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HALF YEAR FINANCIAL REPORT 1.1.–30.6.2017

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

Sponda's 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.

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Sponda's year continues to be steady

JANUARY–JUNE 2017 IN BRIEF (COMPARED WITH 1 JANUARY – 30 JUNE 2016)

- Total revenue increased to EUR 133.0 (126.9) million.
- Net operating income totalled EUR 96.5 (92.3) million.
- Operating profit was EUR 71.8 (95.6) million. This includes a fair value change of EUR -20.7 (3.0) million.
- Cash flow from operations per share was EUR 0.19 (0.21).
- The fair value of the investment properties amounted to EUR 3,807.5 (3,713.2) million.
- Net assets (NAV) per share totalled EUR 5.13 (5.04).
- The economic occupancy rate was 89.1 (89.1)%.

APRIL–JUNE 2017 IN BRIEF (COMPARED WITH 1 APRIL – 30 JUNE 2016)

- Total revenue was EUR 66.8 (67.6) million.
- Net operating income totalled EUR 50.2 (50.2) million.
- Operating profit was EUR 27.5 (48.8) million. This includes a fair value change of EUR -21.7 (5.0) million.
- Cash flow from operations per share was EUR 0.11 (0.09).

KEY FIGURES

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Total revenue, M€	66.8	67.6	133.0	126.9	259.0
Net operating income, M€	50.2	50.2	96.5	92.3	190.9
Operating profit, M€	27.5	48.8	71.8	95.6	206.7
Earnings per share, €	0.05	0.09	0.14	0.18	0.41
Cash flow from operations per share, €	0.11	0.09	0.19	0.21	0.40
Equity per share, €			5.13	5.04	5.16
Equity ratio, %			46.6	46.3	47.4

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
EPRA Earnings, M€	31.2	33.1	58.1	53.9	113.1
EPRA Earnings per share, €	0.09	0.10	0.17	0.17	0.35
Company adjusted EPRA Earnings, M€	31.5	33.2	59.8	54.9	113.7
Company adjusted EPRA Earnings per share, €	0.09	0.10	0.18	0.17	0.35
EPRA NAV/share, €			5.42	5.35	5.49
EPRA NNNNAV/share, €			5.08	4.96	5.07
EPRA Net Initial Yield (NIY), %			5.63	5.55	5.29
EPRA "topped-up" NIY, %			5.64	5.57	5.31
EPRA Vacancy rate, %			10.93	10.94	10.38
EPRA Cost Ratio (including direct vacancy costs), %					16.36
EPRA Cost Ratio (excluding direct vacancy costs), %					12.40

PRESIDENT AND CEO KARI INKINEN

The second quarter of 2017 was a historic one for Sponda. At the beginning of June, Polar Bidco S.à r.l. (a corporation owned by funds advised by affiliates of The Blackstone Group LP) announced a tender offer to purchase all shares in Sponda. The offer price was EUR 5.19 per share, representing a premium of approximately 20% on the share price at the time. Sponda's Board of Directors unanimously recommended that the shareholders accept the tender offer and decided, based on the authorisation previously granted to it, to distribute a dividend of EUR 0.12 per share, which was deducted from the price offered for each share.

On 18 July, Polar Bidco S.à r.l. announced the final result of the tender offer, according to which they held 96.59% of all shares in Sponda. The offer period was extended until today, 4 August 2017.

Sponda's operational activities continued in steady fashion. Net operating income grew as planned and maintenance expenses increased mainly due to an increase in property taxes. The economic occupancy rate remained unchanged at 89.1%.

Our property development projects progressed as planned and on schedule. Ratina's topping out ceremony was held in May and the property will open in less than a year. The pre-let rate currently stands at 53% for the project as a whole and 64% for the shopping centre. The construction of our office and retail complex in Vantaa's Tikkurila district is also progressing on schedule. The pre-let rate is 65%.

MOW Stargate, the latest addition to our unique Mothership of Work (MOW) concept, will open its doors in August. It will provide 300 inspiring workstations in Ruoholahti for MOW members new and old. The staff and services of MOW Stargate are ready for the grand opening.

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

Economic growth in Finland exceeded forecasts during the first half of the year and it is expected to remain strong throughout the remainder of the year. The GDP growth forecasts have been adjusted upwards and according to the Ministry of Finance's forecast, the Finnish GDP will grow by 2.4% in 2017. Economic growth has a firmer foundation now that the positive development of private consumption and construction investments is complemented by stronger export and production investment growth. The rapid improvement of the economy also has a positive impact on employment. However, this impact has not yet been reflected in the unemployment rate, which is thought to be due to people in disguised unemployment becoming active jobseekers. According to Statistics Finland, the unemployment rate was 10.7% at the end of May.

According to the Consumer Survey published by Statistics Finland, confidence among consumers in their own economic situation and the Finnish economy remains high. The consumer confidence indicator was at 23.9 in June, compared to 14.9 in June 2016. Consumer prices have risen during the first half of the year but, according to the Ministry of Finance, the increase in prices was slower than usual. According to Statistics Finland, inflation was 0.7 per cent at the end of June.

Financial indicators

	2016	2017*	2018*	2019*
<i>Finnish GDP change, %</i>	1.9	2.4	1.6	1.5
<i>Unemployment rate, %</i>	8.8	8.5	8.1	7.8
<i>Consumer price index, %</i>	0.4	1.0	1.3	1.4

*) Forecast

The description of the business conditions was compiled using the following references: Ministry of Finance, Economic Survey, Summer 2017 (21 June 2017); Statistics Finland (27 June 2017, 13 July 2017, 14 July 2017); KTI Transaction information service: Property transactions in Finland 2017.

The transaction market (KTI)

It has continued to be a busy year in the Finnish property market. According to KTI Property Information's transaction monitoring, the transaction volume for the second quarter amounted to EUR 1.12 billion, which is below last year's record level (Q2/2016: EUR 2.39 billion) but high compared to the previous years. The cumulative volume for the first half of the year was EUR 2.22 billion (H1/2016: EUR 3.63 billion). Acquisitions by foreign players accounted for 47% of the volume.

Prime yields

According to Catella Property, the prime yields of office and retail properties continued to decline during the first half of the year. At the end of June, office properties had a prime yield of 4.3% (4.5%) and retail properties 4.5% (4.7%). The prime yields of office properties in the Helsinki metropolitan area ranged from 4.3% to 6.7% (4.5%–6.8%) and prime yields in Helsinki's central business district ranged from 4.3% to 5.5%. The prime yield of office properties in Tampere was 6.75% (6.75%).

Office property market

According to Catella, the vacancy rate for office premises in the Helsinki metropolitan area increased slightly during the first half of the year and was 14.0% (13.9%) at the end of June. The vacancy rate was 12.5% (11.6%) for Helsinki as a whole and 10.4% (14.0%) for the central business district. In Espoo, the vacancy rate was 19.5% (22.0%) and in Vantaa it was 14.8% (14.8%).

The rental levels for offices in the Helsinki metropolitan area increased slightly compared to the previous year. The average rental levels for office premises ranged from EUR 162 to 318 (162–312) per square metre per year. The average rent in Helsinki's central business district increased to EUR 318/m²/year.

The vacancy rate of the office premises market in Tampere rose to 14.8% (13.6%). The rental levels were unchanged from the previous year at EUR 168–228/m²/year.

Retail property market

The vacancy rate for retail premises in the Helsinki metropolitan area decreased to 4.2% (5.3%) during the first half of the year. The vacancy rate was 3.4% (4.0%) for Helsinki as a whole and 1.8% (2.3%) for the central business district. In Helsinki's central business district, the market rents for retail premises increased during the first half of the year and ranged from EUR 540 to 1,740 (540–1,680)/m²/year.

In Tampere, the vacancy rate for retail premises was 5.3% (4.4%) at the turn of the year, while the corresponding figure for Oulu was 5.9% (4.9%). Rental levels per square metre per year varied from EUR 420 to 900 (420–900) in Tampere and from EUR 420 to 960 (480–1,020) in Oulu.

New construction

According to Catella, there is more than 155,000 m² of new office space currently under construction in the Helsinki metropolitan area; the largest projects are located in Helsinki. The oversupply is reduced by old office premises being converted into homes and hotels. According to Catella, old office premises are being converted into homes at a rate of approximately 50,000 m² per year. The Helsinki metropolitan area will also see a large amount of new retail space completed in the next few years. The total floor area currently under construction is 220,000 m², some of which will replace old retail space that has been demolished.

GROUP RESULT IN JANUARY–JUNE 2017

Sponda Group's result for January–June was EUR 49.6 (58.5) million. The result before taxes was EUR 47.5 (70.2) million and operating profit was EUR 71.8 (95.6).

Net operating income for the period was EUR 96.5 (92.3) million. The year-on-year increase in net operating income was due to the Forum property acquisition, the effect of which is included in the comparison figures starting from 1 March 2016. Items that had a negative effect on the development of net operating income included property sales and the net operating income of a comparable portfolio, totalling EUR -1.4 million. Marketing and administration expenses exceeded the previous year's level at EUR 12.2 (11.4) million due to the public tender offer for all shares in the company as well as other items. Other operating income and expenses amounted to EUR 0.1 (0.5) million.

During the period, the Group recognised profit on sales of EUR 10.4 (12.6) million from the sales of investment and trading properties. The change in fair value of the investment properties during the period was negative at EUR -20.7 (3.0) million mainly due to the impact of an increase in property taxes on the fair values of properties. The Group's result includes amortisation of goodwill amounting to EUR 2.3 (1.3) million.

Financial income and expenses for the period totalled EUR -24.3 (-25.4) million. The net amount of financial income and expenses was favourably affected by the prices of the funding sources used as well as capitalised interest expenses, and they were negatively affected by the amount of interest-bearing liabilities.

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 – 30 JUNE 2017

At the end of June 2017, Sponda had a total of 165 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 70% is office premises, 17% shopping centres and 12% 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 June 2017, 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 June 2017. The change in the fair value of the investment properties in January–June was EUR -20.7 (3.0) million and in April–June alone EUR -21.7 (5.0) million. Yield requirements declined particularly for office and shopping centre properties in central Helsinki. The negative change in fair value in Finland was almost entirely attributable to an increase in property taxes. Yield requirements in Russia were not changed and the negative development was due to assumptions of decreasing rental levels.

Valuation gains/losses on fair value assessment

M€	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
<i>Changes in yield requirements (Finland)</i>	15.2	17.1	15.2	17.1	60.1
<i>Changes in yield requirements (Russia)</i>	0.0	-2.3	0.0	-4.1	-4.1
<i>Development gains on property development projects</i>	2.4	2.1	5.4	3.9	7.4
<i>Modernisation investments</i>	-9.5	-5.6	-18.5	-12.5	-31.0

Change in market rents and maintenance costs (Finland)	-18.4	5.4	-9.6	13.7	12.6
Change in market rents and maintenance costs (Russia)	-9.7	-9.6	-13.0	-10.7	-14.1
Change in currency exchange rates	-1.7	-0.2	-0.3	-2.4	-2.1
Investment properties, total	-21.7	7.0	-20.7	5.0	28.7
Real estate funds	0.0	-2.0	0.0	-2.0	-2.0
Realised share of fund profits	0.0	0.0	0.0	0.0	0.0
Group, total	-21.7	5.0	-20.7	3.0	26.7

Changes in Sponda's investment property assets 1 January – 30 June 2017

M€	Total	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings
Operating income	132.2	85.2	37.9	0.1	9.0
Maintenance expenses	-35.6	-22.6	-8.6	-1.2	-3.2
Net operating income	96.6	62.6	29.2	-1.1	5.8
Investment properties on 1 January 2017	3,755.5	2,190.4	1,195.4	184.3	185.3
Investment properties held for sale on 1 January 2017	32.8	10.6	-	3.3	18.9
Capitalised interest 2017	1.2	-	-	1.2	-
Acquisitions	-	-	-	-	-
Investments	64.2	16.0	2.6	45.5	0.1
Transfers between segments	-	-	-	-	-
Sales	-6.8	-1.5	-	-	-5.3
Change in fair value	-20.7	-11.9	0.1	5.4	-14.3
Reclassifications to non-current assets held for sale	-18.7	-8.1	-	-	-10.6
Investment properties on 30 June 2017	3,807.5	2,195.6	1,198.1	239.6	174.2
Change in fair value, %	-0.6	-0.5	0.0	2.9	-7.7
Weighted average yield requirement %	5.9	6.0	5.2		9.7
Weighted average yield requirement %, Finland	5.8				

RENTAL OPERATIONS

At the end of June 2017, Sponda had 1,860 clients and a total of 3,035 lease agreements. The company's largest tenants were the State of Finland (7.0% of rental income), Kesko Group (5.2% of rental income), HOK-Elanto Liiketoiminta Oy (3.7% of rental income) and Danske Bank Oyj (3.5% of rental income). Sponda's 10 largest tenants generate approximately 29% of the company's total rental income. Total cash flow from lease agreements at the end of June 2017 was EUR 1,025.3 (1,118.5) million.

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

	Number (agreements)	Area (m ²)	EUR/m ² /month
New agreements that came into effect during the period	91	17,239	19.2
Expired during the period	143	37,407	16.8
Extended or renewed during the period	56	59,289	22.3

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–June, like-for-like net rental growth was 0.4% (0.9%) for office properties and -5.6% (6.0%) for shopping centres. Like-for-like net rental incomes were reduced by higher maintenance expenses due to an increase in property taxes.

All of Sponda's lease agreements in Finland are tied to the cost of living index.

The **average length of all lease agreements** was 3.9 (4.0) years. The average length of lease agreements was 3.9 (4.0) years for office properties and 4.3 (4.8) years for shopping centres.

The lease agreements expire as follows:

% of rental income	Total property portfolio		Office Properties		Shopping Centres	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016	30.6.2017	30.6.2016
Within 1 year	18.8	15.5	20.2	13.8	11.2	9.9
Within 2 years	11.9	14.3	11.8	16.8	9.3	8.0
Within 3 years	11.3	11.4	11.5	12.2	11.1	10.6
Within 4 years	10.9	7.8	9.8	7.3	14.4	8.5
Within 5 years	12.2	10.5	10.2	9.4	19.4	14.3
Within 6 years	2.3	7.0	1.1	4.2	4.5	15.5
After more than 6 years	21.6	20.9	21.2	19.9	25.8	28.3
Valid indefinitely	11.1	12.7	14.2	16.6	4.3	4.8

The figures for the total property portfolio also include the properties in the Non-Strategic Holdings segment (logistics and Russia).

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

%	30.6.2017	31.3.2017	31.12.2016	30.9.2016	30.6.2016
Office Properties	89.0	89.0	89.2	88.8	88.3
<i>Helsinki business district</i>	92.8	92.6	91.8	91.5	91.5
<i>Ruoholahti</i>	82.6	82.7	85.0	85.0	84.6
<i>Rest of the metropolitan area</i>	87.3	87.2	87.5	86.1	85.3
<i>Tampere</i>	91.9	93.3	93.4	95.9	97.1
<i>Rest of Finland</i>	76.4	78.0	78.2	78.0	58.0
Shopping Centres	93.5	92.6	93.5	93.2	94.2
<i>Helsinki business district</i>	93.1	91.9	92.4	92.4	94.2
<i>Other</i>	94.1	93.8	95.4	94.5	94.2
Non-Strategic Holdings	72.6	77.0	79.9	79.8	78.5
<i>Logistics properties</i>	71.3	74.2	74.0	72.8	73.4
<i>Russia</i>	73.9	79.5	84.8	85.3	81.9
Total property portfolio	89.1	89.1	89.6	89.3	89.1

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 9.8 million during the first half of the year. In addition, trading properties were sold for EUR 8.9 million.

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.

Divestments

M€	1.4.- 30.6.2017	1.4.- 30.6.2016	1.1.- 30.6.2017	1.1.- 30.6.2016	1.1.- 31.12.2016
<i>Disposals of investment properties</i>					
<i>Selling price</i>	4.9	3.3	9.8	8.3	36.7
<i>Profit/loss on sale *)</i>	0.9	-0.2	3.0	0.0	0.8
<i>Balance sheet value</i>	4.0	3.5	6.8	8.3	35.9

*) Includes sales costs

Investments

M€	1.4.- 30.6.2017	1.4.- 30.6.2016	1.1.- 30.6.2017	1.1.- 30.6.2016	1.1.- 31.12.2016
<i>Properties acquired</i>	-	-1.9	-	-589.5	-590.5
<i>Modernisation investments</i>	-9.5	-5.6	-18.5	-12.5	-31.0
<i>Property development investments</i>	-24.1	-12.3	-45.7	-24.3	-60.9
<i>Investments, total</i>	-33.6	-19.7	-64.2	-626.2	-682.4

RESULTS BY SEGMENT

The 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 Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses.

Office Properties

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

Net operating income grew to EUR 62.5 (60.5) million in the first half of 2017. Demand for offices in Helsinki's central business district has remained high, and the occupancy rate in this area rose to 92.8% during the period. In the office market, demand is currently focused on adaptable activity-based offices and particularly properties in good locations.

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Total revenue, M€	43.2	42.8	85.5	82.8	167.2
Net operating income, M€	32.7	32.1	62.5	60.5	124.1
Operating profit, M€	17.2	40.9	46.0	67.6	138.4
EPRA Net Initial Yield (NIY), %			6.0	5.8	5.6
Economic occupancy rate, %			89.0	88.3	89.2
Fair value of properties, M€			2,195.6	2,173.6	2,190.4
-excludes properties classified as held for sale, M€			8.1	8.6	10.6
Change in fair value from beginning of year, M€			-11.9	12.6	25.2
Leasable area, m ²			801,500	808,500	808,500

Shopping Centres

The Shopping Centres segment is responsible for the leasing and development of shopping centres and retail premises as well as their commercial management and content.

Net operating income grew to EUR 29.2 (26.1) million in the first half of 2017. Tenant demand was particularly focused on properties located in city centres as well as retail premises that are served by good transport connections.

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Total revenue, M€	19.0	19.2	37.9	33.3	70.3
Net operating income, M€	14.8	15.0	29.2	26.1	54.8
Operating profit, M€	14.3	20.0	26.1	30.3	72.0
EPRA Net Initial Yield (NIY), %			4.9	5.0	4.4
Economic occupancy rate, %			93.5	94.2	93.5
Fair value of properties, M€			1,198.1	1,177.1	1,195.4
Change in fair value from beginning of year, M€			0.1	6.2	21.3
Leasable area, m ²			201,500	197,500	198,000

Property Development

The Property Development segment is responsible for the marketing and implementation of new property development projects. Property development operations comprise new construction projects and the refurbishment of existing properties.

The balance sheet value of Sponda's property development portfolio stood at EUR 239.6 million at the end of June 2017. Of this total, EUR 47.9 million was in undeveloped land sites and the remaining EUR 191.7 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.

The Property Development unit invested a total of EUR 45.5 million in January–June. 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 new shopping centre's frame and roof has been completed. Most of the facade's glass walls have already been installed and other cladding work on the facade is underway. The interior walls are mostly in place and painting has begun. Work on building service systems is proceeding in parallel with the construction work. Finishing and surfacing work is also underway on Ratina's outdoor areas. Work on the renovated properties connected to the shopping centre 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 143 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 64% of the leasable area. The pre-let rate for the Ratina project as a whole is approximately 53%.

Sponda's other significant new construction project, an office and retail complex at Tikkurila railway station in Vantaa, will be implemented in two phases. The installation of the frame elements for the first stage of construction is underway and work on building service systems is getting started. The interior construction stage will begin in autumn 2017.

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 approximately 7.3%. Some EUR 12.5 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.

Non-Strategic Holdings

The Non-Strategic Holdings segment includes the remaining logistics properties and properties in Russia.

The fair value of the investment properties in the Non-Strategic Holdings segment stood at EUR 174.2 million at the end of June. Of this total, logistics properties accounted for EUR 81.6 million and properties in Russia for EUR 92.5 million.

The occupancy rate of the logistics properties was 71.3% (73.4%) and that of the properties in Russia was 73.9% (81.9%).

Logistics properties were sold for EUR 7.6 million during the first half of 2017. The balance sheet value of the sold properties was EUR 5.3 million.

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 June 2017.

FINANCING AND BALANCE SHEET KEY FIGURES

Sponda Group's interest-bearing debt amounted to EUR 1,939 (1,913) million at the end of June 2017, the Group's cash funds totalled EUR 33 (81) million, and net debt was EUR 1,906 (1,832) million. The debt portfolio comprised EUR 500 million in syndicated loans, EUR 325 million in bonds, EUR 350 million in issued commercial papers, and EUR 764 million in loans from financial institutions. Sponda had EUR 613 million in unused credit limits. The increase in loans from financial institutions and credit limits was attributable to a financing arrangement concluded by the company in the second quarter. Mortgaged loans amounted to EUR 177.6 million, or approximately 4.5% of the consolidated balance sheet.

The key balance sheet figures for the end of the second quarter were stable. Sponda's equity ratio on 30 June 2017 stood at 46.6% (46.3%). The gearing ratio was 103.8% (101.3%) and Loan to Value (LTV) based on net debt was 49.3% (48.5%). The weighted average maturity of Sponda's loans was 2.2 (2.8) years. The average interest rate was 2.4% (2.7%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 64% (70%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 1.2 (1.6) years.

Sponda's net financing costs for the period totalled EUR -24.3 (-25.4) million. Interest expenses of EUR 1.2 (0.4) million were capitalised. Net cash flow from operations in the period under review totalled EUR 68.6 (62.6) million. Net cash flow from investing activities was EUR -56.0 (-620.3) million and the net cash flow from financing activities was EUR 7.8 (417.3) million.

Balance sheet key figures

	30.6.2017	31.3.2017	31.12.2016	30.9.2016	30.6.2016
<i>Equity ratio, %</i>	46.6	47.4	47.4	47.2	46.3
<i>Gearing ratio, %</i>	103.8	100.1	100.0	100.8	101.3
<i>Average interest rate, %</i>	2.4	2.7	2.7	2.8	2.7
<i>Hedging, %</i>	64	72	67	67	70
<i>Average loan maturity, years</i>	2.2	2.4	2.6	2.8	2.8
<i>Average fixed interest rate period, years</i>	1.2	1.4	1.4	1.5	1.6
<i>Loan to Value (LTV)*, %</i>	49.3	48.2	48.3	48.3	48.5
<i>Interest-bearing debt, EUR million</i>	1,939	1,875	1,863	1,840	1,913
<i>Unused credit limits, EUR million</i>	613	438	438	440	440

*) Based on net debt

SPONDA'S SHARE AND SHAREHOLDERS

Issued shares and share capital

At the end of June 2017, Sponda Plc's share capital amounted to EUR 111,030,185 and the number of issued shares was 339,690,554.

Trading in Sponda's shares

The Sponda share is quoted on NASDAQ Helsinki Ltd. The weighted average price of the share in the second quarter was EUR 4.83. The highest quotation was EUR 5.25 and the lowest EUR 3.89. Turnover during the period totalled some 50 million shares, or approximately EUR 242 million. The closing price of the share on 30 June 2017 was EUR 5.07 and the market capitalisation of the company's share capital was EUR 1,499 million.

Board authorisations

The Annual General Meeting on 20 March 2017 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 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. The authorisation is valid until the next Annual General Meeting. The authorisation was exercised in full during the review period.

Treasury shares

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

Polar Bidco S.à r.l. tender offer for all shares in Sponda

On 5 June 2017, Polar Bidco S.à r.l., a corporation owned by funds advised by affiliates of The Blackstone Group L.P., and Sponda Plc signed a combination agreement. According to the agreement, Polar Bidco made a voluntary public tender offer to purchase all issued and outstanding shares in Sponda. The Board of Directors of Sponda unanimously recommended the shareholders to accept the tender offer. In the tender offer, Sponda shareholders will be offered a cash consideration of EUR 5.19 for each share in Sponda representing an aggregate equity purchase price of approximately EUR 1,763 million for Sponda shares. More detailed information on the tender offer is available on Sponda's website at <http://sijoittajat.sponda.fi/fi-FI/tender-offer>.

Dividend

On 5 June 2017, the Board of Directors of Sponda Plc decided, based on the authorisation granted to it by the Annual General Meeting held on 20 March 2017, on the payment of a dividend amounting to the maximum amount in accordance with the authorisation. A dividend of EUR 0.12 per share was paid to shareholders entered in the company's shareholder register maintained by Euroclear Finland Ltd on the dividend record date, 7 June 2017. The dividend payment date was 14 June 2017.

In accordance with the terms and conditions of the tender offer for all the issued and outstanding shares in Sponda as announced by Polar Bidco S.à r.l., the payment of dividend reduced the offer price payable for each share.

Shareholders

On 30 June 2017, Sponda had altogether 8,866 shareholders (31 March 2017: 11,022) and its ownership structure by sector was as follows:

	Number of shares	Holding, %
<i>Public entities, total</i>	33,632,677	9.90
<i>Financial and insurance institutions, total</i>	38,651,986	11.38
<i>Households</i>	19,656,349	5.79
<i>Private corporations, total</i>	98,276,466	28.93
<i>Non-profit organisations, total</i>	8,507,969	2.51
<i>Foreign owners, total</i>	1,585,294	0.47
<i>Nominee-registered</i>	139,379,813	41.03
<i>Total</i>	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	The State Pension Fund	3,950,000	1.16
6	OP-Finland Value Fund	1,698,952	0.50
7	OP-Finland Small Cap Fund	1,518,678	0.45
8	Skagen M2 Fund	758,937	0.22
9	Jane and Aatos Erkkö Foundation	689,000	0.20
10	Norvestia Plc	688,196	0.20
	Total	172,870,043	50.89

Flagging notices

The following flagging notices were issued during and after the review period:

- Stock Exchange Release 7 June 2017: The holding of Polar Bidco S.à r.l. in Sponda Plc's shares is 7.50% (25,465,390 shares).
- Stock Exchange Release 8 June 2017: The holding of Polar Bidco S.à r.l. in Sponda Plc's shares is 11.77% (39,978,703 shares).
- Stock Exchange Release 6 July 2017: The holding of Polar Bidco S.à r.l. in Sponda Plc's shares is 15.18% (51,570,566 shares).
- Stock Exchange Release 20 July 2017: The holding of Mercator Invest Ab in Sponda Plc's shares is 0% (0 shares).
- Stock Exchange Release 20 July 2017: The holding of Polar Bidco S.à r.l. in Sponda Plc's shares is 96.78% (328,748,635 shares).
- Stock Exchange Release 21 July 2017: The holding of Hartwall Capital Oy Ab in Sponda Plc's shares is 0% (0 shares).
- Stock Exchange Release 21 July 2017: The holding of Varma Mutual Pension Insurance Company in Sponda Plc's shares is 0% (0 shares).

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.

BOARD OF DIRECTORS AND AUDITORS

The members of Sponda Plc's Board of Directors for the term ending at the 2018 Annual General Meeting are Kaj-Gustaf Bergh, Christian Elfving, Paul Hartwall, Outi Henriksson, Leena Laitinen, Juha Metsälä and Raimo Valo. At its constitutive meeting, the Board of Directors elected Kaj-Gustaf Bergh as its chairman and Leena Laitinen as its deputy chairman.

The Board of Directors assessed that, of its members, 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: Outi Henriksson (chairman), Raimo Valo (deputy chairman) and Paul Hartwall (ordinary member).

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

SPONDA'S MANAGEMENT

Sponda Plc's President and Chief Executive Officer is Kari Inkinen. 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.

PERSONNEL

The objectives of Sponda's human resource strategy for 2017 are as follows: developing competence management, investing in good leadership and developing well-being at work.

Key figures for personnel

	30.6.2017	30.6.2016	31.12.2016
<i>Number of employees at the end of the period, Group</i>	109	110	102
<i>Number of employees at the end of the period, parent company</i>	104	102	96
<i>Average number of employees, Group</i>	107	109	107
<i>Average number of employees, parent company</i>	103	98	98
<i>Average age at the end of the period</i>	45.6	-	45.7
<i>Employee turnover (out/in)</i>	5.8%	2.9%	13.0%
<i>New hires</i>	8	2	13
<i>Resignations</i>	4	4	12
<i>Occupational accidents</i>	2	2	4
<i>Days of sick leave caused by occupational accidents</i>	6	0	0
<i>Personnel by group in the parent company</i>			
<i>Administration</i>	36	-	32
<i>Office Properties</i>	27	-	26
<i>Shopping Centres</i>	17	-	15
<i>Property Development</i>	12	-	12
<i>Non-Strategic Holdings</i>	8	-	7
<i>Property investments</i>	4	-	4
<i>Marketing and administration expenses, EUR million</i>	12.2	11.4	22.7

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 to increase the commitment of the Group's key personnel. The incentive scheme comprises three three-year vesting periods, corresponding to the calendar years 2015–2017, 2016–2018, and 2017–2019. 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 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 earning criteria for the 1 January 2017–31 December 2019 vesting period are the Group's average Return on Capital Employed (ROCE) in the financial periods 2017–2019, the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the financial periods 2017–2019 and the growth of the property portfolio. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The long-term incentive scheme covers the members of the Executive Board. 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 2015, 4 February 2016 and 3 February 2017 as well as the company's Remuneration Statement.

ENVIRONMENTAL RESPONSIBILITY

The development of Sponda's responsible operations is guided by Sponda's vision of being the most reliable, profitable and responsible operator in the property sector, implementing sustainable development. Environmental responsibility is a strategic focus area of Sponda's. Sponda's key objectives in the area of environmental responsibility in 2017 are related to reducing the energy consumption and carbon dioxide emissions of properties, promoting energy efficiency measures and moving forward with the LEED and BREEAM environmental certification of properties.

Sponda's Citycenter shopping centre was awarded BREEAM In-Use Very Good certification in June 2017. The shopping centre received particularly good ratings for the property's location and public transport connections as well as its effective waste management. Sponda also had several active certification processes underway at the end of the second quarter. At the end of the reporting period, environmentally certified properties represented 27% of the total leasable area of Sponda's property portfolio.

Sponda has invested in measures to improve its energy efficiency for many years, and the company's own energy efficiency target is to achieve energy savings of 20% by 2020, using the average energy consumption in 2001–2005 as the baseline. The Property and Building Sector Energy Efficiency Agreement 2017–2025 enacted by the Ministry of the Environment, the Ministry of

Economic Affairs and Employment, the Finnish Energy Authority and the Finnish Association of Building Owners and Construction Clients (RAKLI) entered into effect at the beginning of 2017. Sponda's indicative energy savings target for the term of the agreement is 7.5% by 2025, using energy consumption in 2015 as the baseline. The company is making progress on schedule to achieve these targets.

Sponda's key environmental indicators are its total energy consumption, carbon footprint, water consumption, waste recovery rate and the waste recycling and reuse rate. The key indicators are reported as specific consumption figures and the denominator used in the calculations is the gross floor area (GFAM²) for the reporting period. The calculation of the key environmental indicators takes into account properties located in Finland in which Sponda's ownership is at least 50%. The reporting does not cover properties leased cold, meaning properties in which the tenant is responsible for property maintenance, energy purchasing or waste management. The key indicators are reported for the preceding 12-month period and the comparison period.

The development of Sponda's key indicators of environmental responsibility for the period under review was affected by changes in the property portfolio between reporting periods.

Key indicators of environmental responsibility

Sponda's properties in Finland	07/2016–06/2017	07/2015–06/2016	Number of properties
<i>Specific energy consumption, kWh/gross m²</i>	202.3	194.5	111
<i>Specific carbon dioxide emissions, kg CO₂/gross m²</i>	38.9	38.0	111
<i>Specific water consumption, l/gross m²</i>	262.4	252.9	110
<i>Waste recovery rate, %</i>	100.0	98.3	
<i>Waste recycling and reuse rate, %</i>	47.4	47.2	

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 slower than expected positive development of the Finnish economy may cause **a decline in the 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.

Statutory requirements related to the strengthening of banks' solvency may lead to **weakening availability of bank financing**. Uncertainty about the development of the world economy and **interest rates** may affect the pricing 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.

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.

EVENTS AFTER THE PERIOD

On 17 July, Polar Bidco S.à r.l. announced the preliminary result of its tender offer to purchase all shares in Sponda Plc. The full release is available on the company website.

On 18 July, Polar Bidco S.à r.l. announced the final result of its tender offer to purchase all shares in Sponda Plc. The full release is available on the company website.

On 19 July, Polar Bidco S.à r.l. announced that it has supplemented the tender offer document dated 12 June 2017 regarding the tender offer. The full release is available on the company website.

4 August 2017
Sponda Plc
Board of Directors

Additional information:

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NASDAQ OMX Helsinki
Media
www.sponda.fi

SPONDA PLC INTERIM REPORT 1 JANUARY – 31 JUNE 2017, TABLES
Consolidated income statement

M€	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	66.8	67.5	132.8	126.8	258.6
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.2	0.2	0.3
	66.8	67.6	133.0	126.9	259.0
<i>Expenses</i>					
<i>Maintenance expenses</i>	-16.6	-17.4	-36.4	-34.6	-68.0
Net operating income	50.2	50.2	96.5	92.3	190.9
<i>Profit/loss on sales of investment properties</i>	0.9	-0.2	3.0	0.0	0.8
<i>Valuation gains/losses on fair value assessment</i>	-21.7	5.0	-20.7	3.0	26.7
<i>Amortisation of goodwill</i>	-1.2	-0.7	-2.3	-1.3	-3.1
<i>Profit/loss on sales of associated companies</i>	-	-	-	-	-0.1
<i>Profit/loss on sales of trading properties</i>	5.7	0.0	7.5	12.5	14.6
<i>Sales and marketing expenses</i>	-0.6	-0.5	-1.2	-1.1	-2.1
<i>Administrative expenses</i>	-5.9	-5.1	-11.0	-10.3	-20.6
<i>Other operating income</i>	0.3	0.1	0.3	0.6	0.5
<i>Other operating expenses</i>	-0.2	0.0	-0.2	-0.1	-0.8
Operating profit	27.5	48.8	71.8	95.6	206.7
<i>Financial income</i>	0.4	1.6	0.6	2.5	3.2
<i>Financial expenses</i>	-12.5	-13.9	-24.9	-27.9	-54.4
<i>Total amount of financial income and expenses</i>	-12.2	-12.3	-24.3	-25.4	-51.2
<i>Profit before taxes</i>	15.3	36.5	47.5	70.2	155.5
<i>Income taxes for current and previous fiscal years</i>	-0.4	-0.1	-0.7	-2.4	-2.4
<i>Deferred taxes</i>	2.3	-4.7	2.8	-9.4	-15.6
<i>Income taxes, total</i>	2.0	-4.8	2.1	-11.8	-17.9
Profit/loss for the period	17.3	31.7	49.6	58.5	137.5
<i>Attributable to:</i>					
<i>Equity holders of parent company</i>	17.3	31.7	49.6	58.5	137.5
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0
<i>Earnings per share based on profit attributable to equity holders of the parent company</i>					
<i>Basic and diluted, €</i>	0.05	0.09	0.14	0.18	0.41

Consolidated statement of other comprehensive income

M€	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
<i>Profit/loss for the period</i>	17.3	31.7	49.6	58.5	137.5
<i>Other comprehensive income</i>					
<i>Items that will not be reclassified to profit or loss</i>					
<i>Items arising from the remeasurement of defined benefit liabilities (or assets)</i>	0.0	-	0.0	-	0.2
<i>Taxes on items that will not be reclassified to profit or loss</i>	-	-	-	-	0.0
<i>Items that will not be reclassified to profit or loss, total</i>	0.0	-	0.0	-	0.1
<i>Items that may be reclassified subsequently to profit or loss</i>					
<i>Net loss/profit from cash flow hedges</i>	3.2	1.3	7.0	0.1	8.3
<i>Translation differences</i>	-0.4	0.2	-0.3	0.6	2.3
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	-0.5	-0.3	-1.3	-0.2	-2.8
<i>Items that may be reclassified subsequently to profit or loss, total</i>	2.3	1.2	5.3	0.5	7.8
<i>Other comprehensive income for the period after taxes</i>	2.3	1.2	5.3	0.5	8.0
<i>Comprehensive profit/loss for the period</i>	19.7	32.9	54.9	59.0	145.5
<i>Attributable to:</i>					
<i>Equity holders of parent company</i>	19.7	32.9	54.9	59.0	145.5
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0

Consolidated balance sheet

M€	30.6.2017	30.6.2016	31.12.2016
ASSETS			
<i>Non-current assets</i>			
<i>Investment properties</i>	3,807.5	3,713.2	3,755.5
<i>Investments in real estate funds</i>	22.5	20.5	22.4
<i>Property, plant and equipment</i>	13.5	13.0	12.9
<i>Goodwill</i>	6.1	10.3	8.5
<i>Other intangible assets</i>	1.7	2.1	1.7
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Other investments</i>	5.7	0.3	0.2
<i>Deferred tax assets</i>	12.9	9.6	15.4
<i>Non-current assets total</i>	3,872.6	3,771.8	3,819.4
<i>Current assets</i>			
<i>Trading properties</i>	7.1	9.6	7.2
<i>Trade and other receivables</i>	24.6	27.3	44.2
<i>Cash and cash equivalents</i>	32.7	81.0	12.9
<i>Current assets total</i>	64.4	117.9	62.2
<i>Non-current assets held for sale</i>	18.7	22.1	32.8
<i>Total assets</i>	3,955.7	3,911.8	3,916.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent company</i>			
<i>Share capital</i>	111.0	111.0	111.0
<i>Share issue premium</i>	159.4	159.4	159.4
<i>Invested non-restricted equity reserve</i>	652.7	652.7	652.7
<i>Fair value reserve</i>	-17.0	-29.2	-22.6
<i>Revaluation reserve</i>	0.7	0.7	0.7
<i>Other equity fund</i>	94.0	94.0	94.0
<i>Translation differences</i>	0.7	0.3	0.9
<i>Retained earnings</i>	833.4	818.2	851.8
	1,835.0	1,807.2	1,848.1
<i>Non-controlling interest</i>	1.8	1.8	1.8
<i>Shareholders' equity, total</i>	1,836.7	1,809.0	1,849.9
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Deferred tax liabilities</i>	89.2	80.6	93.1
<i>Provisions</i>	0.6	2.4	2.4
<i>Interest-bearing loans and borrowings</i>	1,263.2	1,427.8	1,313.9
<i>Other liabilities</i>	21.1	37.5	28.2
<i>Non-current liabilities total</i>	1,374.1	1,548.3	1,437.7
<i>Current liabilities</i>			
<i>Current interest-bearing liabilities</i>	675.9	484.8	548.6
<i>Trade and other payables</i>	68.4	60.6	79.7
<i>Tax liabilities based on the taxable income for the period</i>	0.2	8.7	0.4
<i>Current liabilities total</i>	744.5	554.1	628.6
<i>Liabilities associated with non-current assets held for sale</i>	0.4	0.4	0.3
<i>Total borrowings</i>	2,119.0	2,102.8	2,066.6
<i>Total equity and liabilities</i>	3,955.7	3,911.8	3,916.5

Consolidated Cash Flow Statement

M€	1-6/2017	1-6/2016	1-12/2016
<i>Cash flow from operating activities</i>			
<i>Profit for the period</i>	49.6	58.5	137.5
<i>Adjustments</i>	46.9	31.8	40.5
<i>Change in net working capital</i>	2.4	3.1	7.9
<i>Interest received</i>	0.2	0.2	0.5
<i>Interest paid</i>	-27.7	-24.7	-45.1
<i>Other financial items</i>	-2.1	-5.4	-7.8
<i>Dividends received</i>	0.0	0.0	0.0
<i>Taxes received/paid</i>	-0.6	-0.8	-11.0
<i>Net cash provided by operating activities</i>	68.6	62.6	122.5
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-65.3	-627.9	-684.6
<i>Capital expenditure on real estate funds</i>	0.0	-1.1	-3.0
<i>Acquisition of tangible and intangible assets</i>	-0.4	-0.1	-0.1
<i>Proceeds from disposal of investment properties</i>	9.7	8.4	36.4
<i>Proceeds from disposal of real estate funds</i>	-	-	-
<i>Proceeds from disposal of shares in associated companies</i>	-	-	0.2
<i>Proceeds from disposal of tangible and intangible assets</i>	-	0.4	0.4
<i>Capital repayments from associated companies</i>	-	-	-
<i>Repayments of loan receivables</i>	-	-	-
<i>Net cash flow from investment activities</i>	-56.0	-620.3	-650.8
<i>Cash flow from financing activities</i>			
<i>Proceeds from share issue</i>	0.0	219.0	218.5
<i>Non-current loans, raised</i>	0.0	500.0	595.7
<i>Non-current loans, repayments</i>	-150.5	-347.9	-444.1
<i>Current loans, raised/repayments</i>	226.1	99.9	49.5
<i>Interest paid on hybrid bond</i>	-	-	-6.4
<i>Dividends paid</i>	-67.9	-53.8	-94.5
<i>Net cash flow from financing activities</i>	7.8	417.3	318.7
<i>Change in cash and cash equivalents</i>	20.3	-140.4	-209.5
<i>Cash and cash equivalents, beginning of period</i>	12.9	220.0	220.0
<i>Impact of changes in exchange rates</i>	-0.5	1.4	2.4
<i>Cash and cash equivalents, end of period</i>	32.7	81.0	12.9

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
<i>Equity 1 January 2017</i>	111.0	159.4	652.7	-22.6	0.7	94.0	0.9	851.8	1,848.1	1.8	1,849.9
<i>Comprehensive income</i>											
<i>Profit for the period</i>								49.6	49.6	0.0	49.6
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>				5.6					5.6	0.0	5.6
<i>Translation differences</i>							-0.3		-0.3	0.0	-0.3
<i>Comprehensive income, total</i>				5.6			-0.3	49.6	54.9	0.0	54.9
<i>Transactions with shareholders</i>											
<i>Share issue</i>											
<i>Dividend payment</i>								-67.9	-67.9	0.0	-67.9
<i>Transactions with shareholders, total</i>								-67.9	-67.9	0.0	-67.9
<i>Repurchase of hybrid bond</i>											
<i>Interest paid on hybrid bond</i>											
<i>Change</i>								-0.1	-0.1	0.0	-0.1
<i>Equity 30 June 2017</i>	111.0	159.4	652.7	-17.0	0.7	94.0	0.7	833.4	1,835.0	1.8	1,836.7

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
<i>Equity 1 January 2016</i>	111.0	159.4	433.8	-29.2	0.7	94.0	-0.2	813.7	1,583.2	1.8	1,585.0
<i>Comprehensive income</i>											
<i>Profit for the period</i>								58.5	58.5	0.0	58.5
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>				0.1					0.1	0.0	0.1
<i>Translation differences</i>							0.5		0.5	0.0	0.5
<i>Comprehensive income, total</i>				0.1			0.5	58.5	59.0	0.0	59.0
<i>Transactions with shareholders</i>											
<i>Share issue</i>			219.0						219.0		219.0
<i>Dividend payment</i>								-53.8	-53.8	0.0	-53.8
<i>Transactions with shareholders, total</i>			219.0					-53.8	165.2	0.0	165.2
<i>Repurchase of hybrid bond</i>											
<i>Interest paid on hybrid bond</i>											
<i>Change</i>								-0.2	-0.2	0.0	-0.2
<i>Equity 30 June 2016</i>	111.0	159.4	652.7	-29.2	0.7	94.0	0.3	818.2	1,807.2	1.8	1,809.0

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€	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
EPRA Earnings					
<i>Earnings for the period per IFRS income statement</i>	17.3	31.7	49.6	58.5	137.5
<i>-/+ Net profits or losses from fair value assessment of investment properties</i>	21.7	-5.0	20.7	-3.0	-26.7
<i>-/+ Net profits or losses on disposal of investment properties</i>	-0.9	0.2	-3.0	0.0	-0.7
<i>-/+ Net profits or losses on sales of trading properties</i>	-5.7	0.0	-7.5	-12.5	-14.6
<i>+/- Taxes arising from above items based on result</i>	-	0.8	-	0.8	-0.9
<i>+/- Impairment and amortisation of goodwill</i>	1.2	0.7	2.3	1.3	3.1
<i>-/+ Changes in fair value of financial instruments</i>	0.2	0.2	0.5	0.6	0.4
<i>+/- Deferred taxes arising from the above items</i>	-2.7	4.6	-4.6	8.3	15.0
EPRA Earnings	31.2	33.1	58.1	53.9	113.1
EPRA Earnings per share, €	0.09	0.10	0.17	0.17	0.35
Company adjustments:					
<i>Deferred taxes on operating result</i>	0.4	0.1	1.8	1.0	0.6
<i>Effect on income taxes from change in fair value</i>	0.0	-	-0.1	-	-0.1
Adjusted EPRA Earnings	31.5	33.2	59.8	54.9	113.7
Adjusted Earnings per share, €	0.09	0.10	0.18	0.17	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 €	4- 6/201 7	4- 6/201 6	1- 6/2017	1- 6/2016	1- 12/2016
EPRA Earnings					
Net operating income	50.2	50.2	96.5	92.3	190.9
+ Realised share of fund profits	-	-	-	-	-
- Operational marketing and administration expenses	-6.5	-5.7	-12.2	-11.4	-22.8
+/- Other operational income and expenses from business operations	0.1	0.2	0.1	0.5	-0.4
Operating profit	43.8	44.7	84.4	81.3	167.8
+/- Operational financial income and expenses	-11.9	-12.2	-23.9	-24.8	-50.8
-/+ Taxes based on operating result	-0.4	0.7	-0.7	-1.6	-3.2
- Deferred taxes based on operating result	-0.4	-0.1	-1.8	-1.0	-0.6
EPRA Earnings	31.2	33.1	58.1	53.9	113.1
EPRA Earnings per share, €	0.09	0.10	0.17	0.17	0.35
Company adjustments:					
Deferred taxes on operating result	0.4	0.1	1.8	1.0	0.6
Effect on income taxes from change in fair value	0.0	-	-0.1	-	-0.1
Adjusted EPRA Earnings	31.5	33.2	59.8	54.9	113.7
Adjusted Earnings per share, €	0.09	0.10	0.18	0.17	0.35

EPRA NAV (net asset value) and EPRA NNAV (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 NNAV 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€	30.6.2017	30.6.2016	31.12.2016
Equity attributable to equity holders of the parent company			
- Other equity reserve	1,835.0	1,807.2	1,848.1
+ Fair value of financial instruments	-94.0	-94.0	-94.0
+ Deferred tax liabilities arising from the fair value assessment of investment properties	19.0	36.5	28.1
- Goodwill arising from the fair value assessment of investment properties	88.2	79.6	92.8
EPRA NAV, M€	1,841.9	1,819.0	1,866.5
EPRA NAV/share, €	5.42	5.35	5.49
EPRA NNAV/share, €			
EPRA NAV, M€	1,841.9	1,819.0	1,866.5
- Fair value of financial instruments	-19.0	-36.5	-28.1
-/+ Difference between the fair value and balance sheet value of liabilities	-8.5	-16.8	-22.0
- Deferred tax liabilities arising from the fair value assessment of investment properties	-88.2	-79.6	-92.8
EPRA NNAV, M€	1,726.3	1,686.1	1,723.6
EPRA NNAV/share, €	5.08	4.96	5.07

NOTES TO THE INTERIM REPORT

Accounting principles

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

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities as well as the recognition of income and expenses. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may differ from the 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 interim report have not been audited.

IFRS 15 Revenue from Contracts with Customers will replace the current IAS 18 and IAS 11 standards and related interpretations effective from 1 January 2018. Sponda Group's revenues are almost entirely comprised of rental income based on lease agreements, which are within the scope of application of IAS 17 / IFRS 16 Leases. As a result, the standard will not have a significant impact on the Group's reporting. The potential impacts of the standard are related to the recognition of revenue from property sales.

IFRS 9 will replace the current IAS 39 standard effective from 1 January 2018. The most significant changes in the new standard are related to the classification of financial instruments, liabilities and investments, the accounting of credit losses and requirements pertaining to hedge accounting. Due to Sponda Plc's financing structure, the effects of the new standard on the Group's reporting will be minor.

More detailed information on the new standards and their impacts on the Group's reporting is provided in Sponda Plc's consolidated financial statements of 31 December 2016.

Segment information

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 Property Investment Companies segment. The Other segment includes expenses not allocated to any of the Group's businesses.

Income statement by segment

1-6/2017 M€	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings	Other	Group total
Total revenue	85.5	37.9	0.5	9.0	0.0	133.0
Maintenance expenses and direct fund expenses	-23.0	-8.7	-1.5	-3.2	-	-36.4
Net operating income	62.5	29.2	-1.0	5.8	0.0	96.5
Profit on sales of investment properties	0.7	-	-	2.8	-	3.5
Loss on sales of investment properties	-	-	0.0	-0.5	-	-0.5
Profit/loss on trading properties	-	-	7.5	-	-	7.5
Valuation gains/losses on fair value assessment	-11.9	0.1	5.4	-14.3	-	-20.7
Amortisation of goodwill	-	-	-2.3	-	-	-2.3
Administration and marketing	-5.2	-3.1	-2.5	-1.3	0.0	-12.2
Other operating income and expenses	0.0	-0.1	0.3	0.0	0.0	0.1
Operating profit	46.0	26.1	7.3	-7.6	0.0	71.8
Investments	16.0	2.6	45.5	0.1	1.1	65.3
Segment assets	2,206.4	1,198.1	245.8	207.2	98.3	3,955.7
- of which classified as held for sale	8.1	-	-	10.6	-	18.7
Economic Occupancy Rate	89.0	93.5	-	72.6	-	89.1

1-6/2016 M€	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings	Other	Group total
Total revenue	82.8	33.3	0.6	10.2	0.1	126.9
Maintenance expenses and direct fund expenses	-22.3	-7.2	-1.2	-4.0	0.0	-34.6
Net operating income	60.5	26.1	-0.6	6.2	0.1	92.3
Profit on sales of investment properties	0.2	-	-	0.2	-	0.4
Loss on sales of investment properties	-	-	-0.4	-	0.0	-0.4
Profit/loss on trading properties	-	-	12.5	-	0.0	12.5
Valuation gains/losses on fair value assessment	12.6	6.2	3.9	-19.7	-	3.0
Amortisation of goodwill	-	-	-1.3	-	0.0	-1.3
Administration and marketing	-5.7	-1.9	-2.1	-1.3	-0.4	-11.4
Other operating income and expenses	0.1	-0.1	0.1	0.1	0.2	0.5
Operating profit	67.6	30.3	12.2	-14.5	-0.1	95.6
Investments	171.2	430.1	24.3	1.8	0.0	627.5
Segment assets	2,185.0	1,177.1	159.6	247.1	143.0	3,911.8
- of which investment properties held for sale	8.6	-	-	13.5	-	22.1
Economic Occupancy Rate	88.3	94.2	-	78.5	-	89.1

Key figures

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Earnings per share, €	0.05	0.09	0.14	0.18	0.41
Equity ratio, %			46.6	46.3	47.4
Gearing ratio, %			103.8	101.3	100.0
Equity per share, €			5.13	5.04	5.16
Cash flow from operations per share, €	0.11	0.09	0.19	0.21	0.40

Quarterly key figures

	Q2/2016	Q1/2017	Q4/2016	Q3/2016	Q2/2016
Total revenue, M€	66.8	66.1	65.7	66.3	67.6
Net operating income, M€	50.2	46.3	47.2	51.5	50.2
Valuation gains/losses on fair value assessment, M€	-21.7	1.0	33.7	-10.0	5.0
Operating profit, M€	27.5	44.3	73.9	37.2	48.8
Financial income and expenses, M€	-12.2	-12.2	-13.1	-12.8	-12.3
Profit/loss for the period, M€	17.3	32.3	60.3	18.8	31.7
Investment properties, M€	3,807.5	3,805.5	3,755.5	3,692.7	3,713.2
Shareholders' equity, M€	1,836.7	1,857.7	1,849.9	1,810.1	1,809.0
Interest-bearing liabilities, M€	1,939.1	1,875.1	1,862.5	1,839.9	1,912.7
Earnings per share, €	0.05	0.09	0.17	0.05	0.09
Cash flow from operations per share, €	0.11	0.08	0.08	0.10	0.09
EPRA NAV/share, €	5.42	5.50	5.49	5.38	5.35
Economic Occupancy Rate, %	89.1	89.1	89.6	89.3	89.1

Itemisations required for alternative key figures

M€	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Depreciation in administration	-0.3	-0.2	-0.5	-0.5	-1.0
Defined benefit pension plans	0.0	0.0	0.0	0.0	0.0
Financial income and expenses affecting cash flow	-12.6	-12.7	-27.7	-25.8	-52.0
Change in provisions in the income statement / realised provision	-	-	1.8	-	-
Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes	-	-	-	-	-
Advances received			4.7	4.1	5.7
Rent deposits received			5.5	4.6	5.2

Investment Properties

At the end of June 2017, Sponda had a total of 165 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 12% 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 June 2017, 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 June 2017. The change in the fair value of the investment properties in January–June was EUR -20.7 (3.0) million and in April–June alone EUR -21.7 (5.0) million. Yield requirements declined particularly for office and shopping centre properties in central Helsinki. The negative change in fair value in Finland was almost entirely attributable to an increase in property taxes. Yield requirements in Russia were not changed and the negative development was due to assumptions of decreasing rental levels.

M€	30.6.2017	30.6.2016	31.12.2016
Fair value of investment properties, 1 Jan.	3,755.5	3,101.7	3,101.7
Non-current assets held for sale, 1 Jan.	32.8	10.2	10.2
Acquisition of investment properties	-	589.5	590.5
Other capital expenditure on investment properties	64.2	36.8	91.9
Disposals of investment properties	-6.8	-8.3	-35.9
Capitalised borrowing costs, increase in period	1.2	0.4	1.2
Valuation gains/losses on fair value assessment	-20.7	5.0	28.7
Investment properties reclassified as held for sale	-18.7	-22.0	-32.8
Fair value of investment properties, end of period	3,807.5	3,713.2	3,755.5
Investment properties held for sale	18.7	-22.0	32.8

The Group's most significant investment commitments

The balance sheet value of Sponda's property development portfolio stood at EUR 239.6 million at the end of June 2017. Of this total, EUR 47.9 million was in undeveloped land sites and the remaining EUR 191.7 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.

The Property Development unit invested a total of EUR 45.5 million in January–June. 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 new shopping centre's frame and roof has been completed. Most of the facade's glass walls have already been installed and other cladding work on the facade is underway. The interior walls are mostly in place and painting has begun. Work on building service systems is proceeding in parallel with the construction work. Finishing and surfacing work is also underway on Ratina's outdoor areas. Work on the renovated properties connected to the shopping centre 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 143 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 64% of the leasable area. The pre-let rate for the Ratina project as a whole is approximately 53%.

Sponda's other significant new construction project, an office and retail complex at Tikkurila railway station in Vantaa, will be implemented in two phases. The installation of the frame elements for the first stage of construction is underway and work on building service systems is getting started. The interior construction stage will begin in autumn 2017.

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 approximately 7.3%. Some EUR 12.5 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€	30.6.2017	30.6.2016	31.12.2016
<i>Carrying amount, beginning of period</i>	7.2	7.7	7.7
<i>Disposals and other changes</i>	0.0	1.9	-0.5
<i>Carrying amount, end of period</i>	7.1	9.6	7.2

Collateral and contingent liabilities

Collateral and commitments given by the Group, M€	30.6.2017	30.6.2016	31.12.2016
<i>Loans from financial institutions, covered by collateral</i>	177.6	178.4	178.0
<i>Mortgages</i>	288.1	288.1	288.1
<i>Carrying amount of pledged shares</i>	46.1	45.2	46.4
<i>Total collateral</i>	334.2	333.3	334.5

Lease and other liabilities, M€	30.6.2017	30.6.2016	31.12.2016
<i>Lease liabilities</i>	48.2	50.5	49.4
<i>Mortgages</i>	14.4	19.6	14.4
<i>Guarantees and deposit guarantees</i>	3.2	2.0	4.4

<i>Investment commitments to real estate funds</i>	3.5	5.4	3.6
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Interest rate derivatives, M€	30.6.2017	30.6.2016	31.12.2016
<i>Swap contracts, notional value</i>	655.0	655.0	655.0
<i>Swap contracts, fair value</i>	-21.2	-36.5	-28.2
<i>Eurobasis swaps, notional value</i>	150	150.0	150.0
<i>Eurobasis swaps, fair value</i>	0.0	-0.3	-0.1
<i>Cap options purchased, notional value</i>	511.8	362.9	362.2
<i>Cap options purchased, fair value</i>	2.2	0.2	0.2

Currency derivatives, M€	30.6.2017	30.6.2016	31.12.2016
<i>Currency options, bought, notional value</i>	2.6	15.0	5.0

<i>Currency options, bought, fair value</i>	0.1	0.0	0.0
<i>Currency options, put, notional value</i>	-	-	-
<i>Currency options, put, fair value</i>	-	-	-

Related party transactions

The following related party transactions were carried out:

Management employee benefits, M€	30.6.2017	30.6.2016	31.12.2016
<i>Salaries and other short-term employee benefits</i>	1.4	0.9	1.9
<i>Share-based payments</i>	0.8	0.4	0.9
Total	2.2	1.3	2.9

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

M€	Income	Expenses
<i>Mercator Invest Ab</i>	0.0	-
<i>Konstsamfundet rf</i>	0.1	0.0
Total	0.1	0.0

FORMULAS FOR THE KEY INDICATORS AND ITEMISATIONS AND BRIDGE CALCULATIONS REQUIRED FOR ALTERNATIVE KEY FIGURES IN ACCORDANCE WITH ESMA GUIDANCE

IFRS key figures

$$\text{Earnings per share, €} = \frac{\text{Share of earnings for the period attributable to equity holders of the parent company – interest and expenses on hybrid loan allocated to the period, adjusted for taxes}}{\text{Weighted average number of shares outstanding during the period}}$$

$$\text{Equity per share, €} = \frac{\text{Equity attributable to equity holders of the parent company} - \text{Other equity reserve}}{\text{Undiluted total number of shares on the date of closing the books}}$$

Alternative key figures defined in accordance with ESMA guidance

$$\text{Equity ratio, \%} = \frac{100}{x} \times \frac{\text{Equity}}{\text{Balance sheet total - advances and rent deposits received}}$$

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.

$$\text{Gearing ratio, \%} = \frac{100}{x} \times \frac{\text{Non-current and current interest-bearing liabilities - Cash and cash equivalents}}{\text{Equity}}$$

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.

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

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.

$$\text{Cash flow from operations per share, €} = \text{Operating profit} - \text{Fair value adjustment} + \text{Amortisation of goodwill}$$

+ 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

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
- +/- Tax on profits or losses on disposals
- +/- Negative goodwill / goodwill impairment
- /+ 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 equity holders of the parent company

- 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 balance sheet date

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

$$\text{EPRA Net Initial Yield (NIY), \%} = \frac{\text{Annualised net rental income}}{\text{Investment properties} - \text{Development properties} + \text{Estimated purchaser's costs}}$$

$$\text{EPRA "topped-up" NIY, \%} = \frac{\text{Annualised net rental income} + \text{Step rents, rent free periods, etc.}}{\text{Investment properties} - \text{Development properties} + \text{Estimated purchaser's costs}}$$

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