Full Year Result *1.1.–31.12.2012*

SPONDA

Sponda Plc Financial Statements Bulletin 1 January - 31 December 2012

Result of operations and financial position 1 January – 31 December 2012 (compared with 1 January – 31 December 2011)

- Total revenue was EUR 264.6 (248.2) million, representing a 6.6% increase on the reference period.
- Net operating income increased by approximately 7%, totalling EUR 192.2 (179.4) million.
- Operating profit was EUR 210.3 (209.6) million. This includes a fair value change of EUR 33.0 (39.6) million.
- Cash flow from operations per share was EUR 0.40 (0.37).
- The fair value of the investment properties amounted to EUR 3,261.3 (3,165.7) million.
- Net assets per share totalled EUR 4.27 (4.06).
- The economic occupancy rate was 88.1% (88.2%).
- Future prospects are provided with regard to the development of economic occupancy rates and net operating income for the current financial year.
- Net financing costs for the period totalled EUR -58.8 (-75.6) million. Financial income and expenses include EUR 4.8 (-11.2) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -63.5 (-64.4) million.
- The Board proposes to the Annual General Meeting that a dividend of 0.17 per share be paid.

Result of operations and financial position 1 October – 31 December 2012 (compared with 1 October – 31 December 2011)

- Total revenue was EUR 66.4 (64.9) million.
- Net operating income was EUR 47.4 (47.6) million.
- Operating profit was EUR 69.5 (55.1) million. The operating profit includes a fair value change of EUR 21.3 (6.8) million.
- Cash flow from operations per share was EUR 0.12 (0.10).
- Financial income and expenses amounted to EUR -14.4 (-20.4) million. Financial income and expenses include EUR 0.7 (-3.7) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -15.1 (-16.7) million.

Key figures

	10-12/2012	10-12/2011	**1-12/2012**	1-12/2011
Total revenue, M€	**66.4**	64.9	**264.6**	248.2
Net operating income, M€	**47.4**	47.6	**192.2**	179.4
Operating profit, M€	**69.5**	55.1	**210.3**	209.6
Earnings per share, €	**0.14**	0.14	**0.37**	0.39
Cash flow from operations per share, €	**0.12**	0.10	**0.40**	0.37
Net assets per share, €			**4.27**	4.06
Equity ratio, %			**40**	38
Interest cover ratio			**2.8**	2.7

Key figures according to EPRA Best Practices Recommendations

	10-12/2012	10-12/2011	**1-12/2012**	1-12/2011
EPRA Earnings, M€	**21.4**	19.7	**82.9**	75.4
EPRA Earnings per share, €	**0.08**	0.07	**0.29**	0.27
EPRA NAV/share, €			**5.12**	4.84
EPRA Net Initial Yield (NIY), %			**6.61**	6.39
EPRA, "topped-up" NIY, %			**6.63**	6.40

President and CEO Kari Inkinen

Sponda achieved a strong result in 2012. Total revenue and net operating income were the highest in the company's history, and the economic occupancy rate of Sponda's investment properties remained stable despite the economic conditions.

Our strategy is geared towards profitable growth. In 2012, we kept a close eye on market development and selected the focal points of our operations accordingly. We improved the quality of our property portfolio further in 2012 by selling properties for over EUR 60 million. Our equity ratio remained stable despite property development investments. As anticipated, the economic occupancy rate remained largely unchanged from the end of 2011 despite the challenging operating environment, thanks in no small part to our strengthened rental organisation.

The final phase of the Citycenter project has progressed according to plan, with the property now assigned to the portfolio of the Shopping Centres segment. The project will be fully completed in spring 2013 once the remaining tenant improvements are concluded. The Citycenter end of Keskuskatu will also be converted into a pedestrian street by the City of Helsinki in the summer.

Tenant negotiations for the Ratina shopping centre are well underway. We have raised our level of preparedness to begin construction and expect the project to start in summer 2013.

Prospects

Sponda expects the vacancy rates of its investment properties at year's end 2013 to be largely unchanged from the end of 2012. The estimate is based on the changes in rental agreements and leases already signed.

Comparable net operating income (excluding disposals) in 2013 is expected to increase by slightly from 2012. Reasons for this expected increase are rising rent levels in Helsinki's central business district and the completion of the company's property development projects.

Business conditions – Finland

The growth prospects of the Finnish economy did not improve at the end of 2012 despite the stabilisation of the eurozone crisis. The Finnish Ministry of Finance adjusted its gross production forecasts to estimate a GDP decline of -0.1% for 2012 and growth of 0.5% for 2013. Finnish exports fell by 1.7% in 2012, but are expected to increase by 1% this year. Forecasts indicate that the growth rate of imports will be slightly below that of exports in 2013. Private consumption increased by 1.5% last year. This year, private consumption is expected to be weakened by the employment situation and tax increases. The unemployment rate in 2012 was approximately 7.7%.

Real estate transactions were largely focused on the Helsinki metropolitan area, with an emphasis on prime properties with steady cash flow. According to an estimate by KTI Property Information, the transaction volume for 2012 was EUR 2.1 billion, an increase of over 15% on the previous year (2011: EUR 1.8 billion). International investors represented slightly over 20% of the total transaction volume, down from the year before.

According to preliminary information from Catella Property Oy, the vacancy rates for office properties in the Helsinki metropolitan area have seen an expected increase in late 2012. The primary reasons for this are the weak economic conditions and the high rate of new construction. Vacancy rates in the Helsinki metropolitan area stood at 11% at the end of 2012, compared to 10.2% six months earlier. Vacancy rates also began to rise in central Helsinki in late 2012, reaching 4.8% at the end of the year.

Rental demand in Helsinki’s central business district was largely unchanged through the year-end, with rental levels reaching record highs of over EUR 370/m²/year at the upper end of the market. Rental levels in other key districts for office properties began to decline slightly. Rental levels are expected to remain stable in 2013.

Over 120,000 m² of new office space was completed in the Helsinki metropolitan area in 2012. A further 145,000 m² is currently under construction, most of which is scheduled for completion in 2013.

Business conditions – Russia

According to the Bank of Finland’s autumn forecast, Russian GDP growth slowed down to 3.7% in 2012. The current forecast for Russian economic growth in 2013 is also 3.7%. Import growth in 2013 is estimated at approximately 10%. Private consumption remains strong, but growth is expected to slow down.

The total transaction volume in the Russian property market in 2012 stood at approximately USD 7 billion. Cushman & Wakefield estimates that the average vacancy rate for office properties in Moscow was relatively stable throughout 2012 and stood at 11-12% at the end of the year. Vacancy rates are expected to remain stable in 2013. New office construction in 2013 is estimated at some 600,000 m².

Rental levels were unchanged. The rents for high-end office properties remained at approximately USD 1,200/m²/year. Rental levels were approximately USD 800/m² for Class A office space and USD 450/m²/year for Class B office space. Rents are expected to remain stable or increase slightly in 2013.

According to CB Richard Ellis, the market for office properties in St. Petersburg is showing a moderate positive change. The average vacancy rate declined slightly in 2012. The vacancy rates of Class A properties decreased and stood at approximately 13% in September 2012. The vacancy rates of Class B also fell slightly and stood at roughly 8% in September 2012.

Rents for Class A properties remained stable throughout 2012 despite the decline in vacancy rates. In Class B properties, the fall in vacancy rates contributed to a slight increase in rental levels. Some 200,000m² of new office space was completed in 2012, representing 10% of the market total.

Operations and property assets 1 January – 31 December 2012

Sponda owns, leases and develops business properties in the Helsinki metropolitan area and the largest cities in Finland, as well as in Russia. Sponda's operations are organised into 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 192.2 (179.4) million in 2012. Of this total, office and retail premises accounted for 54%, shopping centres for 17%, logistics premises for 15%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 December 2012, Sponda had a total of 185 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 53% is office and retail premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of 2012, an external consultant assessed the values of Sponda's investment properties in Finland and in Russia. The change in the fair value of investment properties in 2012 was EUR 24.9 (39.0) million for the full year and EUR 18.9 (7.7) million for October-December. The positive change in the value in Finland was mainly due to changes in yield requirements. The fair value of investment properties was assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The changes in fair values are itemised in the table “Valuation gains/losses on fair value assessment”.

Valuation gains/losses on fair value assessment

	10-12/12	10-12/11	**1-12/12**	1-12/11
Changes in yield requirements (Finland)	**22.6**	2.5	**20.9**	16.2
Changes in yield requirements (Russia)	**6.5**	0.0	**6.5**	17.5
Development gains on property development projects	**-0.9**	0.1	**-0.7**	8.2
Modernisation investments	**-11.5**	-13.3	**-28.5**	-50.6
Change in market rents and maintenance costs (Finland)	**5.7**	12.4	**26.4**	44.7
Change in market rents and maintenance costs (Russia)	**-1.6**	1.7	**-0.1**	2.7
Change in currency exchange rates	**-1.9**	4.2	**0.4**	0.4
Investment properties, total	**18.9**	**7.7**	**24.9**	**39.0**
Real estate funds	**0.0**	-1.5	**0.6**	-4.4
Realised share of fund profits	**2.5**	0.6	**7.5**	5.0
Group total	**21.3**	**6.8**	**33.0**	**39.6**

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

Investment properties, total 1 January – 31 December 2012 M€	Total	Office and retail	Shopping centres	Logistics	Property develop ment	Russia
Operating income	257.3	143.9	42.0	42.3	0.4	28.7
Maintenance costs	-70.7	-39.0	-9.7	-13.6	-1.9	-6.5
Net operating income	186.6	104.9	32.3	28.7	-1.5	22.2
Investment properties on 1 January 2012	3,165.7	1,644.0	586.1	449.0	262.0	224.6
Capitalised interest 2012	0.8	0.2	0.0	0.0	0.6	0.0
Acquisitions	53.1	15.2	0.0	0.0	0.0	37.8
Investments	76.0	30.7	21.3	1.9	21.5	0.6
Transfers between segments	0.0	-1.5	135.3	0.0	-133.7	0.0
Sales	-59.3	-14.4	-0.6	-31.5	-12.7	0.0
Change in fair value	24.9	31.4	-5.3	-4.9	-2.6	6.4
Investment properties on 31 December 2012	**3,261.3**	**1,705.7**	**736.7**	**414.4**	**135.1**	**269.4**
Change in fair value, %	0.8	1.9	-0.9	-1.1	-1.0	2.8
Weighted average yield requirement %	6.8	6.5	5.6	8.1		9.7
Weighted average yield requirement %, Finland	6.5					

Rental operations

The figures for expired lease agreements and new agreements that came into effect in the last quarter of the year were as follows:

	Number (agreements)	**Area (m^2)**	**EUR/m^2/month**
Came into effect during the period	91	32,528	11.85
Expired during the period	89	38,200	9.58
Renewed during the period	56	36,433	12.96

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 5.3 per cent for office and retail premises, -10.2 per cent for shopping centres, -3.3 per cent for logistics premises and 3.6 per cent for properties in Russia. The negative growth rate for shopping centres is due to the renewal of a lease agreement with a major tenant at a lower rental rate, which in turn resulted from the previous rental rate having included compensation related to investments made by the developer. 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	**31.12.12**	30.9.12	30.6.12	31.3.12	31.12.11
Office and retail properties, %	**89.4**	89.3	89.2	88.7	88.4
Shopping centres, %	**93.0**	93.1	93.8	93.9	94.1
Logistics properties, %	**75.6**	76.7	78.0	78.1	78.1
Russia, %	**95.4**	93.5	99.0	98.7	98.7
Total property portfolio, %	**88.1**	88.0	88.9	88.4	88.2

Geographical area	**31.12.12**	30.9.12	30.6.12	31.3.12	31.12.11
Helsinki business district, %	**88.3**	87.9	87.8	87.9	85.6
Helsinki Metropolitan Area, %	**85.0**	85.5	86.2	85.6	86.2
Turku, Tampere, Oulu, %	**95.7**	94.8	94.2	94.3	96.1
Russia, %	**95.4**	93.5	99.0	98.7	98.7
Total property portfolio, %	**88.1**	88.0	88.9	88.4	88.2

Total cash flow from lease agreements at the end of 2012 was EUR 1,239.7 (1,240.0) million. Sponda had 2,130 clients and altogether 3,228 lease agreements. The company’s largest tenants were the public sector (10.0 per cent of rental income), Kesko Group (4.3 per cent of rental income), HOK-Elanto (3.7 per cent of rental income) and Danske Bank Oyj (3.7 per cent of rental income). Sponda's 10 largest tenants generate approximately 31 per cent of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	**% of net rental income**
Professional, scientific and technical	6.5
Energy	0.6
Public sector	12.0
Wholesale/retail	26.4
Education	1.3
Logistics/transport	5.3
Hotel and catering business	4.9
Media/publishing	1.7
Other services	12.5
Banking/investment	11.5
Construction	1.7
Industry/manufacturing	5.9
Healthcare	4.0
Telecommunications	5.3
Other	0.2

The average length of all lease agreements was 4.7 (4.9) years. The average length of lease agreements was 4.8 (5.1) years for office and retail properties, 6.2 (6.5) years for shopping centres, 4.5 (4.2) years for logistics properties and 2.8 (2.4) years for properties in Russia. The Group's lease agreements will expire as follows:

	% of rental income 31 December 2012	% of rental income 31 December 2011
Within 1 year	14.3	16.9
Within 2 years	8.8	10.1
Within 3 years	10.1	9.3
Within 4 years	7.8	7.1
Within 5 years	13.7	6.1
Within 6 years	4.1	10.3
More than 6 years	27.1	27.6
Valid indefinitely	14.0	12.7

Investments and divestments

In 2012, Sponda sold properties for a total of EUR 61.8 million and recorded a profit of EUR 2.5 million on the sales transactions. The balance sheet value of the properties sold was EUR 59.3 million. Sales of properties in the fourth quarter totalled EUR 8.1 million, with a profit of EUR 0.8 million recorded on the sales transactions. During the period under review, Sponda bought properties for EUR 53.1 million. No properties were purchased in the final quarter of the year.

Investments in property maintenance in 2012 totalled EUR 28.4 million, with EUR 11.4 million of this in the fourth quarter. The company invested EUR 47.5 million in property development, of which EUR 24.5 million was invested in October-December. Property development investments were primarily directed to the modernisation of the Citycenter property in Helsinki's central business district and the development of an office property in Ruoholahti.

Office and retail properties

	10-12/12	10-12/11	**1-12/12**	1-12/11
Total revenue, M€	**36.6**	35.0	**143.9**	132.8
Net operating income, M€	**26.5**	25.3	**104.9**	95.6
Operating profit, M€	**44.5**	25.8	**130.0**	99.2
EPRA Net Initial Yield (NIY), %			**6.3**	6.0
Economic occupancy rate, %			**89.4**	88.4
Fair value of properties, M€			**1,705.7**	1,644.0
Change in fair value after 1 January, M€			**31.4**	10.5
Leasable area, m²			**763,000**	780,500

In 2012, Sponda sold office and retail properties for a total of EUR 16.0 million and recorded a profit of EUR 1.6 million on the sales transactions. During the fourth quarter, the company sold office and retail properties for EUR 8.0 million. The company purchased properties for a total of EUR 15.2 million during the year. No properties were purchased in October-December. Investments in property maintenance totalled EUR 20.4 million, with EUR 7.0 million of this in the final quarter.

The lease agreements for Sponda's office and retail premises will expire as follows:

	% of rental income 31 December 2012	% of rental income 31 December 2011
Within 1 year	11.3	12.6
Within 2 years	10.4	12.1
Within 3 years	11.4	9.8
Within 4 years	7.9	8.3
Within 5 years	12.9	6.0
Within 6 years	5.2	10.2
More than 6 years	22.5	25.3
Valid indefinitely	18.4	15.8

Shopping centres

	10-12/12	10-12/11	**1-12/12**	1-12/11
Total revenue, M€	**10.5**	10.5	**42.0**	40.4
Net operating income, M€	**7.8**	8.5	**32.3**	31.7
Operating profit, M€	**5.2**	13.4	**25.7**	35.4
EPRA Net Initial Yield (NIY), %			**6.1**	6.7
Economic occupancy rate, %			**93.0**	94.1
Fair value of properties, M€			**736.7**	586.1
Change in fair value after 1 January, M€			**-5.3**	5.3
Leasable area, m²			**156,500**	157,500

Sponda sold shopping centre properties for a total of EUR 1.1 million during the period and recorded a profit of EUR 0.5 million on the sales transactions. No shopping centre properties were sold in the final quarter of the year. The balance sheet value of the sold properties was EUR 0.6 million. No properties were purchased during the period. Investments in property maintenance totalled EUR 5.8 million, with EUR 3.5 million of this in the fourth quarter.

At the end of 2012, the Citycenter shopping centre was transferred from the Property Development portfolio to the Shopping Centres portfolio and the property was fully valued at fair value. The measurement at fair value did not have a material impact on the company's result.

The lease agreements for premises in shopping centres will expire as follows:

	% of rental income 31 December 2012	% of rental income 31 December 2011
Within 1 year	8.0	7.5
Within 2 years	2.9	6.4
Within 3 years	5.6	3.3
Within 4 years	4.3	5.6
Within 5 years	19.6	6.2
Within 6 years	0.6	14.2
More than 6 years	54.9	51.7
Valid indefinitely	4.1	5.2

Logistics properties

	10-12/12	10-12/11	**1-12/12**	1-12/11
Total revenue, M€	**9.8**	10.8	**42.3**	42.0
Net operating income, M€	**6.4**	7.6	**28.7**	28.6
Operating profit, M€	**6.1**	7.2	**22.4**	35.6
EPRA Net Initial Yield (NIY), %			**6.6**	5.9
Economic occupancy rate, %			**75.6**	78.1
Fair value of properties, M€			**414.4**	449.0
Change in fair value after 1 January, M€			**-4.9**	8.5
Leasable area, m²			**485,000**	534,500

No logistics properties were purchased in the period under review. During the period, Sponda sold logistics properties worth EUR 31.5 million to Sponda Fund III, a real estate fund that was established at the time of the sales transaction. No logistics properties were sold in the final quarter of the year. Investments in property maintenance in 2012 totalled EUR 1.9 million, of which EUR 0.9 million was invested in October-December.

The lease agreements for logistics properties will expire as follows:

	% of rental income 31 December 2012	% of rental income 31 December 2011
Within 1 year	18.1	20.7
Within 2 years	4.9	11.8
Within 3 years	9.5	8.8
Within 4 years	5.7	3.4
Within 5 years	4.0	5.1
Within 6 years	4.3	4.2
More than 6 years	32.6	28.6
Valid indefinitely	20.9	17.5

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 135.1 million at year's end 2012. Of this total, EUR 91.2 million was in undeveloped land sites and EUR 43.9 million was tied up in property development projects in progress. At the end 2012, the Property Development unit had invested a total of EUR 21.5 million, with EUR 6.1 million of this in the final quarter. Most of these investments were allocated to the renovation of Citycenter and the development of an office property in Ruoholahti.

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:

	Ruoholahti office building
Total investment, M€	23.5
Remaining investment to be made, M€	5.4
Capitalised interest expenses by 31 December 2012, M€	0.3
Time of completion	April 2013

Construction of the final phase of the Citycenter project, comprising the retail premises on the Keskuskatu side, is nearing completion. The property has been transferred to the Shopping Centres portfolio and measured at fair value. The project will increase the leasable area of Citycenter from 41,000 m² to 56,000.

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 is underway and the project is expected to be completed on schedule in April 2013. The project's total investment value is estimated at some 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 invest has not yet been made.

Russia

	10-12/12	10-12/11	**1-12/12**	1-12/11
Total revenue, M€	**7.5**	6.5	**28.7**	25.1
Net operating income, M€	**5.8**	4.8	**22.2**	18.9
Operating profit, M€	**8.0**	10.1	**25.7**	36.6
EPRA Net Initial Yield (NIY), %			**9.2**	9.8
Economic occupancy rate, %			**95.4**	98.7
Fair value of properties, M€			**269.4**	224.6
Change in fair value after 1 January, M€			**6.4**	20.4
Leasable area, m²			**50,500**	46,500

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) and Bakhrushina House properties in Moscow and the OOO Adastra property in St Petersburg, where the leases are for longer periods than average. The lease agreements will expire as follows:

	% of rental income 31 December 2012	% of rental income 31 December 2011
Within 1 year	31.1	47.3
Within 2 years	14.2	3.1
Within 3 years	10.8	16.5
Within 4 years	14.7	8.9
Within 5 years	20.7	8.6
Within 6 years	4.1	14.6
More than 6 years	4.4	0.9
Valid indefinitely	0.0	0.0

Real Estate Funds

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

	10-12/12	10-12/11	**1-12/12**	1-12/11
Total revenue, M€	**1.8**	1.6	**6.5**	6.4
Net operating income, M€	**1.4**	1.2	**5.2**	5.0
Operating profit, M€	**2.4**	-1.4	**8.0**	-0.2

At the end of the review period, an external consultant assessed the fair value of the Sponda Fund I Ky (Jonas Lang LaSalle), Sponda Fund II Ky (Kiinteistötaito Peltola & Co) and Sponda Fund III Ky (Jones Lang LaSalle). The change in the fair value of Sponda's real estate funds in 2012 was EUR 0.6 (-4.4) million for the full year and EUR 0.0 (-1.5) million for October-December. The realised shares of profit from real estate funds were EUR 7.5 (5.0) million for the year and EUR 2.5 (0.6) million for the final quarter.

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 91.4 million on 31 December 2012.

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 2012 the properties in the fund had a fair value of EUR 170.9 million.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. On 31 December 2012, the fair value of its property portfolio was EUR 188.1 million.

Sponda Fund III Ky (Sponda's holding 36%) 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 170 million and the fair value of its property portfolio on 31 December 2012 was EUR 91.7 million.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 126 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

By the end of December 2012, no investment decisions had been made with regard to Russian Invest, an investment company established in September 2011.

Cash flow and financing

Sponda's net cash flow from operations in the period under review totalled EUR 112.8 (99.2) million. Net cash flow from investing activities was EUR -75.3 (-222.9) million and the net cash flow from financing activities was EUR -34.4 (123.6) million. Net financing costs for the period totalled EUR -58.8 (-75.6) million. Financial income and expenses include EUR 4.8 (-11.2) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -63.5 (-64.4) million. Interest expenses of EUR 0.8 (3.6) million were capitalised.

Sponda's equity ratio on 31 December 2012 was 40% (38%) and gearing was 122% (135%). As of the beginning of 2013, Sponda will change its accounting principles with regard to IAS 12 Income Taxes. The change will have a 1.3-1.5%-point positive effect on the Group's equity ratio.

Interest-bearing debt amounted to EUR 1,736.2 (1,754.8) million and the average maturity of Sponda's loans was 2.8 (3.1) years. The average interest rate was 3.4% (4.0%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 72% (77%) of the loan portfolio. The average interest-bearing period of the entire debt portfolio was 1.9 (2.2) years. The interest cover ratio, which describes the company's solvency, was 2.8 (2.7).

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 December 2012 comprised EUR 675 million in syndicated loans, EUR 326 million in bonds, EUR 251 million in issued commercial papers, and EUR 485 million in loans from financial institutions. Sponda had EUR 510 million in unused credit limits. Sponda Group had mortgaged loans of EUR 141.8 million, or 4.0% of the consolidated balance sheet.

Sponda issued a EUR 95 million hybrid bond in November 2012. The coupon rate of the bond is 6.75% per annum. The bond has no maturity, but the company may exercise a redemption option after five years. The settlement date of the bond was 5 December 2012.

A hybrid bond is an instrument that is subordinated to other debt obligations. It is treated as equity in the IFRS financial statements. A hybrid bond does not confer upon its holder the right to vote at shareholder meetings and does not dilute the holdings of the current shareholders.

In conjunction with the hybrid bond issue, Sponda completed a partial repurchase for its hybrid bond issued in 2008. Sponda repurchased a nominal amount of EUR 37.2 million in exchange for cash, which represents 28.6% of the original EUR 130 million notional amount issued in 2008. The repurchase price was 102% of the nominal amount.

After completing the repurchase, Sponda has two hybrid bonds outstanding. The first one, issued in 2008, amounts post-repurchase to EUR 92.8 million and is callable on 27 June 2013. The new hybrid bond, announced on 21 November 2012, amounts to EUR 95 million and the first call date is 5 December 2017.

The EUR 92.8 million hybrid bond callable in June 2013 has an effect on the Group's equity ratio of approximately 2.5 percentage points.

Number of employees

During the review period Sponda Group had, on average, 122 (123) employees, of whom 110 (110) worked for parent company Sponda Plc. On 31 December 2012, Sponda Group had altogether 119 (128) employees, of whom 107 (114) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in 2012 were EUR -22.8 (-23.1) million and in October-December EUR -6.2 (-6.7) million.

Annual remuneration and incentive schemes

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development.

Sponda also has a long-term share-based incentive scheme with three three-year vesting periods, 2012–2014, 2013–2015 and 2014–2016. The Board of Directors will decide on the earning criteria and on targets to be established for the earning criteria for each vesting period. The earning criteria for the vesting period from 1 January 2012 to 31 December 2014 are the Group's average Return on Capital Employed (ROCE) in the financial years 2012-2014 and the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the same period. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The incentive scheme currently covers the members of the Executive Board, seven people altogether. The Board may decide to include more key employees in the scheme. The incentive scheme is described in more detail in the company's stock exchange release from 20 March 2012.

Group structure

Sponda Group comprises the parent company, the subsidiary Sponda Kiinteistöt 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 2012 was EUR 3.17. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 3.75 and the lowest EUR 2.72. Turnover during the period totalled 115.2 million shares, or EUR 379.4 million. The closing price of the share on 28 December 2012 was EUR 3.60 and the market capitalisation of the company's share capital was EUR 1,019.1 million.

The Annual General Meeting on 20 March 2012 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 entitling to shares referred to in Chapter 10, Section 1 of the 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.

On 31 December 2012 the company had altogether 8,984 shareholders and its ownership structure was as follows:

	Number of shares	Holding, %
Public entities	61,856,159	21.9
Nominee-registered	138,282,669	48.9
Financial and insurance institutions, total	7,769,139	2.7
Households	22,061,842	7.8
Private corporations, total	46,249,280	16.3
Non-profit organisations, total	3,673,479	1.3
Foreign owners, total	3,182,894	1.1
Total number of shares	283,075,462	100.0

Sponda issued the following flagging notices during the review period:

- 19 October 2012: Solidium Oy announced that its holding of shares represented 0.0% of the total number of shares and votes in Sponda Plc.
- 19 October 2012: Oy PALSK Ab announced that its holding of shares represented 14.89% of the total number of shares and votes in Sponda Plc.

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, Raimo Valo and Erkki Virtanen are independent of the company and of its major shareholders.

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.

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 (Deputy 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 the GRI C level.

The company has set company level objectives for 2013 related to, amongst other things, reducing energy consumption in Sponda's own office and across the company's entire property portfolio, increasing the proportion of recoverable waste, implementing energy efficiency initiatives agreed upon with customers in conjunction with environmental partnerships and engaging in research and development related to reducing energy consumption. Environmental responsibility was also extended to properties owned by Sponda in Russia, with the aim of reducing electricity and water consumption, particularly in Moscow.

Sponda and other climate partners have signed a climate covenant. As part of the Climate Partners network, a joint initiative of the Confederation of Finnish Industries and the City of Helsinki, the participating companies identify the measures they will take to control climate change in their own operations.

Sponda Plc's covenants are:

- The comparable total energy consumption of Sponda's properties will be reduced by 10% by 2016.
- The recycling rate in Sponda's properties will be increased to over 70% by 2014.

Events after the end of the period

Sponda Plc's Shareholders' Nomination Board has decided to propose to the Annual General Meeting on 18 March 2013 that the number of members of the Board of Directors be confirmed as seven and that the current members, Klaus Cawén, Tuula Entelä, Arja Talma and Raimo Valo, be re-elected, with Kaj-Gustaf Bergh, Christian Elfving and Juha Laaksonen elected as new members.

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 remunerations for the term concluding at the 2014 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 as follows: Chairman of the Board, EUR 1,000 per meeting and members of the Board, EUR 600 per meeting. The Nomination Board proposes that members of the Board be paid EUR 600 per committee meeting and the Chairman of the Audit Committee EUR 1,000 per Audit Committee meeting. The Nomination Board proposes that 40% of the annual remuneration 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 the period 1 January–31 March 2013.

The three largest shareholders on 1 October 2012 were represented in the Nomination Board:

Solidium Oy, represented by Kaj-Gustaf Bergh, Oy Palsk Ab
Ilmarinen Mutual Pension Insurance Company, Timo Ritakallio
Varma Mutual Pension Insurance Company, Risto Murto.

Prospects

Sponda expects the vacancy rates of its investment properties at year's end 2013 to be largely unchanged from the end of 2012. The estimate is based on the changes in rental agreements and leases already signed.

Comparable net operating income (excluding disposals) in 2013 is expected to increase by slightly from 2012. Reasons for this expected increase are rising rent levels in Helsinki's central business district and the completion of the company's property development projects.

Risks and uncertainty factors in the near future

Sponda believes that the risks in the current financial year are largely unchanged from the previous year. The key risks and uncertainty factors arise from the ongoing European economic crisis. These risks relate to a decline in economic occupancy rates and a fall in rental income in both Finland and Russia, resulting from the insolvency of tenants.

The development of the Finnish economy will be particularly affected by the continuation of the public debt crisis in Europe. The slowing of growth may affect the operations of Finnish companies and thereby increase the 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.

Significant changes in market interest rates and margins may have a negative effect on Sponda's financial result and contribute to slower growth in the property business.

Annual General Meeting and Dividend

The Board of Directors of Sponda Plc is convening the Annual General Meeting on 18 March 2013 and proposes to the Annual General Meeting that a dividend of EUR 0.17 per share be paid.

1 February 2013
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€

	10-12/2012	10-12/2011	**1-12/2012**	1-12/2011
Total revenue				
Rental income and recoverables	**64.5**	63.2	**257.8**	241.5
Interest income from finance leasing agreements	**0.1**	0.1	**0.3**	0.3
Fund management fees	**1.8**	1.6	**6.5**	6.4
	66.4	64.9	**264.6**	248.2
Expenses				
Maintenance expenses	**-18.6**	-17.0	**-71.1**	-67.5
Direct fund expenses	**-0.4**	-0.4	**-1.3**	-1.3
	-19.0	-17.4	**-72.4**	-68.8
Net operating income	**47.4**	47.6	**192.2**	179.4
Profit/loss on sales of investment properties	**0.8**	7.1	**2.5**	7.2
Valuation gains/losses on fair value assessment	**21.3**	6.8	**33.0**	39.6
Profit/loss on sales of trading properties	**6.0**	0.6	**5.2**	0.7
Change in value of trading property	**0.0**	0.0	**0.0**	-1.8
Sales and marketing expenses	**-0.7**	-0.6	**-2.0**	-1.6
Administrative expenses	**-5.5**	-6.1	**-20.9**	-21.5
Share of result of associated companies	**0.0**	0.0	**0.0**	-0.1
Other operating income	**0.2**	0.1	**0.4**	8.2
Other operating expense	**-0.1**	-0.4	**-0.1**	-0.6
Operating profit	**69.5**	55.1	**210.3**	209.6
Financial income	**-1.6**	-0.5	**35.9**	14.0
Financial expenses	**-12.8**	-19.9	**-94.6**	-89.6
Total amount of financial income and expenses	**-14.4**	-20.4	**-58.8**	-75.6
Profit before income tax	**55.1**	34.7	**151.6**	134.0
Income taxes for current and previous fiscal years	**-1.0**	-1.0	**-3.7**	-3.1
Deferred taxes	**-12.4**	-5.0	**-33.0**	-25.1
Change in tax base of deferred taxes	**0.0**	12.0	**0.0**	12.0
Income taxes, total	**-13.3**	6.0	**-36.7**	-16.2
Profit/loss for the period	**41.8**	40.7	**114.9**	117.8
Attributable to:				
Equity holders of the parent company	**41.8**	40.7	**114.9**	117.8
Non-controlling interest	**0.0**	0.0	**0.0**	0.0
Earnings per share based on profit attributable to equity holders of the parent company				
Basic and diluted, €	**0.14**	0.14	**0.37**	0.39

Consolidated statement of comprehensive income
M€

	10-12/2012	10-12/2011	**1-12/2012**	1-12/2011
Profit/loss for the period	**41.8**	40.7	**114.9**	117.8
Other comprehensive income				
Net loss/profit from hedging cash flow	**2.5**	-3.4	**-3.1**	-11.9
Translation differences	**0.0**	0.3	**0.1**	0.0
Taxes on comprehensive income	**-0.6**	0.4	**0.8**	2.4
Other comprehensive income for period after taxes	**1.8**	-2.7	**-2.1**	-9.5
Comprehensive profit/loss for period	**43.6**	38.0	**112.8**	108.3
Attributable to:				
Equity holders of the parent company	**43.6**	38.0	**112.8**	108.3
Non-controlling interest	**0.0**	0.0	**0.0**	0.0

Consolidated balance sheet
M€

	31 December 2012	31 December 2011
ASSETS		
Fixed assets and other non-current assets		
Investment properties	**3,261.3**	3,165.7
Investments in real estate funds	**83.6**	65.5
Property, plant and equipment	**12.5**	13.1
Goodwill	**14.5**	14.5
Other intangible assets	**0.7**	0.6
Finance lease receivables	**2.7**	2.7
Investments in associated companies	**0.0**	0.0
Long-term receivables	**21.4**	5.2
Deferred tax assets	**38.3**	43.8
Fixed assets and other non-current assets total	**3,435.0**	3,311.1
Current assets		
Trading properties	**7.8**	7.9
Trade and other receivables	**48.9**	41.9
Funds	**30.1**	26.4
Current assets total	**86.7**	76.1
Total funds	**3,521.8**	3,387.3

SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to equity		
holders of the parent company		
Share capital	**111.0**	111.0
Share issue premium	**159.5**	159.5
Translation differences	**0.7**	0.5
Fair value reserve	**-32.3**	-30.0
Revaluation reserve	**0.6**	0.6
Reserve for invested unrestricted equity	**433.8**	433.8
Other equity fund	**186.1**	129.0
Retained earnings	**534.4**	475.0
	1,393.8	1,279.4
Non-controlling interest	**1.7**	1.7
Shareholders' equity total	**1,395.6**	1,281.1
Liabilities		
Long-term liabilities		
Interest-bearing loans and borrowings	**1,460.3**	1,380.8
Other liabilities	**37.5**	39.7
Deferred tax liabilities	**258.6**	235.7
Long-term liabilities total	**1,756.5**	1,656.2
Current liabilities		
Short-term interest-bearing liabilities	**275.9**	374.1
Trade and other payables	**93.9**	75.9
Current liabilities total	**369.7**	449.9
Total borrowings	**2,126.2**	2,106.2
Total equity and liabilities	**3,521.8**	3,387.3

Consolidated Cash Flow Statement
M€

	1-12/2012	1-12/2011
Cash flow from operating activities		
Net profit for the financial year	**114.9**	117.8
Adjustments	**67.8**	44.5
Change in net working capital	**-2.4**	6.7
Interest received	**1.2**	1.4
Interest paid	**-66.6**	-66.8
Other financial items	**2.4**	-3.0
Dividends received	**0.0**	0.0
Dividends received from associated companies	**-**	1.5
Taxes received/paid	**-4.5**	-3.0
Net cash provided by operating activities	**112.8**	99.2
Cash flow from investing activities		
Acquisition of investment properties	**-114.9**	-226.6
Capital expenditure on real estate funds	**-18.4**	-10.1
Acquisition of tangible and intangible assets	**-0.3**	-0.3
Proceeds from sale of investment properties	**57.3**	5.9
Proceeds from sale of associated companies	**-**	8.2
Capital repayments from real estate funds	**0.9**	-
Repayments of loan receivables	**0.2**	0.0
Net cash flow from investing activities	**-75.3**	-222.9
Cash flow from financing activities		
Receipts from issue of equity bond	**93.7**	-
Non-current loans, raised	**235.0**	757.4
Repurchase of equity bond	**-37.9**	-
Non-current loans, repayments	**-298.9**	-782.1
Current loans, raised/repayments	**31.8**	201.3
Interest paid on equity bond	**-12.8**	-11.4
Dividends paid	**-45.3**	-41.6
Net cash used in financing activities	**-34.4**	123.6
Net increase in cash and cash equivalents	**3.2**	-0.1
Cash and cash equivalents, beginning of period	**26.4**	27.0
Impact of changes in exchange rates	**0.5**	-0.4
Cash and cash equivalents, end of period	**30.1**	26.4

Consolidated statement of changes in equity
M€

	Share capital	Share issue premium	Translation differences	Fair value reserve	Revaluation reserve	Intested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interest	Shareholders' equity, total
Equity 1 January 2011	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											
Net income for the period								117.8	117.8	0.0	117.8
Other comprehensive income (net of tax)											
Cash flow hedges				-9.4					-9.4		-9.4
Translation differences			-0.1						-0.1		-0.1
Comprehensive income, total			-0.1	-9.4				117.8	108.3		108.3
Transactions with shareholders											
Share issue						21.7			21.7		21.7
Dividend payment								-41.6	-41.6		-41.6
Transactions with shareholders, total						21.7		-41.6	-19.9		-19.9
Interest paid on hybrid bond								-8.4	-8.4		-8.4
Change								0.3	0.3		0.3
Equity 31 December 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

	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 1 January 2012	111.0	159.5	0.5	-30.0	0.6	433.8	129.0	475.0	1,279.4	1.7	1,281.1
Comprehensive income											
Net income for the period								114.9	114.9	0.0	114.9
Other comprehensive income (net of tax)											
Cash flow hedges				-2.3					-2.3		-2.3
Translation differences			0.2						0.2		0.2
Comprehensive income, total			0.2	-2.3				114.9	112.8		112.8
Transactions with shareholders											
Dividend payment								-45.3	-45.3		-45.3
Transactions with shareholders, total								-45.3	-45.3		-45.3
Issuance of hybrid bond							94.0		94.0		94.0
Repurchase of hybrid bond							-36.9	-0.6	-37.5		-37.5
Interest paid on hybrid bond								-9.7	-9.7		-9.7
Change								0.1	0.1		0.1
Equity 31 December 2012	111.0	159.5	0.7	-32.3	0.6	433.8	186.1	534.4	1,393.8	1.7	1,395.6

Notes to the consolidated financial statements

Accounting principles

This financial statements bulletin has been prepared in accordance with IAS 34 (Interim Financial Reporting), applying the IFRS standards and interpretations valid on 31 December 2012.

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 2012.

The figures in the interim report have not been audited.

An amendment to the accounting principles

As of the beginning of 2013, Sponda will change its accounting principles with regard to IAS 12 Income Taxes on the basis of IAS 8 14 (b). According to the current accounting principle, Sponda evaluates the proportion of the carrying amount of an asset recognised at fair value on the balance sheet that will be recovered through use (e.g. rental revenue) and the proportion to be recovered through sale. Under the amendment, recovery of the carrying amount of investment properties valued at fair value will normally happen through sale and the company's principle will be to realise its shareholding in property companies by selling the shares it owns. The amendment will cause a significant effect on the deferred taxes recognised for investment properties in Sponda Group's consolidated financial statements.

The company adopted the mid-period convention for discounting cash flow instead of the previously used end-of-year method. This change in estimation accounts for the timing of cash flow better and corresponds with the prevailing market practice. The new discounting convention resulted in changes to the calculations made for properties. The impact of the change was reviewed for all properties and the effect has been balanced by adjusting the yield requirements of properties so that the total change remains within the 1.0% rate of precision set for estimates.

Income statement by segment
M€

Income statement information 1-12/2012

	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**143.9**	**42.0**	**42.3**	**1.2**	**28.7**	**6.5**	**0.0**	**264.6**
Maintenance expenses and direct fund expenses	-39.0	-9.7	-13.6	-2.3	-6.5	-1.3	0.0	-72.4
Net operating income	**104.9**	**32.3**	**28.7**	**-1.1**	**22.2**	**5.2**	**0.0**	**192.2**
Profit on sales of investment properties	1.7	0.5	0.0	0.4	0.0	0.0	0.0	2.7
Loss on sales of investment properties	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	-0.2
Profit/loss on trading properties	0.0	0.0	0.0	6.0	0.0	0.0	-0.7	5.2

Change in value of trading properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation gains/losses on fair value assessment	31.4	-5.3	-4.9	-2.6	6.4	8.1	0.0	33.0
Administration and marketing	-8.0	-1.8	-1.4	-3.4	-3.0	-5.3	0.0	-22.8
Other operating income and expenses	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.3
Operating profit	**130.0**	**25.7**	**22.4**	**-0.6**	**25.7**	**8.0**	**-0.7**	**210.3**
Financial income and expenses							-58.8	-58.8
Profit before income tax							**-59.5**	**151.6**
Income tax							-36.7	-36.7
Profit/loss for the period							**-96.2**	**114.9**
Investments	45.9	21.4	1.8	21.5	38.4	18.4	0.4	147.8
Segment assets	1,708.4	736.7	414.4	149.6	269.4	83.6	159.7	3,521.8
Economic Occupancy Rate	89.4	93.0	75.6		95.4			88.1

Income statement information 1-12/2011	Office and retail premises	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 sale of investment properties	0.3	0.0	0.0	6.9	0.0	0.0	0.0	7.2
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	0.4	0.0	0.0	0.3	0.0	0.0	0.0	0.7
Change in value of trading property	0.0	0.0	0.0	-1.8	0.0	0.0	0.0	-1.8
Valuation gains/losses on fair value assessment	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 Rate	88.4	94.1	78.1		98.7			88.2

Direct and indirect result

The direct result represents 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, capitalised interest, the premiums of cap options, profit/loss on the sale of properties, amortisation of goodwill and other such income and expenses that the company considers non-direct items.

M€	**10-12/12**	10-12/11	**1-12/12**	1-12/11
Direct result				
Net operating income	**47.4**	47.6	**192.2**	179.4
Realised shares of profit from real estate funds	**2.5**	0.6	**7.5**	5.0
Marketing and administrative expenses	**-6.2**	-6.7	**-22.8**	-23.1
Other income and expenses for business operations	**0.1**	-0.4	**0.3**	0.0
Financial income and expenses	**-15.7**	-18.4	**-67.9**	-69.0
Taxes based on direct result	**-1.0**	-0.9	**-3.9**	-3.0
Deferred taxes based on direct result	**-5.8**	-2.0	**-22.4**	-14.0
Non-controlling holding share of direct result	**0.0**	0.0	**0.0**	0.0
Total	**21.4**	19.7	**82.9**	75.4
Indirect result				
Profit/loss on sales of investment properties	**0.8**	7.1	**2.5**	7.2
Valuation gains/losses on fair value assessment	**18.9**	6.2	**25.5**	34.6
Profit/loss on sales of trading properties	**6.0**	0.6	**5.2**	0.7
Change in value of trading property	**0.0**	0.0	**0.0**	-1.8
Marketing and administrative expenses	**0.0**	0.0	**0.0**	0.0
Other income and expenses for business operations	**0.0**	0.0	**0.0**	7.5
Financial income and expenses	**1.3**	-2.0	**9.2**	-6.6
Taxes based on indirect result	**0.0**	-0.2	**0.2**	-0.2
Deferred taxes based on indirect result	**-6.6**	-3.0	**-10.6**	-11.1
Change in tax base of deferred taxes	**0.0**	12.0	**0.0**	12.0
Non-controlling holding share of indirect result	**0.0**	0.0	**0.0**	0.0
Total	**20.4**	20.9	**32.0**	42.4

Quarterly key figures

M€	Q4/2012	Q3/2012	Q2/2012	Q1/2012	Q4/2011
Total revenue	**66.4**	66.0	66.2	66.0	64.9
Net operating income	**47.4**	50.2	48.5	46.1	47.6
Valuation gains/losses on fair value assessment	**21.3**	2.9	6.0	2.8	6.8
Operating profit	**69.5**	48.0	49.2	43.6	55.1
Financial income and expenses	**-14.4**	-14.6	-15.7	-14.0	-20.4
Profit/loss for the period	**41.8**	25.5	24.9	22.7	40.7
Investment properties	**3,261.3**	3,213.9	3,233.9	3,177.4	3,165.7
Shareholders' equity	**1,395.6**	1,296.7	1,272.7	1,258.5	1,281.1
Interest-bearing liabilities	**1,736.2**	1,804.5	1,844.9	1,787.0	1,754.8
Earnings per share, €	**0.14**	0.08	0.08	0.07	0.14
Cash flow from operations per share, €	**0.12**	0.10	0.10	0.09	0.10
EPRA NAV	**5.12**	4.88	4.82	4.76	4.84
Economic occupancy rate, %	**88.1**	88.0	88.9	88.4	88.2

Investment properties

	31 December 2012	31 December 2011
Fair value of investment properties, start of period	**3,165.7**	2,870.6
Purchase of investment properties	**53.1**	150.4
Other capital expenditure on investment properties	**76.0**	109.1
Disposal of investment properties	**-59.3**	-7.0
Transfers from trading properties	**0.0**	0.0
Capitalised equity expenses, increase in period	**0.8**	3.6
Valuation gains/losses on fair value assessment	**24.9**	39.0
Fair value of investment properties, end of period	**3,261.3**	3,165.7

Net operating income from all of Sponda's property assets totalled EUR 192.2 (179.4) million in 2012. Of this total, office and retail premises accounted for 54%, shopping centres for 17%, logistics premises for 15%, Russia for 11% and the Real Estate Funds unit for 3%.

On 31 December 2012, Sponda had a total of 185 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 53% is office and retail premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of 2012, 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 2012 was EUR 24.9 (39.0) million for the full year and EUR 18.9 (7.7) million for October-December. The positive change in the value in Finland was mainly due to changes in yield requirements. The fair value of investment properties was assessed in Finland by Catella Property Oy and in Russia by CB Richard Ellis. The changes in fair values are itemised in the table “Valuation gains/losses on fair value assessment”.

The Group's most significant investment commitments

Construction of the final phase of the Citycenter project, comprising the retail premises on the Keskuskatu side, is nearing completion. The property has been measured at fair value and transferred to the portfolio of the Shopping Centres unit. The project will increase the leasable area of Citycenter from 41,000 m² to 56,000.

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 is underway and the project is expected to be completed on schedule in April 2013. The project's total investment value is estimated at some 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 invest has not yet been made.

Property, plant and equipment
M€

	31 December 2012	31 December 2011
Carrying amount, start of period	**13.1**	13.6
Increases	**0.1**	0.1
Disposals	**0.0**	0.0
Depreciation for the period	**-0.6**	-0.7
Carrying amount, end of period	**12.5**	13.1

Trading properties on 31 December 2012 M€	**31 December 2012**	**31 December 2011**
Carrying amount, start of period	**7.9**	10.3
Disposals and other changes	**-1.7**	-0.6
Increases	**-**	-
Reclassifications to investment properties	**-**	0.0
Valuation changes	**1.6**	-1.8
Carrying amount, end of period	**7.8**	7.9

Contingent liabilities

Collateral and commitments given by the Group M€	**31 December 2012**	31 December 2011
Loans from financial institutions. covered by collateral	**141.8**	140.4
Mortgages	**264.2**	269.2
Book value of pledged shares	**18.6**	19.2
Guarantees	**-**	-
Total collateral	**282.8**	288.3

Lease and other liabilities M€	**31 December 2012**	31 December 2011
Lease liabilities	**96.3**	97.7
Mortgages	**3.9**	3.9
Guarantees	**3.6**	3.6
Investment commitments to real estate funds	**42.3**	28.6

Interest derivatives M€	**31 December 2012**	31 December 2011
Swap contracts, notional value	**871.6**	972.4
Swap contracts, fair value	**-42.9**	-39.5
Cap options purchased, notional value	**300.0**	565.0
Cap options purchased, fair value	**0.6**	1.6
Forward rate agreements, notional value	**-**	-
Forward rate agreements, fair value	**-**	-

Currency derivatives M€	**31 December 2012**	31 December 2011
Currency forwards, notional value	**-**	-
Currency forwards, fair value	**-**	-
Currency options, bought, notional value	**10.2**	7.0
Currency options, bought, fair value	**0.1**	0.1
Currency options, put, notional value	**10.2**	7.0
Currency options, put, fair value	**-0.1**	-0.2

Interest rate and currency swaps M€	**31 December 2012**	31 December 2011
*Interest rate and currency swaps, notional value**	**337.4**	337.4
*Interest rate and currency swaps, fair value**	**19.5**	-0.2

*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.

Related party transactions
M€

The following transactions took place with related parties:

Management employee benefits	**31 December 2012**	31 December 2011
Salaries and other short-term employee benefits	**1.8**	1.9
Share-based payments	**1.6**	1.4
Total	**3.4**	3.3

Key figures

	10-12/2012	10-12/2011	**1-12/2012**	1-12/2011
Earnings per share, €	**0.14**	0.14	**0.37**	0.39
Equity ratio, %			**40**	38
Gearing ratio, %			**122**	135
Equity per share, €			**4.27**	4.06
Cash flow from operations per share, €	**0.12**	0.10	**0.40**	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 ratio, % = 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