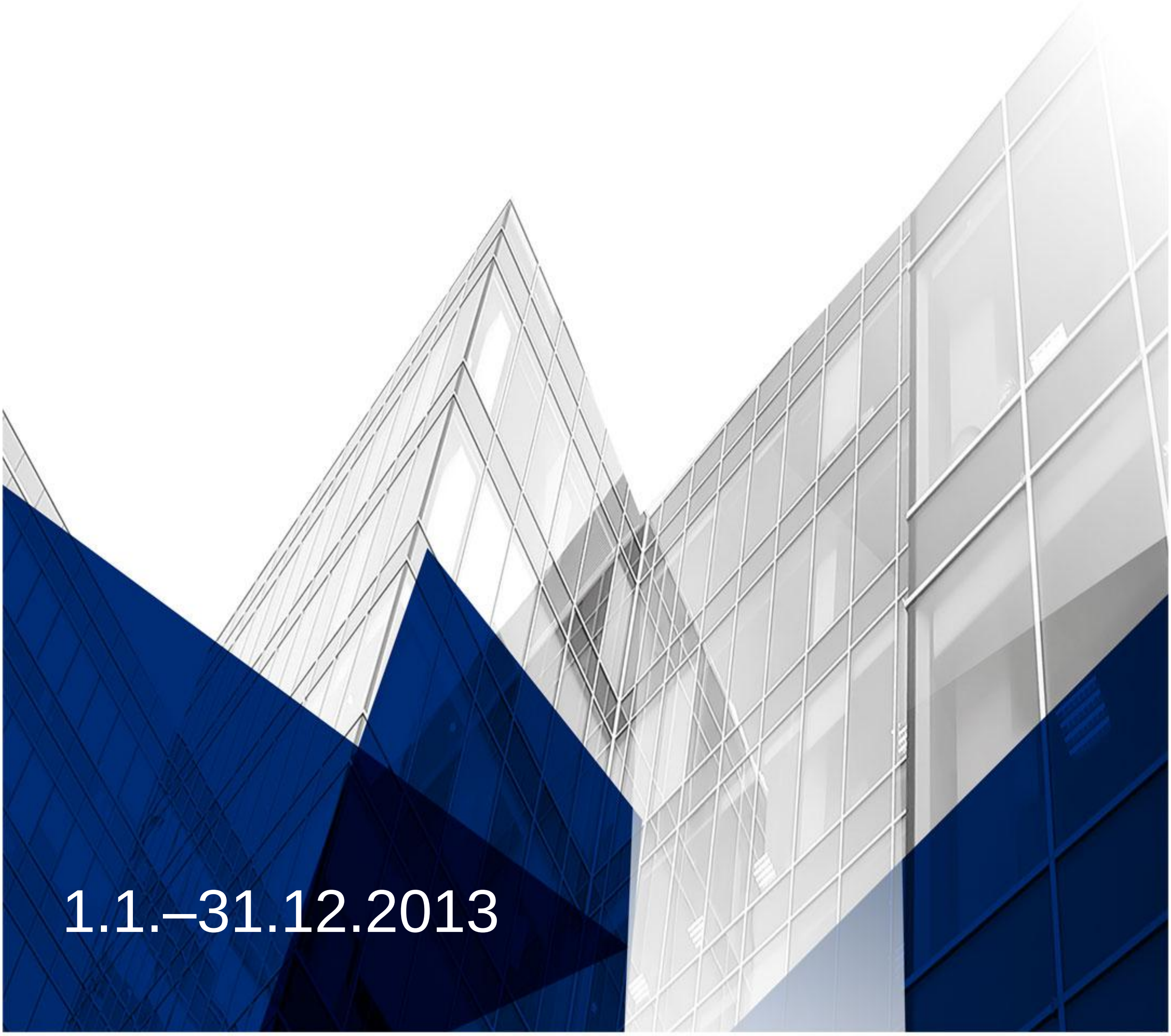
sponda

Full Year Result



1.1.–31.12.2013

Sponda owns, leases and develops business properties in the Helsinki metropolitan area and the largest cities in Finland. Sponda's operations are organised into four business units: Investment Properties, Property Development, Russia, and Real Estate Funds. The Investment Properties unit is divided into three segments: Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Real Estate Funds.

Sponda Plc Financial Statements Bulletin 1 January – 31 December 2013

JANUARY–DECEMBER 2013 IN BRIEF (compared with 1 January – 31 December 2012)

- Total revenue was EUR 264.3 (264.6) million.
- Net operating income was EUR 190.9 (192.2) million. Net operating income was decreased by sales of properties.
- Operating profit was EUR 153.0 (210.5) million. This includes a fair value change of EUR -14.2 (33.0) million.
- Cash flow from operations per share was EUR 0.40 (0.40).
- The fair value of the investment properties amounted to EUR 3,253.3 (3,261.3) million.
- Net assets per share totalled EUR 4.64 (4.45).
- The economic occupancy rate was 87.9% (88.1%).
- A decrease in the Finnish corporate tax rate from 24.5% to 20% took effect from the beginning of 2014. The change decreased Sponda's deferred taxes by EUR 36.3 million.
- The Board proposes to the Annual General Meeting that a dividend of EUR 0.18 per share be paid.

OCTOBER–DECEMBER 2013 IN BRIEF (compared with 1 October – 31 December 2012)

- Total revenue was EUR 65.3 (66.4) million.
- Net operating income was EUR 47.4 (47.4) million.
- Operating profit was EUR 29.5 (69.5) million. The operating profit includes a fair value change of EUR -12.7 (21.3) million.
- Cash flow from operations per share was EUR 0.10 (0.12).

KEY FIGURES

	10-12/2013	10-12/2012	1-12/2013	1-12/2012
Total revenue, M€	65.3	66.4	264.3	264.6
Net operating income, M€	47.4	47.4	190.9	192.2
Operating profit, M€	29.5	69.5	153.0	210.5
Earnings per share, €	0.15	0.14	0.34	0.37
Cash flow from operations per share, €	0.10	0.12	0.40	0.40
Equity per share, €			4.64	4.45
Equity ratio, %			40.7	41.2
Interest cover ratio			3.1	2.8

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	10-12/2013	10-12/2012	1-12/2013	1-12/2012
EPRA Earnings, M€	27.7	29.7	111.5	111.9
EPRA Earnings per share, €	0.10	0.10	0.39	0.40
EPRA NAV/share, €			5.29	5.20
EPRA Net Initial Yield (NIY), %			5.84	6.61
EPRA, "topped-up" NIY, %			5.84	6.63
EPRA Cost Ratio (including direct vacancy costs), %			16.27	
EPRA Cost Ratio (excluding direct vacancy costs), %			11.37	

PRESIDENT AND CEO KARI INKINEN

We revised our strategy at the beginning of September, simplifying Sponda's business structure and making our property ownership more focused. For us, it means disposing logistics properties and properties in Russia, and investing the capital thereby freed up through property acquisitions and property development. The strategy will be implemented over a period of three to five years in order to obtain the best possible price for the properties sold, taking the market situation into account.

In terms of our financial performance, the year 2013 was stable. We achieved our targets with respect to the economic occupancy rate of our properties as well as net rental income. Although the economic occupancy rate declined slightly compared to 2012, we performed better than the market on average. We estimate that the market occupancy rate declined in all sectors during the fourth quarter of 2013. Our net rental income increased slightly, taking into account the effect of sold properties, which amounted to approximately EUR 2.3 million.

The Finnish economy is predicted to take a turn to positive in 2014. This is expected to be first reflected in an increase in the demand for logistics properties, followed by retail and office properties. In the fourth quarter of 2013, the occupancy rate of Sponda's office properties exceeded 90% for the first time since June 2009, a level that was clearly above the market average.

We also activated our property development operations at the end of the year by signing a preliminary agreement for the construction of three office buildings in Helsinki's Ilmala district for use by Sweco Oy. Our other property development project, the Ratina shopping centre in Tampere, is still awaiting the decision to invest.

PROSPECTS FOR 2014

Sponda expects the economic occupancy rate of the Group's properties in 2014 to remain largely unchanged from 2013. In the first quarter, however, the occupancy rate is expected to decline slightly. This estimate is based on the slow positive development of the Finnish economy as well as current information on expiring leases.

Comparable net operating income (excluding disposals) in 2014 is expected to be at the same level as in 2013. This view is based on the current estimate of the development of rent levels and vacancy rates for Sponda's properties.

BUSINESS CONDITIONS – FINLAND

According to an estimate published in December by the Finnish Ministry of Finance, the Finnish GDP declined by 1.2% in 2013. The economy is expected to bottom out and take a turn to slow growth in 2014. The forecast of 0.8% GDP growth for 2014 is based on increasing foreign trade. The current forecast for GDP growth in 2015 is 1.8%. The turn to growth will be supported by the recovery in the eurozone, the strengthening of economic growth in Finland's key export markets as well as an increase in services and manufacturing.

According to KTI Property Information, the fourth quarter of 2013 was very active with a transaction volume of EUR 1.13 billion. This marks the first time the quarterly transaction volume exceeded EUR 1 billion since Q1/2008. The transaction volume for the full year 2013 was EUR 2.38 billion, an increase of approximately 11% compared to 2012.

The vacancy rate for office premises in the Helsinki metropolitan area continued to increase in the second half of the year. According to Catella Property Oy, the vacancy rate for offices stood at 12.4% at the end of 2013, up 0.9 percentage points from the midpoint of the year.

The recent years have seen a high level of activity in new construction in the Helsinki metropolitan area, but this is now slowing down. According to KTI Property Information, the total floor area of new office projects started in 2013 stood at only 32,500m² at the end of September.

BUSINESS CONDITIONS – RUSSIA

Russian GDP growth slowed down in 2013. According to the estimate of the Russian Ministry of Finance, GDP growth in 2013 was only approximately 1.4%. The GDP growth forecast for 2014 is 2.5%. Economic growth in the coming years will be based on export growth, higher purchasing power and increased investments.

The property transaction market remained active. According to CB Richard Ellis, the fourth quarter volume in 2013 was approximately USD 2.2 billion, and the transaction volume for the full year amounted to approximately USD 7 billion. Office and retail properties remain clearly the most popular investments. At the end of September 2013, office and retail properties accounted for 85% of the total transaction volume.

According to CB Richard Ellis, the average vacancy rate for office premises in Moscow stood at approximately 11% in September 2013. In the third quarter, the vacancy rate for Class A office space increased, while the vacancy rate for Class B office space decreased. Rent levels have not changed for the past two years. Some 586,000m² of new office space had been completed by the end of September. The estimate for the full year 2013 is approximately 860,000m².

OPERATIONS AND PROPERTY ASSETS 1 JANUARY – 31 DECEMBER 2013

Net operating income from all of Sponda's property assets totalled EUR 190.9 (192.2) million in 2013 and EUR 47.4 (47.4) million in October–December. Of this total, office premises accounted for 55%, shopping centres for 17%, logistics premises for 14%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 December 2013, Sponda had a total of 176 leasable properties, with an aggregate leasable area of approximately 1.4 million m². Of this, some 53% is office premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

The fair values of Sponda's investment properties are confirmed as a result of the company's own cash flow-based yield value calculations. The assessment method complies with International Valuation Standards (IVS). The data used in the calculations of fair value is audited at least twice a year by external experts to ensure that the parameters and values used in calculations are based on market observations.

At the end of 2013, an external consultant assessed the values of Sponda's investment properties in Finland (Catella) and in Russia (CB Richard Ellis). The change in the fair value of investment properties in 2013 was EUR -16.1 (24.9) million for the full year and EUR -10.1 (18.9) million for October–December. The negative change in fair value in the fourth quarter was attributable to exchange rate fluctuations and negative changes in the fair value of land in Russia. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

Valuation gains/losses on fair value assessment
M€

	10-12/13	10-12/12	1-12/13	1-12/2012
Changes in yield requirements (Finland)	0.7	22.6	-5.0	20.9
Changes in yield requirements (Russia)	0.0	6.5	0.0	6.5
Development gains on property development projects	0.0	-0.9	2.2	-0.7
Modernisation investments	-7.8	-11.5	-22.6	-28.5
Change in market rents and maintenance costs (Finland)	5.9	5.7	22.1	26.4
Change in market rents and maintenance costs (Russia)	-6.2	-1.6	-7.1	-0.1
Change in currency exchange rates	-2.7	-1.9	-5.7	0.4
Investment properties, total	**-10.1**	**18.9**	**-16.1**	**24.9**
Real estate funds	-5.2	0.0	-8.8	0.6
Realised share of fund profits	2.6	2.5	10.7	7.5
Group total	**-12.7**	**21.3**	**-14.2**	**33.0**

Changes in Sponda's investment property assets
M€

	Total	Office properties	Shopping centres	Logistics	Property develop ment	Russia
Operating income	256.7	145.0	43.9	38.7	0.4	28.6
Maintenance expenses	-71.4	-39.3	-10.7	-12.9	-1.8	-6.8
Net operating income	185.3	105.8	33.2	25.9	-1.3	21.8
Investment properties on 1 January 2013	3,261.3	1,705.7	736.7	414.4	135.1	269.4
Capitalised interest 2013	0.3	0.1	0.0	0.0	0.1	0.0
Acquisitions	3.1	3.1	0.0	0.0	0.0	0.0
Investments	36.6	26.3	2.7	1.7	4.7	1.2
Transfers between segments	0.0	9.6	0.0	20.7	-30.3	0.0
Sales	-31.9	-19.7	0.0	-2.5	0.0	-9.7
Change in fair value	-16.1	4.2	1.9	-7.8	-1.4	-13.1
Investment properties on 31 December 2013	**3,253.3**	**1,729.4**	**741.3**	**426.5**	**108.2**	**247.8**
Change in fair value, %	-0.5	0.2	0.3	-1.9	-1.0	-4.9
Weighted average yield requirement %	6.7	6.5	5.6	8.2		9.6
Weighted average yield requirement %, Finland	6.5					

RENTAL OPERATIONS

Expired lease agreements and new agreements that came into effect in the last quarter of the year were as follows:

	Number (agreements)	Area (m²)	EUR/m²/month
Came into effect during the period	91	29,099	12.30
Expired during the period	78	52,633	13.40
Renewed during the period	102	39,640	14.00

The expired agreements and agreements that came into effect do not necessarily pertain to the same segments and properties.

Sponda calculates the growth in net rental yield for its properties according to EPRA Best Practices Recommendations by using a like-for-like net rental growth formula based on a comparable property portfolio owned by the company for two years. Like-for-like net rental growth was 0.5% (5.3%) for office premises, -0.5% (-10.2%) for shopping centres, -6.3% (-3.3%) for logistics premises and 1.1% (3.6%) for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

The economic occupancy rates by type of property and geographical area were as follows:

Type of property	31.12.13	30.9.13	30.6.13	31.3.13	31.12.12
Office properties, %	90.1	89.6	89.6	89.2	89.4
Shopping centres, %	89.0	90.8	91.1	94.1	93.0
Logistics, %	75.2	75.6	75.7	74.8	75.6
Russia, %	96.0	96.1	97.9	96.8	95.4
Total property portfolio, %	87.9	88.0	88.3	88.2	88.1

Geographical area	31.12.13	30.9.13	30.6.13	31.3.13	31.12.12
Helsinki business district, %	88.1	88.5	87.9	89.0	88.3
Helsinki Metropolitan Area, %	84.9	84.8	84.9	84.3	85.0
Turku, Tampere, Oulu, %	94.7	94.9	95.9	96.3	95.7
Russia, %	96.0	96.1	97.9	96.8	95.4
Total property portfolio, %	87.9	88.0	88.3	88.2	88.1

Total cash flow from lease agreements at the end of 2013 was EUR 1,199.2 (1,239.7) million. Sponda had 1,984 clients and altogether 3,037 lease agreements. The company's largest tenants were the State of Finland (7.7% of rental income), Kesko Group (4.7% of rental income), HOK-Elanto (3.8% of rental income) and Danske Bank Oyj (3.6% of rental income). Sponda's 10 largest tenants generate approximately 30% of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	% of net rental income
	Sponda Group
Professional, scientific and technical	6.5
Energy	0.4
Public sector	12.3
Wholesale/retail	26.9
Education	1.3
Logistics/transport	4.7
Hotel and catering business	4.8
Media/publishing	2.3
Other services	13.2
Banking/investment	10.2
Construction	1.5
Industry/manufacturing	5.9
Healthcare	3.9
Telecommunications	5.9
Other	0.2

The average length of all lease agreements was 4.6 (4.7) years. The average length of lease agreements was 4.6 (4.8) years for office properties, 6.2 (6.2) years for shopping centres, 4.4 (4.5) years for logistics properties and 2.4 (2.8) years for properties in Russia. The lease agreements expire as follows:

	% of rental income 31 December 2013	% of rental income 31 December 2012
Within 1 year	12.6	14.3
Within 2 years	10.4	8.8
Within 3 years	10.3	10.1
Within 4 years	13.4	7.8
Within 5 years	8.3	13.7
Within 6 years	4.2	4.1
After more than 6 years	27.1	27.1
Valid indefinitely	13.9	14.0

DIVESTMENTS AND INVESTMENTS

Divestments
M€

	1 October – 31 December 2013	1 January – 31 December 2013	2012
Properties sold			
Selling price	14.5	33.1	61.8
*Profit/loss on sale**	0.6	0.8	2.5
Balance sheet value	13.9	31.9	59.3

**) Includes sales costs*

Investments M€

	1 October – 31 December 2013	1 January – 31 December 2013	2012
Properties acquired	0.0	-3.1	-53.1
Maintenance investments	-7.8	-22.6	-28.4
Property development investments	-4.7	-14.0	-47.5

Property development investments were mainly directed to the development of an office property in Ruoholahti, which was completed in April 2013.

At the end of 2013, Sponda sold two office properties and one logistics property for a total price of EUR 13.7 million. Sponda recorded a total profit on the transactions of approximately EUR 0.5 million. The selling price of all properties sold was equal to or higher than their fair value on Sponda's balance sheet. In Helsinki, Sponda sold an office property with a total floor area of approximately 2,800 m². Sponda also sold an office property of 4,250 m² in Turku. The logistics property sold is located at Valuraudankuja 6, Helsinki. The floor area of the industrial and warehouse facility is approximately 2,600 m². The sale of the properties is part of the implementation of Sponda's new strategy, which was published in September 2013.

RESULTS BY SEGMENT

Sponda's operations are organised into six segments: The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Real Estate Funds.

Sponda's segment information is prepared under the principle that an investment property belongs in the segment that matches its primary use. From the beginning of 2014, office and retail premises and shopping centres located in the same investment property will be divided into their respective segments for part of the investment properties. This change is due to reasons related to the management of current and potential customer relationships and customer relationship management in general. It will affect the division between segments of an estimated 10 investment properties.

Office Properties

	10-12/13	10-12/12	1-12/13	1-12/12
Total revenue, M€	36.4	36.6	145.0	143.9
Net operating income, M€	26.7	26.5	105.7	104.9
Operating profit, M€	27.3	44.5	100.5	130.0
EPRA Net Initial Yield (NIY), %			6.2	6.3
Economic occupancy rate, %			90.1	89.4
Fair value of properties, M€			1,729.4	1,705.7
Change in fair value from beginning of year, M€			4.2	31.4
Leasable area, m²			756,000	763,000

Investments and divestments in the Office Properties segment during the period under review:

M€	1 October – 31 December 2013	1 January – 31 December 2013	2012
Properties sold			
Selling price	11.5	20.6	16.0
Profit on sale	0.5	0.9	1.6
Balance sheet value	11.0	19.7	14.4
Properties acquired	0.0	-3.1	-15.2
Maintenance investments	-6.0	-17.9	-20.4
Property development investments	-3.2	-8.4	-10.3

The lease agreements for office properties will expire as follows:

	% of rental income 31 December 2013	% of rental income 31 December 2012
Within 1 year	11.7	11.3
Within 2 years	11.0	10.4
Within 3 years	11.4	11.4
Within 4 years	13.2	7.9
Within 5 years	7.8	12.9
Within 6 years	2.8	5.2
After more than 6 years	23.9	22.5
Valid indefinitely	18.1	18.4

Shopping Centres

	10-12/13	10-12/12	1-12/13	1-12/12
Total revenue, M€	10.9	10.5	43.9	42.0
Net operating income, M€	8.3	7.8	33.2	32.3
Operating profit, M€	8.2	5.2	32.6	25.7
EPRA Net Initial Yield (NIY), %			4.4	6.1
Economic occupancy rate, %			89.0	93.0
Fair value of properties, M€			741.3	736.7
Change in fair value from beginning of year, M€			1.9	-5.3
Leasable area, m²			157,500	156,500

Investments and divestments in the Shopping Centres segment during the period under review:

M€	1 October – 31 December 2013	1 January – 31 December 2013	2012
Properties sold			
Selling price	0.0	0.0	1.1
Profit on sale	0.0	0.0	0.5
Balance sheet value	0.0	0.0	0.6
Properties acquired	0.0	0.0	-
Maintenance investments	-1.0	-2.7	-5.8
Property development investments	0.0	0.0	-15.6

The lease agreements for shopping centres will expire as follows:

	% of rental income 31 December 2013	% of rental income 31 December 2012
Within 1 year	3.2	8.0
Within 2 years	6.5	2.9
Within 3 years	6.3	5.6
Within 4 years	17.5	4.3
Within 5 years	5.7	19.6
Within 6 years	7.4	0.6
After more than 6 years	50.8	54.9
Valid indefinitely	2.7	4.1

Logistics properties

	10-12/13	10-12/12	1-12/13	1-12/12
Total revenue, M€	9.5	9.8	38.7	42.3
Net operating income, M€	6.4	6.4	25.9	28.7
Operating profit, M€	2.6	6.1	16.9	22.4
EPRA Net Initial Yield (NIY), %			5.5	6.6
Economic occupancy rate, %			75.2	75.6
Fair value of properties, M€			426.5	414.4
Change in fair value from beginning of year, M€			-7.8	-4.9
Leasable area, m²			477,500	485,000

Investments and divestments in the Logistics Properties segment during the period under review:

M€	1 October – 31 December 2013	1 January – 31 December 2013	2012
Properties sold			
Selling price	2.5	2.5	31.5
Profit on sale	0.0	0.0	-
Balance sheet value	2.5	2.5	31.5
Properties acquired	0.0	0.0	-
Maintenance investments	-0.6	-1.7	-1.9
Property development investments	0.0	0.0	-0.1

The lease agreements for logistics properties will expire as follows:

	% of rental income 31 December 2013	% of rental income 31 December 2012
Within 1 year	9.3	18.1
Within 2 years	9.9	4.9
Within 3 years	9.2	9.5
Within 4 years	4.8	5.7
Within 5 years	8.0	4.0
Within 6 years	8.4	4.3
After more than 6 years	29.3	32.6
Valid indefinitely	21.1	20.9

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 108.2 million at the end of 2013. Of this total, EUR 59.6 million was in undeveloped land sites and the remaining EUR 48.6 million was tied up in property development projects in progress. The value of unused building rights is presented in the assets of the segment concerned for investment properties that have a building, and as part of the Property Development segment for building rights for unbuilt land. The value of unused building rights was previously presented in its entirety in the Property Development segment. This change in classification was implemented in the fourth quarter of 2013 and its total amount was EUR 32.1 million.

At the end of the review period, the Property Development unit had invested a total of EUR 4.7 million, which was directed to the planning and preparation of future property development projects.

Sponda's property development operations comprise new construction projects and refurbishment of existing properties. In October 2013, Sponda and Sweco signed a preliminary agreement on a three-building office complex to be constructed in Ilmala, Helsinki for use by Sweco. The construction of the property will start in spring 2014, and the project is estimated to be completed in December 2015. The project's investment size is approximately EUR 57 million and the advance occupancy rate for the office complex is approximately 83%. The combined area of the office buildings is approximately 15,000 m² and the project also comprises two underground parking levels with capacity for approximately 277 cars. Sponda has the opportunity to expand the office complex with two more office buildings.

Sponda is carrying out development projects for the Ratina shopping centre in Tampere and related areas. The current plans are for a shopping centre with a total area of 50,000 m² and a total investment of approximately EUR 200 million. The decision to invest has not yet been made, but pre-letting for the project has progressed.

Russia

	10-12/13	10-12/12	1-12/13	1-12/12
Total revenue, M€	6.6	7.5	28.6	28.7
Net operating income, M€	5.0	5.8	21.8	22.2
Operating profit, M€	-5.0	8.0	5.6	25.7
EPRA Net Initial Yield (NIY), %			8.0	9.2
Economic occupancy rate, %			96.0	95.4
Fair value of properties, M€			247.8	269.4
Change in fair value from beginning of year, M€			-13.1	6.4
Leasable area, m²			44,500	50,500

Investments in and divestments of properties in the Russia unit during the period under review:

M€	1 October – 31 December 2013	1 January – 31 December 2013	2012
Properties sold			
Selling price	0.0	9.9	-
*Profit/loss on sale**	0.0	-0.2	-
Balance sheet value	0.0	9.7	-
Properties acquired	0.0	0.0	-37.8
Maintenance investments	-0.2	-0.3	-0.4
Property development investments	0.0	-0.9	-0.2

**) Includes sales costs*

The typical length of a lease in Russia is 11 months. Sponda's lease agreements in Russia conform to this practice, with the exception of the Western Realty (Ducat II) and Bakhrushina House properties in Moscow, where the leases are for longer periods than average. The lease agreements for properties in Russia will expire as follows:

	% of rental income 31 December 2013	% of rental income 31 December 2012
Within 1 year	37.2	31.1
Within 2 years	14.1	14.2
Within 3 years	11.7	10.8
Within 4 years	18.9	14.7
Within 5 years	15.2	20.7
Within 6 years	0.4	4.1
After more than 6 years	2.5	4.4
Valid indefinitely	0.0	0.0

Real Estate Funds

Sponda is a non-controlling holder in four real estate funds: First Top LuxCo, Sponda Fund I Ky, Sponda Fund II Ky and Sponda Fund III Ky. Sponda is responsible for managing the properties acquired by Sponda Fund I, Sponda Fund II and Sponda Fund III, and receives management fees. The total revenue, net operating income and operating profit of the Real Estate Funds segment were:

	10-12/13	10-12/12	1-12/13	1-12/12
Total revenue, M€	1.7	1.8	6.8	6.5
Net operating income, M€	1.2	1.4	5.2	5.2
Operating profit, M€	-2.6	2.4	2.0	8.0

At the end of the review period, an external consultant assessed the fair value of the Sponda Fund I Ky (Jonas Lang LaSalle), Sponda Fund II Ky (Kiinteistötaito Peltola & Co) and Sponda Fund III Ky (Jones Lang LaSalle). The change in the fair value of Sponda's real estate funds in 2013 was EUR -8.8 (0.6) million for the full year and EUR -5.2 (0.0) million in October–December alone. The realised shares of profit from real estate funds totalled EUR 10.7 (7.5) million for the full year and EUR 2.6 (2.5) million for October–December.

First Top LuxCo (Sponda's holding 20%) invests in office and retail properties outside Finland's largest cities. The value of the fund's property investments stood at EUR 66.1 million on 31 December 2013.

Sponda Fund I Ky invests in logistics sites outside the Helsinki metropolitan area. Sponda's holding in the fund is 46%. The value of the fund's property investments stood at EUR 162.4 million on 31 December 2013.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. The value of the fund's property investments stood at EUR 175.2 million on 31 December 2013.

Sponda Fund III Ky (Sponda's holding 36%) mainly invests in logistics properties in medium-sized cities in Finland. The value of the fund's property investments stood at EUR 103.8 million on 31 December 2013.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 115.1 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russia Invest purchased from SRV a 55% share in the Okhta Mall shopping centre project, which is Phase I of the Septem City project located in St. Petersburg. Okhta Mall is Russia Invest's first investment, and the size of its investment in the project will be approximately EUR 50 million. Sponda's share of the investment in the Okhta Mall shopping centre project stood at approximately EUR 11 million at the end of 2013. More information on the project is provided in the company's stock exchange release published on 17 June 2013.

CASH FLOW AND FINANCING

Sponda's net cash flow from operations in the period under review totalled EUR 106.5 (112.8) million. Net cash flow from investing activities was EUR -27.4 (-75.3) million and the net cash flow from financing activities was EUR -90.1 (-34.4) million. Net financing costs for the period totalled EUR -59.8 (-58.8) million. Financial income and expenses include EUR -0.9 (4.8) million in unrealised change in the fair value of derivatives.

Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -58.9 (-63.5) million. In the fourth quarter, financial income and expenses amounted to EUR -15.9 (-14.4) million. Financial income and expenses include EUR -1.1 (0.7) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -14.8 (-15.1) million. Interest expenses of EUR 0.3 (0.8) million were capitalised.

Sponda's equity ratio on 31 December 2013 stood at 40.7% (41.2%) and the gearing ratio was 125.6% (117.9%). Interest-bearing debt amounted to EUR 1,788.8 (1,736.2) million and the average maturity of loans was 2.5 (2.8) years. The average interest rate was 3.2% (3.4%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 79% (72%) of the loan portfolio. The average interest-bearing period of the entire debt portfolio was 2.3 (1.9) years. The interest cover ratio, which describes the company's solvency, was 3.1 (2.8).

Sponda applies hedge accounting to those interest derivatives that meet the criteria for hedge accounting. Changes in the fair value of interest derivatives that fall under hedge accounting are recognised in equity on the balance sheet. Changes in the fair value of other interest derivatives and currency options are recorded on the income statement.

Sponda Group's debt portfolio on 31 December 2013 comprised EUR 605 million in syndicated loans, EUR 473 million in bonds, EUR 256 million in issued commercial papers, and EUR 454 million in loans from financial institutions. Sponda had EUR 510 million in unused credit limits. Sponda Group had mortgaged loans of EUR 144.8 million, or 4.2% of the consolidated balance sheet.

Sponda issued a EUR 150 million senior unsecured bond in October 2013. The five-year bond matures on 9 October 2018 and carries fixed annual coupon at the rate of 3.375 per cent. The bond is listed on NASDAQ OMX Helsinki.

In December 2013, Sponda signed an agreement with Nordea Bank Finland for a four-year unsecured loan of EUR 150 million. The agreement extended the loan, which was originally set to mature in 2014, until December 2017. The key covenants of the loan (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

Sponda also signed an agreement with Danske Bank A/S, Helsinki branch, for an unsecured five-year credit limit of EUR 100 million in December. The agreement extended the credit limit, which was originally set to mature in June 2014, until December 2018. The key covenants of the credit limit (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

PERSONNEL

During the review period Sponda Group had, on average, 121 (122) employees, of whom 111 (110) worked for parent company Sponda Plc. On 31 December 2013, Sponda Group had altogether 118 (119) employees, of whom 109 (107) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in January–December 2013 were EUR -23.2 (-22.7) million.

ANNUAL REMUNERATION AND INCENTIVE SCHEMES

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development.

Sponda also has a long-term share-based incentive scheme with four three-year vesting periods, 2011–2013, 2012–2014, 2013–2015 and 2014-2016. The Board of Directors will decide on the earning criteria and on targets to be established for the earning criteria for each vesting period. The earning criteria for the vesting periods from 1 January 2011 to

31 December 2013 and 1 January 2012 to 31 December 2014 are the Group's average Return on Capital Employed (ROCE) in the vesting periods mentioned and the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the periods mentioned. The earning criteria for the vesting period from 1 January 2013 to 31 December 2015 include property sales in addition to the above. Sponda's Board of Directors changed the earning criteria on 1 November 2013 due to the strategy published by Sponda on 3 September 2013, the implementation of which is supported by the property sales target. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The long-term incentive scheme currently covers the members of the Executive Board, altogether seven people. The Board may decide to include more key employees in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 20 March 2012, 1 February 2013 and 1 November 2013.

GROUP STRUCTURE

Sponda Group comprises the parent company, the subsidiary Sponda Kiinteistöt Oy and the Group's mutually-owned property companies, which are either wholly or majority-owned by Sponda Plc or Sponda Kiinteistöt Oy. Sponda Group also includes the management companies for Sponda's real estate funds as well as Sponda Russia Ltd and its subsidiaries.

SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of Sponda's share in 2013 was EUR 3.75. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.42 and the lowest EUR 3.32. Turnover during the period totalled 96.8 million shares, or EUR 367.0 million. The closing price of the share on 30 December 2013 was EUR 3.42 and the market capitalisation of the company's share capital was EUR 968.1 million.

The Annual General Meeting on 18 March 2013 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

The Annual General Meeting also authorised the Board of Directors to decide on a share issue and on the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in accordance with the proposal of the Board of Directors. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

On 31 December 2013 the company had altogether 9,373 shareholders and its ownership structure was as follows:

	Number of shares	**Holding, %**
Public entities	34,591,230	12.2
Nominee-registered	138,404,573	48.9
Financial and insurance institutions, total	32,225,771	11.4
Households	23,050,484	8.1
Private corporations, total	47,338,020	16.7
Non-profit organisations, total	3,819,182	1.3
Foreign owners, total	3,646,202	1.3
Total number of shares	283,075,462	100.0

The following flagging notices were issued:

- 15 April 2013: Ilmarinen Mutual Pension Insurance Company notified that the total number of shares it holds represents 0.0% of the total number of shares and votes in Sponda Plc.
- 15 April 2013: HC LPN Holding Oy Ab (Hartwall Capital Oy Ab) announced that its holding of shares represented 9.56% of the total number of shares and votes in Sponda Plc.
- 27 September 2013: HC LPN Holding Oy Ab (Hartwall Capital Oy Ab) announced that its holding of shares represented 10.06% of the total number of shares and votes in Sponda Plc.

BOARD OF DIRECTORS AND AUDITORS

Sponda's Board of Directors has seven members: Kaj-Gustaf Bergh, Klaus Cawén, Christian Elfving, Tuula Entelä, Juha Laaksonen, Arja Talma and Raimo Valo. The Chairman of the Board is Kaj-Gustaf Bergh and its Deputy Chairman is Klaus Cawén.

The Board of Directors assesses that, of its members, Klaus Cawén, Tuula Entelä, Juha Laaksonen, Arja Talma and Raimo Valo are independent of the company and its major shareholders and Kaj-Gustaf Bergh and Christian Elfving are independent of the company.

Sponda Plc's auditors are APA Esa Kailiala and authorised public accountants KPMG Oy Ab, with APA Kai Salli as the responsible auditor and APA Lasse Holopainen as the deputy auditor.

BOARD COMMITTEES

The members of the Audit Committee are as follows: Arja Talma (Chairman), Raimo Valo (Deputy Chairman), Christian Elfving (ordinary member) and Juha Laaksonen (ordinary member).

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Klaus Cawén (Deputy Chairman) and Tuula Entelä (ordinary member).

SPONDA'S MANAGEMENT

Sponda Plc's President and Chief Executive Officer is Kari Inkinen. The Executive Board comprises the President and CEO, the CFO, the SVP for Corporate Communications and IR, and the heads of the business units, in total seven persons.

ENVIRONMENTAL RESPONSIBILITY

The real estate sector plays a key role in fighting climate change and promoting the wellbeing of the environment. Environmental expertise is one of Sponda's strategic priorities. The sustainability reporting integrated in the company's annual report is implemented according to the GRI C level.

The company's environmental responsibility objectives for 2014 are related to, amongst other things, reducing energy consumption in Sponda's own office and across the company's entire property portfolio, increasing the proportion of recoverable waste, implementing energy efficiency initiatives agreed upon with customers in conjunction with environmental partnerships and engaging in research and development related to reducing energy consumption.

Sponda and other climate partners have signed a climate
covenant. As part of the Climate Partners network, a joint initiative of the Confederation of Finnish Industries and the City of Helsinki, the participating companies sign climate

covenants identifying the measures they will take to control climate change in their own operations.

Sponda Plc's covenants are:

- The comparable total energy consumption of Sponda's properties will be reduced by 10% by 2016.
- The recycling rate in Sponda's properties will be increased to over 70% by 2014.

The energy consumption of the properties included in Sponda's Energy efficiency programme has decreased in line with previously set targets. The target of the Energy efficiency programme, which is to decrease the energy consumption of Sponda's properties in Finland by 10% by 2016, has already been achieved. The Energy efficiency programme involves monitoring electricity, heating, water and district cooling consumption. The recycling rate target has also been achieved. By the end of 2013, 87% of the waste generated in Sponda's properties were recycled.

PROSPECTS FOR 2014

Sponda expects the economic occupancy rate of the Group's properties in 2014 to remain largely unchanged from 2013. In the first quarter, however, the occupancy rate is expected to decline slightly. This estimate is based on the slow positive development of the Finnish economy as well as current information on expiring leases.

Comparable net operating income (excluding disposals) in 2014 is expected to be at the same level as in 2013. This view is based on the current estimate of the development of rent levels and vacancy rates for Sponda's properties.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

Sponda estimates that the risks and uncertainty factors in the current financial year are caused by the weak development of the Finnish economy. These risks relate to a decline in economic occupancy rates and a fall in rental income in both Finland and Russia, resulting from the insolvency of tenants.

The Finnish economy is predicted to take a turn to conservative growth in 2014. However, positive economic development is reflected in the property rental market with a delay of approximately one year, which means that the economic situation may still have a negative effect on the vacancy rates of Sponda's properties in 2014.

For Sponda's property development projects, the key risks are related to the degree of success in leasing premises and the potential increase in construction costs.

The differences between Russian and Finnish legislation and the way the authorities operate in the two countries may cause additional risks for Sponda. The operations in Russia increase Sponda's foreign exchange risk. Changes in exchange rates may cause exchange rate losses that have a negative impact on the company's financial result.

EVENTS AFTER THE PERIOD

In its meeting on 30 January 2014, the Shareholders' Nomination Board of Sponda has decided to propose to the Annual General Meeting to be held 19 March 2014 that the Board will consist of seven members. The Nomination Board further propose that Kaj-Gustaf Bergh, Christian Elfving, Juha Laaksonen, Arja Talma and Raimo Valo to be re-elected for the Board of Directors and that Paul Hartwall and Leena Laitinen to be elected as new members of the Board of Directors.

The Nomination Board proposes to the Annual General Meeting that the annual remuneration payable to the members of the Board to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2015: EUR 60,000 for the Chairman, EUR 36,000 for the Vice Chairman, and EUR 31,200 for each member. Additional compensation of EUR 1,000 shall be paid for the Chairman of the Board for the Board meetings attended and EUR 600 shall be paid for the members of the Board for the Board meetings attended. The Nomination Board proposes that EUR 600 shall be paid for member of the Board for committee meetings and EUR 1,000 shall be paid for the Chairman of the Audit Committee for the Audit Committee meetings attended. The Nomination Board proposes that 40 % of the fixed annual remuneration be paid in Sponda shares purchased from the market. The shares will be purchased within two weeks from the release of the interim report January 1 – March 31, 2014 of Sponda Plc.

The Board of Directors will incorporate the proposals into the Annual General meeting notice which will be published later.

The Shareholders' Nomination Board consisted of three largest shareholders on 30 September 2013:

Oy Palsk Ab, Kaj-Gustaf Bergh;
Mutual Pension Fund Varma, Risto Murto; and
HC LPN Holding Oy Ab, Peter Therman.

ANNUAL GENERAL MEETING AND DIVIDEND

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 19 March 2014 and proposes to the Annual General Meeting that a dividend of EUR 0.18 per share be paid.

5 February 2014
Sponda Plc
Board of Directors

Additional information:
Kari Inkinen, President and CEO, tel. +358 20-431 3311 or +358 400-402 653,
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SPONDA PLC FINANCIAL STATEMENTS BULLETIN 1 JANUARY – 31 DECEMBER 2013, TABLES

Consolidated income statement
M€

	10-12/2013	10-12/2012	1-12/2013	1-12/2012
Total revenue				
Rental income and recoverables	63.6	64.5	257.2	257.8
Interest income from finance leasing agreements	0.1	0.1	0.3	0.3
Fund management fees	1.7	1.8	6.8	6.5
	65.3	**66.4**	**264.3**	**264.6**
Expenses				
Maintenance expenses	-17.6	-18.6	-71.8	-71.1
Direct fund expenses	-0.4	-0.4	-1.6	-1.3
	-18.0	**-19.0**	**-73.4**	**-72.4**
Net operating income	**47.4**	**47.4**	**190.9**	**192.2**
Profit/loss on sales of investment properties	0.6	0.8	0.8	2.5
Valuation gains/losses on fair value assessment	-12.7	21.3	-14.2	33.0
Profit/loss on sales of trading properties	0.0	6.0	0.0	5.2
Sales and marketing expenses	-0.6	-0.7	-2.2	-2.0
Administrative expenses	-5.4	-5.4	-21.0	-20.7
Other operating income	0.4	0.2	0.6	0.4
Other operating expense	-0.2	-0.1	-2.0	-0.1
Operating profit	**29.5**	**69.5**	**153.0**	**210.5**
Financial income	11.9	-1.6	23.3	35.9
Financial expenses	-27.8	-12.8	-83.1	-94.6
Total amount of financial income and expenses	**-15.9**	**-14.4**	**-59.8**	**-58.8**
Profit before taxes	13.6	55.2	93.2	151.8
Income taxes for current and previous fiscal years	-1.0	-1.0	-3.8	-3.7
Deferred taxes	-4.9	-12.6	-22.5	-33.8
Change in tax base of deferred taxes	36.3	0.0	36.3	0.0
Income taxes, total	**30.4**	**-13.6**	**9.9**	**-37.5**
Profit/loss for the period	**44.0**	**41.6**	**103.1**	**114.2**
Attributable to:				
Equity holders of the parent company	44.0	41.6	103.1	114.3
Non-controlling interest	0.0	0.0	0.0	0.0
Earnings per share based on profit attributable to equity holders of the parent company				
Basic and diluted, €	0.15	0.14	0.34	0.37

Consolidated statement of comprehensive income
M€

	10-12/2013	**10-12/2012**	**1-12/2013**	**1-12/2012**
Profit/loss for the period	44.0	41.6	103.1	114.2
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains/losses of defined benefit pension plans	-0.1	-0.2	-0.1	-0.2
Taxes on items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0
Change in tax rate, revaluation reserve	0.0	0.0	0.0	0.0
Items that will not be reclassified to profit or loss, total	**0.0**	**-0.1**	**0.0**	**-0.1**
Items that may be reclassified subsequently to profit or loss				
Net loss/profit from cash flow hedges	1.9	2.5	16.0	-3.1
Translation differences	-0.4	-0.1	-1.0	0.1
Taxes on items that may be reclassified subsequently to profit or loss	-1.5	-0.6	-4.5	0.4
Items that may be reclassified subsequently to profit or loss, total	**0.0**	**1.9**	**10.5**	**-2.5**
Other comprehensive income for the period after taxes	-0.1	1.8	10.4	-2.6
Comprehensive profit/loss for the period	**43.9**	**43.4**	**113.5**	**111.6**
Attributable to:				
Equity holders of the parent company	43.9	43.4	113.5	111.6
Non-controlling interest	0.0	0.0	0.0	0.0

Consolidated balance sheet
M€

	31 Dec 2013	**31 Dec 2012**	**1 Jan 2012**
ASSETS			
Non-current assets			
Investment properties	3,253.3	3,261.3	3,165.7
Investments in real estate funds	88.3	83.6	65.5
Property, plant and equipment	12.5	12.5	13.1
Goodwill	14.5	14.5	14.5
Other intangible assets	1.5	0.7	0.6
Finance lease receivables	2.7	2.7	2.7
Other investments	11.1	21.2	5.0

Deferred tax assets	27.4	38.4	44.0
Fixed assets and other non-current assets total	**3,411.4**	**3,435.0**	**3,311.1**
Current assets			
Trading properties	7.8	7.8	7.9
Trade and other receivables	33.7	48.9	41.9
Cash and cash equivalents	18.8	30.1	26.4
Current assets total	**60.3**	**86.7**	**76.1**
Total assets	**3,471.7**	**3,521.8**	**3,387.2**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity			
holders of the parent company			
Share capital	111.0	111.0	111.0
Share issue premium	159.5	159.5	159.5
Reserve for invested non-restricted equity	433.8	433.8	433.8
Fair value reserve	-21.5	-32.3	-30.0
Revaluation reserve	0.7	0.6	0.6
Other equity fund	94.0	186.1	129.0
Translation difference	1.9	2.3	2.5
Retained earnings	628.1	585.0	526.3
	1,407.5	1,445.9	1,332.6
Non-controlling interest	1.8	1.7	1.7
Shareholders' equity, total	**1,409.3**	**1,447.7**	**1,334.4**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	1,505.5	1,460.3	1,380.8
Other liabilities	27.2	38.1	40.3
Deferred tax liabilities	182.1	205.9	181.8
Non-current liabilities total	**1,714.8**	**1,704.4**	**1,602.9**
Current liabilities			
Current interest-bearing liabilities	283.3	275.9	374.1
Trade and other payables	64.4	93.9	75.9
Current liabilities total	**347.6**	**369.7**	**449.9**
Total borrowings	**2,062.5**	**2,074.1**	**2,052.8**
Total equity and liabilities	**3,471.7**	**3,521.8**	**3,387.2**

Consolidated Cash Flow Statement
M€

	1-12/2013	1-12/2012
Cash flow from operating activities		
Profit for the period	103.1	114.2
Adjustments	74.1	68.7
Change in net working capital	-3.9	-2.6
Interest paid	-59.5	-66.6
Interest received	0.9	1.2
Other financial items	-4.3	2.4
Dividends received	0.0	0.0
Taxes received/paid	-3.8	-4.5
Net cash provided by operating activities	**106.5**	**112.8**
Cash flow from investing activities		
Acquisition of investment properties	-50.9	-114.9
Capital expenditure on real estate funds	-13.6	-18.4
Acquisition of tangible and intangible assets	-1.2	-0.3
Proceeds from sale of investment properties	38.2	57.3
Proceeds from sale of tangible and intangible assets	0.0	-
Capital repayments from real estate funds	-	0.9
Repayments of loan receivables	-	0.2
Net cash flow from investment activities	**-27.4**	**-75.3**
Cash flow from financing activities		
Payment received from hybrid bond	-	93.7
Non-current loans, raised	403.9	235.0
Repurchase of equity bond	-92.8	-37.9
Non-current loans, repayments	-345.9	-298.9
Current loans, raised/repayments	7.4	31.8
Interest paid on hybrid bond	-14.5	-12.8
Dividends paid	-48.1	-45.3
Net cash flow from financing activities	**-90.1**	**-34.4**
Change in cash and cash equivalents	-11.0	3.2
Cash and cash equivalents, beginning of period	30.1	26.4
Impact of changes in exchange rates	-0.2	0.5
Cash and cash equivalents, end of period	**18.8**	**30.1**

Consolidated statement of changes in equity
M€

	Share capital	Share issue premium	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity, total
Equity 31 December 2011	111.0	159.5	433.8	-30.0	0.6	129.0	0.5	475.0	1,279.4	1.7	1,281.1
Impact of changes in accounting principles							2.0	51.3	53.2		53.2
Equity 1 January 2012, adjusted	111.0	159.5	433.8	-30.0	0.6	129.0	2.5	526.3	1,332.6	1.7	1,334.4
Comprehensive income											
Net income for the period								114.3	114.3	0.0	114.2
Other comprehensive income (net of tax)											
Actuarial gains/losses of defined benefit pension plans								-0.1	-0.1		-0.1
Cash flow hedges				-2.3					-2.3		-2.3
Translation differences							-0.2		-0.2		-0.2
Comprehensive income, total				-2.3			-0.2	114.1	111.6	0.0	111.6
Transactions with shareholders											
Dividend payment								-45.3	-45.3		-45.3
Transactions with shareholders, total								-45.3	-45.3		-45.3
Issuance of hybrid bond						94.0			94.0		94.0
Repurchase of hybrid bond						-36.9		-0.6	-37.5		-37.5
Interest paid on hybrid bond								-9.7	-9.7		-9.7
Change								0.1	0.1		0.1
Equity at 31 Dec 2012	**111.0**	**159.5**	**433.8**	**-32.3**	**0.6**	**186.1**	**2.3**	**585.0**	**1,445.9**	**1.7**	**1,447.7**

	Share capital	Share issue premium	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity, total
Equity 31 December 2012	111.0	159.5	433.8	-32.3	0.6	186.1	0.7	534.4	1,393.8	1.7	1,395.6
Impact of changes in accounting principles							1.5	50.6	52.1		52.1
Equity 1 January 2013, adjusted	111.0	159.5	433.8	-32.3	0.6	186.1	2.3	585.0	1,445.9	1.7	1,447.7
Comprehensive income											
Net income for the period								103.1	103.1	0.0	103.1
Other comprehensive income (net of tax)											
Actuarial gains/losses of defined benefit pension plans								0.0	0.0		0.0
Cash flow hedges				10.8					10.8		10.8
Translation differences							-0.4		-0.4		-0.4
Change in tax rate, revaluation reserve					0.0				0.0		0.0
Comprehensive income, total				10.8	0.0		-0.4	103.0	113.5	0.0	113.5
Transactions with shareholders											
Dividend payment								-48.1	-48.1		-48.1
Transactions with shareholders, total								-48.1	-48.1		-48.1
Repurchase of hybrid bond						-92.1		-0.7	-92.8		-92.8
Interest paid on hybrid bond								-11.0	-11.0		-11.0
Change								-0.1	-0.1	0.0	-0.1
Equity 31 December 2013	**111.0**	**159.5**	**433.8**	**-21.5**	**0.7**	**94.0**	**1.9**	**628.1**	**1,407.5**	**1.8**	**1,409.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles

This financial statements bulletin has been prepared in accordance with IAS 34 (Interim Financial Reporting).

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities as well as the recognition of income and expenses. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may differ from the values used.

All figures are presented in millions of euros and rounded to the nearest EUR 0.1 million, in which case the sum of individual figures may deviate from the total shown.

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2013.

The figures in the financial statements bulletin have not been audited.

Income statement by segment
M€

Income statement information 1-12/2013	Office properties	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**145.0**	**43.9**	**38.7**	**1.2**	**28.6**	**6.8**	**0.0**	**264.3**
Maintenance expenses and direct fund expenses	-39.3	-10.7	-12.9	-2.2	-6.8	-1.6	0.0	-73.4
Net operating income	**105.7**	**33.2**	**25.9**	**-0.9**	**21.8**	**5.2**	**0.0**	**190.9**
Profit on sales of investment properties	0.9	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Loss on sales of investment properties	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
Profit/loss on trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in value of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses on fair value assessment	2.3	1.9	-7.7	0.5	-13.1	1.9	0.0	-14.2
Administration and marketing	-8.7	-2.2	-1.1	-3.1	-2.9	-5.1	0.0	-23.2
Other operating income and expenses	0.2	-0.3	-0.2	-1.0	0.0	0.0	0.0	-1.4
Operating profit	**100.5**	**32.6**	**16.9**	**-4.6**	**5.6**	**2.0**	**0.0**	**153.0**
Financial income and expenses							**-59.8**	**-59.8**
Profit before taxes							**-59.8**	**93.2**
Income tax							**9.9**	**9.9**

Profit/loss for the period							**-49.9**	**103.1**
Investments	29.4	2.7	1.7	4.7	1.2	13.6	1.2	54.5
Segment assets	1,732.1	741.3	426.5	122.7	247.8	88.3	113.0	3,471.7
Economic Occupancy Rate	90.1	89.0	75.2		96.0			87.9

Income statement information 1-12/2012	**Office properties**	**Shopping centres**	**Logistics**	**Property development**	**Russia**	**Real estate funds**	**Other**	**Group, total**
Total revenue	**143.9**	**42.0**	**42.3**	**1.2**	**28.7**	**6.5**	**0.0**	**264.6**
Maintenance expenses and direct fund expenses	-39.0	-9.7	-13.6	-2.3	-6.5	-1.3	0.0	-72.4
Net operating income	**104.9**	**32.3**	**28.7**	**-1.1**	**22.2**	**5.2**	**0.0**	**192.2**
Profit on sales of investment properties	1.7	0.5	0.0	0.4	0.0	0.0	0.0	2.7
Loss on sales of investment properties	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	-0.2
Profit/loss on trading properties	0.0	0.0	0.0	6.0	0.0	0.0	-0.7	5.2
Change in value of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses on fair value assessment	31.4	-5.3	-4.9	-2.6	6.4	8.1	0.0	33.0
Administration and marketing	-8.0	-1.8	-1.4	-3.3	-3.0	-5.3	0.0	-22.7
Other operating income and expenses	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.3
Operating profit	**130.0**	**25.7**	**22.4**	**-0.5**	**25.7**	**8.0**	**-0.7**	**210.5**
Financial income and expenses							**-58.8**	**-58.8**
Profit before taxes							**-59.5**	**151.8**
Income tax							**-37.5**	**-37.5**
Profit/loss for the period							**-97.0**	**114.2**
Investments	45.9	21.4	1.8	21.5	38.4	18.4	0.4	147.8
Segment assets	1,708.4	736.7	414.4	149.6	269.4	83.6	159.7	3,521.8
Economic Occupancy Rate	89.4	93.0	75.6		95.4			88.1

Key figures

	10-12/2013	10-12/2012	1-12/2013	1-12/2012
Earnings per share, €	0.15	0.14	0.34	0.37
Equity ratio, %			40.7	41.2
Gearing ratio, %			125.6	117.9
Equity per share, €			4.64	4.45
Cash flow from operations per share, €	0.10	0.12	0.40	0.40

Quarterly key figures

	Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012
Total revenue, M€	65.3	65.7	67.2	66.0	66.4
Net operating income, M€	47.4	49.5	48.6	45.4	47.4
Valuation gains/losses on fair value assessment, M€	-12.7	0.7	-7.7	5.5	21.3
Operating profit, M€	29.5	44.1	34.6	44.8	69.5
Financial income and expenses, M€	-15.9	-15.1	-15.3	-13.5	-14.4
Profit/loss for the period, M€	44.0	21.6	13.8	23.7	41.6
Investment properties, M€	3,253.3	3,264.7	3,266.5	3,274.3	3,261.3
Shareholders' equity, M€	1,409.3	1,370.0	1,348.9	1,427.9	1,447.7
Interest-bearing liabilities, M€	1,788.8	1,815.6	1,827.6	1,765.5	1,736.2
Earnings per share, €	0.15	0.07	0.04	0.07	0.14
Cash flow from operations per share, €	0.10	0.11	0.10	0.09	0.12
EPRA NAV, €	5.29	5.25	5.17	5.09	5.20
Economic occupancy rate, %	87.9	88.0	88.3	88.2	88.1

EPRA Earnings, M€

Sponda's result includes several non-operating items. These items are primarily due to the nature of Sponda's business operations and IFRS reporting obligations. In order to facilitate the monitoring of the operating result, Sponda presents the Group's operating result and operating result per share in accordance with EPRA recommendations. The direct result represents the result from the Group's core business operations. Operating result is calculated by adjusting the Group's result by, inter alia, changes in the fair values of properties and financial instruments, gains and losses on sales, impairment on goodwill and other income and expenses considered by the company to be non-operating items.

In 2013, Sponda changed its method of calculation and presentation for EPRA Earnings to better correspond with EPRA recommendations. Due to this change, EPRA Earnings is presented with two different calculation methods below.

EPRA Earnings,
new presentation method

M€	10-12/2013	10-12/2012	1-12/2013	1-12/2012
Earnings for the period per IFRS income statement	44.0	41.6	103.1	114.2
-/+ (i) Net profits or losses from fair value assessment of investment properties	15.3	-18.9	24.9	-25.5
-/+ (ii) Net profits or losses on disposal of investment properties	-0.6	-0.8	-0.8	-2.5
-/+ (iii) Net profits or losses on sales of trading properties	0.0	-6.0	0.0	-5.2
+/- (iv) Tax on profits or losses on disposals	0.0	0.0	0.0	-0.2
-/+ (vi) Changes in fair value of financial instruments	1.1	-0.7	0.9	-4.8
+/- (viii) Deferred taxes arising from the above items	-32.1	14.5	-16.6	35.8
EPRA Earnings	27.7	29.7	111.5	111.9
EPRA Earnings per share, €	0.10	0.10	0.39	0.40

EPRA Earnings, old presentation method

M€	10-12/2013	10-12/2012	1-12/2013	1-12/2012
EPRA Earnings				
Net operating income	47.4	47.4	190.9	192.2
+ Realised shares of profit from real estate funds	2.6	2.5	10.7	7.5
- Operational marketing and administration expenses	-6.0	-6.1	-23.2	-22.7
+/- Other operational income and expenses from business operations	0.2	0.1	-1.4	0.3
Operating profit	44.2	43.9	177.1	177.3
+/- Operational financial income and expenses	-14.8	-15.1	-58.9	-63.5
-/+ Taxes based on operating result	-1.0	-1.0	-3.8	-3.9
- Deferred taxes based on operating result	-0.7	1.9	-2.9	2.0
EPRA Earnings	27.7	29.7	111.5	111.9
EPRA Earnings per share	0.10	0.10	0.39	0.40

EPRA Cost Ratio
M€

	Include:	
i	*Administrative/operating expense line per IFRS income statement*	102.0
ii	*Net service charge costs/fees*	-6.2
iii	*Management fees less actual/estimated profit element*	-4.1
iv	*Other operating income/recharges intended to cover overhead expenses less any related profits*	0.0
v	*Share of Joint Ventures expenses*	0.0
	Exclude (if part of the above)	
vi	*Investment Property depreciation*	0.0
vii	*Ground rent costs*	-4.2
viii	*Service charge cost recovered through rents but not separately invoiced*	-56.1
	EPRA Costs (including direct vacancy costs) (A)	**31.5**
ix	*Direct vacancy costs*	-9.5
	EPRA Costs (excluding direct vacancy costs) (B)	**22.0**
x	*Gross Rental Income less ground rent costs*	249.7
xi	*Service fees and service charge costs components of Gross Rental Income*	-56.1
xii	*Share of Joint Ventures*	0.0
	Gross Rental Income (C)	**193.6**
	EPRA Cost Ratio (including direct vacancy costs) (A/C)	**16.27%**
	EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**11.37%**

In the cost ratio calculation the part of operating expenses that is not charged separately from the tenants (i.e. "warm" rent), has been deducted as a whole from the leased space. This is because the rent covers maintenance expenses of the leased area. Property maintenance expenses which are charged directly from tenants are shown on a separate line (ii).

No overhead costs are capitalised.
Sponda has a policy of not capitalising any overhead and operating expenses.

Investment properties
M€

	31 Dec 2013	31 Dec 2012
Fair value of investment properties, beginning of period	3,261.3	3,165.7
Acquisition of investment properties	3.1	53.1
Other capital expenditure on investment properties	36.6	76.0
Disposals of investment properties	-31.9	-59.3
Capitalised borrowing costs, increase in period	0.3	0.8
Valuation gains/losses on fair value assessment	-16.1	24.9
Fair value of investment properties, end of period	3,253.3	3,261.3

Net operating income from all of Sponda's property assets totalled EUR 190.9 (192.2) million in 2013 and EUR 47.4 (47.4) million in October–December. Of this total, office premises accounted for 55%, shopping centres for 17%, logistics premises for 14%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 December 2013, Sponda had a total of 176 leasable properties, with an aggregate leasable area of approximately 1.4 million m². Of this, some 53% is office premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

The fair values of Sponda's investment properties are confirmed as a result of the company's own cash flow-based yield value calculations. The assessment method complies with International Valuation Standards (IVS). The data used in the calculations of fair value is audited at least twice a year by external experts to ensure that the parameters and values used in calculations are based on market observations.

At the end of 2013, an external consultant assessed the values of Sponda's investment properties in Finland (Catella) and in Russia (CB Richard Ellis). The change in the fair value of investment properties in 2013 was EUR -16.1 (24.9) million for the full year and EUR -10.1 (18.9) million for October–December. The negative change in fair value in the fourth quarter was attributable to exchange rate fluctuations and negative changes in the fair value of land intended for sale in Russia. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

The Group's most significant investment commitments

The balance sheet value of Sponda's property development portfolio stood at EUR 108.2 million at the end of 2013. Of this total, EUR 59.6 million was in undeveloped land sites and the remaining EUR 48.6 million was tied up in property development projects in progress. At the end of the review period, the Property Development unit had invested a total of EUR 4.7 million, which was directed to the planning and preparation of future property development projects.

Sponda's property development operations comprise new construction projects and refurbishment of existing properties. In October 2013, Sponda and Sweco signed a preliminary agreement on a three-building office complex to be constructed in Ilmala, Helsinki for use by Sweco. The construction of the property will start in spring 2014, and the project is estimated to be completed in December 2015. The project's investment size is approximately EUR 57 million and the advance occupancy rate for the office complex is approximately 83%. The combined area of the office buildings is approximately 15,000 m² and the project also comprises two underground parking levels with capacity for approximately 277 cars. Sponda has the opportunity to expand the office complex with two more office buildings.

Property, plant and equipment
M€

	31 Dec 2013	31 Dec 2012
Carrying amount, beginning of period	12.5	13.1
Increases	0.2	0.1
Disposals	-	0.0
Depreciation for the period	-0.3	-0.6
Carrying amount, end of period	12.5	12.5

Trading properties
M€

	31 Dec 2013	31 Dec 2012
Carrying amount, beginning of period	7.8	7.9
Disposals and other changes	-	-0.1
Increases	-	-
Reclassifications to investment properties	-	-
Valuation changes	-	-
Carrying amount, end of period	7.8	7.8

Collateral and contingent liabilities
M€

Collateral and commitments given by the Group	**31 Dec 2013**	**31 Dec 2012**
Loans from financial institutions, covered by collateral	144.8	141.8
Mortgages	264.2	264.2
Carrying amount of pledged shares	19.2	18.6
Guarantees	-	-
Total collateral	283.4	282.8
Lease and other liabilities	**31 Dec 2013**	**31 Dec 2012**
M€		
Lease liabilities	93.7	96.3
Mortgages	3.9	3.9
Guarantees	4.7	3.6
Investment commitments to real estate funds	28.7	42.3
Interest derivatives	**31 Dec 2013**	**31 Dec 2012**
M€		
Swap contracts, notional value	695.7	871.6
Swap contracts, fair value	-26.7	-42.9
Eurobasis swaps, notional value	150.0	-
Eurobasis swaps, fair value	-0.5	-
Cap options purchased, notional value	404.1	300.0
Cap options purchased, fair value	3.0	0.6

Currency derivatives	31 Dec 2013	31 Dec 2012
M€		
Currency options, bought, notional value	9.5	10.2
Currency options, bought, fair value	0.1	0.1
Currency options, put, notional value	9.5	10.2
Currency options, put, fair value	0.0	-0.1
Interest rate and currency swaps	**31 Dec 2013**	**31 Dec 2012**
M€		
*Interest rate and currency swaps, notional value**	187.4	337.4
*Interest rate and currency swaps, fair value**	6.9	19.5

*Interest rate and currency swaps are used to hedge the exchange rate risk related to loans denominated in Swedish krona. The nominal values of interest rate and currency swaps are identical to the nominal values of the loans hedged. Hedge accounting is not applied to hedged loans and interest rate and currency swaps. The unrealised exchange difference of the loans hedged is the inverse of the fair value of the hedging interest rate or currency swap.

All derivative contracts belong to level 2 in the fair value hierarchy mentioned in IFRS 7. Sponda utilises external valuations.

Related party transactions
M€

The following transactions took place with related parties:

Management employee benefits	31 Dec 2013	31 Dec 2012
Salaries and other short-term employee benefits	1.9	1.8
Share-based payments	1.4	1.6
Total	3.3	3.4

Formulas for the key indicators

Indicator			Numerator	Denominator
Earnings per share, €	=		Share of earnings for the period attributable to equity holders of the parent company – interest on hybrid loan allocated to the period, adjusted for taxes	Weighted average number of shares outstanding during the period
Equity ratio, %	=	100 x	Shareholders’ equity	Balance sheet total - advances received
Gearing ratio, %	=	100 x	Interest-bearing liabilities - cash and cash equivalents	Shareholders' equity
Equity per share, €	=		Equity attributable to parent company equity holders - Other equity reserve	Undiluted total number of shares on the date of closing the books
Cash flow from operations per share, €	=		Operating profit -/+ Fair value adjustment + Allocation of goodwill + Depreciation in administration +/- Changes in provisions +/- Defined benefit pension expenses - Financial income & expenses affecting cash flow - Taxes affecting cash flow +/- Other items	Weighted average number of shares outstanding during the period
EPRA NAV per share, €	=		Equity attributable to parent company equity holders - Other equity reserve + Fair value of financial instruments + Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference - Goodwill created from the deferred tax liabilities on properties	Undiluted total number of shares on the date of closing the books
EPRA Net Initial Yield (NYI), %	=		Annualised net rents	Investment properties - Development properties + Estimated purchaser’s costs
EPRA “topped up” NYI, %	=		Annualised net rents + Step rents, rent-free periods, etc.	Investment properties - Development properties + Estimated purchaser’s costs