

**SRV'S INTERIM REPORT JANUARY–SEPTEMBER 2015:****REVENUE AND ORDER BACKLOG CONTINUE TO RISE – FULL-YEAR OUTLOOK REMAINS UNCHANGED**

January–September 2015 in brief:

- SRV's revenue was EUR 492.5 (490.6, 1-9/2014) million. The trend in revenue was affected by the start-up of the construction of the REDI shopping centre and parking facility.
- Operating profit declined to EUR 7.5 (15.3) million, primarily due to the decrease in revenue from developer-contracted housing production, the rise in the share accounted for by low-margin business contracting and the increase in fixed costs.
- Result before taxes was EUR 2.7 (11.3) million. The result was affected by a EUR -2.8 million fair value revaluation of a ten-year interest rate hedge in July.
- Earnings per share were EUR -0.02 (0.18)
- The order backlog at period-end was EUR 1,517.5 (944.1) million. The order backlog rose to an all-time high level mainly thanks to the start-up of REDI and several other large-scale projects.
- Equity ratio was 41.6 (38.9) per cent.

July–September 2015 in brief:

- SRV's revenue totalled EUR 155.1 million (EUR 209.0 million 7-9/2014). Revenue decreased year-on-year due to the sale of Derby Business Park.
- Operating profit was EUR 4.1 (6.0) million
- Result before taxes was EUR 0.1 (5.7) million
- Earnings per share were EUR -0.03 (EUR 0.13)
- New order intake amounted to EUR 389.9 (90.3) million
- Rights offering succeeded excellently and was subscribed by 114 percent.

The Group retains the full year result outlook unchanged. The Group revenue is expected to increase from year-on-year (EUR 684.4 million). The result before taxes is expected to be in the range of EUR 10-20 (18.5) million.

This interim report has been prepared in accordance with IAS 34, and the disclosed information is unaudited.

**President & CEO Juha Pekka Ojala**

The third quarter went along the same lines as the first half of the year. Our order backlog and revenue are continuing to grow. New order intake was more than four times larger than year ago. All in all, our order backlog has already exceeded a staggering EUR 1.5 billion. However, the result unavoidably reflects the fact that no developer-contracted housing units were completed in the

third quarter, as compared to 86 units a year ago. We will, however, be seeing an upswing from late 2015 onwards – 225 homes will be completed by Christmas, and this will also bring up positive tone for our near-term outlook. We also believe that investor sales will pick up towards the end of the year, which will improve our result and increase revenue for the coming years. Another positive fact is that a larger share of the almost 1,900 housing units we have under construction are higher-margin developer-contracted projects.

Our investments in ongoing major projects, such as REDI, Niittykumpu Metro Centre and our Russian shopping centre projects, can still only be seen as a rise in fixed costs.

However, a number of projects have also reached favourable stages during the third quarter. August's rights offering was completed in September. It was a great success, demonstrating the firm confidence shown in our company by almost 7,000 shareholders. Our projects in Russia are also progressing according to schedule in spite of the challenging conditions in the country. We celebrated the topping out of the Okhta Mall in St Petersburg in September and, although there's still a year to go before the shopping centre opens in autumn 2016, 46 per cent of its premises have already been reserved or leased.

The Helsinki cityscape continues to change day by day, as the REDI centre in Kalasatama begins to rise. REDI's cornerstone was laid at a ceremony in early September, and excavation work is already entering the final stages. The volume of rock quarried from the site is equivalent to six Parliament Houses. Foundation and structural work has now begun, and the New Year will see a major step forward when the pre-marketing of residential in the first towers is launched in earnest. Lidl supermarket chain is just one of the shopping centre's new tenants.

We're also making progress in preparations and negotiations for the Fennovoima's Hanhikivi-1 nuclear power plant project that was announced in August. It's been great to see how the large scale of this project has awakened so much interest both in our subcontractor network and among our own personnel.

Some slight signs of recovery are still being seen in housing construction, although there are considerable regional variations. SRV currently has a total of almost 1,900 housing units under construction, the majority of which are scheduled for completion during 2017, when they will also begin to generate noticeable income.

The most significant new project since the end of the review period is the development of Kerava city-centre. Five apartment blocks and a retail centre will significantly alter Kerava's cityscape. In Vantaa, we're also involved in developing a corporate campus concept in Vantaankoski in cooperation with Sanoma and the City of Vantaa.

The outlook remains challenging, but positive signs can be seen in both construction in general and in our own earnings performance, as our ongoing projects progress and when incomplete residences are finished and recognised as income. All of this, combined with attractive new projects still at the tender stage, guarantees that SRV will continue to enjoy one of the richest and most interesting eras in its history.

## SRV GROUP PLC INTERIM REPORT, 1 JANUARY–30 SEPTEMBER 2015

<b>Group key figures</b> (IFRS, EUR million)	<b>1-9/ 2015</b>	1-9/ 2014	change, MEUR	change, %	<b>7-9/ 2015</b>	7-9/ 2014	<b>1-12/ 2014</b>
Revenue	<b>492.5</b>	490.6	1.9	0.4	<b>155.1</b>	209.0	<b>684.4</b>
Operating profit	<b>7.5</b>	15.3	-7.9	-51.3	<b>4.1</b>	6.0	<b>24.9</b>
Financial income and expenses, total	<b>-4.7</b>	-4.0	-0.7		<b>-4.0</b>	-0.2	<b>-6.4</b>
Result before taxes	<b>2.7</b>	11.3	-8.6	-75.8	<b>0.1</b>	5.7	<b>18.5</b>
Order backlog	<b>1,517.5</b>	944.1	573.4	60.7			<b>860.4</b>
New agreements	<b>1,106.6</b>	592.3	514.3	86.8	<b>389.9</b>	90.3	<b>700.3</b>
Operating profit, %	<b>1.5</b>	3.1			<b>2.6</b>	2.9	<b>3.6</b>
Net profit, %	<b>0.3</b>	2.1			<b>-0.2</b>	2.9	<b>2.2</b>
Equity ratio, %	<b>41.6</b>	38.9					<b>43.0</b>
Net interest-bearing debt	<b>248.3</b>	255.1	-6.9	-2.7			<b>206.1</b>
Gearing, %	<b>91.5</b>	111.6					<b>91.6</b>
Return on investment, %	<b>3.2</b>	4.4					<b>5.4</b>
Return on equity, %	<b>0.9</b>	6.0					<b>6.9</b>
Earnings per share, EUR	<b>-0.02</b>	0.18	-0.21		<b>-0.03</b>	0.13	<b>0.30</b>
Equity per share, EUR	<b>3.80</b>	4.59	-0.79	-17.2			<b>4.51</b>
Share price at end of period, EUR	<b>2.53</b>	3.67	-1.14	-31.1			<b>2.83</b>
Weighted average number of shares outstanding, millions	<b>37.0</b>	39.8		-7.0			<b>39.8</b>

\*) Comparative data is share issue adjusted.

### Overall review

#### January-September 2015

At the end of September, the Group's order backlog was EUR 1,517.5 (944.1) million thanks to new contractor agreements, the major ones being the REDI project and a healthcare and wellbeing centre in the Kalasatama district of Helsinki, the Niittykumpu Metro Centre in Espoo, and the expansion of Tampere University Hospital. 85 per cent of the order backlog has been sold, a total of EUR 1,295 million. The value of the Group's new contracts rose to EUR 1,106.6 (592.3) million.

The Group's revenue increased to EUR 492.5 (490.6) million. The start-up of the REDI shopping centre and parking facility project contributed to this rise in revenue, as quarrying and other infrastructure work completed prior to the sign of contractor agreements was recognised as revenue in accordance with the level of completion. Revenue was weakened by a fall in revenue from housing production, as only 22 (186) developer-contracted housing units recognised as revenue upon delivery were completed during the January-September. However, it should be noted that the comparison figures for the period were boosted by the sale of the Derby Business Park in Espoo.

The Group's operating profit totalled EUR 7.5 (15.3) million, generating an operating margin of 1.5 (3.1) per cent. This decline in operating profit was mainly due to a fall in revenue from developer-contracted housing construction and the higher share accounted for by business contracting with low profit margins. Numerous large-scale projects started up during the January-September, such as the REDI project in Kalasatama and the Niittykumpu Metro Centre. These construction volumes increased fixed costs, thereby reducing operating profit. On the other hand, the improved earnings of associated companies and joint ventures increased operating profit. The operating profit for the comparison period included rental income from the Derby Business Park, which was sold in Q3 2014.

The relative level of operating profit is reduced by the elimination of a share equivalent to SRV's ownership from the profit margins of three shopping centre projects (Okhta Mall, Daily and REDI), which will be recognised as income only when the investment is sold.

Several factors contribute to the quarterly variation in SRV's operating profit and operating profit margin: SRV's own projects are recognised as income upon delivery; the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting; and the nature of the company's operations (project development).

Net financial expenses were EUR -4.7 (-4.0) million. Net financial expenses were improved by a fall in general interest rates, growth in interest income, exchange rate differences resulting from changes in the value of the rouble, and the recognition of EUR 1.4 million in credit loss provisions. In addition to an increase in net debt, net financial expenses were weakened by a EUR -2.8 million fair value revaluation of a ten-year interest rate hedge in July.

The Group's profit before taxes was EUR 2.7 (11.3) million. Net profit for the review period was EUR 1.7 (10.1) million. Income taxes totalled EUR -1.1 (-1.2) million. Earnings per share were EUR -0.02 (EUR 0.18). Earnings per share was negative due to hybrid loan interest rate. Thanks to SRV's third-quarter rights offering, the Group's equity ratio improved to 41.6 (38.9) per cent.

### **July-September 2015**

Third-quarter revenue amounted to EUR 155.1 (209.0) million and operating profit to EUR 4.1 (6.0) million. This fall in revenue was largely due to the fact that not a single developer-contracted housing unit recognised as revenue upon delivery was completed during the review period, while the comparison figures were boosted by the sale of the Derby Business Park. Operating profit was weakened by lower revenue and profit margins in housing construction in Finland and the larger share accounted for by low-margin business contracting. Numerous large-scale projects started up during the review period and these construction volumes increased fixed costs, thereby reducing operating profit. The Group's profit before taxes was EUR 0.1 (5.7) million including EUR -2.8 million fair value revaluation of a ten-year interest rate hedge in July.

## Key figures for the Segments

<b>Revenue</b> (EUR million)	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>change, MEUR</b>	<b>change, %</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
Operations in Finland	<b>441.3</b>	451.9	-10.5	-2.3	<b>137.3</b>	196.5	<b>627.9</b>
International Operations	<b>51.3</b>	39.2	12.1	31.0	<b>17.9</b>	12.6	<b>56.9</b>
Other operations	<b>10.7</b>	15.3	-4.6	-29.9	<b>3.5</b>	5.0	<b>19.5</b>
Eliminations	<b>-10.9</b>	-15.7	4.9		<b>-3.6</b>	-5.1	<b>-19.9</b>
Group, total	<b>492.5</b>	490.6	1.9	0.4	<b>155.1</b>	209.0	<b>684.4</b>

<b>Operating profit</b> (EUR million)	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>change, MEUR</b>	<b>change, %</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
Operations in Finland	<b>10.6</b>	19.8	-9.3	-46.6	<b>4.9</b>	6.2	<b>30.0</b>
International Operations	<b>0.4</b>	-0.7	1.2		<b>-0.3</b>	0.2	<b>1.1</b>
Other operations	<b>-3.6</b>	-3.8	0.2		<b>-0.5</b>	-0.4	<b>-6.2</b>
Eliminations	<b>0.0</b>	0.0	0.0		<b>0.0</b>	0.0	<b>0.0</b>
Group, total	<b>7.5</b>	15.3	-7.9	-51.3	<b>4.1</b>	6.0	<b>24.9</b>

<b>Operating profit, (%)</b>	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
Operations in Finland	<b>2.4</b>	4.4	3.5	3.1	<b>4.8</b>
International Operations	<b>0.9</b>	-1.8	-1.7	1.6	<b>1.9</b>
Group, total	<b>1.5</b>	3.1	2.6	2.9	<b>3.6</b>

<b>Order backlog</b> (EUR million)	<b>9/ 2015</b>	<b>9/ 2014</b>	<b>change, MEUR</b>	<b>change, %</b>	<b>12/ 2014</b>
Operations in Finland	<b>1,431.7</b>	777.8	653.9	84.1	<b>723.2</b>
International Operations	<b>85.7</b>	166.2	-80.5	-48.4	<b>137.2</b>
Group, total	<b>1,517.5</b>	944.1	573.4	60.7	<b>860.4</b>
- sold order backlog	<b>1295</b>	817	478	58.6	<b>729</b>
- unsold order backlog	<b>222</b>	127	95	74.6	<b>132</b>

## Earnings trends of the Segments

SRV's business segments are Operations in Finland, International Operations, and Other Operations. Operations in Finland are divided into property development, housing construction, and business construction (which comprises retail, office, logistics, special, earthworks, and rock construction operations). International Operations comprises SRV's business activities in Russia and Estonia. Other Operations consists primarily of the SRV Group Plc and SRV Kalusto Oy's operations.

SRV Group Plc, the Group's parent company, is responsible for the Group's management, treasury, finance and administrative functions. The Property Development and Building Systems units support and serve all of the Group's business operations.

## Operations in Finland

Operations in Finland (EUR million)	1-9/ 2015	1-9/ 2014	change, MEUR	change, %	7-9/ 2015	7-9/ 2014	1-12/ 2014
Revenue	<b>441.3</b>	451.9	-10.5	-2.3	<b>137.3</b>	196.5	<b>627.9</b>
- business construction	<b>314.1</b>	296.4	17.8	6.0	<b>105.6</b>	144.9	<b>395.5</b>
- housing construction	<b>127.2</b>	155.6	-28.4	-18.3	<b>31.7</b>	51.7	<b>232.5</b>
Operating profit	<b>10.6</b>	19.8	-9.3	-46.6	<b>4.9</b>	6.2	<b>30.0</b>
Operating profit, %	<b>2.4</b>	4.4			<b>3.5</b>	3.1	<b>4.8</b>
Order backlog	<b>1,431.7</b>	777.8	653.9	84.1			<b>723.2</b>
- business construction	<b>1,023.6</b>	505.6	518.1	102.5			<b>450.1</b>
- housing construction	<b>408.1</b>	272.3	135.8	49.9			<b>273.1</b>

Revenue for Operations in Finland for the January-September totalled EUR 441.3 (451.9) million and accounted for 90 (92) per cent of the Group's revenue. This fall in revenue was largely due to the low number of housing units completed during the review period and the sale of the Derby Business Park in the comparison period. The start-up of the REDI shopping centre and parking facility project boosted revenue, as quarrying and other infrastructure work completed prior to the sign of contractor agreements was recognised as revenue in accordance with the level of completion. SRV eliminates its own 40 per cent holding from the margin recognised as revenue. This share is recognised only when the target is sold.

The operating profit for Operations in Finland totalled EUR 10.6 (19.8) million, and accounted for 2.4 (4.4) per cent of the Group's operating profit. A decline in revenue from both housing development projects and developer-contracted housing projects weakened earnings. However, operating profit was also adversely affected by the fact that the majority of the commercial development order backlog recognised as income consisted of low-margin contracting.

The order backlog rose to EUR 1,431.7 (777.8) million. Several major new projects were launched during the January-September, such as the REDI project and a health and wellbeing centre in the Kalasatama district of Helsinki, the Niittykumpu Metro Centre in Espoo, and the expansion of Tampere University Hospital.

Third-quarter revenue amounted to EUR 137.3 (196.5) million and operating profit to EUR 4.9 (6.2) million. This fall in revenue was largely due to the low number of housing units completed during the review period and the sale of the Derby Business Park in the comparison period. Operating profit was weakened by a decrease in revenue and lower profit margins in both developer-contracted housing projects and housing development projects. Other costs related to the start-up of new projects also decreased operating profit. It should also be noted that the result for the comparison period included rental income from Derby Business Park, which was sold in 2014.

### Business construction

Revenue from business construction totalled EUR 314.1 (296.4) million. The order backlog stood at EUR 1,023.6 (505.6) million. Even though our order backlog is growing, competition for new contracts remains fierce.

Two projects were completed in August: the campus area (Kampusareena) at the Tampere University of Technology, and a HUSLAB laboratory and office premises for the Hospital District of Helsinki and Uusimaa (HUS) in Meilahti. The HUSLAB project was particularly successful, as it was completed almost two months ahead of schedule. It was also chosen as Building Construction Site of the Year 2014. The Opinmäki campus premises, built in Suurpelto for the City of Espoo, were completed in May. During the January-September a renovation project at the University of Jyväskylä campus, an assisted-living facility for ET-hoivakiinteistöt in Turku, and a medical centre and other business premises on Kamppurienkatu in Oulu for Ilmarinen were also completed.

Construction of the Airut eco-quarter in the Jätkäsaari district of Helsinki begun in the turn of the year 2015 with the parking facility and HITAS units. The project comprises approximately 22,000 m<sup>2</sup> of floor area, including a rental apartment building for VVO and SRV's four market-financed owner-occupied apartment buildings, of which two will be built in accordance with HITAS terms. The design of the eco-quarter has been on a multi-purpose concept that seeks to offer residents a wide range of services. The project focuses on energy monitoring and reporting on apartments' energy consumption, thereby enabling residents to optimise their energy use and uphold the principles of sustainable development in their daily lives.

New contractor agreements valued at EUR 846 million were signed during the first three quarters. The most significant of these was a EUR 390 million contractor agreement with the project consortium developing the REDI shopping centre and parking facility.

The joint Metro Centre project of SRV and SATO Corporation is progressing according to plans in the Niittykumpu district in Espoo. SRV will be responsible for planning and constructing the shopping centre, and for leasing out its 5,400 square metres of available space. Two residential towers are also being constructed as part of the Metro Centre. SRV will build one 24-storey tower as a developer-contracted property and one 12-storey tower for SATO. About 300 apartments in total will be built to the Niittykumpu project.

A third significant business development project contractor agreement was signed in August, when SRV sold a health and wellbeing centre to a property investment fund administered by the German company Deka Immobilien. This centre will be built in the Kalasatama district of Helsinki and is scheduled for completion in late 2017.

In July, SRV signed a project management contractor agreement valued at EUR 171 million. It covers the construction of new buildings and a parking facility at Tampere University Hospital. The buildings will be completed in stages during the period 2017–2019.

A contractor agreement valued at EUR 17 million was signed with Helsingin Tilakeskus for new and expanded premises on Teollisuuskatu 23 for the City of Helsinki Education Department and Helsinki Vocational College. SRV acts also as the project management contractor for the renovations of both the Helsinki City Theatre and Helsinki Women's Hospital. SRV will also be building Fazer's new visitor centre in Vantaa. In Oulu, SRV has been constructing Villa Sulka, a care home for MVH-hoivakiinteistöt, and temporary premises for equipment maintenance for the Northern Ostrobothnia Hospital District.

In August, SRV announced that the company will be participating in Hanhikivi-1 nuclear power plant construction project as both an investor and project manager. SRV has made a financing commitment equivalent to a 1.8 per cent stake to Fennovoima's main owner Voimaosakeyhtiö SF. SRV will have the same rights and obligations as the other shareholders. In addition, SRV has



signed a cooperation agreement with Fennovoima's plant supplier Rusatom Overseas and the main contractor Titan-2 which includes co-operation with Fennovoima in this project. SRV will primarily be acting as the construction project manager for the project's Finnish partners. The exact nature of SRV's project management activities will be confirmed at a later date. The Hanhikivi-1 project will be entered into the order backlog when the final project management agreements have been signed.

### **Housing construction**

A developer-contracted housing project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as revenue when they have been completed and sold. A housing development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the construction risks in such projects, which are recognised as revenue according to the percentage of completion.

Revenue from housing construction totalled EUR 127.2 (155.6) million. The order backlog was EUR 408.1 (272.3) million. Revenue declined year-on-year due to the decrease in the recognition of revenue from both housing development projects and developer-contracted housing projects. On the other hand, the order backlog saw year-on-year growth.

During January-September 114 housing units were completed in the Pähkinärinne district of Vantaa and 176 units in the Nihtisilta district of Espoo for LocalTapiola and Ice Capital. A project with 113 units was completed in the Suurpelto district of Espoo for SATO. Other completed projects in Helsinki included 39 units for Auratum on Unioninkatu and a 93-unit wooden apartment building for ATT in Pukinmäki. 54 housing units were also completed for LocalTapiola in Jyväskylä, and 39 units for Opiskelija-Asunnot in Joensuu.

During the January-September, new contractor agreements worth EUR 51 million were signed with external clients. A total of 132 housing units will be built for SATO and Varma in the Niittykumpu district of Espoo. 46 units will also be built for SATO in the Etu-Töölö district of Helsinki, 42 units for the Lojo Petter Foundation in Lohja, and 37 units for Tampereen Vuokratalosäätiö in the Atala district of Tampere. SRV also signed a contractor agreement for the construction of 70 housing units in the Airut quarter of Helsinki's Jätkäsaari district. The company is also building a parking facility for the quarter's housing cooperatives.

During the January-September, SRV launched the construction of 686 (133) developer-contracted housing units within the scope of the RS system. 200 of these units will be located in Niittyhuippu, which is going up in the Niittykumpu district and will be the tallest residential building in Espoo. 85 units will be built in Taitaja in Northern Tapiola, Espoo; 66 units in Kvartto, in Lauttasaari, Helsinki; and 54 units in Neulanen, in Rajakylä, Vantaa. SRV also launched the sale and construction of 143 units in Helsinki's Airut quarter. 91 of these units will be built as HITAS homes. Outside the capital area, SRV began the sale and construction of 60 units on Lapintie in Tampere, 42 units in downtown Kaarina, and 36 units in downtown Joensuu. The majority of these units will be completed in late 2016 and during 2017.

SRV has also proceeded the construction of 216 new developer-contracted housing units. 100 of these will be located in the Toppilansalmi district, in what will be the tallest residential building in Oulu. The 16-storey Satamarannan Masto tower will be over 50 metres high. Construction will begin in late 2015, once the building permit has been granted, and is scheduled for completion in



spring 2017. Of the remainder, 83 units will be built in the Tikkurila district of Vantaa and 33 in the Tali district of Helsinki. Their construction will be launched in Q4 2015 and Q1 2016.

Sales of developed-contracted housing for the consumer market rose to 439 units (166), but sales to investors fell to 37 (384) units during the January-September. Sales of developer-contracted residential sites are only registered as income when the site is completed. Only 22 developer-contracted housing units were completed during the January-September compared to 186 units during the corresponding period of last year. Sales of residential developments are recognised as revenue in accordance with the level of completion, and the number of such units sold to investors fell on the comparison period.

At the end of September, SRV had a total of 1,855 (1,612) units under construction, 71 per cent of which (1,316 units) had been sold. 994 (196) housing units for the consumer market were under construction, of which 539 (133) had not yet been sold. The number of completed yet unsold units totalled 110 (194).

Based on current schedules, SRV estimates that a total of 247 developer-contracted housing units in the RS system will be completed during 2015. 22 of these units have already been completed and, based on the current schedule, the remaining 225 units are scheduled for completion in the last quarter.

<b>Housing production in Finland (units)</b>	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>change, units</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
Housing sales, total	<b>476</b>	550	-74	<b>166</b>	102	<b>756</b>
- sales, developer contracting	<b>439</b>	166	273	<b>129</b>	65	<b>288</b>
- sales, negotiation contracts <sup>2)</sup>	<b>37</b>	384	-347	<b>37</b>	37	<b>468</b>
Developer contracting						
- start-ups	<b>686</b>	133	553	<b>244</b>	111	<b>330</b>
- completed	<b>22</b>	186	-164	<b>0</b>	86	<b>249</b>
- completed and unsold <sup>1)</sup>	<b>110</b>	194	-84			<b>183</b>
Under construction, total <sup>1)</sup>	<b>1,855</b>	1,612	243			<b>1,625</b>
- construction contracts <sup>1)</sup>	<b>498</b>	649	-151			<b>625</b>
- negotiation contracts <sup>1) 2)</sup>	<b>363</b>	767	-404			<b>670</b>
- developer contracting <sup>1)</sup>	<b>994</b>	196	798			<b>330</b>
- of which sold <sup>1)</sup>	<b>455</b>	63	392			<b>111</b>
- of which unsold <sup>1)</sup>	<b>539</b>	133	406			<b>219</b>

1) at period-end 2) investor sales under negotiated contracts

The order backlog for housing construction stood at EUR 408 (272) million. The order backlog for contracts and negotiated contracts was EUR 83 (146) million, and accounted for 20 (53) per cent of the total order backlog. EUR 200 (162) million of the housing production order backlog was sold. The completed yet unsold order backlog fell to EUR 42 (69) million.

<b>Order backlog, housing construction in Finland (EUR million)</b>	<b>1-9/ 2015</b>	1-9/ 2014	change, MEUR	<b>1-12/ 2014</b>
Negotiation and construction contracts	<b>83</b>	146	-63	<b>122</b>
Under construction, sold developer contracting	<b>117</b>	16	101	<b>28</b>
Under construction, unsold developer contracting	<b>166</b>	41	125	<b>59</b>
Completed and unsold developer contracting	<b>42</b>	69	-27	<b>65</b>
Housing construction, total	<b>408</b>	272	136	<b>273</b>

### **REDI – Kalasatama Centre**

REDI, SRV's development project in the Kalasatama district of Helsinki, is progressing according to plan. The cornerstone was laid at a ceremony in early September, and excavation work is now entering the final stages. Foundation and structural work has also begun according to schedule. A health and wellbeing centre is also being built in conjunction with REDI. Excavation work has now been completed, and the majority of the foundation work that was begun in July has also been finished. Concrete casting and reinforcement is currently ongoing.

The REDI project was confirmed on 24 March 2015, when a EUR 225 million project credit agreement was signed between the project company implementing the REDI shopping centre project and the bank syndicate. SRV has also granted unsecured project credit of EUR 15 million for construction.

The capital investments of the consortium developing the shopping centre and parking facility are divided as follows: SRV 40 per cent, Ilmarinen Mutual Pension Insurance Company 30 per cent, LocalTapiola 15 per cent, and OP-Pohjola Group and a fund managed by this Group 15 per cent. SRV has a 40 per cent holding in the associated companies behind the shopping centre and parking facility, and consolidates them using the equity method. From total 64 000 m<sup>2</sup> of the shopping centre premises about 30 per cent has final lease agreements or have been reserved.

The total value of the shopping centre and parking facility investment is EUR 480 million, of which EUR 240 million will be financed using the owners' capital investments. The remainder will be covered by project credit. The shopping centre, which has approximately 64,000 square metres of leasable space, and its almost 2,000-space car park are scheduled to open in autumn 2018. SRV is responsible for designing, constructing, and leasing out the site.

Other infrastructure construction related to the REDI project has also been launched. In addition to the shopping centre and parking facility, SRV plans to build six residential towers on top of the shopping centre plus office and hotel towers. The residential towers will contain a total of 1,200 housing units, most of which will be targeted at the consumer market. Construction of the first two residential towers is expected to begin in 2016, when the construction phase of the shopping centre makes it technically possible. The first tower is scheduled for completion by the end of 2018 and the second tower in 2019, depending on demand. Pre-marketing of these housing units will begin in early 2016.

As a whole, the REDI project is currently scheduled for completion during 2023, depending on the market situation. Revenue from the construction of the shopping centre, parking facility and towers is expected to total over EUR 1 billion in 2015–23.

### **Development of Operations**

SRV maintained a strong focus on the development of data models. Modelling supports successful design, progress in construction projects, and cooperation between parties. In technical building systems, SRV has primarily been focusing on energy-efficient solutions, and energy consumption is already being monitored at several sites.

SRV has invested in the fight against the grey economy by further developing the SRV Network Register, which contains information about contractors, access control systems, checks on tax numbers, and tax authority reports.

### **International Operations**

<b>International Operations</b> (EUR million)	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>change, MEUR</b>	<b>change, %</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
Revenue	<b>51.3</b>	39.2	12.1	31.0	<b>17.9</b>	12.6	<b>56.9</b>
Share of profits of associated companies	<b>0.8</b>	0.2	0.6	321.3	<b>-0.6</b>	0.0	<b>1.0</b>
Operating profit	<b>0.4</b>	-0.7	1.2		<b>-0.3</b>	0.2	<b>1.1</b>
Operating profit, %	<b>0.9</b>	-1.8			<b>-1.7</b>	1.6	<b>1.9</b>
Order backlog	<b>85.7</b>	166.2	-80.5	-48.4			<b>137.2</b>

International Operations comprises SRV's construction and property development business in Russia and Estonia. SRV is also seeking to expand its shopping centre operations in Russia.

Revenue from International Operations totalled EUR 51.3 (39.2) million and accounted for 10 (9) per cent of the Group's revenue. The construction of the Okhta Mall and Daily shopping centres generated the majority of this revenue. Operating profit totalled EUR 0.4 (-0.7) million. This rise was primarily due to a growth in revenue and the improved earnings of associated companies and joint ventures.

New orders worth EUR 1.9 (47.4) million were received during the January-September. The order backlog stood at EUR 85.7 (166.2) million. Third-quarter revenue amounted to EUR 17.9 (12.6) million and operating profit to EUR -0.3 (0.2) million.

### **Russia**

#### **Projects under construction**

The construction of the Okhta Mall shopping centre in the heart of downtown St Petersburg is progressing according to plan and its roof topping ceremony was held in September. The shopping centre, covering 144,000 m<sup>2</sup>, will open in summer 2016. It will feature two underground parking levels, a hypermarket, and four aboveground levels. In addition to the hypermarket, the shopping

centre will contain a cinema, food court, gym, specialty shops, and a variety of fashion and sports stores.

Leasing is ongoing. Final lease agreements have been signed for about 27 per cent of the premises, and about 15 per cent have been reserved (as at 30 September 2015). Negotiations for more than 25 per cent of the remaining premises are ongoing. The target for annual rental income from the shopping centre is around EUR 33 million, and investment is currently budgeted at around EUR 220 million.

For several years, SRV has been developing Okhta City, a large-scale project in the Okhta district of St Petersburg that covers a total area of 8.5 hectares. An area of 400,000 m<sup>2</sup> is planned, including a shopping centre, residential, office and business premises, and hotel, restaurant and entertainment services. The project will be implemented in several phases. Phase I of the project commenced when Russia Invest, an investment company owned by SRV, Ilmarinen, Sponda, Etera and Onvest, reached a decision to invest in the Okhta Mall shopping centre project. Russia Invest owns a 55 per cent holding in the shopping centre and SRV 45 per cent. In addition to its direct ownership, SRV owns a further portion of the project through its holding in Russia Invest. SRV retains a 100 per cent holding in the other phases of the Okhta City project.

Construction of the Okhta Mall began in August 2013. In line with the project management contractor agreements, valued at about EUR 140 million, SRV is responsible for designing, constructing, developing, and leasing out the site. Sberbank is externally funding the project with a project loan of EUR 90 million. Most of the owner financing has already been committed to the project. On the basis of the current budget's financing plan, SRV expects to invest about a further EUR 6 million in the project.

Due to uncertainty in the Russian economy, it is unlikely that Russia Invest, in which SRV is a partner, will make any investments in new projects in the near future. SRV owns a 27 per cent stake in Russia Invest.

SRV is developing the Daily shopping centre project in the Moscow region. Construction was launched in August 2014 and the shopping centre is scheduled for completion in autumn 2016. The shopping centre has leasable space of about 26,000 m<sup>2</sup> and final lease agreements have been signed for about 14 per cent. Lease negotiations are ongoing and, in addition to the final contracts, preliminary lease agreements have been signed for over 32 per cent of premises. The target for annual rental income is about EUR 10 million and total investment in the project amounts to approximately EUR 61 million.

The start-up of Phase I was confirmed in summer 2014, when the Russian pension fund Blagosostoyanie became the company's new partner with a 55 per cent stake. The Finnish real-estate investment company Vicus Oy holds a 26 per cent stake in the project, and SRV's total holding equates to 20 per cent. SRV's total investment of about EUR 7 million has now been fully invested in the project. In addition to capital from the owners, the investment is also being financed with a project loan granted by Sberbank. The weakening of the rouble reduced the project's investment budget, and the value of SRV's project management contracts has therefore also decreased to about EUR 30 million. SRV is responsible for designing, constructing, marketing, and leasing out the site.

In July, SRV signed a management agreement with Mega shopping centre in Kaliningrad Russia. The agreement is for five years. The shopping centre has a total floor area of more than 100,000 m<sup>2</sup>, and includes offices in addition to retail space.

### **Completed leasable projects**

Both visitor numbers and sales figures have been continually rising at St Petersburg's Pearl Plaza shopping centre since it opened in August 2013. Visitor numbers at this fully leased shopping centre were up by 21 per cent during the review period, and almost a million more customers visited the centre than year-on-year. Pearl Plaza received an award for "The best middle-sized shopping centre in Russia in 2015" during the REX exhibition that was held in Moscow in April. In June, Pearl Plaza also won the Golden Brick Award 2015 – the most respected real-estate award in Russia. The target for annual rental income from the shopping centre is about EUR 18 million.

SRV is responsible for managing the Pearl Plaza shopping centre, which is jointly owned by SRV and Shanghai Industrial Investment Company. The total investment amounts to approximately EUR 140 million. SRV's ownership of the joint venture is 50 per cent, and the company has invested roughly EUR 24 million in the project. In addition to the owners' investments, the project company building and managing the shopping centre received EUR 95 million in financing agreement. In line with the project management contractor agreements, SRV is responsible for designing, constructing, developing, and leasing out the site.

The commercial concept design of Phase II of the Pearl Plaza shopping centre has now been completed. Preliminary lease reservations have been made for over 50 per cent of the Phase II premises. According to the preliminary plan, construction of Phase II could begin in summer 2016. A final decision on the implementation of Phase II has not yet been made.

About 70 per cent of the office premises in the Etmia II office project in downtown Moscow have been leased. SRV estimates that, if fully leased, the premises will generate about EUR 4 million in annual rental income. SRV is a co-owner in the project with a 50 per cent stake, and was responsible for its construction as the project management contractor. SRV's investment in the project amounts to about EUR 3 million. The company estimates that, in the current market, it is unlikely that the project will be sold to investors during 2015.

SRV has invested EUR 6.3 million in a property fund that acquired an office and logistics property in Moscow in autumn 2011. This property is fully leased out.

During January-September no apartments (4) in the Papula housing project in Vyborg were sold. At the end of the period, there were two (2) completed yet unsold units. Construction of the next two buildings, containing a total of 110 units, will continue.

### **Estonia**

Of the 48 developer-contracted units completed in Tartu in 2014, 22 were sold during the January-September. There are 12 unsold units and no units under construction.

**Other Operations**

<b>Other Operations, (EUR million)</b>	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>change, MEUR</b>	<b>change, %</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
Revenue	<b>10.7</b>	15.3	-4.6	-29.9	<b>3.5</b>	5.0	<b>19.5</b>
Operating profit	<b>-3.6</b>	-3.8	0.2		<b>-0.5</b>	-0.4	<b>-6.2</b>

Other Operations mainly comprise the SRV Group Plc and SRV Kalusto Oy businesses.

The revenue from Other Operations was EUR 10.7 (15.3) million with an operating profit of EUR -3.6 (-3.8) million. A fall in operating volumes impacted on revenue. During the review period, development costs expensed for SRV's projects totalled EUR 1.2 (1.7) million.

**Group project development**

SRV, Mutual Pension Insurance Company Ilmarinen and SATO Corporation are progressing with their project to develop their jointly owned area in the Perkkää district of Espoo. A land-use agreement with the City of Espoo has been signed, and the Espoo City Board approved the city plan on 13 April 2015. However, an appeal has been lodged against the decision. The project has residential building rights for 99,860 square metres of floor area, of which SRV's share is 26,805 m<sup>2</sup>. Housing construction can start when the city plan comes into effect.

The city plan for the Wood City quarter in the Jätkäsaari district of Helsinki, designed by SRV and Stora Enso to showcase industrial wood construction, came into legal force in July 2014. A construction permit for the office building designed for the plot was granted in August 2015. The entire quarter encompasses approximately 20,000 m<sup>2</sup> of floor area and will consist of office, hotel and commercial buildings. The Helsinki Housing Production Department (ATT) will also build two apartment buildings in the quarter, with a total floor area of about 8,000 m<sup>2</sup>. Lease and investor negotiations for the office building are ongoing and construction will begin once investor and lease agreements so permit.

The Keilaniemi project in Espoo consists of four residential towers containing housing units with a total of approximately 72,000 m<sup>2</sup> of floor area. The city plan for the project is in force. The progress hinges on a tunnel for a section of Ring Road I, and also on tunnelling and traffic arrangements. The general plan for Ring Road I came into force in late 2014 and its road plan was approved in June. The goal is to begin with municipal engineering during early 2016 and to launch construction of the first tower in 2018.

SRV is developing the Lapinmäentie 1 property in the Munkkivuori district of Helsinki in cooperation with its owner. The city plan is currently being amended with regard to this property, and a draft city plan for the area went on display in spring 2015. The project is being developed on the basis of the winning entry of an architecture competition. In accordance with the principles for changing the city plan approved by the Helsinki City Planning Committee on 27 January 2015, the site will be allocated new residential building rights for about 46,000 square metres of floor area. Approximately 22,000 m<sup>2</sup> of existing floor area will be renovated. These amendments to the city plan are expected to be confirmed in early 2017.

The most significant new project since the end of the review period is the development of Kerava city centre. SRV is involved in a project to develop Kerava city centre. The current plan is to build five apartment blocks and a retail centre along a pedestrian street. Both the project and planning agreements were signed in October, and construction is scheduled to start in autumn 2016. Completion of the various buildings will be staggered over the period 2018–2022. Tenant and investor negotiations for the commercial centre are ongoing. Ruokakesko is the centre's main tenant.

In Vantaa, SRV is also involved in developing a corporate campus concept in Vantaankoski in cooperation with Sanoma and the City of Vantaa. A brand-new kind of open competition is seeking concept ideas for the forthcoming corporate campus in Vantaankoski. The winner will be announced in spring 2016. The area is located along the Ring Rail Line, at the intersection of Ring Road III and the Tampere motorway. It currently provides about 3,600 jobs, and this figure is expected to increase in the future.

## Financing and financial position

Net cash flow from operating activities totalled EUR 26.1 (-17.0) million and the net cash flow from investing activities was EUR -113.0 (-18.2) million. Cash flows from contract invoicing of the REDI project in particular had a positive impact on net cash flow from operating activities. Net cash flow from investing activities was affected by investments in both the Kalasatama Centre (REDI) and the Okhta Mall in Russia. The Group's inventories stood at EUR 345.5 (323.4) million, of which land areas and plot-owning companies accounted for EUR 176.3 (165.2) million. The Group's invested capital totalled EUR 547.7 (505.1) million.

SRV financed investments and loan repayments with cash flow from operations and by drawing down new loans and short-term commercial papers. At the end of the review period, the Group's financing reserves totalled EUR 195.0 million with the Group's cash assets amounting to EUR 28.1 million, and open-ended account limits and committed undrawn financing reserves and loans to EUR 166.9 million. SRV's financing agreements contain standard covenants. The company's financial covenants are its equity ratio and liquidity. In the case of developer contracting projects, the equity ratio is also reported to financiers as a ratio based on percentage of completion. Liquidity refers to the Group's immediately available cash and cash equivalents, committed credit lines, undrawn loans with a maturity of over 12 months, and the undrawn portion of its syndicated liquidity limit. SRV's equity ratio based on percentage of completion stood at 43.9 per cent on 30 September 2015.

Investments in SRV's developer-contracted housing and business construction projects in Finland, both under construction and completed, are totally about EUR 153.8 million. SRV estimates that the completion of these projects requires another EUR 235.0 million. Undrawn housing corporation loans and receivables for housing construction projects plus undrawn business construction financing totals EUR 170.5 million. Capital committed to completed international projects amounts to EUR 0.3 million, which is tied to a housing project in Vyborg. Capital committed to completed projects involving associated companies includes approximately EUR 24 million tied up in the Pearl Plaza shopping centre and EUR 3 million in the Etmia office project.



SRV's investment commitments totalled EUR 15.6 (11.2) million and were primarily allocated to the Kalasatama Centre (REDI).

SRV's third-quarter rights offering went according to plan and successfully improved the company's net cash flow from financing activities. The share issue generated a net income of EUR 48.5 million and noticeably strengthened the Group's equity ratio.

At the beginning of the third quarter, SRV made two ten-year interest rate swaps. The swaps have a total nominal value of EUR 100 million and seek to partially hedge against a rise in interest rates on non-current interest-bearing liabilities. At the end of the review period, a EUR -2.8 million fair value revaluation of the interest rate hedges was entered into the income statement under financial expenses.

The equity ratio stood at 41.6 (38.9) per cent and gearing at 91.5 (111.6) per cent. The Group's shareholders' equity totalled EUR 270.6 (227.7) million and its net interest-bearing liabilities EUR 248.3 (255.1) million. At the end of the review period, the Group's cash and cash equivalents amounted to EUR 28.1 (21.4) million. The return on investment was 3.2 (4.4) per cent and the return on equity 0.9 (6.0) per cent.

#### **Unbuilt land areas, land acquisition commitments and land development agreements**

<b>Land reserves 30 Sep 2015</b>	<b>Business construction</b>	<b>Housing construction</b>	<b>International Operations</b>	<b>Total</b>
<b>Unbuilt land areas and land acquisition commitments</b>				
Building rights <sup>1)</sup> , m <sup>2</sup>	<b>260,373</b>	<b>399,324</b>	<b>753,000</b>	<b>1,412,697</b>
<b>Land development agreements</b>				
Building rights <sup>1)</sup> , m <sup>2</sup>	<b>115,400</b>	<b>163,521</b>	<b>0</b>	<b>278,921</b>

- 1) <sup>1)</sup> Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV.

During the first nine months of the year, the REDI project led to an increase of 5.2 per cent in the area of unbuilt land and land acquisition commitments, and a decrease of 20 per cent in the area covered by land development agreements.

#### **Personnel**

During January-September SRV had an average payroll of 996 (931) employees, of whom 775 (713) were salaried employees. The parent company had an average staff of 61 (59) salaried employees. At the end of September, the Group had 1,026 (942) employees, of whom 60 (60) were employed by the parent company SRV's Operations in Finland employed a total of 37 (61) trainees and students working on a thesis or diploma.

The number of people employed by the Group rose during the review period. A significant proportion of this growth was a result of the resources required for the current phases of

construction projects in Russia. Factors that contributed to growth in Operations in Finland included the progressing implementation of numerous large-scale projects such as REDI.

In the beginning of September, the SRV STEP Academy launched supervisor and expert training focused on coaching. SRV has defined an operational and management culture that is based on its values, supports its corporate culture, and enables the realisation of its business strategy. The implementation and communications phase began in the autumn. The 'Kunnon Rakentajat' campaign, which promotes wellbeing at work, was launched in September using social media tools.

<b>Personnel by segment</b>	<b>30.09.2015</b>	30.09.2014	Percentage of Group personnel 30.09.2015, %
Operations in Finland	<b>704</b>	647	69
International Operations	<b>229</b>	203	22
Other operations	<b>93</b>	92	9
Group, total	<b>1,026</b>	<b>942</b>	100

Detailed information about remuneration and incentive schemes for management can be found in the 2014 Notes to the Financial Statements, 2014 Annual Report, and the Salary and Remuneration Report of 31 December 2014.

## Outlook for construction

Although the outlook for the global economy is slightly optimistic, economic growth is slowing and there is a risk of weaker-than-predicted growth in both China and Europe. In Finland, the crisis between Russia and Western countries continues to dampen the economy. Forecasts for the growth of the Finnish economy in 2015 are close to zero. The total volume of construction in Finland is expected to decrease by one per cent compared with 2014. However, an upswing in construction is forecast for 2016. The rise in building costs continues to be moderate.

Slight signs of recovery can be seen in residential construction, as housing producers are increasing the number of new start-ups. Small apartments are selling in growth centres, but sales are more subdued in other areas. Demand for housing is still being affected by major uncertainty factors.

A prolonged period of weak economic growth has kept the number of empty offices high, and the need for additional retail space has remained low. However, a clear increase on last year's low volume is expected in start-ups for business construction in 2015.

Steady annual growth of about 2.0-2.5 per cent is expected in renovation construction. Infrastructure construction is still being weakened by the decline in new construction work and the contraction in investments in highway construction and maintenance.

The crisis in Ukraine, the weakened rouble, and a significant fall in the price of oil have put the Russian economy under considerable stress. Russia will continue to be subject to major uncertainty in the future and a contraction of about 3.5-4.0 per cent is being forecast in the

economy as a whole in 2015. The situation in Russia also brings significant uncertainty factors to Estonia's economy, although slight growth is predicted during 2015.

## **Risks, risk management and corporate governance**

SRV has published a separate Corporate Governance Statement in its 2014 Annual Report and on the company's website. Detailed information about the company's business risks and risk management has been provided in the 2014 Notes to the Financial Statements and 2014 Annual Report, and on the company's website.

In SRV's opinion, no significant changes have occurred in the company's risks during the review period, except for the risks associated with the start-up of the REDI project, risks relating to the Russian economy and the exchange rate for the Russian rouble, risks mainly associated with the functionality of the financial sector, and risks related to the impact of Greece's increasingly difficult situation on the general economy.

REDI is a major project in relation to the size of the company and therefore may include risks associated with its implementation and financing, or customary risks related to the general availability of financing. Changes in the value of the Russian rouble may cause risks relating to demand for foreign goods and services. In addition, some of the predicted savings from the Okhta project in St Petersburg may not be actualised. Continued difficulties in the Russian economy may affect the functionality of the financial sector and financing for the company's projects in Russia regarding new financing agreements and already concluded financing agreements. Although the situation in Greece has stabilised, the crisis may spread to other countries that are in financial difficulties, thereby expanding and prolonging weak economic development throughout Europe.

## **Corporate governance and resolutions of general meetings**

Juha Pekka Ojala, B.Sc. (Eng.), took over as President & CEO of SRV Group Plc on 1 January 2015. Ojala transferred from his position as CEO of SRV Construction Ltd.

On 13 January 2015, SRV Group Plc's Board of Directors appointed Juha Toimela, M.Sc. (Tech.), MBA, as CEO of SRV Construction Ltd and Vice President responsible for SRV's Business Operations in Finland. At the same time, Antero Nuutinen, B.Sc. (Eng.), was appointed Deputy CEO of SRV Construction Ltd, responsible for Housing and Regional Offices. Both Toimela and Nuutinen are members of SRV Group's Corporate Executive Team.

The Annual General Meeting (AGM) of SRV Group Plc was held on 25 March 2015. The AGM adopted the Financial Statements for the period 1 January–31 December 2014 and granted release from liability to the members of the Board of Directors and the President & CEO. As proposed by the Board of Directors, a dividend of EUR 0.12 per share was declared. The dividend was paid on 7 April 2015. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Ms Minna Alitalo, Mr Arto Hiltunen, Mr Olli-Pekka Kallasvuo, Mr Timo Kokkila, and Mr Risto Kyhälä were elected to seats on the Board. The authorised firm of public accountants PricewaterhouseCoopers Oy was elected as the company's auditor for the next term of office, which ends at the conclusion of the 2016 Annual General Meeting. Samuli Perälä, Authorised Public Accountant, is the principal auditor.

The AGM authorised the Board of Directors to decide on the acquisition of the company's own shares, using the company's unrestricted equity. The Board was authorised to acquire a maximum of 3,676,846 of the company's own shares in such a manner that the number of shares acquired on the basis of this authorisation, when combined with the shares already owned by the company and its subsidiaries, does not at any given time exceed 3,676,846 shares, or 10 per cent of all shares of the company. On the basis of this authorisation, the Board may acquire a maximum of 3,676,846 shares in public trading arranged by Nasdaq OMX Helsinki Oy at a market price valid at the moment of acquisition, as well as a maximum of 200,000 shares issued on the basis of incentive schemes to individuals employed by SRV Group without consideration, or for no more than the price at which an individual within the sphere of an incentive scheme is obliged to convey a share, such that the maximum number of acquired shares nevertheless remains at 3,676,846. The aforementioned authorisations include the right to acquire shares other than in proportion to the holdings of shareholders. Shares acquired on the basis of this authorisation may be acquired in one or several instalments. The company's own shares can be acquired for use, for example, as payment in corporate acquisitions, when the company acquires assets relating to its business, as part of the company's incentive programmes, or to be otherwise conveyed, held or cancelled. The authorisations as described above shall be in force for 18 months from the decision of the general meeting and cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 26 March 2014. The Board of Directors shall decide on other terms relating to the acquisition.

The Board of Directors of SRV Group Plc held its organisation meeting on 25 March 2015. Olli-Pekka Kallasvuo was selected as Vice Chairman of the Board of SRV Group Plc. Minna Alitalo was elected as Chair of the Audit Committee, and Olli-Pekka Kallasvuo and Timo Kokkila as members. Ilpo Kokkila was elected as Chairman of the Nomination and Remuneration Committee, and Arto Hiltunen and Risto Kyhälä as members.

On 23 April 2015, SRV Group Plc's Board of Directors appointed Päivi Kauhanen as SVP, Communications and a member of the Corporate Executive Team. SVP, Communications, Taneli Hassinen, left the Group on 31 July 2015.

On 22 June 2015, SRV Group Plc held an Extraordinary General Meeting that authorised the Board of Directors to decide on the issue of new shares or treasury shares such that, based on the authorisation, the Board of Directors may decide on the issue of new shares or treasury shares in one or more lots in total up to a maximum of 27,000,000 shares. The authorisation may be used to safeguard the company's financing needs and strengthen its balance sheet structure. Based on the authorisation, the Board of Directors shall decide on all other terms and conditions of the share issue. The issuance of shares may also be carried out in a directed share issue in derogation of the pre-emptive subscription right of shareholders. The authorisation shall be valid until 31 March 2016 and it shall not supersede the authorisation granted to the Board of Directors by the Annual General Meeting held on 15 March 2011, which is valid until 15 March 2016 and under which a maximum total of 3,676,846 SRV shares can be issued.

On the basis of the aforementioned authorisation, the Board of Directors decided, on 18 August 2015, to issue a maximum of 23,731,107 new SRV Group Plc shares. Subscription rights to the new shares have been offered to all shareholders listed in the share register on the record date of 20 August 2015. Shareholders have been able to use their subscription right to receive two (2) new shares for every three shares owned at the subscription price of EUR 2.11 per share. The subscription price has been entered into the invested free equity fund its entirety. The

subscription period ended on 8 September 2015 and the Board of Directors approved the share subscription on 14 September 2015. The new shares grant their holders the right to any potential dividends and other distribution of funds, and to all other shareholders' rights, as of their registration date in the Trade Register, 14 September 2015.

## Shares and shareholders

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of shares outstanding is 60,499,575. The company has one class of shares. SRV had a total of 6,525 shareholders on 30 September 2015.

The closing price at OMX Helsinki at the end of September was EUR 2.53 (EUR 2.83 on 31 December 2014). The highest share price during the review period was EUR 3.30 and the lowest EUR 2.36. At period-end, SRV's equity per share excluding the hybrid bond was EUR 3.80 (EUR 4.59). Comparative data is from time before rights offering. During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) was down 1,8 per cent, and the OMX Construction and Materials index up 4.7 per cent.

At the end of September, the company had a market capitalisation of EUR 150.1 million, excluding the Group's treasury shares. 6.1 million shares were traded during January-September with a trade volume of EUR 20.6 million. At the end of the September 2015, SRV Group Plc held 1,171,807 treasury shares (2.0 per cent of the total number of shares and combined number of votes). In 2015, SRV Group Plc acquired 1,500 (6,000) treasury shares and divested 5,000 treasury shares.

A total of 27,182,182 shares were subscribed for in SRV's the rights offering, completed in September, representing 114.5 percent of the 23,731,107 shares offered (the "offer shares"). A total of 23,292,610 shares were subscribed for pursuant to subscription rights, representing 98.2 percent of all offer shares, and a total of 3,889,572 shares were subscribed for without subscription rights in the secondary subscription, representing 16.4 percent of all offer shares. The subscription price was EUR 2.11 per offer share and SRV raised net proceeds of approximately EUR 48.5 million through the rights offering. As a result of the rights offering, the total number of shares in SRV will increase to 60,499,575.

## Financial targets

On 5 August 2015, SRV's Board of Directors confirmed the Group's strategic targets for 2015–2019:

- During the strategy period, the company will seek to outpace industry growth using large-scale projects
- The operating profit margin will rise to more than 8 per cent by the end of the strategy period
- Return on equity will be at least 15 per cent by the end of the strategy period
- The return on investment for International Operations will rise to at least 15 per cent by the end of the strategy period
- An equity ratio of over 35 per cent will be maintained

- A dividend payment equalling 30–50 per cent of the annual result, taking into account the capital needs of business operations.

The achievement of these strategic objectives is based on weak but steady economic growth in Finland, and Russia's economy stabilising at its current level. Substantial growth in SRV's developer-contracted projects is also required.

## Outlook for 2015

In addition to general economic trends, SRV's revenue and result will be affected by several factors in 2015, such as: SRV's own projects are recognised as income upon delivery; the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting; trends in the order backlog's profit margins; the sales volume of developer-contracted housing and the completion schedules of the properties; and the launch of new contracts and development projects. SRV's largest project is the REDI project in the Kalasatama district of Helsinki, which was launched in April. Based on current schedules, SRV estimates that a total of 247 developer-contracted housing units will be completed during 2015.

The Group revenue is expected to increase from year-on-year (684.4) and the result before taxes is forecast to be in the range of EUR 10-20 million (18.5).

Espoo, 4 November 2015

BOARD OF DIRECTORS

All forward-looking statements in this review are based on management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

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## Key figures

EUR million	1-9/ 2015	1-9/ 2014	7-9/ 2015	7-9/ 2014	1-12/ 2014
Revenue	<b>492.5</b>	490.6	<b>155.1</b>	209.0	<b>684.4</b>
Operating profit	<b>7.5</b>	15.3	<b>4.1</b>	6.0	<b>24.9</b>
Operating profit, % of revenue	<b>1.5</b>	3.1	<b>2.6</b>	2.9	<b>3.6</b>
Profit before taxes	<b>2.7</b>	11.3	<b>0.1</b>	5.7	<b>18.5</b>
Profit before taxes, % of revenue	<b>0.6</b>	2.3	<b>0.1</b>	2.7	<b>2.7</b>
Net profit attributable to equity holders of the parent company	<b>1.7</b>	9.9	<b>-0.3</b>	6.0	<b>15.2</b>
Return on equity <sup>1)</sup>	<b>0.9</b>	6.0			<b>6.9</b>
Return on investment <sup>1)</sup>	<b>3.2</b>	4.4			<b>5.4</b>
Invested capital	<b>547.7</b>	505.1			<b>449.8</b>
Equity ratio	<b>41.6</b>	38.9			<b>43.0</b>
Net interest-bearing debt	<b>248.3</b>	255.1			<b>206.1</b>
Gearing	<b>91.5</b>	111.6			<b>91.6</b>
Order backlog	<b>1,517.5</b>	944.1			<b>860.4</b>
New agreements	<b>1,106.6</b>	592.3			<b>700.3</b>
Average number of personnel	<b>996</b>	931			<b>937</b>
Earnings per share, EUR <sup>2)</sup>	<b>-0.02</b>	0.18	<b>-0.03</b>	0.13	<b>0.30</b>
Earnings per share (diluted), EUR <sup>2)</sup>	<b>-0.02</b>	0.18	<b>-0.03</b>	0.13	<b>0.30</b>
Equity per share, EUR	<b>4.56</b>	5.72			<b>5.64</b>
Equity per share (excluding the hybrid bond), EUR <sup>2)</sup>	<b>3.80</b>	4.59			<b>4.51</b>
Dividend per share, EUR	<b>0.12</b>	0.12			<b>0.12</b>
Dividend payout ratio <sup>2)</sup>	<b>-490.5</b>	65.0			<b>40.4</b>
Dividend yield	<b>4.7</b>	3.3			<b>4.2</b>
Price per earnings ratio <sup>2)</sup>	<b>-103.4</b>	19.9			<b>9.5</b>
Share price development:					
Share price at the end of the period, EUR	<b>2.53</b>	3.67			<b>2.83</b>
Average share price, EUR	<b>2.89</b>	4.03			<b>3.81</b>
Lowest share price, EUR	<b>2.36</b>	3.60			<b>2.75</b>
Highest share price, EUR	<b>3.30</b>	4.38			<b>4.38</b>
Market capitalisation at period end <sup>2)</sup>	<b>150.1</b>	146.1			<b>112.7</b>
Trading volume, 1,000	<b>6,173</b>	2 714			<b>3,613</b>
Trading volume, % <sup>2)</sup>	<b>16.7</b>	6.8			<b>9.1</b>
Weighted average number of shares outstanding during the period, 1,000 <sup>2)</sup>	<b>36,985</b>	39 755			<b>39,771</b>
Weighted average number of shares outstanding during the period (diluted), 1,000 <sup>2)</sup>	<b>37,010</b>	39 775			<b>39,799</b>
Number of shares outstanding at the end of the period, 1,000 <sup>2)</sup>	<b>59,328</b>	39 817			<b>39,810</b>

- 1) In calculation the key ration, only the profit for the review period has been annualised.
- 2) Comparative data is share issue adjusted.



## Calculation of key figures

<b>Gearing ratio, %</b>	=	100 x $\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$
<b>Return on equity, %</b>	=	100 x $\frac{\text{Total comprehensive income for the period}}{\text{Total equity, average}}$
<b>Return on investment, %</b>	=	100 x $\frac{\text{Result before taxes + interest and other financial expenses (without exchange rate gains and losses)}}{\text{Invested capital, average}}$
<b>Equity ratio, %</b>	=	100 x $\frac{\text{Total equity}}{\text{Total assets – advances received}}$
<b>Invested capital</b>	=	Total assets – non-interest bearing debt – deferred tax liabilities – provisions
<b>Net interest-bearing debt</b>	=	Interest bearing debt – cash and cash equivalents
<b>Earnings per share attributable to equity holders of the parent company *)</b>	=	$\frac{\text{Result for the period – non-controlling interest – hybrid bond interest}}{\text{Average number of shares}}$
<b>Earnings per share attributable to equity holders of the parent company (diluted) *)</b>	=	$\frac{\text{Result for the period – non-controlling interest – hybrid bond interest}}{\text{Average number of shares (diluted)}}$
<b>Equity per share *)</b>	=	$\frac{\text{Shareholders' equity attributable to equity holders of the parent company}}{\text{Average number of shares at end of period}}$
<b>Equity per share (without hybrid bond) *)</b>	=	$\frac{\text{Shareholders' equity attributable to equity holders of the parent company – hybrid bond}}{\text{Average number of shares at end of period}}$
<b>Price per earnings ratio (P/E-ratio) *)</b>	=	$\frac{\text{Share price at end of period}}{\text{Earnings per share}}$
<b>Dividend payout ratio, % *)</b>	=	100 x $\frac{\text{Dividend per share}}{\text{Earnings per share}}$
<b>Dividend yield, %</b>	=	100 x $\frac{\text{Dividend per share}}{\text{Share price at end of period}}$
<b>Average share price</b>	=	$\frac{\text{Number of shares traded in euros during the period}}{\text{Number of shares traded during the period}}$
<b>Market capitalisation at the end of the period *)</b>	=	Number of shares outstanding at the end of the period x share price at the end of the period
<b>Trading volume *)</b>	=	Number of shares traded during the period and their percentage of the weighted average number of shares outstanding

\*) Comparative data is share issue adjusted.

**Group and Segment information by quarter**

<b>SRV Group</b> (EUR million)	<b>7-9/15</b>	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Revenue	<b>155.1</b>	164.5	172.9	193.8	209.0	143.1	138.5
Operating profit	<b>4.1</b>	0.8	2.5	9.6	6.0	4.9	4.4
Financial income and expenses, total	<b>-4.0</b>	-1.5	0.8	-2.4	-0.2	-1.5	-2.3
Profit before taxes	<b>0.1</b>	-0.7	3.3	7.2	5.7	3.4	2.2
Order backlog <sup>1)</sup>	<b>1,517.5</b>	1,258.8	1,179.8	860.4	944.1	1,047.0	880.2
New agreements	<b>389.9</b>	227.6	489.1	108.0	90.3	317.3	184.7
Earnings per share, EUR <sup>2)</sup>	<b>-0.03</b>	-0.04	0.05	0.11	0.13	0.05	0.01
Equity per share, EUR <sup>1)2)</sup>	<b>3.80</b>	4.51	4.53	4.51	4.59	4.45	4.36
Share closing price, EUR <sup>1)</sup>	<b>2.53</b>	3.71	3.39	2.83	3.67	4.13	3.76
Equity ratio, % <sup>1)</sup>	<b>41.6</b>	36.3	39.8	43.0	38.9	38.4	39.0
Net interest-bearing debt <sup>1)</sup>	<b>248.3</b>	251.0	228.5	206.1	255.1	252.7	225.3
Gearing, % <sup>1)</sup>	<b>91.5</b>	111.4	101.0	91.6	111.6	113.4	103.0

1) At the end of the period

2) Comparative data is share issue adjusted.

<b>Revenue</b> (EUR million)	<b>7-9/15</b>	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Operations in Finland	<b>137.3</b>	146.9	157.1	176.0	196.5	131.0	124.4
- accounted for by business construction	<b>105.6</b>	94.5	114.0	99.1	144.9	82.5	69.0
- accounted for by housing construction	<b>31.7</b>	52.4	43.1	76.9	51.7	48.5	55.4
International Operations	<b>17.9</b>	17.6	15.9	17.8	12.6	12.4	14.2
Other operations	<b>3.5</b>	3.4	3.8	4.2	5.0	5.4	4.9
Eliminations	<b>-3.6</b>	-3.4	-3.8	-4.1	-5.1	-5.7	-4.9
<b>Group, total</b>	<b>155.1</b>	164.5	172.9	193.8	209.0	143.1	138.5

<b>Operating profit</b> (EUR million))	<b>7-9/15</b>	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Operations in Finland	<b>4.9</b>	2.4	3.3	10.2	6.2	7.0	6.6
International Operations	<b>-0.3</b>	0.1	0.7	1.8	0.2	-0.4	-0.6
Other operations	<b>-0.5</b>	-1.6	-1.5	-2.4	-0.4	-1.8	-1.6
Eliminations	<b>0.0</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Group, total</b>	<b>4.1</b>	0.8	2.5	9.6	6.0	4.9	4.4

<b>Operating profit, %</b>	<b>7-9/15</b>	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Operations in Finland	<b>3.5</b>	1.6	2.1	5.8	3.1	5.4	5.3
International Operations	<b>-1.7</b>	0.5	4.1	10.1	1.6	-2.9	-4.0
<b>Group, total</b>	<b>2.6</b>	0.5	1.5	5.0	2.9	3.4	3.2

<b>Order backlog</b> (EUR million)	<b>30.9.15</b>	30.6.15	31.3.15	31.12.14	30.9.14	30.6.14	31.3.14
Operations in Finland	<b>1,431.7</b>	1,159.3	1,062.9	723.2	777.8	920.0	721.5
- accounted for by business construction	<b>1,023.6</b>	806.9	801.1	450.1	505.6	633.1	477.2
- accounted for by housing construction	<b>408.1</b>	352.4	261.8	273.1	272.3	286.9	244.2
International Operations	<b>85.7</b>	99.5	116.9	137.2	166.2	126.9	158.8
<b>Group, total</b>	<b>1,517.5</b>	1,258.8	1,179.8	860.4	944.1	1,047.0	880.2
- sold order backlog	<b>1,295</b>	1,074	1,037	729	817	873	698
- unsold order backlog	<b>222</b>	185	142	132	127	174	182

**Order backlog, housing construction in Finland**

(EUR million)	<b>30.9.15</b>	30.6.15	31.3.15	31.12.14	30.9.14	30.6.14	31.3.14
Contracts and negotiated contracts	<b>83</b>	88	88	122	146	179	130
Under construction, sold	<b>117</b>	86	39	28	16	14	13
Under construction, unsold	<b>166</b>	131	79	59	41	26	27
Completed and unsold	<b>42</b>	47	56	65	69	68	74
Housing construction, total	<b>408</b>	352	262	273	272	287	244

<b>Capital invested</b> (EUR million)	<b>30.9.15</b>	30.6.15	31.3.15	31.12.14	30.9.14	30.6.14	31.3.14
Operations in Finland	<b>326.3</b>	290.8	273.3	277.2	298.9	303.1	275.3
International Operations	<b>214.6</b>	217.7	211.3	203.0	208.5	192.8	181.7
Other operations and eliminations	<b>6.8</b>	-1.7	-15.5	-30.5	-2.2	-3.6	10.7
<b>Group, total</b>	<b>547.7</b>	506.8	469.1	449.8	505.1	492.3	467.7

**Housing production in Finland, units**

	<b>7-9/15</b>	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Units sold, total	<b>166</b>	236	74	206	102	288	160
- developer contracting	<b>129</b>	236	74	122	65	29	72
- investor sales <sup>2)</sup>	<b>37</b>	0	0	84	37	259	88
Developer contracting							
- start-ups	<b>244</b>	376	66	197	111	0	22
- completed	<b>0</b>	22	0	63	86	0	100
- completed and unsold	<b>110</b>	126	152	183	194	173	198
Under construction, total <sup>1)</sup>	<b>1,855</b>	1,628	1,356	1,625	1,612	1,638	1,185
- contracts <sup>1)</sup>	<b>498</b>	498	492	625	649	649	455
- sold, negotiated contracts <sup>1) 2)</sup>	<b>363</b>	380	468	670	767	818	559
- developer contracting <sup>1)</sup>	<b>994</b>	750	396	330	196	171	171
- of which sold <sup>1)</sup>	<b>455</b>	342	154	111	63	63	59
- of which unsold <sup>1)</sup>	<b>539</b>	408	242	219	133	108	112

1) At period-end 2) investor sales under negotiated contracts

**SRV GROUP PLC'S INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2015: TABLES**

- 1) Accounting principles
- 2) Consolidated income statement and consolidated statement of comprehensive income
- 3) Consolidated balance sheet
- 4) Consolidated cash flow statement
- 5) Consolidated statement of changes in shareholder's equity
- 6) Group commitments and contingent liabilities
- 7) Segment information
- 8) Inventories
- 9) Insider events
- 10) Events after the review period

**1) Interim Report 1 January –30 September 2015**

This interim report has been prepared in accordance with the IAS standard 34, Interim Financial Reporting. In preparing this interim report, SRV has applied the same accounting principles as in its year-end financial statements for 2014. However, as of 1 January 2015, the Group began to apply the new or revised IFRS standards and IFRIC interpretations published by IASB, specified in the accounting principles of SRV's year-end financial statements for 2014.

The preparation of an interim report in accordance with IFRS requires Group management to make estimates and assumptions that affect both the values of assets and liabilities on the balance sheet date, and income and expenditure for the financial period. Judgements also have to be made in applying the accounting principles. As these estimates and assumptions are based on current perceptions of the situation on the balance sheet date, they involve risks and uncertainties. Actual results may therefore differ from the estimates and assumptions. The key accounting estimates and judgement-based solutions are presented in greater detail in the accounting principles of the consolidated financial statements for 2014.

In its 2014 consolidated financial statements, SRV changed the way in which it presents investments in associated and joint venture companies, and also the calculation of its earnings per share indicator. This change is described in greater detail in the accounting principles of the annual financial statements. The comparison figures presented in the interim report have been adjusted accordingly.

The information disclosed in this interim report is unaudited. The figures in this interim report have been rounded up to millions of euros, so the sum total of individual figures may deviate from the sum total presented.

**2) Consolidated income statement and statement of comprehensive income**

<b>Consolidated income statement</b> (EUR million)	<b>1-9/ 2015</b>	<b>1-9/ 2014</b>	<b>change, MEUR</b>	<b>change, %</b>	<b>7-9/ 2015</b>	<b>7-9/ 2014</b>	<b>1-12/ 2014</b>
<b>Revenue</b>	<b>492.5</b>	<b>490.6</b>	<b>1.9</b>	0.4	<b>155.1</b>	<b>209.0</b>	<b>684.4</b>
Other operating income	1.3	4.4	-3.1	-71.1	0.8	1.5	4.9
Change in inventories of finished goods and work in progress	34.4	-45.9	80.2		36.3	-62.1	-54.6
Use of materials and services	-460.9	-377.3	-83.6	22.1	-169.0	-126.4	-533.1
Employee benefit expenses	-48.8	-46.2	-2.6	5.6	-14.8	-13.1	-63.2
Share of profits of associated companies	0.7	0.2	0.5	267.3	-0.8	0.0	1.0
Depreciation and impairments	-2.1	-1.8	-0.3	16.7	-0.7	-0.5	-2.0
Other operating expenses	-9.5	-8.7	-0.9	9.8	-2.7	-2.5	-12.5
<b>Operating profit</b>	<b>7.5</b>	<b>15.3</b>	<b>-7.8</b>	-51.3	<b>4.1</b>	<b>6.0</b>	<b>24.9</b>
Financial income	4.4	2.3	2.2	95.9	1.2	1.8	2.8
Financial expenses	-9.2	-6.3	-2.9	46.9	-5.3	-2.0	-9.3
<b>Financial income and expenses, total</b>	<b>-4.7</b>	<b>-4.0</b>	<b>-0.7</b>	17.9	<b>-4.0</b>	<b>-0.2</b>	<b>-6.4</b>
<b>Profit before taxes</b>	<b>2.7</b>	<b>11.3</b>	<b>-8.6</b>	-75.8	<b>0.1</b>	<b>5.7</b>	<b>18.5</b>
Income taxes	-1.1	-1.2	0.2	-13.3	-0.4	0.2	-3.2
<b>Net profit for the period</b>	<b>1.7</b>	<b>10.1</b>	<b>-8.4</b>	-83.5	<b>-0.3</b>	<b>6.0</b>	<b>15.4</b>
<b>Attributable to</b>							
Equity holders of the parent company	1.7	9.9			-0.3	6.0	15.2
Non-controlling interests	0.0	0.2			0.0	0.0	0.2
<b>Earnings per share attributable to equity holders of the parent company</b>	<b>-0.02</b>	<b>0.18</b>			<b>-0.03</b>	<b>0.13</b>	<b>0.30</b>
<b>Earnings per share attributable to equity holders of the parent company (diluted)</b>	<b>-0.02</b>	<b>0.18</b>			<b>-0.03</b>	<b>0.13</b>	<b>0.30</b>
<b>Statement of comprehensive income</b> (EUR million)							
<b>Net profit for the period</b>			<b>1.7</b>	<b>10.1</b>	<b>-0.3</b>	<b>6.0</b>	<b>15.4</b>
<b>Other comprehensive income</b>							
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>							
Financial assets available for sale			-0.5	0.0	0.0	0.0	-1.2
Income tax relating to components of other comprehensive income			0.1	0.0	0.0	0.0	0.2
Gains and losses arising from translating the financial statements of a foreign operation			-0.4	-0.7	-1.9	-0.4	-5.3
Share of other comprehensive income of associated companies and joint ventures			0.0	0.0	-0.6	0.0	0.0
<b>Other comprehensive income for the period, net of tax</b>			<b>-0.9</b>	<b>-0.7</b>	<b>-2.5</b>	<b>-0.4</b>	<b>-6.2</b>
<b>Total comprehensive income for the period</b>			<b>0.7</b>	<b>9.4</b>	<b>-2.9</b>	<b>5.6</b>	<b>9.1</b>
<b>Attributable to</b>							
Equity holders of the parent company			0.7	9.2	-2.9	5.6	9.0
Non-controlling interests			0.0	0.2	0.0	0.0	0.2

<b>3) Consolidated balance sheet (EUR million)</b>	<b>30.9.15</b>	30.9.14	change, %	31.12.14
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10.6	11.9	-10.6	11.3
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.8	0.8	-0.2	0.7
Shares in associated companies and joint ventures	207.7	84.5	145.9	100.0
Other financial assets	8.7	10.2	-14.7	9.2
Receivables	0.7	4.5	-84.1	0.9
Loan receivables from associated companies and joint ventures	31.2	28.1	11.3	30.0
Deferred tax assets	7.4	7.5	-1.5	7.0
<b>Non-current assets, total</b>	<b>268.8</b>	<b>149.1</b>	<b>80.3</b>	<b>160.8</b>
<b>Current assets</b>				
Inventories	345.5	323.4	6.8	312.8
Trade and other receivables	105.7	146.6	-27.9	82.6
Loan receivables from associated companies and joint ventures	1.1	1.1	0.0	1.1
Current tax receivables (based on profit for the review period)	2.3	2.0	12.4	0.3
Cash and cash equivalents	28.1	21.4	31.0	18.4
<b>Current assets, total</b>	<b>482.7</b>	<b>494.6</b>	<b>-2.4</b>	<b>415.2</b>
<b>ASSETS, TOTAL</b>	<b>751.6</b>	<b>643.7</b>	<b>16.8</b>	<b>576.1</b>
<hr/>				
<b>Consolidated balance sheet (EUR million)</b>	<b>30.9.15</b>	30.9.14	change, %	31.12.14
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the equity holders of the parent company</b>				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	141.2	92.3	53.0	92.3
Translation differences	-5.8	-0.7	702.2	-5.3
Fair value reserve	-1.4	0.0		-0.9
Hybrid bond	45.0	45.0	0.0	45.0
Retained earnings	88.5	88.1	0.4	90.3
<b>Equity attributable to equity holders of the parent company, total</b>	<b>270.6</b>	<b>227.7</b>	<b>18.8</b>	<b>224.4</b>
Non-controlling interests	<b>0.8</b>	0.8	2.1	<b>0.8</b>
<b>Total equity</b>	<b>271.4</b>	<b>228.5</b>	<b>18.7</b>	<b>225.2</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2.1	1.5	38.5	1.5
Provisions	5.9	5.5	6.6	6.5
Interest-bearing liabilities	168.9	140.0	20.6	147.0
Other liabilities	2.9	0.0		0.0
<b>Non-current liabilities, total</b>	<b>179.8</b>	<b>147.0</b>	<b>22.3</b>	<b>155.1</b>
<b>Current liabilities</b>				
Trade and other payables	185.3	124.8	48.5	111.5
Current tax payables (based on profit for the review period)	4.2	3.5	19.8	2.7
Provisions	3.5	3.3	5.2	4.0
Interest-bearing liabilities	107.5	136.6	-21.3	77.6
<b>Current liabilities, total</b>	<b>300.5</b>	<b>268.2</b>	<b>12.0</b>	<b>195.8</b>
<b>Total liabilities</b>	<b>480.2</b>	<b>415.2</b>	<b>15.7</b>	<b>350.9</b>
<b>EQUITY AND LIABILITIES</b>	<b>751.6</b>	<b>643.7</b>	<b>16.8</b>	<b>576.1</b>

**4) Consolidated cash flow statement**

Consolidated cash flow statement (EUR million)	1-9/2015	1-9/2014	1-12/2014
<b>Cash flows from operating activities</b>			
<b>Net profit for the period</b>	<b>1.7</b>	<b>9.9</b>	<b>15.4</b>
Adjustments:			
Depreciation and impairments	2.1	2.3	2.0
Non-cash transactions	1.0	-2.7	1.2
Financial income and expenses	4.7	4.0	6.4
Income taxes	1.1	1.2	3.2
<b>Adjustments, total</b>	<b>8.9</b>	<b>4.9</b>	<b>12.8</b>
Changes in working capital:			
Change in loan receivables	-1.1	-2.6	-0.8
Change in trade and other receivables	-18.6	-70.0	-8.3
Change in inventories	-33.3	42.0	50.8
Change in trade and other payables	73.9	4.3	-7.1
<b>Changes in working capital, total</b>	<b>20.9</b>	<b>-26.3</b>	<b>34.7</b>
Interest paid and other financial expenses	-4.0	-4.1	-14.7
Interest received	0.0	0.1	0.2
Income taxes paid	-1.3	-1.5	-1.5
<b>Net cash flow from operating activities</b>	<b>26.1</b>	<b>-17.0</b>	<b>47.0</b>
<b>Cash flow from investing activities</b>			
Property, plant and equipment	-1.3	-1.3	-2.5
Intangible assets	-0.1	-0.3	-0.1
Other financial assets	-107.1	-16.7	-31.1
Sale of property, plant and equipment and intangible assets	0.0	0.2	0.1
Change in loan receivable from associated companies joint ventures	-4.5	-	-
<b>Cash flow from financing activities</b>	<b>-113.0</b>	<b>-18.2</b>	<b>-33.7</b>
Proceeds from loans	29.6	1.9	10.7
Repayments of loans	-57.3	-5.8	-10.2
Change in housing corporation loans	12.2	-14.9	-15.8
Net change in short-term loans	67.2	-10.5	-65.4
Net proceeds from share issue	49.0	-	-
Purchase and sale of treasury shares	0.0	0.1	0.2
Dividends paid	-4.3	-4.3	-4.3
<b>Net cash flow from financing activities</b>	<b>96.5</b>	<b>-33.4</b>	<b>-84.8</b>
<b>Net change in cash and cash equivalents</b>	<b>9.6</b>	<b>-68.6</b>	<b>-71.5</b>
Cash and cash equivalents at the beginning of period	18.4	90.0	90.0
Effect of exchange rate changes on cash and cash equivalents	0.0	-	0.0
<b>Cash and cash equivalents at the end of period</b>	<b>28.1</b>	<b>21.4</b>	<b>18.4</b>



## 5) Statement of changes in Group equity

	Equity attributable to the equity holders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Invested free equity fund	Hybrid bond	Translation differences	Fair value reserve	Retained earnings			
<b>Statement of changes in Group equity 1 January–30 September 2015 (EUR million)</b>									
<b>Equity on 1 January 2015</b>	<b>3.1</b>	<b>92.3</b>	<b>45.0</b>	<b>-5.3</b>	<b>-0.9</b>	<b>90.3</b>	<b>224.4</b>	<b>0.8</b>	<b>225.2</b>
<b>Comprehensive income for the review period</b>	-	-	-	<b>-0.5</b>	<b>-0.4</b>	<b>1.7</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>
Dividends paid	-	-	-	-	-	-4.3	<b>-4.3</b>	-	<b>-4.3</b>
Share-based incentive plan	-	-	-	-	-	1.2	<b>1.2</b>	-	<b>1.2</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares <sup>1)</sup>	-	0.4	-	-	-	-0.4	-	-	-
Share issue	-	50.1	-	-	-	-	<b>50.1</b>	-	<b>50.1</b>
Cost related to share issue	-	-1.5	-	-	-	-	<b>-1.5</b>	-	<b>-1.5</b>
Hybrid bond	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
<b>Equity on 30 September 2015</b>	<b>3.1</b>	<b>141.2</b>	<b>45.0</b>	<b>-5.8</b>	<b>-1.4</b>	<b>88.5</b>	<b>270.6</b>	<b>0.8</b>	<b>271.4</b>

<sup>1)</sup> Sale of treasury shares includes a transfer between an invested free equity fund and retained earnings.

<b>Statement of changes in Group equity 1 January–30 September 2014 (EUR million)</b>									
<b>Equity on 1 January 2014</b>	<b>3.1</b>	<b>92.2</b>	<b>45.0</b>	<b>0.0</b>	<b>0.0</b>	<b>81.3</b>	<b>221.6</b>	<b>0.6</b>	<b>222.2</b>
<b>Total comprehensive income for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.7</b>	<b>0.0</b>	<b>9.9</b>	<b>9.2</b>	<b>0.2</b>	<b>9.4</b>
Dividends paid	-	-	-	-	-	-4.2	<b>-4.2</b>	-	<b>-4.2</b>
Share-based incentive plan	-	-	-	-	-	0.9	<b>0.9</b>	-	<b>0.9</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	0.1	-	-	-	0.2	<b>0.2</b>	-	<b>0.2</b>
Hybrid bond	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
<b>Equity on 30 September 2014</b>	<b>3.1</b>	<b>92.3</b>	<b>45.0</b>	<b>-0.7</b>	<b>0.0</b>	<b>88.1</b>	<b>227.7</b>	<b>0.8</b>	<b>228.5</b>

<b>Statement of changes in Group equity 1 January–31 December 2014 (EUR million)</b>									
<b>Equity on 1 January 2014</b>	<b>3.1</b>	<b>92.2</b>	<b>45.0</b>	<b>0.0</b>	<b>0.0</b>	<b>81.3</b>	<b>221.6</b>	<b>0.6</b>	<b>222.2</b>
<b>Comprehensive income for the review period</b>	-	-	-	<b>-5.3</b>	<b>-0.9</b>	<b>15.2</b>	<b>9.0</b>	<b>0.2</b>	<b>9.1</b>
Dividends paid	-	-	-	-	-	-4.3	<b>-4.3</b>	-	<b>-4.3</b>
Share-based incentive plan	-	-	-	-	-	1.3	<b>1.3</b>	-	<b>1.3</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	0.2	<b>0.2</b>	-	<b>0.2</b>
Hybrid bond	-	-	-	-	-	-3.4	<b>-3.4</b>	-	<b>-3.4</b>
Other changes	-	-	-	-	-	-	-	-	-
<b>Equity on 31 December 2014</b>	<b>3.1</b>	<b>92.3</b>	<b>45.0</b>	<b>-5.3</b>	<b>-0.9</b>	<b>90.3</b>	<b>224.4</b>	<b>0.8</b>	<b>225.2</b>

**6) Commitments and contingent liabilities**

<b>Commitments and contingent liabilities</b> (EUR million)	<b>30.9.15</b>	30.9.14	change, %	31.12.2014
<b>Collateral given for own liabilities</b>				
Real estate mortgages given <sup>1)</sup>	<b>88.3</b>	80.3	10.0	<b>79.2</b>
Pledges given	0.0	0.0		0.0
<b>Other commitments</b>				
Guarantees given for liabilities on uncompleted projects	<b>0.0</b>	0.0		<b>0.0</b>
Investment commitments given	<b>15.6</b>	11.2	40.3	<b>9.6</b>
Plot purchase commitments	<b>165.2</b>	158.0	4.6	<b>185.8</b>

1) Real estate mortgages include the total value of mortgages given as collateral for developer contracting housing production against the housing corporation loans of uncompleted and unsold completed projects.

**7) Segment information Group**

SRV's reporting segments are Operations in Finland, International Operations and Other Operations.

<b>Revenue</b> (EUR million)	<b>30.9.15</b>	30.9.14	change, MEUR	change, %	<b>7-9/15</b>	7-9/14	<b>31.12.14</b>
Operations in Finland	<b>441.3</b>	451.9	-10.5	-2.3	<b>137.3</b>	196.5	<b>627.9</b>
International Operations	<b>51.3</b>	39.2	12.1	31.0	<b>17.9</b>	12.6	<b>56.9</b>
Other operations	<b>10.7</b>	15.3	-4.6	-29.9	<b>3.5</b>	5.0	<b>19.5</b>
Eliminations	<b>-10.9</b>	-15.7	4.9		<b>-3.6</b>	-5.1	<b>-19.9</b>
<b>Group, total</b>	<b>492.5</b>	490.6	1.9	0.4	<b>155.1</b>	209.0	<b>684.4</b>

<b>Operating profit</b> (EUR million)	<b>30.9.15</b>	30.9.14	change, MEUR	change, %	<b>7-9/15</b>	7-9/14	<b>31.12.14</b>
Operations in Finland	<b>10.6</b>	19.8	-9.3	-46.6	<b>2.4</b>	7.0	<b>30.0</b>
International Operations	<b>0.4</b>	-0.7	1.2		<b>0.1</b>	-0.4	<b>1.1</b>
Other operations	<b>-3.6</b>	-3.8	0.2		<b>-1.6</b>	-1.8	<b>-6.2</b>
Eliminations	<b>0.0</b>	0.0	0.0		<b>0.0</b>	0.0	<b>0.0</b>
<b>Group, total</b>	<b>7.5</b>	15.3	-7.9	-51.3	<b>0.8</b>	4.9	<b>24.9</b>

<b>Operating profit, %</b>	<b>1-9/15</b>	1-9/14	1-12/14
Operations in Finland	2.4	4.4	4.8
International Operations	0.9	-1.8	1.9
<b>Group, total</b>	1.5	3.1	3.6

**Assets**

(EUR million)	<b>30.9.15</b>	30.9.14	change, MEUR	change, %	<b>31.12.14</b>
Operations in Finland	<b>497.8</b>	412.1	85.6	20.8	<b>380.0</b>
International Operations	<b>237.2</b>	231.3	5.9	2.5	<b>226.2</b>
Other operations	<b>428.0</b>	360.2	67.7	18.8	<b>352.7</b>
Eliminations and other adjustments	<b>-411.4</b>	-360.0	-51.4		<b>-382.8</b>
<b>Group, total</b>	<b>751.6</b>	643.7	107.9	16.8	<b>576.1</b>

**Liabilities**

(EUR million)	30.9.15	30.9.14	change, MEUR	change, %	31.12.14
Operations in Finland	352.6	261.4	91.2	34.9	240.7
International Operations	165.7	157.0	8.7	5.6	155.7
Other operations	203.2	186.4	16.8	9.0	167.0
Eliminations and other adjustments	-241.4	-189.7	-51.7		-212.4
<b>Group, total</b>	<b>480.2</b>	<b>415.2</b>	<b>65.0</b>	<b>15.7</b>	<b>350.9</b>

**Invested capital**

(EUR million)	30.9.15	30.9.14	change, MEUR	change, %	31.12.14
Operations in Finland	326.3	298.9	27.4	9.2	277.2
International Operations	214.6	208.5	6.2	3.0	203.0
Other operations and eliminations	6.8	-2.2	9.0		-30.5
<b>Group, total</b>	<b>547.7</b>	<b>505.1</b>	<b>42.6</b>	<b>8.4</b>	<b>449.8</b>

**Return on investment, %**

	1-9/15	1-9/14	1-12/14
Operations in Finland	4.7	9.2	10.8
International Operations	3.1	0.7	1.3
<b>Group, total</b>	<b>3.2</b>	<b>4.4</b>	<b>5.4</b>

**8) Inventories**

(EUR million)	30.9.15	30.9.14	change, MEUR	31.12.2014
<b>Land areas and plot-owning companies</b>	<b>176.3</b>	<b>165.2</b>	<b>11.1</b>	<b>162.1</b>
Operations in Finland	111.9	95.8	16.2	96.0
International Operations	64.4	69.5	-5.1	66.1
<b>Work in progress</b>	<b>116.1</b>	<b>77.9</b>	<b>38.2</b>	<b>79.4</b>
Operations in Finland	113.9	73.1	40.8	77.1
International Operations	2.2	4.8	-2.6	2.3
<b>Shares in completed housing corporations and real estate companies</b>	<b>40.8</b>	<b>68.5</b>	<b>-27.6</b>	<b>61.0</b>
Operations in Finland	39.9	67.6	-27.7	58.2
International Operations	1.0	0.9	0.1	2.8
<b>Other inventories</b>	<b>12.3</b>	<b>11.8</b>	<b>0.5</b>	<b>10.3</b>
Operations in Finland	7.4	6.9	0.6	6.0
International Operations	4.9	4.9	-0.1	4.3
<b>Inventories, total</b>	<b>345.5</b>	<b>323.4</b>	<b>22.1</b>	<b>312.8</b>
Operations in Finland	273.2	243.3	29.9	237.3
International Operations	72.4	80.1	-7.7	75.4

**9) Insider events**

Insider events (EUR million)	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables <sup>1)</sup>	Liabilities
<b>30.9.2015</b>						
Management and the Board of Directors	2.2	0.0	-5.3	0.0	0.0	0.0
Joint ventures	0.0	1.9	0.0	0.1	2.8	0.0
Associated companies	0.0	134.9	-0.1	2.8	41.1	0.0
Other insiders	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2.2</b>	<b>136.8</b>	<b>-5.4</b>	<b>2.8</b>	<b>44.0</b>	<b>0.0</b>
<b>30.9.2014</b>						
Management and the Board of Directors	3.0	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.7	0.0	0.1	2.7	0.0
Associated companies	0.0	34.7	0.1	2.0	33.7	3.5
Other insiders	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3.0</b>	<b>35.5</b>	<b>0.1</b>	<b>2.1</b>	<b>36.4</b>	<b>3.5</b>
<b>31.12.2014</b>						
Management and the Board of Directors	3.7	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.8	0.0	0.2	2.3	0.0
Associated companies	0.0	40.2	-0.1	2.1	34.1	0.0
Other insiders	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3.7</b>	<b>40.9</b>	<b>-0.1</b>	<b>2.3</b>	<b>36.4</b>	<b>0.0</b>

1) The company has adjusted the presentation of loan receivables granted to associated companies and joint ventures in insider events. The figures for the comparison period have been adjusted accordingly.

**10) Events after the review period**

The most significant new project since the end of the review period is the development of downtown Kerava. SRV is involved in a project to develop Kerava city centre. The current plan is to build five apartment blocks and a retail centre along a pedestrian street. Both the project and planning agreements were signed in October, and construction is scheduled to start in autumn 2016. Completion of the various buildings will be staggered over the period 2018–2022. Tenant and investor negotiations for the retail centre are ongoing. Ruokakesko is the centre's main tenant.