



A step ahead.
With care for people.

2013





YIT IN BRIEF

YIT is a construction industry leader that creates sustainable urban environments by constructing housing, business premises, infrastructure and entire areas. YIT has over 100 years of experience and a strong market position: we are the largest housing developer in Finland and the largest foreign housing developer in Russia. We are also among the largest business premises and infrastructure construction companies in Finland. Our operating area covers Finland, Russia, the Baltic countries, the Czech Republic and Slovakia.

We aim to be a leading European project developer, construction company and service provider, creating value responsibly with our stakeholders. We aim to improve our quality and customer service further and continuously offer consumers new and innovative housing solutions. We are also developing innovative business premises concepts in line with our clients' changing business needs by using the possibilities of developing urban structures.

Our success is first and foremost based on skilled employees and continuous development of competence.

YIT's share is listed on NASDAQ OMX Helsinki.



Contents

2	2013 IN BRIEF
4	PRESIDENT AND CEO'S REVIEW
6	YIT'S STRATEGY
8	VALUES AND LEADERSHIP
10	OPERATING ENVIRONMENT
14	HOUSING
19	BUSINESS PREMISES
22	INFRASTRUCTURE
24	CORPORATE RESPONSIBILITY
30	BOARD OF DIRECTORS
31	MANAGEMENT BOARD
32	100 GOOD DEEDS



Take a look at YIT's online annual report
www.yitgroup.com/investors





Housing

Housing, leisure housing, area development

- Finland, Russia, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia



Business Premises

Offices, retail premises, logistics and production facilities, public buildings

- Finland, Estonia, Latvia, Lithuania, Slovakia



Infrastructure

Traffic routes, earth and foundation work, rock caverns, waterworks, environmental construction, wind power, infrastructure maintenance

- Finland



2013 IN BRIEF

20,000km
of roads and streets
maintained



7,780
apartments
sold



39,200sq.m.
of rented
premises



52,317
on-site
induction
sessions



Key events in 2013



YIT expands operations into Tyumen in Russia and acquires plot for almost 1,000 apartments



Willa shopping centre in Hyvinkää, Finland, wins award in the Finnish Council of Shopping Centres competition



800 trainees work for YIT



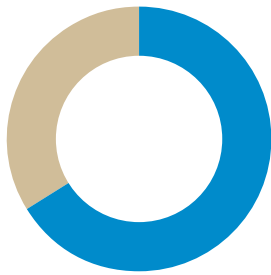
YIT to construct a Prisma shopping centre in Vilnius, Lithuania

© Marius Juvaiša

YIT
Caverion

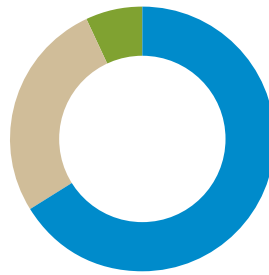
July 1 Demerger of YIT Corporation

REVENUE BY BUSINESS SEGMENT



■ Construction Services Finland
EUR 1,219.8 million
■ International Construction Services
EUR 621.2 million

REVENUE BY COUNTRY



■ Finland EUR 1,219.8 million
■ Russia EUR 496.0 million
■ The Baltic countries and Central
Eastern Europe EUR 125.3 million

PERSONNEL BY COUNTRY



■ Finland 3,515
■ Russia 1,968
■ The Baltic countries and
Central Eastern Europe 689

Key figures

Development based on segment reporting (per centage of completion, POC)	2013	2012	Change
Revenue, EUR million	1,858.8	1,959.0	-5%
Operating profit, EUR million	152.8	201.1	-24%
% of revenue	8.2	10.3	-
Order backlog at the end of the year, EUR million	2,713.7	2,765.1	-2%
Profit before taxes, EUR million	122.8	169.6	-28%
Profit for the review period, EUR million ¹⁾	93.9	130.7	-28%
Earnings/share, EUR	0.75	1.04	-28%
Dividend/share, EUR*	0.38	0.75	-53%
Operating cash flow after investments, EUR million	-87.9	49.9	-
Return on investment (last 12 months), %	10.3	15.0	-
Equity ratio, %	37.8	43.1	-
Personnel at the end of period	6,172	6,691	-8%

Development based on Group reporting (IFRS)**	2013	2012	Change
Gearing, %	112.0	80.9	-
Net interest-bearing debt at end of period, EUR million	781.7	616.0	27%
Balance sheet total, EUR million	2,552.6	2,341.3	9%

¹⁾ Attributable to equity holders of the parent company

*The figure for 2012 refers to YIT prior to the demerger and is therefore not comparable with the figure for 2013

**The figures for 2012 are non-IFRS figures published on May 21, 2013



YIT secures new street and road maintenance contracts around Finland



YIT selected for the development, design and construction of the Central Pasila Centre in Helsinki



Finnish Nature Centre Haltia wins Finnish Wood Award 2013



E18 Koskenkylä-Kotka motorway, Finland, wins "Construction Site of the Year 2013" competition



YIT launches significant area development projects in St. Petersburg, Russia

President and CEO's review

THE NEW YIT – A STEP AHEAD

The past year was exceptional for YIT. A demerger in the summer formed two independent listed companies, YIT and Caverion. However, the demerger was only the first impulse for a change in the way we think and operate. In the summer, we refined the new YIT's corporate culture, values, vision, targets and strategy. We also achieved moderate success in our business despite the fairly weak development of our market environment during the year. We achieved great successes in our land acquisitions and project development efforts, which are important building blocks for the future.

YIT's strong values have guided our operations for over a century. In the new YIT, there are new areas of emphasis in our values, refined on the basis of discussions we had with our personnel during the year. Our new shared values are: Care, A step ahead, Co-operation, and Performance. We want to care for our customers, personnel and partners, and to reflect this caring in our operations. We want to lead the development of our industry and stay a step ahead on the strength of our in-depth understanding of customer needs, creativity and courage to work in a new way. In YIT's operations, co-operation between different parties is a key success factor, and we will continue to value the profitability of our operations in all its forms.

Our mission is to create better living environments. The change in our living environment has to date been fairly slow and based on traditional values. However, we are now in a time of a more substantial and rapid transformation caused by factors such as urbanisation, smaller family sizes, the challenges in the public sector economy, and technological development. Our aim is to take advantage of these changes on our operations.

Our strategy is well-managed and profitable growth based on increasing the proportion of our own-developed projects in all business operations. We seek growth particularly in Russia and Central Eastern Europe. We also aim to improve our financial flexibility, our resilience to economic cycles under the new structure, and our internal efficiency. Group-wide development programmes to support the strategy have already begun, but much remains to be done.

Successes in an economically challenging year

Our operating environment in 2013 was generally very challenging. As a result, we did not achieve the financial targets we had set. Our comparable revenue declined by 5 per cent to EUR 1.9 billion, and the operating profit of our continuing operations stood at EUR 153 million, down 24 per cent from the previous year. Nevertheless, our project backlog remains good. The Group as a whole currently has approximately 15,500 apartments under construction. Of this total, 3,600 are in Finland, 10,800 in Russia and 1,100 in the Baltic countries and Central Eastern Europe. We were also reasonably successful in bidding for contracts and signed a number of preliminary agreements for projects that will begin in 2014.

In Finland, macroeconomic uncertainty weakened consumer confidence, while in the housing market tighter loan terms and an asset transfer tax rise led to increased caution among buyers. However, we were able to partially compensate for the decline in consumer sales by active investor sales. The Finnish business premises market was quiet, but



tenant demand picked up in the second half of the year and we were active in signing leases. Property investors took a cautious approach, which was reflected in extended negotiation processes. Our total figures for business premises construction were down from the previous year. We had good success in infrastructure construction, with several major projects under way.

Several area development projects are pending

Housing sales in Russia remained brisk, but the increase in prices we expected at the start of the year did not materialise. The number of apartments start-ups stayed at almost the same level as the previous year and their average retail price showed clear growth. We launched several new area development projects and expanded our area of operation to locations such as Tyumen. The general market development in the Baltic countries, the Czech Republic and Slovakia was positive. The focus of our operations shifted clearly to housing construction, and housing sales volume increased substantially compared to the previous year.

During the year, we succeeded in the development of our own development projects, which are important building blocks for the future. The most substantial of these successes was YIT's selection as the developer for the Central Pasila centre in Helsinki in a design and implementation tender organised by the City of Helsinki and the Finnish state. The preparation of the project involved a total of nine different units, which is strong evidence of the competitiveness YIT enjoys due to its broad-based expertise and internal co-operation. The project will be implemented in phases over 10 years, and its total value is approximately EUR 1 billion.

We obtained approval for local plans for several areas owned by the Group, such as the Novo-Orlovsky and Smolny city area development projects in St. Petersburg, Ranta-Tampella in Tampere and several smaller areas in Finland and abroad. The sales value of the specified projects alone is almost EUR 2 billion. We also made several successful plot acquisitions. We acquired extensive area development projects in Yekaterinburg, Rostov-on-Don, St. Petersburg, Bratislava and the Helsinki region. We also obtained the first project development rights for wind farms in Finland. The new acquisitions were characterised by favourable payment terms.

Although we did not achieve the financial targets we had set, 2013 overall was successful for YIT in many ways. We developed our business and organisation to better respond to the current market situation as well as future challenges. We also achieved progress as measured by qualitative indicators: our occupational safety improved, the number of sickness absences declined and the number of faultless hand-overs increased. All of these measures and achievements create a good foundation for growth and profitability in the coming years.

Moving forward from a strong position

No major changes are generally expected with regard to the economic development of our market area in 2014. The Finnish economy is expected to remain subdued. Russia and Central Eastern Europe will continue on the positive growth track they are in. We have a strong project backlog and a large number of long-term own-developed projects under way. The strength of our plot reserve allows us to launch residential start-ups according to demand, and when opportunities arise, to achieve substantial growth. The cost-efficiency of our organisation has been improved to respond to the current market situation. Thanks to our diverse expertise and restructured organisation, we are even better equipped to respond to future challenges.

The past year was a very busy one for us, and I am confident that our hard work will bear fruit. I would like to express my warmest thanks to everyone at YIT for their good work and for contributing to the development of our business. A special thank you goes to those of you who worked with great commitment to implementing the demerger and creating a new YIT while at the same time performing regular duties. I also wish to thank our customers, partners and shareholders for their trust in the work that we do. We will continue to fulfil your expectations.

Kari Kauniskangas
President and CEO

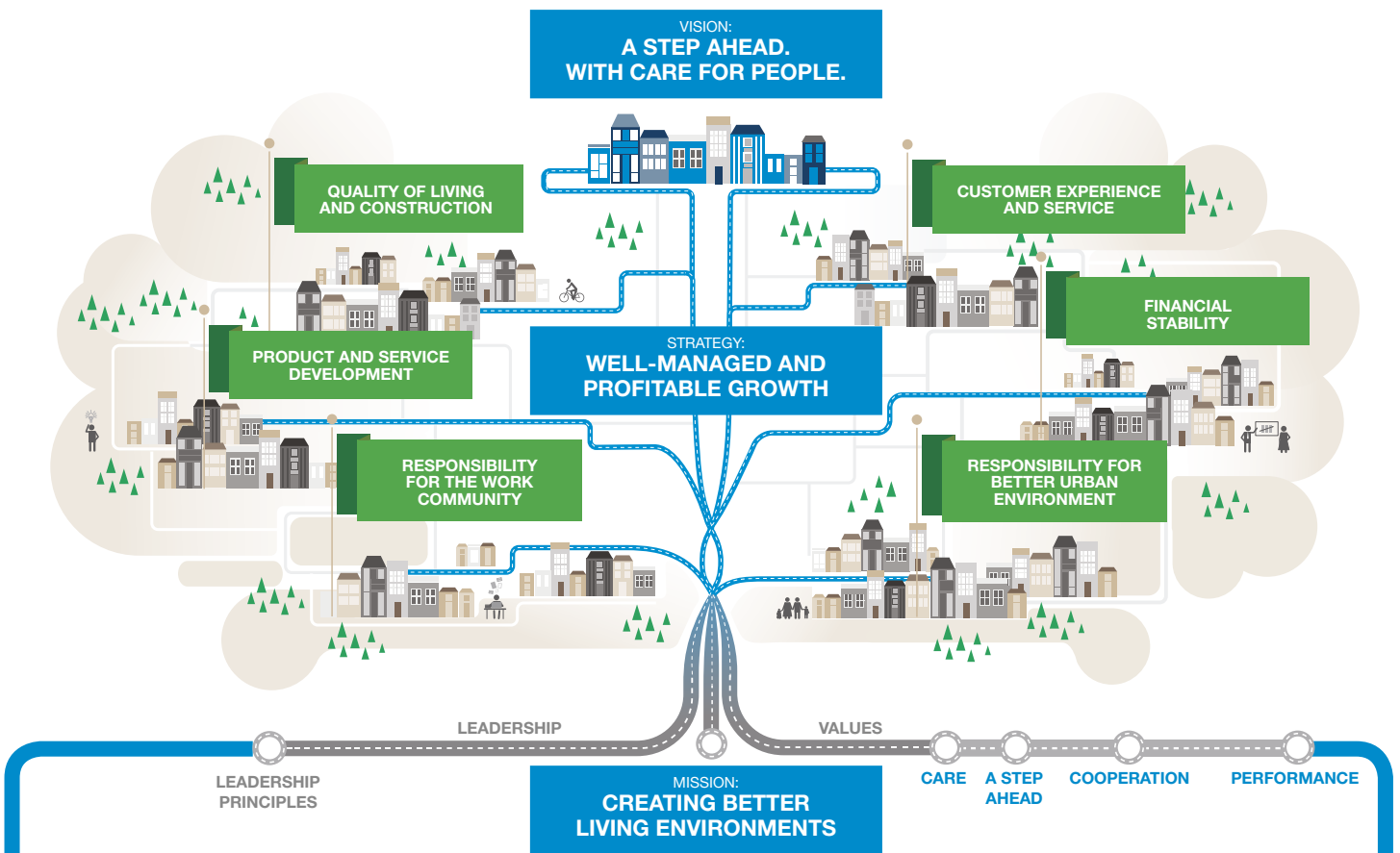
YIT has
15,500
apartments under
construction

We have a strong
project backlog and
a large number of
long-term own-
developed projects
under way



Our strategy

WELL-MANAGED, PROFITABLE GROWTH



Quality of living and construction

We build high-quality and functional apartments, business premises and infrastructure. Our competent professionals and effective quality assurance guarantee first-class products.

Product and service development

As a pioneer in our industry, we develop competence in construction and introduce new products, concepts and services to the market.

Responsibility for the work community

Our aim is to be the most appealing employer in the construction industry. Balanced values and excellent leadership support our well-being at work and success. We do not compromise on safety at work under any conditions.

Responsibility for better urban environment

We create a modern and sustainable living environment and co-operate closely with cities, customers and our other stakeholders.

Customer service and experience

We create better living environments with our customers and stakeholders. Their starting points are smooth daily life, high-quality housing and living as well as sustainable development.

Financial stability

Our business operations are based on well-managed and profitable growth. We aim for this through our own-developed projects in all businesses and all current geographic regions. We seek growth particularly in Russia and Central Eastern Europe, as well as in residential construction.

YIT aims for well-managed, profitable growth. It is pursued by means of our own development projects, by increasing our financial operating space and by ensuring our ability to manage cyclicity.

Increasing our own development project production

Our aim is to reach annual growth of 5–10 per cent on average. Own development projects enable YIT to make use of its extensive and in-depth expertise and to achieve a higher return than in contracting.

Growth of own development projects is pursued in all businesses and all current geographic regions. In residential development projects, growth is pursued through customer-oriented solutions. Volume growth is pursued in the emerging markets, i.e. Russia, the Baltic countries and the CEE countries, in particular. In Finland, the objective is to strengthen the company's position by developing new solutions and services as well as by distinguishing ourselves in quality and customer experience. Furthermore, we pursue longer value chains in our business premises and infrastructure services, for example, by developing client-oriented concepts.

Increasing financial operating space

Our objective is to release over EUR 150 million of slow-moving assets in international operations and over EUR 100 million tied to ongoing production in Finland. In plot acquisitions, we prefer projects which can be launched quickly and whose payment terms can sustain future construction. In addition, we work to find new sources of financing and new partners particularly for implementing large area development projects. We also develop new financing models to support our business operations and the purchasing opportunities of our customers.

Ensuring resilience to economic cycles

Our objective is to ensure positive yearly cash flow under all circumstances. Different business areas provide only partial stability in economic cycles, so managing market cycles requires foresight, accurately timed measures, and sufficient risk-taking ability. Finding a balance in launching new projects, managing the reserve of apartments and using resources fully ensures the profitability of operations. Furthermore, we pursue increasing business operations free of sales risks, based on strong cash flow.

Development projects

Development of housing

We develop our housing-related service solution to meet customer needs even better. We do not just build apartments: we develop areas and build new, sustainable housing solutions for different life stages. We strengthen the customer experience and pursue long-term customer relationships. Our objective is to provide our customers with flexible digital services.

Increased financial operating space

We aim to increase available capital without additional debt. We will increase capital turnover and improve capital efficiency. In addition, we seek new financing solutions which will increase customers' purchasing opportunities.

Excellent management and balanced values

We aim to create a strong corporate culture based on balanced values and leadership principles where managers are role models. The corporate culture is supported by, among other things, active and open communication, increased training and by creating opportunities for career rotation and including values in our recruitment criteria.

New segmentation



As of January 1, 2014, YIT Corporation's two reporting segments will be the Housing segment and the Business Premises and Infrastructure segment. The objective of the management structure is to strengthen the development of YIT's strategic focus areas and support growth in the company's own development projects, particularly in emerging markets. At the same time, the effective implementation of the company's strategy as well as an increasingly customer-focused operating model will be facilitated.

Basis of our corporate culture

VALUES AND LEADERSHIP

The world is changing at an increasingly rapid rate. While organisational structures, processes and strategies become outdated, corporate culture provides something permanent to hold onto in a time of change. Two years ago, the Group's Management Board defined its most important objective as creating a strong and consistent organisational culture for YIT as a whole. Senior Vice President for Human Resources Pii Raulo and Executive Vice President Tero Kiviniemi took on the challenge.



How was the corporate culture developed?

We sought answers to the question “What is our corporate culture?” from literature and external interviews as well as by inviting our personnel to engage in open dialogue. YIT personnel, from employees in the field to management, and from trainees to retirees, participated in the process in all of the countries we operate in. More than 30 workshops were organised, ranging in length from a few hours to several days, with over 500 YIT employees participating.

“Our current understanding of our corporate culture and goals is not merely the view of a few executives up in a corner office, but rather the opinion of our personnel as a whole. Many people commented on the process by pointing out that this was the first time YIT openly discussed aspects that need to be improved, things that were kept quiet in the past,” Pii Raulo says.

“One important observation was that corporate culture is something that can be managed: we can strengthen the good and eliminate the bad. This requires values and leadership. We all also have our personal values, which need to be in line with the company’s values. If employees identify with the corporate values, they will be committed to the company and its common goals,” Tero Kiviniemi adds.

The process also highlighted that the values were seen as not being in balance. Going in the future, a good financial result alone is not enough. Genuine success also requires caring, development and co-operation. Values must be well balanced. It also became apparent that the personnel want a more creative and participatory working community.

At the individual level, thinking about and discussing values requires the courage to look in the mirror, the desire to receive feedback and the willingness to improve one’s own conduct in various situations. In addition to defining new core values for the company, we also defined practical management principles to support supervisors and managers,” Pii Raulo explains.

Which aspects are highlighted in the values and leadership principles?

For the most part, our updated values are the same familiar values our organisation has had before. Approximately one quarter represents new aspects that reflect the values of the international new YIT. Our priorities are caring, being a step ahead, co-operation and performance. They are small words, but they hold a great deal of emotion and thousands of views and opinions on responsibility, creativity, trust and the desire to succeed.

The leadership principles highlight the importance of not only managing things and processes, but also managing people and having a human approach. Listening, giving feedback and setting an example are indicative of the direction we are moving in.

How are the values reflected in practical work?

It is essential that all personnel know and understand the values and act according to them. Extensive discussions on the values and management have been a key aspect of their implementation. Our people are familiar with the values and identify with them.

“Values and management principles will only shape our culture if they are reflected in day-to-day work, in everything we do. Management setting the right example is especially important in challenging situations. The true test for values comes in a time of crisis,” Tero Kiviniemi points out.

“We have already implemented the values as more important components of our recruitment and orientation discussions. In recruitment situations, we assess whether the candidate’s personal values are in line with our values,” Pii Raulo continues.

YIT provides encouragement to employees and rewards them when appropriate for acting in accordance with the company’s values. The aim is to create a constructive atmosphere where people feel comfortable giving feedback in every direction. The values and corporate culture have also been incorporated into the annual personnel survey.

“We also discuss the values in management teams and use them in solving day-to-day management questions. We must be able to ask ourselves whether the decision we have made is in line with our values, and to answer in the affirmative,” Tero Kiviniemi adds.

What are the next steps?

Strengthening the corporate culture is an ongoing activity. In light of our one-hundred-year history, we are only at the beginning of this process. Nevertheless, our goal is that everyone at YIT will act in accordance with our values and management principles without even needing to think about it.

The direction is clear: there is room for values in the life of a builder.

Values

Care

In our old core values, we used the term “best service”. Now we use the word “care”, which means responsibility towards our customers, co-operation partners and co-workers. We keep our promises and put our professional competence to use.

A step ahead

We want to be a pioneer in our industry. Recognising customer needs is the key to success. We must have the creativity and courage to act differently from our competitors in order to satisfy customer needs.

Co-operation

Working co-operation between different parties requires trust and creates a positive atmosphere. Engaging employees in business development increases motivation, facilitates effective implementation of plans and highlights new and useful perspectives.

Performance

YIT is a performance-oriented organisation. We set high goals. We have a passion to succeed in partnership with our customers, both qualitatively and financially. Success must be pursued in ethically sustainable ways.



Operating environment

URBANISATION KEEPS CONSTRUCTION GOING

Housing

A growing need for small apartments in Finland

In 2013, the economic uncertainty was reflected in the Finnish housing market, too. However, the demand for homes in multi-storey buildings was at a normal level, and small apartments in prime locations were particularly sought after. Early in the year, residential sales were supported by the change in asset transfer tax that took effect in March, but demand was lower than normal during the months following the change. Customers' access to financing was more restricted than in the previous year, although there was a slight improvement in the lending terms of banks towards the end of the year. In 2013, investor sales again played a key role in maintaining sales volume, but consumer sales also showed cautious signs of picking up towards the end of the year. Housing price development was moderate in 2013, with an increase mainly taking place in the Helsinki region. The competitive field remained largely unchanged, except for the financial difficulties of individual smaller construction companies.

In the long term, internal migration, decreasing family sizes and changing housing needs will create residential demand in Finland. The internal migration flows in Finland from rural areas to growth centres have strengthened in the past decades. The urbanisation rate of Finland is lower than that of the other Nordic countries, and forecasts indicate that migration to cities will continue, which will create demand in growth centres. The sizes of apartments built have not matched consumers' needs due to land use planning regulations. Smaller and more efficient apartments are needed, especially in the Helsinki region, with the number of one- and two-person households growing steadily. All in all, the annual need for the production of new residential units is forecast to be 24,000–29,000 apartments over the long term. The ageing population, tougher energy efficiency requirements and new expectations of housing will also provide opportunities in residential construction in Finland.

Macroeconomic uncertainty and consumer confidence being below the long-term average are expected to continue to influence the Finnish residential market in 2014. Housing prices are expected to remain stable.

Economic recovery will increase the demand in the Baltic countries, the Czech Republic and Slovakia

The unsettled economic situation in 2013 was also reflected in the Baltic and Central Eastern European residential markets. Nevertheless, demand for housing in the Baltic countries and Slovakia has steadily increased after the financial crisis. In the capital cities, particularly, sales prices showed a moderate increase last year. The political crisis in the Czech Republic stopped economic growth, having a negative effect on the demand for apartments and price development. Competition for contracts remained tight, but the competitive field remained largely unchanged.

In the long term, housing demand in the Baltic countries, the Czech Republic and Slovakia is expected to be supported by economic recovery, in addition to which the poor condition of the existing housing stock will create the need for new apartments. In these countries, economic growth after the financial crisis has been substantially faster than in the EU on average, and the growth is expected to continue. Due to the poor condition of the existing building stock and cramped living conditions, there is a great deal of interest in improving the quality of housing in the Baltic countries and Central Eastern Europe. Living space per person is markedly lower than in Western Europe. For investors, the region's developing housing market offers significant potential for increase in value.

In the Baltic countries and Central Eastern Europe, residential demand is expected to be supported by economic growth in 2014, and housing prices are expected to increase slightly.

Russia offers the highest growth potential

Residential sales remained brisk in 2013 in spite of increased economic uncertainty, and the mortgage market continued its strong growth. Mortgage interest rates declined slightly and an increasing share of Russians consider the interest expenses of mortgages reasonable. However, the interest rates of mortgages are high compared to the West. After the significant increase in housing prices during 2012, prices of apartments remained stable in 2013 due to increased supply compared to the previous year. An estimated 70 million

Global megatrends affecting our business operations

Urbanisation and globalisation

Migration flows to growth centres generate a need for new residential areas, apartments, business premises and roads. Residential areas become more densely built and big metropolises grow.

Increasing individuality

People want their housing to express their values and life styles. Purchasing services will become more common and quality requirements become higher. Working habits will diversify.

Demographic changes

Demographic changes are considerable. The ageing population will need new kinds of housing solutions and services. Demand for small and efficient apartments will increase as the family size decreases. The competition for young professionals will intensify.

Technology development

New technology will be used to pursue improved effectiveness, comfort and sustainable development.

Sustainable development

Supporting sustainable development and mitigating climate change are factors which the design and construction of living environments take into consideration. Sustainable development not only means energy efficiency but also efficient utilisation of natural resources, material efficiency, recycling, occupational safety and well-being at work.



Growth in Russia is focused on certain cities and regions

square metres of residential space was completed in Russia in 2013, up 5–7% from the previous year. In St. Petersburg, the authorities' permit process normalised after the start of the year, but there were delays in the authorities' permit processes in the Moscow Region towards the end of the year. Western construction companies showed increasing interest in residential construction in St. Petersburg in particular during the year.

Growth in Russia is focused on certain cities and regions. Approximately one fifth of all new housing is developed in Moscow, St. Petersburg or their satellite cities, in addition to which Yekaterinburg, Tyumen, Kazan and Rostov-on-Don are growing regional centres. Owner-occupied housing is the prevalent form of housing in Russia, with the rental apartment market still in its infancy. The property wealth created through privatisation in the early stages of the new Russia also helps in buying new homes, and a significant share of home buyers purchase their homes through self-financing.

The long-term outlook for Russian residential construction is good. Migration, urbanisation and the growing middle class create increasing demand for new apartments. Demand for small apartments in particular is high as average family sizes are falling and the number of households is growing. Cramped and poor-condition often existing housing stock also contributes to higher demand. Living space per person is still clearly lower than in Western Europe, which creates the need for new, high-quality apartments. The development of the mortgage market in Russia also contributes to the expansion of the potential buyer base.

The volume of housing construction is estimated to continue growing in Russia in 2014, but the growth is expected to slow somewhat from the levels in the previous years. Housing prices are estimated to remain stable.

Business Premises and Infrastructure

The importance of a central location is emphasised in business premises construction

The weak overall economic situation affected the demand for business premises in Finland in 2013. Rents of business premises remained stable in Finland, but investors' yield requirements increased. Office vacancy rates still remain high, but a significant share of the vacant premises are old office premises in poor condition. New project activity was slow in the private sector, while public sector activity focused on renovation. Price competition in contracts remained stiff in 2013, but the competitive field remained mainly unchanged.

In the long term, the business premises market is expected to be supported by new requirements for the efficiency and functionality of offices. Demand focus increasingly on modern, energy-efficient multi-purpose offices. The importance for users of a central location and good tenants will be emphasised. On the other hand, the low level of long-term interest rates increases investors' interest in high-yield properties. Commercial construction is maintained by investments in retail trade and the expansion of foreign retail chains in the Finnish market.

Due to the post-cyclic nature of the business premises market, the Finnish business premises market is expected to continue to be weak in 2014. The Baltic business premises market is expected to grow in 2014.

Stability through infrastructure construction

The demand for infrastructure construction remained stable in Finland in 2013. Active rail and metro construction continued, and several major route projects were underway. The road maintenance market remained stable. No significant changes took place in the competitive field in 2013, but the competition for smaller contracts in particular became tougher.

In the long term, there will be a continuous need for building new roads and renovating existing ones. However, the challenge is that the funds available for investments from the government and municipalities are decreasing while construction and maintenance costs are increasing. The situation provides opportunities in infrastructure construction via public-private partnerships (PPP). Urbanisation creates demand for diverse infrastructure solutions and special expertise in city centres.

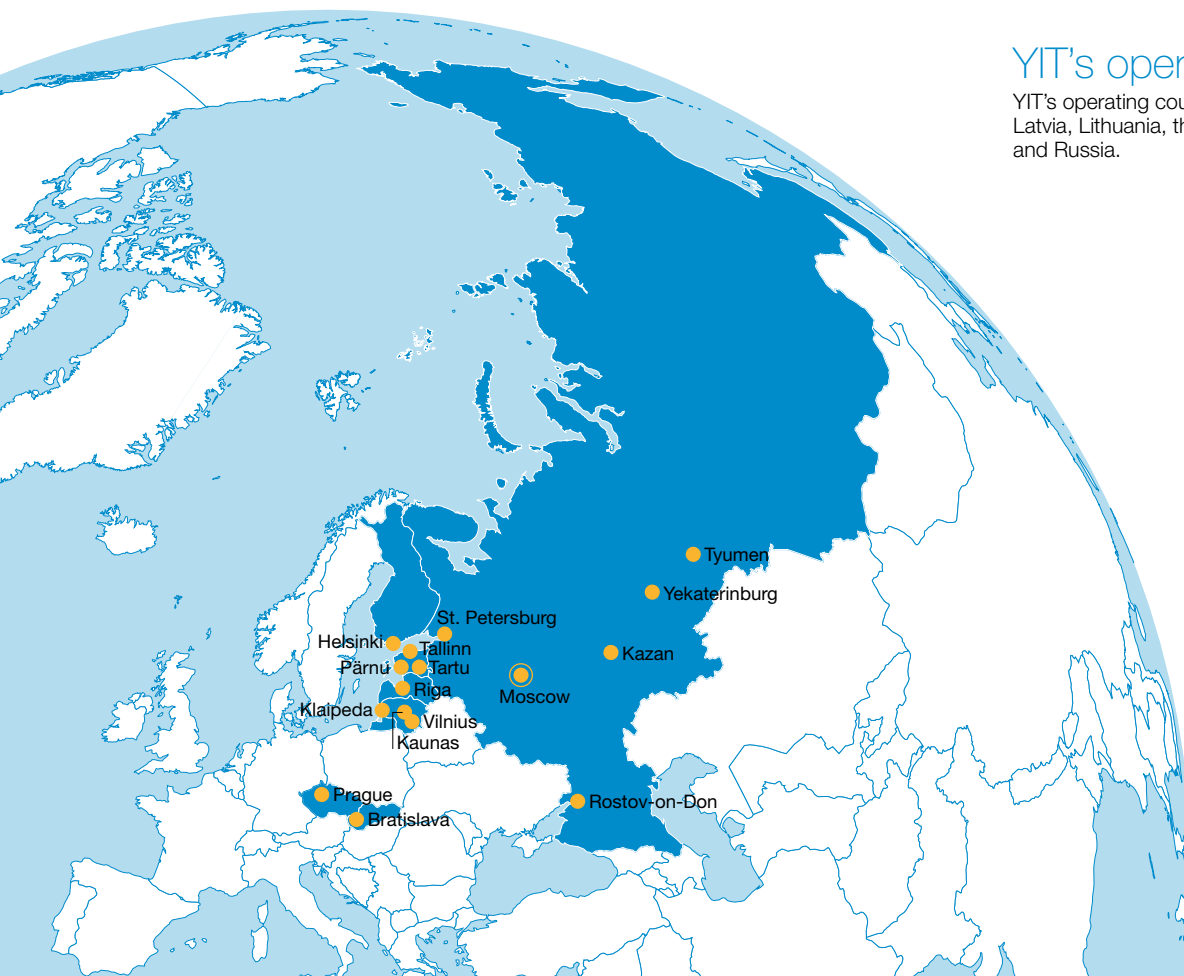
In 2014, the volume of infrastructure construction in Finland is expected to decrease slightly from the previous year.

Demand would focus increasingly on modern, energy-efficient multi-purpose offices

YIT in its competitive field

	Housing Finland, the Baltic countries and Central Eastern Europe	Housing Russia	Business Premises (Finland, the Baltic countries and Slovakia)	Infrastructure (Finland)
Customers	Households, private and institutional investors	Households	Businesses, public sector, institutional investors, tenants	Public sector, institutional investors
Customers' needs	Location, functionality, quality, efficiency and comfort, high return on investment	Location, functionality, quality, efficiency and comfort	Good location, functionality, energy efficiency, high return on investment	Functional infrastructure, better living environment, high return on investment
Market size in 2013	Residential start-ups (pcs)*: Finland: 26,000 the Czech Republic: 21,900 Slovakia: 14,100 Completed residential units (pcs)**: Estonia: 1,900 Latvia: 2,200 Lithuania: 5,800	Completed residential units (pcs)**: Russia: 788,000 St. Petersburg: 43,000 Moscow region: 89,000 Moscow: 23,000	Business premises construction (EUR million)*: Finland: 9,700 Estonia: 890 Latvia: 820 Lithuania: 1,340 Slovakia: 2,050	Infrastructure construction (EUR million)*: Finland: 5,950 (Road and rail construction EUR 3,000 million)
Largest competitors	Lemminkäinen SRV Skanska NCC Hartela Merko Ehitus	PIK Group LSR Group Etalon Group SU-155 Lemminkäinen NCC	Lemminkäinen SRV Skanska NCC Merko Ehitus	Destia Lemminkäinen Skanska NCC Delete Group Stara
YIT's market position	Finland: 1. the Baltic countries: 1. Prague, the Czech Rep.: top 5 Bratislava, Slovakia: top 3	Russia: 9. In the target segment: 5. largest foreign residential developer	Finland: 1.	Finland: top 3

* Euroconstruct ** VTT



YIT's operating countries

YIT's operating countries are Finland, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia and Russia.

A young child with blonde hair, wearing a white polo shirt and red pants, is climbing a colorful playground structure. The structure consists of thick, curved bars in purple, green, yellow, and red. The child is looking down and has their hands on a purple bar. In the background, there are modern, multi-story apartment buildings with many windows. The sky is blue with some clouds. The overall scene is bright and sunny.

Housing

ATTRACTIVE LIVING ENVIRONMENTS FOR NEW HOUSING NEEDS

YIT is a pioneer in residential construction in all of its market areas. We are the market leader in Finland and the largest foreign housing developer in Russia. We are also a significant operator in the Baltic countries, Slovakia and the Czech Republic. Our operations are focused on our own development projects in growth centres. We are actively involved in area development and we focus on creating customer-centred housing concepts and services. Thanks to our strong sales network, we are always in touch with our customers' changing needs and wishes.

YIT leads the way in the design and construction of entire residential areas. We create good living environments for our customers with effective housing, convenient everyday living and a high quality of life.

We place high standards on residential buildings and their quality in order to respond to customers' diversifying needs and rising expectations regarding the quality of housing. We offer our customers more individualised and tailored solutions and services. Housing must support communality while also reflecting the residents' own identity. We respond to the changing needs in our operating environment by developing new services and solutions for today's housing.

A step ahead in design and production

In acquiring new residential areas, we look for land where construction can begin quickly. We implement projects over several phases to keep capital costs under control. In construction, we utilise standardised features and products to improve efficiency and achieve volume-based advantages in purchasing. We also place a special focus on designing the layouts of apartments, as only functional residences appeal to customers and sell well.

We utilise the information and experiences collected in the Finnish market in Russia and Central Eastern Europe. In these markets, we focus particularly on the careful design of apartments, functional layouts and good construction quality. We also introduce locally new solutions in areas including the improvement of energy efficiency and customer service. We also aim to expand our range of services provided to residents during the use of the building. In Russia, YIT has maintenance companies in all of its operating regions, serving just under 16,000 families living in YIT homes.

Satisfied customers are our main competitive advantage

One of the cornerstones of our customer-oriented operating method is the extensive network of our own residential sales offices, which keeps us close to our customers and provides us with a continuous flow of information regarding customers' needs. We sell nearly 90% of our housing production through our own network of sales offices. An important indicator of our success in implementing a customer-oriented approach is the extremely high level of satisfaction among our customers: as many as 98% of the customers who have bought an apartment from us are prepared to recommend us to others for reasons including perceived superior quality. The concepts we have created have also strengthened our reputation as an industry leader.

We sell
90%
of our
apartments
ourselves

Housing trends

- Proportion of families with children in decline – living alone on the rise
- The ageing of the population and increasing activity levels among senior citizens
- A new wave of urbanisation vs. migration flows to areas surrounding cities
- Population and lifestyles becoming differentiated
- Housing is increasingly an expression of identity
- Attitudes towards interior decoration are, on the one hand, passionate, while, on the other hand, they can be relaxed
- Changes in work and free time create changes in housing
- The rise of new communality





River Oulujoki is sparking at Merijalinranta

The Merijalinranta residential area is being built close to the centre of Oulu, offering a luxurious setting to live in. The planning of the area started on the basis of a winning entry in an architecture competition. The excellent location in the estuary of the Oulujoki and magnificent landscape were carefully taken into account when planning a project of nine multi-storey buildings and 159 residential units in the area. In fact, the buildings and residential units are placed so that all of the residential units offer a view of Oulujoki, and the apartments on the top floor look over the Gulf of Bothnia. In the spring of 2014 an eighth multi-storey building will be finished.



Moderately-priced multi-storey buildings in Kivistö and Äijälänranta

YIT's first reasonably-priced housing pilot projects will be completed in Kivistö, Vantaa, and Äijälänranta, Jyväskylä, in spring 2015. A reasonably-priced housing solution refers to housing priced considerably lower than the average new homes in the area. Cost-savings are achieved through smart design and space use, but the quality of the homes is not compromised. Furthermore, it is the result of good co-operation with the land use planners.

New housing services and solutions developed in Finland

Residential sales in the consumer market in Finland slowed down in 2013 due to economic uncertainty, reduced availability of loans to households and an increase in the asset transfer tax. After being weak particularly in the spring and autumn, demand picked up slightly late in the year as the availability of loans improved and the impacts of changes in the operating environment were felt less strongly. Interest in apartments among investors increased as rental yields rose, particularly in growth centres.

In 2013 we managed to compensate for this through active sales to investors. The demand primarily targeted homes in multi-storey buildings, whereas our reserves of completed detached and terraced houses grew. In response to the weak demand, we started slightly fewer new projects than in the previous year. A total of 3,600 apartments were completed during the year. We also continued to build leisure housing, with our newest site completed in Vuokatti. We also began construction of our first Suites project in Tampere.

We developed new housing concepts that attracted substantial interest among our customer base. One good example of this was Puuhakivi, a reasonably priced housing development in Vantaa's Kivistö district. We also focused on offering new services to our customers and strengthening our own sales operations.

Growing need for small apartments

The internal migration flows in Finland from rural areas to cities and growth centres have intensified in the past decades. Today, as many as 70% of Finns live in cities, and forecasts suggest that migration will continue. The sizes of the new apartments that have been developed is also not in line with buyers' needs. There is a need for small and efficient apartments, particularly in the Helsinki region, while large family homes are currently being built in excess of demand due to municipal regulations.

In 2013, we launched the Mini-apartment concept in the Finnish market, offering all of the required features in a small and efficient residential unit. The concept was very well received by customers. The adaptable city home for households of one or two members makes moderately priced owner-occupied housing possible. Mini-apartments can also be purchased fully furnished and equipped.

A step ahead in understanding the customer

Understanding customer needs has been the guiding principle in the development of our offering. We have created a wide range of products and services tailored to customer needs and wishes in different markets and for different target groups. In Finland, our portfolio includes Mini-apartments in growth centres, Suites investment or leisure homes in cities, and Chalet residences in holiday resorts.

All new housing co-operatives built by YIT are equipped with the eTalo service, which provides information on the housing co-operative and services in the area. In some housing cooperatives, the portal also has additional information, such as electricity consumption data of the apartment. The portal also provides an opportunity to purchase housing-related services.

Our goal is to strengthen our position as the leading housing and area developer in Finland. We will continue to develop new areas and create new housing solutions for our customers.

Stable demand in the Baltic countries and CEE

The total number of apartment start-ups in the Baltic countries and Central Eastern Europe increased by over 20% compared to the previous year. We started construction on more than 700 new apartments during the year. Over the same period, the number of residential units sold grew by approximately 35% and stood at over 500. At the end of 2013, YIT had a total of 1,100 apartments under construction. We also increased our market share in every country within our area of operation.

The growth in our market share in the Baltic countries and Central Eastern Europe is based on a number of favourable factors and measures. Although we are a new operator in the region as a housing developer, customers have a high level of confidence in us. Confidence is based on the fact that we are a reliable Finnish and international operator with projects completed with high quality, safely and on schedule in all countries of operation and all market situations. Furthermore, our strong design and project expertise also means that our customers get homes that satisfy their wishes.

The demand in Central Eastern Europe is focused on basic housing solutions, but we are also increasingly offering conceptualised products and services. The key selection criteria for homebuyers include not only the functionality of apartments, but also the location, services and comfort of residential areas. Homebuyers are increasingly looking for individualised solutions. The adaptability and flexibility we offer are what set us apart in these markets.

Energy-efficient housing to the market

We are among the first operators to introduce new, more energy-efficient apartment buildings to the market. In Prague, the Czech Republic, we began construction on our first passive building in 2013. In Bratislava, Slovakia, we started the construction of our first multi-storey apartment building rated as local energy class A. Our aim is to introduce new solutions and services to the market, based on market needs, actual demand and the capacity to pay.

We have systematically developed our plot reserves to ensure that we can launch apartment start-ups in line with our strategy. We have increased our plot reserves, aiming to develop a portfolio with diverse products and locations. As in other markets, we aim to focus increasingly on the development of entire areas and living environments.

A step ahead as a partner

The Baltic countries, Slovakia and the Czech Republic have well-functioning mortgage markets. Our good connections for negotiation and co-operation with local banks provide our customers with improved opportunities to obtain loans at reasonable rates. Approximately half of our apartments are sold while they are still under construction.

Our goal is to further increase our market share and improve the efficiency of our operations in the region. We will steadily increase the number of apartment start-ups according to demand and actual housing sales. Our customer service and redesigned website support our sales work even better than before. Our strengthened plot reserves allow us to launch new development projects.



Energy-efficient Tarjanne represents Finnish architecture

Finnish architecture and construction quality is valued highly in Eastern Europe. The functional and efficient layouts, good functionalities and high-quality materials of the homes are associated with being Finnish. In addition, the entire residential area with parking facilities, green areas and services is taken into account in the planning and implementation.

Finnish architecture is also represented by Tarjanne, a project comprised of seven small low-rise apartment buildings completed in Bratislava. Tarjanne is one of the first multi-storey building projects in Slovakia to meet the requirements of low-energy residential buildings. The energy used in heating is reduced by approximately 30% on average compared to the new apartment building. Energy consumption is reduced through the use of renewable energy sources, with water heated by solar panels. Demand for the homes, which feature high-quality equipment, was found quickly. The construction and real estate industry trade journal CIJ also chose the site as the best residential area project in 2013.





Mini-apartments in Moscow

Efficient Mini-apartments are in demand in Moscow, where the astonishing increase in housing prices has made the position of first-time home buyers more difficult while the need for small homes has only increased. YIT is now tackling the challenge by launching Mini-apartments, a concept that has given rise to a lot of interest in Finland, to the market. The first Mini-apartments with floor areas of 26–41 square metres will be built in the Gorki-10 area, located approximately 20 kilometres from Moscow. The area is renowned for its natural beauty and peacefulness. The Mini-apartments area is part of a residential building project known as Uspenskie Gorki, with young families buying their first homes as the main target group. Approximately half of the 338 apartments of the project are Mini-apartments.



New housing alongside historic housing in St. Petersburg

A four-hectare plot on which YIT has started the construction of nine modern small low-rise apartment buildings is located in Pushkin, near historic Tsarist-era palaces and parks. The approximately 600 apartments will represent a new level of housing in terms of functionality and comfort of use. Even though the new buildings represent modern construction, they blend in with the surrounding historic building stock.

YIT has plot reserves for building approximately 2,500 residential units in Pushkin, a suburb of St. Petersburg. In fact, the project is the first phase of a larger area development project.

Housing construction remains active in Russia

We sold a record number of almost 5,000 apartments in Russia in 2013. We expanded our area of operation to Pushkin near St. Petersburg as well as further out to Western Siberia, where we started construction on an apartment building complex in Tyumen, the regional administrative centre and a hub for the oil and gas industries. We also established new maintenance companies to handle the maintenance services of the buildings we constructed. Our service network now covers all of our areas of operation. One significant achievement for YIT in the Russian market was obtaining acceptance for the city plan in St. Petersburg's Novo-Orlovsky area, with almost 10,000 new apartments planned.

Our activity developed favourably, partly due to offering homes that attract our customer base, and partly due to improving the efficiency of our own operations. We were successful in reducing the length of time between plot acquisition and the start of construction, extending the payment schedule for plots, and selling apartments in earlier stages of construction. We also strengthened co-operation between our units by creating a shared and up-to-date web portal. The Internet is becoming increasingly important as a residential sales channel in Russia.

A step ahead in reliability and quality

YIT has operated in the Russian market for over 50 years, gaining a strong foothold as a reliable and high-quality developer. Our strong reputation also improves our customers' opportunities to obtain loans, as local banks are eager to finance apartments in our developments. Professional housing investors also have a preference for our apartments. Investment in housing is becoming more widespread as apartments offer not only an increase in value, but also reasonable and reliable rental income.

Our network of residential sales offices and maintenance companies support our focus on the customer: we receive customer feedback from the design phase all the way through to moving in, which helps us identify changing housing needs. We also market our properties in the Baltic countries, Central Eastern Europe and Finland through our Russian sales network.

Responsibility in our operations is something we will not compromise under any circumstances or in any stage of production. Compliance with and the monitoring of legislation on construction and housing transactions have progressed in many ways in Russia, but there is still room for improvement. We apply particular diligence to land acquisition. We carefully investigate the legal background of any plots offered to us. Having a strong and knowledgeable in-house legal department is a strategic choice for us.

Our responsibility also includes continuous self-monitoring of our operations and a zero tolerance policy on misconduct. We have developed our internal operating methods by, for example, tightening our purchasing process and assessing the reliability of our subcontractors and suppliers.

From individual plots to area development

We have a sufficient number of housing developments in construction in Russia to maintain a good level of revenue for the next few years, and we also have a reasonable plot reserve. Our aim is to strengthen our plot reserve by focusing increasingly on entire areas. Area development allows us to make the best possible use of our expertise. We also aim to minimise the capital invested in plots of land through the use of contractual terms, and we analyse opportunities for cooperation in land acquisition.

We also have significant customer potential in Russia in our maintenance service customers, numbering just under 16,000. The number of customers is increasing every year, as are our opportunities for offering new services to them.

Business Premises

INNOVATIVE SOLUTIONS FOR FUTURE PREMISES





Dixi renews the Tikkurila district

The vicinity of the Tikkurila station is seeing big changes. YIT is building the Tikkurila Commercial Centre Dixi, a parking garage and multi-storey buildings right next to the station as development projects of its own. In addition to commercial premises, the 12-storey Dixi building will feature 14,000 square metres of office space, sold to Etera Mutual Pension Insurance Company. The office premises will be completed in several phases between 2014 and 2017. The area's excellent transport connections have resulted in increased interest in the modern premises, and leases have already been signed.

YIT is an innovative and versatile developer of business premises. In Finland, we are one of the largest companies in the field, and in the Baltic countries and Slovakia, we are a significant operator and an appealing partner. We develop and build customer-oriented business premise solutions ranging from offices to commercial space and from logistics and production facilities to hospitals and assisted living facilities. In addition to building new business premises, we renovate and repurpose old properties. Our customer base includes both public and private sector operators.

Our strong market position as a builder of business premises is based on long-term experience, good recognition, responsible operations and, increasingly, on introducing innovative solutions to the market. We have created new business premise concepts which meet our customers' needs even better in the changing operating environment. Our own strong sales organisation provides us with both information on our customers' needs and feedback from customers on the functioning of the premises. This enables us to develop solutions which meet their needs and even exceptional requirements, if needed.

Changing premises in changing times

Our operating environment is experiencing several change trends which enable us to create new kinds of business premises solutions for different end uses. Urbanisation, an ageing population, increased communality, energy efficiency demands, changes in working methods, digitisation and growth in online trade are examples of phenomena which have a strong impact on what kinds of offices, commercial spaces, warehouses, schools, hospitals or assisted living facilities will be needed in the future. In all our projects, we take future needs into consideration by designing and building premises which are easily adaptable.

Despite the challenging market situation and declining volumes, we maintained our market position by investing more powerfully in sales. Leasing business premises under construction progressed well, but we fell behind our targets in selling premises to investors.

Our good reputation and competitiveness helped us succeed in winning demanding contracts in these markets. Project implementations and winning new projects also developed positively. In Vilnius, Lithuania, we completed the construction of the IKEA store on schedule, and we also began construction of a new Prisma shopping centre.

A step ahead in own development projects

Our objective is to increase own development projects which balance the cyclical nature of contract construction. We base our own development projects on understanding customer needs, planning the project, and acquiring a suitable plot. We take care of designing, building and leasing the premises and finding investors. Our goal is to offer users business premises that meet their needs and are profitable and safe investments for investors. The use of seamless business premise-residential co-operation and all-round competence in hybrid projects makes us significantly more competitive.



Ikea expands into Lithuania

Ikea, the world's best-known chain store, expanded its operations into the Baltic countries, opening its doors in Lithuania in August. The store, constructed by YIT, was completed in the vicinity of the Vilnius Airport within the budget and schedule. The department store has a total floor area of 26,000 square metres. It is hoped that Ikea will increase the interest in Lithuania among other international retail chains as well.



One good example of such a project is the Central Pasila centre that YIT was chosen to develop. The three-block Tripla complex will connect East and West Pasila. The block will include a shopping centre, housing, hotel, offices and a public transport terminal. Construction of Tripla is scheduled to begin in 2015. A substantial and usable plot reserve is a significant competitive factor for us in own development projects.

Premises with the life cycle model

We also build premises based on the life cycle model, which means that our responsibility for the project extends beyond traditional construction all the way to the use and maintenance of the premises. In 2013, we signed an agreement with the City of Espoo for the renovation and expansion of Lintuvaara School and day-care centre in co-operation with Caverion. The agreement includes a 25-year life cycle responsibility. In Jyväskylä, we are in the process of completing the Huhtasuo school and day-care centre in which we are the service provider, designer and builder and responsible for the centre's services during its life cycle until 2033.

We also have strong expertise in the development of different customer solutions. Examples of this include the flexibly convertible SpaceGenius offices, the full-service MotorCenters for motorists as well as the YIT Logistics Centers.

In 2013, we built business premises under the Work & Trade concept in Vantaa. Upon its completion, Work & Trade Avia's total floor area will be approximately 4,500 square metres. Energy efficiency and use of renewable energy have been taken into account in the planning of the premises. For example, energy produced by means of solar panels can be used for cooling offices and lighting common facilities. The concept provides growth-oriented B-2-B businesses with a combination of commercial business premises in an area with good connections where various functions and business operators can be found in one place, which improves overall service and makes the location easier for customers to access.

Growth potential in the care sector

In response to the ageing of the population, we have a new focus on the development of care and assisted living facilities. We converted the old military barracks in Hyrylä into modern assisted living facilities, and three new buildings are under construction. Our solid expertise in building assisted living facilities will offer us considerable growth potential in the future. The aim is to also launch assisted living projects outside the Helsinki region in 2014.

We will pursue a steady volume in the relatively challenging market conditions. In addition to the challenging new construction market, we will also increasingly invest in the renovation and repurposing of the existing building stock. Our goal is to launch own development projects and drive conceptualisation more systematically than before.



Gold-level LEED environmental certificate for Ratinankaari

The Ratinankaari office and retail building completed in the centre of Tampere has been implemented in line with YIT's EnergyGenius concept. The requirements of energy class A have been reached by taking energy efficiency into account in the design of structures and solutions as well as in the choice of building systems. In addition, the office building with a floor area of approximately 12,500 square metres is connected to district heating and cooling. Sustainable solutions make modern and flexible office space even more attractive to tenants as well as investors.



New life for barracks

After the Finnish Defence Forces centralised their functions, it gave up the Hyrylä barracks in the centre of Tuusula, among other properties. After years of stillness, the old NCO school and recruits' barrack are again bustling with life. YIT renovated the premises into modern nursing home facilities with officers, kitchens and day-time activity facilities. The project is a good example of how even old buildings can be converted using reasonable renovation solutions, cherishing traditions and supporting sustainability.



Infrastructure

VERSATILE EXPERTISE



YIT is one of the largest operators in infrastructure services in Finland. We are the largest private operator in road and street maintenance. We build, repair and maintain structures important for our living environment, such as roads and bridges, underground and railway tunnels and stations as well as ports. Our expertise also covers tasks which are demanding and require special skills, such as tunnelling and underground construction as well as wind power project development.

We provide construction contracts and maintenance services to our customer base, which consists primarily of the public sector. In addition, we carry out own-developed projects, which allow us to make extensive use of our special expertise and balance the cyclicity of infrastructure construction.

A step ahead in versatile expertise

Our market position is based on our versatile and strong expertise. We have been developing our operations over the long term, which enables us to provide our customers with efficient and functioning solutions as well as careful project risk management, up-to-date equipment and utilisation of state-of-the-art technology. We work in co-operation with various partners and subcontractors and do our part in monitoring, so that responsibility is not compromised in subcontracting operations either.

In 2013, our business operations in Finland received the ISO 14001 environmental certificate. The certificate supports defining important environmental aspects in operations and setting objectives for the development of environmental matters, among other things. We pursue solutions which save natural resources, reduce greenhouse gas emissions and waste, and reuse or recycle materials. The core of our environmental responsibility is the continued improvement of our own operations. In practice, this is manifested in production planning and implementation as well as development of equipment.

Road and street maintenance is an increasing area of our operations. Support for this is provided by our service centre PANU, which monitors the weather conditions and guides our maintenance efforts based on the information received.

Strong development in 2013

In 2013, our operations progressed as planned and our profitability strengthened. We succeeded particularly well in the management of large projects. Examples of these include the E18 motorway between Koskenkylä and Kotka, the Hamina bypass, and the Ring Railway and Helsinki West Metro line contracts.

Among the most important new contracts were the renovation of the Ring Road III section between Lahdenväylä and Porvoonväylä, construction of the Otaniemi metro station on the Helsinki West Metro line, as well as the construction of the Matinkylä–Urheilupuisto rail line, the extension of the West Harbour ocean pier, the Viikki wastewater treatment plant line No. 9 and the construction of a waste incineration plant in Tampere. In addition, we signed contracts concerning street and road maintenance in different parts of Finland.

Own development wind power projects proceeded as planned, and we received, among other things, permission to build a large wind power park in Lestijärvi. New wind power parks are also being planned in Kyyjärvi and Pyhäjärvi.

Our most extensive own development project is the development of Central Pasila in Helsinki. Construction will begin in 2015. In the future, our goal is to launch more own-developed projects in wind power plant construction, among others, which is expected to increase in the coming years.

Infrastructure construction in increasingly densely built city centres will also create growth potential. We have the expertise, technical equipment and project management competence needed in construction in confined spaces and challenging foundations, which is why we are a strong player in these types of projects.



Wind farm planned at Lestijärvi

A large wind farm is being planned in Central Ostrobothnia, generating approximately 770 GWh of electricity a year after completion. YIT purchased the rights for the wind farm project from Lestijärven Tuulivoima Oy, with which it will continue to proceed with the previously made project plans. The aim is to start the construction of the wind farm in 2015, with the first of the 87 wind turbines commissioned in early 2017. Once the project is implemented in full it will be one of Finland's largest inland wind farms. Another exceptional thing about the project is the height of the wind turbines, as it is possible to build wind turbines in Lestijärvi which are significantly higher than those which have been built in Finland in recent years. The higher wind turbines will allow the wind power to be utilised more efficiently.

ISO 14001
environmental
certification for YIT's
Infrastructure
business

Corporate Responsibility

ADDED

VALUE FOR

STAKEHOLDERS

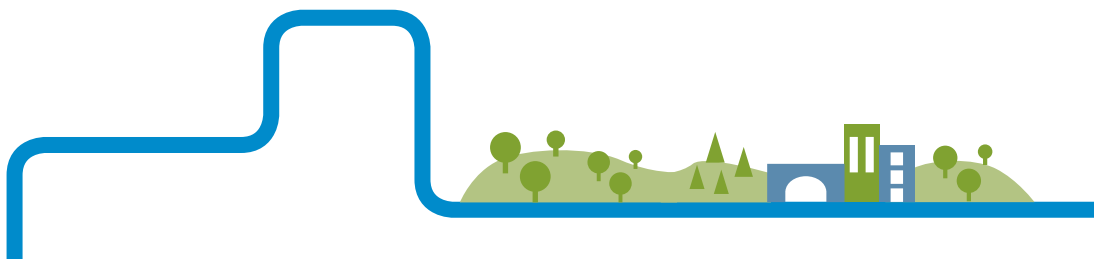
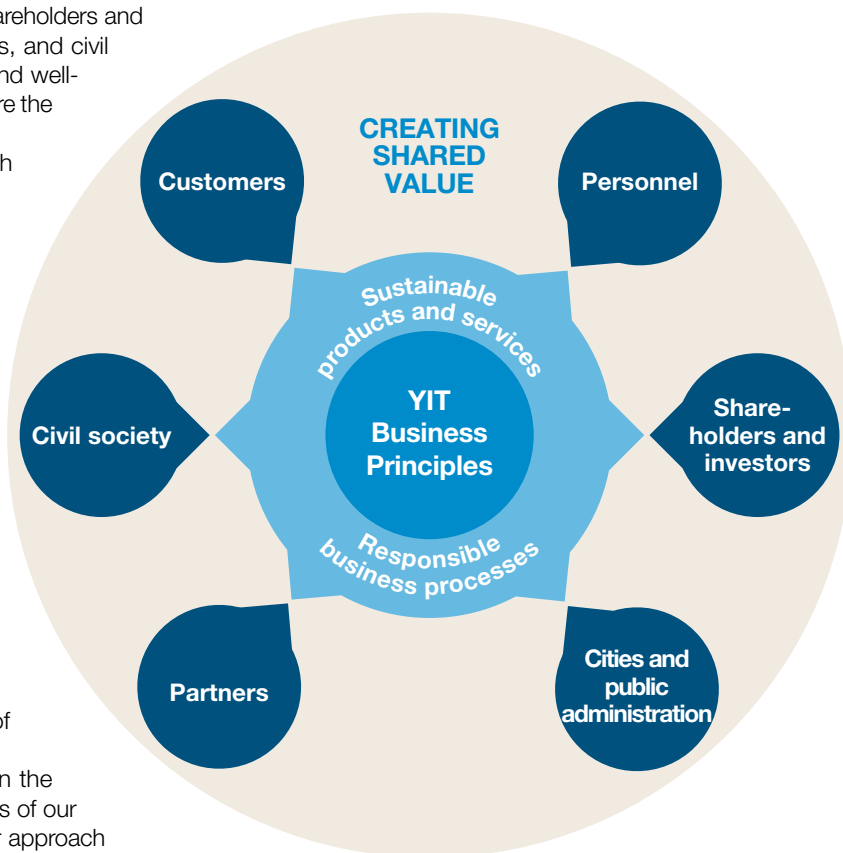
To us, corporate responsibility means understanding the needs and views of our stakeholders and responding to these in all of our business operations. By producing genuine added value for our stakeholders and taking action to prevent risks associated with our operations, we can achieve long-term business success.

Our operations are very local and close to people, and in our day-to-day business we are in constant interaction with many different stakeholders. Our key stakeholders are customers, personnel, shareholders and investors, cities and public administration, partners, and civil society. We believe that by creating added value and well-being for our various stakeholders, we can also ensure the financial success of our business.

Creating genuine added value requires in-depth understanding of our stakeholders' needs and wishes, which vary considerably based on factors such as their geographical location. The most important way to increase this understanding is to maintain continuous and open communication with our different stakeholders at the local level. Continuous interaction with stakeholders such as cities, customers, suppliers and subcontractors is part of our day-to-day work.

The responsibility of our operations includes responding to our stakeholders' needs by developing our operations in such a way as to produce fewer negative effects and more added value for our stakeholders. In practice, this means placing a high priority on factors such as the development of safety at work in the interests of personnel, good risk management in the interests of shareholders, and the development of sustainable and attractive urban environments in the interests of cities.

Our approach to responsibility is summarised in the accompanying chart that highlights the key elements of our corporate responsibility. In our vision statement, our approach is summarised in just a few words: A step ahead. With care for people.



Business Principles create a strong foundation for our operations

The requirements for our operations in relation to our various stakeholders are defined in the YIT Business Principles, a document that has existed in a written format since February 2013, replacing our previously used ethical guidelines. The principles specify minimum requirements for our operating practices, which we are all committed to following, and create the foundation for risk management activities related to corporate responsibility.

In 2013, we focused on implementing our business principles and revised values. The values were discussed extensively with our personnel in all of our countries of operation and at all organisational levels. To support adherence to the business principles, we have a channel independent of the company that our employees can use to report any observed misconduct. This reporting channel has already been in use for a long time.

Value for society through products and services that support sustainable development

Concerning built environments, the development of entire areas is one of the most effective ways of promoting sustainable development. Area development projects involve a comprehensive and holistic approach to the attributes of the area and the functions planned for it. This means the social, environmental and economic aspects associated with the project can be taken into account significantly better than when looking at one building at a time.

We have a wealth of expertise related to area development projects, and we aim to engage in increasingly close and long-term cooperation with stakeholders such as cities to put this expertise into use in the best interests of residents and the environment.

The sustainability of the urban environment means different things from different perspectives. From the social point of view, it means the area is comfortable, safe and convenient in everyday life. From the environmental perspective, it means eco-efficient traffic, energy and waste management solutions as well as having parks and green areas. From the economic viewpoint, it means that the area and its buildings must maintain their value for a long time, and the area must be attractive.

In addition to focusing on area development projects, we develop digital housing services in order to promote environmentally friendly housing and sustainable development. Our digital services support activities such as the monitoring of energy consumption during the use of the building.

Responsible business processes mean close co-operation with stakeholders

We create added value for our stakeholders not only through our products and services, but also by having responsible business processes. The responsibility of our business processes means that we involve our stakeholders more closely in the development of our products and services, and take their views broadly into consideration in all of our operations. We also have special projects underway that will help us create more added value for all stakeholders through dialogue and co-operation across organisational boundaries.

Our aim is to increase customer involvement in the planning and design of our area development projects. This gives our customers the opportunity to have a say in the development of an area development project affecting them and the shaping of their living environment. At the same time, it helps us ensure that we are responding to customer needs in the best possible manner.

Examples of the YIT Business Principles

- The marketing of our products and services is always truthful and accurate.
- Every employee has the right to a safe working environment and so we strongly concentrate on excellence in occupational safety.
- We do not use or disclose insider information in a prohibited way.
- We do not exercise or tolerate any form of corruption, extortion or bribery and we are committed to working against these practices.
- YIT supports open and fair competition in all markets.
- We do not make financial contributions to political parties or groups or individual politicians.



See our GRI report
www.yitgroup.com/responsibility

Customers

Expectations

- Good customer service and understanding customer needs
- Good price-quality ratio
- New, advanced solutions
- Reliability and responsibility in operations

Interaction and communication channels

- Customer meetings and events
- Trade fairs and public events
- Customer satisfaction surveys
- Diverse feedback
- Website

Actions taken in 2013

- New concepts: Mini-apartments and reasonably priced housing
- Customer involvement in development work
- Understanding of customer needs increased through extensive research and a new customer segmentation approach, among other measures

Added value

- Housing, business premises and infrastructure that meet customer needs
- Convenience in everyday life
- Opportunities to influence area development projects

Personnel

Expectations

- Stability of employment
- Fair and competitive remuneration
- Equal and fair treatment
- Safe working environment
- Good leadership and managerial work
- Opportunities for development and advancement

Interaction and communication channels

- Everyday work and communication
- Result and development discussions
- Annual personnel survey
- Internal training programmes and introductory events
- Personnel communications materials and channels

Actions taken in 2013

- Implementation of the values and leadership principles
- Development measures derived from the results of the personnel survey
- Continuous development of occupational safety
- Development of superior training

Added value

- Number of personnel 31.12.2013: 6,172 (2012: 6,691)
- Salaries and bonuses EUR 231.4 million (2012: EUR 235.8 million)
- Accident frequency rate (number of occupational accidents per one million hours worked) 11 (2012: 16)

Shareholders and investors

Expectations

- High return on investment
- Good risk management
- Good corporate governance
- Sufficient and reliable information on the company's operations

Interaction and communication channels

- Investor meetings and events
- Investor communications materials
- Releases and official financial communications
- Investor website

Actions taken in 2013

- Approximately 1,000 investor meetings
- Capital Markets Day in Moscow, Russia
- Active roadshow programme

Added value

- Dividends EUR 47.7 million (2012: EUR 94 million)
- Interest and financing expenses EUR 30 million (2012: EUR 32 million) (POC)
- Demerger in 2013 increased shareholder value

Mini-apartments for the needs of small households

YIT has recently developed several new concepts aimed at the special needs of customers. One of these is Mini-apartments, which are small apartments for households of one and two people. They are one or two-room apartments between 26.5 and 35.5 square metres in size. The functionality of the spatial solutions has guided the design of the Mini-apartments. The concept is based on the idea that all chores and leisure activities should be as smooth as possible, even in a small home.

Four group interviews were carried out during the development of the Mini-apartments concept, with a total of approximately 40 people living alone and students taking part. The challenges related to living in a small home and related wishes were reviewed with these potential users of Mini-apartments, one room and functionality at a time. The results of the interviews had a significant effect on the final plans of the Mini-apartments. This way, it was ensured that Mini-apartments will be a concept that serves customers' needs.



Occupational safety in all operating countries

We develop occupational safety systematically and with a long-term view in all of our operating countries. The level of our occupational safety is monitored by the same indicators in all countries, and the same basic principles of occupational safety apply to all of our operations, adjusted slightly according to the local environment and legislation. We also engage in co-operation between our operating countries to develop occupational safety.

In Russia, for example, there is at least one occupational safety engineer working in each of our local companies. These occupational safety engineers supervise and develop the level of safety at work in our operations, supporting the rest of the organisation. The local Russian companies have an active development approach in matters related to safety at work, which can be seen as a continuously improving level of occupational safety. High safety at work is also a key quality component.



Capital Markets Day in Moscow

A Capital Markets Day for analysts and investors was held in Moscow, Russia, in September 2013. The event focused particularly on our opportunities in Russia as a key part in our growth strategy. During the day, the forty analysts and investors present heard presentations by the President and CEO, CFO, Deputy CEO and the Head of the Russia Business Area. Local business operations were represented by the General Director of YIT Moskovia with his own presentation.

In addition to the presentation, the day included a "speed dating" activity during which the participants had a chance to talk with the management in small groups. The afternoon included a visit to our Zeleny Bereg multi-storey building project under construction in Moscow. Based on the feedback, the participants were satisfied with the day and its content. The section on Russia was praised in particular; it opened up the Russian market in a new way and made YIT's operations in Russia more concrete.



Partners

Expectations

- Stability of operations, reliability and predictability
- Clear and transparent procurement criteria, price not being the only criterion
- Willingness to create long-term partnerships

Interaction and communication channels

- Auditing and evaluation processes
- Continuous cooperation with significant suppliers
- Supplier meetings and events
- Participation in cooperative bodies in the industry

Actions taken in 2013

- Development of procurement towards even greater transparency
- Substantial focus on preventing the grey economy

Added value

- Raw materials and consumables EUR 392.7 million (2012: EUR 477.7 million)
- External services EUR 928.1 million (2012: EUR 923 million)
- Worksite inspections to prevent the grey economy, contracts approx. 3,500, and suppliers approx. 2,000

Cities and public administration

Expectations

- Reliability and responsibility in operations
- Payment of taxes
- Partnership in the development of areas, among other things
- New solutions
- Acknowledging the challenges of sustainable development

Interaction and communication channels

- Personal meetings
- Public communications
- Workshops and seminars

Actions taken in 2013

- New area development projects have progressed in partnership with municipalities in different parts of Finland and Russia

Added value

- Income taxes EUR 24.8 million (2012: EUR 41.5 million)
- Producing a sustainable, attractive and appealing living environment
- Influencing urban development
- Creating a functioning urban environment

Civil society

Expectations

- Responsibility and reliability in operations
- Openness
- Taking stakeholders into account
- Minimising misconduct and negative effects

Interaction and communication channels

- Seminars and events
- Mass media
- Social media

Actions taken in 2013

- Active cooperation with educational institutions
- 100 Good Deeds: numerous different projects
- YIT Business Principles laid down to provide more specific minimum requirements for operations

Added value

- Over 800 trainees in all across all operating countries
- 76 Good Deeds

Prevention of the grey economy

During 2013, particular attention was paid to the prevention of the grey economy, bribery and corruption in our operations. In preventing the grey economy, supply chain management is one of the key methods of preventing illegal activities, and we apply strict practices in it. In order to increase transparency, we have also strongly developed our procurement processes. The number of our internal audits has been increased considerably; during 2013, we audited thousands of contracts and contractors in Finland.

Our strict attitude towards illegal activities in the procurement chain is crucial to our partners as well. Illegally operating companies often offer their services at lower prices than their lawfully operating competitors, thereby distorting competition. The systematic campaign against illegal activities thereby also makes the situation easier for honest companies in the industry.



Certified urban environment in Mikkeli

We have developed the area of the Graani plywood mill in cooperation with the City of Mikkeli. A five-block high-quality urban residential multi-storey building area will be built in the area, with quality, comfort and sustainability being the starting points of its design. The area will apply for a BREEAM Communities environmental certificate, which, if granted, will be the first area-level BREEAM certificate in Finland.

The application of the BREEAM Communities method in the area can be seen in the form of ensuring quality, comfort and accessibility, among other things. Particular attention is also paid to factors such as energy efficiency, ease of movement, construction materials and aesthetics. The City of Mikkeli will thereby have an area that implements its ecological objectives and contributes to a new attractive urban landscape.



YIT Path supports growth as a professional

We cooperate with many Finnish universities and universities of applied sciences. In addition to the co-operation, we invest strongly in providing practical training and summer job opportunities to young construction industry students, and each year we hire hundreds of trainees; over 800 in 2013.

In Finland, all of our trainees aiming for salaried employee tasks implement the salaried employee's YIT Path training model in their practical training. Employee's YIT Path, intended mainly for vocational school students, and YIT Studies, intended for students in universities of applied sciences, also help make our cooperation with trainees and schools systematic and long-term. All of our training programmes are continuously revolving programmes that support learning and career development, allowing students to combine studies and practical training. The participants achieve familiarity with the industry during their studies and get to put what they learn in school into practice during traineeships. After their studies, the students have the opportunity to continue their professional development as employees.



BOARD OF DIRECTORS

HENRIK EHRNROOTH

Chairman

born 1954, M.Sc. (Forest Economics), B.Sc. (Econ.), Chairman of the Board of Directors of Pöyry Plc

Chairman of the Board of Directors 2009–.
Chairman of the Personnel Committee 2009–.
Chairman of the Working Committee 2011–2013.
Member of the Board of Directors 2009–.

Independent of the company, but not independent of the company's major shareholders. Henrik Ehrnrooth holds indirectly with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth a controlling interest in Structor S.A., which is the largest shareholder of YIT Corporation.

Primary work experience: Pöyry Plc, President and CEO 1986–1997, Economist 1979–1981.

Positions of trust: Pöyry Plc, Chairman of the Board of Directors 2003–, Otava Ltd: Member of the Board of Directors 1988–.

Share ownership: Shares 12,930,000

REINO HANHINEN

Vice Chairman

born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.

Vice Chairman of the Board of Directors 2010–.
Member of the Personnel Committee 2008–.
Member of the Audit Committee 2006–2009 and 2012–. Chairman of the Board of Directors 1989–2000 and 2006–2008. Member of the Board 1988–.

Independent of the company and its major shareholders.

Primary work experience: YIT Corporation, President and CEO 1986–2005. YIT Oy Yleinen Insinööritoimisto: Managing Director 1985–1986. Oy PPTH-Norden Ab: Managing Director 1976–1985. YIT Oy Yleinen Insinööritoimisto: Division Manager 1974–1976, Work Supervisor 1968–1974.

Share ownership: Shares 129,768

KIM GRAN

born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc

Member of the Personnel Committee 2013–.
Member of the Board 2008–.

Independent of the company and its major shareholders.

Primary work experience: Nokian Tyres Plc: President and CEO 2000–, Nokia Tyres, Car and Van tyres, Vice President 1995–2000. Pechiney Cebal (UK): Managing Director 1992–1995. Cebal-Printal (UK): Managing Director 1988–1992.

Positions of trust: Rautaruukki Corporation: Chairman of the Board 2012–. Ilmarinen Mutual Pension Insurance Company: Member of the Board 2012–. Chemical Industry Federation of Finland: Vice Chairman of the Board of Directors 2007–. Finnish-Russian Chamber of Commerce: Member of the Board of Directors 2006–. Nokian Tyres Plc: Member of the Board of Directors 2002–. The Rubber Manufacturers' Association: Chairman of the Board of Directors 2001–.

Share ownership: Shares 7,700



From the left: Erkki Järvinen, Satu Huber, Henrik Ehrnrooth, Reino Hanhinen, Kim Gran.

SATU HUBER

born 1958, M.Sc. (Econ.), Elo Mutual Pension Insurance Company: Deputy Managing Director

Member of the Audit Committee 2009–2013, Chairman.
Member of the Board of Directors 2009–.

Independent of the company and its major shareholders.

Primary work experience: Elo Mutual Pension Insurance Company: Deputy Managing Director 2014–. LocalTapiola Pension: Managing Director 2008–2013. Federation of Finnish Financial Services: Managing Director 2006–2008. State Treasury: Segment Director 1997–2006. Merita Investment Banking: Group Director, First Vice President, Investment Banking 1995–1997. Suomen Yhdyspankki Oy/Merita Bank: Vice President 1986–1995. Citibank NA London: Executive Trainee. Citibank Oy: Helsinki Account Officer 1982–1986.

Positions of trust: Trilateral Commission, Member 2014–. Strategic Committee of Agence France Tresor, Member 2014–. EVA and ETLA: Member of the Board of Directors 2014–. Hanken, SHS Kurator 2013–. Hanken Centre for Corporate Governance: Member of the Board 2012–. Finnish Cultural Foundation: Member of the Supervisory Board 2009–. Council for Security of Supply and Infrastructure (CSSI): Member 2008–.

Share ownership: Shares 3,600

ERKKI JÄRVINEN

born 1960, M.Sc. (Econ.), Tikkurila Group: President and CEO

Member of the Audit Committee 2013–.
Member of the Board 2013–.

Independent of the company and its major shareholders.

Primary work experience: Tikkurila Group: President and CEO 2009–. Rautakirja Corporation: President and CEO 2001–2008, Senior Vice President of Kiosk Operations 1997–2001. Vaasamills Ltd, Vice President, Marketing (Nordic) 1991–1996. Siljans Knäcke AB, Managing Director 1995–1996. Vaasamills Ltd, Marketing Manager 1990–1991. Oy Karl Fazer AB Fazer Bakeries, Product Manager and Marketing Manager 1984–1990.

Positions of trust: Snellman Ltd, Vice Chairman of the Board of Directors 2011–. East Office of Finnish Industries Ltd. 2011–. Chemical Industry Federation of Finland Association of Finnish Paint Industry: Vice Chairman of the Board of Directors 2010–. Association of Finnish Advertisers 2009–. Helsinki Chamber of Commerce 2009–. Economic Information Office 2007–. Confederation of Finnish Industries (EK): member of the regional office in Helsinki 2011–.

Share ownership: 0

MANAGEMENT BOARD

January 1, 2014



KARI KAUNISKANGAS
President and CEO

born 1974, M.Sc. (Eng.), B.Sc. (Econ.).
In the Group's employ 1997–

Primary work experience: YIT Corporation: President and CEO 2013–, Deputy CEO, 2008–2013; YIT Construction Ltd: CEO, 2009–2013; YIT Construction Ltd: Head of International Construction Services, 2008–2013; Business Premises, Head of Division, Senior Vice President 2005–2007; Building Construction Oulu Region, Area Manager, 2001–2005; Sonera Living Oy, Product Group Manager, 2000–2001; and other positions at YIT since 1997.

Positions of trust: Ilmarinen Mutual Pension Insurance Company: Member of the Supervisory Board 2009–

Share ownership: Shares 10,624



TERO KIVINIEMI

Executive Vice President

born 1961, M.Sc. (Eng.), Executive MBA.
In the Group's employ 1996–

Primary work experience: YIT Corporation: Executive Vice President, 2013–; YIT Construction Ltd: Head of Construction Services Finland segment, 2009–2013; InfraserVICES: Division Manager, 2008–2009; other positions at YIT since 1996. In addition, he has worked in the construction industry in Finland, Sweden and Vietnam.

Positions of trust: Etera Mutual Pension Insurance Company: Chairman of the Supervisory Board 2011–2013, Member of the Board of Directors 2014–; Confederation of Finnish Construction Industries RT: Vice Chairman of the Board of Directors, 2013–; Talonrakennusteollisuus Ry: Member of the Board 2010–2013; Construction pool: Chairman, 2010–; Confederation of Finnish Industries EK: Member of body of representatives, 2010–

Share ownership: Shares 10,692



TIMO LEHTINEN

Chief Financial Officer

born 1964, M.Sc. (Econ.), Executive MBA
In the Group's employ 2006–

Primary work experience: YIT Corporation: Chief Financial Officer, 2009–; YIT Construction Ltd: Senior Vice President, Finance, 2006–2009. Affecto Plc: CFO, 2006. Saunalahti Group Oyj: CFO, 2003–2006. Auria Oy: Senior Vice President, Administration, Deputy to the President and CEO, 2001–2003.

Positions of trust: Elo Mutual Pension Insurance Company: Member of the Supervisory Board, 2010–

Share ownership: Shares 8,550



PII RAULO

Senior Vice President, Human Resources

born 1967, M.Sc. (Econ.).
In the Group's employ 2004–

Primary work experience: YIT Corporation, Senior Vice President, Human Resources, 2011–; YIT Construction Services Finland, HR Director, 2004–2011; McKinsey & Company, Manager of Administration, 1997–2004

Positions of trust: -

Share ownership: Shares 5,240



JUHANI NUMMI

Senior Vice President, Business Development

born 1967, M.Sc. (Eng.)
In the Group's employ 1998–2001 and 2003–

Primary work experience: YIT Corporation: Senior Vice President, Business Development, 2013–; YIT Construction Ltd, Senior Vice President, Business Development, Construction Services Finland, 2006–, Development Manager, 2003–2006; Proha Oyj / Artemis Finland Oy: Product Manager, 2001–2003; YIT Information Technology Ltd: IT Manager

Positions of trust: -

Share ownership: Shares 2,499



TEEMU HELPPOLAINEN

Head of business area Russia

born 1962, M.Sc. (Econ.)
In the Group's employ 2008–

Primary work experience: YIT Corporation: International Construction Services, Senior Vice President, Moscow and Russian Regions, 2009–, Senior Vice President, Moscow Region, 2008–2009. Raisio Nutrition Ltd: Director, Russian and Ukrainian operations 2005–2008. Huurre Group Ltd: Director for the former Soviet Union excl. the Baltics, 2002–2005

Positions of trust: -

Share ownership: Shares 4,800

EXTENDED MANAGEMENT BOARD

In addition to the aforementioned members of the Management Board, the extended Management Board includes YIT Division Managers **Jouni Forsman**, **Harri Isoviita**, **Matti Koskela**, **Timo Lehmus**, **Tom Sandvik** and **Mikhail Voziyanov**.



We care –

100 GOOD DEEDS MAKE THOUSANDS OF PEOPLE FEEL GOOD!

In 2012, we launched the 100 Good Deeds campaign to celebrate YIT's 100th anniversary. The objective was not the number of good deeds, but genuine caring and making the recipients feel good.

We have brought joy by, for example, painting hopscotch courts, piling up a sled hill, making life easier through door repairs, helping with the camp arrangements of fire brigade youths, transferring a play home to the yard of a day care centre, jazzing up boxes, making animal feeding places, installing wallball walls, renovating a miniature golf course, making nursing homes more comfortable, donating material for woodworks, recycling computers, helping in keeping parks clean and making a lot of other things that have been expected and wished for. Our good deeds will live on in the stories and hearts of those who have received them.

The good deeds have resulted in so much positive feedback to us that we intend to keep doing them. The best thing about doing good deeds is that we, too, can feel joy and genuine pride of them ourselves.

Let's do good deeds and care together!



Financial information in 2014

Financial Statement Bulletin	February 6, 2014
Annual Report and Financial Statements for 2013	February 24, 2014
Annual General Meeting 2014	March 18, 2014
Interim Report for January–March	April 25, 2014
Interim Report for January–June	July 24, 2014
Interim Report for January–September	October 30, 2014



www.yitgroup.com/agm

Financial review

The separate Financial Review includes the Financial Statements 2013, the Board of Directors' report as well as insight into YIT's governance and risk management. Business segments' financial development is reviewed in the Board of Directors' report.

More information

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YIT's Annual Report, Financial Review and online annual report are available on the YIT website www.yit.fi/investors

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Lithuania	www.yit.lt
The Czech Republic	www.yit.cz
Slovakia	www.yit.sk

