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**Q1 INTERIM REPORT**  
**1.1.–31.3.2018**

**sato**

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# KEY FIGURES



Key figure	Q1 2018	Q1 2017	1-12/2017
Net sales	€ 72.0 million	€ 68.1 million	€ 280.1 million
Housing portfolio	25,769 homes € 3.61 billion	25,499 homes € 3.41 billion	25,793 homes € 3.56 billion
Housing investments	€ 18.3 million	€ 26.4 million	€ 156.0 million
Under construction Finland	1,094 pcs	1,392 pcs	1,109 pcs
Average rent in Finland at the end of the review period	16.67 €/m <sup>2</sup> /month	16.54 €/m <sup>2</sup> /month	16.69 €/m <sup>2</sup> /month
Cash earnings	€ 13.2 million	€ 19.8 million	€ 92.4 million
Shareholders' equity at the end of the review period	€ 1,421.2 million	€ 1,303.5 million	€ 1,409.7 million

# SATO CORPORATION'S INTERIM REPORT, 1 JANUARY–31 MARCH 2018

## SATO's occupancy rate strong

### Summary for the period 1 January–31 March 2018 (1 January–31 March 2017)

- Net sales were EUR 72.0 (68.1) million.
- Profit before taxes was EUR 47.1 (59.2) million.
- Earnings per share were EUR 0.66 (0.84).
- The change in the fair value of rental apartments included in the result was EUR 17.1 (32.3) million.
- Equity was EUR 1,421.2 (1,303.5) million, or EUR 25.10 (23.02) per share.
- Investments in rental apartments were EUR 18.3 (26.4) million.
- A total of 15 (315) rental apartments were acquired or completed.
- The occupancy rate in Finland was 97.3 (96.1) per cent.
- A total of 1,021 rental apartments are under construction.

### CEO Saku Sipola:

– Our positive performance continued in the first quarter of the year. The economic occupancy rate was 97.3 percent (Q1/2017 96.1%) and the external tenant turnover decreased, standing at 27.1 percent (Q1/2017 28.5%). We have continued to actively promote our Customer First strategy and systematically engage our partners to operate in accordance with our Customer First model.

– In February, we announced that we will build 239 new rental apartments in Herttoniemi and Kalasatama, two of Helsinki's strongly developing areas. In accordance with our strategy, we will continue to grow in our main operating areas and our goal is to offer new rental apartments near good public transport connections and diverse services. At Laivalahdenkaari 1 in Herttoniemi, 143 SATO rental homes will be built and Capellan puistotie in Kalasatama will be the location of 96 new SATO rental homes.

– During the review period, we sold all the shares in SATO HotelHome Ltd to Majoituspalvelu Forenom Oy. HotelHome presented us with an interesting business area, but it remained

relatively small. Growing and developing the activities would have required major investments. We compared a number of options and decided that the best solution was to find a new owner for our HotelHome activities – one specialising in shorter-term accommodation services. SATO will maintain ownership of the buildings used by HotelHome and they will be rented by Forenom under long-term lease agreements. I believe that our co-operation with Forenom will grow in the future.

### Operating environment

The Finnish economy continues to grow. This growth has spread to all sectors of the economy, but uncertainties related to the macroeconomy have increased. Inflation is muted following the acceleration at the beginning of the year. The loose monetary policy of the European Central Bank is maintaining short-term benchmark interest rates at an exceptionally low level. The confidence of consumers in their own finances and Finland's economy has remained at an all-time high and consumers' assessment of employment development is optimistic.

Demand for rental apartments has remained good and urbanisation continues to be strong. According to the Confederation of Finnish Construction Industries, housing construction has been brisk in SATO's main operating areas, where construction costs are also high. High costs combined with expectations of rising interest rates may lead to pressure to increase rents or reduce the attractiveness of housing investments.

## REVIEW PERIOD 1 January–31 March 2018 (1 January–31 March 2017) Net sales and profit

Between January and March 2018, consolidated net sales were EUR 72.0 (68.1) million, representing a change of 5.7 per cent from the reference period. This growth is largely based on the improvement in the occupancy rate.

Operating profit was EUR 57.9 (70.9) million. The operating profit without the fair value change of investment properties was EUR 40.9 (38.7) million. The change in fair value was EUR 17.1 (32.3) million.

Profit before taxes was EUR 47.1 (59.2) million. Cash flow from operations (free cash flow after taxes excluding the change in fair value) between January and March amounted to EUR 13.2 (19.8) million.

## Financial position and financing

The consolidated balance sheet totalled EUR 3,719.0 (3,561.9) million at the end of March. Equity was EUR 1,421.2 (1,303.5) million. Equity per share was EUR 25.10 (23.02).

The Group's equity ratio was 38.2 (36.6) per cent at the end of March. EUR 109.3 million of new long-term financing was withdrawn and the solvency ratio was 51.6 (53.4) per cent at the end of March.

The Group's annualised return on equity was 10.5 (14.9) per cent. Return on investment was 6.9 (8.9) per cent.

Interest-bearing liabilities at the end of March totalled EUR 1,919.5 (1,905.7) million, of which loans subject to market terms accounted for EUR 1,544.7 (1,437.1) million. The average loan interest rate was 2.1 (2.5) per cent. Net financing costs totalled EUR -10.9 (-11.7) million.

The calculated impact of changes in the market value of interest hedging on equity was EUR 2.6 (4.7) million.

## Housing business

*Our housing business includes rental activities, customer service, housing, lifecycle management and maintenance. Effective rental activities and electronic channels provide home-seekers with quick access to a home, and the Group with a steadily increasing cash flow. High-quality maintenance operations ensure the comfort of residents and that the apartments stay in good condition and maintain their value. We serve our customers in daily housing issues through our customer-oriented service organisation.*

During the review period, rental income increased by 5.7 per cent to EUR 72.0 (68.1) million. The economic occupancy rate of apartments in Finland was 97.3 (96.1) per cent on average, and the external tenant turnover was 27.1 (28.5) per cent.

The occupancy rate was at a good level during the first quarter. External tenant turnover decreased compared to the previous quarter. The good occupancy rate and the decrease in external tenant turnover were affected by measures based on the Customer First strategy, such as the closer integration of the partner network in SATO's customer processes, which was begun during the review period.

The average monthly rent of SATO's rental apartments in Finland at the end of the review period was EUR 16.67 (16.54) per m<sup>2</sup>. Rent increases remained moderate.

Net rental income for apartments was EUR 47.5 (43.1) million, representing a change of 10.2 per cent from the reference period.

## Housing stock

On 31 March 2018, SATO owned a total of 25,769 (25,499) apartments. Altogether, 15 rental apartments were acquired or completed. The total number of divested rental apartments and shared ownership apartments redeemed by the owner-occupants was 39.

## Fair value

*The development of the value of rental apartments is a key factor for SATO. Its housing stock is concentrated in areas and apartment sizes which are expected to be the focus, in the long term, of increasing rental apartment demand. The allocation of building repairs is based on lifecycle plans and repair need specifications.*

At the end of March, the fair value of rental apartments in Finland and St. Petersburg were EUR 3,605.3 (3,414.2) million, of which St. Petersburg housing stock accounted for EUR 116.8 (137.3) million. The change in value of the St. Petersburg housing stock is largely the result of a change in the value of the rouble. The change in the value of housing stock, including the rental apartments acquired and divested during the review period, was EUR 40.5 (31.0) million.

Of the value of apartments, the Helsinki metropolitan area accounted for some 80 per cent, Tampere and Turku made up 13 per cent, Jyväskylä and Oulu 4 per cent and St. Petersburg covered 3 per cent at the end of March.

## Investments, divestments and property development

*Investment activities are used to manage the housing portfolio and prepare the ground for growth. Since 2000, SATO has invested more than EUR 2.0 billion in non-subsidised rental apartments. SATO acquires and builds entire rental buildings and single rental apartments. Property development allows for new investments in rental apartments in Finland. The rental potential and value of rental apartments owned by SATO are developed through renovation activities.*

Investments in rental apartments were EUR 18.3 (26.4) million. Investments in the Helsinki metropolitan area represented 93 per cent and investments in new apartments represented 65 per cent of all investments in the review period. On 31 March 2018, binding purchase agreements in Finland totalled EUR 133.9 (107.5) million.

During the review period, 6 (117) rental apartments were divested in Finland. Their total value was EUR 0.6 (28.4) million.

The book value of plot reserves totalled EUR 50.7 (62.6) million at the end of March. The value of new plots acquired by the end of March totalled EUR 0.0 (0.0) million.

The permitted building volume for about 2,200 apartments is being developed for the plots in the company's housing portfolio. This allows SATO to utilise existing infrastructure, create a denser urban structure and thus bring more customers closer to services and public transport connections.

In Finland, a total of 15 (298) rental apartments and 0 (57) apartments for sale were completed. On 31 March 2018, a total of 1,021 (1,392) rental apartments and 73 (0) owner-occupied apartments were under construction. The reporting principle for apartments under construction as of the start of 2018 has changed. In addition to an investment decision, a signed agreement on building works and a valid construction permit are required. Earlier, apartments under construction included all apartments for which an investment decision had been made.

A total of EUR 9.1 (8.8) million was spent on repairing apartments and improving their quality.

At the end of March, SATO owned 534 (534) completed apartments and 0 (0) apartments under construction in St. Petersburg. The economic occupancy rate of rental apartments in St. Petersburg was 92.2 (87.8) per cent on average. For the time being, SATO will refrain from making new investment decisions in Russia.

## Personnel

At the end of March, the Group employed 207 (186) people, of whom 195 (171) had a permanent employment contract. The average number of personnel was 209 (181) between January and March.

## Changes to the Group structure

Some changes took place in the Group structure during the quarter. The following mergers were registered on 1 January 2018: SATOkoti 15 Oy, SATOkoti 16 Oy, Sato VK 16 Oy, Sato VK 17 Oy, Suomen Satokodit 16 Oy, Sato VK 17 Oy, Suomen Vuokrakodit 1 Oy and Vatroalot 4 Oy merged with SatoAsunnot Oy and SVK Yhtymä Oy merged with SATO Corporation.

## Annual General Meeting on 23 March 2018

The Board of Directors of SATO Corporation was confirmed to consist of seven members. The Annual General Meeting elected Erik Selin as Chairman of the Board. Marcus Hansson, Jukka Hienonen, Esa Lager, Tarja Pääkkönen, Johannus (Hans) Spikker and Timo Stenius will continue as Board members.

Audit firm Deloitte Oy were selected as the company's auditor.

The Annual General Meeting decided that SATO Corporation will distribute EUR 0.50 per share in dividends for the financial period ending on 31 December 2017, a total of EUR 28,311,533.50. The date of record for dividend distribution was 27 March 2018 and the dividends were paid on 5 April 2018.

## Organisation of the Board of Directors

At its constitutive meeting on 23 March 2018, the company's Board of Directors elected Jukka Hienonen as Deputy Chairman of the Board of Directors from among its members.

The Board of Directors elected Erik Selin as Chairman of the Nomination and Remuneration Committee, and Jukka Hienonen and Tarja Pääkkönen as its members.

The Board of Directors elected Marcus Hansson as Chairman of the Audit Committee, and Esa Lager, Johannus (Hans) Spikker and Timo Stenius as its members.

## Events after the review period

Construction on SATO's 75th anniversary project began on Atlantinkatu in Helsinki's Jätkäsaari in April 2018. The project's first-rate plan and the outline for its implementation are the result of an international architectural design competition. The project will include Hitas owner-occupied apartments and non-subsidised rental apartments, totalling 179 apartments in all. The contractor for the site is Fira Oy.

## Risks and business uncertainties

Risk management is used to ensure that risks impacting the company's business are identified, managed and monitored.

The main risks of SATO's business are risks related to the business environment and financial risks. In its risk management, SATO's goal is to utilise the available opportunities and to limit the negative impacts of risk factors.

The most significant risks in the renting of apartments are related to economic cycles and fluctuations in demand. A clear weakening in the housing market could have a negative impact on the market value of SATO's housing portfolio. In accordance with its strategy, SATO focuses its investments in growth centres, ensuring the rental potential of its apartments.

Changes in official regulations and legislation and uncertainty stemming from them can have a significant impact on the reliability of the investment environment and thus on SATO's business.

The management of financial risks is steered by the Group's financial policy. The goal of liquidity risk management is to ensure the Group's financing in all situations. SATO has cash assets, credit facilities and a continuous cash flow, which are sufficient to cover anticipated financing needs. The Group's interest rate risk is managed in accordance with the financial policy by ensuring that at least 60 per cent of all loans are fixed-rate loans.

Risks in housing investments in St. Petersburg are associated with the operating environment and currency risks. Approximately three per cent of SATO's housing stock is located in St. Petersburg. For the time being, SATO will refrain from making new investment decisions in Russia.

A more detailed description of risks and risk management is available in the Group's annual report for 2017 and on the website [www.sato.fi](http://www.sato.fi).

## Outlook

In the operating environment, SATO's business activities are mainly affected by consumer confidence, the development of purchasing power, rent and price development for apartments, general competition and interest rates.

The Finnish economy is expected to continue its solid growth path, and general confidence is estimated to be higher than on average. Interest rates are expected to remain low in 2018, which will have a positive impact on SATO's financing costs. Long-term interest rates are expected to rise.

Accelerating urbanisation provides good long-term conditions for continued investments in Finland. Net migration is expected to

be the highest form of population increase in SATO's operating areas. Some 80 per cent of SATO's housing stock is located in the Helsinki metropolitan area, where price development is expected to be more positive than in the rest of Finland.

According to estimates by Pellervo Economic Research (PTT), prices and rents will continue to rise, demand for owner-occupied apartments will grow, and the picking up of housing sales will somewhat alleviate the pressure on the rental market.

The historically high rate of housing construction is expected to decrease slightly in the coming years.

According to the Bank of Finland's forecast, steady growth in the global economy and the loose financing conditions will support the positive development of the eurozone in the near future, even though this growth outlook is shadowed by the uncertainties related to Brexit, other political events that may slow down economic growth, and concerns related to the state of the banking sector in certain countries in the eurozone and to the public finances outlook.

Serious threats, such as an increase in protectionism and geopolitical tensions, are casting a shadow on the global economic outlook. The risk of weaker financial performance will also increase due to possible global corrections in asset prices and the deceleration of the reform rate in both China and the eurozone, while the volume of debt remains large.

SATO's net rental income rate is expected to remain at the 2017 level.

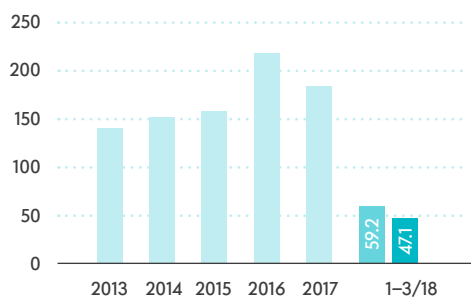
## SATO Corporation's shareholders on 19 April 2018

Largest shareholders and their holdings	pcs	%
Balder Finska Ots AB	30,485,686	53.7
Stichting Depositary APG Strategic Real Estate Pool	12,811,647	22.6
Elo Mutual Pension Insurance Company	7,233,081	12.7
The State Pension Fund	2,796,200	4.9
The Finnish Construction Trade Union	619,300	1.1
Valkila Erkka	390,000	0.7
The Unemployment Fund of the Construction Sector	330,000	0.6
Hengityssairauksien tutkimussäätiö	227,000	0.4
Rausanne Oy	194,920	0.3
Entelä Tuula	179,000	0.3
Others (109 shareholders)	1,516,233	2.7

On 19 April 2018, SATO had 56,783,067 shares and 119 shareholders registered in the book-entry system. The share turnover rate was 0.00 per cent for the period 1 January–19 April 2018.

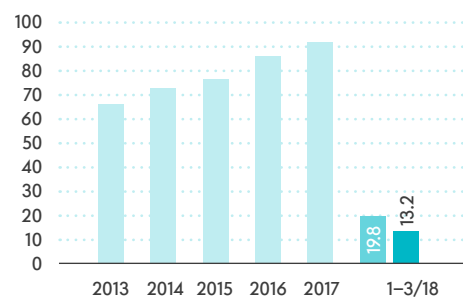
# FINANCIAL TREND

Profit before taxes, MEUR

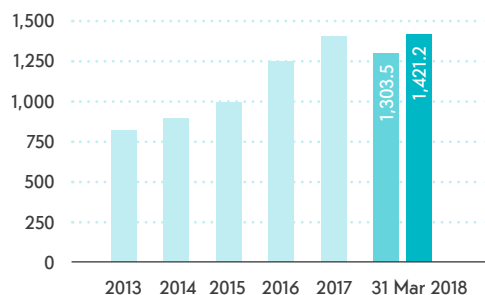


■ 2017 comparison

Cash earnings (CE), MEUR

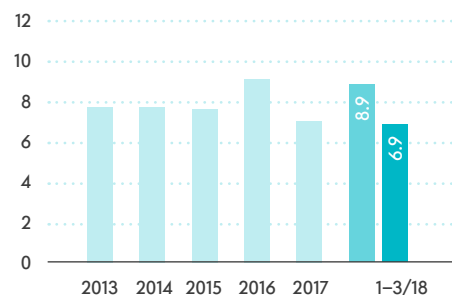


Shareholders' equity, MEUR

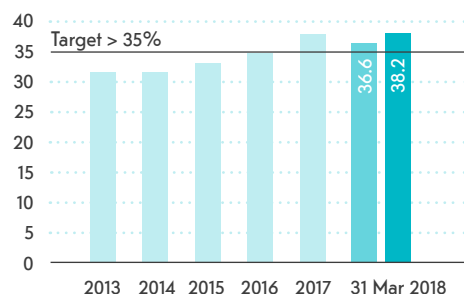


■ 2017 comparison

Return on invested capital, %

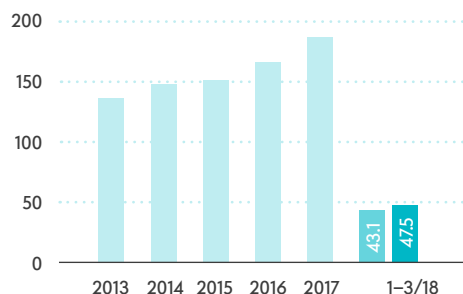


Equity ratio, %



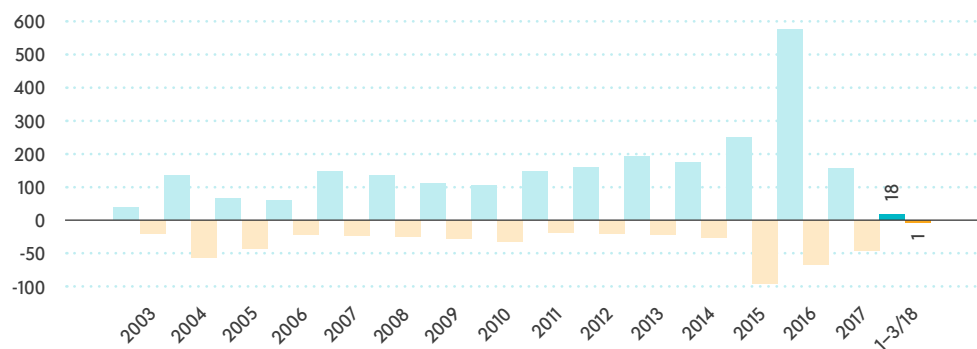
■ 2017 comparison

Net rental income, MEUR

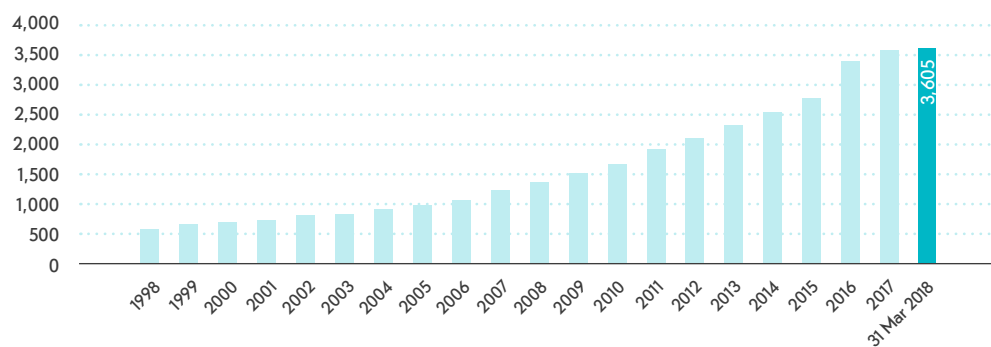




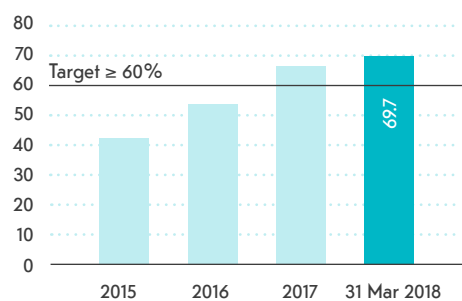
### Housing investments and divestments, MEUR



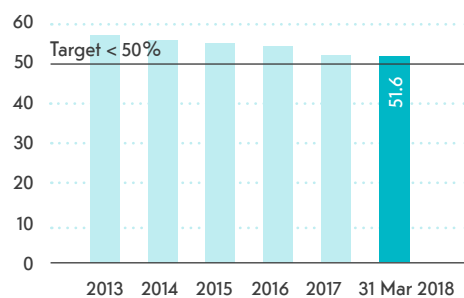
### Trend in the housing portfolio, fair values, MEUR



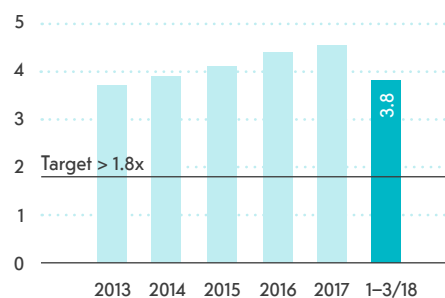
### Unencumbered assets, %



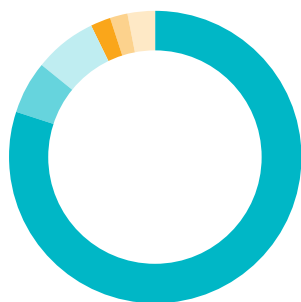
Solvency ratio, %



Interest coverage ratio



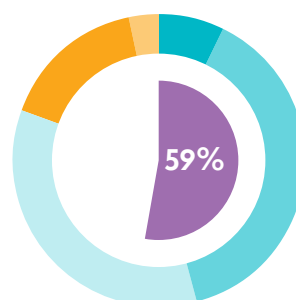
Regional distribution of the housing portfolio, 31 March 2018



- Helsinki Metropolitan Area 80%
- Turku region 6%
- Tampere region 7%
- Jyväskylä region 2%
- Oulu region 2%
- St. Petersburg 3%

Total housing portfolio MEUR 3,605

Debt portfolio, Nominal values 31 March 2018, total MEUR 1,939



- Commercial papers 141
  - Corporate bonds 749
  - Bank loans 675
  - Interest subsidised 313
  - State subsidised (ARAVA) 62
- 59% of loans without real securities

## CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	1 Jan–31 Mar 2018	1 Jan–31 Mar 2017	1 Jan–31 Dec 2017
Net Sales	72.0	68.1	280.1
Property maintenance expenses	-24.5	-25.0	-91.8
<b>Net operating income</b>	<b>47.5</b>	<b>43.1</b>	<b>188.4</b>
Fair value change of investment properties, realised	0.0	0.5	7.5
Fair value change of investment properties, unrealised	17.1	32.3	68.6
Sales, marketing and administrative expenses	-8.0	-7.9	-35.2
Other operating income	1.7	3.1	2.8
Other operating expenses	-0.3	-0.1	-1.9
<b>Operating profit</b>	<b>57.9</b>	<b>70.9</b>	<b>230.1</b>
Financial income	0.2	0.3	0.7
Financial expenses	-11.1	-12.0	-46.5
	-10.9	-11.7	-45.8
<b>Profit before tax</b>	<b>47.1</b>	<b>59.2</b>	<b>184.4</b>
Income tax expenses	-9.8	-11.8	-38.5
<b>Profit for the period</b>	<b>37.2</b>	<b>47.5</b>	<b>145.9</b>
<b>Profit for the period attributable to</b>			
Equity holder of the parent	37.2	47.5	145.9
Non-controlling interests	0.0	0.0	-0.1
<b>Profit for the period</b>	<b>37.2</b>	<b>47.5</b>	<b>145.9</b>
<b>Earnings per share attributable to equity holders of the parent</b>			
Basic, EUR	0.66	0.84	2.58
Diluted, EUR	0.66	0.84	2.58
Average number of shares, million	56.6	56.6	56.6

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	1 Jan–31 Mar 2018	1 Jan–31 Mar 2017	1 Jan–31 Dec 2017
<b>Other comprehensive income</b>			
Remeasurement of defined benefit liability, net of tax	0.0	0.0	0.0
Related tax	0.0	0.0	0.0
<b>Items that will never be reclassified to income statement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Cash flow hedges	3.2	5.9	15.6
Translation differences	0.0	-0.1	-0.1
Related tax	-0.6	-1.2	-3.1
<b>Items that may be reclassified subsequently to income statement</b>	<b>2.6</b>	<b>4.6</b>	<b>12.4</b>
<b>Other comprehensive income, net of tax</b>	<b>2.6</b>	<b>4.6</b>	<b>12.4</b>
<b>Total comprehensive income</b>	<b>39.8</b>	<b>52.1</b>	<b>158.3</b>
<b>Comprehensive income attributable to</b>			
Equity holders of the parent	39.8	52.1	158.3
Non-controlling interest	0.0	0.0	-0.1
	<b>39.8</b>	<b>52.1</b>	<b>158.3</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	3,669.4	3,497.3	3,632.5
Tangible assets	2.2	2.1	2.2
Intangible assets	1.9	1.9	1.8
Investments in associated companies	0.0	0.0	0.0
Available-for-sale financial assets	1.7	1.7	1.7
Non-current receivables	10.9	13.2	11.3
Deferred tax assets	12.5	15.0	13.2
<b>Total</b>	<b>3,698.5</b>	<b>3,531.2</b>	<b>3,662.6</b>
<b>Current assets</b>			
Account and other receivables	13.3	19.7	13.9
Deferred tax assets	3.7	4.9	2.4
Cash and cash equivalents	3.4	6.1	14.2
<b>Total</b>	<b>20.4</b>	<b>30.7</b>	<b>30.5</b>
<b>TOTAL ASSETS</b>	<b>3,719.0</b>	<b>3,561.9</b>	<b>3,693.1</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	4.4	4.4	4.4
Fair value and other reserves	-22.9	-33.2	-25.4
Reserve fund	43.7	43.7	43.7
Reserve for invested non-restricted equity	114.9	114.8	114.8
Retained earnings	1,281.1	1,173.8	1,272.2
<b>Total</b>	<b>1,421.2</b>	<b>1,303.6</b>	<b>1,409.7</b>
<b>Non-controlling interests</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>1,421.2</b>	<b>1,303.5</b>	<b>1,409.7</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	244.3	232.5	240.0
Provisions	2.5	3.0	2.7
Derivatives	39.8	49.3	39.4
Long-term non-interest bearing liabilities	0.0	0.0	0.0
Long-term interest bearing liabilities	1,709.9	1,765.6	1,621.8
<b>Total</b>	<b>1,996.6</b>	<b>2,050.4</b>	<b>1,903.9</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	87.3	52.7	59.4
Provisions	3.4	1.9	3.4
Deferred tax liabilities	0.9	13.3	6.8
Short-term interest bearing liabilities	209.6	140.1	309.9
<b>Total</b>	<b>301.2</b>	<b>208.0</b>	<b>379.6</b>
<b>TOTAL LIABILITIES</b>	<b>2,297.8</b>	<b>2,258.4</b>	<b>2,283.4</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,719.0</b>	<b>3,561.9</b>	<b>3,693.1</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

MEUR	1 Jan–31 Mar 2018	1 Jan–31 Mar 2017	1 Jan–31 Dec 2017
<b>Cash flow from operating activities</b>			
<b>Profit for the period</b>	<b>37.2</b>	<b>47.5</b>	<b>145.9</b>
Adjustments:			
Non-cash items included in the profit	-16.9	-31.9	-66.2
Profit and loss on sales of investment properties and fixed assets	-1.4	-0.5	0.3
Other adjustments	0.4	0.0	0.3
Interest expenses and other financial expenses	11.1	12.0	46.5
Interest income	-0.2	-0.2	-0.6
Dividend income	0.0	-0.1	-0.1
Income taxes	9.8	11.6	38.6
<b>Cash flow before change in net working capital</b>	<b>40.0</b>	<b>38.4</b>	<b>164.7</b>
Change in net working capital:			
Changes in accounts receivable and other receivables	-2.1	-3.1	2.5
Change in accounts payable and other liabilities	3.3	-12.1	-13.6
Interest paid	-15.4	-16.6	-46.2
Interest received	0.2	0.2	0.6
Taxes paid	-12.6	-2.5	-25.8
<b>Net cash flow from operating activities</b>	<b>13.3</b>	<b>4.2</b>	<b>82.1</b>
<b>Cash flow from investing activities</b>			
Disposals of subsidiaries, net of disposed cash	1.5	0.0	0.0
Investments in investment properties	-17.6	-26.4	-156.5
Net investment in tangible and intangible assets	0.1	-0.5	-1.4
Repayments of loans receivable	0.8	0.1	2.1
Payments of granted loans	0.0	0.0	0.0
Disposals of investment property	0.8	47.3	77.5
<b>Net cash flow from investing activities</b>	<b>-14.4</b>	<b>20.5</b>	<b>-78.3</b>
<b>Cash flow from financing activities</b>			
Repayments (-) / withdrawals (+) of current loans	0.0	-15.0	31.1
Withdrawals of non-current loans	109.3	52.0	273.5
Repayments of non-current loans	-118.9	-74.0	-312.3
Payments received from the issue of shares	0.0	0.0	0.0
Repayment of capital and dividends paid	0.0	0.0	0.0
<b>Net cash flow from financing activities</b>	<b>-9.7</b>	<b>-37.0</b>	<b>-7.8</b>
<b>Change in cash and cash equivalents</b>	<b>-10.8</b>	<b>-12.3</b>	<b>-3.9</b>
Cash and cash equivalents at the beginning of period	14.2	18.3	18.3
Effect of exchange rate fluctuations on cash held	0.0	0.1	-0.2
Cash M&A	0.0	0.0	0.0
Cash and cash equivalents at the end of period	3.4	6.1	14.2

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

MEUR	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity 1 Jan 2017	4.4	-37.9	43.7	114.8	1,126.4	1,251.5	0.0	1,251.5
Comprehensive income:								
Remeasurements of defined benefit liability	-	-	-	-	-	0.0	-	0.0
Cash flow hedges, net of tax	-	4.7	-	-	-	4.7	-	4.7
Translation differences	-	-	-	-	-0.1	-0.1	-	-0.1
Profit for the period	-	-	-	-	47.5	47.5	0.0	47.5
<b>Total comprehensive income</b>	<b>0.0</b>	<b>4.7</b>	<b>0.0</b>	<b>0.0</b>	<b>47.4</b>	<b>52.1</b>	<b>0.0</b>	<b>52.1</b>
Transactions with shareholders:								
Dividend	-	-	-	-	-	0.0	-	0.0
<b>Transaction with shareholders, total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Other adjustments	0.0	-	-	-	0.0	0.0	-	0.0
<b>Total of equity movements</b>	<b>0.0</b>	<b>4.7</b>	<b>0.0</b>	<b>0.0</b>	<b>47.4</b>	<b>52.1</b>	<b>0.0</b>	<b>52.1</b>
Shareholders' equity 31 Mar 2017	4.4	-33.2	43.7	114.8	1,173.8	1,303.6	0.0	1,303.5

MEUR	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity 1 Jan 2018	4.4	-25.4	43.7	114.8	1,272.2	1,409.7	-0.1	1,409.7
Comprehensive income:								
Remeasurements of defined benefit liability	-	-	-	-	-	0.0	-	0.0
Cash flow hedges, net of tax	-	2.6	-	-	-	2.6	-	2.6
Translation differences	-	-	-	-	0.0	0.0	-	0.0
Profit for the period	-	-	-	-	37.2	37.2	0.0	37.2
<b>Total comprehensive income</b>	<b>0.0</b>	<b>2.6</b>	<b>0.0</b>	<b>0.0</b>	<b>37.3</b>	<b>39.8</b>	<b>0.0</b>	<b>39.8</b>
Transactions with shareholders:								
Dividend	-	-	-	-	-28.3	-28.3	-	-28.3
<b>Transaction with shareholders, total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-28.3</b>	<b>-28.3</b>	<b>0.0</b>	<b>-28.3</b>
Other adjustments	0.0	-	-	0.0	-	0.0	-	0.0
<b>Total of equity movements</b>	<b>0.0</b>	<b>2.6</b>	<b>0.0</b>	<b>0.0</b>	<b>8.9</b>	<b>11.5</b>	<b>0.0</b>	<b>11.5</b>
Shareholders' equity 31 Mar 2018	4.4	-22.9	43.7	114.9	1,281.1	1,421.2	-0.1	1,421.2

## NOTES TO THE INTERIM REPORT

### 1. Notes to the interim report

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

SATO's interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* -standard. Figures presented in this interim report have been rounded from exact figures and therefore the sum of figures presented individually may deviate from the presented sum figure. The preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The figures in the interim report are unaudited.

From the beginning of the year 2018, the Group has adopted new or amended IFRS's and IFRIC interpretations, as described in the financial statements 2017.

Due to amendments to IAS 40 *Investment Property*, applicable from 1 January 2018, SATO has reassessed the classification of certain assets on the balance sheet. From the beginning of the year 2018, the Group's unbuilt land reserve and such properties under development, which previously were not classified as investment property, are classified as investment property. Accordingly, the gain (loss) from land plots sold, which was previously presented under other operating income in the income statement, is presented under realised fair value changes of investment properties.

Due to implementation of IFRS 9 *Financial Instruments*, applicable from 1 January 2018, the Group has changed the accounting treatment of the allowance for doubtful accounts. The change had a one-off negative impact of EUR 1.5 million on the Group's equity, as at 1 January 2018.

The changes have been applied to the comparison periods. Otherwise, the interim report has been prepared according to the same accounting principles as the consolidated financial statements for the year ended 31 December 2017.

### 2. Segment information

SATO has one operating segment. Significant operational decisions are done by SATO's Board of Directors, which reviews the operating results and profitability as a single operating segment. The Group operates in two geographic regions, Finland and Russia. SATO does not have any single external customers that would account for 10% or more of SATO's revenues.

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Assets by geographical regions</b>			
Finland	3,593.2	3,415.6	3,566.3
Russia	125.8	146.3	126.8
<b>Total</b>	<b>3,719.0</b>	<b>3,561.9</b>	<b>3,693.1</b>

### 3. Gains and losses on disposal of investment properties

MEUR	1-3/2018	1-3/2017	1-12/2017
<b>Sale of residential investment properties</b>			
Proceeds from disposal of residential investment properties	0.7	28.2	45.7
Carrying value of investment properties sold	-0.6	-27.7	-46.2
<b>Total</b>	<b>0.0</b>	<b>0.5</b>	<b>-0.5</b>



MEUR	1-3/2018	1-3/2017	1-12/2017
<b>Sale of land plots</b>			
Sales income, land plots	0.0	0.0	14.9
Carrying value of land plots sold	0.0	0.0	-7.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>7.9</b>
<b>Total</b>	<b>0.0</b>	<b>0.5</b>	<b>7.5</b>

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

From the first quarter of 2018, SATO reports the income from sales of land plots, net of attributable expenses, in the income statement item Fair value change of investment properties, realised. Previously, these were presented in other operating income.

#### 4. Other operating income

MEUR	1-3/2018	1-3/2017	1-12/2017
<b>Other operating income</b>			
Sales income, new production	1.0	23.9	30.0
New production expenses	-0.8	-22.0	-28.7
Proceeds from disposal of subsidiaries	1.6	0.0	0.0
Carrying value of subsidiaries divested	-0.2	0.0	0.0
Other income	0.1	1.2	1.6
<b>Total</b>	<b>1.7</b>	<b>3.1</b>	<b>2.8</b>

Proceeds from disposal of subsidiaries are related to the divestment of SATO HotelliKoti Oy in February 2018.

#### 5. Investment properties

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Fair value of investment properties at start of period</b>	<b>3,632.5</b>	<b>3,486.2</b>	<b>3,486.2</b>
Acquisitions, new constructions	0.0	3.6	29.1
Other investments to properties	20.7	24.5	127.4
Disposals of investment properties	-1.4	-49.7	-81.9
Capitalized borrowing costs	0.4	0.2	1.9
Reclassification from trading properties	0.1	0.2	1.2
Gains and losses from changes in fair value *	17.1	32.3	68.6
<b>Fair value of investment properties at end of period</b>	<b>3,669.4</b>	<b>3,497.3</b>	<b>3,632.5</b>

\* Gains and losses from changes in fair value includes foreign exchange gains and losses of EUR -2.5 (8.5) million.

#### Valuation methods

SATO's investment properties mainly comprise of rental apartments that are located in the largest growth centres. Approximately 79.7 per cent of the housing property is located in the Helsinki region. The quality of investment properties is maintained by renovation and repair activities based on their lifecycle and repair plans. Change in the fair value of SATO's investment property was mainly due to market price levels, reclassifications from measurement group to another when legal restrictions have ended and changes in parameters used in valuation.

Some of the residential investment properties are subject to legislative and usage restrictions. The so-called non-profit restrictions apply to the owning company and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include, among other things, permanent limitations on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include the use of apartments, the selection of residents, the setting of rents and divestment of apartments, and they are fixed-term.

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

At inception, investment properties are recognised at acquisition value, which includes transaction costs. Thereafter, investment properties are recorded at fair value. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. Fair value of an investment property represents the price that would be received for the property in an orderly transaction, taking place in the local (principal) market at the reporting date, considering the condition and location of the property. Unbuilt land and development projects, whose realization is uncertain, are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably. SATO's investment properties valuation methods are sales comparison method, income value method and acquisition cost method.

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Investment property by valuation classes</b>			
Sales comparison method	2,982.1	2,753.9	2,932.8
Income value	469.8	504.7	478.9
Acquisition method	217.4	238.7	220.8
<b>Total</b>	<b>3,669.4</b>	<b>3,497.3</b>	<b>3,632.5</b>

### Sensitivity analysis of investment properties

Sensitivity analysis of investment properties has been presented in the 2017 financial statements. Quarterly changes are not significant. All SATO's investment properties are classified to hierarchy level 3 under IFRS 13. Items which are included in the hierarchy level 3 are measured using input data which is not based on observable market data.

## 6. Tangible assets

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Balance at the start of the period</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>
Additions	0.2	0.1	0.6
Disposals	0.0	-0.2	-0.4
Accumulated depreciation of disposals	0.0	0.1	0.4
Transfers between items	-0.1	0.0	-0.1
Depreciation	-0.1	-0.1	-0.3
<b>Balance at the end of the period</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>

## 7. Intangible assets

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
Balance at the start of the period	1.8	1.6	1.6
Additions	0.2	0.4	0.9
Disposals	-0.2	0.0	0.0
Transfers between items	0.1	0.1	0.1
Depreciation	-0.1	-0.2	-0.8
Balance at the end of the period	1.9	1.9	1.8

## 8. Shareholders' equity

The total number of SATO's shares as at 31 March 2018 was 56,783,067 (56,783,067) and the number of own shares held was 160,000 (160,000).

The following dividend capital was declared by the company during the period:

MEUR	1-3/2018	1-3/2017	1-12/2017
The following dividend was declared by the company:			
Dividend 0.50 (0.00) per share, EUR	-28.3	0.0	0.0
Total	-28.3	0.0	0.0

The 2018 dividend was paid on 5 April.

## 9. Financial liabilities

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
Financial liabilities			
Commercial papers	140.9	94.9	140.9
Corporate bonds	746.2	844.9	845.9
Bank loans	657.6	497.3	565.3
Interest-subsidised loans	313.1	397.2	314.7
State-subsidised ARAVA loans	61.7	71.3	64.9
Total	1,919.5	1,905.7	1,931.7

On the reporting date, the average interest of SATO's debt portfolio was 2.1 (2.5) per cent.

For purposes of short-term financing, SATO has a commercial paper program of EUR 400 (400) million, committed credit limits of EUR 400 (400) million, of which EUR 400 (400) million were unused, and a non-committed current overdraft limit of EUR 5.0 (5.0) million, of which EUR 4.2 (5.0) million were unused.

## 10. Derivatives

MEUR	31 Mar 2018			31 Mar 2017	31 Dec 2017
	Positive	Negative	Net	Net	Net
<b>Fair values of derivative instruments</b>					
Interest rate swaps, cash flow hedge	1.0	-23.5	-22.6	-32.2	-25.0
Cross-currency and interest rate swaps, cash flow hedge	-	-20.4	-20.4	-16.7	-17.1
<b>Total</b>	<b>1.0</b>	<b>-43.9</b>	<b>-42.9</b>	<b>-48.9</b>	<b>-42.1</b>

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Nominal values of derivative instruments</b>			
Interest rate swaps, cash flow hedge	706.3	654.9	716.6
Cross-currency and interest rate swaps, cash flow hedge	103.8	106.0	103.8
<b>Total</b>	<b>810.1</b>	<b>761.0</b>	<b>820.4</b>

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR 2.6 (4.7) million. Interest rate swaps are used to hedge interest cash flows against fluctuation in market interest rates. Cross-currency and interest rates swaps additionally hedge the currency risks of interest and repayment cash flows of loan contracts denominated in foreign currency. Interest rate hedges have maturities ranging between 1–10 years. Typically netting agreements are applied to derivative contracts, however the contracts are represented in gross value in financial statements. The method of presentation has no significant impact on figures on reporting or comparative period.



## 11. Fair values of financial instruments

MEUR	31 Mar 2018			31 Mar 2017		
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:
<b>Assets</b>						
Loans receivable	-	10.0	-	-	12.8	-
Derivative assets	-	1.0	-	-	0.4	-
Cash and cash equivalents	-	3.4	-	-	6.1	-
<b>Liabilities</b>						
Corporate bonds	759.2	24.0	-	863.0	24.0	-
Other loans	-	1,178.4	-	-	1,063.3	-
Derivative liabilities	-	43.9	-	-	49.3	-
				31 Dec 2017		
MEUR				Level 1:	Level 2:	Level 3:
<b>Assets</b>						
Loans receivable				-	10.7	-
Derivative assets				-	0.6	-
Cash and cash equivalents				-	14.2	-
<b>Liabilities</b>						
Corporate bonds				861.1	24.0	-
Other loans				-	1,089.2	-
Derivative liabilities				-	42.7	-

Fair values of assets and liabilities at fair value hierarchy level 1 are quoted on operational markets. Level 2 assets and liabilities fair values are based on verifiable input data and level 3 asset and liabilities are based on unverified input data.

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

## 12. Provisions

MEUR	Provision for refund claim	Provision for litigation claim	Other provisions	Total
<b>Provision at the end of the period 31 Dec 2017</b>	4.0	0.2	2.0	6.1
Increases	0.0	-	0.0	0.0
Provisions used	-0.2	-	-	-0.2
Reversals	-	-	-	0.0
<b>Provision at the end of the period 31 Mar 2018</b>	3.8	0.2	2.0	5.9
MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017	
Non-current provisions	2.5	3.0	2.7	
Current provisions	3.4	1.9	3.4	
<b>Total</b>	5.9	4.9	6.1	

The provision for refund claim includes guarantees related to new construction business and 10 year warranty period after completion of the work. Provision for refund claim is measured based on previous claims and assessment of previous experience. The provision for refund claim will be used, if applicable, within ten years from the reporting date.

The provision for litigation claim relates to a litigation process initiated during 2008, concerning one of SATO's development projects in Helsinki. Based on Helsinki Court of Appeals decision given on 30 January 2015, the expense was recognised in the consolidated income statement of 2015.

### 13. Notes to the cash flow statement

MEUR	1-3/2018	1-3/2017	1-12/2017
<b>Non-cash items included in the profit</b>			
Depreciation and amortization	0.3	0.3	1.1
Gains and losses from changes in fair value of investment properties	-17.1	-32.3	-68.6
Changes in provisions	-0.2	0.1	1.2
<b>Total</b>	<b>-16.9</b>	<b>-31.9</b>	<b>-66.2</b>
<b>MEUR</b>	<b>1-3/2018</b>	<b>1-3/2017</b>	<b>1-12/2017</b>
<b>Changes in interest-bearing debt during the period</b>			
<b>Interest-bearing debt, beginning of period</b>	<b>1,931.7</b>	<b>1,943.0</b>	<b>1,943.0</b>
Cash changes in interest-bearing debt during the period, total	-9.7	-36.9	-7.8
Non-cash changes:			
Change in foreign exchange rates	-4.0	-0.2	-2.7
Interest accrued by the effective interest rate method	0.5	0.5	1.6
Transfer of debt to buyers upon disposal of investment property and other adjustments	1.0	-0.7	-2.4
<b>Interest-bearing debt, end of period</b>	<b>1,919.5</b>	<b>1,905.7</b>	<b>1,931.7</b>

### 14. Collateral, commitments and contingencies

MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Mortgages and pledges for secured borrowings</b>			
Secured borrowings	781.2	1,110.7	894.5
Pledges and mortgages provided, fair value	1,127.5	1,556.8	1,245.4
<b>Guarantees for others</b>			
Shared ownership apartment purchase commitments	10.4	14.9	11.4
Rs-guarantees	2.4	3.9	2.5
<b>Mortgages provided to secure payment of rent and street maintenance</b>			
Property mortgages provided	8.0	5.8	7.4
<b>Binding purchase agreements</b>			
For acquisitions of investment properties	133.9	107.5	54.9
Pledges for land use payments on zoned plots	3.5	3.4	3.4
Commitments to cleaning and removal charges	0.0	0.0	0.0
Letters of intent on land for which there is a zoning condition	45.1	33.9	45.1

Housing companies which hold so-called shared ownership apartments are treated as structured entities, which are established for a fixed period, and are not included in the consolidation. On the report date, the loans of such housing companies included in the shared ownership systems, totalled EUR 31.7 (47.4) million.

## 15. Related party transactions

SATO's related parties include the parent company SATO Corporation, its subsidiaries and associated companies. In addition, SATO's related parties include shareholders that have control or joint control over, or significant influence on, the reporting entity, as well as persons who are members of the key management personnel of the reporting entity or of a parent of the reporting entity. Shareholders with holdings of 20% or more are automatically considered related parties. Shareholders whose ownership is less than 20 per cent are considered related parties when they have significant influence of the reporting entity through, for example, position on the Board of Directors.

Shareholders that are considered as SATO's related parties in 2017 are Balder Finska Ota AB (owner: Fastighets Ab Balder, 100%), Stichting Depositary APG Strategic Real Estate Pool (owner: Stichting Pensioenfonds ABP, >95%; manager: APG Asset Management NV) and Elo Mutual Pension Insurance Company.

The members of the Board of Directors of SATO, CEO and the members of the Corporate Management Group and the entities controlled or jointly controlled by them are considered as SATO's related party. Also close members of their family are considered as related party. The Corporate Management Group comprises of SATO Corporation's President and CEO, Vice Presidents, Director of Marketing and Communications and the Chief Financial Officer.

Related party transactions consist entirely of management employee benefits. The terms and conditions used in the potential related party transactions are equivalent to the terms used in transactions between independent parties.

MEUR	1-3/2018	1-3/2017	1-12/2017
<b>Management employee benefits</b>			
Salaries and other employee benefits	0.7	0.6	2.3
<b>Total</b>	<b>0.7</b>	<b>0.6</b>	<b>2.3</b>

### Management remuneration

Persons employed by the Group are not paid separate remuneration when serving as a member of the Board of Directors or as a President of a Group company. The members of SATO's Corporate Management Group and SATO's management are covered by an annual incentive scheme based on the SATO's profit and fulfilment of the targets for their respective area of responsibility. The Board of Directors approves the payment of bonuses.

## 16. Subsequent events

No significant events after the reporting period.

## KEY INDICATORS

Key financial indicators	1-3/2018	1-3/2017	1-12/2017	1-12/2016	1-12/2015	1-12/2014	1-12/2013**
Net sales, MEUR	72.0	68.1	280.1	262.7	249.4	243.2	229.5
Net rental income, MEUR	47.5	43.1	188.4	167.1	151.8	146.2	131.8
Net rental income, %	5.4%	5.2%	5.6%	5.6%	6.0%	6.3%	6.2%
Profit before taxes, MEUR	47.1	59.2	184.9	219.4	159.4	152.2	140.8
Balance sheet total, MEUR	3,719.0	3,561.9	3,693.1	3,562.2	2,979.6	2,801.6	2,596.0
Shareholders' equity, MEUR	1,421.2	1,303.5	1,409.7	1,252.6	993.2	892.3	823.0
Interest bearing liabilities, MEUR	1,919.5	1,905.7	1,931.7	1,943.0	1,676.2	1,584.9	1,501.3
Return on invested capital, % (ROI)	6.9%	8.9%	7.0%	9.1%	7.6%	7.7%	7.7%
Return on equity, % (ROE)	10.5%	14.9%	11.0%	15.6%	13.5%	14.0%	15.5%
Equity ratio, %	38.2%	36.6%	38.2%	35.2%	33.3%	31.8%	31.7%
Personnel, average***	209	181	206	170	172	165	156
Personnel at the end of period	207	186	212	175	170	169	156
Key indicators per share							
Earnings per share, EUR	0.66	0.84	2.58	3.22	2.49	2.37	2.34
Equity per share, EUR****	25.10	23.02	24.90	22.12	19.53	17.55	16.16
Number of shares, million*	56.6	56.6	56.6	56.6	50.8	50.8	50.8
Key figures according to EPRA recommendations and operational cash earnings							
EPRA Earnings, MEUR	23.4	19.7	83.9	69.5	64.5	65.1	62.7
EPRA Earnings per share, EUR	0.41	0.35	1.48	1.28	1.27	1.28	1.23
EPRA Net Asset Value, MEUR*****	1,696.0	1,569.9	1,680.2	1,517.5	1,227.8	1,120.3	1,006.9
EPRA Net Asset Value per share, EUR*****	29.95	27.73	29.67	26.80	24.15	22.04	19.80
Cash earnings, MEUR	13.2	19.8	92.4	86.2	78.1	72.9	66.1
Cash earnings per share, EUR	0.23	0.35	1.63	1.59	1.54	1.43	1.30
Quarterly key financial indicators	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017		
Net sales, MEUR	72.0	71.9	70.6	69.5	68.1		
Net rental income, MEUR	47.5	48.8	51.0	45.4	43.1		
Net rental income, %	5.4%	5.6%	6.0%	5.4%	5.2%		
Operating profit, MEUR	57.9	64.4	65.9	28.8	70.9		
Profit and losses from changes of fair value	17.1	22.4	24.3	-10.4	32.3		
Net financing expenses, MEUR	-10.9	-11.0	-11.4	-11.7	-11.7		
Profit before taxes, MEUR	47.1	53.5	54.5	17.2	59.2		
Earnings per share, EUR	0.66	0.73	0.77	0.24	0.84		
Average number of shares, million*	56.6	56.6	56.6	56.6	56.6		
Housing investments, MEUR	18.3	34.3	59.1	36.2	26.4		
as percentage of net sales	25.4%	47.7%	83.8%	52.0%	38.8%		
Key figures according to EPRA recommendations and operational cash earnings							
EPRA Earnings, MEUR	23.4	21.9	22.2	20.3	19.7		
EPRA Earnings per share, EUR	0.41	0.39	0.39	0.36	0.35		
Cash earnings, MEUR	13.2	26.2	29.5	15.0	19.8		
Cash earnings per share, EUR	0.23	0.46	0.52	0.27	0.35		

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

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

\*\*\* Including summer trainees

\*\*\*\* Equity excluding non-controlling interests

\*\*\*\*\* Includes items valued at their carrying amount

## FORMULAS USED IN CALCULATION

<b>Net rental income, EUR</b>	Rental income – Property, maintenance and reparation expenses – Ground rents		
<b>Net rental income, %</b>	=	$\frac{\text{Net rental income}}{(\text{fair value of investment property} - \text{property under construction}) \text{ average during the financial year}}$	x 100
<b>Return on investment, %</b>	=	$\frac{(\text{Profit or loss before taxes} + \text{interest expense and other financing expenses})}{\text{Balance sheet total} - \text{non-interest-bearing debts (average during the financial year)}}$	x 100
<b>Return on equity, %</b>	=	$\frac{(\text{Profit or loss after taxes})}{\text{Shareholders' equity (average during the financial year)}}$	x 100
<b>Equity ratio, %</b>	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}}$	x 100
<b>Earnings per share, EUR</b>	=	$\frac{\text{Net profit for year due to owners of parent company}}{\text{Adjusted number of shares (average during the financial year)}}$	
<b>Equity per share, EUR</b>	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares (at the end of the reporting period)}}$	
<b>EPRA Earnings</b>	Profit for the period, IFRS –/+ Gains and losses from valuation of investment properties – Profit on sales of investment properties + Loss on sales of investment properties –/+ Profit on sales of new apartments adjusted with sales and marketing expenses –/+ Profit on sales of land areas –/+ Fair value change of financial instruments –/+ Deferred taxed of above items – Non-controlling interests		
<b>EPRA Net Asset Value</b>	Net asset value –/+ Fair value of financial instruments (net), net of tax –/+ Deferred tax assets and liabilities (net)		
<b>Cash Earnings</b>	Operating profit +/– Gains and losses from valuation of investment properties + Depreciations +/– Change of provisions +/– Defined benefit plans – Cash based financial income and expenses – Cash based taxes +/– Other items		

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