Interim Report

1.1.–31.3.2010

SPONDA

Sponda Plc's interim report January – March 2010

Sponda Plc's total revenue in the first quarter of 2010 was EUR 59.1 million (31 March 2009: EUR 60.6 million). Net operating income after property maintenance costs and direct costs for funds declined to EUR 41.9 (45.0) million. The decline was mainly due to the high property maintenance costs arising from the cold winter and the exceptionally heavy snow fall and lease agreements that terminated expectedly at the beginning of the year. Operating profit was EUR 36.3 (-77.8) million.

Result of operations and financial position January – March 2010 (compared with same period in 2009)

- Total revenue was EUR 59.1 (60.6) million.
- Net operating income declined to EUR 41.9 (45.0) million, which was mainly due to the increase in maintenance costs on account of the cold winter and exceptionally heavy snow fall and increased vacancy.
- Operating profit was EUR 36.3 (-77.8) million, which includes a change in the value of properties of EUR -1.6 (-117.3) million.
- The result after tax was EUR 14.5 (-91.9) million.
- Earnings per share were EUR 0.05 (-0.52).
- Cash flow from operations per share was EUR 0.08 (0.18).
- The fair value of the investment properties amounted to EUR 2,768.1 (2,802.8) million.
- EPRA net assets per share were EUR 4.10 (5.42).
- Economic occupancy rate declined as expected to 86.2 % (88.8 %).

Key figures

	1-3/10	1-3/09	1-12/09
Economic occupancy rate, %	**86.2**	88.8	86.6
Total revenue, M€	**59.1**	60.6	243.0
Net operating income, M€	**41.9**	45.0	181.6
Operating profit, M€	**36.3**	-77.8	-13.3
Earnings per share, €	**0.05**	-0.52*	-0.35
Cash flow from operations per share, €	**0.08**	0.18	0.45
Net assets per share, €	**3.46**	4.35*	3.54
EPRA net assets per share, €	**4.10**	5.42*	4.18
Equity ratio, %	**37**	30	37
Gearing, %	**145**	199	141

*) Per share figures have been adjusted in consequence of the share issue in the second quarter of 2009, in accordance with IAS 33.

CEO Kari Inkinen

"Demand for premises has picked up from last year, but the occupancy rate in Sponda's main segment, office and retail premises, fell as had been forecast. The fall was due to contracts expiring at the end of the year. One encouraging aspect was the positive developments in the occupancy rate for logistics premises, especially for the logistics building in Vuosaari Harbour, since the beginning of the year.

Sponda's total revenue declined only slightly, even though the company has sold off properties from its portfolio during the year and vacancy rates have risen. Sponda's net operating income declined, mainly due to the increase in maintenance costs caused by the hard winter and to higher vacancy rates. A positive feature is that, judging from the leasing agreements that have been signed in Sponda's properties, the decline in rent levels for all types of property have levelled off.

Property development activity increased at the beginning of 2010 when construction got underway in the City-Center project and of the production plant and office premises in Hakkila, Vantaa. The production plant in Hakkila will be the first of these to be completed, and is expected to be commissioned at the beginning of 2011.

Prospects

Sponda estimates that the economic occupancy rate of the company's properties will not decline during the second quarter of 2010. The occupancy rate is expected to start to pick up during 2010. This assessment is based on the lease agreements that the company knows are expiring and on the forecast growth in Finland's economy in 2010.

The net operating income in 2010 is estimated to be lower than that in 2009. The reasons for this decline are the planned sale of property and the fall in occupancy rates that began in 2009 and is continuing in the first half of 2010.

Confirmed losses of Sponda Kiinteistöt Oy

Sponda announced on 1 November 2007 when it published its interim report that the Uusimaa corporate tax office had decided to deviate from the 2006 tax returns made by Sponda Kiinteistöt Oy (formerly Kapiteeli Oy) and considered that the company's taxable earnings were EUR 192 million. The matter relates to the confirmed losses of Sponda Kiinteistöt Oy, which for the tax years 1996 - 1999 totalled some EUR 558 million.

According to the law, a company's losses are not deductible if during the year when the losses are incurred or thereafter more than half of the company's shares change owner. The responsible tax office may however on special grounds grant the right to deduct the losses despite the change of owner. Kapiteeli Oy was granted on 29 September 2006 and 13 December 2006 special permission to deduct the losses. Sponda Plc purchased the entire share stock of Kapiteeli Oy in a transaction on 14 December 2006.

When it was processing the 2006 tax returns made by Sponda Kiinteistöt Oy, the tax office considered that the special permissions granted were not valid, because according to the tax office after the company's personnel had transferred to the employment of parent company Sponda Plc, the business operations of Sponda Kiinteistöt Oy could not be considered to have continued in the manner described in the special permission decision. In the view of the company, the position taken by the tax office is wrong, because this is only a question of the Group's parent company taking over the payment of salaries, while the company's business operations continue unchanged.

Sponda Kiinteistöt Oy appealed the decision, and the tax assessment adjustment board of the Uusimaa tax office in a unanimous decision amended the decision of the tax office and approved the deductibility of the confirmed losses. On 14 September 2009 the Helsinki Administrative Court in a 2-1 majority ruling accepted the appeal by the state official representing the interests of tax recipients against the decision of the tax assessment adjustment board. The company has appealed to the Supreme Administrative Court against the decision of the Administrative Court. According to the instructions for appeal issued by the Administrative Court, an appeal to the Supreme Administrative Court requires leave to appeal. According to the experts consulted by the company, leave to appeal is not required and in any case there are grounds for granting leave to appeal. According to information received by the company, it is possible that the Supreme Administrative Court will give its ruling on the main issue by summer 2010.

The Uusimaa corporate tax office has adjusted the debiting of tax in 2006 for Sponda Kiinteistöt Oy by altogether EUR 53.8 million and the Tax Office for Major Corporations has adjusted the 2007 tax assessment of Sponda Kiinteistöt Oy by altogether EUR 59.7 million and the 2008 tax assessment by altogether EUR 26.4 million. The tax adjustments for 2006 - 2008 total EUR 131 million and corporate interest is EUR 8.9 million, altogether EUR 139.9 million. Penalty interest is calculated on the adjusted amounts and this is 7 % from 1 January 2010. Penalty interest is calculated for the 2006 tax as from 15 December 2009 and for 2007 and 2008 as from 21 January 2010. Penalty interest in the first quarter amounted to some EUR 2.0 million.

However, because of the suspension order imposed by the Supreme Administrative Court and the decision on the ban on enforcing the tax taken by the Tax Office for Major Corporations, the company does not need to pay the taxes before a decision has been taken on the appeal against the ruling of the Administrative Court. Since the company does not need to pay taxes based on the decision of the Administrative Court, Sponda Kiinteistöt Oy is not recognizing a tax expense while the matter is unresolved but is stating the tax issue in the notes to the financial statements.

Should the Supreme Administrative Court not amend the ruling of the Administrative Court, this would give rise to a tax expense for the company of some EUR 49.9 million for 2006, EUR 55.8 million for 2007 and EUR 25.3 million for 2008, in total some EUR 131 million for the years 2006 – 2008, which the company would have to pay. Sponda Kiinteistöt Oy used confirmed losses of EUR 54.4 million which lapsed in 2009, which would give rise to tax of EUR 14.1 million. In addition the company would have to pay corporate interest of some EUR 8.9 million and penalty interest for the 2006 tax as from 15 December 2009 and for 2007 and 2008 as from 21 January 2010 until the payment date. The company has calculated that the corporate interest would amount to EUR 12.8 million.

Based on the opinions of the experts it has consulted, Sponda Plc considers the decision of the Administrative Court to be wrong and thinks that the Supreme Administrative Court is more likely to accept than reject the appeal by Sponda Kiinteistöt Oy. Should the company have to pay the tax under the ruling of the Administrative Court, Sponda Kiinteistöt Oy will have to recognize the tax expense and interest in the next interim report or annual financial statements published after the decision on the payment. If the tax expense of EUR 131.0 million and interest of EUR 10.9 million as well as 2009 tax of EUR 14.1 million had been paid on 31 March 2010, the consolidated result for the first quarter would have been EUR – 141.5 million and shareholders' equity EUR 936.0 million. If these expenses had been recognized, the corresponding figures for net assets per share would have been EUR 2.90, earnings per share EUR -0.51, cash flow from operations per share EUR -0.49 and equity ratio 31 %.

On 31 March 2010 Sponda had unused credit limits of altogether EUR 400 million.

Business conditions – Finland

The volume of property transactions in Finland remained low. According to the Institute for Real Estate Economics (KTI), property transactions with a total value of just over EUR 0.2 billion took place in the first quarter of 2010, compared with EUR 0.3 billion in the same period in 2009. Finnish institutional investors and some foreign investors were active in the market.

Catella Property Oy estimates that the vacancy rate for office premises in the Helsinki metropolitan area stood at 12.3 % at the end of 2009. Catella still forecasts that vacancy rates may rise even to 15 % during this year. Vacancy rates for retail premises in the Helsinki metropolitan area were low at 3.9 %, as they were for logistics property at 4.4 %.

Market rent levels have fallen somewhat in the Helsinki Metropolitan Area, but the rate of decline has slowed down. The fall in rent levels in the Helsinki central business district has levelled off.

Business conditions – Russia

The Bank of Finland forecasts that Russia's gross national product will increase by some 6 % this year. The forecast is based on growth in demand for Russia's main exports, oil and other raw materials. The normalization of the finance market is also encouraging an increase in investment in Russia.

Also the property market showed signs of recovery. According to expert assessments, vacancy rates in Moscow and St Petersburg are still high, at 20-25 %, but the leasing market is expected to recover at the latest in the second half of 2010.

Sponda's operations in January – March 2010

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 and fund management fees totalled EUR 41.9 (45.0) million in the three month period. Office and retail premises accounted for 51 % of this, shopping centres for 18 %, logistics premises for 14 %, Russia for 10 % and the Real Estate Funds unit for 7 %. Like-for-like rental growth during the past two years for the property portfolio that Sponda has owned for two years was -2.48 % for office and retail properties, 1.82 % for shopping centres, -3.69 % for logistics properties and -2.20 % for property in Russia. The like-for-like rental growth in Russia has been calculated from roubles excluding fluctuation in exchange rates. Rental growth is calculated in accordance with EPRA recommendations. All of Sponda's leasing agreements 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, %	**31.3.2010**	31.12.2009	30.9.2009	30.6.2009	31.3.2009
Office and Retail	**86.5**	87.9	87.9	90.3	90.5
Shopping centres	**96.5**	96.4	97.3	97.1	97.8
Logistics	**76.0**	74.5	75.0	76.1	78.8
Russia	**87.4**	88.2	87.5	89.1	88.5
Total property portfolio	**86.2**	86.6	86.8	88.4	88.8

Geographical area, %	**31.3.2010**	31.12.2009	30.9.2009	30.6.2009	31.3.2009
Helsinki Business District	**86.5**	86.2	85.5	91.3	91.1
Helsinki Metropolitan Area	**84.0**	84.8	85.6	85.7	86.8
Turku, Tampere, Oulu	**95.5**	95.7	95.4	96.0	96.1
Russia	**87.4**	88.2	87.5	89.1	88.5
Total property portfolio	**86.2**	86.6	86.8	88.4	88.8

Total cash flow derived from leasing agreements on 31 March 2010 was EUR 1,066 (1,079) million. Sponda had 1990 clients and altogether 3119 leasing agreements. The company's biggest tenants were the public sector (10.2 % of rental income), Kesko Group (6.1 % of rental income), Sampo Bank Plc (3.9 % of rental income) and HOK-

Elanto (3.8 % of rental income). Sponda's 10 largest tenants generate about 32 % of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	% of net rental
Professional, scientific and technical activities	8.1 %
Energy	0.5 %
Public sector	10.2 %
Wholesale/retail	27.0 %
Education	1.0 %
Logistics/Transport	6.8 %
Media /Publishing	1.7 %
Hotel and catering business	3.9 %
Other services	8.0 %
Banking/Investment	10.4 %
Construction	2.1 %
Industry/manufacturing	6.8 %
Healthcare	3.9 %
Telecommunications	6.0 %
Others	3.6 %

The average length of all the leasing agreements was 4.5 (4.6) years. The average length of leasing agreements was 5.0 years for office and retail properties, 4.9 years for shopping centres and 3.5 years for logistics properties. A total of 76 new leases (23,400 m²) came into force in January – March 2010, and 94 leases (24,173 m²) expired during this period. The lease agreements for Sponda's property portfolio expire as follows:

Expiry within	% of rental income 31.3.2010	% of rental income 31.3.2009
1 year	16.2	13.0
2 years	11.9	13.4
3 years	9.4	12.2
4 years	9.9	6.9
5 years	6.7	9.7
6 years	4.6	5.6
More than 6 years	27.5	25.5
Open ended	14.0	13.7

Property portfolio

On 31 March 2010 Sponda had a total of 195 properties, with an aggregate leasable area of about 1.5 million m². Of this some 52 % is office and retail premises, 9 % shopping centres and 36 % 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 through the company's own cash flow based yield assessment calculation. The valuation method complies with international valuation standards (IVS). The entire material used in calculating the fair values of properties is examined at least twice a year by an external expert, to ensure that the parameters and values used in the calculation are based on market observations.

At the end of the first quarter of 2010 the values of Sponda's investment properties were valued internally within the company. The change in the fair value of the investment properties in January – March was EUR -1.2 million (31 March 2009: -117.3 million) and of the investment in the real estate funds EUR -0.4 (0.0) million. In the first quarter of the year, the main factor affecting the fair value was mainly the increase in maintenance costs. At the end of March the fair values of the properties owned by the First Top LuxCo real estate fund were assessed by Kiinteistötaito Peltola & Co and Jones Lang LaSalle.

Valuation gains/losses on assessing Sponda's investment properties at fair value

M€	1-3/2010	1-12/2009
Changes in yield requirements (Finland)	0	-54.7
Changes in yield requirements (Russia)	0	-49.4
Development gains on property development projects	0.9	-1.2
Modernization investments	-5.6	-21.3
Change in market rents and maintenance costs (Finland)	-2.8	-8.4
Change in market rents and maintenance costs (Russia)	0	-26.9(**
Change in currency exchange rates	6.3	-5.0 (*
Investment properties, total	**-1.2**	**-166.8**
Real estate funds	-0.4	-8.3
Group, total	**-1.6**	**-175.1**

**) change in value due to changes in exchange rates 6-12/2009*

***) includes changes in value due to changes in exchange rates 1-6/2009*

The changes in Sponda's investment property assets in the January – March 2010 period were as follows:

Sponda's investment properties, M€	**Total**	**Office & Retail**	**Shop-ping centres**	**Logis-tics**	**Propert y deve-lop-ment**	**Russia**
Operating income	54.6	29.8	10.0	9.1	0.1	5.6
Maintenance costs	-16.2	-8.7	-2.3	-3.4	-0.3	-1.5
Net operating income	38.4	21.1	7.7	5.6	-0.2	4.1
Investment properties on 1 Jan. 2010, including cum. capitalized interest	2 767.5	1 425.8	543.6	396.1	220.6	181.4
Capitalized interest 2010	1.1	0.0	0.0	0.0	0.9	0.2
Acquisitions in 2010	0.0	0.0	0.0	0.0	0.0	0.0
Investments	10.1	5.3	0.1	0.5	4.1	0.1
Other transfers	0.0	0.0	0.0	0.0	0.0	0.0
Sales in 2010	-9.3	-9.0	0.0	-0.3	0.0	0.0
Valuation gains/losses	-1.2	-5.4	-1.3	-0.8	0.1	6.3
Fair value of investment properties at 31 March 2010	2 768.1	1 416.7	542.3	395.5	225.7	188.0

Change in fair value %	-0.04	-0.38	-0.24	-0.20	0.05	3.47
*Annual net operating income/ fair value at 31 March 2010 (**	6.3	6.0	6.5	5.7	-	9.7
Weighted average yield requirement -% for entire portfolio	7.2	6.7	6.1	8.1	0.0	11.5
Weighted average yield requirement -% for portfolio - Finland	6.9					

**) Excluding property development*

Investments and divestments

Sponda sold investment properties during the first quarter of 2010 for a total value of EUR 9.3 million. No properties were purchased in the period.

Investments in property maintenance totalled EUR 5.6 million in the first three months. Altogether EUR 4.4 million was invested in property development. This was mainly spent on the renovation of the City-Center complex in the centre of Helsinki.

Office and Retail Properties

The economic occupancy rate for Office and Retail Properties was 86.5 % (31 March 2009: 90.5 %). The property portfolio had a fair value on 31 March 2010 of EUR 1416.7 million, and the change in fair value from the beginning of 2010 was EUR -5.4 million. The leasable area of office and retail properties was some 760,000 m², and an estimated 72 % of this was office premises and 28 % retail premises. The segment's total revenue, net operating income and operating profit in the period were as follows:

M€	**1-3/2010**	1-3/2009	1-12/2009
Total revenue	**30.3**	32.8	129.0
Net operating income	**21.3**	24.1	96.3
Operating profit	**15.6**	-8.6	46.5

During the first quarter of 2010 Sponda sold office and retail property for EUR 9.0 million. No properties were bought during the period. Capital expenditure on property maintenance amounted to EUR 5.4 million by the end of the quarter.

Shopping Centres

The Shopping Centres unit had an economic occupancy rate of 96.5 % (97.8 %). The properties had a fair value of EUR 542.3 million, including a change in fair value of EUR -1.3 million from the beginning of 2010. The shopping centres had a combined leasable area of about 140,000 m². The segment's total revenue, net operating income and operating profit in the period were as follows:

M€	**1-3/2010**	1-3/2009	1-12/2009
Total revenue	**10.0**	8.3	39.3
Net operating income	**7.7**	6.3	31.4
Operating profit	**6.0**	-1.5	18.7

In the January – March 2010 period the segment made no significant investments in property maintenance or in purchasing new property.

Logistics Properties

The Logistics Properties segment had an economic occupancy rate of 76.0 % (78.8 %). The properties had a fair value at the end of March 2010 of EUR 395.5 million, including a change in fair value of EUR -0.8 million from the beginning of the year. The logistics properties had a total leasable area of 530,000 m². The segment's total revenue, net operating income and operating profit in the period were as follows:

M€	**1-3/2010**	1-3/2009	1-12/2009
Total revenue	**9.4**	10.4	38.6
Net operating income	**5.7**	7.2	27.4
Operating profit	**4.8**	-8.0	-4.5

In the first quarter of 2010 Sponda sold logistics property for EUR 0.3 million. No new properties were purchased in this period. Capital expenditure on property maintenance since the beginning of the year totalled EUR 0.1 million and on property development EUR 0.4 million. The expenditure on property development was for the production plant being built for Metso Automation in Hakkila in Vantaa.

Property Development

The balance sheet value of Sponda's property development portfolio at the end of March 2010 was EUR 225.7 million. Of this some EUR 89.7 million was in undeveloped land sites and the remaining EUR 136.0 million was tied up in property development projects in progress. Investments in property development and acquisitions during the first quarter of 2010 totalled EUR 4.1 million, and most of this was for the City-Center project and for building the ABC service station in Turku.

Sponda aims to obtain development gains of 15 % on the investment costs for projects. Sponda's product development business comprises new build projects and refurbishment of existing properties.

In the City-Center project, construction began of the office building in the inner court of the complex, and new retail premises are being built on the first and second floors of the retail complex and in place of the parking deck on the third floor. Construction of the underground service facilities is also underway. It is estimated that the City-Center renovation will be completed in 2012 and that the total investment will be some EUR 125 million.

Sponda is building some 22,000 m² of production premises in Hakkila, Vantaa, that is being leased in its entirety to Metso Automation. Sponda is also leasing to Metso some 12,000 square metres of office and warehouse premises in the adjacent Honkatalo office building, and these will be completely refurbished. Sponda's total investment is estimated at about EUR 40 million.

Sponda is developing the Ratina shopping centre in Tampere and carrying out development projects in adjacent areas. A 55,000 m² shopping centre is planned for the area, for which the total investment cost is estimated at EUR 200 million. The final decision about the investment has not been made.

Russia

At the end of the review period, the economic occupancy rate for the Russia unit was 87.4 % (88.5 %). The property portfolio had a fair value of EUR 188.0 million, and the change in the fair value from the beginning of 2010 was EUR 6.3 million, which was almost entirely due to changes in exchange rates. The fair value of the properties in Russia was assessed internally at Sponda.

Capital expenditure on property development and maintenance totalled EUR 0.1 million.

The segment's total revenue, net operating income and operating profit in the period were as follows:

M€	**1-3/2010**	1-3/2009	1-12/2009
Total revenue	**5.6**	5.7	21.8
Net operating income	**4.1**	4.4	16.4
Operating profit	**9.5**	-59.8	-70.4

The typical length of a lease in Russia is 11 months. Sponda's leasing agreements in Russia also conform to this practice, apart from the Western Realty (Ducat II) and OOO Adastra properties in Moscow and St Petersburg where the leases are for longer periods than average. The average length of leasing agreements in Russia on 31 March 2010 was 3.2 years, and the leasing agreements expire as follows:

Expiry in	% of rental income 31.3.2010	% of rental income 31.3.2009
1 year	37.2	21.3
2 years	3.5	5.0
3 years	16.2	11.5
4 years	10.8	11.2
5 years	8.9	15.5
6 years	3.6	15.6
More than 6 years	19.8	19.9

Sponda receives about half of its rental income in Russia in US dollars. About half is in roubles, and much of this is tied to an agreed exchange rate for the dollar or the euro. The company's rouble risk is reduced because a major part of the unit's expenses are denominated in roubles. It is Sponda's policy to hedge 6 months foreign currency denominated cash flow in Russia.

Real Estate Funds

Sponda is a minority holder in three real estate funds, First Top LuxCo, Sponda Real Estate Fund I Ky and Sponda Real Estate Fund II Ky. Sponda is responsible for managing the funds and their properties, and receives management fees. The property portfolio of First Top LuxCo was valued by Kiinteistötaito Peltola & Co and Jones Lang LaSallen at the end of March 2010.

The segment's total revenue (including management fees and share of fund profits), net operating income and operating profit in the period were as follows:

M€	**1-3/2010**	1-3/2009	1-12/2009
Total revenue	**3.2**	3.1	12.7
Net operating income	**2.9**	2.6	10.9
Operating profit	**1.2**	1.1	-3.6

The management fees and share of profits for the funds were as follows:

	1-3/2010	1-3/2009	1-12/2009
Management fees	**1.6**	1.7	6.6
Share of profit	**1.4**	1.4	5.8
	3.1	3.1	12.4

First Top LuxCo (Sponda's holding 20 %) invests in office and retail properties outside Finland's largest cities. On 31 March 2010 the fund's property investments had a fair value of EUR 104.1 million.

Sponda Real Estate Fund I Ky (Sponda's holding 46 %) invests in logistics sites outside the Helsinki metropolitan area. At the end of March 2010 the properties it owned had a fair value of EUR 186.4 million.

Sponda Real Estate Fund II Ky (Sponda's holding 44 %) mainly invests in logistics properties in medium sized towns in Finland. The fund has a target size for its real estate investment of about EUR 200 million and the fair value of its property portfolio on 31 March 2010 was EUR 95.8 million.

In addition to those mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 270 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

Cash flow and financing

Sponda's net cash flow from operations in January – March 2010 totalled EUR 16.1 million (31 March 2009: EUR 25.2 million). Net cash flow from investing activities was EUR 0.4 (-13.5) million and the net cash flow from financing activities was EUR -19.5 (-14.1) million. Net financing costs in the period totalled EUR -16.6 (-19.0) million. Interest expenses of EUR 1.1 (0.9) million were capitalized.

Sponda's equity ratio on 31 March 2010 was 37 % (31 March 2009: 30 %) and gearing was 145 % (199 %). Interest-bearing debt amounted to EUR 1,610.4 (1,814.4) million and the average maturity of Sponda's loans was 2.5 (2.8) years. The average interest rate was 3.8 % (3.6 %) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 67 % of the loan portfolio. The average interest-bearing period of the whole debt portfolio was 1.8 (1.8) years. The interest margin, which describes the company's solvency, was 2.9 (2.2).

Sponda applies hedge accounting, according to which changes in the fair value of interest rate options that meet the criteria for hedge accounting are recognized in equity in the balance sheet. Changes in fair value of other interest rate options and currency options are recognized in the income statement.

Sponda Group's debt portfolio on 31 March 2010 comprised syndicated loans with a nominal value of EUR 570 million, EUR 250 million in bonds, EUR 117 million in issued commercial papers, and EUR 677 million in loans from financial institutions. Sponda had EUR 400 million in unused credit limits. Sponda Group had mortgaged loans of EUR 141.2 million, or 4.7 % of the consolidated balance sheet.

In January 2010 Sponda Plc signed an extension agreement with Sampo Bank Plc for a 3-year loan of EUR 57.6 million. The agreement extends the short-term project loan that was originally taken for the Elo shopping centre. The margin on the loan corresponds to today's market rates and the terms and conditions of the loan are unchanged.

Personnel

During the review period Sponda Group had on average 127 (135) employees, of whom 113 (120) worked for parent company Sponda Plc. On 31 March 2010 Sponda Group had altogether 125 (134) employees, of whom 113 (120) were employed in parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the period totalled EUR 4.9 (5.4) million.

Bonus and incentive schemes

Sponda operates an incentive bonus scheme covering all personnel which is based on the company's common goals and on personal targets for each employee. Key factors affecting the bonus are profitability and the development of operations.

In March 2010 the Board of Directors of Sponda Plc decided to renew the long-term incentive scheme introduced by the company in 2009 by extending the earnings periods in the scheme. This will take place gradually until 2012 so that the share of the current one-year earnings periods will decline each year and that of the new three-year earnings periods will correspondingly increase. The key personnel belonging to the scheme have the opportunity to earn a bonus in company shares. The objectives of the scheme are to bring together the goals of owners and key personnel for raising the value of the company and to obtain the commitment of key personnel to the company and provide a competitive bonus scheme for them based on ownership of company shares

The scheme comprises two one-year earnings periods, which are the calendar years 2010 and 2011, and two three-year earnings periods, which are the calendar years 2010—2012 and 2011—2013. The earnings criteria for the scheme are linked to the cash flow per share and the return on investment. The Board of Directors decides separately on the targets for each earnings period.

Any bonus is paid partly in company shares and partly in cash. The portion paid in cash is meant to cover the taxes and similar costs incurred by the key employee from the bonus. The employee may not dispose of the shares during the commitment periods following the earnings periods, which in the old scheme is two years and in the new scheme three years. Even after this the key employee must continue to own shares and the goal is that the company shares owned by the key employee will be equal to their gross annual salary.

The maximum annual bonus paid in the incentive scheme shall be the gross annual salary of the key employee on the date of payment. The gross annual salary refers to the fixed basic salary excluding any annual performance bonus and income from the long-term bonus scheme.

At present those in the scheme are the members of the company's Executive Board, in total seven people. The bonuses to be paid for the 2010 and 2010—2012 earnings periods correspond in total to at most the value of some 750,000 Sponda Plc shares (including the portion to be paid in cash).

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.

The Sponda share and shareholders

The weighted average price of the Sponda share in the January – March 2010 period was EUR 2.85. The highest quotation on NASDAQ OMX Helsinki Oy was EUR 3.19 and the lowest EUR 2.61. Turnover during the period totalled 34.5 million shares or EUR 98.3 million. The closing price of the share on 31 March 2010 was EUR 3.09, and the market capitalization of the company's share capital was EUR 857.7 million.

The Annual General Meeting on 17 March 2010 authorized the Board of Directors to purchase the company's own shares. The authorization is valid until the next Annual General meeting and it will overrule the authorization given in the Annual General Meeting held 25 March 2009. The authorization was not exercised during the review period.

Sponda issued the following flagging announcements in the January - March period:

- 2 March 2010: Cohen & Steers, Inc announced that the shares it owned represented 5.007 % of the share capital and voting rights in Sponda Plc.

On 31 March 2010 the company had altogether 9696 shareholders, and its ownership structure was as follows:

	Number of shares	Osuus osakkeista, %
Public entities	17 679 132	6.4
Nominee registered	120 529 336	43.4
Financial and insurance institutions, total	6 764 116	2.5
Households	25 881 870	9.3
Private corporations, total	101 104 514	36.4
Non-profit organizations, total	3 703 428	1.3
Foreign owners, total	1 913 066	0.7
Total number of shares	277 575 462	100.0

Sponda Plc's Annual General Meeting

The Annual General Meeting of Sponda Plc was held in Helsinki on 17 March 2010. The meeting adopted the consolidated financial statements and the parent company's financial statements for the 2009 financial year and discharged the Board of Directors and the CEO from liability.

The AGM adopted the proposal of the Board to pay a dividend of EUR 0.12 per share for the 2009 financial year. The record date for the dividend payment was 22 March 2010 and the dividend was paid on 29 March 2010.

The number of the members of the Board of Directors was confirmed as six (6). The following were re-elected: Klaus Cawén, Tuula Entelä, Timo Korvenpää, Lauri Ratia, Arja Talma and Erkki Virtanen, to serve on the Board of Directors until the close of the following AGM. All had given their consent to election.

The AGM confirmed that the annual remuneration for the chairman of the board is EUR 60,000, for the deputy chairman is EUR 36,000, and for ordinary members EUR 31,200. Of this annual remuneration, 40 % is paid in Sponda Plc shares to be purchased on the market. The shares will be purchased within two weeks of the date of publication of the interim report for January – March 2010. In addition, the AGM confirmed that an attendance allowance of EUR 600 is paid to all members for each meeting, including Board committee meetings.

APA Raija-Leena Hankonen and authorized public accountants KPMG Oy Ab, with APA Kai Salli as principal auditor and APA Riitta Pyykkö as deputy auditor, were appointed as the company's auditors to serve until the close of the next AGM. It was decided that the auditors will be paid against invoice.

Purchase of company's own shares

The AGM authorized the Board of Directors to decide on the acquisition of own shares using the company's free equity pursuant to the proposal of the Board of Directors. A maximum of 13,878,000 shares can be acquired in one or more tranches. The proposed maximum number corresponds to approximately five per cent of all shares of the company. The shares shall be acquired in public trading, for which reason this shall be a directed purchase, deviating from the pre-emptive rights of shareholders.

The Board of Directors shall decide on other conditions for purchasing the company's own shares.

The authorization is valid until the following Annual General Meeting. It replaces the authorization given by the AGM on 25 March 2009.

Deciding on share issue and granting of special rights entitling to shares

The AGM authorized the Board of Directors to decide on a share issue and on the granting of special rights entitling to shares, pursuant to Chapter 10(1) of the Companies Act, in accordance with the proposal of the Board. A share issue may be effected by offering new shares or by the transfer of treasury shares. Based on this authorization, the Board of Directors is authorized to make a decision on a directed share issue in deviation from the shareholders' pre-emptive rights and on the granting of special rights subject to the conditions mentioned in the Companies Act.

Under the authorization, a maximum of 27,757,000 shares can be issued. The proposed maximum amount corresponds approximately to 10 per cent of all the current shares of the Company.

The Board of Directors can act on this authorization in one or several tranches. The Board of Directors can use the authorization to finance or carry out corporate acquisitions, to strengthen the company's capitalization, or for other purposes decided by the Board of Directors. The authorization may not, however, be used for implementing incentive schemes for the company's management or key personnel. The Board of Directors is authorized to decide on other conditions of the share issues and for issuing special rights.

The authorization is in force until the next Annual General Meeting. This authorization replaces the one given by the AGM on 25 March 2009 to decide on a share issue and on granting special rights entitling to shares

Amendment to Articles of Association

The provisions of the Articles of Association concerning notice of a General Meeting of Shareholders were amended to correspond with the amended provisions of the Finnish Limited Liability Companies Act as follows:

"Article 9 Participation in and notice of a General Meeting of Shareholders

To participate in a General Meeting of Shareholders, shareholders must so inform the Company in the manner stated in the notice of meeting and before the end of the registration period stated therein, which may be no more than ten (10) days before the meeting.

Notice of a General Meeting of Shareholders shall be given with an announcement published in at least one national daily newspaper as determined by the Board of Directors.

The notice shall be published no more than two (2) months before the final registration date mentioned above and no less than three (3) weeks before the meeting. Notice of a General Meeting shall however be given no less than nine (9) days before the record date of the General Meeting."

Appointment of Nomination Committee

The Annual General Meeting of the Shareholders resolved, on the proposition of the Company's largest shareholder Solidium Oy, to appoint a Nomination Committee to prepare proposals for the following Annual General Meeting concerning the company's board members and their remuneration. The Nomination Committee shall consist of the representatives of the three largest shareholders as well as the Chairman of the Board as an expert member. The three shareholders who hold the largest number of all the voting rights on the 1 November preceding the next Annual General Meeting shall have the right to appoint the members representing the shareholders. Should a shareholder not wish to exercise their nomination right, the right shall be transferred to the next largest shareholder.

The largest shareholders will be determined by the shareholder information entered in the book-entry system, however in such a way that the holdings of a shareholder with an obligation, pursuant to the Finnish Securities Markets Act, to disclose information on certain changes in ownership (shareholder with disclosure obligation), for example holdings in several different funds, will be aggregated, if the shareholder notifies the Board of Directors in writing of his request to do so no later than 29 October 2010. The Nomination Committee shall be convened by the Chairman of the Board and the Committee appoints a chairman from among its members. The proposals of the Nomination Committee are to be submitted to the Board of Directors of the company at the latest on the 1 February immediately preceding the Annual General Meeting.

Board of Directors and auditors

Sponda's Board of Directors has six members: Klaus Cawén, Tuula Entelä, Timo Korvenpää, Lauri Ratia, Arja Talma and Erkki Virtanen. At its constitutive meeting after the AGM on 17 March 2010 the Board elected Lauri Ratia as its chairman and Timo Korvenpää as vice chairman.

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

Sponda Plc's auditors are APA Raija-Leena Hankonen and authorized public accountants KPMG Oy Ab, with APA Kai Salli as principal auditor and APA Riitta Pyykkkö as deputy auditor.

Committees of the Board of Directors

The following were elected members of the Audit Committee: Arja Talma, chairman, Timo Korvenpää, vice chairman and Erkki Virtanen, ordinary member.

The following were elected to the Structure and Remuneration Committee: Lauri Ratia, chairman, Klaus Cawén, vice chairman, and Tuuls 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 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 ensuring the wellbeing of the environment. Sponda made environmental expertise a strategic priority in its corporate responsibility in 2009.

Sponda has set targets for 2010 that at a company level are related to reducing energy consumption in the properties owned by Sponda, taking into account the demands of environmentally responsible operations in all construction and in the maintenance of properties, cutting environmental load, and creating a healthy, attractive work environment for its clients.

Subsequent events

The company had no significant events after the end of the period.

Prospects

Sponda estimates that the economic occupancy rate of the company's properties will not decline during the second quarter of 2010. The occupancy rate is expected to start to pick up during 2010. This assessment is based on the lease agreements that the company knows are expiring and on the forecast growth in Finland's economy in 2010.

The net operating income in 2010 is estimated to be lower than that in 2009. The reasons for this decline are the planned sale of property and the fall in occupancy rates that began in 2009 and is continuing in the first half of 2010.

Risks and uncertainty factors in the near future

Sponda believes that the key risks and uncertainty factors in the current financial period arise from a delay in the expected recovery in the economy, and relate to a decline in economic occupancy rates, a reduction in market rents and a decline in rental income resulting from the insolvency of tenants.

The general economic situation may cause the solvency of Sponda's customers to weaken in Finland and Russia in 2010, which in turn may reduce Sponda's rental income and increase the vacancy rates in the properties owned by the company.

Differences in legislation and official procedures in Russia compared to Finland may cause additional risks. The operations in Russia increase Sponda's foreign exchange risk. Changes in exchange rates may cause exchange rate losses which have a negative impact on the company's financial result. The company hedges the currency denominated cash flow from Russia for the coming 6 months

The company may have to pay the tax relating to the confirmed losses of Sponda Kiinteistöt Oy during the current financial year, and the company will then have to recognize a tax expense. This would weaken the company's result and equity ratio.

A rapid, sharp rise in market interest rates in 2010 would increase Sponda's financial expenses, and would have a negative impact on the company's result.

5 May 2010
Sponda Plc
Board of Directors

Further 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 (IFRS)
M€

	1-3/2010	1-3/2009	1-12/2009
Total revenue			
Rental income and recoverables	**55.9**	57.5	230,3
Interest income from finance leasing agreements	**0.1**	0.1	0,3
Fund management fees and share of fund profit	**3.1**	3.1	12,4
	59.1	60.6	243,0
Expenses			
Maintenance expenses	**-16.9**	-15.2	-59,5
Direct fund expenses	**-0.3**	-0.4	-1,9
	-17.2	-15.6	-61,4
Net operating income	**41.9**	45.0	181.6
Profit/loss on sales of investment properties	**1.3**	0.2	0.3
Valuation gains/losses	**-1.6**	-117.3	-175.1
Profit/loss on sales of trading properties	**0.3**	-0.2	4.0
Sales and marketing expenses	**-0.3**	-0.3	-1.5
Administrative expenses	**-4.6**	-5.1	-20.5
Share of result of associated companies	**0.0**	0.0	0.0
Other operating income	**0.0**	0.2	0.8
Other operating expenses	**-0.6**	-0.3	-2.9
Operating profit	**36.3**	-77.8	-13.3
Financial income	**0.3**	0.4	2.1
Financial expenses	**-16.9**	-19.3	-67.2
Financial income and expenses, net	**-16.6**	-19.0	-65.0
Result before taxes	**19.6**	-96.7	-78.3
Income taxes for current and previous fiscal years	**-1.0**	-0.3	-3.2
Deferred taxes	**-4.2**	5.2	-0.1
Income taxes, total	**-5.2**	4.9	-3.3
Profit/loss for period	**14.5**	-91.9	-81.6
Attributable to:			
Equity holders of the parent company	**14.5**	-91.9	-81.5
Minority interest	**0.0**	0.0	-0.1
Earnings per share based on profit attributable to equity holders of the parent company:			
Basic and diluted,€	**0.05**	-0.52	-0.35
Basic and diluted, attributable to equity holders, €	**0.04**	-0.53	-0.40
Basic and diluted, attributable to holders of hybrid loan, €	**0.01**	0.02	0.05

Average number of shares, million			
Basic and diluted, million	**277.6**	178.0	230.6
Direct result	**15.6**	10.9	67.4
Indirect result	**-1.1**	-102.8	-148.9
Statement of comprehensive income (IFRS)			
Profit/loss for period	**14.5**	-91.9	-81.6
Other comprehensive income			
Net loss/profit from hedging cash flow	**-5.5**	-17.6	-10.4
Translation difference	**1.2**	3.8	0.7
Taxes on comprehensive income	**1.6**	2.8	2.4
Other comprehensive income for period after taxes	**-2.6**	-11.0	-7.3
Comprehensive profit/loss for period	**11.9**	-102.9	-88.9
Allocation of comprehensive profit/loss for period:			
Equity holders of parent company	**11.9**	-102.9	-88.8
Minority interest	**0.0**	0.0	-0.1

Consolidated balance sheet (IFRS)
M€

	31.3.2010	31.3.2009	31.12.2009
ASSETS			
Non-current assets			
Investment properties	**2 768.1**	2 802.8	2 767.5
Investments in real estate funds	**55.8**	63.5	56.2
Property, plant and equipment	**14.1**	14.7	14.3
Goodwill	**14.5**	14.5	14.5
Other intangible assets	**0.0**	0.0	0.0
Finance lease receivables	**2.7**	2.7	2.7
Investments in associated companies	**2.8**	2.8	2.8
Long-term receivables	**3.8**	3.9	7.4
Deferred tax assets	**39.0**	59.3	41.1
Total non-current assets	**2 901.0**	2 964.3	2 906.6
Current assets			
Trading properties	**22.8**	29.4	22.8
Trade and other receivables	**34.2**	42.0	31.6
Cash and cash equivalents	**27.2**	12.7	29.1
Total current assets	**84.1**	84.1	83.6

Total assets	**2 985.1**	3 048.4	2 990.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity			
holders of parent company			
Share capital	**111.0**	111.0	111.0
Share premium fund	**159.5**	159.5	159.5
Translation differences	**0.5**	0.6	-0.9
Fair value fund	**-31.5**	-32.7	-27.4
Revaluation fund	**0.6**	0.6	0.6
Reserve for invested unrestricted equity	**412.0**	209.7	412.0
Other equity fund	**129.0**	129.0	129.0
Retained earnings	**309.1**	325.9	328.0
	1 090.2	903.7	1 111.7
Minority interest	**1.8**	1.7	1.8
Total shareholders' equity	**1 092.0**	905.4	1 113.6
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	**1 393.4**	1 547.7	1 287.2
Provisions	**0.0**	0.3	0.0
Other liabilities	**37.7**	41.5	30.5
Deferred tax liabilities	**193.4**	207.6	193.8
Total non-current liabilities	**1 624.5**	1 797.1	1 511.4
Current liabilities			
Current interest-bearing loans and borrowings	**217.0**	266.6	310.6
Trade and other payables	**51.5**	79.3	54.5
Total current liabilities	**268.5**	345.9	365.2
Total liabilities	**1 893.0**	2 143.0	1 876.6
Total shareholders' equity and liabilities	**2 985.1**	3 048.4	2 990.2
Interest-bearing liabilities	**1 610.4**	1 814.4	1 597.8

Consolidated statement of cash flows (IFRS)
M€

	1-3/2010	1-3/2009	1-12/2009
Cash flow from operating activities			
Net profit/loss for the period	**14.5**	-91.9	-81.6
Adjustments	**22.2**	131.3	243.4
Change in net working capital	**-4.8**	13.0	19.1
Interest received	**0.2**	0.1	1.2
Interest paid	**-11.9**	-26.7	-78.4
Other financial items	**-3.5**	-0.6	-5.1
Dividends received	**0.0**	0.5	0.0
Dividends received from associated companies	**-**	-	0.5
Taxes received/paid	**-0.6**	-0.5	-3.0
Net cash from operating activities	**16.1**	25.2	96.0
Cash flow from investing activities			
Investments in investment properties	**-10.1**	-27.2	-77.2
Investments in real estate funds	**0.0**	-2.9	-3.9
Investments in tangible and intangible assets	**0.0**	-0.2	-0.3
Proceeds from sale of investment properties	**10.6**	16.9	40.6
Proceeds from sale of intangible and tangible assets	**-**	-	-
Repayment of loan receivables	**-**	-	0.0
Net cash from investing activities	**0.4**	-13.5	-40.8
Cash flow from financing activities			
Proceeds from share issue	**-**	-	200.2
Non-current loans, raised	**150.0**	3.9	91.2
Non-current loans, repayments	**-100.2**	-0.2	-248.0
Current loans, raised / repayments	**-36.0**	-17.8	-73.7
Interest paid on equity bond	**-**	-	-11.4
Dividends paid	**-33.3**	-	-
Net cash from financing activities	**-19.5**	-14.1	-41.7
Change in cash and cash equivalents	**-3.0**	-2.4	13.6
Cash and cash equivalents, start of period	**29.1**	16.0	16.0
Impact of changes in exchange rates	**1.1**	-0.9	-0.5
Cash and cash equivalents, end of period	**27.2**	12.7	29.1

Changes in Group shareholders' equity
M€

	Share capital	Share premium reserve	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve
Equity at 31 Dec. 2008	111.0	159.5	-1.4	-19.7	0.6	209.7
Comprehensive income in period			2.0	-13.0		
Change						
Equity at 31 Mar. 2009	111.0	159.5	0.6	-32.7	0.6	209.7

	Other equity reserve	Retained earnings	Total	Minority holding	Total shareholders' equity
Equity at 31 Dec. 2008	129.0	418.4	1 007.1	1.8	1 008.9
Comprehensive income in period		-91.9	-102.9		-102.9
Change		-0.6	-0.6	0.0	-0.6
Equity at 31 Mar. 2009	129.0	325.9	903.7	1.7	905.4

	Share capital	Share premium reserve	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve
Equity at 31 Dec. 2009	111.0	159.5	-0.9	-27.4	0.6	412.0
Comprehensive income in period			1.5	-4.0		
Change						
Equity at 31 Mar. 2010	111.0	159.5	0.5	-31.5	0.6	412.0

	Other equity reserve	Retained earnings	Total	Minority holding	Total shareholders' equity
Equity at 31 Dec. 2009	129.0	328.0	1 111.7	1.8	1 113.6
Comprehensive income in period		14.5	11.9		11.9
Dividend payment		-33.3	-33.3	0.0	-33.3
Equity at 31 Mar. 2010	129.0	309.1	1 090.2	1.8	1 092.0

Notes to the consolidated financial statements

Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, applying the same accounting principles as those used for the 2009 financial statements. Current IFRS standards and interpretations have been applied when preparing the interim report.

The amended and revised standards and interpretations that came into effect at the beginning of 2010 do not have a significant impact on the interim report or the accounting principles.

The figures in the interim report are presented in millions of euros and have been rounded to the nearest 0.1 million euro, so the total of the individual figures may differ from the total amounts given.

The figures in the interim report have not been audited.

Income statement by segments
M€

Income statement 1-3/2010	**Office & Retail**	**Shop-ping centres**	**Logis-tics**	**Proper-ty deve-lop-ment**	**Russia**	**Funds**	**Other**	**Group total**
Total revenue	**30.3**	**10.0**	**9.4**	**0.6**	**5.6**	**3.2**	**0.0**	**59.1**
Maintenance expenses and direct fund expenses	-9.0	-2.3	-3.6	-0.5	-1.5	-0.3	0.0	-17.2
Net operating income	**21.3**	**7.7**	**5.7**	**0.1**	**4.1**	**2.9**	**0.0**	**41.9**
Profit on sale of investment properties	1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.3
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	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.3
Valuation gains and losses	-5.4	-1.3	-0.8	0.1	6.3	-0.4	0.0	-1.6
Administration and marketing	-1.5	-0.3	-0.2	-0.7	-0.8	-1.3	0.0	-4.9
Other operating income and expenses	0.0	0.0	0.0	-0.5	-0.2	0.0	0.0	-0.6
Operating profit	**15.6**	**6.0**	**4.8**	**-0.8**	**9.5**	**1.2**	**0.0**	**36.3**
Capital expenditure	5.4	0.0	0.5	4.1	0.1	0.0	0.0	10.1
Segment assets	1 419.4	542.3	395.5	240.2	188.0	55.8	143.9	2 985.1

Income statement 1-3/2009	Office & Retail	Shopping centres	Logis-tics	Proper-ty develop-ment	Russia	Funds	Other	Group total
Total revenue	**32.8**	**8.3**	**10.4**	**0.4**	**5.7**	**3.1**	**0.0**	**60.6**
Maintenance expenses and direct fund expenses	-8.7	-2.0	-3.2	0.0	-1.3	-0.4	0.0	-15.6
Net operating income	**24.1**	**6.3**	**7.2**	**0.4**	**4.4**	**2.6**	**0.0**	**45.0**
Profit on sale of investment properties	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
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	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.2
Valuation gains and losses	-31.4	-7.5	-14.9	-0.2	-63.3	0.0	0.0	-117.3
Administration and marketing	-1.5	-0.3	-0.3	-0.9	-0.9	-1.5	0.0	-5.4
Other operating income and expenses	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1
Operating profit	**-8.6**	**-1.5**	**-8.0**	**-1.0**	**-59.8**	**1.1**	**0.0**	**-77.8**
Capital expenditure	3.1	12.8	0.4	3.9	0.4	2.9	0.1	23.6
Segment assets	1 436.2	546.9	431.5	207.0	198.6	63.5	164.7	3 048.4

Geographical areas

31 March 2010	**Income**	**Assets**
Finland	53.5	2 797.1
Russia	5.6	188.0
Total	59.1	2 985.1

31 March 2009	**Income**	**Assets**
Finland	54.9	2 849.8
Russia	5.7	198.6
Total	60.6	3 048.4

Direct and indirect result

The direct result represents the result from the Group's core business. 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, amortization of goodwill and other such income and expenses that the Company considers are indirect items.

M€	**1-3/2010**	1-3/2009	1-12/2009
Direct result			
Net operating income	**41.9**	45.0	181.6
Marketing and administration	**-4.9**	-5.4	-22.0
Other income and expenses for business operations	**-0.4**	0.2	-1.1
Financial income and expenses	**-15.3**	-19.9	-68.7
Taxes based on direct result	**-0.9**	-0.4	-3.2
Deferred taxes based on direct result	**-4.7**	-8.6	-19.1
Minority holding share of direct result	**0.0**	0.0	0.0
Total	**15,6**	**10.9**	**67.4**
Indirect result			
Profit/loss on sale of investment properties	**1.3**	0.2	0.3
Valuation gains and losses	**-1.6**	-117.3	-175.1
Profit/loss on sale of trading properties	**0.3**	-0.2	4.0
Administration and marketing	**0.0**	0.0	0.0
Other income and expenses for business operations	**-0.3**	-0.3	-1.0
Financial income and expenses	**-1.3**	0.9	3,7
Taxes based on indirect result	**-0.1**	0.1	0,0
Deferred taxes based on indirect result	**0.5**	13.8	19,0
Minority holding share of indirect result	**0.0**	0.0	0,1
Total	**-1,1**	**-102.8**	**-148.9**

Quarterly key figures

	Q1/2010	Q4/2009	Q3/2009	Q2/2009	Q1/2009
Total revenue	**59.1**	59.8	60.8	61.8	60.6
Net operating income	**41.9**	44.6	47.2	44.8	45.0
Change in fair value of properties	**-1.6**	-14.4	-31.4	-12.0	-117.3
Operating profit	**36.3**	23.5	13.1	27.9	-77.8
Financial income and expenses	**-16.6**	-15.4	-16.4	-14.2	-19.0
Profit/loss for period	**14.5**	6.3	-6.1	10.1	-91.9
Investment properties	**2 768.1**	2 767.5	2 768.8	2 786.2	2 802.8
Shareholders' equity	**1 092.0**	1 113.6	1 102.5	1 112.1	905.4
Interest-bearing liabilities	**1 610.4**	1 597.8	1 619.2	1 633.1	1 814.4
Earnings per share, €	**0.05**	0.02	-0.02	0.05	-0.52

Cash flow from operations per share	**0.08**	0.07	0.10	0.19	0.18
EPRA NAV	**4.10**	4.18	4.14	4.20	5.42
Economic occupancy rate, %	**86.2**	86.6	86.8	88.4	88.8

Investment properties
M€

	31.3.2010	31.12.2009
Fair value of investment properties, start of period	**2 767.5**	2 915.5
Purchase of investment properties	**0.0**	0.0
Other capital expenditure on investment properties	**10.1**	53.4
Disposal of investment properties	**-9.3**	-40.3
Transfers to/from property, plant and equipment	**0.0**	0.0
Transfers from trading properties	**0.0**	2.0
Other transfers	**0.0**	0.0
Capitalized equity expenses, increase in period	**1.1**	3.7
Valuation gains/losses	**-1.2**	-166.8
Fair value of investment properties, end of period	**2 768.1**	2 767.5

On 31 March 2010 Sponda had a total of 195 properties, with an aggregate leasable area of about 1.5 million m². Of this some 52 % is office and retail premises, 9 % shopping centres and 36 % 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 through the company's own cash flow based yield assessment calculation. The valuation method complies with international valuation standards (IVS). The entire material used in calculating the fair values of properties is examined at least twice a year by an external expert, to ensure that the parameters and values used in the calculation are based on market observations.

At the end of the first quarter of 2010 the values of Sponda's investment properties were valued internally within the company. The change in the fair value of the investment properties in January – March was EUR -1.2 million (31 March 2009: -117.3 million) and of the investment in the real estate funds EUR -0.4 (0.0) million. In the first quarter of the year, the main factor affecting the fair value was mainly the increase in maintenance costs. At the end of March the fair values of the properties owned by the First Top LuxCo real estate fund were assessed by Kiinteistötaito Peltola & Co and Jones Lang LaSalle.

The Group's most significant investment commitments

In the City-Center project, construction began of the office building in the inner court of the complex, and new retail premises are being built on the first and second floors of the retail complex and in place of the parking deck on the third floor. Construction of the underground service facilities is also underway. It is estimated that the City-Center renovation will be completed in 2012 and that the total investment will be some EUR 125 million.

Sponda is building some 22,000 m² of production premises in Hakkila, Vantaa, that is being leased in its entirety to Metso Automation. Sponda is also leasing to Metso some

12,000 square metres of office and warehouse premises in the adjacent Honkatalo office building, and these will be completely refurbished. Sponda's total investment is estimated at about EUR 40 million.

Sponda is developing the Ratina shopping centre in Tampere and carrying out development projects in adjacent areas. A 55,000 m² shopping centre is planned for the area, for which the total investment cost is estimated at EUR 200 million. The final decision about the investment has not been made.

Property, plant and equipment **M€**	**31.3.2010**	31.3.2009
Carrying amount, start of period	**14.3**	14.5
Additions	**0.0**	0.2
Disposals	**0.0**	-
Reclassifications to/from investment properties	**-**	-
Other transfers	**-**	-
Depreciation for the period	**-0.2**	-0.1
Carrying amount, end of period	**14.1**	14.7

	31.3.2010	31.3.2009
Trading properties		
M€		
Carrying amount, start of period	**22.8**	29.5
Disposals and other changes	**-0.1**	-0.1
Increases	**-**	-
Reclassifications to investment properties	**-**	-
Carrying amount, end of period	**22.8**	29.4

Contingent liabilities **Collateral and commitments given by the Group** **M€**	**31.3.2010**	31.3.2009
Loans from financial institutions, covered by collateral	**141.2**	54.1
Mortgages	**269.2**	109.1
Book value of pledged shares	**17.9**	17.0
Guarantees	**-**	57.6
Total collateral	**287.0**	183.7
Lease and other liabilities	**31.3.2010**	31.3.2009
M€		
Lease liabilities	**102.5**	99.8
Other liabilities		

Mortgages	**2.9**	2.9
Guarantees	**15.8**	13.4
Investment commitments to real estate funds	**18.3**	19.3

Interest derivatives	**31.3.2010**	31.3.2009
M€		
Swap contracts, notional value	**1 012.8**	915.0
Swap contracts, fair value	**-42.6**	-44.5
Cap options purchased, notional value	**532.5**	272.5
Cap options purchased, fair value	**1.7**	0.4
Forward rate agreements, notional value	**-**	-
Forward rate agreements, fair value	**-**	-

Currency derivatives	**31.3.2010**	31.3.2009
M€		
Currency forwards, notional value	**-**	2.6
Currency forwards, fair value	**-**	-0.1
Currency options, bought, notional value	**5.2**	2.7
Currency options, put, notional value	**5.2**	2.7
Net fair value of currency options	**-0.2**	0.0

Key figures

	1-3/2010	1-3/2009	1-12/2009
Earnings per share, €	**0.05**	-0.52*	-0.35
Equity ratio, %	**37**	30	37
Gearing, %	**145**	199	141
Equity per share, €	**3.46**	4.35*	3.54
Cash flow from operations per share, €	**0.08**	0.18	0.45
EPRA, NAV, net assets per share, €	**4.10**	5.42	4.18

*) Per share figures have been adjusted in consequence of the share issue in the second quarter of 2009, in accordance with IAS 33.

Calculation of financial ratios

Earnings/share, € = $\dfrac{\text{Share of profit/loss for the period attributable to equity holders of the parent company}}{\text{Adjusted average number of shares during the period}}$

Earnings/share attributable to equity holders, € = $\dfrac{\text{Share of profit/loss for the period attributable to equity holders of the parent company - interest on hybrid loan for the period}}{\text{Adjusted average number of shares during the period}}$

Earnings per share attributable to holders of hybrid bond, € = Interest on hybrid bond for the period / Adjusted average number of shares 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/share, € = (Equity attributable to equity holders of parent company on 31 March - Other equity reserve) / Basic number of shares on 31 March

Cash flow from operations/share, € =

Operating profit
-/+ Valuation gains and losses
+ 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

divided by

Average adjusted number of shares during the period

EPRA NAV, net assets/share, € =

Equity attributable to equity holders of parent company
- Other equity reserve
+ Deferred tax relating to the fair valuation of property and to property depreciation allowances
- Goodwill relating to deferred tax liability

divided by

Basic number of shares on 31 March

Related party transactions

The following transactions took place with related parties:

Rental income from state institutions and companies totalled EUR 5.6 million in January – March 2010 (2009: EUR 5.5 million).

Management employee benefits

M€	**31.3.2010**	31.3.2009	31.12.2009
Salaries and other short-term employee benefits	**0.5**	0.4	2.2
Share-based payments	**0.1**	0.1	0.4
Total	**0.6**	0.5	2.6