



Urban development driving the future growth

Juha Kostianen,
SVP, Sustainable Urban Development
Capital Markets Day 2017
September 28, 2017



yitgroup.com

MAIN TRENDS IN URBAN DEVELOPMENT ACCROSS EUROPE

- Creating more compact urban structures and brownfield development

Improving public transportation

- Wow-architecture and urban culture

- Smart city

- Combining houses, jobs and services – mixed-use



FINDINGS FROM THE SUSTAINABLE SOCIETIES RESEARCH (WINSTON 2013)

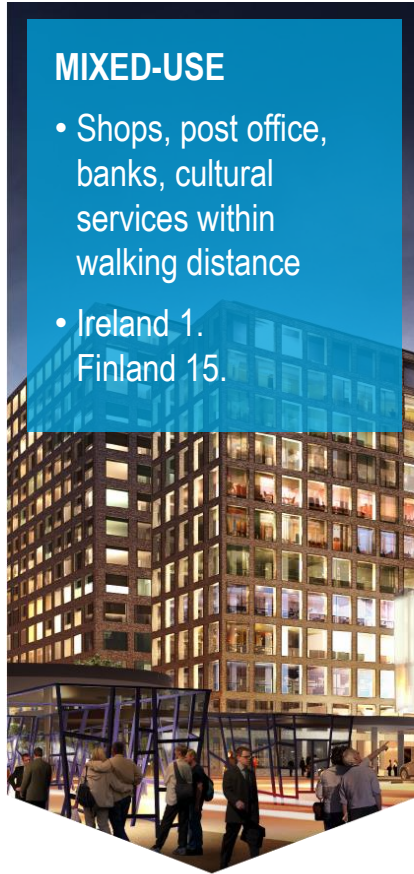
LIVING ENVIRONMENT QUALITY

- Clean air, clean water, noise, crime etc.
- Finland the best



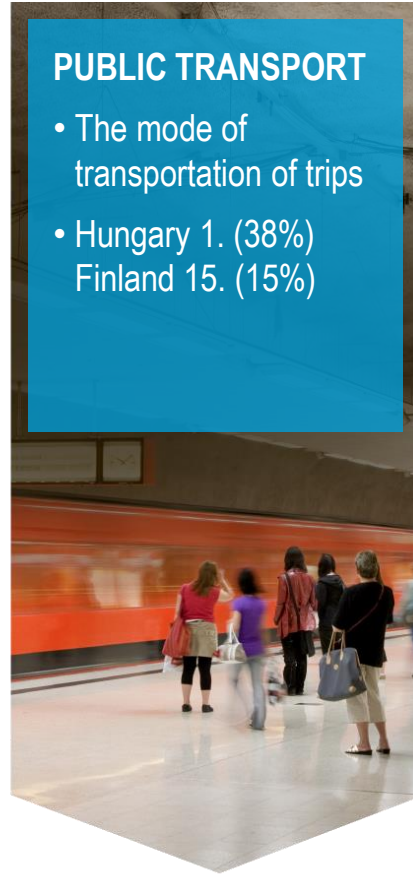
MIXED-USE

- Shops, post office, banks, cultural services within walking distance
- Ireland 1.
Finland 15.



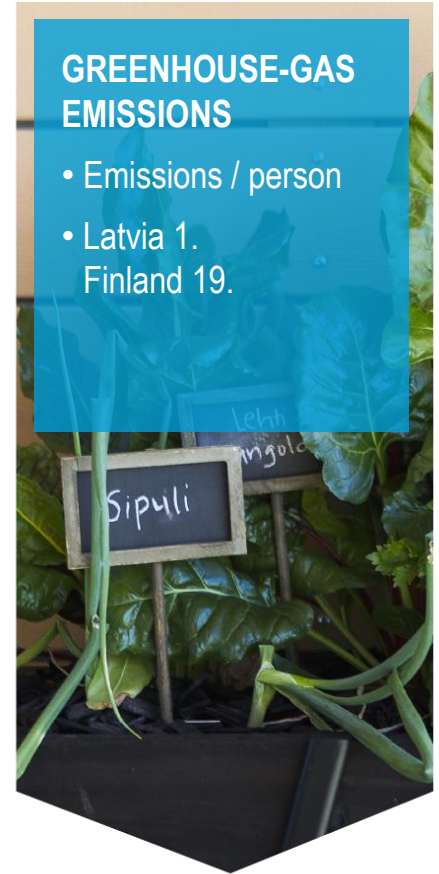
PUBLIC TRANSPORT

- The mode of transportation of trips
- Hungary 1. (38%)
Finland 15. (15%)



GREENHOUSE-GAS EMISSIONS

- Emissions / person
- Latvia 1.
Finland 19.

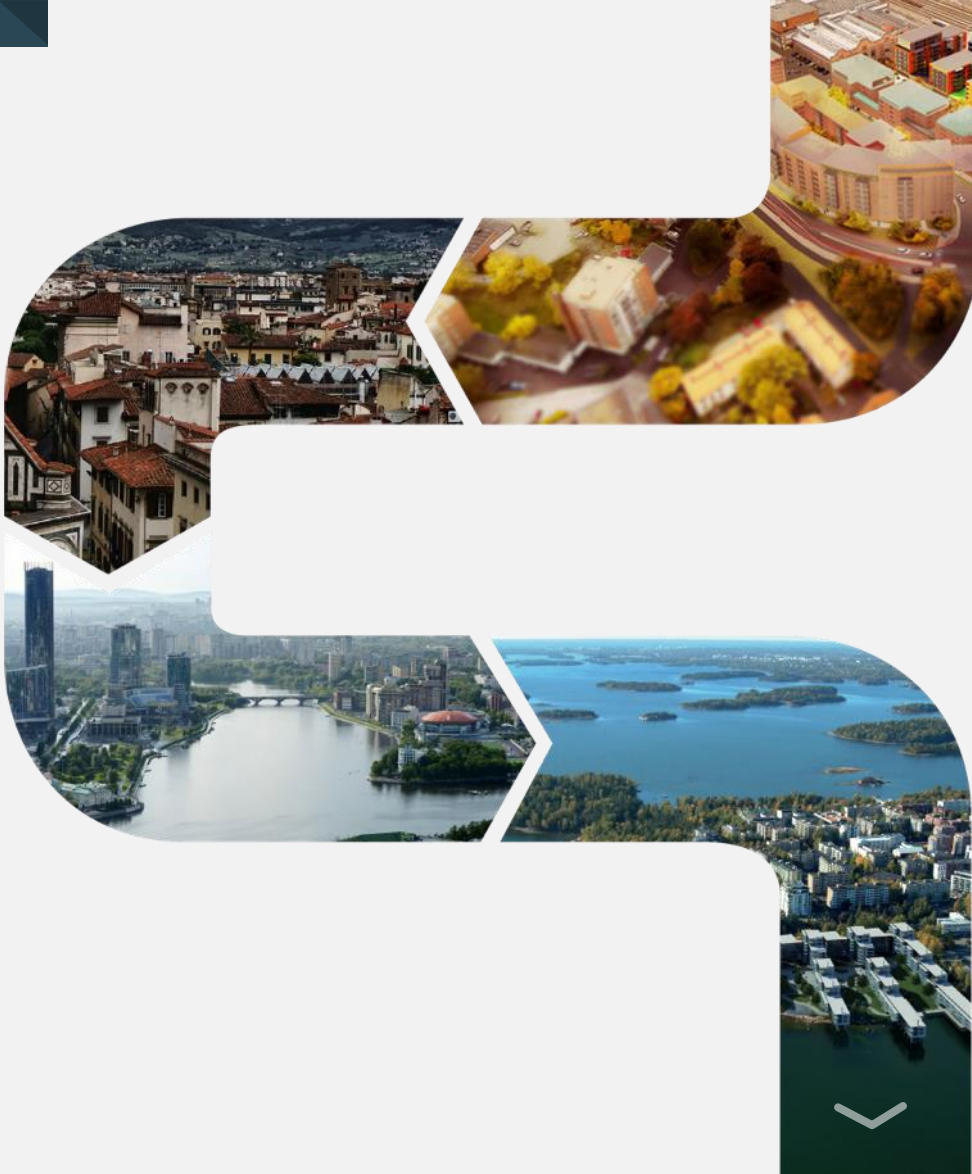


- Living environments of high quality but unbalanced
- Car oriented city as the dominating paradigm in urban planning, competition in public transport has been completely missing
- The focus of energy efficiency from properties towards an area and smooth everyday living going forward



URBAN DESIGN AND URBAN DMA

(DOVEY 2016)



- Urban design is not strictly a discipline nor a profession, but multidisciplinary zone of practices where architecture, urban planning, landscape architecture and property development intersects
- It is shaping of urban public space
- Structural core of urban design is comprised of density, mix and access

SELF-DRIVING CARS, SHARING
ECONOMY AND INFLEXIBLE
STRUCTURES CHANGE
TRANSPORTATION





DENSITY

(BOYKO & COOPER 2011, KYTTÄ ET AL. 2014, CARLINO ET AL. 2007, LOIKKANEN & SUSILUOTO 2011, VIHOLA & KURVINEN 2016)

- Urban happiness study (n=3119) carried out in Helsinki and Espoo investigate density in apartments/hectare basis
 - Experienced quality on living environment improved until level 100 ap/h, then weakened, improved again after level 190 ap/h
- In Finland, the doubling of the density of cities increases productivity by 4-5%
- In USA doubling the job density of metropolitan areas increased the number of patents per person by 20%
- Infill development increases the value of existing apartments by 2.5%
- A new conceptualisation of density: quantitative density (ap/h, distance of tram stops), physical quality of environment (materials, facades, stop roofs) and user experience and needs (user-centric planning)

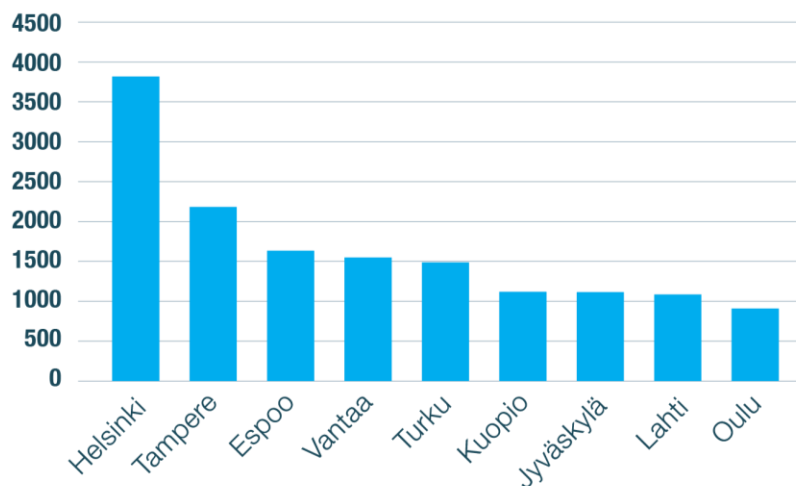
POPULATION DENSITY IN NORDIC AND BALTIC COUNTRIES

(ELINYPÄRISTÖN TIETOPALVELU LIITERI 28.6.2017, TILASTOKESKUS & CHRISTOFFER WECKSTRÖM, GEOSTAT 2011 GRID DATASET.)

Population density in Helsinki & Tampere is relatively high compared to other cities in Finland...

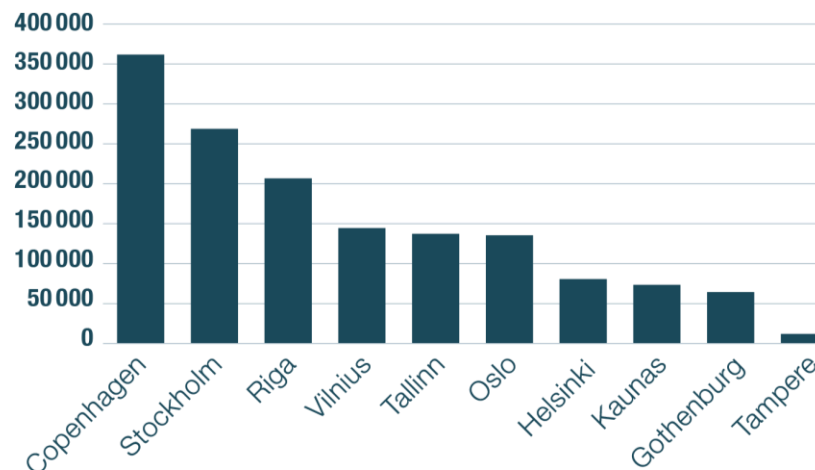
...but there are very few areas densely populated areas compared to other cities in Northern Europe

POPULATION DENSITY IN URBAN AREAS residents/KM² (2015)



POPULATION IN AREAS WITH POPULATION DENSITY OF OVER 10,000 inh/KM²

Population in areas with population density over 10 000 inh / km² in Nordic and Baltic cities



The graph presents the absolute quantity of the population in dense areas of over 10,000 inh/KM². Although Helsinki is a wider city compared to Gothenburg and Kaunas, the same number of inhabitants are living in dense areas.

MIX

(DOVEY 2016)

FUNCTIONAL MIX

- Types: living, work or visitation
- Can be mixed from the level of single building
- In Finland a long tradition of functional urban planning



FORMAL MIX

- Range of different buildings and lot sizes
- Scale where single building can be replaced



SOCIAL MIX

- Prevention of segregation; urban planning have only limited influence
- Main means education policy, health policy, housing policy, etc.



HOUSING TRIBES 2017

NATURE



IN PRIVACY

"A peaceful, affordable and spacious family apartment"



MANOR DWELLERS

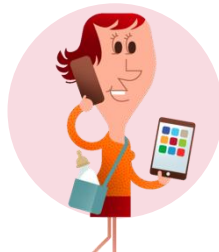
"A great, peaceful location – room for living and hobbies"

COMMUNITY



NEST BUILDERS

"A safe home that can be modified to suit the family's needs. A place worth investing in"



SOCIAL DWELLERS

"A convenient location, many services available in the area. A good home for the entire family."

VALUE



HOMEBUILDERS IN PRESTIGIOUS AREA

"A home located in a prestigious area where services available"



HOME INVESTORS

"Located in a certain prestigious area, retaining the value"



AESTHETES

"A beautiful, modern and distinguished home in a prestigious area"

DEPOT



CONVENIENTLY IN THE SUBURBS

"Nice home in a suburb, close to services"



AMIDST ALL THE ACTION

"In the city centre, in the midst of all the action"

CHANGING WORKING ENVIRONMENTS



FROM ENGINEER
RESERVES

TO CITY CENTRES



YIT EXAMPLES: SUBURBAN AREA RENEWAL

Hakunila district, SATO partnership, Vantaa

- Great transportation connections, a lot of development potential
- ~ 20,400 floor sq. m SATO ongoing development
- ~ 37,500 floor sq. m estimated additional construction YIT+SATO along Hakunilantie



Siltamäki game, Helsinki

- Siltamäki – a suburb built in early 1970's, decreasing population
- Infill development game with City of Helsinki and FCG
- Over 500 players sent their results
- Currently negotiations with property owners and housing cooperatives



Kaukovainio centre, Oulu

- 3 km from Oulu city centre
- Target: renew Kaukovainio service centre and the blocks of flats nearby, to enable construction of new apartments
- YIT's construction right: 34,000 floor sq. m in total



YIT EXAMPLES: URBAN DEVELOPMENT, VALUE OVER EUR 100 MILLION

Tampella residential area, Tampere

- Old industry area transformed to residential area
- YIT built up ~1,700 apartments



Tripla project, Helsinki

- EUR ~1 bn hybrid project
- ~200,000 travelers to pass through the new Pasila public transportation hub each day



Hippos, Jyväskylä

- A hybrid project with various recreation facilities
- A tender offer submitted in September
- Keva and OP in a consortium, chosen to innovation development phase



Lauttis Shopping Centre, Helsinki

- Floor area ~6,000 sq. m., space for 25 shops, 140 apartments
- 20,000 estimated users for the metro station once opened



Helsinki High Rise

- YIT participates in the design and construction competition, tender offer submitted in spring 2017
- Tower buildings with at least 15 floors planned to Pasila, Helsinki



Suomi Hloubetin, Prague

- ~870 apartments
- Started in 2015, to be completed in the end of 2023



YIT EXAMPLES: EXCEPTIONAL PROPERTY DEVELOPMENT

Tietotie 6, Espoo

- Regenero's first acquisition, property in Otaniemi, Espoo
- Office building: 23,000 sq. m. of lettable area and a parking hall



Kasarmikatu 21, Helsinki

- A prime office property in Helsinki city centre
- By a property company by YIT, Ahlström Capital and HGR Property Partners
- 16,000 sq. m., seven floors



[illegible]

**Together
we can
do it.**

Disclaimer

This presentation has been prepared by, and the information contained herein (unless otherwise indicated) has been provided by YIT Corporation (the "Company"). By attending the meeting or event where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations. This presentation is being furnished to you solely for your information on a confidential basis and may not be reproduced, redistributed or passed on, in whole or in part, to any other person.

This presentation does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy, acquire or subscribe for, securities of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investments decision whatsoever. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of its respective affiliates, advisors or representatives nor any other person shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. Each person must rely on their own examination and analysis of the Company and the transactions discussed in this presentation, including the merits and risks involved.

This presentation includes "forward-looking statements". These statements contain the words "anticipate", "will", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's financial position, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. Neither the Company nor any other person undertakes any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

Disclaimer

Important information regarding the merger of YIT and Lemminkäinen

The information contained in this presentation regarding the merger of YIT Corporation ("YIT") and Lemminkäinen Corporation ("Lemminkäinen") (unless otherwise indicated) has been provided by YIT and Lemminkäinen. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations. This presentation is being furnished to you solely for your information on a confidential basis and may not be reproduced, redistributed or passed on, in whole or in part, to any other person.

This presentation does not constitute a notice to an extraordinary general meeting or a merger prospectus and as such, does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy, acquire or subscribe for, any securities or an inducement to enter into investment activity. Any decision with respect to the proposed statutory absorption merger of Lemminkäinen into YIT (the "Merger") should be made solely on the basis of information to be contained in the actual notices to the extraordinary general meeting of YIT and Lemminkäinen, as applicable, and the merger prospectus related to the Merger as well as on an independent analysis of the information contained therein. You should consult the merger prospectus for more complete information about YIT, Lemminkäinen, their respective subsidiaries, their respective securities and the Merger.

The distribution of this presentation may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions. The information contained herein is not for publication or distribution, directly or indirectly, in or into Canada, Australia, Hong Kong, South Africa or Japan. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This presentation and any materials distributed in connection with this presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither YIT nor Lemminkäinen, nor any of their respective affiliates, advisors or representatives or any other person, shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. Each person must rely on their own examination and analysis of YIT, Lemminkäinen, their respective subsidiaries, their respective securities and the Merger, including the merits and risks involved.

This presentation includes "forward-looking statements." These statements may not be based on historical facts, but are statements about future expectations. When used in this presentation, the words "aims," "anticipates," "assumes," "believes," "could," "estimates," "expects," "intends," "may," "plans," "should," "will," "would" and similar expressions as they relate to YIT, Lemminkäinen, the Merger or the combination of the business operations of YIT and Lemminkäinen identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this presentation, including wherever this presentation includes information on the future results, plans and expectations with regard to the combined company's business, including its strategic plans and plans on growth and profitability, and the general economic conditions. These forward-looking statements are based on present plans, estimates, projections and expectations and are not guarantees of future performance. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Shareholders should not rely on these forward-looking statements. Numerous factors may cause the actual results of operations or financial condition of the combined company to differ materially from those expressed or implied in the forward-looking statements. Neither YIT nor Lemminkäinen, nor any of their respective affiliates, advisors or representatives or any other person undertakes any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation. The combined financial information is presented for illustrative purposes only.

The combined income statement information has been calculated assuming the activities had been included in one entity from the beginning of each period. The preliminary revenue, adjusted operating profit and operating profit of the combined company have been calculated as a sum of combined financial information for the twelve months ended 31 December 2016. The combined financial information is based on a hypothetical situation and should not be viewed as pro forma financial information.

This presentation includes estimates relating to the synergy benefits expected to arise from the Merger and the combination of the business operations of YIT and Lemminkäinen, which have been prepared by YIT and Lemminkäinen and are based on a number of assumptions and judgments. Such estimates present the expected future impact of the Merger and the combination of the business operations of YIT and Lemminkäinen on the combined company's business, financial condition and results of operations. The assumptions relating to the estimated synergy are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause the actual synergy benefits from the Merger and the combination of the business operations of YIT and Lemminkäinen, if any, to differ materially from the estimates in this presentation. Further, there can be no certainty that the Merger will be completed in the manner and timeframe described in this presentation, or at all.

Notice to Lemminkäinen Corporation Shareholders in the United States

The YIT Corporation shares to be issued in connection with the merger have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and are being issued in reliance on the exemption from registration set forth in Rule 802 under the Securities Act.

YIT Corporation and Lemminkäinen Corporation are Finnish companies and the issuance of YIT Corporation shares will be subject to procedural and disclosure requirements in Finland that may be different from those of the United States. Any financial statements or other financial information included on this presentation may have been prepared in accordance with non-U.S. accounting standards that may not be comparable to the financial statements of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

It may be difficult for U.S. shareholders of Lemminkäinen Corporation to enforce their rights and any claims they may have arising under U.S. federal securities laws in connection with the merger, since YIT Corporation and Lemminkäinen Corporation are located in non-U.S. jurisdictions, and some or all of YIT Corporation's and Lemminkäinen Corporation's officers and directors may be residents of countries other than the United States. As a result, U.S. shareholders of Lemminkäinen Corporation may not be able to sue YIT Corporation or Lemminkäinen Corporation or their respective officers and directors in a court in Finland for violations of U.S. federal securities laws. Further, it may be difficult to compel YIT Corporation or Lemminkäinen Corporation to subject themselves to the jurisdiction or judgment of a U.S. court. Lemminkäinen Corporation's shareholders should be aware that YIT Corporation may purchase Lemminkäinen Corporation's shares otherwise than under the merger, such as in open market or privately negotiated purchases, at any time during the pendency of the proposed merger.