Interim Report



Sponda owns, leases and develops business properties in the Helsinki metropolitan area and the largest cities in Finland, as well as in Russia. Sponda's operations are organised into 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.

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Sponda Plc's interim report January–June 2013

JANUARY-JUNE 2013 IN BRIEF (compared with 1 January - 30 June 2012)

- Total revenue was EUR 133.2 (132.3) million.
- Net operating income was EUR 94.0 (94.6) million.
- Operating profit was EUR 79.4 (93.0) million. This includes a fair value change of EUR -2.2 (8.8) million.
- Cash flow from operations per share was EUR 0.19 (0.18).
- The fair value of the investment properties amounted to EUR 3,266.5 (3,233.9) million.
- Net assets per share totalled EUR 4.43 (4.22).
- The economic occupancy rate was 88.3% (88.9%).
- The prospects remain unchanged.
- Net financing costs for the period totalled EUR -28.8 (-29.8) million. Financial income and expenses include EUR 0.5 (2.5) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -29.3 (-32.3) million.

APRIL-JUNE 2013 IN BRIEF (compared with 1 April - 30 June 2012)

- Total revenue was EUR 67.2 (66.2) million.
- Net operating income was EUR 48.6 (48.5) million.
- Operating profit was EUR 34.6 (49.3) million. This includes a fair value change of EUR -7.7 (6.0) million.
- Cash flow from operations per share was EUR 0.10 (0.10).
- Financial income and expenses amounted to EUR -15.3 (-15.7) million. Financial income and expenses include EUR -0.5 (-0.2) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -14.8 (-15.5) million.

KEY FIGURES

	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Total revenue, M€	67.2	66.2	133.2	132.3	264.6
Net operating income, M€	48.6	48.5	94.0	94.6	192.2
Operating profit, M€	34.6	49.3	79.4	93.0	210.5
Earnings per share, €	0.04	0.08	0.11	0.15	0.37
Cash flow from operations per share, €	0.10	0.10	0.19	0.18	0.40
Net assets per share, €			4.43	4.22	4.45
Equity ratio, %			38.9	38.4	41.3
Interest cover ratio			2.9	2.6	2.8

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KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
EPRA Earnings, M€	21.0	20.7	41.3	39.6	83.1
EPRA Earnings per share, €	0.07	0.07	0.15	0.14	0.29
EPRA NAV/share, €			5.12	4.85	5.12
EPRA Net Initial Yield (NIY), %			6.43	6.49	6.61
EPRA, "topped-up" NIY, %			6.44	6.50	6.63

PRESIDENT AND CEO KARI INKINEN

Sponda's result for the second quarter of 2013 was stable and strong. The Group's economic occupancy rate increased again. This is a good achievement under the prevailing market conditions, where the economy is in recession and rental demand is low. The occupancy rate for office premises in Helsinki district developed positively, showing an 0.4%-points increase compared to the first quarter of 2013 (89.6%). While the economic occupancy rate for logistics properties remains a challenge for Sponda, the second quarter saw a decrease in vacancy rates in that segment as well. The demand for logistics premises is affected by the very low level of Finnish exports.

Property values in Helsinki's central business district remained stable. Downward pressure on property values is directed more to the secondary areas of the Helsinki metropolitan area, where an increase in yield requirements combined with a fall in market rents and rising vacancy rates have resulted in declining property values. In this time of low interest rates, we expect that the values of prime properties will remain stable in the future. Property values in Moscow were negatively affected in the second quarter by implemented increase in land taxes.

We remain active with regard to the Ratina shopping centre project in Tampere. While the pre-letting has yet to reach a level that supports the investment decision, our goal is to start the project in the coming autumn. The start of construction of the Ratina shopping centre will be announced when the investment decision has been made.

PROSPECTS FOR 2013

Sponda expects the vacancy rates of its investment properties at year's end 2013 to be largely unchanged from the end of 2012. The estimate is based on leases already signed and forecast changes in rental agreements.

Comparable net operating income (excluding disposals) in 2013 is expected to increase slightly from 2012. This increase is based on rising rent levels for business premises in Helsinki's central business district and the completion of property development projects.

BUSINESS CONDITIONS - FINLAND

The Finnish economy did not grow in the first quarter of 2013. The Finnish Ministry of Finance has revised its growth forecasts for 2013 and 2014. According to the new forecasts, Finnish GDP will contract by 0.4% in 2013 and increase by 1.2% in 2014. The forecast indicates that the turn to moderate growth will take place in the second half of 2013. The downgrades to the forecasts are due to the prolonged eurozone crisis, a decline in manufacturing and exports and a weaker outlook for private consumption.

The property transaction volume in the first quarter of the year was only slightly over EUR 0.3 billion. The second quarter was also relatively slow. According to a preliminary estimate by KTI Property Information, the transaction volume for the first six months of



the year was approximately EUR 0.78 billion, which means that the total transaction volume for 2013 is likely to be the lowest since the turn of the century.

Over 100,000m² of new office space will be completed in the Helsinki metropolitan area in 2013, after which new construction is expected to slow down. Under the prevailing economic conditions, the new office space is expected to increase vacancy rates and lead to downward pressure on market rents. According to KTI Property Information, vacancy rates in the Helsinki metropolitan area have increased particularly in Espoo and Vantaa.

BUSINESS CONDITIONS - RUSSIA

According to the Bank of Finland, Russian GDP grew by 3.4% in 2012. With slower growth in early 2013, many forecasts indicate that total GDP growth in Russia for the year will be under 3%. The slowing down of economic growth is mainly due to decreasing oil prices and the uncertain global economic outlook. Private consumption continues to grow.

The Russian property transaction market was active in the first half of 2013. Thanks to a few major transactions, the first quarter volume rose to above USD 2 billion. The total volume for 2013 is expected to be at the same level as in the previous year. (CB Richard Ellis)

According to CB Richard Ellis, the average vacancy rate for office premises in Moscow decreased slightly in 2012. In 2013, the vacancy rate for Class A office space is expected to remain at current levels, with vacancy rates for Class B office premises declining slightly. Over 800,000m² of new office space is set to be completed in 2013, which represents a substantial increase from the approximate figure of 500 000m² seen in 2012. Market rents are also expected to remain largely unchanged.

OPERATIONS AND PROPERTY ASSETS 1 JANUARY - 30 JUNE 2013

Net operating income from all of Sponda's property assets totalled EUR 94.0 (94.6) million in January–June 2013 and EUR 48.6 (48.5) million in April–June. Of this total, office and retail premises accounted for 55%, shopping centres for 17%, logistics premises for 13%, Russia for 12% and the Real Estate Funds unit for 3%.

On 30 June 2013, Sponda had a total of 182 properties, with an aggregate leasable area of approximately 1.5 million m². Of this total, some 53% is office and retail premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of June 2013, an external consultant assessed the fair value of Sponda's investment properties for both Finland and Russia. The fair value of investment properties was assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The change in fair value of the investment properties in January–June was EUR -4.2 (4.7) million and in April–June alone EUR -9.3 (3.7) million. The negative change in fair value was mainly due to changes in yield requirements in Finland outside the Helsinki central business district, as well as exchange rate fluctuations and changes in maintenance costs in Russia. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".



Valuation gains/losses on fair value assessment

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Changes in yield requirements (Finland)	-5.7	-1.7	-5.7	-1.7	20.9
Changes in yield requirements (Russia)	0.0	0.0	0.0	0.0	6.5
Development gains on property development projects	1.9	0.9	2.2	-0.3	-0.7
Modernisation investments	-5.0	-4.9	-9.5	-11.7	-28.5
Change in market rents and maintenance costs (Finland)	5.3	6.5	10.0	14.7	26.4
Change in market rents and maintenance costs (Russia)	-3.3	0.4	-2.0	1.1	-0.1
Change in currency exchange rates	-2.5	2.5	0.8	2.6	0.4
Investment properties, total	-9.3	3.7	-4.2	4.7	24.9
Real Estate Funds	-0.6	0.6	-2.5	0.6	0.6
Realised shares of profit from real estate funds	2.2	1.6	4.5	3.5	7.5
Group, total	-7.7	6.0	-2.2	8.8	33.0

Changes in Sponda's investment portfolio assets

	Total	Office and retail	Shopping centres	Logistics	Property develop ment	Russia
Operating income	129.5	72.5	22.0	19.5	0.2	15.3
Maintenance costs	-38.1	-20.8	-5.8	-6.9	-0.9	-3.7
Net operating income	91.4	51.8	16.2	12.6	-0.7	11.5
Investment properties at 1 January 2013	3,261.3	1,705.7	736.7	414.4	135.1	269.4
Capitalised interest 2013	0.2	0.1	0.0	0.0	0.1	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Investments	17.6	12.1	1.0	0.7	3.7	0.1
Transfers between segments	0.0	-0.4	0.0	-1.4	1.8	0.0
Sales	-8.3	-8.3	0.0	0.0	0.0	0.0
Change in fair value, %	-4.2	0.0	1.3	-4.3	0.0	-1.2
Investment properties at 30 June 2013 (*	3,266.5	1,709.1	739.0	409.5	140.6	268.3
*Includes available-for- sale investment properties						
Change in fair value, %	-0.1	0.0	0.2	-1.0	0.0	-0.4
Weighted average yield requirement %	6.8	6.5	5.6	8.2		9.7
Weighted average yield requirement %, Finland	6.5					

RENTAL OPERATIONS

Sponda's figures for expired lease agreements and new agreements that came into effect in the second quarter were as follows:

	Number (agreements)	Area (m²)	EUR/m²/month
Came into effect during the period	110	32,079	21.18
Expired during the period	44	38,795	16.50
Renewed during the period	105	31,695	17.50

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

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 0.8% (8.0%) for office and retail premises, -0.5% (-10.0%) for shopping centres, -9.5% (0.4%) for logistics premises and -1.4% (8.9%) for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

Type of property	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Office and retail, %	89.6	89.2	89.4	89.3	89.2
Shopping centres, %	91.1	94.1	93.0	93.1	93.8
Logistics, %	75.7	74.8	75.6	76.7	78.0
Russia, %	97.9	96.8	95.4	93.5	99.0
Total property portfolio, %	88.3	88.2	88.1	88.0	88.9

Geographical area	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Helsinki Business District, %	87.9	89.0	88.3	87.9	87.8
Helsinki Metropolitan Area, %	84.9	84.3	85.0	85.5	86.2
Turku, Tampere, Oulu, %	95.9	96.3	95.7	94.8	94.2
Russia, %	97.9	96.8	95.4	93.5	99.0
Total property portfolio, %	88.3	88.2	88.1	88.0	88.9

Total cash flow from lease agreements at the end of June 2013 was EUR 1,306.3 (1,278.8) million. Sponda had 2,110 clients and a total of 3,199 lease agreements. The company's largest tenants were the State of Finland (7.9% of rental income), Kesko Group (4.6% of rental income), HOK-Elanto (3.7% of rental income) and Danske Bank Oyi (3.5% of rental income). Sponda's 10 largest tenants generate approximately 29% of the company's total rental income. Sponda's tenants by sector were as follows:



Sector	% of net rental income
Professional, scientific and technical	6.3
Energy	0.2
Public sector	11.8
Wholesale/retail	27.0
Education	1.4
Logistics/transport	5.4
Hotel and catering business	5.0
Media/publishing	2.1
Other services	12.4
Banking/investment	11.1
Construction	1.7
Industry/manufacturing	6.0
Healthcare	4.0
Telecommunications	5.4
Other	0.2

The average length of all lease agreements was 4.7 (4.8) years. The average length of lease agreements was 5.0 (5.0) years for office and retail properties, 6.3 (6.6) years for shopping centres, 4.3 (4.2) years for logistics properties and 2.2 (2.7) years for properties in Russia. The lease agreements expire as follows:

	% of rental income 30 Jun 2013	% of rental income 30 Jun 2012
Within 1 year	15.5	14.7
Within 2 years	8.2	11.0
Within 3 years	8.5	8.2
Within 4 years	13.6	6.5
Within 5 years	8.6	12.6
Within 6 years	4.0	5.5
After more than 6 years	28.3	28.2
Valid indefinitely	13.4	13.3

INVESTMENTS AND DIVESTMENTS

Property transactions М€

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Properties sold			
Selling price	8.7	8.7	61.8
Profit on sale	0.4	0.4	2.5
Balance sheet value	8.3	8.3	59.3
Properties acquired	-	-	-53.1

Investments in property maintenance and property development М€

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Maintenance investments	-4.9	-9.5	-28.4
Property development investments	-4.6	-8.0	-47.5

Investments and divestments in total М€

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Investments and divestments in total (calculated based on the selling price of properties sold)	-0.8	-8.8	-67.2

Property development investments were mainly directed to preparatory work on the Ratina shopping centre project and the development of an office property in Ruoholahti, which was completed in April 2013.

RESULTS BY SEGMENT

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



Office and Retail Properties

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Total revenue, M€	36.9	36.5	72.5	71.7	143.9
Net operating income, M€	27.2	27.2	51.8	51.3	104.9
Operating profit, M€	25.4	33.6	47.4	58.4	130.0
EPRA Net Initial Yield (NIY), %			6.2	6.1	6.3
Economic occupancy rate, %			89.6	89.2	89.4
Fair value of properties, M€			1,709.1	1,681.6	1,705.7
Change in fair value from beginning of year, M€			0.0	10.7	31.4
Leasable area, m²			764,500	785,500	763,000

Investments and divestments in the Office and Retail Properties segment during the period under review:

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Properties sold			
Selling price	8.7	8.7	16.0
Profit on sale	0.4	0.4	1.6
Balance sheet value	8.3	8.3	14.4
Properties acquired	-	-	-15.2
Maintenance investments	-4.1	-7.8	-20.4
Property development investments	-2.2	-4.3	-10.3
Investments and divestments in total (calculated based on the selling price of properties sold)	2.4	-3.4	-29.9

The lease agreements for office and retail properties expire as follows:

	% of rental income 30 Jun 2013	% of rental income 30 Jun 2012
Within 1 year	10.7	12.5
Within 2 years	10.6	10.1
Within 3 years	8.5	10.3
Within 4 years	13.4	7.5
Within 5 years	9.3	11.3
Within 6 years	3.7	6.2
After more than 6 years	26.0	24.8
Valid indefinitely	17.7	17.2

Shopping Centres

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Total revenue, M€	10.9	10.3	22.0	21.1	42.0
Net operating income, M€	7.9	8.0	16.2	16.1	32.3
Operating profit, M€	7.2	4.9	16.4	12.7	25.7
EPRA Net Initial Yield (NIY), %			5.9	6.0	6.1
Economic occupancy rate, %			91.1	93.8	93.0
Fair value of properties, M€			739.0	583.6	736.7
Change in fair value from beginning of year, M€			1.3	-3.0	-5.3
Leasable area, m²			157,500	156,500	156,500

Investments and divestments in the Shopping Centres segment during the period under review:

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Properties sold			
Selling price	-	-	1.1
Profit on sale	-	-	0.5
Balance sheet value	-	-	0.6
Properties acquired	-	-	-
Maintenance investments	-0.6	-1.0	-5.8
Property development investments	-	-	-15.6
Investments and divestments in total (calculated based on the selling price of properties sold)	-0.6	-1.0	-20.3

The lease agreements for shopping centres expire as follows:

	% of rental income 30 Jun 2013	% of rental income 30 Jun 2012
Within 1 year	5.4	7.7
Within 2 years	4.1	4.5
Within 3 years	5.2	4.1
Within 4 years	16.1	2.9
Within 5 years	7.2	18.1
Within 6 years	5.9	2.0
After more than 6 years	52.3	56.6
Valid indefinitely	3.9	4.3

Logistics properties

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Total revenue, M€	10.0	11.2	19.5	22.4	42.3
Net operating income, M€	6.9	7.6	12.6	15.0	28.7
Operating profit, M€	2.8	2.3	7.6	9.0	22.4
EPRA Net Initial Yield (NIY), %			6.1	6.5	6.6
Economic occupancy rate, %			75.7	78.0	75.6
Fair value of properties, M€			409.5	444.3	414.4
Change in fair value from beginning of year, M€			-4.3	-5.3	-4.9
Leasable area, m ²			480,000	533,500	485,000

Investments and divestments in the Logistics Properties segment during the period under review:

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Properties sold			
Selling price	-	-	31.5
Profit on sale	-	-	-
Balance sheet value	-	-	31.5
Properties acquired	-	-	-
Maintenance investments	-0.2	-0.7	-1.9
Property development investments	-	-	-0.1
Investments and divestments in total (calculated based on the selling price of properties sold)	-0.2	-0.7	29.5

The lease agreements for logistics properties expire as follows:

	% of rental income 30 Jun 2013	% of rental income 30 Jun 2012
Within 1 year	15.6	17.3
Within 2 years	4.6	14.0
Within 3 years	9.7	7.7
Within 4 years	9.0	3.1
Within 5 years	2.2	6.5
Within 6 years	5.5	2.1
After more than 6 years	31.9	30.9
Valid indefinitely	21.4	18.5

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 140.6 million at the end of June 2013. Of this total, EUR 92.5 million was in undeveloped land sites and the remaining EUR 48.1 million was tied up in property development projects in progress. At the end of June 2013, the Property Development unit had invested a total of EUR 3.7 million, which was directed to the planning and preparation of future property development projects.



Sponda's property development operations comprise new construction projects and refurbishment of existing properties. Sponda does not currently have active property development projects in progress.

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. The decision to invest has not yet been made, but pre-letting for the project has progressed.

Russia

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Total revenue, M€	7.6	6.9	15.3	13.6	28.7
Net operating income, M€	5.7	5.3	11.5	10.4	22.2
Operating profit, M€	-0.9	7.3	8.8	12.3	25.7
EPRA Net Initial Yield (NIY), %			9.1	10.2	9.2
Economic occupancy rate, %			97.9	99.0	95.4
Fair value of properties, M€			268.3	265.8	269.4
Change in fair value from beginning of year, M€			-1.2	3.5	6.4
Leasable area, m ²			50,500	50,500	50,500

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

	1 April – 30 June 2013	1 January – 30 June 2013	2012
Properties sold			
Selling price	-	-	-
Profit on sale	-	-	-
Balance sheet value	-	-	-
Properties acquired	-	-	-37.8
Maintenance investments	-0.1	-0.1	-0.4
Property development investments	-	-	-0.2
Investments and divestments in total (calculated based on the selling price of properties sold)	-0.1	-0.1	-38.4

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

	% of rental income 30 Jun 2013	% of rental income 30 Jun 2012
Within 1 year	47.2	30.4
Within 2 years	7.4	18.8
Within 3 years	11.2	5.2
Within 4 years	16.4	11.8
Within 5 years	13.8	20.3
Within 6 years	1.2	11.3
After more than 6 years	2.8	2.2
Valid indefinitely	0.0	0.0

Real Estate Funds

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

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Total revenue, M€	1.7	1.5	3.4	3.0	6.5
Net operating income, M€	1.3	1.2	2.6	2.4	5.2
Operating profit, M€	1.4	2.0	1.9	3.8	8.0

At the end of the review period, an external consultant assessed the fair value of the Sponda Fund I, Sponda Fund II and Sponda Fund III funds. The assessments were made by Jones Lang LaSalle and Kiinteistötaito Peltola & Co. The change in the fair value of Sponda's real estate funds in January–June 2013 was EUR -2.5 (0.6) million and in April–June alone EUR -0.6 (0.6) million. The realised shares of profit from real estate funds were EUR 4.5 (3.5) million for January-June and EUR 2.2 (1.6) million in the second quarter.

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 70.8 million on 30 June 2013.

Sponda Fund I Ky invests in logistics sites outside the Helsinki metropolitan area. Sponda's holding in the fund is 46%. The value of the fund's property investments stood at EUR 169.1 million on 30 June 2013.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. The value of the fund's property investments stood at EUR 186.8 million on 30 June 2013.

Sponda Fund III Ky (Sponda's holding 36%) 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 170 million and the fair value of its property portfolio on 30 June 2013 was EUR 105.6 million.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 120 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.



Property investment company Russian Invest purchased from SRV a 55% share in the Okhta Mall shopping centre project, which is Phase I of the Septem City project located in St. Petersburg. Okhta Mall is Russian Invest's first investment, and the size of the company's investment in the project will be approximately EUR 50 million. Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Sponda's share of the investment in the Okhta Mall shopping centre project is approximately EUR 14 million. More information on the project is provided in the company's stock exchange release published on 17 June 2013.

CASH FLOW AND FINANCING

Sponda's net cash flow from operations in the period under review totalled EUR 54.0 (50.6) million. Net cash flow from investing activities was EUR -18.5 (-69.8) million and the net cash flow from financing activities was EUR -50.5 (28.4) million. Net financing costs for the period totalled EUR -28.8 (-29.8) million. Financial income and expenses include EUR 0.5 (2.5) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -29.3 (-32.3) million. Interest expenses of EUR 0.2 (0.3) million were capitalised.

Sponda's equity ratio on 30 June 2013 stood at 38.9% (38.4%) and the gearing ratio was 134.4% (136.4%). Interest-bearing debt amounted to EUR 1,827.6 (1,844.9) million and the average maturity of loans was 2.1 (2.8) years. The average interest rate was 3.3% (3.6%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 68% (74%) of the loan portfolio. The average interest-bearing period of the entire debt portfolio was 1.5 (2.0) years. The interest cover ratio, which describes the company's solvency, was 2.9 (2.6).

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 2013 comprised EUR 675 million in syndicated loans, EUR 324 million in bonds, EUR 269 million in issued commercial papers, and EUR 460 million in loans from financial institutions. Sponda had EUR 410 million in unused credit limits. Sponda Group had mortgaged loans of EUR 141.0 million, or 4.1% of the consolidated balance sheet.

In June 2013, Sponda signed an agreement on the five-year extension of a mortgaged loan of EUR 85 million with Helaba (Landesbank Hessen Thüringen Girozentrale). The agreement extends the loan, which was originally set to mature in spring 2014, until spring 2018. The margin on the loan corresponds with current market levels and the key covenants (equity ratio and interest cover ratio) are in line with the company's other financial covenants.

On 27 June 2013, Sponda redeemed the remaining EUR 92.8 million of a hybrid bond, originally EUR 130 million in total, issued in 2008 in accordance with the terms and conditions of the hybrid bond. The bond was originally issued on 27 June 2008. After this transaction, the company's only outstanding hybrid loan is the EUR 95 million hybrid bond issued on 5 December 2012.

PERSONNEL

During the review period Sponda Group had, on average, 122 (125) employees, of whom 111 (113) worked for parent company Sponda Plc. On 30 June 2013, Sponda Group had altogether 122 (119) employees, of whom 111 (107) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in January-June 2013 were EUR -12.3 (-11.5) million.



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ANNUAL REMUNERATION AND INCENTIVE SCHEMES

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development.

Sponda also has a long-term share-based incentive scheme with four three-year vesting periods, 2011–2013, 2012–2014, 2013–2015 and 2014-2016. The Board of Directors will decide on the earning criteria and on targets to be established for the earning criteria for each vesting period. The earning criteria for the vesting periods from 1 January 2011 to 31 December 2013 and 1 January 2012 to 31 December 2014 are the Group's average Return on Capital Employed (ROCE) in the vesting periods mentioned and the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the periods mentioned. The earning criteria for the vesting period from 1 January 2013 to 31 December 2015 are the same as above, and additionally the Group's equity ratio at the end of the vesting period. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The long-term incentive scheme currently covers the members of the Executive Board, altogether seven people. The Board may decide to include more key employees in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 20 March 2012 and 1 February 2013.

GROUP STRUCTURE

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

SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of the Sponda share in January-June 2013 was EUR 3.83. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.42 and the lowest EUR 3.51. Turnover during the period totalled 61.2 million shares, or EUR 236.3 million. The closing price of the share on 28 June 2013 was EUR 3.62 and the market capitalisation of the company's share capital was EUR 1,024.7 million.

The Annual General Meeting on 18 March 2013 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

The Annual General Meeting also authorised the Board of Directors to decide on a share issue and on the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act

in accordance with the proposal of the Board of Directors. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

On 28 June 2013 the company had altogether 8,828 shareholders and its ownership structure was as follows:



	Number of shares	Holding, %
Public entities	34,523,190	12.2
Nominee-registered	139,627,090	49.3
Financial and insurance institutions, total	34,003,812	12.0
Households	21,506,029	7.6
Private corporations, total	46,253,712	16.3
Non-profit organisations, total	3,821,360	1.3
Foreign owners, total	3,340,269	1.2
Total number of shares	283,075,462	100.0

The following flagging notices were issued:

- 15 April 2013: Ilmarinen Mutual Pension Insurance Company notified that the total number of shares it holds represents 0.0% of the total number of shares and votes in Sponda Plc.
- 15 April 2013: HC LPN Holding Oy Ab (Hartwall Capital Oy Ab) announced that its holding of shares represented 9.56% of the total number of shares and votes in Sponda Plc.

BOARD OF DIRECTORS AND AUDITORS

Sponda's Board of Directors has seven members: Kaj-Gustaf Bergh, Klaus Cawén, Christian Elfving, Tuula Entelä, Juha Laaksonen, Arja Talma and Raimo Valo. The Chairman of the Board is Kaj-Gustaf Bergh and its Deputy Chairman is Klaus Cawén.

The Board of Directors assesses that, of its members, Klaus Cawén, Tuula Entelä, Juha Laaksonen, Arja Talma and Raimo Valo are independent of the company and its major shareholders and Kaj-Gustaf Bergh and Christian Elfving are independent of the company.

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

BOARD COMMITTEES

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

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Klaus Cawén (Deputy Chairman) and Tuula Entelä (ordinary member).

SPONDA'S MANAGEMENT

Sponda Plc's President and Chief Executive Officer is Kari Inkinen. The Executive Board comprises the President and CEO, the CFO, the SVP for Corporate 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 sustainability reporting integrated in the company's annual report is implemented according to the GRI C level.



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The company's environmental responsibility objectives for 2013 are related to, amongst other things, reducing energy consumption in Sponda's own office and across the company's entire property portfolio, increasing the proportion of recoverable waste, implementing energy efficiency initiatives agreed upon with customers in conjunction with environmental partnerships and engaging in research and development related to reducing energy consumption. Environmental responsibility was also extended to properties owned by Sponda in Russia, with the aim of reducing electricity and water consumption, particularly in Moscow.

Sponda and other climate partners have signed a climate covenant. As part of the Climate Partners network, a joint initiative of the Confederation of Finnish Industries and the City of Helsinki, the participating companies sign climate covenants identifying the measures they will take to control climate change in their own operations.

Sponda Plc's covenants are:

- The comparable total energy consumption of Sponda's properties will be reduced by 10% by 2016.
- The recycling rate in Sponda's properties will be increased to over 70% by 2014.

Sponda and Nordea Bank's branch at Kaivokatu 12 in Helsinki are partnering to achieve energy savings and reduce the environmental load caused by the use of the property. By adopting the new Green Lease model, the companies have agreed on joint objectives and a compensation model to encourage the use of environmentally friendly solutions and the reduction of energy consumption at the premises used by Nordea's branch. Both parties have made a commitment to reduce energy and water consumption at the property. A further goal is to reduce the amount of waste generated at the property and to increase the recovery rate of waste to 90 per cent.

In July 2013, Sponda obtained LEED® Gold Environmental Certification for its Ruoholahden Ankkuri office building, which was completed in the spring of 2013. The main tenant of the office building located at Itämerenkatu 23 in the Ruoholahti district of Helsinki is Talentum Plc.

EVENTS AFTER THE END OF THE PERIOD

In July 2013, Sponda sold the Business Center NRC and Inform Future office buildings, located in St. Petersburg's central business district, to Russian asset management companies NRC-Management and IF-Management for a total of EUR 9.9 million. The properties were sold at a price that was slightly higher than the first quarter 2013 fair value valuation.

PROSPECTS FOR 2013

Sponda expects the vacancy rates of its investment properties at year's end 2013 to be largely unchanged from the end of 2012. The estimate is based on leases already signed and forecast changes in rental agreements.

Comparable net operating income (excluding disposals) in 2013 is expected to increase slightly from 2012. This increase is based on rising rent levels for business premises in Helsinki's central business district and the completion of property development projects.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

Sponda estimates that the risks in the current financial year have been unchanged. The key risks and uncertainty factors arise from the ongoing European economic crisis. These risks relate to a decline in economic occupancy rates and a fall in rental income in both Finland and Russia, resulting from the insolvency of tenants.



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The development of the Finnish economy will be particularly affected by the continuation of the public debt crisis in Europe. The weak development of the economy may affect the operations of Finnish companies and thereby increase the vacancy rates of office properties.

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.

Significant changes in market interest rates and margins may have a negative effect on Sponda's financial result and contribute to slower growth in the property business.

2 August 2013 Sponda Plc Board of Directors

Additional information:

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NASDAQ OMX Helsinki
Media
www.sponda.fi



Interim Report 1.1.–30.6.2013

SPONDA PLC INTERIM REPORT 1 JANUARY - 30 JUNE 2013, TABLES

Consolidated income statement

M€	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Total rayanya	4-0/13	4-0/12	1-0/13	1-0/12	1-12/12
Total revenue	07.4	0.1.0	100.0	100.1	
Rental income and recoverables	65.4	64.6	129.6	129.1	257.8
Interest income from finance leasing agreements	0.1	0.1	0.2	0.2	0.3
Fund management fees	1.7	1.6	3.4	3.0	6.5
	67.2	66.2	133.2	132.3	264.6
Expenses					
Maintenance costs	-18.2	-17.4	-38.3	-37.1	-71.1
Direct fund expenses	-0.4	-0.3	-0.8	-0.6	-1.3
	-18.6	-17.7	-39.2	-37.7	-72.4
Net operating income	48.6	48.5	94.0	94.6	192.2
Profit/loss on sales of investment properties	0.4	0.4	0.4	1.3	2.5
Valuation gains/losses on fair value assessment	-7.7	6.0	-2.2	8.8	33.0
Profit/loss on sales of trading properties	0.0	-0.4	0.0	-0.4	5.2
Change in value of trading property	0.0	0.0	0.0	0.0	0.0
Sales and marketing expenses	-0.7	-0.4	-1.2	-0.8	-2.0
Administrative expenses	-5.7	-5.4	-11.1	-10.7	-20.7
Other operating income	0.0	0.1	0.1	0.1	0.4
Other operating expense	-0.3	0.5	-0.7	0.1	-0.1
Operating profit	34.6	49.3	79.4	93.0	210.5
Financial income	0.7	6.8	14.4	17.2	35.9
Financial expenses	-16.0	-22.5	-43.2	-46.9	-94.6
Total amount of financial income and expenses	-15.3	-15.7	-28.8	-29.8	-58.8
Profit before income tax	19.4	33.5	50.7	63.2	151.8
Income taxes for current and previous fiscal years	-0.8	-0.8	-1.9	-1.5	-3.7
Deferred taxes	-4.8	-8.0	-11.2	-13.7	-33.8
Income taxes, total	-5.6	-8.7	-13.1	-15.2	-37.5
Profit/loss for the period	13.8	24.8	37.5	48.0	114.2
Attributable to:					
Equity holders of the parent company	13.8	24.8	37.5	48.0	114.3
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Earnings per share based on profit attributable to equity holders of the parent company					
Basic and diluted, €	0.04	0.08	0.11	0.15	0.37

Consolidated statement of comprehensive income

IVIE					
	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Profit/loss for the period	13.8	24.8	37.5	48.0	114.2
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains/losses of defined benefit pension plans	0.0	0.0	0.0	0.0	-0.2
Taxes on items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0	0.0
Items that will not be reclassified to profit or loss, total	0.0	0.0	0.0	0.0	-0.1
Items that may be reclassified subsequently to profit or loss					
Net loss/profit from hedging cash flow	8.3	-2.0	14.9	-2.6	-3.1
Translation differences	-0.7	-0.5	-0.5	-0.3	0.1
Taxes on items that may be reclassified subsequently to profit or loss	-1.6	0.9	-3.3	0.6	0.4
Items that may be reclassified subsequently to profit or loss, total	6.0	-1.6	11.1	-2.3	-2.5
Other comprehensive income for the period after taxes	6.0	-1.6	11.1	-2.3	-2.6
Comprehensive profit/loss for the period	19.8	23.2	48.6	45.7	111.6
Attributable to:					
Equity holders of the parent company	19.8	23.2	48.6	45.7	111.6
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

Consolidated balance sheet

	30 Jun 2013	30 Jun 2012	31 Dec 2012	1 Jan 2012
ASSETS				
Fixed assets and other non-current assets				
Investment properties	3,256.8	3,233.9	3,261.3	3,165.7
Investments in real estate funds	87.1	68.0	83.6	65.5
Property, plant and equipment	12.6	12.8	12.5	13.1
Goodwill	14.5	14.5	14.5	14.5
Other intangible assets	0.9	0.6	0.7	0.6
Finance lease receivables	2.7	2.7	2.7	2.7
Long-term receivables	14.6	10.8	21.2	5.0

Deferred tax assets	32.9	43.3	38.4	44.0
Fixed assets and other non-current assets total	3,422.2	3,386.6	3,435.0	3,311.1
Available-for-sale investment properties	9.7	0.0	0.0	0.0
Available-101-sale Investment properties	9.7	0.0	0.0	0.0
Current assets				
Trading properties	7.8	7.9	7.8	7.9
Trade and other receivables	24.7	31.3	48.9	41.9
Funds	14.2	35.6	30.1	26.4
Current assets total	46.7	74.8	86.7	76.1
Total funds	3,478.6	3,461.4	3,521.8	3,387.2
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to equity				
holders of the parent company				
Share capital	111.0	111.0	111.0	111.0
Share issue premium	159.5	159.5	159.5	159.5
Translation differences	2.1	2.1	2.3	2.5
Fair value reserve	-21.1	-31.9	-32.3	-30.0
Revaluation reserve	0.6	0.6	0.6	0.6
Reserve for invested unrestricted equity	433.8	433.8	433.8	433.8
Other equity fund	94.0	129.0	186.1	129.0
Retained earnings	567.2	520.6	585.0	526.3
	1,347.2	1,324.5	1,445.9	1,332.6
Non-controlling interest	1.8	1.7	1.7	1.7
Shareholders' equity total	1,348.9	1,326.3	1,447.7	1,334.4
Liabilities				
Long-term liabilities				
Interest-bearing loans and borrowings	1,383.7	1,398.7	1,460.3	1,380.8
Other liabilities	24.0	42.3	38.1	40.3
Deferred tax liabilities	213.0	191.5	205.9	181.8
Long-term liabilities total	1,620.7	1,632.5	1,704.4	1,602.9
Current liabilities				
Short-term interest-bearing liabilities	443.9	446.2	275.9	374.1
Trade and other payables	65.0	56.6	93.9	75.9
Current liabilities total	509.0	502.7	369.7	449.9
T-(-11	0.400.7	0.405.0	0.074.4	0.050.5
Total borrowings	2,129.7	2,135.2	2,074.1	2,052.8

Total equity and liabilities	3,478.6	3,461.4	3,521.8	3,387.2

Consolidated Cash Flow Statement M€

M€	1-6/2013	1-6/2012	1-12/2012
Cash flow from operating activities			
Net profit for the period	37.5	48.0	114.2
Adjustments	48.3	39.0	68.7
Change in net working capital	4.5	2.5	-2.6
Interest received	0.6	0.4	1.2
Interest paid	-35.3	-38.2	-66.6
Other financial items	0.2	1.5	2.4
Dividends received	0.0	0.0	0.0
Taxes received/paid	-1.9	-2.6	-4.5
Net cash provided by operating activities	54.0	50.6	112.8
Cash flow from investing activities			
Acquisition of investment properties	-26.4	-77.6	-114.9
Capital expenditure on real estate funds	-6.1	-1.9	-18.4
Acquisition of tangible and intangible assets	-0.5	-0.1	-0.3
Proceeds from sale of investment properties	14.4	9.8	57.3
Capital repayments from real estate funds	-	-	0.9
Repayments of loan receivables	-	_	0.2
Net cash flow from investments	-18.5	-69.8	-75.3
Cash flow from financing activities			
Receipts from issue of equity bond	-	-	93.7
Non-current loans, raised	100.0	150.0	235.0
Repurchase of equity bond	-92.8	-	-37.9
Non-current loans, repayments	-19.3	-79.3	-298.9
Current loans, raised/repayments	17.8	14.4	31.8
Interest paid on equity bond	-8.1	-11.4	-12.8
Dividends paid	-48.1	-45.3	-45.3
Net cash flow from financing	-50.5	28.4	-34.4
Change in cash and cash equivalents	-15.1	9.2	3.2

Cash and cash equivalents, start of period	30.1	26.4	26.4
Impact of changes in exchange rates	-0.8	0.0	0.5
Cash and cash equivalents, end of period	14.2	35.6	30.1

Consolidated statement of changes in equity M€

IVI€	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 interest	Shareholders' equity, total
Equity 31 December 2011	111.0	159.5	0.5	-30.0	0.6	433.8	129.0	475.0	1,279.4	1.7	1,281.1
Impact of changes in accounting principles			2.0					51.3	53.2		53.2
Equity 1 January 2012, adjusted	111.0	159.5	2.5	-30.0	0.6	433.8	129.0	526.3	1,332.6	1.7	1,334.4
Comprehensive income											
Net income for the period								48.0	48.0	0.0	48.0
Other comprehensiv e income (net of tax)											
Cash flow hedges				-2.0					-2.0		-2.0
Translation differences			-0.4						-0.4		-0.4
Comprehensive income, total			-0.4	-2.0				48.0	45.7	0.0	45.7
Transactions with shareholders											
Dividend payment								-45.3	-45.3		-45.3
Transactions with shareholders, total								-45.3	-45.3		-45.3
Interest paid on hybrid bond								-8.6	-8.6		-8.6
Change								0.1	0.1		0.1
Equity at 30 June 2012	111.0	159.5	2.1	-31.9	0.6	433.8	129.0	520.6	1,324.5	1.7	1,326.3

	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 interest	Shareholders' equity, total
Equity 31 December 2012	111.0	159.5	0.7	-32.3	0.6	433.8	186.1	534.4	1,393.8	1.7	1,395.6
Impact of changes in accounting principles			1.5					50.6	52.1		52.1
Equity 1 January 2013, adjusted	111.0	159.5	2.3	-32.3	0.6	433.8	186.1	585.0	1,445.9	1.7	1,447.7
Comprehensive income											
Net income for the period								37.5	37.5	0.0	37.5
Other comprehensiv e income (net of tax)											
Cash flow hedges				11.2					11.2		11.2
Translation differences			-0.2						-0.2		-0.2
Comprehensive income, total			-0.2	11.2				37.5	48.6	0.0	48.6
Transactions with shareholders											
Dividend payment								-48.1	-48.1		-48.1
Transactions with shareholders, total								-48.1	-48.1		-48.1
Repurchase of equity bond							-92.1		-92.1		-92.1
Interest paid on hybrid bond								-6.1	-6.1		-6.1
Change								-1.0	-1.0	0.0	-1.0
Equity 30 June 2013	111.0	159.5	2.1	-21.1	0.6	433.8	94.0	567.2	1,347.2	1.8	1,348.9

NOTES TO THE INTERIM REPORT

Accounting principles

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting). Starting from the beginning of the financial year, the company has applied certain new or revised IFRS standards and IFRIC interpretations as described in the 2012 financial statements. In addition, the company has voluntarily amended its accounting principles with regard to IAS 12 (Income Taxes) on the basis of IAS 8 14 (b). According to the newly applied accounting principle, recovery of the carrying amount of investment properties valued at fair value in the calculation of deferred taxes will normally happen through sale. As the company's principle will be to realise its shareholding in property companies by selling the shares it owns, the deferred taxes are also calculated according to the same principle under the new accounting principle. The amendment caused a significant effect on the deferred taxes recognised for investment properties. The changes are shown in detailed tables pp. 24 and 25 in the Interim Report 1 Jan - 31 Mar 2013. The amendment was implemented with retrospective effect and the figures for the comparison period have been adjusted accordingly. Otherwise this interim report has been prepared applying the IFRS standards and interpretations valid on 31 December 2012.

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, 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 dated 31 December 2012.

The figures in the interim report have not been audited.



Income statement by segment M€

Income statement information 1-6/2013	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	72.5	22.0	19.5	0.6	15.3	3.4	0.0	133.2
Maintenance expenses and direct fund expenses	-20.8	-5.8	-6.9	-1.1	-3.7	-0.9	0.0	-39.2
Net operating income	51.8	16.2	12.6	-0.6	11.5	2.6	0.0	94.0
Profit on sales of investment properties	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.4
Loss on sales of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in value of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses on fair value assessment	0.0	1.3	-4.3	0.0	-1.2	2.0	0.0	-2.2
Administration and marketing	-4.7	-1.1	-0.6	-1.6	-1.4	-2.7	0.0	-12.2
Other operating income and expenses	0.0	-0.1	-0.1	-0.3	0.0	0.0	0.0	-0.5
Operating profit	47.4	16.4	7.6	-2.5	8.8	1.9	0.0	79.4
Investments	12.1	1.0	0.7	3.7	0.1	6.1	0.5	24.1
Segment assets	1,711.8	739.0	409.5	155.1	268.3	87.1	107.7	3,478.6
Economic Occupancy Rate	89.6	91.1	75.7		97.9			88.3

Income statement information 1-6/2012	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total variance	74.7	04.4	00.4	0.4	40.0	2.0	0.0	400.0
Total revenue	71.7	21.1	22.4	0.4	13.6	3.0	0.0	132.3
Maintenance expenses and direct fund expenses	-20.3	-5.1	-7.4	-1.0	-3.2	-0.6	0.0	-37.7
Net operating income	51.3	16.1	15.0	-0.6	10.4	2.4	0.0	94.6
Profit on sale of investment properties	0.4	0.5	0.0	0.4	0.0	0.0	0.0	1.3
Loss on sale of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on sale of trading properties	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.4
Change in value of trading property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses on fair value assessment	10.7	-3.0	-5.3	-1.2	3.5	4.1	0.0	8.8
Administration and marketing	-4.0	-0.8	-0.7	-1.7	-1.6	-2.7	0.0	-11.5
Other operating income and expenses	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.3
Operating profit	58.4	12.7	9.0	-3.3	12.3	3.8	0.0	93.0
Investments	28.1	1.1	0.7	8.2	37.7	1.9	0.1	77.8
Segment assets	1,683.0	583.6	444.3	273.2	265.8	68.0	143.5	3,461.4
Economic Occupancy Rate	89.2	93.8	78.0		99.0			88.9

Key figures

	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Earnings per share, €	0.04	0.08	0.11	0.15	0.37
Equity ratio, %			38.9	38.4	41.3
Gearing ratio, %			134.4	136.4	117.9
Equity per share, €			4.43	4.22	4.45
Cash flow from operations per share, €	0.10	0.10	0.19	0.18	0.40

Quarterly key figures

	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012
Total revenue, M€	67.2	66.0	66.4	66.0	66.2
Net operating income, M€	48.6	45.4	47.4	50.2	48.5
Valuation gains/losses on fair value assessment, M€	-7.7	5.5	21.3	2.9	6.0
Operating profit, M€	34.6	44.8	69.5	48.1	49.3
Financial income and expenses, M€	-15.3	-13.5	-14.4	-14.6	-15.7
Profit/loss for the period, M€	13.8	23.7	41.6	24.7	24.8
Investment properties, M€*	3,266.5	3,274.3	3,261.3	3,213.9	3,233.9
Shareholders' equity, M€	1,348.9	1,427.9	1,447.7	1,349.0	1,326.3
Interest-bearing liabilities, M€	1,827.6	1,765.5	1,736.2	1,804.5	1,844.9
Earnings per share, €	0.04	0.07	0.14	0.08	0.08
Cash flow from operations per share, €	0.10	0.09	0.12	0.10	0.10
EPRA NAV, €	5.12	5.07	5.12	4.93	4.85
Economic occupancy rate, %	88.3	88.2	88.1	88.0	88.9

^{*}Includes available-for-sale investment properties

Direct and indirect result

The direct result represents 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, capitalised interest, the premiums of cap options, profit/loss on the sale of properties, amortisation of goodwill and other such income and expenses that the company considers non-direct items.

M€	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Direct result					
Net operating income	48.6	48.5	94.0	94.6	192.2
Realised shares of profit from real estate funds	2.2	1.6	4.5	3.5	7.5
Marketing and administrative expenses	-6.4	-5.9	-12.2	-11.6	-22.7
Other income and expenses for business operations	-0.3	0.6	-0.5	0.3	0.3
Financial income and expenses	-15.1	-17.1	-30.1	-34.6	-67.9
Taxes based on direct result	-0.8	-0.9	-1.9	-1.6	-3.9
Deferred taxes based on direct result	-7.1	-6.2	-12.4	-11.0	-22.3
Non-controlling holding share of direct result	0.0	0.0	0.0	0.0	0.0
Total	21.0	20.7	41.3	39.6	83.1

Indirect result					
Profit/loss on sales of investment properties	0.4	0.4	0.4	1.3	2.5
Valuation gains/losses on fair value assessment	-9.8	4.3	-6.7	5.3	25.5
Profit/loss on sales of trading properties	0.0	-0.4	0.0	-0.4	5.2
Change in value of trading property	0.0	0.0	0.0	0.0	0.0
Marketing and administrative expenses	0.0	0.0	0.0	0.0	0.0
Other income and expenses for business operations	0.0	0.0	0.0	0.0	0.0
Financial income and expenses	-0.2	1.4	1.3	4.8	9.2
Taxes based on indirect result	0.0	0.1	0.0	0.1	0.2
Deferred taxes based on indirect result	2.3	-1.7	1.2	-2.7	-11.5
Non-controlling holding share of indirect result	0.0	0.0	0.0	0.0	0.0
Total	-7.2	4.1	-3.8	8.4	31.1

Investment properties М€

	30 Jun 2013	30 Jun 2012	31 Dec 2012
Fair value of investment properties, start of period	3,261.3	3,165.7	3,165.7
Purchase of investment properties	0.0	52.8	53.1
Other capital expenditure on investment properties	17.6	24.3	76.0
Disposal of investment properties	-8.3	-13.9	-59.3
Transfers from trading properties	0.0	0.0	0.0
Capitalised equity expenses, increase in period	0.2	0.3	0.8
Valuation gains/losses on fair value assessment	-4.2	4.7	24.9
Fair value of investment properties, end of period*	3,266.5	3,233.9	3,261.3

^{*}Includes available-for-sale investment properties

Net operating income from all of Sponda's property assets totalled EUR 94.0 (94.6) million in January-June 2013 and EUR 48.6 (48.5) million in April-June. Of this total, office and retail premises accounted for 55%, shopping centres for 17%, logistics premises for 13%, Russia for 12% and the Real Estate Funds unit for 3%.

On 30 June 2013, Sponda had a total of 182 properties, with an aggregate leasable area of approximately 1.5 million m². Of this total, some 53% is office and retail premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of June 2013, an external consultant assessed the fair value of Sponda's investment properties for both Finland and Russia. The fair value of investment properties

was assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The change in fair value of the investment properties in January-June was EUR -4.2 (4.7) million and in April-June alone EUR -9.3 (3.7) million. The negative change in fair value was mainly due to changes in yield requirements in Finland outside the Helsinki central business district, as well as exchange rate fluctuations and changes in maintenance costs in Russia. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

The Group's most significant investment commitments

Sponda does not currently have significant investment commitments.

Property, plant and equipment

	30 Jun 2013	30 Jun 2012	31 Dec 2012
Carrying amount, start of period	12.5	13.1	13.1
Increases	0.2	0.0	0.1
Disposals	-	0.0	0.0
Depreciation for the period	-0.1	-0.3	-0.6
Carrying amount, end of period	12.6	12.8	12.5

Trading properties М€

	30 Jun 2013	30 Jun 2012	31 Dec 2012
Carrying amount, start of period	7.8	7.9	7.9
Disposals and other changes	-	-	-0.1
Increases	-	-	
Reclassifications to investment properties	-	-	-
Valuation changes	-	-	-
Carrying amount, end of period	7.8	7.9	7.8

Contingent liabilities М€

Collateral and commitments given by the Group	30 Jun 2013	30 Jun 2012	31 Dec 2012
Loans from financial institutions. covered by collateral	141.2	139.9	141.8
Mortgages	264.2	269.2	264.2
Book value of pledged shares	19.1	18.5	18.6
Guarantees	-	-	-
Total collateral	283.2	287.6	282.8

Lease and other liabilities	30 Jun 2013	30 Jun 2012	31 Dec 2012
Lease liabilities	95.3	96.1	96.3
Mortgages	3.9	3.9	3.9
Guarantees	4.7	15.8	3.6
Investment commitments to real estate funds	36.2	26.7	42.3
Interest derivatives	30 Jun 2013	30 Jun 2012	31 Dec 2012
Swap contracts, notional value	871.1	847.0	871.6
Swap contracts, fair value	-27.7	-42.5	-42.9
Cap options purchased, notional value	304.1	405.0	300.0
Cap options purchased, fair value	2.0	0.4	0.6
Forward rate agreements, notional value	-	-	-
Forward rate agreements, fair value	-	-	-
Currency derivatives	30 Jun 2013	30 Jun 2012	31 Dec 2012
Currency forwards, notional value	-	-	-
Currency forwards, fair value	-	-	-
Currency options, bought, notional value	10.3	7.9	10.2
Currency options, bought, fair value	0.0	0.1	0.1
Currency options, put, notional value	10.3	7.9	10.2
Currency options, put, fair value	-0.1	-0.1	-0.1
Interest rate and currency swaps	30 Jun 2013	30 Jun 2012	31 Dec 2012
Interest rate and currency swaps, notional value*	337.4	337.4	337.4
Interest rate and currency swaps, fair value*	11.4	9.1	19.5

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

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



Related party transactions

The following transactions took place with related parties:

Management employee benefits	30 Jun 2013	30 Jun 2012	31 Dec 2012
Salaries and other short-term employee benefits	1.0	1.1	1.8
Share-based payments	0.9	0.7	1.6
Total	1.8	1.8	3.4

Formulas for the key indicators

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Earnings per share, €	=		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 Weighted average number of shares outstanding during the period
Equity ratio, %	=	100 x	Shareholders' equity Balance sheet total - advances received
Gearing ratio, %	=	100 x	Interest-bearing liabilities - cash and cash equivalents Shareholders' equity
Equity per share, €	=		Equity attributable to parent company equity holders - Other equity reserve Undiluted total number of shares on the date of closing the books
Cash flow from operations per share, €	=		Operating profit -/+ Fair value adjustment + Allocation of goodwill + Depreciation in administration +/- Changes in provisions +/- Defined benefit pension expenses - Financial income & expenses affecting cash flow - Taxes affecting cash flow +/- Other items Weighted average number of shares outstanding during the period
EPRA NAV per share, €	=		Equity attributable to parent company equity holders - Other equity reserve + Deferred tax liabilities resulting from the assessment of

fair value

books

of properties and depreciation difference

- Goodwill created from the deferred tax liabilities on

Undiluted total number of shares on the date of closing the

EPRA Earnings per share, M€ Net operating income

+ 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
- +/- Operating share of non-controlling shareholders Weighted average number of shares outstanding during

the period

EPRA Net Initial Yield (NYI), % Annualised net rents

Investment properties

- Development properties
- + Estimated purchaser's costs

Annualised net rents EPRA "topped up" NYI, %

+ Step rents, rent-free periods, etc.

Investment properties

- Development properties
- + Estimated purchaser's costs

sponda