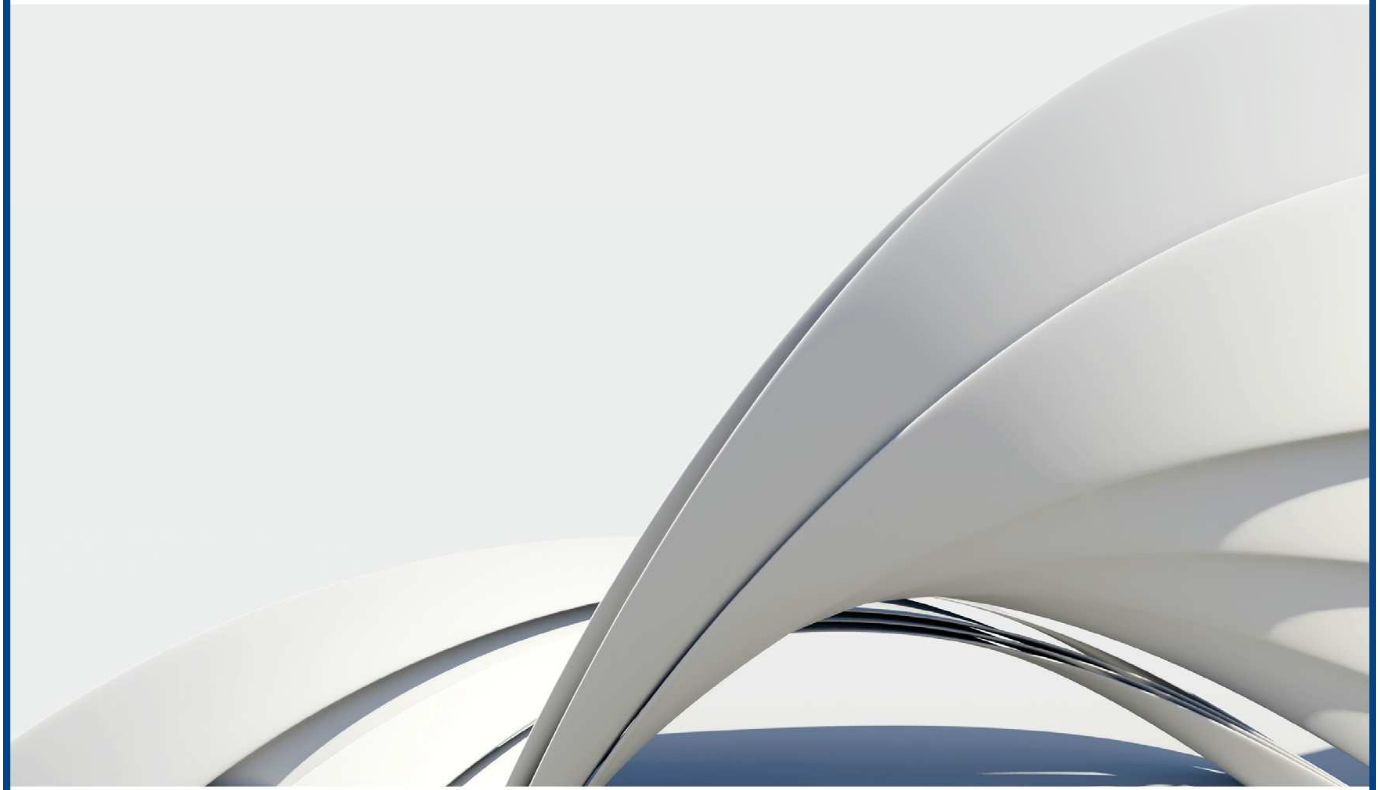
Full Year Result *1.1.–31.12.2011*



Sponda Plc financial statements bulletin 1 January - 31 December 2011

Sponda Plc's total revenue was EUR 248.2 million (31 December 2010: EUR 232.1 million). Net operating income after property maintenance costs and direct costs for funds increased by more than 6% and totalled EUR 179.4 (168.7) million in the period. Sponda's operating profit was EUR 209.6 (216.2) million. As expected, the economic occupancy rate remained at the previous quarter's level of 88.2%.

Result of operations and financial position 1 January – 31 December 2011 (compared with 1 January – 31 December 2010)

- Total revenue increased by approximately 7% from the reference period to EUR 248.2 (232.1) million.
- Net operating income increased more than 6% and totalled EUR 179.4 (168.7) million.
- Operating profit was EUR 209.6 (216.2) million. The operating profit includes a fair value change of EUR 39.6 (44.4) million.
- Cash flow from operations per share was EUR 0.37 (0.37).
- The fair value of the investment properties amounted to EUR 3,165.7 (2,870.6) million.
- Net assets per share totalled EUR 4.06 (3.86).
- The economic occupancy rate was 88.2% (88.0%).
- Financial income and expenses amounted to EUR -75.6 (–58.5) million. Financial income and expenses includes EUR -11.2 million unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, the financial income and expenses was EUR -64.4 million.
- The company provides prospects for 2012 with regard to the development of vacancy rates and the company's net operating income.

Result of operations and financial position 1 October – 31 December 2011 (compared with 1 October – 31 December 2010)

- Total revenue was EUR 64.9 (58.5) million.
- Net operating income was EUR 47.6 (42.5) million.
- Operating profit was EUR 55.1 (83.0) million. The operating profit includes a fair value change of EUR 6.8 (33.4) million.
- Cash flow from operations per share was EUR 0.10 (0.09).
- Financial income and expenses amounted to EUR -20.4 (-13.5) million. Financial income and expenses includes EUR -3.7 million unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, the financial income and expenses was EUR -16.7 million.

Key figures

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue, M	**64.9**	58.5	**248.2**	232.1
Net operating income, M	**47.6**	42.5	**179.4**	168.7
Operating profit, M	**55.1**	83.0	**209.6**	216.2
Earnings per share, €	**0.14**	0.19	**0.39**	0.40
Cash flow from operations per share, €	**0.10**	0.09	**0.37**	0.37
Net assets per share, €			**4.06**	3.86
Equity ratio, %			**38**	39
Interest cover ratio			**2.7**	3.0

Key figures according to EPRA Best Practices Recommendations

	10-12/11	10-12/10	**1-12/11**	1-12/10
EPRA Earnings, M€	**19.7**	19.5	**75.4**	74.0
EPRA Earnings per share, €	**0.07**	0.07	**0.27**	0.27
EPRA NAV/share, €			**4.84**	4.59
EPRA Net Initial Yield (NIY), %			**6.39**	6.37
EPRA, "topped-up" NIY, %			**6.40**	6.38

President and CEO Kari Inkinen

The positive atmosphere in the market of the first half of 2011 turned into uncertainty over the development of the economy towards the autumn. For now, this uncertainty has not been reflected in the office sector as increased vacancy rate, but on the other hand, companies do not have much need for additional premises either. The situation is stable also in logistics premises and the decrease of exports is not reflected as a decreased need for facilities so far. Even as our own business does not see signs of weakening as yet, we estimate that the need for business premises will not increase this year.

A total of some 200,000 m² of new office premises will be completed in the Helsinki market by the end of 2012. If the demand stays low, this will create pressure on the occupancy rate of office premises. The rising development of rents will level out during this year. We don't believe that there will be major increases in rents except for raises due to inflation.

The expansion of the Zeppelin shopping centre was completed in the Oulu region in 2011. The project was completed according to schedule and budget. The entire property has been leased.

The construction of the Ratina shopping centre is still waiting for the investment decision. The prolonged uncertain economic situation has also affected the commitment of future tenants at this point. We estimate, however, to be able to start the project this year.

Prospects

Sponda expects the vacancy rates of its investment properties to rise slightly in 2012. This view is based on the slowing down of the global economy, the uncertainty of business environment for companies and terminating agreements known to Sponda.

The comparable net operating income (excluding any property disposals) of 2012 is expected to increase moderately compared to 2011. This is based on the property acquisitions and the completed property development projects in 2011.

Business conditions - Finland

The uncertainty of the development of the European economy still continues. Its effects are also reflected in the Finnish economy and forecasts concerning it. According to the Ministry of Finance's forecast, Finnish GDP is estimated to have grown by some 2.6% in 2011, and the growth is expected to slow down to 0.4% in 2012. The inflation rate in 2011 was approximately 3.5%. In 2012, the inflation is expected to decrease to approximately 2.7%. The fact that the Finnish economy is stable by European standards and its credit rating is the highest possible promotes trust in Finland being a safe investment choice also in the future.

The effects of the uncertainty of the global economy and the diminishing forecasts are also seen in the real estate market. The anticipatory atmosphere of the market has led to caution especially in investment decision-making. According to preliminary data, the transaction volume of 2011 will remain clearly under EUR 2 billion or approximately one quarter lower than the previous year. The positive trend in rents in the office market at the beginning of the year levelled out during the rest of the year. The economy and the new office properties soon to be completed in the Helsinki region create increasing pressures on the vacancy rate. The vacancy rate is likely to increase especially in properties in weaker areas.

The availability of funding for property investments has been becoming increasingly challenging over the last two quarters already, and no change is expected. Good, long-term relations with financiers are the key to securing funding in 2012.

Business conditions - Russia

The Russian GDP is estimated to have grown by 4.4% in 2011 and is expected to continue at the same pace also in 2012. Economic growth is supported particularly by increases in the price of oil and other commodities.

The real estate market has developed positively with the improving economy. The decrease in the vacancy rate of office premises is expected to continue in Moscow in 2012. The vacancy rate of class A office premises is expected to be at the level of 13%. There is a lack of good A class office premises in particular, which has also led to an increase in rents, but the rent level of the peak years of 2007–2008 is still some way off. According to an estimate by Cushman & Wakefield, present lease agreements for prime properties (A+) in Moscow are agreed at even USD 1,200/m²/year.

The yield requirements for properties in Moscow are declining, the average present yield requirement for class A office properties being approximately 9% on average.

Property transactions were clearly on the rise in 2011 and the volume of transactions doubled from the previous year.

The office properties being built at the moment will be completed in 2012-2013, after which there is no significant construction of new buildings in sight in the Moscow central area. In the future, construction projects will mainly be carried out outside ring 3.

In St. Petersburg, market changes have been moderate and no significant rises in prices and rents have been observed yet. Yield requirements have decreased somewhat from the previous year.

Operations and property assets 1 January - 31 December 2011

Sponda owns, leases and develops business properties in the Helsinki metropolitan area and the largest cities in Finland, and in Russia. Sponda's operations are organized in four business units: Investment Properties, Property Development, Russia, and Real Estate Funds. The Investment Properties unit is divided into three segments: Office and Retail Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Real Estate Funds.

Net operating income from all of Sponda's property assets totalled EUR 179.4 (168.7) million during 2011. Office and retail premises accounted for 52% of this, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 December 2011, Sponda had a total of 200 properties, with an aggregate leasable area of approximately 1.5 million m². Some 51% is office and retail premises, 11% shopping centres and 35% logistics premises. 3% of the leasable area of the properties is located in Russia.

The fair values of Sponda's investment properties are confirmed as a result of the company's own cash flow based yield value calculations. The assessment method complies with International Valuation Standards (IVS). The data used in the calculations of fair value is audited, at a minimum, twice annually by external experts to ensure that the parameters and values used in calculations are based on market observations.

At the end of 2011, an external consultant assessed the values of Sponda's investment properties in Finland and in Russia. The change in the fair value of properties in 2011 was EUR 39.0 (40.5) million for the full year and EUR 7.7 (32.3) million for October-December. The positive change in the value in Finland was mainly due to changes in market rents and changes in yield requirements. The fair value of investment properties is assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The statements of the property assessments conducted in Finland and Russia are available on Sponda's website at www.sponda.fi>Investors>Performance. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment.

Valuation gains/losses on fair value assessment

M€	**10-12/11**	10-12/10	**1-12/11**	1-12/10
Changes in yield requirements (Finland)	**2.5**	18.9	**16.2**	22.9
Changes in yield requirements (Russia)	**0.0**	11.5	**17.5**	11.5
Development gains on property development projects	**0.1**	0.2	**8.2**	2.7
Modernisation investments	**-13.3**	-11.5	**-50.6**	-29.9
Change in market rents and maintenance costs (Finland)	**12.4**	10.9	**44.7**	23.1
Change in market rents and maintenance costs (Russia)	**1.7**	2.1	**2.7**	5.0
Change in currency exchange rates	**4.2**	0.2	**0.4**	5.2
Investment properties, total	**7.7**	32.3	**39.0**	40.5
Real Estate Funds	**-1.5**	-0.4	**-4.4**	-1.7
Realised shares of profit from real estate funds	**0.6**	1.4	**5.0**	5.6
Group, total	**6.8**	33.4	**39.6**	44.4

The changes in Sponda's investment property assets were as follows:

M€	Total	Office and retail	Shopping centres	Logistics	Property developm ent	Rus sia
Operating income	240.7	132.8	40.4	42.0	0.4	25.1
Maintenance expenses	-67.1	-37.2	-8.8	-13.4	-1.6	-6.1
Net operating income	173.6	95.6	31.7	28.6	-1.2	18.9
Fair value of investment properties at 1 Jan 2011	2 870.6	1 459.1	557.1	422.5	227.7	204.2
Capitalised interest 2011	3.6	0.0	0.2	0.1	2.9	0.4
Acquisitions	150.4	134.5	7.8	0.0	9.4	-1.2
Investments	109.1	44.2	15.7	17.9	30.5	0.8

Transfers between segments	0.0	0.0	0.0	0.0	0.0	0.0
Sales in 2010	-7.0	-4.3	0.0	0.0	-2.7	0.0
Change in fair value	39.0	10.5	5.3	8.5	-5.7	20.4
Investment properties at 31 Dec 2011	**3 165.7**	**1 644.0**	**586.1**	**449.0**	**262.0**	**224.6**
Change in fair value, %	1.4	0.7	1.0	2.0	-2.5	10.0
Weighted average yield requirement %	6.9	6.5	5.9	8.0		9.8
Weighted average yield requirement %, Finland	6.7					

Rental operations

The current trends in rental levels in Finland are illustrated by the difference in average rent per square metre for lease agreements that expired during the period and lease agreements that came into effect in the period. The figures for expired lease agreements and new agreements that came into effect in Sponda in the last quarter were as follows:

	Number (agreements)	**Area (m²)**	**EUR/m²/month**
Came into effect during the period	149	47 670	15.17
Expired during the period	104	42 316	10.57
Renewed during the period	56	35 539	14.16

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

Sponda calculates the growth in rental yield for its properties according to EPRA Best Practices Recommendations by using a like-for-like net rental growth formula based on a comparable property portfolio owned by the company for two years. Like-for-like net rental growth was 3.1% for office and retail premises, 8.4% for shopping centres, 2.1% for logistics premises and 10.5% for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

Type of property	**31.12.11**	30.9.11	30.6.11	31.3.11	31.12.10
Office and retail, %	**88.4**	88.6	88.5	87.7	87.7
Shopping centres	**94.1**	93.5	94.3	97.4	98.1
Logistics, %	**78.1**	78.3	78.3	77.8	75.8
Russia, %	**98.7**	98.8	98.3	98.3	96.4
Total property portfolio, %	**88.2**	88.2	88.2	88.2	88.0

Geographical area	**31.12.11**	30.9.11	30.6.11	31.3.11	31.12.10
Helsinki Business District, %	**85.6**	86.8	86.7	88.0	89.8
Helsinki Metropolitan Area, %	**86.2**	86.0	86.0	85.3	84.3

Turku, Tampere, Oulu	**96.1**	95.3	95.7	95.7	96.8
Russia	**98.7**	98.8	98.3	98.3	96.4
Total property portfolio, %	**88.2**	88.2	88.2	88.2	88.0

Total cash flow from lease agreements on 31 December 2011 was EUR 1,240 (1,139) million. Sponda had 2,160 clients and altogether 3,277 lease agreements. The company's largest tenants were the public sector (11.7% of rental income), Kesko Group (5.3% of rental income), Sampo Bank Plc (3.6% of rental income) and HOK-Elanto (3.6% of rental income). Sponda's 10 largest tenants generate approximately 31 % of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	**% of net rental income**
Professional, scientific and technical	5.7 %
Energy	0.5 %
Public sector	11.7 %
Wholesale/retail	27.3 %
Education	1.1 %
Logistics/Transport	6.1 %
Hotel and catering business	4.9 %
Media/Publishing	1.6 %
Other services	12.2 %
Banking/Investment	10.8 %
Construction	2.0 %
Industry/manufacturing	6.8 %
Healthcare	3.6 %
Telecommunications	5.6 %
Other	0.2 %

The average length of all lease agreements was 4.9 (4.7) years. The average length of lease agreements was 5.1 (5.2) years for office and retail properties, 6.5 (4.7) for shopping centres, 4.2 (4.5) years for logistics properties and 2.4 (2.9) in Russia. The lease agreements for Sponda's property portfolio expire as follows:

	% of rental income 31.12.2011	% of rental income 31.12.2010
within 1st year	16.9	14.7
within 2nd year	10.1	14.9
within 3rd year	9.3	9.1
within 4th year	7.1	6.8
within 5th year	6.1	6.9
within 6th year	10.3	4.0
after 6th year	27.6	29.8
Valid indefinitely	12.7	13.8

Investments and divestments

In 2011, Sponda sold properties for a total of EUR 14.1 million, of which Sponda booked capital gains of EUR 7.1 million. The fair value of properties was EUR 7.0 million. Properties were bought for a total of EUR 150.4 million. During the last quarter of the year, Sponda sold properties for a total of EUR 4.8 million and bought properties for a total of EUR 8.1 million. The single largest acquisition was in April 2011, when Sponda bought the Fennia quarter for EUR 122.0 million.

Investments in property maintenance totalled EUR 50.6 million, with EUR 13.3 million of this in the fourth quarter. The largest individual investment was the renovation of Unioninkatu 20-22. The company invested EUR 58.5 million in property development, with EUR 11.6 million of this invested in October-December. Property development investments were primarily directed to the modernisation of the City-Center property in Helsinki's central business district, the expansion of the Zeppelin shopping centre in Oulu and in the production facility built in Vantaa.

Office and Retail

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue, M€	**35.0**	31.4	**132.8**	122.6
Net operating income, M€	**25.3**	22.5	**95.6**	88.6
Operating profit, M€	**25.8**	43.0	**99.2**	107.1
EPRA Net Initial Yield (NIY), %			**6.0**	
Economic occupancy rate, %			**88.4**	87.7
Fair value of properties, M€			**1 644.0**	1 459.1
Change in fair value from beginning of year, M€			**10.5**	14.9
Leasable area, m2			**780 500**	737 000

The company sold office and retail properties for a total of EUR 4.3 million in 2011. The company purchased properties for EUR 134.5 million during the period. During the last quarter of the year, Sponda sold properties for a total of EUR 2.1 million and bought no new properties. Investments in property maintenance totalled EUR 42.6 million, with EUR 11.7 million of this in October-December.

The agreements for office and retail premises will expire as follows:

	% of rental income 31.12.2011	% of rental income 31.12.2010
within 1st year	12.6	12.8
within 2nd year	12.1	11.8
within 3rd year	9.8	10.9
within 4th year	8.3	6.2
within 5th year	6.0	8.1
within 6th year	10.2	3.2
after 6th year	25.3	31.4
Valid indefinitely	15.8	15.7

Shopping centres

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue, M€	**10.5**	10.0	**40.4**	39.7
Net operating income, M€	**8.5**	7.7	**31.7**	31.4
Operating profit, M€	**13.4**	11.8	**35.4**	31.3
EPRA Net Initial Yield (NIY), %			**6.7**	
Economic occupancy rate, %			**94.1**	98.1
Fair value of properties, M€			**586.1**	557.1
Change in fair value from beginning of year, M€			**5.3**	1.1
Leasable area, m2			**157 500**	141 000

The company purchased properties for EUR 7.8 million during the period. No shopping centre properties were bought or sold during the last quarter. Investments in property maintenance totalled EUR 0.8 million.

The agreements for shopping centres will expire as follows:

	% of rental income 31.12.2011	% of rental income 31.12.2010
within 1st year	7.5	7.0
within 2nd year	6.4	28.3
within 3rd year	3.3	5.4
within 4th year	5.6	2.3
within 5th year	6.2	3.5
within 6th year	14.2	4.6
after 6th year	51.7	38.7
Valid indefinitely	5.2	10.3

Logistics properties

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue, M€	**10.8**	9.0	**42.0**	36.6
Net operating income, M€	**7.6**	6.2	**28.6**	24.8
Operating profit, M€	**7.2**	9.5	**35.6**	30.0
EPRA Net Initial Yield (NIY), %			**5.9**	
Economic occupancy rate, %			**78.1**	75.8
Fair value of properties, M€			**449.0**	422.5
Change in fair value from beginning of year, M€			**8.5**	3.1
Leasable area, m2			**534 500**	514 000

No logistics properties were purchased or sold in the period under review. Investments in property maintenance in 2011 totalled EUR 6.7 million, with EUR 0.7 million of this in the fourth quarter.

The agreements for logistics properties will expire as follows:

	% of rental income 31.12.2011	% of rental income 31.12.2010
within 1st year	20.7	13.4
within 2nd year	11.8	10.5
within 3rd year	8.8	11.4
within 4th year	3.4	7.7
within 5th year	5.1	6.0
within 6th year	4.2	4.0
after 6th year	28.6	27.1
Valid indefinitely	17.5	19.9

Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 262.0 million at year's end 2011. Of this total, EUR 90.3 million was in undeveloped land sites and EUR 159.6 million was tied up in property development projects in progress. At the end 2011, the Property Development unit had invested a total of EUR 30.5 million, EUR 4.6 million of this in the final quarter. Most of these investments were allocated to the development of the Citycenter and the expansion of the Zeppelin shopping centre.

Sponda's property development operations comprise new construction projects and refurbishment of existing properties. At present, investments are allocated as follows between the company's major projects:

	Citycenter	**Ruoholahden Kuntotalo**
Total investment, M€	130.0*)	23.5
Invested by 31.12.2011, M€	110.9*)	1.6
Capitalised interest expenses by 31.12.2011, M€	13.0	-
Time of completion	2012	April 2013

*) Figure does not include capitalised interest expenses.

The expansion of the Zeppelin shopping centre in the Oulu region was completed on schedule at the beginning of November 2011. The project added some 4,000 m² of new retail space for the Prisma hypermarket and 4,700 m² of space for specialty retail. The new premises built in the shopping centre are fully occupied. The 15% development margin target for property development projects was exceeded.

In the Citycenter project, the construction of the second phase has been completed. At the same, the LEED® Gold Environmental Certification for its office building, which was completed in the summer of 2011. Construction of the third and final phase of the project comprising the retail premises on the Keskuskatu is proceeding according to plan. The entire City-Center refurbishment project is expected to be completed in 2012. The project budget was increased by EUR 5 million, which is shown as a negative change in the fair value in the income statement. The increased costs are due to realised additional work, increases in construction costs and the prolongation of the project according to an earlier decision. The estimated total investment value of the project is some EUR 130 million.

Sponda purchased an office and retail property in central Tampere for approximately EUR 10 million. An additional investment of approximately EUR 6.5 million will be made to modernise the property. The retail spaces of the property are already completed and were occupied in November 2011. The majority of office spaces are also completed and occupied. The property is almost fully occupied.

Sponda is developing an office property in the Ruoholahti district of Helsinki with total floor space of approximately 6,000 m². Over 70% of the building will be leased to the primary tenant, Talentum Plc. Construction of the office building began in August 2011 and the project is scheduled for completion in April 2013. The project's total investment is estimated at approximately EUR 23.5 million.

Sponda is carrying out development projects for the Ratina shopping centre in Tampere and related areas. The current plans are for a shopping centre with a total area of 55,000 m² and a total investment of approximately EUR 200 million. The decision to begin has not yet been made.

Russia

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue, M€	**6.5**	5.8	**25.1**	23.6
Net operating income, M€	**4.8**	4.3	**18.9**	17.7
Operating profit, M€	**10.1**	17.2	**36.6**	36.3
EPRA Net Initial Yield (NIY), %			**9.8**	
Economic occupancy rate, %			**98.7**	96.4
Fair value of properties, M€			**224.6**	204.2
Change in fair value from beginning of year, M€			**20.4**	21.7
Leasable area, m2			**46 500**	46 500

The change in fair value of property in 2011 in Russia, totalling EUR 20.2 million, was mainly due to changes in the yield requirements in evaluation implemented in the second quarter and the changes in market rents during the year.

The typical length of a lease in Russia is 11 months. Sponda's lease agreements in Russia conform to this practice, with the exception of the Western Realty (Ducat II) property in Moscow and the OOO Adastra property in St Petersburg, where the leases are for longer periods than average. The average length of Sponda's lease agreements in Russia on 31.12.2011 was 2.4 (2.9) years, with lease agreements expiring as follows:

	% of rental income 31.12.2011	% of rental income 31.12.2010
within 1st year	47.3	36.0
within 2nd year	3.1	17.5
within 3rd year	16.5	2.5
within 4th year	8.9	14.7
within 5th year	8,6	7,6
within 6th year	14,6	7,3
after 6th year	0,9	14,4
Valid indefinitely	0,0	0,0

Real Estate Funds

Sponda is a non-controlling holder in three real estate funds: First Top LuxCo, Sponda Fund I Ky and Sponda Fund II Ky. Sponda is responsible for managing the funds and their properties, and receives management fees. The total revenue, net operating income and operating profit for the Real Estate Funds segment were:

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue, M€	**1.6**	1.9	**6.4**	7.2
Net operating income, M€	**1.2**	1.5	**5.0**	5.7
Operating profit, M€	**-1.4**	1.0	**-0.2**	4.2

At the end of the review period, an external valuator assessed the fair value of Sponda Fund I and Sponda Fund II funds. The assessments were made by Jones Lang LaSalle and Kiinteistötaito Peltola & Co. The change in the fair value in 2011 was EUR -4.4 (-1.7) million for the full year and EUR -1.5 (-0.4) million for October–December. The realised shares of profit from real estate funds are presented on the income statement under change in fair value instead of total revenue. The share of profits was EUR 5.0 (5.6) million for the full year and EUR 0.6 (1.4) million in October-December.

First Top LuxCo (Sponda's holding 20%) invests in office and retail properties outside Finland's largest cities. The value of the fund's property investments stood at EUR 93.1 million on 31 December 2011.

Sponda Fund I Ky invests in logistics sites outside the Helsinki metropolitan area. Sponda's holding in the fund is 46%. At the end of 2011 the properties in the fund had a fair value of EUR 182.0 million.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium sized cities in Finland. The fund has a target size for its real estate investment of approximately EUR 200 million and the fair value of its property portfolio on 31 December 2011 was EUR 176.6 million.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 142 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

In September 2011 Sponda concluded an agreement with SRV, Ilmarinen, Etera and Onvest to set up an investment company called Russian Invest to Russia. This property investment will invest in property development projects in Moscow and St. Petersburg. Investment decisions on projects had not been made by the end of 2011.

Cash flow and financing

Sponda's net cash flow from operations in the period under review totalled EUR 99.2 (31 December 2010: 102.6) million. Net cash flow from investing activities was EUR -222.9 (-39.5) million and the net cash flow from financing activities was EUR 123.6 (-65.9) million. Net financing costs for the period totalled EUR -75.6 (-58.5) million. Financial income and expenses includes EUR -11.2 million unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, the financial income and expenses was EUR -64.4 million. Interest expenses of EUR 3.6 (4.5) million were capitalised.

Sponda's equity ratio on 31.12.2011 was 38% (31.12.2010: 39%) and gearing was 135% (129%). If the amendment of the IAS 12 taxation standard becomes applicable in the EU in its current form, its implementation will cause a positive change of approximately 1 percentage point on the Group’s equity ratio. The amendment is presented in its entirety under “Accounting principles”.

Interest-bearing debt amounted to EUR 1,754.8 (1,572.6) million and the average maturity of Sponda's loans was 3.1 (3.2) years. The average interest rate was 4.0% (3.8%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 77% (84%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 2.2 (2.2) years. The interest cover ratio, which reflects solvency, was 2.7 (3.0).

Sponda applies hedge accounting to those interest derivatives that meet the criteria for hedge accounting. Changes in the fair value of interest derivatives that fall under hedge accounting are recognised in equity on the balance sheet. Changes in the fair value of other interest derivatives and currency options are recorded on the income statement.

Sponda Group's debt portfolio on 31.12.2011 comprised EUR 735 million in syndicated loans, EUR 173 million in bonds, EUR 219 million in issued commercial papers, and EUR 628 million in loans from financial institutions. Sponda had EUR 440 million in unused credit limits. Sponda Group had mortgaged loans worth EUR 140.4 million, i.e. 4.1 per cent of the balance sheet total.

In November 2011, Sponda Plc signed a syndicated credit agreement for a total of EUR 375 million. The agreement comprises of a loan of EUR 275 million and a credit limit of EUR 100 million. The syndicated credit has a 5-year maturity and its margin was 1.70 % on the date of signing the agreement. The loan was used in its entirety to repay loans maturing in 2012. The loan terms correspond to the terms of Sponda's other loans and its key covenants are linked to equity ratio and interest cover ratio.

Number of employees

During the review period Sponda Group had, on average, 123 (123) employees, of whom 110 (111) worked for parent company Sponda Plc. On 31.12.2011, Sponda Group had altogether 128 (119) employees, of whom 114 (107) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the period totalled EUR -23.1 (-20.4) million. The increase in costs was mainly due to staff increases and the recognition of long-term share-based incentive schemes.

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 remuneration are profitability and business development.

Sponda also has a long-term share-based incentive scheme with two one-year earnings periods, the 2010 and 2011 calendar years, and two three-year earnings periods, 2010-2012 and 2011-2013. The earnings criteria of the incentive scheme are tied to cash flow from operations per share and return on capital employed.

The long-term share-based incentive scheme currently covers the members of the Executive Board, altogether seven people. The incentive scheme is described in more detail in the company's stock exchange release of 17 March 2010.

Group structure

Sponda Group comprises the parent company, the subsidiary Sponda Kiinteistöt Oy (formerly Kapiteeli Oy) and the Group's mutually owned property companies, which are either wholly or majority owned by Sponda Plc or Sponda Kiinteistöt Oy. Sponda Group also includes Sponda Russia Ltd and Sponda Asset Management Oy, as well as their subsidiaries.

Sponda's share and shareholders

The weighted average price of the Sponda share in 2011 was EUR 3.39. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.17 and the lowest EUR 2.64. Turnover during the year totalled 141.9 million shares or EUR 483.6 million. The closing price of the share on 30 December 2011 was EUR 3.12 and the market capitalisation of the company's share capital was EUR 883.2 million.

The Annual General Meeting on 16.03.11 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.

Sponda's Board of Directors decided to pay a part of the purchase price through an issue of 5,500,000 new shares in Sponda directed to Suomi Mutual based on this authorisation. Suomi Mutual subscribed for all of the shares at a subscription price of four euros (EUR 4.00) per share. The new shares were incorporated in the book-entry system and became subject to public trading on the official list of NASDAQ OMX Helsinki Ltd on 6 May 2011.

Sponda issued the following flagging notices in 2011:

- 29.4.2011: Solidium Oy announced that its holding of shares represented 14.89 % of the total number of shares and votes in Sponda Plc.
- 14.11.2011: Cohen & Steers, Inc announced that its holding of shares represented 4.95% of the total number of shares and 3.08% of votes in Sponda Plc.
- 19.12.2011: Varma Mutual Pension Insurance Company notified that the total number of shares it holds represents 10,27 % of Sponda Plc's shares and voting rights.

On 31.12.2011 the company had altogether 9,102 shareholders and its ownership structure was as follows:

	Number of shares	**Holding, %**
Public entities	60 281 961	21.3
Nominee-registered	134 230 115	47.4
Financial and insurance institutions, total	12 825 097	4.5
Households	22 225 816	7.9
Private corporations, total	46 734 242	16.5
Non-profit organizations, total	3 993 725	1.4
Foreign owners, total	2 784 506	1.0
Total number of shares	283 075 462	100.0

Board of Directors and auditors

Sponda's Board of Directors has six members: Klaus Cawén, Tuula Entelä, Lauri Ratia, Arja Talma, Raimo Valo and Erkki Virtanen. The Chairman of the Board is Lauri Ratia and its Deputy Chairman is Klaus Cawén.

The Board of Directors assesses that, of its members, Klaus Cawén, Tuula Entelä, Lauri Ratia, Arja Talma and Raimo Valo are independent of the company and of its major shareholders and Erkki Virtanen is independent of the company.

Sponda Plc's auditors are APA Raija-Leena Hankonen and authorised public accountants KPMG Oy Ab, with APA Kai Salli as the responsible auditor and APA Ari Eskelinen as the deputy auditor.

The Board Committees

The members of the Audit Committee are as follows: Arja Talma (Chairman), Raimo Valo (Deputy Chairman) and Erkki Virtanen (ordinary member).

The members of the Structure and Remuneration Committee are as follows: Lauri Ratia (chairman), Klaus Cawén (vice chairman) and Tuula Entelä (ordinary member).

Management

Sponda Plc's President and Chief Executive Officer is Kari Inkinen. The Executive Board comprises the President and CEO, the CFO, the SVP for Corporate Communications and IR, and the heads of the business units, in total seven persons.

Environmental responsibility

The real estate sector plays a key role in fighting climate change and promoting the wellbeing of the environment. Environmental expertise is one of Sponda's strategic priorities. The sustainability reporting integrated in the company's annual report is implemented according to GRI C-level.

The company has set company level objectives for 2012 related to, amongst other things, reducing energy consumption in properties owned by Sponda, sorting of waste, implementing energy efficiency initiatives in cooperation with customers and creating a healthy and satisfying working environment for its clients. Environmental responsibility was also extended to Sponda's properties in Russia, with the aim of reducing electricity and water consumption, particularly in Moscow.

Sponda obtained LEED® (Leadership in Energy and Environmental Design) Silver Environmental Certification for an Existing Building for its office property completed in 2008. In June 2011, Sponda's office building in Helsinki's Ruoholahti district was granted a Good-level BREEAM In-Use –environmental certificate. Located at Porkkalankatu 22, the building's primary tenants are Altia Plc and Diacor Terveyspalvelut Oy. In October, Sponda obtained the Gold LEED® Certification for the new office property in City-Center, and in December a BREEAM In-Use certification for an office property in the Vuosaari harbour.

Events after the end of the period

Sponda Plc's Shareholders' Nomination Board has decided to propose to the Annual General Meeting on 20 March 2012 that the number of members of the Board of Directors be confirmed as six and that the current members, Klaus Cawén, Tuula Entelä, Lauri Ratia, Arja Talma and Erkki Virtanen be re-elected.

The Nomination Board proposes to the Annual General Meeting that the members of the Board of Directors elected in the Annual General Meeting be paid the following annual fees for the term concluding at the 2013 Annual General Meeting: Chairman of the Board, EUR 60,000, Vice Chairman of the Board, EUR 36,000 and each member EUR 31,200. The Nomination Board further proposes that all members of the Board of Directors be paid meeting fees of EUR 600 per meeting, inclusive of Board Committee meetings. The Nomination Board proposes that 40% of the annual fee be paid in Sponda Plc shares acquired on the market. The shares will be acquired within two weeks of the date of publication of the interim report for 1 January – 31 March 2012.

Sponda's Board of Directors will include the proposals in the invitation to the AGM to be published at a later date.

The members of the Nomination Board were the three largest shareholders on 1 October 2011:

Solidium Oy, Kari Järvinen
Ilmarinen Mutual Pension Insurance Company, Timo Ritakallio
Varma Mutual Pension Insurance Company, Risto Murto.

Prospects

Sponda expects the vacancy rates of its investment properties to rise slightly in 2012. This view is based on the slowing down of the global economy, the uncertainty of business environment for companies and terminating agreements known to Sponda.

The comparable net operating income (excluding any property disposals) of 2012 is expected to increase moderately compared to 2011. This is based on the property acquisitions and the completed property development projects in 2011.

Risks and uncertainty factors in the near future

Sponda believes that the key risks and uncertainty factors in the current financial period arise from the European economic crisis and relate to a decline in economic occupancy rates and a fall in rental income resulting from the insolvency of tenants.

After the summer, the positive development of the Finnish economy turned into uncertainty dominating the market because of the debt crisis of the European and US public economies. The shrinking of growth may affect the operations of Finnish companies and thereby increase vacancy rates of office properties.

For Sponda's property development projects, the key risks are related to the degree of success in leasing premises and the potential increase in construction costs. Higher than expected vacancy rates in newly completed business premises would have an impact on the Group's total vacancy rate and, as a result, have a negative effect on the Group's net operating income.

The differences between Russian and Finnish legislation and the way the authorities operate in the two countries may cause additional risks for Sponda. The operations in Russia increase Sponda's foreign exchange risk. Changes in exchange rates may cause exchange rate losses that have a negative impact on the company's financial result.

Annual General Meeting and dividend

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 20 March 2012 and proposes to the Annual General Meeting that a dividend of EUR 0.16 per share be paid.

3.2.2012
Sponda Plc
Board of Directors

Additional Information:
Kari Inkinen, President and CEO, tel. +358 20-431 3311 or +358 400-402 653,
CFO Erik Hjelt, tel. +358 20-431 3318 or +358 400-472 313 and
Pia Arrhenius, SVP, Corporate Communications and IR, tel. +358 20-431 3454 or +358 40-527 4462.

Distribution:
NASDAQ OMX Helsinki
Media
www.sponda.fi

Sponda Plc

Consolidated income statement
M€

	10-12/11	10-12/10	**1-12/11**	1-12/10
Total revenue				
Rental income and recoverables	**63.2**	56.6	**241.5**	224.9
Interest income from finance leasing agreements	**0.1**	0.1	**0.3**	0.3
Fund management fees	**1.6**	1.8	**6.4**	6.9
	64.9	58.5	**248.2**	232.1
Expenses				
Maintenance expenses	**-17.0**	-15.6	**-67.5**	-61.9
Direct fund expenses	**-0.4**	-0.4	**-1.3**	-1.5
	-17.4	-16.0	**-68.8**	-63.3
Net operating income	**47.6**	42.5	**179.4**	168.7
Profit/loss on sales of investment properties	**7.1**	2.5	**7.2**	5.8
Fair Value Adjustments	**6.8**	33.4	**39.6**	44.4
Profit/loss on sales of trading properties	**0.6**	10.6	**0.7**	19.4
Change in fair value of trading property	**0.0**	0.0	**-1.8**	0.0
Sales and marketing expenses	**-0.6**	-0.5	**-1.6**	-1.4
Administrative expenses	**-6.1**	-5.0	**-21.5**	-19.0
Share of result of associated companies	**0.0**	0.0	**-0.1**	0.1
Other operating income	**0.1**	0.0	**8.2**	0.2
Other operating expense	**-0.4**	-0.5	**-0.6**	-2.1
Operating Profit	**55.1**	83.0	**209.6**	216.2
Financial income	**-0.5**	0.2	**14.0**	1.7
Financial expenses	**-19.9**	-13.7	**-89.6**	-60.3
Total amount of financial income and expenses	**-20.4**	-13.5	**-75.6**	-58.5
Profit before income tax	**34.7**	69.5	**134.0**	157.7
Income taxes for current and previous fiscal years	**-1.0**	-1.2	**-3.1**	-3.6
Deferred taxes	**-5.0**	-14.1	**-25.1**	-33.7
Change in tax base of deferred taxes	**12.0**	0.0	**12.0**	0.0
Income taxes, total	**6.0**	-15.3	**-16.2**	-37.3
Profit/loss for the period	**40.7**	54.2	**117.8**	120.4
Attributable to:				
Equity attributable to equity	**40.7**	54.2	**117.8**	120.6
Non-controlling interest	**0.0**	0.0	**0.0**	-0.2
Earnings per share based on profit attributable to equity holders of the parent company				
Basic and diluted, €	**0.14**	0.19	**0.39**	0.40

Consolidated statement of comprehensive income
M€

	10-12/11	10-12/10	**1-12/11**	1-12/10
Profit/loss for the period	**40.7**	54.2	**117.8**	120.4
Other comprehensive income				
Net loss/profit from hedging cash flow	**-3.4**	10.6	**-11.9**	9.3
Translation differences	**0.3**	0.2	**0.0**	1.4
Taxes on comprehensive income	**0.4**	-2.7	**2.4**	-2.2
Other comprehensive income for period after taxes	**-2.7**	8.2	**-9.5**	8.4
Comprehensive profit/loss for period	**38.0**	62.4	**108.3**	128.8
Attributable to:				
Equity attributable to equity	**38.0**	62.4	**108.3**	129.0
Non-controlling interest	**0.0**	0.0	**0.0**	-0.2

Consolidated balance sheet
M€

	31.12.2011	31.12.2010
ASSETS		
Fixed assets and other non-current assets		
Investment Properties	**3 165.7**	2 870.6
Investments in real estate funds	**65.5**	59.8
Property, plant and equipment	**13.1**	13.6
Goodwill	**14.5**	14.5
Other intangible assets	**0.6**	0.4
Finance lease receivables	**2.7**	2.7
Investments in associated companies	**0.0**	2.0
Long-term receivables	**5.2**	7.5
Deferred tax assets	**43.8**	36.9
Fixed assets and other non-current assets total	**3 311.1**	3 008.1
Current assets		
Trading properties	**7.9**	10.3
Trade and other receivables	**41.9**	41.1
Funds	**26.4**	27.0
Current assets total	**76.1**	78.4
Total funds	**3 387.3**	3 086.5

SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to equity		
holders of parent company		
Share Capital	**111.0**	111.0
Share Issue Premium	**159.5**	159.5
Translation differences	**0.5**	0.6
Fair value reserve	**-30.0**	-20.6
Revaluation reserve	**0.6**	0.6
Reserve for invested unrestricted equity	**433.8**	412.0
Other equity fund	**129.0**	129.0
Retained earnings	**475.0**	407.0
	1 279.4	1 199.1
Non-controlling interests	**1.7**	1.7
Shareholders' equity total	**1 281.1**	1 200.8
Liabilities		
Long-term liabilities		
Interest-bearing liabilities	**1 380.8**	1 399.4
Other liabilities	**39.7**	25.5
Deferred tax liabilities	**235.7**	221.0
Long-term liabilities total	**1 656.2**	1 645.9
Current liabilities		
Short-term interest-bearing liabilities	**374.1**	173.2
Trade and other payables	**75.9**	66.5
Current liabilities total	**449.9**	239.7
Total borrowings	**2 106.2**	1 885.7
Total equity and liabilities	**3 387.3**	3 086.5

Consolidated Cash Flow Statement
M€

	1-12/2011	1-12/2010
Cash flow from operating activities		
Net profit for the financial year	**117.8**	120.4
Adjustments	**44.5**	42.7
Change in net working capital	**6.7**	12.1
Interest received	**1.4**	0.7
Interest paid	**-66.8**	-61.4
Other financial items	**-3.0**	-10.2
Dividends received	**0.0**	0.0
Dividends received from associated companies	**1.5**	0.9
Taxes received/paid	**-3.0**	-2.7
Net cash generated by operating activities	**99.2**	102.6
Cash flow from investing activities		
Acquisition of investment properties	**-226.6**	-75.9
Capital expenditure on real estate funds	**-10.1**	-5.4
Acquisition of tangible and intangible assets	**-0.3**	-0.5
Proceeds from sale of investment properties	**5.9**	41.5
Proceeds from sale of associated companies	**8.2**	-
Repayments of loan receivables	**0.0**	0.8
Net cash used in investing activities	**-222.9**	-39.5
Cash flow from financing activities		
Non-current loans, raised	**757.4**	715.1
Non-current loans, repayments	**-782.1**	-600.3
Current loans, raised/repayments	**201.3**	-136.0
Interest paid on equity bond	**-11.4**	-11.4
Dividends paid	**-41.6**	-33.3
Net cash generated from financing activities	**123.6**	-65.9
Net increase in cash and cash equivalents	**-0.1**	-2.7
Cash and cash equivalents, beginning of period	**27.0**	29.1
Impact of changes in exchange rates	**-0.4**	0.6
Cash and cash equivalents, end of period	**26.4**	27.0

Consolidated statement of changes in equity
M€

	Share Capital	Share Issue Premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Equity at 31 Dec 2009	111.0	159.5	-0.9	-27.4	0.6	412.0	129.0	328.0	1 111.7	1.8	1 113.6
Comprehensive income for period			1.5	6.9				120.6	129.0	-0.2	128.8
Distribution of Dividends								-33.3	-33.3		-33.3
Interest paid on equity bond								-8.4	-8.4	0.0	-8.4
Amendment								0.1	0.1		0.1
Equity at 31 Dec 2010	111.0	159.5	0.6	-20.6	0.6	412.0	129.0	407.0	1 199.1	1.7	1 200.8

	Share Capital	Share Issue Premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Equity at 31 Dec 2010	111.0	159.5	0.6	-20.6	0.6	412.0	129.0	407.0	1 199.1	1.7	1 200.8
Comprehensive income for period			-0.1	-9.4				117.8	108.3	0.0	108.3
Distribution of Dividends								-41.6	-41.6		-41.6
Interest paid on equity bond								-8.4	-8.4		-8.4
Share issue						21.7			21.7		21.7
Amendment								0.3	0.3		0.3
Equity at 31 Dec 2011	111.0	159.5	0.5	-30.0	0.6	433.8	129.0	475.0	1 279.4	1.7	1 281.1

Notes to the consolidated financial statements

Accounting principles

This financial statements bulletin is prepared in accordance with IAS 34 (Interim Financial Reporting), applying those IFRS standards and interpretations that are valid on 31 December 2011.

Figures of the financial statements bulletin 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 for the year 2011.

The figures in the financial statements have not been audited.

New or amended IFRS standards or interpretations

Amendment IAS 12, Income taxes (applicable to financial periods beginning on or after 1 January 2012). IAS 12 previously required the organisation to evaluate what part of the book value of an item valued at the fair value in the balance sheet could be accrued from continuous use (such as rental income) and what part from the sales of the asset. According to the amendment, the book value of investment properties valued after the amendment at fair value is, by default, assumed to be generated from the sales of the asset. If the amendment becomes applicable in the EU in its current form, its implementation will cause a significant effect on the deferred taxes recognised for investment properties in Sponda Group's consolidated financial statements.

Income statement by segment
M€

Income statement data 1-12/2011	Office and Retail	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**132.8**	**40.4**	**42.0**	**1.5**	**25.1**	**6.4**	**0.0**	**248.2**
Maintenance expenses and direct fund expenses	-37.2	-8.8	-13.4	-2.0	-6.1	-1.4	0.0	-68.8
Net operating income	**95.6**	**31.7**	**28.6**	**-0.5**	**18.9**	**5.0**	**0.0**	**179.4**
Profit on sales of investment properties	0.3	0.0	0.0	6.9	0.0	0.0	0.0	7.2
Loss on sales of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on trading properties	0.4	0.0	0.0	0.3	0.0	0.0	0.0	0.7
Impairment losses on trading properties	0.0	0.0	0.0	-1.8	0.0	0.0	0.0	-1.8
Valuation gains/losses	10.5	5.3	8.4	-5.7	20.4	0.6	0.0	39.6
Administration and marketing	-7.6	-1.6	-1.5	-3.8	-2.8	-5.9	0.0	-23.1
Other operating income and expenses	0.0	0.0	0.1	-0.3	0.0	0.0	7.8	7.6
Operating Profit	**99.2**	**35.4**	**35.6**	**-4.8**	**36.6**	**-0.2**	**7.8**	**209.6**
Financial income and expenses							-75.6	-75.6
Profit before income tax							-67.8	134.0

Income tax							-16.2	-16.2
Profit/loss for the period							-84.0	117.8
Investments	178.7	23.5	17.9	39.9	-0.4	10.2	0.1	269.9
Segment assets	1 646.7	586.1	449.0	276.5	224.6	65.5	138.9	3 387.3
Economic Occupancy	88.4	94.1	78.1		98.7			88.2

Income statement data 1-12/2010	Office and Retail	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**122.6**	**39.7**	**36.6**	**2.3**	**23.6**	**7.2**	**0.0**	**232.1**
Maintenance expenses and direct fund expenses	-34.0	-8.3	-11.8	-1.8	-5.9	-1.5	0.0	-63.3
Net operating income	**88.6**	**31.4**	**24.8**	**0.5**	**17.7**	**5.7**	**0.0**	**168.7**
Profit on sale of investment properties	2.3	0.0	0.3	3.2	0.0	0.0	0.0	5.9
Loss on sale of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on sale of trading properties	7.6	0.0	2.9	8.9	0.0	0.0	0.0	19.4
Impairment losses in fair value of trading property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses	14.9	1.1	3.1	-0.2	21.7	3.9	0.0	44.4
Administration and marketing	-6.3	-1.2	-1.1	-3.6	-2.7	-5.5	0.0	-20.4
Other operating income and expenses	0.0	0.0	0.0	-1.5	-0.3	0.0	0.0	-1.8
Operating Profit	**107.1**	**31.3**	**30.0**	**7.3**	**36.3**	**4.2**	**0.0**	**216.2**
Financial income and expenses							-58.5	-58.5
Profit before income tax							-58.5	157.7
Income tax							-37.3	-37.3
Profit/loss for the period							-95.8	120.4
Investments	25.1	1.5	19.7	30.6	0.4	5.4	0.4	83.1
Segment assets	1 461.8	557.1	422.5	242.2	204.2	59.8	138.9	3 086.5
Economic Occupancy	87.7	98.1	75.8		96.4			88.0

Direct and indirect result

Operating result illustrates the result from the Group's core business operations. The direct result is calculated by adjusting the figures in the consolidated income statement for changes in the fair value of properties and financial instruments, profit/loss on the sale of properties, amortisation of goodwill and other such income and expenses that the company considers non-direct items.

M€	10-12/11	10-12/10	1-12/11	1-12/10
Direct result				
Net operating income	**47.6**	42.5	**179.4**	168.7
Realised shares of profit from real estate funds	**0.6**	1.4	**5.0**	5.6
Marketing and administrative expenses	**-6.7**	-5.5	**-23.1**	-20.4
Other income and expenses for business operations	**-0.4**	-0.3	**0.0**	-1.0
Financial income and expenses	**-18.4**	-15.6	**-69.0**	-58.0
Taxes based on direct result	**-0.9**	-1.6	**-3.0**	-1.8
Deferred taxes based on direct result	**-2.0**	-1.5	**-14.0**	-19.2
Non-controlling holding share of direct result	**0.0**	0.0	**0.0**	0.0
Total	**19.7**	19.5	**75.4**	74.0
Indirect result				
Profit/loss on sales of investment properties	**7.1**	2.5	**7.2**	5.8
Fair Value Adjustments	**6.2**	31.9	**34.6**	38.8
Profit/loss on sales of trading properties	**0.6**	10.6	**0.7**	19.4
Change in fair value of trading property	**0.0**	0.0	**-1.8**	0.0
Marketing and administrative expenses	**0.0**	0.0	**0.0**	0.0
Other income and expenses for business operations	**0.0**	-0.3	**7.5**	-0.8
Financial income and expenses	**-2.0**	2.1	**-6.6**	-0.5
Taxes based on indirect result	**-0.2**	0.5	**-0.2**	-1.8
Deferred taxes based on indirect result	**-3.0**	-12.7	**-11.1**	-14.5
Change in tax base of deferred taxes	**12.0**	0.0	**12.0**	0.0
Non-controlling holding share of indirect result	**0.0**	0.0	**0.0**	0.2
Total	**20.9**	34.7	**42.4**	46.6

Quarterly key figures
M€

	Q4/2011	Q3/2011	Q2/2011	Q1/2011	Q4/2010
Total revenue	**64.9**	63.1	61.6	58.6	58.5
Net operating income	**47.6**	47.3	44.9	39.6	42.5
Fair Value Adjustments	**6.8**	4.6	25.2	3.1	33.4
Operating Profit	**55.1**	47.1	70.0	37.4	83.0
Financial income and expenses	**-20.4**	-22.9	-19.8	-12.6	-13.5
Profit/loss for the period	**40.7**	18.6	39.5	19.1	54.2

Investment Properties	**3 165.7**	3 128.8	3 098.5	2 916.0	2 870.6
Shareholders' equity	**1 281.1**	1 243.0	1 240.2	1 189.9	1 200.8
Interest-bearing liabilities	**1 754.8**	1 740.6	1 740.6	1 619.4	1 572.6
Earnings per share, €	**0.14**	0.06	0.13	0.06	0.19
Cash flow from operations per share, €	**0.10**	0.09	0.11	0.07	0.09
EPRA NAV	**4.84**	4.68	4.66	4.56	4.59
Economic occupancy rate, %	**88.2**	88.2	88.2	88.2	88.0

Investment Properties
M€

	31.12.2011	31.12.2010
Fair value of investment properties, start of period	**2 870.6**	2 767.5
Purchase of investment properties	**150.4**	0.8
Other capital expenditure on investment properties	**109.1**	76.4
Disposal of investment properties	**-7.0**	-37.5
Transfers from trading properties	**0.0**	18.4
Capitalised equity expenses, increase in period	**3.6**	4.5
Fair Value Adjustments	**39.0**	40.5
Fair value of investment properties, end of period	**3 165.7**	2 870.6

Net operating income from all of Sponda's property assets totalled EUR 179.4 (168.7) million during 2011. Office and retail premises accounted for 52% of this, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 December 2011, Sponda had a total of 200 properties, with an aggregate leasable area of approximately 1.5 million m². Some 51% is office and retail premises, 11% shopping centres and 35% logistics premises. 3% of the leasable area of the properties is located in Russia.

The fair values of Sponda's investment properties are confirmed as a result of the company's own cash flow based yield value calculations. The assessment method complies with International Valuation Standards (IVS). The data used in the calculations of fair value is audited, at a minimum, twice annually by external experts to ensure that the parameters and values used in calculations are based on market observations.

At the end of 2011, an external consultant assessed the values of Sponda's investment properties in Finland and in Russia. The change in the fair value of properties in 2011 was EUR 39.0 (40.5) million for the full year and EUR 7.7 (32.3) million for October-December. The positive change in the value in Finland was mainly due to changes in market rents and changes in yield requirements. The fair value of investment properties is assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The statements of the property assessments conducted in Finland and Russia are available on Sponda's website at www.sponda.fi>Investors>Performance. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment.

The Group's most significant investment commitments

In the Citycenter project, the construction of the second phase has been completed. At the same, the LEED® Gold Environmental Certification for its office building, which was completed in the summer of 2011. Construction of the third and final phase of the project comprising the retail premises on the Keskuskatu is proceeding according to plan. The entire City-Center refurbishment project is expected to be completed in 2012. The project budget was increased by EUR 5 million, which is shown as a negative change in the fair value in the income statement. The increased costs are due to realised additional work, increases in construction costs and the prolongation of the project according to an earlier decision. The estimated total investment value of the project is some EUR 130 million.

Sponda purchased an office and retail property in central Tampere for approximately EUR 10 million. An additional investment of approximately EUR 6.5 million will be made to modernise the property. The retail spaces of the property are already completed and were occupied in November 2011. The majority of office spaces are also completed and occupied. The property is almost fully occupied.

Sponda is developing an office property in the Ruoholahti district of Helsinki with total floor space of approximately 6,000 m². Over 70% of the building will be leased to the primary tenant, Talentum Plc. Construction of the office building began in August 2011 and the project is scheduled for completion in April 2013. The project's total investment is estimated at approximately EUR 23.5 million.

Sponda is carrying out development projects for the Ratina shopping centre in Tampere and related areas. The current plans are for a shopping centre with a total area of 55,000 m² and a total investment of approximately EUR 200 million. The decision to begin has not yet been made.

Property, plant and equipment
M€

	31.12.2011	31.12.2010
Carrying amount, start of period	**13.6**	14.3
Increases	**0.1**	0.0
Disposals	**0.0**	0.0
Depreciation for the period	**-0.7**	-0.7
Carrying amount, end of period	**13.1**	13.6

Trading properties on 31 Dec 2011
M€

	31.12.2011	31.12.2010
Carrying amount, start of period	**10.3**	22.8
Disposals and other changes	**-0.6**	-2.9
Increases	**-**	-
Reclassifications to investment properties	**0.0**	-9.6
Valuation changes	**-1.8**	-
Carrying amount, end of period	**7.9**	10.3

Contingent liabilities

Collateral and commitments given by the Group M€	**31.12.2011**	31.12.2010
Loans from financial institutions, covered by collateral	**140.4**	141.1
Mortgages	**269.2**	269.2
Book value of pledged shares	**19.2**	18.6
Guarantees	**-**	-
Total collateral	**288.3**	287.7
Lease and other liabilities	**31.12.2011**	31.12.2010
M€		
Lease liabilities	**97.7**	100.8
Mortgages	**3.9**	3.9
Guarantees	**3.6**	15.7
Investment commitments to real estate funds	**28.6**	12.9
Interest derivatives	**31.12.2011**	31.12.2010
M€		
Swap contracts, notional value	**972.4**	822.8
Swap contracts, fair value	**-39.5**	-27.6
Cap options purchased, notional value	**565.0**	600.0
Cap options purchased, fair value	**1.6**	6.2
Forward rate agreements, notional value	**-**	-
Forward rate agreements, fair value	**-**	-
Currency derivatives	**31.12.2011**	31.12.2010
M€		
Currency forwards, notional value	**-**	-
Currency forwards, fair value	**-**	-
Currency options, bought, notional value	**7.0**	5.9
Currency options, bought, fair value	**0.1**	0.1
Currency options, put, notional value	**7.0**	4.9
Currency options, put, fair value	**-0.2**	-0.1
Interest rate and currency swaps	**31.12.2011**	31.12.2010
M€		

*Interest rate and currency swaps, notional value**	**337.4**	-
*Interest rate and currency swaps, fair value**	**-0.2**	-

The interest derivative agreements were made in order to hedge the loan portfolio, and currency derivatives in order to hedge against currency risk. At the time of closing the books, hedging only applies to interest swap agreements.

*Interest rate and currency swaps are used to hedge the exchange rate risk related to loans denominated in Swedish krona. The nominal values of interest rate and currency swaps are identical with the nominal values of the loans hedged.

The derivatives are valued in the financial statement at fair value. The fair value represents the result if the derivative position had been closed on the balance sheet date. Sponda utilises external valuations.

Related party transactions

Management employee benefits:

M€	**31.12.2011**	31.12.2010
Salaries and other short-term employee benefits	**1.9**	1.8
Share-based payments	**1.4**	0.8
Total	**3.3**	2.6

Key figures

	10-12/11	10-12/10	1-12/11	1-12/10
Earnings per share, €	**0.14**	0.19	0.39	0.40
Equity ratio, %			38	39
Gearing, %			135	129
Equity per share, €			4.06	3.86
Cash flow from operations per share, €	**0.10**	0.09	0.37	0.37

Formulas for the key indicators

Earnings per share, € = (Share of earnings for the period attributable to equity holders of the parent company - interest on hybrid loan allocated to the period, adjusted for taxes) / (Weighted average number of shares outstanding during the period)

Equity ratio, % = 100 x (Shareholders' equity) / (Balance sheet total - advances received)

Gearing, % = 100 x (Interest-bearing liabilities - cash and cash equivalents) / (Shareholders' equity)

Equity per share, € = (Equity attributable to parent company equity holders - Other equity reserve) / (Undiluted total number of shares on the date of closing the books)

Cash flow from operations per share, €	=	Operating Profit -/+ Fair value adjustment + Allocation of goodwill + Depreciation in administration +/- Changes in provisions +/- Defined benefit pension expenses - Financial income & expenses affecting cash flow - Taxes affecting cash flow +/- Other items ―――――――――― Weighted average number of shares outstanding during the period
EPRA NAV per share, €	=	Equity attributable to parent company equity holders - Other equity reserve + 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 Earnings per share, M€	=	Net operating income + Realised shares of profit from real estate funds - Marketing and administration expenses +/- Other operating income and expenses +/- Operating financial income and expenses +/- Taxes based on operating result +/- Change in deferred taxes based on operating items +/- Operating share of non-controlling shareholders Weighted average number of shares outstanding during the period
EPRA Net Initial Yield (NYI), %	=	Annualised net rents Investment Properties - Development properties + Estimated purchaser's costs
EPRA “topped up” NYI, %	=	Annualised net rents + Step rents, rent free periods etc. Investment Properties - Development properties + Estimated purchaser's costs