

SPONDA

 *Interim Report*

1.1.–31.3.2016



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.

JANUARY–MARCH 2016 IN BRIEF (compared with 1 January – 31 March 2015).....	3
KEY FIGURES	3
KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS	3
PRESIDENT AND CEO KARI INKINEN	4
PROSPECTS FOR 2016.....	4
FORUM PROPERTY ACQUISITION	4
BUSINESS CONDITIONS – FINLAND.....	4
BUSINESS CONDITIONS – RUSSIA.....	5
GROUP RESULT IN JANUARY–MARCH 2016.....	5
PROPERTY ASSETS 1 JANUARY – 31 MARCH 2016	6
RENTAL OPERATIONS.....	7
DIVESTMENTS AND INVESTMENTS	9
RESULTS BY SEGMENT	9
CASH FLOW AND FINANCING	14
PERSONNEL	14
ANNUAL REMUNERATION AND INCENTIVE SCHEMES.....	15
GROUP STRUCTURE	15
SPONDA'S SHARE AND SHAREHOLDERS.....	15
NOMINATION BOARD	16
EXTRAORDINARY GENERAL MEETING	16
RIGHTS OFFERING	16
ANNUAL GENERAL MEETING.....	16
BOARD OF DIRECTORS AND AUDITORS.....	17
BOARD COMMITTEES	17
SPONDA'S MANAGEMENT.....	17
ENVIRONMENTAL RESPONSIBILITY	17
RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE.....	18
PROSPECTS FOR 2016.....	18
SPONDA PLC INTERIM REPORT 1 JANUARY – 31 MARCH 2016, TABLES.....	19
NOTES TO THE INTERIM REPORT	26

Sponda Plc's interim report January–March 2016

JANUARY–MARCH 2016 IN BRIEF (compared with 1 January – 31 March 2015)

- Total revenue increased to EUR 59.3 (57.2) million, primarily due to a property transaction completed in February 2016.
- Net operating income increased by more than 6% and totalled EUR 42.1 (39.6) million.
- Operating profit was EUR 46.7 (27.6) million. This includes a fair value change of EUR -2.0 (-9.9) million.
- Cash flow from operations per share was EUR 0.12 (0.08).
- The fair value of the investment properties amounted to EUR 3,702.5 (3,136.1) million.
- Net assets (NAV) per share totalled EUR 4.95 (4.50).
- The economic occupancy rate was 88.7% (86.8%).

KEY FIGURES

	1-3/2016	1-3/2015	1-12/2015
Total revenue, M€	59.3	57.2	230.5
Net operating income, M€	42.1	39.6	165.7
Operating profit, M€	46.7	27.6	178.1
Earnings per share, €	0.09	0.04	0.78
Cash flow from operations per share, €	0.12	0.08	0.36
Equity per share, €	4.95	4.50	5.26
Equity ratio, %	45.7	39.8	46.2
Interest cover ratio	3.5	3.5	3.5

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	1-3/2016	1-3/2015	1-12/2015
EPRA Earnings, M€	23.3	24.9	232.0
EPRA Earnings per share, €	0.08	0.09	0.82
Company adjusted EPRA Earnings, M€	21.7	24.6	98.6
Company adjusted EPRA Earnings per share, €	0.08	0.09	0.35
EPRA NAV/share, €	5.25	5.30	5.60
EPRA NNNNAV/share, €	4.85	4.34	5.15
EPRA Net Initial Yield (NIY), %	5.52	5.44	5.62
EPRA "topped-up" NIY, %	5.55	5.45	5.63
EPRA Vacancy rate, %	11.35	13.19	12.26
EPRA Cost Ratio (including direct vacancy costs), %			17.68
EPRA Cost Ratio (excluding direct vacancy costs), %			12.90

PRESIDENT AND CEO KARI INKINEN

The first quarter of 2016 was exceptionally eventful for Sponda. In conjunction with the publication of our result for 2015, we announced the year's largest property transaction in the Finnish market as we acquired six properties in the Forum block located in Helsinki's central business district. The acquisition was completed at the end of February and we have also completed the integration of the properties into Sponda as planned.

In March, we carried out a rights offering of approximately EUR 220 million as part of the financing of the Forum acquisition. The offering was fully subscribed for and the net proceeds were used entirely for the repayment of the short-term bridge loan raised for the acquisition.

Sponda currently has one active property development project underway, the Ratina shopping centre in Tampere. The project is progressing according to plan, as is the pre-letting of the property. The property will be completed in spring 2018.

PROSPECTS FOR 2016

Sponda provides prospects for 2016 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 2016 will amount to EUR 175-190 million. The estimate is based on the company's view of property acquisitions and divestments to be completed and the development of rental operations during the year.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 94-110 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

FORUM PROPERTY ACQUISITION

In February 2016, Sponda announced it is acquiring six properties in the Forum block in Helsinki. The transaction was completed on 29 February 2016 and the debt-free price was EUR 576 million. The details of the acquisition are discussed in stock exchange releases published on 4 February and 29 February.

The Forum block's five office properties and one retail property are an excellent fit with Sponda's strategy of focusing its property portfolio on Helsinki's central business district. The properties were allocated to Sponda's Office Properties and Shopping Centres segments according to their use. As a result, the Office Properties segment grew from approximately EUR 2.0 billion to approximately EUR 2.2 billion, while the Shopping Centres segment grew from approximately EUR 0.7 billion to approximately EUR 1.1 billion.

Sponda financed the acquisition with its existing cash funds and a short-term bridge loan of approximately EUR 325 million. The company also carried out a rights offering in March 2016. More information is provided in the section "Rights offering".

BUSINESS CONDITIONS – FINLAND

According to preliminary data from Statistics Finland, Finnish GDP grew by 0.1% in October–December compared to the preceding quarter. The year-on-year increase was 0.6%. The full-year GDP growth rate for 2015 was 0.5%.

The Finnish Ministry of Finance predicts GDP growth of 0.9% for 2016. The most significant factor underlying this growth continues to be private consumption, which is predicted to grow by approximately one per cent, and investments, which are predicted to grow by 5.2%. Economic growth will result in a turnaround in the weak development of employment. The forecast for the unemployment rate for 2016 is 9.3%, which is 0.1 percentage point lower than in 2015. Exports are predicted to grow by 1.3% and imports by 2.6%.

In the first quarter, the property transaction market maintained the good level of activity seen last year. According to KTI Property Information, the transaction volume for the first quarter amounted to EUR 1.77 billion, which is the second-highest first quarter volume in the past ten years. International investors accounted for 24% of property acquisitions. By far, the largest transaction in the first quarter was for the Forum block, with Sponda as the buyer at a debt-free price of approximately EUR 576 million. The level of activity in the property transaction market is expected to remain high in 2016.

According to Jones Lang LaSalle, the office property market in central Helsinki remained unchanged in the first quarter. The net rental level for prime office space remained at EUR 306/m²/year and the yield requirement remained at 4.75%.

BUSINESS CONDITIONS – RUSSIA

According to the Bank of Finland, Russia's GDP declined by 3.7% in 2015. The substantial decline in the price of oil in recent years continues to affect the economy, and GDP is predicted to contract by 3% this year. Export revenue and imports are predicted to decline further this year. The decline in real income will reduce domestic demand.

The transaction market picked up substantially from the previous year, when the full-year volume was approximately USD 3 billion. According to CBRE, the first quarter volume in 2016 was approximately USD 1.9 billion, and the transaction volume for the full year is predicted to be approximately USD 4.5 billion. The share of the transaction volume represented by international investors has declined steadily over the past two years.

The preliminary information from CBRE indicates that the average vacancy rate for office premises in Moscow increased to 17.4% in the first quarter. At the end of March, the vacancy rate for Class A office space was 23.1%, while the vacancy rate for Class B office space was 15.4%.

GROUP RESULT IN JANUARY–MARCH 2016

Sponda Group's result for the period was EUR 26.7 (11.3) million, while the result before taxes was EUR 33.7 (15.0) million and operating profit was EUR 46.7 (27.6) million.

Net operating income for the period was EUR 42.1 (39.6) million. The increase in net operating income is primarily attributable to the Forum property acquisition and completed property development projects. Net operating income was reduced by property divestments made last year. The effect of the Forum acquisition is included in the consolidated figures for one month. Marketing and administration expenses remained at the previous year's level, at EUR 5.7 (5.8) million.

During the period, the Group recognised gains on divestments of EUR 12.7 (-0.5) million, primarily related to the sale of land associated with a property development project. The change in the fair value of the investment properties was EUR -2.0 (-9.9) million. In the corresponding period in 2015, the Group's share of Certium's result recognised in consolidated profit amounted to EUR 3.6 million.

Financial income and expenses totalled EUR -13.0 (-12.6) million. The increase in expenses is related to loan arrangements pertaining to the Forum acquisition.

According to IFRIC 21 the company recognizes a liability in the balance sheet when the obligating event occurs. The company periodises real estate taxes in the profit and loss statement during the financial year.

PROPERTY ASSETS 1 JANUARY – 31 MARCH 2016

At the end of March 2016, Sponda had a total of 174 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 67% is office premises, 17% shopping centres and 13% 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 March 2016, the fair value of Sponda's investment properties was assessed internally. The change in the fair value of the investment properties in January-March 2016 was EUR -2.0 (-9.9) million. The value of Sponda's properties in Finland developed favourably due to an increase in market rents, especially with regard to Central Business District properties. Other factors contributing to the increase in fair value included the development margin of property development. The negative change in the fair value of properties was associated with the valuation of properties located in Russia. These changes were primarily attributable to exchange rate fluctuations and the resulting decrease in cash flow.

Valuation gains/losses on fair value assessment M€

	1-3/2016	1-3/2015	1-12/2015
Changes in yield requirements (Finland)	0.0	0.0	39.2
Changes in yield requirements (Russia)	-1.8	0.0	-7.4
Development gains on property development projects	1.7	1.1	25.4
Modernisation investments	-6.9	-11.0	-37.8
Change in market rents and maintenance costs (Finland)	8.3	9.2	30.2
Change in market rents and maintenance costs (Russia)	-1.1	-12.5	-26.8
Change in currency exchange rates	-2.3	3.3	0.3
Group, total	-2.0	-9.9	23.2

Changes in Sponda's investment property assets M€

SPONDA'S INVESTMENT PROPERTIES IN TOTAL, 1.1.–31.3.2016 M€	Total	Office properties	Shopping centres	Logistics properties	Property development	Russia
<i>Operating income</i>	59.1	40.0	14.1	2.0	0.1	2.9
<i>Maintenance expenses</i>	-16.9	-11.5	-3.0	-1.3	-0.3	-0.8
<i>Net operating income</i>	42.2	28.5	11.1	0.7	-0.2	2.1
<i>Investment properties on 1 January 2016</i>	3,101.7	1,994.8	733.6	92.9	129.7	150.7
<i>Investment properties held for sale on 1 January 2016</i>	10.2	8.4	-	1.8	-	-
<i>Capitalised interest 2016</i>	0.2	-	-	-	0.2	-
<i>Acquisitions</i>	587.5	160.7	426.8	-	-	-
<i>Investments</i>	19.0	5.6	1.1	0.2	12.1	0.0
<i>Transfers between segments</i>	-	-	-	-	-	-
<i>Sales</i>	-4.8	-4.8	-	-	-	-
<i>Change in fair value</i>	-2.0	1.1	0.2	0.1	1.7	-5.1
<i>Reclassifications to non-current assets held for sale</i>	-9.3	-3.6	-	-5.7	-	-
<i>Investment properties on 31 March 2016</i>	3,702.5	2,162.2	1,161.7	89.4	143.6	145.6
<i>Change in fair value, %</i>	-0.1	0.1	0.0	0.1	1.3	-3.4
<i>Weighted average yield requirement %</i>	6.3	6.2	5.7	9.1		10.4
<i>Weighted average yield requirement %, Finland</i>	6.1					

RENTAL OPERATIONS

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

	Number (agreements)	Area (m²)	EUR/m²/month
<i>New agreements that came into effect during the period</i>	74	40,502	21.80
<i>Expired during the period</i>	66	14,791	21.40
<i>Renewed during the period</i>	58	21,570	20.10

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 0.7% (0.7%) for office premises, 2.7% (0.5%) for shopping centres, -3.8% (15.5%) for logistics premises and -8.8% (-7.2%) for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

Type of property	31.3.2016	31.12.2015	30.9.2015	30.6.2015	31.3.2015
<i>Office properties, %</i>	88.1	88.2	88.0	88.1	87.9
<i>Shopping centres, %</i>	93.8	91.3	90.6	89.8	90.3
<i>Logistics properties, %</i>	68.9	68.3	67.8	68.6	68.5
<i>Russia, %</i>	82.9	84.6	82.3	84.5	90.1
<i>Total property portfolio, %</i>	88.7	87.7	86.2	86.3	86.8

Geographical area	31.3.2016	31.12.2015	30.9.2015	30.6.2015	31.3.2015
<i>Helsinki business district, %</i>	92.4	90.1	89.3	88.3	88.2
<i>Helsinki Metropolitan Area, %</i>	85.3	85.7	83.5	83.7	83.6
<i>Turku, Tampere, Oulu, %</i>	89.4	90.8	91.1	92.3	92.9
<i>Russia, %</i>	82.9	84.6	82.3	84.5	90.1
<i>Total property portfolio, %</i>	88.7	87.7	86.2	86.3	86.8

Total cash flow from lease agreements at the end of March 2016 was EUR 1,097.0 (1,030.6) million. Sponda had 1,994 clients and a total of 3,182 lease agreements. The company's largest tenants were the State of Finland (7.1% of rental income), Kesko Group (4.7% of rental income), HOK-Elanto (4.0% of rental income) and Danske Bank Oyj (3.3% of rental income). Sponda's 10 largest tenants generate approximately 29% of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	% of net rental income
<i>Professional, scientific and technical</i>	7.6
<i>Energy</i>	0.3
<i>Public sector</i>	10.9
<i>Wholesale/retail</i>	27.5
<i>Education</i>	1.2
<i>Logistics/transport</i>	0.9
<i>Hotel and catering business</i>	8.0
<i>Media/publishing</i>	3.2
<i>Other services</i>	13.9
<i>Banking/investment</i>	9.1
<i>Construction</i>	3.2
<i>Industry/manufacturing</i>	3.3
<i>Healthcare</i>	5.1
<i>Telecommunications</i>	5.6
<i>Other</i>	0.3

The average length of all lease agreements was 4.1 (4.1) years. The average length of lease agreements was 4.1 (4.2) years for office properties, 4.8 (5.5) years for shopping centres, 2.2 (3.3) years for logistics properties and 1.9 (2.2) years for properties in Russia. The lease agreements expire as follows:

	% of rental income 31 March 2016	% of rental income 31 March 2015
<i>Within 1 year</i>	15.5	14.3
<i>Within 2 years</i>	15.1	14.6
<i>Within 3 years</i>	11.8	15.8
<i>Within 4 years</i>	8.3	9.4
<i>Within 5 years</i>	8.8	6.8
<i>Within 6 years</i>	7.9	5.0
<i>After more than 6 years</i>	20.5	22.7
<i>Valid indefinitely</i>	12.1	11.6

DIVESTMENTS AND INVESTMENTS

Divestments M€

	1.1.- 31.3.2016	1.1.- 31.3.2015	1.1.- 31.12.2015
<i>Properties sold</i>			
<i>Selling price</i>	5.0	6.3	157.6
<i>Profit/loss on sale*</i>	0.2	-0.3	-4.3
<i>Balance sheet value</i>	4.8	6.6	161.9
<i>*) Includes sales costs</i>			

Investments M€

	1.1.- 31.3.2016	1.1.- 31.3.2015	1.1.- 31.12.2015
<i>Properties acquired</i>	-587.5	-	-4.7
<i>Modernisation investments</i>	-6.9	-11.0	-37.8
<i>Property development investments</i>	-12.1	-10.8	-65.2
<i>Investments, total</i>	-606.5	-21.8	-107.7

Property development investments were mainly directed to the construction of the Ratina shopping centre.

RESULTS BY SEGMENT

Sponda's operations are organised into seven segments: 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 figures for the Office Properties and Shopping Centres units for March 2016 were affected by the acquisition of one shopping centre and five office properties.

Office Properties

	1-3/2016	1-3/2015	1-12/2015
Total revenue, M€	40.0	36.3	149.1
Net operating income, M€	28.4	25.5	109.7
Operating profit, M€	26.7	22.8	134.1
EPRA Net Initial Yield (NIY), %	5.8	5.6	5.9
Economic occupancy rate, %	88.1	87.9	88.2
Fair value of properties, M€	2,162.2	1,846.4	1,994.8
Properties classified as held for sale, M€	3.6	11.3	8.4
Change in fair value from beginning of year, M€	1.1	0.5	35.5
Leasable area, m ²	808,500	758,000	775,000

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

M€	1.1.- 31.3.2016	1.1.- 31.3.2015	1.1.- 31.12.2015
Properties sold			
Selling price	5.0	6.3	17.9
Profit/loss on sale*	0.2	-0.3	-0.2
Balance sheet value	4.8	6.6	18.1
Properties acquired	-160.7	-	-4.7
Modernisation investments	-5.6	-10.2	-29.7
Property development investments	-	-0.1	0.4
*) Includes sales costs			

The lease agreements will expire as follows:

	% of rental income 31 March 2016	% of rental income 31 March 2015
Within 1 year	14.3	9.2
Within 2 years	16.9	16.0
Within 3 years	12.5	18.9
Within 4 years	8.9	8.1
Within 5 years	6.1	8.0
Within 6 years	5.6	2.7
After more than 6 years	20.3	21.2
Valid indefinitely	15.4	16.0

Shopping Centres

	1-3/2016	1-3/2015	1-12/2015
Total revenue, M€	14.1	11.6	46.6
Net operating income, M€	11.1	8.8	35.7
Operating profit, M€	10.3	5.9	35.8
EPRA Net Initial Yield (NIY), %	5.0	4.9	4.7
Economic occupancy rate, %	93.8	90.3	91.3
Fair value of properties, M€	1,161.7	724.3	733.6
Change in fair value from beginning of year, M€	0.2	-2.2	3.2
Leasable area, m ²	197,500	153,500	153,500

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

M€	1.1.- 31.3.2016	1.1.- 31.3.2015	1.1.- 31.12.2015
Properties sold			
Selling price	-	-	-
Profit/loss on sale	-	-	-
Balance sheet value	-	-	-
Properties acquired	-426.8	-	-
Modernisation investments	-1.1	-0.4	-6.8
Property development investments	-	-	-

The lease agreements will expire as follows:

	% of rental income 31 March 2016	% of rental income 31 March 2015
Within 1 year	8.8	7.5
Within 2 years	10.2	9.4
Within 3 years	11.6	10.4
Within 4 years	7.4	7.7
Within 5 years	15.6	3.5
Within 6 years	15.6	15.2
After more than 6 years	25.9	42.2
Valid indefinitely	4.9	4.1

Logistics Properties

	1-3/2016	1-3/2015	1-12/2015
Total revenue, M€	2.0	4.0	16.8
Net operating income, M€	0.7	2.0	9.1
Operating profit, M€	0.9	2.3	-1.9
EPRA Net Initial Yield (NIY), %	5.0	4.4	7.4
Economic occupancy rate, %	68.9	68.5	68.3
Fair value of properties, M€	89.4	205.3	92.9
Properties classified as held for sale, M€	5.7	-	1.8
Change in fair value from beginning of year, M€	0.1	0.0	-7.4
Leasable area, m ²	152,500	248,500	152,500

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

M€	1.1.- 31.3.2016	1.1.- 31.3.2015	1.1.- 31.12.2015
Properties sold			
Selling price	0.0	-	100.8
Profit/loss on sale	0.0	-	-3.1
Balance sheet value	-	-	103.9
Properties acquired	-	-	-
Modernisation investments	-0.2	-0.2	-0.9
Property development investments	0.0	-	-

The lease agreements will expire as follows:

	% of rental income 31 March 2016	% of rental income 31 March 2015
Within 1 year	26.7	17.9
Within 2 years	10.5	14.0
Within 3 years	7.6	10.8
Within 4 years	5.4	9.5
Within 5 years	5.7	14.1
Within 6 years	1.2	1.6
After more than 6 years	11.2	16.4
Valid indefinitely	31.8	15.8

Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 143.6 million at the end of March 2016. Of this total, EUR 53.4 million was in undeveloped land sites and the remaining EUR 90.2 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. At the end of the review period, the Property

Development unit had invested a total of EUR 12.1 million. The investments were primarily directed to the construction of the Ratina shopping centre.

On 10 February 2016, Sponda sold land areas zoned for housing production in the Vermo district of Espoo to Etera Mutual Pension Insurance Company and Suomen Asunnot ja Tontit I Ky. NCC Construction Ltd, Housing owns the housing construction rights for the area. The purchase price was approximately EUR 23.2 million and Sponda recorded a profit of approximately EUR 11.2 million from the transaction.

The construction of the Ratina shopping centre in Tampere began in April 2015. The excavation, foundation and construction work on the Ratina shopping centre has progressed according to plan. The construction of the frame of the Lasi-Ratina building began in March. The demolition of the temporary roundabout on Tampereen valtatie, which passes through the plot, will begin ahead of schedule in May once traffic on Tampereen valtatie has been moved back to the original route. The shopping centre is expected to be completed in spring 2018. The complex comprises a total of approximately 53,000 m² 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 61.9 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 signed and agreed lease agreements cover approximately 35% of the leasable area.

Russia

	1-3/2016	1-3/2015	1-12/2015
<i>Total revenue, M€</i>	2.9	4.9	16.9
<i>Net operating income, M€</i>	2.1	3.7	12.8
<i>Operating profit, M€</i>	-3.6	-6.3	-24.8
<i>EPRA Net Initial Yield (NIY), %</i>	5.6	6.9	5.8
<i>Economic occupancy rate, %</i>	82.9	90.1	84.6
<i>Fair value of properties, M€</i>	145.6	215.2	150.7
<i>Change in fair value from beginning of year, M€</i>	-5.1	-9.3	-33.9
<i>Leasable area, m²</i>	34,500	44,500	34,500

The depreciation of the rouble is affecting tenants' ability to pay rent in Russia. In the current market situation, Sponda has had to negotiate reductions in rent with several tenants.

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

M€	1.1.- 31.3.2016	1.1.- 31.3.2015	1.1.- 31.12.2015
<i>Properties sold</i>			
<i>Selling price</i>	-	-	38.7
<i>Profit/loss on sale</i>	-	-	-1.1
<i>Balance sheet value</i>	-	-	39.8
<i>Properties acquired</i>	-	-	-
<i>Modernisation investments</i>	0.0	0.0	-0.1
<i>Property development investments</i>	-	-	-

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 31 March 2016	% of rental income 31 March 2015
<i>Within 1 year</i>	52.6	45.1
<i>Within 2 years</i>	21.3	15.9
<i>Within 3 years</i>	7.8	11.7
<i>Within 4 years</i>	7.4	18.1
<i>Within 5 years</i>	7.6	2.1
<i>Within 6 years</i>	0.0	2.4
<i>After more than 6 years</i>	3.3	4.7
<i>Valid indefinitely</i>	0.0	0.0

Property Investment Companies

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 March 2016.

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 31 March 2016.

CASH FLOW AND FINANCING

Sponda Group's interest-bearing debt amounted to EUR 1,902 (1,775) million at the end of March 2016, and the Group's cash funds totalled EUR 80 (20) million. The debt portfolio comprised EUR 275 million in syndicated loans, EUR 545 million in bonds, EUR 336 million in issued commercial papers, and EUR 746 million in loans from financial institutions. Sponda had EUR 440 million in unused credit limits. Sponda Group had mortgaged loans of EUR 178.6 million, or 4.6% of the consolidated balance sheet.

Sponda's equity ratio on 31 March 2016 stood at 45.7% (39.8%). The gearing ratio was 102.6% (128.1%) and Loan to Value (LTV) was 49% (53%). The weighted average maturity of Sponda's loans was 1.8 (1.9) years. The average interest rate was 2.7% (2.8%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 78% (76%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 1.8 (2.1) years. The interest cover ratio, which describes the company's solvency, was 3.5 (3.5).

Sponda's net financing costs for the period totalled EUR -13.0 (-12.6) million. Financial income and expenses include EUR -0.4 (0.0) million in unrealised change in the fair value of derivatives. Interest expenses of EUR 0.2 (0.1) million were capitalised. Net cash flow from operations in the period under review totalled EUR 42.6 (27.0) million. Net cash flow from investing activities was EUR -589.2 (-16.8) million and the net cash flow from financing activities was EUR 406.1 (-12.1) million.

PERSONNEL

During the review period Sponda Group had, on average, 108 (104) employees, of whom 96 (94) worked for parent company Sponda Plc. On 31 March 2016, Sponda Group had a

total of 116 (106) employees, of whom 96 (96) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia.

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 2014–2016, 2015–2017 and 2016–2018. 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 2014–31 December 2016, 1 January 2015–31 December 2017 and 1 January 2016–31 December 2018 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, six people in all. The Board of Directors can decide on including new key personnel in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 5 February 2014, 5 February 2015 and 4 February 2016.

GROUP STRUCTURE

Sponda Group comprises the parent company Sponda Plc and its wholly- or partly-owned Finnish limited liability companies and property companies. The Group also includes the foreign subsidiaries owned by Sponda Russia Ltd.

SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of Sponda's share in January–March 2016 was EUR 3.67. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.00 and the lowest EUR 3.32. Turnover during the period totalled 46.7 million shares, or EUR 171.6 million. The closing price of the share on 31 March 2016 was EUR 3.70 and the market capitalisation of the company's share capital was EUR 1,038.3 million.

The Annual General Meeting on 21 March 2016 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 29 February 2016, the Extraordinary General Meeting authorised Sponda's Board of Directors to decide on issuing new shares through a rights offering. More information is provided in the section "Rights offering".

On 1 April 2016, the company had altogether 10,621 shareholders and its ownership structure by sector was as follows:

	Number of shares	Holding, %
<i>Public entities</i>	39,988,284	11.5
<i>Nominee-registered</i>	123,519,220	36.4
<i>Financial and insurance institutions, total</i>	42,200,332	12.4
<i>Households</i>	24,469,742	7.3
<i>Private corporations, total</i>	102,906,832	30.3
<i>Non-profit organisations, total</i>	4,240,715	1.3
<i>Foreign owners, total</i>	3,065,429	0.9
<i>Total number of shares</i>	339,690,554 *)	100.0

*) Total number of shares on 1 April 2016

The following flagging notices were issued:

- 1 April 2016: Varma Mutual Pension Insurance Company announced that its holding of shares represented 8.56% of the total number of shares and votes in Sponda Plc.
- 1 April 2016: Forum Fastighets Ab announced that its holding of shares represented 28.07% of the total number of shares and votes in Sponda Plc.

NOMINATION BOARD

Sponda Plc's Shareholders' Nomination Board met on 25 January 2016 and decided to submit a proposal to the Annual General Meeting held on 21 March 2016 regarding the number of members of the Board of Directors, the members of the Board of Directors and their remuneration. The details of the proposal were announced in a stock exchange release on 25 January 2016.

EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting of Sponda Plc was held on 29 February 2016. The General Meeting decided, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to decide on issuing new shares through a rights offering whereby the shareholders have the right to subscribe for the new shares in proportion to their current shareholdings in the company. The authorisation is valid until 31 August 2016. The resolutions of the Extraordinary General Meeting were announced in a stock exchange release on 29 February 2016.

RIGHTS OFFERING

On 29 February 2016, the Board of Directors of Sponda Plc, based on the authorisation granted by the Extraordinary General Meeting on 29 February 2016, resolved on a rights offering of EUR 220.8 million. All of the offered 56,615,092 shares were subscribed for in the rights offering. The subscription price was EUR 3.90 per share. As a result of the offering, the total number of shares in Sponda increased to 339,690,554 shares. The shares were registered with the Finnish Trade Register and in Sponda's shareholder register on 1 April 2016. The rights offering was discussed in stock exchange releases dated 4 February 2016, 19 February 2016, 29 February 2016, 24 March 2016 and 31 March 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting of Sponda Plc was held on 21 March 2016. The meeting adopted the financial statements for the financial year 2015 and discharged the members of the Board of Directors and the CEO from liability.

The Annual General Meeting resolved to pay a dividend of EUR 0.19 per share for the financial year 2015 in accordance with the proposal of the Board of Directors. The General Meeting further authorised the Board of Directors to decide, at its discretion, on the payment of dividend in no more than two tranches based on the annual accounts adopted for the financial year 2015 in accordance with the proposal of the Board of Directors. The maximum amount of dividend to be distributed based on the authorisation is EUR 0.12 per share. Based on this authorisation, the Board of Directors is entitled to decide on the dividend record date, dividend payment date and other measures required by the matter. When deciding on the possible payment of dividend, the Board of Directors shall assess the company's liquidity and financial position as required by the Companies Act. The authorisation is in force until the beginning of the next Annual General Meeting.

The other decisions of the Annual General Meeting were announced in a stock exchange release on 21 March 2016.

BOARD OF DIRECTORS AND AUDITORS

At its constitutive meeting after the Annual General Meeting on 21 March 2016, the Board of Directors elected Kaj-Gustaf Bergh as Chairman and Arja Talma as Deputy Chairman.

The Board of Directors assesses that, of its members, Arja Talma, Outi Henriksson, Leena Laitinen, Juha Metsälä 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.

The Annual General Meeting on 21 March 2016 elected 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, 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 Outi Henriksson (ordinary member).

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Christian Elfving (Deputy Chairman), Leena Laitinen (ordinary member) and Juha Metsälä (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 three business units, in total six persons.

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 carbon dioxide 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.

Sponda signed three new environmental partnership agreements in the first quarter: one at the Tulli property in Tampere, one at Itälahdenkatu 22 in Helsinki, and one at the Salmisaari property in Helsinki. The environmental partnership programme aims to reduce the environmental load resulting from the use of properties by engaging in closer co-operation with customers. In addition to energy consumption, the programme takes into account the broader environmental impact of properties and customers' operations, such as material efficiency and water consumption, and Sponda maintains regular communications on these matters with those who work at the properties.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

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

In Russia, these risks are related to the depreciation of the Russian rouble, which 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 2016.

The slow positive 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 2016

Sponda provides prospects for 2016 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 2016 will amount to EUR 175-190 million. The estimate is based on the company's view of property acquisitions and divestments to be completed and the development of rental operations during the year.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 94-110 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

4 May 2016
Sponda Plc
Board of Directors

Additional information:

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Distribution:
NASDAQ OMX Helsinki
Media
www.sponda.fi

SPONDA PLC INTERIM REPORT 1 JANUARY – 31 MARCH 2016, TABLES

Consolidated income statement
M€

	1-3/2016	1-3/2015	1-12/2015
<i>Total revenue</i>			
<i>Rental income and recoverables</i>	59.2	57.1	230.2
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.3
	59.3	57.2	230.5
<i>Expenses</i>			
<i>Maintenance expenses</i>	-17.2	-17.5	-64.8
Net operating income	42.1	39.6	165.7
<i>Profit/loss on sales of investment properties</i>	0.2	-0.5	-4.5
<i>Valuation gains/losses on fair value assessment</i>	-2.0	-9.9	23.2
<i>Amortisation of goodwill</i>	-0.6	-	-3.0
<i>Profit/loss on sales of associated companies</i>	-	-	5.2
<i>Profit/loss on sales of trading properties</i>	12.5	0.0	2.8
<i>Sales and marketing expenses</i>	-0.6	-0.6	-2.3
<i>Administrative expenses</i>	-5.2	-5.2	-19.4
<i>Share of result of associated companies</i>	-	3.6	10.2
<i>Other operating income</i>	0.4	0.7	0.9
<i>Other operating expense</i>	-0.2	-0.1	-0.7
Operating profit	46.7	27.6	178.1
<i>Financial income</i>	0.9	3.2	6.8
<i>Financial expenses</i>	-13.9	-15.7	-55.7
<i>Total amount of financial income and expenses</i>	-13.0	-12.6	-48.9
<i>Profit before taxes</i>	33.7	15.0	129.2
<i>Income taxes for current and previous fiscal years</i>	-2.3	-0.8	-9.3
<i>Deferred taxes</i>	-4.6	-2.9	107.3
Income taxes, total	-7.0	-3.7	98.1
Profit/loss for the period	26.7	11.3	227.2
<i>Attributable to:</i>			
<i>Equity holders of parent company</i>	26.7	11.3	227.2
<i>Non-controlling interest</i>	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>	0.09	0.04	0.78

Consolidated statement of other comprehensive income
M€

	1-3/2016	1-3/2015	1-12/2015
<i>Profit/loss for the period</i>	26.7	11.3	227.2
<i>Other comprehensive income</i>			
<i>Items that will not be reclassified to profit or loss</i>			
<i>Items arising from the remeasurement of defined benefit liabilities (or assets)</i>	-	-	0.1
<i>Taxes on items that will not be reclassified to profit or loss</i>	-	0.0	0.0
<i>Items that will not be reclassified to profit or loss, total</i>	-	0.0	0.1
<i>Items that may be reclassified subsequently to profit or loss</i>			
<i>Changes in associated companies recognised directly in comprehensive income</i>	-	-0.5	1.4
<i>Net loss/profit from cash flow hedges</i>	-1.2	0.3	5.9
<i>Translation differences</i>	0.4	1.9	-0.2
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	0.1	-0.6	-1.9
<i>Items that may be reclassified subsequently to profit or loss, total</i>	-0.7	1.2	5.2
<i>Other comprehensive income for the period after taxes</i>	-0.7	1.2	5.3
<i>Comprehensive profit/loss for the period</i>	26.1	12.5	232.6
<i>Attributable to:</i>			
<i>Equity holders of parent company</i>	26.1	12.5	232.6
<i>Non-controlling interest</i>	0.0	0.0	0.0

Consolidated balance sheet
M€

	31.3.2016	31.3.2015	31.12.2015
ASSETS			
<i>Non-current assets</i>			
<i>Investment properties</i>	3,702.5	3,136.1	3,101.7
<i>Investments in real estate funds</i>	21.4	19.4	21.4
<i>Investments in associated companies</i>	-	174.8	-
<i>Property, plant and equipment</i>	13.0	13.2	13.0
<i>Goodwill</i>	11.0	14.5	11.5
<i>Other intangible assets</i>	2.2	2.8	2.4
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Other investments</i>	0.4	2.2	0.9
<i>Deferred tax assets</i>	9.6	25.1	9.4
Non-current assets total	3,763.0	3,390.9	3,163.1
<i>Current assets</i>			
<i>Trading properties</i>	9.6	7.8	7.7
<i>Trade and other receivables</i>	36.5	17.2	39.9
<i>Cash and cash equivalents</i>	80.3	20.3	220.0
Current assets total	126.4	45.2	267.7
<i>Non-current assets held for sale</i>	9.3	11.3	10.2
Total assets	3,898.6	3,447.4	3,441.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent company</i>			
<i>Share capital</i>	111.0	111.0	111.0
<i>Share issue</i>	219.0	-	-
<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>	-30.2	-35.2	-29.2
<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	1.7	-0.2

<i>Retained earnings</i>	786.5	602.7	813.7
	1,774.3	1,368.1	1,583.2
<i>Non-controlling interest</i>	1.8	1.8	1.8
Shareholders' equity, total	1,776.1	1,369.8	1,585.0
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Deferred tax liabilities</i>	75.6	197.4	71.5
<i>Provisions</i>	2.4	-	2.4
<i>Interest-bearing loans and borrowings</i>	1,080.5	1,170.3	1,080.4
<i>Other liabilities</i>	38.8	46.2	37.6
Non-current liabilities total	1,197.3	1,413.9	1,192.0
<i>Current liabilities</i>			
<i>Current interest-bearing liabilities</i>	821.5	604.9	580.5
<i>Trade and other payables</i>	94.6	58.2	76.4
<i>Tax liabilities based on the taxable income for the period</i>	9.1	-	7.1
Current liabilities total	925.2	663.1	664.0
<i>Liabilities associated with non-current assets held for sale</i>	0.0	0.5	0.0
Total borrowings	2,122.5	2,077.6	1,856.0
Total equity and liabilities	3,898.6	3,447.4	3,441.0

Consolidated Cash Flow Statement
M€

	1-3/2016	1-3/2015	1-12/2015
<i>Cash flow from operating activities</i>			
<i>Profit for the period</i>	26.7	11.3	227.2
<i>Adjustments</i>	18.6	22.7	-80.1
<i>Change in net working capital</i>	5.7	1.3	-1.3
<i>Interest received</i>	0.1	0.2	0.5
<i>Interest paid</i>	-7.2	-7.6	-44.8
<i>Other financial items</i>	-1.2	-0.7	-4.7
<i>Dividends received</i>	-	-	0.0
<i>Taxes received/paid</i>	-0.2	-0.3	-2.0
<i>Net cash provided by operating activities</i>	42.6	27.0	94.9
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-594.4	-22.3	-99.6
<i>Capital expenditure on real estate funds</i>	0.0	-0.7	-2.2
<i>Acquisition of tangible and intangible assets</i>	0.0	0.0	-0.2
<i>Proceeds from disposal of investment properties</i>	5.0	6.3	154.4
<i>Proceeds from disposal of real estate funds</i>	-	-	0.3
<i>Proceeds from disposal of shares in associated companies</i>	-	-	180.6
<i>Proceeds from disposal of tangible and intangible assets</i>	0.3	-	0.0
<i>Capital repayments from associated companies</i>	-	-	7.6
<i>Repayments of loan receivables</i>	-	-	0.6
<i>Net cash flow from investment activities</i>	-589.2	-16.8	241.5
<i>Cash flow from financing activities</i>			
<i>Proceeds from share issue</i>	219.0	-	-
<i>Non-current loans, raised</i>	0.0	30.0	320.0
<i>Non-current loans, repayments</i>	-0.2	-69.0	-345.4
<i>Current loans, raised/repayments</i>	241.1	80.6	-50.5
<i>Interest paid on hybrid bond</i>	-	-	-6.4
<i>Dividends paid</i>	-53.8	-53.8	-53.8
<i>Net cash flow from financing activities</i>	406.1	-12.1	-136.1
<i>Change in cash and cash equivalents</i>	-140.5	-1.9	200.4
<i>Cash and cash equivalents, beginning of period</i>	220.0	20.3	20.3
<i>Impact of changes in exchange rates</i>	0.7	1.8	-0.7
<i>Cash and cash equivalents, end of period</i>	80.3	20.3	220.0

Consolidated statement of changes in equity
M€

	Share capital	Share issue	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>									11.3	11.3	0.0	11.3
<i>Other comprehensive income (net of tax)</i>												
<i>Changes in associated companies recognised directly in comprehensive income</i>					-0.4					-0.4		-0.4
<i>Cash flow hedges</i>					0.2					0.2	-	0.2
<i>Translation differences</i>								1.3		1.3	-	1.3
<i>Comprehensive income, total</i>					-0.2			1.3	11.3	12.5	0.0	12.5
<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>Interest paid on hybrid bond</i>									0.0	0.0	0.0	0.0
<i>Change</i>									-0.4	-0.4	0.0	-0.4
<i>Equity 31 March 2015</i>	111.0		159.4	433.8	-35.2	0.7	94.0	1.7	602.7	1,368.1	1.8	1,369.8

	Share capital	Share issue	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
Equity 1 January 2016	111.0	-	159.4	433.8	-29.2	0.7	94.0	-0.2	813.7	1,583.2	1.8	1,585.0
Comprehensive income												
Profit for the period									26.7	26.7	0.0	26.7
Other comprehensive income (net of tax)												
Cash flow hedges					-1.0					-1.0	0.0	-1.0
Translation differences								0.3		0.3	0.0	0.3
Comprehensive income, total					-1.0			0.3	26.7	26.1	0.0	26.1
Transactions with shareholders												
Share issue		219.0								219.0		219.0
Dividend payment									-53.8	-53.8	0.0	-53.8
Transactions with shareholders, total		219.0							-53.8	165.2	0.0	165.2
Repurchase of hybrid bond												
Interest paid on hybrid bond									0.0	0.0	0.0	0.0
Change									-0.2	-0.2	0.0	-0.2
Equity 31 March 2016	111.0	219.0	159.4	433.8	-30.2	0.7	94.0	0.1	786.5	1,774.3	1.8	1,776.1

NOTES TO THE INTERIM REPORT

Accounting principles

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

The preparation of the financial statements and the interim report 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.

More detailed information on the accounting principles can be found in Sponda's consolidated financial statements dated 31 December 2015.

The figures in the interim report have not been audited.

Income statement by segment

M€

<i>Income statement information 1-3/2016</i>	Office Properties	Shopping Centres	Logistics Properties	Property Development	Russia	Property Investment	Other	Group, total
Total revenue	40.0	14.1	2.0	0.2	2.9	-	0.0	59.3
<i>Maintenance expenses and direct fund expenses</i>	-11.6	-3.0	-1.3	-0.5	-0.8	-	0.0	-17.2
Net operating income	28.4	11.1	0.7	-0.2	2.1	-	0.0	42.1
<i>Profit on sales of investment properties</i>	0.2	-	0.0	-	-	-	-	0.2
<i>Loss on sales of investment properties</i>	-	-	0.0	-	-	-	-	0.0
<i>Profit/loss on disposal of associated companies</i>	-	-	-	-	-	-	-	-
<i>Profit/loss on trading properties</i>	-	-	-	12.5	-	-	-	12.5
<i>Valuation gains/losses on fair value assessment</i>	1.1	0.2	0.1	1.7	-5.1	-	-	-2.0
<i>Amortisation of goodwill</i>	-	-	-	-0.6	-	-	-	-0.6
<i>Administration and marketing</i>	-3.0	-0.9	0.0	-1.1	-0.6	-	-0.1	-5.7
<i>Share of result of associated companies</i>	-	-	-	-	-	-	-	-
<i>Other operating income and expenses</i>	0.1	-0.1	0.1	0.0	0.0	-	0.2	0.3
Operating profit	26.7	10.3	0.9	12.3	-3.6	-	0.1	46.7
<i>Investments</i>	166.3	427.9	0.2	12.1	0.0	0.0	0.0	606.6
<i>Segment assets</i>	2,168.6	1,161.7	95.0	154.6	145.6	21.4	151.7	3,898.6
<i>- of which classified as held for sale</i>	3.6	-	5.7	-	-	-	-	9.3
<i>Economic Occupancy Rate</i>	88.1	93.8	68.9	-	82.9	-	-	88.7

<i>Income statement information 1-3/2015</i>	Office Properties	Shopping Centres	Logistics Properties	Property Development	Russia	Property Investment	Other	Group, total
Total revenue	36.3	11.6	4.0	0.3	4.9	-	0.0	57.2
<i>Maintenance expenses and direct fund expenses</i>	-10.8	-2.8	-2.0	-0.7	-1.2	-	0.0	-17.5
Net operating income	25.5	8.8	2.0	-0.4	3.7	-	0.0	39.6
<i>Profit on sales of investment properties</i>	0.0	-	-	-	-	-	0.0	0.0
<i>Loss on sales of investment properties</i>	-0.3	-	-	-	-	-	-0.2	-0.5
<i>Profit/loss on disposal of associated companies</i>	-	-	-	-	-	-	-	-
<i>Profit/loss on trading properties</i>	0.0	-	-	-	-	-	-	0.0
<i>Valuation gains/losses on fair value assessment</i>	0.5	-2.2	0.0	1.0	-9.3	-	0.0	-9.9
<i>Amortisation of goodwill</i>	-	-	-	-	-	-	-	-
<i>Administration and marketing</i>	-2.9	-0.7	-0.3	-1.2	-0.7	0.0	0.0	-5.8
<i>Share of result of associated companies</i>	-	-	-	-	-	3.6	-	3.6
<i>Other operating income and expenses</i>	0.0	-0.1	0.6	0.0	0.0	-	0.0	0.6
Operating profit	22.8	5.9	2.3	-0.6	-6.3	3.6	-0.2	27.6
<i>Investments</i>	10.3	0.5	0.2	10.8	0.0	0.7	0.1	22.6
<i>Segment assets</i>	1,860.4	724.3	205.3	159.5	215.2	194.2	88.5	3,447.4
<i>- of which investment properties held for sale</i>	11.3	-	-	-	-	-	-	11.3
<i>Economic Occupancy Rate</i>	87.9	90.3	68.5	-	90.1	-	-	86.8

Key figures

	1-3/2016	1-3/2015	1-12/2015
<i>Earnings per share, €</i>	0.09	0.04	0.78
<i>Equity ratio, %</i>	45.7	39.8	46.2
<i>Gearing ratio, %</i>	102.6	128.1	90.9
<i>Equity per share, €</i>	4.95	4.50	5.26
<i>Cash flow from operations per share, €</i>	0.12	0.08	0.36

Quarterly key figures

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
<i>Total revenue, M€</i>	59.3	57.2	56.7	59.4	57.2
<i>Net operating income, M€</i>	42.1	41.3	42.2	42.5	39.6
<i>Valuation gains/losses on fair value assessment, M€</i>	-2.0	10.3	0.5	22.3	-9.9
<i>Operating profit, M€</i>	46.7	47.8	38.3	64.4	27.6
<i>Financial income and expenses, M€</i>	-13.0	-12.1	-13.0	-11.2	-12.6
<i>Profit/loss for the period, M€</i>	26.7	158.0	18.0	39.9	11.3
<i>Investment properties, M€</i>	3,702.5	3,101.7	3,161.4	3,143.2	3,136.1
<i>Shareholders' equity, M€</i>	1,776.1	1,585.0	1,430.4	1,413.2	1,369.8
<i>Interest-bearing liabilities, M€</i>	1,902.0	1,660.9	1,724.7	1,768.6	1,775.2
<i>Earnings per share, €</i>	0.09	0.55	0.06	0.14	0.04
<i>Cash flow from operations per share, €</i>	0.12	0.07	0.10	0.11	0.08
<i>EPRA NAV/share, €</i>	5.25	5.60	5.58	5.47	5.30
<i>Economic Occupancy Rate, %</i>	88.7	87.7	86.2	86.3	86.8

EPRA Earnings, M€ 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€

	1-3/2016	1-3/2015	1-12/2015
<i>EPRA Earnings</i>			
<i>Earnings for the period per IFRS income statement</i>	26.7	11.3	227.2
<i>-/+ (i) Net profits or losses from fair value assessment of investment properties</i>	2.0	9.7	-22.4
<i>-/+ (ii) Net profits or losses on disposal of investment properties</i>	-0.2	0.5	-0.7
<i>-/+ (iii) Net profits or losses on sales of trading properties</i>	-12.5	0.0	-2.8
<i>+/- (iv) Taxes arising from above items based on result</i>	-	-	-
<i>+/- (v) Impairment and amortisation of goodwill</i>	0.6	-	3.0
<i>-/+ (vi) Changes in fair value of financial instruments</i>	0.4	0.0	0.1
<i>+/- (viii) Deferred taxes arising from the above items</i>	6.3	3.3	27.6
EPRA Earnings	23.3	24.9	232.0
EPRA Earnings per share, €	0.08	0.09	0.82
<i>Company adjustments:</i>			
<i>(a) Deferred taxes on operating result</i>	-1.6	-0.3	-133.5
<i>Adjusted EPRA Earnings</i>	21.7	24.6	98.6
<i>Adjusted Earnings per share, €</i>	0.08	0.09	0.35

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€	1-3/2016	1-3/2015	1-12/2015
<i>EPRA Earnings</i>			
<i>Net operating income</i>	42.1	39.6	165.7
<i>- Operational marketing and administration expenses</i>	-5.7	-5.8	-21.7
<i>+/- Other operational income and expenses from business operations</i>	0.3	4.1	12.7
<i>Operating profit</i>	36.6	37.9	156.7
<i>+/- Operational financial income and expenses</i>	-12.6	-12.6	-48.8
<i>-/+ Taxes based on operating result</i>	-2.3	-0.8	-9.3
<i>- Deferred taxes based on operating result</i>	1.6	0.3	133.5

<i>EPRA Earnings</i>	23.3	24.9	232.0
<i>EPRA Earnings per share, €</i>	0.08	0.09	0.82
<i>Company adjustments:</i>			
<i>(a) Deferred taxes on operating result</i>	-1.6	-0.3	-133.5
<i>Adjusted EPRA Earnings</i>	21.7	24.6	98.6
<i>Adjusted Earnings per share, €</i>	0.08	0.09	0.35

Investment Properties

M€

At the end of March 2016, Sponda had a total of 174 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 67% is office premises, 17% shopping centres and 13% 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 March 2016, the fair value of Sponda's investment properties was assessed internally. The change in the fair value of the investment properties in January-March 2016 was EUR -2.0 (-9.9) million. The value of Sponda's properties in Finland developed favourably due to an increase in market rents, especially with regard to Central Business District properties. Other factors contributing to the increase in fair value included the development margin of property development. The negative change in the fair value of properties was associated with the valuation of properties located in Russia. These changes were primarily attributable to exchange rate fluctuations and the resulting decrease in cash flow.

M€	31.3.2016	31.3.2015	31.12.2015
<i>Fair value of investment properties, 1 Jan.</i>	3,101.7	3,142.1	3,142.1
<i>Non-current assets held for sale, 1 Jan.</i>	10.2	-	-
<i>Acquisition of investment properties</i>	587.5	-	4.7
<i>Other capital expenditure on investment properties</i>	19.0	21.7	103.0
<i>Disposals of investment properties</i>	-4.8	-6.6	-161.9
<i>Reclassifications from trading properties</i>	-	-	-
<i>Capitalised borrowing costs, increase in period</i>	0.2	0.1	0.8
<i>Valuation gains/losses on fair value assessment</i>	-2.0	-9.9	23.2
<i>Investment properties reclassified as held for sale</i>	-9.3	-11.3	-10.2
<i>Fair value of investment properties, end of period</i>	3,702.5	3,136.1	3,101.7
<i>Investment properties held for sale</i>	9.3	11.3	10.2

The Group's most significant investment commitments

Sponda's property development operations comprise new construction projects and the refurbishment of existing properties. At the end of the review period, the Property Development unit had invested a total of EUR 12.1 million. The investments were primarily directed to the construction of the Ratina shopping centre.

The construction of the Ratina shopping centre in Tampere began in April 2015. Foundation work for the new building is currently underway, and the construction of the frame began in March 2016. The shopping centre is expected to be completed in spring 2018. The complex comprises a total of approximately 53,000 m² of retail and service premises for more than 150 businesses. The total investment value of the project is estimated at approximately EUR 240 million. Some EUR 61.9 million has been invested in the project to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's signed and agreed lease agreements cover approximately 35% of the leasable area.

Property, plant and equipment M€

	31.3.2016	31.3.2015	31.12.2015
<i>Carrying amount, beginning of period</i>	13.0	13.2	13.2
<i>Increases</i>	0.1	0.0	-
<i>Disposals</i>	-	-	-
<i>Depreciation for the period</i>	0.0	-	-0.2
<i>Carrying amount, end of period</i>	13.0	13.2	13.0

Trading properties M€

	31.3.2016	31.3.2015	31.12.2015
<i>Carrying amount, beginning of period</i>	7.7	7.8	7.8
<i>Disposals and other changes</i>	-0.4	0.0	-0.1
<i>Increases</i>	2.3	-	-
<i>Reclassifications to investment properties</i>	-	-	-
<i>Valuation changes</i>	-	-	-
<i>Carrying amount, end of period</i>	9.6	7.8	7.7

Collateral and contingent liabilities

Collateral and commitments given by the Group, M€	31.3.2016	31.3.2015	31.12.2015
<i>Loans from financial institutions, covered by collateral</i>	178.6	179.5	125.8
<i>Mortgages</i>	288.1	312.1	288.1
<i>Carrying amount of pledged shares</i>	44.6	19.6	44.6
<i>Total collateral</i>	332.7	331.7	332.7

Lease and other liabilities , M€	31.3.2016	31.3.2015	31.12.2015
<i>Lease liabilities</i>	53.2	120.8	53.9
<i>Mortgages</i>	19.5	20.6	23.1
<i>Guarantees and deposit guarantees</i>	2.0	1.4	3.1
<i>Investment commitments to real estate funds</i>	6.6	8.6	6.6
Interest derivatives, M€	31.3.2016	31.3.2015	31.12.2015
<i>Swap contracts, notional value</i>	655.0	655.0	655.0
<i>Swap contracts, fair value</i>	-37.8	-42.4	-36.6
<i>Eurobasis swaps, notional value</i>	150.0	150.0	150.0
<i>Eurobasis swaps, fair value</i>	-0.3	-0.3	-0.3
<i>Cap options purchased, notional value</i>	362.9	593.7	363.1
<i>Cap options purchased, fair value</i>	0.3	0.9	0.8
Currency derivatives , M€	31.3.2016	31.3.2015	31.12.2015
<i>Currency options, bought, notional value</i>	5.8	8.8	6.4
<i>Currency options, bought, fair value</i>	0.1	0.0	0.0
<i>Currency options, put, notional value</i>	-	-	-
<i>Currency options, put, fair value</i>	-	-	-
Interest rate and currency swaps, M€	31.3.2016	31.3.2015	31.12.2015
<i>Interest rate and currency swaps, notional value*</i>	72.4	187.4	72.4
<i>Interest rate and currency swaps, fair value*</i>	-1.9	-2.7	-1.7

*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:

Management employee benefits, M€	31.3.2016	31.3.2015	31.12.2015
Salaries and other short-term employee benefits	0.4	0.4	1.7
Share-based payments	0.3	0.5	0.9
<i>Total</i>	0.7	1.0	2.6

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

M€	Income	Expenses
Forum Fastighets Ab*)	0.0	-
Konstsamfundet rf	0.0	-
<i>Total</i>	0.0	-

*) Sponda acquired six properties from Forum Fastighets Ab for EUR 576 million on 29 February 2016.

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, %	=	$100 \times \frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Equity}}$
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, €	=	$\frac{\begin{aligned} &\text{Operating profit} \\ &-/+ \text{Fair value adjustment} \\ &+ \text{Allocation of goodwill} \\ &+ \text{Depreciation in administration} \\ &+/- \text{Changes in provisions} \\ &+/- \text{Defined benefit pension expenses} \\ &- \text{Financial income \& expenses affecting cash flow} \\ &- \text{Taxes affecting cash flow} \\ &+/- \text{Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes} \end{aligned}}{\text{Undiluted total number of shares on the date of closing the books}}$

			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 NNAV	=		EPRA NAV - Fair value of financial instruments - Difference in fair value and book value of debt - Deferred tax liabilities resulting from <u>the assessment of fair value of properties</u> 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