SRV'S INTERIM REPORT 1.1.–30.9.2017

Revenue still growing, operative operating profit improves

January–September 2017 in brief:

- **Revenue** increased to EUR 776.9 (555.5 1−9/2016) million (up 40%). Revenue improved because of the revenue growth in Operations in Finland and the greatest revenue growth was seen in housing construction in Finland.
- **Operative operating profit*** amounted to EUR 14.5 (10.9) million (up 33%). Revenue growth in Operations in Finland and the recognition of more developer-contracted housing than in the comparison period had a favourable impact on the operative operating profit. Operative operating profit was weakened by a rise in the costs of certain projects that are under construction and the cost impact of one project that has already been completed.
- **Operating profit** decreased to EUR 5.7 (11.4) million. Operating profit was weakened by the decline in the result of International Operations to EUR -13.2 (-1.4) million. The result of International Operations was impacted above all by the change in the rouble exchange rate, which had an effect of EUR -8.9 million.
- **The result before taxes** was EUR -4.7 (-3.1) million.
- **Earnings per share** were EUR -0.13 (-0.11).
- At period-end, **the order backlog** stood at EUR 1,535.7 (1,888.1) million. The order backlog decreased as many large projects, such as the Nova Hospital in Central Finland, were recorded in the order backlog during the comparison period.
- **Equity ratio** was 34.0 (37.8) per cent and **gearing** was 123.4 (99.7) per cent. The weaker exchange rate of the rouble and the increase in net debt due to growth in invested capital contributed to the change in the equity ratio and gearing.

**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 a way that it eliminates the calculated currency exchange differences and their potential hedging impacts included in financial items in Russian operations.*

July–September 2017 in brief:

- **Revenue** increased to EUR 268.3 (193.1 7−9/2016) million. Revenue improved because of the revenue growth in Operations in Finland and the greatest revenue growth was seen in housing construction in Finland.
- **Operative operating profit** rose to EUR 9.0 (6.7) million. The recognition of income from 213 (26) developer-contracted housing units had a particularly great impact on increasing operating profit.
- **Operating profit** was EUR 7.7 (7.3) million. Operating profit was weakened by the result of International Operations, with the rouble exchange rate having an impact of EUR -1.3 million.
- **The result before taxes** was EUR 3.3 (3.9) million.
- **Earnings per share** were EUR 0.04 (0.04).

Events after the period

- In October, SRV announced that it will sell the Wood City office building to be constructed in Jätkäsaari, Helsinki, and a considerable part of the parking facilities to Supercell. The final contracts are required before the transaction can be completed. 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.
- The Tampere Central Deck and Arena project developed by SRV took another important step towards its final realisation in October, when SRV and the project's investment partners, LocalTapiola and OP Financial Group's insurance and pension insurance companies, signed a joint venture agreement. At the same time and on behalf of the project company, SRV signed a shareholder agreement for the multi-purpose arena with the City of Tampere. The project's investment partners will become shareholders in the project company when the final investment decision has been made. Nordea, OP Tampere, Handelsbanken and LocalTapiola (Yritysrahoitus I Ky) are on board as financiers of the arena. As previously announced, the shareholder agreement is conditional on the approval of a state subsidy and the fulfilment of the other preconditions. On 17 October 2017, in its third supplementary budget of the year, the Government proposed granting a subsidy to the project. In October Lapland Hotels was also named as the hotel operator and restaurant services will be managed by Restamax. In addition, the Finnish Elite League ice hockey teams Tappara and Ilves signed a cooperation agreement with the Deck and Arena project.
- SRV announced on October 26th that it has developed a new living concept that aims to ensure that monthly living expenses in these homes will be lower than rent levels in the area where the homes will be built. The first modelhouse is going to be build in Keimolanmäki in Vantaa.That new living concept targets families with children in particular.

Outlook for 2017

- Full-year consolidated revenue for 2017 is expected to grow compared with 2016 (revenue EUR 884 million). If the rouble exchange rate remains at the level prevailing at the end of the second quarter of 2017, operating profit is expected to weaken, but operative operating profit to improve, compared with 2016 (operating profit EUR 27.7 million and operative operating profit EUR 26.3 million). A profitability level in accordance with strategy will not be attained, however, until the end of the strategy period 2019−2020.
- Although developer-contracted housing will be completed on a steadier schedule than in 2016, a significant part of operating profit will still be made in the second half of the year. Based on current schedules, SRV estimates that a total of 816 developer-contracted housing units will be completed during 2017.
- The operating currency of all of SRV's subsidiaries and associated companies in Russia was changed to the rouble in September 2016. This accounting change makes SRV more susceptible to fluctuations in the rouble exchange rate, which may impact full-year operating profit.

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

CEO's review

The operative operating profit in the January-September period improved but the operating profit declined due to the ruble exchange rate compared the comparison period. Our objective has been to increase the share of revenue generated by our housing construction in Finland, and housing comprised a robust cornerstone of our result. We are currently building in 38 various locations, a total of 3,346 units. During the third quarter, we recognised a total of 213 housing units as income. More than 800 units will be recognised *as income in 2017. Thus, as in 2016, we will rack up our largest haul in the last quarter of the year, when 360 units will be recognised as income.*

We are constantly developing our housing business to cater to the needs of people and cities. The strong housing sales is reflected in the market situation. Small apartments built in city centres are still in particularly high demand in housing sales to consumers. Different housing funds and institutional investors have also been active in the housing market. The most important factor behind housing purchase decisions is still the price of the apartment. For this reason, SRV has developed a new housing concept that targets families with children in particular. Our aim is to ensure that monthly living expenses in these homes will be lower than rent levels in the area where the homes are located.

Revenue from our International Operations declined again, as expected, as we have completed our shopping centres and are now shifting our operations to shopping centres management. Changes in the calculated currency exchange rate of the rouble have significantly cut into our earnings this year. The second quarter in particular was truly challenging. That said, operations at the shopping centres have continued to improve, as both sales and visitor numbers have increased.

After the end of the review period, we received good news about two of the large-scale projects we are developing. The Tampere Central Deck and Arena project took another important step towards its final realisation when we and our investor partners signed a joint venture agreement and a shareholder agreement for the city's multi-purpose arena on behalf of the project company.

Another positive development was that the complaint lodged against the Keilaniemi project was dismissed by the administrative court. Although construction of the tower buildings can only commence when the Ring Road I tunnel project has been completed in 2019, Keilaniemi is another unfortunate example of the Finnish culture of complaining. It's important for people to be able to express their opinions when projects are being prepared and zoned. At the same time, it should be kept in mind that even a single complaint impacts on the service offerings of an entire area and thus on the lives of thousands of people. REDI is a good example – if a complaint had not been lodged against it, the thousands of people living in that area would already have been able to enjoy the wide-ranging services of the shopping centre for some time.

The Kalasatama Health and Wellness Centre, built right next to REDI, is one of the projects we handed over after the period in October. It's another excellent addition to SRV's strong portfolio in hospital and wellness construction, which accounts for about 16 per cent of our revenue. In addition to the large hospital projects we currently have under construction, such as TAYS Etupiha, Nova in Jyväskylä and the New Children's Hospital in Helsinki, we are already accepted to participate in the last phase of the competition to make an offer for a two new hospital projects: SRV is competing for the extension of the Vaasa Central Hospital and a new healthcare service centre for the Kanta-Häme Hospital District. The total value of these two projects, which will be decided on in January 2018, is close to EUR 400 million.

Once again, we will generate the largest share of our full-year earnings in the fourth quarter. I believe that we can reach our project objectives in the final months of the year and achieve the new objectives outlined in the previous interim report.

Juha Pekka Ojala, President and CEO

Overall review

Group key figures (IFRS, EUR million)	**1–9/ 2017**	1–9/ 2016	change	change, %	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Revenue	**776.9**	555.5	221.4	39.9	**268.3**	193.1	884.1	1,105.5
Operative operating profit	**14.5**	10.9	3.6	33.2	**9.0**	6.7	26.3	30.0
Operative operating profit, %	**1.9**	2.0			**3.4**	3.5	3.0	2.7
Operating profit*)	**5.7**	11.4	-5.8	-50.4	**7.7**	7.3	27.7	21.9
Operating profit, %	**0.7**	2.1			**2.9**	3.8	3.1	2.0
Financial income and expenses, total**)	**-10.4**	-14.5	4.1		**-4.4**	-3.4	-11.3	-7.2
Profit before taxes	**-4.7**	-3.1	-1.6		**3.3**	3.9	16.4	14.7
Order backlog	**1,535.7**	1,888.1	-352.5	-18.7			1,758.5	
New agreements	**458.5**	829.9	-371.5	-44.8	**162.6**	54.9	1,013.1	641.7
Net profit for the period	**-5.6**	-2.6			**3.3**	3.3	14.4	11.4
Net profit for the period, %	**-0.7**	-0.5			**1.2**	1.7	1.6	1.0
*) net effect of currency exchange fluctuations	**-8.9**	0.5	-9.4		**-1.3**	0.6	1.3	-8.0
**) of which derivative expenses fair value revaluation	**1.6**	-7.8	9.4		**0.3**	-1.2	-4.7	4.7

*) 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 -8.9 (0.5) million and hedging expenses to EUR -0.4 (0.0) million.

January–September 2017

The Group's revenue rose by 40 per cent to EUR 776.9 (555.5) million. The greatest revenue growth was seen in housing construction in Finland. The recognition of income from significantly more developer-contracted housing units in the first part of the year than in the comparison period, a total of 463 (110), particularly contributed to growth. Large business premises projects, such as the construction of hospitals and shopping centres, also increased revenue.

The Group's operative operating profit rose to EUR 14.5 (10.9) million. Growth in revenue from Operations in Finland had a positive impact on operative operating profit, although relative profitability weakened. More developer-contracted housing was recognised as income than during the corresponding period of the previous year, and this improved operative operating profit. Operative operating profit was weakened by a rise in the costs of certain projects that are under construction and the cost impact of one project that has already been completed.

The Group's operating profit declined to EUR 5.7 (11.4) million. Operating profit from International Operations totalled EUR -13.2 (-1.4) million. Operating profit from International Operations was weakened particularly by the weaker rouble exchange rate, which had an impact of EUR -8.9 million on operating profit. 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 consolidated order backlog stood at EUR 1,535.7 (1,888.1) million. The order backlog decreased because many large projects, such as the Nova Hospital in Central Finland, were recorded in the order backlog during the comparison period. Several new agreements valued at a total of about EUR 459 million, the largest of which was REDI Majakka, were signed during January-September 2017. In addition, many other new projects valued at a total of more than half a billion euros will be included in the backlog such as the Siltasairaala hospital in Helsinki and the extension of Helsinki Airport and the renovation of its Terminal 2. Both projects will be included in the order backlog in 2018.

The Group's profit before taxes totalled EUR -4.7 (-3.1) million. The interest rate hedge became positive, which improved financial items.

The Group's earnings per share were EUR -0.13 (EUR -0.11). The earnings per share for the comparison period were impacted by the non-recurring cost of repaying the hybrid bond.

Variation in **the Group's operating profit and operating profit margin** is affected by several factors. SRV's developer-contracted projects are recognised as income upon delivery; projects recognised as income based on the level of completion mainly consist of lower-margin contracting; and the nature of the company's operations (project development).

The Group's equity ratio was 34.0 (37.8) per cent and **gearing** was 123.4 (99.7) per cent. The weaker exchange rate of the rouble and growth in net debt due to invested capital contributed to the change in the equity ratio and gearing.

Group key figures (IFRS, EUR million)	**1–9/ 2017**	1–9/ 2016	change	change, %	1–12/ 2016
Equity ratio, %	**34.0**	37.8			38.3
Net interest-bearing debt	**338.7**	285.0	53.7	18.8	246.3
Gearing ratio, %	**123.4**	99.7			83.4
Return on investment, %	**1.7**	3.3			6.1
Return on equity, %	**-2.6**	-1.3			5.0
Earnings per share, EUR	**-0.13**	-0.11	-0.02	18.3	0.15
Equity per share, EUR	**3.88**	3.81	0.07	1.8	4.25
Share price at end of period, EUR	**4.41**	4.40	0.01	0.2	5.43
Weighted average number of shares outstanding, millions	**59.5**	59.3			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)	**1–9/ 2017**	1–9/ 2016	change	change, %	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Operations in Finland	**760.9**	512.9	248.0	48.4	**263.7**	180.9	832.2	1,080.2
International Operations	**15.6**	42.9	-27.3	-63.5	**4.2**	12.1	52.4	25.1
Other operations	**13.6**	11.9	1.7	14.7	**4.8**	4.0	15.9	17.7
Eliminations	**-13.3**	-12.2	-1.1		**-4.4**	-3.9	-16.3	-17.4
Group, total	**776.9**	555.5	221.4	39.9	**268.3**	193.1	884.1	1,105.5

Operative operating profit, (EUR million)	**1–9/ 2017**	1–9/ 2016	change	change, %	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Operations in Finland	**21.9**	16.4	5.5	33.2	**10.2**	6.6	38.3	43.7
International Operations	**-4.4**	-1.9	-2.5		**-1.2**	0.6	-5.5	-8.0
Other operations	**-3.0**	-3.6	0.6		**-0.1**	-0.4	-6.4	-5.8
Eliminations	**0.0**	0.0	0.0		**0.0**	0.0	0.0	0.0
Group, total	**14.5**	10.9	3.6	33.2	**9.0**	6.7	26.3	30.0

Operative operating profit (%)	**1–9/ 2017**	1–9/ 2016	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Operations in Finland	**2.9**	3.2	**3.9**	3.6	4.6	4.0
International Operations	**-27.9**	-4.4	**-27.5**	4.8	-10.5	-31.7
Group, total	**1.9**	2.0	**3.4**	3.5	3.0	2.7

Operating profit (EUR million)	**1–9/ 2017**	1–9/ 2016	change	change, %	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Operations in Finland	**21.9**	16.4	5.5	33.2	**10.2**	6.6	38.3	43.7
International Operations*)	**-13.2**	-1.4	-11.8		**-2.4**	1.2	-4.2	-16.0
Other operations	**-3.0**	-3.6	0.6		**-0.1**	-0.4	-6.4	-5.8
Eliminations	**0.0**	0.0	0.0		**0.0**	0.0	0.0	0.0
Group, total*)	**5.7**	11.4	-5.8	-50.4	**7.7**	7.3	27.7	21.9
*) effect of currency exchange fluctuations	**-8.9**	0.5	-9.4		**-1.3**	0.6	1.3	-8.0

Operating profit (%)	**1–9/ 2017**	1–9/ 2016	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Operations in Finland	**2.9**	3.2	**3.9**	3.6	4.6	4.0
International Operations	**-84.5**	-3.2	**-57.5**	9.5	-7.9	-63.8
Group, total	**0.7**	2.1	**2.9**	3.8	3.1	2.0

Order backlog (EUR million)	**9/2017**	9/2016	change	12/2016
Operations in Finland	**1,513.9**	1,851.3	-337.4	1,726.1
International Operations	**21.7**	36.8	-15.1	32.4
Group, total	**1,535.7**	1,888.1	-352.5	1,758.5
- sold order backlog	1,251	1,623	-372	1,482
- unsold order backlog	284	265	19	276
- sold order backlog, %	81	86		84
- unsold order backlog, %	19	14		16

Operations in Finland

Operations in Finland (EUR million)	**1-9/ 2017**	1-9/ 2016	change	change, %	**7-9/ 2017**	7-9/ 2016	1-12/ 2016	previous 12 mo.
Revenue	**760.9**	512.9	248.0	48.4	**263.7**	180.9	832.2	1,080.2
- business construction	**519.0**	392.1	126.9	32.4	**173.5**	141.4	559.5	686.4
- housing construction	**241.8**	120.8	121.1	100.2	**90.2**	39.5	272.7	393.8
Operating profit	**21.9**	16.4	5.5	33.2	**10.2**	6.6	38.3	43.7
Operating profit, %	**2.9**	3.2			**3.9**	3.6	4.6	4.0
Order backlog	**1,513.9**	1,851.3	-337.4	-18.2			1,726.1	
- business construction	**850.6**	1,293.8	-443.2	-34.3			1,163.5	
- housing construction	**663.3**	557.5	105.8	19.0			562.6	

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 seeing broad-scale recovery. Exports and industrial investments have increased, supporting the growth initiated by domestic consumption and construction. GDP is expected to grow by 2.5–3.5 per cent in 2017.

Growth in construction will continue this year almost on a par with the previous year, estimated at about 4 per cent. On the heels of economic growth, activity in new construction has been stronger than forecast, thanks to which volume growth will also be seen in 2018. (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. According to VTT's forecast, urbanisation will continue, as Finland’s urbanisation ratio is clearly lagging behind other industrialised nations, such as Sweden. In the most optimistic forecasts it is estimated that about 620,000 people in Finland move into urban areas by 2040. (Source: VTT, Demand for new dwelling production in Finland 2015–2040, 1/2016.)

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 more than 37,000 housing units in Finland, which was significantly more than in the previous year. The Confederation of Finnish Construction Industries forecasts start-ups for as many as about 43,000 housing units this year.

In business construction, the start-up volume (in terms of cubic metres) rose significantly in 2016 with the launch of several major projects. According to forecasts, public service construction start-ups will increase slightly this year. A significant pick-up is being seen in retail and office construction, while industrial construction is remaining almost on a par with 2016. On the whole, new business construction start-ups will increase slightly. The growth rate in renovation is forecast to decline slightly compared with the previous year, and to amount to about 1.5 per cent in 2017. The civil engineering construction are forecast to increase by about two to three per cent this year, although growth is expected to slow next year. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT, 10/2017)

According to Statistics Finland, construction costs have risen slightly on September 2016. The prices of equipment and supplies in particular have risen over the past 12 months. (Source: Statistics Finland, Building Cost Index)

Housing construction

January–September 2017

SRV's **revenue** from housing construction in Finland doubled to EUR 241.8 (120.8) million in the January-September 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-September, clearly more housing units, a total of 463 (110), were recognised as income than in the corresponding period of the previous year. The **order backlog** for housing construction in Finland was EUR 663.3 (557.5) million. The order backlog rose and remains at a high level.

July–September 2017

SRV's **revenue** from housing construction in Finland in July-September grew to EUR 90.2 (39.5) million. The recognition of income from 213 (26) developer-contracted housing units had by far the greatest impact on increasing revenue. The **order backlog** for housing construction in Finland rose to EUR 663.3 (557.5) million.

Housing under construction

In line with its strategy, SRV is focusing its housing production on locations in urban growth centres with good transport connections. For some time now, SRV has been one of the largest housing constructors in the Helsinki metropolitan area. SRV has a total of 3,346 (2,443) housing units currently 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 1,219 (1,057) developer-contracted housing units were under construction at the end of September. 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 September, a total of 1,340 (448) units were under construction for investors, which is more than three times as many as in September 2016. The latest significant investor deal was made in September, when SRV and LocalTapiola Asuntosijoitus Suomi Ky agreed on the construction of about 300 market-financed rental apartments. Under this agreement worth about EUR 60 million, SRV will construct several apartment buildings for LocalTapiola in Niittykumpu (Espoo), the centre of Kerava and Turku. The revenue recognition for the residential units included in the agreement will be carried out based on the completion rate, mainly in 2018. The deal on the 300 apartments to be built in Niittykumpu, Espoo, in Kerava and in Turku is part of a framework agreement signed by SRV and LocalTapiola Asuntosijoitus Suomi Ky in February 2016 on the construction of 528 non-subsidised rental apartments.

Other significant projects being built for investors include housing in Tikkurila, Vantaa for Elo and LocalTapiola, and sites for Ilmarinen in Suurpelto, Espoo and Jätkäsaari, Helsinki.

Completed housing units

A total of 463 (83) developer-contracted housing units were completed during the January–September period. At the end of September, 111 (80) completed housing units remained unsold. Housing sales were very strong in the first half of the year and in the autumn. By September, a total of 1,374 units had already been sold (579). Unsold units mainly consist of individual apartments at different sites in Tampere, Turku, Helsinki, and Espoo.

Housing units recognised as income

In the January–September period, 463 (110) developer-contracted housing units were recognised as income, which is four times more than in the comparison period, generating total revenue of EUR 119 (31) million. A developer-contracted residential project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as revenue when they have been completed and sold.

The majority of units currently under construction will be completed in late 2017. Over 800 housing units are expected to be recognised as income during 2017 as a whole, with about 360 in the last quarter.

Future housing units

SRV assesses the demand for a future housing project with advance marketing. At this stage, preliminary apartment-specific 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 September, start-up decisions had been made on 280 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, Turku and Joensuu. Such units are recognised as revenue when they have been completed and sold.

In addition to start-up decisions, SRV has made during January-September 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 will construct an apartment building with just under 200 housing units in the Kivistö school area in Vantaa after winning the design and site allocation competition for the Kivistö school area organised by the City of Vantaa.

Also in September, the company announced that the Lapinmäentie project in Munkkivuori, Helsinki, will proceed. 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. Demolition work started in the area at the beginning of October and the construction of first 200 apartments is scheduled to begin in summer 2018.

Housing construction in Finland (units)	**1–9/ 2017**	1–9/ 2016	change, units	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Units sold, total	**1,374**	579	795	**543**	335	1,260	2,055
- developer contracting	**775**	358	417	**249**	165	509	926
- investor sales [2]	**599**	221	378	**294**	170	751	1,129
Developer contracting							
- start-ups	**846**	255	591	**248**	52	454	1,045
- completed	**463**	83	380	**200**	0	503	883
- recognised as income	**463**	110	353	**213**	26	499	852
- completed and unsold [1]	**111**	80	31			111	
Under construction, total [1]	**3,346**	2,443	903			2,696	
- contracts [1]	**424**	319	105			441	
- negotiated contracts [1]	**363**	619	-256			441	
- sold to investors [1] [2]	**1,340**	448	892			978	
- developer contracting [1]	**1,219**	1,057	162			836	
- sold [1]	**756**	681	75			444	
- unsold [1]	**463**	376	87			392	
- of which sold, % [1]	**62**	64				53	
- of which unsold, % [1]	**38**	36				47	

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

Order backlog, housing construction in Finland, (EUR million)	**9/2017**	9/2016	change	1–12/ 2016
Contracts and negotiated contracts	**195**	122	72	193
Under construction, sold developer contracting	**195**	181	14	105
Under construction, unsold developer contracting	**241**	227	14	222
Completed and unsold developer contracting	**34**	28	6	43
Housing construction, total	**663**	557	72	563

REDI apartments

REDI in Kalasatama, Helsinki is the largest construction project in SRV's history. By the end of September, a total of 234 of the 282 units in REDI's first residential tower (Majakka) had been sold.

The construction of Majakka's tower section is ongoing. According to current estimates, residents will be able to move into their apartments in spring 2019. The REDI apartments will be recognised as revenue when each residential tower has been completed and its apartments sold.

The building permit for Loisto, the second REDI residential tower, has been submitted for approval to Helsinki Building Control.

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	234	48
Espoo, Niittyhuippu	57	Q4/2017	200	186	14
Espoo, Piruetti	31	Q1/2019	113	34	79
Espoo, Kulmaniitty	22	Q1/2019	67	2	65
Vantaa, Maalisuora	17	Q4/2018	96	53	43
Vantaa, Tikkurila Starlet	14	Q4/2018	55	2	53

Situation as of 30 September 2017.

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

Project name, location, developer	Completion level, %*	Completion date (estimated)*
Suurpellon Puistokatu, Ilmarinen, Espoo	87	Q1/2018
Wood City, Helsinki, ATT	57	Q2/2018
Vantaa, Neilikkatie, Ilmarinen	61	Q2/2018
Kerava, Orno, Ilmarinen	63	Q2/2018
Vantaa, Hernetie, OP	55	Q2/2018
Helsinki, Välimerenkatu 10, Ilmarinen	38	Q3/2018
Suurpellon Puistokatu D, Espoo, TA	42	Q3/2018
HOAS Kumpula, Helsinki	26	Q3/2018
Aleksinkulma and park in Kerava, Etera**	14	Q1/2019
Kerava, Aleksinhuippu, LocalTapiola	7	Q1/2019
Espoo, Pihapuisto and Puistoniitty	5	Q3/2019

Total value of projects approx. EUR 223 million

*Situation as of 30 September 2017
**The Financial Supervisory Authority approved the merger of Ilmarinen and Etera. The companies will merge on 1 January 2018.

SRV is currently building developer-contracted housing projects, development projects, and contracted projects. A developer-contracted project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as revenue when they have been completed and sold. A residential development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the construction risks in such projects, which are recognised as revenue according to the percentage of completion. Construction contracts are construction projects that are launched by other parties but implemented by SRV. They are recognised as revenue on the basis of the percentage of completion or as set out in the agreement.

Business construction

January–September 2017

SRV's **revenue** from business construction grew to EUR 519.0 (392.1) million, and the **order backlog** was EUR 850.6 (1,293.8) 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 16 per cent of consolidated revenue. The Health and Wellness Centre TeHyKe, implemented in Kalasatama, Helsinki, was completed and handed over to the client after the period in October 2017.

SRV is currently competing for two large-scale hospital projects. The Kanta-Häme Hospital District has an ongoing competition for the construction of Kantasairaala, a new healthcare service centre planned for Hämeenlinna. After the period, in October SRV was accepted to participate in the last phase of the competition to make an offer for an alliance project valued at about EUR 300 million. In addition, SRV was accepted in October to participate in a competition for the extension of the Vaasa Central Hospital, valued at about EUR 100 million. Both competitions will be completed early 2018.

Growth in SRV's shopping centre construction also boosted revenue in Operations in Finland during the January–September 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 17 per cent of consolidated revenue.

SRV currently has five alliance projects whose revenue amounts to about eight per cent of the total revenue from business construction. These projects provide additional earnings potential over and above the ordinary profit margin. In practice, SRV can gain additional earnings if the project is completed for less than the target price and under schedule, and it fulfils the quality criteria.

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. 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 autumn

2020. In addition, SRV has agreed on the construction of Kurittula school in Masku. SRV is also constructing and renovating several buildings for Aalto University in the Helsinki metropolitan area.

SRV's order backlog has seen a year-on-year decrease. The order backlog decreased as many large projects, such as the Nova Hospital in Central Finland, were recorded in the order backlog during the comparison period. SRV has numerous projects in the development phase, which will be included in the order backlog only in 2018. For instance, during the second quarter of 2017, agreements were signed for the Siltasairaala hospital in Helsinki, the extension of Helsinki Airport and the renovation of its Terminal 2. Both projects will be recognised in the order backlog in 2018.

July–September 2017

SRV's **revenue** from business construction grew to EUR 173.5 (141.4) million, and the **order backlog** declined to EUR 850.6 (1,293.8) million.

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 currently 90 per cent complete. The REDI shopping centre will open in autumn 2018 and leasing is proceeding as planned. There are already binding lease agreements for over 60 per cent of the REDI shopping and experience centre's 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.

Wood City

For many years, SRV has been developing Wood City in the Jätkäsaari neighbourhood of Helsinki. Wood City will comprise 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.

After the period, 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, MEUR	Project type	Completion level, %	Completion date (estimated)
DEVELOPMENT PROJECTS				
REDI, shopping centre and parking facility, Helsinki	390	Retail, parking	74	Q3/2018
Aleksintori/Karuselli, Kerava	*	Retail	29	Q4/2018
BUSINESS PREMISES				
Central Finland Hospital Nova, Jyväskylä	290	Public	13	Q3/2020
TAYS Etupiha, Tampere	170	Public	42	Q2/2019
Tapiola city centre (Phase 2), Espoo	100 +	Retail	6	Q1/2020
Aalto University, Espoo	76	Public	49	Q2/2018
Ring Road I, Keilaniemi, Espoo	49	Public	55	Q4/2018
Kaitaa metro station excavation, Espoo	32	Public	85	Q2/2018
Renovation of Lappeenranta University	31	Public	67	Q4/2018
HDC Teliasonera, Helsinki	*	Industry	61	Q1/2018
New Children's Hospital, Helsinki	*	Public	77	Q4/2017-Q2/2018
Autokeskus Konala, Hki	*	Industry	8	Q2/2019
Jätkäsaari comprehensive school, Helsinki	*	Public	13	Q3/2019

Situation as of 30 September 2017
*The value of individual contracts has not been made public.

Business premises projects that have not yet been included in the order backlog

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	230	Public	Project management contractor agreement signed 6/2017. Construction of the project will begin once a separate construction decision is made after the development phase, which lasts until 12/2017.	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.	Q3/2018

**The total value of the project has not been disclosed.*
***It is intended that the project development phase and its implementation 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

International Operations comprises SRV's construction and property development business in Russia and Estonia. SRV has also expanded its operations to shopping centre management in Russia.

Business environment

Expectations for the Russian economy have become slightly more positive. Russia's GDP is growing, but at a slow rate. The Bank of Finland Institute for Economies in Transition BOFIT predicts that Russia's GDP will swing to growth of 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 imports are also recovering after having plummeted. 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 current account surplus has supported the rouble and the real trade-weighted exchange rate of the rouble was 20 per cent stronger in January-August than a year earlier. 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. However, the rate of inflation in Russia is slightly faster than in its major trade partner countries, maintaining slight strengthening pressures on the real exchange rate of the rouble. (Source: Bank of Finland Institute for Economies in Transition BOFIT).

SRV has three major shopping centres in Russia, all of which are up and running. Okhta Mall and Pearl Plaza are located in St Petersburg, and 4Daily opened its doors in Moscow in April 2017. SRV is an investor in all of these shopping centres via its associated companies. In all of these shopping centre projects, SRV has been responsible for concept design, been the main contractor, handled the leasing of premises, and taken responsibility for marketing. SRV is responsible for the management of completed shopping centres. As SRV owns shopping centres through its associated companies and joint ventures, their revenue is not presented in SRV's consolidated revenue.

International Operations (EUR million)	**1–9/ 2017**	1–9/ 2016	change	change, %	**7–9/ 2017**	7–9/ 2016	1–12/ 2016	previous 12 mo.
Revenue	**15.6**	42.9	-27.3	-63.5	**4.2**	12.1	52.4	25.1
Percentage of associated companies' profits	**-11.6**	-0.6	-11.0		**-2.6**	1.3	8.0	-3.0
- of which exchange rate gains/losses	**-8.4**	0.5	-9.0		**-1.5**	0.6	10.1	1.1
Hedging expenses	**-0.4**	0.0	-0.4		**0.3**	0.0	-8.8	-9.2
Operative operating profit	**-4.4**	-1.9	-2.5		**-1.2**	0.6	-5.5	-8.0
Operative operating profit, %	**-27.9**	-4.4			**-27.5**	4.8	-10.5	-31.7
Operating profit*)	**-13.2**	-1.4	-11.8		**-2.4**	1.2	-4.2	-16.0
Operating profit, %	**-84.5**	-3.2			**-57.5**	9.5	-7.9	-63.8
Order backlog	**21.7**	36.8	-15.1	-41.0			32.4	
*) net effect of currency exchange fluctuations	**-8.9**	0.5	-9.4		**-1.3**	0.6	1.3	-8.0

January–September 2017

In the January–September period, **revenue** from International Operations fell to EUR 15.6 (42.9) million, and its share of the Group's revenue declined to two per cent. This decrease was expected, as the bulk of the revenue of International Operations in the comparison period was generated by the construction of the Okhta Mall and 4Daily shopping centres. On the other hand, revenue from shopping centre management is rising gradually. 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-September mainly comprises finishing work for 4Daily and interior decoration for tenant premises in the Okhta Mall.

Operative operating profit from International Operations decreased to EUR -4.4 (-1.9) million. The occupancy rates 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. One shopping centre was opened in 2016 and the other 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 -13.2 (-1.4) million. Operating profit was decreased particularly by the weaker rouble exchange rate, which had an impact of EUR -8.9 million on operating profit. The exchange rate impact is primarily caused by the conversion of euro-denominated loans to roubles. 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-September 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 -11.6 (-0.6) 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 21.7 (36.8) million as no new projects were launched. Planning for new projects is, however, ongoing.

July–September 2017

The revenue from International Operations fell to EUR 4.2 (12.1) million in the July–September period. Operating profit was EUR -2.4 (1.2) million. Operating profit was impacted particularly by the weaker rouble, which had an impact of EUR -1.3 (0.6) million.

Shopping centres

Pearl Plaza, St Petersburg

Visitor numbers and total sales have continued to rise at Pearl Plaza, SRV's other shopping and entertainment centre in St Petersburg. The shopping centre has broken visitor records several times, with no less than an 11 per cent rise in visitors during January-September compared with the comparison period. In August alone, the shopping centre set a new record with 860,000 visitors. One major reason behind the rise in visitor numbers was the start of the school year, when school uniforms and supplies are purchased for students.

Considering the market situation, Pearl Plaza is also performing excellently with respect to its occupancy rate, 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. At the same time it has also been possible to reduce the number of temporary rent discounts that were previously granted.

In January–September, Pearl Plaza's monetary sales increased by 13 per cent (in terms of roubles) and 32 per cent (in terms of euros) compared with the corresponding period of the previous year.

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 78 per cent at the end of September, and agreements for a further four per cent of leasable premises are about to be signed. The Okhta Mall is expected to be fully leased by the end of the year 2018.

About 74 per cent of its stores are open. 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 m^2) of the Okhta Mall's commercial floor area, and is expected to boost visitor numbers. Thanks to the opening of KARO, Okhta Mall saw a record high number of visitors in September, when the shopping centre broke the 570,000 visitors per month mark for the first time. UNIQLO, a clothing chain that opened its doors in the autumn, also brought in visitors.

4Daily, Moscow

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

About 62 per cent of the centre's 25,500 square metres of premises have been leased, with reservations and letters of intent signed for about 9 per cent (9/2017). 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, Tsenopad and Zamania.

About 51 per cent of its stores are open. This is typical in Russia, and is a result of a variety of different operating and sales permits. In SRV's previous shopping centres, stores have opened within about a year or year and a half of the centre's opening, depending on the size of the centre.

Other projects

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. 75 per cent of the premises had been leased by the end of September.

The most significant completed projects

Site	Holding, %	Opened	Floor area (m^2)	Occupancy rate 9/2017, %
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 78 Letters of intent and reservations 4
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 62 Letters of intent and reservations 9

*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, 79 had been sold or reserved by the end of September.

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 1,000 inhabitants in Western Europe than there are in Russia.

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

SRV intends to sell its holdings once the target for rental income is achieved, usually 3–4 years after opening. For example, the Pearl Plaza shopping centre which was opened in 2013 is about to achieve its rental income target.

The Russian real estate market is becoming more active after a number of quiet years, and during this year several large real estate acquisitions have been implemented in Russia. Foreign investors in particular have become active in recent years, and a number of parties have also approached SRV. The financing of SRV's projects is managed through long-term loan agreements, enabling SRV to calmly monitor the improvement of the market situation.

The operating currency for SRV's property companies in Russia was changed from the euro to the rouble in the beginning of September 2016. This means that subsidiaries and associated companies that operate in the Russian property business and have previously been using the euro will now use the rouble as their operating currency. This accounting change will make SRV more susceptible to fluctuations in the rouble exchange rate. The companies affected by the change in operating currency include those that own the Okhta Mall and Pearl Plaza shopping centres. In order to reduce exchange rate risks, part of the loans of associated companies are aimed to be converted to roubles.

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 profitability, as they generally yield a better margin than traditional contracting. SRV's development projects target growth centres and, in the Helsinki metropolitan area, particularly locations close to rail transport.

Projects close to rail transport

The capital region's metro line is being expanded to run from Ruoholahti to Espoo via Lauttasaari. In the first phase of the Western Metro, a 14-km rail line will be 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.

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 2018–2019 – and the Metro Centre is scheduled for completion in 2020. 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 forthcoming 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 was approved by the City Council in January 2017.

Keilaniemi

SRV is forging ahead with its residential tower project in Keilaniemi, Espoo. Four towers and a parking facility are planned for Keilaniemi. The area’s city plan is in force, and progress now hinges on tunnelling and traffic arrangements for Ring Road I, 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, after the period, the Administrative Court of Helsinki dismissed a complaint made about the sale of the plots. The decicion has not came into force yet. SRV has not as yet made a final decision on the construction of the towers. If realised, the Keilaniemi Towers would be the tallest residential buildings in Finland, with the tallest soaring to a height of almost 145 metres.

Raide-Jokeri 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.

Other projects

Lapinmäentie

The Lapinmäentie project in Munkkivuori, Helsinki, is proceeding well and SRV will continue to develop the Lapinmäentie 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 scheduled to begin in summer 2018. Different concepts are currently being considered for Tower A, and it may contain shops, services and office space. A demolition permit for the site, known as the Pohjola building, became valid in September, and internal demolition work started after the period, at the beginning of October.

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 already has a building permit for the fitness facilities. It was intended that the fitness facilities would be leased to the City of Helsinki, with the handover scheduled for May 2019. The first housing units were planned to be completed in 2019.

In September, the Administrative Court of Helsinki overturned an acquisition decision that had been made in 2016 concerning the sale of Bunkkeri to SRV. SRV is following how the city is proceeding with the issue.

Tampere Central Deck and Arena

In summer 2016, the City of Tampere and SRV signed an implementation agreement for the Tampere Central Deck and Arena project. The project is designed to be built in the heart of Tampere on top of the railway station. It includes a multi-purpose arena, residential towers, office and business premises, a hotel and apartment buildings in Ranta-Tampella. The project is valued at a total of about EUR 500 million.

After the period, in October 2017, SRV and its investor partners in the project, LocalTapiola and OP Financial Group's insurance and pension insurance companies, signed a joint venture agreement. At the same time and on behalf of the project company, SRV signed a shareholder agreement for the multi-purpose arena with the City of Tampere. The project's investment partners will become shareholders in the project company when the final investment decision has been made.

As previously announced, the shareholder agreement is conditional on the approval of a state subsidy and the fulfilment of the other preconditions. After the end of the review period, on 17 October 2017, the Government proposed granting a subsidy to the project in its third supplementary budget of the year. It is expected that the final subsidy decision will be made in the near future.

In October, the banks participating in the financing of the arena and the first cooperation agreements were also announced. Nordea, OP Tampere, Handelsbanken and LocalTapiola (Yritysrahoitus I Ky) are on board as financiers of the arena. The arena hotel will be managed by Lapland Hotels and restaurant services by Restamax. In addition, the Finnish Elite League ice hockey teams Tappara and Ilves signed a cooperation agreement with the Deck and Arena project.

According to the current schedule, the entire project will be completed in 2023. Construction of the Southern Deck and arena is scheduled to begin during 2017. Preparatory work is already under way on the plot. The final schedule will be updated when the investment decision is made. The aim is to secure a final decision on the investment in 2017.

Land reserves 30 September 2017	**Business construction**	**Housing construction**	**International Operations**	**Total**
Unbuilt land areas and land acquisition commitments				
Building rights[1)], 1,000 m²	**154**	**253**	**716**	**1,123**
Land development agreements				
Building rights[1)], 1,000 m²	**114**	**197**	**0**	**312**

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

Land reserves have declined by about 51,000 m² (-4%) compared to 31 December 2016.

Financing and financial position

IFRS, EUR million	**30 September 2017**	30 September 2016	**Change, %**	31 December 2016
Equity ratio, %	**34.0**	37.8	-10.2	38.3
Gearing ratio, %	**123.4**	99.7	23.8	83.4
Shareholders' equity	**274.4**	285.8	-4.0	295.3
Invested capital	**634.9**	608.7	4.3	596.2
Net interest-bearing debt	**338.7**	285.0	18.8	246.3
Interest-bearing debt	**360.5**	322.9	11.7	300.9
- of which short-term	**88.9**	83.7	6.2	73.7
- of which long-term	**271.6**	239.2	13.5	227.2
Cash and cash equivalents	**21.8**	37.9		54.6
Unused binding liquidity limits and account limit agreements	**122.0**	122.0	0.0	122.0
Unused project loans that can be drawn immediately	**11.3**	97.5	-88.4	47.5

At the end of the review period, the Group's financing reserves totalled EUR 155.1 million with the Group's cash assets amounting to EUR 21.8 million, and open-ended account limits and committed undrawn financing reserves and loans to EUR 133.3 million. In addition, EUR 18.5 million of the EUR 100 million commercial paper programme remains unused.

In June, 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'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 338.7 (285.0) million at the end of the review period. Net interest-bearing debt saw year-on-year growth of EUR 53.7 million. Housing corporation loans account for EUR 82.0 (54.2) million of the interest-bearing debt. Cash flow from operating activities was EUR -76.6 (-54.5) million and net cash flow from investing activities was EUR -5.6 (-8.9) million. In particular, plot acquisitions and an increase in incomplete housing 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 year totalled EUR -10.4 (-14.5) million. Net financial expenses were greatly reduced by the positive fair value revaluation of a ten-year interest rate hedge by EUR 2.0 million (-7.8) 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 1.3 (1.4) million in interest expenses have been capitalised in accordance with IAS 23 since the beginning of the year.

SRV's investment commitments totalled EUR 33.3 (56.9) million, and mainly consisted of investments in Fennovoima's Hanhikivi-1 project and the REDI 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 have previously been using the euro will 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 -5.9 (5.2) million, which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate losses of EUR -1.9 (0.5) million in financial income and expenses, the Group also entered similarly derived currency exchange rate losses of EUR 8.4 (0.5) 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 0.4 million (EUR 0.0 million) in hedging expenses.

Personnel

Personnel by business area	**30 September 2017**	**30 September 2016**	**Percentage of Group personnel, 30 September 2017, %**
Operations in Finland	**892**	803	78
International Operations	**159**	204	14
Other operations	**97**	97	8
Group, total	**1,148**	1,104	100

SRV's payroll increased steadily, and at the end of September the company had 1,148 (1,104) employees, of whom 917 (852) on average were salaried employees. Growth has been robust in Operations in Finland thanks to progress in numerous large-scale projects, such as REDI, Hospital Nova in Central Finland, and

TAYS front yard. The number of employees in International Operations has declined due to the completion of the Okhta Mall and 4Daily shopping centres. The parent company had 68 (65) salaried employees at the end of the review period.

Risks, risk management and corporate governance

SRV has published a separate Corporate Governance Statement in its 2016 Annual Report and on the company's website. Detailed information about the company's business risks and risk management has been provided in the 2016 Notes to the Financial Statements and Annual Report, and also on the company's website.

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

Previously, SRV's operating currency in Russia has primarily been 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 during 2016. This accounting change will make SRV more susceptible to fluctuations in the rouble exchange rate. The companies affected by the change in operating currency include those that own the Okhta Mall and Pearl Plaza shopping centres. 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, part of the loans of associated companies will be converted to roubles. A 10 per cent change in these 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 Kallasvuo** 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 Kallasvuo** 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 7,457 shareholders on 30 September 2017.

The closing price at OMX Helsinki on 30 September 2017 was EUR 4.41 (EUR 4.40 on 30 September 2016, change +0.2%). The highest share price during the review period was EUR 5.74 and the lowest EUR 4.17. At the end of the period, SRV's equity per share excluding the hybrid bond was EUR 4.63. On 30 September 2017, SRV had a market capitalisation of EUR 263 million, excluding the Group's treasury shares. 4.9 million shares were traded during the review period with a trade volume of EUR 23.5 million.

At the end of September, 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 2017–2020 strategic financial objectives that were approved in February 2017:

- During the strategy period, the company will seek to outpace industry growth using large-scale projects
- The operating profit margin will rise to more than 8 per cent by the end of the strategy period
- Return on equity will be at least 15 per cent by the end of the strategy period
- Return on investment will rise to at least 12 per cent by the end of the strategy period
- Our equity ratio will remain above 35 per cent
- We are seeking to make a dividend payment equivalent to 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 weak but steady economic growth in Finland, and Russia's economy stabilising at a slightly stronger level. Substantial growth in SRV's developer-contracted projects is also required. Our operations in Russia have now entered the shopping centre management phase. We will continue developing new projects that can be launched when the Group's capital structure allows and the sites' financial criteria are fulfilled.

Our profitability targets will be achieved by boosting the efficiency of our own operations and the more prudent selection of new projects with regard to profitability and capital commitment.

Outlook for 2017

In addition to general economic trends, SRV's revenue and result in 2017 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.

Although developer-contracted housing will be completed on a steadier schedule in 2017 than in 2016, a significant part of operating profit will be made in the second half of the year. Based on current schedules, SRV estimates that a total of 816 developer-contracted housing units will be completed during 2017.

Full-year consolidated revenue for 2017 is expected to grow compared with 2016 (revenue EUR 884 million). If the rouble exchange rate remains at the level prevailing at the end of the second quarter of 2017, operating profit is expected to weaken, but operative operating profit to improve, compared with 2016 (operating profit EUR 27.7 million and operative operating profit EUR 26.3 million). However, our strategic target for profitability will only be reached towards the end of the strategic period, in 2019–2020.

The operating currency of all of SRV's subsidiaries and associated companies in Russia was changed to the rouble during 2016. This accounting change makes SRV more susceptible to fluctuations in the rouble exchange rate and may impact on full-year operating profit.

Espoo, 25 October 2017

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.

For further information, please contact

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Key figures

EUR million	1-9/ 2017	1-9/ 2016	7-9/ 2017	7-9/ 2016	1-12/ 2016	Last 12 Months
Revenue	776.9	555.5	268.3	193.1	884.1	1 105.5
Operative operating profit [1]	14.5	10.9	9.0	6.7	26.3	30.0
Operative operating profit, % revenue [1]	1.9	2.0	3.4	3.5	3.0	2.7
Operation profit	5.7	11.4	7.7	7.3	27.7	21.9
Operation profit, % revenue	0.7	2.1	2.9	3.8	3.1	2.0
Profit before taxes	-4.7	-3.1	3.3	3.9	16.4	14.7
Profit before taxes, % of revenue	-0.6	-0.6	1.2	2.0	1.8	1.3
Net profit attributable to equity holders of the parent company	-5.3	-2.5	3.0	3.3	13.9	11.0
Return on equity, % [2]	-2.6	-1.3			5.0	
Return on investment, % [2]	1.7	3.3			6.1	
Invested capital	634.9	608.7			596.2	
Equity ratio %	34.0	37.8			38.3	
Net interest-bearing debt	338.7	285.0			246.3	
Gearing ratio, %	123.4	99.7			83.4	
Order backlog	1 535.7	1 888.1			1 758.5	
New agreements	458.5	829.9	162.6	54.9	1 013.1	641.7
Personnel on average	1 144	1 089			1 089	
Earnings per share	-0.13	-0.11	0.04	0.04	0.15	0.13
Earnings per share (diluted)	-0.13	-0.11	0.04	0.04	0.15	0.13
Equity per share	4.63	4.85			5.00	
Equity per share (without hybrid bond), euros	3.88	3.81			4.25	
Dividend per share, euros	0.10	0.10			0.10	
Dividend payout ratio, %	-	-			67.6	
Dividend yield, %	-	-			1.8	
Price per earnings ratio	neg.	neg.			36.7	
Share price development:						
Share price at the end of the period, eur	4.41	4.40			5.43	
Average share price, eur	4.81	3.76			4.07	
Lowest share price, eur	4.17	2.60			2.60	
Highest share price, eur	5.74	4.73			5.58	
Market capitalisation at the end of the period	262.8	261.2			322.4	
Trading volume, 1 000 units	4 872	4 543			6 355	
Trading volume, %	8.2	7.7			10.7	
Weighted average number of shares outstanding during the period, 1 000 units	59 529	59 340			59 349	
Weighted average number of shares outstanding during the period (diluted) 1 000 units	59 529	59 372			59 576	
Number of shares outstanding at the end of the period,1 000 units	59 581	59 375			59 375	

[1] Net FX-changes are eliminated

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

Calculation of key figures

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

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Group and Segment information by quarter

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

1) at the end of the period

Revenue EUR million	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Operations in Finland	263.7	277.8	219.3	319.3	180.9	200.4	131.5
- business construction	173.5	181.1	164.4	167.4	141.4	143.8	106.9
- housing construction	90.2	96.8	54.8	151.9	39.5	56.6	24.6
International Operations	4.2	7.0	4.4	9.4	12.1	18.4	12.4
Other operations	4.8	4.4	4.4	4.0	4.0	4.0	4.0
Eliminations	-4.4	-4.5	-4.5	-4.1	-3.9	-4.3	-4.0
Group, total	268.3	284.8	223.7	328.7	193.1	218.5	143.8

Operating profit EUR million	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Operations in Finland	10.2	6.7	5.0	21.8	6.6	7.6	2.2
International Operations	-2.4	-14.0	3.2	-2.8	1.2	-1.5	-1.1
Other operations	-0.1	-2.1	-0.8	-2.8	-0.4	-2.0	-1.1
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	7.7	-9.3	7.3	16.2	7.3	4.1	0.0

Operating profit (%)	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Operations in Finland	3.9	2.4	2.3	6.8	3.6	3.8	1.7
International operations	-57.5	-199.6	71.3	-29.4	9.5	-8.0	-8.6
Group, total	2.9	-3.3	3.3	4.9	3.8	1.9	0.0

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

Order backlog, housing construction in Finland EUR million	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	195	166	196	193	122	107	115
Under construction, sold	195	180	164	105	181	150	134
Under construction, unsold	241	232	243	222	227	251	249
Completed and unsold	34	43	30	43	28	37	40
Housing construction, total	663	621	634	563	557	546	539

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

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

1) Interim Report 1 January – 30 September 2017

This interim report has been prepared in accordance with the IAS standard 34, Interim Financial Reporting. In preparing this interim report, SRV has applied the same accounting principles as in its year-end financial statements for 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.

IFRS 15 Revenue from Contracts with Customers as from 1 January 2018. In 2016 and 2017, the Group reviewed the effects of the standard. SRV has, in its study of its business operations, identified a number of different project types and has evaluated the impact of IAS 15 on the revenue recognition of these project types.
In the study, every identified project type was analysed. In the future, new sales contracts will be analysed according to a five-step process. In the study, no material differences were perceived in revenue recognition compared with the standards previously applied.

In the 2016 financial statements, the study was still incomplete regarding the handling of the following items under IFRS 15. These have now been resolved:

o Contracts in which there are separate performance obligations. 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). In its study, the Group determined that these do not have a material impact on the consolidated financial statements.

o Contracts in which there is a substantial financing component. The study determined that own-development and developer-contracted projects may include a separate financing component. In such projects, factoring will apply the treatment of a substantial financing component and as an adjustment to revenue. In projects where the average financing period is less than one year, SRV will apply the "practical expedient" for periods of less than 12 months set out in IFRS 15.63. The Group will disclose the quantitative effects for 2017 at a later date. Due to the nature of the company's operations (projects), the quantitative effects in future financial periods cannot be determined in advance. However, the quantitative effects will not be very significant.

o According to SRV's study, there will be no changes from current practice in the revenue recognition of plots in development projects. However, the timing of revenue recognition from plots will from now on be assessed on a case-by-case basis.

From the beginning of 2017, SRV revised its practice for capitalising 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 capitalised when they can be reliably considered to have a favourable impact on the value of the plot or project. Previously, the capitalisation 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 interim report.

SRV changed the presentation method of its cash flow statement to the direct presentation method recommended by IAS 7 from the beginning of ther 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 capitalised during the construction period in current assets in accordance with the Group's capitalisation rate. During the reporting period, SRV changed its capitalisation practice such that, with respect to developer-contracted housing projects, interest expenses on borrowing are capitalised primarily using the project-specific financing cost. If the proportion of project-specific financing is not significant, the Group's capitalisation rate is used in capitalising 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 capitalisation 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 capitalisation practice would not, in the company's view, have a substantial impact on the comparison periods presented in the interim report.

The preparation of an interim report in accordance with IFRS requires Group management to make estimates and assumptions that affect both the values of assets and liabilities on the balance sheet date, and income and expenditure for the financial period. Judgements also have to be made in applying the accounting principles. As these estimates and assumptions are based on current perceptions of the situation on the balance sheet date, they involve risks and uncertainties. Actual results may therefore differ from the estimates and assumptions. The key accounting estimates and judgement-based solutions are presented in greater detail in the accounting principles of the consolidated financial statements for 2016.

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

Alternative performance measures used in financial reporting
The company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The formulas for these performance measures are provided above.
In the company's view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

SRV has added key figures for operative operating profit and operating profit margin to the interim report.
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".

2) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	1-9/ 2017	1-9/ 2016	change MEUR	change %	7-9/ 2017	7-9/ 2016	change %	1-12/ 2016	Last 12 Months
Revenue	776.9	555.5	221.4	39.9	268.3	193.1	39.0	884.1	1 105.5
Other operating income	1.1	1.8	-0.7	-37.1	0.2	0.3	-48.2	2.1	1.4
Change in inventories of finished goods and work in progress	17.0	88.2	-71.1		0.4	48.7		37.8	-33.3
Use of materials and services	-702.6	-564.6	-138.0	24.4	-236.5	-215.3	9.8	-797.8	-935.8
Employee benefit expenses	-58.2	-53.0	-5.3	9.9	-17.2	-16.0	7.2	-73.0	-78.3
Share of results of associated companies	-11.9	-1.3	-10.6		-2.9	1.2		7.4	-3.2
Depreciation and impairments	-2.9	-2.8	-0.1		-1.0	-0.9		-6.6	-6.7
Other operating expenses	-13.7	-12.2	-1.4	11.8	-3.6	-3.8		-26.3	-27.7
Operating profit	5.7	11.4	-5.8		7.7	7.3		27.7	21.9
Financial income	4.1	2.6	1.5	57.8	1.8	1.1		7.0	8.6
Financial expenses *)	-14.5	-17.1	2.6	-15.4	-6.2	-4.5		-18.4	-15.7
Financial income and expenses, total	-10.4	-14.5	4.1		-4.4	-3.4		-11.3	-7.2
Profit before taxes	-4.7	-3.1	-1.6		3.3	3.9		16.4	14.7
Income taxes	-0.9	0.5	-1.3		0.0	-0.6		-2.0	-3.3
Net profit for the period	-5.6	-2.6	-3.0		3.3	3.3		14.4	11.4
Attributable to									
Equity holders of the parent company	-5.3	-2.5			3.0	3.3		13.9	11.0
Non-Controlling interests	-0.2	-0.1			0.3	0.0		0.5	0.4
Earnings per share attributable to equity holders of the parent company	-0.13	-0.11			0.04	0.04		0.15	0.13
Earnings per share attributable to equity holders of the parent company (diluted)	-0.13	-0.11			0.04	0.04		0.15	0.13
*) of which derivative expenses fair value revaluation	2.0	-7.8			0.3	-1.2		-4.7	5.1

Statement of comprehensive income EUR million	1-9/ 2017	1-9/ 2016	7-9/ 2017	7-9/ 2016	1-12/ 2016	Last 12 Months
Net profit for the period	-5.6	-2.6	3.3	3.3	14.4	11.4
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Financial assets available for sale	0.0	-0.2	0.0	0.0	0.3	0.6
Income tax relaed to components of other comprehensive income	0.0	0.0	0.0	0.0	-0.1	-0.1
Gains and losses arising from translating the financial statements of a foreign operation	-0.7	2.1	-0.2	0.1	3.8	0.9
Share of other comprehensive income of associated companies and joint ventures	-5.1	3.1	-1.0	3.2	11.4	3.2
Other comprehensive income for the period, net of tax	-5.8	5.1	-1.2	3.3	15.5	4.6
Total comprehensive income for the period	-11.4	2.5	2.1	6.7	29.9	16.0
Attributable to						
Equity holders of the parent company	-11.2	2.6	1.8	6.7	29.4	15.6
Non-Controlling interests	-0.2	-0.1	0.3	0.0	0.5	0.4

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3) Consolidated balance sheet

Consolidated balance sheet EUR million	30.9.17	30.9.16	change %	31.12.16
ASSETS				
Non-current assets				
Property, plant and equipment	11.4	12.2	-7.2	12.0
Goodwill	1.7	6.3	-72.5	1.7
Other intangible assets	1.6	1.7	-8.9	1.9
Shares in associated companies and joint ventures	194.8	208.5	-6.6	211.5
Other financial assets	15.2	12.8	19.2	13.9
Receivables	0.5	2.3	-79.7	0.0
Loan receivables from associated companies and joint ventures	66.8	29.7	124.6	55.9
Deferred tax assets	11.4	10.2	11.9	9.2
Non-current assets, total	303.4	283.8	6.9	306.1
Current assets				
Inventories	433.7	423.1	2.5	400.3
Trade and other receivables	158.5	131.1	20.9	116.6
Loan receivables from associated companies and joint ventures	0.0	1.1		1.1
Current tax receivables (based on profit for the review period)	2.8	6.5	-57.4	3.9
Cash and cash equivalents	21.8	37.9	-42.4	54.6
Current assets, total	616.8	599.7	2.9	576.4
ASSETS, TOTAL	920.2	883.5	4.1	882.5

Consolidated balance sheet EUR million	30.9.17	30.9.16	change,%	31.12.16
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	141.5	141.5	0.0	141.5
Translation differences	2.2	-2.0		8.0
Fair value reserve	-1.1	-1.5	-30.2	-1.1
Hybrid bond	45.0	61.7	-27.1	45.0
Retained earnings	85.4	85.4	0.0	100.6
Equity attributable to equity holders of the parent company, total	276.0	288.1	-4.2	297.1
Non-controlling interests	-1.7	-2.3		-1.8
Total equity	274.4	285.8	-4.0	295.3
Non-current liabilities				
Deferred tax liabilities	4.8	3.0	56.9	4.2
Provisions	10.7	6.1	74.0	7.8
Interest-bearing liabilities	271.6	239.2	13.5	227.2
Other liabilities	10.9	14.6	-25.6	14.0
Non-current liabilities, total	297.9	262.9	13.3	253.2
Current liabilities				
Trade and other payables	249.2	243.3	2.4	253.4
Current tax payables (based on profit for the review period)	1.7	2.7	-38.3	0.0
Provisions	8.2	5.1	59.5	6.8
Interest-bearing liabilities	88.9	83.7	6.2	73.7
Current liabilities, total	347.9	334.8	3.9	334.0
Liabilities, total	645.8	597.7	8.0	587.2
EQUITY AND LIABILITIES, total	920.2	883.5	4.1	882.5

4) Consolidated cash flow statement EUR million	1-9/ 2017	1-9/ 2016	1-12/ 2016	Last 12 Months
Cash flows from operating activities				
Cash receipts from customers	729.3	536.3	881.6	1 074.6
Cash receipts from other operating income	1.1	1.8	2.1	1.4
Cash generated from operations [1)]	-792.4	-584.4	-838.9	-1 046.9
Net cash before interests and taxes	-62.0	-46.3	44.8	29.2
Interests received and other financial income	0.3	0.1	0.2	0.4
Interests paid and other expenses from financial costs [1)]	-14.9	-5.4	-9.9	-19.4
Income taxes paid	0.0	-2.8	-4.0	-1.3
Cash flows from operating activities	-76.6	-54.5	31.1	9.0
Cash flow from investing activities				
Purchase of tangible and intangible assets	-2.0	-4.2	-5.4	-3.2
Sale of tangible and intangible assets	0.0	0.1	0.0	-0.1
Purchase of investments	-1.3	-1.4	-7.8	-7.6
Investments in associated companies and joint ventures	-0.4	0.0	0.0	-0.4
Increase in loan receivable from associated companies and joint ventures	-2.0	0.0	-30.7	-32.7
Decrease in loan receivable from associated companies and joint ventures	0.0	-3.4	4.5	7.9
Net cash used in investing activities	-5.6	-8.9	-39.4	-36.1
Cash flow from financing activities				
Proceeds from loans	17.1	104.5	171.4	84.0
Repayment of loans	-27.9	-17.3	-116.2	-126.8
Proceeds from Hybrid bond	0.0	45.0	45.0	0.0
Repayment of hybrid bond	0.0	-28.3	-45.0	-16.7
Hybrid bond costs	0.0	-1.6	-1.6	0.0
Hybrid bond intrests	-3.9	0.0	-3.3	-7.2
Change in housing corporation loans	39.9	-4.7	-16.8	27.8
Net change in short-term loans	30.5	-25.4	0.1	56.0
Dividends paid	-6.0	-6.0	-5.9	-5.9
Net cash flow from financing activities	49.7	66.2	27.7	11.2
Net change in cash and cash equivalents	-32.6	2.8	19.5	-15.9
Effect of exchange rate changes in cash and cash equivalents	-0.1	0.1	0.1	-0.2
Cash and cash equivalents at the beginning of period	54.6	35.0	35.0	54.6
Cash and cash equivalents at the end of period	21.8	37.9	54.6	38.5

[1)] Due to the new classification in consolidated cash flow statement presentation in cash flows from operating activities is changed between two rows

5) Statement of changes in Group equity

	Equity attributable to the equity holders of the parent company								
	Share Capital	Invested Free Equity Fund	Hybrid Bond	Translation differences	Fair value reserve	Reitained earnings	Total	Non-controlling interests	Total equity
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	-5.9	0.0	-5.3	-11.2	-0.2	-11.4
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	-0.9	-0.9	0.0	-0.9
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	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.4	0.5
Equity on 30 September 2017	3.1	141.5	45.0	2.2	-1.1	85.4	276.0	-1.7	274.4
1 January- 30 September 2016 (EUR million)									
Equity 1 January 2016	3.1	141.2	45.0	-7.2	-1.4	95.7	276.4	0.8	277.2
Comprehensive income for the review period	0.0	0.0	0.0	5.2	-0.2	-2.5	2.6	-0.1	2.5
Dividends paid	0.0	0.0	0.0	0.0	0.0	-6.0	-6.0	0.0	-6.0
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to share issue, tax	0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.3
Hybrid bond	0.0	0.0	16.7	0.0	0.0	-1.8	14.9	0.0	14.9
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.0	-3.0
Equity on 30 September 2016	3.1	141.5	61.7	-2.0	-1.5	85.3	288.1	-2.3	285.8
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

6) Group commitments and contingent liabilities (EUR million)	30.9.17	30.9.16	change %	31.12.16
Collateral given for own liabilities				
Real estate mortgages given [1)]	104.3	85.0	22.7	70.8
Other commitments				
Investment commitments given	33.2	56.9	-41.6	31.2
Plots purchase commitments	40.1	42.6	-6.0	37.9
Contingent liabilities (rented plots)	77.7	52.1	49.3	59.8

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)	9/2017 Fair value		9/2016 Fair value		12/2016 Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Foreign exchange forward contracts	0.0	0.0	0.0	0.0	0.0	4.4
Currency option	0.5	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	6.0	0.0	11.1	0.0	8.0

Nominal values of derivative instruments	9/2017	9/2016	12/2016
Foreign exchange forward contracts	0.0	0.0	37.0
Currency option	50.0	0.0	0.0
Interest rate swaps	100.0	100.0	100.0

7) Group and Segment Information

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

Group and Segment information

Revenue EUR million	1-9/ 2017	1-9/ 2016	change, MEUR	change %	7-9/ 2017	7-9/ 2016	1-12/ 2016	Last 12 Months
Operations in Finland	760.9	512.9	248.0	48.4	263.7	180.9	832.2	1 080.2
International operations	15.6	42.9	-27.3	-63.5	4.2	12.1	52.4	25.1
Other operations	13.6	11.9	1.7	14.7	4.8	4.0	15.9	17.7
Eliminations	-13.3	-12.2	-1.1		-4.4	-3.9	-16.3	-17.4
Group, total	776.9	555.5	221.4	39.9	268.3	193.1	884.1	1 105.5

Operation profit EUR million	1-9/ 2017	1-9/ 2016	change, MEUR	change %	7-9/ 2017	7-9/ 2016	1-12/ 2016	Last 12 Months
Operations in Finland	21.9	16.4	5.5	33.2	10.2	6.6	38.3	43.7
International operations	-13.2	-1.4	-11.8		-2.4	1.2	-4.2	-16.0
Other operations	-3.0	-3.6	0.6		-0.1	-0.4	-6.4	-5.8
Eliminations	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Group, total	5.7	11.4	-5.8		7.7	7.3	27.7	21.9

Operating profit, %	1-9/ 2017	1-9/ 2016	7-9/ 2017	7-9/ 2016	1-12/ 2016	Last 12 Months
Operations in Finland	2.9	3.2	3.9	3.6	4.6	4.0
International Operations	-84.5	-3.2	-57.5	9.5	-7.9	-63.8
Group, total	0.7	2.1	2.9	3.8	3.1	2.0

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Assets EUR million	30.9.2017	30.9.2016	change MEUR	change, %	31.12.2016
Operations in Finland	628.6	585.6	43.0	7.3	569.2
International operations	264.0	262.4	1.6	0.6	288.0
Other Operations	488.6	498.1	-9.5	-1.9	502.7
Eliminations and other adjustments	-461.1	-462.7	1.6		-477.4
Group, total	920.2	883.5	36.6	4.1	882.5

Liabilities EUR million	30.9.2017	30.9.2016	change MEUR	change, %	31.12.2016
Operations in Finland	397.0	425.4	-28.4	-6.7	353.9
International operations	168.0	190.7	-22.7	-11.9	175.9
Other Operations	286.8	274.3	12.5	4.6	279.8
Eliminations and other adjustments	-206.1	-292.7	86.6		-222.4
Group, total	645.8	597.7	48.1	8.0	587.2

Invested capital EUR million	30.9.2017	30.9.2016	change MEUR	change, %	31.12.2016
Operations in Finland	383.2	364.5	18.7	5.1	333.0
International operations	239.5	227.3	12.3	5.4	250.8
Other Operations	12.1	16.9	-4.8	-28.2	12.4
Group, total	634.9	608.7	26.2	4.3	596.2

Return on investment %	30.9.2017	30.9.2016	change MEUR	change, %	31.12.2016
Operations in Finland	8.5	6.6	2.0	29.9	12.0
International operations	-6.5	0.5	-7.1		0.9
Group, total	1.7	3.3	-1.6		6.1

8) Inventories EUR million	30.9.2017	30.9.2016	change MEUR	31.12.2016
Land areas and plot-owning companies	176.8	183.9	-7.1	183.7
Operations in Finland	91.9	103.9	-12.1	95.2
International operations	85.0	80.0	5.0	88.5
Work in progress	211.7	204.3	7.4	170.3
Operations in Finland	211.7	199.0	12.7	162.2
International operations	0.0	5.3	-5.3	8.2
Shares in completed housing corporations and real estate companies	37.5	27.7	9.7	38.3
Operations in Finland	32.0	27.6	4.5	38.1
International operations	5.4	0.1	5.3	0.2
Other inventories	7.7	7.1	0.6	7.9
Operations in Finland	7.7	6.9	0.7	7.8
International operations	0.0	0.2	-0.1	0.2
Inventories, total	433.7	423.1	10.6	400.3
Operations in Finland	343.2	337.4	5.8	303.3
International operations	90.5	85.7	4.8	97.0

9) Related party transactions

EUR million	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
30.9.17						
Management and the Board of Directors	3.3	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	107.3	0.0	0.6	17.8	0.0
Associated companies	0.0	9.6	0.0	2.5	53.7	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	3.3	116.9	0.0	3.0	71.4	0.0

	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
30.9.16						
Management and the Board of Directors	2.8	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	68.5	0.0	0.1	2.8	0.0
Associated companies	0.0	41.8	0.0	1.2	44.8	3.8
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.8	110.3	0.0	1.3	47.6	3.8

	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
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