Interim Report *1.1.–31.3.2012*

sponda

Sponda Plc's interim report January-March 2012

Sponda Plc's total revenue increased by nearly 13% compared to the first quarter of 2011, reaching EUR 66.0 million (31 March 2011: EUR 58.6 million). Net operating income after property maintenance costs and direct costs for funds increased by 16% and totalled EUR 46.1 (39.6) million for the period. Sponda's operating profit was EUR 43.6 (37.4) million. The economic occupancy rate increased by 0.2 percentage points from the end of the year to 88.4% (88.2%).

Result of operations and financial position 1 January – 31 March 2012 (compared with 1 January – 31 March 2011)

- Total revenue was EUR 66.0 (58.6) million.
- Net operating income was EUR 46.1 (39.6) million.
- Operating profit was EUR 43.6 (37.4) million. The operating profit includes a fair value change of EUR 2.8 (3.1) million.
- Cash flow from operations per share was EUR 0.09 (0.07).
- The fair value of the investment properties amounted to EUR 3,177.4 (2,916.0) million.
- Net assets per share totalled EUR 3.98 (3.82).
- The economic occupancy rate was 88.4% (88.2%).
- The future outlook remains unchanged with regard to net operating income, but estimates concerning the development of the economic occupancy rate are adjusted from the previous report.

Key figures

	1-3/2012	1-3/2011	1-12/2011
Total revenue, M€	**66.0**	58.6	248.2
Net operating income, M€	**46.1**	39.6	179.4
Operating profit, M€	**43.6**	37.4	209.6
Earnings per share, €	**0.07**	0.06	0.39
Cash flow from operations per share, €	**0.09**	0.07	0.37
Net assets per share, €	**3.98**	3.82	4.06
Equity ratio, %	**37**	38	38
Interest cover ratio	**2.6**	3.0	2.7

Key figures according to EPRA Best Practices Recommendations

	1-3/2012	1-3/2011	1-12/2011
EPRA Earnings, M€	**18.8**	17.2	75.4
EPRA Earnings per share, €	**0.07**	0.06	0.27
EPRA NAV/share, €	**4.76**	4.56	4.84
EPRA Net Initial Yield (NIY), %	**6.58**	6.58	6.39
EPRA "topped-up" NIY, %	**6.59**	6.59	6.40

President and CEO Kari Inkinen

Development in the first quarter of 2012 was positive, particularly in terms of the occupancy rate of Sponda's properties. I am especially pleased that the demand for logistics properties has picked up despite statistics indicating that Finnish exports have yet to begin increasing after the economic downturn. In response to our success in letting operations and the improved prospects in letting business, we have changed Sponda's future outlook to reflect the more positive expectations regarding occupancy rates.

Both of Sponda's active property development projects, Citycenter and the office property in Ruoholahti, are progressing according to plan. Sponda does not currently have other major development projects underway. Ratina shopping centre project is pending a decision. We still expect the project to begin before the end of the year.

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 earlier estimate of vacancy rates increasing slightly in 2012 has been adjusted upwards in response to the success in letting operations and the improved prospects for the remainder of the year.

The comparable net operating income (excluding any sales of properties) of 2012 is expected to increase moderately compared to 2011. This expected increase is based on the purchases of properties and the completed property development projects in 2011.

Business conditions - Finland

The prevailing uncertainty is reflected in the considerable range of variation in forecasts of economic growth for 2012 (-1.5% and 1.9%) Finland's GDP growth in 2011 was approximately 2.9% and the Ministry of Finance forecasts 0.8% growth for 2012. Economic growth in 2012 depends largely on private consumption. The export situation continues to be problematic, particularly as economic growth is slowing down in the key export markets of Sweden and Germany.

Property markets still remain cautious. Activity in property transactions was only moderate in the first quarter, at EUR 0.37 billion, but the volume still exceeds the corresponding figure of EUR 0.19 billion for 2011. In the small number of transactions carried out, the prices have been high. There is still demand for high quality properties. Banks' willingness to lend has diminished and financing is available to increasingly fewer actors on the market. Nevertheless, the transaction market has every chance of picking up as there are quality properties on sale. The availability of financing is a key factor in the reinvigoration of the markets.

Demand for rental premises has not changed much in the early part of the year. Office properties in central locations, and smaller units in particular, are still in demand. Vacancy rates for office properties in the Helsinki metropolitan area declined in 2011. The supply of premises will increase as new properties are completed, which may push the vacancy rates for office properties up.

Business conditions – Russia

The Bank of Finland estimates that the Russian GDP grew by 4.3% in 2011. The forecast for 2012 has been scaled back slightly to 3.7%. The reasons for this adjustment include an expected fall in private consumption and investments in 2012.

Economic growth has propelled property markets toward positive development, with a record-setting year in 2011. The total volume of property transactions was EUR 5-6 billion.

The decrease in the vacancy rate of office premises is expected to continue in Moscow in 2012, as the economy will grow and the construction of new properties will be slower than the rise in demand. There are considerable regional variations in vacancy rates. The vacancy rate for Class A office properties is estimated to be approximately 13%. There is a lack of office premises, particularly good Class A premises, which has resulted in rising rental levels.

The office properties being built at the moment will be completed in 2012-2013, after which there is no significant construction of new buildings planned in central Moscow. In the future, construction projects will mainly be carried out outside ring road 3. Developers have also experienced problems with the availability of financing, which adds to the problems in the construction of new properties.

In St. Petersburg, market changes have been moderate and no significant rises in rents have been observed yet. Rents are less likely to increase than in Moscow, as demand is lower and there is a relatively large volume of new properties being introduced to the market in the next few years.

Operations and property assets 1 January - 31 March 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 in four business units: Investment Properties, Property Development, Russia, and Real Estate Funds. The Investment Properties unit is divided into three segments: Office and Retail Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Real Estate Funds.

Net operating income from all of Sponda’s property assets totalled EUR 46.1 (39.6) million in January-March 2012. Of this total, office and retail premises accounted for 52%, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 March 2012, Sponda had a total of 200 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 51% is office and retail premises, 11% shopping centres and 35% 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 March 2012, the fair value of Sponda’s properties was assessed internally for both Finland and Russia. The change in the fair value of the investment properties was EUR 0.9 (1.7) million. The positive change in the value in Finland was mainly due to successful renting and changes in market rents. 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€	**1-3/12**	1-3/11	1-12/11
Changes in yield requirements (Finland)	**0.0**	6.9	16.2
Changes in yield requirements (Russia)	**0.0**	0.0	17.5
Development gains on property development projects	**-1.2**	4.9	8.2
Modernisation investments	**-6.8**	-11.9	-50.6
Change in market rent and maintenance costs (Finland)	**8.2**	4.1	44.7
Change in market rent and maintenance costs (Russia)	**0.6**	2.2	2.7
Change in currency exchange rates	**0.1**	-4.5	0.4
Investment properties, total	**0.9**	1.7	39.0
Real Estate Funds	**0.0**	0.0	-4.4
Realised shares of profit from real estate funds	**1.9**	1.4	5.0
Group, total	**2.8**	3.1	39.6

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

Investment properties, total 1 January - 31 March 2012 M€	Total	Office and retail	Shopping centres	Logis-tics	Property develop ment	Russia
Operating income	64.0	35.2	10.8	11.2	0.1	6.7
Maintenance expenses	-19.6	-11.0	-2.7	-3.8	-0.4	-1.7
Net operating income	44.4	24.1	8.1	7.4	-0.3	5.1
Investment properties at 1 January 2012	3,165.7	1,644.0	586.1	449.0	262.0	224.6
Capitalised interest	0.1	0.0	0.0	0.0	0.1	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Investments	12.4	8.3	0.6	0.2	3.3	0.0
Transfers between segments	0.0	0.0	0.0	0.0	0.0	0.0
Sales	-1.8	-1.1	-0.6	0.0	0.0	0.0
Change in fair value, %	0.9	2.3	-0.4	-0.4	-1.2	0.7
Investment properties at 31 March 2012	**3,177.4**	**1,653.5**	**585.7**	**448.7**	**264.2**	**225.3**
Change in fair value, %	0.0	0.1	-0.1	-0.1	-0.5	0.3
Weighted average yield requirement %	6.9	6.5	5.9	8.0		9.8
Weighted average yield requirement %, Finland	6.7					

Rental operations

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

	Number (agreements)	**Area (m²)**	**EUR/m²/month**
Came into effect during the period	102	22,040	13.50
Expired during the period	96	20,506	16.17
Renewed during the period	56	74,907	15.29

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

Sponda calculates the development in rental levels 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 9.7% for office and retail premises, -8.2% for shopping centres, 4.0% for logistics premises and 5.4% for properties in Russia. The negative growth rate for shopping centres is due 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. Also in the Shopping Centres segment, one tenant moved to a different property owned by Sponda. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

Type of property	**31 Mar 12**	31 Dec 11	30 Sep 11	30 Jun 11	31 Mar 11
Office and retail, %	**88.7**	88.4	88.6	88.5	87.7
Shopping centres, %	**93.9**	94.1	93.5	94.3	97.4
Logistics, %	**78.1**	78.1	78.3	78.3	77.8
Russia, %	**98.7**	98.7	98.8	98.3	98.3
Total property portfolio, %	**88.4**	88.2	88.2	88.2	88.2

Geographical area	**31 Mar 12**	31 Dec 11	30 Sep 11	30 Jun 11	31 Mar 11
Helsinki Business District, %	**87.9**	85.6	86.8	86.7	88.0
Helsinki Metropolitan Area, %	**85.6**	86.2	86.0	86.0	85.3
Turku, Tampere, Oulu, %	**94.3**	96.1	95.3	95.7	95.7
Russia, %	**98.7**	98.7	98.8	98.3	98.3
Total property portfolio, %	**88.4**	88.2	88.2	88.2	88.2

Total cash flow from lease agreements at the end of the period under review was EUR 1,265.0 (1,224.5) million. Sponda had 2,152 clients and altogether 3,286 lease agreements. The company's largest tenants were the public sector (11.8% of rental income), Kesko Group (4.2% of rental income), HOK-Elanto (3.7% of rental income) and Sampo Bank Plc (3.6% of rental income). Sponda's 10 largest tenants generate approximately 31% of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	**% of net rental income**
Professional, scientific and technical	5.8%
Energy	0.5%
Public sector	11.8%
Wholesale/retail	26.8%
Education	1.1%
Logistics/Transport	6.2%
Hotel and catering business	4.8%
Media/publishing	1.6%
Other services	12.2%
Banking/Investment	10.9%
Construction	2.0%
Industry/Manufacturing	7.0%
Healthcare	3.6%

Telecommunications	5.5%
Other	0.2%

The average length of all lease agreements was 4.9 (5.1) years. The average length of lease agreements was 4.9 (5.4) years for office and retail properties, 6.7 (6.7) for shopping centres, 4.3 (4.5) years for logistics properties and 2.4 (2.6) years for properties in Russia. The lease agreements for Sponda's property portfolio expire as follows:

	% of rental income 31 Mar 2012	% of rental income 31 Mar 2011
within 1 year	15.1	13.8
within 2 years	11.5	10.3
within 3 years	7.9	11.2
within 4 years	7.0	6.4
within 5 years	8.3	6.4
within 6 years	8.1	5.4
after more than 6 years	28.2	32.9
Valid indefinitely	13.8	13.6

Investments and divestments

In January-March 2012, Sponda sold properties for a total of EUR 2.6 million and recorded a profit of EUR 0.9 million on the sales transactions. The balance sheet value of the sold properties was EUR 1.8 million. No properties were purchased during the period.

Investments in property maintenance totalled EUR 6.8 million. The company invested EUR 5.6 million in property development. 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

	1-3/12	1-3/11	1-12/11
Total revenue, M€	**35.2**	30.4	132.8
Net operating income, M€	**24.1**	20.2	95.6
Operating profit, M€	**24.8**	21.7	99.2
EPRA Net Initial Yield (NIY), %	**6.1**		6.0
Economic occupancy rate, %	**88.7**	87.7	88.4
Fair value of properties, M€	**1,653.5**	1,478.6	1,644.0
Change in fair value from beginning of year, M€	**2.3**	3.1	10.5
Leasable area, m²	**780,000**	738,500	780,500

Sponda sold office and retail properties for a total of EUR 1.5 million during the period and recorded a profit of EUR 0.4 million on the sales transactions. The balance sheet value of the sold properties was EUR 1.1 million. No properties were purchased during the period. Investments in property maintenance totalled EUR 6.0 million.

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

	% of rental income 31 Mar 2012	% of rental income 31 Mar 2011
within 1 year	12.5	8.8
within 2 years	11.1	11.1
within 3 years	10.5	12.0
within 4 years	8.4	8.9
within 5 years	6.5	6.8
within 6 years	10.0	3.7
after more than 6 years	24.3	32.5
Valid indefinitely	16.7	16.2

Shopping centres

	1-3/12	1-3/11	1-12/11
Total revenue, M€	**10.8**	10.2	40.4
Net operating income, M€	**8.1**	7.9	31.7
Operating profit, M€	**7.8**	3.3	35.4
EPRA Net Initial Yield (NIY), %	**6.1**		6.7
Economic occupancy rate, %	**93.9**	97.4	94.1
Fair value of properties, M€	**585.7**	553.7	586.1
Change in fair value from beginning of year, M€	**-0.4**	-4.2	5.3
Leasable area, m²	**157,500**	141,000	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. 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 0.6 million.

The lease agreements for shopping centres expire as follows:

	% of rental income 31 Mar 2012	% of rental income 31 Mar 2011
within 1 year	8.0	12.1
within 2 years	4.6	3.2
within 3 years	3.1	5.0
within 4 years	3.9	1.2
within 5 years	13.8	3.9
within 6 years	6.1	7.3
after more than 6 years	55.7	58.1
Valid indefinitely	4.8	9.4

Logistics properties

	1-3/12	1-3/11	1-12/11
Total revenue, M€	**11.2**	9.9	42.0
Net operating income, M€	**7,4**	5.9	28.6
Operating profit, M€	**6.7**	10.7	35.6
EPRA Net Initial Yield (NIY), %	**6.6**		5.9
Economic occupancy rate, %	**78.1**	77.8	78.1
Fair value of properties, M€	**448.7**	441.9	449.0
Change in fair value from beginning of year, M€	**-0.4**	5.1	8.5
Leasable area, m²	**534,500**	536,500	534,500

No logistics properties were purchased or sold in the period under review. Investments in property maintenance in January-March 2012 totalled EUR 0.2 million.

The lease agreements for logistics properties expire as follows:

	% of rental income 31 Mar 2012	% of rental income 31 Mar 2011
within 1 year	16.6	13.3
within 2 years	15.0	10.8
within 3 years	4.9	14.7
within 4 years	3.3	3.9
within 5 years	5.3	6.0
within 6 years	3.6	4.0
after more than 6 years	30.2	28.6
Valid indefinitely	21.2	18.9

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 264.2 million at the end of March 2012. Of this total, EUR 90.3 million was in undeveloped land sites and EUR 161.8 million was tied up in property development projects in progress. At the end of March 2012, the Property Development unit had invested a total of EUR 3.3 million. 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**
Total investment, M€	134.0*)	23.5
Remaining investment to be made, M€	24.0	13.4
Capitalised interest expenses by 31 March 2012, M€	13.1	-
Time of completion	2012	April 2013

*) Figure does not include capitalised interest expenses.

Construction of the third and 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 has been increased to EUR 134 million due to additional work for tenants, partly already carried out and partly planned, as well as maintenance-type of investments for the property.

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 has begun and the project is scheduled for completion 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 begin work has not yet been made.

Russia

	1-3/12	1-3/11	1-12/11
Total revenue, M€	**6.7**	6.4	25.1
Net operating income, M€	**5.1**	4.8	18.9
Operating profit, M€	**5.0**	1.7	36.6
EPRA Net Initial Yield (NIY), %	**11.4**		9.8
Economic occupancy rate, %	**98.7**	98.3	98.7
Fair value of properties, M€	**225.3**	202.3	224.6
Change in fair value from beginning of year, M€	**0.7**	-2.4	20.4
Leasable area, m²	**46,500**	46,500	46,500

The change in the fair value of properties in Russia in the first quarter of 2012, totalling EUR 0.7 million, was due to changes in market rents during the early part of the year.

The typical length of a lease in Russia is 11 months. Sponda's lease agreements in Russia conform to this practice, with the exception of the Western Realty (Ducat II) property in Moscow and the OOO Adastra property in St Petersburg, where the leases are for longer periods than average. The average length of Sponda's lease agreements in Russia on 31 March 2012 was 2.4 (2.6) years, with lease agreements expiring as follows:

	% of rental income 31 Mar 2012	% of rental income 31 Mar 2011
within 1 year	39.1	39.1
within 2 years	19.6	15.8
within 3 years	6.0	11.0
within 4 years	10.3	5.8
within 5 years	14.5	8.7
within 6 years	8.5	12.6
after more than 6 years	2.1	7.0
Valid indefinitely	-	-

Real Estate Funds

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

	1-3/12	1-3/11	1-12/11
Total revenue, M€	**1.5**	1.6	6.4
Net operating income, M€	**1.2**	1.3	5.0
Operating profit, M€	**1.8**	1.3	-0.2

The fair values of the properties held by the real estate funds were not assessed by an external consultant at the end of the review period. The realised shares of profit from real estate funds totalled EUR 1.9 (1.4) million in the first 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 93.1 million on 31 March 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 March 2012, the value of the fund's property portfolio was EUR 182.0 million.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. The fund has a target size for its real estate investment of approximately EUR 200 million and the fair value of its property portfolio at the end of March 2012 was EUR 176.6 million.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 135 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

In September 2011 Sponda concluded an agreement with SRV, Ilmarinen, Etera and Onvest to establish Russian Invest, an investment company in Russia. This property investment company will invest in real estate development projects in Moscow and St. Petersburg. Investment decisions on projects had not been made by the end of March 2012.

Cash flow and financing

Sponda's net cash flow from operations in the period under review totalled EUR 31.6 (31 March 2011: 25.7) million. Net cash flow from investing activities was EUR -10.3 (-38.6) million and the net cash flow from financing activities was EUR -16.1 (4.7) million. Net financing costs for the period totalled EUR -14.0 (-12.6) million. Financial income and expenses include EUR 2.7 (1.8) million in unrealised change in the fair value of derivatives. Excluding the change in fair value, financial income and expenses totalled EUR -16.7 (-14.4) million. Interest expenses of EUR 0.1 (0.9) million were capitalised.

Sponda's equity ratio on 31 March 2012 was 37% (31 March 2011: 38%) and gearing was 139% (135%). If the amendment of the IAS 12 tax standard is adopted in the EU in its current form, its implementation will cause a positive change of approximately 1 percentage point on the Group's equity ratio. The amendment is presented in its entirety under "Accounting principles".

Interest-bearing debt amounted to EUR 1,787.0 (1,619.4) million and the average maturity of Sponda's loans was 2.8 (2.9) years. The average interest rate was 3.7% (3.8%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for

75% (87%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 1.9 (2.5) years. The interest cover ratio, which describes the company's solvency, was 2.6 (3.0).

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 31 March 2012 comprised EUR 735 million in syndicated loans, EUR 173 million in bonds, EUR 268 million in issued commercial papers, and EUR 611 million in loans from financial institutions. Sponda had EUR 450 million in unused credit limits. Sponda Group had mortgaged loans of EUR 140.4 million, or 4.1% of the consolidated balance sheet.

Number of employees

During the review period Sponda Group had, on average, 126 (119) employees, of whom 114 (107) worked for parent company Sponda Plc. On 31 March 2012, Sponda Group had altogether 123 (120) employees, of whom 111 (108) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the period totalled EUR -5.8 (-5.6) million.

Veli-Pekka Tanhuanpää (born 1967) was appointed Senior Vice President, Property Development, and became a member of the Executive Board in January 2012. Tanhuanpää has a Master of Science in Engineering degree in construction technology and he has previously worked in Sponda as Project Development Director.

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 decide on the earning criteria and on 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, altogether seven people. The Board may decide to include more key employees in the scheme. The incentive scheme is described in more detail in the company's stock exchange 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-March 2012 was EUR 3.21. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 3.50 and the lowest EUR 2.97. Turnover during the period totalled 21.4 million shares, or EUR 68.6 million. The closing price of the share on 31 March 2012 was EUR 3.09 and the market capitalisation of the company's share capital was EUR 874.7 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.

Sponda issued no flagging notices in January-March 2012.

On 31 March 2012 the company had altogether 9,307 shareholders and its ownership structure was as follows:

	Number of shares	Holding, %
Public entities	60,306,786	21.3
Nominee-registered	136,055,280	48.1
Financial and insurance institutions, total	10,316,004	3.6
Households	22,762,902	8.0
Private corporations, total	46,737,238	16.5
Non-profit organisations, total	4,173,420	1.5
Foreign owners, total	2,723,832	1.0
Total number of shares	283,075,462	100.0

Sponda Plc's Annual General Meeting

The Annual General Meeting of Sponda Plc was held in Helsinki on 20 March 2012. The meeting adopted the consolidated financial statements and the parent company's financial statements for the 2011 financial year and discharged the Board of Directors and the CEO from liability.

The AGM adopted the proposal of the Board to pay a dividend of EUR 0.16 per share for the 2011 financial year. The record date for the dividend payment was 23 March 2012 and the dividend was paid on 30 March 2012.

The number of the members of the Board of Directors was confirmed as six (6). The current members, Klaus Cawén, Tuula Entelä, Lauri Ratia, Arja Talma, Raimo Valo and Erkki Virtanen were re-elected to serve on the Board of Directors until the close of the next Annual General Meeting.

The AGM confirmed that the annual remuneration for the Chairman of the Board is EUR 60,000, for the Deputy Chairman EUR 36,000 and for ordinary members EUR 31,200. Of this annual remuneration, 40% is paid in Sponda Plc shares purchased on the market. The shares will be purchased within two weeks of the date of the publication of the interim report for January–March 2012. In addition, the AGM confirmed that an attendance allowance of EUR 600 is paid to all members of the Board of Directors for each meeting, including Board Committee meetings.

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, were appointed as the company's auditors to serve until the close of the next Annual General Meeting. It was decided that the auditors will be paid against invoice.

Authorisation for the Board of Directors to decide on purchasing the company's own shares

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the company's own shares using the company's unrestricted equity pursuant to the proposal of the Board of Directors. A maximum of 14,150,000 shares can be acquired in one or more tranches. The proposed maximum number corresponds to approximately 5% of all shares in the company. The shares shall be acquired in public trading, and as such this shall be a directed purchase, deviating from the pre-emptive rights of shareholders.

The authorisation is valid until the next Annual General Meeting. It replaces the authorisation granted by the AGM on 16 March 2011.

Authorising the Board to decide on a share issue and the granting of special rights entitling to shares

The AGM authorised the Board of Directors to decide on a share issue and on the granting of special rights entitling to shares, pursuant to Chapter 10(1) of the Companies Act, in accordance with the proposal of the Board. A share issue may be effected by offering new shares or by the transfer of treasury shares. Based on this authorisation, the Board of Directors may make a decision on a directed share issue in deviation from the shareholders' pre-emptive rights and on the granting of special rights subject to the conditions stipulated by the Companies Act.

Under the authorisation, a maximum of 28,300,000 shares can be issued.
The proposed maximum number corresponds to approximately 10% of all shares in the company.

The Board of Directors can act on this authorisation in one or several tranches. The Board of Directors can use the authorisation to finance or carry out corporate acquisitions, to strengthen the company's capitalisation, or for other purposes decided by the Board of Directors. The authorisation may not, however, be used for implementing incentive schemes for the company's management or key personnel.

The Board of Directors is authorised to decide on other conditions pertaining to the issuing of shares and special rights.

The authorisation is in force until the next Annual General Meeting. The authorisation replaces the one granted by the AGM on 16 March 2011 to decide on a share issue and on granting special rights entitling to shares.

Appointment of Nomination Board

The Annual General Meeting resolved, on the proposition of the company's largest shareholder Solidium Oy, to appoint a Nomination Board to prepare proposals for the next Annual General Meeting concerning the company's Board members and their remuneration.

The duties of the Nomination Board include:

a. the preparation of the proposal on the members of the Board of Directors to be presented to the General Meeting;
b. the preparation of the proposal on matters pertaining to the remuneration of the members of the Board of Directors to be presented to the General Meeting;
c. looking for prospective successors for the members of the Board of Directors; and
d. the presentation of the proposals on the members of the Board of Directors and matters pertaining to their remuneration to the General Meeting.

The three largest shareholders or their representatives shall be elected to the Nomination Board, and the Nomination Board shall also include the Chairman of the Board of Directors as an expert member. The three shareholders who are entered in the company's shareholders' register maintained by Euroclear Finland Oy on 1 October 2012 and whose portions of the votes produced by all the shares in the company according to the shareholders' register are the greatest shall have the right to appoint members representing shareholders. If a shareholder with an obligation to disclose certain changes in its holdings under the Securities Markets Act (a shareholder obligated to give a flagging notice) presents a demand regarding the matter to the company's Board of Directors on 28 September 2012 at the latest, the holdings of such a shareholder registered in several different funds or registers shall be aggregated when calculating the portion of votes. If a shareholder does not wish to exercise its right to appoint a member to the Nomination Board, the right shall be transferred to the next largest shareholder according to the shareholders' register who otherwise would not have the right to appoint a member.

The Nomination Board is convened by the Chairman of the Board of Directors, and the Nomination Board elects its chairman from amongst its members. The Nomination Board must give its proposal to the company's Board of Directors by 1 February before the Annual General Meeting, at the latest.

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.

Sponda 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.

The Sponda-owned Ducat II office property in central Moscow, which was built in 1997, was granted a Good-level BREEAM® In-Use environmental certificate. Ducat II is

Sponda's first certified property in Russia and only the second property in the entire country to be granted a Good-level BREEAM® In-Use environmental certificate.

In March 2012, Sponda Plc and WWF Finland announced a deeper partnership to promote the energy efficiency of properties and their environmentally responsible use. The partnership first began in 2010. The partnership was also expanded to cover services related to the WWF Green Office programme. The services offer benefits to Sponda's customer companies related to joining and operating in the Green Office network.

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 earlier estimate of vacancy rates increasing slightly in 2012 has been adjusted upwards in response to the success in letting operations and the improved prospects for the remainder of the year.

Comparable net operating income (excluding any sales of properties) in 2012 is expected to increase moderately compared to 2011. This expected increase is based on the purchases of properties and the completed property development projects in 2011.

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 shrinking of growth may affect the operations of Finnish companies and thereby increase vacancy rates of commercial 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.

4 May 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€

	1-3/2012	1-3/2011	1-12/2011
Total revenue			
Rental income and recoverables	**64.5**	57.0	241.5
Interest income from finance leasing agreements	**0.1**	0.1	0.3
Fund management fees	**1.5**	1.5	6.4
	66.0	58.6	248.2
Expenses			
Maintenance expenses	**-19.7**	-18.6	-67.5
Direct fund expenses	**-0.3**	-0.3	-1.3
	-20.0	-19.0	-68.8
Net operating income	**46.1**	39.6	179.4
Profit/loss on sales of investment properties	**0.9**	0.2	7.2
Valuation gains/losses on fair value assessment	**2.8**	3.1	39.6
Profit/loss on sales of trading properties	**0.0**	0.0	0.7
Change in value of trading property	**0.0**	0.0	-1.8
Sales and marketing expenses	**-0.4**	-0.3	-1.6
Administrative expenses	**-5.4**	-5.3	-21.5
Share of result of associated companies	**0.0**	-0.1	-0.1
Other operating income	**0.1**	0.1	8.2
Other operating expense	**-0.4**	0.2	-0.6
Operating profit	**43.6**	37.4	209.6
Financial income	**10.4**	2.6	14.0
Financial expenses	**-24.4**	-15.2	-89.6
Total amount of financial income and expenses	**-14.0**	-12.6	-75.6
Profit before income tax	**29.6**	24.8	134.0
Income taxes for current and previous fiscal years	**-0.7**	-0.8	-3.1
Deferred taxes	**-6.2**	-5.0	-25.1
Change in tax base of deferred taxes	**0.0**	0.0	12.0
Income taxes, total	**-6.9**	-5.8	-16.2
Profit/loss for the period	**22.7**	19.1	117.8
Attributable to:			
Equity holders of the parent company	**22.7**	19.1	117.8
Non-controlling interest	**0.0**	0.0	0.0
Earnings per share based on profit attributable to equity holders of the parent company			
Basic and diluted, €	**0.07**	0.06	0.39

Consolidated statement of comprehensive income
M€

	1-3/2012	1-3/2011	1-12/2011
Profit/loss for the period	**22.7**	19.1	117.8
Other comprehensive income			
Net loss/profit from hedging cash flow	**-0.6**	15.9	-11.9
Translation differences	**0.2**	-0.1	0.0
Taxes on comprehensive income	**0.4**	-4.1	2.4
Other comprehensive income for period after taxes	**0.0**	11.7	-9.5
Comprehensive profit/loss for period	**22.7**	30.8	108.3
Attributable to:			
Equity holders of the parent company	**22.7**	30.8	108.3
Non-controlling interest	**0.0**	0.0	0.0

Consolidated balance sheet
M€

	31 Mar 2012	31 Mar 2011	31 Dec 2011
ASSETS			
Fixed assets and other non-current assets			
Investment properties	**3,177.4**	2,916.0	3,165.7
Investments in real estate funds	**65.5**	59.8	65.5
Property, plant and equipment	**12.9**	13.5	13.1
Goodwill	**14.5**	14.5	14.5
Other intangible assets	**0.7**	0.5	0.6
Finance lease receivables	**2.7**	2.7	2.7
Investments in associated companies	**0.0**	0.4	0.0
Long-term receivables	**7.6**	10.2	5.2
Deferred tax assets	**38.9**	30.0	43.8
Fixed assets and other non-current assets total	**3,320.3**	3,047.7	3,311.1
Current assets			
Trading properties	**7.9**	10.3	7.9
Trade and other receivables	**22.2**	24.7	41.9
Funds	**32.1**	18.9	26.4
Current assets total	**62.2**	53.9	76.1
Total funds	**3,382.5**	3,101.6	3,387.3

SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity			
holders of parent company			
Share capital	**111.0**	111.0	111.0
Share issue premium	**159.5**	159.5	159.5
Translation differences	**1.0**	0.6	0.5
Fair value reserve	**-30.5**	-8.8	-30.0
Revaluation reserve	**0.6**	0.6	0.6
Reserve for invested unrestricted equity	**433.8**	412.0	433.8
Other equity fund	**129.0**	129.0	129.0
Retained earnings	**452.4**	384.3	475.0
	1,256.8	1,188.2	1,279.4
Non-controlling interests	**1.7**	1.7	1.7
Shareholders' equity total	**1,258.5**	1,189.9	1,281.1
Liabilities			
Long-term liabilities			
Interest-bearing loans and borrowings	**1,307.0**	1,345.8	1,380.8
Other liabilities	**39.0**	10.5	39.7
Deferred tax liabilities	**236.4**	223.2	235.7
Long-term liabilities total	**1,582.5**	1,579.5	1,656.2
Current liabilities			
Short-term interest-bearing liabilities	**480.0**	273.5	374.1
Trade and other payables	**61.5**	58.7	75.9
Current liabilities total	**541.5**	332.2	449.9
Total borrowings	**2,124.0**	1,911.7	2,106.2
Total equity and liabilities	**3,382.5**	3,101.6	3,387.3

Consolidated Cash Flow Statement
M€

	1-3/2012	1-3/2011	1-12/2011
Cash flow from operating activities			
Net profit for the financial year	**22.7**	19.1	117.8
Adjustments	**19.2**	16.7	44.5
Change in net working capital	**4.5**	2.2	6.7
Interest received	**0.2**	0.1	1.4
Interest paid	**-15.5**	-12.9	-66.8
Other financial items	**1.4**	-0.4	-3.0
Dividends received	**0.0**	0.0	0.0
Dividends received from associated companies	**-**	1.5	1.5
Taxes received/paid	**-0.9**	-0.6	-3.0
Net cash provided by operating activities	**31.6**	25.7	99.2
Cash flow from investing activities			
Acquisition of investment properties	**-13.7**	-40.8	-226.6
Capital expenditure on real estate funds	**-**	-	-10.1
Acquisition of tangible and intangible assets	**-0.2**	-0.1	-0.3
Proceeds from sale of investment properties	**3.5**	2.3	5.9
Proceeds from sale of associated companies	**-**	-	8.2
Repayments of loan receivables	**-**	-	0.0
Net cash flow from investing activities	**-10.3**	-38.6	-222.9
Cash flow from financing activities			
Non-current loans, raised	**-**	-	757.4
Non-current loans, repayments	**-19.1**	-35.2	-782.1
Current loans, raised/repayments	**48.3**	81.5	201.3
Interest paid on equity bond	**-**	-	-11.4
Dividends paid	**-45.3**	-41.6	-41.6
Net cash used in financing activities	**-16.1**	4.7	123.6
Net increase in cash and cash equivalents	**5.1**	-8.3	-0.1
Cash and cash equivalents, beginning of period	**26.4**	27.0	27.0
Impact of changes in exchange rates	**0.6**	0.2	-0.4
Cash and cash equivalents, end of period	**32,1**	18.9	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
Equity at 31 Dec 2010	111.0	159.5	0.6	-20.6	0.6	412.0	129.0	407.0	1,199.1	1.7	1,200.8
Comprehensive income for period			0.0	11.8				19.1	30.8	0.0	30.8
Distribution of dividends								-41.6	-41.6		-41.6
Amendment								-0.1	-0.1		-0.1
Equity at 31 March 2011	111.0	159.5	0.6	-8.8	0.6	412.0	129.0	384.3	1,188.2	1.7	1,189.9

	Share capital	Share issue premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Equity at 31 Dec 2011	111.0	159.5	0.5	-30.0	0.6	433.8	129.0	475.0	1,279.4	1.7	1,281.1
Comprehensive income for period			0.5	-0.5				22.7	22.7	0.0	22.7
Distribution of dividends								-45.3	-45.3		-45.3
Amendment								0.0	0.0		0.0
Equity at 31 Mar 2012	111.0	159.5	1.0	-30.5	0.6	433.8	129.0	452.4	1,256.8	1.7	1,258.5

Notes to the interim consolidated financial statements

Accounting principles

This report is 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 2011.

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.

New or amended IFRS standards or interpretations

IAS 12 Income Taxes (amendment, effective for financial periods beginning on or after 1 January 2012). IAS 12 previously required an entity to evaluate what proportion of the carrying amount of an asset recognised at fair value on the balance sheet will be recovered through use (e.g. rental revenue) and what proportion through sale. Under the amendment, recovery of the carrying amount of investment properties valued at fair value will normally happen through sale. If the amendment becomes applicable in the EU in its current form, its implementation will cause a significant effect on the deferred taxes recognised for investment properties in Sponda Group's consolidated financial statements. The amendment has not yet been approved for application in the EU.

Income statement by segment
M€

Income statement information 1-3/2012	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**35.2**	**10.8**	**11.2**	**0.7**	**6.7**	**1.5**	**0.0**	**66.0**
Maintenance expenses and direct fund expenses	-11.0	-2.7	-3.8	-0.5	-1.7	-0.3	0.0	-20.0
Net operating income	**24.1**	**8.1**	**7.4**	**0.2**	**5.1**	**1.2**	**0.0**	**46.1**
Profit on sales of investment properties	0.4	0.5	0.0	0.0	0.0	0.0	0.0	0.9
Loss on sales of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in value of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses	2.3	-0.4	-0.4	-1.2	0.7	1.9	0.0	2.8
Administration and marketing	-2.0	-0.4	-0.4	-0.9	-0.8	-1.3	0.0	-5.8
Other operating income and expenses	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.4
Operating profit	**24.8**	**7.8**	**6.7**	**-2.3**	**5.0**	**1.8**	**0.0**	**43.6**
Investments	8.3	0.6	0.2	3.3	0.0	0.0	0.2	12.6
Segment assets	1,656.2	585.7	448.7	278.7	225.3	65.5	122.4	3,382.5
Economic Occupancy Rate	88.7	93.9	78.1		98.7			88.4

Income statement information 1-3/2011	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**30.4**	**10.2**	**9.9**	**0.1**	**6.4**	**1.6**	**0.0**	**58.6**
Maintenance expenses and direct fund expenses	-10.1	-2.3	-4.0	-0.5	-1.7	-0.3	0.0	-19.0
Net operating income	**20.2**	**7.9**	**5.9**	**-0.4**	**4.8**	**1.3**	**0.0**	**39.6**
Profit on sale of investment properties	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Loss on sale of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on sale of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in value of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses	3.1	-4.2	5.1	0.0	-2.4	1.4	0.0	3.1
Administration and marketing	-1.8	-0.4	-0.4	-1.0	-0.7	-1.4	0.0	-5.7
Other operating income and expenses	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.2
Operating profit	**21.7**	**3.3**	**10.7**	**-1.2**	**1.7**	**1.3**	**0.0**	**37.4**
Investments	18.5	0.8	14.2	11.1	0.5	0.0	0.0	45.1
Segment assets	1,481.3	553.7	441.9	254.0	202.3	59.8	108.6	3,101.6
Economic Occupancy Rate	87.7	97.4	77.8		98.3			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€	**1-3/2012**	1-3/2011	1-12/2011
Direct result			
Net operating income	**46.1**	39.6	179.4
Realised shares of profit from real estate funds	**1.9**	1.4	5.0
Marketing and administrative expenses	**-5.8**	-5.7	-23.1
Other income and expenses for business operations	**-0.4**	0.4	0.0
Financial income and expenses	**-17.5**	-13.4	-69.0
Taxes based on direct result	**-0.7**	-0.8	-3.0

Deferred taxes based on direct result	**-4.9**	-4.3	-14.0
Non-controlling holding share of direct result	**0.0**	0.0	0.0
Total	**18.8**	17.2	75.4
Indirect result			
Profit/loss on sales of investment properties	**0.9**	0.2	7.2
Valuation gains/losses on fair value assessment	**0.9**	1.7	34.6
Profit/loss on sales of trading properties	**0.0**	0.0	0.7
Change in value of trading property	**0.0**	0.0	-1.8
Marketing and administrative expenses	**0.0**	0.0	0.0
Other income and expenses for business operations	**0.0**	-0.3	7.5
Financial income and expenses	**3.4**	0.9	-6.6
Taxes based on indirect result	**0.0**	0.0	-0.2
Deferred taxes based on indirect result	**-1.3**	-0.6	-11.1
Change in tax base of deferred taxes	**0.0**	0.0	12.0
Non-controlling holding share of indirect result	**0.0**	0.0	0.0
Total	**4.0**	1.8	42.4

Quarterly key figures

	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Total revenue	**66.0**	64.9	63.1	61.6	58.6
Net operating income	**46.1**	47.6	47.3	44.9	39.6
Valuation gains/losses on fair value assessment	**2.8**	6.8	4.6	25.2	3.1
Operating profit	**43.6**	55.1	47.1	70.0	37.4
Financial income and expenses	**-14.0**	-20.4	-22.9	-19.8	-12.6
Profit/loss for the period	**22.7**	40.7	18.6	39.5	19.1
Investment properties	**3,177.4**	3,165.7	3,128.8	3,098.5	2,916.0
Shareholders' equity	**1,258.5**	1,281.1	1,243.0	1,240.2	1,189.9
Interest-bearing liabilities	**1,787.0**	1,754.8	1,740.6	1,740.6	1,619.4
Earnings per share, €	**0.07**	0,14	0.06	0.13	0.06
Cash flow from operations per share, €	**0.09**	0.10	0.09	0.11	0.07
EPRA NAV	**4.76**	4.84	4.68	4.66	4.56
Economic occupancy rate, %	**88.4**	88.2	88.2	88.2	88.2

Investment properties
M€

	31 Mar 2012	31 Mar 2011	31 Dec 2011
Fair value of investment properties, start of period	**3,165.7**	2,870.6	2,870.6
Purchase of investment properties	**0.0**	10.0	150.4
Other capital expenditure on investment properties	**12.4**	35.0	109.1
Disposal of investment properties	**-1.8**	-2.2	-7.0
Transfers from trading properties	**0.0**	0.0	0.0
Capitalised equity expenses, increase in period	**0.1**	0.9	3.6
Valuation gains/losses on fair value assessment	**0.9**	1.7	39.0
Fair value of investment properties, end of period	**3,177.4**	2,916.0	3,165.7

Net operating income from all of Sponda's property assets totalled EUR 46.1 (39.6) million in January-March 2012. Of this total, office and retail premises accounted for 52%, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 March 2012, Sponda had a total of 200 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 51% is office and retail premises, 11% shopping centres and 35% 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 March 2012, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in the fair value of the investment properties was EUR 0.9 (1.7) million. The positive change in the value in Finland was mainly due to successful renting and changes in market rents. 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 final phase of construction in the Citycenter project, comprising retail space on the Keskuskatu side, progressed according to plan. The Citycenter refurbishment project is expected to be largely completed in 2012. The total investment in the project has been increased to EUR 134 million due to additional work for tenants, partly already carried out and partly planned, as well as investments in renovating the property.

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 has begun and the project is scheduled for completion 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 begin work has not yet been made.

Property, plant and equipment
M€

	31 Mar 2012	31 Mar 2011	31 Dec 2011
Carrying amount, start of period	**13.1**	13.6	13.6
Increases	**0.0**	0.0	0.1
Disposals	**0.0**	0.0	0.0
Depreciation for the period	**-0.2**	-0.2	-0.7
Carrying amount, end of period	**12.9**	13.5	13.1

Trading properties on 31 March 2012			
M€	**31 Mar 2012**	31 Mar 2011	31 Dec 2011
Carrying amount, start of period	**7.9**	10.3	10.3
Disposals and other changes	**0.0**	0.0	-0.6
Increases	**-**	-	-
Reclassifications to investment properties	**0.0**	0.0	0.0
Valuation changes	**-**	-	-1.8
Carrying amount, end of period	**7.9**	10.3	7.9

Contingent liabilities

Collateral and commitments given by the Group	**31 Mar 2012**	**31 Mar 2011**	**31 Dec 2011**
M€			
Loans from financial institutions. covered by collateral	**140.1**	141.0	140.4
Mortgages	**269.2**	269.2	269.2
Book value of pledged shares	**19.4**	18.6	19.2
Guarantees	**-**	-	-
Total collateral	**288.5**	287.8	288.3

Lease and other liabilities	**31 Mar 2012**	**31 Mar 2011**	**31 Dec 2011**
M€			
Lease liabilities	**96.9**	100.1	97.7
Mortgages	**3.9**	3.9	3.9
Guarantees	**15.7**	15.7	15.7
Investment commitments to real estate funds	**28.6**	12.9	28.6

Interest derivatives	**31 Mar 2012**	**31 Mar 2011**	**31 Dec 2011**
M€			
Swap contracts, notional value	**972.2**	932.8	972.4
Swap contracts, fair value	**-40.4**	-11.8	-39.5
Cap options purchased, notional value	**565.0**	575.0	565.0
Cap options purchased, fair value	**0.8**	8.9	1.6
Forward rate agreements, notional value	**-**	-	-
Forward rate agreements, fair value	**-**	-	-

Currency derivatives	**31 Mar 2012**	**31 Mar 2011**	**31 Dec 2011**
M€			
Currency forwards, notional value	**-**	-	-
Currency forwards, fair value	**-**	-	-
Currency options, bought, notional value	**7.1**	5.5	7.0
Currency options, bought, fair value	**0.1**	0.1	0.1
Currency options, put, notional value	**7.1**	3.8	7.0
Currency options, put, fair value	**-0.1**	0.0	-0.2

Interest rate and currency swaps	**31 Mar 2012**	**31 Mar 2011**	**31 Dec 2011**
M€			
*Interest rate and currency swaps, notional value **	**337.4**	222.4	337.4
*Interest rate and currency swaps, fair value **	**5.9**	-0.3	-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€
Management employee benefits:

	31 Mar 2012	31 Mar 2011	31 Dec 2011
Salaries and other short-term employee benefits	**0.5**	0.5	1.9
Share-based payments	**0.3**	0.3	1.4
Total	**0.8**	0.7	3.3

Key figures

	1-3/2012	1-3/2011	1-12/2011
Earnings per share, €	**0.07**	0.06	0.39
Equity ratio, %	**37**	38	38
Gearing ratio, %	**139**	135	135
Equity per share, €	**3.98**	3.82	4.06
Cash flow from operations per share, €	**0.09**	0.07	0.37

Formulas for the key indicators

Earnings per share, € = (Share of earnings for the period attributable to equity holders of the parent company - interest on hybrid loan allocated to the period, adjusted for taxes) / (Weighted average number of shares outstanding during the period)

Equity ratio, % = 100 x Shareholders' equity / (Balance sheet total - advances received)

Gearing ratio, % = 100 x (Interest-bearing liabilities - cash and cash equivalents) / Shareholders' equity

Equity per share, € = (Equity attributable to parent company equity holders - Other equity reserve) / (Undiluted total number of shares on the date of closing the books)

Cash flow from operations per share, € = (Operating profit
-/+ Fair value adjustment
+ Allocation of goodwill
+ Depreciation in administration
+/- Changes in provisions
+/- Defined benefit pension expenses
- Financial income & expenses affecting cash flow
- Taxes affecting cash flow
+/- Other items) / (Weighted average number of shares outstanding during the period)

EPRA NAV per share, € = (Equity attributable to parent company equity holders
- Other equity reserve
+ Deferred tax liabilities resulting from the assessment of fair value
of properties and depreciation difference
- Goodwill created from the deferred tax liabilities on properties) / (Undiluted total number of shares on the date of closing the books)

EPRA Earnings per share, M€	=	Net operating income + Realised shares of profit from real estate funds - Marketing and administration expenses +/- Other operating income and expenses +/- Operating financial income and expenses +/- Taxes based on operating result +/- Change in deferred taxes based on operating items +/- Operating share of non-controlling shareholders Weighted average number of shares outstanding during the period
EPRA Net Initial Yield (NYI), %	=	Annualised net rents Investment properties - Development properties + Estimated purchaser's costs
EPRA "topped up" NYI, %	=	Annualised net rents + Step rent, rent-free periods, etc. Investment properties - Development properties + Estimated purchaser's costs