BASE PROSPECTUS

SATO CORPORATION
(incorporated with limited liability in the Republic of Finland)

EUR 1,500,000,000
Euro Medium Term Note Programme

Under this EUR 1,500,000,000 Euro Medium Term Note Programme (the "Programme"), SATO Corporation (the "Issuer" or "SATO") may from time to time issue notes ("Notes") on an unsubordinated basis. Notes may be issued in bearer and/or registered form (respectively "Bearer Notes" and "Registered Notes") each denominated in any currency agreed between the Issuer and the Dealers (as defined below).

This Base Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as a competent authority for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments (as amended, "MiFID II") and/or which are to be offered to the public in any member state of the European Economic Area (the "EEA") and the United Kingdom (the "UK").

This Base Prospectus is valid for a period of twelve months from the date of approval. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "Official List") and to trading on its regulated market (the "Regulated Market"). The Regulated Market of Euronext Dublin is a regulated market for the purposes of MiFID II. This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. Any website referred to in this document does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank.

The Issuer has a corporate rating of BBB from S&P Global Ratings Europe Limited ("S&P") and Notes to be issued under the Programme may be rated by S&P. S&P is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation"). S&P appears on the latest update of the list of registered credit rating agencies (as of 30 April 2019) on the ESMA website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) No 2016/1011 (the "Benchmark Regulation"). If any such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of administrators referred to herein is set out in the section entitled "Benchmark Regulation" on page 118 of this Base Prospectus. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" beginning on page 5 of this Base Prospectus.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (" Regulation S")) except in certain transactions exempt from the registration requirements of the Securities Act.

Arranger
Nordea
Dealers

Barclays
Danske Bank
Nordea

BNP PARIBAS
Citigroup
Deutsche Bank
OP Corporate Bank

Swedbank
Handelsbanken Capital Markets

13 March 2020
IMPORTANT NOTICES

Responsibility for This Base Prospectus

SATO Corporation (the "Issuer") accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

Alternative Performance Measures

This Base Prospectus includes certain financial measures, which, in accordance with the "Alternative Performance Measures" guidelines issued by ESMA, are not accounting measures defined or specified in the International Financial Reporting Standards ("IFRS") and are, therefore, considered alternative performance measures. These alternative performance measures are:

- Net rental income, which is defined as rental income less property maintenance and reparation expenses and ground rents*;
- Return on investment percentage;
- Equity ratio percentage;
- Return on equity percentage;
- Earnings per share;
- Equity per share;
- Operational earnings;
- Net asset value; and
- Cash earnings.

* Due to adoption of the new "IFRS 16 – Leases" standard, ground rents are no longer part of the net rental income formula since the beginning of the 2019 financial period. SATO applies "IFRS 16 – Leases" using the modified retrospective application, therefore comparison year data is not restated in its reporting.

Detailed calculation formulas of the alternative performance measures can be found in the 2018 Financial Statements, which are incorporated by reference in this Base Prospectus.

SATO presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. As rental income from apartments comprises a significant part of the profitability and cash flows of SATO's business operations, SATO believes that net rental income and net rental income percentage of apartments provide meaningful supplemental information to the financial measures presented in the consolidated income statement prepared in accordance with IFRS. SATO presents equity ratio and return on equity as complementing measures, which are, in SATO's view, useful measures of SATO's ability to obtain financing and service its debts. In addition, cash earnings provides additional information on cash flow generated by SATO's operations and operational earnings provides additional information on profit generated by SATO's rental operations.

Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures which should not be viewed in isolation or as a substitute to the IFRS financial measures. Companies do not calculate alternative performance measures in a uniform way and, therefore, the alternative performance measures presented in this Base Prospectus may not be comparable with similarly named measures presented by other companies. Furthermore, these alternative performance measures may not be indicative of SATO's historical results of operations and are not meant to be predictive of potential future results. The alternative performance measures presented in this Base Prospectus are unaudited. Accordingly, undue reliance should not be placed on the alternative performance measures presented in this Base Prospectus.
Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "Conditions") as completed by a document specific to such Tranche called final terms (the "Final Terms") or in a separate prospectus specific to such Tranche (the "Drawdown Prospectus") as described under "Final Terms and Drawdown Prospectuses" below.

Other Relevant Information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer has confirmed to the Dealers named under "Subscription and Sale" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised Information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in or incorporated into this Base Prospectus or any other information provided by the Issuer in connection with the Programme. The Dealers and any of their respective affiliates also do not accept any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on Distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. The Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any distribution or offering when that may be restricted. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale" and "Transfer Restrictions".
In particular, the Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

IMPORTANT – EEA AND UK RETAIL INVESTORS - If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Programme Limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".
Certain Definitions

In this Base Prospectus, unless otherwise specified, References to a "Member State" are references to a Member State of the EEA. References to "UK" are references to the United Kingdom. References to "EUR", "€" or "euro" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "GBP" or "pounds sterling" are to the lawful currency for the time being of the United Kingdom and Northern Ireland, references to "SEK" or "Swedish krona" are to the lawful currency of the Kingdom of Sweden, references to "NOK" and "Norwegian kroner" are to the lawful currency of the Kingdom of Norway, references to "DKK" or "Danish kroner" are to the lawful currency of the Kingdom of Denmark, references to "rouble" are to the lawful currency of Russia and references to "U.S.$", "USD" and "U.S. dollars" are to the lawful currency of the United States. References to "billions" are to thousands of millions.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Ratings

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in accordance with all applicable laws and rules.

The Notes May Not Be a Suitable Investment for All Investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

understand thoroughly the terms of the Notes; and

be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuer are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer expects to operate in the future. Factors that might affect such forward-looking statements include, among other things, overall business and government regulatory conditions; changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations; economic and political conditions in the Republic of Finland; and the timing, impact and other uncertainties of future actions. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors".

Any forward-looking statements made by or on behalf of the Issuer speak only as at the date they are made. The Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Base Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained in this Base Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

MARKET AND INDUSTRY INFORMATION

This Base Prospectus contains information about the Group's markets and the Group's competitive position therein. Where such information contained in this Base Prospectus has been derived from third-party sources, the name of the source is given herein.

While the Issuer has accurately reproduced such third-party information, neither the Issuer, nor the Dealers have verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as the Issuer is aware and able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

This Base Prospectus also contains estimates regarding the market position of the Group that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Issuer based on third-party sources and the Issuer's own internal estimates. In many cases, there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. The Issuer believes that the Group's estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates, as well as its position within this industry. Although the Issuer believes that its internal market observations are fair estimates, they are not reviewed or verified by any external experts and the Issuer cannot guarantee that a third-party expert using different methods would obtain or generate the same results.
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# OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole and the information incorporated by reference herein and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.

<table>
<thead>
<tr>
<th>Issuer</th>
<th>SATO Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Amount</td>
<td>Up to EUR 1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.</td>
</tr>
<tr>
<td>Arranger</td>
<td>Nordea Bank Abp (the &quot;Arranger&quot;)</td>
</tr>
<tr>
<td>Description</td>
<td>Euro Medium Term Note Programme</td>
</tr>
<tr>
<td>Dealers</td>
<td>BNP Paribas, Barclays Bank Ireland PLC, Barclays Bank PLC, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, Nordea Bank Abp, OP Corporate Bank plc, Svenska Handelsbanken AB (publ) and Swedbank AB (publ) (together with the Arranger, the &quot;Dealers&quot;)</td>
</tr>
<tr>
<td>Trustee</td>
<td>Citicorp Trustee Company Limited (the &quot;Trustee&quot;)</td>
</tr>
<tr>
<td>Principal Paying Agent</td>
<td>Citibank, N.A., London Branch (the &quot;Principal Paying Agent&quot;)</td>
</tr>
<tr>
<td>Registrar</td>
<td>Citigroup Global Markets Europe AG (the &quot;Registrar&quot;)</td>
</tr>
<tr>
<td>Currencies</td>
<td>Notes may be denominated in Euros or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</td>
</tr>
<tr>
<td>Method of Issue</td>
<td>Notes will be issued in Series. Each Series may comprise one or more Tranches issued on the same or different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price, the amount of the first payment of interest and the principal amount issued may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</td>
</tr>
<tr>
<td>Denominations</td>
<td>The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) (subject to compliance with all applicable legal and/or regulatory and/or central bank requirements), save that the minimum denomination of each Note will be €100,000 (or the equivalent in any other currency).</td>
</tr>
<tr>
<td>Maturities</td>
<td>Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</td>
</tr>
<tr>
<td>Listing and Trading</td>
<td>Application has been made to Euronext Dublin for the Notes issued under the Programme during the period of 12 months from the date of</td>
</tr>
</tbody>
</table>
this Base Prospectus to be admitted to the Official List and to trading on
the Regulated Market of Euronext Dublin.

**Status of the Notes**

The Notes constitute direct, general, unconditional, unsubordinated and
(subject to Condition 5.1 (Covenants – Negative Pledge)) unsecured
obligations of the Issuer which will at all times rank pari passu among
themselves and at least pari passu with all other present and future
unsecured and unsubordinated obligations of the Issuer, save for such
obligations as may be preferred by provisions of law that are both
mandatory and of general application.

**Final Terms or Drawdown Prospectus**

Notes issued under the Programme may be issued either: (1) pursuant to
this Base Prospectus and associated Final Terms or (2) pursuant to a
Drawdown Prospectus. The terms and conditions applicable to any
particular Tranche of Notes will be the Conditions as completed by the
relevant Final Terms or, as the case may be, as supplemented, amended
and/or replaced by the relevant Drawdown Prospectus.

**Issue Price**

Notes may be issued at any price, as specified in the relevant Final
Terms. The price and amount of Notes to be issued under the
Programme will be determined by the Issuer and the relevant Dealer(s)
at the time of issue in accordance with prevailing market conditions.

**Interest**

Notes may be interest bearing or non-interest bearing. Interest (if any)
may accrue at a fixed rate or a floating rate and may vary during the
lifetime of the relevant series. Notes may bear interest at an Initial Rate
of Interest, which will be subject to adjustment in the event of a Step Up
Event or a Step Down Event. See Condition 7A (Fixed Rate Note
Provisions – Adjustment of Interest Rate).

**Forms of Notes**

Notes may be issued in bearer form ("Bearer Notes") or in registered
form ("Registered Notes"). Bearer Notes will not be exchangeable for
Registered Notes and Registered Notes will not be exchangeable for
Bearer Notes. No single Series or Tranche may comprise both Bearer
Notes and Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a
temporary global note (the "Temporary Global Note") or a permanent
global note (the "Permanent Global Note"), in each case as specified
in the relevant Final Terms (each a "Global Note"). Each Global Note
which is not intended to be issued in new global note form ("NGN"), as
specified in the relevant Final Terms, will be deposited on or around the
relevant issue date with a depositary or a common depositary for
Euroclear and/or Clearstream, Luxembourg and/or any other relevant
clearing system and each Global Note which is intended to be issued in
NGN form, as specified in the relevant Final Terms, will be deposited
on or around the relevant issue date with a common safekeeper for
Euroclear and/or Clearstream, Luxembourg. Each Temporary Global
Note will be exchangeable for a Permanent Global Note or, if so
specified in the relevant Final Terms, for Definitive Notes. Certification
as to non-U.S. beneficial ownership will be a condition precedent to any
exchange of an interest in a Temporary Global Note or receipt of any
payment of interest in respect of a Temporary Global Note.

Each Permanent Global Note will be exchangeable for Definitive Notes
in accordance with its terms. Definitive Notes will, if interest-bearing,
have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be represented by either
Individual Note Certificates or a Global Registered Note, in each case
as specified in the relevant Final Terms. Each Global Registered Note
which is not intended to be held under the new safekeeping structure ("New Safekeeping Structure" or "NSS"), as specified in the relevant Final Terms, will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary. Each Global Registered Note intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

**Cross Default**

The Notes will have the benefit of a cross default clause. See Condition 13.5 (Events of Default – Cross-default).

**Covenants**

The Notes will have the benefit of a negative pledge, financial covenants and certain other covenants. See Condition 5 (Covenants).

**Redemption**

The Notes may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms.

**Optional Redemption**

Notes may be redeemed before their stated maturity at the option of: (i) the Issuer (either in whole or in part); (ii) the Noteholders; or (iii) the Noteholders upon a Change of Control, in each case to the extent (if at all) specified in the relevant Final Terms.

**Early Redemption**

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons, as described in Condition 9.2 (Redemption and Purchase – Redemption for tax reasons), or if the aggregate principal amount of outstanding Notes of the relevant Series is 20 per cent. or less of the aggregate principal amount of such Series, as described in Condition 9.6 (Redemption and Purchase – Change of Control Put Option).

**Substitution of Issuer**

The Conditions provide that the Trustee may, without the consent of the Noteholders, agree to the substitution of any company in place of the Issuer as the principal debtor in relation to the Trust Deed and the Notes in the circumstances described in the Trust Deed and the Conditions. See Condition 17 (Meetings of Noteholders; Modification and Waiver; Substitution).

**Taxation**

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of Finnish withholding taxes unless required by law. If such withholdings are required by Finnish law the Issuer will in certain circumstances pay certain additional amounts as described in, and subject to exceptions set out in, Condition 12 (Taxation).

**Clearing Systems**

Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg" and together with Euroclear, the "ICSDs") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

**Risk Factors**

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Notes are discussed under "Risk Factors" below.
**Governing Law**

The Notes, the Trust Deed, the Agency Agreement and the Dealer Agreement will be governed by English law.

**Ratings**

Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the applicable Final Terms. The Issuer cannot assure investors that any such ratings will not change in the future. A rating reflects only the views of the relevant rating agency and is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the EEA, the United Kingdom and Finland, see "Subscription and Sale" below.
RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in Notes issued under the Programme, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in any Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment.

The risk factors presented herein have been divided into five categories based on their nature. These categories are:

• risks relating to macroeconomic conditions;
• risks relating to SATO's business operations;
• risks related to SATO's financing;
• risks relating to the structure of a particular issue of Notes; and
• risks relating to Notes generally.

Within each category, the risk factor estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization. The order of the categories does not represent any evaluation of the materiality of the risk factors within that category, when compared to risk factors in another category.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus including any document incorporated by reference herein, and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.

Investors should consider carefully whether an investment in Notes issued under the Programme is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

Risks Relating to Macroeconomic Conditions

Uncertain and volatile global financial market conditions may adversely affect SATO's operations.

Global financial markets have in the past experienced disruptions, including increased volatility and diminished liquidity and credit availability. Concerns about credit risk (including that of sovereigns) and the Eurozone crisis have increased, especially with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States. This has raised concerns regarding the financial condition of financial institutions and other corporates located in these countries, having direct or indirect exposure to these countries, and/or whose banks, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which SATO operates and the businesses and economic condition and prospects of SATO's counterparties or customers, directly or indirectly, in ways that are difficult to predict. The impact of these conditions could be detrimental to SATO and could adversely affect its business, results of operations, financial condition and/or prospects, its solvency and the solvency of its counterparties and customers; the value and liquidity of its assets and liabilities, the
value and liquidity of the Notes and/or the ability of the Issuer to meet its obligations under the Notes and under its debt obligations more generally.

**Negative economic developments and conditions may affect SATO's operations and customers, as well as prices of SATO's real property.**

Economic conditions have been, and are likely to continue to be, affected by concerns over increased political uncertainty both internationally and within Europe, including concerns arising from the exit of the United Kingdom from the EU and the imposition of tariffs by, among others, the United States, the EU and China for certain products, which may lead to trade wars, which, in turn, could have a significant adverse effect on world trade and the world economy.

In recent years, the Finnish economy has been adversely affected by the uncertain global economic and financial market conditions. The majority of SATO's properties are located in Finland. An economic slowdown or a recession, regardless of its depth, or any other negative economic developments, especially in Finland, may adversely affect SATO's business in a number of ways, including, among other things, the income, wealth, liquidity, business and/or financial condition of SATO, its customers and other business partners. Further, SATO may not be able to utilise the opportunities created by economic fluctuations, the value of the real property owned by SATO may decrease, and SATO may not be able to adapt to a long-term economic recession or stagnation. Negative economic development may also adversely affect the sales prices of SATO's owner-occupied apartments. Further, SATO may experience declines in the demand for rental apartments during periods of economic slowdown or recession. SATO may also experience increased defaults on rent payments as a result of negative economic developments in Finland.

The uncertain global economic and financial market conditions have also adversely affected the Russian economy. In particular, the crisis in the region of Crimea and other parts of Ukraine and related events have had an adverse effect on the economic climate in Russia. Should new or escalated tensions between Russia and Ukraine or other countries emerge, or should new economic or other sanctions, such as limitations on trade, in response to such crises or tensions be imposed, this could have a further adverse effect on the economies in the region, including the Russian economy, and companies, active in Russia, such as SATO. As at 31 December 2019, approximately 3 per cent. of SATO's rental apartments were located in St. Petersburg, as measured by SATO's valuation. An economic slowdown or a recession, or any negative economic developments in Russia may affect SATO's business in a number of ways and SATO may experience declines in the demand for rental apartments during periods of economic slowdown or recession. Further, SATO may experience increased defaults on rent payments as a result of negative economic developments in Russia.

Materialisation of any of the above risks could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

**Risks Relating to SATO's Business Operations**

**Housing valuation is subjective and uncertain to a certain extent, and a decrease in fair value of SATO's properties may result in revaluation losses.**

SATO's properties are internally revalued each calendar quarter based on valuation methods selected by SATO (see "Information about the Issuer and the Group—SATO's Property Portfolio—Investment Property Valuation"). Such valuations are, to a certain extent, subjective and thus subject to uncertainty. On 23 January 2020, SATO announced that the Board of Directors of SATO has taken the decision to begin using a yield-based valuation method to determine the value of the majority of SATO's investment properties as of 31 December 2019. Previously, SATO mainly used a sales comparison valuation method (i.e., the market approach), in which investment properties were valued in relation to the known price of comparable investment properties found in the market. Reasons for switching to a yield-based valuation method include giving a better opportunity to make comparisons with other real estate investment operators. The yield-based valuation method is based on the expected cash flow from net rental income. In the event of significant and rapid market changes, the expected cash flows may not accurately reflect the current market value of SATO's properties. Furthermore, the cash flow estimates and assumptions made may prove to be inaccurate, and adverse market changes since the date when such cash flow estimates and assumptions were made may cause significant declines in the value of SATO's properties. In addition, the use of different assumptions or valuation models would likely produce different valuation results. As a result, there can be no assurance that the valuations accurately reflect the current market value of SATO's properties and
property-related assets as at the date of such valuation or any other date. Incorrect assumptions or flawed assessments underlying the valuations, or materialisation of any of the above risks could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

In addition, the housing market is sensitive to fluctuations in supply and demand. Housing prices in Finland have historically followed the macroeconomic development in a cyclical manner, while the demand for rental apartments has historically been countercyclical. The value of apartments and rental levels are affected by a number of factors, including events related to internal and external politics, interest rates, economic growth, availability of credit and taxation. Changes in supply and demand on the housing market of a specific area in Finland, resulting from new construction, investor supply and demand and other factors, may also materially affect the values of apartments and rented apartments regardless of the overall development in the Finnish housing market. Furthermore, an oversupply of rental apartments could lead to rent decreases, which could have an adverse effect on SATO's rental income. Also, a decrease in the prices of apartments is likely to have a direct impact on the fair value of SATO's property portfolio. The required return may increase in the future, which could lead to a reduction in the value of SATO's property portfolio. Decreases in the fair value of SATO's properties could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Decreases in the fair value of SATO's properties would also have adverse effects on SATO's performance indicators, particularly the net asset value, which could have a negative influence on the rating of the Issuer and the Issuer's solvency and secured solvency covenant levels and could also require SATO to add additional collateral for the Notes with Asset-Based Security (as defined below) (see "Information about the Issuer and the Group—Financing and Financial Risk Management—Notes with Asset-Based Security") as their terms and conditions require that the amount of collateral must, at all times, be equal to at least 120 per cent. of the total outstanding principal amount of the Notes with Asset-Based Security.

Decreases in the occupancy rate and increases in the tenant turnover may weaken SATO's results.

SATO's occupancy rate and tenant turnover depend on a number of factors, such as general economic conditions, supply of rental housing, the level of new-build construction activity and urbanisation. The occupancy rate of SATO's apartments has a significant impact on SATO's business. SATO aims to secure a high occupancy rate by, among other things, actively developing its property portfolio and meeting the demand for rental apartments. If the vacancy rate increases, SATO will lose rental income while having to cover the maintenance costs. Tenant turnover is an integral part of the non-regulated housing investment business. SATO's average external tenant turnover rate for the year ended 31 December 2019 was 29.6 per cent. in Finland (29.5 per cent. for the year ended 31 December 2018) and 39.9 per cent. in St. Petersburg (43.4 per cent. for the year ended 31 December 2018). Tenant turnover results in costs to SATO, due to, for example, the searching of new tenants and minor renovations typically made in connection with a tenant moving out of the apartment. If SATO fails to maintain the occupancy rate at a satisfactory level or the tenant turnover of its apartments increases significantly, this could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Changes in legislation, particularly in tax laws or regulations related to state-subsidised properties, may adversely affect SATO's business, impact on the value of its properties or its results, increase its expenses and/or slow or halt the development of investments.

SATO must comply with a wide variety of laws, regulations and provisions, including urban planning regulations, construction and operating permits, health, safety, environmental, competition, labour, corporate, accounting and tax laws and laws on state-subsidies for housing.

SATO operates through a number of subsidiaries and is subject to taxation in both Finland and Russia. Tax laws and regulations, including, for example, regulations impacting property values and tax deductibility of interest in connection with property acquisitions and development or their interpretation and application practices may be subject to change. In addition, such changes may have a wider impact on the market environment in which SATO operates. For example, planned changes to how housing company loans and the real estate investments of foreign funds are taxed are increasing the uncertainty related to housing investments. SATO's tax burden is dependent on tax laws and regulation and their interpretation and application in the countries in which SATO operates. SATO monitors and analyses the impact of changes in tax laws and regulations as part of its normal operations, but the outcome of SATO's analyses may, however, differ from the actual impact of such changes. Adapting to the changes may result in additional costs or an increased tax burden for SATO that might be difficult to anticipate.
As regards state-subsidised properties, SATO is subject to the risk that new laws or regulations will be adopted, which could increase or tighten the restrictions on the appropriation of profits and/or ownership applicable to such properties. Furthermore, amendments to the legislation governing state-subsidised loans may be enacted retro-actively and may affect such loans that have already been granted and affect the operations of the owner-entity. Of SATO's property portfolio, 14.8 per cent., as measured by fair value as at 31 December 2019, are held by the Issuer's subsidiaries that are Generally Non-profit Companies (as defined below) or Financially Non-profit Companies (as defined below) and are, therefore, subject to restrictions, extensive regulation and supervision by Finnish housing authorities (see “Information about the Issuer and the Group—General”). Due to numerous amendments, the Finnish legislation regarding state-subsidised properties has become very complex and, therefore, difficult to manage, and it often allows for various interpretations. Also, requirements for energy efficiency have become more stringent in recent years, which results, among other things, in increased construction costs. Further, if the Finnish housing allowance paid by the Social Insurance Institute of Finland (KELA) is decreased or removed entirely, this would adversely affect, among other things, the liquidity of approximately one-third of SATO's tenants and, as a result, may decrease SATO's rental income.

Changes in laws, regulations and provisions or their interpretations could require SATO to adapt its business operations, assets or strategy, potentially leading to a negative impact on the value of its properties or its results, an increase in its expenses and/or slowing or even halting of the development of certain investments. Materialisation of any of the above risks could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

**System malfunctions or data breaches in SATO's operations may decrease the efficiency and/or profitability of SATO's operations.**

SATO's operations are dependent on information systems and on its ability to operate such information systems efficiently and to introduce new services, technologies, systems and security controls. Such information systems include network solutions as well as software applications that SATO uses to control its business operations, manage its property portfolio and risks, prepare operating and financial reports and to execute treasury operations. Business intelligence and developing the related support systems and competence play also an important role in SATO's day-to-day rental activities. SATO's business is dependent on the usability and functionality of its digital platforms, such as its property management and customer relationship management systems. In particular, malfunctions in its IT services and systems could delay SATO in issuing rental invoices to its customers and prevent SATO from renting available apartments.

The operation of SATO's information systems may be interrupted because of, among other things, power cuts, public cloud malfunctions, computer or network malfunctions, computer viruses, defaults by IT suppliers, crime targeted at information systems, such as security breaches and cyber-attacks from unauthorised persons outside and inside SATO, or major disasters, such as fires or natural disasters, as well as errors committed by SATO's own staff. Material interruptions or serious malfunctions in the operation of the information systems may impair and weaken SATO's business, financial condition and the profitability of its operations.

In its business operations, SATO also regularly collects, stores and processes sensitive data, including personal information of its tenants, personnel and stakeholders. SATO must continuously monitor and develop its services and information systems to mitigate the risk of unauthorised access, misuse, breaches due to employee or partner error or malfeasance, computer viruses, attacks by hackers or other similar threats. If such events occur, this could compromise SATO's information systems and the information stored there could be accessed, publicly disclosed, lost or stolen. Any unauthorised access, disclosure, loss or misuse of information may also result in SATO being in breach of data protection and related legislation, which could cause reputational and financial harm to SATO. Materialisation of any of the above risks could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

**SATO is exposed to risks relating to unfavourable contractual terms, quality of work and weakened financial standing by partners and suppliers.**

To promote continuity in business relationships, SATO signs long-term contracts with its key partners and suppliers that SATO's management believes to have sufficient financial standing and size of operations. Such key partners and suppliers carry out, among other things, tasks relating to property management as
well as property development and construction, such as building management, maintenance and cleaning, and repairs of individual apartments. SATO seeks to avoid dependence on individual service providers and, thus, to secure the continuity of services provided by partners and suppliers, SATO’s procurement team regularly identifies more than one eligible service provider for each outsourced task. However, there can be no assurance that eligible service providers will be available when needed. Further, by relying on partners and suppliers SATO is exposed to a number of risks relating to these entities and mutual business relationships. For example, SATO may not be able to enter into agreements with its partners and suppliers on acceptable terms, the quality of the work carried out by them may be inadequate and may result in defects or the partners and suppliers may experience financial or other difficulties, such as labour shortage, which may affect their ability to provide services. Any of these risks may affect SATO's ability to service its customers, conclude its projects on time and within budget and result in additional costs for SATO and, thereby, could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Increasing refurbishment and maintenance costs may result in a decreased profit margin or increased rents and thus decreased demand for rental apartments.

SATO continuously carries out refurbishment and maintenance repairs in its properties, which mainly results from their condition and regulatory requirements for energy-efficiency. The costs of refurbishments and maintenance repairs of properties are significant and relate mainly to plumbing, facade, roof, window and balcony renovations. Residential buildings must typically have their plumbing refurbished approximately every 45–50 years, which customarily covers renewal of both water and sewage pipes. Facades, roofs and balconies must be renovated approximately every 30 years. In 2019, SATO spent approximately EUR 73.9 million on refurbishments and maintenance repairs of its properties in Finland. SATO expects such amount to increase in the coming years. However, increasing refurbishment and maintenance repair costs may arise, for example, from increasing requirements for energy-efficiency, and there can, thus, be no assurance that the amount spent on refurbishment and maintenance repair by SATO would not significantly increase from the level currently expected by SATO. If such risk materialises, the profit margin of SATO's rental apartments may decrease or SATO may be required to increase rents, which may result in a decreased demand for SATO's rental apartments. As a result, SATO may not be able to fully pass on the costs of refurbishment and maintenance to its customers and SATO's investments in refurbishment and maintenance may not, therefore, generate the expected return. Any of these risks could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

SATO could incur losses not covered by, or exceeding the coverage limits of, its insurance.

SATO has insurance policies, for example, in respect of property, business interruption and liability for damages. However, the actual losses suffered by SATO could exceed its insurance coverage and could be material. For example, cyber risks are currently not covered by SATO's insurance scheme and the use of various technologies exposes SATO to such risks (for more information, see "—System malfunctions or data breaches in SATO's operations may decrease the efficiency and/or profitability of SATO’s operations" above). SATO's business is largely dependent on certain technologies and, if realised, cyber risks could cause disruptions in SATO's operations and endanger SATO's operations. The realisation of one or more damaging events for which SATO has no insurance coverage or for which SATO's insurance coverage is insufficient could, therefore, have a material adverse effect on SATO's business, financial condition and results of operations and future prospects.

Apartment renting is a highly competitive business.

Renting apartments is a highly competitive business in Finland. SATO's main competitors in rental apartments business are private households, municipalities, parishes, foundations and corporate investors. The competition for attractive plots and tenants with good financial standing is intense in Finland, particularly in Helsinki, Espoo, Vantaa and Kauniainen. The competition for attractive plots has led to a steep increase in plot prices. Furthermore, an upward trend in construction usually increases construction costs, which, in turn, decreases the profitability of housing construction projects and delays the commencement of projects. There can be no assurance that SATO can meet the intensifying competition on the apartment renting market. Increasing competition could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.
SATO could fail in the management of its reputation and brand.

SATO's success is dependent on SATO's reputation and the value of the SATO brand. SATO's brand holds great significance for both its business operations and implementation of its strategies. The value of the SATO brand is also important to SATO's business partners, such as municipalities, construction companies and lenders. In addition, corporate social and environmental responsibility is part of SATO's customary long-term activities. Maintenance and positioning of SATO's brand are highly dependent on the success of marketing and promotional activities and on SATO's ability to provide housing services with a uniformly high quality. Failure to achieve these objectives, failure to implement measures and policies related to corporate social responsibility or impairment of SATO's corporate image or reputation due to negative publicity or negative customer experience could have an adverse effect on SATO's brand and its development. Should the SATO brand lose value, regaining any lost brand value might prove impossible or require incurring of significant costs. This, in turn, could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

The Russian business environment, developments in the housing market and legal system differ from those of Finland and pose additional risks.

As at 31 December 2019, approximately 3 per cent. of SATO's properties were located in St. Petersburg, Russia, as measured by SATO's valuation. According to SATO's strategy, the share of properties in Russia is limited to a maximum of 10 per cent. of the total value of SATO's properties. The business environment and political situation in Russia (for more information, see "—Negative economic developments and conditions may affect SATO's operations and customers, as well as prices of SATO's real property" above), among others, and developments in the Russian rental apartment market may cause significant risks for SATO, and, therefore, SATO decided in 2014 to refrain from new investment decisions until the Russian economy and political situation stabilise. The differences of Russian legislation, governmental and regulatory practices, banking system and work ethics when compared to those in Finland, including deficiencies in the legal system, administrative proceedings and mechanisms of legal enforcement, may cause significant risks for SATO. Russian legislation may be inadequate or unpredictable or its enactment may be delayed. Furthermore, changes in Russian tax laws or their interpretations and applications by tax authorities may occur at any time which may result in, for example, additional taxes, tax increases and restrictions on tax deductibility. In addition, there can be no assurance that Russia could not reintroduce a currency control regime. SATO has identified potential scenarios, which may expose it to particular risks when it operates in Russia. For example, potentially insufficient understanding and experience in the fundamentals of the Russian market by SATO's management, such as the influence of oil price on the housing market or the increased volatility in the housing market, may result in adverse business decisions or the inability to recognise or realise business opportunities. Materialisation of any of the above risks could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Potential illiquidity of the housing market could make it difficult for SATO to dispose of properties.

In the future, SATO may decide to make selective divestments of properties in Finland. Such divestments may be affected by many factors beyond SATO's control, such as the availability of bank financing to potential buyers, interest rates and the supply of, and demand for, properties. A possible lack of liquidity in the housing market may limit SATO's ability to sell its properties or modify its property portfolio in a timely manner in response to changes in economic or other conditions. Should SATO be required to divest part of its properties due to, for example, its inability to obtain refinancing, there can be no assurance that SATO will succeed in such divestments in a profitable manner or that such divestments will be possible at all, if the market functions inadequately or is illiquid. If unsuccessful, such possible divestments of properties could adversely affect SATO's business, financial condition, results of operations and future prospects.

SATO's sales of owner-occupied apartments may give rise to liabilities that can have significant effects.

Although SATO is no longer active in the production of owner-occupied apartments, SATO's sales of owner-occupied apartments may still expose it to potential liabilities based on defects in the buildings, materials, design or the quality of the work. SATO's liability to the buyers of owner-occupied apartments arises mainly out of the Finnish Housing Transactions Act (843/1994, as amended) which lays down peremptory provisions, including the seller's bases of liability. The standard form contracts that are used by the construction designers that SATO usually works with limit the designer's liability to the amount of the paid remuneration. As a rule, standard terms are used also in the building agreements with construction
companies. SATO is also liable to homebuyers for the defects caused by the construction designers and construction companies, even if SATO has fulfilled all its obligations to monitor the construction design and construction work. Due to the differing bases of liabilities and the time limitations of liability, SATO may be liable to the homebuyer for the design or construction defects even if the construction designer or the construction company may no longer be liable to SATO, or if it is incapable of meeting its obligations, including due to insolvency. Materialisation of SATO’s liabilities for construction defects, due to its own actions or based on the actions of the external designers or construction companies, could have a material adverse effect on SATO’s business, financial condition, results of operations and future prospects.

**Risks Relating to SATO’s Financing**

SATO may not receive financing at competitive terms or at all and may fail in repaying its existing debt.

For example, uncertainty in the financial market or tightening regulation of banks could mean that the price of financing needed to carry out SATO’s business will increase and that such financing will be less readily available. As a result of the Issuer's previous note issuances and SATO's intentions to raise additional debt from capital markets, SATO is exposed to future adverse changes in the debt capital markets. The level of SATO's leverage may also affect its ability to refinance its existing debt, which, in turn, could also affect its competitiveness and limit its ability to react to market conditions and economic downturns. SATO's target for its equity ratio is at least 40 per cent. calculated on the basis of the fair value of its properties. As at 31 December 2019, SATO's equity ratio was approximately 43.6 per cent. based on the fair value of properties. However, no assurance can be given that SATO would not have difficulty in raising new debt, repaying its existing debt or fulfilling its equity ratio target in the future. Any failure to repay the principal or pay interest in respect of SATO's existing debt, the inability to refinance existing debt, or to raise new debt at corresponding or more favourable financial and other terms than currently in force, could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Fluctuations in interest rates may adversely affect SATO's business.

Interest rate fluctuations affect SATO's profit through changes in interest expenses and the market values of interest rate hedging. In accordance with SATO's treasury policy, at least 60 per cent. of its loans shall be fixed interest rate loans or floating rate loans hedged with interest rate derivatives. As at 31 December 2019, approximately 62 per cent. of SATO's such loans were fixed interest rate loans or floating rate loans hedged with interest rate derivatives. Despite the relatively high hedging level, the positions are not completely hedged. Further, fluctuations in interest rates may affect the rental apartment business and the valuation of properties. Although a significant increase in interest rates may considerably affect house owners' ability to pay interest on housing loans, it may also affect private consumption and decrease the value of properties. In addition, an increase in the interest rates could have a material adverse effect on the cost of financing and SATO's current financing expenses. Although SATO seeks to carefully monitor the development of interest rates and seeks to manage actively its interest rate risk, there can be no assurance that SATO would not fail in managing its interest rate risks properly. This could, in turn, have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

The Issuer is dependent on its current long-term credit rating to pursue its financing strategy.

SATO intends to raise additional debt from the capital markets in the future. To facilitate the availability of financing and to reach an optimal cost level, SATO's strategic goal is to strengthen the Issuer's investment grade rating. Currently, the Issuer has a long-term issuer credit rating of "BBB" with a stable outlook from S&P.

If the Issuer's long-term credit rating were to be downgraded, future issuances of unsecured bonds and notes may become significantly more expensive or may not be possible in the targeted amounts and it could also increase the cost of current financing. S&P could downgrade the Issuer's long-term issuer credit rating if, for example, the occupancy rate declines significantly, the Issuer's effective leverage (adjusted total debt divided by total assets) or fixed charge cover ratios were to exceed certain levels, both on a sustainable basis, or the Issuer were unable to maintain an adequate liquidity profile at all times. If any of the risks described above were to materialise, it would be more difficult for SATO to pursue its current financing strategy, which could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.
SATO's financing and insurance agreements involve counterparty risk.

Financial institutions are counterparties to, for example, SATO's long-term bank loans and insurance contracts. During the financial crisis, many banks and insurance companies in the United States and Europe experienced financial difficulties, resulting in numerous mergers, acquisitions and bankruptcies among financial institutions, including the government takeover of certain financial institutions. The main contracting parties of SATO in financing transactions are Nordic financial institutions which have avoided serious financial problems. However, there is no assurance that SATO's financing or insurance counterparties will not experience any financial difficulties in the future. If SATO's counterparties were to experience financial difficulties it could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Fluctuations in currency exchange rates may adversely affect SATO's profit and property value.

SATO is exposed to foreign exchange translation risk due to the valuation of SATO's Russian rouble-denominated properties and transaction risk due to rouble-denominated rental income and maintenance costs. SATO's most significant exchange rate risk relates currently to the valuation of its properties. Known payments in foreign currency related to the acquisition of properties are hedged in accordance with SATO's treasury policy. SATO's reporting currency is euro, and all balance sheet items for foreign properties as well as all income and expenses generated by them are converted to euro. However, the positions are not completely hedged. Materialisation of the translation risk could have a material adverse effect on SATO's business, financial condition, results of operations and future prospects.

Risks Related to the Structure of a Particular Issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

The claims of holders of the Notes are structurally subordinated.

The Issuer's operations are principally conducted through subsidiaries. Accordingly, the Issuer is, and will be, dependent on its subsidiaries' operations to service its payment obligations in respect of the Notes. The Notes are structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of the Issuer's subsidiaries, and structurally and/or effectively subordinated to the extent of the value of collateral to all the Issuer's and the Issuer's subsidiaries' secured creditors. Notes issued under the Programme are not guaranteed by any of the Issuer's subsidiaries or any other company or person. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any of the Issuer's subsidiaries, unsecured creditors of such subsidiaries, secured creditors and obligations that may be preferred by provisions of law that are mandatory and of general application generally will have the right to be paid in full before any distribution is made to the Issuer. As at 31 December 2019, the book value of external interest-bearing debt of the Group was approximately EUR 2,098.4 million of which EUR 420.3 million represents interest bearing liabilities of the Issuer's subsidiaries which corresponds to 20.0 per cent. of the Group's total interest bearing liabilities. For additional information on the amount of debt held by the Issuer's subsidiaries, see "Information about the Issuer and the Group—General".

The Notes will be effectively subordinated to any of the Issuer's existing secured and future secured indebtedness.

The Notes are unsecured obligations of the Issuer. As at 31 December 2019, the Issuer had EUR 49.0 million of external interest-bearing Secured Indebtedness (as defined in the Terms and Conditions of the Notes) outstanding at book value, representing 2.9 per cent. of its total external interest-bearing liabilities at book value of EUR 1,678.1 million, and the Trust Deed governing the Notes permits the Issuer and its subsidiaries to secure certain indebtedness and other obligations without rateably securing the Notes. The Notes are, therefore, effectively subordinated to the Issuer's existing Secured Indebtedness and future Secured Indebtedness. Accordingly, holders of the Issuer's Secured Indebtedness will have claims that are superior to the claims of Noteholders to the extent of the value of the assets securing such other indebtedness. As at 31 December 2019, the external interest-bearing Secured Indebtedness consisted of notes with a book value of EUR 49 million (consisting of EUR 25 million and EUR 24 million notes issued in 2013 under the EUR 500 million notes issuance programme established in 2013 (together, the
"Notes with Asset-Based Security"), which are secured by a security pool comprising of shares in mutual real estate companies and/or housing companies owned by the Issuer and by the Issuer's direct subsidiary Sato-Asunnot Oy, freehold and/or leasehold real property owned by the Issuer and/or by such subsidiary and all amounts standing to the credit of the Issuer's specified bank account and all interest accrued thereon).

For further information about the collateral granted by the Issuer and its subsidiaries in respect of the Group's indebtedness, see "Information about the Issuer and the Group—Financing and Financial Risk Management". In the event of a bankruptcy, liquidation or dissolution of the Issuer, the assets that serve as collateral for any secured indebtedness of the Issuer would be available to satisfy the obligations under the secured indebtedness before any payments are made on the Notes. Other than as set out in Condition 5.1 (Covenants – Negative Pledge), Condition 5.2(a) (Covenants – Limitations on the Incurrence of Indebtedness) and Condition 5.2(c) (Covenants – Limitations on the Incurrence of Secured Indebtedness), the Conditions do not prohibit the Issuer from incurring and securing future indebtedness.

To the extent that the Issuer was to secure any of its future indebtedness, to the extent not required to secure the Notes in accordance with the terms of the Trust Deed, the Issuer's obligations, in respect of the Notes, would be effectively subordinated to such secured indebtedness to the extent of the value of the security securing such indebtedness.

**Redemption prior to maturity.**

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (as more fully set out in Condition 9.2 (Redemption and Purchase – Redemption for tax reasons)), the Issuer may redeem all outstanding Notes in accordance with the Conditions.

The Notes may also be redeemable at the Issuer's option (as more fully set out in Condition 9.3 (Redemption and Purchase – Redemption at the option of the Issuer)), and the Issuer may choose to redeem the Notes at a time when the prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

In addition, the Notes may be redeemable in certain other circumstances by Noteholders, such as on the occurrence of a Change of Control Event or if the Put Option is specified as applicable in the Final Terms (as more fully set out in Condition 9.6 (Redemption and Purchase – Change of Control Put Option) and Condition 9.5 (Redemption and Purchase – Redemption at the option of Noteholders)). Exercise of such an applicable put option may affect the liquidity of such Notes in respect of which such option is not exercised. Depending on the number of Notes in respect of which the put option is exercised, any trading market for the Notes in respect of which such put option is not exercised may become illiquid. In addition, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

**Some of the Notes may bear a fixed interest rate.**

Notes issued under this Programme bear interest on their outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of a
security with a fixed interest rate is fixed during the life of such security or during a certain period of time. Current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of Notes that bear interest at a fixed interest rate and may lead to losses for the Noteholders if they sell the Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Regulation and reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks".

LIBOR, EURIBOR and other reference rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks (and others including CIBOR, NIBOR or STIBOR) to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

The Benchmark Regulation was published in the Official Journal of the European Union on 29 June 2016 and has applied from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete.

As an example of such benchmark reforms, on 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest provisions of the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Notes whose interest rates are linked to LIBOR or any other such benchmark which is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The Conditions set out below provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be determined by an independent adviser or the Issuer or set by reference to a reference bond rate, a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted
(if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an independent adviser or the relevant Issuer, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to Floating Rate Notes.

Notes in New Global Note and New Safekeeping Structure form.

The New Global Note and New Safekeeping Structure form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "Eurosystem") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Even if an individual issue of Notes is documented under these structures there remains a risk that such Notes may not be Eurosystem eligible as this will depend on the relevant criteria at the time and whether these have been satisfied.

Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of any Series of Green Bonds in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

The Issuer may issue Notes under the Programme where the use of proceeds is specified in the applicable Final Terms to be for the financing and/or refinancing of projects and activities that promote climate and other environmental purposes, in accordance with certain prescribed eligibility criteria as in such case shall be set out in item 9 of Part B (Provisions Relating to Green Bonds) of the applicable Final Terms (any Notes which have such a specified use of proceeds are referred to as "Green Bonds").

CICERO Shades of Green AS has provided a second opinion on SATO's Green Finance Framework ("CICERO's Second Opinion"). In connection with an issue of Green Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue an independent opinion (together with CICERO's Second Opinion, "Compliance Opinions") confirming that any Green Bonds are in compliance with the Green Bond Principles, as published by the International Capital Market Association (which serves as the secretariat to the Green Bond Principles) (the "Green Bond Principles"). The Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. For the avoidance of doubt, any such Compliance Opinions are not, nor shall be deemed to be, incorporated into, and will not form part of, this Base Prospectus or the applicable Final Terms. Any such Compliance Opinions may not reflect the potential impact of all risks related to the structure of the relevant Series of Green Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Green Bonds. Any such Compliance Opinions are not a recommendation to buy, sell or hold securities and is only current as at its date of issue.

While the Green Bond Principles do provide a high level framework, there is currently no clearly defined definition (legal, regulatory or otherwise) nor market consensus on what precise attributes are required for a particular project to be defined as "green", and therefore no assurance can be provided to potential investors that the green projects and activities to be specified in the applicable Final Terms will meet all investors' expectations regarding environmental performance or continue to meet the relevant eligibility criteria. Although applicable green projects and activities are expected to be selected in accordance with the categories recognised by the Green Bond Principles and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or
social impacts will not occur during the design, construction, commissioning and/or operation of any such green or sustainable projects or that the anticipated environmental benefits will be realised. Where any negative impacts are insufficiently mitigated, green projects and activities may become controversial and/or may be criticised by activist groups or other stakeholders.

In the event that any such Green Bonds are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Green Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green Bonds.

Further, although the Issuer may agree at the issue date of any Green Bonds to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green projects and activities (as specified in the applicable Final Terms), it would not be an event of default under the Green Bonds if: (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the applicable Final Terms; and/or (ii) the Compliance Opinions were to be withdrawn. Although it is the Issuer's intention to use the proceeds of any Series of Green Bonds in connection with green projects and activities, any failure to use the net proceeds of any Series of Green Bonds in connection with green projects and activities, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green assets which may cause one or more of such investors to dispose of the Green Bonds held by them which may affect the value, trading price and/or liquidity of the relevant Series of Green Bonds.

Neither the Issuer nor the Dealers make any assurance or representation as to the suitability or reliability for any purpose whatsoever of any Compliance Opinions or whether any Green Bonds fulfil the relevant environmental criteria. Prospective investors should have regard to the eligible green bond projects or activities and eligibility criteria described in the applicable Final Terms. Each potential purchaser of any Series of Green Bonds should determine for itself the relevance of the information contained in this Base Prospectus and in the applicable Final Terms regarding the use of proceeds and its purchase of any Green Bonds should be based upon such investigation as it deems necessary. None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

Risks Related to Notes Generally

Set out below is a description of material risks relating to the Notes generally:

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, holders of the Notes will have to rely on their procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, holders of the Notes will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, holders of the Notes will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their participants.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive
payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes, but will have to rely upon their rights under the Trust Deed.

**Exchange rates and exchange controls.**

The Issuer will pay principal and interest on the Notes in the relevant currency in which the Notes were issued (the "Specified Currency"). This presents certain risks relating to currency conversions if a holder of the Notes' financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes, and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Changes in market interest rates may adversely affect the value of the Notes. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes, since the Notes have a fixed rate of interest and prevailing interest rates in the future may be higher than that fixed rate of interest.

**Minimum denomination.**

In relation to any issue of Notes which have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

**Modification, waivers and substitution of the Issuer.**

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed or determine, without the consent of the Noteholders, that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such in the circumstances described in Condition 17 (Meetings of Noteholders; Modification and Waiver; Substitution) of the Notes. The Conditions provide that the Trustee may be required, without the consent of the Noteholders, to agree to the substitution of any company as the principal debtor in relation to the Trust Deed and the Notes in the circumstances described in the Trust Deed and the Conditions.

**Changes in laws or administrative practices could entail risks.**

The Conditions are governed by the laws of England in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Base Prospectus. Furthermore, the Issuer and the Group operate in a heavily regulated environment and have to comply with regulations in the Republic of
Finland and Russia. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices of the Republic of Finland and Russia after the date of this Base Prospectus.

**Risk of United Kingdom no longer being party to Recast Brussels Regulation.**

Upon the end of the transitional period following the withdrawal of the United Kingdom from the European Union, the so-called Recast Brussels Regulation (Regulation (EU) No 1215/2012) that is the formal reciprocal regime on jurisdiction and judgments, which is currently applied in the EU context, will no longer apply in the United Kingdom, which means that persons enforcing a judgment obtained before English courts will no longer automatically be able to benefit from the recognition of such judgment in EU courts (including Finnish courts) under such Regulation. The United Kingdom intends to, at an appropriate time prior to the termination of the transition period, deposit an instrument of accession to the Hague Convention on Choice of Court Agreements 2005 (the "Hague Convention") and the Hague Convention should become applicable in the United Kingdom. At the date of this Base Prospectus, the accession is expected to remain suspended at least until 31 December 2020. The Hague Convention is an international convention that requires contracting states to recognise and respect exclusive jurisdiction clauses in favour of other contracting states and to enforce related judgments. Finland already being a party to the Hague Convention, judgments handed down by a court in the United Kingdom should be recognised and enforced under this Convention in Finland. However, the scope of the Hague Convention is limited to contracts containing exclusive jurisdiction clauses and there is no assurance that such judgments will be recognised on exactly the same terms and in the same conditions as under the Recast Brussels Regulation. In addition, there can be no assurance as to the terms of any final agreement and, as a result, there remains a risk that a judgment entered against the Issuer in a court in the United Kingdom may not be recognised or enforceable in Finland as a matter of law without a re-trial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law, arbitral tribunals or executive or other public authorities in Finland).

**Compliance with sanctions may prevent the Issuer from performing its obligations under the Notes.**

The Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Departments of State or Commerce, the EU, Her Majesty's Treasury and/or other governmental, regulatory or law enforcement agencies have imposed or may impose economic sanctions against governments, governmental authorities, other legal entities or private individuals. Any sanctioned persons, including holders of the Notes (if any), may not have the benefit of legal protections that would be available to non-sanctioned persons.

**Risks Related to the Market Generally**

**The market price of Notes issued under the Programme may be volatile.**

The market price of Notes issued under this Programme could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of Notes issued under the Programme with regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Notes issued under the Programme.

**There is no active trading market for the Notes.**

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If a market does develop, it may not be very liquid. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. It is possible that the market for the Notes will be subject to disruptions.
Any such disruption may have a negative effect on Noteholders, regardless of the Issuer’s prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, Noteholders may not be able to resell their holding of the Notes at a fair value, if at all.

Although application has been made for the Notes to be admitted to listing on Euronext Dublin, there can be no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Credit ratings may not reflect all risks.

Any adverse change in an applicable credit rating could adversely affect the trading price of the Notes. The Issuer’s credit rating is an assessment by the relevant rating agency of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. One or more independent credit rating agencies may assign credit ratings to the issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure and market of the Notes and additional factors discussed in this Base Prospectus or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, reduced, suspended or withdrawn by the rating agency at any time. See also “—Financial Risks—The Issuer is dependent on its current long-term credit rating to pursue its financing strategy” above.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules.
INFORMATION INCORPORATED BY REFERENCE

The information set out below has been filed with the Central Bank and Euronext Dublin and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

(i) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the year ended 31 December 2018 (set out on pages 99 to 164 of the 2018 Annual Report of the Issuer) (the "2018 Financial Statements");

(ii) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the year ended 31 December 2019 (set out on pages 86 to 149 of the 2019 Annual Report of the Issuer) (the "2019 Financial Statements");

(iii) the terms and conditions of the Notes contained in the previous Base Prospectus dated 17 May 2019 at pages 33-72 (inclusive) prepared by the Issuer in connection with the Programme; and

(iv) the Issuer's green financing framework published on 9 March 2020 (the "Green Finance Framework").

The documents specified above as containing information incorporated by reference in this Base Prospectus are also available on the Issuer's website:

The 2018 Financial Statements from the 2018 Annual Report:

https://assets.ctfassets.net/z7ety0aygfnfq/6Ckac0yuCosIdM7afRZz45/2b6b290b83dd91d1b3654afbd46d65c/SATO_Annual_and_Sustainability_report_2018.pdf

The 2019 Financial Statements from the 2019 Annual Report:

https://assets.ctfassets.net/z7ety0aygfnfq/1hbppGW4wEOerse33Fltzh7/172a32774b76f5aaa4d4acb1b3d638ff/SATO_Annual_and_Sustainability_report_2019.pdf

The Issuer's Green Finance Framework:


The Terms and Conditions of the Notes contained in the Base Prospectus dated 17 May 2019:


Any information incorporated by reference in the documents specified above, which are being incorporated by reference herein, shall not form part of this Base Prospectus. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant for prospective investors for the purposes of Article 6(1) of the Prospectus Regulation or is covered elsewhere in this Base Prospectus.

The Issuer has applied IFRS as issued by the International Accounting Standards Board and as adopted by the EU and the UK in the financial statements incorporated by reference above.
FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.
FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form ("Bearer Notes") will initially be in the form of either a temporary global note in bearer form (the "Temporary Global Note"), without interest coupons, or a permanent global note in bearer form (the "Permanent Global Note"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "Global Note") which is not intended to be issued in new global note ("NGN") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV. ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystem"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C), or substantially similar successor provisions (the "TEFRA C Rules") or United States Treasury Regulation §1.163-5(c)(2)(i)(D), or substantially similar successor provisions (the "TEFRA D Rules") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note Exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

Temporary Global Note Exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary
Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("Definitive Notes") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

**Permanent Global Note Exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies "in the limited circumstances specified in the Permanent Global Note", then if either of the following events occurs:

(a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(b) any of the circumstances described in Condition 13 (Events of Default) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

**Terms and Conditions Applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

**Legend Concerning United States Persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

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Registered Notes

Each Tranche of Notes in registered form ("Registered Notes") will be represented by either individual Note Certificates in registered form ("Individual Note Certificates") or a global registered note ("Global Registered Note") in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, "Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new safekeeping structure (the "New Safekeeping Structure" or "NSS") would be in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystem"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Note to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Whether or not the Notes are intended to be held in a manner which would allow Eurosystem eligibility will be set out in the relevant Final Terms. Note that the designation "Yes" in the relevant Final Terms means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. Where the designation is specified as "No" in the relevant Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Registered Note Exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Registered Note each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or
(iii) if the relevant Final Terms specifies "in the limited circumstances specified in the Global Registered Note", then if either of the following events occurs:

(a) if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

(b) in any case, if any of the circumstances described in Condition 13 (Events of Default) occurs.

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, each person having an interest in a Global Registered Note must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding).

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

**Terms and Conditions Applicable to the Notes**

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.
TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which are being admitted to trading on a regulated market in a Member State or the United Kingdom, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may supplement, amend or replace any information in this Base Prospectus.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" above.

1. Introduction

1.1 Programme

SATO Corporation (the "Issuer") has established a Euro Medium Term Note Programme (the "Programme") for the issuance of up to EUR 1,500,000,000 in aggregate principal amount of notes (the "Notes").

1.2 Final Terms

Notes issued under the Programme are issued in series (each a "Series") and each Series may comprise one or more tranches (each a "Tranche") of Notes. Each Tranche is the subject of a final terms (the "Final Terms") which completes these terms and conditions (the "Conditions"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 Trust Deed

The Notes are constituted by, are subject to, and have the benefit of, the amended and restated trust deed dated on or around 13 March 2020 (as amended or supplemented from time to time, the "Trust Deed") between the Issuer and Citicorp Trustee Company Limited as trustee (the "Trustee", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).

1.4 Agency Agreement

The Notes are the subject of the amended and restated issue and paying agency agreement dated on or around 13 March 2020 (the "Agency Agreement") between the Issuer, Citibank, N.A., London Branch as issuing agent and principal paying agent (the "Principal Paying Agent", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Citigroup Global Markets Europe AG as registrar (the "Registrar", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "Paying Agents", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the "Agents" are to the Paying Agents and any reference to an "Agent" is to any one of them.

1.5 The Notes

The Notes may be issued in bearer form ("Bearer Notes"), or in registered form ("Registered Notes"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing during normal business hours at SATO Corporation, Panuntie 4, PL 401, FI 00601 Helsinki, Finland.
1.6 **Summaries**

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. **Interpretation**

2.1 **Definitions**

In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Collateral**" means any additional Security Interest provided by the Issuer in order to meet its obligation to maintain the minimum collateralisation level under the Secured Notes and including, any replacement of such Additional Collateral in accordance with the terms and conditions of the Secured Notes;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Authorised Signatory**" means any Director of the Issuer or any other person or persons notified to the Trustee by any such Director as being an Authorised Signatory pursuant to Clause 7.18 (**Covenants by the Issuer – Authorised Signatories**) of the Trust Deed;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**, "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant
Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "No Adjustment" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"Change of Control" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Change of Control Period" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Change of Control Put Event" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Change of Control Put Event Notice" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Change of Control Put Option" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Change of Control Put Period" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"CIBOR" means, in respect of Danish Kroner and for any specified period, the interest rate benchmark known as the Copenhagen interbank offered rate which is calculated and published by a designated distributor (currently Nasdaq Copenhagen A/S) in accordance with the requirements from time to time of the Danish Financial Benchmark Facility based on estimated interbank borrowing rates for Danish Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic CIBOR rates can be obtained from the designated distributor);

"Consolidated Adjusted EBITDA" means, in respect of any Testing Date, the number set out under the heading "Operating Profit" (or any equivalent line item) in the Consolidated Financial Statements of the Group, from which items (a) to (c) below should be deducted:

(a) the number set out under the heading "Fair value change of investment properties, unrealised" (or any equivalent line item) in the Consolidated Financial Statements of the Group;

(b) the number set out under the heading "Carrying value of investment properties sold" (or any equivalent line item) in the Consolidated Financial Statements of the Group;
the number set out under the heading "Depreciation, amortisation and impairment charges" (or any equivalent line item) in the Consolidated Financial Statements of the Group;

"Consolidated Coverage Ratio" means, in respect of any Testing Date, the ratio of (i) the aggregate amount of Consolidated Adjusted EBITDA to (ii) the aggregate amount of Net Interest Charges;

"Consolidated Financial Statements of the Group" means the consolidated financial statements and notes to those financial statements of the Group prepared in accordance with IFRS;

"Consolidated Solvency Ratio" means (i) the Indebtedness (less cash and cash equivalents) of the Group on a consolidated basis; divided by (ii) Consolidated Total Assets (less cash and cash equivalents);

"Consolidated Total Assets" means the value of the consolidated total assets of the Group, as such amount appears, or would appear (in the case of a pro forma), on a consolidated balance sheet of the Group prepared in accordance with IFRS as shown (or as would be shown) in the most recent audited annual, unaudited semi-annual or unaudited interim, as the case may be, Consolidated Financial Statements of the Group;

"continuing" for the purposes of Condition 13 (Events of Default) is an Event of Default that has not been waived or remedied;

"Couponholder", in the case of Bearer Notes, has the meaning given in Condition 3.2 (Form, Denomination, Title and Transfer – Title to Bearer Notes);

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

"DA Selected Bond" means the government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes (or, if Par Call Commencement Date is specified in the applicable Final Terms, the period to the Par Call Commencement Date), that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes (or, if Par Call Commencement Date is specified in the applicable Final Terms, the period to the Par Call Commencement Date);

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the "Calculation Period"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(a) if "Actual/Actual (ICMA)" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(b) if "Actual/Actual (ISDA)" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a
leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365;
(d) if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360;
(e) if "30/360" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}
\]

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;
"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and
"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}
\]

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;
"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and
"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and
if “30E/360 (ISDA)” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}
\]

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"Determination Agent" means an investment bank or financial institution of international standing selected and appointed by the Issuer;

"Early Redemption Amount (Tax)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Early Termination Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"Event of Default" has the meaning ascribed to it in Condition 13 (Events of Default);

"Extraordinary Resolution" has the meaning given in the Trust Deed;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other Final Redemption Amount as may be specified in the relevant Final Terms;

"First Interest Payment Date" means the date specified in the relevant Final Terms;

"Fitch" means Fitch Ratings Ltd.;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;
"Gross Redemption Yield" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

"Group" means the Issuer and its consolidated Subsidiaries taken as a whole;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"Holder", in the case of Bearer Notes, has the meaning given in Condition 3.2 (Form, Denomination, Title and Transfer - Title to Bearer Notes) and, in the case of Registered Notes, has the meaning given in Condition 3.4 (Form, Denomination, Title and Transfer – Title to Registered Notes);

"IA Determination Cut-off Date" has the meaning given in Condition 7.9(a) (Floating Rate Note Provisions);

"IFRS" means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(e) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(f) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and

(g) any amount raised by the issue of redeemable shares, which are classified as borrowings under IFRS;
"Initial Longstop Date" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Initial Rate of Interest" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"Investment Grade Rating Change" means if any rating previously assigned to the Issuer by any Rating Agency is changed from an investment grade rating (being at least Baa3 by Moody's, BBB- by Fitch or BBB- by S&P) to a non-investment grade rating (being Ba1 or lower by Moody's, or BB+ or lower by Fitch or BB+ or lower by S&P);

"ISDA Benchmarks Supplement" means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) and, if specified in the relevant Final Terms, as supplemented by any applicable supplement to the ISDA Definitions) as published by the International Swaps and Derivatives Association, Inc.;

"Issue Date" has the meaning given in the relevant Final Terms;

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"Make Whole Redemption Amount" has the meaning given in Condition 9.3 (Redemption and Purchase – Redemption at the option of the Issuer);

"Make-Whole Redemption Margin" has the meaning given in the relevant Final Terms;
"Make-Whole Redemption Rate" means, with respect to the relevant Optional Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for the relevant Optional Redemption Date;

"Margin" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Moody's" means Moody's Investor Services Limited;

"Net Interest Charges" means the number set out under the heading "Financial expenses" (or any equivalent line item) in the Consolidated Financial Statements of the Group added to the number set out under the heading "Financial income" (or any equivalent line item) in the Consolidated Financial Statements of the Group;

"NIBOR" means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and published by a designated distributor (currently Global Rate Set Systems) in accordance with the requirements from time to time of Norske Finansielle Referanser (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor);

"Non-Sterling Make Whole Redemption Amount" has the meaning given in Condition 9.3 (Redemption and Purchase – Redemption at the option of the Issuer);

"Note Certificate" has the meaning ascribed to it in Condition 3.2 (Form, Denomination, Title and Transfer – Title to Bearer Notes);

"Noteholder", in the case of Bearer Notes, has the meaning given in Condition 3.2 (Form, Denomination, Title and Transfer – Title to Bearer Notes) and, in the case of Registered Notes, has the meaning given in Condition 3.4 (Form, Denomination, Title and Transfer – Title to Registered Notes);

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Date" has the meaning given in Condition 9.6 (Redemption and Purchase - Change of Control Put Option);

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in Condition 9.5 (Redemption and Purchase – Redemption at the option of Noteholders);

"Par Call Commencement Date" has the meaning given in the relevant Final Terms;

"Payment Business Day" means:

(a) if the currency of payment is euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
(ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Refinancing Indebtedness" means any Indebtedness of the Issuer or any of its Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange or discharge other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness (other than the Notes)); provided that:

(a) the aggregate principal amount (or accretable value) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(b) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed at the option of the Issuer, either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;

(c) if the Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged is expressly contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and

(d) if the Issuer was the obligor of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged, such Indebtedness is incurred by the Issuer;

"Permitted Security Interest" means a Security Interest on the undertaking or assets of any Person existing at the time such Person is acquired by and becomes a Subsidiary of the Issuer, provided such Security Interest was not created in contemplation of such acquisition and the principal amount secured has not been increased in contemplation of or since such acquisition;

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government (or any agency or political subdivision thereof) or other entity;

"Potential Change of Control Announcement" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase - Change of Control Put Option);

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
"Principal Subsidiary" means at any relevant time a Subsidiary of the Issuer:

(a) whose total assets or gross revenues (where the Subsidiary, in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Issuer represent not less than 5 per cent. of the total consolidated assets or the gross consolidated revenues of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries; or

(b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary;

"Proceedings" has the meaning ascribed to it in Condition 23 (Governing Law and Jurisdiction);

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Quarterly Consolidated Financial Statements of the Group" means the financial statements of the Group for the periods ended 31 March, 30 June, 30 September and 31 December of each year;

"Quotation Time" has the meaning in the relevant Final Terms;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Rating" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Rating Agency" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Rating Decrease" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Rating Downgrade" has the meaning ascribed to it in Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Record Date" has the meaning ascribed to it in Condition 11.6 (Payments – Registered Notes);

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Sterling Make Whole Redemption Amount, the Non-Sterling Make Whole Redemption Amount, the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Redemption Margin" has the meaning given in the relevant Final Terms;

"Reference Banks" shall be as specified in the relevant Final Terms or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

"Reference Bond" has the meaning given in the relevant Final Terms or, if not so specified or to the extent that such Reference Bond specified in the Final Terms is no longer outstanding on the relevant Reference Date, the DA Selected Bond;

"Reference Bond Price" means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than four such Reference Government Bond Dealer Quotations are received by the Determination Agent, the arithmetic average of all such quotations;
"Reference Date” has the meaning given in the relevant notice of redemption;

"Reference Government Bond Dealer” means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent, if applicable), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any Reference Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

"Reference Price” has the meaning given in the relevant Final Terms;

"Reference Rate” means CIBOR, EURIBOR, LIBOR, NIBOR, or STIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"Regular Period” means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"Relevant Coupons” has the meaning ascribed to it in Condition 10.5(b)(i) (Payments – Bearer Notes);

"Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre” has the meaning given in the relevant Final Terms;

"Relevant Indebtedness” means any Indebtedness (whether being principal, premium or other amounts) which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over the counter market) (and includes for the purposes of these Conditions any guarantee or indemnity in respect of any such Indebtedness or any arrangement having a similar effect) but does not include, for the avoidance of doubt, any Additional Collateral that the Issuer provides in respect of its existing Secured Notes;

"Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or
sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Reporting Date" means a date falling no later than 30 days after the publication of each of (i) the Consolidated Financial Statements of the Group; and (ii) the unaudited Quarterly Consolidated Financial Statements of the Group;

"Reserved Matter" means any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce or cancel the amount of principal or interest payable on any date in respect of the Notes or to reduce the rate of interest on the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment provided however for the avoidance of doubt that a Rate Adjustment or a Benchmark Amendment shall not constitute a Reserved Matter, (iv) to effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds, or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under Clause 8.3 (Amendment and Substitution – Substitution) of the Trust Deed), (v) to change the currency of payments under the Notes, or (vi) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution, or (v) to amend this definition;

“S&P” means S&P Global Ratings Europe Limited;

"Secured Indebtedness" means any Indebtedness, or any guarantee or indemnity in respect of any Indebtedness, in each case of any member of the Group (but without double counting) where such Indebtedness or guarantee or indemnity in respect of Indebtedness (in whole or in part) has the benefit of any Security Interest granted over any assets of any member of the Group;

"Secured Notes" means the EUR 25 million and EUR 24 million senior secured notes issued by the Issuer under its EUR 500,000,000 programme for the issuance of secured notes under its base prospectus dated 6 March 2013;

"Secured Solvency Ratio" means, (i) the Secured Indebtedness of the Group on a consolidated basis divided by (ii) Consolidated Total Assets;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Agency Agreement;

"Specified Period" has the meaning given in the relevant Final Terms;

"Specified Threshold" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Step Down Event" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Step Up Event" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Step Up Margin" has the meaning ascribed to it in Condition 7A (Adjustment of Interest Rate);

"Sterling Make Whole Redemption Amount" has the meaning ascribed to it in Condition 9.3 (Redemption and Purchase – Redemption at the option of the Issuer);

"STIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently the Swedish Bankers’ Association) in accordance with the requirements from time to time of the Financial Benchmarks Sweden AB (or any other Person
which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

"Subsidiary" means, in relation to any Person (the "first Person") at any particular time, any other Person (the "second Person");

(a) whose affairs and policies the first Person controls or has the power to control (directly or indirectly), whether by ownership of more than 50 per cent. of the share capital, contract, the power to appoint or remove the majority of members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"Talon" means a talon for further Coupons;

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"TARGET Settlement Day" means any day on which TARGET2 is open for the settlement of payments in euro;

"Testing Date" means each of 31 March, 30 June, 30 September and 31 December in each year from the first of such date following the Issue Date to the Maturity Date; and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms;

2.2 Interpretation

(a) In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (Taxation), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 2 (Interpretation) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

3.1 Bearer Notes

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

3.2 Title to Bearer Notes

Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "Holder" means the holder of such Bearer Note and "Noteholder" and "Couponholder" shall be construed accordingly.

3.3 Registered Notes

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

3.4 Title to Registered Notes

The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "Note Certificate") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "Holder" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Noteholder" shall be construed accordingly.

3.5 Ownership

The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

3.6 Transfers of Registered Notes

Subject to Condition 3.9 (Closed periods) and 3.10 (Regulations concerning transfers and registration) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
3.7 Registration and delivery of Note Certificates

Within five business days of the surrender of a Note Certificate in accordance with Condition 3.6 (Transfers of Registered Notes) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 3.7, “business day” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar has its Specified Office.

3.8 No charge

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

3.9 Closed periods

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

3.10 Regulations concerning transfers and registration

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5.1 (Covenants – Negative Pledge)) unsecured obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Covenants

5.1 Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or to secure any Guarantee of Relevant Indebtedness, in each case, without at the same time or prior thereto (i) securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

5.2 Financial Covenants

(a) Limitations on the Incurrence of Indebtedness

So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Indebtedness or any Guarantee in respect of any Indebtedness (excluding for the purposes of this Condition 5.2(a), any Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds), the Consolidated Solvency Ratio would exceed 65 per cent.;
(b) **Maintenance of the Consolidated Coverage Ratio**

So long as any Note remains outstanding the Issuer undertakes that on each Testing Date the Consolidated Coverage Ratio is not less than 1.8:1; and

(c) **Limitations on the Incurrence of Secured Indebtedness**

So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Secured Indebtedness (excluding for the purposes of this Condition 5.2(c), any Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds), the Secured Solvency Ratio would exceed 45 per cent.

The Issuer will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the covenants in this Condition 5.2 are breached at any time.

**5.3 Certificates**

(a) So long as any Note remains outstanding the Issuer will deliver a certificate to the Trustee on each Reporting Date signed by two Authorised Signatories of the Issuer certifying that as at the most recent Testing Date the Issuer was in compliance with the undertaking set out in Condition 5.2(b) (Financial Covenants – Maintenance of the Consolidated Coverage Ratio) and that since the last Reporting Date either there has been no breach of the undertakings set out in Conditions 5.2(a) (Financial Covenants - Limitations on the Incurrence of Indebtedness) and 5.2(c) (Financial Covenants - Limitations on the Incurrence of Secured Indebtedness) or providing details of any such breach.

(b) Any certificate addressed to the Trustee by two Authorised Signatories of the Issuer as to any of the amounts of any defined term or figure referred to in Condition 5.2 (Financial Covenants) (unless expressly stated otherwise) may, in the absence of manifest error, be relied upon by the Trustee, and shall be conclusive and binding on the Issuer and Noteholders.

**5.4 Insurance**

So long as any Note remains outstanding the Issuer shall, and shall procure that each Principal Subsidiary shall, maintain insurance with insurers of good standing on and in relation to its business and assets against those risks and to the extent as is prudent for companies located in the same or similar locations carrying on the same or substantially the same business carried on by it.

**5.5 Notification of Default**

So long as any Note remains outstanding the Issuer shall notify the Trustee in writing of any Event of Default or Potential Event of Default (as defined in the Trust Deed) (and the steps, if any, being taken to remedy it) forthwith upon becoming aware of its occurrence.

**6. Fixed Rate Note Provisions**

**6.1 Application**

This Condition 6 is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

**6.2 Accrual of interest**

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (Payments – Bearer Notes) and Condition 11 (Payments – Registered Notes).

**6.3 Cessation of Interest**

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case
it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment in accordance with Condition 20 (Notices)).

6.4 Fixed Coupon Amount

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

6.5 Calculation of interest amount

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount or Broken Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6.6 Notes accruing interest otherwise than a Fixed Coupon Amount

This Condition 6.6 shall apply to Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents, the Registrar (in the case of Registered Notes) and the Issuer shall arrange for notice thereof to be published to the Noteholders in accordance with Condition 20 (Notices) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation.

6.7 Notifications etc

All notifications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. Floating Rate Note Provisions

7.1 Application

This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

7.2 Accrual of interest

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (Payments – Bearer Notes) and Condition 11 (Payments – Registered Notes). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in
accordance with this Condition (as well after as before judgment) until whichever is the earlier of
(i) the day on which all sums due in respect of such Note up to that day are received by or on behalf
of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent
has notified the Noteholders that it has received all sums due in respect of the Notes up to such
seventh day (except to the extent that there is any subsequent default in payment).

7.3 Screen Rate Determination

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the
Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each
Interest Period will be determined by the Calculation Agent on the following basis:

(a) if the Reference Rate is a composite quotation or customarily supplied by one entity, the
Calculation Agent will determine the Reference Rate which appears on the Relevant
Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(b) if Linear Interpolation is specified as applicable in respect of an Interest Period in the
applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by
the Calculation Agent by straight-line linear interpolation by reference to two rates which
appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest
Determination Date, where:

(i) one rate shall be determined as if the relevant Interest Period were the period of
time for which rates are available next shorter than the length of the relevant
Interest Period; and

(ii) the other rate shall be determined as if the relevant Interest Period were the period
of time for which rates are available next longer than the length of the relevant
Interest Period;

provided, however, that if there is no rate available for the period of time next shorter or,
as the case may be, next longer, then the Calculation Agent shall calculate the Rate of
Interest at such time and by reference to such sources as the Issuer, in consultation with
an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in
good faith and in a commercially reasonable manner as an expert, determines appropriate;

(c) in any other case, the Calculation Agent will determine the arithmetic mean of the
Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the
relevant Interest Determination Date;

(d) if, in the case of (a) or (b) above, such rate does not appear on that page or, in the case of
(c) above, fewer than two such rates appear on that page or if, in the case of (a), (b) or (c),
the Relevant Screen Page is unavailable, the Calculation Agent will:

(i) request the principal Relevant Financial Centre office of each of the Reference
Banks to provide a quotation of the Reference Rate at approximately the Relevant
Time on the Interest Determination Date to prime banks in the Relevant Financial
Centre interbank market in an amount that is representative for a single
transaction in that market at that time; and

(ii) determine the arithmetic mean of such quotations; and

(e) if fewer than two such quotations are provided as requested, the Calculation Agent will
determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as
determined by the Calculation Agent) quoted by major banks in the Principal Financial
Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m.
(local time in the Principal Financial Centre of the Specified Currency) on the first day of
the relevant Interest Period for loans in the Specified Currency to leading European banks
for a period equal to the relevant Interest Period and in an amount that is representative
for a single transaction in that market at that time,
and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

7.4 ISDA Determination

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(b) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;

(c) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and

(d) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(i) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(ii) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner as an expert, determines appropriate.

7.5 Maximum or Minimum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

7.6 Calculation of Interest Amount

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the
lowest amount of such currency that is available as legal tender in the country of such currency
and, in the case of euro, means one cent.

7.7 Publication

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority and stock exchange by which the Notes have then been admitted to listing and trading as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

7.8 Notifications etc

All notifications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7.9 Benchmark Replacement

Notwithstanding the provisions above in this Condition 7, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines that a Benchmark Event has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate (as applicable), then the following provisions shall apply:

(a) the Issuer shall use reasonable endeavours to select and appoint an Independent Adviser to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than three (3) Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "IA Determination Cut-off Date") for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7.9);

(b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date in accordance with sub-paragraph 7.9(a) above, then the Issuer, acting in good faith and in a commercially reasonable manner, may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7.9); provided, however, that if this sub-paragraph 7.9(b) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph 7.9(b), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period);
if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 7.9);

if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer (acting in good faith and in a commercially reasonable manner) determines (A) that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the Interest Determination Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will (subject to the subsequent operation of this Condition 7.9) apply without an Adjustment Spread;

if the Independent Adviser or the Issuer (as the case may be) determines a Successor Rate or an Alternative Reference Rate or, in each case, any Adjustment Spread in accordance with the above provisions (each of the changes described above, a "Benchmark Amendment" and together, the "Benchmark Amendments"), the Independent Adviser (in consultation with the Issuer) or the Issuer (as the case may be), may also specify changes to the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Relevant Screen Page, Reference Banks, Relevant Financial Centre, Relevant Time, and/or the definition of Reference Rate or Adjustment Spread applicable to the Notes (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 7.9). For the avoidance of doubt, the Trustee shall, at the request and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as the Issuer determines and certifies to the Trustee are required in order to give effect to this Condition 7.9 noting that effecting such Benchmark Amendments would not constitute a Reserved Matter (as defined in the Trust Deed), provided, however, that the Trustee shall not be obliged to agree to any Benchmark Amendments which, in its sole opinion, would have the effect of (A) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protections of the Trustee in this Trust Deed and/or the Condition. An Independent Adviser appointed pursuant to this Condition 7.9 shall act in good faith and in a commercially reasonable manner as an expert in consultation with the Issuer and, in the absence of bad faith, gross negligence, wilful misconduct or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Principal Paying Agent, the Calculation Agent or Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 7.9. No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer; and

the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to Condition 7.9(e) above to the Calculation Agent, the Principal Paying Agent, the Trustee and the Noteholders which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate or Adjustment Spread (as applicable) and any consequential changes made to these Conditions. No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer confirming (A) that the Benchmark Event has occurred, (B) the Successor Rate or
Alternative Reference Rate (as applicable), (C) where applicable, the Adjustment Spread and (D) where applicable, the terms of any changes pursuant to sub-paragraph (e) above.

For the purposes of this Condition 7.9:

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the relevant Reference Rate with the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic benefit or prejudice (as applicable) to Noteholders arising out of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

(a) in the case of a Successor Rate, is recommended in relation to the replacement of
the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Rate for which no such recommendation has been made
or in the case of an Alternative Reference Rate, the Independent Adviser (in
consultation with the Issuer) or the Issuer (as applicable) determines is recognised
or acknowledged as being in customary market usage for the purposes of
determining floating rates of interest in respect of bonds denominated in the
Specified Currency, where such rate has been replaced by such Successor Rate or
Alternative Reference Rate (as applicable); or

(c) if no such customary market usage is recognised or acknowledged, the
Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer
(acting in good faith and in a commercially reasonable manner) in its discretion
(as applicable) determines is most comparable to the relevant Reference Rate;

"Alternative Reference Rate" means the reference rate (and related alternative screen
page or source, if available) that the Independent Adviser or the Issuer (as applicable)
determines has replaced the relevant Reference Rate in customary market usage for the
purposes of determining floating rates of interest in respect of bonds denominated in the
Specified Currency or, if the Independent Adviser or the Issuer (as applicable) determines
that there is no such rate, such other rate as the Independent Adviser in its discretion (in
consultation with the Issuer) or the Issuer (acting in good faith and in a commercially
reasonable manner) in its discretion (as applicable) determines is most comparable to the
relevant Reference Rate;

"Benchmark Event" means:

(a) the relevant Reference Rate has ceased to be published on the Relevant Screen
Page for a period of at least five consecutive Business Days as a result of such
benchmark ceasing to be calculated or administered; or

(b) a public statement by the administrator of the relevant Reference Rate that it will
cease publishing such Reference Rate permanently or indefinitely (in
circumstances where no successor administrator has been appointed that will
continue publication of such Reference Rate); or

(c) a public statement by the supervisor of the administrator of the relevant Reference
Rate that such Reference Rate has been or will be permanently or indefinitely
discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant Reference
Rate that means that such Reference Rate will be prohibited from being used or
that its use will be subject to restrictions or adverse consequences; or
it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable);

”Independent Adviser” means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case selected and appointed by the Issuer at its own expense;

”Relevant Nominating Body” means, in respect of a reference rate:

(a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

”Successor Rate” means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or (acting in good faith and in a commercially reasonable manner) the Issuer (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is recommended by any Relevant Nominating Body.

7A. Adjustment of Interest Rate

This Condition 7A shall apply to Notes only where the Final Terms state that the Rate of Interest will be the Initial Rate of Interest. The Initial Rate of Interest payable on the Notes will be subject to adjustment in the event of a Step Up Event or a Step Down Event (each such adjustment a "Rate Adjustment"). Any Rate Adjustment shall be effective from and including the Interest Payment Date immediately following the effective date of the relevant Step Up Event or the relevant Step Down Event (and the relevant Interest Amount shall be adjusted accordingly).

For any Interest Period commencing on or after the first Interest Payment Date immediately following the occurrence of a Step Up Event, the Rate of Interest shall be increased by the Step Up Margin. In the event that a Step Down Event occurs after the date of a Step Up Event (or on the same date but subsequent thereto) then for any Interest Period commencing on the first Interest Period following the occurrence of such Step Down Event, the Rate of Interest shall revert to the Initial Rate of Interest.

The Issuer will cause each Step Up Event and each Step Down Event (including the effective date of such Step Up Event and each Step Down Event) to be notified to the Principal Paying Agent and the Trustee and notice thereof to be published to Noteholders in accordance with Condition 20 (Notices) as soon as possible after the occurrence of the Step Up Event or the Step Down Event but in no event later than the tenth Business Day thereafter.

There shall be no limit on the number of times that a Rate Adjustment may be made pursuant to this Condition 7A (Adjustment of Interest Rate) during the term of the Notes, provided always that at no time during the term of the Notes will the Rate of Interest payable on the Notes (i) be less than the Initial Rate of Interest or (ii) more than the Initial Rate of Interest plus the Step Up Margin.
If a Step Up Event and, subsequently, a Step Down Event occur during the same Interest Period, the Rate of Interest on the Notes shall be neither increased nor decreased as a result of either such event.

For so long as any of the Notes issued pursuant to this Condition 7A (Adjustment of Interest Rate) are outstanding, the Issuer shall use all reasonable efforts to maintain a Rating from a Rating Agency. In the event that any Rating Agency fails to or ceases to assign a Rating, the Issuer shall use all reasonable efforts to obtain a Rating from a substitute Rating Agency and references in these Conditions to S&P, or the rating thereof, shall be to such substitute Rating Agency or, as the case may be, the equivalent Rating thereof. Where:

"Initial Rate of Interest" means the "Rate of Interest" initially payable in respect of the Notes specified in the relevant Final Terms;

"Rating" means the rating of the Notes, failing which, the rating of the Issuer's senior unsecured long-term debt;

"Rating Agency" means S&P and its successors and/or any other rating agency of equivalent standing notified by the Issuer to the Noteholders in accordance with Condition 20 (Notices);

"Rating Decrease" means a decrease in the Rating to below the Specified Threshold with the exception of a Rating Downgrade as defined in Condition 9.6 (Redemption and Purchase - Change of Control Put Option).

"Specified Threshold" means Baa3 or the equivalent.

"Step Down Event" means where the Rate of Interest has previously been subject to an increase as a result of a Step Up Event due to (i) the first public announcement by any Rating Agency of a Rating Decrease, the first public announcement by such Rating Agency that it has assigned a Rating equal to or higher than the Specified Threshold, or (ii) the failure to assign or withdrawal of a Rating by a Rating Agency, the reinstatement of a Rating by any Rating Agency equal to or higher than the Specified Threshold.

"Step Up Event" means (i) the first public announcement by any Rating Agency of a Rating Decrease, or (ii) the failure to assign, or withdrawal of, a Rating by any Rating Agency.

"Step Up Margin" has the meaning given to it in the Final Terms.


8.1 Application

This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

8.2 Late payment on Zero Coupon Notes

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(a) the Reference Price; and

(b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
9. **Redemption and Purchase**

9.1 **Scheduled redemption**

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*).

9.2 **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days’ notice to the Noteholders, in accordance with Condition 20 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, (but at no material cost) to mitigate the effects of the occurrence of the relevant events described in sub-paragraph (i) above,

provided, however, that no such notice of redemption shall be given earlier than:

(A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 9.2, the Issuer shall deliver or procure that there is delivered to the Trustee (1) a certificate signed by two Authorised Signatories of the Issuer stating that the obligation referred to in Condition 9.2(b)(i) above cannot be avoided by the Issuer taking reasonable measures available to it, and (2) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (1) and (2) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.2.

9.3 **Redemption at the option of the Issuer**

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part,
on any date (the "Optional Redemption Date (Call)") on the Issuer's giving not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 20 (Notices), or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall obligate the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together with accrued interest to (but excluding) the relevant Optional Redemption Date (Call)) being either:

(a) the Optional Redemption Amount (Call); or
(b) the Make Whole Redemption Amount.

The "Make Whole Redemption Amount" will, in respect of Notes to be redeemed, be:

(i) if "Sterling Make Whole Redemption Amount" is specified as being applicable in the relevant Final Terms an amount equal to the higher of (A) 100 per cent. of the principal amount of such Notes to be redeemed and (B) the principal amount of such Notes to be redeemed multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (as determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin, as determined by the Determination Agent; or

(ii) if "Non-Sterling Make Whole Redemption Amount" is specified in the applicable Final Terms an amount, calculated by the Determination Agent and notified to the Issuer, equal to the higher of (A) 100 per cent. of the principal amount of such Notes to be redeemed and (B) the sum of the then present values of each of the remaining scheduled payments of principal and interest on such Notes to maturity (or, if Par Call Commencement Date is specified in the applicable Final Terms, to the Par Call Commencement Date) (not including any interest accrued on the Notes to, but excluding the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin, if any, specified in the applicable Final Terms.

Where the Make-Whole Redemption Amount is specified in the Final Terms, any such notice of redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Optional Redemption Date (Call) may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Optional Redemption Date (Call), or by the Optional Redemption Date (Call) so delayed. The Issuer shall notify the Agents, the Trustee and the Noteholders no later than three business days in advance of the Optional Redemption Date (Call) that the Optional Redemption Date (Call) is delayed and as soon as practicable thereafter but no later than three business days in advance of such delayed Optional Redemption Date (Call) of any such delayed Optional Redemption Date (Call) and shall notify the Agents, the Trustee and the Noteholders of any such rescission of its notice of redemption no less than three business days prior to such Optional Redemption Date (Call) or Optional Redemption Date (Call) so delayed.

9.4 Partial redemption

If the Notes are to be redeemed in part only on any date in accordance with Condition 9.3 (Redemption and Purchase - Redemption at the option of the Issuer), in the case of Bearer Notes, the Notes to be redeemed shall be selected on a pro rata basis by the drawing of lots in such place as the Principal Paying Agent approves and in such manner as the Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority and stock exchange by which the Notes have then been admitted to listing and trading and the notice to Noteholders referred to in Condition 9.3 (Redemption and Purchase - Redemption at the option of the Issuer) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of
Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the total principal amount to be redeemed on such Optional Redemption Date (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

9.5 Redemption at the option of Noteholders

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the date specified in the relevant Put Option Notice (the "Optional Redemption Date (Put)") at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9.5, the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9.5, the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

9.6 Change of Control Put Option

If this Condition 9.6 is specified as applicable in the relevant Final Terms, if at any time while any Note remains outstanding, there occurs:

(a) a Change of Control (as defined below), and within the Change of Control Period, a Rating Downgrade in respect of that Change of Control occurs (such Change of Control Event and Rating Downgrade not having been cured prior to the expiry of the Change of Control Period); or

(b) a Change of Control (as defined below), and, on the occurrence of the Change of Control, the Issuer is not rated by any Rating Agency,

(each, a "Change of Control Put Event"), each Noteholder will have the option (the "Change of Control Put Option") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 9.2 (Redemption and Purchase – Redemption for tax reasons) or Condition 9.3 (Redemption and Purchase – Redemption at the option of the Issuer) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (as defined below) at the Early Termination Amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

Immediately upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "Change of Control Put Event Notice") to the Noteholders in accordance with Condition 20 (Notices) specifying the nature of the Change of Control Event and the procedure for exercising the Change of Control Put Option contained in this Condition 9.6.

To exercise the Change of Control Put Option, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Principal Paying Agent specified in the Change of Control Put Option Notice (as defined below) for the account of the Issuer within the Change of Control Put Period together with a duly signed and completed notice of exercise in
the then current form obtainable from the Principal Paying Agent (a "Change of Control Put Option Notice") and in which the Noteholder may specify a bank account to which payment is to be made under this Condition 9.6.

A Change of Control Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Principal Paying Agent for the account of the Issuer as described above, on the Optional Redemption Date. Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Change of Control Put Option Notice.

If 80 per cent. or more in principal amount of the Notes have been redeemed pursuant to this Condition 9.6, the Issuer may, on not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 20 (Notices) given within 30 days after the Optional Redemption Date, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at the Early Termination Amount, together with interest accrued to but excluding the date of such redemption.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred or to notify the Noteholders of the same and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

For the purpose of this Condition 9.6:

A "Change of Control" shall be deemed to have occurred if at any time following the Issue Date, a person or persons, acting together, acquire (i) the beneficial ownership (directly or indirectly) of more than 50 per cent. of the total voting rights represented by shares of the Issuer, or (ii) the power to appoint or remove the majority of the members of the board of directors of the Issuer;

"Change of Control Period" means the period (i) commencing on the date that is the earlier of (A) the first public announcement of the relevant Change of Control; and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is the 120th day after the date of the first public announcement of the relevant Change of Control (such 120th day, the "Initial Longstop Date"); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency;

"Change of Control Put Period" means the period from and including the date on which a Change of Control Put Event occurs (whether or not the Issuer has given a Change of Control Put Event Notice in respect of such event) to and including the date falling 60 days after the date on which such Change of Control Put Event Notice is given, provided that if no Change of Control Put Event Notice is given, the Change of Control Put Period shall not terminate;

"Optional Redemption Date" means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with Condition 9.6 (Redemption and Purchase – Change of Control Put Option);

"Potential Change of Control Announcement" means any public announcement or statement by the Issuer, any actual or potential bidder or any designated adviser thereto relating to any specific and near-term potential Change of Control (where "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual
or potential bidder or any such designated adviser to be intended to occur, within 120 days of the
date of such announcement of statement); and

A "Rating Downgrade" shall be deemed to have occurred in respect of a Change of Control if
within the Change of Control Period (i) the rating previously assigned to the Notes or to the Issuer
by any Rating Agency is withdrawn and not subsequently reinstated within the Change of Control
Period or (ii) the non-investment grade rating previously assigned to the Notes or to the Issuer by
any Rating Agency is lowered one rating category (for example, from Ba1/BB+ to Ba2/BB or such
similar lower or equivalent rating) and not subsequently upgraded within the Change of Control
Period or (iii) an Investment Grade Rating Change occurs and is not subsequently reinstated within
the Change of Control Period. provided that a Rating Downgrade otherwise arising by virtue of a
particular change in rating shall be deemed not to have occurred in respect of a particular Change
of Control if the Rating Agency making the change in rating to which this definition would
otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction
was the result of the applicable Change of Control.

9.7 Clean-up Call Option

If the Clean-up Call Option is specified in the relevant Final Terms as being applicable, in the event
that Notes representing an aggregate amount equal to or exceeding 80 per cent. of the principal
amount of the Notes have been purchased and cancelled or redeemed by the Issuer (other than as
a result of the exercise by the Issuer of its redemption right under Condition 9.3 (Redemption at
the Option of the Issuer)) the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Noteholders in accordance
with Condition 20 (Notices) (or such other notice period as may be specified in the applicable Final
Terms), redeem on the date specified in such notice all, but not some only, of the remaining Notes
in that Series at their Early Redemption Amount (as specified in the relevant Final Terms) together
with any interest accrued to but excluding the date set for redemption.

9.8 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 9.1
(Redemption and Purchase - Scheduled Redemption) to Condition 9.7 (Clean-up Call Option)
above.

9.9 Early redemption of Zero Coupon Notes

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on
redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal
to the sum of:

(a) the Reference Price; and

(b) the product of the Accrual Yield (compounded annually) being applied to the Reference
Price from (and including) the Issue Date to (but excluding) the date fixed for redemption
or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the
calculation in respect of the period of less than a full year shall be made on the basis of such Day
Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9.9 or, if
none is so specified, a Day Count Fraction of 30E/360.

9.10 Purchase

The Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase for its
account Notes in the open market or otherwise and at any price, provided that all unmatured
Coupons are purchased therewith (if applicable). The Notes so purchased may be held or resold
(provided that such resale is outside the United States and is otherwise in compliance with all
applicable laws) or surrendered for cancellation at the option of the Issuer or otherwise, as the case
may be in compliance with Condition 9.11 (Redemption and Purchase - Cancellation). The Notes
so purchased, while held by or on behalf of the Issuer or any such Subsidiary shall not entitle the
holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the
purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition
17 (Meetings of Noteholders; Modification and Waiver; Substitution).

9.11 Cancellation

All Notes which are redeemed pursuant to Conditions 9.2 (Redemption and Purchase - Redemption for tax reasons), 9.3 (Redemption and Purchase – Redemption at the option of the Issuer), 9.5 (Redemption and Purchase - Redemption at the option of Noteholders), 9.6 (Redemption and Purchase – Change of Control Put Option) and 9.7 (Redemption and Purchase – Clean-up Call Option) or submitted for cancellation pursuant to Condition 9.10 (Redemption and Purchase - Purchase) will be cancelled and may not be reissued or resold. If the Notes are admitted to trading on a stock exchange, then for so long as the Notes are admitted to trading on such exchange and if the rules of such exchange so require, the Issuer shall promptly inform such exchange of the cancellation of any Notes under this Condition 9.11.

10. Payments - Bearer Notes

This Condition 10 is only applicable to Bearer Notes.

10.1 Principal

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

10.2 Interest

Payments of interest shall, subject to Condition 10.8 (Payments – Bearer Notes - Payments other than in respect of matured Coupons) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 10.1 (Payments – Bearer Notes - Principal) above.

10.3 Payments in New York City

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

10.4 Payments subject to fiscal laws

All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (Taxation)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
10.5 Deductions for unmatured Coupons

If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(a) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(b) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(i) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "Relevant Coupons") being equal to the amount of principal due for payment; provided, however, that where this Condition 10.5(b)(i) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(ii) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 10.1 (Payments – Bearer Notes - Principal) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.

10.6 Unmatured Coupons void

On the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9.2 (Redemption and Purchase – Redemption for tax reasons), Condition 9.3 (Redemption and Purchase – Redemption at the option of the Issuer), Condition 9.5 (Redemption and Purchase - Redemption at the option of Noteholders), Condition 9.6 (Redemption and Purchase – Change of Control Put Option), Condition 9.7 (Redemption and Purchase – Clean-up Call Option) or Condition 13 (Events of Default), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

10.7 Payments on business days

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

10.8 Payments other than in respect of matured Coupons

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 10.3 (Payments – Bearer Notes - Payments in New York City) above).
10.9 Partial payments

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

10.10 Exchange of Talons

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (Prescription)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. Payments - Registered Notes

This Condition 11 is only applicable to Registered Notes.

11.1 Principal

Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

11.2 Interest

Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

11.3 Payments subject to fiscal laws

All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (Taxation) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

11.4 Payments on business days

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
11.5 **Partial payments**

If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

11.6 **Record date**

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "Record Date"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

12. **Taxation**

12.1 **Gross up**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Finland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with Finland other than the mere holding of the Note or Coupon; or

(b) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

12.2 **Taxing jurisdiction**

If the Issuer becomes subject at any time to any taxing jurisdiction other than Finland, references in these Conditions to Finland shall be construed as references to Finland and such other jurisdiction.

12.3 Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 12 or any undertaking given in addition to or in substitution of this Condition 12 pursuant to the Trust Deed.

13. **Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in the case of Condition 13.4 (Breach of other obligations) and Condition 13.9(b) (Invalidity or unenforceability) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable in each case at their principal amount together with accrued interest if any of the following events (each, an "Event of Default") occurs and is continuing:
13.1 **Non-payment of principal**

The Issuer fails to pay any amount of principal payable in respect of any of the Notes when due and such default continues for a period of seven days; or

13.2 **Non-payment of interest**

The Issuer fails to pay any amount of interest payable in respect of any of the Notes when due and such default continues for a period of 14 days; or

13.3 **Breach of covenants**

The Issuer fails to meet the Consolidated Coverage Ratio set out in Condition 5.2(b) (Covenants – Financial Covenants – Maintenance of the Consolidated Coverage Ratio) on any Testing Date and such failure is not remedied or waived by the following Testing Date; or

13.4 **Breach of other obligations**

The Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereafter mentioned will be required) such default continues unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer requiring the same to be remedied; or

13.5 **Cross-default**

(a) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period and remains unpaid; or

(b) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of:

(i) the Issuer;

(ii) the Noteholders (pursuant to Condition 9.5 (Redemption and Purchase – Redemption at the option of Noteholders) or Condition 9.6 (Redemption and Purchase – Change of Control Put Option));

(iii) the relevant Subsidiary; or

(iv) (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

(c) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness (including any indemnity of such Indebtedness or any arrangement having a similar effect) and remains unpaid;

provided that the amount of Indebtedness referred to in Condition 13.5(a) and Condition 13.5(b) above and/or the amount payable under any guarantee or indemnity referred to in Condition 13.5(c) above individually or in the aggregate exceeds 1 per cent. of Consolidated Total Assets and provided further that no default shall occur under Condition 13.5(b) above where such default occurs as a direct result of a change in legislation or regulations in Finland, whereby the Issuer or any of its Subsidiaries are prohibited from holding state subsidised loans and the Issuer and/or any Subsidiary (as applicable) therefore is required to redeem such loans prior to their original maturity as a result thereof; or

13.6 **Judgment default**

One or more final judgments or orders or arbitration awards for the payment of an amount exceeding EUR 20,000,000 or its equivalent in any other currency or currencies, whether individually or in aggregate, is rendered or granted against the Issuer or any of its Principal
Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment; or

13.7 Security enforced

A secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries; or

13.8 Bankruptcy

(a) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due;

(b) a petition is filed, or an order is made by any competent court, or any resolution is passed by the Issuer or any of its Principal Subsidiaries, in each case, for winding-up (selvitystila), company reorganisation (yritysjärjestely) or bankruptcy (konkurssi) of (A) the Issuer, and/or (B) any Principal Subsidiary, save for any proceedings or actions which are contested in good faith and discharged, stayed or dismissed within twenty-eight (28) days of their commencement;

(c) any event occurs which under the laws of Finland or Russia has an analogous effect to any of the events referred to in sub-paragraphs (a) or (b) above; or

(d) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it,

in each case, otherwise than, in respect of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent by the Group

13.9 Invalidity or unenforceability

(a) any action, condition or thing (including any consent approvals, registration or filing) at any time required to be taken, fulfilled, obtained or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, the Trust Deed or the Agency Agreement, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes, the Trust Deed and the Agency Agreement admissible as evidence in the courts of England or Finland is not taken, fulfilled or done; or

(b) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed or the Agency Agreement; or

13.10 Substantial change in business

The Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (other than, in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent by the Group).

14. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.
15. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing and trading by any competent authority or stock exchange which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority and/or stock exchange), subject to all applicable laws and competent authority and/or stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the Replacement Agent may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and any of its Subsidiaries.

Unless ordered to do so by a court of competent jurisdiction or unless required by applicable law or the rules of any stock exchange that the Notes may be listed on, the Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Trustee by the Issuer.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes or Coupons as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents in accordance with the terms of the Agency Agreement; **provided, however, that:**

(a) the Issuer shall at all times maintain a principle paying agent and a registrar; and

(b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(c) if and for so long as the Notes are admitted to listing and trading by any competent authority and/or stock exchange which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.
17. Meetings of Noteholders; Modification and Waiver; Substitution

17.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing a majority of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing and electronic consent signed by or on behalf of not less than 75 per cent. in principal amount of the Notes for the time being outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

17.2 Modification and waiver

The Trustee may, without the consent of the Noteholders or the Couponholders, agree to any modification of these Conditions, the Agency Agreement or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee not materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Agency Agreement or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders or the Couponholders, authorise or waive any proposed breach or breach of any Condition of the Notes, the Agency Agreement or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) or determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such authorisation, waiver or modification shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter unless the Trustee agrees otherwise. With respect to any such waiver, the Trustee shall not exercise any powers conferred upon it in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate principal amount of the Notes then outstanding.

Additionally, the Issuer may, subject to Condition 7.9, vary or amend these Conditions, the Trust Deed and/or the Agency Agreement to give effect to certain amendments without any requirement for the consent or approval of Noteholders of the relevant Notes or Coupons, as described in Condition 7.9 (Benchmark Replacement) and the Trustee shall agree to such variations or amendments in accordance with Condition 7.9.

17.3 Substitution

The Trust Deed contains provisions requiring the Trustee, subject to such amendment of the Trust Deed and such other conditions as the Trust Deed sets out but without the consent of the Noteholders (and subject to prior notification to, and confirmation from, any relevant Rating Agency that there is no adverse change to the credit rating granted by such Rating Agency in respect of the Notes) to substitute any company in place of the Issuer (or of any previous substitute under Clause 8.3 (Amendment and Substitution – Substitution) of the Trust Deed), as principal debtor under the Trust Deed and the Notes. No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in
respect of any tax consequence of any such substitution upon individual Noteholders, except to the extent provided in Condition 12 (Taxation) (or any undertaking given in addition to or substitution of it pursuant to the provisions of the Trust Deed).

18. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed and these Conditions in respect of the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one-fifth of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or prefunded and/or secured to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

Until the Trustee has actual or express knowledge to the contrary, the Trustee may assume that no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred.

The Trustee is not liable for any failure to monitor compliance by the Issuer with the Conditions (including Condition 5.1 (Covenants – Negative Pledge) and Condition 13 (Events of Default)).

19. **Further Issues**

The Issuer may from time to time, without notice to or the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date for and amount of the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

20. **Notices**

20.1 **Bearer Notes**

Notices to the Holders of Bearer Notes shall be valid if published in a leading newspaper having general circulation in the Republic of Ireland (which is expected to be the Irish Times or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

20.2 **Registered Notes**

Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. If the Registered Notes are admitted to trading on Euronext Dublin and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Republic of Ireland (which is expected to be the Irish Times or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.
20.3 **Global Note or a Global Registered Note**

So long as any of the Notes are represented by a Global Note or a Global Registered Note, notices required to be published in accordance with Condition 20 (Notices) may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant account holders, provided that in the case of Notes that are admitted to Euronext Dublin: (i) such notice is also delivered to Euronext Dublin; and (ii) so long as the relevant Notes are admitted to trading on Euronext Dublin and the rules of Euronext Dublin so require, publication will also be made in a leading daily newspaper having general circulation in the Republic of Ireland (which is expected to be the Irish Times). Any such notice shall be deemed to be given on the date of delivery to the relevant clearing system.

21. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, with its Specified Office in London, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof, on the date of such receipt.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. **Governing Law and Jurisdiction**

23.1 **Governing law**

The Notes, the Agency Agreement and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law.

23.2 **Jurisdiction**

The Issuer has irrevocably agreed for the benefit of the Trustee and the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Notes or any non-contractual obligation arising out of or in connection with them and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Noteholders may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust
Deed and the Notes against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions if and to the extent permitted by law.

23.3 Appointment of process agent

The Issuer appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of such agent ceasing so to act, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
FORM OF FINAL TERMS OF THE NOTES

Set out below is the form of Final Terms which will be completed for each Tranche issued under the Programme.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]¹

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")]; or (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer["s"] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer["s"] target market assessment) and determining appropriate distribution channels.

[MIFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients each as defined in [Directive 2014/65/EU (as amended, "MiFID II")]; [EITHER] or (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services]; [OR] [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]. [Consider any negative target market.] Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer["s"] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer["s"] target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]

Final Terms dated [*]

SATO CORPORATION
Legal Entity Identifier (LEI): 7437009ELUGUOA45V564
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the EUR 1,500,000,000
Euro Medium Term Note Programme

¹ Include where Part B item 6(v) of the Final Terms specifies "Applicable".
PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated 13 March 2020 [and the supplemental base prospectus dated [*] which [together] constitute[s] a base prospectus (the "Base Prospectus") for the purposes of the Prospectus Regulation. [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated 17 May 2019 which is incorporated by reference in the base prospectus dated 13 March 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the base prospectus dated 13 March 2020 [and the supplement[s] to it dated [*] [and [*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "Base Prospectus"), including the Conditions incorporated by reference in the Base Prospectus.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and the Final Terms are available for viewing on the website of The Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") (https://www.ise.ie/) and is also available at the SATO Corporation website (https://www.sato.fi/en).


The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except in certain transactions exempt from the registration requirements of the Securities Act.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1. Issuer: SATO Corporation

   (i) Tranche Number: [*]

2. Series Number: [*]

   (i) [Tranche Number: [*]]

   (ii) [Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*] on [*]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below [which is expected to occur on or about [*]].]

3. Specified Currency or Currencies: [*]

4. Aggregate Nominal Amount: [*]

   (i) [Series: [*]]

   (ii) [Tranche: [*]]

Language to be removed if Notes are unlisted.
5. **Issue Price:**

   [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]

6. (i) **Specified Denominations:**

   [•]

   (ii) **Calculation Amount:**

   [•]

7. (i) **Issue Date:**

   [•]

   (ii) **Interest Commencement Date:**

   [[•]/Issue Date/Not Applicable]

8. **Maturity Date:**

   Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [•] [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]

   [For fixed rate notes where the Interest Payment Dates are subject to modification, the Maturity Date will be the Interest Payment Date falling in or nearest to the relevant month and year]

9. **Interest Basis:**

   [•] per cent. Fixed Rate

   [CIBOR/ EURIBOR/ LIBOR/ NIBOR/ STIBOR]

   +/- [•] per cent. Floating Rate

   [Zero Coupon]

   (see paragraph [14/15/16] below)

10. **Change of Interest or Redemption/Payment Basis:**

    [Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and identify there/Not Applicable]

11. **Put/Call Options:**

    [Not Applicable]

    [Investor Put]

    [Change of Control Put] (*This option is contained in Condition 9.6 (Redemption and Purchase – Change of Control Put Option))

    [Issuer Call]

    [Clean-Up Call]

    [(See paragraph(s) [17/18/19] below)]

12. (i) **Status of the Notes:**

    Senior

    (ii) **[Date [Board] approval for issuance of Notes] obtained:**

    [•]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. **Fixed Rate Note Provisions**

    [Applicable/Not Applicable]

    (If not applicable, delete the remaining sub-paragraphs of this paragraph 14)
(i) Rate[(s)] of Interest: [The Initial Rate of Interest is] [* per cent. per annum payable in arrear on each Interest Payment Date]

(ii) Interest Payment Date(s): [*] in each year

(iii) Fixed Coupon Amount[(s)]: [[*] per Calculation Amount/Not Applicable]

(For Notes where the Interest Payment Dates are subject to modification: The amount of interest payable for any Interest Period is to be calculated in accordance with Condition 6.6 (Fixed Rate Note Provisions – Notes accruing interest otherwise than a Fixed Coupon Amount)

(iv) Broken Amount(s): [*] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [*]

(v) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360]

(vi) [Ratings Step Up / Step Down: [Applicable/Not Applicable]

(vii) [Step Up Margin: [*] per cent. per annum]]

(viii) [Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment (if not the Principal Paying Agent): [*] shall be the Calculation Agent.]

14. **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable delete the remaining sub-paragraphs of this paragraph 15)

(i) Specified Period: [*]

(ii) Specified Interest Payment Dates: [*]

(iii) [First Interest Payment Date]: [*]

(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention / No Adjustment]

(v) Additional Business Centre(s): [Not Applicable/[•]]

(vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [*] shall be the Calculation Agent
(viii) Screen Rate Determination:

• Reference Rate: [CIBOR/EURIBOR/LIBOR/NIBOR/STIBOR]
• Interest Determination Date(s): [*]
• Relevant Screen Page: [*]
• Relevant Time: [*]
• Relevant Financial Centre: [*]

(ix) ISDA Determination:

• Floating Rate Option: [*]
• Designated Maturity: [*]
• Reset Date: [*]
• ISDA Benchmarks Supplement: [Applicable / Not Applicable]

(x) Linear interpolation
Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)

(xi) Margin(s):
[The Margin for the calculation of the Initial Rate of Interest shall be] [+/-][+] per cent. per annum
Condition 7A (Adjustment of Interest Rate) [applies] / [does not apply].

(xii) Step Up Margin: [*] per cent. per annum]

(xiii) Minimum Rate of Interest: [*] per cent. per annum

(xiv) Maximum Rate of Interest: [*] per cent. per annum

(xv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360]

15. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph 16)

(i) Accrual Yield: [*] per cent. per annum

(ii) Reference Price: [*]

(iii) Day Count Fraction in relation to Early Redemption Amount: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360]
PROVISIONS RELATING TO REDEMPTION

16. **Call Option**

   (i) Optional Redemption Date(s) (Call): 
       \[\text{[Applicable/Not Applicable]}\]

   (ii) Optional Redemption Amount(s) (Call) of each Note: 
       \[\text{[\star per Calculation Amount/Make-Whole Redemption Amount] in the case of the Optional Redemption Date(s) falling on [\star] in the period from and including [date] to but excluding [date].}\]

   (iii) Par Call Commencement Date: 
       \[\text{[Not Applicable/\star]}\]

   (iv) Make Whole Redemption Amount: 
       \[\text{[Non-Sterling Make Whole Redemption Amount / Sterling Make Whole Redemption Amount/Not Applicable]}\]

       \[(\text{If not applicable delete the remaining sub paragraphs (a) – (d) of this paragraph 17})\]

       \[(a) \text{ Make-Whole Redemption Margin: } \star \%\]

       \[(b) \text{ Reference Bond: } \star\]

       \[(c) \text{ Quotation Time: } \star\]

   (v) Clean-up Call Option: 
       \[\text{[Applicable/Not Applicable]}\]

   (vi) Redeemable in part: 
       \[\text{[Applicable/Not Applicable]}\]

       Minimum Redemption Amount: 
       \[\star\]

       Maximum Redemption Amount: 
       \[\star\]

   (vii) Notice period: 
       \[\star\]

17. **Put Option**

   \[\text{[Applicable/Not Applicable]}\]

   \[(\text{If not applicable, delete the remaining sub-paragraphs of this paragraph})\]

   (i) Optional Redemption Date(s) (Put): 
       \[\star\]

   (ii) Optional Redemption Amount(s) (Put) of each Note: 
       \[\star \text{ per Calculation Amount}\]

   (iii) Notice period: 
       \[\star\]

18. **Change of Control Put Option/Put Event:** 
    Applicable/Not Applicable
(A put option is contained in Condition 9.5 (Redemption and Purchase – Redemption at the option of Noteholders) and a Change of Control Put Option is contained in Condition 9.6 (Redemption and Purchase – Change of Control Put Option).

19. Final Redemption Amount of each Note: [•] per Calculation Amount

20. Early Redemption Amount:

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, exercise of a Clean-up Call Option, event of default or other early redemption: [[•] per Calculation Amount / Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Bearer Notes:]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days’ notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days’ notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days’ notice/at any time/in the limited circumstances specified in the Permanent Global Note]

(The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000".

Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.)

[Registered Notes:]

[Global Registered Note exchangeable for Individual Note Certificates on [•] days’ notice/at any time/in the limited circumstances specified in the Global Registered Note]

[Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]]

23. Additional Financial Centre(s): [Not Applicable/give details.]

   Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(v) relates.

24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

SIGNED on behalf of SATO CORPORATION:

By: .............................................................

Duly authorised
PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Admission to Trading: [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin with effect from [*].]

[Not Applicable.]

(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

(ii) Estimate of total expenses related to admission to trading: [*]

2. RATINGS

The Notes to be issued [have been/are expected to be] rated/[are unrated]. [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings:

[S&P Global Ratings Europe Limited: [*]]

[Moody's Investor Service Limited: [*]]

[Fitch Ratings Limited: [*]]

[Add a brief explanation of the meaning of the ratings if previously published by the ratings provider.]

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended] / [is not established in the EEA but the rating it has given to the Notes is endorsed by [*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended] / [is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended] / [•].

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

(Need to include a description of any interest, including a conflict of interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. (Amend as appropriate if there are other interests)]

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)
4. **REASONS FOR THE OFFER AND ESTIMATED PROCEEDS**

(a) Reasons for the offer: [General Corporate Purposes / Green Bonds / [*]]

[See "Use of Proceeds" wording in Base Prospectus – if reasons for the offer are different from General Corporate Purposes or Green Bonds, will need to include those reasons here.]

[(b)] Estimated proceeds: [*]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [*]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [CIBOR/EURIBOR/LIBOR/NIBOR/STIBOR] rates can be obtained from Reuters.

7. **OPERATIONAL INFORMATION**

(i) ISIN: [*]

(ii) Common Code: [*]

(iii) FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]

(iv) CFI Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]

(If the CFI Code and/or FISN is not required or requested, it/they should be specified to be "Not Applicable".)

(v) Any clearing system(s) other than Euroclear, Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/[•]]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): [•]/Not Applicable

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [/; and registered in the name of a nominee of one of the ICSDs...]}
acting as common safekeeper,][include this text for registered notes]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]].

Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. DISTRIBUTION

(i) Method of Distribution: [Syndicated/Non-syndicated]

(ii) If syndicated:

(A) Names of Dealers [Not Applicable/give names]

(B) Stabilisation Manager(s), if any: [Not Applicable/give names]

(iii) If non-syndicated, name of Dealer: [Not Applicable/give names]

(iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2; [(In the case of Bearer Notes) - [TEFRA C/TEFRA D / TEFRA not applicable]]

(v) [Prohibition of Sales to EEA and UK Retail Investors: [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, and no key information document will be prepared, "Applicable" should be specified.]

(vi) Relevant Benchmark[s]: [CIBOR/EURIBOR/LIBOR/NIBOR/STIBOR] is provided by [administrator legal name] [repeat as necessary]. As at the date hereof, [][administrator legal name][appears]/[][does not appear][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation][][As far as the Issuer is
aware, as at the date hereof, [CIBOR/EURIBOR/LIBOR/NIBOR/STIBOR] does not fall within the scope of the Benchmark Regulation/[Not Applicable]

9. **PROVISIONS RELATING TO GREEN BONDS**

Green Bonds: [Yes/No]

[Reviewer(s):] [Name of sustainability rating agency(ies) [and name of third party assurance agent] and [give details of compliance opinion(s) and availability]]

[Date of Third Party Opinion(s):] [Not Applicable/give details]
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository, in the case of a Classic Global Note ("CGN"), or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depository or a common depository or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or common safekeeper or a nominee for that depository or common depository or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "Accountholder") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note. Each Accountholder shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

Conditions Applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Global Note, or a Global Registered Note, shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Registered Note will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where "Clearing System Business Day" means a day on which each clearing system for which the Global Registered Note is being held is open for business.
**Exercise of Put Option or Change of Control Put Option:** In order to exercise the option contained in Condition 9.5 (*Redemption and Purchase – Redemption at the option of Noteholders*) and Condition 9.6 (*Redemption and Purchase – Change of Control Put Option*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note give written notice of such exercise to the Principal Paying Agent, in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and/or other relevant clearing system, specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

**Partial exercise of call option:** In connection with an exercise of the option contained in Condition 9.3 (*Redemption and Purchase – Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but on a pro rata basis in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

**Notices:** Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system provided that in the case of Notes that are admitted to Euronext Dublin: (i) such notice is also delivered to Euronext Dublin; and (ii) so long as the relevant Notes are admitted to trading on Euronext Dublin and the rules of Euronext Dublin so require, publication will also be made in a leading daily newspaper having general circulation in the Republic of Ireland (which is expected to be the Irish Times).
USE OF PROCEEDS

The net proceeds from the issue of each Series of Notes will, unless otherwise specified in the applicable Final Terms, be used by the Issuer as follows:

(a) where "General Corporate Purposes" is specified in the applicable Final Terms, for its general corporate purposes; or

(b) where "Green Bonds" is specified in the applicable Final Terms, the Issuer will apply the net proceeds from such issue of Notes specifically to, in whole or in part, finance or refinance loans and investments that promote the transition to low-carbon, climate resilient and sustainable economies, as well as environmental and ecosystem improvements ("Eligible Green Assets"), as set out in the Green Finance Framework (from time to time) available on the Issuer's website (https://www.sato.fi/en/finances-investors/green-financing).

According to the definition criteria set out in the ICMA Green Bond Principles, only Tranches of Notes financing or refinancing Eligible Green Assets will be classified as "Green Bonds".

For a "Green Bond" to be issued, Eligible Green Assets at least amounting to the intended issuance size must have been identified.

The Issuer will, on an annual basis, publish an impact report. The report will include details on the environmental impacts of the Eligible Green Assets at a portfolio level and will be published until the maturity of the relevant Notes and made available on the Issuer's website.
INFORMATION ABOUT THE ISSUER AND THE GROUP

General

The business name of the Issuer is SATO Corporation. SATO Corporation is a public limited liability company established on 2 February 1951 and organised under the laws of Finland, including the Finnish Companies Act (624/2006, as amended). The Issuer is registered in the Finnish Trade Register under business identity code 0201470-5. Its registered address is Panuntie 4, FI-00610 Helsinki, Finland and telephone number is +358 20 134 4000. As at the date of this Base Prospectus, the Issuer has a total of 56,783,067 shares and its share capital is EUR 4,442,192. The shares of the Issuer have no par value. The Issuer holds 160,000 own shares that represent approximately 0.3 per cent. of all the issued and outstanding shares and voting rights of the Issuer.

According to the Issuer's articles of association, the Issuer's field of activity is investing in housing. The Issuer may, directly or through its subsidiaries, own and develop real property, shares and units in housing and property companies and engage in rental business. The Issuer may, directly or through its subsidiaries, engage in construction and sale of housing and commercial premises and housing management and maintenance business operations as well as planning, consultancy and sale of services related to the above. The Issuer may engage in sale and brokerage of housing, commercial premises and real property, as well as trading in securities. For further information on SATO's operations, see "—Business Overview" below.

The parent company of the Group is SATO Corporation. As at the date of this Base Prospectus, the Issuer had 20 directly owned subsidiaries. All of the Issuer's direct subsidiaries (subsidiaries which are wholly-owned and controlled by the Issuer) and indirect subsidiaries (subsidiaries which are wholly-owned and controlled by the Issuer's direct subsidiaries) are incorporated in Finland, except for OOO SATO RUS, which is incorporated in Russia. Fastighets AB Balder ("Balder"), a Swedish property investment company, has an indirect holding of 54.6 per cent of the shares in the Issuer. See also "Shareholders".

The following chart sets forth the principal legal structure of the Group as at the date of this Base Prospectus:

As a holding company, the Issuer's material assets are its shareholdings in its subsidiaries and the properties held by such subsidiaries. The operating cash flow is generated by the Issuer's subsidiaries, mainly by Sato-Asunnot Oy that owns the majority of the Group's investment properties. Other than the receivables under intercompany loans and any other loans made in connection with other financing transactions, the Issuer largely depends on group subsidy payments and distribution of dividends from its subsidiaries. Therefore, the Issuer is dependent on the profitability and cash flow of its subsidiaries.
"Generally Non-profit Companies" and "Financially Non-profit Companies" (each, as defined below) are Group companies that are obliged to comply with certain specific provisions and restrictions arising from Finnish legislation regarding state-subsidised housing. Of SATO's property portfolio, 14.8 per cent., as measured by fair value as at 31 December 2019, are held by the Issuer's subsidiaries that are Generally Non-profit Companies or Financially Non-profit Companies.

Generally non-profit companies are Group companies that are obliged to comply with certain specific limitations and restrictions relating to distribution of profit, lending and provision of collateral, the divestment of assets as well as fixed-term restrictions of use of the subsidised property, including, among others, selection of residents and setting of rent ("Generally Non-profit Companies"). The following direct subsidiaries of the Issuer are Generally Non-profit Companies: Vatrotalot 2 Oy, Vatrotalot 3 Oy (merged into Vatrotalot 5 Oy on 1 January 2020), Vatrotalot 5 Oy, Suomen Satokodit 19 Oy, Suomen Satokodit 21 Oy, Suomen Satokodit 22 Oy, Suomen Satokodit 24 Oy, Sato VK 19 Oy, Sato VK 20 Oy, Sato VK 21 Oy, Sato VK 22 Oy and Suomen Vuokrakodit 3 Oy. Also the Issuer's indirect subsidiary SATO-Osaomistus Oy (wholly-owned and controlled by Vatrotalot 2 Oy, which is wholly-owned and controlled by the Issuer) is a Generally Non-profit Company. Of the Group's properties measured by fair value as at 31 December 2019, 10.3 per cent. were held by Generally Non-profit Companies.

Financially non-profit companies are Group companies that are obliged to comply with certain specific provisions and restrictions relating to lending and provision of collateral, the divestment of assets as well as fixed-term restrictions on the use of subsidised property, including, among others, selection of residents ("Financially Non-profit Companies"). A principal difference between Financially Non-profit Companies and Generally Non-profit Companies is that Financially Non-profit Companies are not subject to limitations and restrictions in relation to distribution of profit whereas Generally Non-profit Companies are. The following direct subsidiaries of the Issuer were Financially Non-profit Companies as at 31 December 2019: SATOkti 21 Oy, SATOkti 23 Oy, SATOkti 24 Oy and SATOkti Oy. Of the Group's properties measured by fair value as at 31 December 2019, 4.4 per cent. were held by Financially Non-profit Companies. See also "—Business Overview—SATO's Business Segments" below.

Overview of the Operating Environment in Finland

General

The majority of SATO's properties are located in Finland. Properties located in St. Petersburg, Russia, represent approximately 3 per cent. of the total properties of SATO measured by fair value as at 31 December 2019. SATO provides homes to approximately 50,000 people. Households comprising of one or two adults represent the majority among SATO's resident structure. As at 31 December 2019, Finland had a population of 5,527,573 (Source: Statistics Finland). The Finnish economy has grown for three consecutive years between 2016 and 2018. As a result of the growth, the volume of gross domestic product exceeded the top year of 2008 prior to the financial crisis (Source: Statistics Finland). The gross domestic product of Finland is expected to have grown by 1.3 per cent. in 2019 and is expected to grow by 0.9 per cent. in 2020 and by 1.1 per cent. in 2021 (Source: Bank of Finland). Furthermore, unemployment has decreased in Finland and the unemployment rate was 6.0 per cent. in December 2019 (Source: Statistics Finland).
The following chart sets forth the change in Eurozone's and Finland's gross domestic product between 2007 and 2018 and the growth estimates for 2019, 2020 and 2021:

Source: Statistics Finland and Bank of Finland.

The following chart sets forth the unemployment and employment trends between January 2015 and December 2019:

Source: Statistics Finland.

**Apartment Stock**

As at 31 December 2018, Finland's apartment stock consisted of approximately 3.0 million apartments of which 2.7 million were permanently occupied (Source: Statistics Finland). Of these, approximately 64 per cent. were owner-occupied apartments and approximately 33 per cent. were rental apartments (the tenure status of the remaining 3 per cent. is not known) (Source: Statistics Finland). In Helsinki, approximately 49 per cent. were rental apartments as at 31 December 2018 (Source: Statistics Finland).

**Price and Rent Development of Apartments**

The following chart sets forth the development of the non-regulated rents in Finland between 2015 and 2019 (EUR / square metres / month):
The following chart sets forth the price development of old apartments by size in Helsinki and in the rest of Finland between 2010 and the third quarter of 2019:

Source: Statistics Finland.

Source: PTT Pellervon taloustutkimuslaitos.
The following chart sets forth the price development of old apartments in Finland, Sweden, Norway and Denmark between 2000 and the second quarter of 2019 (price index, 2000 = 100):

Source: Rakennusteollisuus (RT), Nordic offices for national statistic.

Rental Apartment Market

The management of the Issuer estimates that the total number of permanently occupied rental apartments in Finland is approximately 900,000, of which approximately 10 per cent. is owned by housing investment companies, approximately 28 per cent. by Finnish municipalities, approximately 5 per cent. by funds and institutional investors, approximately 7 per cent. by foundations and foreign investors, among others, and approximately 50 per cent. by private investors. The management of the Issuer estimates that SATO's share of the total number of rental apartments in Finland is approximately 3 per cent. and in Finland's major cities (Helsinki, Espoo, Vantaa, Tampere and Turku) approximately 6 per cent. The management of the Issuer believes that good returns and low interest levels have increased the attractiveness of housing investment, that the proportion of professional housing investors, including foreign investors, will grow further in Finland and that the growing number of investment funds investing in apartments will open more possibilities for private investors. In addition, Finnish pension insurance companies are active in the housing market, making direct investments in rental housing. Municipalities provide housing mainly for social purposes.

SATO expects that the demand for rental apartments will continue in SATO's areas of operation and mainly be targeted at studio and one-bedroom apartments. The management of the Issuer believes that demand for small rented apartments exceeds supply especially in the Helsinki Metropolitan Area (HMA). Approximately 81 per cent. of SATO's apartments (calculated by fair value) are located in the Helsinki Metropolitan Area (which in SATO's reporting consists of the cities of Helsinki, Espoo, Kauniainen and Vantaa).

SATO considers the Finnish rental apartment market to be dynamic in nature, as the underlying tenancy agreements include flexible terms. For example, a landlord's notice period typically varies between three and six months, whereas the notice period for tenants is one month. In addition, most tenancies are unregulated, which means that they are more freely negotiable and lead to higher customer selection. Tenancy agreements also contain flexible provisions in respect of rent which can be fixed or linked to indices such as the Consumer Price Index adding a certain percentage to such index. (Source: Global Property Guide). In SATO's tenancy agreements, the annual rent increases are based on the increase in the cost-of-living index added by a certain percentage determined in the agreement.
Trends Affecting the Demand for Rental Apartment

SATO expects migration to cities to continue in Finland. Internal migration and immigration are mainly targeted at cities and the demand for homes in proportion to the apartment supply has been higher in the Helsinki Metropolitan Area than elsewhere in Finland (Source: Statistics Finland). SATO also believes that urbanisation, slow economic growth and ageing population will increase the demand for rental housing. The management of the Issuer estimates that three quarters of all Finnish households consist of those living either alone or with one other person, and the corresponding figure for Helsinki is approximately 80 per cent. SATO believes that smaller family sizes and an increasing elderly population will particularly strengthen the demand for small homes.

The following chart sets forth the number of households by size in Finland between 1970 and 2018:

![Households by Size Chart](image)

Source: Statistics Finland.

The following chart sets forth the expected change in Finland's population in two scenarios: a conservative population forecast prepared by Statistic Finland in 2015 and an urbanisation forecast based on actual population development between 2010 and 2014:

![Population Change Chart](image)

Source: Statistics Finland and VTT (Technical Research Centre of Finland Ltd).
The following chart sets forth the amount of population by city between 2000 and 2018 and provides an estimate for the period between 2019 and 2040:

Source: Statistics Finland.

The following chart sets forth the amount of foreign population in the Helsinki Capital Region between 2000 and 2017 and provides an estimate in for the period between 2018 and 2035:

Source: Statistics Finland and City of Helsinki Urban Facts.
**Business Overview**

**SATO's Business Operations**

SATO's management believes that SATO is one of the most active corporate investors in housing in Finland. SATO owns a total of approximately 26,100 rented apartments with approximately 50,000 residents in Finland's largest growth centres and in St. Petersburg, Russia. Approximately 97 per cent. of SATO's apartments, calculated by fair value, are located in Finland and the rest in Russia (SATO had 534 completed apartments in Russia as at 31 December 2019). SATO operates in the long term and on a customer-driven basis and has almost 80 years of experience in the housing business. The operations of SATO's organisation are focused on expanding the value of the property portfolio and managing renting and customer relationships. As at 31 December 2019, SATO employed 229 people. SATO also manages such aspects as maintenance as well as certain project and supporting operations through partnerships. In cooperation with its functioning partner network, SATO creates new working methods to improve its business operations and for the fulfilment of its value proposition which it brands as: 'A Home the Way You Want It'. The management of the Issuer believes SATO is considered to be a reliable and long-term lessor.

According to SATO's vision, thriving cities will be home to people enjoying a high level of wellbeing. Currently, the Issuer's strategic goals are to:

- achieve an average annual return of more than 12 per cent. for its shareholders;
- strengthen its investment grade rating; and
- provide an excellent customer experience and increase customer loyalty by constantly improving tenants' Net Promoter Score (NPS) (the NPS indicates how willing a resident is to recommend SATO's services).

The Issuer's management believes that SATO has the following key strengths:

- residential property is the most stable business in the property investment sector in Finland;
- historically stable cash flow and net rental income;
- high occupancy rate; and
- strategic focus in the Helsinki Metropolitan Area, Tampere and Turku where the demand for rental apartments is the highest and the value increase is expected to be stable over the longer term.

The following table sets forth SATO's return on equity for the years indicated:

<table>
<thead>
<tr>
<th>For the year ended 31 December</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity (annualised)</td>
<td>29.6</td>
<td>12.4</td>
<td>11.0</td>
<td>15.6</td>
<td>13.5</td>
</tr>
</tbody>
</table>

The Group's net sales in 2019 were EUR 295.6 million (EUR 290.4 million in 2018) and its profit before taxes was EUR 670.5 million (EUR 230.8 million in 2018). As at 31 December 2019, the Group's shareholders' equity was EUR 2,055.8 million (EUR 1,554.5 million as at 31 December 2018). The fair value of the investment properties as at 31 December 2019 was EUR 4,657.9 million and the change in fair valued investment properties was EUR 782.7 million in 2019 (EUR 3,875.1 million and EUR 242.6 million in 2018, respectively). The Group's operating profit was EUR 725.6 million in 2019 (EUR 273.3 million in 2018). On 3 April 2019, the annual general meeting of shareholders decided to distribute a dividend of EUR 0.50 per share for the year ended 31 December 2018 (EUR 0.50 per share for the year ended 31 December 2017).

The Board of Directors of the Issuer has adopted the following long-term financial targets for the Group:

- annual dividends paid will, depending on the market situation, investment level, the development of equity ratio and solvency ratio, be a maximum of 40 per cent. of the cash earnings;
- equity ratio greater than 40 per cent;
- solvency ratio not to exceed 50 per cent. in the long-term;
- interest coverage ratio greater than 1.8x; and
- unencumbered assets ratio 60 per cent. or higher.
The above financial targets include forward-looking statements. These financial targets are not guarantees of future financial performance and the Group’s actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors. The Issuer cautions prospective investors not to place undue reliance on these forward-looking statements, which speak only as at the date of this Base Prospectus. See “Forward-Looking Statements”.

SATO’s business is reported as one entity. SATO’s investment in housing business includes both privately financed and state-subsidised properties, of which the latter is subject to restrictions set by the Finnish legislation regarding state-subsidised housings both at the owner-entity level and in respect of individual properties.

SATO’s Services

SATO's aim is to offer comprehensive alternatives in rental apartments and an excellent customer experience. SATO aims to promote sustainable development and encourage initiative. SATO aims to operate profitably and with a long-term view. SATO aims to increase the value of its properties through investments, divestments and repair work. SATO produces owner-occupied apartments in order to achieve synergy benefits in property development.

SATO's services are designed to cover the whole life cycle of rental housing by way of a Customer First approach, a model that SATO has cascaded to its partners. SATO's services designed to support rental activities include support to find a suitable home, providing additional information about the home and its environment, contact people and housing, organising open houses, preparation of documents, organising moving support, digital services, renovation and providing 'do it yourself' renovation kits. During an occupancy period, SATO provides property care and maintenance, fault management, information services, social services (such as customer events and joint activities in buildings), participation possibilities (i.e., feedback, resident meetings, residents' panel SATO pulssi), digital services like OmaSATO, customer benefits, renovation help and 'do it yourself' renovation kits. To facilitate moving out, SATO provides home swap services, information and instructions and digital services.

SATO has a strong focus on digital development and in 2018, SATO launched a service called OmaSATO, which enables residents to also take care of their housing-related matters digitally, regardless of time and place. Through OmaSATO, residents can report defects, see their payment information and stay on top of their customer benefits and building-related matters both on a mobile device and a computer. In 2019, new features were added to the service. Temperature data for each resident's apartment can be found on OmaSATO. Temperature sensors have been installed in approximately 17,000 SATO apartments, allowing for easier adjustment of the indoor temperature and quick observation of any deviations. Furthermore, all of the buildings have their own electronic noticeboards containing current information and residents' own notices.

SATO focuses its properties on apartment buildings in urban environments close to services and public transport connections. SATO seeks to develop its services in line with the customers' needs and make it easy to find a suitable home. Rent includes an internet connection and numerous other customer benefits. In senior homes, appropriate fittings and the central location of the properties facilitate living. In renovated and new apartments, SATO aims to differentiate with design solutions and choices of materials. The condition of apartments is monitored regularly and repairs and renovations are made when needed to ensure good living conditions. In 2019, SATO introduced a new operating model, in which the building superintendents assume some of the tasks of maintenance companies. SATO is gradually expanding this operating model to cover all SATO buildings. Furthermore, SATO has its own housing health manager, who serves as an expert in matters related to indoor air, moisture, temperature, ventilation and suspected mould.

SATO StudioHome is a new-generation housing format in response to changing housing demand in the Helsinki Metropolitan Area. The new-build SATO StudioHomes are spacious studios with an emphasis on high quality and design. The concept aims to provide an excellent customer experience and comfort as well as lower housing costs. The first SATO StudioHome was completed in 2017. The Community Manager, whose task is to introduce residents to one another and help build a healthy residential community, played a big role in the success of the SATO StudioHome pilot project. The position of the Community Manager has since been made permanent and has been extended to regular SATO rental buildings.
SATO FlexHome is a new form of part-ownership housing developed to meet the growing need among customers and urban developers for the new forms of housing alongside rental and owner-occupied homes. The SATO FlexHome provides access to an urban home ownership with a small initial capital outlay and five-year part-ownership period. The SATO FlexHome pilot property is expected to be completed in Helsinki’s Tali district at the beginning of June 2020.

**SATO's Property Portfolio**

**General**

SATO’s business focuses on its housing activities, and particularly on the management of its property portfolio. SATO owns a total of approximately 26,100 rented apartments in Finland’s largest growth centres and in St. Petersburg, Russia. The fair value of SATO's investment property was approximately EUR 4.7 billion as at 31 December 2019.

The following table sets forth information on the development of SATO's property portfolio since 1995:

<table>
<thead>
<tr>
<th>Year</th>
<th>Fair value (EUR in millions)</th>
<th>Number of apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>526</td>
<td>8,666</td>
</tr>
<tr>
<td>1996</td>
<td>430</td>
<td>13,744</td>
</tr>
<tr>
<td>1997</td>
<td>522</td>
<td>17,732</td>
</tr>
<tr>
<td>1998</td>
<td>573</td>
<td>19,185</td>
</tr>
<tr>
<td>1999</td>
<td>650</td>
<td>19,934</td>
</tr>
<tr>
<td>2000</td>
<td>691</td>
<td>21,220</td>
</tr>
<tr>
<td>2001</td>
<td>706</td>
<td>21,643</td>
</tr>
<tr>
<td>2002</td>
<td>806</td>
<td>23,822</td>
</tr>
<tr>
<td>2003</td>
<td>825</td>
<td>23,875</td>
</tr>
<tr>
<td>2004</td>
<td>904</td>
<td>23,095</td>
</tr>
<tr>
<td>2005</td>
<td>962</td>
<td>22,693</td>
</tr>
<tr>
<td>2006</td>
<td>1,047</td>
<td>22,548</td>
</tr>
<tr>
<td>2007</td>
<td>1,225</td>
<td>22,387</td>
</tr>
<tr>
<td>2008</td>
<td>1,361</td>
<td>22,400</td>
</tr>
<tr>
<td>2009</td>
<td>1,503</td>
<td>22,769</td>
</tr>
<tr>
<td>2010</td>
<td>1,657</td>
<td>22,830</td>
</tr>
<tr>
<td>2011</td>
<td>1,899</td>
<td>23,279</td>
</tr>
<tr>
<td>2012</td>
<td>2,088</td>
<td>23,510</td>
</tr>
<tr>
<td>2013</td>
<td>2,316</td>
<td>23,828</td>
</tr>
<tr>
<td>2014</td>
<td>2,528</td>
<td>24,173</td>
</tr>
<tr>
<td>2015</td>
<td>2,753</td>
<td>23,551(1)</td>
</tr>
<tr>
<td>2016</td>
<td>3,383</td>
<td>25,344(2)</td>
</tr>
<tr>
<td>2017</td>
<td>3,633</td>
<td>25,793</td>
</tr>
<tr>
<td>2018</td>
<td>3,875</td>
<td>25,893</td>
</tr>
<tr>
<td>2019</td>
<td>4,658(3)</td>
<td>26,074</td>
</tr>
</tbody>
</table>

(1) In 2015, SATO sold 1,028 of its state-subsidised (Arava) rental apartments.
(2) In April 2016, SATO purchased a total of 2,270 apartments in two separate transactions.
(3) In January 2020, SATO decided to adopt a yield-based valuation method in its financial statements as of 31 December 2019. As a result of the change, the company's property portfolio fair value increased by approximately EUR 430 million.

**Properties**

SATO’s properties are located in the largest Finnish growth centres, where the Issuer's management believes the demand for rental apartments to be the strongest. As at 31 December 2019, approximately 81 per cent. of SATO's residential properties were located in the Helsinki Metropolitan Area based on the fair value of SATO’s properties (the fair value of SATO's properties located in the City of Helsinki was approximately 2.0 billion or 43 per cent. as at 31 December 2019). The rest of SATO’s properties are in the cities or municipalities surrounding the Helsinki Metropolitan Area, in the economic zones of Tampere, Turku, Oulu and Jyväskylä in Finland as well as in St. Petersburg, Russia.
The following chart sets forth the distribution of SATO's residential properties as at 31 December 2019:

The Helsinki Metropolitan Area accounts for approximately 81 per cent. of SATO's residential properties, whereas cities or municipalities surrounding the Helsinki Metropolitan Area for approximately 1 per cent., Tampere, Turku, Oulu and Jyväskylä in Finland jointly account for approximately 15 per cent., and St. Petersburg, Russia, for approximately 3 per cent.

The Issuer's management further believes that demand for rented apartments in cities mostly focuses on studio and one-bedroom apartments. SATO has increased the proportion of studio and one-bedroom apartments in its property portfolio through acquisitions and by commissioning their construction. As at 31 December 2019, approximately two-thirds of SATO's apartments were studio and one-bedroom apartments, and the average size of SATO's apartments was approximately 55 square metres.

The following table sets forth information on SATO's property portfolio and rental operations in Finland as at the dates and for the years indicated:

<table>
<thead>
<tr>
<th>Property portfolio</th>
<th>As at and for the year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Properties</td>
<td>745</td>
</tr>
<tr>
<td>Number of homes, total</td>
<td>26,074</td>
</tr>
<tr>
<td>Rental homes</td>
<td>25,846</td>
</tr>
<tr>
<td>Shared ownership apartments</td>
<td>228</td>
</tr>
<tr>
<td>Floor area of homes, square metres</td>
<td>1,423,316</td>
</tr>
<tr>
<td>Average size of homes, square metres</td>
<td>55</td>
</tr>
<tr>
<td>Fair value of properties, million EUR</td>
<td>4,658</td>
</tr>
<tr>
<td>Net operating income, million EUR</td>
<td>207</td>
</tr>
</tbody>
</table>

Rental operations in Finland:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average rent per square metre for rented homes, EUR</td>
<td>17.25</td>
<td>16.86</td>
</tr>
<tr>
<td>Financial rental occupancy rate, per cent.</td>
<td>98.1</td>
<td>97.9</td>
</tr>
<tr>
<td>External tenant turnover, per cent.</td>
<td>29.6</td>
<td>29.5</td>
</tr>
</tbody>
</table>

As at 31 December 2019, SATO had a total of 745 properties (747 properties as at 31 December 2018) with a total of 26,074 apartments (25,893 apartments as at 31 December 2018). Of these, 25,846 were rented apartments (25,546 rented apartments as at 31 December 2018), and 228 were shared ownership apartments (347 shared ownership apartments as at 31 December 2018). The combined total area of the apartments was 1,423,316 square metres (1,419,865 square metres as at 31 December 2018). The value of SATO's investment properties totalled EUR 4,657.9 million as at 31 December 2019 (EUR 3,875.1 million as at 31 December 2018). In 2019, the net rental income of SATO's property portfolio was EUR 207.1 million (EUR 198.5 million in 2018).

The design of new apartments and property maintenance costs has a significant impact on profitability. Through competitive tendering for acquisitions, energy-saving measures in its properties, and long-term
planning of repair work, SATO seeks to control the upward pressures on costs. The condition of apartments is monitored by inspections carried out every one to three years. Small faults requiring improvements are repaired at the time of the inspection, and a report is made on larger repair requirements. Inspections are mainly conducted by SATO's employees. In the field of maintenance, SATO has partnered with leading professional service providers. Decreasing energy consumption and enhancing the customer service experience are among SATO's goals. In 2019, SATO took part in the international Global Real Estate Sustainability Benchmark (GRESB) for the fifth time maintaining four stars out of five. GRESB assesses the environmental, social and governance performance of real estate and infrastructure portfolios and assets worldwide. The results are internationally comparable, and SATO's result exceeds the average of its European peers.

Investment Property Valuation

As defined in the "IAS 40 – Investment Property" standard, investment properties are properties of which the Group retains possession in order to obtain rental income or appreciation in value and which are not occupied for use by the Group or for its operations, nor for sale in the ordinary course of business. From 1 January 2019, investment properties also include right-of-use assets that are classified as investment properties based on their nature (right-of-use investment properties), such as land leases. Housing companies that own so-called shared ownership apartments are treated as structured entities and, thus, not classified as investment properties under "IAS 40".

At initial recognition, owned investment properties are valued at acquisition value, which includes transaction costs. Subsequently, investment properties are valued at fair value in accordance with "IAS 40" and "IFRS 13 – Fair value measurement". Gains and losses from changes in fair value are measured through profit and loss in the period when they were incurred. Fair value of an investment property represents the price that would be received for the property in an orderly transaction, taking place in the local (principal) market at the reporting date, considering the condition and location of the property.

Fair value change (in profit and loss statement) of investment properties of EUR 552.2 million was reported for the year 2019 (EUR 102.0 million for the year 2018). In addition, the value of investment properties as at 31 December 2019 was EUR 4,657.9 million and retained earnings as at 31 December 2019 were EUR 1,922.8 million (EUR 3,875.1 million and EUR 1,416.1 million as at 31 December 2018, respectively). An external valuation agent issues a quarterly statement on the applicability of SATO's valuation methods, the appropriateness of sources of information used and the credibility of the valuation. In addition, the external valuation agent also reviews each property of SATO on site at least every three years. Jones Lang LaSalle Finland Oy acted as the external valuation agent in connection with the preparation of the financial report of SATO for the financial year ended 31 December 2019.

Some of SATO's investment properties are subject to legislative and usage restrictions. The so-called non-profit restrictions apply to the owning company and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent limitations on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include the use of apartments, the selection of residents, the setting of rent and divestment of apartments, and they are fixed-term.

Investment properties financed with Arava loans and interest-subsidised loans, are initially measured at acquisition cost, including transaction costs. Subsequently, they are valued at acquisition cost plus accumulated investments and less accumulated depreciation and impairments. Unbuilt land and development projects, whose realisation is uncertain, are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably.

Right-of-use investment properties are valued at cost upon their recognition, and subsequently at fair value in accordance with "IFRS 16" and "IAS 40" standards. The valuation is based on the present value of future contractual lease payments, which is deemed to represent the fair value of the right-of-use assets arising from the lease agreements.

In January 2020, the Board of Directors of SATO decided to begin using a yield-based valuation method to determine the value of the majority of its investment properties. The yield-based valuation method is based on the cash flow from net rental income. The company has switched to the yield-based valuation method in its financial statements as of 31 December 2019. The change does not apply retroactively. The change in valuation methods has led to an increase in investment property asset value of approximately
EUR 430 million, resulting in an improved result for the financial year ended 31 December 2019. The yield-based valuation method gives a better opportunity to make comparisons with other real estate investment operators.

Prior to the change, the majority of investment properties were valued using a sales comparison valuation method, in which investment properties can be sold individually without restrictions and are valued in relation to the known price of comparable investment properties in the market.

The fair values of owned investment properties are based on the following:

- the income value method is used for investment properties in Finland that are currently let to tenants and can be sold without restrictions or that can be sold as entire properties and to a restricted group of buyers (as at 31 December 2019, approximately 91 per cent. of the total fair value of the investment properties);
- the sales comparison method is used for the investment properties in St. Petersburg (as at 31 December 2019, approximately 3 per cent. of the total fair value of the investment properties); and
- the fair values of properties funded with Arava loans or interest-subsidised loans, as well as unbuilt land and development projects, whose realisation is uncertain, are estimated to be same as the remaining acquisition cost (as at 31 December 2019, approximately 6 per cent. of the total fair value of the investment properties).

**Investments and Divestments**

The Issuer's management believes that investment activities create a framework for growth. SATO acquires and commissions construction of both complete apartment buildings and individual rented apartments, all close to services and public transport connections.

SATO aims to secure the rental attractiveness of the investment properties and a favourable trend in the value of the property portfolio by primarily allocating investments in the Helsinki Metropolitan Area. In addition, SATO also invests in properties in Tampere and Turku. No new investment decisions concerning St. Petersburg have been made by SATO since the summer of 2014 due to the increased economic and political insecurity in Russia.

SATO aims to improve the quality of the housing stock by investing in new properties and property renovation, and by divesting property that does not correspond with its strategy over the long term. In 2019, SATO spent approximately EUR 73.9 million on refurbishments and maintenance repairs of its properties in Finland. SATO aims to increase the share of small homes in the housing stock by investing in studio and one-bedroom apartments. SATO also aims to improve the level of quality and energy efficiency through repairs carried out in homes. For example, in November 2016, SATO received a long-term loan of EUR 150 million from the European Investment Bank for the construction of new, near-zero-energy buildings (NZEB) and renovation investments to improve the energy efficiency of SATO's current rental housing stock. In addition, both individual housing units and property portfolios containing several properties are acquired from the existing housing stock.

The following table sets forth SATO's housing investments and divestments since 2003:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>38</td>
<td>134</td>
<td>65</td>
<td>60</td>
<td>149</td>
<td>134</td>
<td>112</td>
<td>104</td>
<td>149</td>
<td>160</td>
<td>191</td>
<td>174</td>
<td>251</td>
<td>573</td>
<td>156</td>
<td>144</td>
<td>186</td>
</tr>
<tr>
<td>Divestments</td>
<td>21</td>
<td>57</td>
<td>43</td>
<td>23</td>
<td>23</td>
<td>25</td>
<td>29</td>
<td>33</td>
<td>19</td>
<td>20</td>
<td>23</td>
<td>26</td>
<td>96</td>
<td>67</td>
<td>46</td>
<td>13</td>
<td>6</td>
</tr>
</tbody>
</table>

In 2019, SATO's gross investments in rental apartments totalled EUR 185.9 million of which EUR 185.9 million were in Finland (EUR 143.5 million and EUR 143.5 million in 2018, respectively). In 2019, EUR 133.8 million of SATO's gross investments in investment properties were invested in new apartments or apartment buildings (EUR 99.9 million in 2018). As at 31 December 2019, there were 769 rental apartments under construction (985 as at 31 December 2018).

Divestments of housing are mostly made on the basis of the property's location, size or condition. In 2019, a total of 29 investment apartments were sold from SATO's property portfolio (98 investment apartments in 2018). Proceeds from disposal of rental homes totalled EUR 5.9 million (EUR 12.7 million in 2018).
Before its investment decisions, SATO studies, among others, the development prospects for the region and the investment property, the population profile and the forecast of maintenance and repair costs as well as the potential for returns. The environmental impact of properties is assessed based on their location in relation to transport, age, condition, energy and water consumption, materials and building technology and possible soil surveys. Based on such studies and on SATO's quality and responsibility requirements, the additional investment needs are assessed and life-cycle calculations are carried out.

**Property Development**

In order to contribute to the creation of new rental homes in response to demand, SATO participates in town planning in many residential areas that are under development. In 2019, SATO's focus was especially in complementary construction – the development of existing neighbourhoods. At the end of 2019, complementary construction projects were in progress to produce more than 2,500 new homes.

SATO actively develops its own land inventory and purchases land plots, for example, from private landowners and cities. SATO purchases and develops land especially next to good public transport connections. When developing land plots, SATO takes nature values into account. In connection with such purchase, SATO also assesses environmental risks, such as possible land contamination.

SATO invests in land acquisitions particularly in the Helsinki Metropolitan Area, where the need for rental apartments is greatest. The planning of apartments on SATO's own plots enables the long-term implementation of rental homes that respond to customer needs and are suitable for property investment. In conjunction with the construction of apartments, SATO's investments in infrastructure totalled around EUR 40.4 million in 2019 (EUR 22.1 million in 2018).

As at 31 December 2019, SATO had 769 rental apartments with a floor area of approximately 32,830 square metres under construction in Finland (985 rental apartments with a floor area of approximately 41,900 square metres as at 31 December 2018).

As at 31 December 2019, the value of land SATO held in Finland with zoning permission for construction of housing was approximately EUR 63.1 million (EUR 40.9 million in 2018). Inventories of land are valued at the acquisition cost or expected net realisable value if lower. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In 2019, SATO invested a total of approximately EUR 37.0 million in plots of land (EUR 19.0 million in 2018). In 2019, zero square metres of floor area of land inventory was transferred to production from permitted building volume (approximately 37,900 square metres in 2018). In 2019, the value of the owned plots transferred to production or sold totalled approximately EUR 12.2 million (EUR 33.7 million in 2018).

In 2019, 353 apartments commissioned by SATO were completed (403 apartments in 2018), of which 321 were rented apartments built for the Group's ownership (403 in 2018) and 32 were owner-occupied apartments (0 in 2018). As at 31 December 2019, a total of 868 apartments were under construction (1,116 apartments in 2018), of which 769 were SATO's rental investment apartments (985 in 2018) and 99 were owner-occupied apartments for sale (131 in 2018). The total potential from SATO's current land stock is approximately 6,200 apartments.

As at 31 December 2019, the value of SATO's plot reserve was approximately EUR 63.1 million. The following chart sets forth the geographical distribution of SATO's plot reserves:
The following chart sets forth the potential for housing production based on SATO's plot reserves as at 31 December 2019:

Rental Business

Efficient rental business secures a steady trend in cash flow. Practical information on apartment requirements is obtained from home seekers. SATO's in-house rental service supports SATO's goals of producing good customer experiences and developing its operations to make them more customer-driven.

The following table sets forth the development of SATO's net rental income since 2015:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (EUR in millions)</th>
<th>Net rental income (EUR in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>295.6</td>
<td>207.1</td>
</tr>
<tr>
<td>2018</td>
<td>290.4</td>
<td>198.5</td>
</tr>
<tr>
<td>2017</td>
<td>280.1</td>
<td>188.4</td>
</tr>
<tr>
<td>2016</td>
<td>262.7</td>
<td>167.1</td>
</tr>
<tr>
<td>2015</td>
<td>249.4</td>
<td>151.8</td>
</tr>
</tbody>
</table>

SATO reviews the rents of leased apartments annually, and lease agreements include the applicable rent review criteria. The rents for vacated apartments are determined by SATO according to market conditions. The relevant regulations are applied to the setting of rents by SATO in properties subject to state-subsidised loans. In SATO's tenancy agreements, the annual rent increases are based on the increase in the cost-of-living index added by a certain percentage determined in the agreement.

In 2019, a total of approximately 9,500 lease agreements were entered into for SATO's apartments (approximately 9,600 lease agreements in 2018). In 2019, SATO's average monthly rent per square metre in Finland was EUR 17.25 (EUR 16.86 in 2018). In 2019, net rental income amounted to EUR 207.1 million, an increase of approximately 4.3 per cent. as compared to EUR 198.5 million in 2018. In 2019, the average economic rental occupancy rate for SATO's apartments in Finland was 98.1 per cent. (97.9 per cent. in 2018) and the external tenant turnover was 29.6 per cent. (29.5 per cent. in 2018).

The following table sets forth the development of SATO's economic occupancy rate since 2007:

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic occupancy rate (per cent.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>98.1</td>
</tr>
<tr>
<td>2018</td>
<td>97.9</td>
</tr>
<tr>
<td>2017</td>
<td>96.8</td>
</tr>
<tr>
<td>2016</td>
<td>95.6</td>
</tr>
<tr>
<td>2015</td>
<td>96.4</td>
</tr>
<tr>
<td>2014</td>
<td>97.2</td>
</tr>
<tr>
<td>2013</td>
<td>97.7</td>
</tr>
<tr>
<td>2012</td>
<td>98.1</td>
</tr>
<tr>
<td>2011</td>
<td>98.3</td>
</tr>
<tr>
<td>2010</td>
<td>98.1</td>
</tr>
<tr>
<td>2009</td>
<td>96.6</td>
</tr>
<tr>
<td>2008</td>
<td>97.8</td>
</tr>
<tr>
<td>2007</td>
<td>97.1</td>
</tr>
</tbody>
</table>

Business in St. Petersburg

The housing market in St. Petersburg is similar in volume to the Finnish housing market. Despite the current uncertain political and economic surroundings, the Issuer's management believes St. Petersburg has significant growth potential especially in the long term. By offering high-quality rental housing, SATO aims to participate in the growth of well-being in St. Petersburg. As a professional property investor, SATO aims to provide an example on the developing housing market in St. Petersburg.

SATO's investments in St. Petersburg are placed in newly built properties mainly by Nordic construction companies. SATO does not itself commission the construction of properties in St. Petersburg. Investments in St. Petersburg are focused on elite, business and comfort-class apartments as defined by the construction companies. The Issuer's management believes that all SATO's apartments are located in good areas along the metro route. SATO's customers are affluent Russians and foreign expatriates who have relocated to St.
Petersburg. SATO has decided to refrain from new investment decisions regarding Russia until the Russian economy and political situation stabilise.

As at 31 December 2019, SATO had in St. Petersburg a total of 534 completed apartments and no apartments under construction (534 and no apartments as at 31 December 2018, respectively). As at 31 December 2019, the investment properties’ fair value totalled EUR 124.0 million (EUR 104.8 million in 2018), which represents approximately 3 per cent. (3 per cent. in 2018) of SATO's total property portfolio. In 2019, SATO's housing investments in St. Petersburg totalled EUR 0.0 million (EUR 0.0 million in 2018). Approximately one-half of the apartments are rented out furnished. The average monthly rent per square metre for SATO's apartments in 2019 was approximately EUR 14.93 (including furniture rents) (EUR 13.56 in 2018) and their economic occupancy rate averaged 92.8 per cent. (93.1 per cent. in 2018).

**Financing and Financial Risk Management**

**General**

SATO continuously seeks and develops new solutions for funding and risk management. With its public issuer credit rating, SATO aims to utilise the unsecured international bond markets efficiently. Since 2015, SATO has gradually moved from funding with asset-based security towards a funding structure consisting mainly of funding without asset-based security. This change has also lead to an increased amount of unencumbered assets. The main drivers for renewing SATO's funding structure are to ensure better availability of financing through a wider investor base, further diversification of funding sources as well as maintaining competitive financing costs.

SATO's financing and financial risk management is executed by the Group's centralised treasury function. The main responsibilities of the Group's treasury function in financing and financial risk management are short- and long-term funding and management of liquidity reserves, excess liquidity and credit facilities, capital structure and costs, financial risks (e.g., interest rate risk, currency risk, liquidity risk, refinancing risk and credit risk) as well as banking relations and infrastructure. The financing and financial risk management of the Group's treasury function also includes execution of funding transactions and providing treasury services and expertise for other functions of SATO.

The objectives of SATO's financing and financial risk management are that sufficient liquidity is maintained, the level of financial risk is optimised and financing expenses are minimised within the set risk target, sufficient funding arrangements are planned well in advance and finance and financial risk management functions are efficient and requirements of internal control are duly followed.

**Capital Structure**

The following chart sets forth the total equity and liabilities of SATO as at the dates indicated:
SATO intends to further increase the portion of debt without asset-based security in its capital structure. As at 31 December 2019, debt with asset-based security represented approximately 10 per cent. of the consolidated total balance sheet (17 per cent. as at 31 December 2018) while the portion of debt without asset-based security was approximately 35 per cent. (33 per cent. as at 31 December 2018). The amount of equity was approximately 44 per cent. and the amount of non-interest bearing debt was approximately 12 per cent. of the consolidated total balance sheet as at 31 December 2019 (approximately 40 per cent. and 9 per cent., respectively, as at 31 December 2018). SATO will seek to increase the portion of its debt without asset-based security mainly by issuing bonds without asset-based security and raising bank loans without asset-based security to cover the Group's future funding needs. However, SATO retains the possibility to keep existing and raise new subsidised and other funding with asset-based security, except for bonds with asset-based security. One of SATO's financial targets is to have over 60 per cent. of total assets unencumbered (approximately 80.8 per cent. of the total consolidated assets of SATO were unencumbered as at 31 December 2019 compared with approximately 74 per cent. as at 31 December 2018). SATO's equity ratio target is greater than 40 per cent. and the target for solvency ratio is not to exceed 50 per cent. in the long-term.

The above capital structure target includes forward-looking statements. This capital structure target is not a guarantee of future capital structure and the Group's actual capital structure could differ materially from the one expressed or implied by these forward-looking statements as a result of many factors, including but not limited to any changes in SATO's strategic objectives. The Issuer cautions prospective investors not to place undue reliance on these forward-looking statements, which speak only as at the date of this Base Prospectus. See "Forward-Looking Statements".

The following table sets forth SATO's equity ratio and unencumbered assets ratio as at the dates indicated:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(per cent.)</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>43.6</td>
</tr>
<tr>
<td>Unencumbered assets ratio</td>
<td>80.8</td>
</tr>
</tbody>
</table>

For further information on the debt types, see "—Interest-bearing Debt" and the descriptions below.

**Market Risk**

Interest rate fluctuations affect the Group's profit and equity through changes in interest expenses and the market values of interest rate hedging. SATO manages the interest risk by balancing fixed and floating rate debt through fixed rate loans and interest rate swaps. In accordance with the Group's treasury policy, at least 60 per cent. of its loans shall be fixed interest rate loans or floating rate loans hedged with interest rate derivatives.

The following table sets forth the change in the Group's profit and loss for the year and equity that would have resulted from a change in interest rates for the years indicated:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Profit and Loss</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Equity</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Floating rate loans</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Cross-currency and interest rate swaps</td>
<td>-</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>0.0</td>
</tr>
</tbody>
</table>

SATO is exposed to both transaction and translation risks due to investments in St. Petersburg, Russia. Transaction risk arises mainly from rouble denominated purchase agreements. Committed cash flows in foreign currency are fully hedged with forward contracts. As at 31 December 2019 and as at 31 December 2018, respectively, SATO had no rouble-denominated commitments related to its investments. The translation risk (i.e., the consolidation of foreign currency denominated subsidiary accounts) arises due to the investment properties in St. Petersburg. The fair value of properties is translated to euros in SATO's consolidated financial statements using the closing exchange rate on the report date.
According to SATO's strategy, the share of properties in Russia is limited to a maximum of 10 per cent. of the total value of SATO's investment property.

**Credit Risk**

SATO is not exposed to significant concentrations of credit risk. The majority of SATO’s accounts receivable consist of rent receivables. SATO has approximately 26,000 rental contracts, so the risk entailed in a single receivable is not significant. For the year ended 31 December 2019, SATO’s actual average credit losses were the equivalent of 1.2 per cent. of rental income (0.7 per cent. for the year ended 31 December 2018). In addition, treasury functions, such as liquidity investments and derivative instruments, involve a counterparty risk, which is reduced by careful selection of counterparties and by diversification of contracts among a number of counterparties.

**Interest-bearing Debt**

The following chart sets forth the total interest-bearing debt of SATO as at the dates indicated:

![Interest-bearing Debt Chart]

The following table sets forth the nominal values of the Group's debt portfolio as at the dates indicated:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 (EUR in millions)</td>
</tr>
<tr>
<td>Debt without asset-based security</td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>600</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>233</td>
</tr>
<tr>
<td>Bank loans</td>
<td>801</td>
</tr>
<tr>
<td>Debt with asset-based security</td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>49</td>
</tr>
<tr>
<td>Bank loans</td>
<td>164</td>
</tr>
<tr>
<td>Interest-subsidised loans</td>
<td>218</td>
</tr>
<tr>
<td>State-subsidised (Arava) loans</td>
<td></td>
</tr>
<tr>
<td><strong>Total debt portfolio</strong></td>
<td><strong>2,115</strong></td>
</tr>
</tbody>
</table>

(1) Total debt portfolio figure stated is based on nominal values.

As at 31 December 2019, based on nominal values, the Issuer had EUR 1,684 million of the Group's total interest-bearing debt (EUR 1,478 million as at 31 December 2018) and the Issuer's subsidiaries had EUR 431 million of the Group's total interest-bearing debt (EUR 525 million as at 31 December 2018).

As at 31 December 2019, the average interest rate of the Group's debt portfolio was 1.7 per cent. (2.1 per cent. as at 31 December 2018). Fixed rate loans after hedging accounted for 62.0 per cent. as at 31 December 2019 (68.9 per cent. as at 31 December 2018) of the total debt portfolio. As at 31 December 2019, the average loan maturity was 4.0 years (4.4 years as at 31 December 2018).
As at 31 December 2019, approximately 77.3 per cent. (approximately 65.7 per cent. as at 31 December 2018) of the nominal values of the Group’s debt portfolio was debt without asset-based security and the remainder was debt with asset-based security. For further information on certain key figures of the Group companies, see "—General" above.

As at 31 December 2019, properties with total fair value of EUR 905.9 million (EUR 1,015.4 million as at 31 December 2018) were pledged as security for interest-bearing debt.

The following table sets forth SATO’s Consolidated Solvency Ratio, Secured Solvency Ratio and Consolidated Coverage Ratio (all as defined in the Terms and Conditions of the Notes) as at the dates indicated:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Solvency Ratio (per cent.)</td>
<td>44.4</td>
</tr>
<tr>
<td>Secured Solvency Ratio (per cent.)</td>
<td>10.2</td>
</tr>
<tr>
<td>Consolidated Coverage Ratio (x)</td>
<td>3.3(1)</td>
</tr>
</tbody>
</table>

(1) Includes an impact of approximately 1.2 due to “IFRS 16 – Leases” and one-off costs related to May 2019 bond repurchases.

The following table sets forth information on the maturity profile of the Group’s long-term debt as at 31 December 2019:

<table>
<thead>
<tr>
<th>Maturity profile of long-term debt (EUR in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
</tr>
<tr>
<td>2021</td>
</tr>
<tr>
<td>2022</td>
</tr>
<tr>
<td>2023</td>
</tr>
<tr>
<td>2024</td>
</tr>
<tr>
<td>2025</td>
</tr>
<tr>
<td>2026</td>
</tr>
<tr>
<td>2027</td>
</tr>
<tr>
<td>2028</td>
</tr>
<tr>
<td>2029</td>
</tr>
<tr>
<td>2030</td>
</tr>
<tr>
<td>2031</td>
</tr>
<tr>
<td>2032</td>
</tr>
<tr>
<td>2033</td>
</tr>
<tr>
<td>2034</td>
</tr>
<tr>
<td>2035 and after</td>
</tr>
</tbody>
</table>

**Commercial Paper**

The Issuer has a EUR 400 million unsecured commercial paper programme arranged by five Nordic banks. As at 31 December 2019, the total nominal amount of outstanding commercial paper issued by the Issuer under such commercial paper programme was EUR 233.0 million with maturities of less than 12 months (EUR 183.0 million as at 31 December 2018).

**Notes without Asset-Based Security**

The Issuer issued EUR 300 million fixed rate unsecured (guaranteed) notes due 2020 on 10 September 2015 (EUR 100 million outstanding as at 31 December 2019), and EUR 300 million fixed rate unsecured (guaranteed) notes due 2021 on 24 March 2016 (EUR 150 million outstanding as at 31 December 2019). The documentation was prepared on a standalone basis under the laws of England, and the notes are listed on Euronext Dublin. The notes are guaranteed by a subsidiary of the Issuer, Sato-Asunnot Oy, and the terms and conditions include financial covenants of maximum consolidated solvency ratio of 70 per cent. and minimum consolidated coverage ratio of 1.8:1. The Issuer established a EUR 1,500,000,000 Euro Medium Term Note Programme in May 2019, under which the Issuer issued EUR 350 million fixed rate unsecured notes due 2024 on 31 May 2019. The terms and conditions of the EUR 350 million notes due 2024 include financial covenants of maximum consolidated solvency ratio of 65 per cent. maximum consolidated secured solvency ratio of 45 per cent. and minimum consolidated coverage ratio of 1.8:1.
Notes with Asset-Based Security

The Issuer established a EUR 500,000,000 (secured by investment properties) note issuance programme in 2013. Under such programme, the Issuer has two outstanding bonds, both issued in 2013: on 20 December 2013, EUR 25 million floating rate notes due 2022 and on 10 June 2013, EUR 24 million floating rate notes due 2023. The notes issued under this programme are secured by properties. The minimum collateralisation level of the notes issued under this programme is 120 per cent. of the total outstanding principal amount of the notes, respectively.

Bank Loans

As at 31 December 2019, bank loans formed 45.6 per cent. of all borrowings of the Group (36.7 per cent. as at 31 December 2018). The loan agreements in which the borrower is a subsidiary of the Issuer but not a housing company include a parent company guarantee. The Group's bank loans, which are secured by investment properties, do not contain financial covenants unlike the bank loans without asset-based security that include financial covenants, such as a maximum solvency ratio, a minimum interest coverage ratio and a minimum amount of unencumbered assets. In banking relations, the Group aims for open cooperation and partnerships in order to build sustainable and effective solutions. The Group's bank funding is sourced from financial institutions operating in Finland.

Interest-Subsidised Loans

In relation to interest subsidised loans, a subsidy is received for the part of the interest expense exceeding the deductible rate (if any). The State of Finland has also granted a supplementary guarantee for an interest subsidised loan. As at 31 December 2019, interest subsidised loans formed 10.3 per cent. of all borrowings of the Group (13.8 per cent. as at 31 December 2018).

State (Arava) Loans

In Arava loans granted by the State of Finland, the interest rate is pegged to the change in the Finnish Consumer Price Index. In properties financed with Arava loans, the rents are based on absorption cost and, hence, interest risk is transferred to rents. As at 31 December 2019, the state-subsidised Arava loans formed 2.4 per cent. of all borrowings of the Group (2.8 per cent. as at 31 December 2018). The portion of the Arava loans of the Group is decreasing via regular amortisation schedules and the State of Finland no longer grants Arava loans.

Liquidity Sources

SATO frequently monitors the amount of financing demanded for business operations so that the adequacy of financing is assured in all circumstances. Supported by the operative cash flows, the liquidity is managed with the commercial paper programme, committed back-up facilities and non-committed cash pool credit limits. SATO's objective regarding liquidity reserves is to cover 120 percent of the following 12 months' operative liquidity requirement.

In June 2016, SATO signed an agreement on syndicated credit facilities (without asset-based security) of EUR 400 million to refinance the company's existing credit facilities of EUR 290 million and to increase the total amount of credit facilities. The committed facilities are guaranteed by a Group company and include financial covenants. As at 31 December 2019, EUR 0 million of the committed facilities was in use (EUR 0 million as at 31 December 2018). Of the credit facilities, EUR 200 million matures on 14 June 2021 and EUR 200 million on 14 June 2023.

For the year ended 31 December 2019, net cash flow from operating activities was EUR 92.8 million (EUR 100.6 million for the year ended 31 December 2018). In addition, over the last ten years divestments have generated in average approximately EUR 30 million of annual cash flow.

Insurance

The Issuer's management believes that SATO's risks are appropriately covered by insurance which is in accordance with industry practice. SATO has insurance policies, for example, in respect of property, business interruption and liability for damages.
Employees

As at 31 December 2019, SATO had 229 employees of whom 224 were full-time employees. As at 31 December 2019, 217 employees were located in Finland and 12 in Russia.

Litigation

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the 12 months preceding the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or its subsidiaries.

Environmental Matters

SATO's environmental management is based on long-term environmental goals that are reviewed annually. SATO's aim is to pay attention to environmental perspectives throughout the property life cycle. Energy consumption related to living is the main source of environmental impact in housing. SATO's corporate responsibility workgroup coordinates environmental matters. In 2019, SATO renewed, for the fifth time, the Green Star recognition for its sustainability programme in Global Real Estate Sustainability Benchmark (GRESB). In addition, the Issuer and the European Investment Bank agreed in November 2016 on a long-term loan of EUR 150 million, and in July 2019 on a long-term loan of EUR 30 million, for the construction of new, near-zero-energy buildings and renovation investments to improve the energy efficiency of SATO's current rental housing stock.

Energy certificates have been issued for all of SATO's sites as required by law. In addition to this, SATO developed an energy-efficiency scoring system for residential buildings in 2014. The scoring accounts for the building's energy efficiency and energy costs, and it has been used as a basis for an energy-efficiency classification of all of SATO's properties.

SATO has persistently worked to reduce energy consumption in its properties. SATO's reduction measures are based on energy audits, consumption reports and the energy-efficiency classification. The efforts include good property maintenance, energy-saving investments implemented in new construction and renovation projects, and adopting solutions based on renewable energy.

Sustainability Programme 2019–2022

In 2019, SATO released its sustainability programme for 2019–2022. The programme emphasises carbon-neutral cities and the well-being of residents and neighbourhoods. SATO's vision of thriving cities and people enjoying a high level of well-being includes four distinct areas of focus. Each of these areas of focus, in turn, consists of multiple measurable targets.

The four main areas of focus of the sustainability programme for 2019–2022 are as follows:

- **Operations Guided by Sustainability:** SATO commits to sustainable development and it is important for SATO to communicate openly both its successes and issues in need of development. SATO acts against the grey economy and ensures it has a responsible service and procurement chain.

- **Responding to Climate Change:** SATO takes the environment into account in its operations. SATO is lowering the emissions originating from its operations and aims to be carbon neutral by 2030 with regards to the energy consumption of its properties. SATO supports its customers in their environmentally sustainable everyday living choices.

- **Taking Care of Employees:** SATO hopes that its employees value SATO as a good, innovative and sustainable workplace. SATO supports its personnel and takes care of their safety at work.

- **Creating Well-being for Residents and for Society:** SATO homes are safe and healthy to live in and neighbours value each other. SATO aims to prevent inequality in residential areas by working together with city officials.
The following chart sets forth the objectives of the sustainability programme for 2019–2022:

<table>
<thead>
<tr>
<th>Specific consumption</th>
<th>Target</th>
<th>Reference year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td>-18.5%</td>
<td>2018</td>
</tr>
<tr>
<td>Water</td>
<td>-6%</td>
<td>2018</td>
</tr>
<tr>
<td>Electricity</td>
<td>-9%</td>
<td>2015</td>
</tr>
</tbody>
</table>

**Related Party Transactions**

The Issuer's related parties comprise its subsidiaries and associated companies (including companies in Balder group), members of the Board of Directors, the Issuer's President and CEO and the members of the Corporate Management Group as well as key personnel of SATO Group companies, the close family members of the abovementioned persons and their controlled companies as well as the Issuer's largest shareholders and to certain extent their ultimate beneficial owners.

The related party transactions concluded by the Issuer between 2018 and 2020 (until the date of this Base Prospectus) include payments by the group companies to each other for fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges. Such income and expenses have been eliminated in the Issuer's consolidated financial statements.
SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The following tables present selected consolidated financial information for the Issuer as at and for the years ended 31 December 2019 and 2018. The consolidated financial information presented below has been derived from the Issuer’s audited consolidated financial statements as at and for the year ended 31 December 2019, including the audited consolidated comparative financial information as at and for the year ended 31 December 2018, respectively.

The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2019 and 2018 have been prepared in accordance with IFRS as adopted by the EU.

### CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>295.6</td>
<td>290.4</td>
</tr>
<tr>
<td>Property maintenance expenses</td>
<td>(88.5)</td>
<td>(91.9)</td>
</tr>
<tr>
<td>Net rental income</td>
<td>207.1</td>
<td>198.5</td>
</tr>
<tr>
<td>Fair value change of investment properties, realised</td>
<td>1.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Fair value change of investment properties, unrealised</td>
<td>552.2</td>
<td>102.0</td>
</tr>
<tr>
<td>Sales, marketing and administrative expenses</td>
<td>(32.6)</td>
<td>(33.4)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>1.9</td>
<td>3.8</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(4.3)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Share of profit of associated companies and joint ventures</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>725.6</td>
<td>273.3</td>
</tr>
<tr>
<td>Financial income</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(56.0)</td>
<td>(43.5)</td>
</tr>
<tr>
<td>Financial cost, net</td>
<td>(55.1)</td>
<td>(42.5)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>670.5</td>
<td>230.8</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(135.5)</td>
<td>(46.5)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>534.9</td>
<td>184.3</td>
</tr>
</tbody>
</table>

**Profit for the period attributable to:**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity holder of the parent</td>
<td>535.0</td>
<td>184.3</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Earnings per share attributable to equity holders of the parent**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic, EUR</td>
<td>9.45</td>
<td>3.26</td>
</tr>
<tr>
<td>Diluted, EUR</td>
<td>9.45</td>
<td>3.26</td>
</tr>
<tr>
<td>Average number of shares, million</td>
<td>56.6</td>
<td>56.6</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of defined benefit liability, net of tax</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Related tax</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Items that will never be reclassified to income statement</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>(6.7)</td>
<td>1.2</td>
</tr>
<tr>
<td>Translation differences</td>
<td>0.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Related tax</td>
<td>1.3</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to income statement</td>
<td>(5.2)</td>
<td>0.9</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax</td>
<td>(5.2)</td>
<td>0.9</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>529.7</td>
<td>185.2</td>
</tr>
</tbody>
</table>

**Comprehensive income attributable to:**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity holders of the parent</td>
<td>529.7</td>
<td>185.2</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### Assets

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td>4,657.9</td>
<td>3,875.1</td>
</tr>
<tr>
<td></td>
<td>2019 (audited)</td>
<td>2018 (EUR in millions,)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>3.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Other non-current investments</td>
<td>1.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Other right-of-use assets</td>
<td>7.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Non-current receivables</td>
<td>6.3</td>
<td>8.5</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>14.2</td>
<td>12.9</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>4,694.4</strong></td>
<td><strong>3,903.4</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account and other receivables</td>
<td>10.9</td>
<td>11.9</td>
</tr>
<tr>
<td>Current tax assets</td>
<td>7.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5.0</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>23.8</strong></td>
<td><strong>19.0</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>4,718.2</strong></td>
<td><strong>3,922.4</strong></td>
</tr>
</tbody>
</table>

**Shareholders’ equity and liabilities**

**Equity attributable to equity holders of the parent**

<table>
<thead>
<tr>
<th></th>
<th>2019 (EUR in millions,)</th>
<th>2018 (EUR in millions,)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Fair value and other reserves</td>
<td>(29.8)</td>
<td>(24.4)</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>43.7</td>
<td>43.7</td>
</tr>
<tr>
<td>Reserve for invested non-restricted equity</td>
<td>114.8</td>
<td>114.8</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,922.8</td>
<td>1,416.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,055.9</strong></td>
<td><strong>1,554.6</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(0.2)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>2,055.8</strong></td>
<td><strong>1,554.5</strong></td>
</tr>
</tbody>
</table>

**Liabilities**

**Non-current liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2019 (EUR in millions,)</th>
<th>2018 (EUR in millions,)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td>387.4</td>
<td>273.2</td>
</tr>
<tr>
<td>Provisions</td>
<td>1.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>53.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>46.7</td>
<td>39.7</td>
</tr>
<tr>
<td>Long-term non-interest-bearing liabilities</td>
<td>0.0</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>2,162.4</strong></td>
<td><strong>1,951.3</strong></td>
</tr>
</tbody>
</table>

**Current liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2019 (EUR in millions,)</th>
<th>2018 (EUR in millions,)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other liabilities</td>
<td>65.3</td>
<td>64.4</td>
</tr>
<tr>
<td>Provisions</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>4.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>2.6</td>
<td>2.3</td>
</tr>
<tr>
<td>Short-term interest-bearing liabilities</td>
<td>424.6</td>
<td>347.2</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>490.0</strong></td>
<td><strong>416.6</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>2,662.4</strong></td>
<td><strong>2,367.9</strong></td>
</tr>
<tr>
<td><strong>Total shareholders’ equity and liabilities</strong></td>
<td><strong>4,718.2</strong></td>
<td><strong>3,922.4</strong></td>
</tr>
</tbody>
</table>

**CONSOLIDATED STATEMENT OF CASH FLOW**

**Cash flow from operating activities**

<table>
<thead>
<tr>
<th></th>
<th>2019 (EUR in millions,)</th>
<th>2018 (EUR in millions,)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>534.9</td>
<td>184.3</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash items included in the profit</td>
<td>(549.3)</td>
<td>(102.1)</td>
</tr>
<tr>
<td>Profit and loss on sales of investment properties and fixed assets</td>
<td>(1.1)</td>
<td>(3.9)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>0.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Interest expenses and other financial expenses</td>
<td>56.0</td>
<td>43.5</td>
</tr>
<tr>
<td>Interest income</td>
<td>(0.8)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Dividend income</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Income taxes</td>
<td>135.5</td>
<td>46.5</td>
</tr>
<tr>
<td><strong>Cash flow before change in net working capital</strong></td>
<td><strong>175.6</strong></td>
<td><strong>167.4</strong></td>
</tr>
</tbody>
</table>

**Change in net working capital:**

<table>
<thead>
<tr>
<th></th>
<th>2019 (EUR in millions,)</th>
<th>2018 (EUR in millions,)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in accounts receivable and other receivables</td>
<td>2.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Change in accounts payable and other liabilities</td>
<td>0.2</td>
<td>5.7</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(58.8)</td>
<td>(45.2)</td>
</tr>
</tbody>
</table>
The following table presents selected consolidated financial information for the Issuer as at and for the years ended 31 December 2019, 2018, 2017, 2016 and 2015. The consolidated financial information presented below has been derived from the Issuer’s audited consolidated financial statements as at and for the years ended 31 December 2019, 2018, 2017, 2016 and 2015 that have been prepared in accordance with IFRS.

### Selected Long-Term Financial Information

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net rental income</td>
<td>207.1</td>
<td>198.5</td>
<td>188.4</td>
<td>167.1</td>
<td>151.8</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>670.5</td>
<td>230.8</td>
<td>184.4</td>
<td>219.4</td>
<td>159.4</td>
</tr>
<tr>
<td>Cash earnings</td>
<td>91.2(1)</td>
<td>97.9</td>
<td>92.4</td>
<td>86.2</td>
<td>78.1</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>2,055.8</td>
<td>1,554.5</td>
<td>1,397.6</td>
<td>1,252.6</td>
<td>993.2</td>
</tr>
<tr>
<td>Balance sheet, total</td>
<td>4,718.2</td>
<td>3,922.4</td>
<td>3,693.1</td>
<td>3,562.2</td>
<td>2,979.6</td>
</tr>
</tbody>
</table>

(1) Includes an impact of approximately EUR 10.9 million due to one-off costs related to May 2019 bond repurchases.
MANAGEMENT

Board of Directors

The Issuer's Board of Directors is responsible for the proper organisation of the Issuer's governance and its operations. It is the duty of the Board of Directors to promote the interests of the Issuer and all its shareholders.

In addition to the duties specified in the Finnish Companies Act (624/2006, as amended), the Board of Directors decides on matters that, taking into account the extent and size of the Group's operations, have considerable importance to the Group's business. The duties of the Board of Directors include, among others, the following:

- confirming the Group's business strategy and monitoring its implementation;
- confirming and monitoring the annual budget and the action plan;
- dealing with the financial statements, report on operations, and any interim reports;
- confirming the Issuer's dividend policy; and
- supervising the risk management, internal control and the effectiveness of the internal audit.

The Board of Directors also appoints the Issuer's President and CEO and his deputy and the members of the Corporate Management Group. The Board of Directors determines the terms of their employment and their responsibilities.

The Issuer's Board of Directors has confirmed the rules of procedure that apply to its duties, meeting procedures and decision-making practices.

The Board of Directors performs an annual, internal self-evaluation of its activities and its working methods. The purpose of the self-evaluation is to verify how the Board of Directors has performed its activities during the year and to serve as a basis for assessing the Board of Directors' method of operating.

On 3 April 2019, the annual general meeting of the Issuer re-elected Erik Selin, Marcus Hansson, Jukka Hienonen, Esa Lager, Tarja Pääkkönen, Hans Spikker and Timo Stenius as members of the Board of Directors. Erik Selin was elected as the Chairman of the Board of Directors.

As at the date of this Base Prospectus, the Board of Directors consists of the following persons:

<table>
<thead>
<tr>
<th>Name</th>
<th>Year of birth</th>
<th>Position</th>
<th>Year appointed to the Board of Directors</th>
<th>Independent of the company</th>
<th>Independent of major shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erik Selin</td>
<td>1967</td>
<td>Chairman</td>
<td>2015</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Marcus Hansson</td>
<td>1974</td>
<td>Member</td>
<td>2016</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Jukka Hienonen</td>
<td>1961</td>
<td>Vice Chairman</td>
<td>2015</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Esa Lager</td>
<td>1959</td>
<td>Member</td>
<td>2014</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tarja Pääkkönen</td>
<td>1962</td>
<td>Member</td>
<td>2013</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Hans Spikker</td>
<td>1959</td>
<td>Member</td>
<td>2017</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Timo Stenius</td>
<td>1956</td>
<td>Member</td>
<td>2015</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

Erik Selin has been the Chairman of the Board of Directors of the Issuer since 2016 and a member of the Board of Directors of the Issuer since 2015. Mr. Selin has been the CEO and a member of the Board of Directors of Balder since 2005. He has also been the Chairman of the Board of Directors of Skandrenting AB since 2005, a member of the Board of Directors of Collector Bank AB since 2011, a member of the Board of Directors of Västsvenska Handelskammaren since 2013 and a member of the Board of Directors of Hexatronic Group AB since 2014. Mr. Selin holds a Business School Degree in Economics.

Marcus Hansson has been a member of the Board of Directors of the Issuer since 2016. Mr. Hansson has been the Head of Finance of Balder since 2007. He is a member of the Boards of Directors of several Balder group companies in Sweden and Denmark. He has been a member of the Board of Directors of Husvärden AB since 2014 and a member of the Board of Directors of SHH Bostad AB since 2018. Mr. Hansson holds a Master of Science degree in Economics.
**Jukka Hienonen** has been the Vice Chairman and a member of the Board of Directors of the Issuer since 2015. Mr. Hienonen has been the Chairman of the Board of Directors of Hartela Oy since 2016 and the Chairman of the Board of Directors of Juuri Partners Ltd since 2015. Previously, Mr. Hienonen was the Chairman of the Board of Directors of Silmäasema Oyj between 2018 and 2019, the Chairman of the Board of Directors of Stockmann plc between 2016 and 2019, the Chairman of the Board of Directors of Paroc Group between 2015 and 2018, and a member of the Board of Directors of the Finland Chamber of Commerce between 2013 and 2017. Mr. Hienonen was the President and CEO of SRV Group Plc between 2010 and 2014 and the President and CEO of Finnair Plc between 2006 and 2010. He was also the Executive Vice President of Stockmann plc between 2001 and 2005 and the Director, International Affairs of Stockmann plc between 1995 and 2000. In addition, Mr. Hienonen was the Marketing Director of Timberjack Oy between 1991 and 1995. Mr. Hienonen holds a Master of Science degree in Economics.

**Esa Lager** has been a member of the Board of Directors of the Issuer since 2014. Mr. Lager has been a member of the Board of Directors of Stockmann plc since 2017 and a member of the Board of Directors of Terrafame Ltd since 2015. Mr. Lager has been the Deputy Chairman of the Board of Directors of Ilkka-Yhtymä Oyj since 2014, where he has also served as a member of the Board of Directors since 2011. He has also been a member of the Board of Directors of Alma Media Corporation since 2014. In addition, Mr. Lager was the Chairman of the Board of Directors of Finnish Industry Investment Ltd between 2015 and 2019, where he also served as a member of the Board of Directors between 2014 and 2019, the Chairman of the Board of Directors of Olvi plc between 2016 and 2017, where he also served as a member of the Board of Directors between 2002 and 2018, and a member of the Board of Directors of Fennovoima between 2014 and 2016. Previously, Mr. Lager had been employed by Outokumpu Oyj since 1990. He was the deputy to the CEO of Outokumpu Oyj between 2011 and 2013, the Executive Vice President - Chief Financial Officer of Outokumpu Oyj between 2005 and 2013, the Executive Vice President of Finance and Administration between 2001 and 2004, Corporate Treasurer between 1995 and 2000, and Assistant Treasurer between 1991 and 1994. Mr. Lager was a Manager at the Head Office/London Branch of Kansallis Banking Group between 1984 and 1990, the Vice Chairman of the Board of Directors of Okmetic Oyj between 2010 and 2011 and a member of the Board of Directors of Okmetic Oyj between 2003 and 2008 and between 1996 and 2000. Mr. Lager holds a Master of Science degree in Economics and a Master of Laws degree.

**Tarja Pääkkönen** has been a member of the Board of Directors of the Issuer since 2013. Ms. Pääkkönen has been Partner of Boardman Ltd since 2010. She also has very extensive working experience in senior vice president level roles and as a board professional in international companies. She has been a member of the Board of Directors of United Bankers Plc since 2018, a member of the Board of Directors of Panostaja Oyj since 2016, the Chairman of the Advisor Board of ANDIATA Oy since 2018, a member of the Board of Directors of Qentinel Oy since 2016, a member of the Board of Directors of GRK Infra Oy since 2018 and a member of the Board of Directors of YLVA/Helsinki University Group since 2008. In addition, Ms. Pääkkönen was the Chairman of Brand Compass Group between 2010 and 2019, a member of the Board of Directors of Marimekko Corporation between 2006 and 2011, a member of the Board of Directors of Olvi plc between 2010 and 2015, a member of the Board of Directors of design company Idean Oy between 2011 and 2014, a member of the Board of Directors of Fira Group Oy between 2016 and 2018 and a member of the Board of Directors of Spinverse Group Oy between 2011 and 2019. She is also a member of Marketing Executives’ Group and Directors’ Institute of Finland. Previously, she has worked as Senior Vice President of Corporate Sales and Marketing Unit and she was a member of the Executive Board of Itella Corporation between 2005 and 2010, a member of the Management Board of Nokia Mobile Phones and she has held various Senior Vice President positions at Nokia Corporation in Europe, the United States and Asia between 1994 and 2004. Ms. Pääkkönen was a Management Consultant at Mecrastor Oy (currently PwC) between 1992 and 1994, and a Management Consultant at Kienbaum GmbH, Germany, between 1990 and 1992. Ms. Pääkkönen holds a Master of Science degree in Engineering (Construction and Architecture) and a Ph.D./Doctor of Science degree in Technology (Corporate Strategies).

**Hans Spikker** has been a member of the Board of Directors of the Issuer since 2017. Mr. Spikker has been the Senior Portfolio Manager of Real Estate Europe at APG Asset Management since 2008. Previously, Mr. Spikker had worked for PGGM as the Senior Portfolio Manager of Real Estate and Structured Investments between 1997 and 2007, for SPP Investment Management as an asset manager of German real estate between 1994 and 1997, for Shell Pensionfund as a property manager of commercial real estate in Germany between 1991 and 1994 and for a Dutch property development company MAB Groep B.V as a market researcher between 1986 and 1991. Mr. Spikker holds a Master of Arts degree in Economic Geography.
Timo Stenius has been a member of the Board of Directors of the Issuer since 2015. Mr. Stenius is the Director, Corporate Finance of Elo Mutual Pension Insurance Company and also works as an Executive Advisor for international real estate and infrastructure investments. He was the Director, Unlisted Investments of Elo Mutual Pension Insurance Company between 2014 and 2019. Since 1990, he has been involved in property investment and development, first in a listed company and later, since 2001, as the director responsible for a pension insurance company’s property investments, corporate financing and non-listed equity investments. Mr. Stenius has also been the Chairman of the Board of Directors of the KTI Property Information Ltd since 2016, where he has also served as a member of the Board of Directors since 2010, the Chairman of the Board of Directors of Tyvene Oy since 2008, the Deputy Chairman of the Board of Directors of Amplus Holding Ltd since 2012 and a member of the Board of Directors of Exilion Capital Oy since 2006. Previously, he had been involved in project export tasks targeted at the Soviet Union in Finn-Stroi Oy between 1982 and 1988. Mr. Stenius holds a Master of Science degree in Construction Engineering.

Corporate Management Group

The Corporate Management Group of the Issuer deals with all key issues for the management of the Group, such as matters related to the strategy, budgeting, investments, business planning, and financial reporting. The Corporate Management Group’s duties include the implementation of the decisions of the Board of Directors under the leadership of the President and CEO. The Corporate Management Group has no authority under law or the articles of association; it serves as a body to assist the President and CEO.

The members of the Corporate Management Group are the President and CEO of the Issuer, the Executive Vice President for Investments and Rental Housing Business, the Executive Vice President of Marketing and Communications, and the CFO. As at the date of this Base Prospectus, the Corporate Management Group consists of the following persons:

<table>
<thead>
<tr>
<th>Name</th>
<th>Year of birth</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sharam Rahi</td>
<td>1973</td>
<td>President and CEO</td>
</tr>
<tr>
<td>Antti Aarnio</td>
<td>1972</td>
<td>EVP / Investments, EVP / Rental Housing Business</td>
</tr>
<tr>
<td>Miia Eloranta</td>
<td>1973</td>
<td>EVP of Marketing and Communications</td>
</tr>
<tr>
<td>Markku Honkasalo</td>
<td>1964</td>
<td>CFO</td>
</tr>
</tbody>
</table>

Sharam Rahi has been a member of the Corporate Management Group and the President and CEO of the Issuer since 2019. Mr. Rahi acts as the President and CEO of the Issuer until a permanent CEO is appointed. Mr. Rahi has been the Vice CEO of Balder since 2005. He has been a member of the Board of Directors of Serena Properties AB since 2017, a member of the Board of Directors of AMA Group I Borås AB since 2013, a member of the Board of Directors of Guldfiber AB since 2011 and a member of the Board of Directors of Bronsporte Invest AB since 2015.

Antti Aarnio has been a member of the Corporate Management Group of the Issuer since 2016, the Executive Vice President responsible for Investments of the Issuer since 2016, and the Executive Vice President responsible for Rental Housing Business of the Issuer since 2020. He is a member of the Boards of Directors of several companies of the Group. Previously, he had been a Director of SATO responsible for the Investments and Divestments in the Helsinki region between 2010 and 2016. He has been the Chairman of the Executive Group, Housing of RAKLI ry since 2018, where he also served as the Vice Chairman between 2017 and 2018, and a member of the Regional and Housing Affairs Committee at the Helsinki Region Chamber of Commerce since 2010. Mr. Aarnio worked for Nordic Real Estate Partners Oy in real estate management and as the Managing Director of Minun Koti 1 Oy and Minun Koti 2 Oy between 2007 and 2009 and held various positions at SATO between 2000 and 2007. Mr. Aarnio holds a Master of Science degree in Real Estate Management and Economics.

Miia Eloranta has been a member of the Corporate Management Group and the Executive Vice President of Marketing and Communications of the Issuer since 2016. Previously, Ms. Eloranta had worked for ISS Palvelut Oy as the Director of Communications and Marketing between 2013 and 2016, The Bioenergy Association of Finland as the Director of Communications between 2012 and 2013, Soprano Oyj as the Head of Communications and Marketing Agency between 2008 and 2012, Head of Business Unit at Soprano Communications and Marketing Agency between 2007 and 2008, Senior Consultant between 2005 and 2007 and Communications Consultant between 2003 and 2005. The Finnish Fair Corporation as the Communications Officer between 2000 and 2003, Ministry for Foreign Affairs as the Desk Officer for Namibia and Botswana between 1999 and 2000 and University of Turku as the Education planner at the

*Markku Honkasalo* has been a member of the Corporate Management Group and the CFO of the Issuer since 2016. He is a member of the Boards of Directors of several companies of the Group. Previously, Mr. Honkasalo had worked for Componenta Corporation as the CFO between 2015 and 2016, Valmet Corporation as the CFO between 2013 and 2015, Rautaruukki Corporation as the CFO between 2009 and 2013 and Myllykoski Corporation as the Director responsible for Administration, Legal & HR between 2003 and 2008. He had additionally worked in different positions in the banking sector between 1989 and 2003. Mr. Honkasalo holds an eMBA degree and Master of Laws degree with court training.

**Shareholders' Nomination Committee**

The annual general meeting of the Issuer has established the Shareholders' Nomination Committee and set its rules of procedure. The Shareholders' Nomination Committee prepares proposals for the annual general meeting of the Issuer concerning the election of members and the Chairman of the Board of Directors as well as their remuneration. The Shareholders' Nomination Committee has no independent decision-making authority.

**Nomination and Remuneration Committee**

The Board of Directors has established the Nomination and Remuneration Committee to prepare matters for decision by the Board of Directors. The Board of Directors has confirmed the rules of procedure for the Nomination and Remuneration Committee. This Committee has no independent decision-making authority.

**Corporate Governance**

The corporate governance of SATO is based on the Finnish Companies Act and SATO's articles of association. In addition, SATO has voluntarily decided to comply with the recommendations of the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association. The Finnish Corporate Governance Code is a collection of recommendations on good corporate governance. The recommendations of the Finnish Corporate Governance Code supplement the obligations set forth in the legislation.

A report on SATO's governance and resource management system, as well as a report on salaries and remuneration, are published along with SATO's annual report. The report includes descriptions of risk management, internal auditing and internal supervision. SATO's Board of Directors has also approved an insider guideline concerning trading in SATO's shares and other securities.

**Business Address**

The business address of the members of the Board of Directors, the Corporate Management Group and the President and CEO is Panuntie 4, FI-00610 Helsinki, Finland.

**Absence of Conflicts of Interest**

The members of the Board of Directors, the Corporate Management Group and the President and CEO do not have any conflicts of interest between their duties relating to the Issuer and their private interests and/or their other duties.
SHAREHOLDERS

As at 12 March 2020, the Issuer had 120 shareholders and the largest shareholders of the Issuer were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
<th>Per cent. of share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balder Finska Otas AB(1)</td>
<td>30,992,806</td>
<td>54.6</td>
</tr>
<tr>
<td>Stichting Depositary APG Strategic Real Estate Pool(2)</td>
<td>12,816,647</td>
<td>22.6</td>
</tr>
<tr>
<td>Elo Mutual Pension Insurance Company</td>
<td>7,233,081</td>
<td>12.7</td>
</tr>
<tr>
<td>The State Pension Fund</td>
<td>2,796,200</td>
<td>4.9</td>
</tr>
<tr>
<td>The Finnish Construction Trade Union</td>
<td>619,300</td>
<td>1.1</td>
</tr>
<tr>
<td>Other shareholders</td>
<td>2,325,033</td>
<td>4.1</td>
</tr>
<tr>
<td>Total</td>
<td>56,783,067</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Euroclear Finland Ltd.

(1) Balder Finska Otas AB is a wholly-owned subsidiary of Balder.
(2) Stichting Depositary APG Strategic Real Estate Pool is more than 95 per cent. owned by Stichting Pensioenfonds ABP and it is managed by APG Asset Management NV.

During the term of the Programme, the shareholders and their holdings listed above may change due to various reasons, including potential listing of the Issuer's shares on a stock exchange.

Information on Balder

Balder is a Swedish property investment company with operations in Sweden, Finland and Denmark. Balder has been listed on Nasdaq Stockholm AB since 2005. The consolidated fair value of Balder's total property portfolio was SEK 144 billion (approximately EUR 13.8 billion) as at 31 December 2019, and its total market capitalisation was SEK 78 billion (approximately EUR 7.5 billion) as at 31 December 2019. Of Balder's property portfolio, approximately 59 per cent. were residential properties, approximately 26 per cent. were office and retail properties and approximately 15 per cent. were other properties as at 31 December 2019.

Balder has informed the Issuer that it wishes to be a long-term shareholder in the Issuer and that Balder will be involved in SATO's operations through representation in its Board of Directors. The acting President and CEO of SATO, Sharam Rahi, is also the Vice CEO of Balder.
TAXATION

The following is a general description of certain tax considerations relating to the Notes in certain countries. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Finnish Taxation

The comments below are of a general nature and based on the Issuer's understanding of current law and practice in the Republic of Finland. They relate only to the position of persons who are the absolute beneficial owners of the Notes. They may not apply to certain classes of person such as dealers. Prospective Noteholders who are not resident in the Republic of Finland for tax purposes and are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers. It should be noted that the tax laws of the Republic of Finland may be amended with retroactive effect.

Taxation of Notes

Under present Finnish domestic tax law payments in respect of the Notes will be exempt from all taxes, duties and fees of whatever nature, imposed or levied by or within the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein, except such taxation the holder of the Note to which any such payment relates is subject to thereon by reason of such holder being connected with the Republic of Finland otherwise than solely by the holding of such Note or the receipt of income therefrom.

Finnish Capital Gains Taxes

Noteholders who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland will not be subject to Finnish duties or taxes on gains realised on the sale or redemption of the Notes.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "participating Member State"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.
FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Finland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under Condition 19 (Further Issues)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.
Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Barclays Bank Ireland PLC, Barclays Bank PLC, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, Nordea Bank Abp, OP Corporate Bank plc, Svenska Handelsbanken AB (publ) and Swedbank AB (publ) (the “Dealers”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in the amended and restated dealer agreement dated 13 March 2020 (the “Dealer Agreement”) and made between the Issuer and the Dealers. The Dealer Agreement provides that the obligation of any Dealer to subscribe for Notes under any subscription agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such subscription agreement prior to the issue of the relevant Notes. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as “Non-Syndicated” and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.
Prohibition of Sales to EEA and UK Retail Investors

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors” as "Not Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor” means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II”);

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction Under the Prospectus Regulation

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors” as "Not Applicable”, in relation to each Member State of the EEA and the United Kingdom (each, a "Relevant State"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of such Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) Fewer than 150 offerees: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) Other exempt offers: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in items (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "Prospectus Regulation” means Regulation (EU) 2017/1129.
United Kingdom

Each Dealer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Notes having a maturity of less than one year:
   (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
   (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
       (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
       (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
       (C) where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer;

(b) Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) General compliance: it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Republic of Finland

Each Dealer has represented and agreed that it will not directly or indirectly offer and sell the Notes or bring the Notes into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland. Notes may only be offered and sold to the public in Finland provided that either (i) a prospectus in relation to the Notes is prepared in accordance with the Finnish Securities Markets Act (Fi: arvopaperimarkkinalaki, (746/2012)) (the "Finnish Securities Markets Act") and/or other applicable laws and regulations, including Regulation (EU) 2017/1129 (the "Prospectus Regulation"), as applicable, or (ii) an exemption from the requirement to prepare a prospectus is available under the applicable laws of Finland, especially the Finnish Securities Markets Act and/or the Prospectus Regulation, as applicable.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.
Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.
BENCHMARK REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain benchmarks.

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation (the "ESMA Benchmarks Register") are set out below.

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Administrator</th>
<th>Administrator appears on ESMA Benchmarks Register?</th>
</tr>
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<tr>
<td>CIBOR</td>
<td>Danish Financial Benchmark Facility</td>
<td>Yes</td>
</tr>
<tr>
<td>EURIBOR</td>
<td>European Money Markets Institute</td>
<td>Yes</td>
</tr>
<tr>
<td>NIBOR</td>
<td>Norske Finansielle Referanser</td>
<td>No</td>
</tr>
<tr>
<td>STIBOR</td>
<td>Financial Benchmarks Sweden AB</td>
<td>No</td>
</tr>
<tr>
<td>LIBOR</td>
<td>ICE Benchmark Administration Limited</td>
<td>Yes</td>
</tr>
</tbody>
</table>

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the Norske Finansielle Referanser and the Financial Benchmarks Sweden AB are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).
GENERAL INFORMATION

Authorisation

1. The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of Finland in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 6 May 2019. The update of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer passed on 25 February 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened, of which the Issuer is aware, which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

3. There has been no material adverse change in the prospects of the Issuer nor any significant change in the financial position or performance of the Issuer or the Group since 31 December 2019.

Auditors

4. The 2019 Financial Statements have been audited without qualification for the year ended 31 December 2019 by Deloitte Oy, chartered accountants and members of the Finnish Institute of Authorised Public Accountants.

5. The 2018 Financial Statements have been audited without qualification for the year ended 31 December 2018 by Deloitte Oy, chartered accountants and members of the Finnish Institute of Authorised Public Accountants.

Documents on Display

6. Copies of the following documents may be inspected in electronic form during normal business hours at the registered office of the Issuer for the life of this Base Prospectus:

   (a) the constitutive documents of the Issuer (as may be updated from time to time);
   (b) the Trust Deed;
   (c) the Issuer-ICSĐs Agreement;
   (d) the Agency Agreement
   (e) the 2018 Financial Statements, and the 2019 Financial Statements; and
   (f) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus, Final Terms or Drawdown Prospectus.

The constitutive documents of the Issuer are available on the Issuer's website at:


The documents listed above in paragraphs (b), (c) and (f) are available on the Issuer's website at:


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Clearing of the Notes

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Issue Price and Yield

8. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

The Legal Entity Identifier

9. The Legal Entity Identifier (LEI) code of the Issuer is 7437009ELUGUOA45V564.

Issuer Website

10. The Issuer's website is https://www.sato.fi/en. Unless specifically incorporated into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

Walkers Listing Services Limited

11. Walkers Listing Services Ltd is acting solely in its capacity as listing agent for the Issuer in relation to Notes issued under the Programme and is not itself seeking admission of Notes issued under the Programme to the Official List of Euronext Dublin or to trading on the Regulated Market of Euronext Dublin for the purposes of the Prospectus Regulation.

Conflicts of Interest

12. Certain of the Dealers have, directly or indirectly through affiliates, provided investment and commercial banking, financial advisory and other services to the Issuer and its affiliates from time to time, for which they have received monetary compensation. Certain of the Dealers may from time to time also enter into swap and other derivative transactions with the Issuer and its affiliates. In addition, certain of the Dealers and their affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer or its affiliates.

Validity of Prospectus and Prospectus Supplements

13. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.
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**ISSUER**

SATO Corporation  
Panuntie 4  
PL 401  
FI-00601 Helsinki  
Finland

**DEALERS**

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</tr>
<tr>
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</tr>
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<tr>
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<td>Reuterweg 16</td>
</tr>
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</tr>
<tr>
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<td>Canary Wharf</td>
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