2015

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

SPONDA

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Sponda's complete Annual Report has been published as an online version in Finnish and English at http://www.sponda.fi/en/annualreport2015. The Annual Report is also available in PDF format in two parts: Annual Review 2015 and the Board of Directors' Report and Financial Statements 2015.

Report by the board of directors 2015

Sponda Plc's total revenue was EUR 230.5 million (2014: EUR 246.7 million) and net operating income was EUR 165.7 million (EUR 176.0 million). Total revenue and net operating income were decreased by sales of properties in 2014 and 2015. Sponda's operating profit was EUR 178.1 (151.7) million. The economic occupancy rate was 87.7% (87.0%).

Main events during 2015

Sponda's operative targets were to keep the economic occupancy rate stable, sell non-strategic properties and engage in property development.

The implementation of the strategy saw significant progress in 2015. In March, Sponda decided to begin the construction of the Ratina shopping centre in Tampere. The complex comprises approximately 53,000 m² of retail and service premises for more than 150 businesses. The total value of the investment, including the land value, is approximately EUR 240 million, and the shopping centre will be completed in spring 2018.

Property sales completed in 2015 amounted to EUR 157.6 million. In addition, Sponda sold its shares in Certeum Ltd for approximately EUR 190 million, less capital repayment and other customary adjustments.

In April 2015, Sponda signed a loan agreement with Danske Bank Plc for a five-year unsecured loan of EUR 115 million. The agreement extended the loan, which was originally set to mature in July 2015, until April 2020.

In May, Sponda issued a EUR 175 million senior unsecured bond. The five-year bond matures on 20 May 2020 and carries a fixed annual coupon rate of 2.375 per cent. The proceeds from the bond offering were used to repay the EUR 100 million bond that matured in May 2015 and other existing debt and for general corporate purposes.

In June, Sponda sold the Solnechniy II shopping centre and the Bakhrushina House office building in Moscow for USD 46.6 million.

In October, Sponda signed a sale and purchase agreement concerning the sale of all of its shares in Certeum Ltd to Tungsten Investment S.à r.l., a company affiliated to Blackstone Real Estate Partners Europe IV. The consideration received by Sponda was approximately EUR 190 million before capital repayment and other customary adjustments. The transaction was completed on 16 December 2015.

In November, Sponda signed a sale and purchase agreement concerning the sale of its assets in Vuosaari harbour, including Vuosaaren Logistiikkakeskus Koy, Vuosaaren Porttikeskus Koy and Vuosaari Service Center Koy, to Tellurium Investment S.à r.l., a company affiliated to Blackstone Real Estate Partners Europe IV. The sales price was approximately EUR 100 million, which corresponds to the fair value of the properties in the third quarter of 2015. The transaction was completed on 16 December 2015.

In November, Sponda signed a syndicated revolving credit facility agreement for five years for EUR 80 million. The facility is unsecured. The credit facility extended the similar undrawn EUR 150 million revolving credit facility's original maturity from November 2015. The company reduced the size of the credit facility to correspond with its current needs.

Strategy

The main goals of Sponda's strategy are simplification of the business structure, more focused property ownership and profitable growth. To simplify its business structure, Sponda will divest its Russian operations, logistics properties and properties located in Turku within one to three years.

The capital to be released will be invested in Sponda's main markets in Helsinki, particularly the central business district and Ruoholahti, as well as Tampere. The investments will be directed at office and retail properties, and they will be implemented as acquisitions of existing properties and as property development projects.

The company's long-term goals for equity ratio and dividends are:

- The Group's goal is to attain a 40 per cent equity ratio;
- The company aims to pay a stable dividend. The dividend is approximately 50% of the cash flow from operations per share for the financial period, taking into account, however, the economic situation and the company's development needs.

Result of operations and financial position January 2015–December 2015 (compared with January 2014–December 2014)

- Total revenue was EUR 230.5 (246.7) million. The decline was primarily due to properties sold in 2014.
- Net operating income was EUR 165.7 (176.0) million.
- Operating profit was EUR 178.1 (151.7) million. This includes a fair value change of EUR 23.2 (-0.2) million.
- Cash flow from operations per share was EUR 0.36 (0.37).
- The fair value of the investment properties amounted to EUR 3,101.7 (3,142.1) million.
- Net assets per share totalled EUR 5.26 (4.65).
- The economic occupancy rate was 87.7% (87.0%).
- The Board proposes to the Annual General Meeting that a dividend of EUR 0.19 per share be paid.

Financial position

The consolidated balance sheet total was EUR 3,441.0 (31 December 2014: 3,449.2) million. The total value of property assets was EUR 3,109.4 (3,149.9) million. Of this total, investment properties accounted for EUR 3,101.7 (3,142.1) million and trading properties for EUR 7.7 (7.8) million. Investments in real estate funds totalled EUR 21.4 (18.6) million.

In 2015, Sponda sold properties for EUR 157.6 (2014: 237.2) million, recording a sales loss of EUR 4.3 million. Property maintenance and quality improvement investments totalled EUR 37.8 (42.0) million and property development investments amounted to EUR 65.2 (22.0) million. New property acquisitions in 2015 amounted to EUR 4.7 (65.0) million.

The consolidated equity at the end of 2015 stood at EUR 1,585.0 (1,411.5) million. The sum of EUR 94.0 million recorded in the other equity reserve comprises equity bonds issued in December 2012. Debts totalled EUR 1,856.0 (2,037.7) million, of which EUR 1,192.0 (1,413.6) million was long-term debt and EUR 664.0 (624.1) million short-term debt. The total value of interest-bearing debt was EUR 1,660.9 (1,731.2) million.

Key figures showing Sponda Group's financial performance:

Consolidated key figures	2015	2014	2013
Economic occupancy rate, %	87.7	87.0	87.9
Total revenue, M€	230.5	246.7	264.3
Net operating income, M€	165.7	176.0	190.9
Operating profit, M€	178.1	151.7	153.0
Equity ratio, %	46.2	41.0	40.7
Gearing ratio, %	90.9	121.2	125.6
Return on equity, %	15.2	5.2	7.2
Earnings per share, €	0.78	0.24	0.34
Dividend per share, €	0.19 [1]	0.19	0.18
Total dividend, M€	53.8 [1]	53.8	51.0
Net assets per share, €	5.26	4.65	4.64
Cash flow from operations per share, €	0.36	0.37	0.40

[1] Board's proposal

Financing

Key items in the Group cash flows:

M€	2015	2014	2013
Net cash flow from operations	94.9	113.5	106.5
Net cash flow from investments	241.5	33.5	-27.4
Net cash flow from financing	-136.1	-141.5	-90.1
Change in cash and cash equivalents	200.4	5.6	-11.0
Cash and cash equivalents, start of period	20.3	18.8	30.1
Impact of changes in exchange rates	-0.7	-4.0	-0.2
Cash and cash equivalents, end of period	220.0	20.3	18.8

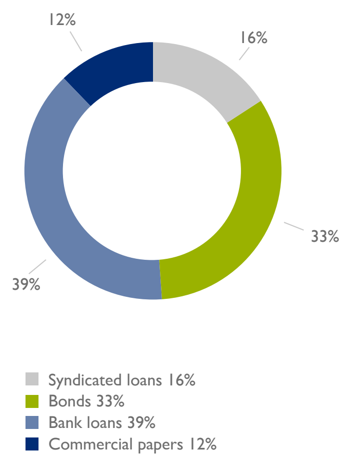
Full calculations of cash flows are presented in the financial statements.

Interest-bearing debt amounted to EUR 1,660.9 (1,731.2) million and the average maturity of loans was 2.2 (2.1) years. The average interest rate was 2.9% (2.9%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 90% (76%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 2.2 (2.3) years. The interest cover ratio, which describes the company's solvency, was 3.5 (3.3). Sponda's equity ratio stood at 46.2% (41.0%) and the gearing ratio was 90.9% (121.2%).

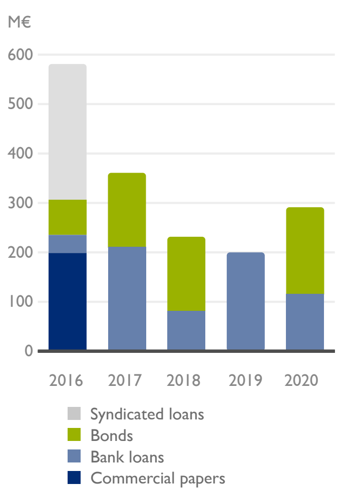
Sponda Group's debt portfolio on 31 December 2015 comprised EUR 275 million in syndicated loans, EUR 546 million in bonds, EUR 199 million in issued commercial papers, and EUR 641 million in loans from financial institutions. Sponda had EUR 440 million in unused credit limits. Sponda Group had mortgaged loans of EUR 125.8 million, or 3.7% of the consolidated balance sheet. Net financing costs for the period totalled EUR -48.9 (-55.9) million. Financial income and expenses include EUR -0.1 (-4.8) million in unrealised change in the fair value of derivatives.

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 in the income statement.

Sponda Group, Loan instruments
31 Dec 2015



Sponda Group, Loan maturities
31 Dec 2015



Deferred taxes

As a consequence of dissolving an unnecessary sub-group, originating from a portfolio transaction in 2006, and from changes in the acquisition cost of shares, the amount of deferred taxes changed significantly. The reduction in deferred taxes recognised in the financial statements for the year 2015 due to the dissolution of the sub-group was approximately EUR 129 million. The change was discussed in the interim report published on 3 November 2015.

Business conditions – Finland

The December 2015 forecast by the Finnish Ministry of Finance predicted that Finland's GDP for 2015 would reflect 0.2% growth for the year. The most significant factor contributing to the growth of the domestic economy is the favourable development of private and public consumption. The GDP growth forecast for 2016 is 1.2%, attributable to consumption growth as well as private investments.

According to KTI Property Information, the property transaction volume for the final quarter of 2015 was approximately EUR 1.33 billion, and the full-year volume was about EUR 5.46 billion. This means that the transaction volume in 2015 was the second-highest ever in Finland. The annual transaction volume of property transactions was higher only in 2007. International investment demand remained strong in 2015, with international investors accounting for approximately 34% of the transaction volume.

The construction of new office properties has picked up slightly compared to 2014, but remains at a fairly low level. According to Catella, some 86,000 m2 of new office space was completed in the office premises market in the Helsinki metropolitan area by the end of 2015, which is more than 50% higher than in 2014.

The vacancy rate of office premises in the Helsinki metropolitan area declined slightly in the second half of the year in spite of the weak economic climate. According to Catella, the average vacancy rate stood at 13.3% at the end of the year.

Business conditions – Russia

The Bank of Finland's forecast published in September indicated that the Russian GDP would decline by approximately 4% in 2015. The Bank of Finland further forecasts that the Russian GDP will decline by 2% this year. The prevailing uncertainty is reducing investments and consumption is negatively affected by the rapidly increased prices. Tensions in eastern Ukraine, sanctions and the unclear prospects concerning the development of economic and trade restrictions are still causing uncertainty. The price of oil has fallen substantially after the Bank of Finland published the aforementioned forecast, further complicating the situation in the Russian economy.

Activity in the transaction market picked up slightly towards the end of the year. According to preliminary information from CBRE, the fourth quarter volume in 2015 was approximately USD 1 billion, and the transaction volume for the full year amounted to approximately USD 3 billion. This represents a slight decline in activity compared to 2014, when the full-year volume was approximately USD 3.5 billion.

The preliminary information from CBRE indicates that the average vacancy rate for office premises in Moscow increased to 17.7% in the fourth quarter. At the end of the year, the vacancy rate for Class A office space was approximately 26%, while the vacancy rate for Class B office space was approximately 15%.

Slightly more than 0.7 million m² of new office space was completed in Moscow during the year. The weak demand and high vacancy rate led to approximately half of all planned projects being postponed.

Operations and property assets January 2015–December 2015

Net operating income from all of Sponda's property assets totalled EUR 165.7 (176.0) million in 2015. Of this total, office premises accounted for 66%, shopping centres for 22%, logistics premises for 5% and the Russia unit for 7%. On 31 December 2015, Sponda had a total of 162 leasable properties, with an aggregate leasable area of approximately 1.1 million m². Of this total, approximately 70% is office premises, 14% is shopping centres and 13% is 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 2015, an external consultant assessed the values of Sponda's investment properties in Finland (Catella Property Oy) and in Russia (CB Richard Ellis). The change in the fair value of the properties in 2015 was EUR 23.2 (-3.9) million. The value of Sponda's properties in Finland developed favourably, primarily due to a decrease in yield requirements, especially with regard to central business district properties. Another factor contributing to the increase in fair value was the development margin of property development after the Ilmala office project was completed. The negative change in the fair value of properties in Russia was attributable to changes in market rents.

Valuation gains/losses on fair value assessment

M€	2015	2014
Changes in yield requirements (Finland)	39.2	15.7
Changes in yield requirements (Russia)	-7.4	-10.0
Development gains on property development projects	25.4	5.5
Modernisation investments	-37.8	-42.0
Change in market rents and maintenance costs (Finland)	30.2	40.3
Change in market rents and maintenance costs (Russia)	-26.8	-19.3
Change in currency exchange rates	0.3	5.9
Investment properties, total	**23.2**	**-3.9**
Real estate funds	0.0	-1.8
Realised share of fund profits	0.0	5.5
Group, total	**23.2**	**-0.2**

Sponda defined the fair values of its investment properties at the end of 2015 in accordance with the company's established accounting principles. At the end of 2015, Catella Property Oy assessed the fair values of Sponda's investment properties in Finland and CB Richard Ellis in Russia. A higher than usual level of uncertainty is related to the valuation due to the economic situation in Russia, sanctions and strong fluctuations in the rate of the rouble. Especially the lack of comparable sales, changes to lease agreements agreed upon with tenants and the rouble becoming increasingly common as the contract currency have increased uncertainty.

Changes in Sponda's investment property assets

Sponda's investment properties in total 1.1.–31.12.2015, M€	Total.	Office properties	Shopping centres	Logistics properties	Property development	Russia
Operating income	229.6	149.0	46.6	16.8	0.3	16.9
Maintenance expenses	-63.4	-39.0	-10.9	-7.7	-1.8	-4.0
Net operating income	166.2	110.0	35.7	9.1	-1.4	12.8
Investment properties on 1 January 2015	3,142.1	1,853.5	726.0	205.1	133.1	224.4
Capitalised interest 2015	0.8	0.0	0.0	0.0	0.8	0.0
Acquisitions	4.7	4.7	0.0	0.0	0.0	0.0
Investments	103.0	29.3	6.8	0.9	66.0	0.1
Transfers between segments	0.0	98.4	-2.3	0.0	-96.0	0.0
Sales	-161.9	-18.1	0.0	-103.9	0.0	-39.8
Change in fair value	23.2	35.5	3.2	-7.4	25.9	-33.9
Reclassifications to non-current assets held for sale	-10.2	-8.4	0.0	-1.8	0.0	0.0
Investment properties on 31 December 2015	3,101.7	1,994.8	733.6	92.9	129.7	150.7
Change in fair value, %	0.7	1.9	0.4	-3.6	19.5	-15.1
Weighted average yield requirement, %	6.3	6.2	5.7	9.1		10.3
Weighted average yield requirement, Finland, %	6.1					

Rental operations

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

	Number (agreements)	Area (m^2)	EUR/m^2/ month
Came into effect during the period	74	14,874	11.80
Expired during the period	88	26,878	13.40
Renewed during the period	46	14,074	22.80

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

Sponda calculates the growth in net rental yield for its properties according to EPRA Best Practices Recommendations by using a like-for-like net rental growth formula based on a comparable property portfolio owned by the company for two years. Like-for-like net rental growth was 3.3% (-3.0%) for office premises, 1.3% (3.2%) for shopping centres, 27.8% (-11.3%) for logistics premises and -4.3% (-10.7%) 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	31.12.2015	30.9.2015	30.6.2015	31.3.2015	31.12.2014
Office properties, %	88.2	88.0	88.1	87.9	88.5
Shopping centres, %	91.3	90.6	89.8	90.3	91.2
Logistics properties, %	68.3	67.8	68.6	68.5	64.9
Russia, %	84.6	82.3	84.5	90.1	90.4
Total property portfolio, %	87.7	86.2	86.3	86.8	87.0

Geographical area	31.12.2015	30.9.2015	30.6.2015	31.3.2015	31.12.2014
Helsinki business district, %	90.1	89.3	88.3	88.2	89.3
Helsinki Metropolitan Area, %	85.7	83.5	83.7	83.6	83.1
Turku, Tampere, Oulu, %	90.8	91.1	92.3	92.9	93.2
Russia, %	84.6	82.3	84.5	90.1	90.4
Total property portfolio, %	87.7	86.2	86.3	86.8	87.0

Total cash flow from lease agreements at the end of December 2015 was EUR 969.3 (1,038.4) million. Sponda had 1,789 clients and a total of 2,806 lease agreements. The company's largest tenants were the State of Finland (8.4% of rental income), Kesko Group (5.4% of rental income), HOK-Elanto (4.4% of rental income) and Danske Bank Oyj (4.2% of rental income). Sponda's 10 largest tenants generate approximately 33% of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	% of net rental income
Professional, scientific and technical	8.0
Energy	0.3
Public sector	11.8
Wholesale/retail	23.4
Education	1.2
Logistics/transport	2.8
Hotel and catering business	6.0
Media/publishing	3.4
Other services	15.4
Banking/investment	8.5
Construction	3.6
Industry/manufacturing	4.1
Healthcare	5.3
Telecommunications	5.9
Other	0.3

The average length of all lease agreements was 4.2 (4.3) years. The average length of lease agreements was 4.2 (4.3) years for office properties, 5.2 (5.6) years for shopping centres, 2.3 (3.5) years for logistics properties and 2.4 (2.5) years for properties in Russia. The lease agreements expire as follows:

	% of rental income 31 December 2015	% of rental income 1 December 2014
Within 1 year	14.2	14.0
Within 2 years	17.1	11.3
Within 3 years	10.8	18.1
Within 4 years	8.3	9.3
Within 5 years	5.3	7.4
Within 6 years	7.7	2.0
After more than 6 years	23.6	26.3
Valid indefinitely	13.0	11.6

Divestments and investments

Divestments M€	1–12/15	1–12/14
Properties sold		
Selling price	157.6	237.2
Profit/loss on sale*	-4.3	0.6
Balance sheet value	161.9	236.6

*) Includes sales costs

Investments M€	1–12/15	1–12/14
Properties acquired	-4.7	-65.0
Maintenance investments	-37.8	-42.0
Property development investments	-65.2	-22.0

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

Results by segment

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

Office properties

	1–12/15	1–12/14
Total revenue, M€	149.1	141.8
Net operating income, M€	109.7	103.0
Operating profit, M€	134.1	112.9
EPRA Net Initial Yield (NIY), %	5.9	5.4
Economic occupancy rate, %	88.2	88.5
Fair value of properties, M€	1,994.8	1,853.5
- excludes properties classified as held for sale, M€	8.4	
Change in fair value from beginning of year, M€	35.5	18.5
Leasable area, m²	775,000	766,500

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

M€	1–12/15	1–12/14
Properties sold		
Selling price	17.9	20.6
Profit/loss on sale	-0.2	0.7
Balance sheet value	18.1	19.9
Properties acquired	-4.7	-65.0
Maintenance investments	-29.7	-34.4
Property development investments	0.4	-2.1

The lease agreements will expire as follows:

	% of rental income 31 December 2015	% of rental income 31 December 2014
Within 1 year	13.5	10.8
Within 2 years	19.8	12.0
Within 3 years	10.2	21.8
Within 4 years	9.1	7.4
Within 5 years	4.8	7.6
Within 6 years	5.4	2.0
After more than 6 years	21.4	22.3
Valid indefinitely	15.8	16.0

Shopping centres

	1–12/15	1–12/14
Total revenue, M€	46.6	45.8
Net operating income, M€	35.7	35.2
Operating profit, M€	35.8	36.0
EPRA Net Initial Yield (NIY), %	4.7	4.7
Economic occupancy rate, %	91.3	91.2
Fair value of properties, M€	733.6	726.0
Change in fair value from beginning of year, M€	3.2	3.8
Leasable area, m^2	153,500	151,000

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

M€	1–12/15	1–12/14
Properties sold		
Selling price	0.0	0.0
Profit/loss on sale	0.0	0.0
Balance sheet value	0.0	0.0
Properties acquired	0.0	0.0
Maintenance investments	-6.8	-4.7
Property development investments	0.0	0.0

The lease agreements will expire as follows:

	% of rental income 31 December 2015	% of rental income 31 December 2014
Within 1 year	8.4	8.3
Within 2 years	10.1	7.4
Within 3 years	7.9	10.0
Within 4 years	6.4	7.0
Within 5 years	5.4	6.3
Within 6 years	18.8	2.3
After more than 6 years	38.8	55.3
Valid indefinitely	4.3	3.4

Logistics properties

	1–12/15	1–12/14
Total revenue, M€	16.8	30.8
Net operating income, M€	9.1	18.9
Operating profit, M€	-1.9	11.1
EPRA Net Initial Yield (NIY), %	7.4	4.1
Economic occupancy rate, %	68.3	64.9
Fair value of properties, M€	92.9	205.1
-excludes properties classified as held for sale, M€	1.8	
Change in fair value from beginning of year, M€	-7.4	-6.0
Leasable area, m^2	152,500	248,500

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

M€	1–12/15	1–12/14
Properties sold		
Selling price	100.8	216.7
Profit/loss on sale	-3.1	0.0
Balance sheet value	103.9	216.7
Properties acquired	0.0	0.0
Maintenance investments	-0.9	-2.4
Property development investments	0.0	1.1

At the end of December 2015, Sponda sold its properties located in Vuosaari harbour for approximately EUR 100 million to Bidco Oy, a company affiliated to Blackstone Real Estate Partners Europe IV.

The lease agreements will expire as follows:

	% of rental income 31 December 2015	% of rental income 31 December 2014
Within 1 year	24.7	17.3
Within 2 years	13.0	12.0
Within 3 years	4.5	11.8
Within 4 years	7.4	7.9
Within 5 years	6.0	17.3
Within 6 years	1.2	1.8
After more than 6 years	11.3	17.3
Valid indefinitely	31.9	14.7

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 129.7 million at the end of 2015. Of this total, EUR 53.8 million was in undeveloped land sites and the remaining EUR 75.9 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 65.7 million. The investments were primarily directed to the construction of office buildings in Ilmalanrinne and Lassila, as well as the construction of the Ratina shopping centre.

Sponda built a three-building office complex in Ilmala, Helsinki for use by Sweco. The office complex was completed and taken into use in December 2015. The office complex was fully pre-let and the project's total investment size was approximately EUR 57 million.

The construction of the Ratina shopping centre in Tampere began in April 2015. Most of the excavation work has been completed. Foundation work for the new building is currently underway, and the construction of the frame will begin 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 project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 51.9 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

	1–12/15	1–12/14
Total revenue, M€	16.9	22.2
Net operating income, M€	12.8	15.8
Operating profit, M€	-24.8	-10.6
EPRA Net Initial Yield (NIY), %	5.8	6.0
Economic occupancy rate, %	84.6	90.4
Fair value of properties, M€	150.7	224.4
Change in fair value from beginning of year, M€	-33.9	-23.8
Leasable area, m²	34,500	44,500

The substantial depreciation of the rouble is affecting tenants' ability to pay rent in Russia. In the current market climate, 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€	1–12/15	1–12/14
Properties sold		
Selling price	38.7	0.0
Profit/loss on sale*	-1.1	0.0
Balance sheet value	39.8	0.0
Properties acquired	0.0	0.0
Maintenance investments	-0.1	-0.4
Property development investments	0.0	0.0

*) Includes sales costs

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

	% of rental income 31 December 2015	% of rental income 31 December 2014
Within 1 year	35.2	38.7
Within 2 years	13.9	13.4
Within 3 years	31.2	15.2
Within 4 years	6.6	23.8
Within 5 years	9.3	2.1
Within 6 years	0.0	1.5
After more than 6 years	3.8	5.5
Valid indefinitely	0.0	0.0

Property Investment Companies

On 16 December 2015, Sponda sold all of its shares in Certeum Ltd to Space (Logistics) Pledgeco S.à r.l., a company affiliated with Blackstone Real Estate Partners Europe IV. The consideration received by Sponda after capital repayment and other customary adjustments was approximately EUR 181 million. Sponda recorded a profit of approximately EUR 5.2 million on the sale.

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. The investment amounted to approximately EUR 19.4 million at the end of 2015.

First Top LuxCo invests in office and retail properties outside Finland's largest cities. Sponda's holding in the fund is 20%. Sponda's investment in the fund amounted to EUR 2.0 million on 31 December 2015.

Parent company

The net revenue of parent company Sponda Plc was EUR 129.5 (140.0) million and operating profit was EUR 193.1 (87.5) million in 2015. Financial income and expenses came to EUR 78.3 (-116.9) million and the result for the period was EUR 257.0 (-1.2) million.

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.

Risk management

Sponda has adopted a systematic approach to risk management and one of the company's key strengths is its ability to integrate risk management into its strategy process, the enterprise resource planning system and business processes.

The responsibility for risk management is determined in accordance with business responsibility. The ultimate responsibility for risk management lies with the Board of Directors, which sets risk management objectives, decides on risk management policy, organises risk management and monitors key risks. Business units and corporate functions are responsible for arranging for risk management to be monitored and reported as part of the company's other reporting activities. The company's internal audit function monitors the effectiveness of the risk management system.

Risk management is tied to the company's annual planning process and risks are assessed in a risk survey carried out twice a year. The risk survey identifies the company's key risks, assesses the probability of their occurrence and potential impacts thereof, and defines risk management procedures. The risk survey is updated every autumn in conjunction with budgeting. The Group's risk management guidelines and the operations handbook are updated to reflect the decisions made on the basis of the risk survey. The risk survey also includes an assessment of the company's approach to risks.

Sponda's toolbox of risk management includes risk aversion, risk elimination and reducing the probability of their materialisation. Risks can also be restricted and reduced. A business continuity and recovery plan has been prepared for the contingency that substantial risks materialise.

Main risks and risk management actions taken

SHORT-TERM RISKS RELATED TO SPONDA'S OPERATIONS	RISK MANAGEMENT ACTIONS
Fall in economic occupancy rate	Sponda's property portfolio is primarily located in Helsinki's city centre and the Ruoholahti district, which are attractive areas regardless of the market climate. Sponda is selling properties that are not within these strategic areas. In addition to focusing on the central location of its properties, Sponda is continuously developing its customer service through measures such as more detailed property service surveys and the launch of more flexible lease models.
Decline in tenants' solvency	Sponda carries out regular checks to monitor tenants' solvency and changes therein. Most tenants submit a security deposit corresponding to 3 to 6 months' rent at the start of their tenancy. Due to its broad tenant base, Sponda is not dependent on individual major clients.
Availability of financing	Risks related to the availability of financing are mitigated by using credit agreements of varying lengths, a broad financing base, credit limits and by maintaining the company's reputation as a reliable debtor.
Interest rate risk	Sponda's hedge level for interest rate risk must be at least 60 per cent and at most 100 per cent. Fixed-rate loans and interest rate derivatives are used to balance the effect of changes in the market interest rates.
Exchange rate fluctuations	Sponda's rental income in Russia is paid in US dollars and Russian roubles. Most of the rents paid in roubles are tied to the US dollar or euro exchange rate. The exchange rate risk arising from the use of the rouble is reduced by the fact that a significant portion of the company's own expenses in Russia is also paid in roubles. Sponda hedges a six-month cash flow from Russia. The company's investments in Russia are mainly funded in euros from the parent company balance sheet.
Russian macroeconomic development	Sponda is a local operator with an office in Moscow. The company's portfolio in Russia consists of high-quality properties in prime locations. According to Sponda's updated strategy, the company is planning to exit the Russian market within 1–3 years. Sponda uses a local external partner in its operating activities to ensure the continuity of operations.

Environmental responsibility

Sponda's environmental responsibility in 2015 was in line with the company's strategy. Sponda's most significant environmental impacts are related to the energy consumption of properties and the resulting carbon dioxide emissions. Sponda also monitors water consumption, as well as the recovery and recycling of waste. Sponda's Energy efficiency programme progressed in line with its target in 2015, achieving a reduction of 15.4% in consumption compared to the baseline. Sponda's long-term target is to reduce energy consumption by -20% by 2020, using the average consumption in 2001–2005 as the baseline. The recovery rate of waste generated at Sponda's properties increased to 97%, while the recycling rate was 45%. Sponda also works with its customers in the area of environmental responsibility. In December, Sponda signed a new environmental partnership with Sweco Finland Oy for the newly completed property in Ilmala.

In November, Sponda achieved the Nordic Climate Disclosure Leadership level for the first time in the annual CDP Climate assessment. Sponda received recognition for its comprehensive climate reporting as well as its Energy efficiency programme, which includes the management of carbon dioxide emissions. Sponda was awarded a score of 99/100 for its reporting and the grade of A- (classification: A–E) in the emissions management index. Sponda improved its result from the previous year in both categories and was ranked first in the Financials category in both Finland and the Nordic region as a whole.

Governance

Sponda Plc is a public limited company registered in Finland and listed on the NASDAQ OMX Helsinki Stock Exchange. In its decision-making and administration, Sponda complies with the Finnish Companies Act and other legal provisions governing public limited companies, and the company's articles of association. Sponda complies with the rules and regulations for listed companies issued by Nasdaq Helsinki Ltd and the Finnish Corporate Governance Code 2015, which entered into force on 1 January 2016.

The Securities Market Association issued the new Corporate Governance Code 2015 on 1 October 2015. The Corporate Governance Code 2015 and the previous Corporate Governance Code 2010 are available online on the Securities Market Association's website at www.cgfinland.fi.

As required by the Finnish Limited Liability Companies Act and Sponda's articles of association, control and governance of the company is divided between the shareholders represented at General Meetings, the Board of Directors and the President and CEO. The President and CEO is assisted by an Executive Board.

The description of Sponda's administration and the Corporate Governance Statement are available to the public on Sponda's website at www.sponda.fi.

The Shareholders' Nomination Board – rather than a Board-appointed nomination committee – assists the Annual General Meeting in nominating members to the Board of Directors and in preparing Board members' remuneration.

Under Sponda Plc's articles of association, the company has a Board of Directors composed of four to seven (4–7) members. The AGM appoints the members of the Board of Directors based on the proposal of the Shareholders' Nomination Board and their appointments are valid until the conclusion of the next AGM. The Board of Directors elects a Chairman and Deputy Chairman from among its members.

Until the AGM of 16 March 2015, the members of the Board of Directors were Kaj-Gustaf Bergh (Chairman), Arja Talma (Deputy Chairman), Christian Elfving, Paul Hartwall, Juha Laaksonen, Leena Laitinen and Raimo Valo.

The AGM of 16 March 2015 confirmed the number of Board members as seven and re-elected Kaj-Gustaf Bergh, Christian Elfving, Paul Hartwall, Juha Laaksonen, Leena Laitinen, Arja Talma and Raimo Valo.

Sponda's Board members represent broad experience in the real estate, industrial, financial and commercial sectors. More detailed information on the Board members is provided in the Annual Report under the section "Corporate Governance/Board of Directors/Presentation of the Board of Directors", available on Sponda Plc's website. The Board of Directors considers that, of its members, Juha Laaksonen, Leena Laitinen, Arja Talma and Raimo Valo are independent of both the company and its major shareholders, and that Kaj-Gustaf Bergh, Christian Elfving and Paul Hartwall are independent of the company. Kaj-Gustaf Bergh and Christian Elfving are considered not to be independent of a major shareholder due to their Board membership in Oy PALSK Ab, which is a major shareholder of Sponda. Paul Hartwall is considered not to be independent of a major shareholder due to his Board membership in Hartwall Capital Oy, whose subsidiary HC Fastigheter Holding Oy Ab is a major shareholder of Sponda. In its constitutive meeting after the Annual General Meeting of 16 March 2015, the Board of Directors elected Kaj-Gustaf Bergh as its Chairman and Arja Talma as its Deputy Chairman.

The Board has established two permanent committees to assist the Board by preparing matters for which the Board is responsible. These permanent committees are the Audit Committee and the Structure and Remuneration Committee. The Board is responsible for carrying out the duties it assigns to the committees. If required, the Board can appoint other committees and working groups from among its own members to prepare matters for the Board's consideration and decision-making.

The Audit Committee comprises at least three (3) Board members who are independent of the company and its subsidiaries and have sufficient knowledge of accounting and financial statement standards. In 2015, the Audit Committee comprised Arja Talma as Chair, Raimo Valo as Deputy Chair, and Paul Hartwall and Juha Laaksonen as ordinary members. The Chief Financial Officer of Sponda acted as secretary to the Audit Committee until May 2015, followed by the President and CEO of Sponda starting from June 2015.

The Structure and Remuneration Committee comprises at least three (3) Board members who are independent of the Company. In 2015, the Structure and Remuneration Committee comprises Kaj-Gustaf Bergh as Chair, Christian Elfving as Deputy Chair and Leena Laitinen as an ordinary member. Sponda's President and CEO also attended meetings of the Structure and Remuneration Committee. The Chief Financial Officer of Sponda acted as secretary to the Structure and Remuneration Committee until May 2015, followed by the President and CEO of Sponda starting from June 2015.

Annual General Meeting and dividend

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 21 March 2016 and proposes to the Annual General Meeting that a dividend of EUR 0.19 per share be paid.

Auditors

Sponda Plc's auditors are 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.

The Shareholders' Nomination Board

In its meeting held on 25 January 2016, the Shareholders' Nomination Board of Sponda Plc has decided to propose to the Annual General Meeting to be held on 21 March 2016 that the Board of Directors will consist of eight ordinary members. The Shareholders' Nomination Board proposes that the current members Kaj-Gustaf Bergh, Christian Elfving, Paul Hartwall, Leena Laitinen, Arja Talma and Raimo Valo be re-elected to the Board of Directors, with Outi Henriksson and Juha Metsälä elected to the Board of Directors as new members. The Nomination Board notes that, of the current members of the Board of Directors, Juha Laaksonen was no longer available for election as a Board member. The Nomination Board informs the Board of Directors of Sponda Plc that the Nomination Board's proposal requires an amendment to the Articles of Association to stipulate that the Board of Directors is composed of 5–9 members. The Nomination Board proposes that Outi Henriksson's and Juha Metsälä's term of office as members of the Board of Directors will begin once the amendment to the Articles of Association has been registered with the Trade Register, and that the term of office of the other Board members begin at the close of the 2016 Annual General Meeting.

The Shareholders' Nomination Board of Sponda Plc proposes to the Annual General Meeting that the remuneration payable to the members of the Board will not be increased, and that the members of the Board will be paid the following annual remuneration for the term until the close of the 2017 Annual General Meeting: EUR 66,000 for the Chairman, EUR 40,000 for the Deputy Chairman, and EUR 33,000 for each member. The Nomination Board further proposes that additional compensation of EUR 1,000 be paid to the Chairman of the Board for each meeting attended and EUR 600 be paid to members of the Board for each meeting attended. The Nomination Board proposes that members of the Board be paid EUR 600 per committee meeting attended and the Chairman of the Audit Committee EUR 1,000 per Audit Committee meeting attended. The Nomination Board proposes that 40% of the fixed annual remuneration be paid in Sponda Plc shares purchased from the market. The shares will be purchased within two weeks of the release of the interim report for the period 1 January – 31 March 2016. The Nomination Board further proposes that travel costs be reimbursed in accordance with the principles approved by the Finnish Tax Administration.

Sponda Plc's Board of Directors will incorporate the proposals into the Annual General Meeting notice, which will be published later.

The Shareholders' Nomination Board consisted of the following three largest shareholders on 30 September 2015:

- Oy Palsk Ab, Kaj-Gustaf Bergh;
- Mutual Pension Fund Varma, Pekka Pajamo; and
- HC Fastigheter Holding Oy Ab, Ole Johansson.

Management and personnel

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.

	2015	2014	2013	2012	2011
Average number of employees during the year	103	118	121	122	123
Number of employees at the end of the year	103	105	118	119	128
Employee benefit expenses, M€	10.9	12.1	13.3	13.5	13.0

Sponda has personnel in Finland and in Russia.

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. Employees have the opportunity to participate annually in a Share Programme, the target group of which includes all employees of Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's long-term share-based incentive scheme.

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

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

Sponda's share

The weighted average price of Sponda's share in 2015 was EUR 3.79. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.57 and the lowest EUR 3.29. Turnover during the period totalled 121.6 million shares, or EUR 461.5 million. The closing price of the share on 30 December 2015 was EUR 3.92 and the market capitalisation of the company's share capital was EUR 1,109.7 million.

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

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

The following flagging notices were issued:

– 2 October 2015: APG Asset Management N.V. announced that its holding of shares represented 4.98% of the total number of shares and votes in Sponda Plc.

Events after the balance sheet date

In January 2016, Sponda Plc's Shareholders' Nomination Board decided on the content of its proposal regarding the composition and remuneration of the Board of Directors to the Annual General Meeting to be held on 21 March 2016. More detailed information on the proposal is available under the heading "Shareholders' Nomination Board".

In February 2016, Sponda signed agreements with Forum Fastighets Kb and Föreningen Konstsamfundet r.f. on the acquisition of the shares in Ab Mercator Oy, which owns six properties, as well as the shares in Ab Forum Capita Oy, which manages the properties in question. The properties are located in the Forum block in central Helsinki. The total debt-free price of the entities acquired is approximately EUR 576 million. The estimated net yield after the first year is approximately 4.9%. The purchase price is conditional on balance sheet adjustments and other standard adjustments made after an acquisition, and the transaction is scheduled to be completed on 29 February, 2016. The transaction and the entities to be acquired were announced in a stock exchange release dated 4 February 2016.

Sponda will finance the acquisition with its existing cash funds and a short-term bridge loan of approximately EUR 300 million. The company plans to arrange a rights offering to maintain its current capital structure and equity ratio following the transaction.

Prospects for 2016

Sponda provides prospects for 2016 with regard to the development of the company's net operating income and adjusted EPRA Earnings. The prospects do not include the impact on Sponda's result of the agreed-upon acquisition of six properties.

Net operating income

Sponda estimates that the net operating income for 2016 will amount to EUR 152–168 million. The estimate is based on the company's view of property purchases and sales 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 82–98 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

Shareholders

Sponda Plc's share capital on 31 December 2015 was EUR 111,030,185 and the number of shares was 283,075,462. The Sponda share is quoted on NASDAQ OMX Helsinki Ltd under the trading code is SDAIV. The shares are managed under the book-entry securities system. Sponda has one share series with equal voting and dividend rights. Each share carries one vote at general meetings. The company did not hold any Sponda shares.

In addition to NASDAQ OMX Helsinki, Sponda shares were traded on several alternative marketplaces.

Dividend policy

Sponda Plc distributes a dividend corresponding to about 50 per cent of the cash flow from operations per share for the period while taking into consideration the company's financial situation and business development needs.

Shareholders

At the end of 2015, Sponda had a total of 10,092 shareholders. Nominee-registered shareholders accounted for 49.0 per cent of the shares and votes. Foreign and nominee-registered shareholders together held 50.3 per cent of the shares and votes.

Sponda issued the following flagging notices in 2015: 2 October 2015: APG Asset Management N.V. announced that its holding of shares represented 4.98 per cent of the total number of shares and votes in Sponda Plc.

Current authorisations

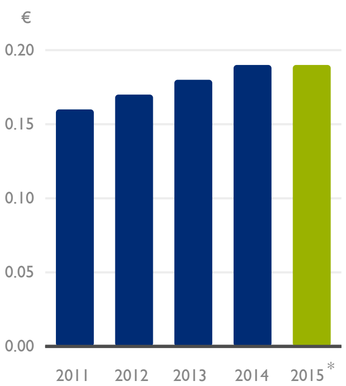
The Annual General Meeting on 16 March 2015 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

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

Sponda's ownership structure on 31 December 2015, registered shareholders

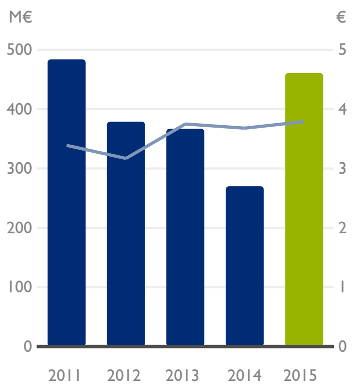
Shareholders by sector	Shares	% of share capital
1 Public sector	33,402,411	11.80
2 Nominee registered	138,697,321	49.00
3 Financial and insurance corporations	34,320,074	12.12
4 Households	22,470,680	7.94
5 Non-financial corporations	47,572,874	16.81
6 Non-profit institutions	3,684,373	1.30
7 Rest of the world	2,927,729	1.03
Total	**283,075,462**	**100.0**

Dividend per share



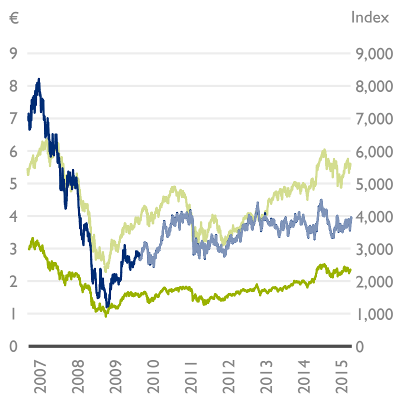
* Board's proposal

Share price and turnover



Turnover M€
Share price, € (weighted average price)

Sponda share price compared to indices



Sponda OMXH
Sponda Chi-X
OMX Helsinki CAP index
EPRA Europe index

Source: Sponda website and Investis

20 principal shareholders on 31 December 2015

		Number of shares	% of shares and votes
Shareholders		**Shares**	**% of shares**
1	Oy Palsk Ab	42,163,745	14.89
2	Varma Mutual Pension Insurance Company	29,083,070	10.27
3	HC Fastigheter Holding Oy Ab	28,484,310	10.06
4	The State Pension Fund	3,300,000	1.17
5	OP-Finland Value Fund	1,453,221	0.51
6	Odin Eiendom	1,089,390	0.38
7	Tiiviste-Group OY	1,000,000	0.35
8	SR Arvo Finland Value	718,864	0.25
9	Norvestia plc	718,196	0.25
10	Danske Invest Finnish Equity Fund	653,574	0.23
11	OP-Finland Small Firms Fund	640,812	0.23
12	I.A. von Julins STB	570,000	0.20
13	Paju Markku Juhani	558,467	0.20
14	Livränteanstalten Hereditas	540,000	0.19
15	Inkinen Kari	465,245	0.16
16	Yleisradion Eläkesäätiö S.r.	450,000	0.16
17	Mutual Fund Tapiola Finland	414,136	0.15
18	Siuko Taavi Paavali	410,000	0.14
19	Bnp Arbitrage	385,581	0.14
20	OP-Property Fund	320,466	0.11
Total		113,419,077	40.07
Others		169,656,385	59.93
Total		**283,075,462**	**100.00**
Nominee-registered		138,697,321	49.0
Total number of shareholders		**10,092**	

Distribution of ownership 31 December 2015

	Number of shareholders	% of shareholders	Number of securities	% of securities	Number of votes	% of votes
1–100	814	8.07	47,914	0.02	47,914	0.02
101–500	2,848	28.22	882,264	0.31	882,264	0.31
501–1 000	1,910	18.93	1,487,479	0.53	1,487,479	0.53
1,001–5,000	3,533	35.01	8,329,724	2.94	8,329,724	2.94
5,001–10,000	513	5.08	3,698,337	1.31	3,698,337	1.31
10,001–50,000	360	3.57	7,111,281	2.51	7,111,281	2.51
50,001–100,000	50	0.50	3,304,084	1.17	3,304,084	1.17
100,001–500,000	43	0.43	8,664,583	3.06	8,664,583	3.06
500,001–	21	0.21	249,549,796	88.16	249,549,796	88.16
Total	**10,092**	**100.0**	**283,075,462**	**100.00**	**283,075,462**	**100.00**
of which nominee-registered			138,697,321	49.00	138,697,321	49.00
Non-transferred, total	0		0	0.00	0	0.00
In general account			0	0.00	0	0.00
In special accounts, total			0	0.00	0	0.00
Total issued			**283,075,462**	**100.00**	**283,075,462**	**100.00**

Group key figures

Key financial figures	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Income statement key figures					
1. Total revenue, M€	**230.5**	246.7	264.3	264.6	248.2
2. Operating profit, M€	**178.1**	151.7	153.0	210.5 1)	209.6
3. % of total revenue	**77.3**	61.5	57.9	79.6 1)	84.5
4. Financial expenses, M€	**-55.7**	-74.1	-83.1	-94.6	-89.6
5. Profit/loss for the period, M€	**227.2**	73.6	103.1	114.3 1)	117.8
6. % of total revenue	**98.6**	29.8	39.0	43.2 1)	47.5
7. EPRA, Direct result, M€	**232.0**	101.6	111.5 2)	111.9 1) 2)	75.4
Balance sheet key figures					
8. Total shareholders' equity, M€	**1,585.0**	1,411.5	1,409.3	1,447.7 1)	1,281.1
9. Total liabilities, M€	**1,856.0**	2,037.7	2,062.5	2,074.1 1)	2,106.2
10. Interest-bearing liabilities, M€	**1,660.9**	1,731.2	1,788.8	1,736.2	1,754.8
11. Interest-bearing net liabilities, M€	**1,440.9**	1,710.8	1,770.0	1,706.1	1,728.4
Profitability and financing key figures					
12. Return on investment, %	**5.8**	5.4	5.5	7.9 1)	7.7
13. Return on shareholders' equity (ROE), %	**15.2**	5.2	7.2	8.2 1)	9.5
14. Equity ratio, %	**46.2**	41.0	40.7	41.2 1)	37.9
15. Debt equity ratio, %	**104.8**	122.6	126.9	119.9 1)	137.0
16. Gearing, %	**90.9**	121.2	125.6	117.9 1)	134.9
Other key figures					
17. Gross expenditure on non-current assets, M€	**111.4**	185.1	54.8	147.8	269.9
18. % of total revenue	**48.3**	75.1	20.7	55.9	108.7

1) 2012 figure was adjusted following the voluntary amendment of accounting principles with regard to IAS 12 and the amendment of IAS 19
2) In 2013, Sponda have changed the calculation and the presentation of EPRA key figures to match better to the EPRA Best Practices Recommendations. 2012 figures were adjusted accordingly. The notable change relates to deferred taxes on investment properties.

Key figures per share	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
19. Basic and diluted earnings per share attributable to parent company equity holders, € (EPS)	**0.78**	0.24	0.34	0.37 2)	0.39
20. Shareholders' equity per share, €	**5.26**	4.65	4.64	4.45 2)	4.06
21. Dividend, €	**0.19** 1)	0.19	0.18	0.17	0.16
22. Payout ratio, %	**24.22** 1)	78.60	53.49	45.86 2)	41.15
23. Effective dividend yield, %	**4.85** 1)	5.25	5.26	4.72	5.13
24. P/E ratio, %	**5.00**	14.98	10.16	9.71 2)	8.02
25. Lowest and highest share prices, €	**3.29/4.57**	3.25/4.10	3.32/4.42	2.72/3.75	2.64/4.17
26. Average share price, €	**3.79**	3.68	3.75	3.17	3.39
27. Closing share price, €	**3.92**	3.62	3.42	3.60	3.12
28. Market capitalization, M€	**1,109.7**	1,024.7	968.1	1,019.1	883.2
29. Share turnover, million shares	**121.6**	73.4	96.8	115.2	141.9
30. Share turnover, %	**43.0**	25.9	34.2	40.7	50.4
31. Weighted average of basic and diluted total number of shares, million shares	**283.1**	283.1	283.1	283.1	281.3
32. Weighted average of basic and diluted total number of shares at the end of the year, million shares	**283.1**	283.1	283.1	283.1	283.1
33. Direct result per share, €	**0.82**	0.36	0.39	0.40	0.27
34. Cash flow from operations per share, €	**0.36**	0.37 3)	0.40	0.40	0.37

1) Board prosal
2) 2012 figure was adjusted following the voluntary amendment of accounting principles with regard to IAS 12 and the amendment of IAS 19
3) Cash flow from operations include share of result of associated companies adjusted with changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes

EPRA key figures

EPRA key figures	**31.12.2015**	31.12.2014	31.12.2013	31.12.2012	31.12.2011
35. EPRA Earnings[1,2], M€	**232.0**	101.6	111.5	111.9	75.4
36. EPRA Earnings per share[1,2], €	**0.82**	0.36	0.39	0.40	0.27
37. EPRA NAV[1,2], M€	**1,586.6**	1,542.1	1,497.8	1,472.5	1,369.5
38. EPRA NAV per share[1,2], €	**5.60**	5.45	5.29	5.20	4.84
39. EPRA NNNAV[1,2], M€	**1,457.9**	1,271.5	1,278.1	1,227.7	1,132.1
40. EPRA NNNAV per share[1,2], €	**5.15**	4.49	4.52	4.34	4.00
41. EPRA Net Initial Yield (NIY), %	**5.62**	5.18	5.84	6.61	6.39
42. EPRA "topped-up" NIY, %	**5.63**	5.19	5.84	6.63	6.40
43. EPRA Vacancy rate, %	**12.3**	13.0	12.1	11.9	11.8
44. EPRA Cost Ratio (including direct vacancy costs)	**17.68**	17.26	16.27		
45. EPRA Cost Ratio (excluding direct vacancy costs)	**12.90**	11.96	11.37		

[1]) 2012 figure was adjusted following the voluntary amendment of accounting principles with regard to IAS 12 and the amendment of IAS 19
[2]) In 2013, Sponda have changed the calculation and the presentation of EPRA key figures to match better to the EPRA Best Practices Recommendations. 2012 figures were adjusted accordingly. The notable change relates to deferred taxes on investment properties.

EPRA Earnings

Sponda's result includes several non-operating items. These items are primarily the result of the nature of Sponda's business and the 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 operating result illustrates the result from the Group's core business operations. The 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. In addition, EPRA Earnings include share of result of associated companies adjusted with changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes

In 2013, Sponda have changed the calculation and the presentation of EPRA key figures to match better to the EPRA Best Practices Recommendations. Due to this change, EPRA Earnings is presented with two different calculation methods. The notable change relates to deferred taxes on investment properties.

EPRA Earnings, M€, new presentation method	**31.12.2015**	31.12.2014
Earnings per IFRS income statement	**227.2**	73.6
-/+ (i) Net profits or losses from fair value assessment of investment properties	**-22.4**	11.6
-/+ (ii) Net profits or losses on disposal of investment property	**-0.7**	-0.6
-/+ (iii) Net profits or losses on sales of trading properties	**-2.8**	-2.0
+/- (iv) Tax on profits or losses on disposals	**0.0**	0.0
+/- (v) Negative goodwill / goodwill impairment	**3.0**	
-/+ (vi) Changes in fair value of financial instruments	**0.1**	7.6
+/- (viii) Change in deferred taxes arising from the items above	**27.6**	11.6
EPRA Earnings	**232.0**	101.6
EPRA Earnings per share, €	**0.82**	0.36
Company specific adjustements:		
(a) Deferred taxes on operating result	**-133.5**	7.1
Company specific Adjusted Earnings	**98.6**	108.7
Company specific Adjusted Earnings per share, €	**0.35**	0.38

EPRA Earnings, M€, old presentation method	31.12.2015	31.12.2014
Net operating income	165.7	176.0
+ Realised gains from real estate funds	0.0	5.5
- Marketing and administration	-21.7	-22.1
+/- Other operating income and expenses	12.7	2.1
Operating profit	156.7	161.6
+/- Financial income and expenses	-48.8	-51.1
- Taxes based on operational result	-9.3	-1.8
- Deferred taxes on operating result	133.5	-7.1
EPRA Earnings	232.0	101.6
EPRA Earnings per share, €	0.82	0.36
Company specific adjustements:		
(a) Deferred taxes on operating result	-133.5	7.1
Company specific Adjusted Earnings	98.6	108.7
Company specific Adjusted Earnings per share, €	0.35	0.38

EPRA NAV, M€	31.12.2015	31.12.2014
Equity attributable to equity holders of the parent company	1,583.2	1,409.7
- Other equity reserve	-94.0	-94.0
-/+ (iv) Fair value of financial instruments	37.7	46.7
+ (v.a) Deferred tax liabilities resulting from the assessment of fair value of properties	71.3	194.2
- (v.b) Goodwill created from the deferred tax liabilities on properties	-11.5	-14.5
EPRA NAV, M€	1,586.6	1,542.1
EPRA NAV per share, €	5.60	5.45

EPRA NNNAV, M€	31.12.2015	31.12.2014
EPRA NAV, M€	1,586.6	1,542.1
+/- (i) Fair value of financial instruments	-37.7	-46.7
-/+ (ii) Difference between the fair value and balance sheet value of liabilities	-19.8	-29.6
+ (iii) Deferred tax liabilities resulting from the assessment of fair value of properties	-71.3	-194.2
EPRA NNNAV, M€	1,457.9	1,271.5
EPRA NNNAV per share, €	5.15	4.49

EPRA NIY and ”topped-up” NIY

The EPRA Net Initial Yield NIY and “topped-up” NIY represent the annual net yield on investment property on the date of closing the books.

The annual computational net yield is the annualised rental yield for the month of closing the books adjusted by the effect of known rent increases on the following year’s yield deducted by the predicted 12-month maintenance costs of comparable properties.

The annual computational adjusted net yield is calculated by making an adjustment to the annual computational net yield in respect of the annualised effect of rent-free periods and graded rents for the coming year.

M€		31.12.2015	31.12.2014
Investment properties		3,101.7	3,142.2
- Developments		-226.1	-169.7
Yield-producing investment properties		2,875.6	2,972.5
+ Estimated buyer's expenses		46.0	47.6
Adjusted value of investment properties	B	2,921.6	3,020.1
Annual computational net yield	A	164.2	156.5
Graded rents, rent-free periods etc.		0.4	0.2
Annual computational adjusted net yield	C	164.5	156.7
EPRA NIY	A/B	5.62 %	5.18%
EPRA "topped-up" NIY	C/B	5.63 %	5.19%

EPRA COST RATIOS

	M€	31.12.2015	31.12.2014
	Include:		
i	Administrative/operating expense line per IFRS income statement	89.8	97.1
ii	Net service charge costs/fees	-5.5	-5.5
iii	Management fees less actual/estimated profit element	0.0	-2.2
iv	Other operating income/recharges intended to cover overhead expenses less any related profits	0.0	0.0
v	Share of Joint Ventures expenses	0.0	0.0
	Exlude (if part of the above):		
vi	Investment Property depreciation	0.0	0.0
vii	Ground rent costs	-4.1	-4.3
viii	Service charge cost recovered throught rents but not separately invoiced	-49.5	-54.1
	EPRA Costs (including direct vacancy costs) (A)	30.7	31.1
ix	Direct vacancy costs	-8.3	-9.6
	EPRA Costs (excluding direct vacancy costs) (B)	22.4	21.5
x	Gross Rental Income less ground rent costs	223.3	234.3
xi	Service fees and service charge costs components of Gross Rental Income but not separately invoiced	-49.5	-54.1
xii	Share of Joint Ventures	0.0	0.0
	Gross Rental Income (C)	173.8	180.2
	EPRA Cost Ratio (including direct vacancy costs) (A/C)	17.68%	17.26%
	EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	12.90%	11.96%

In the cost ratio calculation the part of operating expences that is not charged separately from the tenants (e.g. "warm" rent), has been deducted as a whole from the leased space.
This is because the rent covers maintenance expences of the leased area.

Property maintenance expenses which are charged directly from tenants are shown on a separate line (ii).

No overhead costs are capitalized.

Sponda has a policy of not capitalizing any overhead and operating expenses.

EPRA BPR additional information

EPRA BPR LIKE-FOR-LIKE	Financial year ended 31 December 2015, M€						Financial year ended 31 December 2014, M€					
EPRA like-for-like net rental growth	Owned 2 yrs	Pur-chase	Sales	Devel-opment and other	Currency rate effect[1]	Total	Owned 2 yrs	Pur-chase	Sales	Devel-opment and other	Currency rate effect[1]	Total
Office properties	101.5	4.7	0.4	3.1	0.0	109.7	98.2	2.0	1.0	1.5	0.0	102.8
Shopping centres	35.4	0.0	0.0	0.3	0.0	35.7	35.0	0.0	0.0	0.3	0.0	35.3
Logistics properties	4.1	0.0	5.2	-0.1	0.0	9.1	3.2	-0.1	15.9	-0.2	0.0	18.9
Russia	10.0	0.0	2.2	0.0	0.7	12.8	7.9	0.0	3.6	-0.1	4.4	15.9
MATCHING												
Total above						167.4						172.9
Property development segment						-1.7						-1.0
Property Investment Companies						0.0						0.0
Other difference						0.0						4.2
In Sponda's consolidated income statement						**165.7**						**176.0**

[1] Fixed rate, closing rate of the comparison period

Calculations based on per-property level	
Purchases	Properties whose shares have been acquired during the reporting period or comparison period
Sales	Properties whose shares have been sold during the reporting period or comparison period
Development and other	Properties where development or modernisation investments have been made to the extent that net yield is not fully comparable with the previous year Also includes transfers between segments and other events with possible tax impacts
Exchange rate change	Roubles translated to euros using the exchange rate on the last day of the period.

FINANCIAL YEAR ENDED 31 DECEMBER 2015, M€

Like-for-like net yield increase and corresponding investment assets		M€	%	Comparable investment properties, M€
Office properties		3.3	3.3%	1,709.1
Shopping centres		0.4	1.3%	730.7
Logistics properties		0.9	27.8%	83.5
Russia	2)	-0.5	-4.3%	136.0

VALUATION DATA	Investment properties. M€	Valuation change. M€	EPRA, Net Initial yield, %
Office properties	1,994.8	35.5	5.85
Shopping centres	733.6	3.2	4.74
Logistics properties	92.9	-7.4	7.40
Property development	129.7	25.9	N/A
Russia	150.7	-33.9	5.80
Total	**3,101.7**	**23.2**	**5.62**

MATCHING	
Total above	3,101.7
Other difference	0.0
Group investment properties total	**3,101.7**

2) The like-for-like figure for Russia is adjusted for changes in exchange rates to better reflect the true change.

LEASE INFORMATION	Total revenue, M€	Net operating income, M€	Leasable area, m²	Paid rent, M€/year	Market rent, M€/month	Economic vacancy rate, %	Rental level, €/m²
Office properties	149.1	109.7	775,000	147.6	13.6	11.76	20.3
Shopping centres	46.6	35.7	153,500	47.2	4.3	8.69	28.2
Logistics properties	16.8	9.1	152,500	10.8	1.0	31.69	7.9
Property development	1.1	-1.7	32,000	0.3	N/A	N/A	N/A
Russia	16.9	12.8	34,500	12.8	1.4	15.39	35.6
Total	**230.5**	**165.6**	**1,147,500**	**218.7**	**20.3**	**12.26**	**20.5**

MATCHING		
Total above	230.5	165.6
Property Investment	0.0	0.0
Other difference	0.0	0.1
Consolidated income statement total	**230.5**	**165.7**

FINANCIAL YEAR ENDED 31 DECEMBER 2014, M€

LIKE-FOR-LIKE net yield increase and corresponding investment assets	M€	%	Comparable investment properties, M€
Office properties	-2.9	-3.0%	1,538.9
Shopping centres	1.0	3.2%	751.2
Logistics properties	-1.0	-11.3%	194.8
Russia	-2.2	-10.7%	209.7

VALUATION DATA	Investment properties, M€	Valuation change, M€	EPRA Net Initial yield, %
Office properties	1,853.5	18.5	5.39
Shopping centres	726.0	3.8	4.73
Logistics properties	205.1	-6.0	4.07
Property development	133.1	3.6	N/A
Russia	224.4	-23.8	5.98
Total	**3,142.1**	**-3.9**	**5.18**

MATCHING	
Total above	3,142.1
Other difference	0.0
Group investment properties total	**3,142.1**

LEASE INFORMATION	Total revenue, M€	Net operating income, M€	Leasable area, m²	Paid rent, M€/year	Market rent, M€/month	Economic vacancy rate, %	Rental level, €/m²
Office properties	141.8	103.0	766,500	136.8	12.8	11.53	18.6
Shopping centres	45.8	35.2	151,000	45.6	4.3	8.82	27.8
Logistics properties	30.8	18.9	248,500	15.6	2.0	35.07	9.4
Property development	1.2	-1.0	32,000	0.4	N/A	N/A	N/A
Russia	22.2	15.8	44,500	18.0	2.0	9.64	47.6
Total	**241.8**	**171.9**	**1,242,500**	**216.4**	**21.1**	**12.96**	**19.7**

MATCHING		
Total above	241.8	171.9
Real estate funds	4.9	4.1
Other difference	0.0	0.0
Consolidated income statement total	**246.7**	**176.0**

EPRA BPR Property related capital expenditure

Property related capital expenditure, M€	31.12.2015	31.12.2014
Acquisitions	**4,7**	65,0
Development	**65,7**	21,1
Like-for-like portfolio	**26,4**	42,9
Other*	**14,4**	53,4
Property related capital expenditure, M€	**111,2**	182,4

*) including capitalised interest amounting to EUR 0,8 million (2014: EUR 0.3 million)

Formulas used in the calculation of key figures

Income statement key figures

3. Operating profit/loss margin $= 100 \times \dfrac{\text{Operating profit/loss}}{\text{Total revenue}}$

6. Profit/loss margin $= 100 \times \dfrac{\text{Profit/loss}}{\text{Total revenue}}$

7. Direct result, M€ = see EPRA Earnings

Balance sheet key figures

11. Interest-bearing net liabilities, M€ = Interest-bearing financial liabilities - Financial assets

Profitability and financing key figures

12. Return on investment, % $= 100 \times \dfrac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average during the period)}}$

13. Return on shareholders' equity (ROE), % $= 100 \times \dfrac{\text{Profit for the period}}{\text{Shareholders' Equity (average during the period)}}$

14. Equity ratio, % $= 100 \times \dfrac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}}$

15. Debt equity ratio, % $= 100 \times \dfrac{\text{Interest-bearing loans and borrowings}}{\text{Shareholders' equity}}$

16. Gearing, % $= 100 \times \dfrac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}}$

Key figures per share

19. Earnings per share, € $= \dfrac{\text{Earnings per share attributable to parent company equity holders - interest on hybrid loan}}{\text{Weighted average number of shares outstanding during the period}}$

20. Shareholders' equity per share, € $= \dfrac{\text{Equity attributable to equityholders of the parent company - Other equity reserve}}{\text{Adjusted number of shares at year end}}$

22. Payout ratio, % $= 100 \times \dfrac{\text{Dividend per share}}{\text{Earnings per share}}$

23. Effective dividend yield, % $= 100 \times \dfrac{\text{Dividend per share}}{\text{Share price at year end}}$

24. P/E ratio, % $= \dfrac{\text{Share price at year end}}{\text{Earnings per share}}$

26. Average share price, € $= \dfrac{\text{Value of trading volume}}{\text{Volume traded during financial year}}$

28. Market capitalization, M€	=	Number of shares at year end x share price at year end
33. Direct result per share, €	=	see EPRA Earnings per share
34. Cash flow from operations per share, €	=	Operating profit -/+ Valuation gains and losses + Amortization of goodwill + Administrative depreciation +/- Changes in provisions +/- Defined benefit pension expenses - Financial income and expenses affecting cash flow - Taxes affecting cash flow +/- changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes ――― Average adjusted number of shares during the period

Consolidated income statement

M€	Note	1 Jan–31 Dec, 2015	1 Jan–31 Dec, 2014
Total revenue	1, 2, 3		
Rental income and service charges		**230.2**	241.4
Interest income from finance leases		**0.3**	0.3
Fund management fees			4.9
		230.5	246.7
Expenses			
Maintenance expenses	4	**-64.8**	-69.8
Direct fund expenses			-0.8
		-64.8	-70.6
Net operating income		**165.7**	176.0
Profit/loss on sales of investment properties	5	**-4.5**	0.6
Valuation gains and losses	14	**23.2**	-0.2
Amortization of goodwill	18	**-3.0**	
Profit/loss on sales of associated companies		**5.2**	
Profit/loss on sales of trading properties	23	**2.8**	2.0
Sales and marketing expenses		**-2.3**	-2.2
Administrative expenses	8, 9, 10	**-19.4**	-19.9
Share of result of associated companies	17	**10.2**	-3.5
Other operating income	6	**0.9**	0.3
Other operating expenses	7	**-0.7**	-1.5
Operating profit		**178.1**	151.7
Financial income	11	**6.8**	18.2
Financial expenses	11	**-55.7**	-74.1
Net financing costs		**-48.9**	-55.9
Profit before taxes		**129.2**	95.7
Income taxes for current and previous periods		**-9.3**	-1.8
Deferred taxes		**107.3**	-20.4
Income taxes total		**98.1**	-22.2
Profit for the period	12	**227.2**	73.6
Attributable to:			
Equity holders of the parent company		**227.2**	73.6
Non-controlling interest		**0.0**	0.0
Profit for the period		**227.2**	73.6
Basic and diluted earnings per share attributable to parent company equity holders, €	13	**0.78**	0.24
Weighted average number of shares, basic and diluted, million, pcs	13	**283.1**	283.1

Consolidated statement of other comprehensive income

M€	Note	1 Jan–31 Dec, 2015	1 Jan–31 Dec, 2014
Profit/loss for period		227.2	73.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		0.1	-0.2
Taxes on items that will not be reclassified to profit or loss	12	0.0	0.0
Change in tax rate, revaluation difference		0.0	0.0
Items that will not be reclassified to profit or loss, total		0.1	-0.1
Items that may be reclassified subsequently to profit or loss			
Changes in associated companies recognised directly in comprehensive income		1.4	-1.4
Net loss/profit from hedging cash flow		5.9	-15.6
Translation differences		-0.2	-3.3
Taxes on items that may be reclassified subsequently to profit or loss	12	-1.9	5.2
Items that may be reclassified subsequently to profit or loss, total		5.2	-15.1
Other comprehensive income for period after taxes		5.3	-15.3
Comprehensive profit/loss for period		232.6	58.3
Allocation of comprehensive profit/loss for period:			
Equity holders of parent company		232.6	58.3
Non-controlling interest		0.0	0.0

Consolidated statement of financial position

M€	Note	31 Dec, 2015	31 Dec, 2014
Assets			
Non-current assets			
Investment properties	14	**3,101.7**	3,142.1
Investments in real estate funds	15	**21.4**	18.6
Investments in associated companies	17		171.6
Property, plant and equipment	16	**13.0**	13.2
Goodwill	18	**11.5**	14.5
Other intangible assets	19	**2.4**	2.9
Finance lease receivables	20	**2.7**	2.7
Other investments	21, 32.1	**0.9**	2.2
Deferred tax assets	22	**9.4**	25.1
Total non-current assets		**3,163.1**	3,393.0
Current assets			
Trading properties	23	**7.7**	7.8
Trade and other receivables	24, 32.1	**39.9**	28.0
Cash and cash equivalents	25, 32.1	**220.0**	20.3
Total current assets		**267.7**	56.2
Non-current assets classified as held for sale	14	**10.2**	
Total assets		**3,441.0**	3,449.2
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital		**111.0**	111.0
Share premium reserve		**159.4**	159.4
Invested non-restricted equity reserve		**433.8**	433.8
Fair value reserve		**-29.2**	-35.1
Revaluation reserve		**0.7**	0.7
Other equity fund		**94.0**	94.0
Translation difference		**-0.2**	0.4
Retained earnings		**813.7**	645.5
		1,583.2	1,409.7
Non-controlling interest		**1.8**	1.8
Total shareholders' equity	26, 27	**1,585.0**	1,411.5
Liabilities			
Non-current liabilities			
Deferred tax liabilities	22	**71.5**	194.5
Provisions	33	**2.4**	1.1
Interest-bearing loans and borrowings	28, 32	**1,080.4**	1,169.5
Other liabilities	32.1	**37.6**	48.6
Total non-current liabilities		**1,192.0**	1,413.6
Current liabilities			
Current interest-bearing loans and borrowings	30. 32	**580.5**	561.7
Trade and other payables	31, 32.1	**76.4**	62.4
Current income tax liabilities		**7.1**	
Total current liabilities		**664.0**	624.1
Liabilities directly associated with the assets classified as held for sale		**0.0**	
Total liabilities		**1,856.0**	2,037.7
Total equity and liabilities		**3,441.0**	3,449.2

Consolidated statement of cash flows

M€	Note	1 Jan–31 Dec, 2015	1 Jan–31 Dec, 2014
Cash flow from operating activities			
Profit for the period		227.2	73.6
Adjustments	1	-80.1	87.0
Change in net working capital	2	-1.3	7.6
Interest paid		-44.8	-51.0
Interest received		0.5	0.8
Other financial items		-4.7	-2.5
Dividends received		0.0	0.0
Taxes received/paid		-2.0	-1.9
Net cash flow from operating activities		**94.9**	113.5
Cash flow from investing activities			
Acquisition of investment properties	3	-99.6	-94.1
Capital expenditure on real estate funds		-2.2	-5.4
Investments in shares in associated companies		-	-47.7
Acquisition of property, plant and equipment and intangible assets		-0.2	-2.7
Proceeds from sale of investment properties	4	154.4	105.8
Proceeds from sale of real estate funds		0.3	77.3
Proceeds from sale of associated companies		180.6	-
Proceeds from sale of tangible and intangible assets		0.0	-
Capital repayments from real estate funds		-	0.4
Capital repayments from associated companies		7.6	-
Loan receivables, repayments		0.6	-
Net cash flow from investing activities		**241.5**	33.5
Cash flow from financing activities			
Non-current loans, raised		320.0	265.3
Repurchase of hybrid bond		-	-
Non-current loans, repayments		-345.4	-341.0
Current loans, raised/repayments		-50.5	-8.4
Interest paid on hybrid bond		-6.4	-6.4
Dividends paid		-53.8	-51.0
Net cash flow from financing activities		**-136.1**	-141.5
Change in cash and cash equivalents		**200.4**	5.6
Cash and cash equivalents, beginning of period		20.3	18.8
Impact of changes in exchange rates		-0.7	-4.0
Cash and cash equivalents, end of period		**220.0**	20.3

Notes to the statement of cash flows		1 Jan–31 Dec, 2015	1 Jan–31 Dec, 2014
1.	**Adjustments**		
	Proceeds and losses from sale of investment properties	4.5	-0.6
	Valuation gains and losses	-23.2	5.7
	Amortization of goodwill	3.0	-
	Proceeds from sale of associated companies	-5.2	-
	Financial income and expenses	48.9	55.9
	Income taxes	-98.1	22.2
	Share of result of associated companies	-10.2	3.5
	Other adjustments	0.2	0.3
	Adjustments, total	-80.1	87.0
2.	**Specification of change in net working capital**		
	Change in trade and other receivables	-14.0	0.3
	Change in trading properties	0.1	0.0
	Change in non-interest-bearing current liabilities	13.0	7.3
	Change in provisions	-0.4	0.0
	Change in net working capital	-1.3	7.6
3.	**Acquisition of investment properties**		
	Acquisition of subsidiaries		
	Acquisition cost of companies	2.2	29.0
	Cash and cash and cash equivalents of acquired companies at acquisition date	-0.3	-0.6
	Cash flow from acquisitions less cash and cash equivalents of acquired companies	1.9	28.4
	Acquired properties	-	0.0
	Other acquisitions of investment properties	97.7	65.7
	Total acquisition of investment properties	99.6	94.1
	Assets and liabilities of acquired subsidiaries		
	Net working capital	0.2	-0.9
	Total non-current assets	4.7	65.0
	Interest-bearing loans and borrowings	-2.9	-35.8
	Net total of assets and liabilities of acquired companies	1.9	28.4
4.	**Proceeds from sale of investment properties**		
	Proceeds from sale of subsidiaries		
	Proceeds	159.4	105.8
	Cash and cash equivalents of sold subsidiaries	-4.9	0.0
	Proceeds from sale of subsidiaries	154.4	105.8
	Other proceeds from sale of investment properties	-	-
	Total proceeds from sale of investment properties	154.4	105.8
	Assets and liabilities of sold subsidiaries		
	Net working capital	-5.5	-2.9
	Investment properties	161.9	236.6
	Interest-bearing loans and borrowings	0.0	-
	Provisions/Rental guarantee	2.4	-
	Transfer to shares in associated companies (merger)	-	-128.5
	Sales gain/loss	-4.3	0.6
	Net total of assets and liabilities of sold subsidiaries	154.4	105.8

Consolidated statement of changes in equity

M€	Note	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Re-valuation reserve	Other equity reserve	Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 January, 2014		**111.0**	**159.4**	**433.8**	**-21.5**	**0.7**	**94.0**	**1.9**	**628.1**	**1,407.5**	**1.8**	**1,409.3**
Comprehensive incom												
Profit for the period									73.6	73.6	0.0	73.6
Other comprehensive income (net of tax)												
Remeasurements of defined benefit liability (asset)	29								-0.2	-0.2		-0.2
Changes in associated companies recognised directly in comprehensive income	17				-1.1					-1.1		-1.1
Cash flow hedges	12				-12.5					-12.5		-12.5
Translation difference	12							-1.5		-1.5		-1.5
Comprehensive income, total					-13.6			-1.5	73.4	58.2	0.0	58.3
Transactions with shareholders												
Dividend payment	26, 27								-51.0	-51.0		-51.0
Transactions with shareholders, total									-51.0	-51.0		-51.0
Interest paid on hybrid bond	27, 34								-5.1	-5.1		-5.1
Change									0.0	0.0		0.0
Equity 31 December, 2014		**111.0**	**159.4**	**433.8**	**-35.1**	**0.7**	**94.0**	**0.4**	**645.5**	**1,409.7**	**1.8**	**1,411.5**

M€	Note	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Re-valuation reserve	Other equity reserve	Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 January, 2015		**111.0**	**159.4**	**433.8**	**-35.1**	**0.7**	**94.0**	**0.4**	**645.5**	**1,409.7**	**1.8**	**1,411.5**
Comprehensive income												
Profit for the period									227.2	227.2	0.0	227.2
Other comprehensive income (net of tax)												
Remeasurements of defined benefit liability (asset)	29								0.1	0.1		0.1
Changes in associated companies recognised directly in comprehensive income	17				1.4					1.4		1.4
Cash flow hedges	12				4.4					4.4		4.4
Translation difference	12							-0.6		-0.6		-0.6
Comprehensive income, total					5.8			-0.6	227.3	232.6	0.0	232.6
Transactions with shareholders												
Dividend payment	26, 27								-53.8	-53.8		-53.8
Transactions with shareholders, total									-53.8	-53.8		-53.8
Interest paid on hybrid bond	27, 34								-5.1	-5.1		-5.1
Change									-0.2	-0.2		-0.2
Equity 31 December, 2015		**111.0**	**159.4**	**433.8**	**-29.2**	**0.7**	**94.0**	**-0.2**	**813.7**	**1,583.2**	**1.8**	**1,585.0**

Notes to the consolidated financial statements

Accounting policies

Basic information

Sponda Plc (herein after referred to as "the company"), together with the subsidiaries and other units incorporated within the consolidated financial statements specified in Note 38 (hereinafter collectively referred to as "the Group" or "Sponda"), is a leading real estate investment company that owns, leases and develops office, retail and logistics properties in the major cities of Finland and Russia.

Established on 23 October 1991, the company is a public limited company registered in Finland with the Business ID 0866692-3. The company is domiciled in Helsinki and its registered office is at Korkeavuorenkatu 45, 00130 Helsinki, Finland. The company's shares are subject to public trading on the main list of the NASDAQ OMX Helsinki stock exchange.

At its meeting on 4 February 2016, the Board of Directors of Sponda Plc approved these financial statements for publication. According to the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the General Meeting of Shareholders to be held after their publication. The meeting may also decide to amend the financial statements.

Copies of Sponda Plc's financial statements can be obtained from Sponda Plc, Korkeavuorenkatu 45, 00130 Helsinki, Finland, and on the Internet at www.sponda.fi.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) applying the IAS and IFRS standards and SIC and IFRIC interpretations endorsed for use in the EU and in force on 31 December 2015. Sponda also complies with the recommendations of the European Public Real Estate Association (EPRA) (www.epra.com).

The consolidated financial statements have been prepared in euros and are presented in millions of euros, rounding to the nearest 0.1 million. The consolidated financial statements are prepared on the historical cost basis except for investment properties, investments in real estate funds and certain financial instruments, which are measured at fair value. All figures have been rounded, so the sum of the individual figures may differ from the total amount presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment. This judgment affects the choice of accounting policies and their application, the amount of assets, liabilities, revenues and expenses to be reported, and the notes. In its judgments, management uses estimates and assumptions that are based on earlier experience and management's best understanding on the balance sheet date, especially concerning future developments in the property market. The use of estimates and assumptions is described in more detail in the section "Critical accounting estimates and judgments".

Going concern

The Group's financial statements for the financial year 2015 have been prepared on a going concern basis, taking into account reasonably possible changes in the Group's operating environment. The Group's forecasts and estimates, which take into account the current liquidity position, indicate that the Group has sufficient financial resources to continue its operations for the foreseeable future.

Changes to accounting policies and notes presented with the financial statements

New and revised standards adopted in the financial year ended

The Group has adopted the following revised or amended standards from 1 January 2015 onwards.

- IFRIC 21 Levies (effective for financial years beginning on or after 1 January 2014, in the EU no later than at the start of the financial year beginning on or after 17 June 2014): The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are within the scope of other standards. The interpretation has no material impact on Sponda's consolidated financial statements.
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have an impact on Sponda's consolidated financial statements.
- Annual Improvements to IFRSs (2011–2013 cycle and 2010–2012 cycle, December 2013) (effective for financial years beginning on or after 1 July 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards. The management has reviewed the amendments and assessed that they have no significant impact on Sponda's consolidated financial statements.

Adoption of new and amended standards and interpretations applicable in future financial years

Sponda has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. The standards will enter into effect in or after 2016.

* = Not yet endorsed for use by the European Union as of 31 December 2015.

- Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016): The amendments are designed to encourage companies to apply judgement in determining what information to disclose in their financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for financial years beginning on or after 1 January 2016): The amendments clarify IAS 16 and IAS 38, specifying that the revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments are not assessed to have a material impact on Sponda's consolidated financial statements.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants (effective for financial years beginning on or after 1 January 2016): The amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment and included in the scope of IAS 16, instead of IAS 41. The amendments will not have an impact on Sponda's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception* (The amendments can be applied immediately, effective for financial years beginning on or after 1 January 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standard. The amendments are not assessed to have an impact on Sponda's consolidated financial statements.
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016): The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendment is not assessed to have a significant impact on Sponda's consolidated financial statements.
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements* (effective for financial years beginning on or after 1 January 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment will not have an impact on Sponda's consolidated financial statements.
- New IFRS 14 Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016): IFRS 14 is the first specific IFRS guidance on accounting for the effects of rate regulation. It is an interim standard. IFRS 14 allows first-time adopters of IFRS, whose activities are subject to rate-regulation, to continue using previous GAAP ("grandfathering") while the IASB completes its comprehensive project in this area. IFRS 14 is an optional standard. The new standard will not have an impact on Sponda's consolidated financial statements.
- Annual Improvements to IFRSs, 2012–2014 cycle* (effective for financial years beginning on or after 1 January 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover four standards. Their impacts vary standard by standard but are not significant.
- IFRIC 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.. The new standard will not have an material impact on Sponda's consolidated financial statements.
- New IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018). The standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the potential impact of IFRS 9 on the consolidated financial statements.

Change in the structure and composition of reporting segments

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

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

Principles of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Sponda Plc and its subsidiaries as at 31 December each year. The companies incorporated within the consolidated financial statements for the financial year 2015 are specified in Note 38.

Subsidiaries are companies that the Group controls. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

IFRS 3 (Business Combinations) is applied to acquisitions in which a business is acquired. Mutual in-Group holdings have been eliminated by the acquisition method. The consideration transferred and the detailed assets and accepted liabilities of the acquired company are measured at fair value. Goodwill is recorded as the sum of consideration transferred, interest of non-controlling shareholders in the acquiree and previously held interest in the acquiree minus the fair value of the acquired net assets. Acquisitions that do not fall within the definition of a business are recognized as acquired assets.

The classification by Sponda of individual acquisitions of investment properties as acquired assets is based on the view that a single property and its lease agreements do not form a business entity. To constitute a business entity they would require related marketing and development activities as well as management of tenancies, property repairs and renovation. Acquisitions of investment property classified as assets do not involve the transfer of business processes or employees.

The results of subsidiaries disposed of during the financial year are consolidated until the date that control in them ceases. Subsidiaries acquired during the financial period are consolidated from the date that control commenced.

All intra-group transactions, receivables, liabilities and unrealised margins, as well as distribution of profits within the Group, are eliminated in the preparation of consolidated financial statements. The result for the period and items recognised in other comprehensive income are allocated to the owners of the parent company and non-controlling interests and presented in the statement of income and other comprehensive income. Non-controlling interests are presented separately from the equity allocated to the owners of the parent. Comprehensive income is allocated to the owners of the parent company and to non-controlling interests even in situations where the allocation would result in the non-controlling interests' share being negative, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling interests' investment in the company.

Associates and joint arrangements

Associates are all entities over which the Group has a significant influence, meaning that the Group has a shareholding of more than 20 per cent but less than 50 per cent, or the Group otherwise has significant influence, but not control. Associates are consolidated using the equity method. The Group's share of the associates' results is separately disclosed in the consolidated statement of income. All mutual real estate companies, including those in which the Group's holding is less than 50 per cent, are recognised as joint operations as described below.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. Joint ventures consolidated using the equity method. Joint operations are consolidated using the line-by-line method.

Joint ventures and mutual real estate companies whose shares carry entitlement to control over specified premises, and in which the Group's holding is less than 100 per cent, are consolidated in the Group's financial statements in proportion to the Group's holding in these companies as joint operations, in accordance with IFRS 11 "Joint Arrangements". This means that they are consolidated line by line according to the Group's share of the joint arrangement's assets, liabilities, income and expenses.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Translation of foreign currency items

Functional currency and presentation currency

Items pertaining to the result and financial position of the Group's units are measured using the currency of the primary economic environment in which the unit operates ("the functional currency"). The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group's parent company.

Transactions and balances

Transactions carried out in foreign currencies are recorded in the functional currency at the exchange rate on the transaction date. Monetary receivables and liabilities denominated in foreign currencies are translated into euros at the exchange rate at year-end. Non-monetary items denominated in foreign currencies are valued at the exchange rate on the transaction date, except for items valued at fair value, which are translated into euros using the exchange rates on the valuation date.

Gains and losses arising from transactions denominated in foreign currencies and from translating monetary items are recorded under financial income and expenses in the income statement. Exchange rate gains and losses from business operations are included in the relevant items above operating profit.

Group companies

The revenue and expense items in the comprehensive income statements and separate income statements of foreign Group companies that use a functional currency other than the presentation currency are translated into euros using the average rate for the financial year, and balance sheets using the rate on the balance sheet date, which gives rise to a translation difference that is recorded in the balance sheet in shareholders' equity, and the change in this is recorded in other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from equity items accumulated after acquisition are also recorded in other comprehensive income. Translation differences from selling a subsidiary are recorded in the income statement under capital gains or losses.

Investment Properties

An investment property is a property held by the Group for the purpose of earning rental income or for capital appreciation, or for both reasons. Sponda measures its investment properties using the fair value method, as stated in IAS 40, Investment Property, under which the profit or loss from changes in fair values is recognised through profit and loss in the period in which it is incurred.

Investment properties are valued initially at acquisition cost, including transaction costs. In measurements after the initial recognition, the fair value is used. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. An investment property's fair value reflects the actual market circumstances on the balance sheet date, best manifested in prices paid on the active market under current market conditions at the measurement date for properties with a corresponding location and condition to those of the property under review and that are subject to corresponding lease or other contracts. If a reliable market price is not available, the value can be determined using discounted cash flows.

The fair value of completed business properties is calculated by Sponda itself using the discounted cash flows method (DCF). Cash flows are calculated over a period of at least 10 years. Net cash flows in the period are discounted from the midpoint of each accounting year to the assessment date and the terminal value is discounted from the end of the previous accounting period to the assessment date. The terminal value is calculated by capitalising the net cash flow of the year following the most recent accounting year with the required yield (Gordon growth model). The discount rate is determined by adding the expected long-term rate of inflation to the required yield. The yield is based on Sponda's own assessment of the market situation and on information from published sources, including KTI Property Information Ltd.

Potential gross income is based on current lease contracts and, in the case of vacant premises, on estimated market rent levels. Potential gross income per property is adjusted annually by the estimated long-term vacancy rate taking into account any special aspects related to the property itself and the status of the lease contract. The estimated impact of inflation is calculated on maintenance expenses and on market and contract leases. Sponda's lease agreements are primarily tied to the cost of living index.

The value of non-developed sites and unused but usable building rights is determined using the sales price method.

Sponda's internal property assessment process, calculation methods and reporting are audited by an external valuer and are considered to fulfil the valuation criteria of the IFRSs and IVS (International Valuation Standards) as well as the AKA (Finnish authorised real estate auditors) criteria for good property valuation practice. In addition to auditing, Sponda also commissions at least twice a year an external valuer to examine the material used in calculating the market value of the property portfolio, in order to confirm that the parameters and values used are based on market indications.

An investment property is derecognised from the balance sheet when it is divested or taken permanently out of use. Gains and losses on sales of investment properties are presented as a separate item in the income statement.

Investment properties for development

The acquisition cost for an investment property built by the company itself consists of the construction costs, capitalised borrowing costs and other costs accumulated by the completion date. Development projects in which a new building or extension to a building is being constructed and that are unfinished at the balance sheet date are valued in accordance with IAS 40 Investment Properties at fair value.

The risk arising from the incomplete state of the property – which refers to the risk relating to construction costs, the construction schedule, financial costs and the yield requirement of the potential buyer of the unfinished property – is taken into account when determining the fair value of an unfinished property by not recognising the risk-weighted portion of the margin to be obtained on the property corresponding to the remaining construction time. All other risks relating to the unfinished property, including those relating to the leasing of the property, are taken into account in the same way as when valuing other investment properties.

Investment properties held for sale

An investment property is derecognised from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. As a main rule, investment properties not under construction or development for the purpose of a sale are measured at fair value in accordance with IAS 40 and presented under "Investment properties" in the statement of financial position. However, if the sale of an operative investment property is deemed probable, such a property is transferred to "Non-current assets held for sale" in the statement of financial position. Classification as "Non-current assets held for sale" requires that the following criteria are fulfilled: the sale is deemed highly probable, the property is available for immediate sale in its present condition subject to usual and customary terms, the management is committed to a plan to sell the property and the sale is expected to qualify for recognition as a completed sale within one year. Investment properties held for sale are still recognised at fair value in accordance with IAS 40.

Investments in real estate funds

Sponda owns through real estate funds holdings in retail- and, office properties. The investments in real estate funds contain these holdings. Investments in real estate funds are measured at fair value. The change in fair value is recorded in the income statement under "Valuation gains/losses on fair value assessment".

Sponda sold its shares in Sponda Fund I, Sponda Fund II and Sponda Fund III to Certeum Oy during the financial year that ended on 31 December 2014.

Property, plant and equipment

Property, plant and equipment comprises land areas, office premises, equipment and furniture in company use, other tangible assets and advance payments and incomplete acquisitions. These are valued at their original acquisition cost, less accumulated depreciation and possible impairment losses, adding capitalised costs related to modernisation work.

The properties, office equipment and furniture and vehicles used by the company itself are depreciated over their useful lives.

Land areas are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their acquisition cost and residual value over their estimated useful lives as follows:

Office premises used by Sponda	100 years
Office machinery and equipment	3–20 years
Other tangible assets	10 years

The residual values, useful lives and depreciation methods of assets are reviewed at the end of each reporting period and adjusted as necessary to reflect changes in expected future economic benefits.

If an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (see "Impairment of assets").

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement under "Other operating income or - expenses".

Goodwill and other intangible assets

Goodwill is recorded as the sum of consideration transferred, interest of non-controlling shareholders in the acquiree and previously held interest in the acquiree minus the fair value of the acquired net assets. Goodwill is not amortised. Instead, it is tested for impairment annually or more often if there are events or circumstances indicating impairment.

For impairment testing, goodwill obtained through business combinations is allocated to the cash-generating units that are expected to obtain synergy benefits from combining business.

If there is any indication of impairment, the recoverable amount is allocated to the cash generating unit to which the goodwill belongs. The recoverable amount is compared to the unit's carrying amount and an impairment loss is recognised if the recoverable amount is smaller than the carrying amount. The impairment loss is recognised in the income statement and it cannot be reversed at a later date. Testing is described in more detail in the section "Critical accounting estimates and judgments".

Other intangible assets include computer software recorded at acquisition cost and amortised on a straight-line basis over 3–5 years.

Trading properties

Trading properties are properties that are meant for sale and which do not correspond to the company's strategic goals owing to their size, location or type. Trading properties are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the direct costs resulting from completion of the sale. The net realisable values are mainly determined using the market value method. If the net realisable value is lower than the carrying amount, an impairment loss is recognised.

All of Sponda's trading properties were acquired in the Kapiteeli acquisition.

When a trading property becomes an investment property that is measured on the balance sheet at fair value, the difference between the fair value on the transfer date and its previous carrying amount is recognised in the profit or loss under profit/loss on sales of trading assets.

Impairment of assets

At each balance sheet date the Group assesses the carrying amounts of its assets to determine whether any indication of impairment exists. If any such indication exists, the recoverable amount is estimated. With respect to goodwill, the recoverable amount is always estimated annually, regardless of whether there are indications of impairment or not.

The recoverable amount is the fair value of the asset less cost to sell. Impairment losses are recognised in the income statement when the carrying amount of the asset is higher than its recoverable amount. An impairment loss is reversed if there has been a change in circumstances and the recoverable amount of the asset has increased after the date when the impairment loss was recognised. An impairment loss is not reversed, however, to an extent higher than the carrying amount that would have been determined had no impairment loss been recognised in prior years. Impairment losses recognised for goodwill are never reversed.

Financial assets and liabilities

Sponda Group's financial assets are classified as follows: financial assets recognised at fair value through profit and loss, loans and receivables, and available-for-sale financial assets. Correspondingly, financial liabilities are classified as financial liabilities recognised at fair value through profit and loss and financial liabilities measured at amortised cost. Financial assets and liabilities are classified on the basis of the purpose for which they were acquired. The management decides on the classification of financial assets and liabilities in conjunction with their initial recognition.

Financial assets and liabilities are recognised initially at fair value based on the consideration received or paid. Transaction costs are included in the original carrying amount of financial assets and liabilities for items that are not measured at fair value through profit and loss. Transaction costs related to financial assets and liabilities measured at fair value through profit and loss are recognised immediately on the income statement. All purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which the Group commits to purchasing or selling the financial instrument.

Financial assets are derecognised from the balance sheet when the Group has lost the contractual right to the cash flows or when it has transferred a significant part of the risks and yield outside the Group. A financial liability is removed from the balance sheet only when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets recognised at fair value through profit and loss contain assets held for trading. Items belonging to financial assets are recognised in this category if they are acquired primarily to be sold in the near future. Derivatives are also classified as assets held for trading assets unless hedge accounting, as described in IAS 39 Financial Instruments: Recognition and Measurement, applies to them. Assets in this category as classified as current assets, unless they mature after more than 12 months after the end of the reporting period.

The items in this category are measured at fair value and the fair value of all the investments in this category is determined on the basis of publicly quoted prices or generally accepted option pricing models. Realised and unrealised gains and losses resulting from changes in the fair value are recognised in the income statement in the period in which they are incurred.

Payments relating to loans and receivables are fixed or determinable, they are not quoted on the active market, and the company does not hold them for trading purposes. They are classified as current assets, unless they mature after more than 12 months after the end of the reporting period, in which case they are classified as non-current assets. This category includes the Group's financial assets that have been obtained by handing over cash, goods or services to a debtor.

Loans and receivables are measured at amortised cost using the effective interest method. The Group recognises an impairment loss for an individual receivable if there is objective evidence that the receivable will not be recovered in full. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the probability of bankruptcy or other financial reorganisation.

The Group assesses at the end of each reporting period whether there is objective evidence that an item or group classified under loans and receivables is impaired. An item or group recognised under loans and receivables is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has a reliably estimable impact on the estimated future cash flows.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Available-for-sale financial assets are assets that are not part of derivative assets and have been specifically allocated to this category or have not been allocated to any other category. They belong to non-current financial assets unless they mature within 12 months of the end of the reporting period, or the management intends to sell them within 12 months of the end of the reporting date.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and are presented in the fair value reserve after tax. Changes in fair value are taken from equity to the income statement when the investment is sold or its value has fallen so that an impairment loss has to be recognised.

The Group assesses at the end of each reporting period whether there is objective evidence that an item or group classified available-for-sale financial assets is impaired.

If the financial asset in question is a debt security, the Group applies the criteria specified above for loans and receivables. In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If the fair value of an equity instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively considered to be associated with an event after the recognition of the impairment loss in profit or loss, the impairment loss is reverse through the income statement.

Financial liabilities recognised at fair value through profit and loss are financial liabilities held for trading. The held for trading category also includes derivative instruments to which hedge accounting, as described in IAS 39, is not applied. Financial liabilities held for trading that mature within 12 months are included in other current liabilities. The items in this category are measured at fair value and the fair value of all the investments in this category is determined on the basis of publicly quoted prices or generally accepted option pricing models. Realised and unrealised gains and losses resulting from changes in the fair value are recognised in the income statement in the period in which they are incurred.

Financial liabilities measured at amortised cost include the Group's financial liabilities that are initially recognised at fair value, net of transaction costs incurred. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over time using the effective interest method. Financial liabilities are included in non-current and current liabilities and they can be interest-bearing or non-interest-bearing.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative instruments and hedge accounting

Sponda uses derivative contracts mainly to hedge its interest rate risk exposure. Interest rate swaps are designated as hedging instruments for future interest flows and the Group applies cash flow hedge accounting to certain such contracts when they meet the hedge accounting criteria under IAS 39.

The relationship between the hedged item and the hedging instrument is documented at the inception of the contract. The risk management objectives and strategies, based on which various hedging transactions are undertaken, are also documented. The Group documents at the inception of the hedging contract, and on an ongoing basis thereafter, its assessment of whether the derivatives used for hedging are effective in offsetting changes in the fair values or cash flows of hedged items.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently recognised at fair value. The change in the fair value of derivative contracts that are defined as cash flow hedges and satisfy the relevant conditions is recognised in equity to the extent that hedging is effective. The ineffective (non-qualifying) portion of the hedging is recognised immediately in financial items in the income statement. Fair value changes accumulated in equity are reclassified in profit or loss in the period in which the hedged item affects profit or loss.

Should an interest rate swap used as a hedging instrument mature, be sold or terminated prematurely, but it is highly probable that the hedged cash flows will be realised, the gains and losses accrued from the derivative contracts remain under equity until they are realised, at which point they are recognised in the income statement. If it is no longer highly probable that the hedged cash flows will be realised, the gains and losses accrued from the derivative contracts are taken immediately from equity to financial income and expenses in the income statement.

Derivatives that do not meet the hedge accounting criteria are recognised through profit and loss. They are measured at fair value and changes in their fair value are recognised in the income statement.

The fair values of derivatives used for hedging purposes are presented in Note 32. The full fair value of a derivative used for hedging is classified as a non-current asset or liability if the hedged item matures after more than 12 months, and as a current asset or liability if it matures within 12 months.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset if it is likely that they will provide future economic benefit and can be measured in a reliable manner. For Sponda, capitalised borrowing costs are costs arising from loans taken for property development construction projects or the costs calculated for construction projects multiplied by a financial costs factor, if a separate loan has not been taken out for a construction project. The financial costs factor is the weighted average interest rate for Sponda Group's interest-bearing loans during the fiscal period, which is determined each quarter. The capitalisation of borrowing costs is continued until such time as the assets are substantially ready for their intended use or sale.

Trade receivables

Trade receivables are amounts due from customers arising from the leasing of office, retail or logistics premises. If collection is expected within one year, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. Subsequently, a provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect the full amount due. Any impairment is recognised in the income statement within other operating expenses. When a trade receivable is uncollectable, it is written off against the provision for impairment of trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits that can be raised on demand, and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Items classified as cash and cash equivalents have a maturity of less than three months from the acquisition date.

Share capital

Share capital consists solely of ordinary shares. Ordinary shares as classified as equity.

Transaction costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of tax, from the proceeds.

Where any Sponda Group company purchases the company's shares (treasury shares), the consideration paid, including any directly attributable costs (net of income taxes), is deducted from equity attributable to the owners of the company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, is included in equity attributable to the owners of the company.

Hybrid bond

A hybrid bond is a bond that is subordinated to the company's other debt instruments but is senior to other equity instruments. The interest on a hybrid loan is paid if the Annual General Meeting decides to pay a dividend. If a dividend is not paid, the company decides separately on whether to pay the interest. Unpaid interest accumulates. Hybrid loan holders have no control over the company and no right to vote at shareholders' meetings, nor does the hybrid bond have a diluting effect.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation has been made.

Provisions are made for compensation relating to land-use agreements; for costs arising from property demolition; and for soil restoration costs for properties where it is known or suspected that the soil is contaminated in the area because of earlier activity. Provisions are also recognised for obligations arising from disputes in progress when the settlement of the obligation is probable. No provisions are recognised for future losses from business operations.

Leases, the Group as a lessor

Property leases are classified as operating leases when the risks and rewards incidental to ownership remain with Sponda.

When the risks and benefits incidental to ownership have been substantially transferred to the lessee, a property lease is classified as a finance lease. In that case, the parts of the properties covered by the finance lease are recognised as finance lease receivables on the balance sheet at the commencement of the lease term in an amount that equals the net investment in the lease, i.e. the present value of the minimum lease payment plus the present value of the non-guaranteed residual value.

The leases collected by Sponda are total leases, separate capital and maintenance leases, or leases indexed to the lessee's net sales. Maintenance costs associated with the property are either included in the lease or they remain the responsibility of the tenant, depending on the contract. Most of the leases are linked to the cost-of-living index. Leases are either signed for an indefinite period or are fixed-term.

Leases, the Group as a lessee

Those leases in which the risks and rewards of ownership remain with the lessor are treated as operating leases. Leases paid by Sponda based on operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

Revenue recognition principles

Sponda's revenue mainly consists of rental income from its investment properties and interest income.

Total leases as well as separate capital and maintenance leases are recognised in the income statement on a straight-line basis over the lease term. Rental income tied to the tenant's net sales are recognised on the basis of the tenant's actual sales. Fees paid for lease assignments are allocated over the lease term.

Fees paid for fund management are allocated to the financial period during which the service has been provided.

Interest income is recognised using the effective interest rate method and dividend yield in the period in which the entitlement has occurred if the dividends are disclosed at this point. If not, they are recognised at payment date.

Total revenue

In Sponda, total revenue includes rental income and charges for consumption, interest income on finance leases and the fees for managing the real estate funds.

Expenses

Expenses include maintenance expenses and direct fund expenses. Maintenance expenses are maintenance and annual repair costs arising from the regular and continuous maintenance of the properties and are recognised immediately in the income statement.

Net operating income

Net income is defined in the Group as the net amount after deducting maintenance expenses and direct fund expenses from total revenue.

Operating profit

In the Group, operating profit is defined as the net amount after adding other operating income to net income, then deducting sales and marketing expenses, administrative expenses and other operating expenses, the Group's share of the results of associated companies and amortisation of goodwill, and then adding/deducting gains/losses from the disposal of investment properties, from assessment at fair value, and from the disposal of trading properties and associated companies.

Employee benefits

Sponda has various post-employment benefit plans, which include both defined contribution and defined benefit pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

Pension coverage has been arranged via a pension insurance company. Contributions made for defined contribution plans are recognised in the income statement for the year to which they relate. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds. Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Share-based payments

Sponda has had several long-term incentive schemes for key personnel, and the individuals within these schemes are entitled to a bonus determined on the basis of defined targets.

The payment of the bonus is conditional upon the achievement of performance targets set by the company's Board of Directors and the person's continued employment in the company. Taxes and statutory employer's contributions are deducted from the bonus, and the remaining sum is used to acquire Sponda's shares from the market. The shares may not be surrendered during a commitment period following the reference period.

Sponda has also had an Employee Share Programme in effect since 2014. The target group of the Share Programme includes all employees of the company and its Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's incentive scheme for key personnel. Participation in the Share Programme is voluntary. Shares purchased on the basis of the Share Programme are subject to a Commitment Period during which they may not be assigned, pledged or otherwise used.

The incentive schemes are accounted for as equity-settled share-based business transactions and recorded as personnel expenses on a straight-line basis over the vesting period. The counter-entry for the part paid in shares is taken directly to retained earnings.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts of trade and other payables approximate their fair value.

Income tax

Income tax expense in the income statement consists of the current tax and changes in deferred tax assets or liabilities. The tax payable by Group companies for the period is calculated using the taxable profit as determined in accordance with local legislation. The tax is adjusted for any taxes related to prior periods.

Deferred tax liabilities and assets are recognized for all temporary differences between the book values and the carrying amounts for tax purposes of assets and liabilities, apart from the initial recognition of acquisitions of individual assets as referred to in IAS 12.15b, for which no deferred tax is recorded. In Sponda, these acquired assets are typically investment property acquisitions which do not meet the criteria of business entities and are therefore classified as assets.

The most significant temporary difference in Sponda is the difference between the fair values and acquisition costs of the shareholding in property companies owned by Sponda. The recovery of the carrying amount of investment properties valued at fair value in the calculation of deferred taxes will normally happen through sale. The company's principle is to realise its shareholding in property companies by selling the shares it owns. Other temporary differences arise, for example, from the measurement of financial instruments at fair value and unused tax losses. Deferred taxes are calculated using tax rates that are either enacted or actually in force by the balance sheet date.

Changes in deferred taxes are recognised in the income statement apart from when they are related to items recognised as crediting or debiting shareholders' equity or to other comprehensive income items. A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. The deferred tax assets are reassessed on an annual basis in relation to the Group's capacity to produce future taxable profits.

Earnings per share

Undiluted earnings per share is calculated by dividing profit for the period attributable to the equity holders of the parent company, adjusted by the tax-adjusted interest expenses of the hybrid loan and the hybrid loan repayment premium, by the weighted average number of shares outstanding.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's General Meeting of Shareholders.

Critical accounting estimates and judgments

Sponda's management exercises judgment when making decisions about the choice of accounting policies for the financial statements and their application. This concerns in particular situations in which the IFRS standards have alternatives for recognition, measurement or presentation.

The preparation of the financial statements in accordance with IFRSs requires management to some extent to make estimates and assumption that affect the recognition of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

In Sponda, significant estimates and assumptions requiring the management's judgment mainly concern the fair value measurement of investment properties, impairment testing for goodwill and the recognition of deferred taxes.

Fair value of investment properties

The most significant component of the financial statements involving uncertainties related to estimations and judgments is the fair value measurement of investment properties. The measurement of the fair value of investment properties requires significant management estimates and judgment, particularly with respect to the future development of yield requirements, market rents and occupancy rates. The fair value of investment properties reflects, among other things, the rental income based on existing leases as well as reasonable and well-founded estimates of future rental income made by knowledgeable willing parties in the light of current conditions. It also reflects expected future cash payments related to each property in question. The yield requirement is determined for each property taking into account the property-specific risks and the market risk. The discount rate is determined by adding the expected long-term rate of inflation to the required yield.

A sensitivity analysis of the fair value of investment properties using key variables is presented in Note 14: Investment properties.

Impairment risk of goodwill

Impairment testing for goodwill relates to the goodwill allocated to certain development projects that came with the Kapiteeli acquisition and are in the Property Development unit. Impairment testing requires management's judgment concerning the costs during construction and the fair value of an investment property when it is completed and is transferred to the category of completed investment properties.

Before starting a project, the fair value at completion of the investment property being developed is determined using the 10 year discounted cash flows method with the same variables and parameters as for the fair value of completed investment properties. Rental income is based either on leases made in advance with future tenants or on management estimates of future rents and occupancy rates. Management assesses the accuracy of the calculations by testing for impairment. If there is any indication of changes in the estimates and assumptions due to the market or other reasons, the calculations are revised to correspond to the best understanding at the moment of testing. The sensitivity of the yield requirement to change is also assessed.

Management also checks that the construction costs for the project remain within the prepared cost estimate. If there are any indications of a rise in costs or of other causes as a result of which costs may be exceeded, the values are updated.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are recognized for all temporary differences between the book values and the carrying amounts for tax purposes of assets and liabilities, apart from the initial recognition of acquisitions of individual assets as referred to in IAS 12.15b, for which no deferred tax is recorded. Management has exercised its judgment so that individual acquisitions of investment properties at Sponda are classified as acquired assets, since a single property and its lease agreements do not form a business entity. To constitute a business entity they would require related marketing and development activities as well as management of tenancies, property repairs and renovation. Acquisitions of investment property classified as assets do not involve the transfer of business processes or employees responsible for them.

The most important temporary difference in Sponda derives from the difference between the fair values and the purchase costs of the shareholding in property companies owned by Sponda. The recovery of the carrying amount of investment properties valued at fair value in the calculation of deferred taxes will normally happen through sale. The company's principle is to realise its shareholding in property companies by selling the shares it owns. Other temporary differences arise, for example, from tax losses carried forward, provisions and financial instruments.

Determining whether to recognise deferred tax assets on the balance sheet requires the management's judgment. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences or unused tax losses can be utilised. It may become necessary to decrease the carrying amount of deferred tax assets if future taxable income differs from the estimate.

1. Segment information, operational segments

Segment information is presented according to the Group's operational and geographical segments. The primary form of segment reporting is based on operational segments.

Operational segments are based on the Group's internal organisational structure and internal financial reporting. Segments are based on different types of business premises and services as well as geographical areas. Results and the fair value changes of properties are reported to Sponda's Board of Directors and Executive Board according to the following segments: Office properties, Shopping centres, Logistics properties, Property development, Property Investment Companies and Russia.

Sponda's Board of Directors and Executive Board assess the profitability of each segment based on net operating income, operating profit and occupancy rate. The Board of Directors and Executive Board also monitor other key figures such as investments by segment.

Each segment's assets comprise items that are directly attributable to segments such as investment and trading properties, investments in real estate funds, goodwill and financial leasing receivables. Items not attributed to any segment comprise tax and financial items and items concerning the Group as a whole. These are presented under "Others" in the segment information. Investments include purchases of investment properties, investments in their development, renovation and tenant improvements and investments in real estate funds.

The Office properties segment is responsible for the leasing, purchase and sales of office premises in Finland.

The Shopping centres segment is responsible for the leasing, purchase and sales of shopping centres and retail premises in Finland.

The Logistics properties segment is responsible for the leasing, purchase and sales of logistics properties in Finland.

The Property development segment is responsible for the marketing and implementation of new property development projects based on customer needs. Its property development primarily focuses on unbuilt land areas and buildings to be renovated, particularly in the Helsinki metropolitan area, but also elsewhere in Finland.

The Property Investment Companies segment owns and manages holdings in other indirect property investments and real estate funds.

The Russia segment leases, purchases, sells and develops office, retail and logistics properties in Russia.

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 segment information is prepared under the principle that an investment property belongs in the segment that matches its primary use. However from the beginning of 2014, office and retail premises and shopping centres located in the same investment property have been divided into their respective segments for part of the investment properties.

The segments were changed in the beginning of 2015. Further information can be found in the accounting policies

Segment information

12/2015, M€	Office properties	Shopping centres	Logistics properties	Property development	Russia	Property Investment Companies	Other	Group total
Total revenue	149.1	46.6	16.8	1.1	16.9	0.0	0.0	230.5
Maintenance expenses and direct fund expenses	-39.4	-10.9	-7.7	-2.8	-4.0	0.0	0.0	-64.8
Net operating income	109.7	35.7	9.1	-1.7	12.8	0.0	0.0	165.7
Profit on sales of investment properties	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Loss on sales of investment properties	-0.3	0.0	-3.1	0.0	-1.1	0.0	-0.1	-4.6
Profit/loss on sales of associated companies	0.0	0.0	0.0	0.0	0.0	5.2	0.0	5.2
Profit/loss on sales of trading properties	0.0	0.0	0.0	2.7	0.0	0.0	0.0	2.8
Valuation gains and losses	35.5	3.2	-7.4	25.9	-33.9	0.0	0.0	23.2
Amortization of goodwill	0.0	0.0	0.0	-3.0	0.0	0.0	0.0	-3.0
Administration and marketing expenses	-10.6	-2.8	-1.3	-4.1	-2.7	0.0	-0.1	-21.7
Share of result of associated companies	0.0	0.0	0.0	0.0	0.0	10.2	0.0	10.2
Other operating income and expenses	-0.2	-0.3	0.7	0.0	0.0	0.1	0.0	0.2
Operating profit	134.1	35.8	-1.9	19.8	-24.8	15.4	-0.3	178.1
Financial income and expenses							-48.9	-48.9
Profit before taxes							-49.1	129.2
Income taxes							98.1	98.1
Profit for the period							48.9	227.2
Investments	34.0	6.8	0.9	66.0	0.1	2.7	0.1	110.6
Segment assets	2,005.9	733.6	94.7	141.2	150.7	21.4	293.4	3,441.0
-of which classified as held for sale	8.4		1.8					10.2
Economic occupancy rate	88.2	91.3	68.3		84.6			87.7

12/2014, M€	Office properties	Shopping centres	Logistics properties	Property development	Russia	Property Investment Companies	Other	Group total
Total revenue	141.8	45.8	30.8	1.2	22.2	0.0	4.9	246.7
Maintenance expenses and direct fund expenses	-38.8	-10.6	-11.8	-2.2	-6.4	0.0	-0.8	-70.6
Net operating income	103.0	35.2	18.9	-1.0	15.8	0.0	4.1	176.0
Profit on sales of investment properties	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Loss on sales of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Profit/loss on sales of associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on sales of trading properties	0.0	0.0	0.0	2.0	0.0	0.0	0.0	2.0
Valuation gains and losses	18.5	3.8	-6.0	3.6	-23.8	0.0	3.7	-0.2
Amortization of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration and marketing expenses	-8.8	-2.6	-1.5	-3.1	-2.5	0.0	-3.6	-22.1
Share of result of associated companies	0.0	0.0	0.0	0.0	0.0	-3.5	0.0	-3.5
Other operating income and expenses	-0.5	-0.4	-0.3	0.1	-0.1	0.0	0.0	-1.2
Operating profit	112.9	36.0	11.1	1.6	-10.6	-3.5	4.2	151.7
Financial income and expenses							-55.9	-55.9
Profit before taxes							-51.7	95.8
Income taxes							-22.2	-22.2
Profit for the period							-73.9	73.6
Investments	101.5	4.7	1.3	21.1	0.4	5.5	50.6	185.1
Segment assets	1,856.2	726.0	205.1	147.6	224.4	193.2	96.7	3,449.2
Economic occupancy rate	88.5	91.2	64.9		90.4			87.0

2. Segment information, geographical segments

The geographical segments are Finland and Russia.

M€	2015	2014
Total revenue		
Finland	213.6	224.5
Russia	16.9	22.2
Group, total	**230.5**	**246.7**
Assets		
Finland	3,290.3	3,224.8
Russia	150.7	224.4
Group, total	**3,441.0**	**3,449.2**

3. Total revenue

M€	2015	2014
Rental income and service charges	230.2	241.4
Interest income from finance leases	0.3	0.3
Fund management fees	0.0	4.9
Total	**230.5**	**246.7**

Rental income

The expected rental income from existing leases is:

M€	2016	2017 –2020	2021–	Total
Expected rental income	203.2	445.2	320.9	969.3

M€	2015	2016 –2019	2020–	Total
Expected rental income (reference data)	213.8	484.8	340.1	1,038.4

Accruals are the current accruals from lease contracts less index increases.
Lease contracts signed for an indefinite period are included up to the date of expiry stated in the contract.

4. Maintenance expenses

The line "Maintenance costs" in the income statement includes maintenance expenses of EUR 0.8 million (2014: EUR 1.1 million) for investment properties that have not accrued rental income during the year. Most of these investment properties are undeveloped land sites or development sites that have not yet yielded rental income.

5. Profit/loss on sale of investment properties

M€	2015	2014
Profit on sales	0.1	0.7
Loss on sales	-4.6	-0.1
Total	**-4.5**	**0.6**

6. Other operating income

M€	2015	2014
Share of bankruptcy estates	0.0	0.1
Income from the reversal of provisions	0.7	-
Other income	0.2	0.2
Income from the sales of fixed assets	0.0	-
Total	**0.9**	**0.3**

7. Other operating expenses

M€	2015	2014
Credit losses and uncertain receivables	0.6	1.1
Other expenses	0.1	0.4
Total	**0.7**	**1.5**

8. Auditor fees

M€	2015	2014
Authorised Public Accountants KPMG Oy		
Audit	0.2	0.2
Tax consultancy	0.1	0.0
Other services	0.6	0.0
Total	**0.9**	**0.2**

Auditing includes fees pertaining to the audit of the consolidated financial statements and the audit of Sponda Plc and its subsidiaries, including assurance and other services related to auditing.

9. Employee benefit expenses and number of employees

M€	2015	2014
Management remuneration		
CEO	0.5	0.5
Other Executive Board members	0.8	1.1
Board of Directors	0.3	0.3
Share-based payments to management	0.9	0.9
Management remuneration, total	2.6	2.8
Other wages and salaries	6.4	6.9
Other share-based payments	0.1	0.1
Defined benefit pension plans	-0.1	0.1
Defined contribution pension plans	1.6	1.8
Other social security costs	0.3	0.4
Total	**10.9**	**12.1**

The President and CEO of Sponda Plc is paid a full salary. The salary and fees paid to the President and CEO totalled EUR 518,000 (2014: 511,000). In addition, the President and CEO was paid a fee of EUR 440 000 (2014: 270,000) under the incentive scheme for key personnel based on the company's actual performance in 2014.

The members of Sponda Plc's Board of Directors are paid an annual fee and a fee for each meeting attended for the term ending at the 2016 Annual General Meeting. Of this annual remuneration, 40% is paid in Sponda Plc shares purchased on the market. The Chairman of the Board was paid EUR 79,400 for the year (2014: EUR 72,000), the Deputy Chairman EUR 50,600 (2014: EUR 46,000) and the other members of the Board, in total, EUR 208,200 (2014: EUR 191,000)

The incentive scheme for key personnel covers the President and CEO and other members of the Executive Board, in total six people. The purpose of the incentive scheme is to link the objectives of shareholders and key personnel to increase the company's shareholder value, increase the commitment of key personnel to the company and offer them a competitive remuneration scheme based on share ownership.

In 2014, Sponda Plc's Board of Directors decided to implement an Employee Share Programme. Its target group includes all employees of the company and its Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's incentive scheme for key personnel. The purpose of the Share Programme is to encourage the employees of the Group made up by the company to become the company's shareholders and reward them for operating in accordance with the Group's goals. Another purpose of the Share Programme is to align the interests of the company's shareholders and the Group's employees.

Incentive scheme for key personnel

On 20 March 2012, Sponda Plc's Board of Directors decided on the implementation of a new incentive scheme for key personnel, which is effective from the beginning of 2012. The incentive scheme comprises three three-year vesting periods, which correspond to the calendar years 2012–2014, 2013–2015, and 2014–2016. In addition, prior to 2012 the Group had incentive schemes in effect, the vesting periods of which have ended and the shares granted under them become free for disposal in 2015–2016.

The earning criteria for the vesting periods that began prior to 2012 were tied to cash flow per share and return on investment. The earning criteria for the vesting period 2012–2014 are tied to the Group's cash flow from operations per share and return on investment. The earning criteria for the vesting period 2013–2015 are tied to the Group's cash flow from operations per share, return on investment and the sale of properties. The earning criteria for the vesting period 2014–2016 are tied to the Group's average return on investment, the Group's cumulative cash flow from operations per share in the financial years 2014–2016, and the sale of properties. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

On 5 February 2015, Sponda Plc's Board of Directors decided on the implementation of a new incentive scheme for key personnel, which is effective from the beginning of 2015. The terms are the same as in the previous incentive scheme and the incentive scheme comprises three three-year vesting periods, which correspond to the calendar years 2015–2017, 2016–2018, and 2017–2019. The Board of Directors will decide the earning criteria for the earning period and the targets set for them. The earning criteria for the vesting period 2015–2017 are tied to the Group's return on investment, cash flow from operations per share and the sale of properties. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The bonuses, less taxes and other employer contributions, are used to purchase shares in the company for the person on the open market. The shares may not be disposed of within a set period of their receipt. The duration of this period is two years for the one-year vesting periods and three years for the three-year vesting periods. The personnel covered by the scheme also have a continued obligation to hold shares received under the scheme at a minimum amount corresponding to their gross annual salary for the duration of their employment in the company.

The maximum annual fee under the incentive scheme is the recipient's gross annual pay at the beginning of the vesting period. Gross annual pay refers to fixed basic salary excluding annual bonuses and the incentive scheme.

The remunerations payable based on the vesting period 2013–2015 correspond, at a maximum, to the value of approximately 280,118 shares in Sponda Plc (including the cash component to be paid). The remunerations payable based on the vesting period 2014–2016 correspond, at a maximum, to the value of approximately 298,180 shares in Sponda Plc (including the cash component to be paid). The remunerations payable based on the vesting period 2015–2017 correspond, at a maximum, to the value of approximately 295,782 shares in Sponda Plc (including the cash component to be paid).

Employee Share Programme

On 3 November 2015, Sponda Plc's Board of Directors decided to continue the Employee Share Programme, which is effective from the beginning of 2014. The Employee Share Programme gives the Group's employees the opportunity to use, in the following year, any net remuneration earned in the current financial year pursuant to the incentive scheme in effect for the purpose of acquiring merit pay shares and, in addition, receive funds from Sponda to acquire additional shares. Merit pay shares will be acquired on behalf of each employee participating in the Employee Share Programme for an amount corresponding to any remuneration earned pursuant to the incentive scheme less advance taxes. For each two merit shares acquired, one additional share will be acquired for participating employees. Shares acquired pursuant to the Employee Share Programme may not be transferred, pledged or otherwise disposed of within a two year engagement period upon initial acquisition.

The target group of the Share Programme includes all employees of the company and its Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's incentive scheme for key personnel. Participation in the Employee Share Programme is voluntary and the intention is that employees will participate in the plan for one year at a time. Sponda will decide annually on whether or not to continue the Employee Share Programme and announce its decision to the personnel. The company will at such time have the right, at its discretion, to discontinue the Employee Share Programme or to amend its terms and conditions.

The Employee Share Programme was first applied to performance bonuses paid in spring 2014. In 2015 a total of 24 (43) employees participated in the Employee Share Programme, and the number of additional shares purchased amounted to 12,829 (20,437). The fair value of the additional shares purchased on the basis of the Employee Share Programme was EUR 116,000 (155,000), and it will be allocated as an expense over the two-year vesting period. The new shares will become free for disposal in 2017.

Share-based incentive schemes

	Incentive scheme 2012–2014		
	Vesting period 2014–2016	Vesting period 2013–2015	Vesting period 2012–2014
Grant date	5.2.2014	1.2.2013	20.3.2012
Issue date	1.1.2017	1.1.2016	1.1.2015
Vesting period ends	31.12.2016	31.12.2015	31.12.2014
Shares become free for disposal	31.12.2019	31.12.2018	31.12.2017
Settled as	Shares and cash	Shares and cash	Shares and cash

	Incentive scheme 2015–2017		
	Vesting period 2017–2019	Vesting period 2016–2018	Vesting period 2015–2017
Grant date			5.2.2015
Issue date			1.1.2018
Vesting period ends			31.12.2017
Shares become free for disposal			31.12.2020
Settled as			Shares and cash

Share-based incentive schemes	Incentive scheme 2012–2014		
Conditions	Vesting period 2014–2016	Vesting period 2013–2015	Vesting period 2012–2014
Non-market based conditions	The Group's average Return on Capital Employed (ROCE) in the financial periods 2014–2016, the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the financial periods 2014–2016, and property sales in the vesting period	Cash flow from operations per share and return on investment and property sales in the vesting period	Cash flow from operations per share and return on investment in the vesting period
Other conditions	Shares may not be disposed for a period of three years from date of receipt.	Shares may not be disposed for a period of three years from date of receipt.	Shares may not be disposed for a period of three years from date of receipt.
Number of instruments granted*	-	100,449	157,542
Share price on date of granting, €	3.70	3.64	3.36
Share price on date of distribution, €*	-	3.92	3.62

* The 2015 figure is based on the management's estimate. Actual figures may differ from the estimates provided.

Share-based incentive schemes	Incentive scheme 2015–2017		
Conditions	Vesting period 2017–2019	Vesting period 2016–2018	Vesting period 2015–2017
Non-market based conditions			The Group's average Return on Capital Employed (ROCE), the Group's cumulative Operational Cash Earnings Per Share (CEPS), and property sales in the vesting period
Other conditions	Shares may not be disposed for a period of three years from date of receipt.	Shares may not be disposed for a period of three years from date of receipt.	Shares may not be disposed for a period of three years from date of receipt.
Number of instruments granted*	-	-	-
Share price on date of granting, €	-	-	4.08
Share price on date of distribution, €*	-	-	-

Changes in share bonus during the period:	2015	2014	2013	2012	2011	2010
Share bonus granted at the start of the period	453,700	296,158	264,153	227,836	297,066	335,768
Bonuses granted in the period*	100,449	157,542	109,030	187,128	77,025	150,811
Bonuses forfeited during the period	-	-	-	-	-	-
Bonuses that became free for disposal during the period	187,128	-	77,025	150,811	146,255	189,513
Share bonuses granted at the end of the period	367,021	453,700	296,158	264,153	227,836	297,066

* The 2015 figure is based on the management's estimate. Actual figures may differ from the estimates provided.

Management's pension obligations and termination benefits

The retirement age for Sponda Plc's President and CEO is 63, and his pension is determined in accordance with the Finnish Employees' Pension Act (TyEL).

Under the terms of the service contract, the President and CEO's term of notice is six months. In the event of the company terminating the service contract, the President and CEO is entitled to compensation equal to 12 months' pay.

The President and CEO and the other members of the Executive Board are insured with a contribution-based group pension insurance. Sponda Plc pays the annual insurance premium until the member reaches the age of 63. In addition, the members of Sponda's Executive Board are entitled to participate in a voluntary group pension scheme. Under the terms of this scheme, the accrued savings may be withdrawn between the ages of 60 and 65 or as a supplementary pension in addition to the individual's statutory earnings-related pension. The insurance premium amounts to 7.5 per cent of each member's fixed annual salary. In 2015, the premiums of the voluntary group pension scheme of the President and CEO and other Executive Board members were EUR 93,000 (2014: EUR 103,000).

Personnel on average	2015	2014
White collar, number of employees	103	118

10. Depreciation and amortisation by asset item

M€	2015	2014
Property, plant and equipment		
Buildings and structures	0.2	0.2
Machinery and equipment	0.0	0.0
Other tangible assets	0.0	0.0
	0.2	**0.2**
Intangible assets		
Computer software	0.7	0.4
Total	**0.9**	**0.6**

11. Financial income and expenses

M€	2015	2014
Financial income		
Interest income		
Loans and receivables	0.8	0.9
Other financial income	0.1	0.0
Interest income from foreign currency derivatives	2.2	4.2
Exchange rate gains		
Exchange rate gains, realised	0.3	2.1
Exchange rate gains, recognised at fair value through profit and loss	0.2	11.0
Change in fair value		
Recognised at fair value through profit and loss	3.2	0.0
Total	**6.8**	**18.2**
Financial expenses		
Interest expenses		
Interest expenses on liabilities recognised at amortised cost	-45.1	-49.5
Interest expenses from foreign currency derivatives	-2.1	-2.9
Other financial expenses, loan management expenses	-5.4	-5.7
Exchange rate losses		
Exchange rate losses, realised	0.0	-0.1
Exchange rate losses, recognised at fair value through profit and loss	-0.5	-0.3
Unrealised exchange rate losses from foreign currency loans	-3.2	0.0
Interest rate derivatives subject to hedge accounting, ineffective portion	0.0	-0.3
Change in fair value		
Recognised at fair value through profit and loss	-0.2	-15.5
Total	**-56.5**	**-74.4**
Capitalised borrowing costs incurred in the acquisition, construction or production of a qualifying asset*	0.8	0.3
Financial expenses, total	**-55.7**	**-74.1**
Financial income and expenses, total	**-48.9**	**-55.9**
Financial expense multiplier used by the Group	2.88%	2.95%

*See accounting principles: Expenses on liabilities

12. Income taxes

M€	2015	2014
Current tax expense	9.3	1.8
Deferred tax	-107.3	20.4
Total	**-98.1**	**22.2**

Taxes relating to other comprehensive income items

	2015			2014		
M€	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Defined benefit plans	0.1	0.0	0.1	-0.2	0.0	-0.1
Cash flow hedges	7.3	-1.5	5.8	-17.0	3.4	-13.6
Translation difference	-0.2	-0.4	-0.6	-3.3	1.8	-1.5
Total	**7.2**	**-1.9**	**5.3**	**-20.5**	**5.2**	**-15.3**

Reconciliation between the income tax expense recognised in the income statement and the taxes calculated using the parent company's domestic corporate tax rate (20%).

	2015	2014
Profit before taxes	129.2	95.7
Income tax using the parent company's domestic corporate tax rate	25.8	19.1
Difference between tax rate in Finland and in other countries	-	-
Change of tax base	-	-
Tax exempt income/non-deductible expenses	0.0	0.0
Share of result of associated companies	-2.0	0.7
Defferred tax on sale of associated company	1.6	-
Utilisation of tax losses from prior periods	0.0	1.3
Confirmed losses previously unrecognised	-	-0.1
Investment properties, effect of structural change	-129.2	-
Tax effect of Goodwill depreciation	0.6	-
Shelf life amortisation and previously unrecognised confirmed losses	-0.9	0.0
Other items	6.0	1.2
Tax expense in the income statement	**-98.1**	**22.2**

As a consequence of dissolving an unnecessary sub-group, originating from a portfolio transaction in 2006, and from changes in the acquisition cost of shares, the amount of deferred taxes changed significantly. The reduction in deferred taxes, caused by dissolving the sub-group and recognised in the financial statements, for the year 2015 was approximately EUR 129.2 million

13. Earnings per share

The undiluted result per share is calculated by dividing the result for the period attributable to the parent company's equity holders, adjusted by the tax-adjusted interest expenses of the hybrid loan and the hybrid loan repurchase premium, by the average number of shares outstanding.

M€	2015	2014
Profit for the period attributable to equity holders of the parent company	227.2	73.6
Interest accrued during the period on hybrid bond	-6.4	-6.4
Tax effect	1.3	1.3
Net effect	-5.1	-5.1
Weighted average number of shares during the period (million), pcs	283.1	283.1
Diluted earnings per share attributable to parent company equity holders, €	0.78	0.24

There were no diluting instruments in 2015 and 2014.

14. Investment properties

M€	2015	2014
Fair value of investment properties 1 Jan.	3,142.1	3,253.3
Acquisition of investment properties	4.7	65.0
Other capital expenditure on investment properties	103.0	64.0
Disposals of investment properties	-161.9	-236.6
Capitalised borrowing costs, increase in period	0.8	0.3
Valuation gains and losses	23.2	-3.9
Transferred to non-current assets classified as held for sale	-10.2	0.0
Fair value of investment properties 31 Dec.	**3,101.7**	**3,142.1**

Significant disposals of investment properties

In June 2015 the shopping centre known as Solnechniy II as well as the office building Bakhrushina House located in Moscow were disposed.

In December 2015 three logistic properties were disposed from the Vuosaari harbour area; Vuosaaren Logistiikkakeskus koy, Vuosaaren Porttikeskus koy and Vuosaaren Service Center koy.

Valuation process of investment properties

Investment properties are properties held by the company for the purpose of earning rental income or for capital appreciation. Sponda measures its investment properties using the fair value method, under which changes in fair value are recognized through profit and loss. The value of each investment property is calculated on a property specific basis by Sponda itself, with the discounted cash flow method (DCF). In Sponda Group, the value of investment properties is assessed internally. The results of the assessments are reported directly to the President and CEO, the Chief Financial Officer (CFO) and the Board of Directors. The assessment process and the market situation as well as other factors with an impact on the appraisal of the properties are reviewed with the President and CEO and the CFO at least once every quarter, in accordance with the Group's reporting schedules. The results of the internal assessment and all of the related assumptions and the parameters used are audited by an external, independent, authorised appraisal team twice a year. Sponda's property portfolio in Finland was assessed in the second and fourth quarters of the year by Catella Property Oy. The properties in Russia were assessed in the second and fourth quarters by CB Richard Ellis. The value of each property has been assessed separately.

Statements on the assessments of value for properties in both Finland and Russia are available on Sponda's website at investors.sponda.fi.

Weighted average yield requirements based on management estimates used in calculating the fair values of investment properties by type of property 31 December 2015 (%)

	Area				
	Centr.Bus.Distr.	Rest of Helsinki	Espoo/Vantaa	Rest of Finland	Russia
Type of premises					
Office and retail	5.3	6.0	8.4	7.0	10.3
Logistics		9.0	8.4	11.8	12.5

Weighted average yield requirements based on management estimates used in calculating the fair values of investment properties by type of property 31 December 2014 (%)

	Area				
	Centr.Bus.Distr.	Rest of Helsinki	Espoo/Vantaa	Rest of Finland	Russia
Type of premises					
Office and retail	5.5	6.2	8.4	7.0	10.2
Logistics		8.0	8.5	11.8	11.0

Significant assumptions used in fair value calculations, on average	Finland		Russia	
	2015	2014	2015	2014
Yield requirement, %	6.1	6.3	10.3	10.2
Initial yield, %	6.2	6.2	8.4	9.4
Computational economic occupancy rate in first year of calculation, %	88.4	86.7	78.9	91.9
Rental income as per agreements, €/m²/month	20.2	18.7	35.6	47.6
Market rents, €/m²/month	16.2	15.6	41.0	45.4
Long term maintenance costs used in calculations, €/m²/month	3.0	3.0	8.6	10.6

Changes in the significant assumptions used in fair value calculations are based on market changes and the effects of new and maturing lease agreements on the property portfolio.

Sensitivity analysis of investment property fair value

Change in investment property fair value, M€ and %, 31 December 2015	-10%		-5%		0%	5%		10%	
	Change, M€	Change, %	Change, M€	Change, %	M€	Change, M€	Change, %	Change, M€	Change, %
Yield requirement	318.0	10.8	150.0	5.1	0.0	-136.0	-4.6	-260.0	-8.8
Rental income (contractual rents)	-67.0	-2.3	-34.0	-1.1	0.0	34.0	1.1	67.0	2.3
Maintenance expenses	78.0	2.6	39.0	1.3	0.0	-39.0	-1.3	-77.0	-2.6
Economic occupancy rate (1st year)	-22.0	-0.7	-11.0	-0.4	0.0	11.0	0.4	22.0	0.7

Change in investment property fair value, M€ and %, 31 December 2014	-10%		-5%		0%	5%		10%	
	Change, M€	Change, %	Change, M€	Change, %	M€	Change, M€	Change, %	Change, M€	Change, %
Yield requirement	317.0	10.6	150.0	5.0	0.0	-137.0	-4.6	-261.0	-8.7
Rental income (contractual rents)	-75.0	-2.5	-38.0	-1.3	0.0	37.0	1.2	74.0	2.5
Maintenance expenses	80.0	2.7	40.0	1.3	0.0	-41.0	-1.4	-81.0	-2.7
Economic occupancy rate (1st year)	-24.0	-0.8	-13.0	-0.4	0.0	11.0	0.4	23.0	0.8

The sensitivity analysis has been carried out as a quantitative analysis of the investment properties in Finland calculating the 15 year cash flow and of the properties in Russia calculating the 10 year cash flow.
The changes in yield requirements and economic occupancy rates have been calculated for average figures. The analysis includes only investment properties generating cash flows.
Risks associated with business operations in Russia are described in Note 26 under "Significant risks associated with business operations in Russia".

All investment properties belong to level 3 in the fair value hierarchy. The hierarchy levels are described under the section "Fair value measurement" in Note 32.

Economic occupancy rates of investment properties by segment (%)

	31 Dec, 2015	31 Dec, 2014
Office properties	88.2	88.5
Shopping centres	91.3	91.2
Logistics properties	68.3	64.9
Russia	84.6	90.4

Maturity dates for lease agreements by segment 31 December 2015 (%)

	Office properties	Shopping centres	Logistics properties	Russia
1 year	13.5	8.4	24.7	35.2
2 years	19.8	10.1	13.0	13.9
3 years	10.2	7.9	4.5	31.2
4 years	9.1	6.4	7.4	6.6
5 years	4.8	5.4	6.0	9.3
6 years	5.4	18.8	1.2	0.0
more than 6 years	21.4	38.8	11.3	3.8
open ended	15.8	4.3	31.9	0.0

Maturity dates for lease agreements by segment 31 December 2014 (%)

	Office properties	Shopping centres	Logistics properties	Russia
1 year	10.8	8.3	17.3	38.7
2 years	12.0	7.4	12.0	13.4
3 years	21.8	10.0	11.8	15.2
4 years	7.4	7.0	7.9	23.8
5 years	7.6	6.3	17.3	2.1
6 years	2.0	2.3	1.8	1.5
more than 6 years	22.3	55.3	17.3	5.5
open ended	16.0	3.4	14.7	0.0

The Group's most significant investment commitments

Sponda is carrying out development projects for the Ratina shopping centre in Tampere. The project's total investment is approximately EUR 240 million. The construction of the shopping centre began in April 2015, and it is estimated to be completed in spring 2018.

Investment properties classified as Non-current assets held for sale

At year-end 2015 two office properties and one logistics property were classified as held for sale. All three are located in the Metropolitan area. One of the office properties was sold in january 2016, and the other two sales are estimated to be finalised during 2016. Pre-agreements on sale exists for both of them.

15. Investments in real estate funds

	2015		2014	
	Investment, M€	Holding	Investment, M€	Holding
First Top LuxCo S.à.r.l	2.0	20.0%	2.0	20.0%
YESS Ky	0.0	60.0%	0.0	60.0%
Russia Invest B.V.	19.4	27.2%	16.6	27.2%
Yhteensä	**21.4**		**18.6**	

First Top LuxCo I S.à.r.l. is a real estate fund registered in Luxembourg that invests primarily in office and retail premises in medium-sized Finnish towns.

YESS Ky is a fund established by Sponda Plc and Yleisradion eläkesäätiö that develops the Forum Virium project. No capital investments have been made in the fund as of yet.

Russia Invest B.V. invests in real estate development projects in Moscow and St. Petersburg.

All investment properties belong to level 3 in the fair value hierarchy. The hierarchy levels are described under the section "Fair value measurement" in Note 32.

16. Property, plant and equipment

M€	Land sites	Buildings	Machinery & equipment	Other tangible assets	Advance payments & acquisitions in progress	2015 total
Acquisition cost 1 Jan.	3.3	11.5	1.4	0.2	0.9	17.3
Increases	-	-	-	-	-	-
Other reclassifications		0.6	0.0		-0.6	0.0
Acquisition cost 31 Dec.	**3.3**	**12.1**	**1.4**	**0.2**	**0.3**	**17.3**
Accumulated depreciation 1 Jan.	-	-2.7	-1.4	-0.1	-	-4.1
Accumulated depreciation on decreases	-	-	-	-	-	-
Depreciation for the period		-0.2	0.0	0.0		-0.2
Accumulated depreciation 31 Dec.	**-**	**-2.8**	**-1.4**	**-0.1**	**-**	**-4.3**
Carrying amount 31 Dec.	**3.3**	**9.3**	**0.1**	**0.1**	**0.3**	**13.0**

M€	Land sites	Buildings	Machinery & equipment	Other tangible assets	Advance payments & acquisitions in progress	2014 total
Acquisition cost 1 Jan.	3.3	11.5	1.4	0.2	0.0	16.4
Increases	-	-	0.0	-	0.9	0.9
Other reclassifications	-	-	-	-	0.0	0.0
Acquisition cost 31 Dec.	**3.3**	**11.5**	**1.4**	**0.2**	**0.9**	**17.3**
Accumulated depreciation 1 Jan.	-	-2.5	-1.3	-0.1	-	-3.9
Accumulated depreciation on decreases	-	-	-	-	-	-
Depreciation for the period	-	-0.2	0.0	0.0	-	-0.2
Accumulated depreciation 31 Dec.	**-**	**-2.7**	**-1.4**	**-0.1**	**-**	**-4.1**
Carrying amount 31 Dec.	**3.3**	**8.8**	**0.1**	**0.1**	**0.9**	**13.2**

Other tangible assets includes, among other things, renovation expenses related to the company's head office and works of art owned by the Group.

17. Investments in associated companies

M€	2015	2014
Carrying amount 1 Jan.	0.0	0.0
Investments in associated companies	0.0	171.6
Carrying amount 31 Dec.	**0.0**	**171.6**

Information on the Group's significant associated companies: On 30 September 2014, Sponda Plc sold 12 logistics properties and its shares in the real estate funds Sponda Fund I, Sponda Fund II and Sponda Fund III to Certeum Oy, a newly established logistics and industrial property investment company. In conjunction with the transaction, Sponda became a Certeum shareholder. On 16 December 2015 Sponda Plc sold it's shares in Certeum to Space (Logistics) Pledgeco S.à.r.l, which is part of Blackstone RealEstate Partners Europe IV.

			Holding (%)	
Name	Primary sector	Domicile	2015	2014
Certeum Oy	Owning, leasing and developing logistics and manufacturing properties	Helsinki	0.0	37.9

Summary of financial information on significant associated companies

Certeum Oy is accounted for in the consolidated financial statements using the equity method. The summary of financial information presented in the table below is based on Certeum Oy's IFRS financial statements.

M€	2015	2014
Total non-current assets	-	911.0
Current assets	-	17.5
Non-current liabilities	-	467.2
Current liabilities	-	8.4
Total revenue	0.0	23.5
Profit for the period from continuing operations	0.0	-9.2
After-tax profit or loss of discontinued operations	0.0	-
Other comprehensive income items	0.0	-2.9
Dividends received from associated company during the period	0.0	-

Sponda's share of Certeum Oy's result for the period 1 October – 31 December 2014 is EUR -3.5 million. Sponda has adjusted Certeum Oy's deferred taxes to correspond with Sponda's accounting policies. The effect of the adjustment on deferred taxes was EUR +1.4 million. Sponda's share includes a change in the fair value of investment properties of EUR -5.8 million, an unrealised change in the fair value of derivatives amounting to EUR -2.7 million and non-recurring start-up costs totalling EUR 1.2 million. Sponda's share of Certeum Oy's cash flow from operations excluding the aforementioned items was EUR 4.5 million.

Sponda disposed its shares in Certeum Oy in December 2015 and recorded a sales profit of EUR 5.2 million. Spondas share of Certeum Oy's result in 2015 was EUR 10.2 million.

Reconciliation of the associated company's financial information with the goodwill recognised by the Group:

M€	2015	2014
Associated company's net assets	0.0	452.9
Group's holding, %	0.0%	37.9%
Group's share of net assets	0.0	171.6
Goodwill	-	-
Associated company's carrying amount in the Group	**0.0**	**171.6**

18. Goodwill

M€	2015	2014
Acquisition cost 1 Jan.	27.5	27.5
Acquisition cost 31 Dec.	**27.5**	**27.5**
Accumulated depreciation and writedowns 1 Jan.	-13.0	-13.0
Depreciation and writedowns for the period	-3.0	0.0
Accumulated depreciation and writedowns 31 Dec.	**-16.0**	**-13.0**
Carrying amount 31 Dec.	**11.5**	**14.5**

The acquisition of Kapiteeli Oy in 2006 resulted in goodwill of EUR 27.5 million being allocated to certain planned development projects, which were considered to have great potential for increase in value upon completion. Some of these were completed in 2008. The goodwill allocated to the completed projects was written down corresponding to the change in fair value during 2008 and it had an impact on the result of EUR -13.0 million. Goodwill and related writedowns were entirely allocated to the Property Development segment.

The remaining goodwill is allocated to the Ratina development project. The goodwill will be written down in relation to the degree of completion of the project, and will thus be written down completely simultaneosly with the development project.

The value of the development project is calculated quarterly. The total investment and the estimated value at completion is therefore under continuos control.

Management also checks that the construction costs for the project remain within the prepared cost estimate. If there are any indications of a rise in costs or of other causes as a result of which costs may be exceeded, the values are updated.

19. Other intangible assets

M€	Software	Other intangible assets	2015 total
Acquisition cost 1 Jan.	3.9	0.3	4.2
Increases	0.0	0.2	0.2
Decreases	-	-	-
Reclassifications	0.4	-0.4	-
Acquisition cost 31 Dec.	**4.3**	**0.1**	**4.4**
Accumulated depreciation 1 Jan.	-1.3	-	-1.3
Accumulated depreciation on decreases	-	-	-
Depreciation for the period	-0.7	-	-0.7
Accumulated depreciation 31 Dec.	**-2.0**	**-**	**-2.0**
Carrying amount 31 Dec.	**2.3**	**0.1**	**2.4**

M€	Software	Other intangible assets	2014 total
Acquisition cost 1 Jan.	1.3	1.2	2.4
Increases	1.5	0.3	1.8
Decreases	-	-	-
Reclassifications	1.1	-1.2	-0.1
Acquisition cost 31 Dec.	**3.9**	**0.3**	**4.2**
Accumulated depreciation 1 Jan.	-0.9	-	-0.9
Accumulated depreciation on decreases	0.1	-	0.1
Depreciation for the period	-0.4	-	-0.4
Accumulated depreciation 31 Dec.	**-1.3**	**-**	**-1.3**
Carrying amount 31 Dec.	**2.6**	**0.3**	**2.9**

20. Finance lease receivables

M€	2015	2014
Carrying amount of finance lease receivables	**2.7**	**2.7**
Gross rental income	13.0	13.3
Unguaranteed residual value	4.0	4.0
Gross investment in lease contracts	**16.9**	**17.3**
Unearned financial income	-14.2	-14.5
Net investment in lease contracts	2.7	2.7
Present value of unguaranteed residual value	0.1	0.1
Present value of minimum lease payments receivable	**2.7**	**2.7**

Term structure in 2015	2016	2017 –2020	2021–	Total
Gross investment in lease contracts	0.3	1.3	14.9	16.6
Present value of minimum lease payments receivable	0.3	1.0	1.3	2.7

Term structure in 2014	2015	2016 –2019	2020–	Total
Gross investment in lease contracts	0.3	1.3	15.6	17.3
Present value of minimum lease payments receivable	0.3	1.1	1.4	2.8

Two long-term lease contracts on two properties are classified as finance leases. Part of the premises in each property are leased.

21. Non-current receivables

M€	2015	2014
Non-interest-bearing receivables	0.0	0.0
Transaction price receivables	0.0	1.1
Long term financial receivables	**0.0**	**1.1**
Derivatives not included in hedge accounting	0.8	1.0
Other	0.1	0.0
Other long term receivables	**0.9**	**1.1**
Non-current receivables total	**0.9**	**2.2**

22. Deferred taxes

M€	31.12.2014	Recognised in income statement	Transfers and other changes	Recognised in other comprehensive income items	Recognised in equity	Purchased businesses/ investment properties sold/bought	31.12.2015
Deferred tax assets							
Tax losses carried forward	13.6	-14.7	1.6				0.5
Tax receivables from result for financial year 2014	1.4	0.0	-1.4				0.0
Tax receivables from result for financial year 2015		0.1					0.1
Assessments at fair value:							0.0
Funds	0.0						0.0
Interest rate swaps	8.5	0.0		-1.5		0.3	7.3
Interest rate options	0.9	-0.3					0.5
Currency options and futures	0.0		0.0				0.0
Eurobasis swaps	0.1	0.0					0.1
Trading properties	0.1	-0.1					0.0
Translation differences/loans		0.4		-0.4			0.0
Defined benefit obligations	0.2	0.0		0.0			0.1
Other items/transfers	0.3	0.5	0.0				0.8
Total	**25.1**	**-14.3**	**0.2**	**-1.9**	**0.0**	**0.3**	**9.4**
Deferred tax liabilities							
Capitalised borrowing costs	0.2	0.0					0.1
Assessments at fair value:							
Investment properties	177.9	-106.8	0.1				71.1
Shares in associated companies	16.1	1.3				-17.4	0.0
Currency options and futures		0.0	0.0				0.0
Equity bond expenses	0.1	1.3			-1.3		0.1
Other items/transfers	0.2	0.0	-0.1				0.2
Total	**194.5**	**-104.2**	**-0.1**	**0.0**	**-1.3**	**-17.4**	**71.5**

M€	31.12.2013	Recognised in income statement	Transfers and other changes	Recognised in other comprehensive income items	Recognised in equity	Purchased businesses/ investment properties sold/bought	31.12.2014
Deferred tax assets							
Tax losses carried forward	9.4	-3.3	8.0			-0.5	13.6
Tax receivables from result for financial year 2014	0.0	1.4					1.4
Tax receivables from result for financial year 2013	8.5		-8.5				0.0
Assessments at fair value:							
Funds	2.8	-2.8					0.0
Interest rate swaps	5.3	0.1		3.1			8.5
Interest rate options	0.5	0.3					0.9
Currency options and futures	0.0	0.0	0.0				0.0
Eurobasis swaps	0.1	0.0					0.1
Trading properties	0.1	0.0					0.1
Translation differences/loans	0.0	-1.8		1.8			0.0
Defined benefit obligations	0.1	0.0	0.0	0.0			0.2
Other items/transfers	0.4	-0.1	-0.1				0.3
Total	**27.4**	**-6.2**	**-0.6**	**5.0**	**0.0**	**-0.5**	**25.1**
Deferred tax liabilities							
Capitalised borrowing costs	0.1	0.0					0.2
Assessments at fair value:							
Investment properties	181.6	10.9	-14.7				177.9
Shares in associated companies	0.0	1.5	14.7				16.1
Currency options and futures	0.0		0.0				0.0
Equity bond expenses	0.1	1.3			-1.3		0.1
Other items/transfers	0.3	0.0	-0.1				0.2
Total	**182.1**	**13.7**	**-0.1**	**0.0**	**-1.3**	**0.0**	**194.5**

On 31 December 2015, the Group had EUR 4.4 million (2014: EUR 3.3 million) of confirmed losses and EUR 56.3 million (2014: EUR 56.6 million) of impairment losses not deducted from taxes for which tax assets had not been calculated, since the utilisation of the items in question is uncertain.

Expiration years for unrecognised confirmed losses

Year of expiration	2016	2017 –2018	2019 –2020	2021 –2022	2023 –2024	2025 –2026	Total
Confirmed loss	0.3	0.7	0.8	0.6	1.6	0.4	4.4
Unrecognised deferred tax	0.1	0.1	0.2	0.1	0.3	0.1	0.9

23. Trading properties

Trading properties comprise 17 properties that are owned mainly through real estate or housing limited companies.

M€	2015	2014
Trading properties at the start of the period	7.8	7.8
Disposal of trading properties	-0.1	0.0
Trading properties at the end of the period	**7.7**	**7.8**
Sales income from disposal of trading properties	2.8	2.1
Gains/losses on disposal of trading properties	**2.8**	**2.0**

24. Trade and other receivables

M€	2015	2014
Current non-interest-bearing receivables		
Trade receivables	1.4	3.5
Other receivables	35.4	20.0
Advances paid	0.2	0.3
Other prepaid expenses and accrued income	3.0	4.1
Total	**39.9**	**28.0**

Other receivables includes EUR 34,3 million (2014: EUR 19.9 million) in VAT receivables.
The fair value of trade and other receivables corresponds to their carrying amount.

Trade receivables classified according to time elapsed from due date

M€	2015		2014	
Not fallen due	0.4	27.2%	1.1	30.5%
Under 1 month	0.1	5.0%	1.1	32.0%
1–3 months	0.2	16.6%	0.5	13.0%
3–6 months	0.1	7.3%	0.2	6.9%
6–12 months	0.4	30.2%	0.4	10.5%
1–5 years	0.2	13.8%	0.3	7.1%
Over 5 years	0.0	0.0%	0.0	0.0%
Total	**1.4**	**100.0%**	**3.5**	**100.0%**

M€	2015	2014
Other prepaid expenses and accrued income		
From interest and financial items	1.1	1.8
Taxes	0.1	0.4
From other items	1.8	2.0
Total	**3.0**	**4.1**

25. Cash and cash equivalents

M€	2015	2014
Bank accounts	220.0	20.3
Liquid investment	-	-
Total	**220.0**	**20.3**

The carrying amount of the Group's cash and cash equivalents is comprised of the following currency denominated amounts:

M€	2015	2014
Euro	212.5	12.6
US dollar	3.4	3.1
Russian rouble	4.1	4.6
Total	**220.0**	**20.3**

26. Share capital and reserves

M€	No. of shares (1,000)	Share capital	Share premium reserve	Invested non-restricted equity reserve	Total
31.12.2006	**79,307**	**79.3**	**159.5**	**-**	**238.8**
Share issue	31,723	31.7	-	209.7	241.4
31.12.2007	**111,030**	**111.0**	**159.5**	**209.7**	**480.2**
31.12.2008	111,030	111.0	159.5	209.7	480.2
Share issue	166,545	-	-	202.3	202.3
31.12.2009	**277,575**	**111.0**	**159.5**	**412.0**	**682.5**
31.12.2010	277,575	111.0	159.5	412.0	682.5
Share issue	5,500	-	-	21.7	21.7
31.12.2011	**283,075**	**111.0**	**159.5**	**433.8**	**704.2**
31.12.2012	283,075	111.0	159.5	433.8	704.2
31.12.2013	283,075	111.0	159.5	433.8	704.2
31.12.2014	283,075	111.0	159.5	433.8	704.2
31.12.2015	**283,075**	**111.0**	**159.5**	**433.8**	**704.2**

Sponda Plc has a single class of shares. Under the Articles of Association, there is no maximum number of shares and the company does not have a set maximum share capital. The share has no nominal value or accounting par value. All issued shares have been paid in full.

Shareholders' equity comprises the following reserves:

Share premium reserve
Sponda does not have existing instruments that would, under the new Limited Companies Act, accrue a share premium reserve.

Translation differences
Translation differences comprise translation differences arising from the translation of foreign currency denominated items in the financial statements of foreign subsidiaries.

Fair value reserve
The fair value reserve contains the changes in fair values of the derivatives used to hedge cash flow.

Revaluation reserve
The revaluation reserve comprises the fair value of properties that have previously been used by the Group itself and have subsequently been transferred to investment properties.

Invested non-restricted equity reserve
The invested non-restricted equity reserve contains equity investments and that part of the share subscription price that has not been allocated to share capital by a specific decision.

Other equity reserve
The other equity reserve comprises the equity bond less the costs of raising the bond.

Significant risks associated with business operations in Russia
As a consequence of its business operations in Russia, Sponda is exposed to risks that may have a negative impact on the Group's profit and financial position. The risks may be realised through Sponda's cash flows originating in Russia, the fair value of investments, or translation differences. The realisation of the risks is particularly influenced by the general economic development in Russia, the development of the property market in Moscow, changes in currency exchange rates, various sanctions, and differences in legislation and the way the authorities operate.

Sponda's cash flows from Russia are particularly influenced by tenants' ability to pay rent, the contractual currency of leases, and changes in exchange rates. Future cash flows are influenced by new rental levels agreed with tenants and the linking of rents to currencies. A significant proportion of Sponda's rents are linked to the US dollar. RUB-denominated rents cover the expenses, which for a large part are RUB-denominated. For this reason, the effect of exchange rate fluctuations on Sponda's cash flows has been moderate. In addition to exchange rate fluctuations, future cash flows are influenced by changes to rents and contractual currencies agreed on with tenants. The fair values of Sponda's investments in Russia are particularly influenced by the yield requirements of properties, market rents, contractual rents and exchange rate fluctuations. Uncertainty related to fair value measurement has increased due to the weak economic development in Russia and the lack of comparable transactions. The fair values of properties are calculated based on the contractual currencies of lease agreements. As a significant proportion of Sponda's lease agreements have been linked to the USD, the impact of changes in exchange rates has been limited and primarily determined based on the USD/EUR exchange rate. If contractual currencies shift towards the wider adoption of RUB, the impact of exchange rate fluctuations on the fair values of properties will increase.

Sponda recognises translation differences on property assets located in Russia, equity investments in Russia, and internal Group loans granted to subsidiaries in Russia. The Group measures investment properties located in Russia at fair value in accordance with IAS 40. As such, the translation difference on property assets is determined by the difference between the initial fair value measurement and the RUB-denominated balance on the valuation date. Translation differences on equity investments and loans granted in Russia are determined by the exchange rates for euro-denominated balance sheet items in Russia on the valuation date. The translation difference on property assets has the opposite effect to the translation difference of equity investments and loans granted, which balances the impact of the depreciation of the rouble on the Group's profit and financial position due to the decline in value of the Group's rouble-denominated balance sheet items. The amount of translation differences recognised by Sponda has been minor. The translation differences are realised when properties are sold.

27. Retained earnings

M€	2015	2014
At beginning of financial year	645.5	628.1
Profit for the period attributable to equity holders of the parent company	227.2	73.6
Defined benefit obligations	0.1	-0.1
Dividend payment	-53.8	-51.0
Hybrid bond, interest paid	-5.1	-5.1
Share-based payments	-0.2	0.0
At end of financial year	813.7	645.5

Dividend
After the balance sheet date, the Board of Directors has proposed that a dividend of EUR 0,19 per share be distributed for the 2015 financial year.

28. Non-current interest-bearing liabilities

M€	2015	2014
Bonds	473.3	367.7
Loans from financial institutions	607.2	801.8
Total	**1,080.4**	**1,169.5**

See note 32.

29. Defined benefit pension obligations

At the time of Sponda Plc s incorporation, insurance was taken out for certain persons to compensate for earlier retirement age. The insurance covers the pension of women from the age of 60 to 63 and the pension of men from 62 to 63 (65 prior to revision) years of age. The pension presently covers one person.

Sponda's pension plan is a supplementary pension funded in the insurance company that supplements statutory pensions. It primarily concerns pensions already in payment and paid-up free policies.

The pledge given to the insured is presented as an obligation on the balance sheet, and the insurance company's share of this obligation is presented as an asset on the balance sheet. Pensions and paid-up free policies are increased according to a pension index, the cost of which is borne by the company, since the insurance company's pledge to raise pensions is based on its own annually confirmed refund.

As the amount of the assets is calculated with the same discount rate as the obligation in the insurance arrangement, a change in the discount rate does not result in a material risk. Nor does as an increase in life expectancy result in significant risks, since the insurance company bears the majority of any impact that an increase in life expectancy has. The company is nevertheless primarily responsible for an increase in pensions, meaning that a 0.25 per cent increase in the pension index would increase the obligation by 2.2 per cent. Correspondingly, a decrease of 0.25 per cent would reduce the obligation by 2.1 per cent.

Defined benefit pension plan expenses included in profit or loss and in OCI

M€	2015	2014
Defined benefit pension plan expenses included in profit or loss		
Current service cost	0.0	0.0
Net interest cost	0.0	0.0
Total	**0.0**	**0.0**
Remeasurement loss (gain) in OCI	**-0.1**	**0.2**

Reconciliation of net defined benefit (asset) liability

M€	2015	2014
Defined benefit obligation	4.0	4.5
Fair value of employee benefit plan assets	3.3	3.7
Net defined benefit (asset) liability 31.12.	**0.7**	**0.8**

M€	2015	2014
Net defined benefit (asset) liability 1.1.	0.8	0.7
Contributions paid by the employer	0.0	0.0
Expenses included in profit or loss	0.0	0.0
Remeasurement loss (gain) in OCI	-0.1	0.2
Net defined benefit (asset) liability 31.12.	**0.7**	**0.8**

Movement in net defined benefit obligation

M€	2015	2014
Balance at 1.1.	**4.5**	**4.4**
Current service cost	0.0	0.0
Interest expenses	0.1	0.1
Remeasurement gains (-)/losses (+)		
Gains (-) / losses (+) from demographic assumptions	0.0	0.0
Gains (-) / losses (+) from financial assumptions	-0.1	0.4
Gains (-) / losses (+) from experience adjustments	-0.1	-0.1
Benefits paid	-0.4	-0.4
Balance at 31.12.	**4.0**	**4.5**

Changes in the fair values of employee benefit plan assets

M€	2015	2014
Fair values 1.1.	**3.7**	**3.8**
Interest income	0.1	0.1
Return on plan assets (excluding interest income or cost)	-0.1	0.2
Contributions paid by the employer	0.0	0.0
Benefits paid	-0.4	-0.4
Fair values 31.12.	**3.3**	**3.7**
The amount the Group expects to pay to defined benefit plans	0.0	0.0

The plan assets are qualifying insurance policies.

Significant actuarial assumptions

	2015	2014
Discount rate	1.90%	1.90%
Future salary growth	2.75%	3.50%
Future pension growth	1.85%	2.10%
Duration based on the weighted average of defined benefit plan	9.2	9.5

30. Current interest-bearing liabilities

M€	2015	2014
Loans from financial institutions	382.0	314.3
Commercial papers sold	198.5	247.4
Total	**580.5**	**561.7**

See note 32.

31. Trade and other payables

M€	2015	2014
Current non-interest bearing debt		
Advances received	8.7	10.2
Trade payables	3.0	4.9
Interest liabilities	11.2	11.9
Other current liabilities	34.1	22.0
Accrued expenses and deferred income	19.4	13.5
Total	**76.4**	**62.4**

Other current liabilities include EUR 31.6 million (2014: EUR 21.6 million) in VAT liabilities.

Accrued expenses and deferred income		
Interest and financial items	0.3	0.4
Personnel expenses	3.4	3.7
Taxes	0.2	0.3
Investments	10.0	5.8
Other items	5.5	3.3
Total	**19.4**	**13.5**

The fair value of trade and other payables corresponds to their carrying amount.

32. Financial instruments

Financial risk management

The objective of risk management is to minimise the unfavourable impacts of changes in the financial markets on the company's profits and cash flow. Sponda Plc's Board of Directors decides on the goals for risk management, defines the risk management policy and is responsible for monitoring risk management. The company's treasury unit identifies and assesses risks and is responsible for practical risk management measures within the framework of the risk management policy. The internal audit is responsible for checking the effectiveness of the risk management system. Regular reports are made to the Board on financing. Sponda's main financial risks are interest rate risk, risks concerning access to financing, credit risk and exchange rate risk. The Group's financing activities are centrally handled by its treasury unit.

1. Interest rate risk

The Group mainly uses floating rate loans in financing its operations, and these are the source of the company's interest rate risk. The company may also use fixed-rate loans. The Group uses interest rate derivatives to reduce growth in future interest flows caused by a rise in short-term market rates. With interest rate swaps, Sponda pays a fixed-rate interest and receives floating-rate interest. Interest rate options are what are referred to as purchased interest rate caps.

According to the risk management policy, the aggregate nominal value (hedging rate) of the Group's fixed-rate loans with a maturity of more than one year and of the interest rate derivatives used to manage interest rate risk must be at least 60 per cent and at most 100 per cent of the Group's interest-bearing liabilities. The Group's hedging rate on 31 December 2015 was 90 (2014: 76) per cent. The average fixed interest rate period of the interest-bearing debt portfolio must be at least one year. The average fixed interest rate period of the Group's portfolio was 2.2 (2014: 2.3) years.

Derivative contracts have been made for the purpose of hedging the loan portfolio and they are valued in the financial statement at fair value. The fair value represents the result if the derivative position had been closed on the balance sheet date. The fair values presented are based on assessments by the counterparty banks. In addition, Sponda Plc checks the valuations using methods that are generally available on the market, employing Bloomberg's derivatives calculator and market quotes. The fair values and nominal values of interest rate derivatives are presented in Note 32.4.

Interest rate derivatives have been defined as cash flow hedging or as derivatives that do not meet the criteria for hedge accounting. Sponda applies group hedging, in which the behaviour of the loan portfolio is compared with the interest rate derivative portfolio. The interest rate derivative portfolio is divided into interest rate swaps and interest rate options. However, hedge accounting was not applied to interest rate options on the balance sheet date. In addition, Sponda may use forward rate agreements and interest rate futures, to which hedge accounting is not applied. The company also has one EUR 150 million interest rate swap agreement for swapping Euribor reference rates, to which hedge accounting is not applied.

At the time of closing the books, Sponda applied hedge accounting to all interest rate swap agreements in which the company pays a fixed interest and receives a floating rate. The company has entered into one interest rate swap agreement with a bank for swapping Euribor reference rates to which hedge accounting is not applied. All interest rate swaps mature in 2017–2020, during which period the interest flows from interest rate swaps will also be realised. The hedging effectiveness between hedged loans and hedging instruments was very high (99.7 per cent) during the 2015 financial year. The non-effective proportion of interest rate swaps under hedge accounting has been recognised in profit and loss. The non-effective proportion of interest rate swaps under hedge accounting has been recognised in profit and loss. Hedge accounting was not applied to the purchased interest rate caps on the balance sheet date. The change in the fair value of interest rate caps is recognised in profit and loss.

Net losses/gains for the period recognised in other comprehensive income items are presented under "Consolidated statement of comprehensive income". More information on their recognition is available in the section on the accounting policies for the consolidated financial statements. Hedge accounting is applied to interest derivatives satisfying the IAS 39 criteria for hedge accounting throughout their maturity.

Sponda Plc analyses its interest rate position by simulating changes in market interest rates. The treasury unit calculates a forecast of interest expenses for the coming year and its interest rate sensitivity. The following assumptions have been made when calculating the sensitivity to change in interest rates:

– the short-term market rates at the stated balance sheet date may rise by one percentage point or fall by 0.1 percentage points (2014: rise by one percentage point or fall by 0.1 percentage points)*
– the calculation includes the nominal value of interest-bearing liabilities EUR 1,665 million (2014: EUR 1,736 million)
– the calculation includes current derivative contracts hedging interest rate risk, totalling EUR 1,018 million (2014: EUR 1,249 million)"

The calculation aims to measure the impact of short-term market rates on the interest expenses of the company's loans and correspondingly on the income to be obtained from interest rate derivatives or on the costs to be paid in the following year. The figures are presented net. The financial instruments used in the calculation are accounted for in accordance with the IFRS definitions mentioned in the company's accounting principles for the financial statements. The interest rates used are the official interest rates quoted on the last banking day on the balance sheet date.

In its 2015 financial statements, Sponda Plc applied hedge accounting to 64 per cent of interest rate derivatives hedging interest rate risks, compared to 52 per cent in 2014. In the sensitivity analysis, changes in the fair value of interest rate derivatives to which hedge accounting is not applied are presented in full through profit and loss. The Group's interest-bearing liabilities decreased by approximately EUR 70 million in 2015 (2014: increased by EUR 58 million).

* On 31 December 2015, all short-term market rates with relevance for the calculation were negative.

Sensitivity to interest rate risk

The effect of a one percentage point change in short-term market rates on the company's result and the fair value reserve in shareholders' equity.

	31.12.2015		31.12.2014	
M€	Income statement	Fair value reserve	Income statement	Fair value reserve
One percentage point rise in market rates	+1.9	+19.4	-0.2	+27.5
0.1 percentage point fall in market rates	+0.3	-4.0	+0.4	-3.2

The sensitivity calculation is not inclusive of the deferred tax effect.

2. Liquidity and refinancing risk

The Group assesses and monitors the amount of financing required by its business operations on a daily basis to ensure the sufficiency of liquid funds for financing purposes and to repay maturing loans. The Group's liquidity position and forecast are drawn up every working day. The risk related to access to finance is reduced by making financial contracts with several financial sources and using a variety of financial instruments. The Group seeks to spread the maturity of its new borrowings so that, as loans mature, the amount needing refinancing each year remains stable. The Group's single largest creditor represents approximately one seventh of the Group's total interest-bearing liabilities. The Group's largest creditors are financially solid Nordic banks with which the company has a long-term customer relationship. Sponda expects to be able to renew the loans that fall due. In 2015, the company refinanced a total of EUR 290 million worth of loans maturing normally during 2015 with two different financing arrangements. A total of EUR 311 million in loans originally classified as long-term and a corporate bond of SEK 650 million will mature in 2016. In addition, EUR 199 million in short-term commercial papers are set to mature in 2016, on which more information is presented below. The company has already commenced negotiations with creditors on the arrangement of loans from financial institutions. Based on the negotiations, the company believes it will be able to arrange the refinancing of the loans that are set to mature during the year. Notes 32.5 and 32.6 show the maturity analysis based on the Group's agreements. The average maturity of the Group's loans on 31 December 2015 was 2.2 years (31 December 2014: 2.1 years).

For short-term financing purposes, the company uses a commercial paper programme. The size of the commercial paper programme is EUR 350 million. The amount of commercial papers issued by the company on the balance sheet date stood at EUR 199 million. The company may finance the loans falling due in 2016 by taking out long-term credit limits, for example. There is strong interest in the company's commercial papers, which is why the company aims to keep the commercial paper volume issued at least at the current level.

The Group ensures its liquidity with long-term credit limits and bank account limits. The credit limits also provide a reserve for the commercial paper programme. The company's fixed goal is to retain an amount of undrawn credit limits that is always sufficient to cover the amount of commercial papers issued. Unused long term credit limits totalled EUR 430 million on the balance sheet date (2014: EUR 450 million). Cash surpluses are invested in short-term money market instruments or bank deposits in accordance with the financial policy confirmed by the Board. On 31 December 2015, the Group's cash and cash equivalents totalled EUR 220.0 million (2014: EUR 20.3 million).

In addition, the risks relating to access to finance are reduced by maintaining the company's reputation as a trustworthy debtor. Sponda's financial contracts contain normal covenants to protect the creditors, which concern, for example, the equal status of financiers, certain financial indicators, and the use of collateral. The most important covenants used are:

– Interest cover ratio (EBITDA/Net interest expense) for which the minimum acceptable ratio is 1.75. The ratio on the closing date was 3.5 (2014: 3.3).
– Equity ratio, for which the set minimum ratio is 28 per cent. On the closing date the equity ratio stood at 46 per cent (2014: 41).
– The Group was not in breach of covenants during the financial year.

3. Credit risk

Credit risk arises from the possibility that the counterparty in a contract fails to fulfil their obligations as given in the contract. The Group's most significant credit risks on the balance sheet date arose from derivative contracts and from rent receivables and trade receivables. The Group has no major concentrations of receivables or credit risks.

To avoid risks from counterparties, the Group uses only financially solid banks with a good credit rating as counterparties in derivative contracts. The banks' credit rating in terms of their long-term acquisition of funds must be classified as at least A- by S&P's (or an equivalent credit rating company). Sponda Plc may invest in the commercial papers issued by well-known, financially solid companies operating in Finland. Sponda Plc's Board of Directors decides on acceptable counterparties, on counterparty limits and on the permitted financial instruments. In derivative trading with counterparties, Sponda Plc observes the stipulations given by ISDA (International Swaps and Derivatives Association, Inc.) or the regulations issued by the Finnish Bankers' Association. The maximum amount of credit risks is the carrying amount of the financial assets EUR 257.7 million (2014: EUR 46.1 million). The breakdown is shown in Note 32.1.

Tenant risk is managed by analysing the creditworthiness of tenants before leases are signed, by requiring rent deposits, and by the monthly collection of rent. The business units responsible for leasing properties are responsible for arranging collateral for rents. The maximum amount of the risk is the total carrying amount of the receivables less the amount of the collateral. Total collateral for rents received amounted to EUR 43.4 million (2014: EUR 42.2 million). Collateral for rents is primarily in the form of bank deposits or bank guarantees. Collateral is not, however, required for separately approved counterparties such as the Finnish state or municipalities. Collateral received in fulfillment of lease obligations may be used to cover the company's receivables without hearing the tenant on the matter. Ovenia Oy monitors the Group's rent receivables.

The total amount of rent receivables on the balance sheet date was EUR 1.5 million (2014: EUR 3.5 million). The total rent unpaid for more than three months was EUR 0.7 million. The Group recorded credit losses of EUR 0.9 million for rent receivables in 2015. The Group recognises a final credit loss when a tenant is found to be without means in the debt collection process or when it has received reliable advance information on the bankruptcy estate's share or when the company's share of a bankruptcy is conclusively confirmed. The Group uses well-known external debt-collection firms to collect receivables.

The collateral for a selling price receivable is almost always a real security. The real security for selling price receivables is typically real estate mortgages for the sold property or shares. The Group had no selling price receivables on the balance sheet date of 31 December 2015 (2014: EUR 0 million). The company's trade receivables on the balance sheet date 2015 were comprised entirely of rent receivables (rent receivables in 2014: EUR 3.5 million). The Group considers the risk from trade receivables to be small. A maturity analysis of all trade receivables is presented in Note 24.

In addition, the company has given guarantees as security for the commitments of the property companies it owns. The guarantees are typically guarantees relating to the construction phase of a new company, in which the beneficiary is almost always the city. The amount of the guarantees, EUR 3.1 million (2014: EUR 2.8 million) is small in proportion to the carrying amount of the companies owned. The guarantees given are not expected to cause significant costs to the Group.

4. Currency risk

The Group has international operations in Russia. Changes in the exchange rate between the Russian rouble and the euro and between the US dollar and the euro may affect Sponda Group's financial position and operations. The Group is exposed to currency risk since balance sheet items for foreign subsidiaries and revenue and expenses from properties are translated into the business currency of the parent company, i.e. into euros.

Sponda's Russian companies receive their rents monthly in US dollars and in Russian roubles. The companies pay nearly all of their expenses in Russian roubles. USD-denominated net cash flows from lease agreements are some USD 13 million (2014: USD 20 million) annually and RUB-denominated net cash flows some RUB 100 million (2014: RUB 209 million). In accordance with the Board's decision, Sponda hedges primarily foreign currency denominated future net cash flows for a period of six months. The company may use currency denominated options, futures and currency swaps in hedging. One currency derivative will mature and be renewed in each month during the next six months, so that a total corresponding to the net position for six months is always effective.

On the balance sheet date the company had a total of USD 6.4 million (2014: USD 10.5 million) in bought EURUSD currency options to hedge the USD net cash flows. The difference between incoming cash flows denominated in Russian roubles and outgoing rouble-denominated expenses is minor when measured in euros, due to which the hedging of this net cash flow has not been deemed necessary. In accordance with the Board's decision, Sponda does not hedge the translation risk from Russian companies. If the exchange rate between the euro and the USD changed 10 per cent from the closing date, the change in the fair value of the currency options would be recognised through profit and loss in full. If the euro weakened 10 per cent against the USD, this would affect the result by some EUR 0.0 million and if the euro strengthened 10 per cent against the USD, this would improve the result by some EUR +0.3 million. With the currency derivative maturing each month, the company can sell rental income of some USD 1.1 million based on the USD contract rates used in the leases of Russian companies, which is on the accounts of the Russian companies in cash (in either US dollars or Russian roubles).

The Group finances its capital expenditure in Russia with internal loans denominated in euros.

In 2011, the company issued a SEK 650 million bond. The SEK denominated loan is hedged against exchange rate risk by means of a cross currency swap agreement. The net amount of the unrealised exchange rate difference of the SEK denominated loan and the current value of the unrealised cross currency swap agreement hedging the loan may vary during the duration of the agreement. The change in profit caused by the unrealised exchange rate difference and unrealised change in current value decreases over time and reaches zero on the due date. The SEK cash flows received from the cross currency swap agreement cover all future cash flows of the SEK currency loan and capital due on the due date.

The company does not apply hedging according to IAS 39 to currency derivatives. Changes in the fair value of other interest derivatives are recorded in the income statement.

5. Managing the capital structure

The objective of managing the Group's capital structure is to optimise the capital structure in relation to prevailing market conditions at any particular time. The goal is a capital structure that best assures conditions for the Group's long-term strategic operations.

Factors affecting the Group's capital structure, in addition to the result, include capital expenditure, asset sales, acquisitions, dividend payments, equity-based facilities and measurement at fair value. The Group's key covenant in credit arrangements is the equity ratio. The company's equity ratio must always be greater than 28 per cent. In the event that equity ratio approaches the 28 per cent limit, the company will carry out arrangements to boost equity. The company's equity comprises an equity bond (hybrid bond) that improves the company's equity ratio. The nominal value of the hybrid bond is EUR 95.0 million and it is recorded on the balance sheet under "Other equity reserve". More information on the hybrid bond is provided in the accounting policies. The company aims to distribute approximately 50 per cent of the operational cash flow per share for the financial period as dividend, taking into account, however, the economic situation and the company's development needs. The Group's capital structure is also guided by the value of the interest cover ratio covenant. Interest cover ratio is determined by the ratio between EBITDA and net interest expenses, with gains from sales deducted and losses on sales added. Changes in the value of property assets are dealt with correspondingly, in addition to which depreciation and amortisation are returned to the calculation. The interest cover ratio must be greater than 1.75.

Sponda Plc's Board of Directors has set the Group's long-term equity ratio target at 40 per cent. On 31 December 2015, the Group's equity ratio was 46 per cent (2014: 41 per cent). Sponda's interest cover ratio on 31 December 2015 was 3.5. In 2014, the interest cover ratio was 3.3. Sponda Group's interest-bearing liabilities decreased by EUR 70 million during 2015, totalling EUR 1,661 million at the end of the year (2014: EUR 1,731 million). Sponda Group sold property assets during 2015 for altogether EUR 335 million. The funds received were used to pay off the company's loans and finance property development investments. The formula for calculating the equity ratio is shown in the annual report under "Calculation of financial ratios".

The Group's capital structure and equity ratio were as follows:

M€	2015	2014
Interest-bearing liabilities	1,661	1,731
Cash, funds in bank and interest-bearing receivables	220	20
Interest-bearing net liabilities	1,441	1,711
Shareholders' equity, total	1,585	1,412
Balance sheet total	3,441	3,449
Equity ratio	46%	41%

6. Fair value measurement

Financial assets at fair value through profit or loss in the consolidated financial statements, namely investment properties, investments in real estate funds and derivative instruments, are classified according to the valuation method. The levels used are defined as follows:

- quoted (unadjusted) prices for identical assets or liabilities on active markets (level 1)
- input data other than the quoted prices included in level 1 which are observable for the asset or liability in question either directly (i.e. as a price) or indirectly (i.e. derived from prices) (level 2)
- input data concerning the asset or liability that are not based on observable market data (other than observable input data) (level 3).

The Group's derivative instruments at fair value are presented in Note 32.4. Information concerning investment properties at fair value is presented in Note 14, and information on investments in real estate funds at fair value is presented in Note 15.

32.1 Carrying amounts of financial assets and liabilities by categor

2015 Balance sheet item, M€	Financial assets/ liabilities recognised at fair value through profit and loss	Loans and receivables	Financial liabilities recognised at amortised cost	Hedging derivatives	Carrying amount of balance sheet items	Carrying amount of balance sheet items	Level 1	Level 2	Level 3	Total
Non-current financial asset										
Non-current receivables		0.1			0.1	0.1			0.1	0.1
Derivative contracts	0.8				0.8	0.8		0.8		0.8
Current financial assets										
Derivative contracts	0.0				0.0	0.0		0.0		0.0
Trade and other receivables		36.8			36.8	36.8				
Cash and cash equivalents		220.0			220.0	220.0				
Carrying amount by category	**0.8**	**256.9**	**0.0**	**0.0**	**257.7**	**257.7**				
Non-current financial liabilities										
Interest-bearing liabilities			1,080.4		1,080.4	1,099.5		1,099.5		1 099.5
Derivative contracts	0.3			36.6	36.9	36.9		36.9		36.9
Current financial liabilities										
Interest-bearing loans and borrowings			580.5		580.5	581.2		581.2		581.2
Derivative contracts										
Interest payable			11.2		11.2	11.2				
Trade and other payables			35.4		35.4	35.4				
Carrying amount by category	**0.3**		**1,707.5**	**36.6**	**1,744.3**	**1,764.1**				

All derivative instruments are measured at fair value on the balance sheet. Interest-bearing debt is measured at amortised cost using the effective interest rate method. All other items are valued at cost on the parent company's balance sheet.
Financial assets include EUR 0.8 million in derivative instruments and financial liabilities include EUR 36.9 million in derivative instruments.

2014 Balance sheet item, M€	Financial assets/ liabilities recognised at fair value through profit and loss	Loans and receivables	Financial liabilities recognised at amortised cost	Hedging derivatives	Carrying amount of balance sheet items	Carrying amount of balance sheet items	Level 1	Level 2	Level 3	Total
Non-current financial asset										
Non-current receivables		1.1			1.1	1.1			1.1	1.1
Derivative contracts	1.0				1.0	1.0		1.0		1.0
Current financial assets										
Derivative contracts	0.0				0.0	0.0		0.0		0.0
Trade and other receivables		23.6			23.6	23.6				
Cash and cash equivalents		20.3			20.3	20.3				
Carrying amount by category	**1.1**	**45.0**	**0.0**	**0.0**	**46.1**	**46.1**				
Non-current financial liabilities										
Interest-bearing liabilities			1,169.5		1,169.5	1,197.1		1,197.1		1,197.1
Derivative contracts	5.2			42.6	47.8	47.8		47.8		47.8
Current financial liabilities										
Interest-bearing loans and borrowings			561.7		561.7	563.7		563.7		563.7
Derivative contracts	0.0				0.0	0.0		0.0		0.0
Interest payable			11.9		11.9	11.9				
Trade and other payables			26.9		26.9	26.9				
Carrying amount by category	**5.2**		**1,769.9**	**42.6**	**1,817.7**	**1,847.4**				

All derivative instruments are measured at fair value on the balance sheet. Interest-bearing debt is measured at amortised cost using the effective interest rate method. All other items are valued at cost on the parent company's balance sheet.
Financial assets include EUR 1.1 million in derivative instruments and financial liabilities include EUR 47.8 million in derivative instruments.

32.2 Financial instruments that are offset in the statement of financial position or are subject to netting agreements

31.12.2015, M€	Net carrying amount	Derivatives under netting agreements Financial instruments	Net total
Assets			
Derivative contracts	0.8	-0.8	0.0
Total	0.8	-0.8	0.0

31.12.2014, M€	Net carrying amount	Derivatives under netting agreements Financial instruments	Net total
Assets			
Derivative contracts	1.1	-1.1	0.0
Total	1.1	-1.1	0.0

All sums are measured at fair value. The company does not have financial instruments offset on the balance sheet.
Netting of derivative instruments according to ISDA or an equivalent master agreement.

32.3 The Group's interest-bearing liabilities

Long-term liabilities, M€	2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Bonds and FRNs *)	473.3	489.4	367.7	384.7
Loans from financial institutions	607.2	610.1	801.8	812.4
Foreign currency loans	-	-	-	-
Total	**1,080.4**	**1,099.5**	**1,169.5**	**1,197.1**

Current liabilities, M€	2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Loans from financial institutions and commercial papers	509.8	510.1	348.4	348.9
Bonds and FRNs *)	70.7	71.0	100.0	101.4
Foreign currency loans	-	-	113.3	113.4
Total	**580.5**	**581.2**	**561.7**	**563.7**

The fair values of bonds are based on the averages of market quotes published by at least two banks. In addition, Sponda compares the external valuations received to the indicative market quotes of Bloomberg's market data system, to ensure the adequate reliability of measurements.

*) Current bonds and FRNs in 2015 consists of a SEK 650 million bond. In 2014, the same SEK 650 million bond was included in long-term bonds.
In 2014, the SEK bond's balance sheet value was EUR 69.2 million. All foreign currency loans were SEK denominated.

The fair values of all liability items reflect the value for which investors in active secondary markets would probably be willing to purchase the items in question. The fair values of loans from financial institutions and of foreign currency loans are calculated by comparing the valid contract terms of each individual liability (such as duration and interest margin) to the terms prevalent on the market, the objective being the refinancing of the liability under review. Central to the valuation of a liability is the new liability's interest margin for which a similar liability could have been arranged at the reporting date. Loan-specific refinancing margins are based on the estimates of company management. Based on discussions conducted with a number of debt investors during the financial period the company considers itself to clearly belong in what is referred to as Investment Grade category in terms of its credit risk. The management's estimate concerning the company's credit risk from the perspective of debt investors has remained unchanged for the 2015 and 2014 financial periods. The company considers any possible change in a company-specific credit risk in the valuation of liabilities.

32.4. Derivative contracts

M€	Fair value 2015	Nominal value 2015	Fair value 2014	Nominal value 2014
Interest derivatives				
Interest rate swaps				
In hedge accounting	-36.6	655.0	-42.6	655.0
Not in hedge accounting	-0.3	150.0	-0.5	150.0
Interest rate caps, bought				
Not in hedge accounting	0.8	363.1	1.0	593.9
Foreign currency derivatives				
Currency options				
Currency options, call	0.0	6.4	0.0	8.7
Currency options, put	-	-	0.0	4.6
Cross currency swaps	-1.7	72.4	-4.7	187.4

The interest derivative agreements were made in order to hedge the loan portfolio and currency derivatives in order to hedge against currency risk. At the time of closing the books, hedging only applies to interest rate swaps. The company has one (EUR 150 million) interest rate swap contract made to change the Euribor reference rate of a euro-denominated loan. Hedge accounting was not applied to this swap.

Cross currency swaps are used to hedge the exchange rate risk related to loans denominated in Swedish krona. The nominal values of cross currency swaps are identical to the nominal values of the loans hedged.

Derivative instruments are valued in the financial statements at fair value. The fair value represents the result if the derivative position had been closed on the balance sheet date. Sponda utilises external valuations. In addition, Sponda evaluates the size of derivative instruments' fair value internally.

32.5 Maturity of non-current liabilities

Maturity of non-current liabilities 31 December 2015, M€	2016	2017	2018	2019	2020	2021
Bonds and FRNs	70.7	150.0	150.0	-	175.0	-
Loans from financial institutions	311.6	210.9	81.6	200.0	116.3	-

Maturity of non-current liabilities 31 December 2014, M€	2015	2016	2017	2018	2019	2020
Bonds and FRNs	100.0	69.2	150.0	150.0	-	-
Loans from financial institutions	214.6	311.6	210.9	81.6	200.0	-

This table shows the maturities of non-current liabilities, showing the nominal value at the time the loan was taken. Foreign currency loans are quoted at the rate of the balance sheet date. Loans maturing in 2016 are presented in the balance sheet under current loans.

The average interest rate of all the Group's loans, including derivatives, was 2.9 per cent (2014: 2.9 per cent). The average maturity of loans was 2.2 years (2014: 2.1 years).

Sponda Plc's most significant loans

Syndicated finance limit

In November 2015, Sponda Plc signed a syndicated revolving credit facility agreement for EUR 80 million. The facility is unsecured and has a maturity of five years. The terms of the facility correspond to the terms of Sponda's other loans. The key covenants of the credit facility are linked to the equity ratio and interest cover ratio. The credit facility extended the similar undrawn EUR 150 million revolving credit facility's original maturity from November 2015. The company reduced the size of the facility from EUR 150 million by EUR 70 million to correspond with its current needs. The Mandated Lead Arrangers and Bookrunners were Pohjola Bank Plc, Nordea Bank Finland Plc and Danske Bank A/S. Pohjola Bank Plc was the Co-ordinator and the Agent.

Bilateral loan

In April 2015, Sponda Plc signed a loan extension agreement for five years for an unsecured loan of EUR 115 million with Danske Bank Plc. The agreement was used to convert a loan of the same size that was originally maturing in July 2015. The key covenants of the agreement (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

Bond issue

In May 2015, Sponda Plc issued a EUR 175 million senior unsecured bond. The five-year bond matures on 20 May 2020. The bond carries a fixed annual coupon at the rate of 2.375 per cent. The bond was allocated to 50 investors and the bond offering was significantly oversubscribed. The bond is listed on NASDAQ OMX Helsinki. Pohjola Bank and Swedbank acted as joint lead managers and bookrunners for the transaction.

Bilateral loan

In October 2014, Sponda Plc signed an agreement with Swedbank AB (publ), Finnish Branch for a five-year unsecured loan of EUR 100 million. The key covenants of the agreement (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

Bilateral loan

In October 2014, Sponda Plc signed an agreement with Pohjola Bank plc for a five-year unsecured loan of EUR 100 million. The key covenants of the agreement (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

Bilateral loan

In December 2013, Sponda Plc signed an agreement with Nordea Bank Finland for a four-year unsecured loan of EUR 150 million. The agreement extended the loan, which was originally set to mature in 2014, until December 2017. The key covenants of the agreement (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

Finance limit

In December 2013, Sponda Plc signed an agreement with Danske Bank A/S, Helsinki branch, for an unsecured five-year credit limit of EUR 100 million. The agreement extended the credit limit, which was originally set to mature in June 2014, until December 2018. The key covenants of the agreement (equity ratio and interest cover ratio) are the same as those of Sponda's other loans.

Bond issue

In October 2013, Sponda Plc issued a EUR 150 million unsecured bond. The five-year bond matures on 9 October 2018. The bond carries a fixed annual rate of 3.375 per cent. The bonds were allocated to 64 investors and the bond offering was substantially oversubscribed. The bond is listed on NASDAQ OMX Helsinki. Danske Bank and SEB acted as joint lead managers and book runners for the transaction.

Bilateral loan

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

Hybrid bond

In December 2012, Sponda issued a EUR 95 million hybrid bond (equity bond). The coupon rate of the hybrid bond is 6.75 per cent per annum. The bond has no maturity, but the company may exercise a redemption option after five years. A hybrid bond is an instrument that is subordinated to other debt obligations. It is treated as equity in the IFRS financial statements. A hybrid bond does not confer upon its holder the right to vote at shareholder meetings and does not dilute the holdings of the current shareholders. The interest on the bond is paid if the Annual General Meeting decides to distribute a dividend. If no dividend is distributed, the company decides separately on whether to pay the interest. Unpaid interest accumulates. The transaction was organised by Nordea Markets.

Finance limit

In November 2012, Sponda Plc signed an agreement with Swedbank AB, Finnish Branch, for a credit limit of EUR 100 million with a maturity of five years. The arrangement renewed a EUR 100 million credit limit agreement that was originally maturing in 2013. The credit arrangement is unsecured.

Bilateral loan

In July 2012, Sponda Plc signed an agreement with Danske Bank A/S, Helsinki branch, for a secured five-year loan of EUR 60 million. The agreement extends the financing that was originally secured for the Elo shopping centre.

Bond issue

Sponda issued a EUR 150 million senior unsecured domestic bond in May 2012. The five-year bond matures on 29 May 2017. The bond carries fixed annual interest at the rate of 4.125 per cent. The bond is listed on NASDAQ OMX Helsinki. The main organisers of the bond issue were Danske Bank and Pohjola Markets.

Syndicated credit arrangement

In November 2011, Sponda Plc signed syndicated credit agreements for a total of EUR 375 million. The syndicated credit has a maturity of 5 years. The syndicated credit agreement comprises a loan of EUR 275 million and a credit limit of EUR 100 million. The terms of the loan correspond to the terms of Sponda's other loans. The key covenants of the loan are linked to the equity ratio and interest cover ratio. The credit arrangement is unsecured. The primary creditors arranging the syndicated credit were Nordea Bank Finland Plc, Pohjola Bank Plc, Skandinaviska Ensklida Banken AB (PUBL), Danske Bank and Swedbank. The agent for the syndicated credit is Swedbank.

Finance limit

In April 2011, Sponda Plc signed an agreement with Svenska Handelsbanken for an unsecured 50 EUR million credit limit. The margin and conditions for the five-year credit limit are the same as in the syndicated credit agreement that Sponda signed on 1 November 2010. The credit arrangement is unsecured.

Bond issue

In March 2011, Sponda Plc issued a bond (FRN) with a total value of 650 million SEK, a maturity of five years and floating rate of a three-month Stibor rate + 2.4 percentage points. The FRN is unsecured. Sponda has hedged the currency risk by means of cross currency swaps. The transaction was arranged by Nordea Bank.

32.6 Cash flows for repayments and financing expenses for financial liabilities based on loan contracts were as follows:

31 December 2015, M€	2016	2017	2018	2019	2020	2021
Bonds and FRNs	87	165	159	4	179	-
Loans from financial institutions	325	220	86	204	117	-
Commercial papers	199	-	-	-	-	-
Interest rate derivatives						
- in hedge accounting, net	12	12	11	6	0	0,0
- not in hedge accounting, net	0	0	-	-	-	-
Currency derivatives not included in hedge accounting, net*)	0	-	-	-	-	-
Trade payables	3	-	-	-	-	-
Other liabilities	32	-	-	-	-	-
Interest payable	11	-	-	-	-	-
Total	**669**	**397**	**256**	**214**	**296**	**0**

*) Net flow of foreign currency derivatives hedging loans denominated in foreign currency (incl. loans from financing institutions for the period)
Includes currency options.

31 December 2014, M€	2015	2016	2017	2018	2019	2020
Bonds and FRNs	118	81	161	155	-	-
Loans from financial institutions	230	324	218	85	203	-
Commercial papers	248	-	-	-	-	-
Interest rate derivatives						
- in hedge accounting, net	11	11	11	10	5	0,1
- not in hedge accounting, net	0	0	0	-	-	-
Currency derivatives not included in hedge accounting, net*)	0	0	-	-	-	-
Trade payables	5	-	-	-	-	-
Other liabilities	22	-	-	-	-	-
Interest payable	12	-	-	-	-	-
Total	**644**	**416**	**390**	**250**	**208**	**0**

*) Net flow of foreign currency derivatives hedging loans denominated in foreign currency (incl. loans from financing institutions for the period).
Includes currency options.

33. Provisions

M€	2015	2014
Open disputes concerning a construction contract	-	1.1
Rental guarantees	2.4	-
Total	**2.4**	**1.1**

The provision in 2015 is related to a rental guarantee in a sold property, Vuosaaren Logistiikkakeskus Koy.

34. Collateral and contingent liabilities

Liabilities for which mortgages over property and shares have been given, M€	Group 2015	Group 2014
Loans from financial institutions, covered by collateral	125.8	179.7
Mortgages	288.1	312.1
Carrying amount of pledged shares	44.6	19.6
Guarantees	-	-
Collateral, total	**332.7**	**331.7**

Commitments arising from land lease contracts, M€	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Lease liabilities	53.9	126.0	-	-
Mortgages	23.1	3.7	-	-
Guarantees	3.1	2.8	3.1	2.6
Total	**80.1**	**132.5**	**3.1**	**2.6**

Operating leases, M€	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Contractual maturities on lease contracts:				
During the following financial year	0.4	0.3	0.4	0.3
Due after the following year	0.3	0.2	0.3	0.2
Total	**0.7**	**0.6**	**0.7**	**0.6**

Operating leases consist of leases for vehicles and office equipment.

The leases have lengths of 3–5 years and they have no redemption obligations.

Other commitments

VAT deductions made from renovation investments

Liabilities in accordance with section 33 of the Value Added Tax Act have been calculated for all Group companies and their aggregate value in the financial statements was EUR 49.8 million (2014: EUR 44.7 million).

Interest on EUR 95 million hybrid bond

In November 2012, Sponda issued a EUR 95 million hybrid bond. The principal of the hybrid bond was EUR 95 million on the balance sheet date (2014: EUR 95 million) and unpaid accrued interest amounted to EUR 0.5 million (2014: EUR 0.5 million).

Total interest of EUR 6.4 million was accrued on the hybrid bond in 2015 (2014: EUR 6.4 million). The accrued interest is recognised directly as a reduction in equity on the payment date. The Group paid a total of EUR 6.4 million of the hybrid bonds' interest in 2015 (2014: EUR 6.4 million).

Investment commitments to real estate funds

On 31 December 2015, the remaining investment commitments related to real estate funds totalled EUR 6.6 million (2014: EUR 9.3 million).

35. Related party transactions

Related party

The related parties of Sponda Group are the parent company, subsidiary and associated companies, and joint ventures. Other related parties are the Board of Directors, members of the Executive Board, the President and CEO, and close member of their families.

The Group's parent and subsidiary relationships are presented in Note 38.

The following related party transactions were carried out:

Management employee benefits, M€	2015	2014
Salaries and other short-term employee benefits	1.7	1.9
Share-based payments	0.9	0.9
Total	**2.6**	**2.8**

Salaries and fees paid to the President and CEO and the Board of Directors, M€

	2015	2014
Kari Inkinen, President and CEO	0.5	0.5
Board of Directors		
Kaj-Gustaf Berg	0.1	0.1
Christian Elfving	0.0	0.0
Paul Hartwall[1]	0.0	0.0
Juha Laaksonen	0.0	0.0
Leena Laitinen[1]	0.0	0.0
Arja Talma	0.1	0.0
Raimo Valo	0.0	0.0
Klaus Cawén[2]	0.0	0.0
Tuula Entelä[2]	0.0	0.0
Board of Directors	0.3	0.3
Total	**0.9**	**0.8**

1) as of 19 April 2014
2) until 19 April 2014

Management salaries and other short-term employee benefits as well as long-term employee benefits and share-based benefits are described in more detail in Note 9.

There were no outstanding loans receivable from key management personnel on 31 December 2015 or on 31 December 2014.

At the end of 2015, members of the Board of Directors held 153,059 shares and members of the Executive Board held 910,134 (2014: 115,302 and 919,224 shares). The number of shares held by the Board of Directors and Executive Board includes the shareholdings of their related parties.

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

	Sales	Purchases
Certeum Oy	0.1	-
Total	**0.1**	**-**

The associated company Certeum Oy is described in more detail in Note 17.

36. Events after the balance sheet date

In its meeting held on 25 January 2016, the Shareholders' Nomination Board of Sponda Plc has decided to give proposal to the Annual General Meeting to be held on 21 March 2016 for the number of members of the Board of Directors, for the members of the Board and the remuneration of the Board. The proposals of the Nomination Board can be found from the Stock Exchange Release dated 25.1.2016.

In February 2016, Sponda signed a purchase agreement for acquiring Ab Mercator Oy that holds six properties in the centre of Helsinki and Ab Forum Capita Oy, that manages those properties from Forum Fastighets Kb and Föreningen Konstsamfundet r.f. The properties are located in the Forum block in Helsinki CBD. Total, debt-free purchase price is approximately EUR 576 million. Estimated net operating income after the first year is approximately 4.9%. Purchase price is subject to customary balance sheet and other adjustments. Closing of the transaction is by 29th February 2016.

Sponda will finance the acquisition with existing cash funds and a short-term bridge loan of approximately EUR 300 million. Sponda plans to arrange a rights offering to maintain its current capital structure and equity ratio level following the transaction. More details on the transaction can be found from the Stock Exchange Release dated 4.2.2016

37. Group structure

Sponda Plc is a real estate investment company specialising in leasing, developing and owning commercial properties.

The 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

A list of shares and holdings owned by the Group and the parent company on 31 December 2015 and changes in Group structure in the financial year 2015 are presented in Note 38.

Non-controlling interests did not have significant holdings in the Group on 31 December 2015 and 31 December 2014.

38. Shares and holdings owned by the Group and parent company

Real estate companies:		Group company holding %	Parent company holding %
Aleksi-Hermes	Helsinki	100.00	100.00
Arif Holding Oy	Kempele	100.00	
Arkadiankatu 4–6	Helsinki	100.00	100.00
Atomitie1	Helsinki	100.00	100.00
Backaksenpelto	Vantaa	100.00	100.00
Bulevardi1	Helsinki	100.00	100.00
Design House Hattutehdas	Helsinki	100.00	
Dianapuisto	Helsinki	100.00	100.00
Elovainion Kauppakiinteistöt	Ylöjärvi	100.00	100.00
Espoon Esikunnankatu 1	Espoo	100.00	100.00
Espoon Komentajankatu 5	Espoo	100.00	100.00
Espoon Kuusiniementie 2	Espoo	100.00	
Espoon Pyyntitie 1	Espoo	100.00	
Espoon Upseerinkatu 1–3	Espoo	100.00	100.00
Espoonportti	Espoo	100.00	100.00
Estradi	Helsinki	100.00	
Estradi 2 Koy	Helsinki	100.00	100.00
Fabianinkatu 23	Helsinki	100.00	100.00
Gohnt-talo	Helsinki	100.00	100.00
Hankasuontie 13	Helsinki	100.00	100.00
Hannuksentie 1	Espoo	100.00	100.00
Haukilahdenkatu 4	Helsinki	100.00	100.00
Heimola	Helsinki	59.57	59.57
Helsingin Energiakatu 4	Helsinki	100.00	100.00
Helsingin Erottajanmäki	Helsinki	100.00	100.00
Helsingin Harkkoraudantie 7	Helsinki	100.00	100.00
Helsingin Hämeentie 105	Helsinki	60.63	
Helsingin Ilmalanrinne 1	Helsinki	100.00	
Helsingin Itäkatu 11	Helsinki	100.00	100.00
Helsingin Itämerenkatu 21	Helsinki	100.00	
Helsingin Itämerentalo	Helsinki	100.00	
Helsingin Kaivokatu 8	Helsinki	100.00	100.00
Helsingin Kalatori	Helsinki	100.00	100.00
Helsingin Kalevankatu 30	Helsinki	100.00	100.00
Helsingin Kirvesmiehenkatu 4	Helsinki	100.00	
Helsingin Lampputie 12	Helsinki	100.00	
Helsingin Nuijamiestentie	Helsinki	100.00	
Helsingin Pieni Roobertinkatu 9	Helsinki	100.00	
Helsingin Porkkalankatu 22	Helsinki	100.00	
Helsingin Ruoholahden Parkki	Helsinki	90.78	
Helsingin Salmisaarentalo	Helsinki	100.00	
Helsingin Silkkikutomo	Helsinki	100.00	
Helsingin Sörnäistenkatu 2	Helsinki	100.00	
Helsingin Tulppatie 1	Helsinki	100.00	100.00
Helsingin Valimotie 25 A	Helsinki	100.00	
Helsingin Valimotie 25 B	Helsinki	100.00	
Helsingin Valimotie 25 C	Helsinki	100.00	

Real estate companies:		Group company holding %	Parent company holding %
Helsingin Valimotie 27 A	Helsinki	100.00	
Helsingin Valimotie 27 B	Helsinki	100.00	
Helsingin Valimotie 27 C	Helsinki	100.00	
Helsingin Valimotie 27 D	Helsinki	100.00	
Helsingin Valokaari	Helsinki	100.00	
Helsingin Valuraudankuja 7	Helsinki	100.00	100.00
Helsingin Vanhanlinnantie 3	Helsinki	100.00	
Helsingin Veneentekijäntie 8	Helsinki	100.00	
Helsingin Vuorikatu 14	Helsinki	100.00	100.00
Helsingin Värjäämö	Helsinki	100.00	
Henrik Forsiuksentie 39	Helsinki	100.00	100.00
Hermian Pulssi	Tampere	100.00	
Hiukkavaaran Kasarmit Koy	Oulu	100.00	100.00
Hyvinkään Varikko	Hyvinkää	100.00	100.00
Hämeenkatu 20	Tampere	100.00	
Hämeenlinnan Hallituskatu 10	Hämeenlinna	100.00	100.00
Hämeentie 103	Helsinki	100.00	
Höyläämöntie 5	Helsinki	100.00	
Insinöörinkatu	Helsinki	100.00	100.00
Isontammentie 4	Vantaa	100.00	
Iso-Roobertinkatu 21–25	Helsinki	100.00	100.00
Itälahdenkatu 20	Helsinki	100.00	100.00
Itälahdenkatu 22	Helsinki	100.00	100.00
Kaisaniemenkatu 2 B	Helsinki	100.00	100.00
Kaivokadun Tunneli	Helsinki	100.00	100.00
Kaivokatu 12	Helsinki	100.00	100.00
Kalkkipellontie 6	Espoo	100.00	100.00
Kappelitie 8	Espoo	100.00	100.00
Karapellontie 4C	Espoo	100.00	100.00
Kasarmikatu 36	Helsinki	100.00	100.00
Kaupintie 3	Helsinki	100.00	100.00
Kauppa-Häme	Tampere	100.00	100.00
Keimolan Radioasema Koy	Vantaa	100.00	100.00
Kenkätie 16 Koy	Pirkkala	100.00	100.00
Keravan Kultasepänkatu 8 Koy	Kerava	100.00	100.00
Keravan Postlarinkatu 3–5 Koy	Kerava	100.00	100.00
Keskuskatu 1 B	Helsinki	100.00	100.00
Kilonkallio 1	Espoo	100.00	100.00
Korkeavuorenkatu 45	Helsinki	100.00	100.00
Kumpulantie 11	Helsinki	100.00	100.00
Kylvöpolku 1	Helsinki	100.00	100.00
Lappeenrannan Leiri Koy	Lappeenranta	100.00	100.00
Liikekeskus Zeppelin Oy	Kempele	85.66	
Läkkitori	Espoo	100.00	100.00
Länsi-Keskus	Espoo	58.64	58.64
Malmin Postitalo Koy	Helsinki	100.00	100.00
Malmin Yritystalo	Helsinki	100.00	100.00

Real estate companies:		Group company holding %	Parent company holding %
Mannerheimintie 6	Helsinki	100.00	100.00
Mansku 4	Helsinki	100.00	100.00
Martinkyläntie 53	Vantaa	100.00	100.00
Messukylän Castrulli	Tampere	100.00	100.00
Messukylän Kattila	Tampere	100.00	100.00
Messukylän Turpiini	Tampere	100.00	100.00
Miestentie	Espoo	100.00	100.00
Mikonkatu 17	Helsinki	100.00	100.00
Mikonkatu 19	Helsinki	100.00	100.00
Mikonlinna	Helsinki	100.00	100.00
Mäkkylän Toimistotalo	Helsinki	100.00	100.00
Nimismiehenniitty	Espoo	67.00	
Oulun Alasintie 3–7	Oulu	100.00	100.00
Oulun Alasintie 8 Koy	Oulu	100.00	100.00
Oulun Korjaamotie 2	Oulu	100.00	
Oulun Liikevärttö 1	Oulu	100.00	
Oulun Liikevärttö 2	Oulu	100.00	
Oulun Liikevärttö 3	Oulu	100.00	
Oulun Ritaharjuntie 1 Koy	Oulu	100.00	100.00
PaulonTalo	Helsinki	100.00	100.00
Pieni Roobertinkatu 7	Helsinki	99.79	
Piispanpiha 5	Helsinki	100.00	100.00
Poijupuisto	Espoo	100.00	100.00
Porkkalankatu 20	Helsinki	100.00	
Pronssitie 1	Helsinki	100.00	
Ratapihantie 11	Helsinki	100.00	100.00
Ratinan Kauppakeskus	Tampere	100.00	40.00
Ratinanlinna	Tampere	100.00	
Robert Huberintie 2	Vantaa	100.00	100.00
Ruoholahden Ankkuri	Helsinki	100.00	
Ruoholahden Sulka	Helsinki	100.00	
Salmisaaren Liiketalo	Helsinki	100.00	100.00
Scifin Beta	Espoo	100.00	
Scifin Gamma	Espoo	100.00	
Sinikalliontie 10	Espoo	100.00	100.00
Sinimäentie 14	Espoo	100.00	100.00
Sp-kiinteistöt Oy Kilo	Espoo	100.00	
Säästötammela	Tampere	100.00	
Tallbergintalo	Helsinki	100.00	
Tamforest Oy	Tampere	100.00	100.00
Tampereen Enqvistinkatu 7	Tampere	100.00	
Tampereen Hallituskatu 8	Tampere	100.00	
Tampereen Hämeenkatu 13 Koy	Tampere	100.00	100.00
Tampereen Hämeenkatu 18 Koy	Tampere	100.00	100.00
Tampereen Naulakatu 3	Tampere	100.00	
Tampereen Näsilinnankatu 39–41	Tampere	100.00	
Tamsilva Oy	Tampere	100.00	100.00

Real estate companies:		Group company holding %	Parent company holding %
Tiistilän Miilu	Espoo	100.00	
Tiistinhovi	Espoo	100.00	
Tulli Koy	Tampere	100.00	
Turun Yliopistonkatu 14	Turku	100.00	
Turunlinnantie 12	Helsinki	100.00	100.00
Tuusulan Teollisuuskuja 6	Tuusula	100.00	100.00
Tuusulan Tärkkelystehdas	Tuusula	100.00	100.00
Unioninkatu 18	Helsinki	100.00	100.00
Unioninkatu 20–22	Helsinki	100.00	100.00
Unioninkatu 24	Helsinki	100.00	100.00
Upseerinkadun Pysäköintitalo	Espoo	100.00	100.00
Vaajakosken Tikkutehtaantie 1	Vaajakoski	100.00	100.00
Vantaan Harkkokuja 2	Vantaa	100.00	
Vantaan Jokiniementie Koy	Vantaa	100.00	100.00
Vantaan Koivupuistontie 26	Vantaa	89.07	
Vantaan Köysikuja 1	Vantaa	100.00	100.00
Vantaan Omega	Vantaa	100.00	100.00
Vantaan Simonrinne	Vantaa	77.18	
Vantaan Väritehtaankatu 8	Vantaa	100.00	
Vilhonkatu 5	Helsinki	100.00	100.00
Vuosaaren LC Koy	Helsinki	100.00	100.00
Vuosaaren PC Koy	Helsinki	100.00	100.00
Värtönparkki 1	Oulu	100.00	
Ylä-Malmintori 6	Helsinki	100.00	100.00
Zeppelinin City-Keskus	Kempele	94.83	
Zeppelinin Kauppakeskus	Kempele	91.47	
Zeppelinin Kauppakulma	Kempele	100.00	
Zeppelinin Kauppapörssi	Kempele	91.44	
Zeppelinin Markkinapaikka	Kempele	100.00	
Zeppelinin Pikkukulma	Kempele	100.00	
Zeppelinin Tavaratori	Kempele	78.87	
Drawer Oy	Helsinki	100.00	100.00
Porkkalankadun alitus Koy	Helsinki	62.64	
Ruoholahden Yhteissuoja Koy	Helsinki	100.00	
SRK-Kiinteistöt Oy	Helsinki	100.00	100.00

Limited liability companies		Group company holding %	Parent company holding %
Hextagon Oy	Helsinki	100.00	
MOW Mothership Of Work Oy	Helsinki	100.00	100.00
Russia Europe Oy Ltd	Helsinki	100.00	
Spoki 1–64 Oy (64 kpl)	Helsinki	100.00	100.00
Spoki Oy	Helsinki	100.00	100.00
Sponda AM Oy	Helsinki	100.00	100.00
Sponda Asset Management II Oy	Helsinki	100.00	100.00
Sponda Asset Management Oy	Helsinki	100.00	100.00
Sponda Osaomisteiset Oy	Helsinki	100.00	100.00
Sponda Russia Finance Oy Ltd	Helsinki	100.00	
Sponda Russia Oy Ltd	Helsinki	100.00	100.00

Associates and joint ventures			
Erottajan Pysäköintilaitos Oy	Helsinki	49.29	49.29
Kaisaniemen Metrohalli	Helsinki	25.17	18.23
Kluuvin Pysäköinti Koy	Helsinki	25.35	
Puotinharjun Puhos Oy	Helsinki	18.84	18.84
Simonseutu	Vantaa	47.62	
Zeppelinin Kulmatori Kiinteistö Oy	Kempele	49.67	

Real estate fund companies			
First Top LuxCo 1 S.a.r.l	Luxemburg	20.00	20.00
Russia Invest B.V.i.o	The Netherlands	27.23	27.23
YESS Ky	Helsinki	60.00	60.00

Foreign subsidiaries		Group company holding %	Parent company holding %
OOO Adastra	St. Petersburg, Russia	100.00	
OOO Veika	St. Petersburg, Russia	100.00	
ZAO Ankor	Moscow, Russia	100.00	
OOO Europe Terminal	Moscow, Russia	100.00	
OOO Slavjanka Closed Joint-Stock Company	Moscow, Russia	100.00	
OOO Western Realty (Ducat 2)	Moscow, Russia	100.00	
Makentrax Limited	Cyprus	100.00	
Rowina Holding Limited	Cyprus	100.00	

Changes in Group structure in 2015

Companies sold

- Certeum Oy
- Bonford Investments Ltd
- CCL Greystone
- Manhattan
- Melkonkatu 26
- OOO Korbis K Limited Liability Company
- Ruoholahdenkatu 4
- Vuosaaren Logistiikkakeskus
- Vuosaaren Porttikeskus
- Vuosaaren Service Center

Companies established

- Estradi 2 Koy
- Hiukkavaaran Kasarmit Koy
- Keimolan Radioasema Koy
- Kenkätie 16 Koy
- Keravan Kultasepänkatu 8 Koy
- Keravan Postlarinkatu 3–5 Koy
- Lappeenrannan Leiri Koy
- Malmin Postitalo Koy
- Oulun Alasintie 8 Koy
- Oulun Ritaharjuntie 1 Koy
- Spoki 1–64 Oy (64 pcs)
- Spoki Oy
- Sponda Osaomisteiset Oy
- Tampereen Hämeenkatu 13 Koy
- Tampereen Hämeenkatu 18 Koy
- Vantaan Jokiniementie Koy
- Vuosaaren LC Koy
- Vuosaaren PC Koy

Companies acquired

- Kluuvin Pysäköinti Koy

Name changes

- MOW Mothership Of Work Oy (formerly Sponda Asset Management III Oy)

Parent company income statement (FAS)

M€	Note	1.1.-31.12.2015	1.1.-31.12.2014
Total revenue	1		
Rental income and recoverables		129.5	137.5
Fund management fees		0.0	2.5
		129.5	140.0
Expenses from leasing operations		-44.8	-44.2
Direct expenses from funds		0.0	-0.8
		-44.8	-45.0
Net operating income		84.8	95.0
Sales and marketing expenses		-1.8	-1.7
Administrative expenses	2, 3, 6	-8.5	-9.2
Other operating income	4	0.9	0.1
Profits on sale of investment properties		118.2	5.3
Other operating expenses	5	-0.5	-1.8
Operating profit		193.1	87.5
Financial income and expenses	7	78.3	-116.9
Profit / loss before extraordinary items		271.4	-29.4
Extraordinary items	8	-10.9	28.2
Profit / loss before tax		260.4	-1.2
Income taxes	9	-3.4	0.0
Profit / loss for period		257.0	-1.2

Parent company balance sheet (FAS)

M€	Note	31.12.2015	31.12.2014
Assets			
Non-current assets			
Intangible assets	10	45.4	44.9
Property, plant and equipment	11		
Land and water		0.1	0.1
Advance payments		0.1	0.3
		0.2	0.4
Investments	12		
Holdings in Group companies		1,828.3	1,872.6
Receivables from Group companies		850.5	750.0
Holdings in associated companies		4.8	99.3
Investments in real estate funds		15.1	12.9
Other investments		39.4	44.9
		2,738.1	2,779.7
Total non-current assets		2,783.7	2,825.0
Current assets			
Current receivables	13	34.1	26.4
Cash and bank deposits		206.8	7.6
Total current assets		240.9	34.0
Total assets		3,024.6	2,859.0
Equity and liabilities			
Equity	14		
Share capital		111.0	111.0
Share premium reserve		159.1	159.1
Invested non-restricted equity reserve		445.9	445.9
Retained earnings		245.2	300.2
Loss for the period		257.0	-1.2
Total equity		1,218.3	1,015.1
Provisions	15	2.4	1.1
Liabilities			
Non-current liabilities	16	1,150.1	1,225.9
Current liabilities	17	653.8	617.0
Total liabilities		1,803.9	1,842.9
Total equity and liabilities		3,024.6	2,859.0

Parent company statement of cash flows

M€		1.1.–31.12.2015	1.1.–31.12.2014
Cash flow from operating activities			
Net profit for the period		**257.0**	-1.2
Adjustments	1)	**-173.4**	91.9
Change in net working capital	2)	**14.9**	-1.8
Provisions		**-0.4**	-
Interest received		**22.2**	28.4
Interest paid		**-52.0**	-57.5
Other financial items		**-7.7**	-10.5
Taxes received/paid		**-**	0.0
Net cash flow generated by operating activities		**60.5**	**49.3**
Cash flow from investing activities			
Investments in shares and holdings		**-2.7**	-73.3
Acquisition of property, plant and equipment and intangible assets		**-9.7**	-17.6
Proceeds from disposal of shares and holdings		**260.4**	112.5
Loans granted		**-126.0**	-32.9
Repayments of loan receivables		**145.6**	54.3
Net cash flow used in investing activities		**267.6**	**42.9**
Cash flow from financing activities			
Non-current loans, raised		**320.0**	356.3
Non-current loans, repayments		**-344.6**	-388.0
Current loans, raised/repayments		**-50.5**	-8.1
Dividends paid		**-53.8**	-51.0
Net cash flow generated from financing activities		**-128.9**	**-90.8**
Change in cash and cash equivalents		**199.3**	1.4
Cash and cash equivalents at 1 Jan.		**7.6**	6.2
Cash and cash equivalents at 31 Dec.		**206.8**	7.6

Notes to the cash flow statement, M€	1.1.–31.12.2015	1.1.–31.12.2014
1) **Adjustments**		
The following adjustments change the accrual-based items in the income statement to cash-based items, and they reverse items shown elsewhere in the cash flow statement.		
Other operational expenses	**2.2**	12.4
Other operational income	**-120.4**	-17.7
Depreciation and amortization	**9.4**	7.4
Dividends	**-237.3**	-
Financial income and expenses	**155.8**	116.9
Unrealised exchange rate changes	**3.2**	-
Group contributions	**10.9**	-28.2
Provisions	**-0.7**	1.1
Taxes	**3.4**	0.0
Adjustments, total	**-173.4**	91.9
2) **Statement of change in net working capital**		
Current receivables		
increase (-), decrease (+)	**-20.4**	-1.4
Non-interest-bearing current liabilities		
increase (+), decrease (-)	**35.2**	-0.4
Change in net working capital	**14.9**	-1.8

Notes to the parent company financial statements

Accounting policies for the parent company accounts

The financial statements of Sponda Plc have been prepared in accordance with the provisions of the Finnish Accounting Act, the Finnish Companies Act and the Finnish Securities Market Act.

Recognition and valuation principles

Contractual improvements

Costs arising from renovation work for individual tenants are entered as an annual expense or capitalized to other long-term expenditure of the landlord, Sponda Plc. Repair costs and tenant improvements are capitalized over the duration of the lease when they generate income in several accounting periods. For open-ended leases, costs are capitalized over the period until the date that is defined in the lease agreement as the first possible termination date.

Fixed assets and straight-line depreciation

Fixed assets are valued at cost less straight-line depreciation. Straight-line depreciation on machinery and equipment and on buildings and building materials is calculated using the declining balance method. Renovation costs related to tenant improvements and capitalized to other long-term expenditure are depreciated over the lease period.

Other machinery and equipment	3–10 years
Other long-term expenditure	1–31 years

In addition to capitalized tenant improvements, other long-term expenditure includes computer software and renovation of the business premises occupied by Sponda Plc itself.

Investments

Property investments are shares in subsidiaries and associated companies, loans granted to Group companies and associated companies, investments in real estate funds and other investments. Investments are valued at cost in the parent company's balance sheet. Permanent writedowns are deducted from cost.

Research and development costs

The company has no research activities. Building project costs equivalent to R&D costs are capitalized when the technical implementation of the project is completed and the project can be considered to generate income over a period of several years. Otherwise research and development costs are entered as an expense.

Financial assets, liabilities and derivative contracts

Financial assets and non-interest bearing debt are recognized at cost. Interest-bearing debt is measured at amortized cost using the effective interest rate method. Interest rate swap contracts made to hedge the risk exposure associated with long-term loans are not entered in the balance sheet but instead are listed in the notes to the financial statements. Interest arising from these contracts is recognized in the income statement as it is incurred.

As an exception to the above, the derivatives implemented to hedge against the exchange rate risk and interest rate risk of the SEK denominated loans are valued at fair value according to Section 5, Chapter 2a of the Finnish Accounting Act. The change in fair value is recorded as an income or expense in the income statement. The fair value represents the result if the derivative position had been closed on the balance sheet date. External valuations are used for valuation.

Extraordinary income and expenses

Extraordinary income and expenses consist of group contributions.

Income tax

Income tax includes tax in the period and adjustments to taxes for previous periods. The current tax expense is based on taxes calculated on the result for the period and tax rules. No deferred tax liabilities or credit are entered in the parent company balance sheet.

Foreign currency denominated items

Transactions denominated in foreign currency are recognized at the exchange rate on the transaction date. Balance sheet items in foreign currency outstanding on the closing date are valued at the exchange rate on the closing date.

Other principles

The Group has arranged statutory pension insurance for its personnel with a pension insurance company. The pension costs are entered as an expense in proportion to salaries.

Fees arising from leasing assignments are recognized over the duration of the leasing contract.

Interest payable during construction projects in progress are entered as an expense.

The Group has no significant finance leases.

1. Rental income and recoverables

Rental income and recoverables by type of property, M€	2015	2014
Office & Retail properties	114.6	108.7
Logistics properties	14.8	28.6
Property development	0.1	0.2
Total	**129.5**	**137.5**

Rental income and recoverables by geographical area, M€	2015	2014
Helsinki Metropolitan Area	115.8	129.1
Rest of Finland	13.8	8.3
Total	**129.5**	**137.5**

2. Personnel expenses and number of employees

M€	2015	2014
Salaries and fees	8.9	9.6
Pension costs	1.6	1.8
Other personnel costs	0.3	0.4
Total	**10.8**	**11.9**
Salaries and fees to management		
President and CEO*	0.5	0.5
Members of the Board of Directors	0.3	0.3
Total	**0.9**	**0.8**

* Does not include bonuses from incentive scheme

The President and CEO is paid a full salary. The salary and fees paid to Sponda Plc's President and CEO totalled EUR 518,000 (2014: 511,000). In addition, during the period the President and CEO was paid a bonus of EUR 240,000 (2014: 270,000) under the incentive scheme, based on the company's actual performance in 2014.

M€	2015	2014
Bonus under the incentive scheme	0.4	0.3

Personnel expenses are included in the income statement under administrative expenses.

Loans and commitments to related parties

There were no loans to related parties. The President and CEO is eligible to retire at the age of 63. The pension obligation is covered by pension insurance policies. The salaries and fees paid to the Board of Directors, and the pension obligations and termination benefits payable to management, are described in Note 9 to the consolidated financial statements "Employee benefit expenses and number of employees".

Personnel on average	2015	2014
White collar, number of employees	94	108

3. Depreciation, amortization and impairment losses

M€	2015	2014
Intangible assets		
Other long-term expenditure	9.4	7.4
Property, plant and equipment		
Machinery and equipmen	0.0	0.0
Total	**9.4**	**7.4**

Depreciation, amortization and impairment losses are included in the income statement under administrative expenses.

4. Other operating income

M€	2015	2014
Share of bankruptcy estate	0.0	0.0
Other operating income	0.9	0.1
Total	**0.9**	**0.1**

5. Other operating expenses

M€	2015	2014
Other expenses	0.0	1.2
Credit losses	0.5	0.6
Doubtful receivables	-0.1	0.0
Total	**0.5**	**1.8**

6. Auditor fees

M€	2015	2014
Authorized public accountants KPMG Oy		
Audit	0.2	0.1
Tax advice	0.1	0.0
Other services	0.6	0.0
Total	**0.9**	**0.2**

7. Financial income and expenses

M€	2015	2014
Realised gains from real estate funds	-	5.5
Dividends from group companies	237.3	-
Interest income from long-term investments in Group companies	23.8	28.2
Other interest income	0.5	0.3
Other financial income	5.3	15.2
Total interest and financial income	**267.0**	**49.2**
Interest expenses paid to Group companies	-1.2	-1.4
Other interest expenses	-52.1	-57.1
Other financial expenses	-10.7	-24.9
Finance charge to subsidiaries	-124.5	-82.7
Total interest expenses and other financial expenses	-188.7	-166.2
Financial income and expenses total	**78.3**	**-116.9**

8. Extraordinary items

M€	2015	2014
Group contributions received	0.0	28.2
Group contributions paid	-10.9	-
	-10.9	**28.2**

9. Income taxes

M€	2015	2014
Income taxes for the period	-3.4	-
Income taxes for previous periods	-	0.0
	-3.4	**0.0**

10. Intangible assets

2015, M€	Other long-term expenditure	Purchases in progress	Total
Acquisition cost 1 January	91.8	15.9	107.7
Increases	15.7	17.3	32.9
Transfers	-1.2	-21.8	-23.0
Acquisition cost 31 December	**106.3**	**11.4**	**117.6**
Accumulated amortization and impairment losses 1 January	-62.8	-	-62.8
Amortization for the period	-9.4	-	-9.4
Accumulated depreciation 31 December	**-72.2**	-	-72.2
Net carrying amount 31 December	**34.1**	**11.4**	**45.4**

2014, M€	Other long-term expenditure	Purchases in progress	Total
Acquisition cost 1 January	80.2	9.0	89.2
Increases	11.5	20.7	32.3
Transfers	-	-13.8	-13.8
Acquisition cost 31 December	**91.8**	**15.9**	**107.7**
Accumulated amortization and impairment losses 1 January	-55.4	-	-55.4
Amortization for the period	-7.4	-	-7.4
Accumulated depreciation 31 December	**-62.8**	**-**	-62.8
Net carrying amount 31 December	**29.0**	**15.9**	**44.9**

11. Property, plant and equipment

2015, M€	Machinery and equipment	Advance payments	Total
Acquisition cost 1 January	1.5	0.3	1.8
Increases	0.0	0.5	0.5
Decreases	-	-0.7	-0.7
Acquisition cost 31 December	**1.5**	**0.1**	**1.6**
Accumulated depreciation and impairment losses 1 January	**-1.4**	-	-1.4
Accumulated depreciation on decreases and transfers	-	-	-
Depreciation for the period	0.0	-	0.0
Accumulated depreciation 31 December	-1.4	-	-1.4
Net carrying amount 31 December	**0.1**	**0.1**	**0.2**

2014, M€	Machinery and equipment	Advance payments	Total
Acquisition cost 1 January	1.5	1.2	2.7
Increases	0.0	1.8	1.8
Decreases	-	-2.7	-2.7
Acquisition cost 31 December	**1.5**	**0.3**	**1.8**
Accumulated depreciation and impairment losses 1 January	-1.4	-	-1.4
Accumulated depreciation on decreases and transfers	-	-	-
Depreciation for the period	0.0	-	0.0
Accumulated depreciation 31 December	**-1.4**	-	-1.4
Net carrying amount 31 December	**0.1**	**0.3**	**0.4**

12. Investments

2015, M€	Shares in Group companies	Receivables from Group companies	Holdings in associated companies	Investments in property funds	Other investments *)	Total
Acquisition cost 1 January	1,872.6	750.0	99.3	12.9	44.9	2,779.7
Increases	0.4	317.3	0.0	2.2	42.4	362.4
Decreases	-44.8	-216.8	-94.5	0.0	-47.9	-404.1
Net carrying amount 31 December	**1,828.3**	**850.5**	**4.8**	**15.1**	**39.4**	**2,738.1**

*) Other investments, M€	Other shares	Receivables from associated companies	Receivable funds	Other investments	Non-current receivables	Total
Acquisition cost 1 January	10.0	29.0	5.8	0.1	0.0	44.9
Increases	0.0	41.9	0.5	-	-	42.4
Decreases	-0.5	-47.5	-	-	0.0	-47.9
Net carrying amount 31 December	**9.6**	**23.5**	**6.3**	**0.1**	**0.0**	**39.4**

2014, M€	Shares in Group companies	Receivables from Group companies	Holdings in associated companies	Investments in property funds	Other investments *)	Total
Acquisition cost 1 January	1,916.6	834.8	7.5	96.3	47.4	2,902.7
Increases	20.8	49.8	94.5	5.4	24.6	195.2
Decreases	-64.8	-134.6	-2.7	-88.9	-27.2	-318.2
Net carrying amount 31 December	**1,872.6**	**750.0**	**99.3**	**12.9**	**44.9**	**2,779.7**

*) Other investments, M€	Other shares	Receivables from associated companies	Receivable funds	Other investments	Non-current receivables	Total
Acquisition cost 1 January	7.5	27.1	5.8	0.1	6.9	47.4
Increases	2.5	22.2	-	-	-	24.6
Decreases	0.0	-20.3	-	-	-6.9	-27.2
Net carrying amount 31 December	**10.0**	**29.0**	**5.8**	**0.1**	**0.0**	**44.9**

13. Current receivables

M€	2015	2014
Trade receivables	1.0	2.1
Other receivables	23.5	11.5
Loan receivables		
Loan receivables, group companies	0.0	0.0
Prepaid expenses and accrued income		
From Group companies	3.8	4.3
From other companies	5.8	8.5
Prepaid expenses and accrued income, total	**9.6**	**12.8**
Current receivables, total	**34.1**	**26.4**

Main items in prepaid expenses and accrued income		
Interest and financial items	3.4	5.9
Other items	6.2	6.9
Total	**9.6**	**12.8**

14. Equity

M€	2015	2014
Share capital 1 January	111.0	111.0
Share capital 31 December	**111.0**	**111.0**
Share premium reserve 1 January	159.1	159.1
Share premium reserve 31 December	**159.1**	**159.1**
Invested non-restricted equity reserve 1 January	445.9	445.9
Invested non-restricted equity reserve 31 December	**445.9**	**445.9**
Retained earnings 1 January	299.0	351.1
Dividend payment	-53.8	-51.0
Retained earnings 31 December	**245.2**	**300.2**
Profit / loss for period	257.0	-1.2
Equity, total	**1,218.3**	**1,015.1**

Calculation of distributable funds 31 December, M€	2015	2014
Retained earnings	245.2	300.2
Invested non-restricted equity reserve	445.9	445.9
Profit / loss for period	257.0	-1.2
Total	**948.1**	**744.9**

15. Provisions

M€	2015	2014
Provisions 1 January	1.1	-
Increase	2.4	1.1
Decrease	-1.1	0.0
Provisions 31 December	**2.4**	**1.1**

The provision is related to a rental guarantee in a sold property, Vuosaaren Logistiikkakeskus Koy.

16. Non-current liabilities

M€	2015	2014
Non-current interest-bearing liabilities		
Bonds	473.3	367.7
Loans from financial institutions	670.7	830.8
Non-current debt payable to Group companies	6.1	22.7
Non-current interest-bearing liabilities, total	**1,150.1**	**1,225.9**
Non-current liabilities, total	**1,150.1**	**1,225.9**

Loans from financial institutions include a EUR 95.0 million hybrid bond, which is treated in the consolidated balance sheet as an equity item.

17. Current liabilities

M€	2015	2014
Current interest-bearing liabilities		
Loans from financial institutions	544.7	561.7
Current interest-free liabilities		
Advances received	0.7	0.6
Trade payables		
To Group companies	25.2	16.0
To other companies	1.1	0.5
Total trade payables	**26.2**	**16.5**
Accrued expenses and prepaid income		
Payable to Group companies	0.1	0.5
Payable to other companies	20.1	18.0
Total accrued expenses and prepaid income	**20.1**	**18.5**
Other current debt receivable from Group companies	57.4	17.0
Other current debt	4.5	2.7
Total current interest-free liabilities	**109.0**	**55.3**
Total current liabilities	**653.8**	**617.0**
Main items in accrued expenses and prepaid income		
Interest and financial items	11.5	12.1
Personnel expenses	4.0	4.5
Other items	4.6	2.0
Total	**20.1**	**18.5**

18. Derivative instruments

M€	2015	2014
Interest derivatives		
Interest rate swaps, nominal value of principal	655.0	655.0
Interest rate swaps, fair value	-36.6	-42.6
Interest options, nominal value	363.1	593.9
Interest options, fair value	0.8	1.1
Eurobasis swaps, nominal value of principal	150.0	150.0
Eurobasis swaps, fair value	-0.3	-0.5
Currency derivatives		
Purchased options, nominal value	6.4	8.7
Purchased options, fair value	0.0	0.0
Written options, nominal value	-	4.6
Written options, fair value	-	0.0
Currency derivatives		
Interest rate and currency swaps, notional value	73.4	187.4
Interest rate and currency swaps, fair value	-1.7	-4.7

Interest rate and currency swaps are used to hedge the exchange rate risk related to loans denominated in Swedish krona. The nominal values of interest rate and currency swaps are identical with the nominal values of the loans hedged. The derivatives are valued in the financial statement at fair value. The fair value represents the result if the derivative position had been closed on the balance sheet date. Sponda utilises external valuations.

19. Collateral and contingent liabilities

M€	2015	2014
Loans from financial institutions, covered by collateral	95.8	113.9

Collateral given on behalf of Group companies, M€	2015	2014
Book value of pledged shares	12.9	9.3

Contingent liabilities given on behalf of Group companies, M€	2015	2014
Guarantees given on behalf of Group companies	3.1	2.6

Lease liabilities, M€	2015	2014
Payments based on agreements fall due as follows:		
During the following year	0.4	0.3
After the following year	0.3	0.2
Total	**0.7**	**0.6**

Other lease agreements consist of leases for vehicle and office equipment. The leases have lengths of 3–5 years and they have no redemption obligations.

Other commitments, M€	2015	2014
Investment commitments to real estate funds	6.6	9.3

Distribution of profit and signatures to the Board of Directors report and financial statements

Proposal by the Board of Directors on distribution of profit

The parent company's distributable funds total EUR 948,120,272.25, of which the profit for the period is EUR 257,016,193.32 .

The Board of Directors proposes to the AGM that a dividend of EUR 0.19 per share be paid for the 2015 financial year.

There has been no material changes in the company's financial position since the end of the financial year. The company's liquidity is good and the Board of Directors' view is that the proposed distribution of the profit does not undermine the company's liquidity

Helsinki, 4 February 2016

Signatures of the Board of Directors and CEO
for the report by the Board of Directors and for the financial statements

SPONDA PLC

Board of Directors

Kaj-Gustaf Bergh	Christian Elfving	Paul Hartwall
Juha Laaksonen	Leena Laitinen	Arja Talma
	Raimo Valo	

Kari Inkinen
CEO

This document is an English translation of the Finnish auditor's report.
Only the Finnish version of the report is legally binding.

Auditor's report

To the Annual General Meeting of Sponda Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sponda Plc for the year ended 31 December 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us

Helsinki, 4 February 2016

KPMG OY AB

Esa Kailiala	Lasse Holopainen
KHT	KHT

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