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HALF YEAR FINANCIAL REPORT 1.1.– 30.6.2018

Sponda owns, leases and develops business properties in the Helsinki metropolitan area and the largest cities in Finland.

Sponda's reporting segments are as follows: Office Properties, Shopping Centres, Property Development, Non-Strategic Holdings and the Other segment. The Non-Strategic Holdings segment includes the remaining logistics properties, properties in Russia and the Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses.

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SPONDA PLC'S HALF YEAR FINANCIAL REPORT JANUARY–JUNE 2018:

JANUARY–JUNE IN BRIEF (COMPARED WITH 1 JANUARY–30 JUNE 2017)

- Total revenue decreased to EUR 128.9 (133.0) million.
- Net operating income was EUR 82.6 (88.8*) million.
- Operating profit was EUR 82.9 (64.1*) million. This includes a fair value change of EUR 19.0 (-20.7) million.
- Earnings per share were EUR 0.07 (0.12*).
- The fair value of the investment properties amounted to EUR 4,036.7 (3,807.5) million.

KEY FIGURES

	1-6/2018	1-6/2017	1-12/2017
<i>Total revenue, M€</i>	128.9	133.0	263.7
<i>Net operating income, M€</i>	82.6	88.8*	193.7
<i>Operating profit, M€</i>	82.9	64.1*	173.5
<i>Earnings per share, €</i>	0.07	0.12*	0.65
<i>Equity per share, €</i>	3.62	5.10*	4.49
<i>Equity ratio, %</i>	29.3	46.4*	32.0

*) Due to a revised accounting principle, group recognised the full year's property taxes as expenses during the review period. The comparison figures have been adjusted.

BUSINESS CONDITIONS

Economic growth in Finland has exceeded forecasts and is expected to remain strong in 2018. According to the Ministry of Finance's forecast, the Finnish GDP will grow by 2.9% in 2018. The improvement of the economy also has a positive impact on employment. According to Statistics Finland, the unemployment rate was 6.5% at the end of July 2018.

GROUP RESULT IN JANUARY–JUNE 2018

Sponda Group's result for January–June was EUR 22.8 (41.9) million and the result before taxes was EUR 30.4 (39.8) million. Operating profit was EUR 82.9 (64.1) million.

Net operating income decreased by approximately 7% and totalled EUR 82.6 (88.8) million. The development of net operating income was negatively affected, in particular, by two office properties being vacated due to development projects. Administrative and marketing expenses and other operating income and expenses amounted to EUR -15.8 (-12.1) million. Administrative and marketing expenses accounted for EUR 14.4 (12.2) million of this total.

Pursuant to IFRIC 21, the Group recognises a liability in the balance sheet when the obligating event occurs. In accordance with the Finnish Financial Supervisory Authority's instructions, the Group recognised the full year's property taxes as expenses during the review period. In previous periods, the Group periodised property taxes in the profit and loss statement based on the passage of time. In the Group's segment information, a six-month share of property taxes has been allocated to the Others segment because, in accordance with the businesses' internal monitoring principles, property taxes are recognised on a monthly basis. The comparison figures have been adjusted to reflect the change in accounting principles.

During the period, the Group recognised profit on sales of EUR 0.5 (10.5) million from the sales of investment and trading properties. The change in fair value of the investment properties was positive at EUR 19.0 (-20.7) million. The positive change in fair value is fully attributable to the Group's property portfolio in Finland and the increase was particularly attributable to the development margin recognised on completed property development projects.

Financial income and expenses for the period totalled EUR -52.5 (-24.3) million. The change in financial expenses is due to refinancing arrangements made during the year. Deferred tax assets decreased by approximately EUR 6.8 million during the period.

PROPERTY ASSETS 1 JANUARY–30 JUNE 2018

On 30 June 2018, Sponda had a total of 164 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 57% is office premises, 25% shopping centres and 16% logistics premises. Approximately 1% of the leasable area 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 June 2018, an external consultant audited the values of Sponda's investment properties in Finland (Catella Property Oy) and in Russia (CB Richard Ellis). The fair value of the investment properties totalled approximately EUR 4.0 billion at the end of June 2018.

Valuation gains/losses on fair value assessment

M€	1-6/2018	1-6/2017	1-12/2017
<i>Changes in yield requirements (Finland)</i>	23.8	15.2	46.2
<i>Changes in yield requirements (Russia)</i>	0.0	0.0	0.0
<i>Development gains on property development projects</i>	24.8	5.4	13.9
<i>Modernisation investments</i>	-14.2	-18.5	-37.8
<i>Change in market rents and maintenance costs (Finland)</i>	-5.1	-9.6	2.8
<i>Change in market rents and maintenance costs (Russia)</i>	-6.0	-13.0	-15.8
<i>Change in currency exchange rates</i>	-4.2	-0.3	-2.6
<i>Investment properties, total</i>	19.0	-20.7	6.7
<i>Real estate funds</i>	0.0	0.0	-1.7
<i>Realised share of fund profits</i>	0.0	0.0	0.0
<i>Group, total</i>	19.0	-20.7	4.9

Changes in Sponda's investment property assets 1 January–30 June 2018

M€	Total	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings
<i>Operating income</i>	128.1	79.5	40.8	0.4	7.3
<i>Maintenance expenses</i>	-37.7	-23.4	-9.9	-0.9	-3.6
<i>Net operating income</i>	90.4	56.1	31.0	-0.5	3.8
<i>Investment properties on 1 January 2018</i>	3,935.3	2,229.0	1,221.5	305.8	179.1
<i>Investment properties held for sale on 1 January 2018</i>	-	-	-	-	-
<i>Capitalised interest 2018</i>	1.9	-	-	1.9	-
<i>Acquisitions</i>	-	-	-	-	-
<i>Investments</i>	80.6	11.4	2.1	66.3	0.8
<i>Transfers between segments/asset items</i>	-	40.8	295.0	-335.8	-
<i>Sales</i>	-0.2	-	-	-	-0.2
<i>Change in fair value</i>	19.0	-5.0	9.8	25.3	-11.1
<i>Reclassifications to non-current assets held for sale</i>	-	-	-	-	-
<i>Investment properties on 30 June 2018</i>	4,036.7	2,276.2	1,528.4	63.5	168.5
<i>Change in fair value, %</i>	0.5	-0.2	0.8	8.3	-6.2

RENTAL OPERATIONS

At the end of June 2018, Sponda had 1,913 clients and a total of 3,148 lease agreements.

All of Sponda's lease agreements in Finland are tied to the cost of living index.

The **average length of all lease agreements** was 3.6 (3.9) years. The average length of lease agreements was 3.9 (3.9) years for office properties and 3.9 (4.3) years for shopping centres.

The lease agreements expire as follows:

% of rental income	Total property portfolio		
	30.6.2018	30.6.2017	31.12.2017
<i>Within 1 year</i>	18.6	18.8	17.0
<i>Within 2 years</i>	12.5	11.9	12.8
<i>Within 3 years</i>	12.9	11.3	10.3
<i>Within 4 years</i>	13.2	10.9	12.6
<i>Within 5 years</i>	7.5	12.2	11.3
<i>Within 6 years</i>	4.4	2.3	3.4
<i>After more than 6 years</i>	19.4	21.6	20.5
<i>Valid indefinitely</i>	11.6	11.1	12.1

RESULTS BY SEGMENT

The reporting segments are as follows: Office Properties, Shopping Centres, Property Development, Non-Strategic Holdings and the Other segment. The Non-Strategic Holdings segment includes the remaining logistics properties, properties in Russia and the Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses.

Office Properties

The Office Properties segment is responsible for the leasing, purchase and sales of office premises in Finland.

Total revenue in the first half of 2018 amounted to EUR 80.2 (85.5) million and net operating income was EUR 56.3 (62.5) million.

	1-6/2018	1-6/2017	1-12/2017
Total revenue, M€	80.2	85.5	170.1
Net operating income, M€*	56.3	62.5	125.6
Operating profit, M€*	44.8	46.0	109.5
Fair value of properties, M€	2,276.2	2,195.6	2,229.0
-excludes properties classified as held for sale, M€	-	8.1	-
Change in fair value from beginning of year, M€	-5.0	-11.9	-6.4
Leasable area, m ²	800,000	801,500	800,500

*Based on segment reporting and therefore including property taxes for six months only

Shopping Centres

The Shopping Centres segment is responsible for the leasing, acquisition and sale of shopping centres and retail premises in Finland. Total revenue in the first half of 2018 amounted to EUR 40.8 (37.9) million and net operating income was EUR 30.9 (29.2) million.

	1-6/2018	1-6/2017	1-12/2017
Total revenue, M€	40.8	37.9	76.2
Net operating income, M€*	30.9	29.2	59.6
Operating profit, M€*	35.8	26.1	71.8
Fair value of properties, M€	1,528.4	1,198.1	1,221.5
Change in fair value from beginning of year, M€	9.8	0.1	19.1
Leasable area, m ²	255,000	201,500	201,500

*Based on segment reporting and therefore including property taxes for six months only

Property Development

The Property Development segment is responsible for the marketing and implementation of new property development projects. Property development operations comprise new construction projects and the refurbishment of existing properties.

The balance sheet value of Sponda's property development portfolio stood at EUR 63.5 million at the end of June 2018. Of this total, EUR 48.5 million was in undeveloped land sites and the remaining EUR 15.0 million was tied up in property development projects in progress. The value of unused building rights is presented in the assets of the segment concerned for investment properties that have a building, and as part of the Property Development segment for building rights for unbuilt land.

The Property Development unit invested a total of EUR 66.3 million during the first half of the year. The investments were primarily directed to the construction of the Ratina shopping centre and the office and retail complex in Tikkurila, which were both completed during the reporting period. The total investment in the Ratina shopping centre was approximately EUR 250 million and the total investment in the project in Tikkurila was EUR 31.6 million.

Non-Strategic Holdings

The Non-Strategic Holdings segment includes the remaining logistics properties and properties in Russia.

The fair value of the investment properties in the Non-Strategic Holdings segment stood at EUR 168.5 million at the end of June. Of this total, logistics properties accounted for EUR 80.8 million and properties in Russia for EUR 87.7 million.

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russia Invest owns 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 amounted to approximately EUR 20.7 million at the end of June 2018.

FINANCING AND BALANCE SHEET KEY FIGURES

Sponda Group's interest-bearing debt grew significantly year-on-year due to refinancing activities. Interest-bearing debt amounted to EUR 2,893 (1,939) million at the end of June 2018. The Group's cash funds totalled EUR 69 (33) million and net debt was EUR 2,824 (1,906) million. The debt portfolio comprised EUR 320.5 million in bonds and EUR 2,571 million in loans from

financial institutions. At the end of June, Sponda had EUR 26.9 million in credit limits for investment projects. The level of loans from financial institutions grew significantly as Sponda had a higher amount of mortgaged loans than before. Total mortgaged loans amounted to EUR 2,599 million, or approximately 61% of the consolidated balance sheet, at the end of June.

The key balance sheet figures changed significantly due to said refinancing, dividends paid and equity repayment. Sponda's equity ratio at the end of June stood at 29.3% (46.4%). Loan to Value (LTV), based on net debt, was 69.3% (49.3%). The weighted average maturity of Sponda's loans was 1.5 (2.2) years. The average interest rate was 3.7% (2.4%) including interest derivatives and periodised arrangement fees. Fixed-rate and interest-hedged loans accounted for 60% (64%) of the loan portfolio.

Sponda's net financing costs for the period totalled EUR -52.5 (-24.3) million. Interest expenses of EUR 1.9 (1.2) million were capitalised. Net cash flow from operations in the period under review totalled EUR 34.1 (68.6) million. Net cash flow from investing activities was EUR -70.0 (-56.0) million and the net cash flow from financing activities was EUR -623.7 (7.8) million.

Balance sheet key figures

	30.6.2018	30.6.2017	31.12.2017
<i>Equity ratio, %</i>	29.3	46.4	32.0
<i>Loan to Value (LTV)*, %</i>	69.3	49.3	61.8
<i>Interest-bearing debt, EUR million</i>	2,893	1,939	3,186
<i>Cash reserves, EUR million</i>	69	33	729
<i>Credit limits for investment projects, EUR million</i>	27	0	47

*) Based on net debt

SPONDA GROUP

Sponda Plc is part of Polar TopCo S.à r.l. Group, based in Luxembourg.

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 MANAGEMENT

Kai Aejmelaesus was appointed as Sponda's new President and Chief Executive Officer on 12 February 2018 and he subsequently took up his post in April. Aejmelaesus succeeds Kari Inkinen, who moved into a new role as Senior Advisor and board member of Sponda.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

Sponda estimates that the risks and uncertainty factors for 2018 are mainly related to the following areas:

Change in demand for space, caused by reasons such as technological development, may have a negative impact on the development of occupancy rate and net operating income.

In Russia, the risks are mainly related to the development of the Russian economy and its impact **on the sale of Sponda's properties in Russia** in 2018.

PROSPECTS FOR 2018

Sponda estimates that the net operating income will slightly decline in 2018 compared to 2017. The decline is mainly due to large ongoing renovation projects that will temporarily affect rental income. The operating income, before fair valuation changes, is estimated to stay stable and be at the same level as reported in 2017. This estimate is based on two large property development projects being completed during the year. The estimates do not include the impact of possible divestments or acquisitions.

EVENTS AFTER THE PERIOD

There were no significant events after the review period.

20 September 2018
Sponda Plc
Board of Directors

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FORMULAS FOR THE KEY INDICATORS AND ITEMISATIONS AND BRIDGE CALCULATIONS REQUIRED FOR ALTERNATIVE KEY FIGURES IN ACCORDANCE WITH ESMA GUIDANCE

IFRS key figures

$$\text{Earnings per share, €} = \frac{\text{Share of earnings for the period attributable to equity holders of the parent company – interest and expenses on hybrid loan allocated to the period, adjusted for taxes}}{\text{Weighted average number of shares outstanding during the period}}$$

Alternative key figures defined in accordance with ESMA guidance

$$\text{Equity per share, €} = \frac{\text{Equity attributable to equity holders of the parent company} - \text{Other equity reserve}}{\text{Undiluted total number of shares on the date of closing the books}}$$

$$\text{Equity ratio, \%} = 100 \times \frac{\text{Equity}}{\text{Balance sheet total - advances and rent deposits received}}$$

The equity ratio is an indicator of the financial structure that shows the percentage of equity in the capital tied up in operations. Reflects the company's financial structure.

$$\text{LTV, Loan to value} = \frac{\text{Non-current and current interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties, Investments in real estate funds, Investments in associated companies, Property, plant and equipment, Trading properties and Non-current assets held for sale total}}$$

Loan to Value indicates the share of liabilities, less cash and cash equivalents, in funding the asset items included in the denominator. Reflects the company's financial structure.

Itemisations required for alternative key figures

M€	30.6.2018	30.6.2017	31.12.2017
Advances received	4.2	4.7	4.1
Rent deposits received	6.3	5.5	5.6

SPONDA PLC HALF YEAR FINANCIAL REPORT 1 JANUARY–30 JUNE 2018, TABLES
Consolidated income statement

M€	1-6/2018	1-6/2017	1-12/2017
<i>Total revenue</i>			
<i>Rental income and recoverables</i>	128.7	132.8	263.3
<i>Interest income from finance leasing agreements</i>	0.2	0.2	0.3
	128.9	133.0	263.7
<i>Expenses</i>			
<i>Maintenance expenses *</i>	-46.3	-44.1	-70.0
<i>Net operating income</i>	82.6	88.8	193.7
<i>Profit/loss on sales of investment properties</i>	0.5	3.0	4.0
<i>Valuation gains/losses on fair value assessment</i>	19.0	-20.7	4.9
<i>Amortisation of goodwill</i>	-3.3	-2.3	-5.2
<i>Profit/loss on sales of associated companies</i>	-	-	-
<i>Profit/loss on sales of trading properties</i>	-	7.5	9.0
<i>Sales and marketing expenses</i>	-1.9	-1.2	-2.8
<i>Administrative expenses</i>	-12.5	-11.0	-22.7
<i>Other operating income</i>	0.3	0.3	0.5
<i>Other operating expenses</i>	-1.7	-0.2	-7.9
<i>Operating profit</i>	82.9	64.1	173.5
<i>Financial income</i>	0.5	0.6	3.1
<i>Financial expenses</i>	-53.0	-24.9	-78.3
<i>Total amount of financial income and expenses</i>	-52.5	-24.3	-75.2
<i>Profit before taxes</i>	30.4	39.8	98.3
<i>Income taxes for current and previous fiscal years</i>	-0.8	-0.7	-1.3
<i>Deferred taxes</i>	-6.8	2.8	127.4
<i>Income taxes, total</i>	-7.6	2.1	126.2
<i>Profit/loss for the period</i>	22.8	41.9	224.5
<i>Attributable to:</i>			
<i>Equity holders of parent company</i>	22.8	41.9	224.5
<i>Non-controlling interest</i>	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>	0.07	0.12	0.65

*) Due to a revised accounting principle, group recognised the full year's property taxes as expenses during the review period. The comparison figures have been adjusted to reflect the change and the effect to the maintenance expenses is EUR -7.7 million.

Consolidated statement of other comprehensive income

M€	1-6/2018	1-6/2017	1-12/2017
<i>Profit/loss for the period</i>	22.8	41.9	224.5
<i>Other comprehensive income</i>			
<i>Items that will not be reclassified to profit or loss</i>			
<i>Items arising from the remeasurement of defined benefit liabilities (or assets)</i>	0.0	0.0	0.0
<i>Taxes on items that will not be reclassified to profit or loss</i>	-	-	0.0
<i>Items that will not be reclassified to profit or loss, total</i>	0.0	0.0	0.0
<i>Items that may be reclassified subsequently to profit or loss</i>			
<i>Net loss/profit from cash flow hedges</i>	-	7.0	28.2
<i>Translation differences</i>	-0.1	-0.3	-0.5
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	0.1	-1.3	-5.5
<i>Items that may be reclassified subsequently to profit or loss, total</i>	0.0	5.3	22.2
<i>Other comprehensive income for the period after taxes</i>	0.0	5.3	22.2
<i>Comprehensive profit/loss for the period</i>	22.8	47.2	246.7
<i>Attributable to:</i>			
<i>Equity holders of parent company</i>	22.8	47.2	246.7
<i>Non-controlling interest</i>	0.0	0.0	0.0

Consolidated balance sheet

M€	30.6.2018	30.6.2017	31.12.2017
ASSETS			
<i>Non-current assets</i>			
<i>Investment properties</i>	4,036.7	3,807.5	3,935.3
<i>Investments in real estate funds</i>	20.7	22.5	20.7
<i>Property, plant and equipment</i>	13.1	13.5	13.3
<i>Goodwill</i>	-	6.1	3.3
<i>Other intangible assets</i>	1.4	1.7	1.4
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Other investments</i>	0.1	5.7	1.9
<i>Deferred tax assets</i>	39.5	12.9	46.3
<i>Non-current assets total</i>	4,114.3	3,872.6	4,025.0
<i>Current assets</i>			
<i>Trading properties</i>	6.6	7.1	6.6
<i>Trade and other receivables *</i>	16.4	17.1	26.7
<i>Cash and cash equivalents</i>	69.1	32.7	729.1
<i>Current assets total</i>	92.1	56.9	762.3
<i>Non-current assets held for sale</i>	-	18.7	-
<i>Total assets</i>	4,206.4	3,948.2	4,787.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent company</i>			
<i>Share capital</i>	111.0	111.0	111.0
<i>Share premium reserve</i>	159.4	159.4	159.4
<i>Invested non-restricted equity reserve</i>	572.7	652.7	572.7
<i>Fair value reserve</i>	-	-17.0	-
<i>Revaluation reserve</i>	0.7	0.7	0.7
<i>Other equity fund</i>	0.0	94.0	0.0
<i>Translation differences</i>	0.5	0.7	0.5
<i>Retained earnings *</i>	383.9	825.7	681.6
<i>Equity attributable to equity holders of the parent company</i>	1,228.3	1,827.2	1,526.0
<i>Non-controlling interest</i>	1.8	1.8	1.8
<i>Shareholders' equity, total</i>	1,230.2	1,829.0	1,527.8
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Deferred tax liabilities</i>	0.9	89.2	0.9
<i>Provisions</i>	-	0.6	0.6
<i>Interest-bearing loans and borrowings</i>	2,742.7	1,263.2	2,717.8
<i>Other liabilities</i>	0.5	21.1	0.5
<i>Non-current liabilities total</i>	2,744.0	1,374.1	2,719.8
<i>Current liabilities</i>			
<i>Current interest-bearing liabilities</i>	150.0	675.9	468.6
<i>Trade and other payables *</i>	81.9	68.6	71.1
<i>Tax liabilities based on the taxable income for the period</i>	0.4	0.2	-
<i>Current liabilities total</i>	232.2	744.7	539.7
<i>Liabilities associated with non-current assets held for sale</i>	-	0.4	-
<i>Total borrowings</i>	2,976.3	2,119.2	3,259.5
<i>Total equity and liabilities</i>	4,206.4	3,948.2	4,787.4

*) Due to a revised accounting principle, group recognised the full year's property taxes as expenses during the review period. The comparison figures have been adjusted to reflect the change and the effect to the other receivables is EUR 7.5 million, to the retained earnings EUR -7.7 million and to the other payables EUR 0.2 million.

Consolidated cash flow statement

M€	1-6/2018	1-6/2017	1-12/2017
<i>Cash flow from operating activities</i>			
<i>Profit for the period *</i>	22.8	41.9	224.5
<i>Adjustments</i>	41.2	46.9	-48.5
<i>Change in net working capital *</i>	12.6	10.1	-8.7
<i>Interest received</i>	0.2	0.2	0.4
<i>Interest paid</i>	-40.6	-27.7	-47.8
<i>Other financial items</i>	-1.7	-2.1	-58.1
<i>Dividends received</i>	0.0	0.0	0.0
<i>Taxes received/paid</i>	-0.5	-0.6	0.1
<i>Net cash provided by operating activities</i>	34.1	68.6	61.8
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-70.1	-65.3	-150.5
<i>Capital expenditure on real estate funds</i>	0.0	0.0	0.0
<i>Acquisition of tangible and intangible assets</i>	-0.4	-0.4	-0.4
<i>Proceeds from disposal of investment properties</i>	0.5	9.7	18.8
<i>Proceeds from disposal of real estate funds</i>	-	-	-
<i>Proceeds from disposal of shares in associated companies</i>	-	-	-
<i>Proceeds from disposal of tangible and intangible assets</i>	-	-	-
<i>Capital repayments from associated companies</i>	-	-	-
<i>Repayments of loan receivables</i>	-	-	-
<i>Net cash flow from investment activities</i>	-70.0	-56.0	-132.1
<i>Cash flow from financing activities</i>			
<i>Proceeds from share issue</i>	0.0	0.0	0.0
<i>Non-current loans, raised</i>	20.1	0.0	2,578.8
<i>Repayment of hybrid bond</i>	-	-	-95.0
<i>Non-current loans, repayments</i>	-4.5	-150.5	-1,293.0
<i>Current loans, raised/repayments</i>	-318.8	226.1	70.8
<i>Interest paid on hybrid bond</i>	-	-	-6.4
<i>Dividends paid</i>	-320.5	-67.9	-467.9
<i>Net cash flow from financing activities</i>	-623.7	7.8	787.2
<i>Change in cash and cash equivalents</i>	-659.6	20.3	716.9
<i>Cash and cash equivalents, beginning of period</i>	729.1	12.9	12.9
<i>Impact of changes in exchange rates</i>	-0.3	-0.5	-0.8
<i>Cash and cash equivalents, end of period</i>	69.1	32.7	729.1

*) Due to a revised accounting principle, group recognised the full year's property taxes as expenses during the review period. The comparison figures have been adjusted to reflect the change and the effect to the profit for the period is EUR -7.7 million and to the change in net working capital EUR +7.7 million.

Consolidated statement of changes in equity

€	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
<i>Equity 1 January 2018</i>	111.0	159.4	572.7	-	0.7	-	0.5	681.6	1,526.0	1.8	1,527.8
<i>Comprehensive income</i>											
<i>Profit for the period</i>								22.8	22.8	0.0	22.8
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>											
<i>Translation differences</i>							0.0		0.0		0.0
<i>Comprehensive income, total</i>							0.0	22.8	22.8	0.0	22.8
<i>Transactions with shareholders</i>											
<i>Share issue</i>											
<i>Dividend distribution and other capital repayments</i>								-320.5	-320.5	0.0	-320.5
<i>Transactions with shareholders, total</i>								-320.5	-320.5	0.0	-320.5
<i>Repurchase of hybrid bond</i>											
<i>Interest paid on hybrid bond</i>								0.0	0.0	0.0	0.0
<i>Change</i>								0.0	0.0	0.0	0.0
<i>Equity 30 June 2018</i>	111.0	159.4	572.7	-	0.7	-	0.5	383.9	1,228.3	1.8	1,230.2

	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
<i>Equity 1 January 2017</i>	111.0	159.4	652.7	-22.6	0.7	94.0	0.9	851.8	1,848.1	1.8	1,849.9
<i>Comprehensive income</i>											
<i>Profit for the period *</i>								41.9	41.9	0.0	41.9
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>				5.6					5.6	0.0	5.6
<i>Translation differences</i>							-0.3		-0.3	0.0	-0.3
<i>Comprehensive income, total</i>				5.6			-0.3	41.9	47.2	0.0	47.2
<i>Transactions with shareholders</i>											
<i>Share issue</i>											
<i>Dividend distribution and other capital repayments</i>								-67.9	-67.9	0.0	-67.9
<i>Transactions with shareholders, total</i>								-67.9	-67.9	0.0	-67.9
<i>Repurchase of hybrid bond</i>											
<i>Interest paid on hybrid bond</i>											
<i>Change</i>								-0.1	-0.1	0.0	-0.1
<i>Equity 30 June 2017</i>	111.0	159.4	652.7	-17.0	0.7	94.0	0.7	825.7	1,827.2	1.8	1,829.0

*) Due to a revised accounting principle, group recognised the full year's property taxes as expenses during the review period. The comparison figures have been adjusted to reflect the change and the effect to the profit for the period is EUR -7.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles

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

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

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

Sponda has applied the IFRS 15 and IFRS 9 standards from the start of the 2018 financial year.

The most significant changes in the new IFRS 9 standard are related to the classification of financial instruments, liabilities and investments, the accounting of credit losses and requirements pertaining to hedge accounting. Due to Sponda Plc's financing structure, the new standard has not had a significant impact on Sponda's consolidated figures. As Sponda applies the IAS 17 Leases standard, the Group's figures have also not been affected by IFRS 15.

IFRS 16 will replace the current IAS 17 standard effective from 1 January 2019. The impacts of the new standard on Sponda as a lessee will mainly arise from leased plots of land as well as leases for cars and other machinery and equipment. The Group's lease liabilities, which will be largely recognised on the balance sheet, are presented under collateral and contingent liabilities in the tables section of the half year financial report.

Pursuant to IFRIC 21, the Group recognises a liability in the balance sheet when the obligating event occurs. In accordance with the Finnish Financial Supervisory Authority's instructions, the Group recognised the full year's property taxes as expenses during the review period. In previous periods, the Group periodised property taxes in the profit and loss statement based on the passage of time. In the Group's segment information, a six-month share of property taxes has been allocated to the Others segment because, in accordance with the businesses' internal monitoring principles, property taxes are recognised on a monthly basis. The comparison figures have been adjusted to reflect the change in accounting principles.

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2017.

The figures in the half year financial report have not been audited.

Income statement by segment

1-6/2018 M€	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings	Other	Group total
Total revenue	80.2	40.8	0.5	7.3	0.0	128.9
Maintenance expenses *	-23.9	-9.9	-1.5	-3.6	-7.5	-46.3
Net operating income	56.3	30.9	-1.0	3.8	-7.5	82.6
Profit on sales of investment properties	-	-	0.0	0.4	-	0.5
Loss on sales of investment properties	-	-	-	-	-	-
Profit/loss on sales of trading properties	-	-	-	-	-	-
Valuation gains/losses on fair value assessment	-5.0	9.8	25.3	-11.1	-	19.0
Amortisation of goodwill	-	-	-3.3	-	-	-3.3
Administration and marketing	-6.2	-4.6	-2.5	-1.0	-0.1	-14.4
Other operating income and expenses	-0.2	-0.4	-0.8	0.0	0.0	-1.4
Operating profit	44.8	35.8	17.7	-7.9	-7.5	82.9
Investments	11.4	2.1	66.3	0.8	2.3	83.0
Segment assets	2,278.9	1,528.4	63.5	189.3	146.3	4,206.4
- of which classified as held for sale	-	-	-	-	-	-

*) The share of property taxes allocated to the second half of the year is recognised in the Others segment

1-6/2017 M€	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings	Other	Group total
Total revenue	85.5	37.9	0.5	9.0	0.0	133.0
Maintenance expenses */**	-23.0	-8.7	-1.5	-3.2	-7.7	-44.1
Net operating income	62.5	29.2	-1.0	5.8	-7.7	88.8
Profit on sales of investment properties	0.7	-	-	2.8	-	3.5
Loss on sales of investment properties	-	-	0.0	-0.5	-	-0.5
Profit/loss on trading properties	-	-	7.5	-	-	7.5
Valuation gains/losses on fair value assessment	-11.9	0.1	5.4	-14.3	-	-20.7
Amortisation of goodwill	-	-	-2.3	-	-	-2.3
Administration and marketing	-5.2	-3.1	-2.5	-1.3	0.0	-12.2
Other operating income and expenses	0.0	-0.1	0.3	0.0	0.0	0.1
Operating profit	46.0	26.1	7.3	-7.6	-7.7	64.1
Investments	16.0	2.6	45.5	0.1	1.1	65.3
Segment assets	2,206.4	1,198.1	245.8	207.2	90.8	3,948.2
- of which investment properties held for sale	8.1	-	-	10.6	-	18.7

*) The share of property taxes allocated to the second half of the year is recognised in the Others segment

*) Due to a revised accounting principle, group recognised the full year's property taxes as expenses during the review period. The comparison figures have been adjusted to reflect the change and the effect to the maintenance expenses is EUR -7.7 million.

Key figures

	1-6/2018	1-6/2017	1-12/2017
Earnings per share, €	0.07	0.12	0.65
Equity ratio, %	29.3	46.4	32.0
Equity per share, €	3.62	5.10	4.49

Investment Properties

At the end of June 2018, Sponda had a total of 164 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 57% is office premises, 25% shopping centres and 16% logistics premises. Approximately 1% of the leasable area 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 June 2018, an external consultant audited the values of Sponda's investment properties in Finland (Catella Property Oy) and in Russia (CB Richard Ellis). The fair value of the investment properties totalled approximately EUR 4.0 billion at the end of June.

M€	30.6.2018	30.6.2017	31.12.2017
Fair value of investment properties, 1 Jan.	3,935.3	3,755.5	3,755.5
Non-current assets held for sale, 1 Jan.	-	32.8	32.8
Acquisition of investment properties	-	-	12.5
Other capital expenditure on investment properties	80.6	64.2	137.6
Disposals of investment properties	-0.2	-6.8	-15.0
Transfers from trading properties	-	-	2.0
Capitalised borrowing costs, increase in period	1.9	1.2	3.3
Valuation gains/losses on fair value assessment	19.0	-20.7	6.7
Investment properties reclassified as held for sale	-	-18.7	-
Fair value of investment properties, end of period	4,036.7	3,807.5	3,935.3
Investment properties held for sale	-	18.7	-

The Group's most significant investment commitments

The Property Development segment is responsible for the marketing and implementation of new property development projects. Property development operations comprise new construction projects and the refurbishment of existing properties.

The balance sheet value of Sponda's property development portfolio stood at EUR 63.5 million at the end of June 2018. Of this total, EUR 48.5 million was in undeveloped land sites and the remaining EUR 15.0 million was tied up in property development projects in progress. The value of unused building rights is presented in the assets of the segment concerned for investment properties that have a building, and as part of the Property Development segment for building rights for unbuilt land.

The Property Development unit invested a total of EUR 66.3 million during the first half of the year. The investments were primarily directed to the construction of the Ratina shopping centre and the office and retail complex in Tikkurila, which were both completed during the reporting period. The total investment in the Ratina shopping centre was approximately EUR 250 million and the total investment in the project in Tikkurila was EUR 31.6 million.

Collateral and contingent liabilities

Collateral and commitments given by the Group, M€	30.6.2018	30.6.2017	31.12.2017
Loans from financial institutions, covered by collateral	2,599.0	177.6	2,578.9
Mortgages on properties	2,248.4	288.1	2,248.4
Fair value of properties that are not mortgaged, based on pledged shares	182.8	46.1	182.0
Fair value of properties that are mortgaged and have pledged shares	3,187.0	-	3,369.2
Cash in pledged accounts	42.0	-	678.6

For the sake of clarity, at the end of June 2018 the fair value of all mortgaged properties was EUR 3,369.8 million (including pledges and shares). Cash included, the total collateral was EUR 3,411.8 million.

Lease and other liabilities, M€	30.6.2018	30.6.2017	31.12.2017
<i>Lease liabilities</i>	48.7	48.2	49.5
<i>Mortgages</i>	4.5	14.4	11.3
<i>Guarantees and deposit guarantees</i>	3.4	3.2	3.4
<i>Investment commitments to real estate funds</i>	3.5	3.5	3.5
Interest rate derivatives, M€	30.6.2018	30.6.2017	31.12.2017
<i>Swap contracts, notional value</i>	-	655.0	-
<i>Swap contracts, fair value</i>	-	-21.2	-
<i>Eurobasis swaps, notional value</i>	-	150.0	-
<i>Eurobasis swaps, fair value</i>	-	0.0	-
<i>Cap options purchased, notional value</i>	2,207.6	511.8	1,630.6
<i>Cap options purchased, fair value</i>	0.0	2.2	0.1
Currency derivatives, M€	30.6.2018	30.6.2017	31.12.2017
<i>Currency options, bought, notional value</i>	2.6	2.6	2.8
<i>Currency options, bought, fair value</i>	0.0	0.1	0.0

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

Related party transactions

Related party transactions and related party receivables and liabilities 30.6.2018

M€	Liabilities	Receivables
<i>Polar Bidco S.à r.l.</i>	5.0	6.3
<i>Total</i>	5.0	6.3