



YIT's operations on a local level – YIT in the Moscow region

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Balashiha
Moscow Oblast, Russia

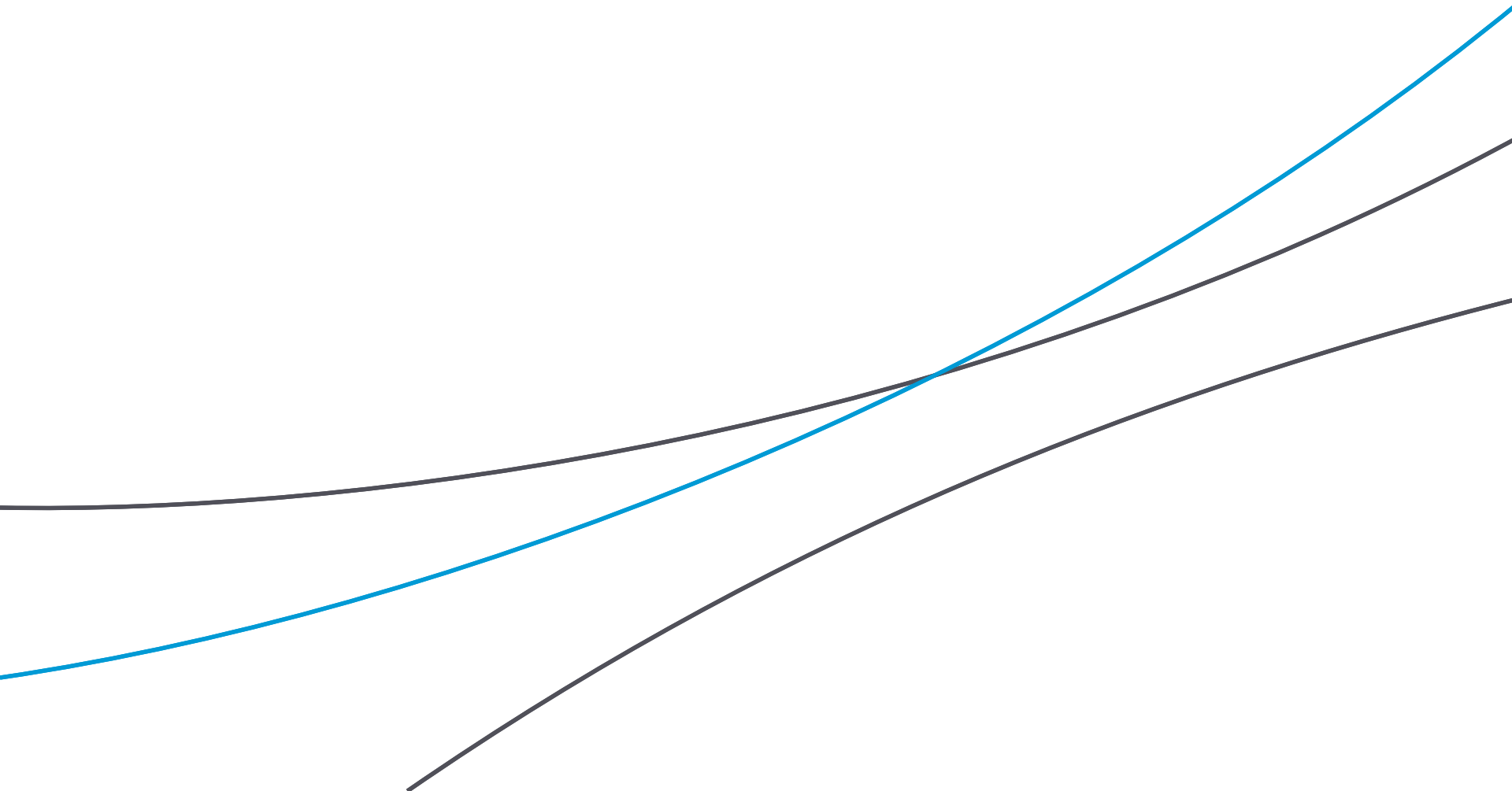
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Kunchevskaya
Moscow, Russia

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YIT in the Moscow region



YIT's presence in the Moscow region



- 17 construction sites in 15 cities
- 21 ongoing projects
- 16 sales offices
- 14 bank partners
- Over 2,700 apartments for sale
- Population of ~7 million
 - Of which ~1.4 million (20%) in YIT's operating cities

YIT in the Moscow region

Key characteristics of the Moscow region

- The Moscow region is the leader in housing volumes in Russia
- Increasing number of customers from Moscow City
- Main trend – more uniform rules in different cities
- The local government's focus is on improving the living environment



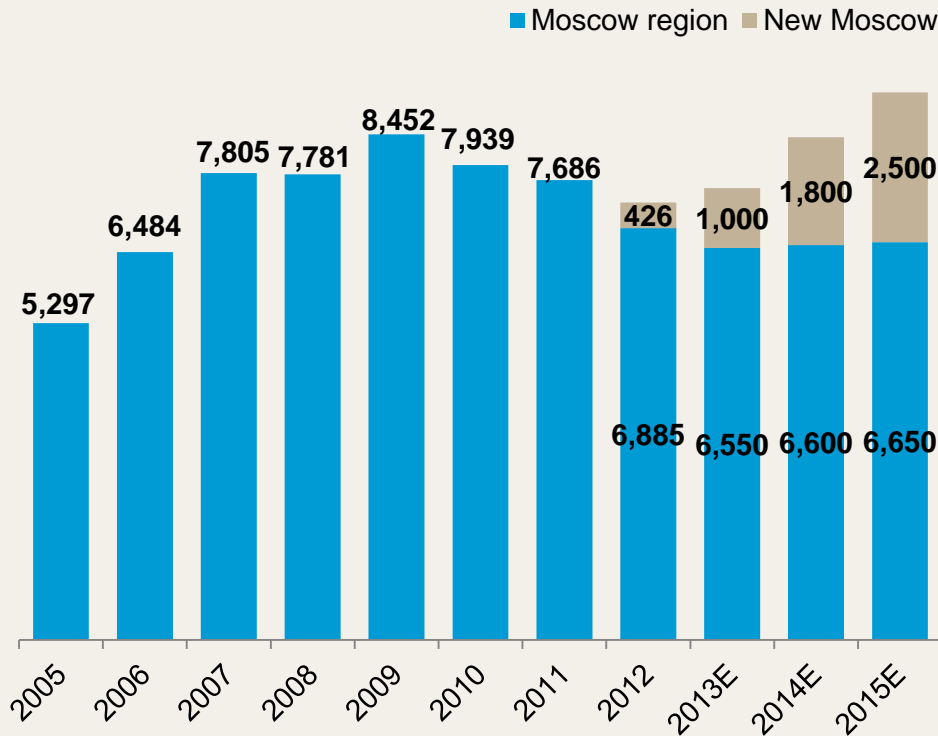
Key strengths of YIT

- Reputation of a Finnish company – part of a multinational group
- Strong corporate culture – YIT values, work safety standards
- Utilizing group-wide knowhow in local projects – a step ahead of the market
- Solid track record, knowledge of local market and the customers



Attractive and growing market

Commissioned residential
volumes, thousand sq. m



Source: Minmosoblstroi, Stroikomplex of Moscow, Rosstat, Mosoblstat

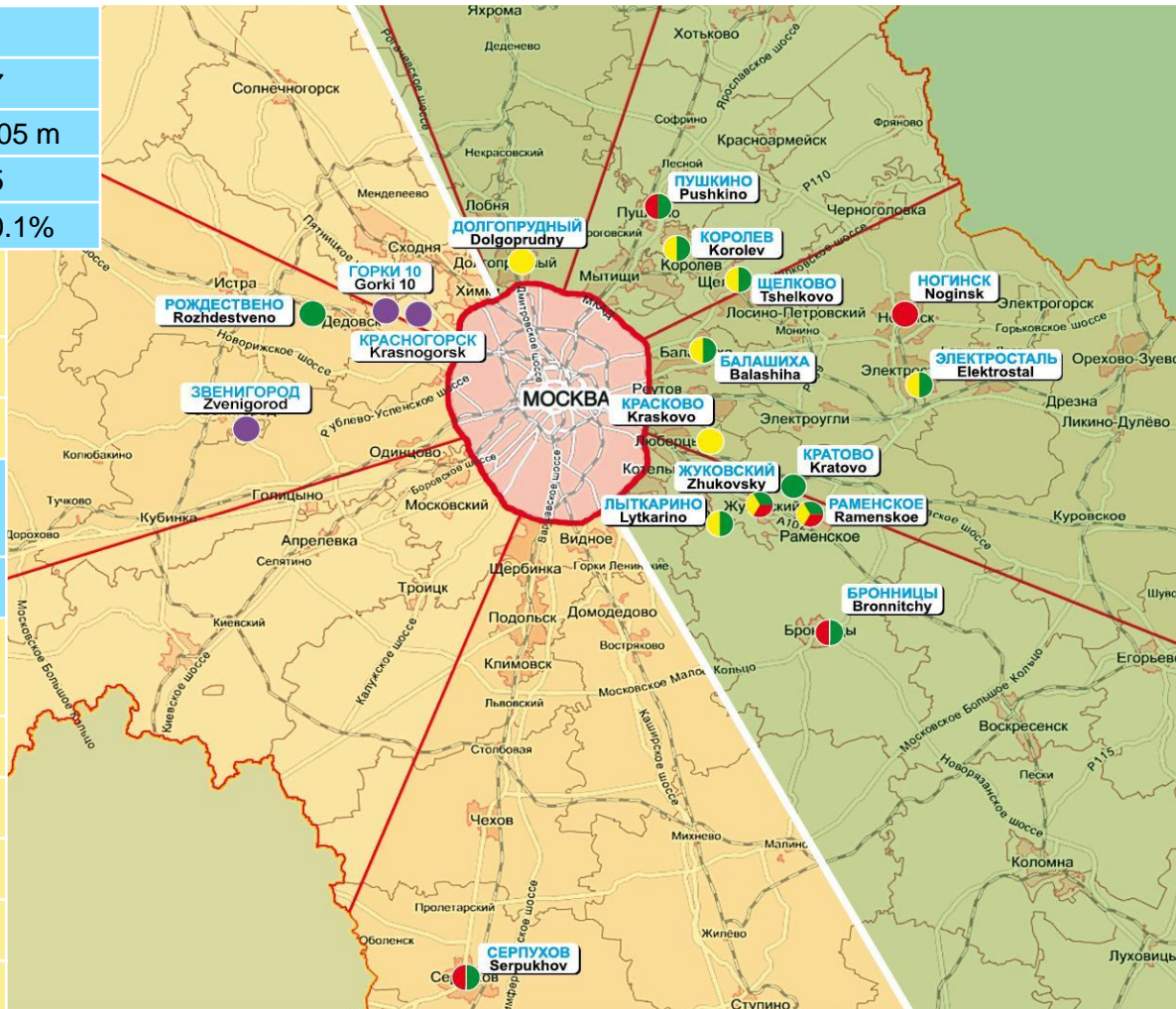
- Real estate remains the most attractive investment and saving instrument
- Developing activity continues to be concentrated in the Moscow region instead of Moscow City
- Mortgage market continues to develop and credit volumes are forecasted to grow
- Population of the Moscow region increases mainly due to external migration

Current markets of YIT in the Moscow region

Moscow region	
Number of cities	77
Population	7.05 m
YIT operations, cities	15
Population, YIT operations	20.1%

South/West of Moscow region, people

Podolsk, Klimovsk	↗263,435
Khimki	↗215,462
Odintsovo, Golitsino, Zvenigorod, Gorki	↘177,883
Krasnogorsk	↗122,790
Nakhabino, Dedovsk, Istra	↗101,372
Domodedovo	↗100,617
Dolgoprudny	↗92,860
Lobnja	↗76,654
Vidnoje	↗57,414
Troitsk	↗37,591
Total	1,282,044
YIT presence	20%



● ВЕДЕТСЯ СТРОИТЕЛЬСТВО Under construction	● ЕСТЬ РЕЗЕРВ УЧАСТКОВ Plot reserve	● ЗЕМЛЯ ОФОРМЛЯЕТСЯ НА YIT Plot documents in process
● ОБЪЕКТЫ СИТИ-СТРОЙ Objects of City-Stroi		

North/East of Moscow region, people

Balashiha	↗221,804
Korolev	↗185,643
Zheleznodorozhny	↗135,971
Schelkovo	↘109,828
Zhukovsky	↗106,248
Pushkino	↗103,301
Noginsk	↗101,717
Ramenskoje	↗99,091
Reutov	↗89,253
Lytkarino	↗55,704
Total	1,208,560
YIT presence	80%

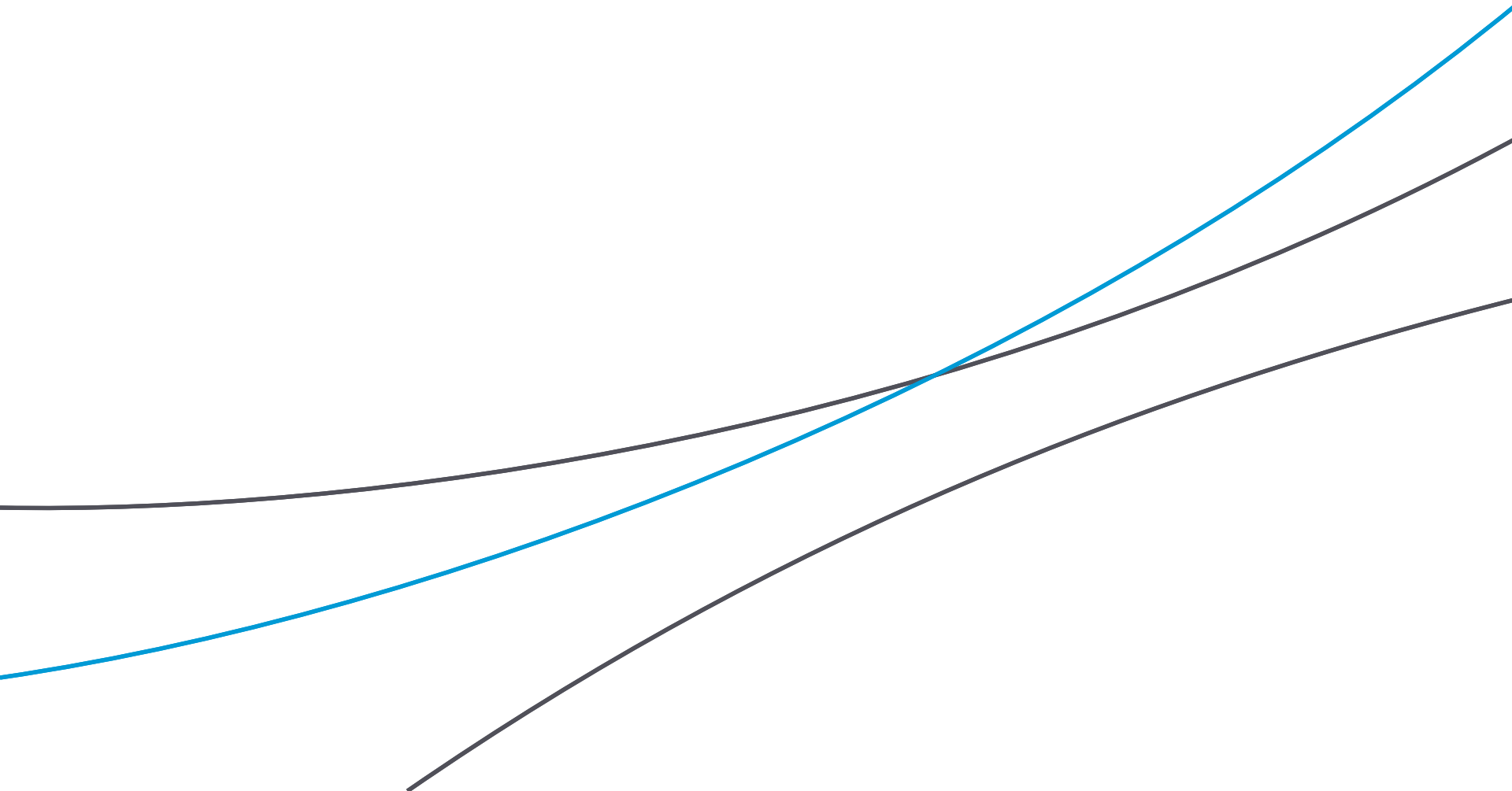
YIT has large (80%) coverage in North and East and currently develops its presence in South-West

Main trends in YIT s development

- Area development enables focus on living environment
 - Kindergartens, schools, multipurpose premises, greening and landscaping (children`s playgrounds, outdoor training equipment, bicycle paths) in microdistricts under development
- Differentiated product range, including low-rise housing
 - For example a 3-storey house is a new product in the market
- Best quality of materials, design and construction works including:
 - Finishing of common areas
 - Good quality glazing
 - Lifts
 - Mechanical ventilation in comfort class houses
 - Large balconies



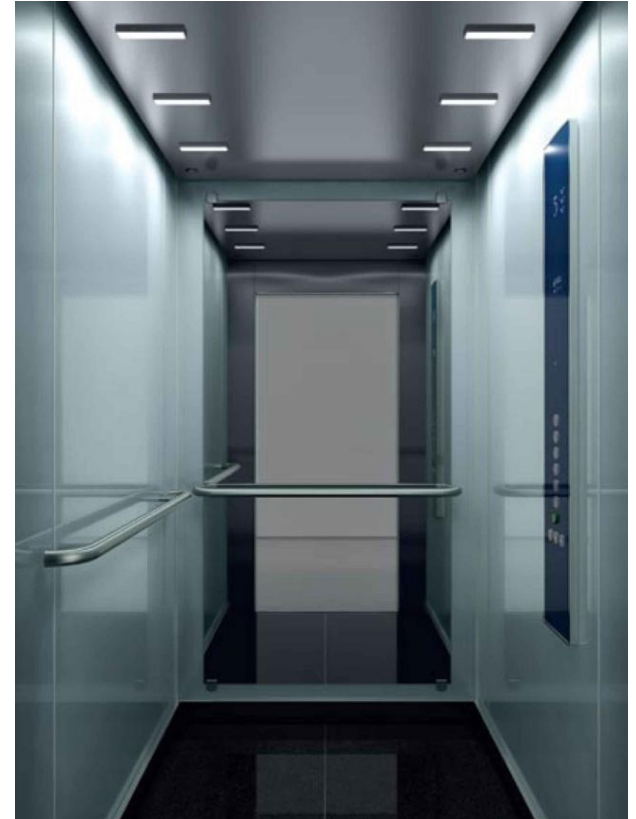
Concepts of YIT Moskovia



Multistorey houses



- Modern architecture
- Facades made of panels, bricks, painting cover according to the local market preference
- Large balconies of full glazing



- KONE lifts

Multistorey houses

- Combined space of kitchen and living room
- Ready for finishing

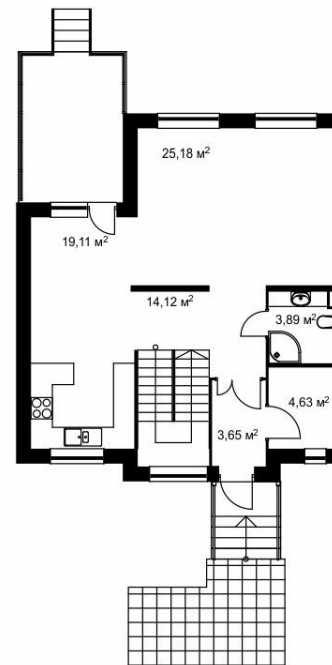


Townhouses

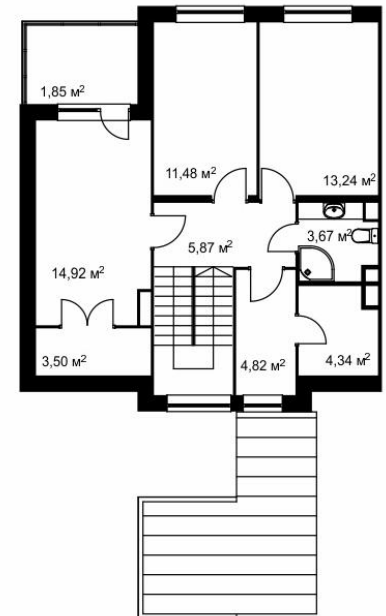


- Modern and competitive concept
- North-European architecture
- Apartments of 99-130 sq. m

1 floor



2 floor



Low-rise houses



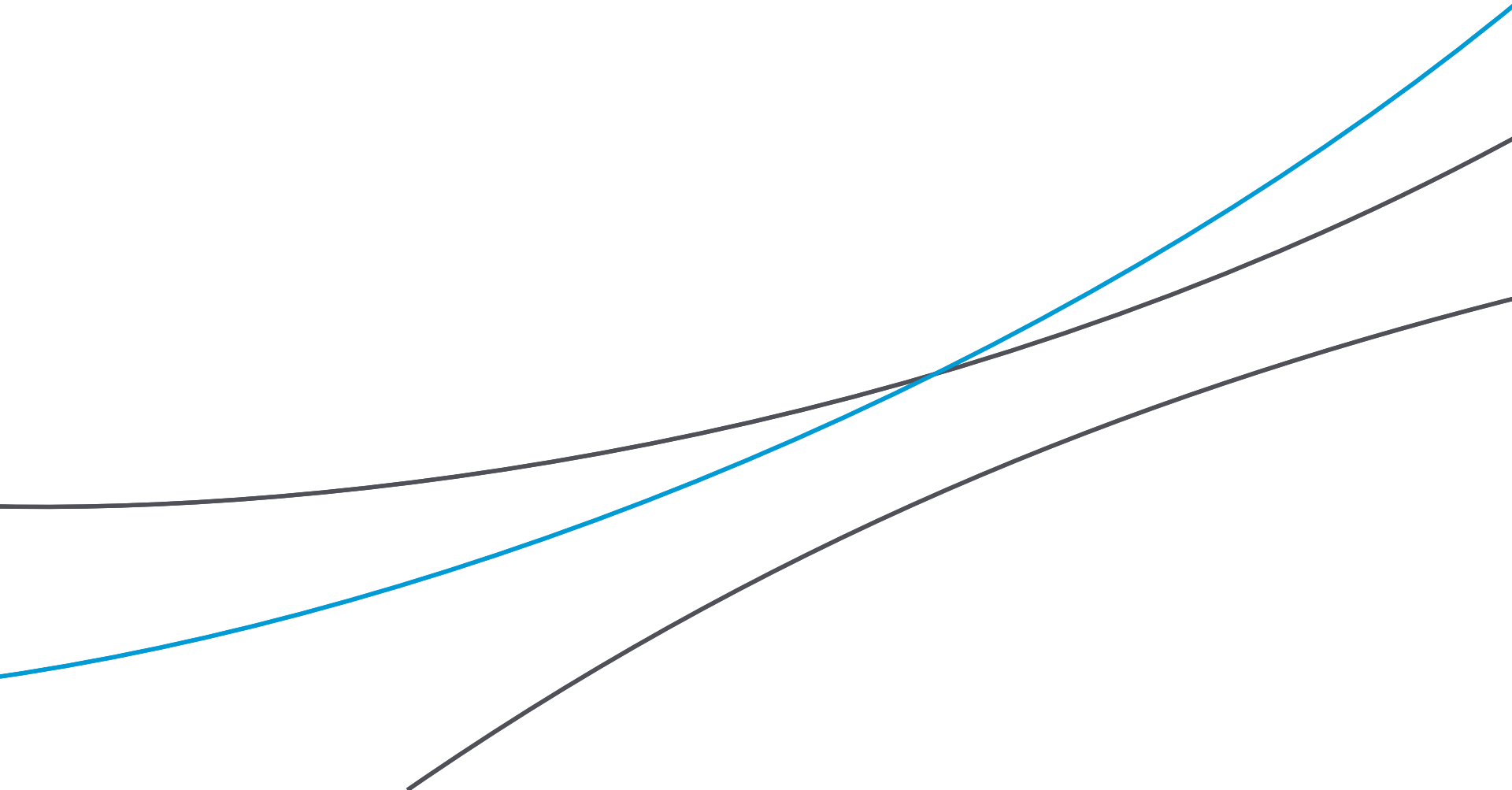
- Lower construction cost
- Expertize by municipalities is not required
- Smaller apartments of 35 - 68 sq. m

Comfortable living environment

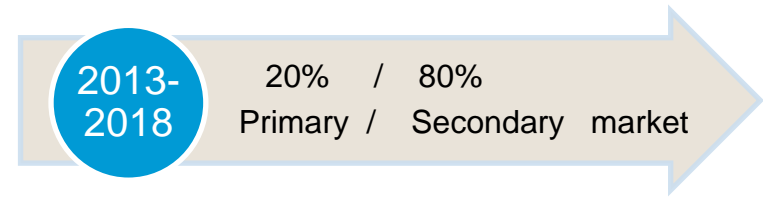
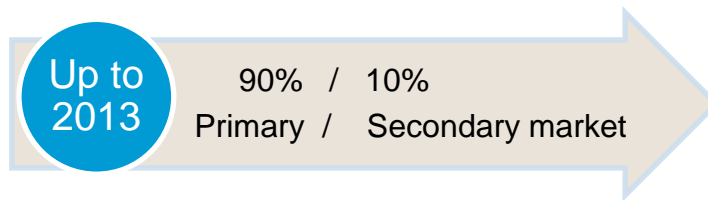


- Social objects (kindergarten in Microdistrict Finsky in Schelkovo for 200 children)
- Comfortable environment for all people of all ages

Plot acquisition process



Changes in the plot market



Primary market – land auctions

- Comprehensive development auction
- Individual construction auction construction (Art. 38.1 of Land Code of Russian Federation)
- Development of built-up area (resettlement and demolishing)

Secondary market – private owners

- Real estate Funds (land)
- Large landowners (Absolut, Znak, RDI, banks)
- Federal structures (RosAtom, RZD and others)
- Owners of industrial facilities for further renovation

Investments in development plan of objects at pre-investment stage is needed

Main Agenda:

- Quick entrance into a new city – establishing contacts with local authorities

Deal types:

- Pure purchase of land plots in favourable locations
- Joint development and handing over some part of new housing to sellers
- Shares in large development projects

Plot acquisition process



	EXPRESS ASSESSMENT	INVESTIGATIONS	NEGOTIATIONS AND DEAL STRUCTURING	DOCUMENTS PREPARED FOR THE DEAL	DEAL CLOSING
PLOT MANAGEMENT	Plot size, usage and concept ideas. Estimate construction volume	Detailed information regarding city planning and junctions	Offers regarding closer approach to the owner, with account for interests of local authorities	Together with legal department	Together with legal department
DESIGN	Assessment of the design solution (in case the layout is available)	Draft development plan	Corrections (if necessary)		
MARKETING SURVEY	Assessment of current price for the territory under consideration	Competitor analysis	Market capacity estimation/construction phasing		
LEGAL ISSUES	Assessment of land, its readiness for development, risks	Final due diligence	Deal structuring	Together with investment department – plot opinion	Together with investment department
CALCULATIONS G-1	In case of positive conclusions – outline plan based on analogues	Preliminary calculation G-1	G-1 revisions from deal terms	Preparation of documents and offers to be submitted to the Group Investment Board in Helsinki	
RESULT	Preliminary decision is discussed at the management board meeting. Decision about further development of the plot	Management board prepares an offer for the plot owner	Conditions are agreed upon with the owner Preliminary approval from the Corporation	Approval from the Group Investment Board	The plot rights are registered Payments for the plot

Risk management in plot acquisitions

- Risk management is an important issue in plot acquisitions
- YIT has clear rules for the due diligence process in plot acquisitions
- Plot DD team consists of business unit representatives and country level lawyers
- DD process very thorough
 - Approximately just 2% of investigated plots are acquired

Areas of Legal DD

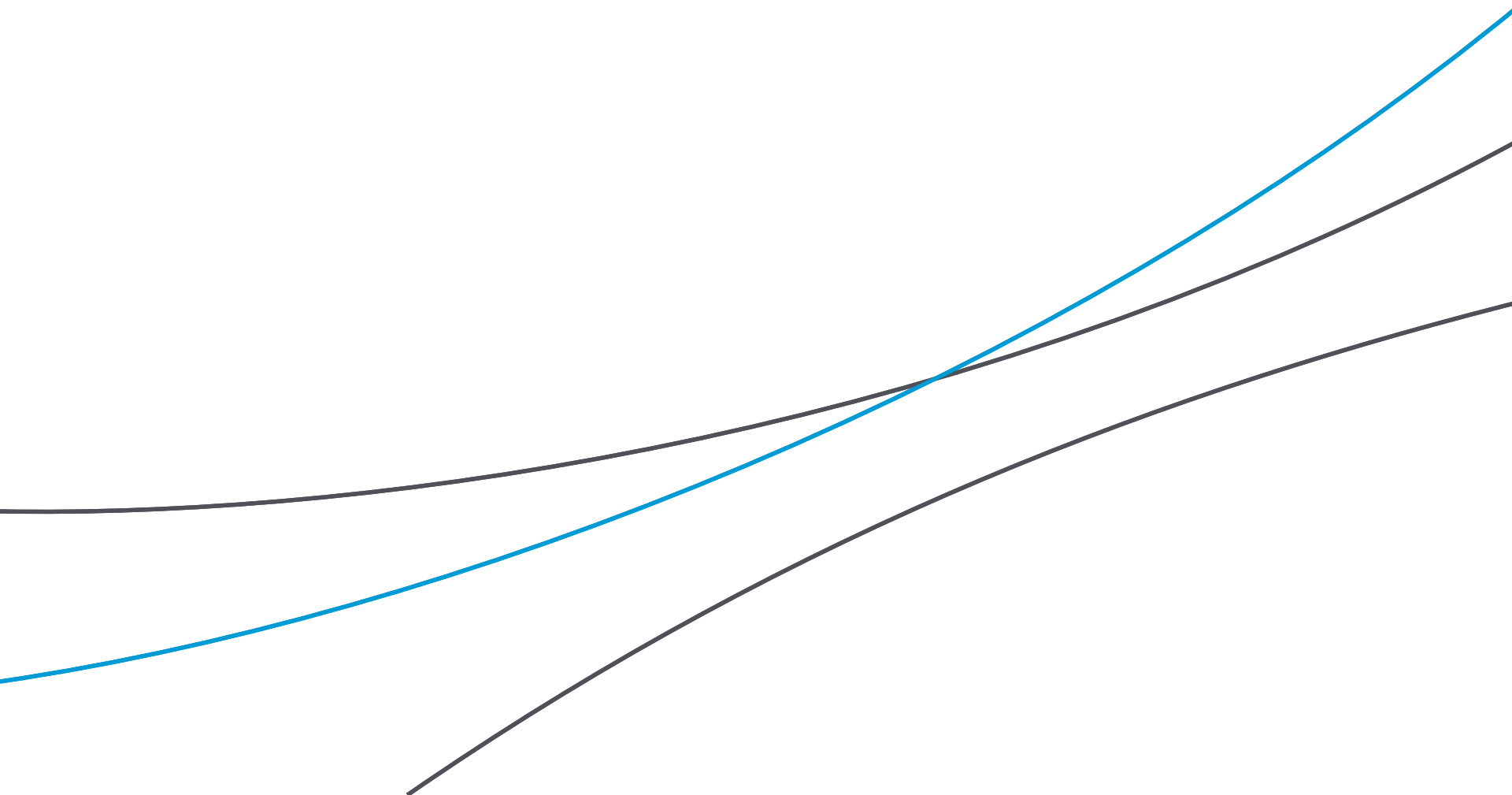


Decision making criteria in plot acquisitions

- **Plot suitability is crucial**
 - Does the plot/project fulfill financial targets
 - Does the plot allow construction of YIT-designed building
 - Does the existing property comply with applicable zoning, building and safety norms
 - Is the property serviced by public transit
- **Main reasons for discarding a plot**
 - City-planning risks
 - Insolation
 - Sanitary zones/protected areas
 - Utility issues
 - Location
 - Legal risks
 - Surrounding infrastructure
 - Does not fulfill financial targets

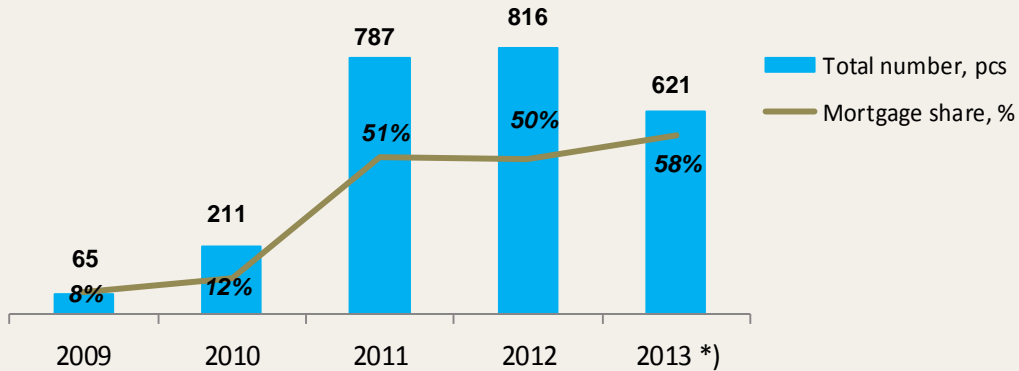


Mortgage cooperation



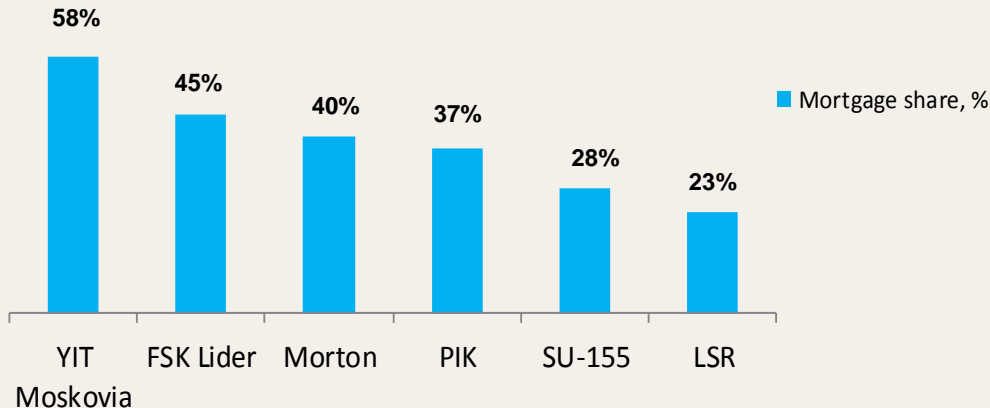
Mortgage cooperation

Mortgage development dynamics



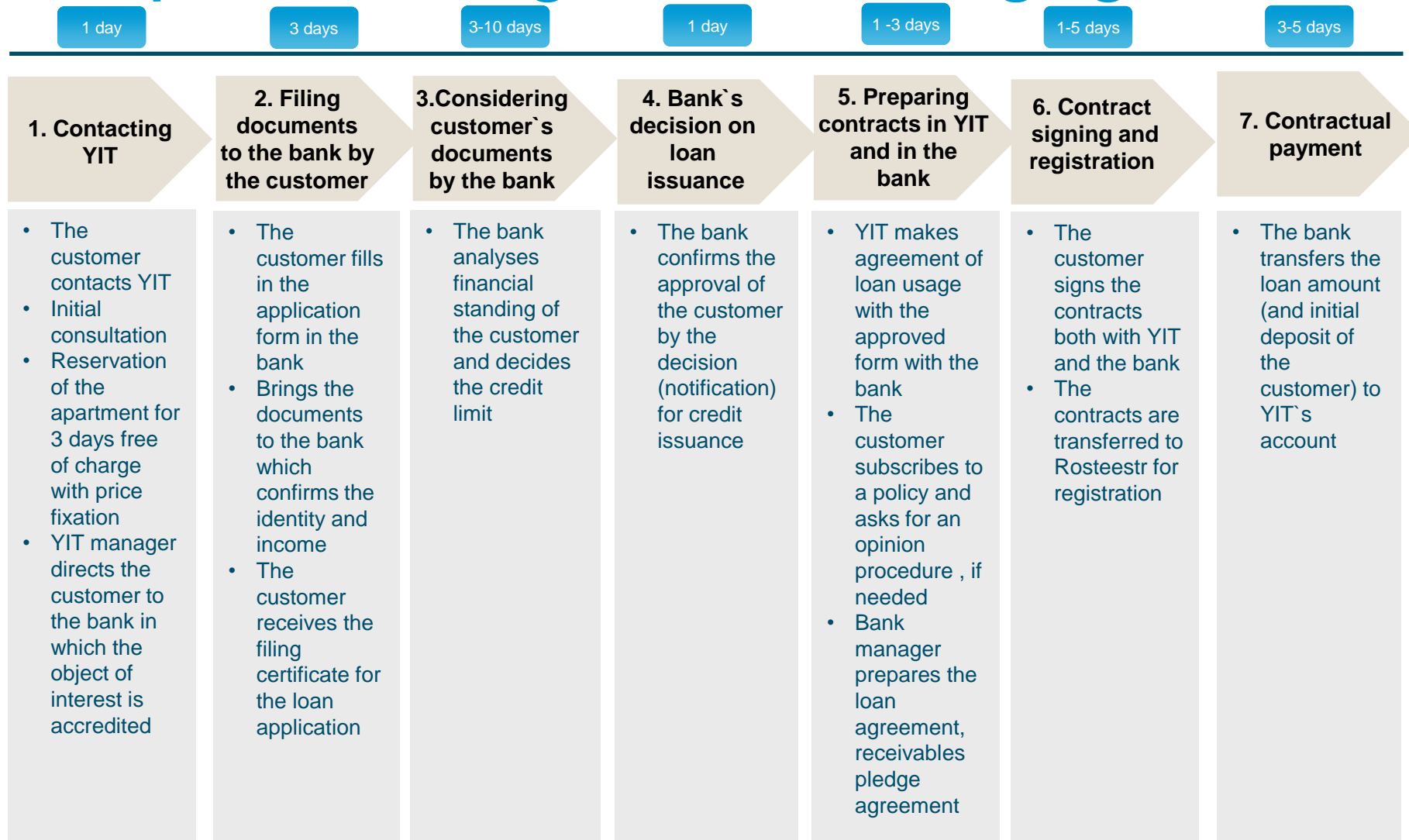
*) as of August 1, 2013

Mortgage share of major developers in the region



- We are currently cooperating with 14 banks - YIT is one of the most reliable and transparent developers – YIT is the preferred partner for banks
- Mortgages were introduced in YIT Moskovia in 2005
- The first partner was Vozrozhdeniye Bank
- Mortgage share back in 2006 was only 10-15% of the total sales volume
- During almost nine years YIT Moskovia managed to raise the mortgage share close to 60%

Competitive edge from mortgage deals



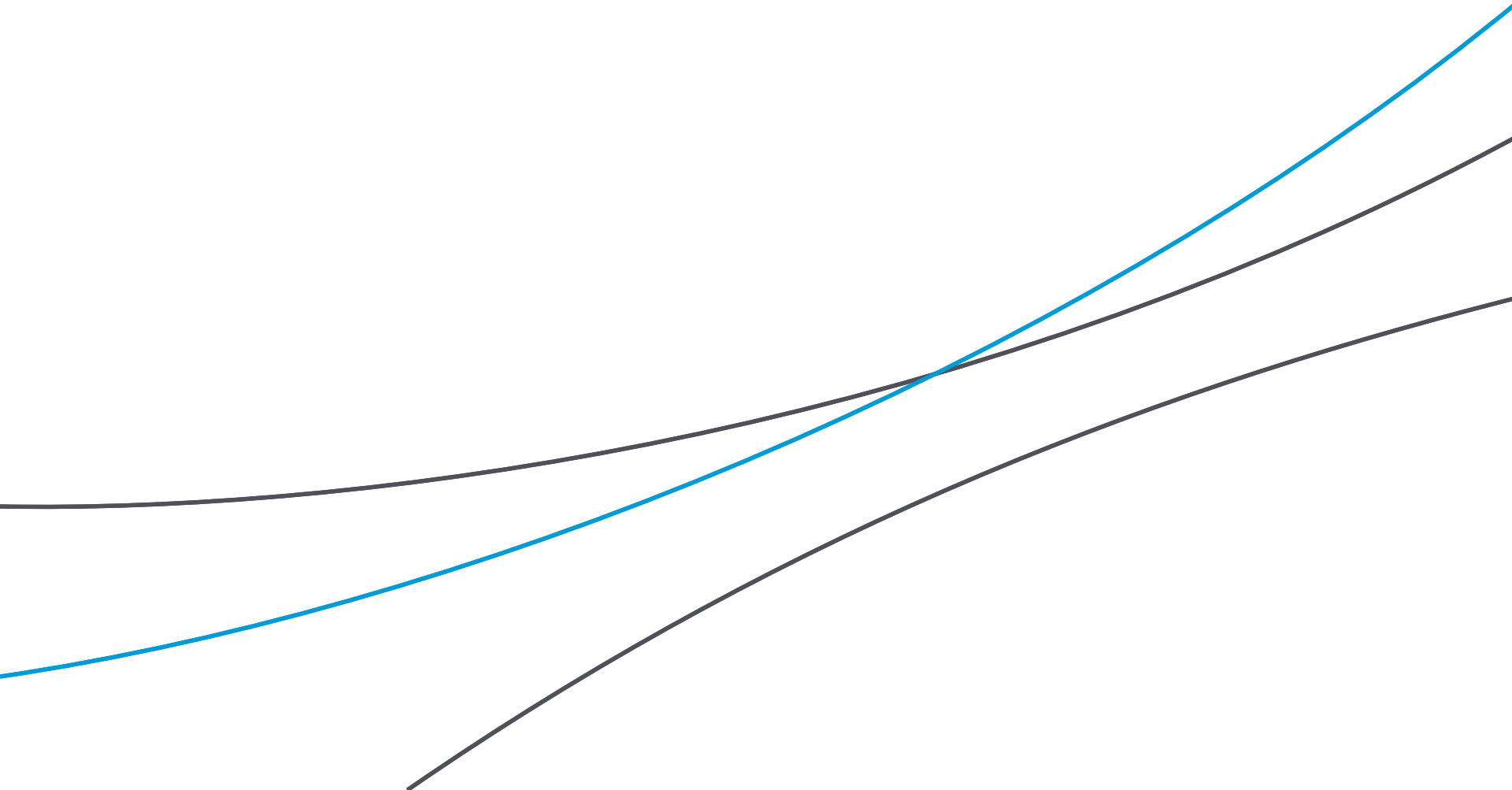
Duration of the process is approximately one month

Development of the mortgage market

	Russia			The Moscow region		
	1-7/2013	1-7/2012	Growth	1-7/2013	1-7/2012	Growth
Total value of issued mortgages, RUB million	535,058	424,105	26.0 %	39,913	30,698	30.0 %
Number of issued mortgages, RUB million	335,080	294,868	13.6 %	15,600	12,438	25.4 %
Average weighted interest rate (RUB), %	12.7	12.1	0.6 pp.	12.8	12.2	0.6 pp.
Average weighted interest rate (foreign currency), %	9.8	9.6	0.2 pp.	9.7	9.9	-0.2 pp.
Average maturity, years	14.8	14.8	0	14.6	14.7	-0.1

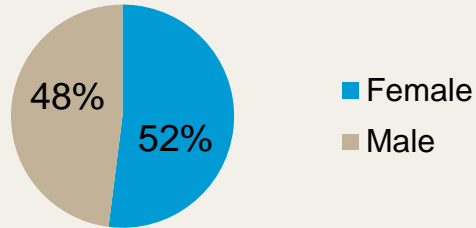
In comparison with 2012 the volume and number of issued mortgages in 2013 grows despite interest rate increase

Customer profile of YIT Moskovia



YIT Moskovia`s customer profile

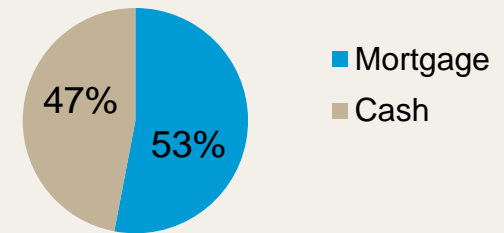
Gender



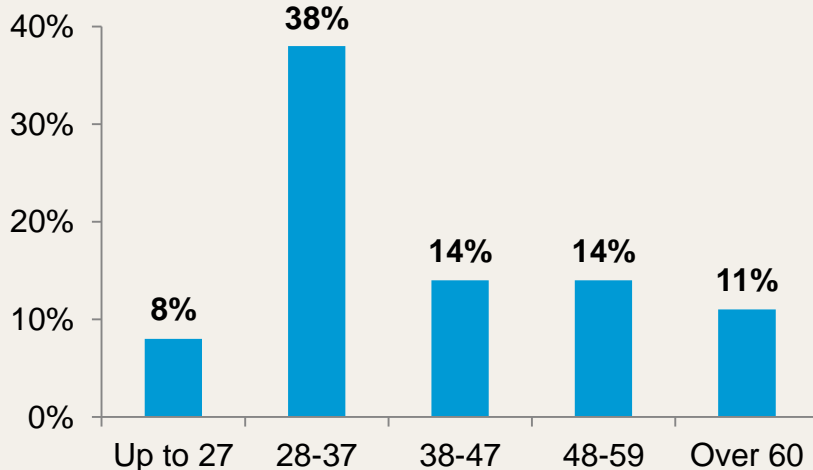
Registered domicile

Same city	43%
Moscow City	13%
The Moscow region	21%
Other regions	23%

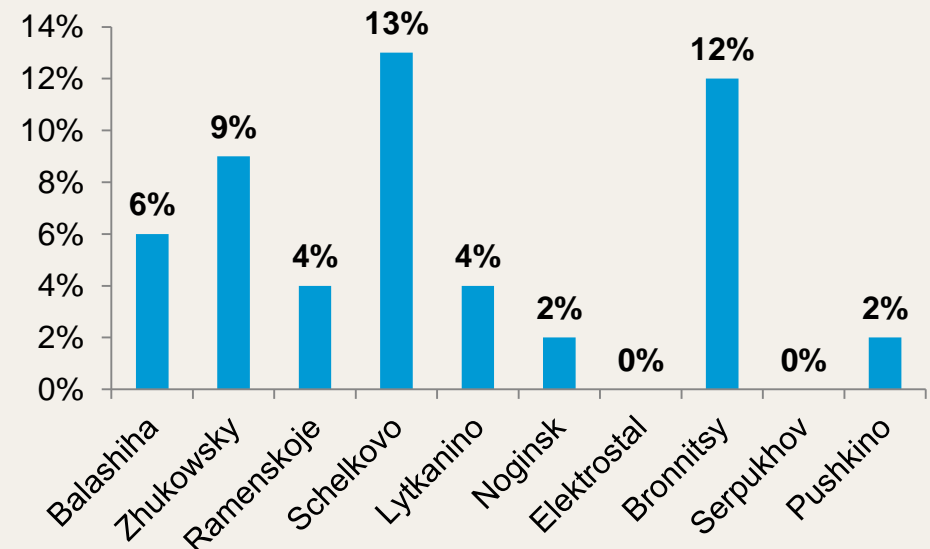
Financing



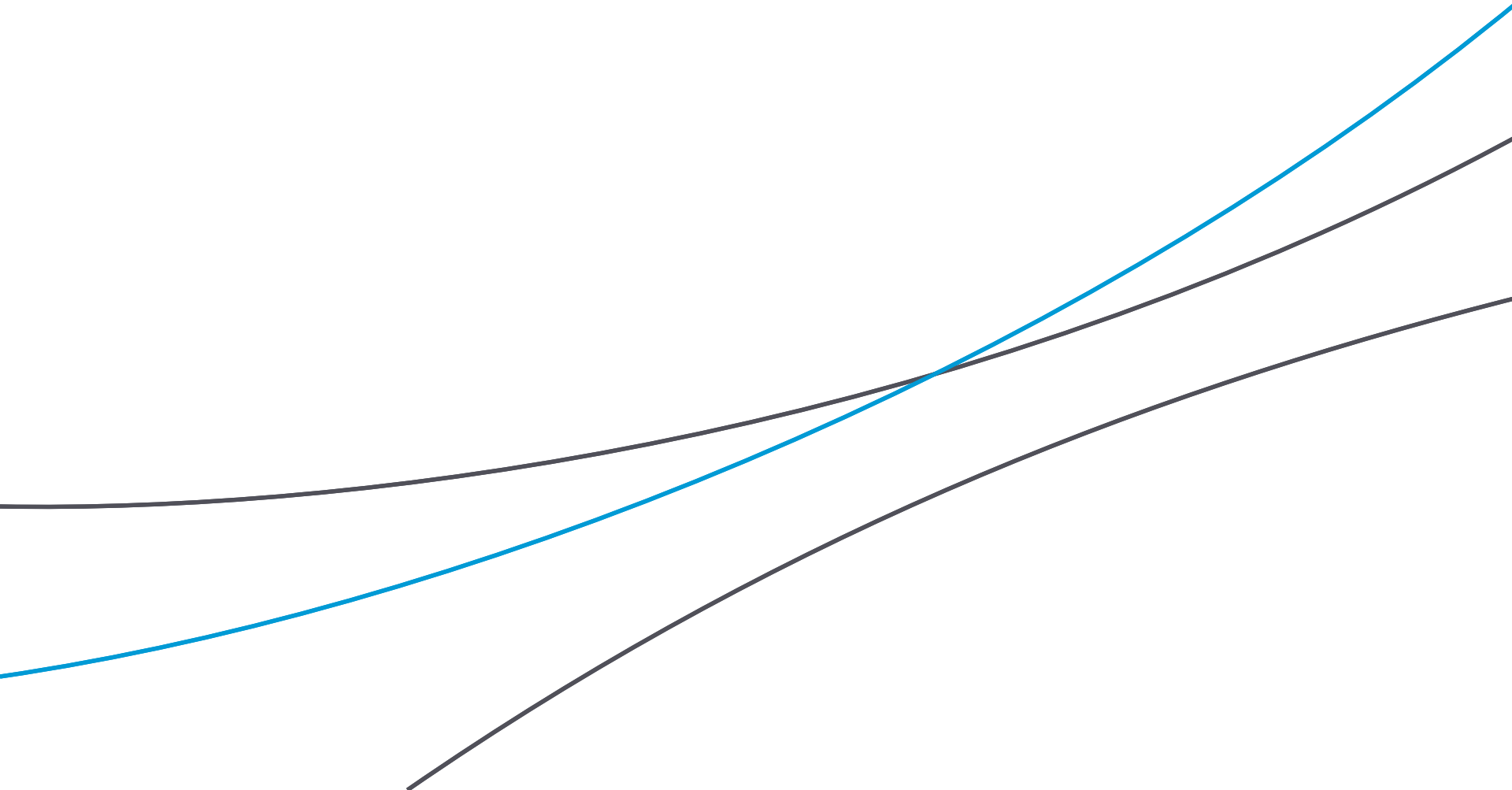
Breakdown by age



Repurchase



YIT Service in the Moscow region



Key focus areas of YIT Service

- Creating a favourable image of YIT
- Forming customers' loyalty
- Providing professional maintenance, supply and maintenance support of engineering equipment of buildings, utilities and elements of buildings
- Under maintenance
 - 6 sites, 31 houses in total
 - 5,148 apartments
- Fulfilling customers' needs in day-to-day life
- Ensuring safety and security
- Creating a comfortable living environment



Summary



- The Moscow region is the leader in housing volumes in Russia
- YIT has strong reputation and proven track record in the region
- Thorough due diligence in plot acquisitions is a key success factor
- Continuous concept development
- YIT the preferred partner in mortgages due to reliability and transparency
- YIT Services is supporting YIT-brand

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