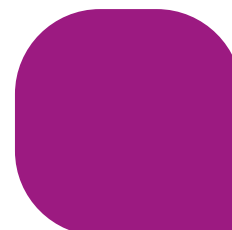
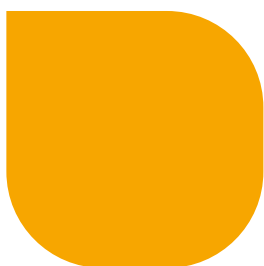


encounters 2012



we encounter, we listen, we put into practice

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SATO IN 2012

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Contact details on inner back cover

we innovate

We believe in constant improvement, and we listen to customers carefully. As housing and service requirements change, we innovate new services. We regenerate on terms decided by the customers' lives.

responsibly

Our responsible business operations are strongly bound to the wellbeing both of the residents and of the personnel who serve them.

productively

Constantly improving service is the core of our strategy, as growing and profitable business is based on the customer experience. A satisfied clientele also adds value for the shareholders.

creatively

We innovate to achieve repeated success and sustainable growth.



SATO did well and grew in 2012

SATO is one of Finland's leading corporate investors in housing. We own a total of some 23,500 rentable homes in Finland's largest centres of urban growth and St. Petersburg. Our investment assets have a fair value of roughly 2.1 billion euros.

Our goal is to be the most efficient and progressive player in the sector, which facilitates the constant improvement of customer services as well as generating added value for its shareholders.

35 cities, 260 districts, 750 properties, 23,500 homes and almost 40,000 residents

SATO's business is based on understanding customer needs. Only by genuinely listening to the customer can we improve our offering and services.

SATO's investment properties are valued at 2.1 billion euros. We expand our offering and boost the company's value by investing in rented homes.

It is our aim to be the most successful and progressive operator in the market. Attaining this demands constant reassessment of our operating methods and the measurement of results, as well as renewal. We collect and analyse information on customer experiences in all stages of the

customer relationship and reformat our processes as directed by the results. We renew ourselves as a company to match the expectations of the customers and other stakeholders.

SATO employs roughly 150 people skilled in the housing sector, who focus on boosting the value of our investment properties, handling customer relationships, and developing and managing partnerships. The entire organisation is committed to producing the best possible service for our customers. We also expect the same of our partners who hold responsibility for things like building management and

maintenance as well as renovation and construction.

SATO aims to provide homes for all kinds of situations in life. The core of our business is in rented homes, homes into which it is easy for people to move away from their parents, when they have a growing family, and as they age and life begins to slow down. As we expand our rented home portfolio, we pay particular attention to the quality and location of the homes.

During the year under review, we launched a new, home-style rented housing concept, SATO HotelHome, that serves temporary need for a home.

Business model

Management

HOUSING PORTFOLIO

- Investments and divestments
- Project and property development
- Asset management
- Control of renovations and construction

CUSTOMER RELATIONSHIPS

- Marketing
- Renting
- Sales
- Customer Service
- Enhancing customer relationships

PARTNERSHIPS

- Building management
- Property maintenance
- Construction
- Renting and selling when there is no company-owned service office in the area

Support functions

Financial management and finance, communications, HRM, legal affairs, IT, development

“

SATO's value proposition: A home the way you want it

SATO RentHome

SATO is a pioneer in the rented housing market. We develop our apartments in line with the customers' needs and we make it easy to find a suitable home, for example, with star ratings familiar from the world of hotels. By listening to the customers, we learn to prioritise correctly, not only in maintaining the present housing stock but also in planning future investments in rented housing.

SATO SeniorHome

Seniors' housing needs differ. In SATO SeniorHomes, housing is made easy with the help of the right kind of fittings and the locations of the buildings. When required, we can make home help and care services available to the residents, provided by partners.

SATO OwnerHome

We also aim to progress on the owner-occupied housing market in the direction that our customers want. We have launched ready-built SATO OwnerHomes for sale. The idea is simple and customer-friendly – the home is only sold after it has been completed. In this way our customers can see their future home in completed form before they decide on buying and they can move in right after the deal has been made. The apartments are individual as we put particular effort into their interior design.

SATO HotelHome

In August 2012, the first SATO HotelHome was opened in the Kamppi district of Helsinki. We carried out a major renovation of an apartment building to fit it for short-term housing, furnished the apartments to make them cosy while respecting the era in which the house was built, and we provide hotel-style services. The SATO HotelHome has been given an excellent reception by the customers. The next property, in the Kruununkhaka district of Helsinki, will be completed in spring 2013.

Service concepts



Star-rated rented homes



Care services in addition to rented housing



Individual owner-occupied homes ready for moving into



For home comforts in short-term accommodation

Review by the President and CEO



SATO's new look and logo communicate a more service-spirited culture than before

SATO has successfully managed to anticipate changes in the business environment and in the housing market and it has figured these into its strategic choices. We also prepare for potential future changes by updating our business and operational culture.

How did the housing market evolve during the year?

We have consolidated some 80 per cent of SATO's investment properties in the Helsinki region, where rented housing is popular. Most demand focuses on small homes, of which there are too few on the market. SATO has increased the supply of small homes, and roughly 70 per cent of our rented homes are studios or one bedroom apartments.

From SATO's perspective, in spite of the good situation, I am concerned about the overall trend in rented housing conditions. More homes are needed in the Helsinki Metropolitan Area so that rents will not

outstrip the ordinary wage-earner's ability to pay. This will affect the entire region's business prospects. SATO has seen the seriousness of the situation for years and made concrete proposals for changes to housing legislation to stimulate construction. The supply could be boosted rapidly by abolishing the so-called eternal restrictions on state lending.

The uncertain economic conditions during the year under review were not reflected significantly in the number of housing transactions, but caution increased in the number of owner-occupied project starts in the later months of the year.

Did SATO achieve the targets set for the past year?

Financially we performed well. In rental business and in maintenance expenses we attained our targets, and sales business and investments made excellent progress. Interest rates stayed low, which had a positive impact on SATO's bottom line.

We also improved on our tenants' customer satisfaction relative to the previous year, but our target for this was higher than the achieved result. During the year under review we introduced new benchmarks, with which we will be able in the future to get to grips with problems

faster than before and to improve guidance for partners.

What were the most significant impacts of your actions on the stakeholders?

Growth and financially responsible actions permit long-term partnerships and bring stability to the business of our subcontractors. Through our investments, we increase the supply of rented homes and this serves people needing homes as well as trade and industry. A new possibility was opened up for investors in April, when SATO issued the first corporate bonds in Finland secured by housing portfolio. The bonds are listed on the stock exchange, which improves the instruments' liquidity.

SATO's success depends on the residents' wellbeing, and every effort is made to improve it by constant improvement of services. How did this show in SATO's operations during the year under review?

The updates which were started were aimed at improving service and amenity value. I will give a few examples.

The functionality of maintenance services is an important factor in residents' satisfaction. We started the real-time monitoring of residents' requests for service to maintenance companies. To improve the operations we collect feedback on the quality of the job from the resident who placed the order. To reward long-term residency, we are developing an incentive programme together with the residents.

For people needing a short-term housing solution, we opened the first SATO Hotel-Home in August.

Where will growth be looked for in the future?

Investments in rented housing will continue to serve as our engine of growth. Geographically the most important regions are the Helsinki Metropolitan Area and St. Petersburg. Because of growing demand and to renew our housing portfolio, we will target a larger proportion of our investments on newly built homes. We are also investigating the growth potential in new housing concepts.

What are the targets, points for improvement and prospects for 2013?

The targets are related to improving the customer experience, profitability, growth and innovation. We are developing management, processes and customer meetings, which will impact positively on all our targets.

In spite of the uncertain business climate, I am confident of SATO's success in the future as before. Our focus is on housing in the urban growth centres, our operating methods are efficient, and we have a strong desire to develop our operations in a customer-driven way. Our customers, our personnel of top professionals, our committed shareholders and partners are our strength on our journey to become Finland's most significant housing investment company.

I am pleased to be able to thank all the above-mentioned for the constructive work we have done together.

Homes will always be needed.



Erkkä Valkila
President and CEO

Most investments in housing were targeted on the Helsinki Metropolitan Area, where demand is greatest. In this way SATO supports the growing vitality of the region.

Year 2012

Profit at record levels

- Profit before taxes improved by roughly 16% on the previous year, reaching MEUR 60.6 (52.1).
- The difference in value of investment properties grew by MEUR 60.6 to MEUR 534.3 (473.7).
- The Group's net worth at fair value grew by 9%, reaching MEUR 697.6 (640.2).
- Proposed dividend €0.55 per share (dividend for 2011 was €0.49 per share).

Investments in rented homes increased

- Investments in housing totalled MEUR 159.9 (148.8).
- St. Petersburg accounted for MEUR 22.6 (3.7) of the investments.
- At year-end, 644 (469) rented homes were under construction.

Occupancy rate still excellent

- The rental occupancy rate was 98.1 (98.3)%.
- Rental income grew by roughly 9% to MEUR 212.7 (195.8).

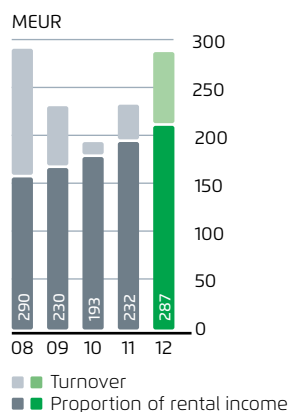
Strong growth in earnings

| Financial key figures | 2012 | 2011 |
|--|---------|---------|
| Turnover, MEUR | 286.9 | 232.0 |
| Operating profit, MEUR | 99.1 | 86.8 |
| Profit before taxes, MEUR | 60.6 | 52.1 |
| Earnings per share, EUR | 0.88 | 0.82 |
| Balance sheet total, MEUR | 1,854.6 | 1,716.6 |
| The difference in value of investment properties, MEUR | 534.3 | 473.7 |
| Equity ratio, % at fair values | 29.4 | 29.5 |
| Net worth per share at fair values, EUR* | 13.72 | 12.59 |
| Investments in investment properties, MEUR | 159.9 | 148.8 |
| Occupancy rate of rented homes, % | 98.1 | 98.3 |
| Dividend, MEUR | 28.0 ** | 24.9 |
| Dividend per share, EUR | 0.55 ** | 0.49 |
| Total annual return, % | 13.5 | 22.8 |

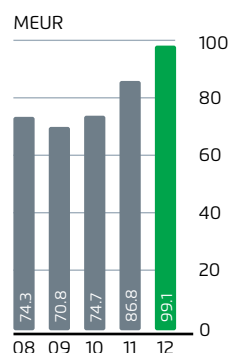
* Deferred tax liability figured in

** Board's proposal to AGM

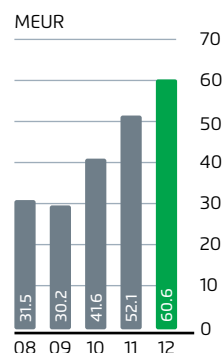
Turnover



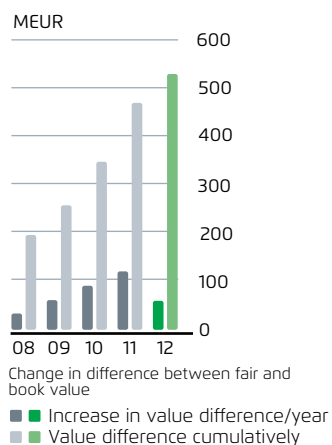
Operating profit



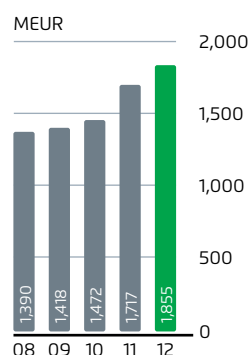
Profit before taxes



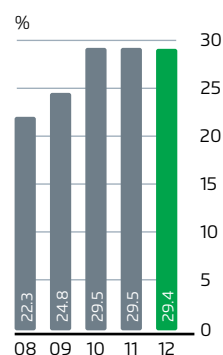
Change in value difference of investment properties



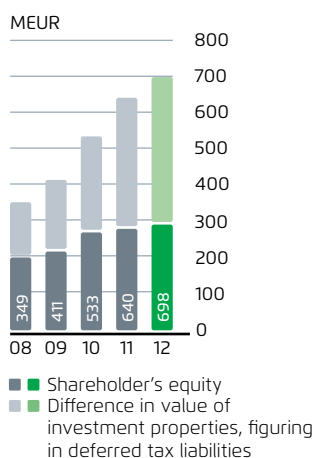
Balance sheet



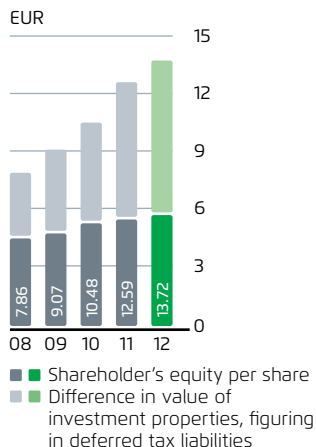
Equity ratio calculated on fair values



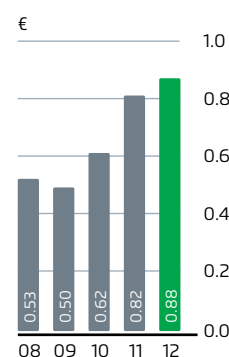
Net worth



Net worth per share



Earnings per share





ever more innovative services



The residents were involved in influencing the content of new services



Business climate

Demand for rented homes in SATO's business areas was good during the year under review. Uncertainty over Europe's economic trend continued due to slow recovery by the countries in crisis. The euro zone and the EU went into a slight recession and Finland's economic growth was subdued.

Poor economic growth did not show in employment

Growth in total output in Finland during the year under review was close to zero. Growth is also forecast to continue to be slow in 2013.

Cyclic conditions in all sectors were below average. Only less than half of industrial companies were operating at full capacity in December.

The trend in employment was good relative to output. The unemployment rate was average throughout the year, although it deteriorated in the closing months.

The subdued economic trend kept interest rates in Finland low. The loan margins charged by banks rose because of

profitability requirements. Corporate loans also became less available.

Due to its capital structure, SATO has benefitted from low interest rates. To finance growth, SATO has diversified its financing sources, for example, by issuing corporate bonds.

Consumers with savings plans

Private consumption grew by an estimated one per cent approximately, while consumption of consumer durables shrank. According to a December consumer survey, consumers' expectations of their own and Finland's economy continued to be cautious, and only willingness to save was higher than in the previous poll. In

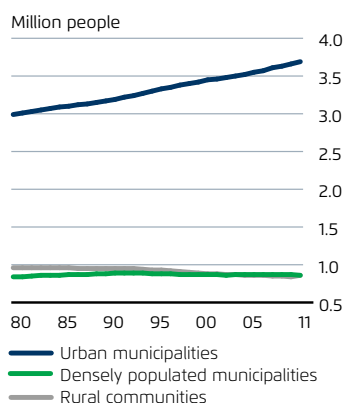
2013, consumer demand may be limited by a weak trend in real incomes.

The consumer confidence indicator was 3.5 in December, well below the long-term average (12.6).

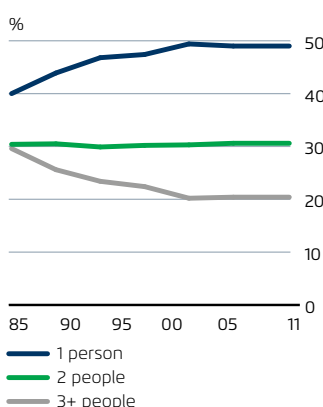
Immigration and urbanisation continued

According to advance information from Statistics Finland, the population of Finland grew during the January-November period by 23,800 to 5.4 million. This increase was due primarily to immigration, which focuses on cities. Net immigration was 15,700 and the natural increase in the population was 8,100.

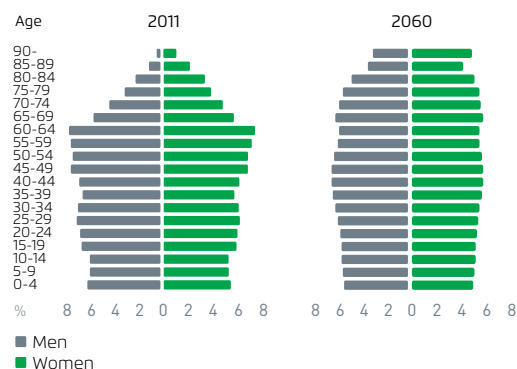
Urbanisation 1980–2011



Distribution of household sizes in Helsinki 1985–2011

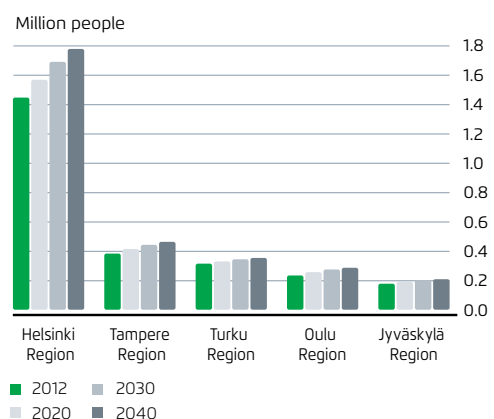


Population age structure 2011 and forecast 2060

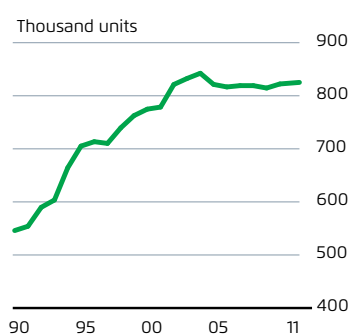


| MEGATREND | Impact on SATO | Action 2012 |
|--|--|---|
| <i>Urbanisation</i> | Investment properties consolidated in centres of urban growth | ► Investments aimed mainly at the Helsinki Metropolitan Area and St. Petersburg |
| <i>The greying population</i> | SATO SeniorHome, a concept combining housing with care | ► 70 new SATO SeniorHomes were completed |
| <i>Smaller family sizes</i> | Proportion of small homes being increased in the housing portfolio | ► Small homes accounted for 84% of investments |
| <i>Internationalisation</i> | Investments in St. Petersburg and the SATO HotelHome concept | ► Investments in St. Petersburg MEUR 23 ► The first SATO HotelHome property was opened in Helsinki ► The year's theme for residents was 'Cultures Meet' |
| <i>Visuals</i> | Deployments made in design | ► The SATO RentHome's new remodelling range ► New visual identity and logo |
| <i>Environment and sustainable development</i> | Responsibility as part of the strategy | ► Reducing energy costs ► Piloting of new energy sources ► Membership of FIBS |

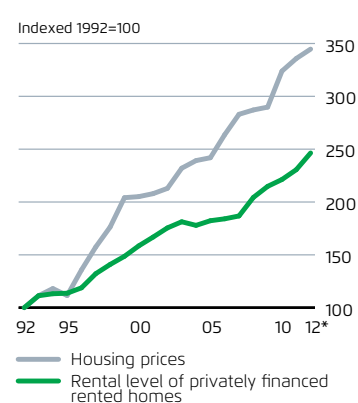
Forecast population by region 2012–2040



The rented housing stock in Finland 1990–2011



Housing prices and rental levels in the Helsinki Metropolitan Area 1992–2012



Urbanisation continues, but Finland's urbanisation rate is still short of international levels. Internal migration during the January–November period was roughly 260,000 according to advance information. SATO's strategy includes the objective of consolidating the investment properties in Finland in the five largest centres of urban growth.

Demand for rented homes focuses on small apartments

The downturn in economic growth further strengthened demand for small-sized rented homes. The growing number of households comprised of one or two people and high housing costs will require an increase in the supply of small rented homes.

During the year under review, rents rose in the market by an average of four per cent by SATO's estimate.

No encouragement for construction

During the year under review there were around 27,000 housing starts in Finland, which is roughly 4,500 fewer than in the previous year. The annual need is approximately 30,000 homes.

Of the housing starts, roughly a thousand were state-subsidised. The restrictions on the use of state-supported financing have stunted the construction of state-subsidised housing. SATO does not invest in state-subsidised housing due to the so-called eternal non-profit restrictions.

The number of trades of owner-occupied housing was in line with the average volume. An increase in the transfer tax coming into effect in the beginning of March 2013 and a change in the way the tax is calculated boosted the number of trades of new homes towards the end of the year. Caution over owner-occupied housing starts grew markedly later in the year.

SATO started the construction of roughly 650 homes in all, of which 435 will be SATO's investment properties after completion.

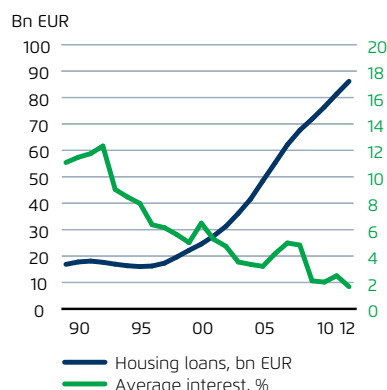
Competition climate changing slowly

Private small investors own roughly 50 per cent of Finland's approximately 800,000 rented homes, municipalities roughly 35 per cent, and housing investment companies some 15 per cent. Among these, SATO's prospects for carrying out investments in rented housing as a well-known, large and professionally operating company are good. New operators have entered the sector in the form of Finnish housing funds. This will increase the supply of rented housing and boost professional activity in the sector.

SATO's competitors in the owner-occupied market are construction companies, from which SATO is differentiated by its concepts and by its choice of customer segments.

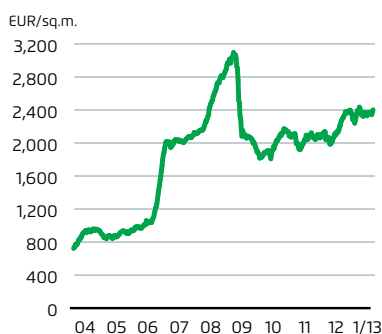
Urbanisation, smaller family sizes, the greying population and immigration support expectations for growth in demand for rented housing.

Housing loans and average interest rate 1989–2012



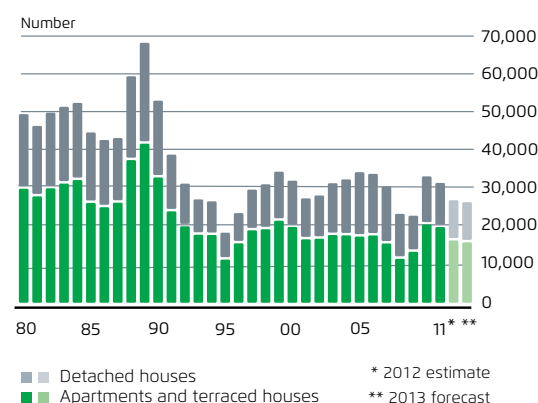
Source: Bank of Finland

Housing prices in St. Petersburg 2004–1/2013



Source: Bulletin Nedvizhimosti

Housing starts 1980–2012



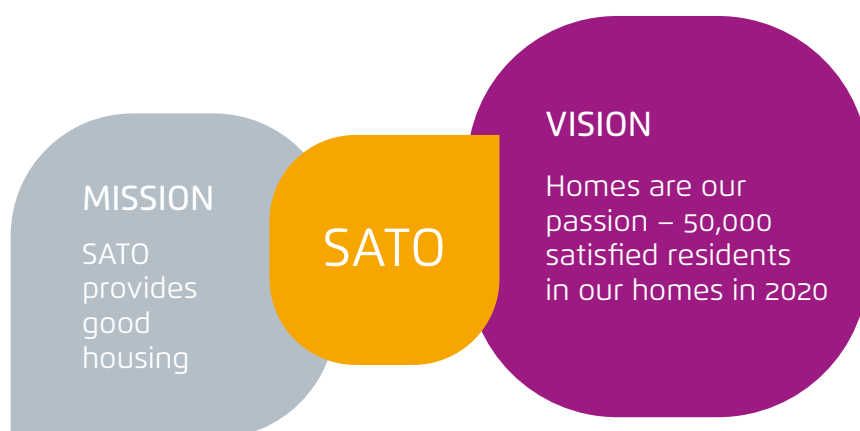
Source: Statistics Finland

Strategy

SATO is on the way to becoming Finland's most significant housing investment company. Our aim is to stand out through design, a good customer experience and our highly motivated personnel. In order to succeed, we listen to our customers, we inspire and incentivise our personnel, and we develop processes and partnering.

Profitability is secured through efficient, customer-centred operations. Consolidated procurement, a skilled service network, and the use of technology contribute to attaining this target.

Growth is achieved by investing in rented homes for which there is demand in the long term and which have the best prospects for appreciation in value. Growth is made possible with long-perspective financing and by developing innovative financing solutions.

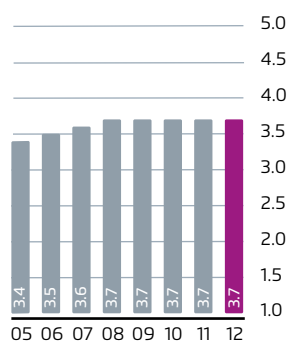


VALUES

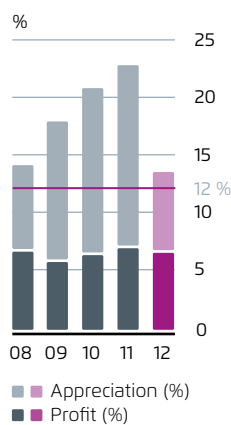
customer satisfaction – we keep our promises
the personnel's expertise – skilled personnel is our strength
partnership – we win by working together
profitability – profit enables us to build the future

| | Actual 2012 | Targets 2013 |
|---|---|---|
| Strategic goals | | |
| constantly improving services for the customers | customer satisfaction 3.71 NPS 25 | customer satisfaction and customers' NPS index better than 2012 |
| average 12% p.a. total annual return for the shareholders | 13.5% | net rental income higher than 2012 |
| value of the investment properties > €3 billion in 2020 | change in value of investment properties MEUR 190 (net investments + appreciation) | net investments over MEUR 100 and positive appreciation |

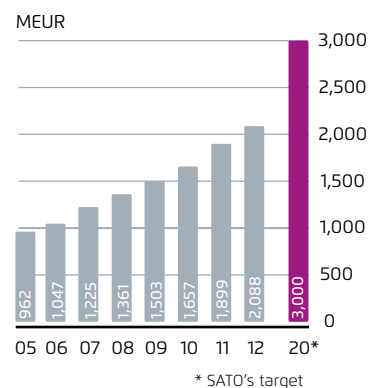
Customer satisfaction 2005–2012



Total annual return 2008–2012*



Growth, investment properties 2005–2012



Regenerative ability as part of the strategy

All personnel take part in innovation work

Growth and differentiation demand constant regeneration. Entrenching customer-driven operating methods requires changes in ways of thinking and the corporate culture.

SATO's personnel were encouraged during the year under review to take part more actively in innovation work. The aim is to bring ideas for development widely into use in the organisation. Innovation teams produced a number of practicable ideas and it was decided to establish an operating model which had been started as an experiment.

Regeneration in 2012

The most visible change is SATO's new logo and visual identity. The upgrade was seen in Helsinki city centre in the early months of the year when our rental and sales service moved to Mikonkatu. Service hours were extended at the same time. SATO serves its customers until 8 PM on weekdays and is also open on Saturdays.

In order to increase transparency, we adopted new channels of communication and customer service in the social media. Our specialists give their take on housing in the Olkkari.fi blog.

We are better able to serve needs for short-term furnished housing after the first SATO HotelHome property was completed in Helsinki in August.

Design has been placed centre stage for apartments, renovations and the grounds of our properties. Ranges of fittings and materials were modernised for use in renovations of rented homes. The interiors of apartments being built and renovated are designed individually.

The development of incentives for long-term residents was started together with the residents in pilot projects. The aim is to enhance the quality standard of long-term residents' homes on the basis of the resident's needs.

All the above updates are aimed at improving the customer experience. During the year under review, monitoring of the trend in the customer experience

was started using Net Promoter Score benchmarks and targets were set for this.

To enhance growth potential during the year under review, we upgraded the financing structure by issuing corporate bonds. For the first time in Finland, a bond issue was secured with a housing portfolio.

SATO's mission describes responsibility in our operations and the guidelines in place support this. During the year under review, the strategy was augmented with clarified principles for responsibility as well as the creation of measurements for responsibility with the aim of starting to produce corporate responsibility reports.

SATO also has a broad-spectrum reform of the work culture under way. In connection with this, we are changing over to working in open-plan premises to promote in-house interactivity.

Targets to secure business continuity, profitability and profitable growth

- SATO consolidated equity ratio of investment properties at fair values \geq 25%
- dividend \geq 60% of distributable profit
- fixed-rate loans at 50–80%

responsibility increases TRUST



The customers assessed SATO as a reliable landlord



SATO's role in society

SATO creates a basis for societal growth and development by providing housing. Our service concepts respond to customers' differing housing needs. As a specialist, we share our expert knowledge of the development requirements for housing and the business environment.

Corporate responsibility is managed holistically

The management of corporate responsibility is part of SATO's strategy. The objective is to increase the wellbeing of society, SATO and stakeholders in accordance with the principles agreed within our company. Compliance with these is the responsibility of management and supervisors. SATO's corporate responsibility principles are recorded in the ethical guidelines, the guidelines for good governance and procurement procedures, the environmental programme, and the personnel, communication, security, risk management, and sponsorship policy.

In its governance, SATO complies with the recommendations for listed companies' governance and resource management systems as stated on pages 38–41. The procedures by which SATO reduces its carbon dioxide emissions and puts improvements into action to protect the environment are written in the environmental programme. In rental business, the Good Rental Practice guidelines are complied with.

The procurement policy sets out the operational principles complied with in SATO's procurement: roles, authorisation to place orders, the decision-making process, supplier requirements, and elimination of the grey economy. The corporate group's overall interests are secured in procurements.

SATO's operations are reported openly and transparently. Press releases are published on the Helsinki stock exchange's website. Risks are prevented in advance by regular risk charting and operational governance.

During the year under review, we updated the principles for compliance in the personnel policy and the environmental programme. In 2013, we will carry out a materiality assessment for specific stakeholders and determine a set of benchmarks for the implementation of the responsibility policy.

Operations greatly affect stakeholders

The basis of the personnel policy is for SATO's personnel to be well and for there to be an atmosphere of encouragement

and appreciation prevailing in the working community. We devote effort to expertise, profession management, and on-the-job development. On the basis of the personnel survey, job satisfaction at SATO is higher than the average for comparable companies.

SATO's customers are mostly private consumers. Attending to consumer protection and responsibility for the apartments offered are part of our daily work. Good rental practice includes good neighbourliness in the housing community, and this is promoted in SATO's resident collaboration and resident communications.

SATO makes long-term contracts with its partners to promote a continuing business relationship. The management model and operations are developed in accordance with jointly agreed objectives.

To its stakeholders, SATO is a channel for indirect investment in housing. We handle the property portfolio and customer relationships professionally. We provide information on developments in the economy and on business in general on our website and in financial disclosures. Our dividend policy is competitive.

644

new rented
homes under
construction



SAVE THE CHILDREN FINLAND

SATO has a two-year partnership agreement with Save the Children Finland by which we seek to prevent the exclusion of young people and to support

families to help them to cope. The sums donated by SATO go to families of limited means with children. The donations are used for things like supporting family activities, helping children and young people on the internet by arranging crisis and support chat groups, and enabling poor families' children to complete upper secondary school and vocational education through the Eväitä Elämälle programme.

Society and the business community benefit from SATO's growing provision of rented homes in Finland's biggest urban growth centres and St. Petersburg. By means of property development and by maintaining a diverse choice of housing, we support potential development in the urban growth centres and the supply of labour. Maintaining the housing portfolio and construction also has a broad-spectrum impact on employment.

Societal influence in many communities

SATO wields influence on the trend in rented housing and on improving the prospects for the construction and ownership of rented housing by participating in the work of the main organisations in the sector.

SATO is a member of RAKLI – the Finnish Association of Building Owners and Construction Clients, and SATO's President and CEO served as the chairman of its Board of Directors 2011–2012. SATO also has representatives on RAKLI's Consultative Committee, the Housing Steering Group and three other

committees. SATO also has representation on the Consultative Committee of the Finnish Real Estate and Construction Forum as well as the Boards of Directors of the Finnish Housing Association, the Finnish Housing Reform Association and SFHP Suomi-Finland Housing and Planning.

In order to take part in boosting the competitiveness of the Helsinki metropolitan region, SATO is a member of the Helsinki Region Chamber of Commerce and is represented on many of the chamber's governing bodies.

During the year under review, a representative of SATO was invited to join the Ministry of Justice's Crime Prevention Council to coordinate the Neighbourly Aid Committee associated with preparations for an internal security programme.

SATO supports the theses of university students. We also present an annual award for a thesis by a graduating student at the Aalto University School of Arts, Design and Architecture to encourage young designers to find ways to improve housing using design.

SATO customer relations

Carefree housing

SATO RentHome is a safe and carefree choice for permanent housing. We have a growing supply and clear business models communicated to the customer about the content, responsibilities, and contacts involved in housing services.

In upgrading homes, the choice of fittings and materials is made on the basis of SATO's design collections. Building management and maintenance partners take care of duties related to upkeep of the apartment and property in accordance with our service targets.

Buyers of a SATO OwnerHome get an individual, ready-made home on a turnkey basis. We supervise the performance of the construction partner and the quality of the apartment on behalf of the customer.

More than just walls

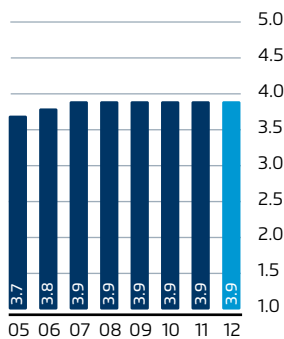
SATO's residents can attend events and occasions arranged by SATO free of charge or at a reduced rate. During the year under review, a total of 15 public events were held along with tens of occasions for particular buildings or areas. The public customer events were attended by nearly 3,000 residents.

SATO's quarterly customer magazine Kotona contains information on subjects concerning housing, resident activities, events and special offers. SATO's website also provides information about the lease relationship, service possibilities, and an apartment exchange mart.

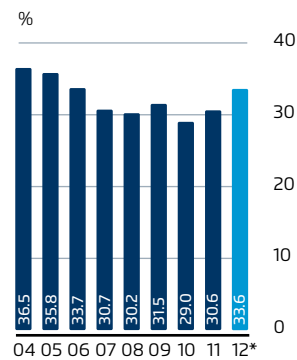
We provide services flexibly and only with us can a resident choose, for instance, between two alternative rent payment

We boost the quality of apartment maintenance services by collecting direct feedback from customers on maintenance visits.

Satisfaction with SATO as landlord



Tenant turnover



* internal turnover was 7.5%

3,000

attendees at residents' events



EASILY APPROACHABLE

To facilitate customers' access to SATO, we have extended our service hours and we are developing our e-services. Our

customer service responds rapidly to phone calls, emails and Facebook messages, resolving 90 per cent of customers' issues on the first contact. Home-seekers can check out the wide range of housing on our website and other housing portals and contact our sales negotiators at our rental and sales offices in Helsinki, Tampere, Turku, Oulu or St. Petersburg.

dates, and long-time residents have priority for the apartment they want in an exchange.

Almost all SATO RentHomes have a broadband internet access free of charge to the customers. In a customer satisfaction survey, almost 80 per cent of respondents considered the inclusion of broadband in the rent a good thing.

Listening to the customers

On the basis of the feedback and claims collected in the various stages of the customer relationship, we measure our success and our partners' ability to attend to our customer promises. The results are utilised in mitigating causes of dissatisfaction and enhancing service processes as well as in innovation work.

To increase the comparability of our customer survey results, we have standardised the benchmarks and adopted the Net Promoter Score (NPS) customer loyalty metric.

Developing together with customers

During the year under review, we launched development of the incentive practices for long-term residency together with the residents of a pilot property. In addition to the quality of the home, the building's amenities and the resident's relationships with each other are important subdivisions of good housing. Various models for improving cooperation were planned at residents' events.

Together with the residents, SATO chooses an annual theme for collective improvement work. For the year under review, the theme was "Cultures Meet" with the aim of preventing conflicts arising from different housing habits.

Recognition for exemplary customers

Lauri Rautanen of Nastola was chosen as the Resident of the Year for 2012 for his exemplary work in attending to shared issues for residents and promoting their interests.

Environmental responsibility

The environmental programme guides, sets out responsibilities and measures

Through our environmental programme we promote caring for the environment and sustainable development at SATO. Our environmental work guides the design of homes, renovations and construction, investments, as well as the principles applied in the occupation stage, and responsibilities are set out.

Primary responsibility for attaining the environmental targets is held by the units' managers. Our partners are committed to the targets by contracts and by training. SATO's Environmental Committee monitors the implementation of the environmental programme and is in charge of developing the programme, implementing changes, reporting on environmental issues, and promotion of these.

Main environmental impacts come from energy consumption

The main environmental impacts come from energy consumption by SATO's properties. All the properties are connected to a consumption monitoring and energy management system with the aim of reducing the properties' specific consumption of electricity, heating and water by 15 per cent of the 2004 level by the end of 2016. By the end of the year under review, specific consumption of water had been reduced since 2004 by 10.4 per cent and consumption of electricity and heating had already reached the targeted level for 2016. The savings were achieved principally by adjustments to heat regulators and by installing water conservation fittings.

Environmental risks are limited throughout the lifecycle

Environmental risk management limits the risks to the properties' structures, to the environment and to people.

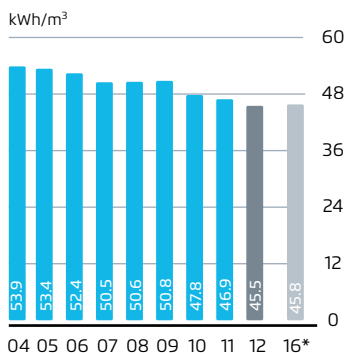
Condition assessments are carried out on properties scheduled for major renovations to detect structural damage and the toxic content in building components. The working methods employed in the renovation are selected on the basis of the results of the assessments.

Renovation and construction contractors are obligated contractually to arrange conditions on their worksites in such a way as to minimise the problems and disruption caused by the worksite to both the natural and the built environment. Low-emission materials are used in renovations.

When buildings are demolished, particular care is taken to sort demolition waste so that toxic materials receive proper treatment and reusable materials and building components can be recycled.

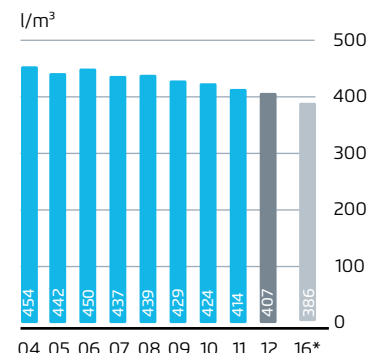
By timely communications with occupants and by properly timing exceptional measures during renovations, interference with occupants is prevented and nuisances are minimised.

Standardised heating consumption



* SATO's target

Water consumption



* SATO's target

Sustainable development benefits business and customers

The profitability of SATO's investment in housing business is affected by rental income and the costs associated with maintaining the homes. The proportion of maintenance costs due to energy expenditures is roughly 43 per cent. Mitigating the rise in energy expenses and the proper treatment of waste affect rents and are therefore also beneficial to residents.

Lifecycle design is used to influence the trend in value of the investment properties. Design prevents premature renovations and the costs of these, and it manages the unnecessary expense of repairing faults.

SATO develops the energy solutions of tomorrow

During the year under review, tests were carried out on the effects of reconnected heat regulators on energy savings. In pilot properties, the temperature was regulated

directly according to the average room temperatures. The readings obtained show an estimate 10–15 per cent for potential savings on heating costs in the properties without compromising on comfort. The estimated repayment time for the investment is two-three years.

In the Soukanniemi district of Espoo, SATO had a new property under construction at the turn of the year in which the heating takes the form of geothermal heating. During the summer months, the borehole supplies energy for air conditioning. Energy-efficient solutions are used for lighting: LED, compact fluorescent lamps and motion sensors. Also, an area of the grounds has been set aside for horticulture for the residents. In the pilot, the aim is to obtain targeted information on the impacts of various solutions. The results will be utilised in future construction projects.

Residents will receive tips from SATO's customer magazine and publications on how to promote sustainable development and save energy in their housing.

| Conservation of heat and electricity | | Water conservation |
|--------------------------------------|--|--|
| Targets 2016 | ▶ –15% of the 2004 level | –15% of the 2004 level |
| Consumption 2012 | ▶ Electricity –18.1%, heating –15.5% of the 2004 level | – 10.4% of the 2004 level |
| Action 2012 | ▶ Electricity renovations and development of energy management systems | Installation of water-saving fittings in 3,000 homes |

Personnel

We promote interactivity between management and personnel as well as between units. Deployments in supervisory work enhance on-the-job wellbeing and productivity. We support the development of expertise by means of training, mentoring and improving coaching skills.

Everyone is responsible for wellbeing

The main items for improvement in SATO's personnel management are on-the-job wellbeing and working stamina. The basis for wellbeing is laid with management, but every SATO employee has his or her own responsibility for their own and their co-workers' wellbeing. We use an early-intervention model with the help of which problems are tackled pre-emptively.

In order to promote working stamina, the personnel have more extensive occupational healthcare than is mandatory, and caring for sick children is provided for.

The index describing the personnel's overall satisfaction was, for the year under

review, 69.3 (on a scale of 0–100) (66.6 in 2011). The results have improved for four consecutive years and they exceed the average for comparable companies.

Inspiring and coaching work by supervisors

We support supervisors' capability to lead the personnel by arranging annual training for supervisors. During the year under review, two supervisors' forums were held on the subjects of the personnel policy and managing the customer experience. A 360° assessment was made for supervisors and specialists guiding partners, and this was utilised for making personal development programmes. The results of the assessment

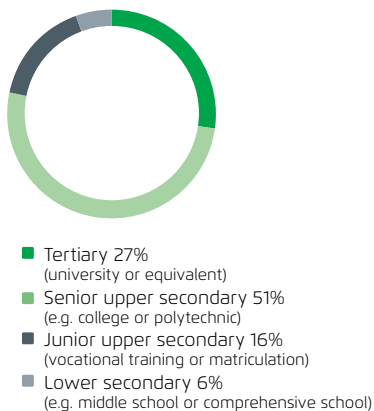
were an improvement on the previous measurement in all subdivisions.

The supervisors have picked "inspiring and coaching work by management" as the leading management theme for SATO. In order to put the intention into practice, we are starting up training in coaching skills in 2013.

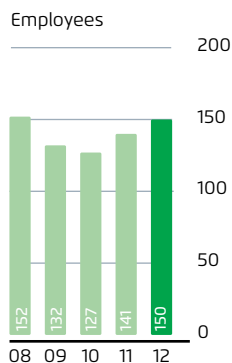
Interaction between the management and personnel

During the year, Tarmo, the coordinating body for SATO's personnel and management, convened on three occasions. The activities focused on dealing with topical subjects. These included, for example, a plan for converting the business

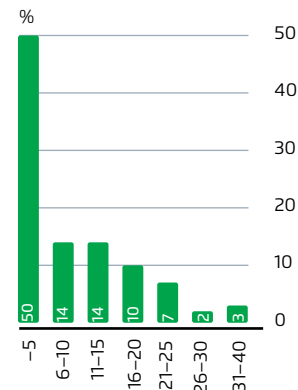
Personnel educational level 31 Dec. 2012



Personnel at year-end



Number of years of service by personnel 31 Dec. 2012



163

innovation
initiatives from
the personnel



PRODUCTIVITY REWARDED

SATO appreciates collaborative, initiative-taking and productive operating methods, and these are also rewarded. The company's senior and middle

management are included in a personally determined incentive scheme. Other personnel are paid a bonus for attaining jointly specified goals. The personnel are also encouraged by awarding an annual 'SATO Employee of the Year' certificate as well as mentioned of honour for exceptional performance in promoting the values.

premises into an open-plan format. Tarmo confirmed the election of the SATO Employee of the Year and granted mentions of honour to seven SATO employees nominated by the personnel.

During the year under review, regular joint coffee mornings for the entire personnel once a month were started. These sessions discuss topics related to the strategy and current events.

Mentoring for skills development

Regular appraisal interviews are held to assess the skills required for the job and individual training plans are drawn up.

The personnel's expertise is enhanced by arranging in-house training and by supporting external training. Internal job rotation has been increased and during the year under review we launched a mentoring programme.

With the help of mentoring, the development of key individuals also for new posts and for handling strategic projects can be accelerated. In this way we can not only provide new challenges but also guarantee continuity.

In support of strategy work, we decided to carry out a survey of the current state of expertise in 2013. The results of the survey will be compared against the requirements set by the strategy and a development plan will be made to fill the gaps in skills.

Business premises altered to improve the work and service experience

The Helsinki rental and sales service office moved to new premises in the centre of Helsinki. The premises were designed to improve the personnel's work environment, to serve customers well, and to fit in with SATO's new look. Similar changes were made in the new office in Oulu.

A big remodelling project to update the work culture was started at SATO House in the K  pyl   district of Helsinki. By March 2013, all the personnel will change over to working in open-plan offices.

Interactive training at the SATO days

The eighth SATO days took the entire personnel to Vanajanlinna in June. The theme of the interactive training was improving the customer experience. Alongside the training sessions, there was also an opportunity to get to know colleagues through a freeform programme.

Recreation and networking

Arranging other recreational activities has been allotted to SATO's sport and recreation club LiiVi. During the year under review, the club arranged a variety of broad-based cultural events, sporting opportunities, and the personnel Christmas party.

Financial responsibility

We take care of the business sustainability of operations as well as attending to the financial effects on stakeholders and society. Our housing portfolio comprises a substantial part of Finland's national wealth and it is a major source of employment in the property sector.

Targets for yield and for growth in assets

Responsibility for the residents and the societal role as a provider of good housing require long-term, steady operations as well as good financial bearing capacity.

SATO's strategy sets an annual total return target and a long-term target for growth in investment assets. To secure continuity, the objective is to maintain an adequate equity ratio and hedging of loans to mitigate the interest rate risk. The targets are set out on pages 13–14.

The operative targets have been derived from the strategic goals. Financial key

benchmarks are associated with securing the cash flow, profitability and investment in housing. The management closely monitors the financial occupancy rate, the net yield of the investment properties and the trend in the profitability of investments, and it puts changes into effect whenever necessary.

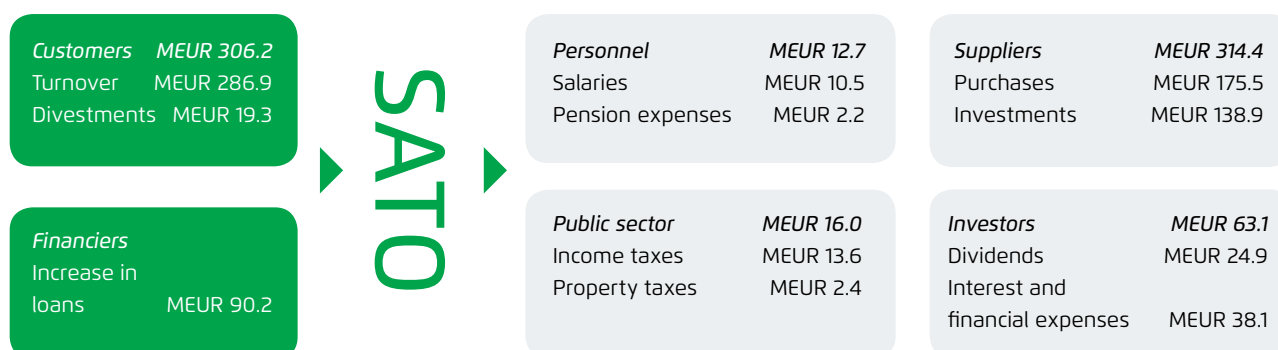
Management with targets, guidelines and risk charting

The attainment of the targets is secured first and foremost by good management. The personnel are committed to the financial targets through personal goal-setting and financial incentives.

In support of management, we have drawn up procedures for the personnel and partners, for example for making purchases and for avoiding the grey economy. For each SATO employee and partner's agent, we have specified cash limits for authorisations for approving orders and invoices.

We regularly perform risk reviews to prevent occurrences of financial risks, for example. Principles recorded in the financial policy regulate interest rate fluctuations.

Cash flow diagram 2012



800

work-years from subcontractors



Internal and external supervision

Responsibility for the arrangement of the internal supervision is held by the Board of Directors and by the President and CEO. Each supervisor is accountable for his or her sphere of responsibility and for its financial performance. The Group's financial administration produces financial reports and is responsible for their accuracy. The auditor confirms that the financial reporting is fair and accurate.

Internal supervision also independently and systematically assesses such issues as the functionality, effectiveness and appropriacy of risk management. The Board of Directors approves an annual audit plan and, whenever necessary, commissions additional checks for operational sectors requiring particular attention.

Broad financial influence

SATO is one of the most notable Finnish property investment companies. Customers can choose the best solution for their own financial situation from our wide range of homes and service concepts.

Salaries paid and pension contributions applied to the work input of some 150 SATO employees, of whom roughly 40 work in customer service posts at four locations in Finland as well as in St. Petersburg, Russia.

The biggest subcontractors are partners providing building management and property maintenance services as well as contractors. With its investments and orders, SATO indirectly provides employment for thousands of people working in the subcontract chain.

In 2012, SATO paid a total of roughly 16.0 million euros in income and property taxes.

SATO's biggest owners are Finnish pension insurers. SATO paid dividends in the amount of 24.9 million euros on the financial year 2011 during the year under review. The interest paid to financial institutions and investors on loans were 38.1 million euros, of which 6.2 million euros was interest on state-subsidised loans paid to the government.

Deployments in research and development totalled roughly 1.3 million euros. SATO supports NGOs, culture and sport.

SECURED CORPORATE BOND ISSUE

In April, SATO issued secured corporate bonds in the amount of 100 million euros. This was the first time that a housing portfolio was used to secure corporate bonds in Finland. The maturity of the bonds is seven years. The purpose of the issue was to expand the financial base to permit growth. The bonds were listed for public trading at NASDAQ OMX Helsinki Ltd on 17 April 2012.



wellbeing through growth



We expanded the supply of rented homes with investments in new housing



Risk management

The goal of risk management is to ensure operational continuity as well as achieving the company's strategic and financial aims. The highest responsibility for risk management is held by the company's Board of Directors, which decides on the targets for risk management and monitors the main risks. Risk management is part of SATO's strategy process, operational management and business processes.

SATO carries out risk assessment on its business regularly in connection with strategic and annual planning. To identify the risks of various subdivisions, SATO uses a risk model developed for it. The risk model assists in mapping out on a broad front the risks and opportunities that may be associated with the business climate, business management and decision-making, and operational processes.

To preclude the fulfilment of recognised risks and to minimise possible consequences, the necessary actions are planned. Responsibility for following up these impacts is allocated on the unit level. The Corporate Management Group supervises action on risk management and its impacts no less often than quarterly. The internal audit assists in the process and serves as an external guarantor of quality and as an assessor of results.

The risk management system

Risk assessment and risk management Key guidelines

- Decision-making model and authorisations
- Procurement management model (supplier networking, selection of suppliers, supplier criteria, selection of partners)
- Insurance policy management system, appraisal and allocation of responsibility

Internal controls system Process management model

- Ownership of key processes, monitoring and development model and benchmarks

Financial and operational reporting

- Balance between anticipatory and follow-up benchmarks

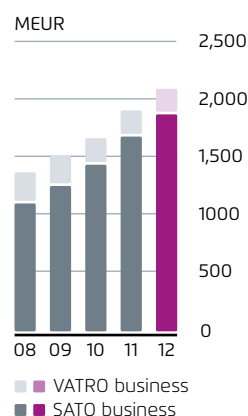
Main business risks in the near future

| | Effects | Action |
|--------------------------------------|--|---|
| TREND IN HOUSING PRICES | The overall economic trend may reduce purchasing power and consumer confidence, causing increased unemployment and resulting in a downturn in housing prices. A rise in interest rates, higher tax and increases in regulations on borrowing may cut demand and reduce housing prices. | SATO's housing property is approximately 80 per cent in central locations in the Helsinki region. Lifecycle repairs are carried out on the housing portfolio to maintain its value. |
| FINANCING | As a result of bank regulation, financing may become less available and the price may rise. The implementation of SATO's investments and divestments may be hampered. | Long-term planning of financing and diversified sources of finance will improve the availability of financing and bring stability to expenses. |
| ADAPTABILITY AND REGENERATION | Adaptation of business to an altered climate will fail to take effect or business will not undergo renewal to match changes in customer needs. | Analysis of the business climate and an active dialogue with customers plus activation of personnel and stakeholders for innovation are a part of operational development. |
| PRICING | SATO's rental pricing does not correspond to the customers' expectations, leading to increased tenant turnover and idling. | The price-quality ratio of the apartments is maintained through active pricing and by renovations. |
| REPUTATION RISK | SATO's reputation as a reliable operator deteriorates as a result of its own actions, harming business operations. | SATO acts responsibly and fulfils the expectations of the customers and other stakeholders. |

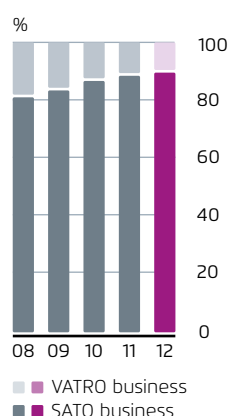
Business segments

SATO's operations are managed and reported on in two business segments, SATO business and VATRO business.

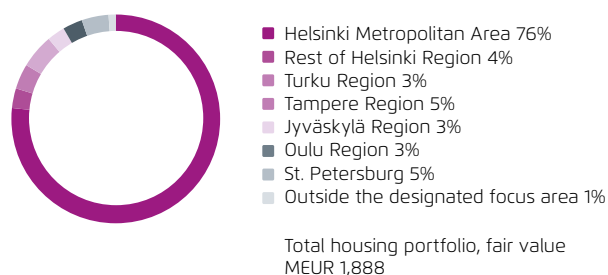
Trend in the housing portfolio
2008–2012 at fair values



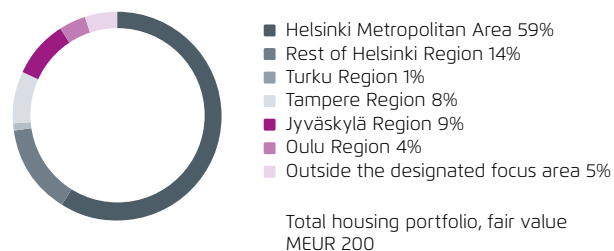
Business segments' shares of the housing
portfolio 2008–2012, fair value



Regional distribution of the investment
properties (SATO business)
31 Dec. 2012



Regional distribution of the investment
properties (VATRO business)
31 Dec. 2012



SATO business

- roughly 19,400 homes, mostly in Finnish growth centres and St. Petersburg
- rented housing with no or shorter-term restrictions as well as owner-occupied housing construction
- fair value of the homes roughly 1.9 billion euros, 90% of the value of the SATO Group's investment properties

VATRO business

- roughly 4,100 homes, mostly in Finnish growth centres
- state-subsidised housing subject to long-term restrictions, with the restrictions ending in the 2040s
- fair value of the homes roughly 200 million euros, 10% of the value of the SATO Group's investment properties

SATO's investment in housing business includes both privately financed and state-subsidised housing property, of which the latter is affected by restrictions set by housing legislation both at the company level and for individual properties. This segmentation enhances the transparency of operations and reporting related to the state-subsidised housing stock.

SATO business is comprised of privately financed housing as well as those housing

units subject to state-subsidised and interest-subsidised credits to which property-specific restrictions end during the period 2012–2025. The homes included in SATO business account for roughly 90 per cent of the fair value of the Group's investment properties. Operations in St. Petersburg and construction of owner-occupied housing are also part of the SATO business segment. The VATRO business segment includes those housing units which are

subject to longer-term restrictions under legislation on state-subsidised loans. These restrictions will end by approximately 2047.

In accordance with the Group's strategy, most of the new investments are allocated to SATO business and the relative importance of VATRO business within the Group is declining.

financial key figures 2012

| MEUR | SATO business | VATRO business |
|--|---------------|----------------|
| Turnover | 250.0 | 36.9 |
| Net rental income of the housing portfolio | 106.7 | 18.6 |
| Profit before taxes | 56.3 | 4.3 |
| Gross investments in investment properties | 159.9 | 0 |
| Book value of the investment properties | 1,353.8 | 199.9 |
| Fair value of the investment properties | 1,888.1 | 199.9 |
| Rented homes (number) | 18,199 | 4,095 |
| Shared ownership apartments (number) | 1,216 | 0 |
| Completed investment properties (number) | 360 | 0 |
| Completed owner-occupied homes (number) | 299 | 0 |

Steady cash flow from the rental income of investment properties

In addition to the rental yield obtained from the investment properties, their appreciation in value plays a key role in our business. SATO RentHomes are concentrated in areas in which the demand for rental homes will grow in the long term. The trend in values is supported with systematic maintenance.

Small homes in central locations

SATO's investment properties are concentrated in the larger urban growth centres and roughly 80 per cent of the housing property is in the Helsinki region. The rest of the housing property is in the economic zones of Tampere, Turku, Oulu and Jyväskylä as well as in St. Petersburg,

Russia. The homes in the economic zones are located close to good transport links and services.

Demand for rented housing in cities mostly focuses on small apartments. The average size of SATO's homes is 56.7 square metres.

Stars indicate quality

SATO has developed a star classification system for its rented apartments, the intention of which is to communicate to the customer an accurate image of the rented apartment's price-quality ratio and to facilitate the choice of a home. There are three classes. The five-star homes are unique in their locations and interior materials. The

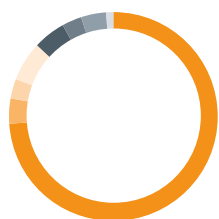
four-star homes are new or as good as new, and the three-star homes are SATO RentHomes in a basic condition.

Apartments earning well

At the end of the year under review, SATO had a total of roughly 750 housing properties with a total of 23,510 (23,279) apartments. The total floor area of the apartments was 1,344,340 square metres.

The net rental income of the housing portfolio was up on the previous year 14.5 (8.7) per cent reaching 125.3 (109.4) million euros. The net rental income percentage of the rental housing calculated on the fair value was 6.4 (6.2).

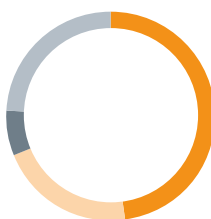
Regional distribution of the investment properties 31 Dec. 2012



- Helsinki Metropolitan Area 75%
- Rest of Helsinki Region 5%
- Turku Region 3%
- Tampere Region 6%
- Jyväskylä Region 3%
- Oulu Region 3%
- St. Petersburg 4%
- Outside the designated focus area 1%

Total housing portfolio, fair value
MEUR 2,088

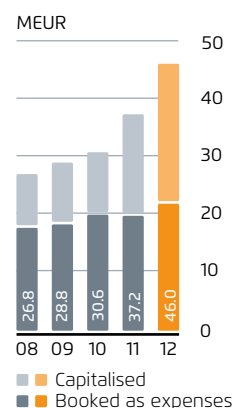
Distribution of housing by area, Helsinki 31 Dec. 2012



- South 48%
- West 21%
- North 7%
- East 24%

Total housing portfolio, fair value
MEUR 977

Renovation



MEUR
213
in rental income



SATO HOTELHOME AS AN INVESTMENT

An increase in plumbing renovation projects, companies internationalising their business, and project and

distance working have created totally new demands for a housing solution. To respond to the growing demand for short-stay housing, we launched the latest concept in rented homes, SATO HotelHome. The first property was opened in the Kamppi district of Helsinki in August 2012. The next project will be completed in the Kruununhaka district of Helsinki in spring 2013.

The difference between the fair and book value of the investment properties increased during the period under review by 60.6 (122.3) million euros. The increase was due to the trend in prices and rents as well as the ending of state-subsidy restrictions on properties. The assessment procedure for fair value is described on page 58.

Maintenance of investment properties handled by partners

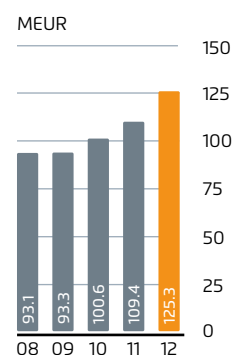
The building management, maintenance and cleaning as well as the repairs for the properties are handled by partners. During the year under review, SATO put the properties' maintenance out for competitive tenders and standardised the agreements

made with maintenance companies.

A lifecycle plan is made annually for the properties owned by SATO on the basis of their technical condition and the requirement for renovations is determined accordingly.

The condition of all of SATO's Rent-Homes is checked at fixed intervals or when there is a change of resident. During the year under review, fixed-term renovations were carried out in all on roughly 4,800 homes. Small faults requiring improvements are repaired at the time of the inspection and a survey is made of larger repair requirements. SATO's range of fittings and materials is used in repairs.

Net rental income



| | 2012 | 2011 |
|---|-----------|-----------|
| Number of homes, total | 23,510 | 23,279 |
| rented | 22,294 | 22,022 |
| owner-occupied | 1,216 | 1,257 |
| Floor area of homes, sq.m. | 1,344,340 | 1,337,831 |
| Value of homes (MEUR) | | |
| book value | 1,553.7 | 1,424.9 |
| fair value | 2,088.0 | 1,898.6 |
| Net rental income of housing portfolio (MEUR) | 125.3 | 109.4 |
| Net rental income of rented homes, % | | |
| on book value | 8.6 | 8.1 |
| on fair value | 6.4 | 6.2 |

In-house rental business anticipates changes in the market

To steer its operations, SATO anticipates changes in the housing market. Practical information on housing requirements is obtained from home seekers. Our in-house rental service supports our goals of producing good customer experiences and developing our operations to make them more customer-driven.

Flexible service hours

In February 2012, our rental and sales service in Helsinki moved to Mikonkatu. At the same time, the office service hours were extended. SATO is the first in the sector to serve customers till 8 p.m. on weekdays and is also open on Saturdays.

With SATO website you can find yourself a home any time of day or night and send your contact details and housing requirements electronically.

A steady cash flow

Efficient rental business secures rapid availability for people who need a home and a steady trend in cash flow. During the year under review, a total of roughly 7,700 lease agreements were signed and the rental occupancy rate was at an excellent level.

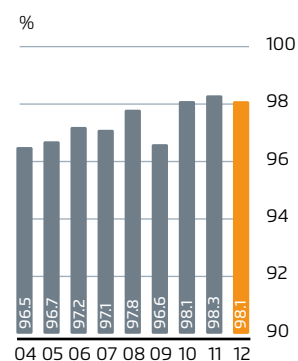
Current leases include rent review criteria and the rents are reviewed annually. Rents for vacated homes are set according to market conditions. Rents for state-subsidised properties comply with the regulations for these.

Rental income was up by 8.6 per cent on the previous year, totalling 212.7 (195.8) million euros.

Outlook

Economic uncertainty is fuelling demand for rented homes in the urban growth centres. If the employment level deteriorates, rent levels may decline.

Financial occupancy rate of rental housing



| | 2012 | 2011 |
|--|-------|-------|
| Average rent per square metre €/sq.m/month | 13.92 | 12.82 |
| Financial rental occupancy rate, % (Finland) | 98.1 | 98.3 |
| Tenant turnover, % | 33.6 | 30.6 |
| incl. internal turnover, % | 7.5 | 6.4 |

homes for ever more people



SATO's new office on Mikonkatu in Helsinki serves customers even better than before



Investments and divestments boost the value of investment assets

The trend in urbanisation is leading to growing demand in the centres of growth and along rail routes. SATO secures the rental attractiveness of the investment properties and a favourable trend in the value of the housing portfolio by targeting investments on Finland's five largest urban growth centres and St. Petersburg. We expand our holdings of housing primarily in the Helsinki commuter zone and St. Petersburg, where properties are selected along good transport links.

SATO is an active housing investor

Investment activities create a framework for growth. In the 21st century, SATO has invested a total of roughly 1.5 billion euros in rented housing and the fair value of the housing portfolio has risen from roughly 700 million euros at the turn of the century to some 2.1 billion euros.

We acquire and commission construction of both complete rented buildings and individual rented apartments. The factors influencing the assessment of an investment are local development prospects, the population profile and the estimated costs of maintenance and repair. The proportion of newly built homes is roughly half of the investments.

Investments stepped up in newbuilds

During the year under review, the Group's gross investments in investment properties totalled 159.9 (148.8) million euros. Of this, roughly 86 per cent was in Finland.

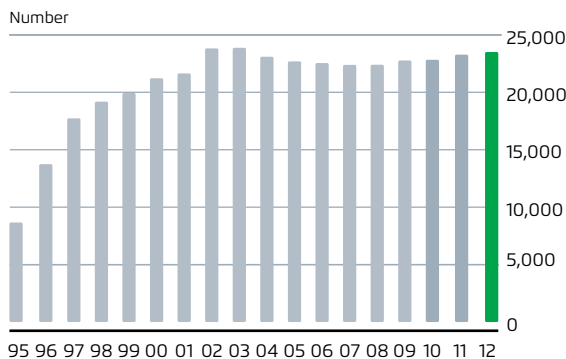
Of the rented homes acquired, roughly 70 per cent, in all 415 homes, were new. Of the 644 rented homes under construction in Finland, roughly 90 per cent are in the Helsinki Metropolitan Area.

The main investment in newbuilds in Finland was a 43-unit rented apartment building under construction in the Jätkäsaari district of Helsinki, which will be completed towards the end of the year 2013. The total value of the investment is roughly 12.8 million euros.

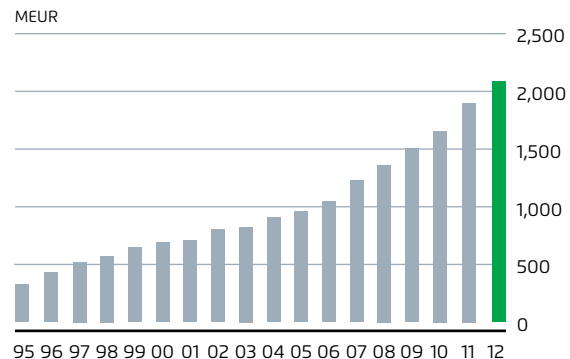
The main acquisitions of ready-built housing were the purchase of 88 rented apartments in the Helsinki Metropolitan Area from Pension Fennia Mutual Insurance Company for roughly 14 million euros and the acquisition of a hundred rented homes in the Vallikallio district of Espoo from AKR Tuotto Ky.

Renovation investments in 2012 were valued at a total of 46.0 (37.2) million euros.

Trend in the housing portfolio



Trend in the housing portfolio, fair values



**MEUR
160**
in investments in
rented homes



SATO INCREASES RENTED HOMES IN THE HELSINKI METROPOLITAN AREA

SATO has responded to the shortage of rented housing in the Helsinki Metropolitan Area by directing an increased

share of its investments to Helsinki, Espoo and Vantaa, where 689 new SATO Rent-Homes have been completed in the past three years. On 31 December 2012, 644 rented homes were under construction. The newbuild project investments are privately financed. We are ready to produce hundreds more new rented homes per year with state-supported financing if the legislation on restrictions to this are made less stringent.

Divestments on the basis of location or condition

Divestments of housing were mostly made on the basis of the property's location or condition. During the year under review, a total of 390 (301) rented homes were sold from the Group's housing portfolio and the value of the divestments totalled 19.5 (18.7) million euros.

In its housing production, SATO focuses on apartment buildings, and land not suited to this is sold off. The value of plot divestments was 12.0 (8.5) million euros.

Growth prospects

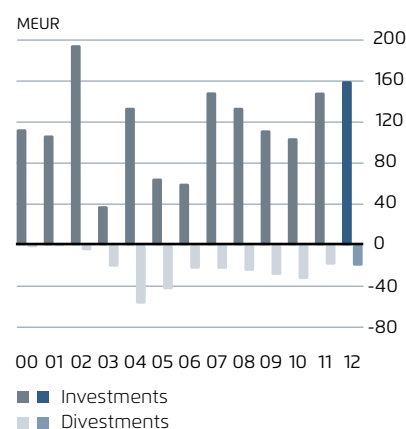
SATO aims to invest an average of roughly 150 million euros annually in Finland and St. Petersburg. Properties for divestment are selected on the basis of their locations and yield expectations.

Due to its high profile, its market position and its financial resources, SATO has good prospects of continuing growth. Sources of financing have been diversified to attain the investment target.

| Investments | 2012 | 2011 |
|---|-------|-------|
| Gross investments in investment properties (MEUR) | 159.9 | 148.8 |
| investments in newbuilds (MEUR) | 85.4 | 43.4 |
| Acquired rented homes (number) | 603 | 748 |
| Completed rented homes (number) | 360 | 240 |
| Rented homes under construction, 31 Dec. (number) | 644 | 469 |

| Divestments | 2012 | 2011 |
|---|------|------|
| Rented homes sold (number) | 390 | 301 |
| Divestments of rented homes (MEUR) | 19.5 | 18.7 |
| Rental housing and plot divestments, total (MEUR) | 31.5 | 27.2 |
| of which capital gains (MEUR) | 14.4 | 13.9 |

Housing investments and divestments



Property development supporting growth

Property development creates a basis for SATO's investments in new rented homes and for the construction of owner-occupied homes. Building land inventory is used primarily to build investment properties. The construction of owner-occupied homes yields synergy advantages.

Newbuilds for SATO RentHomes

During the year under review, building land inventory to a value of 18.1 (10.6) million euros was brought into production. The construction of 615 (552) apartments was started on the plots, of which 475 (338) will be Group-owned investment properties.

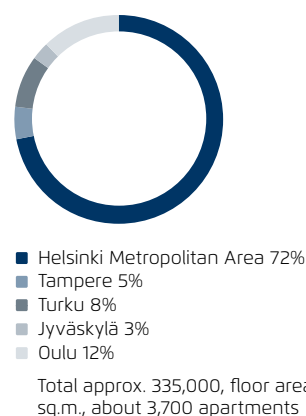
Major renovations to enhance quality

During the year under review, major renovations of four properties were completed. These included a total of 289 homes. The first renovated property in line with the new SATO HotelHome concept was completed in the Kamppi district of Helsinki in August. The next of these properties will be completed in spring 2013 in the Kruununuhaka district of Helsinki.

Outlook

SATO has the readiness to start the construction of 600–800 new rented and owner-occupied homes in 2013.

Regional distribution of the building land inventory (floor area, sq.m.) 31 Dec. 2012



| Plots | 2012 | 2011 | Newbuilds | 2012 | 2011 |
|--|--------|--------|---|------|------|
| Building land inventory (MEUR) | 94.8 | 90.8 | Total completed (number) | 659 | 351 |
| Plot acquisitions (MEUR) | 28.1 | 19.0 | investment properties | 360 | 240 |
| Use of building land inventory transferred to production from permitted building volume (sq.m. floor area) | 42,010 | 34,400 | owner-occupied properties | 299 | 111 |
| owner-occupied plots transferred to production and sold (MEUR) | 24.9 | 10.6 | Under construction at year-end (number) | 933 | 856 |
| | | | investment properties | 644 | 469 |
| | | | owner-occupied properties | 289 | 387 |
| | | | Total starts (number) | 649 | 441 |
| | | | investment properties | 435 | 132 |
| | | | owner-occupied properties | 214 | 309 |
| | | | Unsold at year-end (number) | | |
| | | | completed | 50 | 16 |
| | | | under construction | 200 | 274 |

Business in St. Petersburg

An evolving business climate

By investing in rented homes in St. Petersburg, SATO carries out its growth target. The economy in St. Petersburg is growing faster than in Finland and its housing market is equivalent in volume to that of the whole of Finland. The increasing supply of rented housing is expanding demand.

Affluent customers

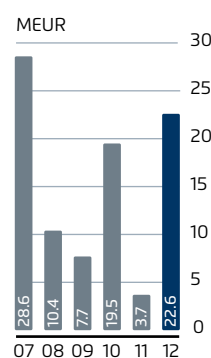
Our investments are placed in properties newly built by Nordic and Russian construction builders. SATO does not itself commission the construction of homes in St. Petersburg.

Our apartments are elite, business and comfort-class homes in the best locations in or near the city centre along the metro lines. The customers are well-to-do Russians and foreign expatriates who have relocated to St. Petersburg. Home leasing is handled by the corporation's own personnel at the St. Petersburg regional office. Homes are mostly leased furnished.

Main investments

The main new investment of the year under review was 80 business-class rented apartments under construction on Moskovsky Prospekt. The total value of the transaction was roughly 13 million euros.

Housing investments in St. Petersburg



| Investment properties | 2012 | 2011 |
|---|-------|-------|
| Completed 31 Dec. (units) | 148 | 93 |
| Under construction 31 Dec. (units) | 169 | 85 |
| Value of housing property 31 Dec. (MEUR) | 91.1 | 69.2 |
| Investments (MEUR) | 22.6 | 3.7 |
| Binding acquisition agreements (MEUR) | 29.0 | 13.7 |
| Average rent per sq.m., furnished €/sq.m./month | 29.11 | 26.04 |
| Financial occupancy rate, % average | 89.5 | 70.0 |

Report on the governance and resource management system 2012

The administration of SATO Corporation is based on the Finnish Companies Act and SATO Corporation's articles of association. The company also complies with the Corporate Governance Code for Finnish listed companies issued by the Finnish Securities Market Association on 15 June 2010. As SATO Corporation shares are not publicly listed it does not, however, comply with recommendation 9 of section 3 concerning the composition of the Board of Directors. Recommendation 51 of section 9 on the management of insiders is complied with in respect of parties issuing listed bonds. The Corporate Governance Code is available publicly at the website www.cgfinland.fi.

SATO Corporation issued secured corporate bonds on 16 April 2012, which are listed for public trading by NASDAQ OMX Helsinki Ltd, and the company complies with its rules and regulations for listed bonds as well as the Securities Markets Act and the regulations of Financial Supervisory Authority.

The company's Board of Directors approved guidelines on 13 February 2008 for trading in SATO Corporation shares and other securities.

SATO Corporation draws up its consolidated financial statements and interim reports in accordance with international, EU-approved IFRS reporting standards. The report of the company's Board of Directors and the parent company's financial statements have been drawn up in accordance with Finnish accounting legislation.

Authority and the governance of the company are divided among the annual general meeting, the Board of Directors, and the President and CEO. The current articles of association of SATO Corporation were registered on 15 March 2011.

The general meeting

The general meeting of the shareholders is SATO Corporation's supreme decision-making body. The annual general meeting is to be held once a year within six months of the end of the financial year.

The annual general meeting decides on the matters due to it under the Finnish Companies Act and the articles of association, which include the following:

1. adopting the company's financial statements and consolidated financial statements
2. the application of the profit shown by the balance sheet
3. granting release from personal liability to the members of the Board of Directors and the President and CEO
4. electing the members and chairman of the Board of Directors as well as an auditor
5. the remuneration of the Board members and the auditor.

A shareholder is entitled to propose an item permitted under the Companies Act for discussion by the meeting of shareholders if he or she requires this in writing from the Board of Directors no later than four weeks before the notice of meeting is sent.

The notice of meeting will be sent to shareholders no more than three months and no less than three weeks prior to the meeting in a newspaper published in the capital city or demonstrably sent in writing as well as being displayed, together with appendices, on the company's website.

Entitlement to attend the general meeting is held by a shareholder who has been entered in the register of shareholders eight working days before the general meeting.

SATO Corporation has one class of shares. Each share confers entitlement to one vote at a general meeting.

Board of Directors

The general meeting elects no fewer than five and no more than nine members to the company's Board of Directors. The general meeting elects one member of the Board of Directors to serve as chairman of the Board. The Board of Directors elects one of its members to serve as deputy chairman.

A majority of the members of the Board of Directors must be independent of the company, and at least two of the said majority must also be independent of major shareholders. The term in office of the members of the Board of Directors lasts until the closing of the annual general meeting following the one at which they were elected.

The annual general meeting which convened on 1 March 2012 elected to the Board of Directors Juha Laaksonen as chairman of the Board and, as ordinary members, Timo Hukka, Vesa Immonen, Jorma Kuokkanen, Raimo Lind and Esko Torsti. The Board of Directors elected Raimo Lind as its deputy chairman. The Board of Directors convenes 6–12 times a year. In 2012, the Board of Directors convened 10 times. An average of 97 per cent of the members of the Board of Directors attended the Board meetings.

Information about the chairman and members of the company's Board of Directors as well as their holdings is on the company's website www.sato.fi and on pages 42–43 of this annual report.

The company's Board of Directors is responsible for the proper organisation of the company's governance and its operations. It is the duty of the Board of

Directors to promote the interests of the company and all its shareholders.

SATO Corporation's Board of Directors has confirmed rules of procedure which apply to the duties, meeting procedures and decision-making practices of the Board of Directors. The essential contents of the rules of procedure are explained on the company's website www.sato.fi. In addition to matters for decision, the Board of Directors is supplied at the meetings with up-to-date information on the company's operations, economy and risks.

In addition to the duties specified by the Companies Act, the Board of Directors decides on matters which, 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 the following:

1. confirmation of the Group's business strategy and monitoring its implementation
2. confirming and monitoring the annual budget and the action plan
3. dealing with the financial statements and report on operations as well as the interim reports
4. confirming the company's dividend policy
5. supervision of risk management and internal auditing as well as supervising the effectiveness of the internal audit.

The Board of Directors also appoints the company's President and CEO and his deputy, and the members of the Corporate Management Group, and it determines the terms of their employment and of their posts.

The Board of Directors performs an annual, internal self-assessment of its activities and its working methods. The purpose of the self-assessment is to verify how the Board's activities have been performed during the year and to serve as a basis for assessing the Board's method of operating.

The Committees of the Board of Directors

At the organisational meeting held annually after the annual general meeting, the Board of Directors appoints an Audit

Committee and a Nomination and Compensation Committee. The Audit Committee and the Nomination and Compensation Committee are comprised of between three and five members, chosen by the Board of Directors, one of whom serves as chairman.

The Board of Directors has confirmed rules of procedure for the committees. The Committees have no independent decision-making authority. Their mission is to prepare matters for decision by the Board of Directors and the annual general meeting and they report constantly on their actions to the Board of Directors. The rules of procedure can be seen on the Group's website www.sato.fi.

The Audit Committee convened three times and the Nomination and Compensation Committee convened four times during the financial year. The meetings of the Committees were attended on average by 95 per cent of their members.

Serving on the Audit Committee in 2012 were chairman Raimo Lind and members Vesa Immonen and Esko Torsti. All the members are independent of the company and one is also independent of the major shareholders.

Serving on the Nomination and Compensation Committee in 2012 were chairman Juha Laaksonen and members Timo Hukka and Jorma Kuokkanen. All the members are independent of the company and one is also independent of the major shareholders.

President and CEO

The Board of Directors appoints the company's President and CEO and his deputy. The duties of the President and CEO are defined by the law, the articles of association, and guidelines supplied by the Board of Directors. The President and CEO attends to the ongoing management of the company in accordance with the rules and regulations supplied by the Board of Directors. The President and CEO is responsible for the Group's business, the planning thereof and the attainment of its goals. The President and CEO serves as chairman of the Corporate Management Group.

The President and CEO is Erkkä Valkila, B.Sc. (Eng.). The deputy to the President is Tuula Entelä, LL.M, B.Sc. (Econ.). Information on the President and CEO and his deputy and on their holdings is given on the Group's website www.sato.fi and on pages 44–45 of this annual report.

The Corporate Management Group

The Corporate Management Group 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 SATO Corporation; the Vice Presidents; the Director, Customer Relationships and Communications; and the CFO. The duties and spheres of responsibility of the members of the Corporate Management Group, as well as their personal details and holdings, are stated on the Group's website www.sato.fi.

The Corporate Management Group convenes once a week.

Disclosures

SATO's website is used to make public the main information on the company's administration. All of the company's disclosures and the main management presentation material on the company's economy may be seen immediately after publication on the company's website www.sato.fi.

SATO makes disclosures with stock exchange bulletins and it makes sufficient information available to shareholders on its website www.sato.fi on the value of its issued bonds or on matters of significant bearing on SATO's liquidity.

Internal supervision

The aim of the internal supervision is to help to verify the efficiency, productiveness and reliability of the Group's operations, and to confirm the compliance of operations with the law and other regulations. The Group's internal supervision systems serve to verify that the financial reports issued by the company give essentially correct information on the financial standing of the Group. The Group has determined for the key spheres of its operations Group-wide principles which form the basis for internal supervision.

Responsibility for the arrangement of the internal supervision is held by the Board of Directors and by the President and CEO. Each member of the Board of Directors is sent a monthly report on the Group's financial situation. The Audit Committee of the Board of Directors oversees the effectiveness of the internal supervision and the accuracy of the financial reporting. Responsibility for the performance of internal supervision is held by the operational organisation of the entire Group, in such a way that each Group employee is responsible to his or her supervisor at all times for the supervision of his or her sphere of responsibility.

The content of the reporting process and compliance with regulations are the responsibility of the Group's financial administration. The Group's financial reporting process complies with the Group's operational guidelines and process descriptions as well as control measures for ensuring the quality of reporting. The controls on the reporting process have been specified on the basis of a control risk assessment matrix for the process. The types of controls are, for example, system controls, specifications, or audits or actions carried out by management or another party. Responsible parties have been allocated for controls which are in charge of the implementation and effectiveness of the controls.

The interpretation and application of accounting standards has been consolidated in the hands of the Group's financial administration, which maintains operating guidelines on financial reporting, process

descriptions, calculation manuals and control mechanism descriptions, and which attends to the associated in-house communications. The Group's financial administration also oversees compliance with these instructions and procedures. The monitoring of the budgeting and reporting processes is based on the Group's reporting principles, for which the definition and centralised maintenance is the responsibility of the Group's financial administration. The principles are applied uniformly throughout the Group and a standardised Group reporting system is in use.

Internal audit

The internal audit enhances the handling of the Board of Directors' duty of supervision.

The internal audit assesses, independently and systematically, the functionality, efficiency and appropriateness of the Group's management and governance systems as well as the business processes and risk management. In its reports, the internal audit makes recommendations for the improvement of systems and processes.

The duties of the internal audit are handled by Deloitte & Touche Oy. The internal audit reports are sent to the chairmen of the Board of Directors and the Audit Committee as well as to the President and CEO. A review of the internal audit is sent twice a year to the Audit Committee. The Board of Directors deals with the annual plan for internal auditing and the audit report for the previous year. The subjects for auditing are selected in accordance with the Group's strategic goals, estimated risks and priorities.

Risk management

SATO's risk management is based on the systematic risk assessment embodied in the strategic and annual planning process. Risk assessment also covers the risks of the financial reporting process. Business risks are categorised as strategic and tactical risks as well as financing and market risks. The controls on the financial reporting process are specified on the basis of a separate survey of reporting process risks.

Responsibility for the arrangement of risk management is held by the company's Board of Directors. The internal audit and internal supervision enhance the handling of the Board of Directors' duty of supervision. The mission of the Audit Committee elected by the Board of Directors from among its membership is to assess the adequacy and appropriateness of risk management processes and risk management. The Audit Committee reports to the Board of Directors, which supervises the risk management.

Auditing

The annual general meeting elects a single auditor for the company, which must be an auditing firm approved by the Central Chamber of Commerce. The auditor's term in office is the financial year and his duties end at the closing of the annual general meeting following the one at which he was elected. The auditor for the financial year 1 January–31 December 2012 was KPMG Oy Ab. The auditor in charge at the auditing firm was Lasse Holopainen, M.Sc. (Econ. & BA), APA. The audit checks the accounts, financial statements and administration of the company and Group.

Insider trading management

SATO Corporation's rules insider trading are based on the Finnish Securities Markets Act and they comply with the standards of the Financial Supervisory Authority and the guidelines of NASDAQ OMX Helsinki Oy where these apply to a party issuing listed bonds.

SATO Corporation maintains a company-specific (non-public) register on insiders. The information on insiders concerns the ability of SATO Corporation and the SATO Group to fulfill its commitments in respect of the bond issue. The Finnish Financial Supervisory Authority is entitled to receive information on the contents of the company-specific register on insiders.

A project-specific register on insiders may be started by a decision of the company or of the President and CEO.

Report on salaries and remuneration, 2012

The Board of Directors and auditors

The remuneration to be paid to the members of the Board of Directors and auditors is decided by the annual general meeting. The annual general meeting which convened on 1 March 2012 decided that the chairman of the Board of Directors was to be paid EUR 36,000, the deputy chairman was to be paid EUR 22,000 and the members of the Board of Directors were to be paid EUR 18,000 for their term in office. It was also decided to pay the chairman of the Board of Directors and the members EUR 500 per meeting. It was decided to pay the chairmen of the committees and the members EUR 500 per meeting.

The fees for the members of the Board of Directors in 2012 totalled EUR 293,664.54. No shares or share-related entitlements were surrendered to members of the Board of Directors during the financial year.

It has been decided to pay the auditors' fee on invoice. Auditing fees paid by the SATO Group for auditing services during the financial year 2012 amounted to EUR 152,726.49 and fees for non-auditing services were EUR 106,404.89.

The President and CEO and the Group's other management

The criteria and payment of the salaries and bonuses paid to the President and CEO and to the members of the Group's Corporate Management Group are decided

by the company's Board of Directors.

Employees of the Group are not paid any separate remuneration for serving as a member of the Board of Directors or as President of a Group company.

The salary and other perquisites of the President and CEO in 2012 amounted to EUR 421,529.35, of which EUR 302,905.81 was fixed salary and the variable component was EUR 118,623.54. The salary and other perquisites paid to the Deputy President and CEO were EUR 252,768.71, of which EUR 192,278.71 was fixed salary and the variable component was EUR 60,490.00.

The retirement age for the President and CEO and for a Vice President acting as his deputy is 60 years. At that time, they will be entitled to a pension amounting to 60 per cent of the annual salary serving as the basis for the calculation of pension. The period of notice of the President and CEO's service contract is six months. In case the company terminates the service contract of the President and CEO before his retirement age, the President and CEO will be entitled to a redundancy bonus of 12 months' full salary in addition to the salary for the period of notice. The Board of Directors decided on 18 December 2012 to continue the President and CEO's indefinite appointment after he reaches pensionable age, until 31 December 2015.

The members of the Corporate Management Group are covered by an annual

incentive scheme based on the Group's profit and the attainment of other main targets. The Board of Directors approves the criteria for and payment of bonuses.

A long-term incentive scheme for the period 2010–2012, which was decided on by the Board of Directors, applied to 15 people working in management positions in the Group. The earnings period was three years and the criterion for accrual was growth in net assets. The commitment period for the incentive scheme will continue until 2014. The incentive scheme was cash-based and included a maximum limit. The purpose of the incentive scheme was 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.

Board of Directors 2012



In the photo from the upper left: Timo Hukka, Esko Torsti, Vesa Immonen, from the lower left: Juha Laaksonen, Raimo Lind and Jorma Kuokkanen



Juha Laaksonen, born 1952

B.Sc. (Econ.), CFO, Fortum Corporation, Board member since 2007, Chairman of the Board since 2007, independent of the company and its main shareholders

Primary working experience:

Fortum Corporation: CFO 2000–2012, Fortum Corporation: Corporate Vice President, M&A and Executive Vice President, Finance & Planning, Oil and Gas Division; 1999–2000, Neste Oyj: CFO 1998, Corporate Controller 1997–1998, Vice President

of Finance & Planning, Chemicals Division 1994–1997, Neste Oy: various expert and management duties 1979–1993

Main positions of trust:

Kemira Oyj: member of the Board of Directors, Kemijoki Oy: member of the Supervisory Board, Association of Finnish Fine Arts Foundations: Chairman of the Board, Fortum Art Foundation: chairman of the Board

Timo Hukka, born 1952

economist, Chief Investment Officer, Investment Operations, Suomi Mutual Life Assurance Company, member of the Board of Directors since 2008, independent of the company, not independent of the main shareholders

Primary working experience:

Suomi Mutual Life Assurance Company: deputy for President and CEO since 2008, Chief Investment Officer, Investment Operations since 2003. Has served in the

insurance industry since 1979 in various specialist, managerial and executive posts for corporate finance and investment.

Main positions of trust:

Member of the State Pension Fund's Investment Consultative Committee, Finsilva Oyj: member of the Board of Directors, Aberdeen Asset Management Finland Oy: member of the Board of Directors

Vesa Immonen, born 1965

M.Sc., Managing Director, LocalTapiola Real Estate Asset Management Ltd, Board member since 2010, independent of the company, not independent of the main shareholders

Primary working experience:

LocalTapiola Real Estate Asset Management Ltd: Managing Director 9/2008–, Tapiola Real Estate Ltd's Property Investment Director from 2007, Tapiola Insurance Group's Vice President 2002–2006, Department Manager 2000–2001, Project Manager (property unit) 1998–1999, Helsinki University of Technology (property laboratory) Assistant Professor, Senior Assistant and Assistant 1992–1998

Main positions of trust:

Tapiolan Alueen Kehitys Oy: chairman of the Board of Directors

Jorma Kuokkanen, born 1953

LL.M., M.Sc. (Econ.), Director, Investments, Varma Mutual Pension Insurance Company, Board member since 2005, independent of the company, not independent of the main shareholders

Primary working experience:

Varma Mutual Pension Insurance Company: head of Client Financing and Real Estate Investments since 1998, since

1981 in various investment-related posts for Sampo, Pension Sampo and Varma Mutual Pension Insurance Company

Main positions of trust:

NV Kiinteistösi joitus Oy: member of the Board of Directors, VVT Oy: member of the Board of Directors

Raimo Lind, born 1953

M.Sc. (Econ.), Executive Vice President, CFO and Deputy to the President, Wärtsilä Group, Board member since 2001, Deputy Chairman of the Board since September 2007, independent of the company and its main shareholders

Primary working experience:

Wärtsilä Corporation: Vice President, CFO since 1998, Executive Vice President, CFO and Deputy to the President since 2005, Tamrock Oy: CFO, Tamrock Service Business, Vice President, Tamrock Coal Business, Vice President, 1992–1998, Scantrailer Ajoneuvoteollisuus Oy: President and CEO 1990–1991, Wärtsilä Group: positions within control & finance and line functions 1976–1989

Main positions of trust:

Member of the Board of Directors of several Wärtsilä Group companies, Elisa Corporation: member of the Board of Directors, chairman of the Board since 2012, Wilhelm Wahlforss Foundation: member of the Board of Directors, The Federation of Finnish Technology Industries: member of the Board of Directors, Confederation of Finnish Industries EK: member of the Delegation

Esko Torsti, born 1964

Licentiate in Social Sciences, Economics, Director, Ilmarinen Mutual Pension Insurance Company, Board member since 2006, independent of the company, not

independent of the main shareholders

Primary working experience:

Ilmarinen Mutual Pension Insurance Company: Director since 2006, Pohjola Group plc: Director, Investments 2005–2006, Pohjola Asset Management Ltd: President and CEO 2003–2005, Pohjola Group plc: Director, Investments 2001–2003, Ilmarinen Mutual Pension Insurance Company: Director, Interest Investments 1998–2001, Skandinaviska Enskilda Banken, Finland: Chief Economist 1996–1998, Stockbroker company Protos: economist 1994–1996, Research Institute of the Finnish Economy: 1985–1994

Main positions of trust:

Desentum Oy: chairman of the Board of Directors (since 11/2012), Tornator Oy: chairman of the Board of Directors, Fingrid Oyj: member of the Board of Directors, Central Chamber of Commerce: deputy member of the Property Appraisal Board, Finnish Red Cross: member of the Investment Committee

Corporate Management Group



In the photo from the upper left: Monica Aro and Erkka Valkila, from the lower left: Tuula Entelä, Pasi Suutari and Esa Neuvonen



Erkka Valkila, born 1953

B.Sc. (Eng.),
President and CEO,
has worked for SATO since 2003

Primary working experience:

Polar Corporation/Polar Real Estate Corporation: President and CEO 1998–2003; Vice President, Real Estate Division 1993–1998, Ferenda Oy: Managing Director 1991–1993, Kiinteistö solar Oy: Managing Director 1988–1991

Main positions of trust:

Member of the Board for several SATO Group companies, KTI Kiinteistö tietö Oy: chairman of the Board of Directors, The Finnish Housing Fair: chairman of the Board of Directors, HYY Group: member of the Board of Directors, Suomen Talokeskus Oy: member of the Board of Directors, Duuri Oy: member of the Board

of Directors, RAKLI – the Finnish Association of Building Owners and Construction Clients: chairman of the Board of Directors, Finnish Housing Reform Association: deputy chairman of the Board, SFHP Suomi-Finland Housing and Planning: member of the Board of Directors

Shareholding in SATO: 366,187 shares

Monica Aro, born 1954

B.Sc. (Econ.), LL.M., MBA,
Director, Customer Relationships and
Communications,
has worked for SATO since 1990

Primary working experience:

SATO Group: Director, Marketing and
Communications 2003–2011, Director,
Marketing 2002–2003, Director in
Property Investment 1998–2002, Project
Manager in Housing Development and
Construction 1998, Construction Client
Agent 1990–1997

Main positions of trust:

Member of the Board for several SATO
Group companies

Shareholding in SATO: 42,000 shares

Tuula Entelä, born 1955

B.Sc. (Econ.), LL.M.,
Vice President/Helsinki Region and
St. Petersburg,
Deputy to President and CEO,
has worked for SATO since 1981

Primary working experience:

Polar Group: Administrative Director of
Real Estate Division 1992–1994, SATO
Group: Director, Housing Develop-
ment and Construction 1989–1992, SOK
Corporation: Real Estate Legal Counsel
1987–1989, SATO Group: Construction
Client Agent 1981–1986

Main positions of trust:

Member of the Board for several SATO
Group companies, Sponda Plc: member
of the Board of Directors, Helsingin
Osuuskauppa Elanto: deputy chairman of

the Board, Helsinki Deaconess Institute:
member of the Board of Directors, Finnish
Housing Association: deputy chairman
of the Board of Directors, RAKLI – the
Finnish Association of Building Owners
and Construction Clients: Member of
Management Group of the Housing
division

Shareholding in SATO: 155,812 shares

Pasi Suutari, born 1969

M.Sc. (Constr. Eng.),
Vice President/Regional Business, Home
Constructions and Major Renovations,
has worked for SATO since 2010

Primary working experience:

YIT-Rakennus Oy: Business Development
Director 2009, Business Segment Director
2005–2008, Regional Director 2001–2004,
Project Engineer, Project Manager,
Builder/Developer Manager 1995–2001,
YIT Corporation: Site Engineer 1994–1995

Main positions of trust:

Member of the Board for several SATO
Group companies, RAKLI – The Finnish
Association of Building Owners and
Construction Clients: member of the
Consultative Committee, chairman of the
Construction Client and Procurement
Committee

No SATO shareholdings

Esa Neuvonen, born 1967

M.Sc. (Econ.),
Chief Financial Officer,
has worked for SATO since 2009

Primary working experience:

TeliaSonera Enterprise Services: Senior
Vice President 2007–2008, TeliaSonera
Finland: CFO 2005–2006 and Vice
President Finance and Business Control
2003–2005, Sonera Corporation: Vice
President Finance and Business Control
2002, Director 1998–2000 and Business
Controller 1997, Quam GmbH: Vice Presi-
dent 2001, Helsingin Energia: Manager
1993–1996

Main positions of trust:

Member of the Board for several SATO
Group companies, Suomen Asumisoikeus
Oy: member of the Board of Directors

Shareholding in SATO: 875 shares



we improved profitability



Financial capacity secures continuity



Annual Report of the Board

Business climate

The euro crisis caused financial uncertainty and Europe drifted into recession during the year under review. Economic growth for the whole year was weak in Finland. In spite of this, demand for rented homes in SATO's business areas stayed good throughout the year and SATO's financial rental occupancy rate was at an excellent level.

The euro crisis was also reflected in banks' operations in Finland, which was seen in the form of rising margins on loans, among other effects. SATO's financing availability was, however, good throughout the year and investments exceeded those of the previous year.

Consumer confidence was markedly below the long-term average, but intentions to buy homes held at an average level. In Finland, the number of transactions for owner-occupied homes matched previous years' figures, but starts of new housing were reduced later in the year due to the uncertain market conditions. SATO started the construction of a total of 214 (309) owner-occupied homes.

Interest rates were exceptionally low throughout the year. This had a positive impact on the trend in SATO's earnings.

Economic uncertainty affected Russia less than Western Europe. SATO continued to make its investments in St. Petersburg and made decisions on a total of 16.8 (10.0) million euros in investments.

Segment division

In financial reporting, the Group's investment properties are grouped under two segments, namely SATO business and

VATRO business. The segmentation increases the transparency of operations and reporting related to the state-supported housing stock.

SATO business is comprised of investment properties which are restriction-free or have shorter-term restrictions as well as owner-occupied home construction. VATRO business is comprised of investment properties with longer-term restrictions. In accordance with the Group's growth strategy, new investments are channelled to homes included in SATO business and the relative importance of VATRO business in the Group is declining.

Turnover and net profit

During the year under review the Group's turnover grew by 23.7 per cent and was 286.9 million euros (232.0 million euros in 2011). The increase in turnover was mainly due to a rise in sales rental income. Of the turnover 250.0 (196.9) million euros was SATO business turnover and 36.9 (35.1) million euros was due to VATRO business.

Rental income grew by 8.6 (8.7) per cent and accounted for 212.7 (195.8) million euros of turnover. The increase in rental income has an impact on expanding the cash flow and the value of assets in addition to turnover. The positive trend was influenced by the continued good demand, new investments, and improvements in rental business and customer service.

The Group's operating profit was 99.1 (86.8) million euros.

The Group's profit before taxes grew by 16 (25) per cent to 60.6 (52.1) million euros. The profit includes 14.4 (13.9)

million euros in capital gains from divestment. The share of the profit before taxes due to SATO business was 56.3 (48.8) million euros and that of VATRO business was 4.3 (3.3) million euros. The improvement in profit was influenced by an increase in rental income and proceeds from sales of owner-occupied homes, low interest rates and good management of costs.

The Group's return on equity was 15.5 (14.9) per cent and the return on investment was 6.3 (6.1) per cent.

Financial position

The consolidated balance sheet total as at 31 December 2012 was 1,854.6 (1,716.6) million euros. The Group's interest-bearing liabilities were 1,375.3 (1,255.4) million euros.

The Group's equity ratio calculated on the book value of investment properties was 16.0 (16.7) per cent and calculated on fair value it was 29.4 (29.5) per cent. The target is an equity ratio of at least 25 per cent calculated on the fair value of investment properties.

The book value of the investment properties was 1,553.7 (1,424.9) million euros and the fair value was 2,088.0 (1,898.6) million euros. The difference in value was 534.3 (473.7) million euros and the difference in value increased during the year under review by 60.6 (122.3) million euros.

SATO has set as a strategic goal an average 12 per cent total annual return, and the actual figure for 2012 was 13.5 (22.8) per cent. The total annual return is comprised of, in addition to return on equity, the appreciation on investment properties.

The total return is calculated on net assets at fair value.

The Group's net assets at fair value were 697.6 (640.2) million euros, an increase on the previous year of 9 per cent.

Finance

The financial situation of the Group and parent company was good throughout the financial year. The Group's financial assets at year-end were 33.7 (23.6) million euros.

Interest-bearing liabilities at year-end were 1,375.3 (1,255.4) million euros, of which market rate loans totalled 882.7 (773.1). An itemisation of loans is given in section 24 of the notes to the financial statements.

The market based loans include the corporate bond issued on 16 April 2012, with nominal amount of EUR 100 million. The loan is secured, it matures in seven years, and the maturity date is 16 April 2019. The fixed annual interest on the loan is 3.375 per cent. The collateral for the loan is housing property. The bonds were listed for public trading on 17 April 2012 by NASDAQ OMX Helsinki Ltd.

During the financial year, new long-term financing was acquired in the amount of 147.8 million euros in all. In addition to this, contingent liabilities applied to shares in housing companies increased by 26.1 million euros.

At year-end, the fixed-rate loans and loans hedged with derivatives was 69.5 (67.0) per cent of the entire loan portfolio net of the state subsidised ARAVA loans. The average maturity of the loans was 6.5 (6.4) years.

The computational effect of changes during the financial year in the market value of hedges on shareholders' equity was -8.4 (-13.3) million euros and the effect on the profit before taxes was 1.6 (2.2) million euros.

The Group's cash flow during the year under review was good. Cash flow from business operations was particularly boosted by the improvement in operating profit by roughly 12.3 million euros.

Group structure

SATO Corporation is the parent company of the SATO Group. At year-end, the parent company had a total of 7 (6) subsidiaries engaged in business.

Investment properties

On 31 December 2012, the Group held a total of 23,510 (23,279) housing units. The book value of the homes was 1,553.7 (1,424.9) million euros and the fair value was 2,088.0 (1,898.6) million euros. The positive difference between fair and book values was 534.3 (473.7) million euros. The increase in value difference was due to the trend in housing prices and rents as well as the ending of state-subsidy restrictions on properties.

In its accounting, SATO applies the acquisition cost model to investment properties. The change in the value difference of investment properties is not posted to the profit and loss account or the balance sheet; it is given in the notes.

Investments in investment properties and divestments

The Group's gross investments totalled 159.9 (148.8) million euros.

During the year under review, growth continued in line with the strategy. In the course of 2012, a total of 603 (748) homes were acquired, of which 415 (240) were newly built.

Investments were targeted on areas in which the demand for rented homes and prospects for appreciation were seen to be best. Binding purchase agreements in Finland as at 31 December 2012 were valued

at 66.2 (66.9) million euros. This creates a good basis for fulfilling the Group's growth target.

In September, SATO acquired an apartment building property with 43 rented homes under construction in the Jätkäsaari district of Helsinki. The total value of the investment is roughly 12.8 million euros. Other major decisions to invest in construction were made for projects started in the Matinkylä district of Espoo and the Kalasatama district of Helsinki. The most significant acquisition of ready-built housing was the purchase of 88 rented homes from Pension Fennia Mutual Insurance Company for 14.1 million euros.

At year end, 644 (469) new rental housing units were under construction in Finland for ownership by the Group.

The sum used for renovating the housing stock and improving the quality of apartments was 46.0 (37.2) million euros.

During the financial year, 390 (301) homes were divested in Finland for a total of 19.5 (18.7) million euros. The divested homes were for the most part located outside SATO's targeted business area.

Rental business

The financial rental occupancy rate in Finland averaged 98.1 (98.3) per cent and occupant turnover averaged 33.6 (30.6) per cent.

The average rent per square metre for rented homes during the period under review was 13.92 (12.82) euros/sq.m./month.

As stated in the forecast issued by SATO, the net rental income of rented housing improved on the previous year's figure, being 125.3 (109.4) million euros. The net rental income percentage of rented housing was 8.6 (8.1) on book value and 6.4 (6.2) per cent on fair value.

Property development

Property development plays an important part in attaining growth. In construction of both rented and owner-occupied homes, SATO focuses on commissioning the building of apartment blocks, and it acquires a land portfolio suitable for this.

The book value of the Group's building land inventory at the end of the period under review was 94.8 (90.8) million euros. During the period under review, new plots were acquired to a value of 28.1 (19.0) million euros. The most significant acquisitions of land were in the Leppäsuo district of Helsinki as well as the Kalasatama district and in the Suurpelto district of Espoo. The book value of the building land inventory sold and transferred to housing construction during the year was 24.9 (10.6) million euros.

Planning permission was confirmed for the Saunalahti district of Espoo in which SATO will have a total of roughly 20,000 square metres of floor area in permitted building volume for housing.

During the financial year, in all 360 (240) investment properties and 299 (111) owner-occupied homes were completed. Under construction on 31 December 2012 were 644 (469) investment properties and 289 (387) were owner-occupied homes for sale.

At year-end, the completed owner-occupied homes unsold numbered 50 (16) and those under construction numbered 200 (274), with a total acquisition value of 89.1 (78.3) million euros. SATO's owner-occupied homes are mostly not sold until after completion in accordance with the new concept.

Business in St. Petersburg

By the end of the year under review, the value of the housing portfolio in St. Petersburg totalled 91.1 (69.2) million euros. At year-end, binding contracts for acquisitions

totalled 29.0 (13.7) million euros in value. On 31 December 2012, SATO had in St. Petersburg a total of 148 (93) completed apartments and 169 (85) ones under construction.

New investments were placed with the acquisition of 95 (44) apartments under construction. The most significant new acquisition was 80 business-class rented apartments under construction in the Moskovski Prospekt area, with a value of roughly 13 million euros.

The financial rental occupancy rate for rented homes averaged 89.5 (70.0) per cent during the year under review.

Customer relationships

In February, the Helsinki rental and sales service office moved to Mikonkatu in the city centre. Customers' opportunities to contact us were also improved by opening a customer service channel in the social media.

The overall satisfaction of tenants improved slightly on the previous year, reaching 3.71 on a scale of 1-5. To support the improvement of customer relationships, benchmarks measuring NPS (Net Promoter Score) were adopted.

Environmental impacts

SATO has committed itself to the property sector's energy-efficiency agreement included in the state's action programme for rented home communities (VAETS). During the year under review, specific consumption of water was reduced by roughly two per cent and that of heating by three per cent. The Group's environmental programme can be read in its entirety on the website www.sato.fi.

Research and development

During the year under review, SATO spent a total of 1.3 (1.1) million euros on research and development, which is equivalent

to 0.4 per cent of turnover. Development work focused on improving online customer services, and development work on processes and information systems as well as energy-efficient heating solutions.

Risk management

SATO's risk management is based on guidelines for corporate governance as well as on the systematic risk assessment embodied in the strategic and annual planning process. An internal audit is carried out by an independent party and the auditing is allocated in accordance with the risk assessments of the strategic and annual planning process.

The main risks of selling and leasing homes concern economic cycles and changes in demand. SATO's Board of Directors has set euro limits to the total amount of unsold homes and land inventory.

A positive trend in the value of the housing and the rentability of the homes portfolio are secured by concentrating on the urban centres of growth. Systematic repairs help to enhance the quality of the Group's housing portfolio. Changes in requirements for energy efficiency and environmental aspects may raise the cost of repairs to SATO's investment properties.

Business in St. Petersburg involves risks related to the business climate as well as a currency risk. Known payments in foreign currency related to the acquisition of properties are hedged in accordance with the Group's financing policy. The proportion of investments in St. Petersburg has been restricted relative to the Group's total housing investments.

To secure the continuity of services purchased from partners, operations have been shared out among a number of service providers.

In accordance with the Group's financial policy, fixed-rate loans are kept at 50–80

per cent of all loans. The Group aims for an equity ratio in excess of 25 per cent calculated on fair value.

The Group's risks in respect of property, loss of profits and liability for damages are secured with appropriate insurance cover.

Further information on risk management is given on page 27 of the annual report.

Pending lawsuits

Lawsuits and countersuits between the contracting parties are pending in connection with the implementation of and invoicing for an owner-occupied property built in the Arabianranta district of Helsinki. Also, a ruling has been applied for from the Administrative Court concerning the subvention of one SATO Group company.

Shares

The share capital of SATO Corporation as at 31 December 2012 was 4,442,192.00 euros and the number of shares was 51,001,842. The company has a single series of shares. The shares are on a book-entry securities system maintained by Euroclear Finland Ltd.

SATO Corporation holds 160,000 company shares. These shares represent 0.3 per cent of all shares.

The members of SATO Corporation's Board of Directors, the President and CEO and his deputy held a total of 521,999 shares on 31 December 2012.

Personnel

At the end of 2012, the Group had 150 (141) employees. There were 144 (135) employees on permanent contracts and 6 (6) on fixed-term contracts. The number of Group personnel averaged 152 (137) during the year.

Board of Directors, President and CEO, and auditors

Serving on SATO's Board of Directors until the annual general meeting of 1 March 2012 were Juha Laaksonen (chairman), Raimo Lind (deputy chairman), and ordinary members Timo Hukka, Vesa Immonen, Jorma Kuokkanen and Esko Torsti.

The annual general meeting confirmed the number of members on SATO Corporation's Board of Directors as six. Juha Laaksonen was re-elected as chairman of the Board and all existing Board members were re-elected.

The Board of Directors reappointed Raimo Lind as their deputy chairman.

In 2012, the Board of Directors convened on 10 occasions. The work of the Board is supported by two committees: the Appointment and Compensation Committee and the Audit Committee.

Erkka Valkila, B.Sc. (Eng.), has served as President and CEO. The President and CEO will reach pensionable age according to his pension contract to retire towards the end of 2013. The Board of Directors has decided to continue the posting after this period, until 31 December 2015.

Tuula Entelä, LL.M., B.Sc. (Econ.), is deputy to the President and CEO.

The company's auditors were KPMG Oy Ab, a firm of Authorised Public Accountants, with Lasse Holopainen, APA, as the auditor in charge.

The members of the Corporate Management Group

The Corporate Management Group was comprised of President and CEO Erkka Valkila; Vice Presidents Tuula Entelä and Pasi Suutari; Director, Customer Relationships and Communications Monica Aro; and Chief Financial Officer Esa Neuvonen.

Outlook

Uncertainty over the economic trend continues and forecasts show little growth in the Finnish economy. The Russian economy is forecast to grow more dynamically.

Interest rates are expected to continue to stay low in 2013.

Demand for rented homes is forecast to continue to be good in SATO's business areas. SATO's net rental income is forecast to improve. Strong demand for rented homes in Finland and St. Petersburg create good prospects for continuing investments.

A deterioration in the availability of financing may hinder divestments and sales of owner-occupied housing.

Board's proposal for the disposal of profits

The parent company's distributable assets as at 31 December 2012 were EUR 100,289,884.45, of which the net profit for the financial year was EUR 35,620,155.85. The number of issued shares in the company conferring entitlement to dividend for 2012 is 50,841,842.

The Board of Directors proposes to the annual general meeting that dividend be paid on the profit for the financial year of EUR 0.55 (0.49) per share, being a total of EUR 27,963,013.10, and that EUR 7,657,142.75 be posted to retained profits.

Since the end of the financial year, there have been no significant changes in the company's financial status.

Signatures to the report of the Board and the financial statements

Helsinki, 29 January 2013

Juha Laaksonen

Timo Hukka

Vesa Immonen

Jorma Kuokkanen

Raimo Lind

Esko Torsti

Erkka Valkila
President and CEO

Note on the financial statements

An auditors' report has been submitted this day on the audit performed.

Helsinki, 29 January 2013

KPMG OY AB

Lasse Holopainen, APA

Financial Statements 2012

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| 12. Tangible assets | 69 | 13. Tangible assets | 99 |
| 13. Intangible assets | 70 | 14. Holdings in Group companies | 100 |
| 14. Holdings in joint ventures and associated companies | 71 | 15. Holdings in associated companies | 100 |
| 15. Book values of financial assets and liabilities by category | 72 | 16. Other stocks and shares | 100 |
| 16. Available-for-sale financial assets | 73 | 17. Inventories | 100 |
| 17. Non-current receivables | 73 | 18. Non-current receivables | 100 |
| 18. Deferred tax credits and liabilities | 73 | 19. Current receivables | 101 |
| 19. Inventories | 74 | 20. Shareholders' equity | 101 |
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Consolidated comprehensive profit and loss account, IFRS

| MEUR | Note | 1 Jan.–31 Dec. 2012 | 1 Jan.–31 Dec. 2011 |
|---|------|---------------------|---------------------|
| TURNOVER | 2, 3 | 286.9 | 232.0 |
| Capital gains/losses on Investment Properties | 4 | 8.9 | 9.9 |
| Share of profit in associated companies | 14 | 0.0 | 0.0 |
| Other income from business operations | 4 | 0.4 | 0.5 |
| Consumption of materials and services | | -63.0 | -28.2 |
| Personnel expenses | 5 | -12.7 | -12.2 |
| Depreciation, amortization and impairment charges | 6 | -21.8 | -20.6 |
| Losses from disposals of Investment Properties | 4 | -0.1 | -0.2 |
| Other expenses of business operations | 4 | -99.6 | -94.3 |
| OPERATING PROFIT | | 99.1 | 86.8 |
| Financial income | 8 | 1.1 | 0.8 |
| Financial expenses | 8 | -39.7 | -35.5 |
| | | -38.5 | -34.7 |
| PROFIT BEFORE TAXES | | 60.6 | 52.1 |
| Income taxes | 9 | -15.8 | -10.5 |
| PROFIT FOR THE PERIOD | | 44.8 | 41.6 |
| OTHER COMPREHENSIVE INCOME ITEMS | | | |
| Cash flow hedges | | -11.0 | -17.9 |
| Financial assets available for sale | | 0.1 | -0.0 |
| Translation difference | | 0.0 | -0.0 |
| Taxes applied to other comprehensive income items | | 2.7 | 4.2 |
| Other comprehensive income items for the accounting period after taxes | | -8.2 | -13.8 |
| COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD, TOTAL | | 36.5 | 27.9 |
| Distribution of net profit for financial period | | | |
| To the owners of the parent company | | 44.8 | 41.6 |
| To the shareholders without a controlling interest | | 0.0 | 0.1 |
| | | 44.8 | 41.6 |
| Distribution of comprehensive income | | | |
| To the owners of the parent company | | 36.5 | 27.8 |
| To the shareholders without a controlling interest | | 0.0 | 0.1 |
| | | 36.5 | 27.9 |
| Earnings per share calculated for the profit due to the parent company's shareholders (euros per share) | | | |
| Undiluted | | 0.88 | 0.82 |
| Diluted | | 0.88 | 0.82 |
| Average number of shares, million | | 50.84 | 50.84 |

Consolidated balance sheet, IFRS

| MEUR | Note | 31 Dec. 2012 | 31 Dec. 2011 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment Property | 11 | 1,553.7 | 1,424.9 |
| Tangible assets | 12 | 2.1 | 1.3 |
| Intangible assets | 13 | 1.0 | 0.8 |
| Holdings in joint ventures and associated companies | 14 | 0.2 | 0.2 |
| Financial assets available for sale | 16 | 2.6 | 2.5 |
| Receivables | 17 | 9.5 | 57.9 |
| Deferred tax receivables | 18 | 32.7 | 26.9 |
| | | 1,601.6 | 1,514.5 |
| Current assets | | | |
| Inventories | 19 | 167.7 | 154.3 |
| Accounts receivable and other receivables | 20 | 49.6 | 21.8 |
| Tax credits based on the taxable income for the period | | 1.9 | 2.4 |
| Cash and cash equivalents | 21 | 33.7 | 23.6 |
| | | 252.9 | 202.1 |
| ASSETS, TOTAL | | 1,854.6 | 1,716.6 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity due to the parent company's owners | 22 | | |
| Share capital | | 4.4 | 4.4 |
| Fair value reserve | | -32.7 | -24.4 |
| Reserve fund | | 43.7 | 43.7 |
| Other funds | | 45.0 | 44.9 |
| Retained earnings | | 233.7 | 213.9 |
| | | 294.2 | 282.6 |
| Proportion of shareholders without a controlling interest | | 1.0 | 1.0 |
| SHAREHOLDERS' EQUITY, TOTAL | | 295.2 | 283.5 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 18 | 74.9 | 69.1 |
| Provisions | 27 | 3.4 | 3.9 |
| Other liabilities | 26 | 45.9 | 34.4 |
| Interest-bearing liabilities | 24 | 1,249.0 | 1,115.3 |
| | | 1,373.2 | 1,222.7 |
| Current liabilities | | | |
| Accounts payable and other liabilities | 28 | 56.4 | 65.7 |
| Income tax liabilities | | 3.4 | 4.5 |
| Interest-bearing liabilities | 24 | 126.3 | 140.1 |
| | | 186.2 | 210.4 |
| LIABILITIES, TOTAL | | 1,559.4 | 1,433.1 |
| SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL | | 1,854.6 | 1,716.6 |

Consolidated cash flow statement, IFRS

MEUR

Note 1 Jan.–31 Dec. 2012 1 Jan.–31 Dec. 2011

| | | | |
|---|----|--------------|---------------|
| Cash flow from operating activities | | | |
| Net profit for financial year | | 44.8 | 41.6 |
| Adjustments: | | | |
| Business activities not involving payment | 31 | 20.3 | 19.4 |
| Capital gains and losses on fixed assets | | -8.9 | -9.7 |
| Interest expenses and other financing expenses | | 41.2 | 37.7 |
| Interest income | | -1.1 | -0.8 |
| Dividend income | | -0.1 | -0.1 |
| Taxes | | 15.8 | 10.5 |
| Cash flow before change in working capital | | 112.2 | 98.7 |
| Change in working capital: | | | |
| Changes in accounts receivable and other receivables | | 1.0 | -14.3 |
| Change in inventories | | -13.0 | -37.0 |
| Change in accounts payable and other liabilities | | -8.3 | 24.1 |
| Change in reserves | | -0.5 | -0.4 |
| Interest paid | | -39.8 | -36.0 |
| Interest received | | 1.6 | 0.2 |
| Taxes paid | | -13.6 | -14.1 |
| Net cash flow from operating activities | | 39.7 | 21.2 |
| Cash flow from investing activities | | | |
| Sale of subsidiaries less cash and cash equivalents at time of sale | | -0.7 | 1.1 |
| Investments in tangible assets | | -136.8 | -102.9 |
| Repayments of notes receivable | | 0.5 | 0.4 |
| Loans granted | | -1.9 | -1.4 |
| Increase (-)/decrease (+) in short-term investments | | 25.0 | -50.0 |
| Sale of associated companies | | 0.0 | 0.1 |
| Sale of tangible assets | | 19.0 | 15.7 |
| Net cash flow from investing activities | | -94.9 | -136.8 |
| Cash flow from financial activities | | | |
| Repayments (-) / withdrawals (+) of short-term loans | | -23.4 | -4.7 |
| Withdrawals of long-term loans | | 188.3 | 205.4 |
| Repayments of long-term loans | | -74.7 | -61.6 |
| Dividends paid | | -24.9 | -17.8 |
| Net cash flow from financial activities | | 65.3 | 121.3 |
| Change in cash and cash equivalents | | 10.1 | 5.7 |
| Cash and cash equivalents at the beginning of the period | 21 | 23.6 | 18.0 |
| Cash and cash equivalents at the end of the period | 21 | 33.7 | 23.6 |

Consolidated statement of changes in shareholders' equity, IFRS

Calculation of changes in shareholders' equity 1 Jan.–31 Dec. 2012

| MEUR | Shareholders' equity to the parent company's owners | | | | | | Shareholders without a controlling interest | Shareholders' equity, total |
|---|---|------------------|--------------|-------------|-------------------|-------|---|-----------------------------|
| | Share capital | Revaluation fund | Reserve fund | Other funds | Retained earnings | Total | | |
| Shareholders' equity 1 Jan. 2012 | 4.4 | -24.4 | 43.7 | 44.9 | 213.9 | 282.6 | 1.0 | 283.5 |
| Comprehensive income for the accounting period, total | | -8.2 | | | 44.8 | 36.5 | 0.0 | 36.5 |
| Dividend payment | | | | | -24.9 | -24.9 | | -24.9 |
| Directed share issue | | | | | | | | |
| Acquisition of company shares | | | | | | | | |
| Other adjustments | | | | 0.0 | | | | 0.0 |
| | 0.0 | -8.2 | 0.0 | 0.0 | 19.8 | 11.6 | 0.0 | 11.6 |
| Shareholders' equity 31 Dec. 2012 | 4.4 | -32.7 | 43.7 | 45.0 | 233.7 | 294.2 | 1.0 | 295.2 |

Calculation of changes in shareholders' equity 1 Jan.–31 Dec. 2011

| MEUR | Shareholders' equity to the parent company's owners | | | | | | Shareholders without a controlling interest | Shareholders' equity, total |
|---|---|------------------|--------------|-------------|-------------------|-------|---|-----------------------------|
| | Share capital | Revaluation fund | Reserve fund | Other funds | Retained earnings | Total | | |
| Shareholders' equity 1 Jan. 2011 | 4.4 | -10.6 | 43.7 | 44.9 | 190.1 | 272.5 | 1.6 | 274.2 |
| Comprehensive income for the accounting period, total | | -13.8 | | | 41.6 | 27.8 | 0.1 | 27.9 |
| Dividend payment | | | | | -17.8 | -17.8 | | -17.8 |
| Directed share issue | | | | | | | | 0.0 |
| Acquisition of company shares | | | | | | | | |
| Other adjustments | | | | | | | -0.7 | -0.7 |
| | 0.0 | -13.8 | 0.0 | 0.0 | 23.8 | 10.1 | -0.6 | 9.4 |
| Shareholders' equity 31 Dec. 2012 | 4.4 | -24.4 | 43.7 | 44.9 | 213.9 | 282.6 | 1.0 | 283.5 |

Notes to the consolidated financial statements, IFRS

1. Accounting principles

Basic information

The Group's parent company is a Finnish public limited liability company established in compliance with Finnish law, with its domicile in Helsinki and the registered address Panuntie 4, 00600 Helsinki. The Board of Directors approved the financial statements on 29 January 2013. A copy of the company's consolidated financial statements may be obtained from the above-mentioned address.

SATO is a corporation providing housing solutions, and its business is comprised of Investment in Housing, and Housing Development. The Group's operations are focused on the Helsinki Metropolitan Area and its commuter regions as well as the economic zones of Tampere, Turku, Oulu and Jyväskylä.

SATO's Investment in Housing includes both privately financed and state-subsidised housing assets. In respect of the latter, SATO's business is affected by special features of non-profit activities, which are the result of restrictions set on the company's business for state-subsidised housing construction. The non-profit restrictions affect owner organisations through, for example, restrictions on distribution of profit, divestment and risk-taking as well as through a prohibition on lending and providing collateral. Also, housing is affected by property-specific, fixed-term restrictions, which apply to matters such as the use and handover of apartments, the selection of the residents, and the setting of rent. In respect of non-profit activities, SATO's supervisory authorities are the Housing Fund of Finland (ARA), the State Treasury and the Ministry of the Environment, as well as local authorities in matters concerning the selection of residents.

The main risks of selling and leasing homes concern interest rates and changes in housing demand.

General principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and comply with the IFRS standards in force on 31 December 2012, meaning the procedures ordered in the EU's IAS Regulation No. 1606/2002 for the standards approved for application in the EU and the interpretations supplied for these.

The Group has applied the following amended standard as of 1 January 2012. Amendments to IFRS 7 Financial Instruments: Disclosures (in force for financial years beginning 1 July 2011 or thereafter): the amendments increase the transparency of disclosures of business transactions involving the handover of financial instruments and improve the possibilities for the users of financial statements to gain an impression of the risks involved in handovers of financial instruments and the impact of these risks on the entity's financial standing, particularly in a case of securitising financial assets. The amendment has not affected the notes to SATO's consolidated financial statements.

In addition to the above, no other amendments to standards or IFRIC interpretations or amendments thereof coming into force in 2011 have had an effect on the consolidated financial statements.

The notes to the financial statements are also in compliance with Finnish accounting principles and corporate legislation.

The consolidated financial statements

have been prepared on the basis of acquisition cost, with the exception of assets available for sale, derivatives, and financial assets and liabilities booked at fair value. The information in the financial statements is stated in millions of euros.

The preparation of IFRS financial statements requires the company management to make certain estimates and assumptions and to apply discretion in applying the accounting principles. The estimates and assumptions made will affect the amount of assets, liabilities and conditional liabilities on the balance sheet in the financial statements as well as the amount of income and expenses in the profit and loss account. The estimates and assumptions are based on previous experience and other factors which are considered to offer the best current view in the assessment of assets or liabilities for which figures cannot be obtained from other sources. The actuality may differ from the estimates made.

The estimates and the related assumptions are constantly examined. Revisions of accounting estimates are booked for the period in which the estimate is revised if the change in the estimate affects only that period. If the change in the estimate affects both the period in which it is made and subsequent periods, the change in the estimate is correspondingly booked both for that and for future periods.

In the section of the accounting principles entitled "Accounting principles requiring management discretion and the main factors of uncertainty affecting the estimates", information is given on those subdivisions in which management discretion or uncertainty factors in estimates may cause the most effects on the figures shown.

Principles of consolidation

The consolidated financial statements are a consolidation of the financial statements of the parent company and the subsidiaries. Subsidiaries are companies over which the parent company has control. Control constitutes a condition in which the parent company has, directly or indirectly, the right to determine the subsidiary's principles of finance or business with the aim of benefiting from its operations. Acquired subsidiaries are included in the consolidated financial statements from the date of acquisitions until such time as the control ends. Acquired companies are included in the financial statements using the acquisition cost method. The net assets of the acquired company as at the acquisition date are booked at the fair value of the land areas and buildings. Acquisitions of real property are generally treated as acquisitions of asset items.

All intra-Group transactions, internal receivables and liabilities, in addition to unrealised margins on internal transactions and the distribution of profit between Group companies, are eliminated in the production of the financial statements.

Mutual property companies and housing companies are treated as asset items under joint control, which are consolidated by the proportionate consolidation method prescribed by the IAS 31 Financial Reporting of Interests in Joint Ventures standard. This means that the consolidated financial statements include the Group's share of assets, liabilities, incomes and expenses. The relative proportionate method is applied to all such asset items irrespective of the Group's holdings.

Suomen Asumisoikeus Oy is a joint venture in which SATO has a 50% interest. The joint venture, in which the partners exercise business under joint control, is consolidated in SATO's consolidated financial statements in accordance with the optional consolidation method permitted by the standard IAS 31 Interests in Joint Ventures, i.e., the equity method.

The housing companies in SATO, which own so-called shared ownership apartments, are treated as SPEs (Special Purpose Entities) and these are not included in the consolidated financial statements. These companies are considered to be arrangements external to SATO's operations, the purpose of which is to act on behalf of the people who have invested in shared ownership apartments. Those involved in the ownership arrangements are entitled to purchase the apartment for themselves after an agreed period and thus to benefit from any rise in the apartment's value. SATO handles the governance and building management of the shared ownership properties.

Transactions denominated in foreign currency

Assets and liabilities denominated in foreign currency are translated into euros at the year-end rate. Non-monetary assets and liabilities denominated in foreign currency, which are valued at the original acquisition costs, are translated into euros at the rate in effect on the transaction date. Gains and losses on translation are booked in the profit and loss account.

Investment Properties

Investment properties are those properties defined in IAS 40 Investment Property, of which the Group retains possession in order to obtain rental income or appreciation in value of the property and which are not used by the Group itself. SATO has chosen as the method for accounting for Investment Properties the acquisition cost method permitted by the IAS 40 Investment Property standard, as legal restrictions on divestment and use apply to the greater part of the properties. Restrictions apply on the one hand to a company owning housing (the so-called non-profit restrictions) and on the other hand to the investment which is the subject of the ownership (the so-called property-specific restrictions). 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 are booked at the original acquisition price, including the transaction costs. Later they are valued at the original acquisition price less accumulated depreciation and impairments.

Expenditure on repairs to Investment Properties is only capitalised if it increases the property's future revenue-generating capability. The depreciation periods of these capitalisations are set on a case-by-case basis according to the estimated economic life.

Investment Properties are depreciated on a straight-line basis. The economic lives on which this is based are as follows:

| | |
|------------------------------------|-----------|
| Buildings | 67 years |
| Buildings' machinery and equipment | 20 years |
| Buildings' civil defence shelters | 40 years. |

The economic life and residual value of Investment Properties are reassessed at each year-end. Changes in the assessed future economic benefits are taken into account by adjusting the economic life and residual value of the investment property.

An investment property is written off from the balance sheet when it is handed over or when the investment property is permanently removed from use and no future economic benefit can be expected from the handover. The profits and losses arising from divestments or removals from use of Investment Properties are shown on separate lines in the profit and loss account.

The fair values of the Investment Properties presented in the notes to the financial statements are determined as a result of the Group's in-house assessment made

quarterly at the time the financial statements are drawn up. An external specialist also makes a report on the assessment of value.

The fair values of the Investment Properties are based on the following:

- the market value in properties which are free for sale,
- the yield value for properties which are for sale only by complete buildings and to a restricted group of buyers, and
- for state subsidised properties, at the remaining historical cost shown in the accounting.

In the market value method, the comparison data for market prices are for the 24 months preceding the appraisal date.

Tangible assets

Tangible assets are valued at the original acquisition price less accumulated depreciation and impairments. Tangible assets are depreciated in straight-line instalments during their estimated economic lives, which are as follows:

| | |
|-------------------------|------------|
| Machinery and equipment | 5–10 years |
| Other tangible assets | 3–6 years |

The economic life and residual value of assets are reassessed at each year-end. Changes in the future economic benefits found in the assessment are taken into account by adjusting the economic life and residual value of the assets. Profits and losses arising from sales and divestments of tangible assets included in fixed assets are booked in the profit and loss account and presented as other income and expenses of business operations.

Intangible assets

An intangible asset is entered in the balance sheet only if its acquisition cost can be determined reliably and it is likely that an expected economic benefit will accrue to the company from it.

An intangible asset is valued at the original acquisition cost less depreciation and any impairments.

Intangible assets are mainly computer software, which are depreciated using to straight-line depreciation over 3–6 years.

Impairment

At each year-end, it is assessed for Investment Properties' tangible and intangible assets whether there are indications of impairment. If there are indications of impairment, the sum of money accruing from the asset item is estimated. If the book value exceeds the sum of money accruing, an impairment loss is booked in the profit and loss account.

When an impairment loss is booked, the economic life of the asset item subject to depreciation is reassessed. An impairment loss booked against an asset item is cancelled if there has been a change increasing the value in the assessment used to determine the amount of money accruing from the asset item. However, no more of an impairment loss will be cancelled than what the asset's book value would have been without the booking of the impairment loss.

Inventories

Inventories are valued at the acquisition cost or probable net divestment value if lower. The net divestment value corresponds to the selling price in normal business less the estimated cost of completing the product and the expenses of selling.

Inventories are comprised of the following items:

- homes under construction, comprised of the portion of projects in progress booked on the balance sheet,
- completed homes and commercial premises intended for sale but unsold at the date of closing the books,
- land areas and land area companies, which includes the acquisition costs of unstarted properties, and

- other inventories, which are mostly comprised of projects being planned.

Financial instruments

SATO's financial assets and financial liabilities are classified in accordance with the IAS 39 standard in the following categories: financial assets and financial liabilities measured at fair value through profit and loss, financial assets available for sale, loan and other receivables, financial liabilities valued at amortised cost, and effective cash flow hedges measured at fair value through other comprehensive income. The classification is performed at the time of the original acquisition and on the basis of the purpose of the acquisition. Purchases and sales of financial instruments other than those associated with derivatives are booked on the clearance date. All derivatives are booked on the balance sheet on the trade date.

Financial assets and liabilities at fair value through profit and loss

This category includes derivative instruments which do not fulfil the terms of IAS 39 for hedge accounting and they are classified in the group of instruments kept for trading purposes. These contracts are revalued on report date and profits and losses arising from changes in the fair value, both realized and unrealized, are booked in profit and loss.

Loans and other receivables

Loans and other receivables are assets not included in derivative assets, the payments for which are fixed or can be determined. They are included in the group for accounts receivable and other receivables in the balance sheet, in either current or non-current assets, according to their nature.

Loans and other receivables are valued at amortised acquisition cost less any impairment. The Group books an impairment loss against accounts receivable when there are reasonable indications on the date of

closing the books that the receivable will not be collected in full.

Financial assets available for sale

Financial assets available for sale are mostly stocks and shares. Investments made in listed securities are valued in the financial statements at the quoted buying price in an active market on the date of closing the books. Unlisted shares, the fair value of which cannot be determined reliably, are valued at the original acquisition price or probable value if lower.

Unrealised changes in value of financial assets available for sale are booked in the other comprehensive income, with allowance for the effect of tax. Accumulated changes in fair value are not booked from the value adjustment fund to the profit and loss account until the investment is sold or its value has declined to such an extent that an impairment loss is to be booked against the investment.

A significant and prolonged impairment of share investments in which the fair value is lower than the acquisition price is an indication of impairment in a share available for selling. An impairment loss on financial assets available for sale which are classified as quasi-equity investments is not cancelled through the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand, bank accounts and liquid investments with maturities at the date of acquisition of three months or less. The balances of bank accounts with an overdraft facility are included in current liabilities. The cash and cash equivalents of non-profit companies are kept separate from those of companies free of non-profit restrictions.

Financial liabilities at amortised cost

Financial liabilities are booked at the fair value at the time the debt is drawn, in the form of the amount of the remuneration received less transaction expenses. Later interest-bearing liabilities are valued at

amortised cost using the effective interest method. Financial liabilities are included in non-current and current liabilities and they may be interest-bearing or non-interest-bearing. Interest is matched in the profit and loss account for the accounting period by the effective interest method.

Derivatives and hedge accounting

All derivatives are originally booked at fair value as at the date on which the Group becomes a contracting party, and are subsequently measured at fair value. The accounting treatment of profits and losses depends on the intended use of the derivatives. The Group documents the ratio of hedging instruments to hedged items and makes its assessment as to whether the derivatives used for hedging are highly effective in negating changes in the cash flows of the hedged items. The effectiveness is reviewed both when starting the hedging and after the event.

The fair value of derivatives is calculated by discounting the contractual cash flows. The fair value of interest-rate options is calculated by using the market prices at the balance sheet date and option valuation models.

The Group treats derivatives either as cash flow hedges or as derivatives which do not meet the criteria of hedge accounting under IAS 39. Changes in value of derivative subject to hedge accounting are booked in the other comprehensive income. Profits and losses entered in shareholders' equity are transferred to the interest expenses in the profit and loss account corresponding to the interest expenses on the hedged loan at the same time as the hedged item. Any ineffective part of a hedging relationship is booked immediately in financial expenses.

Changes in value in derivatives which are not in the hedge accounting are booked in the financial items in profit and loss.

Untaxed reserves

A reserve is booked when the Group has a legal or actual obligation on the basis

of prior events, when the realisation of a payment obligation is likely and the amount of the obligation can be reliably estimated.

The extent of the construction sector's 10-year liability reserve is based on experience of the realisation of these liabilities. A guarantee period reserve is also booked when a project is credited or charged in the profit and loss account. The extent of the guarantee period reserve is based on experience of the realisation of guarantee expenditures.

Other reserves may be reorganisation reserves or loss-making agreements. A reserve is booked for loss-making agreements when the essential expenditure required to meet obligations exceeds the benefits obtained from the agreement.

Revenue recognition

Revenue recognition of new property

Sales of newly built property are recognised as income according to the IAS 18 *Revenue* standard and the related IFRIC 15 *Agreements for the Construction of Real Estate interpretation* when the risks and benefits of the property have been transferred to the buyer. In respect of homes sold during the construction, the risks and benefits are deemed to be transferred on the completion date and for completed homes on the sale date.

Income from services

Income from services, such as client commissioning, is recognised as income when the service has been performed.

Lease agreements (SATO as lessor)

Rental income of Investment Properties recognised in the profit and loss account in equal instalments over the lease period. When acting as a lessor, SATO has no agreements classified as financial leasing agreements.

Lease agreements (SATO as lessee)

Lease agreements in which SATO is the lessee are classified as financial lease agreements and they are booked as assets and

liabilities if the risks and benefits have been transferred. Lease agreements are classified at their commencement and they are booked at fair value, or at the present value of minimum rents if lower, in the balance sheet as a tangible asset and financial debt. A tangible asset is depreciated during the economic retention of the asset in question or during the duration of the lease agreement. The rent to be paid is divided into the interest posted to the profit and loss account and the instalment on the financial debt.

Lease agreements are classified as other lease agreements if the characteristic risks and benefits of ownership have not been transferred to an essential extent. Rents to be paid on the basis of other lease agreements are booked as an expense in the profit and loss account in equal instalments over the lease period.

Borrowing costs

Borrowing costs are capitalised as part of an asset's acquisition expenditure when they are due to the acquisition, construction or manufacture of an asset item which is directly derived from fulfilling the terms. An asset item fulfilling terms is one for which the completion for the intended purpose or for sale will inevitably require a considerable amount of time. Other borrowing costs are posted as an expense for the financial year in which they have occurred.

Transaction costs directly due to the taking of loans, which can be attributed to a particular loan, are included in the original matched acquisition cost of the loan and matched as an interest expense using the effective interest rate method.

Public grants

Public grants, for example for lifts, are booked as decreases in the book value of tangible assets. Received grants therefore reduce the depreciation applied to the asset during its economic life.

For SATO, the main form of public support is state-supported interest subsidised loans and Housing Fund of Finland

loans, in which state-backed projects receive a low-interest loan with the support of the state. The real interest on these loans is lower than the interest expenses would be on market-based loans. The interest advantage obtained through public support is therefore netted into interest expenses in accordance with IAS 20 and is not shown as a separate item in the interest income.

Pension arrangements

SATO's pension arrangements are classified as both contribution-based and, for some sections of the personnel, benefit-based. Contributions to contribution-based pension arrangements are booked as an expense in the profit and loss account for the period in which the payment was made. The Group has no legal or actual obligation to make further payments if the recipient of the payments is unable to perform the payment of these pension benefits. Arrangements other than payment-based ones are treated as benefit-based pension arrangements. At SATO, these include the supplementary pension arrangements for the management.

Obligations arising from benefit-based pension arrangements are calculated with a method based on the predicted unit of privilege. The current value of pension obligations, based on actuarial calculations, is posted to the balance sheet after deduction of the assets pertaining to the pension arrangements at their current value, unposted profits and losses based on actuarial calculations, and expenditures based on backdated work done. Pension expenditure is posted to the profit and loss account as an expense over the period of employment of the individuals. Profits and losses based on actuarial calculations are entered in the profit and loss account over the period of employment of the individuals to the extent that they exceed the greatest of the following: 10% of the pension obligation or 10% of the fair value of the assets.

Income taxes

Income taxes include the taxes based on the taxable profit for the financial year, adjustments to previous years' taxes, and changes in deferred taxes.

Deferred tax credits and liabilities are calculated from the differences between the taxation values of assets and liabilities and their book values according to IFRS. The tax rate set by the date of closing the books is used to determine the deferred taxes.

The largest temporary differences arise from investment properties and from financial instruments valued at fair value through other comprehensive income.

A deferred tax credit is booked up to the amount at which it is likely that there will be taxable income in the future against which the temporary difference can be used.

Operating profit

Operating profit is the net sum formed when the profits from divestments of Investment Properties, the share of the profit of joint ventures and associated companies, and other income from business operations are added to turnover, and the use of materials and services, personnel expenses, depreciation and impairments, losses from divestments of Investment Properties and other expenses of business operations are deducted. Exchange gains and losses are included in operating profit when they arise from items related to ordinary business operations. Exchange gains and losses associated with financing are booked in financial income and expenses.

Accounting principles requiring management discretion and the main factors of uncertainty affecting estimates

When the financial statements are prepared, the making of estimates is required in certain quarters. At SATO, the main estimates are associated with the following subdivisions:

The amount of reserves booked on projects requires estimates of the obligations arising from the projects.

In respect of Investment Properties, tangible and intangible assets must be assessed annually for indications that the value of these assets may have declined. If there are such indications, the amount of money accruing from these asset items must be estimated.

Application of new accounting pronouncements under IFRS

IASB has issued the following new and amended standards. They have not yet been applied by the Group; they will be adopted on the date the standard comes into force or, if the date of entry into effect is other than the first day of a financial year, from the beginning of the financial year following the entry into effect. No other issued changes in standards or interpretations not listed here are deemed to have any effect on the Group's future financial statements.

* = The amendment has not yet been approved for application in the EU.

- Amendments to IAS 1 *Presentation of Financial Statements* (in force for financial years beginning on 1 July 2012 or thereafter): the principal change is a requirement for the grouping of items of a comprehensive profit according to whether they may possibly be transferred later to be charged or credited to the profit and loss account as certain conditions are fulfilled. The changes will only affect the presentation of the SATO consolidated financial statements.
- Amendment to IAS 19 *Employee Benefits* (in force for financial years beginning on 1 January 2013 or thereafter): in future, all actuarial profits and losses will be posted immediately to other items of the comprehensive profit, i.e., the so-called pipeline method will be abandoned, and a financial expense will be defined on the basis of net funding. The amendment will affect the posting

and presentation of benefit-based arrangements at SATO, but the effect is expected to be slight.

- IFRS 13 *Fair Value Measurement* (in force for financial years beginning on 1 January 2013 or thereafter): IFRS 13 contains the combined requirements for measuring fair value and for the presentation of information on this in the financial statements. The use of fair value is not expanded; the standard provides guidelines for measuring it when its use is permitted or it has been demanded by some other standard. The new standard is expected to affect SATO's consolidated financial statements mainly through new notes to the financial statements describing fair values.
- *Annual Improvements to IFRSs 2009–2011*, May 2012* (in force for financial years beginning on 1 January 2013 or thereafter): in the annual improvements procedure, small and less urgent amendments to standards are collected in one set and implemented once a year. The changes included in the procedure concern a total of five standards. The effects of the changes vary according to the standard, but they are not significant.
- Amendments to IFRS 7 *Financial Instruments: Disclosures** (in force for financial years beginning on 1 January 2013 or thereafter): the amendment specifies the requirements for notes to the financial statements, being financial instruments given in net amounts in the balance sheet as well as general netting arrangements or similar agreements. The notes required by the amendments must be stated retrospectively. The amendments are not forecast to have a significant impact on SATO's consolidated financial statements.
- New and updated standards for drawing up consolidated financial statements (in force in the EU for financial years beginning on 1 January 2014 or thereafter):

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 (updated 2011) *Separate Financial Statements*
- IAS 28 (updated 2011) *Investments in Associates and Joint Ventures*

- IFRS 10 defines controlling power as the key factor when deciding whether to consolidate an entity in the consolidated financial statements, and it provides additional guidelines for defining controlling power when this is difficult to assess. IFRS 11 provides guidelines for the accounting treatment of joint arrangements on the basis of the rights and duties they entail rather than on the basis of their legal form. Also, the equity method has to be used in future for the reporting of joint ventures, i.e., the previous relative consolidation option will no longer be permitted. IFRS 12 contains the requirements for information to be presented holdings in other entities, including affiliated companies, joint arrangements, structured units and other entities not included on the balance sheet. The assessment of the effects of the new standards on SATO's consolidated financial statements has been initiated. It is provisionally appraised that the amendments will not have a significant impact on SATO's consolidated financial statements, but the assessment will be fine-tuned during the present financial year.
- IFRS 9 *Financial Instruments** and amendments thereto (in force for financial years beginning on 1 January 2015 or thereafter): the new standard is originally to be issued in three phases and it is intended to replace the current IAS 39 *Financial Instruments: Recognition and Measurement*. In the first phase (announced in November 2009), the amendments concern the

classification and valuation of financial assets. Financial assets are divided on the basis of the valuation method into two main groups: those valued according to the matched acquisition and those valued at fair value. The classification depends on the company's business model and the specific characteristics of the cash flows based on the agreement. The amendments issued in October 2010 deal with the classification and valuation of financial liabilities, and the regulations of IAS 39 applying to these have been transferred to the new standard mostly without alteration. The sections of IFRS 9 still in progress concern write-downs of financial assets and the general computation of hedging. IASB further proposes certain changes in the classification and valuation principles of financial assets. The section on the computation of macro hedging has been proposed as a separate project from IFRS 9. As the IFRS 9 project is still in progress, the effect of the standard on SATO's consolidated financial statements cannot be estimated at this time.

2. Segment information

SATO's operations are managed and monitored in the form of two business areas, namely SATO business and VATRO business. The division into segments is done on the same principle. SATO business includes privately financed investment properties as well as those state-subsidised and interest-subsidised homes to which property-specific restrictions end mostly by 2016, although for some properties they will continue until 2025. Construction of owner-occupied housing and investment in housing in St. Petersburg are also included in SATO business. VATRO business includes housing subject to longer-term property-specific restrictions under legislation on state-subsidised loans. These restrictions will end by the year 2047.

The income and expenses shown for the segments are the direct income and expenses due to the segments plus those income and expenses which are reasonably attributable to the segments. Within SATO, the segments' income and expenses also include financial income and expenses, as these are considered to be such a crucial factor in forming the net profit of the segment that leaving them out would not give a fair view of the segments' net profit.

The assets and liabilities of a segment are such business items as the segment uses in its business operations or are reasonably attributable to the segments. All items are included in the segments' assets and liabilities which give rise to items in the profit and loss account which are shown into the segments' net profits, including the segments liabilities which are deemed to constitute an important part in describing the segments' financial position.

The unallocated assets include deferred tax credits as well as the Group's common items. The unallocated liabilities are comprised mainly of deferred tax liabilities. Investments are comprised of increases in investment properties, tangible fixed assets,

and intangible assets which are used in more than one financial year.

Pricing between segments is done at appropriate market rate.

Calculation of net rental income

The net rental income of investment properties is obtained by deducting from the rental income the maintenance expenses, which include annual repair expenses. In calculating the net rental income, the part of the Group's fixed expenses which concerns the maintenance of the investment properties is added to the maintenance expenses.

Segment information 1 Jan.–31 Dec. 2012

| MEUR | SATO business | VATRO business | Eliminations | SATO Group total |
|---|---------------|----------------|--------------|------------------|
| External turnover | 250.0 | 36.9 | | 286.9 |
| Internal turnover | 0.0 | 0.0 | 0.0 | 0.0 |
| Turnover, total | 250.0 | 36.9 | 0.0 | 286.9 |
| Profits/losses from divestments of Investment Properties | 8.8 | 0.0 | | 8.8 |
| Depreciation, amortizations and impairment charges | –18.0 | –3.8 | 0.0 | –21.8 |
| Operating profit | 87.5 | 11.6 | 0.0 | 99.1 |
| Interest income | 1.1 | 0.0 | | 1.1 |
| Interest expenses | –32.4 | –7.3 | | –39.7 |
| Profit before taxes | 56.3 | 4.3 | 0.0 | 60.6 |
| Net rental income on the housing portfolio | 106.7 | 18.6 | | 125.3 |
| Net rental income of rented homes, % of book value | 8.5% | 9.2% | | 8.6% |
| Investments | 159.9 | 0.0 | | 159.9 |
| Acquisition of land for inventory | 28.1 | | | 28.1 |
| Depreciation and amortization | –18.0 | –3.8 | | –21.8 |
| Impairment charges | 0.0 | | | 0.0 |
| Assets and eliminations allocated to segments, total | 1,620.9 | 212.9 | –14.1 | 1,819.7 |
| Investment Properties | 1,353.8 | 199.9 | | 1,553.7 |
| Cash and cash equivalents | 32.0 | –0.5 | | 31.5 |
| Other assets of the segment | 235.2 | 13.2 | –14.1 | 234.3 |
| Holding in joint venture and associated companies | –0.1 | 0.3 | | 0.2 |
| Unallocated assets | | | | 34.9 |
| Assets, total | | | | 1,854.6 |
| Liabilities and eliminations allocated to segments, total | 1,307.8 | 190.8 | –14.1 | 1,484.5 |
| Interest-bearing debt | 1,192.3 | 183.0 | | 1,375.3 |
| Other liabilities of segment | 115.5 | 7.8 | –14.1 | 109.2 |
| Unallocated liabilities | | | | 74.9 |
| Liabilities, total | | | | 1,559.4 |

Segment information 1 Jan.–31 Dec. 2011

| MEUR | SATO business | VATRO business | Eliminations | SATO Group total |
|---|---------------|----------------|--------------|------------------|
| External turnover | 196.9 | 35.1 | | 232.0 |
| Internal turnover | 0.0 | 0.0 | 0.0 | 0.0 |
| Turnover, total | 196.9 | 35.1 | 0.0 | 232.0 |
| Profits/losses from divestments of Investment Properties | 9.7 | 0.0 | | 9.7 |
| Depreciation, amortizations and impairment charges | –16.8 | –3.8 | 0.0 | –20.6 |
| Operating profit | 77.2 | 9.6 | 0.0 | 86.8 |
| Interest income | 0.8 | 0.0 | | 0.8 |
| Interest expenses | –28.9 | –6.6 | | –35.5 |
| Profit before taxes | 48.8 | 3.3 | 0.0 | 52.1 |
| Net rental income on the housing portfolio | 92.9 | 16.5 | | 109.4 |
| Net rental income of rented homes, % of book value | 8.1% | 8.0% | | 8.1% |
| Investments | 148.8 | 0.0 | | 148.8 |
| Acquisition of land for inventory | 19.1 | | | 19.1 |
| Depreciation and amortization | –16.8 | –3.8 | | –20.6 |
| Impairment charges | 0.0 | | | 0.0 |
| Assets and eliminations allocated to segments, total | 1,467.4 | 226.2 | –14.5 | 1,679.1 |
| Investment Properties | 1,221.0 | 203.9 | | 1,424.9 |
| Cash and cash equivalents | 9.8 | 3.2 | | 13.0 |
| Other assets of the segment | 236.7 | 18.8 | –14.5 | 241.0 |
| Holding in joint venture and associated companies | –0.1 | 0.3 | | 0.2 |
| Unallocated assets | | | | 37.5 |
| Assets, total | | | | 1,716.6 |
| Liabilities and eliminations allocated to segments, total | 1,174.2 | 204.3 | –14.5 | 1,364.0 |
| Interest-bearing debt | 1,063.1 | 192.4 | | 1,255.5 |
| Other liabilities of segment | 111.1 | 11.9 | –14.5 | 108.5 |
| Unallocated liabilities | | | | 69.1 |
| Liabilities, total | | | | 1,433.1 |

SATO does not have any individual customers of the type which would generate at least 10% of the entire Group's income.

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

3. Distribution of turnover

| | | |
|--|--------------|--------------|
| Revenue from sales of owner-occupied housing | 61.6 | 29.0 |
| Rental income | 212.7 | 195.8 |
| Other income | 12.6 | 7.2 |
| Total | 286.9 | 232.0 |

4. Profits and losses from sales of Investment Properties and other income and expenses from business operations

| | | |
|---|------------|------------|
| Profits and losses from sales of Investment Properties | | |
| Profit from divestments of Investment Properties | 8.9 | 9.9 |
| Losses from divestments of Investment Properties | -0.1 | -0.2 |
| Total | 8.8 | 9.7 |

| | | |
|--|------------|------------|
| Other income from business operations | 0.4 | 0.5 |
| Total | 0.4 | 0.5 |

| | | |
|---|-------------|-------------|
| Other expenses of business operations | | |
| Direct maintenance expenses of Investment Properties generating rental income | 57.0 | 55.4 |
| Rental expenses | 33.2 | 30.4 |
| Other fixed expenses | 7.8 | 6.8 |
| Other expenses of business operations | 1.5 | 1.6 |
| Total | 99.6 | 94.3 |

| | | |
|---------------------|------------|------------|
| Auditors fee | | |
| Audit | 0.2 | 0.2 |
| Tax advice | 0.1 | 0.0 |
| Other services | 0.0 | 0.0 |
| Total | 0.3 | 0.3 |

5. Personnel expenses

| | | |
|--|-------------|-------------|
| Salaries and wages | 10.3 | 10.0 |
| Pension expenses – contribution-based arrangements | 1.9 | 1.7 |
| Pension expenses – benefit-based arrangements | 0.3 | 0.3 |
| Other personnel expenses | 0.3 | 0.3 |
| Total | 12.7 | 12.2 |

Management perquisites are set out in note 33, Related Party Events.

| | | |
|--|------------|------------|
| Average number of Group personnel during the financial year | | |
| Total | 152 | 137 |

6. Depreciation, amortizations and impairment charges

| | | |
|-------------------------------------|-------------|-------------|
| Depreciation by asset class: | | |
| Investment Properties | 21.0 | 19.9 |
| Tangible assets | 0.5 | 0.4 |
| Intangible assets | 0.3 | 0.3 |
| Total | 21.8 | 20.6 |

| MEUR | 2012 | 2011 |
|-----------------------|------|------|
| Impairments: | | |
| Investment Properties | 0.0 | 0.0 |
| Total | 0.0 | 0.0 |

7. Research and development

Research and development expenditure during the financial year of MEUR 0.8 was booked in the profit and loss account and MEUR 0.5 in development expenditure has been capitalised in the balance sheet.

8. Financial income and expenses

| | | |
|--|-------|-------|
| Interest income on loans receivable and cash and cash equivalents | 0.9 | 0.7 |
| Dividend income on available-for-sale investments | 0.1 | 0.1 |
| Foreign exchange gain | 0.2 | 0.0 |
| Financial income, total | 1.1 | 0.8 |
| Interest expense on financial liabilities measured at amortized cost | -31.4 | -30.7 |
| Interest expense on effective cash flow hedges | -8.9 | -6.4 |
| Interest expense on non-hedge accounted derivatives | -0.6 | -0.6 |
| Change in fair value, non-hedge accounted derivatives | 1.6 | 2.2 |
| Foreign exchange loss | -0.2 | 0.0 |
| Financial expenses, total | -39.7 | -35.5 |
| Financial income and expenses, net | -38.5 | -34.7 |

9. Income taxes

The profit and loss account tax expense is distributed as follows:

| | | |
|--|------|------|
| Tax based on the taxable income for the period | 12.9 | 11.5 |
| Taxes of previous years | 0.0 | 0.0 |
| Deferred taxes, net | 2.9 | -1.0 |
| Total | 15.8 | 10.5 |

Reconciliation calculation based on the domestic corporate tax rate (24.5%) for the tax expense of the consolidated profit and loss account for the SATO Group's parent company.

| | | |
|--|------|------|
| Profit before taxes | 60.6 | 52.1 |
| Taxes calculated on the parent company's tax rate | 14.8 | 13.5 |
| Non-tax-deductible expenses | 0.3 | 0.1 |
| Non-taxable income | 0.0 | 0.0 |
| Application of previously unbooked taxation losses | -0.1 | -0.1 |
| Tax from previous financial years | 0.0 | 0.0 |
| Losses/profits on merger | | -3.0 |
| Other differences | 0.8 | 0.1 |
| Adjustments, total | 1.0 | -3.0 |
| Taxes in profit and loss account | 15.8 | 10.5 |

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

10. Earnings per share

The undiluted earnings per share are calculated by dividing the profit for the year due to the parent company's shareholders by the weighted average number of issued shares for the year. The number of SATO shares as at 31 December 2012 was 51,001,842. SATO Corporation held 160,000 company shares at year-end.

| | | |
|---|------|------|
| Profit for financial year for distribution to the owners of the parent company (MEUR) | 44.8 | 41.6 |
| Weighted average number of shares during the financial year (millions) | 50.8 | 50.8 |
| Earnings per share (€) | | |
| Undiluted | 0.88 | 0.82 |
| Diluted | 0.88 | 0.82 |

11. Investment Properties (=investment property as per IAS 40)

| | | |
|--|----------------|----------------|
| Acquisition cost, 1 Jan. | 1,561.9 | 1,423.0 |
| Additions; new properties | 149.7 | 140.4 |
| Additions; additional investments | 10.2 | 8.1 |
| Decreases | -10.7 | -9.4 |
| Reclassifications | 0.5 | -0.2 |
| Acquisition cost, total | 1,711.6 | 1,561.9 |
| Accumulated depreciation and write-downs, 1 Jan. | -137.0 | -117.1 |
| Depreciation | -21.0 | -19.9 |
| Impairment losses | 0.0 | 0.0 |
| Accumulated depreciation and write-downs, total | -158.0 | -137.0 |
| Book value | 1,553.7 | 1,424.9 |
| Fair value | 2,088.0 | 1,898.6 |
| Difference between fair and book value | 534.3 | 473.7 |
| Change in difference in value | 60.6 | 122.3 |

The difference in values increased mainly due to a rising trend in rents and prices of apartments, and also yield requirements have been revised because of the market conditions.

An external appraiser has made a statement on the fair value of SATO's investment properties as at 31 December 2012.

Investment Properties are subject to legislated non-profit restrictions on disposal and utilisation. These restrictions and the definition of fair value are described above in greater detail in the accounting conventions of the financial statements, in the sections Basic Company Information and Investment Properties.

| | | |
|--|-------|-------|
| Rental income on Investment Properties | 212.7 | 195.8 |
|--|-------|-------|

The Group's lease agreements are leases on housing and they are mostly valid indefinitely. Roughly 7,700 new leases are drawn up per year. The turnover in the Group's rental housing portfolio in 2012 was 33.6% and in 2011 it was 30.6%, with the average validity for leases being 3.0 years in 2012 and 3.3 years in 2011.

12. Tangible assets

| MEUR | Machinery and equipment | Other tangible assets | Total |
|---|-------------------------|-----------------------|-------|
| 2012 | | | |
| Acquisition cost, 1 Jan. | 3.5 | 0.1 | 3.7 |
| Increases | 0.8 | 0.6 | 1.4 |
| Decreases | -0.1 | 0.0 | -0.1 |
| Reclassifications | 0.0 | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 4.2 | 0.7 | 5.0 |
| Accumulated depreciation and write-downs, 1 Jan. | 2.2 | 0.1 | 2.3 |
| Accumulated depreciation on transfers | 0.0 | 0.0 | 0.0 |
| Depreciation for the period | 0.5 | 0.0 | 0.5 |
| Accumulated depreciation and write-downs, 31 Dec. | 2.7 | 0.0 | 2.8 |
| Book value, 1 Jan. 2012 | 1.3 | 0.1 | 1.5 |
| Book value, 31 Dec. 2012 | 1.5 | 0.6 | 2.1 |

| MEUR | Machinery and equipment | Other tangible assets | Total |
|---|-------------------------|-----------------------|-------|
| 2011 | | | |
| Acquisition cost, 1 Jan. | 2.6 | 0.1 | 2.8 |
| Increases | 0.9 | 0.0 | 0.9 |
| Decreases | -0.2 | 0.0 | -0.2 |
| Reclassifications | 0.0 | | 0.0 |
| Acquisition cost, 31 Dec. | 3.3 | 0.1 | 3.5 |
| Accumulated depreciation and write-downs, 1 Jan. | 1.8 | 0.0 | 1.8 |
| Accumulated depreciation on transfers | 0.0 | 0.0 | 0.0 |
| Depreciation for the period | 0.4 | 0.0 | 0.4 |
| Accumulated depreciation and write-downs, 31 Dec. | 2.2 | 0.0 | 2.2 |
| Book value, 1 Jan. 2011 | 0.8 | 0.1 | 1.0 |
| Book value, 31 Dec. 2011 | 1.1 | 0.1 | 1.3 |

Tangible assets include assets acquired with financial leasing agreements as follows:

| MEUR | Machinery and equipment 2012 | Machinery and equipment 2011 |
|--|---------------------------------|---------------------------------|
| Acquisition cost, 1 Jan. | 0.8 | 0.9 |
| Increases | 0.0 | 0.0 |
| Decreases | -0.1 | -0.2 |
| Acquisition cost, 31 Dec. | 0.7 | 0.7 |
| Accumulated depreciation and write-downs, 1 Jan. | 0.6 | 0.5 |
| Depreciation for the period | 0.0 | 0.1 |
| Accumulated depreciation on decreases | 0.0 | 0.0 |
| Accumulated depreciation, 31 Dec. | 0.7 | 0.6 |
| Book value, 31 Dec. | 0.0 | 0.1 |

13. Intangible assets

| MEUR | Intangible rights | Other intangible assets | Total |
|---|-------------------|-------------------------|-------|
| 2012 | | | |
| Acquisition cost, 1 Jan. | 0.3 | 2.6 | 2.9 |
| Increases | 0.0 | 0.5 | 0.5 |
| Reclassifications | 0.0 | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.3 | 3.1 | 3.4 |
| Accumulated depreciation and write-downs, 1 Jan. | 0.3 | 1.8 | 2.1 |
| Accumulated depreciation on transfers | 0.0 | 0.0 | 0.0 |
| Depreciation for the period | | 0.3 | 0.3 |
| Accumulated depreciation and write-downs, 31 Dec. | 0.3 | 2.1 | 2.4 |
| Book value, 1 Jan. 2012 | 0.0 | 0.8 | 0.8 |
| Book value, 31 Dec. 2012 | 0.0 | 1.0 | 1.0 |

| MEUR | Intangible rights | Other intangible assets | Total |
|---|-------------------|-------------------------|-------|
| 2011 | | | |
| Acquisition cost, 1 Jan. | 0.3 | 2.3 | 2.6 |
| Increases | 0.0 | 0.3 | 0.3 |
| Reclassifications | 0.0 | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.3 | 2.6 | 2.9 |
| Accumulated depreciation and write-downs, 1 Jan. | 0.3 | 1.5 | 1.8 |
| Accumulated depreciation on transfers | 0.0 | 0.0 | 0.0 |
| Depreciation for the period | | 0.3 | 0.3 |
| Accumulated depreciation and write-downs, 31 Dec. | 0.3 | 1.8 | 2.1 |
| Book value, 1 Jan. 2011 | 0.0 | 0.8 | 0.8 |
| Book value, 31 Dec. 2011 | 0.0 | 0.8 | 0.8 |

14. Holdings in joint ventures and associated companies

| MEUR | 2012 | 2011 |
|--|------------|------------|
| Acquisition cost, 1 Jan. | 0.2 | 0.4 |
| Increases | 0.0 | 0.0 |
| Decreases | 0.0 | -0.1 |
| Reclassifications | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.2 | 0.2 |
| Adjustments to shares in equity, 1 Jan. | 0.0 | 0.1 |
| Share of net profit for the financial year | 0.0 | -0.0 |
| Reclassifications | 0.0 | 0.0 |
| Dividends received | -0.0 | -0.1 |
| Book value, 31 Dec. | 0.2 | 0.2 |

Information on the joint venture and associated companies and their combined assets, debts, turnover and profit/loss (MEUR):

| 2012 | Domicile | Assets | Debts | Turnover | Profit/Loss | Holding (%) |
|--------------------------|----------|---------|---------|----------|-------------|-------------|
| Suomen Asumisoikeus Oy * | Helsinki | 1,176.4 | 1,004.1 | 128.9 | 0.9 | 50.0 |
| K Oy Salpalohi | Kerava | 0.9 | 0.7 | 0.2 | 0.0 | 33.3 |
| Piipunjuuri Oy | Oulu | 0.1 | 0.1 | 0.5 | -0.1 | 50.0 |
| SV-Asunnot Oy | Helsinki | 0.3 | 0.3 | 0.0 | -0.0 | 50.0 |

| 2011 | Domicile | Assets | Debts | Turnover | Profit/Loss | Holding (%) |
|--------------------------|----------|---------|---------|----------|-------------|-------------|
| Suomen Asumisoikeus Oy * | Helsinki | 1,185.8 | 1,013.4 | 123.7 | 0.2 | 50.0 |
| K Oy Salpalohi | Kerava | 0.9 | 0.7 | 0.2 | 0.0 | 33.3 |
| Piipunjuuri Oy | Oulu | 0.1 | 0.1 | 0.4 | 0.0 | 50.0 |
| SV-Asunnot Oy | Helsinki | 0.3 | 0.3 | 0.0 | 0.0 | 50.0 |

* Suomen Asumisoikeus Oy has been consolidated as per the Right of Occupancy Act in respect of the distributable dividend (8% on invested assets).

15. Book values of financial assets and liabilities by category

| MEUR | Note | Derivatives subject to hedge accounting | Derivatives not subject to hedge accounting | Loans and other receivables | Available-for- sale financial assets | Financial liabilities at amortised cost | Book values of balance sheet items total |
|--|------|--|--|-----------------------------------|--|--|---|
| 2012 | | | | | | | |
| Non-current financial assets | | | | | | | |
| Stocks and shares | 16 | | | | 2.6 | | 2.6 |
| Loans receivable | 17 | | | 9.1 | | | 9.1 |
| Current financial assets | | | | | | | |
| Accounts receivable | 20 | | | 13.3 | | | 13.3 |
| Loans receivable | 20 | | | 25.3 | | | 25.3 |
| Derivative assets | 25 | 1.3 | | | | | 1.3 |
| Cash and cash equivalents | 21 | | | 33.7 | | | 33.7 |
| Non-current financial liabilities | | | | | | | |
| Loans | 24 | | | | | 1,248.8 | 1,248.8 |
| Derivative liabilities | 25 | 40.6 | 1.9 | | | | 42.5 |
| Current financial liabilities | | | | | | | |
| Loans | 24 | | | | | 126.5 | 126.5 |
| Derivative liabilities | 25 | 0.0 | | | | | 0.0 |
| Accounts payable | 28 | | | | | 7.7 | 7.7 |
| 2011 | | | | | | | |
| Non-current financial assets | | | | | | | |
| Stocks and shares | 16 | | | | 2.5 | | 2.5 |
| Loans receivable | 17 | | | 57.8 | | | 57.8 |
| Current financial assets | | | | | | | |
| Accounts receivable | 20 | | | 17.4 | | | 17.4 |
| Loans receivable | 20 | | | 0.2 | | | 0.2 |
| Derivative assets | 25 | | | | | | |
| Cash and cash equivalents | 21 | | | 23.6 | | | 23.6 |
| Non-current financial liabilities | | | | | | | |
| Loans | 24 | | | | | 1,115.3 | 1,115.3 |
| Derivative liabilities | 25 | 32.3 | 2.1 | | | | 34.4 |
| Current financial liabilities | | | | | | | |
| Loans | 24 | | | | | 140.2 | 140.2 |
| Derivative liabilities | 25 | 0.6 | 1.4 | | | | 2.0 |
| Accounts payable | 28 | | | | | 6.6 | 6.6 |

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

16. Available-for-sale financial assets

| | | |
|----------------|------------|------------|
| Shares | 0.6 | 0.5 |
| Other holdings | 2.0 | 1.9 |
| Total | 2.6 | 2.5 |

Shares include quoted shares, valued at the closing price on the report date. During the period or comparison period, no charges have been booked through profit and loss due to available-for-sale financial assets. Changes in market value are booked to fair value reserves in other comprehensive income, net of tax. Other holdings include unlisted shares, which are valued at the acquisition cost as it is not possible reliably to determine their fair value.

17. Non-current receivables

| | | |
|-------------------|------------|-------------|
| Loans receivable | 9.1 | 7.8 |
| Deposits | | 50.0 |
| Other receivables | 0.3 | 0.1 |
| Total | 9.5 | 57.9 |

Loan receivables are chiefly receivables from housing management companies. They have been valued at the acquisition cost in the financial statements and their fair value is estimated to correspond to book value.

18. Deferred tax credits and liabilities

Changes in deferred taxes during 2012:

| MEUR | 1 Jan. 2012 | Recognized in profit and loss account | Deferred tax credits and liabilities | Recognized in other items of comprehensive income | Subsidiaries acquired/sold | 31 Dec. 2012 |
|---|-------------|---------------------------------------|--------------------------------------|---|----------------------------|--------------|
| Deferred tax credits: | | | | | | |
| Valuation of financial instruments at fair value | 8.8 | -0.4 | 0.0 | 2.7 | | 11.1 |
| From matching difference and interim differences | 18.1 | 3.4 | 0.0 | | 0.0 | 21.5 |
| Total | 26.9 | 3.1 | 0.0 | 2.7 | 0.0 | 32.7 |
| Deferred tax liability: | | | | | | |
| Valuation of financial instruments at fair value | 0.2 | 0.2 | 0.0 | 0.0 | | 0.4 |
| From appropriations and depreciation differences | 62.6 | 4.9 | 0.0 | | -0.2 | 67.4 |
| From matching differences and interim differences | 3.6 | 0.8 | 0.0 | | 0.0 | 4.5 |
| From applied acquisition costs | 2.7 | 0.0 | 0.0 | | 0.0 | 2.7 |
| Total | 69.1 | 5.9 | 0.0 | 0.0 | -0.2 | 74.9 |

Changes in deferred taxes during 2011:

| MEUR | 1 Jan. 2011 | Recognized in profit and loss account | Deferred tax credits and liabilities | Recognized in other items of comprehensive income | Subsidiaries acquired/sold | 31 Dec. 2011 |
|---|-------------|---------------------------------------|--------------------------------------|---|----------------------------|--------------|
| Deferred tax credits: | | | | | | |
| Valuation of financial instruments at fair value | 5.3 | -0.5 | -0.1 | 4.2 | | 8.8 |
| From matching differences and interim differences | 16.9 | 2.3 | -1.1 | | 0.0 | 18.1 |
| Total | 22.2 | 1.8 | -1.2 | 4.2 | 0.0 | 26.9 |
| Deferred tax liability: | | | | | | |
| Valuation of financial instruments at fair value | 0.0 | 0.1 | 0.0 | 0.0 | | 0.2 |
| From appropriations and depreciation differences | 63.8 | 3.1 | -3.8 | | -0.3 | 62.6 |
| From matching differences and interim differences | 3.8 | 0.3 | -0.2 | | -0.3 | 3.6 |
| From applied acquisition costs | 2.8 | 0.3 | -0.2 | | -0.2 | 2.7 |
| Total | 70.3 | 3.8 | -4.2 | 0.0 | -0.8 | 69.1 |

| MEUR | 2012 | 2011 |
|--|--------------|--------------|
| 19. Inventories | | |
| Housing under construction | 46.4 | 45.0 |
| Completed housing units and commercial space | 18.0 | 7.9 |
| Land areas and land area companies | 94.8 | 90.8 |
| Other inventories | 8.4 | 10.6 |
| Total | 167.7 | 154.3 |

Write-downs on design expenditure capitalised in the inventories MEUR 0.3.

20. Accounts receivable and other receivables

| | | |
|--------------------------------|-------------|-------------|
| Accounts receivable | 13.3 | 17.4 |
| Accrued assets | 10.7 | 2.0 |
| Notes receivable | 25.3 | 0.2 |
| Other receivables | 0.3 | 2.2 |
| Total | 49.6 | 21.8 |
| Accrued assets include: | | |
| Rental business | 6.8 | 0.3 |
| Construction commissioning | 3.0 | 0.5 |
| Interest | 0.3 | 1.0 |
| Other accrued assets | 0.6 | 0.2 |
| Total | 10.7 | 2.0 |

In case of default by a counterparty, the maximum credit risk relating to receivables corresponds to their book values. The receivables do not entail significant clusters of credit risks. The book values of the trade receivables and other non-current receivables are considered to be equal to their fair values.

21. Cash and cash equivalents

| | | |
|-----------------------------------|-------------|-------------|
| Cash and bank balances | 33.7 | 23.6 |
| Certificates of deposit, deposits | 0.0 | |
| Total | 33.7 | 23.6 |

The non-profit companies' cash assets are kept separately from those of companies not subject to non-profit. On the report date, the non-profit cash assets totalled EUR 22.5 (17.0) million.

22. Notes on shareholders' equity

| Precision calculation of the number of shares: | Number of shares (1,000) | Share capital, MEUR | Reserve fund, MEUR | Reserve for invested equity, nonrestricted equity | Total, MEUR |
|--|--------------------------|---------------------|--------------------|---|-------------|
| 1 Jan. 2011 | 50,842 | 4.4 | 43.7 | 44.9 | 93.0 |
| Rights issue | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-payment issue | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 31 Dec. 2011 | 50,842 | 4.4 | 43.7 | 44.9 | 93.0 |
| 1 Jan. 2012 | 50,842 | 4.4 | 43.7 | 44.9 | 93.0 |
| Rights issue | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-payment issue | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 31 Dec. 2012 | 50,842 | 4.4 | 43.7 | 44.9 | 93.0 |

Description of shareholders' equity funds:

Shares and share capital

The total number of SATO shares as at 31 December 2012 was 51,001,842. SATO Corporation held 160,000 company shares as at 31 December 2012. The annual general meeting of 2 March 2011 authorised the Board of Directors to decide on one or more targeted, for-payment share issues, in such a way that the combined total number of company shares held by the company to be surrendered in the issues will not exceed 160,000. The proposed maximum is equal to 0.3% of the company's shares. The Board of Directors was authorised to decide on the terms of the issue, the issue price of the shares and the criteria on which the price is based, and on the other terms of the issue. The annual general meeting authorised the Board of Directors to decide on a share issue other than in proportion to the holdings of existing shareholders (targeted issue) if there is a pressing financial reason for this from the company's perspective. The authorisation is valid until 28 February 2016 including said date.

Reserve fund

The reserve fund includes a share premium account.

Fair value and other reserves

The value adjustment fund includes the change in fair values of the derivative instruments used to hedge the cash flow as well as the valuation of the investments available for selling at their fair value.

Dividends

After the date of closing the books, 31 December 2012, the Board of Directors has proposed paying dividend in the amount of 0.55 euros per share.

Restrictions concerning the Group's shareholders' equity

The Group's retained profits in 2012, MEUR 233.7 (in 2011 MEUR 213.9) include a total of MEUR 72.2 (in 2011 MEUR 58.9) of shareholders' equity subject to restrictions on the distribution of profit from non-profit operations. Part of the Group companies are subject to so-called non-profit income-recognition limitations under housing legislation, according to which the organisation may not pay out to its owners more than the profit permitted under housing legislation.

Management of the capital structure

The aim of the company's capital structure management is to support the growth targets and to secure the ability to pay dividend. Another aim of the structure management is to ensure the Group's prospects for operating in the equity market. The SATO Group's targeted equity ratio at fair value is at least 25 per cent. Equity ratio may temporarily dip below this target due to significant investments. The actual equity ratio at fair value as at 31 December 2012 was 29.4 per cent.

The company's Board of Directors reviews and assesses the Group's capital structure regularly.

Some of the company's financial agreements include special pricing terms relating to capital structure and profitability. According to management assessment, these terms do not imply significant risk to the consolidated accounts. During the report period, the company's capital structure and profitability met the terms set.

| MEUR | 2012 | 2011 |
|---|-------------|-------------|
| 23. Pension commitments | | |
| Benefit-based pension liability on the balance sheet | | |
| Current value of unfunded liabilities | 0.0 | 0.0 |
| Current value of funded liabilities | 2.6 | 1.5 |
| Fair value of assets | -2.0 | -1.4 |
| Below/above margin | 0.7 | 0.1 |
| Unbooked profits (+) / losses (-) based on insurance calculation | -1.0 | -0.2 |
| Unbooked expenditure based on backdated work done | 0.0 | 0.0 |
| Net debt | -0.4 | -0.1 |
| Amounts on balance sheet: | | |
| Debts | 0.0 | 0.0 |
| Receivable | 0.4 | 0.1 |
| Net receivable | 0.4 | 0.1 |
| Benefit-based pension expenditure of profit and loss account | | |
| Expenditure based on work done during period | 0.2 | 0.2 |
| Interest expenditure | 0.1 | 0.1 |
| Expected income of assets in arrangements | -0.1 | 0.0 |
| Profits (+) / losses (-) based on insurance calculation | 0.0 | 0.1 |
| Effect of fulfilling the obligation | 0.0 | 0.0 |
| Profits/losses of reduction in arrangements | 0.0 | 0.0 |
| Total | 0.2 | 0.3 |
| Income of assets in arrangements | 0.0 | 0.0 |
| Changes in current value of liability shown on balance sheet | | |
| Liability 1 Jan. | 1.5 | 1.5 |
| Expenditure due to work done | 0.2 | 0.2 |
| Interest expenditure | 0.1 | 0.1 |
| Profits (+) / losses (-) based on insurance calculation | 0.8 | -0.2 |
| Profits (-) / losses (+) of reduction in arrangements | 0.0 | 0.0 |
| Benefits paid | 0.0 | 0.0 |
| Fulfilment of obligations | 0.0 | 0.0 |
| Liability 31 Dec. | 2.6 | 1.5 |
| Changes in fair values of assets included in arrangements | | |
| Fair values 1 Jan. | 1.4 | 1.1 |
| Expected income of assets | 0.1 | 0.0 |
| Profits (+) / losses (-) based on insurance calculation | 0.0 | 0.0 |
| Employer's remittances in arrangements | 0.5 | 0.3 |
| Fulfilment of obligations | 0.0 | 0.0 |
| Fair values 31 Dec. | 2.0 | 1.4 |
| Amount the Group expects to remit to benefit-based arrangements in period 2013 | 0.5 | |

No division of the assets in the arrangement by property groupings is available.

| MEUR | 2012 | 2011 |
|--|-------|-------|
| Assumptions used in insurance calculation | | |
| Discount interest | 3.00% | 5.00% |
| Expected income of assets in arrangements | 3.00% | 4.70% |
| Assumed future salary increase | 3.00% | 3.00% |

The expected overall income of assets has been calculated by the insurer.

| Five-year time series | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------|------|------|------|------|
| Current value of liabilities | 2.6 | 1.5 | 1.5 | 1.2 | 0.9 |
| Fair value of assets in arrangements | -2.0 | -1.4 | -1.2 | -1.1 | -1.0 |
| Below (-) / above margin (+) | 0.6 | 0.1 | 0.3 | 0.1 | -0.1 |
| Experience-based revisions of assets included in arrangements | 0.0 | 0.0 | -0.2 | 0.0 | 0.0 |
| Experience-based revisions of debts included in arrangements | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

24. Financial liabilities

| | | |
|--|----------------|----------------|
| Non-current | | |
| Corporate bonds | 99.5 | |
| Market-based loans | 685.9 | 651.7 |
| Pension insurance loans | 28.1 | 31.7 |
| Interest-subsidised loans | 89.5 | 96.2 |
| State-subsidised loans | 157.2 | 168.2 |
| Contingent liabilities due to shares in housing companies and mutual building management companies | 188.8 | 167.4 |
| Financial leasing liabilities | 0.0 | 0.0 |
| Total | 1,249.0 | 1,115.3 |
| Current | | |
| Market-based loans | 97.3 | 121.3 |
| Pension insurance loans | 3.7 | 3.7 |
| Interest-subsidised loans | 6.7 | 1.8 |
| State-subsidised loans | 10.9 | 10.2 |
| Contingent liabilities due to shares in housing companies and mutual building management companies | 7.8 | 3.1 |
| Financial leasing liabilities | 0.0 | 0.1 |
| Total | 126.3 | 140.1 |

The corporate bond, funded in 2012, holds nominal value of MEUR 100,0, coupon rate 3.375 per cent and fair value of MEUR 114.6. On report date, the fair value of market-based loans amounted to MEUR 797.1 (778.3). The fair values are calculated as discounted contractual cash flows, using market rates for discount factor. Fair values of other financial liabilities do not significantly differ from carrying amounts or cannot be reliably measured. No fair value has been disclosed for state-subsidised ARAVA loans and interest-subsidised loans, due to the special features of these types of loans, such as the quasi-subsidy components. Additionally, the state-subsidised and interest-subsidised loans hold very long maturities and hence it is difficult to set a reliable benchmark interest rate. Majority of the ARAVA loans mature between year 2022 to 2047.

Cash flows of instalments and interest based on loan agreements are shown in Note 29, Financial risk management.

Collateral provided for the loans are disclosed in note 32, Collateral, commitments and contingencies.

25. Derivatives

Fair values of derivative instruments

| MEUR | 2012 | | | 2011 | | |
|---|------------|--------------|--------------|------------|--------------|--------------|
| | Positive | Negative | Net | Positive | Negative | Net |
| Non-current | | | | | | |
| Interest rate swaps, cash flow hedge | | -33.9 | -33.9 | | -23.4 | -23.4 |
| Interest rate swaps, non-hedge accounted | | -1.9 | -1.9 | | -2.1 | -2.1 |
| Cross-currency and interest rate swaps, cash flow hedge | 1.1 | -6.7 | -5.5 | | -8.7 | -8.7 |
| Foreign exchange forward contracts, cash flow hedge | 0.1 | | 0.1 | | | |
| Non-current derivatives, total | 1.2 | -42.5 | -41.3 | 0.0 | -34.2 | -34.2 |
| Current | | | | | | |
| Interest rate swaps, cash flow hedge | | | | | -0.6 | -0.6 |
| Foreign exchange forward contracts, cash flow hedge | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Interest rate options, non-hedge accounted | | | | | -1.4 | -1.4 |
| Current derivatives, total | 0.1 | 0.0 | 0.1 | 0.0 | -1.4 | -1.4 |
| Total | 1.3 | -42.5 | -41.2 | 0.0 | -36.2 | -36.2 |

Nominal values of derivative instruments

| MEUR | 2012 | 2011 |
|---|--------------|--------------|
| Interest rate swaps, cash flow hedge | 418.6 | 382.3 |
| Cross-currency and interest rate swaps, cash flow hedge | 115.0 | 117.3 |
| Foreign exchange forward contracts, cash flow hedge | 14.3 | 2.5 |
| Interest rate swaps, non-hedge accounted | 20.0 | 20.0 |
| Interest rate options, non-hedge accounted | | 90.0 |
| Total | 568.0 | 612.1 |

Change in fair value of designated cash flow hedges, booked to hedge reserve in other comprehensive income, totalled MEUR -8.4 (-13,3). 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 2–7 years and forward contracts 1–3 years.

26. Fair values of financial instruments

| MEUR | 2012 | | | 2011 | | |
|--|---|--|--|---|--|--|
| | 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 |
| Financial assets and liabilities at fair value through profit and loss | | -1.9 | | | -3.5 | |
| Available-for-sale financial assets | 0.6 | | | 0.5 | | |
| Derivatives, designated cash flow hedges | | -39.3 | | | -32.7 | |
| Total | 0.6 | -41.2 | | 0.5 | -36.2 | |

27. Untaxed reserves

| MEUR | Refund claim expense reserve | Other reserves | Reserves, total |
|----------------------------------|------------------------------|----------------|-----------------|
| 1 Jan. 2012 | 3.9 | 0.0 | 3.9 |
| Increases in reserves | 0.6 | 0.0 | 0.6 |
| Reserves disbursed | -0.8 | 0.0 | -0.8 |
| Cancellations of unused reserves | -0.2 | | -0.2 |
| 31 Dec. 2012 | 3.4 | 0.0 | 3.4 |

The refund claim expense reserve includes a guarantee reserve related to construction business as well as the 10-year liability period thereafter. The refund claim expense reserve is determined on the basis of the claims submitted and on figures from previous experience.

Other reserves include, inter alia, reserves for loss-making agreements.

The potential realisation of the refund claim expense reserve will take place within 10 years and other reserves within 1 year.

28. Accounts payable and other liabilities

| MEUR | 2012 | 2011 |
|--|-------------|-------------|
| Advances received | 12.4 | 16.5 |
| Accounts payable | 7.7 | 6.6 |
| Other debts | 0.8 | 0.6 |
| Deferred liabilities | 35.6 | 42.0 |
| Accounts payable and other debts, total | 56.4 | 65.7 |
| Deferred liabilities include: | | |
| Wages and salaries with employee benefits | 6.7 | 5.1 |
| Interest | 8.3 | 6.4 |
| Hedge accounting | | 2.0 |
| Construction commissioning | 17.2 | 24.2 |
| Rental business | 2.8 | 3.3 |
| Others | 0.6 | 1.0 |
| Deferred liabilities, total | 35.6 | 42.0 |

29. Management of financial risks

The goal of SATO's financial risk management is to protect the company from unfavorable changes occurring in the financial market. The main principles of managing finance and financial risks are set out in the Treasury Policy, approved by the Board of Directors. SATO Treasury attends to the management of financial risks in accordance with the Treasury Policy. SATO Treasury reports to the CFO, who is responsible for organizing and managing the duties associated with the management of finance and financial risks as well as ensuring that the principles set in the finance policy are complied with.

Interest rate risk

The most significant of SATO market risks is the impact of market interest rate fluctuation on interest cash flows. To manage interest rate risk, the proportions of fixed and floating rate instruments are balanced in such a way that the risk of a rise in interest expenses is on an acceptable level and liquidity is secured. Interest rate risk mostly results from market-based loans from financial institutions, but the interest rate risk on other types of financial liabilities is also monitored.

Market-based loans are primarily drawn at floating rates. In accordance with the Treasury Policy, the interest rate risk arising from these contracts is hedged using derivative instruments, mainly interest rate swaps and options, so that after hedging 50–80 per cent of the nominal value of the loan portfolio, excluding ARAVA loans, is fixed rate. On 31 December 2012, the fixed rate portion of the loan portfolio after hedging is 69.5 (67.0) percent, the average maturity being 6.5 (6.4) years. The interest rate derivatives are accounted as designated cash flow hedges. No ineffectiveness has occurred, as the subjects of the hedging and the hedging instruments have the same interest periods. The effect of changes in market interest rates on net financial

expenses is examined with sensitivity analyses on the next page.

Changes in market interest rates also affect interest expenditure on interest-subsidised loans. However, in interest-subsidised loans, a subsidy is obtained for the part exceeding the deductible rate, so the costs of increases in interest rates for interest subsidised loans are considerably lower than for market based loans. The deductible rate is 2.75–3.5 per cent and the average subsidy on the interest exceeding the deductible rate was 35.4 (35.2) per cent. Deductible rate on the so-called interim model loans, funded in years 2009 to 2011, is 3.40 per cent and the interest subsidy on the exceeding interest is 75 per cent. A large part of the interest-subsidised loans is tied to long reference rates, ranging 3 to 10 years. Due to the subsidy and long reference rates, the interest rate risk on these loans is not material. In accordance with the Treasury Policy, SATO does not apply hedging to interest-subsidised loans.

In operations financed with state subsidies, absorption cost based determination is used for rent, by which any interest risk can be transferred to the rents. The interest on state-subsidised ARAVA loans is pegged to changes in Finnish consumer prices. The ARAVA rate is fixed in advance for the following financial period and hence there is no uncertainty of the following period interest expense. Some state-subsidised loans have interest rate cap, the level of which is based on the interest rate of government 10-year bonds. A risk in state-subsidised ARAVA loans is a substantial increase in interest, which would be difficult to transfer in its entirety to rents without delay. In accordance with the Treasury Policy, SATO does not apply hedging to state-subsidised ARAVA loans.

Currency risk

SATO's main currency risks have been rouble-denominated commitments related to the investments in St. Petersburg. Currency risks of binding purchase contracts are hedged with currency forward contracts. On 31 December 2012, SATO had MEUR 15.3 (3.7) in rouble-denominated commitments related to the investments. Foreign currency denominated cash flows related to operational business constitute an opposite exposure that has not had material effect on net position during the period.

The translation risk, i.e. the consolidation of the foreign subsidiary's currency denominated shareholders' equity, does not have significant effects on the Group's consolidated equity or the key indicators of the balance sheet.

Price risk

At present, SATO has no items which might be subject to a significant price risk.

Credit risk

SATO is not exposed to significant concentrations of credit risk. SATO's accounts receivable consist mainly of accounts receivable from construction commissioning. For the most part there is no credit risk related to these receivables, as title to the properties to be sold is not usually transferred to the buyer until the price has been paid.

A small proportion of accounts receivable involve rent receivables. SATO has more than 23,500 tenants, so the risk entailed in a single rent receivable is insignificant. Additionally, most lease agreements have security for the rent receivable. SATO's actual credit losses have averaged the equivalent of 0.7 per cent of rental income.

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.

Liquidity risk

The Group constantly monitors the amount of financing demanded for business operations so that the adequacy of financing will be assured in all

circumstances. The cash flow of operative business is steady and fluctuation mainly arise from investment activities.

Liquidity is managed with the commercial paper programme of MEUR 100, committed credit limits, MEUR 130 and non-committed credit limits, MEUR 5. On 31 December 2012, the commercial papers issued amounted to MEUR 69.5

(93.2). In liquidity management, it is taken into account that the assets of the Group's non-profit companies are kept separately and allocated to non-profit operations.

Sensitivity analysis, interest rate risk

| 31 Dec. 2012 | Profit and Loss | | Equity | |
|--|-----------------|------------|-------------|-------------|
| MEUR | + 1% | − 0.1% | +1% | − 0.1% |
| Floating rate loans | −6.5 | 0.7 | | |
| Cross-currency and interest rate swaps | 1.0 | −0.1 | 6.6 | −0.7 |
| Interest rate swaps | 4.4 | −0.4 | 17.1 | −1.8 |
| Total | −1.2 | 0.1 | 23.7 | −2.5 |

| 31 Dec. 2011 | Profit and Loss | | Equity | |
|--|-----------------|------------|-------------|-------------|
| MEUR | + 1% | − 0.1% | +1% | − 0.1% |
| Floating rate loans | −6.5 | 0.7 | | |
| Cross-currency and interest rate swaps | 0.7 | −0.1 | 3.3 | −0.3 |
| Interest rate swaps | 3.5 | −0.4 | 13.9 | −1.4 |
| Interest rate options | 0.8 | −0.1 | | |
| Total | −1.5 | 0.1 | 17.2 | −1.8 |

Sensitivity analysis, currency risk

| 31 Dec. 2012 | Profit and Loss | | Equity | |
|--|-----------------|------------|------------|-------------|
| MEUR | + 10% | − 10% | + 10% | − 10% |
| Foreign currency denominated loans | −12.0 | 12.0 | | |
| Cross-currency and interest rate swaps | 12.0 | −12.0 | | |
| Foreign exchange forward contracts | | | 1.5 | −1.5 |
| Total | 0.0 | 0.0 | 1.5 | −1.5 |

| 31 Dec. 2011 | Profit and Loss | | Equity | |
|--|-----------------|------------|------------|-------------|
| MEUR | + 10% | − 10% | + 10% | − 10% |
| Foreign currency denominated loans | −11.8 | 11.8 | | |
| Cross-currency and interest rate swaps | 11.8 | −11.8 | | |
| Foreign exchange forward contracts | | | 0.3 | −0.3 |
| Total | 0.0 | 0.0 | 0.3 | −0.3 |

Maturity analysis on financial instruments

31 Dec. 2012

| MEUR | within 1 year | 2–5 years | 6–10 years | 11–15 years | after 15 years | Total |
|---|---------------|-----------|------------|-------------|----------------|----------|
| Market-based loans | -113.5 | -270.2 | -313.1 | -69.9 | -72.4 | -839.1 |
| Interest-subsidised loans | -8.9 | -48.1 | -51.1 | | | -108.1 |
| State-subsidised ARAVA loans | -16.5 | -64.5 | -65.8 | -47.4 | -19.8 | -214.0 |
| Accounts payable | -7.7 | | | | | -7.7 |
| | -146.6 | -382.8 | -430.0 | -117.3 | -92.2 | -1,168.9 |
| Foreign exchange forward contracts, inflow | 8.9 | 6.3 | | | | 15.3 |
| Foreign exchange forward contracts, outflow | -8.7 | -5.7 | | | | -14.3 |
| Interest rate swaps | -10.4 | -33.4 | -0.3 | | | -44.1 |
| | -10.1 | -32.7 | -0.3 | 0.0 | 0.0 | -43.2 |
| Total | -156.7 | -415.5 | -430.3 | -117.3 | -92.2 | -1,212.1 |

31 Dec. 2011

| MEUR | within 1 year | 2–5 years | 6–10 years | 11–15 years | after 15 years | Total |
|---|---------------|-----------|------------|-------------|----------------|----------|
| Market-based loans | -155.7 | -201.4 | -218.3 | -82.2 | -86.7 | -744.3 |
| Interest-subsidised loans | -4.6 | -47.9 | -61.2 | -1.4 | | -115.1 |
| State-subsidised ARAVA loans | -16.5 | -67.4 | -75.7 | -55.9 | -25.5 | -241.0 |
| Accounts payable | -6.6 | | | | | -6.6 |
| | -183.4 | -316.7 | -355.2 | -139.5 | -112.2 | -1,107.0 |
| Foreign exchange forward contracts, inflow | 2.6 | | | | | |
| Foreign exchange forward contracts, outflow | -2.5 | | | | | |
| Interest rate swaps | -7.1 | -19.2 | -1.7 | | | -28.0 |
| Interest rate options | -1.4 | | | | | -1.4 |
| | -8.5 | -19.2 | -1.7 | 0.0 | 0.0 | -29.4 |
| Total | -191.9 | -335.9 | -356.9 | -139.5 | -112.2 | -1,136.4 |

Above figures represent contractual, non-discounted cash flows, including interest payments. The liabilities for debt of housing and mutual property holding companies, belonging to group investments, are not included.

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

30. Other lease agreements

Group as lessee

Minimum rents to be paid on the basis of other lease agreements:

| | | |
|--|-------------|------------|
| During one year | 2.3 | 1.3 |
| Longer than one year and a maximum of five years later | 7.5 | 0.8 |
| In more than five years | 8.4 | 0.0 |
| Total | 18.1 | 2.1 |

The Group has sublet SATO's office premises on Panuntie in Helsinki. The amount of the minimum rents to be obtained from these premises is MEUR 3.1 (MEUR 0.5 in 2011). The received rents entered in the profit and loss account during the year were MEUR 1.0 (MEUR 1.0 in 2011).

31. Notes to the cash flow statement

Business actions not involving a payment

| | | |
|---------------|-------------|-------------|
| Depreciation | 21.8 | 20.6 |
| Other changes | -1.5 | -1.3 |
| Total | 20.3 | 19.4 |

32. Collateral, commitments and contingencies

Debts for which mortgages and pledges have been given as collateral

| | | |
|--------------------------------------|--------------|--------------|
| Market loans | 845.2 | 668.1 |
| Mortgages provided | 157.0 | 61.1 |
| Book value of pledged shares | 663.5 | 659.0 |
| Value of corporate mortgages pledged | | 0.0 |
| Value of deposits pledged | 25.1 | 50.0 |

| | | |
|-------------------------------------|--------------|--------------|
| State-subsidised ARAVA loans | 168.1 | 173.5 |
| Mortgages provided | 336.5 | 333.0 |
| Book value of pledged shares | 23.8 | 23.8 |

| | | |
|----------------------------------|-------------|-------------|
| Interest-subsidised loans | 96.2 | 98.0 |
| Mortgages provided | 127.2 | 127.2 |
| Book value of pledged shares | | 0.8 |

Debts of housing and mutual property holding companies, secured by mortgages on properties

| | | |
|-----------------------------------|-------|-------|
| Loans from financial institutions | 196.6 | 170.5 |
| Mortgages provided | 243.4 | 265.4 |

Other commitments

| | | |
|------------|-----|-----|
| Guarantees | 0.0 | 3.3 |
|------------|-----|-----|

| MEUR | 2012 | 2011 |
|--|------|------|
| Guarantee pledges for others | | |
| Owner-occupier home purchase commitments | 19.3 | 18.9 |
| Rs-guarantees | 10.3 | 9.4 |
| Mortgages provided to secure payment of rent and street maintenance | | |
| Property mortgages provided | 5.9 | 5.1 |
| Binding purchase agreements | | |
| For acquisitions of investment properties | 95.2 | 66.9 |
| Pledges for land use payments on zoned plots | 5.4 | 4.6 |
| Commitments to cleaning and removal charges | 0.9 | 1.0 |
| Letters of intent on land for which there is a zoning condition | 3.8 | 0.0 |

Within SATO, housing companies which hold so-called shared ownership apartments are treated as special purpose entities established for a fixed period. On the report date, the combined total for loans of such housing companies, which are included in shared ownership systems, was MEUR 89,5 (93.6).

33. Related party events

The Group's related parties are comprised of the parent company, SATO Corporation, and the subsidiaries and associated companies. The owners are also counted as related parties when they have direct or indirect influence, meaning those owners whose holding in SATO is 20% or more are always related parties. When ownership falls below 20%, an owner is considered a related party when he has considerable influence in other ways, for example, through a seat on the Board of Directors. In 2011 and 2012 the shareholders included in related parties were Varma Mutual Pension Insurance Company, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company and Wärtsilä Corporation.

Related parties are also taken to include the members of the Board of Directors and Corporate Management Groups, including the President and CEO as well as the families of the members of the Board of Directors and Corporate Management Group and the President and CEO, and companies managed by these. The Group's Corporate Management Group is comprised of SATO Corporation's President and CEO; the Vice Presidents; the Director, Customer Relationships and Communications; and the Chief Financial Officer.

The following transactions were effected with related parties:

| MEUR | 2012 | 2011 |
|---|------------|------------|
| Open balances with shareholders | | |
| Receivables | 0.0 | 0.0 |
| Debts | 31.7 | 35.4 |
| Management perquisites | | |
| Salaries and other short-term perquisites | 1.6 | 1.7 |
| Other long-term perquisites | 1.1 | 0.8 |
| Total | 2.7 | 2.5 |
| Management salaries and emoluments | | |
| Presidents | 0.9 | 1.1 |
| Members of the Board of Directors | 0.2 | 0.2 |

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.

Pensionable age for the President, the President's deputy and the Vice President for the Helsinki Region and St. Petersburg is 60 years. At that time they are entitled to a pension of 60 per cent of their pensionable salary. The contractual pensionable age for the President and CEO is scheduled to start in the end of 2013. The Board of Directors has decided to continue the period of employment until 31 December 2015.

The period of notice for 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 for the period of notice.

The members of the Group's Corporate Management Group are covered by an annual incentive scheme based on the Group's profit and fulfilment of the key targets for their respective sphere 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 is three years and the criterion for accrual is growth in net assets. The commitment period for the incentive scheme will continue until 2014. The incentive scheme applies to 15 people working in management positions in the Group. The purposes of the incentive scheme 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.

34. Subsidiaries owned by the Group and parent company

| | Group's holding, % | Parent company's holding, % |
|--|-----------------------|-----------------------------------|
|--|-----------------------|-----------------------------------|

Holding percentages are the same as voting rights.

Subsidiaries held by SATO Corporation

| | | |
|-----------------------|-------|-------|
| Sato-Asunnot Oy | 100.0 | 100.0 |
| SATOkoti Oy | 100.0 | 100.0 |
| Sato-Rakennuttajat Oy | 100.0 | 100.0 |
| Sato Vuokrakodit Oy | 100.0 | 100.0 |
| Suomen Satokodit Oy | 100.0 | 100.0 |
| Vatrotalot Oy | 100.0 | 100.0 |
| SATO HotelliKoti Oy | 100.0 | 100.0 |

Unconsolidated subsidiaries and associated companies

| | | |
|------------------------|-------|-------|
| Keskus-Sato Oy dormant | 100.0 | 100.0 |
| SV-Asunnot Oy | 50.0 | 50.0 |

Other shares

| | | |
|-------------------------|-------|-------|
| Outakessa Koy | 100.0 | 100.0 |
| Espoon Aallonrivi As Oy | 100.0 | 100.0 |

Companies held by subsidiaries

Sato-Asunnot Oy

| | | |
|--------------------------------------|-------|-------|
| Agricolankuja 3 As Oy | 3.0 | 3.0 |
| Agricolankuja 8 As Oy | 80.7 | 80.7 |
| Agricolankulma As Oy | 0.8 | 0.8 |
| Albertus As Oy | 1.1 | 1.1 |
| Amos As Oy | 0.5 | 0.5 |
| Björneborgsvägen 5 Bost. Ab | 0.5 | 0.5 |
| Bostads Ab Munksnäs N:o 25 Asunto Oy | 14.1 | 14.1 |
| Erkintalo As Oy | 1.1 | 1.1 |
| Espoon Elosalama As Oy | 100.0 | 100.0 |
| Espoon Hassel As Oy | 4.4 | 4.4 |
| Espoon Heinjoenpolku As Oy | 100.0 | 100.0 |
| Espoon Honkavaarantie 5 As Oy | 39.1 | 39.1 |
| Espoon Kaupinkalliontie 5 As Oy | 43.2 | 43.2 |
| Espoon Kiiltokalliontie As Oy | 14.5 | 14.5 |
| Espoon Kivenhakkaajankuja 3 As Oy | 2.3 | 2.3 |
| Espoon Lounaismeri As Oy | 100.0 | 100.0 |
| Espoon Malmiportti 4 A – B As Oy | 100.0 | 100.0 |
| Espoon Malmiportti 4 C-D As Oy | 100.0 | 100.0 |
| Espoon Myötätuulenmäki As Oy | 8.5 | 8.5 |
| Espoon Numersinkatu 11 As Oy | 18.8 | 18.8 |
| Espoon Omenapuu As Oy | 16.0 | 16.0 |
| Espoon Paratiisiomena As Oy | 18.3 | 18.3 |
| Espoon Perkkaankuja 3 As Oy | 100.0 | 100.0 |

| | Group's holding, % | Parent company's holding, % |
|--|-----------------------|-----------------------------------|
|--|-----------------------|-----------------------------------|

| | | |
|--|-------|-------|
| Espoon Porarinkatu 2 D-E As Oy | 100.0 | 100.0 |
| Espoon Porarinkatu 2 F As Oy | 100.0 | 100.0 |
| Espoon Puikkarinmäki As Oy | 100.0 | 100.0 |
| Espoon Punatulkuntie 5 As Oy | 12.0 | 12.0 |
| Espoon Pyhäjärventie 1 As Oy | 100.0 | 100.0 |
| Espoon Rastaspuistonpolku As Oy | 22.6 | 22.6 |
| Espoon Rastaspuistontie 8 As Oy | 7.3 | 7.3 |
| Espoon Rummunlyöjänkatu 11 D – E As Oy | 100.0 | 100.0 |
| Espoon Ruorikuja 4 As Oy | 3.8 | 3.8 |
| Espoon Ruusulinnä As Oy | 100.0 | 100.0 |
| Espoon Satokallio As Oy | 11.6 | 11.6 |
| Espoon Saunalyhty As Oy | 6.8 | 6.8 |
| Espoon Soukanniementie 1 As Oy | 100.0 | 100.0 |
| Espoon Suurpellon Maininki As Oy | 100.0 | 100.0 |
| Espoon Suurpellon Poukama As Oy | 100.0 | 100.0 |
| Espoon Taivalpolku As Oy | 3.6 | 3.6 |
| Espoon Vanharaide As Oy | 90.1 | 90.1 |
| Espoon Vasaratörmä As Oy | 5.2 | 5.2 |
| Espoon Viherlaaksonranta 3–5 As Oy | 100.0 | 100.0 |
| Espoon Viherlaaksonranta 4 KOy | 100.0 | 100.0 |
| Espoon Viherlaaksonranta 7 As Oy | 100.0 | 100.0 |
| Espoon Yläkartanonpiha As Oy | 10.9 | 10.9 |
| Espoon Zanseninkuja 6 As Oy | 100.0 | 100.0 |
| Etelä-Hämeen Talo Oy | 81.3 | 56.3 |
| Eura III As Oy | 100.0 | 100.0 |
| Fredrikinkatu 38 As Oy | 2.7 | 2.7 |
| Haagan Pappilantie 13 As Oy | 2.6 | 2.6 |
| Haagan Talontie 4 As Oy | 3.1 | 3.1 |
| Hakaniemenranta As Oy | 2.5 | 2.5 |
| Helsingin Akaasia As Oy | 13.9 | 13.9 |
| Helsingin Aleksis Kiven katu 52–54 As Oy | 0.5 | 0.5 |
| Helsingin Ansaritie 1 As Oy | 100.0 | 100.0 |
| Helsingin Ansaritie 2–4 As Oy | 100.0 | 100.0 |
| Helsingin Ansaritie 3 As Oy | 100.0 | 100.0 |
| Helsingin Apollonkatu 19 As Oy | 38.2 | 38.2 |
| Helsingin Arabian Kotiranta As Oy | 4.2 | 4.2 |
| Helsingin Arabiankatu 3 As Oy | 13.4 | 13.4 |
| Helsingin Casa Canal As Oy | 13.3 | 13.3 |
| Helsingin Castreninkatu 3 As Oy | 100.0 | 100.0 |
| Helsingin Cirrus As Oy | 1.7 | 1.7 |
| Helsingin Corona As Oy | 17.0 | 17.0 |
| Helsingin Eiranrannan Estella As Oy | 30.8 | 30.8 |
| Helsingin Eliel Saarisen tie 10 As Oy | 96.1 | 96.1 |
| Helsingin Gerbera As Oy | 12.7 | 12.7 |

| | Group's holding, % | Parent company's holding, % | | Group's holding, % | Parent company's holding, % |
|---------------------------------------|--------------------|-----------------------------|--|--------------------|-----------------------------|
| Helsingin Hakaniemenkatu 9 As Oy | 100.0 | 100.0 | Helsingin Nils Westermarckin kuja 18 As Oy | 100.0 | 100.0 |
| Helsingin Happiness As Oy | 22.2 | 22.2 | Helsingin Nukkeruusunkuja 3 As Oy | 15.5 | 15.5 |
| Helsingin Helleranta As Oy | 100.0 | 100.0 | Helsingin Pakilantie 17 As Oy | 100.0 | 100.0 |
| Helsingin Hildankulma As Oy | 80.1 | 80.1 | Helsingin Perustie 16 As Oy | 56.0 | 56.0 |
| Helsingin Isopurje As Oy | 3.2 | 3.2 | Helsingin Piispantie 3 As Oy | 100.0 | 100.0 |
| Helsingin Juhani Ahon tie 12–14 As Oy | 100.0 | 100.0 | Helsingin Piispantie 5 As Oy | 100.0 | 100.0 |
| Helsingin Junonkatu 4 As Oy | 100.0 | 100.0 | Helsingin Piispantie 7 As Oy | 100.0 | 100.0 |
| Helsingin Kaarenjalka 5 As Oy | 100.0 | 100.0 | Helsingin Piispantie 8 As Oy | 100.0 | 100.0 |
| Helsingin Kaivonkatsojantie 2 As Oy | 16.4 | 16.4 | Helsingin Pirta As Oy | 17.1 | 17.1 |
| Helsingin Kalevankatu 53 As Oy | 30.5 | 30.5 | Helsingin Porthaninkatu 4 As Oy | 0.7 | 0.7 |
| Helsingin Kallioliina As Oy | 0.8 | 0.8 | Helsingin Puuskarinne 1 As Oy | 98.2 | 98.2 |
| Helsingin Kanavaranta As Oy | 8.8 | 8.8 | Helsingin Päivöläntie 72 As Oy | 53.8 | 53.8 |
| Helsingin Kangaspellontie 1–5 As Oy | 100.0 | 100.0 | Helsingin Reginankuja 4 As Oy | 11.8 | 11.8 |
| Helsingin Kangaspellontie 4 As Oy | 20.1 | 20.1 | Helsingin Rikhard Nymanin tie 3 As Oy | 100.0 | 100.0 |
| Helsingin Kangaspellontie 6 KOy | 100.0 | 100.0 | Helsingin Rosas As Oy | 9.6 | 9.6 |
| Helsingin Kangaspellontie 8 As Oy | 16.4 | 16.4 | Helsingin Rumpupolun palvelutalo As Oy | 4.6 | 4.6 |
| Helsingin Kerttulinkuja 1 As Oy | 7.5 | 7.5 | Helsingin Ruusutarhantie 2–4 As Oy | 38.0 | 38.0 |
| Helsingin Kirjala As Oy | 100.0 | 100.0 | Helsingin Ruusutarhantie 7 As Oy | 39.3 | 39.3 |
| Helsingin Klaavuntie 8–10 As Oy | 100.0 | 100.0 | Helsingin Satoaalto As Oy | 8.6 | 8.6 |
| Helsingin Kokkosaarenkatu 4 As Oy | 20.8 | 20.8 | Helsingin Satorinne As Oy | 8.5 | 8.5 |
| Helsingin Koralli As Oy | 4.1 | 4.1 | Helsingin Serica As Oy | 3.8 | 3.8 |
| Helsingin Koroistentie As Oy | 15.9 | 15.9 | Helsingin Siltavoudintie 20 As Oy | 100.0 | 100.0 |
| Helsingin Korppaanmäentie 17 As Oy | 100.0 | 100.0 | Helsingin Snellmaninkatu 23 As Oy | 100.0 | 100.0 |
| Helsingin Korppaanmäentie 21 As Oy | 100.0 | 100.0 | Helsingin Solarus As Oy | 5.9 | 5.9 |
| Helsingin Korppaantie 8 As Oy | 49.8 | 49.8 | Helsingin Solnantie 22 As Oy | 98.0 | 98.0 |
| Helsingin Kristianinkatu 11–13 As Oy | 100.0 | 100.0 | Helsingin Stenbäckinkatu 5 KOy | 60.0 | 60.0 |
| Helsingin Kultareuna 1 As Oy | 39.0 | 39.0 | Helsingin Ståhlbergintie 4 As Oy | 93.5 | 93.5 |
| Helsingin Kutomotie 8a As Oy | 100.0 | 100.0 | Helsingin Sähköttäjänkatu 6 As Oy | 100.0 | 100.0 |
| Helsingin Kutomotie 10a K Oy | 75.5 | 75.5 | Helsingin Tapaninkulo As Oy | 4.7 | 4.7 |
| Helsingin Kutomotie 12a | 100.0 | 100.0 | Helsingin Tila As Oy | 24.5 | 13.1 |
| Helsingin Kyläkirkontie 13 As Oy | 68.5 | 68.5 | Helsingin Tilkankatu 15 As Oy | 100.0 | 100.0 |
| Helsingin Köysikuja 2 As Oy | 9.5 | 9.5 | Helsingin Tilkankatu 2 As Oy | 100.0 | 100.0 |
| Helsingin Lauttasaarentie 19 KOy | 58.3 | 58.3 | Helsingin Tilkankatu 6 As Oy | 100.0 | 100.0 |
| Helsingin Leikopiha As Oy | 9.6 | 9.6 | Helsingin Topeliuksenkatu 29 As Oy | 4.6 | 4.6 |
| Helsingin Leikosaarentie 31 As Oy | 18.7 | 18.7 | Helsingin Tunturinlinna As Oy | 9.5 | 9.5 |
| Helsingin Leikovuori As Oy | 9.1 | 9.1 | Helsingin Tuohiaukio As Oy | 5.0 | 5.0 |
| Helsingin Lontoonkatu 9 As Oy | 100.0 | 100.0 | Helsingin Töölön Oscar As Oy | 25.3 | 25.3 |
| Helsingin Lönnrotinkatu 32 As Oy | 57.5 | 57.5 | Helsingin Vanha viertotie 16 As Oy | 76.7 | 76.7 |
| Helsingin Mariankatu 19 As Oy | 1.0 | 1.0 | Helsingin Vanha viertotie 18 As Oy | 47.5 | 47.5 |
| Helsingin Mechelininkatu 12–14 As Oy | 100.0 | 100.0 | Helsingin Vanha viertotie 6 As Oy | 100.0 | 100.0 |
| Helsingin Merenkävijä As Oy | 5.1 | 5.1 | Helsingin Vanha Viertotie 8 As Oy | 100.0 | 100.0 |
| Helsingin Meripellonhovi KOy | 98.3 | 98.3 | Helsingin Venemestarintie 4 As Oy | 100.0 | 100.0 |
| Helsingin Minna Canthinkatu 24 As Oy | 1.1 | 1.1 | Helsingin Vervi As Oy | 100.0 | 100.0 |
| Helsingin Mylläri As Oy | 2.3 | 2.3 | Helsingin Villa Kuohu As Oy | 25.6 | 25.6 |
| Helsingin Nautilus As Oy | 26.0 | 26.0 | Helsingin Vuosaaren Helmi As Oy | 100.0 | 100.0 |
| Helsingin Navigatortalo KOy | 44.7 | 44.7 | Helsingin Välskärinkatu 4KOy | 85.7 | 85.7 |

| | Group's holding, % | Parent company's holding, % |
|--|--------------------|-----------------------------|
| Hiihtomäentie 34 As Oy | 3.7 | 3.7 |
| Humalniementie 3–5 As Oy | 1.1 | 1.1 |
| Hyvinkään Joutsenlaulu As Oy | 28.2 | 28.2 |
| Hämeenlinnan Aroniitunkuja 7 As Oy | 100.0 | 100.0 |
| Jussinhovi As Oy | 3.5 | 3.5 |
| Jyväskylän Ailakinraitti As Oy | 100.0 | 100.0 |
| Jyväskylän Lyseonlinna As Oy | 6.8 | 4.6 |
| Jyväskylän Taitoniekansato As Oy | 17.4 | 17.4 |
| Jyväskylän Torihovi As Oy | 2.7 | 2.7 |
| Jyväskylän Yliopistonkatu 18 ja Keskustie 17 As Oy | 100.0 | 100.0 |
| Järvenpään Alhonrinne As Oy | 18.4 | 18.4 |
| Kaarenkunnas As Oy | 100.0 | 100.0 |
| Kajaneborg Bost. Ab | 7.3 | 7.3 |
| Kasarmikatu 14 As Oy | 12.2 | 12.2 |
| Kasarminkatu 10 As Oy | 26.7 | 26.7 |
| Kauniaisten Ersintie 9–11 As Oy | 5.5 | 5.5 |
| Kauniaisten Konsuli As Oy Bost. Ab | 7.4 | 7.4 |
| Keravan Papintie 1 As Oy | 100.0 | 100.0 |
| Ketturinne As Oy | 1.3 | 1.3 |
| Kirkkosalmentie 3 As Oy | 0.9 | 0.9 |
| Kivisaarentie 2–6 As Oy | 2.7 | 2.7 |
| Kristianinkatu 2 As Oy | 1.7 | 1.7 |
| Kulmakatu 12 As Oy | 2.1 | 2.1 |
| Kulmavuorenpaikka As Oy | 100.0 | 100.0 |
| Kulmavuorenrinne As Oy | 1.0 | 1.0 |
| Kupittaa Satakieli As Oy | 6.1 | 6.1 |
| Kuuselanpuisto As Oy | 23.0 | 23.0 |
| Kuusitie 15 As Oy | 1.5 | 1.5 |
| Kuusitie 3 As Oy | 1.8 | 1.8 |
| Kuusitie 9 As Oy | 2.3 | 2.3 |
| Kvarnhyddan Bost. Ab | 1.8 | 1.8 |
| Laajalahdentie 26 As Oy | 6.5 | 6.5 |
| Lahden Nuolikatku 9 As Oy | 100.0 | 100.0 |
| Lapinniemen Pallopuurje As Oy | 1.9 | 1.9 |
| Lapintalo As Oy | 1.0 | 1.0 |
| Lauttasaarentie 11 As Oy | 1.6 | 1.6 |
| Lielahdentie 10 As Oy | 9.1 | 9.1 |
| Linjala 14 As Oy | 4.2 | 4.2 |
| Läntinen Brahenkatu 8 As Oy | 0.8 | 0.8 |
| Lönegropen Bost. Ab, Skidbacksvägen 18 | 1.6 | 1.6 |
| Mannerheimintie 100 As Oy | 0.9 | 0.9 |
| Mannerheimintie 108 As Oy | 3.0 | 3.0 |
| Mannerheimintie 148 As Oy | 2.5 | 2.5 |
| Mannerheimintie 77 As Oy | 1.2 | 1.2 |
| Mannerheimintie 83–85 As Oy | 0.7 | 0.7 |
| Mannerheimintie 93 As Oy | 0.3 | 0.3 |

| | Group's holding, % | Parent company's holding, % |
|-----------------------------------|--------------------|-----------------------------|
| Mariankatu 21 As Oy | 1.3 | 1.3 |
| Matinniitynkuja 8 | 100.0 | 100.0 |
| Mellunsusi As Oy | 1.5 | 1.5 |
| Merimiehenkatu 41 As Oy Bost. Ab | 1.6 | 1.6 |
| Messeniuksenkatu 8 As Oy | 2.0 | 2.0 |
| Messilä As Oy | 70.0 | 70.0 |
| Minna Canthin katu 22 As Oy | 2.4 | 2.4 |
| Mursu As Oy | 0.5 | 0.5 |
| Myllysalama As Oy | 72.4 | 72.4 |
| Myyrinhaukka As Oy | 100.0 | 100.0 |
| Nekalanpuisto KOy | 2.9 | 2.9 |
| Nervanderinkatu 9 As Oy | 2.6 | 2.6 |
| Neulapadontie 4 As Oy | 1.2 | 1.2 |
| Nordenskiöldinkatu 8 As Oy | 2.5 | 2.5 |
| Näkinukuja 2 As Oy | 2.5 | 2.5 |
| Näsinkeskus KOy | 11.3 | 11.3 |
| Näyttelijäntien Pistetalot As Oy | 1.4 | 1.4 |
| Oskelantie 5 As Oy | 4.1 | 4.1 |
| Oskelantie 8 As Oy | 2.1 | 2.1 |
| Otavantie 3 As Oy | 0.6 | 0.6 |
| Otavantie 4 As Oy | 1.8 | 1.8 |
| Oulun Aleksinranta As Oy | 100.0 | 100.0 |
| Oulun Arvolankartano As Oy | 2.1 | 2.1 |
| Oulun Arvolanpiha As Oy | 0.0 | 0.0 |
| Oulun Arvolanpuisto As Oy | 9.0 | 9.0 |
| Oulun Kalevalantie As Oy | 100.0 | 100.0 |
| Oulun Laamannintie 1 As Oy | 12.8 | 12.8 |
| Oulun Laanila I As Oy | 100.0 | 100.0 |
| Oulun Laanila IV As Oy | 100.0 | 100.0 |
| Oulun Laaniranta As Oy | 6.0 | 6.0 |
| Oulun Marsalkka As Oy | 5.7 | 5.7 |
| Oulun Mastolinna As Oy | 2.2 | 2.2 |
| Oulun Notaarintie 1 As Oy | 24.4 | 24.4 |
| Oulun Notaarintie 3 As Oy | 5.0 | 5.0 |
| Oulun Peltolantie 18 B As Oy | 100.0 | 100.0 |
| Oulun Rautatienkatu 74 As Oy | 100.0 | 100.0 |
| Oulun Tullikartano As Oy | 7.8 | 7.8 |
| Oulun Tulliveräjä As Oy | 40.7 | 40.7 |
| Pengerkatu 27 As Oy | 2.6 | 2.6 |
| Pihlajatie N:o 23 As Oy | 3.0 | 3.0 |
| Poutuntie 2 As Oy | 3.7 | 3.7 |
| Puistokaari 13 As Oy | 1.9 | 1.9 |
| Raikuksu II As Oy | 100.0 | 100.0 |
| Raikuksu 1 As Oy | 1.3 | 1.3 |
| Riihimäen Kolehmaisentori As Oy | 29.6 | 29.6 |
| Risto Rytin tie 28 As Oy Bost. Ab | 1.5 | 1.5 |

| | Parent Group's company's holding, % holding, % | Parent Group's company's holding, % holding, % |
|---|--|--|
| Ristolantie 7 As Oy | 2.5 | 2.5 |
| Ryytikuja 5 As Oy | 0.8 | 0.8 |
| Saarenkeskus As Oy | 0.4 | 0.4 |
| Salpakolmio As Oy | 31.3 | 31.3 |
| Satakallio As Oy | 0.2 | 0.2 |
| Solnantie 32 As Oy | 0.9 | 0.9 |
| Spargäddan Bost. Ab As Oy | 1.3 | 1.3 |
| Sulkaolku 6 As Oy | 0.4 | 0.4 |
| Säästökartano As Oy | 0.3 | 0.3 |
| Taapuri As Oy | 2.5 | 2.5 |
| Tallbergin puistotie 1 As Oy | 2.0 | 2.0 |
| Tammitie 21 As Oy | 0.9 | 0.9 |
| Tampereen Charlotta As Oy | 2.0 | 2.0 |
| Tampereen Jankanpuisto As Oy | 100.0 | 100.0 |
| Tampereen Kanjoninkatu 15 As Oy | 56.3 | 56.3 |
| Tampereen Kauppa-aukio As Oy | 100.0 | 100.0 |
| Tampereen Kristiina As Oy | 19.1 | 19.1 |
| Tampereen Kuikankatu 2 As Oy | 9.7 | 9.7 |
| Tampereen Linnanhera As Oy | 100.0 | 100.0 |
| Tampereen Pappilan Herra As Oy | 100.0 | 100.0 |
| Tampereen Rotkonraitti 6 As Oy | 54.7 | 54.7 |
| Tampereen Siirtolapuutarhankatu 12 As Oy | 5.6 | 5.6 |
| Tampereen Strada As Oy | 53.0 | 53.0 |
| Tampereen Tarmonkatu 6 As Oy | 100.0 | 100.0 |
| Tampereen Waltteri As Oy | 23.9 | 23.9 |
| Tapiolan Tuuliniitty, Espoo As Oy | 6.8 | 6.8 |
| Tarkkampuajankatu 14 As Oy | 44.1 | 44.1 |
| Terhokuja 3 As Oy | 100.0 | 100.0 |
| Terhokuja 6 As Oy | 11.3 | 11.3 |
| Tohlopinkontu Koy | 100.0 | 60.0 |
| Turun Asemanlinna As Oy | 20.9 | 20.9 |
| Turun Eteläranta II As Oy | 3.2 | 3.2 |
| Turun Eteläranta III As Oy | 2.9 | 2.9 |
| Turun Eteläranta IV As Oy | 3.0 | 3.0 |
| Turun Förinranta II As Oy | 1.0 | 1.0 |
| Turun Ipnoksenrinne As Oy | 6.7 | 6.7 |
| Turun Linnankatu 37 a As Oy | 1.7 | 1.7 |
| Turuntie 112 As Oy | 1.4 | 1.4 |
| Turuntie 63 As Oy | 1.6 | 1.6 |
| Työväen Asunto-osakeyhtiö Rauha | 10.2 | 10.2 |
| Ulvilantie 11 b As Oy | 0.6 | 0.6 |
| Urheilukatu 38 As Oy | 56.0 | 56.0 |
| Uusikatu 58 KOy | 32.0 | 14.6 |
| Vaasankatu 15 As Oy | 0.8 | 0.8 |
| Vallikallionpolku KOy | 100.0 | 100.0 |
| Vallinkyyhky As Oy | 6.0 | 6.0 |
| Vantaan Aapramintie 4 As Oy | 100.0 | 100.0 |
| Vantaan Albert Petreliuksen katu 8 As Oy | 7.7 | 7.7 |
| Vantaan Heporinne 4 As Oy | 100.0 | 100.0 |
| Vantaan Kaarenlehmus As Oy | 100.0 | 100.0 |
| Vantaan Kilterinpuisto As Oy | 100.0 | 100.0 |
| Vantaan Kivivuorentie 8 A-B As Oy | 100.0 | 100.0 |
| Vantaan Kivivuorentie 8 C As Oy | 100.0 | 100.0 |
| Vantaan Kärjäkuja 3 As Oy | 19.8 | 19.8 |
| Vantaan Liesitorin palvelutalo As Oy | 5.9 | 5.9 |
| Vantaan Maarinrinne As Oy | 12.0 | 12.0 |
| Vantaan Maarukanrinne 6 As Oy | 14.6 | 14.6 |
| Vantaan Myyrinmutka As Oy | 100.0 | 100.0 |
| Vantaan Oritie 1 As Oy | 100.0 | 100.0 |
| Vantaan Pakkalanrinne 5-7 As Oy | 100.0 | 100.0 |
| Vantaan Pronssikuja 1 As Oy | 100.0 | 100.0 |
| Vantaan Tammiston Tringa As Oy | 8.3 | 8.3 |
| Vantaan Tammistonkatu 29 As Oy | 29.1 | 29.1 |
| Vantaan Tuurakuja 4 As Oy | 34.1 | 34.1 |
| Vantaan Tähtiö As Oy | 33.2 | 33.2 |
| Vihdin Lippotie 10 ja Vesitie 5 As Oy | 100.0 | 100.0 |
| Viides linja 16 As Oy | 1.1 | 1.1 |
| Viikinkisankari As Oy | 35.4 | 35.4 |
| Vilhonvuorenkatu 8 As Oy – Bost. Ab Vilhelmsbergsgatan 8 | 1.1 | 1.1 |
| Vuomerensalpa As Oy | 2.7 | 2.7 |
| Vuorastila As Oy | 99.0 | 99.0 |
| Vuoreksen Vega As Oy | 100.0 | 100.0 |
| Vuosaaren Meripihka As Oy, Helsinki | 42.7 | 42.7 |
| 000 SATO-Rus | 100.0 | 100.0 |
| Sato-Pietari Oy | 100.0 | 100.0 |
| 000 Sato Park | 100.0 | 99.0 |
| Sato-Pietari Oy | | |
| 000 Sato Park | 100.0 | 1.0 |
| SATOkoti Oy | | |
| Espoon Jousenkaari 5 As Oy | 100.0 | 100.0 |
| Espoon Jousenkaari 7 As Oy | 100.0 | 100.0 |
| Espoon Kuunkierros 2 As Oy | 100.0 | 100.0 |
| Helsingin Graniittitie 8 ja 13 As Oy | 100.0 | 100.0 |
| Helsingin Ida Aalbergin tie 3 A As Oy | 100.0 | 100.0 |
| Helsingin Keinulaudantie 7 As Oy | 100.0 | 100.0 |
| Helsingin Kiillekuja 4 As Oy | 100.0 | 100.0 |
| Helsingin Näyttelijäntie 24 As Oy | 100.0 | 100.0 |
| Helsingin Pajamäentie 6 As Oy | 100.0 | 100.0 |
| Helsingin Pajamäentie 7 As Oy | 100.0 | 100.0 |
| Helsingin Rusthollarinkuja 2 As Oy | 100.0 | 100.0 |

| | Group's holding, % | Parent company's holding, % |
|----------------------------------|--------------------|-----------------------------|
| Hiirakkokuja 4 KOy | 100.0 | 100.0 |
| Hiirakkotie 3 KOy | 100.0 | 100.0 |
| Matinkatu 10 KOy | 100.0 | 100.0 |
| Myyrinkulma KOy | 100.0 | 100.0 |
| Nummenpuisto KOy | 100.0 | 100.0 |
| Ojamonkuusi KOy | 54.6 | 54.6 |
| Oulun Hoikantie 14–22 As Oy | 100.0 | 100.0 |
| Tampereen Ruovedenkatu 11 As Oy | 100.0 | 100.0 |
| Tohlopinkontu KOy | 100.0 | 40.0 |
| Vantaan Hiekkaharjuntie 16 As Oy | 100.0 | 100.0 |
| Vihdin Lippotie 3 As Oy | 100.0 | 100.0 |
| Vihdin Niittytie 1 KOy | 100.0 | 100.0 |
| Vihdin Nummensekä 8 As Oy | 100.0 | 100.0 |
| Vihdin Peltotie 2 KOy | 100.0 | 100.0 |
| SATOhabita Oy | 100.0 | 100.0 |
| SATOhousing Oy | 100.0 | 100.0 |
| SATOliving Oy | 100.0 | 100.0 |

SATOhousing Oy

| | | |
|--------------------------------|-------|-------|
| Hannanpiha As Oy | 19.1 | 19.1 |
| Helkalax As Oy | 1.3 | 1.3 |
| Helsingin Hämeenpengser As Oy | 100.0 | 100.0 |
| Hervannan Juhani As Oy | 14.9 | 14.9 |
| Jyväskylän Karsikkotie 5 As Oy | 100.0 | 100.0 |
| Kastevuoren Palvelutalo As Oy | 100.0 | 100.0 |
| Kevätesikko As Oy | 3.4 | 3.4 |
| Kotipiennar As Oy | 2.8 | 2.8 |
| Koulukuja 4–10 KOy | 54.0 | 54.0 |
| Kuhakartano As Oy | 0.7 | 0.7 |
| Kukkolan Koivu As Oy | 4.3 | 4.3 |
| Kuusihalme As Oy | 2.3 | 2.3 |
| Majjalanraitti As Oy | 6.3 | 6.3 |
| Malmeken Ömsesidiga Fastighet | 12.8 | 12.8 |
| Mannerheimintie 170 KOy | 32.1 | 15.8 |
| Matinraitti 14 As Oy | 1.0 | 1.0 |
| Muotialantie 31 As Oy | 7.0 | 7.0 |
| Näsinlaine As Oy | 1.0 | 1.0 |
| Oulun Utelias-Salpa As Oy | 100.0 | 100.0 |
| Peltohuhta As Oy | 1.2 | 1.2 |
| Pohjankartano As Oy | 22.8 | 22.8 |
| Puistoraitti As Oy | 2.3 | 2.3 |
| Puolukkasato As Oy | 5.9 | 5.9 |
| Rantasentteri As Oy | 1.5 | 1.5 |
| Satokaunokki As Oy | 7.5 | 7.5 |
| Satotatti As Oy | 3.0 | 3.0 |
| Satulapuisto As Oy | 6.9 | 6.9 |
| Tasatuomo As Oy | 1.3 | 1.3 |

| | Group's holding, % | Parent company's holding, % |
|----------------------------|--------------------|-----------------------------|
| Tikkamatti As Oy | 19.6 | 19.6 |
| Turun Uudenmaanlinna As Oy | 100.0 | 100.0 |
| Ulpukkaniemi As Oy | 25.4 | 25.4 |
| Valtapolku As Oy | 1.2 | 1.2 |
| Vantaan Martinpääsky As Oy | 100.0 | 100.0 |
| Välkynkallio As Oy | 0.8 | 0.8 |
| Yläaitankatu 4 As Oy | 1.7 | 1.7 |

SATOliving Oy

| | | |
|--|-------|-------|
| Espoon Kuunsirppi As Oy | 100.0 | 100.0 |
| Helsingin Pasilantornit As Oy | 64.3 | 64.3 |
| Helsingin Vetelintie 5 As Oy | 100.0 | 100.0 |
| Jyväskylän Karsikkotie 3 As Oy | 100.0 | 100.0 |
| Lohjan Riikenkias As Oy | 100.0 | 100.0 |
| Oulun Tervakukkatie 34–36 KOy | 100.0 | 100.0 |
| Tampereen Hervannan Puistokallio As Oy | 100.0 | 100.0 |
| Turun Veistämöntori As Oy | 100.0 | 100.0 |

SATOhabita Oy

| | | |
|---------------------------------|-------|-------|
| Espoon Sepetlahdentie 6 As Oy | 100.0 | 100.0 |
| Helsingin Lapponia As Oy | 100.0 | 100.0 |
| Helsingin Viulutie 1 As Oy | 100.0 | 100.0 |
| Lohjan Koulukuja 14 As Oy | 100.0 | 100.0 |
| Vantaan Havukoskenkatu 20 As Oy | 100.0 | 100.0 |
| Vihdin Kuortilankuja 4 As Oy | 100.0 | 100.0 |

Sato-Rakennuttajat Oy

| | | |
|-------------------------|-------|-------|
| Helsingin Tila As Oy | 24.5 | 11.4 |
| Oulun Peltokerttu As Oy | 100.0 | 100.0 |
| Piipunjuuri Oy | 50.0 | 50.0 |

Sato Vuokrakodit Oy

| | | |
|---------------------------------------|-------|-------|
| Espoon Numersinkatu 6 As Oy | 9.2 | 9.2 |
| Espoon Puropuisto As Oy | 55.8 | 55.8 |
| Espoon Ristinientie 22 As Oy | 5.4 | 5.4 |
| Espoon Sokerilinnantie 1 As Oy | 4.3 | 4.3 |
| Espoon Säterinkatu 10 As Oy | 4.4 | 4.4 |
| Espoon Zanseninkuja 4 As Oy | 17.4 | 17.4 |
| Etelä-Hämeen Talo Oy | 81.3 | 25.0 |
| Helsingin Finnäläntalo As Oy | 80.2 | 80.2 |
| Helsingin Lintulahdenpuisto As Oy | 100.0 | 100.0 |
| Helsingin Mustankivenraitti As Oy | 94.6 | 94.6 |
| Helsingin Myllypellonpolku 4 As Oy | 6.9 | 6.9 |
| Helsingin Otto Brandtin polku 4 As Oy | 5.9 | 5.9 |
| Helsingin Paciuksenkaari 13 As Oy | 2.8 | 2.8 |
| Helsingin Paciuksenkaari 19 As Oy | 1.6 | 1.6 |
| Helsingin Pasuunatie 8 As Oy | 9.1 | 9.1 |

| | Parent Group's company's holding, % holding, % | Parent Group's company's holding, % holding, % |
|---------------------------------------|--|--|
| Helsingin Taimistontie 9 As Oy | 12.3 | 12.3 |
| Helsingin Tulisuoontie 20 As Oy | 100.0 | 100.0 |
| Helsingin Tulvaniitynpolku 5 As Oy | 10.2 | 10.2 |
| Helsingin Vanhanlinnantie 10 As Oy | 10.2 | 10.2 |
| Iidesranta 42 Tampere As Oy | 6.6 | 6.6 |
| Jyväskylän mlk:n Kirkkotie 3 As Oy | 12.1 | 12.1 |
| Jyväskylän Vaneritori 4 As Oy | 16.7 | 16.7 |
| Kaarinan Katariinankallio As Oy | 23.5 | 23.5 |
| Kaarinan Katariinanrinne As Oy | 6.9 | 6.9 |
| Kaarinan Kiurunpuisto As Oy | 29.6 | 29.6 |
| Kaarinan Kultarinta As Oy | 22.8 | 22.8 |
| Kaarinan Mattelipiha As Oy | 36.0 | 36.0 |
| Kaarinan Verkapatruuna As Oy | 11.7 | 11.7 |
| Kuovi As Oy | 100.0 | 100.0 |
| Lahden Kauppakatu 36 As Oy | 3.6 | 3.6 |
| Lappeenrannan Kanavansato 2 As Oy | 25.0 | 25.0 |
| Oulun Aleksanteri As Oy | 80.3 | 80.3 |
| Oulun Laamannintie 14 ja 17 As Oy | 59.8 | 59.8 |
| Oulun Laamannintie As Oy | 43.5 | 43.5 |
| Raision Toripuisto As Oy | 20.8 | 20.8 |
| Satulaparkki KOy | 53.3 | 53.3 |
| Tampereen Haapalinnan Antintalo As Oy | 50.7 | 50.7 |
| Tampereen Kyläleni As Oy | 70.7 | 70.7 |
| Tampereen Kyyhky As Oy | 8.1 | 8.1 |
| Tampereen Rantatie 13 E-G As Oy | 39.6 | 39.6 |
| Turun Hehtokatu As Oy | 19.1 | 19.1 |
| Turun Maarianportti As Oy | 100.0 | 100.0 |
| Turun Merenneito As Oy | 14.6 | 14.6 |
| Turun Meripoika As Oy | 26.0 | 26.0 |
| Turun Metallikatu As Oy | 100.0 | 100.0 |
| Turun Seiskarinkulma As Oy | 14.0 | 14.0 |
| Turun Tervaporvari As Oy | 79.9 | 79.9 |
| Turun Unikkoniitty As Oy | 13.9 | 13.9 |
| Tuusulan Naavankiertä As Oy | 5.3 | 5.3 |
| Vantaan Herttuantie 3 As Oy | 28.0 | 28.0 |
| Vantaan Orvokkitie 17 As Oy | 14.3 | 14.3 |
| Suomen Satokodit Oy | | |
| Arhotie 22 As Oy | 100.0 | 100.0 |
| Karpalopolku KOy | 100.0 | 100.0 |
| Kaskenkaatajantie As Oy | 100.0 | 100.0 |
| Meiramikuja As Oy | 4.7 | 4.7 |
| Myllymatkantie 1 As Oy | 100.0 | 100.0 |
| Pellervon Pysäköinti KOy | 68.9 | 25.8 |
| Satosorsa As Oy | 19.9 | 19.9 |
| Vantaan Kortteeri As Oy | 6.4 | 6.4 |
| Vihdin Kirkkonielementie 2 KOy | 100.0 | 100.0 |
| Vihdin Nummensekä 10 KOy | 100.0 | 100.0 |
| Vatrolot Oy | | |
| Aapelinkatu 1 KOy | 100.0 | 100.0 |
| Harjulehmus As Oy | 41.0 | 41.0 |
| Helsingin Laivalahdenportti 5 As Oy | 75.5 | 75.5 |
| Helsingin Muurahaisenpolku 6 KOy | 64.4 | 64.4 |
| Helsingin Toini Muonan katu 8 As Oy | 15.6 | 15.6 |
| Hämeenlinnan Aaponkuja 3 As Oy | 47.7 | 47.7 |
| Jukolanniitty As Oy | 52.6 | 52.6 |
| Jukolantanner As Oy | 52.3 | 52.3 |
| Jyväskylän Kakkospesä As Oy | 18.2 | 18.2 |
| Kangasalan Kukkapuisto As Oy | 12.6 | 12.6 |
| Kaukotie 10–12 As Oy | 3.1 | 3.1 |
| Kavilanniitty As Oy | 18.3 | 18.3 |
| Kirkkonummen Riihipolku As Oy | 100.0 | 100.0 |
| Kukkaropohja KOy | 100.0 | 100.0 |
| Kylänpäänpelto As Oy | 48.3 | 48.3 |
| Laakavuorentie 4 As Oy | 39.1 | 39.1 |
| Lahden Roopenkuja As Oy | 57.7 | 57.7 |
| Marolinnankoti As Oy | 15.4 | 15.4 |
| Meriramsi As Oy | 25.6 | 25.6 |
| Meri-Rastilan tie 5 As Oy | 23.5 | 23.5 |
| Meri-Rastilan tie 9 As Oy | 9.1 | 9.1 |
| Nurmijärven Kylänpäänkaari As Oy | 50.0 | 50.0 |
| Nurmijärven Kylänpäänniitty As Oy | 47.2 | 47.2 |
| Pirilänportti As Oy | 14.5 | 14.5 |
| Pohjanpoika As Oy | 24.5 | 24.5 |
| Puolukkavarikko As Oy | 33.9 | 33.9 |
| Raudikkokuja 3 KOy | 100.0 | 100.0 |
| Rivihkola As Oy | 49.9 | 49.9 |
| Salpalohi KOy | 33.3 | 33.3 |
| Satosyppi As Oy | 50.0 | 50.0 |
| Satotaival As Oy | 46.4 | 46.4 |
| Turun Kivimaanrivi As Oy | 13.1 | 13.1 |
| Turun Mietoistenkuja As Oy | 22.5 | 22.5 |
| Turun Pernon Kartanonlaakso As Oy | 68.8 | 68.8 |
| Turun Sipimetsä As Oy | 19.8 | 19.8 |
| Vantaan Minkkikuja As Oy | 74.9 | 74.9 |
| Vantaan Omaksi As Oy | 2.8 | 2.8 |
| Vantaan Ravurinmäki As Oy | 47.8 | 47.8 |
| Vantaan Ravurinpuisto As Oy | 62.9 | 62.9 |
| SATO-Osaomistus | 100.0 | 100.0 |
| Suomen Asumisoikeus Oy | 50.0 | 50.0 |
| VATROhousing Oy | 100.0 | 100.0 |

| | Parent Group's holding, % | company's holding, % |
|----------------------------------|------------------------------|-------------------------|
| VATROhousing Oy | | |
| Naantalin Kastovuorenrinne As Oy | 25.6 | 25.6 |
| Nastolan Moreeniraitti As Oy | 27.2 | 27.2 |
| Salon Valhojanrivi As Oy | 10.6 | 10.6 |
| Tasakuusi As Oy | 3.7 | 3.7 |

35. IAS23 Borrowing costs

| MEUR | 2012 | 2011 |
|---|-------------|------|
| Changeover date 1 Jan. 2007 | | |
| Capitalised expenses of borrowing costs during the period | 0.6 | 0.3 |
| Financial expense index | 2.43 | 2.19 |

Parent company's profit and loss account, FAS

| MEUR | Note | 1 Jan.–31 Dec.2012 | 1 Jan.–31 Dec.2011 |
|---|------|--------------------|--------------------|
| Turnover | 1 | 12.5 | 8.9 |
| Other operating income | 2 | 4.6 | 3.6 |
| Materials and services | 3 | -4.4 | -1.9 |
| Personnel expenses | 4-6 | -3.7 | -3.6 |
| Depreciation, amortization and impairment charges | 7 | -0.7 | -0.6 |
| Other operating expenses | 8 | -7.8 | -7.4 |
| Operating profit | | 0.4 | -0.9 |
| Financial income and expenses | 9 | 13.1 | 0.2 |
| Profit/loss before extraordinary items | | 13.5 | -0.7 |
| Extraordinary items | 10 | 28.9 | 35.5 |
| Profit before taxes | | 42.3 | 34.8 |
| Income taxes | 11 | -6.7 | -8.9 |
| Net profit for the financial year | | 35.6 | 25.9 |

Parent company's balance sheet, FAS

| MEUR | Note | 31 Dec. 2012 | 31 Dec. 2011 |
|---|-------|--------------|--------------|
| ASSETS | | | |
| Fixed assets and other long-term investments | | | |
| Intangible assets | 12 | 0.8 | 0.8 |
| Tangible assets | 13 | 1.8 | 1.1 |
| Holdings in Group companies | 14 | 68.7 | 68.5 |
| Holdings in associated companies | 15 | 0.0 | |
| Other holdings and shares | 16 | 1.2 | 1.2 |
| | | 72.5 | 71.6 |
| Inventories and financial assets | | | |
| Inventories | 17 | 3.9 | 7.6 |
| Long-term receivables | 18 | 266.0 | 190.6 |
| Short-term receivables | 19 | 27.9 | 34.7 |
| Cash and cash equivalents | | 3.6 | 10.6 |
| | | 301.4 | 243.4 |
| ASSETS, TOTAL | | 373.9 | 315.1 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| | 21-22 | | |
| Share capital | | 4.4 | 4.4 |
| Reserve fund | | 43.7 | 43.7 |
| Other funds | | 45.7 | 45.6 |
| Retained earnings | | 19.0 | 18.0 |
| Profit for the period | | 35.6 | 25.9 |
| | | 148.4 | 137.7 |
| Obligatory reserves | 23 | 0.0 | 0.2 |
| Liabilities | | | |
| Non-current | 24 | 142.3 | 68.8 |
| Current | 25 | 83.1 | 108.4 |
| | | 225.4 | 177.2 |
| SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL | | 373.9 | 315.1 |

Parent company's cash flow statement, FAS

| MEUR | 2012 | 2011 |
|--|--------|-------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit for financial year | 35.6 | 25.9 |
| Adjustments: | | |
| Depreciation | 0.7 | 0.6 |
| Financial income (–) and expenses (+) | –13.1 | –0.2 |
| Income tax | 6.7 | 8.9 |
| Proceeds (–) and losses (+) on sales of fixed assets | –0.0 | –0.0 |
| Other adjustments | –28.9 | –35.5 |
| Cash flow before change in working capital | 1.1 | –0.3 |
| Change in working capital: | | |
| Decrease (+) /increase (–) in current non-interest bearing receivables | 3.8 | 0.0 |
| Decrease (+) /increase (–) in inventories | –1.6 | –3.9 |
| Decrease (–) /increase (+) in current debts | –0.7 | 3.0 |
| Increase (+) /decrease (–) in obligatory reserves | –0.2 | –0.0 |
| Cash flow before financial items and taxes | 2.3 | –1.3 |
| Interest paid and payments of other financial expenses | –4.6 | –4.0 |
| Dividends received | 15.0 | 0.0 |
| Interest received | 5.5 | 4.3 |
| Direct taxes paid | –11.1 | –9.1 |
| Cash flow before extraordinary items | 7.2 | –10.0 |
| Cash flow from operating activities (A) | 7.2 | –10.0 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investments in tangible and intangible assets | –1.4 | –1.1 |
| Income from surrender of tangible assets | 0.0 | 0.0 |
| Placements in other investments | –0.2 | –0.3 |
| Proceeds from other investments | 0.0 | 0.2 |
| Loans granted | –107.4 | –26.0 |
| Instalments on notes receivable | 32.7 | 51.0 |
| Cash flow from investing activities(B) | –76.2 | 23.9 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Loans taken | 103.9 | 2.0 |
| Payments on loans | –53.5 | –13.2 |
| Group contributions (contribution-based) | 36.6 | 25.5 |
| Dividends paid and other distribution of profit | –24.9 | –17.8 |
| Cash flow from financing (C) | 62.1 | –3.4 |
| Calculated change in cash and cash equivalents (A+B+C) | –6.9 | 10.4 |
| Cash and cash equivalents at start of year | 10.6 | 0.1 |
| Cash and cash equivalents at year-end | 3.6 | 10.6 |

Notes to the parent company's financial statements

MEUR

2012

2011

NOTES TO THE PROFIT AND LOSS ACCOUNT

1. Turnover

| | | |
|--------------------------------|-------------|------------|
| Rental income and compensation | 2.4 | 2.3 |
| Other income | 10.0 | 6.6 |
| | 12.5 | 8.9 |

2. Other income from business operations

| | | |
|---------------------------------------|------------|------------|
| Other income from business operations | 0.4 | 0.3 |
| Proceeds from sales of fixed assets | 0.0 | 0.0 |
| Charges for management costs | 4.1 | 3.3 |
| | 4.6 | 3.6 |

3. Materials and services

| | | |
|---|------------|------------|
| Materials and supplies | | |
| Purchases during the period (=procurements) | -0.1 | 6.5 |
| Change in inventories | 4.4 | -4.6 |
| | 4.4 | 1.9 |

4. Personnel expenses

| | | |
|--------------------------|------------|------------|
| Salaries and wages | 2.6 | 2.8 |
| Pension expenses | 1.0 | 0.7 |
| Other personnel expenses | 0.1 | 0.1 |
| | 3.7 | 3.6 |

5. Management salaries and emoluments

| | | |
|---|-----|-----|
| Presidents and members of the Board of Directors | 0.8 | 0.8 |
| The President and CEO is entitled to retire at the age of 60. | | |

6. Parent company had during the financial year an average number of

| | | |
|-----------|----|----|
| Employees | 13 | 12 |
|-----------|----|----|

7. Depreciation

| | | |
|--|------------|------------|
| Depreciation on tangible and intangible assets | 0.7 | 0.6 |
| | 0.7 | 0.6 |

8. Other expenses of business operations

| | | |
|---------------------------------------|------------|------------|
| Rents | 1.8 | 2.0 |
| Properties' maintenance expenses | 0.4 | 0.4 |
| Other fixed expenses | 5.6 | 4.9 |
| Other expenses of business operations | 0.0 | -0.0 |
| | 7.8 | 7.4 |

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

9. Financial income and expenses

| | | |
|--|------|------|
| Dividend income | | |
| From Group companies | 15.0 | |
| From others | 0.0 | 0.0 |
| Dividend income, total | 15.0 | 0.0 |
| Interest income on long-term investments | | |
| From Group companies | 4.7 | 4.5 |
| From others | 0.1 | -0.1 |
| | 4.8 | 4.4 |
| Interest expenses and other financing expenses | | |
| To Group companies | 0.5 | 0.6 |
| To others | 6.2 | 3.6 |
| | 6.7 | 4.2 |
| Financial income and expenses, total | 13.1 | 0.2 |

10. Extraordinary items

| | | |
|----------------------|------|------|
| Extraordinary income | | |
| Group contributions | 28.9 | 35.5 |
| | 28.9 | 35.5 |

11. Income taxes

| | | |
|---------------------------------|-----|-----|
| Income taxes on actual business | 6.8 | 8.9 |
| | 6.8 | 8.9 |

NOTES TO THE BALANCE SHEET

12. Intangible assets

| | | |
|--|-----|-----|
| Other long-term expenditure | | |
| Acquisition cost, 1 Jan. | 2.6 | 2.3 |
| Increases | 0.3 | 0.3 |
| Acquisition cost, 31 Dec. | 2.9 | 2.6 |
| Accumulated depreciation and write-downs, 1 Jan. | 1.8 | 1.5 |
| Depreciation for year | 0.3 | 0.3 |
| Accumulated depreciation, 31 Dec. | 2.1 | 1.8 |
| Book value, 31 Dec. | 0.8 | 0.8 |
| Intangible assets, total | 0.8 | 0.8 |

| MEUR | 2012 | 2011 |
|--|------------|------------|
| 13. Tangible assets | | |
| Land and water areas | | |
| Acquisition cost, 1 Jan. | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.0 | 0.0 |
| Book value, 31 Dec. | 0.0 | 0.0 |
| Buildings and structures | | |
| Acquisition cost, 1 Jan. | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.0 | 0.0 |
| Accumulated depreciation and write-downs, 1 Jan. | 0.0 | 0.0 |
| Accumulated depreciation, 31 Dec. | 0.0 | 0.0 |
| Book value, 31 Dec. | 0.0 | 0.0 |
| Connection fees | | |
| Acquisition cost, 1 Jan. | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.0 | 0.0 |
| Machinery and equipment | | |
| Acquisition cost, 1 Jan. | 2.5 | 1.7 |
| Increases | 0.5 | 0.8 |
| Decreases | 0.0 | 0.0 |
| Transfers between items | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 3.0 | 2.5 |
| Accumulated depreciation and write-downs, 1 Jan. | 1.4 | 1.2 |
| Accumulated depreciation of transfers | 0.0 | 0.0 |
| Depreciation for year | 0.4 | 0.3 |
| Accumulated depreciation, 31 Dec. | 1.8 | 1.4 |
| Book value, 31 Dec. | 1.2 | 1.1 |
| Other tangible assets | | |
| Acquisition cost, 1 Jan. | 0.1 | 0.1 |
| Increases | 0.6 | 0.0 |
| Acquisition cost, 31 Dec. | 0.7 | 0.1 |
| Accumulated depreciation and write-downs, 1 Jan. | 0.1 | 0.0 |
| Depreciation for year | 0.0 | 0.0 |
| Accumulated depreciation, 31 Dec. | 0.1 | 0.1 |
| Book value, 31 Dec. | 0.6 | 0.0 |
| Tangible assets, total | 1.8 | 1.1 |

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

INVESTMENTS

14. Holdings in Group companies

| | | |
|---------------------------|------|------|
| Acquisition cost, 1 Jan. | 68.5 | 68.5 |
| Increases | 0.2 | 0.0 |
| Acquisition cost, 31 Dec. | 68.7 | 68.5 |
| Book value, 31 Dec. | 68.7 | 68.5 |

15. Holdings in associated companies

| | | |
|---------------------------|-----|-----|
| Acquisition cost, 1 Jan. | 0.0 | 0.0 |
| Acquisition cost, 31 Dec. | 0.0 | 0.0 |
| Book value, 31 Dec. | 0.0 | 0.0 |

16. Other stocks and shares

| | | |
|----------------------------------|------|------|
| Acquisition cost, 1 Jan. | 1.3 | 1.1 |
| Increases | 0.0 | 0.4 |
| Decreases | 0.0 | 0.0 |
| Transfers between items | 0.0 | -0.2 |
| Acquisition cost, 31 Dec. | 1.3 | 1.3 |
| Accumulated write-downs, 1 Jan. | 0.0 | 0.0 |
| Accumulated write-downs, 31 Dec. | 0.0 | 0.0 |
| Book value, 31 Dec. | 1.2 | 1.2 |
| Investments, total | 70.0 | 69.7 |

17. Inventories

| | | |
|--|-----|-----|
| Completed housing units and commercial space | 0.2 | 0.2 |
| Land areas and land area companies | 3.2 | 7.2 |
| Other inventories | 0.4 | 0.1 |
| Book value, 31 Dec. | 3.9 | 7.6 |

18. Non-current receivables

| | | |
|----------------------------------|-------|-------|
| Receivables from Group companies | | |
| Notes receivable | 265.7 | 190.1 |
| | 265.7 | 190.1 |
| Receivables from others | | |
| Notes receivable | 0.3 | 0.5 |
| | 0.3 | 0.5 |
| Non-current receivables, total | 266.0 | 190.6 |

| MEUR | 2012 | 2011 |
|--------------------------------------|--------------|--------------|
| 19. Current receivables | | |
| Receivables from Group companies | | |
| Accounts receivable | 1.5 | 1.5 |
| Notes receivable | 1.6 | 1.6 |
| Other receivables | 19.3 | 28.8 |
| Accrued assets | 1.4 | 1.8 |
| | 23.8 | 33.8 |
| Receivables from others | | |
| Accounts receivable | 0.3 | 0.2 |
| Notes receivable | 0.2 | 0.0 |
| Accrued assets | 3.5 | 0.7 |
| | 4.0 | 0.9 |
| Current receivables, total | 27.9 | 34.7 |
| Receivables, total | 293.9 | 225.3 |
| Critical items of accrued assets | | |
| Interest | 1.7 | 2.4 |
| Tax matching | 1.7 | |
| The Soukanniementie transaction | 0.9 | |
| Convertible bonds | 0.3 | |
| VAT receivable | 0.2 | |
| Other | 0.1 | 0.1 |
| | 5.0 | 2.5 |
| 20. Shareholders' equity | | |
| Share capital, 1 Jan. | 4.4 | 4.4 |
| Share capital, 31 Dec. | 4.4 | 4.4 |
| Reserve fund, 1 Jan. | 43.7 | 43.7 |
| Reserve fund, 31 Dec. | 43.7 | 43.7 |
| Other funds, 1 Jan. | 45.6 | 45.6 |
| Lisäys | 0.0 | 0.0 |
| | 45.7 | 45.6 |
| Other funds, 31 Dec. | | |
| Retained earnings, 1 Jan. | 43.9 | 35.8 |
| Dividend payment | -24.9 | -17.8 |
| Retained earnings, 31 Dec. | 19.0 | 18.0 |
| Profit for the period | 35.6 | 25.9 |
| Shareholders' equity, total, 31 Dec. | 148.4 | 137.7 |

| MEUR | 2012 | 2011 |
|------|------|------|
|------|------|------|

21. Calculation of distributable assets

| | | |
|-------------------------------|-------|------|
| Other funds | 45.7 | 45.6 |
| Retained earnings | 19.0 | 18.0 |
| Profit for the period | 35.6 | 25.9 |
| Distributable assets, 31 Dec. | 100.3 | 89.6 |

22. The parent company's share capital is divided in to shares as follows:

| | | |
|------------------------------|------------|------------|
| Number of shares | 51,001,842 | 51,001,842 |
| Combined par value of shares | 160,000 | 160,000 |
| | 50,841,842 | 50,841,842 |

23. Obligatory reserves

| | | |
|------------------------------|-----|-----|
| Refund claim expense reserve | 0.0 | 0.2 |
| | 0.0 | 0.2 |

24. Long-term liabilities

| | | |
|---|--------------|-------------|
| Debts to Group companies | | |
| Loans, Group | 3.9 | 26.4 |
| | 3.9 | 26.4 |
| Loans from financial institutions | | |
| Issue of convertible bonds | 100.0 | |
| Debts to financial institutions | 38.5 | 42.4 |
| | 138.5 | 42.4 |
| Long-term liabilities, total | 142.3 | 68.8 |
| Debts maturing in more than five years | 103.9 | 2.0 |
| | 103.9 | 2.0 |

25. Current liabilities

| | | |
|-----------------------------------|--------------|--------------|
| Debts to Group companies | | |
| Advance payments | 0.0 | 0.2 |
| Accounts payable | 0.4 | 0.9 |
| Deferred liabilities | 0.2 | 0.9 |
| | 0.6 | 2.0 |
| Debts to others | | |
| Loans from financial institutions | 73.1 | 97.1 |
| Advances received | 0.0 | 0.0 |
| Accounts payable | 0.4 | 0.2 |
| Other debts | 0.1 | 0.1 |
| Deferred liabilities | 8.9 | 9.0 |
| | 82.5 | 106.4 |
| Current liabilities, total | 83.1 | 108.4 |
| Liabilities, total | 225.4 | 177.2 |

| MEUR | 2012 | 2011 |
|---|------|------|
| Critical items of deferred liabilities | | |
| Wages and salaries with employee benefits | 3.2 | 2.3 |
| Interest | 4.8 | 2.7 |
| Taxes | 0.0 | 2.7 |
| Municipal engineering debts | 0.7 | 1.8 |
| Others | 0.3 | 0.4 |
| | 9.1 | 9.9 |

26. Collateral, contingent liabilities and other commitments

| | | |
|---|-------|-------|
| For own debt | | |
| Pledged shares | 0.0 | 0.0 |
| | 0.0 | 0.0 |
| For Group company debts | | |
| Pledges | 0.5 | 0.5 |
| Mortgages on land areas and buildings | 659.5 | 481.5 |
| Guarantees | 660.0 | 482.0 |
| For others | | |
| Guarantees | 0.0 | 12.7 |
| Other own commitments | | |
| Leasing commitments | | |
| To be paid in the next financial year | 0.0 | 0.0 |
| To be paid in subsequent financial years | 0.0 | 0.0 |
| | 0.0 | 0.0 |
| Total | | |
| Pledges | | 0.0 |
| Mortgages on land areas and buildings | 0.5 | 0.5 |
| Guarantees | 659.5 | 494.2 |
| Other commitments | 0.0 | 0.0 |
| Pledges and contingent liabilities, total | 660.0 | 494.7 |

Auditor's report

To the Annual General Meeting of SATO Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of SATO Corporation for the year ended 31 December, 2012. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on

the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 29 January 2013

KPMG OY AB

Lasse Holopainen
Authorized Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Key indicators

| FIVE-YEAR REVIEW | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|------------|------------|------------|
| KEY INDICATORS FOR FINANCIAL TREND | | | | | |
| Turnover, MEUR | 290 | 230 | 193 | 232 | 287 |
| Operating profit, MEUR | 74 | 71 | 75 | 87 | 99 |
| as percentage of turnover | 25.6 | 30.7 | 38.7 | 37.4 | 34.5 |
| Net financing expenses, MEUR | -43 | -41 | -33 | -35 | -39 |
| Profit before taxes, MEUR | 32 | 30 | 42 | 52 | 61 |
| as percentage of turnover | 10.8 | 13.1 | 21.6 | 22.5 | 21.1 |
| Balance sheet total, MEUR | 1,390 | 1,418 | 1,472 | 1,717 | 1,855 |
| Shareholders' equity and minority interest, MEUR | 204 | 221 | 274 | 284 | 295 |
| Liabilities, MEUR | 1,185 | 1,197 | 1,198 | 1,433 | 1,559 |
| Return on equity, % (ROE) | 11.5 | 10.7 | 12.4 | 14.9 | 15.5 |
| Return on investment, % (ROI) | 6.3 | 5.6 | 5.7 | 6.1 | 6.3 |
| Equity ratio, % | 14.8 | 15.7 | 18.8 | 16.7 | 16.0 |
| Equity ratio, % at fair values | 22.3 | 24.8 | 29.5 | 29.5 | 29.4 |
| Investment assets at fair values, MEUR | 1,361 | 1,503 | 1,657 | 1,899 | 2,088 |
| Gross investments in fixed assets, MEUR | 134 | 112 | 104 | 150 | 160 |
| as percentage of turnover | 46.1 | 48.6 | 54.1 | 64.7 | 55.7 |
| Personnel, average | 160 | 141 | 129 | 137 | 152 |
| KEY INDICATORS FOR SHARES | | | | | |
| Earnings per share, EUR | 0.53 | 0.50 | 0.62 | 0.82 | 0.88 |
| Equity per share, EUR | 4.57 | 4.83 | 5.36 | 5.56 | 5.79 |
| Net worth per share, EUR at fair values | 7.86 | 9.07 | 10.48 | 12.59 | 13.72 |
| Dividend per share, EUR | 0.24 | 0.24 | 0.35 | 0.49 | 0.55* |
| Dividend, MEUR | 10.7 | 10.9 | 17.8 | 24.9 | 28.0* |
| Total return (%) | 14.1 | 17.9 | 20.8 | 22.8 | 13.5 |
| Adjusted number of shares, average | 44,421,920 | 45,269,689 | 50,841,842 | 50,841,842 | 50,841,842 |

* Based on the Board of Directors' proposed dividend for 2012

FORMULAS FOR KEY INDICATORS

| | | |
|---------------------------|---|--|
| Return on investment (%) | = | $\frac{(\text{Profit or loss before taxes} + \text{interest expense and other financing expenses})}{\text{Balance sheet total} - \text{non-interest-bearing debts (average during the financial year)}} \times 100$ |
| Return on equity (%) | = | $\frac{(\text{Profit or loss after taxes})}{\text{Shareholders' equity (average during the financial year)}} \times 100$ |
| Equity ratio (%) | = | $\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$ |
| Earnings per share (EUR) | = | $\frac{\text{Net profit for year due to owners of parent company}}{\text{Adjusted number of shares (average during the financial year)}}$ |
| Net worth per share (EUR) | = | $\frac{(\text{Net worth at balance sheet value} - \text{liabilities})}{\text{Adjusted number of shares at year-end}}$ |
| Dividend per share (EUR) | = | $\frac{\text{Dividend paid for year}}{\text{Adjusted number of shares at year-end}}$ |
| Total return (%) | = | $\frac{(\text{Profit or loss after taxes} + \text{return on appreciation after taxes})}{\text{Shareholders' equity at fair value (average for the financial year)}} \times 100$ |
| Disposable profit | = | Disposable profit means that part of the SATO Group's profits which can be remitted to the shareholders without hindrance from the so-called non-profit regulations on remittances of profit contained in legislation on state-subsidised and interest-subsidised housing. |

Information for shareholders

Summons to the annual general meeting of SATO Corporation

The annual general meeting of SATO Corporation will be held at 11.00 AM on Thursday 5 March 2013 at SATO Corporation's premises, address Panuntie 4, FI-00610 Helsinki, Finland.

Right to attend and enrolment

Entitlement to attend the annual general meeting is held by a shareholder who on 21 February 2013 has been entered as a shareholder in the company's register of shareholders maintained by Euroclear Finland Ltd. A shareholder whose shares have been entered in a personal, Finnish book-entry securities account for him or her, is entered in the company's register of shareholders.

Shareholders who wish to attend the annual general meeting must give notice thereof no later than 4 PM (Finnish time) on Thursday 28 February 2013, by which time the notice must have been delivered. The notification may be made as follows:

- in writing to the address SATO Corporation, Kati Laakso, PO Box 401, FI-00601 Helsinki
- by phone (+358 201 34 4002/Kati Laakso) Mon–Fri 8 AM – 4 PM or
- by e-mail to kati.laakso@sato.fi.

Personal information on shareholders given to SATO Corporation shall be used only in connection with the annual general meeting and the registrations required for it.

A shareholder or representative or agent thereof coming to the meeting must be able, when so required, to prove his/her identity and/or authorisation.

Holders of nominee-registered shares

Nominee-registered shareholders are entitled to attend the annual general meeting on the strength of the shares on the basis of which he or she is entitled to be entered in the register of shareholders maintained by Euroclear Finland Ltd on the date of record for the annual general meeting, 21 February 2013. A further requirement for attendance is that the shareholder has, on the strength of these shares, been temporarily entered in the register of shareholders maintained by Euroclear Finland Ltd no later than 10 AM (Finnish time) on

Thursday 28 February 2013. For shares entered in the nominee register, this will be deemed enrolment for the annual general meeting.

In respect of a nominee-registered share, the holder is advised to request in good time instructions from his or her asset manager for entry on the interim register of shareholders, the provision of proxies and enrolment for the annual general meeting. The asset manager's accounting firm must notify the holder of the nominee-registered share wishing to attend the annual general meeting for temporary entry in the company's register of shareholders no later than the above deadline.

The use of agents and proxies

A shareholder may attend the annual general meeting and exercise there his or her rights by means of an agent. The shareholder's agent must present a dated proxy or be able to prove in some other reliable way that she/he is entitled to represent the shareholder. In the event that a shareholder attends the annual general meeting by means of more than one agent, who represent the shareholder with shares in different securities accounts, the shares on the basis of which each agent represents the shareholder must be declared at the time of enrolment. The originals of proxies, if any, should be sent to SATO Corporation, Kati Laakso, PO Box 401, FI-00601 Helsinki by the end of the announcement period.

Other regulations and information

A shareholder attending the annual general meeting has the entitlement to ask questions concerning the meeting's agenda pursuant to chapter 5 section 25 of the Finnish Companies Act.

SATO Corporation had a total of 51,001,842 shares and votes on the date of the summons to the meeting, 11 February 2013.

Payment of dividend

The Board of Directors will propose to the annual general meeting that the company will pay EUR 0.55 per share in dividend for the year ending on 31 December 2012. Dividend would be payable to a shareholder who, on the date of record for the dividend payment, 8 March 2013, has been entered in the register of the company's shareholders maintained by

Euroclear Finland Ltd. The Board of Directors will propose to the annual general meeting that the dividend be paid on Thursday, 21 March 2013.

Financial disclosures

The issue dates for interim reports are as follows:

| | |
|-------------------|-----------------|
| January-March | 24 April 2013 |
| January-June | 2 August 2013 |
| January-September | 24 October 2013 |

The annual report for the financial year and interim reports will be issued in Finnish and English. They will be available on the website www.sato.fi. Further information may be obtained from viestinta@sato.fi.

Distribution of shares, 22 January 2013

| | |
|---|-------|
| Varma Mutual Pension Insurance Company | 41.9% |
| Ilmarinen Mutual Pension Insurance Company | 16.0% |
| Suomi Mutual Life Assurance Company | 14.8% |
| LocalTapiola Mutual Pension Insurance Company | 7.5% |
| Mutual Insurance Company Pension Fennia | 5.4% |
| LocalTapiola Group | 4.8% |
| Wärtsilä Corporation | 3.9% |
| Pohjola Insurance Ltd | 2.7% |
| Other | 3.0% |

On 22 January 2013, the Group had 28 shareholders entered in the book-entry securities register. The turnover of SATO shares during the year under review amounted to 2.4%.

Articles of association and shares

SATO Corporation's current articles of association were registered on 15 March 2011. The articles of association do not include provisions on share buybacks.

The company's share capital as at 31 December 2012 was EUR 4,442,192.00. The company had 51,001,842 shares. The share has no par value.

The company has a single series of shares. The shares are in a book entry securities system maintained by Euroclear Finland Ltd.

Through constant renewal now and tomorrow, we will be able to continue to meet our targets for service



Homes will always be needed

and to provide homes that more and more residents will want.

Contact details:

- Helsinki: Panuntie 4, PO Box 401, FI-00601 Helsinki, Home renting and housing sales: Mikonkatu 7, PO Box 890, FI-00100 Helsinki • Tampere: Satakunnankatu 18 B, FI-33210 Tampere
- Turku: Brahenkatu 20, PO Box 669, FI-20101 Turku • Oulu: Hallituskatu 20, PO Box 15, FI-90101 Oulu
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