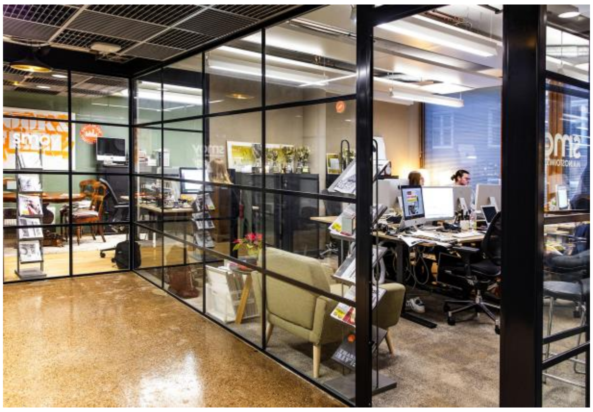

Q1

INTERIM REPORT 1.1.–31.3.2017

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

From 1 January 2017, 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 PLC'S INTERIM REPORT JANUARY–MARCH 2017:

A steady start to Sponda's year

JANUARY–MARCH 2017 IN BRIEF (COMPARED WITH 1 JANUARY – 31 MARCH 2016)

- Total revenue increased to EUR 66.1 (59.3) million.
- Net operating income totalled EUR 46.3 (42.1) million.
- Operating profit was EUR 44.3 (46.7) million. This includes a fair value change of EUR 1.0 (-2.0) million.
- Cash flow from operations per share was EUR 0.08 (0.12).
- The fair value of the investment properties amounted to EUR 3,805.5 (3,702.5) million.
- Net assets (NAV) per share totalled EUR 5.19 (4.95).
- The economic occupancy rate was 89.1 (88.7)%.

KEY FIGURES

	1-3/2017	1-3/2016	1-12/2016
Total revenue, M€	66.1	59.3	259.0
Net operating income, M€	46.3	42.1	190.9
Operating profit, M€	44.3	46.7	206.7
Earnings per share, €	0.09	0.09	0.41
Cash flow from operations per share, €	0.08	0.12	0.40
Equity per share, €	5.19	4.95	5.16
Equity ratio, %	47.4	45.7	47.4

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	1-3/2017	1-3/2016	1-12/2016
EPRA Earnings, M€	26.9	23.3	113.1
EPRA Earnings per share, €	0.08	0.08	0.35
Company adjusted EPRA Earnings, M€	28.3	21.7	113.7
Company adjusted EPRA Earnings per share, €	0.08	0.08	0.35
EPRA NAV/share, €	5.50	5.25	5.49
EPRA NNNAV/share, €	5.10	4.85	5.07
EPRA Net Initial Yield (NIY), %	5.38	5.52	5.29
EPRA "topped-up" NIY, %	5.39	5.55	5.31
EPRA Vacancy rate, %	10.89	11.35	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

Sponda's first quarter of 2017 was in line with our expectations. Net operating income grew as anticipated and, as we mentioned when announcing our result for 2016, maintenance expenses increased mainly due to an increase in property taxes. The economic occupancy rate stood at 89.1%, compared to 89.6% at the end of 2016 and 88.7% at the end of March 2016. The decrease from the end of the year was primarily due to expired pop-up agreements in the Shopping Centres unit.

Our property development projects progress as planned and on schedule. Ratina's topping out ceremony will be held in mid-May, and the property will open in approximately one year. The pre-let rate currently stands at 47% for the project as a whole and 58% for the shopping centre. The construction of an office and retail complex in Vantaa's Tikkurila district, is also progressing on schedule. The pre-let rate is 65%.

Our unique Mothership of Work (MOW) concept will be expanded in August with the opening of the new MOW Stargate in Helsinki's Ruoholahti district. Our successful MOW concept has been well received by customers. We are thrilled to provide an inspiring work environment for 300 new members at MOW Stargate. The letting of MOW Stargate has got off to a good start and interest in the property is high.

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

The Finnish economy is expected to see continued moderate growth in 2017. According to the Ministry of Finance's forecast, the Finnish GDP will grow by 1.2% in 2017. Economic growth will continue to be underpinned by private consumption and investments.

The prospects of economic growth are also supported by the high level of the consumer confidence indicator in Statistics Finland's survey. The indicator was at 22.9 in March, compared to 10.4 in March 2016. Confidence among consumers in their own economic situation and the Finnish economy was high and their views of the development of unemployment were positive. According to Statistics Finland, inflation was 0.8 per cent at the end of March.

The year got off to a busy start in the Finnish property market. According to KTI Property Information's transaction monitoring, the transaction volume for the first quarter amounted to EUR 1.16 billion, which is below last year's record level (Q1/2016: EUR 2.21 billion) but high compared to the previous years. Acquisitions by foreign players accounted for 40% of the volume. Retail properties were the most actively traded property type in the first quarter (approximately 43% of the total volume). The total property transaction volume for 2016 was EUR 7.4 billion.

According to JLL's Key Market Indicators Q1/2017, the yield requirements for prime properties have declined in Helsinki. The yield requirement for prime office properties was 4.0% and for prime retail properties 4.25%. Helsinki is the only Nordic capital to have seen a decline in prime yields. Rents for prime properties in Helsinki have only increased for office properties, to EUR 372/m^2/year. The rental level for prime retail properties in Helsinki stood at EUR 1,980/m^2/year.

Financial indicators

	2016	2017*	2018*	2019*
Finnish GDP change, %	1.4	1.2	1.0	1.2
Unemployment rate, %	8.8	8.5	8.1	7.8
Consumer price index, %	0.4	1.2	1.3	1.4

*) Forecast

The description of the business conditions was compiled using the following references: Ministry of Finance, Economic Survey, Spring 2017 (28 April 2017); Statistics Finland (27 March 2017, 13 April 2017); KTI Transaction information service: Property transactions in Finland 2017/Q1; JLL Key Market Indicators Q1/2017

GROUP RESULT IN JANUARY–MARCH 2017

Sponda Group's result for January–March was EUR 32.3 (26.7) million. The result before taxes was EUR 32.2 (33.7) million and operating profit was EUR 44.3 (46.7) million.

Net operating income for the period was EUR 46.3 (42.1) million. The increase in net operating income was due to the Forum property acquisition, the effect of which is included in the consolidated figures starting from 1 March 2016. The like-for-like net operating income remained unchanged. Net operating income was reduced by property divestments made last year and this year. Their combined effect on net operating income was EUR -0.6 million. Marketing and administration expenses remained at the previous year's level, at EUR 5.7 (5.7) million. Other operating income and expenses amounted to EUR -0.0 (0.3) million.

During the period, the Group recognised profit on sales of EUR 3.9 (12.7) million from the sales of investment and trading properties. The change in fair value of the investment properties was EUR 1.0 (-2.0) million. The Group's result was weighed down by amortisation of goodwill amounting to EUR 1.2 (0.6) million.

Financial income and expenses for the period totalled EUR -12.2 (-13.0) million. The financial expenses in the comparison period were negatively affected by non-recurring items related to the Forum acquisition as well as unrealised changes in the fair value of derivatives.

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 MARCH 2017

At the end of March 2017, Sponda had a total of 166 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 March 2017, the fair value of Sponda's investment properties was assessed internally for both Finland and Russia. The fair value of the investment properties totalled EUR 3.8 billion at the end of March 2017. The change in the fair value of the investment properties in the first quarter was EUR 1.0 (-2.0) million. No changes were made to the yield requirements. The value of Sponda's properties in Finland developed favourably, primarily due to an increase in market rents, especially for properties in Helsinki's central business district. The property development margin also had a positive effect. The negative change in the fair value was mainly attributable to properties in Russia.

Valuation gains/losses on fair value assessment

M€	1-3/2017	1-3/2016	1-12/2016
Changes in yield requirements (Finland)	0.0	0.0	60.1
Changes in yield requirements (Russia)	0.0	-1.8	-4.1
Development gains on property development projects	3.0	1.7	7.4
Modernisation investments	-9.0	-6.9	-31.0
Change in market rents and maintenance costs (Finland)	8.8	8.3	12.6
Change in market rents and maintenance costs (Russia)	-3.3	-1.1	-14.1
Change in currency exchange rates	1.4	-2.3	-2.1
Investment properties, total	**1.0**	**-2.0**	**28.7**
Real estate funds	0.0	0.0	-2.0
Realised share of fund profits	0.0	0.0	0.0
Group, total	**1.0**	**-2.0**	**26.7**

Changes in Sponda's investment property assets 1 January – 31 March 2017

M€	Total	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings
Operating income	65.9	42.3	18.9	0.1	4.7
Maintenance expenses	-19.3	-12.2	-4.5	-0.6	-2.0
Net operating income	**46.6**	**30.1**	**14.4**	**-0.6**	**2.7**
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	0.6	-	-	0.6	-
Acquisitions	-	-	-	-	-
Investments	30.6	7.5	1.5	21.6	0.0
Transfers between segments	-	-	-	-	-
Sales	-2.8	-0.5	-	-	-2.3
Change in fair value	1.0	1.1	-1.1	3.0	-2.0
Reclassifications to non-current assets held for sale	-12.1	-9.1	-	-	-3.0
Investment properties on 31 March 2017	**3,805.5**	**2,200.1**	**1,195.8**	**212.7**	**197.0**
Change in fair value, %	0.0	0.0	-0.1	1.6	-1.1
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 March 2017, Sponda had 1,893 clients and a total of 3,080 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 (3.2% 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 March 2017 was EUR 1,023.4 (1,097.0) million.

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

	Number (agreements)	Area (m²)	EUR/m²/month
New agreements that came into effect during the period	97	18,850	13.70
Expired during the period	109	20,532	27.90
Extended or renewed during the period	108	45,984	24.90

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–March, like-for-like net rental growth was -0.7% (0.7%) for office properties and -4.1% (2.7%) 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 3.8 (4.1) years. The average length of lease agreements was 3.8 (4.1) years for office properties and 4.4 (4.8) years for shopping centres.

The lease agreements expire as follows:

% of rental income	Total property portfolio		Office Properties		Shopping Centres	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Within 1 year	18.2	15.5	18.5	14.3	12.7	8.8
Within 2 years	12.6	15.1	13.0	16.9	9.7	10.2
Within 3 years	11.9	11.8	13.4	12.5	7.9	11.6
Within 4 years	9.4	8.3	6.6	8.9	16.3	7.4
Within 5 years	12.2	8.8	10.4	6.1	19.3	15.6
Within 6 years	2.0	7.9	1.5	5.6	3.4	15.6
After more than 6 years	20.7	20.5	19.7	20.3	27.0	25.9
Valid indefinitely	13.0	12.1	17.0	15.4	3.9	4.9

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:*

%	31.3.2017	31.12.2016	30.9.2016	30.6.2016	31.3.2016
Office Properties	**89.0**	**89.2**	**88.8**	**88.3**	**88.1**
Helsinki business district	92.6	91.8	91.5	91.5	91.4
Ruoholahti	82.7	85.0	85.0	84.6	84.5
Rest of the metropolitan area	87.2	87.5	86.1	85.3	84.8
Tampere	93.3	93.4	95.9	97.1	97.1
Rest of Finland	78.0	78.2	78.0	58.0	57.4
Shopping Centres	**92.6**	**93.5**	**93.2**	**94.2**	**93.8**
Helsinki business district	91.9	92.4	92.4	94.2	93.7
Other	93.8	95.4	94.5	94.2	93.9
Non-Strategic Holdings	**77.0**	**79.9**	**79.8**	**78.5**	**77.4**
Logistics properties	74.2	74.0	72.8	73.4	68.9
Russia	79.5	84.8	85.3	81.9	82.9
Total property portfolio	**89.1**	**89.6**	**89.3**	**89.1**	**88.7**

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 4.9 million during the first quarter. Office properties were sold for EUR 0.8 million and logistics properties under the Non-Strategic Holdings segment were sold for EUR 4.1 million. In addition, trading properties were sold for EUR 1.8 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€	**1.1.-31.3.2017**	**1.1.-31.3.2016**	**1.1.-31.12.2016**
Disposals of investment properties			
Selling price	4.9	5.0	36.7
*Profit/loss on sale *)*	2.1	0.2	0.8
Balance sheet value	2.8	4.8	35.9

**) Includes sales costs*

Investments

M€	**1.1.-31.3.2017**	**1.1.-31.3.2016**	**1.1.-31.12.2016**
Properties acquired	-	-587.5	-590.5
Modernisation investments	-9.0	-6.9	-31.0
Property development investments	-21.6	-12.1	-60.9
Investments, total	-30.6	-606.5	-682.4

RESULTS BY SEGMENT

From 1 January 2017, 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 29.8 (28.4) million in the first quarter of 2017. Demand for offices in Helsinki's central business district is high, and the occupancy rate in this area rose to 92.6% in the first quarter. In the office market, demand is currently focused on activity-based offices and small premises.

	1-3/2017	**1-3/2016**	**1-12/2016**
Total revenue, M€	42.3	40.0	167.2
Net operating income, M€	29.8	28.4	124.1
Operating profit, M€	28.8	26.7	138.4
EPRA Net Initial Yield (NIY), %	5.6	5.8	5.6
Economic occupancy rate, %	89.0	88.1	89.2
Fair value of properties, M€	2,200.1	2,162.2	2,190.4
-excludes properties classified as held for sale, M€	9.1	3.6	10.6
Change in fair value from beginning of year, M€	1.1	1.1	25.2
Leasable area, m²	800,000	808,500	808,500

Shopping Centres

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

Net operating income grew to EUR 14.4 (11.1) million in the first quarter of 2017. Street-level retail properties in Helsinki's central business district are in demand for use as flagship stores for brands due to such locations' high visibility and customer flows. In shopping centres, where good accessibility with public transport is important, current trends are boosting the demand for cafés and restaurants.

	1-3/2017	**1-3/2016**	**1-12/2016**
Total revenue, M€	18.9	14.1	70.3
Net operating income, M€	14.4	11.1	54.8
Operating profit, M€	11.8	10.3	72.0

EPRA Net Initial Yield (NIY), %	5.0	5.0	4.4
Economic occupancy rate, %	92.6	93.8	93.5
Fair value of properties, M€	1,195.8	1,161.7	1,195.4
Change in fair value from beginning of year, M€	-1.1	0.2	21.3
Leasable area, m²	202,000	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 220.0 million at the end of March 2017. Of this total, trading properties accounted for EUR 7.2 million, while EUR 47.9 million was in undeveloped land sites and the remaining EUR 164.8 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 21.6 million in January–March. 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 new shopping centre 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. 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 124 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 58% of the leasable area. The pre-let rate for the Ratina project as a whole is approximately 47%.

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 project's foundation work is mostly complete. Work on the frame and cast-in-place structures is underway. The installation of the facade elements will begin on schedule in April.

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 8.3 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 197.0 million at the end of March. Of this total, logistics properties accounted for EUR 82.5 million and properties in Russia for EUR 114.4 million.

The occupancy rate of the logistics properties was 74.2 (68.9) per cent and that of the properties in Russia was 79.5 (82.9) per cent.

Logistics properties were sold for EUR 4.1 million in the first quarter of 2017. The balance sheet value of the sold properties was EUR 2.3 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 March 2017.

FINANCING AND BALANCE SHEET KEY FIGURES

Sponda Group's interest-bearing debt amounted to EUR 1,875 (1,902) million at the end of March 2017, and the Group's cash funds totalled EUR 15 (80) million. Net debt was EUR 1,860 (1,822) million. The debt portfolio comprised EUR 500 million in syndicated loans, EUR 475 million in bonds, EUR 261 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 177.8 million, or 4.5% of the consolidated balance sheet.

The key balance sheet figures for the end of the first quarter showed positive development. Sponda's equity ratio on 31 March 2017 stood at 47.4% (45.7%). The gearing ratio was 100.1% (102.6%) and Loan to Value (LTV) based on net debt was 48.2% (48.5%). The weighted average maturity of Sponda's loans was 2.4 (1.8) years. The average interest rate was 2.7% (2.7%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 72% (78%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 1.4 (1.8) years.

Sponda's net financing costs for the period totalled EUR -12.2 (-13.0) million. Interest expenses of EUR 0.6 (0.2) million were capitalised. Net cash flow from operations in the period under review totalled EUR 39.5 (42.6) million. Net cash flow from investing activities was EUR -22.6 (-589.2) million and the net cash flow from financing activities was EUR -15.1 (406.1) million.

Balance sheet key figures

	31.3.2017	31.12.2016	30.9.2016	30.6.2016	31.3.2016
Equity ratio, %	47.4	47.4	47.2	46.3	45.7
Gearing ratio, %	100.1	100.0	100.8	101.3	102.6
Average interest rate, %	2.7	2.7	2.8	2.7	2.7
Hedging, %	72	67	67	70	78
Average loan maturity, years	2.4	2.6	2.8	2.8	1.8
Average fixed interest rate period, years	1.4	1.4	1.5	1.6	1.8
Loan to Value (LTV), %*	48.2	48.3	48.3	48.5	48.5
Interest-bearing debt, EUR million	1,875	1,863	1,840	1,913	1,902
Unused credit limits, EUR million	438	438	440	440	440

*) Based on net debt

SPONDA'S SHARE AND SHAREHOLDERS

Issued shares and share capital

At the end of March 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 first quarter was EUR 4.07. The highest quotation was EUR 4.47 and the lowest EUR 3.82. Turnover during the period totalled some 29 million shares, or approximately EUR 118 million. The closing price of the share on 31 March 2017 was EUR 3.92 and the market capitalisation of the company's share capital was EUR 1,381 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 not exercised during the review period.

Treasury shares

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

Dividend

The Annual General Meeting on 20 March 2017 resolved to pay a dividend of EUR 0.08 per share for the financial year 2016. The record date for the dividend payment was 22 March 2017 and the dividend payment date was 29 March 2017. The Annual General Meeting also 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 Board of Directors will make the actual decisions on the payment of dividends, the dividend payments dates and the record date and on other measures related to the payment of dividends separately at a later date, at which time the Board of Directors will assess the company's liquidity and financial position as required by the Companies Act. The company will publish said decisions of the Board of Directors separately.

Shareholders

On 31 March 2017, Sponda had altogether 11,022 shareholders (31 December 2016: 10,414) and its ownership structure by sector was as follows:

	Number of shares	Holding, %
Public entities, total	39,260,404	11.56
Financial and insurance institutions, total	43,997,655	12.95
Households	24,941,754	7.34
Private corporations, total	102,036,917	30.04
Non-profit organisations, total	10,350,361	3.05
Foreign owners, total	3,644,771	1.07
Nominee-registered	115,458,692	33.99
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*	2,403,952	0.71
8	*OP-Finland Small Cap Fund*	2,313,556	0.68
9	*Odin Eiendom*	1,640,890	0.48
10	*Danske Invest Finnish Institutional Equity Fund*	1,092,000	0.32
	Total	**179,859,761**	**52.95**

No flagging notices were issued during the review period.

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.

NOMINATION BOARD

Sponda Plc's Shareholders' Nomination Board met on 25 January 2017 and decided to submit a proposal to the Annual General Meeting held on 20 March 2017 regarding the number of members of the Board of Directors, the members of the Board of Directors and their remuneration. The details of the proposal were published in a stock exchange release on 25 January 2017.

ANNUAL GENERAL MEETING

The Annual General Meeting of Sponda Plc was held on 20 March 2017. The meeting adopted the financial statements for the financial year 2016 and discharged the members of the Board of Directors and the CEO from liability.

The Annual General Meeting resolved to pay a dividend of EUR 0.08 per share in accordance with the proposal of the Board of Directors.

The General Meeting further authorised the Board of Directors to decide, at its discretion, on the payment of dividend in no more than two tranches based on the annual accounts adopted for the financial year 2016 in accordance with the proposal of the Board of Directors. In addition, the Annual General Meeting authorised the Board of Directors to decide on the repurchase of the company's own shares as well as a share issue and the issuance of special rights entitling to shares. The Annual General Meeting resolved to amend the Rules of Procedure of the Shareholders' Nomination Board in accordance with the proposal of the Board of Directors.

The decisions of the Annual General Meeting were announced in a stock exchange release on 20 March 2017.

BOARD OF DIRECTORS AND AUDITORS

The Annual General Meeting of 20 March 2017 confirmed the number of the members of the Board of Directors as seven (7) ordinary members. The current members of the Board of Directors, Kaj-Gustaf Bergh, Christian Elfving, Paul Hartwall, Outi Henriksson, Leena Laitinen, Juha Metsälä and Raimo Valo were re-elected for the term that expires at the closing of the Annual General Meeting in 2018.

At its constitutive meeting after the Annual General 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 (ordinary member) and Juha Metsälä (ordinary member).

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.

The employees' views of the development of their work environment were assessed by an online survey in the first quarter. The results will be utilised in the future development of the work environment. During the period, all employees had feedback discussions regarding the year 2016 as well as goal-setting and development discussions regarding 2017.

Key figures for personnel

	31.3.2017	**31.3.2016**	**31.12.2016**
Number of employees at the end of the period, Group	105	115	102
Number of employees at the end of the period, parent company	101	95	96
Average number of employees, Group	104	107	107
Average number of employees, parent company	100	95	98
Average age at the end of the period	45.8	-	45.7
Employee turnover (out/in)	2.5%	1.1%	13.0%
New hires	3	1	13
Resignations	1	1	12
Occupational accidents	2	1	4
Days of sick leave caused by occupational accidents	6	0	0
Personnel by group in the parent company			
Administration	34	-	32
Office Properties	26	-	26
Shopping Centres	16	-	15
Property Development	13	-	12
Non-Strategic Holdings	8	-	7
Property investments	4	-	4
Marketing and administration expenses, EUR million	5.7	5.7	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 has invested in improving 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. More than 14 percentage points of this target had already been achieved by the end of 2016.

Sponda aims to obtain at least two new environmental certificates in 2017. At the end of the first quarter, Sponda had several active certification processes underway and certified properties represented 25% of the total leasable area of Sponda's property portfolio.

The new 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 was among the first companies to join the agreement in the final quarter of 2016. Sponda's indicative energy savings target for the new agreement period is 7.5% by 2025, using energy consumption in 2015 as the baseline.

Starting from the beginning of 2017, Sponda will report the development of its key indicators of environmental responsibility not only in annual reports, but also interim reports. 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 (GFAm^2). 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.

In the first quarter of 2017, nearly all of Sponda's key environmental indicators developed favourably compared to the reference period.

Key indicators of environmental responsibility

Sponda's properties in Finland	04/2016–03/2017	04/2015–03/2016	Number of properties
Specific energy consumption, kWh/gross m^2	192.1	194.2	112
Specific carbon dioxide emissions, kg CO_2/gross m^2	37.0	38.0	112
Specific water consumption, l/gross m^2	250.6	253.8	110
Waste recovery rate, %	100	98	
Waste recycling and reuse rate, %	47	47	

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.

The requirements for banks to strengthen their solvency may lead **to weakening availability of bank financing**. Uncertainty about 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.

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

There were no significant events after the review period.

5 May 2017
Sponda Plc
Board of Directors

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SPONDA PLC INTERIM REPORT 1 JANUARY – 31 MARCH 2017, TABLES

Consolidated income statement

M€	1-3/2017	1-3/2016	1-12/2016
Total revenue			
Rental income and recoverables	66.0	59.2	258.6
Interest income from finance leasing agreements	0.1	0.1	0.3
	66.1	59.3	259.0
Expenses			
Maintenance expenses	-19.8	-17.2	-68.0
Net operating income	**46.3**	**42.1**	**190.9**
Profit/loss on sales of investment properties	2.1	0.2	0.8
Valuation gains/losses on fair value assessment	1.0	-2.0	26.7
Amortisation of goodwill	-1.2	-0.6	-3.1
Profit/loss on sales of associated companies	-	-	-0.1
Profit/loss on sales of trading properties	1.8	12.5	14.6
Sales and marketing expenses	-0.6	-0.6	-2.1
Administrative expenses	-5.1	-5.2	-20.6
Other operating income	0.0	0.4	0.5
Other operating expenses	0.0	-0.2	-0.8
Operating profit	**44.3**	**46.7**	**206.7**
Financial income	0.2	0.9	3.2
Financial expenses	-12.4	-13.9	-54.4
Total amount of financial income and expenses	-12.2	-13.0	-51.2
Profit before taxes	**32.2**	**33.7**	**155.5**
Income taxes for current and previous fiscal years	-0.4	-2.3	-2.4
Deferred taxes	0.5	-4.6	-15.6
Income taxes, total	0.1	-7.0	-17.9
Profit/loss for the period	**32.3**	**26.7**	**137.5**
Attributable to:			
Equity holders of parent company	32.3	26.7	137.5
Non-controlling interest	0.0	0.0	0.0
Earnings per share based on profit attributable to equity holders of the parent company			
Basic and diluted, €	0.09	0.09	0.41

Consolidated statement of other comprehensive income

M€	1-3/2017	1-3/2016	1-12/2016
Profit/loss for the period	32.3	26.7	137.5
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
Taxes on items that will not be reclassified to profit or loss	-	-	0.0
Items that will not be reclassified to profit or loss, total	**-**	**-**	**0.1**
Items that may be reclassified subsequently to profit or loss			
Net loss/profit from cash flow hedges	3.7	-1.2	8.3
Translation differences	0.0	0.4	2.3
Taxes on items that may be reclassified subsequently to profit or loss	-0.8	0.1	-2.8
Items that may be reclassified subsequently to profit or loss, total	**3.0**	**-0.7**	**7.8**
Other comprehensive income for the period after taxes	3.0	-0.7	8.0
Comprehensive profit/loss for the period	**35.3**	**26.1**	**145.5**
Attributable to:			
Equity holders of parent company	35.3	26.1	145.5
Non-controlling interest	0.0	0.0	0.0

Consolidated balance sheet

M€	31.3.2017	31.3.2016	31.12.2016
ASSETS			
Non-current assets			
Investment properties	3,805.5	3,702.5	3,755.5
Investments in real estate funds	22.4	21.4	22.4
Property, plant and equipment	12.9	13.0	12.9
Goodwill	7.3	11.0	8.5
Other intangible assets	1.6	2.2	1.7
Finance lease receivables	2.7	2.7	2.7
Other investments	2.7	0.4	0.2
Deferred tax assets	13.7	9.6	15.4
Non-current assets total	**3,868.8**	**3,763.0**	**3,819.4**
Current assets			
Trading properties	7.1	9.6	7.2
Trade and other receivables	25.7	36.5	44.2
Cash and cash equivalents	15.4	80.3	12.9
Current assets total	**48.3**	**126.4**	**64.2**
Non-current assets held for sale	12.2	9.3	32.8
Total assets	**3,929.3**	**3,898.6**	**3,916.5**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	111.0	111.0	111.0
Share issue	-	219.0	-
Share issue premium	159.4	159.4	159.4
Invested non-restricted equity reserve	652.7	433.8	652.7
Fair value reserve	-19.6	-30.2	-22.6
Revaluation reserve	0.7	0.7	0.7
Other equity fund	94.0	94.0	94.0
Translation differences	0.9	0.1	0.9
Retained earnings	856.6	786.5	851.8
	1,855.9	1,774.3	1,848.1
Non-controlling interest	1.8	1.8	1.8
Shareholders' equity, total	**1,857.7**	**1,776.1**	**1,849.9**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	91.6	75.6	93.1
Provisions	0.6	2.4	2.4
Interest-bearing loans and borrowings	1,314.0	1,080.5	1,313.9
Other liabilities	24.7	38.8	28.2
Non-current liabilities total	**1,430.9**	**1,197.3**	**1,437.7**
Current liabilities			
Current interest-bearing liabilities	561.1	821.5	548.6
Trade and other payables	79.1	94.6	79.7
Tax liabilities based on the taxable income for the period	0.4	9.1	0.4
Current liabilities total	**640.6**	**925.2**	**628.6**
Liabilities associated with non-current assets held for sale	0.1	0.0	0.3
Total borrowings	**2,071.6**	**2,122.5**	**2,066.6**
Total equity and liabilities	**3,929.3**	**3,898.6**	**3,916.5**

Consolidated Cash Flow Statement

M€	1-3/2017	1-3/2016	1-12/2016
Cash flow from operating activities			
Profit for the period	32.3	26.7	137.5
Adjustments	18.9	18.6	40.5
Change in net working capital	-0.6	5.7	7.9
Interest received	0.1	0.1	0.5
Interest paid	-10.3	-7.2	-45.1
Other financial items	-0.5	-1.2	-7.8
Dividends received	0.0	-	0.0
Taxes received/paid	-0.3	-0.2	-11.0
Net cash provided by operating activities	**39.5**	**42.6**	**122.5**
Cash flow from investing activities			
Acquisition of investment properties	-27.2	-594.4	-684.6
Capital expenditure on real estate funds	-	0.0	-3.0
Acquisition of tangible and intangible assets	-0.1	0.0	-0.1
Proceeds from disposal of investment properties	4.7	5.0	36.4
Proceeds from disposal of real estate funds	-	-	-
Proceeds from disposal of shares in associated companies	-	-	0.2
Proceeds from disposal of tangible and intangible assets	-	0.3	0.4
Capital repayments from associated companies	-	-	-
Repayments of loan receivables	-	-	-
Net cash flow from investment activities	**-22.6**	**-589.2**	**-650.8**
Cash flow from financing activities			
Proceeds from share issue	0.0	219.0	218.5
Non-current loans, raised	0.0	0.0	595.7
Non-current loans, repayments	-0.2	-0.2	-444.1
Current loans, raised/repayments	12.3	241.1	49.5
Interest paid on hybrid bond	-	-	-6.4
Dividends paid	-27.2	-53.8	-94.5
Net cash flow from financing activities	**-15.1**	**406.1**	**318.7**
Change in cash and cash equivalents	1.9	-140.5	-209.5
Cash and cash equivalents, beginning of period	12.9	220.0	220.0
Impact of changes in exchange rates	0.7	0.7	2.4
Cash and cash equivalents, end of period	**15.4**	**80.3**	**12.9**

Consolidated statement of changes in equity

M€	Share capital	Share issue	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 2017	111.0		159.4	652.7	-22.6	0.7	94.0	0.9	851.8	1,848.1	1.8	1,849.9
Comprehensive income												
Profit for the period									32.3	32.3	0.0	32.3
Other comprehensive income (net of tax)												
Cash flow hedges					3.0					3.0	0.0	3.0
Translation differences								0.0		0.0	0.0	0.0
Comprehensive income, total					**3.0**			**0.0**	**32.3**	**35.3**	**0.0**	**35.3**
Transactions with shareholders												
Share issue												
Dividend payment									-27.2	-27.2	0.0	-27.2
Transactions with shareholders, total									**-27.2**	**-27.2**	**0.0**	**-27.2**
Repurchase of hybrid bond												
Interest paid on hybrid bond												
Change									-0.3	-0.3	0.0	-0.3
Equity 31 March 2017	**111.0**		**159.4**	**652.7**	**-19.6**	**0.7**	**94.0**	**0.9**	**856.6**	**1,855.9**	**1.8**	**1,857.7**

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

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€	1-3/2017	1-3/2016	1-12/2016
EPRA Earnings			
Earnings for the period per IFRS income statement	32.3	26.7	137.5
-/+ Net profits or losses from fair value assessment of investment properties	-1.0	2.0	-26.7
-/+ Net profits or losses on disposal of investment properties	-2.1	-0.2	-0.7
-/+ Net profits or losses on sales of trading properties	-1.8	-12.5	-14.6
+/- Taxes arising from above items based on result	-	-	-0.9
+/- Impairment and amortisation of goodwill	1.2	0.6	3.1
-/+ Changes in fair value of financial instruments	0.2	0.4	0.4
+/- Deferred taxes arising from the above items	-1.9	6.3	15.0
EPRA Earnings	**26.9**	**23.3**	**113.1**
EPRA Earnings per share, €	**0.08**	**0.08**	**0.35**
Company adjustments:			
Deferred taxes on operating result	1.4	-1.6	0.6
Effect on income taxes from change in fair value	0.0	-	-0.1
Adjusted EPRA Earnings	**28.3**	**21.7**	**113.7**
Adjusted Earnings per share, €	**0.08**	**0.08**	**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€	**1-3/2017**	**1-3/2016**	**1-12/2016**
EPRA Earnings			
Net operating income	46.3	42.1	190.9
- Operational marketing and administration expenses	-5.7	-5.7	-22.8
+/- Other operational income and expenses from business operations	0.0	0.3	-0.4
Operating profit	40.6	36.6	167.8
+/- Operational financial income and expenses	-11.9	-12.6	-50.8
-/+ Taxes based on operating result	-0.4	-2.3	-3.2
- Deferred taxes based on operating result	-1.4	1.6	-0.6
EPRA Earnings	**26.9**	**23.3**	**113.1**
EPRA Earnings per share, €	**0.08**	**0.08**	**0.35**
Company adjustments:			
Deferred taxes on operating result	1.4	-1.6	0.6
Effect on income taxes from change in fair value	0.0	-	-0.1
Adjusted EPRA Earnings	**28.3**	**21.7**	**113.7**
Adjusted Earnings per share, €	**0.08**	**0.08**	**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€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Equity attributable to equity holders of the parent company	1,855.9	1,774.3	1,848.1
- Other equity reserve	-94.0	-94.0	-94.0
+ Fair value of financial instruments	22.0	39.6	28.1
+ Deferred tax liabilities arising from the fair value assessment of investment properties	90.9	75.0	92.8
- Goodwill arising from the fair value assessment of investment properties	-7.3	-11.0	-8.5
EPRA NAV, M€	**1,867.5**	**1,783.9**	**1,866.5**
EPRA NAV/share, €	**5.50**	**5.25**	**5.49**
EPRA NNNAV/share, €			
EPRA NAV, M€	1,867.5	1,783.9	1,866.5
- Fair value of financial instruments	-22.0	-39.6	-28.1
-/+ Difference between the fair value and balance sheet value of liabilities	-22.1	-22.6	-22.0
- Deferred tax liabilities arising from the fair value assessment of investment properties	-90.9	-75.0	-92.8
EPRA NNNAV, M€	**1,732.5**	**1,646.7**	**1,723.6**
EPRA NNNAV/share, €	**5.10**	**4.85**	**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

1-3/2017 M€	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings	Other	Group total
Total revenue	**42.3**	**18.9**	**0.2**	**4.7**	**0.0**	**66.1**
Maintenance expenses and direct fund expenses	-12.5	-4.6	-0.8	-2.0	0.0	-19.8
Net operating income	**29.8**	**14.4**	**-0.6**	**2.7**	**0.0**	**46.3**
Profit on sales of investment properties	0.3	-	-	2.1	-	2.5
Loss on sales of investment properties	-	-	0.0	-0.3	-	-0.3
Profit/loss on trading properties	-	-	1.8	-	-	1.8
Valuation gains/losses on fair value assessment	1.1	-1.1	3.0	-2.0	-	1.0
Amortisation of goodwill	-	-	-1.2	-	-	-1.2
Administration and marketing	-2.4	-1.5	-1.2	-0.6	0.0	-5.7
Other operating income and expenses	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit	**28.8**	**11.8**	**1.9**	**1.8**	**0.0**	**44.3**
Investments	7.5	1.5	21.6	0.0	0.1	30.7
Segment assets	2,211.9	1,195.8	220.0	222.4	79.2	3,929.3
- of which classified as held for sale	9.2	-	-	3.0	-	12.2
Economic Occupancy Rate	89.0	92.6	-	77.0	-	89.1

1-3/2016 M€	Office Properties	Shopping Centres	Property Development	Non-Strategic Holdings	Other	Group total
Total revenue	**40.0**	**14.1**	**0.2**	**4.9**	**0.0**	**59.3**
Maintenance expenses and direct fund expenses	-11.6	-3.0	-0.5	-2.2	0.0	-17.2
Net operating income	**28.4**	**11.1**	**-0.2**	**2.8**	**0.0**	**42.1**
Profit on sales of investment properties	0.2	-	-	0.0	-	0.2
Loss on sales of investment properties	-	-	-	0.0	-	0.0
Profit/loss on trading properties	-	-	12.5	-	-	12.5
Valuation gains/losses on fair value assessment	1.1	0.2	1.7	-5.0	-	-2.0
Amortisation of goodwill	-	-	-0.6	-	0.0	-0.6
Administration and marketing	-3.0	-0.9	-1.1	-0.6	-0.1	-5.7
Other operating income and expenses	0.1	-0.1	0.0	0.1	0.2	0.3
Operating profit	**26.7**	**10.3**	**12.3**	**-2.7**	**0.1**	**46.7**
Investments	166.3	427.9	12.1	0.2	0.0	606.6
Segment assets	2,168.6	1,161.7	154.6	262.0	151.7	3,898.6
- of which investment properties held for sale	3.6	-	-	5.7	-	9.3
Economic Occupancy Rate	88.1	93.8	-	77.4	-	88.7

Key figures

	1-3/2017	1-3/2016	1-12/2016
Earnings per share, €	0.09	0.09	0.41
Equity ratio, %	47.4	45.7	47.4
Gearing ratio, %	100.1	102.6	100.0
Equity per share, €	5.19	4.95	5.16
Cash flow from operations per share, €	0.08	0.12	0.40

Quarterly key figures

	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Total revenue, M€	66.1	65.7	66.3	67.6	59.3
Net operating income, M€	46.3	47.2	51.5	50.2	42.1
Valuation gains/losses on fair value assessment, M€	1.0	33.7	-10.0	5.0	-2.0
Operating profit, M€	44.3	73.9	37.2	48.8	46.7
Financial income and expenses, M€	-12.2	-13.1	-12.8	-12.3	-13.0
Profit/loss for the period, M€	32.3	60.3	18.8	31.7	26.7
Investment properties, M€	3,805.5	3,755.5	3,692.7	3,713.2	3,702.5
Shareholders' equity, M€	1,857.7	1,849.9	1,810.1	1,809.0	1,776.1
Interest-bearing liabilities, M€	1,875.1	1,862.5	1,839.9	1,912.7	1,902.0
Earnings per share, €	0.09	0.17	0.05	0.09	0.09
Cash flow from operations per share, €	0.08	0.08	0.10	0.09	0.12
EPRA NAV/share, €	5.50	5.49	5.38	5.35	5.25
Economic Occupancy Rate, %	89.1	89.6	89.3	89.1	88.7

Itemisations required for alternative key figures

M€	1-3/2017	1-3/2016	1-12/2016
Depreciation in administration	-0.2	-0.2	-1.0
Defined benefit pension plans	0.0	0.0	0.0
Financial income and expenses affecting cash flow	-15.1	-13.1	-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	5.9	3.9	5.7
Rent deposits received	5.5	4.8	5.2

Investment Properties

At the end of March 2017, Sponda had a total of 166 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 March 2017, the fair value of Sponda's investment properties was assessed internally for both Finland and Russia. The fair value of the investment properties totalled EUR 3.8 billion at the end of March 2017. The change in the fair value of the investment properties in the first quarter was EUR 1.0 (-2.0) million. No changes were made to the yield requirements. The value of Sponda's properties in Finland developed favourably, primarily due to increases to market rents, particularly for properties in Helsinki's central business district. The development margin also had a positive effect. The negative change in the fair value was mainly attributable to properties in Russia.

M€	31.3.2017	31.3.2016	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	-	587.5	590.5
Other capital expenditure on investment properties	30.6	19.0	91.9
Disposals of investment properties	-2.8	-4.8	-35.9
Capitalised borrowing costs, increase in period	0.6	0.2	1.2
Valuation gains/losses on fair value assessment	1.0	-2.0	28.7
Investment properties reclassified as held for sale	-12.1	-9.3	-32.8
Fair value of investment properties, end of period	3,805.5	3,702.5	3,755.5
Investment properties held for sale	12.1	-9.3	32.8

The Group's most significant investment commitments

The balance sheet value of Sponda's property development portfolio stood at EUR 220.0 million at the end of March 2017. Of this total, trading properties accounted for EUR 7.2 million, while EUR 47.9 million was in undeveloped land sites and the remaining EUR 164.8 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 21.6 million in January–March. 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 new shopping centre 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. 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 124 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 58% of the leasable area. The pre-let rate for the Ratina project as a whole is approximately 47%.

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 project's foundation work is mostly complete. Work on the frame and cast-in-place structures is underway. The installation of the facade elements will begin on schedule in April.

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 8.3 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€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Carrying amount, beginning of period	7.2	7.7	7.7
Disposals and other changes	0.0	1.9	-0.5
Carrying amount, end of period	7.1	9.6	7.2

Collateral and contingent liabilities

Collateral and commitments given by the Group, M€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Loans from financial institutions, covered by collateral	177.8	178.6	178.0
Mortgages	288.1	288.1	288.1
Carrying amount of pledged shares	46.2	44.6	46.4
Total collateral	334.3	332.7	334.5
Lease and other liabilities, M€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Lease liabilities	48.8	53.2	49.4
Mortgages	14.4	19.5	14.4
Guarantees and deposit guarantees	3.2	2.0	4.4
Investment commitments to real estate funds	3.6	6.6	3.6
Interest rate derivatives, M€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Swap contracts, notional value	655	655.0	655.0
Swap contracts, fair value	-24.5	-37.8	-28.2
Eurobasis swaps, notional value	150	150	150.0
Eurobasis swaps, fair value	-0.1	-0.3	-0.1
Cap options purchased, notional value	512.0	362.9	362.2
Cap options purchased, fair value	2.5	0.3	0.2
Currency derivatives, M€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Currency options, bought, notional value	4.1	5.8	5.0

Currency options, bought, fair value	0.0	0.1	0.0

Currency options, put, notional value	-	-	-
Currency options, put, fair value	-	-	-

Interest rate and currency swaps, M€	**31.3.2017**	**31.3.2016**	**31.12.2016**
*Interest rate and currency swaps, notional value**	-	72.4	-
*Interest rate and currency swaps, fair value**	-	-1.9	-

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

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

Related party transactions

The following related party transactions were carried out:

Management employee benefits, M€	**31.3.2017**	**31.3.2016**	**31.12.2016**
Salaries and other short-term employee benefits	0.5	0.4	1.9
Share-based payments	0.4	0.3	0.9
Total	0.9	0.7	2.9

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

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

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 equity holders of the parent company - 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

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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

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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

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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.