

Q1 INTERIM REPORT 1 JANUARY–31 MARCH 2021



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KEY FIGURES



Key figure	1-3/2021	1-3/2020	1-12/2020
Net sales	€74.0 million	€75.6 million	€303.4 million
Number of rental apartments	26,714 homes	26,380 homes	26,792 homes
Investment properties	€4.80 billion	€4.69 billion	€4.75 billion
Housing investments	€16.9 million	€27.3 million	€120.6 million
Under construction Finland	632 pcs	963 pcs	314 pcs
Average rent in Finland at the end of review period	17.50 €/sqm/month	17.28 €/sqm/month	17.51 €/sqm/month
Cash earnings	€21.3 million	€29.3 million	€132.1 million
Shareholders' equity at the end of review period	€2,179.0 million	€2,081.3 million	€2,155.7 million

SATO CORPORATION'S INTERIM REPORT 1 JAN–31 MAR 2021

CHALLENGING MARKET ENVIRONMENT – FOCUS ON ACTIONS TO IMPROVE DECREASED OCCUPANCY

SUMMARY FOR 1 JAN–31 MAR 2021 (1 JAN–31 MAR 2020)

- The economic occupancy rate in Finland was 94.8 (97.6) %.
- Net sales were EUR 74.0 (75.6) million.
- Net rental income amounted to EUR 44.9 (47.0) million.
- Profit before taxes was EUR 56.2 (34.5) million.
- The change in the fair value of investment properties included in the result was EUR 31.6 (4.8) million.
- Housing investments amounted to EUR 16.9 (27.3) million.
- Invested capital at the end of the review period was 4,379.8 (4,216.2) million.
- Return on invested capital was 6.1 (4.3) %.
- Equity was EUR 2,179.2 (2,081.3) million, or EUR 38.48 (36.76) per share.
- Earnings per share were EUR 0.79 (0.48).
- A total of 0 (211) rental apartments were acquired or completed.
- A total of 561 rental apartments and 71 owner-occupied apartments are under construction.
- SATO's own House Experts are a presence in the day-to-day lives of more than 13,000 residents in the Helsinki metropolitan area.

CEO ANTTI AARNIO:

– During the period under review, SATO's occupancy rate fell to 94.8 (97.6) per cent. The weakened occupancy rate can be attributed largely to the general uncertainty caused by the coronavirus pandemic, the increased offering of rental housing, and decreased willingness of customers to promote us all of which increased the tenant turnover.

– In accordance with our Customer First development programme, we focused on adapting our organisation and our service processes to respond to our customers' needs even better. SATO's own House Experts are a presence in the day-to-day lives of more than 13,000 residents in the Helsinki metropolitan area. During the end of the year 2019 SATO launched a maintenance model where its own building superintendents, SATO House Experts, took on some of the duties of SATO's maintenance partners.

– In order to maintain profitability, the company has streamlined its sales and marketing measures and focused on cost-efficiency improvements.

– Construction was started on the Wise Mobility City Block in Helsinki's Oulunkylä district during the review period.

– Once again, I wish to thank SATO employees for their commendable work and for doing everything they could to ensure the comfort of our residents, also during this uncertain and challenging time.

OPERATING ENVIRONMENT

The recovery of Finland's economy from the Covid-19 crisis will be slow in the beginning of the year, but economic growth

is expected to pick up in the second half of the year as the vaccination rate increases and relieving of restrictions can begin. According to the projection made by the Bank of Finland in March, Finland's economy will grow 2.6 per cent in 2021.

The projection forecasts that economic recovery will continue in 2022. The evolution of the coronavirus situation will continue to spawn major uncertainty with regard to economic development.

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.

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.

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.

As a result of the coronavirus pandemic, previously short-term rental apartments were offered for longer rental periods, which boosted supply in some cities, even to a considerable degree. However, demand for rental apartments was partly negatively affected by upper secondary schools and universities switching to remote teaching.

Despite the coronavirus pandemic that erupted in 2020, there is demand for rental apartments, and the urbanisation trend continues to be strong.

REVIEW PERIOD 1 JANUARY–31 MARCH 2021 (1 JANUARY–31 MARCH 2020)

Net sales and profit

Between January and March 2021, consolidated net sales were EUR 74.0 (75.6) million.

Operating profit was EUR 67.9 (45.5) million. The operating profit without the change in the fair value of investment properties was EUR 36.3 (40.7) million. The change in fair value was EUR 31.6 (4.8) million.

Financial income and expenses totalled EUR -11.8 (-11.0) million.

Profit before taxes was EUR 56.2 (34.5) million. Cash flow from operations (free cash flow after taxes excluding changes in fair value) between January and March amounted to EUR 21.3 (29.3) million.

Earnings per share were EUR 0.79 (0.48).

FINANCIAL POSITION AND FINANCING

The consolidated balance sheet totalled EUR 4,972.6 (4,802.0) million at the end of March. Equity was EUR 2,179.0 (2,081.3) million. Equity per share was EUR 38.49 (36.76).

The Group's equity ratio was 43.8 (43.3) per cent at the end of March. EUR 0.0 million in new long-term financing was withdrawn and the solvency ratio was 43.4 (44.0) per cent at the end of March.

The Group's annualised return on equity was 8.2 (5.2) per cent. Return on invested capital was 6.1 (4.3) per cent.

Interest-bearing liabilities at the end of March totalled EUR 2,200.9 (2,135.0) million, of which loans subject to market terms accounted for EUR 1,995.1 (1,874.0) million. The average loan interest rate was 1.8 (1.7) per cent. Net financing costs totalled EUR -11.8 (-11.0) million.

The calculated impact of changes in the market value of interest hedging on equity was EUR 6.8 (-1.6) million.

The proportion of loans without asset-based securities was 82.5 (78.3) per cent of all loans. At the end of March, the proportion of unencumbered assets was 84.1 (82.2) per cent of total assets.

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.

Rental income was EUR 74.0 (75.6) million. The economic occupancy rate of apartments in Finland was 94.8 (97.6) per cent on average, and the external tenant turnover was 31.6 (28.1) per cent.

The average monthly rent of SATO's rental apartments in Finland at the end of the review period was EUR 17.50 (17.28) per m².

Net rental income from apartments stood at EUR 44.9 (47.0) million.

INVESTMENT PROPERTIES

On 31 March 2021, SATO owned a total of 26,714 (26,380) apartments. Altogether 0 (211) rental apartments were completed during the review period. The total number of divested rental apartments and shared ownership apartments redeemed by the owner-occupants was 5.

Fair value

The development of the value of rental apartments is a key factor for SATO. Its housing stock is concentrated in areas and apartment sizes which are expected to be the focus, in the long term, of increasing rental apartment demand. The allocation of building repairs is based on life-cycle plans and repair need specifications.

At the end of March, the fair value of investment properties came to a total of EUR 4,804.5 (4,689.1) million. The change in the value of investment properties, including the rental apartments acquired and divested during the review period, was EUR 51.0 (31.2) million.

Of the value of apartments, the Helsinki metropolitan area accounted for some 85 per cent, Tampere and Turku made up 11 per cent, Jyväskylä and Oulu 2 per cent and St. Petersburg covered 2 per cent at the end of March.

Investments, divestments and property development

Investment activities are used to manage the housing portfolio and prepare the ground for growth. Since 2000, SATO has invested more than EUR 2.0 billion in non-subsidised rental apartments. 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 16.9 (27.3) million. Investments in the Helsinki metropolitan area represented 92 per cent of all investments in the review period. Investments in new apartments represented 40.8 per cent of the investments. On 31 March 2021, binding purchase agreements in Finland totalled EUR 76.8 (42.0) million.

During the period under review, construction was begun on the Wise Mobility City Block planned by SATO and 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. Construction work will begin with three apartment buildings, consisting of altogether 222 rental homes of different sizes. The property will be completed in spring 2023. Geothermal heating was chosen as the heat source, which will reduce CO₂ emissions. A further benefit of geothermal heating is that it can also be used to cool the building. A solar power system producing renewable energy is also in the works for the property. All of the parking spaces will be equipped for charging electric vehicles. The buildings will be carbon neutral in terms of in-use energy, when renewable electricity is used alongside geothermal heating. Later, a SATO FlexHome will also be erected on the block. FlexHome is a short-term ownership concept that enables home ownership with a small initial capital outlay and a five-year part-ownership period.

During the review period, 5 (56) rental apartments were divested in Finland. Their total value was EUR 0.9 (2.4) million.

The book value of plot reserves totalled EUR 67.1 (57.1) million at the end of March. The value of new plots acquired by the end of March totalled EUR 4.4 (1.8) million.

The permitted building volume for about 2,150 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.

In Finland, 0 (211) rental and 0 (0) owner-occupied apartments were completed. On 31 March 2021, a total of 561 (848) rental apartments and 71 (115) owner-occupied apartments were under construction.

A total of EUR 14.0 (15.9) million was spent on repairing apartments and improving their quality.

At the end of March, SATO owned 533 (533) apartments in St. Petersburg. The economic occupancy rate of rental apartments in St. Petersburg was 95.0 (91.1) per cent on average. For the time being, SATO will refrain from making new investment decisions in Russia. The share of investments in Russia is limited to a maximum of 10 per cent of the Group's housing assets.

PERSONNEL

At the end of March, the Group employed 249 (224) people, of whom 234 (211) had a permanent employment contract. The average number of personnel was 244 (224) between January and March.

ANNUAL GENERAL MEETING ON 25 MARCH 2021

The Board of Directors of SATO Corporation was confirmed to consist of six members.

The Annual General Meeting elected Erik Selin as Chairman of the Board. Sharam Rahi was elected as a new member of the Board. Current members Esa Lager, Tarja Pääkkönen, Johannus (Hans) Spikker and Timo Stenius will continue as Board members.

Audit firm Deloitte Oy were selected as the company's auditor. Deloitte Oy has announced that APA Eero Lumme will act as the auditor in charge.

The Annual General Meeting decided to approve the financial statements on 31 December 2020 and that SATO Corporation will distribute EUR 0.50 per share in dividends for the financial period ending on 31 December 2020.

The Annual General Meeting decided that the total of 6,000 shares in SATO Corporation's joint account in Euroclear Finland Oy will come to SATO Corporation and that the provisions applying to treasury shares held by the company will apply to them.

ORGANISATION OF THE BOARD OF DIRECTORS

At its constitutive meeting on 25 March 2021, the company's Board of Directors elected Esa Lager as Deputy Chairman of the Board of Directors from among its members.

The Board of Directors elected Erik Selin as Chairman of the Nomination and Remuneration Committee, and Tarja Pääkkönen and Hans Spikker as its members.

EVENTS AFTER THE REVIEW PERIOD

There are no significant events following the review period.

FUTURE RISKS AND UNCERTAINTIES

Risk management is used to ensure that risks impacting the company's business are identified, managed and monitored. The main risks of SATO's business are risks related to the business environment and financial risks.

The most significant risk in the immediate future is the coronavirus pandemic, whose duration and impact on the Finnish economy are difficult to estimate. A prolonged pandemic may have a major negative impact on economic growth, and on business activity, employment and work productivity in Finland. 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.

The most significant risks in the renting of apartments are related to economic cycles and fluctuations in demand. A clear weakening in the housing market could have a negative impact on the market value of SATO's housing portfolio. In accordance with its strategy, SATO focusses its investments on growth centres, thus ensuring the rental potential of its apartments and the development of their value.

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

The management of financial risks is steered by the Group's treasury policy. Our risk management principles have been defined in the treasury 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 financing commitments.

The means for managing the liquidity risk at SATO include cash assets, a bank account limit, committed credit facilities,

and a commercial paper programme. 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. At the end of the review period, the share of fixed rate loans of the debt portfolio was 70.9 per cent.

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 treasury 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 in the Group's annual report for 2020 and on the website www.sato.fi.

OUTLOOK

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

The Covid-19 pandemic that started in early 2020 has had a major impact on the Finnish economy. In early 2021, the recovery of Finland's economy will be slow due to the weakened pandemic situation, but economic growth is expected to pick up in the second half of the year as the vaccination rate increases and the relieving of restrictions can begin. According to the projection made by the Bank of Finland in March, Finland's economy will grow 2.6 per cent in 2021. The projection forecasts that economic recovery will continue in 2022. The evolution of the coronavirus situation and delays in vaccinations will continue to spawn major uncertainty with regard to economic development.

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 weak economic development, interest rates are expected to remain low for a longer time, which will have a positive impact on SATO's financing costs.

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. Due to the low interest rate level and strong investor demand, the rate of housing construction is expected to remain at a high level.

During the Covid-19 pandemic, previously short-term rental apartments were offered for longer rental periods, which boosted supply in some cities, even to a considerable degree. However, demand for rental apartments was partly negatively affected by upper secondary schools and universities switching to remote teaching. Once the restrictions to contain the spread of the coronavirus have been relieved, travel rates increase and students return to classrooms, the demand for rental apartments is expected to start growing.

As a consequence of the uncertainty caused by the pandemic, SATO's external tenant turnover has grown and the economic occupancy rate weakened compared to the previous year. In order to maintain profitability, the company has streamlined its sales and marketing measures and focused in cost-efficiency improvement measures. SATO is investing strongly in increasing its customer presence and developing digital services. These measures are expected to have a positive impact on the occupancy rate in the medium term.

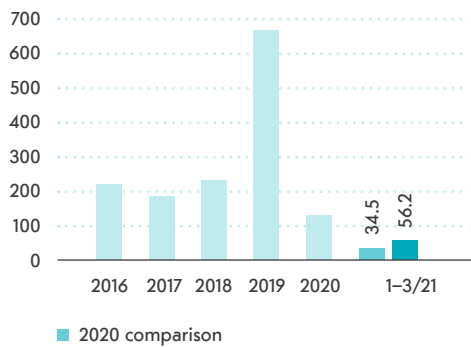
SATO CORPORATION'S SHAREHOLDERS ON 31 MARCH 2021

Largest shareholders and their holdings	no. of shares	%
Balder Finska Otas AB (Fastighets AB Balder)	31,696,745	55.8%
Stichting Depositary APG Strategic Real Estate Pool	12,811,647	22.6%
Elo Mutual Pension Insurance Company	7,233,081	12.7%
The State Pension Fund	2,796,200	4.9%
Valkila Erkka	390,000	0.7%
Hengityssairauksien tutkimussäätiö	227,000	0.4%
SATO Corporation	160,000	0.3%
Entelä Tuula	159,000	0.3%
Heinonen Erkki	156,684	0.3%
Tradeka-invest Ltd	126,500	0.2%
Others (110 shareholders)	1,020,210	1.8%

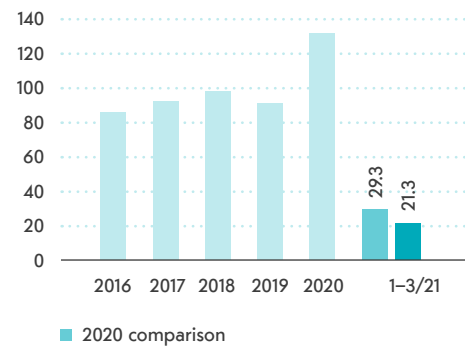
On 31 March 2021, SATO had 56,783,067 shares and 120 shareholders registered in the book-entry system. The share turnover rate was 0.04 per cent for the period 1 January–31 March 2021.

FINANCIAL TREND

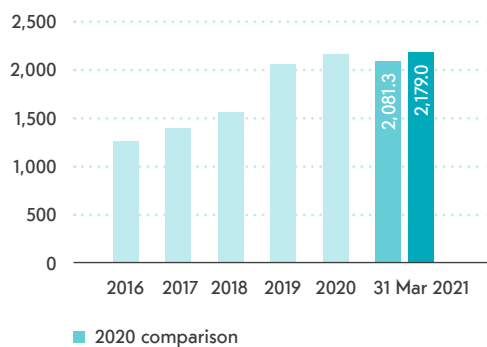
Profit before taxes, MEUR



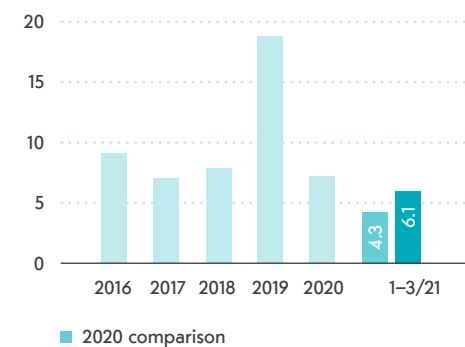
Cash earnings (CE), MEUR



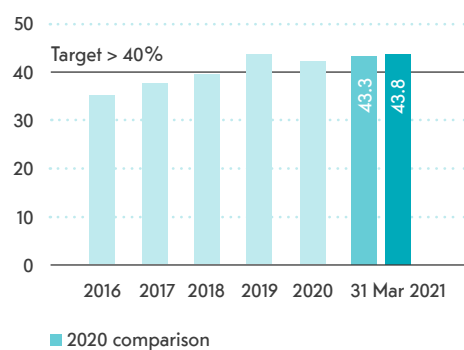
Shareholders' equity, MEUR



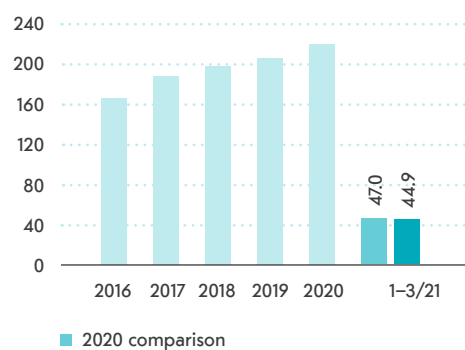
Return on invested capital, %



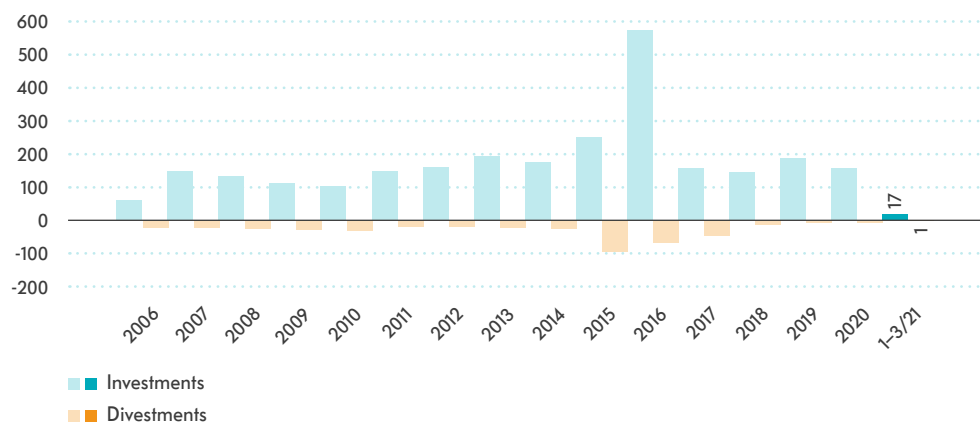
Equity ratio, %



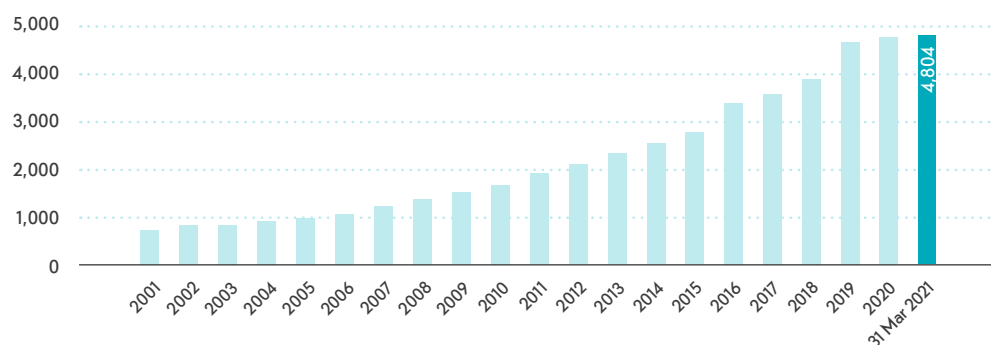
Net rental income, MEUR



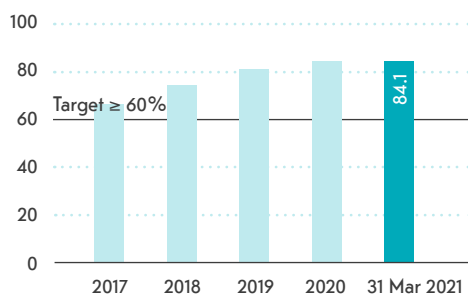
Housing investments and divestments, MEUR



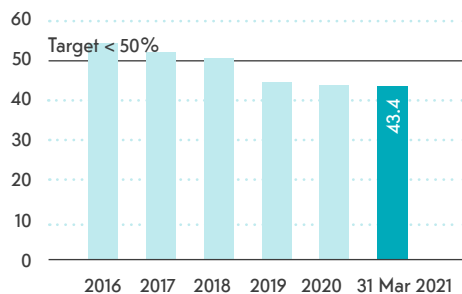
Trend in the investment property portfolio, MEUR



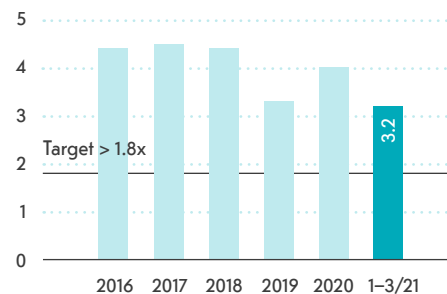
Unencumbered assets, %



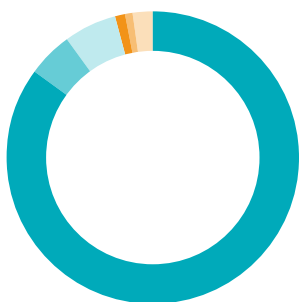
Solvency ratio, %



Interest coverage ratio



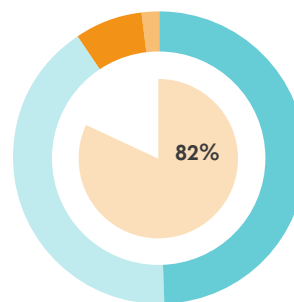
Regional distribution of the housing portfolio, 31 March 2021



- Helsinki Metropolitan Area 85%
- Turku region 5%
- Tampere region 6%
- Jyväskylä region 1%
- Oulu region 1%
- St. Petersburg 2%

Total housing portfolio MEUR 4,668

Debt portfolio, Nominal values 31 March 2021, total MEUR 2,216



- Commercial papers 1
- Corporate bonds 1,099
- Bank loans 911
- Interest subsidised 166
- State subsidised (ARAVA) 40
- 82% of loans without asset based securities

CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	1 Jan–31 Mar 2021	1 Jan–31 Mar 2020	1 Jan–31 Dec 2020
Net sales	74.0	75.6	303.4
Property maintenance expenses	-29.1	-28.6	-83.0
Net rental income	44.9	47.0	220.3
Fair value change of investment properties, realised	0.3	1.4	3.0
Fair value change of investment properties, unrealised	31.6	4.8	-13.0
Sales, marketing and administrative expenses	-8.1	-7.3	-30.6
Other operating income	-0.3	0.2	1.7
Other operating expenses	-0.4	-0.6	-2.0
Share of profit of associated companies and joint ventures	0.0	0.0	0.0
Operating profit	67.9	45.5	179.6
Financial income	0.3	0.1	0.6
Financial expenses	-12.1	-11.1	-50.7
	-11.8	-11.0	-50.0
Profit before tax	56.2	34.5	129.5
Income tax expenses	-11.6	-7.4	-27.6
Profit for the period	44.5	27.1	101.9
Profit for the period attributable to			
Equity holders of the parent	44.5	27.1	101.9
Non-controlling interests	0.0	0.0	0.0
	44.5	27.1	101.9
Earnings per share attributable to equity holders of the parent			
Basic, EUR	0.79	0.48	1.80
Diluted, EUR	0.79	0.48	1.80
Average number of shares, million	56.6	56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	1 Jan–31 Mar 2021	1 Jan–31 Mar 2020	1 Jan–31 Dec 2020
Other comprehensive income			
Remeasurement of defined benefit liability, net of tax	0.0	0.0	0.0
Related tax	0.0	0.0	0.0
Items that will never be reclassified to income statement	0.0	0.0	0.0
Cash flow hedges	8.5	-2.0	-2.4
Translation differences	0.3	0.0	-0.1
Related tax	-1.7	0.4	0.5
Items that may be reclassified subsequently to income statement	7.0	-1.6	-2.0
Other comprehensive income, net of tax	7.0	-1.6	-2.0
Total comprehensive income	51.6	25.5	99.9
Comprehensive income attributable to			
Equity holders of the parent	51.6	25.5	100.0
Non-controlling interest	0.0	0.0	0.0
	51.6	25.5	99.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Investment property	4,804.5	4,689.1	4,753.5
Tangible assets	2.7	3.0	2.8
Intangible assets	4.2	3.8	4.0
Investments in associated companies and joint ventures	0.1	0.2	0.1
Other non-current investments	1.0	1.1	1.0
Other right-of-use assets	6.3	7.4	6.6
Non-current receivables	2.8	8.7	2.8
Deferred tax assets	12.5	14.6	14.2
Total	4,834.0	4,728.0	4,785.1
Current assets			
Account and other receivables	55.4	17.4	58.6
Current tax assets	6.8	15.1	2.9
Cash and cash equivalents	76.3	41.5	258.0
Total	138.6	74.0	319.6
TOTAL ASSETS	4,972.6	4,802.0	5,104.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	4.4	4.4	4.4
Fair value and other reserves	-24.9	-31.4	-31.7
Reserve fund	43.7	43.7	43.7
Reserve for invested non-restricted equity	114.8	114.8	114.8
Retained earnings	2,041.1	1,949.9	2,024.6
Total	2,179.2	2,081.4	2,155.9
Non-controlling interests	-0.2	-0.2	-0.2
TOTAL SHAREHOLDERS' EQUITY	2,179.0	2,081.3	2,155.7
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	394.8	389.5	387.2
Provisions	1.9	1.6	1.9
Lease liabilities	53.2	52.7	54.0
Derivative liabilities	31.2	44.8	39.1
Long-term non-interest bearing liabilities	0.9	0.0	0.9
Long-term interest bearing liabilities	2,067.1	1,497.4	2,075.6
Total	2,549.1	1,986.0	2,558.7
Current liabilities			
Accounts payable and other liabilities	100.9	82.1	72.4
Provisions	1.6	3.6	1.7
Lease liabilities	4.9	4.7	4.9
Current tax liabilities	3.3	6.7	5.4
Short-term interest bearing liabilities	133.8	637.5	305.9
Total	244.4	734.7	390.3
TOTAL LIABILITIES	2,793.6	2,720.7	2,949.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,972.6	4,802.0	5,104.7

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

MEUR	1 Jan–31 Mar 2021	1 Jan–31 Mar 2020	1 Jan–31 Dec 2020
Cash flow from operating activities			
Profit for the period	44.5	27.1	101.9
Adjustments:			
Non-cash items included in the profit	-30.8	-3.3	15.3
Profit and loss on sales of investment properties and fixed assets	-0.3	-1.5	-3.1
Other adjustments	-0.1	0.0	0.1
Interest expenses and other financial expenses	12.1	11.1	50.7
Interest income	-0.3	-0.1	-0.6
Dividend income	0.0	0.0	0.0
Income taxes	11.6	7.4	27.6
Cash flow before change in net working capital	36.8	40.7	191.7
Change in net working capital:			
Changes in accounts receivable and other receivables	-5.9	-1.1	-8.7
Change in accounts payable and other liabilities	3.7	7.8	-2.1
Interest paid	-11.0	-10.1	-44.5
Interest received	-0.6	-0.2	1.3
Taxes paid	-10.1	-8.4	-19.6
Net cash flow from operating activities	13.0	28.7	118.3
Cash flow from investing activities			
Disposals of subsidiaries, net of disposed cash	0.0	0.0	0.0
Investments in investment properties	-23.0	-32.4	-130.4
Net investment in tangible and intangible assets	-0.5	-0.3	-1.7
Repayments of loans receivable	10.0	0.6	-4.1
Payments of granted loans	0.0	-3.0	-33.4
Disposals of investment property	2.0	2.9	21.7
Net cash flow from investing activities	-11.4	-32.2	-147.9
Cash flow from financing activities			
Repayments (-) / withdrawals (+) of current loans	-5.0	52.0	-227.5
Withdrawals of non-current loans	0.0	0.4	766.5
Repayments of non-current loans	-177.4	-12.4	-254.5
Repayments of lease liabilities	-0.8	-0.2	-1.8
Repayment of capital and dividends paid	0.0	0.0	0.0
Net cash flow from financing activities	-183.2	39.8	282.7
Change in cash and cash equivalents	-181.7	36.3	253.1
Cash and cash equivalents at the beginning of period	258.0	5.0	5.0
Effect of exchange rate fluctuations on cash held	0.0	0.2	-0.1
Cash and cash equivalents at the end of period	76.3	41.5	258.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

MEUR	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
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	-	-1.6	-	-	-	-1.6	-	-1.6
Translation differences	-	-	-	-	0.0	0.0	-	0.0
Profit for the period	-	-	-	-	27.1	27.1	0.0	27.1
Total comprehensive income	0.0	-1.6	0.0	0.0	27.1	25.5	0.0	25.5
Transactions with shareholders:								
Dividend	-	-	-	-	0.0	0.0	-	0.0
Transaction with shareholders, total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments	0.0	-	-	-	-	0.0	-	0.0
Total of equity movements	0.0	-1.6	0.0	0.0	27.1	25.5	0.0	25.5
Shareholders' equity 31 Mar 2020	4.4	-31.4	43.7	114.8	1,949.9	2,081.5	-0.2	2,081.3

MEUR	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
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	-	6.8	-	-	-	6.8	-	6.8
Translation differences	-	-	-	-	0.3	0.3	-	0.3
Profit for the period	-	-	-	-	44.5	44.5	0.0	44.5
Total comprehensive income	0.0	6.8	0.0	0.0	44.8	51.6	0.0	51.6
Transactions with shareholders:								
Dividend	-	-	-	-	-28.3	-28.3	-	-28.3
Transaction with shareholders, total	0.0	0.0	0.0	0.0	-28.3	-28.3	0.0	-28.3
Other adjustments	-	-	-	-	-	0.0	-	0.0
Total of equity movements	0.0	6.8	0.0	0.0	16.5	23.3	0.0	23.3
Shareholders' equity 31 Mar 2021	4.4	-24.9	43.7	114.8	2,041.1	2,179.2	-0.2	2,179.0

NOTES TO THE INTERIM REPORT

I. GENERAL INFORMATION

SATO Corporation is a Finnish public limited company domiciled in Helsinki, Finland. The registered address of the company is Panuntie 4, 00600 Helsinki. SATO Corporation and its subsidiaries together form the consolidated SATO Group ("SATO" or "the Group"). SATO provides housing solutions and its operations consists of investments in housing properties. The focus of the Group's operations is in the largest growth centers, and approximately 80 per cent of the investment property is located in the Helsinki region. The rest of the operations are located in Tampere, Turku, Oulu, Jyväskylä and St. Petersburg.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

SATO's interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* -standard. Figures presented in this interim report have been rounded from exact figures and therefore the sum of figures presented individually may deviate from the presented sum figure. The preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The figures in the interim report are unaudited.

From the beginning of the year 2021, the Group has adopted new or amended IFRS's and IFRIC interpretations, as described in the financial statements 2020. The changes have been applied to the comparison periods.

Otherwise, the interim financial report has been prepared according to the same accounting principles as the consolidated financial statements for the year ended 31 December 2020.

3. SEGMENT INFORMATION

SATO has one operating segment. Significant operational decisions are made by SATO's 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.

NET SALES BY GEOGRAPHICAL REGION

MEUR	1-3/2021	1-3/2020	1-12/2020
Finland	72.7	74.1	297.9
Russia	1.3	1.5	5.4
Total	74.0	75.6	303.4

NON-CURRENT ASSETS BY GEOGRAPHICAL REGION

MEUR	31 Mar 2021			31 Mar 2020		
	Finland	Russia	Total	Finland	Russia	Total
Investment property	4,693.2	111.3	4,804.5	4,587.5	101.6	4,689.1
Tangible assets	2.6	0.0	2.7	2.9	0.1	3.0
Intangible assets	4.1	0.0	4.2	3.8	0.0	3.8
Other right-of-use assets	6.3	-	6.3	7.4	-	7.4
Investments in associated companies	0.1	-	0.1	0.2	-	0.2
Total	4,706.3	111.3	4,817.6	4,601.9	101.7	4,703.6

MEUR	31 Dec 2020		
	Finland	Russia	Total
Investment property	4,650.8	102.7	4,753.5
Tangible assets	2.7	0.0	2.8
Intangible assets	4.0	0.0	4.0
Other right-of-use assets	6.6	-	6.6
Investments in associated companies	0.1	-	0.1
Total	4,664.3	102.8	4,767.0

4. GAINS AND LOSSES ON DISPOSAL OF INVESTMENT PROPERTIES

MEUR	1-3/2021	1-3/2020	1-12/2020
Sale of residential investment properties			
Proceeds from disposal of residential investment properties	0.9	3.8	8.3
Carrying value of investment properties sold	-0.9	-2.4	-5.8
Total	0.0	1.4	2.5
Sale of land plots			
Proceeds from disposal of land plots	1.0	6.0	8.5
Carrying value of land plots sold	-0.8	-6.0	-7.9
Total	0.3	0.0	0.6
Total	0.3	1.4	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 in the statement of financial position at the end of the previous quarter, plus any further investments made thereafter.

5. OTHER OPERATING INCOME

MEUR	1-3/2021	1-3/2020	1-12/2020
Other operating income			
Sales income, new production	0.0	0.0	18.7
New production expenses	-0.4	0.0	-17.6
Other income	0.1	0.1	0.6
Total	-0.3	0.2	1.7

6. FINANCIAL INCOME AND EXPENSES

MEUR	1-3/2021	1-3/2020	1-12/2020
Financial income			
Interest income on loans and other receivables	0.3	0.1	0.6
Dividend income from other non-current investments	0.0	0.0	0.0
Foreign exchange gains	0.0	0.0	0.0
Total	0.3	0.1	0.6

MEUR	1-3/2021	1-3/2020	1-12/2020
Financial expenses			
Interest expense on financial liabilities measured at amortised cost	-7.5	-5.5	-28.8
Interest expense on effective cash flow hedges	-2.3	-3.0	-11.5
Interest expense on lease liabilities	-0.8	-0.8	-3.1
Foreign exchange losses	-0.1	-0.4	-0.3
Other financial expenses	-1.2	-1.4	-6.9
Total	-12.1	-11.1	-50.7
Financial income and expenses, net	-11.8	-11.0	-50.0

7. INVESTMENT PROPERTIES

MEUR	1-3/2021	1-3/2020	1-12/2020
Fair value of investment properties at start of period	4,753.5	4,657.9	4,657.9
Acquisitions of properties	4.6	0.0	2.7
New construction and other investments in properties	16.7	34.5	133.4
Disposals of investment properties	-1.7	-8.5	-31.2
Capitalised borrowing costs	0.2	0.6	1.6
Reclassified from other items	0.0	-0.1	-0.2
Gains and losses in profit and loss from changes in fair value *	31.6	4.8	-13.0
Remeasurement of right-of-use investment properties, no P/L effect	-0.5	0.0	2.4
Fair value of investment properties at end of period	4,804.5	4,689.1	4,753.5

* Gains and losses from changes in fair value include foreign exchange gains and losses of EUR 3.9 (-23.2) million.

Significant acquisitions and disposals during the period

The most significant acquisition during the reporting period was a purchase of land in Nihtisilta, Espoo. SATO did not make significant divestments of completed investment properties or land plots during the period.

Investment property valuation principles

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

The housing properties are located in the largest growth centres, with approximately 84 per cent of them located in the Helsinki region. The quality of investment properties is maintained by renovation and repair activities based on their lifecycle and repair plans. Change in the fair value of SATO's owned 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.

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 quarterly issues a statement on the applicability of SATO's valuation methods, the appropriateness of sources of information used and the credibility of the valuation. As part of the valuation process, the external expert also reviews each SATO's property on site every three years. Existing properties located in St. Petersburg are valued by third party expert (JLL). The principles and methods used in the fair value measurement are approved by the Corporate Management Group. During the quarterly valuation process, all the periodical changes are analysed. The result of the valuation and the changes in fair value 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. The valuation methods for SATO's owned investment properties are income value method, sales comparison method and acquisition cost method. The valuation is prepared with income value method for investment properties located in Finland that can be sold without restrictions, or can be sold as entire properties and to a restricted group of buyers. The method is based on a cash flow analysis, whereby the estimated cash flows for 10 years and the terminal value are discounted to their present value. The cash flows are based on property-specific estimates of rental income, vacancy, operating expenses and renovation. The discount rate includes yield requirement and an inflation estimate. The yield requirements are determined based on the location, age and technical condition of the assets. Completed properties located in St. Petersburg are valued by third party expert (JLL) with sales comparison method. 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.

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.

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Investment property classified by valuation method			
Income value	4,381.0	4,273.2	4,337.9
Sales comparison value	111.3	101.6	102.7
Acquisition cost	261.0	264.8	261.2
Owned investment property, total	4,753.3	4,639.6	4,701.7
Right-of-use investment properties	51.2	49.5	51.8
Investment properties Total	4,804.5	4,689.1	4,753.5

Sensitivity analysis of investment properties

Sensitivity analysis of investment properties has been presented in the 2020 consolidated financial statements. Quarterly changes are not significant. All SATOs investment properties are classified to 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.

8. TANGIBLE ASSETS

MEUR	1-3/2021	1-3/2020	1-12/2020
Carrying value, beginning of period	2.8	3.2	3.2
Additions	0.1	0.0	0.5
Disposals	-0.1	-0.1	-0.2
Accumulated depreciation of disposals	0.0	0.1	0.2
Transfers between items	0.0	0.0	0.0
Depreciation	-0.2	-0.2	-0.9
Carrying value, end of period	2.7	3.0	2.8

9. INTANGIBLE ASSETS

MEUR	1-3/2021	1-3/2020	1-12/2020
Carrying value, beginning of period	4.0	3.7	3.7
Additions	0.4	0.4	1.4
Disposals	0.0	0.0	0.0
Accumulated depreciation of disposals	0.0	0.0	0.0
Transfers between items	0.0	0.0	0.0
Depreciation	-0.3	-0.2	-1.0
Carrying value, end of period	4.2	3.8	4.0

10. LEASES

Right-of-use assets

MEUR	1-3/2021	1-3/2020	1-12/2020
Right-of-use investment properties			
Carrying value, beginning of period	51.8	49.7	49.7
Additions	0.0	0.2	2.5
Disposals	0.0	-0.1	-1.9
Remeasurement of lease agreements	-0.5	0.0	2.4
Changes of fair value in profit and loss	-0.1	-0.2	-0.9
Carrying value, end of period	51.2	49.5	51.8
Other right-of-use assets			
Carrying value, beginning of period	6.6	7.7	7.7
Additions	0.0	0.0	0.0
Remeasurement of lease agreements	0.0	0.0	0.0
Depreciation for the period	-0.3	-0.3	-1.2
Carrying value, end of period	6.3	7.4	6.6
Total carrying value, beginning of period	58.4	57.5	57.5
Total carrying value, end of period	57.5	57.0	58.4

The right-of-use investment properties include land lease agreements, which are related to residential investment properties. They are measured at fair value and presented under investment properties in the statement of financial position (see note 7). Other right-of-use assets include leases for premises in SATO's own use.

Lease liabilities

MEUR	1-3/2021	1-3/2020	1-12/2020
Non-current			
From land lease agreements	48.0	46.4	48.5
From other lease agreements	5.2	6.3	5.5
Total	53.2	52.7	54.0
Current			
From land lease agreements	3.6	3.5	3.7
From other lease agreements	1.2	1.2	1.2
Total	4.9	4.7	4.9
Total lease liabilities	58.0	57.4	58.9

11. SHAREHOLDERS' EQUITY

The total number of SATO's shares as at 31 March 2021 was 56,783,067 (56,783,067) and the number of own shares held was 160,000 (160,000).

The following dividends were distributed by the company during the period:

MEUR	31.3.2021	31.3.2020	31.12.2020
The following dividend was declared by the company:			
Dividend 0.50 (0.00) per share, EUR	-28.3	0.0	0.0
Total	-28.3	0.0	0.0

The Annual General Meeting of SATO Corporation resolved on 25 March 2021 that EUR 0.50 per share, EUR 28.3 million in total, be paid out in dividends for the financial period ended 31 December 2020. The dividend was paid on 7 April 2021.

12. FINANCIAL LIABILITIES

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Financial liabilities			
Commercial papers	0.5	225.0	5.5
Corporate bonds	1,094.3	646.7	1,244.0
Bank loans	900.3	1,002.3	920.8
Interest-subsidised loans	166.0	214.3	168.6
State-subsidised ARAVA loans	39.7	46.7	42.6
Total	2,200.9	2,135.0	2,381.5

On the reporting date, the average interest of SATO's debt portfolio was 1.8 (1.7) per cent.

For purposes of short-term financing, SATO has a commercial paper program of EUR 400 (400) million, committed credit limits of EUR 350 (650) million, of which EUR 350 (590) million were unused, and a non-committed current overdraft limit of EUR 5.0 (5.0) million, of which EUR 5.0 (5.0) million were unused.

13. DERIVATIVES

MEUR	31 Mar 2021			31 Mar 2020		31 Dec 2020
	Positive	Negative	Net	Net	Net	Net
Fair values of derivative instruments						
Interest rate swaps, cash flow hedging	-	-31.4	-31.4	-38.2		-39.4
Cross-currency and interest rate swaps, cash flow hedging	-	-7.4	-7.4	-15.9		-9.0
Total	0.0	-38.8	-38.8	-54.1		-48.4

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Nominal values of derivative instruments			
Interest rate swaps, cash flow hedging	534.2	658.3	555.0
Cross-currency and interest rate swaps, cash flow hedging	53.4	73.4	73.4
Total	587.6	731.7	628.4

Change in fair value of designated interest rate hedges, booked to fair value reserve, totalled EUR 6.8 (-1.6) million. Interest rate swaps are used to hedge interest cash flows against fluctuation in market interest rates. Cross-currency and interest rates swaps additionally hedge the currency risks of interest and repayment cash flows of loan contracts denominated in foreign currency. Interest rate hedges have maturities ranging between 1-10 years. 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.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

MEUR	31 Mar 2021			31 Mar 2020		
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:
Assets						
Other non-current investments	-	1.0	-	-	1.1	-
Loans receivable	-	6.8	-	-	8.7	-
Commercial paper	-	27.0	-	-	-	-
Derivative assets	-	0.0	-	-	0.0	-
Accounts receivable and other non-interest-bearing receivables	-	51.6	-	-	14.7	-
Cash and cash equivalents	-	76.3	-	-	41.5	-
Liabilities						
Corporate bonds	1,112.3	24.0	-	622.0	24.0	-
Other loans	-	1,109.8	-	-	1,491.5	-
Derivative liabilities	-	38.8	-	-	54.1	-
Accounts payable and other non-interest-bearing payables	-	14.7	-	-	24.0	-

MEUR	31 Dec 2020		
	Level 1:	Level 2:	Level 3:
Assets			
Other non-current investments	-	1.0	-
Loans receivable	-	6.8	-
Commercial paper	-	37.0	-
Derivative assets	-	0.0	-
Accounts receivable and other non-interest-bearing receivables	-	56.3	-
Cash and cash equivalents	-	258.0	-
Liabilities			
Corporate bonds	1,261.2	24.0	-
Other loans	-	1,141.0	-
Derivative liabilities	-	48.4	-
Accounts payable and other non-interest-bearing payables	-	19.1	-

Fair values of assets and liabilities at fair value hierarchy level 1 are quoted on operational markets. Level 2 assets and liabilities fair values are based on verifiable input data and level 3 asset and liabilities are based on unverified input data.

SATO fair values of assets and liabilities level 1 are quoted market prices. Values on hierarchy level 2 are based on discounted cash flows, with market rates as calculation input. Loans are presented at acquisition cost.

15. PROVISIONS

MEUR	Provision for refund claim	Other provisions	Total
Provisions at the beginning of the period 1 Jan 2020	2.9	0.7	3.6
Increases	0.4	0.0	0.4
Provisions used	-0.3	0.0	-0.3
Reversals	-0.1	0.0	-0.1
Provisions at the end of the period 31 Mar 2021	2.9	0.7	3.6

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Non-current provisions	1.9	1.6	1.9
Current provisions	1.6	3.6	1.7
Total	3.6	5.2	3.6

The provision for refund claim includes guarantees related to new construction business and 10 year warranty period after completion of the work. Provision for refund claim is measured based on previous claims and assessment of previous experience. The provision for refund claim will be used, if applicable, within ten years from the reporting date.

16. NOTES TO THE CASH FLOW STATEMENT

MEUR	1-3/2021	1-3/2020	1-12/2020
Non-cash items included in the profit			
Depreciation and amortization	0.8	0.8	3.1
Gains and losses from changes in fair value of investment properties	-31.6	-4.8	13.0
Changes in provisions	0.0	0.7	-0.9
Share of profit of associated companies and joint ventures	0.0	0.0	0.0
Total	-30.8	-3.3	15.3
MEUR	1-3/2021	1-3/2020	1-12/2020
Changes in interest-bearing debt during the period			
Interest-bearing debt, beginning of period	2,381.5	2,098.4	2,098.4
Cash changes in interest-bearing debt during the period, total	-182.4	39.9	284.5
Non-cash changes:			
Change in foreign exchange rates	1.2	-3.5	2.6
Interest accrued by the effective interest rate method	0.6	0.5	3.9
Transfer of debt to buyers upon disposal of investment property and other adjustments	0.0	-0.4	-7.9
Interest-bearing debt, end of period	2,200.9	2,135.0	2,381.5

17. COLLATERAL, COMMITMENTS AND CONTINGENCIES

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Mortgages and pledges for secured borrowings			
Secured borrowings	378.3	450.6	404.3
Pledges and mortgages provided, fair value	789.6	853.6	809.4
Guarantees for others			
Shared ownership apartment purchase commitments	4.5	6.1	4.5
Rs-guarantees	2.9	3.7	2.9
Other collateral provided			
Mortgages provided to secure payment of rent and street maintenance	6.9	6.9	6.9
Guarantees and mortgages provided to secure payments of land use contracts	8.0	18.2	14.1
Binding purchase agreements			
For acquisitions of investment properties	76.8	42.0	55.3
Pledges for land use payments on zoned plots	0.7	1.3	0.7
Commitments to cleaning and removal charges	0.0	0.0	0.0
Letters of intent on land for which there is a zoning condition	44.7	9.2	44.7

Housing companies which hold so-called shared ownership apartments are treated as structured entities, which are established for a fixed period, and are not included in the consolidation. On the reporting date, the loans of such housing companies included in the shared ownership systems, totalled EUR 6.9 (10.3) million.

18. RELATED PARTY TRANSACTIONS

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

Shareholders that are considered as SATO's related party in 2021 are Balder Finska Otas AB, Erik Selin Fastigheter AB and Balder-group companies (owner: Fastighets Ab Balder, 100 per cent), Stichting Depositary APG Strategic Real Estate Pool (owner: Stichting Pensioenfonds ABP, >95 per cent; manager: APG Asset Management NV) and Elo Mutual Pension Insurance Company.

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

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

MEUR	1-3/2021	1-3/2020	1-12/2020
Extended Management Group employee benefits			
Extended Management Group employee benefits	0.4	0.2	1.4
Total	0.4	0.2	1.4

Management remuneration

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 management are covered by an annual incentive scheme based on the SATOs profit and fulfilment of the targets for their respective area of responsibility. The Board of Directors approves the payment of bonuses.

19. SUBSEQUENT EVENTS

No significant events after the end of the reporting period.

KEY INDICATORS, GROUP

Key financial indicators	1-3/2021	1-3/2020	2020	2019	2018*	2017*	2016**
Net sales, MEUR	74.0	75.6	303.4	295.6	290.4	280.1	262.7
Net rental income, MEUR	44.9	47.0	220.3	207.1	198.5	188.4	167.1
Operating profit, MEUR	67.9	45.5	179.6	725.6	273.3	230.1	267.2
Net financing expenses, MEUR	-11.8	-11.0	-50.0	-55.1	-42.5	-45.8	-47.8
Profit before taxes, MEUR	56.2	34.5	129.5	670.5	230.8	184.4	219.4
Balance sheet total, MEUR	4,972.6	4,802.0	5,104.7	4,718.2	3,922.4	3,693.1	3,562.2
Shareholders' equity, MEUR	2,179.0	2,081.3	2,155.7	2,055.8	1,554.5	1,397.6	1,252.6
Interest bearing liabilities, MEUR	2,200.9	2,135.0	2,381.5	2,098.4	1,982.2	1,931.7	1,943.0
Return on invested capital, % (ROIC)	6.1%	4.3%	4.1%	18.9%	7.9%	7.1%	9.1%
Return on equity, % (ROE)	8.2%	5.2%	4.8%	29.6%	12.4%	11.0%	15.6%
Equity ratio, %	43.8%	43.3%	42.2%	43.6%	39.6%	37.8%	35.2%
Personnel, average**	244	224	229	223	215	206	170
Personnel at the end of period	249	224	242	229	218	212	175
Key indicators per share							
Earnings per share, EUR	0.79	0.48	1.80	9.45	3.26	2.55	3.22
Equity per share, EUR***	38.49	36.76	38.07	36.31	27.46	24.68	22.12
Number of shares, million****	56.6	56.6	56.6	56.6	56.6	56.6	56.6
Operational key figures and net asset value							
Operational earnings, MEUR	19.3	22.1	109.0	91.4	98.7	82.8	69.5
Operational earnings per share, EUR	0.34	0.39	1.92	1.61	1.74	1.46	1.28
Net asset value, MEUR	2,600.2	2,510.5	2,577.2	2,477.7	1,855.7	1,678.7	1,517.5
Net asset value per share, EUR	45.92	44.34	45.52	43.76	32.77	29.65	26.80
Cash earnings, MEUR	21.3	29.3	132.1	91.2	97.9	92.4	86.2
Cash earnings per share, EUR	0.38	0.52	2.33	1.61	1.73	1.63	1.59
Quarterly key financial indicators							
	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020		
Net sales, MEUR	74.0	75.0	76.2	76.5	75.6		
Net rental income, MEUR	44.9	53.5	60.3	59.6	47.0		
Operating profit, MEUR	67.9	40.6	39.2	54.3	45.5		
Profit and losses from changes of fair value	31.6	-6.0	-13.6	1.8	4.8		
Net financing expenses, MEUR	-11.8	-13.9	-12.7	-12.4	-11.0		
Profit before taxes, MEUR	56.2	26.7	26.5	41.8	34.5		
Earnings per share, EUR	0.79	0.36	0.37	0.59	0.48		
Average number of shares, million*	56.6	56.6	56.6	56.6	56.6		
Housing investments, MEUR	16.9	42.4	18.3	32.5	27.3		
as percentage of net sales	22.9%	56.6%	24.0%	42.4%	36.2%		
Operational key figures							
Operational earnings, MEUR	19.3	24.2	32.0	30.7	22.1		
Operational earnings per share, EUR	0.34	0.43	0.56	0.54	0.39		
Cash earnings, MEUR	21.3	36.4	36.6	29.8	29.3		
Cash earnings per share, EUR	0.38	0.64	0.65	0.53	0.52		

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

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

** Including summer trainees.

*** Equity excluding non-controlling interests.

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

FORMULAS USED IN CALCULATION

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

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