

SPONDA

 *Interim Report*

1.1.–30.9.2015



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

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# Sponda Plc's interim report January–September 2015

## JANUARY–SEPTEMBER 2015 IN BRIEF (compared with 1 January – 30 September 2014)

- Total revenue was EUR 173.3 (189.4) million. The decline was primarily due to properties sold in 2014.
- Net operating income was EUR 124.4 (135.6) million. The decline was due to the aforementioned disposals.
- Operating profit was EUR 130.3 (118.8) million. This includes a fair value change of EUR 12.9 (-1.8) million.
- Cash flow from operations per share was EUR 0.29 (0.28).
- The fair value of the investment properties amounted to EUR 3,161.4 (3,122.3) million.
- Net assets per share totalled EUR 4.71 (4.63).
- The economic occupancy rate was 86.2% (86.5%).
- The prospects were revised.

## JULY–SEPTEMBER 2015 IN BRIEF (compared with 1 July – 30 September 2014)

- Total revenue was EUR 56.7 (63.2) million.
- Net operating income was EUR 42.2 (46.2) million.
- Operating profit was EUR 38.3 (42.2) million. This includes a fair value change of EUR 0.5 (0.1) million.
- Cash flow from operations per share was EUR 0.10 (0.11).

## KEY FIGURES

	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Total revenue, M€	56.7	63.2	173.3	189.4	246.7
Net operating income, M€	42.2	46.2	124.4	135.6	176.0
Operating profit, M€	38.3	42.2	130.3	118.8	151.7
Earnings per share, €	0.06	0.07	0.23	0.20	0.24
Cash flow from operations per share, €	0.10	0.11	0.29	0.28	0.37
Equity per share, €			4.71	4.63	4.65
Equity ratio*, %			41.4	40.0	41.0
Interest cover ratio			3.4	3.3	3.3

\*) The figure for 1-9/2014 has been adjusted as a result of the adoption of the IFRIC 21 Levies interpretation.

## KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
EPRA Earnings, M€	27.4	26.7	78.7	78.4	101.6
EPRA Earnings per share, €	0.10	0.09	0.28	0.28	0.36
Company adjusted Earnings, M€	29.1	28.6	82.5	82.2	108.7
Company adjusted Earnings per share, €	0.10	0.10	0.29	0.29	0.38
EPRA NAV/share, €			5.58	5.39	5.45
EPRA NNAV/share, €			4.57	4.50	4.49
EPRA Net Initial Yield (NIY), %			5.39	5.58	5.18
EPRA "topped-up" NIY, %			5.40	5.59	5.19
EPRA Vacancy rate, %			13.76	13.49	12.96
EPRA Cost Ratio (including direct vacancy costs), %					17.26
EPRA Cost Ratio (excluding direct vacancy costs), %					11.96

### PRESIDENT AND CEO KARI INKINEN

Our rental operations continued to be stable in the third quarter. Both net operating income and the occupancy rate were at a good level in spite of the disposal of properties and the challenging market situation.

We currently have two property development projects in the construction phase. The office building in Helsinki's Ilmala district will be completed at the end of this year, while the Ratina shopping centre in Tampere will be completed in summer 2018. The projects are on schedule and I believe that we will achieve the target development margins set for them, which is 15% for both projects.

The implementation of our strategy is progressing according to plan. In October we signed an agreement concerning the sale of the Certium shares held by Sponda. Sponda's holding is 37.9% of Certium's share capital. The consideration to be received by Sponda is approximately EUR 190 million and the profit on the sale will be approximately EUR 7 million. The sale is expected to be completed by 16 December. The transaction market is currently very active in Finland, and this will support our strategic disposal program in Finland.

### PROSPECTS FOR 2015

Sponda provides prospects for 2015 with regard to the development of the company's net operating income and adjusted EPRA Earnings.

#### *Net operating income*

Sponda estimates that the net operating income for 2015 will amount to EUR 160–166 (previously 158-168) million. The estimate is based on the company's view of property sales to be completed and the development of rental operations during the year.

#### *Adjusted EPRA Earnings*

Sponda estimates that company adjusted EPRA Earnings in 2015 will amount to EUR 97–103 (previously 95-105) million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

## DEFERRED TAX LIABILITIES

As a consequence of dissolving an unnecessary sub-group, originating from a portfolio transaction in 2006, and from changes in the acquisition cost of shares, the amount of deferred taxes is expected to change significantly. The amount of deferred taxes is affected, among other things, by the fair value development of properties and for this reason the exact amount of change in deferred taxes for the financial statements 2015 cannot be predicted accurately. The current estimate is that the reduction of deferred tax liability in the financial statements for the year 2015 will be approximately EUR 110-130 million.

## BUSINESS CONDITIONS – FINLAND

According to preliminary data from Statistics Finland, Finnish GDP grew by 0.2% in April–June compared to the first quarter. The year-on-year increase was 0.1%. The Finnish Ministry of Finance forecasts that the economic trend will take a slightly more positive turn in the second half of the year, and predicts that Finnish GDP will grow by 0.2% this year. The slow growth is based on net exports and the growth of private consumption. In 2016, Finnish GDP is expected to increase by 1.3%, particularly due to the positive development of investments.

The transaction market remained active in the third quarter with a volume of EUR 1.4 billion according to KTI Property Information. The transaction volume for the year is already at EUR 4.07 billion, which means that last year's total of EUR 4.34 billion will be exceeded. Foreign buyers account for slightly less than one third of the transactions. Approximately 54% of the transactions were made in the Helsinki metropolitan area.

The vacancy rate for office premises in the Helsinki metropolitan area has increased due to the weak economic situation, increased efficiency in the use of office space and new construction. According to Catella, the vacancy rate for office premises was 13.4% midway through the year.

Approximately 59,000 m<sup>2</sup> of new office space was completed in the Helsinki metropolitan area by the end of August, with the same amount currently under construction. Business premises construction is seeing strong growth with projects such as the Redi and Tripla shopping centres.

## BUSINESS CONDITIONS – RUSSIA

According to the Bank of Finland, Russian GDP will decline by approximately 4% in 2015. Oil prices, which are expected to increase slightly in the coming years after the steep decline seen in 2014, will continue to weigh down the Russian economy next year. The prevailing uncertainty is reducing investments and consumption is negatively affected by the rapidly increased prices. Tensions in eastern Ukraine, sanctions and the unclear prospects concerning the development of economic and trade restrictions are still causing uncertainty.

The transaction market saw a substantial increase in activity compared to the previous quarter, with the volume growing by 42.5%. According to CBRE, the volume in the third quarter was approximately USD 0.9 billion, and the total volume for the year was approximately USD 2 billion at the end of September. In spite of the increase in activity, the volume is approximately 30% lower than in the previous year. Offices represented 54% of the volume, while international buyers accounted for 27% of the transaction volume.

Preliminary information from CBRE indicates that the average vacancy rate for office premises in Moscow continued to increase in the third quarter and was estimated to be 17.6%. The vacancy rate for Class A office space was 26.8%, while the vacancy rate for Class B office space was 13.6%.

Some 0.24 million m<sup>2</sup> of new office space was completed in Moscow in the third quarter. Several construction projects have been delayed and the total construction volume for the

year is now expected to be 0.8 million m<sup>2</sup>, which is nearly half of the estimates made at the start of the year.

## OPERATIONS AND PROPERTY ASSETS 1 JANUARY – 30 SEPTEMBER 2015

Net operating income from all of Sponda's property assets totalled EUR 124.4 (135.6) million in January–September 2015. Of this total, office premises accounted for 66%, shopping centres for 21%, logistics premises for 5% and the Russia unit for 8%. On 30 September 2015, Sponda had a total of 165 leasable properties, with an aggregate leasable area of approximately 1.2 million m<sup>2</sup>. Of this total, approximately 63% is office premises, 13% shopping centres and 21% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of September 2015, the fair value of Sponda's investment properties was assessed internally for both Finland and Russia. The change in fair value of the investment properties in January–September was EUR 12.9 (-1.8) million and in July–September alone EUR 0.5 (0.1) million. The value of Sponda's properties in Finland developed favourably, particularly for properties in Helsinki's central business district, primarily due to an increase in market rents. Positive value changes were also booked for property development projects. The negative change in the fair value of properties in Russia was attributable to exchange rate fluctuations. 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€

	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
<i>Changes in yield requirements (Finland)</i>	0.0	0.0	32.2	3.3	15.7
<i>Changes in yield requirements (Russia)</i>	0.0	0.0	-7.4	0.0	-10.0
<i>Development gains on property development projects</i>	6.7	1.9	9.7	1.9	5.5
<i>Modernisation investments</i>	-6.8	-11.5	-27.5	-27.7	-42.0
<i>Change in market rents and maintenance costs (Finland)</i>	1.9	11.1	20.4	26.5	40.3
<i>Change in market rents and maintenance costs (Russia)</i>	1.0	-8.2	-14.3	-15.1	-19.3
<i>Change in currency exchange rates</i>	-2.4	4.1	-0.2	5.7	5.9
<i>Investment properties, total</i>	<b>0.5</b>	<b>-2.6</b>	<b>12.9</b>	<b>-5.3</b>	<b>-3.9</b>
<i>Real estate funds</i>	0.0	0.7	0.0	-1.9	-1.8
<i>Realised share of real estate fund profits</i>	0.0	2.0	0.0	5.5	5.5
<i>Group, total</i>	<b>0.5</b>	<b>0.1</b>	<b>12.9</b>	<b>-1.8</b>	<b>-0.2</b>

Goodwill recognised in connection with the Kapiteeli acquisition will be amortised against the property development margin of the Ratina project. The amortisation is shown in the income statement under "Amortisation of goodwill". Goodwill, EUR 12 million in total, will be amortised in its entirety during the project.

Sponda has determined the fair values of its investment properties in accordance with the company's established accounting principles. A higher than usual level of uncertainty is

related to the valuation due to the economic situation in Russia, sanctions and strong fluctuations in the rate of the rouble. Especially the lack of comparable sales, changes to lease agreements agreed upon with tenants and the rouble becoming increasingly common as the contract currency have increased uncertainty.

### Changes in Sponda's investment property assets M€

<i>Sponda's investment properties in total 1.1.–30.9.2015</i>	<b>Total</b>	<b>Office properties</b>	<b>Shopping centres</b>	<b>Logistics</b>	<b>Property development</b>	<b>Russia</b>
<i>Operating income</i>	172.6	111.4	34.8	12.6	0.3	13.5
<i>Maintenance expenses</i>	-47.8	-29.4	-8.0	-5.8	-1.3	-3.4
<i>Net operating income</i>	124.8	82.1	26.8	6.8	-1.1	10.1
<i>Investment properties on 1 January 2015</i>	3,142.1	1,853.5	726.0	205.1	133.1	224.4
<i>Capitalised interest 2015</i>	0.5	0.0	0.0	0.0	0.5	0.0
<i>Acquisitions</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Investments</i>	67.3	21.0	5.2	0.5	40.5	0.1
<i>Transfers between segments</i>	0.0	8.5	0.0	0.0	-8.5	0.0
<i>Sales</i>	-57.8	-18.0	0.0	0.0	0.0	-39.8
<i>Change in fair value</i>	12.9	30.2	1.1	-6.6	10.2	-21.9
<i>Reclassifications to non-current assets held for sale</i>	-3.6	-3.6	0.0	0.0	0.0	0.0
<b><i>Investment properties on 30 September 2015</i></b>	<b>3,161.4</b>	<b>1,891.6</b>	<b>732.3</b>	<b>199.0</b>	<b>175.8</b>	<b>162.7</b>
<i>Change in fair value, %</i>	0.4	1.6	0.2	-3.2	7.7	-9.8
<i>Weighted average yield requirement %</i>	6.4	6.2	5.7	8.3		10.4
<i>Weighted average yield requirement %, Finland</i>	6.2					

### RENTAL OPERATIONS

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

	<b>Number (agreements)</b>	<b>Area (m<sup>2</sup>)</b>	<b>EUR/m<sup>2</sup>/month</b>
<i>New agreements that came into effect during the period</i>	37	11,161	17.20
<i>Expired during the period</i>	61	21,123	11.10
<i>Renewed during the period</i>	34	13,496	17.10

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

Sponda calculates the growth in net rental yield for its properties according to EPRA Best Practices Recommendations by using a like-for-like net rental growth formula based on a

comparable property portfolio owned by the company for two years. Like-for-like net rental growth was 3.7% (3.8%) for office premises, 1.7% (7.0%) for shopping centres, 16.2% (-16.7%) for logistics premises and -6.9% (-14.2%) for properties in Russia. The like-for-like figure for Russia is adjusted for changes in exchange rates to better reflect the true change. 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:

<b>Type of property</b>	<b>30.9.2015</b>	<b>30.6.2015</b>	<b>31.3.2015</b>	<b>31.12.2014</b>	<b>30.9.2014</b>
<i>Office properties, %</i>	88.0	88.1	87.9	88.5	88.3
<i>Shopping centres, %</i>	90.6	89.8	90.3	91.2	89.3
<i>Logistics, %</i>	67.8	68.6	68.5	64.9	65.6
<i>Russia, %</i>	82.3	84.5	90.1	90.4	89.4
<i>Total property portfolio, %</i>	86.2	86.3	86.8	87.0	86.5

<b>Geographical area</b>	<b>30.9.2015</b>	<b>30.6.2015</b>	<b>31.3.2015</b>	<b>31.12.2014</b>	<b>30.9.2014</b>
<i>Helsinki business district, %</i>	89.3	88.3	88.2	89.3	88.3
<i>Helsinki Metropolitan Area, %</i>	83.5	83.7	83.6	83.1	83.2
<i>Turku, Tampere, Oulu, %</i>	91.1	92.3	92.9	93.2	92.2
<i>Russia, %</i>	82.3	84.5	90.1	90.4	89.4
<i>Total property portfolio, %</i>	86.2	86.3	86.8	87.0	86.5

The decline in the occupancy rate in Russia was influenced by the sale of two fully occupied properties at the end of June 2015.

Total cash flow from lease agreements at the end of September 2015 was EUR 961.1 (1,055.4) million. Sponda had 1,830 clients and a total of 2,887 lease agreements. The company's largest tenants were the State of Finland (7.8% of rental income), Kesko Group (5.1% of rental income), HOK-Elanto (4.1% of rental income) and Danske Bank Oyj (3.9% 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:



<b>Sector</b>	<b>% of net rental income</b>
<i>Professional</i>	6.8
<i>Energy</i>	0.4
<i>Public</i>	12.5
<i>Wholesale/retail</i>	23.5
<i>Education</i>	1.3
<i>Logistics</i>	3.7
<i>Hotels</i>	5.7
<i>Media</i>	3.5
<i>Other services</i>	14.5
<i>Banking</i>	9.0
<i>Construction</i>	3.4
<i>Industry</i>	4.0
<i>Healthcare</i>	5.4
<i>Telecommunications</i>	5.9
<i>Other</i>	0.3

The average length of all lease agreements was 4.1 (4.4) years. The average length of lease agreements was 4.0 (4.4) years for office properties, 5.3 (5.8) years for shopping centres, 3.2 (3.5) years for logistics properties and 2.1 (2.5) years for properties in Russia. The lease agreements expire as follows:

	<b>% of rental income 30 September 2015</b>	<b>% of rental income 30 September 2014</b>
<i>Within 1 year</i>	12.8	12.8
<i>Within 2 years</i>	18.0	10.1
<i>Within 3 years</i>	11.3	17.7
<i>Within 4 years</i>	10.0	8.5
<i>Within 5 years</i>	6.4	9.7
<i>Within 6 years</i>	6.2	3.5
<i>After more than 6 years</i>	22.6	26.5
<i>Valid indefinitely</i>	12.8	11.4

## **DIVESTMENTS AND INVESTMENTS**

### **Divestments M€**

	<b>1.7.- 30.9.2015</b>	<b>1.7.- 30.9.2014</b>	<b>1.1.- 30.9.2015</b>	<b>1.1.- 30.9.2014</b>	<b>1.1.- 31.12.2014</b>
<i>Properties sold</i>					
<i>Selling price</i>	0.0	225.1	56.4	232.1	237.2
<i>Profit/loss on sale*</i>	0.0	0.0	-1.4	0.6	0.6
<i>Balance sheet value</i>	0.0	225.1	57.8	231.5	236.6

\*) Includes transaction costs

## Investments M€

	1.7.- 30.9.2015	1.7.- 30.9.2014	1.1.- 30.9.2015	1.1.- 30.9.2014	1.1.- 31.12.2014
<i>Properties acquired</i>	0.0	-65.0	0.0	-65.0	-65.0
<i>Maintenance investments</i>	-6.8	-11.5	-27.5	-27.7	-42.0
<i>Property development investments</i>	-14.2	-4.4	-39.8	-13.0	-22.0

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

## RESULTS BY SEGMENT

Sponda changed its reporting segments effective from the beginning of 2015. The Real Estate Funds segment was discontinued as of 1 January 2015. The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Property Investment Companies. In addition, Sponda reports the Other segment, which includes expenses not attributed to any segment, as well as tax and financing expenses and any operating segments for which separate segment information does not need to be presented. The Other segment's figures for the previous financial year are adjusted to correspond to the changes in segment structure and composition.

### Office Properties

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>Total revenue, M€</i>	37.4	35.5	111.6	105.5	141.8
<i>Net operating income, M€</i>	28.6	26.1	81.9	76.6	103.0
<i>Operating profit, M€</i>	27.3	25.8	103.5	76.4	112.9
<i>EPRA Net Initial Yield (NIY), %</i>			5.8	5.9	5.4
<i>Economic occupancy rate, %</i>			88.0	88.3	88.5
<i>Fair value of properties, M€</i>			1,891.6	1,834.7	1,853.5
<i>-excludes properties classified as held for sale, M€</i>			3.6		
<i>Change in fair value from beginning of year, M€</i>			30.2	6.2	18.5
<i>Leasable area, m<sup>2</sup></i>			756,000	769,500	766,500

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

M€	1.7.- 30.9.2015	1.7.- 30.9.2014	1.1.- 30.9.2015	1.1.- 30.9.2014	1.1.- 31.12.2014
<i>Properties sold</i>					
<i>Selling price</i>	0.0	8.4	17.7	15.4	20.6
<i>Profit/loss on sale</i>	0.0	0.0	-0.3	0.6	0.7
<i>Balance sheet value</i>	0.0	8.4	18.0	14.8	19.9
<i>Properties acquired</i>	0.0	-65.0	0.0	-65.0	-65.0
<i>Maintenance investments</i>	-3.1	-9.4	-21.4	-22.6	-34.4
<i>Property development investments</i>	0.6	-0.3	0.4	-2.3	-2.1

The lease agreements will expire as follows:

	% of rental income 30 September 2015	% of rental income 30 September 2014
<i>Within 1 year</i>	11.4	11.0
<i>Within 2 years</i>	20.7	9.8
<i>Within 3 years</i>	11.6	20.0
<i>Within 4 years</i>	10.1	9.1
<i>Within 5 years</i>	6.4	8.6
<i>Within 6 years</i>	3.8	3.8
<i>After more than 6 years</i>	19.9	22.1
<i>Valid indefinitely</i>	16.1	15.5

### Shopping Centres

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>Total revenue, M€</i>	11.6	11.3	34.8	34.2	45.8
<i>Net operating income, M€</i>	9.1	8.8	26.8	26.4	35.2
<i>Operating profit, M€</i>	6.9	7.6	25.7	25.2	36.0
<i>EPRA Net Initial Yield (NIY), %</i>			4.8	4.6	4.7
<i>Economic occupancy rate, %</i>			90.6	89.3	91.2
<i>Fair value of properties, M€</i>			732.3	721.3	726.0
<i>Change in fair value from beginning of year, M€</i>			1.1	0.9	3.8
<i>Leasable area, m<sup>2</sup></i>			152,000	151,000	151,000

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

M€	1.7.- 30.9.2015	1.7.- 30.9.2014	1.1.- 30.9.2015	1.1.- 30.9.2014	1.1.- 31.12.2014
<i>Properties sold</i>					
<i>Selling price</i>	0.0	0.0	0.0	0.0	0.0
<i>Profit/loss on sale</i>	0.0	0.0	0.0	0.0	0.0
<i>Balance sheet value</i>	0.0	0.0	0.0	0.0	0.0
<i>Properties acquired</i>	0.0	0.0	0.0	0.0	0.0
<i>Maintenance investments</i>	-3.3	-1.6	-5.2	-2.9	-4.7
<i>Property development investments</i>	0.0	0.0	0.0	0.0	0.0

The lease agreements will expire as follows:

	% of rental income 30 September 2015	% of rental income 30 September 2014
<i>Within 1 year</i>	7.5	6.6
<i>Within 2 years</i>	10.1	7.6
<i>Within 3 years</i>	9.0	10.1
<i>Within 4 years</i>	6.7	8.3
<i>Within 5 years</i>	3.6	6.6
<i>Within 6 years</i>	16.2	1.2
<i>After more than 6 years</i>	42.3	56.0
<i>Valid indefinitely</i>	4.6	3.7

### Logistics Properties

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>Total revenue, M€</i>	4.3	9.0	12.6	26.8	30.8
<i>Net operating income, M€</i>	2.5	5.9	6.8	17.1	18.9
<i>Operating profit, M€</i>	-3.3	5.4	-0.1	13.3	11.1
<i>EPRA Net Initial Yield (NIY), %</i>			4.4	4.1	4.1
<i>Economic occupancy rate, %</i>			67.8	65.6	64.9
<i>Fair value of properties, M€</i>			199.0	207.7	205.1
<i>Change in fair value from beginning of year, M€</i>			-6.6	-2.6	-6.0
<i>Leasable area, m<sup>2</sup></i>			240,000	248,500	248,500

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

M€	1.7.- 30.9.2015	1.7.- 30.9.2014	1.1.- 30.9.2015	1.1.- 30.9.2014	1.1.- 31.12.2014
<i>Properties sold</i>					
<i>Selling price</i>	0.0	216.7	0.0	216.7	216.7
<i>Profit/loss on sale</i>	0.0	0.0	0.0	0.0	0.0
<i>Balance sheet value</i>	0.0	216.7	0.0	216.7	216.7
<i>Properties acquired</i>	0.0	0.0	0.0	0.0	0.0
<i>Maintenance investments</i>	-0.1	-0.5	-0.5	-1.6	-2.4
<i>Property development investments</i>	0.0	1.1	0.0	1.1	1.1

The lease agreements will expire as follows:

	% of rental income 30 September 2015	% of rental income 30 September 2014
<i>Within 1 year</i>	16.6	17.8
<i>Within 2 years</i>	9.3	13.5
<i>Within 3 years</i>	8.6	7.0
<i>Within 4 years</i>	11.8	4.9
<i>Within 5 years</i>	13.2	11.0
<i>Within 6 years</i>	5.8	13.4
<i>After more than 6 years</i>	13.5	17.7
<i>Valid indefinitely</i>	21.2	14.7

## Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 175.8 million at the end of September 2015. Of this total, EUR 53.8 million was in undeveloped land sites and the remaining EUR 122.0 million was tied up in property development projects in progress. The value of unused building rights is presented in the assets of the segment concerned for investment properties that have a building, and as part of the Property Development segment for building rights for unbuilt land.

Sponda's property development operations comprise new construction projects and the refurbishment of existing properties. In January–September, the Property Development unit invested a total of EUR 39.8 million, with EUR 14.2 million of this invested in July–September. The investments were primarily directed to the construction of office buildings in Ilmalanrinne and Lassila, as well as the construction of the Ratina shopping centre.

The construction of the Ratina shopping centre in Tampere began in April 2015 with excavation work on the new Valo-Ratina building, and the shopping centre is estimated to be completed in spring 2018. The complex comprises a total of approximately 53,000 m<sup>2</sup> of retail and service premises for more than 150 businesses. The project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 44.7 million invested to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's pre-let rate is approximately 30%.

Sponda is constructing a three-building office complex in Ilmala, Helsinki for use by Sweco. The project is expected to be completed in December 2015. The project's investment size is approximately EUR 57 million and the office complex is fully pre-let.

## Russia

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>Total revenue, M€</i>	3.2	5.6	13.5	17.1	22.2
<i>Net operating income, M€</i>	2.4	4.0	10.1	12.1	15.8
<i>Operating profit, M€</i>	0.5	-0.7	-14.7	0.4	-10.6
<i>EPRA Net Initial Yield (NIY), %</i>			4.8	7.2	6.0
<i>Economic occupancy rate, %</i>			82.3	89.4	90.4
<i>Fair value of properties, M€</i>			162.7	238.4	224.4
<i>Change in fair value from beginning of year, M€</i>			-21.9	-9.9	-23.8
<i>Leasable area, m<sup>2</sup></i>			34,500	44,500	44,500

The substantial depreciation of the rouble is affecting tenants' ability to pay rent in Russia. In the current market situation, Sponda has had to negotiate temporary reductions in rent with several tenants. The negotiations particularly concern dollar-linked rents.

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

<i>M€</i>	1.7.- 30.9.2015	1.7.- 30.9.2014	1.1.- 30.9.2015	1.1.- 30.9.2014	1.1.- 31.12.2014
<i>Properties sold</i>					
<i>Selling price</i>	0.0	0.0	38.7	0.0	0.0
<i>Profit/loss on sale*</i>	0.0	0.0	-1.1	0.0	0.0
<i>Balance sheet value</i>	0.0	0.0	39.8	0.0	0.0
<i>Properties acquired</i>	0.0	0.0	0.0	0.0	0.0
<i>Maintenance investments</i>	0.0	0.0	-0.1	-0.5	-0.4
<i>Property development investments</i>	0.0	0.0	0.0	0.0	0.0

\*) Includes transaction costs

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

	% of rental income 30 September 2015	% of rental income 30 September 2014
<i>Within 1 year</i>	34.1	29.9
<i>Within 2 years</i>	22.7	13.8
<i>Within 3 years</i>	16.8	24.2
<i>Within 4 years</i>	16.6	7.2
<i>Within 5 years</i>	6.8	20.0
<i>Within 6 years</i>	0.0	0.0
<i>After more than 6 years</i>	3.0	4.9
<i>Valid indefinitely</i>	0.0	0.0

### Property Investment Companies

On 14 October, Sponda announced that it has signed a sale and purchase agreement concerning the sale of all of its shares in Certeum Ltd to Tungsten Investment S.à r.l., a company affiliated to Blackstone Real Estate Partners Europe IV. The consideration to be received by Sponda is approximately EUR 190 million and the profit on the sale will be approximately EUR 7 million. The purchase price is subject to customary adjustments. The sale is expected to be completed by 16 December 2015 and the completion is conditional upon approval being obtained from the competition authorities.

Sponda's share of Certeum Oy's result was EUR 10.2 million for the period 1 January–30 September 2015 and EUR 3.4 million for the period 1 July–30 September 2015. If the sale of the shares in Certeum is completed, Sponda will not accrue any result from associated companies after 30 September 2015.

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russia Invest purchased from SRV a 55% share in the Okhta Mall shopping centre

project, which is Phase I of the Septem City project located in St. Petersburg. Sponda's investment amounted to approximately EUR 19.4 million at the end of September 2015.

First Top LuxCo invests in office and retail properties outside Finland's largest cities. Sponda's holding in the fund is 20%. Sponda's investment in the fund amounted to EUR 2.0 million on 30 September 2015.

## **CASH FLOW AND FINANCING**

Sponda's net cash flow from operations in the period under review totalled EUR 77.3 (92.8) million. Net cash flow from investing activities was EUR -18.5 (46.1) million and the net cash flow from financing activities was EUR -61.8 (-39.3) million. Net financing costs for the period totalled EUR -36.8 (-44.3) million. Financial income and expenses include EUR 0.0 (-4.6) million in unrealised change in the fair value of derivatives. Interest expenses of EUR 0.5 (0.2) million were capitalised.

Sponda's equity ratio on 30 September 2015 stood at 41.4% (40.0%) and the gearing ratio was 119.4% (121.9%). Interest-bearing debt amounted to EUR 1,724.7 (1,831.6) million and the average maturity of loans was 2.3 (1.6) years. The average interest rate was 2.9% (2.8%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 86% (76%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 2.3 (2.2) years. The interest cover ratio, which describes the company's solvency, was 3.4 (3.3).

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

Sponda Group's debt portfolio at the end of September 2015 comprised EUR 275 million in syndicated loans, EUR 544 million in bonds, EUR 266 million in issued commercial papers, and EUR 640 million in loans from financial institutions. Sponda had EUR 510 million in unused credit limits. Sponda Group had mortgaged loans of EUR 179.1 million, or 5.2% of the consolidated balance sheet.

## **PERSONNEL**

During the review period Sponda Group had, on average, 103 (122) employees, of whom 94 (112) worked for parent company Sponda Plc. On 30 September 2015, Sponda Group had a total of 105 (103) employees, of whom 96 (93) 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 2015 were EUR -16.1 (-16.5) million and in July–September EUR -5.2 (-5.5) million.

## **ANNUAL REMUNERATION AND INCENTIVE SCHEMES**

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development. Sponda's employees have the opportunity to participate annually in a Share Programme, the target group of which includes all employees of Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's long-term share-based incentive scheme.

Sponda also has a long-term share-based incentive scheme with three three-year vesting periods, the calendar years 2013–2015, 2014–2016 and 2015–2017. The Board of Directors will decide on the earning criteria and on the targets to be laid down for the earning criteria for each vesting period. The earning criteria for the vesting periods 1 January 2013–31 December 2015, 1 January 2014–31 December 2016 and 1 January 2015–31 December 2017 are the Group's average Return on Capital Employed (ROCE) and cumulative

Operational Cash Earnings Per Share (CEPS) for the financial years in question, as well as property sales.

The long-term incentive scheme currently covers the members of the Executive Board, five people in all. The Board of Directors can decide to include new key personnel in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 20 March 2012, 1 February 2013, 1 November 2013, 5 February 2014 and 5 February 2015.

## GROUP STRUCTURE

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 the management companies for Sponda's real estate funds as well as Sponda Russia Ltd and its subsidiaries.

## SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of the Sponda share in January–September 2015 was EUR 3.81. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.57 and the lowest EUR 3.29. Turnover during the period totalled 94.6 million shares, or EUR 360.8 million. The closing price of the share on 30 September 2015 was EUR 3.49 and the market capitalisation of the company's share capital was EUR 988.5 million.

The Annual General Meeting on 16 March 2015 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

The Annual General Meeting also authorised the Board of Directors to decide on a share issue and on the issuance of special rights conferring entitlement to the shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in accordance with the proposal of the Board of Directors. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

On 30 September 2015, the company had altogether 9,619 shareholders and its ownership structure by sector was as follows:

	Number of shares	Holding, %
<i>Public entities</i>	33,355,211	11.8
<i>Nominee-registered</i>	141,504,590	50.0
<i>Financial and insurance institutions, total</i>	33,602,672	11.9
<i>Households</i>	22,074,877	7.8
<i>Private corporations, total</i>	47,003,138	16.6
<i>Non-profit organisations, total</i>	3,311,043	1.2
<i>Foreign owners, total</i>	2,223,931	0.8
<i>Total number of shares</i>	283,075,462	100.0

The following flagging notices were issued:

- 2.10.2015: APG Asset Management N.V. announced that its holding of shares represented 4.98% of the total number of shares and votes in Sponda Plc.



## **BOARD OF DIRECTORS AND AUDITORS**

Sponda's Board of Directors has seven members: Kaj-Gustaf Bergh (Chairman), Christian Elfving, Paul Hartwall, Juha Laaksonen, Leena Laitinen, Arja Talma (Deputy Chairman) and Raimo Valo.

The Board of Directors assesses that, of its members, Juha Laaksonen, Leena Laitinen, Arja Talma and Raimo Valo are independent of the company and its major shareholders and Kaj-Gustaf Bergh, Christian Elfving and Paul Hartwall are independent of the company.

APA Esa Kailiala and authorised public accountants KPMG Oy Ab, with APA Lasse Holopainen as the responsible auditor and APA Petri Kettunen as the deputy auditor, will serve as the company's auditors for a term ending at the close of the next Annual General Meeting.

## **BOARD COMMITTEES**

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

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Christian Elfving (Deputy Chairman) and Leena Laitinen (ordinary member).

## **SPONDA'S MANAGEMENT**

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

Niklas Nylander, Sponda's Chief Financial Officer and a member of the Executive Board, started in his position on 19 October 2015.

## **ENVIRONMENTAL RESPONSIBILITY**

Environmental responsibility is one of Sponda's strategic priorities. The main goals of Sponda's environmental responsibility are related to reducing the energy consumption and CO2 emissions of properties, decreasing water consumption, maximising the waste recovery rate and increasing the recycling rate. Sponda works together with customers to reduce the environmental impacts arising from the use of properties. In new construction and renovation, Sponda observes the principles of sustainable development by implementing projects in accordance with international environmental certification systems.

In accordance with its environmental strategy, Sponda seeks environmental certification for all significant newly constructed properties. Sponda Plc obtained the LEED® Platinum Environmental Certification for its Estradi office building, which was completed in the spring of 2015. LEED® Platinum is the highest certification level in the LEED environmental certification system. Estradi satisfied the certification criteria without question. Energy efficiency and environmentally friendly solutions were emphasised in the design and construction of the office building. Estradi's approximately 5,700 gross square metre building received a particularly good score for its efficient use of energy and its location. The office building is equipped with solar panels on its roof to produce energy for the property. In addition to solar panels, the roof features roll roofing that reflects the sun. The Are Sensus building services system, in which heating and cooling are organised with the Sensus panel based on radiation technique, is in use in the building's work spaces. In addition to energy efficiency, the system guarantees users of the space a pleasant indoor environmental quality for working by reducing the draught problems experienced in cooled-down buildings. Estradi is located in Helsinki's Lassila district. Kone Elevators Finland is the main tenant of the office building.

Sponda has again been ranked among the best companies in the property sector in the international Global Real Estate Sustainability Benchmark (GRESB) survey. Sponda was awarded a Green Star in the survey for the third year running. Sponda's score in the survey went up by 17% from last year, which is a result of the accomplishments of Sponda's energy efficiency scheme and increasing waste recycling in properties. In addition, the external verification of energy efficiency data increased the transparency of Sponda's energy efficiency scheme results and thus Sponda's overall score in the comparison.

## **RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE**

Sponda estimates that the risks and uncertainty factors in the current financial year are primarily related to the development of the Finnish and Russian economies.

In Russia, these risks are related to the decline of tenants' solvency and a decrease in the economic occupancy rate. The depreciation of the Russian rouble may cause tenant insolvency and a decrease in property values. The operations in Russia present a foreign exchange risk to Sponda. Changes in exchange rates may cause exchange rate losses that have a negative impact on the company's financial result. The uncertain situation in the Russian market may slow down the sale of Sponda's properties in Russia in 2015.

The weak development of the Finnish economy may cause a decline in net operating income and tenant insolvency.

For Sponda's property development projects, the key risk is related to the degree of success in leasing premises.

## **PROSPECTS FOR 2015**

Sponda provides prospects for 2015 with regard to the development of the company's net operating income and adjusted EPRA Earnings.

### *Net operating income*

Sponda estimates that the net operating income for 2015 will amount to EUR 160–166 (previously 158-168) million. The estimate is based on the company's view of property sales to be completed and the development of rental operations during the year.

### *Adjusted EPRA Earnings*

Sponda estimates that company adjusted EPRA Earnings in 2015 will amount to EUR 97–103 (previously 95-105) million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

## **EVENTS AFTER THE PERIOD**

On 14 October 2015, Sponda announced that it has signed a sale and purchase agreement concerning the sale of all of its shares in Certeum Ltd to Tungsten Investment S.à r.l., a company affiliated to Blackstone Real Estate Partners Europe IV. The consideration to be received by Sponda is approximately EUR 190 million and the profit on the sale will be approximately EUR 7 million. The purchase price is subject to customary adjustments. The sale is expected to be completed by 16 December 2015 and the completion is conditional upon approval being obtained from the competition authorities.

As an integral part of Sponda's strategy, Sponda co-founded Certeum in 2014 together with Varma Mutual Pension Insurance Company, the State Pension Fund, Sponda Fund I, Sponda Fund II and Sponda Fund III. Certeum specialises in logistics and industrial properties. Sponda announced its plan to reduce its ownership in Certeum when the company was first founded, and the agreed transaction is in line with Sponda's previous announcement and strategy.

Sponda signed a EUR 80 million syndicated credit limit agreement with three banks on 2 November 2015. The syndicated credit limit has a maturity of 5 years. The terms of the agreement correspond to the terms of Sponda's other loans. The key covenants of the loan are linked to the equity ratio and interest cover ratio. The credit arrangement is unsecured. The primary creditors arranging the syndicated credit limit were Pohjola Bank Plc, Nordea Bank Finland Plc and Danske Bank. Pohjola Bank was the coordinator for the arrangement and will also act as the agent for the syndicated credit limit.

3.11.2015  
Sponda Plc  
Board of Directors

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SPONDA PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2015, TABLES

Consolidated income statement  
M€

	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	56.6	61.5	173.0	184.3	241.4
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.2	0.2	0.3
<i>Fund management fees</i>	0.0	1.6	0.0	4.8	4.9
	56.7	63.2	173.3	189.4	246.7
<i>Expenses</i>					
<i>Maintenance expenses</i>	-14.5	-16.8	-48.9	-53.0	-69.8
<i>Direct fund expenses</i>	0.0	-0.2	0.0	-0.8	-0.8
	-14.5	-17.1	-48.9	-53.7	-70.6
<b>Net operating income</b>	<b>42.2</b>	<b>46.2</b>	<b>124.4</b>	<b>135.6</b>	<b>176.0</b>
<i>Profit/loss on sales of investment properties</i>	0.0	0.0	-1.5	0.6	0.6
<i>Valuation gains/losses on fair value assessment</i>	0.5	0.1	12.9	-1.8	-0.2
<i>Amortisation of goodwill</i>	-2.6	0.0	-2.6	0.0	0.0
<i>Profit/loss on sales of trading properties</i>	0.0	1.8	2.6	1.9	2.0
<i>Change in fair value of trading properties</i>	0.0	0.0	0.0	0.0	0.0
<i>Sales and marketing expenses</i>	-0.5	-0.6	-1.7	-1.5	-2.2
<i>Administrative expenses</i>	-4.7	-4.9	-14.4	-15.0	-19.9
<i>Share of result of associated companies</i>	3.4	0.0	10.2	0.0	-3.5
<i>Other operating income</i>	0.1	0.1	0.8	0.2	0.3
<i>Other operating expense</i>	-0.1	-0.6	-0.5	-1.3	-1.5
<b>Operating profit</b>	<b>38.3</b>	<b>42.2</b>	<b>130.3</b>	<b>118.8</b>	<b>151.7</b>
<i>Financial income</i>	-0.6	0.5	5.4	10.2	18.2
<i>Financial expenses</i>	-12.4	-14.9	-42.2	-54.5	-74.1
<i>Total amount of financial income and expenses</i>	-13.0	-14.4	-36.8	-44.3	-55.9
<i>Profit before taxes</i>	25.3	27.8	93.4	74.5	95.7
<i>Income taxes for current and previous fiscal years</i>	-0.3	-0.5	-1.7	-1.7	-1.8
<i>Deferred taxes</i>	-7.1	-5.4	-22.5	-12.5	-20.4
<i>Change in tax base of deferred taxes</i>	0.0	0.0	0.0	0.0	0.0
<b>Income taxes, total</b>	<b>-7.3</b>	<b>-6.0</b>	<b>-24.3</b>	<b>-14.2</b>	<b>-22.2</b>
<b>Profit/loss for the period</b>	<b>18.0</b>	<b>21.8</b>	<b>69.2</b>	<b>60.3</b>	<b>73.6</b>
<i>Attributable to:</i>					
<i>Equity holders of parent company</i>	18.0	21.8	69.2	60.3	73.6
<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>	0.06	0.07	0.23	0.20	0.24

**Consolidated statement of other comprehensive income**  
**M€**

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>Profit/loss for the period</i>	18.0	21.8	69.2	60.3	73.6
<i>Other comprehensive income</i>					
<i>Items that will not be reclassified to profit or loss</i>					
<i>Actuarial gains/losses of defined benefit pension plans</i>	0.0	0.0	0.0	0.0	-0.2
<i>Taxes on items that will not be reclassified to profit or loss</i>	0.0	0.0	0.0	0.0	0.0
<i>Change in tax rate, revaluation reserve</i>	0.0	0.0	0.0	0.0	0.0
<b><i>Items that will not be reclassified to profit or loss, total</i></b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>
<i>Items that may be reclassified subsequently to profit or loss</i>	0.0	0.0	0.0	0.0	0.0
<i>Changes in associated companies recognised directly in comprehensive income</i>	0.3	0.0	0.4	0.0	-1.4
<i>Net loss/profit from cash flow hedges</i>	-1.6	-3.7	4.5	-15.4	-15.6
<i>Translation differences</i>	-0.1	-0.4	0.3	-0.3	-3.3
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	0.5	1.0	-1.5	3.5	5.2
<b><i>Items that may be reclassified subsequently to profit or loss, total</i></b>	<b>-0.9</b>	<b>-3.1</b>	<b>3.7</b>	<b>-12.2</b>	<b>-15.1</b>
<i>Other comprehensive income for the period after taxes</i>	-0.9	-3.1	3.7	-12.2	-15.3
<b><i>Comprehensive profit/loss for the period</i></b>	<b>17.1</b>	<b>18.8</b>	<b>72.9</b>	<b>48.0</b>	<b>58.3</b>
<i>Attributable to:</i>					
<i>Equity holders of parent company</i>	17.1	18.8	72.9	48.0	58.3
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0

**Consolidated balance sheet**  
**M€**

	30.9.2015	30.9.2014	31.12.2014
<b>ASSETS</b>			
<i>Non-current assets</i>			
<i>Investment properties</i>	3,161.4	3,122.3	3,142.1
<i>Investments in real estate funds</i>	21.4	18.6	18.6
<i>Investments in associated companies</i>	0.0	174.6	171.6
<i>Property, plant and equipment</i>	13.1	12.9	13.2
<i>Goodwill</i>	12.0	14.5	14.5
<i>Other intangible assets</i>	2.5	3.0	2.9
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Other investments</i>	2.2	3.7	2.2
<i>Deferred tax assets</i>	24.7	25.8	25.1
<b>Non-current assets total</b>	<b>3,240.1</b>	<b>3,378.2</b>	<b>3,393.0</b>
<i>Current assets</i>			
<i>Trading properties</i>	7.7	7.8	7.8
<i>Trade and other receivables</i>	10.4	23.7	28.0
<i>Cash and cash equivalents</i>	17.6	117.8	20.3
<b>Current assets total</b>	<b>35.7</b>	<b>149.4</b>	<b>56.2</b>
<i>Non-current assets held for sale</i>	185.1	0.0	0.0
<b>Total assets</b>	<b>3,461.0</b>	<b>3,527.6</b>	<b>3,449.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<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>	159.4	159.4	159.4
<i>Invested non-restricted equity reserve</i>	433.8	433.8	433.8
<i>Fair value reserve</i>	-31.1	-33.8	-35.1
<i>Revaluation reserve</i>	0.7	0.7	0.7
<i>Other equity fund</i>	94.0	94.0	94.0
<i>Translation differences</i>	0.1	2.0	0.4
<i>Retained earnings</i>	660.6	637.4	645.5
	1,428.6	1,404.5	1,409.7
<i>Non-controlling interest</i>	1.8	1.8	1.8

<b>Shareholders' equity, total</b>	<b>1,430.4</b>	<b>1,406.2</b>	<b>1,411.5</b>
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Deferred tax liabilities</i>	217.9	189.7	194.5
<i>Provisions</i>	0.0	1.1	1.1
<i>Interest-bearing loans and borrowings</i>	1,389.4	1,301.0	1,169.5
<i>Other liabilities</i>	38.4	44.8	48.6
<b>Non-current liabilities total</b>	<b>1,645.6</b>	<b>1,536.5</b>	<b>1,413.6</b>
<i>Current liabilities</i>			
<i>Current interest-bearing liabilities</i>	335.3	530.6	561.7
<i>Trade and other payables</i>	49.7	54.2	62.4
<b>Current liabilities total</b>	<b>385.0</b>	<b>584.8</b>	<b>624.1</b>
<b>Total borrowings</b>	<b>2,030.6</b>	<b>2,121.3</b>	<b>2,037.7</b>
<b>Total equity and liabilities</b>	<b>3,461.0</b>	<b>3,527.6</b>	<b>3,449.2</b>

**Consolidated Cash Flow Statement**  
**M€**

	1-9/2015	1-9/2014	1-12/2014
<i>Cash flow from operating activities</i>			
<i>Profit for the period</i>	69.2	60.3	73.6
<i>Adjustments</i>	42.0	65.4	87.0
<i>Change in net working capital</i>	3.3	8.1	7.6
<i>Interest received</i>	0.2	0.5	0.8
<i>Interest paid</i>	-32.5	-37.9	-51.0
<i>Other financial items</i>	-3.4	-2.0	-2.5
<i>Dividends received</i>	0.0	0.0	0.0
<i>Taxes received/paid</i>	-1.6	-1.6	-1.9
<b><i>Net cash provided by operating activities</i></b>	<b>77.3</b>	<b>92.8</b>	<b>113.5</b>
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-69.6	-70.3	-94.1
<i>Capital expenditure on real estate funds</i>	-2.2	-5.4	-5.4
<i>Investments in shares in associated companies</i>	-	-46.1	-47.7
<i>Acquisition of tangible and intangible assets</i>	-0.2	-2.3	-2.7
<i>Proceeds from sale of investment properties</i>	53.6	101.6	105.8
<i>Proceeds from sale of real estate funds</i>	-	68.2	77.3
<i>Capital repayments from real estate funds</i>	-	0.4	0.4
<b><i>Net cash flow from investment activities</i></b>	<b>-18.5</b>	<b>46.1</b>	<b>33.5</b>
<i>Cash flow from financing activities</i>			
<i>Non-current loans, raised</i>	320.0	15.1	265.3
<i>Non-current loans, repayments</i>	-344.4	-25.7	-341.0
<i>Current loans, raised/repayments</i>	16.4	22.3	-8.4
<i>Interest paid on hybrid bond</i>	0.0	0.0	-6.4
<i>Dividends paid</i>	-53.8	-51.0	-51.0
<b><i>Net cash flow from financing activities</i></b>	<b>-61.8</b>	<b>-39.3</b>	<b>-141.5</b>
<i>Change in cash and cash equivalents</i>	-3.1	99.6	5.6
<i>Cash and cash equivalents, beginning of period</i>	20.3	18.8	18.8
<i>Impact of changes in exchange rates</i>	0.3	-0.5	-4.0
<b><i>Cash and cash equivalents, end of period</i></b>	<b>17.6</b>	<b>117.8</b>	<b>20.3</b>



**Consolidated statement of changes in equity**  
**M€**

	Share capital	Share issue premium	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity, total
<i>Equity 1 January 2014</i>	111.0	159.4	433.8	-21.5	0.7	94.0	1.9	628.1	1,407.5	1.8	1,409.3
<i>Comprehensive income</i>											
<i>Profit for the period</i>								60.3	60.3	0.0	60.3
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>				-12.3					-12.3	0.0	-12.3
<i>Translation differences</i>							0.1		0.1	0.0	0.1
<i>Comprehensive income, total</i>				-12.3			0.1	60.3	48.0	0.0	48.0
<i>Transactions with shareholders</i>											
<i>Dividend payment</i>								-51.0	-51.0	0.0	-51.0
<i>Transactions with shareholders, total</i>								-51.0	-51.0	0.0	-51.0
<i>Change</i>								-0.1	-0.1	0.0	-0.1
<b><i>Equity 30 September 2014</i></b>	<b>111.0</b>	<b>159.4</b>	<b>433.8</b>	<b>-33.8</b>	<b>0.7</b>	<b>94.0</b>	<b>2.0</b>	<b>637.4</b>	<b>1,404.5</b>	<b>1.8</b>	<b>1,406.2</b>

	Share capital	Share issue premium	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity fund	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity, total
<i>Equity 1 January 2015</i>	111.0	159.4	433.8	-35.1	0.7	94.0	0.4	645.5	1,409.7	1.8	1,411.5
<i>Comprehensive income</i>											
<i>Profit for the period</i>								69.2	69.2	0.0	69.2
<i>Other comprehensive income (net of tax)</i>											
<i>Changes in associated companies recognised directly in comprehensive income</i>				0.4					0.4	0.0	0.4
<i>Cash flow hedges</i>				3.6					3.6	0.0	3.6
<i>Translation differences</i>							-0.2		-0.2	0.0	-0.2
<i>Comprehensive income, total</i>				3.9			-0.2	69.2	72.9	0.0	72.9
<i>Transactions with shareholders</i>											
<i>Dividend payment</i>								-53.8	-53.8	0.0	-53.8
<i>Transactions with shareholders, total</i>								-53.8	-53.8	0.0	-53.8
<i>Change</i>								-0.3	-0.3	0.0	-0.3
<b><i>Equity 30 September 2015</i></b>	<b>111.0</b>	<b>159.4</b>	<b>433.8</b>	<b>-31.1</b>	<b>0.7</b>	<b>94.0</b>	<b>0.1</b>	<b>660.6</b>	<b>1,428.6</b>	<b>1.8</b>	<b>1,430.4</b>

## NOTES TO THE INTERIM REPORT

### Accounting principles

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting).

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

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

### IFRIC 21 Levies

The Group has adopted the IFRIC 21 Levies interpretation beginning on 1 January 2015. The interpretation specifies the accounting of levies in the manner described in the 2014 financial statements. As a result of the interpretation, a liability for a levy is recognised when the activity which triggers payment, as identified by the relevant legislation, occurs. The interpretation was adopted with retrospective effect and the figures for the comparison period have been adjusted accordingly. The interpretation did not have a material impact on Sponda's consolidated financial statements.

Effects of the adoption of the IFRIC 21 Levies interpretation:

<b>M€</b>	
<i>Effect on assets</i>	
<i>Reported total trade and other receivables 30 September 2014</i>	20.4
<i>Effect of the adoption of the IFRIC 21 interpretation 30 September 2014</i>	3.3
<i>Adjusted trade and other receivables 30 September 2014</i>	23.7
<i>Reported total trade and other receivables 31 December 2014</i>	28.0
<i>Effect of the adoption of the IFRIC 21 interpretation 31 December 2014</i>	0.0
<b><i>Adjusted trade and other receivables 31 December 2014</i></b>	<b>28.0</b>
<b>M€</b>	
<i>Effect on liabilities</i>	
<i>Reported total trade and other payables 30 September 2014</i>	50.8
<i>Effect of the adoption of the IFRIC 21 interpretation 30 September 2014</i>	3.3
<i>Adjusted trade and other payables 30 September 2014</i>	54.2
<i>Reported total trade and other payables 31 December 2014</i>	62.4
<i>Effect of the adoption of the IFRIC 21 interpretation 31 December 2014</i>	0.0
<b><i>Adjusted trade and other payables 31 December 2014</i></b>	<b>62.4</b>

%	
<i>Effect on key figures</i>	
<i>Reported equity ratio 30 September 2014</i>	40.1
<i>Effect of the adoption of the IFRIC 21 interpretation 30 September 2014</i>	0.0
<i>Adjusted equity ratio 30 September 2014</i>	40.0
<i>Reported equity ratio 31 December 2014</i>	41.0
<i>Effect of the adoption of the IFRIC 21 interpretation 31 December 2014</i>	0.0
<b><i>Adjusted equity ratio 31 December 2014</i></b>	<b>41.0</b>

*The adoption of the IFRIC 21 Levies interpretation did not have an effect on equity.*

### **Segment information**

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

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

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2014.

The figures in the interim report have not been audited.

**Income statement by segment**  
**M€**

<i>Income statement information</i> 1-9/2015	Office Properties	Shopping Centres	Logistics	Property Development	Russia	Property Investment	Other	Group, total
<b>Total revenue</b>	<b>111.6</b>	<b>34.8</b>	<b>12.6</b>	<b>0.9</b>	<b>13.5</b>	<b>0.0</b>	<b>0.0</b>	<b>173.3</b>
<i>Maintenance expenses and direct fund expenses</i>	-29.7	-8.0	-5.8	-2.1	-3.4	0.0	0.0	-48.9
<b>Net operating income</b>	<b>81.9</b>	<b>26.8</b>	<b>6.8</b>	<b>-1.2</b>	<b>10.1</b>	<b>0.0</b>	<b>0.0</b>	<b>124.4</b>
<i>Profit on sales of investment properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<i>Loss on sales of investment properties</i>	-0.3	0.0	0.0	0.0	-1.1	0.0	-0.1	-1.5
<i>Profit/loss on trading properties</i>	0.0	0.0	0.0	2.5	0.0	0.0	0.0	2.6
<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 on fair value assessment</i>	30.2	1.1	-6.6	10.2	-21.9	0.0	0.0	12.9
<i>Amortisation of goodwill</i>	0.0	0.0	0.0	-2.6	0.0	0.0	0.0	-2.6
<i>Administration and marketing</i>	-8.0	-2.1	-1.0	-3.1	-1.9	0.0	-0.1	-16.1
<i>Share of result of associated companies</i>	0.0	0.0	0.0	0.0	0.0	10.2	0.0	10.2
<i>Other operating income and expenses</i>	-0.2	-0.1	0.7	0.0	0.0	0.1	0.0	0.4
<b>Operating profit</b>	<b>103.5</b>	<b>25.7</b>	<b>-0.1</b>	<b>5.9</b>	<b>-14.7</b>	<b>10.2</b>	<b>-0.2</b>	<b>130.3</b>
<i>Investments</i>	21.0	5.2	0.5	40.5	0.1	2.7	0.3	70.3
<i>Segment assets</i>	1,897.9	732.3	199.0	187.8	162.7	202.9	78.4	3,461.0
<i>- of which classified as held for sale</i>	3.6					181.5		185.1
<i>Economic Occupancy Rate</i>	88.0	90.6	67.8		82.3			86.2

<b>Income statement information 1–9/2014</b>	<b>Office Properties</b>	<b>Shopping Centres</b>	<b>Logistics</b>	<b>Property Development</b>	<b>Russia</b>	<b>Property Investment</b>	<b>Other</b>	<b>Group, total</b>
<b>Total revenue</b>	<b>105.5</b>	<b>34.2</b>	<b>26.8</b>	<b>1.0</b>	<b>17.1</b>	<b>0.0</b>	<b>4.8</b>	<b>189.4</b>
Maintenance expenses and direct fund expenses	-28.9	-7.8	-9.7	-1.7	-5.0	0.0	-0.8	-53.7
<b>Net operating income</b>	<b>76.6</b>	<b>26.4</b>	<b>17.1</b>	<b>-0.6</b>	<b>12.1</b>	<b>0.0</b>	<b>4.0</b>	<b>135.6</b>
Profit on sales of investment properties	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6
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	1.9	0.0	0.0	0.0	1.9
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	6.2	0.9	-2.6	0.1	-9.9	0.0	3.6	-1.8
Administration and marketing	-6.3	-1.9	-1.0	-2.2	-1.8	0.0	-3.3	-16.5
Share of result of associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income and expenses	-0.8	-0.3	-0.1	0.1	0.0	0.0	0.0	-1.1
<b>Operating profit</b>	<b>76.4</b>	<b>25.2</b>	<b>13.3</b>	<b>-0.7</b>	<b>0.4</b>	<b>0.0</b>	<b>4.3</b>	<b>118.8</b>
Investments	89.9	2.9	0.5	11.8	0.5	5.5	48.3	159.4
Segment assets	1,837.4	721.3	207.7	134.7	238.4	193.2	194.8	3,527.6
Economic Occupancy Rate	88.3	89.3	65.6		89.4			86.5

## Key figures

	<b>7-9/2015</b>	<b>7-9/2014</b>	<b>1-9/2015</b>	<b>1-9/2014</b>	<b>1-12/2014</b>
Earnings per share, €	0.06	0.07	0.23	0.20	0.24
Equity ratio*, %			41.4	40.0	41.0
Gearing ratio, %			119.4	121.9	121.2
Equity per share, €			4.71	4.63	4.65
Cash flow from operations per share, €	0.10	0.11	0.29	0.28	0.37

\*) The figure for 1-9/2014 has been adjusted as a result of the adoption of the IFRIC 21 Levies interpretation.

## Quarterly key figures

	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014
<i>Total revenue, M€</i>	56.7	59.4	57.2	57.3	63.2
<i>Net operating income, M€</i>	42.2	42.5	39.6	40.4	46.2
<i>Valuation gains/losses on fair value assessment, M€</i>	0.5	22.3	-9.9	1.6	0.1
<i>Operating profit, M€</i>	38.3	64.4	27.6	32.9	42.2
<i>Financial income and expenses, M€</i>	-13.0	-11.2	-12.6	-11.7	-14.4
<i>Profit/loss for the period, M€</i>	18.0	39.9	11.3	13.3	21.8
<i>Investment properties, M€</i>	3,161.4	3,143.2	3,136.1	3,142.1	3,122.3
<i>Shareholders' equity, M€</i>	1,430.4	1,413.2	1,369.8	1,411.5	1,406.2
<i>Interest-bearing liabilities, M€</i>	1,724.7	1,768.6	1,775.2	1,731.2	1,831.6
<i>Earnings per share, €</i>	0.06	0.14	0.04	0.04	0.07
<i>Cash flow from operations per share, €</i>	0.10	0.11	0.08	0.09	0.11
<i>EPRA NAV/share, €</i>	5.58	5.47	5.30	5.45	5.39
<i>Economic Occupancy Rate, %</i>	86.2	86.3	86.8	87.0	86.5

## EPRA Earnings, M€

Sponda's result includes several non-operating items. These items are primarily due to the nature of Sponda's business operations and IFRS reporting obligations. In order to facilitate the monitoring of the operating result, Sponda presents the Group's operating result and operating result per share in accordance with EPRA recommendations. The direct result represents the result from the Group's core business operations. Operating result is calculated by adjusting the Group's result by, inter alia, changes in the fair values of properties and financial instruments, gains and losses on sales, impairment on goodwill and other income and expenses considered by the company to be non-operating items.

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

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

## EPRA Earnings, M€

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>EPRA Earnings</i>					
<i>Earnings for the period per IFRS income statement</i>	18.0	21.8	69.2	60.3	73.6
<i>-/+ (i) Net profits or losses from fair value assessment of investment properties</i>	0.6	1.9	-12.1	7.3	11.6
<i>-/+ (ii) Net profits or losses on disposal of investment properties</i>	0.0	0.0	1.5	-0.6	-0.6
<i>-/+ (iii) Net profits or losses on sales of trading properties</i>	0.0	-1.8	-2.6	-1.9	-2.0
<i>+/- (iv) Taxes arising from above items based on result</i>	0.0	0.0	0.0	0.0	0.0
<i>+/- (v) Impairment and amortisation of goodwill</i>	2.6	0.0	2.6	0.0	0.0
<i>-/+ (vi) Changes in fair value of financial instruments</i>	0.9	1.2	0.0	4.6	7.6
<i>+/- (viii) Deferred taxes arising from the above items</i>	5.4	3.6	20.2	8.8	11.6
<b>EPRA Earnings</b>	<b>27.4</b>	<b>26.7</b>	<b>78.7</b>	<b>78.4</b>	<b>101.6</b>
<b>EPRA Earnings per share, €</b>	<b>0.10</b>	<b>0.09</b>	<b>0.28</b>	<b>0.28</b>	<b>0.36</b>
<i>Company adjustments:</i>					
<i>(a) Deferred taxes on operating result</i>	1.7	1.9	3.8	3.7	7.1
<i>Adjusted EPRA Earnings</i>	29.1	28.6	82.5	82.2	108.7
<i>Adjusted Earnings per share, €</i>	0.10	0.10	0.29	0.29	0.38

EPRA Earnings can also be calculated from the income statement from top to bottom.

The following table presents the EPRA Earnings calculation using this method.

## EPRA Earnings, M€

	7-9/15	7-9/14	1-9/15	1-9/14	1-12/14
<i>EPRA Earnings</i>					
<i>Net operating income</i>	42.2	46.2	124.4	135.6	176.0
<i>+ Realised shares of profit from real estate funds</i>	0.0	2.0	0.0	5.5	5.5
<i>- Operational marketing and administration expenses</i>	-5.2	-5.5	-16.1	-16.5	-22.1
<i>+/- Other operational income and expenses from business operations</i>	4.5	-0.4	12.8	-1.1	2.1



<i>Operating profit</i>	41.5	42.3	121.1	123.5	161.6
<i>+/- Operational financial income and expenses</i>	-12.1	-13.2	-36.8	-39.7	-51.1
<i>-/+ Taxes based on operating result</i>	-0.3	-0.5	-1.7	-1.7	-1.8
<i>- Deferred taxes based on operating result</i>	-1.7	-1.9	-3.8	-3.7	-7.1
<b>EPRA Earnings</b>	<b>27.4</b>	<b>26.7</b>	<b>78.7</b>	<b>78.4</b>	<b>101.6</b>
<b>EPRA Earnings per share, €</b>	<b>0.10</b>	<b>0.09</b>	<b>0.28</b>	<b>0.28</b>	<b>0.36</b>
<i>Company adjustments:</i>					
<i>(a) Deferred taxes on operating result</i>	1.7	1.9	3.8	3.7	7.1
<i>Adjusted EPRA Earnings</i>	29.1	28.6	82.5	82.2	108.7
<i>Adjusted Earnings per share, €</i>	0.10	0.10	0.29	0.29	0.38

## Investment Properties M€

	30.9.2015	30.9.2014	31.12.2014
<i>Fair value of investment properties, beginning of period</i>	3,142.1	3,253.3	3,253.3
<i>Acquisition of investment properties</i>	0.0	65.0	65.0
<i>Other capital expenditure on investment properties</i>	67.3	40.6	64.0
<i>Disposals of investment properties</i>	-57.8	-231.5	-236.6
<i>Reclassifications from trading properties</i>	0.0	0.0	0.0
<i>Capitalised borrowing costs, increase in period</i>	0.5	0.2	0.3
<i>Valuation gains/losses on fair value assessment</i>	12.9	-5.3	-3.9
<i>Investment properties reclassified as held for sale</i>	-3.6	0.0	0.0
<i>Fair value of investment properties, end of period</i>	3,161.4	3,122.3	3,142.1
<i>Investment properties held for sale</i>	3.6	0.0	0.0

Net operating income from all of Sponda's property assets totalled EUR 124.4 (135.6) million in January–September 2015. Of this total, office premises accounted for 66%, shopping centres for 21%, logistics premises for 5% and the Russia unit for 8%. On 30 June 2015, Sponda had a total of 165 leasable properties, with an aggregate leasable area of approximately 1.2 million m<sup>2</sup>. Of this total, approximately 63% is office premises, 13% shopping centres and 21% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

At the end of September 2015, the fair value of Sponda's investment properties was assessed internally for both Finland and Russia. The change in fair value of the investment properties in January–September was EUR 12.9 (-1.8) million and in July–September alone EUR 0.5 (0.1) million. The value of Sponda's properties in Finland developed favourably, particularly for properties in Helsinki's central business district, primarily due to an increase

in market rents. Positive value changes were also recognised for property development projects. The negative change in the fair value of properties in Russia was attributable to exchange rate fluctuations. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

### The Group's most significant investment commitments

The construction of the Ratina shopping centre in Tampere began in April 2015 with excavation work on the new Valo-Ratina building, and the shopping centre is estimated to be completed in spring 2018. The complex comprises a total of approximately 53,000 m<sup>2</sup> of retail and service premises for more than 150 businesses. The project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 44.7 million invested to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's pre-let rate is approximately 30%.

Sponda is constructing a three-building office complex in Ilmala, Helsinki for use by Sweco. The project is expected to be completed in December 2015. The project's investment size is approximately EUR 57 million and the office complex is fully pre-let.

### Property, plant and equipment M€

	30.9.2015	30.9.2014	31.12.2014
<i>Carrying amount, beginning of period</i>	13.2	12.5	12.5
<i>Increases</i>	0.1	0.5	0.9
<i>Disposals</i>	-	-	-
<i>Depreciation for the period</i>	-0.1	-0.2	-0.2
<i>Carrying amount, end of period</i>	13.1	12.9	13.2

### Trading properties M€

	30.9.2015	30.9.2014	31.12.2014
<i>Carrying amount, beginning of period</i>	7.8	7.8	7.8
<i>Disposals and other changes</i>	-0.1	0.0	0.0
<i>Increases</i>	-	-	-
<i>Reclassifications to investment properties</i>	-	-	-
<i>Valuation changes</i>	-	-	-
<i>Carrying amount, end of period</i>	7.7	7.8	7.8

### Collateral and contingent liabilities

<i>Collateral and commitments given by the Group</i>	30.9.2015	30.9.2014	31.12.2014
<b>M€</b>			
<i>Loans from financial institutions, covered by collateral</i>	179.1	179.9	179.7
<i>Mortgages</i>	312.1	312.1	312.1

Carrying amount of pledged shares	20.0	19.5	19.6
Total collateral	332.0	331.6	331.7
<b>Lease and other liabilities</b>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>31.12.2014</b>
<b>M€</b>			
Lease liabilities	102.1	127.0	126.0
Mortgages	24.2	3.7	3.7
Guarantees and deposit guarantees	2.3	2.6	2.8
Investment commitments to real estate funds	6.6	9.3	9.3
<b>Interest derivatives</b>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>31.12.2014</b>
<b>M€</b>			
Swap contracts, notional value	655.0	615.0	655.0
Swap contracts, fair value	-37.3	-42.6	-42.6
Eurobasis swaps, notional value	150.0	150.0	150.0
Eurobasis swaps, fair value	-0.3	-0.4	-0.5
Cap options purchased, notional value	513.3	554.2	593.9
Cap options purchased, fair value	1.0	1.0	1.0
<b>Currency derivatives</b>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>31.12.2014</b>
<b>M€</b>			
Currency options, bought, notional value	6.9	8.7	8.7
Currency options, bought, fair value	0.0	0.0	0.0
Currency options, put, notional value	-	8.7	4.6
Currency options, put, fair value	-	-0.2	0.0
<b>Interest rate and currency swaps</b>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>31.12.2014</b>
<b>M€</b>			
Interest rate and currency swaps, notional value*	72.4	187.4	187.4
Interest rate and currency swaps, fair value*	-3.2	0.4	-4.7

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

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

### Related party transactions

The following related party transactions were carried out:

<i>Management employee benefits, M€</i>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>31.12.2014</b>
<i>Salaries and other short-term employee benefits</i>	1.2	1.5	1.9
<i>Share-based payments</i>	0.7	0.6	0.9
<i>Total</i>	1.9	2.2	2.8

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

<i>M€</i>	<b>Sales</b>	<b>Purchases</b>	<b>Receivables</b>	<b>Liabilities</b>
<i>Certeum Oy</i>	0.1	-	0.1	0.0
<i>Total</i>	0.1	-	0.1	0.0

### Formulas for the key indicators

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

Weighted average number of shares outstanding during the period

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