

Tero and Leon / Koivukylä

SATO Oyj
Varsinainen yhtiökokous
Annual General Meeting

**TERVETULO
WELCOME**

sato

Staying close to customers' daily life.

23rd June, 2020

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 2019
 - Presentation of the CEO's review:
 - SATO in brief
 - Strategy, vision, mission
 - SATO's year 2019

SATO IN BRIEF

- Number of SATOhomes **26,000**
- Number of personnel **229**
- Net sales **€295.6 million**
- Investments **€185.9 million**
- Fair value of investment properties **€4.7 billion ***
- Operating area
 - **Helsinki MA**, Tampere, Turku, Jyväskylä, Oulu in Finland
 - St. Petersburg in Russia

**SATO Corporation switched to the yield-based valuation method to determine the value of the company's investment properties in its financial statements as of 31 December 2019.*



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

sato

Staying close to customers' daily life.

A year of positive reforms.

SATO'S YEAR 2019

sato

Staying close to customers' daily life.



A year of positive reforms.

SUCCESSES

- Customer satisfaction grew by 4 NPS points, and was 6.
- Economic occupancy rate approached our all-time best year, at 98.1 per cent.
- We reached our strategic goal of improving our credit rating: BBB with a stable outlook.
- Our new sustainability programme emphasises carbon-neutral cities and the well-being of residents and neighbourhoods.
- We piloted the SATO House Expert operating model, which gives us the possibility to be even closer to our customers.

sato

'Customer first' strategy bears fruit.

STRONG OCCUPANCY RATE

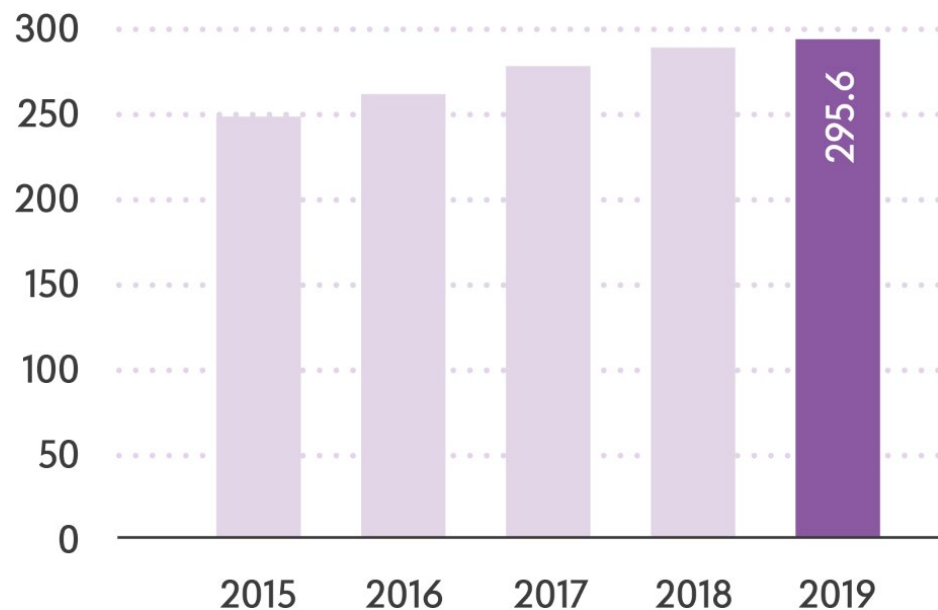
FINANCIAL OCCUPANCY RATE OF RENTAL HOUSING, %



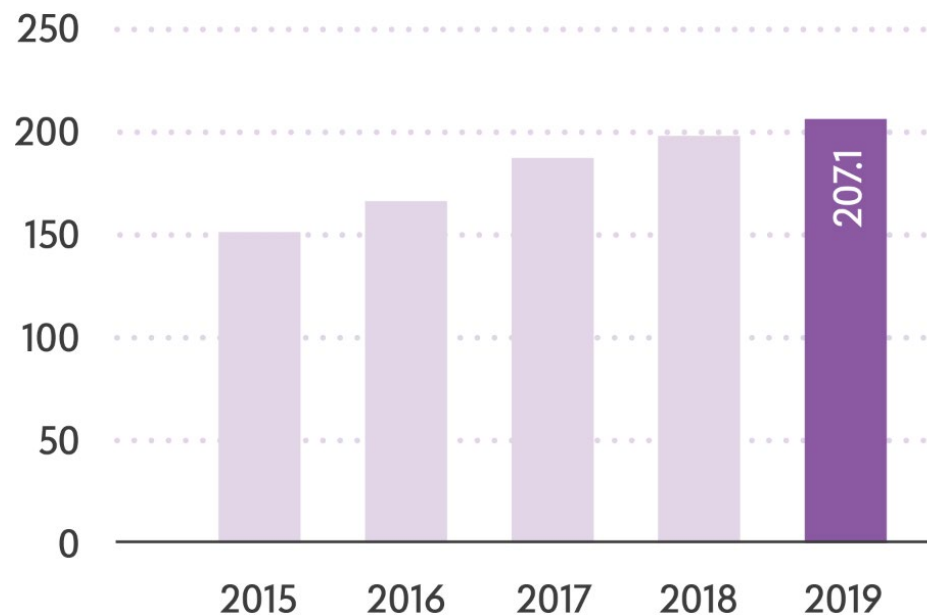
Net rental income on the rise due to good financial occupancy rate.

NET SALES AND NET RENTAL INCOME

NET SALES, MEUR



NET RENTAL INCOME, MEUR



sato

Increasing and modernising our apartment range.

DEVELOPMENT OF HOUSING ASSETS

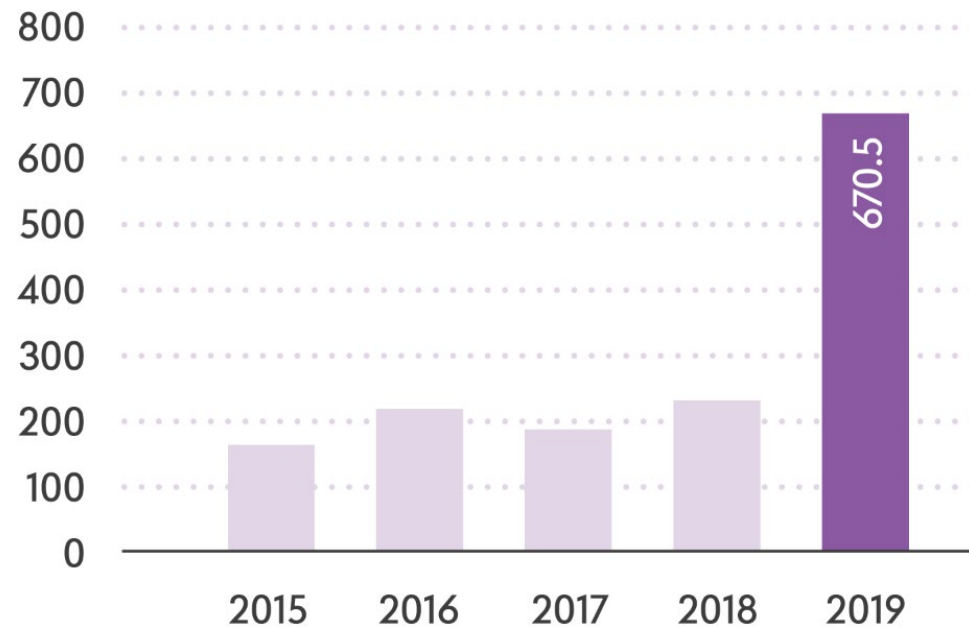
HOUSING INVESTMENTS AND DIVESTMENTS, MEUR



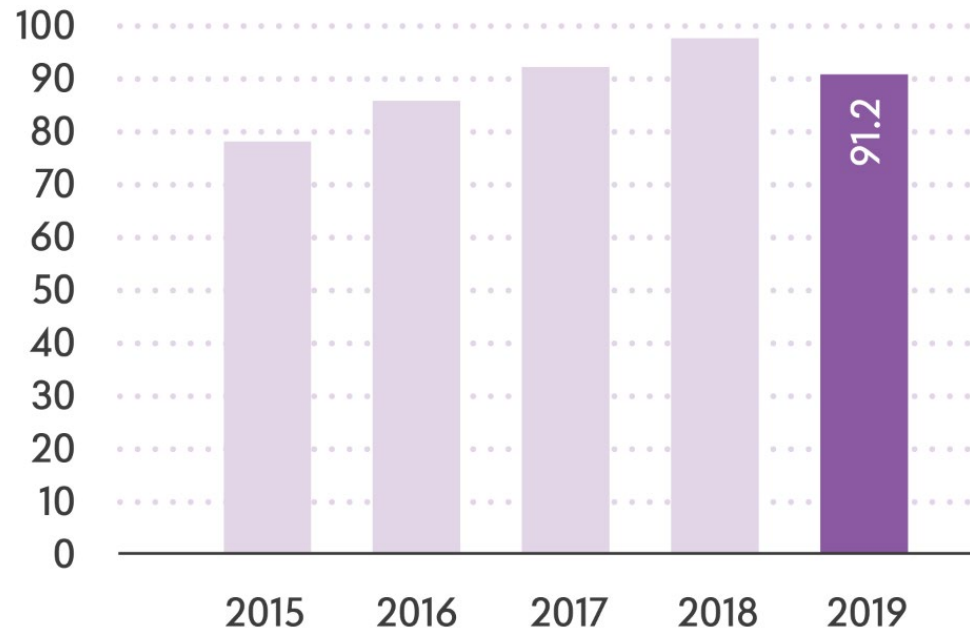
Profit affected by switching to yield-based valuation method.

PROFIT AND CASH EARNINGS

PROFIT BEFORE TAXES, MEUR



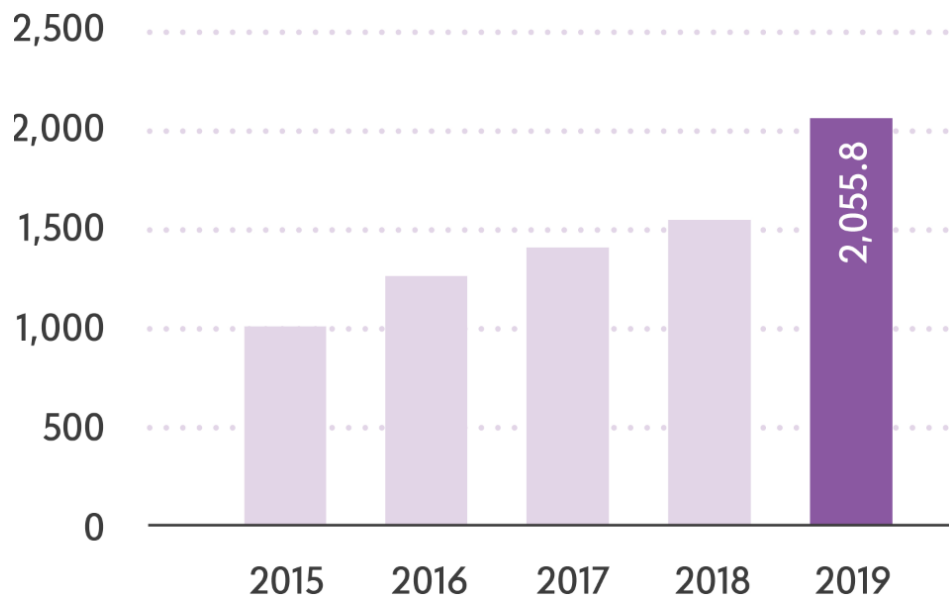
CASH EARNINGS (CE), MEUR



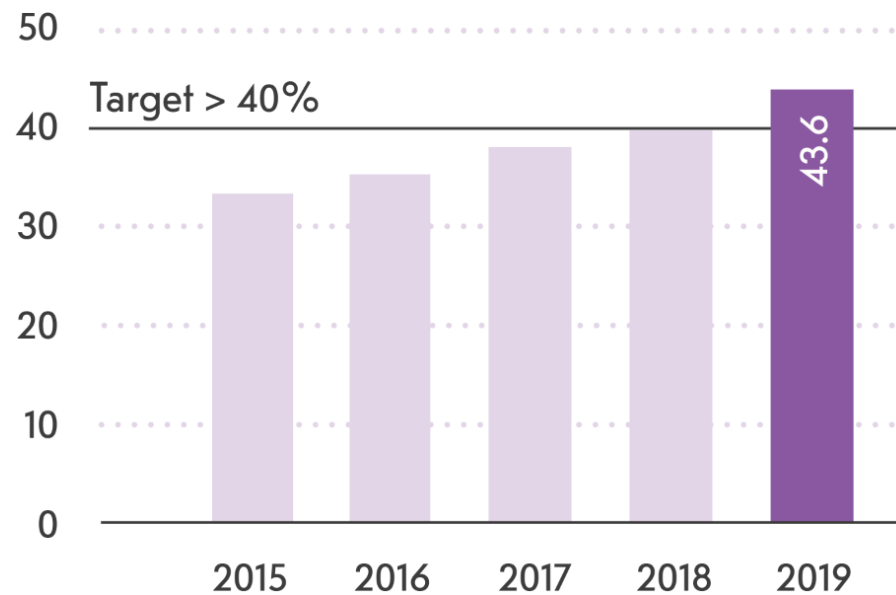
Enables growth.

STRONG EQUITY RATIO

SHAREHOLDERS' EQUITY, MEUR



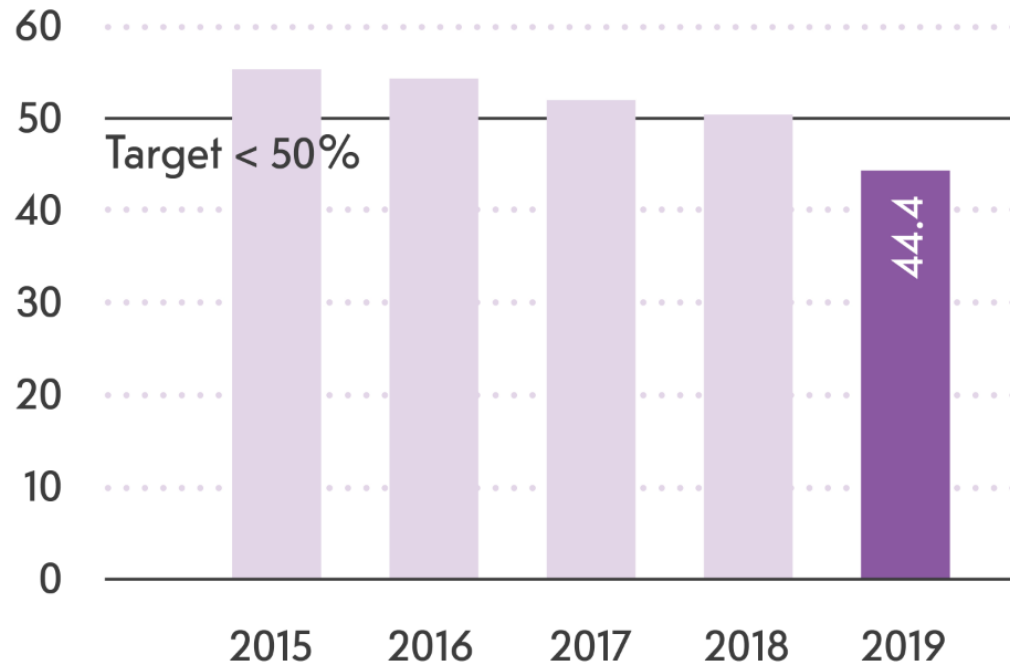
EQUITY RATIO, %



Positive impact by a long period of good earnings performance.

SOLVENCY RATIO

LUOTOTUSASTE, %

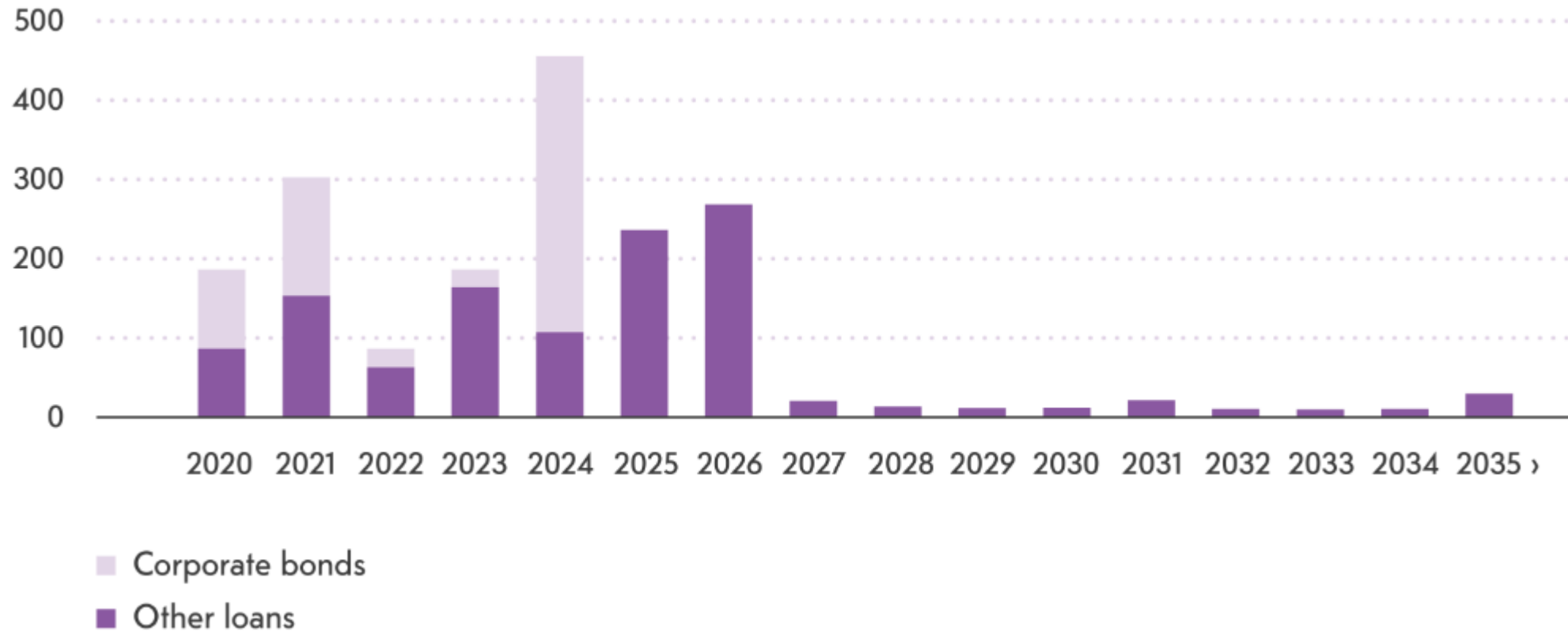


sato

Shifting towards financing structure free of real securities.

BROAD FINANCING BASE

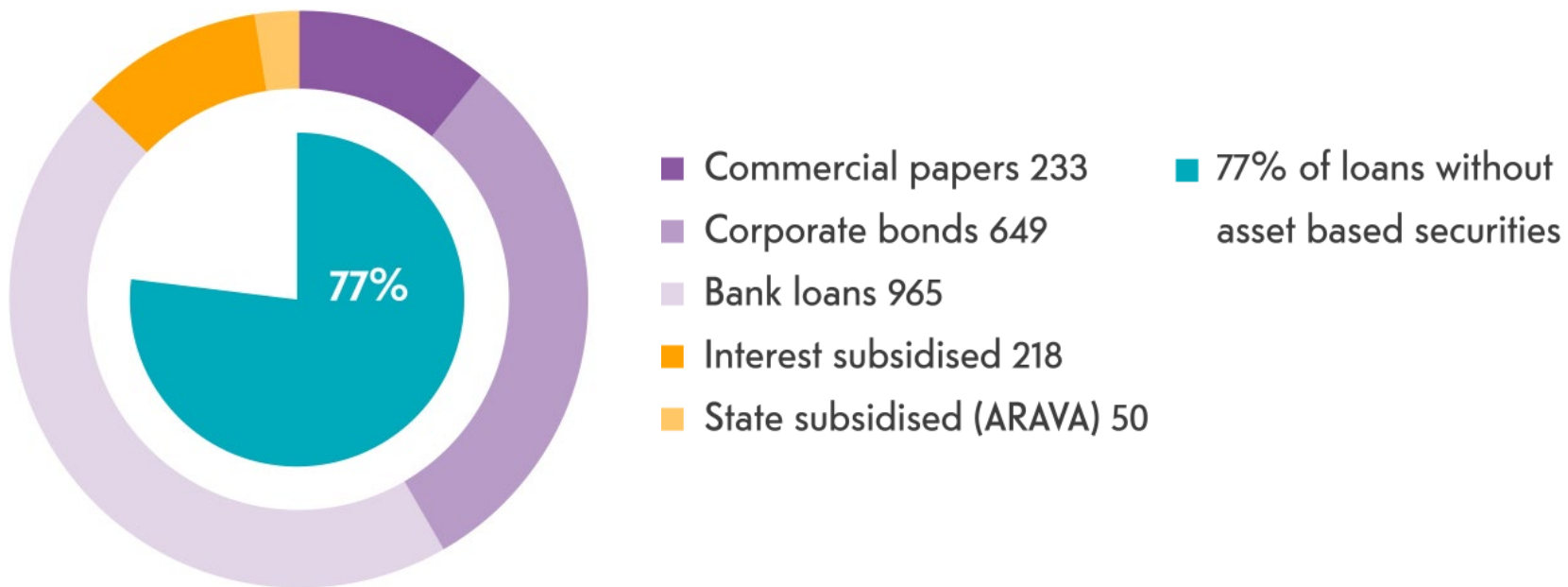
MATURITY PROFILE OF LONG TERM DEBT, MEUR



Interest bearing debt EUR 2,115 million.

BROAD FINANCING BASE

DEBT PORTFOLIO, nominal values 31 Dec 2019
TOTAL MEUR 2,115



sato

SUMMARY 1 JAN - 31 DEC

- The economic occupancy rate remained at a good level throughout the year and in Finland was 98.1 (97.9)%.
- Net sales stood at €295.6 (290.4) million.
- Net rental income amounted to €207.1 (198.5) million.
- Profit before taxes improved and was €670.5 (230.8) million.
- The change in the fair value of investment properties included in the result was €552.2 (102.0) million. In its financial statements, SATO Corporation switched to the yield-based valuation method.
- Housing investments amounted to €185.9 (143.5) million.
- Invested capital was €4,154.2 (3,536.7) million.
- Return on invested capital was 18.9 (7.9) per cent.
- Earnings per share were €9.45 (3.26).
- The Board of Directors proposes that the company will not distribute any dividend for the financial year ending on 31 December 2019.

MAIN SHAREHOLDERS

Balder Finska Ota AB (Fastighets AB Balder)	54.6 %
Stichting Depositary APG Strategic Real Estate Pool	22.6 %
Elo Mutual Pension Insurance Company	12.7 %
The State Pension Fund	4.9 %
The Finnish Construction Trade Union	1.1 %
Valkila Erkki	0.7 %
Hengityssairauksien tutkimussäätiö	0.4 %
Entelä Tuula	0.3 %
SATO Corporation	0.3 %
Heinonen Erkki	0.3 %
Others (109 shareholders)	2.1 %

On 31 December 2019, SATO had 56,783,067 shares and 119 shareholders registered in the book-entry system. The share turnover rate was 0.23 per cent for the period 1 January – 31 December 2019.



DIVIDEND PAYMENT PROPOSAL

- On February 27, 2020, 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 effects of the Covid-19 pandemic began after mid-March, which is why the company's Board of Directors decided on March 20, 2020 that the Annual General Meeting on April 1, 2020 will be canceled due to the situation caused by the coronavirus. Among other things disturbances were seen at the financial markets
- After the Finnish government amended the restrictive measures as of the first of June, the Board of Directors convened the Annual General Meeting on June 23 and at the same time proposed that no dividend be distributed for the 2019 financial year
- The reason for the change in the dividend proposal is the Covid-19 pandemic, the duration and impact of which on the Finnish economy is difficult to assess
- To minimize the business impacts of the pandemic, the company has postponed the start of some of the new housing projects and launched a cost savings action program in order to ensure our future economic stability and intensified sales efforts





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 2019
 - 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
 - The Board of Directors proposes that the company will not distribute any dividend for the financial year ending on 31 December 2019



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 **Jukka Hienonen**, **Esa Lager**, **Tarja Pääkkönen**, **Erik Selin**, **Johannus (Hans) Spikker** and **Timo Stenius** be re-elected as members of the Board of Directors.

In thriving cities people enjoy a high level of well-being.

*SATO Corporation
Annual General Meeting*

PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS

sato

PROPOSED COMPOSITION OF THE 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



JUKKA HIENONEN

born 1961, M.Sc.(Econ.), Board member and Deputy Chairman of the Board since 2015, independent of the company and its main shareholders

Primary working experience:

SRV Plc: President and CEO 2010-2014
Finnair Plc: President and CEO 2006-2010
Stockmann Plc: Executive Vice President 2001-2005, Director, International Affairs 1995-2000
Timberjack Oy: Marketing Director 1991-1995
Main positions of trust:
Juuri Partners Oy: Chairman of the Board of Directors
Hartela Oy: Chairman of the Board of Directors
Nokian Renkaat Oyj: Chairman of the Board of Directors

PROPOSED COMPOSITION 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
TerraFame Oy: member of the Board of Directors
Stockmann Oyj: member 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 and member of Remuneration Committee

YLVA - Helsinki University Group: member of the Board of Directors and member of Remuneration Committee

GRK Infra Oyj: member of the Board of Directors

Qentinel Oy: member of the Board of Directors



PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS



JOHANNUS (HANS) SPIJKER

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:

–



TIMO STENIUS

born 1956, M.Sc. (Constr. Eng.), Director, Elo Mutual Pension Insurance Company, Board member since 2015, independent of the company, not independent of the main shareholders

Primary working experience:

In his current post, he is responsible for Elo Mutual Pension Insurance Company's Corporate Financing. Since 1990, he has been involved in property investment and development, first in a listed company and later, 2001 - 2019, as the director responsible for a pension insurance company's property investments, corporate financing and non-listed equity investments. In addition, in 1982-1988 he was involved in project export tasks targeted at the Soviet Union in Finn-Stroi Oy.

Main positions of trust:

KTI: Chairman of the Board of Directors
Tyvene Oy: Chairman of the Board of Directors
Avara Ltd: member of the Board of Directors
Rakennuspalvelu V. Stenius Oy: 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

- In accordance with the recommendation of the Board's Audit Committee, the Board of Directors proposes that the auditor's fee be paid as invoiced and approved.

15. Election of auditor

- In accordance with the recommendation of the Board's Audit Committee, 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. Closing of the meeting

The minutes of the General Meeting will be available on SATO Corporation's website www.sato.fi on 7 July 2020 at the latest.



A woman with short blonde hair is shown in profile, looking out a window. She is wearing a dark green top and a thin necklace. The background is a bright, slightly blurred view of a window with white curtains.

THANK YOU

Additional information:
Sharam Rahi, President and CEO
p. +358 201 34 4001
Markku Honkasalo, CFO
p. +358 201 34 4226

sato