

Interim Report 1.1.–30.9.2012



SPONDA

Sponda Plc's interim report January-September 2012

Result of operations and financial position 1 January - 30 September 2012 (compared with 1 January - 30 September 2011)

- Total revenue was EUR 198.2 (183.3) million, an increase of over 8% compared to the reference period.
- Net operating income increased by approximately 10%, totalling EUR 144.8 (131.8) million.
- Operating profit was EUR 140.9 (154.6) million. This includes a fair value change of EUR 11.7 (32.9) million.
- Cash flow from operations per share was EUR 0.28 (0.27).
- The fair value of the investment properties amounted to EUR 3,213.9 (3,128.8) million.
- Net assets per share totalled EUR 4.12 (3.93).
- The economic occupancy rate decreased to 88.0% (88.2%).
- The future prospects for the occupancy rate remain unchanged, but the prospects are adjusted with regard to the growth of net operating income.
- Net financing costs for the period totalled EUR -44.4 (-55.2) million. Financial income and expenses include EUR 4.1 (-7.7) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -48.5 (-47.5) million.

Result of operations and financial position 1 July - 30 September 2012 (compared with 1 July - 30 September 2011)

- Total revenue was EUR 66.0 (63.1) million.
- Net operating income was EUR 50.2 (47.3) million.
- Operating profit was EUR 48.0 (47.1) million. The operating profit includes a fair value change of EUR 2.9 (4.6) million.
- Cash flow from operations per share was EUR 0.10 (0.09).
- Financial income and expenses amounted to EUR -14.6 (-22.9) million. Financial income and expenses include EUR 1.5 million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -16.2 million.

Key figures

	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
Total revenue, M€	66.0	63.1	198.2	183.3	248.2
Net operating income, M€	50.2	47.3	144.8	131.8	179.4
Operating profit, M€	48.0	47.1	140.9	154.6	209.6
Earnings per share, €	0.08	0.06	0.24	0.25	0.39
Cash flow from operations per share, €	0.10	0.09	0.28	0.27	0.37
Net assets per share, €			4.12	3.93	4.06
Equity ratio, %			38	38	38
Interest cover ratio			2.7	2.8	2.7

Key figures according to EPRA Best Practices Recommendations

	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
<i>EPRA Earnings, M€</i>	22.0	18.4	61.5	55.7	75.4
<i>EPRA Earnings per share, €</i>	0.08	0.07	0.22	0.20	0.27
<i>EPRA NAV/share, €</i>			4.88	4.68	4.84
<i>EPRA Net Initial Yield (NIY), %</i>			6.38	6.30	6.39
<i>EPRA, "topped-up" NIY, %</i>			6.39	6.31	6.40

President and CEO Kari Inkinen

The challenges posed by the general economic conditions are currently reflected on the Finnish property market. There have been signs during the autumn of a decline in the demand for rental properties, especially outside Helsinki CBD area. The economic occupancy rate for Sponda declined by 0.9 %-points from the second quarter to 88.0%. This decrease was primarily due to a fall in the occupancy rate of the Russia business unit's office premises and sales of logistics properties carried out in July 2012. I am confident that the higher vacancy rates are short-term in nature due to the attractive locations of our office properties in Moscow. The occupancy rate and demand for business premises in Helsinki CBD remain at a good level. The situation with regard to areas outside the business district is stable.

Sponda's active property development projects, Citycenter and the office property in Ruoholahti, are proceeding according to plan. The final phase of the Citycenter project, which is currently underway, will add retail premises on the Keskuskatu side.

We are still waiting to reach a satisfactory advance occupancy rate before making the investment decision regarding the shopping centre in Ratina. However, we are ramping up preparations in response to increased interest and demand in order to be ready to begin construction in summer 2013.

Prospects

Sponda expects the vacancy rates of its investment properties at year's end 2012 to be largely unchanged from the end of 2011. The estimate is based on the changes in rental agreements and leases already signed.

Net operating income in 2012 is expected to increase by 6-8% compared to 2011. This expected increase is based on increases in rent levels and the growth of the company's property assets.

Business conditions – Finland

The eurozone and the Finnish economy continue to suffer from prolonged uncertainty. The Finnish Ministry of Finance forecasts Finnish GDP to grow by 1% this year and to maintain that same rate of growth in 2013. This year's economic growth is largely based on domestic demand. Next year's growth is expected to be boosted by exports. In spite of the difficult economic conditions, the unemployment rate has remained stable. The Ministry of Finance predicts that unemployment will fall to 7.6%.

There have been three significant transactions in the transaction market so far in the second half of the year. The buyer in these transactions was an international investor, which indicates that the Finnish market is seen as an attractive and safe investment. Investment demand is almost entirely focused on prime properties with steady cash flow, but there are few such properties available. The number of transactions has been low since the summer, with the most recent property transactions having been made in the rental apartment sector. According to a preliminary estimate by KTI Property Information,

the transaction volume from the beginning of the year to the end of September was EUR 1.47 billion. The full year volume is expected to be approximately EUR 2 billion. This would represent a moderate increase in transaction volume compared to the EUR 1.77 billion seen in 2011.

Vacancy rates for office properties in the Helsinki metropolitan area have been decreasing for two years. The rate of the decline has slowed this year, with vacancy rates at 10.2% at the end of June according to Catella Property. Brisk demand for rental property in Helsinki's central business district has seen vacancy rates fall to 4.9% (Catella). Rent levels in these areas have increased. Vacancy rates have begun to increase somewhat in Leppävaara, along the Länsiväylä highway and in Ruoholahti. The increase in rent levels has levelled off in all prime locations with the exception of the central business district. Economic uncertainty and the increased supply of office properties are expected to have a negative impact on vacancy rates.

Business conditions – Russia

According to the Bank of Finland, Russian GDP growth will slow down to 3.7% during the remainder of the year. The current forecast for Russian economic growth in 2013 is also 3.7%. Private consumption remains strong, but growth is slowing down. The uncertain export outlook for oil and gas is contributing to slower export growth.

At the end of September 2012, the transaction volume for the year stood at USD 5 billion. In spite of increased activity in the property market in the third quarter, the total volume looks to fall short of the USD 8.3 billion seen last year, with current estimates indicating that the volume for the full year will be approximately USD 6.5 billion. (JLL)

The average vacancy rate for office premises in Moscow has increased by approximately one percentage point compared to the previous quarter. In the third quarter, some 170,000 m² of new office space was added to the market, which suggests that demand is strong despite the slight increase in the vacancy rate. Rent levels are unchanged from the previous quarter and expected to remain so for the rest of the year (CBRE).

Approximately 400,000 m² in new office space has already been completed in 2012, and the total for the full year is expected to be approximately 700,000 m². Of the new office premises completed this year, only one fifth is located in central Moscow. The majority, or 60%, lies outside ring road 3 (JLL). Construction activity in central Moscow is declining and the focus of new construction projects will increasingly be on business districts outside ring road 3.

The property market in St. Petersburg continues to see only moderate changes. The average vacancy rate has remained unchanged at approximately 10% throughout the year. The vacancy rate for Class A office space has declined slightly, while the vacancy rate for Class B office space has increased somewhat. Changes in rent levels are in line with the trends in vacancy rates, as Class A properties have seen a slight increase and Class B properties a moderate decline. Rent levels are expected to remain largely unchanged during the remainder of the year. New construction activity is relatively high compared to the size of the market. A total of some 200,000 m² of new office space will be completed this year, with a similar increase projected for 2013. The total amount of Class A and Class B office space is currently slightly over 2 million m² (JLL).

Operations and property assets 1 January - 30 September 2012

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.

Net operating income from all of Sponda's property assets totalled EUR 144.8 (131.8) million in January-September 2012. Of this total, office and retail premises accounted for 54%, shopping centres for 17%, logistics premises for 15%, Russia for 11% and the Real Estate Funds unit for 3%.

On 30 September 2012, Sponda had a total of 189 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, 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 a minimum, twice annually by external experts to ensure that the parameters and values used in calculations are based on market observations.

At the end of September 2012, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in fair value of the investment properties in January-September was EUR 6.0 (31.3) million and in July-September alone EUR 1.4 (3.3) million. The positive change in the value in Finland was mainly due to successful renting and changes in market rents. No changes were made to the yield requirements for properties. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

Valuation gains/losses on fair value assessment M€

	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
<i>Changes in yield requirements (Finland)</i>	0.0	0.0	-1.7	13.6	16.2
<i>Changes in yield requirements (Russia)</i>	0.0	0.0	0.0	17.5	17.5
<i>Development gains on property development projects</i>	0.4	2.5	0.1	8.1	8.2
<i>Modernisation investments</i>	-5.2	-12.7	-17.0	-37.3	-50.6
<i>Change in market rent and maintenance costs (Finland)</i>	6.1	12.8	20.8	32.2	44.7
<i>Change in market rent and maintenance costs (Russia)</i>	0.4	-0.1	1.4	0.9	2.7
<i>Change in currency exchange rates</i>	-0.3	0.8	2.4	-3.8	0.4
<i>Investment properties, total</i>	1.4	3.3	6.0	31.3	39.0
<i>Real Estate Funds</i>	0.0	-0.4	0.6	-2.9	-4.4
<i>Realised shares of profit from real estate funds</i>	1.5	1.6	5.0	4.5	5.0
<i>Group, total</i>	2.9	4.6	11.7	32.9	39.6

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

Investment properties, total, 1 January - 30 September 2012 M€	Total	Office and retail	Shopping centres	Logis tics	Property develop ment	Russia
<i>Operating income</i>	192.8	107.3	31.5	32.5	0.3	21.2
<i>Maintenance costs</i>	-52.2	-28.9	-7.0	-10.2	-1.3	-4.8
<i>Net operating income</i>	140.6	78.4	24.5	22.3	-1.0	16.4
<i>Investment properties at 1 January 2012</i>	3,165.7	1,644.0	586.1	449.0	262.0	224.6
<i>Capitalised interest 2012</i>	0.5	0.1	0.0	0.0	0.4	0.0
<i>Acquisitions</i>	53.0	15.2	0.0	0.0	0.0	37.8
<i>Investments</i>	40.0	21.1	2.3	1.0	15.4	0.3
<i>Transfers between segments</i>	0.0	-1.5	0.0	0.0	1.5	0.0
<i>Sales</i>	-51.3	-6.7	-0.6	-31.5	-12.4	0.0
<i>Change in fair value, %</i>	6.0	12.0	-3.3	-4.8	-1.3	3.4
<i>Investment properties at 30 September 2012</i>	3,213.9	1,684.2	584.5	413.6	265.6	266.1
<i>Change in fair value, %</i>	0.2	0.7	-0.6	-1.1	-0.5	1.5
<i>Weighted average yield requirement %</i>	6.9	6.4	6.0	8.0		9.8
<i>Weighted average yield requirement %, Finland</i>	6.6					

Rental operations

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

	Number (agreements)	Area (m²)	EUR/m²/month
<i>Came into effect during the period</i>	70	13,947	14.55
<i>Expired during the period</i>	76	15,001	13.58
<i>Renewed during the period</i>	35	20,796	13.77

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 5.6% for office and retail premises, -8.8% for shopping centres, -0.1% for logistics premises and 7.8% for properties in Russia. The negative growth rate for shopping centres is due to the renewal of a lease agreement with a major tenant at a lower rental rate, which in turn resulted from the previous rental rate having included

compensation related to investments made by the developer. 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 Sep 2012	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Sep 2011
<i>Office and retail, %</i>	89.3	89.2	88.7	88.4	88.6
<i>Shopping centres, %</i>	93.1	93.8	93.9	94.1	93.5
<i>Logistics, %</i>	76.7	78.0	78.1	78.1	78.3
<i>Russia, %</i>	93.5	99.0	98.7	98.7	98.8
<i>Total property portfolio, %</i>	88.0	88.9	88.4	88.2	88.2

<i>Geographical area</i>	30 Sep 2012	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Sep 2011
<i>Helsinki Business District, %</i>	87.9	87.8	87.9	85.6	86.8
<i>Helsinki Metropolitan Area, %</i>	85.5	86.2	85.6	86.2	86.0
<i>Turku, Tampere, Oulu, %</i>	94.8	94.2	94.3	96.1	95.3
<i>Russia, %</i>	93.5	99.0	98.7	98.7	98.8
<i>Total property portfolio, %</i>	88.0	88.9	88.4	88.2	88.2

Total cash flow from lease agreements at the end of September 2012 was EUR 1,254.5 (1,259.5) million. Sponda had 2,120 clients and a total of 3,216 lease agreements. The company's largest tenants were the State of Finland (10.1% of rental income), Kesko Group (4.3% of rental income), HOK-Elanto (3.7% of rental income) and Sampo Bank Plc (3.7% of rental income). Sponda's 10 largest tenants generate approximately 31% 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>	6.1
<i>Energy</i>	0.5
<i>Public sector</i>	12.0
<i>Wholesale/retail</i>	27.2
<i>Education</i>	1.0
<i>Logistics/transport</i>	5.5
<i>Hotel and catering business</i>	4.9
<i>Media/publishing</i>	1.6
<i>Other services</i>	12.5
<i>Banking/investment</i>	11.5
<i>Construction</i>	1.7
<i>Industry/manufacturing</i>	5.8
<i>Healthcare</i>	4.1
<i>Telecommunications</i>	5.3
<i>Other</i>	0.2

The average length of all lease agreements was 4.8 (5.0) years. The average length of lease agreements was 4.9 (5.2) years for office and retail properties, 6.4 (6.7) years for shopping centres, 4.4 (4.4) years for logistics properties and 2.8 (2.4) years for properties in Russia. The lease agreements expire as follows:

	% of rental income 30 Sep 2012	% of rental income 30 Sep 2011
<i>within 1 year</i>	13.4	13.9
<i>within 2 years</i>	10.7	10.9
<i>within 3 years</i>	9.0	10.0
<i>within 4 years</i>	7.8	6.8
<i>within 5 years</i>	11.5	5.8
<i>within 6 years</i>	5.3	8.3
<i>after more than 6 years</i>	28.8	31.2
<i>Valid indefinitely</i>	13.5	13.1

Investments/divestments

In January-September 2012, Sponda sold investment properties for a total of EUR 52.9 million and recorded a profit of EUR 1.7 million on the sales transactions. The balance sheet value of the properties sold was EUR 51.3 million. During the reporting period, Sponda purchased properties for a total of EUR 53.0 million. Out of this, EUR 0.3 million was purchased during the third quarter.

Investments in property maintenance totalled EUR 17.0 million in January-September, with EUR 5.3 million of this in the third quarter. The company invested EUR 23.0 million in property development, EUR 10.5 million of this in July-September. Property development investments were primarily directed to the modernisation of the Citycenter property in Helsinki's central business district and the development of an office property in Ruoholahti.

Office and retail premises

	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
<i>Total revenue, M€</i>	35.6	34.4	107.3	97.8	132.8
<i>Net operating income, M€</i>	27.1	25.8	78.4	70.3	95.6
<i>Operating profit, M€</i>	27.1	23.9	85.5	73.4	99.2
<i>EPRA Net Initial Yield (NIY), %</i>			6.2		6.0
<i>Economic occupancy rate, %</i>			89.3	88.6	88.4
<i>Fair value of properties, M€</i>			1,684.2	1,631.1	1,644.0
<i>Change in fair value from beginning of year, M€</i>			12.0	8.4	10.5
<i>Leasable area, m²</i>			773,500	787,000	780,500

In January-September 2012, Sponda sold office and retail properties for a total of EUR 6.7 million and recorded a profit of EUR 0.9 million on the sales transactions. During the third quarter, the company sold office and retail properties for a total of EUR 5.6 million. Sponda purchased properties for a total of EUR 15.2 million in January-September. None of these purchases took place in July-September. Investments in property maintenance totalled EUR 13.4 million, with EUR 3.6 million of this in the third quarter.

The lease agreements for Sponda's office and retail premises expire as follows:

	% of rental income 30 Sep 2012	% of rental income 30 Sep 2011
<i>within 1 year</i>	11.4	8.5
<i>within 2 years</i>	10.4	13.6
<i>within 3 years</i>	11.4	10.5
<i>within 4 years</i>	8.2	8.5
<i>within 5 years</i>	9.8	6.5
<i>within 6 years</i>	6.2	6.8
<i>after more than 6 years</i>	24.9	28.7
<i>Valid indefinitely</i>	17.6	16.9

Shopping centres

	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
<i>Total revenue, M€</i>	10.4	9.9	31.5	29.9	40.4
<i>Net operating income, M€</i>	8.4	7.9	24.5	23.2	31.7
<i>Operating profit, M€</i>	7.8	9.9	20.5	22.0	35.4
<i>EPRA Net Initial Yield (NIY), %</i>			5.7		6.7
<i>Economic occupancy rate, %</i>			93.1	93.5	94.1
<i>Fair value of properties, M€</i>			584.5	574.5	586.1
<i>Change in fair value from beginning of year, M€</i>			-3.3	-0.1	5.3
<i>Leasable area, m²</i>			156,500	148,000	157,500

Sponda sold shopping centre properties for a total of EUR 1.1 million during the period and recorded a profit of EUR 0.5 million on the sales transactions. No shopping centre properties were sold in the third quarter. The balance sheet value of the sold properties was EUR 0.6 million. No properties were purchased during the period. Investments in property maintenance totalled EUR 2.3 million, with EUR 1.2 million of this in the third quarter.

The lease agreements for shopping centres expire as follows:

	% of rental income 30 Sep 2012	% of rental income 30 Sep 2011
<i>within 1 year</i>	7.4	8.7
<i>within 2 years</i>	4.1	4.5
<i>within 3 years</i>	4.0	4.2
<i>within 4 years</i>	4.4	4.3
<i>within 5 years</i>	17.1	4.7
<i>within 6 years</i>	2.3	13.0
<i>after more than 6 years</i>	56.6	56.5
<i>Valid indefinitely</i>	4.1	4.2

Logistics premises

	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
Total revenue, M€	10.1	10.8	32.5	31.2	42.0
Net operating income, M€	7.3	7.7	22.3	21.0	28.6
Operating profit, M€	7.3	7.6	16.3	28.4	35.6
EPRA Net Initial Yield (NIY), %			6.0		5.9
Economic occupancy rate, %			76.7	78.3	78.1
Fair value of properties, M€			413.6	447.6	449.0
Change in fair value from beginning of year, M€			-4.8	8.4	8.5
Leasable area, m ²			485,000	536,500	534,500

No logistics properties were purchased in the period under review. In July, Sponda Plc sold logistics properties worth EUR 31.5 million to Sponda Fund III, a real estate fund that was established at the time of the sales transaction. While the transaction did not impact Sponda's profit, it resulted in a decline of 1.1 percentage points in the segment's occupancy rate. Investments in property maintenance in January-September 2012 totalled EUR 1.0 million, with EUR 0.3 million of this in July-September.

The lease agreements for logistics properties expire as follows:

	% of rental income 30 Sep 2012	% of rental income 30 Sep 2011
within 1 year	17.2	17.4
within 2 years	11.7	9.6
within 3 years	7.3	11.9
within 4 years	3.4	4.1
within 5 years	5.6	4.3
within 6 years	1.5	5.1
after more than 6 years	34.2	29.3
Valid indefinitely	19.2	18.3

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 256.6 million at the end of September 2012. Of this total, EUR 91.5 million was in undeveloped land sites and EUR 174.1 million was tied up in property development projects in progress. At the end of September 2012, the Property Development unit had invested a total of EUR 15.4 million, EUR 7.2 million of this in the third quarter. Most of these investments were allocated to the renovation of Citycenter and the development of an office property in Ruoholahti.

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:

	Citycenter	Office property in Ruoholahti
<i>Total investment, M€</i>	134.0*)	23.5
<i>Remaining investment to be made, M€</i>	17.0	9.4
<i>Capitalised interest expenses by 30 September 2012, M€</i>	13.3	0.1
<i>Time of completion</i>	2012	April 2013

*) Figure does not include capitalised interest expenses.

Construction of the final phase of the Citycenter project, comprising the retail premises on the Keskuskatu side, is proceeding according to plan. The Citycenter refurbishment project is expected to be completed for the most part in 2012. The total investment in the project is EUR 134 million.

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 underway and the project is expected to be completed on schedule in April 2013. The project's total investment value is estimated at some EUR 23.5 million.

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.

Russia

	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
<i>Total revenue, M€</i>	7.6	6.0	21.2	18.6	25.1
<i>Net operating income, M€</i>	6.0	4.7	16.4	14.1	18.9
<i>Operating profit, M€</i>	5.4	4.8	17.7	26.5	36.6
<i>EPRA Net Initial Yield (NIY), %</i>			9.5		9.8
<i>Economic occupancy rate, %</i>			93.5	98.8	98.7
<i>Fair value of properties, M€</i>			266.1	219.6	224.6
<i>Change in fair value from beginning of year, M€</i>			3.4	14.4	20.4
<i>Leasable area, m²</i>			50,500	46,500	46,500

The decline in the economic occupancy rate of the Russia business unit, approximately 5 %-points, is almost entirely the result of expired leases in the Ducat II office building.

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 lease agreements expire as follows:

	% of rental income 30 Sep 2012	% of rental income 30 Sep 2011
<i>within 1 year</i>	25.7	44.2
<i>within 2 years</i>	19.2	9.1
<i>within 3 years</i>	6.9	14.0
<i>within 4 years</i>	15.9	5.8
<i>within 5 years</i>	19.0	6.7
<i>within 6 years</i>	10.2	13.2
<i>after more than 6 years</i>	3.2	7.1
<i>Valid indefinitely</i>	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 that was set up in July 2012. 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:

	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
<i>Total revenue, M€</i>	1.7	1.6	4.7	4.8	6.4
<i>Net operating income, M€</i>	1.4	1.2	3.8	3.8	5.0
<i>Operating profit, M€</i>	1.8	1.3	5.6	1.2	-0.2

The change in fair value in January-September was EUR 0.6 (0.6) million and in July-September alone EUR 0.0 (-0.4) million. The realised shares of profit from real estate funds were EUR 5.0 (4.5) million for January-September and EUR 1.5 (1.6) million in the third 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 91.4 million on 30 September 2012.

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 September 2012, the value of the fund's property portfolio was EUR 171.5 million.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. On 30 September 2012, the fair value of its property portfolio was EUR 188.4 million.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 130 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

By the end of September 2012, no investment decisions had been made with regard to Russian Invest, an investment company established in September 2011.

In July 2012, Sponda Plc set up a new real estate fund that invests primarily in logistics and industrial properties in Finland's growth centres. The target size of the fund is EUR 170 million. The fund's initial investment portfolio of approximately EUR 90 million consists of properties sold to the fund by its shareholders. Sponda sold logistics properties worth EUR 32.5 million to the fund. Sponda's holding in the fund is

approximately 38%. The other investors in the fund are Varma Mutual Pension Insurance Company and Etera Mutual Pension Insurance Company.

Cash flow and financing

Sponda's net cash flow from operations in the period under review totalled EUR 81.5 (78.0) million. Net cash flow from investing activities was EUR -64.4 (200.5) million and the net cash flow from financing activities was EUR -25.6 (-120.4) million. Net financing costs for the period totalled EUR -44.4 (-55.2) million. Financial income and expenses include EUR 4.1 (-7.7) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -48.5 (-47.5) million. Interest expenses of EUR 0.5 (2.6) million were capitalised.

Sponda's equity ratio on 30 September 2012 was 38% (38%) and gearing was 138% (138%). As of the beginning of 2013, Sponda will change its accounting principles with regard to IAS 12 Income Taxes. The change will have a 1 %-point positive effect on the Group's equity ratio.

Interest-bearing debt amounted to EUR 1,804.5 million and the average maturity of Sponda's loans was 2.8 (2.7) years. The average interest rate was 3.5% (4.0%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 76% (80%) of the loan portfolio. The average interest-bearing period of the entire debt portfolio was 2.0 (2.2) years. The interest cover ratio, which describes the company's solvency, was 2.7 (2.8).

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 September 2012 comprised EUR 675 million in syndicated loans, EUR 327 million in bonds, EUR 214 million in issued commercial papers, and EUR 589 million in loans from financial institutions. Sponda had EUR 510 million in unused credit limits. Sponda Group had mortgaged loans of EUR 142.0 million, or 4.1% of the consolidated balance sheet.

Sponda Plc signed an agreement with Danske Bank A/S, Helsinki branch, for a secured five-year loan of EUR 60 million. The agreement extends the financing that was originally taken for the Elo shopping centre. The margin on the loan is in line with current market levels and the loan terms remain unchanged.

Number of employees

During the review period Sponda Group had, on average, 123 (121) employees, of whom 111 (109) worked for parent company Sponda Plc. On 30 September 2012, Sponda Group had altogether 118 (125) employees, of whom 106 (112) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in January-September were EUR -16.7 (-16.5) million and in July-September EUR -5.1 (-4.8) million.

Annual remuneration and incentive schemes

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

Sponda also has a long-term share-based incentive scheme with three three-year earning periods, 2012-2014, 2013-2015 and 2014-2016. The Board of Directors will determine the earning criteria and targets to be established for the earning criteria for

each earning period. The earning criteria for the earning period from 1 January 2012 to 31 December 2014 are the Group's average Return on Capital Employed (ROCE) in the financial years 2012-2014 and the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the same period. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The incentive scheme currently covers the members of the Executive Board, seven people altogether. 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 release from 20 March 2012.

Group structure

Sponda Group comprises the parent company, the subsidiary Sponda Kiinteistöt Oy (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-September 2012 was EUR 3.10. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 3.50 and the lowest EUR 2.72. Turnover during the period totalled 55.9 million shares, or EUR 173.2 million. The closing price of the share on 28 September 2012 was EUR 3.19 and the market capitalisation of the company's share capital was EUR 903.0 million.

The Annual General Meeting on 20 March 2012 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.

On 30 September 2012 the company had altogether 9,145 shareholders and its ownership structure was as follows:

	Number of shares	Holding, %
<i>Public entities</i>	62,139,097	22.0
<i>Nominee-registered</i>	134,202,290	47.4
<i>Financial and insurance institutions, total</i>	10,194,051	3.6
<i>Households</i>	22,506,914	8.0
<i>Private corporations, total</i>	46,464,842	16.4
<i>Non-profit organisations, total</i>	4,261,615	1.5
<i>Foreign owners, total</i>	3,306,453	1.2
<i>Total number of shares</i>	283,075,462	100.0

The following flagging notices were issued during the review period:

- 19 October 2012: Solidium Oy announced that its holding of shares represented 0.0% of the total number of shares and votes in Sponda Plc.
- 19 October 2012: Oy PALS Ab announced that its holding of shares represented 14.89% of the total number of shares and votes in Sponda Plc.

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.

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 (Deputy 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 sustainability reporting integrated in the company's annual report is implemented according to the GRI C level.

The company has set company level objectives for 2012 related to, amongst other things, reducing energy consumption in properties owned by Sponda, sorting of waste, implementing energy efficiency initiatives in cooperation with customers and creating a healthy and satisfying working environment for its clients. 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 identify 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.

Events after the end of the period

In October, pursuant to Section 2(9) of the Finnish Securities Market Act, Solidium Oy announced that, as of 18 October 2012, its share of ownership of Sponda Plc fell below the 1/10 (10%) and 1/20 (5%) threshold levels and that its current share of ownership of Sponda Plc is 0%.

In October, pursuant to Section 2(9) of the Finnish Securities Market Act, Oy PALSAB announced that, as of 18 October 2012, its share of ownership of Sponda Plc rose above the 1/10 (10%) threshold and that its current share of ownership of Sponda Plc is 14.89%.

Prospects

Sponda expects the vacancy rates of its investment properties at year end 2012 to be largely unchanged from the end of 2011. The estimate is based on the changes in rental agreements and leases already signed.

Net operating income in 2012 is expected to increase by 6-8% compared to 2011. This expected increase is based on increases in rent levels and the growth of the company's property assets.

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 European economic crisis and relate to a decline in economic occupancy rates and a fall in rental income resulting from the insolvency of tenants.

The development of the Finnish economy will be particularly affected by the continuation of the public debt crisis in Europe. The slowing of growth may affect the operations of Finnish companies and thereby increase 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.

2 November 2012
Sponda Plc
Board of Directors

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€

	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	64.2	61.5	193.3	178.3	241.5
<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	1.6	4.7	4.8	6.4
	66.0	63.1	198.2	183.3	248.2
<i>Expenses</i>					
<i>Maintenance expenses</i>	-15.5	-15.5	-52.6	-50.5	-67.5
<i>Direct fund expenses</i>	-0.3	-0.3	-0.9	-1.0	-1.3
	-15.8	-15.8	-53.5	-51.5	-68.8
<i>Net operating income</i>	50.2	47.3	144.8	131.8	179.4
<i>Profit/loss on sales of investment properties</i>	0.4	0.0	1.7	0.1	7.2
<i>Valuation gains/losses on fair value assessment</i>	2.9	4.6	11.7	32.9	39.6
<i>Profit/loss on sales of trading properties</i>	-0.3	0.1	-0.7	0.1	0.7
<i>Change in value of trading property</i>	0.0	0.0	0.0	-1.8	-1.8
<i>Sales and marketing expenses</i>	-0.5	-0.3	-1.3	-1.1	-1.6
<i>Administrative expenses</i>	-4.6	-4.5	-15.4	-15.4	-21.5
<i>Share of result of associated companies</i>	0.0	0.0	0.0	-0.1	-0.1
<i>Other operating income</i>	0.0	0.1	0.2	8.1	8.2
<i>Other operating expense</i>	-0.1	-0.2	0.0	-0.1	-0.6
<i>Operating profit</i>	48.0	47.1	140.9	154.6	209.6
<i>Financial income</i>	20.3	6.2	37.4	14.5	14.0
<i>Financial expenses</i>	-34.9	-29.0	-81.8	-69.8	-89.6
<i>Total amount of financial income and expenses</i>	-14.6	-22.9	-44.4	-55.2	-75.6
<i>Profit before income tax</i>	33.4	24.3	96.5	99.3	134.0
<i>Income taxes for current and previous fiscal years</i>	-1.3	-0.5	-2.7	-2.1	-3.1
<i>Deferred taxes</i>	-6.6	-5.2	-20.6	-20.1	-25.1
<i>Change in tax base of deferred taxes</i>	0.0	0.0	0.0	0.0	12.0
<i>Income taxes, total</i>	-7.9	-5.7	-23.3	-22.2	-16.2
<i>Profit/loss for the period</i>	25.5	18.6	73.1	77.1	117.8
<i>Attributable to:</i>					
<i>Equity holders of the parent company</i>	25.5	18.6	73.1	77.1	117.8
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0
<i>Earnings per share based on profit attributable to equity holders of the parent company</i>					
<i>Basic and diluted, €</i>	0.08	0.06	0.24	0.25	0.39

Consolidated statement of comprehensive income

M€

	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
<i>Profit/loss for the period</i>	25.5	18.6	73.1	77.1	117.8
<i>Other comprehensive income</i>					
<i>Net loss/profit from hedging cash flow</i>	-3.0	-20.6	-5.6	-8.5	-11.9
<i>Translation differences</i>	0.5	-0.3	0.2	-0.2	0.0
<i>Taxes on comprehensive income</i>	0.8	5.1	1.5	1.9	2.4
<i>Other comprehensive income for period after taxes</i>	-1.7	-15.8	-3.9	-6.8	-9.5
<i>Comprehensive profit/loss for period</i>	23.8	2.7	69.2	70.3	108.3
<i>Attributable to:</i>					
<i>Equity holders of the parent company</i>	23.8	2.7	69.2	70.3	108.3
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0

Consolidated balance sheet

M€

	30 Sep 2012	30 Sep 2011	31 Dec 2011
ASSETS			
<i>Fixed assets and other non-current assets</i>			
<i>Investment properties</i>	3,213.9	3,128.8	3,165.7
<i>Investments in real estate funds</i>	84.5	67.0	65.5
<i>Property, plant and equipment</i>	12.7	13.2	13.1
<i>Goodwill</i>	14.5	14.5	14.5
<i>Other intangible assets</i>	0.6	0.6	0.6
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Investments in associated companies</i>	0.0	0.0	0.0
<i>Long-term receivables</i>	25.6	4.0	5.2
<i>Deferred tax assets</i>	24.4	28.9	43.8
<i>Fixed assets and other non-current assets total</i>	3,379.0	3,259.8	3,311.1
<i>Current assets</i>			
<i>Trading properties</i>	7.9	8.5	7.9
<i>Trade and other receivables</i>	27.1	26.0	41.9
<i>Funds</i>	18.4	23.8	26.4
<i>Current assets total</i>	53.3	58.2	76.1

<i>Total funds</i>	3,432.3	3,318.0	3,387.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent company</i>			
<i>Share capital</i>	111.0	111.0	111.0
<i>Share issue premium</i>	159.5	159.5	159.5
<i>Translation differences</i>	0.8	0.1	0.5
<i>Fair value reserve</i>	-34.2	-26.9	-30.0
<i>Revaluation reserve</i>	0.6	0.6	0.6
<i>Reserve for invested unrestricted equity</i>	433.8	433.8	433.8
<i>Other equity fund</i>	129.0	129.0	129.0
<i>Retained earnings</i>	494.5	434.2	475.0
	1,294.9	1,241.3	1,279.4
<i>Non-controlling interest</i>	1.7	1.7	1.7
<i>Shareholders' equity total</i>	1,296.7	1,243.0	1,281.1
Liabilities			
<i>Long-term liabilities</i>			
<i>Interest-bearing loans and borrowings</i>	1,465.7	1,135.0	1,380.8
<i>Other liabilities</i>	45.3	44.0	39.7
<i>Deferred tax liabilities</i>	232.5	228.3	235.7
<i>Long-term liabilities total</i>	1,743.5	1,407.2	1,656.2
<i>Current liabilities</i>			
<i>Short-term interest-bearing liabilities</i>	338.8	605.6	374.1
<i>Trade and other payables</i>	53.3	62.1	75.9
<i>Current liabilities total</i>	392.1	667.8	449.9
<i>Total borrowings</i>	2,135.6	2,075.0	2,106.2
<i>Total equity and liabilities</i>	3,432.3	3,318.0	3,387.3

Consolidated Cash Flow Statement
M€

	1-9/2012	1-9/2011	1-12/2011
<i>Cash flow from operating activities</i>			
<i>Net profit for the financial year</i>	73.1	77.1	117.8
<i>Adjustments</i>	60.1	43.4	44.5
<i>Change in net working capital</i>	0.0	3.8	6.7
<i>Interest received</i>	0.5	1.0	1.4
<i>Interest paid</i>	-51.8	-46.2	-66.8
<i>Other financial items</i>	2.6	-0.1	-3.0
<i>Dividends received</i>	0.0	0.0	0.0
<i>Dividends received from associated companies</i>	-	1.5	1.5
<i>Taxes received/paid</i>	-3.2	-2.4	-3.0
<i>Net cash provided by operating activities</i>	81.5	78.0	99.2
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-93.9	-201.4	-226.6
<i>Capital expenditure on real estate funds</i>	-18.4	-10.1	-10.1
<i>Acquisition of tangible and intangible assets</i>	-0.2	-0.3	-0.3
<i>Proceeds from sale of investment properties</i>	47.8	3.1	5.9
<i>Proceeds from sale of associated companies</i>	-	8.2	8.2
<i>Repayments of loan receivables</i>	0.2	-	0.0
<i>Net cash flow from investing activities</i>	-64.4	-200.5	-222.9
<i>Cash flow from financing activities</i>			
<i>Non-current loans, raised</i>	210.0	422.4	757.4
<i>Non-current loans, repayments</i>	-173.7	-456.9	-782.1
<i>Current loans, raised/repayments</i>	-5.3	207.9	201.3
<i>Interest paid on equity bond</i>	-11.4	-11.4	-11.4
<i>Dividends paid</i>	-45.3	-41.6	-41.6
<i>Net cash used in financing activities</i>	-25.6	120.4	123.6
<i>Net increase in cash and cash equivalents</i>	-8.5	-2.0	-0.1
<i>Cash and cash equivalents, beginning of period</i>	26.4	27.0	27.0
<i>Impact of changes in exchange rates</i>	0.5	-1.2	-0.4
<i>Cash and cash equivalents, end of period</i>	18.4	23.8	26.4

Consolidated statement of changes in equity
M€

	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
<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>			-0.5	-6.3				77.1	70.3	0.0	70.3
<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		21.7
<i>Amendment</i>								0.2	0.2		0.2
<i>Equity at 30 September 2011</i>	111.0	159.5	0.1	-26.9	0.6	433.8	129.0	434.2	1,241.3	1.7	1,243.0

	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
<i>Equity at 31 Dec 2011</i>	111.0	159.5	0.5	-30.0	0.6	433.8	129.0	475.0	1,279.4	1.7	1,281.1
<i>Comprehensive income for period</i>			0.3	-4.2				73.1	69.2	0.0	69.2
<i>Distribution of dividends</i>								-45.3	-45.3		-45.3
<i>Interest paid on equity bond</i>								-8.6	-8.6		-8.6
<i>Amendment</i>								0.2	0.2		0.2
<i>Equity at 30 September 2012</i>	111.0	159.5	0.8	-34.2	0.6	433.8	129.0	494.5	1,294.9	1.7	1,296.7

Notes to the consolidated financial statements

Accounting principles

This report has been prepared in accordance with IAS 34 (Interim Financial Reporting). This interim report has been prepared applying the IFRS standards and interpretations valid on 31 December 2012.

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 2011.

The figures in the interim report have not been audited.

An amendment to the accounting principles

As of the beginning of 2013, Sponda will change its accounting principles with regard to IAS 12 Income Taxes on the basis of IAS 8 14 (b). According to the current accounting principle, Sponda evaluates the proportion of the carrying amount of an asset recognised at fair value on the balance sheet that will be recovered through use (e.g. rental revenue) and the proportion to be recovered through sale. Under the amendment, recovery of the carrying amount of investment properties valued at fair value will normally happen through sale and the company's principle will be to realise its shareholding in property companies by selling the shares it owns. The amendment will cause a significant effect on the deferred taxes recognised for investment properties in Sponda Group's consolidated financial statements.

Income statement by segment M€

Income statement information 1-9/2012	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	107.3	31.5	32.5	1.0	21.2	4.7	0.0	198.2
<i>Maintenance expenses and direct fund expenses</i>	-28.9	-7.0	-10.2	-1.6	-4.8	-0.9	0.0	-53.5
Net operating income	78.4	24.5	22.3	-0.6	16.4	3.8	0.0	144.8
<i>Profit on sales of investment properties</i>	0.9	0.5	0.0	0.4	0.0	0.0	0.0	1.8
<i>Loss on sales of investment properties</i>	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.2
<i>Profit/loss on trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	-0.7	-0.7
<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>	12.0	-3.3	-4.8	-1.3	3.5	5.6	0.0	11.7
<i>Administration and marketing</i>	-5.8	-1.2	-1.0	-2.5	-2.2	-3.9	0.0	-16.7
<i>Other operating income and expenses</i>	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.2

Operating profit	85.5	20.5	16.3	-4.0	17.7	5.6	-0.7	140.9
<i>Investments</i>	36.3	2.3	1.0	15.4	38.1	18.4	0.0	111.5
<i>Segment assets</i>	1,686.9	584.5	413.6	280.1	266.1	84.5	116.6	3,432.3
<i>Economic Occupancy Rate</i>	89.3	93.1	76.7		93.5			88.0

Income statement information 1-9/2011	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	97.8	29.9	31.2	1.0	18.6	4.8	0.0	183.3
<i>Maintenance expenses and direct fund expenses</i>	-27.5	-6.7	-10.2	-1.5	-4.6	-1.0	0.0	-51.5
Net operating income	70.3	23.2	21.0	-0.5	14.1	3.8	0.0	131.8
<i>Profit on sale of investment properties</i>	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<i>Loss on sale of investment properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Profit/loss on sale of trading properties</i>	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
<i>Change in value of trading property</i>	0.0	0.0	0.0	-1.8	0.0	0.0	0.0	-1.8
<i>Valuation gains/losses</i>	8.4	-0.1	8.4	0.1	14.4	1.6	0.0	32.9
<i>Administration and marketing</i>	-5.4	-1.1	-1.1	-2.7	-2.0	-4.2	0.0	-16.4
<i>Other operating income and expenses</i>	0.0	0.0	0.1	0.0	0.0	0.0	7.8	7.9
Operating profit	73.4	22.0	28.4	-4.8	26.5	1.2	7.8	154.6

<i>Investments</i>	165.8	17.5	16.6	25.9	0.6	10.1	0.3	236.8
<i>Segment assets</i>	1,633.8	574.5	447.6	270.5	219.6	67.0	105.0	3,318.0
<i>Economic Occupancy Rate</i>	88.6	93.5	78.3		98.8			88.2

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€	7-9/12	7-9/11	1-9/12	1-9/11	1-12/11
<i>Direct result</i>					
<i>Net operating income</i>	50.2	47.3	144.8	131.8	179.4
<i>Realised shares of profit from real estate funds</i>	1.5	1.6	5.0	4.5	5.0
<i>Marketing and administrative expenses</i>	-5.0	-4.8	-16.7	-16.4	-23.1
<i>Other income and expenses for business operations</i>	-0.1	-0.1	0.2	0.4	0.0
<i>Financial income and expenses</i>	-17.6	-20.0	-52.2	-50.6	-69.0
<i>Taxes based on direct result</i>	-1.3	-0.5	-2.9	-2.1	-3.0
<i>Deferred taxes based on direct result</i>	-5.6	-5.2	-16.7	-12.0	-14.0
<i>Non-controlling holding share of direct result</i>	0.0	0.0	0.0	0.0	0.0
<i>Total</i>	22.0	18.4	61.5	55.7	75.4
<i>Indirect result</i>					
<i>Profit/loss on sales of investment properties</i>	0.4	0.0	1.7	0.1	7.2
<i>Valuation gains/losses on fair value assessment</i>	1.4	3.0	6.6	28.4	34.6
<i>Profit/loss on sales of trading properties</i>	-0.3	0.1	-0.7	0.1	0.7
<i>Change in value of trading property</i>	0.0	0.0	0.0	-1.8	-1.8
<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>	0.0	0.0	0.0	7.5	7.5
<i>Financial income and expenses</i>	3.0	-2.9	7.8	-4.7	-6.6
<i>Taxes based on indirect result</i>	0.1	0.0	0.2	0.0	-0.2
<i>Deferred taxes based on indirect result</i>	-1.0	0.0	-4.0	-8.1	-11.1
<i>Change in tax base of deferred taxes</i>	0.0	0.0	0.0	0.0	12.0
<i>Non-controlling holding share of indirect result</i>	0.0	0.0	0.0	0.0	0.0
<i>Total</i>	3.5	0.1	11.6	21.4	42.4

Quarterly key figures

M€	Q3/2012	Q2/2012	Q1/2012	Q4/2011	Q3/2011
<i>Total revenue</i>	66.0	66.2	66.0	64.9	63.1
<i>Net operating income</i>	50.2	48.5	46.1	47.6	47.3
<i>Valuation gains/losses on fair value assessment</i>	2.9	6.0	2.8	6.8	4.6
<i>Operating profit</i>	48.0	49.2	43.6	55.1	47.1
<i>Financial income and expenses</i>	-14.6	-15.7	-14.0	-20.4	-22.9
<i>Profit/loss for the period</i>	25.5	24.9	22.7	40.7	18.6
<i>Investment properties</i>	3,213.9	3,233.9	3,177.4	3,165.7	3,128.8
<i>Shareholders' equity</i>	1,296.7	1,272.7	1,258.5	1,281.1	1,243.0

<i>Interest-bearing liabilities</i>	1,804.5	1,844.9	1,787.0	1,754.8	1,740.6
<i>Earnings per share, €</i>	0.08	0.08	0.07	0.14	0.06
<i>Cash flow from operations per share, €</i>	0.10	0.10	0.09	0.10	0.09
<i>EPRA NAV</i>	4.88	4.82	4.76	4.84	4.68
<i>Economic occupancy rate, %</i>	88.0	88.9	88.4	88.2	88.2

Investment properties M€

	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Fair value of investment properties, start of period</i>	3,165.7	2,870.6	2,870.6
<i>Purchase of investment properties</i>	53.0	142.3	150.4
<i>Other capital expenditure on investment properties</i>	39.9	84.2	109.1
<i>Disposal of investment properties</i>	-51.3	-2.2	-7.0
<i>Transfers from trading properties</i>	0.0	0.0	0.0
<i>Capitalised equity expenses, increase in period</i>	0.5	2.6	3.6
<i>Valuation gains/losses on fair value assessment</i>	6.0	31.3	39.0
<i>Fair value of investment properties, end of period</i>	3,213.9	3,128.8	3,165.7

Net operating income from all of Sponda's property assets totalled EUR 144.8 (131.8) million in January-September 2012. Of this total, office and retail premises accounted for 54%, shopping centres for 17%, logistics premises for 15%, Russia for 11% and the Real Estate Funds unit for 3%.

On 30 September 2012, Sponda had a total of 189 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 53% is office and retail premises, 11% shopping centres and 33% 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.

At the end of September 2012, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in fair value in January-September was EUR 4.7 (6.1) million and in July-September alone EUR 1.4 (3.3) million. The positive change in the value in Finland was mainly due to successful renting and changes in market rents. No changes were made to the yield requirements for properties. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

The Group's most significant investment commitments

Construction of the final phase of the Citycenter project, comprising the retail premises on the Keskuskatu side, is proceeding according to plan. The Citycenter refurbishment project is expected to be completed for the most part in 2012. The total investment in the project is EUR 134 million.

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 underway and the project is expected to be completed on schedule in April 2013. The project's total investment value is estimated at some EUR 23.5 million.

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.

Property, plant and equipment M€

	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Carrying amount, start of period</i>	13.1	13.6	13.6
<i>Increases</i>	0.0	0.1	0.1
<i>Disposals</i>	0.0	0.0	0.0
<i>Depreciation for the period</i>	-0.4	-0.5	-0.7
<i>Carrying amount, end of period</i>	12.7	13.2	13.1
Trading properties	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Carrying amount, start of period</i>	7.9	10.3	10.3
<i>Disposals and other changes</i>	0.0	0.0	-0.6
<i>Increases</i>	-	-	-
<i>Reclassifications to investment properties</i>	0.0	0.0	0.0
<i>Valuation changes</i>	-	-1.8	-1.8
<i>Carrying amount, end of period</i>	7.9	8.5	7.9

Contingent liabilities Collateral and commitments given by the Group M€

	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Loans from financial institutions. covered by collateral</i>	142.0	140.6	140.4
<i>Mortgages</i>	264.2	269.2	269.2
<i>Book value of pledged shares</i>	18.5	19.0	19.2
<i>Guarantees</i>	-	-	-
<i>Total collateral</i>	282.6	288.2	288.3
Lease and other liabilities	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Lease liabilities</i>	95.8	98.5	97.7
<i>Mortgages</i>	3.9	3.9	3.9
<i>Guarantees</i>	15.8	15.6	15.7

<i>Investment commitments to real estate funds</i>	42.2	2.8	28.6
Interest derivatives M€	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Swap contracts, notional value</i>	896.8	1,067.6	972.4
<i>Swap contracts, fair value</i>	-45.5	-36.3	-39.5
<i>Cap options purchased, notional value</i>	285.0	590.0	565.0
<i>Cap options purchased, fair value</i>	0.1	3.0	1.6
<i>Forward rate agreements, notional value</i>	-	-	-
<i>Forward rate agreements, fair value</i>	-	-	-
Currency derivatives M€	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Currency forwards, notional value</i>	-	-	-
<i>Currency forwards, fair value</i>	-	-	-
<i>Currency options, bought, notional value</i>	9.3	5.9	7.0
<i>Currency options, bought, fair value</i>	0.1	0.0	0.1
<i>Currency options, put, notional value</i>	9.3	5.9	7.0
<i>Currency options, put, fair value</i>	0.0	-0.2	-0.2
Interest rate and currency swaps M€			
<i>Interest rate and currency swaps, notional value*</i>	337.4	337.4	337.4
<i>Interest rate and currency swaps, fair value*</i>	24.2	-10.7	-0.2

*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 **M€**

The following transactions took place with related parties:

<i>Management employee benefits</i>	30 Sep 2012	30 Sep 2011	31 Dec 2011
<i>Salaries and other short-term employee benefits</i>	1.4	1.4	1.9
<i>Share-based payments</i>	1.1	1.2	1.4
<i>Total</i>	2.5	2.6	3.3

Key figures

	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
Earnings per share, €	0.08	0.06	0.24	0.25	0.39
Equity ratio, %			38	38	38
Gearing ratio, %			138	138	135
Equity per share, €			4.12	3.93	4.06
Cash flow from operations per share, €	0.10	0.09	0.28	0.27	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 ratio, %	= 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, €	=	$\frac{\begin{aligned} &\text{Equity attributable to parent company equity holders} \\ &- \text{ Other equity reserve} \\ &+ \text{ Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference} \\ &- \text{ Goodwill created from the deferred tax liabilities on properties} \end{aligned}}{\text{Undiluted total number of shares on the date of closing the books}}$
EPRA Earnings per share, M€	=	$\begin{aligned} &\text{Net operating income} \\ &+ \text{ Realised shares of profit from} \end{aligned}$

Weighted average number of shares outstanding during the period

EPRA “topped up” NYI, %	=	<div>Annualised net rents</div> <div>+ Step rents, rent-free periods, etc.</div> <hr/> <div>Investment properties</div> <div>- Development properties</div> <div>+ Estimated purchaser’s costs</div>
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