SATO

where next?

Annual Report 2010

SATO is one of Finland's leading corporate investors in housing. SATO owns a total of some 23,000 rentable homes in Finland's largest centres of urban growth and St. Petersburg. Its investment assets have a fair value of over 1.6 billion euros.

SATO has set the goal of being the most efficient and progressive player in the market, which facilitates the constant improvement of customer services as well as generating added value for its shareholders.

contents

SATO today

key indicators

	2010	2009
Turnover, MEUR	192.9	230.4
Operating profit, MEUR	74.7	70.8
Profit before taxes, MEUR	41.6	30.2
Earnings per share, EUR	0.62	0.50
Balance sheet total, MEUR	1,471.8	1,418.0
Return on equity, %	12.4	10.7
Return on investment, %	5.7	5.6
Equity ratio, % SATO business at fair values	32.3	28.2
Equity per share		
at book values, EUR	5.36	4.83
at fair values, EUR*	10.48	9.07
Investment in investment properties, MEUR	104.3	112.0
Occupancy rate of rented homes, %	98.1	96.6
Dividend, MEUR	17.8**	10.9
Dividend per share, EUR	0.35**	0.24

* deferred tax liability figured in
** Board's proposal to AGM

SATO's value creation is based on the trend in value of the investment properties and on rental business. Continuing demand for housing fosters stability for SATO's business. Homes will always be needed.

The value of SATO's annual new investments in the 21st century has averaged 110 million euros and its divestment of housing has averaged roughly 30 million euros. We develop our present housing portfolio by maintenance and repairs as well as investment and divestment. We devote 20–30 million euros a year to repairs and raising the quality standards of homes.

The importance of property development to investment business is significant and SATO maintains a building land inventory to facilitate the commissioning of rental and owner-occupied housing.

During the year under review a total of 339 homes were completed for the Group, 289 of which were rented homes.

SATO operates in the long term, on a customer-driven basis and in a professional manner. SATO's personnel is comprised of some 130 people skilled in the housing sector. Our organisation's operations are focused on expanding the value of and managing the housing portfolio as well as handling renting, sales and customer relationships. Through partnerships we manage such aspects as property management and maintenance as well as some project and supporting operations.

SATO's biggest shareholders are Finnish pension insurers and other insurance companies.

The Group's turnover in 2010 was 192.9 million euros and its profit before taxes was 41.6 million euros. Operating profit was 74.7 million euros.

Jaakko, 27

My SATO home has good transport connections for my hobbies.

Financial *review*

- SATO's 70th year in business
- Profit before taxes improved by roughly 38% to MEUR 41.6 (30.2).
- Earnings per share were €0.62 (€0.50).
- Turnover was MEUR 192.9 (230.4). The reason for the downturn was a low rate of owner-occupied housing construction.
- Rental income grew by roughly 7% to MEUR 180.1 (168.6).
- Investments in housing totalled MEUR 104.3 (112.2), of which St. Petersburg accounted for MEUR 19.5 (7.7).
- The difference in value of investment properties grew during the year by MEUR 91.8 (61.8) and was MEUR 351.4 (259.6).
- Net assets per share were EUR 10.48 (9.07), figuring in appreciation.
- Roughly 800 new homes were under construction at year-end, of which roughly 600 were rented apartments.
- Proposed dividend €0.35 per share (dividend for 2009 was €0.24 per share).

Pasi, 40 and Leena, 38

We appreciate SATO QualityHome's facility services, which make life easier for us.

figures







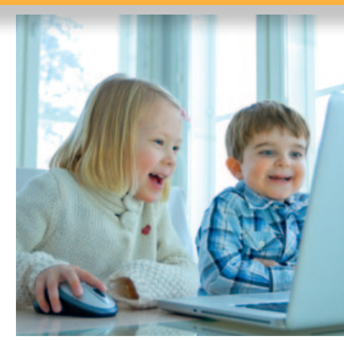



LIFE AT HOME

A Home the Way You Want It

While our youngest child was on the way, we realised we needed more space. SATO's Home Swap Exchange internet service enabled us conveniently to swap our old apartment for a larger one – and without having to move to another building. This meant our older child didn't have to change schools and the removal was easy too. ■





With a choice of some

23,000 homes

in our range it is easy to find the right home for today's and tomorrow's needs. SATO provides rented homes in a variety of quality categories. The aim is to facilitate choice and to make our promise of quality tangible.

Business climate

ECONOMIC CONDITIONS

In the first half of 2010, the economies of Europe and Finland appeared to have gone into an upward track thanks to prompt action on stimulation by states. In the spring the financial market's confidence in the ability of Greece to balance its economy vanished, and the other euro countries agreed on a sizable loan package to prevent the lack of confidence in Greece from spreading. The euro countries' second supporting operation of the year, to rescue the Irish economy, took place in the later months of the year. In the closing months of the year general uncertainty gathered more strength in Europe.

In Finland, economic growth in the years ahead is forecast to be slower than the upswing experienced in the first decade of the century. Economic equilibrium and growth are seen as possible only by cutting public expenditure, increasing taxes, raising the pension age and by encouraging innovation and entrepreneurship.

Economic growth in less-developed countries in 2010 was dynamic, and the exchange rates of these countries' currencies caused unrest in Western countries.

The continuing economic crisis kept market interest rates exceptionally low in Finland even though the year-end interest rate was above that of the beginning of the year. Low interest rates had a positive impact on SATO's cost structure and kept up demand for owner-occupied housing.

CONFIDENCE

Confidence was high in the trade and service sectors at the end of the year under review. Industry's confidence was also above average. Construction confidence indicators strengthened markedly in December, rising above the long-term average.

Consumer confidence in the economic trend remained high throughout the year under review. In December, confidence dipped to the same level it had held the previous year and the long-term average. On the other hand, consumers' assessments of their own economy and opportunities for saving were high in December. Intentions to buy a home were up on the previous year.

POPULATION AND MIGRATION

According to advance information from Statistics Finland, the population at the end of November was roughly 5.4 million. The population grew in the January–November period by 22,150, most of which is explained by net immigration of 12,050 people.

Roughly a third of immigration heads for the Helsinki region. The Helsinki region's migration gain from foreign countries in the January–September period was roughly 3,500 and from Finland approximately 1,500 people.

Finland has approximately 2.5 million households, of which roughly 40 per cent consist of one person and one- and two-person households comprise more than 70 per cent. The average family size is about 2.1 people. In the Helsinki region, more than 80 per cent of households are comprised of one or two people.

Urbanisation continues, but the urbanisation rate is still short of international levels. The attractions of the cities are jobs and opportunities for studying. SATO's strategy embodies the aim of consolidating investment housing in Finland in the five largest centres of growth.

Finland has one of Europe's fastest ageing populations. SATO has for many years developed housing solutions for senior citizens and collaborated with providers of services supporting housing. The development of housing concepts for other types of growing demand also continues.

THE RENTED HOUSING MARKET

Demand continued to be good on the rented housing market. Urbanisation, smaller family sizes, the greying population and work-based immigration support expectations for growth in demand for rented housing also in the next few years. Building starts in 2009 and 2010 with state financial support will boost supply and competition for residents, the impact of which on renting will be seen locally.

During the year under review, rent increases averaged 4 per cent by SATO's estimate. The change in rent per square metre of SATO's rented homes relative to the previous year averaged 4.6 per cent due to the central location of SATO's housing portfolio.

Most of the demand is still focused on small rented homes, for which supply does not match demand. While economic conditions continue to be tight, there is a movement away from large rented homes towards smaller and less expensive rented homes.

CONSTRUCTION

During the year under review there were roughly 31,000 housing starts in Finland, up on the previous year by more than a third. Of these, terraced and apartment buildings were more than half. This figure corresponds with the long-term annual need for new homes calculated by VTT, the Technical Research Centre of Finland. In particular, privately financed construction grew markedly. Low interest rates and strong confidence fuelled demand for owner-occupied housing. Financial support granted by the state due to economic conditions boosted construction of rented homes. In 2011, the amount of rented home construction will decline. Construction of owner-occupied housing will hold steady at the level of the year under review if consumer confidence stays strong and if interest on home loans stays moderate. SATO will increase its construction of owner-occupied housing while the market remains good.

COMPETITION

Small private investors own half of Finland's roughly 800,000 rented homes while municipalities have roughly 35 per cent and housing investment companies roughly 10 per cent. Among these, SATO has good prospects for investment in rented housing as a high-profile, large company operating professionally. Investments in Finland by foreign investors have got started and another new phenomenon is the formation of housing funds, of which a few have been established so far. This will boost the supply of rented housing and professional operations in the business sector.

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

DEMANDS FOR ENERGY-EFFICIENCY

Requirements have been added for energy-efficiency and sustainable development of residential properties' construction, renovation and occupation, and in the future there will be further requirements. This increases the costs of the homes and living in them. Since the beginning of the 21st century, SATO has initiated action to make energy use more efficient in the properties it owns.

SATO's prospects for implementing investments in rented housing as a well-known, professionally operating company are good.

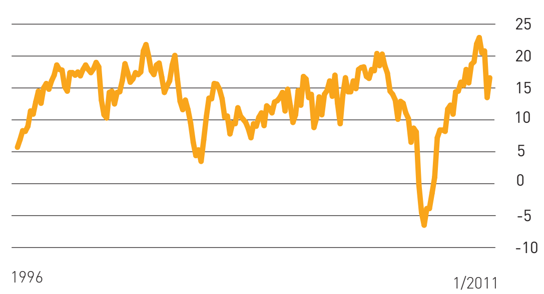
ST. PETERSBURG

At present there are few players in the rented housing market of St. Petersburg which can be classified as housing investment companies. As Western players increase in number and the lending market evolves, however, a growing market for rented housing is evolving in the city. The number of deals for owner-occupied homes matches the number made in Finland. Home prices are forecast to rise in St. Petersburg by 5–10 per cent in 2011.

The urban structure of St. Petersburg is being developed dynamically and SATO sees great growth potential in demand of rented housing in St. Petersburg in its chosen customer segments. During the year under review, SATO stepped up its investments in housing as the economic conditions recovered.

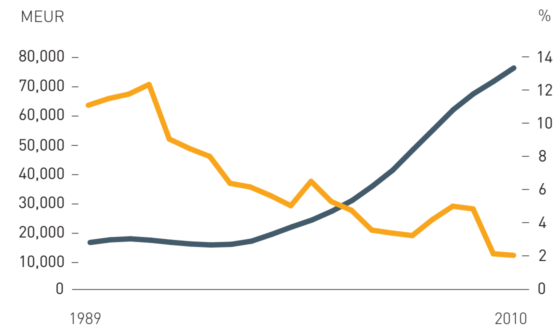
figures

Consumer confidence indicator 1996–1/2011



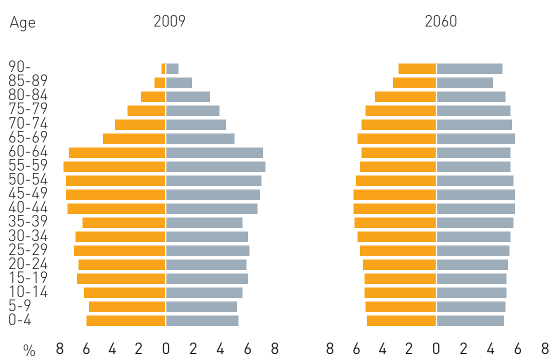
Source: Statistics Finland

Housing loans and average interest rate 1989–2010



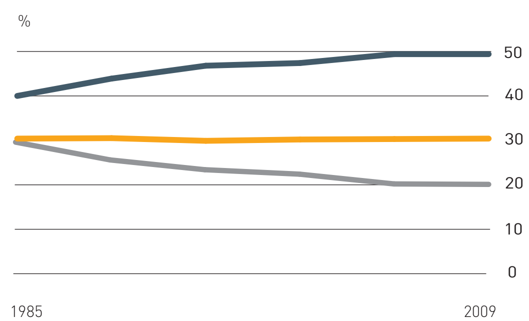
Source: Bank of Finland
■ Housing loans, MEUR
■ Average interest, %

Population age structure 2009 and forecast for 2060



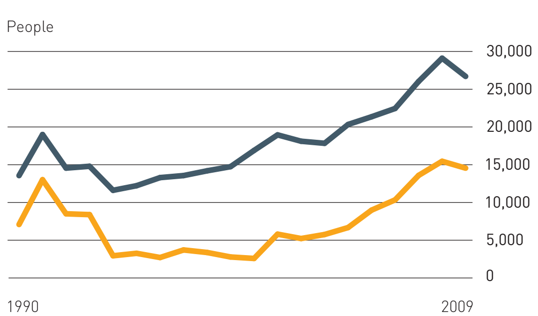
Source: Statistics Finland
■ Men
■ Women

Households by number of members in Helsinki 1985–2009



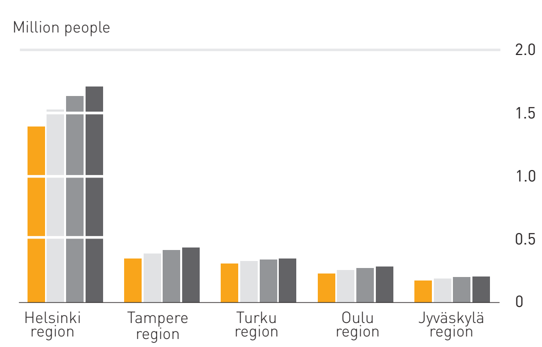
Source: Statistics Finland
■ 1 person
■ 2 people
■ 3 people

Immigration 1990–2009



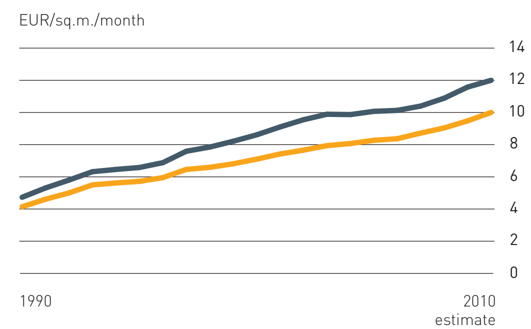
Source: Statistics Finland
■ Net immigration
■ Immigration

Forecast population by region 2010–2040



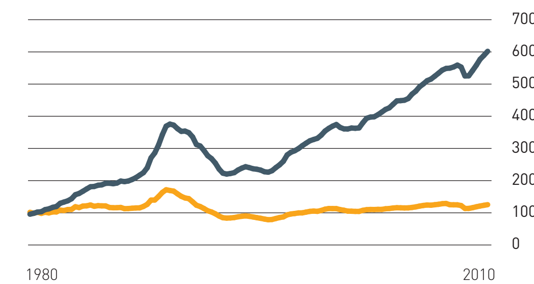
Source: Statistics Finland
■ 2010 ■ 2030
■ 2020 ■ 2040

Average rents per square metre 1990–2010



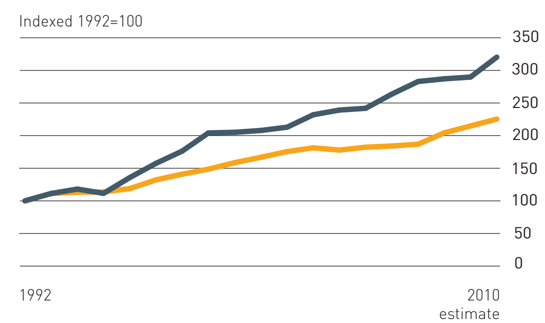
Source: Statistics Finland
■ Helsinki Metropolitan Area
■ Whole of Finland

Housing prices 1980–2010



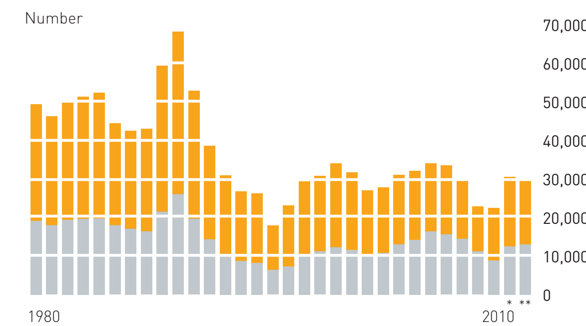
Source: Statistics Finland
■ Housing price index 1980=100
■ Housing price index deflated by earnings index

Housing prices and rental levels in the Helsinki Metropolitan Area 1992–2010



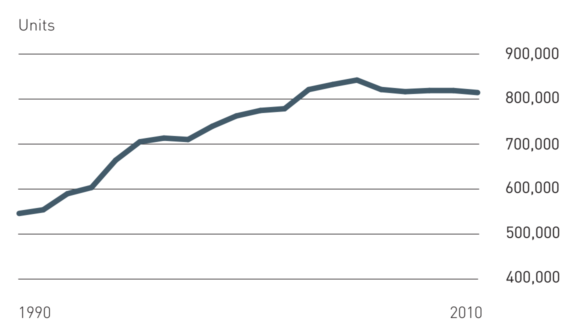
Source: Statistics Finland
■ Housing prices
■ Rental level of privately financed rented homes

Housing construction starts 1980–2010



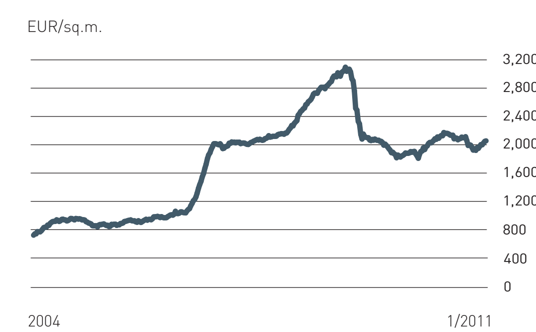
Source: Statistics Finland
■ Detached houses
■ Apartments and terraced houses
* 2010 Estimate
** 2011 Forecast

Finland's rented housing stock 1990–2010



Source: Statistics Finland

Housing price trend, St. Petersburg 2004–1/2011



Source: Bulletin Nedvizhimosti

Strategy *where next?*

SATO will become Finland's most significant housing investment company. The fair value of SATO's investment properties is over 1.6 billion euros. SATO's aim is to double the value of the company's housing portfolio by 2020. Growth will be achieved by investing in rented housing for which there is constant demand and which has the best prospects for appreciation in value. New homes will be built as investment housing for the Group and for sale.

A steady cash flow will be assured by constantly improving the customer's service experience, by streamlining procurement, through advanced operating methods and by harnessing technology. We listen to our customers, we train our personnel, we develop processes and we streamline partnership management.

mission

SATO is a provider of good housing

strategic aims

- constantly improving services for the customer
- average 12% annual return for the shareholders
- value of the investment properties → €3 billion in 2020

vision

homes are our passion – 50,000 satisfied residents in our homes in 2020

SATO's 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

FINANCIAL TARGETS 2010–2013

DEVELOPMENT OF STRATEGY IN 2010

SATO added the constant improvement of customer service as a strategic aim to underline the importance of the service experience as a prerequisite to financial success. It was decided to boost the practical deployment of the strategy by, for example, increased interaction of supervisors and management. In order to boost performance capability, a development programme extending to 2013 was drawn up in which for each sub-target a member of the Corporate Management Group has been appointed an owner. The programme is intended to identify the best practices and to apply these Group-wide. High targets have been set for the most important subdivisions of operations to make them ambitious and inspiring.

ATTAINMENT OF STRATEGIC TARGETS IN 2010

Customer contact management was improved by addressing phone calls and emails to the new SATO customer service unit starting in September. The phone call response time has been shortened in line with the target and more than 80 per cent of the customer issues handled by the unit were resolved during the first contact.

The management of and tools for rental business were updated. Rental income was up by 6.8 per cent on the previous year, totalling 180 million euros. Sales of owner-occupied housing also grew due to an improvement in the state of the market. Fixed costs remained on a par with the previous year.

The fair value of SATO's investment properties grew by roughly 10 per cent to 1,657.3 million euros at year-end. This trend was influenced by the location of the investment properties, the general trend in housing prices, and the structure of SATO's housing portfolio. New investments made totalled MEUR 104.3.

In the SATO business segment, the equity ratio calculated on the fair value of the investment properties was 32.3 per cent at year-end. In order to fulfil the long-term growth strategy, the shareholders injected 36.6 million euros of fresh capital into the company during the year under review.

SATO's value proposition:

a home the way you want it

To promote business continuity, profitability and growth, the following targets have been set for the equity ratio, dividend payments and investments:

Business continuity

SATO business equity ratio at fair values

≥ *25%*

Profitability

Dividend ≥ *60%* of distributable profit

Investments

MEUR 100

of annual investments in rented housing

Review by *the President and CEO*

To the reader, SATO has set ambitious targets on its way to becoming Finland's foremost housing investment company. Skilled personnel, our 70 years of experience in the housing market and inspiring leadership provide a good basis for attaining growth in line with the target, as well as productivity and constantly improving customer service.

70 YEARS OF HOUSING DEVELOPMENT

In September in the year under review SATO reached a respectable age for a Finnish company, 70 years. The long and continuing successful operation has required a business concept that stands the test of time, adaptability, and skilled and talented people.

From the viewpoint of SATO's business, a turning point was in a decision made in the early 1990s to expand the corporate group's field of business into investment in housing alongside development and construction. In the two decades since, investment in housing has become the main sector of business without neglecting old roots; we still also produce homes for sale to owner-occupiers. The change of business sector has brought stability, income and long-termism.

A SUCCESSFUL ANNIVERSARY YEAR

Our strategic policies, growth, regional consolidation of business, and developing owner-occupied housing as part of our business, have led us in the desired direction. SATO's results in 2010 were clearly above the forecasts made and the targets set in the early months of the year.

The financial rental occupancy rate rose to its highest level in SATO's history. Thanks to this and to good cost control, investment properties' coverage ratio improved markedly.

New investments were made successfully in line with the growth strategy, and in the April share issue we secured the basis for continuing long-lasting growth. The changes in business sectors and the organisational structure affected in spring 2009 have added flexibility and efficiency to operations, and in-house collaboration has improved.

FOCUSING ON THE FUTURE

Although it was good to look back at the past in this anniversary year, our everyday efforts are fully focused on the future. We continue to feel a great responsibility for providing good housing and we want to succeed in this respect in the future as well. With this in mind we launched several development projects.

In order to boost SATO's performance capability, a project was launched within the Group in which the target of each subsection in the project was assigned to a single Corporate Management Group member, who acts as its owner. Responsibilities cover the entire Group and are independent of unit boundaries.

In order to ward off the pressure of rising costs, particularly those related to energy, and in order to streamline the ordering process, procurement control was consolidated and key procurements were allocated to nominated individuals. The aim is to promote partnerships which develop operations and efficiency.

A Customer Service unit responsible for handling customer contacts was established with the aim of improving customer services. The first surveys show that resolution of customer issues has become markedly faster.

During the year under review we have increased the number of regular meetings of supervisors on strategy, management and business development. In this way we hope to support supervisors' success in attaining the targets and in issues of personnel management.

WHERE NEXT?

SATO seeks growth in order to operate more efficiently than before and to generate added value for its shareholders. Growth is attained by expanding the housing stock in Finland's centres of growth and St. Petersburg. In order to respond to changing needs, we commission the construction of new homes and we improve the existing building stock, for example to match the changing age structure of the population and to meet the demands of climate change mitigation. To increase amenity value, SATO encourages residents to engage in networking on a broad front and we try holistically to improve our customer services.

In 2010 we created a good basis for our journey to become an ever more successful housing investment company. Along the way we need sufficient ambition, the right goals, hard work and multilevel collaboration. But these alone are not enough to get us there, and this is why I see it as one of my most important duties to maintain the personnel's motivation, to encourage the renewal of operating methods, and to constantly improve the working atmosphere. During the year under review, the entire personnel has put in excellent performances and for that I extend my warmest thanks to them.

I also have the pleasure of thanking our customers, our business partners, the company's shareholders and the Board of Directors for the good work they have done together during the year, and I hope that they will continue along the shared path. Homes will always be needed.

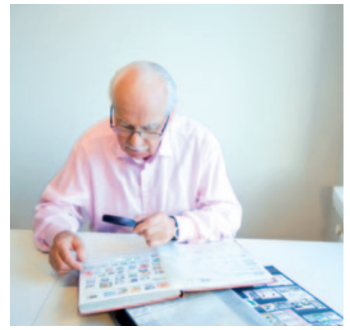
Erkka Valkila
President and CEO

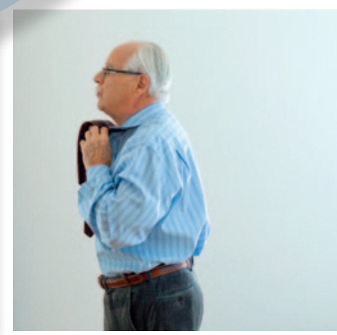
LIFE AT HOME

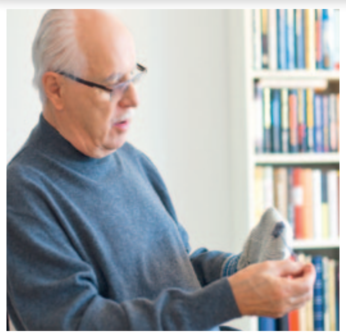
A Home the Way You Want It

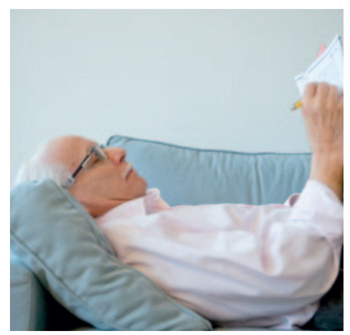
I moved into a SATO SeniorHome in July and right after that, in August, the building had its own harvest festival with SATO's support. I got to know my neighbours quickly and was able to build up a safety network in case of everyday problems. Now it's easy to go to a neighbour for help if I've lost my key or I need someone to look after my cat for a while. ■



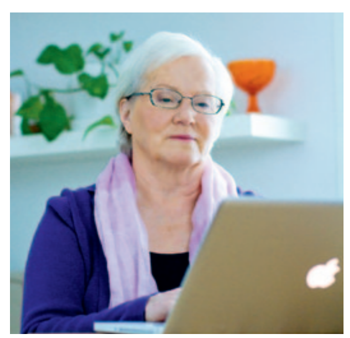










All SATO customers receive the Kotona customer newsletter

4 times a year

It is easy to live in SATO's rented homes because the maintenance and upkeep of the apartments are handled by professionals. To promote amenity values we support collective activities by the residents. In 2010, residents' cooperation focused on the events of the Wellbeing theme year.

The home as part of *wellbeing*

SATO's mission is to provide good housing. We develop housing solutions for different housing needs and we maintain a broad-spectrum supply of homes.

A HOME THE WAY YOU WANT IT

SATO's value proposition to its customers is 'A Home the Way You Want It'. This is how we make our operations customer-centred and our services facilitate individual choices.

TRANSPARENT QUALITY OF RENTED HOMES

SATO QualityHome rented apartments with star ratings increase knowledge of the condition and quality attributes of the apartment. The rating also affects the amount of rent.

Fixed-term surveys are carried out and the necessary maintenance repairs are done. Larger renovations are carried out with materials and furnishings specified in a range created by an interior designer.

COMMON AREAS ENHANCED

It is also SATO's aim to increase customers' satisfaction in their homes by devoting effort to the amenity value of stairways and common areas. For repairs to stairways, SATO complies with an operating model whereby aesthetic considerations and pleasant, energy-saving lighting are key factors in addition to durable materials to promote the wellbeing of the building's residents.

During the year under review assessments were made of the condition of grounds, summer plants were put in, Christmas trees were planted, updated notifications about waste sorting were issued to residents, and surveillance was increased.

CARE AND HOME HELP FOR SENIOR CITIZENS

SATO SeniorHomes provide not only a home but also service counselling, in which a specialist charts out the individual needs for services, and plans together with the customer the way services will be implemented. The home help and care providers are partners selected by SATO.

The location of SATO SeniorHome properties is chosen on the basis of nearby services and good transport connections. The design prominently features the homes' functionality, unimpeded accessibility and safety. SATO continues to develop housing for seniors to meet the growing demand.

DIFFERENTIATION FOR NEW HOMEBUYERS

People who buy owner-occupied homes increasingly appreciate individuality and solutions that suit their own style. The SATO PlusHome range offers a variety of options for this. In properties in which a SATO PlusHome is for sale while under construction, the buyers can customise the materials for floors, walls and fittings as well as some layout solutions.

The ready-for-sale SATO PlusHome offers a solution to buyers who appreciate individuality but also want a home that is ready to move into right away. In ready-for-sale properties, SATO has installed alternative interior designs in the homes for the customer to choose from.

SATO supports its customers' wellbeing by developing its offering of homes and by residents' activities.

SATO's service concept

1 Rented homes
SATO QualityHome
quality-rated homes

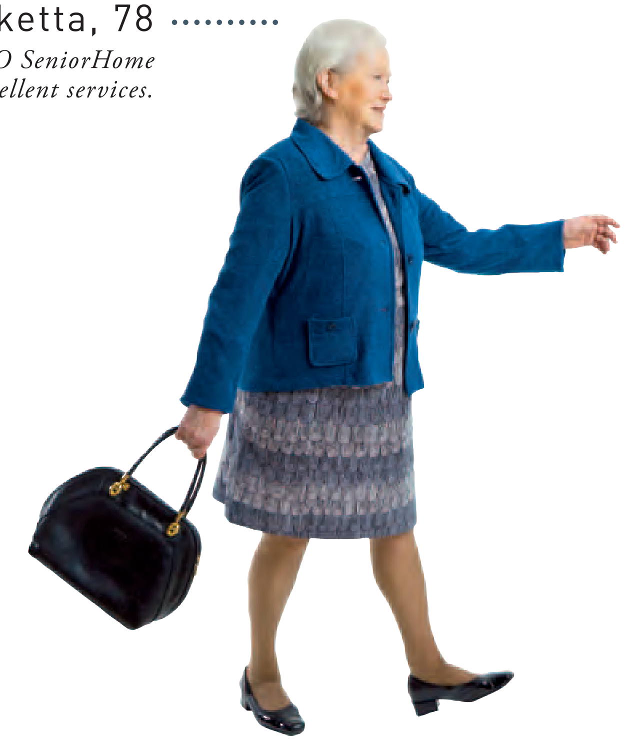
2 Rented and owner-occupied homes
SATO SeniorHome
nursing service in addition to a home

3 Owner-occupied homes
SATO PlusHome
a customised home or one ready to move into

www.sato.fi

Marketta, 78

Fortunately my SATO SeniorHome is close to excellent services.



SATO customer relationships *are part of residents' wellbeing*

Some 38,000 people live in SATO's rented homes, and their comfort is the responsibility of SATO along with the partners looking after the properties. We also sell owner-occupied homes in newbuild projects developed by SATO, mainly to consumer-customers.

A GOOD LANDLORD

In its rental business, SATO complies with the 'Good Rent Code' guidelines produced jointly by the nationwide tenants' organisation Vuokralaiset VKL ry, the Finnish Association of Landlords, the Finnish Real Estate Federation and the Finnish Association of Building Owners and Construction Clients. Clearly communicated principles for renting mean predictability for housing and related costs.

PARTNERSHIP FOR HOUSING

SATO works together with its customers not only in specific properties but also regionally and nationwide. The aim of the collaboration is to influence amenity values and management of housing costs together with the residents and between the residents. Collaboration is done each year of operations under the heading of an annual theme, which is chosen by the residents. The residents' theme for the year in 2010 was "Wellbeing" and the theme chose for 2011 is "Peace in the House".

The residents' role in contributing ideas for the theme year is being reinforced. The residents were invited to a joint brainstorming session in January 2011, where ideas for content and events in the "Peace in the House" were worked out by residents and SATO employees together.

INTERACTION

There were 16 events linked with the residents' theme for the year, "Wellbeing", held in the Helsinki Metropolitan Area and in Tampere, Turku, Jyväskylä and Oulu. Support was also given to events arranged by the residents. These were attended by a total of 3,500 residents. In honour of SATO's 70th anniversary the main event of the year was the Finland–Sweden Championships in Athletics, also 70 years old, which was held in August at Helsinki's Olympic stadium.

In order to stimulate interaction between residents, SATO supports residents' activities in buildings in different ways. During the year under review, an experiment was started in about ten buildings in the construction and maintenance of building-specific websites to facilitate cooperation between residents. It has been decided to continue the experiment, which has been named Housebook, in 2011.

CARE-FREE AND FAST ARRANGEMENTS

Contacts with customers are handled on a centralised basis at SATO by customer advisors. Phone calls and emails are answered promptly and every effort is made to resolve the customer's issue right at first contact. Customers can also manage a growing proportion of their arrangements through SATO's website. Expanding the opportunities for e-management is a key subject for development in 2011.

ADVANTAGES FOR THE CUSTOMER

SATO provides its customers with flexible advantages – for example, it is the only landlord to offer two alternative rent payment days. On our internet service, residents can find willing parties to swap homes and long-term customers have a possibility to use a home-swap benefit. For five-star homes, we also offer a furnishing service.

SATO has negotiated advantages with corporate partners for SATO customers purchasing their services. Examples include advantages from specific interior design firms, broadband connection providers, cleaning service providers, and removals operators.

SATO distributes its quarterly customer newsletter Kotona to its tenants. The newsletter spreads information about matters related to housing, resident activities, SATO's events, and customer benefits. The newsletter has won positive feedback both from customers and experts. In November Kotona newsletter was the first Finnish publication to gain a mention of honour in Europe's top international competition for customer newsletters.

RECOGNITION FOR CUSTOMERS

To thank them for long-term customer relations, some SATO customers were invited to Christmas concerts held in Tampere, Turku and Oulu in December.

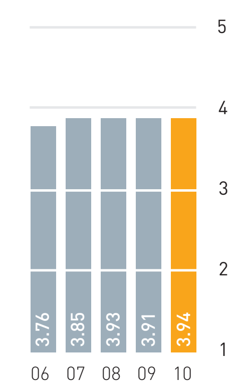
The Resident of the Year chosen in 2010 was Sari Mikkanen from Tampere in recognition of her work in getting residents involved in joint activities.

TRENDS IN CUSTOMER SATISFACTION MONITORED

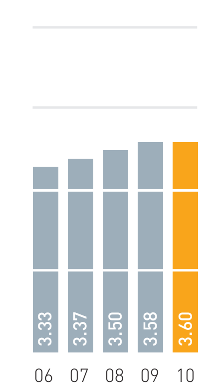
SATO has set itself the task of constantly improving the customer's service experience. We check how we are doing through customer surveys carried out at various stages and by monitoring customer complaints. Tenants' overall satisfaction has been measured since 2004 and the results show that overall satisfaction has grown year by year. In 2010 overall satisfaction was 3.73 on a scale of 1–5.

figures

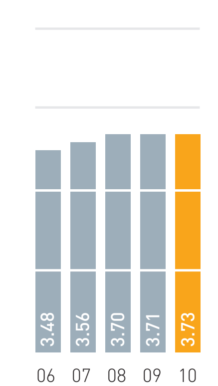
Satisfaction with SATO as landlord



Satisfaction with services for property maintenance and management

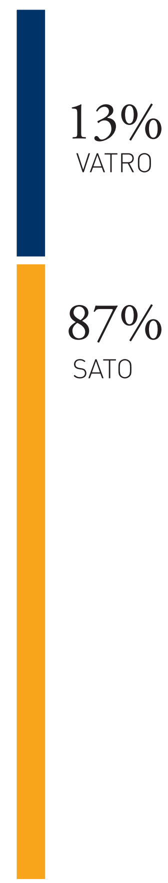


Overall tenant satisfaction



Source: SATO customer survey

Business *segments*



SATO's operations are managed and reported on in two business segments, SATO business and VATRO business. 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 subsidies and interest-subsidised credits to which property-specific restrictions end during the period 2011–2025. The homes included in SATO business account for roughly 87 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 growth strategy, most of the new investments are allocated to homes included in SATO business and the relative importance of VATRO business within the Group is declining.

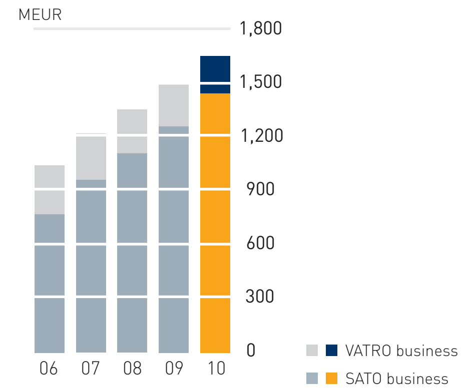
SATO BUSINESS

- roughly 18,700 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 1.45 billion euros, 87% of the value of the SATO Group's investment properties

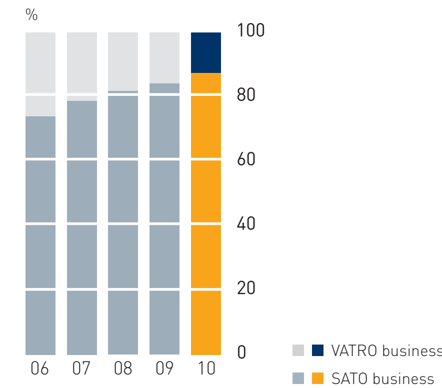
VATRO BUSINESS

- 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 208 million euros, 13% of the value of the SATO Group's investment properties

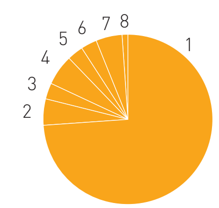
Trend in the housing portfolio 2006–2010 at fair values



Trend in the housing portfolio 2006–2010 at fair values



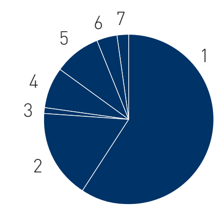
Regional distribution of the investment properties (SATO business) 31 Dec. 2010



Total housing portfolio, fair value MEUR 1,450

1	Helsinki Metropolitan Area	74%
2	Rest of Helsinki Region	5%
3	Turku Region	3%
4	Tampere Region	6%
5	Jyväskylä Region	3%
6	Oulu Region	3%
7	St. Petersburg	5%
8	Outside the designated focus area	1%

Regional distribution of the investment properties (VATRO business) 31 Dec. 2010



Total housing portfolio, fair value MEUR 208

1	Helsinki Metropolitan Area	60%
2	Rest of Helsinki Region	16%
3	Turku Region	1%
4	Tampere Region	8%
5	Jyväskylä Region	9%
6	Oulu Region	4%
7	Outside the designated focus area	2%

2010 MEUR

	SATO	VATRO
Turnover	158.8	34.1
Net rental income	85.5	15.1
Profit before taxes	35.0	6.6
Gross investments in investment properties	104.3	0.0
Book value of investment properties	1,098.1	207.8
Fair value of investment properties	1,449.5	207.8
Number of rented homes	17,413	4,103
Number of shared ownership homes	1,314	-
Number of completed owner-occupied homes	50	-

Investment properties

In addition to the rental yield obtained from the investment properties, their appreciation in value plays a key role in SATO's business. To ensure the trend in values, SATO concentrates its holdings of housing in areas in which the demand for rental homes will grow in the long term. The assessment of the investment is influenced by the area's development prospects, the population profile and the estimated expenditure on maintenance and repair.

NUMBER AND VALUE OF HOMES

At the end of the year under review, SATO had a total of 760 housing properties with a total of 22,830 (22,769) homes. Of these, 21,516 (21,424) were rented homes, and 1,314 (1,345) were shared ownership apartments. Of the rented homes, 93 (34) are in St. Petersburg.

The book value of the investment properties totalled 1,305.9 (1,243.4) million euros and the fair value was 1,657.3 (1,503.0) million euros. The homes in St. Petersburg accounted for 66.0 (24.4) million euros of the book and fair value. The difference between fair and book value increased during the period under review by 91.8 (61.8) million euros. The increase was due to the trend in rents and prices as well as the ending of state-subsidy restrictions on properties. The assessment procedure is described on page 58.

Kalevi, 70

The neighbours and I take care of the yard together.

PORTFOLIOS

SATO's investment properties are divided into portfolios on the basis of the expected yield and appreciation. Expectations are affected by factors such as the apartment's location, size, age, quality classification and any restrictions on use and handover. In accordance with its investment strategy, SATO energetically develops its housing stock to meet changing customer needs through maintenance and repairs as well as by investment and divestment.

LOCATION

Roughly 72 per cent of SATO's housing is in the Helsinki region, including Lahti and Hämeenlinna. The rest of the apartments are 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. Homes outside the targeted area are being divested.

The apartments in St. Petersburg are in the best locations in the city centre or in developing areas near to the centre and linked by the metro.

QUALITY CLASSES

SATO has developed a quality classification system for its rented apartments, the intention of which is on the one hand to communicate to the customer an accurate image of the rented apartment's price-quality ratio and on the other hand to guide repairs. The materials used for the rented apartment and the condition of the home affect the number of stars awarded. Most of the homes are three- and four-star SATO QualityHome apartments in good condition.

MAINTENANCE

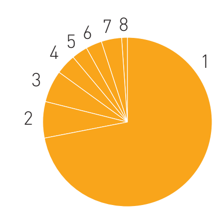
The building management, maintenance and cleaning as well as the repairs for individual apartments for the properties are handled by partners. The allocation of building repairs is based on lifecycle plans and on repair needs analyses. Repairs to apartments are focused on maintaining and enhancing the standard in line with the quality rating. The condition of all of SATO's rented homes is checked at fixed intervals or when there is a change of resident. Small faults requiring improvements are repaired at the time of the inspection and a survey is made of larger repair requirements. In the course of 2010, fixed-term renovations were carried out on roughly 6,500 homes.

OUTLOOK

The consolidation of SATO's investment properties in the urban growth centres continues through new investments and divestments carried out. Long-term repair plans ensure the appreciation of the properties and their desirability for tenants. Fixed-term refurbishment of apartments continues, during which the fittings in bathrooms and toilets are replaced with water-saving models. Partnerships are developed to enhance efficiency and customer satisfaction.

figures

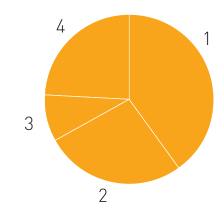
Regional distribution of housing portfolio, 31 Dec. 2010



1	Helsinki Metropolitan Area	72%
2	Rest of Helsinki Region	7%
3	Turku Region	6%
4	Tampere Region	4%
5	Jyväskylä Region	3%
6	Oulu Region	3%
7	St. Petersburg	4%
8	Outside the designated focus area	1%

Total housing portfolio, fair value MEUR 1,657

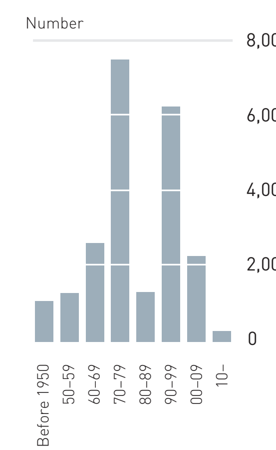
Distribution of housing by area, Helsinki 31 Dec. 2010



1	South	40%
2	West	27%
3	North	9%
4	East	24%

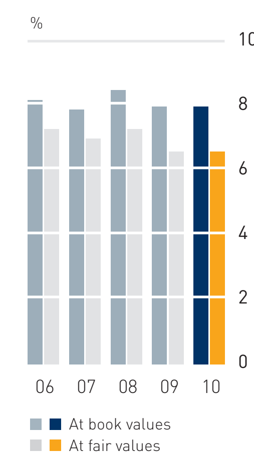
Total housing portfolio, fair value MEUR 701

Housing stock by year of completion 31 Dec. 2010



Total 22,830 units

Net rental income



Rental business

Rental business secures a steady trend in cash flow.

RENTAL SERVICE

To direct its operations, SATO anticipates changes in the housing market. Practical information on what people want from housing is obtained from home-seekers and for this reason apartments are rented out mainly by an in-house organisation. During the year under review a total of 6,500 leases were signed.

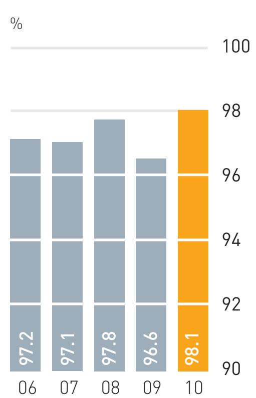
RENTS

Valid leases include the rent review criteria and rents are reviewed yearly. The rents for vacated apartments are determined according to market conditions. The relevant regulations are applied to the setting of rents in properties subject to state-subsidised loans.

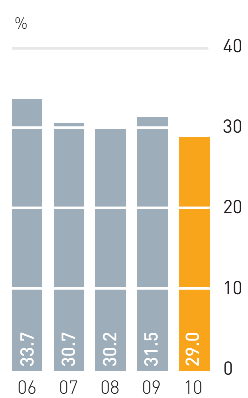
The Group's average monthly rent per square metre in 2010 was EUR 12.10 (EUR 11.57) for rental housing. The average increase in rent for valid leases was 3.0 (6.1) per cent. The change in rents per square metre of rental homes averaged 4.6 (6.4) per cent on the previous year.

figures

Financial occupancy rate of rental housing



Tenant turnover



The net rental income of the housing stock was 100.6 (93.3) million euros. The net rental income percentage of rental housing was 7.9 (8.0) per cent on the book value and 6.5 (6.6) on the fair value.

RENTAL OCCUPANCY RATE AND TENANT TURNOVER

The rental occupancy rate of the apartments remained high throughout the year. The average financial rental occupancy rate for apartments was 98.1 (96.6) per cent. The improvement in the rental occupancy rate was influenced by reduced tenant turnover, good market conditions, changes made in rental business control, and the start-up of a new data system.

The tenant turnover for rental homes in 2010 was 29.0 (31.5) per cent including internal turnover, which was 5.5 (4.3) per cent.

RENTAL BUSINESS IN ST. PETERSBURG

At the end of the year under review, there were 93 (34) rentable apartments in St. Petersburg. In November a project of 42 apartments was completed; renting of these is in progress, all the other apartments have been rented out. Most of the apartments are rented furnished. The average monthly rent per square metre for SATO's apartments in St. Petersburg was EUR 25.49 (22.90).

Rental business secures a steady trend in cash flow.

OUTLOOK

Increased output of rented housing will expand the supply, but demand for rented housing is forecast to continue to be good. The trend of SATO's renting is monitored on a weekly basis to detect changes in the market and so that the necessary action can be taken to secure successful renting.

Demand for rented housing in the customer group targeted by SATO is forecast to remain good also in St. Petersburg.

Jessica, 20

SATO's affordable rent deposit suits even a student's pocket.

Investments and divestments

For several years, SATO has carried out its growth strategy which is attuned to its investment in housing business. During the past decade, SATO has invested more than a billion euros in rented housing. At the same time, holdings have been run down in areas in which SATO does not see prospects for growth in the long term.

ALLOCATING INVESTMENTS

The leasability of homes and a positive trend in the value of holdings of housing are assured by focusing in Finland on the five largest centres of growth. Holdings of housing are expanded primarily in the Helsinki commuter zone and St. Petersburg, where properties are selected along good transport links. SATO acquires and commissions construction for ownership both complete rented buildings and individual rented apartments.

As a result of the regional emphases, the fair value of the housing stock has risen from roughly 900 million euros in mid-decade to more than 1.6 billion euros although the number of homes has stayed practically unaltered.

ACQUISITIONS

During the year under review, the Group's gross investments in investment properties totalled 104.3 (112.0) million euros. Investments were used to acquire a total of 674 (983) rented homes, of which 506 were in properties acquired in the form of whole rental buildings and 168 were individual apartments. The investments focused on SATO business.

The main investments in Finland were an acquisition comprising 102 rented apartments in the Haaga district of Helsinki, the Leppävaara district of Espoo and in Tampere city centre, as well as a deal effected in September for 208 rented homes in Helsinki and Tampere.

At the end of the year under review, there were 496 (341) rented homes under construction in Finland for ownership by the Group, of which 463 (229) are being built with interest-subsidised financing under the interim model in the Helsinki Metropolitan Area. During the year under review 289 (85) new rented homes were completed for the Group.

The total value of the investments made in St. Petersburg by the end of 2010 is 66.4 (46.7) million euros. There were also binding purchase contracts with a value of 7.1 (2.9) million euros. The properties have a total of 178 apartments. All the apartments purchased are in highly esteemed districts in the city centre. During the year under review decisions were made on new investments in St. Petersburg in 21 apartments under construction on Petrogradskaya Island, 19 apartments in the centre of St. Petersburg and on 66 rented apartments in the Primorsk district.

INVESTMENTS IN MAJOR RENOVATIONS

During the year under review decisions were made on major renovations of a total of three properties. The properties have a total of 236 apartments. The value of the investments decided on totals roughly 10.5 million euros.

DIVESTMENTS

A total of 608 (614) rental homes were sold from the Group's housing portfolio and the total value of the divestments was 32.9 (28.5) million euros. The most significant transactions took place in May when SATO sold Avara 325 apartments in Kuopio.

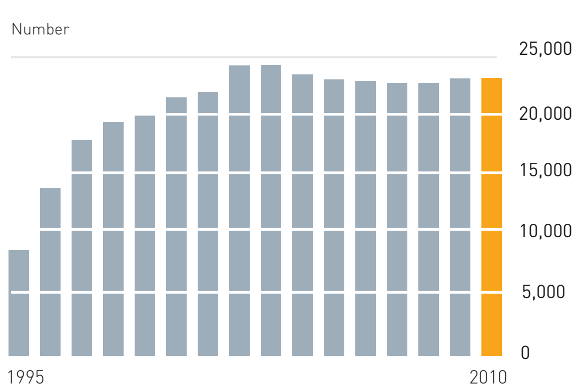
Divestments of housing and plots of land totalled 38.9 (34.4) million euros, generating capital gains amounting to 13.4 (17.2) million euros.

OUTLOOK

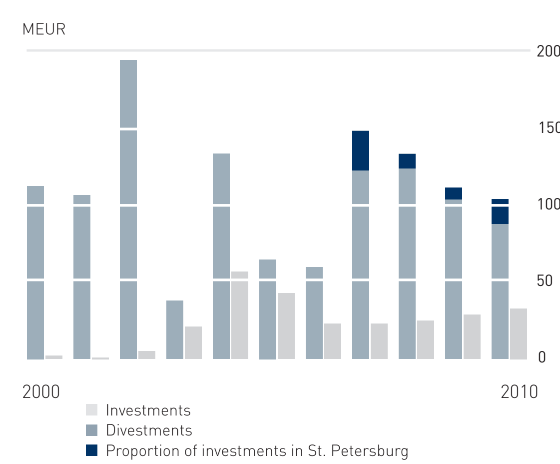
Thanks to its high profile, its market position and its financial resources, SATO's opportunities for continuing growth are good. SATO is aiming in the long term for annual investments totalling roughly 100 million euros in Finland and St. Petersburg. Properties for divestment will be chosen on the basis of the location strategy.

figures

Trend in the housing portfolio 1995–2010

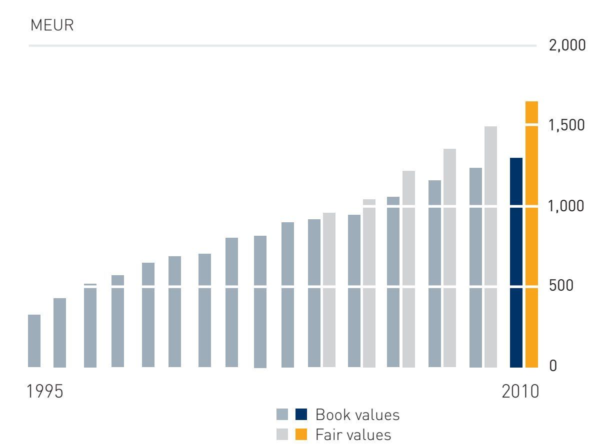


Investments and divestments



Investments, total, €1.2 billion

Trend in housing stock, book values 1995–2010 and fair values 2005–2010



Property development

Property development creates a basis for SATO's investment in new rented homes and for commissioning the construction of owner-occupied homes for sale. Plot acquisitions will be targeted on Finland's five largest urban growth centres.

BUILDING LAND INVENTORY

At the end of 2010 SATO held land with zoning permission for construction of housing amounting to roughly 166,000 square metres of floor area with a book value of 76.7 (78.3) million euros. In addition to this, the permitted building volume based on plot reservations and letters of intent totalled roughly 64,000 square metres of floor area and projects under zoning development were estimated at roughly 104,000 square metres of floor area. Together, these will permit the construction of roughly 4,000 homes if the letters of intent and zoning targets are implemented.

PLOT ACQUISITIONS

During the year under review, a total of roughly 14.5 (7.2) million euros was invested in plots of land. This will enable the construction of more than 450 homes.

The most important land acquisition was in the Perkkaa district of Espoo. After the zoning is confirmed, the area acquired by SATO can be developed with homes for roughly 1,000 residents.

During the year under review, Espoo City Council approved a zoning plan for more than 17,000 square metres of floor area of permitted building volume in apartment buildings and terraced housing in an area owned by SATO in the Soukankallio district of Espoo.

PLOT DIVESTMENTS

SATO has made a strategic choice to concentrate on apartment buildings in its production. The holdings of plots not suited to this will be sold. During the year under review plots conferring entitlement to construct a total of roughly 65,000 square metres of floor area were sold from the land portfolio. The capital gains accruing from the sale of plots was 2.3 (4.2) million euros.

USE OF BUILDING LAND INVENTORY

Roughly 40,000 (8,600) square metres of floor area of the Group's land inventory was transferred to production. The value of the owned plots sold or transferred to construction totalled roughly 16.4 (2.3) million euros.

HOUSING OUTPUT

During the year under review, 122 (382) homes commissioned by SATO were completed, of which 44 (37) were rented homes built for Group ownership and 50 (219) were owner-occupied homes.

Under construction on 31 December 2010 were a total of 686 (176) housing units, of which 496 (155) were Group investment apartments, and 190 (21) were owner-occupied homes for sale.

During the year under review, the construction of 375 (155) rented homes for SATO was started as well as 190 (21) owner-occupied homes for sale.

SALES OF OWNER-OCCUPIED HOUSING

In 2010, a total of 87 (183) owner-occupied homes valued at 25.0 (40.7) million euros were sold. Unsold at the end of the year under review were 2 (18) completed owner-occupied homes and 130 (11) homes under construction, to a combined value of 38.0 (6.4) million euros.

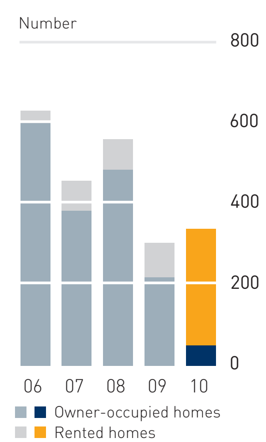
Property development creates a basis for fresh investments and for commissioning construction.

OUTLOOK

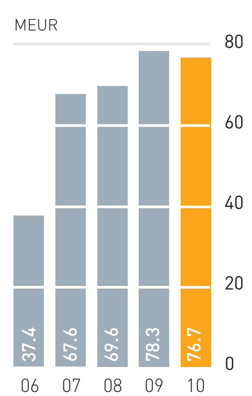
SATO will start the construction of an estimate 300–600 new rental and owner-occupied homes in 2011 in accordance with market conditions.

figures

Completed home constructions

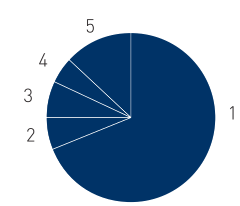


Capital tied up in plots of land



Regional distribution of the building land inventory, (floor area, sq.m.) 31 December 2010

total approx. 334,000, about 4,000 apartments



1 Helsinki Region 68%
2 Tampere 6%
3 Turku 7%
4 Jyväskylä 5%
5 Oulu 14%

Jesse, 3 and Emma, 5

Our SATO home has grounds big enough for fun and games.

LIFE AT HOME

A Home the Way You Want It

I chose to live in a SATO QualityHome because I clearly share the same values with SATO. I want to live without burdening the environment: to save energy and consume less water. SATO has good environmental objectives and the action carried out by SATO has helped me to cut my water consumption last year by nearly 20 per cent. ■

SATO will reduce specific consumption of all types of energy in the residential properties it owns by at least

15 per cent

of the 2004 level by 2016. Only efficient measurements can ensure the right issues are tackled. In 2010, SATO updated the system used for its energy monitoring. The new software generates targeted reports for partners and alarms of anomalies are sent straight to the building manager.

Corporate responsibility

SATO exerts influence on increasing wellbeing in society by maintaining, renting out and developing its investment portfolio and by commissioning new homes. SATO owns roughly 23,000 rentable homes in the growth centres of Finland and in St. Petersburg. Moreover SATO has commissioned the construction of more than 220,000 homes in its 70 years in business. Maintaining and expanding a broad-based supply of housing in the growth centres boosts these regions' prospects for development and their labour supply.

Homes will always be needed, so a constant demand for homes supports SATO's business. Thanks to a steady cash flow from rental business, the Group's ability to attend to its liquidity and its financial obligations is on a sound basis. Through professional maintenance of the investment properties and systematic repairs, combined with investment and divestment, a foundation is created for increasing the value of the company. SATO works together with its network of partners to achieve its aims. The backbone of operations is the creation of added value together with the stakeholders to their advantage.

FINANCIAL RESPONSIBILITY

Financiers Loan capital facilitates investment and growth. In 2010, SATO took new loans to the tune of MEUR 67.

Direct impact		Indirect impact
Customers: SATO provides suitable homes for different situations in life.	MEUR 215	**Customers:** SATO's broad-spectrum housing supply means a wider range of choice. Professionals take care of the condition of the rented home and the building. SATO supports its residents' wellbeing by encouraging community activities.
Employees: SATO provides roughly 130 jobs.	MEUR 10	**Employees:** SATO provides its employees with training opportunities to expand their vocational skills. SATO supports its employees' wellbeing by providing comprehensive occupational health services and by supporting exercise and recreation for the personnel.
Suppliers: SATO buys homes as well as services for buildings, construction and housing from partners and suppliers.	MEUR 187	**Suppliers:** To promote continuity in business relationships, SATO signs long-term contracts with its key suppliers and partners, creating opportunities for revenue for them and jobs for their personnel. SATO develops innovative solutions benefiting both parties as well as developing customer-service expertise together with its partners.
Public sector: SATO pays taxes, social security contributions and employer payments.	MEUR 4	**Public sector:** SATO attends to its financial responsibilities by appropriate handling of its statutory payment obligations and by approving as suppliers only companies which fulfil their own social payment duties.

Shareholders MEUR 11 In 2010, SATO paid €0.24 per share in dividend.

social responsibility *and personnel*

PERSONNEL

SATO's personnel comprises some 130 professionals in the property sector. Most of them have a technical, commercial or legal education. As an employer, SATO offers competitive pay, good working conditions and opportunities for professional growth. Activities related to on-the-job wellbeing during the year under review focused on enhancing management and supervisory work as well as applying studies supporting on-the-job wellbeing.

PERSONNEL INDEX

SATO carries out an annual survey of the personnel in which they assess and provide information on job stamina, supervisors' work, skills development and organisational functionality. The personnel's overall satisfaction is monitored from the SATO index based on the results, for which a target figure is set each year. During the year under review the SATO index was 64 (on a scale of 0–100) (59 in 2009).

The results had improved in several subdivisions but room for improvement was found in supervisors' work and inter-unit cooperation, for example. The results of the survey were considered during spring 2010 in the various units of the organisation and a development plan was made for the unit for the next two years. The implementation of the development plans will be monitored not only by the units but also by the Group's Corporate Management Group.

IMPROVEMENT OF SUPERVISORS' WORK

The 'SATO Supervisor Training 2010' programme for the improvement of supervisors' work was launched in the spring. Before the training sessions were held, a 360° assessment was made of each supervisor and the results were used by the supervisors to draw up a personal development plan for themselves. The assessment will be repeated every two years. The supervisor training dealt with how to combine strategy and practice, the principles of personnel management, factors of people management, and methods of performance management.

Intensive *work with stakeholders*

In 2010 we arranged two opportunities to meet students: we engaged in a productive discussion of young people's expectations of working life, their wishes, dreams and views of the business world and services. Face-to-face contacts benefit both sides and give us valuable information for operational development.

HEALTHCARE
To streamline occupational healthcare, the company switched over to the so-called nationwide service model, which ensures that all SATO employees receive the same standard of occupational healthcare services at all offices in Finland. Regular joint assessment and cooperation meetings were held with the people in charge of occupational healthcare.

RECREATIONAL ACTIVITIES
The number of types of exercise made available to personnel as an employee benefit was expanded on the basis of a survey of the personnel's hobbies. Joint exercise afternoons were held at all the offices in the spring and autumn. SATO's sport and recreation club LiiVi also arranged many cultural events to boost enthusiasm. SATO's 70-year history was celebrated in a joint party in June.

TRAINING
Personnel training during the year under review emphasised the improvement of management and vocational skills. Training was also held in customer service-, languages and IT skills.

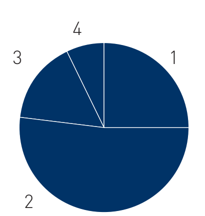
INCENTIVES
SATO appreciates a collaborative, initiative-taking and active operating method, and it is also rewarded.

The company's senior and middle management are covered by an individually specified incentive scheme. Other personnel are paid a cash bonus for attaining jointly agreed targets. In addition, one way the personnel are incentivised is through presentation of the annual 'SATO Employee of the Year' certificate as well as mentions of honour for exceptional efforts to promote the values.

During the year under review, the personnel were paid a total of roughly 9.7 million euros in salaries, bonuses and employee benefits.

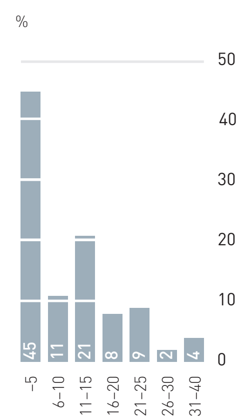
SATO promotes on-the-job wellbeing through improvements to management and supervisor work.

Personnel educational level 31 Dec. 2010

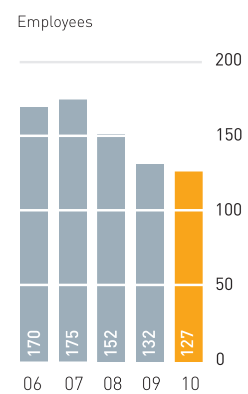


1 Tertiary 25% (university or equivalent)
2 Senior upper secondary 52% (e.g. college or polytechnic)
3 Junior upper secondary 16% (vocational training or matriculation)
4 Lower secondary 7% (e.g. middle school or comprehensive school)

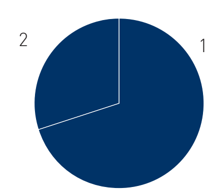
Number of years of service by personnel 31 Dec. 2010



Personnel at year-end 2006–2010



Personnel by gender 31 Dec. 2010



1 Women 70%
2 Men 30%

environmental responsibility

ENERGY CONSERVATION TARGETS
SATO has committed itself to the property sector's energy-efficiency agreement included in the state's action programme for rented home communities (VAETS). The aim of the agreement is for the signatory communities to cut their consumption of electricity and heating by 7 per cent of the 2009 level by the year 2016. SATO has also set its own target to reduce the specific consumption of electricity, heating and water in SATO-owned buildings by 15 per cent of the 2004 level. Stakeholders' environmental awareness is raised through active communications and training.

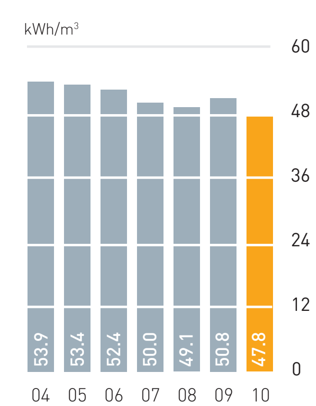
ENERGY CONSUMPTION MANAGEMENT
SATO's energy conservation activities include annual inspections of the functioning and settings of heating, plumbing and air conditioning fittings. On the basis of the energy reports, SATO directs the operations of the maintenance companies in cooperation with the building managers. The day-to-day energy consumption of the buildings is monitored to detect malfunctions and so that rapid action can be taken on repairs. Annual training sessions on energy management are held for building managers and maintenance operatives.

The condition of SATO's rented homes is checked at fixed intervals and during the inspections repairs such as water leaks are carried out, room temperatures are adjusted, and when necessary plumbing fixtures are changed for water-saving models. By the end of 2012, all of SATO's rented homes will have been fitted with water-saving fixtures.

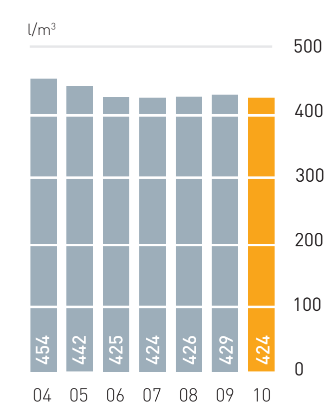
During the year under review SATO began closer surveillance of temperature levels in 20 buildings. On the basis of the measurement results, heat control graphs were corrected on a rapid schedule. These actions attained 10 per cent savings in costs. Surveillance will be extended.

figures

Standardised heating consumption



Water consumption



Source: SATO

development

IMPROVING HOUSING

SATO's principal mission is to provide good housing and we achieve this by developing the company's housing solutions in line with the prevailing needs and wishes for housing and by maintaining a diverse supply of homes. Collaboration with the residents of SATO's rented homes is broad-spectrum.

The future factors of success are providing the right kind of housing, the customer's service experience, and efficient operations. SATO is seeking to boost its competitiveness in these, which requires the constant improvement of operations by the company and its partners as well as the entire business sector. SATO's deployments in development in 2010 were roughly 0.7 (0.5) million euros.

BETTER EFFICIENCY, QUALITY AND CUSTOMER SERVICE

In order to improve the customer experience, during the year under review SATO continued the development of guiding processes and partner operations as well as data systems supporting these. Descriptions of SATO's core processes were brought to completion. To improve the performance capability of processes, measurements were defined for each process along with targeted figures for the measurements.

The development of data systems focused on operational efficiency and on improving solutions supporting customer service. Also, a new system was adopted for the management of SATO's loan portfolio. The use of data storage in reporting was streamlined. The Group's server capacity was expanded at the same time as server solutions and related maintenance were transferred to an external service provider.

NEW TECHNOLOGY

SATO also studied the potential cost savings from upgrading and modernising control systems in one of its properties. The test subject was fitted with a control system representing state-of-the-art technology during the summer, and experiences from this will be monitored during the winter season. The measurements take into account the building's attributes plus the effects of outdoor air humidity, temperature and wind chill. The tests include checking the real effects of settings on the room temperature. The aim of measuring room-specific temperatures is to improve occupant comfort as well as saving energy.

LIFECYCLE COSTS GUIDING NEW SOLUTIONS

In SATO's housing construction, energy efficiency and solutions that optimise maintenance are the aim. Every effort is made to figure in the true lifecycle costs of technical systems and structures, and this is an important aspect of planning control for construction and renovations.

ATTITUDINAL EDUCATION

As one measure to limit energy consumption, SATO takes part each year in the national Energy Saving Week arranged by Motiva, the Information Centre for Energy Efficiency. During the week SATO encourages its personnel, customers and partners to pay attention to reducing energy consumption. During the year under review SATO's customers were motivated to monitor energy consumption and to change consumption habits and they were encouraged to share their tips for energy conservation for all SATO residents to use. A test was produced on the SATO website for users to measure their carbon footprint. Another test was drawn up for SATO personnel to chart consumption habits to assist consideration of environmental aspects on the job, while commuting and at home.

The Group's procurement functions were reorganised and the guidelines for procurement were updated.

MODERNISING MANAGEMENT

In order to boost the organisation's overall performance capacity, a management programme extending till 2013 was drawn up with the intention of identifying the best practices and applying them Group-wide. The programme sets ambitious targets for performance at a new level.

RESEARCH

SATO took part in the SUSPROC Sustainable Building Processes joint research programme of VTT Technical Research Centre of Finland, Aalto University, HSE Helsinki School of Economics and 12 other parties. The subjects for research were the principles of sustainable construction in zoning, building, codes, project financing and marketing.

SPONSORSHIP

For several years, SATO has encouraged young designers to promote creative solutions associated with good housing. During the year under review, a grant was made to Dylan Kwok for his graduation piece at the University of Art and Design, which involves improving the heat insulation of old buildings by replacing windows and using the old windows in building new green areas. The work cherishes existing architecture and adds to it a new element to encourage multilevel interaction between the occupants.

The money allocated to remembrance at Christmas was donated in December to supporting the emergency work of the Federation of Mother and Child Homes and Shelters. Donations were also made to other organisations such as the Finnish Red Cross Disaster Fund.

MEMBERSHIP OF ORGANISATIONS

SATO is a member of the Finnish Association of Building Owners and Construction Clients RAKLI, where its representatives sit on the Board, the Housing Sector Management Group and four committees. SATO is also represented on the consultative committee of the Finnish Real Estate and Construction Forum.

SATO is a member of the Helsinki Region Chamber of Commerce, where it is represented on the delegates' committee and governing board, the housing and regional committee, and it is also represented on the consultative committee for the City of Helsinki and the Chamber of Commerce. Furthermore, SATO is a member of the Association of Support Service Industries, the Finnish-Russian Board of Trade, and several housing and senior citizen support organisations. The most prominent of these are the Finnish Housing Association, the Finnish Housing Reform Association, SFHP Suomi-Finland Housing and Planning, and the Senior Citizens' Sheltered Housing Association.

DEVELOPMENT WORK IN 2011

In order to identify a new operating model, the personnel were encouraged during the year under review to generate ideas for solutions promoting energy efficiency and ways of facilitating customers' use of the SATO website. A key focus of development efforts in 2011 is to put the ideas thus generated into practice. Work will also continue on developing supervisory work, procurement and partnering.

History *where do you come from?*

SATO's 70-year history shows how the company's housing solutions have supported the progress of Finnish society. Operations were started in 1940 to facilitate the most efficient possible production of housing for those who had lost their homes in the war. Today SATO's operations emphasise provision of rented housing in centres of growth, which contributes to opportunities for growth in trade and industry.

1940

HOW IT ALL BEGAN

SATO (Sosiaalinen Asunnontuotanto Oy, 'Social Housing Production Ltd') was established in 1940 to rebuild housing for homeless people after the war. The first housing project, Asunto Oy Sato N:o 1, was built in the Käpylä district of Helsinki. The project comprised a total of 170 owner-occupied homes.

1960

COOPERATION WITH THE PEOPLE WHO NEEDED HOUSING

The incorporated central organisation Keskus-Sato Oy was established with the aim of bringing together people needing housing throughout the country and by pooling forces with them to promote the construction of homes in various parts of Finland. Customer communications were developed dynamically even in the 1960s when Sato-Säästäjä, SATO's first customer newsletter, was published.

1970

GROWTH TO BECOME THE BIGGEST DEVELOPER

In the 1970s SATO was Finland's biggest housing developer, with 28 different companies whose operations covered practically every municipality in Finland. SATO was then also an important developer of commercial and service buildings. In the 1980s Keskus-Sato began developing in what was then the Soviet Union through consortiums. Keskus-Sato had become the parent company of the SATO Group.

1990

HOUSING INVESTMENT BECOMES A NEW FIELD OF BUSINESS

The recession of the 1990s brought financial uncertainty to construction development. To improve business profitability and to increase stability, SATO acquired majority shareholdings in the developer Salpa Oy and the rental housing holding company Vatro Oy. This made the ownership and management of housing new business sectors of the Group. Keskus-Sato Oy's name was changed to Sato Corporation plc and the regional consolidation of the Group structure continued. Business in the Soviet Union was wound down.

GROWTH AND CONSOLIDATION

SATO rapidly expanded the number of its rented homes in the 1990s. A total of 7,000 rented homes were acquired from industrial and retail companies, and through share issues carried out at the same time the parent company's ownership base expanded considerably. Housing development also picked up and in 1998 the output of the SATO companies exceeded the 200,000 completed homes mark.

2000

In the 21st century, the regional consolidation of business was continued and the business areas chosen were the Helsinki Metropolitan Area's commuter belt as well as the economic zones of Turku, Tampere, Oulu and Jyväskylä. Housing investment business began also in St. Petersburg beginning in 2007. Investments were stepped up in the chosen regions and divestment began of rented homes located in other places. Commercial and office development was given up along with building management operations. There were changes in the ownership base and Finland's foremost pension insurance companies and other insurers became the main shareholders.

HOUSING SOLUTIONS FOR CHANGING CUSTOMER NEEDS

As housing requirements became more individualised, SATO has developed its provision of housing to permit customer-specific choices.

SATO became the first landlord to launch star ratings for rented housing; this facilitates the home-seeker's choice. Solutions were developed for seniors which combine housing with home care and nursing services. In the owner-occupied SATO PlusHome concept, individually tailored solutions can be made for homes. The first SATO PlusHome project won the prestigious RIL Award of the Association of Finnish Civil Engineers, the first time this award was granted for a housing construction project.

2010

HOUSING INVESTMENT BECOMES THE MAIN FIELD OF BUSINESS

Today housing investment is the Group's main field of business and it is the cornerstone of SATO's profitability and long-term growth strategy. SATO aims to be the most efficient and progressive player in the market, facilitating the constant improvement of customer service as well as generating added value for its shareholders.

good living already for 70 yrs

Report on the governance and *resource management system 2010*

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 or recommendation 51 of section 9, which concern the number of members and composition of the Board of Directors and the management of insiders. The company's Board of Directors approved guidelines on 13 February 2008 for trading in SATO Corporation shares and other securities. The Corporate Governance Code is available publicly at the website www.cgfinland.fi.

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 26 October 2007.

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 made public no less than three weeks prior to the meeting in a daily newspaper published in the capital city and 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 the 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 4 March 2010 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 convenes 6–12 times a year. In 2010, the Board of Directors convened 9 times. An average of 92.6% 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 page 45 of this annual report.

The company's Board of Directors is responsible for the proper organisation of the company's management 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 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, internal auditing and 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 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 from among their number by the Board of Directors, one of whom acts 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 Nomination and Compensation Committee convened four times during the financial year and the Audit Committee convened three times. The meetings of the Committees were attended on average by 100 per cent of their members.

Serving on the Nomination and Compensation Committee in 2010 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.

Serving on the Audit Committee in 2010 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.

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 everyday 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 Erkka 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 page 46–47 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 for Housing Business; the Director, Marketing and Communications; and the CFO.

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.

INTERNAL SUPERVISION

The aim of the internal supervision is to help to verify the efficiency, productiveness and reliability of the Group's operations, and 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 company's 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 and its business climate. 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 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 2010 was KPMG Oy Ab. The auditor in charge at the auditing firm was Markku Sohlman, M.Sc. (Econ. & BA), APA. The audit checks the accounts, financial statements and administration of the company and Group.

Report on salaries and remuneration, 2010

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 4 March 2010 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 2010 totalled EUR 165,000.00. 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 2010 amounted to EUR 228,964.83 and fees for non-auditing services were EUR 51,816.46.

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 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.

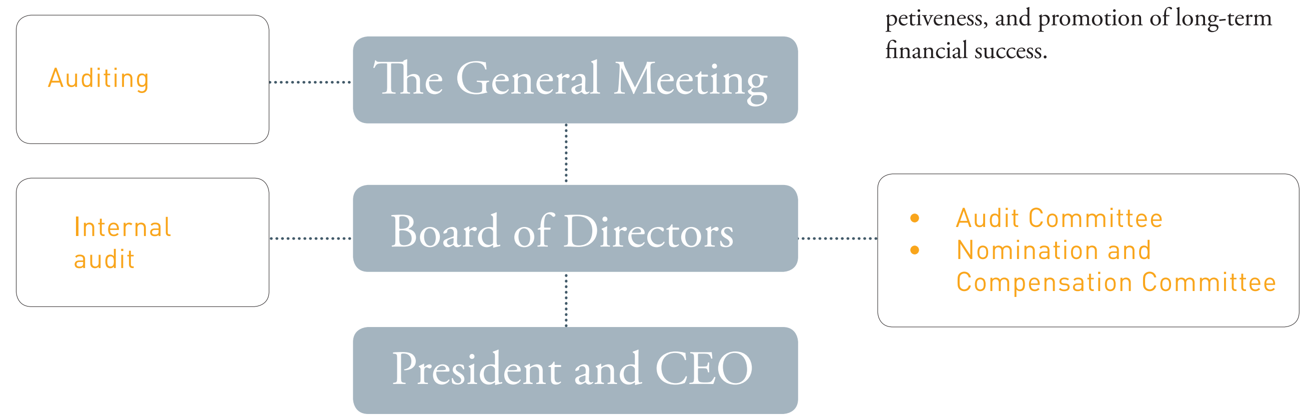
The salary and other perquisites of the President and CEO in 2010 amounted to EUR 353,769.45, of which EUR 283,106.25 was fixed salary and the variable component was EUR 70,663.20. The salary and other perquisites paid to the Deputy President and CEO were EUR 228,301.37, of which EUR 191,578.79 was fixed salary and the variable component was EUR 36,722.58.

The retirement age for the President and CEO and for a Vice President acting as his deputy is 60 years. At that time, they are entitled to a pension amounting to 60 per cent of the annual wages 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 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 Group management for the period 2007–2010 ended on 31 December 2009. The participating members of the Corporate Management Group received the rise in value of SATO Corporation shares, paid for by themselves, since 1 January 2007 as the profits of the incentive scheme.

In spring, 2010 the Board of Directors decided on a new long-term incentive scheme for the period 2010- 2012, with a maximum limit set for the bonus. 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 14 people working in management positions in the Group. The purposes of this are to combine the goals of the management with those of the shareholders, commitment of the key people, improvement of competetiveness, and promotion of long-term financial success.



Board of Directors

Vesa Immonen (left), Esko Torsti, Raimo Lind, Jorma Kuokkanen, Timo Hukka and Juha Laaksonen

BOARD OF DIRECTORS

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 since 2000,
Fortum Corporation: Corporate Vice President, M&A, and Executive Vice President, Finance & Planning, Oil and Gas Divison; 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 simultaneous positions of trust:
Kemira Oyj: member of the Board of Directors,
Teollisuuden Voima Oy: Board member until the annual general meeting of 2010,
Kemijoki Oy: member of the Supervisory Board,
Several Fortum Group companies' Board chairman or member,
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 simultaneous 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, Tapiola Real Estate Ltd,
Board member since 2010,
independent of the company, not independent of the main shareholders

Primary working experience:
Tapiola Real Estate 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:
Exilion Capital Oy: chairman of the Board of Directors, 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 simultaneous positions of trust:
NV Kiinteistösijoitus 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 simultaneous positions of trust:
Member of the Board of Directors of several Wärtsilä Group companies,
Member of the Board of Directors of Elisa Corporation since 2009

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 simultaneous positions of trust:
Tornator Oy: chairman of the Board of Directors,
Ekokem: member of the Board of Directors,
RAKLI – the Finnish Association of Building Owners and Construction Clients: member of the Board of Directors,
Central Chamber of Commerce: member of the Property Appraisal Board

Corporate Management Group

Esa Neuvonen, Monica Aro and Erkka Valkila

Tuula Entelä and Pasi Suutari

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 1999–2003; Vice President, Real Estate Division 1993–1998, Ferenda Oy: Managing Director 1991–1993, Kiinteistösolar Oy: Managing Director 1988–1991

Main simultaneous positions of trust:
Member of the Board for several SATO Group companies, KTI Kiinteistötieto 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, Helsinki Region Chamber of Commerce: deputy chairman of the Board, RAKLI – the Finnish Association of Building Owners and Construction Clients: member of the Board, 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, Marketing and Communications,
has worked for SATO since 1990

Primary working experience:
SATO Group: Director, Marketing 2002-2003; Director in Property Investment 1998-2002: Project Manager in Housing Development and Construction 1998, Construction Client Agent 1990–1997

Main simultaneous positions of trust:
Member of the Board for several SATO Group companies

Shareholding in SATO: 42,000 shares

Esa Neuvonen, born 1967
M.Sc. (Econ.),
Chief Financial Officer,
has worked for SATO since 2009

Primary working experience:
TeliaSonera Oyj: Director, corporate services finance and business development 2007–2008, Chief Financial Officer, TeliaSonera Finland 2005–2006, Director, Head of Business Control and Finance, TeliaSonera Finland 2003–2005, Sonera Corporation: Head of Business Control and Finance, mobile division 2002, Quam Gmbh: Director, 2001, Sonera Corporation: Director, mobile division finance 1998–2000, Business Controller, mobile services 1997, Helsingin Energia: Manager, finance department 1993-1996

Main simultaneous 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

Tuula Entelä, born 1955
B.Sc. (Econ.), LL.M.,
Vice President, Housing Business/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 Development and Construction 1989–1992, SOK Corporation: Real Estate Legal Counsel 1987–1989, SATO Group: Construction Client Agent 1981–1986

Main simultaneous 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, Member of the Governing Board for Diaconia Services and Development Services of the Helsinki Deaconess Institute, 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, Housing Business/Regions,
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 simultaneous positions of trust:
Member of the Board for several SATO Group companies

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BUSINESS CLIMATE

The overall economic situation was marked by concern over the euro zone's survival in the economic crisis. The atmosphere in the economy was uncertain, although Finland displayed many signs of arousing economic growth. Consumers' confidence in the Finnish economy remained high on average during the year under review. Also, consumers' faith of their personal economies remained strong and, for example, there were more intentions to buy homes at the end of the year.

Demand for rented homes remained good throughout the year. As a result of the good market situation and made improvements effected in SATO's rental business, the rental occupancy rate of the Group's investment properties rose to an excellent level.

Construction of rented homes increased during the year under review by an exceptional amount due to factors such as interest-subsidised loans on the interim model as part of government economic stimulation action introduced in 2009–2010. SATO also boosted its own construction of rented homes and at the end of the year SATO had under construction a total of 496 (155) rented homes in Finland.

Demand for owner-occupied homes picked up in the early months of the year after a dip in 2009 and production returned to normal levels. SATO also increased owner-occupied home starts compared with the previous year and initiated the construction of a total of 190 (21) owner-occupied homes.

A forecast increase in interest rates took place in the second half of the year, but remained still exceptionally low. Low interest rates also kept up demand for owner-occupied homes.

In the St. Petersburg region, the economic situation was an improvement on the previous year and SATO increased its investments in housing there.

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, most 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 Group's turnover declined due to scarcity of owner-occupied home construction by 16.3 per cent and was 192.9 million euros (230.4 million euros in 2009). Of the turnover 158.8 (192.6) million euros was SATO business turnover and 34.1 (37.8) million euros was due to VATRO business.

Rental income grew by 6.8 (6.2) per cent and accounted for 180.1 (168.6) million euros of turnover. The increase in rental income has a vital impact on expanding the cash flow and the value of assets. The positive trend was influenced by the continued steady demand, a downturn in tenant turnover, new investments, and operative changes effected in rental business.

The Group's operating profit was 74.7 (70.8) million euros.

The Group's profit before taxes grew by 37.7 per cent to 41.6 (30.2) million euros. The profit includes 13.4 (17.2) million euros in capital gains from divestment. The share of the profit before taxes due to SATO business was 35.0 (25.9) million euros and that of VATRO business was 6.6 (4.3) million euros. The improvement in profit was influenced by the increase in rental income, good management of maintenance costs, and low interest rates.

FINANCIAL POSITION

The consolidated balance sheet total as at 31 December 2010 was 1,471.8 (1,418.0) million euros. The Group's interest-bearing liabilities were 1,067.9 (1,071.5) million euros.

The Group's equity ratio calculated on the book value of investment properties was 18.8 (15.7) per cent and calculated on fair value it was 29.5 (24.8) per cent. The computational effect of the share issue carried out in April on the equity ratio, calculated on the fair value, is 1.5 percentage points.

The equity ratio target has been set for SATO business calculated on the fair value of investment properties. The target is an equity ratio of at least 25 per cent. During the year under review it was 32.3 (28.2) per cent.

The book value of the investment properties was 1,305.9 (1,243.4) million euros and the fair value was 1,657.3 (1,503.0) million euros. The difference in value was 351.4 (259.6) million euros and the difference in value increased during the year under review by 91.8 (61.8) million euros.

The Group's return on equity was 12.4 (10.7) per cent and its return on investment 5.7 (5.6) per cent. Return on equity in SATO business was 9.9 (8.7) per cent.

The average 12 per cent annual return SATO has set a strategic aim is comprised of, in addition to return on equity, the appreciation on investment properties which is reported in the notes to the financial statements. The total return is calculated on net assets at fair value. The total return for 2010 was 20.8 per cent, of which appreciation accounted for 14.3 percentage points.

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 18.0 (33.4) million euros.

Interest-bearing liabilities at year-end were 1,067.9 (1,071.5) million euros, of which market rate loans totalled 616.3 (623.1) million euros, pension insurance loans totalled 39.0 (42.7), interest-subsidised loans totalled 98.6 (97.4) million euros and state-subsidised ARAVA loans totalled 191.7 (212.1) million euros. There were debts in the amount of 122.3 (96.2) million euros on shares held in housing companies and mutual property holding companies included in investment properties.

In order to finance investments, new loans were raised in the amount of 66.9 million euros. Because of the long-term nature of the investment business, short-term loans were converted to long-term in the amount of 10 million euros.

Of the capital of market rate loans at year-end, 431.3 (415.4) million euros was hedged with interest-rate swaps and options, which is equal to 72 (68) per cent of the market rate interest position. The average maturity of the derivatives was 43 (37) months. The computational effect of changes during the financial year in the market value of hedges on shareholders' equity was –2.5 (–1.5) million euros and the effect on the profit was 0.3 (–1.9) million euros.

The state-subsidised ARAVA loans, interest-subsidised loans and pension insurance loans are pegged to a long-term reference rate or include an element limiting the interest risk. When these loans are included, the hedged total of the 1,067.9 million euros in loans rises to 802.8 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 more than five per cent as well as by reduced financial expenses in the amount of 33.1 (40.6) million euros. Furthermore, cash flow was reinforced by a share issue carried out for 36.6 million euros.

GROUP STRUCTURE

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

INVESTMENT PROPERTIES

On 31 December 2010, the Group held a total of 22,830 (22,769) housing units. The book value of the homes was 1,305.9 (1,243.4) million euros and the fair value was 1,657.3 (1,503.0) million euros. The positive difference between fair and book values was 351.4 (259.6) million euros. The difference grew during the period under review by 91.8 (61.8) million euros. The increase in value difference is due to the trend in housing rents and prices 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; it is given in the notes.

INVESTMENTS IN INVESTMENT PROPERTIES AND DIVESTMENTS

The Group's gross investments totalled 104.3 (112.2) million euros.

The growth strategy was successfully implemented. In the course of 2010, a total of 674 (983) homes were acquired, of which 289 (85) were newly built.

The main investments in Finland were the purchase of 102 rented homes in the Haaga district of Helsinki, the Leppävaara district of Espoo and Tampere

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city centre, in addition a transaction was completed in September for 208 rented homes in Helsinki and Tampere.

The increase in the balance sheet due to investments in housing totalled 104.3 (112.0) million euros. The investments were targeted on areas in which the demand for rented homes and expected appreciation were best. Also on 31 December 2010 there were binding purchase agreements valued at 38.5 (6.6) million euros. This creates a good basis for continuing the achievement of the Group's growth target.

At year end, 496 (341) new rental housing units were under construction in Finland for ownership by the Group, of which 463 (229) are being built with interest-subsidised financing under the interim model in the Helsinki Metropolitan Area.

The sum used for renovating the housing stock and improving the quality of apartments was 30.6 (27.9) million euros.

By the end of the year under review, the value of investments made in St. Petersburg totalled 66.4 (46.7) million euros. Furthermore, binding contracts for acquisitions were 7.1 (2.9) million euros in value. Due to the economic recovery in the St. Petersburg region, new investments were made with the acquisition of 106 apartments under construction. At year-end SATO had in St. Petersburg a total of 85 (38) apartments under completion and 93 (34) completed ones.

During the financial year, 608 (614) homes were divested in Finland for a total of 32.9 (28.5) million euros. The divested homes were for the most part located outside SATO's targeted business area.

RENTAL BUSINESS

The financial rental occupancy rate during the year under review averaged 98.1 (96.6) per cent and occupant turnover averaged 29.0 (31.5) per cent. The rise in the rental occupancy rate was influenced by the good demand, the downturn in tenant turnover, and operative improvements effected in rental business.

The average rent per square metre for rented homes during the period under review was 12.10 (11.57) euros/sq.m./month. The actual rent increase in SATO's housing stock during the year was 4.6 (6.4) per cent, which was somewhat higher than the overall level of rent increases in the market because of the central location of SATO's housing portfolio.

The net rental income of rented housing was 100.6 (93.3) million euros. The net rental income percentage of rented housing was 7.9 (8.0) on book value and 6.5 (6.6) per cent on fair value.

PROPERTY DEVELOPMENT

The in-house holdings of building land play an important part in carrying out the growth strategy. In construction of both rented and owner-occupied homes, SATO focuses on commissioning the building of apartment blocks and it maintains 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 76.7 (78.3) million euros. During the period under review, new plots were acquired to a value of 14.5 (7.2) million euros. The most significant acquisition of land was in the Perkkaa district of Espoo which will permit the construction of roughly 500 homes once planning permission is granted. The book value of the building land inventory sold and transferred to housing construction during the year was 16.4 (2.3) million euros.

During the financial year, a total of 50 (219) owner-occupied homes were completed, with an acquisition value of 2.9 (52.2) million euros. Under construction on 31 December 2010 there were a total of 190 (21) owner-occupied homes. After the market had firmed up during 2010, the construction of a total of 190 owner-occupied homes was started. During the year under review, SATO developed a new service concept in which sales of homes are started after they are completed. Of the homes under construction, 44 comply with this new concept.

During the period under review, a total of 87 (183) owner-occupied homes with a value of 25.0 (40.7) million euros were sold. At year-end, the completed owner-occupied homes unsold numbered 2 (18) and those under construction numbered 130 (11), with a total acquisition value of 38.0 (6.4) million euros.

CUSTOMER RELATIONSHIPS

In order to increase customer-centredness, the development continued during the year under review of the key processes in SATO's business. The overall satisfaction of tenants improved on the previous year. In September, the reception of customers' phone calls and email contacts was consolidated in the hands of a new Customer Service unit. These measures support the Group's strategic aim of improving customer services.

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). The aim of the agreement is for the signatory communities to cut their consumption of electricity and heating by 7 per cent of the 2009 level by the year 2016. During the year under review consumption fell by roughly 5 per cent. The Group's environmental programme can be read in its entirety on the website www.sato.fi.

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. The vacancy rate and occupant turnover of rented homes as well as forecasts for these are monitored on a weekly basis. In order to boost the rental occupancy rate and to reduce occupant turnover, effort is deployed in action on the apartments' quality factors and on strengthening customer relationships. Sales of owner-occupied housing are monitored on a weekly basis to detect changes in the market. SATO's Board of Directors has set euro limits to the total amount of unsold homes and land inventory.

A change in the market prices of homes impacts on the value of SATO's housing portfolio. 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 in the long term. Changes in requirements for energy efficiency and environmental aspects may affect a rise in the costs 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. As part of the risk management, investment prospects are selected among properties which are in central locations. Also, the proportion of investments in St. Petersburg has been restricted relative to the Group's total housing investments.

To secure the continuity of activities handled by partners, operations have been shared out among a number of service providers.

Interest rate fluctuations affect SATO's profit through changes in interest expenses and through changes in the market values of interest rate hedging. In accordance with the Group's financial policy, 50–80 per cent of the market loans is hedged. The adequacy of financing is monitored on an ongoing basis through a liquidity forecast, and the Group has also set a target for equity ratio.

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

PENDING LAWSUITS

Lawsuits and countersuits between the contracting parties are pending in connection with the implementation of and invoicing for the owner-occupied property built in the Arabianranta district of Helsinki.

SHARE ISSUE

In the share issue decided on at the annual general meeting of 4 March 2010, 99.3 per cent of the new shares tendered were subscribed for a total of 36,589,494.50 euros.

SHARES

The share capital of SATO Corporation as at 31 December 2010 was 4,442,192.00 euros and the number of shares was 51,001,842. The share has no par value. The company has a single series of shares. The shares are on a book-entry securities system maintained by Euroclear Finland Ltd.

SATO Corporation acquired 160,000 SATO shares when Habinvest Oy was merged with the company on 30 November 2010. These shares represent 0.3 per cent of all shares and the combined total of voting rights.

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 2010.

PERSONNEL

At the end of 2010, the Group had 127 (132) employees. There were 122 (125) employees on permanent contracts and 5 (7) on fixed-term contracts. The number of Group personnel averaged 129 (141) during the year.

BOARD OF DIRECTORS, PRESIDENT AND CEO, AND AUDITORS

Serving on SATO's Board of Directors until the annual general meeting of 4 March 2010 were Juha Laaksonen (chairman), Raimo Lind (deputy chairman), and ordinary members Timo Hukka, Jorma Kuokkanen, Asko Salminen and Esko Torsti.

The annual general meeting of 4 March 2010 confirmed the number of members on the Board of Directors as six. Juha Laaksonen was re-elected as chairman of the Board and Timo Hukka, Jorma Kuokkanen, Raimo Lind and Esko Torsti were re-elected as ordinary members. Managing Director Vesa Immonen of Tapiola Real Estate Ltd was elected as a new member.

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

In 2010, the Board of Directors convened on 9 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.), served as President and CEO. Tuula Entelä, B.Sc.

(Econ.), LL.M., is deputy to the President and CEO.

The company's auditors were KPMG Oy Ab, a firm of Authorised Public Accountants, with Markku Sohlman, 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 President Tuula Entelä; Director, Marketing and Communications Monica Aro; Chief Financial Officer Esa Neuvonen and as of 18 January 2010 Vice President Pasi Suutari.

OUTLOOK

The Finnish economy has gone into a cautious upswing, but uncertainty over the economic trend has increased. Consumers' confidence in their personal economic trend has long been at a high level.

Interest rates are expected to rise moderately in 2011.

Increased construction of rented homes will expand supply, but demand for rented homes is forecast to continue to be good. The net rental income of SATO's rented housing is forecast to improve.

The prospects for investments in rented homes in line with the growth strategy are seen as good within SATO's spheres of operations including St. Petersburg.

SATO will step up the number of owner-occupied home building starts in 2011 if demand for owner-occupied homes holds steady at the level prevailing at the end of the year under review.

The Group's profit before taxes for 2011 is forecast to be an improvement on the previous year's figure.

BOARD'S PROPOSAL FOR THE DISPOSAL OF PROFITS

The parent company's distributable assets as at 31 December 2010 were EUR 81,462,443.83, of which the net profit for the financial year was EUR 18,137,040.34. The number of issued shares in the company conferring entitlement to dividend for 2010 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 0.35 (0.24) per share, being a total of EUR 17,794,644.70 and that EUR 342,395.64 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, 31 January 2011

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, 31 January 2011
KPMG OY AB

Markku Sohlman, APA

Consolidated comprehensive profit and loss account, IFRS

MEUR	Note	1 Jan.–31 Dec. 2010	1 Jan.–31 Dec. 2009
TURNOVER	2, 3	192.9	230.4
Capital gains/losses on Investment Properties	4	12.0	13.0
Share of profit in associated companies	13	0.1	0.1
Other income from business operations	4	0.0	0.6
Consumption of materials and services		–11.7	–60.8
Personnel expenses	5	–9.9	–9.8
Depreciation, amortization and impairment charges	6	–19.4	–18.5
Losses from disposals of Investment Properties	4	–0.6	–0.1
Other expenses of business operations	4	–88.7	–84.0
OPERATING PROFIT		74.7	70.8
Financial income	7	0.6	0.9
Financial expenses	7	–33.7	–41.5
		–33.1	–40.6
PROFIT BEFORE TAXES		41.6	30.2
Income taxes	8	–10.9	–7.5
PROFIT FOR THE PERIOD		**30.7**	**22.7**
OTHER COMPREHENSIVE INCOME ITEMS			
Cash flow hedges		–3.4	–2.2
Financial assets available for sale		0.1	0.1
Translation difference		0.0	0.0
Taxes applied to other comprehensive income items		0.9	0.5
Other comprehensive income items for the accounting period after taxes		–2.5	–1.6
COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD, TOTAL		**28.2**	**21.2**
Distribution of net profit for financial period			
To the owners of the parent company		30.6	22.6
To the shareholders without a controlling interest		0.1	0.1
		30.7	22.7
Distribution of comprehensive income			
To the owners of the parent company		28.1	21.0
To the shareholders without a controlling interest		0.1	0.1
		28.2	21.2
Profit per share calculated on the profit due to the owners of the parent enterprise			
Earnings per share, €		0.62	0.50
Average number of shares, million		49.14	45.27

Consolidated balance sheet, IFRS

MEUR	Note	31 Dec. 2010	31 Dec. 2009
ASSETS			
Non-current assets			
Investment Property	10	1,305.9	1,243.4
Tangible assets	11	1.0	1.3
Intangible assets	12	0.8	1.0
Holdings in joint ventures and associated companies	13	0.5	0.6
Financial assets available for sale	15	2.3	2.3
Receivables	16	7.0	6.0
Deferred tax receivables	17	22.2	19.5
		1,339.6	1,274.1
Current assets			
Inventories	18	107.1	95.7
Accounts receivable and other receivables	19	7.1	13.0
Tax credits based on the taxable income for the period		0.0	1.7
Cash and cash equivalents	20	18.0	33.4
		132.2	143.8
ASSETS, TOTAL		**1,471.8**	**1,418.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity due to the parent company's owners	21		
Share capital		4.4	4.4
Fair value reserve		−10.6	−8.2
Reserve fund		43.7	43.7
Other funds		44.9	9.3
Retained earnings		190.1	170.1
		272.5	219.4
Proportion of shareholders without a controlling interest		1.6	1.6
SHAREHOLDERS' EQUITY, TOTAL		274.2	221.0
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	17	70.3	66.6
Provisions	26	4.3	5.0
Interest-bearing debt	23	922.7	886.3
		997.3	957.9
Current liabilities			
Accounts payable and other liabilities	27	50.3	52.2
Income tax liabilities		4.8	1.8
Interest-bearing debt	23	145.2	185.1
		200.3	239.1
LIABILITIES, TOTAL		1,197.6	1,197.0
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**1,471.8**	**1,418.0**

Consolidated cash flow statement, IFRS

MEUR	Note	1 Jan.–31 Dec. 2010	1 Jan.–31 Dec. 2009
Cash flow from operating activities			
Net profit for financial year		30.7	22.7
Adjustments:			
Business activities not involving payment	30	19.3	20.4
Proceeds from sales of fixed assets		−11.4	−12.9
Interest expenses and other financing expenses		33.8	39.6
Interest income		−0.5	−0.9
Dividend income		−0.1	−0.1
Taxes		10.9	7.5
Cash flow before change in working capital		**82.7**	**76.3**
Change in working capital:			
Changes in accounts receivable and other receivables		6.0	−5.5
Change in inventories		−11.4	32.3
Change in accounts payable and other liabilities		−0.1	1.8
Change in reserves		−0.7	−1.2
Interest paid		−34.9	−43.5
Interest received		0.3	1.8
Taxes paid		−4.3	−5.7
Net cash flow from operating activities		**37.7**	**56.4**
Cash flow from investing activities			
Acquisition of subsidiaries less cash and cash equivalents at time of acquisition		−5.9	0.0
Sale of subsidiaries less cash and cash equivalents at time of sale		0.2	0.0
Investments in tangible assets		−68.4	−76.2
Investments in intangible assets		0.0	−0.4
Repayments of notes receivable		0.4	2.3
Loans granted		−1.1	−1.2
Sale of tangible assets		21.3	23.3
Net cash flow from investing activities		**−53.5**	**−52.0**
Cash flow from financing activities			
Proceeds from share issues		36.6	0.0
Repayments (–) / withdrawals (+) of short-term loans		−31.7	−41.1
Withdrawals of long-term loans		87.3	112.4
Repayments of long-term loans		−80.8	−78.3
Dividends paid		−10.9	−10.7
Net cash flow from financing activities		**0.4**	**−17.8**
Change in cash and cash equivalents		−15.4	−13.4
Cash and cash equivalents at the beginning of the period	20	33.4	46.8
Cash and cash equivalents at the end of the period	20	18.0	33.4

Statement of changes in Group's shareholders' equity, IFRS

Calculation of changes in Group's shareholders' equity 1 Jan.–31 Dec. 2010

	Shareholders' equity due to the parent company's owners						Shareholders without a controlling interest	Share-holders' equity, total
MEUR	Share capital	Revalua-tion fund	Reserve fund	Other funds	Retained profits	Total		
Shareholders' equity 1 Jan. 2010	4.4	−8.2	43.7	9.3	170.1	219.4	1.6	221.0
Comprehensive income for the accounting period, total		−2.5			30.6	28.1	0.1	28.2
Dividend payment					−10.9	−10.9		−10.9
Directed share issue				36.6		36.6		36.6
Acquisition of company shares				−1.0				
Other adjustments					0.4	0.4	−0.1	0.3
	0.0	−2.5	0.0	35.6	20.1	54.2	0.0	54.3
Shareholders' equity 31 Dec. 2010	4.4	−10.6	43.7	44.9	190.1	272.5	1.6	274.2

Calculation of changes in Group's shareholders' equity 1 Jan.–31 Dec. 2009

	Shareholders' equity due to the parent company's owners						Shareholders without a controlling interest	Share-holders' equity, total
MEUR	Share capital	Revalua-tion fund	Reserve fund	Other funds	Retained profits	Total		
Shareholders' equity 1 Jan. 2009	4.4	−6.6	43.7	3.2	158.1	202.8	1.5	204.3
Comprehensive income for the accounting period, total		−1.6		0.0	22.7	21.1	0.1	21.2
Dividend payment					−10.7	−10.7		−10.7
Directed share issue				6.2		6.2		6.2
Other adjustments								
	0.0	−1.6	0.0	6.2	12.0	16.6	0.1	16.7
Shareholders' equity 31 Dec. 2009	4.4	−8.2	43.7	9.3	170.1	219.4	1.6	221.0

Notes to the consolidated financial statements, IFRS

1. THE ACCOUNTING PRINCIPLES OF THE FINANCIAL STATEMENTS

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 31 January 2011. 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-supported 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 complies with the IFRS norms in force on 31 December 2010, 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 following updated standards had to be applied as of 1 January 2010:

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements; the updates of these standards will have an impact on the total of goodwill to be booked on potential future acquisitions, the items to be posted to the profit and loss account, the treatment of any additional purchase prices, and the bookkeeping treatment of changes in ownership. These updates have no effect on the consolidated financial statements at this time. In addition to those mentioned, in 2010 other changes in standards and IFRIC interpretations came into effect, but these have no impact 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 availabl e 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, debts and conditional debts 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 debts 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 debts, 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, debts, 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

Monetary assets and debts denominated in foreign currency are translated into euros at the year-end rate. Non-monetary assets and debts 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 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 economic advantages obtainable revealed by the assessment are figured in by adjusting the economic life and residual value of the goods.

An investment property is written off the balance sheet when it is handed over or when the investment property is permanently removed from use and no future economic use can be expected from the handover. The profits and losses 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 the result of the company'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 where the homes are freely on 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.

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 consist largely of computer software, which is subjected 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 not booked as an expense,
- 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 debts are classified in accordance with the IAS 39 standard in the following classes: financial assets and financial debts to be charged or credited to the profit and loss account at fair value, financial assets available for sale, loans and other receivables, and financial debts valued at the matched acquisition cost. 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

Financial assets and debts to be credited or charged to the profit and loss account at fair value

This group 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. The group's financial assets and debts are valued at fair value and profits and losses arising from changes in the fair value, both realised and unrealised, are booked in the profit and loss account for the period in which they arose.

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 the matched acquisition cost less any impairments. 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 selling

Financial assets available for selling are mostly stocks and shares. Investments made in listed securities are valued in the financial statements at the buying price based on quoted prices announced 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 selling are booked direct in other items in the broad result and stated in the value adjustment fund, 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 has 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 an 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 a currency 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

Financial debts 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 shown valued at the matched acquisition 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 currency period of the liability 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. In the future they will continue to be valued 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 cash flows related to them. 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 instruments in the sphere of hedge accounting are booked in the items of the broad results and stated in the value adjustment fund. 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 credited or charged in the financial items.

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.

Principles of income recognition

Principles of income recognition for sales of new homes

Sales of newly built homes are income-recognised in compliance with 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 of the property and for completed homes on the sale date.

Income from services

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

Lease agreements (SATO as lessor)

Rental income from Investment Properties is entered 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 debts 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 are not 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. In 2008, the calculation of benefit-based pension arrangements has been specified, and as a result of this the supplementary pension arrangements for the management have been treated as a benefit-based pension arrangement.

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 debts 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 the financial instruments valued through the profit and loss account from Investment Properties and for fair value.

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.

The application of new and updated IFRS norms

IASB has issued the following new standard, which the Group has not yet applied. It will be adopted on the date the standard comes into force or, of 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.

IFRS 9 *Financial Instruments* (effective as of 1.1.2013 or financial years beginning thereafter). IFRS 9 is part of a project by IASB to replace the standard IAS 39 Financial Instruments: Recognition and Measurement. The new standard will deal with the valuation of financial assets from the perspective of classification. Other IAS 39 guidelines for the valuation of impairments of financial assets and on hedge accounting are still in effect. IFRS 9 has not yet been passed for implementation within the EU. The impacts of the new standard will be assessed in the Group in future financial years.

No other issued changes in standards or interpretations are deemed to affect the Group's future financial statements.

2. INFORMATION FOR SEGMENTS

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 homes 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 earnings and expenses shown for the segments are the direct earnings and expenses due to the segments plus those earnings and expenses which are reasonably attributable to the segments. Within SATO, the segments' earnings and expenses are also taken to 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 debts 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.

INFORMATION FOR SEGMENTS 1 JAN.–31 DEC. 2010

MEUR	SATO business	VATRO business	Eliminations	SATO Group, total
External turnover	158.8	34.1		192.9
Internal turnover	0.0	0.0	0.0	0.0
Turnover, total	158.8	34.1	0.0	192.9
Profits/losses from divestments of Investment Properties	7.3	4.1		11.4
Depreciation,amortizations and impairment charges	−15.4	−4.0	0.0	−19.4
Operating profit	62.7	12.0	0.0	74.7
Interest income	0.6	0.0		0.6
Interest expenses	−28.3	−5.4		−33.7
Profit before taxes	35.0	6.6	0.0	41.6
Net rental income on the housing portfolio	85.5	15.1		100.6
Net rental income of rented homes, % of book value	8.3 %	7.0 %		7.9 %
Investments	104.3	0.0		104.3
Acquisition of land for inventory	14.5			14.5
Depreciation and amortization	−15.4	−4.0		−19.4
Impairment charges	0.0			0.0
Assets and eliminations allocated to segments, total	1,238.6	226.7	−15.7	1,449.6
Investment Properties	1,098.1	207.8		1,305.9
Cash and cash equivalents	16.2	1.8		18.0
Other assets of the segment	124.1	16.8	−15.7	125.2
Holding in joint venture and associated companies	0.2	0.3		0.5
Unallocated assets				22.2
Assets, total				1,471.8
Liabilities and eliminations allocated to segments, total	935.3	207.7	−15.7	1,127.3
Interest-bearing debt	867.2	200.7		1,067.9
Other liabilities of segment	68.1	7.0	−15.7	59.4
Unallocated liabilities			0.0	70.3
Liabilities, total				1,197.6

INFORMATION FOR SEGMENTS 1 JAN.–31 DEC. 2009

MEUR	SATO business	VATRO business	Eliminations	SATO Group, total
External turnover	192.6	37.8		230.4
Internal turnover	0.0	0.0	0.0	0.0
Turnover, total	192.6	37.8	0.0	230.4
Profits/losses from divestments of Investment Properties	11.7	1.2		12.9
Depreciation,amortizations and impairment charges	−13.7	−4.8	0.0	−18.5
Operating profit	56.8	14.0	0.0	70.8
Interest income	0.8	0.1		0.9
Interest expenses	−31.7	−9.8		−41.5
Profit before taxes	25.9	4.3	0.0	30.2
Net rental income on the housing portfolio	72.3	21.0		93.3
Net rental income of rented homes, % of book value	7.8 %	8.6 %		8.0 %
Investments	110.3	1.9		112.2
Acquisition of land for inventory	7.2			7.2
Depreciation and amortization	−13.7	−4.8		−18.5
Impairment charges	0.0			0.0
Assets and eliminations allocated to segments, total	1,147.4	241.7		1,389.1
Investment Properties	1,005.5	237.9		1,243.4
Cash and cash equivalents	23.5	2.2		25.7
Other assets of the segment	118.1	1.3	0.0	119.4
Holding in joint venture and associated companies	0.2	0.3		0.5
Unallocated assets				28.9
Assets, total				1,418.0
Liabilities and eliminations allocated to segments, total	898.3	232.1		1,130.4
Interest-bearing debt	844.4	227.1		1,071.5
Other liabilities of segment	53.9	5.0	0.0	58.9
Unallocated liabilities			0.0	66.6
Liabilities, total				1,197.0

MEUR	2010	2009
3. DISTRIBUTION OF TURNOVER		
Revenue from sales of owner-occupied housing	8.6	56.5
Rental income	180.1	168.6
Other income	4.2	5.3
Total	**192.9**	**230.4**
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	12.0	13.0
Losses from divestments of Investment Properties	–0.6	–0.1
Total	**11.4**	**12.9**
Other income from business operations	0.0	0.6
Total	**0.0**	**0.6**
Other expenses of business operations		
Direct maintenance expenses of Investment Properties generating rental income	54.6	51.8
Rental expenses	27.0	26.5
Other fixed expenses	6.3	5.2
Other expenses of business operations	0.8	0.4
Total	**88.7**	**84.0**
Auditors fee		
Audit	0.2	0.2
Tax advice	0.0	0.0
Other services	0.0	0.0
	0.3	**0.3**
5. PERSONNEL EXPENSES		
Salaries and wages	8.2	7.5
Pension expenses – contribution-based arrangements	1.2	1.9
Pension expenses – benefit-based arrangements	0.2	0.1
Other personnel expenses	0.2	0.4
Total	**9.9**	**9.8**

Management perquisites are set out in note 32, Related Party Events.

AVERAGE NUMBER OF GROUP PERSONNEL DURING THE FINANCIAL YEAR		
Total	129	141

6. DEPRECIATION, AMORTIZATIONS AND IMPAIRMENT CHARGES		
Depreciation by asset class:		
Investment Properties	18.7	17.7
Tangible assets	0.4	0.5
Intangible assets	0.4	0.3
Total	**19.4**	**18.5**
Impairments:		
Investment Properties	0.0	0.0
Total	**0.0**	**0.0**

MEUR	2010	2009
7. FINANCIAL INCOME AND EXPENSES		
Financial income		
On loans and other receivables	0.5	0.8
Dividend income		
Dividend income on available-for-sale investments	0.1	0.1
Financial income, total	**0.6**	**0.9**
Financial expenses		
Interest expenses on financial liabilities at amortized cost and interest rate derivatives, non hedge accounted	–24.9	–30.5
Interest rate derivatives, hedge accounted	–8.9	–9.1
Changes in fair values of financial liabilities at fair value through income statement		
Changes in fair value of non hedge accounted interest rate derivatives	0.2	–1.9
Financial expenses, total	**–33.7**	**–41.5**
Financial income and expenses, total	**–33.1**	**–40.6**
8. INCOME TAXES		
The profit and loss account tax expense is distributed as follows:		
Tax based on the taxable income for the period	9.0	5.7
Taxes of previous years	0.0	0.0
Deferred taxes, net	1.9	1.8
Total	**10.9**	**7.5**

Reconciliation calculation based on the domestic corporate tax rate (26%) for the tax expense of the consolidated profit and loss account for the SATO Group's parent company.

Profit before taxes	41.6	30.2
Taxes calculated on the parent company's tax rate	10.8	7.9
Non-tax-deductible expenses	0.6	1.4
Non-taxable income	–0.2	–1.2
Application of previously unbooked taxation losses	–0.5	–0.5
Tax from previous financial years	0.0	0.0
Other differences	0.2	
Adjustments, total	**0.1**	**–0.4**
Taxes in profit and loss account	**10.9**	**7.5**

MEUR	2010	2009

9. 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 share issued decided on at the annual general meeting of 4 March ended on 20 April 2010. The shares offered in the issue were subscribed 99.3 per cent, in number 5,629,153 shares and with a value of 36,589,494.50 euros. The number of SATO shares as at 19 October 2010 was 51,001,842. In the merger of Habinvest Oy on 30 November 2010, SATO acquired 160,000 of its own shares.

	2010	2009
Profit for financial year for distribution to the owners of the parent company (MEUR)	30.6	22.6
Weighted average number of shares during the financial year (millions)	49.1	45.3
Earnings per share (€)	**0.62**	**0.50**

10. INVESTMENT PROPERTIES

	2010	2009
Acquisition cost, 1 Jan.	1,341.8	1,244.2
Additions; new properties	98.6	107.4
Additions; additional investments	5.7	4.6
Decreases	–23.6	–15.6
Reclassifications	0.6	1.2
Acquisition cost, total	1,423.0	1,341.8
Accumulated depreciation and write-downs, 1 Jan.	–98.4	–80.7
Depreciation	–18.7	–17.7
Impairment losses	0.0	0.0
Accumulated depreciation and write-downs, total	–117.1	–98.4
Book value	1,305.9	1,243.4
Fair value	1,657.3	1,503.0
Difference between fair and book value	351.4	259.6
Change in difference in value	91.8	61.8

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.

	2010	2009
Rental income on Investment Properties	180.1	168.6

The Group's lease agreements are leases on housing and they are mostly valid indefinitely. Roughly 6,600 new leases are drawn up per year. The turnover in the Group's rental housing portfolio in 2010 was 29.0% and in 2009 it was 31.5%, with the average validity for leases being 2.9 years in 2010 and 3.2 years in 2009.

11. TANGIBLE ASSETS

2010	Machinery and equipment	Other tangible assets	Total
MEUR			
Acquisition cost, 1 Jan.	2.6	0.1	2.7
Increases	0.2	0.0	0.2
Decreases	–0.1	0.0	–0.1
Reclassifications	–0.1		–0.1
Acquisition cost, 31 Dec.	2.6	0.1	2.8
Accumulated depreciation and write-downs, 1 Jan.	1.4	0.0	1.4
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.	1.8	0.0	1.8
Book value, 1 Jan. 2010	**1.2**	**0.0**	**1.3**
Book value, 31 Dec. 2010	**0.8**	**0.1**	**1.0**

2009	Machinery and equipment	Other tangible assets	Total
MEUR			
Acquisition cost, 1 Jan.	3.1	0.1	3.2
Increases	0.1	0.0	0.1
Decreases	–0.4	0.0	–0.4
Reclassifications	–0.1		–0.1
Acquisition cost, 31 Dec.	2.6	0.1	2.7
Accumulated depreciation and write-downs, 1 Jan.	1.3	0.0	1.3
Accumulated depreciation on transfers	–0.4	0.0	–0.4
Depreciation for the period	0.4	0.0	0.5
Accumulated depreciation and write-downs, 31 Dec.	1.4	0.0	1.4
Book value, 1 Jan. 2009	**1.7**	**0.0**	**1.8**
Book value, 31 Dec. 2009	**1.2**	**0.0**	**1.3**

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

	Machinery and equipment 2010	Machinery and equipment 2009
MEUR		
Acquisition cost, 1 Jan.	1.0	1.5
Increases	0.0	0.0
Decreases	–0.1	–0.4
Acquisition cost, 31 Dec.	0.9	1.0
Accumulated depreciation and write-downs, 1 Jan.	0.3	0.5
Depreciation for the period	0.2	0.2
Accumulated depreciation on decreases	0.0	–0.4
Accumulated depreciation, 31 Dec.	0.5	0.3
Book value, 31 Dec.	0.4	0.7

12. INTANGIBLE ASSETS

2010	Intangible rights	Other intangible assets	Total
MEUR			
Acquisition cost, 1 Jan.	0.3	2.1	2.4
Increases	0.0	0.2	0.2
Reclassifications	0.0	0.0	0.0
Acquisition cost, 31 Dec.	0.3	2.3	2.6
Accumulated depreciation and write-downs, 1 Jan.	0.3	1.1	1.4
Accumulated depreciation on transfers	0.0	0.0	0.0
Depreciation for the period		0.4	0.4
Accumulated depreciation and write-downs, 31 Dec.	0.3	1.5	1.8
Book value, 1 Jan. 2010	**0.0**	**1.0**	**1.0**
Book value, 31 Dec. 2010	**0.0**	**0.8**	**0.8**

2009	Intangible rights	Other intangible assets	Total
MEUR			
Acquisition cost, 1 Jan.	0.7	2.0	2.7
Increases	0.0	0.1	0.1
Reclassifications	–0.4	0.0	–0.4
Acquisition cost, 31 Dec.	0.3	2.1	2.4
Accumulated depreciation and write-downs, 1 Jan.	0.7	0.8	1.5
Accumulated depreciation on transfers	–0.4	0.0	–0.4
Depreciation for the period		0.3	0.3
Accumulated depreciation and write-downs, 31 Dec.	0.3	1.1	1.4
Book value, 1 Jan. 2009	**0.0**	**1.2**	**1.2**
Book value, 31 Dec. 2009	**0.0**	**1.0**	**1.0**

MEUR	2010	2009
13.HOLDING IN JOINT VENTURES AND ASSOCIATED COMPANIES		
Acquisition cost, 1 Jan.	0.5	0.5
Increases	0.0	0.0
Decreases	0.0	0.0
Reclassifications	–0.1	0.0
Acquisition cost, 31 Dec.	0.4	0.5
Adjustments to shares in equity, 1 Jan.	0.1	0.1
Share of net profit for the financial year	0.0	0.1
Reclassifications	0.0	0.0
Dividends received	–0.1	–0.1
At year-end	**0.5**	**0.6**

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

2010	Domicile	Assets	Debts	Turnover	Profit/loss	Holding (%)
Suomen Asumisoikeus Oy *)	Helsinki	1,188.8	1,015.1	117.6	0.1	50.0
K Oy Färminahde	Nokia	0.5	0.4	0.2	0.0	40.7
K Oy Nurmijärven Jukolanmäki	Nurmijärvi	0.4	0.1	0.1	0.0	40.0
K Oy Salpalohi	Kerava	0.9	0.7	0.2	0.0	33.3
Piipunjuuri Oy	Oulu	0.1	0.1	0.5	0.0	50.0
SV-Asunnot Oy	Helsinki	0.3	0.3	0.0	0.0	50.0

2009	Domicile	Assets	Debts	Turnover	Profit/loss	Holding (%)
Suomen Asumisoikeus Oy *)	Helsinki	1,200.0	1,027.6	116.0	2.0	50.0
K Oy Färminahde	Nokia	0.6	0.5	0.2	0.0	40.7
K Oy Ummelo	Oulu	0.5	0.1	0.3	0.0	49.0
K Oy Nurmijärven Jukolanmäki	Nurmijärvi	0.4	0.1	0.1	0.0	40.0
K Oy Salpalohi	Kerava	0.8	0.8	0.2	0.0	33.3
Piipunjuuri Oy	Oulu	0.1	1.0	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).

14. BOOK VALUES OF FINANCIAL ASSETS AND DEBTS BY VALUATION GROUP

2010	Note	Derivatives subject to hedge accounting	Derivatives not subject to hedge accounting	Loans and other receivables	Financial assets available for selling	Debts to book at matched acquisition cost	Book values of balance sheet items
MEUR							
Non-current financial assets							
Stocks and shares	15				2.3		**2.3**
Notes receivable	16			7.0			**7.0**
Current financial assets							
Accounts receivable	19			5.8			**5.8**
Notes receivable	19			0.2			**0.2**
Derivative receivables	24						**0.0**
Cash and cash equivalents	20			18.0			**18.0**
Non-current financial debts							
Loans from financial institutions	23					922.7	**922.7**
Current financial debts							
Loans from financial institutions	23					145.2	**145.2**
Derivative debts	24	15.0	5.6				**20.6**
Accounts payable	27					5.2	**5.2**

2009	Note	Derivatives subject to hedge accounting	Derivatives not subject to hedge accounting	Loans and other receivables	Financial assets available for selling	Debts to book at matched acquisition cost	Book values of balance sheet items
MEUR							
Non-current financial assets							
Stocks and shares	15				2.3		**2.3**
Notes receivable	16			6.0			**6.0**
Current financial assets							
Accounts receivable	19			8.4			**8.4**
Notes receivable	19			0.3			**0.3**
Derivative receivables	24						**0.0**
Cash and cash equivalents	20			33.4			**33.4**
Non-current financial debts							
Loans from financial institutions	23					886.3	**886.3**
Current financial debts							
Loans from financial institutions	23					185.2	**185.2**
Derivative debts	24	11.5	5.8				**17.3**
Accounts payable	27					3.0	**3.0**

Loans from financial institutions had a total book value of MEUR 1,067.9 (MEUR 1,071.5 in 2009). The balance sheet value of market-based loans and pension loans was MEUR 655.3 (in 2009 MEUR 665.8) and the fair value was MEUR 656.5 (in 2009 MEUR 666.3). The weighted average effective interest rate for long-term market-based loans as at 31 December 2010 was 1.80%. The book value of other loans was MEUR 412.6 (MEUR 405.7 in 2009). No fair value has been given 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. The maturities of state-subsidised ARAVA loans and interest-subsidised loans are very long, so it is difficult to set a reliable benchmark interest rate. Most of the state-subsidised loans are maturing in the period 2022–2047. The fair value of all the other financial assets and debts is estimated to be equal to their book value.

More detailed information on derivatives is given in note 24. There were no postings of financial assets available for selling in the profit and loss account during the year. Changes in the fair value are booked in items of the broad profit and given in the value adjustment fund with the effect of tax figured in.

MEUR	2010	2009

15. FINANCIAL ASSETS AVAILABLE FOR SELLING

Shares	0.6	0.5
Other holdings	1.7	1.8
Financial assets available for selling, total	**2.3**	**2.3**

Shares include quoted shares, which are valued at the closing price on the date of closing the books. Other holdings include unlisted shares, which are valued at the acquisition cost as it was not possible reliably to determine their fair value.

16. NON-CURRENT RECEIVABLES

Loan receivable	6.9	6.0
Other receivables	0.1	0.0
Total	**7.0**	**6.0**

The receivables are principally receivables from housing companies.They have been valued at the acquisition cost in the financial statements and their fair value is estimated to be equal to their book value.

17. DEFERRED TAX CREDITS AND LIABILITIES

Changes in deferred taxes during 2010:	1 Jan. 2010	Recognized in profit and loss account	Recognized in other items of comprehensive income	Subsidiaries acquired/sold	31 Dec. 2010
MEUR					
Deferred tax credits:					
Valuation of financial instruments at fair value	4.5	0.0	0.9		5.3
From matching difference and interim differences	12.8	1.9			14.7
From intra-Group margins	2.2	0.0			2.2
Total	**19.5**	**1.8**	**0.9**	**0.0**	**22.2**
Deferred tax liability:					
Valuation of financial instruments at fair value	0.0		0.0		0.0
From appropriations and depreciation differences	60.1	3.7		0.0	63.8
From matching differences and interim differences	3.7	0.1			3.8
From applied acquisition costs	2.9	-0.1			2.8
Total	**66.6**	**3.7**	**0.0**	**0.0**	**70.3**

Changes in deferred taxes during 2009:	1 Jan. 2009	Recognized in profit and loss account	Recognized in other items of comprehensive income	Subsidiaries acquired/sold	31 Dec. 2009
MEUR					
Deferred tax credits:					
Valuation of financial instruments at fair value	3.4	0.5	0.6		4.5
From matching differences and interim differences	12.3	0.5			12.8
From intra-Group margins	2.3	-0.1			2.2
Total	**18.0**	**0.9**	**0.6**	**0.0**	**19.5**
Deferred tax liability:					
Valuation of financial instruments at fair value	0.0		0.0		0.0
From appropriations and depreciation differences	56.9	2.6		0.6	60.1
From matching differences and interim differences	3.3	0.4			3.7
From applied acquisition costs	3.1	-0.3			2.9
Total	**63.3**	**2.7**	**0.0**	**0.6**	**66.6**

MEUR	2010	2009
18. INVENTORIES		
Housing under construction	19.4	0.6
Completed housing units and commercial space	5.9	9.9
Land areas and land area companies	76.7	78.3
Other inventories	5.0	7.0
Total	**107.1**	**95.7**
19. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES		
Accounts receivable	5.8	8.4
Accrued assets	0.9	3.2
Notes receivable	0.2	0.3
Other receivables	0.3	1.1
Total	**7.1**	**13.0**
Itemisation of accrued assets		
Rental business	0.2	1.8
Construction commissioning	0.1	1.0
Interest	0.4	0.0
Other accrued assets	0.2	0.4
Total	**0.9**	**3.2**

The balance sheet values correspond best to the amount of money which is the maximum amount of the credit risk notwithstanding the fair value of the securities in a case in which the other contractual parties are unable to meet their obligations in respect of financial instruments. 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.

20. CASH AND CASH EQUIVALENTS

	2010	2009
Cash and bank balances	15.5	18.0
Certificates of deposit, deposits	2.5	15.5
Cash and cash equivalents on balance sheet	18.0	33.4

The non-profit companies' cash assets are kept separately from those of companies not subject to non-profit. The non-profit companies' cash assets in 2010 were MEUR 15.7 and in 2009 MEUR 21.4.

21. NOTES ON SHAREHOLDERS' EQUITY

Precision calculation of the number of shares:	Number of shares (1,000)	Share capital, MEUR	Reserve fund, MEUR	Invested distributable equity fund	Total, MEUR
1 Jan. 2009	44,422	4.4	43.7	3.2	51.3
Rights issue	951	0.0	0.0	6.2	6.2
31 Dec. 2009	45,373	4.4	43.7	9.3	57.4
1 Jan. 2010	45,373	4.4	43.7	9.3	57.4
Rights issue	5,629	0.0	0.0	36.6	36.6
Non-payment issue	–160	0.0	0.0	–1.0	–1.0
31 Dec. 2010	50,842	4.4	43.7	44.9	94.0

Description of shareholders' equity funds:

Shares
The share issue decided on at the annual general meeting of 4 March ended on 20 April 2010. Of the shares offered in the issue, 99.3 per cent were subscribed, amounting to 5,629,153 shares with a value of 36,589,494.50 euros. The total number of SATO shares as at 19 October 2010 was 51,001,842. Following the merger of Hab-invest Oy on 30 November 2010, SATO acquired 160,000 of its own shares.

Reserve fund
The reserve fund includes a share premium account.

Value adjustment fund
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 2010, the Board of Directors has proposed paying dividend in the amount of 0.35 euros per share.

Restrictions concerning the Group's shareholders' equity
The Group's retained profits in 2010, MEUR 190.1 (in 2009 MEUR 170.1) include a total of MEUR 48.5 (in 2009 MEUR 36.3) 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 in all situations, regardless of volatility in the sector. SATO's targeted equity ratio net of VATRO Housing is at least 25 per cent. Equity ratio may temporarily dip below this target due to significant investments. The actual equity ratio net of VATRO Housing as at 31 December 2010 is 32.3 per cent.

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

Some of the company's financial debts applies to the capital structure and special terms related to profitability. During the 2010 financial year, the company's capital structure and profitability met the terms set.

22. PENSION COMMITMENTS

MEUR	2010	2009
Benefit-based pension liability on the balance sheet		
Current value of unfunded liabilities	0.0	0.0
Current value of funded liabilities	1.5	1.2
Fair value of assets	–1.1	–1.1
Below/above margin	0.3	0.1
Unbooked profits (+) / losses (-) based on insurance calculation	–0.4	–0.2
Unbooked expenditure based on backdated work done	0.0	0.0
Net debt	–0.1	0.0
Amounts on balance sheet:		
Debts	0.0	0.0
Receivable	0.1	0.0
Net debt	0.1	0.0
Benefit-based pension expenditure of profit and loss account		
Expenditure based on work done during period	0.2	0.4
Interest expenditure	0.1	0.1
Expected income of assets in arrangements	–0.1	–0.1
Profits (+) / losses (–) based on insurance calculation	0.0	0.0
Effect of fulfilling the obligation	0.0	0.0
Profits/losses of reduction in arrangements	0.0	0.0
Total	0.2	0.4
Income of assets in arrangements	–0.2	0.1
Changes in current value of liability shown on balance sheet		
Liability 1 Jan.	1.2	0.9
Expenditure due to work done	0.2	0.4
Interest expenditure	0.1	0.1
Profits (+) / losses (–) based on insurance calculation	0.0	0.1
Profits (–) / losses (+) of reduction in arrangements	0.0	0.0
Benefits paid	0.0	0.0
Fulfilment of obligations	0.0	–0.2
Liability 31 Dec.	1.5	1.2
Changes in fair values of assets included in arrangements		
Fair values 1 Jan.	1.1	1.0
Expected income of assets	0.1	0.1
Profits (+) / losses (–) based on insurance calculation	–0.2	–0.1
Employer's remittances in arrangements	0.3	0.3
Fulfilment of obligations	0.0	–0.1
Fair values 31 Dec.	1.1	1.1
Amount the Group expects to remit to benefit-based arrangements in period 2011/2010	0.3	0.3
No division of the assets in the arrangement by property groupings is available.		
Assumptions used in insurance calculation		
Discount interest	4.00%	4.50%
Expected income of assets in arrangements	3.57%	4.75%
Assumed future salary increase	3.50%	4.00%

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

Five-year time series	2010	2009	2008	2007	2006
Current value of liabilities	1.5	1.2	0.9	0.7	0.6
Fair value of assets in arrangements	–1.2	–1.1	–1.0	–0.8	–0.7
Below (–) / above margin (+)	0.3	0.1	–0.1	–0.2	–0.1
Experience-based revisions of assets included in arrangements	0.0	0.0	0.0	0.0	0.0
Experience-based revisions of debts included in arrangements	0.0	0.0	0.0	0.0	0.0

23. FINANCIAL LIABILITIES

MEUR	2010	2009
Non-current		
Market-based loans	490.9	465.0
Pension insurance loans	35.4	39.0
Interest-subsidised loans	98.0	92.5
State-subsidised loans	179.3	199.9
Contingent liabilities due to shares in housing companies and mutual building management companies	119.0	89.5
Financial leasing liabilities	0.1	0.4
Total	922.7	886.3
Current		
Market-based loans	124.9	157.4
Pension insurance loans	3.6	3.7
Interest-subsidised loans	0.6	4.9
State-subsidised loans	12.4	12.2
Contingent liabilities due to shares in housing companies and mutual building management companies	3.4	6.7
Financial leasing liabilities	0.3	0.3
Total	145.2	185.2

The amount of cash flow hedging entered in shareholders' equity during the period is shown in the calculation of changes in shareholders' equity. Cash flows of instalments and interest based on loan agreements are shown in note 28 to the financial statements, Management of Financial Risks.

Financial leasing liabilities		
Total of minimum rents		
During one year	0.3	0.3
Longer than one year and within a maximum of five years	0.1	0.4
In more than five years		
Total	0.5	0.7
Current value of minimum rents		
During one year	0.3	0.3
Longer than one year and within a maximum of five years	0.1	0.4
In more than five years		
Total	0.4	0.7
Financial expenses accruing in the future	0.0	0.0
Total amount of financial leasing liabilities	0.5	0.7

24. DERIVATIVES

The following table gives information on the derivatives presented in note 14 to the financial statements:

		< 1 year	1–3 years	> 3 years	Total
Derivative instruments specified for hedging cash flow in 2010					
Interest-rate swaps	Nominal value		65.0	276.3	341.3
Currency forward rate agreements	Nominal value	2.6	2.5		5.1
Positive	Fair value			0.3	0.3
Negative	Fair value	–0.1	–3.3	–11.9	–15.3
Total		–0.1	–3.3	–11.6	–15.0
Derivative instruments without hedge accounting in 2010					
Interest-rate swaps	Nominal value			20.0	20.0
Interest-rate options	Nominal value		90.0		90.0
Currency forward rate agreements	Nominal value	1.9			1.9
Positive	Fair value				
Negative	Fair value	–0.1	–3.8	–1.7	–5.6
Total		–0.1	–3.8	–1.7	–5.6

		< 1 year	1–3 years	> 3 years	Total
Derivative instruments specified for hedging cash flow in 2009					
Interest-rate swaps	Nominal value	66.4	75.0	220.4	361.8
Positive	Fair value			0.1	0.1
Negative	Fair value	–0.3	–3.6	–7.7	–11.6
Total		–0.3	–3.6	–7.6	–11.5
Derivative instruments without hedge accounting in 2009					
Interest-rate swaps	Nominal value	60.8		20.0	80.8
Interest-rate options	Nominal value		90.0		90.0
Positive	Fair value				
Negative	Fair value	–0.1	–4.4	–1.3	–5.8
Total		–0.1	–4.4	–1.3	–5.8

Of the derivatives specified for hedging cash flow in 2010, MEUR –2.5 (–1.5) was booked in the value adjustment fund. The derivatives include contracts which cannot, owing to their nature, be defined as hedging of a market-based interest rate position. At year-end, MEUR 431.3 (415.4) of the principal of market-rate loans was hedged, which is the equivalent of 72 (68) per cent of the market-rate interest position. Currency forward rate agreements are used to hedge the risks arising from changes in currency rates for binding purchase contracts denominated in foreign currency.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS 2010

	Fair values quoted on operational markets	Fair values based on verifiable input data	Fair values based on unverified input data
Financial assets and debts charged or credited at fair value		–5.6	
Financial assets for sale	0.6		1.7
Derivatives assigned to hedging of cash flow		–15.0	
Total	**0.6**	**–20.6**	**1.7**

Fair values of financial instruments 2009	Fair values quoted on operational markets	Fair values based on verifiable input data	Fair values based on unverified input data
Financial assets and debts charged or credited at fair value		–5.8	
Financial assets for sale	0.5		1.8
Derivatives assigned to hedging of cash flow		–11.5	
Total	**0.5**	**–17.3**	**1.8**

The financial assets based on unverified input data are unquoted shares valued at the historical acquisition cost.

26. UNTAXED RESERVES

MEUR	Refund claim expense reserve	Other reserves	Reserves, total
1 Jan. 2010	4.7	0.3	5.0
Increases in reserves	0.6	0.0	0.6
Reserves disbursed	–0.9	0.0	–0.9
Cancellations of unused reserves	–0.4		–0.4
31 Dec. 2010	**4.0**	**0.3**	**4.3**

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 3 years.

27. ACCOUNTS PAYABLE AND OTHER DEBTS

MEUR	2010	2009
Advances received	10.2	8.6
Accounts payable	5.2	3.0
Other debts	0.7	0.3
Deferred liabilities	34.3	40.2
Accounts payable and other debts, total	**50.3**	**52.2**
Critical items of deferred liabilities		
Wages and salaries with employee benefits	2.8	1.5
Interest	10.3	4.8
Hedge accounting	15.0	19.1
Construction commissioning	1.6	6.8
Rental business	3.7	7.2
Others	0.9	0.8
	34.3	40.2

28. MANAGEMENT OF FINANCIAL RISKS

The goal of SATO's finance policy is to protect the company from unfavorable changes occurring in the financial market. In 2008 the Board of Directors approved SATO's finance policy, which sets out the main principles of managing finance and financial risks. SATO's Group finance attends to the management of financial risks in accordance with the Group's finance policy. Group finance 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 aim of interest rate risk management is to reduce the impact of changes in market rates on interest expenses in such a way that the risk of a rise in interest expenses is on an acceptable level and liquidity is secured. The most crucial risk to the loan portfolio is interest rate risk, which is due to the effect of fluctuations in market interest rates. In interest rate risk management, the aim is to achieve a balance between floating and fixed rates. Interest rate risk mostly results from financial debts, which include market based loans, interest subsidised loans and state subsidized loans. The main interest rate risk involves market-based loans, but the interest rate risk on other types of financial debts is also monitored.

Market-based loans are basically drawn at floating rates. In accordance with the financial policy, 50–80% of the nominal value of loans is hedged, i.e., their interest-rate fixing period is extended. On 31 December 2010, 72% of the nominal value of these loans was hedged with derivatives, their average maturing being 3.59 years. Part of the interest rate derivatives are treated as cash flow hedging in the accounting. The longest of the hedges on floating-rate loans extend until 2017. The hedges on cash flow include no ineffective part, because 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. 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 rate loans. The deductible rate at the end of 2010 was 2.75–3.5%. A large part of the interest-subsidised loans is tied to long reference rates. The interest risk on interest-subsidised loans is very small due to the interest subsidy and long reference rates. In accordance with the finance policy, SATO does not apply hedging to interest-subsidised loans. In 2009 and 2010, the base deductible rate on interest-subsidised loans of the so-called interim model is 3.40%.

In operations financed with state subsidies, absorption costbased 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. 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 sudden increase in interest, which would be difficult to transfer in its entirety to rents without delay. Another risk is an increase in state subsidized interest rates based on inflation to a level higher than Euribor rates. In accordance with the finance policy, SATO does not apply hedging to state-subsidised ARAVA loans.

Currency risk

In 2007, SATO started Investment in Housing business in Russian St. Petersburg. The first homes were completed for rental purposes in October 2008. SATO's main currency risks have been rouble-denominated commitments related to the investments. Currency risks of binding purchase contracts are hedged with forward rate agreements. On 31 December 2010, SATO had MEUR 7.1 in rouble-denominated commitments related to the investments. As rental business is still in the early stages, no very probable foreign currency denominated cash flows related to operational business constitute a significant currency risk. Neither will the consolidation of the foreign subsidiary's currency denominated shareholders' equity have significant effects on the Group's consolidated equity and 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

Credit risk is caused by the inability of a contractual party to fulfil his obligations.

SATO's accounts receivable consist mainly of accounts receivable from construction commissioning. For the most part there is no credit risk from accounts receivable from construction commissioning, 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 23,000 tenants, so the risk entailed in a single rent receivable is insignificant. Most lease agreements have security for the rent receivable. SATO's actual credit losses have averaged the equivalent of 0.4% of rental income.

In addition, derivative instruments involve a counterparty risk, which is reduced by spreading derivative instruments 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 actual basic business is a steady foundation on which the cash flows of investments and financing are built. Liquidity is managed with the commercial paper programme used by the Group, MEUR 100, committed credit limits, MEUR 150 and non-committed credit limits, MEUR 5. On 31 December 2010, the commercial paper issued amounted to EUR 88.2 million (31.12.2009: EUR 95.4 million) and the credits raised on short-term credit limits were EUR 10 million (31.12.2009: EUR 35 million). 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 analyses (interest rate risk)

The following assumptions were used in the sensitivity analysis:

- the interest rate change is assumed to be +1%/-0.5%
- loans are denominated in EUR
- the assumed change in the exchange rate is +/-10%

Sensitivity analysis of market-rate floating interest loans 2010	Profit and loss account		Shareholders' equity	
	+1%	−0.5%	+1%	−0.5%
Floating rate loans	−5.0	2.5		
Interest rate swaps	3.9	−1.9	9.6	−4.8
Interest rate options	1.8	−0.9		
Effect, total	**0.7**	**−0.3**	**9.6**	**−4.8**

Currency derivative sensitivity analysis 2010	Profit and loss account		Shareholders' equity	
	+10%	−10%	+10%	−10%
Currency forward rates	0.2	−0.2	0.4	−0.4
Effect, total	**0.2**	**−0.2**	**0.4**	**−0.4**

Sensitivity analysis of market-rate floating interest loans 2009	Profit and loss account		Shareholders' equity	
	+1%	−0.5%	+1%	−0.5%
Floating rate loans	−4.6	2.3		
Interest rate swaps	4.0	−2.0	10.4	−5.4
Interest rate options	1.8	−0.9		
Effect, total	**1.2**	**−0.6**	**10.4**	**−5.4**

Market-rate loans are basically drawn at floating rates. The company hedges against market-based loan interest rate risk by selecting interest periods and with derivative instruments such as interest rate swaps.

The sensitivity of interest-subsidised loans to changes in market rates is slight. The average interest-rate subsidy for interest-subsidised loans for the part in excess of the deductible rate was 35.2% at balance sheet date. The deductible rate on interest-subsidised loans at balance sheet date was 2.75%–3.50%. Approximately 2/3 of the interest-subsidised loans are pegged to long-term, from 3- to 10-year reference rates. During the period under review, the base deductible rate on interest-subsidised loans of the so-called interim model is 3.40%. For the portion in excess of the deductible rate, 75% is paid in interest subsidy.

The interest on state-subsidised ARAVA loans is pegged to changes in Finnish consumer prices. The interest on state-subsidised ARAVA loans is updated annually on the basis of the change in the consumer price index for July. The new interest rate on statesubsidised ARAVA loans affects the interest rates for SATO's state subsidised loans only more than six months later. Therefore, as at the date of closing the books, the sensitivity of SATO's state-subsidised ARAVA loans to changes in the consumer price index for the next 12 months is nonexistent. Some of the state-subsidised ARAVA loans also have an interest rate cap based on the three-year average for interest on Finnish state bonds, therefore the sensitivity of the loans to a change in the consumer price index for the next 12 months is marginal also in other periods under examination.

Analysis of maturity

The instalments on debts and the cash flows of interest based on loan agreements were as follows on 31 Dec. 2010:

MEUR	In 1 year	In 2–5 years	In 6–10 years	In 10–15 years	After 15 years	Total
Market-based loans	–156.3	–182.1	–203.9	–101.3	–93.4	–737.0
Interest-subsidised loans	–3.2	–36.1	–70.5	–7.4		–117.2
State-subsidised ARAVA loans	–17.2	–65.3	–66.5	–47.0	–47.8	–243.8
Accounts payable	–5.2					–5.2
	–181.9	–283.5	–340.9	–155.7	–141.2	–1,103.2
Interest rate swaps	–8.2	–10.0	0.3			–17.9
Interest rate options	–2.1	–1.6				–3.7
	–10.3	–11.6	0.3	0.0	0.0	–21.6
Total	**–192.2**	**–295.1**	**–340.6**	**–155.7**	**–1,41.2**	**–1,124.8**

The instalments on debts and the cash flows of interest based on loan agreements were as follows on 31 Dec. 2009:

MEUR	In 1 year	In 2–5 years	In 6–10 years	In 10–15 years	After 15 years	Total
Market-based loans	–175.7	–165.1	–166.7	–132.0	–115.5	–755.0
Interest-subsidised loans	–7.5	–31.8	–57.9	–20.9	0.0	–118.1
State-subsidised ARAVA loans	–18.2	–68.8	–69.8	–45.5	–44.8	–247.1
Accounts payable	–3.0	0.0	0.0	0.0	0.0	–3.0
	–204.4	–265.7	–294.4	–198.4	–160.3	–1,123.2
Interest rate swaps	–8.8	–5.0	0.2	0.0	0.0	–13.6
Interest rate options	–2.4	–2.0	0.0	0.0	0.0	–4.4
	–11.2	–7.0	0.2	0.0	0.0	–18.0
Total	**–215.6**	**–272.7**	**–294.2**	**–198.4**	**–160.3**	**–1,141.2**

The tables do not include the liability for debts of shares of housing and mutual property holding companies belonging to the group of investments.

29. OTHER LEASE AGREEMENTS

MEUR	2010	2009
Group as lessee		
Minimum rents to be paid on the basis of other lease agreements:		
During one year	2.0	1.9
Longer than one year and a maximum of five years later	4.0	5.6
In more than five years	0.0	0.0
Total	**6.0**	**7.5**

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 0.4 (MEUR 0.8 in 2009). The received rents entered in the profit and loss account during the year were MEUR 0.9 in 2010 (MEUR 0.8 in 2009).

MEUR	2010	2009

30. NOTES TO THE CASH FLOW STATEMENT

Business actions not involving a payment		
Depreciation	19.4	18.5
Impairments	0.0	0.0
Other changes	–0.2	1.9
Total	**19.3**	**20.4**

31. COLLATERAL AND CONTINGENCY COMMITMENTS

Debts for which mortgages and pledges have been given as collateral		
Market loans	**475.7**	**528.1**
Mortgages provided	63.4	86.3
Book value of pledged shares	567.3	560.6
Value of corporate mortgages pledged	0.0	0.0
Value of deposits pledged	0.0	0.3
State-subsidised ARAVA loans	**186.3**	**206.3**
Mortgages provided	351.3	376.6
Book value of pledged shares	23.8	25.2
Interest-subsidised loans	**98.6**	**97.4**
Mortgages provided	127.2	121.9
Book value of pledged shares	0.8	0.8
Debts of housing and mutual property holding companies, secured by mortgages on properties		
Loans from financial institutions	122.3	96.2
Mortgages provided	184.8	139.6
Other commitments		
Guarantees	2.6	0.6
Guarantee pledges for others		
Owner-occupier home purchase commitments	18.1	17.4
Rs-guarantees	9.0	13.6
Mortgages provided to secure payment of rent and street maintenance		
Property mortgages provided	5.1	5.1
Binding purchase agreements		
For acquisitions of investment properties	38.5	6.6
Pledges for land use payments on zoned plots	13.1	14.7
Letters of intent on land for which there is a zoning condition	7.5	7.5

Within SATO, housing companies which hold so-called owner-occupied apartment are treated for the special purpose as units established for a fixed period, which are not included in the consolidation. The combined total for loans of such housing companies, which are included in shared ownership systems, was MEUR 98.9 in 2010 (MEUR 102.5 in 2009).

32. 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 2009 and 2010 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 President for the Helsinki Region and St. Petersburg; the Vice President for the Regions; the Director, Marketing and Communications; and the Chief Financial Officer.

Habinvest Oy, which was established by members of the Corporate Management Group in 2007, at the end of 2009 held 465,000 SATO Corporation shares, which was equal to 1% of the company's entire issued stock and voting rights. Habinvest Oy was merged with SATO Corporation on 30 November 2010 and it was dissolved. In remuneration for the merger, the shareholders of Habinvest Oy were given 20 SATO Corporation shares for each Habinvest Oy share. In remuneration for the merger, President and CEO Erkka Valkila received 180,000 shares in SATO Corporation, Vice President Tuula Entelä received 90,000 and Director, Marketing and Communications Monica Aro received 35,000 shares. These shares account for a combined total of 0.6% of SATO Corporation's issued stock and voting rights.

MEUR	2010	2009
The following transactions were effected with related parties:		
Open balances with shareholders		
Receivables	0.0	0.0
Debts	39.4	43.6

The terms applied in business with related parties were equal to the terms complied with in business dealings between independent parties.

Management perquisites		
Salaries and other short-term perquisites	1.5	1.2
Other long-term perquisites	0.0	0.0
Total	**1.5**	**1.2**
Management salaries and emoluments		
Presidents	0.9	0.7
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, Housing Development and Construction is 60 years. At that time they are entitled to a pension of 60 per cent of their pensionable salary.

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.

A long-term incentive scheme for the Group management for the period 2007–2010 ended on 31 December 2009. The participating members of the Corporate Management Group received the rise in value of SATO Corporation shares, paid for by themselves, since 1 January 2007 as the profits of the incentive scheme.

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 14 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 competiveness, and promotion of long-term financial success.

33. 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
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
Jyväskylän Lyseonlinna As Oy (commercial space)	6.8	2.2
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
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	81.2	81.2
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	10.8	10.8
Espoon Numersinkatu 11 As Oy	25.1	25.1
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
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

	Group's holding, %	Parent company's holding, %
Espoon Punatulkuntie 5 As Oy	12.0	12.0
Espoon Pyhäjärventie 1 As Oy	100.0	100.0
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 Ruusulinna As Oy	100.0	100.0
Espoon Satokallio As Oy	11.6	11.6
Espoon Saunalyhty As Oy	6.8	6.8
Espoon Suvikumpu As Oy	7.7	7.7
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
Helsingin Happiness As Oy	22.2	22.2
Helsingin Hildankulma As Oy	80.1	80.1
Helsingin Isopurje As Oy	3.2	3.2
Helsingin Juhani Ahon tie 12–14 As Oy	100.0	100.0
Helsingin Kaarenjalka 5 As Oy	100.0	100.0
Helsingin Kaivonkatsojantie 2 As Oy	16.4	16.4
Helsingin Kalevankatu 53 As Oy	30.5	30.5
Helsingin Kalliolinna As Oy	0.8	0.8

	Group's holding, %	Parent company's holding, %
Helsingin Kanavaranta As Oy	10.7	8.8
Helsingin Kangaspellontie 1–5 As Oy	100.0	100.0
Helsingin Kangaspellontie 4 As Oy	20.1	20.1
Helsingin Kangaspellontie 6 KOy	100.0	100.0
Helsingin Kangaspellontie 8 As Oy	16.4	16.4
Helsingin Kerttulinkuja 1 As Oy	7.5	7.5
Helsingin Kirjala As Oy	100.0	100.0
Helsingin Klaavuntie 8–10 As Oy	100.0	100.0
Helsingin Kokkosaarenkatu 4 As Oy	20.8	20.8
Helsingin Koroistentie As Oy	15.9	15.9
Helsingin Korppaanmäentie 17 As Oy	100.0	100.0
Helsingin Korppaanmäentie 21 As Oy	100.0	100.0
Helsingin Korppaantie 8 As Oy	49.8	49.8
Helsingin Kristianinkatu 11–13 As Oy	100.0	100.0
Helsingin Kultareuna 1 As Oy	39.0	39.0
Helsingin Köysikuja 2 As Oy	9.5	9.5
Helsingin Lauttasaarentie 19 KOy	58.3	58.3
Helsingin Leikopiha As Oy	9.6	9.6
Helsingin Leikosaarentie 31 As Oy	16.5	16.5
Helsingin Leikovuo As Oy	9.1	9.1
Helsingin Lönnrotinkatu 32 As Oy	57.5	57.5
Helsingin Mariankatu 19 As Oy	1.0	1.0
Helsingin Mechelininkatu 12–14 As Oy	100.0	100.0
Helsingin Merenkävijä As Oy	5.1	5.1
Helsingin Minna Canthinkatu 24 As Oy	1.1	1.1
Helsingin Mylläri As Oy	2.3	2.3
Helsingin Nautilus As Oy	26.0	26.0
Helsingin Navigatortalo KOy	44.7	44.7
Helsingin Nukkeruusunkuja 3 As Oy	9.3	9.3
Helsingin Pakilantie 17 As Oy	100.0	100.0
Helsingin Perustie 16 As Oy	56.0	56.0
Helsingin Piispantie 3 As Oy	100.0	100.0
Helsingin Piispantie 5 As Oy	100.0	100.0
Helsingin Piispantie 7 As Oy	100.0	100.0
Helsingin Piispantie 8 As Oy	100.0	100.0
Helsingin Pirta As Oy	17.1	17.1
Helsingin Porthaninkatu 4 As Oy	0.7	0.7
Helsingin Puuskarinne 1 As Oy	98.2	98.2
Helsingin Reginankuja 4 As Oy	11.8	11.8
Helsingin Rikhard Nymanin tie 3 As Oy	100.0	100.0
Helsingin Rumpupolun palvelutalo As Oy	4.6	4.6
Helsingin Ruusutarhantie 2–4 As Oy	38.0	38.0
Helsingin Ruusutarhantie 7 As Oy	39.3	39.3
Helsingin Satoaalto As Oy	8.6	8.6
Helsingin Satorinne As Oy	8.5	8.5
Helsingin Serica As Oy	3.8	3.8
Helsingin Siltavoudintie 20 As Oy	100.0	100.0
Helsingin Snellmaninkatu 23 As Oy	100.0	100.0

	Group's holding, %	Parent company's holding, %
Helsingin Solarus As Oy	5.9	5.9
Helsingin Solnantie 22 As Oy	98.0	98.0
Helsingin Stenbäckinkatu 5 KOy	60.0	60.0
Helsingin Ståhlberogintie 4 As Oy	93.5	93.5
Helsingin Suursuontie 14 As Oy	100.0	100.0
Helsingin Sähköttäjänkatu 6 As Oy	100.0	100.0
Helsingin Tapaninkulo As Oy	4.7	4.7
Helsingin Tila As Oy	24.5	13.1
Helsingin Tilkankatu 15 As Oy	100.0	100.0
Helsingin Tilkankatu 2 As Oy	100.0	100.0
Helsingin Tilkankatu 6 As Oy	100.0	100.0
Helsingin Topeliuksenkatu 29 As Oy	4.6	4.6
Helsingin Tunturinlinna As Oy	9.5	9.5
Helsingin Tuohiaukio As Oy	17.1	11.9
Helsingin Vanha viertotie 16 As Oy	76.7	76.7
Helsingin Vanha viertotie 18 As Oy	47.5	47.5
Helsingin Vanha viertotie 6 As Oy	100.0	100.0
Helsingin Vanha Viertotie 8 As Oy	100.0	100.0
Helsingin Vervi As Oy	100.0	100.0
Helsingin Villa Kuohu As Oy	25.6	25.6
Helsingin Vuosaaren Helmi As Oy	100.0	100.0
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
Kaarenkunnas As Oy	100.0	100.0
Kajaanin Rekitie 1–2 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
Kristianinkatu 2 As Oy	1.7	1.7
Kulmakatu 12 As Oy	2.1	2.1
Kulmavuorenpiha As Oy	100.0	100.0
Kulmavuorenrinne As Oy	1.0	1.0
Kuuselanpuisto As Oy	23.0	23.0
Kuusitie 15 As Oy	1.5	1.5

	Group's holding, %	Parent company's holding, %
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 Nuolikatu 9 As Oy	100.0	100.0
Lapinniemen Pallopurje 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
Mariankatu 21 As Oy	1.3	1.3
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	82.9	82.9
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
Näsinkeskus KOy	11.3	11.3
Näyttelijäntien Pistetalot As Oy	1.4	1.4
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 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

	Group's holding, %	Parent company's holding, %
Oulun Peltolantie 18 B As Oy	100.0	100.0
Pellervon Pysäköinti KOy	68.9	43.1
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
Raikukuja II As Oy	100.0	100.0
Raikurinne 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
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
Sulkapolku 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	65.1	65.1
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 Linnanherra As Oy	100.0	100.0
Tampereen Rotkonraitti 6 As Oy	77.1	77.1
Tampereen Siirtolapuutarhankatu 12 As Oy	5.6	5.6
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
Tarkkampujankatu 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 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 Uudenmaanlinna As Oy	100.0	10.0
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

	Group's holding, %	Parent company's holding, %
Urheilukatu 38 As Oy	56.0	56.0
Uusikatu 58 KOy	14.6	14.6
Vaasankatu 15 As Oy	0.8	0.8
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 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 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
Vihdin Lippotie 10 ja Vesitie 5 As Oy	100.0	100.0
Viides linja 16 As Oy	1.1	1.1
Vilhonvuorenkatu 8 As Oy		
- Bost. Ab Vilhelmsbergsgatan 8	1.1	1.1
Vuomeren-Salpa As Oy	2.7	2.7
Vuorastila As Oy	99.0	99.0
Vuosaaren Meripihka As Oy, Helsinki	42.7	42.7
Satopos111 Oy	100.0	100.0
OOO SATO-Rus	100.0	100.0
Hyvät-Asunnot Oy	100.0	100.0
Sato-Russia Oy	100.0	100.0
Sato-Pietari Oy	100.0	100.0
Hyvät-Asunnot Oy		
Vantaan Käräjäkuja 3 As Oy	19.8	19.8
Espoon Rastaspuistonpolku As Oy	22.6	22.6
Vantaan Tähkiö As Oy	33.2	33.2
SATOkoti Oy		
Espoon Jousenkaari 5 As Oy	100.0	100.0
Espoon Jousenkaari 7 As Oy	100.0	100.0
Espoon Sepetlahdentie 6 As Oy	100.0	100.0
Färminahde KOy	40.7	40.7
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 KOy	100.0	100.0
Helsingin Kiillekuja 4 As Oy	100.0	100.0
Helsingin Lapponia As Oy	100.0	100.0
Helsingin Näyttelijäntie 24 As Oy	100.0	100.0
Helsingin Pajamäentie 6 As Oy	100.0	100.0

	Group's holding, %	Parent company's holding, %
Helsingin Pajamäentie 7 As Oy	100.0	100.0
Helsingin Rusthollarinkuja 2 As Oy	100.0	100.0
Helsingin Viulutie 1 As Oy	100.0	100.0
Hiirakkokuja 4 KOy	100.0	100.0
Hiirakkotie 3 KOy	100.0	100.0
Hollolan Harjukoivu As Oy	100.0	100.0
Lohjan Koulukuja 14 As Oy	100.0	100.0
Matinkatu 10 KOy	100.0	100.0
Myyrinkulma KOy	100.0	100.0
Nummenpuisto KOy	100.0	100.0
Nurmijärven Jukolanmäki KOy	40.0	40.0
Ojamonkuusi KOy	54.6	54.6
Oulun Hoikantie 14–22 As Oy	100.0	100.0
Riikuntie KOy	80.0	80.0
Tampereen Ruovedenkatu 11 As Oy	100.0	100.0
Tikkurilan Satotalo KOy	100.0	100.0
Vantaan Havukoskenkatu 20 As Oy	100.0	100.0
Vihdin Kuortilankuja 4 As Oy	100.0	100.0
Vihdin Lippotie 3 As Oy	100.0	100.0
Vihdin Niittytie 1 KOy	100.0	100.0
Vihdin Nummenselkä 8 As Oy	100.0	100.0
Vihdin Peltotie 2 KOy	100.0	100.0
Jyväskylän Karsikkotie 3 As Oy	100.0	100.0
Tampereen Hervannan Puistokallio As Oy	100.0	100.0
Tohlopinkontu Koy	100.0	40.0
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 Hämeenpenger 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
Maijalanraitti As Oy	6.3	6.3
Malmeken Ömsesidiga Fastighet	12.8	12.8
Mannerheimintie 170 KOy	32.1	15.8
Marinraitti As Oy	4.4	4.4
Matinraitti 14 As Oy	1.0	1.0
Mattitapio As Oy	5.1	5.1

	Group's holding, %	Parent company's holding, %
Muotialantie 31 As Oy	7.0	7.0
Näsinlaine As Oy	1.0	1.0
Näsinselkä As Oy	1.1	1.1
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
Reuharinrinne As Oy	4.6	4.6
Sarasipi As Oy	1.4	1.4
Satokaunokki As Oy	7.5	7.5
Satotatti As Oy	3.0	3.0
Satulapuisto As Oy	22.3	22.3
Tasatuomo As Oy	1.3	1.3
Tikkamatti As Oy	67.4	67.4
Turun Uudenmaanlinna As Oy	100.0	90.0
Ulpukkaniemi As Oy	25.4	25.4
Vahterantorni As Oy	3.2	3.2
Valtapolku As Oy	1.2	1.2
Vantaan Martinpääsky As Oy	100.0	100.0
Varalanrinne As Oy	9.8	9.8
Välkynkallio As Oy	0.8	0.8
Yläaitankatu 4 As Oy	1.7	1.7
SATOliving Oy		
Tampereen Hervannan Puistokallio As Oy	100.0	100.0
Jyväskylän Karsikkotie 3 As Oy	100.0	100.0
Pateniemenhaka Oy	69.7	69.7
Helsingin Pasilantornit As Oy	69.4	69.4
Turun Veistämöntori As Oy	100.0	100.0
Lohjan Riihenkiuas As Oy	100.0	100.0
Helsingin Vetelintie 5 As Oy	100.0	100.0
Espoon Kuunsirppi As Oy	100.0	100.0
Hollolan Hiihto-Salpa As Oy	100.0	100.0
Sato-Rakennuttajat Oy		
Helsingin Kanavaranta As Oy	10.7	1.9
Helsingin Metsänhenki As Oy	4.1	4.1
Helsingin Tila As Oy	24.5	11.4
Oulun Peltokerttu As Oy	100.0	100.0
Turun Friskalanpuisto As Oy	12.3	12.3
Uudenmaantulli KOy	26.2	26.2
Piipunjuuri Oy	50.0	50.0
Sato Vuokrakodit Oy		
Espoon Numersinkatu 6 As Oy	6.5	6.5
Espoon Puropuisto As Oy	51.7	51.7

	Group's holding, %	Parent company's holding, %
Espoon Ristiniementie 22 As Oy	2.4	2.4
Espoon Sokerilinnantie 1 As Oy	1.9	1.9
Espoon Säterinkatu 10 As Oy	3.0	3.0
Espoon Zanseninkuja 4 As Oy	13.1	13.1
Etelä-Hämeen Talo Oy	81.3	25.0
Helsingin Finnilántalo As Oy	80.2	80.2
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	5.4	5.4
Helsingin Taimistontie 9 As Oy	5.0	5.0
Helsingin Tulvaniitynpolku 5 As Oy	4.1	4.1
Helsingin Vanhanlinnantie 10 As Oy	4.3	4.3
Iidesranta 42 Tampere As Oy	3.3	3.3
Jyväskylän mlk:n Kirkkotie 3 As Oy	7.5	7.5
Jyväskylän Vaneritori 4 As Oy	9.6	9.6
Kaarinan Kiurunpuisto As Oy	17.0	17.0
Kaarinan Kultarinta As Oy	17.5	17.5
Lappeenrannan Kanavansato 2 As Oy	12.5	12.5
Oulun Laamannintie 14 ja 17 As Oy	47.3	47.3
Oulun Laamannintie As Oy	19.8	19.8
Raision Toripuisto As Oy	4.5	4.5
Tampereen Haapalinnan Antintalo As Oy	27.6	27.6
Tampereen Kyläleni As Oy	56.0	56.0
Tampereen Kyyhky As Oy	8.1	8.1
Tampereen Rantatie 13 E–G As Oy	29.8	29.8
Turun Maarianportti As Oy	100.0	100.0
Turun Merenneito As Oy	11.6	11.6
Turun Meripoika As Oy	23.7	23.7
Turun Metallikatu As Oy	100.0	100.0
Vantaan Herttuantie 3 As Oy	28.0	28.0
Vantaan Orvokkitie 17 As Oy	14.3	14.3
Suomen Satokodit Oy		
Karpalopolku KOy	100.0	100.0
Kaskenkaatajantie KOy	100.0	100.0
Meiramikuja As Oy	4.7	4.7
Pellervon Pysäköinti KOy	68.9	25.8
Satosorsa As Oy	19.9	19.9
Vantaan Kortteeri As Oy	6.4	6.4
Vihdin Kirkkoniementie 2 KOy	100.0	100.0
Vihdin Nummenselkä 10 KOy	100.0	100.0
Arhotie 22 KOy	100.0	100.0
Myllymatkantie 1 Koy	100.0	100.0

	Group's holding, %	Parent company's holding, %
Vatrotalot 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	26.0	26.0
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	21.3	21.3
Kirkkonummen Riihipolku As Oy	100.0	100.0
Kukkaropohja KOy	100.0	100.0
Kylänpäänkaari As Oy	50.0	50.0
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 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

	Group's holding, %	Parent company's holding, %
Raudikkokuja 3 KOy	100.0	100.0
Riviuhkola 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	64.2	64.2
SATO-Osaomistus	100.0	100.0
Suomen Asumisoikeus Oy	50.0	50.0
VATROhousing Oy	100.0	100.0
VATROhousing Oy		
Nastolan Moreeniraitti As Oy	27.2	27.2
Kajaanin Kannonkatu As Oy	12.5	12.5
Kajaanin Välimaanrinne As Oy	47.4	47.4
Saarenkylän Saarenkartanot As Oy	17.5	17.5
Karhukorkalo As Oy	14.6	14.6
Pupumäki As Oy	3.2	3.2
Naantalin Kastovuorenrinne As Oy	25.6	25.6
Salon Valhojanrivi As Oy	21.2	21.2
Tasakuusi As Oy	11.7	11.7

34. IAS23 BORROWING COSTS

MEUR	2010	2009
Changeover date 1.1.2007		
Capitalised expenses of borrowing costs during the period	0.5	1.0
Financial expense index	2.08	2.23

Parent company's profit and loss account, FAS

MEUR	Note	1 Jan.–31 Dec. 2010	1 Jan.–31 Dec. 2009
Turnover	1	6.7	7.0
Other operating income	2	3.2	3.3
Materials and services	3	−0.6	0.2
Personnel expenses	4–6	−2.9	−2.1
Depreciation, amortization and impairment charges	7	−0.6	−0.6
Other operating expenses	8	−7.6	−6.5
Operating profit		−1.8	1.3
Financial income and expenses	9	0.9	2.3
Profit/loss before extraordinary items		−0.9	3.6
Extraordinary items	10	25.7	11.5
Profit before taxes		24.8	15.2
Income taxes	11	−6.7	−4.0
Net profit for the financial year		18.1	11.2

Parent company's balance sheet, FAS

MEUR	Note	31 Dec. 2010	31 Dec. 2009
ASSETS			
Fixed assets and other long-term investments			
Intangible assets	12	0.8	1.0
Tangible assets	13	0.6	0.6
Holdings in Group companies	14	68.5	68.5
Holdings in associated companies	15	0.0	0.0
Other holdings and shares	16	1.0	1.2
		70.9	71.2
Inventories and financial assets			
Inventories	17	3.7	3.6
Long-term receivables	18	217.4	37.7
Short-term receivables	19	23.0	123.2
Financial securities			5.8
Cash and cash equivalents		0.1	1.9
		244.2	172.3
ASSETS, TOTAL		315.1	243.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	21–22		
Share capital		4.4	4.4
Reserve fund		43.7	43.7
Other funds		45.6	10.1
Retained earnings		17.7	17.4
Profit for the period		18.1	11.2
		129.6	86.8
Obligatory reserves	23	0.3	0.3
Liabilities			
Non-current	24	70.7	7.5
Current	25	114.6	148.9
		185.3	156.4
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		315.1	243.5

Parent company's cash flow statement, FAS

MEUR	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for financial year	18.1	11.2
Adjustments:		
Depreciation	0.6	0.6
Financial income (–) and expenses (+)	–0.9	–2.3
Income tax	6.7	4.0
Proceeds (–) and losses (+) on sales of fixed assets	0.0	0.0
Other adjustments	–25.7	–11.5
Cash flow before change in working capital	–1.3	1.9
Change in working capital:		
Decrease (+) / increase (–) in current non-interest bearing receivables	1.9	–0.2
Decrease (+) / increase (–) in inventories	–0.1	1.0
Decrease (–) / increase (+) in current debts	1.3	0.3
Increase (+) / decrease (–) in obligatory reserves	–0.1	–0.6
Cash flow before financial items and taxes	1.8	2.4
Interest paid and payments of other financial expenses	–2.4	–7.6
Dividends received	0.0	0.0
Interest received	3.2	8.4
Direct taxes paid	–2.2	–4.2
Cash flow before extraordinary items	0.5	–0.9
Cash flow from operating activities (A)	0.5	–0.9
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	–0.4	–0.2
Income from surrender of tangible assets	0.0	0.1
Placements in other investments	–1.1	–0.1
Proceeds from other investments	0.1	
Loans granted	–83.2	
Instalments on notes receivable	17.3	15.7
Cash flow from investing activities (B)	–67.3	15.5
CASH FLOW FROM FINANCING ACTIVITIES		
Change in funds	36.6	
Loans taken	58.1	12.4
Payments on loans	–33.7	–42.4
Group contributions (contribution-based)	9.2	25.7
Dividends paid and other distribution of profit	–10.9	–10.7
Cash flow from financing (C)	59.3	–15.0
Calculated change in cash and cash equivalents (A+B+C)	–7.6	–0.5
Cash and cash equivalents at start of year	7.7	8.2
Cash and cash equivalents at year-end	0.1	7.7

Notes to the parent company's financial statements

MEUR	2010	2009
NOTES TO THE PROFIT AND LOSS ACCOUNT		
1. TURNOVER		
Rental income and compensation	2.2	2.5
Other income	4.6	4.5
	6.7	7.0
2. OTHER INCOME FROM BUSINESS OPERATIONS		
Other income from business operations	0.0	0.0
Proceeds from sales of fixed assets	0.0	0.0
Charges for management costs	3.2	3.2
	3.2	3.3
3. MATERIALS AND SERVICES		
Materials and supplies		
Purchases during the period (=procurements)	0.5	–0.2
Change in inventories	0.1	0.0
	0.6	–0.2
4. PERSONNEL EXPENSES		
Salaries and wages	2.2	1.5
Pension expenses	0.6	0.5
Other personnel expenses	0.1	0.1
	2.9	2.1
5. MANAGEMENT SALARIES AND EMOLUMENTS		
Presidents and members of the Board of Directors	0.7	0.9

The President and CEO is entitled to retire at the age of 60.

MEUR	2010	2009
6. PARENT COMPANY HAD DURING THE FINANCIAL YEAR AN AVERAGE NUMBER OF		
Employees	13	12
7. DEPRECIATION		
Depreciation on tangible and intangible assets	0.6	0.6
	0.6	0.6
8. OTHER EXPENSES OF BUSINESS OPERATIONS		
Rents	1.9	1.9
Properties' maintenance expenses	0.4	0.4
Other fixed expenses	5.3	4.1
Other expenses of business operations	0.1	–0.0
	7.6	6.5

MEUR	2010	2009
9. FINANCIAL INCOME AND EXPENSES		
Dividend income		
From others	0.0	0.0
Dividend income, total	**0.0**	**0.0**
Interest income on long-term investments		
From Group companies	4.3	7.5
From others	0.0	0.1
	4.3	7.6
Interest expenses and other financing expenses		
To Group companies	0.4	0.5
To others	3.0	4.9
	3.4	5.3
Financial income and expenses, total	**0.9**	**2.3**
10. EXTRAORDINARY ITEMS		
Extraordinary income		
Group contributions	25.7	11.5
	25.7	11.5
11. INCOME TAXES		
Income taxes on actual business	6.7	4.0
	6.7	4.0
NOTES TO THE BALANCE SHEET		
12. INTANGIBLE ASSETS		
Other long-term expenditure		
Acquisition cost, 1 Jan.	2.1	2.0
Increases	0.2	0.1
Transfers between items	–0.0	–0.0
Acquisition cost, 31 Dec.	2.3	2.1
Accumulated depreciation and write-downs, 1 Jan.	1.2	0.8
Accumulated depreciation of transfers	–0.0	–0.0
Depreciation for year	0.4	0.3
Accumulated depreciation, 31 Dec.	1.5	1.2
Book value, 31 Dec.	0.8	1.0
Intangible assets, total	0.8	1.0
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

MEUR	2010	2009
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.	1.5	1.7
Increases	0.2	0.1
Decreases	–0.0	–0.0
Transfers between items	–0.0	–0.2
Acquisition cost, 31 Dec.	1.7	1.5
Accumulated depreciation and write-downs, 1 Jan.	1.0	0.9
Accumulated depreciation of transfers	–0.0	–0.2
Depreciation for year	0.2	0.2
Accumulated depreciation, 31 Dec.	1.2	1.0
Book value, 31 Dec.	0.5	0.5
Other tangible assets		
Acquisition cost, 1 Jan.	0.1	0.1
Increases	0.0	0.0
Transfers between items	–0.0	–0.0
Acquisition cost, 31 Dec.	0.1	0.1
Accumulated depreciation and write-downs, 1 Jan.	0.0	0.0
Accumulated depreciation of transfers	–0.0	–0.0
Depreciation for year	0.0	0.0
Accumulated depreciation, 31 Dec.	0.0	0.0
Book value, 31 Dec.	0.0	0.0
Tangible assets, total	0.6	0.6

INVESTMENTS

14. HOLDINGS IN GROUP COMPANIES		
Acquisition cost, 1 Jan.	68.5	62.2
Increases	0.0	6.3
Decreases		–0.1
Acquisition cost, 31 Dec.	68.5	68.5
Book value, 31 Dec.	68.5	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.		

MEUR	2010	2009
16. OTHER STOCKS AND SHARES		
Acquisition cost, 1 Jan.	1.2	1.2
Increases	0.9	0.0
Decreases	–1.1	–0.0
Acquisition cost, 31 Dec.	1.1	1.2
Accumulated write-downs, 1 Jan.	0.0	0.0
Accumulated write-downs, 31 Dec.	0.0	0.0
Book value, 31 Dec.	1.0	1.2
Investments, total	69.5	69.7
17. INVENTORIES		
Completed housing units and commercial space	0.0	0.0
Land areas and land area companies	3.5	3.4
Other inventories	0.2	0.2
Book value, 31 Dec.	3.7	3.6
18. NON-CURRENT RECEIVABLES		
Receivables from Group companies		
Notes receivable, Group	216.9	37.1
	216.9	37.1
Receivables from others		
Notes receivable	0.5	0.6
	0.5	0.6
Non-current receivables, total	217.4	37.7
19. CURRENT RECEIVABLES		
Receivables from Group companies		
Accounts receivable	1.5	1.7
Notes receivable	1.6	115.8
Other receivables	17.0	
Accrued assets	2.0	3.4
	22.1	120.9
Receivables from others		
Accounts receivable	0.2	0.2
Notes receivable	0.2	0.2
Other receivables		0.0
Accrued assets	0.5	1.9
	0.9	2.3
Current receivables, total	23.0	123.2
Receivables, total	240.4	160.9
Critical items of accrued assets		
Taxes		1.7
Interest	2.3	1.8
Receivables from construction commissioning	0.0	1.6
Other	0.1	0.2
	2.5	5.3

MEUR	2010	2009
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.	10.1	3.9
For payment share issue	36.6	
Targeted share issue		6.2
Share buyback	–1.0	
Other funds, 31 Dec.	45.6	10.1
Retained earnings, 1 Jan.	28.6	28.0
Dividend payment	–10.9	–10.7
Retained earnings, 31 Dec.	17.7	17.4
Profit for the period	18.1	11.2
Shareholders' equity, total, 31 Dec.	129.6	86.8
21. CALCULATION OF DISTRIBUTABLE ASSETS		
Other funds	45.6	10.1
Retained earnings	17.7	17.4
Profit for the period	18.1	11.2
Distributable assets, 31 Dec.	**81.5**	**38.6**
22. THE PARENT COMPANY'S SHARE CAPITAL IS DIVIDED INTO SHARES AS FOLLOWS:		
Number of shares	50,841,842	45,372,689
Combined par value of shares		
23. OBLIGATORY RESERVES		
Refund claim expense reserve	0.3	0.3
	0.3	0.3
24. LONG-TERM LIABILITIES		
Debts to Group companies		
Loans, Group	24.4	0.8
	24.4	0.8
Loans from financial institutions	46.3	6.7
	46.3	6.7
Long-term liabilities, total	**70.7**	**7.5**
Debts maturing in more than five years	**0.5**	**0.8**
	0.5	0.8

MEUR	2010	2009
25. CURRENT LIABILITIES		
Debts to Group companies		
Loans	0.3	13.9
Accounts payable	0.4	0.4
Deferred liabilities	0.4	0.1
	1.1	14.4
Debts to others		
Loans from financial institutions	101.8	131.3
Advances received	0.1	0.1
Accounts payable	0.6	0.1
Other debts	4.4	0.1
Deferred liabilities	6.6	3.0
	113.5	134.5
Current liabilities, total	**114.6**	**148.9**
Liabilities, total	**185.3**	**156.4**
Critical items of deferred liabilities		
Wages and salaries with employee benefits	1.2	0.5
Interest	2.5	2.1
Taxes	2.8	
Others	0.5	0.5
	7.0	3.1
26. COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS		
For own debt		
Pledged shares	0.0	0.3
Mortgages on land areas and buildings	0.5	0.5
	0.5	0.7
For Group company debts		
Pledges	0.4	0.4
Mortgages on land areas and buildings	4.5	4.5
Guarantees	377.0	414.4
	381.8	419.3
For others		
Guarantees	11.6	14.1
Other own commitments		
Leasing commitments		
To be paid in the next financial year	0.0	0.1
To be paid in subsequent financial years	0.0	0.1
	0.0	0.1
Total		
Pledges	0.4	0.6
Mortgages on land areas and buildings	5.0	5.0
Guarantees	388.5	428.5
Other commitments	0.0	0.1
Pledges and contingent liabilities, total	393.9	434.2

Auditor's report

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

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 financial period 1 January–31 December 2010. 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 and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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 and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 31 January 2011

KPMG OY AB

Markku Sohlman
Authorized Public Accountant

Key indicators

Five-year review	2006	2007	2008*	2009*	2010*
Key indicators for financial trend					
Turnover, MEUR	273	256	290	230	193
Operating profit, MEUR	67	66	74	71	75
as percentage of turnover	24.5	25.9	25.6	30.7	38.7
Net financing expenses, MEUR	–24	–32	–43	–41	–33
Profit before taxes, MEUR	43	35	32	30	42
as percentage of turnover	15.6	13.5	10.8	13.1	21.6
Balance sheet total, MEUR	1,113	1,264	1,390	1,418	1,472
Shareholders' equity and minority interest, MEUR	197	210	204	221	274
Liabilities, MEUR	916	1,053	1,185	1,197	1,198
Return on equity, % (ROE)	16.7	12.5	11.5	10.7	12.4
Return on investment, % (ROI)	6.9	6.3	6.3	5.6	5.7
Equity ratio, %	17.9	16.8	14.8	15.7	18.8
Equity ratio, % SATO business	24.9	21.9	17.9	18.2	20.8
Equity ratio, % SATO business at fair values	30.1	29.4	26.3	28.2	32.3
Investment assets at fair value, MEUR	1,047	1,225	1,361	1,503	1,657
Gross investments in fixed assets, MEUR	60	149	134	112	104
as percentage of turnover	21.9	58.2	46.1	48.6	54.1
Personnel, average	173	176	160	141	129
KEY INDICATORS FOR SHARES					
Earnings per share, EUR	0.70	0.57	0.53	0.50	0.62
Equity per share, EUR	4.41	4.70	4.57	4.83	5.36
Net worth per share, EUR at fair values	6.04	7.44	7.86	9.07	10.48
Dividend per share, EUR	0.36	0.36	0.24	0.24	0.35**
Dividend, MEUR	15.9	16.0	10.7	10.9	17.8**
Adjusted number of shares, average	44,421,920	44,421,920	44,421,920	45,269,689	50,841,842

* Income-recognition as per IFRIC15 interpretation

** Based on the Board of Directors' proposed dividend for 2010

FORMULAS FOR KEY INDICATORS

Return on investment, % $= \dfrac{\text{(Profit or loss before taxes + interest expense and other financing expenses)}}{\text{Balance sheet total – non-interest-bearing debts (average during the financial year)}} \times 100$

Return on equity, % $= \dfrac{\text{Profit or loss after taxes}}{\text{Shareholders' equity (average during the financial year)}} \times 100$

Equity ratio, % $= \dfrac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$

Earnings per share, EUR $= \dfrac{\text{Net profit for year due to owners of parent company}}{\text{Adjusted number of shares (average during the financial year)}}$

Net worth per share, EUR) $= \dfrac{\text{(Net worth at balance sheet value – liabilities)}}{\text{Adjusted number of shares at year-end}}$

Dividend per share, EUR $= \dfrac{\text{Dividend paid for year}}{\text{Adjusted number of shares at year-end}}$

Total return (%) $= \dfrac{\text{(Profit or loss after taxes + return on appreciation after taxes)}}{\text{Shareholders' equity at fair value (average for the financial year)}} \times 100$

Information for shareholders

SUMMONS TO THE ANNUAL GENERAL MEETING
The annual general meeting of SATO Corporation will be held at 10.00 a.m. on Wednesday 2 March 2011 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 18 February 2011 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 Friday 25 February 2011, by which time the notice must have been delivered. The notification must be made in writing to the address SATO Corporation, Kati Laakso, PO Box 401, FI-00601 Helsinki, by phone (+358 201 34 4002/Kati Laakso), by fax (+358 201 34 4452) or by e-mail (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 entered in the register of shareholders maintained by Euroclear Finland Ltd on the date of record, 18 February 2011. 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 Friday 25 February 2011. 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 s/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 indicated 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, 8 February 2011.

PAYMENT OF DIVIDEND
The Board of Directors will propose to the annual general meeting that the company will pay EUR 0.35 per share in dividend for the year ending on 31 December 2010. Dividend would be payable to a shareholder who, on the date of record for the dividend payment, 7 March 2011, 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, 17 March 2011.

FINANCIAL DISCLOSURES
The issue dates for interim reports are as follows:

January–March	29 April 2011
January–June	5 August 2011
January–September	25 October 2011

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, 26 JANUARY 2011

Varma Mutual Pension Insurance Company	39.3%
Ilmarinen Mutual Pension Insurance Company	16.0%
Suomi Mutual Life Assurance Company	14.8%
Tapiola Insurance Group	7.3%
Mutual Insurance Company Pension Fennia	5.4%
Tapiola Mutual Pension Insurance Company	5.1%
Wärtsilä Corporation	3.9%
Pohjola Insurance Ltd	2.7%
Notalar Oy	2.0%
Other	3.5%

On 26 January 2011, the Group had 30 shareholders entered in the book-entry securities register The turnover of SATO shares during the year under review amounted to 1.5%

ARTICLES OF ASSOCIATION AND SHARES
SATO Corporation's current articles of association were registered on 26 October 2007. The articles of association do not include provisions on share buybacks.

The company's share capital as at 31 December 2010 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.

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