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Annual Review 2016





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Sponda in brief

Sponda Plc is a property investment company specialising in commercial properties in the largest cities in Finland. We own, lease and develop office, retail and shopping centre properties into operating environments that promote the business success of our clients. Sponda's business units were until 31 December 2016: Investment Properties, Property Development and Russia. As of 1 January 2017 Sponda has four business units: Office Properties, Shopping Centres, Property Development and Investment Properties.

Financial key figures

Economic occupancy rate, %

89.6

Revenue, M€

259.0

Net operating income, M€

190.9

Fair value of properties, M€

3,755.5

Cash earnings/share, €

0.40

Adjusted EPRA Earnings/share, €

0.35

Key highlights in 2016

Sponda acquired the Forum block in the heart of Helsinki in February. The acquisition included the Forum shopping centre and adjacent office properties.

In February, a new kind of coworking space that revolutionised the market, MOW, opened its doors on Pieni Roobertinkatu.

In line with its strategy, the company sold its last property in Turku. Property ownership was focused on the Helsinki metropolitan area and Tampere.

In July started a new property development project at the Tikkurila railway station in Vantaa.

The Forum shopping centre won the Shopping Centre of the Year award in October.

Seven properties obtained LEED® or BREEAM® environmental certificates during the year.

Responsibility key figures

Enhancing the customer experience, (1–5)

3.79

Carbon footprint, kg CO₂/GFAM²

39.5

People Power index, (0–100)

70.6

Waste recovery rate, %

100

Energy consumption, kWh/GFAM²

200.1

Waste recycling rate, %

46

A successful year 2016

Growth continued in the Finnish property market in 2016. The total property transaction volume exceeded the previous record set in 2007. Foreign funds were particularly active, which led to increased demand for properties on sale. Almost half of the transactions by professional investors involved residential properties.

In the business premises market, the slow economic growth continued to present challenges related to rental demand. The market suffered from oversupply, and the average overall vacancy rates increased even for offices and retail premises in central Helsinki, although shopping centres fared quite well.



For Sponda, 2016 was a successful year. We outperformed the market in renting out our properties. The Group's economic occupancy rate increased and our like-for-like net rental income developed favourably. The primary reason behind these positive developments is the successful implementation of our strategy. We have focused our property ownership on prime areas in the Helsinki metropolitan area and in Tampere. In Helsinki, our focus is particularly on the central business district and Ruoholahti.

An equally important success factor is the expertise of our employees. Its significance is directly reflected in customer satisfaction, for example. In 2016, our Net Promoter Score and other customer satisfaction indicators increased across the board. We have paid a lot of attention to developing our customer relationship management in recent years, and these efforts are now bearing fruit.

Significant investments in strategic focus areas

Our largest transaction in 2016 was the acquisition of six properties in the Forum block in Helsinki. The transaction included the Forum shopping centre and office premises. The properties have a total leasable area of nearly 77,000 m², of which some 48 per cent is retail space, 41 per cent is office space and 11 per cent is storage space and other utility space. In line with Sponda's strategic focus areas, the acquisition increased the share of office and shopping centre properties in our property portfolio and saw us focus even more strongly on Helsinki's central business district. At the same time, the company acquired more shopping centre expertise.

Sponda's expertise in shopping centres has seen it become a very significant player in the industry, and this position will only grow stronger in the coming years.

The development of the Ratina shopping centre in Tampere has progressed on schedule and will be completed in spring 2018. The pre-let rate for the new shopping centre section under construction in Ratina has already reached approximately 55 per cent and the pre-let rate for the whole complex now stands at approximately 45 per cent.

The share of prime areas in Sponda's office property portfolio grew thanks to the office properties included in the Forum acquisition as well as one newly completed property. Comprised of three buildings located at a transport hub in Helsinki, the Ilmalanrinne office complex added more high-quality office space to our portfolio.

In addition, we opened a new kind of coworking space on Pieni Roobertinkatu in Helsinki, known as the Mothership of Work, or MOW for short. Its popularity has exceeded expectations and, in April, MOW won the gold medal at Finland's Nordic Startup Awards in the Best Office Space category.

Increasingly high-quality customer-focused solutions

In line with our strategic objectives, we began a new property development project to build an office and retail complex in Vantaa's Tikkurila district. Located at the Tikkurila railway station, the property will be implemented in two phases. Scheduled to be completed in spring 2018, the first phase will comprise a total of 9,500 square metres of leasable space, half of which will be office space and the other half retail and service premises.

We also made many renovation and maintenance investments during the year to deliver increasingly high-quality business premises solutions to our customers. We invested a total of EUR 31.0 million in the modernisation and renovation of our property portfolio in 2016. We also sold several logistics properties, land areas and smaller office properties that are not located in our strategic focus areas. In Russia, we sold a logistics centre in St. Petersburg and the Solnechniy I shopping centre in Moscow. Sponda currently has two remaining properties in Russia and aims to sell them during 2017.

Our highly competent people are our biggest success factor

Responsible ways of working are increasingly at the core of Sponda's strategy and business. Responsibility is a strategic focus area that ensures the long-term viability of our operations. Accordingly, all of our new properties are built to

Our largest transaction in 2016 was the acquisition of six properties in the Forum block in Helsinki.

satisfy the criteria of the strictest environmental certification systems in the industry. Sponda is also committed to the UN Global Compact principles regarding human rights, labour, anti-corruption and the environment.

One of Sponda's most significant internal changes for 2017 is the revision of our organisational structure, which took effect at the beginning of January. Offices and shopping centres are now own business units, and we have discontinued separate segment reporting for Russia and logistics. In line with our strategy, we aim to continue to focus and grow our office property and shopping centre portfolios.

A high degree of professional competence is one of our most important success factors. Success is based on two things: you need products that appeal to customers, and people who are highly competent, innovative and service-oriented. With these two elements in place, we will continue to be successful even if there is an oversupply of business premises in the market.

Success always requires hard work. With that in mind, I want to extend my warmest thanks to our personnel for their strong performance in 2016. I am equally grateful to our customers, whose trust and open feedback have helped us make our operations even better. Finally, I would like to thank our loyal shareholders for ensuring the conditions required for Sponda's operations and growth.

Kari Inkinen
President and CEO

KEY FIGURES

Financial key figures	2016	2015	2014	2013	2012
Economic occupancy rate, %	89.6	87.7	87.0	87.9	88.1
Total revenue, M€	259.0	230.5	246.7	264.3	264.6
Net operating income, M€	190.9	165.7	176.0	190.9	192.2
Operating profit, M€	206.7	178.1	151.7	153.0	210.5
Equity ratio, %	47.4	46.2	41.0	40.7	41.2
Gearing ratio, %	100.0	90.9	121.2	125.6	117.9
Return on equity, %	8.0	15.2	5.2	7.2	8.2
Earnings per share, €	0.41	0.78	0.24	0.34	0.37
Dividend per share (Board's proposal), €	0.08	0.19	0.19	0.18	0.17
Dividends paid based on authorisation granted by General Meeting, €	0.12 ¹⁾				
Dividend in total, €	0.20	0.19	0.19	0.18	0.17
Net assets per share, €	5.16	5.26	4.65	4.64	4.45
Cash flow from operations per share, €	0.40	0.36	0.37 ²⁾	0.40	0.40

1) Dividend: dividends paid during the financial year 2016 based on the authorisation granted to the Board of Directors at the General Meeting held on 21 March 2016. The distribution of dividend was based on the annual accounts adopted for the financial year 2015.

2) Cash flow from operations includes the share of the result of associated companies adjusted by the changes in fair value of the associated companies' investment properties and financial instruments, and deferred taxes.

Key figures according to EPRA Best Practices Recommendations

Practices Recommendations	2016	2015	2014	2013	2012
EPRA Earnings, M€	113.1	232.0	101.6	111.5	111.9
EPRA Earnings per share, €	0.35	0.82	0.36	0.39	0.40
EPRA NAV/share, €	5.49	5.60	5.45	5.29	5.20
EPRA Net Initial Yield (NIY), %	5.29	5.62	5.18	5.84	6.61
EPRA "topped-up" NIY, %	5.31	5.63	5.19	5.84	6.63

Responsibility key figures

	2016	2015	2014
Enhancing the customer experience			
Overall satisfaction index regarding co-operation with the lessor ¹⁾	3.79	3.74	3.67
Personnel			
People Power index ²⁾	70.6	71.5	70.5
Environmental responsibility ³⁾			
Energy intensity, kWh/GFam ²	200.1	199.2	201
Total CO ₂ intensity, kg CO ₂ /GFam ²	39.5	39.5	33.3
Total waste recovery rate, %	100	97	96
Material reuse and recovery rate, %	46	45	44
Water intensity, l/GFam ²	260.7	265	253.3

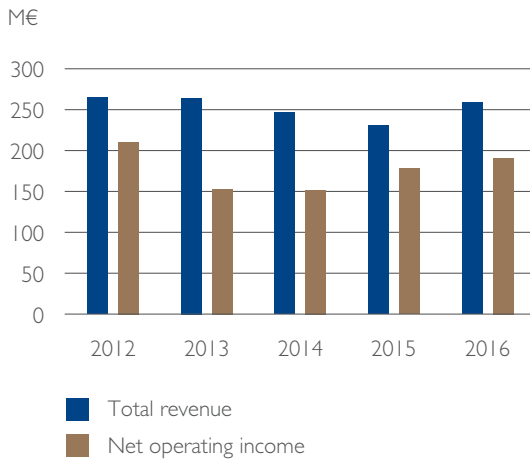
1) Based on Sponda's annual service experience study for customers. The index includes five indicators that are equally weighted on a scale of 1–5: Sponda's ability to make decisions, Sponda's ability to realise matters agreed on, the professional skills and expertise of Sponda's contact persons, the reachability of Sponda's personnel, and Sponda's ability to recognise the customer's needs.

2) The index is calculated from the personnel survey that measures the commitment of personnel, the quality of management, organisational effectiveness and the level of dedication of personnel at Sponda on a scale of 0 to 100. The index provides an overall view of the state of Sponda as an organisation and its capability to take on challenges.

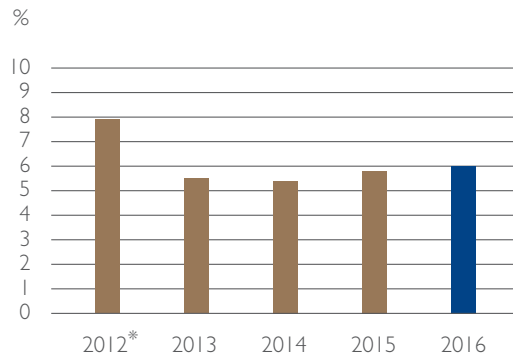
3) Sponda's properties in Finland.

KEY FIGURES

Total revenue and net operating income

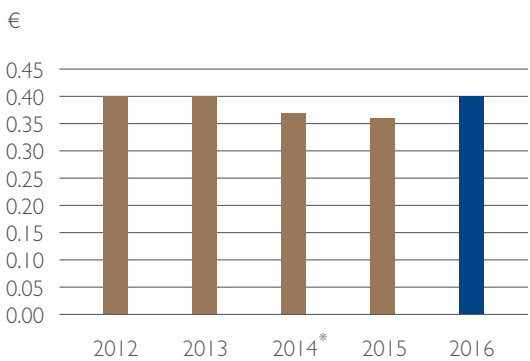


Return on investment (ROI)



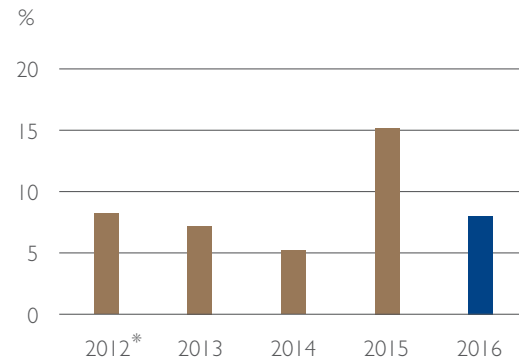
* 2012 figures were adjusted following the voluntary amendment of accounting principles with regard to IAS 12 and the amendment of IAS 19.

Cash earnings per share



* Cash flow from operations includes the share of the result of associated companies adjusted by the changes in fair value of the associated companies' investment properties and financial instruments, and deferred taxes.

Return on shareholders' equity (ROE)

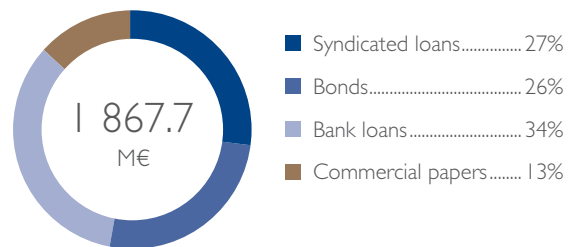


* 2012 figures were adjusted following the voluntary amendment of accounting principles with regard to IAS 12 and the amendment of IAS 19.

Net operating income by business unit



Loan instruments 31 Dec *



* Nominal value

The Finnish property market saw its highest-ever volume of property transactions.



Business Environment

2016: Upturn in the Finnish economy

The Finnish economy saw a positive upturn in 2016, although growth was still slow. In its Economic Survey, the Finnish Ministry of Finance predicted growth of 1.6 per cent for the Finnish economy in 2016. Growth was largely driven by strong domestic demand as well as increased investments, particularly in construction. Export trends remained weak in 2016, with growth of only one per cent. The unemployment rate declined and was according to Statistics Finland 7.9 per cent at year's end.

2017: Slow economic growth to continue

According to the Ministry of Finance's forecast, the Finnish economy will continue to see slow growth of approximately 0.9 per cent in 2017. The factors behind this prediction include weaker growth in private consumption due to rising inflation, as well as slower growth in private investments due to decreasing construction investments. Exports are expected to grow by 2.4 per cent in 2017, partly due to already agreed-upon deliveries of cars. Exports are directed at Finland's key markets in Europe and the United States. Economic growth will support the improvement of the employment situation, with the unemployment rate expected to decline slowly.

Macro indicators

	2014	2015	2016*	2017*	2018*
Finnish GDP change, %	-0.7	0.2	1.6	0.9	1.0
Unemployment rate, %	8.7	9.4	7.9 ¹⁾	8.5	8.1
Change in exports of goods and services, %	-1.7	-0.2	1.0	2.4	3.2
Consumer price index, %	1.0	-0.2	0.3	1.3	1.3

*¹⁾ Forecasts

¹⁾ Statistics Finland (24 January 2017)

Source: Ministry of Finance – Economic Survey 2016, Winter 2016 (22. December 2016)

Global economic growth is uncertain

The growth of the global GDP is slow, with the Finnish Ministry of Finance predicting 3 per cent growth in 2016 and only slight growth in 2017. Global GDP growth is at its lowest level since the financial crisis, with growth slowing in many developing countries. Growth is also slowing in many of Finland's key trading partners.

The uncertainty factors in the global economy include, among others, the impact of Brexit and the higher likelihood of increasing protectionism due to the result of the presidential elections in the United States.

Property transaction volume reaches a record level

The Finnish property market saw its highest-ever volume of property transactions in 2016. According to KTI Property Information, the transaction volume was EUR 7.18 billion, an increase of approximately 30 per cent compared to 2015 (EUR 5.5 billion).

Office properties accounted for about 22 per cent (EUR 1.6 billion) of the total transaction volume, while retail properties represented approximately 23 per cent (EUR 1.7 billion). Residential portfolios were the most actively traded property category during the year. The Helsinki metropoli-

BUSINESS ENVIRONMENT

tan area represented more than half of the total transaction volume.

International investors continued to play a significant role in the market, although their share of the total transaction volume declined to 32 per cent. International investors accounted for some 28 (34) per cent of the total purchases and approximately 15 (12) per cent of the total sales of properties during the year.

Prime yields declined

According to Catella Property, the prime yields of office and retail properties continued to decline in 2016. Office properties had a prime yield of 4.5 (4.7) per cent and retail properties 4.7 (5.0) per cent. The prime yields for office properties in the Helsinki metropolitan area ranged from 4.5 to 6.3 (4.7–6.4) per cent. The prime yield of office properties in Tampere was 6.7 (7.0) per cent.

The market for office premises

According to information from Catella, some 30,000 square metres of new office space was completed in the Helsinki metropolitan area in 2016, which represents a decline from the previous year (86,000 square metres). The rate of construction of new office premises in the Helsinki metropolitan area is growing, with Catella predicting that some 111,000 square metres of office space will be completed in 2017–2018.

According to Catella, the vacancy rate for office premises in the Helsinki metropolitan area rose to 13.9 (13.3) per cent in 2016. The vacancy rate was 11.6 (10.8) per cent for Helsinki as a whole and 13.9 (13.6) per cent for the central business district. In Espoo, the vacancy rate was 22 (21.5) per cent, and in Vantaa it was 14.8 (15.7) per cent.

The rental levels for offices in the Helsinki metropolitan area increased slightly from the previous year. The average rental levels for office premises ranged from EUR 210 to 384 (204–378) per square metre per year. The average rent in Helsinki's central business district remained at EUR 312/m²/year.

The vacancy rate of the office premises market in Tampere rose to 13.6 (10.7) per cent. The rental level was unchanged from the previous year at EUR 168–228/m²/year.

The market for retail premises

The vacancy rate for retail premises in the Helsinki metropolitan area increased to 5.3 (4.6) per cent in 2016. The vacancy rate was 4.0 (4.2) per cent for Helsinki as a whole and 2.3 (1.5) per cent for the central business district.

Approximately 83,000 square metres of new retail space was completed in the Helsinki metropolitan area in 2016, which is 49,000 square metres more than in the previous year.

In Helsinki's central business district, the market rent levels of retail space declined in 2016. At the turn of the year, rental levels were EUR 540–1,680 (600–1,680) per square metre per year.

In Tampere, the vacancy rate for retail premises was 4.4 (4.1) per cent at the turn of the year, while the corresponding figure for Oulu was 4.9 (2.7) per cent. Rental levels per square metre per year varied from EUR 420 to EUR 900 (420–900) in Tampere and from EUR 420 to EUR 960 (480–1,020) in Oulu.

Slower economic contraction in Russia

According to the Bank of Finland's forecast, Russia's GDP contracted by one per cent in 2016 (2015: -3.7%). The downward pressure on the Russian GDP has been alleviated by rising oil prices in 2016 as well as lower exports due to the weak rouble. The Bank of Finland predicts that Russian GDP will see a gradual upturn in 2017, but growth will be weak due to factors such as the low level of investments.

According to data from the real estate adviser CBRE, the transaction volume for the full year 2016 amounted to approximately USD 2 (2.8) billion.

Sources:

Finnish Ministry of Finance – Economic Survey, Winter 2016 (22 December 2016)

KTI – Transactions Information Service, market slides Q4/2016

Catella – market slides Q4/2016

BOFIT Russia forecast 2016–2018 (29 September 2016)

CBRE – Q4 investment market and Q4 Moscow office market

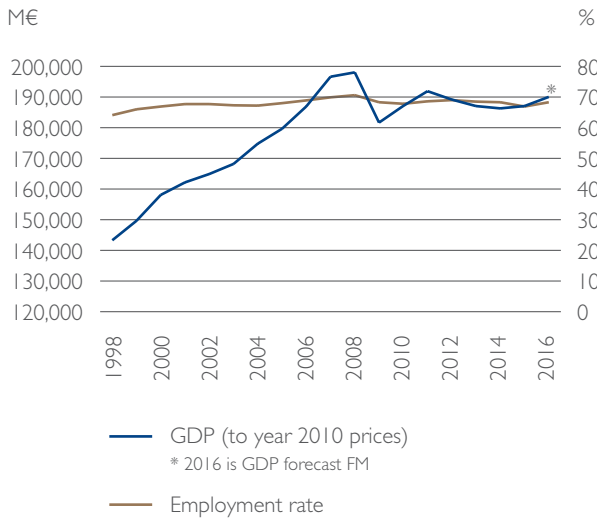
Statistics Finland - Unemployment rate 7.9 per cent in December (24 January 2017)



READ MORE [about megatrends and their impacts on Sponda on the company website.](#)

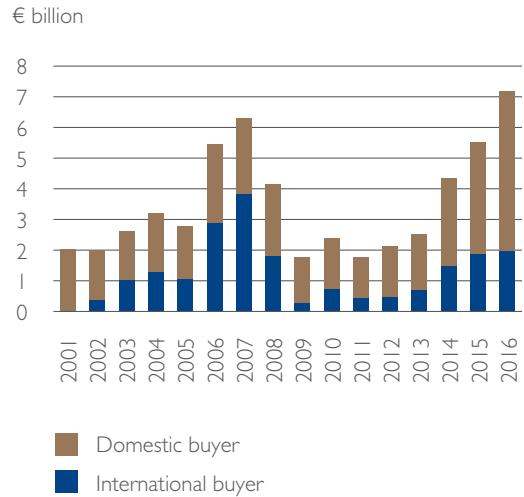
BUSINESS ENVIRONMENT

GDP in Finland and employment rate



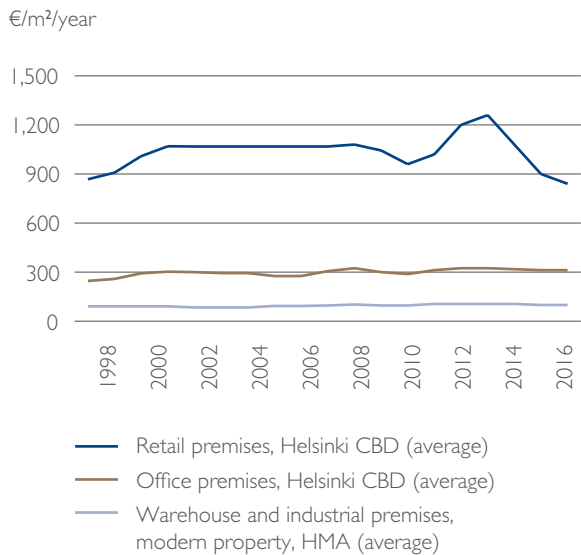
Source: Statistics Finland and Economic Surveys of the Ministry of Finance

Transactions volume in the Finnish property market



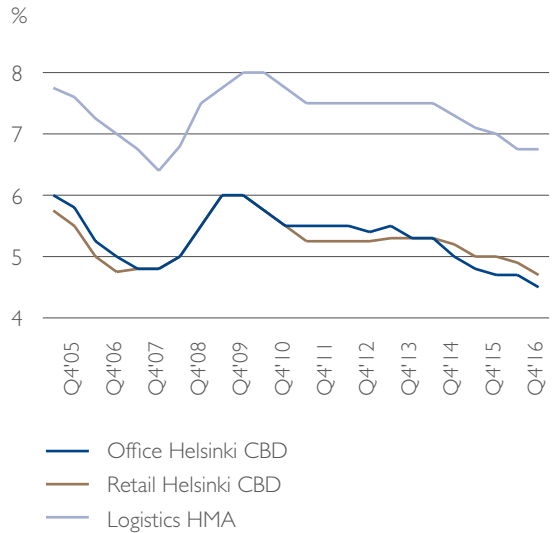
Source: KTI

Rental levels in Helsinki metropolitan area



Source: Catella Property Group

Prime yields in Helsinki metropolitan area



Source: Catella Property Group

Construction work on the Ratina shopping centre, which will open in the hearth of Tampere in spring 2018, progress on schedule.

M.O.W

MOTHERSHIP OF WORK

Implementation of strategy in 2016

➤ Sponda's strategy

Sponda seeks growth and profitability through customer-focused operations, active property development and property acquisitions in Finland.

The main goals of the company's strategy are the simplification of the business structure, more focused property ownership and profitable growth. The focus areas for business development are customer experience and environmental responsibility. More information on Sponda's strategy, objectives and focus areas is available on Sponda's website.

Actions taken to implement strategy in 2016

Most significant property divestments and acquisitions

In February 2016, Sponda acquired six properties in the Forum block in Helsinki. The acquisition included the Forum shopping centre and adjacent office properties. This acquisition increased the share of shopping centre and office properties in Sponda's portfolio while also increasingly focusing property ownership on the prime area of Helsinki's central business district.

In February, Sponda sold land areas zoned for housing production in the Vermo district of Espoo to Etera Mutual Pension Insurance Company and Suomen Asunnot ja Tontit I Ky. The selling price was approximately EUR 23.2 million.

In July, Sponda sold the Solnechniy I shopping centre located in Moscow to LLC IT Development at a price of approximately USD 11 million.

In July, Sponda sold its property located on Yliopistonkatu in Turku. Following the sale, the company owns no properties in Turku.

In December, Sponda implemented its strategy by selling a logistics centre located to the east of St. Petersburg to Nevskaya Logistika LLC for EUR 4 million, an office and warehouse property in Helsinki's Herttoniemi district to the Taaleri Tonttirahasto Fund for EUR 5.2 million, and zoned land in Espoo for EUR 3.7 million.

Property development

In July, Sponda began to develop an office and retail complex at Tikkurila railway station in Vantaa. The project's first phase, which will be completed in spring 2018, involves the construction of 9,500 square metres of new space. The decision on the second phase will be made later based on the occupancy rate.

Construction work on the Ratina shopping centre in central Tampere progressed on schedule in 2016. The shopping centre will be the largest in the city and it will be completed in spring 2018.

Refinancing and other financial arrangements

Sponda carried out a rights offering in March 2016. The subscription price was EUR 3.90 per share. The number of shares in Sponda increased by 56,615,092 shares and shareholders' equity grew approximately by EUR 220 million.

In June, Sponda signed a significant new credit agreement. The syndicated credit facility of EUR 600 million consists of a loan of EUR 500 million and a credit limit of EUR 100 million. The unsecured credit facilities are for five years. The EUR 500 million loan was used to refinance existing loans maturing in 2016 and for general corporate purposes. The EUR 100 million credit facility extended the similar undrawn EUR 100 million revolving credit facility that was originally set to mature in November 2016. The company also extended two smaller loans from financial institutions by five years.

Business development: responsibility, the environment and the customer experience

Sponda's retail property completed in Oulu in spring 2016 was granted LEED® Gold certification. LEED® (Leadership in Energy and Environmental Design) is a recognised and widely used green building certification, awarded by the U.S. Green Building Council (USGBC).

The Ilmalanrinne office complex built and owned by Sponda was awarded LEED® Gold environmental certification. The property received the highest possible score in energy efficiency in the LEED® classification.

IMPLEMENTATION OF STRATEGY IN 2016

The Ruoholahden Sulka office property owned by Sponda received BREEAM® In-Use Very Good environmental certification and the commercial property renovated by Sponda on Arkadiankatu in Helsinki received BREEAM® Very Good environmental certification. Sponda's MOW coworking space on Pieni Roobertinkatu 9, opened in February 2016, received BREEAM® Good environmental certification. The property's energy efficiency and comfort was improved by replacing the building service and ventilation systems. BREEAM® (Building Research Establishment Environmental Assessment Method) is an international green building certification system aimed at reducing the environmental impact of the use of buildings as well as the development of healthier working environments.

Sponda was awarded a Green Star in the Global Real Estate Sustainability Benchmark (GRESB) study. This marked the fourth consecutive year that Sponda was listed among the leading companies in its industry.

Sponda maintained its excellent Leadership level in the annual CDP Climate survey. The results of the survey provide investors with a transparent assessment of the actions companies have taken to manage and reduce climate emissions. Sponda's score was the best in Finland and ranked among the best in the Nordic countries in the Financials category.

In autumn 2016, Sponda made a commitment to the new Property and Building Sector Energy Efficiency Agreement 2017–2025 enacted by the Ministry of Economic Affairs and Employment, the Ministry of the Environment and the Finnish Energy Authority. The shared indicative energy savings target stipulated by the agreement is 7.5 per cent by 2025, using energy consumption in 2015 as the baseline.

In the autumn, Sponda began developing a new service model for the leasing of office properties in partnership with the service design agency Palmu. The service model enables a more effective response to customer needs. The piloting of the model began in autumn 2016 and it will be deployed in 2017.

The results of Sponda's customer relations work have improved and the relevant internal targets were exceeded in 2016. Customer satisfaction indicators, the Net Promoter Score and the contract renewal rate increased from the previous year.



READ MORE [about Sponda's strategy on the company website.](#)

Sponda's value chain



Financial capital

- Sponda's equity, 1,849.9 M€
- Sponda's liabilities 2,066.6 M€
- Value of investment properties 3.8 EUR billion



Number of personnel

- Number of personnel 107
- Educational structure: university or polytechnic 66.6%, college education 32.2%, other 1.0%
- Training days per person 1.9
- Personnel satisfaction index 70.6/100



Manufactured capital

- Quantity of properties 169
- Sqm of properties 1.2 million m²
- Value of land 52.6 M€
- Property maintenance investment 31.0 M€
- Property development projects 131.7 M€



Intellectual capital

- Environmental partners 24
- Properties in energy efficiency scheme 106
- Development of business premises and services, incl. corporate planning



Social capital

- Activity in industry organisations
- Extensive subcontractor network



Natural capital

- Water consumption 364,739 m³
- Electricity consumption 126,697 MWh
- Heating consumption 146,872 MWh
- District cooling consumption 12,509 MWh

SPONDA'S CAPITAL



Sponda's business operations: Sponda owns, leases and develops office and retail properties and shopping centres. With innovative customer-focused solutions and high-quality property maintenance, we provide our customers with comfortable, safe and energy-efficient business premises.

Sponda's vision: The first choice for customers looking for business premises

VALUE CREATED BY SPONDA



Value for shareholders

- Dividend 0.08 € (Board's proposal)
- Dividends paid based on authorisation granted by General Meeting, 0.12 €
- Net assets/share (NAV) 5.16 €



Value for customers

- Business premises that support operations
- Savings on energy costs for customers



Value for society

- Taxes paid 29.9 M€
- Development of the urban environment



Value for the community

- Employment
- Sharing knowledge and expertise



Impact on the environment

- Minimisation of carbon dioxide emissions as well as energy and water consumption
- Maximisation of waste recovery

Sponda in 2017

Sponda has systematically simplified its property portfolio since 2013 and the company is now focused on office and shopping centre properties in Helsinki and Tampere. To better support the implementation of its strategy, Sponda revised its organisational structure from 1 January 2017. The new organisation consists of four business units: Office Properties, Shopping Centres, Property Development, and Property Investments.

The new Property Investments unit is responsible for property sales and acquisitions, investments in properties and property maintenance. The revised organisational structure expedites the implementation of strategy and better corresponds to Sponda's current business.

The Ministry of Finance forecasts that Finnish GDP will grow by 0.9 per cent in 2017. If the economy takes an upward turn as predicted by forecasts, Sponda expects an increase in demand in the property market, particularly in its growth areas in central Helsinki and Tampere.

Sponda's operational focal points for 2017:

- Increase the occupancy rate to a level above the year-end figure for 2016 (89.6%).
- Sell all properties in Russia and all logistics properties by the end of 2017.
- Maintain a stable dividend payout.
- Start at least one development project in 2017 and achieve a property development margin of 15 per cent in our projects.

Financial targets

The long-term goal is to maintain the company's equity ratio at above 40 per cent. The equity ratio was 47 per cent at the end of 2016 (2015: 46%). Sponda distributes a dividend amounting to approximately 50 per cent of the operational cash earnings per share for the financial period, taking into account, however, the company's financial position and development needs.

Sponda revised its organisational structure from 1 January 2017.

Prospects for 2017 (3 February 2017)

Net operating income

Sponda estimates that the net operating income for 2017 will amount to EUR 182–192 million. This estimate is based on property sales in 2016 and estimated sales in 2017. The development of net operating income will also be affected by the increase in property taxes in 2017 as well as one large property being vacated for renovation.

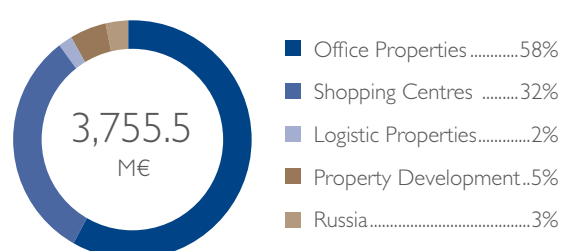
Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2017 will amount to EUR 106–116 million. This estimate is based on property sales in 2016 and estimated sales in 2017. The development of net operating income will also be affected by the increase in property taxes in 2017 as well as one large property being vacated for renovation.

Property portfolio and leasing activity

Sponda's property portfolio consists of office, retail, shopping centre and logistics properties in the largest cities in Finland. The fair value of the investment properties was at 3,755.5 in 2016 and the combined leasable area was approximately 1.2 million m². At the end of 2016, Sponda owned a total of 169 leasable properties. Of the total leasable area, approximately 69 per cent is office premises, 17 per cent shopping centres and 13 per cent logistics premises. Some 1 per cent of the leasable area of the properties is located in Russia.

Fair value by business unit 31 Dec



Investment properties of Sponda 1 Jan – 31 Dec 2016, M€

	Total	Office Properties	Shopping Centres	Logistics Properties	Property Development	Russia
Operating income	257.8	167.1	70.3	8.6	0.4	11.3
Maintenance costs	-66.4	-42.3	-15.5	-4.2	-1.4	-3.0
Net operating income	191.4	124.8	54.8	4.4	-1.0	8.3
Investment properties at 1 Jan 2016	3,101.7	1,994.8	733.6	92.9	129.7	150.7
Investment properties classified as held for sale at 1 Jan 2016	10.2	8.4	-	1.8	-	-
Capitalized interest 2016	1.2	-	-	-	1.2	-
Acquisitions	590.5	162.2	428.2	-	-	-
Investments	91.9	24.8	5.1	1.2	60.7	0.2
Transfers between segments	-	-	7.2	-	-7.2	-
Sales	-35.9	-14.5	-	-5.7	-1.7	-14.1
Change in fair value	28.7	25.2	21.3	-2.3	4.9	-20.5
Transferred to non-current assets classified as held for sale	-32.8	-10.6	-	-18.9	-3.3	-
Investment properties at 31 Dec 2016	3,755.5	2,190.4	1,195.4	69.0	184.3	116.3
Change in fair value, %	0.9	1.3	2.9	-2.4	3.8	-13.6
Weighted average yield requirement, %	5.9	6.0	5.3	9.2	-	10.1
Weighted average yield requirement %, Finland	5.8					
Maintenance investments	31.0	24.7	5.1	1.2	-0.1	0.2
Property development	60.9	0.1	-	-	60.7	-
Acquisitions	590.5	162.2	428.2	-	-	-
Sales	-35.9	-14.5	-	-5.7	-1.7	-14.1
Investments, total	646.5	172.6	433.3	-4.5	59.0	-13.9

PROPERTY PORTFOLIO AND LEASING ACTIVITY

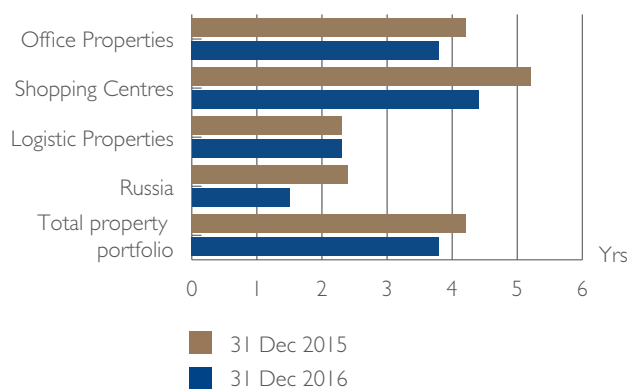
Top 10 tenants 2016

State of Finland
Kesko Group
HOK-Elanto
Danske Bank Plc
City of Espoo
Sweco Finland Ltd
Aktia Bank Plc
City of Espoo
Elisa Corporation
Sanoma Media Finland Oy

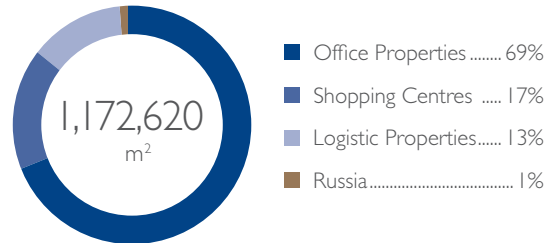
Tenants by sector

Sector	% of net rental income
Professional, scientific and technical	7.9
Energy	0.3
Public sector	10.8
Wholesale/retail	25.9
Education	1.2
Logistics/transport	0.7
Hotel and catering business	7.1
Media/publishing	3.2
Other services	15.8
Banking/investment	10.7
Construction	3.1
Industry/manufacturing	3.0
Healthcare	4.8
Telecommunications	5.1
Other	0.3

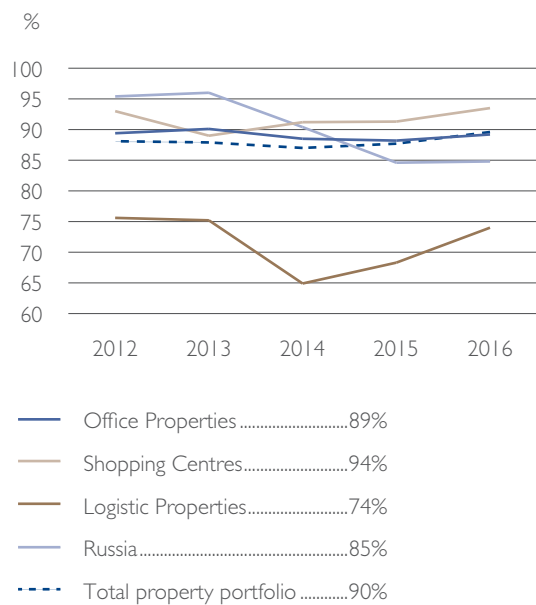
Average lease maturity



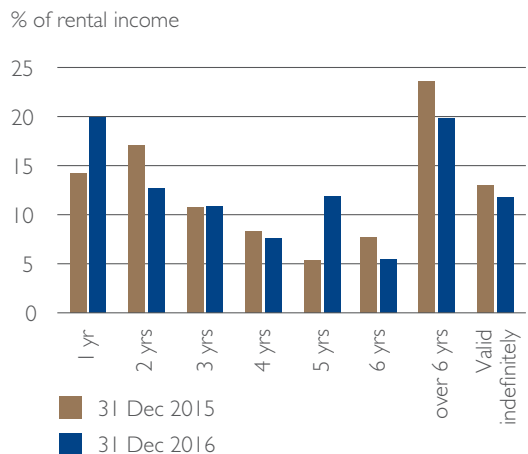
Leasable area by business unit 31 Dec

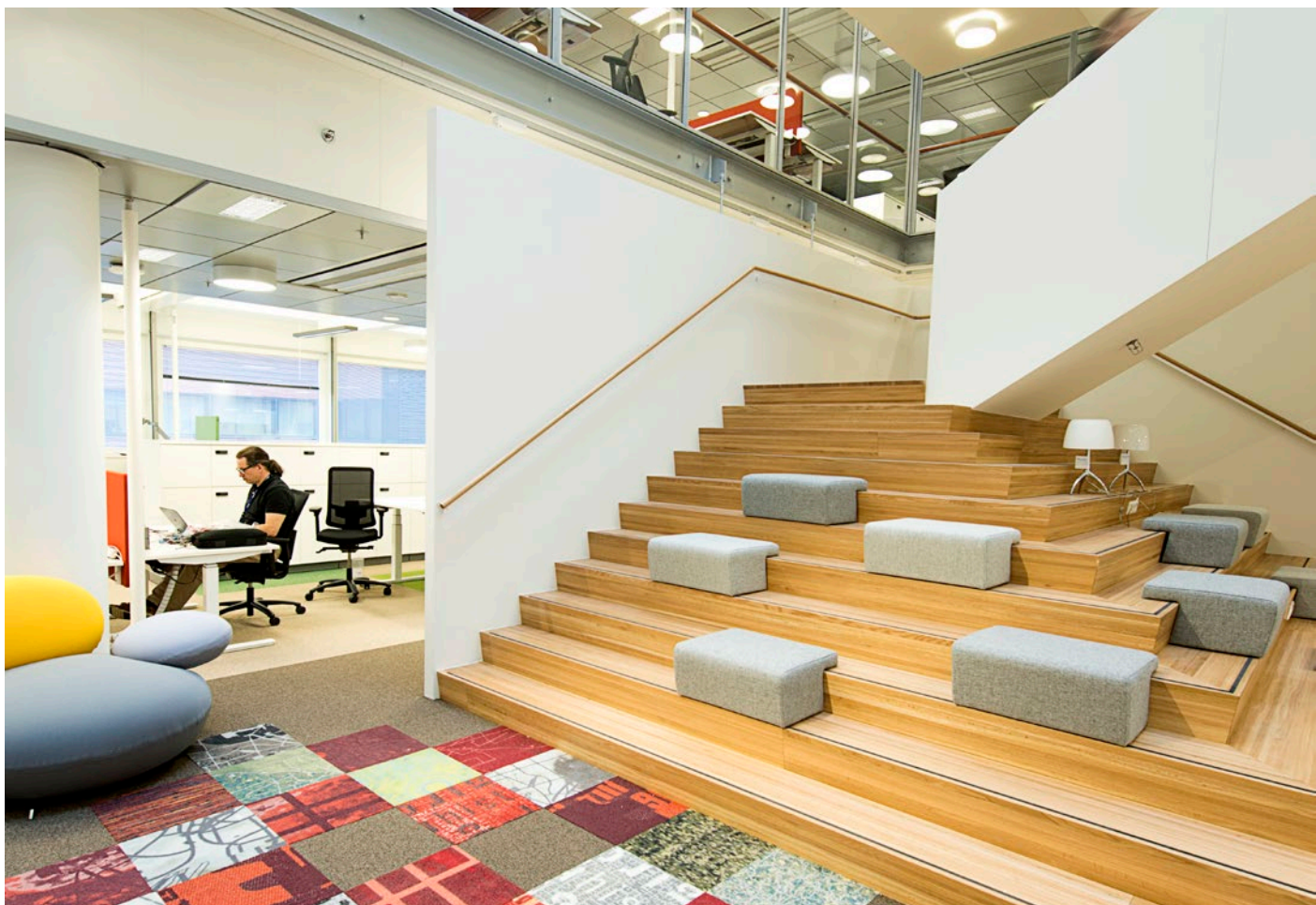


Economic occupancy rates



Expiry of lease agreements





Investment Properties

In 2016, Sponda's Investment Properties business unit was divided into three segments: Office Properties, Shopping Centres and Logistics Properties. The Investment Properties unit leased office, retail, shopping centre and logistics premises as well as purchased and sold properties in Finland. According to its strategy, Sponda aims to divest its logistics properties within 1–2 years.

In recent years, Sponda has focused its property ownership by selling non-core properties. The office properties currently owned by Sponda are primarily located in the central business district of Helsinki, the Helsinki metropolitan area and Tampere. Sponda sold its last property in Turku in

July 2016. Sponda's shopping centres are located in Helsinki, the Tampere region and the Oulu region. The majority of the remaining logistics properties are located in the Helsinki metropolitan area.

The most significant property investment of 2016 was made in February when Sponda acquired six properties in the Forum block in Helsinki. The acquisition included the Forum shopping centre and office properties. The transaction supported Sponda's strategy by increasing the share of shopping centres and office premises in the company's property portfolio and focusing property ownership even more on the prime area of Helsinki's central business district.

Key figures: Office Properties

	2016	2015	2014	2013	2012
Total revenue, M€	167.2	149.1	141.8	143.0	143.9
Net operating income, M€	124.1	109.7	103.0	104.0	104.9
Operating profit, M€	138.4	134.1	112.9	100.5	130.0
EPRA, Net Initial yield, %	5.6	5.9	5.4	6.2	6.3
Occupancy rate, %	89.2	88.2	88.5	90.1	89.4

- The share of prime areas in Sponda's office property portfolio grew. In Helsinki, the office premises in the Forum block and the Ilmalanrinne property added to the high-quality office space in the portfolio.
- MOW, the new kind of coworking space opened in February on Pieni Roobertinkatu in Helsinki, has been successful.
- Several new environmental certificates were acquired for office properties owned by Sponda.

Key figures: Shopping Centres

	2016	2015	2014	2013	2012
Total revenue, M€	70.3	46.6	45.8	45.9	42.0
Net operating income, M€	54.8	35.7	35.2	34.9	32.3
Operating profit, M€	72.0	35.8	36.0	32.6	25.7
EPRA, Net Initial yield, %	4.4	4.7	4.7	4.4	6.1
Occupancy rate, %	93.5	91.3	91.2	89.0	93.0

- The acquisition of the Forum shopping centre in February was one of the most significant transactions during the year.
- Sponda's shopping centre expertise increased substantially during the year as a result of the Forum shopping centre acquisition.
- In October, the Nordic Council of Shopping Centres (NCSC) selected Forum as Finland's best shopping centre.

Key figures: Logistics Properties

	2016	2015	2014	2013	2012
Total revenue, M€	8.6	16.8	30.8	38.7	42.3
Net operating income, M€	4.4	9.1	18.9	25.9	28.7
Operating profit, M€	3.2	-1.9	11.1	16.9	22.4
EPRA, Net Initial yield, %	6.3	7.4	4.1	5.5	6.6
Occupancy rate, %	74.0	68.3	64.9	75.2	75.6

- Sales of logistics properties continued during the year in line with strategy.

Property Development

The Property Development business unit is responsible for Sponda's property development projects. It develops business properties by renewing the property portfolio and developing new properties on land areas owned by the company. The company is also active in the market to identify properties with development potential.

Sponda's rental offering was boosted with new and attractive premises during the year, particularly in Helsinki. Three new office buildings opened their doors in Helsinki's Ilmala district. On Pieni Roobertinkatu in Helsinki, Sponda opened MOW, a new kind of coworking space whose diverse and community-oriented premises and services were developed in close co-operation with the target group.

The most significant new property development project

of 2016 started in Vantaa's Tikkurila district, where Sponda is developing an office and retail complex at Tikkurila railway station. The project's first phase, which will be completed in 2018, involves the construction of 9,500 square metres of new space.

Retail premises with a total floor area of 4,500 square metres were completed in Oulu in April 2016.

The construction of the Ratina shopping centre in Tampere progressed on schedule. The shopping centre is expected to be completed in spring 2018 and it will be the largest in the city.

At the end of 2016, the value of Sponda's property development portfolio was at EUR 184.3 million (2015: EUR 129.7 million). Of this amount, land value represented EUR 52.6 million and property development projects EUR 131.7 million.

Development Properties' ready-to-start projects in the marketing

	City	Floor m ²
Office properties		
Forum Virium Center	Helsinki	14,000
Estradi	Helsinki	5,000
Aviapolis	Vantaa	18,000
Energjakatu	Helsinki	10,000
Avec 2	Espoo	12,000
Ilmalanrinne	Helsinki	13,000
Väritehtaankatu	Vantaa	13,000
Naulakatu	Tampere	6,000

	City	Floor m ²
Retail properties		
Välivainio	Oulu	13,000
Partola	Pirkkala	5,000
Shopping centres		
Shopping centre Ratina	Tampere	55,000
Logistics properties		
Vuosaari harbour	Helsinki	50,000
Hakkila	Vantaa	30,000

Property development investments

	Leasable area, m ²	Estimated completion	Total investment, €	Investment by the end of December 2016	Pre-let %
Greenfield developments					
Ratina shopping centre, Tampere	53,000	Spring 2018	240.0	104.0	55/45
Tikkurila office and retail building	9,500	Spring 2018	31.0	6.5	65
Total	62,500		271.0	110.5	

- In July, Sponda began to develop an office and retail complex at Tikkurila railway station in Vantaa. The first phase of the project will be completed in spring 2018.
- Construction work on the Ratina shopping centre in central Tampere progressed on schedule. The shopping centre will be completed in spring 2018.

Russia

Sponda owns two properties in Russia. The aim is to sell the two remaining properties in 2017.

Key figures: Russia

	2016	2015	2014	2013	2012
Total revenue, M€	11.3	16.9	22.2	28.6	28.7
Net operating income, M€	8.3	12.8	15.8	21.8	22.2
Operating profit, M€	-15.1	-24.8	-10.6	5.6	25.7
EPRA, Net Initial yield, %	7.8	5.8	6.0	8.0	9.2
Occupancy rate, %	84.8	84.6	90.4	96.0	95.4

- In Russia, Sponda sold a logistics centre located in St. Petersburg and the Solnechniy I shopping centre in Moscow. The aim is to sell the two remaining properties in Russia during 2017.



Responsibility targets and actions in 2016

Sponda's six responsibility priorities, Energy and environmental efficiency, Property locations, Enhancing the customer experience, Investing in employees, Transparent and ethical operations and Taking the industry forward are based on our strategy and they guide the development of our operations from the perspective of sustainable development. We set annual targets for our priorities and monitor their achievement.

For more information on the actions taken under each priority in 2016 and our targets for 2017, please see the following pages. You can also read more about our priorities on our website.



READ MORE [about the responsibility priorities on the Sponda website.](#)

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Energy and environmental efficiency

Objectives 2016	Results 2016	
The like for like total energy consumption of Sponda's properties in Finland (electricity, heating, district cooling) will decrease from the 2015 level. The long-term target is to decrease consumption by 20 per cent from the average level in 2001–2005. Concerning electricity and cooling, the combined effect will be taken into account.	Our total energy consumption for comparable properties increased slightly in 2016, by 0.3 per cent from the previous year. We are on schedule to reach this target, with 14.1 per cent achieved as of the end of 2016. Sponda achieved its target under the real estate sector's energy efficiency agreement for 2011–2016. The target was to achieve energy savings of six per cent by 2016, using the energy consumption of the building stock in 2010 as the baseline.	Not achieved / Partially achieved
CO ₂ emissions arising from the total energy consumption of Sponda's properties in Finland will decline by 0.9 per cent, using 2015 as the baseline.	The carbon footprint of Sponda's properties in Finland decreased by 1.1 per cent from the previous year. The carbon footprint caused by the comparable energy consumption of Sponda's properties was 48,427 t CO ₂ in 2016.	Achieved
The waste recovery rate in Sponda's properties in Finland will remain at 96 per cent, and the rate of waste recycling and reuse will increase.	The waste recovery rate of Sponda's properties rose to 100 per cent in the whole country. We co-operated with our waste management partners and customers to maintain our waste recycling and reuse rate at a decent level of 46 per cent.	Achieved
The consumption of electricity and water will decrease in two of our properties in Russia.	In 2016, the electricity consumption of our two largest properties in Russia grew by 4.1 per cent and their water consumption increased by 1.9 per cent.	Not achieved
Two new environmental partnerships will be established with customers.	We signed three new environmental partnerships with our customers.	Achieved
Certification (LEED® or BREEAM®) will be sought for all new construction and major renovation projects, or In Use certification will be sought for properties. During 2016, two new environmental certifications will be achieved.	Sponda's goal-driven environmental certification efforts continued with good results in 2016, with as many as seven properties obtaining or successfully renewing their international LEED® or BREEAM® environmental certification.	Achieved

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Property locations

Long-term objectives	Results 2016	
Increasing the share of office properties and shopping centres in the company's property portfolio.	In 2016, we continued to implement our strategy by focusing our property portfolio on prime areas and locations with good public transport links. Our most significant acquisition in 2016 was the Forum block in Helsinki's central business district, comprising the Forum shopping centre and five office properties. In addition to the city centre, Sponda is also investing in other growth centres: in July 2016, we began construction on a six-storey office and retail complex at Tikkurila railway station and construction work also continued during the year on the Ratina shopping centre being developed in the heart of Tampere. Other significant transactions made in Finland in 2016 included the sale of an office and warehouse building in Herttoniemi and the sale of zoned land in Espoo.	Achieved
Developing the property portfolio by concentrating on prime areas and locations with good public transport links.		Achieved

Enhancing the customer experience

Objectives 2016	Results 2016	
Improving the quantity and particularly the quality of customer communications in our own operations. Also focusing on supporting our partners in serving the customer:	The customer segment-specific CRM models updated in 2015 have contributed to a substantial improvement in customer satisfaction and the Net Promoter Score, particularly among large customers. Ongoing, professional and personal customer communications have played a key role in this development.	Achieved
Reliability, keeping promises and taking the customer's views into account will be the central focus of all of our customer operations.	Sponda's Net Promoter Score (NPS) increased compared to 2015. Based on customer feedback, the key reason behind the increased willingness to recommend Sponda to others is the customers' trust in Sponda and its personnel.	Achieved
Our customers' overall satisfaction with their co-operation with the lessor to improve compared to 2015.	Our customers' overall satisfaction to the co-operation with the lessor increased from the previous year: the index score that indicates our customers' overall satisfaction with the lessor in 2016 was 3.79.	Achieved
Sponda's Net Promoter Score (NPS) to remain at least at the same level as in 2015.	Sponda's Net Promoter Score (NPS) increased compared to 2015.	Achieved

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Investing in employees

Objectives 2016	Results 2016	
We develop skills and practices for sharing knowledge and expertise, particularly with regard to the utilisation of systems in day-to-day work.	During the year, skills and practices for sharing knowledge and expertise were developed, particularly in relation to ERP and reporting systems.	Achieved
We develop a culture of interaction and feedback based on plans prepared by our units.	Sponda's culture of interaction and feedback was developed in each unit based on plans prepared by the units. The culture of interaction and feedback is evaluated annually as part of the employee satisfaction survey. The response rate in the annual job satisfaction survey was again very high at 96 per cent. Sponda's overall result was again better than the average in the reference data.	Achieved
We invest in the well-being of our personnel in accordance with our units' needs and wishes, using modern mobile solutions.	A new way of supporting employee wellbeing was tested in early 2016 in the form of a wellbeing campaign that invited all interested Sponda employees to work with a virtual coach on a wellbeing theme selected by the employee. The available themes included, for example, physical exercise, nutrition, stress and coping, weight management and smoking cessation.	Achieved

Transparent and ethical operations

Objectives 2016	Results 2016	
A Supplier Code of Conduct will be drafted in 2016. The responsibility principles for the supply chain will be included in newly signed and renewed agreements.	In line with our objectives, we began drafting our Supplier Code of Conduct. This development work will continue in 2017.	Partially achieved
Maintain Green Star rating in international GRESB (Global Real Estate Sustainability Benchmark) reporting and improve reporting further.	In 2016, Sponda achieved continued success in the Global Real Estate Sustainability Benchmark (GRESB) assessment by winning its fourth consecutive Green Star award.	Partially achieved

Taking the industry forward

Long-term objectives	Results 2016	
Sponda promotes best practices in the property sector by being an active participant in the activities and projects of organisations such as the Finnish Association of Building Owners and Construction Clients RAKLI and EPRA, the umbrella organisation for listed European property investment companies.	Sponda was an active participant in the operations of the Finnish Association of Building Owners and Construction Clients (RAKLI) in 2016. We continued our active participation in the working groups of the Green Building Council Finland (FIGBC). In October 2016, we became one of the first companies to join the property sector's next voluntary energy efficiency agreement for the period 2017–2025. The previous agreement period expired at the end of 2016. In 2016, we also participated in the production of KTI Property Information's annual publication Responsible Property Business 2016 and Sponda also participated in the Climate Street project in Helsinki.	Achieved

Energy and environmental efficiency



Objectives for 2016

Energy efficiency and the carbon footprint

- The like for like total energy consumption of Sponda's properties in Finland (electricity, heating, district cooling) will decrease from the 2015 level. The long-term target is to decrease consumption by 20 per cent from the average level in 2001–2005.
- CO₂ emissions arising from the total energy consumption of Sponda's properties in Finland will decline by 0.9 per cent, using 2015 as the baseline.
- The waste recovery rate in Sponda's properties in Finland will remain at 96 per cent, and the rate of waste recycling and reuse will increase.

- The consumption of electricity and water will decrease in two of our properties in Russia.

Environmental co-operation with clients

- Two new environmental partnerships will be established with clients.

Environmental certification of properties

- Certification will be sought for all new construction and major renovation projects (LEED® or BREEAM®), or In Use certification will be sought for properties. During 2016, two new environmental certifications will be achieved.

New expectations for environmental efforts

Significant steps were taken in international and national climate policy in 2016. They set new expectations and requirements, also for Sponda.

The internationally significant Paris climate agreement entered into force in October 2016. It is aimed at holding the increase in the global average temperature to well below two degrees above pre-industrial levels. The Finnish national ratification process was completed in November.

Also in November, the Finnish government approved the national energy and climate strategy to 2030, which sets out measures and goals for achieving the energy and climate goals agreed upon in the Government Programme and the EU. The strategy is aimed at increasing the share of renewable energy of Finland's final energy consumption to more than 50 per cent in the 2020s. The longer-term goal is a carbon neutral Finland.

Through its own responsible operations and Energy efficiency programme, Sponda aims to be among the pioneers of the property industry in promoting the achievement of these agreements and goals.

Measures taken in 2016

In October 2016, the property sector signed a new energy efficiency agreement for 2017–2025 with the Finnish Ministry of Economic Affairs and Employment, the Finnish Ministry of the Environment and the Finnish Energy Authority. Energy efficiency agreements provide a non-legislative framework for voluntary energy saving measures to help Finland achieve the EU-level energy saving targets set for it. Sponda joined the agreement to mark its commitment to a long-term effort to improve energy efficiency. Sponda's target for the new agreement period is to reduce energy consumption by 7.5 per cent by 2025, using 2015 as the baseline. Sponda's interim target is to achieve 4 per cent in energy savings by 2020, again using 2015 as the baseline.

Sponda achieved its target under the real estate sector's energy efficiency agreement for 2011–2016. The target was to achieve energy savings of 6 per cent by 2016, using the energy consumption of the building stock in 2010 (222,494 MWh) as the baseline. The savings achieved by Sponda's energy efficiency measures totalled 13,917 MWh during the agreement period 2011–2016.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Sponda has invested in improving its energy efficiency for many years, and the company's own energy efficiency target is to achieve savings of 20 per cent by 2020, using the average energy consumption in 2001–2005 as the baseline. We are on schedule to reach this target, with 14.1 per cent achieved as of the end of 2016.

Seven new environmental certificates

Sponda's goal-driven environmental certification efforts continued with good results in 2016, with as many as seven properties obtaining or successfully renewing their international LEED® or BREEAM® environmental certification.

The Alasintie property in Oulu and the Ilmalanrinne property in Helsinki received LEED® Gold certification. Ilmalanrinne achieved the highest possible score for energy efficiency in the certification process. The Sörnäistenkatu 2 property renewed its LEED® In Use certification and upgraded it to the Gold level.

Sponda's office property on Arkadiankatu and the MOW property at Pieni Roobertinkatu 9 were both granted BREEAM® environmental certification. The Forum shopping centre and the Ruoholahden Sulka office property both successfully renewed their BREEAM® In Use certification.

We have already obtained 15 international LEED® or BREEAM® environmental certificates and the certified properties represent 25 per cent of the total leasable space of Sponda's property portfolio. Going forward, our aim is to continue to seek certification for all new construction projects and major renovation projects. There were several active certification processes under way at the end of 2016.



VISIT [our website for complete information](#)
[on our environmentally certified properties](#)

Environmental efforts in collaboration with personnel and customers

We exceeded our target in 2016 by signing three new environmental partnerships. At the end of the year, the number of environmental partnerships with customers stood at 24. We also signed one new Green Lease in 2016. We organised an environmental awareness event in partnership with our client SWECO at the Ilmalanrinne office property, which also received LEED® Gold certification during the year. Sponda's environmental awareness events are organised in Sponda's properties in partnership with Sponda's customers and partners at customers' premises.

These events provide new and interesting information on the environmental matters related to customer's premises at Sponda owned property as well as other topical issues related to sustainability.

We increased WWF Green Office activities in our offices during the year and our coworking hub MOW received a Green Office diploma. Our head office on Korkeavuorenkatu, which had received the WWF Green Office diploma earlier, passed WWF's scheduled follow-up audit in 2016.

Sponda's employees participated in environmental efforts through a variety of events and campaigns in 2016, including our annual Green Day event for personnel to distribute information on environmental matters pertaining to Sponda and our head office. Training in economic driving was also organised for Sponda's personnel. In addition, we held an Energy Saving Week and participated in WWF's Earth Hour climate event in our head office as well as in some of our shopping centres and office properties.

Energy efficiency programme to be expanded to Forum

At the end of 2016, Sponda's Energy efficiency programme covered 106 (2015: 109) properties, which means that as many as 91 per cent of our wholly-owned properties in Finland are included in the programme. The change from the previous year was caused by changes in the property portfolio. The properties included in the Energy efficiency programme continued to implement energy-saving measures and monitor consumption in accordance with property-specific action plans.

We continued to conduct energy reviews at our properties in 2016, with more than 90 energy reviews carried out during the year. We also continued to implement energy-saving measures at our properties, such as introducing energy-efficient LED lighting and optimising property usage hours and ventilation settings. One of the most significant actions taken in the area of energy efficiency was the start of energy reviews at the Forum shopping centre, acquired in 2016, with the aim of adding the properties in the Forum block to Sponda's Energy efficiency programme in early 2017.

The carbon footprint of properties continued to decline

Within the past years we have successfully lowered the energy consumption of our properties in Finland to a good level. We will continue these development efforts to improve the energy efficiency of our properties and to further reduce our carbon footprint.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

The carbon footprint of Sponda's properties in Finland decreased by 1.1 per cent from the previous year and amounted to 48,427 tonnes of CO₂. We promoted the use of renewable energy in 2016 by increasing our purchases of green electricity. In 2016, some 13.7 per cent of our electricity consumption was carbon neutral electricity. Our total energy consumption for comparable properties increased slightly in 2016, by 0.3 per cent from the previous year.

We aim to continuously reduce the carbon footprint, energy consumption and other environmental impacts of our head office in Helsinki. In 2016, the carbon footprint of our head office decreased by 53.8 per cent from the previous year. We began using electricity produced by wind power, certified by a Guarantee of Origin. Electricity produced by Nordic Continental wind power accounted for 97 per cent of our head office's total electricity consumption in 2016.

The figures for the carbon footprint and energy consumption of our properties for 2016 are available on pages 29–34.

Waste recovery rate rose to 100 per cent

We continued our efforts to increase the recovery of waste at our properties in 2016 in co-operation with our waste management partners and customers. This work produced good results as the waste recovery rate of Sponda's properties rose to 100 per cent (97) in the whole country. We co-operated with our customers to maintain our waste recycling and reuse rate at 46 per cent. Reutilisation as

energy accounted for 55 per cent of Sponda's waste recovery rate. Sponda's energy waste is processed into recycled fuel, which is supplied mainly to power plants for the production of electricity and process steam, and the combined production of electricity and district heating.

In 2016, our head office had a waste recovery rate of 100 per cent and a waste recycling and reuse rate of 57 per cent. The property's total waste volume continued to decline and amounted to 72 tonnes (77).

At the end of 2016, Sponda's waste management monitoring covered 71 per cent of the Sponda owned properties in Finland.

More detailed figures for waste management in 2016 are provided on pages 35–37.

Water consumption remained at a good level

The amount of water consumed at Sponda's like for like properties in 2016 declined by 1.6 per cent from the previous year. Sponda's like for like properties consumed total of 308,403 cubic metres of water during the year (313,565). Our goal is to further reduce the annual water consumption of our properties. Water consumption includes water used for property maintenance, water consumption in the common facilities of the property, and water consumption by tenants. All of Sponda's properties are part of the municipal water infrastructure and they do not have water treatment stations of their own.

Objectives for 2017

We will continue to improve the energy efficiency of our properties.

- The like for like total energy consumption of our properties (electricity, heating, district cooling) will decline and the CO₂ emissions caused by the like for like total consumption of energy will decrease by 1 per cent compared to 2016. Concerning electricity and cooling, the combined effect will be taken into account.
- Our energy efficiency measures implemented in 2017 will achieve at least 1 per cent in energy savings relative to the total energy consumption in 2015 (TETS, the energy efficiency agreement of the property sector).

We will continue to seek environmental certification for our properties.

- Certification (LEED® or BREEAM®) will be sought for all new construction projects and major renovation projects, or "In Use" certification will be sought for properties.
- At least two certificates will be obtained in 2017.

In 2017, we will also focus on promoting our Energy efficiency programme, co-operating with our customers on environmental responsibility and increasing the recovery and recycling of waste.

Energy consumption and energy sources

Electricity, heating, water and district cooling consumption of Sponda's properties in Finland

	2016	2015	2014	2013	2012	Change, 2015– 2016, %	Number of properties 2016
Total energy consumption, all properties, MWh	292,452	269,813	329,343	380,264	382,480	8.4	129
Total energy consumption, all properties, GJ	1,052,827	971,327	1,185,635	1,368,950	1,376,927		
Total energy consumption, like-for-like properties, MWh	251,545	250,892	196,064			0.3	119
Total energy consumption, like-for-like properties, GJ	905,562	903,211	705,830				
Electricity, all properties, MWh	126,697	111,502	150,072	189,710	198,358	13.6	129
Tenants' electricity purchased by landlord, MWh	32,441	29,186	33,398			11.2	54
Electricity consumption in common areas, MWh	94,257	82,316	116,674			14.5	129
Electricity, like-for-like properties, MWh	104,064	103,493	75,884			0.6	119
Heating, normalised, all properties, MWh	153,246	150,185	169,453	180,608	179,070	2.0	126
Heating, normalised, like-for-like properties, MWh	139,261	139,720	110,885			-0.3	116
Heating, measured, all properties, MWh	146,872	122,769	152,469	164,415	172,408	19.6	119
Heating, measured, like-for-like properties, MWh	133,675	114,230	99,984			17.0	116
District cooling, all properties, MWh	12,509	8,126	9,818	9,946	5,052	53.9	34
District cooling, like-for-like properties, MWh	8,220	7,679	9,295			7.0	29
Water, all properties, m ³	364,739	327,161	365,682	381,496	357,062	11.5	127
Water, like-for-like properties, m ³	308,403	313,565	255,690			-1.6	117

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Electricity, heating, water and district cooling consumption intensity of Sponda's properties in Finland

	2016	2015	2014	2013	2012
Energy intensity, kWh/GFAm ² /year	200.1	199.2	201.0	226.3	
Electricity intensity, kWh/GFAm ² /year	83.4	82.9	77.9	111.6	115.7
Heating intensity, normalised, kWh/GFAm ² /year	116.1	116.5	109.9	107.1	108.0
Heating intensity, measured, kWh/GFAm ² /year	111.4	95.2	99.1	97.5	104.0
District cooling intensity, kWh/GFAm ² /year	28.3	26.4	32.0	27.8	24.0
Water intensity, ltr/GFAm ² /year	260.7	265.0	253.3	229.7	216.9

Energy and water consumption of Sponda's properties by main segment

	Office Properties			Shopping Centres		
	2016	2015	change 2015-16, %	2016	2015	change 2015-16, %
Total energy consumption by main segment, MWh	178,574	181,042	-1.4	51,129	49,778	2.7
Electricity, MWh	73,916	73,965	-0.1	23,529	23,786	-1.1
Heating, normalised, MWh	100,762	103,431	-2.6	23,277	21,959	6.0
Heating, measured, MWh	96,586	84,462	14.4	22,452	18,122	23.9
District cooling, MWh	3,897	3,646	6.9	4,323	4,033	7.2
Water, m ³	225,151	227,300	-0.9	64,867	65,881	-1.5

	Logistics Properties			Russia		
	2016	2015	change 2015-16, %	2016	2015	change 2015-16, %
Total energy consumption by main segment, MWh	21,842	20,073	8.8			
Electricity, MWh	6,620	5,742	15.3	4,494	4,317	4.1
Heating, normalised, MWh	15,223	14,330	6.2			
Heating, measured, MWh	14,637	11,646	25.7			
District cooling, MWh						
Water, m ³	18,386	20,384	-9.8	12,903	12,664 *	1.9

*) Water consumption in Russia in 2015 not comparable due to meter error. Year 2016 compared to 2014.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Energy and water consumption intensity of Sponda's properties by main segment

	Office Properties			Shopping Centres			Logistics Properties		
	2016	2015	change 2015-16, %	2016	2015	change 2015-16, %	2016	2015	change 2015-16, %
Energy intensity by main segment, kWh/GFAm ² /year	188.8	191.0	-1.1	276.7	269.4	2.7	172.1	158.2	8.8
Electricity intensity, kWh/GFAm ² /year	79.0	79.0	-0.1	127.4	128.7	-1.1	52.2	45.3	15.3
Heating intensity, normalised, kWh/GFAm ² /year	112.7	115.7	-2.6	126.0	118.9	6.0	125.7	118.3	6.2
Heating intensity, measured, kWh/GFAm ² /year	108.1	94.5	14.4	121.5	98.1	23.9	120.8	96.1	25.7
District cooling intensity, kWh/GFAm ² /year	22.3	20.8	6.9	37.4	34.9	7.2			
Water intensity, ltr/GFAm ² /year	256.8	259.2	-0.9	351.1	356.6	-1.5	151.7	167.4	-9.3

Electricity, heating, water and district cooling consumption of Sponda's head office

	2016	2015	2014	2013	2012	change 2015-16, %
Total energy consumption, MWh	1,101	1,017	1,195	1,165	1,177	8.3
Electricity, MWh	339	327	362	349	346	3.7
Heating, normalised, MWh	697	647	715	707	730	7.7
Heating, measured, MWh	683	551	657	668	719	23.9
District cooling, MWh	65	43	118	109	101	51.4
Water, m ³	1,628	1,523	1,613	1,674	1,578	6.9

Electricity, heating, water and district cooling consumption intensity of Sponda's head office

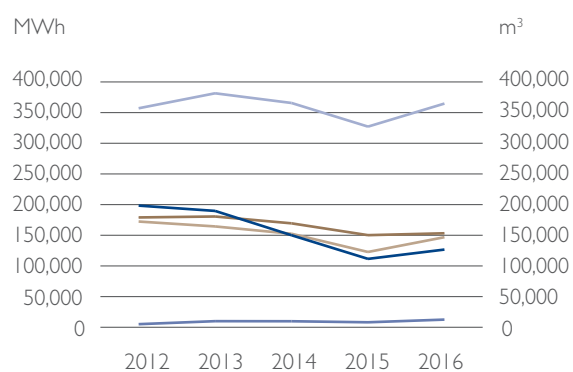
	2016	2015	2014	2013	2012
Energy intensity, kWh/GFAm ² /year	186.8	172.5	202.7	197.7	199.7
Electricity intensity, kWh/GFAm ² /year	57.6	55.5	61.4	59.2	58.7
Heating intensity, normalised, kWh/GFAm ² /year	118.2	109.8	121.2	119.9	123.9
Heating intensity, measured, kWh/GFAm ² /year	115.4	93.3	111.4	113.3	122.0
District cooling intensity, kWh/GFAm ² /year	11.0	7.3	20.0	18.5	17.1
Water intensity, ltr/GFAm ² /year	276.2	258.4	273.7	283.9	267.6

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Energy sources, the share of renewable energy and emission factors

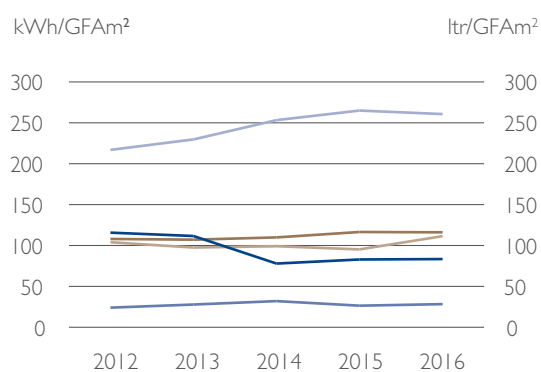
	2016	2015	2014	2013	2012
Purchased electricity					
Market-based emission factor, kg CO ₂ /MWh	278	278	216	217	209
Renewables, %	11	11	17	17	27
Non-renewables, %	43	43	33	35	27
Nuclear power, %	46	46	50	48	46
Location-based emission factor, kg CO ₂ /MWh	209	209	220		
Heating					
Market-based emission factor, kg CO ₂ /MWh	140	144	151	162	166
Renewables, %	13	14	7	6	
Non-renewables, %	87	86	93	94	
Location-based emission factor, kg CO ₂ /MWh	183	183	186		
District cooling					
Market-based emission factor, kg CO ₂ /MWh	62	62	67,5	59	62
Renewables, %	86	86	81	76	75
Non-renewables, %	14	14	19	24	25
Location-based emission factor, kg CO ₂ /MWh	62	62	67,5		

Electricity, heating, water and district cooling consumption of Sponda's properties in Finland



- Electricity
- Heating, normalised
- Heating, measured
- District cooling
- Water, m³

Electricity, heating, water and district cooling consumption intensity of Sponda's properties in Finland



- Electricity
- Heating, normalised
- Heating, measured
- District cooling
- Water, ltr/GFAm²

Carbon footprint

Carbon footprint arising from the energy consumption of Sponda's properties in Finland

	2016	2015	2014	2013	2012	change 2015–16, %
Total carbon footprint from energy consumption, t CO ₂	56,395	52,503	58,382	69,753	70,871	7.4
Electricity, t CO ₂	35,222	30,998	32,135	41,167	41,457	13.6
Heating, t CO ₂	21,462	21,560	25,584	27,999	28,603	-0.5
District cooling, t CO ₂	776	504	663	587	326	53.9
Fuels, t CO ₂					486	
CO ₂ emission reductions from Guarantee of Origin renewable energy certificates and self generated renewable energy, t CO ₂	-1,063	-559				
Total, like-for-like properties, t CO ₂	48,427	48,976				-1.1
Total, t CO ₂ , location-based	55,299	51,292	64,911			7.8

Carbon dioxide emission intensity from energy consumption of Sponda's properties in Finland

	2016	2015	2014	2013	2012	change 2015–16, %
Total CO ₂ intensity, kg CO ₂ /GFAM ² /year	39.5	39.5	33.3	41.3	42.8	0.0
CO ₂ intensity from electricity, kg CO ₂ /GFAM ² /year	23.2	23.1	16.8	24.1	24.2	0.6
CO ₂ intensity from heating, kg CO ₂ /GFAM ² /year	16.7	16.9	16.0	16.5	17.1	-1.2
CO ₂ intensity from district cooling, kg CO ₂ /GFAM ² /year	1.8	1.6	2.2	1.6	1.5	7.0

Carbon footprint arising from energy consumption of Sponda's properties by main segment

	Carbon footprint arising from the energy consumption of Sponda's properties in Finland by main segment (t CO ₂)			Carbon dioxide emission intensity from energy consumption of Sponda's properties in Finland by main segment (kg CO ₂ /GFAM ² /year)		
	2016	2015	change 2015–16, %	2016	2015	change 2015–16, %
Office Properties	35,514	36,026	-1.4	37.7	38.3	-1.3
Shopping Centres	9,523	9,421	1.1	51.5	51.0	1.1
Logistics Properties	4,453	4,088	8.9	35.1	32.2	8.9
Russia (only electricity)	1,879	1,804	4.2			

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Carbon footprint arising from the energy consumption of Sponda's head office

	2016	2015	2014	2013	2012	change 2015–16, %
Total carbon footprint from head office energy consumption, t CO ₂	70.7	153.2	154.8	154.2	155.5	-53.8
Electricity, t CO ₂	94.3	91.0	78.2	75.7	72.4	3.7
Heating, t CO ₂	64.1	59.5	68.6	72.0	76.9	7.7
District cooling, t CO ₂	4.0	2.7	8.0	6.4	6.2	51.4
CO ₂ emission reductions from Guarantee of Origin renewable energy certificates, t CO ₂	-91.7					

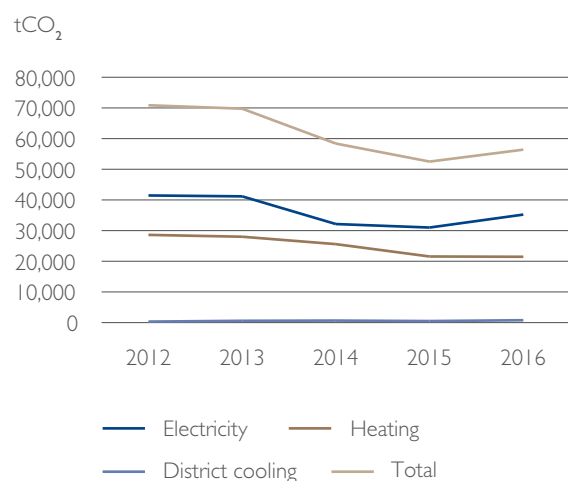
Carbon dioxide emission intensity from the energy consumption of Sponda's head office

	2016	2015	2014	2013	2012	change 2015–16, %
Total CO ₂ intensity from head office energy consumption, kg CO ₂ /GFAm ² /year	27.6	26.0	26.3	26.2	26.4	6.1
CO ₂ intensity from electricity, kg CO ₂ /GFAm ² /year	16.0	15.4	13.3	12.8	12.3	3.7
CO ₂ intensity from heating, kg CO ₂ /GFAm ² /year	10.9	10.1	11.6	12.2	13.1	7.7
CO ₂ intensity from district cooling, kg CO ₂ /GFAm ² /year	0.7	0.5	1.4	1.1	1.1	51.4

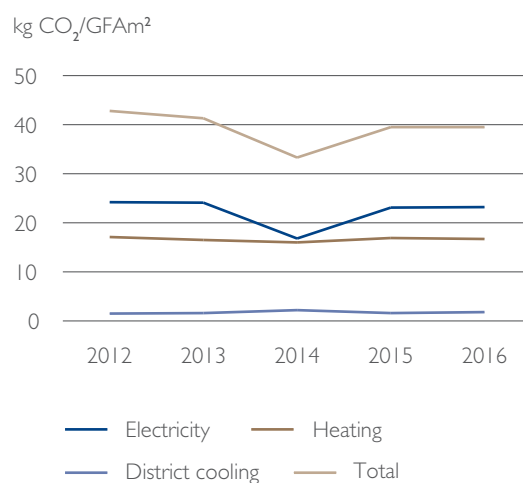
Sponda's indirect carbon dioxide emissions

	2016	2015	2014	change 2015–16, %
Total indirect carbon dioxide emissions, t CO ₂	312	376	420	-17.2
Emissions from waste management, t CO ₂	167	225	253	-26.1
Emissions from leased cars, t CO ₂	86	70	102	22.1
Emissions from business flights, t CO ₂	60	81	65	-26.2

Carbon footprint arising from the energy consumption of Sponda's properties in Finland



Carbon dioxide emission intensity from energy consumption of Sponda's properties in Finland



Energy efficiency programme and environmental partnership

Sponda's Energy Efficiency Programme

	2016	2015	2014	2013
Number of properties included in Sponda's Energy Efficiency Programme at the end of the year	106	109	113	109
Share of properties included in the programme, of 100 percent Sponda owned properties under Sponda management, %	91	88	88	76
Annual energy saving achieved by the energy efficiency programme, MWh	1,685	-3,795	-342	-2198
Annual energy saving achieved by the energy efficiency programme, GJ	6,067	-13,662	-1230	-7913
Number of energy reviews conducted per year	91	95	68	18

Sponda's Environmental partnership

	2016	2015	2014	2013	change 2015-16, %
Total energy consumption of properties with Sponda's environmental partners, MWh	92,610	91,769	69,076	76,606	0,9
Electricity, MWh	37219	37,492	29,754	36,279	-0,7
Heating, normalised, MWh	50,120	49,474	33,621	39,522	1,3
District cooling, MWh	5,271	4,803	5,701	804	9,7
Water, m ³	124,592	122,227	94,582	104,923	1,9
CO ₂ -emissions, t CO ₂	16,715	16,661	11,067	12,975	0,3
Number of environmental partners at the end of year	24	23	22	20	4,3

Waste management

Waste volumes of Sponda's properties in Finland *

	2016	2015	2014	2013	2012
Total, t	6,571	6,297	6,591	6,796	5,898
Energy recovery, t	3,610	3,264	3,394	2,845	2,343
Material Recovery, t	2,960	2,852	2,910	2,995	2,495
Biowaste, t	1,022	928	932	991	748
Paper, t	476	576	620	686	623
Paperboard, t	1,135	971	1,011	1,014	826
Cardboard, t	102	118	134	128	121
Glass, t	78	76	78	81	88
Metal, t	87	65	59	57	48
Plastic, t	2	2	2	4	2
Sludge, t	31	92	53	0	0
Other waste, t	19	17	15	26	31
Hazardous waste, t	10	7	6	8	7
Mixed waste to landfill, t	1	181	286	955	1,059
Total carbon dioxide emissions arising from waste management, t CO ₂	167	225	253		

*This includes Sponda-owned properties where the property owner is responsible for waste management.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Waste recovery rates of Sponda's properties in Finland

	2016	2015	2014
Overall waste recovery rate, %	100.0	97.1	96.0
Waste recovery, Helsinki metropolitan area, %	100.0	99.9	98.0
Waste recovery, rest of Finland, %	100.0	80.0	79.0
Energy recovery, %	54.9	51.8	52.0
Energy recovery, Helsinki metropolitan area, %	55.2	54.5	54.0
Energy recovery, rest of Finland, %	53.2	34.0	38.0
Material recovery, %	45.0	45.3	44.0
Material recovery, Helsinki metropolitan area, %	44.8	45.2	44.0
Material recovery, rest of Finland, %	46.8	45.7	40.0
Mixed waste to landfill, %	0.0	2.9	4.0
Mixed waste to landfill, Helsinki metropolitan area %	0.0	0.1	2.0
Mixed waste to landfill, rest of Finland %	0.0	20.0	21.0

Total like-for-like waste volumes and recovery rates of Sponda's properties in Finland

	2016		2015	
	%	t	%	t
Total like-for-like waste weight		5432		5944
Total like-for-like, Helsinki metropolitan area		4710		5173
Total like-for-like, rest of Finland		722		771
Energy recovery, like-for-like	54.0	2932	51.9	3087
Energy recovery, Helsinki metropolitan area	54.0	2545	54.5	2819
Energy recovery, rest of Finland	53.4	386	34.8	268
Material Recovery, like-for-like	46.0	2500	45.7	2715
Material recovery, Helsinki metropolitan area	45.9	2164	45.4	2348
Material recovery, rest of Finland	46.6	336	47.6	367
Mixed waste to landfill, like-for-like	0.0	1	2.4	142
Mixed waste to landfill, Helsinki metropolitan area %	0.0	1	0.1	6
Mixed waste to landfill, rest of Finland %	0.0	0	17.6	136

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

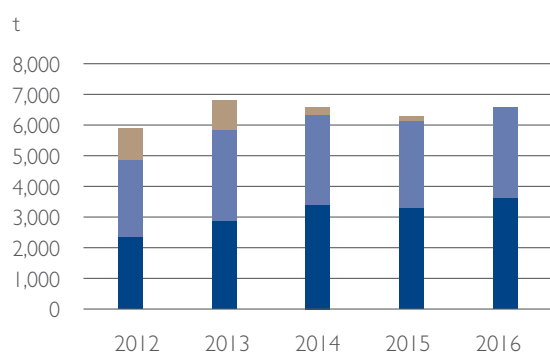
Waste volumes by main segment of Sponda's properties in Finland

	Office Properties	Shopping Centres	Logistics Properties	Property Development
Energy recovery, t	2 034	1 354	222	2
Material recovery, t	1 621	1 200	137	2
Mixed waste to landfill, t	1	0	0	0

Waste volumes and recovery rates of Sponda's head office

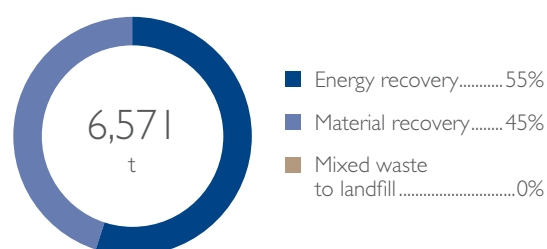
	2016		2015		2014	
	%	t	%	t	%	t
Total		72		77		81
Energy recovery	43.3	31	40.2	31	38.0	31
Material recovery	56.6	41	59.8	46	61.0	49
Mixed waste to landfill	0.0	0	0.0	0	1.0	1

Waste volumes of Sponda's properties in Finland



- Energy recovery
- Material recovery
- Mixed waste to landfill

Waste recovery rates of Sponda's properties in Finland 2016



Property locations



Long-term objectives

- Increasing the share of shopping centres and office properties in the company's property portfolio
- Developing the property portfolio by concentrating on prime areas and locations with good public transport links

Measures taken in 2016

In 2016, we continued to implement our strategy by increasingly focusing our property portfolio on prime areas and locations with good public transport links.

Our most significant acquisition in 2016 was the Forum block in Helsinki's central business district, comprising the Forum shopping centre and five office properties. The shopping centre is one of the largest and busiest in Finland, with a total of some 140 shops. The recently renovated modern office premises in the block have approximately 46 tenants.

The acquisition of the Forum block increases the share of properties in central Helsinki to 49 per cent of our total property portfolio. Following the Forum acquisition, the leasable area in shopping centres owned by Sponda totals approximately 198,000 square metres.

In addition to the city centre, Sponda is also investing in other growth centres in the Helsinki metropolitan area: in July 2016, we began construction on a six-storey office and

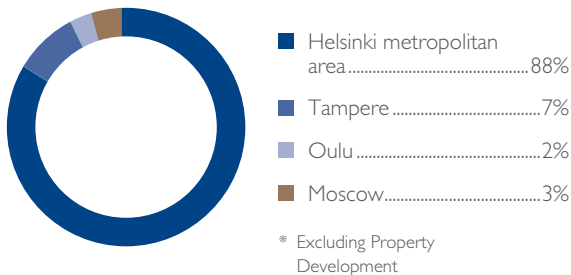
retail complex at Tikkurila railway station, at Värитеhtaankatu 8. The project will be built in two phases, with a total of 9,500 square metres of leasable space to be completed in the first phase. Energy efficiency and environmentally friendly solutions have been emphasised in the design and construction of the property right from the beginning.

Construction work also continued during the year on the Ratina shopping centre being developed in the heart of Tampere, with the foundation stone for Ratina laid in spring 2016. Upon its completion in spring 2018, the Ratina shopping centre will be the largest commercial centre in Tampere with 53,000 square metres of space and more than 140 retail units.

Other significant transactions made in Finland in 2016 included the sale of an office and warehouse building in Herttoniemi and the sale of zoned land in Espoo.

We aim to divest our Russian business within 1–2 years. We implemented this aspect of our strategy in 2016 by selling our shopping centre in Moscow and our logistics centre located to the east of St. Petersburg. At the end of 2016, 1 per cent (in terms of fair value) of Sponda's properties were located in Russia.

Investment properties by location and by fair value*



READ MORE [on the Property locations priority on the Sponda website.](#)

Enhancing the customer experience



Objectives for 2016

- Improving the quantity and particularly the quality of customer communications in our own operations. Also focusing on supporting our partners in serving the customer:
- Reliability, keeping promises and taking the customer's views into account will be the central focus of all of our customer operations.
- Our customers' overall satisfaction with their co-operation with the lessor to improve compared to 2015.
- Sponda's Net Promoter Score (NPS) to remain at least at the same level as in 2015.

Measures taken in 2016

Our most significant measures to enhance the customer experience in 2016 were:

- Developing property management and customer relationships based on customer feedback, together with business units.
- The creation and piloting of a new service model for the sales function in the Office Properties unit.
- Developing a new kind of customer survey model for the Shopping Centres unit.

Even more satisfied customers

We continued to develop our property management and customer relationships based on customer feedback in 2016. According to a survey to our tenants, we have been successful in our efforts, as our customers' overall satisfaction to the co-operation with the lessor increased from the previous year: the index score that indicates our customers' overall satisfaction with the lessor in 2016 was 3.79 (2015: 3.74) on a scale of 1–5. The most significant improvement occurred in section in which respondents were asked to evaluate the ability of Sponda's personnel to recognise the customer's needs.

Sponda's Net Promoter Score (NPS) also increased compared to 2015. Based on customer feedback, the key reason behind the increased willingness to recommend Sponda to others is the customers' trust in Sponda and its personnel.

The customer segment-specific CRM models updated in 2015 have contributed to a substantial improvement in customer satisfaction and the Net Promoter Score, particularly among large customers. Ongoing, professional and personal customer communications have played a key role in this development.

Customer orientation as the cornerstone of development

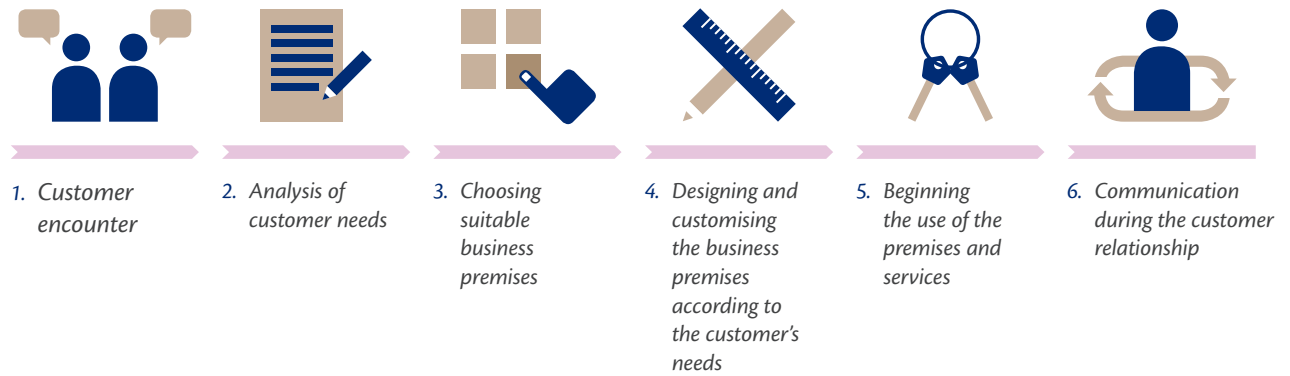
In 2016, we begin to develop new service model for the sales function related to the leasing of office properties with the service design agency Palmu. The service model enables a more effective response to customer needs. The piloting of the model began in autumn 2016 and it will be rolled out more extensively in 2017.

In the Shopping Centres unit, an entirely new customer survey model was created to better take into consideration the business objectives of tenant customers. We also developed a new customer feedback model for the MOW concept to promote customer orientation and competitiveness.

Objectives for 2017

- We will continue to focus on active and high-quality customer communications in all of our operations.
- The new service model for sales will be comprehensively implemented in the leasing of office properties.
- Our customers' overall satisfaction with their co-operation with the lessor will improve compared to 2016.
- Our customers' Net Promoter Score (NPS) will improve compared to 2016.

Sponda's customer process



READ MORE [on the Enhancing the customer experience priority on the Sponda website](#)

Investing in employees



Objectives for 2016

- We develop skills and practices for sharing knowledge and expertise, particularly with regard to the utilisation of systems in day-to-day work.
- We develop a culture of interaction and feedback based on plans prepared by our units.
- We invest in the well-being of our personnel in accordance with our units' needs and wishes, using modern mobile solutions.

Measures taken in 2016

Sponda's human resource strategy was updated in 2016. The cornerstones of the revised strategy are good leadership, competence development and the promotion of occupational wellbeing. Sponda's Board of Directors approved the strategy in the autumn 2016. The implementation of practices in line with the revised strategy will begin in 2017.

During the year, skills and practices for sharing knowledge and expertise were developed, particularly in relation to ERP and reporting systems. Several workshops were organised for user groups, with Sponda's administrative users from different units and functions in charge of instruction.

Sponda's culture of interaction and feedback was developed in each unit based on plans prepared by the units. The culture of interaction and feedback is evaluated annually as part of the employee satisfaction survey, and it will continue to be a key development area in 2017.

Better wellbeing with the help of a virtual coach

A new way of supporting employee wellbeing was tested in early 2016 in the form of a wellbeing campaign that invited all interested Sponda employees to work with a virtual coach on a wellbeing theme selected by the employee. The available themes included, for example, physical exercise, nutrition, stress and coping, weight management and smoking cessation. Each six-week coaching period included a weekly coaching session with the virtual coach. The campaign participants found the service beneficial and were active in using it.

The response rate in the annual job satisfaction survey was again very high at 96 per cent. In interpreting the results, the Finnish norm for specialists is used, and the corresponding Russian norm is used in Russia. Sponda's overall

result was again better than the average in the reference data. For example the results for the question on equal treatment were the best ever.

Sickness absence at a low level

The overall wellbeing of Sponda's employees was promoted during the year in many ways, including vouchers for sports and recreational activities. Sponda continues to provide comprehensive occupational healthcare services and co-operate closely with partners in occupational health. The investments in occupational healthcare have proved to be profitable, as the rate of sickness absence remained at a low level.

There were no changes to the incentive scheme during the year: the existing incentive scheme and voluntary share-based incentive scheme cover the entire personnel.



Objectives for 2017

- We develop competence management practices.
- We invest in good leadership by utilising evaluations of managerial work and coaching.
- We develop occupational wellbeing by highlighting the fact that everyone is responsible for maintaining a positive work atmosphere.



READ MORE [on the Investing in employees priority on the Sponda website.](#)

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Key figures for the personnel

	2016			2015			2014			2013			2012		
	Parent company			Parent company			Parent company			Parent company			Parent company		
	Group	company	Russia	Group	company	Russia	Group	company	Russia	Group	company	Russia	Group	company	Russia
Personnel at the yer-end	102	96	3	103	96	7	105	95	10	118	109	9	119	107	12
In average	107	98	5	103	94	9	118	108	10	121	111	10	122	110	12
Average age 31 Dec	45.68	46.30	42.67	44.55	44.80	41.14	43.52	45.63	41.40	40.54	45.40	35.67	44.46	44.83	41
Days lost in sickness in average	2.64	2.80	0.00	2.41	2.55	0.43	3.85	4.00	2.40	4.36	4.43	3.18	3.75	3.9	1.9
Days lost in sickness, %	-	1.23%	-	-	1.12%	-	-	1.60%	-	-	-	-	-	-	-
Training days in average	1.92	1.79	8.00	2.30	2.07	5.43	2.19	1.75	6.4	2.16	2.03	4.07	2.38	2.3	5.07
Training hours per employee	14.41	13.44	60.00	17.26	15.55	40.69	16.45	13.13	48.0	16.19	15.2	30.54	17.85	17.25	38.03
Days lost in trainings, %	-	0.79%	-	-	0.91%	-	-	-	-	-	-	-	-	-	-

Collective bargaining agreements and employee turnover

Percentage of employees covered by collective bargaining agreements*	100%
Turnover; Finland (Parent company)	12%
In employment relationships that are valid indefinitely	100%
In fixed-term employment relationship**	0%

* The collective labor agreement covers all personnel in Finland excluding the Executive Board.

** Fixed-term employment relationships are family leave substitutions exceeding 6 months in duration.

Personnel survey, Group

Scale 1–4	2016	2015	2014	2013	2012
Commitment	3.13	3.19	3.11	3.21	3.24
Leadership	3.05	3.09	3.07	3.19	3.21
Performance	2.90	3.12	2.98	3.05	3.06
Engagement index	3.39	3.38	3.34	3.42	3.45

Days of training by personnel group, parent company

	Total	Men	Women	% of working hours	
				men	women
Middle management	54	42	12	1.54%	0.66%
Experts	86	61	25	0.96%	0.58%
Parent company, total	172	103	37	0.79%	

Only personnel groups with three women and three men at minimum reported.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Job satisfaction and security, Finland, parent company

Accident frequency	under 0.0001
Occupational diseases	0
Fatalities	0
Number of discrimination cases, their handling and related corrective action, amount of cases	0

Sick days by personnel group, parent company

	Total	Men	Women	% of working hours	
				men	women
Middle management	45	11	34	0.40%	1.86%
Experts	115	22	93	0.34%	2.15%
Parent company, total	269	33	127	1.23%	

Only personnel groups with three women and three men at minimum reported.

Employees hired in 2016, Finland, parent company

Age group	Total	Men	Women
20–24	0	0	0
25–29	1	0	1
30–34	3	0	3
35–39	1	1	0
40–44	2	0	2
45–49	2	0	2
50–54	1	1	0
over 55	3	3	0
Total	13	5	8

Employees that left the company in 2016, Finland, parent company

Age group	Total	Men	Women
under 20	0	0	0
20–24	3	1	2
25–29	0	0	0
30–34	2	1	1
35–39	1	1	0
40–44	3	0	3
45–49	1	1	0
50–54	2	1	1
over 55	2	1	1
Total	14	6	8

Comparison of salaries and rewarding of men and women: Comparison groups I and II

Comparison group I, experts

The salary of women is % of the corresponding salary of men	The salary of women is % of the corresponding salary of men	
	Basic salary	Rewarding
2016	90.19%	70.28%
2015	101.25%	86.42%
2014	102.5%	125.1%

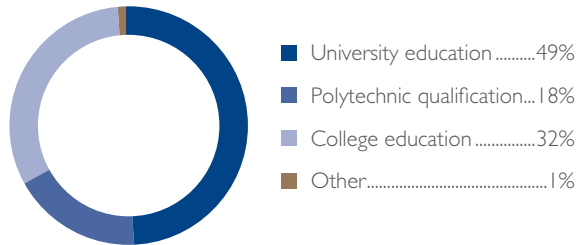
Comparison group II, middle management

The salary of women is % of the corresponding salary of men	The salary of women is % of the corresponding salary of men	
	Basic salary	Rewarding
2016	85.89%	72.56%
2015	89.27%	85.59%
2014	88.19%	89.53%

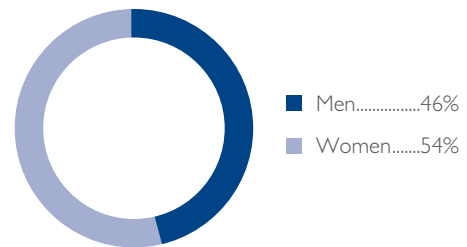
The comparison includes task-specific groups with three women and three men at minimum.
The comparison figure has been calculated on the principle of how many per cent the average salary and rewarding for women is of the corresponding salary and rewarding for men.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

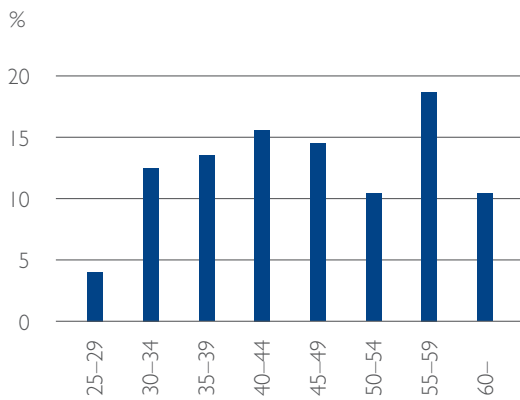
Educational structure 31 Dec, Sponda Plc



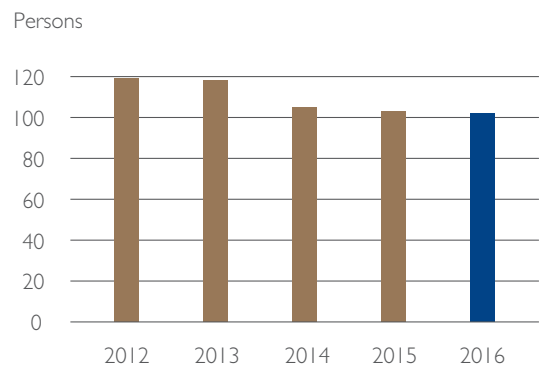
Sex ratio 31 Dec, Sponda Plc



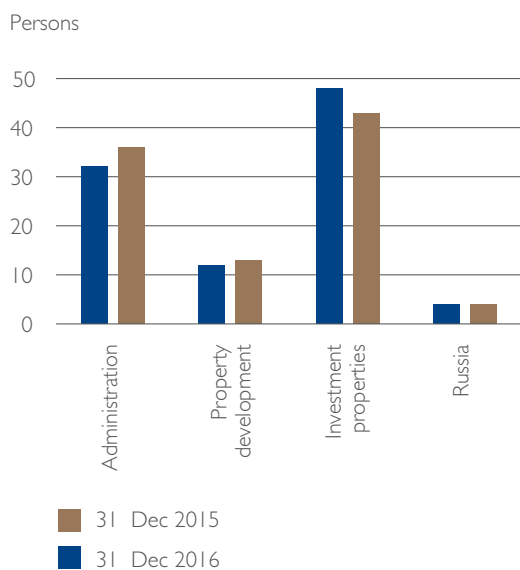
Age ratio 31 Dec, Sponda Plc



Personnel at the year-end, Sponda Group



Personnel Groups, Sponda Plc



Transparent and ethical operations



Objectives for 2016

- A Supplier Code of Conduct will be drafted in 2016. The responsibility principles for the supply chain will be included in newly signed and renewed agreements.
- Maintain Green Star rating in international GRESB (Global Real Estate Sustainability Benchmark) reporting and improve reporting further.

Measures taken in 2016

In 2016, our operations and responsibility efforts were guided by Sponda's values and strategy as well as Sponda's Code of Conduct and the principles of the UN's Global Compact initiative. In 2016 all new Sponda personnel in Finland received training in Code of Conduct as part of the personnel induction programme. In line with our objectives, we also began drafting our Supplier Code of Conduct. This development work will continue in 2017.

At Sponda, every employee is responsible for acting in accordance with the Code of Conduct. Operations that are in breach of the company's ethical principles must always be reported. Sponda has an internal feedback channel for reporting such nonconformities. Received nonconformity reports are discussed by the Code of Conduct steering group and forwarded to Sponda's Executive Board as necessary. No reports were received via the feedback channel in 2016.

Sponda wins recognition again in the CDP

Climate assessment

In 2016, Sponda achieved continued success in the Global Real Estate Sustainability Benchmark (GRESB) assessment by winning its fourth consecutive Green Star award. The Green Star is awarded to companies in the property industry that measure, implement, manage and develop responsibility successfully as an integral part of their business operations. The assessment includes all components of corporate responsibility, with companies evaluated comprehensively in the areas of company-level management, stakeholder

co-operation and risk management. The factors affecting the results of the assessment also include, among others, individual properties' environmental classifications, energy consumption, energy certificates and waste utilisation.

Sponda maintained the excellent A- level in the CDP Climate assessment, which measures companies' greenhouse gas emissions, emissions targets, measures to reduce emissions, business risks and opportunities related to climate change, as well as companies' management, development and reporting in these areas. Sponda's result was the best in Finland and among the best in the Nordic countries in the Financials category. The company was included in the best Leadership level for the second consecutive year. The results of the non-profit, independent CDP Climate surveys provide investors with a transparent and comparable review of the companies' measures to control and reduce climate emissions.

In addition to international assessments, we report on our responsibility at the national level. As part of the Finnish real estate sector's energy efficiency agreement, we report annually on our energy consumption and related efficiency improvement measures. The information is reported via a monitoring system maintained by Motiva. Sponda is also a member of the City of Helsinki Climate Partners network, and each year we report to the City on our climate targets and the results of our Energy efficiency programme. We report to WWF on the savings achieved by our offices under the Green Office system and on the measures we have implemented.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Continuing improvement in property management services

The development of property management and maintenance services was continued in 2016. New property service agreements were signed during the year with the aim of building flexible and development-oriented partnerships between the parties involved to ensure that property services are implemented with high quality and cost-efficiency.

Sponda's properties and property services are managed by a partner network comprising tens of suppliers. Sponda places particular focus on the reliability of service providers and their responsibility for consistent quality in service provision. In 2016, this was reflected, among other things, as improved feedback on customer satisfaction with regard to property maintenance operations and property services.

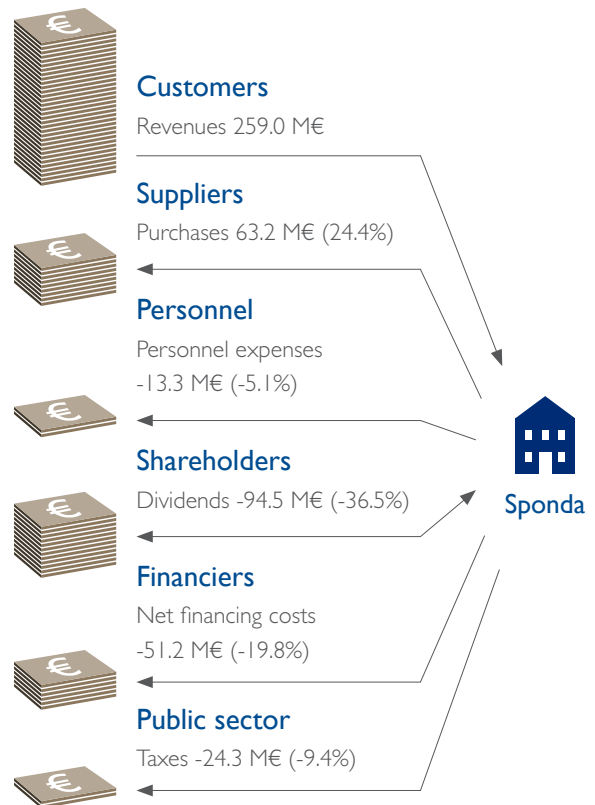
In addition to customer feedback and continuous reporting data, the quality of property services is also monitored by means of twice-yearly property audits and the self-evaluation of service production. The audits have been systematically developed further, which helped the company achieve an improvement in the quality of property maintenance services in 2016.

Objectives for 2017

- We will maintain our excellent ratings in international responsibility assessments CDP and GRESB.
- We will implement our Supplier Code of Conduct in 2017. The responsibility principles for the supply chain will be included in newly signed and renewed agreements.
- We will conduct an indoor environment satisfaction survey on our customers in at least two Sponda-owned properties.
- We will develop the operating model, control and monitoring of property maintenance services.
- We will continue to improve the overall satisfaction in property services among Sponda's customers compared to the level achieved in 2016.
- We will continue to carry out Sponda's annual property maintenance and energy reviews in accordance with our long-term plans.

Cash flows between stakeholders, IFRS

(% of revenue)



READ MORE [on the Transparent and ethical operations priority on the Sponda website.](#)

Taxation

Taxes and tax-like payments resulting from Sponda's operations

Sponda reports on the economic effect on society created by its operations through taxes and tax-like payments. Transparent reporting is one element of our responsibility.

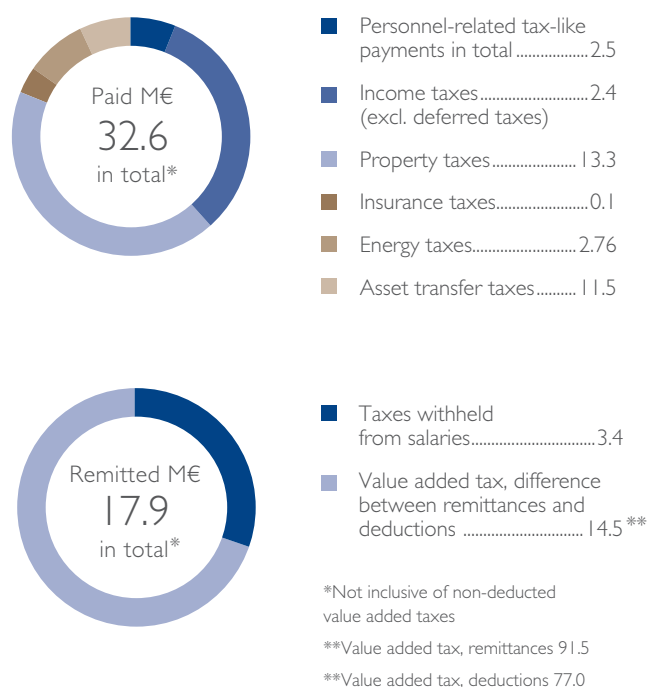
Each year, Sponda's business operations result in the accrual and payment of taxes to the tax authorities in the form of many different taxes and tax-like payments. Sponda's taxes resulting from business operations in Finland include income tax collected on the company's taxable income, property taxes collected on the basis of property ownership, and excise taxes collected as part of electricity prices. In addition, a proportion of the value added taxes paid for goods and services remains as a balance payable by the company. As an employer, Sponda pays contributions related to pension and social security as well as deducts withholding taxes from wages and salaries and pay them to the tax authorities.

In 2016, the taxes arising from Sponda's business operations amounted to EUR 32.6 million. In addition, Sponda paid withholding taxes deducted from wages and salaries at a total amount of EUR 3.4 million. The difference between remitted and deducted value added tax was EUR 14.5 million. The chart below illustrates the most significant taxes arising from Sponda's operations and the withheld taxes. Sponda has not received substantial financial support for its operations from the public sector.

Sponda Group's result calculated in accordance with IFRS deviates from the Group subsidiaries' total combined taxable result. The IFRS does not permit annual depreciation of investment properties, instead requiring that properties are recorded at their current fair value. The annual changes in fair value are then recorded in the company's result.

In taxation, the company applies normal depreciation on the purchase price of properties pursuant to tax law. These factors constitute a significant difference between the result recorded in the consolidated financial statements according to IFRS and the taxable result. The effects of the differences between the requirements of tax law and IFRS are taken into account in Sponda's deferred taxes.

Tax footprint in 2016



Taking the industry forward



Long-term objectives

Our goal is to be the most reliable, profitable and responsible player in the property sector; implementing sustainable development. We are an active participant in the activities and projects of organisations such as the Finnish Association of Building Owners

and Construction Clients RAKLI and EPRA, the umbrella organisation for listed European property investment companies. We also promote responsible ways of working in the property sector in co-operation with our subcontractors.

Measures taken in 2016

Sponda's new service concept MOW, a coworking space for freelancers and businesses, was completed in Helsinki's central business district in February 2016. In April, MOW won the gold medal at Finland's Nordic Startup Awards in the Best Office Space category. The competition participants were communities that have received recognition for their help and services to the startup community and succeeded in creating an environment that supports innovation.

Sponda was again an active participant in the operations of the Finnish Association of Building Owners and Construction Clients (RAKLI) in 2016. The aims of RAKLI's working groups include preventing the grey economy and evaluating the actual tax base of properties, which is affected by factors such as higher energy taxes.

We continued our active participation in the working groups of the Green Building Council Finland (FIGBC). Among other things, the working groups promoted industry co-operation related to property use and maintenance as well as the environmental certification of properties.

We were a signatory to the voluntary business premises energy efficiency action plan (TETS), which was part of the real estate sector's energy efficiency agreement coordinated by RAKLI, the Finnish Ministry of Employment and the Economy and the Finnish Ministry of the Environment. The agreement expired at the end of 2016. The objective of the agreement was to decrease energy consumption in the participating properties by six per cent during 2011–2016. Sponda reported annually on its actions and results related to the achievement of this energy saving target. Sponda achieved the six per cent energy saving target set for the term of the agreement.

Sponda also participated in the Climate Street project in Helsinki, aimed at increasing the appeal of Iso Roobertinkatu while taking environmental perspectives and energy saving

into consideration. The two-year project aims to achieve energy savings of 20 per cent. Sponda also co-operates with customers within the framework of the Environmental partnership programme, which involves Sponda and the customer jointly monitoring and developing the energy efficiency and environmental efficiency of the participating property.

Sponda among the first to sign up for the property sector's new energy efficiency agreement

In October 2016, we were one of the first companies to join the property sector's next voluntary energy efficiency agreement for the period 2017–2025. Energy efficiency agreements fulfil the international energy efficiency obligations set for Finland and they play an important role in Finland's energy and climate strategy and the reduction of carbon dioxide emissions. Sponda's target for the new agreement period is to reduce energy consumption by 7.5 per cent by 2025, using 2015 as the baseline.

In 2016, we also participated in the production of KTI Property Information's annual publication Responsible Property Business 2016. The review highlights current themes related to responsibility as well as practical experiences and examples of promoting responsibility through co-operation between various players.

Sponda also participated in the global WWF Earth Hour environmental awareness initiative for the seventh time. Participating organisations and private individuals around the world switch off their lights for one hour to show their solidarity for the climate. Organised annually, Earth Hour is the world's largest climate event. Sponda's participating properties included shopping centres and office properties in Helsinki and elsewhere in the Helsinki metropolitan area, as well as in Tampere.



READ MORE [on the Taking the industry forward priority on the Sponda website.](#)

GRI index

The scope of the GRI G4 guidelines that Sponda uses in this report is Core.

The report presents the General Standard Disclosures according to the GRI G4 guidelines as well as Specific Standard Disclosures, namely disclosures concerning the management approach and environmental responsibility indicators.

The Specific Standard Disclosures are reported in

accordance with the GRI G4 Core requirements for aspects that are identified as material.

In addition to the GRI reporting guidelines, certain portions of the report also comply with the European Public Real Estate Association's (EPRA) recommendations on sustainable reporting (2014).

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
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General Standard Disclosures

Strategy and Analysis

G4-1	Statement from the President and CEO	Yes	Chief Executive's Review				
G4-2	Key impacts, risks and opportunities	Yes	Implementation of strategy in 2016, Risks and risk management (website), Responsibility targets and actions in 2016				

Organisational Profile

G4-3	Name of reporting organisation	Yes	Sponda				
G4-4	Primary brands, products and services	Yes	Sponda, Sponda in brief (website), Business operations in 2016				
G4-5	Location of the organisation's headquarters	Yes	Contact details				
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Yes	Business operations in 2016, Supply chain (website)				
G4-7	The nature of ownership and legal form	Yes	Corporate Governance; Shares and shareholders				
G4-8	Markets served	Yes	Business operations in 2016				

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
G4-9	Scale of the organisation	Yes	Investing in employees, Key figures				
G4-10	Number of employees by employment contract and gender	Yes	Investing in employees			Yes	
G4-11	Percentage of total employees covered by collective bargaining agreements	Yes	Investing in employees			Yes	
G4-12	The organisation's supply chain	Yes	Supply chain (website)				
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Yes	Report by the Board of Directors, Implementation of strategy in 2016				
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation	Yes	Risk management (Corporate Governance), Report by the Board of Directors				
G4-15	Externally developed charters, principles or other initiatives to which the organisation subscribes or which it endorses	Yes	Energy and environmental efficiency (website), Managing responsibility (website), Taking the industry forward (website), Transparent and ethical operations (website)				
G4-16	Memberships of associations and national or international advocacy organisations	Yes	Taking the industry forward (website)				
Identified Material Aspects and Boundaries							
G4-17	List of all entities included in the organisation's consolidated financial statements	Yes	Scope of reporting, Financial statements				
G4-18	The process of defining the report content and the Aspect Boundaries	Yes	Scope of reporting, Materiality analysis (website)				
G4-19	Material Aspects	Yes	Responsibility targets and actions in 2016, Materiality analysis (website), Scope of reporting				

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
G4-20	For each material Aspect, the Aspect Boundaries within the organisation	Yes	Scope of reporting				
G4-21	For each material Aspect, the Aspect Boundaries outside of the organisation	Yes	Scope of reporting				
G4-22	Effect of any restatements of information provided in previous reports	Yes	Scope of reporting				
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Yes	Scope of reporting				
Stakeholder Engagement							
G4-24	List of stakeholder groups engaged by the organisation	Yes	Sponda's stakeholders (website)				
G4-25	Basis for identification and selection of stakeholders with whom to engage	Partially	Sponda's stakeholders (website)				Stakeholders were reviewed in conjunction with the Materiality Analysis conducted in 2014.
G4-26	The organisation's approach to stakeholder engagement	Yes	Sponda's stakeholders (website)				
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Yes	Sponda's stakeholders (website) , Materiality analysis (website) , Enhancing the customer experience , Transparent and ethical operations				
Description of the report							
G4-28	Reporting period	Yes	Scope of reporting				
G4-29	Date of most recent previous report	Yes	Scope of reporting				
G4-30	Reporting cycle	Yes	Scope of reporting				
G4-31	Contact point for questions regarding the report or its contents	Yes	Contact details				
G4-32	GRI Content Index	Yes	GRI index				
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report	Yes	Scope of reporting , GRI index , Independent assurance report				Certain energy and emissions data in Finnish has been assured by an independent third party.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
Governance							
<i>Governance structure and composition</i>							
G4-34	Governance structure of the organisation, including committees of the highest governance body	Yes	Board of Directors (website) , Board committees and working groups (website) , Executive Board (website)				
G4-38	Composition of the highest governance body and its committees	Yes	Board of Directors (website)				
G4-39	Whether the Chair of the highest governance body is also an executive officer	Yes	Board of Directors (website)				
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Yes	Board of Directors (website)				
<i>Highest governance body's role in setting purpose, values and strategy</i>							
G4-42	Highest governance body's role in the setting of the organisation's purpose, values and strategy	Yes	Duties of the Board of Directors (website)				
<i>Highest governance body's role in risk management</i>							
G4-45	The highest governance body's role in the identification and management of risks	Yes	Risks and risk management (website)				
G4-46	The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes	Yes	Risks and risk management (website)				
G4-47	Frequency of the highest governance body's review of risks	Yes	Risks and risk management (website)				
<i>Highest governance body's role in sustainability reporting</i>							
G4-48	The highest committee or position that formally reviews and approves the organisation's sustainability report	Yes					The company's senior management reviews and approves the report.
<i>Remuneration and incentives</i>							
G4-51	Remuneration policies for the highest governance body and senior executives	Yes	Remuneration and other financial benefits paid to the Board of Directors (website)				

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
Ethics and Integrity							
G4-56	The organisation's values, principles, standards and norms of behaviour	Yes	Implementation of strategy in 2016 , Vision, mission and values (website) , Managing responsibility (website) , Transparent and ethical operations (website)			Yes	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour		Investing in employees , Transparent and ethical operations			Yes	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour		Investing in employees , Transparent and ethical operations			Yes	

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
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> Specific Standard Disclosures

Specific Standard Disclosures are reported for the identified material Aspects.

Management Approach							
	Disclosures on Management Approach (DMA)	Yes	Managing responsibility (website) , Energy and environmental efficiency (website) , Property locations (website) , Enhancing the customer experience (website) , Investing in employees (website) , Taking the industry forward (website)				
Economic responsibility Economic performance							
G4-EC1	Direct economic value generated and distributed	Yes	Tax footprint , Transparent and ethical operations (website)				
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Yes	Spondability (website) , Energy and environmental efficiency (website) , Risk management (Governance, website) , Implementation of strategy in 2016				The implications of climate change are assessed as part of Sponda's regular risk assessment
Indirect Economic Impacts							
G4-EC7	Development and impact of infrastructure investments and services supported	Yes	Property locations (website)				Sponda has no assessment programmes related to the needs of local communities.
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Partially	Stakeholders (website) , Tax footprint , Taking the industry forward (website) , Transparent and ethical operations (website)				The extent of impacts has not been specified.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
Environmental responsibility							
Energy							
G4-EN3	Energy consumption within the organisation	Yes	Energy and environmental efficiency, Key figures, Scope of reporting, Calculation principles for environmental reporting	Yes, assurance report	Yes: Elec-Abs, DH&C-Abs, Fuels-Abs	Yes	Sponda did not have any fuel consumption of its own during the reporting period. The share or renewable energy of total energy consumption during the reporting year is 16 per cent.
G4-EN5	Energy intensity	Yes	Energy and environmental efficiency, Scope of reporting, key figures	Yes, assurance report	Yes: Elec-LfL, DH&C-LfL, Fuels-LfL	Yes	Energy intensity refers to the energy consumption of Sponda-owned properties in proportion to the property's gross floor area.
CRE 1	Building energy intensity	Yes	Energy and environmental efficiency, key figures		Yes, Energy-Int		G4 Construction and Real Estate Sector Disclosures
G4-EN6	Reduction of energy consumption	Yes	Property Development in 2016, Energy and environmental efficiency	Yes, assurance report		Yes	Includes the reduction in energy consumption achieved through Sponda's Energy efficiency programme. The monetary savings achieved through energy conservation measures are not reported.
G4-EN7	Reductions in energy requirements of products and services	Yes	Energy and environmental efficiency	Yes, assurance report		Yes	Includes the changes in certain environmental impacts achieved through Sponda's Environmental Partnership Programme compared to the previous year. Covers Sponda's environmental partners in 2016.
Water							
G4-EN8	Total water withdrawal by source	Yes	Energy and environmental efficiency, key figures		Yes: Water-Abs, Water-LfL	Yes	
CRE 2	Water intensity	Yes	Energy and environmental efficiency, key figures		Yes: Water-Int		G4 Construction and Real Estate Sector Disclosures

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
<i>Emissions</i>							
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Yes	Energy and environmental efficiency , Scope of reporting	Yes, assurance report	Yes: GHG-Dir-Abs, GHG-Dir-LfL	Yes	Sponda did not have any direct greenhouse gas emissions during the reporting period.
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Yes	Energy and environmental efficiency , Key figures , Scope of reporting	Yes, assurance report	Yes: GHG-Indir-Abs	Yes	Covers carbon dioxide emissions during the reporting period. Based on the emission factors reported by energy companies. For emissions in Russia, the three-year country-specific average 2012–2014 published by IEA was used. Emission reductions achieved by renewable energy production and the purchasing of green electricity are reported here.
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Yes	Energy and environmental efficiency , Scope of reporting	Yes, assurance report		Yes	Covers carbon dioxide emissions during the reporting period.
G4-EN18	Greenhouse gas (GHG) emissions intensity	Yes	Energy and environmental efficiency , Scope of reporting , key figures	Yes, assurance report	Yes: GHG-Indir-LfL	Yes	Greenhouse gas emissions intensity refers to the greenhouse gas emissions caused by the energy consumption (Scope 2) of Sponda-owned properties in proportion to the properties' gross floor area.
CRE3	Greenhouse gas intensity of building's energy consumption	Yes	Energy and environmental efficiency , key figures		Yes: GHG-Int		G4 Construction and Real Estate Sector Disclosures
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Yes	Energy and environmental efficiency	Yes, assurance report		Yes	Includes the reduction in carbon dioxide emissions achieved through Sponda's Environmental Partnership Programme (Scope 2). Covers Sponda's environmental partners in 2016.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
<i>Effluents and Waste</i>							
G4-EN23	Total weight of waste by type and disposal method	Yes	Energy and environmental efficiency, Key figures		Yes: Waste-Abs, Waste-LfL	Yes	
<i>Products and Services</i>							
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Yes	Energy and environmental efficiency,				
<i>Supplier Environmental Assessment</i>							
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Partially	Supply chain (web-site), Transparent and ethical operations (website)				The significance of environmental responsibility and environmental responsibility in Sponda's procurement practices are described.
<i>Social responsibility Labour practices and decent work Employment</i>							
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Yes	Investing in employees			Yes	
<i>Occupational Health and Safety</i>							
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	Yes	Investing in employees				An accurate breakdown cannot be provided due to the small number

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
<i>Training and Education</i>							
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Yes	Investing in employees				
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Yes	Investing in employees				If an employment relationship is terminated on the employer's initiative for a reason deriving from the employer, the employee is offered the opportunity to participate in employment search training and career counselling.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Yes	Investing in employees			Yes	All of Sponda's personnel are covered by performance reviews.
<i>Diversity and Equal Opportunity</i>							
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Yes	Board of Directors (Governance section on website) , Investing in employees			Yes	
<i>Equal Remuneration for Women and Men</i>							
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Yes	Investing in employees			Yes	

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
<i>Supplier Assessment for Labour Practices</i>							
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Partially	Supply chain (website), Transparent and ethical operations (website)				Occupational safety practices in Sponda's procurement procedure are described.
Human rights <i>Non-discrimination</i>							
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		Investing in employees			Yes	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Yes	Investing in employees				No incidents of discrimination in the reporting period.
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		Investing in employees			Yes	No reported cases during the period.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Code	GRI Standard Disclosures (G4)	Included	Location in the Annual Review	External assurance	Pursuant to EPRA recommendation	Global Compact	Comments
Society							
<i>Anti-corruption</i>							
G4-SO4	Communication and training on anti-corruption policies and procedures	Yes	Transparent and ethical operations			Yes	
G4-SO5	Confirmed incidents of corruption and actions taken	Yes				Yes	No incidents of corruption in 2016
<i>Supplier Assessment for Impacts on Society</i>							
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Partially	Supply chain (website), Transparent and ethical operations (website)				Sponda's procurement procedures and practices concerning the prevention of the grey economy and financial crime are described.
Product responsibility							
<i>Customer Health and Safety</i>							
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Yes	Enhancing the customer experience (website)				
<i>Product and Service Labelling</i>							
G4-PR5	Results of surveys measuring customer satisfaction	Yes	Enhancing the customer experience, Key figures				
CRE 8	Certificates	Yes	Responsibility targets and actions in 2016, Energy and environmental efficiency		Yes, Cert-Tot		G4 Construction and Real Estate Sector Disclosures

The scope and principles of the report

Description of the report

The Annual Review contains general information about Sponda's financial, social and environmental operations between 1 January and 31 December 2016, unless otherwise indicated.

Scope of reporting

Sponda reports on its corporate responsibility according to the guidelines of the Global Reporting Initiative (GRI) G4 Core reporting guidelines. Additionally, the GRI G4's Construction and Real Estate Sector Disclosures reporting guideline has been applied in reporting. In particular, the CRE indicators related to the real estate sector are reported on where applicable.

In addition to the GRI G4 reporting guidelines, certain portions of the Review also comply with the European Public Real Estate Association's EPRA recommendations (EPRA Best Practices Recommendations on Sustainability reporting, 2014), separately indicated in the [GRI index](#). Sponda's Consolidated Financial Statements are compiled according to the IFRS (International Financial Reporting Standards). This report meets the UN Global Compact reporting requirements.

Assurance

Selected information in Finnish about energy and emissions has been assured by an independent third party, PricewaterhouseCoopers Oy, and congruence between the Finnish and English versions has been checked. The assured information is identified in the GRI Content Index. [The Independent Assurance Report](#) is available in the Annual Review in the section Responsibility targets and actions in 2016.

Structure of the report

Sponda's corporate responsibility reporting for 2016 follows the GRI G4 reporting guidelines. Additionally, the principles and perspective of Integrated Reporting (IR) have been applied in reporting. Information pertaining to corporate responsibility operations is provided in the following sections:

- The strategic significance of responsibility to Sponda is discussed in the [Responsibility section of the Sponda website](#). The same section also describes Sponda's approach to corporate responsibility.

- In the Annual Review, the section "Responsibility targets and actions 2016" describes Sponda's results and measures in the area of corporate responsibility in 2016.
- A chart showing the correspondence between the GRI G4 aspects defined as material, GRI guidelines, and Sponda's reporting can be found in the [GRI index](#).
- Reporting boundaries corresponding to material aspects of corporate responsibility are presented in a separate table.

Scope of the report and data collection

The figures that appear in the report are based on the figures of Sponda's operations in Finland, unless otherwise indicated. Figures for the company's subsidiaries are mentioned separately. Unless otherwise indicated, there have been no changes compared to previous reporting period in the scope or method of calculation of the reporting principles.

Calculation principles for environmental reporting

The calculation of environmental indicators takes into account properties located in Finland in which Sponda's ownership is at least 50 per cent. The reporting does not cover properties leased cold, meaning properties in which the tenant is responsible for property maintenance, energy purchasing or waste management. The exception to this rule is the Zeppelin shopping centre located in Kempele, which is reported in full despite the fact that Sponda's ownership is less than 50 per cent for some of the real estate companies that make up the shopping centre. The scope of environmental indicators is calculated as a share of [Sponda's total property portfolio on 31 December 2016](#) and depends on the indicator being reported.

From the beginning of 2014, office premises located in 16 investment properties are included in the offices segment and retail premises as part of the shopping centres segment. In assessing the scope, divided properties are only included once in the overall property portfolio. Unless otherwise mentioned, any references to the property portfolio refer to the portfolios included in the aforementioned portfolio list. The scope of environmental indicators as a share of the completed properties owned by Sponda is presented separately for each reporting section below.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Sponda's reportable environmental indicators are related to energy consumption, water consumption, carbon dioxide emissions and waste management.

The primary reporting period for environmental indicators is five years, consisting of the reporting year and the four preceding years. The following exceptions apply to the reporting periods:

- Like for like consumption figures are presented for two years.
- Segment-specific consumption figures are presented for two years.
- The monitoring of Sponda's environmental programmes—the Energy efficiency programme and the Environmental partnership programme—began in its current form in 2013. The relevant information is reported for a period of four years.
- The calculation of Sponda's indirect carbon dioxide emissions began in 2014. The reporting period for the information in question is three years.

Sponda's key environmental indicators are reported as total figures as well as segment-specific figures. During the reporting year, this segment-specific reporting included Office Properties, Shopping Centres, Logistics Properties and Russia. In assigning properties to segments, investment properties are assigned to the segment that corresponds to their primary use, also for the properties that are divided between the Office Properties segment and the Shopping Centres segment.

Inclusion of Russian operations are reported separately for the indicators that include them. For Russia, electricity and water consumption data is reported for the two largest office properties.

There is a certain degree of annual variability such as sales, purchases and extensive renovation projects, in Sponda's property portfolio, which affect the comparability of the annual environmental indicators. For this reason, environmental indicators are reported for all properties as well as like for like properties. Like for like consumption is reported separately for the following environmental indicators: energy consumption, water consumption, carbon footprint, total waste management volumes and recovery rates.

The total figures for energy consumption intensity and carbon dioxide emissions intensity also include properties that joined the district cooling network during the year, as district cooling is seen as a replacement for cooling based on electricity consumption. The denominator used in calculating the consumption intensity figures for all environmental

indicators is the gross floor area (GFAm²).

Sponda monitors separately the development of the environmental indicators for its head office. The consumption figures for the head office are presented in separate tables in the report.

Sponda monitors the environmental indicators of its environmental partners separately. The calculation is based on Sponda's environmental partners as of 31 December 2016.

The coverage of Sponda's energy efficiency program is 91 per cent. This is calculated from the amount of gross rented properties which are owned 100 per cent by Sponda, totaling 117 properties according to Sponda's portfolio.

Energy

The energy consumption of Sponda's properties consists of purchased energy, electricity, heating and district cooling, as well as solar power produced on site. During the reporting year, Sponda had on-site solar power production at one property.

Energy consumption monitoring extends to all properties for which Sponda is responsible for energy purchasing. A total of 127 of Sponda's fully or partially owned real estate companies were subject to energy consumption monitoring in 2016, representing 83 per cent of Sponda's property portfolio. Of these, 111 properties are subject to hourly monitoring, while consumption at 16 properties is monitored by means of manual meter reading.

Cooling is monitored separately for those properties that use district cooling. If cooling is performed by compressors, it is included in the electricity consumption.

The unit used in monitoring the consumption of purchased energy is the MWh. Total energy consumption is also reported in GJ using the conversion rate 1 MWh = 3.6 GJ (Source: IEA, International Energy Agency). The denominator used for calculating consumption intensity is gross floor area. Data on gross floor area (GFAm²) corresponds to consumption data. Properties that were sold or bought during the reporting year, properties that were covered by consumption monitoring for only part of the year and properties under renovation during reporting year are not included in the calculations on consumption intensity. Energy consumption is divided by the number of Sponda's properties excluding sold properties and properties included under property development (major new construction and

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

renovation projects). Properties under property development are not included in the segment specific figures.

Water consumption monitoring extended to 125 of Sponda's fully or partially owned properties in 2016, representing 82 per cent of Sponda's property portfolio. Of these, 108 properties are subject to hourly monitoring, while consumption at 17 properties is monitored by means of manual meter reading.

Information on waste covers all properties for which the responsibility to arrange waste management lies with a Sponda-owned property or mutual real estate company. The monitoring extended to 108 properties, representing 71 per cent of the properties owned by Sponda at the end of 2016. Waste covered in tenants' own waste management agreements is not included in the reporting. The reported information on waste is based on waste volumes reported by waste management service providers.

Greenhouse gas emissions (Scope 1) totalled zero during the reporting period. Sponda has no direct greenhouse gas emissions.

Greenhouse gas emissions from purchased energy (Scope 2) have been calculated by multiplying energy consumption (MWh) by the emission factor corresponding to its production (kg CO₂/MWh). The emissions have been estimated using two methods, based on information reported by the suppliers of purchased energy and based on Finland's country-specific emissions data (market- and area-specific calculation). At present, Sponda does not report on greenhouse gas emissions other than carbon dioxide, or their global warming potential.

Greenhouse gas emissions have been calculated for electricity and district cooling based on measured consumption data and, for district heating, based on normalised (weather-adjusted) consumption. The normalisation of consumption is based on the heating requirement figures reported by the Finnish Meteorological Institute, which facilitates year-to-year comparisons of heating consumption.

The calculation of CO₂ emissions for 2016 is based on emission factors reported by the suppliers of purchased energy in 2015. The emission factors are specified in the energy and environmental efficiency section of the report. Data for other reported years has been calculated using the actual emission factor for each year. The CO₂ emissions for 2015 have been updated according to the emission factors

for 2015. The emission intensities and the origin of electricity are based on the production breakdown of electricity produced in Finland, deducted by the amount of electricity produced from renewable energy sources of verified origin. The share of guarantees of origin (certificates of origin for Nordic Continental wind power) as well as self generated renewable electricity has been deducted from the CO₂ emissions figures reported by Sponda. In 2016, these represented 3.0 per cent of total emissions from electricity (1,063 tCO₂).

For the sake of comparison, Sponda's total CO₂ emissions are also reported using Finland's country-specific factor for electricity and heating production (Source: Motiva Oy). Country specific factor for district cooling production is not available. Therefore energy supplier specific factors are used. The emissions of properties located in Russia cover the CO₂ emissions arising from electricity consumption (source for the emission factor: IEA, International Energy Agency).

With respect to indirect greenhouse gas emissions (Scope 3), Sponda reports on carbon dioxide emissions from waste management, business air travel and leased cars. Waste management emissions are the most significant of Sponda's Scope 3 emissions and their emissions calculations are based on the GHG protocol. Emissions calculations for waste management cover 99.7% of the waste management Sponda is responsible for, including waste transportation as well as treatment. Emissions from business air travel are based on flight miles and the emission factors reported by airlines. The emissions from leased cars are based on Sponda's emissions data on leased cars and kilometres driven per year. Indirect greenhouse gas emissions are reported at the company level.

The use of renewable energy sources includes solar power generated by the properties themselves as well as electricity and heating produced from renewable energy sources and purchased from energy companies.

Earlier reports

The previous corporate responsibility report was published as a part of Sponda's annual report in February 2016. Sponda reports on its progress in terms of responsibility each year.

Sponda's corporate responsibility report also serves as a Communication on Progress (COP) report on the implementation of the UN Global Compact principles. There were no changes in COP reporting in 2016 compared to the previous year.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Sponda's material aspects and GRI G4 boundary table

GRI G4 Aspect	Material Aspect of Sponda's corporate responsibility (Materiality assessment 2014)	Aspect Boundary (G4 – 20–21)
Economic responsibility		
Economic performance	Economic value generated for stakeholders	Sponda
Indirect Economic Impacts	Property locations	Sponda and Society
Environmental responsibility		
Energy	Energy efficiency of properties	Sponda and Customers
Water	Water consumption at properties	Sponda and Customers
Emissions	Greenhouse gas emissions and renewable energy	Sponda and Customers
Effluents and Waste	Sorting and recovery of property waste	Sponda and Customers
Products and Services	Energy and environmental efficiency, Property locations	Sponda, Customers and Partners
Supplier Environmental Assessment	Purchasing management and responsible purchasing	Partners and Subcontractors
Social responsibility		
Labour practices and decent work		
Employment	Wellbeing of employees	Sponda
Occupational Health and Safety	Safety of personnel	Sponda
Training and Education	Improving professional expertise	Sponda
Diversity and Equal Opportunity	Equal and non-discriminatory treatment of employees	Sponda
Equal Remuneration for Women and Men	Equal and non-discriminatory treatment of employees	Sponda
Supplier Assessment for Labour Practices	Purchasing management and responsible purchasing	Partners and Subcontractors
Human rights		
Non-discrimination	Equal and non-discriminatory treatment of employees	Sponda
Society		
Anti-corruption	Business principles	Sponda
Supplier Assessment for Impacts on Society	Purchasing management and responsible purchasing	Partners and Subcontractors
Product responsibility		
Customer Health and Safety	Enhancing the customer experience	Sponda and Customers
Product and Service Labelling	Enhancing the customer experience, Environmental certification of properties	Sponda and Customers

Independent Practitioner's Limited Assurance Report

(Translation from the Finnish original)

To the Management of Sponda Plc

We have been engaged by the Management of Sponda Plc (hereinafter also the Company) to perform a limited assurance engagement on selected information on energy and greenhouse gas emissions (hereinafter Selected information on energy and GHG emissions) for the reporting period 1 January 2016 to 31 December 2016, disclosed in Sponda Plc's Annual Review 2016. The assured information is indicated in the Company's GRI index 2016.

Management's responsibility

The Management of Sponda Plc is responsible for preparing the Selected information on energy and GHG emissions in accordance with the Reporting criteria as set out in Sponda Plc's reporting instructions (described in Sponda's Annual Review, the G4 Sustainability Reporting Guidelines and the G4 Construction and Real Estate Sector Disclosures of the Global Reporting Initiative and the EPRA Best Practices Recommendations on Sustainability Reporting (September 2014) of the European Public Real Estate Association. The Management of Sponda Plc is also responsible for such internal control as the management determines is necessary to enable the preparation of Selected information on energy and GHG emissions that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of

integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected information on energy and GHG emissions based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected information on energy and GHG emissions is free from material misstatement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Selected information on energy and GHG emissions. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Selected information on energy and GHG emissions.

RESPONSIBILITY TARGETS AND ACTIONS IN 2016

Our work consisted of, amongst others, the following procedures:

- Interviewing a representative of senior management of the Company.
- Visiting the Company's Head Office.
- Interviewing employees responsible for collecting and reporting the Selected information on energy and GHG emissions.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Sponda Plc's Selected information on energy and GHG emissions for the reporting period ended 31 December 2016 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Sponda Plc for our work, for this report, or for the conclusions that we have reached.

Helsinki, 16 February 2017

PricewaterhouseCoopers Oy

Sirpa Juutinen
Partner
Sustainability & Climate Change

Sponda as an investment

Why invest in Sponda?

Sponda is a property investment company that specialises in leasing, developing and owning commercial properties.

Sponda aims for profitable growth through customer-focused operations, active property development and by acquiring properties. For its owners, Sponda is a good and stable investment. Sponda looks to increase shareholder value and pay a regular annual dividend. According to Sponda's dividend policy, Sponda pays a dividend of approximately 50 per cent of the operating cash flow per share for the financial year, taking into account the economic situation and the company's development needs.

Our key strengths are:

- Property portfolio focused on the best locations in the Helsinki metropolitan area, especially the Helsinki central business district and Ruoholahti.
- Diversified portfolio of office and shopping centre properties that offers customers a wide choice of premises
- Diverse, high-quality tenant base and balanced lease portfolio
- Leading property development operations
- Experienced, committed management and personnel
- Responsible business operations

Trading in Sponda's shares

Sponda's shares are quoted on Nasdaq Helsinki on the Large Cap list. The share's trading code is SDAIV.

In addition to Nasdaq Helsinki, Sponda shares were traded on several alternative marketplaces such as BATS CXE, BATS and Turquoise.

On Nasdaq Helsinki, the weighted average price of Sponda's share in 2016 was EUR 3.96. The highest quotation was EUR 4.85 and the lowest EUR 3.32. Turnover during the year totalled 126.5 million shares, or EUR 501 million. The closing price of the share on 30 December 2016 was EUR 4.38 and the market capitalisation of the company's share capital at the end of the year was at EUR 1,486.5 million.

On alternative marketplaces – BATS CXE, BATS and Turquoise – a total of 61.1 million shares were traded in 2016, which represents approximately 33 per cent of the total turnover.

Issued shares and share capital

On 31 December 2016, Sponda's share capital amounted to EUR 111,030,185 and the number of issued shares was 339,690,554. The number of shares increased by 56,615,092 due to a rights offering carried out in March 2016.

Share ownership

At the end of 2016, Sponda had a total of 10,414 shareholders (2015: 10,092). Nominee-registered and foreign shareholders accounted for 35.2 per cent of these (50.3% in 2015).

Annual General Meeting 2017

The Annual General Meeting of Sponda Plc will be held in the Helsinki Hall at Finlandia Hall (Mannerheimintie 13 e, Helsinki, doors M4 and K4) on Monday, 20 March 2017, starting at 2:00 p.m. Instructions for registering for the AGM are provided online at www.sponda.fi/investors.

To attend the meeting, shareholders must be entered in the company's shareholder register maintained by Euroclear Finland Ltd no later than 8 March 2017.

Dividend payment

The Board of Directors of Sponda decided, based on the authorisation granted to it by the Annual General Meeting on 21 March 2016, that during 2016 a dividend of EUR 0.06 per share was paid from the company's distributable profits based on the annual accounts adopted for the financial year 2015 in August (15 Aug 2016) and in December (8 Dec 2016), in total EUR 0.12 per share.

SPONDA AS AN INVESTMENT

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 20 March 2017. The Board's dividend proposal takes into consideration the aforementioned dividend payment authorisation based on which dividends totalling EUR 0.12 per share have been paid in 2016. The Board proposes to the 2017 Annual General Meeting that a dividend of EUR 0.08 per share be paid.

The Board of Directors proposes to the Annual General Meeting that the dividend for the financial year 2016 be paid to shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on the

record date 22 March 2017. The Board proposed to the Annual General Meeting that the dividend be paid at the close of the settlement period on 29 March 2017.

The Board further proposes to the Annual General Meeting that the Annual General Meeting authorise the Board of Directors to decide, at its discretion, on the payment of dividend in no more than two tranches based on the annual accounts adopted for the financial year 2016. The maximum amount of dividend to be distributed based on the authorisation is EUR 0.12 per share.

10 largest shareholders 31 Dec 2016	Shares	% of shares
Mercator Invest Ab	95,344,608	28.07
HC Fastigheter Holding Oy Ab	34,181,172	10.06
Varma Mutual Pension Insurance Company	29,083,070	8.56
Åbo Akademi University Foundation	4,957,430	1.46
Elo Pension Company	4,893,083	1.44
The State Pension Fund	3,950,000	1.16
OP-Finland Value Fund	2,183,952	0.64
OP-Finland Small Firms Fund	1,868,580	0.55
Odin Eiendom	1,500,000	0.44
Danske Invest Finnish Institutional Equity Fund	1,042,000	0.31
Total	179,003,895	52.70
Nominee-registered shares	118,007,533	34.74

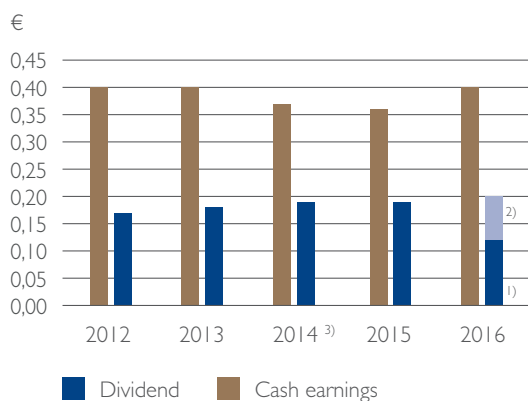
Share-related key figures	2016	2015	2014
Earnings per share (EPS), €	0.41	0.78	0.24
Shareholders' equity per share, €	5.16	5.26	4.45
Dividend per share, €	0.08 ¹⁾	0.19	0.19
Dividends paid based on authorisation granted by General Meeting, €	0.12 ²⁾		
Dividend in total, €	0.20	0.19	0.19
Effective dividend yield, %	4.57 ¹⁾	4.85	5.25
Lowest and highest share prices, €	3.32/4.85	3.29/4.57	3.25/4.10
Closing share price, €	4.38	3.92	3.62
Market capitalization, M€	1,486.5	1,109.7	1,024.7
Share turnover, million shares	126.5	121.6	73.4
Cash flow from operations per share, €	0.40	0.36	0.37 ³⁾
EPRA NAV per share, €	5.49	5.60	5.45

1) Board proposal

2) Dividend: dividend paid during 2016 based on Board authorisation granted by the Annual General Meeting on 21 March 2016. Distribution is based on the annual accounts adopted for the financial year 2015.

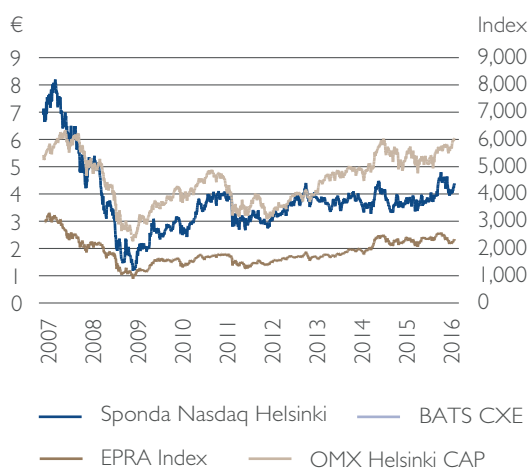
3) Cash flow from operations include share of result of associated companies adjusted with changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes.

Dividend and cash earnings per share

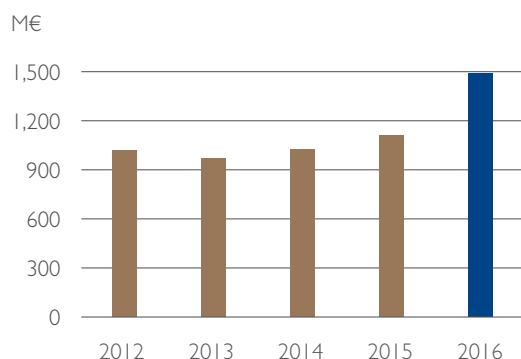


¹⁾ Dividend paid during 2016 based on AGM 2016 authorisation, in total EUR 0.12 per share.
²⁾ Board's proposal EUR 0.08 per share.
³⁾ Cash flow from operations includes the share of the result of associated companies adjusted by the changes in fair value of the associated companies' investment properties and financial instruments, and deferred taxes.

Sponda's share price compared to indices



Market capitalization



Information for shareholders

Changes of name and address

Shareholders are kindly requested to notify their bank or Euroclear Finland Ltd, whichever holds the shareholder's book-entry securities account, of any changes of address.

Financial information 2017

- 5 May 2017Interim report
January–March 2017
- 4 August 2017Half year financial report
January–June 2017
- 2 November 2017Interim report
January–September 2017

All financial reports and releases are published in Finnish and English. The materials are available at www.sponda.fi/investors.

Releases can be ordered from the company website or by contacting Sponda's communications by telephone on +358 (0)20 431 31 or by e-mail at [viestinta\(at\)sponda.fi](mailto:viestinta(at)sponda.fi).

Sponda's Investor Relations

The main task of Sponda's Investor Relations is to provide the market with sufficient and accurate information so that investors can assess the company's appeal as an investment today and in the future. Investor Relations ensures that the company's communications are balanced, timely and transparent.

Sponda's Board of Directors is responsible for the publication of the company's interim and annual financial statements. The President and CEO, the Chief Financial Officer and the Senior Vice President, Corporate Planning and IR are responsible for communications with Sponda's investors. The quiet period at Sponda begins 30 days before the publication date of the financial results. Sponda does not issue comments or meet with representatives of the capital markets during the quiet period.

Information on the banks and stockbrokers who have announced that they conduct investment analyses of Sponda's business operations is provided on the company website at www.sponda.fi/investors. The list may be incomplete and Sponda takes no responsibility for the assessments contained in these analyses.

SPONDA

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