

SPONDA

 *Full Year Result*

1.1.–31.12.2014

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

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## *Sponda Plc Financial Statements Bulletin 1 January – 31 December 2014*

### **JANUARY–DECEMBER 2014 IN BRIEF (compared with 1 January – 31 December 2013)**

- Total revenue was EUR 246.7 (264.3) million. The decline was primarily due to properties sold in 2014.
- Net operating income was EUR 176.0 (190.9) million.
- Operating profit was EUR 151.7 (153.0) million. This includes a fair value change of EUR -0.2 (-14.2) million.
- Cash flow from operations per share was EUR 0.37 (0.40).
- The fair value of the investment properties amounted to EUR 3,142.1 (3,253.3) million.
- Net assets per share totalled EUR 4.65 (4.64).
- The economic occupancy rate was 87.0% (87.9%).
- The Board proposes to the Annual General Meeting that a dividend of EUR 0.19 per share be paid.

### **OCTOBER–DECEMBER 2014 IN BRIEF (compared with 1 October – 31 December 2013)**

- Total revenue was EUR 57.3 (65.3) million.
- Net operating income was EUR 40.4 (47.4) million.
- Operating profit was EUR 32.9 (29.5) million. The operating profit includes a fair value change of EUR 1.6 (-12.7) million.
- Cash flow from operations per share was EUR 0.09 (0.10).

### **KEY FIGURES**

	<b>10-12/2014</b>	<b>10-12/2013</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<i>Total revenue, M€</i>	57.3	65.3	246.7	264.3
<i>Net operating income, M€</i>	40.4	47.4	176.0	190.9
<i>Operating profit, M€</i>	32.9	29.5	151.7	153.0
<i>Earnings per share, €</i>	0.04	0.15	0.24	0.34
<i>Cash flow from operations per share, €</i>	0.09	0.10	0.37	0.40
<i>Equity per share, €</i>			4.65	4.64
<i>Equity ratio, %</i>			41.0	40.7
<i>Interest cover ratio</i>			3.3	3.1

## KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>EPRA Earnings, M€</i>	23.2	27.7	101.6	111.5
<i>EPRA Earnings per share, €</i>	0.08	0.10	0.36	0.39
<i>Company adjusted Earnings, M€</i>	26.6	28.4	108.7	114.4
<i>Company adjusted Earnings per share, €</i>	0.09	0.10	0.38	0.40
<i>EPRA NAV/share, €</i>			5.45	5.29
<i>EPRA NNAV/share, €</i>			4.49	4.52
<i>EPRA Net Initial Yield (NIY), %</i>			5.18	5.84
<i>EPRA "topped-up" NIY, %</i>			5.19	5.84
<i>EPRA Vacancy rate, %</i>			12.96	12.08
<i>EPRA Cost Ratio (including direct vacancy costs), %</i>			17.26	16.27
<i>EPRA Cost Ratio (excluding direct vacancy costs), %</i>			11.96	11.37

### PRESIDENT AND CEO KARI INKINEN

In 2014 Sponda's core business was stable. We made significant progress with sales in line with our revised strategy, as well as with investments.

We implemented the strategy by selling our shares in three real estate funds, approximately half of our logistics property portfolio and the majority of our properties in Turku. Rental operations achieved good results and we managed to maintain the occupancy rate almost at the level of year-end 2013 in spite of the difficult market situation. The occupancy rate increased particularly in the autumn and the latter part of the year.

The fourth-quarter result of the associated company Certeum Oy was negative, primarily due to changes in the fair value of properties and derivatives. Nevertheless, the company's cash flow from operations, which is important for Sponda, was good. Sponda's share of the cash flow from operations, excluding start-up costs, was approximately EUR 4.5 million.

Sponda's property development projects are progressing on schedule and within budget. Two new construction projects and two extensive refurbishment projects will be completed this year. Pre-letting has progressed very well for the projects and they will bring a valuable addition to Sponda's total revenue and property portfolio.

### PROSPECTS FOR 2015

Sponda provides prospects for 2015 with regard to the development of the company's net operating income and, instead of economic occupancy rate, EPRA Earnings. EPRA Earnings shows operative result, a number which is of importance for Sponda.

#### *Net operating income*

Sponda estimates that the net operating income for 2015 will amount to EUR 158–168 million. The estimate is based on the company's view of property sales to be completed and the development of rental operations during the year.

#### *EPRA Earnings*

Sponda estimates that company adjusted EPRA Earnings in 2015 will amount to EUR 95–105 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

## **CERTEUM**

Sponda's share of Certeum Oy's result for the period 1 October – 31 December 2014 is EUR -3.5 million. Sponda's share includes a change in the fair value of investment properties of EUR -5.8 million and an unrealised change in the fair value of derivatives amounting to EUR -2.7 million. Non-recurring start-up costs amounted to EUR 1.2 million. Sponda's share of Certeum Oy's cash flow from operations excluding the aforementioned items was EUR 4.5 million.

## **BUSINESS CONDITIONS – FINLAND**

The Finnish GDP grew by 0.1% in 2014 (Finnish Ministry of Finance, December 2014). GDP took a turn to slight growth in the third quarter of 2014, mainly due to an increase in net exports. The Finnish Ministry of Finance forecasts GDP growth of 0.9% for 2015. The growth forecast is based on exports as well as moderate growth in private consumption and an increase in private investment.

The property transaction volume increased to approximately EUR 4.2 billion in 2014 (KTI Property Information). The fourth-quarter volume exceeded EUR 1.0 billion. The previous period with an equal property transaction volume was 2008 with a volume of EUR 4.15 billion. International investors were the buyers in 35% of the transactions, and six of the buyers were new to the Finnish market.

New construction activity picked up slightly compared to 2013. According to KTI Property Information, approximately 85,000 m<sup>2</sup> of new office premises were completed in the Helsinki metropolitan area by the end of September, which is almost equal to the total amount of new office space added in all of 2013 (88,000 m<sup>2</sup>).

The volume of vacant office premises turned to an increase in the second half of the year due to the weak economic situation. According to Catella, the average vacancy rate stood at 12.5% at the end of 2014, compared to 12.4% a year earlier. The vacancy rate in Helsinki's central business district turned to a decline of 1.1 percentage points in the second half of the year. At the end of 2014, the vacancy rate in Helsinki's central business district was 7.8%.

## **BUSINESS CONDITIONS – RUSSIA**

According to a World Bank forecast, Russian GDP grew by 0.7% in 2014. The World Bank forecasts Russian GDP growth of -2.9% in 2015. The reasons for the contraction of the economy are geopolitical tension, sanctions and the decrease in oil prices. The forecasts involve significant uncertainty due to the economic situation in Russia.

The substantial decline in the value of the rouble and the resulting increase in uncertainty led to a decrease in the number of property transactions in Russia in the fourth quarter. According to preliminary data from CBRE, the fourth-quarter volume was below USD 0.1 billion. The full-year volume was approximately USD 3.5 billion. The transaction volume fell by half compared to 2013, when the volume was approximately USD 7 billion.

Preliminary information from CBRE indicates that the average vacancy rate for office premises in Moscow increased to 16% at the end of the year. At the end of the year, the vacancy rate for Class A office space was approximately 26%, while the vacancy rate for Class B office space was approximately 12%. Some 1.4 million m<sup>2</sup> of new office space was completed in Moscow during the year. The previous period in which an equally high volume of new office space was completed was 2008. More than half of the new office space completed is Class A space.

Weakened demand and the large volume of newly constructed premises create upward pressure on vacancy rates and downward pressure on rents.

## OPERATIONS AND PROPERTY ASSETS 1 JANUARY – 31 DECEMBER 2014

Net operating income from all of Sponda's property assets totalled EUR 176.0 (190.9) million in 2014 and EUR 40.4 (47.4) million in October–December. Of this total, office premises accounted for 58%, shopping centres for 20%, logistics premises for 11%, Russia for 9% and the Real Estate Funds unit for 2%. On 31 December 2014, Sponda had a total of 169 leasable properties, with an aggregate leasable area of approximately 1.2 million m<sup>2</sup>. Of this total, approximately 63% is office premises, 12% shopping centres and 21% logistics premises. Some 4% of the leasable area of the properties is located in Russia.

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

At the end of 2014, an external consultant assessed the values of Sponda's investment properties in Finland (Catella Property Oy) and in Russia (CB Richard Ellis). The change in fair value of the investment properties in 2014 was EUR -3.9 (-16.1) million for the full year and EUR 1.5 (-10.1) million for October–December. The value of Sponda's properties in Finland developed favourably primarily due to a decrease in yield requirements. The negative change in fair value of properties in Russia was attributable to changes in yield requirements and market rents. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

### Valuation gains/losses on fair value assessment

M€

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Changes in yield requirements (Finland)</i>	12.4	0.7	15.7	-5.0
<i>Changes in yield requirements (Russia)</i>	-10.0	0.0	-10.0	0.0
<i>Development gains on property development projects</i>	3.5	0.0	5.5	2.2
<i>Modernisation investments</i>	-14.3	-7.8	-42.0	-22.6
<i>Change in market rents and maintenance costs (Finland)</i>	13.8	5.9	40.3	22.1
<i>Change in market rents and maintenance costs (Russia)</i>	-4.2	-6.2	-19.3	-7.1
<i>Change in currency exchange rates</i>	0.2	-2.7	5.9	-5.7
<i>Investment properties, total</i>	<b>1.5</b>	<b>-10.1</b>	<b>-3.9</b>	<b>-16.1</b>
<i>Real estate funds</i>	0.1	-5.2	-1.8	-8.8
<i>Realised share of real estate fund profits</i>	0.0	2.6	5.5	10.7
<i>Group, total</i>	<b>1.6</b>	<b>-12.7</b>	<b>-0.2</b>	<b>-14.2</b>

Sponda has determined the fair values of its investment properties at the end of 2014 in accordance with the company's established accounting principles. At the end of 2014, Catella Property Oy assessed the fair values of Sponda's investment properties in Finland and CB Richard Ellis in Russia. A more than usual amount of uncertainty is related to the valuation due to the economic situation in Russia, sanctions and strong fluctuations in the rate of the rouble. Especially the lack of comparable sales, changes to



lease agreements agreed on with tenants and the rouble becoming increasingly common as the contract currency, have increased uncertainty.

### Changes in Sponda's investment property assets M€

<b>SPONDA'S INVESTMENT PROPERTIES IN TOTAL 1.1.–31.12.2014, M€</b>	<b>Total</b>	<b>Office properties</b>	<b>Shopping centres</b>	<b>Logistics</b>	<b>Property development</b>	<b>Russia</b>
<i>Operating income</i>	240.9	141.7	45.8	30.8	0.4	22.2
<i>Maintenance expenses</i>	-69.4	-38.8	-10.6	-11.8	-1.8	-6.4
<i>Net operating income</i>	171.5	103.0	35.2	18.9	-1.4	15.8
<i>Investment properties on 1 January 2014</i>	3,253.3	1,753.3	717.5	426.5	108.2	247.8
<i>Capitalised interest 2014</i>	0.3	0.1	0.0	0.0	0.2	0.0
<i>Acquisitions</i>	65.0	65.0	0.0	0.0	0.0	0.0
<i>Investments</i>	64.0	36.5	4.7	1.3	21.1	0.4
<i>Transfers between segments</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Sales</i>	-236.6	-19.9	0.0	-216.7	0.0	0.0
<i>Change in fair value</i>	-3.9	18.5	3.8	-6.0	3.6	-23.8
<b><i>Investment properties on 31 December 2014</i></b>	<b>3,142.1</b>	<b>1,853.5</b>	<b>726.0</b>	<b>205.1</b>	<b>133.1</b>	<b>224.4</b>
<i>Change in fair value, %</i>	-0.1	1.1	0.5	-1.4	3.3	-9.6
<i>Weighted average yield requirement %</i>	6.6	6.3	5.7	8.3		10.2
<i>Weighted average yield requirement %, Finland</i>	6.3					

### RENTAL OPERATIONS

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

	<b>Number (agreements)</b>	<b>Area (m<sup>2</sup>)</b>	<b>EUR/m<sup>2</sup>/month</b>
<i>New agreements that came into effect during the period</i>	76	28,103	11.30
<i>Expired during the period</i>	82	11,829	25.00
<i>Renewed during the period</i>	43	16,673	16.20

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

Sponda calculates the growth in net rental yield for its properties according to EPRA Best Practices Recommendations by using a like-for-like net rental growth formula based on a comparable property portfolio owned by the company for two years. Like-for-like net rental growth was -3.0% (0.5%) for office premises, 3.2% (-0.5%) for shopping centres, -11.3% (-6.3%) for logistics premises and -10.7% (1.1%) for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

<b>Type of property</b>	<b>31.12.14</b>	<b>30.9.14</b>	<b>30.6.14</b>	<b>31.3.14</b>	<b>31.12.13</b>
<i>Office properties, %</i>	88.5*)	88.3*)	87.9*)	88.2*)	90.1
<i>Shopping centres, %</i>	91.2*)	89.3*)	90.4*)	92.9*)	89.0
<i>Logistics, %</i>	64.9	65.6	71.9	71.7	75.2
<i>Russia, %</i>	90.4	89.4	89.0	88.4	96.0
<i>Total property portfolio, %</i>	87.0	86.5	85.7	86.2	87.9

<b>Geographical area</b>	<b>31.12.14</b>	<b>30.9.14</b>	<b>30.6.14</b>	<b>31.3.14</b>	<b>31.12.13</b>
<i>Helsinki business district, %</i>	89.3	88.3	89.4	89.4	88.1
<i>Helsinki Metropolitan Area, %</i>	83.1	83.2	82.2	82.8	84.9
<i>Turku, Tampere, Oulu, %</i>	93.2	92.2	90.4	92.9	94.7
<i>Russia, %</i>	90.4	89.4	89.0	88.4	96.0
<i>Total property portfolio, %</i>	87.0	86.5	85.7	86.2	87.9

\*) From the beginning of 2014, office and retail premises and shopping centres located in the same investment property have been divided into their respective segments for part of the investment properties. The properties were previously classified according to their primary use. The change applied to approximately ten properties, and its effect was -1.2 percentage points for office properties and 3.6 percentage points for shopping centre properties at the time the change was made.

Total cash flow from lease agreements at the end of 2014 was EUR 1,038.4 (1,199.2) million. Sponda had 1,887 clients and altogether 2,923 lease agreements. The company's largest tenants were the State of Finland (8.1% of rental income), Kesko Group (5.1% of rental income), HOK-Elanto (4.2% of rental income) and Danske Bank Oyj (4.0% of rental income). Sponda's 10 largest tenants generate approximately 30% of the company's total rental income. Sponda's tenants by sector were as follows:



<b>Sector</b>	<b>% of net rental income</b>
<i>Professional, scientific and technical</i>	6.5
<i>Energy</i>	0.5
<i>Public sector</i>	12.9
<i>Wholesale/retail</i>	25.4
<i>Education</i>	1.3
<i>Logistics/transport</i>	3.7
<i>Hotel and catering business</i>	5.1
<i>Media/publishing</i>	4.1
<i>Other services</i>	14.2
<i>Banking/investment</i>	10.5
<i>Construction</i>	1.2
<i>Industry/manufacturing</i>	4.0
<i>Healthcare</i>	4.9
<i>Telecommunications</i>	5.6
<i>Other</i>	0.3

The average length of all lease agreements was 4.3 (4.6) years. The average length of lease agreements was 4.3 (4.6) years for office properties, 5.6 (6.2) years for shopping centres, 3.5 (4.4) years for logistics properties and 2.5 (2.4) years for properties in Russia. The lease agreements expire as follows:

	<b>% of rental income 31 December 2014</b>	<b>% of rental income 31 December 2013</b>
Within 1 year	14.0	12.6
Within 2 years	11.3	10.4
Within 3 years	18.1	10.3
Within 4 years	9.3	13.4
Within 5 years	7.4	8.3
Within 6 years	2.0	4.2
After more than 6 years	26.3	27.1
Valid indefinitely	11.6	13.9

## **DIVESTMENTS AND INVESTMENTS**

### **Divestments M€**

	<b>1.10.- 31.12.2014</b>	<b>1.10.- 31.12.2013</b>	<b>1.1.- 31.12.2014</b>	<b>1.1.- 31.12.2013</b>
<i>Properties sold</i>				
<i>Selling price</i>	5.1	14.5	237.2	33.1
<i>Profit/loss on sale*</i>	0.0	0.6	0.6	0.8
<i>Balance sheet value</i>	5.1	13.9	236.6	31.9
<i>*) Includes sales costs</i>				

## Investments M€

	1.10.- 31.12.2014	1.10.- 31.12.2013	1.1.- 31.12.2014	1.1.- 31.12.2013
<i>Properties acquired</i>	0.0	0.0	-65.0	-3.1
<i>Maintenance investments</i>	-14.3	-7.8	-42.0	-22.6
<i>Property development investments</i>	-9.1	-4.7	-22.0	-14.0

Property development investments were mainly directed to the construction of office buildings in Ilmala and Lassila.

## RESULTS BY SEGMENT

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

Sponda has changed its reporting segments effective from the beginning of 2015. The Real Estate Funds segment has been discontinued as of 1 January 2015. The segments under the Investment Properties unit, namely Office Properties, Shopping Centres and Logistics Properties remain unchanged, as do the Property Development and Russia segments. Property Investment Companies is reported as a new segment as of 1 January 2015. Property Investment Companies is comprised of investments in the associated company Certium, the First real estate fund and the property investment company Russia Invest. The Other segment includes expenses not attributed to any segment, as well as tax and financing expenses and any operating segments for which separate segment information does not need to be presented. The Other segment's numbers for the previous financial year will be adjusted to correspond with the changes in segment structure and composition.

### Office Properties

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Total revenue, M€</i>	36.3	35.9	141.8	143.0
<i>Net operating income, M€</i>	26.4	26.2	103.0	104.0
<i>Operating profit, M€</i>	36.5	27.7	112.9	104.1
<i>EPRA Net Initial Yield (NIY), %</i>			5.4	6.2
<i>Economic occupancy rate, %</i>			88.5	90.1
<i>Fair value of properties, M€</i>			1,853.5	1,753.3
<i>Change in fair value from beginning of year, M€</i>			18.5	7.6
<i>Leasable area, m<sup>2</sup></i>			766,500	756,000

Investments and divestments in the Office Properties segment during the period were:

	1.10.- 31.12.2014	1.10.- 31.12.2013	1.1.- 31.12.2014	1.1.- 31.12.2013
<i>Properties sold</i>				
<i>Selling price</i>	5.2	11.5	20.6	20.6
<i>Profit/loss on sale</i>	0.1	0.5	0.7	0.9
<i>Balance sheet value</i>	5.1	11.0	19.9	19.7
<i>Properties acquired</i>	0.0	0.0	-65.0	-3.1
<i>Maintenance investments</i>	-11.8	-6.0	-34.4	-17.9
<i>Property development investments</i>	0.2	-3.2	-2.1	-8.4

The lease agreements will expire as follows:

	% of rental income 31 December 2014	% of rental income 31 December 2013
<i>Within 1 year</i>	10.8	11.7
<i>Within 2 years</i>	12.0	11.0
<i>Within 3 years</i>	21.8	11.4
<i>Within 4 years</i>	7.4	13.2
<i>Within 5 years</i>	7.6	7.8
<i>Within 6 years</i>	2.0	2.8
<i>After more than 6 years</i>	22.3	23.9
<i>Valid indefinitely</i>	16.0	18.1

### Shopping Centres

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Total revenue, M€</i>	11.6	11.4	45.8	45.9
<i>Net operating income, M€</i>	8.8	8.8	35.2	34.9
<i>Operating profit, M€</i>	10.8	7.8	36.0	29.0
<i>EPRA Net Initial Yield (NIY), %</i>			4.7	4.4
<i>Economic occupancy rate, %</i>			91.2	89.0
<i>Fair value of properties, M€</i>			726.0	717.5
<i>Change in fair value from beginning of year, M€</i>			3.8	-3.4
<i>Leasable area, m<sup>2</sup></i>			151,000	157,500

Investments and divestments in the Shopping Centres segment during the period were:

<b>M€</b>	<b>1.10.- 31.12.2014</b>	<b>1.10.- 31.12.2013</b>	<b>1.1.- 31.12.2014</b>	<b>1.1.- 31.12.2013</b>
<i>Properties sold</i>				
<i>Selling price</i>	0.0	0.0	0.0	0.0
<i>Profit/loss on sale</i>	0.0	0.0	0.0	0.0
<i>Balance sheet value</i>	0.0	0.0	0.0	0.0
<i>Properties acquired</i>	0.0	0.0	0.0	0.0
<i>Maintenance investments</i>	-1.7	-1.0	-4.7	-2.7
<i>Property development investments</i>	0.0	0.0	0.0	0.0

The lease agreements will expire as follows:

	<b>% of rental income 31 December 2014</b>	<b>% of rental income 31 December 2013</b>
<i>Within 1 year</i>	8.3	3.2
<i>Within 2 years</i>	7.4	6.5
<i>Within 3 years</i>	10.0	6.3
<i>Within 4 years</i>	7.0	17.5
<i>Within 5 years</i>	6.3	5.7
<i>Within 6 years</i>	2.3	7.4
<i>After more than 6 years</i>	55.3	50.8
<i>Valid indefinitely</i>	3.4	2.7

### Logistics Properties

	<b>10-12/2014</b>	<b>10-12/2013</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<i>Total revenue, M€</i>	4.0	9.5	30.8	38.7
<i>Net operating income, M€</i>	1.8	6.4	18.9	25.9
<i>Operating profit, M€</i>	-2.2	2.6	11.1	16.9
<i>EPRA Net Initial Yield (NIY), %</i>			4.1	5.5
<i>Economic occupancy rate, %</i>			64.9	75.2
<i>Fair value of properties, M€</i>			205.1	426.5
<i>Change in fair value from beginning of year, M€</i>			-6.0	-7.7
<i>Leasable area, m<sup>2</sup></i>			248,500	477,500

Investments and divestments in the Logistics Properties segment during the period were:

<i>M€</i>	<b>1.10.- 31.12.2014</b>	<b>1.10.- 31.12.2013</b>	<b>1.1.- 31.12.2014</b>	<b>1.1.- 31.12.2013</b>
<i>Properties sold</i>				
<i>Selling price</i>	0.0	2.5	216.7	2.5
<i>Profit/loss on sale</i>	0.0	0.0	0.0	0.0
<i>Balance sheet value</i>	0.0	2.5	216.7	2.5
<i>Properties acquired</i>	0.0	0.0	0.0	0.0
<i>Maintenance investments</i>	-0.8	-0.6	-2.4	-1.7
<i>Property development investments</i>	0.0	0.0	1.1	0.0

At the end of September 2014, Sponda sold 12 logistics properties to Certeum Oy for EUR 216.7 million.

The lease agreements will expire as follows:

	<b>% of rental income 31 December 2014</b>	<b>% of rental income 31 December 2013</b>
<i>Within 1 year</i>	17.3	9.3
<i>Within 2 years</i>	12.0	9.9
<i>Within 3 years</i>	11.8	9.2
<i>Within 4 years</i>	7.9	4.8
<i>Within 5 years</i>	17.3	8.0
<i>Within 6 years</i>	1.8	8.4
<i>After more than 6 years</i>	17.3	29.3
<i>Valid indefinitely</i>	14.7	21.1

## Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 133.1 million at the end of 2014. Of this total, EUR 49.8 million was in undeveloped land sites and the remaining EUR 83.3 million was tied up in property development projects in progress. The value of unused building rights is presented in the assets of the segment concerned for investment properties that have a building, and as part of the Property Development segment for building rights for unbuilt land.

Sponda's property development operations comprise new construction projects and the refurbishment of existing properties. At the end of the review period, the Property Development unit had invested a total of EUR 22.0 million, of which EUR 9.1 million was invested in the final quarter. The investments were primarily directed to the construction of office buildings in Ilmalanrinne and Lassila.

Sponda is constructing a three-building office complex in Ilmala, Helsinki for use by Sweco. The project is expected to be completed in December 2015. The project's investment size is approximately EUR 57 million and the office complex is 97% pre-let.

In addition, Sponda started construction in June 2014 on a new office building with a floor area of approximately 4,600 m<sup>2</sup> in Helsinki's Lassila district. The total investment of the project will be approximately EUR 10.6 million. The building's main tenant will be Kone

Elevators Finland and the project is set to be completed in June 2015. The property is approximately 50% pre-let.

Sponda is carrying out development projects for the Ratina shopping centre in Tampere and related areas. The current plans are for a shopping centre with a total area of 50,000 m<sup>2</sup> and a total investment of approximately EUR 200 million. The decision to invest has not yet been made.

## Russia

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Total revenue, M€	5.1	6.6	22.2	28.6
Net operating income, M€	3.7	5.0	15.8	21.8
Operating profit, M€	-11.0	-5.0	-10.6	5.6
EPRA Net Initial Yield (NIY), %			6.0	8.0
Economic occupancy rate, %			90.4	96.0
Fair value of properties, M€			224.4	247.8
Change in fair value from beginning of year, M€			-23.8	-13.1
Leasable area, m <sup>2</sup>			44,500	44,500

The substantial depreciation of the rouble is affecting tenants' ability to pay rent in Russia. In the current market situation, Sponda has had to negotiate temporary reductions in rent with several tenants. The negotiations particularly concern dollar-linked rents.

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

M€	1.10.- 31.12.2014	1.10.- 31.12.2013	1.1.- 31.12.2014	1.1.- 31.12.2013
Properties sold				
Selling price	0.0	0.0	0.0	9.9
Profit/loss on sale*	0.0	0.0	0.0	-0.2
Balance sheet value	0.0	0.0	0.0	9.7
Properties acquired	0.0	0.0	0.0	0.0
Maintenance investments	0.0	-0.2	-0.4	-0.3
Property development investments	0.0	0.0	0.0	-0.9
*) Includes sales costs				

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

	<b>% of rental income 31 December 2014</b>	<b>% of rental income 31 December 2013</b>
<i>Within 1 year</i>	38.7	37.2
<i>Within 2 years</i>	13.4	14.1
<i>Within 3 years</i>	15.2	11.7
<i>Within 4 years</i>	23.8	18.9
<i>Within 5 years</i>	2.1	15.2
<i>Within 6 years</i>	1.5	0.4
<i>After more than 6 years</i>	5.5	2.5
<i>Valid indefinitely</i>	0.0	0.0

## Real Estate Funds

Sponda was a non-controlling holder in four real estate funds until 30 September 2014: At the end of September 2014, Sponda sold its shares in Sponda Fund I, Sponda Fund II and Sponda Fund III to Certuum Oy for EUR 77.2 million. Sponda was responsible for managing the properties acquired by Sponda Fund I, Sponda Fund II and Sponda Fund III, and received management fees. The total revenue, net operating income and operating profit of the segment were:

	<b>10-12/2014</b>	<b>10-12/2013</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<i>Total revenue, M€</i>	0.1	1.7	4.9	6.8
<i>Net operating income, M€</i>	0.1	1.2	4.1	5.2
<i>Operating profit, M€</i>	-0.1	-2.6	4.2	2.0

The change in the fair value of the real estate funds in 2014 was EUR -1.8 (-8.8) million for the full year and EUR 0.1 (-5.2) million for October–December. The realised shares of profit from real estate funds were EUR 5.5 (10.7) million for the year and EUR 0.0 (2.6) million for the final quarter.

First Top LuxCo invests in office and retail properties outside Finland's largest cities. Sponda's holding in the fund is 20%. Sponda's investment in the fund amounted to EUR 2.0 million on 31 December 2014.

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russia Invest purchased from SRV a 55% share in the Okhta Mall shopping centre project, which is Phase I of the Septem City project located in St. Petersburg. Sponda's investment in this project has been invested in full. The investment amounted to approximately EUR 16.6 million at the end of 2014. More information on the project is provided in the company's press release dated 17 June 2013.

## CASH FLOW AND FINANCING

Sponda's net cash flow from operations in the period under review totalled EUR 113.5 (106.5) million. Net cash flow from investing activities was EUR 33.5 (-27.4) million and the net cash flow from financing activities was EUR -141.5 (-90.1) million. Net financing costs amounted to EUR -55.9 (-59.8) million for the full year and EUR -11.7 (-15.9) million in October–December. Financial income and expenses include EUR -4.8 (-0.9) million in unrealised change in the fair value of derivatives in the period under review, and EUR -0.3 (-1.1) million in the final quarter. In addition, financial income and expenses included a non-recurring realised exchange rate gain of EUR 2.1 million. Interest expenses of EUR 0.3 (0.3) million were capitalised.



Sponda's equity ratio stood at 41.0% (40.7%) on 31 December 2014 and the gearing ratio was 121.2% (125.6%). Interest-bearing debt amounted to EUR 1,731.2 (1,788.8) million and the average maturity of loans was 2.1 (2.5) years. The average interest rate was 2.9% (3.2%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 76% (79%) of the loan portfolio. The average interest rate re-fixing period of the debt portfolio was 2.3 (2.3) years. The interest cover ratio, which describes the company's solvency, was 3.3 (3.1).

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

Sponda Group's debt portfolio at the end of 2014 comprised EUR 355 million in syndicated loans, EUR 469 million in bonds, EUR 248 million in issued commercial papers, and EUR 659 million in loans from financial institutions. Sponda had EUR 460 million in unused credit limits. Sponda Group had mortgaged loans of EUR 179.7 million, or 5.2% of the consolidated balance sheet.

In October 2014, Sponda signed an agreement with Swedbank AB (publ), Finnish Branch for a five-year unsecured loan of EUR 100 million. The loan was used in its entirety for partially refinancing an existing syndicated loan that matures in November 2015.

In October 2014, Sponda signed an agreement with Pohjola Bank plc for a five-year unsecured loan of EUR 100 million. The loan was used in its entirety for partially refinancing an existing syndicated loan that matures in November 2015.

## **PERSONNEL**

During the review period Sponda Group had, on average, 118 (121) employees, of whom 108 (111) worked for parent company Sponda Plc. On 31 December 2014, Sponda Group had altogether 105 (118) employees, of whom 95 (109) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in 2014 were EUR -22.1 (-23.2) million.

## **ANNUAL REMUNERATION AND INCENTIVE SCHEMES**

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development. In February 2014, Sponda's Board of Directors decided to implement an Employee Share Programme. The target group of the Share Programme includes all employees of Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's long-term share-based incentive scheme.

Sponda also has a long-term share-based incentive scheme with three three-year vesting periods, 2012–2014, 2013–2015 and 2014–2016. The Board of Directors will decide on the earning criteria and on targets to be established for the earning criteria for each vesting period. The earning criteria for the vesting period from 1 January 2012 to 31 December 2014 are the Group's average Return on Capital Employed (ROCE) and cumulative Operational Cash Earnings Per Share (CEPS) for the financial years in question. The earning criteria for the vesting period from 1 January 2013 to 31 December 2015 and 1 January 2014 to 31 December 2016 include property sales in addition to the above.

The long-term incentive scheme currently covers the members of the Executive Board, altogether six people. The Board of Directors can decide on including new key personnel in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 20 March 2012, 1 February 2013 and 1 November 2013.

## GROUP STRUCTURE

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

## SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of Sponda's share in 2014 was EUR 3.68. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.10 and the lowest EUR 3.25. Turnover during the period totalled 73.4 million shares, or EUR 270.3 million. The closing price of the share on 30 December 2014 was EUR 3.62 and the market capitalisation of the company's share capital was EUR 1,024.7 million.

The Annual General Meeting on 19 March 2014 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

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

On 30 December 2014 the company had altogether 8,841 shareholders and its ownership structure by sector was as follows:

	<b>Number of shares</b>	<b>Holding, %</b>
<i>Public entities</i>	32,083,420	11.3
<i>Nominee-registered</i>	145,149,978	51.3
<i>Financial and insurance institutions, total</i>	31,044,886	11.0
<i>Households</i>	21,457,199	7.6
<i>Private corporations, total</i>	45,713,075	16.1
<i>Non-profit organisations, total</i>	3,019,010	1.1
<i>Foreign owners, total</i>	4,607,894	1.6
<i>Total number of shares</i>	283,075,462	100.0

No flagging notices were issued during the period under review.

## BOARD OF DIRECTORS AND AUDITORS

Sponda's Board of Directors has seven members: Kaj-Gustaf Bergh, Christian Elfving, Paul Hartwall, Juha Laaksonen, Leena Laitinen, Arja Talma and Raimo Valo.

The Board of Directors assesses that, of its members, Juha Laaksonen, Leena Laitinen, Arja Talma and Raimo Valo are independent of the company and its major shareholders and Kaj-Gustaf Bergh, Christian Elfving and Paul Hartwall are independent of the company.

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

## **BOARD COMMITTEES**

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

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Christian Elfving (Deputy Chairman) and Leena Laitinen (ordinary member).

## **SPONDA'S MANAGEMENT**

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

## **ENVIRONMENTAL RESPONSIBILITY**

Environmental responsibility is one of Sponda's strategic priorities. The main goals of Sponda's environmental responsibility are related to reducing the energy consumption and CO<sub>2</sub> emissions of properties, decreasing water consumption, maximising the waste recovery rate and increasing the recycling rate. Sponda works together with customers to reduce the environmental impacts arising from the use of properties. In new construction and renovation, Sponda observes the principles of sustainable development by implementing projects in accordance with international environmental certification systems.

Sponda has received international recognition for its responsibility. In 2014, Sponda was ranked as the best property investment company in the Nordic region by the Carbon Disclosure Project (CDP). In addition, Sponda was again ranked among the best companies in the property sector in the international Global Real Estate Sustainability Benchmark (GRESB) survey.

More information on Sponda's responsibility is provided in Sponda's Annual Report, which will be published in the week of 23 February 2015.

## **RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE**

Sponda estimates that the risks and uncertainty factors in the current financial year are primarily related to the development of the Finnish and Russian economies.

In Russia, these risks are related to the decline of tenants' solvency and a decrease in the economic occupancy rate. The depreciation of the Russian rouble may cause tenant insolvency and a decrease in property values. The operations in Russia present a foreign exchange risk to Sponda. Changes in exchange rates may cause exchange rate losses that have a negative impact on the company's financial result. The uncertain situation in the Russian market may slow down the sale of Sponda's properties in Russia in 2015.

The weak development of the Finnish economy may cause a decline in net operating income and tenant insolvency.

For Sponda's property development projects, the key risk is related to the degree of success in leasing premises.

## **EVENTS AFTER THE PERIOD**

In its meeting held on 22 January 2015, the Shareholders' Nomination Board of Sponda Plc has decided to propose to the Annual General Meeting to be held on 16 March 2015 that the Board of Directors will consist of seven members, and that the current members

Kaj-Gustaf Bergh, Christian Elfving, Paul Hartwall, Juha Laaksonen, Leena Laitinen, Arja Talma and Raimo Valo be re-elected.

The Nomination Board proposes to the Annual General Meeting that the annual remuneration payable to the members of the Board to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2016 be as follows: EUR 66,000 for the Chairman, EUR 40,000 for the Deputy Chairman, and EUR 33,000 for each member. The Nomination Board further proposes that additional compensation of EUR 1,000 be paid to the Chairman of the Board for each meeting attended and EUR 600 be paid to members of the Board for each meeting attended. The Nomination Board proposes that members of the Board be paid EUR 600 per committee meeting and the Chairman of the Audit Committee EUR 1,000 per Audit Committee meeting. The Nomination Board proposes that 40% of the fixed annual remuneration be paid in Sponda Plc shares purchased from the market. The shares will be purchased within two weeks from the release of the interim report for the period 1 January – 31 March 2015. The Nomination Board further proposes that travel costs be reimbursed in accordance with the principles approved by the Finnish Tax Administration.

Sponda's Board of Directors will incorporate the proposals into the Annual General Meeting notice, which will be published later.

The Shareholders' Nomination Board consisted of the three largest shareholders on 30 September 2014:

Oy Palsk Ab, Kaj-Gustaf Bergh;  
Mutual Pension Fund Varma, Pekka Pajamo; and  
HC Fastigheter Holding Oy Ab, Ole Johansson.

## **PROSPECTS FOR 2015**

Sponda provides prospects for 2015 with regard to the development of the company's net operating income and, instead of economic occupancy rate, EPRA Earnings. EPRA Earnings shows operative result, a number which is of importance for Sponda.

### *Net operating income*

Sponda estimates that the net operating income for 2015 will amount to EUR 158–168 million. The estimate is based on the company's view of property sales to be completed and the development of rental operations during the year.

### *EPRA Earnings*

Sponda estimates that company adjusted EPRA Earnings in 2015 will amount to EUR 95–105 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

## **ANNUAL GENERAL MEETING AND DIVIDEND**

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 16 March 2015 and proposes to the Annual General Meeting that a dividend of EUR 0.19 per share be paid.

5 February 2015  
Sponda Plc  
Board of Directors

Additional information:

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**SPONDA PLC FINANCIAL STATEMENTS BULLETIN 1 JANUARY – 31 DECEMBER  
2014, TABLES**

**Consolidated income statement  
M€**

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Total revenue</i>				
<i>Rental income and recoverables</i>	57.1	63.6	241.4	257.2
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.3	0.3
<i>Fund management fees</i>	0.2	1.7	4.9	6.8
	<b>57.3</b>	<b>65.3</b>	<b>246.7</b>	<b>264.3</b>
<i>Expenses</i>				
<i>Maintenance expenses</i>	-16.9	-17.6	-69.8	-71.8
<i>Direct fund expenses</i>	0.0	-0.4	-0.8	-1.6
	-16.9	-18.0	-70.6	-73.4
<b>Net operating income</b>	<b>40.4</b>	<b>47.4</b>	<b>176.0</b>	<b>190.9</b>
<i>Profit/loss on sales of investment properties</i>	0.0	0.6	0.6	0.8
<i>Valuation gains/losses on fair value assessment</i>	1.6	-12.7	-0.2	-14.2
<i>Profit/loss on sales of trading properties</i>	0.1	0.0	2.0	0.0
<i>Sales and marketing expenses</i>	-0.7	-0.6	-2.2	-2.2
<i>Administrative expenses</i>	-4.9	-5.4	-19.9	-21.0
<i>Share of result of associated companies</i>	-3.5	0.0	-3.5	0.0
<i>Other operating income</i>	0.0	0.4	0.3	0.6
<i>Other operating expense</i>	-0.2	-0.2	-1.5	-2.0
<b>Operating profit</b>	<b>32.9</b>	<b>29.5</b>	<b>151.7</b>	<b>153.0</b>
<i>Financial income</i>	8.0	11.9	18.2	23.3
<i>Financial expenses</i>	-19.6	-27.8	-74.1	-83.1
<b>Total amount of financial income and expenses</b>	<b>-11.7</b>	<b>-15.9</b>	<b>-55.9</b>	<b>-59.8</b>
<i>Profit before taxes</i>	21.3	13.6	95.7	93.2
<i>Income taxes for current and previous fiscal years</i>	-0.1	-1.0	-1.8	-3.8
<i>Deferred taxes</i>	-7.9	-4.9	-20.4	-22.5
<i>Change in tax base of deferred taxes</i>	0.0	36.3	0.0	36.3
<b>Income taxes, total</b>	<b>-8.0</b>	<b>30.4</b>	<b>-22.2</b>	<b>9.9</b>
<b>Profit/loss for the period</b>	<b>13.3</b>	<b>44.0</b>	<b>73.6</b>	<b>103.1</b>
<i>Attributable to:</i>				
<i>Equity holders of the parent company</i>	13.3	44.0	73.6	103.1
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0
<i>Earnings per share based on profit attributable to equity holders of the parent company</i>				
<i>Basic and diluted, €</i>	0.04	0.15	0.24	0.34

**Consolidated statement of comprehensive income**  
**M€**

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Profit/loss for the period</i>	13.3	44.0	73.6	103.1
<i>Other comprehensive income</i>				
<i>Items that will not be reclassified to profit or loss</i>				
<i>Actuarial gains/losses of defined benefit pension plans</i>	-0.2	-0.1	-0.2	-0.1
<i>Taxes on items that will not be reclassified to profit or loss</i>	0.0	0.0	0.0	0.0
<i>Change in tax rate, revaluation reserve</i>	0.0	0.0	0.0	0.0
<b><i>Items that will not be reclassified to profit or loss, total</i></b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
<i>Changes in associated companies recognised directly in comprehensive income</i>	-1.4	0.0	-1.4	0.0
<i>Net loss/profit from cash flow hedges</i>	-0.2	1.9	-15.6	16.0
<i>Translation differences</i>	-3.0	-0.4	-3.3	-1.0
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	1.7	-1.5	5.2	-4.5
<b><i>Items that may be reclassified subsequently to profit or loss, total</i></b>	<b>-2.9</b>	<b>0.0</b>	<b>-15.1</b>	<b>10.5</b>
<i>Other comprehensive income for the period after taxes</i>	-3.0	-0.1	-15.3	10.4
<b><i>Comprehensive profit/loss for the period</i></b>	<b>10.3</b>	<b>43.9</b>	<b>58.3</b>	<b>113.5</b>
<i>Attributable to:</i>				
<i>Equity holders of the parent company</i>	10.3	43.9	58.3	113.5
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0

**Consolidated balance sheet**  
**M€**

	31.12.2014	31.12.2013
<b>ASSETS</b>		
<i>Non-current assets</i>		
<i>Investment properties</i>	3,142.1	3,253.3
<i>Investments in real estate funds</i>	18.6	88.3
<i>Investments in associated companies</i>	171.6	-
<i>Property, plant and equipment</i>	13.2	12.5
<i>Goodwill</i>	14.5	14.5
<i>Other intangible assets</i>	2.9	1.5
<i>Finance lease receivables</i>	2.7	2.7
<i>Other investments</i>	2.2	11.1



<i>Deferred tax assets</i>	25.1	27.4
<b>Non-current assets total</b>	<b>3,393.0</b>	<b>3,411.4</b>
<i>Current assets</i>		
<i>Trading properties</i>	7.8	7.8
<i>Trade and other receivables</i>	28.0	33.7
<i>Cash and cash equivalents</i>	20.3	18.8
<b>Current assets total</b>	<b>56.2</b>	<b>60.3</b>
<b>Total assets</b>	<b>3,449.2</b>	<b>3,471.7</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<i>Equity attributable to equity holders of the parent company</i>		
<i>Share capital</i>	111.0	111.0
<i>Share issue premium</i>	159.5	159.5
<i>Invested non-restricted equity reserve</i>	433.8	433.8
<i>Fair value reserve</i>	-35.1	-21.5
<i>Revaluation reserve</i>	0.7	0.7
<i>Other equity fund</i>	94.0	94.0
<i>Translation differences</i>	0.4	1.9
<i>Retained earnings</i>	645.5	628.1
	1,409.7	1,407.5
<i>Non-controlling interest</i>	1.8	1.8
<b>Shareholders' equity, total</b>	<b>1,411.5</b>	<b>1,409.3</b>
<i>Liabilities</i>		
<i>Non-current liabilities</i>		
<i>Deferred tax liabilities</i>	194.5	182.1
<i>Provisions</i>	1.1	0.0
<i>Interest-bearing loans and borrowings</i>	1,169.5	1,505.5
<i>Other liabilities</i>	48.6	27.2
<b>Non-current liabilities total</b>	<b>1,413.6</b>	<b>1,714.8</b>
<i>Current liabilities</i>		
<i>Current interest-bearing liabilities</i>	561.7	283.3
<i>Trade and other payables</i>	62.4	64.4
<b>Current liabilities total</b>	<b>624.1</b>	<b>347.6</b>
<b>Total borrowings</b>	<b>2,037.7</b>	<b>2,062.5</b>
<b>Total equity and liabilities</b>	<b>3,449.2</b>	<b>3,471.7</b>

**Consolidated Cash Flow Statement**  
**M€**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<i>Cash flow from operating activities</i>		
<i>Profit for the period</i>	73.6	103.1
<i>Adjustments</i>	87.0	74.1
<i>Change in net working capital</i>	7.6	-3.9
<i>Interest paid</i>	-51.0	-59.5
<i>Interest received</i>	0.8	0.9
<i>Other financial items</i>	-2.5	-4.3
<i>Dividends received</i>	0.0	0.0
<i>Taxes received/paid</i>	-1.9	-3.8
<b><i>Net cash provided by operating activities</i></b>	<b>113.5</b>	<b>106.5</b>
<i>Cash flow from investing activities</i>		
<i>Acquisition of investment properties</i>	-94.1	-50.9
<i>Capital expenditure on real estate funds</i>	-5.4	-13.6
<i>Investments in shares in associated companies</i>	-47.7	-
<i>Acquisition of tangible and intangible assets</i>	-2.7	-1.2
<i>Proceeds from sale of investment properties</i>	105.8	38.2
<i>Proceeds from sale of real estate funds</i>	77.3	-
<i>Proceeds from sale of tangible and intangible assets</i>	-	0.0
<i>Capital repayments from real estate funds</i>	0.4	-
<b><i>Net cash flow from investment activities</i></b>	<b>33.5</b>	<b>-27.4</b>
<i>Cash flow from financing activities</i>		
<i>Non-current loans, raised</i>	265.3	403.9
<i>Repurchase of hybrid bond</i>	-	-92.8
<i>Non-current loans, repayments</i>	-341.0	-345.9
<i>Current loans, raised/repayments</i>	-8.4	7.4
<i>Interest paid on hybrid bond</i>	-6.4	-14.5
<i>Dividends paid</i>	-51.0	-48.1
<b><i>Net cash flow from financing activities</i></b>	<b>-141.5</b>	<b>-90.1</b>
<i>Change in cash and cash equivalents</i>	5.6	-11.0
<i>Cash and cash equivalents, beginning of period</i>	18.8	30.1
<i>Impact of changes in exchange rates</i>	-4.0	-0.2
<b><i>Cash and cash equivalents, end of period</i></b>	<b>20.3</b>	<b>18.8</b>

**Consolidated statement of changes in equity**  
**M€**

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

	Share capital	Share issue premium	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity, total
<i>Equity 1 January 2014</i>	111.0	159.5	433.8	-21.5	0.7	94.0	1.9	628.1	1,407.5	1.8	1,409.3
<i>Comprehensive income</i>											
<i>Profit for the period</i>								73.6	73.6	0.0	73.6
<i>Other comprehensive income (net of tax)</i>											
<i>Actuarial gains/losses of defined benefit pension plans</i>								-0.1	-0.1		-0.1
<i>Changes in associated companies recognised directly in comprehensive income</i>				-1.1					-1.1		-1.1
<i>Cash flow hedges</i>				-12.5					-12.5		-12.5
<i>Translation differences</i>							-1.5		-1.5		-1.5
<i>Comprehensive income, total</i>				-13.6			-1.5	73.4	58.3	0.0	58.3
<i>Transactions with shareholders</i>											
<i>Dividend payment</i>								-51.0	-51.0		-51.0
<i>Transactions with shareholders, total</i>								-51.0	-51.0		-51.0
<i>Interest paid on hybrid bond</i>								-5.1	-5.1		-5.1
<i>Change</i>								0.0	0.0		0.0
<b><i>Equity 31 December 2014</i></b>	<b>111.0</b>	<b>159.5</b>	<b>433.8</b>	<b>-35.1</b>	<b>0.7</b>	<b>94.0</b>	<b>0.4</b>	<b>645.5</b>	<b>1,409.7</b>	<b>1.8</b>	<b>1,411.5</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Accounting principles

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

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

Sponda has not adopted the IFRIC 21 Levies interpretation (effective on 1 January 2014). The EU approved the interpretation in June 2014 for implementation no later than the next financial year beginning after 17 June 2014. Sponda has decided to adopt the interpretation effective from the financial year beginning on 1 January 2015.

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

### Segment information

Sponda's business segments are: Office Properties, Shopping Centres, Logistics Properties, Property Development, Real Estate Funds and Russia. Sponda's segment information is prepared under the principle that an investment property belongs in the segment that matches its primary use. From the beginning of 2014, however, office and retail premises and shopping centres located in the same investment property have been divided into their respective segments for part of the investment properties. This change was made due to reasons related to the management of current and potential customer relationships and customer relationship management in general. It affected the division between segments of 10 investment properties. The comparison figures have been adjusted accordingly.

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2014.

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

**Income statement by segment**  
**M€**

<i>Income statement information</i> <i>1–12/2014</i>	<b>Office Properties</b>	<b>Shopping Centres</b>	<b>Logistics</b>	<b>Property Development</b>	<b>Russia</b>	<b>Real Estate Funds</b>	<b>Other</b>	<b>Group, total</b>
<b>Total revenue</b>	<b>141.8</b>	<b>45.8</b>	<b>30.8</b>	<b>1.2</b>	<b>22.2</b>	<b>4.9</b>	<b>0.0</b>	<b>246.7</b>
<i>Maintenance expenses and direct fund expenses</i>	-38.8	-10.6	-11.8	-2.2	-6.4	-0.8	0.0	-70.6
<b>Net operating income</b>	<b>103.0</b>	<b>35.2</b>	<b>18.9</b>	<b>-1.0</b>	<b>15.8</b>	<b>4.1</b>	<b>0.0</b>	<b>176.0</b>
<i>Profit on sales of investment properties</i>	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
<i>Loss on sales of investment properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
<i>Profit/loss on trading properties</i>	0.0	0.0	0.0	2.0	0.0	0.0	0.0	2.0
<i>Change in value of trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Valuation gains/losses on fair value assessment</i>	18.5	3.8	-6.0	3.6	-23.8	3.7	0.0	-0.2
<i>Administration and marketing</i>	-8.8	-2.6	-1.5	-3.1	-2.5	-3.6	0.0	-22.1
<i>Share of result of associated companies</i>	0.0	0.0	0.0	0.0	0.0	0.0	-3.5	-3.5
<i>Other operating income and expenses</i>	-0.5	-0.4	-0.3	0.1	-0.1	0.0	0.0	-1.2
<b>Operating profit</b>	<b>112.9</b>	<b>36.0</b>	<b>11.1</b>	<b>1.6</b>	<b>-10.6</b>	<b>4.2</b>	<b>-3.5</b>	<b>151.7</b>
<b>Financial income and expenses</b>							<b>-55.9</b>	<b>-55.9</b>
<b>Profit before taxes</b>							<b>-59.4</b>	<b>95.7</b>
<b>Income tax</b>							<b>-22.2</b>	<b>-22.2</b>
<b>Profit/loss for the period</b>							<b>-81.6</b>	<b>73.6</b>
<i>Investments</i>	101.5	4.7	1.3	21.1	0.4	5.5	50.6	185.1
<i>Segment assets</i>	1,856.2	726.0	205.1	147.6	224.4	18.6	271.2	3,449.2
<i>Economic Occupancy Rate</i>	88.5	91.2	64.9		90.4			87.0

<b>Income statement information 1-12/2013</b>	<b>Office Properties</b>	<b>Shopping Centres</b>	<b>Logistics</b>	<b>Property Development</b>	<b>Russia</b>	<b>Real Estate Funds</b>	<b>Other</b>	<b>Group, total</b>
<b>Total revenue</b>	<b>143.0</b>	<b>45.9</b>	<b>38.7</b>	<b>1.2</b>	<b>28.6</b>	<b>6.8</b>	<b>0.0</b>	<b>264.3</b>
<i>Maintenance expenses and direct fund expenses</i>	-39.0	-11.0	-12.9	-2.2	-6.8	-1.6	0.0	-73.4
<b>Net operating income</b>	<b>104.0</b>	<b>34.9</b>	<b>25.9</b>	<b>-0.9</b>	<b>21.8</b>	<b>5.2</b>	<b>0.0</b>	<b>190.9</b>
<i>Profit on sales of investment properties</i>	0.9	0.0	0.0	0.0	0.0	0.0	0.0	1.0
<i>Loss on sales of investment properties</i>	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
<i>Profit/loss on trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Change in value of trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Valuation gains/losses on fair value assessment</i>	7.6	-3.4	-7.7	0.5	-13.1	1.9	0.0	-14.2
<i>Administration and marketing</i>	-8.7	-2.2	-1.1	-3.1	-2.9	-5.1	0.0	-23.2
<i>Share of result of associated companies</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other operating income and expenses</i>	0.2	-0.3	-0.2	-1.0	0.0	0.0	0.0	-1.4
<b>Operating profit</b>	<b>104.1</b>	<b>29.0</b>	<b>16.9</b>	<b>-4.6</b>	<b>5.6</b>	<b>2.0</b>	<b>0.0</b>	<b>153.0</b>
<b>Financial income and expenses</b>							<b>-59.8</b>	<b>-59.8</b>
<b>Profit before taxes</b>							<b>-59.8</b>	<b>93.2</b>
<b>Income tax</b>							<b>9.9</b>	<b>9.9</b>
<b>Profit/loss for the period</b>							<b>-49.9</b>	<b>103.1</b>
<i>Investments</i>	29.4	2.7	1.7	4.7	1.2	13.6	1.2	54.5
<i>Segment assets</i>	1,732.1	741.3	426.5	122.7	247.8	88.3	113.0	3,471.7
<i>Economic Occupancy Rate</i>	90.1	89.0	75.2		96.0			87.9

### Key figures

	<b>10-12/2014</b>	<b>10-12/2013</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<i>Earnings per share, €</i>	0.04	0.15	0.24	0.34
<i>Equity ratio, %</i>			41.0	40.7
<i>Gearing ratio, %</i>			121.2	125.6
<i>Equity per share, €</i>			4.65	4.64
<i>Cash flow from operations per share, €</i>	0.09	0.10	0.37	0.40



## Quarterly key figures

	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013
Total revenue, M€	57.3	63.2	62.6	63.5	65.3
Net operating income, M€	40.4	46.2	45.5	44.0	47.4
Valuation gains/losses on fair value assessment, M€	1.6	0.1	4.8	-6.7	-12.7
Operating profit, M€	32.9	42.2	44.9	31.7	29.5
Financial income and expenses, M€	-11.7	-14.4	-14.5	-15.3	-15.9
Profit/loss for the period, M€	13.3	21.8	25.6	12.9	44.0
Investment properties*, M€	3,142.1	3,122.3	3,269.0	3,253.4	3,253.3
Shareholders' equity, M€	1,411.5	1,406.2	1,387.4	1,367.9	1,409.3
Interest-bearing liabilities, M€	1,731.2	1,831.6	1,793.1	1,816.8	1,788.8
Earnings per share, €	0.04	0.07	0.09	0.04	0.15
Cash flow from operations per share, €	0.09	0.11	0.08	0.09	0.10
EPRA NAV/share, €	5.45	5.39	5.31	5.18	5.29
Economic Occupancy Rate, %	87.0	86.5	85.7	86.2	87.9

\*) includes investment properties classified as held for sale

## EPRA Earnings, M€

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

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

The EPRA Earnings figure includes the share of the result of associated companies adjusted by the changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes.

## EPRA Earnings, M€

	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Earnings for the period per IFRS income statement</i>	13.3	44.0	73.6	103.1
<i>-/+ (i) Net profits or losses from fair value assessment of investment properties</i>	4.3	15.3	11.6	24.9
<i>-/+ (ii) Net profits or losses on disposal of investment properties</i>	0.0	-0.6	-0.6	-0.8
<i>-/+ (iii) Net profits or losses on sales of trading properties</i>	-0.1	0.0	-2.0	0.0
<i>+/- (iv) Taxes arising from above items based on result</i>	0.0	0.0	0.0	0.0
<i>-/+ (vi) Changes in fair value of financial instruments</i>	3.0	1.1	7.6	0.9
<i>+/- (vii) Deferred taxes arising from the above items</i>	2.8	-32.1	11.6	-16.6
<b>EPRA Earnings</b>	<b>23.2</b>	<b>27.7</b>	<b>101.6</b>	<b>111.5</b>
<b>EPRA Earnings per share, €</b>	<b>0.08</b>	<b>0.10</b>	<b>0.36</b>	<b>0.39</b>
<i>Company adjustments:</i>				
<i>(a) Deferred taxes on operating result</i>	3.4	0.7	7.1	2.9
<i>Adjusted EPRA Earnings</i>	26.6	28.4	108.7	114.4
<i>Adjusted Earnings per share, €</i>	0.09	0.10	0.38	0.40

EPRA Earnings can also be calculated from the income statement from top to bottom. The following table presents the EPRA Earnings calculation using this method.

<b>EPRA Earnings, M€</b>	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<i>Net operating income</i>	40.4	47.4	176.0	190.9
<i>+ Realised shares of profit from real estate funds</i>	0.0	2.6	5.5	10.7
<i>- Operational marketing and administration expenses</i>	-5.6	-6.0	-22.1	-23.2
<i>+/- Other operational income and expenses from business operations</i>	3.2	0.2	2.1	-1.4
<i>Operating profit</i>	38.1	44.2	161.6	177.1
<i>+/- Operational financial income and expenses</i>	-11.4	-14.8	-51.1	-58.9
<i>-/+ Taxes based on operating result</i>	-0.1	-1.0	-1.8	-3.8
<i>- Deferred taxes based on operating result</i>	-3.4	-0.7	-7.1	-2.9
<b>EPRA Earnings</b>	<b>23.2</b>	<b>27.7</b>	<b>101.6</b>	<b>111.5</b>
<b>EPRA Earnings per share, €</b>	<b>0.08</b>	<b>0.10</b>	<b>0.36</b>	<b>0.39</b>

<i>Company adjustments:</i>				
(a) <i>Deferred taxes on operating result</i>	3.4	0.7	7.1	2.9
<i>Adjusted EPRA Earnings</i>	26.6	28.4	108.7	114.4
<i>Adjusted Earnings per share, €</i>	0.09	0.10	0.38	0.40

### EPRA Cost Ratio M€

	31.12.2014	31.12.2013
<i>Include:</i>		
<i>Administrative/operating expense line per IFRS income statement</i>	97.1	102.0
<i>Net service charge costs/fees</i>	-5.5	-6.2
<i>Management fees less actual/estimated profit element</i>	-2.2	-4.1
<i>Other operating income/recharges intended to cover overhead expenses less any related profits</i>	0.0	0.0
<i>Share of Joint Ventures expenses</i>	0.0	0.0
<i>Exclude (if part of the above)</i>		
<i>Investment Property depreciation</i>	0.0	0.0
<i>Ground rent costs</i>	-4.3	-4.2
<i>Service charge cost recovered through rents but not separately invoiced</i>	-54.1	-56.1
<b>EPRA Costs (including direct vacancy costs) (A)</b>	<b>31.1</b>	<b>31.5</b>
<i>Direct vacancy costs</i>	-9.6	-9.5
<b>EPRA Costs (excluding direct vacancy costs) (B)</b>	<b>21.5</b>	<b>22.0</b>
<i>Gross Rental Income less ground rent costs</i>	234.3	249.7
<i>Service fees and service charge costs components of Gross Rental Income</i>	-54.1	-56.1
<i>Share of Joint Ventures</i>	0.0	0.0
<b>Gross Rental Income (C)</b>	<b>180.2</b>	<b>193.6</b>
<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>17.26%</b>	<b>16.27%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>11.96%</b>	<b>11.37%</b>

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

No overhead costs are capitalised.

Sponda has a policy of not capitalising any overhead and operating expenses.

## Investment Properties

M€

	31.12.2014	31.12.2013
<i>Fair value of investment properties, beginning of period</i>	3,253.3	3,261.3
<i>Acquisition of investment properties</i>	65.0	3.1
<i>Other capital expenditure on investment properties</i>	64.0	36.6
<i>Disposals of investment properties</i>	-236.6	-31.9
<i>Capitalised borrowing costs, increase in period</i>	0.3	0.3
<i>Valuation gains/losses on fair value assessment</i>	-3.9	-16.1
<i>Fair value of investment properties, end of period</i>	3,142.1	3,253.3

Net operating income from all of Sponda's property assets totalled EUR 176.0 (190.9) million in 2014 and EUR 40.4 (47.4) million in October–December. Of this total, office premises accounted for 58%, shopping centres for 20%, logistics premises for 11%, Russia for 9% and the Real Estate Funds unit for 2%. On 31 December 2014, Sponda had a total of 169 leasable properties, with an aggregate leasable area of approximately 1.2 million m<sup>2</sup>. Of this total, approximately 63% is office premises, 12% shopping centres and 21% logistics premises. Some 4% of the leasable area of the properties is located in Russia.

At the end of 2014, an external consultant assessed the values of Sponda's investment properties in Finland (Catella Property Oy) and in Russia (CB Richard Ellis). The change in fair value of the investment properties in 2014 was EUR -3.9 (-16.1) million for the full year and EUR 1.5 (-10.1) million for October–December. The value of Sponda's properties in Finland developed favourably primarily due to a decrease in yield requirements. The negative change in fair value of properties in Russia was attributable to changes in yield requirements and market rents. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

### The Group's most significant investment commitments

At the end of the review period, the Property Development unit had invested a total of EUR 22.0 million, of which EUR 9.1 million was invested in the final quarter. The investments were primarily directed to the construction of office buildings in Ilmalanrinne and Lassila.

Sponda is constructing a three-building office complex in Ilmala, Helsinki for use by Sweco. The project is expected to be completed in December 2015. The project's investment size is approximately EUR 57 million and the office complex is 97% pre-let.

In addition, Sponda started construction in June 2014 on a new office building with a floor area of approximately 4,600 m<sup>2</sup> in Helsinki's Lassila district. The total investment of the project will be approximately EUR 10.6 million. The building's main tenant will be Kone Elevators Finland and the project is set to be completed in June 2015. The property is approximately 50% pre-let.

**Property, plant and equipment**  
M€

	31.12.2014	31.12.2013
<i>Carrying amount, beginning of period</i>	12.5	12.5
<i>Increases</i>	0.9	0.2
<i>Disposals</i>	-	-
<i>Depreciation for the period</i>	-0.2	-0.3
<b><i>Carrying amount, end of period</i></b>	<b>13.2</b>	<b>12.5</b>

**Trading properties**  
M€

	31.12.2014	31.12.2013
<i>Carrying amount, beginning of period</i>	7.8	7.8
<i>Disposals and other changes</i>	0.0	-
<i>Increases</i>	-	-
<i>Reclassifications to investment properties</i>	-	-
<i>Valuation changes</i>	-	-
<b><i>Carrying amount, end of period</i></b>	<b>7.8</b>	<b>7.8</b>

**Collateral and contingent liabilities**

<b><i>Collateral and commitments given by the Group</i></b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>M€</i>		
<i>Loans from financial institutions, covered by collateral</i>	179.7	144.8
<i>Mortgages</i>	312.1	264.2
<i>Carrying amount of pledged shares</i>	19.6	19.2
<i>Guarantees</i>	-	-
<i>Total collateral</i>	331.7	283.4
<b><i>Lease and other liabilities</i></b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>M€</i>		
<i>Lease liabilities</i>	126.0	93.7
<i>Mortgages</i>	3.7	3.9
<i>Guarantees</i>	2.8	4.7
<i>Investment commitments to real estate funds</i>	9.3	28.7
<b><i>Interest derivatives</i></b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>M€</i>		
<i>Swap contracts, notional value</i>	655.0	695.7
<i>Swap contracts, fair value</i>	-42.6	-26.7

<i>Eurobasis swaps, notional value</i>	150.0	150.0
<i>Eurobasis swaps, fair value</i>	-0.5	-0.5
<i>Cap options purchased, notional value</i>	593.9	404.1
<i>Cap options purchased, fair value</i>	1.0	3.0
<b>Currency derivatives</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>M€</i>		
<i>Currency options, bought, notional value</i>	8.7	9.5
<i>Currency options, bought, fair value</i>	0.0	0.1
<i>Currency options, put, notional value</i>	4.6	9.5
<i>Currency options, put, fair value</i>	0.0	0.0
<b>Interest rate and currency swaps</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>M€</i>		
<i>Interest rate and currency swaps, notional value*</i>	187.4	187.4
<i>Interest rate and currency swaps, fair value*</i>	-4.7	6.9

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

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

### Related party transactions

**M€**

*The following transactions took place with related parties:*

<b>Management employee benefits</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>Salaries and other short-term employee benefits</i>	1.9	1.9
<i>Share-based payments</i>	0.9	1.4
<b>Total</b>	<b>2.8</b>	<b>3.3</b>

Business transactions carried out with related parties; receivables from and liabilities to related parties

<b>M€</b>	<b>Sales</b>	<b>Purchases</b>	<b>Receivables</b>	<b>Liabilities</b>
<i>Certeum Oy</i>	293.9	-	0.0	0.0
<i>Total</i>	293.9	-	0.0	0.0

On 30 September 2014, Sponda Plc concluded the sales of 12 logistics properties and its shares in the real estate funds Sponda Fund I, Sponda Fund II and Sponda Fund III to Certeum Oy. The total debt-free sales price of the 12 logistics properties sold was EUR 216.7 million. The sales price of the shares in real estate funds was EUR 77.2 million.

In conjunction with the transaction, Sponda became a Certeum shareholder. Sponda's holding in Certeum is approximately 38%.

### Formulas for the key indicators

Earnings per share, €	=	$\frac{\text{Share of earnings for the period attributable to equity holders of the parent company} - \text{interest on hybrid loan allocated to the period, adjusted for taxes}}{\text{Weighted average number of shares outstanding during the period}}$
Equity ratio, %	=	$100 \times \frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}}$
Gearing ratio, %	=	$100 \times \frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Shareholders' equity}}$
Equity per share, €	=	$\frac{\text{Equity attributable to parent company equity holders} - \text{Other equity reserve}}{\text{Undiluted total number of shares on the date of closing the books}}$
Cash flow from operations per share,	=	$\frac{\begin{aligned} &\text{Operating profit} \\ &-/+ \text{Fair value adjustment} \\ &+ \text{Allocation of goodwill} \\ &+ \text{Depreciation in administration} \\ &+/- \text{Changes in provisions} \\ &+/- \text{Defined benefit pension expenses} \\ &- \text{Financial income \& expenses affecting cash flow} \\ &- \text{Taxes affecting cash flow} \\ &+/- \text{Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes} \end{aligned}}{\text{Weighted average number of shares outstanding during the period}}$
EPRA NAV per share, €	=	$\frac{\begin{aligned} &\text{Equity attributable to parent company equity holders} \\ &- \text{Other equity reserve} \\ &+ \text{Fair value of financial instruments} \\ &+ \text{Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference} \\ &- \text{Goodwill created from the deferred tax liabilities on properties} \end{aligned}}{\text{Undiluted total number of shares on the date of closing the books}}$
EPRA Net Initial Yield (NYI), %	=	$\frac{\text{Annualised net rental income Investment properties} - \text{Development properties} + \text{Estimated purchaser's costs}}{\text{Annualised net rental income}}$
EPRA "topped up" NYI, %	=	Annualised net rental income



+ Step rents, rent-free periods, etc.  
Investment properties  
- Development properties  
+ Estimated purchaser's costs