

SRV'S INTERIM REPORT 1 JANUARY–31 DECEMBER 2017

Revenue exceeds the one billion euro milestone, operative operating profit improves

January–December 2017 in brief:

- **Revenue** grew to a new all-time high at EUR 1,116.1 (884.1 1–12/2016) million (up 26%). Revenue growth was driven by an increase in the revenue of Operations in Finland. Business construction in Finland posted the greatest growth, while in percentage terms the highest increase was seen in the housing business.
- **Operative operating profit*** amounted to EUR 28.7 (26.3) million (up 9.1%). Revenue growth in Operations in Finland and the recognition of almost twice as many developer-contracted housing units than in 2016 had a favourable impact on operative operating profit. Operative operating profit was weakened by longer delivery periods and a rise in costs due to the market situation, which led to lower-than-expected margins in certain projects that are under construction as well as by the cost impact of one project that has already been completed.
- **Operating profit** decreased to EUR 17.1 (27.7) million. Operating profit was weakened by the decline in the operating profit of International Operations to EUR -18.4 (-4.2) million. The operating profit of International Operations was impacted above all by the change in the rouble exchange rate, which had a net effect of EUR -11.7 million. The exchange rate impact is caused by the conversion of euro-denominated loans to roubles and because of the hedging expenses.
- **The result before taxes** was EUR 4.6 (16.4) million.
- **Earnings per share** were EUR 0.05 (0.15).
- At period-end, **the order backlog** stood at EUR 1,547.9 (1,758.5) million. The order backlog declined slightly because many large projects, such as the Nova Hospital in Central Finland, were recorded in the order backlog during the comparison year.
- **Equity ratio** was 35.5 (38.3) per cent and **gearing** was 105.0 (83.4) per cent. The growth in net debt due to invested capital and the weaker exchange rate of the rouble contributed to the change in the equity ratio and gearing.
- **Proposed dividend** per share is EUR 0.06 (EUR 0.10).

**In order to improve comparability in the case of actual earnings, as from 20 July 2017 SRV has adopted the new concept of "operative operating profit". It differs from the IFRS definition of operating profit in that it eliminates the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts.*

October–December 2017 in brief:

- **Revenue** increased to EUR 339.3 (328.7 10–12/2016) million. Revenue improved thanks to an increase in the revenue of Operations in Finland; the largest growth was seen in business construction in Finland.
- **Operative operating profit** decreased to EUR 14.2 (15.4) million. Operating profit was weakened by longer delivery periods and a rise in costs due to the market situation which led to lower-than-expected margins in certain projects that are under construction and the cost impact of one project that has already been completed.
- **Operating profit** was EUR 11.4 (16.2) million. Operating profit was weakened by the operating profit of International Operations, with the rouble exchange rate having an impact of EUR -2.8

million. The exchange rate impact is caused by the conversion of euro-denominated loans to roubles and because of the hedging expenses.

- **The result before taxes** was EUR 9.3 (19.4) million.
- **Earnings per share** were EUR 0.18 (0.26).

Outlook for 2018

- Fewer developer-contracted housing units will be completed in 2018 than in the comparison period. It is estimated that a total of 526 housing units will be completed in 2018 (782 in 2017). Although housing will be completed on a steadier schedule in 2018 than in the previous year, a significant part of operating profit will still be made in the second half of the year. In addition, earnings in 2018 will be impacted by the lower-than-expected margins of certain ongoing projects.
- Full-year consolidated revenue for 2018 is expected to decline compared with 2017 (revenue EUR 1,116.1 million). Operative operating profit is expected to be lower than in 2017 (operative operating profit EUR 28.7 million)
- After 2018, an atypical year, the company anticipates that it will achieve its strategic earnings level by the end of 2022.

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

CEO's review

In 2017, SRV's revenue rose to over one billion euros for the first time in its history. Growth in recent years has been driven by the positive trend in our entire industry and above all by the numerous large projects that we have developed and built. Operative operating profit improved slightly in 2017, but it is clear that we still have much work to do to reach our operating profit target. The construction market is hot, which contributed to boosting the costs of both raw materials and labour. However, we managed to ensure that our production chain runs smoothly and also maintained quality at a high level. Full-year earnings were impacted by the lower-than-expected margins of some of our projects that are under construction.

After several record-breaking quarters, our order backlog has settled at around EUR 1.5 billion. Our largest new projects are the Siltasairaala Hospital in Helsinki - the biggest hospital project in the history of the Hospital District of Helsinki and Uusimaa HUS - and the Tampere Central Deck and Arena project, which was greenlit in early 2018. In addition to Tampere, our own project development includes the Pressi project in Vantaa, which we announced after the review period in February. Talking about projects under construction, in REDI the work is progressing on schedule and the shopping centre will open its doors this coming autumn, as planned. The residents of Majakka, the first residential tower, can move into their new homes in spring 2019.

The Russian property market picked up significantly in 2017. As a result, after the end of the review period, we announced in February 2018 that we will investigate the possible sale of the Pearl Plaza shopping centre. Generally, shopping centres achieve their target rent level three to four years after opening, and Pearl Plaza has performed in line with those expectations. The premises in this shopping centre have been fully leased almost continuously since it opened in 2013. It has broken visitor records year after year and the recent trend in its rent levels has also been favourable.

Looking at 2017 as a whole, we can state that we are heading in the right direction in many ways. We successfully stepped up the share of revenue accounted for by our housing production, thereby bolstering the amount and earnings trend of our housing construction. Almost twice as many housing units were

recognised as income in 2017 than in the previous year. The number of completed housing units will decline in 2018 due to the lower number of start-ups in 2016. In 2017, we once again stepped up our production of housing units, which will give a boost to our earnings in the future. Our housing business was also upbeat thanks to excellent sales of housing throughout 2017 and our announcement, made today, that the advance marketing of Loisto, the second REDI residential tower, will begin in April 2018.

Recently, there has been much public discussion about the pricing of apartments and the availability of loans. We wish to contribute to meeting demand, and in the future we will offer at all of our housing locations two different pricing principles, depending on whether or not the buyer wishes to use a housing corporation loan. In addition to improving customers' freedom of choice and transparency, we aim through the change to do what we can to reduce the participation of RS lending. The availability of RS financing is, in the short term, an even greater bottleneck than the availability of building land.

Our theme for the year 2018 is to improve profitability and lighten the balance sheet. We still believe that our strategic measures will yield results and that we will reach our profitability targets towards the end of the current strategy period in 2022.

Finally, I would like to thank our wonderful personnel for 2017!

Juha Pekka Ojala, President and CEO

Overall review

Group key figures (IFRS, EUR million)	1-12/ 2017	1-12/ 2016	change	change, %	10-12/ 2017	10-12/ 2016
Revenue	1,116.1	884.1	232.0	26.2	339.3	328.7
Operative operating profit ¹⁾	28.7	26.3	2.4	9.1	14.2	15.4
Operative operating profit, %	2.6	3.0			4.2	4.7
Operating profit ^{*)}	17.1	27.7	-10.6	-38.3	11.4	16.2
Operating profit, %	1.5	3.1			3.4	4.9
Financial income and expenses, total ^{**)}	-12.4	-11.3	-1.1		-2.0	3.2
Profit before taxes	4.6	16.4	-11.7	-71.6	9.3	19.4
Net profit for the period	5.8	14.4			11.4	17.0
Net profit for the period, %	0.5	1.6			3.4	5.2
Order backlog	1,547.9	1,758.5	-210.6	-12.0		
New agreements	771.4	1,013.1	-241.7	-23.9	313.0	183.2
^{*)} net effect of currency exchange fluctuations	-11.7	1.3	-13.0		-2.8	0.8
^{**) of which accounted for by derivatives}	0.3	-4.9	5.2		-0.3	2.9

¹⁾ Operative operating profit is determined by deducting the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts from operating profit. Exchange rate differences during the review period amounted to EUR -11.7 (1.3) million, with hedging expenses of EUR -2.5 (-8.8) million.

January-December 2017

The Group's revenue grew to a new all-time high at EUR 1,116.1 (884.1 in 1–12/2016) million (up 26%). Revenue growth was driven by an increase in the revenue of Operations in Finland. Business construction in Finland posted the greatest growth, while in percentage terms the highest increase was seen in the housing business. Large business premises projects, such as the construction of hospitals and shopping centres, also increased revenue. The recognition of income from twice as many developer-contracted housing units than in 2016, a total of 825 (499), particularly contributed to revenue growth.

The Group's operative operating profit amounted to EUR 28.7 (26.3) million (up 9.1%). Revenue growth in Operations in Finland and the recognition of more developer-contracted housing than in the corresponding period of the previous year had a favourable impact on the operative operating profit. Operative operating profit was weakened by longer delivery periods and a rise in costs due to the market situation, which led to lower-than-expected margins in certain projects that are under construction as well as by the cost impact of one project that has already been completed.

The Group's operating profit declined to EUR 17.1 (27.7) million. Operating profit was weakened by the decline in the operating profit of International Operations to EUR -18.4 (-4.2) million. The result of International Operations was impacted above all by the change in the rouble exchange rate, which had an effect of EUR -11.7 million. The exchange rate impact is primarily caused by the conversion of euro-denominated loans to roubles. Exchange rate differences vary in each financial statement in line with fluctuations in the exchange rate of the rouble. The difference has no impact on cash flow.

The Group's order backlog stood at EUR 1,547.9 (1,758.5) million. The order backlog declined because many large projects, such as the Nova Hospital in Central Finland, were recorded in the order backlog in 2016. Several new agreements valued at a total of almost EUR 771.4 million were signed in January-December 2017. In the last quarter, Phase I agreements valued at a total of EUR 210 million for the Tampere Central Deck and Arena were recognised in the order backlog. After the review period, many other new projects have already been included in the order backlog in early 2018, such as the Siltasairaala Hospital in Meilahti, Helsinki, recognised in January. Other projects that are expected to be included in the order backlog later in 2018 include the remaining Phase 1 agreements for the Tampere Central Deck and Arena, the expansion of Helsinki Airport and the renovation of its Terminal 2.

The Group's profit before taxes totalled EUR 4.6 (16.4) million.

The Group's earnings per share were EUR 0.05 (EUR 0.15). The earnings per share for the comparison period were impacted by, for instance, the non-recurring cost of repaying the hybrid bond.

The Group's equity ratio stood at 35.5 (38.3) per cent and **gearing** at 105.0 (83.4) per cent. An increase in net interest-bearing debt due to growth in invested capital and the weaker exchange rate of the rouble contributed to the change in the equity ratio and gearing.

SRV has added the capital invested in the construction and property development businesses to its financial statement release, as well as the returns on these investments. By nature, SRV's businesses consist of construction and related property development, as well as investment in SRV's own projects. As these two businesses differ in nature, the segment reporting is considered to be changed from the beginning of 2019 and begin providing additional information about the capital invested in these and the return on investment already during 2018.

The construction business includes all of the capital required for construction and developer contracting for housing production, as well as the required plots of land. The property development business consists of

projects for commercial premises in which the company is an investor, and the primary intention is to sell the projects several years after construction is complete and the property has attained a normal occupancy rate and standard. The property development operations report on commercial premises that are under development and completed and where the company acts as a longer-term investor. Plots that the company develops itself and where the expected returns arise from the development are also reported as part of property development.

All of the relevant balance sheet items have been allocated to operations, as well as the operating expenses. The Group's invested capital is accounted for by the construction and property development operations calculated together, but the difference between them is in the elimination of construction profit margins. This division of the businesses aptly describes the company's capital requirements and profitability levels. Construction generates a stable operating profit, the requirement for invested capital is lower and the turnover rate is higher. Property development ties up more capital for a longer period. In the construction business, revenue and profit are realised more rapidly than in property development, where profits are usually only obtained when the sites are sold off.

Group key figures (IFRS, EUR million)	1-12/ 2017	1-12/ 2016	change	change, %
Equity ratio, %	35.5	38.3		
Net interest-bearing debt	297.6	246.3	51.3	20.8
Gearing ratio, %	105.0	83.4		
Return on investment, %	3.4	6.1		
Return on investment, construction, %	8.1	9.2		
Return on investment, property development, %	-4.8	0.2		
Invested capital	604.5	596.2	8.3	1.4
Invested capital, construction	276.6	247.0	29.6	12.0
Invested capital, property development	327.9	349.2	-21.3	-6.1
Return on equity, %	2.0	5.0		
Earnings per share, EUR	0.05	0.15	-0.10	-67.8
Equity per share, EUR	4.03	4.25	-0.22	-5.2
Share price at end of period, EUR	3.60	5.43	-1.83	-33.7
Weighted average number of shares outstanding, millions	59.5	59.3		

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, logistics and specialised construction, and earthworks and rock construction). 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.

Revenue (EUR million)	1-12/ 2017	1-12/ 2016	change	change, %	10-12/ 2017	10-12/ 2016
Operations in Finland	1,097.8	832.2	265.6	31.9	337.0	319.3
International Operations	18.0	52.4	-34.4	-65.7	2.3	9.4
Other operations and eliminations	0.3	-0.4	0.8		0.0	-0.1
Group, total	1,116.1	884.1	232.0	26.2	339.3	328.7

Operative operating profit (EUR million)	1-12/ 2017	1-12/ 2016	change	change, %	10-12/ 2017	10-12/ 2016
Operations in Finland	40.3	38.3	2.0	5.3	18.4	21.8
International Operations	-6.7	-5.5	-1.2		-2.3	-3.6
Other operations and eliminations	-4.8	-6.4	1.6		-1.8	-2.8
Group, total	28.7	26.3	2.4	9.1	14.2	15.4

Operative operating profit (%)	1-12/ 2017	1-12/ 2016			10-12/ 2017	10-12/ 2016
Operations in Finland	3.7	4.6			5.5	6.8
International Operations	-37.4	-10.5			-100.9	-37.9
Group, total	2.6	3.0			4.2	4.7

Operating profit (EUR million)	1-12/ 2017	1-12/ 2016	change	change, %	10-12/ 2017	10-12/ 2016
Operations in Finland	40.3	38.3	2.0	5.3	18.4	21.8
International Operations*)	-18.4	-4.2	-14.2		-5.2	-2.8
Other operations and eliminations	-4.8	-6.4	1.6		-1.8	-2.8
Group, total*)	17.1	27.7	-10.6	-38.3	11.4	16.2
*) effect of currency exchange fluctuations	-11.7	1.3	-13.0		-2.8	0.8

Operating profit (%)	1-12/ 2017	1-12/ 2016			10-12/ 2017	10-12/ 2016
Operations in Finland	3.7	4.6			5.5	6.8
International Operations	-102.3	-7.9			-222.5	-29.4
Group, total	1.5	3.1			3.4	4.9

Order backlog (EUR million)	12/2017	12/2016	change	change, %
Operations in Finland	1,526.7	1,726.1	-199.4	-11.6
International Operations	21.2	32.4	-11.1	-34.4
Group, total	1,547.9	1,758.5	-210.6	-12.0
- sold order backlog	1,273	1,482	-210	-14.1
- unsold order backlog	275	276	-1	-0.3
- sold order backlog, %	82	84		
- unsold order backlog, %	18	16		

Operations in Finland

Operations in Finland (EUR million)	1–12/ 2017	1–12/ 2016	change	change, %	10–12/ 2017	10–12/ 2016
Revenue	1,097.8	832.2	265.6	31.9	337.0	319.3
- business construction	717.9	559.5	158.4	28.3	198.8	167.4
- housing construction	379.9	272.7	107.2	39.3	138.1	151.9
Operating profit	40.3	38.3	2.0	5.3	18.4	21.8
Operating profit, %	3.7	4.6			5.5	6.8
Order backlog	1,526.7	1,726.1	-199.4	-11.6		
- business construction	920.3	1,163.5	-243.2	-20.9		
- housing construction	606.4	562.6	43.8	7.8		

Business environment in Finland

Although the European economy is continuing to grow, significant financial and political uncertainty factors in several countries, both inside the Euro zone and elsewhere, are continuing to pose risks in development. The Finnish economy is continuing to see broad-scale growth. Exports and industrial investments have increased, supporting the growth started by domestic consumption and construction. According to different sources, GDP is expected to grow by 2.3–3.3 per cent in 2018.

On the heels of economic growth, activity in new construction has been stronger than forecast, but total growth in construction is estimated to continue this year at a slightly slower rate than last year, at about 2 per cent. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT 10/2017)

Urbanisation and population shift will continue to be the general drivers of construction growth and will maintain the need for both housing and business construction in growth centres, which are SRV's strategic focal points. The most optimistic forecasts estimate that as many as 620,000 people in Finland will move into urban areas by 2040. For instance, the Helsinki master plan enables the population of the city to grow to 860,000 by 2050. (Sources: new Helsinki master plan 10/2017 & VTT, Demand for new dwelling production in Finland 2015–2040, 01/2016)

Housing, business and infrastructure construction in Finland

In general, housing sales in growth centres have remained at a good level thanks to population shift and investor sales. Housing production is still focusing on small apartments. Last year, construction was launched on a total of as many as 43,000 housing units in Finland, a high figure in historical terms, and

housing start-ups this year are expected to amount to about 40,000 units. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT, 10/2017)

On the whole, new business construction start-ups increased in 2017, but are expected to decline slightly in 2018. The growth rate in renovation is forecast to remain at last year's level of about 1.5 per cent. Civil engineering investments are expected to grow by about one per cent. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT, 10/2017)

According to Statistics Finland, construction costs have seen a moderate increase of 1.1 per cent from January to December 2017. The prices of equipment and supplies in particular have risen over the past 12 months. (Source: Statistics Finland, Building Cost Index)

Housing construction

January-December 2017

SRV's **revenue** from housing construction in Finland rose to EUR 379.9 (272.7) million in the January-December period. The recognition of income from a significantly higher number of completed developer-contracted housing units had by far the greatest impact on revenue. In January-December, almost twice as many housing units, a total of 825 (499), were recognised as income than in 2016. The **order backlog** for housing construction in Finland was EUR 606.4 (562.6) million. The order backlog rose and remains at a high level.

October-December 2017

SRV's **revenue** from housing construction in Finland declined to EUR 138.1 (151.9) million in the October-December period. The number of developer-contracted housing units recognised as revenue saw a slight year-on-year decline to 362 (389), as units were completed more steadily than in 2016.

■ Housing under construction

In line with its strategy, SRV is focusing on housing development in urban growth centres in locations with good transport connections. For some time now, SRV has been one of the largest housing constructors in the Helsinki metropolitan area. SRV currently has a total of 3,254 (2,696) housing units under construction in Finland, mostly in growth centres.

One of SRV's strategic targets is to increase its developer-contracted housing production. A total of 1,072 (836) developer-contracted housing units were under construction at the end of December. The large number of developer-contracted units currently under construction will continue to contribute to strengthening SRV's result in the future. (The average construction period is about 18 months)

The number of units under construction has been boosted by high consumer and investor demand. At the end of December, a total of 1,385 (978) units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Kerava.

The major investor projects under construction consist of around 300 housing units for LocalTapiola in Niittykumpu (Espoo) and Tapiola (Espoo), and also in the centre of Kerava and Turku as well as projects for Ilmarinen in Jätkäsaari (Helsinki), Neilikkatie (Vantaa) and Kerava.

■ Completed housing units

A total of 782 (503) developer-contracted housing units were completed in 2017. A record low number of completed housing units remained unsold at the end of December, 68 (111). Housing sales were very strong during the entire year, with a total of 1,627 (1,260) units sold, 29 per cent more than in 2016. The number of unsold units declined steadily during the year and the current unsold units mainly consist of individual apartments at different sites in Tampere, Turku, Helsinki, and Espoo.

■ Housing units recognised as income

The majority of units under construction were completed in late 2017. In 2017, 825 (499) developer-contracted housing units were recognised as income, generating total revenue of EUR 209.2 (144.0) million. 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 the project has been completed and as the units are sold.

■ Future housing units

SRV assesses the demand for a future housing project with advance marketing. At this stage, preliminary information on the future project is available, but the actual start-up decision will only be made on the basis of the advance marketing phase. By the end of December 2017, start-up decisions had been made on 188 RS housing units (i.e. units under the scope of the RS system, which protects the interests of homebuyers in the construction phase). Units will be built in Espoo, Vantaa, Kerava, Helsinki, Tampere and Turku. Such units are recognised as revenue when the project has been completed and as the units are sold.

In addition to start-up decisions, in 2017 SRV made plot reservations for upcoming projects. In June, SRV signed a preliminary agreement to acquire the entire share capital of Kalevala Kartano Oy. Kalevala Kartano owns a plot on Strömbergintie 4 in Pitäjänmäki, Helsinki, on which SRV plans to build three apartment buildings with 170 housing units.

In September, SRV announced that it had been selected to implement an apartment building with just under 200 housing units in the Kivistö school area in Vantaa after winning the design and site allocation competition organised by the City of Vantaa.

Also in September, the company announced that the Lapinmäentie project in Munkkivuori, Helsinki was moving forward. Seven new residential towers are planned for the area in addition to the existing office tower, which will remain. The new residential towers will contain over 700 apartments. Demolition work started at the beginning of October and it is intended that the construction of the first 200 housing units will begin in summer 2018.

In October 2017, SRV announced that it has developed a new housing concept with the aim of building owner-occupied homes whose monthly living expenses will be lower than rent levels in the area. Construction of the first model site will begin in Keimolanmäki, Vantaa in summer 2018. The homes are targeted at families with children and first-time homebuyers. Advance marketing of the homes will begin in March.

After the period in February 2018 SRV announced it is changing the pricing of its apartments. In the future there are two different prices for all apartments sold on the consumer market during advance marketing. Customers can buy their home several per cent lower than the normal price. In such cases, a participation in a housing corporation loan will not be allocated to the apartment; customers will pay the whole debt-free selling price of the apartment according to the progress of construction.

Housing construction in Finland (units)	1-12/ 2017	1-12/ 2016	change, units	10-12/ 2017	10-12/ 2016
Units sold, total	1,627	1,260	367	253	681
- developer contracting	983	509	474	208	151
- investor sales ²⁾	644	751	-107	45	530
Developer contracting					
- start-ups	1,018	454	564	172	199
- completed	782	503	279	319	420
- recognised as income	825	499	326	362	389
- completed and unsold ¹⁾	68	111	-43		
Under construction, total ¹⁾	3,254	2,696	558		
- contracts ¹⁾	504	441	63		
- negotiated contracts ¹⁾	293	441	-148		
- sold to investors ^{1) 2)}	1,385	978	407		
- developer contracting ¹⁾	1,072	836	236		
- sold ¹⁾	602	444	158		
- unsold ¹⁾	470	392	78		
- of which sold, % ¹⁾	56	53			
- of which unsold, % ¹⁾	44	47			

¹⁾ at period-end²⁾ investor sales under negotiated contracts

Order backlog, housing construction in Finland (EUR million)	12/2017	12/2016	change
Contracts and negotiated contracts	179	193	-13
Under construction, sold developer contracting	161	105	56
Under construction, unsold developer contracting	241	222	18
Completed and unsold developer contracting	25	43	-18
Housing construction, total	606	563	44

REDI apartments

REDI in Kalasatama, Helsinki is the largest construction project in SRV's history. By the end of December, 90 per cent of the 282 units in REDI's first residential tower (Majakka) had been sold, a total of 254 units.

Construction of Majakka is ongoing and it is currently estimated that occupants will be able to move into the apartments in spring 2019. The REDI apartments will be recognised as revenue when each residential tower has been completed and as its apartments are sold.

After the end of the review period, SRV announced that advance marketing for Loisto, the second REDI residential tower, will begin in April. The actual start-up decision will only be made on the basis of the advance marketing phase. Construction of Loisto will most likely begin in summer 2018.

The largest developer-contracted housing projects under construction in Finland

Project name, location	SRV, contract value, EUR million	Completion date (estimated)*	Units	Sold*	For sale*
REDI Majakka, Helsinki	106	Q2/2019	282	254	28
Espoo, Piruetti	31	Q1/2019	113	48	65
Espoo, Kulmaniitty	22	Q1/2019	67	9	58
Kerava, Aleksinkaarre	22	Q4/2019	80	15	65
Vantaa, Maalisuora	17	Q4/2018	96	63	33
Vantaa, Tikkurila	14	Q4/2018	55	6	49
Starlet Helsinki, Smokki	13	Q2/2019	32	3	29

Total value of projects approx. EUR 225 million

Situation as of 31 December 2017.

The largest ongoing housing projects in Finland, investor projects and housing contracting

Project name, location, developer	Completion level, %*	Completion date (estimated)*
Suurpellon Puistokatu 12, Espoo, Ilmarinen	84	Q1/2018
Wood City, Helsinki, ATT**	65	Q2/2018
Neilikkatie, Vantaa Ilmarinen	78	Q2/2018
Orno, Kerava Ilmarinen	79	Q2/2018
Hernetie, Vantaa, OP	71	Q2/2018
Välimerenkatu 10, Helsinki, Ilmarinen	55	Q3/2018
Suurpellon Puistokatu D, Espoo, TA	72	Q3/2018
HOAS Kumpula, Helsinki	43	Q3/2018
Aleksinkulma and park Kerava, Etera***	28	Q1/2019
Aleksinhuippu, Kerava LocalTapiola	20	Q1/2019
Espoon Pihapuisto and Puistoniitty, LocalTapiola	8	Q3/2019
Helsingin Punanotko, Ilmarinen	1	Q2/2020

Total value of projects approx. EUR 258 million

*Situation as of 31 December 2017 **Schedule will be specified in Q1 2018 ***Ilmarinen and Etera merged on 1 January 2018

SRV is currently building housing as developer-contracted, development, 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 the project has been completed and as the units are 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-December 2017

SRV's **revenue** from business construction grew to EUR 717.9 (559.5) million, and the **order backlog** was EUR 920.3 (1,163.5) million.

The greatest contribution to year-on-year revenue growth has been made by large-scale ongoing hospital projects, such as Hospital Nova in Central Finland, a new construction project at Tampere University Hospital, and the New Children's Hospital in Helsinki. Revenue from hospital projects accounts for about 17 per cent of consolidated revenue. The Health and Wellness Centre implemented in Kalasatama, Helsinki, was completed and handed over to the client towards the end of 2017. In addition, after completing the HUS Siltasairaala development phase in Meilahti, Helsinki, SRV has proceeded into the implementation phase. The construction of the Siltasairaala Hospital, the largest construction project in the history of the Hospital District of Helsinki and Uusimaa, started after the end of the review period at the beginning of 2018.

Growth in SRV's shopping centre construction also boosted revenue from business construction during the January-December period. SRV is currently building two shopping centres as developer-contracted projects: REDI in Helsinki and Karuselli in Kerava. The Niitty shopping centre in Espoo, completed in June, and the construction of Ainoa shopping centre as part of the renewal of Tapiola city centre in Espoo also contributed to revenue. Revenue from shopping centre construction accounts for about 16 per cent of consolidated revenue.

SRV currently has five alliance projects whose revenue amounts to about seven per cent of consolidated revenue. These projects provide additional earnings potential over and above the ordinary profit margin. In practice, SRV can gain additional earnings if the project fulfils quality criteria and is completed for less than the target cost and on or under schedule.

SRV's infrastructure construction has bolstered its position in Operations in Finland. For example, SRV is currently implementing the Ring Road I tunnel project, in which traffic will be diverted into an underground tunnel above which a park will be built. It will be completed in spring 2019. An excavation contract for the Kaitaa metro tunnel also boosts infrastructure construction.

SRV is currently building several educational institutions. In July, SRV signed a contractor agreement with the property management centre of the City of Helsinki for the construction of the Jätkäsaari comprehensive school. The project is valued at around EUR 23 million. SRV is serving as the project management contractor. Construction began in autumn 2017 and the school will be completed in 2019. In addition, SRV has agreed on the construction of Kurittula school in Masku. SRV is currently responsible for the construction of buildings for Aalto University School of Arts, Design and Architecture and Aalto

University School of Business. In addition, the company is implementing renovation projects for Helsinki University Properties Ltd and University Properties of Finland Ltd.

SRV's business constructions order backlog has decreased slightly in 2017. Many large projects, such as the Nova Hospital in Central Finland, were recorded in the order backlog during the comparison year, and this contributed to the decline in the order backlog. SRV has numerous projects in the development phase, which will be included in the order backlog in 2018. In 2017, an agreement was signed for the expansion of Helsinki Airport and the renovation of its Terminal 2. This project will be recognised in the order backlog when Finavia decides on its construction, which is expected in the latter half of 2018.

After the review period, the Siltasairaala Hospital in Helsinki and Tampere Central Deck and Arena projects were also confirmed. The value of the Phase 1 agreements for the Tampere Central Deck and Arena recognised in SRV's order backlog in 2017 amounted to about EUR 210 million. In addition, it is estimated that about EUR 130 million will be recognised in SRV's order backlog in 2018 when the final contract agreements are signed. Revenue will be recognised for the construction of Phase I during the period from 2018 to 2022. A proportion equivalent to SRV's holding is eliminated from the profit margin of construction.

EUR 243 million will be recognised in SRV's order backlog in 2018 for the Siltasairaala Hospital project in Meilahti, Helsinki.

The Kanta-Häme Hospital District has an ongoing competition for the construction of Kantasairaala, a new healthcare service centre planned for Hämeenlinna. In October 2017, SRV was accepted to participate in the last phase of the competition to make an offer for an alliance project valued at about EUR 170 million (according to the preliminary budget). It is expected that this competition will be decided in the first quarter of 2018.

October-December 2017

SRV's **revenue** from business construction rose to EUR 198.8 (167.4) million. The order backlog grew in the review period particularly thanks to the Tampere Central Deck and Arena project, for which EUR 212.4 million was recognised.

■ REDI shopping centre

The REDI shopping centre is an SRV development project. In addition to SRV, the investor group includes Ilmarinen, OP Group and LocalTapiola. Construction work on the project is progressing on schedule. The parking facility is almost complete. The REDI shopping centre will open in autumn 2018 and leasing is proceeding as planned. By the end of January 2018, there were already binding lease agreements for more than 70 per cent of its 200-plus premises. Negotiations with prospective tenants are also currently ongoing for almost all of the remaining premises. The REDI shopping centre is expecting over 12 million visitors in its first full year of operation.

■ Tampere Central Deck and Arena

The Central Deck and Arena project will be built in the heart of Tampere on top of the railway station. It includes a multipurpose arena, residential towers, office and business premises, and a hotel. The agreements also include apartment buildings in Ranta-Tampella, which will be built separately. The Central Deck and Arena project will connect the eastern and western parts of Tampere, forming a new kind of hybrid block that combines housing, work and leisure. In addition, Finland's second casino will be built at the arena.

The implementation of the project was confirmed after the review period in January 2018, when all the terms and conditions of the agreements signed in October 2017 had been fulfilled. In addition, on 12 January 2018, the future owner of the multipurpose arena - a joint venture of SRV, LocalTapiola, OP Financial Group's insurance and pension insurance companies, and the City of Tampere - signed a financing agreement with Nordea, OP Tampere, Handelsbanken and LocalTapiola (Yritysrahoitus I Ky), the financiers of the arena.

The project schedule and total value have been specified as design has progressed. According to the current estimated schedule, Phase 1 consisting of the southern deck, arena and two tower buildings will be completed in 2022 and the whole project in 2024. The total value of the project has been specified to be about EUR 550 million, of which the Phase I investment agreement accounts for around EUR 340 million.

The share of Phase I agreements recognised in SRV's order backlog in 2017 amounts to about EUR 210 million. In addition, it is estimated that about EUR 130 million will be recognised in SRV's order backlog in 2018 when the final contract agreements are signed. Revenue will be recognised for the construction of Phase I during the period from 2018 to 2022. A proportion equivalent to SRV's holding is eliminated from the profit margin of construction.

■ Wood City

For many years, SRV has been developing Wood City in the Jätkäsaari neighbourhood 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 schedule of Wood City apartments will be specified in the first quarter of 2018 once the project partners have agreed on how the overall schedule is impacted by repairs of problems in the wood structures.

In October 2017, SRV and Supercell signed a conditional agreement for the purchase of an office building and car park in Wood City. The final contracts are required before the transaction can be completed, and it is expected that they will be signed in the first quarter of 2018. Construction work can be started in spring 2018 at the earliest. The final sale price will not be published. Investor and tenant negotiations for the Wood City hotel building are currently ongoing.

■ 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 Rusatom 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. The related negotiations on SRV's role are ongoing, and their content and schedule will be specified later.

The largest ongoing business construction projects

Project, location	SRV total contract value, EUR million	Project type	Completion level, %	Completion date (estimated)
DEVELOPMENT PROJECTS				
REDI, shopping centre and parking facility, Helsinki	390	Retail, parking	85	Q3/2018
Aleksintori/Karuselli, Kerava	*	Retail	45	Q4/2018
Tampere Central Deck and Arena, southern deck and infrastructure**	*	Public	6	Q3/2021
Tampere Central Deck and Arena, multipurpose arena and arena hotel**	*	Retail	0	Q3/2021
BUSINESS PREMISES				
Central Finland Hospital Nova, Jyväskylä	290	Public	20	Q3/2020
TAYS Etupiha, Tampere	170	Public	53	Q2/2019
Tapiola city centre (Phase 2), Espoo	100 +	Retail	11	Q1/2020
Aalto University, Espoo	76	Public	60	Q2/2018
Ring Road I, Keilaniemi, Espoo	49	Public	68	Q4/2018
Kaitaa metro station excavation, Espoo	32	Public	94	Q2/2018
Renovation of Lappeenranta University	31	Public	78	Q4/2018
HDC TeliaSonera, Helsinki	*	Industry	75	Q1/2018
New Children's Hospital, Helsinki	*	Public	85	Q4/2017– Q2/2018
Autokeskus Konala, Hki	*	Retail	21	Q2/2019
Jätkäsaari comprehensive school, Helsinki	23	Public	7	Q3/2019
Hotel Marriot, Tampere	*	Retail	0	Q2/2019

Situation as of 31 December 2017

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

**The total value of the Tampere Central Deck and Arena project is EUR 550 million.

Business premises projects to be recognised in the order backlog after the end of the review period

Project, location	SRV total contract value, EUR million	Project type	Agreement status	In order backlog (estimate)
BUSINESS PREMISES				
Wood City	*	Commercial	The final contracts are required before the transaction can be completed, and it is expected that they will be signed in the first quarter of 2018.	Q1/2018
Siltasairaala hospital, Helsinki	243	Public	In January 2018, HUS decided to start the Siltasairaala Hospital implementation phase with SRV. The project will be recognised in SRV's order backlog valued at its target budget of EUR 243 million.	Q1/2018
Expansion of the Helsinki Airport and renovation of Terminal 2, Vantaa	**	Commercial	SRV has been selected to participate in an alliance project for the expansion of Helsinki Airport and alteration works in the area in front of its Terminal 2 (6/2017). The plans will be implemented if Finavia decides to go ahead with the investment.	H2/2018

**The total value of the project has not been disclosed.*

***It is intended that the project development phase and its implementation, if greenlit, will be carried out using the alliance model, which has become common in Finland. The total value of the project will be determined during the development phase.*

International Operations

SRV's International Operations currently largely comprise the management of shopping centres in Russia.

Business environment

Economic growth in Russia finally recovered last year. Russia's GDP is still growing, but at a slow rate. The Bank of Finland Institute for Economies in Transition BOFIT predicts that Russia's GDP will grow by about 1.5 per cent this year, with the price of oil remaining at around its current level. Growth is driven by domestic private demand and the recovery of foreign trade. Russia's growth is expected to continue to be slow in the next few years. In the short term, the price of oil poses the key risk to economic development, as its variations may slow down or accelerate growth compared to the forecast.

Although favourable developments in the price of oil have strengthened the Russian economy, oil price fluctuations and geopolitical tensions continue to cause uncertainty. The rouble exchange rate weakened significantly in early 2017, but has since improved and was around 68-69 roubles at the turn of the year. Pressures on the nominal exchange rate of the rouble have decreased, as the price of oil is expected to remain at around its current level and the outflow of capital from the country has waned. Inflation has declined rapidly and is significantly below the central bank's target of 4 per cent. This anticipates future interest rate decreases, which supports the domestic market. (Source: Bank of Finland Institute for Economies in Transition BOFIT, OP business cycle forecast. January 2018)

International Operations (EUR million)	1-12/ 2017	1-12/ 2016	change	change, %	10-12/ 2017	10-12/ 2016
Revenue	18.0	52.4	-34.4	-65.7	2.3	9.4
Percentage of associated companies' profits	-13.0	8.0	-21.0		-1.3	8.7
- of which exchange rate gains/losses	-9.2	10.1	-19.3		-0.7	9.6
Hedging expenses	-2.5	-8.8	6.3		-2.1	-8.8
Operative operating profit *)	-6.7	-5.5	-1.2		-2.3	-3.6
Operative operating profit, %	-37.4	-10.5			-100.9	-37.9
Operating profit	-18.4	-4.2	-14.2		-5.2	-2.8
Operating profit, %	-102.3	-7.9			-222.5	-29.4
Order backlog	21.2	32.4	-11.1	-34.4		
*) net effect of currency exchange fluctuations	-11.7	1.3	-13.0		-2.8	0.8

January-December 2017

Revenue from International Operations in 2017 decreased to EUR 18.0 (52.4) million and accounted for about two per cent of the Group's revenue. This decrease was expected, as the bulk of the revenue of International Operations in 2016 was generated by the construction of the Okhta Mall and 4Daily shopping centres. The Okhta Mall opened its doors in St Petersburg in August 2016 and 4Daily opened in Moscow in April 2017. SRV's revenue for January-December mainly comprises finishing work for 4Daily, interior decoration for tenant premises in the Okhta Mall and sales of housing in two apartment buildings in Vyborg.

Operative operating profit from International Operations decreased to EUR -6.7 (-5.5) million. The occupancy rates and rental income of the shopping centres owned by associated companies improved, but earnings were burdened by the fact that management and financing expenses after opening were higher than income. The Okhta Mall shopping centre was opened in St Petersburg in 2016 and the 4Daily shopping centre in Moscow in 2017. During the construction phase, interest expenses on loans are capitalised, but once the shopping centres are completed the interest expenses are presented in full in the result of the company that owns the property.

Operating profit from International Operations decreased to EUR -18.4 (-4.2) million. Operating profit was decreased particularly by the weaker rouble exchange rate; exchange rate movements had a net impact of EUR -11.7 (1.3) million. The exchange rate impact is caused by the conversion of euro-denominated loans to roubles and because of the hedging expenses. Exchange rate differences with no impact on cash flow vary in each interim report in line with fluctuations in the exchange rate of the rouble. In January-

December 2016, SRV's primary operating currency in Russia was still the euro. However, 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 switched to the rouble in September 2016. This accounting change makes SRV more susceptible to fluctuations in the rouble exchange rate.

SRV's **share in its associated companies'** profit, which is included in operating profit, was EUR -13.0 (8.0) million. A weaker rouble exchange rate was the main reason for the lower profits generated by associated companies. A positive aspect of the results of the associated companies is that the operating result of the associated company that owns Pearl Plaza has improved thanks to, for instance, lease agreements that have been renewed under better terms.

The **order backlog** for International Operations fell to EUR 21.2 (32.4) million, as no new projects were launched.

October-December 2017

The revenue from International Operations fell to EUR 2.3 (9.4) million in the October–December period. Operating profit was EUR -5.2 (-2.8) million. Operating profit was impacted particularly by the weaker rouble, which had an impact of EUR -2.8 (0.8) million.

Shopping centres

■ Pearl Plaza, St Petersburg

Visitor numbers and total sales at Pearl Plaza, SRV's shopping and entertainment centre in St Petersburg, continued to rise throughout 2017. The shopping centre has broken visitor records several times, with no less than a 10 per cent rise in visitors during 2017 compared with the previous year. In December, the shopping centre set a new record with 900,000 visitors. Christmas sales provided a particular boost to the visitor numbers.

Pearl Plaza is also performing excellently with respect to the leasing of the premises, as it has been fully leased almost continuously. When the shopping centre opened in August 2013, fixed-term contracts of 3-5 years were signed with most tenants, and some of these have now expired or are about to expire. It was possible to improve the terms and conditions of these agreements on their renewal thanks, for instance, to the constant improvement in sales and visitor numbers at the shopping centre. Many renewal negotiations for lease agreements will be held in 2017 and 2018. It has also been possible to reduce the number of temporary rent discounts that were previously granted. In January-December, Pearl Plaza's monetary sales increased by 12 per cent (in terms of roubles).

■ Okhta Mall, St Petersburg

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. Okhta Mall opened its doors in August 2016 and has been SRV's major project in St Petersburg over the last few years.

Considering the numerous challenges that have been faced in the Russian shopping centre market in recent years, the leasing of premises in Okhta Mall has proceeded according to plan. The shopping centre's occupancy rate stood at about 84 per cent at the end of December, and agreements for a further three per cent of leasable premises are about to be signed. The Okhta Mall is expected to be fully leased by the end of 2018.

About 75 per cent of its stores were open at the end of December. That figure rose significantly when the KARO cinema opened its doors to film goers in August. KARO has leased about 10 per cent (7,000 m²) of the Okhta Mall's commercial floor area, and it has boosted visitor numbers. In September, the fashion stores UNIQLO (1,400 m²) and New Yorker (1,200m²) were also opened in prime locations in the shopping centre.

Okhta Mall saw a record high number of visitors in December, when the shopping centre broke the 700,000 visitors per month mark for the first time.

■ 4Daily, Moscow

The 4Daily shopping centre opened its doors in Moscow in April 2017. 4Daily is the only shopping centre to open in Moscow in 2017.

About 64 per cent of the centre's 25,500 square metres of premises have been leased, with reservations and letters of intent signed for about 13 per cent (12/2017). The shopping centre's anchor tenant is the Russian company Miratorg, whose new concept store is targeted at the middle-class in particular. Other major tenants include Ohana Fitness and the clothing stores Nataly and Tsenopad, and the Zamania entertainment centre. About 55 per cent of its stores are open.

■ Other projects

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. 86 per cent of the premises had been leased by the end of December.

The most significant completed projects

Site	Holding, %	Opened	Floor area (m ²)	Occupancy rate 12/2017, %
Pearl Plaza, shopping centre, St Petersburg	SRV 50 Shanghai Industrial Corporation 50	August 2013	Gross floor area 96,000 Leasable area 48,000	Binding lease agreements 100
Okhta Mall, shopping centre, St Petersburg	SRV 45 Russia Invest 55 *	August 2016	Gross floor area 144,000 Leasable area 78,000	Binding lease agreements 84 Letters of intent and reservations 3
4Daily, shopping centre, Moscow	Vicus 26.26 SRV 18.68 Blagosostoyanie 55.06	April 2017	Gross floor area 52,000 Leasable area 25,500	Binding lease agreements 64 Letters of intent and reservations 13

*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

■ Papula, Vyborg

SRV is building apartment blocks in the Papula district in northern Vyborg. All of the apartments in the first phase, which comprises two apartment buildings, have been sold. Both of the apartment buildings in the second phase were completed in January 2017. Of the 110 apartments, 82 had been sold or reserved by the end of December.

Outlook for operations in Russia

In Russia, SRV is focusing on leasing and managing already completed locations, and developing its management operations. The shopping centre market still holds great potential, as the rouble's weak exchange rate means that foreign travel has declined among the middle-class, and consumption is therefore focused on Russia. In relation to its population, Russia does not have many modern shopping centres. For example, there are twice as many shopping centres per inhabitant 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, marketing and managing premises in completed shopping centres.

Activity in the Russian real estate market is picking up after several quiet years and many large property deals were made in Russia in 2017.

SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows. Stable rental income is usually reached 3–4 years after opening. For instance, the rental income of Pearl Plaza, which was opened in 2013, is now stable. In February 2018, SRV announced that it is investigating the possible sale of the Pearl Plaza shopping centre in St Petersburg and has discussed the matter at events after the end of the review period.

Group project development

In accordance with its strategy, SRV is focusing on improving profitability. Development and developer-contracted projects are by far the best way to improve the profitability of operations, as they generally yield a better margin than traditional contracting. Projects based on SRV's own development efforts target growth centres and, in the Greater Helsinki Area, particularly locations close to rail transport.

Projects close to rail transport

The Greater Helsinki Area metro has been expanded to run from Ruoholahti to Espoo via Lauttasaari. In the first phase of the Western Metro, a 14-km rail line was completed from Ruoholahti to Matinkylä, with eight new stations. SRV has numerous projects along the route of this metro line. The Western Metro completion schedule has been revised during the project. Even though the schedule has fallen behind due to factors beyond SRV's control, areas next to the metro line are currently being designed and built. For example, SRV has built the Koivusaari metro station and excavated both the Otaniemi metro tunnel and the Kaitaa station and rail line. In addition, SRV is building and planning many projects around the stations.

■ 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, plus park-and-ride spaces. Construction will begin once zoning has been completed – current estimate 2019-2020 – and the Metro Centre is scheduled for completion by the time the Western Metro extension is opened. The city plan proposal for the area was put on display in August 2017.

■ Espoonlahti

Apartments covering approximately 100,000 square metres of floor area will be built next to the future Espoonlahti metro station (Espoonlahden keskus/Mårtensbro). SRV is seeking a holding of around 30 per cent. This is currently a planning reservation. The City of Espoo has leased the plot to serve as provisional premises for the Lippulaiva shopping centre until 2020. The plan for the Espoonlahti Centre came into force in March 2017.

■ Keilaniemi

SRV is moving 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, which SRV is currently implementing.

As part of the overall plan, Espoo City Board's Trade and Competitiveness Division decided in spring 2016 to sell two residential plots in Keilaniemi to SRV. Preliminary contracts on the sale of these plots were signed in May 2016. On 18 October 2017, the Administrative Court of Helsinki dismissed a complaint made about the sale of the plots. A complaint was then lodged with the Supreme Administrative Court.

If realised, the Keilaniemi residential towers would be the tallest residential buildings in Finland, with the tallest soaring to a height of almost 145 metres. SRV has not as yet made a final decision on the construction of the towers.

■ Raide-Jokeri Vermonniitty

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 Vermonniitty station in cooperation with SATO and Ilmarinen. A total of almost 2,000 housing units will be built on the plot. Construction and sales of the first residential building, Piruetti, have begun. SRV also has a planning reservation for the Säterintorni plot, where the company plans to build housing and an office building. The design of Säterinkallionkulma in Leppävaara progressed after the end of the review year, when the Espoo City Planning Committee reviewed the proposed city plan in January 2018. The city is planning housing for about 800 people in Säterinkulma.

Other projects

■ Lapinmäentie

The Lapinmäentie project in Munkkivuori, Helsinki, is progressing well. SRV is continuing to develop the area in accordance with the city plan approved in August 2016. Seven new residential towers are planned for the area in addition to the existing Tower A, which will remain. It is planned that the new residential towers will contain over 700 apartments; the construction of 200 of these units is intended to begin in summer 2018. Different concepts are currently being considered for Tower A, and it may contain shops,

services and office space. The demolition permit for the Pohjola building came into force in December and demolition work is currently ongoing.

■ Bunkkeri in Jätkäsaari

SRV is highly involved in revitalising the Jätkäsaari district of Helsinki. It is intended that Bunkkeri will be a 13-storey landmark in Jätkäsaari, featuring 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 was approximately EUR 23 million. SRV has a building permit for the fitness facilities. It was intended that the Bunkkeri fitness facilities would be leased to the City of Helsinki, with the handover scheduled for May 2019. The first residential units were intended to be completed in 2019.

A time-out was called on the development of Bunkkeri in autumn 2017, when the Administrative Court of Helsinki overturned an acquisition decision that had been made in April 2016 concerning the sale of Bunkkeri to SRV. The Administrative Court held that the deal did not constitute a public procurement, but a real estate transaction. On 21 December 2017, the City of Helsinki announced that the city had decided to continue negotiations about Bunkkeri with SRV and is preparing the project as a real estate transaction.

Land reserves 31 December 2017	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights ¹⁾ , 1,000 m ²	133	256	702	1,091
Land development agreements				
Building rights ¹⁾ , 1,000 m ²	114	196	0	310

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 declined by about 83,000 m² (-7%) compared to 31 December 2016.

Financing and financial position

IFRS, EUR million	31 December 2017	31 December 2016	Change, %
Equity ratio, %	35.5	38.3	-7.4
Gearing ratio, %	105.0	83.4	25.9
Shareholders' equity	283.4	295.3	-4.0
Invested capital	604.5	596.2	1.4
Net interest-bearing debt	297.6	246.3	20.8
Interest-bearing debt	321.1	300.9	6.7
- of which short-term	150.3	73.7	103.9

- of which long-term	170.8	227.2	-24.8
Cash and cash equivalents	23.5	54.6	
Unused binding liquidity limits and account limit agreements	122.0	122.0	0.0
Unused project loans that can be drawn immediately	18.0	47.5	-62.1

At the end of the reporting period, the Group's financing reserves totalled EUR 163.5 million with the Group's cash and cash equivalents amounting to EUR 23.5 million. Unused committed liquidity facilities, account limit agreements and undrawn project loans amounted to EUR 140.0 million. In addition, EUR 31.5 million uncommitted limits of the EUR 100 million commercial paper programme remains unused.

In June 2017, SRV signed a long-term, binding liquidity arrangement of EUR 100 million with a Nordic banking syndicate. This replaces the syndicated credit limit agreement of 2014. The same banking syndicate is also arranging the new liquidity arrangement. The new loan arrangement matures on 16 June 2020. SRV has started preparations to refinance the EUR 75 million bond maturing towards the end of 2018.

SRV's financing agreements contain standard covenants. The financial covenants are equity ratio (also based on percentage of completion), gearing, 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.

Net interest-bearing debt totalled EUR 297.6 (246.3) million at the end of the review period. Net interest-bearing debt saw year-on-year growth of EUR 51.3 million. Housing corporation loans account for EUR 56.1 (42.1) million of the interest-bearing liabilities. Cash flow from operating activities was EUR -32.5 (31.1) million and net cash flow from investing activities was EUR -8.5 (-39.4) million. In particular, plot acquisitions and an increase in incomplete production in Finland had an unfavourable impact on net cash flow from operating activities.

The cash flow from financing activities for the comparison period was impacted by the renewal of the hybrid loan in 2016 and the withdrawal of a new EUR 100 million bond.

Net financial expenses since the beginning of the year totalled EUR -12.4 (-11.3) million. Net financial expenses were impacted by the positive fair value revaluation of a ten-year interest rate hedge by EUR 1.9 (-4.7) million and the capitalisation of interest on incomplete production. 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. EUR 1.5 (2.0) million in interest expenses have been capitalised in accordance with IAS 23 since the beginning of the year. Exchange rate losses in financial expenses totalled EUR -2.1 (3.8) million.

SRV's investment commitments totalled EUR 81.9 (31.2) million, and mainly consisted of investments in Fennovoima's Hanhikivi-1 project and the Tampere Central Deck and Arena project.

The operating currency for SRV's property companies in Russia was changed from the euro to the rouble during 2016. This means that subsidiaries and associated companies that operate in the Russian property business and had previously been using the euro now use the rouble as their operating currency. This

accounting change makes SRV more susceptible to fluctuations in the rouble exchange rate through translation differences. The weakening rouble led to translation differences of EUR -8.1 (15.2) million, which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate losses of EUR -2.1 (3.8) million in financial income and expenses, the Group also entered similarly derived currency exchange rate losses of EUR -9.2 (10.1) million with no cash flow impact under the profit accounted for by associated companies, which are due primarily to the conversion of currency-denominated loans to roubles. Currency exchange rate losses were increased by EUR -2.5 million (EUR -8.8 million) in hedging expenses.

Personnel

Personnel by business area	31 December	31 December	Percentage of
	2017	2016	Group personnel, 31 December 2017, %
Operations in Finland	853	806	77
International Operations	156	181	14
Other operations	99	94	9
Group, total	1,108	1,081	100

The number of people employed by SRV has seen growth. SRV employed 1,134 people (1,089) on average in 2017. At the end of the year, 853 (806) of these worked in Operations in Finland and 156 (181) in International Operations. 99 (94) people worked in Group operations and SRV Kalusto. 24 per cent of SRV's personnel were women and 76 per cent men.

HR work in 2017 focused on occupational wellbeing, training and quality of management. SRV was on of the Finland's Most Inspiring Workplaces for the third time running. The company intends to rise into one of the top companies. Delightfully, the personnel survey response rate rose to 82.1 per cent and the results across the board were clearly higher than the norm for salaried employees.

Risks, risk management and corporate governance

SRV will publish a separate Corporate Governance Statement in its 2017 Annual Report and on the company's website. Detailed information about the company's business risks and risk management is provided in the 2017 Notes to the Financial Statements and 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.

In its Russian business, fluctuations in the rouble exchange rate expose SRV to translation and transaction risks. A ten per cent weakening or strengthening of the rouble against the euro at the reporting date would have had an impact of about EUR 11 million on the Group's equity translation differences. SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV. In order to reduce exchange rate risks, the company intends to convert a substantial share of the loans of associated companies to roubles in the first half of 2018, and to hedge the remaining exchange rate risk in accordance with the hedging policy approved by the Board of Directors. A 10 per cent change in the exchange rate would correspondingly have an impact of about EUR 13 million on SRV's earnings.

In order to improve comparability in the case of actual earnings, as from 20 July 2017 SRV has adopted the new concept of “operative operating profit”. It differs from the IFRS definition of operating profit in that it eliminates the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts.

Corporate governance and the decisions of the Annual General Meeting

The Annual General Meeting (AGM) of SRV Group Plc was held on 23 March 2017. The AGM adopted the Financial Statements and granted release from liability to the members of the Board of Directors and the President & CEO for the financial year 1 January–31 December 2016.

Dividends paid

As proposed by the Board of Directors, a dividend of EUR 0.10 per share was approved. The record date was 27 March 2017 and the dividend was paid on 3 April 2017.

The Members and Chair of the Board of Directors

The AGM verified that the Board of Directors shall have six (6) members. **Minna Alitalo, Olli-Pekka Kallasvuo, Ilpo Kokkila**, and **Timo Kokkila** were re-elected to the Board of Directors. **Juhani Elomaa** and **Juhani Hintikka** were elected as new members. Ilpo Kokkila was elected as Chair of the Board.

Auditor

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 2018 Annual General Meeting. PricewaterhouseCoopers Oy has announced that **Samuli Perälä**, Authorised Public Accountant, will serve as chief auditor.

Authorisation to decide on the acquisition of treasury 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 was authorised to acquire a maximum of 6,049,957 of the company's own shares in such a manner that the number of shares acquired on the basis of this authorisation, when combined with the shares already owned by the company and its subsidiaries, does not at any given time exceed 6,049,957 shares, or 10 per cent of all shares of the company. Based on 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 SRV shares issued on the basis of incentive schemes to individuals employed by SRV Group, either without consideration or for no more than the price at which an individual within the sphere of an incentive scheme is obliged to convey a share, such that the maximum number of acquired shares nevertheless remains at 6,049,957.

The aforementioned authorisations include the right to acquire shares other than in proportion to the holdings of shareholders. Shares acquired on the basis of this authorisation may be acquired in one or several instalments.

Treasury shares can be acquired for use 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 AGM's decision and cancel the authorisation granted by the AGM to the Board of Directors on 22 March 2016. The Board of Directors shall decide on all other terms relating to the acquisition of shares.

Amendment to the Articles of Association

In accordance with the Board of Directors' proposal, Section 8 of the company's Articles of Association was amended as follows:

Section 8 The company's auditor must be a firm of Authorised Public Accountants approved by the Finnish Patent and Registration Office, and the chief auditor must be an Authorised Public Accountant. The auditor's term of office runs until the end of the following Annual General Meeting.

The organisation of SRV Group Plc's Board of Directors and the composition of its Committees

SRV Group Plc's Board of Directors held its organisational meeting on 23 March 2017. **Olli-Pekka Kallasvu** was selected as Vice Chair of the Board of SRV Group Plc. **Minna Alitalo** was elected as Chair and **Juhani Elomaa** and **Timo Kokkila** as members of the Audit Committee. **Ilpo Kokkila** was elected Chair and **Juhani Hintikka** and **Olli-Pekka Kallasvu** as members of the HR and Nomination Committee.

SRV Group Plc allocated treasury shares as part of a multi-year incentive scheme.

On 2 February 2017, SRV Group Plc decided to allocate a total of 206,476 of its treasury shares to members of its share-based incentive scheme without consideration and in accordance with the terms and conditions of the scheme. The earnings period for the scheme was the calendar years 2014–2016.

The allocation of shares using a directed share issue without payment was based on the authorisation given by the Annual General Meeting of SRV Group Plc on 22 March 2016. Further information about the share-based incentive scheme can be found in a stock exchange release published on 20 February 2014.

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 7,158 shareholders on 31 December 2017.

The closing price at OMX Helsinki on 31 December 2017 was EUR 3.60 (EUR 5.43 on 31 December 2016, change -33.7%). The highest share price during the review period was EUR 5.74 and the lowest EUR 3.52. At the end of the period, SRV's equity per share excluding the hybrid bond was EUR 4.03. On 31 December 2017, the company had a market capitalisation of EUR 214.5 million, excluding the Group's treasury shares. 6.4 million shares were traded during the review period with a trade volume of EUR 29.3 million.

At the end of December, the Group held 918,599 shares (1.5 per cent of the total number of the company's shares and votes). During 2017, SRV Group Plc has surrendered 206,476 treasury shares to implement its share-based incentive scheme.

Financial objectives

SRV's strategy and all of its operations are guided by the 2018–2022 strategic financial objectives that were approved in February 2018:

- After a phase of rapid revenue growth, SRV primarily seeks to increase annual operative operating profit.
- The operative operating profit margin of construction will rise to 8 per cent. Of this objective, 6 per cent will arise from construction margin and 2 per cent from shopping centre rental income as part of associated company holdings.
- Return on equity will be at least 15 per cent by the end of the strategy period
- Return on investment will rise to at least 12 per cent by the end of the strategy period
- The equity ratio will remain above 35 per cent
- The long term objective is to distribute dividend of 30-50 per cent of the annual result, taking into account the capital needs of business operations.

The achievement of these strategic objectives will be based on moderate but steady economic growth in Finland, and Russia's economy stabilising at a slightly stronger level. Growth in SRV's developer-contracted projects is also required. SRV seeks to divest shopping centres that are in the management phase when the market situation allows. SRV will continue to develop projects in Russia that can be launched when the Group's capital structure allows and the financial criteria of the properties are fulfilled.

Reaching the profitability targets requires not only boosting the efficiency of the company's own operations, but also the more prudent selection of new projects with regard to profitability and capital commitment.

Outlook for 2018

In addition to general economic trends, SRV's revenue and result in 2018 will be affected by several factors, such as: the trend in the exchange rate of the rouble; 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. SRV's largest project is the REDI project in Kalasatama.

Fewer developer-contracted housing units will be completed in 2018 than in the comparison year. It is estimated that 526 housing units will be completed in 2018 (782 in 2017). Although housing will be completed on a steadier schedule in 2018 than in the comparison year, a significant part of operating profit will still be made in the second half of the year. In addition, earnings in 2018 will be impacted by the lower-than-expected margins of certain ongoing projects.

Full-year consolidated revenue and operative operating profit for 2018 are expected to decrease compared with 2017 (revenue EUR 1,116.1 million and operative operating profit EUR 28.7 million). After 2018, an atypical year, the company anticipates that it will achieve its strategic earnings level by the end of 2022.

Proposal for the distribution of profits

The parent company's distributable funds on 31 December 2017 are EUR 169,838,837.83, of which net profit for the financial year is EUR 4,599,761.17.

The Board of Directors proposes to the Annual General Meeting that distributable funds be disposed of as follows:

A dividend of EUR 0.06 per share be paid to shareholders, or EUR 3 629 974.50.

The amount to be transferred to shareholders' equity is EUR 166 208 863.33.

No material changes have taken place in the company's financial position after the close of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not compromise the company's solvency.

Events after the period

- On January 12 2018, the implementation of the Central Deck and Arena, a project developed by SRV in the heart of Tampere was confirmed in January 2018. Construction work has begun in the vicinity of the Tampere railway station. At the same time, the project schedule and total value were specified. Central Deck and Arena is valued at a total of about EUR 550 million and its final sections are currently scheduled to be completed in 2024. The investment agreement for Phase I of the project accounts for about EUR 340 million of the total value. SRV, LocalTapiola and OP Financial Group's insurance and pension insurance companies comprise the project investor group, with equal shareholdings.
- On 5 January 2018, the Hospital District of Helsinki and Uusimaa HUS decided to start up the implementation phase of the Siltasairaala Hospital with SRV. Construction work on the site in Meilahti, Helsinki, started at the beginning of 2018. It is the largest construction project in the history of HUS. The Siltasairaala project will be recognised in SRV's order backlog valued at its target budget of EUR 243 million.
- On 6 February 2018, SRV's Board of Directors has decided to investigate the possible sale of the Pearl Plaza shopping centre in St Petersburg with the other owner of the centre, the Chinese company Shanghai Industrial Investment Holdings. SRV does not express detailed views about the probability, date or target price of the potential sale. The refinancing of Pearl Plaza was completed in February 2018 when the real estate company that owns the shopping centre signed a largely rouble-denominated ten-year loan agreement valued at about EUR 95 million. The previous Pearl Plaza loan agreement was denominated in euros. SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV, and thus the new Pearl Plaza loan agreement reduces the risk posed by changes in the rouble exchange rate.

General Meeting

It is planned that the Annual General Meeting of SRV Group Plc will be held on 20 March 2018. The Annual General Meeting will deal with the matters specified in Article 11 of the Articles of Association and any other Board proposals. The Board of Directors will decide on the notice of meeting and the proposals to be included therein at a later date.

15 February 2018, Espoo
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	1-12/ 2017	1-12/ 2016	10-12/ 2017	10-12/ 2016
Revenue	1 116.1	884.1	339.3	328.7
Operative operating profit ^{*) 1)}	28.7	26.3	14.2	15.4
Operative operating profit, % revenue ¹⁾	2.6	3.0	4.2	4.7
Operation profit	17.1	27.7	11.4	16.2
Operation profit, % revenue	1.5	3.1	3.4	4.9
Profit before taxes	4.6	16.4	9.3	19.4
Profit before taxes, % of revenue	0.4	1.8	2.8	5.9
Net profit attributable to equity holders of the parent company	6.0	13.9	11.3	16.4
Return on equity, %	2.0	5.0		
Return on investment, %	3.4	6.1		
Return on investment, construction % ¹⁾	8.1	9.2		
Return on investment, real estate development % ¹⁾	-4.8	0.2		
Invested capital	604.5	596.2		
Invested capital, construction ¹⁾	276.6	247.0		
Invested capital, real estate development ¹⁾	327.9	349.2		
Equity ratio %	35.5	38.3		
Net interest-bearing debt	297.6	246.3		
Gearing ratio, %	105.0	83.4		
Order backlog	1 547.9	1 758.5		
New agreements	771.4	1 013.1	313.0	183.2
Personnel on average	1 134	1 089		
Earnings per share	0.05	0.15	0.18	0.26
Earnings per share (diluted)	0.05	0.15	0.18	0.26
Equity per share	4.78	5.00		
Equity per share (without hybrid bond), euros	4.03	4.25		
Dividend per share, euros	0.10	0.10		
Dividend payout ratio, %	209.9	67.6		
Dividend yield, %	2.8	1.8		
Price per earnings ratio	75.6	36.7		
Share price development:				
Share price at the end of the period, eur	3.60	5.43		
Average share price, eur	4.60	4.07		
Lowest share price, eur	3.52	2.60		
Highest share price, eur	5.74	5.58		
Market capitalisation at the end of the period	214.5	322.4		
Trading volume, 1 000 units	6 362	6 355		
Trading volume, %	10.7	10.7		
Weighted average number of shares outstanding during the period, 1 000 units	59 540	59 349		
Weighted average number of shares outstanding during the period (diluted) 1 000 units	59 540	59 576		
Number of shares outstanding at the end of the period, 1 000 units	59 581	59 375		
*)Effect of currency exchange fluctuations	-11.7	1.3	-2.8	0.8

¹⁾ Alternative performance measures used in financial reporting

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 in the next page. In the company's view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

SRV has added key figures for operative operating profit and operating profit margin to the financial statement release

The key figure for operative operating profit is considered to provide a better picture of the Group's operations when comparing the reported period to earlier periods. In accordance with IFRS, the currency exchange rate gains and losses of associated companies as well as income and expenses from hedging are eliminated from operating profit. The currency exchange rate gains and losses of associated companies are included above operating profit on the line "share of results of associated companies". Income and expenses from currency hedging are included above operating profit on the line "other operating expenses".

SRV has added the capital invested in the construction and property development businesses to its financial statement release, as well as the returns on these investments

By nature, SRV's businesses consist of construction and related property development, as well as investment in SRV's own projects. As these two businesses differ in nature, the company considers it justified to begin providing additional information about the capital invested in these and the return on investment. The construction business includes all of the capital required for construction and developer contracting for housing production, as well as the required plots of land. The property development business consists of projects for commercial premises in which the company is an investor, and the primary intention is to sell the projects several years after construction is complete and the property has attained a normal occupancy rate and standard. The property development operations report on commercial premises that are under development and completed and where the company acts as a longer-term investor. Plots that the company will develop itself and where the expected return will arise from the development are also reported as part of property development.

All of the relevant balance sheet items have been allocated to operations, as well as the operating expenses. The Group consists of these businesses calculated together, taking into consideration the construction balance sheet elimination between them. This division of the businesses aptly describes the company's capital requirements and profitability levels.

Construction generates a stable operating profit, the requirement for invested capital is lower and the turnover rate is higher. Property development ties up more capital for a longer period. In the construction business, revenue and profit are realised more rapidly than in the property business, where profits are usually only obtained when the sites are sold off.

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Calculation of key figures

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

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Group and Segment information by quarter

SRV Group	10-12/	7-9/	4-6/	1-3/	10-12/	7-9/	4-6/	1-3/
EUR million	2017	2017	2017	2017	2016	2016	2016	2016
Revenue	339.3	268.3	284.8	223.7	328.7	193.1	218.5	143.8
Operation profit	11.4	7.7	-9.3	7.3	16.2	7.3	4.1	0.0
Financial income and expenses, total	-2.0	-4.4	-6.0	0.0	3.2	-3.4	-5.6	-5.6
Profit before taxes	9.3	3.3	-15.3	7.3	19.4	3.9	-1.5	-5.5
Order backlog ¹⁾	1 547.9	1 535.7	1 594.6	1 722.0	1 758.5	1 888.1	2 021.6	1 572.1
New agreements	313.0	162.6	140.5	155.4	183.2	54.9	648.6	126.5
Earnings per share, eur	0.18	0.04	-0.26	0.09	0.26	0.04	-0.04	-0.11
Equity per share, eur ¹⁾	4.03	3.88	3.84	4.32	4.25	3.81	3.71	3.71
Share closing price, eur ¹⁾	3.60	4.41	4.99	4.40	5.43	4.40	4.00	3.53
Equity ratio, % ¹⁾	35.5	34.0	33.5	36.4	38.3	37.8	36.9	36.7
Net interest-bearing debt ¹⁾	297.6	338.7	310.3	311.0	246.3	285.0	291.2	247.2
Gearing, % ¹⁾	105.0	123.4	114.4	103.4	83.4	99.7	103.1	87.5

1) at the end of the period

Revenue	10-12/	7-9/	4-6/	1-3/	10-12/	7-9/	4-6/	1-3/
EUR million	2017	2017	2017	2017	2016	2016	2016	2016
Operations in Finland	337.0	263.7	277.8	219.3	319.3	180.9	200.4	131.5
- business construction	198.8	173.5	181.1	164.4	167.4	141.4	143.8	106.9
- housing construction	138.1	90.2	96.8	54.8	151.9	39.5	56.6	24.6
International Operations	2.3	4.2	7.0	4.4	9.4	12.1	18.4	12.4
Other operations and eliminations	0.0	0.4	0.0	0.0	-0.1	0.0	-0.3	0.0
Group, total	339.3	268.3	284.8	223.7	328.7	193.1	218.5	143.8
Operating profit	10-12/	7-9/	4-6/	1-3/	10-12/	7-9/	4-6/	1-3/
EUR million	2017	2017	2017	2017	2016	2016	2016	2016
Operations in Finland	18.4	10.2	6.7	5.0	21.8	6.6	7.6	2.2
International Operations	-5.2	-2.4	-14.0	3.2	-2.8	1.2	-1.5	-1.1
Other operations and eliminations	-1.8	-0.1	-2.1	-0.8	-2.8	-0.4	-2.0	-1.1
Group, total	11.4	7.7	-9.3	7.3	16.2	7.3	4.1	0.0
Operating profit (%)	10-12/	7-9/	4-6/	1-3/	10-12/	7-9/	4-6/	1-3/
	2017	2017	2017	2017	2016	2016	2016	2016
Operations in Finland	5.5	3.9	2.4	2.3	6.8	3.6	3.8	1.7
International operations	-222.5	-57.5	-199.6	71.3	-29.4	9.5	-8.0	-8.6
Group, total	3.4	2.9	-3.3	3.3	4.9	3.8	1.9	0.0

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Order backlog EUR million	31.12.17	30.9.17	30.6.17	31.3.17	31.12.16	30.9.16	30.6.16	31.3.16
Operations in Finland	1 526.7	1 513.9	1 570.7	1 691.3	1 726.1	1 851.3	1 972.6	1 511.7
- business construction	920.3	850.6	950.0	1 057.7	1 163.5	1 293.8	1 426.6	972.9
- housing construction	606.4	663.3	620.7	633.7	562.6	557.5	546.0	538.9
International operations	21.2	21.7	23.9	30.6	32.4	36.8	49.0	60.3
Group, total	1 547.9	1 535.7	1 594.6	1 722.0	1 758.5	1 888.1	2 021.6	1 572.1
- sold order backlog	1 273	1 251	1 309	1 437	1 482	1 623	1 720	1 269
- unsold order backlog	275	284	286	285	276	265	301	303

Order backlog, housing construction in Finland								
EUR million	31.12.17	30.9.17	30.6.17	31.3.17	31.12.16	30.9.16	30.6.16	31.3.16
Negotiation and construction contracts	179	195	166	196	193	122	107	115
Under construction, sold	161	195	180	164	105	181	150	134
Under construction, unsold	241	241	232	243	222	227	251	249
Completed and unsold	25	34	43	30	43	28	37	40
Housing construction, total	606	663	621	634	563	557	546	539

Invested capital								
EUR million	31.12.17	30.9.17	30.6.17	31.3.17	31.12.16	30.9.16	30.6.16	31.3.16
Operations in Finland	368.4	383.2	347.6	342.9	333.0	364.5	357.0	324.6
International operations	241.7	239.5	241.4	270.1	250.8	227.3	224.7	217.4
Other operations and	-5.6	12.1	28.0	40.0	12.4	16.9	46.0	110.7
Group, total	604.5	634.9	617.0	653.0	596.2	608.7	627.7	652.7

Housing production in Finland (units)	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Housing sales, total	253	543	475	356	681	335	151	93
- sales, developer contracting	208	249	260	266	151	165	100	93
- sales, negotiation contracts ²⁾	45	294	215	90	530	170	51	0
Developer contracting								
- start-ups	172	248	316	282	199	52	148	55
- completed	319	200	221	42	420	0	53	30
- recognized in revenue	362	213	174	76	389	26	58	26
- completed and unsold ¹⁾	68	111	124	77	111	80	106	111
Under construction, total ¹⁾	3 254	3 346	3 098	2 894	2 696	2 443	2 082	1 830
- construction contracts ¹⁾	504	424	458	586	441	319	138	138
- negotiation contracts ¹⁾	293	363	472	164	441	619	661	555
- negotiated contracts ^{1) 2)}	1 385	1 340	997	1 068	978	448	278	227
- developer contracting ¹⁾	1 072	1 219	1 171	1 076	836	1 057	1 005	910
- of which sold ¹⁾	602	756	720	634	444	681	543	502
- of which unsold ¹⁾	470	463	451	442	392	376	462	408

1) at the end of the period

2) investor sales, under negotiation contracts

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SRV GROUP PLC THE FINANCIAL STATEMENTS, 1 JANUARY–31 DEC 2017: TABLES

- 1) Accounting principles
- 2) Consolidated income statement and consolidated statement of comprehensive income
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1) The Financial Statements Report 1 January – 31 December 2017

Accounting principles

This Financial Statements has been prepared in accordance with the IAS standard 34, Interim Financial Reporting. In preparing this Financial Statements, SRV has applied the same accounting principles as in its year-end financial statements for 2016. However, as of 1 January 2017, 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 2016.

From the beginning of 2017, SRV revised its practice for capitalizing expenses incurred by construction plans that are managed mainly by SRV and classified as current assets. According to the new practice, these expenses can be capitalized when they can be reliably considered to have a favorable impact on the value of the plot or project. Previously, the capitalization of expenses required a decision to be made on the launch of construction. In the company's view, the revised practice would not have had a material impact on the comparison figures presented in this Financial Statements.

SRV changed the presentation method of its cash flow statement to the direct presentation method recommended by IAS 7 from the beginning of the year 2017. In addition, interest paid on the hybrid bond will now be presented under cash flow from financing activities instead of cash flow from operating activities. The cash flow statements for the comparison period have been adjusted to reflect the new presentation method.

In SRV's developer-contracted housing projects, part of interest expenses on borrowing is capitalized during the construction period in current assets in accordance with the Group's capitalization rate. During the reporting period, SRV changed its capitalization practice such that, with respect to developer-contracted housing projects, interest expenses on borrowing are capitalized primarily using the project-specific financing cost. If the proportion of project-specific financing is not significant, the Group's capitalization rate is used in capitalizing interest expenses.

The significance of project financing obtained for developer-contracted housing projects has grown during the reporting period and, in addition, the cost of borrowing is currently significantly lower than the Group's average interest rate, so the new practice will, in the company's view, result in a more correct capitalization of interest expenses.

In the comparison year, the Group's general financing was mainly used for developer-contracted housing projects, and as a result the revision of the capitalization practice would not, in the company's view, have a substantial impact on the comparison periods presented in the Financial Statements.

New IFRS standards

IFRS 15 Revenue from Contracts with Customers (1 January 2018). This standard replaces IAS 18, which applied to the sales of goods and services, and IAS 11, which applied to long-term projects. The core principle of the new standard is that sales revenues are recognised when control over goods or services is transferred to the customer – whereas the previous standards called for an analysis of risks and benefits. The customer has obtained control when it is able to direct the use of goods or services and obtain all of the related benefit.

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A new five-step model must be applied when recognising sales revenues:

- Identify the contracts with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when a performance obligation is satisfied

Group management has, in its IFRS 15 -study evaluated the impact of revenue recognition for the different project types.

The project types include fixed-price contracts, project management contracts, turnkey contracts (overall responsibility for the construction), alliance contracts, residential development projects, commercial development projects, residential developer contracting projects and commercial developer contracting projects. In addition, the study identified significant individual contracts with special characteristics or unusual terms and conditions. Revenue recognition for these must be handled on a case-by-case basis.

The study analysed every identified project type. In the future, new sales contracts will be analysed according to the five-step model referred to above.

The study did not identify any substantial differences in revenue recognition compared with the standards previously applied. The identified project types mainly constitute a single integrated entity that is handled as a single performance obligation.

Revenue recognition for contracts with several discrete performance obligations will differ from the present practice. The number of performance obligations taken into account in revenue recognition might grow in situations where a contract also covers services other than construction services (parking space or removal service). Parking space and removal services are considered separate performance obligations. Separate additional services (removal service) and parking spaces are typically handed over and recognised as revenue at the same time as the home itself. In its study, the Group determined that these do not have a material impact on the consolidated financial statements.

The study determined that development and developer contracting projects may include a separate financing component. In such projects, the treatment procedure for a substantial financing component will apply to factoring and this will be recognised as an adjustment to revenue. In projects where the average financing period is less than one year, the Group will apply the “practical expedient” for periods of less than 12 months as set out in IFRS 15.63.

The Group also has projects with an average financing period of more than one year. In such projects, the treatment procedure for a substantial financing component will apply with regard to factoring. The corresponding treatment in the financial statements for 2017 would have meant EUR -1.7 million a reduction in revenue and addition in interest income.

According to SRV’s study, there will be no change in the practice for recognising revenue on plots of land for development projects in comparison with the present practice. However, the timing of revenue recognition from plots will always be assessed on a case-by-case basis.

The new standard must be applied in financial periods beginning on or after 1 January 2018. The new standard has not material impact on the consolidated financial statements.

The Group will apply the new standard retrospectively in accordance with IAS 8 on 1 January 2018 and present adjusted comparable information. The Group will provide notes to the financial statements in accordance with IFRS 15 when the standard is applied in 2018, both for the financial period in question and for the comparison period.

IFRS 9 will take effect on 1 January 2018 and the standard will replace IAS 39 Financial Instruments:

Recognition on and Measurement

The standard introduces changes to the classification and measurement of financial assets, the determination of impairment on such assets, and the principles of hedge accounting.

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Bond investments held as financial assets will be valued at deferred acquisition cost but only when the aim of the business model is to hold these investments and collect all of the cash flows accruing from the contract, and when the cash flows based on the instrument's contract consist exclusively of capital and interest payments.

The fair value of all other financial assets are measured and recognised in the income statement.

As of 1 January 2018, classification and subsequent measurement are based on both of the following grounds:

- 1) The organisation's business model when managing financial assets
- 2) The cash flow characteristics based on the contracts for items included in financial assets

As of 1 January 2018, the Group classifies its financial assets and liabilities in the following groups:

Financial assets: at deferred acquisition cost, fair value through other comprehensive income or fair value through profit or loss

Financial liabilities: financial liabilities recognised at fair value through profit or loss and at deferred acquisition cost using the effective interest rate

The change of the financial assets classification and measurement are not expected to have a substantial impact the Group financial statement.

As of 1 January 2018, the cumulative changes EUR -1.1 million in the fair values of other financial assets will be recognised as adjustments to retained earnings rather than to the fair value reserve.

Impairment

As of 1 January 2018, the impairment of financial assets is assessed on the basis of expected credit losses.

Trade receivables and receivables related to long-term projects involves a credit loss risk. The Group has estimated that there are no material expected credit losses with respect to these items. However, the Group constantly assesses the probability of credit loss risks and changes in the status of these.

The Group does not apply hedge accounting, so the related changes have no effect. The Group intends to apply the new rules retrospectively as of 1 January 2018 in such a way that the aids permitted by the standard are utilised.

The preparation of the Financial Statements 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 2016.

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

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2) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	1-12/ 2017	1-12/ 2016	change MEUR	change %	10-12/ 2017	10-12/ 2016	change %
Revenue	1 116.1	884.1	232.0	26.2	339.3	328.7	3.2
Other operating income	2.4	2.1	0.3	16.2	1.3	0.3	317.5
Change in inventories of finished goods and work in progress	1.9	37.8	-35.9	-95.1	-15.2	-50.4	-69.9
Use of materials and services	-985.6	-797.8	-187.8	23.5	-283.0	-233.2	21.4
Employee benefit expenses	-77.7	-73.0	-4.7	6.4	-19.5	-20.1	-3.1
Share of profits of associated and joint venture companies	-13.4	7.4	-20.8		-1.5	8.7	
Depreciation and impairments	-5.7	-6.6	0.9	-13.8	-2.8	-3.8	-25.7
Other operating expenses	-21.0	-26.3	5.3	-20.3	-7.3	-14.1	-48.3
Operating profit	17.1	27.7	-10.6	-38.3	11.4	16.2	-29.8
Financial income	5.3	7.0	-1.7	-24.5	1.2	4.4	-72.8
Financial expenses ^{*)}	-17.8	-18.4	0.6	-3.3	-3.3	-1.2	163.8
Financial income and expenses, total	-12.4	-11.3	-1.1	9.8	-2.0	3.2	
Profit before taxes	4.6	16.4	-11.7	-71.6	9.3	19.4	-51.9
Income taxes	1.2	-2.0	3.1		2.0	-2.4	
Net profit for the period	5.8	14.4	-8.6	-59.6	11.4	17.0	-33.0
Attributable to							
Equity holders of the parent company	6.0	13.9			11.3	16.4	
Non-Controlling interests	-0.2	0.5			0.1	0.7	
Earnings per share attributable to equity holders of the parent company	0.05	0.15			0.18	0.26	
Earnings per share attributable to equity holders of the parent company (diluted)	0.05	0.15			0.18	0.26	
^{*)} of which derivative expenses fair value revaluation	0.3	-4.9			-0.3	2.9	
Statement of comprehensive income EUR million	1-12/ 2017	1-12/ 2016			10-12/ 2017	10-12/ 2016	
Net profit for the period	5.8	14.4			11.4	17.0	
Other comprehensive income							
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Financial assets available for sale	0.0	0.3			0.0	0.4	
Income tax related to components of other comprehensive income	0.0	-0.1			0.0	-0.1	
Gains and losses arising from translating the financial statements of a foreign operation	-1.1	3.8			-0.3	1.7	
Share of other comprehensive income of associated companies and joint ventures	-7.0	11.4			-1.9	8.3	
Other comprehensive income for the period, net of tax	-8.1	15.5			-2.2	10.3	
Total comprehensive income for the period	-2.2	29.9			9.1	27.4	
Attributable to							
Equity holders of the parent company	-2.1	29.4			9.1	26.7	
Non-Controlling interests	-0.2	0.5			0.1	0.7	

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3) Consolidated balance sheet

Consolidated balance sheet EUR million	31.12.17	31.12.16	change %
ASSETS			
Non-current assets			
Property, plant and equipment	11.0	12.0	-7.6
Goodwill	1.7	1.7	0.0
Other intangible assets	1.5	1.9	-19.8
Shares in associated companies and joint ventures	190.5	211.5	-9.9
Other financial assets	16.0	13.9	14.9
Receivables	0.9	0.0	
Loan receivables from associated companies and joint ventures	66.8	55.9	19.5
Deferred tax assets	11.7	9.2	27.0
Non-current assets, total	300.2	306.1	-1.9
Current assets			
Inventories	418.8	400.3	4.6
Trade and other receivables	145.1	116.6	24.5
Loan receivables from associated companies and joint ventures	0.0	1.1	
Current tax receivables (based on profit for the review period)	1.0	3.9	-74.7
Cash and cash equivalents	23.5	54.6	-57.0
Current assets, total	588.4	576.4	2.1
ASSETS, TOTAL	888.5	882.5	0.7
Consolidated balance sheet EUR million	31.12.17	31.12.16	change,%
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	3.1	3.1	0.0
Invested free equity fund	141.5	141.5	0.0
Translation differences	-0.1	8.0	
Fair value reserve	-1.1	-1.1	-3.5
Hybrid bond	45.0	45.0	0.0
Retained earnings	96.6	100.6	-4.0
Equity attributable to equity holders of the parent company, total	285.0	297.1	-4.1
Non-controlling interests	-1.6	-1.8	-9.2
Total equity	283.4	295.3	-4.0
Non-current liabilities			
Deferred tax liabilities	5.1	4.2	22.1
Provisions	8.8	7.8	12.3
Interest-bearing liabilities	170.8	227.2	-24.8
Other liabilities	17.7	14.0	26.6
Non-current liabilities, total	202.4	253.2	-20.1
Current liabilities			
Trade and other payables	244.5	253.4	-3.5
Current tax payables (based on profit for the review period)	0.1	0.0	220.8
Provisions	7.8	6.8	14.7
Interest-bearing liabilities	150.3	73.7	103.9
Current liabilities, total	402.8	334.0	20.6
Liabilities, total	605.1	587.2	3.1
EQUITY AND LIABILITIES, total	888.5	882.5	0.7

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4) Consolidated cash flow statement	1-12/	1-12/
EUR million	2017	2016
Cash flows from operating activities		
Cash receipts from customers	1 082.9	881.6
Cash receipts from other operating income	2.4	2.1
Cash generated from operations	-1 098.6	-838.9
Net cash before interests and taxes	-13.2	44.8
Interests received and other financial income	0.4	0.2
Interests paid and other expenses from financial costs	-22.1	-9.9
Income taxes paid	2.4	-4.0
Cash flows from operating activities	-32.5	31.1
Cash flow from investing activities		
Purchase of tangible and intangible assets	-3.5	-5.4
Sale of tangible and intangible assets	0.0	0.0
Purchase of investments	-2.0	-7.8
Investments in associated companies and joint ventures	-0.4	0.0
Increase in loan receivable from associated companies and joint ventures	-2.6	-30.7
Decrease in loan receivable from associated companies and joint ventures	0.0	4.5
Net cash used in investing activities	-8.5	-39.4
Cash flow from financing activities		
Proceeds from loans	16.9	171.4
Repayment of loans	-28.3	-116.2
Proceeds from Hybrid bond	0.0	45.0
Repayment of hybrid bond	0.0	-45.0
Hybrid bond costs	0.0	-1.6
Hybrid bond intrests	-3.9	-3.3
Change in housing corporation loans	14.0	-16.8
Net change in short-term loans	17.5	0.1
Dividends paid	-6.0	-5.9
Net cash flow from financing activities	10.1	27.7
Net change in cash and cash equivalents	-30.9	19.5
Cash and cash equivalents at the beginning of period	54.6	35.0
Effect of exchange rate changes in cash and cash equivalents	-0.2	0.1
Cash and cash equivalents at the end of period	23.5	54.6

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5) Statement of changes in Group equity

	Equity attributable to the equity holders of the parent company							Non-controlling interests	Total equity
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Trans-lation diffe rences	Fair value reserve	Retained earnings	Total		
1 January- 30 September 2017 (EUR million)									
Equity 1 January 2017	3.1	141.5	45.0	8.0	-1.1	100.6	297.1	-1.8	295.3
Comprehensive income for the review period	0.0	0.0	0.0	-8.1	0.0	6.0	-2.1	-0.2	-2.3
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	-1.0	-1.0	0.0	-1.0
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.2	-3.2	0.0	-3.2
Other changes ¹⁾	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.5
Equity on 31 December 2017	3.1	141.5	45.0	-0.1	-1.1	96.6	285.0	-1.6	283.4
¹⁾ Other changes includes update of the acquisition calculation									
1 January- 31 December 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	15.2	0.3	13.9	29.4	0.5	29.9
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	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	-3.1	-3.1	0.0	-3.1
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.1	-3.1
Equity on 31 December 2016	3.1	141.5	45.0	8.0	-1.1	100.6	297.1	-1.8	295.3

¹⁾ Other changes, the company increased its holding in the associated company Olgino-4 and now exercises authority in the company and will therefore consolidate it as a subsidiary.

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6) Group commitments and contingent liabilities (EUR million)	31.12.17	31.12.16	change
			%
Collateral given for own liabilities			
Real estate mortgages given ¹⁾	70.0	70.8	-1.1
Other commitments			
Investment commitments given	81.9	31.2	162.7
Plots purchase commitments	41.5	37.9	9.6
Contingent liabilities (rented plots)	105.8	59.8	76.9

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.

Liability of derivative instruments (EUR million)	12/2017		12/2016	
	Fair value		Fair value	
	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied				
Foreign exchange forward contracts	0.0	0.0	0.0	4.4
Currency option	0.4	0.0	0.0	0.0
Interest rate swaps	0.0	6.1	0.0	8.0
	12/2017		12/2016	
Nominal values of derivative instruments				
Foreign exchange forward contracts		0.0		37.0
Currency option		80.0		0.0
Interest rate swaps		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	1-12/2017	1-12/2016	change, MEUR	change %	10-12/2017	10-12/2016
EUR million						
Operations in Finland	1 097.8	832.2	265.6	31.9	337.0	319.3
International operations	18.0	52.4	-34.4	-65.7	2.3	9.4
Other operations and eliminations	0.3	-0.4	0.8		0.0	-0.1
Group, total	1 116.1	884.1	232.0	26.2	339.3	328.7

Operation profit	1-12/2017	1-12/2016	change, MEUR	change %	10-12/2017	10-12/2016
EUR million						
Operations in Finland	40.3	38.3	2.0	5.3	18.4	21.8
International operations	-18.4	-4.2	-14.2		-5.2	-2.8
Other operations and eliminations	-4.8	-6.4	1.6		-1.8	-2.8
Group, total	17.1	27.7	-10.6	-38.3	11.4	16.2
Operating profit, %	1-12/2017	1-12/2016			10-12/2017	10-12/2016
Operations in Finland	3.7	4.6			5.5	6.8
International Operations	-102.3	-7.9			-222.5	-29.4
Group, total	1.5	3.1			3.4	4.9

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Assets			change	change,
EUR million	31.12.2017	31.12.2016	MEUR	%
Operations in Finland	613.4	569.2	44.2	7.8
International operations	266.5	288.0	-21.5	-7.5
Other operations and eliminations	8.7	25.3	-16.6	-65.6
Group, total	888.5	882.5	6.0	0.7

Liabilities			change	change,
EUR million	31.12.2017	31.12.2016	MEUR	%
Operations in Finland	386.9	353.9	33.1	9.3
International operations	169.8	175.9	-6.1	-3.5
Other operations and eliminations	48.4	57.4	1.0	0.3
Group, total	605.1	587.2	17.9	3.1

Invested capital			change	change,
EUR million	31.12.2017	31.12.2016	MEUR	%
Operations in Finland	368.4	333.0	35.4	10.6
International operations	241.7	250.8	-9.1	-3.6
Other Operations	-5.6	12.4	-18.0	-145.2
Group, total	604.5	596.2	8.3	1.4

Return on investment %			change	change,
	31.12.2017	31.12.2016	MEUR	%
Operations in Finland	11.9	12.0	-0.1	-1.2
International operations	-6.7	0.9	-7.6	
Group, total	3.4	6.1	-2.7	

8) Inventories			change
EUR million	31.12.2017	31.12.2016	MEUR
Land areas and plot-owning companies	186.3	183.7	2.6
Operations in Finland	101.7	95.2	6.5
International operations	84.6	88.5	-3.9
Work in progress	195.3	170.3	24.9
Operations in Finland	195.3	162.2	33.1
International operations	0.0	8.2	-8.2
Shares in completed housing corporations and real estate companies	29.7	38.3	-8.5
Operations in Finland	25.0	38.1	-13.2
International operations	4.8	0.2	4.6
Other inventories	7.5	7.9	-0.4
Operations in Finland	7.5	7.8	-0.3
International operations	0.0	0.2	-0.1
Inventories, total	418.8	400.3	18.6
Operations in Finland	329.4	303.3	26.1
International operations	89.4	97.0	-7.6

9) Related party transactions

EUR million	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
31.12.17						
Management and the Board of						
Directors	3.6	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	150.3	0.1	0.6	18.4	0.0
Associated companies	0.0	10.1	0.0	3.4	53.1	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	3.6	160.4	0.1	4.0	71.5	0.0

	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
31.12.16						
Management and the Board of						
Directors	3.5	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	123.1	0.0	0.7	19.0	0.2
Associated companies	0.0	53.6	0.0	2.3	48.7	1.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	3.5	176.7	0.0	3.0	67.8	1.2