

SATO ANNUAL REPORT 2021



CONTENTS

SATO 2021 3

SATO in brief	3
Financial key figures	4
CEO's review	5

REPORT OF THE BOARD OF DIRECTORS 6

Operating environment	7
Strategy	8
Net sales and profit	9
Financial position and financing	9
Group structure	11
Housing business	11
Investment properties	14
Sustainability	15
Environmental impacts	16
Development activities	16
Events after the review period	17
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
Distribution of shares	19

FINANCIAL STATEMENTS 20

Consolidated financial statements, IFRS	21
Financial statements of the parent company, FAS	62
Auditor's report	72
Five year indicators	75
Information for shareholders	77

GOVERNANCE79

Risk management	80
Sustainability management	82
Corporate Governance Statement	83
Remuneration statement	89
Board of Directors	90
Corporate Management Group	92



SATO IN BRIEF

SATO is one of Finland's leading rental housing providers. Our goal is to build thriving and vibrant cities, pleasant homes and diverse living environments that will last for generations. We offer our residents homes in cities, along good public transport connections, 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. We enable sustainable housing

for our residents and encourage them to make sustainable choices in their daily lives.

We own close to 27,000 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 public transport connections, and we grow profitably. We increase the value of our assets through investments, divestments and repairs.

THREE STARS IN GRESB

We participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the seventh time. SATO received three stars on a scale of one to five. According to the assessment, SATO's strengths are, in addition to sustainability reporting, risk management, resident satisfaction and community, stakeholder engagement and comprehensive monitoring, as well as transparent operating principles and reporting.



G R E S B
★ ★ ★ ☆ ☆ 2021

MEGATRENDS: POPULATION SHIFT, CLIMATE CHANGE, DIGITALISATION, SUSTAINABILITY



VALUES: HUMAN TO HUMAN, BE BOLD – AIM HIGH, JOY OF SUCCEEDING TOGETHER

50,000

RESIDENTS AT THE END OF THE YEAR

313

SATO EMPLOYEES AT THE END OF THE YEAR

27,000

SATOHOMES IN FINLAND'S LARGEST GROWTH CENTRES AND IN ST. PETERSBURG

FINANCIAL KEY FIGURES

94.9%

OUR ECONOMIC OCCUPANCY RATE WEAKENED

The weakened occupancy rate can be attributed largely to the general uncertainty caused by the COVID-19 pandemic, the increased offering of rental housing in the capital area, and the tightened competition between housing providers.

42.5%

OUR SOLVENCY RATIO IMPROVED

The Group's solvency ratio at the end of the year was 42.5%.

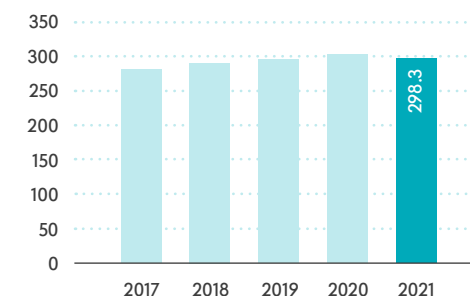
EUR 2,351.3 million

SHAREHOLDERS' EQUITY STRENGTHENED

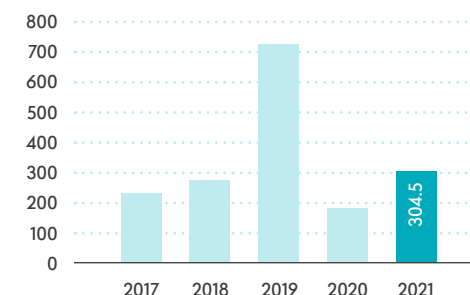
During the reporting year, we completed 235 rental apartments and 71 owner-occupied apartments, all in the Helsinki metropolitan area.



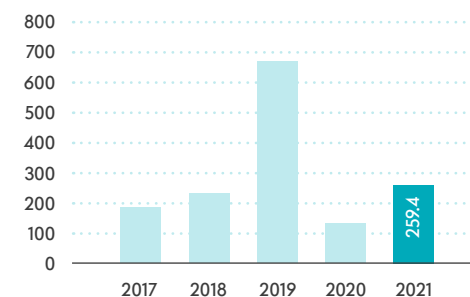
Net sales, EUR million



Operating profit, EUR million



Profit before taxes, EUR million



CEO'S REVIEW

The rental housing market is in an interesting phase: living in a rental apartment has become more common in recent years, and the supply of rental housing has increased through new production. The COVID-19 pandemic that began in early 2020 has increased consumer uncertainty, weakened employment in the service sector, increased remote studying and working and impacted the demand for rental housing. As competition between housing providers has become tighter and tenants have more to choose from, a successful customer experience is more important than ever.

In response to this challenge, we have adjusted the organisation and improved our service processes. We want to be closely involved in our customers' daily lives in order to serve them in the best possible way. During the reporting year, we developed and streamlined our customer and maintenance processes and revamped our digital service environment. The changes made daily work more efficient for our customer service and rental activities, which means smoother service for our customers. In the reporting year, we further expanded the house expert operating model in the Helsinki metropolitan area, Tampere and Turku. SATO's house experts are responsible for the technical building work on homes and buildings. At the end of 2021, more than 50 house experts worked at SATO.

After the early year, SATO's economic occupancy rate took a slight upward turn as the pandemic restrictions eased. Demand returned to normal during summer in the Tampere and Turku regions and in the rest of Finland. However, increased housing supply, especially in the Helsinki metropolitan area, has kept competition tight among rental housing providers, which translated into high tenant turnover in SATO's business during the reporting year, leading to a weaker economic occupancy rate and a slight fall in average rents.

In late 2021, we published our refined strategy, which puts customer experience, sustainability and sustainable housing, and SATO employees at the core. During the year under review, a group of SATO employees from different parts of the organisation participated in the strategy work. As part of the in-house cascading of the strategy, we embarked on a journey of change with the aim of refining what the strategy means for each SATO employee, reinforcing our shared culture and renewing our development approaches.

During the reporting year, we at SATO invested in improving the well-being of our personnel in a number of ways. Supporting the well-being of SATO employees also impacted the results of the personnel survey. I am particularly pleased to see that the results of the SATO Syke personnel survey conducted in autumn 2021 showed improvement in all areas compared to the previous year. According to the survey, SATO's internal employer image is strong. SATO had a total of 313 employees at the end of the year. The increase in personnel largely resulted from the expansion of the house expert model.

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

When designing new buildings and renovations, we take into account energy efficiency and building solutions and materials that will last decades. We seek energy efficiency improvements in many ways in our properties. We look into the possibility to use a heating solution based on renewable energy, such as geothermal heating, at every new building and renovation site. At the end of the reporting year, SATO



had seven properties that use geothermal heat as their heat source, and geothermal heating is under planning or construction for 22 properties. Our real estate electricity consists of zero-emission electricity that is 100% generated by wind power.

Our profitable growth is largely based on our own real estate development and construction. In 2021, we initiated city planning projects and signed preliminary agreements and letters of intent subject to zoning conditions that will enable the construction of around a thousand new apartments in the coming years. We reinforced our housing portfolio with investments valued at EUR 167.1 million. A total of 235 rental apartments and 71 owner-occupied apartments were completed in 2021, all in the Helsinki metropolitan area.

I wish to thank all SATO employees for their committed and excellent work. I also wish to thank our partners and the residents of our SATOhomes for their good co-operation during the past year.

Antti Aarnio, Chief Executive Officer

REPORT OF THE BOARD OF DIRECTORS

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 Helsinki metropolitan area and in Tampere and Turku.

REPORT OF THE BOARD OF DIRECTORS 1 JANUARY–31 DECEMBER 2021

OPERATING ENVIRONMENT

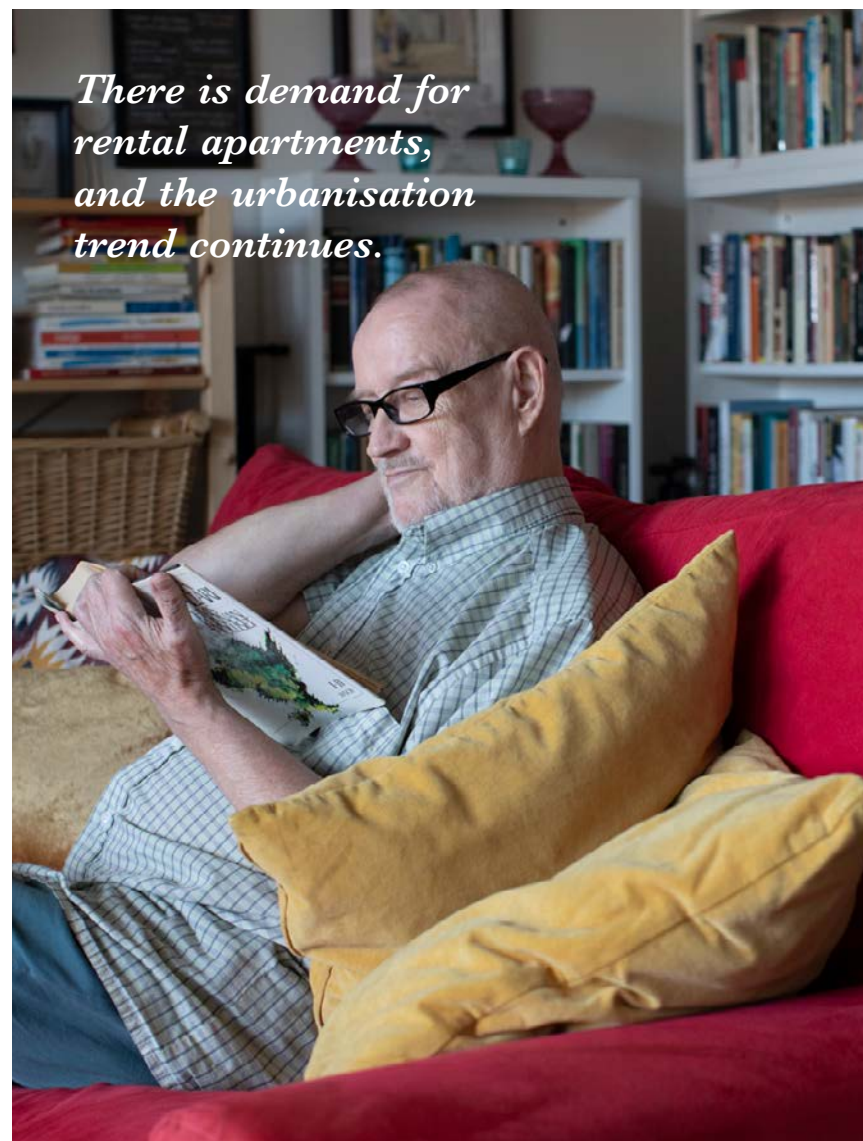
SATO's operating environment during the reporting year was affected by economic recovery and the acceleration of inflation towards the end of the year, the continuation of the COVID-19 pandemic, increased supply of rental housing especially in the Helsinki metropolitan area, and net migration into the surrounding municipalities.

Recovery from the recession of 2020 was rapid last year. The economic growth was attributable to higher demand as a result of easing COVID-19 restrictions. The strong growth also translated into positive development in employment. In December, the Bank of Finland's economic growth projection for Finland was 3.5% for 2021 and 2.6% for 2022. Growth in 2022 will be slowed by supply bottlenecks, the development of the COVID-19 pandemic and the inflation that accelerated in late 2021. The greatest uncertainty for the 2022 outlook comes from a re-escalation of the pandemic: in late spring 2021, as the pandemic situation improved, restrictions were eased, only to be tightened again at the end of the year in response to the worsening of the disease situation. Consumer confidence declined during autumn simultaneously with the escalation of the pandemic.

Inflation accelerated especially in late 2021. Prices have risen due to the strong recovery in demand and the bottlenecks that have built up in supply chains at the same time. Energy prices in particular have shown a sharp rise. The higher cost level

meant a sharp rise in the price of district heating especially in Helsinki, where the price increase for the entire reporting year as a weighted average in relation to consumption was 18% compared to the previous year. SATO's goal is to reduce the total consumption of electricity and heat by 10.5% from the 2015 baseline by 2025. In 2021, the specific energy consumption of SATO's buildings grew 0.7%, and total heating costs grew due to higher heating energy prices. To mitigate the rise in costs and reduce emissions, we look into the possibility to use a heating solution based on renewable energy, such as geothermal heating, at every new building and renovation site.

Housing construction has risen to a record-high level. Thanks to the low interest rate level, housing remains an appealing investment, and investing in rental housing continues to increase in popularity both in Finland and globally. The COVID-19 crisis that hit several other real estate sectors hard further reinforces the status of housing investment. Foreign housing investors that have landed on Finland's shores in recent years continued to beef up their investment portfolios during the reporting year. The numbers of granted construction permits and housing starts have been increasing since summer 2020, and the growth continued during the reporting year. The increase in construction permits and housing starts will show in the number of completed buildings especially in 2021 and 2022. Roughly half of the new residential buildings will be located in the Helsinki metropolitan area.



There is demand for rental apartments, and the urbanisation trend continues.

According to the Consultancy for Regional Development MDI's study, municipalities surrounding large cities, especially Helsinki, Tampere and Turku, experienced the highest positive net migration rates in January-June 2021. 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. Urbanisation is continuing but has been slowed by the COVID-19 pandemic.

After the early year, SATO's economic occupancy rate took a slight upward turn as the pandemic restrictions eased. Demand returned to normal during summer in the Tampere and Turku regions and in the rest of Finland. However, increased housing supply, especially in the Helsinki metropolitan area, has kept competition tight among rental housing providers, which translated into high tenant turnover in SATO's business during the reporting year, leading to a weaker economic occupancy rate and a slight fall in average rents.

Despite the COVID-19 pandemic, 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 metropolitan area is expected to grow by over 200,000 new residents by 2040.

Dense urban living along good public transport connections is becoming increasingly popular in Finland.

Close to 80% 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 foreigners living in the capital area is predicted to grow from the current 17% to 25% 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

Strategic goals	Realisation in 2021
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. 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	Fulfilled
<ul style="list-style-type: none"> Our third strategic target is our return on equity target which was 8% during the strategy period. 	

of growth centres, 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.

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

During the year under review, we refined our strategy, with SATO employees from different parts of the organisation participating in the strategy work. Customer experience, sustainability and sustainable housing, and SATO employees now lie at the core of our strategy. We want to be closely involved in our customers' daily lives in order to serve them in the best possible way. We build homes that stand the test of time and we take care of them in line with the life-cycle principles. We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. Our intent is for each SATO employee to be able to

1 CUSTOMER EXPERIENCE

Close to customer

2 SUSTAINABILITY

Homes to stand the test of time

3 PERSONNEL

Forerunners now and tomorrow

contribute ideas and participate in developing future housing solutions.

SATO is a housing investment company whose basic product is a rental apartment in an apartment building. We focus our investments on growth centres: the Helsinki metropolitan area, Tampere and Turku, because in these areas demand for apartments is the highest and the increase in value is expected to be stable over the longer term. Our operations are geared towards profitable growth.

We made sustainability one of the three cornerstones of our new strategy. 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).

SATO has set maintaining its investment grade credit rating as a strategic goal. Our return on equity target is 8%. 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% 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 2021, consolidated net sales were EUR 298.3 million (303.4).

Operating profit was EUR 304.5 million (179.6). The operating profit without the change in the fair value of investment properties was EUR 175.4 million (192.6). The change in fair value was EUR 129.1 million (-13.0).

Net financing costs totalled EUR -45.1 million (-50.0).

Profit before taxes was EUR 259.4 million (129.5). Cash earnings (free cash flow after taxes excluding changes in fair value) amounted to EUR 107.9 million (132.1).

Earnings per share were EUR 3.64 (1.80).

FINANCIAL POSITION AND FINANCING

The consolidated balance sheet totalled EUR 5,091.4 million (5,104.7) at the end of December. Equity was EUR 2,351.3 million (2,155.7). Equity per share was EUR 41.53 (38.07).

The Group's equity ratio was 46.2% (42.2) at the end of the year. EUR 101.2 million in new long-term financing was withdrawn and the solvency ratio was 42.5% (43.8) at the end of December.

The Group's return on equity was 9.1% (4.8). Return on invested capital was 6.7% (4.1).

Interest-bearing liabilities at the end of December totalled EUR 2,169.5 million (2,381.5), of which loans subject to market terms accounted for EUR 1,994.5 million (2,170.2). The loan itemisation is in note 26 of the financial statements. At the end of the reporting year, the average loan interest rate was 1.7% (1.8). Net financing costs totalled EUR -45.1 million (-50.0). The average maturity of loans was 4.0 years (4.2).

NET SALES

EUR
298.3
million

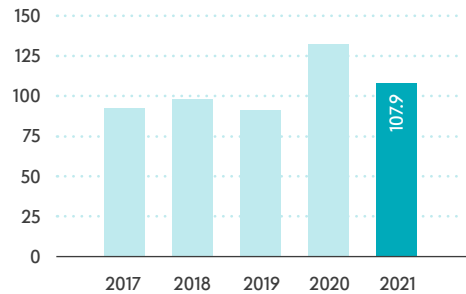
BALANCE SHEET

EUR
5,091.4
million

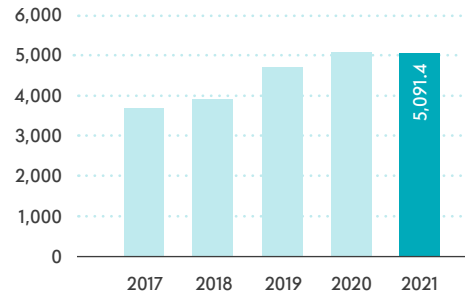
EQUITY RATIO

46.2%

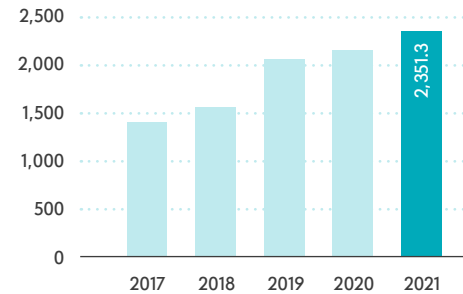
Cash earnings, EUR million



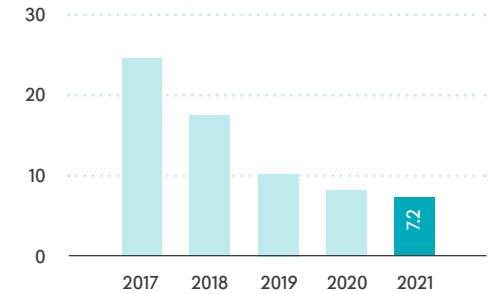
Balance sheet, EUR million



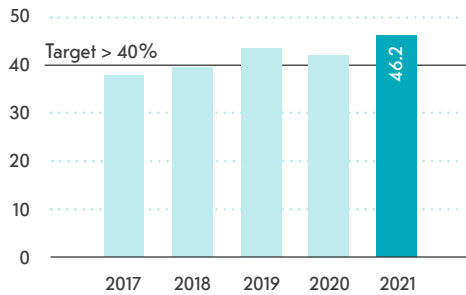
Shareholders' equity, EUR million



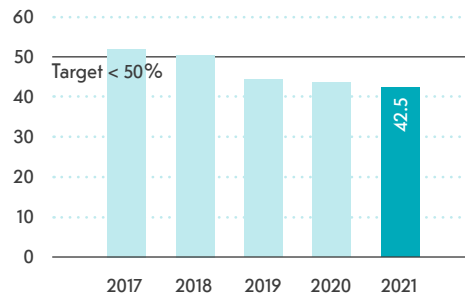
Secured solvency ratio, %



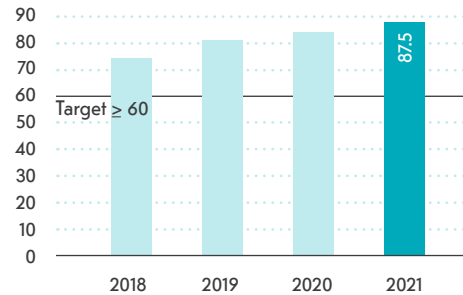
Equity ratio, %



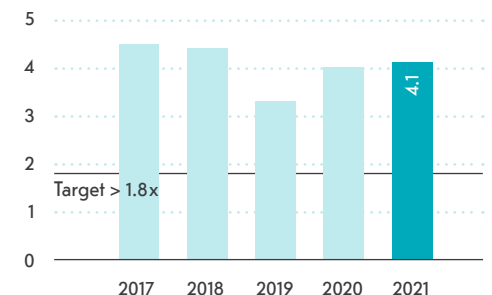
Solvency ratio, %



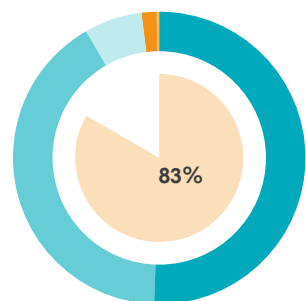
Unencumbered assets, %



Interest coverage ratio

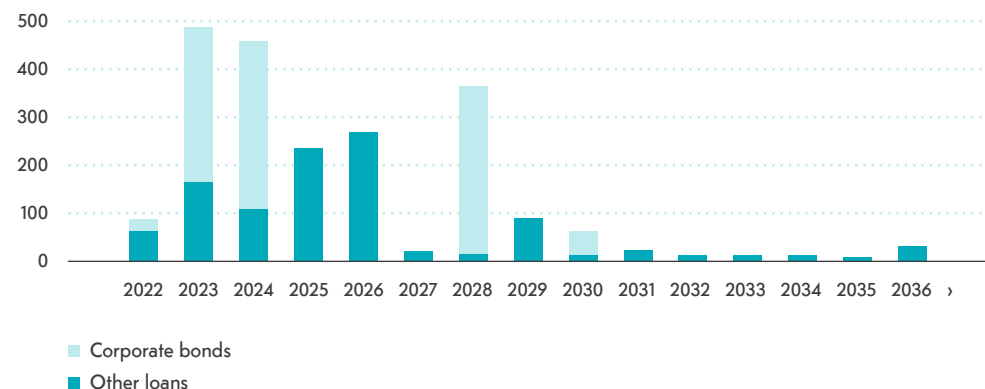


Debt portfolio, Nominal values 31 Dec 2021, total MEUR 2,176



- Corporate bonds 1,099
- Bank loans 897
- Interest subsidised 139
- State subsidised (ARAVA) 36
- Commercial papers 5
- 83% of loans without asset-based securities

Maturity profile of long term debt, EUR million



As competition between housing providers has become tighter and tenants have more to choose from, a successful customer experience is more important than ever.

The calculated impact of changes in the market value of interest hedging on equity was EUR 15.1 million (-1.9). During the reporting year, SATO increased the proportion of unsecured loans to 83.0% of all loans. At the end of the year, the proportion of unencumbered assets was 87.5% 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 23 subsidiaries engaged in business operations (24). Mergers took place during the year in order to clarify the Group structure.

SATO Corporation's majority shareholder is Balder Finska Otas 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.

As competition between housing providers has become tighter and tenants have a wider choice, a successful customer experience is more important than ever. In an attempt to respond to

this challenge, we have adjusted the organisation and our service processes. We want to be closely involved in our customers' daily lives in order to serve them in the best possible way. During the reporting year, we further expanded our house expert operating model, which aims to create a better customer experience and more efficient maintenance. We developed and streamlined our customer and maintenance processes and revamped our digital service environment. The changes made daily work more efficient for our customer service and rental activities, which means smoother service for our customers.

SATO had approximately 50,000 customers at the end of the reporting year. We measure our successes in customer encounters using the Net Promoter Score (NPS).

Key financial indicators	Target	2021	2020
Average loan maturity, years	2,5–6	4.0	4.2
Average interest fixing period, years*	3–10	3.0	3.3
Average interest rate, at the end of period, %	-	1.7	1.8
Proportion of fixed rate debt, %	> 60	69.2	73.6

* 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	2021	2020
Average rent of rental apartments, EUR/m ² /month, at the end of review period	17.46	17.51
Economic occupancy rate, %	94.9	96.7
Turnover of rental apartments, %	31.2	32.6

SATOhomes	2021	2020
Number of properties	744	748
Total number of apartments	26,791	26,792
Average size of apartment, m ²	54.0	54.2
Fair value of investment property MEUR	5,032.8	4,753.5
Net rental income MEUR	210.6	220.3

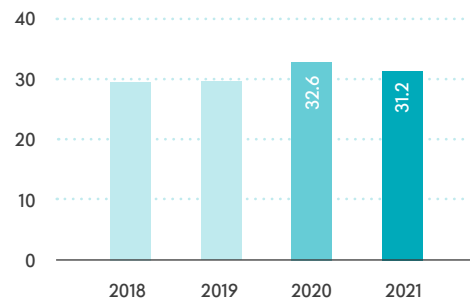
SATOhomes in St. Petersburg	2021	2020
Number of properties	13	13
Total number of apartments	525	533
Average size of apartment, m ²	69.3	70.1
Fair value of investment property, MEUR	128.1	102.7
Net rental income, MEUR	2.9	2.8

Plot reserves	2021	2020
Plot reserves, MEUR	43.4	59.0
Plot purchased, MEUR	15.5	3.0
Total permitted building volume in the plot reserve, floor-m ²	97,730	145,400
Owned plots transferred to production or sold MEUR	42.0	10.6

New production	2021	2020
Completed in Finland, units	306	868
Rental apartments	235	769
Owner-occupied apartments	71	63
Under Construction on 31 December, units	1,152	385
FlexHomes	52	0
Rental apartments	1,100	314
Owner occupied apartments	0	71
Unsold owner-occupied apartments, by 31 December, units	66	71
Completed	66	0
Under construction	0	71

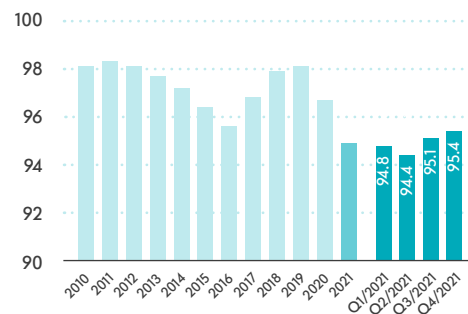
Repairs	2021	2020
Apartments and property repairs, MEUR	93.6	73.7
Repair investments, MEUR	75.9	57.0
Repair subsidies received, MEUR	0.0	0.2

External tenant turnover, %*



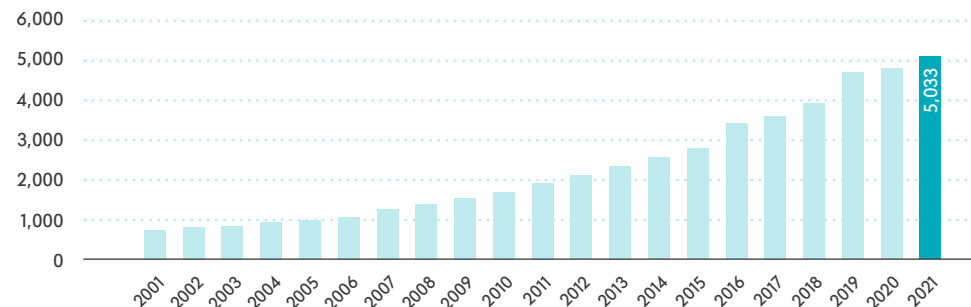
* Housing business in Finland

Financial occupancy rate of rental housing, %*



* Housing business in Finland

Trend in the investment property portfolio value, EUR million



SATO's owned rental homes 31 Dec 2021, %*

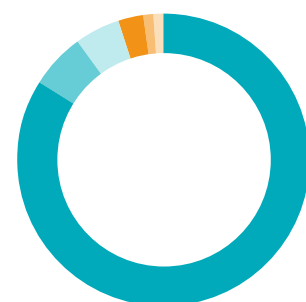


- Studio 23%
- 1 br 49%
- 2 br 22%
- 3 br 6%
- 4 br 0%

On 31 December 2021, SATO had nearly 1,100 rental apartments and 52 Flex Home apartments under construction in Finland. During the year, 235 rental apartments and 0 Flex Homes were completed for the SATO Group in Finland.

* Housing business in Finland

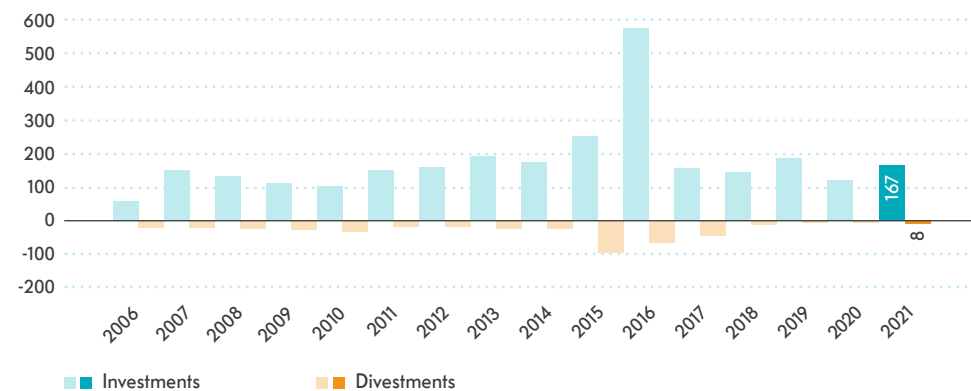
Regional distribution of the housing portfolio, 31 Dec 2021



- Helsinki metropolitan area 84%
- Tampere region 6%
- Turku region 5%
- St. Petersburg 3%
- Jyväskylä region 1%
- Oulu region 1%

Total housing portfolio MEUR 4,894

Housing investments and divestments, EUR million



During the reporting year, our customer satisfaction did not improve: one of the reasons for weakened customer satisfaction was that some of the planned repair projects had to be further postponed due to the COVID-19 pandemic and our opportunities to serve our customers were more limited during the pandemic. During the reporting year, the downward NPS trend came to a halt and turned positive during the second half of the year.

The economic occupancy rate declined compared to the previous year and in Finland averaged 94.9% (96.7). The external tenant turnover rate for rental apartments was 31.2% (32.6). Rental income decreased 1.7% and was EUR 298.3 million (303.4). The weakened occupancy rate can be attributed largely to the general uncertainty caused by the COVID-19 pandemic, the increased offering of rental housing in the capital area, and the tightened competition between housing providers.

The average monthly rent of SATO's rental apartments in Finland at the end of the reporting year was EUR 17.46 per m² (17.51).

Net rental income from apartments stood at EUR 210.6 million (220.3).

INVESTMENT PROPERTIES

On 31 December 2021, SATO owned a total of 26,791 apartments (26,792). Altogether 235 rental apartments were acquired or completed. The total number of divested rental apartments and shared ownership apartments redeemed by the owner-occupants was 175.

Fair value

The development of the value of rental apartments is a key factor for SATO. The housing stock is focussed on areas and apartment sizes that are expected to grow in demand in the long term. The allocation of building repairs is based on life-cycle plans and repair need specifications.

The fair value of investment properties at the end of December totalled EUR 5,032.8 million (4,753.5). The change in the value of investment properties, including investments and divestments in the financial year, was EUR 279.3 million (95.7).

The external expert JLL Finland Oy (JLL) issues a semi-annual 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 2021. 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.

At the end of the year, the Helsinki metropolitan area's commuting area accounted for some 84%, Tampere and Turku for approximately 11%, Jyväskylä and Oulu for 2% and St. Petersburg for roughly 3% 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. SATO's investments in the 2000s in non-subsidised rental apartments total more than EUR 3 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 stood at EUR 167.1 million (120.6). Investments in the Helsinki metropolitan area represented 88.5% of all investments in the reporting year. Investments in new apartments represented 49.0% of the investments. In addition, on 31 December 2021, binding purchase agreements in Finland totalled EUR 96.8 million (55.3).

During the reporting year, 26 rental apartments (68) were divested in Finland. Their total value was EUR 7.9 million (5.7).

The book value of plot reserves totalled EUR 43.4 million (59.0) at the end of December. The value of new plots acquired by the end of December totalled EUR 15.5 million (3.0).

The permitted building volume for about 1,800 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.

HOUSING INVESTMENTS

**EUR
167.1
million**

NET RENTAL INCOME

**EUR
210.6
million**

FAIR VALUE OF INVESTMENT PROPERTIES

**EUR
5,032.8
million**

We collaborate with cities when areas are being developed and new housing is planned for them. During the reporting year, we continued the development of the Hakunila area in Vantaa, for example.

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 500–550 owner-occupied apartments and roughly 20 state-subsidised rental apartments, thus promoting a diverse residential area and urban structure.

In the beginning of 2021, construction was begun on the 'Wise Mobility City Block' located in Helsinki's Oulunkylä district on Maaherrantie. The block, located at the junction of the Raide-Jokeri tramline and the main railway, will see the construction of altogether around 500 rental, owner-occupied and part-ownership apartments over the next few years.

In June 2021, construction of a privately financed rental housing building and a part-ownership FlexHome building was begun in the Hervantajärvi area in Tampere. SATO will build a total of close to 200 rental and part-ownership apartments in the developing Hervantajärvi area, near the last stop of the first phase of the Tampere Tramway, which was completed in 2021. FlexHome is a short-term ownership concept that enables home ownership with a small initial capital outlay and a five-year part-ownership period.

In June 2021, the construction of a wooden apartment building was also begun on Lupajantie in Mellunmäki, Helsinki. The two-storey wooden

apartment buildings will house 112 new privately financed rental homes, replacing the 80 apartments that were demolished on the plot.

In addition, construction of new rental housing began during the year under review in Vantaa (Raudikkokuja in Hakunila and Keimolanmäki) and in Espoo (Karakallio and Vermonniitty).

In Finland, 235 rental apartments (769) and 71 (63) owner-occupied apartments were completed. On 31 December 2021, a total of 1,152 apartments (385): 1,100 rental apartments (314), 0 owner-occupied apartments (71) and 52 FlexHomes (0) were under construction.

A total of EUR 93.6 million (73.7) was spent on repairing apartments and improving their quality.

At the end of December, SATO owned 525 apartments (533) in St. Petersburg. The economic occupancy rate of rental apartments in St. Petersburg was 97.7% (91.8) on average. For the time being, SATO will refrain from making new investment decisions in Russia. Russia's share of the Group's housing assets is limited to a maximum of 10%.

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.

In 2020 we committed to reporting on risks and opportunities related to climate

change in accordance with the TCFD (Task Force on Climate-Related Financial Disclosure) framework. The TCFD is an organisation established by large companies whose mission is to encourage companies to report on the climate risks and opportunities that affect them. During the reporting year, we conducted an extensive assessment of the risks and opportunities arising from climate change for SATO's entire supply chain. The risks are divided into four main categories in line with the TCFD framework: transition risks, acute and chronic physical risks and social risks. At the same time, we carried out a scenario analysis to look into how the two- and four-degree scenarios affect society and how SATO should prepare for these changes.

In the reporting year, we focussed on improving residents' living comfort and reducing energy consumption with the help of artificial intelligence. We monitor and regulate the heating of some 20,000 SATOhomes through various IoT services. 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.

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 our buildings was only partially possible due to the pandemic.

In 2021, we introduced the new sets of sofas and recliners that were designed by our product development team and manufactured in Finland

During the reporting year, we conducted an extensive assessment of the risks and opportunities arising from climate change for SATO's entire supply chain.

for our club rooms. The frames of the products are made from Finnish wood and they are upholstered in a recycled Finnish wool fabric. We closely monitor the quality of the products.

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, eight people who had participated in the project were living in a SATOhome.

We participated for the seventh time in the Global Real Estate Sustainability Benchmark (GRESB). SATO received three stars on a scale of one to five with a score of 74. We report on our 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 November 2021, SATO Corporation agreed on a committed loan of EUR 80 million with the European Investment Bank that was undrawn at the end of the reporting period. The funding will support renovations that will improve the

energy efficiency of SATO's current rental housing stock in the Helsinki metropolitan area, Turku and Tampere. The renovation projects aim to improve the energy efficiency of properties by at least 30%, while at the same time supporting the EU's climate change mitigation targets.

In December, SATO Corporation and OP Corporate Bank plc agreed on a bilateral loan of EUR 75 million without asset-backed securities and with an interest rate margin 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](#).

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 public transport connections.

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 of 82 or lower for new buildings. The average for our completed buildings during the year under review was 80 and the average for housing starts during 2021 was 76.1.

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% from the 2015 baseline by 2025.

During the reporting year, we continued to invest in energy efficiency improvements in SATOhomes in connection with renovations. The renovation projects aim to improve the energy efficiency of properties by at least 30%. The total heating costs grew due to higher heating energy prices.

At the end of the reporting year, SATO had seven properties that use geothermal heat as their heat source, and geothermal heating is under planning or construction for 22 properties. During 2021, we replaced the heating systems of four properties with heating based on heat pumps.

During the year under review, specific energy consumption increased by 0.7%, specific electricity consumption decreased by 0.5% and specific water consumption decreased by 1.2% compared to 2020. Rated emissions from SATO's apartments rose by 16.6% compared to 2020 and were 26 carbon dioxide equivalent kilograms per square metre (22.3). Emissions are calculated according to the absolute consumption of district heating. Electricity was generated from emission-free wind power.

The Group's sustainability programme is available in its entirety at [sato.fi](#).

DEVELOPMENT ACTIVITIES

During the reporting year SATO's development activities were focussed on developing the customer-care processes and digital service environment and improving the efficiency of maintenance processes. Our goal is to serve our customers in the best possible way, which is why we renewed our sales and customer service processes and operating models and introduced new digital tools. The changes made daily work more efficient for our customer service and rental activities, which also means smoother service for our customers. The renewed maintenance processes enable, among other things, the timely creation and processing of acquisition proposals, apartment inspections and defect reports, thus increasing efficiency and improving customer service.

We continued to apply the design principle adopted in 2019, according to which the walls between studios are non-load-bearing wall structures between apartments. The load-bearing concrete walls between apartments are also designed so that openings can be made into them, if needed. If the focus of demand shifts to larger apartments, the apartment distribution in the building can later be modified more easily by joining adjacent apartments to create larger homes.

A total of EUR 3.2 million (1.2) was spent on development, corresponding to approximately 1.1% of net sales.

EVENTS AFTER THE REVIEW PERIOD

There are no significant events following the review period.

RISK MANAGEMENT

Risk management ensures 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 COVID-19 pandemic, whose duration and impact on the Finnish economy are difficult to estimate. A prolonged COVID-19 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 and supply. Market risk can increase the supply of rental housing to a point that it exceeds demand. This leads to rental housing vacancies and pressure to even out or lower the rent level especially for the old housing portfolio.

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 refined strategy, SATO focusses its investments on growth centres and on renovating and repairing its existing housing portfolio, 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 treasury 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 350 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% 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 Governance section.

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 2021, 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 166,000 treasury shares. This represents 0.3% of all shares and the votes they confer.

On 31 December 2021, the Board of Directors did not have authorisation to acquire or issue the company's own shares.

On 31 December 2021, 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 313 people (242), of whom 278 (226) had a permanent employment contract. The average number of personnel was 276 (229) during the reporting year. The Group's salaries and remunerations in 2021 totalled EUR 18.8 million (15.3).

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 Erkka Valkila, the fifth largest shareholder. The Committee consisted of representatives of the following shareholders: Balder Finska Ota AB (Erik Selin), Stichting

Depositary APG Strategic Real Estate Pool (Johannus Spikker), Elo Mutual Pension Insurance Company (Hanna Hiidenpalo) and Erkka Valkila.

BOARD OF DIRECTORS, CEO AND AUDITORS

The Annual General Meeting held on 25 March 2021 confirmed that the Board of Directors consists of six members.

In 2021, the members of SATO's Board of Directors were chairman Erik Selin and ordinary members Jukka Hienonen (until 25 March 2021), Esa Lager, Tarja Pääkkönen, Sharam Rahi (as of 25 March 2021), Johannus (Hans) Spikker and Timo Stenius.

The Board of Directors convened 11 times in 2021. The Board's work is supported by the Nomination and Remuneration Committee.

In 2021, Antti Aarnio, M.Sc. (Tech.), was SATO's interim CEO. SATO's Board of Directors appointed Antti Aarnio as the permanent CEO as of 1 January 2022.

As the company's auditor, the Annual General Meeting selected the audit firm Deloitte Oy, which appointed APA Aleksi Martamo 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 2021 reporting year, the members of SATO's Management Group were Antti Aarnio, CEO and EVP, Housing Business, and Markku Honkasalo, CFO.

In addition, SATO's Board of Directors appointed, as 1 January 2022, Elina Vaurasalo, EVP, Housing Business, Arto Aalto, EVP, Investments and Janne Ojalehto, CCO, as members of the Corporate Management Group.

OUTLOOK

In the operating environment, SATO's business operations are mainly affected by urbanisation, competition, interest rates, consumer confidence, the development of purchasing power, the rent and price development for apartments, housing policies and in addition COVID-19 pandemic that began year 2020.

According to the Bank of Finland's projection, the Finnish economy will continue to grow in 2022. However, factors that will slow economic growth include supply bottlenecks, the development of the COVID-19 pandemic and the inflation that accelerated in late 2021. The greatest uncertainty for the 2022 outlook comes from the re-escalation of the pandemic in late 2021 and the resulting restrictions.

Efforts are being made to limit the negative impact of the pandemic on Finland's economy through support measures adopted by the European Central Bank, the European Union and the State of Finland. Due to Europe's economic development, interest rates are expected to remain low, which will have a positive impact on SATO's financing costs. Going forward, the development of inflation may lead to changes in the interest rate level. Short-term interest rates remain low but long-term interest rates have slightly risen from their level in early 2021.

In recent years, the rental housing markets in major cities have been characterised by sharp growth in supply. The growth largely stems from the brisk production of rental housing, driven by strong investor demand. The numbers of granted construction permits and housing starts have been increasing since summer 2020. The increase in construction permits and housing starts will be reflected in the number of completed buildings in 2022 and 2023. Roughly half of the new residential buildings will be located in the Helsinki metropolitan area. Supply has also increased as a result of offering previously short-term rental apartments for longer rental periods.

Despite the COVID-19 pandemic that erupted in 2020, there is demand for rental apartments, and the strong urbanisation trend that temporarily decelerated during the pandemic is believed to continue also in the coming years. The pandemic has slightly shifted the focus of demand for rental apartments to larger apartments and areas with lower rent levels. Demand for rental housing is primarily focused on major cities and their surrounding municipalities in the Helsinki metropolitan area and the Tampere and Turku regions. When all restrictions to contain the spread of the coronavirus are lifted, travel rates increase and students return to classrooms, the demand for rental housing is expected to start growing. The tight competitive situation in the Helsinki metropolitan area is expected to continue even after the pandemic, due to increased supply.

As tenants have a wider choice, a successful customer experience is more important than ever. SATO is investing strongly in increasing its customer presence and developing digital services.

In line with its majority shareholder's operating model, SATO Corporation will not publish guidance on its 2022 earnings. The parent company of Balder Finska Otas 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 2021, the parent company's distributable equity was EUR 411,221,065.90, of which profit for the period was EUR 69,378,448.57. The company had 56,617,067 outstanding shares entitling to dividends for year 2021.

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

The Board of Directors proposes to the Annual General Meeting that EUR 0.50 per share is paid in dividends for the 2021 financial period (EUR 0.50/share for 2020) EUR 28,308,533.50 in total, and that EUR 41,069,915.07 is transferred to retained earnings.

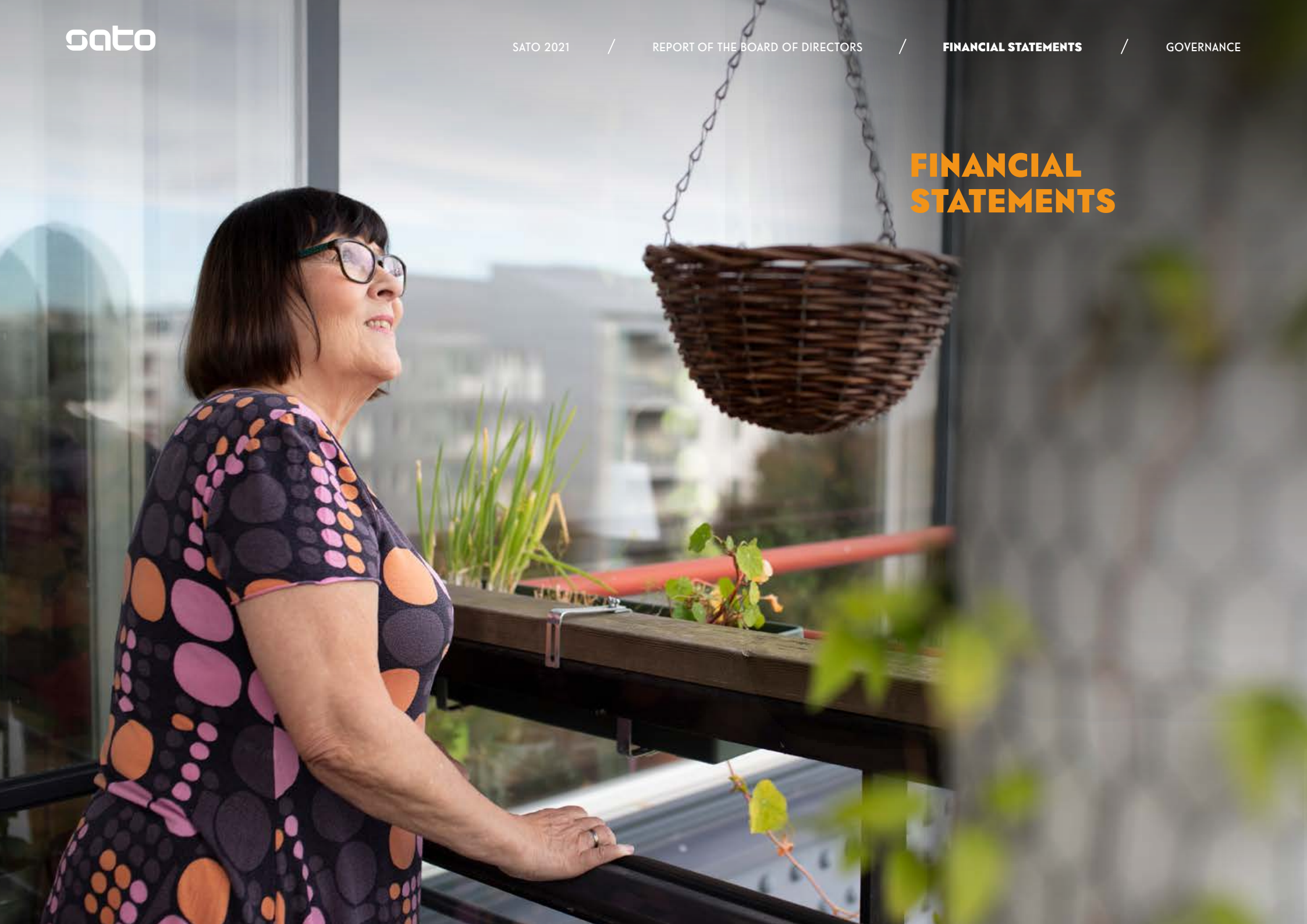
No material changes have taken place in the company's financial position since the end of the financial year. The company's liquidity is good, and in the Board of Directors' view, the proposed distribution of profit will not compromise the company's solvency.

DISTRIBUTION OF SHARES ON 31 DECEMBER 2021

Shareholder	Number of shares	%
Balder Finska Ota AB (Fastighets AB Balder)	31,754,245	55.9
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 Erkki	385,000	0.7
Hengityssairauksien tutkimussäätiö	227,000	0.4
SATO Corporation	166,000	0.3
Entelä Tuula	159,000	0.3
Heinonen Erkki	156,684	0.3
Tradeka Invest Ltd	126,500	0.2
Others (116 shareholders)	967,710	1.7

On 31 December 2021, the Group had 126 shareholders entered in the book-entry register. The turnover of SATO Corporation's shares was 0.25% during the reporting year.

FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED INCOME STATEMENT, IFRS

EUR million	note	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Net sales	3	298.3	303.4
Property maintenance expenses		-87.7	-83.0
Net rental income		210.6	220.3
Fair value change of investment properties, realised	4, 13	2.4	3.0
Fair value change of investment properties, unrealised	13	129.1	-13.0
Sales, marketing and administrative expenses	6, 7, 8, 9	-35.8	-30.6
Other operating income	5	-0.2	1.7
Other operating expenses	5	-1.5	-2.0
Share of profit of associated companies and joint ventures		0.0	0.0
Operating profit		304.5	179.6
Financial income	10	0.5	0.6
Financial expenses	10	-45.6	-50.7
Net financing expenses		-45.1	-50.0
Profit before tax		259.4	129.5
Income tax expenses	11	-53.4	-27.6
Profit for the period		206.0	101.9
Profit for the period attributable to			
Equity holders of the parent		206.0	101.9
Non-controlling interests		0.0	0.0
Total		206.0	101.9
Earnings per share attributable to equity holders of the parent	12		
Basic, EUR		3.64	1.80
Diluted, EUR		3.64	1.80
Average number of shares, million		56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	note	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Other comprehensive income			
Remeasurement of defined benefit liability, net of tax		0.0	0.0
Related tax		0.0	0.0
Items that will not be reclassified to income statement total		0.0	0.0
Cash flow hedges	27	18.8	-2.4
Translation differences		2.8	-0.1
Related tax		-3.8	0.5
Items that may be reclassified to income statement total		17.9	-2.0
Other comprehensive income, net of tax		17.9	-2.0
Total comprehensive income		223.9	99.9
Comprehensive income attributable to			
Equity holders of the parent		223.9	99.9
Non-controlling interest		0.0	0.0
Total		223.9	99.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Investment property	13	5,032.8	4,753.5
Tangible assets	14	3.2	2.8
Intangible assets	9, 15	5.7	4.0
Investments in associated companies	17	0.1	0.1
Other non-current investments	18, 19	1.0	1.0
Other right-of-use assets	16	5.8	6.6
Non-current receivables	20, 27	3.1	2.8
Deferred tax assets	21	10.4	14.2
Total		5,062.0	4,785.1
Current assets			
Account and other receivables	22	19.1	58.6
Current tax assets		1.8	2.9
Cash and cash equivalents	18, 23	8.5	258.0
Total		29.4	319.6
TOTAL ASSETS		5,091.4	5,104.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		4.4	4.4
Fair value and other reserves		-16.6	-31.7
Reserve fund		43.7	43.7
Reserve for invested non-restricted equity		114.8	114.8
Retained earnings		2,205.1	2,024.6
Total	24	2,351.5	2,155.9
Non-controlling interests		-0.2	-0.2
TOTAL SHAREHOLDERS' EQUITY		2,351.3	2,155.7

EUR million	note	31 Dec 2021	31 Dec 2020
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	21	416.8	387.2
Provisions	28	1.6	1.9
Lease liabilities	16	54.1	54.0
Derivative liabilities	18, 27	20.1	39.1
Long-term non-interest bearing liabilities	25	0.9	0.9
Long-term interest bearing liabilities	18, 26	2,076.6	2,075.6
Total		2,570.2	2,558.7
Current liabilities			
Accounts payable and other liabilities	29	67.3	72.4
Provisions	28	0.6	1.7
Lease liabilities	16	5.1	4.9
Current tax liabilities		4.0	5.4
Short-term interest bearing liabilities	18, 26	92.9	305.9
Total		170.0	390.3
TOTAL LIABILITIES		2,740.1	2,949.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,091.4	5,104.7

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR million	note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Cash flow from operating activities			
Profit for the period		206.0	101.9
Adjustments:			
Non-cash items included in the profit	31	-127.1	15.3
Gains and losses on sales of investment properties and fixed assets		-2.6	-3.1
Other adjustments		0.0	0.1
Interest expenses and other financial expenses	10	45.6	50.7
Interest income	10	-0.5	-0.6
Dividend income		0.0	0.0
Income taxes	11	53.4	27.6
Cash flow before change in net working capital		174.8	191.7
Change in net working capital:			
Changes in accounts receivable and other receivables		-3.7	-8.7
Change in accounts payable and other liabilities		0.7	-2.1
Interest paid		-46.0	-44.5
Interest received		0.6	1.3
Taxes paid		-24.0	-19.6
Net cash flow from operating activities		102.4	118.3
Cash flow from investing activities			
Investments in investment properties		-185.1	-130.4
Net investment in tangible and intangible assets		-4.0	-1.7
Cash receipts from loans receivable and debt securities		43.6	-4.1
Loans granted and investments in debt securities		0.0	-33.4
Disposals of investment property		34.5	21.7
Net cash flow from investing activities		-111.0	-147.9

EUR million	note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Cash flow from financing activities			
Repayments (-) / withdrawals (+) of current loans		-0.5	-227.5
Withdrawals of non-current loans		101.2	766.5
Repayments of non-current loans		-313.3	-254.5
Repayments of lease liabilities		-0.1	-1.8
Repayment of capital and dividends paid	24	-28.3	0.0
Net cash flow from financing activities		-241.0	282.7
Change in cash and cash equivalents		-249.5	253.1
Cash and cash equivalents at the beginning of period		258.0	5.0
Effect of exchange rate fluctuations on cash held		0.0	-0.1
Cash M&A		0.0	0.0
Cash and cash equivalents at the end of period		8.5	258.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY, IFRS

EUR million	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	-	-1.9	-	-	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
Other adjustments	-	0.0	-	-	0.0	0.0	-	0.0
Total of equity movements	-	-1.9	-	-	101.8	99.9	-	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

EUR million	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 2021	4.4	-31.7	43.7	114.8	2,024.6	2,155.9	-0.2	2,155.7
Comprehensive income:								
Cash flow hedges, net of tax	-	15.1	-	-	-	15.1	-	15.1
Translation differences	-	-	-	-	2.8	2.8	-	2.8
Profit for the period	-	-	-	-	206.0	206.0	0.0	206.0
Total comprehensive income	-	15.1	-	-	208.8	223.9	0.0	223.9
Transactions with shareholders:								
Dividend	-	-	-	-	-28.3	-28.3	-	-28.3
Transaction with shareholders, total	-	-	-	-	-28.3	-28.3	0.0	-28.3
Other adjustments	-	-	-	-	0.0	0.0	-	0.0
Total of equity movements	-	15.1	-	-	180.5	195.6	0.0	195.6
Shareholders' equity 31 Dec 2021	4.4	-16.6	43.7	114.8	2,205.1	2,351.5	-0.2	2,351.3

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, Finland. SATO Corporation and its subsidiaries together form the consolidated SATO Group ("SATO" or "the Group"). SATO Corporation's majority shareholder is Balder Finska Otas AB, whose parent company is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

The Board of Directors has approved the consolidated financial statements on 10 February 2022. A copy of the consolidated financial statements may be obtained from the above mentioned 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 84 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, among others, 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 2021. 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.

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 (IFRS 16 *Leases*) 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.

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 contractual 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 tax 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 rental income

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

Operating profit

Operating profit is the net sum obtained from net rental 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

New IFRS standards, amendments to standards

and IFRIC interpretations which have entered into force on 1 January 2021 has not had any significant impact on the Group.

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

New IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2022 are not expected to have any significant impact on the Group.

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% or more of SATO's revenues.

EUR million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Net sales by geographical region		
Finland	292.8	297.9
Russia	5.5	5.4
Total	298.3	303.4

EUR million	31 Dec 2021			31 Dec 2020		
	Finland	Russia	Total	Finland	Russia	Total
Non-current assets by geographical region						
Investment property	4,904.6	128.1	5,032.8	4,650.8	102.7	4,753.5
Tangible assets	3.1	0.0	3.2	2.7	0.0	2.8
Intangible assets	5.7	0.0	5.7	4.0	0.0	4.0
Other right-of-use assets	5.8	-	5.8	6.6	-	6.6
Investments in associated companies	0.1	-	0.1	0.1	-	0.1
Total	4,919.3	128.2	5,047.5	4,664.3	102.8	4,767.0

4. RESULT ON DISPOSAL OF INVESTMENT PROPERTIES

EUR million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Gains and losses on sales of investment properties		
Gains on sales of investment properties	2.7	3.2
Losses on sales of investment properties	-0.4	-0.1
Total	2.4	3.0

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.

EUR million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Sale of residential investment properties		
Proceeds from disposal of residential investment properties	8.2	8.3
Carrying value of investment properties sold	-8.0	-5.8
Total	0.2	2.5

EUR million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Sale of land plots		
Sales income, land plots	23.3	8.5
Carrying value of land plots sold	-21.2	-7.9
Total	2.1	0.6

5. OTHER OPERATING INCOME AND EXPENSES

EUR million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Other operating income		
Sales income, new production	1.6	18.7
New production expenses	-2.5	-17.6
Other income	0.7	0.6
Total	-0.2	1.7

EUR million	1.1.–31.12.2021	1.1.–31.12.2020
Other operating expenses		
Bad debts expensed in the period	-2.9	-3.3
Post-collection income	1.9	1.6
Other expenses	-0.4	-0.3
Total	-1.5	-2.0

6. PERSONNEL EXPENSES

EUR million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Personnel expenses		
Salaries and wages	15.7	13.0
Defined contribution pension plans	2.5	2.0
Other personnel expenses	0.6	0.4
Total	18.8	15.3

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

Average number of personnel during the period has been 276 (229).

7. AUDITORS' FEES

EUR Million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Auditors' fees		
Audit	0.2	0.2
Other audit related assignments	0.0	0.1
Tax advisory	0.0	0.0
Total	0.3	0.3

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

The audit fees include fees relating to audits of SATO, its subsidiaries and the consolidated financial statements of the Group. Other audit related assignment fees include assurance and other services related to audit.

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

EUR million	note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Depreciation, amortisation and impairment charges by asset class:			
Tangible assets	14	1.0	0.9
Intangible assets	15	1.0	1.0
Other right-of-use assets	16	1.2	1.2
Total		3.3	3.1

9. RESEARCH AND DEVELOPMENT

Research and development expenses during 2021 were EUR 0.8 million (0.5) and capitalised development costs were EUR 2.3 million (1.0).

10. FINANCIAL INCOME AND EXPENSES

EUR Million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Financial income		
Interest income on loans and other receivables	0.5	0.6
Dividend income on other non-current investments	0.0	0.0
Foreign exchange gains	0.0	0.0
Total	0.5	0.6

EUR Million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Financial expenses		
Interest expense on financial liabilities measured at amortised cost	-29.3	-28.8
Interest expense on effective cash flow hedges	-8.0	-11.5
Interest expense on non-hedge accounted derivatives	0.0	0.0
Foreign exchange losses	-0.1	-0.3
Interest expense on lease liabilities*	-3.3	-3.1
Change in fair value, non-hedge accounted derivatives	0.0	0.0
Other financial expenses	-5.0	-6.9
Total	-45.6	-50.7
Financial income and expenses, net	-45.1	-50.0

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

II. INCOME TAXES

EUR Million	note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Income taxes recognised in income statement			
Current tax from accounting period		22.5	26.5
Current tax from previous period		1.3	0.9
Changes in deferred tax assets and liabilities	21	29.6	0.2
Total		53.4	27.6

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

EUR Million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Profit before taxes	259.4	129.5
Income tax calculated with domestic corporate tax rate of the parent	51.9	25.9
Non-deductible expenses and tax-exempt income	0.1	0.0
Effect of tax rates in foreign operations	0.9	0.8
Valuation of deferred tax assets	0.0	0.5
Taxes from prior periods	0.4	0.1
Other items	0.2	0.3
Total adjustments	1.5	1.7
Income tax expense in income statement	53.4	27.6
Effective tax rate, %	20.6	21.3

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 2021 was 56,783,067. At the end of the reporting period, SATO held 166,000 of its own shares.

EUR Million	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Profit attributable to equity holders of the parent	206.0	101.9
Weighted average of shares	56.6	56.6
Earnings per share, EUR		
Basic	3.64	1.80
Diluted	3.64	1.80

13. INVESTMENT PROPERTIES

EUR Million	note	2021	2020
Fair value of investment properties, 1 Jan		4,753.5	4,657.9
Acquisitions of properties		16.3	2.7
New construction and other investments in properties		167.3	133.4
Disposals of investment properties		-29.3	-31.2
Capitalised borrowing costs	34	1.2	1.6
Reclassified from other items		-6.5	-0.2
Gains and losses from changes in fair value*		129.1	-13.0
Exchange rate differences, no P/L effect		1.0	-
Remeasurement of right-of-use investment properties, no P/L effect	16	0.2	2.4
Fair value of investment properties, 31 Dec		5,032.8	4,753.5

* Gains and losses from changes in fair value include foreign exchange gains and losses of EUR 6.3 million (-29.8).

Significant acquisitions of investment properties during the period:

The most significant acquisitions during the reporting period were land purchases in Nihtisilta, Espoo and Kruunuvuorenranta, Helsinki. SATO did not make significant acquisitions of completed investment properties during the period.

Significant disposals of investment properties during the period:

In total, 26 rental apartments and commercial premises (68) were divested in, with a combined value of EUR 7.9 million (5.8). Land sales in several locations were also completed during the period, most importantly in Oulunkylä, Helsinki and Vermonniitty, Espoo. SATO did not make significant divestments of completed investment properties during the period.

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% 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 (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 restrictions 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 semi-annually 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 de-

termined 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. The land 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. 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 2021.

EUR Million	Helsinki area	Rest of Finland	Average
Yield requirement, %	3.8	4.8	4.2
Long-term economic occupancy rate, %	98.0	97.7	97.9
Operating expenses, EUR/sqm/month	4.5	4.0	4.4
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.

Acquisition cost

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

EUR million	note	31 Dec 2021	31 Dec 2020
Investment property classified by valuation method			
Income value method		4,585.0	4,337.9
Sales comparison method		128.1	102.7
Acquisition cost		266.8	261.2
Owned investment property, total		4,979.9	4,701.7
Right-of-use investment properties	16	52.9	51.8
Total		5,032.8	4,753.5

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%
Yield requirement, EUR million	471.5	223.4	-	-201.1	-384.1
Gross rental income, EUR million	-603.3	-301.6	-	301.7	603.3

Change, %-points	-1%	0%	1%
Economic occupancy rate, EUR million	-63.6	-	63.8

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

2021

EUR million	note	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan		6.4	1.6	8.0
Additions		1.4	0.0	1.4
Disposals		-0.4	0.0	-0.4
Transfers between items		0.0	0.0	0.0
Acquisition cost, 31 Dec		7.4	1.6	9.0
Accumulated depreciation, 1 Jan		4.3	0.9	5.2
Disposals		-0.4	0.0	-0.4
Depreciation and impairments for the period	8	0.9	0.2	1.0
Transfers between items		0.0	0.0	0.0
Accumulated depreciation, 31 Dec		4.8	1.0	5.8
Carrying value, 1 Jan		2.1	0.7	2.8
Carrying value, 31 Dec		2.6	0.6	3.2

2020

EUR million	note	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan		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 Dec		6.4	1.6	8.0
Accumulated depreciation, 1 Jan		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 Dec		4.3	0.9	5.2
Carrying value, 1 Jan		2.4	0.9	3.2
Carrying value, 31 Dec		2.1	0.7	2.8

15. INTANGIBLE ASSETS

2021

EUR million	note	Other intangible assets	Total
Acquisition cost, 1 Jan		11.5	11.5
Additions		2.7	2.7
Disposals		0.0	0.0
Transfers between items		0.0	0.0
Acquisition cost, 31 Dec		14.2	14.2
Accumulated amortisation, 1 Jan		7.5	7.5
Disposals		0.0	0.0
Amortisation for the period	8	1.0	1.0
Transfers between items		0.0	0.0
Accumulated amortisation, 31 Dec		8.5	8.5
Carrying value, 1 Jan		4.0	4.0
Carrying value, 31 Dec		5.7	5.7

2020

EUR million	note	Other intangible assets	Total
Acquisition cost, 1 Jan		10.2	10.2
Additions		1.4	1.4
Disposals		0.0	0.0
Transfers between items		0.0	0.0
Acquisition cost, 31 Dec		11.5	11.5
Accumulated amortisation, 1 Jan		6.5	6.5
Disposals		0.0	0.0
Amortisation for the period	8	1.0	1.0
Transfers between items		0.0	0.0
Accumulated amortisation, 31 Dec		7.5	7.5
Carrying value, 1 Jan		3.7	3.7
Carrying value, 31 Dec		4.0	4.0

16. LEASES

Right-of-use assets 2021

EUR million	note	Right-of-use investment properties*	Other right-of-use assets	Total
Carrying value, 1 Jan		51.8	6.6	58.4
Additions		1.5	0.0	1.5
Disposals		0.0	0.0	0.0
Remeasurement of lease agreements		0.2	0.4	0.6
Changes of fair value in profit and loss	13	-0.6	-	-0.6
Depreciation for the period	8	-	-1.2	-1.2
Carrying value, 31 Dec		52.9	5.8	58.7

2020

EUR million	note	Right-of-use investment properties*	Other right-of-use assets	Total
Carrying value, 1 Jan		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 Dec		51.8	6.6	58.4

* 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 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 years (18.4). 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.

In the current period, the Group has recorded EUR 0.2 million (0.3) 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 5.3 million (5.5).

Lease liabilities

EUR million	31 Dec 2021	31 Dec 2020
Non-current		
From land lease agreements	49.4	48.5
From other lease agreements	4.7	5.5
Total	54.1	54.0
Current		
From land lease agreements	3.8	3.7
From other lease agreements	1.3	1.2
Total	5.1	4.9
Total	59.2	58.9

17. INTERESTS IN OTHER ENTITIES

Group composition

SATO has 23 (24) 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 2021 or 2020.

18. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

31 Dec 2021

Fair value hierarchy

EUR million	note	Fair value, other comprehensive income	Assets and liabilities at amortised cost	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	-	5.0	5.0	-	5.0	-
Loans receivable	22	-	0.0	0.0	-	0.0	-
Commercial paper	22	-	0.0	0.0	-	0.0	-
Cash and cash equivalents	23	-	8.5	8.5	-	8.5	-
Total		-	13.6	13.6			
Non-current financial liabilities							
Corporate bonds	26	-	1,070.3	1,070.3	1,074.9	24.0	-
Other loans	26	-	1,006.2	1,006.2	-	995.3	-
Derivative liabilities	27	20.1	-	20.1	-	20.1	-
Total		20.1	2,076.6	2,096.7			
Current financial liabilities							
Corporate bonds	26	-	25.0	25.0	25.4	-	-
Other loans	26	-	67.9	67.9	-	67.9	-
Derivative liabilities	27	1.2	-	1.2	-	1.2	-
Accounts payable	29	-	12.0	12.0	-	12.0	-
Total		1.2	104.9	106.1			

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 2020

Fair value hierarchy

EUR million	note	Fair value, other comprehensive income	Assets and liabilities at amortised cost	Carrying amount total	Level 1	Level 2	Level 3
Non-current financial assets							
Other non-current investments	26	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		-	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			

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

19. OTHER NON-CURRENT INVESTMENTS

EUR Million	31 Dec 2021	31 Dec 2020
Other non-current investments		
Other holdings	1.0	1.0
Total	1.0	1.0

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

EUR million	note	31 Dec 2021	31 Dec 2020
Non-current receivables			
Loans receivable	18	0.2	0.2
Other non-current receivables		3.0	2.6
Non-current receivables total		3.1	2.8

21. CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

2021				
EUR million	1 Jan	Recognised through profit or loss	Recognised through other comprehensive income	31 Dec
Deferred tax assets				
Valuation of financial instruments at fair value	8.5	-0.1	-3.8	4.6
Periodisation and temporary differences	5.8	0.0	-	5.8
Total	14.2	-0.1	-3.8	10.4
Deferred tax liabilities				
Valuation of investment properties at fair value	338.1	34.6	0.1	372.8
Valuation of financial instruments at fair value	1.7	-0.5	0.0	1.2
Reclassification of housing provisions and depreciation differences	45.7	-4.6	-	41.1
Periodisation and temporary differences	0.0	-	-	0.0
Allocated acquisition costs	1.6	-	-	1.6
Total	387.2	29.5	0.1	416.8

2020				
EUR million	1 Jan	Recognised through profit or loss	Recognised through other comprehensive income	31 Dec
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	0.5	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	387.2

22. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

EUR million	note	31 Dec 2021	31 Dec 2020
Accounts receivable and other receivables			
Accounts receivable	18	5.0	5.3
Loan receivables and commercial paper	18	0.0	43.6
Prepaid expenses and accrued income		2.7	2.3
Other receivables		11.3	7.4
Total		19.1	58.6

EUR million	31 Dec 2021			31 Dec 2020		
	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	3.4	-0.4	3.0	2.7	-0.3	2.3
1 to 6 months overdue	1.7	-0.5	1.2	2.4	-0.7	1.7
More than 6 months overdue	1.9	-1.1	0.8	2.8	-1.6	1.3
Total	7.0	-1.9	5.0	7.9	-2.6	5.3

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 lifetime 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 1.9 million (2.6) at the end of period.

EUR million	31 Dec 2021	31 Dec 2020
Specification of prepaid expenses and accrued income		
Prepaid expenses and accrued income related to rental services	0.0	0.1
Prepaid expenses and accrued income related to new constructions	0.0	0.0
Prepayments	0.4	0.7
Purchase price receivable	0.8	0.8
Interest receivables	0.4	0.5
Other	0.9	0.2
Total	2.7	2.3

23. CASH AND CASH EQUIVALENTS

EUR million	note	31 Dec 2021	31 Dec 2020
Cash and bank balances	18	8.5	258.0
Total		8.5	258.0

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 1.2 million (18.5).

24. SHAREHOLDERS' EQUITY

EUR million	31 Dec 2021	31 Dec 2020
The following dividend and repayment of capital were declared and paid during the period:		
Dividends, EUR 0.50 (0.00) per share	-28.3	0.0
Total	-28.3	0.0

No capital repayments were made by SATO in 2021 or 2020.

Description of items in shareholders' equity

Shares and share capital

As at 31 December 2021, 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 166,000. 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. At the reporting date 31 December 2021, 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 2021, the Board of Directors has proposed dividend distribution of EUR 0.50 per share (EUR 0.50 per share).

Restrictions concerning SATO's shareholders' equity

SATO's retained earnings at the end of period, EUR 2,205.1 million (2,024.6), included distribution-restricted capital totalling EUR 195.3 million (220.8) 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%. At the end of period, SATO's equity ratio measured at fair value was 46.2% (42.2). 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 million (0.9), are related entirely to the Group's property development projects.

26. FINANCIAL LIABILITIES

EUR million	31 Dec 2021	31 Dec 2020
Non-current		
Corporate bonds	1,070.3	1,094.0
Bank loans	845.9	818.0
Interest-subsidised loans	129.4	127.2
State-subsidised ARAVA loans	30.9	36.4
Total	2,076.6	2,075.6

EUR million	31 Dec 2021	31 Dec 2020
Current		
Corporate bonds	25.0	150.0
Commercial papers	5.0	5.5
Bank loans	48.2	102.7
Interest-subsidised loans	9.6	41.5
State-subsidised ARAVA loans	5.1	6.2
Total	92.9	305.9

During the reporting period, a total of EUR 101.2 million (766.5) of new long-term debt was drawn. Additionally SATO had committed undrawn EUR 80.0 million long-term loan facility at the end of the reporting period. At the reporting date, the average interest on the SATO debt portfolio was 1.7% (1.8).

For purposes of short-term financing, SATO has a commercial paper programme of EUR 400.0 million (400.0), of which EUR 395.0 million (394.5) were unused, committed credit limits of EUR 350.0 million (600.0), of which EUR 350.0 million (600.0) were unused, and a non-committed current overdraft limit of EUR 5.0 million (5.0), of which EUR 5.0 million (5.0) were unused.

Corporate bonds include the following bonds issued by SATO Corporation: EUR 300 million unsecured bond maturing on 7 April 2023 and carrying

a fixed annual coupon of 2.25%, EUR 350 million unsecured bond maturing on 31 May 2024 and carrying a fixed annual coupon of 1.375%, 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%. 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

EUR million	Positive	Negative	31 Dec 2021 Net	Positive	Negative	31 Dec 2020 Net
Non-current						
Interest rate swaps, cash flow hedge	-	-20.1	-20.1	-	-39.1	-39.1
Cross-currency and interest rate swaps, cash flow hedge	-	-	-	-	-	-
Foreign exchange forward contracts, cash flow hedge	-	-	-	-	-	-
Non-current derivatives, total	-	-20.1	-20.1	-	-39.1	-39.1
Current						
Interest rate swaps, cash flow hedge	-	-1.2	-1.2	-	-0.3	-0.3
Cross-currency and interest rate swaps, cash flow hedge	-	-	-	-	-9.0	-9.0
Foreign exchange forward contracts, cash flow hedge	-	-	-	-	-	-
Current derivatives, total	-	-1.2	-1.2	-	-9.3	-9.3
Derivatives, total	-	-21.3	-21.3	-	-48.4	-48.4

EUR million	31 Dec 2021	31 Dec 2020
Nominal values of derivative instruments		
Interest rate swaps, cash flow hedge	510.9	555.0
Cross-currency and interest rate swaps, cash flow hedge	-	73.4
Foreign exchange forward contracts	-	-
Total	510.9	628.4

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR 15.1 million (-1.9) and that of foreign exchange hedges totalled EUR 0.0 million (0.0). 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 100.0 million (125.0) 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 ranging mainly 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

2021

EUR million	Provision for refund claims	Other provisions	Total
Total provisions, 1 Jan	2.9	0.7	3.6
Increases	1.1	0.0	1.1
Provisions used	-1.6	-0.7	-2.3
Reversals	-0.2	0.0	-0.2
Total provisions, 31 Dec	2.2	0.0	2.2

EUR million	31 Dec 2021	31 Dec 2020
Non-current provisions	1.6	1.9
Current provisions	0.6	1.7
Total	2.2	3.6

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.

29. ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR million	note	31 Dec 2021	31 Dec 2020
Accounts payable and other liabilities			
Advances received		10.8	11.0
Accounts payable	18	12.0	8.1
Other liabilities		5.5	2.0
Accrued expenses and prepaid income		39.0	51.4
Total accounts payable and other liabilities		67.3	72.4

EUR million	note	31 Dec 2021	31 Dec 2020
Accrued expenses and prepaid income			
Personnel expenses		4.3	3.8
Interest expenses		15.7	16.2
Derivative instruments	27	1.2	9.3
Accrued expenses and prepaid income related to new constructions		3.7	4.2
Accrued expenses and prepaid income related to rental services		12.6	15.8
Other accrued expenses		1.4	1.7
Other		0.1	0.4
Total accrued expenses and prepaid income		39.0	51.4

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% of the nominal value of the total loan portfolio. At 31 December 2021, the fixed rate portion of the loan portfolio after hedging is 69.2% (73.6), the average maturity being 4.0 years (4.2).

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% and on the so-called interim model interest-subsidy loans, funded in years 2009 to 2011, is 3.40%. 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. The Group has no foreign currency-denominated loans at the moment.

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 28,000 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 1.2% (1.0) 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 400.0 million (400.0), committed credit limits EUR 350.0 million (600.0), and non-committed credit limits, EUR 5.0 million (5.0). At 31 December 2021, the commercial papers issued amounted to EUR 5.0 million (5.5) in nominal value. The credit facilities in use were EUR 0.0 million (0.0).

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%, a solvency ratio maximum of 65.0%, a secured solvency ratio maximum 45.0% per cent and interest coverage ratio of at least 1.8. At the reporting date, the ratio of unencumbered assets was 87.5% (84.1), the solvency ratio was 42.5% (43.8), the secured solvency ratio was 7.2% (8.2) and the interest coverage ratio was 4.1 (4.0).

Sensitivity analysis, interest rate risk

EUR million	2021				2020			
	Profit and Loss		Equity		Profit and Loss		Equity	
	0.1%	-0.1%	0.1%	-0.1%	0.1%	-0.1%	0.1%	-0.1%
Floating rate loans	-0.2	0.2	-	-	-0.4	0.4	-	-
Cross-currency and interest rate swaps	-	-	-	-	0.1	-0.1	0.0	0.0
Interest rate swaps	0.4	-0.4	2.5	-2.5	0.3	-0.3	3.1	-3.2
Total	0.2	-0.2	2.5	-2.5	0.0	0.0	3.2	-3.2

Sensitivity analysis, currency risk

EUR million	2021				2020			
	Profit and Loss		Equity		Profit and Loss		Equity	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Foreign currency-denominated loans	-	-	-	-	5.9	-7.2	-	-
Cross-currency and interest rate swaps	-	-	-	-	-5.9	7.2	-	-
Foreign exchange forward contracts	-	-	-	-	-	-	-	-
Total	-	-	-	-	0.0	0.0	-	-

Maturity analysis on financial instruments

31 Dec 2021

EUR million	Within 1 year	2–5 years	6–10 years	11–15 years	After 15 years	Total
Financial liabilities						
Market-based loans	-110.1	-1,470.2	-528.1	-27.5	-19.9	-2,155.7
Interest-subsidised loans	-10.3	-44.3	-48.2	-27.3	-4.6	-134.6
State-subsidised ARAVA loans	-5.3	-17.3	-11.0	-1.6	-0.1	-35.2
Accounts payable	-12.0	-	-	-	-	-12.0
Financial liabilities total	-137.7	-1,531.7	-587.3	-56.3	-24.5	-2,337.5
Derivative contracts						
Interest rate derivatives	-7.9	-15.1	-5.3	-1.6	-1.3	-31.1
Derivative contracts total	-7.9	-15.1	-5.3	-1.6	-1.3	-31.1
Lease liabilities						
From land lease agreements	-3.9	-15.6	-19.2	-19.1	-72.9	-130.6
From other lease agreements	-1.3	-4.0	-1.1	0.0	0.0	-6.4
Lease liabilities total	-5.2	-19.6	-20.2	-19.1	-72.9	-137.0
Total	-150.8	-1,566.4	-612.8	-76.9	-98.7	-2,505.7

31 Dec 2020

EUR million	Within 1 year	2–5 years	6–10 years	11–15 years	After 15 years	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

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

31. NOTES TO THE CASH FLOW STATEMENT

EUR million	note	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Non-cash items included in the profit			
Depreciation and amortisation	8	3.3	3.1
Gains and losses from changes in fair value of investment properties	13	-129.1	13.0
Change in provisions	28	-1.4	-0.9
Share of profit of associated companies and joint ventures		0.0	0.0
Total		-127.1	15.3
EUR million		2021	2020
Changes in interest-bearing debt during the period			
Interest-bearing debt, 1 Jan		2,381.5	2,098.4
Cash changes in interest-bearing debt during the period, total		-212.6	284.5
Non-cash changes:			
Change in foreign exchange rates		-0.7	2.6
Interest accrued by the effective interest rate method		2.4	3.9
Transfers of debt to buyers upon disposals of investment property and other adjustments		-1.1	-7.9
Interest-bearing debt, 31 Dec		2,169.5	2,381.5

32. COLLATERAL, COMMITMENTS AND CONTINGENCIES

EUR million	31 Dec 2021	31 Dec 2020
Mortgages and pledges for secured borrowings		
Secured borrowings	366.5	404.3
Pledges and mortgages provided, fair value	634.4	809.4
Guarantees for others		
Shared ownership apartment purchase commitments	0.0	4.5
Rs-guarantees	1.8	2.9
Other collateral provided		
Mortgages provided to secure payment of rent and street maintenance	6.6	6.9
Guarantees and mortgages provided to secure payments of land use contracts	8.4	14.1
Binding purchase agreements		
For acquisitions of investment properties	96.8	55.3
Commitments for land use payments on zoned plots	0.9	0.7
Commitments to cleaning and removal charges	0.0	0.0
Letters of intent on properties under development for which there is a zoning condition	65.7	44.7

Housing companies which had hold so-called shared ownership apartments were treated as structured entities, which are established for a fixed period, and was not included in

the consolidation. On the reporting date, the loans of such housing companies included in the shared ownership systems, totalled EUR 0.0 (6.9) 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% or more are automatically considered as a related party of SATO. When ownership is below 20% 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 2021 are Balder Finska Ots AB, Balder-group companies (owner: Fastighets AB Balder), Erik Selin Fastigheter AB, Stichting Depositary APG Strategic Real Estate Pool together with its parent company and treasurer (owner: Stichting

Pensioenfonds ABP, > 95%; manager: APG Asset Management NV) and Elo Mutual Pension Insurance Company.

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 comprised in 2021 of SATO Corporation's President and CEO, VP, Investments, Commercial Director, Chief Digital Officer, Chief Financial Officer, VP, Human Resources and VP, General Counsel.

The terms and conditions used in the potential related party transactions are equivalent to the terms used in transactions between independent parties. No transactions were made with related parties during 2021 or 2020.

EUR million	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Extended Management Group employee benefits		
Salaries and other short-term employee benefits	1.3	1.4
Other long-term employee benefits	0.0	0.0
Total	1.3	1.4

EUR thousands	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Compensation paid to the members of the Board of Directors and the President & CEO		
Managing Director (Sharam Rahi from 1 Sep 2019 till 17 Dec 2020, Antti Aarnio as of 18 Dec 2020)	398.5	292.1
Erik Selin	43.0	45.5
Jukka Hienonen (till 25 March 2021)	9.0	31.0
Esa Lager	26.2	25.5
Tarja Pääkkönen	25.5	27.5
Timo Stenius	23.5	25.5
Marcus Hansson (till 26 June 2020)	0.0	13.5
Johannus (Hans) Spikker	23.5	25.0
Rahi Sharam (as of 25 March 2021)	13.3	0.0
Total	562.5	485.6

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. The members of SATO's Corporate Management Group and SATO's other management are covered by an annual incentive scheme based on the SATOs profit and fulfilment of the targets for their respective area of responsibility.

In addition to the members of the Corporate Management Group, the incentive scheme covers around 25 SATO employees in executive, managerial and expert roles. The terms and conditions of the incentive scheme and the payment of performance bonuses are approved by the Board of Directors. The aim of the incentive scheme is to harmonize 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	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Capitalised expenses of borrowing costs during the period, EUR million	13	1.2	1.6
Financial expense index, %		2.0	2.0

35. SUBSEQUENT EVENTS

No significant events after the end of the reporting period.

36. SUBSIDIARIES OWNED BY THE GROUP AND PARENT COMPANY

31 Dec 2021	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-Joustokoti Oy	100.0	100.0
Sato-Hallintopalvelut Oy	100.0	100.0
Uusi Sato-Rakennuttajien Asunnot Oy	100.0	100.0
Sato-Pysäköinti 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 21 Oy	100.0	100.0
Suomen Satokodit 22 Oy	100.0	100.0
Suomen Satokodit 24 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
Uusi Sarfvik Oy	60.0	18.3
Sarfvikin Vesialue Oy	60.0	18.3
Kiinteistö Oy Vantaan Sato-Kartano	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
Joint ventures and associated companies		
SV-Asunnot Oy	50.0	50.0
Other shares		
Kiinteistö Oy Espoon Aallonrivi	100.0	100.0
Asunto Oy Jyväskylän Lyseonlinna	6.8	2.2
Kiinteistö Oy Outakessa	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 Helsingin Lintulahdenpuisto	100.0	100.0
As. Oy Kotipiennar	2.8	2.8
As. Oy Matinraitti 14	1.0	1.0
As. Oy Näkinkuja 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
As. Oy Valtapolku	1.2	1.2
Asunto - Oy 4 linja 24	33.6	33.6

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 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 Myötätuulenmäki	8.5	8.5
Asunto Oy Espoon Niittyhuippu	28.1	28.1
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	58.4	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 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	5.8	4.3
Asunto Oy Espoon Säterinkatu 10	19.1	6.1
Asunto Oy Espoon Vanharaide	90.1	90.1
Asunto Oy Espoon Vasaratörmä	5.2	5.2
Asunto Oy Espoon Yläkartanonpiha	10.9	10.9

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 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 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 Gerbera	12.7	12.7
Asunto Oy Helsingin Happiness	22.2	22.2
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

31 Dec 2021	Group's holding, %	Parent company's holding, %
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	52.1	52.1
Asunto Oy Helsingin Pasuunatie 8	2.2	2.2
Asunto Oy Helsingin Perustie 16	56.1	56.1
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	98.0	98.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
Asunto Oy Helsingin Ståhlbergintie 4	93.5	93.5
Asunto Oy Helsingin Tapaninkulo	4.7	4.7
Asunto Oy Helsingin Tila	24.5	24.5
Asunto Oy Helsingin Topeliuksenkatu 29	4.6	4.6
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 Vanhanlinnantie 10	8.6	6.4
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	9.9	6.6
Asunto Oy Jukolanniitty	7.7	7.7
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 Maalaiskunnan Kirkkotie 3	61.6	12.1
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 Alhonrinne	18.4	18.4
Asunto Oy Kaarinan Katariinankallio	35.8	23.5
Asunto Oy Kaarinan Kultarinta	39.8	26.5
Asunto Oy Kalasataman Fregatti, Helsinki	25.3	25.3
Asunto Oy Kasarminkatu 10	26.7	26.7
Asunto Oy Kaukotie 10-12	3.1	3.1

31 Dec 2021	Group's holding, %	Parent company's holding, %
Asunto Oy Kauniaisten Ersintie 9–11	5.5	5.5
Asunto Oy Kauniaisten Konsuli Bostads Ab	7.4	7.4
Asunto Oy Ketturinne	1.3	1.3
Asunto Oy Kirkkosalmentie 3	0.9	0.9
Asunto Oy Kivisaarentie	2.7	2.7
Asunto Oy Kolehmaisentori	11.6	11.6
Asunto Oy Kulmavuorenrinne	1.0	1.0
Asunto Oy Kupittaa Kotka, Turku	10.9	10.9
Asunto Oy Kupittaa Kurki, Turku	6.1	6.1
Asunto Oy Kupittaa Peippo, Turku	34.6	34.6
Asunto Oy Kupittaa 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
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 Pallopurje	1.9	1.9
Asunto Oy Lapintalo	1.0	1.0
Asunto Oy Lappeenrannan Kanavansato 2	5.7	5.7
Asunto Oy Lauttasaarentie 11	1.6	1.6
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

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 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 Arvolankartano	2.1	2.1
Asunto Oy Oulun Arvolanpuisto	9.0	9.0
Asunto Oy Oulun Laamannintie	86.4	43.5
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 Raikurinne 1	1.3	1.3
Asunto Oy Raison Tasonorni	39.3	39.3
Asunto Oy Raison Toripuisto	56.9	20.8
Asunto Oy Rantasentteri	1.5	1.5

31 Dec 2021	Group's holding, %	Parent company's holding, %
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
Asunto Oy Solnantie 32	0.9	0.9
Asunto Oy Sompasaaren Priki	47.6	47.6
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 Rantatie 13 E-G	44.7	41.6
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

31 Dec 2021	Group's holding, %	Parent company's holding, %
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	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	20.3	10.2
Asunto Oy Turun Ipnoksenrinne	6.7	6.7
Asunto Oy Turun Kivimaanrivi	6.5	6.5
Asunto Oy Turun Kiviniemenpuisto	0.5	0.5
Asunto Oy Turun Linnanhuippu	1.1	1.1
Asunto Oy Turun Linnanpuisto	8.8	8.8
Asunto Oy Turun Merenneito	24.7	14.6
Asunto Oy Turun Meripoika	40.8	26.0
Asunto Oy Turun Mietoistenkuja	9.4	9.4
Asunto Oy Turun Pernon Kartanonlaakso	21.8	21.8
Asunto Oy Turun Puutarhankatu 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 Töölön Estradi, Helsinki	63.0	63.0
Asunto Oy Töölön Gaala	50.3	50.3
Asunto Oy Ulpukseniemi	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	51.5	51.5

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 Talvikkitie 38	96.1	96.1
Asunto Oy Vantaan Tammiston Tringa	8.3	8.3
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 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 Vällkynkallio	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

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 Otavantie 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
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 Elosalama	100.0	100.0
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 Kappelirinne 4	100.0	100.0
Kiinteistö Oy Espoon Kastevuoren Palvelutalo	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

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 Lounaismeri	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 Matinkylän Poutapilvi	100.0	100.0
Kiinteistö Oy Espoon Matinniitynkuja 8	100.0	100.0
Kiinteistö Oy Espoon Merituulentie 38	100.0	100.0
Kiinteistö Oy Espoon Niittymaantie 1	100.0	100.0
Kiinteistö Oy Espoon Niittymaantie 3	100.0	100.0
Kiinteistö Oy Espoon Niittysillankulma 2 C-D	100.0	100.0
Kiinteistö Oy Espoon Perkkäänkuja 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
Kiinteistö Oy Espoon Puikkarinmäki	100.0	100.0
Kiinteistö Oy Espoon Pyhäjärventie 1	100.0	100.0
Kiinteistö Oy Espoon Rummunlyöjäkatu 11 D - E	100.0	100.0
Kiinteistö Oy Espoon Runoratsunkatu 5	100.0	100.0
Kiinteistö Oy Espoon Ruusulinna	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

31 Dec 2021	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Helsingin Amiraalinkatu 2	100.0	100.0
Kiinteistö Oy Helsingin Ansaritie 1	100.0	100.0
Kiinteistö Oy Helsingin Ansaritie 2-4	100.0	100.0
Kiinteistö Oy Helsingin Ansaritie 3	100.0	100.0
Kiinteistö Oy Helsingin Atlantinkatu 12	100.0	100.0
Kiinteistö Oy Helsingin Aurinkotuulenkatu 6	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 Eura III	100.0	100.0
Kiinteistö Oy Helsingin Gadolininkatu 1	100.0	100.0
Kiinteistö Oy Helsingin Graniittitie 8 ja 13	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 Kilaavuntie 8-10	100.0	100.0
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 Kulmavuorenpäi	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 10a	75.5	75.5
Kiinteistö Oy Helsingin Kutomotie 12a	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 Lauffasaarentie 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 Niittaajankadun Klaava	100.0	100.0
Kiinteistö Oy Helsingin Nils Westermarckin kuja 18	100.0	100.0
Kiinteistö Oy Helsingin Näkinkuja 6	100.0	100.0
Kiinteistö Oy Helsingin Näyttelijäntie 24	100.0	100.0
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 Sähkötöjäänkatu 6	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 15	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Helsingin Tilkankatu 2	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 6	100.0	100.0
Kiinteistö Oy Helsingin Tulisuoventie 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 Järvenpään Kotokartano	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 Kauniaisten Ratapolku 6	100.0	100.0
Kiinteistö Oy Keravan Papintie 1	100.0	100.0
Kiinteistö Oy Kirkkonummen Sarvvikinrinne 4	100.0	100.0
Kiinteistö Oy Lahden Mesisurri	100.0	100.0
Kiinteistö Oy Lahden Nuolikatku 9	100.0	100.0
Kiinteistö Oy Lempäälän Moisinaukea 25	100.0	100.0
Kiinteistö Oy Mannerheimintie 170	63.3	63.3
Kiinteistö Oy Nekalanpuisto	2.9	2.9
Kiinteistö Oy Niittykummun Huippuparkki	36.5	36.5
Kiinteistö Oy Nokian Virran Ritari	100.0	100.0
Kiinteistö Oy Oulun Aleksanteri	100.0	100.0
Kiinteistö Oy Oulun Aleksinranta	100.0	100.0
Kiinteistö Oy Oulun Hoikantie 14-22	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
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 Peltolantien Peltopyy	100.0	100.0
Kiinteistö Oy Oulun Rautatienkatu 74	100.0	100.0
Kiinteistö Oy Oulun Rautatienkatu 78	100.0	100.0
Kiinteistö Oy Pellervon Pysäköinti	16.0	16.0
Kiinteistö Oy Raikukuja II	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 lidesranta 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

31 Dec 2021	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Tampereen Tieteenkatu 14	100.0	100.0
Kiinteistö Oy Tampereen Tuiskunkatu 7	100.0	100.0
Kiinteistö Oy Tohlopinkontu	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 Kuovi	100.0	100.0
Kiinteistö Oy Turun Kupittaaan Kyyhky	100.0	100.0
Kiinteistö Oy Turun Marmoririnne 2	100.0	100.0
Kiinteistö Oy Turun Metallikatu	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 Uudenmaantulli	24.3	24.3
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 Kivivuorentie 8 A-B	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Vantaan Kivivuorentie 8 C	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 Lummepiha	100.0	100.0
Kiinteistö Oy Vantaan Martinpääsky	100.0	100.0
Kiinteistö Oy Vantaan Myyrinhaukka	100.0	100.0
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 Solkikuja 5	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 Terhokuja 3	100.0	100.0
Kiinteistö Oy Vantaan Tykkikuja 11	100.0	100.0
Kiinteistö Oy Vantaan Tykkikuja 7	100.0	100.0
Kiinteistö Oy Vantaan Uomarinne 5	100.0	100.0
Kiinteistö Oy Vantaan Vihvilätie 3	100.0	100.0
Kiinteistö Oy Vantaan Virtakuja 6	100.0	100.0
Kiinteistö Oy Ylöjärven Soppeenkatja	100.0	100.0
Kiinteistö Oy Ylöjärven Viljavainio	100.0	100.0
OOO SATO RUS	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
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-Pysäköinti Oy		
Kiinteistö Oy Puutorin Pysäköinti	51.6	51.6
Sato-Joustokodit Oy		
Asunto-osakeyhtiö Talin Estelle, Helsinki	85.6	85.6
Kiinteistö Oy Espoon Humisevanportti 2	100.0	100.0
SATOkoti Oy		
Kiinteistö Oy Ida Aalbergintie 1	100.0	100.0
Kiinteistö Oy Tohlopinkontu	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 21 Oy		
Asunto Oy Espoon Kaskenkaatajantie 5	100.0	100.0
Asunto Oy Helsingin Arhotie 22	100.0	100.0

31 Dec 2021	Group's holding, %	Parent company's holding, %
Asunto Oy Helsingin Myllymatkantie 1	100.0	100.0
Suomen Satokodit 22 Oy		
Asunto Oy Vantaan Kortteeri	6.4	6.4
Sato VK 21 Oy		
Asunto Oy Espoon Zanseninkuja 4	29.9	17.4
Asunto Oy Jyväskylän Vaneritori 4	36.7	19.8
Asunto Oy Kaarinan Mattelpiha	49.5	36.0
Asunto Oy Turun Unikkoniitty	39.9	13.9
Asunto-Oy Vantaan Herttuantie 3	35.2	31.2
Sato VK 22 Oy		
Asunto Oy Espoon Numersinkatu 6	15.2	9.2
Asunto Oy Kaarinan Kiurunpuisto	48.1	29.6
Asunto Oy Oulun Laamannintie 14 ja 17	94.0	61.9
Asunto Oy Tampereen Kyläleni	93.2	70.7
Asunto Oy Turun Maarianportti	100.0	100.0
Sato-Osaomistus Oy		
Asunto Oy Espoon Nostoväenkuja 1	3.8	3.8
Asunto Oy Espoon Numersinkatu 6	15.2	6.0
Asunto Oy Espoon Puropuisto	58.4	2.5
Asunto Oy Espoon Ristiniementie 22	8.2	2.8
Asunto Oy Espoon Sokerilinnantie 1	5.8	1.6
Asunto Oy Espoon Säterinkatu 10	19.1	13.0
Asunto Oy Espoon Zanseninkuja 4	29.9	12.5
Asunto Oy Helsingin Vanhanlinnantie 10	8.6	2.2
Asunto Oy Iidesranta 42 Tampere	9.9	3.4
Asunto Oy Jyväskylän Maalaiskunnan Kirkkotie 3	61.6	49.5
Asunto Oy Jyväskylän Vaneritori 4	36.7	16.8

31 Dec 2021	Group's holding, %	Parent company's holding, %
Asunto Oy Kaarinan Katariinankallio	35.8	12.3
Asunto Oy Kaarinan Kiurunpuisto	48.1	18.4
Asunto Oy Kaarinan Kultarinta	39.8	13.4
Asunto Oy Kaarinan Mattelpiha	49.5	13.5
Asunto Oy Kaarinan Verkatruuna	3.7	3.7
Asunto Oy Lahden Kauppakatu 36	7.9	4.3
Asunto Oy Oulun Laamannintie	86.4	42.9
Asunto Oy Oulun Laamannintie 14 ja 17	94.0	32.1
Asunto Oy Raison Toripuisto	56.9	36.2
Asunto Oy Tampereen Haapalinnan Antintalo	66.7	16.0
Asunto Oy Tampereen Kyläleni	93.2	22.5
Asunto Oy Tampereen Kyyhky	11.1	3.0
Asunto Oy Tampereen Rantatie 13 E-G	44.7	3.0
Asunto Oy Turun Hehtokatu	20.3	10.2
Asunto Oy Turun Merenneito	24.7	10.1
Asunto Oy Turun Meripoika	40.8	14.8
Asunto Oy Turun Unikkoniitty	39.9	26.1
Asunto Oy Tuusulan Naavankierto 10	23.9	23.9
Asunto-Oy Vantaan Herttuantie 3	35.2	4.0
Vatrotalot 2 Oy		
Sato-Osaomistus Oy	100.0	100.0
Vatrotalot 5 Oy		
Asunto Oy Helsingin Laivalahdenportti 5	75.5	75.5
Asunto Oy Helsingin Toini Muonan Katu 8	10.6	10.6
Asunto Oy Kirkkonummen Riihipolku	100.0	100.0
Asunto Oy Kylänpäänpelto	43.8	43.8
Asunto Oy Laakavuorentie 4	39.1	39.1
Asunto Oy Meriramsi	25.56	25.6
Asunto Oy Meri-Rastilan Tie 5	23.5	23.5

31 Dec 2021	Group's holding, %	Parent company's holding, %
Asunto Oy Meri-Rastilan Tie 9	9.1	9.1
Asunto Oy Nurmijärven Kylänpäänkaari	45.0	45.0
Asunto Oy Nurmijärven Kylänpäänniitty	31.2	31.2
Asunto Oy Vantaan Ravurinpuisto	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 2021	Jan–31 Dec 2020
Net sales	2	11,073,332.57	10,023,723.92
Other operating income	3	203,069.43	330,197.21
Materials and services	4	-578,514.47	-101,934.65
Personnel expenses	5, 6, 7	-2,520,917.24	-2,277,919.43
Deprecation, amortisation and impairment charges	8	-1,955,355.62	-1,879,514.79
Other operating expenses	9	-10,225,086.19	-10,270,563.67
Operating profit		-4,003,471.52	-4,176,011.41
Financial income and expenses	10	-4,246,372.47	-39,122,652.00
Profit/loss before appropriations and taxes		-8,249,843.99	-43,298,663.41
Group contribution	11	90,500,000.00	117,000,000.00
Income taxes	12	-12,871,707.44	-15,662,020.82
Profit for the period		69,378,448.57	58,039,315.77

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR	note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	13	5,775,185.44	3,966,465.98
Tangible assets	14	2,860,543.74	2,439,794.83
Holdings in Group companies	15	1,066,971,157.98	1,066,962,748.58
Holdings in associated companies	16	1,250.00	1,250.00
Other holdings and shares	17	958,404.35	958,404.35
Total		1,076,566,541.51	1,074,328,663.74

EUR	note	31 Dec 2021	31 Dec 2020
Current assets			
Inventories	18	876,266.03	1,322,407.22
Long-term receivables, group	19	1,092,540,488.53	1,005,277,412.23
Long-term receivables, external	19	494,751.74	176,908.20
Short-term receivables, group	20	481,662,759.81	423,240,244.96
Short-term receivables, external	20	857,355.53	39,421,988.30
Cash and cash equivalents		3,367,460.08	235,344,373.71
Total		1,579,799,081.72	1,704,783,334.62
TOTAL ASSETS		2,656,365,623.23	2,779,111,998.36

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		225,864,580.98	196,136,798.71
Profit for the period		69,378,448.57	58,039,315.77
Total		459,346,758.86	418,279,843.79
Liabilities			
Non-current liabilities, external	24	1,878,287,439.70	1,889,776,257.69
Current liabilities, group	25	225,787,266.81	271,788,748.48
Current liabilities, external	25	92,944,157.86	199,267,148.40
Total		2,197,018,864.37	2,360,832,154.57
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		2,656,365,623.23	2,779,111,998.36

PARENT COMPANY'S CASH FLOW STATEMENT, FAS

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the financial year	69,378,448.57	58,039,315.77
Adjustments:		
Depreciation	1,955,355.62	1,879,514.79
Financial income (–) and expenses (+)	4,246,372.47	39,122,652.00
Income tax	12,871,707.44	15,662,020.82
Proceeds (–) and losses (+) on sales of non-current assets	-198,059.45	-99,863.76
Group contribution	-90,500,000.00	-117,000,000.00
Other adjustments	69,207.14	0.00
Cash flow before change in working capital	-2,176,968.21	-2,396,360.38
Change in working capital		
Decrease (+)/increase (–) in current non-interest bearing receivables	488,553.42	-884,464.03
Decrease (+)/increase (–) in inventories	446,141.19	76,717.13
Decrease (–)/increase (+) in current loans	-112,797,531.73	-24,006,642.54
Cash flow before financial items and taxes	-114,039,805.33	-27,210,749.82
Interest paid	-35,673,873.32	-31,135,198.75
Dividends received	16,179.17	170,000.00
Interest received	21,815,340.36	17,101,113.07
Other financial expenses	-8,847,602.46	-15,050,649.62
Direct taxes paid	-10,068,120.82	-11,372,515.55
Cash flow from operating activities (A)	-146,797,882.40	-67,498,000.67

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-4,254,784.50	-1,637,619.15
Income from disposals of tangible assets	192,647.69	141,058.60
Placements in other investments	-64,081.86	-36,996,957.46
Proceeds from other investments	0.00	120,492.20
Loans granted	-145,764,859.71	-132,036,324.67
Instalments on loan receivable	95,467,468.10	42,864,172.38
Cash flow from investing activities (B)	-54,423,610.28	-127,545,178.10
CASH FLOW FROM FINANCING ACTIVITIES		
Loans taken	387,985,992.60	1,071,933,898.63
Payments on loans	-488,469,874.20	-724,422,798.33
Changes in short-term cash pool liabilities and receivables	-18,960,005.85	-22,691,573.10
Group contributions (contribution-based)	117,000,000.00	105,000,000.00
Dividends paid and other distribution of profit	-28,311,533.50	0.00
Cash flow from financing activities (C)	-30,755,420.95	429,819,527.20
Change in cash equivalents	-231,976,913.63	234,776,348.43
Cash and cash equivalents at the beginning of the year	235,344,373.71	568,025.28
Cash and cash equivalents at the end of the year	3,367,460.08	235,344,373.71

PARENT COMPANY ACCOUNTING PRINCIPLES

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 Balder Fastighets Ab Group. The largest shareholder of Sato Corporation is Balder Finska Ota Ab with 55,9% shareholding. Balder Finska Ota Ab is a subsidiary of Balder Fastighets Ab 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 have occurred.

Valuation of inventories

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

Derivates

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 2021	Jan–31 Dec 2020
Rental income and compensation charges	1,962,398.35	1,908,602.31
Other income	1,691,134.70	653,276.82
Management service charges	7,419,799.52	7,461,844.79
Total	11,073,332.57	10,023,723.92

3. OTHER OPERATING INCOME

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Other operating income	5,009.98	230,333.45
Profit on sales of fixed assets	198,059.45	99,863.76
Total	203,069.43	330,197.21

4. MATERIALS AND SERVICES

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Materials and consumables		
Purchases	21,530.80	25,217.52
Change in inventories	556,983.67	76,717.13
Total	578,514.47	101,934.65

5. PERSONNEL EXPENSES

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Salaries and wages	2,113,650.95	1,980,223.65
Pension expenses	309,930.78	247,741.99
Other personnel expenses	97,335.51	49,953.79
Total	2,520,917.24	2,277,919.43

6. MANAGEMENT SALARIES AND COMPENSATIONS

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Presidents and members of the Board of Directors	547,364.07	485,632.93

7. AVERAGE NUMBER OF PERSONNEL

	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Employees	14	16

8. DEPRECIATION AND AMORTISATION

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Amortisation of intangible assets	1,064,524.09	1,043,683.07
Depreciation of tangible assets	890,831.53	835,831.72
Total	1,955,355.62	1,879,514.79

9. OTHER OPERATING EXPENSES

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Rents	208,355.95	231,640.69
Maintenance expenses	187,166.60	261,408.02
Other fixed expenses*	9,761,651.86	9,617,726.69
Other operating expenses	67,911.78	159,788.27
Total	10,225,086.19	10,270,563.67

* Audit fees were EUR 77,165.94 (96,476.74) and audit related assignment fees were EUR 0.00 (74,628.00).
Tax and other consultancy services purchased from auditors were EUR 2,121.60 (8,073.30).

10. FINANCIAL INCOME AND EXPENSES

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Interest income and other financial income on long-term investments		
From Group companies	21,700,664.62	17,280,915.77
Income from investments in associated companies	0.00	170,000.00
From others	219,710.63	294,413.74
Total	21,920,375.25	17,745,329.51
EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Interest expenses and other financing expenses		
To Group companies	-5,923,930.55	-5,658,626.32
To others:		
Interest Income	-35,724,405.26	-37,024,505.89
Other financial expenses	-2,586,171.91	-9,392,023.30
Change of derivative fair values	18,067,760.00	-4,792,826.00
Total	-26,166,747.72	-56,867,981.51
Financial income and expenses, total	-4,246,372.47	-39,122,652.00

11. GROUP CONTRIBUTIONS

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Group contributions received	90,500,000.00	117,000,000.00
Total	90,500,000.00	117,000,000.00

12. INCOME TAXES

EUR	1 Jan–31 Dec 2021	Jan–31 Dec 2020
Income taxes, business operations	12,871,707.44	15,662,020.82
Total	12,871,707.44	15,662,020.82

13. INTANGIBLE ASSETS

EUR	2021	2020
Other long-term expenditure		
Acquisition cost, 1 Jan	11,215,197.02	10,322,109.21
Increases	2,873,243.55	893,087.81
Decreases	0.00	0.00
Acquisition cost, 31 Dec	14,088,440.57	11,215,197.02
Accumulated amortisation and impairment, 1 Jan	7,248,731.04	6,205,047.97
Accumulated amortisation of decreases	0.00	0.00
Amortisation, current year	1,064,524.09	1,043,683.07
Accumulated amortisation and impairment, 31 Dec	8,313,255.13	7,248,731.04
Book value, 31 Dec	5,775,185.44	3,966,465.98
Intangible assets, total	5,775,185.44	3,966,465.98

14. TANGIBLE ASSETS

EUR	2021	2020
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	2021	2020
Machinery and equipment		
Acquisition cost, 1 Jan	4,995,756.12	5,007,101.70
Increases	1,381,540.95	215,942.29
Decreases	-349,296.56	-227,287.87
Acquisition cost, 31 Dec	6,028,000.51	4,995,756.12
Accumulated depreciation and impairment, 1 Jan	3,600,550.35	3,103,660.48
Accumulated depreciation of decreases	-354,708.32	-188,093.71
Depreciation, current year	740,656.21	684,983.58
Accumulated depreciation and impairment, 31 Dec	3,986,498.24	3,600,550.35
Book value, 31 Dec	2,041,502.26	1,395,205.77
Other tangible assets		
Acquisition cost, 1 Jan	1,553,686.53	1,553,686.53
Increases	0.00	0.00
Acquisition cost, 31 Dec	1,553,686.53	1,553,686.53
Accumulated depreciation and impairment, 1 Jan	1,091,001.09	940,152.95
Depreciation, current year	150,175.32	150,848.14
Accumulated depreciation and impairment, 31 Dec	1,241,176.41	1,091,001.09
Book value, 31 Dec	312,510.12	462,685.44
Assets in progress		
Acquisition cost, 1 Jan	559,167.66	30,578.61
Increases	1,721,392.81	528,589.05
Transfers	-1,796,765.08	0.00
Acquisition cost, 31 Dec	483,795.39	559,167.66
Book value, 31 Dec	483,795.39	559,167.66
Tangible assets, total	2,860,543.74	2,439,794.83

15. HOLDINGS IN GROUP COMPANIES

EUR	2021	2020
Acquisition cost, 1 Jan	1,066,962,748.58	1,066,931,475.81
Increases	0.00	0.00
Transfers	8,409.40	31,272.77
Decreases	0.00	0.00
Acquisition cost, 31 Dec	1,066,971,157.98	1,066,962,748.58
Book value, 31 Dec	1,066,971,157.98	1,066,962,748.58

16. HOLDINGS IN ASSOCIATED COMPANIES

EUR	2021	2020
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	2021	2020
Acquisition cost, 1 Jan	989,245.89	1,090,081.63
Increases	0.00	19,656.46
Decreases	0.00	-120,492.20
Acquisition cost, 31 Dec	989,245.89	989,245.89
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	958,404.35
Investments, total	1,067,930,812.33	1,067,922,402.93

18. INVENTORIES

EUR	2021	2020
Land areas and land area companies	634,581.56	1,080,722.75
Other inventories	241,684.47	241,684.47
Book value, 31 Dec	876,266.03	1,322,407.22

19. NON-CURRENT RECEIVABLES

EUR	2021	2020
Receivables from Group companies		
Notes receivable	1,092,540,488.53	1,005,277,412.23
Total	1,092,540,488.53	1,005,277,412.23
Receivables from others		
Notes receivable	157,251.74	176,908.20
Prepaid expenses and accrued income	337,500.00	0.00
Total	494,751.74	176,908.20
Non-current receivables, total	1,093,035,240.27	1,005,454,320.43

20. CURRENT RECEIVABLES

EUR	2021	2020
Receivables from Group companies		
Other receivables	480,978,461.52	422,502,973.31
Prepaid expenses and accrued income	684,298.29	737,271.65
Total	481,662,759.81	423,240,244.96
Receivables from others		
Accounts receivable	181,301.10	314,151.96
Commercial paper	83,738.32	36,965,684.69
Prepaid expenses and accrued income	592,316.11	2,142,151.65
Total	857,355.53	39,421,988.30
Current receivables, total	482,520,115.34	462,662,233.26
Receivables total	1,575,555,355.61	1,468,116,553.69

EUR	2021	2020
Specification of prepaid expenses and accrued income		
Current tax receivables	0.00	1,336,165.79
Other	458,251.09	805,985.86
Total	458,251.09	2,142,151.65

21. SHAREHOLDERS' EQUITY

EUR	2021	2020
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	254,176,114.48	196,136,798.71
Dividend payment	-28,311,533.50	0.00
Retained earnings, 31 Dec	225,864,580.98	196,136,798.71
Profit for the period	69,378,448.57	58,039,315.77
Shareholders' equity total, 31 Dec	459,346,758.86	418,279,843.79

22. CALCULATION OF DISTRIBUTABLE FUNDS

EUR	2021	2020
Other funds	1,132,319.33	1,132,319.33
Invested unrestricted equity fund	114,845,717.02	114,845,717.02
Retained earnings	225,864,580.98	196,136,798.71
Profit for the period	69,378,448.57	58,039,315.77
Distributable funds, 31 Dec	411,221,065.90	370,154,150.83

23. SHARE CAPITAL AND SHARES

	2021	2020
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 166,000 of its own shares at the financial statement date.

24. LONG-TERM LIABILITIES

EUR	2021	2020
Loans from financial institutions		
Bonds*	1,074,000,000.00	1,099,000,000.00
Loans from financial institutions	784,166,666.70	751,666,666.69
Derivative liabilities	20,120,773.00	39,109,591.00
Total	1,878,287,439.70	1,889,776,257.69
Long-term liabilities, total	1,878,287,439.70	1,889,776,257.69

* More information on Group financial statements note 26.

Sensitivity analysis, interest rate risk

Profit and Loss 2021

EUR million	0,1%	-0,1%
Interest rate swaps	2.9	-2.9
Total	2.9	-2.9

Profit and Loss 2020

EUR million	0,1%	-0,1%
Interest rate swaps	3.1	-3.2
Total	3.1	-3.2

Hedge accounting is not applied on SATO Corporation level, therefore the sensitivity analysis is presented only on the Profit and Loss.

Loans maturing in more than five years	480,000,000.00	660,000,000.00
---	-----------------------	-----------------------

Derivatives

EUR	2021	2020
Nominal values of derivative instruments		
Interest rate swaps, liabilities	510,872,500.00	554,978,388.00
Net	510,872,500.00	554,978,388.00

EUR	2021	2020
Fair values of derivative instruments		
Interest rate swaps		
Positive	0.00	0.00
Negative	-21,324,447.00	-39,392,207.00
Net	-21,324,447.00	-39,392,207.00

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 is kept above 60%. Treasury 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 4,264,889.40 31.12.2021 and EUR 7,878,441.40 31.12.2020.

25. CURRENT LIABILITIES

EUR	2021	2020
Loans to Group companies		
Accounts payable	407,124.30	407,124.30
Other liabilities	225,269,086.05	271,350,975.40
Accrued expenses and prepaid income to 100% owned housing companies	111,056.46	30,648.78
Total	225,787,266.81	271,788,748.48
EUR	2021	2020
Loans to others*		
Loans from financial institutions	47,499,358.72	30,483,240.33
Bonds	25,000,000.00	150,000,000.00
Advances received	25,716.11	67,518.12
Accounts payable	644,877.87	1,716,587.14
Other liabilities	1,030,599.18	47,073.73
Accrued expenses and prepaid income	18,743,605.98	16,952,729.08
Total	92,944,157.86	199,267,148.40
Current liabilities, total	318,731,424.67	471,055,896.88
Liabilities, total	2,197,018,864.37	2,360,832,154.57

* Short-term liabilities include derivative liabilities EUR 1.2 million (0.3).

For purposes of short-term financing, SATO has a commercial paper programme of EUR 400.0 million (400.0), of which EUR 395.0 million (394.5) were unused, committed credit limits of EUR 350.0 million (600.0), of which EUR 350.0 million (600.0) were unused, and a noncommitted current overdraft limit of EUR 5.0 million (5.0), of which EUR 5.0 million (5.0) were unused.

EUR	2021	2020
Specification of accrued expenses and prepaid income		
Wages and salaries including employee benefits	800,461.24	745,817.21
Interest payable	15,609,893.21	15,559,361.27
Others	976,887.16	678,199.38
Current tax liabilities	1,467,420.83	0.00
Total	18,854,662.44	16,983,377.86

26. COLLATERALS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR	2021	2020
Guarantees		
Guarantees for debts and derivatives of Group companies	55,266,157.00	140,582,746.54
Bank guarantees for Group companies	5,490,071.12	11,248,154.01
Total	60,756,228.12	151,830,900.55
EUR	2021	2020
Other commitments		
Lease agreements for office premises, amounts due (incl. VAT)		
Within one year	1,291,050.36	1,283,269.25
Later than one year but within five years	4,025,513.57	4,102,039.54
Over five years	1,060,899.58	1,859,500.33
Utilities and other commitments	235,000.00	512,752.10
Pledges and contingent liabilities, total	6,612,463.51	7,757,561.22

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%, a solvency ratio maximum of 65%, a secured solvency ratio maximum 45% and interest coverage ratio of at least 1.8. At the reporting date, the ratio of unencumbered assets was 87.5% (84.1), the solvency ratio was 42.5% (43.8), the secured solvency ratio was 7.2% (8.2) and the interest coverage ratio was 4.1 (4.0).

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

Helsinki, 10 February 2022

Erik Selin

Esa Lager

Tarja Pääkkönen

Sharam Rahi

Johannus (Hans) Spikker

Timo Stenius

Antti Aarnio
CEO

The Auditors' Note

Our report on the conducted audit has been issued today.

Helsinki, 10 February 2022

Deloitte Oy
Authorised Public Accountants

Aleksi Martamo
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 2021. 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 2021 include investment properties amounting to EUR 5,032.8 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 21.3 million and EUR 21.3, 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 four 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.

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 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, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 10 February 2022

Deloitte Oy
Audit Firm

Aleksi Martamo
Authorised Public Accountant (KHT)

FIVE YEAR INDICATORS

Key financial indicators	2021	2020	2019	2018*	2017*
Net sales, EUR million	298.3	303.4	295.6	290.4	280.1
Net rental income, EUR million	210.6	220.3	207.1	198.5	188.4
Operating profit, EUR million	304.5	179.6	725.6	273.3	230.1
Net financing expenses, EUR million	-45.1	-50.0	-55.1	-42.5	-45.8
Profit before taxes, EUR million	259.4	129.5	670.5	230.8	184.4
Balance sheet total, EUR million	5,091.4	5,104.7	4,718.2	3,922.4	3,693.1
Shareholders' equity, EUR million	2,351.3	2,155.7	2,055.8	1,554.5	1,397.6
Interest bearing liabilities, EUR million	2,169.5	2,381.5	2,098.4	1,982.2	1,931.7
Return on invested capital, % (ROIC)	6.7%	4.1%	18.9%	7.9%	7.1%
Return on equity, % (ROE)	9.1%	4.8%	29.6%	12.4%	11.0%
Equity ratio, %	46.2%	42.2%	43.6%	39.6%	37.8%
Personnel, average**	276	229	223	215	206
Personnel at the end of period	313	242	229	218	212
Key indicators per share					
Earnings per share, EUR	3.64	1.80	9.45	3.26	2.55
Equity per share, EUR***	41.53	38.07	36.31	27.46	24.68
Number of shares outstanding, million pcs	56.6	56.6	56.6	56.6	56.6
Operational key figures and net asset value					
Operational earnings, EUR million	101.6	109.0	91.4	98.7	82.8
Operational earnings per share, EUR	1.79	1.92	1.61	1.74	1.46
Net asset value, EUR million	2,779.3	2,577.2	2,477.7	1,855.7	1,678.7
Net asset value per share, EUR	49.09	45.52	43.76	32.77	29.65
Cash earnings, EUR million	107.9	132.1	91.2	97.9	92.4
Cash earnings per share, EUR	1.91	2.33	1.61	1.73	1.63

* 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.

FORMULAS USED IN CALCULATION

Net rental income, EUR	Net Sales – Property maintenance expenses	
Return on investment, %	$= \frac{\text{Operating profit}}{\text{Balance sheet total, average during the period} - \text{non-interest-bearing debt, average during the period}}$	x 100
Return on equity, %	$= \frac{\text{Profit for the period}}{\text{Shareholders' equity (average during the period)}}$	x 100
Equity ratio, %	$= \frac{\text{Shareholders' equity}}{\text{Balance sheet total}}$	x 100
Earnings per share, EUR	$= \frac{\text{Profit for the period attributable to owners of the parent}}{\text{Number of shares, Basic, average during the period}}$	
Equity per share, EUR	$= \frac{\text{Shareholders' equity attributable to owners of the parent}}{\text{Number of shares, Basic, at the end of the reporting period}}$	
Operational earnings, EUR	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, EUR	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, EUR	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 24 March 2022 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 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 2022. SATO Corporation's financial statements, report of the Board of Directors and the auditor's report will be available on the website www.sato.fi no later than on 17 March 2022. 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 7 April 2022 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 possibly given by the authorities valid on the date of the meeting. SATO Corporation will update the instructions regarding the Annual General Meeting if needed. The shareholders can attend the general meeting also with remote connection. 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 Castrén & Snellman Attorneys Ltd's associate Oskari Jokinen (or his order) as a proxy representative in the meeting. The link for the remote connection 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 11 March 2022 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 announce-

ment 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 14 March 2022 (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, 21 March 2022 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 14 March 2022 (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, 21 March 2022 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 Castrén & Snellman Attorneys Ltd's associate Oskari Jokinen (or his order) to represent the shareholder at the meeting.

Original 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

- Interim report January–March 12 May 2022
- Half year financial report January–June 15 July 2022
- Interim report January–September 28 October 2022

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 2021

Shareholder	Number of shares	Holdings, %
BALDER FINSKA OTAS AB (Fastighets AB Balder, 100%)	31,754,245	55.9
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
ERKKA VALKILA	385,000	0.7
HENGITYSSAIRAUKSIEN TUTKIMUSSÄÄTIÖ	227,000	0.4
SATO CORPORATION	166,000	0.3
TUULA ENTELÄ	159,000	0.3
ERKKI HEINONEN	156,684	0.3
TRADEKA INVEST LTD	126,500	0.2
OTHER SHAREHOLDERS	967,710	1.7

On 31 December 2021, the Group had 126 shareholders entered in the book-entry register. The turnover of SATO Corporation's shares was 0.25% 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 2021, the company's share capital was EUR 4,442,192.00. 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.

GOVERNANCE

SATO's most important guidelines and principles include its Code of Conduct, values, sustainability programme and guidelines for combating the grey economy, its partners' ethical guidelines, as well as its procurement, financing, risk management and disclosure policies and its HR management principles.



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 operational 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.

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

The purpose of risk management is to advance the fulfilment of SATO's strategic and business objectives.



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
Market risk	A risk that the production of new housing increases supply to the extent that it exceeds demand. This leads to rental housing vacancies and pressure to even out or lower the rent level especially for the old housing portfolio.	<ul style="list-style-type: none"> • Close monitoring of the city planning development and construction projects of different areas • Paying special attention to the microlocation of new investments • Implementing repairs of the existing housing portfolio in accordance with the repair plans • Targeted marketing measures
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 SATO's service model • 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
Changes in business operations and IT infrastructure cannot be implemented	A risk that SATO does not have the necessary know-how for implementing and managing strategic changes and that SATO's legacy system is not renewed in a controlled manner or as agreed, which prevents SATO from reaching its strategic goals. The risk also involves the organisation's ability to adopt and implement changes required by the strategic goals.	<ul style="list-style-type: none"> • Systematic monitoring of change projects • Active and open internal communications about the implementation of change projects and their advancement • Thorough testing of new systems before roll-out • Sufficient training of employees on new operating models and systems
Personnel risk	A risk that human resources are not managed efficiently or that SATO is unable to recruit, train and retain personnel with the right kind of experience and competence. A risk that competence is concentrated and the related key personnel risk.	<ul style="list-style-type: none"> • Reinforcing SATO's management culture and practices • Reinforcing SATO's brand • Internal 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

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. We report climate-related risks and opportunities in line with the TCFD framework.

SATO's most important guidelines and principles include its Code of Conduct, values, sustainability programme and guidelines for combating the grey economy, its partners' ethical guidelines, 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 in sustainability report.


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 executes the Board's decisions. SATO's organisational units have their own management teams, which are responsible for the preparation and execution of matters.

SATO's Board of Directors makes strategic policies and decisions concerning sustainability, and approves the sustainability programme and

the annual Sustainability Report. In all investment decisions, the Board of Directors also takes into consideration sustainability criteria as part of decision making. SATO's CEO is responsible for executing the Board of Director's policies and, with the assistance of the Corporate Management Group, monitors the implementation of sustainability as part of business in line with the Board of Directors' decisions. The Group's Chief Financial Officer is responsible for sustainability issues in the Corporate Management Group.

Sustainability work is planned, monitored and developed by the sustainability steering group, which meets four to six times a year. SATO's corporate responsibility advisor coordinates the steering group. 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 reporting on the progress of the sustainability targets four times a year to the Group's Corporate Management Group. Additionally, it is responsible for sustainability communications within SATO in cooperation with the communications department, and for preparing proposals concerning sustainability matters for the Corporate Management Group. Practical measures and development goals related to sustainability are included in the action plan of each of SATO's units. The heads of the units and supervisors monitor the plans together with the sustainability steering group.



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.

CORPORATE GOVERNANCE STATEMENT 2021

INTRODUCTION

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 SATO to have 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 25 March 2021. A total of six shareholders attended the meeting, representing 35.34% of the Company's shares and votes. The minutes of the annual general meeting can be found on the Company's website www.sato.fi.

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 www.sato.fi.

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 2021, State Pension Fund, has not used its nomination right so the nomination right has transferred to the fifth largest shareholder, Mr. Erkkä Valkila.

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 2021: 31,127,445 shares, 54.8%)

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 2021: 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 2021: 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

Erkka Valkila (holdings on 1 October 2021: 385,000 shares, 0.7%)
Engineer, born 1953

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 25 March 2021 elected six members to the Board of Directors of which Sharam Rahi was elected as a new member. The other elected members also acted as members of the Board prior to the annual general meeting. Jukka Hienonen's, M.Sc. (Econ) task as member of the Board of Directors expired at the annual general meeting 25 March 2021. The shareholdings of the members of the Board are presented as on 31 December 2021.

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 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

Sharam Rahi

b. 1975, deputy CEO, Fastighets AB Balder Swedish citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

Johannus (Hans) Spikker, Economic Geography, University of Amsterdam

b. 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, professional board member Finnish citizen

- no shareholdings in SATO Group companies
- in controlled corporations no shareholdings in SATO Group companies

The Board of Directors elected Esa Lager as its Deputy Chair.

Members of the Board of Directors except Sharam Rahi are independent of the Company. Esa Lager and Tarja Pääkkönen are also independent of the significant shareholders. Sharam Rahi, Erik Selin, Johannus (Hans) Spikker and Timo Stenius are dependent 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 2021, the Board of Directors convened on 11 meetings. An average of 89.4% 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

10/11, Jukka Hienonen 2/2, Esa Lager 11/11, Tarja Pääkkönen 10/11, Sharam Rahi 7/9, Johannus (Hans) Spikker 8/11 and Timo Stenius 11/11.

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 www.sato.fi. 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 Finnish Limited Liability Companies Act, the Board of Directors decides on matters which, considering 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 i.a. 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 and financial targets
- 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 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 have 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 54 to 65. 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 appoints annually the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises three to five members elected by the Board of Directors, one of whom serves as Chair.

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 Company's website www.sato.fi.

Serving on the Nomination and Remuneration Committee in 2021 were Chair Erik Selin and members Jukka Hienonen (until 25 March 2021), Tarja Pääkkönen and Johannus (Hans) Spikker (as of 25 March 2021). 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.

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 2021.

31 December 2021 the Corporate Management Group consisted of

Antti Aarnio, President and CEO, Chair of the Management Group, 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

The Corporate Management Group convened weekly, a total of 43 times. In addition, Commercial Director; VP, Investments; VP, General Counsel; VP, Human Resources and Chief Digital Officer (CDO) have attended the meetings of the Corporate Management Group. The focus areas of the Corporate Management Group

continued to be in year 2021 the matters related to the Corona virus 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.

SATO's Board of Directors has nominated on 9 December 2021 the following persons as new members of the Corporate Management Group as of 1 January 2022:

- engineer Arto Aalto, EVP, Investments;
- MBA Janne Ojalehto, Commercial Director; and
- Master of Arts Elina Vaurasalo, EVP, Housing 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. Monitoring and controlling risks related to development projects of data systems and software have been subject to special consideration during 2021.

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 and policies 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/her sphere of responsibility.

The content of the financial 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. 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.

The Group's treasury policy, confirmed by SATO's Board of Directors, is observed in the management of financial risks. SATO's IT management, in co-operation with the business units, follows the implementation of data security in the organization in accordance with the cybersecurity governance model. Data security in SATO is risk based and it is supervised by a steering group. The use of data systems is supervised i.a. by data security audits.

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 two 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 when making decision 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 2021 was Deloitte Oy with Eero Lumme, M.Sc. (Econ.), APA as the auditor in charge during the period 1–5/2021 and Aleksi Martamo, APA during the period 6–12/2021. The audit examines the accounts, financial statements and administration of the Company and group.

In 2021, the auditor Deloitte Oy was paid auditing fees of EUR 239,855.94, fees for other assignments related to auditing EUR 10,448.80 and for other services EUR 2,121.60 (including all companies belonging to the same group or chain).

REMUNERATION STATEMENT 2021

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 25 March 2021 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 2022:

- 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 2021

The following fees were paid to members of SATO's Board of Directors during the financial period of 1 January–31 December 2021:

Erik Selin, chairman of the Board of Directors	EUR 43,000
Jukka Hienonen, deputy chairman of the Board of Directors (until 25 March 2021)	EUR 9,028
Esa Lager, deputy chairman of the Board of Directors (as of 25 March 2021)	EUR 26,222
Tarja Pääkkönen	EUR 25,500
Sharam Rahi (member of the Board of Directors as of 25 March 2021)	EUR 15,450
Johannus (Hans) Spikker	EUR 23,500
Timo Stenius	EUR 23,500

A total of EUR 166,500 was paid in fees to members of the Board of Directors in 2021. 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. In case SATO terminates the service contract 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 2021 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 bonus scheme for year includes group level targets (60%) and individual targets (40%). The prerequisite for the payment of the bonus is that the threshold of all group level targets is achieved.

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 IN 2021

The President and CEO Antti Aarnio received EUR 329,588 in salary, of which monetary salary accounted for EUR 320,053 and fringe benefits made up EUR 9,635. As bonus payment EUR 54,676 was paid to him.

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, Deputy Chairman of the Board 2014–2015, Chairman of the Board 2015–2016, 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
Stockmann Oyj: member of the Board of Directors
GRK Infra Oy: member 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 until 7th Sep 2021
Andiata Oy: Chairman of the Board of Directors

**SHARAM RAHI**

born 1973, Board member since 2021
Non-independent of the company or its main shareholders

Primary working experience

Fastighets AB Balder, vice President since 2005

Main positions of trust

Member of the Board for several Balder companies,
AMA Group I Borås A: member of the 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 Oy and Polar Kiinteistöt Oy, 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

S-Pankin Kiinteistöt Oy: Member 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
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: Member of the Board

Shareholding in SATO

–



ARTO AALTO

Executive Vice President, Investments
born 1966, B.Eng
has worked for SATO since 2002

Primary working experience

SATO Corporation: Executive Vice President, Investments 2020–, Director, investments, planning and projects 2018–2020, Director, investments and projects 2016–2018, Regional Director Oulu and Jyväskylä 2015–2016, Regional Director Oulu 2009–2015, Construction Manager 2005–2009, Construction Engineer 2002–2005
HMR Oy: Project Director, St.Petersburg 1998–2002

Main positions of trust

Member of the Board for several SATO Group companies
Rakli: Member of the Urban Development and Infrastructure Management Team

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

–

**JANNE OJALEHTO**

Chief Commercial Officer
born 1982, MBA
has worked for SATO since 2018

Primary working experience

SATO Oyj, Vice President Commercial 2020–, Director, Sales and Customer Services 2020, Sales Director 2018–2020. Restel Oy: Vice President Sales 2015–2018. Restel Oy: Different management positions in operations and sales 2006–2018

Main positions of trust

–

Shareholding in SATO

–

**ELINA VAURASALO**

Executive Vice President, Housing Business
born 1974, M.Sc.
has worked for SATO since 2017

Primary working experience

SATO Corporation: Executive Vice President, Rental Housing Business 2021–, Service Director, Rental Housing Business, 2017–2021
S-Group: Development Manager, Customer experience & analytics, 2012–2017
Kiipula Vocational Centre: Head of Business Unit, Business & administration, 2009–2012
Managing Director / Entrepreneur, Retail & import business, 2006–2009
Kesko Corporation: Development Manager; Customer experience & analytics, 2002–2006
PwC Consulting, Management Consultant, Customer management & analytics, 2001–2002

Main positions of trust

Member of the Board for several SATO Group companies
Rakli: Member of the Housing Management Team

Shareholding in SATO

–

sato

asiakaspalvelu@sato.fi
tel. +358 20 334 443
sato.fi/en

