SPONDA

Full Year Result

1 Jan–31 Dec 2016

Sponda owns, leases and develops business properties in the Helsinki metropolitan area and the largest cities in Finland.

Until 31 December 2016, Sponda's operations were organised into seven segments: The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia, Property Investment Companies and the Other segment. This Financial Statements Bulletin for the year 2016 uses the aforementioned reporting structure.

From 1 January 2017, Sponda's new reporting segments are as follows: Office Properties, Shopping Centres, Property Development, Non-Strategic Holdings and the Other segment. The Non-Strategic Holdings segment includes the remaining logistics properties, properties in Russia and the current Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses. The first report to use the new reporting structure will be the interim report for January–March, which will be published on 5 May 2017. The segments' comparison data will be published before the interim report.

TABLE OF CONTENTS

Sponda Plc Financial Statements Bulletin 1 January – 31 December 2016: Strong full-year result and positive development in the occupancy rate

JANUARY–DECEMBER 2016 IN BRIEF (compared with 1 January – 31 December 2015)

- Total revenue increased to EUR 259.0 (230.5) million.
- Net operating income totalled EUR 190.9 (165.7) million.
- The Forum acquisition had a significant positive impact on the full-year result.
- Operating profit was EUR 206.7 (178.1) million. This includes a fair value change of EUR 26.7 (23.2) million.
- Cash flow from operations per share was EUR 0.40 (0.36).
- The fair value of the investment properties amounted to EUR 3,755.5 (3,101.7) million.
- Net assets (NAV) per share totalled EUR 5.16 (5.26).
- The economic occupancy rate was 89.6% (87.7%).
- The Board proposes to the Annual General Meeting that a dividend of EUR 0.08 per share be paid. The proposal takes into consideration the dividends already paid in August and December in 2016, a total of EUR 0.12 per share.
- The Board further proposes to the Annual General Meeting that the Annual General Meeting authorise the Board of Directors to decide, at its discretion, on the payment of dividend in no more than two tranches based on the annual accounts adopted for the financial year 2016. The maximum amount of dividend to be distributed based on the authorisation is EUR 0.12 per share.

OCTOBER–DECEMBER 2016 IN BRIEF (compared with 1 October – 31 December 2015)

- Total revenue was EUR 65.7 (57.2) million.
- Net operating income was EUR 47.2 (41.3) million.
- Operating profit was EUR 73.9 (47.8) million. This includes a fair value change of EUR 33.7 (10.3) million.
- Cash flow from operations per share was EUR 0.08 (0.07).

KEY FIGURES

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Total revenue, M€	65.7	57.2	259.0	230.5
Net operating income, M€	47.2	41.3	190.9	165.7
Operating profit, M€	73.9	47.8	206.7	178.1
Earnings per share, €	0.17	0.55	0.41	0.78
Cash flow from operations per share, €	0.08	0.07	0.40	0.36
Equity per share, €			5.16	5.26
Equity ratio, %			47.4	46.2

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
EPRA Earnings, M€	28.9	153.3	113.1	232.0
EPRA Earnings per share, €	0.09	0.54	0.35	0.82
Company adjusted EPRA Earnings, M€	27.5	16.1	113.7	98.6
Company adjusted EPRA Earnings per share, €	0.08	0.06	0.35	0.35
EPRA NAV/share, €			5.49	5.60
EPRA NNNAV/share, €			5.07	5.15
EPRA Net Initial Yield (NIY), %			5.29	5.62
EPRA "topped-up" NIY, %			5.31	5.63
EPRA Vacancy rate, %			10.38	12.26
EPRA Cost Ratio (including direct vacancy costs), %			16.36	17.68
EPRA Cost Ratio (excluding direct vacancy costs), %			12.40	12.90

PRESIDENT AND CEO KARI INKINEN

The year 2016 was excellent for Sponda in terms of both the result and growth. Sponda's revenue grew by more than 12 per cent year-on-year, while net operating income increased by approximately 15 per cent. The yield requirements were reviewed at the end of the year and the positive fair value change amounted to EUR 33.7 in the final quarter.

The strong result is also reflected in Sponda's Board of Directors' proposal to the Annual General Meeting to distribute a dividend of EUR 0.08 per share in addition to the EUR 0.12 per share already paid during the financial year 2016 based on the dividend payment authorisation given by the 2016 Annual General Meeting.

The construction and renovation work on the Ratina shopping centre in Tampere is progressing on schedule and according to plan. The pre-let rate for the new shopping centre section under construction in Ratina has already reached approximately 55 per cent and, based on the demand, I expect that our progress in pre-letting will also continue as planned. The Ratina complex includes two properties intended mainly for use as office and service premises that will be renovated. The pre-let rate for the whole complex now stands at approximately 45 per cent. Ratina will be fully completed in spring 2018.

That same spring, we will also complete the office and retail complex we began developing in Vantaa's Tikkurila district in 2016. The pre-let rate increased from 57 per cent to 65 per cent and construction is progressing on schedule.

Sponda's economic occupancy rate at year's end was 89.6 per cent, an increase of approximately two percentage points from the end of 2015. The occupancy rate also increased compared to the previous quarter. The development of like-for-like net rental income was positive for both shopping centres and logistics properties (2.1 per cent and 13.1 per cent respectively). The corresponding development for office properties and Russia was negative (-0.2 per cent and -6.7 per cent).

PROSPECTS FOR 2017

Sponda provides prospects for 2017 with regard to the development of the company's net operating income and adjusted EPRA Earnings.

Net operating income

Sponda estimates that the net operating income for 2017 will amount to EUR 182–192 million. This estimate is based on property sales in 2016 and estimated sales in 2017. The development of net operating income will also be affected by the increase in property taxes in 2017 as well as one large property being vacated for renovation.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2017 will amount to EUR 106–116 million. This estimate is based on property sales in 2016 and estimated sales in 2017. The development of net operating income will also be affected by the increase in property taxes in 2017 as well as one large property being vacated for renovation.

BUSINESS CONDITIONS – FINLAND

The Finnish economy saw a positive turn in 2016, although growth was still slow. In its Economic Survey, the Ministry of Finance estimates that the Finnish economy grew by 1.6 per cent in 2016. Growth was largely driven by strong domestic demand as well as increased investment, particularly in construction. Export trends remained weak in 2016, with growth of only one per cent. The unemployment rate has declined and it stood at 7.9 per cent at year's end according to Statistics Finland.

According to KTI Property Information, the property transaction volume in the final quarter of 2016 was EUR 1.82 billion and the full-year volume was EUR 7.18 billion, which is approximately 30 per cent higher than in 2015 (EUR 5.5 billion) and also a historical high. International investors continued to play a significant role in trading, although their share of the total transaction volume declined by 14 percentage points to 32 per cent.

According to information from Catella Property, some 30,000 square metres of new office space was completed in the Helsinki metropolitan area in 2016, which represents a substantial decline from the previous year's figure of 86,000 square metres. The construction of new office premises in the Helsinki metropolitan area remains strong, with Catella predicting that some 111,000 square metres of new office space will be completed in 2017–2018.

According to Catella, the vacancy rate for office premises in the Helsinki metropolitan area rose to 13.9 (13.3) per cent in 2016. The vacancy rate for retail premises in the Helsinki metropolitan area increased to 5.3 (4.6) per cent in 2016. The vacancy rate for retail premises was 4.0 (4.2) per cent for Helsinki as a whole and 2.3 (1.5) per cent for the central business district.

BUSINESS CONDITIONS – RUSSIA

According to the Bank of Finland's forecast, Russia's GDP contracted by one per cent in 2016 (2015: -3.7%). The downward pressure on the Russian GDP has been alleviated by rising oil prices in 2016 as well as lower exports due to the weak rouble. The Bank of Finland predicts that Russian GDP will see a gradual upturn in 2017, but growth will be weak due to factors such as the low level of investments.

According to data from the real estate adviser CBRE, the transaction volume in the last quarter was about USD 161 (800) million, while the transaction volume for the full year amounted to approximately USD 2 (2.8) billion.

GROUP RESULT FOR 2016

Sponda Group's result for the financial year was EUR 137.5 (227.2) million. The result before taxes was EUR 155.5 (129.2) million and operating profit was EUR 206.7 (178.1) million.

Net operating income for the period was EUR 190.9 (165.7) million, an increase of EUR 25.2 million. The increase in net operating income was primarily attributable to the Forum property acquisition, the effect of which is included in the consolidated figures starting from 1 March 2016, as well as completed property development projects. Net operating income was reduced by property divestments made in 2015 and 2016. Marketing and administration expenses and other operating income and expenses amounted to EUR 23.1 (21.5) million, up EUR 1.6 million from the previous year mainly due to the Forum acquisition. The net operating income for the final quarter of 2016 amounted to EUR 47.2 (41.3) million.

During the period, the Group recognised profit on sales of EUR 15.4 (3.5) million, primarily from the sale of land associated with a property development project. The Group's fair value change during the period was EUR 26.7 (23.2) million. The Group's result was weighed down by amortisation of goodwill amounting to EUR 3.1 (3.0) million. The result for the comparison period includes EUR 10.2 million attributable to the Group's share of the result of Certeum Oy, an associated company that was divested in September 2015.

Financial income and expenses for the period totalled EUR -51.2 (-48.9) million. The increase in financial expenses was attributable to an increase in interest-bearing liabilities related to the Forum acquisition as well as financial expenses associated with the transaction.

In accordance with IFRIC 21, the company recognises a liability in the balance sheet when the obligating event occurs. The company periodises real estate taxes in the profit and loss statement based on the passage of time.

PROPERTY ASSETS 1 JANUARY – 31 DECEMBER 2016

At the end of 2016, Sponda had a total of 169 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 69% is office premises, 17% shopping centres and 13% logistics premises. Approximately 1% of the leasable area 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 2016, an external consultant audited the values of Sponda's investment properties in Finland (Catella Property Oy) and Russia (CB Richard Ellis). The fair value of the investment properties totalled EUR 3.8 billion at the end of 2016. The change in the fair value of the investment properties in 2016 was EUR 28.7 (23.2) million for the full year and EUR 33.7 (10.3) million for October–December. The value of Sponda's properties in Finland developed favourably, primarily due to a decrease in yield requirements, especially with regard to shopping centre properties and office properties located in the central business district. The negative change in the fair value was mainly attributable to properties in Russia due to the Russian market situation and the resulting lower market rents. Maintenance costs have also risen in Russia, primarily due to an increase in property taxes.

Valuation gains/losses on fair value assessment

M€	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Changes in yield requirements (Finland)	42.9	7.0	60.1	39.2
Changes in yield requirements (Russia)	0.0	0.0	-4.1	-7.4
Development gains on property development projects	2.0	15.7	7.4	25.4
Modernisation investments	-11.2	-10.2	-31.0	-37.8
Change in market rents and maintenance costs (Finland)	2.6	9.8	12.6	30.2
Change in market rents and maintenance costs (Russia)	-2.9	-12.5	-14.1	-26.8
Change in currency exchange rates	0.3	0.5	-2.1	0.3
Investment properties, total	**33.7**	**10.3**	**28.7**	**23.2**
Real estate funds	0.0	0.0	-2.0	0.0
Realised share of fund profits	0.0	0.0	0.0	0.0
Group, total	**33.7**	**10.3**	**26.7**	**23.2**

Changes in Sponda's investment property assets 1 January – 31 December 2016

M€	Total	Office properties	Shopping centres	Logistics properties	Property development	Russia
Operating income	257.8	167.1	70.3	8.6	0.4	11.3
Maintenance expenses	-66.4	-42.3	-15.5	-4.2	-1.4	-3.0
Net operating income	**191.4**	**124.8**	**54.8**	**4.4**	**-1.0**	**8.3**
Investment properties on 1 January 2016	3,101.7	1,994.8	733.6	92.9	129.7	150.7
Investment properties held for sale on 1 January 2016	10.2	8.4	-	1.8	-	-
Capitalised interest 2016	1.2	-	-	-	1.2	-
Acquisitions	590.5	162.2	428.2	-	-	-
Investments	91.9	24.8	5.1	1.2	60.7	0.2
Transfers between segments	-	-	7.2	-	-7.2	-
Sales	-35.9	-14.5	-	-5.7	-1.7	-14.1
Change in fair value	28.7	25.2	21.3	-2.3	4.9	-20.5
Reclassifications to non-current assets held for sale	-32.8	-10.6	-	-18.9	-3.3	-
Investment properties on 31 December 2016	**3,755.5**	**2,190.4**	**1,195.4**	**69.0**	**184.3**	**116.3**
Change in fair value, %	**0.9**	**1.3**	**2.9**	**-2.4**	**3.8**	**-13.6**
Weighted average yield requirement %	5.9	6.0	5.3	9.2		10.1
Weighted average yield requirement %, Finland	5.8					

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 (m²)	EUR/m²/month
New agreements that came into effect during the period	110	24,442	19.60
Expired during the period	101	23,660	23.80
Renewed during the period	71	19,269	16.90

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 income for its properties during the review period 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. For January–December, like-for-like net rental growth was -0.2% (3.3%) for office properties, 2.1% (1.3%) for shopping centres, 13.1% (27.8%) for logistics properties and -6.7% (-4.3%) 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	31.12.2016	30.9.2016	30.6.2016	31.3.2016	31.12.2015
Office properties, %	89.2	88.8	88.3	88.1	88.2
Shopping centres	93.5	93.2	94.2	93.8	91.3
Logistics properties, %	74.0	72.8	73.4	68.9	68.3
Russia, %	84.8	85.3	81.9	82.9	84.6
Total property portfolio, %	89.6	89.3	89.1	88.7	87.7

Geographical area	31.12.2016	30.9.2016	30.6.2016	31.3.2016	31.12.2015
Helsinki business district, %	92.1	91.9	92.6	92.4	90.1
Helsinki Metropolitan Area, %	87.3	86.5	86.1	85.3	85.7
*Tampere, Oulu, % *)*	90.6	91.0	89.9	89.4	90.8
Russia, %	84.8	85.3	81.9	82.9	84.6
Total property portfolio, %	89.6	89.3	89.1	88.7	87.7

**) The comparison figures include a property in Turku until 30 June 2016.*

Total cash flow from lease agreements at the end of 2016 was EUR 1,050.4 (969.3) million. Sponda had 1,908 clients and a total of 3,084 lease agreements. The company's largest tenants were the State of Finland (7.0% of rental income), Kesko Group (4.7% of rental income), HOK-Elanto (4.2% of rental income) and Danske Bank Oyj (3.3% of rental income). Sponda's 10 largest tenants generate approximately 29% of the company's total rental income.

The **average length of all lease agreements** was 3.8 (4.2) years. The average length of lease agreements was 3.8 (4.2) years for office properties, 4.4 (5.2) years for shopping centres, 2.3 (2.3) years for logistics properties and 1.5 (2.4) years for properties in Russia. **The lease agreements expire as follows:**

	% of rental income 31 Dec 2016	% of rental income 31 Dec 2015
Within 1 year	19.9	14.2
Within 2 years	12.7	17.1
Within 3 years	10.9	10.8
Within 4 years	7.6	8.3
Within 5 years	11.9	5.3
Within 6 years	5.5	7.7
After more than 6 years	19.8	23.6
Valid indefinitely	11.8	13.0

DIVESTMENTS AND INVESTMENTS

Sponda is continuing to actively manage its property portfolio and sell non-strategic properties. New investments and property development projects will be centralised in office and shopping centre properties in identified growth areas. Investment properties were sold for EUR 36.7 million during the review period, with EUR 9.1 million of this total divested in October–December.

Divestments

M€	1.10.-31.12.2016	1.10.-31.12.2015	1.1.-31.12.2016	1.1.-31.12.2015
Disposals of investment properties				
Selling price	9.1	101.2	36.7	157.6
*Profit/loss on sale (**	-0.1	-2.9	0.8	-4.3
Balance sheet value	9.2	104.1	35.9	161.9

**) Includes sales costs*

In addition, trading properties were sold for EUR 28.8 million during the review period, with EUR 3.7 million of this total divested in October–December.

Investments

M€	1.10.-31.12.2016	1.10.-31.12.2015	1.1.-31.12.2016	1.1.-31.12.2015
Properties acquired	-1.0	-4.7	-590.5	-4.7
Modernisation investments	-11.2	-10.2	-31.0	-37.8
Property development investments	-19.7	-25.5	-60.9	-65.2
Investments, total	-31.9	-40.4	-682.4	-107.7

Property development investments were mainly directed to the construction of the Ratina shopping centre and an office and retail complex in Vantaa's Tikkurila district.

RESULTS BY SEGMENT

Until 31 December 2016, Sponda's operations were organised into seven segments. The segments under the Investment Properties business unit were Office Properties, Shopping Centres and Logistics Properties. The other segments were Property Development, Russia and Property Investment Companies. In addition, Sponda reported the Other segment, which included expenses not attributed to any segment, as well as tax and financing expenses and any operating segments for which separate segment information did not need to be presented. This financial statements bulletin for the year 2016 uses the aforementioned reporting structure.

From 1 January 2017, Sponda's new reporting segments are as follows: Office Properties, Shopping Centres, Property Development, Non-Strategic Holdings and the Other segment. The Non-Strategic Holdings segment includes the remaining logistics properties, properties in Russia and the current Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses. The first report to use the new reporting structure will be the interim report for January–March, which will be published on 5 May 2017. The segments' comparison data will be published before the interim report.

Office Properties

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Total revenue, M€	41.9	37.5	167.2	149.1
Net operating income, M€	30.5	27.8	124.1	109.7
Operating profit, M€	42.2	30.6	138.4	134.1
EPRA Net Initial Yield (NIY), %			5.6	5.9
Economic occupancy rate, %			89.2	88.2
Fair value of properties, M€			2,190.4	1,994.8
-excludes properties classified as held for sale, M€			10.6	8.4
Change in fair value from beginning of year, M€			25.2	35.5
Leasable area, m²			808,500	775,000

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

M€	1.10.-31.12.2016	1.10.-31.12.2015	1.1.-31.12.2016	1.1.-31.12.2015
Properties sold				
Selling price	5.2	0.2	15.1	17.9
Profit/loss on sale, incl. costs	0.5	0.1	0.6	-0.2
Balance sheet value	4.7	0.1	14.5	18.1
Properties acquired	-1.0	-4.7	-162.2	-4.7
Modernisation investments	-9.1	-8.3	-24.7	-29.7
Property development investments	-0.1	-	-0.1	0.4

In December 2016, Sponda sold a property in Helsinki's Herttoniemi district, which was being used as an office and warehouse facility, to the Taaleritehtaan Tonttirahasto fund for EUR 5.2 million. The sale is part of Sponda's strategy of focusing property ownership in the Helsinki metropolitan area on the central business district and Ruoholahti.

The **lease agreements for Office Properties** will expire as follows:

	% of rental income 31 Dec 2016	% of rental income 31 Dec 2015
Within 1 year	21.1	13.5
Within 2 years	12.8	19.8
Within 3 years	12.0	10.2
Within 4 years	6.2	9.1
Within 5 years	11.7	4.8
Within 6 years	2.4	5.4
After more than 6 years	18.9	21.4
Valid indefinitely	15.0	15.8

Shopping Centres

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Total revenue, M€	18.5	11.8	70.3	46.6
Net operating income, M€	13.7	8.9	54.8	35.7
Operating profit, M€	35.2	10.1	72.0	35.8
EPRA Net Initial Yield (NIY), %			4.4	4.7
Economic occupancy rate, %			93.5	91.3
Fair value of properties, M€			1,195.4	733.6
Change in fair value from beginning of year, M€			21.3	3.2
Leasable area, m²			198,000	153,500

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

M€	1.10.-31.12.2016	1.10.-31.12.2015	1.1.-31.12.2016	1.1.-31.12.2015
Properties sold				
Selling price	-	-	-	-
Profit/loss on sale, incl. costs	-	-	-	-
Balance sheet value	-	-	-	-
Properties acquired	-	-	-428.2	-
Modernisation investments	-1.7	-1.6	-5.1	-6.8
Property development investments	-	-	-	-

The **lease agreements for shopping centre properties** will expire as follows:

	% of rental income 31 Dec 2016	% of rental income 31 Dec 2015
Within 1 year	11.5	8.4
Within 2 years	11.4	10.1
Within 3 years	7.6	7.9
Within 4 years	10.3	6.4
Within 5 years	15.2	5.4
Within 6 years	13.5	18.8
After more than 6 years	26.3	38.8
Valid indefinitely	4.2	4.3

Logistics Properties

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Total revenue, M€	2.2	4.2	8.6	16.8
Net operating income, M€	1.1	2.3	4.4	9.1
Operating profit, M€	0.1	-1.8	3.2	-1.9
EPRA Net Initial Yield (NIY), %			6.3	7.4
Economic occupancy rate, %			74.0	68.3
Fair value of properties, M€			69.0	92.9
-excludes properties classified as held for sale, M€			18.9	1.8
Change in fair value from beginning of year, M€			-2.3	-7.4
Leasable area, m²			149,000	152,500

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

M€	1.10.-31.12.2016	1.10.-31.12.2015	1.1.-31.12.2016	1.1.-31.12.2015
Properties sold				
Selling price	0.0	100.8	6.7	100.8
Profit/loss on sale, incl. costs	0.0	-3.1	1.1	-3.1
Balance sheet value	0.1	103.9	5.7	103.9
Properties acquired	-	-	-	-
Modernisation investments	-0.3	-0.4	-1.2	-0.9
Property development investments	-	-	-	-

The **lease agreements for Logistics Properties** will expire as follows:

	% of rental income 31 Dec 2016	% of rental income 31 Dec 2015
Within 1 year	17.2	24.7
Within 2 years	7.2	13.0
Within 3 years	21.0	4.5
Within 4 years	6.5	7.4
Within 5 years	2.8	6.0
Within 6 years	3.2	1.2
After more than 6 years	8.8	11.3
Valid indefinitely	33.3	31.9

Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 184.3 million at the end of December 2016. Of this total, EUR 52.6 million was in undeveloped land sites and the remaining EUR 131.7 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 segment had invested a total of EUR 60.7 million, of which EUR 19.6 million was invested in October–December. The investments were primarily directed to the construction of the Ratina shopping centre and the office and retail complex in Tikkurila.

The Ratina shopping centre project is progressing on schedule. The construction of the frame of the Valo-Ratina building is mostly completed and the installation of the facade's glass walls is underway. Work on interior walls has begun and work on building service systems is moving ahead at a good rate. Of the expansion of the Ranta-Ratina building, about half of the frame has been installed and the installation of the new frame for the old part of the Ranta-Ratina building has begun. The renovation of the Funkkis-Ratina building started in November 2016 and is progressing according to plan.

The shopping centre will be completed on schedule 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 104 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 section's signed and agreed lease agreements cover approximately 55% of the leasable area. The pre-let rate for the Ratina complex as a whole is approximately 45%.

Sponda's other significant new construction project, an office and retail complex at Tikkurila railway station in Vantaa, will be implemented in two phases. Restoration work on contaminated soil has been completed in the project, and piling work has also been finished for the most part. Casting work on the foundations and the basement slab is underway. Work on the frame will begin next.

The project's first phase will be completed in spring 2018, comprising a total of 9,500 m² of leasable space, half of which will be office space and the other half retail and service premises as well as parking space. The investment size for the first phase is approximately EUR 31 million and the property is 65% pre-let. The project's yield on cost is estimated at approximately 7.3%. Some EUR 6.5 million has been invested in the project to date. The plan for the project's second phase involves the construction of approximately a further 4,000 m² of leasable business premises. The decision on commencing the second phase will be made later based on the occupancy rate.

Russia

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Total revenue, M€	2.8	3.4	11.3	16.9
Net operating income, M€	2.0	2.7	8.3	12.8
Operating profit, M€	-1.9	-10.1	-15.1	-24.8
EPRA Net Initial Yield (NIY), %			7.8	5.8
Economic occupancy rate, %			84.8	84.6
Fair value of properties, M€			116.3	150.7
Change in fair value from beginning of year, M€			-20.5	-33.9
Leasable area, m²			17,500	34,500

Investments and divestments in the Russia segment during the period were:

M€	1.10.-31.12.2016	1.10.-31.12.2015	1.1.-31.12.2016	1.1.-31.12.2015
Properties sold				
Selling price	3.9	-	13.6	38.7
Profit/loss on sale, incl. costs	-0.6	-	-0.5	-1.1
Balance sheet value	4.5	-	14.1	39.8
Properties acquired	-	-	-	-
Modernisation investments	-0.1	0.0	-0.2	-0.1
Property development investments	-	-	-	-

In December 2016, Sponda sold a logistics centre located to the east of St. Petersburg to Nevskaya Logistika LLC for EUR 4 million. The sale is part of Sponda's strategy to sell the properties it owns in Russia. Following the sale, Sponda has two office properties in Moscow.

The **lease agreements for the Russia segment** will expire as follows:

	% of rental income 31 Dec 2016	% of rental income 31 Dec 2015
Within 1 year	55.2	35.2
Within 2 years	23.5	13.9
Within 3 years	10.0	31.2
Within 4 years	10.7	6.6
Within 5 years	0.0	9.3
Within 6 years	0.0	0.0
After more than 6 years	0.6	3.8
Valid indefinitely	0.0	0.0

Property Investment Companies

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russia Invest owns a 55% share in the Okhta Mall shopping centre project, which is Phase I of the Septem City project located in St. Petersburg. Sponda's investment amounted to approximately EUR 22.4 million at the end of December 2016.

FINANCING AND BALANCE SHEET KEY FIGURES

Sponda Group's interest-bearing debt amounted to EUR 1,863 (31 December 2015: 1,661) million at the end of the financial year 2016. The Group's cash funds totalled EUR 13 (220) million, which meant that net debt was EUR 1,850 (1,441) million. The increase in net debt is related to the Forum acquisition made in the first quarter.

The debt portfolio comprised EUR 500 million in syndicated loans, EUR 475 million in bonds, EUR 248 million in issued commercial papers, and EUR 639 million in loans from financial institutions. Sponda had EUR 438 million in unused credit limits. Sponda Group had mortgaged loans of EUR 178.0 million, or 4.5% of the consolidated balance sheet.

The key balance sheet figures for the final quarter showed positive development compared to the previous quarters. Sponda's equity ratio on 31 December 2016 stood at 47.4% (46.2%). The gearing ratio was 100.0% (90.9%) and Loan to Value (LTV) based on net debt was 48.3% (45.7%). The aforementioned comparison figures were affected by the divestment of the shares held in Certeum Oy at the end of the previous year. The weighted average maturity of Sponda's loans was 2.6 (2.2) years. The average interest rate was 2.7% (2.9%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 67% (90%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 1.4 (2.2) years.

Sponda's net financing costs for the period totalled EUR -51.2 (-48.9) million. Interest expenses of EUR 1.2 (0.8) million were capitalised. Net cash flow from operations in the period under review totalled EUR 122.5 (94.9) million. Net cash flow from investing activities was EUR -650.8 (241.5) million and the net cash flow from financing activities was EUR 318.7 (-136.1) million.

Balance sheet key figures

	31.12.2016	30.9.2016	30.6.2016	31.3.2016	31.12.2015
Equity ratio, %	47.4	47.2	46.3	45.7	46.2
Gearing ratio, %	100.0	100.8	101.3	102.6	90.9
Average interest rate, %	2.7	2.8	2.7	2.7	2.9
Hedging, %	67	67	70	78	90
Average loan maturity, years	2.6	2.8	2.8	1.8	2.2
Average fixed interest rate period, years	1.4	1.5	1.6	1.8	2.2
Loan to Value (LTV), %*	48.3	48.3	48.5	48.5	45.7
Interest-bearing debt, EUR million	1,863	1,840	1,913	1,902	1,661
Unused credit limits, EUR million	438	440	440	440	440

) Based on net debt

PERSONNEL

During the year Sponda Group had, on average, 107 (103) employees, of whom 98 (94) worked for the parent company Sponda Plc. On 31 December 2016, Sponda Group had a total of 102 (103) employees, of whom 96 (96) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's marketing and administration costs in 2016 were EUR -22.7 (-21.7) million.

ANNUAL REMUNERATION AND INCENTIVE SCHEMES

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

Sponda also has a long-term share-based incentive scheme with three three-year vesting periods, the calendar years 2014–2016, 2015–2017 and 2016–2018. The Board of Directors decides on the earning criteria and on the targets to be laid down for the earning criteria for each vesting period. The earning criteria for the vesting periods 1 January 2014–31 December 2016, 1 January 2015–31 December 2017 and 1 January 2016–31 December 2018 are the Group's average Return on Capital Employed (ROCE) and cumulative Operational Cash Earnings Per Share (CEPS) for the financial years in question, as well as property sales.

The long-term incentive scheme currently covers the members of the Executive Board, six people in all. The Board of Directors can decide on including new key personnel in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 5 February 2014, 5 February 2015 and 4 February 2016.

GROUP STRUCTURE

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

SPONDA'S SHARE AND SHAREHOLDERS

Issued shares and share capital

At the end of 2016, Sponda Plc's share capital amounted to EUR 111,030,185 and the number of issued shares was 339,690,554. The number of shares increased by 56,615,092 due to a rights offering carried out in March 2016.

Trading in Sponda's shares

The weighted average price of Sponda's share in 2016 was EUR 3.96. The highest quotation on NASDAQ Helsinki was EUR 4.85 and the lowest EUR 3.32. Turnover during the period totalled some 126.5 million shares, or approximately EUR 501 million. The closing price of the share on 30 December 2016 was EUR 4.38 and the market capitalisation of the company's share capital was EUR 1,486.5 million.

Board authorisations

The Annual General Meeting on 21 March 2016 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

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

The Annual General Meeting authorised the Board of Directors to decide, at its discretion, on the payment of dividend during 2016, in no more than two tranches, based on the annual accounts adopted for the financial year 2015. The maximum amount of dividend to be distributed based on the authorisation is EUR 0.12 per share. The authorisation granted by the General Meeting will be in force until the beginning of the Annual General Meeting of 2017. The authorisation was exercised in its entirety during the review period.

Treasury shares

Sponda did not own any treasury shares during the review period.

Dividend

On 28 November 2016, the Board of Directors of Sponda Plc decided, based on the authorisation granted to it by the Annual General Meeting on 21 March 2016, that a dividend of EUR 0.06 per share be paid from the company's distributable profits based on the annual accounts adopted for the financial year 2015. The dividend payment date was 8 December 2016.

A dividend of EUR 0.06 per share was already paid in August based on the same dividend payment authorisation. In total, dividends of EUR 0.12 per share were paid in 2016 based on the authorisation.

The Board of Directors will take the aforementioned already paid dividends into consideration in its proposal to the Annual General Meeting regarding the dividend for 2016.

Shareholders

On 31 December 2016, the company had altogether 10,414 shareholders and its ownership structure by sector was as follows:

	Number of shares	Holding, %
Public entities, total	39,363,904	11.59
Financial and insurance institutions, total	43,920,107	12.93
Households	23,532,432	6.93
Private corporations, total	102,204,636	30.09
Non-profit organisations, total	9,694,297	2.85
Foreign owners, total	2,967,645	0.87
Nominee-registered	118,007,533	34.74
Total	**339,690,554**	**100.00**

Sponda's 10 largest shareholders are:

	Shareholder	Number of shares	% of shares
1	Mercator Invest Ab	95,344,608	28.07
2	HC Fastigheter Holding Oy Ab	34,181,172	10.06
3	Varma Mutual Pension Insurance Company	29,083,070	8.56
4	Åbo Akademi University Foundation	4,957,430	1.46
5	Elo Mutual Pension Insurance Company	4,893,083	1.44
6	The State Pension Fund	3,950,000	1.16
7	OP-Finland Value Fund	2,183,952	0.64
8	OP-Finland Small Cap Fund	1,868,580	0.55
9	Odin Eiendom	1,500,000	0.44
10	Danske Invest Finnish Institutional Equity Fund	1,042,000	0.31
	Total	**179,003,895**	**52.70**

The following flagging notices were issued:

- 1 December 2016: Mercator Invest Ab announced that, as of 1 December 2016, its holding of shares represents 28.07 per cent of the total number of shares in Sponda Plc. Oy PALSK Ab merged with Mercator Invest Ab on 30 November 2016. The 42,163,745 Sponda Plc shares (12.41% of the total number of shares and votes) owned by Oy PALSK Ab were transferred to Mercator Invest Ab in the merger.

BOARD OF DIRECTORS AND AUDITORS

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

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

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

BOARD COMMITTEES

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

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

SPONDA'S MANAGEMENT

Sponda Plc's President and Chief Executive Officer is Kari Inkinen. Until 31 December 2016, Sponda's Executive Board comprised the President and CEO, the CFO, the SVP for Corporate Planning and IR, and the heads of three business units, in total six persons.

In November 2016, Sponda announced its new organisational structure, which consists of four business units: Office Properties, Shopping Centres, Property Development and Property Investments. From 1 January 2017, Sponda's Executive Board comprises the President and CEO, the CFO, the SVP for Corporate Planning and IR, and the heads of four business units, in total seven persons.

ENVIRONMENTAL RESPONSIBILITY

Sponda's environmental responsibility in 2016 was in line with the company's strategy. Sponda's Energy efficiency programme progressed in accordance with the energy saving target, achieving 14.1 per cent in energy consumption savings compared to the baseline. Sponda's target is to reduce energy consumption by 20 per cent by 2020, using the average consumption in 2001–2005 as the baseline. At the end of 2016, Sponda's Energy efficiency programme covered 91 per cent (88) of the properties owned by Sponda in Finland. The carbon footprint caused by the total energy consumption of Sponda's properties located in Finland decreased by 1.1 per cent from the previous year. The waste recovery rate rose to 100 per cent (97) and the recycling rate remained at 45 per cent (45).

In October 2016, Sponda made a commitment to the new Property and Building Sector Energy Efficiency Agreement 2017–2025 enacted by the Ministry of Economic Affairs and Employment, the Ministry of the Environment and the Finnish Energy Authority. The shared indicative energy savings target stipulated by the agreement is 7.5 per cent by 2025, using energy consumption in 2015 as the baseline.

The Ilmalanrinne office complex built and owned by Sponda was awarded LEED® Gold environmental certification in October. The property received the highest possible score in energy efficiency in the LEED® classification. In 2016, Sponda successfully obtained or renewed international LEED® or BREEAM® environmental certification for seven of its properties. At the end of 2016, Sponda's environmentally certified properties accounted for 25 per cent of Sponda's total leasable area.

Sponda continued to perform well in internationally recognised sustainability surveys. Sponda maintained its excellent A- score in the CDP Climate assessment published in October. Sponda's result is the best in Finland and among the best in the Nordic region in the Financials category, and the company was included in the best Leadership level for the second consecutive year.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

Sponda estimates that the risks and uncertainty factors for 2017 are mainly related to the following areas:

The slow positive development of the Finnish economy may cause **a decline in the economic occupancy rate** and **tenant insolvency**. Also **change in demand for space**, caused by for example technological development, may have a negative impact on the development of occupancy rate and net operating income.

Strengthening of the banks' solvency may lead **to weakening availability of bank financing**. Uncertainty of the development of the world's economy and **interest rates** may limit the availability of other debt financing.

In Russia, the risks are mainly related to the development of the Russian economy and its impact **on the sale of Sponda's properties in Russia** in 2017.

EVENTS AFTER THE PERIOD

In its meeting held on 25 January 2017, the Shareholders' Nomination Board of Sponda Plc decided to submit a proposal to the Annual General Meeting to be held on 20 March 2017 regarding the number of members of the Board of Directors, the members to be elected to the Board and the remuneration of the Board. The proposals of the Nomination Board can be found in the stock exchange release dated 25 January 2017.

PROSPECTS FOR 2017

Sponda provides prospects for 2017 with regard to the development of the company's net operating income and adjusted EPRA Earnings.

Net operating income

Sponda estimates that the net operating income for 2017 will amount to EUR 182–192 million. This estimate is based on property sales in 2016 and estimated sales in 2017. The development of net operating income will also be affected by the increase in property taxes in 2017 as well as one large property being vacated for renovation.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2017 will amount to EUR 106–116 million. This estimate is based on property sales in 2016 and estimated sales in 2017. The development of net operating income will also be affected by the increase in property taxes in 2017 as well as one large property being vacated for renovation.

ANNUAL GENERAL MEETING AND DIVIDEND

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 20 March 2017. The Board's dividend proposal takes into consideration the dividend payment authorisation granted by the 2016 Annual General Meeting, based on which dividends totalling EUR 0.12 per share have already been paid in 2016. The Board proposes to the 2017 Annual General Meeting that a dividend of EUR 0.08 per share be paid.

The Board further proposes to the Annual General Meeting that the Annual General Meeting authorise the Board of Directors to decide, at its discretion, on the payment of dividend in no more than two tranches based on the annual accounts adopted for the financial year 2016. The maximum amount of dividend to be distributed based on the authorisation is EUR 0.12 per share.

3 February 2017

Sponda Plc
Board of Directors

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SPONDA PLC FINANCIAL STATEMENTS BULLETIN 1 JANUARY – 31 DECEMBER 2016, TABLES

Consolidated income statement

M€	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Total revenue				
Rental income and recoverables	65.6	57.1	258.6	230.2
Interest income from finance leasing agreements	0.1	0.1	0.3	0.3
	65.7	**57.2**	**259.0**	**230.5**
Expenses				
Maintenance expenses	**-18.6**	**-15.9**	**-68.0**	**-64.8**
Net operating income	**47.2**	**41.3**	**190.9**	**165.7**
Profit/loss on sales of investment properties	-0.1	-3.0	0.8	-4.5
Valuation gains/losses on fair value assessment	33.7	10.3	26.7	23.2
Amortisation of goodwill	-1.0	-0.4	-3.1	-3.0
Profit/loss on sales of associated companies	0.0	5.2	-0.1	5.2
Profit/loss on sales of trading properties	1.2	0.2	14.6	2.8
Sales and marketing expenses	-0.6	-0.6	-2.1	-2.3
Administrative expenses	-5.9	-5.0	-20.6	-19.4
Share of result of associated companies	-	0.0	-	10.2
Other operating income	0.0	0.1	0.5	0.9
Other operating expenses	-0.7	-0.2	-0.8	-0.7
Operating profit	**73.9**	**47.8**	**206.7**	**178.1**
Financial income	0.3	1.4	3.2	6.8
Financial expenses	-13.4	-13.4	-54.4	-55.7
Total amount of financial income and expenses	-13.1	-12.1	-51.2	-48.9
Profit before taxes	**60.8**	**35.7**	**155.5**	**129.2**
Income taxes for current and previous fiscal years	0.1	-7.5	-2.4	-9.3
Deferred taxes	-0.7	129.9	-15.6	107.3
Income taxes, total	-0.5	122.3	-17.9	98.1
Profit/loss for the period	**60.3**	**158.0**	**137.5**	**227.2**
Attributable to:				
Equity holders of parent company	60.3	158.0	137.5	227.2
Non-controlling interest	0.0	0.0	0.0	0.0
Earnings per share based on profit attributable to equity holders of the parent company				
Basic and diluted, €	0.17	0.55	0.41	0.78

Consolidated statement of other comprehensive income

M€	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Profit/loss for the period	60.3	158.0	137.5	227.2
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Items arising from the remeasurement of defined benefit liabilities (or assets)	0.2	0.1	0.2	0.1
Taxes on items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0
Items that will not be reclassified to profit or loss, total	**0.1**	**0.1**	**0.1**	**0.1**
Items that may be reclassified subsequently to profit or loss				
Changes in associated companies recognised directly in comprehensive income	-	1.0	-	1.4
Net loss/profit from cash flow hedges	4.8	1.3	8.3	5.9
Translation differences	1.5	-0.5	2.3	-0.2
Taxes on items that may be reclassified subsequently to profit or loss	-1.6	-0.3	-2.8	-1.9
Items that may be reclassified subsequently to profit or loss, total	**4.7**	**1.5**	**7.8**	**5.2**
Other comprehensive income for the period after taxes	**4.9**	**1.6**	**8.0**	**5.3**
Comprehensive profit/loss for the period	**65.1**	**159.7**	**145.5**	**232.6**
Attributable to:				
Equity holders of parent company	65.1	159.7	145.5	232.6
Non-controlling interest	0.0	0.0	0.0	0.0

Consolidated balance sheet

M€	31.12.2016	31.12.2015
ASSETS		
Non-current assets		
Investment properties	3,755.5	3,101.7
Investments in real estate funds	22.4	21.4
Investments in associated companies	-	-
Property, plant and equipment	12.9	13.0
Goodwill	8.5	11.5
Other intangible assets	1.7	2.4
Finance lease receivables	2.7	2.7
Other investments	0.2	0.9
Deferred tax assets	15.4	9.4
Non-current assets total	**3,819.4**	**3,163.1**
Current assets		
Trading properties	7.2	7.7
Trade and other receivables	44.2	39.9
Cash and cash equivalents	12.9	220.0
Current assets total	**64.2**	**267.7**
Non-current assets held for sale	32.8	10.2
Total assets	**3,916.5**	**3,441.0**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	111.0	111.0
Share issue premium	159.4	159.4
Invested non-restricted equity reserve	652.7	433.8
Fair value reserve	-22.6	-29.2
Revaluation reserve	0.7	0.7
Other equity fund	94.0	94.0
Translation differences	0.9	-0.2
Retained earnings	851.8	813.7
	1,848.1	**1,583.2**
Non-controlling interest	1.8	1.8
Shareholders' equity, total	**1,849.9**	**1,585.0**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	93.1	71.5
Provisions	2.4	2.4
Interest-bearing loans and borrowings	1,313.9	1,080.4
Other liabilities	28.2	37.6
Non-current liabilities total	**1,437.7**	**1,192.0**

Current liabilities		
Current interest-bearing liabilities	548.6	580.5
Trade and other payables	79.7	76.4
Tax liabilities based on the taxable income for the period	0.4	7.1
Current liabilities total	**628.6**	**664.0**
Liabilities associated with non-current assets held for sale	0.3	0.0
Total borrowings	**2,066.6**	**1,856.0**
Total equity and liabilities	**3,916.5**	**3,441.0**

Consolidated Cash Flow Statement

M€	1-12/2016	1-12/2015
Cash flow from operating activities		
Profit for the period	137.5	227.2
Adjustments	40.5	-80.1
Change in net working capital	7.9	-1.3
Interest received	0.5	0.5
Interest paid	-45.1	-44.8
Other financial items	-7.8	-4.7
Dividends received	0.0	0.0
Taxes received/paid	-11.0	-2.0
Net cash provided by operating activities	**122.5**	**94.9**
Cash flow from investing activities		
Acquisition of investment properties	-684.6	-99.6
Capital expenditure on real estate funds	-3.0	-2.2
Acquisition of tangible and intangible assets	-0.1	-0.2
Proceeds from disposal of investment properties	36.4	154.4
Proceeds from disposal of real estate funds	-	0.3
Proceeds from disposal of shares in associated companies	0.2	180.6
Proceeds from disposal of tangible and intangible assets	0.4	0.0
Capital repayments from associated companies	-	7.6
Repayments of loan receivables	-	0.6
Net cash flow from investment activities	**-650.8**	**241.5**
Cash flow from financing activities		
Proceeds from share issue	218.5	0.0
Non-current loans, raised	595.7	320.0
Non-current loans, repayments	-444.1	-345.4
Current loans, raised/repayments	49.5	-50.5
Interest paid on hybrid bond	-6.4	-6.4
Dividends paid	-94.5	-53.8
Net cash flow from financing activities	**318.7**	**-136.1**
Change in cash and cash equivalents	**-209.5**	**200.4**
Cash and cash equivalents, beginning of period	220.0	20.3
Impact of changes in exchange rates	2.4	-0.7
Cash and cash equivalents, end of period	**12.9**	**220.0**

Consolidated statement of changes in equity

M€	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity reserve	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Equity 1 January 2016	111.0	159.4	433.8	-29.2	0.7	94.0	-0.2	813.7	1,583.2	1.8	1,585.0
Comprehensive income											
Profit for the period								137.5	137.5	0.0	137.5
Other comprehensive income (net of tax)											
Items arising from the remeasurement of defined benefit liabilities (or assets)								0.1	0.1	0.0	0.1
Changes in associated companies recognised directly in comprehensive income											
Cash flow hedges				6.7					6.7	0.0	6.7
Translation differences							1.1		1.1	0.0	1.1
Comprehensive income, total				6.7			1.1	137.7	145.5	0.0	145.5
Transactions with shareholders											
Share issue			219.0						219.0		219.0
Dividend payment								-94.5	-94.5	0.0	-94.5
Transactions with shareholders, total			219.0					-94.5	124.4	0.0	124.4
Repurchase of hybrid bond											
Interest paid on hybrid bond								-5.1	-5.1	0.0	-5.1
Change								0.1	0.1	0.0	0.1
Equity 31 December 2016	**111.0**	**159.4**	**652.7**	**-22.6**	**0.7**	**94.0**	**0.9**	**851.8**	**1,848.1**	**1.8**	**1,849.9**

M€	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity reserve	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' 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)											
Items arising from the remeasurement of defined benefit liabilities (or assets)									0.1		0.1
Changes in associated companies recognised directly in comprehensive income				1.4					1.4		1.4
Cash flow hedges				4.4					4.4	0.0	4.4
Translation differences							-0.6		-0.6	0.0	-0.6
Comprehensive income, total				5.8			-0.6	227.3	232.6	0.0	232.6
Transactions with shareholders											
Share issue											
Dividend payment								-53.8	-53.8	0.0	-53.8
Transactions with shareholders, total								-53.8	-53.8	0.0	-53.8
Repurchase of hybrid bond											
Interest paid on hybrid bond								-5.1	-5.1	0.0	-5.1
Change								-0.2	-0.2	0.0	-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**

EPRA key figures

EPRA (European Public Real Estate Association) is a non-profit association representing Europe's publicly-listed property companies. EPRA's aim is to promote, develop and represent the operations of European property investment companies and the industry in general. Sponda is an EPRA member.

EPRA also establishes best practices for accounting, financial reporting and administration to support the provision of high-quality and comparable financial information. Sponda adheres to EPRA recommendations in its financial reporting. EPRA key figures for Sponda's operations are presented on the following pages.

More information on EPRA recommendations is available online at www.epra.com.

EPRA Earnings

EPRA Earnings illustrates the result of the Group's core business. It is an important indicator for investors and shareholders of how well the operating result supports the payment of dividends. 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 includes the share of the result of associated companies adjusted by the changes in fair value of the associated companies' investment properties and financial instruments, and deferred taxes.

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.

Sponda's result includes several non-operating items. These items are primarily due to the nature of Sponda's business operations and IFRS reporting obligations.

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

M€	10-12/2016	10-12/2015	1-12/2016	1-12/2015
EPRA Earnings				
Earnings for the period per IFRS income statement	60.3	158.0	137.5	227.2
-/+ Net profits or losses from fair value assessment of investment properties	-33.7	-10.3	-26.7	-22.4
-/+ Net profits or losses on disposal of investment properties	0.1	-2.2	-0.7	-0.7
-/+ Net profits or losses on sales of trading properties	-1.2	-0.2	-14.6	-2.8
+/- Taxes arising from above items based on result	-0.4	-	-0.9	-
+/- Impairment and amortisation of goodwill	1.0	0.4	3.1	3.0
-/+ Changes in fair value of financial instruments	0.7	0.1	0.4	0.1
+/- Deferred taxes arising from the above items	2.1	7.4	15.0	27.6
EPRA Earnings	**28.9**	**153.3**	**113.1**	**232.0**
EPRA Earnings per share, €	**0.09**	**0.54**	**0.35**	**0.82**
Company adjustments:				
Deferred taxes on operating result	-1.5	-137.3	0.6	-133.5
Effect on income taxes from change in fair value	-0.1	-	-0.1	-
Adjusted EPRA Earnings	27.5	16.1	113.7	98.6
Adjusted Earnings per share, €	0.08	0.06	0.35	0.35

EPRA Earnings can also be calculated from the income statement from top to bottom. The following table presents the EPRA Earnings calculation using this method.

M€	10-12/2016	10-12/2015	1-12/2016	1-12/2015
EPRA Earnings				
Net operating income	47.2	41.3	190.9	165.7
+ Realised shares of profit from real estate funds	-	-	-	-
- Operational marketing and administration expenses	-6.4	-5.6	-22.8	-21.7
+/- Other operational income and expenses from business operations	-0.7	-0.2	-0.4	12.7
Operating profit	40.0	35.6	167.8	156.7
+/- Operational financial income and expenses	-12.4	-12.0	-50.8	-48.8
-/+ Taxes based on operating result	-0.2	-7.5	-3.2	-9.3
- Deferred taxes based on operating result	1.5	137.3	-0.6	133.5
EPRA Earnings	**28.9**	**153.3**	**113.1**	**232.0**
EPRA Earnings per share, €	**0.09**	**0.54**	**0.35**	**0.82**
Company adjustments:				
Deferred taxes on operating result	-1.5	-137.3	0.6	-133.5
Effect on income taxes from change in fair value	-0.1	-	-0.1	-
Adjusted EPRA Earnings	27.5	16.1	113.7	98.6
Adjusted Earnings per share, €	0.08	0.06	0.35	0.35

EPRA NAV (net asset value) and EPRA NNNAV (adjusted net asset value)

EPRA NAV is a measure of the fair value of the property investment company's net assets, which makes it an important indicator. Compared to IFRS net assets, the EPRA NAV calculation is based on the going concern principle, meaning that the fair values of financial derivatives are eliminated along with deferred taxes on future property sales.

EPRA NNNAV is a measure of the property investment company's net assets on the balance sheet date. It includes the fair values of financial derivatives and deferred taxes excluded from EPRA NAV, as well as the fair values of liabilities.

M€	31.12.2016	31.12.2015
Equity attributable to equity holders of the parent company	1,848.1	1,583.2
- Other equity reserve	-94.0	-94.0
+ Fair value of financial instruments	28.1	37.7
+ Deferred tax liabilities arising from the fair value assessment of investment properties	92.8	71.3
- Goodwill arising from the fair value assessment of investment properties	-8.5	-11.5
EPRA NAV, M€	**1,866.5**	**1,586.6**
EPRA NAV/share, €	**5.49**	**5.60**
EPRA NNNAV/share, €		
EPRA NAV, M€	1,866.5	1,586.6
- Fair value of financial instruments	-28.1	-37.7
-/+ Difference between the fair value and balance sheet value of liabilities	-22.0	-19.8
- Deferred tax liabilities arising from the fair value assessment of investment properties	-92.8	-71.3
EPRA NNNAV, M€	**1,723.6**	**1,457.9**
EPRA NNNAV/share, €	**5.07**	**5.15**

EPRA Cost Ratio

EPRA Cost Ratio describes a property investment company's general administrative costs in relation to operating income. EPRA Cost Ratio is calculated in two ways, including and excluding direct vacancy costs.

M€	Include:	
i	*Administrative/operating expense line per IFRS income statement*	94,275
ii	*Net service charge costs/fees*	-5,518
iii	*Management fees less actual/estimated profit element*	0
iv	*Other operating income/recharges intended to cover overhead expenses less any related profits*	0
v	*Share of Joint Ventures expenses*	0
	Exclude (if part of the above)	
vi	*Investment Property depreciation*	0
vii	*Ground rent costs*	-2,690
viii	*Service charge cost recovered through rents but not separately invoiced*	-53,462
	EPRA Costs (including direct vacancy costs) (A)	**32,604**
ix	*Direct vacancy costs*	-7,884
	EPRA Costs (excluding direct vacancy costs) (B)	**24,720**
x	*Gross Rental Income less ground rent costs*	252,783
xi	*Service fees and service charge cost components of Gross Rental Income that are not separately invoiced*	-53,462
xii	*Share of Joint Ventures*	0
	Gross Rental Income (C)	**199,320**
	EPRA Cost Ratio (including direct vacancy costs) (A/C)	**16.36%**
	EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**12.40%**

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

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

No overhead costs are capitalised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles

This financial statements bulletin has been prepared in accordance with IAS 34 (Interim Financial Reporting).

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

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

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2016.

The figures in the financial statements bulletin have not been audited.

Segment information

Until 31 December 2016, Sponda's operations were organised into seven segments. The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Property Investment Companies. In addition, Sponda reports the Other segment, which includes expenses not attributed to any segment, as well as tax and financing expenses and any operating segments for which separate segment information does not need to be presented. This financial statements bulletin for the year 2016 uses the aforementioned reporting structure.

Sponda has revised its segment reporting, effective from the beginning of 2017, to better correspond to its current strategic focus areas. Effective from 1 January 2017, the segments are Office Properties, Shopping Centres, Property Development, Non-Strategic Holdings and the Other segment. The Non-Strategic Holdings segment includes the remaining logistics properties, properties in Russia and the current Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses.

The first report to use the new reporting structure will be the interim report for January–March, which will be published on 5 May 2017. The segments' comparison data will be published before the interim report.

Income statement by segment

1-12/2016 M€	Office Properties	Shopping Centres	Logistics Properties	Property Develop-ment	Russia	Property Investment	Other	Group total
Total revenue	**167.2**	**70.3**	**8.6**	**1.3**	**11.3**	-	**0.2**	**259.0**
Maintenance expenses and direct fund expenses	-43.1	-15.5	-4.3	-2.2	-3.0	-	0.0	-68.0
Net operating income	**124.1**	**54.8**	**4.4**	**-0.9**	**8.3**	-	**0.1**	**190.9**
Profit on sales of investment properties	0.7	-	1.1	-	0.1	-	-	2.0
Loss on sales of investment properties	-0.1	-	0.0	-0.4	-0.6	-	0.0	-1.1
Profit/loss on disposal of associated companies	-	-	-	-	-	-0.1	-	-0.1
Profit/loss on trading properties	-	-	-	14.6	-	-	0.0	14.6
Valuation gains/losses on fair value assessment	25.2	21.3	-2.3	4.9	-20.5	-2.0	-	26.7
Amortisation of goodwill	-	-	-	-3.1	-	-	0.0	-3.1
Administration and marketing	-11.5	-4.0	-0.1	-4.2	-2.5	0.0	-0.5	-22.8
Share of result of associated companies	-	-	-	-	-	-	-	-
Other operating income and expenses	-0.1	-0.2	0.1	-0.4	0.0	-	0.2	-0.4
Operating profit	**138.4**	**72.0**	**3.2**	**10.5**	**-15.1**	**-2.1**	**-0.1**	**206.7**
Financial income and expenses							-51.2	-51.2
Profit before taxes							**-51.3**	**155.5**
Income tax							-17.9	-17.9
Profit for the period							**-69.3**	**137.5**
Investments	187.1	433.3	1.2	60.7	0.2	3.0	0.3	685.6
Segment assets	2,203.8	1,195.4	87.9	196.0	116.3	22.4	94.5	3,916.5
- of which classified as held for sale	10.6	-	19.0	3.3	-	-	-	32.8
Economic Occupancy Rate	89.2	93.5	74.0	-	84.8	-	-	89.6

1-12/2015 M€	Office Properties	Shopping Centres	Logistics Properties	Property Develop-ment	Russia	Property Investment	Other	Group total
Total revenue	**149.1**	**46.6**	**16.8**	**1.1**	**16.9**	-	-	**230.5**
Maintenance expenses and direct fund expenses	-39.4	-10.9	-7.7	-2.8	-4.0	-	-	-64.8
Net operating income	**109.7**	**35.7**	**9.1**	**-1.7**	**12.8**	-	-	**165.7**
Profit on sales of investment properties	0.1	-	-	-	-	-	-	0.1
Loss on sales of investment properties	-0.3	-	-3.1	-	-1.1	-	-0.1	-4.6
Profit/loss on disposal of associated companies	-	-	-	-	-	5.2	-	5.2
Profit/loss on trading properties	-	-	-	2.7	-	-	-	2.8
Valuation gains/losses on fair value assessment	35.5	3.2	-7.4	25.9	-33.9	-	-	23.2
Amortisation of goodwill	-	-	-	-3.0	-	-	-	-3.0
Administration and marketing	-10.6	-2.8	-1.3	-4.1	-2.7	-	-0.1	-21.7
Share of result of associated companies	-	-	-	-	-	10.2	-	10.2
Other operating income and expenses	-0.2	-0.3	0.7	-	-	0.1	-	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							**-49.2**	**129.2**
Income tax							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 investment properties held for sale	8.4	-	1.8	-	-	-	-	10.2
Economic Occupancy Rate	88.2	91.3	68.3	-	84.6	-	-	87.7

Key figures

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Earnings per share, €	0.17	0.55	0.41	0.78
Equity ratio, %			47.4	46.2
Gearing ratio, %			100.0	90.9
Equity per share, €			5.16	5.26
Cash flow from operations per share, €	0.08	0.07	0.40	0.36

Quarterly key figures

	Q4/2016	Q3/2016	Q2/2016	Q1/2016	Q4/2015
Total revenue, M€	65.7	66.3	67.6	59.3	57.2
Net operating income, M€	47.2	51.5	50.2	42.1	41.3
Valuation gains/losses on fair value assessment, M€	33.7	-10.0	5.0	-2.0	10.3
Operating profit, M€	73.9	37.2	48.8	46.7	47.8
Financial income and expenses, M€	-13.1	-12.8	-12.3	-13.0	-12.1
Profit/loss for the period, M€	60.3	18.8	31.7	26.7	158.0
Investment properties, M€	3,755.5	3,692.7	3,713.2	3,702.5	3,101.7
Shareholders' equity, M€	1,849.9	1,810.1	1,809.0	1,776.1	1,585.0
Interest-bearing liabilities, M€	1,862.5	1,839.9	1,912.7	1,902.0	1,660.9
Earnings per share, €	0.17	0.05	0.09	0.09	0.55
Cash flow from operations per share, €	0.08	0.10	0.09	0.12	0.07
EPRA NAV/share, €	5.49	5.38	5.35	5.25	5.60
Economic Occupancy Rate, %	89.6	89.3	89.1	88.7	87.7

Itemisations required for alternative key figures

M€	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Depreciation in administration	-0.2	-0.2	-1.0	-0.9
Defined benefit pension plans	0.0	0.0	0.0	0.0
Financial income and expenses affecting cash flow	-12.8	-12.6	-52.0	-51.5
Change in provisions in the income statement	-	-2.4	-	-2.4
Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes	-	-	-	-2.3
Advances received			5.7	4.4
Rent deposits received			5.2	4.3

Investment Properties

At the end of 2016, Sponda had a total of 169 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 69% is office premises, 17% shopping centres and 13% logistics premises. Approximately 1% of the leasable area 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 2016, an external consultant audited the values of Sponda's investment properties in Finland (Catella Property Oy) and Russia (CB Richard Ellis). The fair value of the investment properties totalled EUR 3.8 billion at the end of 2016. The change in the fair value of the investment properties in 2016 was EUR 28.7 (23.2) million for the full year and EUR 33.7 (10.3) million for October–December. The value of Sponda's properties in Finland developed favourably, primarily due to a decrease in yield requirements, especially with regard to shopping centre properties and properties located in the central business district. Negative change in the fair value was mainly attributable to properties in Russia due to the Russian market situation and the resulting lower market rents. Maintenance costs have also risen in Russia.

	31.12.2016	**31.12.2015**
Fair value of investment properties, 1 Jan.	3,101.7	3,142.1
Non-current assets held for sale, 1 Jan.	10.2	-
Acquisition of investment properties	590.5	4.7
Other capital expenditure on investment properties	91.9	103.0
Disposals of investment properties	-35.9	-161.9
Capitalised borrowing costs, increase in period	1.2	0.8
Valuation gains/losses on fair value assessment	28.7	23.2
Investment properties reclassified as held for sale	-32.8	-10.2
Fair value of investment properties, end of period	**3,755.5**	**3,101.7**
Investment properties held for sale	32.8	10.2

The Group's most significant investment commitments

The balance sheet value of Sponda's property development portfolio stood at EUR 184.3 million at the end of December 2016. Of this total, EUR 52.6 million was in undeveloped land sites and the remaining EUR 131.7 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 segment had invested a total of EUR 60.7 million, of which EUR 19.6 million was invested in October–December. The investments were primarily directed to the construction of the Ratina shopping centre and the office and retail complex in Tikkurila.

The Ratina shopping centre project is progressing on schedule. The construction of the frame of the Valo-Ratina building is mostly completed and the installation of the facade's glass walls is underway. Work on interior walls has begun and work on building service systems is moving ahead at a good rate. Of the expansion of the Ranta-Ratina building, about half of the frame has been installed and the installation of the new frame for the old part of the Ranta-Ratina building has begun. The renovation of the Funkkis-Ratina building started in November 2016 and is progressing according to plan.

The shopping centre will be completed on schedule 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 104 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 section's signed and agreed lease agreements cover approximately 55% of the leasable area. The pre-let rate for the Ratina project as a whole is approximately 45%.

Sponda's other significant new construction project, an office and retail complex at Tikkurila railway station in Vantaa, will be implemented in two phases. Restoration work on contaminated soil has been completed in the project, and piling work has also been finished for the most part. Casting work on the foundations and the basement slab is underway. Work on the frame will begin next.

The project's first phase will be completed in spring 2018, comprising a total of 9,500 m² of leasable space, half of which will be office space and the other half retail and service premises as well as parking space. The investment size for the first phase is approximately EUR 31 million and the property is 65% pre-let. The project's yield on cost is estimated at approximately 7.3%. Some EUR 6.5 million has been invested in the project to date. The plan for the project's second phase involves the construction of approximately a further 4,000 m² of leasable business premises. The decision on commencing the second phase will be made later based on the occupancy rate.

Trading properties

M€	31.12.2016	31.12.2015
Carrying amount, beginning of period	7.7	7.8
Disposals and other changes	-0.5	-0.1
Carrying amount, end of period	7.2	7.7

Collateral and contingent liabilities

Collateral and commitments given by the Group, M€	31.12.2016	31.12.2015
Loans from financial institutions, covered by collateral	178.0	125.8
Mortgages	288.1	288.1
Carrying amount of pledged shares	46.4	44.6
Total collateral	334.5	332.7
Lease and other liabilities, M€	**31.12.2016**	**31.12.2015**
Lease liabilities	49.4	53.9
Mortgages	14.4	23.1
Guarantees and deposit guarantees	4.4	3.1
Investment commitments	3.6	6.6
Interest rate derivatives, M€	**31.12.2016**	**31.12.2015**
Swap contracts, notional value	655.0	655.0
Swap contracts, fair value	-28.2	-36.6
Eurobasis swaps, notional value	150.0	150.0
Eurobasis swaps, fair value	-0.1	-0.3
Cap options purchased, notional value	362.2	363.1
Cap options purchased, fair value	0.2	0.8
Currency derivatives, M€	**31.12.2016**	**31.12.2015**
Currency options, bought, notional value	5.0	6.4
Currency options, bought, fair value	0.0	0.0
Currency options, put, notional value	-	-
Currency options, put, fair value	-	-
Interest rate and currency swaps, M€	**31.12.2016**	**31.12.2015**
*Interest rate and currency swaps, notional value**	-	72.4
*Interest rate and currency swaps, fair value**	-	-1.7

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

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

Related party transactions

The following related party transactions were carried out:

Management employee benefits, M€	**31.12.2016**	**31.12.2015**
Salaries and other short-term employee benefits	1.9	1.7
Share-based payments	0.9	0.9
Total	**2.9**	**2.6**

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

M€	**Income**	**Expenses**
*Mercator Invest Ab (**	0.0	-
Konstsamfundet rf	0.3	-
Total	**0.3**	-

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

Formulas for the key indicators and itemisations and bridge calculations required for alternative key figures in accordance with ESMA guidance

IFRS key figures

Earnings per share, €	=		Share of earnings for the period attributable to equity holders of the parent company – interest and expenses on hybrid loan allocated to the period, adjusted for taxes / Weighted average number of shares outstanding during the period
Equity per share, €	=		Equity attributable to parent company equity holders - Other equity reserve / Undiluted total number of shares on the date of closing the books

Alternative key figures defined in accordance with ESMA guidance

Equity ratio, %	=	100 x	Equity / Balance sheet total - advances and rent deposits received

The equity ratio is an indicator of the financial structure that shows the percentage of equity in the capital tied up in operations. Reflects the company's financial structure.

Gearing ratio, %	=	100 x	Non-current and current interest-bearing liabilities - Cash and cash equivalents / Equity

The gearing ratio is an indicator of the financial structure that illustrates the ratio between net debt and equity items. Reflects the company's financial structure.

LTV, Loan to value	=	Non-current and current interest-bearing liabilities - Cash and cash equivalents / Investment properties, Investments in real estate funds, Investments in associated companies, Property, plant and equipment, Trading properties and Non-current assets held for sale total

Loan to Value indicates the share of liabilities, less cash and cash equivalents, in funding the asset items included in the denominator. Reflects the company's financial structure.

Cash flow from operations per share, € =

Operating profit
-/+ Fair value adjustment
+ Amortisation of goodwill
+ Depreciation in administration
+/- Changes in provisions
+/- Defined benefit pension expenses
- Financial income & expenses affecting cash flow
- Taxes affecting cash flow
+/- Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes

divided by

Weighted average number of shares outstanding during the period

Cash flow from operations per share is an indicator of cash flow per share based on the income statement. The company uses this figure as a measure of its dividend payout capacity in its dividend policy.

EPRA Earnings	=	Earnings for the period per IFRS income statement -/+ Net profits or losses from fair value assessment of investment properties -/+ Net profits or losses on disposal of investment properties -/+ Net profits or losses on sales of trading properties +/- Taxes arising from above items based on result +/- Impairment and amortisation of goodwill -/+ Changes in fair value of financial instruments +/- Deferred taxes arising from the above items
Adjusted EPRA Earnings	=	EPRA Earnings +/- Deferred taxes on operating result EPRA Earnings and company adjusted EPRA Earnings illustrate the earnings from the Group's core business
EPRA NAV per share, €	=	Equity attributable to parent company equity holders - Other equity reserve + Fair value of financial instruments + Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference - Goodwill created from the deferred tax liabilities on properties ――― Undiluted total number of shares on the date of closing the books EPRA NAV/share is an indicator of net assets per share adjusted by items that are not assumed to be realised provided that the company continues its business operations in accordance with the going concern principle.
EPRA NNNAV/share, €	=	EPRA NAV - Fair value of financial instruments - Difference between the fair value and balance sheet value of liabilities - Deferred tax liabilities arising from the fair value assessment of investment properties ――― Undiluted total number of shares on the date of closing the books EPRA NNNAV per share is an indicator of net assets per share based on the fair value assessment of balance sheet items on the reporting date.

Other key figures

EPRA Net Initial Yield (NIY), %	=	Annualised net rental income ――― Investment properties - Development properties + Estimated purchaser's costs
EPRA "topped-up" NIY, %	=	Annualised net rental income + Step rents, rent free periods, etc. ――― Investment properties - Development properties + Estimated purchaser's costs

The reconciliation calculations for the selected alternative key figures are provided under EPRA Earnings, EPRA NAV and EPRA NNNAV.