

SPONDA

 *Full Year Result*

1.1.–31.12.2015

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, Property Investment Companies and other.

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Sponda Plc Financial Statements Bulletin 1 January – 31 December 2015

JANUARY–DECEMBER 2015 IN BRIEF (compared with 1 January – 31 December 2014)

- Total revenue was EUR 230.5 (246.7) million. The decline was mainly due to properties sold in 2014.
- Net operating income was EUR 165.7 (176.0) million.
- Operating profit was EUR 178.1 (151.7) million. This includes a fair value change of EUR 23.2 (-0.2) million.
- Cash flow from operations per share was EUR 0.36 (0.37).
- The fair value of the investment properties amounted to EUR 3,101.7 (3,142.1) million.
- Net assets per share totalled EUR 5.26 (4.65).
- The economic occupancy rate was 87.7% (87.0%).
- The Board proposes to the Annual General Meeting that a dividend of EUR 0.19 per share be paid.
- After the reporting period, Sponda announced the acquisition of six properties from the Helsinki CBD.

OCTOBER–DECEMBER 2015 IN BRIEF (compared with 1 October – 31 December 2014)

- Total revenue was EUR 57.2 (57.3) million.
- Net operating income was EUR 41.3 (40.4) million.
- Operating profit was EUR 47.8 (32.9) million. This includes a fair value change of EUR 10.3 (1.6) million.
- Cash flow from operations per share was EUR 0.07 (0.09).

KEY FIGURES

| | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|--|------------|------------|-----------|-----------|
| Total revenue, M€ | 57.2 | 57.3 | 230.5 | 246.7 |
| Net operating income, M€ | 41.3 | 40.4 | 165.7 | 176.0 |
| Operating profit, M€ | 47.8 | 32.9 | 178.1 | 151.7 |
| Earnings per share, € | 0.55 | 0.04 | 0.78 | 0.24 |
| Cash flow from operations per share, € | 0.07 | 0.09 | 0.36 | 0.37 |
| Equity per share, € | | | 5.26 | 4.65 |
| Equity ratio, % | | | 46.2 | 41.0 |
| Interest cover ratio | | | 3.5 | 3.3 |

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

| | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|--|------------|------------|-----------|-----------|
| <i>EPRA Earnings, M€</i> | 153.3 | 23.2 | 232.0 | 101.6 |
| <i>EPRA Earnings per share, €</i> | 0.54 | 0.08 | 0.82 | 0.36 |
| <i>Company adjusted EPRA Earnings, M€</i> | 16.1 | 26.6 | 98.6 | 108.7 |
| <i>Company adjusted EPRA Earnings per share, €</i> | 0.06 | 0.09 | 0.35 | 0.38 |
| <i>EPRA NAV/share, €</i> | | | 5.60 | 5.45 |
| <i>EPRA NNNAV/share, €</i> | | | 5.15 | 4.49 |
| <i>EPRA Net Initial Yield (NIY), %</i> | | | 5.62 | 5.18 |
| <i>EPRA "topped-up" NIY, %</i> | | | 5.63 | 5.19 |
| <i>EPRA Vacancy rate, %</i> | | | 12.26 | 12.96 |
| <i>EPRA Cost Ratio (including direct vacancy costs), %</i> | | | 17.68 | 17.26 |
| <i>EPRA Cost Ratio (excluding direct vacancy costs), %</i> | | | 12.90 | 11.96 |

PRESIDENT AND CEO KARI INKINEN

The rental market in Finland was challenging in 2015, with the market occupancy rate of office premises, in particular, declining. Sponda's core business in the Office Properties and Shopping Centres segments, however, remained stable and outperformed the market. The result and economic occupancy rate of the core business were significantly better than those of the other segments.

We made progress in strategic divestments and investments in line with our targets, which substantially lowered the risk profile of Sponda's property portfolio. In Russia, we sold two properties in summer 2015 at their fair value, EUR 39 million, in spite of the market's instability.

In Finland, we continued to implement our strategy by selling Sponda's approximately 38% holding in Certuum Oy and our properties located in Vuosaari harbour, for a total of approximately EUR 290 million. Both transactions were completed in late 2015 and they represent a significant step in the implementation of our strategy. Also positive was the fact that the transactions were made either at fair value or at a profit.

Sponda's property development projects progressed on schedule. We completed our office property project in Ilmala in late 2015. The tenant moved in in December 2015 and the property is fully leased. Sponda's development margin on the project was significantly above its target level, which is 15% of the invested amount. Sponda currently has one active property development project underway, namely the Ratina shopping centre in Tampere. The project is progressing according to plan, as is the pre-letting of the property. The property will be completed in spring 2018.

Sponda will continue to implement its strategy in 2016 by selling properties and reinvesting the proceeds from the sales. Investments will be directed to property development projects and property acquisitions in Sponda's key strategic areas in Helsinki and Tampere. After the reporting period Sponda announced that it has signed an agreement to acquire six properties from the Helsinki CBD. These properties fit perfectly to our strategy and to our property portfolio.

PROSPECTS FOR 2016

Sponda provides prospects for 2016 with regard to the development of the company's net operating income and adjusted EPRA Earnings. The prospects do not include the effect of the acquisition of six properties on Sponda's result.

Net operating income

Sponda estimates that the net operating income for 2016 will amount to EUR 152-168 million. The estimate is based on the company's view of property acquisitions and divestments to be completed and the development of rental operations during the year.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 82-98 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

DEFERRED TAX LIABILITIES

As a consequence of dissolving an unnecessary sub-group, originating from a portfolio transaction in 2006, and from changes in the acquisition cost of shares, the amount of deferred taxes changed significantly. The reduction in deferred taxes, caused by dissolving the sub-group and recognised in the financial statements, for the year 2015 was approximately EUR 129 million. The change was discussed in the interim report published on 3 November 2015.

BUSINESS CONDITIONS – FINLAND

A forecast by the Finnish Ministry of Finance in December 2015 predicted that Finland's GDP would grow by 0.2% in 2015. The most significant factor contributing to the growth of the domestic economy is the favourable development of private and public consumption. The GDP growth forecast for 2016 is 1.2%, attributable to consumption growth as well as private investments.

According to KTI Property Information, the property transaction volume for the final quarter of 2015 was EUR 1.33 billion, and the full-year volume was EUR 5.46 billion. This means that the transaction volume in 2015 was the second-highest ever in Finland. The annual transaction volume of property transactions was higher only in 2007. International investment demand remained strong in 2015, with international investors accounting for 34% of the transaction volume.

The construction of new office properties has picked up slightly compared to 2014, but remains at a fairly low level. According to Catella, some 86,000 m² of new office space was completed in the office premises market in the Helsinki metropolitan area by the end of 2015, which is more than 50% higher than in 2014.

The vacancy rate of office premises in the Helsinki metropolitan area declined slightly in the second half of the year in spite of the weak economic climate. According to Catella, the average vacancy rate stood at 13.3% at the end of the year.

BUSINESS CONDITIONS – RUSSIA

The Bank of Finland's forecast published in September indicated that Russian GDP would decline by approximately 4% in 2015. Furthermore, the Bank of Finland predicts that the rate of decline this year is 2%. The prevailing uncertainty is reducing investments and consumption is negatively affected by the rapidly increased prices. Tensions in eastern Ukraine, sanctions and the unclear prospects concerning the development of economic and trade restrictions are still causing uncertainty. The price of oil has fallen substantially after the Bank of Finland published the aforementioned forecast, further complicating the situation in the Russian economy.

Activity in the transaction market picked up slightly towards the end of the year. According to preliminary information from CBRE, the fourth quarter volume in 2015 was approximately USD 1 billion, and the transaction volume for the full year amounted to approximately USD 3 billion. This represents a slight decline in activity compared to 2014, when the full-year volume was approximately USD 3.5 billion.

The preliminary information from CBRE indicates that the average vacancy rate for office premises in Moscow increased to 17.7% in the fourth quarter. 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 15%.

Slightly over 0.7 million m² of new office space was completed in Moscow during the year. The weak demand and high vacancy rate led to approximately half of all planned projects being postponed.

OPERATIONS AND PROPERTY ASSETS 1 JANUARY – 31 DECEMBER 2015

Net operating income from all of Sponda's property assets totalled EUR 165.7 (176.0) million in 2015 and EUR 41.3 (40.4) million in October–December. Of this total, office premises accounted for 66%, shopping centres for 22%, logistics premises for 5% and the Russia unit for 7%. On 31 December 2015, Sponda had a total of 162 leasable properties, with an aggregate leasable area of approximately 1.1 million m². Of this total, approximately 70% is office premises, 14% shopping centres and 13% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of 2015, 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 2015 was EUR 23.2 (-3.9) million for the full year and EUR 10.3 (1.5) million for October–December. The value of Sponda's properties in Finland developed favourably primarily due to a decrease in yield requirements, especially with regard to central business district properties. Another factor contributing to the increase in fair value was the development margin of property development after the Ilmala office project was completed. The negative change in the fair value of properties in Russia was attributable to changes in market rents.

Valuation gains/losses on fair value assessment, M€

| | 10-12/15 | 10-12/14 | 1-12/15 | 1-12/14 |
|---|-------------|------------|-------------|-------------|
| <i>Changes in yield requirements (Finland)</i> | 7.0 | 12.4 | 39.2 | 15.7 |
| <i>Changes in yield requirements (Russia)</i> | 0.0 | -10.0 | -7.4 | -10.0 |
| <i>Development gains on property development projects</i> | 15.7 | 3.5 | 25.4 | 5.5 |
| <i>Modernisation investments</i> | -10.2 | -14.3 | -37.8 | -42.0 |
| <i>Change in market rents and maintenance costs (Finland)</i> | 9.8 | 13.8 | 30.2 | 40.3 |
| <i>Change in market rents and maintenance costs (Russia)</i> | -12.5 | -4.2 | -26.8 | -19.3 |
| <i>Change in currency exchange rates</i> | 0.5 | 0.2 | 0.3 | 5.9 |
| <i>Investment properties, total</i> | 10.3 | 1.5 | 23.2 | -3.9 |
| <i>Real estate funds</i> | 0.0 | 0.1 | 0.0 | -1.8 |
| <i>Realised share of real estate fund profits</i> | 0.0 | 0.0 | 0.0 | 5.5 |
| <i>Group, total</i> | 10.3 | 1.6 | 23.2 | -0.2 |

Sponda defined the fair values of its investment properties at the end of 2015 in accordance with the company's established accounting principles. At the end of 2015, Catella Property Oy assessed the fair values of Sponda's investment properties in Finland and CB Richard Ellis in Russia. A higher than usual level 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 upon with tenants and the rouble becoming increasingly common as the contract currency have increased uncertainty.

Changes in Sponda's investment property assets M€

| <i>Sponda's investment properties in total, 1.1.–31.12.2015</i> | Total | Office properties | Shopping centres | Logistics | Property development | Russia |
|---|----------------|-------------------|------------------|-------------|----------------------|--------------|
| <i>Operating income</i> | 229.6 | 149.0 | 46.6 | 16.8 | 0.3 | 16.9 |
| <i>Maintenance expenses</i> | -63.4 | -39.0 | -10.9 | -7.7 | -1.8 | -4.0 |
| <i>Net operating income</i> | 166.2 | 110.0 | 35.7 | 9.1 | -1.4 | 12.8 |
| | | | | | | |
| <i>Investment properties on 1 January 2015</i> | 3,142.1 | 1,853.5 | 726.0 | 205.1 | 133.1 | 224.4 |
| <i>Capitalised interest 2015</i> | 0.8 | 0.0 | 0.0 | 0.0 | 0.8 | 0.0 |
| <i>Acquisitions</i> | 4.7 | 4.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Investments</i> | 103.0 | 29.3 | 6.8 | 0.9 | 66.0 | 0.1 |
| <i>Transfers between segments</i> | 0.0 | 98.4 | -2.3 | 0.0 | -96.0 | 0.0 |
| <i>Sales</i> | -161.9 | -18.1 | 0.0 | -103.9 | 0.0 | -39.8 |
| <i>Change in fair value</i> | 23.2 | 35.5 | 3.2 | -7.4 | 25.9 | -33.9 |
| <i>Reclassifications to non-current assets held for sale</i> | -10.2 | -8.4 | 0.0 | -1.8 | 0.0 | 0.0 |
| <i>Investment properties on 31 December 2015</i> | 3,101.7 | 1,994.8 | 733.6 | 92.9 | 129.7 | 150.7 |

| | | | | | | |
|--|-----|-----|-----|------|------|-------|
| <i>Change in fair value, %</i> | 0.7 | 1.9 | 0.4 | -3.6 | 19.5 | -15.1 |
| | | | | | | |
| | | | | | | |
| <i>Weighted average yield requirement %</i> | 6.3 | 6.2 | 5.7 | 9.1 | | 10.3 |
| <i>Weighted average yield requirement %, Finland</i> | 6.1 | | | | | |

RENTAL OPERATIONS

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

| | Number (agreements) | Area (m²) | EUR/m²/month |
|---|----------------------------|-----------------------------|--------------------------------|
| <i>New agreements that came into effect during the period</i> | 74 | 14,874 | 11.80 |
| <i>Expired during the period</i> | 88 | 26,878 | 13.40 |
| <i>Renewed during the period</i> | 46 | 14,074 | 22.80 |

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 3.3% (-3.0%) for office premises, 1.3% (3.2%) for shopping centres, 27.8% (-11.3%) for logistics premises and -4.3% (-10.7%) for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

| Type of property | 31.12.2015 | 30.9.2015 | 30.6.2015 | 31.3.2015 | 31.12.2014 |
|------------------------------------|-------------------|------------------|------------------|------------------|-------------------|
| <i>Office properties, %</i> | 88.2 | 88.0 | 88.1 | 87.9 | 88.5 |
| <i>Shopping Centres</i> | 91.3 | 90.6 | 89.8 | 90.3 | 91.2 |
| <i>Logistics, %</i> | 68.3 | 67.8 | 68.6 | 68.5 | 64.9 |
| <i>Russia, %</i> | 84.6 | 82.3 | 84.5 | 90.1 | 90.4 |
| <i>Total property portfolio, %</i> | 87.7 | 86.2 | 86.3 | 86.8 | 87.0 |

| Geographical area | 31.12.2015 | 30.9.2015 | 30.6.2015 | 31.3.2015 | 31.12.2014 |
|--------------------------------------|-------------------|------------------|------------------|------------------|-------------------|
| <i>Helsinki business district, %</i> | 90.1 | 89.3 | 88.3 | 88.2 | 89.3 |
| <i>Helsinki Metropolitan Area, %</i> | 85.7 | 83.5 | 83.7 | 83.6 | 83.1 |
| <i>Turku, Tampere, Oulu, %</i> | 90.8 | 91.1 | 92.3 | 92.9 | 93.2 |
| <i>Russia, %</i> | 84.6 | 82.3 | 84.5 | 90.1 | 90.4 |
| <i>Total property portfolio, %</i> | 87.7 | 86.2 | 86.3 | 86.8 | 87.0 |

Total cash flow from lease agreements at the end of December 2015 was EUR 969.3 (1,038.4) million. Sponda had 1,789 clients and a total of 2,806 lease agreements. The company's largest tenants were the State of Finland (8.4% of rental income), Kesko Group (5.4% of rental income), HOK-Elanto (4.4% of rental income) and Danske Bank Oyj (4.2% of rental income). Sponda's 10 largest tenants generate approximately 33% of the company's total rental income. Sponda's tenants by sector were as follows:

| Sector | % of net rental income |
|---|-------------------------------|
| <i>Professional, scientific and technical</i> | 8.0 |
| <i>Energy</i> | 0.3 |
| <i>Public sector</i> | 11.8 |
| <i>Wholesale/retail</i> | 23.4 |
| <i>Education</i> | 1.2 |
| <i>Logistics/transport</i> | 2.8 |
| <i>Hotel and catering business</i> | 6.0 |
| <i>Media/publishing</i> | 3.4 |
| <i>Other services</i> | 15.4 |
| <i>Banking/investment</i> | 8.5 |
| <i>Construction</i> | 3.6 |
| <i>Industry/manufacturing</i> | 4.1 |
| <i>Healthcare</i> | 5.3 |
| <i>Telecommunications</i> | 5.9 |
| <i>Other</i> | 0.3 |

The average length of all lease agreements was 4.2 (4.3) years. The average length of lease agreements was 4.2 (4.3) years for office properties, 5.2 (5.6) years for shopping centres, 2.3 (3.5) years for logistics properties and 2.4 (2.5) years for properties in Russia. The lease agreements expire as follows:

| | % of rental income 31 December 2015 | % of rental income 31 December 2014 |
|--------------------------------|--|--|
| <i>Within 1 year</i> | 14.2 | 14.0 |
| <i>Within 2 years</i> | 17.1 | 11.3 |
| <i>Within 3 years</i> | 10.8 | 18.1 |
| <i>Within 4 years</i> | 8.3 | 9.3 |
| <i>Within 5 years</i> | 5.3 | 7.4 |
| <i>Within 6 years</i> | 7.7 | 2.0 |
| <i>After more than 6 years</i> | 23.6 | 26.3 |
| <i>Valid indefinitely</i> | 13.0 | 11.6 |

DIVESTMENTS AND INVESTMENTS

Divestments M€

| | 1.10.- 31.12.2015 | 1.10.- 31.12.2014 | 1.1.- 31.12.2015 | 1.1.- 31.12.2014 |
|--------------------------------------|----------------------|----------------------|---------------------|---------------------|
| <i>Properties sold</i> | | | | |
| <i>Selling price</i> | 101.2 | 5.1 | 157.6 | 237.2 |
| <i>Profit/loss on sale*</i> | -2.9 | 0.0 | -4.3 | 0.6 |
| <i>Balance sheet value</i> | 104.1 | 5.1 | 161.9 | 236.6 |
| <i>*) Includes transaction costs</i> | | | | |

Investments M€

| | 1.10.- 31.12.2015 | 1.10.- 31.12.2014 | 1.1.- 31.12.2015 | 1.1.- 31.12.2014 |
|---|----------------------|----------------------|---------------------|---------------------|
| <i>Properties acquired</i> | -4.7 | 0.0 | -4.7 | -65.0 |
| <i>Maintenance investments</i> | -10.2 | -14.3 | -37.8 | -42.0 |
| <i>Property development investments</i> | -25.5 | -9.1 | -65.2 | -22.0 |

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

RESULTS BY SEGMENT

Sponda changed its reporting segments effective from the beginning of 2015. The Real Estate Funds segment was discontinued as of 1 January 2015. The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Property Investment Companies. In addition, Sponda reports the Other segment, which 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 figures for the previous financial year are adjusted to correspond to the changes in segment structure and composition.

Office Properties

| | 10-12/15 | 10-12/14 | 1-12/15 | 1-12/14 |
|---|----------|----------|---------|---------|
| <i>Total revenue, M€</i> | 37.5 | 36.3 | 149.1 | 141.8 |
| <i>Net operating income, M€</i> | 27.8 | 26.4 | 109.7 | 103.0 |
| <i>Operating profit, M€</i> | 30.6 | 36.5 | 134.1 | 112.9 |
| <i>EPRA Net Initial Yield (NIY), %</i> | | | 5.9 | 5.4 |
| <i>Economic occupancy rate, %</i> | | | 88.2 | 88.5 |
| <i>Fair value of properties, M€</i> | | | 1,994.8 | 1,853.5 |
| <i>-excludes properties classified as held for sale, M€</i> | | | 8.4 | |
| <i>Change in fair value from beginning of year, M€</i> | | | 35.5 | 18.5 |
| <i>Leasable area, m²</i> | | | 775,000 | 766,500 |

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

| M€ | 1.10.- 31.12.2015 | 1.10.- 31.12.2014 | 1.1.- 31.12.2015 | 1.1.- 31.12.2014 |
|---|------------------------------|------------------------------|-----------------------------|-----------------------------|
| <i>Properties sold</i> | | | | |
| <i>Selling price</i> | 0.2 | 5.2 | 17.9 | 20.6 |
| <i>Profit/loss on sale</i> | 0.1 | 0.1 | -0.2 | 0.7 |
| <i>Balance sheet value</i> | 0.1 | 5.1 | 18.1 | 19.9 |
| <i>Properties acquired</i> | -4.7 | 0.0 | -4.7 | -65.0 |
| <i>Maintenance investments</i> | -8.3 | -11.8 | -29.7 | -34.4 |
| <i>Property development investments</i> | 0.0 | 0.2 | 0.4 | -2.1 |

The lease agreements will expire as follows:

| | % of rental income 31 December 2015 | % of rental income 31 December 2014 |
|--------------------------------|--|--|
| <i>Within 1 year</i> | 13.5 | 10.8 |
| <i>Within 2 years</i> | 19.8 | 12.0 |
| <i>Within 3 years</i> | 10.2 | 21.8 |
| <i>Within 4 years</i> | 9.1 | 7.4 |
| <i>Within 5 years</i> | 4.8 | 7.6 |
| <i>Within 6 years</i> | 5.4 | 2.0 |
| <i>After more than 6 years</i> | 21.4 | 22.3 |
| <i>Valid indefinitely</i> | 15.8 | 16.0 |

Shopping Centres

| | 10-12/15 | 10-12/14 | 1-12/15 | 1-12/14 |
|--|-----------------|-----------------|----------------|----------------|
| <i>Total revenue, M€</i> | 11.8 | 11.6 | 46.6 | 45.8 |
| <i>Net operating income, M€</i> | 8.9 | 8.8 | 35.7 | 35.2 |
| <i>Operating profit, M€</i> | 10.1 | 10.8 | 35.8 | 36.0 |
| <i>EPRA Net Initial Yield (NIY), %</i> | | | 4.7 | 4.7 |
| <i>Economic occupancy rate, %</i> | | | 91.3 | 91.2 |
| <i>Fair value of properties, M€</i> | | | 733.6 | 726.0 |
| <i>Change in fair value from beginning of year, M€</i> | | | 3.2 | 3.8 |
| <i>Leasable area, m²</i> | | | 153,500 | 151,000 |

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

| M€ | 1.10.- 31.12.2015 | 1.10.- 31.12.2014 | 1.1.- 31.12.2015 | 1.1.- 31.12.2014 |
|---|------------------------------|------------------------------|-----------------------------|-----------------------------|
| <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> | -1.6 | -1.7 | -6.8 | -4.7 |
| <i>Property development investments</i> | 0.0 | 0.0 | 0.0 | 0.0 |

The lease agreements will expire as follows:

| | % of rental income 31 December 2015 | % of rental income 31 December 2014 |
|--------------------------------|--|--|
| <i>Within 1 year</i> | 8.4 | 8.3 |
| <i>Within 2 years</i> | 10.1 | 7.4 |
| <i>Within 3 years</i> | 7.9 | 10.0 |
| <i>Within 4 years</i> | 6.4 | 7.0 |
| <i>Within 5 years</i> | 5.4 | 6.3 |
| <i>Within 6 years</i> | 18.8 | 2.3 |
| <i>After more than 6 years</i> | 38.8 | 55.3 |
| <i>Valid indefinitely</i> | 4.3 | 3.4 |

Logistics Properties

| | 10-12/15 | 10-12/14 | 1-12/15 | 1-12/14 |
|---|-----------------|-----------------|----------------|----------------|
| <i>Total revenue, M€</i> | 4.2 | 4.0 | 16.8 | 30.8 |
| <i>Net operating income, M€</i> | 2.3 | 1.8 | 9.1 | 18.9 |
| <i>Operating profit, M€</i> | -1.8 | -2.2 | -1.9 | 11.1 |
| <i>EPRA Net Initial Yield (NIY), %</i> | | | 7.4 | 4.1 |
| <i>Economic occupancy rate, %</i> | | | 68.3 | 64.9 |
| <i>Fair value of properties, M€</i> | | | 92.9 | 205.1 |
| <i>-excludes properties classified as held for sale, M€</i> | | | 1.8 | |
| <i>Change in fair value from beginning of year, M€</i> | | | -7.4 | -6.0 |
| <i>Leasable area, m²</i> | | | 152,500 | 248,500 |

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

| <i>M€</i> | 1.10.- 31.12.2015 | 1.10.- 31.12.2014 | 1.1.- 31.12.2015 | 1.1.- 31.12.2014 |
|---|------------------------------|------------------------------|-----------------------------|-----------------------------|
| <i>Properties sold</i> | | | | |
| <i>Selling price</i> | 100.8 | 0.0 | 100.8 | 216.7 |
| <i>Profit/loss on sale</i> | -3.1 | 0.0 | -3.1 | 0.0 |
| <i>Balance sheet value</i> | 103.9 | 0.0 | 103.9 | 216.7 |
| <i>Properties acquired</i> | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Maintenance investments</i> | -0.4 | -0.8 | -0.9 | -2.4 |
| <i>Property development investments</i> | 0.0 | 0.0 | 0.0 | 1.1 |

At the end of December 2015, Sponda sold its properties located in Vuosaari harbour for approximately EUR 100 million to Bidco Oy, a company affiliated with Blackstone Real Estate Partners Europe IV.

The lease agreements will expire as follows:

| | % of rental income 31 December 2015 | % of rental income 31 December 2014 |
|--------------------------------|--|--|
| <i>Within 1 year</i> | 24.7 | 17.3 |
| <i>Within 2 years</i> | 13.0 | 12.0 |
| <i>Within 3 years</i> | 4.5 | 11.8 |
| <i>Within 4 years</i> | 7.4 | 7.9 |
| <i>Within 5 years</i> | 6.0 | 17.3 |
| <i>Within 6 years</i> | 1.2 | 1.8 |
| <i>After more than 6 years</i> | 11.3 | 17.3 |
| <i>Valid indefinitely</i> | 31.9 | 14.7 |

Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 129.7 million at the end of 2015. Of this total, EUR 53.8 million was in undeveloped land sites and the remaining EUR 75.9 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 65.7 million, of which EUR 25.5 million was invested in the final quarter. The investments were primarily directed to the construction of office buildings in Ilmalanrinne and Lassila, as well as the construction of the Ratina shopping centre.

Sponda built a three-building office complex in Ilmala, Helsinki for use by Sweco. The office complex was completed and taken into use in December 2015. The office complex was fully pre-let and the project's total investment size was approximately EUR 57 million.

The construction of the Ratina shopping centre in Tampere began in April 2015. Most of the excavation work has been completed. Foundation work for the new building is currently underway, and the construction of the frame will begin in March 2016. The shopping centre is expected to be completed in spring 2018. The complex comprises a

total of approximately 53,000 m² of retail and service premises for more than 150 businesses. The project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 51.9 million invested to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's signed and agreed lease agreements cover approximately 35% of the leasable area.

Russia

| | 10-12/15 | 10-12/14 | 1-12/15 | 1-12/14 |
|---|----------|----------|---------|---------|
| Total revenue, M€ | 3.4 | 5.1 | 16.9 | 22.2 |
| Net operating income, M€ | 2.7 | 3.7 | 12.8 | 15.8 |
| Operating profit, M€ | -10.1 | -11.0 | -24.8 | -10.6 |
| EPRA Net Initial Yield (NIY), % | | | 5.8 | 6.0 |
| Economic occupancy rate, % | | | 84.6 | 90.4 |
| Fair value of properties, M€ | | | 150.7 | 224.4 |
| Change in fair value from beginning of year, M€ | | | -33.9 | -23.8 |
| Leasable area, m ² | | | 34,500 | 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 reductions in rent with several tenants.

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

| M€ | 1.10.- 31.12.2015 | 1.10.- 31.12.2014 | 1.1.- 31.12.2015 | 1.1.- 31.12.2014 |
|----------------------------------|----------------------|----------------------|---------------------|---------------------|
| Properties sold | | | | |
| Selling price | 0.0 | 0.0 | 38.7 | 0.0 |
| Profit/loss on sale* | 0.0 | 0.0 | -1.1 | 0.0 |
| Balance sheet value | 0.0 | 0.0 | 39.8 | 0.0 |
| Properties acquired | 0.0 | 0.0 | 0.0 | 0.0 |
| Maintenance investments | 0.0 | 0.0 | -0.1 | -0.4 |
| Property development investments | 0.0 | 0.0 | 0.0 | 0.0 |
| *) Includes transaction 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) property in Moscow, where the leases are for longer periods than average. The lease agreements will expire as follows:

| | % of rental income 31 December 2015 | % of rental income 31 December 2014 |
|--------------------------------|--|--|
| <i>Within 1 year</i> | 35.2 | 38.7 |
| <i>Within 2 years</i> | 13.9 | 13.4 |
| <i>Within 3 years</i> | 31.2 | 15.2 |
| <i>Within 4 years</i> | 6.6 | 23.8 |
| <i>Within 5 years</i> | 9.3 | 2.1 |
| <i>Within 6 years</i> | 0.0 | 1.5 |
| <i>After more than 6 years</i> | 3.8 | 5.5 |
| <i>Valid indefinitely</i> | 0.0 | 0.0 |

Property Investment Companies

On 16 December 2015, Sponda sold all of its shares in Certeum Ltd to Space (Logistics) Pledgeco S.à r.l., a company affiliated with Blackstone Real Estate Partners Europe IV. The consideration received by Sponda after capital repayment and other customary adjustments was approximately EUR 181 million. Sponda recorded a profit of approximately EUR 5.2 million on the sale.

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. The investment amounted to approximately EUR 19.4 million at the end of 2015.

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 2015.

CASH FLOW AND FINANCING

Sponda's net cash flow from operations in the period under review totalled EUR 94.9 (113.5) million. Net cash flow from investing activities was EUR 241.5 (33.5) million and the net cash flow from financing activities was EUR -136.1 (-141.5) million. Net financing costs amounted to EUR -48.9 (-55.9) million for the full year and EUR -12.1 (-11.7) million in October–December. Financial income and expenses include EUR -0.1 (-4.8) million in unrealised change in the fair value of derivatives. Interest expenses of EUR 0.8 (0.3) million were capitalised.

Sponda's equity ratio on 31 December 2015 stood at 46.2% (41.0%) and the gearing ratio was 90.9% (121.2%). Interest-bearing debt amounted to EUR 1,660.9 (1,731.2) million and the average maturity of loans was 2.2 (2.1) years. The average interest rate was 2.9% (2.9%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 90% (76%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 2.3 (2.3) years. The interest cover ratio, which describes the company's solvency, was 3.5 (3.3).

Sponda applies hedge accounting to the interest derivatives which 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 2015 comprised EUR 275 million in syndicated loans, EUR 546 million in bonds, EUR 199 million in issued commercial papers, and EUR 641 million in loans from financial institutions. Sponda had EUR 440

million in unused credit limits. The Sponda Group had mortgaged loans of EUR 125.8 million, or 3.7% of the consolidated balance sheet.

Sponda signed an EUR 80 million syndicated revolving credit facility agreement in October 2015. The syndicated revolving credit facility agreement is unsecured and has a maturity of 5 years. The terms for the facility correspond to the terms of Sponda's other loans and its key covenants are linked to the equity ratio and the interest coverage ratio. The credit facility extended the similar undrawn EUR 150 million revolving credit facility that matured in November 2015. The company reduced the size of the credit facility to correspond with its current needs.

PERSONNEL

During the review period Sponda Group had, on average, 103 (118) employees, of whom 94 (108) worked for parent company Sponda Plc. On 31 December 2015, Sponda Group had a total of 103 (105) employees, of whom 96 (95) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in 2015 were EUR -21.7 (-22.1) million.

ANNUAL REMUNERATION AND INCENTIVE SCHEMES

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development. Sponda's employees have the opportunity to participate annually in a Share Programme, the target group of which 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, the calendar years 2013–2015, 2014–2016 and 2015–2017. The Board of Directors will decide on the earning criteria and on the targets to be laid down for the earning criteria for each vesting period. The earning criteria for the vesting periods 1 January 2013–31 December 2015, 1 January 2014–31 December 2016 and 1 January 2015–31 December 2017 are the Group's average Return on Capital Employed (ROCE) and cumulative Operational Cash Earnings Per Share (CEPS) for the financial years in question, as well as property sales.

The long-term incentive scheme currently covers the members of the Executive Board, five people in all. 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, 1 November 2013, 5 February 2014 and 5 February 2015.

GROUP STRUCTURE

The Sponda Group comprises the parent company Sponda Plc and its wholly- or partly-owned Finnish limited liability companies and property companies. The Group also includes the foreign subsidiaries owned by Sponda Russia Ltd.

SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of Sponda's share in 2015 was EUR 3.79. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.57 and the lowest EUR 3.29. Turnover during the period totalled 121.6 million shares, or EUR 461.5 million. The closing price of the share on 30 December 2015 was EUR 3.92 and the market capitalisation of the company's share capital was EUR 1,109.7 million.

The Annual General Meeting on 16 March 2015 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 conferring entitlement to the shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in accordance with the proposal of the Board of Directors. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

On 31 December 2015, the company had altogether 10,092 shareholders and its ownership structure by sector was as follows:

| | Number of shares | Holding, % |
|--|-------------------------|-------------------|
| <i>Public entities</i> | 33,402,411 | 11.8 |
| <i>Nominee-registered</i> | 138,697,321 | 49.0 |
| <i>Financial and insurance institutions, total</i> | 34,320,074 | 12.1 |
| <i>Households</i> | 22,470,680 | 8.0 |
| <i>Private corporations, total</i> | 47,572,874 | 16.8 |
| <i>Non-profit organisations, total</i> | 3,684,373 | 1.3 |
| <i>Foreign owners, total</i> | 2,927,729 | 1.0 |
| <i>Total number of shares</i> | 283,075,462 | 100.0 |

The following flagging notices were issued:

- 2 October 2015: APG Asset Management N.V. announced that its holding of shares represented 4.98% of the total number of shares and votes in Sponda Plc.

BOARD OF DIRECTORS AND AUDITORS

Sponda's Board of Directors has seven members: Kaj-Gustaf Bergh, 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 Lasse Holopainen as the responsible auditor and APA Petri Kettunen 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 three business units, in total six persons.

ENVIRONMENTAL RESPONSIBILITY

Sponda's environmental responsibility in 2015 was in line with the company's strategy. Sponda's most significant environmental impacts are related to the energy consumption of properties and the resulting carbon dioxide emissions. Sponda also monitors water consumption, as well as the recovery and recycling of waste. Sponda's Energy efficiency programme progressed in line with its target in 2015, achieving a reduction of 15.4% in consumption compared to the baseline. Sponda's long-term target is to reduce energy consumption by -20% by 2020, using the average consumption in 2001–2005 as the baseline. The recovery rate of waste generated at Sponda's properties increased to 97%, while the recycling rate was 45%. Sponda also works with its customers in the area of environmental responsibility. In December, Sponda signed a new environmental partnership with Sweco Finland Oy for the newly completed property in Ilmala.

In November, Sponda achieved the Nordic Climate Disclosure Leadership level for the first time in the annual CDP Climate assessment. Sponda received recognition for its comprehensive climate reporting as well as its Energy efficiency programme, which includes the management of carbon dioxide emissions. Sponda was awarded a score of 99/100 for its reporting and the grade of A- (classification: A–E) in the emissions management index. Sponda improved its result from the previous year in both categories and was ranked first in the Financials category in both Finland and the Nordic region as a whole.

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 2016.

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 25 January 2016, the Shareholders' Nomination Board of Sponda Plc has decided to give proposal to the Annual General Meeting to be held on 21 March 2016 for the number of members of the Board of Directors, for the members of the Board and the remuneration of the Board. The proposals of the Nomination Board can be found from the Stock Exchange Release dated 25.1.2016.

In February 2016, Sponda signed a purchase agreement for acquiring Ab Mercator Oy that holds six properties in the centre of Helsinki and Ab Forum Capita Oy, that manages those properties from Forum Fastighets Kb and Föreningen Konstsamfundet r.f. The properties are located in the Forum block in Helsinki CBD. Total, debt-free purchase price is approximately EUR 576 million. Estimated net operating income after the first year is

approximately 4.9%. Purchase price is subject to customary balance sheet and other adjustments. Closing of the transaction is by 29th February 2016.

Sponda will finance the acquisition with existing cash funds and a short-term bridge loan of approximately EUR 300 million. Sponda plans to arrange a rights offering to maintain its current capital structure and equity ratio level following the transaction. More details on the transaction can be found from the Stock Exchange Release dated 4.2.2016.

PROSPECTS FOR 2016

Sponda provides prospects for 2016 with regard to the development of the company's net operating income and adjusted EPRA Earnings. The prospects do not include the effect of the acquisition of six properties on Sponda's result.

Net operating income

Sponda estimates that the net operating income for 2016 will amount to EUR 152-168 million. The estimate is based on the company's view of property acquisitions and divestments to be completed and the development of rental operations during the year.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 82-98 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 21 March 2016 and proposes to the Annual General Meeting that a dividend of EUR 0.19 per share be paid.

4 February 2016
Sponda Plc
Board of Directors

Additional information:

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Media
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**SPONDA PLC FINANCIAL STATEMENTS BULLETIN 1 JANUARY – 31 DECEMBER
2015, TABLES**

Consolidated income statement, M€

| | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|---|--------------|-------------|--------------|--------------|
| <i>Total revenue</i> | | | | |
| <i>Rental income and recoverables</i> | 57.1 | 57.1 | 230.2 | 241.4 |
| <i>Interest income from finance leasing agreements</i> | 0.1 | 0.1 | 0.3 | 0.3 |
| <i>Fund management fees</i> | 0.0 | 0.2 | 0.0 | 4.9 |
| | 57.2 | 57.3 | 230.5 | 246.7 |
| <i>Expenses</i> | | | | |
| <i>Maintenance expenses</i> | -15.9 | -16.9 | -64.8 | -69.8 |
| <i>Direct fund expenses</i> | 0.0 | 0.0 | 0.0 | -0.8 |
| | -15.9 | -16.9 | -64.8 | -70.6 |
| Net operating income | 41.3 | 40.4 | 165.7 | 176.0 |
| <i>Profit/loss on sales of investment properties</i> | -3.0 | 0.0 | -4.5 | 0.6 |
| <i>Valuation gains/losses on fair value assessment</i> | 10.3 | 1.6 | 23.2 | -0.2 |
| <i>Amortisation of goodwill</i> | -0.4 | 0.0 | -3.0 | 0.0 |
| <i>Profit/loss on sales of associated companies</i> | 5.2 | 0.0 | 5.2 | 0.0 |
| <i>Profit/loss on sales of trading properties</i> | 0.2 | 0.1 | 2.8 | 2.0 |
| <i>Sales and marketing expenses</i> | -0.6 | -0.7 | -2.3 | -2.2 |
| <i>Administrative expenses</i> | -5.0 | -4.9 | -19.4 | -19.9 |
| <i>Share of result of associated companies</i> | 0.0 | -3.5 | 10.2 | -3.5 |
| <i>Other operating income</i> | 0.1 | 0.0 | 0.9 | 0.3 |
| <i>Other operating expense</i> | -0.2 | -0.2 | -0.7 | -1.5 |
| Operating profit | 47.8 | 32.9 | 178.1 | 151.7 |
| <i>Financial income</i> | 1.4 | 8.0 | 6.8 | 18.2 |
| <i>Financial expenses</i> | -13.4 | -19.6 | -55.7 | -74.1 |
| <i>Total amount of financial income and expenses</i> | -12.1 | -11.7 | -48.9 | -55.9 |
| <i>Profit before taxes</i> | 35.7 | 21.3 | 129.2 | 95.7 |
| <i>Income taxes for current and previous fiscal years</i> | -7.5 | -0.1 | -9.3 | -1.8 |
| <i>Deferred taxes</i> | 129.9 | -7.9 | 107.3 | -20.4 |
| <i>Change in tax base of deferred taxes</i> | 0.0 | 0.0 | 0.0 | 0.0 |
| Income taxes, total | 122.3 | -8.0 | 98.1 | -22.2 |
| Profit/loss for the period | 158.0 | 13.3 | 227.2 | 73.6 |
| <i>Attributable to:</i> | | | | |
| <i>Equity holders of parent company</i> | 158.0 | 13.3 | 227.2 | 73.6 |

| | | | | |
|--|------|------|------|------|
| <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> | 0.55 | 0.04 | 0.78 | 0.24 |

Consolidated statement of other comprehensive income
M€

| | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|--|--------------|-------------|--------------|--------------|
| <i>Profit/loss for the period</i> | 158.0 | 13.3 | 227.2 | 73.6 |
| <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> | 0.1 | -0.2 | 0.1 | -0.2 |
| <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 |
| <i>Items that will not be reclassified to profit or loss, total</i> | 0.1 | -0.1 | 0.1 | -0.1 |
| <i>Items that may be reclassified subsequently to profit or loss</i> | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | |
| <i>Changes in associated companies recognised directly in comprehensive income</i> | 1.0 | -1.4 | 1.4 | -1.4 |
| <i>Net loss/profit from cash flow hedges</i> | 1.3 | -0.2 | 5.9 | -15.6 |
| <i>Translation differences</i> | -0.5 | -3.0 | -0.2 | -3.3 |
| <i>Taxes on items that may be reclassified subsequently to profit or loss</i> | -0.3 | 1.7 | -1.9 | 5.2 |
| <i>Items that may be reclassified subsequently to profit or loss, total</i> | 1.5 | -2.9 | 5.2 | -15.1 |
| | | | | |
| <i>Other comprehensive income for the period after taxes</i> | 1.6 | -3.0 | 5.3 | -15.3 |
| <i>Comprehensive profit/loss for the period</i> | 159.7 | 10.3 | 232.6 | 58.3 |
| | | | | |
| <i>Attributable to:</i> | | | | |
| <i>Equity holders of parent company</i> | 159.7 | 10.3 | 232.6 | 58.3 |
| <i>Non-controlling interest</i> | 0.0 | 0.0 | 0.0 | 0.0 |

Consolidated balance sheet
M€

| | 31.12.2015 | 31.12.2014 |
|--|----------------|----------------|
| ASSETS | | |
| <i>Non-current assets</i> | | |
| <i>Investment properties</i> | 3,101.7 | 3,142.1 |
| <i>Investments in real estate funds</i> | 21.4 | 18.6 |
| <i>Investments in associated companies</i> | 0.0 | 171.6 |
| <i>Property, plant and equipment</i> | 13.0 | 13.2 |
| <i>Goodwill</i> | 11.5 | 14.5 |
| <i>Other intangible assets</i> | 2.4 | 2.9 |
| <i>Finance lease receivables</i> | 2.7 | 2.7 |
| <i>Other investments</i> | 0.9 | 2.2 |
| <i>Deferred tax assets</i> | 9.4 | 25.1 |
| Non-current assets total | 3,163.1 | 3,393.0 |
| | | |
| <i>Current assets</i> | | |
| <i>Trading properties</i> | 7.7 | 7.8 |
| <i>Trade and other receivables</i> | 39.9 | 28.0 |
| <i>Cash and cash equivalents</i> | 220.0 | 20.3 |
| Current assets total | 267.7 | 56.2 |
| | | |
| <i>Non-current assets held for sale</i> | 10.2 | - |
| | | |
| Total assets | 3,441.0 | 3,449.2 |
| | | |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| <i>Equity attributable to equity holders of the parent company</i> | | |
| <i>Share capital</i> | 111.0 | 111.0 |
| <i>Share issue premium</i> | 159.4 | 159.4 |
| <i>Invested non-restricted equity reserve</i> | 433.8 | 433.8 |
| <i>Fair value reserve</i> | -29.2 | -35.1 |
| <i>Revaluation reserve</i> | 0.7 | 0.7 |
| <i>Other equity fund</i> | 94.0 | 94.0 |
| <i>Translation differences</i> | -0.2 | 0.4 |
| <i>Retained earnings</i> | 813.7 | 645.5 |
| | 1,583.2 | 1,409.7 |
| <i>Non-controlling interest</i> | 1.8 | 1.8 |

| | | |
|---|----------------|----------------|
| Shareholders' equity, total | 1,585.0 | 1,411.5 |
| | | |
| <i>Liabilities</i> | | |
| | | |
| <i>Non-current liabilities</i> | | |
| <i>Deferred tax liabilities</i> | 71.5 | 194.5 |
| <i>Provisions</i> | 2.4 | 1.1 |
| <i>Interest-bearing loans and borrowings</i> | 1,080.4 | 1,169.5 |
| <i>Other liabilities</i> | 37.6 | 48.6 |
| Non-current liabilities total | 1,192.0 | 1,413.6 |
| | | |
| <i>Current liabilities</i> | | |
| <i>Current interest-bearing liabilities</i> | 580.5 | 561.7 |
| <i>Trade and other payables</i> | 76.4 | 62.4 |
| <i>Tax liabilities based on the taxable income for the period</i> | 7.1 | 0.0 |
| Current liabilities total | 664.0 | 624.1 |
| | | |
| <i>Liabilities associated with non-current assets held for sale</i> | 0.0 | - |
| | | |
| Total borrowings | 1,856.0 | 2,037.7 |
| Total equity and liabilities | 3,441.0 | 3,449.2 |

Consolidated Cash Flow Statement
M€

| | 1-12/2015 | 1-12/2014 |
|---|---------------|---------------|
| <i>Cash flow from operating activities</i> | | |
| <i>Profit for the period</i> | 227.2 | 73.6 |
| <i>Adjustments</i> | -80.1 | 87.0 |
| <i>Change in net working capital</i> | -1.3 | 7.6 |
| <i>Interest received</i> | 0.5 | 0.8 |
| <i>Interest paid</i> | -44.8 | -51.0 |
| <i>Other financial items</i> | -4.7 | -2.5 |
| <i>Dividends received</i> | 0.0 | 0.0 |
| <i>Taxes received/paid</i> | -2.0 | -1.9 |
| <i>Net cash provided by operating activities</i> | 94.9 | 113.5 |
| | | |
| <i>Cash flow from investing activities</i> | | |
| <i>Acquisition of investment properties</i> | -99.6 | -94.1 |
| <i>Capital expenditure on real estate funds</i> | -2.2 | -5.4 |
| <i>Investments in shares in associated companies</i> | | -47.7 |
| <i>Acquisition of tangible and intangible assets</i> | -0.2 | -2.7 |
| <i>Proceeds from disposal of investment properties</i> | 154.4 | 105.8 |
| <i>Proceeds from disposal of real estate funds</i> | 0.3 | 77.3 |
| <i>Proceeds from disposal of shares in associated companies</i> | 180.6 | |
| <i>Proceeds from disposal of tangible and intangible assets</i> | 0.0 | |
| <i>Capital repayments from real estate funds</i> | | 0.4 |
| <i>Capital repayments from associated companies</i> | 7.6 | |
| <i>Repayments of loan receivables</i> | 0.6 | |
| <i>Net cash flow from investment activities</i> | 241.5 | 33.5 |
| | | |
| <i>Cash flow from financing activities</i> | | |
| <i>Non-current loans, raised</i> | 320.0 | 265.3 |
| <i>Non-current loans, repayments</i> | -345.4 | -341.0 |
| <i>Current loans, raised/repayments</i> | -50.5 | -8.4 |
| <i>Interest paid on hybrid bond</i> | -6.4 | -6.4 |
| <i>Dividends paid</i> | -53.8 | -51.0 |
| <i>Net cash flow from financing activities</i> | -136.1 | -141.5 |
| | | |
| <i>Change in cash and cash equivalents</i> | 200.4 | 5.6 |
| | | |
| <i>Cash and cash equivalents, beginning of period</i> | 20.3 | 18.8 |
| <i>Impact of changes in exchange rates</i> | -0.7 | -4.0 |
| <i>Cash and cash equivalents, end of period</i> | 220.0 | 20.3 |

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 2014</i> | 111.0 | 159.4 | 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>Remeasurements of defined benefit liability/asset</i> | | | | | | | | -0.2 | -0.2 | | -0.2 |
| <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 | 0.0 | -12.5 |
| <i>Translation differences</i> | | | | | | | -1.5 | | -1.5 | 0.0 | -1.5 |
| <i>Comprehensive income, total</i> | | | | -13.6 | | | -1.5 | 73.4 | 58.2 | 0.0 | 58.3 |
| <i>Transactions with shareholders</i> | | | | | | | | | | | |
| <i>Dividend payment</i> | | | | | | | | -51.0 | -51.0 | 0.0 | -51.0 |
| <i>Transactions with shareholders, total</i> | | | | | | | | -51.0 | -51.0 | 0.0 | -51.0 |
| <i>Repurchase of hybrid bond</i> | | | | | | | | | | | |
| <i>Interest paid on hybrid bond</i> | | | | | | | | -5.1 | -5.1 | 0.0 | -5.1 |
| <i>Change</i> | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Equity 31 December 2014</i> | 111.0 | 159.4 | 433.8 | -35.1 | 0.7 | 94.0 | 0.4 | 645.5 | 1,409.7 | 1.8 | 1,411.5 |

| | 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 2015</i> | 111.0 | 159.4 | 433.8 | -35.1 | 0.7 | 94.0 | 0.4 | 645.5 | 1,409.7 | 1.8 | 1,411.5 |
| <i>Comprehensive income</i> | | | | | | | | | | | |
| <i>Profit for the period</i> | | | | | | | | 227.2 | 227.2 | 0.0 | 227.2 |
| <i>Other comprehensive income (net of tax)</i> | | | | | | | | | | | |
| <i>Remeasurements of defined benefit liability/asset</i> | | | | | | | | 0.1 | 0.1 | 0.0 | 0.1 |
| <i>Changes in associated companies recognised directly in comprehensive income</i> | | | | 1.4 | | | | | 1.4 | 0.0 | 1.4 |
| <i>Cash flow hedges</i> | | | | 4.4 | | | | | 4.4 | 0.0 | 4.4 |
| <i>Translation differences</i> | | | | | | | -0.6 | | -0.6 | 0.0 | -0.6 |
| <i>Change in tax rate, revaluation reserve</i> | | | | | | | | | | | |
| <i>Comprehensive income, total</i> | | | | 5.8 | | | -0.6 | 227.3 | 232.6 | 0.0 | 232.6 |
| <i>Transactions with shareholders</i> | | | | | | | | | | | |
| <i>Dividend payment</i> | | | | | | | | -53.8 | -53.8 | 0.0 | -53.8 |
| <i>Transactions with shareholders, total</i> | | | | | | | | -53.8 | -53.8 | 0.0 | -53.8 |
| <i>Repurchase of hybrid bond</i> | | | | | | | | | | | |
| <i>Interest paid on hybrid bond</i> | | | | | | | | -5.1 | -5.1 | 0.0 | -5.1 |
| <i>Change</i> | | | | | | | | -0.2 | -0.2 | 0.0 | -0.2 |
| <i>Equity 31 December 2015</i> | 111.0 | 159.4 | 433.8 | -29.2 | 0.7 | 94.0 | -0.2 | 813.7 | 1,583.2 | 1.8 | 1,585.0 |

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.

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 Group changed its reporting segments effective from the beginning of 2015. From 1 January 2015, Sponda's reporting segments are as follows:

- Office Properties, responsible for the leasing, acquisition and sale of office premises in Finland;
- Shopping Centres, responsible for the leasing, acquisition and sale of shopping centres and retail premises in Finland;
- Logistics, responsible for the leasing, acquisition and sale of logistics properties in Finland;
- Property Development, responsible for the marketing and implementation of new property development projects based on customer needs;
- Russia, responsible for the leasing, acquisition, sale and development of office, retail and logistics properties in Russia; and
- Property Investment Companies, comprised of investments in the associated company Certeum and investments in the First real estate fund and the property investment company Russia Invest. Until the end of 2014, the investments in First and Russia Invest were presented as part of the Real Estate Funds segment and the investments in Certeum as part of the Other segment. Figures for the previous financial year have been adjusted to correspond to the changes in segment structure and composition.
- Other, which 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 Real Estate Funds segment has been discontinued as of 1 January 2015. It will not be separately reported for the comparison period, and the figures for the previous financial year for the Other segment have been adjusted to correspond to the changes in segment structure and composition.

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2015.

The figures in the interim report have been audited.

Income statement by segment
M€

| <i>Income statement information</i> 1-12/2015 | Office Properties | Shopping Centres | Logistics | Property Development | Russia | Property Investment | Other | Group, total |
|--|-------------------|------------------|-------------|----------------------|--------------|---------------------|--------------|--------------|
| Total revenue | 149.1 | 46.6 | 16.8 | 1.1 | 16.9 | 0.0 | 0.0 | 230.5 |
| <i>Maintenance expenses and direct fund expenses</i> | -39.4 | -10.9 | -7.7 | -2.8 | -4.0 | 0.0 | 0.0 | -64.8 |
| Net operating income | 109.7 | 35.7 | 9.1 | -1.7 | 12.8 | 0.0 | 0.0 | 165.7 |
| <i>Profit on sales of investment properties</i> | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| <i>Loss on sales of investment properties</i> | -0.3 | 0.0 | -3.1 | 0.0 | -1.1 | 0.0 | -0.1 | -4.6 |
| <i>Profit/loss on disposal of associated companies</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.2 | 0.0 | 5.2 |
| <i>Profit/loss on trading properties</i> | 0.0 | 0.0 | 0.0 | 2.7 | 0.0 | 0.0 | 0.0 | 2.8 |
| <i>Valuation gains/losses on fair value assessment</i> | 35.5 | 3.2 | -7.4 | 25.9 | -33.9 | 0.0 | 0.0 | 23.2 |
| <i>Amortisation of goodwill</i> | 0.0 | 0.0 | 0.0 | -3.0 | 0.0 | 0.0 | 0.0 | -3.0 |
| <i>Administration and marketing</i> | -10.6 | -2.8 | -1.3 | -4.1 | -2.7 | 0.0 | -0.1 | -21.7 |
| <i>Share of result of associated companies</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10.2 | 0.0 | 10.2 |
| <i>Other operating income and expenses</i> | -0.2 | -0.3 | 0.7 | 0.0 | 0.0 | 0.1 | 0.0 | 0.2 |
| Operating profit | 134.1 | 35.8 | -1.9 | 19.8 | -24.8 | 15.4 | -0.3 | 178.1 |
| Financial income and expenses | | | | | | | -48.9 | -48.9 |
| Profit before taxes | | | | | | | -49.2 | 129.2 |
| Income tax | | | | | | | 98.1 | 98.1 |
| Profit for the period | | | | | | | 48.9 | 227.2 |
| | | | | | | | | |
| | | | | | | | | |
| <i>Investments</i> | 34.0 | 6.8 | 0.9 | 66.0 | 0.1 | 2.7 | 0.1 | 110.6 |
| <i>Segment assets</i> | 2,005.9 | 733.6 | 94.7 | 141.2 | 150.7 | 21.4 | 293.4 | 3,441.0 |
| <i>- of which classified as held for sale</i> | 8.4 | | 1.8 | | | | | 10.2 |
| <i>Economic Occupancy Rate</i> | 88.2 | 91.3 | 68.3 | | 84.6 | | | 87.7 |

| Income statement information 1-12/2014 | Office Properties | Shopping Centres | Logistics | Property Development | Russia | Property Investment | Other | Group, total |
|--|--------------------------|-------------------------|------------------|-----------------------------|---------------|----------------------------|--------------|---------------------|
| Total revenue | 141.8 | 45.8 | 30.8 | 1.2 | 22.2 | 0.0 | 4.9 | 246.7 |
| <i>Maintenance expenses and direct fund expenses</i> | -38.8 | -10.6 | -11.8 | -2.2 | -6.4 | 0.0 | -0.8 | -70.6 |
| Net operating income | 103.0 | 35.2 | 18.9 | -1.0 | 15.8 | 0.0 | 4.1 | 176.0 |
| <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 disposal of associated companies</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Profit/loss on trading properties</i> | 0.0 | 0.0 | 0.0 | 2.0 | 0.0 | 0.0 | 0.0 | 2.0 |
| <i>Valuation gains/losses on fair value assessment</i> | 18.5 | 3.8 | -6.0 | 3.6 | -23.8 | 0.0 | 3.7 | -0.2 |
| <i>Amortisation of goodwill</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Administration and marketing</i> | -8.8 | -2.6 | -1.5 | -3.1 | -2.5 | 0.0 | -3.6 | -22.1 |
| <i>Share of result of associated companies</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.5 | 0.0 | -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 |
| Operating profit | 112.9 | 36.0 | 11.1 | 1.6 | -10.6 | -3.5 | 4.2 | 151.7 |
| Financial income and expenses | | | | | | | -55.9 | -55.9 |
| Profit before taxes | | | | | | | -51.7 | 95.7 |
| Income tax | | | | | | | -22.2 | -22.2 |
| Profit for the period | | | | | | | -73.9 | 73.6 |
| | | | | | | | | |
| | | | | | | | | |
| <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 | 193.2 | 96.7 | 3,449.2 |
| <i>Economic Occupancy Rate</i> | 88.5 | 91.2 | 64.9 | | 90.4 | | | 87.0 |

Key figures

| | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|---|-------------------|-------------------|------------------|------------------|
| <i>Earnings per share, €</i> | 0.55 | 0.04 | 0.78 | 0.24 |
| <i>Equity ratio*, %</i> | | | 46.2 | 41.0 |
| <i>Gearing ratio, %</i> | | | 90.9 | 121.2 |
| <i>Equity per share, €</i> | | | 5.26 | 4.65 |
| <i>Cash flow from operations per share, €</i> | 0.07 | 0.09 | 0.36 | 0.37 |

Quarterly key figures

| | Q4/2015 | Q3/2015 | Q2/2015 | Q1/2015 | Q4/2014 |
|---|---------|---------|---------|---------|---------|
| Total revenue, M€ | 57.2 | 56.7 | 59.4 | 57.2 | 57.3 |
| Net operating income, M€ | 41.3 | 42.2 | 42.5 | 39.6 | 40.4 |
| Valuation gains/losses on fair value assessment, M€ | 10.3 | 0.5 | 22.3 | -9.9 | 1.6 |
| Operating profit, M€ | 47.8 | 38.3 | 64.4 | 27.6 | 32.9 |
| Financial income and expenses, M€ | -12.1 | -13.0 | -11.2 | -12.6 | -11.7 |
| Profit/loss for the period, M€ | 158.0 | 18.0 | 39.9 | 11.3 | 13.3 |
| | | | | | |
| Investment properties, M€ | 3,101.7 | 3,161.4 | 3,143.2 | 3,136.1 | 3,142.1 |
| Shareholders' equity, M€ | 1,585.0 | 1,430.4 | 1,413.2 | 1,369.8 | 1,411.5 |
| Interest-bearing liabilities, M€ | 1,660.9 | 1,724.7 | 1,768.6 | 1,775.2 | 1,731.2 |
| | | | | | |
| Earnings per share, € | 0.55 | 0.06 | 0.14 | 0.04 | 0.04 |
| Cash flow from operations per share, € | 0.07 | 0.10 | 0.11 | 0.08 | 0.09 |
| EPRA NAV/share, € | 5.60 | 5.58 | 5.47 | 5.30 | 5.45 |
| | | | | | |
| Economic Occupancy Rate, % | 87.7 | 86.2 | 86.3 | 86.8 | 87.0 |

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

The EPRA Earnings figure is presented below using two different calculation methods.

EPRA Earnings, M€

| | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|--|--------------|-------------|--------------|--------------|
| <i>EPRA Earnings</i> | | | | |
| <i>Earnings for the period per IFRS income statement</i> | 158.0 | 13.3 | 227.2 | 73.6 |
| <i>-/+ (i) Net profits or losses from fair value assessment of investment properties</i> | -10.3 | 4.3 | -22.4 | 11.6 |
| <i>-/+ (ii) Net profits or losses on disposal of investment properties</i> | -2.2 | 0.0 | -0.7 | -0.6 |
| <i>-/+ (iii) Net profits or losses on sales of trading properties</i> | -0.2 | -0.1 | -2.8 | -2.0 |
| <i>+/- (iv) Taxes arising from above items based on result</i> | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>+/- (v) Impairment and amortisation of goodwill</i> | 0.4 | 0.0 | 3.0 | 0.0 |
| <i>-/+ (vi) Changes in fair value of financial instruments</i> | 0.1 | 3.0 | 0.1 | 7.6 |
| <i>+/- (viii) Deferred taxes arising from the above items</i> | 7.4 | 2.8 | 27.6 | 11.6 |
| EPRA Earnings | 153.3 | 23.2 | 232.0 | 101.6 |
| | | | | |
| EPRA Earnings per share, € | 0.54 | 0.08 | 0.82 | 0.36 |
| | | | | |
| <i>Company adjustments:</i> | | | | |
| <i>(a) Deferred taxes on operating result</i> | -137.3 | 3.4 | -133.5 | 7.1 |
| <i>Adjusted EPRA Earnings</i> | 16.1 | 26.6 | 98.6 | 108.7 |
| | | | | |
| <i>Adjusted Earnings per share, €</i> | 0.06 | 0.09 | 0.35 | 0.38 |

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.

EPRA Earnings, M€

| EPRA Earnings, M€ | 10-12/2015 | 10-12/2014 | 1-12/2015 | 1-12/2014 |
|---|------------|------------|-----------|-----------|
| <i>EPRA Earnings</i> | | | | |
| <i>Net operating income</i> | 41.3 | 40.4 | 165.7 | 176.0 |
| <i>+ Realised shares of profit from real estate funds</i> | 0.0 | 0.0 | 0.0 | 5.5 |
| <i>- Operational marketing and administration expenses</i> | -5.6 | -5.6 | -21.7 | -22.1 |
| <i>+/- Other operational income and expenses from business operations</i> | -0.2 | 3.2 | 12.7 | 2.1 |
| <i>Operating profit</i> | 35.6 | 38.1 | 156.7 | 161.6 |

| | | | | |
|---|--------|-------|--------|-------|
| +/- Operational financial income and expenses | -12.0 | -11.4 | -48.8 | -51.1 |
| -/+ Taxes based on operating result | -7.5 | -0.1 | -9.3 | -1.8 |
| - Deferred taxes based on operating result | 137.3 | -3.4 | 133.5 | -7.1 |
| EPRA Earnings | 153.3 | 23.2 | 232.0 | 101.6 |
| | | | | |
| EPRA Earnings per share, € | 0.54 | 0.08 | 0.82 | 0.36 |
| | | | | |
| Company adjustments: | | | | |
| (a) Deferred taxes on operating result | -137.3 | 3.4 | -133.5 | 7.1 |
| Adjusted EPRA Earnings | 16.1 | 26.6 | 98.6 | 108.7 |
| | | | | |
| Adjusted Earnings per share, € | 0.06 | 0.09 | 0.35 | 0.38 |

EPRA Cost Ratio M€

| | |
|---|----------------|
| Administrative/operating expense line per IFRS income statement | 89,838 |
| Net service charge costs/fees | -5,512 |
| Management fees less actual/estimated profit element | 0 |
| Other operating income/recharges intended to cover overhead expenses less any related profits | 0 |
| Share of Joint Ventures expenses | 0 |
| Exclude (if part of the above) | |
| Investment Property depreciation | 0 |
| Ground rent costs | -4,067 |
| Service charge cost recovered through rents but not separately invoiced | -49,544 |
| EPRA Costs (including direct vacancy costs) (A) | 30,714 |
| | |
| Direct vacancy costs | -8,300 |
| EPRA Costs (excluding direct vacancy costs) (B) | 22,415 |
| | |
| Gross Rental Income less ground rent costs | 223,308 |
| Service charge cost recovered through rents but not separately invoiced | -49,544 |
| Share of Joint Ventures | 0 |
| Gross Rental Income (C) | 173,764 |
| | |
| EPRA Cost Ratio (including direct vacancy costs) (A/C) | 17.68% |
| EPRA Cost Ratio (excluding direct vacancy costs) (B/C) | 12.90% |

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 or operating expenses.

Investment Properties

M€

Net operating income from all of Sponda's property assets totalled EUR 165.7 (176.0) million in 2015 and EUR 41.3 (40.4) million in October–December. Of this total, office premises accounted for 66%, shopping centres for 22%, logistics premises for 5% and the Russia unit for 7%. On 31 December 2015, Sponda had a total of 162 leasable properties, with an aggregate leasable area of approximately 1.1 million m². Of this total, approximately 70% is office premises, 14% is shopping centres and 13% is logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of 2015, 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 2015 was EUR 23.2 (-3.9) million for the full year and EUR 10.3 (1.5) million for October–December. The value of Sponda's properties in Finland developed favourably, primarily due to a decrease in yield requirements, especially with regard to central business district properties. Another factor contributing to the increase in fair value was the development margin of property development after the Ilmala office project was completed. The negative change in the fair value of properties in Russia was attributable to changes in 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

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 65.7 million, of which EUR 25.5 million was invested in the final quarter. The investments were primarily directed to the construction of office buildings in Ilmalanrinne and Lassila, as well as the construction of the Ratina shopping centre.

The construction of the Ratina shopping centre in Tampere began in April 2015. Most of the excavation work has been completed. Foundation work for the new building is currently underway, and the construction of the frame will begin in March 2016. The shopping centre is expected to be completed in spring 2018. The complex comprises a total of approximately 53,000 m² of retail and service premises for more than 150 businesses. The project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 51.9 million invested to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's signed and agreed lease agreements cover approximately 35% of the leasable area.

Property, plant and equipment
M€

| | 31.12.2015 | 31.12.2014 |
|---|------------|------------|
| <i>Carrying amount, beginning of period</i> | 13.2 | 12.5 |
| <i>Increases</i> | - | 0.9 |
| <i>Disposals</i> | 0.0 | - |
| <i>Depreciation for the period</i> | -0.2 | -0.2 |
| <i>Carrying amount, end of period</i> | 13.0 | 13.2 |

Trading properties
M€

| | 31.12.2015 | 31.12.2014 |
|---|------------|------------|
| <i>Carrying amount, beginning of period</i> | 7.8 | 7.8 |
| <i>Disposals and other changes</i> | -0.1 | 0.0 |
| <i>Increases</i> | - | - |
| <i>Reclassifications to investment properties</i> | - | - |
| <i>Valuation changes</i> | - | - |
| | | |
| <i>Carrying amount, end of period</i> | 7.7 | 7.8 |

Collateral and contingent liabilities

| Collateral and commitments given by the Group | 31.12.2015 | 31.12.2014 |
|---|------------|------------|
| M€ | | |
| <i>Loans from financial institutions, covered by collateral</i> | 125.8 | 179.7 |
| | | |
| <i>Mortgages</i> | 288.1 | 312.1 |
| <i>Carrying amount of pledged shares</i> | 44.6 | 19.6 |
| <i>Total collateral</i> | 332.7 | 331.7 |
| | | |
| Lease and other liabilities | 31.12.2015 | 31.12.2014 |
| M€ | | |
| <i>Lease liabilities</i> | 53.9 | 126.0 |
| <i>Mortgages</i> | 23.1 | 3.7 |
| <i>Guarantees and deposit guarantees</i> | 3.1 | 2.8 |
| | | |
| <i>Investment commitments to real estate funds</i> | 6.6 | 9.3 |

| Interest derivatives | 31.12.2015 | 31.12.2014 |
|--|-------------------|-------------------|
| M€ | | |
| <i>Swap contracts, notional value</i> | 655.0 | 655.0 |
| <i>Swap contracts, fair value</i> | -36.6 | -42.6 |
| <i>Eurobasis swaps, notional value</i> | 150.0 | 150.0 |
| <i>Eurobasis swaps, fair value</i> | -0.3 | -0.5 |
| <i>Cap options purchased, notional value</i> | 363.1 | 593.9 |
| <i>Cap options purchased, fair value</i> | 0.8 | 1.0 |
| | | |
| Currency derivatives | 31.12.2015 | 31.12.2014 |
| M€ | | |
| <i>Currency options, bought, notional value</i> | 6.4 | 8.7 |
| <i>Currency options, bought, fair value</i> | 0.0 | 0.0 |
| | | |
| <i>Currency options, put, notional value</i> | - | 4.6 |
| <i>Currency options, put, fair value</i> | - | 0.0 |
| | | |
| Interest rate and currency swaps | 31.12.2015 | 31.12.2014 |
| M€ | | |
| <i>Interest rate and currency swaps, notional value*</i> | 72.4 | 187.4 |
| <i>Interest rate and currency swaps, fair value*</i> | -1.7 | -4.7 |

*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

The following related party transactions were carried out:

| Management employee benefits, M€ | 31.12.2015 | 31.12.2014 |
|---|-------------------|-------------------|
| Salaries and other short-term employee benefits | 1.7 | 1.9 |
| Share-based payments | 0.9 | 0.9 |
| <i>Total</i> | 2.6 | 2.8 |

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

| M€ | Sales | Purchases |
|--------------|--------------|------------------|
| Certeum Oy | 0.1 | - |
| <i>Total</i> | 0.1 | - |

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, % | = | $100 \times \frac{\text{Equity}}{\text{Balance sheet total} - \text{advances received}}$ |
| 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, € | = | $\begin{aligned} &\text{Operating profit} \\ &-/+ \text{Fair value adjustment} \\ &+ \text{Allocation of goodwill} \\ &+ \text{Depreciation in administration} \\ &+/- \text{Changes in provisions} \\ &+/- \text{Defined benefit pension expenses} \\ &- \text{Financial income \& expenses affecting cash flow} \\ &- \text{Taxes affecting cash flow} \\ &+/- \text{Changes in fair value of associated companies' investment properties and financial instruments, and} \end{aligned}$ |

| | | | |
|---------------------------------|---|---|--|
| | | | <u>deferred taxes</u> Weighted average number of shares outstanding during the period |
| EPRA NAV per share, € | = | Equity attributable to parent company equity holders - Other equity reserve + Fair value of financial instruments + Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference - Goodwill created from the deferred tax liabilities on properties | <hr/> Undiluted total number of shares on the date of closing the books |
| EPRA Net Initial Yield (NYI), % | = | <u>Annualised net rental income</u> Investment properties - Development properties + Estimated purchaser's costs | |
| EPRA "topped up" NYI, % | = | Annualised net rental income + <u>Step rents, rent-free periods, etc.</u> Investment properties - Development properties + Estimated purchaser's costs | |