

SPONDA

 *Interim Report*

1.1.–30.9.2013



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

JANUARY–SEPTEMBER 2013 IN BRIEF (compared with 1 January – 30 September 2012)	3
JULY–SEPTEMBER 2013 IN BRIEF (compared with 1 July – 30 September 2012)	3
KEY FIGURES	3
KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS	4
SPONDA PLC'S STRATEGY	4
PRESIDENT AND CEO KARI INKINEN	4
PROSPECTS FOR 2013	5
BUSINESS CONDITIONS – FINLAND	5
BUSINESS CONDITIONS – RUSSIA	6
OPERATIONS AND PROPERTY ASSETS 1 JANUARY – 30 SEPTEMBER 2013	6
RENTAL OPERATIONS	8
INVESTMENTS AND DIVESTMENTS	10
RESULTS BY SEGMENT	10
CASH FLOW AND FINANCING	15
PERSONNEL	16
ANNUAL REMUNERATION AND INCENTIVE SCHEMES	16
GROUP STRUCTURE	16
SPONDA'S SHARE AND SHAREHOLDERS	17
BOARD OF DIRECTORS AND AUDITORS	17
BOARD COMMITTEES	18
SPONDA'S MANAGEMENT	18
ENVIRONMENTAL RESPONSIBILITY	18
EVENTS AFTER THE END OF THE PERIOD	19
PROSPECTS FOR 2013	19
RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE	19
SPONDA PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2013, TABLES	20

Sponda Plc's interim report January–September 2013

JANUARY–SEPTEMBER 2013 IN BRIEF (compared with 1 January – 30 September 2012)

- Total revenue was EUR 198.9 (198.2) million.
- Net operating income was EUR 143.5 (144.8) million.
- Operating profit was EUR 123.5 (141.0) million. This includes a fair value change of EUR -1.5 (11.7) million.
- Cash flow from operations per share was EUR 0.30 (0.28).
- The fair value of the investment properties amounted to EUR 3,264.7 (3,213.9) million.
- Net assets per share totalled EUR 4.50 (4.29).
- The economic occupancy rate was 88.0% (88.0%).
- Net financing costs for the period totalled EUR -43.9 (-44.4) million. Financial income and expenses include EUR 0.2 (4.1) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -44.1 (-48.5) million.
- The prospects are defined with regard to the development of the vacancy rate.
- New strategy was published 3 September 2013.

JULY–SEPTEMBER 2013 IN BRIEF (compared with 1 July – 30 September 2012)

- Total revenue was EUR 65.7 (66.0) million.
- Net operating income was EUR 49.5 (50.2) million.
- Operating profit was EUR 44.1 (48.1) million. This includes a fair value change of EUR 0.7 (2.9) million.
- Cash flow from operations per share was EUR 0.11 (0.10).
- Financial income and expenses amounted to EUR -15.1 (-14.6) million. Financial income and expenses include EUR -0.3 (1.5) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -14.8 (-16.2) million.

KEY FIGURES

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
Total revenue, M€	65.7	66.0	198.9	198.2	264.6
Net operating income, M€	49.5	50.2	143.5	144.8	192.2
Operating profit, M€	44.1	48.1	123.5	141.0	210.5
Earnings per share, €	0.07	0.08	0.19	0.23	0.37
Cash flow from operations per share, €	0.11	0.10	0.30	0.28	0.40
Net assets per share, €			4.50	4.29	4.45
Equity ratio, %			39.4	39.2	41.3
Interest cover ratio			3.0	2.7	2.8

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>EPRA Earnings, M€</i>	23.8	22.1	65.1	61.7	83.1
<i>EPRA Earnings per share, €</i>	0.08	0.08	0.23	0.22	0.29
<i>EPRA NAV/share, €</i>			5.22	4.93	5.12
<i>EPRA Net Initial Yield (NIY), %</i>			6.37	6.38	6.61
<i>EPRA, "topped-up" NIY, %</i>			6.37	6.39	6.63

SPONDA PLC'S STRATEGY

On 3 September 2013, the Board of Directors of Sponda Plc confirmed the company's new strategy. The main goals of the strategy are simplification of the business structure, more focused property ownership and profitable growth.

Focal points for growth will be office properties, shopping centres and property development serving these segments. As for areas, Sponda will focus on prime areas in the Helsinki Metropolitan Area, particularly in the central business district and Ruoholahti, as well as Tampere.

The most significant change to Sponda's current strategy is that Sponda is planning to exit both the Russian market and the Real Estate Funds business in the next 3–5 years. In addition, the company is planning to sell its entire logistics property portfolio as well as property ownership in Turku. In order to make operations clearer, the name of the Office and Retail Properties segment was changed to Office Properties segment.

Sponda is planning to exit the Russian business operations in 3–5 years' time. This means that no new investments will be made in the region and current properties, most of which are located in Moscow, will be sold when market conditions allow.

In the Real Estate Funds business unit, no new real estate funds will be established. Those existing funds in which Sponda has minority holding will be managed as before until the end of the term of each fund. Depending on the fund, the term will end between 2014 and 2019.

The capital to be released will be invested in Sponda's main markets in Helsinki and Tampere. Investment objects include both property development projects and office and shopping centre properties.

The company's long-term goals for equity ratio and dividends also remained unchanged:

- The Group's goal is to attain a 40% equity ratio.
- The company aims to pay a stable dividend. The dividend is approximately 50% of the operational cash earnings per share for the financial period, taking into account, however, the economic situation and the company's development needs.

PRESIDENT AND CEO KARI INKINEN

The estimated contraction of the Finnish economy in 2013 is reflected in the development of Sponda's vacancy rates. This is most clearly apparent in logistics properties, which are facing weakened rental prospects for the remainder of the year due to the development of the economy. On a positive note, latest market forecasts indicate that the Finnish economy has bottomed out and slow economic growth will resume during the rest of the year (Nordea).

Our 7% increase in cash flow per share (EUR 0.02) and maintaining a stable vacancy rate are good achievements under the current market conditions. The demand for office

premises has remained good in Sponda's main markets, namely Helsinki's central business district and Ruoholahti. In spite of the difficult rental market, the overall occupancy rate for Sponda's office properties was on a par with the corresponding period in 2012, at 89.6%. The occupancy rate for office premises in Helsinki's central business district improved by 0.6%-points compared to the previous quarter, and the comparable rental levels for Sponda's office properties increased overall by 1.1%.

Sponda published its new strategy at the beginning of September. The strategy had a very positive reception and measures to implement it have begun. The time horizon for the implementation of the strategy is 3-5 years in order to get the best possible result.

Pre-letting for the Ratina shopping centre project has progressed. The decision to invest has not yet been made but our aim is to start the project during this year. The start of construction of the Ratina shopping centre in Tampere will be announced when the investment decision has been made.

PROSPECTS FOR 2013

Sponda is defining its estimate of the development of the vacancy rate in 2013. Sponda now estimates that the vacancy rate for the Group as a whole will remain unchanged or increase slightly in 2013 compared to the level at the end of 2012. Previously, Sponda estimated the vacancy rate for its investment properties at year's end 2013 to be largely unchanged from the end of 2012. The revision of the prospects is based on weaker-than-expected development in the leasing of logistics premises in late 2013. Due to the prolonged recession of the Finnish economy.

Comparable net operating income (excluding disposals) in 2013 is expected to increase slightly from 2012. This increase is based on rising rental levels for business premises in Helsinki's central business district and the completion of property development projects.

BUSINESS CONDITIONS – FINLAND

According to the forecast published by the Finnish Ministry of Finance this autumn, Finnish GDP will decline by approximately 0.5% in 2013. The economy is expected to bottom out and take a turn to slow growth in late 2013. The forecast of 1.2% GDP growth for 2014 is based on exports and domestic consumption increasing. The current forecast for GDP growth in 2015 is 2.0%. The turn to growth is supported by eurozone recovery, an increase in export demand and interest rates remaining low.

According to KTI Property Information, the third quarter of 2013 was the slowest of the year in terms of transaction volume (EUR 0.32 billion). The total property transaction volume for the first three quarters of the year stood at EUR 1.12 billion. The majority of the transactions took place in the Helsinki metropolitan area. The full year transaction volume for 2013 looks to be one of the lowest since the turn of the century. A special characteristic of this year's transaction market is the popularity of housing portfolios and nursing home properties, which represented 45% of the total transaction volume at the end of September.

The vacancy rate for office premises in the Helsinki metropolitan area has continued to increase. According to Catella Property Oy, the total quantity of vacant office space at the end of June 2013 stood at nearly a million square metres, or approximately 11.5% of the total stock. There were substantial regional differences. In Helsinki, the vacancy rate was approximately 9.8%, while in Espoo it was 17.2%.

Market rent levels have generally declined slightly in 2013 while vacancy rates have increased. Rental levels have only remained stable in Helsinki city centre this year.

New construction activity, which has been high in recent years, is slowing down. According to KTI Property Information, the total floor area of new office projects started in 2013 stood at only 14,000m² by the midpoint of the year.

The Finnish government has proposed to cut the corporate tax rate to 20% from 24.5% from the beginning of 2014. If the legislative proposal is approved, it will have the effect of reducing Sponda's deferred taxes.

BUSINESS CONDITIONS – RUSSIA

According to the Bank of Finland, Russian GDP growth has slowed down to a level that is below expectations. The GDP growth rate for 2013 is forecast to be 1.8%. Growth has been slowed down by a contraction of both the public economy and investments by state-owned companies. While oil prices are expected to decrease slightly during the forecast period, GDP growth is forecast to be 3.3% in 2014 and 3.2% in 2015. Economic growth in the coming years will be based on export growth, investments and higher purchasing power.

Activity in the Russian transaction market was high. The transaction volume at the end of the third quarter stood at USD 4.8 billion, which is 46% higher than in the corresponding period in 2012. Retail and office properties represented 85% of the total volume (CB Richard Ellis).

According to CB Richard Ellis, the average vacancy rate for office premises in Moscow stood at approximately 11% in mid-2013. At the end of 2013, the vacancy rate for Class A office space is expected to remain at current levels, with vacancy rates for Class B office premises declining slightly. Market rents for office premises did not change during the first half of the year, and they are expected to remain unchanged during the remainder of the year. Some 341,000m² of new office space was completed by the end of June. The forecast for the full year is 860,000m².

OPERATIONS AND PROPERTY ASSETS 1 JANUARY – 30 SEPTEMBER 2013

Net operating income from all of Sponda's property assets totalled EUR 143.5 (144.8) million in January–September 2013 and EUR 49.5 (50.2) million in July–September. Of this total, office premises accounted for 55%, shopping centres for 17%, logistics premises for 13%, Russia for 12% and the Real Estate Funds unit for 3%.

On 30 September 2013, Sponda had a total of 180 leasable properties, with an aggregate leasable area of approximately 1.4 million m². Of this total, approximately 53% is office premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of September 2013, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in fair value of the investment properties in January–September 2013 was EUR -6.0 (6.0) million and in July–September alone EUR -1.7 (1.4) million. The negative change in fair value in the third quarter was attributable to exchange rate fluctuations in Russia. The changes in fair values are itemised in the table "Valuation gains/losses on fair value assessment".

Valuation gains/losses on fair value assessment
M€

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Changes in yield requirements (Finland)</i>	0.0	0.0	-5.7	-1.7	20.9
<i>Changes in yield requirements (Russia)</i>	0.0	0.0	0.0	0.0	6.5
<i>Development gains on property development projects</i>	0.0	0.4	2.2	0.1	-0.7
<i>Modernisation investments</i>	-5.2	-5.2	-14.8	-17.0	-28.5
<i>Change in market rents and maintenance costs (Finland)</i>	6.3	6.1	16.2	20.8	26.4
<i>Change in market rents and maintenance costs (Russia)</i>	1.1	0.4	-0.9	1.4	-0.1
<i>Change in currency exchange rates</i>	-3.9	-0.3	-3.1	2.4	0.4
Investment properties, total	-1.7	1.4	-6.0	6.0	24.9
<i>Real Estate Funds</i>	-1.2	0.0	-3.7	0.6	0.6
<i>Realised shares of profit from real estate funds</i>	3.6	1.5	8.1	5.0	7.5
Group, total	0.7	2.9	-1.5	11.7	33.0

Changes in Sponda's investment portfolio assets
M€

1 January – 30 September 2013	Total	Office properties	Shopping centres	Logistic s	Property develop ment	Russia
<i>Operating income</i>	193.1	108.6	33.0	29.2	0.3	22.0
<i>Maintenance costs</i>	-53.9	-29.5	-8.2	-9.7	-1.3	-5.2
<i>Net operating income</i>	139.2	79.1	24.9	19.5	-1.0	16.8
<i>Investment properties at 1 January 2013</i>	3,261.3	1,705.7	736.7	414.4	135.1	269.4
<i>Capitalised interest 2013</i>	0.2	0.1	0.0	0.0	0.1	0.0
<i>Acquisitions</i>	3.1	3.1	0.0	0.0	0.0	0.0
<i>Investments</i>	24.1	17.1	1.6	1.1	3.3	1.0
<i>Transfers between segments</i>	0.0	-0.4	0.0	-1.4	1.8	0.0
<i>Sales</i>	-18.0	-8.3	0.0	0.0	0.0	-9.7
<i>Change in fair value</i>	-6.0	0.5	1.2	-4.1	0.5	-4.0
<i>Investment properties at 30 September 2013</i>	3,264.7	1,717.7	739.6	410.0	140.7	256.7
<i>Change in fair value, %</i>	-0.2	0.0	0.2	-1.0	0.4	-1.5
<i>Weighted average yield requirement %</i>	6.8	6.5	5.7	8.2		9.6
<i>Weighted average yield requirement %, Finland</i>	6.5					

RENTAL OPERATIONS

Sponda's figures for expired lease agreements and new agreements that came into effect in the third quarter were as follows:

	Number (agreements)	Area (m ²)	EUR/m ² /month
<i>Came into effect during the period</i>	73	19,267	22.00
<i>Expired during the period</i>	110	38,090	18.40
<i>Renewed during the period</i>	40	17,407	12.20

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

Sponda calculates the growth in net rental 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 1.1% (5.6%) for office premises, -1.8% (-8.8%) for shopping centres, -6.7% (-0.1%) for logistics premises and -0.6% (7.8%) 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:

<i>Type of property</i>	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012
<i>Office properties, %</i>	89.6	89.6	89.2	89.4	89.3
<i>Shopping centres, %</i>	90.8	91.1	94.1	93.0	93.1
<i>Logistics, %</i>	75.6	75.7	74.8	75.6	76.7
<i>Russia, %</i>	96.1	97.9	96.8	95.4	93.5
<i>Total property portfolio, %</i>	88.0	88.3	88.2	88.1	88.0

<i>Geographical area</i>	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012
<i>Helsinki Business District, %</i>	88.5	87.9	89.0	88.3	87.9
<i>Helsinki Metropolitan Area, %</i>	84.8	84.9	84.3	85.0	85.5
<i>Turku, Tampere, Oulu, %</i>	94.9	95.9	96.3	95.7	94.8
<i>Russia, %</i>	96.1	97.9	96.8	95.4	93.5
<i>Total property portfolio, %</i>	88.0	88.3	88.2	88.1	88.0

Total cash flow from lease agreements at the end of September 2013 was EUR 1,229.8 (1,254.5) million. Sponda had 2,020 clients and a total of 3,088 lease agreements. The company's largest tenants were the State of Finland (7.9% of rental income), Kesko Group (4.6% of rental income), HOK-Elanto (3.8% of rental income) and Danske Bank Oyj (3.6% of rental income). Sponda's 10 largest tenants generate approximately 29% of the company's total rental income. Sponda's tenants by sector were as follows:

Sector	% of net rental income
<i>Professional, scientific and technical</i>	6.3
<i>Energy</i>	0.2
<i>Public sector</i>	11.8
<i>Wholesale/retail</i>	26.5
<i>Education</i>	1.2
<i>Logistics/transport</i>	4.9
<i>Hotel and catering business</i>	4.9
<i>Media/publishing</i>	2.3
<i>Other services</i>	13.2
<i>Banking/investment</i>	11.1
<i>Construction</i>	1.6
<i>Industry/manufacturing</i>	6.1
<i>Healthcare</i>	4.0
<i>Telecommunications</i>	5.8
<i>Other</i>	0.2

The average length of all lease agreements was 4.6 (4.8) years. The average length of lease agreements was 4.8 (4.9) years for office properties, 6.2 (6.4) years for shopping centres, 4.2 (4.4) years for logistics properties and 2.1 (2.8) years for properties in Russia. The lease agreements expire as follows:

	% of rental income 30 Sep 2013	% of rental income 30 Sep 2012
<i>Within 1 year</i>	13.5	13.4
<i>Within 2 years</i>	9.3	10.7
<i>Within 3 years</i>	9.9	9.0
<i>Within 4 years</i>	12.4	7.8
<i>Within 5 years</i>	8.3	11.5
<i>Within 6 years</i>	4.9	5.3
<i>After more than 6 years</i>	27.8	28.8
<i>Valid indefinitely</i>	13.9	13.5

INVESTMENTS AND DIVESTMENTS

Divestments M€

	1 July – 30 September 2013	1 January – 30 September 2013	2012
<i>Properties sold</i>			
<i>Selling price</i>	9.9	18.6	61.8
<i>Profit/loss on sale*)</i>	-0.2	0.2	2.5
<i>Balance sheet value</i>	9.7	18.0	59.3

*) Includes sales costs

Investments M€

	1 July – 30 September 2013	1 January – 30 September 2013	2012
<i>Properties acquired</i>	-3.1	-3.1	-53.1
<i>Maintenance investments</i>	-5.2	-14.7	-28.4
<i>Property development investments</i>	-1.3	-9.4	-47.5

Property development investments were mainly directed to preparatory work on the Ratina shopping centre project and the development of an office property in Ruoholahti, which was completed in April 2013.

RESULTS BY SEGMENT

Sponda's operations are organised into six segments: The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Real Estate Funds.

Office Properties

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Total revenue, M€</i>	36.1	35.6	108.6	107.3	143.9
<i>Net operating income, M€</i>	27.2	27.1	79.0	78.4	104.9
<i>Operating profit, M€</i>	25.8	27.1	73.2	85.5	130.0
<i>EPRA Net Initial Yield (NIY), %</i>			6.1	6.2	6.3
<i>Economic occupancy rate, %</i>			89.6	89.3	89.4
<i>Fair value of properties, M€</i>			1,717.7	1,684.2	1,705.7
<i>Change in fair value from beginning of year, M€</i>			0.5	12.0	31.4
<i>Leasable area, m²</i>			764,500	773,500	763,000

Investments and divestments in the Office Properties unit during the period under review:

M€	1 July – 30 September 2013	1 January – 30 September 2013	2012
<i>Properties sold</i>			
<i>Selling price</i>	-	8.7	16.0
<i>Profit on sale</i>	-	0.4	1.6
<i>Balance sheet value</i>	-	8.3	14.4
<i>Properties acquired</i>	-3.1	-3.1	-15.2
<i>Maintenance investments</i>	-4.1	-11.9	-20.4
<i>Property development investments</i>	-0.9	-5.2	-10.3

The lease agreements for office properties expire as follows:

	% of rental income 30 Sep 2013	% of rental income 30 Sep 2012
<i>Within 1 year</i>	10.4	11.4
<i>Within 2 years</i>	11.5	10.4
<i>Within 3 years</i>	9.8	11.4
<i>Within 4 years</i>	11.7	8.2
<i>Within 5 years</i>	9.0	9.8
<i>Within 6 years</i>	4.9	6.2
<i>After more than 6 years</i>	25.0	24.9
<i>Valid indefinitely</i>	17.7	17.6

Shopping Centres

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Total revenue, M€</i>	11.0	10.4	33.0	31.5	42.0
<i>Net operating income, M€</i>	8.7	8.4	24.9	24.5	32.3
<i>Operating profit, M€</i>	8.0	7.8	24.4	20.5	25.7
<i>EPRA Net Initial Yield (NIY), %</i>			6.0	5.7	6.1
<i>Economic occupancy rate, %</i>			90.8	93.1	93.0
<i>Fair value of properties, M€</i>			739.6	584.5	736.7
<i>Change in fair value from beginning of year, M€</i>			1.2	-3.3	-5.3
<i>Leasable area, m²</i>			157,500	156,500	156,500

Investments and divestments in the Shopping Centres segment during the period under review:

M€	1 July – 30 September 2013	1 January – 30 September 2013	2012
<i>Properties sold</i>			
<i>Selling price</i>	-	-	1.1
<i>Profit on sale</i>	-	-	0.5
<i>Balance sheet value</i>	-	-	0.6
<i>Properties acquired</i>	-	-	-
<i>Maintenance investments</i>	-0.7	-1.6	-5.8
<i>Property development investments</i>	-	-	-15.6

The lease agreements for shopping centres expire as follows:

	% of rental income 30 Sep 2013	% of rental income 30 Sep 2012
<i>Within 1 year</i>	4.4	7.4
<i>Within 2 years</i>	4.4	4.1
<i>Within 3 years</i>	6.2	4.0
<i>Within 4 years</i>	16.5	4.4
<i>Within 5 years</i>	7.6	17.1
<i>Within 6 years</i>	5.8	2.3
<i>After more than 6 years</i>	51.0	56.6
<i>Valid indefinitely</i>	4.2	4.1

Logistics properties

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Total revenue, M€</i>	9.7	10.1	29.2	32.5	42.3
<i>Net operating income, M€</i>	6.9	7.3	19.5	22.3	28.7
<i>Operating profit, M€</i>	6.7	7.3	14.3	16.3	22.4
<i>EPRA Net Initial Yield (NIY), %</i>			6.4	6.0	6.6
<i>Economic occupancy rate, %</i>			75.6	76.7	75.6
<i>Fair value of properties, M€</i>			410.0	413.6	414.4
<i>Change in fair value from beginning of year, M€</i>			-4.1	-4.8	-4.9
<i>Leasable area, m²</i>			480,000	485,000	485,000

Investments and divestments in the Logistics Properties segment during the period under review:

M€	1 July – 30 September 2013	1 January – 30 September 2013	2012
<i>Properties sold</i>			
<i>Selling price</i>	-	-	31.5
<i>Profit on sale</i>	-	-	-
<i>Balance sheet value</i>	-	-	31.5
<i>Properties acquired</i>	-	-	-
<i>Maintenance investments</i>	-0.4	-1.1	-1.9
<i>Property development investments</i>	-	-	-0.1

The lease agreements for logistics properties expire as follows:

	% of rental income 30 Sep 2013	% of rental income 30 Sep 2012
<i>Within 1 year</i>	13.1	17.2
<i>Within 2 years</i>	6.9	11.7
<i>Within 3 years</i>	9.1	7.3
<i>Within 4 years</i>	7.7	3.4
<i>Within 5 years</i>	3.1	5.6
<i>Within 6 years</i>	6.4	1.5
<i>After more than 6 years</i>	31.6	34.2
<i>Valid indefinitely</i>	22.1	19.2

Property development

The balance sheet value of Sponda's property development portfolio stood at EUR 140.7 million at the end of September 2013. Of this total, EUR 93.0 million was in undeveloped land sites and the remaining EUR 47.7 million was tied up in property development projects in progress. At the end of September 2013, the Property Development unit had invested a total of EUR 3.3 million, which was directed to the planning of future property development projects.

Sponda's property development operations comprise new construction projects and refurbishment of existing properties. Sponda does not currently have active property development projects in progress.

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

Russia

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
Total revenue, M€	6.7	7.6	22.0	21.2	28.7
Net operating income, M€	5.3	6.0	16.8	16.4	22.2
Operating profit, M€	1.8	5.4	10.6	17.7	25.7
EPRA Net Initial Yield (NIY), %			8.7	9.5	9.2
Economic occupancy rate, %			96.1	93.5	95.4
Fair value of properties, M€			256.7	266.1	269.4
Change in fair value from beginning of year, M€			-4.0	3.5	6.4
Leasable area, m ²			44,500	50,500	50,500

Investments in and divestments of properties in the Russia unit during the period under review:

M€	1 July – 30 September 2013	1 January – 30 September 2013	2012
Properties sold			
Selling price	9.9	9.9	-
Profit/loss on sale*)	-0.2	-0.2	-
Balance sheet value	9.7	9.7	-
Properties acquired	-	-	-37.8
Maintenance investments	-	-0.1	-0.4
Property development investments	-0.9	-0.9	-0.2

*) Includes sales costs

The typical length of a lease in Russia is 11 months. Sponda's lease agreements in Russia conform to this practice, with the exception of the Western Realty (Ducat II) and Bakhrushina House properties in Moscow, where the leases are for longer periods than average. The lease agreements expire as follows:

	% of rental income 30 Sep 2013	% of rental income 30 Sep 2012
Within 1 year	42.2	25.7
Within 2 years	9.3	19.2
Within 3 years	16.8	6.9
Within 4 years	15.3	15.9
Within 5 years	12.8	19.0
Within 6 years	1.4	10.2
After more than 6 years	2.2	3.2
Valid indefinitely	0.0	0.0

Real Estate Funds

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

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Total revenue, M€</i>	1.7	1.7	5.1	4.7	6.5
<i>Net operating income, M€</i>	1.4	1.4	4.0	3.8	5.2
<i>Operating profit, M€</i>	2.7	1.8	4.6	5.6	8.0

The fair values of the real estate funds were not externally assessed during the period under review. The change in the fair value of Sponda's real estate funds in January–September 2013 was EUR -3.7 (0.6) million and in July–September alone EUR -1.2 (0.0) million. The realised shares of profit from real estate funds were EUR 8.1 (5.0) million for January–September and EUR 3.6 (1.5) million in the third quarter.

First Top LuxCo (Sponda's holding 20%) invests in office and retail properties outside Finland's largest cities. The value of the fund's property investments stood at EUR 66.1 million on 30 September 2013.

Sponda Fund I Ky invests in logistics sites outside the Helsinki metropolitan area. Sponda's holding in the fund is 46%. The value of the fund's property investments stood at EUR 169.1 million on 30 September 2013.

Sponda Fund II Ky (Sponda's holding 44%) mainly invests in logistics properties in medium-sized cities in Finland. The value of the fund's property investments stood at EUR 186.8 million on 30 September 2013.

Sponda Fund III Ky (Sponda's holding 36%) mainly invests in logistics properties in medium-sized cities in Finland. The value of the fund's property investments stood at EUR 105.6 million on 30 September 2013.

In addition to the funds mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 116.2 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russian Invest purchased from SRV a 55% share in the Okhta Mall shopping centre project, which is Phase I of the Septem City project located in St. Petersburg. Okhta Mall is Russian Invest's first investment, and the size of its investment in the project will be approximately EUR 50 million. Sponda's share of the investment in the Okhta Mall shopping centre project is approximately EUR 14 million. More information on the project is provided in the company's stock exchange release published on 17 June 2013.

CASH FLOW AND FINANCING

Sponda's net cash flow from operations in the period under review totalled EUR 82.6 (81.5) million. Net cash flow from investing activities was EUR -26.5 (-64.4) million and the net cash flow from financing activities was EUR -67.5 (-25.6) million. Net financing costs for the period totalled EUR -43.9 (-44.4) million. Financial income and expenses include EUR 0.2 (4.1) million in unrealised change in the fair value of derivatives. Excluding the aforementioned change in fair value, financial income and expenses totalled EUR -44.1 (-48.5) million. Interest expenses of EUR 0.2 (0.5) million were capitalised.

Sponda's equity ratio on 30 September 2013 stood at 39.4% (39.2%) and the gearing ratio was 131.2% (132.7%). Interest-bearing debt amounted to EUR 1,815.6 (1,804.5) million and the average maturity of loans was 2.2 (2.8) years. The average interest rate was 3.1% (3.5%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 74% (76%) of the loan portfolio. The average interest-bearing period of the entire debt portfolio was 1.9 (2.0) years. The interest cover ratio, which describes the company's solvency, was 3.0 (2.7).

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

Sponda Group's debt portfolio on 30 September 2013 comprised EUR 675 million in syndicated loans, EUR 325 million in bonds, EUR 274 million in issued commercial papers, and EUR 542 million in loans from financial institutions. Sponda had EUR 430 million in unused credit limits. Sponda Group had mortgaged loans of EUR 145.0 million, or 4.2% of the consolidated balance sheet.

PERSONNEL

During the review period Sponda Group had, on average, 122 (123) employees, of whom 111 (111) worked for parent company Sponda Plc. On 30 September 2013, Sponda Group had altogether 120 (118) employees, of whom 111 (106) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in January-September 2013 were EUR -17.2 (-16.5) million.

ANNUAL REMUNERATION AND INCENTIVE SCHEMES

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

Sponda also has a long-term share-based incentive scheme with four three-year vesting periods, 2011–2013, 2012–2014, 2013–2015 and 2014–2016. The Board of Directors will decide on the earning criteria and on targets to be established for the earning criteria for each vesting period. The earning criteria for the vesting periods from 1 January 2011 to 31 December 2013 and 1 January 2012 to 31 December 2014 are the Group's average Return on Capital Employed (ROCE) in the vesting periods mentioned and the Group's cumulative Operational Cash Earnings Per Share (CEPS) for the periods mentioned. The earning criteria for the vesting period from 1 January 2013 to 31 December 2015 include, in addition to the above, the Group's equity ratio at the end of the vesting period. In addition, the Board of Directors will assess the Group's success in relation to the prevailing market conditions.

The long-term incentive scheme currently covers the members of the Executive Board, altogether seven people. The Board may decide to include more key employees in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 20 March 2012 and 1 February 2013.

GROUP STRUCTURE

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

SPONDA'S SHARE AND SHAREHOLDERS

The weighted average price of the Sponda share in January-September 2013 was EUR 3.82. The highest quotation on NASDAQ OMX Helsinki Ltd was EUR 4.42 and the lowest EUR 3.51. Turnover during the period totalled 75.6 million shares, or EUR 290.9 million. The closing price of the share on 30 September 2013 was EUR 3.82 and the market capitalisation of the company's share capital was EUR 1,084.6 million.

The Annual General Meeting on 18 March 2013 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

The Annual General Meeting also authorised the Board of Directors to decide on a share issue and on the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in accordance with the proposal of the Board of Directors. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

On 30 September 2013 the company had altogether 8,955 shareholders and its ownership structure was as follows:

	Number of shares	Holding, %
<i>Public entities</i>	34,953,259	12.3
<i>Nominee-registered</i>	140,534,627	49.6
<i>Financial and insurance institutions, total</i>	32,375,758	11.4
<i>Households</i>	21,715,811	7.7
<i>Private corporations, total</i>	46,240,132	16.3
<i>Non-profit organisations, total</i>	3,836,975	1.4
<i>Foreign owners, total</i>	3,418,900	1.2
<i>Total number of shares</i>	283,075,462	100.0

The following flagging notices were issued:

- 15 April 2013: Ilmarinen Mutual Pension Insurance Company notified that the total number of shares it holds represents 0.0% of the total number of shares and votes in Sponda Plc.
- 15 April 2013: HC LPN Holding Oy Ab (Hartwall Capital Oy Ab) announced that its holding of shares represented 9.56% of the total number of shares and votes in Sponda Plc.
- 27 September 2013: HC LPN Holding Oy Ab (Hartwall Capital Oy Ab) announced that its holding of shares represented 10.06% of the total number of shares and votes in Sponda Plc.

BOARD OF DIRECTORS AND AUDITORS

Sponda's Board of Directors has seven members: Kaj-Gustaf Bergh, Klaus Cawén, Christian Elfving, Tuula Entelä, Juha Laaksonen, Arja Talma and Raimo Valo. The Chairman of the Board is Kaj-Gustaf Bergh and its Deputy Chairman is Klaus Cawén.

The Board of Directors assesses that, of its members, Klaus Cawén, Tuula Entelä, Juha Laaksonen, Arja Talma and Raimo Valo are independent of the company and its major shareholders and Kaj-Gustaf Bergh and Christian Elfving are independent of the company.

Sponda Plc's auditors are APA Esa Kailiala and authorised public accountants KPMG Oy Ab, with APA Kai Salli as the responsible auditor and APA Lasse Holopainen as the deputy auditor.

BOARD COMMITTEES

The members of the Audit Committee are as follows: Arja Talma (Chairman), Raimo Valo (Deputy Chairman), Christian Elfving (ordinary member) and Juha Laaksonen (ordinary member).

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Klaus Cawén (Deputy Chairman) and Tuula Entelä (ordinary member).

SPONDA'S MANAGEMENT

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

ENVIRONMENTAL RESPONSIBILITY

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

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

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

Sponda Plc's covenants are:

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

The energy consumption of the properties included in Sponda's Energy efficiency programme has decreased in line with previously set targets. At the same time, a growing percentage of the waste generated at the properties is being recovered. The target of the Energy efficiency programme, which is to decrease the energy consumption of Sponda's properties in Finland by 10% by 2016, has already been achieved. The Energy efficiency programme involves monitoring electricity, heating, water and district cooling consumption.

Sponda's head office has been part of the WWF Green Office network since 2010. The Green Office label was renewed for a new three-year period in an office inspection conducted by WWF in 2013. As a WWF partner, Sponda also encourages its customers

to join the Green Office network. Sponda's customers receive a discount on WWF Green Office membership and annual fees. Sponda also assists its customers with the Green Office application process and annual reporting.

EVENTS AFTER THE END OF THE PERIOD

Sponda issued a EUR 150 million senior unsecured bond in October 2013. The five-year bond matures on 9 October 2018 and carries fixed annual coupon at the rate of 3.375 per cent. The proceeds from the bond offering were used to repay existing debt.

PROSPECTS FOR 2013

Sponda is defining its estimate of the development of the vacancy rate in 2013. Sponda now estimates that the vacancy rate for the Group as a whole will remain unchanged or increase slightly in 2013 compared to the level at the end of 2012. Previously, Sponda estimated the vacancy rate for its investment properties at year's end 2013 to be largely unchanged from the end of 2012. The revision of the prospects is based on weaker-than-expected development in the leasing of logistics premises in late 2013. Due to the prolonged recession of the Finnish economy.

Comparable net operating income (excluding disposals) in 2013 is expected to increase slightly from 2012. This increase is based on rising rental levels for business premises in Helsinki's central business district and the completion of property development projects.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

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

The development of the Finnish economy will be particularly affected by the continuation of the public debt crisis in Europe. The weak economic development may affect the operations of Finnish companies and thereby increase the vacancy rates of office properties.

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

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

1 November 2013
Sponda Plc
Board of Directors

Additional information:

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

Distribution:
 NASDAQ OMX Helsinki
 Media
www.sponda.fi

SPONDA PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2013, TABLES

Consolidated income statement M€

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	64.0	64.2	193.6	193.3	257.8
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.2	0.2	0.3
<i>Fund management fees</i>	1.7	1.7	5.1	4.7	6.5
	65.7	66.0	198.9	198.2	264.6
<i>Expenses</i>					
<i>Maintenance costs</i>	-15.9	-15.5	-54.2	-52.6	-71.1
<i>Direct fund expenses</i>	-0.3	-0.3	-1.1	-0.9	-1.3
	-16.2	-15.8	-55.4	-53.5	-72.4
Net operating income	49.5	50.2	143.5	144.8	192.2
<i>Profit/loss on sales of investment properties</i>	-0.2	0.4	0.3	1.7	2.5
<i>Valuation gains/losses on fair value assessment</i>	0.7	2.9	-1.5	11.7	33.0
<i>Profit/loss on sales of trading properties</i>	0.0	-0.3	0.0	-0.7	5.2
<i>Change in value of trading property</i>	0.0	0.0	0.0	0.0	0.0
<i>Sales and marketing expenses</i>	-0.5	-0.5	-1.6	-1.3	-2.0
<i>Administrative expenses</i>	-4.5	-4.5	-15.6	-15.2	-20.7
<i>Other operating income</i>	0.0	0.0	0.2	0.2	0.4
<i>Other operating expense</i>	-1.0	-0.1	-1.7	0.0	-0.1
Operating profit	44.1	48.1	123.5	141.0	210.5
<i>Financial income</i>	-3.0	20.3	11.4	37.4	35.9
<i>Financial expenses</i>	-12.1	-34.9	-55.3	-81.8	-94.6
Total amount of financial income and expenses	-15.1	-14.6	-43.9	-44.4	-58.8
<i>Profit before income tax</i>	28.9	33.4	79.6	96.6	151.8
<i>Income taxes for current and previous fiscal years</i>	-0.9	-1.3	-2.8	-2.7	-3.7
<i>Deferred taxes</i>	-6.5	-7.5	-17.7	-21.2	-33.8
Income taxes, total	-7.3	-8.8	-20.5	-24.0	-37.5
Profit/loss for the period	21.6	24.7	59.1	72.7	114.2
<i>Attributable to:</i>					
<i>Equity holders of the parent company</i>	21.6	24.7	59.1	72.7	114.3
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0

<i>Earnings per share based on profit attributable to equity holders of the parent company</i>					
<i>Basic and diluted, €</i>	0.07	0.08	0.19	0.23	0.37

Consolidated statement of comprehensive income
M€

	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
<i>Profit/loss for the period</i>	21.6	24.7	59.1	72.7	114.2
<i>Other comprehensive income</i>					
<i>Items that will not be reclassified to profit or loss</i>					
<i>Actuarial gains/losses of defined benefit pension plans</i>	0.0	0.0	0.0	0.0	-0.2
<i>Taxes on items that will not be reclassified to profit or loss</i>	0.0	0.0	0.0	0.0	0.0
<i>Items that will not be reclassified to profit or loss, total</i>	0.0	0.0	0.0	0.0	-0.1
<i>Items that may be reclassified subsequently to profit or loss</i>					
<i>Net loss/profit from hedging cash flow</i>	-0.8	-3.0	14.1	-5.6	-3.1
<i>Translation differences</i>	-0.1	0.5	-0.6	0.2	0.1
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	0.3	0.4	-3.0	1.0	0.4
<i>Items that may be reclassified subsequently to profit or loss, total</i>	-0.6	-2.1	10.5	-4.4	-2.5
<i>Other comprehensive income for the period after taxes</i>	-0.6	-2.1	10.5	-4.4	-2.6
<i>Comprehensive profit/loss for the period</i>	21.0	22.6	69.6	68.3	111.6
<i>Attributable to:</i>					
<i>Equity holders of the parent company</i>	21.0	22.6	69.6	68.3	111.6
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0

Consolidated balance sheet
M€

	30 Sep 2013	30 Sep 2012	31 Dec 2012	1 Jan 2012
ASSETS				
<i>Fixed assets and other non-current assets</i>				
<i>Investment properties</i>	3,264.7	3,213.9	3,261.3	3,165.7
<i>Investments in real estate funds</i>	92.1	84.5	83.6	65.5
<i>Property, plant and equipment</i>	12.6	12.7	12.5	13.1
<i>Goodwill</i>	14.5	14.5	14.5	14.5
<i>Other intangible assets</i>	1.0	0.6	0.7	0.6
<i>Finance lease receivables</i>	2.7	2.7	2.7	2.7
<i>Long-term receivables</i>	21.3	25.4	21.2	5.0
<i>Deferred tax assets</i>	33.9	39.1	38.4	44.0
<i>Fixed assets and other non-current assets total</i>	3,442.9	3,393.6	3,435.0	3,311.1
<i>Current assets</i>				
<i>Trading properties</i>	7.8	7.9	7.8	7.9
<i>Trade and other receivables</i>	23.7	27.1	48.9	41.9
<i>Funds</i>	17.6	18.4	30.1	26.4
<i>Current assets total</i>	49.0	53.3	86.7	76.1
Total funds	3,491.9	3,446.9	3,521.8	3,387.2
SHAREHOLDERS' EQUITY AND LIABILITIES				
<i>Equity attributable to equity</i>				
<i>holders of the parent company</i>				
<i>Share capital</i>	111.0	111.0	111.0	111.0
<i>Share issue premium</i>	159.5	159.5	159.5	159.5
<i>Translation differences</i>	2.2	2.3	2.3	2.5
<i>Fair value reserve</i>	-21.7	-34.2	-32.3	-30.0
<i>Revaluation reserve</i>	0.6	0.6	0.6	0.6
<i>Reserve for invested unrestricted equity</i>	433.8	433.8	433.8	433.8
<i>Other equity fund</i>	94.0	129.0	186.1	129.0
<i>Retained earnings</i>	588.9	545.4	585.0	526.3
	1,368.3	1,347.3	1,445.9	1,332.6
<i>Non-controlling interest</i>	1.8	1.7	1.7	1.7
<i>Shareholders' equity, total</i>	1,370.0	1,349.0	1,447.7	1,334.4
<i>Liabilities</i>				
<i>Long-term liabilities</i>				

<i>Interest-bearing loans and borrowings</i>	1,516.3	1,465.7	1,460.3	1,380.8
<i>Other liabilities</i>	27.4	45.8	38.1	40.3
<i>Deferred tax liabilities</i>	220.0	194.3	205.9	181.8
<i>Long-term liabilities total</i>	1,763.8	1,705.7	1,704.4	1,602.9
<i>Current liabilities</i>				
<i>Short-term interest-bearing liabilities</i>	299.3	338.8	275.9	374.1
<i>Trade and other payables</i>	58.8	53.3	93.9	75.9
<i>Current liabilities total</i>	358.1	392.1	369.7	449.9
<i>Total borrowings</i>	2,121.9	2,097.9	2,074.1	2,052.8
<i>Total equity and liabilities</i>	3,491.9	3,446.9	3,521.8	3,387.2

Consolidated Cash Flow Statement M€

	1-9/2013	1-9/2012	1-12/2012
<i>Cash flow from operating activities</i>			
<i>Net income for the period</i>	59.1	72.7	114.2
<i>Adjustments</i>	73.9	60.7	68.7
<i>Change in net working capital</i>	0.4	-0.1	-2.6
<i>Interest received</i>	0.7	0.5	1.2
<i>Interest paid</i>	-47.6	-51.8	-66.6
<i>Other financial items</i>	-1.3	2.6	2.4
<i>Dividends received</i>	0.0	0.0	0.0
<i>Taxes received/paid</i>	-2.6	-3.2	-4.5
<i>Net cash provided by operating activities</i>	82.6	81.5	112.8
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-37.4	-93.9	-114.9
<i>Capital expenditure on real estate funds</i>	-12.2	-18.4	-18.4
<i>Acquisition of tangible and intangible assets</i>	-0.7	-0.2	-0.3
<i>Proceeds from sale of investment properties</i>	23.8	47.8	57.3
<i>Capital repayments from real estate funds</i>	-	-	0.9
<i>Repayments of loan receivables</i>	-	0.2	0.2
<i>Net cash flow from investments</i>	-26.5	-64.4	-75.3
<i>Cash flow from financing activities</i>			

<i>Receipts from issue of equity bond</i>	-	-	93.7
<i>Non-current loans, raised</i>	103.9	210.0	235.0
<i>Repurchase of equity bond</i>	-92.8	-	-37.9
<i>Non-current loans, repayments</i>	-45.7	-173.7	-298.9
<i>Current loans, raised/repayments</i>	23.4	-5.3	31.8
<i>Interest paid on equity bond</i>	-8.1	-11.4	-12.8
<i>Dividends paid</i>	-48.1	-45.3	-45.3
<i>Net cash flow from financing</i>	-67.5	-25.6	-34.4
<i>Change in cash and cash equivalents</i>	-11.4	-8.5	3.2
<i>Cash and cash equivalents, start of period</i>	30.1	26.4	26.4
<i>Impact of changes in exchange rates</i>	-1.1	0.5	0.5
<i>Cash and cash equivalents, end of period</i>	17.6	18.4	30.1

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
<i>Equity 31 December 2011</i>	111.0	159.5	0.5	-30.0	0.6	433.8	129.0	475.0	1,279.4	1.7	1,281.1
<i>Impact of changes in accounting principles</i>			2.0					51.3	53.2		53.2
<i>Equity 1 January 2012, adjusted</i>	111.0	159.5	2.5	-30.0	0.6	433.8	129.0	526.3	1,332.6	1.7	1,334.4
<i>Comprehensive income</i>											
<i>Net income for the period</i>								72.7	72.7	0.0	72.7
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>				-4.2					-4.2		-4.2
<i>Translation differences</i>			-0.2						-0.2		-0.2
<i>Comprehensive income, total</i>			-0.2	-4.2				72.7	68.3	0.0	68.3
<i>Transactions with shareholders</i>											
<i>Dividend payment</i>								-45.3	-45.3		-45.3
<i>Transactions with shareholders, total</i>								-45.3	-45.3		-45.3
<i>Interest paid on equity bond</i>								-8.6	-8.6		-8.6
<i>Change</i>								0.2	0.2		0.2
<i>Equity at 30 September 2012</i>	111.0	159.5	2.3	-34.2	0.6	433.8	129.0	545.4	1,347.3	1.7	1,349.0

	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
<i>Equity 31 December 2012</i>	111.0	159.5	0.7	-32.3	0.6	433.8	186.1	534.4	1,393.8	1.7	1,395.6
<i>Impact of changes in accounting principles</i>			1.5					50.6	52.1		52.1
<i>Equity 1 January 2013, adjusted</i>	111.0	159.5	2.3	-32.3	0.6	433.8	186.1	585.0	1,445.9	1.7	1,447.7
<i>Comprehensive income</i>											
<i>Net income for the period</i>								59.1	59.1	0.0	59.1
<i>Other comprehensive income (net of tax)</i>											
<i>Cash flow hedges</i>				10.6					10.6		10.6
<i>Translation differences</i>			-0.1						-0.1		-0.1
<i>Comprehensive income, total</i>			-0.1	10.6				59.1	69.6	0.0	69.6
<i>Transactions with shareholders</i>											
<i>Dividend payment</i>								-48.1	-48.1		-48.1
<i>Transactions with shareholders, total</i>								-48.1	-48.1		-48.1
<i>Repurchase of equity bond</i>							-92.1		-92.1		-92.1
<i>Interest paid on equity bond</i>								-6.1	-6.1		-6.1
<i>Change</i>								-0.9	-0.9	0.0	-0.9
<i>Equity at 30 September 2013</i>	111.0	159.5	2.2	-21.7	0.6	433.8	94.0	588.9	1,368.3	1.8	1,370.0

NOTES TO THE INTERIM REPORT

Accounting principles

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting). Starting from the beginning of the financial year, the company has applied certain new or revised IFRS standards and IFRIC interpretations as described in the 2012 financial statements. In addition, the company has voluntarily amended its accounting principles with regard to IAS 12 (Income Taxes) on the basis of IAS 8 14 (b). According to the newly applied accounting principle, recovery of the carrying amount of investment properties valued at fair value in the calculation of deferred taxes will normally happen through sale. As the company's principle will be to realise its shareholding in property companies by selling the shares it owns, the deferred taxes are also calculated according to the same principle under the new accounting principle. The amendment caused a significant effect on the deferred taxes recognised for investment properties. The changes are shown in detailed tables pp. 24 and 25 in the Interim Report 1 Jan – 31 Mar 2013. The amendment was implemented with retrospective effect and the figures for the comparison period have been adjusted accordingly. Otherwise this interim report has been prepared applying the IFRS standards and interpretations valid on 31 December 2012.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities as well as the recognition of income and expenses. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may differ from the values used.

All figures are presented in millions of euros and rounded to the nearest EUR 0.1 million, in which case the sum of individual figures may deviate from the total shown.

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2012.

The figures in the interim report have not been audited.

Income statement by segment
M€

<i>Income statement information</i> 1-9/2013	Office properties	Shopping centres, %	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	108.6	33.0	29.2	1.0	22.0	5.1	0.0	198.9
<i>Maintenance expenses and direct fund expenses</i>	-29.5	-8.2	-9.7	-1.6	-5.2	-1.1	0.0	-55.4
Net operating income	79.0	24.9	19.5	-0.7	16.8	4.0	0.0	143.5
<i>Profit on sales of investment properties</i>	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.4
<i>Loss on sales of investment properties</i>	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
<i>Profit/loss on trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Change in value of trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Valuation gains/losses on fair value assessment</i>	0.5	1.2	-4.1	0.5	-4.0	4.4	0.0	-1.5
<i>Administration and marketing</i>	-6.5	-1.6	-0.8	-2.3	-2.1	-3.8	0.0	-17.2
<i>Other operating income and expenses</i>	-0.2	-0.2	-0.2	-1.0	0.0	0.0	0.0	-1.6
Operating profit	73.2	24.4	14.3	-3.5	10.6	4.6	0.0	123.5
<i>Investments</i>	20.2	1.6	1.1	3.3	1.0	12.2	0.7	40.1
<i>Segment assets</i>	1,720.4	739.6	410.0	155.2	256.7	92.1	117.9	3,491.9
<i>Economic Occupancy Rate</i>	89.6	90.8	75.6		96.1			88.0

<i>Income statement information</i> 1-9/2012	Office properties	Shopping centres, %	Logistics	Property development	Russia	Real estate funds	Other	Group, total
Total revenue	107.3	31.5	32.5	1.0	21.2	4.7	0.0	198.2
<i>Maintenance expenses and direct fund expenses</i>	-28.9	-7.0	-10.2	-1.6	-4.8	-0.9	0.0	-53.5
Net operating income	78.4	24.5	22.3	-0.6	16.4	3.8	0.0	144.8
<i>Profit on sale of investment properties</i>	0.9	0.5	0.0	0.4	0.0	0.0	0.0	1.8
<i>Loss on sale of investment properties</i>	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.2
<i>Profit/loss on sale of trading properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	-0.7	-0.7
<i>Change in value of trading property</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Valuation gains/losses on fair value assessment</i>	12.0	-3.3	-4.8	-1.3	3.5	5.6	0.0	11.7
<i>Administration and marketing</i>	-5.8	-1.2	-1.0	-2.4	-2.2	-3.9	0.0	-16.5
<i>Other operating income and expenses</i>	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.2
Operating profit	85.5	20.5	16.3	-3.9	17.7	5.6	-0.7	141.0
<i>Investments</i>	36.3	2.3	1.0	15.4	38.1	18.4	0.0	111.5
<i>Segment assets</i>	1,686.9	584.5	413.6	280.1	266.1	84.5	131.2	3,446.9
<i>Economic Occupancy Rate</i>	89.3	93.1	76.7		93.5			88.0

Key figures

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
<i>Earnings per share, €</i>	0.07	0.08	0.19	0.23	0.37
<i>Equity ratio, %</i>			39.4	39.2	41.3
<i>Gearing ratio, %</i>			131.2	132.7	117.9
<i>Equity per share, €</i>			4.50	4.29	4.45
<i>Cash flow from operations per share, €</i>	0.11	0.10	0.30	0.28	0.40

Quarterly key figures

	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
Total revenue, M€	65.7	67.2	66.0	66.4	66.0
Net operating income, M€	49.5	48.6	45.4	47.4	50.2
Valuation gains/losses on fair value assessment, M€	0.7	-7.7	5.5	21.3	2.9
Operating profit, M€	44.1	34.6	44.8	69.5	48.1
Financial income and expenses, M€	-15.1	-15.3	-13.5	-14.4	-14.6
Profit/loss for the period, M€	21.6	13.8	23.7	41.6	24.7
Investment properties, M€	3,264.7	3,266.5	3,274.3	3,261.3	3,213.9
Shareholders' equity, M€	1,370.0	1,348.9	1,427.9	1,447.7	1,349.0
Interest-bearing liabilities, M€	1,815.6	1,827.6	1,765.5	1,736.2	1,804.5
Earnings per share, €	0.07	0.04	0.07	0.14	0.08
Cash flow from operations per share, €	0.11	0.10	0.09	0.12	0.10
EPRA NAV, €	5.22	5.12	5.07	5.12	4.93
Economic occupancy rate, %	88.0	88.3	88.2	88.1	88.0

Direct and indirect result

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

M€	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
Direct result					
Net operating income	49.5	50.2	143.5	144.8	192.2
Realised shares of profit from real estate funds	3.6	1.5	8.1	5.0	7.5
Marketing and administrative expenses	-4.9	-5.0	-17.2	-16.5	-22.7
Other income and expenses for business operations	-1.0	-0.1	-1.6	0.2	0.3
Financial income and expenses	-15.3	-17.6	-45.3	-52.2	-67.9
Taxes based on direct result	-0.9	-1.3	-2.8	-2.9	-3.9
Deferred taxes based on direct result	-7.2	-5.6	-19.6	-16.6	-22.3
Non-controlling holding share of direct result	0.0	0.0	0.0	0.0	0.0
Total	23.8	22.1	65.1	61.7	83.1

<i>Indirect result</i>					
<i>Profit/loss on sales of investment properties</i>	-0.2	0.4	0.3	1.7	2.5
<i>Valuation gains/losses on fair value assessment</i>	-2.9	1.4	-9.7	6.6	25.5
<i>Profit/loss on sales of trading properties</i>	0.0	-0.3	0.0	-0.7	5.2
<i>Change in value of trading property</i>	0.0	0.0	0.0	0.0	0.0
<i>Marketing and administrative expenses</i>	0.0	0.0	0.0	0.0	0.0
<i>Other income and expenses for business operations</i>	0.0	0.0	0.0	0.0	0.0
<i>Financial income and expenses</i>	0.1	3.0	1.4	7.8	9.2
<i>Taxes based on indirect result</i>	0.0	0.1	0.0	0.2	0.2
<i>Deferred taxes based on indirect result</i>	0.7	-1.9	2.0	-4.6	-11.5
<i>Non-controlling holding share of indirect result</i>	0.0	0.0	0.0	0.0	0.0
Total	-2.2	2.6	-6.0	11.0	31.1

Investment properties

M€

	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Fair value of investment properties, start of period</i>	3,261.3	3,165.7	3,165.7
<i>Purchase of investment properties</i>	3.1	53.0	53.1
<i>Other capital expenditure on investment properties</i>	24.1	39.9	76.0
<i>Disposal of investment properties</i>	-18.0	-51.3	-59.3
<i>Transfers from trading properties</i>	0.0	0.0	0.0
<i>Capitalised equity expenses, increase in period</i>	0.2	0.5	0.8
<i>Valuation gains/losses on fair value assessment</i>	-6.0	6.0	24.9
<i>Fair value of investment properties, end of period</i>	3,264.7	3,213.9	3,261.3

Net operating income from all of Sponda's property assets totalled EUR 143.5 (144.8) million in January–September 2013 and EUR 49.5 (50.2) million in July–September. Of this total, office premises accounted for 55%, shopping centres for 17%, logistics premises for 13%, Russia for 12% and the Real Estate Funds unit for 3%.

On 30 September 2013, Sponda had a total of 180 properties, with an aggregate leasable area of approximately 1.4 million m². Of this total, approximately 53% is office premises, 11% shopping centres and 33% logistics premises. Some 3% of the leasable area of the properties is located in Russia.

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

At the end of September 2013, the fair value of Sponda's properties was assessed internally for both Finland and Russia. The change in fair value of the investment

properties in January–September was EUR -6.0 (6.0) million and in July–September alone EUR -1.7 (1.4) million. The negative change in fair value was attributable to exchange rate fluctuations in Russia. The changes in fair values are itemised in the table “Valuation gains/losses on fair value assessment”.

The Group’s most significant investment commitments

Sponda does not currently have significant investment commitments.

Property, plant and equipment

M€

	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Carrying amount, start of period</i>	12.5	13.1	13.1
<i>Increases</i>	0.2	0.0	0.1
<i>Disposals</i>	-	0.0	0.0
<i>Depreciation for the period</i>	-0.2	-0.4	-0.6
<i>Carrying amount, end of period</i>	12.6	12.7	12.5

Trading properties

M€

	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Carrying amount, start of period</i>	7.8	7.9	7.9
<i>Disposals and other changes</i>	-	-	-0.1
<i>Increases</i>	-	-	-
<i>Reclassifications to investment properties</i>	-	-	-
<i>Valuation changes</i>	-	-	-
<i>Carrying amount, end of period</i>	7.8	7.9	7.8

Contingent liabilities

M€

<i>Collateral and commitments given by the Group</i>	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Loans from financial institutions. covered by collateral</i>	145.0	142.0	141.8
<i>Mortgages</i>	264.2	264.2	264.2
<i>Book value of pledged shares</i>	19.1	18.5	18.6
<i>Guarantees</i>	-	-	-
<i>Total collateral</i>	283.3	282.6	282.8
<i>Lease and other liabilities</i>	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Lease liabilities</i>	94.5	95.8	96.3
<i>Mortgages</i>	3.9	3.9	3.9
<i>Guarantees</i>	4.7	15.8	3.6

<i>Investment commitments to real estate funds</i>	30.1	42.2	42.3
Interest derivatives	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Swap contracts, notional value</i>	850.9	896.8	871.6
<i>Swap contracts, fair value</i>	-28.5	-45.5	-42.9
<i>Cap options purchased, notional value</i>	404.1	285.0	300.0
<i>Cap options purchased, fair value</i>	3.6	0.1	0.6
<i>Forward rate agreements, notional value</i>	-	-	-
<i>Forward rate agreements, fair value</i>	-	-	-
Currency derivatives	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Currency forwards, notional value</i>	-	-	-
<i>Currency forwards, fair value</i>	-	-	-
<i>Currency options, bought, notional value</i>	9.9	9.3	10.2
<i>Currency options, bought, fair value</i>	0.1	0.1	0.1
<i>Currency options, put, notional value</i>	9.9	9.3	10.2
<i>Currency options, put, fair value</i>	0.0	0	-0.1
Interest rate and currency swaps	30 Sep 2013	30 Sep 2012	31 Dec 2012
<i>Interest rate and currency swaps, notional value*</i>	337.4	337.4	337.4
<i>Interest rate and currency swaps, fair value*</i>	16.5	24.2	19.5

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

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

Related party transactions M€

The following transactions took place with related parties:

Management employee benefits	30 Sep 2013	30 Sep 2012	31 Dec 2012
Salaries and other short-term employee benefits	1.4	1.4	1.8
Share-based payments	1.1	1.1	1.6
<i>Total</i>	2.5	2.5	3.4

Formulas for the key indicators

Earnings per share, €	=	$\frac{\text{Share of earnings for the period attributable to equity holders of the parent company – interest on hybrid loan allocated to the period, adjusted for taxes}}{\text{Weighted average number of shares outstanding during the period}}$
Equity ratio, %	=	$100 \times \frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}}$
Gearing ratio, %	=	$100 \times \frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}}$
Equity per share, €	=	$\frac{\text{Equity attributable to parent company equity holders - Other equity reserve}}{\text{Undiluted total number of shares on the date of closing the books}}$
Cash flow from operations per share, €	=	$\frac{\begin{aligned} &\text{Operating profit} \\ &-/+ \text{ Fair value adjustment} \\ &+ \text{ Allocation of goodwill} \\ &+ \text{ Depreciation in administration} \\ &+/- \text{ Changes in provisions} \\ &+/- \text{ Defined benefit pension expenses} \\ &- \text{ Financial income \& expenses affecting cash flow} \\ &- \text{ Taxes affecting cash flow} \\ &+/- \text{ Other items} \end{aligned}}{\text{Weighted average number of shares outstanding during the period}}$
EPRA NAV per share, €	=	$\frac{\begin{aligned} &\text{Equity attributable to parent company equity holders} \\ &- \text{ Other equity reserve} \\ &+ \text{ Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference} \\ &- \text{ Goodwill created from the deferred tax liabilities on properties} \end{aligned}}{\text{Undiluted total number of shares on the date of closing the books}}$
EPRA Earnings per share, M€	=	$\begin{aligned} &\text{Net operating income} \\ &+ \text{ Realised shares of profit from} \end{aligned}$

real estate funds
 - Marketing and administration expenses
 +/- Other operating income and expenses
 +/- Operating financial income and expenses
 +/- Taxes based on operating result
 +/- Change in deferred taxes based on operating items
+/- Operating share of non-controlling shareholders
 Weighted average number of shares outstanding during
 the period

EPRA Net Initial Yield (NYI), % = Annualised net rents
 Investment properties
 - Development properties
 + Estimated purchaser's costs

EPRA "topped up" NYI, % = Annualised net rents
+ Step rents, rent-free periods, etc.
 Investment properties
 - Development properties
 + Estimated purchaser's costs