

Interim Report 1.1.–30.6.2011



SPONDA

Sponda Plc's interim report January-June 2011

Sponda Plc's total revenue in the first six months of 2011 was EUR 120.2 million (30 June 2010: EUR 115.9 million). Net operating income after property maintenance costs and direct costs for funds increased to EUR 84.5 (83.4) million. Sponda's operating profit was EUR 107.4 (93.0) million. The economic occupancy rate of Sponda's property portfolio remained at the previous quarter's level, at 88.2% (87.3%).

Result of operations and financial position January-June 2011 (compared with the same period in 2010)

- Total revenue increased by approximately 4% from the reference period to EUR 120.2 (115.9) million.
- Net operating income was EUR 84.5 (83.4) million.
- Operating profit improved to EUR 107.4 (93.0) million. The operating profit includes a fair value change of EUR 28.3 (10.0) million, and profit from the sale of Ovenia's shares of EUR 7.8 million.
- Cash flow from operations per share was EUR 0.18 (0.19).
- The fair value of the investment properties amounted to EUR 3,098.5 (2,798.0) million.
- Net assets per share totalled EUR 3.92 (3.55).
- The economic occupancy rate was 88.2% (87.3%).
- The prospects for 2011 remained unchanged, guidance on net operating income growth was specified.

Result of operations and financial position April-June 2011 (compared with the same period in 2010)

- Total revenue was EUR 61.6 (58.3) million.
- Net operating income was EUR 44.9 (43.0) million.
- Operating profit improved to EUR 70.0 (56.7) million. The operating profit includes a fair value change of EUR 25.2 (10.1) million.
- Cash flow from operations per share was EUR 0.11 (0.11).

Key figures

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
Total revenue, M€	61.6	58.3	120.2	115.9	232.1
Net operating income, M€	44.9	43.0	84.5	83.4	168.7
Operating profit, M€	70.0	56.7	107.4	93.0	216.2
Earnings per share, €	0.13	0.11	0.19	0.15	0.40
Cash flow from operations per share, €	0.11	0.11	0.18	0.19	0.37
Net assets per share, €			3.92	3.55	3.86
Equity ratio, %			38	37	39
Interest cover ratio			2.9	2.9	3.0

Key figures according to EPRA Best Practices Recommendations

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
EPRA Earnings, M€	20.0	18.9	37.2	34.5	74.0
EPRA Earnings per share, €	0.07	0.07	0.13	0.12	0.27
EPRA NAV/share, €			4.66	4.19	4.59
EPRA Net Initial Yield (NIY), %			6.32	N/A	6.37
EPRA, "topped-up" NIY, %			6.32	N/A	6.38

CEO Kari Inkinen

Sponda's net operating income increased in comparison with both the previous quarter and the previous year. Growth is expected to continue until the end of the year. Maintenance expenses returned to normal levels after an increase in the early part of the year. The vacancy rate remained at the previous quarter's level, but we believe we can reduce it further by the end of 2011.

The fair value change of our investment properties in the second quarter was EUR 26.2 million, primarily due to increased market rents and a decline in yield requirements. The increase in property valuation was particularly pronounced in Russia.

Demand for business properties in the Helsinki central business district has been active, and rents have increased relatively rapidly. Companies are interested in higher-quality business premises than before. However, the increased demand is still relatively vulnerable to any difficulties in the euro area and in the exports and imports sector in Finland.

Sponda's strategy continues to be geared towards profitable growth. This means that in Finland our focus is on property development projects and development of our property portfolio by selling properties in non-strategic areas and by continuing to acquire prime properties. In addition, we will invest 1-2% of the value of our property portfolio in the maintenance and modernisation of our strategic properties. In Russia, too, we are looking for potential acquisition targets primarily among office and retail properties. Our target is still to invest 10-20% of the company's balance sheet total in Russia. However, we will take the unstable nature of the Russian market into account, and we have not yet set a specific deadline to our investments.

Prospects

Sponda expects the vacancy rates of its investment properties to continue falling in 2011. This assessment is based on the 2011 growth forecasts for the Finnish economy and increased demand for properties in prime locations.

Net operating income in 2011 is expected to increase by over 4% in comparison with 2010. This expected increase is based on the predicted fall in vacancy rates, the completion of property development projects during the year and property acquisitions.

Business conditions - Finland

Finnish GDP is estimated to grow by slightly less than 4% this year. The growth is related primarily to industrial production and construction volume growth. Inflation is estimated to be 3.5-4.0% in 2011.

Rents for office properties have increased particularly in the centre of Helsinki and other prime locations. The prime rents of logistics properties have increased moderately. According to KTI Property Information Ltd, the rents for office space in the Helsinki central business area have increased by over 6%. In the outskirts of the Helsinki metropolitan area, high vacancy rates prevent increases in rents.

The Finnish economy continues to develop positively, and this is also reflected in the business property market. However, the uncertainty in the global economy may have a negative impact on the Finnish economy and on the operation of companies and therefore the vacancy rates of business premises.

Business conditions - Russia

The Russian economy is estimated to grow by over 4% in 2011. Economic growth is supported particularly by increases in the price of oil and other commodities.

The property market has also developed positively. The vacancy rate of office premises in Moscow is expected to decline, since there is a lack of good A class office premises in particular. This has also led to an increase in rents. According to an estimate by Cushman & Wakefield, present lease agreements for prime properties in Moscow are agreed at prices in excess of USD 1000/m²/year. The office properties being built at the moment will be completed in 2012-2013, after which there is no significant construction of new buildings in sight in the Moscow central area. The vacancy rate of office premises is expected to be at the level of 13%.

The yield requirements for properties in Moscow are declining, the average present yield requirement for office properties being 9-10.5%. The transaction market is still awaiting foreign investors, as almost all property deals are made among local market participants.

In St. Petersburg, market changes have been moderate, and rises in prices and rents have not been observed yet.

Operations and property assets January - June 2011

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

Net operating income from all of Sponda's property assets totalled EUR 84.5 (83.4) million in January-June. Office and retail premises accounted for 52%, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 30 June 2011, Sponda had a total of 202 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 52% is office and retail premises, 9% shopping centres and 36% logistics premises. 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 a minimum, twice annually by external experts to ensure that the parameters and values used in calculations are based on market observations.

An external consultant assessed the fair value of Sponda's properties at the end of the second quarter of 2011. The change in fair value of the properties in January-June 2011 was EUR 27.9 (8.5) million and in April-June alone EUR 26.2 (9.7) million. The positive change in the value was mainly due to changes in market rents and a reduction in yield requirements. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment". The fair value of investment properties is assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The statements of the property assessments conducted in Finland and Russia are available on Sponda's website at www.sponda.fi/Investors/Performance.

Valuation gains/losses on fair value assessment

M€	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
<i>Changes in yield requirements (Finland)</i>	6.7	2.2	13.6	2.2	22.9
<i>Changes in yield requirements (Russia)</i>	17.5	0.0	17.5	0.0	11.5
<i>Development gains on property development projects</i>	0.7	0.1	5.6	1.0	2.7
<i>Modernisation investments</i>	-12.7	-6.4	-24.6	-12.0	-29.9
<i>Change in market rents and maintenance costs (Finland)</i>	15.3	6.4	19.4	3.6	23.1
<i>Change in market rents and maintenance costs (Russia)</i>	-1.2	2.6	1.0	2.6	5.0
<i>Change in currency exchange rates</i>	-0.1	4.9	-4.6	11.2	5.2
<i>Investment properties, total</i>	26.2	9.7	27.9	8.5	40.5
<i>Real Estate Funds</i>	-2.6	-1.0	-2.6	-1.4	-1.7
<i>Realised shares of profit from real estate funds</i>	1.5	1.4	2.9	2.9	5.6
<i>Group, total</i>	25.2	10.1	28.3	10.0	44.4

The changes in Sponda's investment property assets were as follows:

M€	Total	Office and retail	Shopping centres	Logistics	Property development	Russia
<i>Operating income</i>	116.6	63.4	20.0	20.4	0.2	12.6
<i>Maintenance expenses</i>	-34.7	-18.9	-4.7	-7.1	-0.8	-3.2
<i>Net operating income</i>	81.9	44.6	15.3	13.3	-0.6	9.4
<i>Fair value of investment properties at 1 Jan 2011</i>	2,870.6	1,459.1	557.1	422.5	227.7	204.2
<i>Capitalised interest 2011</i>	1.7	0.0	0.0	0.1	1.4	0.2
<i>Acquisitions</i>	142.2	134.4	7.8	0.0	0.0	0.0
<i>Investments</i>	58.3	19.5	4.1	15.5	18.6	0.6
<i>Transfers between segments</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Sales</i>	-2.2	-2.2	0.0	0.0	0.0	0.0
<i>Change in fair value</i>	27.9	8.6	-2.4	8.1	-0.1	13.7
<i>Investment properties at 30 Jun 2011</i>	3 098.5	1 619.4	566.5	446.2	247.6	218.7
<i>Change in fair value, %</i>	1.0	0.6	-0.4	1.9	0.0	6.7
<i>Weighted average yield requirement %</i>	7.0	6.5	5.8	8.0		9.8
<i>Weighted average yield requirement %, Finland</i>	6.7					

Rental operations

The current trends in rental levels in Finland are illustrated by the difference in average rent per square metre for lease agreements that expired during the period and lease agreements that came into effect in the period. The figures for expired lease agreements and new agreements that came into effect in January-June were as follows:

	Number (agreements)	Area (m ²)	EUR/m ² /month
<i>Came into effect during the period</i>	101	26,735	16.70
<i>Expired during the period</i>	106	29,828	11.24
<i>Renewed during the period</i>	17	7,739	12.16

The expired agreements and agreements that came into effect do not necessarily pertain to the same segments and properties. In the second quarter the proportion of office premises was higher in agreements that came into effect than in expired agreements, which was the market segment witnessing the most pronounced rent increases.

Sponda calculates the growth in rental yield for its properties according to EPRA Best Practices Recommendations by using a like-for-like net rental growth formula based on a comparable property portfolio owned by the company for two years. Like-for-like net rental growth was -0.6% for office and retail premises, 10.6 % for shopping centres, 0.4% for logistics premises and 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:

<i>Type of property</i>	30.6.2011	31.3.2011	31.12.2010	30.9.2010	30.6.2010
<i>Office and retail, %</i>	88.5	87.7	87.7	87.7	87.7
<i>Shopping centres</i>	94.3	97.4	98.1	98.2	96.7
<i>Logistics, %</i>	78.3	77.8	75.8	74.8	75.9
<i>Russia %</i>	98.3	98.3	96.4	93.3	91.5
<i>Total property portfolio, %</i>	88.2	88.2	88.0	87.4	87.3
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<i>Geographical area</i>	30.6.2011	31.3.2011	31.12.2010	30.9.2010	30.6.2010
<i>Helsinki Business District, %</i>	86.7	88.0	89.8	89.4	88.6
<i>Helsinki Metropolitan Area, %</i>	86.0	85.3	84.3	84.3	84.2
<i>Turku, Tampere, Oulu</i>	95.7	95.7	96.8	96.0	96.7
<i>Russia</i>	98.3	98.3	96.4	93.3	91.5
<i>Total property portfolio, %</i>	88.2	88.2	88.0	87.4	87.3

The occupancy rate of the Shopping Centres unit declined from the first quarter by approximately 3 percentage points. This was because an office tenant in City-Center moved to another Sponda office property located elsewhere. Sponda's properties are categorised according to their main use, and hence the entire City-Center belongs to shopping centres.

Total cash flow from lease agreements at the end of June 2011 was EUR 1,228 (1,225) million. Sponda had 2,119 clients and altogether 3,267 lease agreements. The company's largest tenants were the public sector (10.2% of rental income), Kesko Group (5.6% of rental income), HOK-Elanto (3.7% of rental income) and Sampo Bank Plc (3.6% of rental income). Sponda's 10 largest tenants generate approximately 32% 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>	8,74
<i>Energy</i>	0,58
<i>Public sector</i>	11,47
<i>Wholesale/retail</i>	25,39
<i>Education</i>	1,30
<i>Logistics/Transport</i>	6,20
<i>Hotel and catering business</i>	4,37
<i>Media/Publishing</i>	1,63
<i>Other services</i>	9,17
<i>Banking/Investment</i>	9,55
<i>Construction</i>	2,26
<i>Industry/manufacturing</i>	8,59
<i>Healthcare</i>	3,51
<i>Telecommunications</i>	5,87
<i>Other</i>	1,37

The average length of all lease agreements was 5.0 (4.7) years. The average length of lease agreements was 5.2 (5.3) years for office and retail properties, 6.8 (5.1) for shopping centres and 4.5 (3.6) years for logistics properties. The lease agreements for Sponda's property portfolio expire as follows:

	% of rental income 30.6.2011	% of rental income 30.6.2010
<i>1 year</i>	13.4	15.3
<i>2 years</i>	11.5	10.9
<i>3 years</i>	10.3	11.1
<i>4 years</i>	5.3	9.5
<i>5 years</i>	6.4	5.9
<i>6 years</i>	9.1	4.7
<i>More than 6 years</i>	30.3	29.2
<i>Valid indefinitely</i>	13.8	13.4

Investments and divestments

In January-June 2011, Sponda sold properties for a total of EUR 2.2 million and bought properties for a total of EUR 142.2 million. In the second quarter, properties were not sold. Properties were bought for EUR 132.2 million, of which major part was the acquisition of Fennia quarter.

Investments in property maintenance totalled EUR 24.6 million and EUR 12.7 million of this in the second quarter. A majority of the investments in property maintenance were related to the ongoing renovation of Unioninkatu 20–22 in Helsinki. Sponda invested EUR 33.7 million in property development, EUR 10.6 million of this in April-June. Property development investments were primarily directed to the modernisation of the City-Center property in Helsinki's central business district and the expansion of the Zeppelin shopping centre in Oulu.

Office and retail properties

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
Total revenue, M€	33.0	30.7	63.4	61.0	122.6
Net operating income, M€	24.3	22.6	44.5	43.9	88.6
Operating profit, M€	27.8	26.3	49.5	41.9	107.1
Economic occupancy rate, %			88.5	87.7	87.7
Fair value of properties, M€			1,619.4	1,433.5	1,459.1
Change in fair value from beginning of year, M€			8.6	-0.1	14.9
Leasable area, m ²			778,000	759,500	737,000

The company sold office and retail properties for a total of EUR 2.2 million in January-June 2011. The company purchased properties for a total of EUR 134.4 million during the review period, with EUR 124.4 of this in April-June. Investments in property maintenance totalled EUR 19.1 million, with EUR 10.6 million of this in April-June.

In April 2011, Sponda purchased from Suomi Mutual Life Assurance Company the Fennia Quarter located in the Helsinki Central Business District and consisting of all the shares in six real estate companies and a portion of the shares in a company managing the Kaisaniemi metro hall. The Fennia Quarter has a total of approximately 25,500 m² of office space and approximately 14,200 m² of business premises. On the date of closing the sale, the vacancy rate of this entity was approximately 9.7%. The net initial yield of the object is approximately 5.7%.

Sponda paid to Suomi Mutual for the entity a total of EUR 122,000,000 as the debt-free purchase price, of which EUR 100,000,000 less the net debt of the target has been paid in cash in connection with the signing of the purchase. In addition to the cash payment, Sponda's Board of Directors decided to pay a part of the purchase price through an issue of 5,500,000 new shares in Sponda directed to Suomi Mutual based on the share issue authorisation given by Sponda's Annual General Meeting of Shareholders on 16 March 2011. Suomi Mutual subscribed for all the shares at a subscription price of EUR 4.00 per share.

Shopping centres

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
Total revenue, M€	9.8	9.6	20.0	19.6	39.7
Net operating income, M€	7.4	7.9	15.3	15.6	31.4
Operating profit, M€	8.8	5.0	12.1	11.0	31.3
Economic occupancy rate, %			94.3	96.7	98.1
Fair value of properties, M€			566.5	540.2	557.1
Change in fair value from beginning of year, M€			-2.4	-4.0	1.1
Leasable area, m ²			145 000	137 000	141 000

In April 2011, Sponda increased its ownership in the Zeppelin shopping centre with EUR 7.8 million. The deal increased Sponda's holding in the shopping centre from 71.5% to approximately 88%. No properties were sold in the review period. Investments in property maintenance totalled EUR 0.1 million.

Logistics properties

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
Total revenue, M€	10.5	9.1	20.4	18.5	36.6
Net operating income, M€	7.4	6.4	13.3	12.1	24.8
Operating profit, M€	10.1	5.6	20.8	10.4	30.0
Economic occupancy rate, %			78.3	75.9	75.8
Fair value of properties, M€			446.2	398.2	422.5
Change in fair value from beginning of year, M€			8.1	-1.2	3.1
Leasable area, m ²			536 500	527 000	514 000

No logistics properties were purchased or sold in the period under review. In January-June, investments in property maintenance totalled EUR 5.3 million, with EUR 2.1 million of this in April-June.

Property Development

The balance sheet value of Sponda's property development portfolio at the end of June stood at EUR 247.6 million. Of this total, EUR 81.4 million was in undeveloped land sites and EUR 151.5 million was tied up in property development projects in progress. At the end of June 2011, the Property Development unit had invested a total of EUR 18.6 million, EUR 7.5 million of this in the second quarter. Most of these investments were allocated to the development of the City-Center and construction of the Zeppelin shopping centre.

Sponda's property development operations comprise new construction projects and refurbishment of existing properties. At present, investments are allocated as follows between the company's major projects:

	City-Center	Zeppelin shopping centre
Total investment, M€	125,0*)	18,0
Invested by 30 June 2011, M€	100,2*)	4,0
Capitalised interest expenses by 30 June 2011, M€	11,5	-
Time of completion	2012	towards end of 2011

*) Figure does not include capitalised interest expenses.

Construction of the office building in the inner court of the City-Center shopping complex was completed, and the tenant, Evli Bank, moved into the property in July 2011. Construction of the third and final phase of the project comprising the retail premises on the Keskuskatu side has begun. The City-Center refurbishment project is expected to be completed for the most part in 2012 with a total investment of approximately EUR 125 million.

The expansion project of the Zeppelin shopping centre in Oulu is proceeding according to plan. The project will add some 4,000 m² of new retail space for the Prisma hypermarket

and 4,700 m² of space for specialty retail. The new premises to be built in the shopping centre are fully occupied. The total investment in the expansion is approximately EUR 18 million and the shopping centre will be completed in late 2011.

Sponda purchased an office and retail property in central Tampere for approximately EUR 10 million. The company is planning to make an additional investment of approximately EUR 6.5 million to modernise the property. The project will be completed at the end of 2011.

Sponda is developing an office property in the Ruoholahti district of Helsinki with total floor space of approximately 6,000 m². Over 70% of the building will be leased to the primary tenant, Talentum Plc. Construction of the office building is set to begin in August 2011 and the project is scheduled for completion in April 2013. The project's total investment is estimated at approximately EUR 23.5 million, inclusive of the value of the current building at the location, which will be demolished.

Sponda is carrying out development projects for the Ratina shopping centre in Tampere and related areas. The current plans are for a shopping centre with a total area of 55,000 m² and a total investment of approximately EUR 200 million.

Russia

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
Total revenue, M€	6.2	5.8	12.6	11.4	23.6
Net operating income, M€	4.6	4.3	9.4	8.4	17.7
Operating profit, M€	20.0	10.9	21.7	20.4	36.3
Economic occupancy rate, %			98.3	91.5	96.4
Fair value of properties, M€			218.7	196.0	204.2
Change in fair value from beginning of year, M€			13.7	13.6	21.7
Leasable area, m ²			46,500	46,500	46,500

The change in value of property in Russia in January-June 2011, EUR 18.5 million, was almost solely due to changes in yield requirements. The change in value was also affected by changes in currency exchange rates with an impact of EUR -4.6 million at the end of June.

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 and the OOO Adastra property in St. Petersburg, where the leases are for longer periods than average. The average length of Sponda's lease agreements in Russia on 30 June 2011 was 2.5 (3.2) years, with lease agreements expiring as follows:

Expiry within	% of rental income 30.6.2011	% of rental income 30.6.2010
1 year	39.1	32.6
2 years	16.9	3.8
3 years	10.6	19.1
4 years	5.3	11.3
5 years	9.1	6.2
6 years	12.4	8.0
More than 6 years	6.6	19.0

Real Estate Funds

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

Real Estate Funds	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
<i>Total revenue, M€</i>	1.6	1.9	3.2	3.7	7.2
<i>Net operating income, M€</i>	1.3	1.5	2.6	3.0	5.7
<i>Operating profit, M€</i>	-1.4	0.6	-0.1	1.8	4.2

The properties in Sponda Fund I and Sponda Fund II were measured at fair value at the end of the review period. The change in fair value in January-June was EUR -2.6 (-1.4) million and in April-June alone EUR -2.6 (-1.0) million. The assessments were made by Jones Lang LaSalle and Kiinteistötaito Peltola. The realised shares of profit from real estate funds are presented on the income statement under change in fair value instead of total revenue. The share of profits was EUR 2.9 (2.9) million for January-June and EUR 1.5 (1.4) million for April-June. The comparison figures have been adjusted accordingly.

First Top LuxCo (Sponda's holding 20%) invests in office and retail properties outside Finland's largest cities. The value of the fund's property investments stood at EUR 94.2 million at the end of the period under review.

Sponda Fund I Ky invests in logistics sites outside the Helsinki metropolitan area. Sponda's holding in the fund is 46%. At the end of June 2011, the value of the fund's property portfolio was EUR 184.7 million.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium sized cities in Finland. The fund has a target size for its real estate investment of approximately EUR 200 million and the fair value of its property portfolio at the end of June 2011 was EUR 170.0 million.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 159 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

Cash flow and financing

Sponda's net cash flow from operations in the period under review totalled EUR 47.5 (30 June 2010: 50.2) million. Net cash flow from investing activities was EUR -172.7 (-19.3) million and the net cash flow from financing activities was EUR 118.8 (-43.5) million. Net financing costs for the period totalled EUR -32.4 (-31.3) million. Interest expenses of EUR 1.7 (2.3) million were capitalised.

Sponda's equity ratio on 30 June 2011 was 38% (30 June 2010: 37%) and gearing was 139% (142%). Interest-bearing debt amounted to EUR 1,740.6 (1,597.7) million and the average maturity of Sponda's loans was 2.9 (2.6) years. The average interest rate was 3.9% (3.9%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 85% (70%) of the loan portfolio. The average interest rate re-fixing period of the debt portfolio was 2.5 (1.9) years. The interest cover ratio, which reflects solvency, was 2.9 (2.9).

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

Sponda Group's debt portfolio on 30 June 2011 comprised EUR 705 million in syndicated loans, EUR 171 million in bonds, EUR 238 million in issued commercial papers, and EUR

627 million in loans from financial institutions. Sponda had EUR 445 million in unused credit limits. Sponda Group had mortgaged loans worth EUR 141 million, i.e. 4.3 per cent of the balance sheet total.

Sponda Plc signed an agreement on 4 April 2011 with Svenska Handelsbanken for an unsecured EUR 50 million credit limit for five years. The margin and conditions for the credit limit are the same as in the credit facility that Sponda signed on 1 November 2010. The key covenants of the loan are linked to the equity ratio and interest cover ratio. The loan is being used in its entirety to repay existing debts.

Number of employees

During the review period Sponda Group had, on average, 120 (125) employees, of whom 108 (112) worked for parent company Sponda Plc. On 30 June 2011, Sponda Group had altogether 123 (121) employees, of whom 111 (109) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the period totalled EUR -11.7 (-10.1) million.

Incentive and bonus systems

Sponda has a bonus scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the bonus are profitability and business development.

Sponda also has a long-term incentive scheme with two one-year earnings periods, the 2010 and 2011 calendar years, and two three-year earnings periods, 2010-2012 and 2011-2013. The earnings criteria are tied to cash flow from operations per share and return on capital employed.

The long-term incentive scheme currently covers the members of the Executive Board, altogether seven people. The incentive scheme is described in more detail in the company's stock exchange release of 17 March 2010.

Group structure

Sponda Group comprises the parent company, the subsidiary Sponda Kiinteistöt Oy:stä (formerly Kapiteeli Oy) and the Group's mutually owned property companies, which are either wholly or majority owned by Sponda Plc or Sponda Kiinteistöt Oy. Sponda Group also includes Sponda Russia Ltd and Sponda Asset Management Oy, as well as their subsidiaries.

Sponda's share and shareholders

The weighted average price of Sponda's share in January-June 2011 was EUR 3.90. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.12 and the lowest EUR 3.51. Turnover during the year totalled 58.9 million shares or EUR 229.7 million. The closing price of the share on 30.06.11 was EUR 4.01 and the market capitalisation of the company's share capital was EUR 1,089.2 million.

The Annual General Meeting on 16.03.11 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. Sponda's Board of Directors decided to pay a part of the purchase price of Fennia quarter through an issue of 5,500,000 new shares in Sponda directed to Suomi Mutual based on the share issue. Suomi Mutual subscribed for all the shares at a subscription price of EUR 4.00 per share. New shares were incorporated in the book-entry system and became subject to public trading on the official list of Nasdaq OMX Helsinki Ltd on 6 May 2011.

Sponda issued the following flagging notices in January-June 2011:

- 29.4.2011: Solidium Oy announced that its holding of shares represented 14.89 % of the total number of shares and votes in Sponda Plc.

On 30.06.11 the company had altogether 9,246 shareholders and its ownership structure was as follows:

	Number of shares	Holding, %
<i>Public entities</i>	55,480,925	19.6
<i>Nominee-registered</i>	143,610,932	50.7
<i>Financial and insurance institutions, total</i>	7,863,358	2.8
<i>Households</i>	23,419,466	8.3
<i>Private corporations, total</i>	46,653,366	16.5
<i>Non-profit organizations, total</i>	3,960,896	1.4
<i>Foreign owners, total</i>	2,086,519	0.7
<i>Total number of shares</i>	283,075,462	100.0

Board of Directors and auditors

Sponda's Board of Directors has six members: Klaus Cawén, Tuula Entelä, Lauri Ratia, Arja Talma, Raimo Valo and Erkki Virtanen. The Chairman of the Board is Lauri Ratia and its Deputy Chairman is Klaus Cawén.

The Board of Directors assesses that, of its members, Klaus Cawén, Tuula Entelä, Lauri Ratia, Arja Talma and Raimo Valo are independent of the company and of its major shareholders and Erkki Virtanen is independent of the company.

Sponda Plc's auditors are APA Raija-Leena Hankonen and authorised public accountants KPMG Oy Ab, with APA Kai Salli as the responsible auditor and APA Ari Eskelinen as the deputy auditor.

The Board Committees

The members of the Audit Committee are as follows: Arja Talma (Chairman), Raimo Valo (Deputy Chairman) and Erkki Virtanen (ordinary member).

The members of the Structure and Remuneration Committee are as follows: Lauri Ratia (chairman), Klaus Cawén (vice chairman) and Tuula Entelä (ordinary member).

Management

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

Environmental responsibility

The real estate sector plays a key role in fighting climate change and promoting the wellbeing of the environment. Environmental expertise is one of Sponda's strategic priorities.

The company has set company level objectives for 2011 related to, among other things, reducing energy consumption in properties owned by Sponda, adopting a low energy concept in new sites developed by the company, reducing the environmental load of its operations and creating a healthy and satisfying working environment for its clients.

Environmental responsibility is also extended to properties owned by Sponda in Russia, with the aim of reducing electricity and water consumption, particularly in Moscow.

Sponda obtained LEED® (Leadership in Energy and Environmental Design) Silver Environmental Certification for an Existing Building for its office property completed in 2008. In June 2011, Sponda's office building in Helsinki's Ruoholahti district was granted a Good-level BREEAM In-Use environmental certificate. Located at Porkkalankatu 22, the building's primary tenants are Altia Plc and Diacor Terveyspalvelut Oy.

Prospects

Sponda expects the vacancy rates of its investment properties to continue falling in 2011. This assessment is based on the 2011 growth forecasts for the Finnish economy and increased demand for properties in prime locations.

Net operating income in 2011 is expected to increase by over 4% in comparison with 2010. This expected increase is based on the predicted fall in vacancy rates, the completion of property development projects during the year and property acquisitions.

Risks and uncertainty factors in the near future

Sponda believes that the key risks and uncertainty factors in the current financial period arise from the possibility of the economy growing at a slower rate than expected and relate to a decline in economic occupancy rates and a fall in rental income resulting from the insolvency of tenants.

The Finnish economy continues to develop positively, and this is reflected in the business property market. However, the uncertainty in the global economy may have an impact on the Finnish economy and on the operation of companies and therefore increase the vacancy rates of business premises.

For Sponda's property development projects, the key risks are related to the degree of success in leasing premises and the potential increase in construction costs. Higher than expected vacancy rates in newly completed business premises would have an impact on the Group's total vacancy rate and, as a result, have a negative effect on the Group's net operating income.

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

5.8.2011
Sponda Plc
Board

Additional Information:

Kari Inkinen, President and CEO, tel. +358 20-431 3311 or +358 400-402 653,
CFO Erik Hjelt, tel. +358 20-431 3318 or +358 400-472 313 and
Pia Arrhenius, SVP, Corporate Communications and IR, tel. +358 20-431 3454 or +358 40-527 4462.

Distribution:
NASDAQ OMX Helsinki
Media
www.sponda.fi

Sponda Plc

Consolidated income statement M€

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	59.8	56.3	116.8	112.2	224.9
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.2	0.2	0.3
<i>Fund management fees</i>	1.7	1.9	3.2	3.5	6.9
	61.6	58.3	120.2	115.9	232.1
<i>Expenses</i>					
<i>Maintenance expenses</i>	-16.4	-14.9	-35.0	-31.8	-61.9
<i>Direct fund expenses</i>	-0.3	-0.4	-0.7	-0.7	-1.5
	-16.7	-15.2	-35.7	-32.4	-63.3
<i>Net operating income</i>	44.9	43.0	84.5	83.4	168.7
<i>Profit/loss on sales of investment properties</i>	-0.1	0.9	0.1	2.1	5.8
<i>Valuation gains/losses on fair value assessment</i>	25.2	10.1	28.3	10.0	44.4
<i>Profit/loss on sales of trading properties</i>	0.0	8.5	0.0	8.8	19.4
<i>Change in value of trading property</i>	-1.8	0.0	-1.8	0.0	0.0
<i>Sales and marketing expenses</i>	-0.4	-0.3	-0.8	-0.7	-1.4
<i>Administrative expenses</i>	-5.6	-4.8	-10.9	-9.4	-19.0
<i>Share of result of associated companies</i>	0.0	0.0	-0.1	-0.1	0.1
<i>Other operating income</i>	7.9	0.1	8.0	0.1	0.2
<i>Other operating expense</i>	-0.1	-0.7	0.1	-1.3	-2.1
<i>Operating profit</i>	70.0	56.7	107.4	93.0	216.2
<i>Financial income</i>	5.7	0.3	8.4	0.6	1.7
<i>Financial expenses</i>	-25.5	-14.9	-40.7	-31.9	-60.3
<i>Total amount of financial income and expenses</i>	-19.8	-14.7	-32.4	-31.3	-58.5
<i>Profit before income tax</i>	50.2	42.1	75.1	61.7	157.7
<i>Income taxes for current and previous fiscal years</i>	-0.8	-0.9	-1.6	-1.9	-3.6
<i>Deferred taxes</i>	-10.0	-8.8	-15.0	-13.0	-33.7
<i>Income taxes, total</i>	-10.8	-9.7	-16.5	-14.9	-37.3
<i>Profit/loss for the period</i>	39.5	32.4	58.6	46.8	120.4
<i>Attributable to:</i>					
<i>Equity attributable to equity</i>	39.5	32.5	58.6	47.0	120.6
<i>Non-controlling interest</i>	0.0	-0.1	0.0	-0.2	-0.2
<i>Earnings per share based on profit attributable to equity holders of the parent company</i>					
<i>Basic and diluted, €</i>	0.13	0.11	0.19	0.15	0.40

Consolidated statement of comprehensive income
M€

	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
<i>Profit/loss for the period</i>	39.5	32.4	58.6	46.8	120.4
<i>Other comprehensive income</i>					
<i>Net loss/profit from hedging cash flow</i>	-3.8	-1.3	12.1	-6.8	9.3
<i>Translation differences</i>	0.1	0.8	0.0	2.0	1.4
<i>Taxes on comprehensive income</i>	1.0	0.5	-3.1	2.1	-2.2
<i>Other comprehensive income for period after taxes</i>	-2.7	-0.1	9.0	-2.6	8.4
<i>Comprehensive profit/loss for period</i>	36.8	32.3	67.6	44.2	128.8
<i>Attributable to:</i>					
<i>Equity attributable to equity</i>	36.8	32.4	67.6	44.3	129.0
<i>Non-controlling interest</i>	0.0	-0.1	0.0	-0.2	-0.2

Consolidated balance sheet
M€

	30.6.2011	30.6.2010	31.12.2010
ASSETS			
<i>Fixed assets and other non-current assets</i>			
<i>Investment properties</i>	3,098.5	2,798.0	2,870.6
<i>Investments in real estate funds</i>	65.8	55.3	59.8
<i>Property, plant and equipment</i>	13.4	13.9	13.6
<i>Goodwill</i>	14.5	14.5	14.5
<i>Other intangible assets</i>	0.5	0.2	0.4
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Investments in associated companies</i>	0.0	1.9	2.0
<i>Long-term receivables</i>	8.5	2.5	7.5
<i>Deferred tax assets</i>	26.2	33.6	36.9
<i>Fixed assets and other non-current assets total</i>	3,230.2	2,922.7	3,008.1
<i>Current assets</i>			
<i>Trading properties</i>	8.5	21.6	10.3
<i>Trade and other receivables</i>	24.0	30.7	41.1
<i>Funds</i>	20.8	18.2	27.0
<i>Current assets total</i>	53.3	70.5	78.4
<i>Total funds</i>	3,283.5	2,993.2	3,086.5

SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity</i>			
<i>holders of parent company</i>			
Share capital	111.0	111.0	111.0
Share issue premium	159.5	159.5	159.5
Translation differences	0.7	1.4	0.6
Fair value reserve	-11.6	-32.4	-20.6
Revaluation reserve	0.6	0.6	0.6
Reserve for invested unrestricted equity	433.8	412.0	412.0
Other equity fund	129.0	129.0	129.0
Retained earnings	415.6	333.3	407.0
	1,238.5	1,114.4	1,199.1
Non-controlling interests	1.7	1.7	1.7
Shareholders' equity total	1,240.2	1,116.1	1,200.8
<i>Liabilities</i>			
<i>Long-term liabilities</i>			
Interest-bearing loans and borrowings	1,173.2	1,258.5	1,399.4
Provisions	0.0	0.0	0.0
Other liabilities	19.1	41.1	25.5
Deferred tax liabilities	225.4	192.7	221.0
Long-term liabilities total	1,417.8	1,492.4	1,645.9
<i>Current liabilities</i>			
Short-term interest-bearing liabilities	567.4	339.2	173.2
Trade and other payables	58.2	45.5	66.5
Current liabilities total	625.5	384.7	239.7
Total borrowings	2,043.3	1,877.0	1,885.7
Total equity and liabilities	3,283.5	2,993.2	3,086.5

Consolidated Cash Flow Statement

	1-6/2011	1-6/2010	1-12/2010
<i>Cash flow from operating activities</i>			
<i>Net profit for the financial year</i>	58.6	46.8	120.4
<i>Adjustments</i>	17.7	37.2	42.7
<i>Change in net working capital</i>	6.7	0.7	12.1
<i>Interest received</i>	0.4	0.4	0.7
<i>Interest paid</i>	-34.0	-29.2	-61.4
<i>Other financial items</i>	-1.6	-5.0	-10.2
<i>Dividends received</i>	0.0	0.0	0.0
<i>Dividends received from associated companies</i>	1.5	0.9	0.9
<i>Taxes received/paid</i>	-1.7	-1.6	-2.7
<i>Net cash provided by operating activities</i>	47.5	50.2	102.6
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-174.4	-30.4	-75.9
<i>Capital expenditure on real estate funds</i>	-8.5	-0.5	-5.4
<i>Acquisition of tangible and intangible assets</i>	-0.2	-0.2	-0.5
<i>Proceeds from sale of investment properties</i>	2.2	11.0	41.5
<i>Proceeds from sale of associated companies</i>	8.2	-	-
<i>Repayments of loan receivables</i>	-	0.8	0.8
<i>Net cash flow from investing activities</i>	-172.7	-19.3	-39.5
<i>Cash flow from financing activities</i>			
<i>Non-current loans, raised</i>	287.4	315.1	715.1
<i>Non-current loans, repayments</i>	-335.2	-240.2	-600.3
<i>Current loans, raised/repayments</i>	219.5	-73.7	-136.0
<i>Interest paid on equity bond</i>	-11.4	-11.4	-11.4
<i>Dividends paid</i>	-41.6	-33.3	-33.3
<i>Net cash used in financing activities</i>	118.8	-43.5	-65.9
<i>Net increase in cash and cash equivalents</i>	-6.5	-12.5	-2.7
<i>Cash and cash equivalents, beginning of period</i>	27.0	29.1	29.1
<i>Impact of changes in exchange rates</i>	0.2	1.7	0.6
<i>Cash and cash equivalents, end of period</i>	20.8	18.2	27.0

Consolidated statement of changes in equity
Me

	Share Capital	Share Issue Premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interests	Shareholders' equity total
<i>Equity at 31 Dec 2009</i>	111.0	159.5	-0.9	-27.4	0.6	412.0	129.0	328.0	1,111.7	1.8	1,113.6
<i>Comprehensive income for period</i>			2.4	-5.0				47.0	44.3	-0.2	44.2
<i>Distribution of dividends</i>								-33.3	-33.3		-33.3
<i>Interest paid on equity bond</i>								-8.4	-8.4	0.0	-8.4
<i>Amendment</i>								0.1	0.1		
<i>Equity at 31 Mar 2010</i>	111.0	159.5	1.4	-32.4	0.6	412.0	129.0	333.3	1,114.4	1.7	1,116.1
	Share Capital	Share Issue Premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interests	Shareholders' equity total
<i>Equity at 31 Dec 2010</i>	111.0	159.5	0.6	-20.6	0.6	412.0	129.0	407.0	1 199.1	1.7	1 200.8
<i>Comprehensive income for period</i>			0.0	9.0				58.6	67.6	0.0	67.6
<i>Distribution of Dividends</i>								-41.6	-41.6		-41.6
<i>Interest paid on equity bond</i>								-8.4	-8.4		-8.4
<i>Share issue</i>						21.7			21.7		
<i>Change</i>								0.1	0.1		0.1
<i>Equity at 31 June 2011</i>	111.0	159.5	0.7	-11.6	0.6	433.8	129.0	415.6	1,238.5	1.7	1,240.2

Notes to the interim consolidated financial statement

Accounting principles

This report is prepared in accordance with IAS 34 (Interim Financial Reporting). This interim report has been prepared applying the same accounting principles as those used for the 2010 financial statements and taking the amendments to IAS/IFRS standards that entered into force in 2011 into account. The amendments to the IAS/IFRS standards did not have a material impact on this interim report.

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

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements for the year 2010.

The figures in the interim report have not been audited.

Income statement by segment

<i>Income statement information 1-6/2011</i>	Office and retail	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
<i>Total revenue</i>	63.4	20.0	20.4	0.5	12.6	3.2	0.0	120.2
<i>Maintenance expenses and direct fund expenses</i>	-18.9	-4.7	-7.1	-1.1	-3.2	-0.7	0.0	-35.7
<i>Net operating income</i>	44.5	15.3	13.3	-0.6	9.4	2.6	0.0	84.5
<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>	0.0	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	0.0	0.0	0.0	0.0	0.0
<i>Change in value of trading properties</i>	0.0	0.0	0.0	-1.8	0.0	0.0	0.0	-1.8
<i>Valuation gains/losses</i>	8.6	-2.4	8.1	-0.1	13.7	0.3	0.0	28.3
<i>Administration and marketing</i>	-3.8	-0.8	-0.8	-2.0	-1.4	-3.0	0.0	-11.7
<i>Other operating income and expenses</i>	0.0	0.0	0.1	0.1	0.0	0.0	7.8	8.0
Operating Profit	49.5	12.1	20.8	-4.3	21.7	-0.1	7.8	107.4
<i>Investments</i>	153.9	11.9	15.6	18.6	0.6	8.5	0.0	209.1
<i>Segment assets</i>	1 622.1	566.5	446.2	262.1	218.7	65.8	102.1	3 283.5
<i>Economic Occupancy</i>	87.7	97.4	77.8		98.3			88.2

<i>Income statement information 1-6/2010</i>	Office and Retail	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
<i>Total revenue</i>	61.0	19.6	18.5	1.6	11.4	3.7	0.0	115.9
<i>Maintenance expenses and direct fund expenses</i>	-17.2	-4.0	-6.4	-1.2	-3.0	-0.7	0.0	-32.4
<i>Net operating income</i>	43.9	15.6	12.1	0.5	8.4	3.0	0.0	83.4
<i>Profit on sales of investment properties</i>	1.2	0.0	0.0	0.9	0.0	0.0	0.0	2.1
<i>Loss on sales of investment properties</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	8.7	0.0	0.0	0.0	8.8
<i>Change in value of trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Valuation gains/losses</i>	-0.1	-4.0	-1.2	0.2	13.6	1.5	0.0	10.0
<i>Administration and marketing</i>	-3.2	-0.6	-0.5	-1.6	-1.4	-2.7	0.0	-10.1
<i>Other operating income and expenses</i>	0.0	0.0	0.0	-1.1	-0.1	0.0	0.0	-1.2
<i>Operating Profit</i>	41.9	11.0	10.4	7.5	20.4	1.8	0.0	93.0
<i>Investments</i>	11.0	0.6	3.6	14.7	0.6	0.5	0.3	31.3
<i>Segment assets</i>	1,436.2	540.2	398.2	244.7	196.0	55.3	122.6	2,993.2
<i>Economic Occupancy</i>	87.7	96.7	75.9		91.5			87.3

Direct and indirect result

Operating result illustrates the result from the Group's core business operations. The direct result is calculated by adjusting the figures in the consolidated income statement for changes in the fair value of properties and financial instruments, profit/loss on the sale of properties, amortisation of goodwill and other such income and expenses that the company considers non-direct items.

M€	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
<i>Direct result</i>					
<i>Net operating income</i>	44.9	43.0	84.5	83.4	168,7
<i>Realised shares of profit from real estate funds</i>	1.5	1.4	2.9	2.9	5,6
<i>Marketing and administrative expenses</i>	-6.0	-5.2	-11.7	-10.1	-20,4
<i>Other income and expenses for business operations</i>	0.1	-0.4	0.5	-0.7	-1,0
<i>Financial Income and Expenses</i>	-17.1	-15.1	-30.5	-30.4	-58,0

<i>Taxes based on direct result</i>	-0.8	1.4	-1.6	-1.9	-1,8
<i>Deferred taxes based on direct result</i>	-2.5	-6.3	-6.8	-8.7	-19,2
<i>Non-controlling holding share of direct result</i>	0.0	0.0	0.0	0.0	0,0
<i>Total</i>	20,0	18.9	37.2	34.5	74.0
<i>Indirect result</i>					
<i>Profit/loss on sales of investment properties</i>	-0.1	0.9	0.1	2.1	5,8
<i>Valuation gains/losses on fair value assessment</i>	23.7	8.7	25.4	7.1	38,8
<i>Profit/loss on sales of trading properties</i>	0.0	8.5	0.0	8.8	19,4
<i>Change in value of trading property</i>	-1.8	0.0	-1.8	0.0	0,0
<i>Marketing and administrative expenses</i>	0.0	0.0	0.0	0.0	0,0
<i>Other income and expenses for business operations</i>	7.8	-0.3	7.5	-0.5	-0,8
<i>Financial Income and Expenses</i>	-2.7	0.4	-1.8	-0.9	-0,5
<i>Taxes based on indirect result</i>	0.0	-2.2	0.0	0.0	-1,8
<i>Deferred taxes based on indirect result</i>	-7.5	-2.5	-8.1	-4.3	-14,5
<i>Non-controlling holding share of indirect result</i>	0.0	0.1	0.0	0.2	0,2
<i>Total</i>	19,5	13.6	21.3	12.5	46.6

Quarterly key figures

M€

	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010
<i>Total revenue</i>	61.6	58.6	58.5	57.7	58.3
<i>Net operating income</i>	44.9	39.6	42.5	42.8	43.0
<i>Valuation gains/losses on fair value assessment</i>	25.2	3.1	33.4	1.1	10.1
<i>Operating Profit</i>	70.0	37.4	83.0	40.2	56.7
<i>Financial Income and Expenses</i>	-19.8	-12.6	-13.5	-13.8	-14.7
<i>Profit/loss for the period</i>	39.5	19.1	54.2	19.4	32.4
<i>Investment Properties</i>	3,098.5	2,916.0	2,870.6	2,795.9	2,798.0
<i>Shareholders equity</i>	1,240.2	1,189.9	1,200.8	1,138.5	1,116.1
<i>Interest-bearing liabilities</i>	1,740.6	1,619.4	1,572.6	1,580.5	1,597.7
<i>Earnings per share, €</i>	0.13	0.06	0.19	0.06	0.11
<i>Cash flow from operations per share, €</i>	0.11	0.07	0.09	0.09	0.11
<i>EPRA NAV</i>	4.66	4.56	4.59	4.27	4.19
<i>Economic occupancy rate, %</i>	88.2	88.2	88.0	87.4	87.3

Investment Properties

M€

	30.6.2011	30.6.2010	1-12/2010
<i>Fair value of investment properties, start of period</i>	2,870.6	2,767.5	2,767.5
<i>Purchase of investment properties</i>	142.2	0.5	0.8
<i>Other capital expenditure on investment properties</i>	58.3	30.0	76.4
<i>Disposal of investment properties</i>	-2.2	-10.7	-37.5
<i>Transfers from trading properties</i>	0.0	0.0	18.4
<i>Capitalised equity expenses, increase in period</i>	1.7	2.3	4.5
<i>Valuation gains/losses on fair value assessment</i>	27.9	8.5	40.5
<i>Fair value of investment properties, end of period</i>	3,098.5	2,798.0	2,870.6

Net operating income from all of Sponda's property assets totalled EUR 84.5 (83.4) million in January-June. Office and retail premises accounted for 52%, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 30 June 2011, Sponda had a total of 202 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 52% is office and retail premises, 9% shopping centres and 36% logistics premises. 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 a minimum, twice annually by external experts to ensure that the parameters and values used in calculations are based on market observations.

An external consultant assessed the fair value of Sponda's properties at the end of the second quarter of 2011. The change in fair value of the properties in January-June 2011 was EUR 27.9 (8.5) million and in April-June alone EUR 26.2 (9.7) million. The positive change in the value was mainly due to changes in market rents and a reduction in yield requirements. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment". The fair value of investment properties is assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The statements of the property assessments conducted in Finland and Russia are available on Sponda's website at www.sponda.fi/Investors/Performance.

The Group's most significant investment commitments

Construction of the office building in the inner court of the City-Center shopping complex was completed, and the tenant, Evli Bank, moved into the property in July 2011. Construction of the third and final phase of the project comprising the retail premises on the Keskuskatu side has begun. The City-Center refurbishment project is expected to be completed for the most part in 2012 with a total investment of approximately EUR 125 million.

The expansion project of the Zeppelin shopping centre in Oulu is proceeding according to plan. The project will add some 4,000 m² of new retail space for the Prisma hypermarket and 4,700 m² of space for specialty retail. The new premises to be built in the shopping centre are fully occupied. The total investment in the expansion is approximately EUR 18 million and the shopping centre will be completed in late 2011.

Sponda purchased an office and retail property in central Tampere for approximately EUR 10 million. The company is planning to make an additional investment of approximately EUR 6.5 million to modernise the property. The project will be completed at the end of 2011.

Sponda is developing an office property in the Ruoholahti district of Helsinki with total floor space of approximately 6,000 m². Over 70% of the building will be leased to the primary tenant, Talentum Plc. Construction of the office building is set to begin in August 2011 and the project is scheduled for completion in April 2013. The project's total investment is estimated at approximately EUR 23.5 million, inclusive of the value of the current building at the location, which will be demolished.

Sponda is carrying out development projects for the Ratina shopping centre in Tampere and related areas. The current plans are for a shopping centre with a total area of 55,000 m² and a total investment of approximately EUR 200 million.

Property, plant and equipment M€

	30.6.2011	30.6.2010	31.12.2010
<i>Carrying amount, start of period</i>	13.6	14.3	14.3
<i>Increases</i>	0.1	0.0	0.0
<i>Disposals</i>	0.0	0.0	0.0
<i>Depreciation for the period</i>	-0.3	-0.4	-0.7
<i>Carrying amount, end of period</i>	13.4	13.9	13.6

Trading properties on 30 Jun 2011

M€

	30.6.2011	30.6.2010	31.12.2010
<i>Carrying amount, start of period</i>	10.3	22.8	22.8
<i>Disposals and other changes</i>	0.0	-1.3	-2.9
<i>Increases</i>	-	-	-
<i>Reclassifications to investment properties</i>	0.0	-	-9.6
<i>Valuation changes</i>	-1.8	-	-
<i>Carrying amount, end of period</i>	8.5	21.6	10.3

Contingent liabilities

Collateral and commitments given by the Group

M€

	30.6.2011	30.6.2010	31.12.2010
<i>Loans from financial institutions, covered by collateral</i>	141.0	141.2	141.1
<i>Mortgages</i>	269.2	269.2	269.2

<i>Book value of pledged shares</i>	18.9	17.9	18.6
<i>Guarantees</i>	-	-	-
<i>Total collateral</i>	288.1	287.1	287.7
Lease and other liabilities			
	30.6.2011	30.6.2010	31.12.2010
M€			
<i>Lease liabilities</i>	99.3	101.7	100.8
<i>Mortgages</i>	3.9	3.9	3.9
<i>Guarantees</i>	15.6	15.9	15.7
<i>Investment commitments to real estate funds</i>	4.4	17.8	12.9
Interest derivatives			
	30.6.2011	30.6.2010	31.12.2010
M€			
<i>Swap contracts, notional value</i>	1,067.8	972.8	822.8
<i>Swap contracts, fair value</i>	-15.7	-43.8	-27.6
<i>Cap options purchased, notional value</i>	590.0	437.5	600.0
<i>Cap options purchased, fair value</i>	7.4	1.1	6.2
<i>Forward rate agreements, notional value</i>	-	-	-
<i>Forward rate agreements, fair value</i>	-	-	-
Currency derivatives			
	30.6.2011	30.6.2010	31.12.2010
M€			
<i>Currency forwards, notional value</i>	-	-	-
<i>Currency forwards, fair value</i>	-	-	-
<i>Currency options, bought, notional value</i>	5.6	5.6	5.9
<i>Currency options, bought, fair value</i>	0.2	0.1	0.1
<i>Currency options, put, notional value</i>	4.6	3.0	4.9
<i>Currency options, put, fair value</i>	-0.1	-0.3	-0.1
Interest rate and currency swaps			
	30.6.2011	30.6.2010	31.12.2010
M€			
<i>Interest rate and currency swaps, notional value *</i>	222.4	-	-
<i>Interest rate and currency swaps, fair value *</i>	-6.3	-	-

*) 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 with 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.

Related party transactions

The following transactions took place with related parties:

Management employee benefits:

M€	30.6.2011	30.6.2010	31.12.2010
Salaries and other short-term employee benefits	1.0	0.9	1.8
Share-based payments	0.9	0.4	0.8
Total	1.9	1.3	2.6

Key figures

	4-6/2011	4-6/2010	1-6/2011	1-6/2010	1-12/2010
Earnings per share, €	0.13	0.11	0.19	0.15	0.40
Equity ratio, %			38	37	39
Gearing, %			139	142	129
Equity per share, €			3.92	3.55	3.86
Cash flow from operations per share, €	0.11	0.11	0.18	0.19	0.37

Formulas for the key indicators

Earnings per share, €	=	$\frac{\text{Share of earnings for the period attributable to equity holders of the parent company - interest on hybrid loan allocated to the period, adjusted for taxes}}{\text{Weighted average number of shares outstanding during the period}}$
Equity ratio, %	= 100 x	$\frac{\text{Shareholders equity}}{\text{Balance sheet total - advances received}}$
Gearing, %	= 100 x	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders equity}}$
Equity per share, €	=	$\frac{\text{Equity attributable to parent company equity holders - Other equity reserve}}{\text{Undiluted total number of shares on the date of closing the books}}$
Cash flow from operations per share, €	=	$\frac{\begin{aligned} &\text{Operating Profit} \\ &-/+ \text{ Fair value adjustment} \\ &+ \text{ Allocation of goodwill} \\ &+ \text{ Depreciation in administration} \\ &+/- \text{ Changes in provisions} \\ &+/- \text{ Defined benefit pension expenses} \\ &- \text{ Financial income \& expenses affecting cash flow} \\ &- \text{ Taxes affecting cash flow} \\ &+/- \text{ Other items} \end{aligned}}{\text{Weighted average number of shares outstanding during the period}}$

EPRA NAV per share, €	=	<p>Equity attributable to parent company equity holders</p> <ul style="list-style-type: none"> - Other equity reserve + Deferred tax liabilities resulting from the assessment of fair value <p>- Goodwill created from the deferred tax liabilities on properties</p> <hr/> <p>Undiluted total number of shares on the date of closing the books</p>
EPRA Earnings per share, M€	=	<p>Net operating income</p> <ul style="list-style-type: none"> + Realised shares of profit from real estate funds - Marketing and administration expenses +/- Other operating income and expenses +/- Operating financial income and expenses +/- Taxes based on operating result +/- Change in deferred taxes based on operating items <u>+/- Operating share of non-controlling shareholders</u> <p>Weighted average number of shares outstanding during the period</p>
EPRA Net Initial Yield (NYI), %	=	<p><u>Annualised net rents</u></p> <p>Investment Properties</p> <ul style="list-style-type: none"> - Development properties + Estimated purchaser's costs
EPRA "topped up" NYI, %	=	<p>Annualised net rents</p> <p><u>+ Step rents, rent free periods etc</u></p> <p>Investment Properties</p> <ul style="list-style-type: none"> - Development properties + Estimated purchaser's costs