixth time, and we retained our four stars out of five. Compared to other northern European housing investors in its peer group, SATO's result is above average.

870

new SATOhomes at year-end

870 new SATOhomes were completed during the reporting year

50,000

Residents at the end of the year

242

SATO employees

At the end of the year, SATO had 242 employees.

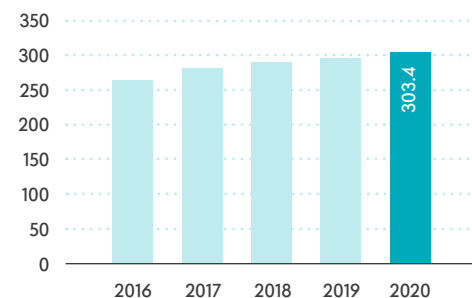


What makes a home is that you have your own space and you feel good.

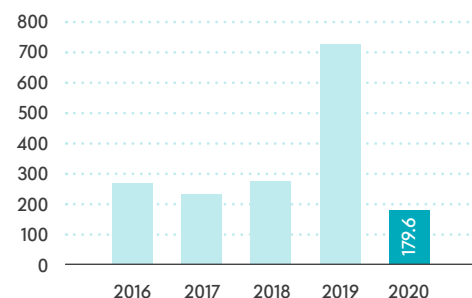
FINANCIAL KEY FIGURES

During the reporting year, 769 new rental apartments, 63 owner-occupied apartments and 36 Flex-Home apartments were completed, all in the Helsinki area.

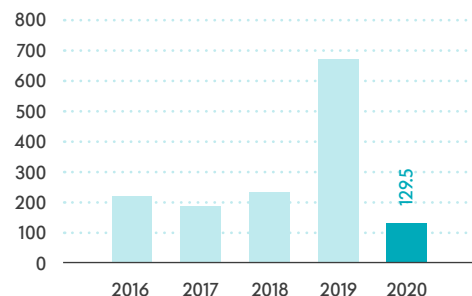
Net sales, MEUR



Operating profit, MEUR



Profit before taxes, MEUR



96.7%

Our economic occupancy rate declined

The uncertainty caused by the coronavirus pandemic during the reporting year was reflected in SATO's business operations as an increase in tenant turnover and, in turn, as a decline in the economic occupancy rate.

2,155.7 MEUR

Shareholders' equity strengthened

Shareholders' equity was over EUR 2 billion.

43.8%

Our solvency ratio strengthened

The Group's solvency ratio was 43.8 per cent at the end of the year.



CEO'S REVIEW

The coronavirus pandemic that emerged in early 2020 was challenging for us and influenced our work especially in the exceptional arrangements we made to try to ensure the safety and well-being of both our employees and our residents. We nevertheless managed to cope well with the exceptional year. The savings measures launched as part of risk management related to the pandemic were reflected in the favourable development of net rental income. We did not have to temporarily lay off personnel due to the pandemic, and we recruited a significant number of new employees during the year.

The uncertainty caused by the coronavirus pandemic during the reporting year was reflected in SATO's business operations as an increase in tenant turnover and, in turn, as a decline in the economic occupancy rate. The occupancy rate at year end was 96.7 per cent. Besides the general uncertainty caused by the pandemic, the lower occupancy rate can be attributed to the increased offering of rental housing in the market, as well as the decline in our customer satisfaction rating.

We did not succeed in improving the Net Promoter Score (NPS) given to us by our residents during the year. Our customer satisfaction weakened because some of the planned repair projects had to be postponed due to the coronavirus pandemic, and our opportunities to serve our customers were more limited during the pandemic.

We strongly moved forward with our Customer First development programme and focussed on adapting our organisation and our service processes to respond to our customers' needs even better. We aim to be closely present in our customers' daily lives in order to serve them in the best possible way. We reinforced our organisation by increasing our personnel, mainly those who work in our buildings close to residents. We believe that this will show as an increase in customer satisfaction in the medium term.

During the reporting year, we continued our sustainability work, which is guided by SATO's strategy and our sus-

tainability programme for 2019–2022. The programme emphasises carbon-neutral cities and the well-being of residents and neighbourhoods. In our own sustainability goals, we have committed to the UN sustainable development goals (SDG).

In spring 2020, we launched the Green Finance Framework, which integrates SATO's sustainability targets with its financing arrangements. In September, we issued the first green bond under our Euro Medium Term Note (EMTN) programme.

In 2020, we initiated city planning projects and signed preliminary agreements and letters of intent subject to zoning conditions covering altogether close to 65,000 floor square metres, and we reinforced our housing portfolio with investments valued at EUR 120.6 million. During the reporting year, 769 new rental apartments, 63 owner-occupied apartments and 36 FlexHome apartments were completed, all in the Helsinki area.

SATO's first FlexHome was completed in the Tali neighbourhood of Helsinki on 1 June. FlexHome is a new short-term ownership concept that enables home ownership with a small initial capital outlay and a five-year part-ownership period.

SATO had a total of 242 employees at the end of the year. According to the personnel survey, our internal employer image is strong, and interest in SATO as an employer was also reflected in our recruitment.

I wish to thank SATO employees for their commendable work and for doing everything they could to ensure the comfort of our residents, also during this uncertain and challenging time. Thank you also to our partners for their good collaboration and our customers for their patience during this exceptional period.

Antti Aarnio, CEO



We aim to be closely present in our customers' daily lives in order to serve them in the best possible way.

REPORT OF THE BOARD OF DIRECTORS 1 JANUARY–31 DECEMBER 2020

OPERATING ENVIRONMENT

SATO's operating environment was affected during the reporting year by continued urbanisation, growth in the popularity of rental housing and, in particular, the restrictions related to the coronavirus pandemic. In SATO's operational area in the capital area and in Tampere and Turku, nearly half of the permanently occupied apartments are already made up of rental apartments.

The coronavirus pandemic that started in 2020 has had a major impact on the Finnish economy. According to the Bank of Finland's December forecast, Finland's economy will contract by just under 4 per cent in 2020. The economy will begin to recover as the uncertainty caused by the pandemic clears in the course of 2021, and the GDP is expected to grow by more than 2 percent in 2021. There is, however, major uncertainty in the economic outlook concerning how fast the pandemic can be brought under control. The support measures introduced by the European Central

Bank, the EU and the Finnish Government are being applied in an effort to limit the pandemic's negative impacts on Finland's economy.

The uncertainty caused by the coronavirus pandemic during the reporting year has been reflected in SATO's business operations as an increase in tenant turnover and, in turn, as a decline in the economic occupancy rate.

Despite the coronavirus pandemic that erupted in 2020, there is demand for rental apartments, and the urbanisation trend continues. Dense urban living along good public transport connections is becoming increasingly popular in Finland. The Helsinki metropolitan area, Tampere and Turku continue to enjoy strong growth, while according to Statistics Finland's population projection, Finland's population will start declining in 2031. The Helsinki area is expected to grow by over 200,000 new residents by 2040. Close to 80 per cent of the area's residents already live in one- to two-person homes, and the number of small households continues to rise. As a result of immigration, the proportion of people with foreign background living in the capital area is predicted to grow from the current 17 per cent to 25 per cent by 2030. The aging population typically moves closer to growth centres and the services they offer, and housing-related services are increasingly expected.

The change in the population structure and development in the prices of owner-occupied apartments create a stable foundation for demand for rental housing especially in the capital area and in Tampere and Turku. Outside of growth centres,

In SATO's operational area in Helsinki metropolitan area, Tampere and Turku, nearly half of the permanently occupied apartments are already made up of rental apartments.



the real prices of homes are declining, which makes acquiring an owner-occupied apartment in growth centres even more challenging for people coming from those areas.

The rental housing markets in major cities have been characterised in recent years by a sharp growth in supply. The growth largely stems from the brisk production of rental housing. During the 2020 pandemic, previously short-term rental apartments were offered for longer rental periods, which boosted supply in some cities, even to a considerable degree. However, demand for rental apartments was partly negatively affected by upper secondary schools and universities switching to remote teaching due to the pandemic.

The pandemic has slightly shifted the focus of demand for rental apartments to larger apartments and areas with lower rent levels. Behind both of these developments is the increase in teleworking: people need more space when they also use their home for working.

KTI Kiinteistötiety Oy's rental benchmarking, which provides information on new rental agreements, indicated average annual growth of 0.7 per cent in the capital city region in the third quarter of 2020. Espoo and Vantaa have experienced a somewhat greater increase in rents than Helsinki. In major cities outside the Helsinki metropolitan area, rents increased by an average of 0.5 per cent, but there were considerable differences between cities.

In Statistics Finland's December report, the year-on-year change in construction permits was -12.4% in October. According to the Confederation of Finnish Construction Industries' November

*Our vision:
In thriving cities,
people enjoy
a high level of
well-being*

*Our mission:
We are
revolutionising
housing –
it is more than
just walls*

forecast, housing starts in 2021 will decrease by 11% compared to 2020. There are remarkable regional differences in granted construction permits and projected housing starts.

Thanks to the low interest rate level, housing remains an appealing investment. Investment in rental housing continues to increase in popularity in both Finland and globally, and the coronavirus crisis that hit several other real estate sectors hard further reinforces the status of housing investment. Foreign housing investors that landed on Finland's shores in recent years continued to strengthen their investment portfolios during the reporting year.

Strategic goals	Realisation in 2020
Continuously improving NPS during living	Unfulfilled
<ul style="list-style-type: none"> We aim for a continuously improving Net Promoter Score (NPS) from our residents. The Customer First development programme, friendly and professional service and more active presence serving residents in SATO buildings help us reach our goal 	
Maintaining credit rating	Fulfilled
<ul style="list-style-type: none"> SATO has a target-oriented financing programme that aims to strengthen the company's equity ratio and increase the share of unsecured financing. SATO's strategic target is to maintain the credit rating. During the reporting year, we maintained our current credit rating BBB with a stable outlook that we obtained last year. The better credit rating helps us to further expand our financing base and lower our financing costs. 	
Return on equity target	Unfulfilled
<ul style="list-style-type: none"> Our third strategic target is our return on equity target which was 8 per cent during the strategy period. 	

Finland targets carbon neutrality by 2035. Mitigating emissions from the construction sector plays a significant role in achieving both national and international climate targets and in preparing for climate change. Construction and the use of buildings currently account for over a third of Finland's greenhouse gas emissions. In addition to energy consumption during use, the sector has started taking note of the carbon footprint of buildings throughout their life cycle.

STRATEGY

As cities and populations change, we believe that housing also needs to change. SATO's goal

is to build thriving and vibrant cities and neighbourhoods where people enjoy a high level of well-being. We offer our residents homes in cities, along good transport routes, and we develop services to make their daily lives easier.

Our customers are at the heart of our strategy, and we want to develop homes with increasingly better services for them. In addition to services to help them day to day, we look after their well-being and support good neighbourly relations. We pay attention to home health and energy efficiency.

SATO's operations are guided by its strategic development programmes: Customer First, digital development and diverse housing solutions.

Our sustainability work is guided by SATO's strategy and our sustainability programme for 2019–2022, which emphasises carbon-neutral cities and the well-being of residents and neighbourhoods. In our own sustainability goals, we have committed to the UN sustainable development goals (SDG).

We operate profitably and with a long-term view. We increase the value of our housing stock by investing in homes that are in central locations and near convenient traffic connections, and through systematic repairs. SATO's strategy focusses on expanding its housing stock in the Helsinki metropolitan area, Tampere and Turku – all areas where demand for apartments is the highest and the increase in value is expected to be stable over the longer term.

SATO's operations are guided by its strategic development programmes: Customer First, digital development and diverse housing solutions.

SATO has set as a strategic goal maintaining its investment grade credit rating. Our return on equity target is 8 per cent. In addition, our strategic

goal is to achieve a continuously improving Net Promoter Score (NPS) from our residents.

According to SATO's dividend policy, a maximum of 40 per cent of the cash flow from operations will be paid in annual dividends, depending on the market situation, investment level, the development of the equity ratio and the solvency ratio.

NET SALES AND PROFIT

In 2020, consolidated net sales were EUR 303.4 (295.6) million.

Operating profit was EUR 179.6 (725.6) million. Operating profit without the change in the fair value of investment properties was EUR 192.6 (173.3) million. The change in fair value was EUR -13.0 (552.2) million. The weakened occupancy rate had a negative impact on the change in fair value. In the comparison period, the change in the fair value was affected by the change of valuation method to income value method in the fair value measurement of investment properties on 31 December 2019.

Financial income and expenses totalled EUR -50.0 (-55.1) million.

Profit before taxes was EUR 129.5 (670.5) million. Cash flow from operations (free cash flow after taxes excluding changes in fair value) amounted to EUR 132.1 (91.2) million.

Earnings per share were EUR 1.80 (9.45).

FINANCIAL POSITION AND FINANCING

The consolidated balance sheet totalled EUR 5,104.7 (4,718.2) million at the end of December.

Equity was EUR 2,155.7 (2,055.8) million. Equity per share was EUR 38.07 (36.31).

The Group's equity ratio was 42.2 (43.6) per cent at the end of the year. EUR 766.5 million in new long-term financing was withdrawn and the solvency ratio was 43.8 (44.4) per cent at the end of December.

The Group's return on equity was 4.8 (29.6) per cent. The return on investment was 4.1 (18.9) per cent.

Interest-bearing liabilities at the end of December totalled EUR 2,381.5 (2,098.4) million, of which loans subject to market terms accounted for EUR 2,170.2 (1,830.1) million. The loan itemisation is in note 26 of the financial statements. At the end of the reporting year, the average loan interest rate was 1.8 (1.7) per cent. Net financing costs totalled EUR -50.0 (-55.1) million. The average maturity of loans was 4.2 (4.0) years.

The calculated impact of changes in the market value of interest hedging on equity was EUR -1.9 (-5.3) million.

During the reporting year, SATO increased the proportion of loans without asset-based securities to 82.6 per cent of all loans. At the end of the year, the proportion of unencumbered assets was 84.1 per cent of the balance sheet.

GROUP STRUCTURE

SATO Corporation is the parent company of SATO Group. At the end of the reporting year, the parent company had a total of 24 (25) subsidiaries engaged in business operations. Mergers took place during the year in order to clarify the Group structure.

SATO Corporation's majority shareholder is Balder Finska Ota AB, whose parent company is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

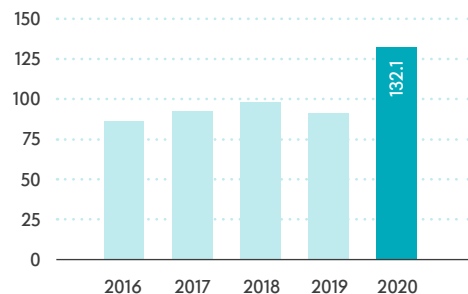
HOUSING BUSINESS

Our housing business includes rental activities, customer service, lifecycle management and maintenance. Effective rental activities and digital services provide home-seekers with quick access to a home, and the Group with a steadily increasing cash flow. High-quality maintenance operations ensure the comfort of residents and that the apartments stay in good condition and maintain their value. We serve our customers in daily housing issues through our customer-oriented service organisation.

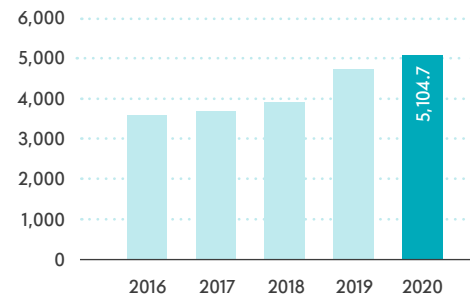
In accordance with our Customer First development programme, we focussed on adapting our organisation and our service processes to respond to our customers' needs even better. We aim to be closely present in our customers' daily lives in order to serve them in the best possible way. We expanded our House Experts operating model in the Helsinki metropolitan area. Under the operating model, SATO's own House Experts handle some of the tasks previously handled by our maintenance partners, for instance technical building work on homes and buildings.

We recruited nine new house experts during the year. Twelve new employees started working in our Housing business in a new kind of Service Manager role that combines the tasks of service managers, apartment inspectors and infrastructure managers. Service managers ensure that SATO's residents are happy and that the rental homes remain in good condition.

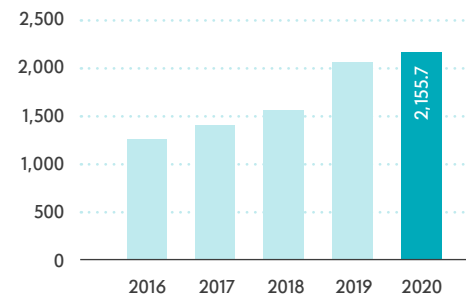
Cash earnings, MEUR



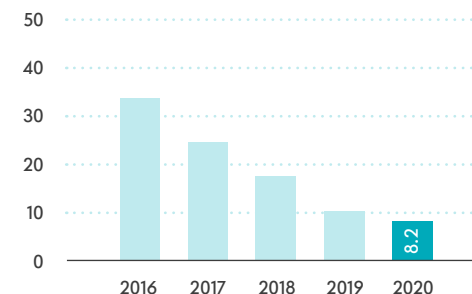
Balance sheet, MEUR



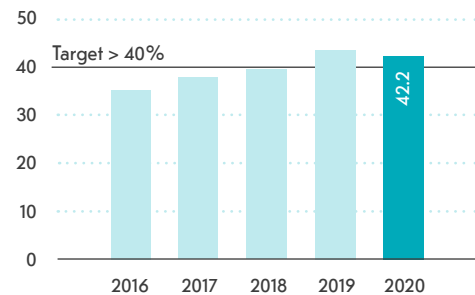
Shareholders' equity, MEUR



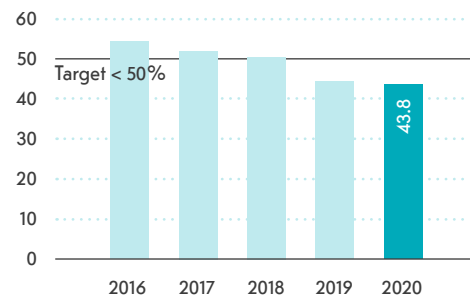
Secured solvency ratio, %



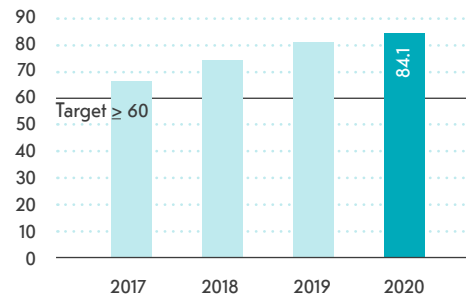
Equity ratio, %



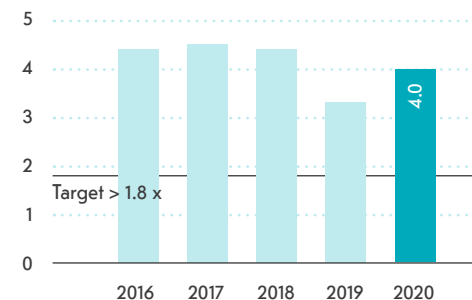
Solvency ratio, %



Unencumbered assets, %



Interest coverage ratio



SATO had approximately 50,000 customers at the end of the reporting year. The Net Promote Score (NPS) measuring customer satisfaction decreased slightly from the previous years. Our customer satisfaction weakened because some of the planned repair projects had to be postponed due to the coronavirus pandemic and our opportunities to serve our customers were limited during the pandemic.

The economic occupancy rate weakened, particularly on account of the pandemic, and in Finland averaged 96.7 (98.1) per cent. The external tenant turnover rate for rental apartments was 32.6 (29.6) per cent. Rental income increased by 2.6 per cent to EUR 303.4 (295.6) million. The weakened occupancy rate can be attributed largely to the general uncertainty caused by the coronavirus pandemic, the increased offering of rental housing, and the slight decline in customer satisfaction.

The average monthly rent of SATO's rental apartments in Finland at the end of the review period was EUR 17.51 (17.23) per m².

Net rental income for apartments was EUR 220.3 (207.1) million.

INVESTMENT PROPERTIES

On 31 December 2020, SATO owned a total of 26,792 (26,074) apartments. Altogether 769 rental apartments were acquired or completed. The total number of divested rental apartments and shared ownership apartments redeemed by the owner-occupants was 113.

Fair value

The development of the value of rental apartments is a key factor for SATO. Its housing stock is concentrated in areas and apartment sizes which are expected to be the focus, in

In accordance with our Customer First development programme, we focussed on adapting our organisation and our service processes to respond to our customers' needs even better.

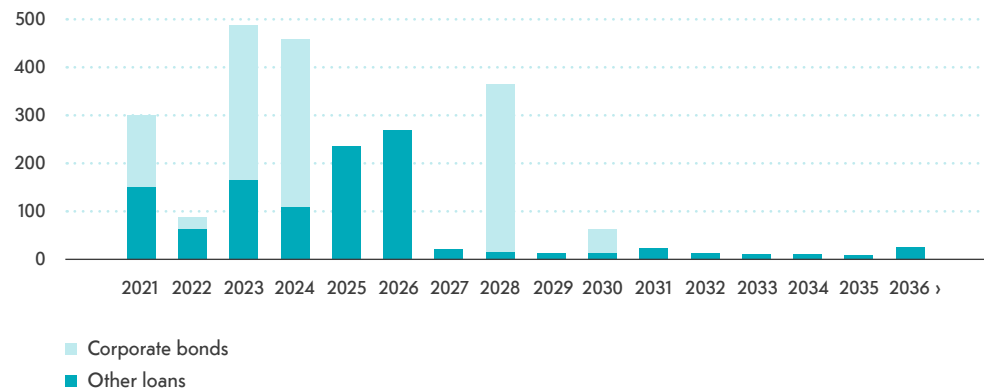
the long term, of increasing rental apartment demand. The allocation of building repairs is based on life-cycle plans and repair need specifications.

The fair value of investments totalled EUR 4,753.5 (4,657.9) million at the end of December. The change in the value of investment properties, including investments and divestments, was EUR 95.7 (782.7) million.

The external expert JLL Finland Oy (JLL) issues a quarterly statement on the valuation methods applied by SATO, the appropriateness of sources of information used and the quality and credibility of the valuation for Finnish investment properties. JLL's latest statement was issued on the valuation carried out on 31 December 2020. The criteria for the determination of the fair value are presented in the notes to the consolidated financial statements.

The change in value was also affected by investments and divestments, and by the change in market prices and the value of the rouble.

Maturity profile of long term debt, MEUR



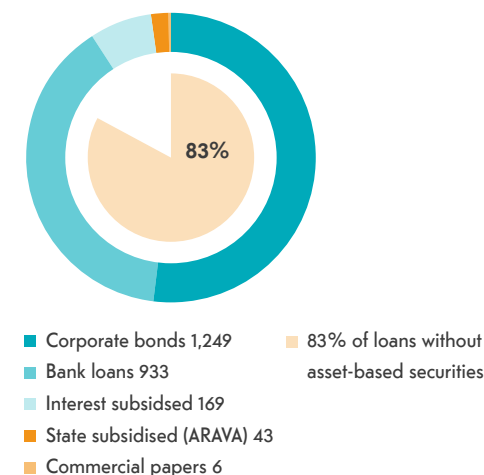
At the end of the year, the Helsinki metropolitan area accounted for some 85 per cent, Tampere and Turku for approximately 11 per cent, Jyväskylä and Oulu for 2 per cent and St. Petersburg for roughly 2 per cent of the value of apartments.

Investments, divestments and property development

Investment activities are used to manage the housing portfolio and prepare the ground for growth. Since 2000, SATO's net investments in non-subsidised rental apartments total more than EUR 2.5 billion. SATO acquires and builds entire rental buildings and single rental apartments. Property development allows for new investments in rental apartments in Finland. The rental potential and value of rental apartments owned by SATO are developed through renovation activities.

Investments in rental apartments were EUR 120.6 (185.9) million. Investments in the Helsinki metropolitan area accounted for 93.2 per cent of the investments during the review period. And investments in new apartments represented 48.6 per cent of all investments in the review period. In addition, on

Debt portfolio, Nominal values 31 Dec 2020, total MEUR 2,398



Key financial indicators	Target	2020	2019
Average loan maturity, years	2.5–6	4.2	4.0
Average interest fixing period, years*	3–10	3.3	2.4
Average interest rate, at the end of period, %	–	1.8	1.7
Proportion of fixed rate debt, %	> 60	73.6	62.0

* SATO aims to optimize the interest risk by maintaining the average interest fixing period between 3 to 5 years when market interest rates (ECB key rate) are above 1%, and between 3 to 10 years when market interest rates are equal to or below 1%

Rental activities in Finland	2020	2019
Average rent of rental apartments, EUR/m2/month, at the end of review period	17.51	17.23
Economic occupancy rate, %	96.7	98.1
Turnover of rental apartments, %	32.6	29.6

SATOhomes	2020	2019
Number of properties	748	745
Total number of apartments	26,792	26,074
Average size of apartment, m ²	54.2	54.6
Fair value of investment property MEUR	4,753.5	4,657.9
Net rental income MEUR	220.3	207.1

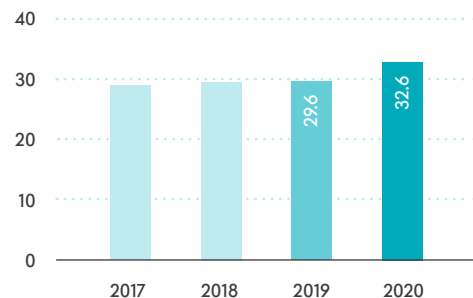
SATOhomes in St Petersburg	2020	2019
Number of properties	13	13
Total number of apartments	533	534
Average size of apartment, m ²	70.12	70.24
Fair value of investment property MEUR	102.7	124.0
Net rental income MEUR	2.8	3.0

Plot reserves	2020	2019
Plot reserves MEUR	59.0	63.1
Plot purchased MEUR	3.0	37
Total permitted building volume in the plot reserve, floor-m ²	145,400	141,900
Owned plots transferred to production or sold MEUR	10.6	12.2

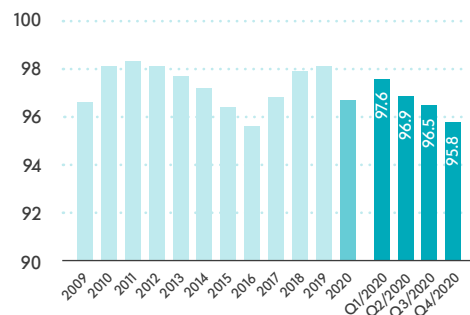
New production	2020	2019
Completed in Finland, units	868	353
Rental apartments	769	321
Owner-occupied apartments	63	32
FlexHomes	36	
Under Construction on 31 December, units	385	868
Rental apartments	314	769
Owner occupied apartments	71	99
Unsold owner-occupied apartments, by 31 December, units	71	36
Completed	0	0
Under construction	71	36

Repairs	2020	2019
Apartments and property repairs, MEUR	73.7	73.9
Repair investments, MEUR	57.0	54.6
Repair subsidies received, MEUR	0.2	0

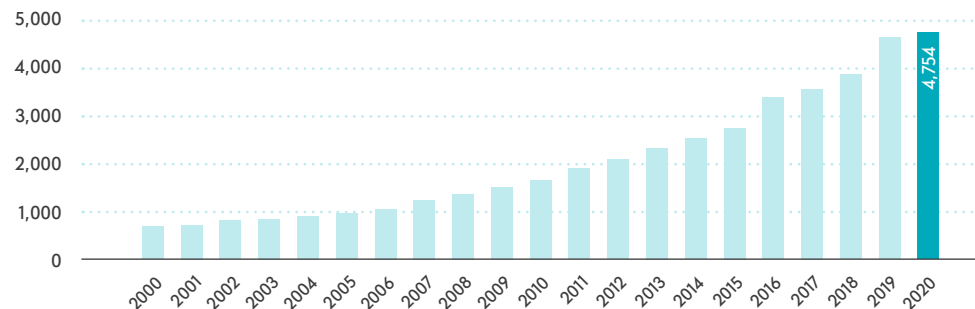
External tenant turnover, %



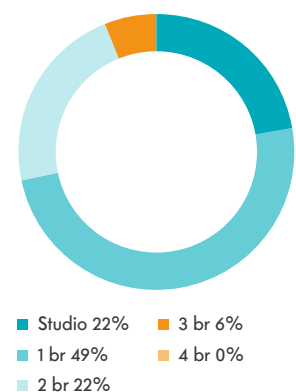
Financial occupancy rate of rental housing, %



Trend in the investment property portfolio value, MEUR

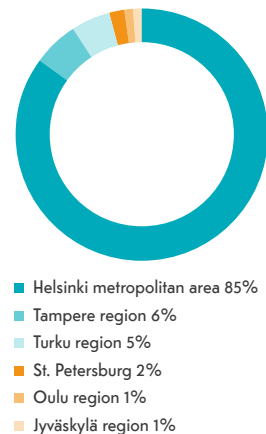


SATO's owned rental homes 31 Dec 2020, %



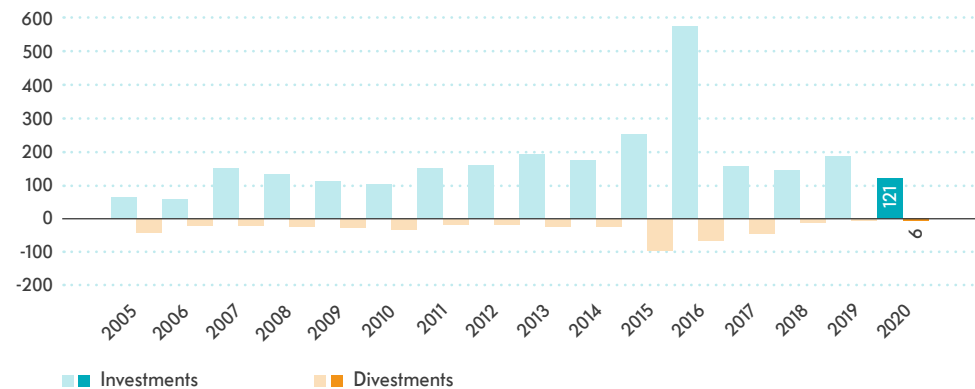
On 31 December 2020, SATO had 314 rental apartments under construction in Finland, and 769 rental apartments were completed for the SATO Group in Finland during the year.

Regional distribution of the housing portfolio, 31 Dec 2020



Total housing portfolio MEUR 4,615

Housing investments and divestments, MEUR



December 2020, binding purchase agreements in Finland totalled EUR 55.3 (40.9) million.

During the review period, 68 (29) rental apartments were divested in Finland. Their total value was EUR 5.7 (5.9) million.

The book value of plot reserves totalled EUR 59.0 (63.1) million at the end of December. The value of new plots acquired by the end of December totalled EUR 3.0 (37.0) million.

The permitted building volume for about 2,300 apartments is being developed for the plots in the company's housing portfolio. This allows SATO to utilise existing infrastructure, create a denser urban structure and thus bring more customers closer to services and public transport connections.

We collaborate with cities when areas are being developed and new housing is planned for them. During the reporting year, we continued to develop the Soukka area of Espoo and the "Myyr York Downtown" Myyrmäki and Hakunila areas of Vantaa. In 2020, we concluded a preliminary contract to acquire three plots located in the Lasihytti area, south of the railway line, in the Kauklahti district of Espoo. Under a local plan revision, an urban residential area for which SATO is planning to build rental apartments is being planned for the current Lasihytti industrial area. We also signed a preliminary contract on a property transaction for a future block of apartment buildings in the Viikki area of Helsinki. Once the city plan is approved, the intention is to build roughly 200 new rental homes and 100 FlexHomes. A proposal called ITIS SITI by SATO's working group won second prize in the international idea and architecture competition organised by the

City of Helsinki, and it was chosen as the basis for continuing the development of Puhos and Puotila.

During the year under review, 769 (321) rental apartments, 63 (32) owner-occupied apartments and 36 FlexHome apartments were completed in Finland. On 31 December 2020, a total of 314 (769) rental apartments and 71 (99) owner-occupied apartments were under construction.

A total of EUR 73.7 (73.9) million was spent on repairing apartments and improving their quality.

SATO had a total of 533 (534) apartments in St. Petersburg at the end of the year. The economic occupancy rate of rental apartments in St. Petersburg was 91.8 (92.8) per cent on average. For the time being, SATO will refrain from making new investment decisions in Russia. The share of investments in Russia is limited to a maximum of 10 per cent of the Group's housing assets.

SUSTAINABILITY

Our sustainability work is guided by SATO's strategy and our sustainability programme for 2019–2022, which emphasises carbon-neutral cities and the well-being of residents and neighbourhoods.

We focussed on improving residents' living comfort and reducing energy consumption with the help of artificial intelligence. During the reporting year, we installed some 3,000 sensors to measure temperature and humidity in apartments. Our building electricity during the year was generated from wind power and was emission-free.

Our goal is to reduce mixed waste and increase recycling and sorting. We did not fully succeed

in this goal during the year under review, as providing residents with guidance in recycling and sorting in the buildings was not possible due to the pandemic. In addition, the increase in online shopping during the pandemic meant higher volumes of, for instance, board waste.

During the reporting year, in our fixed furniture in dry spaces we switched to Finnish furniture that takes the product's life cycle and the low emissions of the indoor air classification into account. In our product development, we also designed a new set of Finnish furniture for SATO's club rooms.

During the reporting year, we continued to develop an operating model related to housing health and safety. The operating model focusses particularly on a quick response rate, keeping customers informed, and the flow of information.

During the reporting year, we collaborated on a project with the non-profit organisations No Fixed Abode and the Rehabilitation Foundation to help participants in the project find two of life's essentials – a home and a job. By the end of the reporting year, 13 people who had participated in the project were living in a SATOhome.

We were again successful in the Global Real Estate Sustainability Benchmark (GRESB) and retained our four out of five stars with 78 points.

SATO reports on its sustainability annually in accordance with the Global Reporting Initiative's (GRI) reporting guidelines, and the environmental sustainability figures presented in the report have been verified by an independent third party, i.e. KPMG Oy Ab.

In spring 2020, we launched the Green Finance Framework, which integrates SATO's sustainability targets with its financing arrangements. The framework is based on the company's strategy and the sustainability programme that was launched in 2019.

In September 2020, SATO issued a EUR 350 million unsecured green bond with a maturity of seven years. This is our first green bond, and we are using the cash proceeds from the bond to finance and/or refinance sites in accordance with our Green Finance Framework.

In addition, in December 2020, we concluded new committed credit facilities without asset-based securities valued at a total of EUR 350 million with five financial institutions; the credit facilities have a three-year maturity with two one-year extension options, and their interest rate margin is tied to the achievement of SATO's main sustainability objectives.

The Corporate Governance Statement is published separately from the Report of the Board of Directors. SATO's Corporate Governance Statement, Code of Conduct and sustainability programme are available at [sato.fi](https://www.sato.fi).

ENVIRONMENTAL IMPACTS

We reduce the load on the environment by regularly taking care of and repairing homes and properties according to the life-cycle principle, and by building properties primarily in existing urban environments and near good transport connections.

Legislation governing the energy efficiency of residential buildings requires an energy efficiency figure of 90 for new buildings. SATO is commit-

ted to building markedly more energy-efficient buildings, with our energy efficiency figure target being 81 for new buildings.

We are committed to the Energy Efficiency Agreement targets for the property sector, aiming for a reduction in the total consumption of electricity and heat of 10.5 per cent between 2015 and 2025.

During the reporting year, we continued to invest in energy efficiency and water conservation in SATOhomes. We did not, however, succeed in our water-saving objectives during the reporting year. Because of the pandemic, we were not able to implement all savings measures, in addition to which, water consumption grew as residents spent more time in their homes than usual.

During the year under review, specific energy consumption decreased by 3.8 per cent, specific electricity consumption increased by 8.2 per cent and specific water consumption increased by 1.2 per cent compared to 2019. Rated emissions from SATO's apartments fell by 12.1 per cent compared to 2019 and were 23.2 (26.4) carbon dioxide equivalent kilograms per square metre. Emissions are calculated according to the absolute consumption of district heating. Electricity was generated from emission-free wind power.

The Group's environmental programme has been incorporated into the sustainability programme and is available in its entirety at sato.fi.

DEVELOPMENT ACTIVITIES

SATO's development activities were focussed

during the reporting year on further improving our customer-care processes with the goal of serving our customers in the best possible way.

We also developed new housing concepts. We launched a new form of short-term part ownership housing, called FlexHome, which opens the door to home ownership with a small initial capital outlay. The first FlexHome was completed in the Tali neighbourhood of Helsinki in summer 2020.

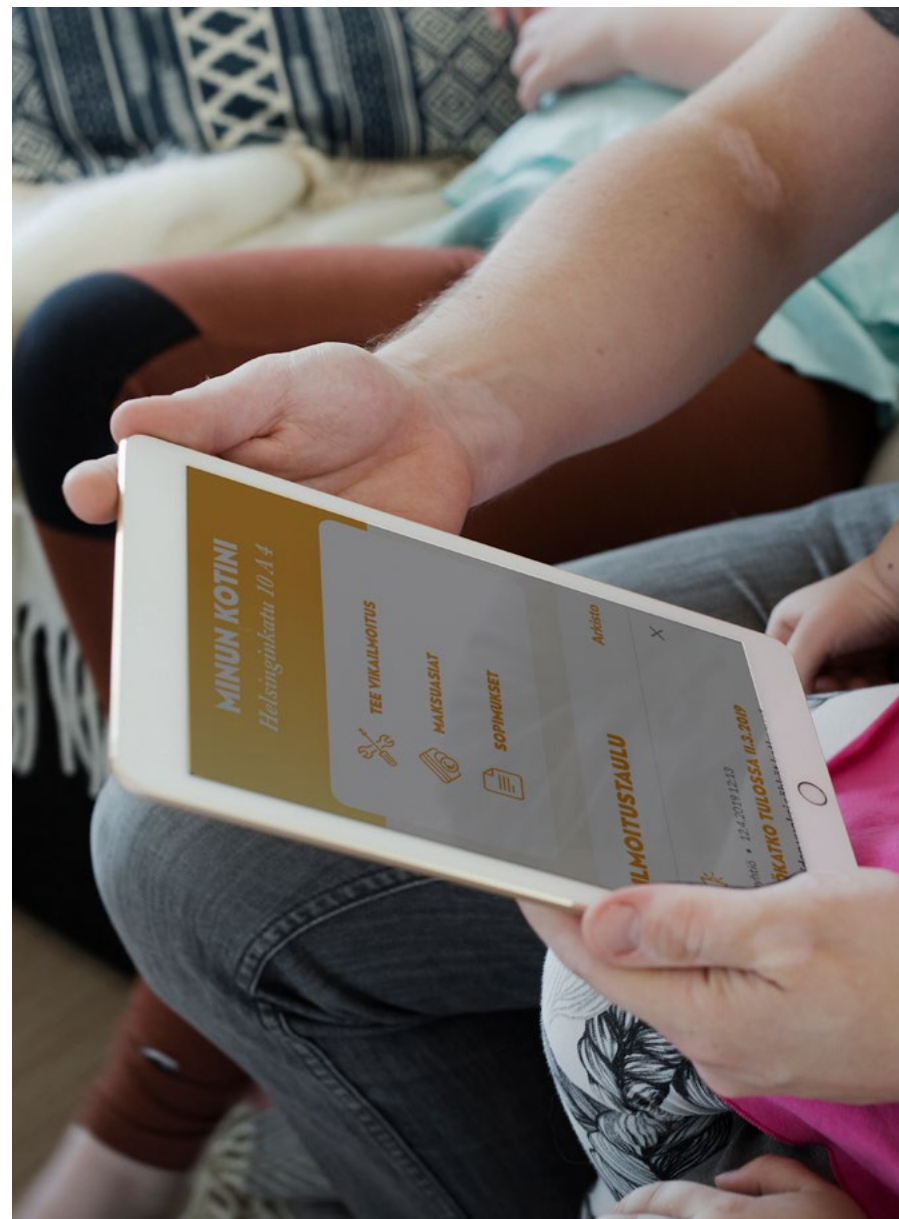
We continued the planning principle that was introduced last year, according to which studios are no longer bordered with supporting walls. This means that apartment distribution in the building can later be modified by joining studios with two- or three-bedroom apartments if demand shifts to larger apartments.

In digital development, we unified our online services for our customers for even more fluent service. The digital OmaSATO service allows our residents, for example, to check their contract and payment details, read their building's notices, report defects and send messages to customer service.

A total of EUR 1.4 (1.2) million was spent on development, corresponding to approximately 0.5 per cent of net sales.

EVENTS AFTER THE REVIEW PERIOD

There are no significant events following the review period.



SATO is committed to building markedly more energy-efficient buildings that legislation requires.

RISK MANAGEMENT

Risk management is used to ensure that risks impacting the company's business are identified, managed and monitored.

The main risks of SATO's business are risks related to the business environment and financial risks.

A risk affecting the operating environment in the immediate future is the coronavirus pandemic, whose duration and impact on the Finnish economy are difficult to estimate. A prolonged coronavirus pandemic may have a major negative impact on economic growth, business activity and employment in Finland, not to mention work productivity. Such economic or business deterioration, as well as quarantines or other restrictive measures, may have an adverse impact on the financial result or operations of SATO's properties, not to mention on financing costs or values. In an effort to minimise the negative business impacts of the pandemic, the company has focussed on maintaining a safe work environment, boosting sales and strict cost control.

The most significant risks in the renting of apartments are related to economic cycles and fluctuations in demand. A clear weakening in the housing market could have a negative impact on the market value of SATO's housing portfolio.

In accordance with its strategy, SATO focusses its investments on growth centres, thus ensuring the rental potential of its apartments and the development of their value.

Changes in official regulations and legislation, as well as the uncertainty stemming from them, may have a significant impact on the reliability of the investment environment and thus on SATO's business. SATO monitors and anticipates these changes and also calls attention to what it considers to be negative impacts of regulation.

The management of financial risks is steered by the Group's financial policy. Our financial risk management principles have been defined in the financial policy approved by SATO's Board of Directors. Our most significant financial risks relate to liquidity, refinancing and interest rates. We manage our liquidity and refinancing risks by diversifying the financing sources and maturity of our loan portfolio, and by holding sufficient liquidity reserves in the form of committed credit facilities and other long-term financing commitments. The company established a EUR 1.5 billion Euro Medium Term Note (EMTN) bond programme in 2019.

The means for managing the liquidity risk at SATO include cash assets, a bank account limit, committed credit facilities of EUR 600 million and a commercial paper programme of EUR 400 million. We increase the amount of reserves as the funding requirements grow. Our objective is to keep the liquidity requirements of the next 12 months covered by committed agreements.

Floating rate loans form an interest rate risk which we manage by balancing the share of fixed and

floating rate loans either by issuing fixed rate loans or by interest rate hedges. According to our treasury policy, our objective is to keep the ratio of fixed rate loans at over 60 per cent of debt portfolio after interest hedging.

There are risks related to the business environment in our St. Petersburg operations, including currency risk. The consolidation of foreign currency-denominated assets in the consolidated financial statements also involves a translation risk. Possibilities of hedging the translation risk are evaluated in accordance with our financial policy. For the time being, SATO will refrain from making new investments in Russia.

A more detailed description of risks and risk management is available on the Group's website www.sato.fi.

PENDING LEGAL ACTIONS

SATO has no official procedures, legal actions or arbitration proceedings pending that would have a significant impact on the company's financial standing or profitability, and SATO is not aware of any threat of such proceedings.

SHARES

On 31 December 2020, the share capital of SATO Corporation was EUR 4,442,192.00 and there were 56,783,067 shares. The company has one series of shares. The shares are included in the book-entry system maintained by Euroclear Finland Oy.

SATO Corporation holds 160,000 treasury shares. This represents 0.3 per cent of all shares and the votes they confer.

On 31 December 2020, the Board of Directors did not have authorisation to acquire or issue the company's own shares.

On 31 December 2020, the Board members or the CEO of SATO Corporation did not hold any shares in the company.

PERSONNEL

At the end of December, the Group employed 242 (229) people, 226 (212) of whom had a permanent employment contract. The average number of personnel was 229 (223) during the reporting year. The Group's salaries and remunerations in 2020 totalled EUR 15.3 (15.8) million.

SHAREHOLDERS' NOMINATION COMMITTEE

The Shareholders' Nomination Committee consists of representatives of SATO's four largest shareholders registered in the book-entry system on 1 October. If a shareholder chooses not to exercise their nomination right, the right will pass on to the next largest shareholder. The State Pension Fund, the company's fourth largest shareholder, did not exercise its nomination right, and the right was passed to the Finnish Construction Trade Union, the fifth largest shareholder. The Committee consisted of representatives of the following shareholders: Balder Finska Otas AB (Erik Selin), Stichting Depositary APG Strategic Real Estate Pool (Hans Spikker), Elo Mutual Pension Insurance Company (Hanna Hiidenpalo) and the Finnish Construction Trade Union (Matti Harjunemi).

BOARD OF DIRECTORS, CEO AND AUDITORS

The Annual General Meeting held on 23 June 2020 confirmed that the Board of Directors consists of six members.

In 2020, the members of SATO's Board of Directors were chairman Erik Selin, deputy chairman Jukka Hienonen and ordinary members Esa Lager, Tarja Pääkkönen, Johannes (Hans) Spikker and Timo Stenius. In addition, Marcus Hansson was a member of the Board until the Annual General Meeting on 23 June 2020.

The Board of Directors convened 14 times in 2020. The Board's work is supported by the Nomination and Remuneration Committee.

SATO Corporation's CEO until 18 December 2020 was Sharam Rahi, and as of 18 December 2020, SATO's CEO has been Antti Aarnio, M.Sc. (Tech.).

As the company's auditor, the Annual General Meeting selected the audit firm Deloitte Oy, which appointed APA Eero Lumme as the auditor in charge. The auditor's term in office is the financial year, and the auditor's duties end at the closing of the next Annual General Meeting.

MEMBERS OF THE MANAGEMENT GROUP

During the 2020 reporting year, the members of SATO's Management Group were CEO Sharam Rahi (until 18 December 2020); EVP, Rental Hous-

ing Business and investments, and CEO as of 18 December 2020, Antti Aarnio; Antti Asteljoki (VP Housing business until 4 February 2020); Miia Eloranta (EVP, Marketing and Communications until 3 December 2020); and CFO Markku Honkasalo.

OUTLOOK

In the operating environment, SATO's business activities are mainly affected by urbanisation, housing policies, consumer confidence, the development of purchasing power, the rent and price development for apartments, general competition and interest rates.

Finland's economy will begin to recover once the uncertainty caused by the pandemic subsides, which is expected to take place in the course of 2021. According to the Bank of Finland's December forecast, Finland's economy will contract by just under 4 per cent in 2020. Economic recovery is expected to begin in the course of 2021, and the GDP is expected to grow by more than 2 per cent during the year. There is, however, major uncertainty in the economic outlook concerning how fast the pandemic can be brought under control. As a consequence of the uncertainty, SATO's economic occupancy rate weakened slightly in 2020 compared to 2019. SATO's investments to develop digital services and increase its customer presence are expected to have a positive impact on the occupancy rate in the medium term. Interest rates are expected to remain low in 2021, which will have a positive impact on SATO's financing costs.

Continuous urbanisation provides good long-term conditions for sustained investments in SATO's main operating areas in Finland. Net migration is expected to represent the largest share of the population increase in SATO's operating areas. Some 80 per cent of SATO's housing stock is located in the Helsinki metropolitan area, where price development is expected to be more positive than in the rest of Finland.

Record-high housing construction will decrease in the coming years as a consequence of a drop in the number of construction permit applications, however with major regional differences.

In line with its majority shareholder's operating model, SATO Corporation will not publish guidance on its 2021 earnings. The parent company of Balder Finska Ota AB is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFIT

On 31 December 2020, the parent company's distributable equity was EUR 370,154,150.83, of which profit for the period was EUR 58,039,315.77. The company had 56,623,067 outstanding shares entitling to dividends for year 2020.

According to our dividend policy, annual dividends are at most 40 per cent of our cash flow from operations, depending on the market situation, investment level, the development of the equity ratio and the solvency ratio.

Continuous urbanisation provides good long-term conditions for sustained investments in SATO's main operating areas in Finland.

The Board of Directors proposes to the Annual General Meeting that EUR 0.50 per share is paid in dividends for the 2020 financial period (EUR 0.00/share for 2019), EUR 28,311,533.50 in total, and that EUR 29,727,782.27 be transferred to retained earnings.

No material changes have taken place in the company's financial position since the end of the financial year. The company's liquidity is good, and in the Board of Directors' view, the proposed distribution of profit will not compromise the company's solvency.

DISTRIBUTION OF SHARES ON 31 DECEMBER 2020

Shareholder	Number of shares	%
Balder Finska Ota AB (Fastighets AB Balder)	31,696,745	55.8
Stichting Depositary APG Strategic Real Estate Pool	12,811,647	22.6
Elo Mutual Pension Insurance Company	7,233,081	12.7
The State Pension Fund	2,796,200	4.9
Valkila Erkka	390,000	0.7
Hengityssairauksien tutkimussäätiö	227,000	0.4
SATO Corporation	160,000	0.3
Entelä Tuula	159,000	0.3
Heinonen Erkki	156,684	0.3
Tradeka Invest Ltd	126,500	0.2
Others (110 shareholders)	1,020,210	1.8

On 31 December 2020, the Group had 120 shareholders entered in the book-entry register. The turnover of SATO Corporation's shares was 1.88 per cent during the reporting year.

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Net sales	3	303.4	295.6
Property maintenance expenses		-83.0	-88.5
Net rental income		220.3	207.1
Fair value change of investment properties, realised	4, 13	3.0	1.0
Fair value change of investment properties, unrealised	13	-13.0	552.2
Sales, marketing and administrative expenses	6, 7, 8, 9	-30.6	-32.6
Other operating income	5	1.7	1.9
Other operating expenses	5	-2.0	-4.3
Share of profit of associated companies and joint ventures		0.0	0.2
Operating profit		179.6	725.6
Financial income	10	0.6	0.9
Financial expenses	10	-50.7	-56.0
		-50.0	-55.1
Profit before tax		129.5	670.5
Income tax expenses	11	-27.6	-135.5
Profit for the period		101.9	534.9
Profit for the period attributable to			
Equity holders of the parent		101.9	535.0
Non-controlling interests		0.0	0.0
		101.9	534.9
Earnings per share attributable to equity holders of the parent	12		
Basic, EUR		1.80	9.45
Diluted, EUR		1.80	9.45
Average number of shares, million		56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Other comprehensive income		
Remeasurement of defined benefit liability, net of tax	0.0	0.0
Related tax	0.0	0.0
Items that will never be reclassified to income statement	0.0	0.0
Cash flow hedges	27	-2.4
Translation differences	-0.1	0.1
Related tax	0.5	1.3
Items that may be reclassified subsequently to income statement	-2.0	-5.2
Other comprehensive income, net of tax	-2.0	-5.2
Total comprehensive income	99.9	529.7
Comprehensive income attributable to		
Equity holders of the parent	99.9	529.7
Non-controlling interest	0.0	0.0
	99.9	529.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Investment property	13	4,753.5	4,657.9
Tangible assets	14	2.8	3.2
Intangible assets	9, 15	4.0	3.7
Investments in associated companies	17	0.1	0.2
Other non-current investments	18, 19	1.0	1.1
Other right-of-use assets	16	6.6	7.7
Non-current receivables	20, 27	2.8	6.3
Deferred tax assets	21	14.2	14.2
Total		4,785.1	4,694.4
Current assets			
Account and other receivables	22	58.6	10.9
Current tax assets		2.9	7.9
Cash and cash equivalents	18, 23	258.0	5.0
Total		319.6	23.8
TOTAL ASSETS		5,104.7	4,718.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		4.4	4.4
Fair value and other reserves		-31.7	-29.8
Reserve fund		43.7	43.7
Reserve for invested non-restricted equity		114.8	114.8
Retained earnings		2,024.6	1,922.8
Total	24	2,155.9	2,055.9
Non-controlling interests		-0.2	-0.2
TOTAL SHAREHOLDERS' EQUITY		2,155.7	2,055.8

MEUR	note	31 Dec 2020	31 Dec 2019
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	21	387.2	387.4
Provisions	28	1.9	1.6
Lease liabilities	16	54.0	53.0
Derivative liabilities	18, 27	39.1	46.7
Long-term non-interest bearing liabilities	25	0.9	0.0
Long-term interest bearing liabilities	18, 26	2,075.6	1,673.8
Total		2,558.7	2,162.4
Current liabilities			
Accounts payable and other liabilities	29	72.4	65.3
Provisions	28	1.7	2.8
Lease liabilities	16	4.9	4.7
Current tax liabilities		5.4	2.6
Short-term interest bearing liabilities	18, 26	305.9	424.6
Total		390.3	500.0
TOTAL LIABILITIES		2,949.0	2,662.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,104.7	4,718.2

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

MEUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Cash flow from operating activities			
Profit for the period		101.9	534.9
Adjustments:			
Non-cash items included in the profit	31	15.3	-549.3
Gains and losses on sales of investment properties and fixed assets		-3.1	-1.1
Other adjustments		0.1	0.4
Interest expenses and other financial expenses	10	50.7	56.0
Interest income	10	-0.6	-0.8
Dividend income		0.0	0.0
Income taxes	11	27.6	135.5
Cash flow before change in net working capital		191.7	175.6
Change in net working capital:			
Changes in accounts receivable and other receivables		-8.7	2.3
Change in accounts payable and other liabilities		-2.1	0.2
Interest paid		-44.5	-58.8
Interest received		1.3	0.7
Taxes paid		-19.6	-27.3
Net cash flow from operating activities		118.3	92.8
Cash flow from investing activities			
Investments in investment properties		-130.4	-211.3
Net investment in tangible and intangible assets		-1.7	-3.4
Cash receipts from loans receivable and debt securities		-4.1	0.8
Loans granted and investments in debt securities		-33.4	0.0
Disposals of investment property		21.7	28.1
Net cash flow from investing activities		-147.9	-185.9

MEUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Cash flow from financing activities			
Repayments (-) / withdrawals (+) of current loans		-227.5	50.1
Withdrawals of non-current loans		766.5	657.2
Repayments of non-current loans		-254.5	-583.9
Repayments of lease liabilities		-1.8	-2.5
Repayment of capital and dividends paid	24	0.0	-28.3
Net cash flow from financing activities		282.7	92.6
Change in cash and cash equivalents		253.1	-0.5
Cash and cash equivalents at the beginning of period		5.0	5.4
Effect of exchange rate fluctuations on cash held		-0.1	0.1
Cash M&A		0.0	0.0
Cash and cash equivalents at the end of period		258.0	5.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY, IFRS

MEUR	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings			
Shareholders' equity 1 Jan 2019	4.4	-24.4	43.7	114.8	1,416.1	1,554.6	-0.1	1,554.5
Comprehensive income:								
Cash flow hedges, net of tax	-	-5.3	-	-	-	-5.3	-	-5.3
Translation differences	-	-	-	-	0.1	0.1	-	0.1
Profit for the period	-	-	-	-	535.0	535.0	0.0	534.9
Total comprehensive income	0.0	-5.3	0.0	0.0	535.0	529.7	0.0	529.7
Transactions with shareholders:								
Dividend	-	-	-	-	-28.3	-28.3	-	-28.3
Transaction with shareholders, total	0.0	0.0	0.0	0.0	-28.3	-28.3	0.0	-28.3
Other adjustments	-	0.0	-	-	-	0.0	-	0.0
Total of equity movements	0.0	-5.4	0.0	0.0	506.7	501.4	0.0	501.4
Shareholders' equity 31 Dec 2019	4.4	-29.8	43.7	114.8	1,922.8	2,055.9	-0.2	2,055.8

MEUR	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings			
Shareholders' equity 1 Jan 2020	4.4	-29.8	43.7	114.8	1,922.8	2,055.9	-0.2	2,055.8
Comprehensive income:								
Cash flow hedges, net of tax	-	-1.9	-	-	-	-1.9	-	-1.9
Translation differences	-	-	-	-	-0.1	-0.1	-	-0.1
Profit for the period	-	-	-	-	101.9	101.9	0.0	101.9
Total comprehensive income	0.0	-1.9	0.0	0.0	101.8	99.9	0.0	99.9
Transactions with shareholders:								
Dividend	-	-	-	-	0.0	0.0	-	0.0
Transaction with shareholders, total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments	-	-	-	-	0.0	0.0	-	0.0
Total of equity movements	0.0	-1.9	0.0	0.0	101.8	99.9	0.0	99.9
Shareholders' equity 31 Dec 2020	4.4	-31.7	43.7	114.8	2,024.6	2,155.9	-0.2	2,155.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

I. ACCOUNTING PRINCIPLES

General company information

SATO Corporation is a Finnish public limited company domiciled in Helsinki, Finland. SATO's registered address is Panuntie 4, 00600 Helsinki. SATO Corporation and its subsidiaries together form the consolidated SATO Group ("SATO" or "the Group").

The Board of Directors has approved the consolidated financial statements on 10 February 2021. A copy of the consolidated financial statements may be obtained from the abovementioned address and at www.sato.fi.

SATO provides housing solutions and its operations primarily consist of investment in housing properties. The focus of the Group's operations is in the largest growth centres, and approximately 80 per cent of its investment property is located in the Helsinki region. The rest of the operations are located in Tampere, Turku, Oulu, Jyväskylä and St. Petersburg.

SATO's housing investments include both privately financed and state-subsidised housing assets. In respect of the latter SATO's business is affected by special features of non-profit activities, which are the result of restrictions set on the company's business for state-subsidised housing construction. The non-profit restrictions affect owner organisations through, inter alia, restrictions on distribution of the profit, divestment and risk-taking as well as through the prohibition on lending and providing collateral. Housing is also affected by property-specific, fixed-term restrictions, which apply to matters such as the use and handover of apartments, the selection

of the residents, and the setting of rent. In respect of non-profit activities, SATO's supervisory authorities are the Housing Fund of Finland (ARA), the State Treasury and the Ministry of the Environment, as well as local authorities in matters concerning the selection of residents.

General accounting principles

SATO's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union observing the standards and interpretations effective on 31 December 2020. The notes to the consolidated financial statements are also in compliance with the Finnish accounting principles and corporate legislation.

The information in the financial statements is stated in millions of euros. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure.

The preparation of IFRS financial statements requires judgement by the management in applying the accounting principles and making certain estimates and assumptions that are subject to uncertainty.

In note 2, information is given on key areas where management judgements or uncertainty factors in estimates and assumptions may cause the most significant effects on the figures presented.

New accounting standards and changes in accounting principles

From the beginning of the year 2020, the Group has adopted new or amended IFRS's and IFRIC

interpretations, as described in the section "New and amended standards applied in financial year ended".

Principles of consolidation

The consolidated financial statements are a consolidation of the financial statements of the parent company and the subsidiaries. Subsidiaries are companies over which the parent company has control. Control over a subsidiary is presumed to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Acquired subsidiaries are included in the consolidated financial statements from the date of acquisitions until the control ends. Acquired companies are included in the financial statements using the acquisition cost method. The net assets of the acquired company at the acquisition date are booked at the fair value of the land areas and buildings. Acquisitions of real property are generally treated as acquisitions of asset items.

All intra-group transactions, internal receivables and payables, in addition to profit on internal transactions and the distribution of profit between Group companies are eliminated as part of the consolidation process.

Mutual property companies and housing companies, in which the rights of control over specified apartments are determined by shareholdings, are treated as joint operations in the consolidated financial statements. In a joint operation, SATO has rights to the assets and obligations for the liabilities of the arrangement. Joint operations are accounted

for in the consolidated financial statements in the manner prescribed in the IFRS 11 Joint Arrangements standard, by recognising SATO's assets and liabilities in the arrangement, including its share of joint assets and liabilities, and its revenue and expenses, including its share of joint revenue and expenses. Joint ventures, in which the Group and another party have joint control in the arrangement and which give the Group rights to the net assets of the arrangement, are consolidated in SATO's consolidated financial statements in accordance with IFRS 11, i.e. by the equity method.

In SATO's consolidated financial statements, the housing companies that own so-called shared ownership apartments are treated as structured entities. These are not included in the consolidated financial statements insofar as the companies are considered to be arrangements outside of SATO's operations, the purpose of which is to act on behalf of the people who have invested in shared ownership apartments. Those involved in the ownership arrangements are entitled to purchase the apartment for themselves after an agreed period and thus to benefit from any rise in the apartment's value. SATO handles the governance and building management of the shared ownership properties.

Transactions denominated in foreign currencies

The financial statements of the Group entities are based on their primary functional currencies of the economic environment where the companies are operating. The presentation currency of the financial statements is the euro, which is also the functional currency of the parent company.

Transactions in foreign currencies are translated in the functional currency using the exchange rate of the date of transactions. At the end of the accounting period all open balances of assets and liabilities denominated in foreign currencies are translated into euros at the closing date exchange rate.

Receivables and liabilities denominated in a foreign currency are translated using period-end exchange rates. Foreign exchange gains and losses related to the primary business are treated as adjustments to income or expenses. Investment-related foreign exchange gains and losses are treated as adjustments to investments. Financial foreign exchange gains and losses are reported under financial income and expenses. Foreign exchange gains and losses from translation of other assets and liabilities are reported in income statement. Unrealised gains and losses related to cash flow hedges are reported in other comprehensive income.

The statements of income of foreign subsidiaries, whose functional currency is not the euro, are translated into euros based on the average exchange rate of the accounting period. Items in the statement of financial position, with the exception of income for the accounting period, are translated into euros at the closing-date exchange rate. Exchange rate differences arising from investments in subsidiaries with non-euro currency, as well as the exchange rate differences resulting from translating income and expenses at the average rates and assets and liabilities at the closing rate, are recorded in translation differences under equity. Respective changes during the period are presented in other comprehensive income.

Translation differences from acquisition cost eliminations and post-acquisition profits and losses of foreign operations outside the euro area are recognised in the statement of comprehensive income. The cumulative translation differences related to foreign operations are reclassified from equity to statement of income upon the disposal of the foreign operation.

Investment property

As defined in the IAS 40 *Investment Property standard*, investment properties are properties of which the Group retains possession to obtain rental income or appreciation in value and which are not occupied for use by the Group or for its operations, nor for sale in the ordinary course of business. Investment properties also include right-of-use assets that are classified as investment property based on their nature (right-of-use investment property), such as land leases. Housing companies that own so-called shared ownership apartments are treated by the Group as structured entities and thus not classified as investment property under IAS 40.

At initial recognition, owned investment properties are measured at acquisition value, which includes transaction costs. Subsequently, investment properties are valued at fair value in accordance with IAS 40 and IFRS 13 *Fair value measurement*. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. Fair value of an investment property represents the price that would be received for the property in an orderly transaction, taking place in the local (principal) market at the reporting date, considering the condition and location of the property.

Some of SATO's investment properties are subject to legislative and usage restrictions. The so-called non-profit restrictions apply to the owning company and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent limitations on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include the use of apartments, the selection of residents, the setting of rent and divestment of apartments, and they are fixed-term.

Investment properties financed with ARAVA loans and interest-subsidised loans, are initially measured at acquisition cost, including the transaction costs. Subsequently, they are valued at the acquisition cost, plus accumulated investments and less accumulated depreciation and impairments. Unbuilt land and development projects, whose realisation is uncertain, are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably.

Right-of-use investment properties are measured at cost upon their recognition, and subsequently at fair value in accordance with IFRS 16 and IAS 40 standards. The valuation is based on the present value of future contractual lease payments, which is deemed to represent the fair value of the right-of-use assets arising from the lease agreements.

The fair values of owned investment properties are based on the following:

- the income value method is used for investment properties in Finland that are currently let to tenants and can be sold without restrictions or that can be sold as entire properties and to a restricted group of buyers;

- sales comparison method is used for the investment properties in St Petersburg (valuation prepared by an external appraiser); and
- the fair values of properties funded with ARAVA loans or interest-subsidised loans, as well as unbuilt land and development projects, whose realisation is uncertain, are estimated to be same as the remaining acquisition cost.

See further information on investment property valuation methods and related assumptions in notes 2 and 13.

An investment property is derecognised from the balance sheet when it is handed over or when the investment property is permanently removed from use and no future economic use can be expected from the handover. The profits and losses from divestments or removals from use of investment properties are presented on separate lines in the profit and loss account.

Tangible assets

Tangible assets are valued at the original acquisition cost less accumulated depreciation and impairments. Other tangible assets are depreciated with the straight-line method over their estimated economic lives, which are as follows:

Machinery and equipment 5–10 years
Other tangible assets 3–6 years

The economic life and residual value of assets are reassessed at each year-end. Changes in the future economic benefits found in the assessment are taken into account by adjusting the economic life and residual value of the assets. Profits and losses arising from sales and divestments of tangible assets are booked in the profit and loss account and presented as other income and expenses of business operations.

Intangible assets

An intangible asset is recognised in the balance sheet only if the asset is identifiable, its cost can be measured reliably and it is likely that an expected economic benefit attributable to the asset will flow to the Group.

An intangible asset is valued at the original acquisition cost less amortisation and any impairment. Intangible assets consist largely of computer software, which is subjected to straight-line amortisation over 3–6 years.

Lease agreements (SATO as lessee)

SATO applies IFRS 16 *Leases* in its accounting for lease agreements. The Group makes assessment of whether an agreement is a lease agreement in the scope of the standard, and recognises, at the commencement date of the lease, a right-of-use asset and a lease liability (except for short-term leases and leases of low-value assets).

Based on their purpose, right-of-use assets are recognised either in investment properties, to the extent that they are classified as investment property, or in other leased assets.

Other right-of-use assets than those classified as investment property are recognised in the statement of financial position at the amount of the lease liability, including any initial direct costs and excluding any lease incentives received, and they are depreciated over their expected economic lives. The economic life is estimated separately for each asset, based on the duration of the lease and other key terms of the contract, such as extension or purchase options, if applicable. The right-of-use assets classified as investment property are subsequently measured at fair value (see section "Investment property" above). The lease liability is recognised in the statement of financial position at

an amount equal to the discounted present value of future lease payments.

If any extension or purchase options are included in the contract, the Group assesses whether such an option is reasonably certain to be exercised and considers its effect on the economic life and cost of the asset.

The Group applies the recognition exemptions allowed by IFRS 16 and does not recognise short-term lease agreements and lease agreements of low-value assets in the statement of financial position. Leases with a duration of 12 months or less are considered short-term. The lease payments from these agreements are expensed in profit and loss over the lease term.

Further information of the initial application of IFRS 16 can be found below in section "New and amended standards applied in financial year ended".

Lease agreements (SATO as lessor)

Rental income from investment properties is recognised in profit and loss over the lease period and presented in net sales in the income statement. As a lessor, SATO has no agreements classified as financial lease agreements.

Impairment

At the end of each reporting period it is assessed whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount from the asset item is estimated. An asset is impaired if the carrying value exceeds the recoverable amount. An impairment loss is recognised in profit or loss.

When an impairment loss is booked, the economic life of the asset item subject to depreciation is reassessed. The impairment loss booked against

the asset item is cancelled if there is an increase in the value of the assessment used to determine the recoverable amount from the asset item.

However, the increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Financial instruments

SATO's financial assets are classified, in accordance with IFRS 9 *Financial Instruments*, into the following categories: financial assets at fair value through profit and loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and financial assets at amortised cost. The classification is made at the time of the initial recognition and is based on the contractual terms of the instrument and the Group's business model for the type of financial instruments.

Financial liabilities are classified to financial liabilities at amortised cost and financial liabilities at fair value through profit and loss under IFRS 9. The instruments are classified at the time of the initial recognition, based on the purpose of the instrument. Sales and purchases of financial instruments, other than those associated with derivatives, are booked on the clearance date. All derivatives are booked on the balance sheet on the trade date.

Financial assets and liabilities at fair value through profit and loss

The category includes derivative instruments for which hedge accounting in accordance with IFRS 9 is not applied and are hence classified in trading portfolio. These instruments are valued at fair value

and gains and losses arising from changes in the fair value, both realised and unrealised, are recognised in the income statement for the period.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are principally stocks and shares, and they are presented in the statement of financial position in other non-current investments. Investments in listed securities are valued in the financial statements at the prices quoted in an active market at the closing date of the reporting period. Unlisted shares, the fair value of which cannot be determined reliably, are valued at acquisition cost. Unrealised changes in the value of the assets in this class are booked in other comprehensive income, with allowance for the deferred tax. Accumulated changes in fair value are not booked from the fair value reserve to profit and loss until the investment is sold.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative assets, for which the cash flows consist of payments of principal and interest, as applicable, and which are not held for trading purposes. On the statement of financial position, they are included in non-current receivables, accounts receivable and other receivables or cash and cash equivalents, according to their terms.

At initial recognition, loan receivables are measured at fair value including any transaction costs, and they are subsequently measured at amortised cost, using the effective interest rate method. Short-term accounts receivable are initially measured at the transaction value. For impairment of accounts receivable, the Group applies the simplified approach allowed by IFRS 9, whereby it makes an

assessment of the lifetime expected credit losses for its accounts receivable at each reporting date, and based on this assessment, recognises the impairment through profit and loss.

Cash and cash equivalents are comprised of cash in hand, bank accounts and liquid investments with maturities of three months or less at the date of initial recognition. Any credit balances of bank accounts with an overdraft facility are included in current liabilities. The cash and cash equivalents of non-profit companies are kept separate from those of companies not subject to non-profit restrictions.

Financial liabilities at amortised cost

Financial liabilities are initially recognised at fair value of the proceeds less transaction expenses. Subsequently, interest-bearing liabilities are valued at amortised cost using the effective interest method. Financial liabilities are included in non-current and current liabilities and they may be interest-bearing or non-interest-bearing. Interest is accrued in the income statement for the accounting period by the effective interest method.

Derivatives and hedge accounting

All derivatives are originally booked at fair value at the trade date and are subsequently measured at fair value. The accounting treatment of profits and losses depends on the intended use of the derivatives. The Group documents the designation of hedging instruments to hedged items and makes its assessment as to whether the derivatives used for hedging are highly effective in negating the changes in the cash flows of the hedged items. The effectiveness is reviewed both when starting the hedging and at each reporting date. The fair value of derivatives is calculated by discounting the con-

tractual cash flows. The fair value of interest-rate options is calculated by using the market prices at the balance sheet date and option valuation models.

The Group treats derivatives either as cash flow hedges for floating-rate loans or as derivatives for which hedge accounting under IFRS 9 is not applied. Changes in value of derivatives subject to hedge accounting are recorded in other comprehensive income. Gains and losses are transferred to the interest expenses in the income statement at the same time as the interest expenses on the hedged item. Any ineffective part of a hedging relationship is booked immediately in financial expenses. Changes in value of derivatives, for which hedge accounting is not applied, are recorded in profit and loss.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that settling the obligation will require a payment or cause an economic loss, and the amount can be reliably estimated.

The Group recognises a provision for statutory 10-year guarantees related to new apartments sold. The 10-year provision is measured based on prior experience of the realisation of these obligations. In addition, a warranty provision is recognised upon the recognition of revenue from the project. The amount of the warranty provision is based on prior experience of the actual warranty costs and the specific risks related to the project.

A provision for onerous contracts is recognised when the unavoidable costs of settling the obligations exceed the benefits received from the contract.

Principles of income recognition

SATO recognises those income items that are not in the scope of any other standard, according to the revenue recognition principles of IFRS 15 *Revenue from Contracts with Customers*. In addition, the rules in IAS 40 regarding disposals are applied to sale of investment properties. Under IFRS 15, a five-step model is applied to determine when, and at which amount, revenue is recognised. SATO makes an assessment of the performance obligations included in the contract, after which income is recognised when (or as) control is transferred, either over time or at a point in time.

Principles of income recognition for sales of investment property

Sales of the Group's investment property normally consist of a single performance obligation, for which income is recognised at a point in time, when control of the asset is transferred to the buyer. SATO assesses for each transaction whether the contract includes other performance obligations, such as a material financing component, and determines the expected income from them. Income from any additional performance obligations are recognised over time or at a point in time, depending on their nature.

Principles of income recognition for sales of new homes

Income from sales of new homes is recognised at a point in time, when control of the sold asset is transferred to the buyer. The sale of an apartment is considered to form a single performance obligation. In respect of the homes sold during the construction, the risks and benefits are deemed to be transferred on the completion date of the property, whereas for completed homes, they are transferred on the sale date.

Income from services

Income from services, such as property management, is recognised as the service is performed.

Borrowing costs

Borrowing costs are capitalised as part of an asset's acquisition cost when they are due to acquisition, construction or manufacture of a qualifying asset. A qualifying asset is one for which the completion for its intended use or sale will necessarily take a substantial period of time. Other borrowing costs are expensed in the financial year when they have been incurred. Direct transaction costs from the raising of loans, which can be attributed to a particular loan, are included in the cost of the loan and amortised as an interest expense using the effective interest rate method.

Public grants

For SATO, the main form of public support is state-supported interest-subsidised loans and ARAVA loans, in which state-backed housing is funded by low-interest debt subsidised by the government. The real interest on these loans is lower than the interest expenses would be on loans with market terms. The interest benefit obtained through public support is therefore netted into interest expenses in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and is not separately presented as interest income.

Other direct public grants, such as investment grants, are recorded as reductions in the book values of the subsidised assets. The grants received therefore reduce the original acquisition cost of those assets.

Pension arrangements

SATO's current pension arrangements are classified as defined-contribution arrangements. Contributions to defined-contribution pension arrangements are recorded as expenses in profit and loss for the period when they are incurred. The Group has no legal or actual obligation to make further payments if the recipient of the payments is unable to perform the payment of these pension benefits.

Income taxes

Income taxes include the taxes based on the taxable profit for the current year, adjustments to previous years' taxes, and changes in deferred taxes. Deferred tax assets and liabilities are calculated from the differences between the taxational values of assets and liabilities and their carrying values under IFRS. The tax rate approved by the financial statement date is used to determine the deferred taxes. For SATO, the largest temporary differences arise from investment properties measured at fair value through profit and loss and from financial instruments measured at fair value through other comprehensive income. Deferred tax assets are recorded up to the amount, for which it is likely that there will be taxable income in the future, against which the temporary difference can be used.

Net operating income

Net operating income is the sum of net sales less property maintenance expenses.

Operating profit

Operating profit is the net sum obtained from net operating income, by adding gains from divestments of investment properties, the share of the profit of joint ventures and associated companies, and other operating income, and deducting the sales, marketing and administrative expenses,

losses from divestments of investment properties and other operating expenses. Also, it includes the gain or loss from unrealised fair value changes of investment properties. Exchange gains and losses are included in operating profit when they arise from items related to ordinary business operations. Exchange gains and losses attributable to financing are recorded in financial income and expenses.

New and amended standards applied in financial year ended

SATO has applied from 1 January 2020 the following new and amended standards that have become effective:

Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to EURIBOR and STIBOR, which are subject to cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged

cash flows due to the interest rate benchmark reforms.

- The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date. The amendment has not had an impact on SATO's consolidated financial statements as at 31 December 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

The amendments included in Amendments to References to the Conceptual Framework in IFRS Standards include consequential amendments to affected Standards so that they refer to the new Framework.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3: Definition of a Business

The amendments in Definition of a Business (Amendments to IFRS 3) bring clarifications to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The amendments do not have an impact on SATO's consolidated financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to IAS 1 and IAS 8 clarify the definition of "material" and align the definition used in the Conceptual Framework and the standards. The amendments do not have an impact on SATO's consolidated financial statements.

Adoption of new and amended standards and interpretations applicable in upcoming financial years

SATO has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

IFRS 17 Insurance Contracts* (effective for financial years beginning on or after 1 January 2023) and Amendments to IFRS 4 – deferral of IFRS 9

The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This

standard replaces the IFRS 4 standard. In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued an amendment to IFRS 4 granting extension of the temporary exemption from applying IFRS 9 extending the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. The standard is expected to have no impact on SATO's consolidated financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The amendments are expected to have no

impact on SATO's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The amendments are expected to have no impact on SATO's consolidated financial statements.

Amendments to IFRS 3: Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual

period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. The amendments are expected to have no impact on SATO's consolidated financial statements.

Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are expected to have no impact on SATO's consolidated financial statements.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling

that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are expected to have no impact on SATO's consolidated financial statements.

Annual Improvements to IFRS Standards 2018–2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41*

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendment is expected to have no impact on SATO's consolidated financial statements.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after

the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendment is expected to have no impact on SATO's consolidated financial statements.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated. The amendment is expected to have no impact on SATO's consolidated financial statements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendment is expected to have no impact on SATO's consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*

In September 2020, the IASB issued the second phase of the two-phase project on Interest Rate Benchmark Reform. The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments affect the following key areas: changes in the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures.

The amendments provide specific guidance on how to treat financial assets and financial liabilities where the basis for determining the contractual cash flows changes as a result of interest rate benchmark reform. This can include cases where the contractual terms are amended, cases where the contractual terms are not amended but for example where the method for calculating the interest rate benchmark is altered, and cases where an existing contractual term is activated such as when a fallback clause is triggered. As a practical expedient, the amendments require an entity to apply IFRS 9.B5.4.5, such that the change in the basis for determining the contractual cash flows is applied prospectively by revising the effective interest rate (when specific criteria are met). A similar practical expedient is included in IFRS 16. The practical expedient applies when the interest rate benchmark on which lease payments are based is changed as a direct consequence of interest rate benchmark reform and the change is done on an economically equivalent basis.

An entity may apply the hedge accounting requirements of either IFRS 9 or IAS 39 and therefore both Standards have been amended. The amendments to IFRS 9 and IAS 39 introduce an exception to the existing requirements so that changes in the formal designation and documentation of a hedge accounting relationship that are needed to reflect the changes required by interest rate benchmark reform do not result in the discontinuation of hedge accounting or the designation of a new

hedging relationship. These changes to the hedge relationship must be made by the end of the reporting period during which a change required by interest rate benchmark reform occurs (when specific criteria are met).

The amendments also introduce new disclosure requirements to IFRS 7 requiring that an entity provide disclosures that enable a user to understand the nature and extent of risks arising from interest rate benchmark reform, how the entity is managing those risks, its progress in completing the transition from interest rate benchmarks to alternative benchmark interest rates and how it is managing the transition.

The amendments have an impact on the group as the group has financial assets and financial liabilities that are subject to interest rate benchmark reform and applies the hedge accounting requirements in IFRS 9 to hedging relationships that are affected by the reform.

The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted. The amendments are applied retrospectively and include reinstatement of hedge relationship that were discontinued solely due to changes directly required by the reform.

* not yet endorsed for use by the European Union as of 31 December 2020.

2. MANAGEMENT JUDGEMENTS AND KEY ESTIMATES AND ASSUMPTIONS UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

When the financial statements are prepared, making of judgements, estimates and assumptions is required in certain matters, affecting the amounts of assets, liabilities and conditional liabilities on the consolidated statements of financial position as well as the amount of income and expenses in the income statement. The judgements, estimates and assumptions that have the most significant effects on preparation of the financial statements, are presented in the following.

Management judgements

In the process of applying the Group's accounting principles, management has made the following judgements, which have a significant effect on the amounts recognised in the consolidated financial statements.

- Classification of acquisitions. The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of assets. The Group considers whether the acquisition represents a business as defined in IFRS 3 *Business combinations*, i.e. whether an integrated set of activities and processes is acquired in addition to the property. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

- Classification of properties. The Group determines whether a property is classified as investment property or a tangible asset. Investment property comprises land and buildings (primarily housing units) that are not occupied for use by the Group or for its operations, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants. Property in tangible assets comprises other than investment property and they are occupied for use by the Group or for its operations.

Key estimates and assumptions

Estimates and assumptions underlying the financial statements are based on the management's historical experience, the best available information about the events at the reporting date, and other factors, such as expectations concerning the future that are considered reasonable under current circumstances. Due to the uncertainty involved, actual amounts may differ significantly from the estimates used in the financial statements. The changes in estimates, assumptions and the factors affecting them are followed in the Group by using both internal and external sources of information.

Revisions of accounting estimates are recorded for the period in which the estimate is revised if the change in the estimate only affects that period. If the change in the estimate affects both the period in which it is made and subsequent periods, the effect arising from the change in the estimate is correspondingly recorded in current and subsequent periods.

The key estimates and assumptions, which are considered to involve a significant risk of causing a material adjustment in future periods, are described below.

- The fair value of investment property is determined using recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*. Due to the fact that market prices for properties are not observable on a quoted market, the fair value measurement for investment property is performed using indirect valuation techniques that require the use of several assumptions by the Group management. For the majority of the Group's investment property, the fair value measurement is done with income value method, whereby the expected future cash flows of the assets are discounted to their present value. The cash flow forecasts require making estimates and assumptions concerning the future rental income, vacancy, operating expenses and renovation needs of the properties. The discount rate is comprised of the estimated yield and the inflation assumption. More information of the methods and assumptions used by the Group in fair value measurement of investment property are presented in note 13.
- The amount of provisions recognised on property development projects requires estimates of the obligations arising from the projects. The amounts recorded as provisions are based on the management's assessment of the specific risks in each project. Key considerations in the management's assessment include technical, contractual and legal aspects related to the project, as well as the Group's prior experience on similar projects.

3. SEGMENT INFORMATION

SATO has one operating segment. Significant operational decisions at SATO are made by the Board of Directors, which reviews the operating results and profitability as a single operating segment.

The Group operates in two geographic regions, Finland and Russia.

SATO does not have any single external customers that would account for 10 per cent or more of SATO's revenues.

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Net sales by geographical region		
Finland	297.9	289.3
Russia	5.4	6.2
Total	303.4	295.6

	31 Dec 2020			31 Dec 2019		
MEUR	Finland	Russia	Total	Finland	Russia	Total
Non-current assets by geographical region						
Investment property	4,650.8	102.7	4,753.5	4,533.8	124.0	4,657.9
Tangible assets	2.7	0.0	2.8	3.2	0.1	3.2
Intangible assets	4.0	0.0	4.0	3.7	0.0	3.7
Other right-of-use assets	6.6	-	6.6	7.7	-	7.7
Investments in associated companies	0.1	-	0.1	0.2	-	0.2
Total	4,664.3	102.8	4,767.0	4,548.6	124.1	4,672.8

4. RESULT ON DISPOSAL OF INVESTMENT PROPERTIES

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Gains and losses on sales of investment properties		
Gains on sales of investment properties	3.2	1.6
Losses on sales of investment properties	-0.1	-0.7
Total	3.0	1.0

Proceeds from the disposal of investment properties include the disposal price received, net of disposal costs. The carrying value of disposed-of assets includes the fair value recognised on the prior period statement of financial position and any capitalised expenses for the period.

Specification of significant investments and disposals are presented in note 13.

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Sale of residential investment properties		
Proceeds from disposal of residential investment properties	8.3	9.0
Carrying value of investment properties sold	-5.8	-9.1
Total	2.5	0.0

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Sale of land plots		
Sales income, land plots	8.5	12.1
Carrying value of land plots sold	-7.9	-11.1
Total	0.6	1.0

5. OTHER OPERATING INCOME AND EXPENSES

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Other operating income		
Sales income, new production	18.7	13.3
New production expenses	-17.6	-11.8
Other income	0.6	0.4
Total	1.7	1.9

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Other operating expenses		
Bad debts expensed in the period	-3.3	-3.6
Post-collection income	1.6	1.3
Other expenses	-0.3	-1.9
Total	-2.0	-4.3

6. PERSONNEL EXPENSES

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
6. Personnel expenses		
Salaries and wages	13.0	13.3
Defined contribution pension plans	2.0	2.2
Other personnel expenses	0.4	0.3
Total	15.3	15.8

Management employee benefits are presented in note 33. Related party transactions. Average

number of personnel during the period has been 229 (223).

7. AUDITORS' FEES

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Auditors' fees		
Audit	0.2	0.2
Other audit related assignments	0.1	0.1
Tax advisory	0.0	0.0
Other services	0.0	0.0
Total	0.3	0.3

Deloitte Oy, Authorised Public Accountants, have acted as SATO's auditors.

financial statements of the Group. Other audit related assignment fees include assurance and other services related to audit.

The audit fees include fees relating to audits of SATO, its subsidiaries and the consolidated

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

MEUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Depreciation, amortisation and impairment charges by asset class:			
Tangible assets	14	0.9	0.7
Intangible assets	15	1.0	0.9
Other right-of-use assets	16	1.2	1.8
Total		3.1	3.4

9. RESEARCH AND DEVELOPMENT

Research and development expenses during 2020 were EUR 0.5 (0.2) million and capitalised development costs were EUR 1.0 (1.0) million.

10. FINANCIAL INCOME AND EXPENSES

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Financial income		
Interest income on loans and other receivables	0.6	0.7
Dividend income on other non-current investments	0.0	0.0
Foreign exchange gains	0.0	0.1
Total	0.6	0.9

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Financial expenses		
Interest expense on financial liabilities measured at amortised cost	-28.8	-23.9
Interest expense on effective cash flow hedges	-11.5	-11.7
Interest expense on non-hedge accounted derivatives	0.0	0.0
Foreign exchange losses	-0.3	0.0
Interest expense on lease liabilities*	-3.1	-3.1
Change in fair value, non-hedge accounted derivatives	0.0	0.0
Other financial expenses**	-6.9	-17.3
Total	-50.7	-56.0
Financial income and expenses, net	-50.0	-55.1

* Includes the financial expense component from lease agreements recognised in accordance with IFRS 16 Leases. See notes 1 and 16 for further information.

** For 2019, other financial expenses include a one-off cost of EUR 11.8 million due to the repurchase of outstanding bonds with maturities in 2020 and 2021.

II. INCOME TAXES

MEUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Income taxes recognised in income statement			
Current tax from accounting period		26.5	20.6
Current tax from previous period		0.9	0.7
Changes in deferred tax assets and liabilities	21	0.2	114.2
Total		27.6	135.5

Reconciliation between the income tax expense recognised in income statement and tax expense calculated with domestic corporate tax rate (20 per cent) of the parent company:

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Profit before taxes	129.5	670.5
Income tax calculated with domestic corporate tax rate of the parent	25.9	134.1
Non-deductible expenses and tax-exempt income	0.0	0.1
Effect of different tax rates in foreign operations	0.8	0.9
Valuation of deferred tax assets	0.5	0.0
Taxes from prior periods	0.1	-0.2
Other items	0.3	0.6
Total adjustments	1.7	1.4
Income tax expense in income statement	27.6	135.5
Effective tax rate, per cent	21.3	20.2

12. EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing parent company profit attributable to equity holders with weighted average number of shares outstanding.

The total number of SATO's shares at 31 December 2020 was 56,783,067. At the end of the reporting period, SATO held 160,000 of its own shares.

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Profit attributable to equity holders of the parent	101.9	535.0
Weighted average of shares	56.6	56.6
Earnings per share (EUR)		
Basic	1.80	9.45
Diluted	1.80	9.45

13. INVESTMENT PROPERTIES

MEUR	note	2020	2019
Fair value of investment properties, 1 January		4,657.9	3,922.4
Acquisitions of properties		2.7	31.1
New construction and other investments in properties		133.4	180.0
Disposals of investment properties		-31.2	-32.2
Capitalised borrowing costs	34	1.6	2.6
Reclassified from other items		-0.2	0.8
Gains and losses from changes in fair value*		-13.0	552.2
Remeasurement of right-of-use investment properties, no P/L effect	16	2.4	0.9
Fair value of investment properties, 31 December		4,753.5	4,657.9

* Gains and losses from changes in fair value include foreign exchange gains and losses of EUR -29.3 (14.8) million, and for 2019, the effect of the change of valuation method, approx. EUR 430 million.

Significant acquisitions of investment properties during the period:

SATO did not make significant acquisitions of completed investment properties or plots during the reporting period.

Significant disposals of investment properties during the period:

In total, 68 (31) rental apartments and commercial premises were divested in Finland, with a combined value of EUR 5.8 (9.1) million. Of other property divestments, the most significant were the sale of two plots in Niittykumpu, Espoo, to Lujatalo Oy and sales of owner-occupied HITAS apartments in Verkkosaari, Helsinki.

Valuation methods

SATO's investment properties mainly comprise of residential properties. In addition, the investment properties include commercial and parking space, unbuilt land and development projects as well as right-of-use investment properties.

The housing properties are located in the largest growth centres, with approximately 84 per cent of them located in the Helsinki region. The quality of investment properties is maintained by renovation and repair activities based on their lifecycle and repair plans. Change in the fair value of SATO's investment property was mainly due to market price levels, reclassifications from measurement group to another when legal restrictions have ended and changes in parameters used in valuation, and the change in valuation method (see below section "Income value method").

Some of the residential investment properties are subject to legislative and usage restrictions. The so-called non-profit restrictions apply to the owning company and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent limitations on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific re-

strictions include the use of apartments, the selection of residents, the setting of rents and divestment of apartments, and they are fixed-term.

The valuation of investment properties in SATO's ownership is based on a method which has been prepared by SATO in co-operation with a third party expert (currently: JLL). The external expert quarterly issues a statement on the applicability of SATO's valuation methods, the appropriateness of sources of information used and the credibility of the valuation. As part of the valuation process, the external expert also reviews each SATO's property on site every three years. Existing properties located in St. Petersburg are valued by third party expert (JLL). The principles and methods used in the fair value measurement are approved by the Corporate Management Group. During the valuation process all the periodical changes are analysed. The result of the valuation and the periodic change in fair value recorded through profit and loss are reported to the Corporate Management Group and Board of Directors.

At inception, owned investment properties are recognised at acquisition value, which includes transaction costs. Thereafter, they are recorded at fair value. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. Fair value of an investment property represents the price that, according to the Group's estimate, would be received for the property in an orderly transaction taking place in the local (principal) market at the reporting date, considering the condition and location of the property. Unbuilt land and development projects, whose realization is uncertain, are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably. The valuation methods for SATO's owned investment properties are income value

method, sales comparison method and acquisition cost method.

SATO's right-of-use investment properties include land plots leased for residential construction. From 1 January 2019, the land lease agreements, which were previously treated as other lease agreements, are accounted for as right-of-use assets classified as investment property and measured at fair value in accordance with the IFRS 16 *Leases* and IAS 40 *Investment property standards*. They are valued at the present value of future lease payments of the underlying agreements, which is considered to be equivalent to their fair value. Further details about the Group's lease portfolio are presented in note 16.

Income value method

Most of the Group's investment properties that are currently let to tenants are valued using the income value method. SATO changed, at 31 December 2019, its valuation method from sales comparison method to income value method, for investment properties located in Finland that can be sold without restrictions, or can be sold as entire properties and to a restricted group of buyers. The method is based on a cash flow analysis, whereby forecasted 10-year cash flows are discounted to their present value. The cash flows are based on forecasts on rent levels, vacancy, operating expenses and renovation needs of the properties. The discount rate is comprised of the yield and the inflation assumption. The yields are determined based on location, age and technical condition of the properties.

An external expert (JLL) has issued a statement regarding the SATO's valuation method, and the statement is consistent with the valuation of investment properties in the consolidated financial statements.

The following table presents the key inputs used in valuation of investment properties by income value method, as at 31 December 2020.

MEUR	Helsinki area	Rest of Finland	Average
Average yield requirement, %	4.0	4.9	4.3
Long-term economic occupancy rate, %	98.0	97.7	97.9
Operating expenses, EUR/sqm/month	4.4	4.1	4.3
Growth assumption of operating expenses, %	2.0	2.0	-
Growth assumption of market rents, %	2.0	1.8	-
Inflation assumption, %	1.5	1.5	1.5

Sales comparison method

SATO's investment properties located in St. Petersburg are valued by a external expert (JLL) with sales comparison method.

impairments, which is estimated to represent their fair value. Unbuilt land and development projects, whose realization is uncertain, are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably.

Acquisition cost

Properties funded with ARAVA loans or interest-subsidised loans are valued at cost less any

MEUR	note	2020	2019
Investment property classified by valuation method			
Income value method		4,337.9	4,226.6
Sales comparison method		102.7	124.0
Acquisition cost		261.2	257.5
Owned investment property, total		4,701.7	4,608.1
Right-of-use investment properties	16	51.8	49.7
Total		4,753.5	4,657.9

Sensitivity analysis of investment property fair values, income value method

The following table illustrates how changes in key parameters used in fair value measurement by income value method would affect the fair value of the property portfolio, when one parameter at a time is changed. In practice, changes in real estate markets are often reflected in more than one parameter simultaneously.

Change %	-10%	-5%	0%	5%	10%
	MEUR	MEUR	MEUR	MEUR	MEUR
Yield requirement	468.8	222.1	-	-200.1	-382.0
Gross rental income	-605.2	-302.6	-	302.6	605.1

Change %-points	-1%	0%	1%
	MEUR	MEUR	MEUR
Economic occupancy rate	-63.4	-	63.7

All SATO's investment properties are classified in hierarchy level 3 under IFRS 13. Items which are included in the hierarchy level 3 are measured

using input data which is not based on observable market data.

14. TANGIBLE ASSETS

2020

MEUR	note	Machinery and equipment	Other tangible assets	2020 total
Acquisition cost, 1 January		6.1	1.6	7.7
Additions		0.5	0.0	0.5
Disposals		-0.2	0.0	-0.2
Transfers between items		0.0	0.0	0.0
Acquisition cost, 31 December		6.4	1.6	8.0
Accumulated depreciation, 1 January		3.8	0.7	4.5
Disposals		-0.2	0.0	-0.2
Depreciation and impairments for the period	8	0.8	0.2	0.9
Transfers between items		0.0	0.0	0.0
Accumulated depreciation, 31 December		4.3	0.9	5.2
Carrying value, 1 January		2.4	0.9	3.2
Carrying value, 31 December		2.1	0.7	2.8

2019

MEUR	note	Machinery and equipment	Other tangible assets	2019 total
Acquisition cost, 1 January		4.9	1.4	6.4
Additions		1.5	0.2	1.6
Disposals		-0.3	0.0	-0.3
Transfers between items		0.0	0.0	0.0
Acquisition cost, 31 December		6.1	1.6	7.7
Accumulated depreciation, 1 January		3.4	0.6	4.0
Disposals		-0.2	0.0	-0.2
Depreciation for the period	8	0.6	0.1	0.7
Transfers between items		0.0	0.0	0.0
Accumulated depreciation, 31 December		3.8	0.7	4.5
Carrying value, 1 January		1.5	0.8	2.4
Carrying value, 31 December		2.3	0.9	3.2

15. INTANGIBLE ASSETS

2020

MEUR	note	Intangible rights	Other intangible assets	2020 total
Acquisition cost, 1 January		0.0	10.2	10.2
Additions		0.0	1.4	1.4
Disposals		0.0	0.0	0.0
Transfers between items		0.0	0.0	0.0
Acquisition cost, 31 December		0.0	11.5	11.5
Accumulated amortisation, 1 January		0.0	6.5	6.5
Disposals		0.0	0.0	0.0
Amortisation for the period	8	0.0	1.0	1.0
Transfers between items		0.0	0.0	0.0
Accumulated amortisation, 31 December		0.0	7.5	7.5
Carrying value, 1 January		0.0	3.7	3.7
Carrying value, 31 December		0.0	4.0	4.0

2019

MEUR	note	Intangible rights	Other intangible assets	2019 total
Acquisition cost, 1 January		0.0	8.2	8.2
Additions		0.0	2.0	2.0
Disposals		0.0	0.0	0.0
Transfers between items		0.0	0.0	0.0
Acquisition cost, 31 December		0.0	10.2	10.2
Accumulated amortisation, 1 January		0.0	5.6	5.6
Disposals		0.0	0.0	0.0
Amortisation for the period	8	0.0	0.9	0.9
Transfers between items		0.0	0.0	0.0
Accumulated amortisation, 31 December		0.0	6.5	6.5
Carrying value, 1 January		0.0	2.6	2.6
Carrying value, 31 December		0.0	3.7	3.7

16. LEASES

Right-of-use assets		Right-of-use investment properties*	Other right-of-use assets	2020 total
MEUR	note			
Carrying value, 1 January		49.7	7.7	57.5
Additions		2.5	0.0	2.5
Disposals		-1.9	0.0	-1.9
Remeasurement of lease agreements		2.4	0.0	2.4
Changes of fair value in profit and loss	13	-0.9	-	-0.9
Depreciation for the period	8	-	-1.2	-1.2
Carrying value, 31 December		51.8	6.6	58.4

		Right-of-use investment properties*	Other right-of-use assets	2019 total
MEUR	note			
Carrying value, 1 January		47.3	7.6	54.9
Additions		2.1	0.2	2.3
Remeasurement of lease agreements		0.9	1.8	2.8
Changes of fair value in profit and loss	13	-0.7	-	-0.7
Depreciation for the period	8	-	-1.8	-1.8
Carrying value, 31 December		49.7	7.7	57.5

* Right-of-use investment properties are measured at fair value and presented under investment properties in the statement of financial position. See further details in note 13.

SATO recognises leases in accordance with the IFRS 16 *Leases* standard. SATO has recognised right-of-use assets in scope of the standard under investment properties, to the extent that they are classified as investment property (right-of-use investment properties, see note 13), and otherwise under a new balance sheet item "Other right-of-use assets".

The right-of-use investment properties include land lease agreements, which are related to residential investment properties. At the end of reporting period, the average remaining lease term of the Group's land leases was 18.4 (19.6) years. Their lease payments are index dependent. Other right-of-use assets include leases for premises in SATO's own

use. All lease agreements for SATO's own premises mature in less than ten years and their lease payments are index-based.

The Group sublet some of its office premises at Panuntie, Helsinki, in 2019. The rental income recognised in the income statement from these sublease agreements amounted to EUR 0.4 million in 2019.

In the current period, the Group has recorded EUR 0.3 (0.2) million of lease expenses from short-term lease agreements in the sales, marketing and administrative expenses. Total cash outflows for the Group's leases during the period amounted to EUR 5.5 (5.7) million.

Lease liabilities

MEUR	31 Dec 2020	31 Dec 2019
Non-current		
From land lease agreements	48.5	46.4
From other lease agreements	5.5	6.6
Total	54.0	53.0

MEUR	31 Dec 2020	31 Dec 2019
Current		
From land lease agreements	3.7	3.5
From other lease agreements	1.2	1.2
Total	4.9	4.7
Total	58.9	57.7

17. INTERESTS IN OTHER ENTITIES

Group composition

SATO has 24 (25) subsidiaries that are individually material to the Group. Subsidiaries are entities over which SATO has control and they are consolidated to the Group. There are no material non-controlling interests in any of the Group's subsidiaries.

Mutual property companies and housing companies, in which the rights of control over specified apartments are determined by shareholdings, are treated as joint operations in the consolidated financial statements. None of these entities is individually material to the Group. Joint operations are accounted for in the consolidated financial statements in the manner prescribed in the IFRS 11 *Joint Arrangements* standard, by recognising SATO's assets and liabilities in the arrangement, including its share of joint assets and liabilities, and its revenue and expenses, including its share of joint revenue and expenses.

A list of all entities owned by the Group or the parent company is presented in note 36.

Significant restrictions

The non-profit subsidiaries are subject to regulatory restrictions limiting distribution of profit from those entities. More information of the restrictions are presented in note 24: Shareholders' equity.

Structured entities

The housing companies in SATO that own so-called shared ownership apartments are treated as structured entities. These companies are not included in the consolidated financial statements insofar as they are considered to be arrangements external of SATO's operations, and their purpose is to act on behalf of the people who have invested in shared ownership apartments.

The Group's interests in unconsolidated structured entities are estimated to entail no significant risks to the Group. For more information on the shared ownership entities, please refer to accounting principles (note 1). Information on the Group's loan receivables from, and purchase commitments related to, these entities is presented in notes 20 and 32, respectively. The structured entities do not have a significant impact on other items in the consolidated financial statements.

Joint ventures and associated companies

SATO did not have joint ventures or associated companies material to the Group in 2020 or 2019.

18. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

31 Dec 2020

Fair value hierarchy

MEUR	note	Fair value, other compre- hensive income	Assets and liabilities at amor- tised cost	2020 Carrying amount total	Level 1	Level 2	Level 3
Non-current financial assets							
Other non-current investments	19	1.0	-	1.0	-	1.0	-
Loans receivable	20	-	0.2	0.2	-	0.2	-
Derivative assets	27	-	-	0.0	-	0.0	-
Total		1.0	0.2	1.2			
Current financial assets							
Accounts receivable	22	-	5.3	5.3	-	5.3	-
Loans receivable	22	-	6.6	6.6	-	6.6	-
Commercial paper	22	-	37.0	37.0	-	37.0	-
Cash and cash equivalents	23	-	258.0	258.0	-	258.0	-
Total		0.0	306.9	306.9			
Non-current financial liabilities							
Corporate bonds	26	-	1,094.0	1,094.0	1,111.0	24.0	-
Other loans	26	-	981.6	981.6	-	985.1	-
Derivative liabilities	27	39.1	-	39.1	-	39.1	-
Total		39.1	2,075.6	2,114.7			
Current financial liabilities							
Corporate bonds	26	-	150.0	150.0	150.2	-	-
Other loans	26	-	155.9	155.9	-	155.9	-
Derivative liabilities	27	9.3	-	9.3	-	9.3	-
Accounts payable	29	-	8.1	8.1	-	8.1	-
Total		9.3	314.0	323.2			

The cash flow hedging derivatives are valued at fair value through other comprehensive income.

The fair values of assets and liabilities at fair value hierarchy level 1 are quoted market prices. Values

31 Dec 2019

Fair value hierarchy

MEUR	note	Fair value, other compre- hensive income	Assets and liabilities at amor- tised cost	2019 Carrying amount total	Level 1	Level 2	Level 3
Non-current financial assets							
Other non-current investments	19	1.1	-	1.1	-	1.1	-
Loans receivable	20	-	6.3	6.3	-	6.3	-
Derivative assets	27	-	-	0.0	-	0.0	-
Total		1.1	6.3	7.4			
Current financial assets							
Accounts receivable	22	-	6.0	6.0	-	6.0	-
Loans receivable	22	-	0.0	0.0	-	0.0	-
Commercial paper	22	-	-	-	-	-	-
Cash and cash equivalents	23	-	5.0	5.0	-	5.0	-
Total		0.0	11.0	11.0			
Non-current financial liabilities							
Corporate bonds	26	-	546.5	546.5	537.0	24.0	-
Other loans	26	-	1,127.3	1,127.3	-	1,127.3	-
Derivative liabilities	27	46.7	-	46.7	-	46.7	-
Total		46.7	1,673.8	1,720.5			
Current financial liabilities							
Corporate bonds	26	-	100.0	100.0	101.0	-	-
Other loans	26	-	324.6	324.6	-	324.6	-
Derivative liabilities	27	1.9	-	1.9	-	1.9	-
Accounts payable	29	-	6.0	6.0	-	6.0	-
Total		1.9	430.6	432.5			

on hierarchy level 2 are based on discounted cash flows, with market rates as calculation input.

19. OTHER NON-CURRENT INVESTMENTS

MEUR	31 Dec 2020	31 Dec 2019
Other non-current investments		
Other holdings	1.0	1.1
Total	1.0	1.1

SATO presents its other non-current investments categorised into quoted shares and other holdings. Unrealised valuation gains and losses from other non-currents investments are recognised in other comprehensive income and in fair value

reserve, after accounting for tax effects. Other holdings include shares in unlisted companies, and are valued at acquisition cost if their fair value cannot be reliably determined.

20. NON-CURRENT RECEIVABLES

MEUR	note	31 Dec 2020	31 Dec 2019
Non-current receivables			
Loans receivable	18	0.2	6.3
Non-current receivables total		0.2	6.3

The loans receivable are mainly receivables from housing companies that own shared ownership apartments. They are valued at amortised cost

in the consolidated financial statements and, according to the Group's assessment, they are not exposed to significant credit risk.

21. CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

MEUR	1 Jan 2020	Recognised through profit or loss	Transfers between items	Recognised through other comprehensive income	31 Dec 2020
Deferred tax assets					
Valuation of financial instruments at fair value	7.9	0.1	-	0.5	8.5
Periodisation and temporary differences	6.3	-0.5	-	-	5.8
Total	14.2	-0.4	0.0	0.5	14.2
Deferred tax liabilities					
Valuation of investment properties at fair value	333.6	4.5	-	-	338.1
Valuation of financial instruments at fair value	1.2	0.5	-	0.0	1.7
Reclassification of housing provisions and depreciation differences	51.0	-5.2	-	-	45.7
Periodisation and temporary differences	0.0	-	-	-	0.0
Allocated acquisition costs	1.6	-	-	-	1.6
Total	387.4	-0.2	0.0	0.0	387.2

MEUR	1 Jan 2019	Recognised through profit or loss	Transfers between items	Recognised through other comprehensive income	31 Dec 2019
Deferred tax assets					
Valuation of financial instruments at fair value	6.6	0.0	-	1.3	7.9
Periodisation and temporary differences	6.3	0.0	-	-	6.3
Total	12.9	0.0	0.0	1.3	14.2
Deferred tax liabilities					
Valuation of investment properties at fair value	215.2	118.4	-	-	333.6
Valuation of financial instruments at fair value	1.0	0.2	-	-	1.2
Reclassification of housing provisions and depreciation differences	55.4	-4.4	-	-	51.0
Periodisation and temporary differences	0.0	-	-	-	0.0
Allocated acquisition costs	1.6	-	-	-	1.6
Total	273.2	114.2	0.0	0.0	387.4

22. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

MEUR	note	31 Dec 2020	31 Dec 2019
Accounts receivable and other receivables			
Accounts receivable	18	5.3	6.0
Loan receivables and commercial paper	18	43.6	0.0
Prepaid expenses and accrued income		2.3	2.2
Other receivables		7.4	2.7
Total		58.6	10.9

MEUR	31 Dec 2020			31 Dec 2019		
	Gross amount	Expected credit loss	Carrying amount	Gross amount	Expected credit loss	Carrying amount
Aging structure of accounts receivable						
Not due and less than one month overdue	2.7	-0.3	2.3	3.7	-0.3	3.4
1 to 6 months overdue	2.4	-0.7	1.7	2.0	-0.6	1.4
More than 6 months overdue	2.8	-1.6	1.3	2.6	-1.4	1.2
Total	7.9	-2.6	5.3	8.2	-2.2	6.0

SATO recognises the allowance for bad debts for accounts receivable according to IFRS 9. For measurement of the impairment of accounts receivable, the Group applies the simplified approach allowed by the standard, whereby it makes an assessment of the life-

time expected credit losses for its accounts receivable at each reporting date, and based on this assessment, recognises the impairment through profit and loss. The recorded allowance for bad debts amounted to EUR 2.6 (2.2) million at the end of period.

MEUR	31 Dec 2020	31 Dec 2019
Specification of prepaid expenses and accrued income		
Prepaid expenses and accrued income related to rental services	0.1	0.2
Prepaid expenses and accrued income related to new constructions	0.0	0.1
Prepayments	0.7	0.2
Purchase price receivable	0.8	1.1
Interest receivables	0.5	0.2
Other	0.2	0.5
Total	2.3	2.2

23. CASH AND CASH EQUIVALENTS

MEUR	note	31 Dec 2020	31 Dec 2019
Cash and bank balances	18	258.0	5.0
Total		258.0	5.0

The cash assets of group companies subject to non-profit restrictions are kept separately from other companies' cash assets. At the reporting

date, such restricted companies' cash assets totalled EUR 18.5 (1.2) million.

24. SHAREHOLDERS' EQUITY

MEUR	31 Dec 2020	31 Dec 2019
The following dividend and repayment of capital were declared and paid by the company:		
Dividends, EUR 0.00 (0.50) per share	0.00	-28.3
Total	0.00	-28.3

No capital repayments were made by SATO in 2020 or 2019.

Description of items in shareholders' equity

Shares and share capital

As at 31 December 2020, the share capital of SATO Corporation totalled EUR 4,442,192, fully paid and divided to 56,783,067 shares. The number of own shares held by the company at the reporting date was 160,000. SATO has one class of shares, each of which entitles to one vote at the Annual General Meeting. The shares do not have a nominal value.

During the period, there were no changes in the number of the company's shares or the number of own shares held. At the reporting date 31 December 2020, the Board of Directors did not have authorisations for arrangement of new share issues.

Reserve fund

Reserve fund includes share premium fund.

Fair value reserves

Fair value reserves include change in fair value of financial instruments used in cash flow hedge accounting and fair valuation of available-for-sale financial assets.

Reserve for invested non-restricted equity

Reserve for invested non-restricted equity includes other equity investments and the subscription price of shares, to the extent that it is not recorded in share capital.

Dividends

After the balance sheet date 31 December 2020, the Board of Directors has proposed dividend distribution of EUR 0.50 per share (2019: dividend of EUR 0.00 per share).

Restrictions concerning SATO's shareholders' equity SATO's retained earnings at the end of period, EUR 2,024.6 (1,922.8) million, included distribution-restricted capital totalling EUR 220.8 (292.7) million attributable to subsidised, non-profit businesses.

The figure includes the share of the change in the fair value reported in the income statement. Part of the Group companies are under statutory, non-profit restrictions according to which a company is allowed to distribute only a regulated amount of capital.

Management of capital structure

The aim of SATO's management of capital structure is to support the growth targets and to secure the ability to pay dividend. Another aim is to ensure SATO's prospects of operating in the equity market. SATO's targeted equity ratio measured at fair value is at least 40 per cent. At the end of period, SATO's equity ratio measured at fair value was 42.2 (43.6) per cent. The Board of Directors reviews and assesses SATO's capital structure regularly.

Some of SATO's interest-bearing financial agreements include covenants relating to capital structure and profitability (see note 30). SATO complied with the capital structure and profitability covenants during the reporting period.

25. LONG-TERM NON-INTEREST-BEARING LIABILITIES

The long-term non-interest-bearing liabilities, EUR 0.9 (0.0) million, are related entirely to the Group's property development projects.

26. FINANCIAL LIABILITIES

MEUR	31 Dec 2020	31 Dec 2019
Non-current		
Corporate bonds	1 094.0	546.5
Bank loans	818.0	917.2
Interest-subsidised loans	127.2	166.9
State-subsidised ARAVA loans	36.4	43.2
Total	2,075.6	1,673.8

MEUR	31 Dec 2020	31 Dec 2019
Current		
Corporate bonds	150.0	100.0
Commercial papers	5.5	233.0
Bank loans	102.7	33.4
Interest-subsidised loans	41.5	51.4
State-subsidised ARAVA loans	6.2	6.8
Total	305.9	424.6

During the reporting period, a total of EUR 766.5 (657.2) million of new long-term debt was drawn. At the reporting date, the average interest on the SATO debt portfolio was 1.8 (1.7) per cent.

For purposes of short-term financing, SATO has a commercial paper programme of EUR 400 (400) million, committed credit limits of EUR 600 (400) million, of which EUR 600 (400) million were unused, and a non-committed current overdraft limit of EUR 5 (5) million, of which EUR 5 (1.5) million were unused.

Corporate bonds include the following bonds issued by SATO Corporation: EUR 150 million bond without asset-based securities maturing on 23 January 2021 and carrying a fixed annual coupon of 2.375 per cent, EUR 300 million unsecured bond maturing on 7 April 2023 and carrying a fixed

annual coupon of 2.25 per cent, EUR 350 million unsecured bond maturing on 31 May 2024 and carrying a fixed annual coupon of 1.375 per cent, EUR 350 million unsecured bond maturing on 24 February 2028 and carrying a fixed annual coupon of 1.375 per cent and EUR 50 million unsecured bond maturing on 12 June 2030 and carrying a fixed annual coupon of 2.45 per cent. The bonds are listed on the Irish Stock Exchange and have a public BBB credit rating from Standard & Poor's. The bond maturing in 2021 is guaranteed by a subsidiary. Corporate bonds also include the secured bonds issued by SATO Corporation. The EUR 24 million and EUR 25 million secured bonds issued in 2013 will mature in December 2022 and June 2023, and they both carry an annual interest consisting of a margin and a floating Euribor rate. The secured bonds are listed on Nasdaq Helsinki Ltd, and they do not have credit ratings.

27. DERIVATIVES

Fair values of derivative instruments

MEUR	31 Dec 2020			31 Dec 2019		
	Positive	Negative	net	Positive	Negative	net
Non-current						
Interest rate swaps, cash flow hedge	-	-39.1	-39.1	-	-32.7	-32.7
Cross-currency and interest rate swaps, cash flow hedge	-	-	0.0	-	-14.0	-14.0
Foreign exchange forward contracts, cash flow hedge	-	-	0.0	-	-	0.0
Non-current derivatives, total	0.0	-39.1	-39.1	0.0	-46.7	-46.7
Current						
Interest rate swaps, cash flow hedge	-	-0.3	-0.3	-	-1.9	-1.9
Cross-currency and interest rate swaps, cash flow hedge	-	-9.0	-9.0	-	-	0.0
Foreign exchange forward contracts, cash flow hedge	-	-	0.0	0.0	-	0.0
Current derivatives, total	0.0	-9.3	-9.3	0.0	-1.9	-1.9
Derivatives, total	0.0	-48.4	-48.4	0.0	-48.6	-48.6

MEUR	31 Dec 2020	31 Dec 2019
Nominal values of derivative instruments		
Interest rate swaps, cash flow hedge	555.0	658.4
Cross-currency and interest rate swaps, cash flow hedge	73.4	73.4
Foreign exchange forward contracts	-	0.6
Total	628.4	732.4

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR -1.9 (-5.3) million and that of foreign exchange hedges totalled EUR 0.0 (0.0) million. Interest rate swaps are used to hedge interest cash flows against fluctuation in market interest rates. SATO also hedges the interest rate risk with forward start swaps. On the reporting date, the forward start

swaps amounted to EUR 125.0 (115.0) million in nominal value. Cross-currency and interest rates swaps additionally hedge the currency risks of interest and repayment cash flows of loan contracts denominated in foreign currency. Currency forward contracts are used to hedge contractual cash flow relating to binding purchase agreements denominated in foreign currency. Interest rate hedges have maturities rang-

ing between 1–10 years and forward contracts within one year. Typically netting agreements are applied to derivative contracts, however the contracts are

represented in gross value in financial statements. The method of presentation has no significant impact on figures on reporting or comparative period.

28. PROVISIONS AND CONTINGENT LIABILITIES

MEUR	Provision for refund claims	Other provisions	Total
Total provisions, 1 January 2020	2.6	1.8	4.4
Increases	1.0	0.7	1.7
Provisions used	-0.4	-0.9	-1.3
Reversals	-0.4	-0.9	-1.2
Total provisions, 31 December 2020	2.9	0.7	3.6

MEUR	31 Dec 2020	31 Dec 2019
Non-current provisions	1.9	1.6
Current provisions	1.7	2.8
Total	3.6	4.4

The provision for refund claims includes guarantees related to new construction business and a 10-year warranty period after completion of the work. The provision for refund claims is measured based on

previous claims and an assessment of previous experience. The provision for refund claims will be used, if applicable, within 10 years from the reporting date.

Contingent liabilities

At the reporting date, the Group had a contingent liability of EUR 0.7 million related to transfer taxes, which the Finnish tax authority has, in December 2020, deemed to be payable due to certain transfers of properties within the Group in 2017. SATO's

view is that the decision is baseless and it has demanded a repeal of the tax authority's decision. According to the Group's current assessment, the criteria for recognition of a provision are not met. The situation will be reassessed in the course of proceedings.

29. ACCOUNTS PAYABLE AND OTHER LIABILITIES

MEUR	note	31 Dec 2020	31 Dec 2019
Accounts payable and other liabilities			
Advances received		11.0	19.5
Accounts payable	18	8.1	6.0
Other liabilities		2.0	2.9
Accrued expenses and prepaid income		51.4	36.9
Total accounts payable and other liabilities		72.4	65.3

MEUR	note	31 Dec 2020	31 Dec 2019
Accrued expenses and prepaid income			
Personnel expenses		3.8	5.5
Interest expenses		16.2	10.3
Derivative instruments	27	9.3	1.9
Accrued expenses and prepaid income related to new constructions		4.2	6.6
Accrued expenses and prepaid income related to rental services		15.8	8.7
Other accrued expenses		1.7	3.4
Other		0.4	0.4
Total accrued expenses and prepaid income		51.4	36.9

30. FINANCIAL RISK MANAGEMENT

The goal of SATO's financial risk management is to protect the company from unfavourable changes occurring in the financial markets. The main principles of financing and financial risk management are set out in the Treasury Policy, approved by the Board of Directors. SATO Treasury is responsible for the management of financial risks in accordance with the Treasury Policy. SATO Treasury reports to the CFO, who is responsible for organising and managing the duties associated with the financing and financial risk management, as well as ensuring compliance with the principles set in the Treasury Policy.

Interest rate risk

The most significant of SATO market risks is the impact of market interest rate fluctuation on interest cash flows. To manage interest rate risk, the proportions of fixed and floating rate instruments are balanced in such a way that the risk of a rise in interest expenses is on an acceptable level and liquidity is secured. Interest rate risk is primarily attributable to market-based loans, but the interest rate risk of other types of financial liabilities is also monitored.

Market-based loans are primarily drawn at floating rates. In accordance with the Treasury Policy, the interest rate risk arising from these contracts is hedged using derivative instruments, mainly interest rate swaps and options, so that when hedging is applied, the fixed rate portion exceeds 60 per cent of the nominal value of the total loan portfolio. At 31 December 2020, the fixed rate portion of the loan portfolio after hedging is 73.6 (62.0) per cent, the average maturity being 4.2 (4.0) years.

The interest rate derivatives are accounted for as designated cash flow hedges. No ineffectiveness has occurred, as the hedged items and the hedging instruments have the same interest periods. The effect of changes in market interest rates on net financial expenses is examined in the "sensitivity analysis" table below.

Changes in market interest rates also affect interest expense on interest-subsidised loans. However, in interest-subsidised loans, a subsidy is received for the part exceeding the deductible rate, so the risk of increases in interest rates for interest-subsidised loans are considerably lower

than for market-based loans. The deductible rate on interest-subsidised loans varies between 2.75 to 3.50 per cent and on the so-called interim model interest-subsidy loans, funded in years 2009 to 2011, is 3.40 per cent. A major part of the interest-subsidised loans is tied to long reference rates, ranging from 3 to 10 years. Due to the subsidies and long reference rates, the interest rate risk on these loans is not material. In accordance with the Treasury Policy, SATO does not apply hedging to interest-subsidised loans.

In operations financed with state subsidies, rents are based on absorption cost, and hence any interest risk can be transferred to the rents. The interest on state-subsidised ARAVA loans is pegged to changes in Finnish consumer prices. The ARAVA rate is fixed in advance for the following financial period and hence there is no uncertainty of the following period interest expense. Some state-subsidised loans have an interest rate cap, the level of which is based on the interest rate of government 10-year bonds. A risk in state-subsidised ARAVA loans is a substantial increase in interest, which would be difficult to transfer in its entirety to rents without delay.

Currency risk

SATO is exposed to both transaction and translation risks due to investments in St. Petersburg. Transaction risk arises mainly from rouble-denominated purchase agreements. Committed agreements are fully hedged with currency forward contracts, which are accounted for as cash flow hedges. On the financial statement date, SATO didn't have any rouble-denominated commitments related to the investments. The translation risk, i.e. the consolidation of foreign currency-denominated subsidiary accounts, arises due to the investment

properties in St. Petersburg. The fair values of the properties are translated to euros in consolidated financial statements using the closing exchange rate on the reporting date.

The Group's foreign currency-denominated loans are exposed to foreign exchange risk, which is fully hedged with cross-currency and interest rate swaps. The effect of changes in foreign exchange rates on net financial expenses is examined in the "sensitivity analysis" table below.

Price risk

At present, SATO has no items which might be subject to a significant price risk.

Credit risk

SATO is not exposed to significant concentrations of credit risk. The majority of SATO's accounts receivable consists of rent receivables. SATO has over 26,000 tenants, so the risk entailed in a single receivable is insignificant. The use of security deposit decreases the credit risk associated with rent receivables. SATO's actual credit losses have averaged the equivalent of 1.0 (1.2) per cent of rental income. In addition, treasury functions, such as liquidity investments and derivative instruments, involve a counterparty risk, which is reduced by careful selection of counterparties and by diversification of contracts among a number of counterparties.

Liquidity risk

The Group constantly monitors the amount of financing demanded for business operations so that the adequacy of financing will be assured in all circumstances. The cash flow of operative business is steady and fluctuation mainly arise from investment activities.

Liquidity is managed with the commercial paper programme of EUR 400 (400) million, committed credit limits EUR 600 (400) million, and non-committed credit limits, EUR 5 (5) million. At 31 December 2020, the commercial papers issued amounted to EUR 5.5 (233.0) million in nominal value. The credit facilities in use were EUR 0 million (EUR 3.5 million in use at 31 December 2019). In liquidity

management, it is taken into account that the assets of Group companies subject to non-profit restrictions due to interest subsidies or state-subsidised ARAVA loans, are kept separately and allocated to those non-profit operations.

Standard & Poor's has assigned SATO with BBB credit rating with stable outlook. With the invest-

ment grade credit rating, SATO aims to widen the investor base and to further limit dependency on any single financing counterparties.

SATO's funding agreements contain covenant clauses relating to the Group's capital structure and interest payment capacity. These clauses set a ratio of unencumbered assets to total assets at least 42.5

per cent, a solvency ratio maximum of 65 per cent, a secured solvency ratio maximum 45 per cent and interest coverage ratio of at least 1.8. At the reporting date, the ratio of unencumbered assets was 84.1 (80.8) per cent, the solvency ratio was 43.8 (44.4) per cent, the secured solvency ratio was 8.2 (10.2) per cent and the interest coverage ratio was 4.0 (3.3).

Sensitivity analysis, interest rate risk

	2020				2019			
	Profit and Loss		Equity		Profit and Loss		Equity	
	0.1%	-0.1%	0.1%	-0.1%	0.1%	-0.1%	0.1%	-0.1%
MEUR								
Floating rate loans	-0.4	0.4	-	-	-0.5	0.5	-	-
Cross-currency and interest rate swaps	0.1	-0.1	0.0	0.0	0.1	-0.1	0.1	-0.1
Interest rate swaps	0.3	-0.3	3.1	-3.2	0.5	-0.5	3.2	-3.2
Total	0.0	0.0	3.2	-3.2	0.0	0.0	3.3	-3.3

Sensitivity analysis, currency risk

	2020				2019			
	Profit and Loss		Equity		Profit and Loss		Equity	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
MEUR								
Foreign currency-denominated loans	5.9	-7.2	-	-	5.7	-7.0	-	-
Cross-currency and interest rate swaps	-5.9	7.2	-	-	-5.7	7.0	-	-
Foreign exchange forward contracts	-	-	-	-	-	-	0.0	-0.1
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1

Maturity analysis on financial instruments

31 Dec 2020

MEUR	Within 1 year	2–5 years	6–10 years	11–15 years	After 15 years	2020 total
Financial liabilities						
Market-based loans	-290.1	-1,285.3	-707.2	-22.2	-18.6	-2,323.3
Interest-subsidised loans	-42.5	-45.7	-36.4	-40.9	-7.8	-173.2
State-subsidised ARAVA loans	-6.5	-18.7	-14.1	-2.2	-0.2	-41.7
Accounts payable	-8.1	-	-	-	-	-8.1
Financial liabilities total	-347.2	-1,349.6	-757.7	-65.3	-26.6	-2,546.3
Derivative contracts						
Interest rate derivatives	-8.1	-21.8	-7.2	-0.8	-0.9	-38.8
Derivative contracts total	-8.1	-21.8	-7.2	-0.8	-0.9	-38.8
Lease liabilities						
From land lease agreements	-3.8	-15.1	-18.7	-18.7	-73.9	-130.2
From other lease agreements	-1.2	-4.0	-1.9	0.0	0.0	-7.2
Lease liabilities total	-5.0	-19.1	-20.6	-18.7	-73.9	-137.3
Total	-360.3	-1,390.6	-785.4	-84.8	-101.3	-2,722.4

31 Dec 2019

MEUR	Within 1 year	2–5 years	6–10 years	11–15 years	After 15 years	2019 total
Financial liabilities						
Market-based loans	-384.4	-1,003.4	-515.6	-20.7	-18.6	-1,942.7
Interest-subsidised loans	-52.7	-81.3	-38.4	-44.6	-11.9	-228.9
State-subsidised ARAVA loans	-7.1	-20.9	-17.4	-2.9	-0.2	-48.5
Accounts payable	-6.0	-	-	-	-	-6.0
Financial liabilities total	-450.2	-1,105.6	-571.5	-68.2	-30.7	-2,226.2
Derivative contracts						
Interest rate derivatives	-11.4	-24.7	-4.6	-	-	-40.7
Derivative contracts total	-11.4	-24.7	-4.6	0.0	0.0	-40.7
Lease liabilities						
From land lease agreements	-3.6	-14.4	-17.8	-17.7	-70.8	-124.2
From other lease agreements	-1.3	-4.3	-2.9	0.0	0.0	-8.4
Lease liabilities total	-4.9	-18.6	-20.6	-17.7	-70.8	-132.7
Total	-466.5	-1,149.0	-596.7	-85.8	-101.5	-2,399.6

The above figures represent contractual, non-discounted cash flows, including interest payments.

31. NOTES TO THE CASH FLOW STATEMENT

MEUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Non-cash items included in the profit			
Depreciation and amortisation	8	3.1	3.4
Gains and losses from changes in fair value of investment properties	13	13.0	-552.2
Change in provisions	28	-0.9	-0.3
Share of profit of associated companies and joint ventures		0.0	-0.2
Total		15.3	-549.3
MEUR		2020	2019
Changes in interest-bearing debt during the period			
Interest-bearing debt, 1 Jan		2,098.4	1,982.2
Cash changes in interest-bearing debt during the period, total		284.5	123.4
Non-cash changes:			
Change in foreign exchange rates		2.6	-1.2
Interest accrued by the effective interest rate method		3.9	1.3
Transfers of debt to buyers upon disposals of investment property and other adjustments		-7.9	-7.3
Interest-bearing debt, 31 Dec		2,381.5	2,098.4

32. COLLATERAL, COMMITMENTS AND CONTINGENCIES

MEUR	31 Dec 2020	31 Dec 2019
Mortgages and pledges for secured borrowings		
Secured borrowings	404.3	466.2
Pledges and mortgages provided, fair value	809.4	905.9
Guarantees for others		
Shared ownership apartment purchase commitments	4.5	5.9
Rs-guarantees	2.9	3.7
Other collateral provided		
Mortgages provided to secure payment of rent and street maintenance	6.9	6.9
Guarantees and mortgages provided to secure payments of land use contracts	14.1	18.2
Binding purchase agreements		
For acquisitions of investment properties	55.3	40.9
Commitments for land use payments on zoned plots	0.7	4.3
Commitments to cleaning and removal charges	0.0	0.0
Letters of intent on land for which there is a zoning condition	44.7	9.2

Housing companies which hold so-called shared ownership apartments are treated as structured entities, which are established for a fixed period, and are not included in the consolidation. On the

reporting date, the loans of such housing companies included in the shared ownership systems, totalled EUR 6.9 (13.5) million.

33. RELATED PARTY TRANSACTIONS

SATO Group's related party consists of SATO Corporation, its parent company, sister companies, subsidiaries, joint ventures and associated companies. SATO's related party includes shareholders that have direct or indirect control or joint control or significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity or is a close family member of the key management personnel. Shareholders whose holding is 20 per cent or more are automatically considered as a related party of SATO. When ownership is below 20 per cent shareholders are considered as a related party when they have considerable influence of the reporting entity, for example through a position in the Board of Directors.

Shareholders that are considered as SATO's related party in 2020 are Balder Finska Ots AB, Erik Selin Fastigheter AB and Balder-group companies (owner: Fastighets Ab Balder, 100 per cent), Stichting Depositary APG Strategic Real Estate Pool (owner: Stichting Pensioenfonds ABP, >95 per cent; manager: APG Asset Management NV) and Elo Mutual Pension Insurance Company.

The following transactions were made with related parties:

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Transactions with related parties		
Rental agreements	0.0	0.0
Other transactions	0.0	0.0
Total	0.0	0.0

The members of the Board of Directors of SATO, the CEO and the members of the Extended Corporate Management Group and their close family members and the entities controlled or jointly controlled by them and joint venture SV-Asunnot Oy are considered as SATO's related party. The Extended Corporate Management Group comprises of SATO Corporation's President and CEO, Director investments and new construction, Commercial Director, Chief Digital Officer, Chief Financial Officer, Director of Human Resources and General Counsel.

The terms and conditions used in the related party transactions are equivalent to the terms used in transactions between independent parties.

On 18 March 2020, SATO Corporation has received an unsecured revolving credit facility from Fastighets AB Balder in the amount of EUR 250 million, with the maturity at 31.3.2022. No withdrawals from the facility were made during the period.

MEUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Extended Management Group employee benefits		
Salaries and other short-term employee benefits	1.4	1.7
Other long-term employee benefits	0.0	0.1
Total	1.4	1.8

EUR thousands	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Compensation paid to the members of the Board of Directors and the President & CEO		
Managing Director (Saku Sipola from 1 Jan. 2019 till 31 Aug. 2019, Sharam Rahi from 1 Sep. 2019 till 17 Dec. 2020, Antti Aarnio from 18. Dec till 31. Dec 2020)	292	633
Erik Selin	46	43
Jukka Hienonen	31	29
Esa Lager	26	25
Tarja Pääkkönen	28	24
Timo Stenius	26	23
Marcus Hansson (till 26 June 2020)	14	25
Hans Spikker	25	23
Total	486	822

Persons employed by the Group are not paid separate remuneration when serving as a member of the Board of Directors or as a President of a Group company.

In addition to the members of the Corporate Management Group, the PRP system covers around 80 SATO employees in executive, managerial and

expert roles. The terms and conditions of the PRP system and the payment of performance bonuses are approved by the Board of Directors. The aim of the PRP system is to harmonise the objectives of shareholders, management and key persons, bolster the commitment of key persons, improve competitiveness and promote long-term financial success.

34. BORROWING COSTS

	note	31 Dec 2020	31 Dec 2019
Capitalised expenses of borrowing costs during the period, MEUR	13	1.6	2.6
Financial expense index, %		2.0	2.1

35. SUBSEQUENT EVENTS

No significant events after the end of the reporting period.

36. SUBSIDIARIES OWNED BY THE GROUP AND PARENT COMPANY

31 Dec 2020	Group's holding, %	Parent company's holding, %
Holding percentages are the same as voting rights.		
Subsidiaries held by SATO Corporation		
Sato-Asunnot Oy	100.0	100.0
Sato-Rakennuttajat Oy	100.0	100.0
Sato-Rakennuttajien Asunnot Oy	100.0	100.0
Sato-Joustokoti Oy	100.0	100.0
Sato-Hallintopalvelut Oy	100.0	100.0
SATOkoti Oy	100.0	100.0
SATOkoti 21 Oy	100.0	100.0
SATOkoti 23 Oy	100.0	100.0
SATOkoti 24 Oy	100.0	100.0
Suomen Vuokrakodit 3 Oy	100.0	100.0
Suomen Satokodit 19 Oy	100.0	100.0
Suomen Satokodit 21 Oy	100.0	100.0
Suomen Satokodit 22 Oy	100.0	100.0
Suomen Satokodit 24 Oy	100.0	100.0
Sato VK 19 Oy	100.0	100.0
Sato VK 20 Oy	100.0	100.0
Sato VK 21 Oy	100.0	100.0
Sato VK 22 Oy	100.0	100.0
Vatrotalot 2 Oy	100.0	100.0
Vatrotalot 5 Oy	100.0	100.0
Sato KT-Asunnot Oy	100.0	100.0
Uusi Sarfvik Oy	60.0	18.3

31 Dec 2020	Group's holding, %	Parent company's holding, %
Sarfvin Vesialue Oy	60.0	18.3
Vantaan Sato-Kartano KOy	100.0	100.0
Joint ventures and associated companies		
SV-Asunnot Oy	50.0	50.0
Other shares		
Espoon Aallonrivi As Oy	100.0	100.0
Jyväskylän Lyseonlinna As Oy	6.8	2.2
Outakessa Koy	100.0	100.0
Companies held by subsidiaries		
Sato-Asunnot Oy		
As Oy Espoon Suvikäytävä	29.9	29.9
As Oy Kuhakartano	0.7	0.7
As Oy Tampereen Kuikankatu 2	9.7	9.7
As. Oy Järvenpään Kotokartano	100.0	100.0
As. Oy Kotipiennar	2.8	2.8
As. Oy Matinraitti 14	1.0	1.0
As. Oy Näkinukuja 2	2.5	2.5
As. Oy Näsinlaine	1.0	1.0
As. Oy Peltoluhta	1.2	1.2
As. Oy Turun Tallgreninkartano	37.1	37.1
As. Oy Urheilukatu 38	56.0	56.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
As. Oy Valtapolku	1.2	1.2
As. Oy Vantaan Lummepiha	100.0	100.0
Asunto - Oy 4 linja 24	33.6	33.6
Asunto O.Y. Kasarmikatu 14 - Bostads A.B. Kasärngatan 14	12.2	12.2
Asunto O.Y. Linjala 14	4.2	4.2
Asunto O/Y Pihlajatie N:o 23	3.0	3.0
Asunto Oy Agricolankuja 3	3.0	3.0
Asunto Oy Agricolankuja 8	80.7	80.7
Asunto Oy Agricolankulma	0.8	0.8
Asunto Oy Albertus	1.1	1.1
Asunto Oy Erkintalo	1.1	1.1
Asunto Oy Espoon Elosalama	100.0	100.0
Asunto Oy Espoon Hassel	4.4	4.4
Asunto Oy Espoon Honkavaarantie 5	10.3	10.3
Asunto Oy Espoon Interior	11.4	11.4
Asunto Oy Espoon Kaupinkalliontie 5	47.8	47.8
Asunto Oy Espoon Kivenhakkaajankuja 3	2.3	2.3
Asunto Oy Espoon Kuunkierros 2	13.5	13.5
Asunto Oy Espoon Lounaismeri	100.0	100.0
Asunto Oy Espoon Merituulentie 38	100.0	100.0
Asunto Oy Espoon Myötätuulenmäki	8.5	8.5
Asunto Oy Espoon Niittyhuippu	28.1	28.1
Asunto Oy Espoon Niittymaantie 3	100.0	100.0
Asunto Oy Espoon Numersinkatu 11	18.8	18.8
Asunto Oy Espoon Omenapuu	16.0	16.0
Asunto Oy Espoon Paratiisiomena	18.3	18.3
Asunto Oy Espoon Puropuisto	58.3	55.8
Asunto Oy Espoon Rastaspuistonpolku	22.6	22.6
Asunto Oy Espoon Rastaspuistontie 8	7.3	7.3
Asunto Oy Espoon Ristiniementie 22	8.2	5.4
Asunto Oy Espoon Runoratsunkatu 5	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Espoon Ruorikuja 4	3.8	3.8
Asunto Oy Espoon Satokallio	11.6	11.6
Asunto Oy Espoon Saunalyhty	6.8	6.8
Asunto Oy Espoon Sokerilinnantie 1	5.9	4.3
Asunto Oy Espoon Vanharaide	90.1	90.1
Asunto Oy Espoon Vasaratörmä	5.2	5.2
Asunto Oy Espoon Yläkartanonpiha	10.9	10.9
Asunto Oy Haagan Pappilantie 13	2.6	2.6
Asunto Oy Hakaniemenranta	2.5	2.5
Asunto Oy Hannanpiha	19.1	19.1
Asunto Oy Harjulehmus	7.1	7.1
Asunto Oy Helkalax	1.3	1.3
Asunto Oy Helsingin Akaasia	13.9	13.9
Asunto Oy Helsingin Aleksis Kiven Katu 52-54	0.5	0.5
Asunto Oy Helsingin Ansaritie 1	100.0	100.0
Asunto Oy Helsingin Ansaritie 2-4	100.0	100.0
Asunto Oy Helsingin Ansaritie 3	100.0	100.0
Asunto Oy Helsingin Apollonkatu 19	38.2	38.2
Asunto Oy Helsingin Arabian Kotiranta	4.2	4.2
Asunto Oy Helsingin Arabiankatu 3	13.4	13.4
Asunto Oy Helsingin Aurinkotuulenkatu 6	100.0	100.0
Asunto Oy Helsingin Casa Canal	13.3	13.3
Asunto Oy Helsingin Cirrus	1.7	1.7
Asunto Oy Helsingin Corona	17.0	17.0
Asunto Oy Helsingin Eiranrannan Estella	30.8	30.8
Asunto Oy Helsingin Eliel Saarisen Tie 10	96.1	96.1
Asunto Oy Helsingin Finniläntalo	80.2	80.2
Asunto Oy Helsingin Gadolininkatu 1	100.0	100.0
Asunto Oy Helsingin Gerbera	12.7	12.7
Asunto Oy Helsingin Graniittitie 8 ja 13	100.0	100.0
Asunto Oy Helsingin Happiness	22.2	22.2

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Helsingin Hildankulma	80.1	80.1
Asunto Oy Helsingin Isopurje	3.2	3.2
Asunto Oy Helsingin Kaivonkatsojantie 2	16.4	16.4
Asunto Oy Helsingin Kalevankatu 53	6.6	6.6
Asunto Oy Helsingin Kallioliinna	0.8	0.8
Asunto Oy Helsingin Kanavaranta	8.8	8.8
Asunto Oy Helsingin Kerttulinkuja 1	7.5	7.5
Asunto Oy Helsingin Kokkosaarenkatu 4	20.8	20.8
Asunto Oy Helsingin Koralli	4.1	4.1
Asunto Oy Helsingin Koroistentie	9.4	9.4
Asunto Oy Helsingin Kultareuna 1	39.0	39.0
Asunto Oy Helsingin Kuusihovi	25.4	25.4
Asunto Oy Helsingin Kyläkirkontie 13	68.5	68.5
Asunto Oy Helsingin Köysikuja 2	9.5	9.5
Asunto Oy Helsingin Laivalahdenkaari 1	85.4	85.4
Asunto Oy Helsingin Leikopiha	9.6	9.6
Asunto Oy Helsingin Leikosaarentie 31	18.7	18.7
Asunto Oy Helsingin Leikovuori	9.1	9.1
Asunto Oy Helsingin Lönnrotinkatu 32	55.1	55.1
Asunto Oy Helsingin Mariankatu 19	1.0	1.0
Asunto Oy Helsingin Merenkävijä	5.1	5.1
Asunto Oy Helsingin Minna Canthinkatu 24	1.1	1.1
Asunto Oy Helsingin Mustankivenraitti 5	94.6	94.6
Asunto Oy Helsingin Myllypellonpolku 4	5.1	5.1
Asunto Oy Helsingin Mylläri	2.3	2.3
Asunto Oy Helsingin Nautilus	26.0	26.0
Asunto Oy Helsingin Nukkeruusunkuja 3	15.5	15.5
Asunto Oy Helsingin Otto Brandt'in Polku 4	4.4	4.4
Asunto Oy Helsingin Pasilantornit	53.4	53.4
Asunto Oy Helsingin Pasuunatie 8	3.8	2.2
Asunto Oy Helsingin Perustie 16	56.1	56.1

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Helsingin Piispantie 3	100.0	100.0
Asunto Oy Helsingin Pirta	17.1	17.1
Asunto Oy Helsingin Porthaninkatu 4	0.7	0.7
Asunto Oy Helsingin Puuskarinne 1	98.2	98.2
Asunto Oy Helsingin Päivölantie 72	7.7	7.7
Asunto Oy Helsingin Reginankuja 4	11.8	11.8
Asunto Oy Helsingin Rosas	9.6	9.6
Asunto Oy Helsingin Ruusutarhantie 2-4	30.7	30.7
Asunto Oy Helsingin Satoaalto	8.6	8.6
Asunto Oy Helsingin Satorinne	8.5	8.5
Asunto Oy Helsingin Serica	3.8	3.8
Asunto Oy Helsingin Solarus	5.9	5.9
Asunto Oy Helsingin Solnantie 22	71.0	71.0
Asunto Oy Helsingin Solnantie 22 (LT)	27.0	27.0
Asunto Oy Helsingin Ståhlbergintie 4	93.5	93.5
Asunto Oy Helsingin Taimistontie 9	2.8	2.8
Asunto Oy Helsingin Tapaninkulo	4.7	4.7
Asunto Oy Helsingin Tila	24.5	13.1
Asunto Oy Helsingin Topeliuksenkatu 29	4.6	4.6
Asunto Oy Helsingin Tulvaniitynpolku 5	2.0	2.0
Asunto Oy Helsingin Tunturinlinna	9.5	9.5
Asunto Oy Helsingin Töölön Oscar	25.3	25.3
Asunto Oy Helsingin Vanha Viertotie 16	68.8	68.8
Asunto Oy Helsingin Vanha Viertotie 18	42.8	42.8
Asunto Oy Helsingin Villa Kuohu	25.6	25.6
Asunto Oy Hervannan Juhani	14.9	14.9
Asunto Oy Hiihtomäentie 34	3.7	3.7
Asunto Oy Humalniementie 3-5	1.1	1.1
Asunto Oy Hämeenlinnan Aaponkuja 3	33.4	33.4
Asunto Oy Iidesranta 42 Tampere	10.0	6.6
Asunto Oy Jukolanniitty	7.7	7.7

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Jukolantanner	7.8	7.8
Asunto Oy Jussinhovi	3.5	3.5
Asunto Oy Jyväskylän Harjukartano	23.0	23.0
Asunto Oy Jyväskylän Harjunportti	18.7	18.7
Asunto Oy Jyväskylän Lyseonlinna	6.8	4.6
Asunto Oy Jyväskylän Taitoniekansato	17.4	17.4
Asunto Oy Jyväskylän Tanhurinne	24.1	24.1
Asunto Oy Jyväskylän Torihovi	2.7	2.7
Asunto Oy Järvenpään Alhonorinne	18.4	18.4
Asunto Oy Kalasataman Fregatti, Helsinki	25.3	25.3
Asunto Oy Kangasalan Kukka puisto	6.3	6.3
Asunto Oy Kasarminkatu 10	26.7	26.7
Asunto Oy Kaukotie 10–12	3.1	3.1
Asunto Oy Kauniaisten Ersintie 9–11	5.5	5.5
Asunto Oy Kauniaisten Konsuli Bostads Ab	7.4	7.4
Asunto Oy Kauniaisten Ratapolku 6	100.0	100.0
Asunto Oy Ketturinne	1.3	1.3
Asunto Oy Kirkkonummen Sarvikinrinne 4	100.0	100.0
Asunto Oy Kirkkosalmentie 3	0.9	0.9
Asunto Oy Kivisaarentie	2.7	2.7
Asunto Oy Kolehmaisentori	11.6	11.6
Asunto Oy Kukkolan Koivu	4.3	4.3
Asunto Oy Kulmavuorenrinne	1.0	1.0
Asunto Oy Kuovi	100.0	100.0
Asunto Oy Kupittaaan Kotka, Turku	10.9	10.9
Asunto Oy Kupittaaan Kurki, Turku	6.1	6.1
Asunto Oy Kupittaaan Peippo, Turku	34.6	34.6
Asunto Oy Kupittaaan Satakieli, Turku	6.1	6.1
Asunto Oy Kuuselanpuisto	23.0	23.0
Asunto Oy Kuusihalme	2.3	2.3
Asunto Oy Kuusitie 15	1.5	1.5

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Kuusitie 3	1.8	1.8
Asunto Oy Lahden Jyrkkärinteenpuisto	41.2	41.2
Asunto Oy Lahden Kauppakatu 36	7.9	3.6
Asunto Oy Lahden Roopenkuja	25.6	25.6
Asunto Oy Lapinniemen Pallopuurje	1.9	1.9
Asunto Oy Lapintalo	1.0	1.0
Asunto Oy Lappeenrannan Kanavansato 2	12.5	12.5
Asunto Oy Lauttasaarentie 11	1.6	1.6
Asunto Oy Lempäälän Moisinaukea 25	100.0	100.0
Asunto Oy Lielahdentie 10	9.1	9.1
Asunto Oy Läntinen Brahenkatu 8	0.8	0.8
Asunto Oy Mannerheimintie 108	3.0	3.0
Asunto Oy Mannerheimintie 148	2.5	2.5
Asunto Oy Mannerheimintie 77	1.2	1.2
Asunto Oy Mannerheimintie 83–85	0.7	0.7
Asunto Oy Mannerheimintie 93	0.3	0.3
Asunto Oy Mellunsusi	1.5	1.5
Asunto Oy Messeniuksenkatu 8	2.0	2.0
Asunto Oy Messilä	70.0	70.0
Asunto Oy Muotialantie 31	7.0	7.0
Asunto Oy Myllysalama	59.8	59.8
Asunto Oy Naantalin Kastovuorenrinne	16.7	16.7
Asunto Oy Neulapadontie 4	1.2	1.2
Asunto Oy Nokian Miharintie 38–40	13.1	13.1
Asunto Oy Nokian Virran Ritari	100.0	100.0
Asunto Oy Nordenskiöldinkatu 8	2.5	2.5
Asunto Oy Näyttelijäntien Pistetalot	1.4	1.4
Asunto Oy Oskelantie 5	4.1	4.1
Asunto Oy Oskelantie 8	2.1	2.1
Asunto Oy Otavantie 4	1.8	1.8
Asunto Oy Oulun Aleksanteri	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Oulun Arvolankartano	2.1	2.1
Asunto Oy Oulun Arvolanpuisto	9.0	9.0
Asunto Oy Oulun Laamannintie 1	12.8	12.8
Asunto Oy Oulun Laaniranta	6.0	6.0
Asunto Oy Oulun Marsalkka	5.7	5.7
Asunto Oy Oulun Notaarintie 1	24.4	24.4
Asunto Oy Oulun Notaarintie 3	5.0	5.0
Asunto Oy Oulun Tullikartano	17.0	17.0
Asunto Oy Oulun Tulliveräjä	40.7	40.7
Asunto Oy Pengerkatu 27	2.6	2.6
Asunto Oy Pohjanpoika	8.0	8.0
Asunto Oy Poutuntie 2	3.7	3.7
Asunto Oy Puistokaari 13	1.9	1.9
Asunto Oy Puolukkasato	5.9	5.9
Asunto Oy Puolukkavarikko	33.9	33.9
Asunto Oy Raikukuja II	100.0	100.0
Asunto Oy Raikurinne 1	1.3	1.3
Asunto Oy Raison Tasonorni	39.3	39.3
Asunto Oy Raison Toripuisto	57.0	20.8
Asunto Oy Rantasentteri	1.5	1.5
Asunto Oy Risto Rytin Tie 28 Bostads Ab	1.5	1.5
Asunto Oy Ristolantie 7	2.5	2.5
Asunto Oy Riviuhkola	4.4	4.4
Asunto Oy Ryytikuja 5	0.8	0.8
Asunto Oy Saarenkeskus	0.4	0.4
Asunto Oy Salpakolmio	31.3	31.3
Asunto Oy Satakallio	0.2	0.2
Asunto Oy Satokaunokki	7.5	7.5
Asunto Oy Satosorsa	19.9	19.9
Asunto Oy Satosyppi	12.1	12.1
Asunto Oy Savilankatu 1 b	33.3	33.3

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Solnantie 32	0.9	0.9
Asunto Oy Sulkapolku 6	0.4	0.4
Asunto Oy Säästökartano	0.3	0.3
Asunto Oy Taapuri	2.5	2.5
Asunto Oy Tallbergin Puistotie 1	2.0	2.0
Asunto Oy Tammitie 21	0.9	0.9
Asunto Oy Tampereen Charlotta	2.0	2.0
Asunto Oy Tampereen Haapalinnan Antintalo	66.7	50.7
Asunto Oy Tampereen Kanjoninkatu 15	56.3	56.3
Asunto Oy Tampereen Kokinpellonrinne 2	86.9	86.9
Asunto Oy Tampereen Kristiina	19.1	19.1
Asunto Oy Tampereen Kyyhky	11.1	8.1
Asunto Oy Tampereen Rotkonraitti 6	48.2	48.2
Asunto Oy Tampereen Siirtolapuutarhankatu 12	5.6	5.6
Asunto Oy Tampereen Strada	46.6	46.6
Asunto Oy Tampereen Waltteri	23.9	23.9
Asunto Oy Tapiolan Itäkartano, Espoo	53.6	53.6
Asunto Oy Tapiolan Tuuliniitty Espoo	6.8	6.8
Asunto Oy Tarkkampujankatu 14	44.1	44.1
Asunto Oy Tasatuomo	1.3	1.3
Asunto Oy Terhokuja 6	11.3	11.3
Asunto Oy Tikkamatti	9.8	9.8
Asunto Oy Turun Asemanlinna	20.9	20.9
Asunto Oy Turun Eteläranta II	3.2	3.2
Asunto Oy Turun Eteläranta III	2.9	2.9
Asunto Oy Turun Eteläranta IV (ASSI)	3.0	3.0
Asunto Oy Turun Fregatinranta	4.7	4.7
Asunto Oy Turun Förinranta II	1.0	1.0
Asunto Oy Turun Hehtokatu	30.5	10.2
Asunto Oy Turun Ipnoksenrinne	6.7	6.7
Asunto Oy Turun Kivimaanrivi	6.5	6.5

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Turun Kiviniemenpuisto	0.8	0.8
Asunto Oy Turun Linnanhuippu	1.1	1.1
Asunto Oy Turun Linnanpuisto	8.8	8.8
Asunto Oy Turun Mietoistenkuja	9.4	9.4
Asunto Oy Turun Pernon Kartanonlaakso	21.8	21.8
Asunto Oy Turun Puutarhakatu 50	13.1	13.1
Asunto Oy Turun Sipimetsä	8.5	8.5
Asunto Oy Turuntie 112	1.4	1.4
Asunto Oy Turuntie 63	1.6	1.6
Asunto Oy Tykkikuja 7	100.0	100.0
Asunto Oy Töölön Estradi, Helsinki	63.0	63.0
Asunto Oy Töölön Gaala	50.3	50.3
Asunto Oy Ulpukkaniemi	25.4	25.4
Asunto Oy Vaasankatu 15	0.8	0.8
Asunto Oy Vallinkyyhky	6.0	6.0
Asunto Oy Vantaan Albert Petreliuksen Katu 8	7.7	7.7
Asunto Oy Vantaan Kilterinpuisto	53.0	53.0
Asunto Oy Vantaan Kivivuorentie 8 A-B	100.0	100.0
Asunto Oy Vantaan Kivivuorentie 8 C	100.0	100.0
Asunto Oy Vantaan Käräjäkuja 3	19.8	19.8
Asunto Oy Vantaan Liesitorin Palvelutalo	2.5	2.5
Asunto Oy Vantaan Maarinrinne	12.0	12.0
Asunto Oy Vantaan Maarukanrinne 6	14.6	14.6
Asunto Oy Vantaan Minkkikuja	49.0	49.0
Asunto Oy Vantaan Orvokkitie 17	14.3	14.3
Asunto Oy Vantaan Pakkalanrinne 3	41.8	41.8
Asunto Oy Vantaan Pakkalanruusu	3.1	3.1
Asunto Oy Vantaan Ravurinmäki	33.2	33.2
Asunto Oy Vantaan Solkikuja 5	100.0	100.0
Asunto Oy Vantaan Talvikkitie 38	96.1	96.1
Asunto Oy Vantaan Tammiston Tringa	8.3	8.3

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Vantaan Tammistonkatu 29	29.1	29.1
Asunto Oy Vantaan Tuurakuja 4	34.1	34.1
Asunto Oy Vantaan Tähtiö	33.2	33.2
Asunto Oy Vantaan Uomarinne 5	100.0	100.0
Asunto Oy Vantaan Varikkokaarre 2	100.0	100.0
Asunto Oy Vantaan Varikonaarre	3.3	3.3
Asunto Oy Viides Linja 16	1.1	1.1
Asunto Oy Viikinkisankari	31.1	31.1
Asunto Oy Vilhonvuorenkatu 8 - Bostads Ab Vilhelmsbergsgatan 8	1.1	1.1
Asunto Oy Vuomeren-Salpa	2.7	2.7
Asunto Oy Vuorastila	99.0	99.0
Asunto Oy Vuoreksen Vega, Tampere	83.8	83.8
Asunto Oy Vuosaaren Meripihka Helsinki	42.7	42.7
Asunto Oy Vätkynkallio	0.8	0.8
Asunto-Osakeyhtiö Amos	0.5	0.5
Asunto-Osakeyhtiö Arabian Valo, Helsinki	52.2	52.2
Asunto-Osakeyhtiö Fredrikinkatu 38	2.7	2.7
Asunto-Osakeyhtiö Haagan Talontie 4	3.1	3.1
Asunto-Osakeyhtiö Kristianinkatu 2	1.7	1.7
Asunto-Osakeyhtiö Kulmakatu 12	2.1	2.1
Asunto-Osakeyhtiö Kuusitie 9	2.3	2.3
Asunto-Osakeyhtiö Merimiehenkatu 41 Bostadsaktiebolag	1.6	1.6
Asunto-Osakeyhtiö Minna Canthin Katu 22	2.4	2.4
Asunto-Osakeyhtiö Mursu	0.5	0.5
Asunto-Osakeyhtiö Nervanderinkatu 9	2.6	2.6
Asunto-Osakeyhtiö Otavanatie 3	0.6	0.6
Asunto-Oy Laajalahdentie 26	6.5	6.5
Asunto-Oy Mannerheimintie 100	0.9	0.9
Asunto-Oy Mariankatu 21	1.3	1.3
Asunto-oy Turun Linnankatu 37 a	1.7	1.7
Asunto-Oy Ulvilantie 11 b	0.6	0.6

31 Dec 2020	Group's holding, %	Parent company's holding, %
Bostads Ab Björneborgsvägen 5	0.5	0.5
Bostads Ab Kajaneborg	7.3	7.3
Bostads Ab Kvarnhyddan	1.8	1.8
Bostads Ab Munksnäs N:o 25 Asunto Oy	14.1	14.1
Bostads Ab Spargäddan Asunto Oy	1.3	1.3
Bostadsaktiebolaget Lönegropen, Skidbacksvägen 18	1.6	1.6
Etelä-Hämeen Talo Oy	81.3	81.3
Kiinteistö Oy Espoon Heinjoenpolku	100.0	100.0
Kiinteistö Oy Espoon Henttaan puistokatu 6	100.0	100.0
Kiinteistö Oy Espoon Henttaan puistokatu 8	100.0	100.0
Kiinteistö Oy Espoon Hopeavillakko	100.0	100.0
Kiinteistö Oy Espoon Jousenkaari 5	100.0	100.0
Kiinteistö Oy Espoon Jousenkaari 7	100.0	100.0
Kiinteistö Oy Espoon Kala-Maija 4	100.0	100.0
Kiinteistö Oy Espoon Kilonkallionkuja 5	100.0	100.0
Kiinteistö Oy Espoon Kilvoituksentie 1	100.0	100.0
Kiinteistö Oy Espoon Kiskottajankuja 4	100.0	100.0
Kiinteistö Oy Espoon Kuunsirppi	100.0	100.0
Kiinteistö Oy Espoon Kyyhkysmäki 16	100.0	100.0
Kiinteistö Oy Espoon Kyyhkysmäki 9	100.0	100.0
Kiinteistö Oy Espoon Lansantie 3	100.0	100.0
Kiinteistö Oy Espoon Likusterikatu 1 D	100.0	100.0
Kiinteistö Oy Espoon Linnustajantie 17	100.0	100.0
Kiinteistö Oy Espoon Magneettikatu 8	100.0	100.0
Kiinteistö Oy Espoon Majurinkatu 3	100.0	100.0
Kiinteistö Oy Espoon Matinniitynkuja 8	100.0	100.0
Kiinteistö Oy Espoon Niittymaantie 1	100.0	100.0
Kiinteistö Oy Espoon Niittysillankulma 2 C–D	100.0	100.0
Kiinteistö Oy Espoon Perkkaankuja 3	100.0	100.0
Kiinteistö Oy Espoon Porarinkatu 2 D - E	100.0	100.0
Kiinteistö Oy Espoon Porarinkatu 2 F	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Espoon Puikkarinmäki	100.0	100.0
Kiinteistö Oy Espoon Pyhäjärventie 1	100.0	100.0
Kiinteistö Oy Espoon Rummunlöyöjankatu 11 D–E	100.0	100.0
Kiinteistö Oy Espoon Sepetlahdentie 6	100.0	100.0
Kiinteistö Oy Espoon Siniheinä	100.0	100.0
Kiinteistö Oy Espoon Soukanniementie 1	100.0	100.0
Kiinteistö Oy Espoon Taivalmäki 5	100.0	100.0
Kiinteistö Oy Espoon Taivalrinne	100.0	100.0
Kiinteistö Oy Espoon Tähtimötie	100.0	100.0
Kiinteistö Oy Espoon Viherlaaksonranta 3–5	100.0	100.0
Kiinteistö Oy Espoon Viherlaaksonranta 7	100.0	100.0
Kiinteistö Oy Espoon Zanseninkuja 6	100.0	100.0
Kiinteistö Oy Eura III	100.0	100.0
Kiinteistö Oy Helsingin Amiraalinkatu 2	100.0	100.0
Kiinteistö Oy Helsingin Atlantinkatu 12	100.0	100.0
Kiinteistö Oy Helsingin Capellan puistotie 21	100.0	100.0
Kiinteistö Oy Helsingin Castreninkatu 3	100.0	100.0
Kiinteistö Oy Helsingin Hakaniemenkatu 9	100.0	100.0
Kiinteistö Oy Helsingin Heikkiläntie 10	100.0	100.0
Kiinteistö Oy Helsingin Hämeenpenger	100.0	100.0
Kiinteistö Oy Helsingin Ida Aalbergin Tie 3 A	100.0	100.0
Kiinteistö Oy Helsingin Ida Aalbergintie 1b	100.0	100.0
Kiinteistö Oy Helsingin Juhani Ahon Tie 12–14	100.0	100.0
Kiinteistö Oy Helsingin Junonkatu 4	100.0	100.0
Kiinteistö Oy Helsingin Kaarenjalka 5	100.0	100.0
Kiinteistö Oy Helsingin Kaarenjalka 5a	100.0	100.0
Kiinteistö Oy Helsingin Kangaspellontie 1–5	100.0	100.0
Kiinteistö Oy Helsingin Kaustisenpolku 1	100.0	100.0
Kiinteistö Oy Helsingin Kiillekuja 4	100.0	100.0
Kiinteistö Oy Helsingin Kirjala	100.0	100.0
Kiinteistö Oy Helsingin Klaavuntie 8-10	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Helsingin Korppaanmäentie 17	100.0	100.0
Kiinteistö Oy Helsingin Korppaanmäentie 21	100.0	100.0
Kiinteistö Oy Helsingin Kristianinkatu 11–13	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 10a	75.5	75.5
Kiinteistö Oy Helsingin Kutomotie 12a	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 14 A	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 8a	100.0	100.0
Kiinteistö Oy Helsingin Lapponia	100.0	100.0
Kiinteistö Oy Helsingin Lauttasaarentie 19	58.3	58.3
Kiinteistö Oy Helsingin Leirikuja 3	100.0	100.0
Kiinteistö Oy Helsingin Lontoonkatu 9	100.0	100.0
Kiinteistö Oy Helsingin Malagankatu 7	100.0	100.0
Kiinteistö Oy Helsingin Mechelininkatu 12–14	100.0	100.0
Kiinteistö Oy Helsingin Meripellonhovi	98.3	98.3
Kiinteistö Oy Helsingin Mestari	100.0	100.0
Kiinteistö Oy Helsingin Navigatortalo	44.7	44.7
Kiinteistö Oy Helsingin Pajamäentie 6	100.0	100.0
Kiinteistö Oy Helsingin Pajamäentie 7	100.0	100.0
Kiinteistö Oy Helsingin Pakilantie 17	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 5	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 7	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 8	100.0	100.0
Kiinteistö Oy Helsingin Pääskylänrinne	100.0	100.0
Kiinteistö Oy Helsingin Rikhard Nymanin Tie 3	100.0	100.0
Kiinteistö Oy Helsingin Riontähti	100.0	100.0
Kiinteistö Oy Helsingin Rusthollarinkuja 2	100.0	100.0
Kiinteistö Oy Helsingin Sateenkaari	100.0	100.0
Kiinteistö Oy Helsingin Siltavoudintie 20	100.0	100.0
Kiinteistö Oy Helsingin Snellmaninkatu 23	100.0	100.0
Kiinteistö Oy Helsingin Stenbäckinkatu 5	60.0	60.0
Kiinteistö Oy Helsingin Sähköttäjänkatu 6	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Helsingin Tilkankatu 15	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 2	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 6	100.0	100.0
Kiinteistö Oy Helsingin Tulisuntie 20	100.0	100.0
Kiinteistö Oy Helsingin Vanha Viertotie 6	100.0	100.0
Kiinteistö Oy Helsingin Vanha Viertotie 8	100.0	100.0
Kiinteistö Oy Helsingin Venemestarintie 4	100.0	100.0
Kiinteistö Oy Helsingin Vervi	100.0	100.0
Kiinteistö Oy Helsingin Vetelintie 5	100.0	100.0
Kiinteistö Oy Helsingin Viulutie 1	100.0	100.0
Kiinteistö Oy Helsingin Vuosaaren Helmi	100.0	100.0
Kiinteistö Oy Helsingin Välskärinkatu 4	100.0	100.0
Kiinteistö Oy Jyväskylän Ailakinraitti	100.0	100.0
Kiinteistö Oy Jyväskylän Yliopistonkatu 18 Ja Keskustie 17	100.0	100.0
Kiinteistö Oy Jyväskylän Äijälänrannan Ansaritie 4	100.0	100.0
Kiinteistö Oy Kaarinan Auranpihat	100.0	100.0
Kiinteistö Oy Kangasalan Unikkoniitty	100.0	100.0
Kiinteistö Oy Kapellimestarinparkki	9.1	9.1
Kiinteistö Oy Kastevuoren Palvelutalo	100.0	100.0
Kiinteistö Oy Keravan Papintie 1	100.0	100.0
Kiinteistö Oy Kulmavuorenpiha	100.0	100.0
Kiinteistö Oy Kupittaaan Kyyhky	100.0	100.0
Kiinteistö Oy Lahden Mesisurri	100.0	100.0
Kiinteistö Oy Lahden Nuolinkatu 9	100.0	100.0
Kiinteistö Oy Mannerheimintie 170	63.3	63.3
Kiinteistö Oy Matinkylän Poutapilvi	100.0	100.0
Kiinteistö Oy Myyrinhaukka	100.0	100.0
Kiinteistö Oy Nekalanpuisto	2.9	2.9
Kiinteistö Oy Niittaajankadun Klaava	100.0	100.0
Kiinteistö Oy Niittykummun Huippuparkki	36.5	36.5
Kiinteistö Oy Näkinkuja 6	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Oulun Aleksinranta	100.0	100.0
Kiinteistö Oy Oulun Hoikantie 14–22	100.0	100.0
Kiinteistö Oy Oulun Kalevalantie	100.0	100.0
Kiinteistö Oy Oulun Laanila I	100.0	100.0
Kiinteistö Oy Oulun Laanila IV	100.0	100.0
Kiinteistö Oy Oulun Paalikatku 23	100.0	100.0
Kiinteistö Oy Oulun Peltolantie 18 B	100.0	100.0
Kiinteistö Oy Oulun Rautatienkatu 74	100.0	100.0
Kiinteistö Oy Oulun Rautatienkatu 78	100.0	100.0
Kiinteistö Oy Sammon Parkki	21.2	21.2
Kiinteistö Oy Satulaparkki	53.3	53.3
Kiinteistö Oy Tampereen Aitolahdentie 22	100.0	100.0
Kiinteistö Oy Tampereen Aitolahdentie 24	100.0	100.0
Kiinteistö Oy Tampereen Alapeussonkatu 6	100.0	100.0
Kiinteistö Oy Tampereen Atanväylä 4A	100.0	100.0
Kiinteistö Oy Tampereen Atanväylä 4B	100.0	100.0
Kiinteistö Oy Tampereen Hannulanpolku 10	100.0	100.0
Kiinteistö Oy Tampereen Hervannan Puistokallio	100.0	100.0
Kiinteistö Oy Tampereen Härmälänrannan Aurinkokallio	100.0	100.0
Kiinteistö Oy Tampereen Härmälänrannan Sisu	100.0	100.0
Kiinteistö Oy Tampereen Iidesranta 18	100.0	100.0
Kiinteistö Oy Tampereen Jankanpuisto	100.0	100.0
Kiinteistö Oy Tampereen Kaidanpääty	100.0	100.0
Kiinteistö Oy Tampereen Kauppa-aukio	100.0	100.0
Kiinteistö Oy Tampereen Linnanhera	100.0	100.0
Kiinteistö Oy Tampereen Pappilan Herra	100.0	100.0
Kiinteistö Oy Tampereen Puistofasaani	100.0	100.0
Kiinteistö Oy Tampereen Ruovedenkatu 11	100.0	100.0
Kiinteistö Oy Tampereen Sammon Kalervo	100.0	100.0
Kiinteistö Oy Tampereen Tarmonkatu 6	100.0	100.0
Kiinteistö Oy Tampereen Tieteenkatu 14	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Tampereen Tuiskunkatu 7	100.0	100.0
Kiinteistö Oy Terhokuja 3	100.0	100.0
Kiinteistö Oy Tohlopinkontu (Sato-As.)	100.0	60.0
Kiinteistö Oy Turun Gränsbackankuja 3	100.0	100.0
Kiinteistö Oy Turun Joutsenpuisto 7	100.0	100.0
Kiinteistö Oy Turun Kaivokatu 10	100.0	100.0
Kiinteistö Oy Turun Marmoririnne 2	100.0	100.0
Kiinteistö Oy Turun Metallikatku	100.0	100.0
Kiinteistö Oy Turun Pryssinkatu 13	100.0	100.0
Kiinteistö Oy Turun Ratavahdinrinne	100.0	100.0
Kiinteistö Oy Turun Rauhankatu 8	100.0	100.0
Kiinteistö Oy Turun Sato-Koto	100.0	100.0
Kiinteistö Oy Turun Sukkulakoti	100.0	100.0
Kiinteistö Oy Turun Tervaporvari	100.0	100.0
Kiinteistö Oy Turun Uudenmaanlinna	100.0	100.0
Kiinteistö Oy Turun Veistämöntori	100.0	100.0
Kiinteistö Oy Turun Westparkin Tuija	100.0	100.0
Kiinteistö Oy Vallikallionpolku	100.0	100.0
Kiinteistö Oy Vantaan Aapramintie 4	100.0	100.0
Kiinteistö Oy Vantaan Havukoskenkatu 20	100.0	100.0
Kiinteistö Oy Vantaan Heporinne 4	100.0	100.0
Kiinteistö Oy Vantaan Hiekkaharjuntie 16	100.0	100.0
Kiinteistö Oy Vantaan Horsmakuja 4a	100.0	100.0
Kiinteistö Oy Vantaan Kaarenkunnas	100.0	100.0
Kiinteistö Oy Vantaan Kaarenlehmus	100.0	100.0
Kiinteistö Oy Vantaan Kesäniitty	100.0	100.0
Kiinteistö Oy Vantaan Kevätpuro	100.0	100.0
Kiinteistö Oy Vantaan Krassipuisto	100.0	100.0
Kiinteistö Oy Vantaan Kukinkuja 2	100.0	100.0
Kiinteistö Oy Vantaan Leksankuja 3	100.0	100.0
Kiinteistö Oy Vantaan Martinpääsky	100.0	100.0

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Vantaan Myyrinmutka	100.0	100.0
Kiinteistö Oy Vantaan Oritie 1	100.0	100.0
Kiinteistö Oy Vantaan Orvokkikuja 1a	100.0	100.0
Kiinteistö Oy Vantaan Orvokkikuja 1b	100.0	100.0
Kiinteistö Oy Vantaan Pakkalanportti	100.0	100.0
Kiinteistö Oy Vantaan Pakkalanrinne 5–7	100.0	100.0
Kiinteistö Oy Vantaan Peltolantie 14	100.0	100.0
Kiinteistö Oy Vantaan Pronssikuja 1	100.0	100.0
Kiinteistö Oy Vantaan Raikukuja 4B	100.0	100.0
Kiinteistö Oy Vantaan Ruostekuja 3	100.0	100.0
Kiinteistö Oy Vantaan Solkikuja 2	100.0	100.0
Kiinteistö Oy Vantaan Sompakuja 2-4	100.0	100.0
Kiinteistö Oy Vantaan Tempo	100.0	100.0
Kiinteistö Oy Vantaan Teodora	100.0	100.0
Kiinteistö Oy Vantaan Tykkikuja 11	100.0	100.0
Kiinteistö Oy Vantaan Vihvilätie 3	100.0	100.0
Kiinteistö Oy Ylöjärven Soppeenkatja	100.0	100.0
Kiinteistö Oy Ylöjärven Viljavainio	100.0	100.0
Kiinteistö Oy Espoon Ruusulinn	100.0	100.0
Kiinteisöt Oy Helsingin Nils Westermarckin kuja 18	100.0	100.0
Kiinteisöt Oy Helsingin Näyttelijäntie 24	100.0	100.0
OOO SATO RUS	100.0	100.0
Sato-Neva Oy	100.0	100.0
Sato-Pietari Oy	100.0	100.0
Työväen Asunto-osakeyhtiö Rauha	10.2	10.2
Ömsesidiga Fastighets Ab Malmeken	13.0	13.0
Sato-Rakennuttajien Asunnot Oy		
Kiinteistö Oy Puutorin Pysäköinti	51.6	51.6
Asunto Oy Oulun Peltopyy	100.0	100.0
Asunto Oy Helsingin Tila	24.5	11.4

31 Dec 2020	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Uudenmaantulli	24.3	24.3
Sato-Joustokoti Oy		
Asunto-osakeyhtiö Talin Estelle, Helsinki	85.4	85.4
SATOkoti Oy		
Kiinteistö Oy Ida Aalbergintie 1	100.0	100.0
Kiinteistö Oy Tohopinkontu	100.0	40.0
SATOkoti 21 Oy		
Asunto Oy Helsingin Keinulaudantie 7	100.0	100.0
Asunto Oy Helsingin Keinulaudantie 7a	100.0	100.0
SATOkoti 24 Oy		
Asunto Oy Vantaan Neulansilmä	2.2	2.2
Suomen Vuokrakodit 3 Oy		
Asunto Oy Turun Westparkin Eeben	100.0	100.0
Asunto Oy Vantaan Piparminttu	100.0	100.0
Asunto Oy Vantaan Rubiinikehä 1B	100.0	100.0
Suomen Satokodit 19 Oy		
Pellervon Pysäköinti KOy	16.0	16.0
Suomen Satokodit 21 Oy		
Asunto Oy Espoon Kaskenkaatajantie 5	100.0	100.0
Asunto Oy Helsingin Arhotie 22	100.0	100.0
Asunto Oy Helsingin Myllymatkantie 1	100.0	100.0
Suomen Satokodit 22 Oy		
Vantaan Kortteeri As Oy	6.4	6.4

31 Dec 2020	Group's holding, %	Parent company's holding, %
Sato VK 19 Oy		
Asunto Oy Jyväskylän Maalaiskunnan Kirkkotie 3	61.6	12.1
Asunto Oy Kaarinan Katariinankallio	35.8	23.5
Asunto Oy Kaarinan Kultarinta	39.9	26.5
Asunto Oy Tampereen Rantatie 13 E-G	44.6	41.6
Asunto Oy Turun Merenneito	24.7	14.6
Asunto Oy Turun Meripoika	40.8	26.0
Sato VK 20 Oy		
As. Oy Helsingin Lintulahdenpuisto	100.0	100.0
Asunto Oy Espoon Säterinkatu 10	19.1	6.1
Asunto Oy Oulun Laamannintie	86.4	43.5
Helsingin Vanhanlinnantie 10 As Oy	14.0	10.2
Sato VK 21 Oy		
Espoon Zanseninkuja 4 As Oy	78.2	17.4
Jyväskylän Vaneritori 4 As Oy	85.8	19.8
Kaarinan Mattelipiha As Oy	92.9	36.0
Turun Unikkoniitty As Oy	82.4	13.9
Vantaan Herttuantie 3 As Oy	82.3	31.2
Sato VK 22 Oy		
Espoon Numersinkatu 6 As Oy	77.7	9.2
Kaarinan Kiurunpuisto As Oy	86.6	29.6
Oulun Laamannintie 14 ja 17 As Oy	96.5	61.9
Tampereen Kyläleni As Oy	95.3	70.7
Turun Maarianportti As Oy	100.0	100.0
Sato-Osaomistus Oy		
Asunto Oy Espoon Nostoväenkuja 1	3.8	3.8
Asunto Oy Espoon Numersinkatu 6	77.7	68.5

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto Oy Espoon Puropuisto	58.3	2.5
Asunto Oy Espoon Ristiniementie 22	8.2	2.8
Asunto Oy Espoon Sokerilinnantie 1	5.9	1.6
Asunto Oy Espoon Säterinkatu 10	19.1	13.0
Asunto Oy Espoon Zanseninkuja 4	78.2	60.8
Asunto Oy Helsingin Pasuunatie 8	3.8	1.6
Asunto Oy Helsingin Taavetinaukio 4	3.9	3.9
Asunto Oy Helsingin Vanhanlinnantie 10	14.0	3.8
Asunto Oy Iidesranta 42 Tampere	10.0	3.4
Asunto Oy Jyväskylän Maalaiskunnan Kirkkotie 3	61.6	49.5
Asunto Oy Jyväskylän Vaneritori 4	85.8	66.0
Asunto Oy Kaarinan Katariinankallio	35.8	12.3
Asunto Oy Kaarinan Katariinanrinne	5.3	5.3
Asunto Oy Kaarinan Kiurunpuisto	86.6	57.0
Asunto Oy Kaarinan Kultarinta	39.9	13.4
Asunto Oy Kaarinan Mattelipiha	92.9	56.9
Asunto Oy Kaarinan Verkapatruuna	12.2	12.2
Asunto Oy Lahden Kauppakatu 36	7.9	4.3
Asunto Oy Oulun Laamannintie	86.4	42.9
Asunto Oy Oulun Laamannintie 14 ja 17	96.5	34.6
Asunto Oy Raison Toripuisto	57.0	36.2
Asunto Oy Tampereen Haapalinnan Antintalo	66.7	16.0
Asunto Oy Tampereen Kyläleni	95.3	24.6
Asunto Oy Tampereen Kyyhky	11.1	3.0
Asunto Oy Tampereen Rantatie 13 E-G	44.6	3.0
Asunto Oy Turun Hehtokatu	30.5	20.3
Asunto Oy Turun Merenneito	24.7	10.1
Asunto Oy Turun Meripoika	40.8	14.8
Asunto Oy Turun Seiskarinkulma	10.0	10.0
Asunto Oy Turun Unikkoniitty	82.4	68.5
Asunto Oy Tuusulan Naavankierro 10	23.9	23.9

31 Dec 2020	Group's holding, %	Parent company's holding, %
Asunto-Oy Vantaan Herttuantie 3	82.3	51.1
Vatrotalot 2 Oy		
Sato-Osaomistus Oy	100.0	100.0
Vatrotalot 5 Oy		
Helsingin Laivalahdenportti 5 As Oy	75.5	75.5
Helsingin Toini Muonan katu 8 As Oy	10.6	10.6
Kirkkonummen Riihipolku As Oy	100.0	100.0
Kylänpäänpelto As Oy	43.8	43.8
Laakavuorentie 4 As Oy	39.1	39.1
Meriramsi As Oy	25.56	25.6
Meri-Rastilan tie 5 As Oy	23.5	23.5
Meri-Rastilan tie 9 As Oy	9.1	9.1
Nurmijärven Kylänpäänkaari As Oy	45.0	45.0
Nurmijärven Kylänpäänniitty As Oy	35.2	35.2
Raudikkokuja 3 KOy	100.0	100.0
Vantaan Ravuripuisto As Oy	61.1	61.1
Sato-Rakennuttajat Oy		
Uusi Sarfvik Oy	60.0	41.7
Sarfvikin Vesialue Oy	60.0	41.7

FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

PARENT COMPANY INCOME STATEMENT, FAS

EUR	note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Net sales	2	10,023,723.92	9,878,134.09
Other operating income	3	330,197.21	84,239.76
Materials and services	4	-101,934.65	-137,187.15
Persollet expenses	5, 6, 7	-2,277,919.43	-2,287,710.30
Depreciation, amortisation and impairment charges	8	-1,879,514.79	-1,602,873.86
Other operating expenses	9	-10,270,563.67	-14,082,460.84
Operating profit		-4,176,011.41	-8,147,858.30
Financial income and expenses	10	-39,122,652.00	-48,021,878.59
Profit/loss before appropriations and taxes		-43,298,663.41	-56,169,736.89
Group contribution	11	117,000,000.00	105,000,000.00
Income taxes	12	-15,662,020.82	-11,290,940.32
Profit for the period		58,039,315.77	37,539,322.79

PARENT COMPANY BALANCE SHEET, FAS

EUR	note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	13	3,966,465.98	4,117,061.24
Tangible assets	14	2,439,794.83	2,570,289.37
Holdings in Group companies	15	1,066,962,748.58	1,066,931,475.81
Holdings in associated companies	16	1,250.00	1,250.00
Other holdings and shares	17	958,404.35	1,059,240.09
Total		1,074,328,663.74	1,074,679,316.51

EUR	note	31 Dec 2020	31 Dec 2019
Current assets			
Inventories	18	1,322,407.22	1,399,124.35
Long-term receivables, group	19	1,005,277,412.23	793,616,825.14
Long-term receivables, external	19	176,908.20	196,564.66
Short-term receivables, group	20	423,240,244.96	357,963,699.59
Short-term receivables, external	20	39,421,988.30	6,003,929.66
Cash and cash equivalents		235,344,373.71	568,025.28
Total		1,704,783,334.62	1,159,748,168.68
TOTAL ASSETS		2,779,111,998.36	2,234,427,485.19

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	21, 22		
Share capital	23	4,442,192.00	4,442,192.00
Reserve fund		43,683,500.96	43,683,500.96
Other funds		115,978,036.35	115,978,036.35
Retained earnings		196,136,798.71	158,597,475.92
Profit for the period		58,039,315.77	37,539,322.79
Total		418,279,843.79	360,240,528.02
Liabilities			
Non-current liabilities, external	24	1,889,776,257.69	1,358,333,455.68
Current liabilities, group	25	271,788,748.48	138,681,987.33
Current liabilities, external	25	199,267,148.40	377,171,514.16
Total		2,360,832,154.57	1,874,186,957.17
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		2,779,111,998.36	2,234,427,485.19

PARENT COMPANY'S CASH FLOW STATEMENT, FAS

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the financial year	58,039,315.77	37,539,322.79
Adjustments:		
Depreciation	1,879,514.79	1,602,873.86
Financial income (-) and expenses (+)	39,122,652.00	48,021,878.59
Income tax	15,662,020.82	11,290,940.32
Proceeds (-) and losses (+) on sales of non-current assets	-99,863.76	-62,891.98
Group contribution	-117,000,000.00	-105,000,000.00
Cash flow before change in working capital	-2,396,360.38	-6,607,876.42
Change in working capital		
Decrease (+)/increase(-) in current non-interest bearing receivables	-884,464.03	228,472.69
Decrease (+)/increase(-) in inventories	76,717.13	31,285.74
Decrease (-)/increase(+) in current loans	-24,006,642.54	20,056,744.73
Cash flow before financial items and taxes	-27,210,749.82	13,708,626.74
Interest paid	-31,135,198.75	-33,600,963.98
Dividends received	170,000.00	0.00
Interest received	17,101,113.07	10,889,658.90
Other financial expenses	-15,050,649.62	-19,447,942.48
Direct taxes paid	-11,372,515.55	-18,279,766.07
Cash flow from operating activities (A)	-67,498,000.67	-46,730,386.89

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-1,637,619.15	-3,411,809.19
Income from disposals of tangible assets	141,058.60	179,344.01
Placements in other investments	-36,996,957.46	-52,888.04
Proceeds from other investments	120,492.20	-19,617.01
Loans granted	-132,036,324.67	-256,987,915.54
Instalments on loan receivable	42,864,172.38	63,005,338.86
Cash flow from investing activities (B)	-127,545,178.10	-197,287,546.91
CASH FLOW FROM FINANCING ACTIVITIES		
Loans taken	1,071,933,898.63	1,443,268,869.10
Payments on loans	-724,422,798.33	-1,218,051,733.59
Changes in short-term cash pool liabilities and receivables	-22,691,573.10	-81,420,391.88
Group contributions (contribution-based)	105,000,000.00	127,150,000.00
Dividends paid and other distribution of profit	0.00	-28,311,533.50
Cash flow from financing activities (C)	429,819,527.20	242,635,210.13
Change in cash equivalents	234,776,348.43	-1,382,723.67
Cash and cash equivalents at the beginning of the year	568,025.28	1,950,748.95
Cash and cash equivalents at the end of the year	235,344,373.71	568,025.28

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS, FAS

I. PARENT COMPANY ACCOUNTING PRINCIPLES

Basic information

Sato Corporation is domiciled in Helsinki and its registered address is Panuntie 4, 00610 Helsinki.

Sato Corporation is a part of Fastighets Ab Balder Group. The largest shareholder of Sato Corporation is Balder Finska Ots Ab with 55,8 % shareholding. Balder Finska Ots Ab is a subsidiary of Fastighets Ab Balder Plc.

General principles

Sato Corporation's financial statements have been prepared in accordance with the provisions of the Finnish Accounting Act and the Finnish Limited Liability Companies Act.

Income related to rental operations and compensation for administration costs

Income related to rental operations and compensation for administration costs are recognised on an accrual basis during the agreement period.

Valuation of fixed assets

Tangible and intangible assets are recognised in the balance sheet at original acquisition cost less depreciation according to plan and possible impairment. Depreciations according to plan are calculated as straight-line depreciation on the basis of the estimated useful life of the assets.

Depreciation periods:

Other intangible long-term expenses	10	years
Buildings	67	years
Structures	15	years
Machinery and equipment	5–10	years
Other tangible assets	3–6	years
Shelters	40	years
Vehicles	4	years

Shares in subsidiaries are valued based on acquisition costs less possible impairments.

Pension costs

The pension cover of Group companies is handled by external pension insurance companies in all respects. Pension costs are recognised as costs in the income statement on an accrual basis.

Development expenditures

Development costs are recognised as expenses in the income statement in the financial year in which they are generated.

Valuation of inventories

Inventories have been recognised at the lower of cost or probable sales price on the balance sheet date.

Derivatives

Interest rate derivatives are used for hedging against the interest rate risks of floating term loans. The interest income and expenses based on derivative instruments are allocated over the agreement period.

The company has recorded the negative fair values of the derivatives as a non-current and current liability in full in its balance sheet. No deferred tax assets have been recorded from the derivative liability.

Derivatives having positive fair values are not entered into the balance sheet and positive fair values are reported only in the notes to the financial statements.

Methods used in derivative fair valuations have been discussed under the Group Financial Statements note number 27.

2. NET SALES

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Rental income and compensation charges	1,908,602.31	2,497,811.92
Other income	653,276.82	618,727.17
Management service charges	7,461,844.79	6,761,595.00
Total	10,023,723.92	9,878,134.09

3. OTHER OPERATING INCOME

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Other operating income	230,333.45	1,730.77
Commission, sold property	0.00	0.00
Profit on sales of fixed assets	99,863.76	82,508.99
Total	330,197.21	84,239.76

4. MATERIALS AND SERVICES

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Materials and consumables		
Purchases	25,217.52	34,765.41
Change in inventories	76,717.13	102,421.74
Total	101,934.65	137,187.15

5. PERSONNEL EXPENSES

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Salaries and wages	1,980,223.65	1,897,825.97
Pension expenses	247,741.99	353,572.17
Other personnel expenses	49,953.79	36,312.16
Total	2,277,919.43	2,287,710.30

6. MANAGEMENT SALARIES AND COMPENSATIONS

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Presidents and members of the Board of Directors	485,632.93	821,682.51

7. AVERAGE NUMBER OF PERSONNEL

	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Employees	16	16

8. DEPRECIATION AND AMORTISATION

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Amortisation of intangible assets	1,043,683.07	919,658.01
Depreciation of tangible assets	835,831.72	683,215.85
Total	1,879,514.79	1,602,873.86

9. OTHER OPERATING EXPENSES

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Rents	231,640.69	481,446.76
Maintenance expenses	261,408.02	975,559.96
Other fixed expenses*	9,617,726.69	11,160,209.37
Other operating expenses	159,788.27	1,465,244.75
Total	10,270,563.67	14,082,460.84

* Audit fees were EUR 96,476.74 (85.191,00) and audit related assignment fees were EUR 74,628.00 (73.720,00) in 2020 and 2019. Tax and other consultancy services purchased from auditors were EUR 8,073.30 in 2020 ja EUR 9,256.00 in 2019.

10. FINANCIAL INCOME AND EXPENSES

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Interest income and other financial income on long-term investments		
From Group companies	17,280,915.77	10,932,118.22
Income from investments in associated companies	170,000.00	0.00
From others	294,413.74	3,372.09
Total	17,745,329.51	10,935,490.31
EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Interest expenses and other financing expenses		
To Group companies	-5,658,626.32	0.00
To others:		
Interest expenses	-37,024,505.89	-32,828,475.18
Other financial expenses	-9,392,023.30	-18,360,704.72
Change of derivative fair values	-4,792,826.00	-7,768,189.00
Total	-56,867,981.51	-58,957,368.90
Financial income and expenses, total	-39,122,652.00	-48,021,878.59

11. GROUP CONTRIBUTIONS

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Group contributions received	117,000,000.00	105,000,000.00
Total	117,000,000.00	105,000,000.00

12. INCOME TAXES

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Income taxes, business operations	15,662,020.82	11,290,940.32
Total	15,662,020.82	11,290,940.32

13. INTANGIBLE ASSETS

EUR	2020	2019
Other long-term expenditure		
Acquisition cost, 1 Jan	10,322,109.21	8,303,960.70
Increases	893,087.81	2,018,148.51
Decreases	0.00	0.00
Acquisition cost, 31 Dec	11,215,197.02	10,322,109.21
Accumulated amortisation and impairment, 1 Jan	6,205,047.97	5,285,389.96
Accumulated amortisation of decreases	0.00	0.00
Amortisation, current year	1,043,683.07	919,658.01
Accumulated amortisation and impairment, 31 Dec	7,248,731.04	6,205,047.97
Book value, 31 Dec	3,966,465.98	4,117,061.24
Intangible assets, total	3,966,465.98	4,117,061.24

14. TANGIBLE ASSETS

EUR	2020	2019
Land and water areas		
Acquisition cost, 1 Jan	19,595.69	19,595.69
Acquisition cost, 31 Dec	19,595.69	19,595.69
Book value, 31 Dec	19,595.69	19,595.69
Buildings and structures		
Acquisition cost, 1 Jan	10,275.62	10,275.62
Acquisition cost, 31 Dec	10,275.62	10,275.62
Accumulated depreciation and impairment, 1 Jan	10,274.62	10,274.62
Accumulated depreciation and impairment, 31 Dec	10,274.62	10,274.62
Book value, 31 Dec	1.00	1.00
Connection fees		
Acquisition cost, 1 Jan	3,139.28	3,139.28
Acquisition cost, 31 Dec	3,139.28	3,139.28

EUR	2020	2019
Machinery and equipment		
Acquisition cost, 1 Jan	5,007,101.70	4,070,395.34
Increases	215,942.29	1,204,513.59
Decreases	-227,287.87	-267,807.23
Acquisition cost, 31 Dec	4,995,756.12	5,007,101.70
Accumulated depreciation and impairment, 1 Jan	3,103,660.48	2,725,328.20
Accumulated depreciation of decreases	-188,093.71	-170,972.21
Depreciation, current year	684,983.58	549,304.49
Accumulated depreciation and impairment, 31 Dec	3,600,550.35	3,103,660.48
Book value, 31 Dec	1,395,205.76	1,903,441.22
Other tangible assets		
Acquisition cost, 1 Jan	1,553,686.53	1,381,818.05
Increases	0.00	171,868.48
Acquisition cost, 31 Dec	1,553,686.53	1,553,686.53
Accumulated depreciation and impairment, 1 Jan	940,152.95	806,241.59
Depreciation, current year	150,848.14	133,911.36
Accumulated depreciation and impairment, 31 Dec	1,091,001.09	940,152.95
Book value, 31 Dec	462,685.44	613,533.58
Assets in progress		
Acquisition cost, 1 Jan	30,578.61	0.00
Increases	528,589.05	30,578.61
Acquisition cost, 31 Dec	559,167.66	30,578.61
Book value, 31 Dec	559,167.66	30,578.61
Tangible assets, total	2,439,794.83	2,570,289.38

15. HOLDINGS IN GROUP COMPANIES

EUR	2020	2019
Acquisition cost, 1 Jan	1,066,931,475.81	1,066,898,244.2
Transfers	31,272.77	33,231.58
Decreases	0.00	0.00
Acquisition cost, 31 Dec	1,066,962,748.58	1,066,931,475.81
Book value, 31 Dec	1,066,962,748.58	1,066,931,475.81

16. HOLDINGS IN ASSOCIATED COMPANIES

EUR	2020	2019
Acquisition cost, 1 Jan	1,250.00	1,250.00
Acquisition cost, 31 Dec	1,250.00	1,250.00
Book value, 31 Dec	1,250.00	1,250.00

17. OTHER STOCKS AND SHARES

EUR	2020	2019
Acquisition cost, 1 Jan	1,090,081.63	1,070,425.17
Increases	19,656.46	19,656.46
Decreases	-120,492.20	0.00
Acquisition cost, 31 Dec	989,245.89	1,090,081.63
Accumulated depreciation and impairment, 1 Jan	30,841.54	30,841.54
Accumulated depreciation and impairment, 31 Dec	30,841.54	30,841.54
Book value, 31 Dec	958,404.35	1,059,240.09
Investments, total	1,067,922,402.93	1,067,991,965.90

18. INVENTORIES

EUR	2020	2019
Land areas and land area companies	1,080,722.75	1,157,439.88
Other inventories	241,684.47	241,684.47
Book value, 31 Dec	1,322,407.22	1,399,124.35

19. NON-CURRENT RECEIVABLES

EUR	2020	2019
Receivables from Group companies		
Notes receivable	1,005,277,412.23	793,616,825.14
Total	1,005,277,412.23	793,616,825.14
MEUR		
Receivables from others		
Notes receivable	176,908.20	196,564.66
Total	176,908.20	196,564.66
Non-current receivables, total	1,005,454,320.43	793,813,389.80

20. CURRENT RECEIVABLES

EUR	2020	2019
Receivables from Group companies		
Other receivables	422,502,973.31	357,841,228.51
Prepaid expenses and accrued income	737,271.65	122,471.08
Total	423,240,244.96	357,963,699.59
Receivables from others		
Accounts receivable	314,151.96	227,603.97
Commercial paper	36,965,684.69	0.00
Prepaid expenses and accrued income	2,142,151.65	5,776,325.69
Total	39,421,988.30	6,003,929.66
Current receivables, total	462,662,233.26	363,967,629.25
Receivables total	1,468,116,553.69	1,157,781,019.05

EUR	2020	2019
Specification of prepaid expenses and accrued income		
Current tax receivables	1,336,165.79	5,625,671.06
Other	805,985.86	150,654.63
Total	2,142,151.65	5,776,325.69

21. SHAREHOLDERS' EQUITY

EUR	2020	2019
Share capital, 1 Jan	4,442,192.00	4,442,192.00
Share capital, 31 Dec	4,442,192.00	4,442,192.00
Reserve fund, 1 Jan	43,683,500.96	43,683,500.96
Reserve fund, 31 Dec	43,683,500.96	43,683,500.96
Other funds, 1 Jan	1,132,319.33	1,132,319.33
Other funds, 31 Dec	1,132,319.33	1,132,319.33
Invested unrestricted equity fund, 1 Jan	114,845,717.02	114,845,717.02
Invested unrestricted equity fund, 31 Dec	114,845,717.02	114,845,717.02
Retained earnings, 1 Jan	196,136,798.71	186,909,009.42
Dividend payment	0.00	-28,311,533.50
Retained earnings, 31 Dec	196,136,798.71	158,597,475.92
Profit for the period	58,039,315.77	37,539,322.79
Shareholders' equity, total, 31 Dec	418,279,843.79	360,240,528.02

22. CALCULATION OF DISTRIBUTABLE FUNDS

EUR	2020	2019
Other funds	1,132,319.33	1,132,319.33
Invested unrestricted equity fund	114,845,717.02	114,845,717.02
Retained earnings	196,136,798.71	158,597,475.92
Profit for the period	58,039,315.77	37,539,322.79
Distributable funds, 31 Dec	370,154,150.83	312,114,835.06

23. SHARE CAPITAL AND SHARES

	2020	2019
Total number of shares	56,783,067	56,783,067

SATO Corporation has one class of shares, each of which entitles to one vote at the Annual General Meeting. The shares do not have a nominal value. The share capital of the company totalled EUR 4,442,192.00 at the financial statement date, and it was fully paid. The company held 160,000 of its own shares at the financial statement date.

24. LONG-TERM LIABILITIES

EUR	2020	2019
Loans from financial institutions		
Bonds *	1,099,000,000.00	549,000,000.00
Loans from financial institutions	751,666,666.69	776,666,666.68
Derivative liabilities	39,109,591.00	32,666,789.00
Total	1,889,776,257.69	1,358,333,455.68
Long-term liabilities, total	1,889,776,257.69	1,358,333,455.68

* More information on Group financial statements note 26.

Sensitivity analysis, interest rate risk		2020	
EUR		Profit and Loss	Equity
		0.1%	-0.1%
Interest rate swaps		3.1	-3.2
Total		3.1	-3.2

		2019	
EUR		Profit and Loss	Equity
		0.1%	-0.1%
Interest rate swaps		3.2	-3.2
Total		3.2	-3.2

Hedge accounting is not applied on SATO Corporation level, therefore the sensitivity impact on equity and profit and loss is the same.

Loans maturing in more than five years	660 000 000,00	481 666 666,66
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Derivatives		2020	2019
EUR			
Nominal values of derivative instruments			
Interest rate swaps, liabilities		554 978 388,00	658 378 388,00
Net		554 978 388,00	658 378 388,00

		2020	2019
EUR			
Fair values of derivative instruments			
Interest rate swaps			
Positive		0,00	0,00
Negative		-39 392 207,00	-34 599 381,00
Net		-39 392 207,00	-34 599 381,00

Interest rate risk arising from floating rate loans of Group companies is hedged using derivative instruments in accordance with the Treasury Policy. The hedge ratio complies with the Treasury Policy, according to which the ratio of fixed-rate loans to the entire loan portfolio (excluding ARAVA loans) is kept above 60 per cent. SATO aims to optimize the interest risk by maintaining the average interest fixing period between 3 to 5 years when market interest rates (ECB key rate) are above 1%, and between 3 to 10 years when market interest rates are equal to or below 1%.

No deferred tax assets have been recorded in relation to derivative liabilities. The deferred tax asset would have been EUR 7.9 million on 31 December 2020 and EUR 6.9 million on 31 December 2019.

25. CURRENT LIABILITIES

EUR	2020	2019
Loans to Group companies		
Accounts payable	407,124.30	407,124.30
Other liabilities	271,350,975.40	138,247,323.41
Accrued expenses and prepaid income to 100% owned housing companies	30,648.78	27,539.62
Total	271,788,748.48	138,681,987.33
EUR	2020	2019
Loans to others*		
Loans from financial institutions	30,483,240.33	261,470,599.95
Bonds	150,000,000.00	100,001,000.00
Advances received	67,518.12	191,708.00
Accounts payable	1,716,587.14	1,446,980.51
Other liabilities	47,073.73	1,652,120.48
Accrued expenses and prepaid income	16,952,729.08	12,409,105.22
Total	199,267,148.40	377,171,514.16
Current liabilities, total	471,055,896.88	515,853,501.49
Liabilities, total	2,360,832,154.57	1,874,186,957.17

*Short-term liabilities include derivative liabilities EUR 0.3 million (2019: EUR 1.9 million)

For purposes of short-term financing, SATO has a commercial paper programme of EUR 400 (400) million, committed credit limits of EUR 600 (400) million, of which EUR 600 (400) million were unused, and a noncommitted current overdraft limit of EUR 5 (5) million, of which EUR 5 (1.5) million were unused.

EUR	2020	2019
Specification of accrued expenses and prepaid income		
Wages and salaries including employee benefits	745,817.21	1,450,641.85
Interest payable	15,559,361.27	9,670,054.13
Others	678,199.38	1,315,948.86
Total	16,983,377.9	12,436,644.84

26. COLLATERALS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR	2020	2019
Guarantees		
Guarantees for debts, derivatives and other commitments of Group companies	140,582,746.54	134,940,065.99
Bank guarantees for Group companies	11,248,154.01	12,593,999.76
Total	151,830,900.55	147,534,065.75
EUR	2020	2019
Other commitments		
Lease agreements for office premises, amounts due (incl. VAT)		
Within one year	1,283,269.25	1,301,594.40
Later than one year but within five years	4,102,039.54	4,435,950.16
Over five years	1,859,500.33	2,786,428.80
Utilities and other commitments	512,752.10	512,752.10
Pledges and contingent liabilities, total	7,757,561.22	9,036,725.46

SATO has sublet office premises at Panuntie, Helsinki in 2019. The minimum rent payments from these agreements was EUR 0.5 million. The rental income recognised in the income statement from these sublease agreements amounted to EUR 0.4 million. During 2020, SATO Corporation no longer acted as the main tenant of the Panuntie business premises.

SATO has granted a community guarantee included in bank guarantee for Sato-Asunnot Oy, SATOkoti Oy and Sato-Rakennuttajat Oy.

SATO's funding agreements contain covenant clauses relating to the Group's capital structure and interest payment capacity. These clauses set a ratio of unencumbered assets to total assets at least 42.5 per cent, a solvency ratio maximum of 65 per cent, a secured solvency ratio maximum 45 per cent and interest coverage ratio of at least 1.8. At the reporting date, the ratio of unencumbered assets was 84.1 (80.8) per cent, the solvency ratio was 43.8 (44.4) per cent, the secured solvency ratio was 8.2 (10.2) per cent and the interest coverage ratio was 4.0 (3.3).

SIGNATURES TO THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

Helsinki, 10 February 2021

Erik Selin

Jukka Hienonen

Esa Lager

Tarja Pääkkönen

Timo Stenius

Hans Spikker

Antti Aarnio
CEO

The Auditors' Note

Our report on the conducted audit has been issued today.

Helsinki, 10 February 2021

Deloitte Oy
Authorised Public Accountants

Eero Lumme
Authorised Public Accountant

AUDITOR'S REPORT

(Translation of the Finnish Original)
To the Annual General Meeting of SATO Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SATO Oyj (business identity code 0201470-5) for the year ended 31 December 2020. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described

in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Valuation of investment properties

Key audit matter

Refer to note 13 to the consolidated financial statements.

Consolidated financial statements as of 31 December 2020 include investment properties amounting to EUR 4,753.5 million. Investment properties, as defined in IAS 40, are measured at fair value in accordance with IFRS 13.

Fair value measurement of investment properties requires management judgment and assumptions, since market prices for investment properties are not available in publicly traded markets.

This matter is regarded as significant risk of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c.

How our audit addressed the key audit matter

We have assessed and challenged the principles and methods applied in the fair value measurement. Our audit procedures included the following, among others:

- assessment of the appropriateness of valuation methods and the reasonableness of management assumptions
- testing the applied valuation model for mathematical accuracy
- comparison of the valuation of investment properties against externally available market data sources
- evaluation of the appropriateness of the input data used in the valuation
- evaluation of the competence and objectivity of the external valuation expert used by the management
- testing the key controls for operating effectiveness.

We have assessed the appropriateness of the presentation in the consolidated financial statements.

Fair value measurement of derivative instruments and application of hedge accounting

Key audit matter

Refer to note 27 to consolidated financial statements and note 24 to the parent company's financial statements.

Derivative liabilities as of 31 December 2020 in the consolidated financial statements and in the parent company's financial statements amount to EUR 48.4 million and EUR 39.4, respectively.

Management estimates are used in the fair value measurement of derivatives and in the application of hedge accounting. These estimates contain management assumptions.

How our audit addressed the key audit matter

Our audit procedures included an assessment of internal control environment and processes over the hedge accounting documentation, effectiveness testing, and fair value measurement.

We have also assessed the procedures and assumptions used by the management in fair value measurement.

- We have assessed the appropriateness of valuation methods and accounting policies used against the requirements set in IFRS 9 and IFRS 13 for consolidated financial statements and against requirements of the Finnish Accounting Act for parent company's financial statements.
- We have compared the assumptions used by management in valuation against externally available market data.
- We have assessed the existence and completeness of outstanding derivative contracts by requesting confirmations from the counterparties.
- We have assessed that financial instruments included in hedge relationships are accounted for in accordance with IFRS 9 in the consolidated financial statements.

We have assessed the appropriateness of the presentation for derivative financial instruments and hedge accounting applied in the consolidated financial statements and in the parent company's financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 23 March 2018, and our appointment represents a total period of uninterrupted engagement of three years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 10 February 2021

Deloitte Oy
Audit Firm

Eero Lumme
Authorised Public Accountant (KHT)

FIVE YEAR INDICATORS

Key financial indicators	2020	2019	2018*	2017*	2016**
Net sales, MEUR	303.4	295.6	290.4	280.1	262.7
Net rental income, MEUR	220.3	207.1	198.5	188.4	167.1
Operating profit, MEUR	179.6	725.6	273.3	230.1	267.2
Net financing expenses, MEUR	-50.0	-55.1	-42.5	-45.8	-47.8
Profit before taxes, MEUR	129.5	670.5	230.8	184.4	219.4
Balance sheet total, MEUR	5,104.7	4,718.2	3,922.4	3,693.1	3,562.2
Shareholders' equity, MEUR	2,155.7	2,055.8	1,554.5	1,397.6	1,252.6
Interest bearing liabilities, MEUR	2,381.5	2,098.4	1,982.2	1,931.7	1,943.0
Return on invested capital, % (ROIC)	4.1%	18.9%	7.9%	7.1%	9.1%
Return on equity, % (ROE)	4.8%	29.6%	12.4%	11.0%	15.6%
Equity ratio, %	42.2%	43.6%	39.6%	37.8%	35.2%
Personnel, average**	229	223	215	206	170
Personnel at the end of period	242	229	218	212	175
Key indicators per share					
Earnings per share, EUR	1.80	9.45	3.26	2.55	3.22
Equity per share, EUR ***	38.07	36.31	27.46	24.68	22.12
Number of shares, million ****	56.6	56.6	56.6	56.6	56.6
Operational key figures and net asset value					
Operational earnings, MEUR	109.0	91.4	98.7	82.8	69.5
Operational earnings per share, EUR	1.92	1.61	1.74	1.46	1.28
Net asset value, MEUR	2,577.2	2,477.7	1,855.7	1,678.7	1,517.5
Net asset value per share, EUR	45.52	43.76	32.77	29.65	26.80
Cash earnings, MEUR	132.1	91.2	97.9	92.4	86.2
Cash earnings per share, EUR	2.33	1.61	1.73	1.63	1.59

* Key figures since 2017 include the effects of adoption of IFRS 9 *Financial Instruments*. The figures of prior years are unadjusted.

* Key figures since 2019 include the effects of adoption of IFRS 16 *Leases*. The figures of prior years are unadjusted.

** Including summer trainees.

*** Equity excluding non-controlling interests.

**** The 160,000 shares held by the Group have been deducted from the number of shares.

FORMULAS USED IN CALCULATION

Net rental income	Rental income – Property, maintenance and reparation expenses – Ground rents	
Return on investment, %	$= \frac{(\text{Profit or loss before taxes} + \text{interest expense and other financing expenses})}{\text{Balance sheet total (average during the period)} - \text{non-interest-bearing debt (average during the period)}}$	x 100
Return on equity, %	$= \frac{\text{Profit or loss after taxes}}{\text{Shareholders' equity (average during the period)}}$	x 100
Equity ratio, %	$= \frac{\text{Shareholders' equity}}{\text{Balance sheet total}}$	x 100
Earnings per share, EUR	$= \frac{\text{Profit for the period attributable to owners of the parent}}{\text{Adjusted number of shares (average during the period)}}$	
Equity per share, EUR	$= \frac{\text{Shareholders' equity attributable to owners of the parent}}{\text{Adjusted number of shares (at the end of the reporting period)}}$	
Operational earnings	Profit for the period, IFRS –/+ Gains and losses from valuation of investment properties – Profit on sales of investment properties + Loss on sales of investment properties –/+ Profit on sales of new apartments adjusted with sales and marketing expenses –/+ Profit on sales of land areas –/+ Fair value change of financial instruments –/+ Deferred taxed of above items – Non-controlling interests	
Net asset value	$= \text{Shareholders' equity attributable to owners of the parent}$ –/+ Fair value of financial instruments (net), net of tax –/+ Deferred tax assets and liabilities (net)	
Cash earnings	$= \text{Operating profit}$ +/- Gains and losses from valuation of investment properties + Depreciations +/- Change of provisions +/- Defined benefit plans – Cash based financial income and expenses – Cash based taxes +/- Other items	

INFORMATION FOR SHAREHOLDERS

THE ANNUAL GENERAL MEETING OF SATO CORPORATION

Notice is given to the shareholders of SATO Corporation of the Annual General Meeting to be held on Thursday 25 March 2021 at 13.00 in the SATO building auditorium at the address Panuntie 4, FI-00610 Helsinki. The reception of registered participants and the distribution of voting tickets will commence at 12.30.

The matters defined in section 5 in SATO Corporation's Articles of Association and the resolution on the forfeiture of shares in the joint account and the rights carried by the shares will be handled in the Annual General Meeting.

DOCUMENTS OF THE GENERAL MEETING

The notice of the meeting and the agenda with the draft resolutions will be available on the SATO Corporation's website www.sato.fi as of 11 February 2021. SATO Corporation's financial statements, report of the Board of Directors and the auditor's report will be available on the website no later than on 18 March 2021. The draft resolutions and the other above-mentioned documents will also be available at the General Meeting. The minutes of the General Meeting will be available on the said website on 8 April 2021 at the latest.

INSTRUCTIONS FOR PARTICIPANTS OF THE GENERAL MEETING

About organizing the meeting

SATO Corporation has a very serious attitude to the circumstances due to corona virus and makes its reasonable efforts to ensure the safety of those who need to be present at the meeting. The meeting will

be held as short as possible, the number of company's representatives in the meeting shall be limited to minimum and the presentations in the meeting shall be limited to cover only the required matters.

The general meeting can be organized only if the number of participants at the meeting is so low that the meeting can be held in compliance with the instructions given by the authorities. SATO Corporation will update the instructions regarding the Annual General Meeting if needed. The shareholders can attend the general meeting also with Teams-application. In that case as a precondition for exercising shareholder's voting right is that the shareholder has issued a proxy to his/her/its representative present in the meeting. To limit the number of persons present in the meeting it is recommended that shareholders will use SATO Corporation's Legal Counsel Anna Saarinen (or her order) as a proxy representative in the meeting. The link to the Teams-application will be sent to shareholders attending the meeting to the e-mail address received in connection with the registration to the meeting.

The shareholders may present written questions to company in advance concerning the matters to be handled at the Annual General Meeting. The questions can be sent to the e-mail address yhtiokokous@sato.fi. The questions shall be delivered to the company on Friday 12 March 2021 at the latest. The company will aim to consider the presented questions when preparing presentations for the Annual General Meeting. The written presentation material will be available at company's website after the meeting.

To ensure the decision-making process in the meeting SATO Corporation has received an announcement that the shareholders holding the majority of the shares and votes in SATO Corporation support all the proposals made by the Board of Directors and the Shareholders' Nomination Committee to the Annual General Meeting.

There will be no coffee service at the meeting.

Right to attend and registration

Each shareholder who is on 15 March 2021 (record date for the General Meeting) registered in the shareholders register of the company maintained by Euroclear Finland Ltd has the right to attend the General Meeting. A shareholder whose shares have been entered into his/her/its personal Finnish book-entry account, is registered in the shareholders register of the company.

A shareholder who is entered into the shareholders register and who wish to attend the General Meeting shall register for the meeting no later than on Monday, 22 March 2021 at 16.00, by which time the registration shall be received by the company. The registration may be made as follows:

- by regular mail to the address SATO Corporation, Kati Laakso, PO Box 401, FI-00601 Helsinki
- by telephone (+358 201 34 4002/Kati Laakso) Mon-Fri 9.00 – 16.00 or
- by e-mail to yhtiokokous@sato.fi

Personal information given by the shareholders to SATO Corporation shall be used only in connection with the General Meeting and the registrations required for it.

If required, the shareholder, his/her/its authorized representative or proxy representative shall prove his/her/its identity and/or the right of representation at the meeting.

Holders of nominee registered shares

A holder of nominee registered shares is entitled to attend the General Meeting by virtue of shares on the basis of which he/she/it on 15 March 2021 (record date for the General Meeting) would be entitled to be registered in the shareholders register of the company maintained by Euroclear Finland Ltd. The attendance also requires that the shareholder is temporarily entered into the shareholders register maintained by Euroclear Finland Oy on the basis of such shares by Monday, 22 March 2021 by 10.00. For shares entered in the nominee register, this will be deemed as registration for the General Meeting.

With regard to the nominee registered shares, the holder of such shares is advised to request from his/her/its custodian bank in time instructions for entry on the temporary shareholders register, the issuing of proxy documents and registration for the General Meeting. The account management organisation of the custodian bank shall request temporary entry of the holder of the nominee registered shares wishing to attend the General Meeting into the company's shareholders register no later than the above mentioned time.

Representatives and powers of attorney

A shareholder may attend the General Meeting and exercise his/her/its rights by way of a representative. The shareholder's representative shall present a dated power of attorney or otherwise in a reliable manner prove his/her/its right to represent the

shareholder. In case a shareholder participates the General Meeting by means of several representatives, representing the shareholder with shares entered into different book-entry accounts, the shares on the basis of which each representative represents the shareholder shall be identified in connection with the registration for the General Meeting.

A shareholder may also issue a proxy to SATO Corporation's Legal Counsel Anna Saarinen (or her order) to present the shareholder at the meeting.

Proxy documents, if any, should be delivered to SATO Corporation, Kati Laakso, PO Box 401, FI-00601 Helsinki by the expiry of the registration period.

Other instructions

Pursuant to Chapter 5 Section 25 of the Finnish Limited Liability Companies Act a shareholder attending the General Meeting is entitled to request information concerning the issues on the Meeting agenda.

FINANCIAL PUBLICATIONS

Publication dates for interim reports and half year financial report:

Interim report January–March	12 May 2021
Half year financial report January–June	16 July 2021
Interim report January–September	11 November 2021

The annual report for the financial period, interim reports and half year financial report are issued in Finnish and in English. They are available at the company's website www.sato.fi. Further information is available from viestinta@sato.fi.

DISTRIBUTION OF SHARES ON 31 DECEMBER 2020

Shareholder	Number of shares	Holdings %
BALDER FINSKA OTAS AB (Fastighets AB Balder, 100 %)	31,696,745	55.8
STICHTING DEPOSITARY APG STRATEGIC REAL ESTATE POOL	12,811,647	22.6
KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ ELO	7,233,081	12.7
VALTION ELÄKERAHASTO	2,796,200	4.9
ERKKA VALKILA	390,000	0.7
HENGITYSSAIRAUKSIEN TUTKIMUSSÄÄTIÖ	227,000	0.4
SATO OYJ	160,000	0.3
TUULA ENTELÄ	159,000	0.3
ERKKI HEINONEN	156,684	0.3
TRADEKA-SIJOITUS OY	126,500	0.2
OTHER SHAREHOLDERS	102,6210	1.8

On 31 December 2020, the Group had 120 shareholders entered in the book-entry register. The turnover of SATO Corporation's shares was 1.88 per cent during the reporting year.

Articles of Association and shares

SATO Corporation's Articles of Association as in force was registered on 19 April 2018. The Articles of Association does not include any provisions on redemption of shares.

On 31 December 2020, the company's share capital was EUR 4,442,192. The company has 56,783,067 shares. The share has no par value.

The company has one series of shares. The shares are included in the book-entry system maintained by Euroclear Finland Oy.

THE SUSTAINABLE SATO 2020



CONTENTS

The Sustainable SATO 3
Successes 20203
Challenges 2020.....4

Our Sustainability Work in 2020..... 5
Sustainability programme5
Sustainability goals and actions7
Sustainability guides our operations 10
We respond to climate change..... 14
We take care of our employees17
We create well-being for
our residents and society..... 19

Key Figures 25
Finances.....25
Environment26
Personnel.....30

Reporting Principles 32
Our reporting principles32
GRI-index33
Assurance report.....38
Sustainability Concepts39



SUCCESSES 2020

RECOGNITION FOR SUSTAINABILITY EFFORTS

SATO participated for the sixth time in the Global Real Estate Sustainability Benchmark (GRESB), retaining its four star rating out of five. Compared to other northern European housing investors in its peer group, SATO's result is above average.

[Read more](#)



PRESENT IN OUR CUSTOMERS' DAILY LIVES

In accordance with our Customer First development programme, we focussed on adapting our organisation and our service processes to respond to our customers' needs even better. We aim to be closely present in our customers' daily lives in order to serve them in the best possible way. We expanded our House Experts operating model within the Helsinki metropolitan area, and 12 new employees started working in our Housing business in a new kind of Service Manager role. [Read more](#)

10.2%

lower specific energy consumption

During the year under review, we were very successful in our energy-saving measures and fulfilled [the objective we had set for 2022](#) already by the end of 2020.

FIRST CIRCULAR ECONOMY EVENT

Together with the Helsinki Metropolitan Area Reuse Centre we organised a recycling event in which furniture from an apartment block to be demolished in Helsinki's Oulunkylä neighbourhood was sold and distributed. The recycled items attracted a lot of people, and the event received positive feedback from the visitors.

[Read more](#)



GREEN FINANCE FRAMEWORK AND THE FIRST GREEN BOND

In spring 2020, we launched the [Green Finance Framework](#), which integrates SATO's sustainability targets with its financing arrangements. In September 2020, SATO issued the first green bond and is using the cash proceeds from the bond to finance and/or refinance green and energy-efficient sites as per its Green Finance Framework.



CHALLENGES 2020

NO IMPROVEMENT IN CUSTOMER SATISFACTION

Our target of continuously improving our Net Promoter Score (NPS) from our residents was not realised during the year under review. Our customer satisfaction weakened because some of the planned repair projects had to be postponed due to the coronavirus pandemic and our opportunities to serve our customers were more limited during the pandemic. In accordance with our Customer First development programme, during the year under review we focussed particularly on adapting our organisation and our service processes to respond to our customers' needs even better and on our presence in our buildings. We believe that this will show as an increase in customer satisfaction in the medium term.

RECYCLING AND SORTING CHALLENGES

Our goal is to reduce mixed waste and increase recycling and sorting. Providing residents with guidance in recycling and sorting in the buildings was not possible due to the pandemic. In addition, the increase in online shopping during the pandemic meant higher volumes of, among other things, board waste.



WATER CONSUMPTION IN HOMES INCREASED

Water consumption increased from previous year as residents spent more time at home during the pandemic. Some water-saving measures were postponed as only essential visits were made to buildings.



The coronavirus pandemic was challenging for us and influenced our work during the year 2020.



SUSTAINABILITY PROGRAMME

We bear our responsibility for homes, a fundamental human need. We develop cities and residential areas for decades ahead, supporting society, business and industry. We take good care of our assets and our skilled personnel. Sustainability guides SATO employees in everything we do.

URBANISATION TREND CONTINUES

Our operating environment is defined by strong urbanisation and growth in the popularity of rental housing. There is a growing need for rental housing in growth centres. In the Helsinki metropolitan area and in Tampere and Turku, nearly half of the permanently occupied apartments are already made up of rental apartments. As the population ages, internal migration leans towards services, and fewer and fewer young people are interested in owning their own home.

Despite the coronavirus pandemic that erupted in 2020, there is demand for rental apartments, and the urbanisation trend continues. During the year under review, the pandemic influenced our work especially in the exceptional arrangements we made to try to ensure the safety and well-being of our employees and residents.

Our sustainability work is guided by SATO's strategy and our sustainability programme for 2019–2022, which emphasises carbon-neutral cities and the well-being of residents and neighbourhoods. In our own sustainability goals, we have committed to the UN sustainable development goals (SDG).

CLIMATE CHANGE CALLS FOR ACTION

Mitigating emissions from the construction sector plays a significant role in achieving both national

and international climate targets, as construction and buildings currently account for over a third of Finland's greenhouse gas emissions. In addition to energy consumption during use, the sector has started taking note of the carbon footprint of buildings throughout their life cycle. Sustainable and flexible solutions in design and construction have increased in importance. SATO targets carbon neutrality in terms of in-use energy by 2030.

We develop new rental apartments primarily in existing urban structures with excellent connections and services. This reduces the environmental impact of construction and living.

WE MEET STAKEHOLDER EXPECTATIONS

SATO's stakeholders include parties affected by our operations, as well as parties whose operations affect us directly or indirectly. Our stakeholders include our customers, employees, shareholders, financiers, partners and service providers, as well as the authorities and other operators in society.

Open interaction with stakeholders helps us identify topics that are material to our business operations and corporate responsibility. It also helps us define our goals and achieve them. We communicate on our operations and finances to our stakeholders in a transparent and timely manner.

WE ACTIVELY PARTICIPATE AND INFLUENCE THE DEVELOPMENT OF THE SECTOR

We contribute to the development of the housing and real estate sectors through our participation

in organisations and the Helsinki Region Chamber of Commerce. At the start of the reporting year, we joined the Green Building Council Finland and took part in the sector's discussions in its various committees. SATO is represented on the board of directors, the housing executive group and many committees of the Finnish Association of Building Owners and Construction Clients (RAKLI). We are also part of the City of Helsinki's Climate Partners network. We are also on the board of Suomen Asuntoliitto ry (Finnish Housing Association), and we are a member of Asuntoreformiyhdistys ry (Finnish Housing Reform Association) and the FIBS network for corporate social responsibility. We collaborate with players who tackle homelessness and unemployment and who promote the integration of immigrants through various cooperation projects, such as the #kämppäjaduuni (i.e. #homesandjobs), 'Iisisti töihin' and 'Living skills' projects.

OUR BUSINESS OPERATIONS ARE BUILT ON SUSTAINABLE OPERATING METHODS

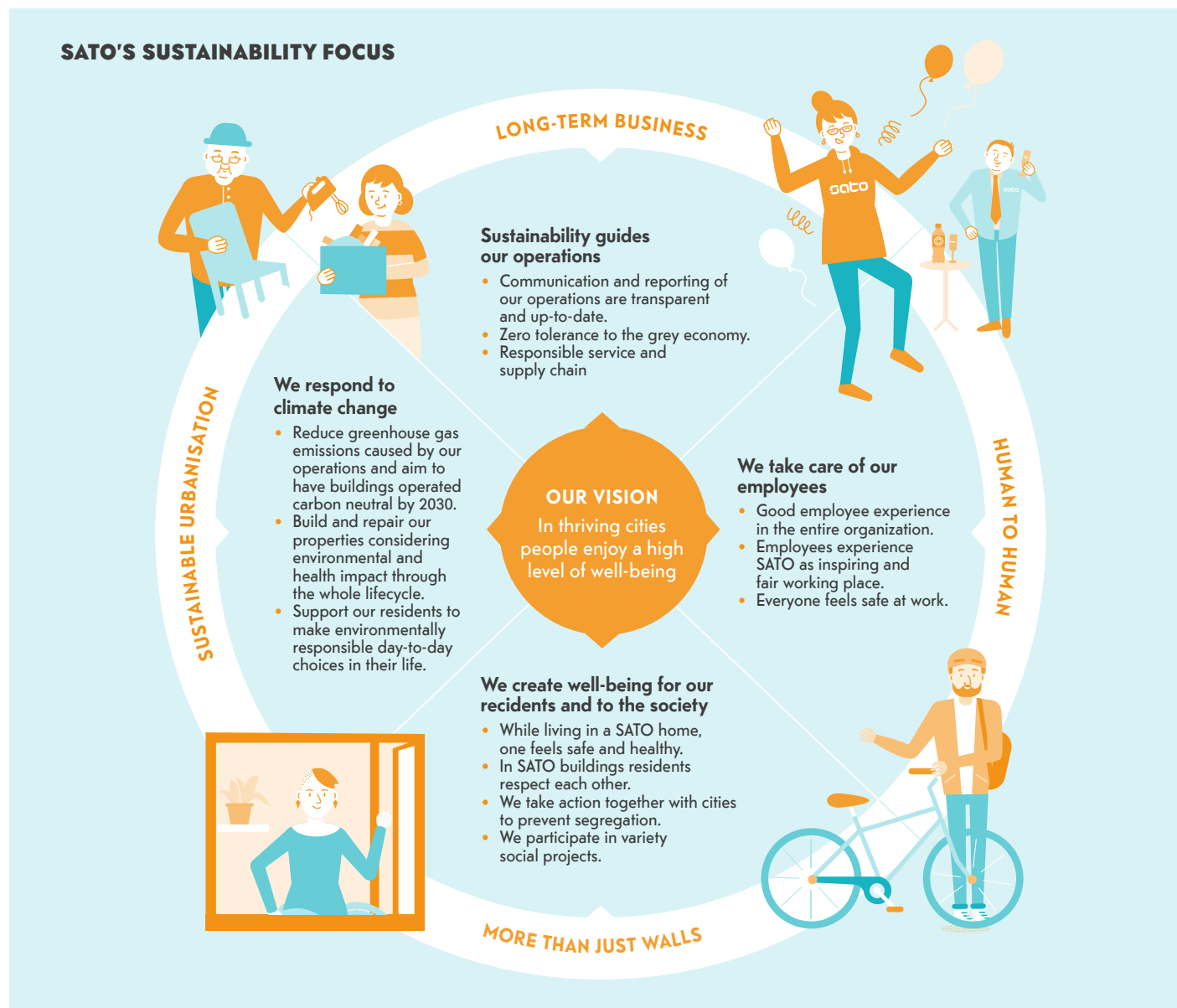
SATO's objective is profitability in the long term, based on ethically sound and sustainable operating methods with regard to the economy, people, society and the environment. SATO's Code of Conduct, values and management culture lay the framework for the company's operating methods and highlight a commitment to sustainable business operations.

SATO wants to be worthy of its residents' trust and to operate sustainably. We follow good rental practices and respect the privacy of our customers. We are particularly careful when

The popularity of rental housing is growing especially in the Helsinki metropolitan area, and in Tampere and Turku, where nearly half of the permanently occupied housing is already made up of rental homes.

processing personal information and payment data covered by privacy laws and regulations. Only designated employees are allowed to process customers' personal data, and only for predetermined purposes. During the reporting year, SATO received no complaints regarding the processing of customer data, and there was no misuse of customer information.

SATOs sustainability programme emphasises carbon-neutral cities and the well-being of residents and neighbourhoods.



SUSTAINABILITY GOALS AND ACTIONS

FOR SATO, SUSTAINABILITY IS ABOUT CONCRETE ACTIONS

In 2020, we focussed on energy savings, reduced the emissions caused by our operations and improved the availability of our customer service.

During the year under review, we were very successful in our energy-saving measures and fulfilled the objective we had set for 2022 already by the end of 2020. Thanks to our energy savings, the emissions from our operations also decreased. In 2020, we began charting our climate-related risks and opportunities and made a commitment




to report on them in accordance with the recommendations of the TCFD.

Water consumption increased due to the pandemic, and we were not able to arrange some of the events and guidance that we had planned for our residents. In spite of the exceptional situation, we





improved the availability of our customer service during the reporting year and recruited new House Experts and Service Managers.
















The table below summarises SATO's sustainability goals and initiatives, as well as their connection to the UN's Sustainable Development Goals.

SUSTAINABILITY GUIDES OUR OPERATIONS


Objective 2020	Measures taken	Outcome	Status of objective	Objective 2021	Sustainable Development Goals
Identifying climate-related risks.	We identified climate-related risks and opportunities and defined how they are managed within SATO.	Fulfilled	●	More in-depth reporting under the TCFD framework.	
Ensuring a responsible service and supply chain by fine-tuning our service model in periodic supplier meetings and by deepening our cooperation.	Because of the coronavirus pandemic, we arranged remote supplier meetings. Because of the pandemic, not all meetings could be arranged.	Fulfilled in part	●	We will arrange supplier meetings and carry out supplier audits.	 

WE RESPOND TO CLIMATE CHANGE






Objective 2020	Measures taken	Outcome	Status of objective	Objective 2021	Sustainable Development Goals
Specific energy consumption 43.5 kWh/m ³	We installed geothermal and ground-source heat pumps, increased the number of temperature sensors, optimised indoor temperatures and piloted needs-based ventilation control. New and renovated buildings were more energy-efficient.	Fulfilled (42.0 kWh/m ³)	●	To reduce energy consumption compared to the previous year.	   

Objective 2020	Measures taken	Outcome	Status of objective	Objective 2021	Sustainable Development Goals
Specific water consumption 403 l/m ³	Due to the pandemic, residents spent more time at home, which led to increased water consumption. Due to the coronavirus restrictions, we were not able to implement all of our water-saving measures.	Unfulfilled (414 l/m ³)	●	403 l/m ³	   
GHG emission intensity of buildings 26.1 kg CO ₂ -e/m ² /year	Energy saving measures and cleaner district heat reduced our emissions. Real estate electricity consisted of emission-free wind power during the reporting year.	Fulfilled (23.2 kg CO ₂ -e/m ² /year)	●	22.7 kg CO ₂ -e/m ² /year	    
To mainly target new investments, from a public transport connection and urban structure perspective, to areas that enable a car-free lifestyle.	The locations of the new construction investments that we have decided on and the letters of intent that we have concluded on development sites are in line with our objectives. The sites are located either along rail traffic routes and/or in major regional or municipal centres.	Fulfilled	●	New investments targeted, from a public transport connection and urban structure perspective, to areas that enable a car-free lifestyle.	  
To enhance the sorting of waste by residents and reduce the volume of mixed waste by 10%.	Due to the pandemic, we were not able to organise planned events for residents and building-specific guidance rounds. We improved sorting with new signs at waste-collection points and we focussed on equipping waste bins with stickers and information for residents. Our Housing Advisors provided individual waste guidance.	Fulfilled in part	●	Enhance the sorting of waste by residents and reduce the volume of mixed waste by 10% compared to the previous year.	  

WE TAKE CARE OF OUR EMPLOYEES

Objective 2020	Measures taken	Outcome	Status of objective	Objective 2021	Sustainable Development Goals
The results of SATO's personnel satisfaction survey at the same level or higher than 2019 in all key categories.	The overall results of our personnel satisfaction survey were down from last year, but our internal employer image remained strong, with supervisors in particular receiving positive feedback. We organised exercise breaks, virtual tip sessions for working remotely and virtual yoga and pilates for personnel. We held more info sessions for personnel than before. We trained supervisors in how to hold interactive online meetings.	Unfulfilled	●	The results of SATO's personnel survey at the same level or higher than 2020 in all key categories.	

WE CREATE WELL-BEING FOR OUR RESIDENTS AND SOCIETY

Objective 2020	Measures taken	Outcome	Status of objective	Objective 2021	Sustainable Development Goals
Continuously developing neighbourly living among residents.	Due to the pandemic, the planned events for residents were not organised. We reinforced our Housing Advisor team with two new housing advisors. As a new operating model, we adopted "Meet a housing advisor" events in the yards of selected buildings. Our housing advisors also met with customers in one-on-one customer visits.	Fulfilled in part	●	Continuous development of positive and safe neighbourly relations with the help of our housing advisors.	
Better availability of customer service personnel.	We extended the opening hours of our customer service in March 2020, so that customers could more easily reach us. We expanded the House Experts operating model within the capital area and recruited nine new House Experts during the year under review. Changes were made within the service manager organisation, and 12 new Service Managers were hired.	Fulfilled	●	Making better use of digital services in customer service situations and increasing the presence of customer service personnel in SATO's buildings.	  
Utilising the data produced by the housing health operating model in preventive efforts.	We targeted repair projects to the identified sites and made use of the data obtained from the studies in long-term planning (LTP). Our housing advisory services were an important part of safe and healthy housing. We trained personnel in identifying housing health matters.	Fulfilled	●	Making proactive use of continuous condition measurement within the housing health operating model.	

SUSTAINABILITY GUIDES OUR OPERATIONS

We take care of the financial sustainability of our operations for the long term. As a responsible, well-managed and profitable company, SATO operates sustainably and transparently. We take care of the value of our homes, and we pay taxes to Finland. We also expect our partners to operate responsibly.

LONG-TERM AND TRANSPARENT BUSINESS OPERATIONS

For SATO, financial sustainability means good financial management, the efficient use of resources, and the generation of a steady financial benefit over the long term for stakeholders. In 2020, we continued to strengthen our balance sheet, and the Group's equity ratio was 42.2 per cent, i.e. above our minimum strategic target of 40 per cent. In line with the targets, the interest coverage ratio must be at least 1.8x and unencumbered assets at least 60 per cent. Our long-term target is to have a loan-to-value ratio of no more than 50 per cent.

TRANSPARENT COMMUNICATIONS AND REPORTING

SATO's sustainability management and key guidelines and policies are described in the [Annual Report's Governance section](#). We communicate and report on our operations transparently in accordance with international accounting standards and the Finnish Corporate Governance Code, and we prepare our sustainability reports in accordance with the GRI framework. During the year under review, we charted climate-related risks in accordance with the TCFD's recommendations for the first time.

FOUR STARS IN GRESB

We participated in the Global Real Estate Sustainability Benchmark (GRESB) for the sixth time, retaining our four stars out of five. In the GRESB assessment, SATO's strengths were, in addition to sustainability management, resident satisfaction and community, stakeholder engagement, energy-efficiency measures and comprehensive monitoring, as well as transparent operating principles and reporting. [Read more.](#)



WE TAKE RESPONSIBILITY FOR OUR FINANCIAL IMPACT ON OUR STAKEHOLDERS AND SOCIETY

We generate a steady financial benefit for our stakeholders, including shareholders, employees, customers, municipalities, the state, and goods suppliers and service providers and their employees. We support growth opportunities in business and industry by offering rental apartments in Finland's largest growth centres.

During the reporting year, SATO invested approximately EUR 120.6 million in rental apartments. Our housing stock is focussed on areas and types of apartments that will grow in demand and in value. During the year under review, we repaired our homes and properties in

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GREEN FINANCE FRAMEWORK AND THE FIRST GREEN BOND

In spring 2020, we launched the [Green Finance Framework](#), which integrates SATO's sustainability targets with its financing arrangements. The framework is based on the company's strategy and the sustainability programme that was launched in 2019.

In September 2020, SATO issued a EUR 350 million unsecured green bond with a maturity of seven years. This is our first green bond, and we are using the cash proceeds from the bond to finance and/or refinance green and energy-efficient sites as per our Green Finance Framework.

[Read more](#)

We collaborate with cities when areas being developed and new housing is planned for them.

accordance with the life-cycle principle in order to maintain or increase their value in use and financial value. Our repair investments amounted to EUR 73.7 million.

WE PAY TAXES TO FINLAND

SATO's net sales in 2020 amounted to EUR 303.4 million. The total amount of taxes paid and tax-like payments was EUR 81.4 million. The financial added value that we generate for society, the tax footprint of the company's operations, consists of direct and indirect taxes. SATO Group's effective income tax rate in Finland was 20 per cent in 2020.

In addition to Finland, we pay income and real estate taxes to Russia on our business in St. Petersburg. Employee salaries, benefits and pension expenses also include the personnel expenses of our St. Petersburg office.

NO TO THE GREY ECONOMY

Our operations comply with the Finnish Corporate Governance Code and SATO's internal guidelines, principles and policies, which include guidelines for combating the grey economy. SATO's Code of Conduct and the related whistleblowing channel for our stakeholders and employees support long-term and profitable operations, based on ethically sound and sustainable operating methods with regard to the economy, people, society and the environment.

To combat the grey economy, we only work with companies registered in tilaajavastuu.fi's Reliable Partner service. In line with the Finnish Occupational Safety and Health Act, everyone working at SATO's construction sites must have a photo ID with a tax number.

GLOBAL INVESTOR DIALOGUE

In 2020, we participated in several investor meetings, which attracted both Finnish and international (mainly European) investors interested in our business. The meetings were mainly held remotely.

SUSTAINABLE PROCUREMENT AND SUPPLY CHAINS

We select suppliers that create value and good experiences for our customers. We require sustainable operating methods in terms of work environments, occupational safety and environmental responsibility. When selecting new partners, we carry out a supplier assessment, which entails going over the company's finances, references, resources and equipment. It is important to us that our partners are willing to develop their operations.

When selecting suppliers through competitive bidding processes, we evaluate offers based on our goals and the product or service in question. We also analyse the level of supervision, reporting and delivery of potential suppliers.

During the review period, we continued to audit our contractual suppliers to comprehensively evaluate their processes and the current state of their operations. Based on these audits, we prepare scorecards for suppliers, including a description of the current state of their operations and suggestions for improvements.

We value responsible partners that support us in our strategy of providing a diverse range of services, high-quality urban living and smoothly running maintenance. Good partners have clear goals and are keen to develop with us – together we can serve our customers even better.

SATO'S STAKEHOLDER GROUPS

Stakeholder group	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2020
Customers			
SATOhome residents approx. 50,000	<ul style="list-style-type: none"> • Healthy and safe homes • A reliable housing provider • Smooth customer service • Open communication 	<ul style="list-style-type: none"> • Customer service and communication in various channels: phone service, chat, social media, sato.fi, OmaSATO, newsletters, noticeboards • Customer surveys and feedback, Pulssi resident panel • Meetings, such as building-specific meet-ups, maintenance visits, resident meetings, resident forum, customer workshops, customer events 	<ul style="list-style-type: none"> • Development of customer service and communication • Maintenance of the properties and apartments • Concept and service development • Development of digital services • Development of operations and services together with customers • Customer surveys and measuring the customer experience • Promoting neighbourly living
Personnel			
242 employees	<ul style="list-style-type: none"> • An open and inspiring workplace • Good management and supervisory work • Challenging tasks and developing personal competence • Safe and enjoyable work conditions 	<ul style="list-style-type: none"> • Regular employee events and open internal communication • Personnel work satisfaction surveys • Interaction with supervisors and personal performance reviews • The Tarmo management/personnel group • Exercise and recreational activities • Operations of the OHS committee and OHS representatives 	<ul style="list-style-type: none"> • Looking after well-being at work: comprehensive occupational healthcare and close cooperation with the occupational healthcare service • Increase in internal job rotation • Comprehensive inductions • Use of Microsoft Teams • Support for LiiVi, SATO's committee for recreation and sports • Ensuring occupational safety during the coronavirus pandemic
Partners and service providers			
Approx. 1,400 service and material providers	<ul style="list-style-type: none"> • Long-term partnerships • Compliance with agreements • Openness and equality 	<ul style="list-style-type: none"> • Competitive bidding • Supplier audits • Negotiations • Agreements and guidelines • Partner cooperation steering groups • Joint real estate industry development projects 	<ul style="list-style-type: none"> • Long-term partnerships and service agreements • Concentrating purchases • Sustainable purchasing guidelines and criteria • Audits and quality control • Combating the grey economy

Stakeholder group	Stakeholders' expectations of SATO	Channels of interaction	SATO's actions in 2020
Owners and financiers			
	<ul style="list-style-type: none"> • Sustainable investment object • Maintaining profitability and value increase • Transparent practices • Open communication • Good management 	<ul style="list-style-type: none"> • Shareholder meetings • Investor and financier meetings • Annual general meeting • Board meetings • Financial reviews and releases • GRI reporting 	<ul style="list-style-type: none"> • Strategy work • Board work • Stakeholder events • Transparent and comprehensive business reporting • Sustainability programme for 2019–2022 • GRESB sustainability benchmark • Good and transparent governance and communications • Green finance framework
Society			
Authorities, organisations, media, land owners and neighbours	<ul style="list-style-type: none"> • Legal and responsible operations and combating the grey economy • Development of rental housing • Employment • Tax revenues • Responding to climate change • Prevention of housing segregation • Reliable and timely communication 	<ul style="list-style-type: none"> • Cooperation with authorities, partners and residents • Activities in industry associations • Open and reliable communication in various channels 	<ul style="list-style-type: none"> • Providing and developing high-quality housing and associated services • Participating in urban development • Opinion on the amendment of the Finnish Land Use and Building Act • Actively interacting with various stakeholders and a stakeholder event • Developing our industry in cooperation with industry associations • Personnel's participation in public projects • Energy efficiency and emission targets and reduction measures • Energy efficiency commitments with the state and the City of Helsinki • Sustainability programme for 2019–2022 and GRESB sustainability benchmark • The "Home and Job" (#kämppäjaduuni) project (in collaboration with No Fixed Abode and the Rehabilitation Foundation)

WE RESPOND TO CLIMATE CHANGE

Our most significant climate impacts arise from energy consumption during living, the construction of apartments and building materials. Responding to climate change and enabling sustainable lifestyles are important parts of our sustainability efforts. Our focus is on offering residents guidance, sustainable construction and life-cycle management of homes and properties.

ENERGY EFFICIENCY THROUGH INVESTMENTS AND PROACTIVE MEASURES

We are committed to the Energy Efficiency Agreement targets for the property sector, aiming for a reduction in the total consumption of electricity and heat of 10.5 per cent between 2015 and 2025. Efficient and sensible energy use saves costs and increases business profitability. It is one of the most important means of mitigating climate change and reducing greenhouse gas emissions. Energy efficiency agreements are an important part of Finland's energy and climate strategy.

In 2020, the specific energy consumption of SATO's buildings decreased by 3.8 per cent, specific water consumption increased by 1.2 per cent and specific greenhouse gas emissions decreased by 12.1 per cent in comparison with 2019. The rated consumption of electricity increased by 8.2 per cent. Water-saving measures were postponed during the year under review due to the coronavirus pandemic. During the pandemic, water consumption in homes increased, as our residents spent more time at home.

AI HELPS MONITORING

We monitor and regulate the heating of 20,000 SATOhomes through various IoT services. During the reporting year, 3,000 measurement sensors were installed. Our buildings' heating systems are controlled by artificial intelligence, and residents can keep track of the temperature of their home via the OmaSATO online service. These systems provide us with more than two billion instances of measurement data annually, which allows us to successfully foresee problems and make repairs on a needs basis, thereby further contributing to the sustainability of our business. Temperature sensors reduce energy consumption by roughly 7% and the need for peak power by some 20%.

We are looking into adjusting ventilation based on needs through various pilot projects. Smart ventilation has been used to eliminate draughts and excessive underpressure. This has helped us to improve energy efficiency and living comfort. In our renovations, we have added heat recovery to ventilation systems.

In every new building and renovation site, we look into the possibility of geothermal heating. Our objective in 2021 is to switch to either geothermal heating or ground source heat pumps in our buildings that use fossil heating. The use of renewable energy in heating significantly reduces the in-use emissions of homes.

MORE ENERGY-EFFICIENT LIVING

We currently have four buildings that are carbon neutral in terms of energy consumption. We have

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CIRCULAR ECONOMY EVENT WAS A SUCCESS

During the reporting year, we participated in a circular economy training project implemented by the Green Building Council Finland and Sitra. The pilot project improved the utilisation rate of demolition waste through a feasibility study and sought concrete operating methods that could be used in demolition, for instance optimising demolition waste logistics. As part

of the project, we also piloted the sale of the demolition site's furniture to consumer customers directly from the demolition site in a pop-up circular economy event that was arranged jointly with the Helsinki Reuse Centre. The event, organised for the first time, proved to be a success and received positive feedback from visitors. [Read more](#)

also developed a separate energy efficiency rating for our residential buildings, taking into account the energy efficiency and costs of each building. Using this rating, we are able to calculate an energy figure for each building for action planning. We reported on energy consumption monthly to SATO's Corporate Management Group. In 2020, building electricity did not produce any emissions because it was produced 100% by wind power.

Legislation governing the energy efficiency of residential buildings requires an energy efficiency figure of 90 for new buildings. SATO is committed to building markedly more energy-efficient buildings: we target an energy efficiency figure below 81 for new buildings. We aim for at least 30% energy savings in all our renovations. We measure energy and water consumption, as well as waste volumes, for all our construction sites for new and renovated buildings. During the year under review, there were 23 active construction sites. We also measure the waste of demolition projects. There was 1 demolition project during the reporting year.

NEW HOMES IN EXISTING URBAN ENVIRONMENTS

Complementary planning, where new buildings are built alongside or in place of existing buildings, supports not only the creation of denser urban structures in line with the objectives of master plans, but also SATO's goal of offering new rental apartments in areas where homes are in demand. Complementary construction gives SATO good prerequisites for reducing emissions and targeting carbon neutrality. New buildings are energy-efficient and respond to the demand for housing.

Our planning development projects are situated in excellent locations in terms of services and public transport, for instance, along the routes of the West Metro and the Raide-Jokeri tramline. The basis for planning new areas is efficient parking solutions combined with cycling and light traffic possibilities.

We invest in supplementing and developing the urban structure, for example, by acquiring plots, developing city plans, investing in public utility services and remediating soil. In 2020, our investments in infrastructure totalled EUR 5.7 (40.4) million.

A precondition for the creation of balanced and socially sustainable residential areas is the construction of homes with various management forms.

During the reporting year, plots in complementary planning areas developed by SATO were sold to construction companies and other partners, enabling the construction of approximately 65 owner-occupied apartments and roughly 40 state-subsidised rental apartments, thus promoting a diverse residential area and urban structure. For example, in Sarvik, Kirkkonummi, a total of 13 plots for detached houses were sold to private households.

A LIFE-CYCLE APPROACH AND SUSTAINABLE MATERIALS

We reduce SATO's load on the environment by regularly maintaining and repairing homes and properties according to the life-cycle principle. When we select building materials for indoor spaces, our intention is to minimise their

3.8%

lower specific energy consumption

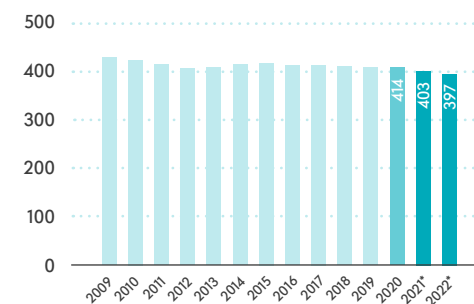
12.1%

less specific greenhouse gas emission

30%

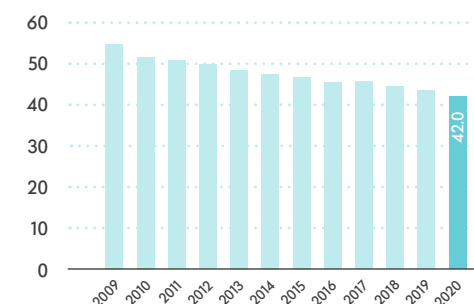
energy saving target in major renovations.

Specific water consumption, dm³/m²/a



* SATO's target

Specific energy consumption, kWh/m²/year



* SATO's target

Figures are adjusted for weather

environmental impacts and promote circular economy. At the same time, we lower the life-cycle and maintenance costs of our residential buildings and properties by investing in quality products and materials. Properly installed, long-lasting materials save natural resources, and in most cases, they can be recycled or disposed of after use.

During the reporting year, in our fixed furniture in dry spaces we switched to Finnish furniture that takes the product's life cycle and the low emissions of the indoor air classification into account. In our product development, we also designed a new set of Finnish furniture for SATO's club rooms.

WE ENCOURAGED OUR RESIDENTS TO ADOPT MORE SUSTAINABLE DAILY HABITS

We encouraged and guided our residents to actively recycle their waste, as their actions directly affect SATO's total emission reductions. In 2020, plastic recycling was possible in all SATOhomes in Turku and the Helsinki area. We also helped our residents declutter and recycle by bringing recycling skips and cages to the yards

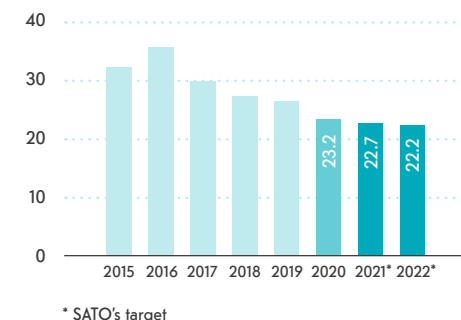
of our buildings. Some 12,100 kilos of electronics, bicycles, furniture, clothes and other items were collected in 25 recycling skips and cages.

Our housing advice service was reinforced during the reporting year with two new housing advisors. Housing advisors, together with our Service Managers and customer service, help our customers navigate various day-to-day challenges. During the reporting year, our housing advisors provided our residents with personal guidance in daily housing matters mainly remotely due to the pandemic.

We took part in Motiva's energy-saving week by giving our residents tips on how to conserve energy.

Housing advisors help and guide our residents in their day-to-day challenges.

Greenhouse gas emission intensity of buildings, kg CO₂-e/m²/year



ENVIRONMENTAL OBJECTIVES 2022

Specific consumption	Target	Reference year
Emissions	-18.5%	2018
Water	-6%	2018
Electricity	-9%	2015

SATO REPORTED on climate-related risks and opportunities in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for the first time. The TCFD is an organisation established by large companies whose mission is to encourage companies to report on the climate-related risks and opportunities that affect them. You can read more about the identification, control and measurement of risks in the [Governance](#)

WE TAKE CARE OF OUR EMPLOYEES

SATO employees carry out their work with professionalism, always putting the customer first. Openness, teamwork and the joy of succeeding together carry us to our shared goals. Genuine interaction, human to human, is at the heart of our work culture. For us that means caring, bearing responsibility, listening and putting ourselves in someone else's shoes. We want to help our customers make a home out of their rental flat.

EMPLOYEES RECOMMEND SATO AS A WORKPLACE

In a personnel survey carried out by Accountor HR4 Oy, employees described SATO as a reliable, stable and progressive employer. According to the survey, our internal employer image is strong. The majority of SATO employees would either very highly recommend or highly recommend the company to others 4.17/5. Overall, the ratings in the survey declined slightly compared to the previous year. The average rating given to SATO as an employer was 3.93/5 (4.24/5). The work of supervisors was considered a strength, and received a rating of 3.96/5 (4.03/5). Areas in need of improvement cited by SATO employees were making use of best practices in their own work and open communication in management. 93% per cent of SATO employees took part in the survey.

WE RECRUITED NEW EMPLOYEES IN SPITE OF THE EXCEPTIONAL SITUATION

We made it through the highly exceptional year of 2020 and recruited additional personnel during the year. We did not have to temporarily lay off personnel due to the pandemic. In spring, we

quickly made exceptional arrangements whereby employees whose workload had decreased due to the pandemic were temporarily transferred to help out other teams that were in need of additional resources.

During the reporting year, we focused on improving customer satisfaction by taking further measures to strengthen our Customer First programme. Twelve new employees started working in our Housing business in a new kind of Service Manager role. We furthermore expanded our House Experts model in the Helsinki area and recruited nine new SATO House Experts. We aim to provide even better services to our tenants and be closer to their everyday lives. Digital development has been one of our priorities for several years now, and we will continue to invest in it in the coming years. In autumn 2020, we recruited four new SATO employees for our Digital & IT team.

During the reporting year, SATO recruited 57 new employees, 38 of whom on a permanent basis. A total of 22 SATO employees were assigned to a new task within the company during the year.

SATO EMPLOYEE AND SATO TEAM OF THE YEAR

HR specialist **Sarianna Saksa** was voted SATO Employee of the Year by the employees. The customer service Contact Center was voted the SATO Team of the Year, and the work input of all SATO employees during a challenging year was chosen as the deed of the year. As a reward for their work efforts, every SATO employee was given an extra day off.

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A SENSE OF SATISFACTION FROM HELPING RESIDENTS

In 2020, we continued to move forward with the Customer First operating model in our Housing business, and we made changes in our organisation to better respond to customers' needs. It is important for SATO employees to be available and part of our residents' day-to-day lives. For that reason, SATO recruited Service Managers for a new kind of role that combines the tasks of Service Managers, apartment

inspectors and infrastructure managers. Twelve new Service Managers started working at SATO in autumn 2020. Service Managers ensure that SATO's residents are happy and that the rental homes remain in good condition.

Maija Saarni is one of the new Service Managers, and she loves helping out residents.

[Read about Maija's workday](#)

THE EXCEPTIONAL PERIOD SHOWED IN OUR WORK

During the year under review, the pandemic influenced our work especially in the exceptional arrangements we made to try to ensure the safety and well-being of both our employees and our residents. As a result, we postponed non-urgent maintenance and repair work during the year and only visited buildings when it was absolutely necessary.

In spring, we organised several tip sessions and virtual coffee breaks for personnel via Teams, where our team members caught up with one another and shared useful tips for working remotely. We permanently adopted exercise breaks led by a SATO employee in our weekly programme. Personnel were also offered the opportunity to take part in virtual yoga classes in the spring.

We organised weekly virtual info sessions for personnel in the spring to catch up on the latest news. We continued this practice in the autumn with monthly info sessions.

WE TRAIN, WE LISTEN, WE INVIGORATE

During the year under review, we introduced a new online learning environment that allows us to interactively induct and train our employees. We are building the course package for the online learning environment ourselves. Due to the teleworking recommendation, we also arranged remote inductions more than before.

SATO employees participated in 3.9 training days (men 4.6/women 3.3) in 2020. Around 0.9

working days per employee were spent in training provided by a third party. The number of training days for supervisors was 4.7 days per person and for employees 2.8 days per person. The number of training days decreased year on year due to the exceptional situation caused by the pandemic.

The Tarmo group, consisting of members of management and personnel, convened nine times during the reporting year. The group focuses on well-being-at-work themes raised by personnel. During the year under review, special consideration was given to how to maintain employees' well-being at work during the exceptional circumstances. SATO's committee for recreation and sports activities, called LiiVi, arranges activities that maintain and improve employees' work ability. LiiVi arranged the opportunity to participate in virtual Pilates classes and various virtual exercise breaks.

Personnel tuned in for some May Day vibes in a joint virtual May Day celebration that included games and performances. In October, we celebrated SATO's 80th anniversary together with personnel also in the virtual world. Besides music and impersonations, the event featured anecdotes from SATO employees over the years.

OCCUPATIONAL SAFETY PLAYS AN IMPORTANT ROLE

Occupational safety played an especially important role during the reporting year, on account of the coronavirus pandemic. We made sure to keep our communications up to date, and we guided our employees in working safely both in the office and in their encounters with customers.

We have identified new areas where we need to focus on occupational safety, and we will continue working on this going forward. During the reporting year, we arranged Occupational Safety Card training for Service Managers, House Experts and Project Managers. In autumn, we arranged "speech-judo training", the aim of which is to develop the participants' skills in managing customer service and communication situations and situations involving a threat, as well as to increase well-being and the ability to cope at work.

SAFE CONSTRUCTION SITES

Every year, we spend approximately EUR 120.6 million on the construction and repair of our buildings. The occupational health and safety of the people working on our construction sites and the construction of healthy and high-quality homes are extremely important to us. Although occupational safety on the work sites of buildings and renovation sites commissioned by SATO is primarily the contractors' responsibility, we nevertheless develop it together with the contractors. We monitor compliance with occupational safety practices and we keep track of the accident frequency rate. We aim for zero accidents. In 2020, a total of 5 (18) accidents were recorded on 23 (20) SATO sites, and the rolling accident frequency rate was 10 (25.5). Working hours on our construction sites amounted to roughly 501,178.

We regularly report and analyse any accidents that occur on our construction sites. We monitor the quality of apartment repairs carried out by our contractors by performing spot checks. We prepare six-month summary reports on the spot checks, and their results have an impact on the fees paid to contractors.

3.9

number of training days per SATO employee, average
(men 4.6/women 3.3)

57

new SATO employees

22

SATO employees assigned to a new task within the company

WE CREATE WELL-BEING FOR OUR RESIDENTS AND SOCIETY

As one of Finland's leading housing providers, SATO has the opportunity to influence the well-being of thousands of people. Dense urban structures create more diverse and multicultural neighbourhoods. We participate in home- and housing-related projects, and we aim to prevent the segregation of areas and to support good neighbourly relations.

A BETTER CUSTOMER EXPERIENCE

We aim to be closely present in our customers' daily lives in order to serve them better. We measure our successes in customer encounters using the Net Promoter Score (NPS). In line with our Customer First development programme, during the year under review we focussed particularly on adapting our organisation and our service processes to respond to our customers' needs even better. In 2020, we expanded our House Experts model within the Helsinki metropolitan area, and 12 new employees started working in our Housing business in a new kind of Service Manager role. We did not, however, manage to improve the net promoter score (NPS) given to us by our customers during the reporting year. Our customer satisfaction weakened because some of the planned repair projects had to be postponed due to the coronavirus pandemic and our opportunities to serve our customers were more limited during the pandemic.

Customer communication was identified as having a positive impact on SATO residents' service experience. During the year, we kept our residents informed of the latest housing news with a newsletter that was delivered to 11 recipients either by post or electronically. In addition, we sent eight customer bulletins related to the coronavirus pandemic during the year and held discussions with our customers in SATO's social media channels. During the exceptional period of 2020, we asked our residents how they were enjoying their home through our Pulssi resident panel.

We actively communicated the coronavirus pandemic recommendations and procedures to our residents. In spring, at the start of the exceptional period, we encouraged our residents to help their neighbours in need through the "Help your neighbour" campaign.

OUR CUSTOMER SERVICE IS HERE TO HELP

We serve our customers via several channels: by phone, in the website's chat service, in OmaSATO, by email and in social media. During the year under review, our customer service experts responded to 215,487 queries. The average telephone wait time was two minutes and in chat, 46 seconds. Our customer service received an NPS score of 53.4.

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80 SPRUCES WILL BRING JOY TO YARDS FOR DECADES TO COME

In October, our employees planted 80 spruces in the yards of our buildings in honour of SATO's 80th anniversary. The trees enhance the yards of the buildings and can be lit up during the dark days of winter. The planting of these 80 trees is one of SATO's sustainability programme initiatives, as the

trees will bind carbon from the atmosphere.

"We wanted to celebrate our 80-year history with a sustainable solution that will bring joy for decades to come," says SATO's Corporate Responsibility Advisor **Tiina Lehti**.

[Read more](#)

SATO's 80-year history dates back to the period of post-war reconstruction: Half a million more homes were needed in Finland.

Multiculturalism is an established part of our customer service. We are able to serve our customers in roughly 20 languages thanks to the Tülka translation service that we introduced in 2018.

In spring, when the exceptional period began, the number of contacts made by customers concerning rental payments increased significantly compared to the previous year. We managed to have our customer service personnel switch to working remotely on short notice, and our specialists were able to serve customers from their home offices in the same way as before. During the reporting year, we also extended our customer service working hours, and particularly focused on our chat service.

WE PROMOTE NEIGHBOURLY LIVING

Our neighbour mentor pilot programme wrapped up in spring of the reporting year. After the pilot, based on a survey of the neighbour mentors, we decided to include the neighbour mentor programme as part of our regular community-oriented work. In October, the neighbour mentor programme became part of the housing advice service, and the recruitment of new mentors began.

Also in October, we launched 'Get to know our housing advisors' events in the yards of SATOhomes. More than 20 such events were arranged, and they were attended by more than 100 residents.

RESIDENT OF THE YEAR FOR 2020

SATO's Resident of the Year for 2020 is Maila Saarikangas of Kontula, Helsinki. Maila has lived in SATO's buildings in Kontula since 1971. Maila fosters conviviality in her building, and helps

and guides her neighbours. She has actively maintained the building committee's activities and looked after the yard of the building.

MORE OPTIONS IN HOUSING

We are creating new housing concepts for residents in an increasingly urbanised Finland.

The first FlexHome was completed in the Tali neighbourhood of Helsinki in 2020. As the name implies, FlexHome is a concept developed to help people flexibly adapt to life's transition periods. It requires a small initial capital outlay, after which the tenant pays rent that is below the market level for the home, thus allowing the tenant to simultaneously pay off any possible loan instalments. After a five-year rental period, the tenant has the option of purchasing the home in full. Alternatively, the tenant can sell the apartment back to SATO but continue to live in the home and pay rent.

In 2019, SATO agreed on a policy according to which studio apartments will no longer be bordered with load-bearing walls in new rental housing production. This was realised during the year under review, making it possible to modify the floor plans of homes later, if necessary, in connection with larger renovations.

In 2018, we launched StudioHome, a compact and reasonably priced form of social urban housing.

WE DEVELOP CITIES FOR DECADES AHEAD

We take care of our buildings and prudently grow our housing stock. We acquire existing rental apartments and buildings, build new homes and take part in developing entire residential areas.

We collaborate with cities when areas are being developed and new housing is planned for them. The parties involved share common interests: as a long-term housing provider, SATO wants to build nice homes and pleasant urban areas for decades to come. During the year under review, we concentrated on planning and building new homes and on renovating existing buildings.

WE INVEST RESPONSIBLY

SATO acquires and builds rental apartments. We focus our housing stock on Finland's largest cities, near good services and transport routes. We prepare an investment sustainability evaluation before trading. The evaluation focuses on the fulfilment of financial criteria, the environmental impact of the investment, transport connections and the execution of the procurement process in accordance with good corporate governance, among other aspects.

During the year under review, SATO invested EUR 120.6 million in its housing portfolio. We completed 868 new apartments.

DURING OUR JUBILEE YEAR WE DONATED TO CHILDREN AND OUR RESIDENTS

In the year under review, we donated more than 100,000 euros to charity. In spring, we gave out food gift cards to our residents who were struggling due to the coronavirus situation. In honour of our 80th anniversary, in autumn we donated to SOS Children's Villages to give as many young people as possible the opportunity to create a better future for themselves and for all of us. In December, we made a Christmas donation to No Fixed Abode, an advocacy organisation for the homeless.

MANAGEMENT APPROACH

Sustainable operations – Transparent operating practices, a sustainable procurement and service chain, and combating the grey economy

Approach	<p>As a responsible, well-managed and profitable company, SATO is able to operate sustainably and transparently for the good of the economy, the environment, society and key stakeholders. Long-term partnerships benefit both parties. Combating the grey economy in the construction industry plays a key role in our procurement. We require our service providers to be registered with Suomen Tilaaajavastuu's Reliable Partner service. We report on our tax policies and our tax foot-print, and we pay taxes to Finland.</p>
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Ethics and integrity (GRI 102-16, 102-17) • Economic performance (GRI 201-1, 201-4) • Procurement practices (GRI 204-1) • Indirect economic impacts (GRI 203-1, 203-2) • Anti-corruption and anti-bribery (GRI 205-3) • Labour/management relations (GRI 402-1) • Customer privacy (GRI 418-1) • Environmental compliance (GRI 307-1) • Supplier environmental assessment (GRI 308-1) • Socioeconomic compliance (GRI 419-1) • Land degradation, contamination and remediation (CRE5)
Objectives	<ul style="list-style-type: none"> • Transparent and up-to-date communications and reporting • Combating the grey economy • Responsible service and procurement chain
Operating principles, guidelines and policies	<p>SATO complies with the Finnish Corporate Governance Code and with SATO's internal guidelines, principles and policies. The most important of these are the sustainability programme, the Code of Conduct, guidelines on personal data processing, guidelines on data privacy, guidelines on combating the grey economy, and procurement, financing, risk management and disclosure policies, communication and sponsorship policies, HR management principles, and the gender equality plan.</p> <p>The procurement principles are written in the Code of Conduct, procurement policy and guidelines for combating the grey economy. The guidelines for preventing money laundering, related party guidelines, stakeholder policy, and cooperation agreements supplement the principles.</p>
Evaluation of the management approach	<p>The management approach is evaluated continuously as part of operations and the partnership management system. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources. On a Group level, changes in situations and the sufficiency of management are evaluated on a quarterly basis, while persons responsible for each risk area perform continuous evaluations.</p>
Boundaries	<p>SATO Group and the most significant outsourced services related to building management, maintenance, repair and construction</p>

Customers and society with a high level of well-being – we take care of housing health and promote neighbourly living

Approach	We offer our customers a safe rental relationship and an excellent customer experience. We ensure healthy and safe living conditions, we place high importance on responding quickly and on communicating with our customers, and we develop our internal analyses and reporting. We promote interaction between residents and foster a sense of community. We increase knowledge of different cultures among our personnel, residents and partners.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Approach to stakeholder engagement (GRI 102-43, 102-44) • Indirect economic impacts (GRI 203-1, 203-2) • Customer health and safety (GRI 416-1, 416-2) • Customer service and satisfaction
Objectives	<ul style="list-style-type: none"> • People feel safe and enjoy healthy living in a SATO home • In SATO's buildings, neighbours respect one another • Cooperation with cities to prevent the segregation of areas • We participate in public projects
Operating principles, guidelines and policies	Housing health operating model, customer promises, service principles, partnership policy and principles, good rental practices
Evaluation of the management approach	The management approach is evaluated continuously as part of operations. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.
Boundaries	SATO Group customers

Taking care of personnel – a fair and inspiring workplace, evolving competence and occupational safety

Approach	SATO's organisation is developed in a way that ensures that our personnel's competence corresponds to business needs, now and going forward. We focus on personnel's overall well-being through good supervisory work and an inspiring work atmosphere. Personnel's ability to cope at work and occupational safety are well taken care of. We offer our employees services that promote well-being, and we promote practices that enable a balance between work and leisure time. All of SATO's employees in Finland are covered by occupational health care. We are committed to a high level of occupational safety in our operations and in our subcontracting chain, and we monitor occupational safety practices and related indicators. Every new SATO employee receives occupational safety induction. Everyone also receives occupational safety training if their work task requires it.
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Employment (GRI 401-1) • Labour/management relations (GRI 402-1) • Occupational health and safety (GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, CRE-6) • Training and education (GRI 404-1, 404-3) • Diversity and equal opportunity (GRI 405-1, 405-2) • Indirect economic impacts (GRI 203-2)
Objectives	<ul style="list-style-type: none"> • A positive employee experience throughout the organisation • SATO is seen as an inspiring and responsible workplace • Every SATO employee feels safe at work
Operating principles, guidelines and policies	<p>HR management is based on the company's values and sustainable operating principles. The objective of HR management is to ensure SATO's ability to achieve the company's strategic targets. The objectives, targets and measures of HR management are defined in the operating principles. The criteria for equal and non-discriminatory operations are expressed in SATO's Code of Conduct, HR management principles and gender equality plan.</p> <p>In the area of occupational safety, an emergency plan, comprehensive safety manual, activity-specific guidelines and crisis communications guidelines for various dangerous situations and accidents have been drawn up. The OHS committee supports well-being at work and conflict situations. The OHS committee draws up an action plan once a year. The occupational health care provider has an action plan for 2020–2022 that is monitored and developed in regular meetings between SATO and the occupational health care provider.</p>
Evaluation of the management approach	The management approach is evaluated continuously as part of operations. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.
Boundaries	SATO Group personnel

Responding to climate change – Energy-efficient buildings and targeting carbon-neutrality, a sustainable life cycle for properties and environmental responsibility in day-to-day living

Approach	<p>We work with our stakeholders to reduce the environmental load from living and to mitigate climate change. The biggest impact of SATO's environmental responsibility stems from improving energy efficiency and reducing emissions. We continuously work to save water by measuring water consumption monthly, making water-saving investments, performing repairs quickly, communicating on the importance of saving water to our residents and invoicing residents for water consumption based on the number of people living in the home. SATO guides residents and increases recycling opportunities in order to reduce the volume of waste. In land acquisition and planning, we evaluate possible soil impurities, on the basis of which we implement remediation measures. When making new investments, we strive to situate the sites we build near good transport connections and public transport routes, and we encourage our residents to use public transport.</p>
Main topics and key indicators to be reported	<ul style="list-style-type: none"> • Energy (GRI 302-1, 302-4, CRE1, CRE8) • Water and effluents (GRI 303-1, 303-2, 303-3, CRE2) • Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3) • Effluents and waste (306-2) • Land degradation, contamination and remediation (CRE5) • Indirect economic impacts (GRI 203-1) • Location of investments • Maintenance and repair operations
Objectives	<ul style="list-style-type: none"> • Reduction in greenhouse gas emissions from operations and sights set on carbon neutrality by 2030 in terms of carbon dioxide emissions related to the energy consumption of properties • Profitable construction and repair of buildings, taking environmental and health impacts into account over the full life cycle • Supporting our residents in making sustainable choices in day-to-day living in terms of the environment
Operating principles, guidelines and policies	<p>SATO's investment criteria and planning guidelines determine the location of acquired plots, complementary construction projects and new investments. SATO's partnership policy and principles and sustainability programme guide the servicing and maintenance of properties. Maintenance partners monitor water consumption monthly and contractors are obligated to use water-saving products in renovations.</p>
Evaluation of the management approach	<p>The management approach is evaluated continuously as part of operations and the partnership management system. Energy reports are drawn up regularly on properties. Changes that take place in the operating environment and within SATO are responded to by adjusting the operating principles, monitoring systems and resources.</p>
Boundaries	<p>SATO Group and the most significant outsourced services related to building management, maintenance, repair and construction</p>

FINANCES

SATO'S TAX FOOTPRINT IN 2020

Taxes to be paid during the financial year

Direct

- Income tax €23.4 mill.
- Employer contributions €2.4 mill.
- Transfer tax on investments €1.1 mill.
- Property tax €9.3 mill.

Indirect

- Energy and insurance tax €0.8 mill.
- VAT included in investments that is not deducted, €23.9 mill.
- VAT included in purchases that is not deducted, €15.6 mill.



Taxes to be reported during the financial year

- Tax withheld on salaries €4.2 mill.
- Net VAT on sales €0.7 mill.



Total €81.4 mill.

*Taxes paid
to Finland
€79.1 mill.*

CASH FLOW IN 2020, EUR MILLION

CUSTOMERS

- Net sales 303.4

FINANCIERS, INVESTORS

- Withdrawal of loans 539
- Equity issued 0

OTHER MARKET PARTICIPANTS

- Divestments of housing property 5.7
- Other operating income 1.7

sato

SUPPLIERS

- Purchases 95.2
- Investments 134

PUBLIC SECTOR

- Direct taxes 36.2
- Indirect taxes 40.3
- Land rents and land use fees 7.5

FINANCIERS, INVESTORS

- Interest and financial expenses 47.1
- Repayments 254.5
- Dividend 0

PERSONNEL

- Salaries, benefits and pension expenses 15.3

ENVIRONMENT

The following SATO environmental sustainability indicators have been assured by an independent third party. See [Sustainability concepts](#) for more information about key figures and definitions of concepts.

ENERGY

Energy consumption within the organisation	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020	
Total, MWh	238,263	283,484	264,874	263,465	256,624	236,480	-20,144	-7.8 %	
Share of purchased energy:									
Electricity, MWh	23,689	24,531	23,624	24,285	24,243	27,033	2,790	11.5 %	
District heating, MWh	214,056	258,299	240,427	238,493	231,701	208,884	-22,817	-9.8 %	
Share of own production:									
Oil, MWh	518	654	823	687	680	563	-116	-17.1 %	
Building energy intensity	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020	Changes, % 2015–2020
Consumption of heating energy, adjusted for weather, kWh/rm3/a	42.9	41.5	41.8	40.7	39.8	37.8	-2.0	-5.0 %	-11.9 %
Consumption of electricity, kWh/m3/a	3.9	3.9	3.9	3.9	3.9	4.2	0.3	8.2 %	8.5 %
Total, kWh/m3/a	46.8	45.4	45.7	44.6	43.7	42.0	-1.7	-3.8 %	-10.2 %

EMISSIONS

Greenhouse gas emissions	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020
GRI 305-1 Direct greenhouse gas emissions, t CO2-e (scope 1)	135	170	214	179	177	147	-30	-17.1 %
GRI 305-2 Indirect greenhouse gas emissions*, t CO2-e (scope 2)								
Indirect greenhouse gas emissions, t CO2-e (market-based)	37,674	48,560	39,430	36,728	35,682	32,168	-3,514	-9.8 %
Indirect greenhouse gas emissions, t CO2-e (location-based)	41,962	52,583	43,163	40,152	39,100	35,980	-3,120	-8.0 %
GRI-305-3 Other indirect greenhouse gas emissions, t CO2-e (scope 3)	1,834	948	240	49	46	37	-9	-20.5 %
Total emissions of greenhouse gases, t CO2-e	39,643	49,678	39,884	36,955	35,905	32,351	-3,554	-9.9 %

* In line with the GHG Protocol standard, a location-based emission figure has been reported for electricity consumption. The market-based figure is used in combined emission figures. The location-based figure refers to figures calculated using country-specific emission coefficients and figures calculated using electricity-supplier-specific, market-based emission coefficients. If the emission coefficients given for the calculation year were not available for the previous year's calculation, this data was recalculated for this report using the emission coefficient data given for the year in question. Due to a possible recalculation, the emissions data reported for the preceding year may deviate from the data reporting in the previous emissions report. Electricity does not produce any emissions because it is produced 100% by wind power.

** Emissions from residents' waste"

GHG emission intensity of buildings	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020	Changes, % 2018–2020
kg CO ₂ -e/m ²	32,2	35,5	29,9	27,3*	26,4	23,2	-3,2	-12,1 %	-15,0 %
kg CO ₂ -e/person	903,7	1 033,6	851,0	781,2	725,7	649,9	-75,8	-10,4 %	-16,8 %

*The 2018 greenhouse gas emission intensity figure has changed in the revision calculation after the 2019 Sustainability Report was published.

WATER

Total water withdrawal	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020
Total, 1,000 m ³	2,329	2,622	2,507	2,537	2,578	2,674	96	3.7 %

All SATO properties use municipal water supply.

Building water intensity	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020	Changes, % 2018–2020
dm ³ /rm ³ /a	418	412	414	411	409	414	5	1.2 %	0.7 %

WASTE

Total weight of waste from tenants	2015	2016	2017	2018	2019	2020	Changes, 2019–2020	Changes, % 2019–2020
tonnes	21,578	23,985	23,573	24,124	27,269	28,131	862	3.2 %
† CO ₂ -e	1,834	948	240	49	46	37	-9	-20.5 %

Distribution of waste from tenants by disposal method	2020, %	2020, t
For recycling	29.3 %	8,249
For energy	55.6 %	15,631
To landfill sites	1.0 %	267
Composting	14.1 %	3,978
Incineration without energy recover	0.0 %	6

Initiatives to reduce energy consumption, and their impact	2016	2017	2018	2019	2020
Energy efficiency investments, MEUR	1.3	1.5	1.5	1.5	0.8
GRI 302-4 Reduction of energy consumption as a result of initiatives, MWh	4,070	7,750	7,200	820	3,100
GRI 305-5 Reduction of greenhouse gas emissions as a result of initiatives, t CO ₂ -e	721	1,364	1,113	126	477
Land remediated or in need of remediation	m ²				
Remediated soil	0				
Soil known to be in need of remediation	2,500				

ENERGY & WATER CONSUMPTION AND WASTE VOLUMES AT CONSTRUCTION SITES IN 2020*

Basic information	Number of apartments	1,872
	Gross floor area, m ²	134,373
	Net floor area, m ²	91,226
	Volume, m ³	421,065
	Number of months	136
Water	Water consumption, m ³	1,646
	Water consumption, Ltr/brm ² /month	3.48
Energy	Electricity consumption, MWh	4,067
	Electricity consumption, brm ² /month	4.06
	District heating consumption, MWh	3,474
	District heating consumption, kWh/gm ² /month	5.14
Waste	Total waste volume, t	4,938
	Mixed waste, t	1,311
	Wood, t	1,039
	Stone, t	175
	Concrete waste, t	1,952
	Plaster, t	128
	Energy, t	49
	Metal, t	103
	Other, t	11
	Asbestos, t	139
	Soil, t	386
	Impregnated wood, tn	4
	Other hazardous materials, t	640

WASTE VOLUMES OF DEMOLISHED BUILDINGS

Total waste volume, tn	5,588
Mixed waste, tn	1,469
Wood, tn	628
Concrete waste, tn	117
Metal, tn	229
Other waste, tn	2,442
Asbestos, tn	30
Impregnated wood, tn	7

*only applies to construction sites for new and renovated buildings that were started in or after 2018

PERSONNEL

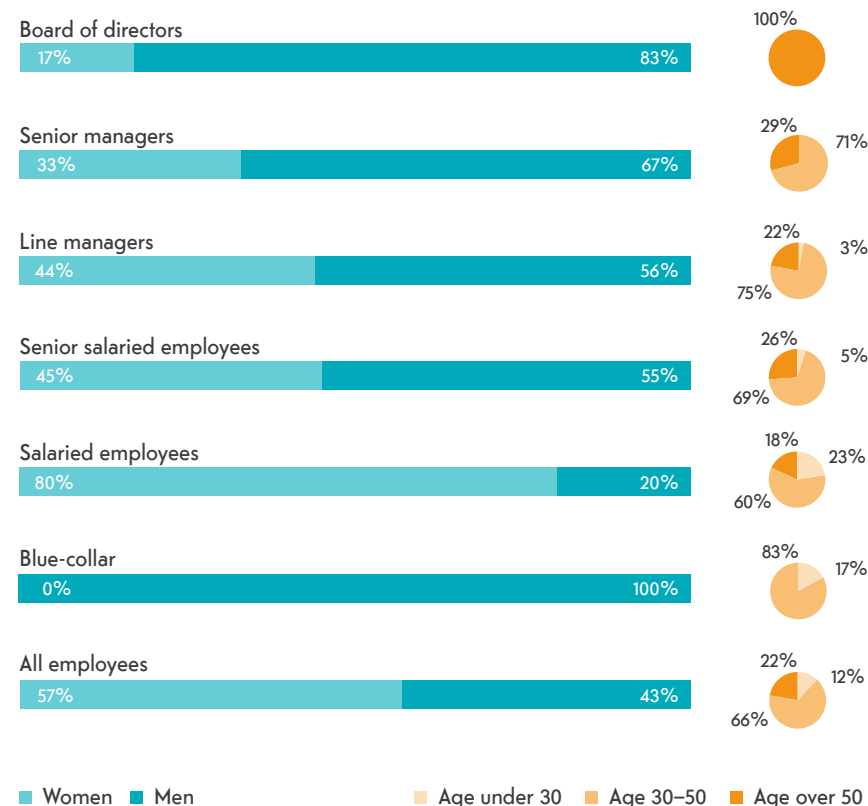
SATO'S EMPLOYMENT IMPACT 2020

Direct and indirect employment impact	Person-years
Investments in construction and renovations	1,469
Maintenance and upkeep services	628
Other purchased services	117
Personnel	229
Total	2,442

We recruited new employees in 2020 in spite of the exceptional situation.

During the reporting year, SATO recruited 57 new employees

Gender distribution of personnel groups and board of directors, 31 Dec 2020



In 2020, 12% of SATO's personnel were under 30, 66% were between 30 and 50, and 22% were over 50. By personnel group, those under 30 were represented the most in the salaried employees group (23%) and in the blue-collar group (17%).

The 30–50 age group represented 71% of those working in senior management positions, 75% of supervisors, 69% of senior salaried employees, and 60% of salaried employees.

The over-50 age group was represented the most in senior management positions (29%), and in senior salaried employee positions (26%). One quarter of all supervisors and 18% of salaried employees are over the age of 50.

INFORMATION ABOUT PERSONNEL

GRI 102-8

Total number of personnel at end of 2020 (2019)

Number of personnel	permanent	fixed-term	men	women	men, %	women, %
total 242 (229)	226 (212)	16 (17)	105 (96)	137 (133)	43%	57%
of which the number of personnel in Russia 12 (12)	10 (10)	2 (2)	4 (3)	8 (9)	33%	67%

During the year, the Group had an average of 229 (223) employees.

Total number and rates of new employee hires and employee turnover by age group, gender and region. (GRI-401-1)

New employment contracts	total 57	under 30	30–50	over 50
permanent employment contracts	38	10	27	1
men	22	2	20	0
women	16	8	7	1
New fixed-term employment contracts	total 11	under 30	30–50	over 50
men	4	3	1	0
women	7	2	4	1

Summer trainees	total 9	under 30	30–50	over 50
men	4	4	0	0
women	5	4	1	0
Terminated employment contracts	total 33	under 30	30–50	over 50
permanent employment contracts	26	2	14	10
men	11	0	6	5
women	15	2	8	5
Employment contracts terminated by the employer	11			
Total personnel turnover, % (summer trainees excluded)	14,4			
Work accidents, occupational diseases, sick leave and deaths entire personnel (GRI 403-2)				
absentee rate (AR)	1.3%			
lost day rate	0.1%			

See [Sustainability concepts](#) for more information about how we calculated the figures.

SUSTAINABILITY REPORTING PRINCIPLES

Sustainability is an integral part of SATO's business, and we have combined traditional annual report contents and corporate sustainability information into one integrated report. The aim of the Sustainability Report is to openly provide our stakeholders with information about our operations and our value creation.

SATO's annual Sustainability Report has now been drawn up for the seventh consecutive year in line with the GRI guidelines: GRI-G3 2014, GRI-G4 2015 and 2016, GRI Standards 2017–2018. The report has been prepared in accordance with the international Global Reporting Initiative Standards Core option. It is also compliant with the industry-specific guidelines for the construction and real estate sector (CRESS).

The report covers the universal standards of the GRI guidelines, as well as the topic-specific standards, which consist of descriptions of management practices and indicators for aspects identified as material for SATO. We have additionally reported on information related to SATO's own sustainability topics in accordance with the GRI Standards.

The boundaries for the calculation of key figures are mainly based on information concerning the SATO Group and the rental apartments it owns in Finland. Descriptions of management practices, reporting indicators and calculation boundaries are described in the management approach table. The report is published electronically in Finnish and in English.

SUSTAINABILITY BASED ON MATERIALITY

Our sustainable operating principles lay the foundation for sustainable and profitable business operations over the long term. Our sustainability reporting is based on the material aspects related to our business that have been identified in cooperation with our stakeholders and processed by SATO's Management Group. The effects of the material aspects on stakeholders are described in the sections Sustainable Business, Environment, Personnel and Customers. The comparison of the content of the report with the GRI standards is indicated in the GRI content index.

TRANSPARENT AND ASSURED INFORMATION

The information concerning environmental responsibility in the report has been assured by an independent third party. The following information has been assured by KPMG Oy Ab:

The indicators presented in the tables of the Annual Report's The Sustainable SATO/Environment section:

- Energy (GRI 302-1, 302-4, CRE1)
- Water and effluents (GRI 303-3, CRE2)
- Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3)
- Effluents and waste (GRI 306-2)
- Land degradation, contamination and remediation (CRE5)

Key indicators presented in GRI index table:

- Environmental compliance (GRI 307-1)
- Supplier environmental assessment (GRI 308-1)



GRI-INDEX

Sustainability focus areas	Disclosure	Location and additional information
GRI 102 Organisational profile 2016		
102-1	Name of the organisation	Contact information
102-2	Primary activities, brands, products and services	Report of the Board of Directors
102-3	Location of headquarters	Contact information
102-4	Location of operations	Report of the Board of Directors
102-5	Ownership and legal form	Information for shareholders
102-6	Markets served	Report of the Board of Directors
102-7	Scale of the organisation	Financial statements
102-8	Information on employees and other workers	Personnel
102-9	Supply chain	Partners, Finances
102-10	Significant changes to the organisation and its supply chain	SATO in brief Report of the Board of Directors, Information for shareholders, Partners
102-11	Precautionary principle or approach	Risk management
102-12	External initiatives	Sustainability focus areas, Environment, Corporate governance statement
102-13	Membership of associations	Sustainability focus areas
GRI 102 Strategy 2016		
102-14	Statement from senior decision-maker	CEO's review
102-15	Key impacts, risks and opportunities	Sustainability focus areas, Report of the Board of Directors (Operating environment), Risk management
GRI 102 Ethics and integrity 2016		
102-16	Values, principles, standards, and norms of behaviour	Report of the Board of Directors (Strategy) Sustainability focus areas, Customers
102-17	Mechanisms for advice and concerns about ethics	Sustainability management
GRI 102 Governance 2016		
102-18	Governance structure	Corporate governance statement, Sustainability management
102-19	Delegating authority for economic, environmental and social topics	Sustainability management
102-20	Executive-level responsibility for economic, environmental and social topics and reporting lines	Sustainability management
102-22	Composition of the highest governance body and its committees	Board of Directors, Members of the Management Group
102-23	The role of Chair of the highest governance body	The Chairman of the Board of Directors is not the CEO, and the CEO is not a member of the Board of Directors
102-24	Nominating and selecting the highest governance body	Corporate governance statement
102-26	The highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Sustainable operating principles, Corporate governance statement, Rules of procedure of the Board of Directors

102-28	Evaluating the highest governance body's performance	Corporate governance statement, Rules of procedure of the Board of Directors
102-29	The highest governance body's role in the identification and management of risks and opportunities	Sustainable operating principles, Corporate governance statement, Rules of procedure of the Audit Committee
102-30	The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Corporate governance statement, Rules of procedure of the Audit Committee
102-31	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Risk management
102-35	The remuneration policies for the highest governance body and senior executives	Remuneration statement
GRI 102 Stakeholder engagement 2016		
102-40	List of stakeholder groups	Stakeholder cooperation
102-41	Collective bargaining agreements	Personnel
102-42	Identifying and selecting stakeholders	Stakeholder cooperation
102-43	Approach to stakeholder engagement	Stakeholder cooperation, Sustainability focus areas, Customers, Personnel, Partners
102-44	Key topics and concerns that have been raised through stakeholder engagement	Sustainability focus areas, Stakeholder cooperation
GRI 102 Reporting practice 2016		
102-45	Entities included in the consolidated financial statements	Financial statements
102-46	Defining report content and topic boundaries	Sustainability focus areas, Management approach
102-47	List of material topics	Sustainability focus areas, Management approach
102-48	Restatements of information	Reporting principles
102-49	Changes in reporting	Reporting principles, Management approach
102-50	Reporting period	2020
102-51	Date of most recent report	5.3.2020
102-52	Reporting cycle	Reporting principles
102-53	Contact point for questions regarding the report	Contact information
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles
102-55	GRI content index	GRI-index
102-56	External assurance	Assurance report
Material topics		
Topic-specific content is reported with regard to aspects identified as begin material		
GRI 103 Management approach 2016		
103-1	Explanation of the material topic and its boundary	Sustainability focus areas, Management approach
103-2	The management approach and its components	Management approach
103-3	Evaluation of the management approach	Management approach

GRI 200 Economic performance		
GRI 201 Financial results 2016		
201-1	Direct economic value generated and distributed	Key figures and highlights 2020, Finances
201-4	Financial assistance received from government	Finances SATO did not receive financial assistance from the government for renovations or new construction in 2020.
GRI 203 Indirect financial impacts 2016		
203-1	Investments in local infrastructure and services	Environment
203-2	Significant indirect economic impacts	Strategy, Personnel, Partners, Environment, Finances
GRI 204 Procurement practices 2016		
204-1	Proportion of spending on local suppliers	Partners Local suppliers represent 95.5% of SATO's purchases. Foreign suppliers represent 4.5% of SATO's purchases.
GRI 205 Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	Sustainable SATO / Sustainable management No incidents of bribery in 2020.
GRI 300 Environmental standards series		
GRI 302 Energy 2016		
302-1	Energy consumption within the organisation	Key figures/Environment
302-4	Reduction of energy consumption	Environment, Key figures/Environment, Key concepts
CRE1-sector supplement	Building energy intensity	Key figures/Environment, Key concepts SATO reports the intensities in relation to apartment cubic meters.
CRE8-sector supplement	Sustainability certification for buildings	Sustainability focus areas, Environment
GRI 303 Water and effluents 2018		
303-1	Interactions with water as a shared resource	Environment, Management approach All SATO properties use municipal water supply. Tenants consume a large share of the water, which constitutes water consumption related to living. Effluents are discharged into the municipal waste water network, where they undergo wastewater treatment. SATO does not operate in areas with water stress.
303-2	Management of water discharge-related impacts	Environment, Management approach The municipal water utilities analyse the water quality. Individual water analyses are performed in properties as needed. SATO does not operate in areas with water stress.
303-3	Total water withdrawal by source	Key figures/Environment, Key concepts SATO does not operate in areas with water stress.
CRE2-sector supplement	Building water intensity	Environment SATO reports the intensities in relation to apartment cubic meters.

GRI 305 Emissions 2016		
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Key figures/Environment
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Key figures/Environment, Key concepts
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Key figures/Environment, Key concepts
305-5	Reduction of greenhouse gas (GHG) emissions	Environment, Key figures/Environment, Key concepts
CRE3-sector supplement	Greenhouse gas emissions intensity from buildings	Key figures/Environment, Key concepts
GRI 306 Effluents and waste 2016		
306-2	Total weight of waste by type and disposal method	Key figures/Environment, Key concepts The total amount of waste includes non-hazardous waste generated by residents. The amount of waste from SATO's own operations is marginal.
SATO	Enhance the sorting of waste from residents	Environment
SATO	Communication on the environment and open data	Environment
GRI 307 Environmental compliance 2016		
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Sustainability management No fines or sanctions in 2020.
GRI 308 Supplier environmental assessments 2016		
308-1	Percentage of new suppliers that were screened using environmental criteria	Partners In line with our auditing process, we require that the environmental responsibility procedures of our new suppliers are fully adequate. 4% of SATO's suppliers have been audited.
Sector aspect: Land degradation, contamination and remediation		
CRE5-sector supplement	Land remediated or in need of remediation	Key figures/Environment Soil contamination is the result of the actions of 3rd party.
SATO's own material topic: Location of investments		
SATO	Public transportation	Environment
SATO's own material topic: Property maintenance		
SATO	Maintenance and repair operations	Environment, Report of the Board of Directors
GRI 400 Social standards series		
GRI 401 Employment 2016		
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Personnel
GRI 402 Employee-employer relations 2016		
402-1	Minimum notice periods regarding operational changes	The Act on Co-operation within Undertakings (334/2007) applies to corporate restructuring in Finland. In all of its countries of operation, SATO complies with the local statutory periods (1–6 months)

GRI 403 Occupational health and safety 2018		
403-1	Occupational health and safety management system	Personnel, Management approach, Key concepts SATO complies with occupational health and safety legislation and the Occupational Health Care Act
403-2	Hazard identification, risk assessment, and incident investigation	Personnel, Management approach, Partners
403-3	Occupational health services	Personnel, Management approach
403-4	Worker participation, consultation and communication on occupational health and safety	Personnel, Key concepts
403-5	Worker training on occupational health and safety	Personnel, Management approach
403-6	Promotion of worker health	Personnel, Management approach SATO's employees have very comprehensive occupational health care at Aava Medical Centre. In accident situations, employees must seek the best and nearest treatment.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Personnel SATO has a Housing Health Manager, who looks after residents' home health and safety. House experts, service managers and maintenance partners also oversee safety in SATO's buildings.
403-9	Work-related injuries	Personnel, Key concepts
CRE6-sector supplement	Percentage of the organisation operating in verified compliance with an internationally recognized health and safety management system	The figure would be material in terms of the supply chain, but it is not available.
GRI 404 Training and education 2016		
404-1	Average hours of training per year per employee by gender, and by employee category	Personnel
404-3	Percentage of employees receiving regular performance and career development reviews	Applies to all employees; the personal data on employees in St. Petersburg is not in the system due to Russian data privacy legislation.
GRI 405 Diversity and equality 2016		
405-1	Diversity of governing bodies and personnel groups	Key figures/Personnel
405-2	Equal remuneration of women and men	Personnel
GRI 416 Customer health and safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Customers
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customers
GRI 418 Customer privacy 2016		
418-1	Number of substantiated complaints concerning breaches of customer	Sustainability focus areas
GRI 419 Socio-economic compliance 2016		
419-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Corporate governance statement No fines or sanctions in 2020
SATO's own material topic: Customer service and satisfaction		
	Multilingual customer service and communication	Customers
	Promoting a sense of community	Customers

ASSURANCE REPORT

INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT OF SATO CORPORATION

This document is an English translation of the Finnish report

We have been engaged by the Management of SATO Corporation (hereafter "SATO") to provide limited assurance on selected environmental indicators presented in SATO's Sustainability Report 2020 (hereafter "Selected Environmental Information") for the year ended 31 Dec 2020.

The Selected Environmental Information consists of the following indicators:

Indicators presented in the tables of the "Key figures/Environment" section

- Energy (GRI 302-1, 302-4, CRE1)
- Water and effluents (GRI 303-3, CRE2)
- Emissions (GRI 305-1, 305-2, 305-3, 305-5, CRE3)
- Effluents and waste (GRI 306-2)
- Land remediated and in need of remediation (CRE5)

Indicators presented in the table of the "Reporting principles/GRI index" section

- Environmental compliance (GRI 307-1)
- Supplier environmental assessment (GRI 308-1)

Management's responsibilities

The Management of SATO is responsible for the preparation and presentation of the Selected Environmental Information in accordance with the reporting criteria, i.e. *GRI Sustainability Reporting Standards*, and the information and

assertions contained within it. The Management is also responsible for determining SATO's objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Selected Environmental Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Environmental Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued

by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Selected Environmental Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Environmental Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed SATO's relevant staff responsible for providing the Selected Environmental Information;
- Assessed the application of the *GRI Sustainability Reporting Standards* reporting principles in the presentation of the Selected Environmental Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Environmental Information;
- Reviewed the presented Selected Environmental Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Selected Environmental Information's data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the *GRI Sustainability Reporting Standards*.

Helsinki, 10 February 2021
KPMG Oy Ab

Tomas Otterström
Partner, Advisory

SUSTAINABILITY CONCEPTS

ENVIRONMENT

Concept or indicator	Definition
Initiatives to reduce energy consumption, and their impact	Energy-efficiency projects include all measures taken to conserve electricity, heat and water. The decrease in energy consumption through energy-efficiency measures has been estimated by calculating the reduction in heating energy compared to the previous year.
Objects covered by energy and water consumption monitoring	Properties in which SATO holds more than 50 per cent, consumption in SATOs offices is not included in the consumption figure.
Total heat consumption, MWh	The year's absolute heat consumption in all the owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year).
Total electricity consumption, MWh	The year's absolute electricity consumption in all the owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year).
Total energy consumption, MWh	Total consumption of heat and electricity during the year.
Total water consumption, 1,000 m³	The year's absolute water consumption in all owned properties held throughout the year and within the scope of consumption monitoring, expanded by estimated consumption in properties purchased and sold during the year and properties outside the scope of consumption monitoring (average rated consumption multiplied by the surface area of apartments owned on average during the year).
Standardised Specific heat consumption kWh/m³/year	Heat consumption per m3 in all objects that have been rented for the entire year. The figure is weather adjusted to make years comparable.
Specific electricity consumption, kWh/m³/year	Electricity consumption per m3 in all objects that have been rented for the entire year.
Specific energy consumption (kWh/m³/year)	Specific electricity consumption for the year and standardised specific heat consumption.
Specific water consumption, litres/m³/year	Water consumption per m3 in all objects that have been rented for the entire year.
Greenhouse gas emissions, tCO₂e	Emissions from heat, electricity, heated water and waste produced by residents. The emissions of properties within the scope of consumption monitoring have been expanded to apply to apartments owned on average during the year, similarly to the total consumption of heat, electricity and water. The emission multiplier of district heating is defined by Motiva Oy. The emission multiplier of light fuel oil is defined by Statistics Finland. Electricity does not produce any emissions because it is green electricity produced 100% by wind power.
Greenhouse gas emission intensity of buildings, kg CO₂-e/m²/year	Greenhouse gas emissions per square metre. The emissions of properties within the scope of consumption monitoring have been expanded to apply to apartments owned on average during the year.
Total amount of waste, tonnes	The total volume of waste produced by residents has been estimated on the basis of the number of SATO residents and the annual resident-specific waste volume reported by Statistics Finland.

PERSONNEL

Concept or indicator	Definition
Total personnel turnover, %	Sum of terminated employment contracts in relation to the number of personnel for the last month of the previous year, summer jobs excluded.
Absentee rate, %	Hours of sick leave in relation to calculated working hours.
Injury rate, %	Number of accidents during the work commute and number of occupational diseases in relation to the number of employees.
Lost day rate, %	The percentage of work-related accidents and occupational diseases in relation to calculated working hours.
Number of new employment contracts	Permanent and fixed-term employment contracts that started during the reported period, summer jobs excluded.
Number of terminated employment contracts	Permanent and fixed-term employment contracts that ended during the reported period, summer jobs excluded.
Number of training days	One training day comprises six hours of training.
Person-year	SATOs direct and indirect employment impact has been evaluated applying a calculation of the employment footprint of the maintenance services and other purchased services prepared by VATT for Senate Properties and the estimate of the Confederation of Finnish Construction Industries and VTT of the employment impact of building investments. The employment multipliers obtained from the aforementioned sources have been combined with SATOs 2016 cost structure.
TARMO	TARMO is a discussion forum for SATOs management and personnel, comprised of 8 employee representatives and 4 representatives of the employer and OHS representative.
LiiVi	LiiVi is SATOs committee for recreation and sports activities, comprised of 11 employee representatives and 1 representative of the employer.

CUSTOMER RELATIONSHIPS

Concept or indicator	Definition
NPS (Net Promoter Score)	Net Promoter Score (NPS) among customers. The strategic NPS is the NPS during living starting from 2017.

SATO GOVERNANCE 2020



GOVERNANCE

Sustainability management 3

Risk management 4

Corporate Governance Statement 2020..... 8

Remuneration statement 2020 14

Board of Directors 15

Corporate Management Group 17



SUSTAINABILITY SHOWS IN OUR DAILY WORK

Sustainability is evident in our day-to-day work in many ways. Our operations are based on legislation and our values and guidelines. We comply with approved international accounting standards and the Finnish Corporate Governance Code in general reporting. In sustainability reporting, we comply with the GRI framework and SATO's own guidelines and principles. In 2020, we made the decision to report on climate risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

SATO's most important guidelines and principles include its Code of Conduct, values, sustainability programme and guidelines for combating the grey economy, as well as its procurement, financing, risk management and disclosure policies and its HR management principles. SATO's operating principles, guidelines and policies are described in [the management approach table](#).

Our sustainability work is guided by SATO's strategy and sustainability program, as well as themes that we have evaluated to be material based on discussions with our stakeholders.

SUSTAINABILITY MANAGEMENT

The Group's Corporate Management Group processes all key corporate management matters, such as those related to the Group's strategy, budget, investments, operational planning and financial reporting. The Corporate Management Group also carries out the Board's decisions. SATO's organisational units have their own management teams, which are responsible for the preparation and execution of matters.

The Group's Chief Financial Officer is responsible for sustainability issues in the Corporate Management Group. SATO's sustainability work is planned and coordinated by the sustainability steering group, which meets four to six times a year and is coordinated by the corporate responsibility advisor. The steering group is responsible for preparing the main guidelines and determining the target level for sustainability work, in addition to preparing a proposal for the action plan. It is also responsible for sustainability communications within SATO in cooperation with the communications department, and for preparing proposals concerning sustainability matters for the Group's Corporate Management Group. Practical measures and development goals related to sustainability are included in the action plan of each of SATO's units. The sustainability steering group monitors the implementation of these measures and the achievement of these goals.

During the year under review, we committed to reporting on climate risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). SATO's Board of Directors addresses climate-related risks twice a year. Climate risks are also taken into account in every new investment decision that is made.



WE PREVENT RISKS

The purpose of risk management is to advance the fulfilment of SATO's strategic and business objectives. We assess opportunities and threats that arise in our operations in relation to our set objectives. We also ensure the continuity of our operations, produce information to support business decisions and maintain the organisation's understanding of the opportunities and uncertainties of our operating environment.

SATO's risk management is based on the risk assessment embodied in the strategic and annual planning process, and the assessment also covers the risks of the financial reporting process. The risk assessment includes measures for minimising risks. Business risks consist of strategic and operative risks as well as financing and market risks. In order to ensure that strategic and operational risks are handled comprehensively, key SATO employees take part in the risk identification process.

Our approach

We have laid down responsibilities for evaluating and monitoring the realisation of recognised risks. When required, we initiate risk management measures with the goal of preventing risks from being realised or to enhance the monitoring of a certain area. Management can also be strengthened by preparing operating models for various risk situations.

We continuously monitor changes in situations and the sufficiency of management on both the Group level and by the persons responsible for each risk area.

The purpose of risk management is to advance the fulfilment of SATO's strategic and business objectives.

RISK MANAGEMENT SYSTEM

Risk evaluations and risk management

Key guidelines

- Decision-making model and authorisations
- Financial policy
- Control model for procurement (cooperation with suppliers, selection of suppliers, criteria for suppliers, selection of partners)
- Insurance management system, evaluation and responsibilities
- Internal control system

Process management model

- Ownership of key processes, monitoring and development model, and indicators
- Financial and operational reporting
- Balance between preventive and monitoring indicators



MANAGEMENT OF KEY RISKS

Risk	Description of risk	Control measures
Regulatory risk	A risk that the activities of the authorities, political guidelines or legal amendments disturb the development of towns and cities and SATO's operating conditions.	<ul style="list-style-type: none"> Continuous contact with authorities Impact on housing policies Active monitoring of motions to change laws
Continuation of the coronavirus pandemic or the emergence of a new pandemic	The risk that society will have to significantly restrict people's movement and companies' business operations, as a consequence of which the solvency of companies and private persons will weaken and housing cannot be maintained or repaired, in turn resulting in lower rental income and a decline in the value of investment assets.	<ul style="list-style-type: none"> Focus on improving the economic occupancy rate Maintaining a safe work environment Strict cost control and case-by-case decisions on repairs
Finland's economic situation is weakening, and this will affect the housing markets	The risk that a weaker-than-expected market situation in Finland will be reflected in the housing markets as shrinking market demand, weakened solvency among the customer base, lower market rents and thus a decrease in the value of SATO's housing stock.	<ul style="list-style-type: none"> Sufficient financial reserves and liquidity buffers Development of the housing portfolio, investments (procurement and repairs) and divestments Sensitivity analyses Allocation of new investments/microlocation strategy
Reputation risk	A risk that SATO's reputation is damaged, for example, due to non-compliance with personal data protection regulations, due to partners not operating in the manner required by SATO, or due to neglected repairs causing health problems among customers. A risk that SATO does not operate responsibly or that irresponsible activities in the real estate business ruin the reputation of the industry. A risk that a significant industrial operator faces financial difficulties that are also reflected in the value of housing assets of other operators.	<ul style="list-style-type: none"> Compliance with the data protection policy in transactions carried out by the company and its partners Expansion of the Customer First service model to partner activity Regular updating of the long-term repair plan and compliance with the plan Operating according to SATO's sustainability programme and focusing on themes that are estimated to be material based on the stakeholder dialogue. Thorough and close monitoring of the financial situation of partners Regular communication with managers of partners Back-up plans in the case of partners facing difficulties
Risks related to data systems, or cyber threats	<p>A risk that SATO's data systems are incapable of offering the usability, functionality or services required for business.</p> <p>A risk that an external party attacks SATO's data systems and/or data network with the purpose of causing disruption and endangering SATO's operations.</p> <p>A risk that, as a result of an attack, SATO's customer information ends up in the wrong hands and/or is misused.</p>	<ul style="list-style-type: none"> Actively updating the overall architecture Renewal of data systems to meet business needs Building strong firewalls Continuity and recovery plans for data management Information security audits Information security training
Significant difficulties in the availability and price of financing	A risk that current sources of financing are unable to meet SATO's financing needs in the medium term. Key risks include difficulties in the availability and price of bank financing due to developments in the market environment, and a decrease in demand in the domestic and global bond market.	<ul style="list-style-type: none"> Diversified financing Sufficient financial reserves Maintaining the IG credit rating

TCFD

CLIMATE-RELATED RISKS AND OPPORTUNITIES

In 2020, we committed to report on climate-related risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD is an organisation established by large companies whose mission is to encourage companies to report on the climate-related risks and opportunities that affect them.

During the reporting year, we began charting the climate-related risks and opportunities that are material to SATO. The Management Group conducted its first risk assessment based on research and expert data. The physical risks that emerged are the growing trend of extreme weather events and the impacts of such events in the short, medium and long term. The transition

risks that we identified are increasing national and international regulation related to climate change, consumers' and other stakeholders' demand for more sustainable and climate-friendly operations, and a possible increase in the cost of using buildings. Based on the assessment, we also identified opportunities, such as making use of renewable energy as technology develops. We

will continue our climate risk work by conducting a more in-depth analysis of the impacts of climate-related risks on SATO's business operations during 2021.

Disclosure focus area Recommended disclosure	Location and additional information
Governance	
a. Describe the board's oversight of climate-related risks and opportunities.	Sustainability management/Corporate governance statement
b. Describe management's role in assessing and managing risks and opportunities.	Corporate governance statement, Sustainability management
Strategy	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Operating environment's impacts (Report of the Board of Directors and sustainability section)</p> <p>Risk management</p> <p>Comment: Transition and physical climate-related risks were included as part of SATO's risk analysis in 2020. Climate-related risks are expected to grow in significance in the coming years.</p> <p>Risks and opportunities</p> <ul style="list-style-type: none"> • Global warming and an increase in extreme weather events • Regulatory changes • Technological development • Consumers' and other stakeholders' expectations of sustainable operations • Rise in building usage costs
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Strategy
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>Sustainability programme</p> <p>Risk management</p> <p>Comment: We are initiating a scenario analysis in 2021. Various climate scenarios can help us more accurately define the risks and opportunities, as well as the related processes, that are material to SATO.</p>
Risk management	
a. Describe the organization's processes for identifying and assessing climate-related risks.	Risk management

Disclosure focus area Recommended disclosure	Location and additional information
b. Describe the organization's processes for managing climate-related risks.	Risk management
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk evaluations/risk management
Metrics and Targets	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability programme/Objectives table
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Carbon-neutrality objective (environmental data table) Sustainability programme
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Sustainability programme/Objectives table

CORPORATE GOVERNANCE STATEMENT 2020

The governance of SATO Corporation (hereinafter "SATO" or "the Company") is based on Finnish legislation and SATO's articles of association. The Company also complies with the recommendations of Corporate Governance Code 2020 issued by the Finnish Securities Market Association (excluding the procedure for the remuneration of President and CEO as defined in recommendation 22) as well as SATO's internal instructions. The Corporate Governance Code is available on the website of the Finnish Securities Market Association www.cgfinland.fi.

Since SATO's shares are not publicly listed, the legislation does not require that SATO has either the remuneration policy or the remuneration report as further defined in the Corporate Governance Code. SATO will not compose the abovementioned documents, but it drafts a remuneration statement in accordance with Corporate Governance Code 2015. The ultimate parent company of SATO, Fastighets AB Balder, is a listed company in the Stockholm Stock Exchange and it will draft the instructions, policies and reports regarding the remuneration required by the Swedish legislation and Corporate Governance Code from time to time. Those documents may include also information regarding the remuneration of SATO's governing bodies.

SATO has issued corporate bonds, which are listed on the Helsinki stock exchange or Irish stock exchange, and the Company complies with their rules and regulations for listed bonds as well as EU's Market Abuse Regulation, securities markets legislation and the regulations of supervisory authorities.

SATO draws up its consolidated financial statements as well as interim reports and half year financial reports in accordance with international, IFRS reporting standards approved in EU. The report of the Company's Board of Directors and the financial statements of the parent company of SATO Group have been drawn up in accordance with Finnish accounting legislation. An independent external appraiser gives a statement about the values of SATO's housing portfolio and the appropriateness of the methods used to assess the values.

This statement is being published separately from the annual report of the Board of Directors. The board of directors has handled the statement in its meeting.

DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

The authority and governance of the Company are divided between the annual general meeting, the Board of Directors, and the President and CEO. The President and CEO implements the operative business with the assistance of the Corporate Management Group. Internal audit subordinate to the Board of Directors is responsible for internal auditing and auditors are responsible for the external auditing.

The general meeting

The general meeting of the shareholders is SATO's supreme decision-making body. The annual general meeting is to be held once a year within six months of the end of the financial year. An extraordinary general meeting is held when it is necessary according to the consideration of the



Board of Directors or the Finnish Limited Liability Companies Act.

The annual general meeting decides on the matters due to it under the Finnish Limited Liability Companies Act and the articles of association. These include the adoption of the Company's financial statements and consolidated financial statements, the use of profit indicated on the balance sheet, discharging the members of the Board of Directors and the President and CEO from liability, electing the members and Chair of the Board of Directors and an auditor, and determining the remuneration to be payable to them. The meeting may also handle other matters to be dealt with at a general meeting in accordance with the Finnish Limited Liability Companies Act, such as share issues, acquisition of the Company's own shares and amendments to the articles of association. The meeting also deals with matters which a shareholder has requested to be dealt with at a general meeting in accordance with the Finnish Limited Liability Companies Act.

SATO has a single series of shares. Each share confers entitlement to one vote at a general meeting. Entitlement to attend the general meeting is held by a shareholder who has been entered in the register of shareholders maintained by Euroclear Finland eight working days before the general meeting. The Finnish Limited Liability Companies Act also contains regulations concerning nominee-registered shareholders when participating in a general meeting.

In order to ensure the dialogue between shareholders and Company bodies and to fulfil shareholders' entitlement to ask questions, the President and CEO, Chair of the Board of Directors and the Board members must attend the general meeting. Persons proposed as Board members must be present at a general meeting deciding on their election.

The Company's annual general meeting was held on 23 June 2020. A total of eight shareholders attended the meeting, representing 90,1% of the Company's shares and votes. The minutes of the annual general meeting can be found on the Company's [website](#).

Shareholders' Nomination Committee

On 3 March 2015, the annual general meeting decided to establish a shareholders' Nomination Committee and approved its rules of procedure. The Committee's task is to prepare proposals concerning the Board's composition and the remuneration of its members to the annual general meeting. The committee's rules of procedure can be found on the Company's [website](#).

The Committee's term of office begins in October each year, when the largest shareholders have nominated their representatives, and ends at the closing of the next annual general meeting. A shareholder shall name as a member of the Committee a person independent of the Company.

The shareholders' Nomination Committee consists of the representatives of SATO's four largest

shareholders, which have been registered in the book-entry system on 1 October and which accept the position. If a shareholder does not use its right of nomination, the right transfers to the next largest shareholder. The fourth largest shareholder of the Company on 1 October 2020, State Pension Fund, has not used its nomination right so the nomination right has transferred to the fifth largest shareholder, Finnish Construction Trade Union.

The Chair of the Company's Board of Directors serves as a specialist member of the Committee. The Committee elects one of its members to serve as Chair.

The representatives of the following shareholders have been nominated as members of the Committee:

Balder Finska Otas AB (holdings on 1 October 2020: 31,055,003 shares, 54,7%)

Erik Selin, chairman

See further information about the member below in section "Board of Directors"

Stichting Depositary APG Strategic Real Estate Pool (holdings on 1 October 2020: 12,811,647 shares, 22.6%)

Hans Spikker

See further information about the member below in section "Board of Directors"

Elo Mutual Pension Insurance Company (holdings on 1 October 2020: 7,233,081 shares, 12.8%)

Hanna Hiidenpalo, Master of Economics, born 1966

Chief Investment Officer, Elo Mutual Pension Insurance Company

- No shareholdings in SATO Group companies

Finnish Construction Trade Union (holdings on 1 October 2020: 619,300 shares, 1.1%)

Matti Harjuniemi, Bachelor of Arts, born 1958
Chairman, Finnish Construction Trade Union

- No shareholdings in SATO Group companies

Board of Directors

The general meeting elects between five and nine members of the Board of Directors and one member of the Board of Directors to serve as Chair of the Board. The Board of Directors elects one of its members to serve as Deputy Chair. The term of office of the members of the Board of Directors lasts until the closing of the annual general meeting following the one at which they were elected. The majority of the Board of Directors must be independent of the Company. At least two Board members who are independent of the Company must also be independent of significant shareholders in the Company. The Board of Directors assesses the independence of its members and declares which of the members of the Board of Directors are considered independent of the Company, and which independent of the significant shareholders.

The annual general meeting on 23 June 2020 elected six members to the Board of Directors. All the elected members also acted as members of the Board prior to the annual general meeting. Marcus Hansson's, M.Sc. (Econ) task as member of the Board of Directors expired at the annual

general meeting 23 June 2020. The shareholdings of the members of the Board are presented as on 31 December 2020.

Elected as chairman of the Board of Directors was Erik Selin degree in business economics
b. 1967, Managing Director, Fastighets AB Balder Swedish citizen

- no shareholdings in SATO Group companies
- no shareholdings in SATO Group companies in by Erik Selin controlled corporations
- Erik Selin holds 10,500 B-shares in Fastighets AB Balder. Erik Selin Fastigheter AB (100% controlled by Erik Selin) owns 57,200,400 B-shares and 8,309,328 A-shares in Fastighets AB Balder which represents 36,4% of the share capital and 49,9% of votes. Erik Selin is the member of the Board of Directors and CEO in Fastighets AB Balder. Fastighets AB Balder is the ultimate parent company of SATO Corporation.

Elected as members of the Board of Directors were

Jukka Hienonen M.Sc. (Econ.)

b. 1961, professional board member
Finnish citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

Esa Lager LL.M., M.Sc. (Econ.)

b. 1959, professional board member
Finnish citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

Tarja Pääkkönen D.Sc. (Corporate strategies),
M.Sc. (Construction)

b. 1962, professional board member
Finnish citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

Johannus (Hans) Spikker Economic Geography,
University of Amsterdam

s. 1959, Senior Portfolio Manager Real Estate
Europe, APG Asset Management, The Netherlands
Dutch citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

Timo Stenius M.Sc. (Constr. Eng.),

b. 1956, Director, Unlisted investments (real estate,
infrastructure, private equity and private debt Elo
Mutual Pension Insurance Company
Finnish citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

The Board of Directors elected Jukka Hienonen
as its Deputy Chair.

All Board members are independent of the
Company, and Jukka Hienonen, Esa Lager and
Tarja Pääkkönen are also independent of the
significant shareholders.

The Company's Board of Directors is responsible
for the proper organisation of the Company's
governance and its operations. It is the duty of

the Board of Directors to promote the interests of
the Company and all its shareholders.

In 2020, the Board of Directors convened on 14
meetings. An average of 96.4% of the members
of the Board of Directors attended the Board
meetings. Members of the Board of Directors
participated in the meetings as follows: Erik Selin
14/14, Marcus Hansson 7/7, Jukka Hienonen 13/14,
Esa Lager 14/14, Tarja Pääkkönen 14/14, Hans
Spikker 13/14 and Timo Stenius 14/14.

SATO's Board of Directors has confirmed the
rules of procedure applied to the duties, meeting
procedures and decision-making practices of the
Board of Directors. These rules of procedure are
explained on the Company's [website](#). In addition
to matters for decision, the Board of Directors
receives up-to-date information on the Company's
operations, financial position and risks at its
meetings.

In addition to the duties specified by the
Companies Act, the Board of Directors decides on
matters which, taking into account the extent and
size of the Group's operations, have considerable
importance for the Group's business. The duties of
the Board of Directors include the following:

- confirmation of the Group's business strategy and monitoring its implementation
- confirming and monitoring the annual budget and the business plan
- dealing with the financial statements and report of the Company's Board of Directors as well as the interim reports and half year financial reports
- confirming the Company's dividend policy

- organization and supervision of risk management, internal control and internal audit
- decisions regarding SATO Group's financing
- decisions on significant investments and divestments.

The Board of Directors also appoints and
dismisses the Company's President and CEO and,
when necessary, his/her deputy, as well as the
members of the Corporate Management Group,
and determines the terms of their employment
and of their term of office as well as their
remuneration schemes.

The Board of Directors performs an annual,
internal self-assessment of its activities and its
working methods. The purpose of the self-
assessment is to verify how the Board's activities
have been performed during the year and to
serve as a basis for assessing the Board's method
of operating.

Diversity of the Board of Directors

The diversity of the Board of Directors supports
the Company's business, its development and thus
the success of the Company. Diversity strengthens
the work of the Board of Directors by emphasising
the views of people of different ages, different
educational backgrounds and different experience
concerning the Company's development and the
steering of its operations. Diversity increases open
discussion and strengthens the decision-making
of the Board members.

While preparing a proposal for the annual
general meeting concerning the number of

Board members and the persons to be elected as members and Chair the Nomination Committee must take into account the requirement for diversity. The Committee must evaluate the requirements set for the number of the members of the Board, their competence in any given situation and must also evaluate the experience of the Board members, their knowledge of SATO's business, education and distribution of age and gender. A member of the Board of Directors must have the possibility to spend sufficient time on Board work. The number of Board members must be a sufficient. Board members must have different skills to support the implementation of the Company's current strategic targets. To support and challenge SATO's management from various perspectives is also one of Board's key tasks.

The requirements for diversity has been implemented in the composition of SATO's Board of Directors. The education and experience of the members of SATO's Board supplement and support that of other members. Each member of Sato's Board has a degree in technology, in business or economics or a Master of Laws degree. Board members have experience in management functions and board memberships in significant companies and of companies operating internationally. A wide experience in housing investment, financing and consumer business is represented in SATO's Board. Both genders (one woman and five men) are represented on the Board of Directors and the span of ages ranges from 53 to 64. The term of office of the Board members has lasted six years on average.

The committees of the Board of Directors

At the organisational meeting held after the annual general meeting, the Board of Directors has appointed annually an Audit Committee and a Nomination and Remuneration Committee. The Audit Committee and the Nomination and Remuneration Committee have comprised three to five members elected by the Board of Directors, one of whom serves as Chair. The Board of Directors has decided to abolish the Audit Committee as of 23 February 2020.

The Board of Directors confirms the rules of procedure for the current committees. The committees have no independent decision-making authority. Their mission is to prepare matters for decision by the Board of Directors and the annual general meeting and they report constantly on their actions to the Board of Directors. The rules of procedure can be seen on the SATO's [website](#).

Serving on the Audit Committee until 23 February 2020 were Marcus Hansson as Chair and members Esa Lager, Hans Spikker and Timo Stenius. All members have been independent of the Company. Esa Lager is also independent of the significant shareholders. All the members of the Audit Committee participated in its meeting held on 23 February 2020.

Serving on the Nomination and Remuneration Committee in 2020 were Chair Erik Selin and members Jukka Hienonen and Tarja Pääkkönen. All the members are independent of the Company and Tarja Pääkkönen and Jukka Hienonen are also independent of the significant

shareholders. The members of the committee attended all the committee meetings, four meetings in the total.

President and CEO

The President and CEO is responsible for managing the Group's business operations, their planning, and the attainment of its goals. He/she is responsible for preparing matters for the Board of Director's attention and for executing the decisions of the Board. The President and CEO is responsible for the ongoing management of the Company in accordance with the rules and regulations supplied by the Board of Directors. The President and CEO serves as Chair of the Corporate Management Group.

The Board of Directors appoints and discharges the Company's President and CEO.

Until 18 December 2020 Sharam Rahi served as SATO's President and CEO. Mr Rahi is also the Vice CEO of Fastighets AB Balder. As of 18 December 2020 M.Sc. (Tech.) Antti Aarnio was appointed as SATO's President and CEO.

The Corporate Management Group

The Corporate Management Group assists the President and CEO in the planning and management of operations and decision-making. The Corporate Management Group deals with all key issues for the management of SATO Group, such as matters related to the strategy, budgeting, investments, business planning, and financial reporting. The Corporate Management Group's duties include the implementation of the decisions of the Board of Directors under

the leadership of the President and CEO. The Corporate Management Group has no authority under law or the articles of association; it serves as a body to assist the President and CEO. The shareholdings of the members of the Corporate Management Group are presented as on 31 December 2020.

31 December 2020 the Corporate Management Group consisted of

Antti Aarnio President and CEO, Chair of the Management Group (as of 18 December 2020) also Executive Vice President, Rental Housing Business

b. 1972, M.Sc. (Tech.)

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

Markku Honkasalo CFO

b. 1964, LL.M., eMBA

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

In addition, during year 2020 President and CEO Sharam Rahi (until 18 December 2020); EVP, Rental Housing Business, M.Sc. (Econ.) Antti Asteljoki (until 4 February 2020) and Director, Marketing and Communications, M.Soc.Sc. Miia Eloranta (until 3 December 2020) served as members of the Corporate Management Group.

The Corporate Management Group convened once every two weeks in January–March 2020. In addition convened the Wide Corporate

Management Group consisting of VP, General Counsel; VP, Human Resources, Chief Digital Officer (CDO) and as of 18 December Commercial Director and VP, Investments. The Wide Corporate Management Group has convened once every two weeks and 3–5 times a week starting in March 2020. The focus areas of the Corporate Management Groups were in year 2020 the matters related to the coronavirus pandemic: the cost efficiency and occupancy rate, the improvement of customer satisfaction, as well as the development of digital operational environment. In addition, management groups operate in different areas of business and financing having focus on the monitoring, development and supervision of its own field of business.

DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

Overview of the risk management systems

SATO's risk management is based on the risk assessment embodied in the strategic and annual planning process which assessment also covers the risks of the financial reporting process. Risk assessment includes actions to mitigate the risks. As business risks are considered strategic and operative risks as well as financing and market risks.

Responsibility for the arrangement of risk management and supervision is held by the Company's Board of Directors and the President and CEO. The internal audit and internal control support the Board of Directors in performing its duty of supervision.

Overview of internal control

The aim of internal control is to help to verify the efficiency, productiveness and reliability of the Group's operations, and to confirm the compliance of operations with the law and other regulations. In addition, SATO's activities are steered by SATO's internal instructions such as **Code of Conduct**. SATO's priority is that each person working for SATO Group is acquainted with rules and regulations regarding his/her own tasks and follows them. SATO organizes regularly training about internal instructions and it is an essential part of introduction for work.

The Group's internal control systems serve i.a. to verify that the financial reports issued by the Company give essentially correct information on the financial standing of the Group. The Group has determined for the key spheres of its operations Group-wide principles which form the basis for internal control. Each of SATO's business units has its own controller function to assure that the financial reporting meets with regulation and Group's instructions.

Responsibility for the arrangement of internal control is held by the Board of Directors and by the President and CEO who implement the resolutions of the Board. Board members are sent regularly report on the Group's financial position and operating environment. The Board of Directors oversees the effectiveness of internal control and the accuracy of the financial reporting. Responsibility for the performance of internal control is held by the operational organisation of the entire Group, in such a way that each Group employee is responsible to his

or her supervisor at all times for the supervision of his or her sphere of responsibility.

The content of the reporting process and compliance with regulations are the responsibility of the Group's financial administration. The Group's financial reporting process complies with the Group's operational guidelines and process descriptions as well as control measures for ensuring the quality of reporting. The controls on the reporting process have been specified on the basis of a control risk assessment matrix for the process. The types of controls are, for example, system controls, specifications, or audits or actions carried out by management or another party. Responsible parties have been allocated for controls which are in charge of the implementation and effectiveness of the controls.

The interpretation and application of accounting standards has been consolidated in the hands of the Group's financial administration, which maintains operating guidelines on financial reporting, process descriptions, calculation manuals and control mechanism descriptions, and which attends to the associated in-house communications. The Group's financial administration also oversees compliance with these instructions and procedures. The monitoring of the budgeting and reporting processes is based on the Group's reporting principles, for which the definition and centralised maintenance is the responsibility of the Group's financial administration. The principles are applied uniformly throughout the Group and a standardised Group reporting system is in use.

OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

Internal audit supports the Board of Directors in performing its duty of supervision. Internal audit acts in accordance with the annual plan approved by the Board of Directors. Audit objects are elected in accordance with the Group's strategic targets, estimated risks and focus areas. In year 2020 the internal audit conducted four wide audits.

The internal audit assesses, independently and systematically, the functionality, efficiency and appropriateness of the Group's management and governance systems, as well as the business processes and risk management. In its reports, the internal audit makes recommendations for the improvement of systems and processes.

The aim of the internal audit is to give reasonable reliability of the correctness of financial and business reporting, the appropriate management of Company's assets and the legality of Company's activities. In addition, the internal audit aims to promote the development of the risk management. The person liable for the internal audit reports to the Chief Financial Officer (as the member of the organisation) and the findings of internal audit to the President and CEO as well as to the Board of Directors.

Related party transactions

Persons as defined in detail in the SATO Corporation Related Party Instructions must report the related party transactions to the Company in writing.

The report must be submitted for approval prior to completing the related party transaction. In the case of major transactions, the Board of Directors will decide whether to accept the reported related party transaction. In the case of transactions that are part of SATO's regular business, or minor transactions valued less than EUR 10,000, the decision can be made by the Chair of the Board, the President and CEO or the CFO. Regulations concerning recusal due to the likelihood of bias are observed in decision making. No approval is required in case of ordinary contracts concerning lease of apartments.

In consideration the closeness of the related party relations and the size of the transaction are taken into account, as well as any exceptions from market conditions, whether the transaction is part of SATO Group's daily business, whether there are financial grounds for the transaction and whether it is acceptable from the viewpoint of SATO Group.

Insider trading management

SATO's rules concerning insider trading are based on the EU's Market Abuse Regulation (596/2014, "MAR"), the Finnish Securities Markets Act and they comply with the standards of the Financial Supervisory Authority and the guidelines of the Helsinki and Irish stock exchanges where these apply to an issuer of listed bonds.

The insider guidelines include, among other things, guidelines concerning trading in SATO's financial instruments. SATO has no permanent insiders and it does not maintain a list of permanent

insiders. A project-specific list of insiders is based on a decision by the President and CEO or, if he/she is recused, the CFO. Insider information is in particular information that concerns the ability of SATO and the SATO Group to fulfil their commitments in respect of issued bonds.

In SATO managers (as specified in MAR) are the members of the Board of Directors and the President and CEO. SATO maintains a list of them and persons closely associated to them according to MAR. SATO's managers are prohibited from trading in SATO's financial instruments during the closed period starting 30 days prior to the publication of SATO's financial statement or interim report and ending at the closing of the publication day. Also persons who participate in the preparation of the financial statements or interim reports or their publication are prohibited from trading in SATO's financial instruments during the closed period. A separate record is maintained of these persons. Managers and their closely associated persons must notify SATO and Finnish Financial Supervision Authority of all transactions conducted by SATO's financial instruments within three working days of the transaction.

Audit

The annual general meeting elects a single auditor for the Company, which must be an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office is the financial year and its duties end at the closing of the annual general meeting following the one at which it was elected.

The auditor for the financial year 1 January to 31 December 2020 was Deloitte Oy with Eero Lumme, M.Sc. (Econ.), APA as the auditor in charge. The audit examines the accounts, financial statements and administration of the Company and group.

In 2020, the auditor Deloitte Oy was paid auditing fees of EUR 235,067, fees for other assignments related to auditing EUR 87,815 and for other services EUR 8,073 (including all companies belonging to the same group or chain).

REMUNERATION STATEMENT 2020

MEMBERS OF SATO'S BOARD OF DIRECTORS

Decision-making procedure

Remuneration payable to the members of the Board of Directors of SATO Corporation (hereinafter "SATO") is resolved by the SATO's shareholders at the Annual General Meeting. The proposal for the remuneration is prepared, together with a proposal for the election of board members, by the Shareholders' Nomination Committee. The Nomination Committee consists of representatives of SATO's four largest shareholders registered in the book-entry system on 1 October, which shareholders have approved the assignment.

SATO's Annual General Meeting ("AGM") held on 23 June 2020 made the resolution that the following annual remuneration be paid for the term starting at the close of the AGM and ending at the close of the AGM in year 2021:

- Chair of the Board of Directors: EUR 36,000
- Deputy chair of the Board of Directors: EUR 22,000
- Other members of the Board of Directors: EUR 18,000 each.

In addition, the AGM resolved that a meeting fee of EUR 500 per meeting be paid to the chair, deputy chair and members of the Board of Directors for meetings of the Board of Directors and its committees. These fees correspond to the fees paid to members of the Board of Directors during the previous term of office.

Fees paid to members of the Board of Directors in 2020

The following fees were paid to members of SATO's Board of Directors during the financial period of 1 January – 31 December 2020:

Erik Selin, chairman of the Board of Directors	EUR 45,500
Jukka Hienonen, deputy chairman of the Board of Directors	EUR 31,000
Marcus Hansson	EUR 13,500
Esa Lager	EUR 25,500
Tarja Pääkkönen	EUR 27,500
Johannus (Hans) Spikker	EUR 25,000
Timo Stenius	EUR 25,500

A total of EUR 193,500 was paid in fees to members of the Board of Directors in 2020. During the financial period, no shares or share-based rights were issued to members of the Board of Directors as fees.

THE PRESIDENT AND CEO AND OTHER MANAGERS OF THE GROUP

Decision-making procedure

On the basis of proposals presented by the Nomination and Remuneration Committee, SATO's Board of Directors makes resolution on the terms and conditions of the term of office of SATO's President and CEO and employment of the members of the Group management team. Board of Directors also makes resolution on their salaries, the criteria of annual bonus schemes and long-term incentive schemes, as well as the amount of bonuses payable based on the schemes, the payment method and date.

Individuals employed by SATO Group do not receive any separate compensation for acting as a member of the Board of Directors or as CEO in the subsidiaries of the Group.

The President and CEO's service contract

A written service contract has been signed between SATO and its President and CEO Antti Aarnio, according to which the President and CEO

receives a monthly salary divided into a monetary component and customary fringe benefits. The President and CEO is within the scope of the annual bonus and/or long-term incentive schemes in the manner decided by the Board of Directors.

The period of notice for the President and CEO is six months if the service contract is terminated by the President and CEO. Since the CEO service contract has been signed only for the period of recruitment of the permanent President and CEO, SATO shall not follow any specific notice period and no severance pay will be paid to the President and CEO in case SATO terminates the service contract due to the appointment of the permanent President and CEO. In such case Antti Aarnio has the right to return to his position as EVP, Rental Housing Business. In case SATO terminates the service contract for any other reason or if Antti Aarnio cannot return to his position as EVP, Rental Housing Business for any reason attributable to SATO, Aarnio has the right to six months' salary for the notice period and for the severance pay corresponding to his six months' salary.

REMUNERATION SCHEMES

The objective of incentive schemes is to combine the targets of shareholders and key individuals to increase the company's value, improve the Group's competitiveness and ensure the long-term financial success.

The following incentive scheme concerning year 2020 is effective in SATO:

Members of the Group management team and separately appointed key individuals of the Group are within the scope of an annual bonus scheme. The coronavirus pandemic has affected also the annual bonus scheme in SATO in a manner that the bonus will be paid based on the achievement

of the personal targets and the behaviour in accordance with SATO's values.

The Board of Directors approves the criteria for annual bonuses, the individuals within the scope of bonus scheme and the payment of bonuses. In the highest payment segments the annual bonuses are paid in two parts: first part in the year following the earnings period and the second part two years after the earnings period for those individuals employed by SATO at the moment of payment.

SALARIES AND FEES PAID TO THE PRESIDENT AND CEO AND MEMBERS OF THE GROUP MANAGEMENT TEAM IN 2020

For the period ending on 18 December 2020 President and CEO Sharam Rahi received EUR 281,888 in salary, of which monetary salary accounted for EUR 281,657 and fringe benefits made up EUR 231. Sharam Rahi did not receive any payments as annual bonuses or based on other incentive schemes during year 2020. Since Sharam Rahi was appointed as President and CEO only for a temporary period of time, no severance pay was paid to him.

For the period starting on 18 December 2020 the President and CEO Antti Aarnio received EUR 10,245 in salary, of which monetary salary accounted for EUR 9,809 and fringe benefits made up EUR 436.

In 2020, other members of the Group management team received EUR 589,838 in salaries and fringe benefits, EUR 6,109 in bonuses based on long-term incentive schemes, and EUR 319,413 in bonuses based on the annual bonus schemes for years 2018 and 2019. In addition to the President and CEO, the Group management team consisted of four individuals during year 2020.

BOARD OF DIRECTORS



ERIK SELIN

born 1967, Business school economist, CEO and Board Member, Fastighets Ab Balder, Board member since 2015, Chairman of the Board since March 2016, independent of the company, not independent of the main shareholders

Primary working experience

Fastighets AB Balder: CEO and Board Member since 2005, Owner of several companies in real estate business

Main positions of trust

Skandrenting AB: Chairman of the Board of Directors, Collector AB: member of the Board of Directors, Collector Bank AB: Member of the Board of Directors, Västsvenska Handelskammaren: member of the Board of Directors, Hexatronic Scandinavia AB: member of the Board of Directors, Hedin Bil: member of the Board of Directors, Ernström & Co: member of the Board of Directors



ESA LAGER

born 1959, LL.M., M.Sc.(Econ.), Board member since 2014, Chairman of the Board 2015–2016, Deputy Chairman of the Board 2014–2015, independent of the company and its main shareholders

Primary working experience

Outokumpu Oyj: deputy to the CEO 2011–2013, Executive Vice President - Chief Financial Officer 2005–2013, Executive Vice President of Finance and Administration 2001–2004, Corporate Treasurer 1995–2000, Assistant Treasurer 1991–1994, Kansallis Banking Group: Manager at the Head Office/London Branch 1984–1990

Main positions of trust

Ilkka-Yhtymä Oyj: Deputy Chairman of the Board of Directors, Alma Media Corporation: member of the Board of Directors, Terrafame Oy: member of the Board of Directors, Stockmann Oyj: member of the Board of Directors, GRK Infra Oy: member of the Board of Directors



JUKKA HIENONEN

born 1961, M.Sc.(Econ.), Board member and Deputy Chairman of the Board since 2015, independent of the company and its main shareholders

Primary working experience

SRV Plc: President and CEO 2010–2014, Finnair Plc: President and CEO 2006–2010, Stockmann Plc: Executive Vice President 2001–2005, Director, International Affairs 1995–2000, Timberjack Oy: Marketing Director 1991–1995

Main positions of trust

Juuri Partners Oy: Chairman of the Board of Directors: Nokian Renkaat Oyj: Chairman of the Board of Directors



TARJA PÄÄKKÖNEN

born 1962, Ph.D (Corp.Strategies), M.Sc. (Const. & Architecture), Executive Partner of Boardman Ltd, Board member since 2013, independent of the company and its main shareholders

Primary working experience

Boardman Ltd: Executive Partner, 2010–, Boardman Ltd: Executive Partner and Chairman of Brand Compass Group 2010–2019, Itella Corporation: Senior Vice President, Corporate Sales and Marketing and member of Executive Board 2005–2010, Nokia Corporation: Member of the Management Board of Nokia Mobile Phones and several global Senior Vice President positions in Europe, the USA and Asia 1994–2004, Mecrator Oy (PwC): Management Consultant 1992–1994, Kienbaum KmbH, Germany: Management Consultant 1990–1992

Main positions of trust

Panostaja Oyj: member of the Board of Directors, United Bankers Oyj: member of the Board of Directors and member of Remuneration Committee, YLVA: member of the Board of Directors and member of Remuneration Committee, GRK Infra Oy: member of the Board of Directors, Qentinel Oy: member of the Board of Directors, Andia Oy: Advisor Board, Chairman of the Board

BOARD OF DIRECTORS



JOHANNUS (HANS) SPIKKER

born 1959, Economic Geography, University of Amsterdam, Senior Portfolio Manager Real Estate Europe, APG Asset Management, Amsterdam, The Netherlands, Board member since 2017, independent of the company, non-independent of the main shareholders

Primary working experience

Senior Portfolio Manager Real Estate, APG Asset Management, as of 2007, Senior Portfolio Manager Real Estate, Structured Investments, Pensionfund PGGM, 1997–2007, Asset Manager German real estate, SPP Investment Management, 1994–1997, Property Manager commercial real estate Germany, Shell Pensionfund 1991–1994, Market researcher MAB Groep BV, a Dutch property development company, 1986–1991

Main positions of trust

–



TIMO STENIUS

born 1956, M.Sc. (Constr. Eng.), Board member since 2015, independent of the company, not independent of the main shareholders

Primary working experience

Worked as a director responsible for Elo Mutual Pension Insurance Company's real estate investments as well as all unlisted investments 2014–2020. Since 1990, he has been a member of the Board of property investment and development in a listed company Polar Yhtymä Oyj and Polar Kiinteistöt Oyj, and since 2001, as the director responsible for a pension insurance company Eläke-Fennia's property investments, corporate financing and non-listed equity investments. In addition, in 1982–1988 he was involved in project export tasks targeted at the Soviet Union in Finn-Stroi Oy.

Main positions of trust

KTI: Chairman of the Board of Directors, Tyvene Oy: Chairman of the Board of Directors, Avara Oy: Deputy Chairman of the Board of Directors

CORPORATE MANAGEMENT GROUP



ANTTI AARNIO

President and CEO, EVP/Rental Housing Business
born 1972, M.Sc.(Eng.)
has worked for SATO since 2000

Primary working experience:

SATO Corporation: Vice President/Rental Housing Business and Investments 2016–2020, Director, Investments and divestments, Helsinki Region and St. Petersburg 2010–2016: Nordic Real Estate Partners Oy: Housing investments and investment management / managing director of Minun Koti associations 2007–2009: SATO Corporation, Housing investments: Director, SATO Asunnot 2006–2007, Real estate manager 2004–2006, Building manager 2003–2004, Project engineer 2002–2003, Administrative building manager 2000–2001

Main positions of trust

Member of the Board for several SATO Group companies: Helsinki Region Chamber of Commerce: Regional and housing committee, member: RAKLI: Investment and financing committee, member

Shareholding in SATO: –



MARKKU HONKASALO

Chief Financial Officer
born 1964, LL.M., eMBA
has worked for SATO since 2016

Primary working experience

Componenta Corporation: CFO 2015–2016: Valmet Corporation: CFO 2013–2015: Rautaruukki Oyj: CFO 2009–2013: Myllykoski Corporation: Director, Administration, Legal & HR 2003–2008: Different positions in the banking sectors 1989–2003

Main positions of trust

Member of the Board for several SATO Group companies

Shareholding in SATO: –



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