Interim Report 1.1.–30.9.2011

SPONDA

Sponda Plc's interim report January-September 2011

Sponda Plc's total revenue in January-September 2011 was EUR 183.3 million (30 September 2010: EUR 173.6 million). Net operating income after property maintenance costs and direct costs for funds increased by over 4%, totalling EUR 131.8 million (126.2) for the period. Sponda's operating profit was EUR 154.6 (133.2) million. The economic occupancy rate of Sponda's properties was at the same level as the previous quarter, or at 88.2%.

Result of operations and financial position January-September 2011 (compared with the same period in 2010)

- Total revenue increased by approximately 6% from the reference period to EUR 183.3 (173.6) million.
- Net operating income increased by over 4%, totalling EUR 131.8 (126.2) million.
- Operating profit improved to EUR 154.6 (133.2) million. The operating profit includes a fair value change of EUR 32.9 (11.1) million.
- Cash flow from operations per share was EUR 0.27 (0.28).
- The fair value of the investment properties amounted to EUR 3,128.8 (2,795.9) million.
- Net assets per share totalled EUR 3.93 (3.63).
- The economic occupancy rate was 88.2% (87.4%).
- The prospects for the remainder of 2011 were changed slightly with regards to vacancy rates.
- Financial income and expenses amounted to EUR -55.2 (-45.1) million. Financial expenses include EUR 5.7 million of unrealised change in the fair value of cap options. Excluding the change in fair value of cap options, financial income and expenses totalled EUR -49.5 million.

Result of operations and financial position July-September 2011 (compared with the same period in 2010)

- Total revenue was EUR 63.1 (57.7) million.
- Net operating income was EUR 47.3 (42.8) million.
- Operating profit improved to EUR 47.1 (40.2) million. The operating profit includes a fair value change of EUR 4.6 (1.1) million.
- Cash flow from operations per share was EUR 0.09 (0.09).
- Financial income and expenses amounted to EUR -22.9 (-13.8) million. Financial expenses include EUR 4.5 million of unrealised change in the fair value of cap options. Excluding the change in fair value of cap options, financial income and expenses totalled EUR -18.5 million.

Key figures

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Total revenue. M€	**63.1**	57.7	**183.3**	173.6	232.1
Net operating income, M€	**47.3**	42.8	**131.8**	126.2	168.7
Operating profit, M€	**47.1**	40.2	**154.6**	133.2	216.2
Earnings per share, €	**0.06**	0.06	**0.25**	0.22	0.40
Cash flow from operations per share, €	**0.09**	0.09	**0.27**	0.28	0.37
Net assets per share, €			**3.93**	3.63	3.86
Equity ratio, %			**38**	38	39
Interest cover ratio			**2.8**	3.0	3.0

Key figures according to EPRA Best Practices Recommendations

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
EPRA Earnings, M€	**18.4**	18.0	**55.7**	52.5	74.0
EPRA Earnings per share, €	**0.07**	0.06	**0.20**	0.19	0.27
EPRA NAV/share, €			**4.68**	4.27	4.59
EPRA Net Initial Yield (NIY), %			**6.30**	N/A	6.37
EPRA. "topped-up" NIY, %			**6.31**	N/A	6.38

CEO Kari Inkinen

Sponda's total revenue and net operating income increased as expected in comparison with the same period last year. This is due to both an increase in the size of the property portfolio and, in particular, an increase in rent rates for prime properties. The economic occupancy rate remained at the previous quarter's level. We corrected our estimates for the remainder of the year, and we expect the occupancy rate to stay at the current level for the rest of the year.

Two Sponda's property development projects will be completed at the end of 2011. The Zeppelin shopping centre expansion project in Oulu will be completed on schedule in early November. The shopping centre is fully occupied. The second project set to be completed on schedule by the end of this year is an office and retail property in Tampere's central business district. The property is nearly fully occupied. Both projects will meet Sponda's target profit margin of 15% for property development projects.

Uncertainty in the global economy, particularly in the eurozone, is being reflected in the Finnish economy and in businesses operating in Finland. Demand for business properties has been fairly active, but companies tend to spend more time deliberating on the decision to move. Location is increasingly important in property decisions, which is reflected in both occupancy rates and rental levels. While rent rates for office and retail properties in the central business districts of Helsinki and Tampere have continued to rise, rental levels have remained stagnant in secondary areas.

Sponda's strategy is to grow profitably in Finland and Russia. Growth and profitability are sought through property purchases and property development. The objective is, particularly under the prevailing conditions of economic uncertainty, to finance this growth at least partly through property sales. The company aims to sell office and logistics properties that are not in line with its strategy.

Prospects

Sponda expects the vacancy rates of its investment properties to continue to remain at current levels until the end of 2011. This adjustment to previous expectations is due to weaker economic conditions in Finland and internationally.

Net operating income in 2011 is expected to increase by over 4% in comparison with 2010. This expected increase is based on a predicted fall in vacancy rates, the completion of property development projects during the year and property acquisitions.

Business conditions – Finland

Developments in the global economy have a delayed effect on property markets. The continued uncertainty over Europe's economic problems has resulted in businesses taking a waiting stance on the property market. This uncertainty has thus far had limited effects on property markets. Nevertheless, we expect that the positive trends in rental rates will level off during the fourth quarter. Properties in seconday locations will face a weakened market position in the coming years due to the development of new properties as well as relatively high vacancy rates. The gap between better and weaker areas will grow as long as the prevailing economic conditions continue.

The Finnish economy is still expected to grow, albeit slower than originally forecast. Finnish GDP is estimated to grow by approximately 3% this year. Inflation is estimated to be slightly above 3% in 2011. The relatively positive conditions in the Finnish economy, compared to many other European countries, will keep Finland attractive to investors. According to estimates by KTI Kiinteistötieto Oy, the transaction volume in January-September 2011 was EUR 1.3 billion, compared to EUR 2.4 billion in 2010. The availability of financing is becoming compromised due to the prevailing economic conditions and tighter restrictions (Basel III) and terms of financing are also becoming tighter.

Business conditions – Russia

The Russian economy is estimated to grow by over 4% in 2011. Economic growth is supported particularly by increases in the price of oil and other commodities.

Development in the property markets has been positive. Vacancy rates for office properties in Moscow are expected to decline. There is a lack of office premises, particularly good A class premises, which has also resulted in rising rental levels. According to an estimate by Cushman & Wakefield, present lease agreements for prime properties in Moscow are agreed at prices in excess of USD 1,000/m²/ month. The office properties being built at the moment will be completed in 2012-2013, after which there is no significant construction of new buildings in sight in the Moscow central area. The vacancy rate of office premises is expected to be approximately 13%.

The yield requirements for properties in Moscow are declining, with the average yield requirement for office properties being 8-10%. On the transaction markets, international investors have concluded their first trades since the start of the financial crisis.

In St. Petersburg, market changes have been more moderate, and rises in prices and rent prices have not been observed yet.

Operations and property assets January - September 2011

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 in four business units: Investment Properties, Property Development, Russia, and Real Estate Funds. The Investment Properties unit is divided into three segments: Office and Retail Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia, and Real Estate Funds.

Net operating income from all of Sponda's property assets totalled EUR 131.8 (126.2) million in January-September. Office and retail premises accounted for 52% of this, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 30 September 2011, Sponda had a total of 202 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 52% is office and retail premises, 10%

shopping centres and 35% logistics premises. 3% of the leasable area of the properties is located in Russia.

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

At the end of the third quarter of 2011, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in fair value of the properties in January-September 2011 was EUR 31.3 (8.2) million and in July-September alone EUR 3.3 (-0.3) million. The positive change in the value was mainly due to changes in market rent prices and development gains on property development projects. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

Valuation gains/losses on fair value assessment

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Changes in yield requirements (Finland)	**0.0**	1.8	**13.6**	4.0	22.9
Changes in yield requirements (Russia)	**0.0**	0.0	**17.5**	0.0	11.5
Development gains on property development projects	**2.5**	1.6	**8.1**	2.6	2.7
Modernisation investments	**-12.7**	-6.5	**-37.3**	-18.5	-29.9
Change in market rent and maintenance costs (Finland)	**12.8**	8.9	**32.2**	12.5	23.1
Change in market rent and maintenance costs (Russia)	**-0.1**	0.2	**0.9**	2.9	5.0
Change in currency exchange rates	**0.8**	-6.3	**-3.8**	4.9	5.2
Investment properties, total	**3.3**	-0.3	**31.3**	8.2	40.5
Real Estate Funds	**-0.4**	0.0	**-2.9**	-1.4	-1.7
Realised shares of profit from real estate funds	**1.6**	1.3	**4.5**	4.2	5.6
Group, total	**4.6**	1.1	**32.9**	11.1	44.4

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

M€	Total	Office and retail	Shopping centres	Logis tics	Property develop ment	Russia
Operating income	177.8	97.8	29.9	31.2	0.3	18.6
Maintenance expenses	-50.2	-27.5	-6.7	-10.2	-1.2	-4.6
Net operating income	127.6	70.3	23.2	21.0	-0.9	14.1
Fair value of investment properties at 1 Jan 2011	2,870.6	1,459.1	557.1	422.5	227.7	204.2
Capitalised interest 2011	2.6	0.0	0.1	0.1	2.1	0.3
Acquisitions	142.3	134.5	7.8	0.0	0.0	0.0

Investments	84.2	31.3	9.7	16.6	26.0	0.6
Transfers between segments	0.0	0.0	0.0	0.0	0.0	0.0
Sales	-2.2	-2.2	0.0	0.0	0.0	0.0
Change in fair value	31.3	8.4	-0.1	8.4	0.1	14.4
Investment properties at 30 Sep 2011	**3,128.8**	**1,631.1**	**574.5**	**447.6**	**256.0**	**219.6**
Change in fair value, %	1.1	0.6	0.0	2.0	0.0	7.1
Weighted average yield requirement %	6.9	6.5	5.9	8.0		9.8
Weighted average yield requirement %, Finland	6.7					

Rental operations

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

	Number (agreements)	Area (m²)	EUR/m²/month
Came into effect during the period	91	33,286	14.40
Expired during the period	105	31,553	11.59
Renewed during the period	45	30,901	15.68

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 2.9% for office and retail premises, 8.1% for shopping centres, 1.5% for logistics premises and 9.3% for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

Type of property	**30 Sep 11**	30 Jun 11	31 Mar 11	31 Dec 10	30 Sep 10
Office and retail, %	**88.6**	88.5	87.7	87.7	87.7
Shopping centres	**93.5**	94.3	97.4	98.1	98.2
Logistics, %	**78.3**	78.3	77.8	75.8	74.8
Russia %	**98.8**	98.3	98.3	96.4	93.3
Total property portfolio, %	**88.2**	88.2	88.2	88.0	87.4
Geographical area	**30 Sep 11**	30 Jun 11	31 Mar 11	31 Dec 10	30 Sep 10

Helsinki Business District, %	**86.8**	86.7	88.0	89.8	89.4
Helsinki Metropolitan Area, %	**86.0**	86.0	85.3	84.3	84.3
Turku, Tampere, Oulu	**95.3**	95.7	95.7	96.8	96.0
Russia	**98.8**	98.3	98.3	96.4	93.3
Total property portfolio, %	**88.2**	88.2	88.2	88.0	87.4

The occupancy rate of the Shopping Centres unit declined from the second quarter by approximately 0.8 percentage points. This was, as in the previous quarter, because the office tenant in Citycenter moved to another Sponda's office property. Sponda's properties are categorised according to their main use, and hence the entire Citycenter belongs to shopping centres.

Total cash flow from lease agreements at the end of September 2011 was EUR 1,267 (1,098) million. Sponda had 2,138 clients and altogether 3,230 lease agreements. The company's largest tenants were the public sector (10.1% of rental income), Kesko Group (5.5% of rental income), HOK-Elanto (3.7% of rental income) and Sampo Bank Plc (3.7% of rental income). Sponda's 10 largest tenants generate approximately 32% of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	**% of net rental income**
	Sponda Group
Professional, scientific and technical	5.7 %
Energy	0.5 %
Public sector	11.9 %
Wholesale/Retail	26.9 %
Education	1.1 %
Logistics/Transport	6.4 %
Hotel and catering business	4.7 %
Media/Publishing	1.6 %
Other services	12.1 %
Banking/Investment	10.8 %
Construction	1.9 %
Industry/Manufacturing	6.9 %
Healthcare	3.6 %
Telecommunications	5.6 %
Other	0.2 %

The average length of all lease agreements was 5.0 (4.7) years. The average length of lease agreements was 5.2 (5.3) years for office and retail properties, 6.7 (4.8) for shopping centres and 4.4 (3.6) years for logistics properties. The lease agreements for Sponda's property portfolio expire as follows:

	% of rental income 30 Sep 2011	% of rental income 30 Sep 2010
within 1 year	13.9	15.3
within 2 years	10.9	12.2
within 3 years	10.0	10.1
within 4 years	6.8	8.9
within 5 years	5.8	6.7
within 6 years	8.3	3.6
after more than 6 years	31.2	29.8
Valid indefinitely	13.1	13.4

Investments and divestments

In January-September 2011, Sponda sold properties for a total of EUR 2.2 million and bought properties for a total of EUR 142.3 million. No properties were bought or sold in the third quarter.

Investments in property maintenance totalled EUR 37.3 million and EUR 12.7 million of this in the third quarter. The majority of the investments in property maintenance were related to the ongoing renovation of Unioninkatu 20–22 in Helsinki. Sponda invested EUR 46.9 million in property development, EUR 13.2 million of this in July-September. Property development investments were primarily directed to the modernisation of the Citycenter property in Helsinki's central business district, the expansion of the Zeppelin shopping centre in Oulu.

Office and retail properties

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Total revenue, M€	**34.4**	30.2	**97.8**	91.2	122.6
Net operating income, M€	**25.8**	22.2	**70.3**	66.1	88.6
Operating profit, M€	**23.9**	22.2	**73.4**	64.1	107.1
Economic occupancy rate, %			**88.6**	87.7	87.7
Fair value of properties, M€			**1,631.1**	1,425.3	1,459.1
Change in fair value from beginning of year, M€			**8.4**	0.6	14.9
Leasable area, m^2			**787,000**	752,000	737,000

The company sold office and retail properties for a total of EUR 2.2 million in January-September 2011. The company purchased properties for EUR 134.5 million during the period. No properties were bought or sold in the third quarter. Investments in property maintenance totalled EUR 30.9 million, with EUR 11.8 million of this in July-September.

Shopping centres

	7-9/11	7-9/10	1-9/11	1-9/10	1-12/10
Total revenue, M€	**9.9**	10.1	**29.9**	29.7	39.7
Net operating income, M€	**7.9**	8.1	**23.2**	23.7	31.4
Operating profit, M€	**9.9**	8.5	**22.0**	19.5	31.3
Economic occupancy rate, %			**93.5**	98.2	98.1
Fair value of properties, M€			**574.5**	541.2	557.1
Change in fair value from beginning of year, M€			**-0.1**	-3.3	1.1
Leasable area, m^2			**148,000**	140,000	141,000

The company purchased properties for a total of EUR 7.8 million during the period. No shopping centre properties were bought or sold in the third quarter. Investments in property maintenance totalled EUR 0.2 million.

Logistics properties

	7-9/11	7-9/10	1-9/11	1-9/10	1-12/10
Total revenue, M€	**10.8**	9.1	**31.2**	27.6	36.6
Net operating income, M€	**7.7**	6.5	**21.0**	18.6	24.8
Operating profit, M€	**7.6**	10.1	**28.4**	20.5	30.0
Economic occupancy rate, %			**78.3**	74.8	75.8
Fair value of properties, M€			**447.6**	405.7	422.5
Change in fair value from beginning of year, M€			**8.4**	2.3	3.1
Leasable area, m^2			**536,500**	510,000	514,000

No logistics properties were purchased or sold in the period under review. In January-September, investments in property maintenance totalled EUR 6.0 million, with EUR 0.7 million of this in the third quarter.

Property Development

The balance sheet value of Sponda’s property development portfolio at the end of June stood at EUR 256.0 million. Of this total, EUR 81.6 million was in undeveloped land sites and EUR 159.7 million was tied up in property development projects in progress. At the end of September 2011, the Property Development unit had invested a total of EUR 25.9 million, EUR 7.3 million of this in the third quarter. Most of these investments were allocated to the development of the Citycenter project, the Zeppelin shopping centre and the Kauppa-Häme property in Tampere.

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:

	City-Center	Zeppelin shopping centre	Office property in Ruoholahti
Total investment, M€	125.0*)	18.0	23.5
Invested by 30 September 2011, M€	107.0*)	9.5	0.4
Capitalised interest expenses by 30 September 2011, M€	12.2	0.1	-
Time of completion	2012	November 2011	April 2013

*) Figure does not include capitalised interest expenses.

In the Citycenter project, the second phase of construction is nearing completion. Construction of the third and final phase of the project comprising the retail premises on the Keskuskatu side is underway. The City-Center refurbishment project is expected to be completed for the most part in 2012, with a total investment of approximately EUR 125 million.

The expansion project of the Zeppelin shopping centre in Oulu is proceeding according to plan. The project will add some 4,000 m² of new retail space for the Prisma hypermarket and 4,700 m² of space for specialty retail. The new premises to be built in the shopping centre are fully occupied. The total investment in the expansion is approximately EUR 18 million and the shopping centre will be completed in early November 2011.

Sponda purchased an office and retail property in central Tampere for approximately EUR 10 million. The company is making an additional investment of approximately EUR 6.5 million to modernise the property. The project will be completed at the end of 2011 and the new premises are nearly fully occupied.

Sponda is developing an office property in the Ruoholahti district of Helsinki with a 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 has begun and the project is scheduled for completion in April 2013. The project's total investment is estimated at approximately EUR 23.5 million, inclusive of the value of the current building at the location, which has been demolished.

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

Russia

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Total revenue, M€	**6.0**	6.4	**18.6**	17.8	23.6
Net operating income, M€	**4.7**	5.0	**14.1**	13.4	17.7
Operating profit, M€	**4.8**	-1.3	**26.5**	19.1	36.3
Economic occupancy rate, %			**98.8**	93.3	96.4
Fair value of properties, M€			**219.6**	190.2	204.2
Change in fair value from beginning of year, M€			**14.4**	8.0	21.7
Leasable area, m²			**46,500**	46,500	46,500

The change in value of property in Russia in January-September 2011, EUR 18.4 million, was mainly due to changes in yield requirements applied as a result of the assessments carried out in the second quarter. The change in value was also affected by changes in currency exchange rates, with an impact of EUR -3.8 million for the January-September period.

The typical length of a lease agreement in Russia is 11 months. Sponda's lease agreements in Russia conform to this practice, with the exception of the Western Realty (Ducat II) property in Moscow and the OOO Adastra property in St Petersburg, where the leases are for longer periods than average. The average length of Sponda's lease agreements in Russia on 30 September 2011 was 2.4 (3.1) years, with lease agreements expiring as follows:

Expiry	**% of rental income 30 Sep 2011**	**% of rental income 30 Sep 2010**
within 1 year	44.2	32.5
within 2 years	9.1	13.5
within 3 years	14.0	8.7
within 4 years	5.8	14.2
within 5 years	6.7	5.2
within 6 years	13.2	5.8
after more than 6 years	7.1	20.1

Real Estate Funds

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

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Total revenue, M€	**1.6**	1.6	**4.8**	5.3	7.2
Net operating income, M€	**1.2**	1.2	**3.8**	4.2	5.7
Operating profit, M€	**1.3**	1.4	**1.2**	3.2	4.2

A fair value assessment of the First Top LuxCo fund was carried out at the end of the period. The change in fair value in January-September was EUR -2.9 (-1.4) million and in July-September alone EUR -0.4 (0.0) million. The assessment was made by Jones Lang LaSalle. The realised shares of profit from real estate funds are presented on the income statement under change in fair value instead of total revenue. The share of profits was EUR 4.5 (4.2) million in January-September and EUR 1.6 (1.3) million in July-September.

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 92.4 million on 30 September 2011.

Sponda Fund I Ky invests in logistics sites outside the Helsinki metropolitan area. Sponda's holding in the fund is 46%. At the end of September 2011, the value of the fund's property portfolio was EUR 184.7 million.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. The fund has a target size for its real estate investment of approximately EUR 200 million and the fair value of its property portfolio at the end of September 2011 was EUR 170.0 million.

In addition to those mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 155 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

In September Sponda signed an agreement with SRV, Ilmarinen, Etera and Onvest to establish Russian Invest, an investment company in Russia. The newly established company will invest in property investment projects in Moscow and St Petersburg. SRV will assume responsibility for project development and marketing and will also act as the leading project contractor for projects approved by the investment company. The partners have committed to invest a total of EUR 95.5 million in the investment company. Sponda, Ilmarinen and SRV each own 27% of the newly established company. Etera owns approximately 13 per cent and Onvest about five per cent. The capital will be tied up only after the investments have been
identified and investment decisions made.

Cash flow and financing

Sponda's net cash flow from operations in the period under review totalled EUR 78.0 (30 September 2010: 86.3) million. Net cash flow from investing activities was EUR -200.5 (-20.0) million and the net cash flow from financing activities was EUR 120.4 (-60.9) million. Net financing costs for the period totalled EUR -55.2 (-45.1) million. Financial expenses include EUR 5.7 million of unrealised change in the fair value of cap options. Excluding the change in fair value, financial income and expenses totalled EUR -49.5 million. Interest expenses of EUR 2.6 (3.5) million were capitalised.

Sponda's equity ratio on 30 September 2011 stood at 38% (30 September 2010: 38%) and the gearing ratio was 138% (136%). Interest-bearing debt amounted to EUR 1,740.6 (1,580.5) million and the average maturity of Sponda's loans was 2.7 (2.4) years. The average interest rate was 4.0% (3.9%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 80% (70%) of the loan portfolio. The average interest-bearing period of the entire debt portfolio was 2.2 (2.2) years. The interest cover ratio, which illustrates the company's solvency, was 2.8 (3.0).

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

Sponda Group's debt portfolio on 30 September 2011 comprised EUR 725 million in syndicated loans, EUR 170 million in bonds, EUR 226 million in issued commercial papers, and EUR 620 million in loans from financial institutions. Sponda had EUR 425 million in unused credit limits. Sponda Group had mortgaged loans of EUR 141 million, or 4.3% of the consolidated balance sheet.

Number of employees

During the review period Sponda Group had an average of 121 (124) employees, of whom 109 (112) worked for parent company Sponda Plc. On 30 September 2011 Sponda Group had altogether 125 (120) employees, of whom 112 (108) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the period totalled EUR -16.5 (-15.0) million.

Incentive and bonus systems

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

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

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

Group structure

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

Sponda's share and shareholders

The weighted average price of a Sponda share in January-September 2011 was EUR 3.51. The highest quotation on NASDAQ OMX Helsinki Oy was EUR 4.17 and the lowest EUR 2.71. Turnover during the year totalled 113.8 million shares for EUR 400.8 million. The closing price of the share on 30 September 2011 was EUR 2.82 and the market capitalisation of the company's share capital was EUR 798.2 million.

The Annual General Meeting on 16 March 2011 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. Sponda's Board of Directors decided to pay part of the purchase price for the Fennia block through an issue of 5,500,000 new shares in Sponda directed to Suomi Mutual based on this share issue authorisation. Suomi Mutual subscribed for all the shares at a subscription price of EUR 4.00 per share. The new shares were incorporated in the book-entry system and became subject to public trading on the official list of NASDAQ OMX Helsinki Ltd on 6 May 2011.

Sponda issued the following flagging notices in January-September 2011:

- 29 April 2011: Solidium Oy announced that its holding of shares represented 14.89 % of the total number of shares and votes in Sponda Plc.

On 30 September 2011 the company had altogether 9,196 shareholders and its ownership structure was as follows:

	Number of shares	Holding, %
Public entities	57,909,667	20.5
Nominee-registered	137,119,002	48.4
Financial and insurance institutions, total	11,613,918	4.1
Households	22,733,724	8.0
Private corporations, total	46,691,870	16.5
Non-profit organizations, total	4,225,396	1.5
Foreign owners, total	2,781,885	1.0
Total number of shares	283,075,462	100.0

Board of Directors and auditors

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

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

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

The Board Committees

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

The members of the Structure and Remuneration Committee are as follows: Lauri Ratia (chairman), Klaus Cawén (deputy chairman) and Tuula Entelä (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, seven persons in total.

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 company has set company level objectives for 2011 related to, among other things, reducing energy consumption in properties owned by Sponda, adopting a low energy concept in new sites developed by the company, reducing the environmental load of its operations and creating a healthy and satisfying working environment for its clients. Environmental responsibility is also extended to properties owned by Sponda in Russia, with the aim of reducing electricity and water consumption, particularly in Moscow.

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

Prospects

Sponda expects the vacancy rates of its investment properties to continue remain at the current levels until the end of 2011. This adjustment to previous expectations is due to weaker economic conditions in Finland and internationally.

Net operating income in 2011 is expected to increase by over 4% in comparison with 2010. This expected increase is based on a predicted fall in vacancy rates, the completion of property development projects during the year and property acquisitions.

Risks and uncertainty factors in the near future

Sponda believes that the key risks and uncertainty factors in the current financial period arise from the possibility of the economy growing at a slower rate than expected and relate to a decline in economic occupancy rates and a fall in rental income resulting from the insolvency of tenants.

The Finnish economy is still showing positive development, but uncertainty in the global economy may have a negative impact on the Finnish economy, the operation of companies and therefore the vacancy rates of business premises.

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.

3 November 2011
Sponda Plc
Board

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€

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Total revenue					
Rental income and recoverables	**61.5**	56.1	**178.3**	168.3	224.9
Interest income from finance leasing agreements	**0.1**	0.1	**0.2**	0.2	0.3
Fund management fees	**1.6**	1.5	**4.8**	5.0	6.9
	63.1	57.7	**183.3**	173.6	232.1
Expenses					
Maintenance expenses	**-15.5**	-14.5	**-50.5**	-46.3	-61.9
Direct fund expenses	**-0.3**	-0.4	**-1.0**	-1.1	-1.5
	-15.8	-14.9	**-51.5**	-47.4	-63.3
Net operating income	**47.3**	42.8	**131.8**	126.2	168.7
Profit/loss on sales of investment properties	**0.0**	1.2	**0.1**	3.3	5.8
Valuation gains/losses on fair value assessment	**4.6**	1.1	**32.9**	11.1	44.4
Profit/loss on sales of trading properties	**0.1**	0.0	**0.1**	8.8	19.4
Change in fair value of trading property	**0.0**	0.0	**-1.8**	0.0	0.0
Sales and marketing expenses	**-0.3**	-0.3	**-1.1**	-1.0	-1.4
Administrative expenses	**-4.5**	-4.5	**-15.4**	-14.0	-19.0
Share of result of associated companies	**0.0**	0.2	**-0.1**	0.1	0.1
Other operating income	**0.1**	0.1	**8.1**	0.2	0.2
Other operating expense	**-0.2**	-0.3	**-0.1**	-1.6	-2.1
Operating profit	**47.1**	40.2	**154.6**	133.2	216.2
Financial income	**6.2**	0.9	**14.5**	1.5	1.7
Financial expenses	**-29.0**	-14.7	**-69.8**	-46.5	-60.3
Total amount of financial income and expenses	**-22.9**	-13.8	**-55.2**	-45.1	-58.5
Profit before income tax	**24.3**	26.4	**99.3**	88.1	157.7
Income taxes for current and previous fiscal years	**-0.5**	-0.5	**-2.1**	-2.4	-3.6
Deferred taxes	**-5.2**	-6.5	**-20.1**	-19.6	-33.7
Income taxes, total	**-5.7**	-7.1	**-22.2**	-22.0	-37.3
Profit/loss for the period	**18.6**	19.4	**77.1**	66.2	120.4
Attributable to:					
Equity holders of the parent company	**18.6**	19.4	**77.1**	66.3	120.6
Non-controlling interest	**0.0**	0.0	**0.0**	-0.2	-0.2

Earnings per share based on profit attributable to equity holders of the parent company					
Basic and diluted, €	**0.06**	0.06	**0.25**	0.22	0.40

Consolidated statement of comprehensive income
M€

	7-9/11	7-9/10	**1-9/11**	1-9/10	1-12/10
Profit/loss for the period	**18.6**	19.4	**77.1**	66.2	120.4
Other comprehensive income					
Net loss/profit from hedging cash flow	**-20.6**	5.4	**-8.5**	-1.4	9.3
Translation differences	**-0.3**	-0.9	**-0.2**	1.2	1.4
Taxes on comprehensive income	**5.1**	-1.6	**1.9**	0.5	-2.2
Other comprehensive income for period after taxes	**-15.8**	2.9	**-6.8**	0.2	8.4
Comprehensive profit/loss for period	**2.7**	22.2	**70.3**	66.4	128.8
Attributable to:					
Equity holders of the parent company	**2.7**	22.2	**70.3**	66.6	129.0
Non-controlling interest	**0.0**	0.0	**0.0**	-0.2	-0.2

Consolidated balance sheet
M€

	30 Sep 2011	30 Sep 2010	31 Dec 2010
ASSETS			
Fixed assets and other non-current assets			
Investment properties	**3,128.8**	2,795.9	2,870.6
Investments in real estate funds	**67.0**	56.9	59.8
Property, plant and equipment	**13.2**	13.8	13.6
Goodwill	**14.5**	14.5	14.5
Other intangible assets	**0.6**	0.4	0.4
Finance lease receivables	**2.7**	2.7	2.7
Investments in associated companies	**0.0**	2.0	2.0
Long-term receivables	**4.0**	3.7	7.5
Deferred tax assets	**28.9**	27.0	36.9
Fixed assets and other non-current assets total	**3,259.8**	2,916.9	3,008.1
Current assets			
Trading properties	**8.5**	21.6	10.3
Trade and other receivables	**26.0**	28.5	41.1

Funds	**23.8**	34.7	27.0
Current assets total	**58.2**	84.7	78.4
Total funds	**3,318.0**	3,001.6	3,086.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity			
holders of parent company			
Share capital	**111.0**	111.0	111.0
Share issue premium	**159.5**	159.5	159.5
Translation differences	**0.1**	0.3	0.6
Fair value reserve	**-26.9**	-28.5	-20.6
Revaluation reserve	**0.6**	0.6	0.6
Reserve for invested unrestricted equity	**433.8**	412.0	412.0
Other equity fund	**129.0**	129.0	129.0
Retained earnings	**434.2**	352.9	407.0
	1,241.3	1,136.9	1,199.1
Non-controlling interests	**1.7**	1.7	1.7
Shareholders' equity total	**1,243.0**	1,138.5	1,200.8
Liabilities			
Long-term liabilities			
Interest-bearing loans and borrowings	**1,135.0**	1,252.4	1,399.4
Provisions	**0.0**	0.0	0.0
Other liabilities	**44.0**	37.9	25.5
Deferred tax liabilities	**228.3**	194.3	221.0
Long-term liabilities total	**1,407.2**	1,484.5	1,645.9
Current liabilities			
Short-term interest-bearing liabilities	**605.6**	328.2	173.2
Trade and other payables	**62.1**	50.4	66.5
Current liabilities total	**667.8**	378.5	239.7
Total borrowings	**2,075.0**	1,863.1	1,885.7
Total equity and liabilities	**3,318.0**	3,001.6	3,086.5

Consolidated Cash Flow Statement
M€

	1-9/2011	1-9/2010	1-12/2010
Cash flow from operating activities			
Net profit for the financial year	**77.1**	66.2	120.4
Adjustments	**43.4**	57.0	42.7
Change in net working capital	**3.8**	11.9	12.1
Interest received	**1.0**	0.5	0.7
Interest paid	**-46.2**	-42.8	-61.4
Other financial items	**-0.1**	-5.1	-10.2
Dividends received	**0.0**	0.0	0.0
Dividends received from associated companies	**1.5**	0.9	0.9
Taxes received/paid	**-2.4**	-2.3	-2.7
Net cash provided by operating activities	**78.0**	86.3	102.6
Cash flow from investing activities			
Acquisition of investment properties	**-201.4**	-50.2	-75.9
Capital expenditure on real estate funds	**-10.1**	-2.1	-5.4
Acquisition of tangible and intangible assets	**-0.3**	-0.4	-0.5
Proceeds from sale of investment properties	**3.1**	31.8	41.5
Proceeds from sale of associated companies	**8.2**	0.0	-
Repayments of loan receivables	**-**	0.8	0.8
Net cash flow from investing activities	**-200.5**	-20.0	-39.5
Cash flow from financing activities			
Non-current loans, raised	**422.4**	315.1	715.1
Non-current loans, repayments	**-456.9**	-240.3	-600.3
Current loans, raised/repayments	**207.9**	-91.0	-136.0
Interest paid on equity bond	**-11.4**	-11.4	-11.4
Dividends paid	**-41.6**	-33.3	-33.3
Net cash used in financing activities	**120.4**	-60.9	-65.9
Net increase in cash and cash equivalents	**-2.0**	5.3	-2.7
Cash and cash equivalents, beginning of period	**27.0**	29.1	29.1
Impact of changes in exchange rates	**-1.2**	0.3	0.6
Cash and cash equivalents, end of period	**23.8**	34.7	27.0

Consolidated statement of changes in equity
M€

	Share capital	Share issue premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Equity at 31 Dec 2009	111.0	159.5	-0.9	-27.4	0.6	412.0	129.0	328.0	1,111.7	1.8	1,113.6
Comprehensive income for period			1.3	-1.0				66.3	66.6	-0.2	66.4
Distribution of dividends								-33.3	-33.3		-33.3
Interest paid on equity bond								-8.4	-8.4	0.0	-8.4
Amendment								0.3	0.3		0.3
Equity at 31 Sep 2010	111.0	159.5	0.3	-28.5	0.6	412.0	129.0	352.9	1,136.9	1.7	1,138.5

	Share capital	Share issue premium	Translation differences	Fair value reserve	Revaluation reserve	Invested non-restricted equity reserve	Other equity fund	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Equity at 31 Dec 2010	111.0	159.5	0.6	-20.6	0.6	412.0	129.0	407.0	1,199.1	1.7	1,200.8
Comprehensive income for period			-0.5	-6.3				77.1	70.3	0.0	70.3
Distribution of dividends								-41.6	-41.6		-41.6
Interest paid on equity bond								-8.4	-8.4		-8.4

Share issue						21.7			21.7		
Amendment								0.2	0.2		0.2
Equity at 30 Sep 2011	111.0	159.5	0.1	-26.9	0.6	433.8	129.0	434.2	1,241.3	1.7	1,243.0

Notes to the interim consolidated financial statement

Accounting principles

This report is prepared in accordance with IAS 34 (Interim Financial Reporting). This interim report has been prepared applying the same accounting principles as those used for the 2010 financial statements and taking the amendments to IAS/IFRS standards that entered into force in 2011 into account. The amendments to the IAS/IFRS standards did not have a material impact on this interim report.

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 for the year 2010.

The figures in the interim report have not been audited.

Income statement by segment
M€

Income statement information 1-9/2011

	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**97.8**	**29.9**	**31.2**	**1.0**	**18.6**	**4.8**	**0.0**	**183.3**
Maintenance expenses and direct fund expenses	-27.5	-6.7	-10.2	-1.5	-4.6	-1.0	0.0	-51.5
Net operating income	**70.3**	**23.2**	**21.0**	**-0.5**	**14.1**	**3.8**	**0.0**	**131.8**
Profit on sales of investment properties	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Loss on sales of investment properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss on trading properties	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Change in value of trading properties	0.0	0.0	0.0	-1.8	0.0	0.0	0.0	-1.8
Valuation gains/losses	8.4	-0.1	8.4	0.1	14.4	1.6	0.0	32.9
Administration and marketing	-5.4	-1.1	-1.1	-2.7	-2.0	-4.2	0.0	-16.4
Other operating income and expenses	0.0	0.0	0.1	0.0	0.0	0.0	7.8	7.9
Operating Profit	**73.4**	**22.0**	**28.4**	**-4.8**	**26.5**	**1.2**	**7.8**	**154.6**
Investments	165.8	17.5	16.6	25.9	0.6	10.1	0.3	236.8

Segment assets	1,633.8	574.5	447.6	270.5	219.6	67.0	105.0	3,318.0
Economic Occupancy Rate	87.7	97.4	77.8		98.3			88.2

Income statement information 1-9/2010	Office and retail premises	Shopping centres	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	**91.2**	**29.7**	**27.6**	**1.9**	**17.8**	**5.3**	**0.0**	**173.6**
Maintenance expenses and direct fund expenses	-25.2	-6.1	-9.0	-1.6	-4.4	-1.1	0.0	-47.4
Net operating income	**66.1**	**23.7**	**18.6**	**0.3**	**13.4**	**4.2**	**0.0**	**126.2**
Profit on sale of investment properties	2.1	0.0	0.3	0.9	0.0	0.0	0.0	3.3
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	8.8	0.0	0.0	0.0	8.8
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	0.6	-3.3	2.3	0.7	8.0	2.9	0.0	11.1
Administration and marketing	-4.7	-0.9	-0.8	-2.5	-2.1	-3.9	0.0	-14.9
Other operating income and expenses	0.0	0.0	0.0	-1.2	-0.1	0.0	0.0	-1.3
Operating Profit	**64.1**	**19.5**	**20.5**	**6.9**	**19.1**	**3.2**	**0.0**	**133.2**
Investments	16.3	0.9	11.7	20.4	0.2	2.1	0.5	52.1
Segment assets	1,428.0	541.2	405.7	248.1	190.2	56.9	131.5	3,001.6
Economic Occupancy Rate	87.7	98.2	74.8		93.3			87.4

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, profit/loss on the sale of properties, amortisation of goodwill and other such income and expenses that the company considers non-direct items.

M€	**7-9/11**	7-9/10	**1-9/11**	1-9/10	1-12/10
Direct result					
Net operating income	**47.3**	42.8	**131.8**	126.2	168.7
Realised shares of profit from real	**1.6**	1.3	**4.5**	4.2	5.6

estate funds					
Marketing and administrative expenses	**-4.8**	-4.8	**-16.4**	-14.9	-20.4
Other income and expenses for business operations	**-0.1**	0.2	**0.4**	-0.5	-1.0
Financial income and expenses	**-20.0**	-14.9	**-50.6**	-45.3	-58.5
Taxes based on direct result	**-0.5**	-0.5	**-2.1**	-2.4	-1.8
Deferred taxes based on direct result	**-5.2**	-6.4	**-12.0**	-14.8	-19.2
Non-controlling holding share of direct result	**0.0**	0.0	**0.0**	0.0	0.0
Total	**18.4**	18.0	**55.7**	52.5	74.0
Indirect result					
Profit/loss on sales of investment properties	**0.0**	1.2	**0.1**	3.3	5.8
Valuation gains/losses on fair value assessment	**3.0**	-0.3	**28.4**	6.8	38.8
Profit/loss on sales of trading properties	**0.1**	0.0	**0.1**	8.8	19.4
Change in value of trading property	**0.0**	0.0	**-1.8**	0.0	0.0
Marketing and administrative expenses	**0.0**	0.0	**0.0**	0.0	0.0
Other income and expenses for business operations	**0.0**	-0.3	**7.5**	-0.8	-0.8
Financial income and expenses	**-2.9**	1.1	**-4.7**	0.3	-0.5
Taxes based on indirect result	**0.0**	0.0	**0.0**	0.0	-1.8
Deferred taxes based on indirect result	**0.0**	-0.5	**-8.1**	-4.8	-14.5
Non-controlling holding share of indirect result	**0.0**	0.0	**0.0**	0.2	0.2
Total	**0.1**	1.4	**21.4**	13.8	46.6

Quarterly key figures
M€

	Q3/2011	Q2/2011	Q1/2011	Q4/2010	Q3/2010
Total revenue	**63.1**	61.6	58.6	58.5	57.7
Net operating income	**47.3**	44.9	39.6	42.5	42.8
Valuation gains/losses on fair value assessment	**4.6**	25.2	3.1	33.4	1.1
Operating Profit	**47.1**	70.0	37.4	83.0	40.2
Financial income and expenses	**-22.9**	-19.8	-12.6	-13.5	-13.8
Profit/loss for the period	**18.6**	39.5	19.1	54.2	19.4
Investment Properties	**3,128.8**	3,098.5	2,916.0	2,870.6	2,795.9
Shareholders' equity	**1,243.0**	1,240.2	1,189.9	1,200.8	1,138.5
Interest-bearing liabilities	**1,740.6**	1,740.6	1,619.4	1,572.6	1,580.5

Earnings per share, €	**0.06**	0.13	0.06	0.19	0.06
Cash flow from operations per share, €	**0.09**	0.11	0.07	0.09	0.09
EPRA NAV	**4.68**	4.66	4.56	4.59	4.27
Economic occupancy rate, %	**88.2**	88.2	88.2	88.0	87.4

Investment properties
M€

	30 Sep 2011	30 Sep 2010	31 Dec 2010
Fair value of investment properties, start of period	**2,870.6**	2,767.5	2 767,5
Purchase of investment properties	**142.3**	0.5	0,8
Other capital expenditure on investment properties	**84.2**	49.2	76,4
Disposal of investment properties	**-2.2**	-33.0	-37,5
Transfers from trading properties	**0.0**	0.0	18,4
Capitalised equity expenses, increase in period	**2.6**	3.5	4,5
Valuation gains/losses on fair value assessment	**31.3**	8.2	40,5
Fair value of investment properties, end of period	**3,128.8**	2,795.9	2 870,6

Net operating income from all of Sponda's property assets totalled EUR 131.8 (126.2) million in January-September. Office and retail premises accounted for 52% of this, shopping centres for 18%, logistics premises for 16%, Russia for 11% and the Real Estate Funds unit for 3%.

On 30 September 2011, Sponda had a total of 202 properties, with an aggregate leasable area of approximately 1.5 million m². Of this, some 52% is office and retail premises, 10% shopping centres and 35% logistics premises. 3% of the leasable area of the properties is located in Russia.

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

At the end of the third quarter of 2011, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in fair value of the properties in January-September 2011 was EUR 31.3 (8.2) million and in July-September alone EUR 3.3 (-0.3) million. The positive change in the value was mainly due to changes in market rent prices and development gains on property development projects. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

The Group's most significant investment commitments

In the Citycenter project, the second phase of construction is nearing completion. Construction of the third and final phase of the project comprising the retail premises on the Keskuskatu side is underway. The City-Center refurbishment project is expected to be completed for the most part in 2012, with a total investment of approximately EUR 125 million.

The expansion project of the Zeppelin shopping centre in Oulu is proceeding according to plan. The project will add some 4,000 m² of new retail space for the Prisma hypermarket and 4,700 m² of space for specialty retail. The new premises to be built in the shopping centre are fully occupied. The total investment in the expansion is approximately EUR 18 million and the shopping centre will be completed in early November 2011.

Sponda purchased an office and retail property in central Tampere for approximately EUR 10 million. The company is making an additional investment of approximately EUR 6.5 million to modernise the property. The project will be completed at the end of 2011 and the new premises are nearly fully occupied.

Sponda is developing an office property in the Ruoholahti district of Helsinki with a 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 has begun and the project is scheduled for completion in April 2013. The project's total investment is estimated at approximately EUR 23.5 million, inclusive of the value of the current building at the location, which has been demolished.

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

Property, plant and equipment
M€

	30 Sep 2011	30 Sep 2010	31 Dec 2010
Carrying amount, start of period	**13.6**	14.3	14.3
Increases	**0.1**	0.0	0.0
Disposals	**0.0**	0.0	0.0
Depreciation for the period	**-0.5**	-0.5	-0.7
Carrying amount, end of period	**13.2**	13.8	13.6

Trading properties on 30 September 2011			
M€	**30 Sep 2011**	30 Sep 2010	31 Dec 2010
Carrying amount, start of period	**10.3**	22.8	22.8
Disposals and other changes	**0.0**	-1.3	-2.9
Increases	**-**	-	-
Reclassifications to investment properties	**0.0**	-	-9.6
Valuation changes	**-1.8**	-	-
Carrying amount, end of period	**8.5**	21.6	10.3

Contingent liabilities
M€

Collateral and commitments given by the Group M€	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
Loans from financial institutions. covered by collateral	**140.6**	141.1	141.1

Mortgages	**269.2**	269.2	269.2
Book value of pledged shares	**19.0**	18.0	18.6
Guarantees	**-**	-	-
Total collateral	**288.2**	287.2	287.7

Lease and other liabilities	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
M€			
Lease liabilities	**98.5**	100.9	100.8
Mortgages	**3.9**	3.9	3.9
Guarantees	**15.6**	15.7	15.7
Investment commitments to real estate funds	**2.8**	16.2	12.9

Interest derivatives	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
M€			
Swap contracts. notional value	**1,067.6**	1,002.8	822.8
Swap contracts, fair value	**-36.3**	-38.2	-27.6
Cap options purchased, notional value	**590.0**	470.0	600.0
Cap options purchased, fair value	**3.0**	2.5	6.2
Forward rate agreements, notional value	**-**	-	-
Forward rate agreements, fair value	**-**	-	-

Currency derivatives	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
M€			
Currency forwards, notional value	**-**	-	-
Currency forwards, fair value	**-**	-	-
Currency options, bought, notional value	**5.9**	5.7	5.9
Currency options, bought, fair value	**0.0**	0.2	0.1
Currency options, put, notional value	**5.9**	3.2	4.9
Currency options, put, fair value	**-0.2**	0.0	-0.1

Interest rate and currency swaps	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
M€			
*Interest rate and currency swaps, notional value **	**337.4**	-	-
*Interest rate and currency swaps, fair value **	**-10.7**	-	-

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

The following transactions took place with related parties:

Management employee benefits:

M€	30 Sep 2011	30 Sep 2010	31 Dec 2010
Salaries and other short-term employee benefits	1.4	1.4	1.8
Share-based payments	1.2	0.9	0.8
Total	2.6	2.2	2.6

Key figures

	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Earnings per share, €	**0.06**	0.06	0.25	0.22	0.40
Equity ratio, %			38	38	39
Gearing ratio, %			138	136	129
Equity per share, €			3.93	3.63	3.86
Cash flow from operations per share, €	**0.09**	0.09	0.27	0.28	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 rent ——— Investment properties - Development properties + Estimated purchaser's costs
EPRA "topped up" NYI, %	=	Annualised net rent + Step rent, rent-free periods, etc. ——— Investment properties - Development properties + Estimated purchaser's costs