

# TRUSTING



STEADY  
GROWTH  
CONTINUED

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**SATO is one of Finland's leading corporate investors in housing. By providing homes, we support growth and development in society. We anticipate future needs and *open new doors.***

We have renewed our reporting starting from 1 January 2015, and shifted to a function-specific presentation method in our income statement. Through this renewal, we are able to offer more detailed information about the allocation of income and costs between different business areas. We have discontinued the division into segments, and all of SATO's operations are reported as a single business entity.



# SATO's strategy creates value



## MISSION

SATO provides good housing

## VISION

Best home address –  
50,000 happy residents

## VALUES

AIMING HIGH

A HUMAN TO HUMAN

JOY AND EASE OF EXPERTISE

## KEY STRATEGIC AREAS

**PROFITABILITY**

ensures the creation of well-being in the long term

**GROWTH**

increases the supply of rental apartments and the company's value

**EXCELLENT CUSTOMER EXPERIENCE**

provides competitive edge

**INSPIRING COMPANY CULTURE**

supports employee engagement

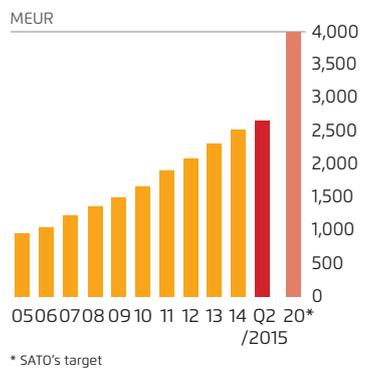
## SUSTAINABILITY CREATES WELL-BEING

## STRATEGIC GOALS

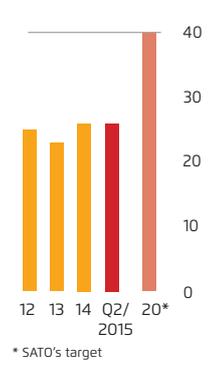
**Return on equity**



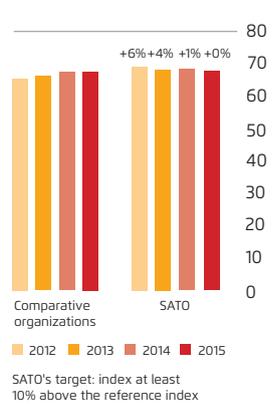
**Value of the investment property**



**Net promoter score NPS**



**Personnel's satisfaction, index**



# SATO Corporation's interim report 1 Jan – 30 Jun 2015

## Summary of 1 Jan – 30 Jun 2015 (1 Jan – 30 Jun 2014)

- Profit before taxes stood at EUR 93.0 (96.7) million.
- The change in the fair value of rental homes included in the result was EUR 44.7 (42.9) million.
- Shareholders' equity stood at EUR 945.0 (859.5) million, or EUR 18.59 (16.91) per share.
- The return on equity was 16.1% (18.4%).
- Rental income amounted to EUR 125.0 (120.4) million.
- Investments in rental homes stood at EUR 96.1 (100.8) million.
- A total of 485 (509) rental homes were acquired or completed.
- The occupancy rate was 96.5% (96.5%).

## Summary of 1 Apr – 30 Jun 2015 (1 Apr – 30 Jun 2014)

- Profit before taxes stood at EUR 34.7 (46.0) million.
- The change in the fair value of rental homes included in the result was EUR 8.1 (18.5) million.
- Rental income amounted to EUR 62.9 (60.6) million.
- Investments in rental homes stood at EUR 66.8 (41.6) million.
- The occupancy rate was 96.6% (96.8%).

## Operating environment

The Finnish economy is expected to remain weak in 2015. Consumer confidence has decreased over the summer, and purchasing power continues to grow at a low rate. Inflation and interest rates are expected to remain at exceptionally low levels.

The supply of rental homes has increased in SATO's areas of operation, but more small, low-cost rental homes are needed, particularly in the Helsinki region. Rents are increasing moderately.

The demand for owner-occupied housing picked up during the spring, and the prices of small homes are projected to remain stable in the Helsinki Metropolitan Area throughout the year.

The Russian economy is predicted to decrease in 2015.

## Erkka Valkila, President and CEO:

– SATO's business operations continued to be stable in the second quarter. Urbanisation and the growing number of small households create favourable conditions for growth in the demand for rental homes and in SATO's business. We continue to strongly invest in order to increase our offering of rental homes.

– The development of the Helsinki Metropolitan Area calls for new housing policy initiatives and alternative housing models. To identify new perspectives, SATO organised a discussion forum on housing policy in April. SATO welcomes the government's plans to ease norms and accelerate the construction of rental homes.

– SATO launched the StudioHome concept in June to offer an alternative solution to the shortage of small, affordable homes in the Helsinki Metropolitan Area. The concept combines high-quality living with affordable housing costs. Each studio home is around 16 square metres in area and has a sleeping loft. In addition, the residents have access to

well-equipped common areas. The model home being showcased at Housing Fair 2015 in Vantaa has been well received.

## REVIEW PERIOD 1 JAN – 30 JUN 2015 (1 JAN – 30 JUN 2014)

### Net sales and profit

The Group's net sales increased by 10.6 percent from the reference period and totalled EUR 175.5 million (EUR 158.6 million in January–June 2014). Of the net sales, rental income accounted for EUR 125.0 (120.4) million.

The operating profit was EUR 111.9 (116.1) million.

Profit before taxes stood at EUR 93.0 (96.7) million. The change in the fair value of rental homes included in the result was EUR 44.7 (42.9) million. This change was positively affected by the expiry of restrictions on some properties and the increase in the value of the Russian rouble. The result was affected by a cost provision of EUR 4.3 million made on the basis of a decision by the Court of Appeal on the construction of Asunto Oy Helsingin Tila.

### Financial position and financing

The consolidated balance sheet totalled EUR 2,909.6 (2,718.3) million at the end of June. Equity was EUR 945.0 (859.5) million. Equity per share was EUR 18.59 (16.91).

The Group's equity ratio was 32.5 (31.7) percent at the end of June.

The Group's annualized return on equity was 16.1 (18.4) percent. The return on investment was 8.8 (9.5) percent.

Interest-bearing liabilities at the end of June totalled EUR 1,654.0 (1,567.3) million, of which market based loans accounted for EUR 1,282.7 (1,187.2) million. The average interest rate was 2.4 (2.7) percent. Net financing costs totalled EUR 18.8 (19.4) million.

EUR 97.7 million of new long-term

financing was acquired during the review period, and the Loan-to-Value (LTV) ratio was 56 (57) percent at the end of June.

The calculated impact of changes in the market value of interest hedging was EUR 7.8 (-9.3) million on equity and EUR 0.4 (0.3) million on profit before taxes.

### Housing assets and fair value

*The development of the value of rental homes is a key factor for SATO. Its housing assets are located in areas where the demand for rental homes will increase in the long term. The allocation of building repairs is based on life-cycle plans and repair-need specifications.*

On 30 June 2015, SATO owned a total of 24,356 (24,061) homes. The number of homes increased by 183 in January–June.

The fair value of rental homes was EUR 2,652.9 (2,443.4) million at the end of June. The change in the fair value was EUR 124.9 (127.4) million.

Of the value of homes, the Helsinki region accounted for some 80 percent, Tampere, Turku, Oulu and Jyväskylä made up 15 percent, and St. Petersburg covered 5 percent at the end of June.

### Investments and divestments

*Investment activities prepare the ground for growth. Since 2000, SATO has invested a total of EUR 2.0 billion in rental homes. SATO acquires and builds entire rental buildings and single rental homes.*

Investments in rental homes were EUR 96.1 (100.8) million. Investments in the Helsinki Metropolitan Area represented 73 percent and investments in new homes represented 75 percent of all investments in the first half of 2015.

At the end of June, binding purchase agreements in Finland totalled EUR 245.7 (82.6) million.

During the first half of the year, 302 (276) homes with a total value of

EUR 19.4 (17.5) million were divested in Finland. The divested homes were mainly located outside SATO's primary operating area.

### Rental activities

*Effective rental activities provide home-seekers with quick access to a home and the Group with a steadily increasing cash flow. Rental services are mainly offered by SATO's rental offices. In addition, web-based initiatives produce an excellent match between customers' needs and homes available.*

Rental income increased by 3.8 percent to EUR 125.0 (120.4) million. The economic occupancy rate of homes in Finland was 96.5 (96.5) percent on average, and the rental home turnover rate was 40.0 (38.0) percent.

The average rent per square metre was EUR 16.14 (15.54) per month in SATO's rental homes in Finland and EUR 8.66 (9.54) per month in shared ownership homes during the review period.

Net rental income from homes stood at EUR 78.6 (77.5) million, and the net rental income rate was 6.0 (6.1) percent on an annual level.

### Property development

*Property development allows for new investments in rental homes and the production of owner-occupied homes in Finland. The rental capacity and value of rental homes owned by SATO are developed through renovation activities.*

The book value of owned plot reserves totalled EUR 67.6 (76.2) million at the end of June. The value of new plots acquired in January–June totalled EUR 6.6 (2.8) million.

In Finland, a total of 359 (384) rental homes and 99 (79) homes for sale were completed. On 30 June 2015, a total of 878 (672) rental homes and 98 (247) owner-occupied homes were under construction.

A total of EUR 23.9 (17.6) million was spent on repairing homes and impro-

ving the quality of homes.

A total of 76 (146) owner-occupied homes were sold in January–June. At the end of the review period, a total of 134 (234) owner occupied homes remained unsold, of which 44 (90) were completed and 90 (140) were under construction. The total purchase value of those unsold homes amounted to EUR 66.2 (105.0) million. SATO mainly sells its owner-occupied homes after completion.

### Business operations in St. Petersburg

*The housing market in St. Petersburg corresponds to that of the whole of Finland in terms of volume. SATO is following its growth strategy by investing in rental homes in St. Petersburg. Homes are acquired in central locations in the city.*

At the end of June, housing assets in St. Petersburg totalled EUR 131.0 (130.3) million. The total amount of binding purchase agreements was EUR 4.7 (22.3) million.

On 30 June 2015, SATO owned 313 (237) completed and 217 (293) homes under construction in St. Petersburg.

The economic occupancy rate of rental homes was 91.8 (96.0) percent on average.

### REVIEW PERIOD 1 APR– 30 JUN 2015 (1 APR – 30 JUN 2014)

#### Net sales and profit

The Group's net sales decreased by 6.9 percent year-on-year and totalled EUR 79.2 million (EUR 85.0 million in April–June 2014). Of the net sales, rental income accounted for EUR 62.9 (60.6) million.

The operating profit was EUR 44.4 (56.0) million.

Profit before taxes was EUR 34.7 (46.0) million. The change in the fair value of rental homes included in the result was EUR 8.1 (18.5) million.

EUR 55.0 million of new long-term

financing was acquired during the review period.

### Housing assets and fair value

The number of homes increased by 115 in April–June. The change in the fair value was EUR 67.6 (50.3) million.

Investments in rental homes totalled EUR 66.8 (41.6) million. A total of 183 (190) homes were divested in Finland at a total value of EUR 10.7 (9.9) million.

### Rental activities

Rental income increased by 3.8 percent to EUR 62.9 (60.6) million. The economic occupancy rate of homes in Finland was 96.6 (96.8) percent on average, and the rental home turnover rate was 40.4 (37.7) percent.

Net rental income from homes was EUR 38.6 (39.8) million, and the net rental income rate in rental homes was 6.0 (6.1) percent on an annual level.

### Property development

The value of new plots acquired in April–June totalled EUR 5.1 (2.8) million.

In Finland, a total of 205 (86) rental homes and 34 (45) owner-occupied homes were completed.

A total of EUR 12.2 (9.4) million was spent on repairing homes and improving the quality of homes.

A total of 42 (53) owner-occupied homes were sold in April–June.

### Business operations in St. Petersburg

In April–June, the value of housing assets in St. Petersburg increased by EUR 5.8 (15.3) million. No new acquisitions were made.

The economic occupancy rate of rental homes was 91.6 (95.5) percent on average.

### Credit rating

In May, SATO Corporation was issued a rating of Baa3 with a stable outlook by Moody's Investor Service. A public credit rating enables the company to

benefit from international financial markets, which enhances the flexibility and efficiency of financing arrangements. The rating also supports the intention to increase the proportion of unsecured debt. A diverse funding base helps the company to keep its financial costs at a competitive level.

### Appointment of President and CEO

Erkka Valkila, President and CEO of SATO, will retire in late 2015. In 2013, he reached the age of retirement determined in his employment contract, but his contract was extended by a period of two years. Saku Sipola, M.Sc. (Tech.), was appointed as the new President and CEO in June. He will assume his duties towards the end of the current year on a date to be announced later on.

### Personnel

At the end of June, the Group employed 171 (158) people, of whom 163 were full-time employees. The average number of personnel was 171 (161) in April–June.

### Legal proceedings

On the basis of the decision of the Court of Appeal, the company has made a cost provision regarding the completion of the Asunto Oy Helsingin Tila building project, reducing the profit for the review period. The company has applied for leave to appeal to the Supreme Court.

### Future risks and uncertainties

The economy continues to grow slowly, which is reflected in the housing and financing markets.

The change in the market value of homes affects the value of SATO's housing assets. The positive development of the value of housing assets and the rental capacity of homes are secured by focusing on growth centres.

Risks in housing investment activities in St. Petersburg are associated with the development of the

market value of homes, fluctuations in exchange rates and other changes in the operating environment. St. Petersburg is limited to a maximum of 10 percent of the Group's housing assets. The current value of housing assets in St. Petersburg accounts for 5 percent of the Group's entire housing assets.

Changes in interest rates affect SATO's profit and balance sheet through changes in interest expenses and the market value of interest hedging. In accordance with the Group's financing policy, at least 60 percent of all loans are fixed-rate loans. The adequacy of financing is monitored using a rolling liquidity estimate.

A more detailed description of risks and risk management is available in the Group's 2014 annual report and on the company's website at [www.sato.fi](http://www.sato.fi).

### Outlook

Finnish economic growth and the general climate of confidence are expected to remain poor. In the operating environment, SATO's business operations are mainly affected by consumer confidence, the rental and price development of homes, and

the interest rate.

The demand for rental homes is expected to remain good in SATO's areas of operation, focusing mainly on small homes. Some 80 percent of SATO's housing assets are located in the Helsinki region, where the rental and price development is more stable than in other regions. SATO's product range responds to the demand for small homes, with the average area of homes being 57 square metres.

Increasing urbanisation and immigration offer good potential for continued investments in Finland. Owing to good demand and new investments, SATO's net rental income is expected to improve from the year before. However, increases in rents are expected to be more moderate than in the previous years.

Interest rates are estimated to remain low, which will have a positive impact on SATO's business operations.

The Russian economy is expected to decrease. Some 5 percent of SATO's housing assets are located in St. Petersburg. Due to the unstable economic and political situation in Russia, SATO is refraining from making new investment decisions in Russia for the time being.

### SATO Corporation's shareholders 24 July 2015

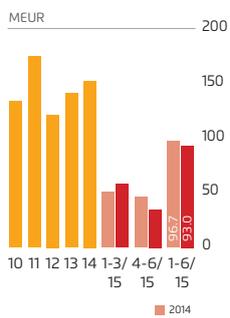
#### The largest shareholders and their holdings

Varma Mutual Pension Insurance Company	22.8%
APG Asset Management NV	22.8%
Balder Finska Otas AB	16.1%
Danske Bank Plc (nominee-registered)	13.7%
Elo Mutual Pension Insurance Company	12.9%
The State Pension Fund	5.0%
The Finnish Construction Trade Union	0.9%
Other (71 shareholders)	<u>5.8%</u>
	100%

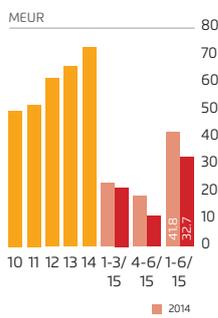
On 24 July 2015, SATO had 51,001,842 shares and 78 shareholders registered in the book-entry system. The share turnover rate was 31.7 percent for the period 1 January - 24 July 2015.

# Financial trend

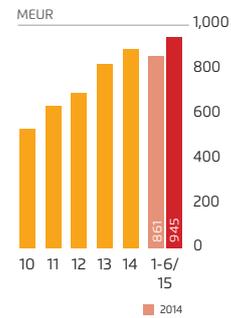
**Profit before taxes**



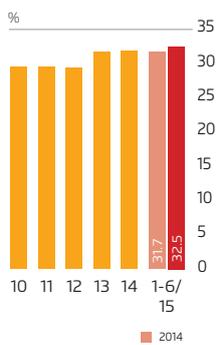
**Cash earnings**



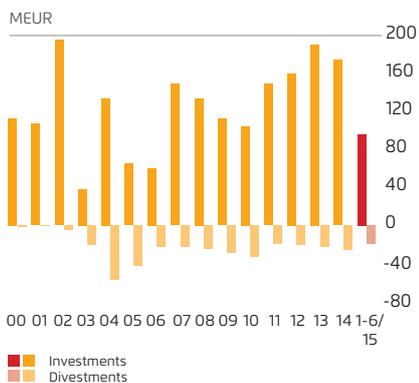
**Shareholders' equity**



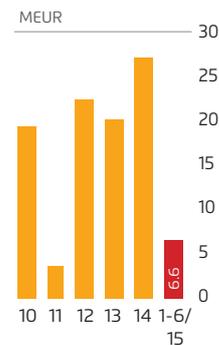
**Equity ratio**



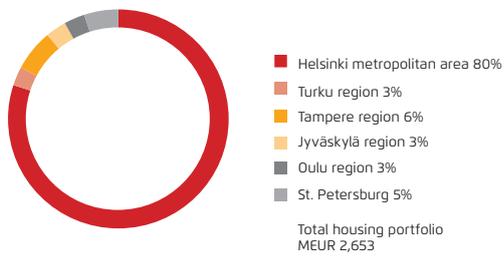
**Housing investments and divestments**



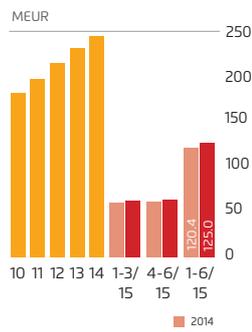
**Housing investments in St. Petersburg**



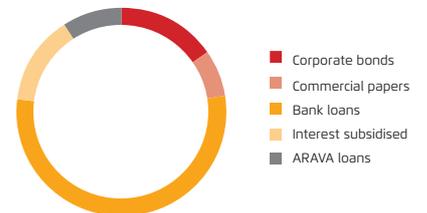
### Regional distribution of the housing portfolio 30 June 2015



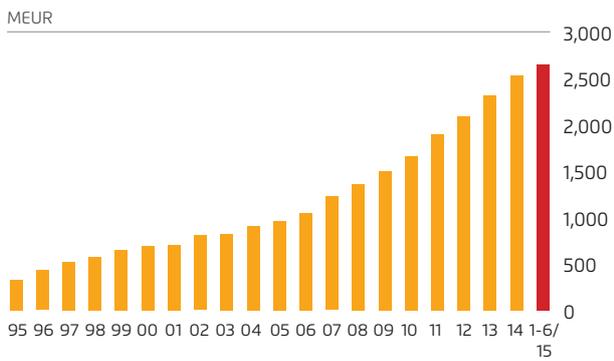
### Rental income



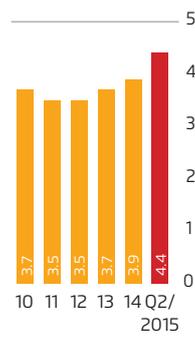
### Interest-bearing debt, nominal values, 30 June 2015 total MEUR 1,660



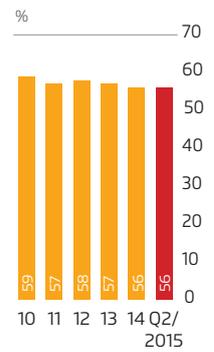
### Trend in the housing portfolio, fair values



### Interest coverage ratio



### LTV (Loan to Value)



## Consolidated income statement, IFRS

MEUR	note	1 Apr – 30 Jun 2015	1 Apr – 30 Jun 2014	1 Jan – 30 Jun 2015	1 Jan – 30 Jun 2014	1 Jan – 31 Dec 2014
Rental Income		62.9	60.6	125.0	120.4	243.2
Sales Income, new production		16.1	17.7	49.4	30.1	60.6
Sales Income, land stock		0.1	6.6	0.7	7.8	7.9
Sales Income, other		0.1	0.1	0.3	0.3	0.5
<b>Net sales</b>		79.2	85.0	175.5	158.6	312.3
Property maintenance expenses		-23.5	-20.0	-44.8	-41.5	-92.1
Ground rents		-0.6	-0.6	-1.2	-1.2	-2.3
New production expenses		-13.7	-16.3	-44.6	-26.8	-54.7
Carrying value, land stock sold		-0.1	-3.9	-0.4	-4.1	-6.7
<b>Operating expenses</b>		-37.9	-40.8	-91.0	-73.6	-155.9
<b>Net operating income</b>		41.3	44.2	84.4	85.0	156.5
Proceeds from disposal of investment properties	2	10.6	10.3	19.2	17.8	24.8
Carrying value of investment properties sold	2, 3	-7.3	-9.8	-15.9	-16.3	-25.7
Fair value change of investment properties	3	8.1	18.5	44.7	42.9	63.8
Sales and marketing expenses		-2.2	-2.2	-4.5	-4.1	-8.0
Administrative expenses		-5.6	-5.2	-11.0	-9.8	-20.4
Other operating income		0.0	0.4	0.0	0.9	1.4
Other expenses		-0.5	-0.2	-5.1	-0.4	-1.1
<b>Operating profit</b>		44.4	56.0	111.9	116.1	191.3
Financial income		0.2	0.2	0.4	0.4	0.9
Financial expenses		-9.8	-10.1	-19.3	-19.9	-40.0
		-9.6	-9.9	-18.8	-19.4	-39.1
<b>Profit before tax</b>		34.7	46.0	93.0	96.7	152.2
Income tax expenses		-6.6	-9.2	-19.1	-19.3	-31.8
<b>Profit for the period</b>		28.1	36.8	73.9	77.3	120.5
<b>Profit for the period attributable to</b>						
Equity holder of the parent		28.1	36.8	73.9	77.2	120.3
Non-controlling interests		0.0	0.1	0.0	0.1	0.1
		28.1	36.8	73.9	77.3	120.5
<b>Earnings per share attributable to equity holders of the parent</b>						
Basic, EUR		0.55	0.72	1.45	1.52	2.37
Dilluted, EUR		0.55	0.72	1.45	1.52	2.37
Average number of shares, million		50.8	50.8	50.8	50.8	50.8

## Consolidated statement of comprehensive income, IFRS

MEUR	note	1 Apr – 30 Jun 2015	1 Apr – 30 Jun 2014	1 Jan – 30 Jun 2015	1 Jan – 30 Jun 2014	1 Jan – 31 Dec 2014
<b>Other comprehensive income</b>						
Items that will never be reclassified to income statement		0.0	0.0	0.0	0.0	-0.2
Items that may be reclassified subsequently to income statement						
Cash flow hedges		10.9	-5.8	12.8	-10.8	-22.8
Available-for-sale financial assets		0.0	-0.4	0.0	-0.3	-0.7
Translation differences		-0.1	-0.1	0.1	0.0	-0.2
Related tax		-2.2	1.2	-2.6	2.2	4.7
Other comprehensive income, net of tax		8.7	-5.1	10.3	-8.9	-19.1
<b>Total comprehensive income</b>		36.8	31.8	84.3	68.5	101.4
<b>Comprehensive income attributable to</b>						
Equity holders of the parent		36.8	31.7	84.3	68.4	101.2
Non-controlling interest		0.0	0.1	0.0	0.1	0.1
		36.8	31.8	84.3	68.5	101.4

# Consolidated statement of financial position, IFRS

MEUR	note	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	3	2,652.9	2,443.4	2,528.0
Tangible assets	4	2.3	2.3	2.4
Intangible assets	5	1.9	1.5	1.3
Investments in associated companies		0.0	0.0	0.1
Available-for-sale financial assets		1.7	2.1	1.7
Non-current receivables		14.0	10.4	10.8
Deferred tax assets		14.3	14.5	17.2
<b>Total</b>		<b>2,687.0</b>	<b>2,474.1</b>	<b>2,561.5</b>
<b>Current assets</b>				
Inventories	6	141.2	183.6	188.1
Account and other receivables		14.2	16.5	13.1
Deferred tax assets		10.9	5.5	7.1
Cash and cash equivalents		56.2	38.6	31.8
<b>Total</b>		<b>222.6</b>	<b>244.2</b>	<b>240.1</b>
<b>TOTAL ASSETS</b>		<b>2,909.6</b>	<b>2,718.3</b>	<b>2,801.6</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Equity holders of the parent</b>				
Share Capital		4.4	4.4	4.4
Fair value and other reserves		-30.4	-30.8	-40.6
Reserve fund		43.7	43.7	43.7
Reserve for invested non-restricted equity		1.9	23.3	23.3
Retained earnings		925.3	818.9	861.4
<b>Total</b>		<b>945.0</b>	<b>859.5</b>	<b>892.2</b>
<b>Non-controlling interests</b>		<b>0.1</b>	<b>1.2</b>	<b>0.1</b>
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>945.1</b>	<b>860.7</b>	<b>892.3</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities		196.6	177.2	187.9
Provisions	11	5.1	3.0	2.9
Other non-current liabilities		43.7	40.2	53.5
Defined benefit liabilities		0.3	0.4	0.5
Long-term interest bearing liabilities	8	1,389.3	1,453.8	1,373.7
<b>Total</b>		<b>1,635.0</b>	<b>1,674.6</b>	<b>1,618.5</b>
<b>Current liabilities</b>				
Accounts payable and other liabilities		56.6	56.7	70.9
Deferred tax liabilities		8.2	12.7	8.8
Short-term interest bearing liabilities	8	264.7	113.5	211.1
<b>Total</b>		<b>329.5</b>	<b>182.9</b>	<b>290.8</b>
<b>TOTAL LIABILITIES</b>		<b>1,964.5</b>	<b>1,857.5</b>	<b>1,909.3</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,909.6</b>	<b>2,718.3</b>	<b>2,801.6</b>

# Consolidated statement of cash flow, IFRS

MEUR	1 Apr – 30 Jun 2015	1 Apr – 30 Jun 2014	1 Jan – 30 Jun 2015	1 Jan – 30 Jun 2014	1 Jan – 31 Dec 2014
<b>Cash flow from operating activities</b>					
Profit for the period	28.1	36.8	73.9	77.3	120.5
Adjustments:					
Business activities not involving payment	-8.0	-18.4	-40.0	-42.7	-63.1
Profit and loss on sales of investment properties	-3.3	-0.5	-3.3	-1.5	0.9
Other adjustments	-2.1	-0.1	-2.3	-0.5	-1.0
Interest expenses and other financial expenses	10.0	10.3	19.7	20.2	40.6
Interest income	-0.2	-0.2	-0.4	-0.4	-0.7
Dividend income	0.0	0.0	0.0	0.0	-0.1
Income taxes	6.6	9.2	19.1	19.3	31.8
<b>Cash flow before change in net working capital</b>	<b>31.1</b>	<b>37.2</b>	<b>66.6</b>	<b>71.7</b>	<b>128.8</b>
Change in net working capital:					
Changes in accounts receivable and other receivables	0.3	3.8	-1.9	-4.8	-1.9
Change in inventories	25.0	7.0	47.3	6.6	2.2
Change in accounts payable and other liabilities	3.4	-7.1	-8.0	-4.2	7.9
Interest paid	-12.1	-13.7	-23.3	-23.9	-41.1
Interest received	0.2	0.2	0.4	0.9	1.2
Taxes paid	-11.5	-6.0	-14.6	-9.0	-15.7
<b>Net cash flow from operating activities</b>	<b>36.4</b>	<b>21.4</b>	<b>66.5</b>	<b>37.3</b>	<b>81.3</b>
<b>Cash flow from investing activities</b>					
Disposals of subsidiaries, net of disposed cash	0.0	0.0	0.0	0.0	0.1
Disposals of associated companies	0.0	0.2	0.0	0.2	0.0
Acquisitions of Investment properties	-66.8	-41.6	-96.1	-100.8	-174.1
Acquisitions of tangible and intangible assets	-0.3	0.0	-0.8	-0.5	-1.0
Repayments of loans receivable	0.9	0.1	1.5	0.1	0.4
Payments of granted loans	-1.8	-1.3	-1.8	-1.3	-2.1
Disposals of Investment property	10.6	10.1	19.4	17.7	24.6
<b>Net cash flow from investing activities</b>	<b>-57.3</b>	<b>-32.6</b>	<b>-77.9</b>	<b>-84.7</b>	<b>-152.4</b>
<b>Cash flow from financing activities</b>					
Repayments (-) / withdrawals (+) of current loans	5.4	18.9	32.4	15.8	28.2
Withdrawals of non-current loans	55.0	23.7	97.7	97.6	254.2
Repayments of non-current loans	-18.4	-13.2	-63.0	-43.3	-194.5
Repayment of capital and dividends paid	0.0	0.0	-31.5	-30.5	-30.5
<b>Net cash flow from financing activities</b>	<b>42.0</b>	<b>29.4</b>	<b>35.6</b>	<b>39.6</b>	<b>57.5</b>
<b>Change in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of period	35.2	20.4	31.8	46.4	46.4
Effect of exchange rate fluctuations on cash held	0.0	0.0	0.2	-0.1	-1.0
Cash and cash equivalents at the end of period	56.2	38.6	56.2	38.6	31.8

# Consolidated statement of changes in shareholders' equity, IFRS

MEUR	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings			
<b>Shareholders' equity 1 Jan 2014</b>	4.4	-21.9	43.7	44.5	750.9	821.7	1.0	822.8
Comprehensive income								
Remeasurements of defined benefit liability						0.0		0.0
Cash flow hedges, net of tax		-8.6				-8.6		-8.6
Available-for-sale investments, net of tax		-0.2				-0.2		-0.2
Translation differences	0.0				-0.1	-0.1		-0.1
Other adjustments						0.0		0.0
Profit for the period					77.3	77.3	0.1	77.4
<b>Total comprehensive income</b>	<b>0.0</b>	<b>-8.9</b>	<b>0.0</b>	<b>0.0</b>	<b>77.3</b>	<b>68.4</b>	<b>0.1</b>	<b>68.5</b>
Transaction with shareholders								
Dividend					-9.2	-9.2		-9.2
Capital Repayment				-21.2		-21.2		-21.2
<b>Transaction with shareholders, total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-21.2</b>	<b>-9.2</b>	<b>-30.5</b>	<b>0.0</b>	<b>-30.5</b>
Other adjustments					-0.1	-0.1		-0.1
<b>Total of equity movements</b>	<b>0.0</b>	<b>-8.9</b>	<b>0.0</b>	<b>-21.2</b>	<b>67.9</b>	<b>37.8</b>	<b>0.1</b>	<b>37.9</b>
<b>Shareholders' equity 30 Jun 2014</b>	<b>4.4</b>	<b>-30.8</b>	<b>43.7</b>	<b>23.3</b>	<b>818.9</b>	<b>859.5</b>	<b>1.2</b>	<b>860.7</b>

MEUR	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings			
<b>Shareholders' equity 1 Jan 2015</b>	4.4	-40.6	43.7	23.3	861.4	892.2	0.1	892.2
Comprehensive income								
Remeasurements of defined benefit liability					0.0	0.0		0.0
Cash flow hedges, net of tax		10.3				10.3		10.3
Available-for-sale investments, net of tax						0.0		0.0
Translation differences					0.1	0.1		0.1
Other adjustments						0.0		0.0
Profit for the period					73.9	73.9	0.0	73.9
<b>Total comprehensive income</b>	<b>0.0</b>	<b>10.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.0</b>	<b>84.3</b>	<b>0.0</b>	<b>84.3</b>
Transaction with shareholders								
Dividend					-10.2	-10.2	0.0	-10.2
Capital Repayment				-21.3		-21.3	0.0	-21.3
<b>Transaction with shareholders, total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-21.3</b>	<b>-10.2</b>	<b>-31.5</b>	<b>0.0</b>	<b>-31.5</b>
Other adjustments					0.0	0.0	0.0	0.0
<b>Total of equity movements</b>	<b>0.0</b>	<b>10.3</b>	<b>0.0</b>	<b>-21.3</b>	<b>63.9</b>	<b>52.8</b>	<b>0.0</b>	<b>52.8</b>
<b>Shareholders' equity 30 Jun 2015</b>	<b>4.4</b>	<b>-30.4</b>	<b>43.7</b>	<b>1.9</b>	<b>925.3</b>	<b>945.0</b>	<b>0.1</b>	<b>945.1</b>

# Notes to the interim report

## 1. Accounting principles

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

SATOs interim report has been prepared in accordance with IAS 34 Interim Financial Reporting -standard. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure. The preparation of interim

financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The figures in the interim report are unaudited.

From the beginning of the year 2015 SATO has adopted new or amended standards and interpretations as described in the financial statements 2014. The interpretation has been assessed not to have a significant impact on SATOs consolidated financial statements. Other parts of the interim report have been reported according to same accounting principles as in SATOs Financial Statements of 2014.

The profitability of SATO is presented as a single entity. The According to the Group's strategy,

new investments made in the 2000s are targeted in SATO business. As the significance of VATRO business has decreased, SATO's Board decided to abandon the past segment division in the reporting for the year 2015. As of 1 January 2015, SATO's business will be reported as one entity. Material operative decisions are made by the Board of Directors of SATO.

SATO has changed its presentation of expenses recognised in profit or loss from 'nature of expense' method to 'function of expense method' as of January 2015. The amendment is intended to provide investors with more relevant and detailed information about expense recognition and function in SATOs business. In addition, alongside cumulative figures presented in interim financial statements, SATO will start reporting the quarterly change of these figures.

## 2. Result on disposal of investment properties

MEUR	note	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014
<b>Sold Investment properties</b>						
Proceeds from disposal of investment properties		10.6	10.3	19.2	17.8	24.8
Carrying value of investment properties sold	3	-7.3	-9.8	-15.9	-16.3	-25.7
<b>Total</b>		3.3	0.5	3.3	1.5	-0.9

Proceeds from the disposal of investment properties correspond to the disposal price received net of disposal costs. The carrying value of disposed assets corresponds to the fair value recognised on the previous closing statement of financial position and capitalised expenses for the period.

### 3. Investment properties

MEUR	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>Fair value of investment properties at start of period</b>	<b>2,528.0</b>	<b>2,316.0</b>	<b>2,316.0</b>
Acquisitions, new constructions	81.3	90.5	152.5
Other investments to properties	13.3	9.5	20.1
Disposals of investment properties	-15.9	-16.3	-25.7
Capitalized borrowing costs	0.5	0.6	1.2
Reclassification from trading properties	1.1	0.1	0.2
Gains and losses from changes in fair value *	44.7	42.9	63.8
<b>Fair value of investment properties at end of period</b>	<b>2,652.9</b>	<b>2,443.4</b>	<b>2,528.0</b>

\*Gains and losses from changes in fair value includes foreign exchange gains of EUR 12.2 million.

SATO's investment properties mainly comprises of rental apartments that are located in the largest growth centers. About 80 percent of the housing property is located in the Helsinki region. Investment property value is taken care by renovation and repair activity based on their lifecycle and repair plans. Increase in the fair value of SATOs investment property was mainly due to market price levels, reclassifications from measurement group to another when legal restrictions have ended and changes in parameters used in valuation.

Some of the 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.

The valuation of SATO's investment properties is based on a method which has been prepared by SATO in co-operation with a third party expert (currently: JLL (Helsinki office)). The external expert issues quarterly a statement on the applicability of SATO's valuation methods, the appropriateness of sources of information used and the credibility of the valuation. As part of the valuation process, the external expert also reviews each SATOs' property on site every three years. Existing properties located in St. Petersburg are valued by third party expert (currently JLL, St. Petersburg office). The principles and methods used in the fair value valuation are approved by the Corporate Management Group. During the valuation process all the periodical changes are analyzed. The result of the valuation and the periodic change in fair value booked through profit and loss are reported to the Corporate Management Group and Board of Directors.

#### Valuation methods

At inception investment properties are booked at acquisition value, which includes transaction costs. Later investment properties are valued on fair value. Gains and losses from changes in fair value are booked through profit and loss in the period when they are incurred. Fair value is the price at which the property would trade in a competitive auction setting. Fair value of investment properties represents the price in local primary market taking into account the condition and location of the property.

SATO measures investment properties at fair value which are based on:

- Sales comparison
- Income value
- Acquisition cost

#### Sensitivity analysis of investment properties

Sensitivity analysis of investment properties has been presented in the 2014 financial statement. Quarterly changes are not significant. All SATOs investment properties are classified to hierarchy level 3 under IFRS 13. Items which are included in the hierarchy level 3 are measured using input data which is not based on observable market data.

#### 4. Tangible assets

MEUR	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>Balance at the start of the period</b>	2.4	2.4	2.4
Additions	0.1	0.3	0.6
Disposals	-0.1	-0.1	-0.2
Depreciation	-0.2	-0.2	-0.3
<b>Balance at the end of the period</b>	<b>2.3</b>	2.3	2.4

#### 5. Intangible assets

MEUR	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>Balance at the start of the period</b>	1.3	1.3	1.3
Additions	0.7	0.3	0.6
Transfers between items	0.2	0.0	0.0
Depreciation	-0.3	-0.2	-0.5
<b>Balance at the end of the period</b>	<b>1.9</b>	1.5	1.3

#### 6. Inventories

MEUR	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>Inventories</b>			
Buildings under construction	43.2	58.0	66.7
Completed apartments and commercial space	27.4	40.4	38.3
Land areas	58.6	76.2	71.6
Other inventories	12.0	8.9	11.5
<b>Total</b>	<b>141.2</b>	183.6	188.1

#### 7. Shareholders equity

The total number of SATOs shares is 51,001,842 and company holds 160,000 own shares at 30 June 2015.

The following dividend and repayment capital were declared and paid by the company:

MEUR	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>Paid dividend and repayment of capital</b>			
Repayment of capital 0.42 (0.42) per share, EUR	-21.3	-21.2	-21.2
Dividends 0.20 (0.18) per share, EUR	-10.2	-9.2	-9.2
<b>Total</b>	<b>-31.5</b>	-30.5	-30.5

## 8. Financial liabilities

MEUR	30 Jun 2015	30 Jun 2014	31 Dec 2014
<b>Financial liabilities</b>			
Commercial Papers	135.1	88.1	102.7
Corporate bonds	248.0	247.7	247.8
Bank loans	899.7	851.5	858.2
Interest-subsidised loans	228.4	223.1	224.5
State-subsidised ARAVA loans	142.9	157.0	151.6
<b>Total</b>	<b>1,654.0</b>	<b>1,567.3</b>	<b>1,584.9</b>

During the reporting period 1 Jan - 30 Jun 2015, a total of EUR 97.7 (97.6) million of new longterm debt was drawn. On June 30, 2015, the average interest on the SATO debt portfolio was 2.4 (2.7) per cent.

For purposes of short-term financing, SATO has a commercial paper program of EUR 200 (100) million, committed credit limits of EUR 290 (170) million, of which EUR 235 (125) million is unused at the end of the period, and a non-binding current limit of EUR 5 (5) million.

## 9. Derivatives

MEUR	30 June 2015			30 June 2014 Net	31 Dec 2014 Net
	Positive	Negative	Net		
<b>Fair values of derivative instruments</b>					
Interest rate swaps, cash flow hedge	2.8	-32.2	-29.4	-31.0	-35.4
Cross-currency and interest rate swaps, cash flow hedge	-	-14.0	-14.0	-12.0	-17.5
Foreign exchange forward contracts, cash flow hedge	0.0	-0.9	-0.9	0.5	-4.0
Interest rate swaps, non-hedge accounted	-	0.0	0.0	-0.8	-0.4
<b>Total</b>	<b>2.8</b>	<b>-47.1</b>	<b>-44.3</b>	<b>-43.3</b>	<b>-57.4</b>

MEUR	30 June 2015	30 June 2014	31 Dec 2014
<b>Nominal values of derivative instruments</b>			
Interest rate swaps, cash flow hedge	526.4	459.0	475.9
Cross-currency and interest rate swaps, cash flow hedge	109.4	111.7	110.5
Foreign exchange forward contracts, cash flow hedge	3.9	17.7	7.6
Interest rate swaps, non-hedge accounted	20.0	20.0	20.0
<b>Total</b>	<b>659.8</b>	<b>608.4</b>	<b>614.0</b>

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR 7.8 (-9.3) million and that of foreign exchange hedges totalled EUR 2.5 (0.7) million. Interest rate swaps are used to hedge interest cash flows against fluctuation in market interest rates. Cross-currency and interest rates swaps additionally hedge the currency risks of interest and repayment cash flows of loan contracts denominated in foreign currency. Currency forward contracts are used to hedge contractual cash flow relating to binding purchase agreements denominated in foreign currency. Interest rate hedges have maturities ranging between 1-10 years and forward contracts 1 year. Typically netting agreements are applied to derivative contracts, however the contracts are represented in gross value in financial statements. The method of presentation has no significant impact on figures on reporting or comparative period.

## 10. Fair values of financial instruments

	30 June 2015			30 June 2014		
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:
	Fair values quoted on operational markets	Fair values based on verifiable input data	Fair values based on unverified input data	Fair values quoted on operational markets	Fair values based on verifiable input data	Fair values based on unverified input data
<b>MEUR</b>						
<b>Assets</b>						
Available for sale financial assets, at fair value through profit and loss	-			0.4		
Derivative instruments, cash flow hedges, at fair value through other comprehensive income		2.8			0.8	
<b>Total</b>	<b>-</b>	<b>2.8</b>	<b>-</b>	<b>0.4</b>	<b>0.8</b>	<b>0.0</b>
<b>Liabilities</b>						
Derivative instruments at fair value through profit and loss		0.0			0.8	
Derivative instruments, cash flow hedges, at fair value through other comprehensive income		47.1			43.3	
Corporate bonds	235.8	24.0		206.4	49.0	
Other interest bearing liabilities		1,407.0			1,319.0	
<b>Total</b>	<b>235.8</b>	<b>1,478.1</b>	<b>-</b>	<b>206.4</b>	<b>1,412.1</b>	<b>-</b>

	31 Dec 2014		
	Level 1:	Level 2:	Level 3:
	Fair values quoted on operational markets	Fair values based on verifiable input data	Fair values based on unverified input data
<b>MEUR</b>			
<b>Assets</b>			
Available for sale financial assets, at fair value through profit and loss		-	
Derivative instruments, cash flow hedges, at fair value through other comprehensive income		-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Derivative instruments at fair value through profit and loss		0.4	
Derivative instruments, cash flow hedges, at fair value through other comprehensive income		56.9	
Corporate bonds	207.2	49.0	
Other interest bearing liabilities		1,338.2	
<b>Total</b>	<b>207.2</b>	<b>1,444.5</b>	<b>-</b>

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

## 11. Provisions

MEUR	Provision for refund claim	Provision for litigation claim	Total
<b>Provision at the end of the period Dec 31 2014</b>	<b>2.9</b>	0.0	2.9
Increases	0.2	4.3	4.5
Used provisions	-0.1	-2.2	-2.3
Cancellations	0.0	0.0	0.0
<b>Provision at the end of the period Jun 30 2015</b>	<b>3.0</b>	2.1	5.1

Provision for refund claim includes guarantees related to new construction business and 10 year warranty period after completion of the work. Provision for refund claim is measured based on previous claims and assesment of previous experience.

Provision for litigation claim is due to litigation process started during 2008 of one of SATOs investment in Helsinki. Based on Helsinki Court of Appeals decision given on January 30 2015, SATO has recorded a profit effecting litigation claim provision. SATO has applied for leave to appeal to the Supreme Court. The expense is included in 'other expenses' in the income statement.

## 12. Notes to the cash flow statement

MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014
<b>Business actions not involving a payment</b>					
Depreciation	0.3	0.3	0.6	0.5	1.1
Gains and losses from changes in fair value of investment properties	-8.1	-18.5	-44.7	-42.9	-63.8
Unrealised gains and losses measured at fair value, Interest rate swaps	-0.2	-0.2	-0.4	-0.3	-0.7
Changes in provisions	0.0	0.0	4.5	0.0	0.3
<b>Total</b>	<b>-8.0</b>	<b>-18.4</b>	<b>-40.0</b>	<b>-42.7</b>	<b>-63.1</b>

### 13. Collateral, commitments and contingencies

MEUR	30 June 2015	30 June 2014	31 Dec 2014
<b>Loans for which mortgages and pledges have been given as collateral</b>			
<b>Market loans</b>	<b>1,092.6</b>	1,099.1	1,106.1
Mortgages provided	423.5	389.3	408.1
Book value of pledged shares	864.6	826.7	846.5
Value of deposits pledged	0.1	0.1	0.1
<b>State-subsidised ARAVA loans</b>	<b>142.9</b>	157.0	151.6
Mortgages provided	348.8	349.2	349.2
Book value of pledged shares	23.8	23.8	23.8
<b>Interest-subsidised loans</b>	<b>228.4</b>	223.1	224.5
Mortgages provided	310.2	307.1	309.3
<b>Guarantees for others</b>			
Owner-occupier home purchase commitments	21.9	19.6	19.8
Rs-guarantees	4.3	8.6	6.8
<b>Mortgages provided to secure payment of rent and street maintenance</b>			
Property mortgages provided	6.0	6.0	6.0
<b>Binding purchase agreements</b>			
For acquisitions of investment properties	122.4	104.9	69.1
Pledges for land use payments on zoned plots	5.6	4.6	6.4
Commitments to cleaning and removal charges	1.0	0.9	2.0
Letters of intent on land for which there is a zoning condition	6.7	2.3	6.7

Housing companies which hold so-called shared ownership apartments are treated as structured entities, which are established for a fixed period, and are not included in the consolidation. On the report date, the loans of such housing companies included in the shared ownership systems, totalled EUR 79.5 (85.3) million.

### 14. Related party transactions

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

Shareholders that are considered as SATOs related party in 2015 are Varma Mutual Pension Insurance Company, APG Asset Management N.V. Ilmarinen Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company and since 1th of April 2015 Fastighets AB Balder, a Swedish property investment company.

During 2014 related party shareholders consisted of Varma Mutual Pension Insurance Company, APG Asset Management N.V., Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company and LocalTapiola Group.

The members of the Board of Directors of SATO, CEO and the members of the Corporate Management Group and the entities controlled or jointly controlled by them are considered as SATOs related party. Also close members of their family

are considered as related party. The Corporate Management Group comprises of SATO Corporation's President and CEO, Vice Presidents, Customer Relationships and Communications Director and Chief Financial Officer.

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

The following transactions were made with related parties:

MEUR	30 June 2015	30 June 2014	31 Dec 2014
<b>Transactions with related parties</b>			
Rental agreements	0.2	0.9	1.8
Insurance payments	1.5	1.8	3.4
<b>Total</b>	<b>1.6</b>	<b>2.7</b>	<b>5.2</b>

MEUR	30 June 2015	30 June 2014	31 Dec 2014
<b>Open balances with shareholders</b>			
Receivables	-	-	-
Liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

MEUR	30 June 2015	30 June 2014	31 Dec 2014
<b>Management employee benefits</b>			
Salaries and other short-term employee benefits	0.9	0.8	1.5
Other long-term employee benefits	0.4	0.3	0.6
<b>Total</b>	<b>1.3</b>	<b>1.1</b>	<b>2.1</b>

Persons employed by the Group are not paid separate remuneration when serving as a member of the Board of Directors or as a President of a Group company. Retirement age for the President and the President's deputy is 60 years. At that time they are entitled to a pension of 60 per cent of their pensionable salary. The Board of Directors has decided to continue the President's employment until December 31st 2015.

Notice period of the President is six months. If the company decides to terminate the President's employment before pension age, the President is entitled to severance pay equal to 12 months' total salary in addition to the salary of the notice period

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

In spring 2010 the Board of Directors decided on a new long-term incentive scheme for the period 2010- 2012 with a maximum limit. The earnings period was three years and the criterion for accrual was the growth in net assets. The commitment period for the incentive scheme continued until 2014. In spring 2013 the Board of Directors decided on a long-term share based incentive scheme for the period 2013-2015 with a maximum limit. The incentive scheme applies to 15 people working in management positions in SATO. The purposes of the incentive schemes are to combine the goals of the management with those of the shareholders, commitment of the key people, improvement of competitiveness, and promotion of long-term financial success.

## 15. Subsequent events

No significant events after the reporting period.

## Key indicators

Key financial indicators	1-6/2015	1-6/2014	1-12/2014	1-12/2013**	1-12/2012**	1-12/2011**
Net sales, MEUR	175.5	158.6	312.3	311.5	286.9	232.0
Profit before taxes, MEUR	93.0	96.7	152.0	141.0	121.0	174.0
Earnings per share, EUR	1.45	1.52	2.37	2.34	1.78	2.63
Balance sheet total, MEUR	2 909.6	2 718.3	2 802.0	2 596.0	2 360.0	2 167.0
Shareholders' equity, MEUR	945.1	860.7	892.0	823.0	693.0	635.0
Interest bearing liabilities, MEUR	1 654.0	1 567.3	1 584.9	1 501.3	1 375.3	1 255.4
Equity per share, EUR ****	18.59	16.91	17.55	16.16	13.72	12.59
Number of shares, million *	50.8	50.8	50.8	50.8	50.8	50.8
Return on invested capital, % (ROI)	8.8 %	9.5 %	7.7 %	7.7 %	7.7 %	10.9 %
Return on equity, % (ROE)	16.1 %	18.4 %	14.0 %	15.5 %	13.5 %	22.8 %
Equity ratio, %	32.5 %	31.7 %	31.8 %	31.7 %	29.4 %	29.5 %
Personnel, average***	172	161	165	156	152	137
Personnel at the end of period	171	158	169	156	150	141
<b>Key figures according to EPRA recommendations and operational cash earnings</b>						
EPRA Earnings, MEUR	31.8	36.4	65.1	62.7	44.4	43.2
EPRA Earnings per share, EUR	0.63	0.72	1.28	1.23	0.87	0.85
EPRA Net Asset Value, MEUR	1 171.6	1 065.6	1 120.3	1 006.9	900.5	825.1
EPRA Net Asset Value per share, EUR	23.0	21.0	22.0	19.8	17.7	16.2
Cash earnings, MEUR	32.7	41.8	72.9	66.1	61.6	51.9
Cash earnings per share, EUR	0.64	0.82	1.43	1.30	1.21	1.02
<b>Quarter key financial indicators</b>						
	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net sales, MEUR	79.2	96.3	76.4	77.3	85.0	73.6
Operating profit, MEUR	44.4	67.5	38.4	36.8	56.0	60.1
Profit and losses from changes of fair value	8.1	36.6	16.1	4.8	18.5	24.4
Net financing expenses, MEUR	-9.6	-9.2	-9.9	-9.8	-9.9	-9.5
Profit before taxes, MEUR	34.7	58.3	28.5	27.1	46.0	50.7
Earnings per share, EUR	0.55	0.90	0.42	0.42	0.72	0.80
Gross investments, MEUR	66.8	29.3	30.6	42.6	41.6	59.2
as percentage of net sales	84.4 %	30.4 %	40.1 %	55.1 %	48.9 %	80.4 %
Economic occupancy rate, %	96.6 %	96.4 %	97.9 %	97.8 %	96.8 %	96.2 %
<b>Key figures according to EPRA recommendations and operational cash earnings</b>						
EPRA Earnings, MEUR	17.3	14.5	12.0	16.7	18.5	17.9
EPRA Earnings per share, EUR	0.34	0.29	0.24	0.33	0.36	0.35
Cash earnings, MEUR	11.1	21.6	10.8	20.3	18.5	23.3
Cash earnings per share, EUR	0.22	0.42	0.21	0.40	0.36	0.46

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

\*\* Adoption of IAS 40 Investment properties -standard fair value model has been taken into account retrospectively in key figures. Retrospectively adjusted figures are unaudited.

\*\*\* Including summer trainees

\*\*\*\* Equity excluding non-controlling interest

## Formulas used in calculation

Return on investment, %	=	$\frac{(\text{Profit or loss before taxes} + \text{interest expense and other financing expenses})}{\text{Balance sheet total} - \text{non-interest-bearing debts (average during the financial year)}}$	x 100
Return on equity, %	=	$\frac{(\text{Profit or loss after taxes})}{\text{Shareholders' equity (average during the financial year)}}$	x 100
Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}}$	x 100
Earnings per share, EUR	=	$\frac{\text{Net profit for year due to owners of parent company}}{\text{Adjusted number of shares (average during the financial year)}}$	
Equity per share, EUR	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares (at the end of the reporting period)}}$	
EPRA Earnings		<ul style="list-style-type: none"> <li>Profit for the period, IFRS</li> <li>-/+ Gains and losses from valuation of investment properties</li> <li>- Profit on sales of investment properties</li> <li>+ Loss on sales of investment properties</li> <li>-/+ Profit on sales of new apartments adjusted with sales and marketing expenses</li> <li>-/+ Profit on sales of land areas</li> <li>-/+ Fair value change of financial instruments</li> <li>-/+ Deferred taxed of above items</li> <li>- Non-controlling interest</li> </ul>	
EPRA Net Asset Value		<ul style="list-style-type: none"> <li>Net asset value</li> <li>-/+ Fair value of financial instruments (net), net of tax</li> <li>-/+ Deferred tax assets and liabilities (net)</li> </ul>	
Cash Earnings		<ul style="list-style-type: none"> <li>Operating profit</li> <li>+/- Gains and losses from valuation of investment properties</li> <li>+ Depreciations</li> <li>+/- Change of provisions</li> <li>+/- Defined benefit plans</li> <li>- Cash based financial income and expenses</li> <li>- Cash taxed</li> <li>+/-Other items</li> </ul>	



## FACTS ABOUT SATO:

Number of SATO homes:

**25,000**

Fair value of investment property:

**€2.7 billion**

Investments/year:

**€150-200 million**

Number of personnel:

**170**

Business areas:

*Helsinki Metropolitan Area, Tampere, Turku, Jyväskylä, Oulu and St. Petersburg*

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