

A question related to developer-contracted housing construction.

Stated in the financial statements 2020:

Towards a lifecycle-wise reality – in the beginning of February we released our new strategy and long-term financial objectives for 2021–2024. The strategy aims to develop long-term competitive advantage, provide an excellent customer experience, tap into opportunities for lifecycle services, improve profitability and reduce indebtedness.

The project management model that SRV introduced in Finland (the SRV Approach) has become one of the most used implementation models for construction projects in Finland. SRV has remained loyal to this customer-oriented operating model, in which we are able to create the most suitable organisation for each project, so that we can implement it efficiently, to a high standard and, above all, in accordance with the customer's needs.

However, in recent years, there have been projects in the Greater Helsinki Area in particular that have failed to meet SRV's own internal quality standards, that have not been in line with the customer's needs, and that have been handed over to share buyers in an unfinished state. This is a difficult and annoying situation for share buyers. The full purchase price has been paid and recognised as income in SRV's accounts at the time of payment, but SRV still has liabilities in the form of unfinished repair work. At worst, annual repairs have been carried out for five years after a building has been handed over.

According to the Consumer Disputes Board, there were a total of 13 cases related to the release of collateral concerning SRV in the Greater Helsinki Area in 2018–2021. Presumably, the main reason for this is the unfinished state of buildings that have been handed over.

Question: Does SRV consider 13 disputes in the Consumer Disputes Board to be a low amount?

Answer: Each case heard by the Consumer Disputes Board is regrettable and we always seek to resolve matters primarily through negotiation. In relation to SRV's construction volume, the number of disputes is not significantly high, but naturally SRV always aims to handle its obligations properly and to reach a consensus on any differences in opinion without requiring a hearing in the Consumer Disputes Board.

Question: Is annual repair work to buildings that have already been handed over recorded separately in the Financial Statements and how much was it in 2020?

Answer: The costs are included in the income statement, but we do not separately itemise the costs related to annual repairs.

Question: What are the total provisions recorded in the balance sheet for annual and other repair work to complete buildings?

Answer: Approximately EUR 14.6 million has been recognised as provisions for costs in the balance sheet for the warranty phase of all production (both residential and commercial premises), and approximately EUR 9.2 million for post-warranty liabilities.

Question: Over the coming years, will it be SRV's strategic objective to complete buildings before handing them over, except for minor warranty repairs?

The company's results are not affected by minor warranty work. However, prolonged repair work that has sometime gone on for years is damaging not only to the company's finances but also to its reputation.

Answer: SRV always aims to complete buildings before handover, thereby ensuring the best possible customer satisfaction and image of quality. The housing business in the Greater Helsinki Area was reorganised at the beginning of the year and responsibilities have been specified. This will enable us to better ensure correct timing, effective schedule management and high construction quality in our projects.