

*25<sup>th</sup> March 2021*

# SATO CORPORATION ANNUAL GENERAL MEETING

sato



## *Items 1-5 on the AGM agenda*

1. Opening of the meeting
2. Calling the meeting to order
3. Election of examiner of the minutes and a person to supervise the counting of votes
4. Recording the legality of the meeting
5. Recording of the participants and adoption of the list of votes



## *Item 6 on the AGM agenda*

6. Presentation of the financial statements, report of the Board of Directors and auditor's report for the year 2020
  - Presentation of the CEO's review:
    - SATO in brief
    - Strategy, vision, mission
    - SATO's year 2020

# SATO IN BRIEF

- Number of SATOhomes **26,800**
- Number of personnel **242**
- Net sales **€303.4 million**
- Investments **€120.6 million**
- Fair value of investment properties **€4.8 billion**
- Operating area
  - **Helsinki Metropolitan Area**, Tampere, Turku, Jyväskylä, Oulu in Finland
  - St. Petersburg in Russia



*Megatrends*

GLOBALISATION / DIGITALISATION / SUSTAINABILITY

CITIES CHANGE

PEOPLE CHANGE

HOUSING MUST CHANGE TOO

*Vision*

IN THRIVING  
CITIES  
PEOPLE ENJOY  
A HIGH LEVEL OF  
WELL-BEING

*Mission*

WE WILL  
REVOLUTIONISE  
HOUSING –  
IT IS MORE THAN  
JUST WALLS

*Strategic development programs*

CUSTOMER FIRST / DIGITAL DEVELOPMENT / DIVERSIFIED HOUSING SOLUTIONS

*Values*

BE BOLD, AIM HIGH / HUMAN TO HUMAN  
/ JOY OF SUCCEEDING TOGETHER



*A YEAR OF POSITIVE REFORMS*

# SATO'S YEAR 2020

**sato**

*SATOhome is more than walls.*



*#homepositivity*

# SUCCESSSES

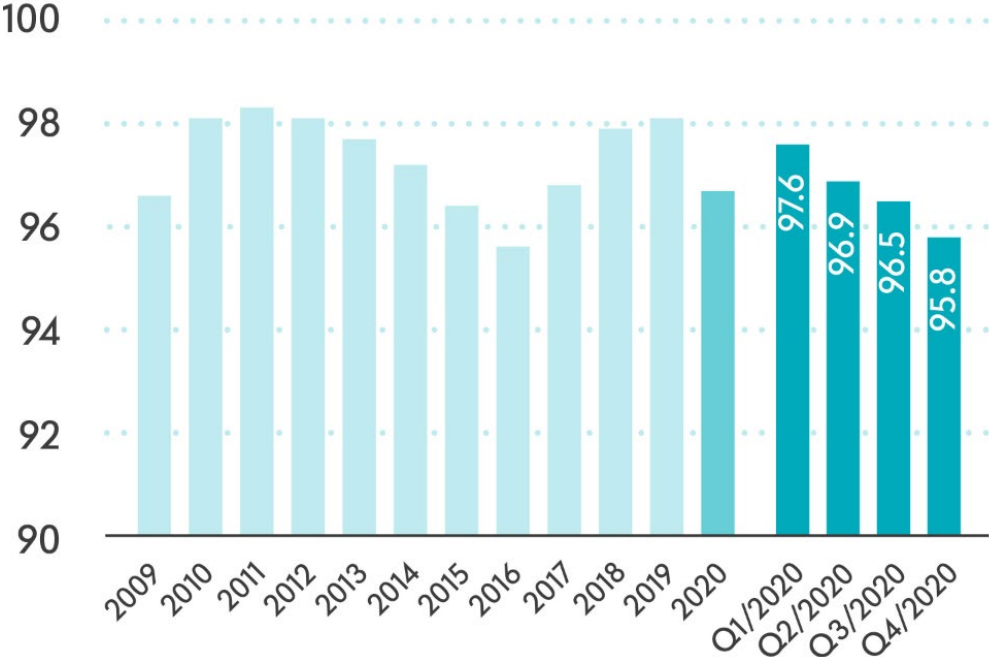
- The savings measures launched regarding the pandemic were reflected in the favourable development of net rental income.
- We recruited new employees and did not have to temporarily lay off personnel due to the pandemic.
- In spring, we launched SATO's Green Finance Framework, followed by our first green bond issued in the fall.
- In 2020, we initiated city planning projects and signed preliminary agreements and letters of intent subject to zoning conditions covering altogether close to 65,000 floor square metres, and we reinforced our housing portfolio with investments valued at EUR 120.6 million.

**sato**

*Lower occupancy rate attributed to the pandemic and the increased competition.*

# OCCUPANCY RATE

FINANCIAL OCCUPANCY RATE OF RENTAL HOUSING, %

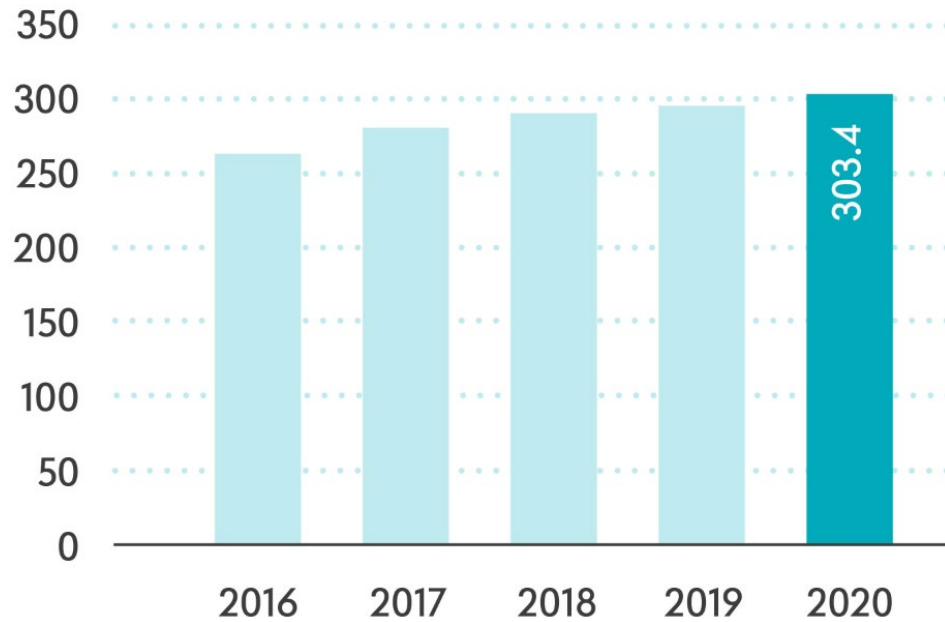




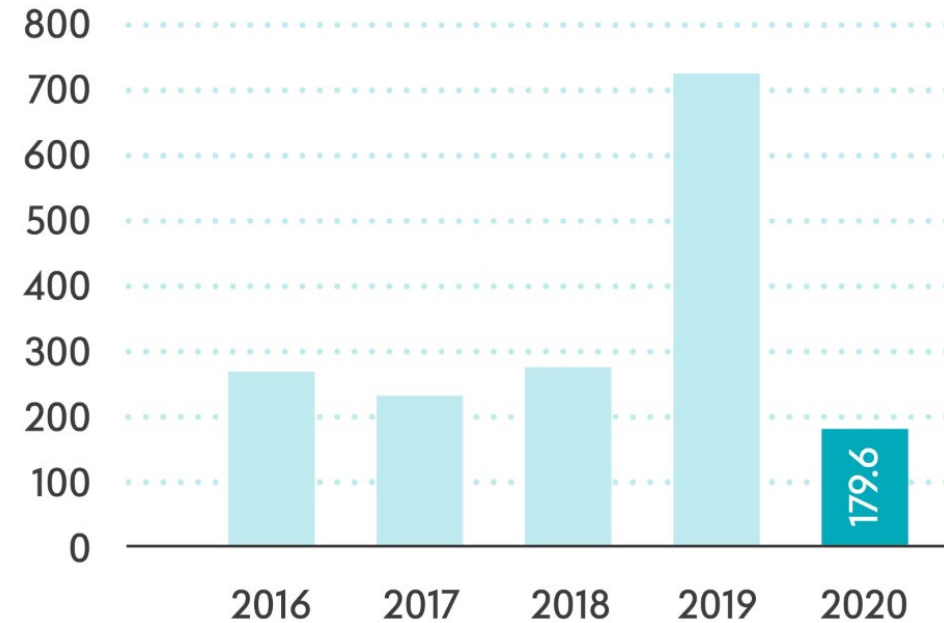
*Steady increase of the net sales.*

# NET SALES AND OPERATING PROFIT

NET SALES, MEUR



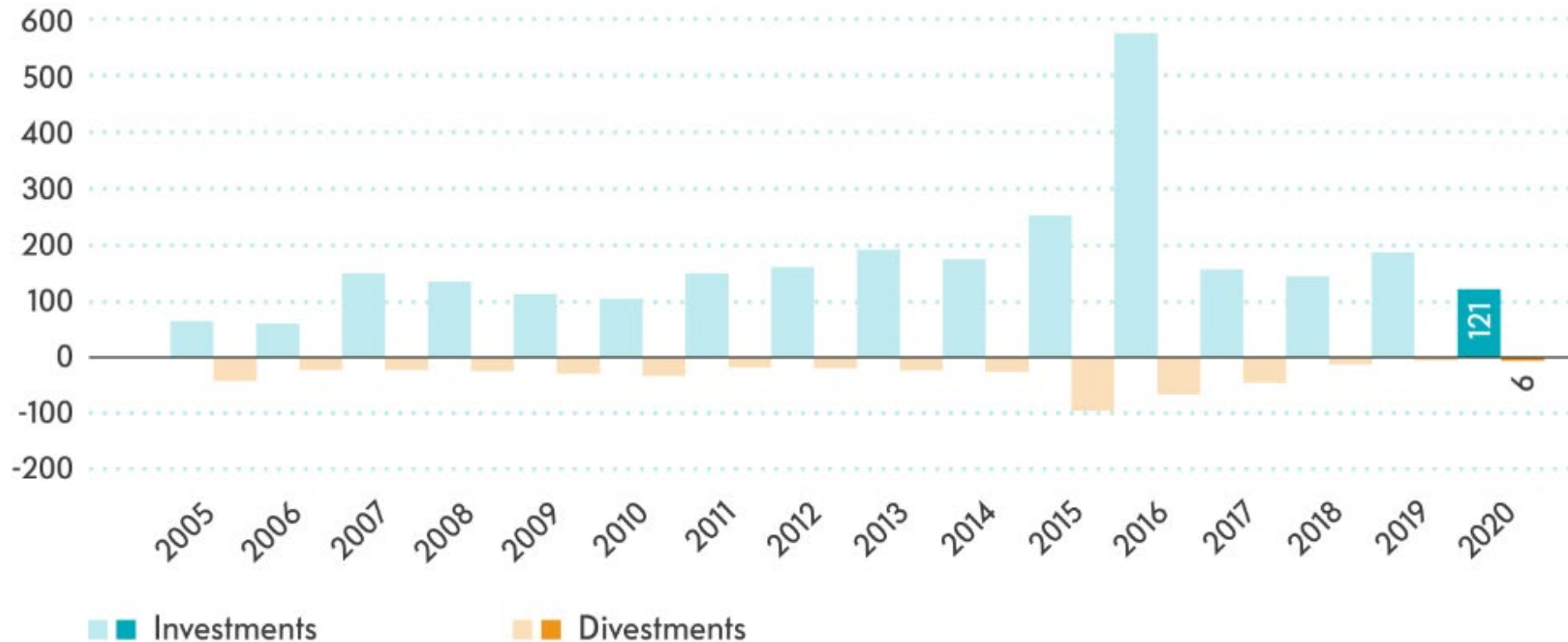
OPERATING PROFIT, MEUR



*Increasing and modernising our apartment range.*

# DEVELOPMENT OF HOUSING ASSETS

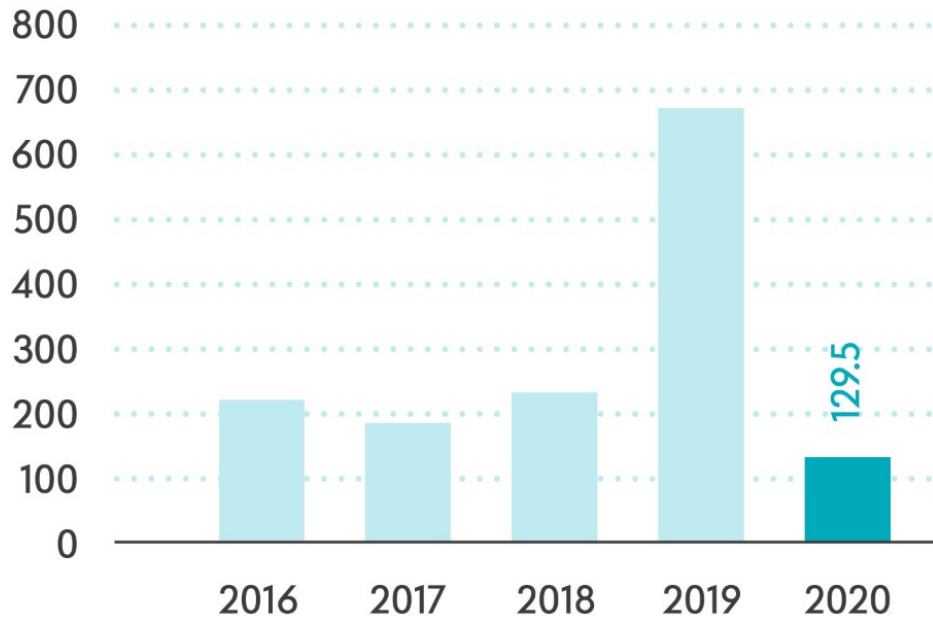
HOUSING INVESTMENTS AND DIVESTMENTS, MEUR



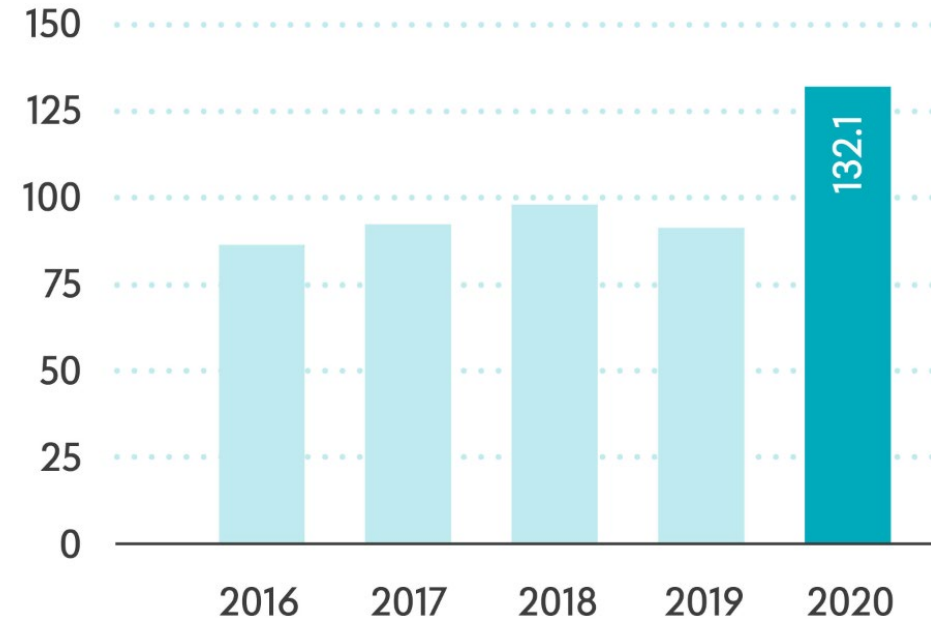
*Strong operational cash flow.*

# PROFIT AND CASH EARNINGS

PROFIT BEFORE TAXES, MEUR



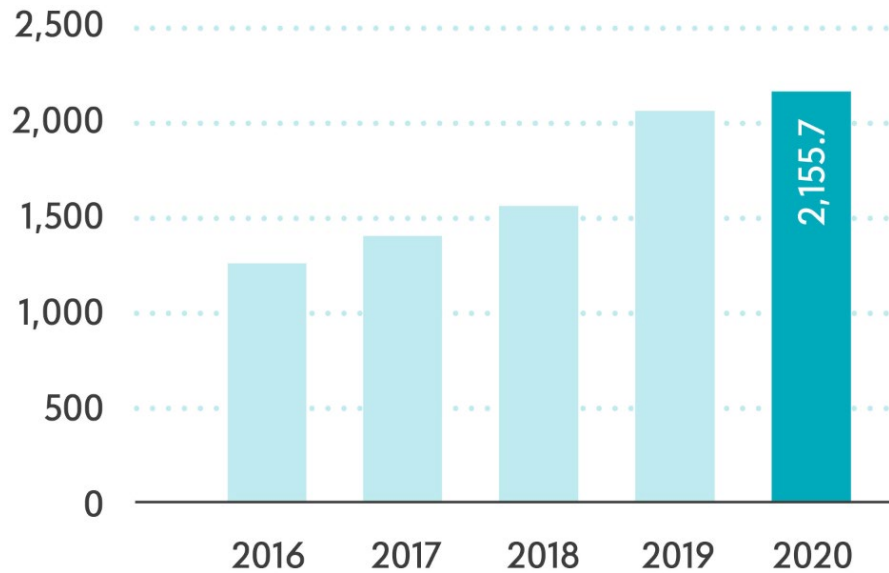
CASH EARNINGS (CE), MEUR



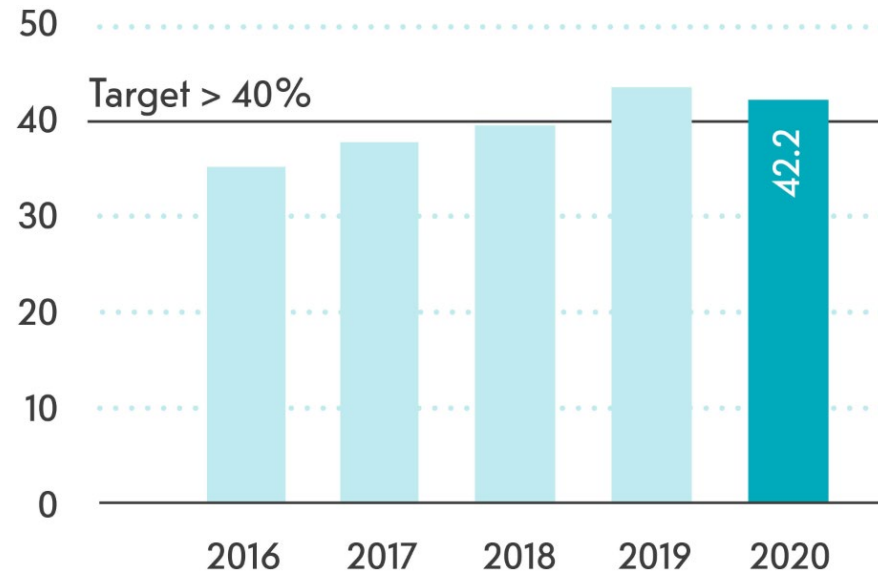
*Enables growth.*

# STRONG EQUITY RATIO

SHAREHOLDERS' EQUITY, MEUR



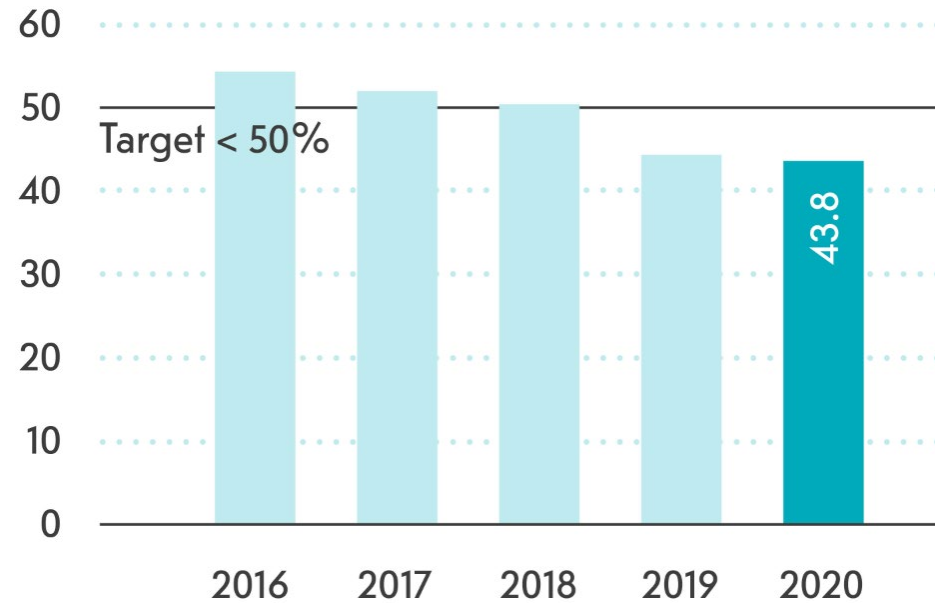
EQUITY RATIO, %



*Outcome of persistent work and good result.*

# SOLVENCY RATIO STRENGTHENED

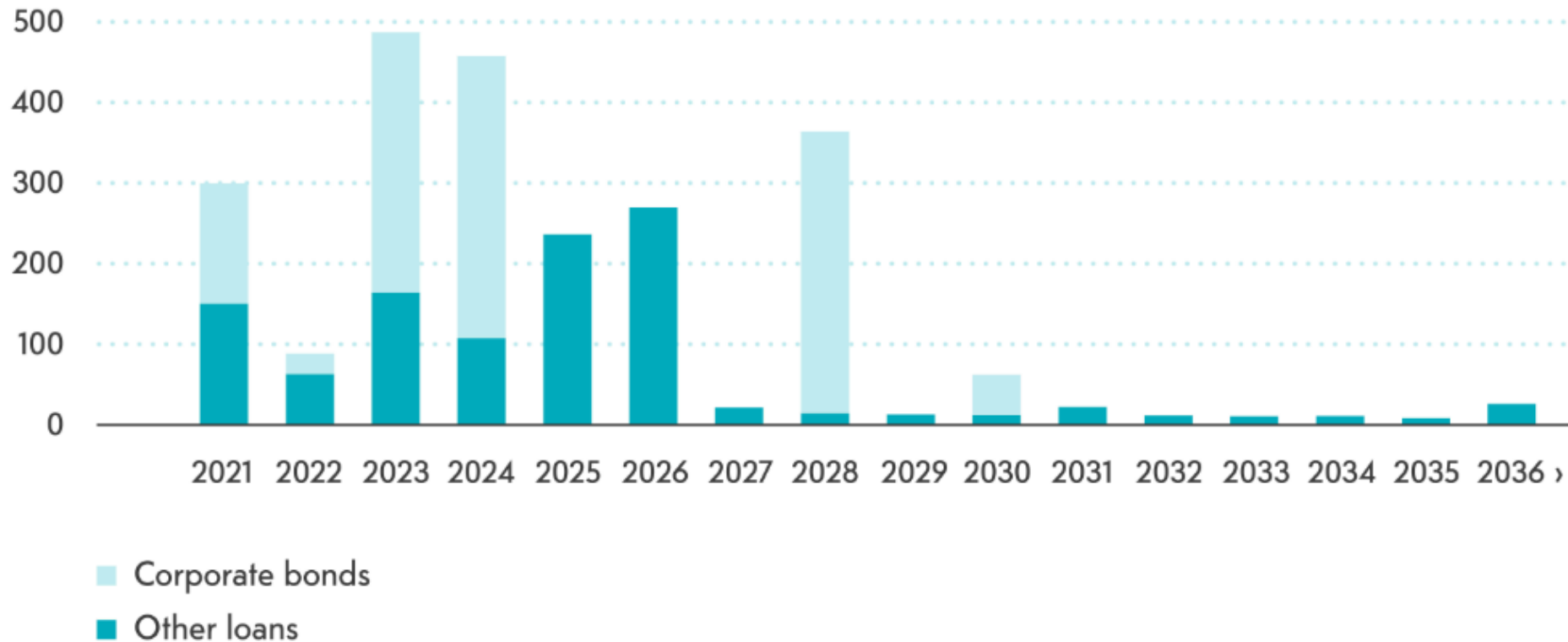
SOLVENCY RATIO, %



*Shifting towards financing structure free of real securities.*

# BROAD FINANCING BASE

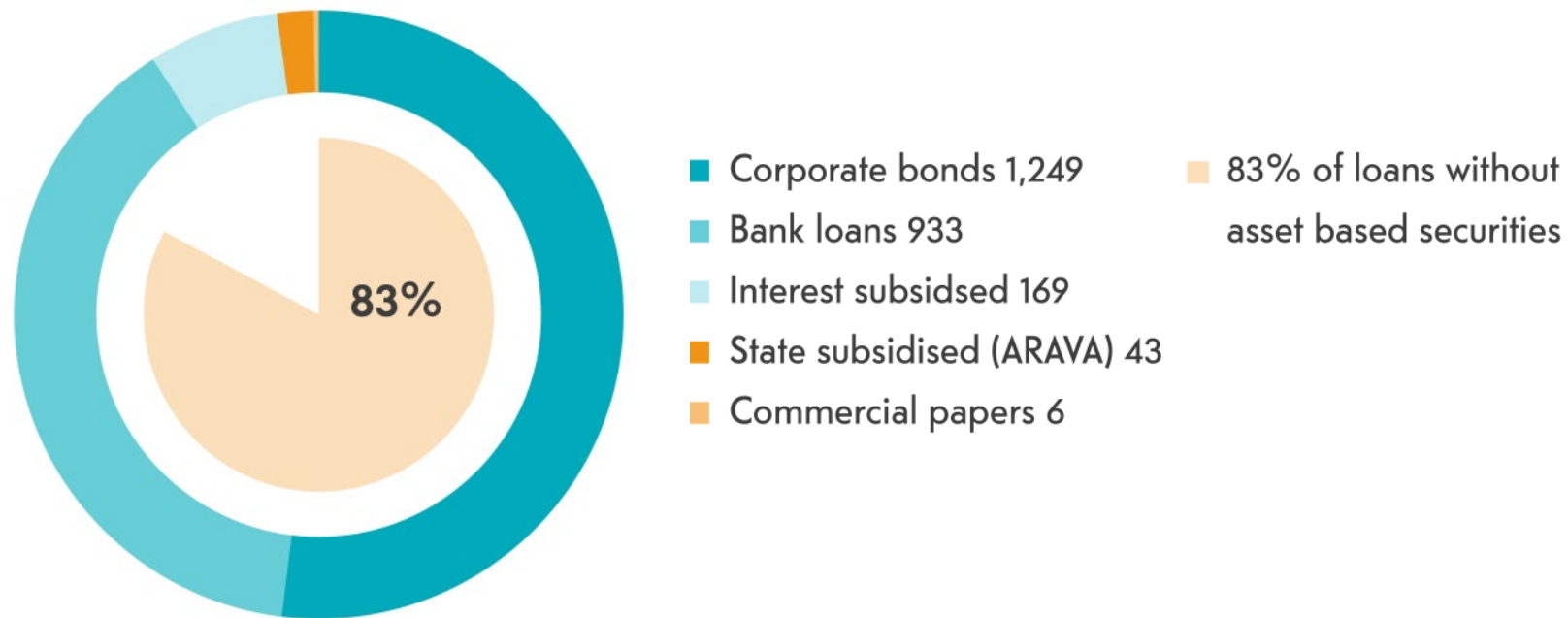
MATURITY PROFILE OF LONG TERM DEBT, MEUR



*Interest bearing debt EUR 2,398 million.*

# BROAD FINANCING BASE

DEBT PORTFOLIO, nominal values 31 Dec 2020  
TOTAL MEUR 2,398



sato

# SUMMARY 1 JAN-31 DEC

- The economic occupancy rate declined in Finland and was 96.7 (98.1)%.
- Net sales stood at €303.4 (295.6) million.
- Net rental income amounted to €220.3 (207.1) million.
- Profit before taxes decreased and was €129.5 (670.5) million.
- The change in the fair value of investment properties included in the result was €-13.0 (552.2) million.
- Housing investments amounted to €120.6 (185.9) million.
- Invested capital was €4 537.2 (4,154.2) million.
- Return on invested capital was 4.1 (18.9) per cent.
- Earnings per share were €1.80 (9.45).
- The Board of Directors proposes to the Annual General Meeting that €0.50 (0.00) per share is paid in dividends.





# MAIN SHAREHOLDERS

Balder Finska Otas AB (Fastighets AB Balder)	55.8 %
Stichting Depository APG Strategic Real Estate Pool	22.6 %
Elo Mutual Pension Insurance Company	12.7 %
The State Pension Fund	4.9 %
Valkila Erkkä	0.7 %
Hengityssairauksien tutkimussäätiö	0.4 %
SATO Oyj	0.3 %
Entelä Tuula	0.3 %
Heinonen Erkki	0.3 %
Tradeka-sijoitus Oy	0.2 %
Others (110 shareholders)	1.8 %

On 31 December 2020, SATO had 56,783,067 shares and 120 shareholders registered in the book-entry system. The share turnover rate was 1.88 per cent for the period 1 January–31 December 2020.





## *Continued item 6 on the AGM agenda*

6. Presentation of the financial statements, report of the Board of Directors and auditor's report for the year 2020
  - Auditor's report/Auditor's opinion



## *Items 7 and 8 on the AGM agenda*

7. Adoption of the financial statements
8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend
  - On February 10, 2021, Sato Corporation's Board of Directors decided to propose to the Annual General Meeting that a dividend of EUR 0.50 (0.50) per share be distributed
  - The record date for dividend distribution is proposed to be 29 March 2021
  - The dividend is proposed to be paid on 7 April 2021.



## *Items 9 and 10 on the AGM agenda*

9. Resolution on discharge of members of the Board of Directors and CEO from liability
10. Resolution on the remuneration to the members of the Board of Directors
  - Shareholders' Nomination Committee proposes that the remunerations will remain unchanged and that the Chair of the Board will be paid EUR 36,000 per term, the Deputy Chair of the Board EUR 22,000 per term and Board Members EUR 18,000 per term. In addition, the Board and Committee Chairs and Members will be paid EUR 500 for each meeting.



## *Items 11 and 12 on the AGM agenda*

### 11. Resolution on the number of members of the Board of Directors

- Shareholders' Nomination Committee proposes that the number of the members of the Board be confirmed as six.

### 12. Election of the members of the Board of Directors

- Shareholders' Nomination Committee proposes that members of the Board of Directors **Esa Lager, Tarja Pääkkönen, Erik Selin, Johannus (Hans) Spikker and Timo Stenius** be re-elected as members of the Board of Directors for the term expiring at the end of the Annual General Meeting following the election. In addition, the Shareholders' Nomination Committee proposes that **Sharam Rahi** be elected as new member of the Board of Directors.
- Member of the Board of Directors Jukka Hienonen has informed that he is no longer available for re-election.

*SATO Corporation*

# PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS



# PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS



ERIK SELIN

born 1967, Business school economist, 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:

Brinova Fastigheter AB: Chairman of the Board of Directors  
K-Fast Holding AB: Chairman of the Board of Directors  
Skandrenting AB: Vice chairman of the Board of Directors  
Collector Bank AB: Member of the Board of Directors  
Ehrnström & Co: Member of the Board of Directors  
Hedin Bil AB: Member of the Board of Directors  
Hexatronic Group AB: Member of the Board of Directors  
Västsvenska Handelskammaren: 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

# PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS



TARJA PÄÄKKÖNEN

born 1962, Ph.D (Corp.Strategies), M.Sc. (Const. & Architecture), Executive Partner, Boardman Ltd, Board member since 2013 independent of the company and its main shareholders

**Primary working experience:**

Boardman Ltd: Executive Partner 2010 - and Chairman of Brand Compass Group 2012–2019, 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, YLVA - Helsinki University Group: member of the Board of Directors, GRK Infra Oy: member of the Board of Directors, Qentinel Oy: 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, 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:**

–





# PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS



TIMO STENIUS

born 1956, M.Sc. (Constr. Eng.), Board member since 2015  
Independent of the company, non-independent of the main shareholders

#### Primary working experience:

Worked as a director responsible for Elo Mutual Pension Insurance Company's real estate investments as well as all unlisted investments 2014-2020. Since 1990, he has been a member of the Board of property investment and development in a listed company Polar Yhtymä Oyj and Polar Kiinteistöt Oyj, and since 2001, as the director responsible for a pension insurance company Eläke-Fennia's property investments, corporate financing and non-listed equity investments. In addition, in 1982-1988 he was involved in project export tasks targeted at the Soviet Union in Finn-Stroi Oy.

#### Main positions of trust:

S-Pankki 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



SHARAM RAHI

born 1973, proposed as new member of the Board of Directors  
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





## *Items 13-15 on the AGM agenda*

13. Election of the Chairman of the Board of Directors
  - Shareholders' Nomination Committee proposes that **Erik Selin** be elected as the Chairman of the Board of Directors.
14. Resolution on the remuneration of the auditor
  - The Board of Directors proposes that the auditor's fee be paid as invoiced reasonably and approved.
15. Election of auditor
  - The Board of Directors proposes that the audit firm Deloitte Oy be elected as the auditor. If Deloitte Oy will be elected as auditor, the audit company has informed that APA **Eero Lumme** will serve as the auditor with principal responsibility.



## *Item 16 on the AGM agenda*

### **16. Resolution on the forfeiture of shares in the joint account and the rights carried by the shares**

As of the entry of SATO Corporation's shares into the book-entry system on 2 February 2003, a total of 6,000 shares have been held in the company's joint account, as the registration of the shares in the personal book-entry account has not been requested by the owner of such shares.

The Board of Directors proposes that the Annual General Meeting resolve that the right to shares in SATO Corporation and to the rights such shares carry be forfeited with respect to all shares regarding which a request for registration to a book-entry account and, also the share certificate or other reliable evidence of title, has not been presented to SATO Corporation by 13.00 on 25 March 2021 at the latest. To the extent the share certificate or other corresponding document has been lost, the request for registration must be made at the latest on the aforementioned date and the ruling on the cancellation of the share certificate or other corresponding document must be presented to SATO Corporation at the latest on 31 December 2021. No such requirements or documents has been presented to SATO corporation by 25 March 2021 by 13.00.

The Board of Directors proposes that the shares that are subject to forfeiture become SATO Corporation's property and the provisions concerning treasury shares shall apply to such shares.





## *Item 16 on the AGM agenda*

### 16. Closing of the meeting

*The minutes of the General Meeting will be available on SATO Corporation's website [www.sato.fi](http://www.sato.fi) on 8 April 2021 at the latest.*



# THANK YOU

**Additional information:**

Antti Aarnio, President and CEO

tel +358 201 34 4200

Markku Honkasalo, CFO

tel +358 201 34 4226

