

## INTERIM REPORT Q1, 1 January – 31 March

**FIRST-QUARTER RESULT BLAND AS EXPECTED, ORDER BACKLOG AT RECORD HIGH – FULL-YEAR RESULT OUTLOOK UNCHANGED****January-March 2016 in brief**

- Revenue amounted to EUR 143.8 (172.9 1-3/2015) million. Slight decrease in revenue, as quarrying and other infrastructure work completed at the REDI site was recognised in revenue in 2015.
- Operating profit was EUR 0.0 (2.5) million. Operating profit weakened primarily due to the low number of residential units recognised as revenue.
- The result before taxes was EUR -5.5 (3.3) million. A EUR -4.3 million fair value revaluation of a 10-year interest rate hedge contributed to the weakening of the result.
- Earnings per share were EUR -0.11 (0.05).
- The order backlog at period-end stood at EUR 1,572.1 (1,179.8) million. The order backlog remained at an all-time high thanks to new agreements.
- Equity ratio was 36.7 (39.8) per cent. Gearing was 87.5 (101) per cent. The change in equity ratio is explained by a EUR 100 million bond as well as a hybrid bond issued in March 2016. These also increase cash assets to an exceptionally high EUR 123 million.

**Events after the period**

- In April, SRV announced that it was selected as the further developer of a hospital project valued at about EUR 300 million in Central Finland. If the project goes ahead, it will be the largest contract in SRV's history that does not include the company's own equity.

**Outlook**

- The outlook for earnings in 2016 remains unchanged. Full-year revenue for 2016 is expected to grow and operating profit to improve compared with 2015 (revenue EUR 719 million and operating profit EUR 24.4 million 12/2015).
- Due to the completion schedules of SRV's developer-contracted housing projects, a significant proportion of the company's operating profit will be made in the second half of the year.
- Due to growth of interest-bearing debt, financing expenses increased compared with 2015.

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

**CEO comment**

*"The result for the early part of the year was bland as expected, but the order backlog developed strongly. New contracts valued at just over EUR 100 million were entered in the order backlog. And what's best, our order backlog appears to be holding steady. An excellent example of our ongoing record-breaking performance is our role to further develop the last week we announced almost EUR 300 million new hospital project in Central Finland. Our first quarter earnings trend is in line with expectations, as we knew that only a small number of residential units would be recognised as revenue in the early months of the year. However, that number will surge: we expect to complete more than 500 units during the entire year, of which a significant share has already been sold. We are powering ahead in 2016. In accordance with our strategy, which we updated early this year, we will develop city centres and assess new projects in transport hubs."* **Juha Pekka Ojala, President and CEO**

## Overall review 1 Jan.-31 Mar. 2016

Group key figures (IFRS, EUR million)	1-3/ 2016	1-3/ 2015	change	change, %	1-12/ 2015
Revenue	<b>143.8</b>	172.9	-29.1	-16.8	719.1
Operating profit	<b>0.0</b>	2.5	-2.5	-99.0	24.4
Financial income and expenses, total	<b>-5.6</b>	0.8	-6.4		-6.8
Profit before taxes	<b>-5.5</b>	3.3	-8.9		17.6
Order backlog	<b>1,572.1</b>	1,179.8	392.3	33.3	1,583.4
New agreements	<b>126.5</b>	489.1	-362.6	-74.1	1,393.5
Operating profit, %	<b>0.0</b>	1.5			3.4
Net profit, %	<b>-3.3</b>	1.6			1.9

\*) Comparative data is share issue adjusted.

**In the January-March period of 2016, the Group's order backlog** was again on a record high level, EUR 1,572.1 (1,179.8) million. The order backlog remained at an all-time high in spite of the completion of numerous contracts thanks to the great number of new agreements and preliminary agreements signed in the first months of the year, which were valued at a total of EUR 126 (489,1) million. The largest new projects announced in early 2016 included the new Otaniemi campus building for Aalto University and commercial premises in the Metro Centre, valued at about EUR 100 million.

**The Group's revenue** was EUR 143.8 (172.9) million. Revenue saw a year-on-year decrease due to the recognition of income from the REDI shopping centre. In January-March 2015, quarrying and other infrastructure work completed at the REDI site prior to the official start-up decision was recognised in revenue in accordance with the level of completion. In addition, revenue was affected by growth in the share of operations accounted for by low-margin business contracting and the fact that sales to investors fell short of the figures for early 2015.

**The Group's operating profit** was EUR 0.0 (2.5) million. The operating profit was affected by growth in the proportion of low-margin business premises contracting, the low number of housing units recognised as income, and the lower earnings contribution of Russia associated companies. SRV's fixed costs also saw a year-on-year increase in January-March 2016 due to numerous development projects.

**The Group's profit before taxes** was EUR -5.5 (3.3) million. In addition to the low number of residences recognised as income, the result was weakened by a EUR -4.3 million fair value revaluation of a 10-year interest rate hedge.

**The Group's earnings per share** were EUR -0.11 (0.05). Earnings per share were weakened by the cost of repaying the hybrid bond

**Operating profit and its relative level** are reduced by the elimination of a share equivalent to SRV's ownership from the profit margins of three shopping centre projects that are under construction (Okhta Mall, 4Daily and REDI), which will be recognised as income only when the investment is sold.

**SRV's operating profit and operating profit margin** quarterly variation was affected by several factors. SRV's own projects are recognised as income upon delivery; the part of the order backlog that is continuously recognised as income based on the level of completion mainly consists of low-margin contracting; and the nature of the company's operations (project development).

**The Group's equity ratio** was 36.7 (39.8) per cent. Gearing was 87.5 (101) per cent. The change in equity ratio is explained by a EUR 100 million bond as well as a hybrid bond issued in March 2016.

<b>Group key figures (IFRS, EUR million)</b>	<b>1-3/ 2016</b>	1-3/ 2015	change	change, %	1-12/ 2015
Equity ratio, %	<b>36.7</b>	39.8			42.5
Net interest-bearing debt	<b>247.2</b>	228.5	18.7	8.2	230.8
Gearing, %	<b>87.5</b>	101.0			83.3
Return on investment, %	<b>0.5</b>	4.7			5.9
Return on equity, %	<b>-6.8</b>	4.9			5.6
Earnings per share, EUR *)	<b>-0.11</b>	0.05	-0.16		0.25
Equity per share, EUR *)	<b>3.71</b>	4.53	-0.82		3.90
Share price at end of period, EUR	<b>3.53</b>	3.39	0.14		3.10
Weighted average number of shares outstanding, millions *)	<b>59.3</b>	39.8			42.6

\*) Comparative data is share issue adjusted.

## Earnings trends for 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, specialised, logistics, earthworks, and rock construction operations). International Operations comprises SRV's business activities in Russia and Estonia.

The business segment Other Operations primarily consists of the parent company, SRV Group Plc's group operations, property and project development operations in Finland, and equipment service for Finnish construction sites (SRV Kalusto Oy's operations).

<b>Revenue (EUR million)</b>	<b>1-3/ 2016</b>	1-3/ 2015	change	change, %	1-12/ 2015
Operations in Finland	<b>131.5</b>	157.1	-25.6	-16.3	654.1
International Operations	<b>12.4</b>	15.9	-3.5	-22.1	65.1
Other Operations	<b>4.0</b>	3.8	0.2	4.6	14.4
Eliminations	<b>-4.0</b>	-3.8	-0.2		-14.6
Group, total	<b>143.8</b>	172.9	-29.1	-16.8	719.1

<b>Operating profit</b> (EUR million)	<b>1-3/ 2016</b>	1-3/ 2015	change	change, %	1-12/ 2015
Operations in Finland	<b>2.2</b>	3.3	-1.1	-33.2	28.9
International Operations	<b>-1.1</b>	0.7	-1.7		-0.1
Other Operations	<b>-1.1</b>	-1.5	0.3		-4.3
Eliminations	<b>0.0</b>	0.0	0.0		0.0
Group, total	<b>0.0</b>	2.5	-2.5	-99.0	24.4

<b>Operating profit,</b> (%)	<b>1-3/ 2016</b>	1-3/ 2015	1-12/2015
Operations in Finland	<b>1.7</b>	2.1	4.4
International Operations	<b>-8.6</b>	4.1	-0.2
Group, total	<b>0.0</b>	1.5	3.4

<b>Order backlog</b> (EUR million)	<b>3/2016</b>	<b>3/2015</b>	change	change, %	<b>12/2015</b>
Operations in Finland	<b>1,511.7</b>	1,062.9	448.9	42.2	1,506.2
International Operations	<b>60.3</b>	116.9	-56.6	-48.4	77.1
Group, total	<b>1,572.1</b>	1,179.8	392.3	33.3	1,583.4
- sold order backlog	1269	1037	232	22.3	1,261
- unsold order backlog	303	142	161	112.7	322

## Operations in Finland

<b>Operations in Finland</b> (EUR million)	<b>1-3/ 2016</b>	1-3/ 2015	change	change, %	1-12/ 2015
Revenue	<b>131.5</b>	157.1	-25.6	-16.3	654.1
- business construction	<b>106.9</b>	114.0	-7.1	-6.3	434.0
- housing construction	<b>24.6</b>	43.1	-18.5	-42.9	220.1
Operating profit	<b>2.2</b>	3.3	-1.1	-33.2	28.9
Operating profit, %	<b>1.7</b>	2.1			4.4
Order backlog	<b>1,511.7</b>	1,062.9	448.9	42.2	1,506.2
- business construction	<b>972.9</b>	801.1	171.8	21.4	952.3
- housing construction	<b>538.9</b>	261.8	277.1	105.8	554.0

## Business environment of Operations in Finland

Although the Finnish economy remains challenging, there are clear signs of positive development in the construction industry. It is expected that growth in construction will significantly outpace the rest of the economy. According to the Confederation of Finnish Construction Industries RT, the industry will see

growth of 3-4 per cent. The engine of growth is urbanisation – it increases the need for both housing and business construction in growth centres, which are the strategic focuses of SRV's operations.

The long-term outlook for construction is strongly affected by the population shift into cities. VTT expects this trend to continue, as Finland's urbanisation ratio is lagging clearly behind other industrialised countries, such as Sweden. On the basis of VTT's 2016 report, about 620,000 people in Finland might move into urban areas by 2040. In most forecasts, the need for housing clearly exceeds the current level of construction.

## Housing construction in Finland

Revenue from housing construction in Finland amounted to EUR 24.6 (43.1) million. Revenue was weakened above all by the fact that in January-March 2015 more contracts undertaken for investors, which are recognised as income according to degree of completion, were under construction. In the past quarter, on the other hand, more developer-contracted projects than in the comparison period were under construction, and these are recognised as income only when the whole building is completed and the housing units have been sold. Completed but unsold housing units are recognised as income individually, according to sales.

Housing production in Finland, (units)	1-3/ 2016	1-3/ 2015	change, no.	1-12/ 2015
Housing sales, total	<b>93</b>	74	19	873
- sales, developer contracting	<b>93</b>	74	19	646
- sales, negotiation contracts <sup>2)</sup>	<b>0</b>	0	0	227
Developer contracting				
- start-ups	<b>55</b>	66	-11	802
- completed	<b>30</b>	0	30	247
- completed and unsold <sup>1)</sup>	<b>111</b>	152	-41	107
Under construction, total <sup>1)</sup>	<b>1,830</b>	1,356	474	1,849
- construction contracts <sup>1)</sup>	<b>693</b>	492	201	487
- negotiation contracts <sup>1) 2)</sup>	<b>227</b>	468	-241	477
- developer contracting <sup>1)</sup>	<b>910</b>	396	514	885
- of which sold <sup>1)</sup>	<b>502</b>	154	348	434
- of which unsold <sup>1)</sup>	<b>408</b>	242	166	451

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

**SRV's strategic objective** is to improve its long-term profitability. The company will achieve its objectives by selecting its future projects even more carefully – that is, by limiting its participation in tenders for low-margin contracts and stepping up the share accounted for by developer-contracted projects. SRV has successfully increased its developer-contracted housing production substantially; in January-March, the company had a total of 910 developer-contracted residential units under construction, almost triple compared to year-on-year (396). The high number of developer-contracted housing start-ups will bolster earnings in the future.

For investors, SRV has currently 227 (468) housing units under construction. No investor deals were closed in the first quarter, but in March a highly significant framework agreement, which will impact future

revenue, was entered into with Ilmarinen Mutual Pension Insurance Company. The agreement comprises the construction of about 430 units in Jätkäsaari (Helsinki), Espoo, Vantaa and Kerava. On the basis of deals concluded at the end of 2015, the agreement with Ilmarinen also includes 41 apartments that have already been completed in Helsinki and Vantaa. The total value of the agreement is about EUR 100 million. Negotiations on other investor sales are ongoing for many residential projects.

In Finland, sales of housing are good in the growth centres. Housing sales to consumers were more fertile in the first months of the year than in the first quarter of 2015. A total of 93 (74) units were sold.

### REDI impacted housing construction order backlog

REDI, the largest construction project in SRV's history, has been fully launched. REDI, which SRV is building at Kalasatama, will consist of six residential towers, a hotel tower and an office tower, a shopping centre and a parking facility for 2,000 vehicles. The site is proceeding according to plan. Pre-marketing of the first REDI residential tower, Majakka, got off to a flying start in January. At the end of March, 181 of the residential tower's 283 apartments had been reserved and a total of 50 name reservations had been made. The actual sales stage of the apartments will begin in late summer after RS-readiness has been reached. The construction will start, according to current estimates, during late autumn. It is expected that the occupants will be able to move into the first REDI apartments in late 2018/early 2019.

The order backlog for housing construction in Finland rose to EUR 539 (262) million, the increase being particularly due to the REDI site. Although some of the REDI residential towers will be completed later, the foundations of all the towers will be built in one go, by the end of 2018. The construction of the foundations increased the order backlog in the first quarter of 2016. The REDI apartments will be recognised as revenue as each residential tower is completed and the apartments are sold. The apartments of the first tower, Majakka, will be entered into the order backlog during late summer when the final construction decision has been made and sales begin.

Order backlog, housing construction in Finland (EUR million)	1-3/ 2016	1-3/ 2015	change	1-12/ 2015
Negotiation and construction contracts	115	88	27	132
Under construction, sold developer contracting	134	39	95	114
Under construction, unsold developer contracting	249	79	171	269
Completed and unsold developer contracting	40	56	-16	39
Total	539	262	277	554

### Major housing projects in Finland

In line with its strategy, SRV has stepped up its outlays on housing production in major growth centres and especially in locations close to good transport connections. SRV is currently one of the largest builders of housing in the Greater Helsinki Area. The company has a total of more than 1,800 residential units under construction, most of them in the Greater Helsinki Area.

Based on current schedules, SRV estimates that a total of 503 developer-contracted housing units in the RS system will be completed during 2016. The majority of these units are currently scheduled for completion in the second half of the year.

**Largest developer-contracted housing projects under construction in Finland**

Project name, location	SRV, contract value, EUR million	Level of completion, %	Completion (estimate)	Units	Sold	For sale
Niittyhuippu, Espoo	57	12	Q4 / 2017	200	121	79
Taitaja, Espoo	27	48	Q4 / 2016	85	40	45
Carina, Vantaa	22	52	Q4 / 2016	83	32	51
Kvartto, Helsinki	31	43	Q4 / 2016	66	35	31
Lapintien Loiste, Tampere	16	38	Q4 / 2016	60	59	1
Försti, Helsinki	23	26	Q2 / 2017	52	18	34

**Largest ongoing housing projects in Finland, housing contracting**

Project name, location	SRV, contract value, EUR million	Level of completion, %	Completion
Wood City Helsinki ATT	*	2	Q1 / 2018
Vantaan Celica, LähiTapiola	*	11	Q2 / 2017
Vantaan Verso, Elo	*	15	Q2 / 2017
Espoon Niittytori, SATO	*	15	Q2 / 2017
<b>Total</b>	<b>72</b>		

\* the value of individual contracts is not published.

SRV is currently building developer-contracted housing projects, development projects and contracted projects. A developer-contracted 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. Construction contracts are construction projects started by other parties, which are implemented by SRV; such projects are recognised as revenue on the basis of the percentage of completion or as set out in the agreement.

**Business construction**

Business construction is expected to pick up in 2016, especially in the Greater Helsinki Area. On the other hand, the rate of growth in renovation construction will slow down and infrastructure construction is flat due to a scarcity of investments. (Source: Spring business cycle review by the Confederation of Finnish Construction Industries RT.)

SRV's revenue from business construction amounted to EUR 106.9 (114.0) million. The order backlog rose to a record EUR 972.9 (801.1) million. In the first quarter, SRV signed a significant number of new agreements and preliminary agreements for new project start-ups.

During the review period, the company handed over the Ring Rail Line station buildings at Helsinki-Vantaa Airport and the Tapiola Central Car Park, which was implemented as part of the modernisation of Tapiola city centre.

### Largest ongoing business construction projects

Project, location	SRV contract value, EUR million	Project type	Level of completion	Completion	Sold / For sale
<b>DEVELOPMENT PROJECTS</b>					
REDI, Kalasatama, Helsinki	390	Retail, parking	26	Q3 / 2018	Sold
TeHyKe, Kalasatama, Hki	*	Public services	21	Q4 / 2017	Sold
Niittykumpu shopping centre, Espoo	*	Retail	37	Q1 / 2017	Sold
<b>BUSINESS PREMISES</b>					
TAYS, Tampere	170	Public	5	Q3 / 2018	Sold
Ainoa shopping centre, Tapiola	110	Retail	37	Q1 / 2017	Sold
Helsinki City Theatre renovation	38	Public	22	Q4 / 2019	Sold
Court and police building, Joensuu	30	Public	33	Q3 / 2017	Sold
Aalto University, Espoo	76	Public	0	Q2 / 2018	
HK Scan chicken processing plant, Rauma	38	Industry	3	Q1 / 2018	Sold
New Children's Hospital, Helsinki	*	Public	32	Q4 / 2017 – Q2 / 2018	Sold
Renovation of an administrative building for the University of Helsinki	*	Public	4	Q3 / 2017	Sold

\* the value of individual contracts is not published.

### Events after the period, Operations in Finland

- In April, SRV was selected as a further developer of the new Central Finland Central Hospital. The Board of Directors of the Central Finland Health Care District has decided to initiate with SRV a development period of approximately three months, with the aim of meeting the overall cost of



construction set by the Central Finland Health Care District. SRV may be chosen to be the project management contractor for the approximately EUR 300 million hospital project if the targets and conditions set by Central Finland Health Care District are met by 31 July 2016, thereby allowing the construction of the hospital to begin in autumn 2016. If actualized this is the largest contract in SRV's history to which the company is not committing its own equity. A condition of the above-mentioned decision of the Board of Directors is that the Administrative Council of the Central Finland Health Care District adopts a clarification at its meeting on 3 June 2016.

- The New Vantaankoski idea competition organised by SRV, Sanoma, the City of Vantaa and VTT sought concepts for an innovative corporate campus. The winner of the competition was selected in April 2016: Futurama, created by a cross-disciplinary working group led by L Arkkitehdit Oy. Futurama boldly breaks down boundaries between work, leisure, homes and workplaces. Next, SRV will start negotiations for the further development and implementation of the ideas with the winners.
- At the beginning of May, 195 of the REDI residential tower Majakka's 283 apartments had been reserved, and an additional 39 name reservations had been made.

## International Operations

International Operations comprises SRV's construction and property development business in Russia and Estonia. SRV has also expanded its shopping centre management operations in Russia. Revenue from International Operations totalled EUR 12.4 (15.9) million and accounted for 9 (9) per cent of the Group's revenue.

The construction of the Okhta Mall and 4Daily shopping centres generated the majority of this revenue. Operating profit totalled EUR -1.1 (0.7) million. Operating profit was slightly negative due to temporary rent discounts granted to tenants and changes in the fair values of the currency exchange hedges of foreign subsidiaries.

New orders to the value of EUR 0.2 (1.5) million were received in January-March 2016. The order backlog stood at EUR 60.3 (116.9) million. The order backlog declined because no new projects have been started up; rather, in the January-March period the company focused on finishing up work on two soon-to-be-completed Russian shopping centres as well as management operations at completed projects.

International Operations (EUR million)	1-3/ 2016	1-3/ 2015	change	change, %	1-12/ 2015
Revenue	<b>12.4</b>	15.9	-3.5	-22.1	65.1
Share of profits of associated companies	<b>-1.0</b>	1.0	-1.9		0.2
Operating profit	<b>-1.1</b>	0.7	-1.7		-0.1
Operating profit, %	<b>-8.6</b>	4.1			-0.2
Order backlog	<b>60.3</b>	116.9	-56.6	-48.4	77.1

## Russia

### Business environment

The GDP of Russia is expected to see a smaller decline in 2016 than in the previous year, or about 2-3 per cent. Domestic demand in Russia is expected to decrease this year, as inflation impacts on the purchasing power of consumers and leads to a contraction in government budgetary expenditure, for instance. On the other hand, middle-class consumption is domestically focused, because foreign travel has reduced and domestic travel has increased. The leading domestic travel destinations for Russians are St. Petersburg and Moscow, where SRV is building shopping centres. A clear increase in the price of oil would gradually revive the economy and imports. Nevertheless, the Bank of Finland forecasts that economic growth will continue to be slow in the next few years.

### Projects under construction

SRV is currently building two major shopping centres in Russia. Both projects are on track and will be completed in autumn 2016.

SRV is an investor in both of these shopping centre projects. In addition, the company is responsible for concept planning, serves as the head contractor, and attends to both leasing the premises and the marketing of the malls. Once the projects are completed, SRV will manage their day-to-day operations. SRV intends to divest its holding once the target for rental income is reached, which is usually three to four years after opening.

Okhta Mall shopping centre, approaching completion in St. Petersburg, will open on 26 August. Leasing of premises has proceeded well. At the end March, final lease agreements had been signed for around 33 per cent of the premises, and approximately 36 per cent of the premises had been reserved. In addition, as a result of agreements signed after the inspection period, the occupancy rate has risen in total to over 70 per cent.

At the 4Daily shopping centre, under development in Moscow, binding lease agreements had been signed for 29 per cent of the premises at the end of March and, taking preliminary agreements into account, total of 53 per cent of the premises had been leased.

SRV's subsidiary in Russia is building apartment blocks in the city district of Papula in the northern part of Vyborg. Of the apartments in the buildings already completed, only two are unsold. The construction of the next two buildings, consisting of 110 apartments, is under way. In January-March 2016, 41 of the 110 apartments had already been reserved.

**The largest projects under construction**

Name	Holding, %	Total investment EUR million	Level of completion, %	Completion (estimate)	Floor area	Occupancy rate, %
Okhta Mall, St Petersburg	SRV 45	225	90	08/2016	78,000	Binding lease agreements 33
	Russia Invest property investment company 55*					Letters of intent 36
						Total 69
4Daily, Moscow	Vicus 26.26	61	63	Q3/2016	52,000	Binding lease agreements 29
	SRV 18.68					Letters of intent 24
	Blagosostoyanie 55.06					Total 53

\*Russia Invest's shareholders are Finnish institutional investors. Ilmarinen, Sponda and SRV each own 27 per cent holdings in Russia Invest, Etera owns 13 per cent and Onvest six per cent.

**Completed projects**

Both visitor numbers and total sales figures are still on the rise at the Pearl Plaza shopping and entertainment centre, which was opened in St Petersburg in August 2013. In January-March 2016, the number of visitors was more than 1.9 million, a year-on-year increase of 12 per cent. The shopping centre's total sales grew by 20 per cent compared with the corresponding period of the previous year.

Rental income from Pearl Plaza and other projects is retained by the project company. This income is used to cover the project company's financial expenses, loan repayments and fixed costs of operation. Rental income was lowered by temporary rent discounts granted to the tenants and changes in the exchange rate of the rouble, as part of the Pearl Plaza lease agreements are tied to the rate of the rouble.

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. On 31 March 2016, 81 per cent of the premises in the project had been leased.

**Completed projects**

Name	Holding, %	Opened	Floor area	Occupancy rate
Pearl Plaza, St Petersburg	SRV 50	August 2013	Gross floor area 96,000 m <sup>2</sup>	Binding lease agreements 94
	Shanghai Industrial Investment 50		Leasable area 48,000 m <sup>2</sup>	Letters of intent 5

## Events after the period, International operations

- The Okhta Mall shopping centre received an award for the best shopping centre under construction at the RCSC Awards 2016.
- Occupancy rate of the Okhta Mall rose to over 70 per cent in April 2016.

## Outlook for operations in Russia

In Russia, SRV is focusing on completing its current construction projects and the management operation of completed locations. The shopping centre market still has massive potential, as the weak exchange rate of the rouble means that middle class consumption is focused on Russia. Furthermore, in Western Europe, there are twice as many shopping centres per 1,000 inhabitants than in Russia.

SRV has previously stated that it is preparing to sell these projects. The Russian economy is in a challenging state, but the financing of these projects has been arranged with long-term loan agreements, and SRV can patiently wait for the market situation to improve. It is unlikely that the shopping centres or the ETMIA II office project will be sold to investors in 2016.

## Group project development

In accordance with its strategy, SRV focuses on improving profitability. Profitability is improved above all by development projects, which generally yield a better margin than contracting, for instance. SRV's development projects target growth centres and, in the Greater Helsinki Area, particularly locations close to rail transport.

### - **Rail transport**

The construction of the Western Metro is progressing and areas next to the metro line are currently being designed and built. In January 2016, the Trade and Competitiveness Division of the Espoo City Board reserved an area for SRV and VVO Group Plc to design the Kivenlahti Metro Centre. This area is located between Länsiväylä and Kivenlahdentie, and will form a key part of the future Kivenlahti Metro Centre.

Raide-Jokeri is a rapid tramline designed to link Itäkeskus in Helsinki and Keilaniemi in Espoo. Numerous residential units can be built next to the rapid tramline. For instance, SRV is planning to build housing in the vicinity of the future Perkkää station in Espoo together with SATO and Ilmarinen. Total of almost 2,000 residential units will be built on the plot, and it is intended that construction will begin in autumn 2016. SRV also has a planning reservation for the Säterintorni plot, where the company intends to build housing and an office building.

### - **Landmarks in Jätkäsaari, Bunkkeri and Wood City**

SRV is involved in developing the Jätkäsaari area of Helsinki. It is planned that Bunkkeri, the 13-storey landmark in Jätkäsaari, will feature a wide range of fitness facilities, a swimming hall and more than 300 residential units.

After the end of the reporting period, in April, the City of Helsinki's Real Estate Committee discussed the outcome of the implementation competition relating to the Bunkkeri building in Jätkäsaari, and the City

Board decided to select SRV, to whom the City would sell the Bunkkeri, as the building's developer and new owner. The total value of the real estate transaction is approximately EUR 23 million.

It is intended that Bunkkeri construction work will begin in summer 2017 and that the swimming hall and fitness facilities will be handed over to the tenant, the City of Helsinki, in May 2019. The first residential units in Bunkkeri will also be completed at that time.

Jätkäsaari will also boast another impressive landmark. SRV and Stora Enso's Wood City, a project showcasing industrial wood construction, will comprise office, hotel and commercial buildings covering about 20,000 square metres of floor area. In addition, two residential buildings will be implemented for the Helsinki Housing Production Department (ATT); their construction began in early 2016. Negotiations with tenants and investors for the office building are ongoing.

#### - Tampere Central Deck and Arena

In February 2016, a consortium formed by SRV was selected to further develop the Central Deck and Arena project of the City of Tampere. This project is valued at a total of EUR 500 million and comprises an indoor arena, office, commercial and hotel premises as well as housing units. In the ongoing development phase, financing and key lease agreements will be negotiated for the final investment decision. In accordance with a decision made at its meeting held on 2 May, after the reporting period, the Tampere City Board will propose to the Tampere City Council that the competition for the Central Deck and Arena project be halted and that a consortium formed by SRV be selected to take the project forward. The final implementation decision will most likely be made in late 2016.

#### - Keilaniemi tower buildings

SRV is forging ahead with its residential tower project in Keilaniemi, Espoo. Four towers and a parking facility are planned for Keilaniemi. The area's city plan has come into force and progress hinges on tunnelling and traffic arrangements for Ring Road I. In November 2015, the Trade and Competitiveness Division of the Espoo City Board decided to sell two residential plots in Keilaniemi to SRV. A preliminary agreement on the property transaction is being prepared. A decision on the sale will most likely be made at the Espoo City Board's meeting in May. The final decision on the construction of the towers has not as yet been made.

Land reserve 31.3.2016	Business construction	Housing construction	International Operations	Total
<b>Unbuilt land areas and land acquisition commitments</b>				
Building rights <sup>1)</sup> , m <sup>2</sup>	170,268	392,943	704,260	1,267,471
<b>Land development agreements</b>				
Building rights <sup>1)</sup> , m <sup>2</sup>	114,370	262,667	0	377,037

## Financing and financial position

IFRS, EUR million		31.3.2016	31.3.2015	Change Q1/16 vs Q1/15, %	31.12.2015	Change Q1/16 vs Q4/15, %	31.12.2014
Equity ratio	%	<b>36.7</b>	39.8	<b>-8</b>	42.5	<b>-14</b>	43.0
Gearing	%	<b>87.5</b>	101.0	<b>-13</b>	83.3	<b>5</b>	91.6
Shareholders' equity		<b>282.7</b>	226.2	<b>25</b>	277.2	<b>2</b>	225.2
Invested capital		<b>652.6</b>	469.1	<b>39</b>	543.0	<b>20</b>	449.8
Interest-bearing debt		<b>370.0</b>	242.9	<b>52</b>	265.8	<b>39</b>	224.6
- of which short-term		<b>122.6</b>	92.4	<b>33</b>	102.6	<b>19</b>	77.6
- of which long-term		<b>247.4</b>	150.5	<b>64</b>	163.2	<b>52</b>	147.0
Cash and cash equivalents		<b>122.8</b>	14.4		35.0	<b>251</b>	18.4
Unused binding liquidity limits and account limit agreements		<b>122.0</b>	122.2	<b>0</b>	122.1	<b>0</b>	122.2
Unused project loans that can be drawn immediately		<b>40.3</b>	20.6	<b>96</b>	18.2	<b>121</b>	5.5

At the end of the reporting period, the Group's financing reserves totalled EUR 285.1 million with the Group's cash and cash equivalents amounting to EUR 122.8 million, and open-ended account limits and committed undrawn financing reserves and loans to EUR 162.3 million. SRV's financing agreements contain standard covenants. The financial covenants are equity ratio (also based on percentage of completion), liquidity and, as a new covenant, the interest coverage ratio. Interest coverage ratio is the ratio of the Group's operating margin (EBITDA) to its net financial expenses. The interest cover ratio is tested only if and when new loan financing is withdrawn; the covenant does not prevent the refinancing of existing sources of financing.

SRV Group carried out two significant financial transactions in the first quarter with a view to strengthening its equity ratio and financing growth in the years ahead. In March, SRV Group Plc made a tender offer for its outstanding hybrid bond issued in 2012. As a result of this tender offer, SRV bought back EUR 28.3 million of the hybrid bond from investors. The company is entitled to redeem the remaining EUR 16.7 million of the hybrid bond in December 2016.

In connection with the bond buyback, the company issued a new EUR 45 million hybrid bond. The coupon rate of the new hybrid bond is fixed at 8.750 per cent per annum. The first redemption date of the new hybrid bond is 22 March 2020. On 23 March, SRV Group Plc issued a bond of EUR 100 million. The bond carries a fixed annual interest of 6.875 per cent. The company can first redeem the bond three years after its date of issue. The bond matures on 23 March 2021.

At the end of the first quarter, interest-bearing liabilities amounted to EUR 370.0 (242.9) million. Net interest-bearing debt saw year-on-year growth of EUR 18.7 million. Housing corporation loans account for EUR 57.7 (41.5) million of the interest-bearing liabilities. The Group's financial position was affected not only by financial transactions but also by net cash flow from operating activities and investments.

Net cash flow was EUR -34.5 (-15.1) million and net cash flow from investing activities was EUR 2.7 (-7.2) million. Net cash flow from operating activities was negatively impacted by the increase in incomplete housing construction and plot acquisitions in Finland. Net cash flow from investing activities was positively affected by the repayment to SRV Group of a loan granted to a joint venture.

Net financial expenses since the beginning of 2016 saw year-on-year growth to EUR 5.6 (0.8) million. Financial expenses rose particularly on the heels of payments related to the financial transactions in March and the fair value revaluation of 10-year interest rate derivatives. The comparison period included a EUR 1.4 million release of credit loss provisions.

A negative impact of EUR 4.3 million has been recognised in financial expenses for 2016 due to this fair value change. When the 10-year interest level rises from its current level, a positive change in fair value is recognised in the income statement, and vice versa. EUR 0.4 (0.4) million in interest expenses have been capitalised in accordance with IAS 23 since the beginning of the year.

SRV's investment commitments totalled EUR 47.6 (115.8) million and were earmarked for Fennovoima's Hanhikivi-1 project and the REDI project in Kalasatama.

### Personnel

SRV's payroll has increased, and at the end of March the company had 1,041 (971) employees, of whom 818 (757) were salaried employees. A significant part of the increase in the number of employees is due to the phasing of construction projects in Russia and the resource allocation accordingly.

Progress with the implementation of numerous large-scale projects, such as REDI, has contributed to growth of personnel working for Operations in Finland. At the end of March, the parent company had 57 (60) salaried employees. At the end of the reporting period, SRV's Operations in Finland employed 26 (36) trainees and students working on a thesis or diploma.

In February 2016, it was announced that SRV was ranked Finland's 11th Most Inspiring Workplace in a personnel survey conducted by Corporate Spirit Oy in 2015. Based on the survey, SRV's strengths were effective decision-making, investment in wellbeing in work, and the recommendation of SRV as an employer.

During the early part of the year, SRV has invested in internal communication of a new strategy and in the implementation of strategic development programmes. In the Helsinki Metropolitan Area, a total of 10 strategy kick-off events, attended by nearly 400 SRV employees, have been arranged in REDI Living Lab. SRV has also an ongoing spots campaign that utilizes social media tools. The purpose of the campaign is to influence on people's wellbeing. The more the people exercise, the more money will be donated to charity after the Workplace Health promotion -day organized in May.

Personnel by segment	31.3.2016	31.3.2015	Percentage of Group personnel 31.3.2016
Operations in Finland	726	649	70
International Operations	226	226	21
Other Operations	89	96	9
Group, total	1,041	971	100

## Risks, risk management and corporate governance

SRV has published a separate Corporate Governance Statement in its 2015 Annual Report and on the company's website. Detailed information about the company's business risks and risk management has been provided in the 2015 Notes to the Financial Statements and Annual Report, and on the company's website.

In the company's view, there were no significant changes in the company's risks during the reporting period. The most significant risks currently concern the REDI project as well as risks associated with the rouble exchange rate and the Russian economy, mainly with respect to a fall in consumer demand and the functioning of the financial sector.

REDI is a major project in relation to the size of the company and therefore may involve risks associated with its implementation and financing.

The bond SRV issued in March 2016 improved the company's equity.

## Corporate governance

SRV Group Plc's Annual General Meeting was held on Tuesday, 22 March 2016. The meeting adopted the 2015 financial statements and discharged the Board of Directors and the President and CEO from liability for the financial period 1 January–31 December 2015.

A dividend of EUR 0.10 per share was confirmed. The dividend was paid on 4 April 2016.

**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 2017 Annual General Meeting. PricewaterhouseCoopers Oy has notified that **Samuli Perälä**, Authorised Public Accountant, will serve as the responsible auditor.

### Authorisations to decide on a share issue and an issue of special rights

The Annual General Meeting authorised the Board of Directors to decide on the issue of new shares or the reissue of treasury shares and/or the issue of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Companies Act either for or without consideration.

Based on the authorisation, the Board of Directors may decide on the issue of shares such that the number of shares issued, including shares issued on the basis of special rights, is in total a maximum of 6,049,957.

The authorisation entitles the Board of Directors to decide on all the terms and conditions of a share issue and special rights entitling to shares, including the right to derogate from the pre-emptive subscription right of shareholders, if there is a weighty financial reason for the company to do so. A directed share issue may be executed without consideration only if there is an especially weighty financial reason for the company to do so, taking the interests of all shareholders into account.



The authorisation may be used, for example, when issuing new shares or conveying shares as consideration in corporate acquisitions, when the company acquires assets relating to its business and for implementing incentive schemes.

The authorisation shall be valid for five years from the decision of the Annual General Meeting.

Authorisation to decide on the acquisition of the company's own shares

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the company's own shares, using the company's unrestricted equity. This share acquisition will reduce the company's distributable equity. The Board of Directors was authorised to acquire shares in the company, such that the number of shares acquired on the basis of this authorisation when combined with the treasury shares owned by the company and its subsidiaries does not at any given time exceed a total of 6,049,957 shares (10% of all shares in the company).

A maximum of 6,049,957 of the shares to be acquired on the grounds of this authorisation may be acquired in public trading arranged by Nasdaq Helsinki Oy at the market price at the moment of acquisition as well as a maximum of 500,000 shares given on the basis of incentive schemes to individuals employed by SRV Group without consideration or for no more than the price that an individual within the sphere of an incentive scheme is obliged to convey a share. Shares may be acquired otherwise than in proportion to the holdings of the shareholders.

The company's own shares can be acquired for use e.g. 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 described above shall be in force for 18 months from the decision of the Annual General Meeting and they cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 25 March 2015.

The Board of Directors shall decide on all other terms relating to the acquisition of shares.

### **Organisation of SRV Group Plc's Board of Directors**

SRV Group Plc's Board of Directors held its assembly meeting on 22 March 2016. Olli-Pekka Kallasvuo was elected as Vice Chairman of the Board of Directors. Minna Alitalo was elected as Chairman and Olli-Pekka Kallasvuo and Timo Kokkila as members of the Audit Committee.

Ilpo Kokkila was elected as Chairman and Arto Hiltunen and Risto Kyhälä as members of the HR and Nomination Committee (former Nomination and Remuneration Committee).

SRV Group's SVP and General counsel **Katri Innanen** resigned her position on 27th of April 2016.

## Shares and shareholders

SRV Group Plc's share capital is EUR 3.1 million. 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 6,738 shareholders on 31 March 2016.

The closing price at OMX Helsinki on 31 March 2016 was EUR 3.53 (EUR 3.10 on 31 December 2015, change +14%). The highest share price during the reporting period was EUR 3.57 and the lowest EUR 2.60. At period-end, SRV's equity per share, excluding the hybrid bond, was EUR 3.71 (EUR 4.53). On 31 March 2016, SRV had a market capitalisation of EUR 209.5 million, excluding the Group's treasury shares. 1.2 million shares were traded during the period with a trade volume of EUR 3.8 million.

At the end of March, SRV Group Plc held 1,162,841 treasury shares (1.9 per cent of the total number of shares and combined number of votes). In January-March, SRV Group Plc divested 11,276 treasury shares.

## Financial objectives

SRV's strategy and all of its operations are guided by the strategic financial objectives confirmed in February 2016:

- During the strategy period, faster growth than the industry will be pursued through 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
- In International Operations, return on investment will rise to at least 15 per cent by the end of the strategy period
- The equity ratio will remain above 35 per cent
- The goal is to distribute a stable dividend of 30-50 per cent of the annual result, taking into account the capital needs of business operations.

The achievement of the set strategic objectives is based on weak but steady economic growth in Finland, and a slight recovery and stabilisation in Russia's economy. In addition, substantial growth in SRV's developer-contracted projects is required.

## Outlook for 2016

In addition to general economic trends, SRV's revenue and result in 2016 will be affected by several factors, such as: the recognition as income upon delivery of SRV's own projects; the part of the order backlog that is continuously recognised as income consisting mainly 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 own-development projects. The largest of the projects is the REDI project in the Kalasatama district of Helsinki. Based on current schedules, SRV estimates that a total of 503 developer-contracted housing units will be completed during 2016.

The 2016 result outlook remains unchanged. The Group's full-year revenue for 2016 is expected to grow and operating profit to improve on 2015 (revenue EUR 719 million and operating profit EUR 24.4 million). Due to the completion schedules of SRV's developer-contracted housing production, a significant part of

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4 May 2016 at 8:30 a.m.



operating profit will be made in the second half of the year. Due to growth of interest-bearing debt, financing expenses will increase compared with 2015.

Espoo, 3 May 2016

Board of Directors

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

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## Key figures

EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
Revenue	143.8	172.9	719.1
Operation profit	0.0	2.5	24.4
Operation profit, % revenue	0.0	1.5	3.4
Profit before taxes	-5.5	3.3	17.6
Profit before taxes, % of revenue	-3.9	1.9	2.4
Net profit attributable to equity holders of the parent company	-4.7	2.8	14.0
Return on equity, %	-6.8	4.9	5.6
Return on investment, %	0.5	4.7	5.9
Invested capital	652.7	469.1	543.0
Equity ratio %	36.7	39.8	42.5
Net interest-bearing debt	247.2	228.5	230.8
Gearing ratio, %	87.5	101.0	83.3
Order backlog	1 572.1	1 179.8	1 583.4
New agreements	126.5	489.1	1 393.5
Personnel on average	1 039	961	1 008
Earnings per share <sup>1)</sup>	-0.11	0.05	0.25
Earnings per share (diluted) <sup>1)</sup>	-0.11	0.05	0.25
Equity per share <sup>1)</sup>	4.75	5.66	4.66
Equity per share (without hybrid bond), euros <sup>1)</sup>	3.71	4.53	3.90
Dividend per share, euros <sup>1)</sup>	0.10	0.12	0.10
Dividend payout ratio, % <sup>1)</sup>	-92.5	247.1	40.2
Dividend yield, % <sup>1)</sup>	2.8	3.5	3.2
Price per earnings ratio <sup>1)</sup>	-32.6	69.8	12.5
Share price development:			
Share price at the end of the period, eur	3.53	3.39	3.10
Average share price	3.14	3.41	2.94
Lowest share price	2.60	3.30	2.36
Highest share price	3.57	3.50	3.42
Market capitalisation at the end of the period	209.5	135.0	183.9
Trading volume, 1 000 units	1217	438	11 463
Trading volume, % <sup>1)</sup>	2.1	1.1	26.9
Weighted average number of shares outstanding during the period, 1 000 units <sup>1)</sup>	59 331	39 809	42 616
Weighted average number of shares outstanding during the period (diluted) 1 000 units <sup>1)</sup>	59 362	39 837	42 648
Number of shares outstanding at the end of the period, 1 000 units <sup>1)</sup>	59 337	39 808	59 325

<sup>1)</sup> Comparative data is share issue adjusted.

## Calculation of key figures

<b>Gearing ratio, %</b>	=	$100 \times \frac{\text{Net interest-bearing debt}}{\text{Total equity}}$
<b>Return on equity, %</b>	=	$100 \times \frac{\text{Total comprehensive income for the period}}{\text{Total equity, average}}$
<b>Return on investment, %</b>	=	$100 \times \frac{\text{Result before taxes + interest and other financial expenses (without exchange rate gains and losses)}}{\text{Invested capital, average}}$
<b>Equity ratio, %</b>	=	$100 \times \frac{\text{Total equity}}{\text{Total assets – advances received}}$
<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>	=	$100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$
<b>Dividend yield, % *)</b>	=	$100 \times \frac{\text{Dividend per share}}{\text{Share price at end of period}}$
<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>1-3/2016</b>	<b>10-12/2015</b>	<b>7-9/2015</b>	<b>4-6/2015</b>	<b>1-3/2015</b>
Revenue	<b>143.8</b>	226.6	155.1	164.5	172.9
Operation profit	<b>0.0</b>	17.0	4.1	0.8	2.5
Financial income and expenses, total	<b>-5.6</b>	-2.1	-4.0	-1.5	0.8
Profit before taxes	<b>-5.5</b>	14.9	0.1	-0.7	3.3
Order backlog <sup>1)</sup>	<b>1 572.1</b>	1 583.4	1 517.5	1 258.8	1 179.8
New agreements	126.5	286.9	389.9	227.6	489.1
Earnings per share, eur <sup>2)</sup>	-0.11	0.27	-0.03	-0.04	0.05
Equity per share, eur <sup>1)2)</sup>	<b>3.71</b>	3.90	3.80	4.51	4.53
Share closing price, eur <sup>1)</sup>	<b>3.53</b>	3.10	2.53	3.71	3.39
Equity ratio, % <sup>1)</sup>	<b>36.7</b>	42.5	41.6	36.3	39.8
Net interest-bearing debt <sup>1)</sup>	<b>247.2</b>	230.8	248.3	251.0	228.5
Gearing, % <sup>1)</sup>	<b>87.5</b>	83.3	91.5	111.4	101.0

1) at the end of the period

2) Comparative data is share issue adjusted.

<b>Revenue</b> EUR million	<b>1-3/2016</b>	<b>10-12/2015</b>	<b>7-9/2015</b>	<b>4-6/2015</b>	<b>1-3/2015</b>
Operations in Finland	<b>131,5</b>	212,8	137,3	146,9	157,1
- business construction	<b>106,9</b>	119,8	105,6	94,5	114,0
- housing construction	<b>24,6</b>	92,9	31,7	52,4	43,1
International Operations	<b>12,4</b>	13,8	17,9	17,6	15,9
Other operations	<b>4,0</b>	3,7	3,5	3,4	3,8
Eliminations	<b>-4,0</b>	-3,7	-3,6	-3,4	-3,8
<b>Group, total</b>	<b>143,8</b>	<b>226,6</b>	<b>155,1</b>	<b>164,5</b>	<b>172,9</b>

<b>Operating profit</b> EUR million	<b>1-3/2016</b>	<b>10-12/2015</b>	<b>7-9/2015</b>	<b>4-6/2015</b>	<b>1-3/2015</b>
Operations in Finland	<b>2.2</b>	18.3	4.9	2.4	3.3
International Operations	<b>-1.1</b>	-0.6	-0.3	0.1	0.7
Other operations	<b>-1.1</b>	-0.7	-0.5	-1.6	-1.5
Eliminations	<b>0.0</b>	0.0	0.0	0.0	0.0
<b>Group, total</b>	<b>0.0</b>	<b>17.0</b>	<b>4.1</b>	<b>0.8</b>	<b>2.5</b>

<b>Operating profit (%)</b>	<b>1-3/2016</b>	<b>10-12/2015</b>	<b>7-9/2015</b>	<b>4-6/2015</b>	<b>1-3/2015</b>
Operations in Finland	<b>1.7</b>	8.6	3.5	1.6	2.1
International operations	<b>-8.6</b>	-4.0	-1.7	0.5	4.1
<b>Group, total</b>	<b>0.0</b>	<b>7.5</b>	<b>2.6</b>	<b>0.5</b>	<b>1.5</b>

<b>Order backlog</b> EUR million	<b>31.3.16</b>	31.12.15	30.9.15	30.6.15	31.3.15
Operations in Finland	<b>1 511.7</b>	1 506.2	1 431.7	1 159.3	1 062.9
- business construction	<b>972.9</b>	952.3	1 023.6	806.9	801.1
- housing construction	<b>538.9</b>	554.0	408.1	352.4	261.8
International operations	<b>60.3</b>	77.1	85.7	99.5	116.9
<b>Group, total</b>	<b>1 572.1</b>	<b>1 583.4</b>	<b>1 517.5</b>	<b>1 258.8</b>	<b>1 179.8</b>
- sold order backlog	<b>1 269</b>	1 261	1 295	1 074	1 037
- unsold order backlog	<b>303</b>	322	222	185	142

**Order backlog, housing construction in Finland**

EUR million	<b>31.3.16</b>	31.12.15	30.9.15	30.6.15	31.3.15
Negotiation and construction contracts	<b>115</b>	132	83	88	88
Under construction, sold	<b>134</b>	114	117	86	39
Under construction, unsold	<b>249</b>	269	166	131	79
Completed and unsold	<b>40</b>	39	42	47	56
Housing construction, total	<b>539</b>	<b>554</b>	<b>408</b>	<b>352</b>	<b>262</b>

<b>Invested capital</b> EUR million	<b>31.3.16</b>	31.12.15	30.9.15	30.6.15	31.3.15
Operations in Finland	<b>324.6</b>	315.4	326.3	290.8	273.3
International operations	<b>217.4</b>	216.7	214.6	217.7	211.3
Other operations and eliminations	<b>110.7</b>	10.9	6.8	-1.7	-15.5
<b>Group, total</b>	<b>652.7</b>	<b>543.0</b>	<b>547.7</b>	<b>506.8</b>	<b>469.1</b>

<b>Housing production in Finland (units)</b>	<b>1-3/16</b>	<b>10-12/15</b>	<b>7-9/15</b>	<b>4-6/15</b>	<b>1-3/15</b>
Housing sales, total	<b>93</b>	<b>397</b>	<b>166</b>	<b>236</b>	<b>74</b>
- sales, developer contracting	<b>93</b>	207	129	236	74
- sales, negotiation contracts <sup>2)</sup>	<b>0</b>	190	37	0	0
Developer contracting					
- start-ups	<b>55</b>	116	244	376	66
- completed	<b>30</b>	225	0	22	0
- completed and unsold	<b>111</b>	107	110	126	152
Under construction, total <sup>1)</sup>	<b>1 830</b>	<b>1 849</b>	<b>1 855</b>	<b>1 628</b>	<b>1 356</b>
- construction contracts <sup>1)</sup>	<b>693</b>	487	498	498	492
- negotiation contracts <sup>1) 2)</sup>	<b>227</b>	477	363	380	468
- developer contracting <sup>1)</sup>	<b>910</b>	885	994	750	396
- of which sold <sup>1)</sup>	<b>502</b>	434	455	342	154
- of which unsold <sup>1)</sup>	<b>408</b>	451	539	408	242

1) at the end of the period

2) investor sales, under negotiation contracts



**SRV GROUP PLC INTERIM REPORT, 1 JANUARY–31 MARCH 2016: 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
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- 7) Segment information
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- 9) Insider events

**1) Interim Report 1 January – 31 March 2016**

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 2015. However, as of 1 January 2016, 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 2015.

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 2015.

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>1-3/ 2016</b>	<b>1-3/ 2015</b>	<b>change, EUR million</b>	<b>change, %</b>	<b>1-12/ 2015</b>
<b>Revenue</b>	<b>143.8</b>	172.9	-29.1	-16.8	719.1
Other operating income	<b>0.2</b>	0.1	0.1	35.0	1.8
Change in inventories of finished goods and work in progress	<b>25.6</b>	-10.6	36.2		24.7
Use of materials and services	<b>-145.8</b>	-141.2	-4.6	3.3	-639.1
Employee benefit expenses	<b>-17.7</b>	-15.5	-2.1	13.7	-64.6
Share of results of associated companies	<b>-1.3</b>	1.0	-2.2		-0.1
Depreciation and impairments	<b>-0.8</b>	-0.7	-0.1	10.9	-3.5
Other operating expenses	<b>-4.0</b>	-3.4	-0.7	19.2	-13.8
<b>Operating profit</b>	<b>0.0</b>	2.5	-2.5	-99.0	24.4
Financial income	<b>0.7</b>	2.8	-2.1	-73.6	5.0
Financial expenses	<b>-6.3</b>	-2.0	-4.3	216.1	-11.8
Financial income and expenses, total	<b>-5.6</b>	0.8	-6.4		-6.8
<b>Profit before taxes</b>	<b>-5.5</b>	3.3	-8.9		17.6
Income taxes	<b>0.8</b>	-0.6	1.4		-3.6
<b>Net profit for the period</b>	<b>-4.7</b>	2.8	-7.5		14.0
<b>Attributable to</b>					
Equity holders of the parent company	<b>-4.7</b>	2.8			14.0
Non-controlling interests	<b>-0.1</b>	0.0			0.0
<b>Earnings per share attributable to equity holders of the parent company</b>	<b>-0.11</b>	0.05			0.25
<b>Earnings per share attributable to equity holders of the parent company (diluted)</b>	<b>-0.11</b>	0.05			0.25

**Statement of comprehensive income**

EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
<b>Net profit for the period</b>	<b>-4.7</b>	2.8	14.0
<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	0.0	0.0	-0.5
Income tax relating to components of other comprehensive income	0.0	0.0	0.1
Gains and losses arising from translating the financial statements of a foreign operation	0.7	1.5	-1.6
Share of other comprehensive income of associated companies and joint ventures	0.2	0.5	-0.3
Other comprehensive income for the period, net of tax	0.9	2.1	-2.3
<b>Total comprehensive income for the period</b>	<b>-3.8</b>	4.8	11.6
<b>Attributable to</b>			
Equity holders of the parent company	-3.8	4.9	11.6
Non-controlling interests	-0.1	0.0	0.0

**3) Consolidated balance sheet**

Consolidated balance sheet EUR million	31.3.16	31.3.15	change, %	31.12.15
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11.9	11.0	8.8	10.7
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	1.8	0.7	149.0	1.9
Shares in associated companies and joint ventures	206.1	109.6	88.1	206.6
Other financial assets	12.4	9.2	34.0	11.7
Receivables	1.3	3.3	-60.1	0.7
Loan receivables from associated companies and joint ventures	31.2	30.1	3.9	31.2
Deferred tax assets	8.6	6.8	27.5	7.3
<b>Non-current assets, total</b>	<b>275.1</b>	<b>172.4</b>	59.6	<b>271.9</b>
<b>Current assets</b>				
Inventories	364.8	306.7	18.9	336.6
Trade and other receivables	122.1	132.0	-7.4	111.9
Loan receivables from associated companies and joint ventures	1.1	1.1	0.0	5.6
Current tax receivables (based on profit for the review period)	3.7	0.7	401.1	1.6
Cash and cash equivalents	122.8	14.4	752.8	35.0
<b>Current assets, total</b>	<b>614.5</b>	<b>454.9</b>	35.1	<b>490.8</b>
<b>ASSETS, TOTAL</b>	<b>889.6</b>	<b>627.3</b>	41.8	<b>762.6</b>

## Consolidated balance sheet EUR million

	31.3.16	31.3.15	change, %	31.12.15
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent company</b>				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	141.5	92.6	52.8	141.2
Translation differences	-6.3	-3.2	95.2	-7.2
Fair value reserve	-1.4	-0.9	45.0	-1.4
Hybrid bond	61.7	45.0	37.1	45.0
Retained earnings	83.4	88.9	-6.2	95.7
<b>Equity attributable to equity holders of the parent company, total</b>	<b>281.9</b>	<b>225.4</b>	<b>25.1</b>	<b>276.4</b>
<b>Non-controlling interests</b>	<b>0.7</b>	<b>0.8</b>	<b>-9.1</b>	<b>0.8</b>
<b>Total equity</b>	<b>282.7</b>	<b>226.2</b>	<b>25.0</b>	<b>277.2</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2.6	1.6	64.1	2.3
Provisions	6.1	6.4	-4.1	6.3
Interest-bearing liabilities	247.4	150.4	64.5	163.2
Other liabilities	7.8	3.2	146.5	4.0
<b>Non-current liabilities, total</b>	<b>263.9</b>	<b>161.6</b>	<b>63.4</b>	<b>175.8</b>
<b>Current liabilities</b>				
Trade and other payables	214.3	140.3	52.8	201.4
Current tax payables (based on profit for the review period)	1.5	3.1	-51.0	0.8
Provisions	4.7	3.7	25.6	4.8
Interest-bearing liabilities	122.6	92.4	32.6	102.6
<b>Current liabilities, total</b>	<b>343.0</b>	<b>239.5</b>	<b>43.2</b>	<b>309.6</b>
<b>Liabilities, total</b>	<b>607.0</b>	<b>401.1</b>	<b>51.3</b>	<b>485.4</b>
<b>EQUITY AND LIABILITIES, total</b>	<b>889.6</b>	<b>627.3</b>	<b>41.8</b>	<b>762.6</b>

**4) Consolidated cash flow statement**

<b>Consolidated cash flow statement</b> EUR million	<b>1-3/2016</b>	<b>1-3/2015</b>	<b>1-12/2015</b>
<b>Cash flows from operating activities</b>			
<b>Net profit for the period</b>	<b>-4.7</b>	2.8	14.0
Adjustments:			
Depreciation and impairments	0.8	0.7	3.5
Non-cash transactions	-0.9	0.9	1.6
Financial income and expenses	5.6	-0.8	6.8
Income taxes	-0.8	0.6	3.6
<b>Adjustments, total</b>	<b>4.6</b>	1.4	15.5
Changes in working capital:			
Change in loan receivables	-0.7	-2.8	-1.0
Change in trade and other receivables	-9.4	-48.3	-29.3
Change in inventories	-27.3	5.8	-24.6
Change in trade and other payables	6.1	27.7	95.1
<b>Changes in working capital, total</b>	<b>-31.2</b>	-17.6	40.2
Interest paid and financing costs	-2.4	-1.3	-14.7
Interest received	0.1	0.0	0.0
Income taxes paid	-0.8	-0.4	-5.3
<b>Net cash flow from operating activities</b>	<b>-34.5</b>	-15.1	49.7
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	-1.9	-0.4	-2.4
Purchase of intangible assets	-0.1	0.0	-1.6
Purchase of other financial assets	0.2	-6.9	-110.1
Sale of property, plant and equipment and intangible assets	0.0	0.1	0.0
Change in loan receivable from associated companies and joint ventures	4.5	0	-4.5
<b>Net cash used in investing activities</b>	<b>2.7</b>	-7.2	-118.5
<b>Cash flow from financing activities</b>			
Proceeds from loans	100.0	25.4	29.6

# Q1

4 May 2016 at 8:30 a.m.



Repayment of loans	-1.2	-25.9	-58.2
Hybrid bond issue	45.0	0.0	0.0
Hybrid bond repayment	-28.3	0.0	0.0
Hybrid bond costs	-1.3	-	-
Change in housing corporation loans	-1.2	-4.3	13.1
Net change in short-term loans	6.6	23.1	56.6
Net proceeds from share issue	0.0	0.0	48.6
Purchase and sale of treasury shares	0.0	0.0	0.0
Dividends paid	0.0	0.0	-4.3
<b>Net cash flow from financing activities</b>	<b>119.5</b>	<b>18.2</b>	<b>85.5</b>
<b>Net change in cash and cash equivalents</b>	<b>87.8</b>	<b>-4.1</b>	<b>16.6</b>
Cash and cash equivalents at the beginning of period	35.0	18.4	18.4
Effect of exchange rate changes in cash and cash equivalents	0.0	0.0	0.0
<b>Cash and cash equivalents at the end of period</b>	<b>122.8</b>	<b>14.4</b>	<b>35.0</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 – 31 March 2016</b> EUR million									
<b>Equity 1 January 2016</b>	<b>3.1</b>	<b>141.2</b>	<b>45.0</b>	<b>-7.2</b>	<b>-1.4</b>	<b>95.7</b>	<b>276.4</b>	<b>0.8</b>	<b>277.2</b>
<b>Comprehensive income for the review period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>-4.7</b>	<b>-3.8</b>	<b>-0.1</b>	<b>-3.8</b>
Dividends paid	0.0	0.0	0.0	0.0	0.0	-5.9	-5.9	0.0	-5.9
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to share issue, tax	0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.3
Hybrid bond	0.0	0.0	16.7	0.0	0.0	-1.8	14.9	0.0	14.9
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Equity on 31 March 2016</b>	<b>3.1</b>	<b>141.5</b>	<b>61.7</b>	<b>-6.3</b>	<b>-1.4</b>	<b>83.4</b>	<b>282.0</b>	<b>0.7</b>	<b>282.7</b>

<b>Statement of changes in Group equity 1 January - 31 March 2015</b> EUR million									
<b>Equity 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>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>2.8</b>	<b>4.9</b>	<b>0.0</b>	<b>4.8</b>
Dividends paid	0.0	0.0	0.0	0.0	0.0	-4.3	-4.3	0.0	-4.3
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares <sup>1)</sup>	0.0	0.4	0.0	0.0	0.0	-0.4	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Equity on 31 March 2015</b>	<b>3.1</b>	<b>92.6</b>	<b>45.0</b>	<b>-3.2</b>	<b>-0.9</b>	<b>88.9</b>	<b>225.4</b>	<b>0.8</b>	<b>226.2</b>

Statement of changes in Group equity 1 January - 31 December 2015 EUR million									
<b>Equity 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>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.9</b>	<b>-0.4</b>	<b>14.0</b>	<b>11.6</b>	<b>0.0</b>	<b>11.6</b>
Dividends paid	0.0	0.0	0.0	0.0	0.0	-4.3	-4.3	0.0	-4.3
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	-0.5	-0.5	0.0	-0.5
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares <sup>1)</sup>	0.0	0.4	0.0	0.0	0.0	-0.4	0.0	0.0	0.0
Share issue	0.0	50.1	0.0	0.0	0.0	0.0	50.1	0.0	50.1
Costs related to share issue	0.0	-1.5	0.0	0.0	0.0	0.0	-1.5	0.0	-1.5
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.4	-3.4	0.0	-3.4
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Equity on 31 December 2015</b>	<b>3.1</b>	<b>141.2</b>	<b>45.0</b>	<b>-7.2</b>	<b>-1.4</b>	<b>95.7</b>	<b>276.4</b>	<b>0.8</b>	<b>277.2</b>

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

<b>Commitments and contingent liabilities</b> EUR million	<b>31.3.16</b>	31.3.15	change, %	31.12.15
<b>Collateral given for own liabilities</b>				
Real estate mortgages given <sup>1)</sup>	<b>89.9</b>	74.5	20.6	90.4
Pledges given	<b>0.0</b>	0.0		0.0
<b>Other commitments</b>				
Guarantees given for liabilities on uncompleted projects	<b>0.0</b>	0.0		0.0
Investment commitments given	<b>47.6</b>	115.8	-58.9	47.6
Plots purchase commitments	<b>114.5</b>	160.3	-28.6	116.1

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

<b>Fair and nominal values of derivative instruments</b> (EUR million)	<b>3/2016</b>		<b>3/2015</b>		<b>12/2015</b>	
	Fair Values		Fair Values		Fair Values	
<b>Hedge accounting not applied</b>	Positive	Negative	Positive	Negative	Positive	Negative
Interest rate swaps	<b>0.0</b>	<b>7.6</b>	0.0	0.0	0.0	3,3
<b>Nominal values of derivative instruments</b>	<b>3/2016</b>		<b>3/2015</b>		<b>12/2015</b>	
Interest rate swaps	<b>100.0</b>		0.0		100.0	

The fair values of derivative instruments are based on market prices at the end of the reporting period.



## 7) Group and Segment information

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

<b>Revenue</b>			change,	change,	
EUR million	<b>31.3.16</b>	31.3.15	EUR million	%	1-12/15
Operations in Finland	<b>131.5</b>	157.1	-25.6	-16.3	654.1
International operations	<b>12.4</b>	15.9	-3.5	-22.1	65.1
Other operations	<b>4.0</b>	3.8	0.2	4.6	14.4
Eliminations	<b>-4.0</b>	-3.8	-0.2		-14.6
<b>Group, total</b>	<b>143.8</b>	172.9	-29.1	-16.8	719.1

<b>Operation profit</b>			change,	change,	
EUR million	<b>31.3.16</b>	31.3.15	EUR million	%	1-12/15
Operations in Finland	<b>2.2</b>	3.3	-1.1	-33.2	28.9
International operations	<b>-1.1</b>	0.7	-1.7		-0.1
Other operations	<b>-1.1</b>	-1.5	0.3		-4.3
Eliminations	<b>0.0</b>	0.0	0.0		0.0
<b>Group, total</b>	<b>0.0</b>	2.5	-2.5	-99.0	24.4

<b>Operation profit, %</b>	<b>31.3.16</b>	31.3.15
Operations in Finland	<b>1.7</b>	2.1
International Operations	<b>-8.6</b>	4.1
<b>Group, total</b>	<b>0.0</b>	1.5

<b>Assets</b>			change,	change,	
EUR million	<b>31.3.16</b>	31.3.15	EUR million	%	31.12.15
Operations in Finland	<b>515.5</b>	398.5	117.0	29.4	503.5
International operations	<b>246.0</b>	235.9	10.1	4.3	245.8
Other Operations	<b>524.9</b>	349.9	175.0	50.0	424.1
Eliminations and other adjustments	<b>-396.8</b>	-356.9	-39.8		-410.7
<b>Group, total</b>	<b>889.6</b>	627.3	262.4	41.8	762.6

<b>Liabilities</b>			change,	change,	
EUR million	<b>31.3.16</b>	31.3.15	EUR million	%	31.12.15
Operations in Finland	<b>364.7</b>	257.1	107.6	41.9	353.9
International operations	<b>175.0</b>	161.0	14.1	8.7	174.5
Other Operations	<b>294.0</b>	169.6	124.4	73.3	197.9
Eliminations and other adjustments	<b>-226.8</b>	-186.6	-40.2		-240.8
<b>Group, total</b>	<b>607.0</b>	401.1	205.9	51.3	485.4

<b>Invested capital</b>			change,	change,	
EUR million	<b>31.3.16</b>	31.3.15	EUR million	%	31.12.15
Operations in Finland	<b>324.6</b>	273.3	51.3	18.8	315.4
International operations	<b>217.4</b>	211.3	6.1	2.9	216.7
Other operations and eliminations	<b>110.7</b>	-15.5	126.2		10.9
<b>Group, total</b>	<b>652.7</b>	469.1	183.6	39.1	543.0

<b>Return on investment %</b>	<b>1-3/16</b>	1-3/15
Operations in Finland	<b>3.0</b>	4.8
International operations	<b>-0.8</b>	6.7
<b>Group, total</b>	<b>0.5</b>	4.7

<b>8) Inventories</b>			change,	
EUR million	<b>31.3.16</b>	31.3.15	EUR million	31.12.15
<b>Land areas and plot-owning companies</b>	<b>192.1</b>	182.2	9.9	187.5
Operations in Finland	120.7	114.7	6.0	116.7
International operations	71.4	67.5	3.9	70.8
<b>Work in progress</b>	<b>125.2</b>	60.2	65.0	101.8
Operations in Finland	122.2	57.8	64.4	99.4
International operations	3.0	2.4	0.6	2.4
<b>Shares in completed housing corporations and real estate companies</b>	<b>39.3</b>	53.5	-14.1	38.1
Operations in Finland	38.9	51.2	-12.3	37.6
International operations	0.4	2.3	-1.9	0.5
<b>Other inventories</b>	<b>8.2</b>	10.8	-2.6	9.1
Operations in Finland	6.7	7.2	-0.5	6.9
International operations	1.5	3.6	-2.2	2.2
<b>Inventories, total</b>	<b>364.8</b>	<b>306.7</b>	<b>58.1</b>	<b>336.6</b>
Operations in Finland	288.6	230.9	57.6	260.6
International operations	76.3	75.8	0.5	76.0

## 9) Related party transactions

EUR million	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
31.3.2016						
Management and the Board of Directors	0.7	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	20.4	0.0	0.0	1.6	0.0
Associated companies	0.0	3.9	0.0	0.4	38.6	4.8
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.7</b>	<b>24.2</b>	<b>0.0</b>	<b>0.5</b>	<b>40.2</b>	<b>4.8</b>
31.3.2015						
Management and the Board of Directors	0.6	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	1.8	0.0	0.0	2.7	0.0
Associated companies	0.0	14.9	0.0	0.4	34.7	3.4
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.6</b>	<b>16.7</b>	<b>0.0</b>	<b>0.5</b>	<b>37.4</b>	<b>3.4</b>
31.12.2015						
Management and the Board of Directors	3.0	0.0	5.3	0.0	0.0	0.0
Joint ventures	0.0	113.9	0.0	0.1	6.4	0.0
Associated companies	0.0	49.8	0.2	3.2	36.3	5.1
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3.0</b>	<b>163.7</b>	<b>5.5</b>	<b>3.4</b>	<b>42.7</b>	<b>5.1</b>