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SRV'S INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2016

REVENUE AND OPERATING PROFIT GROW – FULL-YEAR EARNINGS FORECAST REMAINS UNCHANGED

January–September 2016 in brief:

- Revenue increased to EUR 555.5 (492.5 Q1-Q3/2015) million. Growth in revenue was driven particularly by large business construction projects in Finland.
- Operating profit rose to EUR 11.4 (7.5) million, primarily due to improved margins in business construction in Finland. Operating profit weakened in Russia.
- The result before taxes was EUR -3.1 (2.7) million. The result was burdened by a EUR -7.8 (-2.8) million fair value revaluation of a ten-year interest rate hedge.
- Earnings per share were EUR -0.11 (-0.02).
- At period-end, the order backlog stood at EUR 1,888.1 (1,517.5) million. Major projects agreed on during the spring, such as new central hospital in Central Finland and the Ring Road I tunnel project, have entered the construction phase.
- The equity ratio stood at 37.8 (41.6) per cent and gearing at 99.7 (91.5) per cent.

July–September 2016 in brief:

- Revenue increased to EUR 193.1 (155.1 Q3/2015) million. Growth in revenue was driven particularly by large business construction projects in Finland.
- Operating profit rose to EUR 7.3 (4.1) million as a result of better margins and increased revenue from operations in Finland.
- The result before taxes was EUR 3.9 (0.1) million. The result was burdened by a EUR -1.2 (-2.8) million fair value revaluation of interest rate derivatives.
- Earnings per share were EUR 0.04 (-0.03).

Events after the end of the review period:

- In October, Finland's Slot Machine Association (RAY) chose to locate Finland's second casino in Tampere's new multi-purpose arena, which is being developed by SRV.
- In October, the Okhta Mall shopping centre received a very distinguished award in the European Property Awards 2016 competition.
- SRV signed a letter of intent to sell a property in Kerava. The agreement covers a commercial centre and 140 apartments, and is valued at around EUR 51 million.

Outlook

- The earnings forecast for 2016 remains unchanged. Full-year revenue for 2016 is expected to increase and operating profit to improve on 2015 (revenue EUR 719 million and operating profit EUR 24.4 million). The company's earnings forecast has been drawn up on the basis of the current rouble exchange rate and may be impacted by any major fluctuations in the exchange rate.
- 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 last quarter.
- Financing expenses will increase on 2015 as the result of growth in interest-bearing debt.

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

CEO's review

“SRV's revenue and operating profit further increased during the third quarter. We have received numerous orders for major projects this year, such as a new central hospital in Central Finland, and forging ahead to complete these large-scale projects is already having a favourable effect on our revenue. Although we have not received any major new orders in recent months, our order backlog remains at a record high and we're expecting more interesting new entries in our order book at the end of the year.

The lengthy recession in Russia is naturally being reflected in our operations, for example, in temporary rent discounts granted to shopping centre tenants. In view of the circumstances, our shopping centres in St Petersburg are performing excellently. In the last few months, Pearl Plaza has broken its previous records for both visitor numbers and earnings. Business also got off to a good start at the Okhta Mall. The shopping centre opened in August and in October they received a very distinguished award in the European Property Awards 2016 competition. The Russian shopping centre market has become increasing rouble-based, and we therefore changed our operating currency to the rouble in September. However, this will leave us more susceptible to currency exchange rate fluctuations.

One of our strategic objectives is to improve profitability, and we are still a long way off achieving this. On a positive note, there has been a clear increase in the number of developer-contracted housing projects, particularly in the capital city region, and we will complete about 500 developer-contracted units this year, the majority of which will be visible in our Q4 result. Thanks to new orders and our personnel's strong commitment, we're expecting plenty of good things for the rest of 2016,” says ***CEO Juha Pekka Ojala***.

Overall review

Group key figures (IFRS, EUR million)	**1–9/ 2016**	**1–9/ 2015**	**change**	**change, %**	**7–9/ 2016**	**7–9/ 2015**	**1-12/ 2015**
Revenue	**555.5**	492.5	63.0	12.8	**193.1**	155.1	719.1
Operating profit	**11.4**	7.5	4.0	53.4	**7.3**	4.1	24.4
Financial income and expenses, total *)	**-14.5**	-4.7	-9.8		**-3.4**	-4.0	-6.8
Profit before taxes	**-3.1**	2.7	-5.8	-213.1	**3.9**	0.1	17.6
Order backlog	**1,888.1**	1,517.5	370.7	24.4			1,583.4
New agreements	**829.9**	1,106.6	-276.7	-25.0	**54.9**	389.9	1,393.5
Operating profit, %	**2.1**	1.5			**3.8**	2.6	3.4
Net profit	**-2.5**	1.7	-4.1	-250.8	**3.3**	-0.3	14.0
Net profit, %	**-0.4**	0.3			**1.7**	-0.2	1.9
*) - of which accounted for by derivatives	**-7.8**	-2.8	-5.0		**-1.2**	-2.8	-3.3

January–September 2016

In the January–September period of 2016, the Group's order backlog rose to EUR 1,888.1 (1,517.5) million (up 24.4%). The largest new projects announced in early 2016 included a new central hospital in Central Finland, the Ring Road I tunnel project, a contractor agreement for the expansion of Tapiola city centre, as well as the construction of a new campus building for Aalto University and retail premises in the Metro Centre, both in Otaniemi, Espoo. The order backlog saw growth in operations in Finland in particular, largely in the second quarter. No significant new orders were announced in July–September.

The Group's revenue rose by 12.8 per cent to EUR 555.5 (492.5) million, largely thanks to increased revenue from business construction in Finland. The major projects agreed on during the spring have entered the construction phase and are now generating revenue. Figures for the comparison period include excavation and other infrastructure work that was completed at the REDI site prior to the official start-up decision and was recognised as revenue (EUR 40 million) in January–March 2015 in accordance with the level of completion.

The Group's operating profit rose to EUR 11.4 (7.5) million, primarily due to improved profitability and higher revenue in SRV's operations in Finland. However, the rise in construction costs associated with the REDI shopping centre and parking facility weakened SRV's operating profit. Operating profit in Russia also weakened, even though a change in the rouble exchange rate improved the earnings of Russian associated companies by EUR 0.5 million.

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

The Group's profit before taxes was EUR -3.1 (2.7) million. The result was weakened by higher interest expenses and a EUR -7.8 million fair value revaluation of a ten-year interest rate hedge.

The Group's earnings per share were EUR -0.11 (EUR -0.02). Earnings per share were weakened not only by the lower result, but also by the cost of repaying the hybrid bond.

Quarterly variation in SRV's operating profit and operating profit margin is 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 stood at 37.8 per cent (42.5% 12/2015). Gearing was 99.7 per cent (83.3% 12/2015). The changes in equity ratio and gearing were due to an increase in interest-bearing debt. Net debt totalled EUR 285.0 (248.3) million and liquid assets EUR 37.9 (28.1) million.

July–September 2016

In the July-September period of 2016, **the Group’s revenue** rose by 24.5 per cent to EUR 193.1 (155.1) million. Growth in revenue was driven particularly by large business construction projects. **The Group’s operating profit** increased to EUR 7.3 (4.1) million thanks to improved margins and higher revenue in operations in Finland. Operating profit in International Operations improved slightly, to EUR 1.2 (-0.3) million. **The Group's profit before taxes** was EUR 3.9 (0.1) million. The result was weakened by higher interest expenses and a EUR -1.2 million fair value revaluation of a 10-year interest rate hedge.

Group key figures (IFRS, EUR million)	**1–9/ 2016**	1–9/ 2015	change	change, %	1-12/ 2015
Equity ratio, %	**37.8**	41.6			42.5
Net interest-bearing debt	**285.0**	248.3	36.7	14.8	230.8
Gearing, %	**99.7**	91.5			83.3
Return on investment, %	**3.3**	3.2			5.9
Return on equity, %	**-1.3**	**0.9**			5.6
Earnings per share, EUR *)	**-0.11**	-0.02	-0.08		0.25
Equity per share, EUR *)	**3.81**	3.80	0.01	0.3	3.90
Share price at end of period, EUR	**4.40**	2.53	1.87	73.9	3.10
Weighted average number of shares outstanding, millions *)	**59.3**	37.0			42.6

*) The comparison data has been adjusted to reflect the share issue.

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

The Other Operations segment 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).

Revenue (EUR million)	**1–9/ 2016**	1–9/ 2015	change	change, %	**7–9/ 2016**	7–9/ 2015	1-12/ 2015
Operations in Finland	**512.9**	441.3	71.6	16.2	**180.9**	137.3	654.1
International Operations	**42.9**	51.3	-8.4	-16.3	**12.1**	17.9	65.1
Other operations	**11.9**	10.7	1.2	10.8	**4.0**	3.5	14.4
Eliminations	**-12.2**	-10.9	-1.3		**-3.9**	-3.6	-14.6
Group, total	**555.5**	492.5	63.0	12.8	**193.1**	155.1	719.1

Operating profit (EUR million)	**1–9/ 2016**	1–9/ 2015	change	change, %	**7–9/ 2016**	7–9/ 2015	1-12/ 2015
Operations in Finland	**16.4**	10.6	5.8	55.2	**6.6**	4.9	28.9
International Operations	**-1.4**	0.4	-1.8	-407.1	**1.2**	-0.3	-0.1
Other operations	**-3.6**	-3.6	0.0		**-0.4**	-0.5	-4.3
Eliminations	**0.0**	0.0	0.0		**0.0**	0.0	0.0
Group, total	**11.4**	7.5	4.0	53.4	**7.3**	4.1	24.4

Operating profit, (%)	**1–9/ 2016**	1–9/ 2015	**7-9/ 2016**	7-9/ 2015	1–12/ 2015
Operations in Finland	**3.2**	2.4	**3.6**	3.5	4.4
International Operations	**-3.2**	0.9	**9.5**	-1.7	-0.2
Group, total	**2.1**	1.5	**3.8**	2.6	3.4

Order backlog (EUR million)	**9/2016**	9/2015	change, %	12/2015
Operations in Finland	**1,851.3**	1,431.7	29.3	1,506.2
International Operations	**36.8**	85.7	-57.0	77.1
Group, total	**1,888.1**	1,517.5	24.4	1,583.4
- sold order backlog	1,623	1,295	25.3	1,261
- unsold order backlog	265	222	19.3	322

Operations in Finland

Business environment in Finland

Although the European economy is continuing its slow recovery, significant uncertainty factors in several countries both in and around the Euro zone are increasing financial risks in both Finland and the rest of Europe. While the Finnish economy continues to exhibit moderate growth, considerable growth of up to 6–7 per cent is forecast for the construction industry in 2016. However, this will only be temporary, with growth of about 1–2 per cent predicted for next year. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT 10/2016)

Urbanisation and population shift will continue to be the main drivers of construction and will increase the need for both housing and business construction in growth centres, which are SRV's strategic focal points. According to VTT's forecast, urbanisation will continue, as Finland’s urbanisation ratio is clearly lagging behind other industrialised nations, such as Sweden. The most optimistic forecasts estimate that about 620,000 people in Finland might move into urban areas by 2040. (Source: VTT, Demand for new dwelling production in Finland 2015–2040, 01/2016)

Housing and business construction in Finland

Most forecasts cite a substantially higher need for housing in growth centres than the current level of construction will provide. The construction of an estimated 36,000 housing units will begin in 2016, which is almost ten per cent more than in the previous year. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT, 10/2016) Growth in housing production is strongly geared towards small, market-financed units in apartment blocks. The consumer housing market finally picked up during the spring on the back of increased demand in growth centres, and sales to investors have remained brisk.

New business construction start-ups are expected to increase by about one fifth this year. Individual large-scale projects have an impact on business construction start-ups. The construction of new schools and hospitals is contributing to growth in public service construction. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT, 10/2016.)

One of SRV's long-term strategic goals is to improve profitability. This will be achieved through the more prudent selection of new projects, that is, by limiting participation in low-margin tenders and increasing the percentage of developer-contracted projects. A reasonable number of housing construction tenders were opened in January–September, but SRV has been selective in its tender submissions.

Housing construction

January–September 2016

Revenue from housing construction in Finland totalled EUR 120.8 (127.2) million in the January–September period. This fall mainly stems from SRV's strategic decision to reduce the amount of revenue sought from fixed-price competitive contracting. On the other hand, revenue obtained via negotiated contracts increased. Earnings were also impacted by the recognition of revenue from developer contracting projects.

The order backlog for housing construction in Finland rose to EUR 557.5 (408.1) million with the REDI site being one of the main contributors to this increase. Although the REDI residential towers will be completed at a later date, the foundations for all of the towers will be built in one go, by the end of 2018, thereby increasing the order backlog for housing construction.

In line with its strategy, SRV is focusing its housing production on urban growth centres and, above all, locations with good transport connections. SRV is currently one of the largest housing constructors in the Greater Helsinki Area. The company has a total of 2,443 (1,855) housing units under construction, most of them in growth centres. 1,057 (994) developer-contracted housing units are currently under construction.

448 (363) housing units are currently under construction for investors. In June, SRV signed a contractor agreement with Ilmarinen Mutual Pension Insurance Company to build sites in Vantaa and in Suurpelto in Espoo. Another agreement was signed in September for the construction of a site in Jätkäsaari. They form part of a framework agreement made in March 2016, covering investor sales for a total of 500 housing units. Other significant sites currently under construction for investors include residential buildings for Elo and LocalTapiola in Tikkurila, Vantaa, and Wood City for Helsinki Housing Production Department (ATT) in Helsinki. Negotiations on investor sales for many other housing projects are also ongoing.

A total of 83 (22) developer-contracted housing units were completed during the January–September period of 2016. The housing market has been good throughout the first part of the year, and this can also be seen in the number of unsold units. There are currently 80 completed yet unsold units, and the number of unsold units under construction has also noticeably declined in comparison with September 2015 (110).

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

In the January–September period, 110 (95) developer-contracted housing units were recognised as income, generating total revenue of EUR 31.2 (32.7) million. SRV expects to recognise a total of about 500 developer-contracted housing units as income during 2016.

July–September 2016

Revenue from housing construction in Finland totalled EUR 39.5 (31.7) million in the July–September period. **The order backlog** rose to EUR 557.5 (408.1) million. The construction of the REDI tower foundations was the main contributor to this growth. In July–September, 0 (0) developer-contracted housing units were completed and 26 (16) were recognised as income.

Housing production in Finland (units)	**1–9/ 2016**	1–9/ 2015	change, units	**7–9/ 2016**	7–9/ 2015	1-12/ 2015
Units sold, total	**579**	476	103	**335**	166	873
- developer contracting	**358**	439	-81	**165**	129	646
- investor sales[2)]	**221**	37	184	**170**	37	227
Developer contracting						
- start-ups	**255**	686	-431	**52**	244	802
- completed	**83**	22	61	**0**	0	247
- recognised as income	**110**	95	15	**26**	16	323
- completed and unsold [1)]	**80**	110	-30			107
Under construction, total [1)]	**2,443**	1,855	588			1,849
- contracts[1)]	**938**	498	440			487
- negotiated contracts [1) 2)]	**448**	363	85			477
- developer contracting [1)]	**1,057**	994	63			885
- sold [1)]	**681**	455	226			434
- unsold [1)]	**376**	539	-163			451
- of which sold [1)]	**64**	46				49
- of which unsold [1)]	**36**	54				51

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

Order backlog, housing construction in Finland (EUR million)	**1-9/ 2016**	1–9/ 2015	change	1–12/ 2015
Contracts and negotiated contracts	**122**	83	39	132
Under construction, sold developer contracting	**181**	117	63	114
Under construction, unsold developer contracting	**227**	166	61	269
Completed and unsold developer contracting	**28**	42	-14	39
Housing construction, total	**557**	408	149	554

REDI apartments

REDI is the largest construction project in SRV’s history. Construction is proceeding according to schedule.

Pre-marketing of the first REDI residential tower, Majakka, got off to a flying start in January 2016. At the end of September, almost 90 per cent of Majakka's 283 apartments have either confirmed reservations (230) or preliminary reservations (20).

SRV previously announced that actual sales would begin in October 2016. However, the permit process for Majakka's façades has progressed more slowly than expected, and sales of Majakka apartments will therefore be postponed to a slightly later date. They are now expected to begin in late 2016 or early 2017.

According to current estimates, construction of Majakka's tower section will begin during the first quarter of 2017 and occupants will be able to move into the first REDI apartments in late 2018 or early 2019. A more precise completion date for the Majakka apartments will be given once construction has begun.

The REDI apartments will be recognised as revenue when each residential tower has been completed and its apartments sold. The apartments in the first tower, Majakka, will be entered into the order backlog when the final construction decision has been made and sales have begun. Although the REDI residential towers will be completed at a later date, the foundations for all of the towers will be built in one go, by the end of 2018. As the contractor agreement for Majakka's foundations was signed back in 2015, the foundation section of the Majakka residential tower has already been entered into the order backlog.

The largest developer-contracted housing projects under construction in Finland

Project name, location	SRV, contract value, EUR million	Completion level, %*	Completion date (estimated)*	Units	Sold*	For sale*
Niittyhuippu, Espoo	57	42	Q4 /2017	200	135	65
Taitaja, Espoo	27	85	Q4 /2016	85	53	32
Carina, Vantaa	22	84	Q4 /2016	83	54	29
Kvartto, Helsinki	31	78	Q4 /2016	66	48	18

Satamarannan Masto, Oulu	21	38	Q3 /2017	100	29	71
Försti, Helsinki	23	58	Q2 /2017	52	21	31

*Situation as of 30 September 2016.

The largest ongoing housing projects in Finland, housing contracting

Project name, location	SRV, contract value, MEUR	Completion level, %*	Completion date (estimated)*
Wood City, Helsinki, ATT	**	10	Q1 /2018
Vantaan Celica, LocalTapiola	**	53	Q2/2017
Vantaan Verso, Elo	**	66	Q1/2017
Espoon Niittytori, SATO	**	63	Q2/2017
Suurpellon Puistokatu	**	14	Q1/2018
Vantaan Neilikkatie, Ilmarinen	**	3	Q2/2018
Total	**107**		

*Situation as of 30 September 2016
** The value of individual contracts has not been published.

SRV is currently building developer-contracted housing projects, development projects, and contracted projects. A developer-contracted residential 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 residential 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 that are launched by other parties but implemented by SRV. They are recognised as revenue on the basis of the percentage of completion or as set out in the agreement.

Business construction

January–September 2016

SRV's revenue from business construction totalled EUR 392.1 (314.1) million. The order backlog rose to a record-breaking EUR 1,293.8 (1,023.6) million, mainly thanks to the many new agreements that were signed in January–September.

The order backlog was boosted by hospital projects, alliance contracts and infrastructure construction in particular. SRV further bolstered its position as an implementer of large-scale spearhead projects in June, when it was selected as the project management contractor for the new central hospital in Central Finland. The total value of the contract is about EUR 290 million, and it is the largest contract in SRV's history that does not include the company’s own equity. Construction of the hospital has begun, and the project is already generating revenue for SRV.

Other large-scale hospital projects that are currently under construction are also contributing to revenue as well, such as the new construction project at Tampere University Hospital, the New Children's Hospital in Helsinki, the basic renovation of the Women's Hospital, and the health and wellbeing centre in Kalasatama, Helsinki. Renovation and refurbishment projects also increased revenue, such as the basic renovation of an administrative building for the University of Helsinki and the renovation of the Helsinki City Theatre.

SRV's shopping centre development projects also generated revenue during the January–September period. SRV is currently building the Niittykumpu and REDI shopping centres.

- **REDI**

The REDI shopping centre is an SRV development project. In addition to SRV, the investor group includes Ilmarinen, OP-Pohjola Group and LocalTapiola. The REDI shopping centre will opened in autumn 2018 and negotiations with tenants are currently ongoing. Leasing is progressing as planned. At the end of September, about 47 per cent of the premises had either binding lease agreements or letters of intent. The large premises designated for daily consumer goods stores have been leased to K-Supermarket and Lidl. All of the shopping centre's restaurant premises have also been leased.

REDI will be a shopping and experience centre, with about 38 café and restaurants. To be fully experiental, centre will also have a flight factory, climbing arena, 7D movie theatre and a comprehensive selection of business premises.

REDI's services were further developed in September at #REDIHACK. This event sought new ideas and openings for the services that will be provided in both the REDI shopping centre and its adjoining residential towers. Get Jenny, which developed an AI solution that will make everyday life that little bit easier for both REDI residents and shoppers, was chosen as the winner of the five-day #REDIHACK. The solution works on existing instant message services and is integrated into the everyday lives of the users.

According to the current city plan, REDI will comprise of eight tower buildings: at least six of them were planned to be residential, one hotel, and one office. In addition, REDI includes a shopping centre and a 2,000 vehicle parking facility will be built at REDI. SRV has received a planning option for a hotel on the neighbouring plot to REDI. There is a proposed city plan modification for the area comprising the hotel plot, hotel tower and office tower. The proposed modification seeks to designate the hotel tower for residential use, and the office tower for both office and apartmenthotel use.

- **Niittykumpu Metro Centre**

SRV is developing the Niittykumpu Metro Centre in Espoo to become a new urban centre for the area. It will comprise several residential buildings, a shopping centre and metro station.

The project has been held up due to delays with the Western Metro and challenges encountered during construction of the centre's foundations. The Metro Centre is now scheduled for completion in the summer of 2017 , when the original estimate was October 2016. All of the commercial premises in the Metro Centre's new shopping centre, Niitty, have been leased.

- **Hanhikivi-1 nuclear power plant**

In 2015, SRV announced its participation in the Hanhikivi-1 nuclear power plant construction project as both an investor and project manager. SRV has made a financing commitment equating to a 1.8 per cent holding in the project to Fennovoima's main owner, Voimaosakeyhtiö SF. SRV will have the same rights and obligations as other Voimaosakeyhtiö SF shareholders. SRV has also signed a cooperation agreement with Rosatom Group and the main contractor Titan-2. SRV will act as the project manager, and the exact nature of its activities will be confirmed at a later date. More detailed negotiations on project management activities have been ongoing.

July–September 2016

SRV's revenue from business construction totalled EUR 141.4 (105.6) million. The order backlog increased to EUR 1,293.8 (1,023.6) million, largely due to strong growth in SRV's infrastructure construction during July–September. In June, SRV was selected to implement the Ring Road I construction project in Keilaniemi, Espoo. Ring Road I traffic will be diverted into an underground tunnel, and a park will be built above it. Infrastructure construction volumes are also being boosted by the excavation of the Western Metro tunnel in Kaitaa and the underground parking facilities under the REDI shopping centre. SRV continues to be highly involved in the expansion of Tapiola city centre.

The largest ongoing business construction projects

Project, location	SRV total contract value, MEUR	Project type	Completion level, %	Completion date (estimated)
DEVELOPMENT PROJECTS				
REDI, shopping centre and parking facility, Helsinki	390	Retail, parking	41	Q3/2018
TeHyKe, Kalasatama, Helsinki	*	Public services	40	Q4/2017
Niittykumpu Metro Centre, Espoo	*	Retail	58	Q2–Q3/2017
BUSINESS PREMISES				
Central hospital of Central Finland, Jyväskylä	290	Public	1	Q3/2018
TAYS Etupiha, Tampere	170	Public	13	Q3/2018
Tapiola city centre (Ainoa), Espoo	110	Retail	62	Q1/2017
Tapiola city centre (Phase 2), Espoo	100 +	Retail	0	Q1/2020
Aalto University, Espoo	76	Public	7	Q2/2018
Keilaniemi tunnel and excavation	49	Public	27	Q4/2018
HK Scan poultry processing plant Rauma	38	Industry	37	Q2/2017

Helsinki City Theatre renovation	38	Public	55	Q1/2017
Kaitaa metro station excavation, Espoo	32	Public	16	Q2/2018
Renovation of Lappeenranta University	31	Public	10	Q4/2018
Court and police building, Joensuu	30	Public	55	Q3/2017
Renovation of an administrative building for the University of Helsinki	*	Public	24	Q3/2017
HDC Teliasonera, Helsinki	*	Industry	6	Q1/2018
New Children's Hospital, Helsinki	*	Public	55	Q4/2017–Q2/2018

*The value of individual contracts has not been made public.

International Operations

Business environment

Forecasts for the Russian economy have improved since early 2016 thanks to, for instance, oil price trends and the recovery of local production. Russia's GDP is expected to contract by just over one per cent in 2016, with growth of one per cent forecast for 2017. (Source: Etla, 09/2016)

A decline in domestic demand has been forecast in Russia in 2016, as inflation is impacting the purchasing power of consumers and leading to a contraction in, for example, government budgetary expenditure. On the other hand, middle-class consumption is domestically focused, as foreign travel has decreased and domestic travel increased. The leading domestic travel destinations for Russians are St Petersburg and Moscow. SRV partly owns and manages modern shopping centres in St Petersburg, and is currently building a shopping centre in Moscow.

International Operations comprises SRV's construction and property development business in Russia and Estonia. SRV is also running shopping centre operations management in Russia.

International Operations (MEUR)	**1–9/ 2016**	1–9/ 2015	change	change, %	1-12/ 2015
Revenue	**42.9**	51.3	-8.4	-16.3	65.1
Percentage of associated companies' profits	**-0.6**	0.8	-1.5	-180.1	0.2
Operating profit	**-1.4**	0.4	-1.8	-407.1	-0.1
Operating profit, %	**-3.2**	0.9			-0.2
Order backlog	**36.8**	85.7	-48.9	-57.0	77.1

January–September 2016

In the January–September period, revenue from International Operations fell to EUR 42.9 (51.3) million and accounted for 8 (10) per cent of the Group's revenue. This falls stems from the fact that the bulk has been generated by the construction of the Okhta Mall and 4Daily shopping centres in Russia. The Okhta Mall opened its doors in August 2016. It is one of the biggest shopping centres in St Petersburg and the largest retail project implemented in the city in recent years.

Operating profit from International Operations weakened, totalling EUR -1.4 (0.4) million. The result was impacted by lower profits from Russian associated companies, which were weakened by the depreciation of fixed assets and temporary rent discounts granted to tenants. However, their result was boosted by a stronger rouble exchange rate, which added EUR 0.5 million to the result.

To date, SRV's operating currency in Russia has primarily been the euro. The company's rental operations have become increasingly rouble-based. In accordance with IAS 21, the operating currency of SRV's property-related subsidiaries and associated companies was therefore changed to the rouble as of 1 September 2016. This accounting change will make SRV more susceptible to fluctuations in the rouble exchange rate. The companies affected by the change in operating currency include those that own the Okhta Mall and Pearl Plaza shopping centres.

The order backlog for International Operations fell to EUR 36.8 (85.7) million, as no new projects have been launched. In line with its strategy, SRV has instead spent the first part of the year focusing on managing completed projects and finishing the soon-to-be-completed 4Daily shopping centre in Moscow.

July–September 2016

The revenue from International Operations fell to EUR 12.1 (17.9) million in the July–September period. Operating profit totalled EUR 1.2 (-0.3) million. The strengthening rouble added EUR 1.4 million to the result.

Completed projects

- Okhta Mall, St Petersburg

The Okhta Mall's opening ceremony was held in St Petersburg in August 2016. The Okhta Mall is located in the heart of downtown St Petersburg, within easy reach of over 1.5 million residents. It is the largest retail project to have been completed in the St Petersburg economic area in recent years. The shopping centre has been SRV's major project in St Petersburg for the last few years.

Considering the numerous challenges that have been faced in the Russian shopping centre market in recent years, leasing of premises in Okhta Mall is proceeding according to plan. The occupancy rate was 68 per cent at the end of October. In addition, negotiations are currently ongoing for 25 per cent of business premises. Okhta Mall's footfall has developed according to expectations and is already approaching 10,000 visitors per day.

Over half of the Okhta Mall's premises have been leased to anchor tenants, of which the majority are international and Russian retail chains. The largest tenant in the Okhta Mall is the daily consumer goods chain Lenta. Other tenants include the KARO cinema chain and the Joki Joya family park. The shopping centre also has a branch of the Mayakovsky central library and numerous well-known brands, such as Decathlon, H&M, Koton, Kiabi, LC Waikiki, Terranova and the local children's hypermarkets Dochki and Synichki, the Finnish pharmacy Yliopiston Apteekki, plus other companies that are well known in Russia. 25 per cent of stores were open when the shopping centre opened. Stores have been opening according to plan, with 30 per cent having opened their doors by the end of October. Most of the anchor tenants will also open their stores before the end of the year.

Okhta Mall received its operating licence from the Russian authorities in July and its ownership certificate after the opening ceremony. All of the official permits required for managing the shopping centre were quickly received. In September, the Okhta Mall was also the first shopping centre in Russia to be awarded a LEED GOLD certificate. After the review period, in October, the Okhta Mall also won the European Property Awards. The Okhta Mall received awards in two different categories: *Retail Achitecture* and *Development Marketing.*

- Pearl Plaza, St Petersburg

Ever since it opened in August 2013, both visitor numbers and total sales figures have been continuously rising at the Pearl Plaza shopping and entertainment centre. In the January–September period of 2016, the number of visitors exceeded 5.95 million, representing a year-on-year increase of 8 per cent. A new record was set for visitors in August, when 772,000 people visited the shopping centre within the space of the month. In January–September, the shopping centre's monetary sales in roubles increased by 20 per cent (4 percent in Euros) compared with the corresponding period of the previous year. Monetary sales at Pearl Plaza have increased about 15 per cent more than the market average for shopping centres.

- Other projects

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. 80 per cent of the premises had been leased by the end of September.

The most significant completed projects

Name	Holding, %	Opened	Floor area (m^2)	Occupancy rate, 9/2016 %
Pearl Plaza, St Petersburg	SRV 50 Shanghai Industrial Corporation 50	August 2013	Gross floor area 96,000 m^2 Leasable area 48,000 m^2	Binding lease agreements 98 Letters of intent and reservations 2
Okhta Mall, St Petersburg	SRV 45 Russia Invest 55 *	August 2016	Gross floor area 144,000 m^2 Leasable area 78,000 m^2	Binding lease agreements 58 Letters of intent and reservations 8

*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.

Projects under construction

- 4Daily, Moscow

SRV still has one shopping centre under construction in Russia. At the 4Daily shopping centre, under development in Moscow, binding lease agreements covered 24 per cent and letters of intent 52 per cent of the premises at the end of September. One of the shopping centre's future anchor tenants was the supermarket operator Spar, but the lease agreement with Spar had to be dissolved. Commercial terms have now been agreed with a new supermarket operator, and a final lease agreement will be signed in the near future.

Construction work on 4Daily has advanced on schedule and will be completed this year, when SRV will hand over the shopping centre to the client. Due to the change of anchor tenant, however, the project's official opening will be postponed to early March 2017, because the tenants are responsible for completing the interior decoration of the premises. The aim is to open the shopping centre at a commercial favourable time, and therefore it was decided not to open the centre immediately after the Christmas sales.

- Papula, Vyborg

SRV is building apartment blocks in the Papula district in the northern part of Vyborg. Only one (2) of the apartments in already completed buildings in Papula remains unsold. The construction of the next two buildings, consisting of 110 apartments in total, is under way. 41 apartments have been sold or reserved.

The largest projects under construction

Name	Holding, %	Total investment, EUR million	Completion level, %	Completion date (estimated)	Floor area, m^2	Occupancy rate 9/2016, %
4Daily, Moscow	Vicus 26.26 SRV 18.68 Blagosostoyanie 55.06	61	88	Q3/2016	52,000	Binding lease agreements 24 Letters of intent and reservations 52 Total 76

Outlook for operations in Russia

In Russia, SRV is focusing on completing its current construction projects, managing already completed locations, and developing its management operations. 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. There are also twice as many shopping centres per 1,000 inhabitants in Western Europe than there are in Russia.

SRV is an investor in all of its shopping centre projects through its associated companies. SRV is also responsible for leasing and marketing premises in completed shopping centres.

SRV intends to sell its holdings once the target for rental income has been achieved, usually 3–4 years after opening. If the current financial situation is prolonged, it may take longer than usual to reach this target.

Although the Russian economy is in a challenging state, financing for these projects has been arranged with long-term loan agreements, so SRV can patiently wait for the market situation to improve. It is unlikely that the shopping centres or the ETMIA II&III office project will be sold to investors during 2017.

As of 1 September 2016, the operating currency for SRV's property companies in Russia has been the rouble. This means that subsidiaries and associated companies that operate in the Russian property business and have previously been using the euro will now use the rouble as their operating currency. This accounting change will make SRV more susceptible to fluctuations in the rouble exchange rate. The companies affected by the change in operating currency include those that own the Okhta Mall and Pearl Plaza shopping centres.

Group project development

In accordance with its strategy, SRV is focusing on improving profitability. Development projects are by far the best way to improve profitability, as they generally yield a better margin than, for instance, contracting. SRV’s development projects target growth centres and, in the Greater Helsinki Area, particularly locations close to rail transport.

Rail transport

The schedule for the Western Metro has been revised. According to Länsimetro Oy, the schedule will be updated after testing, which began in early September, has been completed and once sufficient joint testing has been carried out.

Even though the schedule has fallen behind due to factors beyond SRV's control, areas next to the metro line are currently being developed and built.

- Kivenlahti

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 section of the future Kivenlahti Metro Centre. The plans for the area comprise about 1,300 housing units and about 45,000 m2 of commercial, office and service premises, and park-and-ride spaces. Construction will begin once zoning has been completed – current estimate 2018–2019 – and the Metro Centre is scheduled for completion in 2020.

- Espoonlahti

Apartments covering approximately 100,000 square metres of floor area will be built next to the forthcoming Espoonlahti metro station (Espoonlahden keskus/Mårtensbro). SRV is seeking a holding of around 30 per cent. This is currently a planning reservation, and the city plan will most likely be verified in late 2016.

- Niittykumpu

The Niittykumpu neighbourhood in Espoo will become a modern metro centre and home to thousands of new residents. SRV is building the new Metro Centre and, when it opens, the old Niittykumpu shopping centre will be demolished and apartments will be built in its place. Three buildings have been planned, encompassing a total floor area of 12,650 square metres.

- Keilaniemi

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 is in force, and progress now hinges on tunnelling and traffic arrangements for Ring Road I. SRV was chosen to implement the Ring Road I construction project in June 2016. Ring Road I traffic will be diverted into an underground tunnel, and a park will be built above it. The original plan was to build an approximately 400-metre-long tunnel in two sections. However, in October 2016, the Espoo City Board decided to complete the Ring Road I tunnel in one go.

As part of the overall plan, Espoo City Board's Trade and Competitiveness Division decided to sell two residential plots in Keilaniemi to SRV. Preliminary contracts on the sale of these plots were signed in May 2016. A complaint on the City of Espoo's sale decision has been lodged with the administrative court. SRV has not as yet made a final decision on the construction of the towers. If realised, the Keilaniemi Towers would be the tallest residential buildings in Finland, with the tallest soaring to a height of almost 145 metres.

- Raide-Jokeri in Perkkaa

Raide-Jokeri is a rapid tramline that will link Itäkeskus in Helsinki to Keilaniemi in Espoo. It will also enable numerous residential sites to be built along the line. For instance, SRV is planning to build housing in the vicinity of the future Perkkaa station in cooperation with SATO and Ilmarinen. A total of almost 2,000 housing units will be built on the plot, with construction currently scheduled to start during 2017. SRV also has a planning reservation for the Säterintorni plot, where the company plans to build housing and an office building.

- Kerava development project

Progress is being made on the renovated block on Aleksintori in Kerava. According to current estimates, the new shopping centre – Karuselli – will open in autumn 2018. Ruokakesko is the main tenant.

Five residential buildings are planned for Aleksintori. They will comprise a total of about 350 apartments, and will be completed in stages during 2018–2022. One of the buildings will be built on top of the shopping centre by the end of 2018.

After the review period, in October 2016, SRV signed a letter of intent to sell a property in Kerava. The agreement covers a commercial centre and 140 apartments, and is valued at around EUR 51 million. The transition is scheduled for December 2016.

Other projects

- Wood City

SRV and Stora Enso are cooperating on the construction of Wood City in the Jätkäsaari district of Helsinki. Wood City will comprise an office building, hotel, and two apartment buildings for Helsinki Housing Production Department (ATT). A shared yard area will connect the buildings to create a vibrant wooden quarter. All of the buildings in this unique wooden quarter will have eight storeys. A three-storey shared car park has also been planned for the area. The construction of Wood City was launched in spring 2016 and current estimates indicate that it will be completely finished in 2019.

- Bunkkeri in Jätkäsaari

SRV is highly involved in revitalising the Jätkäsaari district of Helsinki. Bunkkeri, a 13-storey landmark in Jätkäsaari, will feature a wide range of fitness facilities, a swimming hall, and about 300 housing units. The City Council selected SRV as the developer and new owner of Bunkkeri in May 2016. The total value of the real estate transaction is approximately EUR 23 million. The town plan modification required to implement Bunkkeri was approved at a meeting of the City Council in June. A complaint on the sale decision and city plan has been lodged with the administrative court.

Construction work on the Bunkkeri site is scheduled to begin in 2017. The fitness facilities will be leased to the City of Helsinki and the handover is set for May 2019. According to current estimates, the first housing units will be completed in 2019. SRV is currently negotiating the sale of the fitness facilities with potential investors.

- Tampere Central Deck and Arena

In early 2016, Tampere City Council selected a consortium formed by SRV to further develop the city's Central Deck and Arena project. SRV and the Tampere City Council signed the implementation agreement during the summer. The project is valued at a total of EUR 500 million and comprises a multi-purpose arena, office, commercial and hotel premises, and housing. The implementation agreement also involves a plot reservation agreement under which consortium formed by SRV can buy plots in the new Ranta-Tampella area, where construction can begin once the Rantaväylä tunnel has been completed. A complaint on the implementation agreement has been lodged with the administrative court.

The project is currently in the development phase, during which financing and key lease agreements will be negotiated in preparation for the final investment decision. The project is now even closer to being realised, as in October 2016 Finland's Slot Machine Association (RAY) chose to locate Finland's second casino in Tampere's new multi-purpose arena. The final decision on implementation will most likely be made in early 2017.

Land reserves 30 September 2016	**Business construction**	**Housing construction**	**International Operations**	**Total**
Unbuilt land areas and land acquisition commitments				
Building rights[1]), m²	**170,597**	**301,882**	**718,000**	**1,190,479**
Land development agreements				
Building rights[1]), m²	**114,370**	**184,047**	**0**	**298,417**

[1] *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.*

Land reserves have declined approximately by 150,000 m2 (-9%) compared to 31 December 2015.

Financing and financial position

IFRS, MEUR	**30 Sept 2016**	30 Sept 2015	**Change, %**	31 Dec 2015
Equity ratio, %	**37.8**	41.6	-9.2	42.5
Gearing, %	**99.7**	91.5	9.0	83.3
Shareholders' equity	**285.8**	271.4	5.3	277.2
Invested capital	**608.7**	547.7	11.1	543.0
Interest-bearing debt	**322.9**	276.4	16.8	265.8
- *of which short-term*	**83.7**	107.5	-22.1	102.6
- *of which long-term*	**239.2**	168.9	41.6	163.2
Cash and cash equivalents	**37.9**	28.1		35.0
Unused binding liquidity limits and account limit agreements	**122.0**	122.0	0.0	122.1
Unused project loans that can be drawn immediately	**97.5**	44.9	117.1	18.2

At the end of the review period, the Group's financing reserves totalled EUR 257.4 million with the Group's cash assets amounting to EUR 37.9 million, and open-ended account limits and committed undrawn financing reserves and loans to EUR 219.5 million.

SRV's financing agreements contain standard covenants. The financial covenants are equity ratio (also based on percentage of completion), liquidity, and the interest coverage ratio. The 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 Plc 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 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.
The company issued a new EUR 45 million hybrid bond in connection with the buyback. 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 also issued a EUR 100 million bond. This bond carries a fixed annual interest rate 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.

Interest-bearing liabilities totalled EUR 322.9 (276.4) million at the end of September. Net interest-bearing debt saw year-on-year growth of EUR 46.5 million. Housing corporation loans account for EUR 53.9 (57.8) million of the interest-bearing debt. 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 -54.5 (27.4) million and net cash flow from investing activities was EUR -8.9 (-114.3) million. An increase in incomplete housing in Finland in particular had an unfavourable impact on net cash flow from operating activities. Net cash flow from investing activities is at the usual level – the comparison figures are mainly explained by investments in the REDI project.

Net financial expenses since the beginning of 2016 totalled EUR 14.5 (4.7) million. Financial expenses rose due to an increase in interest expenses and, in particular, the EUR -7.8 (-2.8) million fair value revaluation of 10-year interest rate derivatives. The figures for the comparison period also include a EUR 1.4 million release of credit loss provisions. When the 10-year interest level rises from its current level, a positive change in fair value will be recognised in the income statement, and vice versa. The company does not believe that there will be any further significant decreases in the interest rate. EUR 1.4 (1.1) million in interest expenses have been capitalised in accordance with IAS 23 since the beginning of the year.

SRV's investment commitments totalled EUR 56.9 (15.6) million and were earmarked for Fennovoima's Hanhikivi-1 project and the REDI project in Kalasatama.

During the third quarter, the company increased its holding in the associated company Olgino-4. As a result of the transaction, SRV now exercises authority in the company and will therefore consolidate it as a subsidiary. Its consolidation will impact the figures for inventories, goodwill and minority interest in the consolidated balance sheet. The transaction in question is the acquisition of a company that owns an unbuilt plot in the St Petersburg area. It will not have a significant impact on cash flow.

As of 1 September 2016, the operating currency for SRV's property companies in Russia has been the rouble. This means that subsidiaries and associated companies that operate in the Russian property business and have previously been using the euro will now use the rouble as their operating currency. The change stems from the challenging state of the Russian economy, which has continued for longer than expected and has caused the shopping centre rental market to become more rouble-based. This accounting change will make SRV more susceptible to fluctuations in the rouble exchange rate through translation differences. The strengthening rouble led to translation differences of EUR 5.2 (-0.5) million, which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate gains of EUR 0.5 (1.5) million in financial income and expenses, the Group also entered similarly derived currency exchange rate gains of EUR 0.5 (0.5) million under the profit accounted for by associated companies.

Personnel

Personnel by business area	30 Sept 2016	30 Sept 2015	Percentage of Group personnel, 30 Sept 2016, %	31 Dec 2015
Operations in Finland	**803**	704	73	721
International Operations	**204**	229	18	235
Other operations	**97**	93	9	90
Group, total	**1,104**	1,026	100	1,046

SRV's payroll has been increasing throughout the year, and at the end of September the company had 1,104 (1,026) employees, of whom an average of 852 (775) were salaried employees. A major part of this growth is due to numerous large-scale projects in Finland entering the implementation phase, such as REDI, and a rise in the number of employees with fixed-term contracts.

The parent company had 65 (60) salaried employees at the end of the review period. At the end of the review period, SRV's Operations in Finland employed a total of 44 (37) trainees (students on work placements and students working on a thesis or diploma).

The SRV STEP Academy has remained active. Almost 200 people fall within the scope of the production training programme. A customised supervisor training programme has been created for site managers and comparable supervisors, and additional online training in occupational safety is now available. During the rest of the year, SRV will engage in closer cooperation with educational establishments in order to attract the best trainees.

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 2015 Annual Report, and on the company's website.

The most significant risks currently concern the REDI project, the Russian economy, and the rouble exchange rate.

Although SRV's operating currency in Russia has primarily been the euro, the company's rental operations have become increasingly rouble-based. In accordance with IAS 21, the operating currency of SRV's property-related subsidiaries and associated companies was therefore changed to the rouble as of 1 September 2016. This accounting change will make SRV more susceptible to fluctuations in the rouble exchange rate. The companies affected by the change in operating currency include those that own the Okhta Mall and Pearl Plaza shopping centres.

The Russian recession has lasted longer than expected, which has led to the continuation of temporary rent discounts for shopping centre tenants. It may therefore take longer than planned to reach the target for rental income.

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

A significant proportion of SRV's developer-contracted housing is always completed towards the end of the year. If handover is postponed until next year and a project is not recognised as income until 2017, this will have an unfavourable impact on the 2016 income statement.

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

Corporate governance and resolutions of general meetings

The Annual General Meeting (AGM) of SRV Group Plc was held on 22 March 2016. The AGM adopted the Financial Statements for the period 1 January–31 December 2015 and released the members of the Board of Directors and the President & CEO from liability.

A dividend of EUR 0.10 per share was confirmed, and 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 announced 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 AGM 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).

On the basis of this authorisation, the Board may acquire a maximum of 6,049,957 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 500,000 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. Shares may be acquired otherwise than in proportion to the holdings of the shareholders.

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 25 March 2015.

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

Organisation of SRV Group Plc's Board of Directors

The Board of Directors of SRV Group Plc held its organisation meeting on 22 March 2016. **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 HR and Nomination Committee (former Nomination and Remuneration Committee), and **Arto Hiltunen** and **Risto Kyhälä** as members.

Changes in the Corporate Executive Team

SRV Group's SVP and General Counsel **Katri Innanen** resigned from her position on 27 April 2016. **Johanna Metsä-Tokila,** LL.M., was appointed as SRV Group's SVP, General Counsel and as a member of the Corporate Executive Team as of 1 June 2016.

SRV revises its insider guidelines and duration of the closed window

On 15 June 2016, in accordance with a decision made by the Board of Directors, SRV amended its insider guidelines, on the basis of which the duration of the closed window was extended to at least 30 calendar days. The new insider guidelines came into force on 3 July 2016.

The amendment to the insider guidelines was based on the European Union's Market Abuse Regulation (MAR), and on regulations and instructions issued by the European Securities and Markets Authority (ESMA) and other parties on the basis of MAR, which came into force on 3 July 2016.

SRV applies the closed window principle before the publication of its results. From now on, SRV's closed window will always start at least 30 calendar days before the publication of an interim report or financial statement release, excluding the publication of the result for the second quarter of 2016, in which case the closed window only began on 3 July 2016, when the legal amendment came into force. The closed window also applies to the date of publication.

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 6,930 shareholders on 30 September 2016.

The closing price at OMX Helsinki on 30 September 2016 was EUR 4.40 (EUR 3.10 on 31 December 2015, change +42%). The highest share price during the review period was EUR 4.73 and the lowest EUR 2.60. At the end of September, SRV's equity per share excluding the hybrid bond was EUR 3.81. On 30 September 2016, the company had a market capitalisation of EUR 261 million, excluding the Group's treasury shares. 4.5 million shares were traded during the review period with a trade volume of EUR 17.1 million.

At the end of September, the Group held 1,125,075 shares (1.9 per cent of the total number of the company's shares and votes). SRV Group Plc divested 49,042 treasury shares in the January–September period of 2016.

Financial targets

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

- 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 a slighter stronger level. Substantial growth in SRV's developer-contracted projects is also required.

Outlook for 2016

In addition to general economic trends, SRV's revenue and result will be affected by several factors in 2016, 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 Kalasatama. Based on current schedules, SRV estimates that a total of 503 developer-contracted housing units will be completed during 2016.

The earnings forecast for 2016 remains unchanged. Full-year revenue for 2016 is expected to increase and operating profit to improve on 2015 (revenue EUR 719 million and operating profit EUR 24.4 million). The company's earnings forecast has been drawn up on the basis of the current rouble exchange rate and may be impacted by any major fluctuations in the exchange rate. 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 last quarter. Financing expenses will increase on 2015 as the result of growth in interest-bearing debt.

Espoo, 2 November 2016

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/ 2016	1-9/ 2015	7-9/ 2016	7-9/ 2015	1-12/ 2015
Revenue	555.5	492.5	193.1	155.1	719.1
Operation profit	11.4	7.5	7.3	4.1	24.4
Operation profit, % revenue	2.1	1.5	3.8	2.6	3.4
Profit before taxes	-3.1	2.7	3.9	0.1	17.6
Profit before taxes, % of revenue	-0.6	0.6	2.0	0.1	2.4
Net profit attributable to equity holders of the parent company	-2.4	1.6	3.4	-0.3	14.0
Return on equity, % [1), 2)]	-1.3	0.9			5.6
Return on investment, % [1), 2)]	3.3	3.2			5.9
Invested capital	608.7	547.7			543.0
Equity ratio %	37.8	41.6			42.5
Net interest-bearing debt	285.0	248.3			230.8
Gearing ratio, %	99.7	91.5			83.3
Order backlog	1 888.1	1 517.5			1 583.4
New agreements	829.9	1 106.6	54.9	389.9	1 393.5
Personnel on average	1 089	996			1 008
Earnings per share [1)]	-0.11	-0.02	0.04	-0.03	0.25
Earnings per share (diluted)[1)]	-0.11	-0.02	0.04	-0.03	0.25
Equity per share [1)]	4.85	4.56			4.66
Equity per share (without hybrid bond), euros [1)]	3.81	3.80			3.90
Dividend per share, euros [1)]	0.10	0.12			0.10
Dividend payout ratio, % [1)]	neg.	neg.			40.2
Dividend yield, % [1)]	2.3	4.7			3.2
Price per earnings ratio [1)]	neg.	neg.			12.5
Share price development:					
Share price at the end of the period, eur	4.40	2.53			3.10
Average share price	3.76	2.89			2.94
Lowest share price	2.60	2.36			2.36
Highest share price	4.73	3.30			3.42
Market capitalisation at the end of the period	261.2	150.1			183.9
Trading volume, 1 000 units	4 543	6 173			11 463
Trading volume, % [1)]	7.7	16.7			26.9
Weighted average number of shares outstanding during the period, 1 000 units [1)]	59 340	36 985			42 616
Weighted average number of shares outstanding during the period (diluted) 1 000 units [1)]	59 372	37 010			42 648
Number of shares outstanding at the end of the period,1 000 units [1)]	59 375	59 328			59 325

[1)] Comparative data is share issue adjusted.

[2)] In calculation of the key ration, only the profit for the period has been annualized.

Calculation of key figures

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

SRV Group EUR million	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Revenue	193.1	218.5	143.8	226.6	155.1	164.5	172.9
Operation profit	7.3	4.1	0.0	17.0	4.1	0.8	2.5
Financial income and expenses, total	-3.4	-5.6	-5.6	-2.1	-4.0	-1.5	0.8
Profit before taxes	3.9	-1.5	-5.5	14.9	0.1	-0.7	3.3
Order backlog [1)]	1 888.1	2 021.6	1 572.1	1 583.4	1 517.5	1 258.8	1 179.8
New agreements	54.9	648.6	126.5	286.9	389.9	227.6	489.1
Earnings per share, eur [2)]	0.04	-0.04	-0.11	0.27	-0.03	-0.04	0.05
Equity per share, eur [1)2)]	3.81	3.71	3.71	3.90	3.80	4.51	4.53
Share closing price, eur [1)]	4.40	4.00	3.53	3.10	2.53	3.71	3.39
Equity ratio, % [1)]	37.8	36.9	36.7	42.5	41.6	36.3	39.8
Net interest-bearing debt [1)]	285.0	291.2	247.2	230.8	248.3	251.0	228.5
Gearing, % [1)]	99.7	103.1	87.5	83.3	91.5	111.4	101.0

1) at the end of the period
2) Comparative data is share issue adjusted

Revenue EUR million	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Operations in Finland	180.9	200.4	131.5	212.8	137.3	146.9	157.1
- business construction	141.4	143.8	106.9	119.8	105.6	94.5	114.0
- housing construction	39.5	56.6	24.6	92.9	31.7	52.4	43.1
International Operations	12.1	18.4	12.4	13.8	17.9	17.6	15.9
Other operations	4.0	4.0	4.0	3.7	3.5	3.4	3.8
Eliminations	-3.9	-4.3	-4.0	-3.7	-3.6	-3.4	-3.8
Group, total	193.1	218.5	143.8	226.6	155.1	164.5	172.9

Operating profit EUR million	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Operations in Finland	6.6	7.6	2.2	18.3	4.9	2.4	3.3
International Operations	1.2	-1.5	-1.1	-0.6	-0.3	0.1	0.7
Other operations	-0.4	-2.0	-1.1	-0.7	-0.5	-1.6	-1.5
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	7.3	4.1	0.0	17.0	4.1	0.8	2.5

Operating profit (%)	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Operations in Finland	3.6	3.8	1.7	8.6	3.5	1.6	2.1
International operations	9.5	-8.0	-8.6	-4.0	-1.7	0.5	4.1
Group, total	3.8	1.9	0.0	7.5	2.6	0.5	1.5

Order backlog EUR million	30.9.16	30.6.16	31.3.16	31.12.15	30.9.15	30.6.15	31.3.15
Operations in Finland	1 851.3	1 972.6	1 511.7	1 506.2	1 431.7	1 159.3	1 062.9
- business construction	1 293.8	1 426.6	972.9	952.3	1 023.6	806.9	801.1
- housing construction	557.5	546.0	538.9	554.0	408.1	352.4	261.8
International operations	36.8	49.0	60.3	77.1	85.7	99.5	116.9
Group, total	1 888.1	2 021.6	1 572.1	1 583.4	1 517.5	1 258.8	1 179.8
- sold order backlog	1 623	1 720	1 269	1 261	1 295	1 074	1 037
- unsold order backlog	265	301	303	322	222	185	142

Order backlog, housing construction in Finland EUR million	30.9.16	30.6.16	31.3.16	31.12.15	30.9.15	30.6.15	31.3.15
Negotiation and construction contracts	122	107	115	132	83	88	88
Under construction, sold	181	150	134	114	117	86	39
Under construction, unsold	227	251	249	269	166	131	79
Completed and unsold	28	37	40	39	42	47	56
Housing construction, total	557	546	539	554	408	352	262

Invested capital EUR million	30.9.16	30.6.16	31.3.16	31.12.15	30.9.15	30.6.15	31.3.15
Operations in Finland	364.5	357.0	324.6	315.4	326.3	290.8	273.3
International operations	227.3	224.7	217.4	216.7	214.6	217.7	211.3
Other operations and	16.9	46.0	110.7	10.9	6.8	-1.7	-15.5
Group, total	608.7	627.7	652.7	543.0	547.7	506.8	469.1

Housing production in Finland (units)	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Housing sales, total	335	151	93	397	166	236	74
- sales, developer contracting	165	100	93	207	129	236	74
- sales, negotiation contracts 2)	170	51	0	190	37	0	0
Developer contracting	0						
- start-ups	52	148	55	116	244	376	66
- completed	0	53	30	225	0	22	0
-recognized in revenue	26	58	26	228	16	48	31
- completed and unsold	80	106	111	107	110	126	152
Under construction, total 1)	2 443	2 082	1 830	1 849	1 855	1 628	1 356
- construction contracts 1)	938	799	693	487	498	498	492
- negotiation contracts 1) 2)	448	278	227	477	363	380	468
- developer contracting 1)	1 057	1 005	910	885	994	750	396
- of which sold 1)	681	543	502	434	455	342	154
- of which unsold 1)	376	462	408	451	539	408	242

1) at the end of the period

2) investor sales, under negotiation contracts

SRV GROUP PLC INTERIM REPORT, 1 JANUARY–30 SEPTEMBER 2016: TABLES

1) Interim Report 1 January – 30 September 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.

Alternative performance measures used in financial reporting
SRV has adopted the Guidelines on Alternative Performance Measures issued by the European Securities and Market Authority (ESMA). In addition to IFRS indicators, the company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The formulas for these performance measures are provided above. In the company’s view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

2) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	1-9/ 2016	1-9/ 2015	change MEUR	change %	7-9/ 2016	7-9/ 2015	%	1-12/ 2015
Revenue	555.5	492.5	63.0	12.8	193.1	155.1	24.5	719.1
Other operating income	1.8	1.3	0.5	40.1	0.3	0.8	-60.3	1.8
Change in inventories of finished goods and work in progress	88.2	34.4	53.8		48.7	36.3	34.1	24.7
Use of materials and services	-564.6	-460.9	-103.7	22.5	-215.3	-169.0	27.4	-639.1
Employee benefit expenses	-53.0	-48.8	-4.2	8.5	-16.0	-14.8	8.2	-64.6
Share of results of associated companies	-1.3	0.7	-2.0		1.2	-0.8		-0.1
Depreciation and impairments	-2.8	-2.1	-0.7		-0.9	-0.7	23.5	-3.5
Other operating expenses	-12.2	-9.5	-2.7	28.7	-3.8	-2.7	38.3	-13.8
Operating profit	11.4	7.5	4.0	53.4	7.3	4.1	79.4	24.4
Financial income	2.6	4.4	-1.8	-41.2	1.1	1.2	-10.0	5.0
Financial expenses *)	-17.1	-9.2	-8.0	87.1	-4.5	-5.2	-14.1	-11.8
Financial income and expenses, total	-14.5	-4.7	-9.8		-3.4	-4.0	-15.3	-6.8
Profit before taxes	-3.1	2.7	-5.8		3.9	0.1		17.6
Income taxes	0.5	-1.1	1.5		-0.6	-0.4	39.2	-3.6
Net profit for the period	-2.5	1.7	-4.1		3.3	-0.3		14.0
Attributable to								
Equity holders of the parent company	-2.4	1.6			3.4	-0.3		14.0
Non-Controlling interests	-0.1	0.0			0.0	0.0		0.0
Earnings per share attributable to equity holders of the parent company	-0.11	-0.02			0.04	-0.03		0.25
Earnings per share attributable to equity holders of the parent company (diluted)	-0.11	-0.02			0.04	-0.03		0.25
*) of which derivative expenses	-7.8	-2.8	-5.0		-1.2	-2.8	-57.7	-3.3

Statement of comprehensive income EUR million	1-9/ 2016	1-9/ 2015			7-9/ 2016	7-9/ 2015	0 0	1-12/ 2015
Net profit for the period	-2.5	1.7			3.3	-0.3	0.0	14.0
Other comprehensive income								
Other comprehensive income to be reclassified to profit or loss in subsequent periods:								
Financial assets available for sale	-0.2	-0.5			0.0	0.0		-0.5
Income tax relaed to components of other comprehensive income	0.0	0.1			0.0	0.0		0.1
Gains and losses arising from translating the financial statements of a foreign operation	2.1	-0.4			0.1	-1.9		-1.6
Share of other comprehensive income of associated companies and joint ventures	3.1	0.0			3.2	-0.6		-0.3
Other comprehensive income for the period, net of tax	5.1	-0.9			3.3	-2.5		-2.3
Total comprehensive income for the period	2.6	0.7			6.7	-2.9		11.6
Attributable to								
Equity holders of the parent company	2.7	0.7			6.7	-2.9		11.6
Non-Controlling interests	-0.1	0.0			0.0	0.0		0.0

3) Consolidated balance sheet

Consolidated balance sheet EUR million	30.9.16	30.9.15	change %	31.12.15
ASSETS				
Non-current assets				
Property, plant and equipment	12.2	10.6	15.2	10.7
Goodwill	6.3	1.7	263.4	1.7
Other intangible assets	1.7	0.8	130.8	1.9
Shares in associated companies and joint ventures	208.5	207.7	0.4	206.6
Other financial assets	12.8	8.8	45.9	11.7
Receivables	2.3	0.7	224.6	0.7
Loan receivables from associated companies and joint ventures	29.7	31.2	-4.8	31.2
Deferred tax assets	10.2	7.4	38.2	7.3
Non-current assets, total	283.8	268.9	5.6	271.9
Current assets				
Inventories	423.1	345.5	22.4	336.6
Trade and other receivables	131.1	105.7	24.0	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)	6.5	2.3	186.7	1.6
Cash and cash equivalents	37.9	28.1	35.0	35.0
Current assets, total	599.7	482.7	24.2	490.8
ASSETS, TOTAL	883.5	751.6	17.6	762.6

Consolidated balance sheet EUR million	30.9.16	30.9.15	change,%	31.12.15
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	141.5	141.2	0.2	141.2
Translation differences	-2.0	-5.8	-65.8	-7.2
Fair value reserve	-1.5	-1.4	11.8	-1.4
Hybrid bond	61.7	45.0	37.1	45.0
Retained earnings	85.4	88.5	-3.5	95.7
Equity attributable to equity holders of the parent company, total	288.1	270.6	6.5	276.4
Non-controlling interests	-2.3	0.8		0.8
Total equity	285.8	271.4	5.3	277.2
Non-current liabilities				
Deferred tax liabilities	3.0	2.1	44.9	2.3
Provisions	6.1	5.9	4.2	6.3
Interest-bearing liabilities	239.2	168.9	41.6	163.2
Other liabilities	14.6	2.9	406.3	4.0
Non-current liabilities, total	262.9	179.8	46.3	175.8
Current liabilities				
Trade and other payables	243.3	185.3	31.3	201.4
Current tax payables (based on profit for the review period)	2.7	4.2	-35.9	0.8
Provisions	5.1	3.5	46.8	4.8
Interest-bearing liabilities	83.7	107.5	-22.1	102.6
Current liabilities, total	334.8	300.5	11.4	309.6
Liabilities, total	597.7	480.2	24.5	485.4
EQUITY AND LIABILITIES, total	883.5	751.6	17.6	762.6

4) Consolidated cash flow statement EUR million	1-9/ 2016	1-9/ 2015	1-12/ 2015
Cash flows from operating activities			
Net profit for the period	-2.6	1.7	14.0
Adjustments:			
Depreciation and impairments	2.8	2.1	3.5
Non-cash transactions	3.8	1.2	1.9
Financial income and expenses	14.5	4.7	6.8
Income taxes	-0.5	1.1	3.6
Adjustments, total	20.6	9.1	15.8
Changes in working capital:			
Change in trade and other receivables	-18.5	-18.6	-29.3
Change in inventories	-91.1	-33.3	-24.6
Change in trade and other payables	45.3	73.9	95.1
Changes in working capital, total	-64.4	22.0	41.2
Interest paid and financing costs	-5.4	-4.0	-14.7
Interest received	0.1	0.0	0.0
Income taxes paid	-2.8	-1.3	-5.3
Net cash flow from operating activities	-54.5	27.4	51.0
Cash flow from investing activities			
Purchase of property, plant and equipment	-4.0	-1.3	-2.4
Purchase of intangible assets	-0.2	-0.1	-1.6
Purchase of other financial assets	-1.4	-108.4	-110.1
Sale of property, plant and equipment and intangible assets	0.1	0.0	0.0
Change in loan receivable from associated companies and and joint ventures	-3.4	-4.5	-5.7
Net cash used in investing activities	-8.9	-114.3	-119.8
Cash flow from financing activities			
Proceeds from loans	104.5	29.6	29.6
Repayment of loans	-17.3	-57.3	-58.2
Hybrid bond issue	45.0	-	-
Hybrid bond repayment	-28.3	-	-
Hybrid bond costs	-1.6	-	-
Change in housing corporation loans	-4.7	12.2	13.1
Net change in short-term loans	-25.4	67.2	56.6
Net proceeds from share issue	0.0	49.0	48.6
Purchase and sale of treasury shares	0.0	0.0	0.0
Dividends paid	-6.0	-4.3	-4.3
Net cash flow from financing activities	66.2	96.5	85.5
Net change in cash and cash equivalents	2.8	9.6	16.6
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	0.1	0.0	0.0
Cash and cash equivalents at the end of period	37.9	28.1	35.0

The company has adjusted the presentation of the change of loan receivables and the comparison period's data have been adjusted accordingly.

5) Statement of changes in Group equity, EUR million

	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Reitained earnings	Total	Non-cont-rolling interests	Total equity
1 January- 30 september 2016 (EUR million)									
Equity 1 January 2016	3.1	141.2	45.0	-7.2	-1.4	95.7	276.4	0.8	277.2
Comprehensive income for the review period	0.0	0.0	0.0	5.2	-0.2	-2.4	2.7	-0.1	2.6
Dividends paid	0.0	0.0	0.0	0.0	0.0	-6.0	-6.0	0.0	-6.0
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	-3.0	-3.0
Equity on 30 september 2016	3.1	141.5	61.7	-2.0	-1.5	85.4	288.1	-2.3	285.8
1 January- 30 september 2015 (EUR million)									
Equity 1 January 2015	3.1	92.3	45.0	-5.3	-0.9	90.3	224.4	0.8	225.2
Comprehensive income for the review period	0.0	0.0	0.0	-0.5	-0.4	1.6	0.7	0.0	0.7
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	1.2	1.2	0.0	1.2
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 [1]	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	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
Equity on 30 september 2015	3.1	141.2	45.0	-5.8	-1.4	88.5	270.6	0.8	271.4
1 January - 31 December 2015 EUR million									
Equity 1 January 2015	3.1	92.3	45.0	-5.3	-0.9	90.3	224.4	0.8	225.2
Comprehensive income for the review period	0.0	0.0	0.0	-1.9	-0.4	14.0	11.6	0.0	11.6
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 [1]	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
Equity on 31 December 2015	3.1	141.2	45.0	-7.2	-1.4	95.7	276.4	0.8	277.2

[1] Sale of treasury shares includes a transfer between an invested free equity fund and retained earnings.

6) Commitments and contingent liablilities

Collateral given for own liabilities (EUR million)	30.9.16	30.9.15	change %	31.12.15
Real estate mortgages given [1)]	85.0	88.3	-3.8	90.4
Other commitments				
Investment commitments given	56.9	15.6	264.0	47.6
Plots purchase commitments	42.6	165.2	-74.2	116.1
Contingent liabilities (hypo plots)	52.1	7.2	626.8	6.4

1) 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.

Fair and nominal values of derivative instruments (EUR million)	9/2016 Fair value		9/2015 Fair value		12/2015 Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Interest rate swaps	0.0	11.1	0.0	2.8	0.0	3.3

	9/2016	9/2015	12/2015
Nominal values of derivative instruments			
Interest rate swaps	100.0	100.0	100.0

7) Group and Segment Information

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

Group and Segment information

Revenue EUR million	1-9/ 2016	1-9/ 2015	change, MEUR	change %	7-9/ 2016	7-9/ 2015	1-12/ 2015
Operations in Finland	512.9	441.3	71.6	16.2	180.9	137.3	654.1
International operations	42.9	51.3	-8.4	-16.3	12.1	17.9	65.1
Other operations	11.9	10.7	1.2	10.8	4.0	3.5	14.4
Eliminations	-12.2	-10.9	-1.3		-3.9	-3.6	-14.6
Group, total	555.5	492.5	63.0	12.8	193.1	155.1	719.1

Operation profit EUR million	1-9/ 2016	1-9/ 2015	change, MEUR	change %	7-9/ 2016	7-9/ 2015	1-12/ 2015
Operations in Finland	16.4	10.6	5.8	55.2	6.6	4.9	28.9
International operations	-1.4	0.4	-1.8		1.2	-0.3	-0.1
Other operations	-3.6	-3.6	0.0		-0.4	-0.5	-4.3
Eliminations	0.0	0.0	0.0		0.0	0.0	0.0
Group, total	11.4	7.5	4.0	53.4	7.3	4.1	24.4

Operating profit, %	1-9/ 2016	1-9/ 2015
Operations in Finland	3.2	2.4
International Operations	-3.2	0.9
Group, total	2.1	1.5

Assets EUR million	30.9.2016	30.9.2015	change MEUR	change, %	31.12.2015
Operations in Finland	585.6	497.8	87.8	17.6	503.5
International operations	262.4	237.2	25.3	10.6	245.8
Other Operations	498.1	428.0	70.2	16.4	424.1
Eliminations and other adjustments	-462.7	-411.4	-51.3		-410.7
Group, total	883.5	751.6	131.9	17.6	762.6

Liabilities EUR million	30.9.2016	30.9.2015	change MEUR	change, %	31.12.2015
Operations in Finland	425.4	352.6	72.7	20.6	353.9
International operations	190.7	165.7	25.0	15.1	174.5
Other Operations	274.3	203.2	71.1	35.0	197.9
Eliminations and other adjustments	-292.7	-241.4	-51.3		-240.8
Group, total	597.7	480.2	117.5	24.5	485.4

Invested capital EUR million	30.9.2016	30.9.2015	change MEUR	change, %	31.12.2015
Operations in Finland	364.5	326.3	38.2	11.7	315.4
International operations	227.3	214.6	12.6	5.9	216.7
Other Operations	16.9	6.8	10.1	147.9	10.9
Group, total	608.7	547.7	60.9	11.1	543.0

Return on investment %	30.9.2016	30.9.2015	change MEUR	change, %	31.12.2015
Operations in Finland	6.6	4.7	1.9	41.4	9.8
International operations	0.5	3.1	-2.6	-82.9	2.1
Group, total	3.3	3.2	0.1	2.2	5.9

8) Inventories EUR million	30.9.2016	30.9.2015	change MEUR	31.12.2015
Land areas and plot-owning companies	183.9	176.3	7.6	187.5
Operations in Finland	103.9	111.9	-8.0	116.7
International operations	80.0	64.4	15.6	70.8
Work in progress	204.3	116.1	88.2	101.8
Operations in Finland	199.0	113.9	85.0	99.4
International operations	5.3	2.2	3.2	2.4
Shares in completed housing corporations and real estate companies	27.7	40.8	-13.1	38.1
Operations in Finland	27.6	39.9	-12.3	37.6
International operations	0.1	1.0	-0.8	0.5
Other inventories	7.1	12.3	-5.2	9.1
Operations in Finland	6.9	7.4	-0.5	6.9
International operations	0.2	4.9	-4.7	2.2
Inventories, total	423.1	345.5	77.5	336.6
Operations in Finland	337.4	273.2	64.2	260.6
International operations	85.7	72.4	13.3	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
30.9.16						
Management and the Board of Directors	2.8	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	1.1	0.0	0.1	2.8	0.0
Associated companies	0.0	109.3	0.0	1.2	44.8	3.8
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.8	110.3	0.0	1.3	47.6	3.8

	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
30.9.15						
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 related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.2	136.8	-5.4	2.8	44.0	0.0

	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
31.12.15						
Management and the Board of	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
Total	3.0	163.7	-5.5	3.4	42.7	5.1