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HI HALF YEAR FINANCIAL REPORT
1 JAN-30 JUN 2017

sato

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KEY FIGURES



Key figure	Q2 2017	Q1 2017	Q2 2016	Q1 2016
Net sales	€69.5 million	€68.1 million	€65.4 million	€61.1 million
Housing portfolio	25,487 homes €3.43 billion	25,499 homes €3.41 billion	25,437 homes €3.25 billion	23,365 homes €2.82 billion
Investments	€36.2 million	€26.4 million	€407.6 million	€37.2 million
Under construction Finland	1,298 pcs	1,392 pcs	1,446 pcs	1,172 pcs
Under construction St Petersburg	0 pcs	0 pcs	74 pcs	74 pcs
Average rent in Finland at the end of the review period	16.61€/m ² /month	16.54€/m ² /month	16.12€/m ² /month	16.06€/m ² /month
Cash Earnings	€14.5 million	€19.2 million	€13.8 million	€21.0 million
Shareholders' equity at the end of the review period	€1.32 billion	€1.30 billion	€1.16 billion	€1.01 billion
Customers' Net Promoter Score	27	29	28	24

SATO CORPORATION'S HALF YEAR FINANCIAL REPORT, I JANUARY 2017–30 JUNE 2017

Summary of I January 2017–30 June 2017 (I January 2016–30 June 2016)

- Profit before taxes stood at EUR 75.2 (108.9) million.
- Earnings per share were EUR 1.06 (1.66).
- The change in the fair value of rental apartments included in the result was EUR 23.9 (63.0) million.
- Equity was EUR 1,322.1 (1,155.8) million, or EUR 23.35 (20.41) per share.
- Return on equity was 9.3 (16.1) per cent.
- Return on investment was 6.1 (9.1) per cent.
- Net sales stood at EUR 137.6 (126.5) million.
- Investments in rental apartments stood at EUR 62.6 (444.8) million.
- A total of 505 (2,412) rental apartments were acquired or completed.
- The occupancy rate in Finland was 96.3 (94.9) per cent.
- A total of 1,298 rental homes are under construction.

Summary of I April 2017–30 June 2017 (I April 2016–30 June 2016)

- Profit before taxes stood at EUR 16.6 (45.6) million.
- Earnings per share were EUR 0.23 (0.68).
- The change in the fair value of rental apartments included in the result was EUR -8.4 (23.1) million.
- Net sales stood at EUR 69.5 (65.4) million.
- Investments in rental apartments stood at EUR 36.2 (407.6) million.
- A total of 190 (2,182) rental apartments were acquired or completed.
- The occupancy rate in Finland was 96.5 (95.1) per cent.
- A total of 1,298 rental homes are under construction.

Operating environment

The Finnish economy has resumed growth. Near-term growth outlooks have been adjusted upwards, to more than 2 per cent. The growth is mainly based on private consumption and investments in construction. However, investments in production machinery and equipment have also increased, and exports have picked up, which facilitates economic growth and supports growth expectations. Inflation has shown signs of acceleration, but the central banks' loose monetary policy is keeping short reference rates at an unusually low level. Longer rates are expected to increase. Consumer trust in the economy has remained at a record high, and consumers are optimistic about the development of employment.

Demand for rental apartments has remained high. Housing construction is active in SATO's main areas of operation. Many developing residential areas are being built in the Helsinki metropolitan area, such as Kalasatama and Jätkäsaari in Helsinki, Niittykumpu in Espoo, and Tikkurila and Martinlaakso in Vantaa. Härmälänranta is being built in Tampere and the Kakola area in Turku, among other sites. Due to the high number of new apartments to be completed, the rental apartment market is in balance in many places and the rents have increased moderately.

There is more activity in the real estate investment market than ever before (KTI). The number of apartments purchased by investors has remained high, and consumers also picked up the pace during the first half of the year. This was evident in the increase in loan applications, among other aspects.

The Russian economy is expected to resume moderate growth.

CEO Saku Sipola:

- In the first half of 2017, our personnel succeeded in implementing our customer-driven strategy. This reflected in the continuous increase in the economic occupancy rate. The economic occupancy rate was 96.3 (94.9) for the review period.
- The review period marked a good start for the new customer service organisation, which was created in the "Customer first" development programme. More than 30 new customer service professionals, together with experienced SATO employees, have adopted an energetic, in-depth approach to further improving customer service, which was also enhanced by the reorganisation of our customer service centre, in addition to training provided for SATO employees.
- Changes in the exchange rate for the Russian ruble had a negative impact in fair value of investment properties and thus also in the profitability in the second quarter.
- SATO implemented its goal of changing its financial structure towards unsecured financing by signing an agreement on a seven-year unsecured loan of EUR 100 million with OP Corporate Bank on 29 May 2017. With regard to its key conditions, this bilateral bank loan is in line with our

outstanding unsecured bonds and with our chosen direction. This financing agreement is a continuation of our earlier loans with Aktia and EIP. After the review period, on 4 August 2017, SATO Corporation and Swedbank signed an agreement on an unsecured loan of EUR 100 million. This strengthened the change in our financial structure further.

- In June, SATO completed the Find a Home project, which was the first phase of the implementation of our digital services. The project created a digital service platform for home-seekers and a strong technological foundation for the further development of digital services.
- The results of the first SATO Pulssi resident panel survey were published in June. The survey examined the most important features of a rental home, with responses from 178 SATO residents. In their opinion, location, price and condition of the home are the most important qualities in choosing rental home. The mobile customer panel helps us further deepen our resident insight. We also wanted to provide our customers with a channel that would enable them to affect the development of their living environments. In addition, the panel provides with quick research information that supports our business development.

REVIEW PERIOD

1 January 2017–30 June 2017

(1 January 2016–30 June 2016)

Net sales and profit

In January–June 2017, consolidated net sales stood at EUR 137.6 (126.5) million, showing a change of 8.8 per cent from the reference period. The growth was mainly due to the favourable development of the occupancy rate.

The operating profit was EUR 98.6 (131.8) million. The operating profit without the change in fair value of rental apartments was EUR 74.7 (68.8) million. The change in fair value amounted to EUR 23.9 (63.0) million. The positive development was mainly driven by an increase in the prices of apartments in SATO's target areas and the deregulation of some sites. The exchange rate for the Russian ruble had a positive effect in the first quarter, but a negative effect in the second quarter.

Profit before taxes was EUR 75.2 (108.9) million. Cash flow from operations (free cash flow after taxes excluding change in fair value) in January–June amounted to EUR 33.7 (34.7) million.

Financial position and financing

The consolidated balance sheet total was EUR 3,565.7 (3,498.3) million at the end of June. Equity was EUR 1,322.1 (1,155.8) million. Equity per share was EUR 23.35 (20.41).

The Group's equity ratio was 37.1 (33.0) per cent at the end of June as the minimum target is an equity ratio of 35 per cent. EUR 54.2 million of new long-term financing was withdrawn during the review period and the solvency ratio was 53.1 (56.1)

per cent at the end of June. The improvement in key figures reflecting the equity ratio and solvency ratio was due to an increase in value of investment properties and a long-term good progress in profitability. SATO's annual general meeting 8 March 2017 decided not to distribute any dividend for year 2016.

The Group's annual return on equity was 9.3 (16.1) per cent. The return on investment was 6.1 (9.1) per cent.

Interest-bearing liabilities at the end of June totalled EUR 1,895.1 (1,998.4) million, of which loans subject to market terms accounted for EUR 1,461.5 (1,518.0) million. The average interest rate was 2.3 (2.5) per cent. Net financing costs totalled EUR 23.4 (22.9) million.

The calculated impact of changes in the market value of interest hedging on equity was EUR 9.5 (-12.1) million.

Housing assets and fair value

On 30 June 2017, SATO owned a total of 25,487 (25,437) apartments. A total of 505 rental apartments were acquired or completed. The total number of divested rental apartments and shared ownership apartments redeemed by the owner occupants was 269.

The fair value of rental apartments was EUR 3,430.5 (3,248.6) million at the end of June. The change in the value of investment assets, including the rental apartments acquired and divested during the review period, was EUR 47.2 (495.7) million.

Of the value of apartments, the Helsinki metropolitan area accounted for some 79 per cent, Tampere and Turku made up 13 per cent, Jyväskylä and Oulu 4 per cent and St Petersburg covered 4 per cent at the end of June.

Investments and divestments

Investments in rental apartments stood at EUR 62.6 (444.8) million, investments in the Helsinki region represented 83 per cent. New apartments accounted for 75 per cent of all investments.

On 30 June 2017, binding purchase agreements in Finland totalled EUR 79.3 (163.4) million.

During the review period, 269 (128) rental apartments were divested in Finland. Their total value was EUR 39.2 (12.2) million.

Rental activities

Following the apartments acquired and the increase in the occupancy rate, rental income increased by 8.8 per cent to EUR 137.6 (126.5) million. The economic occupancy rate of apartments in Finland was 96.3 (94.9) per cent on average, and the tenant turnover rate was 38.5 (40.8) per cent. During

the past 12 months, the decrease in the tenant turnover rate and the increase in the occupancy rate have been driven by activities carried out in accordance with the "Customer first" strategy programme, closer and better quality communications with customers, and more effective rental activities.

The average rent of SATO's rental apartments in Finland was EUR 16.61 (16.12) per m² per month at the end of the review period. The average rent is increased by investments in small apartments in growth centres. Rent increases remained moderate.

Net rental income from apartments stood at EUR 88.5 (81.4) million, and the net rental income rate was 5.4 (5.7) per cent on an annual level.

Property development

The book value of owned plot reserves totalled EUR 57.8 (64.0) million at the end of June. The value of new plots acquired by the end of June totalled EUR 0.0 (9.6) million.

The permitted building volume for around 2,350 apartments is being developed for the plots of the company's own stock of buildings. As a result, SATO can utilise the existing infrastructure, and it allows for a denser urban structure and, thereby, serves to ensure the availability of services.

In Finland, a total of 488 (98) rental homes and 57 (0) homes for sale were completed. On 30 June 2017, a total of 1,298 (1,446) rental and 0 (76) owner-occupied homes were under construction.

A total of EUR 19.0 (19.4) million was spent on repairing apartments and improving their quality.

A total of 21 (76) new apartments were sold in January–June. At the end of the review period, a total of 6 (13) completed apartments and 0 (19) apartments under construction remained unsold. The total purchase value of these unsold apartments amounted to EUR 4.0 (13.7) million. SATO has made a strategic decision to discontinue its production of owner-occupied apartments and focus on business operations related to rental apartments.

Business operations in St Petersburg

At the end of June, housing assets in St Petersburg totalled EUR 122.9 (118.7) million. The total amount of binding purchase agreements was EUR 0.0 (0.0) million.

At the end of June, SATO owned 534 (460) completed and 0 (74) homes under construction in St Petersburg.

The economic occupancy rate of rental apartments was 87.6 (79.8) per cent on average. The increase in the occupancy rate from the previous year was mainly attributable to the positive development of the occupancy rate in the newest buildings.

For the time being, SATO will refrain from making new investment decisions in Russia.

Personnel

At the end of June, the Group employed 217 (166) people, of whom 197 (154) had a permanent contract of employment. The average number of personnel was 197 (165) in January–June.

PERIOD I April 2017–30 June 2017 (I April 2016–30 June 2016) Net sales and profit

In April–June 2017, consolidated net sales stood at EUR 69.5 (65.4) million, showing a change of 6.3 per cent from the reference period.

The operating profit was EUR 28.3 (58.9) million. The operating profit without the change in fair value of rental apartments was EUR 36.6 (35.7) million. The change in fair value amounted to EUR -8.4 (23.2) million. The change in fair value was negative mainly due to negative development of ruble exchange rate.

Profit before taxes was EUR 16.6 (45.6) million. Cash flow from operations (free cash flow after taxes excluding change in fair value) in April–June amounted to EUR 14.5 (13.8) million.

Housing assets and fair value

On 30 June 2017, SATO owned a total of 25,487 (25,437) apartments. A total of 190 rental apartments were acquired or completed. The total number of divested rental apartments and shared ownership apartments redeemed by the owner occupants was 152.

The fair value of rental apartments was EUR 3,430.5 (3,248.6) million at the end of June. The change in the value of investment assets, including the rental apartments acquired and divested during the review period, was EUR 16.3 (425.2) million.

Of the value of homes, the Helsinki metropolitan area accounted for some 79 per cent, Tampere and Turku made up 13 per cent, Jyväskylä and Oulu 4 per cent and St Petersburg covered 4 per cent at the end of June.

Investments and divestments

Investments in rental apartments stood at EUR 36.2 (407.6) million. Investments in the Helsinki region represented 82 per cent. New apartments accounted for 75 per cent of all investments.

On 30 June 2017, binding purchase agreements in Finland totalled EUR 79.3 (163.4) million.

During the review period, 152 (62) rental apartments were divested in Finland. Their total value was EUR 10.1 (5.7) million.

Rental activities

Following the apartments acquired and the increase in the occupancy rate in 2016, rental income increased by 6.3 per cent to EUR 69.5 (65.4) million. The economic occupancy rate of apartments in Finland was 96.5 (95.1) per cent on average, and the rental apartment turnover rate was 39.9 (40.6) per cent.

The average rent of SATO's rental apartments in Finland was EUR 16.61 (16.12) per m² per month at the end of the first half of the year.

Net rental income from apartments stood at EUR 45.4 (43.2) million, and the net rental income rate was 5.4 (6.0) per cent on an annual level.

Property development

The book value of owned plot reserves totalled EUR 57.8 (64.0) million at the end of June. The value of new plots acquired by the end of June totalled EUR 0.0 (5.7) million.

The permitted building volume for around 2,350 apartments is being developed for the plots of the company's own stock of buildings.

In Finland, a total of 190 (66) rental homes and 0 (0) homes for sale were completed. On 30 June 2017, a total of 1,298 (1,446) rental and 0 (76) owner-occupied homes were under construction.

A total of EUR 10.2 (14.3) million was spent on repairing apartments and improving their quality.

A total of 3 (20) new apartments were sold in April–June. At the end of the period, a total of 6 (13) completed apartments and 0 (19) apartments under construction remained unsold. The total purchase value of these unsold apartments amounted to EUR 4.0 (13.7) million.

Business operations in St Petersburg

At the end of June, housing assets in St Petersburg totalled EUR 122.9 (118.7) million. The total amount of binding purchase agreements was EUR 0.0 (0.0) million.

At the end of June, SATO owned 534 (460) completed and 0 (74) homes under construction in St Petersburg.

The economic occupancy rate of rental apartments was 87.5 (82.6) per cent on average.

Personnel

At the end of June, the Group employed 217 (166) people, of whom 197 (154) had a permanent contract of employment. The average number of personnel was 212 (164) in April–June.

Events after the review period

On 4 August 2017, SATO Corporation and Swedbank signed an agreement on an unsecured loan of EUR 100 million. Unsecured loan is a loan without any asset-based security.

Future risks and uncertainties

The most significant risks in the rental of apartments are related to economic cycles and fluctuations in demand. The positive development of the value of SATO's housing assets and its rental capacity of apartments are secured by focusing on growth centres.

Changes in energy efficiency and environmental requirements may increase the repair costs of SATO's investment apartments.

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

In accordance with the Group's financing policy, the aim is to ensure that at least 60 per cent of all loans are fixed-rate loans. The Group has set an equity ratio target of at least 35 per cent.

A more detailed description of risks and risk management is available in the Group's annual report for 2016 and on the company's website at www.sato.fi.

Outlook

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

The Finnish economy is expected to continue with its slow growth, and general confidence is estimated to be higher than on average. Interest rates are expected to remain low in 2017, which will have a positive impact on SATO's financing costs. Long term interest rates are expected to increase.

According to the Bank of Finland, steady growth in the global economy and the light financing conditions will support the positive development of the eurozone in the near future, even though these expectations are shadowed by the uncertainties related to Brexit, other political events that may slow down economic growth, and concerns related to the state of the banking sector in certain countries in the eurozone and to the outlook on public economy.

Growing urbanisation provides good long-term conditions for continued investments in Finland. Net immigration is expected to be the highest form of population increase in SATO's operating areas. Some 80 per cent of SATO's housing assets are located in the Helsinki metropolitan area, where price development is expected to be more positive than in the rest of Finland.

According to estimates of Pellervo Economic Research (PTT), prices and rents will continue to increase, demand for owner occupied apartments will grow higher, and the accelerating of housing sales will decrease the pressure in the rental market.

SATO's net rental income is expected to remain at the 2016 level.

It will take several years to fulfil the estimated lack of 20,000 apartments in the Helsinki Metropolitan Area and 3,000 apartments in Tampere. There is constant demand for new housing investments. According to VTT Technical Research Centre of Finland, Finland will require 25,000–30,000 new apartments every year in its growth centres by 2040.

The Russian economy is expected to develop slowly.

SATO Corporation's shareholders on 1 August 2017

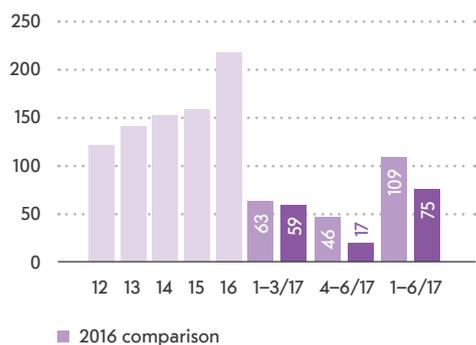
Largest shareholders and their holdings

	shares	%
• Balder Finska Ofas AB (owner: Fastighets Ab Balder, 100%)	30,460,686	53.6%
• Stichting Depository APG Strategic Real Estate Pool (owner: Stichting Pensioenfond ABP, >95%; manager: APG Asset Management NV)	12,811,647	22.6%
• Elo Mutual Pension Insurance Company	7,233,081	12.7%
• The State Pension Fund	2,796,200	4.9%
• The Finnish Construction Trade Union	619,300	1.1%
• Valkila Erkkä	390,000	0.7%
• Unemployment Fund of the Construction Sector	330,000	0.6%
• The Research Foundation of the Pulmonary Diseases	227,000	0.4%
• Rausanne Oy	194,920	0.3%
• Entelä Tuula	179,000	0.3%
• Others (92 shareholders)	1,541,233	2.8%

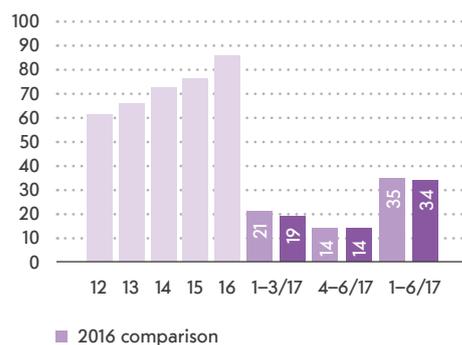
On 1 August 2017, SATO had 56,783,067 shares and 102 shareholders registered in the book-entry system. The share turnover rate was 0.05 per cent for the period 1 January 2017–1 August 2017.

FINANCIAL TREND

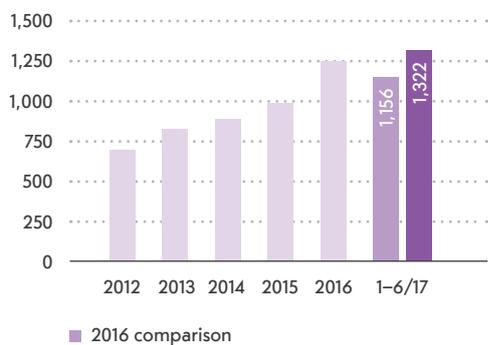
Profit before taxes, MEUR



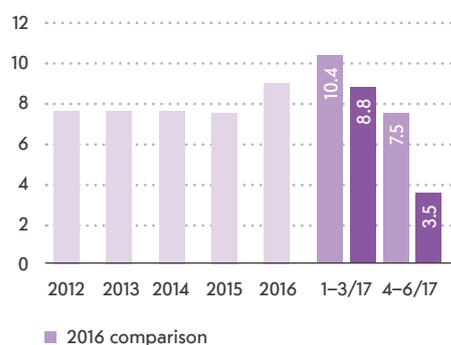
Cash earnings (CE), MEUR



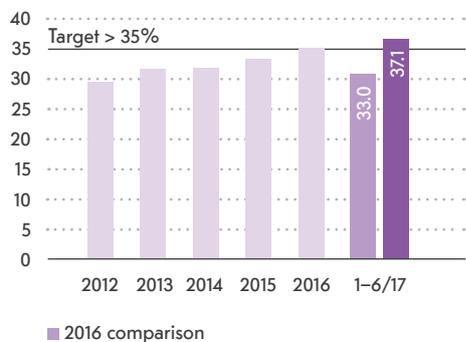
Shareholders' equity, MEUR



Return on invested capital, %



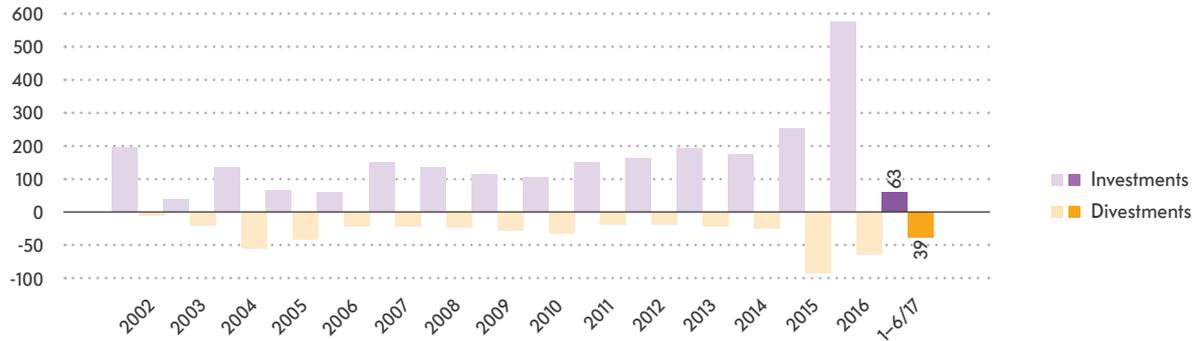
Equity ratio, %



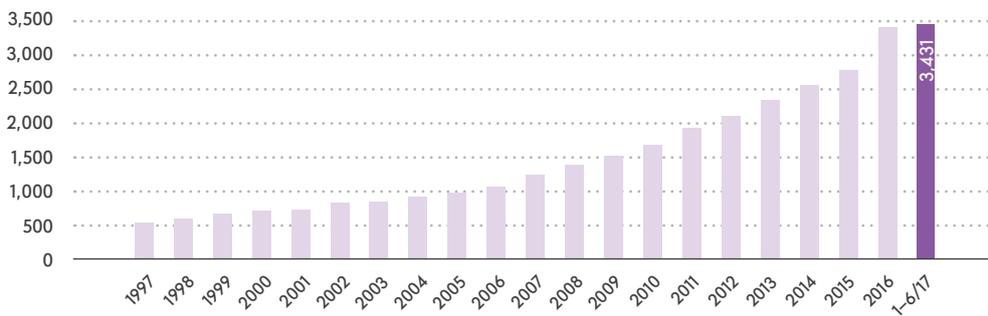
Net sales, MEUR



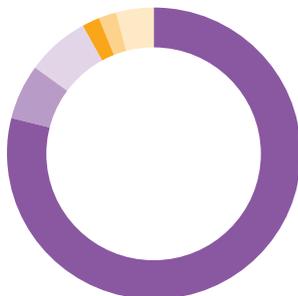
Housing investments and divestments, MEUR



Trend in the housing portfolio, fair values, MEUR



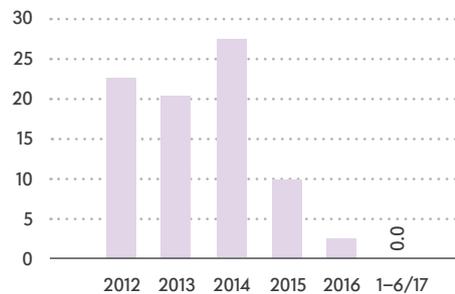
Regional distribution of the housing portfolio, 30 June 2017



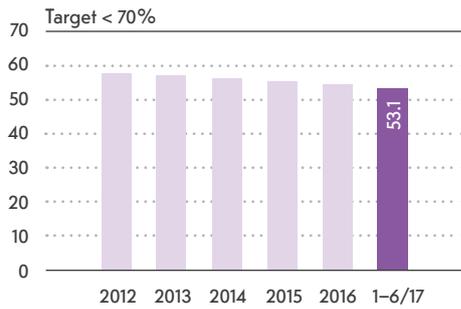
- Helsinki Metropolitan Area 79%
- Turku region 6%
- Tampere region 7%
- Jyväskylä region 2%
- Oulu region 2%
- St. Petersburg 4%

Total housing portfolio MEUR 3,431

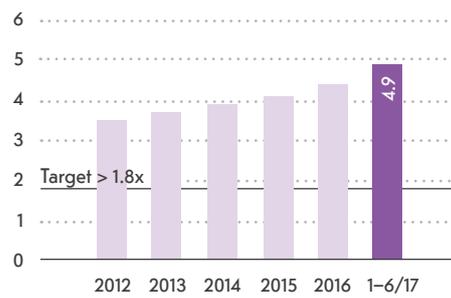
Housing investments in St. Petersburg, MEUR



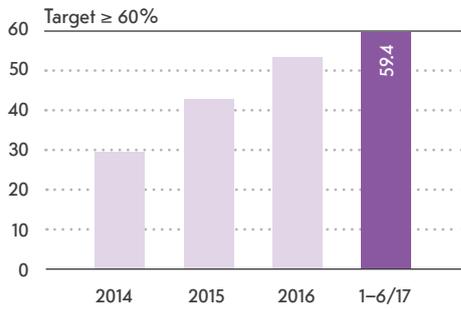
Solvency ratio, %



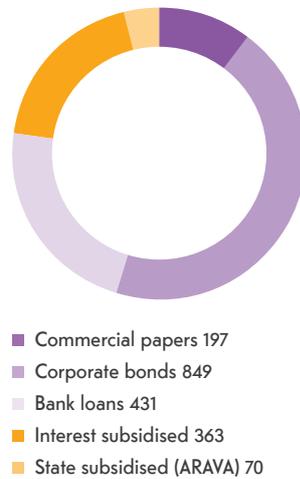
Interest coverage ratio



Unencumbered assets, %



Debt portfolio, Nominal values 30 June 2017, total MEUR 1,910



CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	1 Apr–30 Jun 2017	1 Apr–30 Jun 2016	1 Jan–30 Jun 2017	1 Jan–30 Jun 2016	1 Jan–31 Dec 2016
Net Sales	69.5	65.4	137.6	126.5	262.7
Property maintenance expenses	-24.2	-22.2	-49.1	-45.1	-95.7
Net operating income	45.4	43.2	88.5	81.4	167.1
Fair value change of investment properties, realised	-1.2	0.0	-0.7	0.7	0.7
Fair value change of investment properties, unrealised	-8.4	23.2	23.9	63.0	124.3
Sales, marketing and administrative expenses	-9.6	-8.3	-17.5	-15.5	-30.0
Other operating income	5.3	1.8	8.4	3.7	7.7
Other operating expenses	-3.2	-0.9	-4.0	-1.4	-2.6
Operating profit	28.3	58.9	98.6	131.8	267.2
Financial income	0.1	0.2	0.4	0.2	0.6
Financial expenses	-11.8	-13.5	-23.8	-23.2	-48.4
	-11.7	-13.3	-23.4	-22.9	-47.8
Profit before tax	16.6	45.6	75.2	108.9	219.4
Income tax expenses	-3.5	-9.5	-15.1	-22.4	-44.8
Profit for the period	13.1	36.1	60.1	86.5	174.7
Profit for the period attributable to					
Equity holder of the parent	13.1	36.1	60.1	86.5	174.8
Non-controlling interests	0.0	0.0	0.0	0.0	-0.2
	13.1	36.1	60.1	86.5	174.7
Earnings per share attributable to equity holders of the parent					
Basic, EUR	0.23	0.68	1.06	1.66	3.22
Diluted, EUR	0.23	0.68	1.06	1.66	3.22
Average number of shares, million	56.6	53.3	56.6	52.0	54.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	1 Apr-30 Jun 2017	1 Apr-30 Jun 2016	1 Jan-30 Jun 2017	1 Jan-30 Jun 2016	1 Jan-31 Dec 2016
Other comprehensive income					
Remeasurement of defined benefit liability, net of tax	0.0	0.0	0.0	0.0	-0.1
Related tax	0.0	0.0	0.0	0.0	0.0
Items that will never be reclassified to income statement	0.0	0.0	0.0	0.0	-0.1
Cash flow hedges	6.0	-6.6	11.9	-14.3	-3.5
Translation differences	0.0	0.0	-0.1	0.0	0.1
Related tax	-1.2	1.3	-2.4	2.9	0.7
Items that may be reclassified subsequently to income statement	4.8	-5.2	9.4	-11.4	-2.7
Other comprehensive income, net of tax	4.8	-5.2	9.4	-11.4	-2.8
Total comprehensive income	17.9	30.9	69.5	75.1	171.9
Comprehensive income attributable to					
Equity holders of the parent	17.9	30.9	69.5	75.1	172.1
Non-controlling interest	0.0	0.0	0.0	0.0	-0.2
	17.9	30.9	69.5	75.1	171.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Non-current assets			
Investment property	3,430.5	3,248.6	3,383.2
Tangible assets	77.3	109.8	105.1
Intangible assets	1.9	2.1	1.6
Investments in associated companies	0.0	0.0	0.0
Available-for-sale financial assets	1.7	1.7	1.7
Non-current receivables	13.4	12.3	13.4
Deferred tax assets	13.4	18.2	16.1
Total	3,538.2	3,392.7	3,521.1
Current assets			
Account and other receivables	19.0	18.6	18.0
Deferred tax assets	4.9	7.4	4.9
Cash and cash equivalents	3.6	79.7	18.3
Total	27.6	105.7	41.2
TOTAL ASSETS	3,565.7	3,498.3	3,562.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Equity holders of the parent			
Share Capital	4.4	4.4	4.4
Fair value and other reserves	-28.4	-46.6	-37.9
Reserve fund	43.7	43.7	43.7
Reserve for invested non-restricted equity	114.8	114.9	114.8
Retained earnings	1,187.6	1,039.3	1,127.6
Total	1,322.1	1,155.7	1,252.6
Non-controlling interests	0.0	0.1	0.0
TOTAL SHAREHOLDERS EQUITY	1,322.1	1,155.8	1,252.6
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	229.6	217.6	225.9
Provisions	2.8	3.9	3.0
Derivatives	44.2	64.5	54.4
Long-term non-interest bearing liabilities	0.0	0.8	0.8
Long-term interest bearing liabilities	1,536.3	1,881.3	1,794.4
Total	1,812.9	2,168.2	2,078.5
Current liabilities			
Accounts payable and other liabilities	64.4	55.4	69.9
Provisions	1.8	1.9	1.9
Deferred tax liabilities	5.8	0.0	10.8
Short-term interest bearing liabilities	358.8	117.1	148.5
Total	430.7	174.4	231.1
TOTAL LIABILITIES	2,243.6	2,342.5	2,309.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,565.7	3,498.3	3,562.2

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

MEUR	1 Apr–30 Jun 2017	1 Apr–30 Jun 2016	1 Jan–30 Jun 2017	1 Jan–30 Jun 2016	1 Jan–31 Dec 2016
Cash flow from operating activities					
Profit for the period	13.1	36.1	60.1	86.5	174.7
Adjustments:					
Non-cash items included in the profit*	9.0	-25.4	-22.9	-64.4	-122.5
Profit and loss on sales of investment properties and fixed assets	1.2	-0.1	0.6	-0.8	-1.0
Other adjustments	2.0	0.2	2.0	0.0	0.0
Interest expenses and other financial expenses	11.8	13.5	23.8	23.2	48.4
Interest income	-0.1	-0.1	-0.3	-0.2	-0.6
Dividend income	0.0	0.0	-0.1	0.0	0.0
Income taxes	3.5	9.5	15.1	22.4	44.8
Cash flow before change in net working capital	40.5	33.7	78.4	66.6	143.7
Change in net working capital:					
Changes in accounts receivable and other receivables	1.6	0.0	-1.0	-2.5	-1.4
Change in accounts payable and other liabilities*	10.1	1.3	-2.1	3.0	12.1
Interest paid	-11.0	-13.2	-27.6	-21.9	-43.0
Interest received	0.1	-0.1	0.2	0.0	0.5
Taxes paid	-13.4	-8.6	-15.9	-12.8	-13.8
Net cash flow from operating activities	27.9	13.0	32.1	32.3	98.1
Cash flow from investing activities					
Acquisitions of investment properties	-35.7	-165.8	-62.2	-203.0	-327.0
Net investment in tangible and intangible assets	8.1	-2.7	26.2	5.1	6.1
Repayments of loans receivable	0.3	0.5	0.4	0.6	0.9
Payments of granted loans	0.0	-0.2	0.0	-1.0	-1.9
Disposals of Investment property	9.6	5.5	38.4	12.9	52.1
Net cash flow from investing activities	-17.7	-162.7	2.8	-185.3	-269.8
Cash flow from financing activities					
Repayments (-) / withdrawals (+) of current loans	101.9	38.3	87.0	40.9	6.1
Withdrawals of non-current loans	2.3	0.0	54.2	298.3	381.6
Repayments of non-current loans	-116.7	-208.6	-190.7	-240.0	-332.9
Payments received from the issue of shares	0.0	98.7	0.0	98.7	98.7
Repayment of capital and dividends paid	0.0	0.0	0.0	-25.4	-25.4
Net cash flow from financing activities	-12.4	-71.7	-49.4	172.4	128.1
Change in cash and cash equivalents					
Cash and cash equivalents at the beginning of period	6.1	301.6	18.3	60.7	60.7
Effect of exchange rate fluctuations on cash held	-0.2	0.1	-0.1	0.1	0.4
Cash M&A	0.0	-0.5	0.0	-0.5	0.9
Cash and cash equivalents at the end of period	3.6	79.7	3.6	79.7	18.3

* Since the fourth quarter of 2016, SATO presents the adjustment for change in current provisions, EUR -0.1 (-0.4) million, in non-cash items included in the profit, instead of change in accounts payable and other liabilities.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY, IFRS

Attributable to owners of the parent

MEUR	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interests	Total equity
Shareholders' equity 1 Jan 2016	4.4	-35.1	43.7	1.9	978.1	993.1	0.1	993.2
Comprehensive income:								
Remeasurements of defined benefit liability					0.0	0.0		0.0
Cash flow hedges, net of tax		-11.5				-11.5		-11.5
Translation differences					0.1	0.1		0.1
Profit for the period					86.5	86.5	0.0	86.5
Total comprehensive income	0.0	-11.5	0.0	0.0	86.6	75.1	0.0	75.1
Transactions with shareholders:								
Issue of shares				112.9		112.9		112.9
Dividend					-25.4	-25.4	0.0	-25.4
Transaction with shareholders, total	0.0	0.0	0.0	112.9	-25.4	87.5	0.0	87.5
Other adjustments	0.0			0.0	0.0	0.0	0.0	0.0
Total of equity movements	0.0	-11.5	0.0	112.9	61.1	162.6	0.0	162.6
Shareholders' equity 30 Jun 2016	4.4	-46.6	43.7	114.9	1,039.3	1,155.7	0.1	1,155.8

Attributable to owners of the parent

MEUR	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interests	Total equity
Shareholders' equity 1 Jan 2017	4.4	-37.9	43.7	114.8	1,127.6	1,252.6	0.0	1,252.6
Comprehensive income:								
Remeasurements of defined benefit liability					0.0	0.0		0.0
Cash flow hedges, net of tax		9.5				9.5		9.5
Translation differences					-0.1	-0.1		-0.1
Profit for the period					60.1	60.1	0.0	60.1
Total comprehensive income	0.0	9.5	0.0	0.0	60.0	69.5	0.0	69.5
Transactions with shareholders:								
Issue of shares								
Dividend					0.0	0.0	0.0	0.0
Transaction with shareholders, total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments	0.0			0.0	0.0	0.0	0.0	0.0
Total of equity movements	0.0	9.5	0.0	0.0	60.0	69.5	0.0	69.5
Shareholders' equity 30 Jun 2017	4.4	-28.4	43.7	114.8	1,187.6	1,322.1	0.0	1,322.1

NOTES TO THE HALF YEAR FINANCIAL REPORT

1. Notes to the half year financial report

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

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

From the beginning of the year 2017 SATO has adopted new or amended IFRS's and IFRIC interpretations as described in the financial statements 2016. The interpretation has been assessed not to have a significant impact on SATO's consolidated financial statements. Other parts of the half year financial report have been reported according to same accounting principles as in SATO's Financial Statements of 2016.

SATO has amended the reporting of income and expenses starting from the first quarter of 2017. The new reporting practice is considered to better reflect SATO's current strategy and the recent development of its business. Under its current strategy, SATO focuses on the rental business. Sale of new apartments and land stock is no longer a part of the Group's core business and its share of the Group's income has decreased significantly. Therefore, income from the sale of new homes and land stock that were previously presented in the net sales have been reclassified to profit (loss) from investment property sold and included in the other operating income. Similarly, the profit (loss) from the sale of land stock and other income previously included in net sales have been reclassified to other operating income. Accordingly, the Group's unbuilt land stock reserve and properties under construction that are not classified as investment property as at 31 March 2017 are included in tangible assets in the Group's statement of financial position. In the statement of cash flows, changes in the Group's unbuilt land stock reserve and properties under construction not classified as investment property are presented in the cash flow from investing activities, and are included in the net investment in intangible and tangible assets, starting from the first quarter of 2017. The changes have been applied to the comparison periods.

2. Segment information

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

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Assets by geographical regions			
Finland	3,434.1	3,372.7	3,425.4
Russia	131.7	125.7	136.8
Total	3,565.7	3,498.3	3,562.2

3. Result on disposal of investment properties

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Sold investment properties					
Proceeds from disposal of investment properties	10.2	5.6	38.4	12.8	67.3
Carrying value of investment properties sold	-11.4	-5.7	-39.2	-12.2	-66.5
Total	-1.2	0.0	-0.7	0.7	0.7

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

4. Other operating income

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Other operating income					
Sales income, new production	2.4	9.8	26.3	23.0	40.2
New production expenses	-2.4	-8.2	-24.4	-20.1	-34.3
Sales income, land stock	9.5	4.6	9.5	8.6	14.6
Carrying value of land stock sold	-4.4	-4.5	-4.4	-8.1	-13.9
Other income	0.1	0.1	1.3	0.4	1.2
Total	5.3	1.7	8.4	3.7	7.7

From the first quarter of 2017, SATO reports the income from sales of new homes and sales of land stock, net of attributable expenses, in other operating income. Similarly, other income from the sale of services amounting to EUR 0.2 (0.2) million, that was previously included in the Group's net sales, is presented in other operating income from the first quarter of 2017.

5. Investment properties

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Fair value of investment properties at start of period	3,383.2	2,752.9	2,752.9
Acquisitions, new constructions	3.6	439.1	557.7
Other investments to properties	58.4	4.5	10.5
Disposals of investment properties	-39.2	-12.2	-66.5
Capitalized borrowing costs	0.6	0.6	1.1
Reclassification from trading properties	-0.1	0.7	3.2
Gains and losses from changes in fair value*	23.9	63.0	124.3
Fair value of investment properties at end of period	3,430.5	3,248.6	3,383.2

*Gains and losses from changes in fair value includes foreign exchange gains and losses of EUR -6.2 (10.8) million.

Valuation methods

SATO's investment properties mainly comprises of rental apartments that are located in the largest growth centres. Approximately 78 per cent of the housing property is located in the Helsinki region. Investment property value is taken care by renovation and repair activity based on their lifecycle and repair plans. Increase in the fair value of SATO's investment property was mainly due to market price levels, reclassifications from measurement group to another when legal restrictions have ended and changes in parameters used in valuation.

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

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

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

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Investment property by valuation classes			
Sales comparison method	2,780.4	2,524.9	2,687.6
Income value	497.3	549.2	540.6
Acquisition method	152.8	174.5	155.1
Total	3,430.5	3,248.6	3,383.2

Sensitivity analysis of investment properties

Sensitivity analysis of investment properties has been presented in the 2016 financial statement. Quarterly changes are not significant. All SATO's investment properties are classified to hierarchy level 3 under IFRS 13. Items which are included in the hierarchy level 3 are measured using input data which is not based on observable market data.

6. Tangible assets

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Balance at the start of the period	105.1	116.8	116.8
Additions	23.5	22.3	91.7
Disposals	-49.2	-34.2	-111.8
Accumulated depreciation of disposals	-0.2	0.3	0.4
Transfers between items	-2.0	4.8	8.4
Depreciation	0.1	-0.3	-0.4
Balance at the end of the period	77.3	109.8	105.1

At the end of the reporting period, tangible assets included EUR 75.0 million (30 June 2016: EUR 107.6 million and 31 Dec 2016: EUR 103.0 million) of assets previously classified as inventories.

7. Intangible assets

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Balance at the start of the period	1.6	1.8	1.8
Additions	0.6	0.6	0.5
Transfers between items	0.1	0.0	0.0
Depreciation	-0.4	-0.3	-0.7
Balance at the end of the period	1.9	2.1	1.6

8. Shareholders' equity

The total number of SATO's shares as at 30 Jun 2017 was 56,783,067 (56,783,067) and the number of own shares held was 160,000 (160,000).

During 2016, SATO carried out a directed share issue and a rights issue. SATO announced on 1 April 2016 the acquisition of all of the shares in SYK Yhtymä Oy. The transaction was completed by a directed share issue approved by SATO's Board of Directors. Shareholders of SYK Yhtymä subscribed for a total of 728,763 SATO's shares. In the rights issue a total of 5,052,462 shares was subscribed. SATO raised approximately EUR 98.7 million through the rights issue. The subscription price is recorded to the reserve for invested non-restricted equity.

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

MEUR	1-6/2017	1-6/2016	1-12/2016
The following dividend and repayment of capital were declared and paid by the company:			
Dividends 0.00 (0.50) per share, EUR	0.0	-25.4	-25.4
Total	0.0	-25.4	-25.4

9. Financial liabilities

MEUR	1-6/2017	1-6/2016	1-12/2016
Financial liabilities			
Commercial Papers	196.9	62.9	109.9
Corporate bonds	845.2	844.1	844.6
Bank loans	419.4	611.1	491.8
Interest-subsidised loans	363.2	389.8	421.5
State-subsidised ARAVA loans	70.4	90.6	75.2
Total	1,895.1	1,998.4	1,943.0

On the reporting date, the average interest of SATO's debt portfolio was 2.3 (2.5) per cent.

For purposes of short-term financing, SATO has a commercial paper program of EUR 400 (200) million, committed credit limits of EUR 400 (400) million, of which EUR 400 (400) million were unused, and a non-committed current overdraft limit of EUR 5 (5) million, of which EUR 4.8 (5) million were unused.

10. Derivatives

MEUR	30 Jun 2017		30 Jun 2016	31 Dec 2016
	Positive	Negative	Net	Net
Fair values of derivative instruments				
Interest rate swaps, cash flow hedge	1.0	-28.4	-27.4	-46.3
Cross-currency and interest rate swaps, cash flow hedge		-16.5	-16.5	-18.2
Interest rate swaps, no hedge accounting				0.0
Total	1.0	-44.9	-43.9	-64.5

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Nominal values of derivative instruments			
Interest rate swaps, cash flow hedge	717.5	676.8	661.3
Cross-currency and interest rate swaps, cash flow hedge	104.9	107.2	106.0
Interest rate swaps, no hedge accounting		83.1	
Total	822.4	867.0	767.3

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR 9.5 (-12,1) million and that of foreign exchange hedges totalled EUR 0.0 (0.6) million. Interest rate swaps are used to hedge interest cash flows against fluctuation in market interest rates. Cross-currency and interest rates swaps additionally hedge the currency risks of interest and repayment cash flows of loan contracts denominated in foreign currency. Currency forward contracts are used to hedge contractual cash flow relating to binding purchase agreements denominated in foreign currency. Interest rate hedges have maturities ranging between 1–10 years and forward contracts within 1 year. Typically netting agreements are applied to derivative contracts, however the contracts are represented in gross value in financial statements. The method of presentation has no significant impact on figures on reporting or comparative period.

11. Fair values of financial instruments

MEUR	30 Jun 2017			30 Jun 2016					
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:			
Assets									
Loans receivable		12.4			12.3				
Derivative assets		1.0			0.7				
Cash and cash equivalents		3.6			79.7				
Liabilities									
Corporate bonds	859.6	24.0		856.5	24.0				
Other loans		1,053.5			1,157.0				
Derivative liabilities		44.9			65.2				
31 Dec 2016									
MEUR	Level 1:			Level 2:			Level 3:		
Assets									
Loans receivable							12.9		
Derivative assets							0.5		
Cash and cash equivalents							18.3		
Liabilities									
Corporate bonds				868.0			24.0		
Other loans							1,101.1		
Derivative liabilities							55.5		

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

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

12. Provisions

MEUR	Provision for refund claim	Provision for litigation claim	Other provisions	Total
Provision at the end of the period 31 Dec 2016				
	4.2	0.2	0.5	4.9
Increases	0.1	0.0	0.4	0.5
Provisions used	-0.2	0.0	-0.4	-0.7
Reversals	-0.1		0.0	-0.1
Provision at the end of the period 30 Jun 2017				
	4.1	0.2	0.4	4.6
30 Jun 2017 30 Jun 2016 31 Dec 2016				
Non-current provisions		2.8	3.9	3.0
Current provisions		1.8	1.9	1.9
Total		4.6	5.8	4.9

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

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

13. Notes to the cash flow statement

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Non-cash items included in the profit					
Depreciation	0.3	0.3	0.6	0.6	1.1
Gains and losses from changes in fair value of investment properties	8.4	-23.2	-23.9	-63.0	-124.3
Increase and reversals in provisions*	0.4	-2.5	0.4	-2.0	0.6
Total	9.0	-25.4	-22.9	-64.4	-122.5

* Since the fourth quarter of 2016, SATO presents the adjustment for change in current provisions, EUR -0.1 (-0.4) million, in non-cash items included in the profit, instead of change in accounts payable and other liabilities.

14. Collateral, commitments and contingencies

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Mortgages and pledges for secured borrowings			
Secured borrowings	998.2	1,335.5	1,183.1
Pledges and mortgages provided, fair value	1,449.3	2,016.3	1,669.1
Guarantees for others			
Shared ownership apartment purchase commitments	16.2	15.8	14.9
Rs-guarantees	2.5	4.6	3.9
Mortgages provided to secure payment of rent and street maintenance			
Property mortgages provided	5.8	5.8	5.8
Binding purchase agreements			
For acquisitions of investment properties	79.3	166.4	121.2
Pledges for land use payments on zoned plots	4.7	5.2	4.2
Commitments to cleaning and removal charges	0.0	0.7	0.0
Preagreements on land for which there is a zoning condition	46.3	3.9	34.0

Housing companies which hold so-called shared ownership apartments are treated as structured entities, which are established for a fixed period, and are not included in the consolidation. On the report date, the loans of such housing companies included in the shared ownership systems, totalled EUR 43.7 (54.5) million.

15. Related party transactions

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

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

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

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

MEUR	1-6/2017	1-6/2016	1-12/2016
Management employee benefits			
Salaries and other employee benefits	1.0	1.4	2.7
Total	1.0	1.4	2.7

Management Remuneration

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

16. Subsequent events

No significant events after the reporting period.

KEY INDICATORS

Key financial indicators	1-6/2017	1-6/2016	1-12/2016	1-12/2015	1-12/2014	1-12/2013**	1-12/2012**
Net sales, MEUR	137.6	126.5	262.7	249.4	243.2	229.5	212.7
Net rental income, MEUR	88.5	81.4	166.2	151.8	146.2	131.8	122.1
Net rental income, %	5.4%	5.7%	5.6%	6.0%	6.3%	6.2%	6.3%
Profit before taxes, MEUR	75.2	108.9	219.4	159.4	152.2	140.8	121.0
Balance sheet total, MEUR	3,565.7	3,498.3	3,562.2	2,979.6	2,801.6	2,596.0	2,360.0
Shareholders' equity, MEUR	1,322.1	1,155.8	1,252.6	993.2	892.3	823.0	693.0
Interest bearing liabilities, MEUR	1,895.1	1,998.4	1,943.0	1,676.2	1,584.9	1,501.3	1,375.3
Return on invested capital, % (ROI)	6.1%	9.1%	9.1%	7.6%	7.7%	7.7%	7.7%
Return on equity, % (ROE)	9.3%	16.1%	15.6%	13.5%	14.0%	15.5%	13.5%
Equity ratio, %	37.1%	33.0%	35.2%	33.3%	31.8%	31.7%	29.4%
Personnel, average***	197	165	170	172	165	156	152
Personnel at the end of period	217	166	175	170	169	156	150
Key indicators per share							
Earnings per share, EUR	1.06	1.66	3.22	2.49	2.37	2.34	1.78
Equity per share, EUR****	23.35	20.41	22.12	19.53	17.55	16.16	13.72
Number of shares, million*	56.6	56.6	56.6	50.8	50.8	50.8	50.8
Key figures according to EPRA recommendations and operational cash earnings							
EPRA Earnings, MEUR	37.5	33.1	69.5	64.5	65.1	62.7	44.4
EPRA Earnings per share, EUR	0.66	0.64	1.28	1.27	1.28	1.23	0.87
EPRA Net Asset Value, MEUR*****	1,582.2	1,419.6	1,517.5	1,227.8	1,120.3	1,006.9	900.5
EPRA Net Asset Value per share, EUR*****	27.94	25.07	26.80	24.15	22.04	19.80	17.71
Cash earnings, MEUR	33.7	34.7	86.2	78.1	72.9	66.1	61.6
Cash earnings per share, EUR	0.59	0.67	1.59	1.54	1.43	1.30	1.21
Quarter key financial indicators							
	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	
Net sales, MEUR	69.5	68.1	67.9	68.3	65.4	61.1	
Net rental income, MEUR	45.4	43.1	40.9	44.7	43.2	38.2	
Net rental income, %	5.4%	5.2%	5.1%	5.7%	6.0%	5.7%	
Operating profit, MEUR	28.3	70.3	59.3	76.1	58.9	72.9	
Profit and losses from changes of fair value	-8.4	32.3	22.7	38.5	23.2	39.8	
Net financing expenses, MEUR	-11.7	-11.7	-12.7	-12.1	-13.3	-9.6	
Profit before taxes, MEUR	16.6	58.6	46.5	64.0	45.6	63.3	
Earnings per share, EUR	0.23	0.83	0.66	0.90	0.68	0.99	
Average number of shares, million*	56.6	56.6	56.6	56.6	53.3	50.8	
Gross investments, MEUR	62.6	26.4	63.8	64.0	407.6	37.2	
as percentage of net sales	90.0%	38.8%	73.2%	88.3%	510.4 %	47.4%	
Key figures according to EPRA recommendations and operational cash earnings							
EPRA Earnings, MEUR	18.3	19.2	16.3	20.1	16.4	16.7	
EPRA Earnings per share, EUR	0.32	0.34	0.29	0.36	0.31	0.33	
Cash earnings, MEUR	14.5	19.2	27.7	24.0	13.8	21.0	
Cash earnings per share, EUR	0.26	0.34	0.49	0.42	0.27	0.41	

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

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

*** Including summer trainees

**** Equity excluding non-controlling interests

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

FORMULAS USED IN CALCULATION

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

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