

Q1 INTERIM REPORT

1 JANUARY - 31 MARCH 2020



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KEY FIGURES



Key figure	1-3/2020	1-3/2019	1-12/2019
Net sales	€75.6 million	€73.1 million	€295.6 million
Number of rental apartments	26,380 homes	25,879 homes	26,074 homes
Investment properties	€4.69 billion	€3.97 billion	€4.66 billion
Housing investments	€27.3 million	€30.4 million	€185.9 million
Under construction Finland	963 pcs	1,221 pcs	868 pcs
Average rent in Finland at the end of review period	17.28 €/m ² /month	16.94 €/m ² /month	17.25 €/m ² /month
Cash earnings	€29.3 million	€20.0 million	€97.9 million
Shareholders' equity at the end of review period	€2,081.3 million	€1,585.2 million	€2,055.8 million

SATO CORPORATION'S INTERIM REPORT 1 JAN–31 MAR 2020

ECONOMIC OCCUPANCY RATE REMAINED STABLE

SUMMARY FOR 1 JAN–31 MAR 2020 (1 JAN–31 MAR 2019)

- The economic occupancy rate in Finland was 97.6 (98.1) %.
- Net sales were EUR 75.6 (73.1) million.
- Net rental income amounted to € 47.0 (43.5) million.
- Profit before taxes was EUR 34.5 (46.6) million.
- The change in the fair value of investment properties included in the result was EUR 4.8 (22.7) million.
- Housing investments amounted to € 27.3 (30.4) million.
- Invested capital at the end of review period was € 4,216.2 (3,572.1) million.
- Return on invested capital was 4.3 (6.5) per cent.
- Equity was EUR 2,081.3 (1,585.2) million, or EUR 36.76 (28.00) per share.
- Earnings per share were EUR 0.48 (0.65).
- A total of 211 (0) rental apartments were acquired or completed.
- A total of 848 rental apartments and 115 owner-occupied apartments are under construction.

CEO SHARAM RAHI:

– The coronavirus pandemic has a significant effect on Finland's economy, and the impact depends on the duration of the pandemic and the restrictions due to the pandemic. Nevertheless, SATO's economic occupancy rate remained stable during the first quarter and was 97.6 per cent (98.1) in the review period.

– To minimize the business impacts of the pandemic, we have 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.

– During the review period we have especially focused on taking care of our customers' safety in the middle of the coronavirus pandemic. In apartment showings and apartment inspections we have largely used digital means, and also communicated how to live safely in apartment buildings during the pandemic.

– In our customer service we have focused on advising our customers in matters related to rent payments and other financial issues in this challenging economic situation.

– Our personnel's safety has also been in central role in our operation during the review period. Almost all of SATO's personnel shifted to remote work in early stages of the pandemic, and we have limited apartment visits to only necessary situations, as well as tended to the needed protective equipment.

– The amount of SATO's apartments continued to grow during the review period, and 211 new rental apartments was completed.

– During the review period, we launched the marketing of SATO's first FlexHome, which will be completed in Tali, Helsinki. SATO FlexHome is a new concept for part-ownership that enables home ownership with a small initial capital outlay and a five-year part-ownership period.

– SATO's financial structure was further improved, when SATO issued a EUR 300 million senior unsecured bond offered to European investors under its EMTN programme after the review period, on 7 April.

– Finally, I want to thank both my team and our personnel for the hard work in taking care of our customers and each other in these challenging circumstances.

OPERATING ENVIRONMENT

The coronavirus pandemic which began to spread in early 2020 will have a significant effect on Finland's economy. According to the forecast of the Bank of Finland, growth of the Finnish economy will decrease from 5 to 13 per cent this year. The negative impact of the pandemic is limited with support measures of the European Central Bank, European Union and the State of Finland. According to the Statistics Finland, the consumers' pessimistic attitude towards Finland's economy grew significantly when the restrictions came into effect.

Demand for rental apartments has remained good, and urbanisation continues to be strong.

REVIEW PERIOD 1 JANUARY–31 MARCH 2020 (1 JANUARY–31 MARCH 2019) NET SALES AND PROFIT

Between January and March 2020, consolidated net sales were EUR 75.6 (73.1) million.

Operating profit was EUR 45.5 (57.8) million. The operating profit without the change in the fair value of investment properties was EUR 40.7 (35.0) million. The change in fair value in profit and loss was EUR 4.8 (22.7) million. The change in fair value in profit and loss was negatively affected by the change in the value of the rouble.

Financial income and expenses totalled EUR -11.0 (-11.2) million.

Profit before taxes was EUR 34.5 (46.6) million. Cash flow from operations (free cash flow after taxes excluding changes in fair value) between January and March amounted to EUR 29.3 (20.0) million.

Earnings per share was 0.48 (0.65) euros.

FINANCIAL POSITION AND FINANCING

The consolidated balance sheet totalled EUR 4,802.0 (4,030.0) million at the end of March. Equity was EUR 2,081.3 (1,585.2) million. Equity per share was EUR 36.76 (28.00).

The Group's equity ratio was 43.3 (39.3) per cent at the end of March. EUR 0.4 million in new long-term financing was withdrawn and the solvency ratio was 44.0 (49.2) per cent at the end of March.

The Group's annualised return on equity was 5.2 (9.4) per cent. Return on investment was 4.3 (6.5) per cent.

Interest-bearing liabilities at the end of March totalled EUR 2,135.0 (1,986.9) million, of which loans subject to market terms accounted for EUR 1,874.0 (1,659.3) million. The average loan interest rate was 1.7 (2.0) per cent. Net financing costs totalled EUR -11.0 (-11.2) million.

The calculated impact of changes in the market value of interest hedging on equity was EUR -1.6 (-6.1) million.

The proportion of loans without asset-based securities was 78.3 (66.4) per cent of all loans. At the end of March, the proportion of unencumbered assets was 82.2 (75.9) 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 75.6 (73.1) million. The economic occupancy rate of apartments in Finland was 97.6 (98.1) per cent on average, and the external tenant turnover was 28.1 (27.6) per cent.

The average monthly rent of SATO's rental apartments in Finland at the end of the review period was EUR 17.28 (16.94) per m².

Net rental income from apartments stood at EUR 47.0 (43.5) million.

INVESTMENT PROPERTIES

On 31 March 2020, SATO owned a total of 26,380 (25,879) apartments. During the review period, 211 (0) rental apartments were completed. The total number of divested rental apartments and shared ownership apartments redeemed by the owner-occupants was 56.

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 4,689.1 (3,971.6) million. The change in the value of investment properties, including the rental apartments acquired and divested during the review period, was EUR 31.2 (96.5) million.

Of the value of apartments, the Helsinki metropolitan area accounted for some 83 per cent, Tampere and Turku made up 13 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 27.3 (30.4) million. Investments in the Helsinki metropolitan area represented 94 per cent of all investments in the review period. Investments in new apartments represented 70 per cent of the investments. On 31 March 2020, binding purchase agreements in Finland totalled EUR 42.0 (40.9) million.

During the review period, 56 (14) rental apartments were divested in Finland. Their total value was EUR 2.4 (2.6) million.

The book value of plot reserves totalled EUR 57.1 (36.8) million at the end of March. The value of new plots acquired by the end of March totalled EUR 1.8 (0.0) million.

The permitted building volume for approximately 2,400 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, a total of 211 (0) rental apartments and 0 (0) owner-occupied apartments were completed. On 31 March 2020, a total of 848 (1,090) rental apartments and 115 (131) owner-occupied apartments were under construction.

A total of EUR 15.9 (14.1) million was spent on repairing apartments and improving their quality.

At the end of March, SATO owned 533 (534) apartments in St. Petersburg. The economic occupancy rate of rental apartments in St. Petersburg was 91.1 (93.6) 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 224 (219) people, of whom 211 (204) had a permanent employment contract. The average number of personnel was 224 (218) between January and March.

ANNUAL GENERAL MEETING 2020

SATO Corporation's board of directors has on 20 March 2020 made the decision to cancel the annual general meeting convened on 1 April 2020. SATO Corporation's board of directors will make the decision to summon the annual general meeting at a later stage.

EVENTS AFTER THE REVIEW PERIOD

SATO Corporation issued a EUR 300 million senior unsecured bond offered to European investors under its EMTN programme on 7 April 2020.

On April 6 2020, SATO announced an option for its families-with-children residents to apply for food aid, if the family's livelihood was impacted negatively by the coronavirus pandemic. The value of donated food aid gift cards exceeded EUR 50,000.

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 near future is the coronavirus pandemic, and its duration and effect on Finland's economy and to SATO's operating environment is difficult to estimate. To minimize the possible business impacts of the pandemic, the company has postponed the start of some of the new housing projects, and launched an action program concerning cost savings in order to ensure the future economic stability.

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 and uncertainty stemming from them can have a significant impact on the reliability of the investment environment and thus on SATO's business. SATO monitors and anticipates these changes and also calls attention to what it considers to be negative impacts of regulation.

The management of financial risks is steered by the Group's financial policy. Our 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 debt portfolio was 60.7 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 2019 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, general competitive situation and interest rates.

The coronavirus pandemic started in early 2020 will have a significant effect on Finland's economy. According to the forecast of the Bank of Finland, the national economy will be reduced from 5 to 13 per cent this year. The negative impact of the pandemic is pursued to be limited with support measures of the European Central Bank, European Union and the State of Finland. According to the Statistics Finland, the consumer's pessimistic attitude towards Finland's economy grew significantly when restrictions came into effect.

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.

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

The number of construction permits applied for has fallen dramatically, due to which the historically high rate of housing construction is expected to decrease in the coming years.

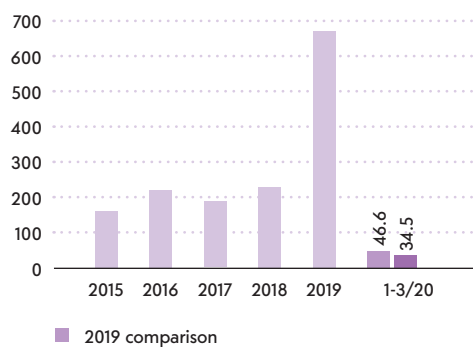
SATO CORPORATION'S SHAREHOLDERS ON 31 MARCH 2020

Largest shareholders and their holdings	pcs	%
Balder Finska Ots AB (Fastighets AB Balder)	30,997,806	54.6%
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%
The Finnish Construction Trade Union	619,300	1.1%
Valkila Erkki	390,000	0.7%
Hengityssairauksien tutkimussäätiö	227,000	0.4%
Entelä Tuula	179,000	0.3%
SATO Corporation	160,000	0.3%
Heinonen Erkki	156,684	0.3%
Others (110 shareholders)	1,217,349	2.1%

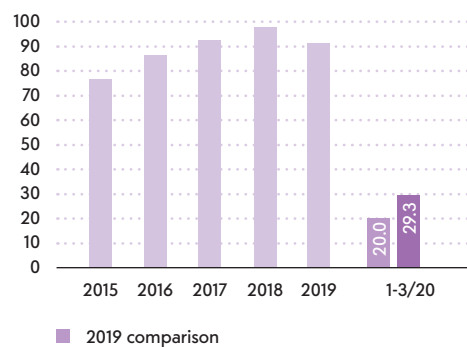
On 31 March 2020, SATO had 56,783,067 shares and 120 shareholders registered in the book-entry system. The share turnover rate was 0.59 per cent for the period 1 January–31 March 2020.

FINANCIAL TREND

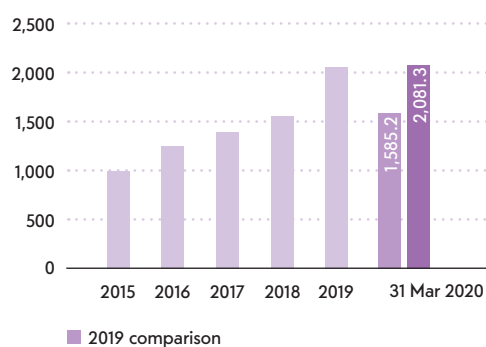
Profit before taxes, MEUR



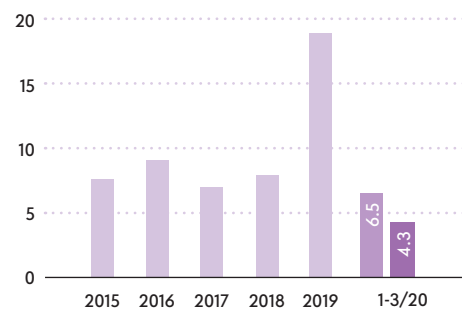
Cash earnings (CE), MEUR



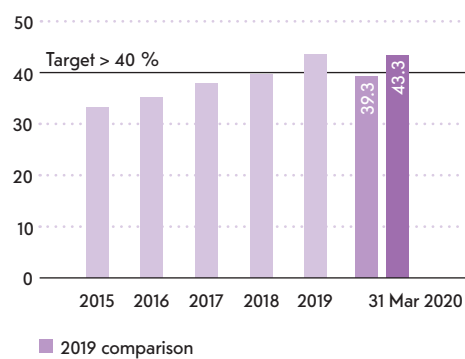
Shareholders' equity, MEUR



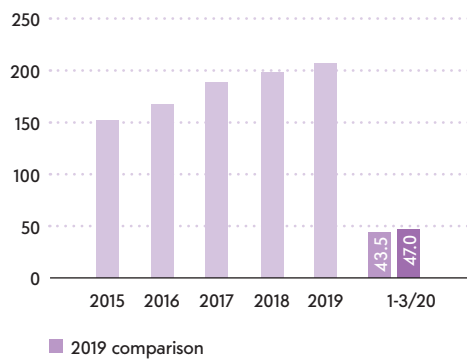
Return on invested capital, %



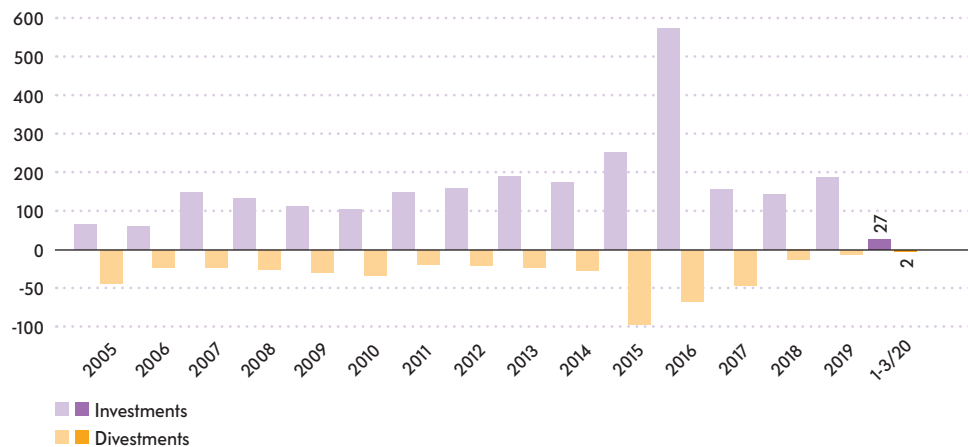
Equity ratio, %



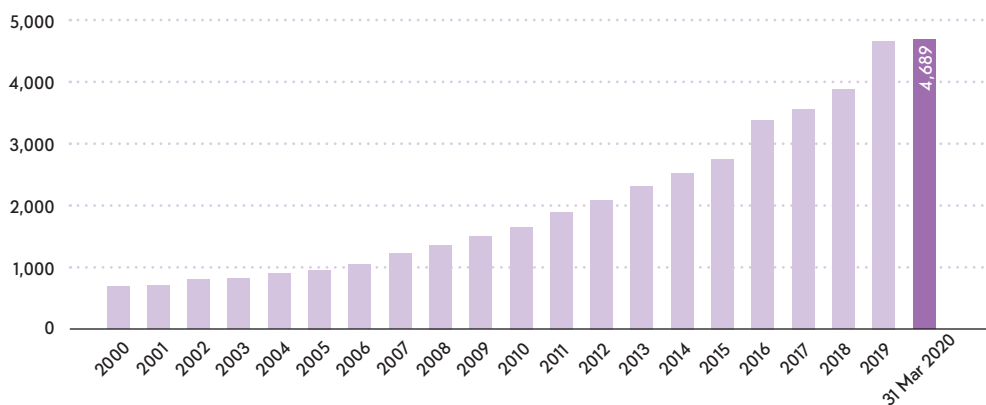
Net rental income, MEUR



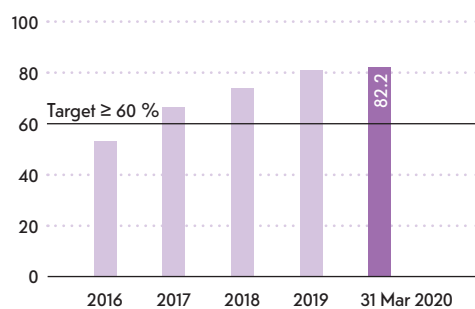
Housing investments and divestments, MEUR



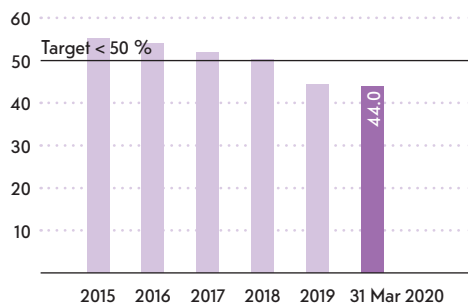
Trend in the investment property portfolio value, MEUR



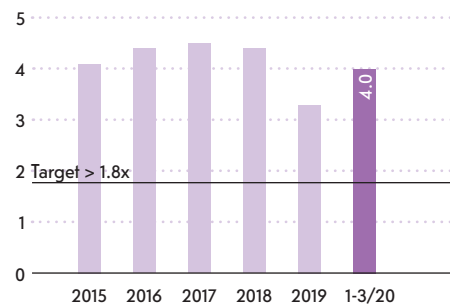
Unencumbered assets, %



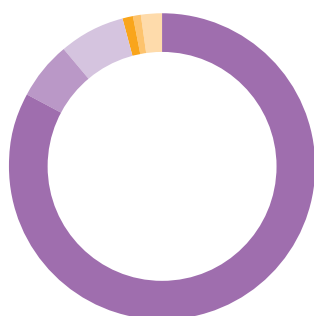
Solvency ratio, %



Interest coverage ratio



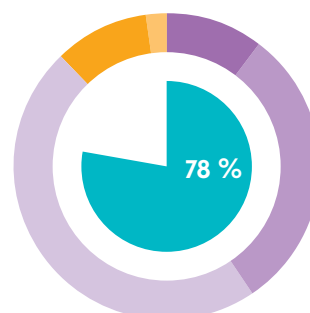
Regional distribution of the housing portfolio, 31 March 2020



- Helsinki Metropolitan Area 83 %
- Turku region 6 %
- Tampere region 7 %
- Jyväskylä region 1 %
- Oulu region 1 %
- St. Petersburg 2 %

Total housing portfolio MEUR 4,542

Debt portfolio, Nominal values 31 March 2020, total MEUR 2,155



- Commercial papers 225
- Corporate bonds 649
- Bank loans 1020
- Interest subsidised 214
- State subsidised (ARAVA) 47

78 % of loans without asset based securities

CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
Net sales	75.6	73.1	295.6
Property maintenance expenses	-28.6	-29.6	-88.5
Net operating income	47.0	43.5	207.1
Fair value change of investment properties, realised	1.4	-0.5	1.0
Fair value change of investment properties, unrealised	4.8	22.7	552.2
Sales, marketing and administrative expenses	-7.3	-7.8	-32.6
Other operating income	0.2	0.0	1.9
Other operating expenses	-0.6	-0.1	-4.3
Share of profit of associated companies and joint ventures	0.0	0.0	0.2
Operating profit	45.5	57.8	725.6
Financial income	0.1	0.2	0.9
Financial expenses	-11.1	-11.4	-56.0
	-11.0	-11.2	-55.1
Profit before tax	34.5	46.6	670.5
Income tax expenses	-7.4	-9.8	-135.5
Profit for the period	27.1	36.7	534.9
Profit for the period attributable to			
Equity holder of the parent	27.1	36.7	535.0
Non-controlling interests	0.0	0.0	0.0
	27.1	36.7	534.9
Earnings per share attributable to equity holders of the parent			
Basic, EUR	0.48	0.65	9.45
Diluted, EUR	0.48	0.65	9.45
Average number of shares, million	56.6	56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
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	-2.0	-7.6	0.0
Translation differences	0.0	0.1	-0.1
Related tax	0.4	1.5	0.0
Items that may be reclassified subsequently to income statement	-1.6	-6.0	-0.1
Other comprehensive income, net of tax	-1.6	-6.0	-0.1
Total comprehensive income	25.5	30.7	534.8
Comprehensive income attributable to			
Equity holders of the parent	25.5	30.7	534.9
Non-controlling interest	0.0	0.0	0.0
	25.5	30.7	534.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Non-current assets			
Investment property	4,689.1	3,971.6	4,657.9
Tangible assets	3.0	2.4	3.2
Intangible assets	3.8	2.7	3.7
Investments in associated companies	0.2	0.0	0.2
Other non-current investments	1.1	1.9	1.1
Right-of-use assets	7.4	7.1	7.7
Non-current receivables	8.7	7.0	6.3
Deferred tax assets	14.6	14.4	14.2
Total	4,728.0	4,007.0	4,694.4
Current assets			
Account and other receivables	17.4	9.6	10.9
Current tax assets	15.1	8.1	7.9
Cash and cash equivalents	41.5	5.3	5.0
Total	74.0	23.0	23.8
TOTAL ASSETS	4,802.0	4,030.0	4,718.2
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	-31.4	-30.5	-29.8
Reserve fund	43.7	43.7	43.7
Reserve for invested non-restricted equity	114.8	114.9	114.8
Retained earnings	1,949.9	1,452.9	1,922.8
Total	2,081.4	1,585.3	2,055.9
Non-controlling interests	-0.2	-0.1	-0.2
TOTAL SHAREHOLDERS EQUITY	2,081.3	1,585.2	2,055.8
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	389.5	279.3	387.4
Provisions	1.6	1.9	1.6
Lease liabilities	52.7	49.2	53.0
Derivative liabilities	44.8	48.5	46.7
Long-term non-interest bearing liabilities	0.0	0.0	0.0
Long-term interest bearing liabilities	1,497.4	1,617.0	1,673.8
Total	1,986.0	1,996.0	2,162.4
Current liabilities			
Accounts payable and other liabilities	82.1	66.2	65.3
Provisions	3.6	2.9	2.8
Lease liabilities	4.7	5.3	4.7
Current tax liabilities	6.7	4.5	2.6
Short-term interest bearing liabilities	637.5	369.9	424.6
Total	734.7	448.8	500.0
TOTAL LIABILITIES	2,720.7	2,444.8	2,662.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,802.0	4,030.0	4,718.2

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

MEUR	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
Cash flow from operating activities			
Profit for the period	27,1	36,7	534,9
Adjustments:			
Non-cash items included in the profit	-3,3	-21,7	-549,3
Profit and loss on sales of investment properties and fixed assets	-1,5	0,5	-1,1
Other adjustments	0,0	0,4	0,4
Interest expenses and other financial expenses	11,1	11,4	56,0
Interest income	-0,1	-0,2	-0,8
Dividend income	0,0	0,0	0,0
Income taxes	7,4	9,8	135,5
Cash flow before change in net working capital	40,7	36,9	175,6
Change in net working capital:			
Changes in accounts receivable and other receivables	-1,1	2,3	2,3
Change in accounts payable and other liabilities	7,8	5,8	0,2
Interest paid	-10,1	-13,9	-58,8
Interest received	-0,2	0,1	0,7
Taxes paid	-8,4	-7,9	-27,3
Net cash flow from operating activities	28,7	23,3	92,8
Cash flow from investing activities			
Investments in investment properties	-32,4	-37,6	-211,3
Net investment in tangible and intangible assets	-0,3	-0,5	-3,4
Repayments of loans receivable	0,6	0,0	0,8
Payments of granted loans	-3,0	0,0	0,0
Disposals of investment property	2,9	8,8	28,1
Net cash flow from investing activities	-32,2	-29,2	-185,9
Cash flow from financing activities			
Repayments (-) / withdrawals (+) of current loans	52,0	16,0	50,1
Withdrawals of non-current loans	0,4	20,1	657,2
Repayments of non-current loans	-12,4	-29,7	-583,9
Repayments of lease liabilities	-0,2	-0,6	-2,5
Repayment of capital and dividends paid	0,0	0,0	-28,3
Net cash flow from financing activities	39,8	5,7	92,6
Change in cash and cash equivalents	36,3	-0,2	-0,5
Cash and cash equivalents at the beginning of period	5,0	5,4	5,4
Effect of exchange rate fluctuations on cash held	0,2	0,0	0,1
Cash and cash equivalents at the end of period	41,5	5,3	5,0

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 2019	4.4	-24.4	43.7	114.8	1,416.1	1,554.6	-0.1	1,554.5
Comprehensive income:								
Cash flow hedges, net of tax	-	-6.1	-	-	-	-6.1	-	-6.1
Translation differences	-	-	-	-	0.1	0.1	-	0.1
Profit for the period	-	-	-	-	36.7	36.7	0.0	36.7
Total comprehensive income	0.0	-6.1	0.0	0.0	36.8	30.7	0.0	30.7
Transactions with shareholders:								
Dividend	-	-	-	-	-	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
Total of equity movements	0.0	-6.1	0.0	0.0	36.8	30.7	0.0	30.7
Shareholders' equity 31 Mar 2019	4.4	-30.5	43.7	114.8	1,452.8	1,585.3	-0.1	1,585.1

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
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

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 2020, the Group has adopted new or amended IFRS's and IFRIC interpretations, as described in the financial statements 2019. 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 2019.

3. SEGMENT INFORMATION

SATO has one operating segment. Significant operational decisions are done 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	1-3/2020	1-3/2019	1-12/2019
Finland	74.1	71.6	289.3
Russia	1.5	1.5	6.2
Total	75.6	73.1	295.6

Non-current assets by geographical region

MEUR	31 Mar 2020			31 Mar 2019		
	Finland	Russia	Total	Finland	Russia	Total
Investment property	4,587.5	101.6	4,689.1	3,854.9	116.7	3,971.6
Tangible assets	2.9	0.1	3.0	2.4	0.0	2.4
Intangible assets	3.8	0.0	3.8	2.7	0.0	2.7
Other right-of-use assets	7.4	-	7.4	7.1	-	7.1
Investments in associated companies	0.2	-	0.2	0.0	-	0.0
Total	4,601.9	101.7	4,703.6	3,867.0	116.7	3,983.7

MEUR	31 Dec 2019		
	Finland	Russia	Total
Investment property	4,533.8	124.0	4,657.9
Tangible assets	3.2	0.1	3.2
Intangible assets	3.7	0.0	3.7
Other right-of-use assets	7.7	-	7.7
Investments in associated companies	0.2	-	0.2
Total	4,548.6	124.1	4,672.8

4. GAINS AND LOSSES ON DISPOSAL OF INVESTMENT PROPERTIES

MEUR	1-3/2020	1-3/2019	1-12/2019
Sale of residential investment properties			
Proceeds from disposal of residential investment properties	3.8	2.6	9.0
Carrying value of investment properties sold	-2.4	-2.6	-9.1
Total	1.4	0.0	0.0
Sale of land plots			
Sales income, land plots	6.0	5.3	12.1
Carrying value of land plots sold	-6.0	-5.8	-11.1
Total	0.0	-0.5	1.0
Total	1.4	-0.5	1.0

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

5. OTHER OPERATING INCOME

MEUR	1-3/2020	1-3/2019	1-12/2019
Other operating income			
Sales income, new production	0.0	0.0	13.3
New production expenses	0.0	-0.1	-11.8
Other income	0.1	0.1	0.4
Total	0.2	0.0	1.9

6. FINANCIAL INCOME AND EXPENSES

MEUR	1-3/2020	1-3/2019	1-12/2019
Financial income			
Interest income on loans and other receivables	0.1	0.1	0.7
Dividend income from other non-current investments	0.0	0.0	0.0
Foreign exchange gains	0.0	0.1	0.1
Total	0.1	0.2	0.9

MEUR	1-3/2020	1-3/2019	1-12/2019
Financial expenses			
Interest expense on financial liabilities measured at amortised cost	-5.5	-6.7	-23.9
Interest expense on effective cash flow hedges	-3.0	-2.7	-11.7
Interest expense on lease liabilities	-0.8	-0.8	-3.1
Foreign exchange losses	-0.4	0.0	0.0
Other financial expenses	-1.3	-1.2	-17.3
Total	-11.1	-11.4	-56.0
Financial income and expenses, net	-11.0	-11.2	-55.1

7. INVESTMENT PROPERTIES

MEUR	1-3/2020	1-3/2019	1-12/2019
Fair value of investment properties at start of period	4,657.9	3,922.4	3,922.4
Acquisitions of properties	0.0	0.0	31.1
New construction and other investments in properties	34.5	34.2	180.0
Disposals of investment properties	-8.5	-8.5	-32.2
Capitalised borrowing costs	0.6	0.6	2.6
Reclassified from other items	-0.1	0.1	0.8
Gains and losses from changes in fair value*	4.8	22.7	552.2
Remeasurement of right-of-use investment properties, no P/L effect	0.0	0.0	0.9
Fair value of investment properties at end of period	4,689.1	3,971.6	4,657.9

* Gains and losses from changes in fair value include foreign exchange gains and losses of EUR -23.2 (9.9) million.

Significant acquisitions and disposals during the period

SATO did not make any acquisitions of completed investment properties or land plots during the period. The most significant divestment in the period was the sale of two plots in Niittykumpu, Espoo, to Lujatalo Oy.

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 80 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 (Helsinki office)). 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 (currently JLL, St. Petersburg office). The principles and methods used in the fair value measurement are approved by the Corporate Management Group. During the valuation process all the periodical changes are analysed. The result of the valuation and the periodic change in fair value recorded through profit and loss are reported to the Corporate Management Group and Board of Directors.

At inception, owned investment properties are recognised at acquisition value, which includes transaction costs. Thereafter, they are recorded at fair value. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. Fair value of an investment property represents the price that, according to the Group's estimate, would be received for the property in an orderly transaction taking place in the local (principal) market at the reporting date, considering the condition and location of the property. Unbuilt land and development projects, whose realization is uncertain, are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably. The valuation methods for SATO's owned investment properties are income value method, sales comparison method and acquisition cost method. SATO changed, from 31 December 2019, its valuation method from sales comparison method to income value method, for investment properties located in Finland that can be sold without restrictions, or can be sold as entire properties and to a restricted group of buyers.

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

MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Investment property classified by valuation method			
Income value	4,273.2	484.7	4,226.6
Sales comparison value	101.6	3,216.3	124.0
Acquisition cost	264.8	223.3	257.5
Owned investment property, total	4,639.6	3,924.3	4,608.1
Right-of-use investment properties	49.5	47.2	49.7
Total	4 689.1	3,971.5	4,657.9

Sensitivity analysis of investment properties

Sensitivity analysis of investment properties has been presented in the 2019 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	1-3/2020	1-3/2019	1-12/2019
Carrying value, beginning of period	3.2	2.4	2.4
Additions	0.0	0.2	1.6
Disposals	-0.1	0.0	-0.3
Accumulated depreciation of disposals	0.1	0.0	0.2
Transfers between items	0.0	0.0	0.0
Depreciation	-0.2	-0.1	-0.7
Carrying value, end of period	3.0	2.4	3.2

9. INTANGIBLE ASSETS

MEUR	1-3/2020	1-3/2019	1-12/2019
Carrying value, beginning of period	3.7	2.6	2.6
Additions	0.4	0.3	2.0
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	-0.2	-0.2	-0.9
Carrying value, end of period	3.8	2.7	3.7

10. LEASES

Right-of-use assets

MEUR	1-3/2020	1-3/2019	1-12/2019
Right-of-use investment properties			
Carrying value, beginning of period	49.7	47.3	47.3
Additions	0.2	0.0	2.1
Disposals	-0.1	0.0	0.0
Remeasurement of lease agreements	0.0	0.0	0.9
Changes of fair value in profit and loss	-0.2	-0.2	-0.7
Carrying value, end of period	49.5	47.2	49.7
Other right-of-use assets			
Carrying value, beginning of period	7.7	7.6	7.6
Additions	0.0	0.0	0.2
Remeasurement of lease agreements	0.0	0.0	1.8
Depreciation for the period	-0.3	-0.5	-1.8
Carrying value, end of period	7.4	7.1	7.7
Total carrying value, beginning of period	57.5	54.9	54.9
Total carrying value, end of period	57.0	54.3	57.5

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	1-3/2020	1-3/2019	1-12/2019
Non-current			
From land lease agreements	46.4	44.0	46.4
From other lease agreements	6.3	5.2	6.6
Total	52.7	49.2	53.0
Current			
From land lease agreements	3.5	3.3	3.5
From other lease agreements	1.2	1.9	1.2
Total	4.7	5.3	4.7
Total lease liabilities	57.4	54.5	57.7

II. SHAREHOLDERS' EQUITY

The total number of SATO's shares as at 31 March 2020 was 56,783,067 (56,783,067) and the number of own shares held was 160,000 (160,000).

The following dividends was declared by the company during the period:

MEUR	1-3/2020	1-3/2019	1-12/2019
The following dividend was declared by the company:			
Dividend 0.00 (0.00) per share, EUR	0.0	0.0	-28.3
Total	0.0	0.0	-28.3

The dividend paid by SATO Corporation for the financial period ended 31 December 2018 amounted to EUR 0.50 per share, or EUR 28.3 million in total.

12. FINANCIAL LIABILITIES

MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Financial liabilities			
Commercial papers	225.0	198.9	233.0
Corporate bonds	646.7	747.3	646.5
Bank loans	1,002.3	713.0	950.7
Interest-subsidised loans	214.3	274.2	218.3
State-subsidised ARAYA loans	46.7	53.5	49.9
Total	2,135.0	1,986.9	2,098.4

On the reporting date, the average interest of SATO's debt portfolio was 1.7 (2.0) per cent.

For purposes of short-term financing, SATO has a commercial paper program of EUR 400 (400) million, committed credit limits of EUR 650 (400) million, of which EUR 590 (400) 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 2020			31 Mar 2019	31 Dec 2019
	Positive	Negative	Net	Net	Net
Fair values of derivative instruments					
Interest rate swaps, cash flow hedging	-	-38.2	-38.2	-34.2	-34.6
Cross-currency and interest rate swaps, cash flow hedging	-	-15.9	-15.9	-15.0	-14.0
Foreign exchange forward contracts, cash flow hedging	-	-	-	-	0.0
Total	0.0	-54.1	-54.1	-49.3	-48.6

MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Nominal values of derivative instruments			
Interest rate swaps, cash flow hedging	658.3	755.3	658.4
Cross-currency and interest rate swaps, cash flow hedging	73.4	73.4	73.4
Foreign exchange forward contracts, cash flow hedging	-	-	0.6
Total	731.7	828.7	732.4

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR -1.6 (-6.1) 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 2020			31 Mar 2019		
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:
Assets						
Other non-current investments	-	1.1	-	-	1.9	-
Loans receivable	-	8.7	-	-	7.0	-
Derivative assets	-	0.0	-	-	0.0	-
Accounts receivable and other non-interest-bearing receivables	-	14.7	-	-	7.7	-
Cash and cash equivalents	-	41.5	-	-	5.3	-
Liabilities						
Corporate bonds	622.0	24.0	-	743.4	24.0	-
Other loans	-	1,491.5	-	-	1,244.9	-
Derivative liabilities	-	54.1	-	-	49.3	-
Accounts payable and other non-interest-bearing payables	-	24.0	-	-	29.2	-

MEUR	31 Dec 2019		
	Level 1:	Level 2:	Level 3:
Assets			
Other non-current investments	-	1.1	-
Loans receivable	-	6.3	-
Derivative assets	-	0.0	-
Accounts receivable and other non-interest-bearing receivables	-	8.7	-
Cash and cash equivalents	-	5.0	-
Liabilities			
Corporate bonds	638.0	24.0	-
Other loans	-	1,451.9	-
Derivative liabilities	-	48.6	-
Accounts payable and other non-interest-bearing payables	-	25.8	-

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
Provision at the beginning of the period 1 Jan 2020	2.6	1.8	4.4
Increases	0.2	0.7	0.9
Provisions used	-0.1	0.0	-0.1
Reversals	-0.1	0.0	-0.1
Provision at the end of the period 31 Mar 2020	2.7	2.5	5.2

MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current provisions	1.6	1.9	1.6
Current provisions	3.6	2.9	2.8
Total	5.2	4.9	4.4

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	1-3/2020	1-3/2019	1-12/2019
Non-cash items included in the profit			
Depreciation and amortization	0.8	0.9	3.4
Gains and losses from changes in fair value of investment properties	-4.8	-22.7	-552.2
Changes in provisions	0.7	0.1	-0.3
Share of profit of associated companies and joint ventures	0.0	0.0	-0.2
Total	-3.3	-21.7	-549.3
MEUR	1-3/2020	1-3/2019	1-12/2019
Changes in interest-bearing debt during the period			
Interest-bearing debt, beginning of period	2,098.4	1,982.2	1,982.2
Cash changes in interest-bearing debt during the period, total	39.9	6.3	123.4
Non-cash changes:			
Change in foreign exchange rates	-3.5	-0.9	-1.2
Interest accrued by the effective interest rate method	0.5	0.5	1.3
Transfer of debt to buyers upon disposal of investment property and other adjustments	-0.4	-1.3	-7.3
Interest-bearing debt, end of period	2,135.0	1,986.9	2,098.4

17. COLLATERAL, COMMITMENTS AND CONTINGENCIES

MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Mortgages and pledges for secured borrowings			
Secured borrowings	450.6	659.7	466.2
Pledges and mortgages provided. fair value	853.6	969.8	905.9
Guarantees for others			
Shared ownership apartment purchase commitments	6.1	7.8	5.9
Rs-guarantees	3.7	4.8	3.7
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	18.2	8.1	18.2
Binding purchase agreements			
For acquisitions of investment properties	42.0	103.5	40.9
Pledges for land use payments on zoned plots	1.3	0.8	4.3
Commitments to cleaning and removal charges	0.0	0.0	0.0
Letters of intent on land for which there is a zoning condition	9.2	39.3	9.2

Housing companies which hold so-called shared ownership apartments are treated as structured entities, which are established for a fixed period, and are not included in the consolidation. On the report date, the loans of such housing companies included in the shared ownership systems, totalled EUR 10.3 (21.8) million.

18. RELATED PARTY TRANSACTIONS

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

Shareholders that are considered as SATOs related party in 2020 are Balder Finska Ota AB (owner: Balder Group, whose parent company is 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, CEO and the members of the 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 Corporate Management Group comprises of SATO Corporation's President and CEO, Vice Presidents, Director of Marketing and Communications and the Chief Financial Officer.

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

On 25 February 2020, SATO Corporation has received an unsecured revolving credit facility from Fastighet AB Balder in the amount of EUR 250 million, with the maturity at 31.3.2022. No withdrawals from the facility were made during the period.

MEUR	1-3/2020	1-3/2019	1-12/2019
Management employee benefits			
Salaries and other employee benefits	0.2	0.5	1.3
Total	0.2	0.5	1.3

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	1-3/2020	1-3/2019	2019	2018*	2017*	2016**	2015**
Net sales, MEUR	75.6	73.1	295.6	290.4	280.1	262.7	249.4
Net rental income, MEUR	47.0	43.5	207.1	198.5	188.4	167.1	151.8
Operating profit, MEUR	45.5	57.8	725.6	273.3	230.1	267.2	196.5
Net financing expenses, MEUR	-11.0	-11.2	-55.1	-42.5	-45.8	-47.8	-37.0
Profit before taxes, MEUR	34.5	46.6	670.5	230.8	184.4	219.4	159.4
Balance sheet total, MEUR	4,802.0	4,030.0	4,718.2	3,922.4	3,693.1	3,562.2	2,979.6
Shareholders' equity, MEUR	2,081.3	1,585.2	2,055.8	1,554.5	1,397.6	1,252.6	993.2
Interest bearing liabilities, MEUR	2,135.0	1,986.9	2,098.4	1,982.2	1,931.7	1,943.0	1,676.2
Return on invested capital, % (ROIC)	4.3 %	6.5 %	18.9 %	7.9 %	7.1 %	9.1 %	7.6 %
Return on equity, % (ROE)	5.2 %	9.4 %	29.6 %	12.4 %	11.0 %	15.6 %	13.5 %
Equity ratio, %	43.3 %	39.3 %	43.6 %	39.6 %	37.8 %	35.2 %	33.3 %
Personnel, average**	224	218	223	215	206	170	172
Personnel at the end of period	224	219	229	218	212	175	170
Key indicators per share							
Earnings per share, EUR	0.48	0.65	9.45	3.26	2.55	3.22	2.49
Equity per share, EUR***	36.76	28.00	36.31	27.46	24.68	22.12	19.53
Number of shares, million****	56.6	56.6	56.6	56.6	56.6	56.6	50.8
Operational key figures and net asset value							
Operational earnings, MEUR	22.1	18.9	91.4	98.7	82.8	69.5	64.5
Operational earnings per share, EUR	0.39	0.33	1.61	1.74	1.46	1.28	1.27
Net asset value, MEUR	2,510.5	1,899.4	2,477.7	1,855.7	1,678.7	1,517.5	1,227.8
Net asset value per share, EUR	44.34	33.55	43.76	32.77	29.65	26.80	24.15
Cash earnings, MEUR	29.3	20.0	91.2	97.9	92.4	86.2	78.1
Cash earnings per share, EUR	0.52	0.35	1.61	1.73	1.63	1.59	1.54
Key financial indicators per quarter							
Net sales, MEUR	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019		
Net sales, MEUR	75.6	75.0	74.0	73.4	73.1		
Net rental income, MEUR	47.0	53.6	56.3	53.7	43.5		
Operating profit, MEUR	45.5	531.1	75.1	61.6	57.8		
Profit and losses from changes of fair value, MEUR	4.8	488.0	25.0	16.5	22.7		
Net financing expenses, MEUR	-11.0	-10.5	-10.8	-22.6	-11.2		
Profit before taxes, MEUR	34.5	520.6	64.3	39.0	46.6		
Earnings per share, EUR	0.48	7.34	0.91	0.55	0.65		
Average number of shares, million*	56.6	56.6	56.6	56.6	56.6		
Housing investments, MEUR	27.3	75.8	33.0	46.8	30.4		
as percentage of net sales	36.2 %	101.0 %	44.5 %	63.7 %	41.6 %		
Operational key figures per quarter							
Operational earnings, MEUR	22.1	23.6	31.3	17.6	18.9		
Operational earnings per share, EUR	0.39	0.42	0.55	0.31	0.33		
Cash earnings, MEUR	29.3	26.3	33.6	11.3	20.0		
Cash earnings per share, EUR	0.52	0.46	0.59	0.20	0.35		

* Key figures of 2017 and more recent periods include the effects of adoption of IFRS 9 *Financial Instruments*. The figures of prior years are unadjusted.

** Key figures of 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 invested capital, %	=	$\frac{(\text{Profit or loss before taxes} + \text{interest expense and other financing expenses})}{\text{Balance sheet total (average during the period)} - \text{non-interest-bearing debts (average during the period)}}$	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 –/+ 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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