

Interim Report

1.1.–30.9.2009



SPONDA

Sponda Plc's interim report January-September 2009

Sponda Group's total revenue and net operating income continued to develop positively in the third quarter of 2009. Total revenue increased to EUR 183.2 million (30 September 2008: EUR 166.1 million) and net operating income to EUR 137.0 (125.1) million. The economic occupancy rate declined to 86.8 % (91.7 %), mainly because one office premises in the centre of Helsinki became vacant.

The change in the value of property in the January – September period was EUR –160.7 (-27.5) million. The change in value for properties located in Finland was EUR -76.3 million from the beginning of the year and the change in value for properties located in Russia was EUR -82.7 million from the beginning of the year. During the third quarter the value of properties changed EUR -31.4 (-36.8) million. The fall in values was mainly due to the increase in vacancy rates in Finland and to the decline in market rents in Finland and Russia. Property values were assessed in Finland by Catella Property Group and in Russia by CB Richard Ellis.

Result of operations and financial position January – September 2009 (compared with same period in 2008):

- Total revenue grew 10 % from the previous year to EUR 183.2 (166.1) million.
- Net operating income rose 10 % to EUR 137.0 (125.1) million.
- Operating result was EUR -36.7 (87.1) million.
- The result after tax was EUR –88.0 (24.4) million.
- Earnings per share were EUR -0.41 (0.14).
- Cash flow from operations per share was EUR 0.41 (0.48).
- The fair value of investment properties amounted to EUR 2,768.8 (2,878.1) million.
- Net assets per share totalled EUR 3.50 (5.08).
- EPRA net assets per share were EUR 4.14 (6.06).
- Economic occupancy rate was 86.8 % (91.7 %).

Result of operations and financial position July – September 2009 (compared with same period in 2008):

- Total revenue increased 7 % from the previous year to EUR 60.8 (56.9) million.
- Net operating income was EUR 47.2 (44.6) million.
- Operating profit was EUR 13.1 (5.8) million, which includes a change in the value of properties of EUR –31.4 (-36.8) million.
- The result after tax was EUR -6.1 (-9.9) million.
- Earnings per share were EUR -0.02 (-0.06).
- Cash flow from operations per share was EUR 0.10 (0.19).

Key figures

| | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|--|--------|--------|--------|--------|---------|
| Economic occupancy rate, % | | | 86.8 | 91.7 | 88.5 |
| Total revenue, M€ | 60.8 | 56.9 | 183.2 | 166.1 | 224.3 |
| Net operating income, M€ | 47.2 | 44.6 | 137.0 | 125.1 | 166.8 |
| Operating result, M€ | 13.1 | 5.8 | -36.7 | 87.1 | 117.3 |
| Earnings per share, € | -0.02 | -0.06* | -0.41 | 0.14* | 0.16* |
| Cash flow from operations per share, € | 0.10 | 0.19 | 0.41 | 0.48 | 0.78 |
| Net assets per share, € | | | 3.50 | 5.08* | 4.93* |

| | | | | |
|-------------------------------------|--|-------------|-------|-------|
| <i>EPRA net assets per share, €</i> | | 4.14 | 6.06* | 6.04* |
| <i>Equity ratio, %</i> | | 37 | 33 | 32 |
| <i>Gearing, %</i> | | 144 | 175 | 180 |

* As the result of the rights offering in the second quarter 2009, per share figures have been adjusted, in accordance with IAS 33.

CEO Kari Inkinen

"Sponda's cash flow remained strong and net operating income rose as forecast from 2008 figures. The company's occupancy rate declined slightly, due to an office block in the centre of Helsinki becoming vacant. The property is in an excellent location, so I am confident that there will be demand for the premises, despite the challenging market conditions.

In Russia the occupancy rates and cash flows for Sponda's properties have remained at their anticipated levels. Although vacancy rates for business premises in the Moscow and St Petersburg markets are high, there has been no significant negative change in Sponda's occupancy rates.

We have activated our property development operations during the past three months, and our new development project is the construction of production premises for Metso Automation Oy in the Hakkila district of Vantaa. The project will be financed by selling property, and negotiations are currently underway.

The yield expansion of properties seem to have stabilised. We expect 2010 to be a challenging year for the leasing market and that office vacancy rates will continue to rise. Finland's economy is still in recession, and according to forecasts any upswing will not take place until the end of next year. The company will issue an official forecast for 2010 when it publishes its 2009 financial statements."

Prospects

Sponda forecasts that the company's net operating income will be higher than in 2008. The reasons for this are that during 2008 rent levels rose and several fully leased office and retail properties were completed and added to Sponda's investment property portfolio.

The company also forecasts that its economic occupancy rate will decline only slightly in 2009 from the figure at the end of 2008, even though the property market expects the number of vacant business premises to increase considerably in 2009. Sponda expects the occupancy rate not to decline during the last three months of 2009. The forecast for the occupancy rate is based on the company's assessment of the lease agreements that are starting or expiring by the end of 2009.

One assumption made when making the forecasts for 2009 is that, despite the uncertain market conditions, no significant losses of income will occur in 2009 due to the insolvency of tenants.

Strategy

Sponda's Board of Directors has decided on a strategy of moderate profitable growth for the company. The company will aim for growth and profitability from property acquisitions and from property development, and will mainly finance its growth by selling existing properties.

The Group's long-term target for the equity ratio is now 40 %, instead of 33 %. The Board also revised the company's dividend policy, which aims to pay a stable dividend. The dividend shall be approximately 50 % of the cash flow from operations per share for the

financial period, taking into account, however, the economic situation and the company's development needs.

Sponda Kiinteistöt Oy's confirmed losses

On 1 November 2007 in conjunction with the interim report, Sponda Plc announced that the tax authorities had decided to deviate from Sponda Kiinteistöt Oy's (formerly Kapiteeli Oy) tax return for the tax year 2006 and deemed the Company's taxable income to be EUR 192 million. The matter relates to Sponda Kiinteistöt Oy's confirmed losses, which totalled approximately EUR 558 million for tax years 1996–1999.

In accordance with law, the Company's losses shall not be deducted if over half of its shares change hands during the year when the losses occur or thereafter. However, the tax office performing the taxation may, for special reasons, grant the right to deduct losses regardless of the change in ownership. Kapiteeli Oy was granted exemptions for deducting losses on 29 September 2006 and 13 December 2006. Sponda Plc acquired all the shares in Kapiteeli Oy through a purchase completed on 14 December 2006.

However, when processing Sponda Kiinteistöt Oy's 2006 tax return, the tax authorities deemed that the granted exemptions were not valid, since according to the tax authorities, Sponda Kiinteistöt Oy's operations cannot be deemed to have continued as described in the exemption decision after the Company's personnel transferred to the service of the parent company, Sponda Plc. In the Company's view, the tax authorities' position is erroneous, since the question is only of a transfer of salary payment to the group's parent company, while the Company's business operations continue unchanged.

Upon Sponda Kiinteistöt Oy's claim for adjustment, the Uusimaa Tax Assessment Adjustment Board unanimously amended the tax authorities' decision and approved the deductibility of the confirmed losses. On 14 September 2009, the Helsinki Administrative Court, by a vote of 2-1, approved the appeal of the decision of the Tax Assessment Adjustment Board lodged by the state official representing the interests of tax recipients. The Company has appealed the Administrative Court's decision to the Supreme Administrative Court. In accordance with the appeal directions given by the Administrative Court, the appeal to the Supreme Administrative Court requires a leave to appeal. According to the experts consulted by the Company, no leave for appeal is required, and in any case, there are grounds for granting leave to appeal in the matter. The experts consulted by the Company estimate that the Supreme Administrative Court's decision in the principal matter will be given by the end of 2010.

The Administrative Court's decision is enforceable. Sponda Kiinteistöt Oy has filed an application with the Uusimaa Corporate Tax Office with respect to 2006, and with the Tax Office for Major Corporations with respect to the following years, to the effect that the taxation for the years in question would not be adjusted and that the taxes would not be imposed on the basis of the Administrative Court's decision. The tax authorities have not yet made a decision on imposing the taxes. The Supreme Administrative Court, in its decision of 28 October 2009, ordered that the taxes, penalty interest and increases referred to in the Administrative Court's decision be suspended until the appeal of the Administrative Court's decision has been decided.

In the event the Supreme Administrative Court would not amend the Administrative Court's decision, the Company would incur a tax cost of approximately EUR 49.9 million for 2006, approximately EUR 55.8 million for 2007 and approximately EUR 25.3 million for 2008, i.e. a total of approximately EUR 131.0 million for 2006–2008, which amount the Company would have to pay. Sponda Kiinteistöt Oy's unused confirmed losses, which expire in 2009, amount to EUR 54.4 million, with a related tax receivable of approximately EUR 14 million. In addition, the Company would have to pay a corporate interest for taxes payable for each year, which amounted to 5.0% in 2007 and 6.5% in 2008 and 2009. The Company has estimated that the amount of the corporate interest would be EUR 12.8 million.

Based on the statements of the experts it has consulted, Sponda Plc considers the Administrative Court's decision to be erroneous and that it is more likely that the Supreme Administrative Court will approve Sponda Kiinteistöt Oy's appeal than that the appeal would be rejected. In the event the Company would have to pay taxes based on the Administrative Court's decision, Sponda Kiinteistöt Oy will enter the tax expense and interest under other operating expenses in the Group's interim report or financial statements immediately following the payment decision. If the tax expense of EUR 131.0 million and the estimated corporate interest of EUR 12.8 million had been paid during the interim report period of 1 January–30 September 2009, the Group's profit for the period would have been EUR -232.8 million and equity EUR 957.6 million. Correspondingly, if the entry had been made, the net assets per share would have been 2.98, earnings per share -1.08, cash flow from operations per share -0.44 and equity ratio 32.

As at 30 September 2009, Sponda's unused committed credit lines totalled EUR 435 million.

Business conditions - Finland

According to the Institute for Real Estate Economics (KTI), property transactions with a total value of just over EUR 1000 million had been made in Finland by the end of September 2009, where in 2008 the figure for the same period was just over EUR 3000 million.

As Finland's national economy has contracted, vacancy rates for business property have risen. According to Catella Property Oy, office vacancy rates stood at 10.4 % at the end of June 2009, compared to 9.3 % at the end of 2008. Similarly, capacity rates for logistics property rose to 4.6 % (2.9 %), while vacancy rates for retail property remained unchanged from the spring at 2.9 % (2.9 %). Catella estimates that capacity rates for office premises may rise to 12 % in 2010.

Rent levels have fallen slightly since the spring for office and logistics properties in the Helsinki Metropolitan Area, by an average of 6 % for both types of premises. Rent levels for retail premises have remained fairly stable.

Business conditions - Russia

The consensus estimate for growth in Russia's gross national product in 2009 is some -7 %. For 2010 positive growth is forecast, mainly due to the rise in the price of oil, the strengthening of the rouble and increasing industrial output.

The property market in Russia has been very quiet. Estimates by estate agents of yield requirements in Moscow and St Petersburg vary in the range 11.5-13.5 %. Vacancy rates in both cities are above 20 %, depending on the location. Rental levels have fallen considerably from the very high levels of 2008 for both office and retail premises.

Sponda's operations in January – September 2009

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

Net operating income from all of Sponda's property assets totalled EUR 137.0 (125.1) million in the nine month period. Office and retail premises accounted for 53 %, shopping centres for 17 %, logistics properties for 16 %, the Real Estate Funds unit for 6 % and Russia for 8 %. Like-for-like rental growth during the past two years for the property portfolio that Sponda has owned for two years was 3.93 % for office and retail properties,

5.64 % for shopping centres and -3.76 % for logistics properties. Rental growth is calculated in accordance with EPRA recommendations.

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

| Type of property | 30.9.09 | 30.9.08 | 31.12.08 |
|------------------------------------|----------------|---------|----------|
| Office and Retail, % | 87.9 | 90.4 | 91.1 |
| Shopping centres | 97.3 | 95.9 | 96.7 |
| Logistics, % | 75.0 | 88.3 | 77.4 |
| Russia and Baltic, % | 87.5 | 100.0 | 86.3 |
| <i>Total property portfolio, %</i> | 86.8 | 91.7 | 88.5 |
| | | | |
| Geographical area | 30.9.09 | 30.9.08 | 31.12.08 |
| Helsinki Business District, % | 85.5 | 90.3 | 90.4 |
| Helsinki Metropolitan Area, % | 91.6 | 91.2 | 92.5 |
| HMA logistics, % | 73.5 | 86.8 | 75.0 |
| Other areas, % | 91.9 | 98.2 | 91.9 |
| <i>Total property portfolio, %</i> | 86.8 | 91.7 | 88.5 |

Total cash flow derived from leasing agreements on 30 September 2009 was EUR 1,062 (843) million. Sponda had 2,013 clients and altogether 3,142 leasing agreements. The company's biggest tenants were the Finnish State (8.0 % of rental income), Kesko Group (6.1 % of rental income), Sampo Bank Plc (3.9 % of rental income) and HOK-Elanto (3.8 % of rental income). Sponda's 10 largest tenants generate about 30 % of the company's total rental income. Sponda's tenants by sector were as follows:

| Sector | % of net rental |
|---|------------------------|
| Professional, scientific and technical activities | 8.5 % |
| Energy | 0.5 % |
| Public sector | 9.8 % |
| Wholesale/retail | 26.7 % |
| Education | 0.9 % |
| Media /Publishing | 1.9 % |
| Logistics/Transport | 7.2 % |
| Hotel and catering business | 4.2 % |
| Other services | 8.0 % |
| Banking/Investment | 10.1 % |
| Construction | 2.7 % |
| Industry/manufacturing | 6.8 % |
| Healthcare | 3.8 % |
| Telecommunications | 6.3 % |
| Others | 2.7 % |

The average length of all the leasing agreements was 4.6 (4.3) years. The average length of leasing agreements was 5.0 years for office and retail properties, 5.1 years for shopping centres and 3.0 years for logistics properties. A total of 99 new leases (17,200 m²) came into force in July – September 2009, and 95 leases (24,000 m²) expired during this period. The lease agreements for Sponda's property portfolio expire as follows:

| Expiry within | % of rental income |
|-------------------|--------------------|
| 1 year | 12.6 |
| 2 years | 11.4 |
| 3 years | 11.8 |
| 4 years | 7.4 |
| 5 years | 8.9 |
| 6 years | 5.8 |
| More than 6 years | 26.8 |
| Open ended | 15.3 |

Property portfolio

On 30 September 2009 had a total of 202 properties, with an aggregate leasable area of about 1.5 million m². Of this, some 52 % is office and retail premises, 9 % shopping centres and 36 % logistics premises. Some 3 % of the leasable area of the properties is located in Russia.

At the end of September 2009 an external evaluator assessed the value of Sponda's investment properties. The change in fair value in July – September was EUR -31.4 million (30 September 2008: EUR -36.8 million) and in January –September EUR -160.7 (-27.5) million. In the third quarter, the main factors affecting the fair value were changes in market rents for properties and the increase in vacancy rates. The assessments were made by Catella Property Group in Finland and CB Richard Ellis in Russia, and their statements can be seen on the company's Internet site. Sponda's land sites values were assessed by Newsec. An external evaluator did not make value assessments during the third quarter of 2009 of the properties owned by the real estate funds in which Sponda is a minority shareholder.

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

| | 7-9/2009 | 1-9/2009 | 1-12/2008 |
|---|--------------|---------------|--------------|
| <i>Changes in yield requirements (Finland)</i> | 0.7 | -50.1 | -88.8 |
| <i>Changes in yield requirements (Russia)</i> | 0 | -49.4 | -4.3 |
| <i>Development gains on property development projects</i> | 0 | 0 | 43.3 |
| <i>Modernization investments</i> | -3.9 | -14.1 | -26.6 |
| <i>Change in market rents and maintenance costs (Finland)</i> | -6.8 | -8.6 | 34.4 |
| <i>Change in market rents and maintenance costs (Russia)</i> | -17.0 | -32.9*) | -1.7 |
| <i>Change in currency exchange rates</i> | -4.4 | - | - |
| Investment properties, total | -31.4 | -155.0 | -43.7 |
| <i>Real estate funds</i> | 0 | -5.6 | 7.7 |
| Group, total | -31.4 | -160.7 | -36.0 |

*) The changes in currency exchange rates for 1-9/2009 are consolidated with "Change in market rents and maintenance costs (Russia)".

The changes in Sponda's investment property assets since the beginning of 2009 were as follows:

| <i>Sponda's investment properties, M€</i> | Total | Office & Retail | Shopping centres | Logistics | Property development | Russia |
|--|----------------|----------------------------|-------------------------|------------------|-----------------------------|---------------|
| <i>Operating income</i> | 170.3 | 95.3 | 29.0 | 28.9 | 0.2 | 16.9 |
| <i>Maintenance costs</i> | -42.4 | -23.4 | -6.3 | -7.8 | -0.9 | -4.0 |
| <i>Net operating income</i> | 127.9 | 71.9 | 22.7 | 21.2 | -0.8 | 12.9 |
| <i>Investment properties on 1 Jan. 2009, including cum. capitalized interest</i> | 2 915.4 | 1 460.6 | 541.6 | 462.8 | 189.1 | 261.3 |
| <i>Capitalized interest 2009</i> | 2.7 | 0.0 | 0.0 | 0.0 | 2.2 | 0.5 |
| <i>Acquisitions in 2009</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Investments</i> | 40.3 | 9.8 | 12.6 | 0.7 | 16.2 | 0.9 |
| <i>Other transfers</i> | 2.0 | 1.5 | -0.1 | -1.2 | 1.7 | 0.0 |
| <i>Sales in 2009</i> | -36.6 | -0.5 | 0.0 | -35.3 | -0.8 | 0.0 |
| <i>Valuation gains/losses</i> | -155.0 | -38.6 | -11.3 | -26.4 | 4.0 | -82.7 |
| <i>Fair value of investment properties at 30 September 2009</i> | 2 768.8 | 1 432.8 | 542.9 | 400.7 | 212.5 | 179.9 |
| <i>Change in fair value %</i> | -5.3 | -2.6 | -2.1 | -5.7 | 2.1 | -31.6 |
| <i>Annual net operating income/ fair value at 30 September 2009 (*)</i> | 7.1 % | 6.7 % | 6.8 % | 7.1 % | 0.0 % | 10.7 % |
| <i>Weighted average yield requirement % for entire portfolio - %</i> | 6.86 | 6.65 | 6.11 | 8.10 | 0.00 | 11.48 |

(* excluding property development)

Investments and divestments

Sponda sold investment properties during the January – September period for a total value of EUR 36.6 million. No properties were sold in the third quarter. No properties were bought during the first nine months of the year.

Investments in property maintenance totalled EUR 14.1 million in the January – September period, with EUR 3.9 million of this being spent in the third quarter. Altogether EUR 26.1 million had been invested in property development by the end of September, with the third quarter accounting for EUR 6.8 million of this. The property development investments were mainly allocated to the renovation of the City-Center complex in Helsinki city centre and to the purchase of land for the Ratina shopping centre.

Office and Retail Properties

The economic occupancy rate for Office and Retail Properties was 87.9 % (30 September 2008: 90.4 %). The property portfolio had a fair value on 30 September 2009 of EUR 1432.8 million, and the change in fair value compared to the beginning of 2009 was EUR -38.6 million. The leasable area of office and retail properties was some 774,000 m², and

an estimated 80 % of this was office premises and 20 % retail premises. The unit's total revenue, net operating income and operating profit in the period were as follows:

| Office and Retail, M€ | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|------------------------------|---------------|--------|---------------|--------|---------|
| <i>Total revenue</i> | 31.9 | 31.6 | 97.1 | 94.2 | 125.7 |
| <i>Net operating income</i> | 24.7 | 24.4 | 72.7 | 70.6 | 92.9 |
| <i>Operating profit</i> | 21.0 | 3.1 | 32.3 | 48.2 | 47.7 |

In January – September 2009 Sponda sold office and retail properties for EUR 0.5 million. No properties were purchased in this period. Capital expenditure on property maintenance amounted to EUR 10.7 million by the end of September.

Shopping Centres

The Shopping Centres unit had an economic occupancy rate of 97.3 % (95.9 %). The properties had a fair value of EUR 542.9 million, including a change in fair value of EUR -11.3 million. The shopping centres had a combined area of about 140,000 m². The unit's total revenue, net operating income and operating profit in the period were as follows:

| Shopping Centres, M€ | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|-----------------------------|---------------|--------|---------------|--------|---------|
| <i>Total revenue</i> | 10.4 | 7.5 | 29.0 | 21.7 | 29.3 |
| <i>Net operating income</i> | 8.2 | 5.8 | 22.7 | 16.6 | 22.2 |
| <i>Operating profit</i> | 6.0 | 5.0 | 10.3 | 15.6 | 17.3 |

In January – September 2009 investments by the segment totalled EUR 12.5 million. This was allocated to the Elo shopping centre, which opened on 1 April in Ylöjärvi.

Logistics Properties

The Logistics Properties unit had an economic occupancy rate of 75.0 % (88.3 %). The properties had a fair value at the end of September 2009 of EUR 400.7 million, including a change in fair value of EUR -26.4 million. The logistics properties had a total leasable area of 530,000 m². The unit's total revenue, net operating income and operating profit in the period were as follows:

| Logistics, M€ | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|-----------------------------|---------------|--------|---------------|--------|---------|
| <i>Total revenue</i> | 9.3 | 9.4 | 29.9 | 28.3 | 37.9 |
| <i>Net operating income</i> | 7.3 | 7.4 | 21.8 | 21.4 | 28.5 |
| <i>Operating profit</i> | -2.1 | -4.2 | -5.1 | 5.9 | 2.8 |

In the January – September period Sponda sold logistics property for EUR 35.3 million. No new properties were purchased in this period. Capital expenditure on property maintenance since the beginning of the year totalled EUR 0.7 million.

Property Development

The balance sheet value of Sponda's property development portfolio at the end of September 2009 was EUR 212.5 million. Of this, some EUR 89.6 million was in undeveloped land sites and the remaining EUR 122.9 million was tied up in property development projects in progress. Investments in property development and acquisitions during January – September 2009 totalled EUR 13.9 million, and most of this was for the City-Center project. In addition Sponda paid for some of the land area relating to the Ratina shopping centre in accordance with the terms of the agreement.

Sponda aims to obtain development gains of 15 % on the investment costs for property development projects. At present the company's only property development project in progress is the City-Center shopping complex in the centre of Helsinki.

In the City-Center project, construction work is continuing on the underground service facilities and the shafts for technical services. The next phase, which involves construction of the office building, the retail premises on the third floor, and the light shaft into the shopping centre, will begin at the earliest towards the end of 2009. It is estimated that the renovation of the City-Center complex will be completed in 2012 and the total investment will be some EUR 110 million.

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

Russia

At the end of the review period, the economic occupancy rate for the Russia unit was 87.5 % (100 %). The property portfolio had a fair value at the end of September of EUR 179.9 million, and the change in the fair value was EUR -82.7 million. The fair value of the properties in Russia was assessed by CB Richard Ellis in the third quarter.

Capital expenditure on property development and maintenance in January - September 2009 totalled EUR 0.3 million.

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

| <i>Russia, M€</i> | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|-----------------------------|---------------|--------|---------------|--------|---------|
| <i>Total revenue</i> | 5.5 | 5.6 | 16.9 | 9.9 | 16.2 |
| <i>Net operating income</i> | 4.3 | 4.3 | 12.9 | 7.5 | 12.0 |
| <i>Operating profit</i> | -17.8 | 3.1 | -72.2 | 4.4 | 1.3 |

The typical length of a lease in Russia is 11 months. Sponda's leasing agreements in Russia also conform to this practice, apart from the Western Realty (Ducat II) and OOO Adastra properties in Moscow and St Petersburg where the leases are for longer periods than average. The average length of leasing agreements in Russia on 30 September 2009 was 3.6 years, and the leasing agreements expire as follows:

| Expiry in | % rental income |
|-------------------|------------------------|
| 1 year | 26.8 |
| 2 years | 4.9 |
| 3 years | 15.5 |
| 4 years | 7.5 |
| 5 years | 16.6 |
| 6 years | 4.5 |
| More than 6 years | 24.2 |

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

Real Estate Funds

Sponda is a minority holder in three real estate funds, First Top LuxCo, Sponda Real Estate Fund I Ky and Sponda Real Estate Fund II Ky. Sponda is responsible for managing the funds and their properties, and receives management fees. The property portfolios of the funds were valued by Jones Lang LaSalle and Kiinteistötaito Peltola & Co at the end of June 2009.

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

| <i>Real Estate Funds, M€</i> | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|-------------------------------------|---------------|--------|---------------|--------|---------|
| <i>Total revenue</i> | 3.2 | 2.5 | 9.3 | 10.7 | 13.2 |
| <i>Net operating income</i> | 2.9 | 2.7 | 8.0 | 9.3 | 11.3 |
| <i>Operating profit</i> | 1.5 | 0.9 | -2.2 | 15.4 | 14.3 |

First Top LuxCo (Sponda's holding 20 %) invests in office and retail properties outside Finland's largest cities. At the end of September 2009 the fund's property investments had a fair value of EUR 105.9 million.

Sponda Real Estate Fund I Ky (Sponda's holding 46 %) invests in logistics sites outside the Helsinki metropolitan area. At the end of the third quarter of 2009 the properties it owned had a fair value of EUR 190.1 million.

Sponda Real Estate Fund II Ky (Sponda's holding 44 %) mainly invests in logistics properties in medium sized towns in Finland. The fund has a target size for its real estate investment of about EUR 200 million and the fair value of its property portfolio at the end of September 2009 was EUR 96.6 million.

In addition to those mentioned above, Sponda is also responsible for managing the property portfolio, with a value of about EUR 280 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

Cash flow and financing

Sponda's net cash flow from operations in January – September 2009 totalled EUR 70.3 million (30 September 2008: EUR 135.2 million). Net cash flow from investing activities was EUR -33.8 (-385.3) and the net cash flow from financing activities was EUR -20.1 (263.1) million. Net financing costs in the period totalled EUR -49.6 (-55.2) million. Interest expenses of EUR 2.7 (8.7) million were capitalized.

Sponda's equity ratio on 30 September 2009 was 37 % (30 September 2008: 33 %) and gearing was 144 % (175 %). Interest-bearing debt amounted to EUR 1619.2 (1854.1) million, the average maturity of Sponda's loans was 2.6 (3.1) years, and the average interest rate 3.5 % (4.8 %) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 63 % of the loan portfolio. The average interest-bearing period of the whole debt portfolio was 1.5 (2.2) years. The interest cover ratio, which describes the company's solvency, was 2.6 (2.0).

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

Sponda Group's debt portfolio on 30 September 2009 comprised syndicated loans with a nominal value of EUR 685 million, EUR 259 million in bonds, EUR 151 million in issued commercial papers, and EUR 527 million in loans from financial institutions. Sponda had EUR 435 million in unused financing limits. Sponda Group had mortgaged loans of EUR 141.3 million, or 4.7 % of the company's balance sheet.

Personnel and administration

During the review period Sponda Group had on average 135 employees (30 September 2008: 134), of whom 120 (123) worked for parent company Sponda Plc. On 30 September 2009 Sponda Group had altogether 135 (138) employees, of whom 121 (126) were employed in parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the nine month period totalled EUR 16.1 million (30 September 2008: EUR 18.5 million).

Sponda's employees belong to an incentive bonus scheme, under which bonuses are indexed to the company's targets. The company operates a long-term share-based incentive scheme for its senior executives that was launched on 1 January 2006. Sponda's Board of Directors decided to continue the long-term share-based incentive scheme for its senior executives in 2009-2011. Those in the scheme are members of the company's Executive Board. Any bonuses under this scheme are based on cash flow from operations per share and on return on equity, and Sponda shares are bought with these bonuses. These shares carry a restriction forbidding their disposal within two years of their issue. The bonus is paid annually.

Group structure

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

The Sponda share and shareholders

The weighted average price of the Sponda share in January – September 2009 was EUR 2.57. The highest quotation on NASDAQ OMX Helsinki Oy was EUR 3.93 and the lowest EUR 1.87. Turnover during the January – September period totalled 196.7 million shares or EUR 505.6 million. The closing price of the share on 30 September 2009 was EUR 2.71, and the market capitalization of the company's share capital was EUR 752 million.

The Annual General Meeting on 25 March 2009 authorized the Board of Directors to purchase the company's own shares. The authorization was not exercised during the review period.

Sponda issued no flagging announcements in the July-September 2009 period.

On 30 September 2009 the company had altogether 9,983 shareholders and its ownership structure was as follows:

| | Number of shares | Holding, % |
|---|---------------------|------------|
| Public entities | 18 583 172 | 6.7 |
| Nominee registered | 111 397 391 | 40.1 |
| Financial and insurance institutions, total | 12 724 910 | 4.6 |
| Households | 28 285 384 | 10.2 |
| Private corporations, total | 101 926 879 | 36.7 |
| Non-profit organizations, total | 3 650 526 | 1.3 |
| Foreign owners, total | 1 007 200 | 0.4 |
| Total number of shares | 277 575 462 | 100.0 |

Board of Directors and auditors

Sponda's Board of Directors has six members: Klaus Cawén, Tuula Entelä, Timo Korvenpää, Lauri Ratia, Arja Talma and Erkki Virtanen. At its constitutive meeting after the AGM on 25 March 2009 the Board elected Lauri Ratia as its chairman and Timo Korvenpää as vice chairman.

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

Sponda Plc's auditors are APA Raija-Leena Hankonen and authorized public accountants KPMG Oy Ab, and APA Riitta Pyykkö is deputy auditor.

Martin Tallberg announced that he was resigning from the Board of Directors of Sponda Plc as of 25 August 2009.

Committees of the Board of Directors

The following were elected members of the Audit Committee after the AGM on 25 March 2009: Arja Talma, chairman, Timo Korvenpää, vice chairman and Erkki Virtanen, ordinary member.

The following were elected to the Structure and Remuneration Committee after the AGM on 25 March 2009: Lauri Ratia, chairman, Klaus Cawén, vice chairman, and Tuula Entelä, ordinary member.

Management

Sponda Plc's president and chief executive officer is Kari Inkinen. The Executive Board comprises the president and CEO, the CFO, the SVP Corporate Communications and IR, and the heads of the business units, in total seven persons.

Environmental responsibility

The real estate sector plays a major role in fighting climate change and promoting the wellbeing of the environment. Sponda takes environmental aspects into account in the design and use of properties.

Sponda has launched the "Sponda 10+" scheme, which will play a part in achieving the common goal of the entire real estate sector of a 9 % reduction in energy consumption by 2016. Sponda's scheme aims to raise the energy efficiency of properties, for example by renewing the technical systems and equipment in buildings. Ten properties have been chosen for the pilot project in the scheme, and Sponda and the users of the properties aim to identify areas with energy saving potential in the properties. Discussions have begun with the users of the properties on targets for the project. The costs saved will be re-invested in the property, so the clients will also benefit financially from the scheme. Sponda's head office is one of the properties in the pilot scheme

One goal for 2009 is to further develop the main guidelines for new projects. This utilizes the feedback received about completed projects and examines how implementing the guidelines has affected the environmental impact of buildings during their use.

Events after end of period

Sponda Plc and Metso Automation Oy signed an agreement on 27 October 2009 for production premises to be built in Hakkila, Vantaa. The new building, with a floor area of some 22,000 square metres, will be erected beside the Honkatalo logistics centre owned by Sponda at Vanha Porvoontie 229 in Vantaa. The new building will be leased in its entirety to Metso's Automation business line with a long-term, 15 year lease.

Sponda is also leasing to Metso some 12,000 square metres of office and warehouse premises in the Honkatalo office building next to the new building. Almost the entire office building will be occupied by Metso

Sponda's total investment is estimated at about EUR 40 million, and this will be financed by the sale of properties. Construction work on the new building is expected to begin in January 2010, and the project should be completed by the end of 2010. The new build investment meets the profitability targets set by Sponda for its development projects.

Prospects

Sponda forecasts that the company's net operating income will be higher than in 2008. The reasons for this are that during 2008 rent levels rose, and fully leased office and retail properties were completed and added to Sponda's investment property portfolio.

The company also forecasts that its economic occupancy rate will only decline slightly in 2009 from the figure at the end of 2008, even though the property market expects the number of vacant business premises to increase significantly in 2009. Sponda expects the occupancy rate not to decline during the last three months of 2009. The forecast for the occupancy rate is based on the company's assessment of the lease agreements that are starting or expiring by the end of 2009.

One assumption made when making the forecasts for 2009 is that, despite the uncertain market conditions, no significant losses of income will occur in 2009 due to the insolvency of tenants.

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 general recession and relate to changes in the fair value of properties, a decline in economic occupancy rates, a reduction in market rents and a decline in rental income resulting from the insolvency of tenants.

The values of properties follow the business cycle, and in the current market conditions it is possible that the value of Sponda's properties will fall even further by the end of 2009 in Finland and in Russia, mainly due to the fall in market rents. This may weaken the company's equity ratio and its profit.

The general economic situation in Finland and Russia may cause the solvency of Sponda's customers to weaken in 2009, which in turn may reduce Sponda's rental income and increase the vacancy rates in the properties owned by the company.

The operations in Russia increase Sponda's foreign exchange risk. The company hedges the cash flow risk in Russia for the coming 6 months.

Should the tax authorities decide to impose the taxes concerning Sponda Kiinteistöt Oy's confirmed losses during current financial year, Sponda will book the tax expense and may have to pay the taxes with interest during current financial year despite the fact that there would be no final decision on the matter. This would have a weakening effect on the company's result and equity.

Schedule for financial reporting

Sponda will publish its financial statements bulletin for 2009 on Friday, 5 February 2010. The date for the Annual General Meeting is 17 March 2010. Interim reports will be published in 2010 on 5 May 2010, 5 August 2010 and 3 November 2010.

5 November 2009
Sponda OIc
Board of Directors

Further information:

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NASDAQ OMX Helsinki
Media
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This interim report has been prepared applying IAS 34 (Interim Reports). The report is unaudited.

Sponda Plc

Consolidated income statement (IFRS)

M€

| | 7-9/09 | 7-9/08 | 1-9/09 | 1-9/08 | 1-12/08 |
|---|--------------|--------|---------------|--------|---------|
| <i>Total revenue</i> | | | | | |
| <i>Rental income and recoverables</i> | 58.9 | 54.6 | 173.9 | 155.1 | 210,8 |
| <i>Interest income from finance leasing agreements</i> | 0.1 | - | 0.2 | 0.2 | 0,3 |
| <i>Service income</i> | - | - | - | - | - |
| <i>Fund management fees and share of fund profit</i> | 2.8 | 2.3 | 9.1 | 10.8 | 13,1 |
| | 60.8 | 56.9 | 183.2 | 166.1 | 224,3 |
| <i>Expenses</i> | | | | | |
| <i>Maintenance expenses</i> | -13.1 | -12.2 | -44.8 | -39.5 | -55,5 |
| <i>Service expenses</i> | - | - | - | - | - |
| <i>Direct fund expenses</i> | -0.4 | -0.1 | -1.4 | -1.5 | -2,0 |
| | -13.6 | -12.3 | -46.2 | -41.0 | -57,5 |
| <i>Net operating income</i> | 47.2 | 44.6 | 137.0 | 125.1 | 166.8 |
| <i>Profit/loss on sales of investment properties</i> | 0.0 | 1.1 | 0.5 | 2.4 | 12.1 |
| <i>Valuation gains/losses</i> | -31.4 | -36.8 | -160.7 | -27.5 | -44.9 |
| <i>Allocation of goodwill</i> | 0.0 | 0.0 | 0.0 | 0.0 | -13.0 |
| <i>Profit/loss on sales of trading properties</i> | 2.6 | 3.6 | 2.8 | 5.8 | 21.5 |
| <i>Sales and marketing expenses</i> | -0.3 | -0.6 | -1.0 | -1.7 | -2.1 |
| <i>Administrative expenses</i> | -4.6 | -5.6 | -15.1 | -16.8 | -22.1 |
| <i>Share of result of associated companies</i> | 0.0 | -0.1 | 0.0 | -0.2 | -0.4 |
| <i>Other operating income</i> | 0.3 | 0.1 | 0.6 | 0.9 | 0.8 |
| <i>Other operating expenses</i> | -0.6 | -0.5 | -0.9 | -0.9 | -1.3 |
| <i>Operating result</i> | 13.1 | 5.8 | -36.7 | 87.1 | 117.3 |
| <i>Financial income</i> | 0.2 | 0.5 | 1.5 | 1.8 | 1.7 |
| <i>Financial expenses</i> | -16.6 | -19.5 | -51.1 | -56.8 | -76.7 |
| <i>Provision for interest expenses</i> | - | - | - | -0.1 | -0.1 |
| <i>Financial income and expenses, net</i> | -16.4 | -19.0 | -49.6 | -55.2 | -75.1 |
| <i>Result before taxes</i> | -3.3 | -13.2 | -86.4 | 31.9 | 42.2 |
| <i>Income taxes for current and previous fiscal years</i> | -0.8 | -0.1 | -2.0 | -0.2 | -1.3 |
| <i>Deferred taxes</i> | -2.0 | 3.4 | 0.4 | -7.4 | -11.8 |
| <i>Income taxes, total</i> | -2.8 | 3.3 | -1.6 | -7.6 | -13.1 |
| <i>Profit/loss for period</i> | -6.1 | -9.9 | -88.0 | 24.4 | 29.2 |
| <i>Attributable to:</i> | | | | | |
| <i>Equity holders of the parent company</i> | -6.1 | -9.9 | -87.9 | 24.4 | 29.3 |
| <i>Minority interest</i> | 0.0 | 0.0 | -0.1 | -0.1 | -0.1 |

Earnings per share based on profit attributable to equity holders of the parent company:

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Basic and diluted, € | -0.02 | -0.06 | -0.41 | 0.14 | 0.16 |
| Basic and diluted, attributable to equity holders, € | -0.03 | -0.07 | -0.45 | 0.12 | 0.13 |
| Basic and diluted, attributable to holders of hybrid loan, € | 0.01 | 0.02 | 0.04 | 0.02 | 0.03 |
| Average number of shares, million | | | | | |
| Basic and diluted, million | 277.6 | 178.0 | 214.8 | 178.0 | 178.0 |

Statement of comprehensive income (IFRS)

| | | | | | |
|---|-------|-------|-------|------|-------|
| Profit/loss for period | -6.1 | -9.9 | -88.0 | 24.4 | 29.2 |
| Other comprehensive income | | | | | |
| Net loss/profit from hedging cash flow | -2.1 | -20.4 | -15.8 | -2.7 | -39.9 |
| Translation difference | -3.8 | 1.7 | -0.2 | 1.2 | -2.0 |
| Other items | - | - | - | - | 0.1 |
| Taxes on comprehensive income | 2.1 | 5.0 | 4.2 | 0.5 | 10.4 |
| Other comprehensive income for period after taxes | -3.8 | -13.7 | -11.9 | -1.0 | -31.5 |
| Comprehensive profit/loss for period | -10.0 | -23.6 | -99.9 | 23.4 | -2.3 |
| Allocation of comprehensive profit/loss for period: | | | | | |
| Equity holders of parent company | -10.0 | -23.6 | -99.8 | 23.5 | -2.2 |
| Minority interest | 0.0 | 0.0 | -0.1 | -0.1 | -0.1 |

Consolidated balance sheet (IFRS)

M€

| ASSETS | 30.9.2009 | 31.12.2008 | 30.9.2008 | 1.1.2008 |
|-------------------------------------|-----------|------------|-----------|----------|
| Non-current assets | | | | |
| Investment properties | 2 768.8 | 2 915.5 | 2 878.1 | 2 539.4 |
| Investments in real estate funds | 57.8 | 60.6 | 61.5 | 35.0 |
| Property, plant and equipment | 14.4 | 14.5 | 14.5 | 15.7 |
| Goodwill | 14.5 | 14.5 | 27.5 | 27.5 |
| Other intangible assets | 0.0 | 0.0 | 0.0 | 4.1 |
| Finance lease receivables | 2.7 | 2.7 | 2.7 | 2.7 |
| Investments in associated companies | 2.9 | 3.3 | 3.5 | 0.0 |
| Long-term receivables | 4.7 | 4.7 | 22.3 | 26.4 |
| Deferred tax assets | 42.0 | 56.6 | 49.9 | 56.9 |
| Total non-current assets | 2 907.9 | 3 072.5 | 3 060.1 | 2 707.7 |

| | | | | |
|--|----------------|---------|---------|---------|
| <i>Current assets</i> | | | | |
| <i>Trading properties</i> | 24.2 | 29.5 | 35.4 | 37.2 |
| <i>Trade and other receivables</i> | 44.2 | 56.7 | 49.8 | 130.7 |
| <i>Cash and cash equivalents</i> | 31.7 | 16.0 | 40.4 | 27.4 |
| <i>Total current assets</i> | 100.0 | 102.3 | 125.6 | 195.3 |
| <i>Total assets</i> | 3 008.0 | 3 174.7 | 3 185.6 | 2 903.0 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| <i>Equity attributable to equity holders of parent company</i> | | | | |
| <i>Share capital</i> | 111.0 | 111.0 | 111.0 | 111.0 |
| <i>Share premium fund</i> | 159.5 | 159.5 | 159.5 | 159.5 |
| <i>Translation differences</i> | -1.6 | -1.4 | 1.7 | 0.7 |
| <i>Fair value fund</i> | -31.4 | -19.7 | 7.8 | 9.8 |
| <i>Revaluation fund</i> | 0.6 | 0.6 | 0.6 | 0.6 |
| <i>Reserve for invested unrestricted equity</i> | 412.0 | 209.7 | 209.7 | 209.7 |
| <i>Other equity fund</i> | 129.0 | 129.0 | 129.0 | - |
| <i>Retained earnings</i> | 321.5 | 418.4 | 413.3 | 444.6 |
| | 1 100.6 | 1 007.1 | 1 032.6 | 935.9 |
| <i>Minority interest</i> | 1.9 | 1.8 | 1.8 | 2.2 |
| <i>Total shareholders' equity</i> | 1 102.5 | 1 008.9 | 1 034.4 | 938.1 |
| <i>Liabilities</i> | | | | |
| <i>Non-current liabilities</i> | | | | |
| <i>Interest-bearing loans and borrowings</i> | 1 302.0 | 1 543.8 | 1 380.4 | 1 056.4 |
| <i>Provisions</i> | 0.1 | 8.7 | 11.4 | 15.0 |
| <i>Other liabilities</i> | 39.5 | 26.3 | 0.1 | 0.0 |
| <i>Deferred tax liabilities</i> | 192.6 | 216.7 | 213.2 | 213.7 |
| <i>Total non-current liabilities</i> | 1 534.2 | 1 795.5 | 1 605.0 | 1 285.2 |
| <i>Current liabilities</i> | | | | |
| <i>Current interest-bearing loans and borrowings</i> | 317.2 | 284.5 | 473.8 | 606.3 |
| <i>Trade and other payables</i> | 54.1 | 85.9 | 72.4 | 73.4 |
| <i>Total current liabilities</i> | 371.3 | 370.4 | 546.2 | 679.7 |
| <i>Total liabilities</i> | 1 905.5 | 2 165.8 | 2 151.2 | 1 964.8 |
| <i>Total shareholders' equity and liabilities</i> | 3 008.0 | 3 174.7 | 3 185.6 | 2 903.0 |
| <i>Interest-bearing liabilities</i> | 1 619.2 | 1 828.3 | 1 854.2 | 1 662.7 |

Consolidated statement of cash flows (IFRS)
M€

| | 1-9/2009 | 1-12/2008 | 1-9/2008 |
|---|---------------|-----------|----------|
| <i>Cash flow from operating activities</i> | | | |
| <i>Net profit for the period</i> | -88.0 | 29.2 | 24.4 |
| <i>Adjustments</i> | 211.5 | 134.6 | 84.2 |
| <i>Change in net working capital</i> | 10.1 | 49.8 | 80.6 |
| <i>Interest received</i> | 0.9 | 1.3 | 1.2 |
| <i>Interest paid</i> | -59.2 | -70.3 | -53.7 |
| <i>Other financial items</i> | -3.7 | -2.2 | -1.3 |
| <i>Dividends received</i> | 0.5 | 0.0 | 0.0 |
| <i>Taxes received/paid</i> | -1.8 | -1.8 | -0.2 |
| <i>Net cash from operating activities</i> | 70.3 | 140.7 | 135.2 |
| <i>Cash flow from investing activities</i> | | | |
| <i>Investments in investment properties</i> | -57.7 | -466.7 | -423.2 |
| <i>Investments in real estate funds</i> | -2.9 | -16.3 | -15.5 |
| <i>Investments in tangible and intangible assets</i> | -0.3 | -0.8 | -0.6 |
| <i>Proceeds from sale of investment properties</i> | 27.1 | 93.9 | 54.0 |
| <i>Proceeds from sale of intangible and tangible assets</i> | 0.0 | 0.0 | 0.0 |
| <i>Repayment of loan receivables</i> | 0.0 | - | - |
| <i>Net cash from investing activities</i> | -33.8 | -389.8 | -385.3 |
| <i>Cash flow from financing activities</i> | | | |
| <i>Proceeds from share issue</i> | 200.2 | - | - |
| <i>Proceeds from equity bond</i> | 0.0 | 128.6 | 128.6 |
| <i>Non-current loans, raised</i> | 91.2 | 540.7 | 350.1 |
| <i>Non-current loans, repayments</i> | -233.0 | -140.4 | -5.4 |
| <i>Current loans, raised / repayments</i> | -67.2 | -235.4 | -154.7 |
| <i>Interest paid on equity bond</i> | -11.4 | - | 0.0 |
| <i>Dividends paid</i> | 0.0 | -55.5 | -55.5 |
| <i>Net cash from financing activities</i> | -20.1 | 238.0 | 263.1 |
| <i>Change in cash and cash equivalents</i> | 16.4 | -11.1 | 13.0 |
| <i>Cash and cash equivalents, start of period</i> | 16.0 | 27.4 | 27.4 |
| <i>Impact of changes in exchange rates</i> | -0.8 | -0.3 | 0.0 |
| <i>Cash and cash equivalents, end of period</i> | 31.7 | 16.0 | 40.4 |

Changes in Group shareholders' equity
M€

| | Share capital | Share premium reserve | Translation differences | Fair value reserve | Revaluation reserve | Invested non-restricted equity reserve |
|---|---------------|-----------------------|-------------------------|--------------------|---------------------|--|
| <i>Equity at 31 Dec. 2007</i> | 111.0 | 159.5 | 0.7 | 9.8 | 0.6 | 209.7 |
| <i>Impact of adopting IAS 23</i> | | | | | | |
| <i>Adjusted equity 1 Jan. 2008</i> | 111.0 | 159.5 | 0.7 | 9.8 | 0.6 | 209.7 |
| <i>Comprehensive income in period</i> | | | 1.0 | -2.0 | | |
| <i>Change</i> | | | | | | |
| <i>Dividend payment</i> | | | | | | |
| <i>Options implemented and paid as shares</i> | | | | | | |
| <i>Equity at 30 September 2008</i> | 111.0 | 159.5 | 1.7 | 7.8 | 0.6 | 209.7 |

| | Other equity reserve | Retained earnings | Total | Minority holding | Total shareholders' equity |
|---|----------------------|-------------------|---------|------------------|----------------------------|
| <i>Equity 31 Dec. 2007</i> | - | 441.3 | 932.6 | 2.2 | 934.8 |
| <i>Impact of adopting IAS 23</i> | | 3.3 | 3.3 | | 3.3 |
| <i>Adjusted equity 1 Jan. 2008</i> | - | 444.6 | 935.9 | 2.2 | 938.1 |
| <i>Comprehensive income in period</i> | | 24.4 | 23.4 | -0.1 | 23.5 |
| <i>Change</i> | 129.0 | | 129.0 | -0.3 | 128.7 |
| <i>Dividend payment</i> | | -55.5 | -55.5 | | -55.5 |
| <i>Options implemented and paid as shares</i> | | -0.3 | -0.3 | | -0.3 |
| <i>Equity at 30 September 2008</i> | 129.0 | 413.3 | 1 032.6 | 1.8 | 1 034.4 |

| | Share capital | Share premium reserve | Translation differences | Fair value reserve | Revaluation reserve | Invested non-restricted equity reserve |
|---------------------------------------|---------------|-----------------------|-------------------------|--------------------|---------------------|--|
| <i>Equity 31 Dec. 2008</i> | 111.0 | 159.5 | -1.4 | -19.7 | 0.6 | 209.7 |
| <i>Comprehensive income in period</i> | | | -0.2 | -11.7 | | |
| <i>Change</i> | | | | | | 202.3 |
| <i>Equity 30 September 2009</i> | 111.0 | 159.5 | -1.6 | -31.4 | 0.6 | 412.0 |

| | Other equity reserve | Retained earnings | Total | Minority holding | Total share- holders' equity |
|---|----------------------------|----------------------|---------|---------------------|---------------------------------------|
| <i>Equity 31 Dec. 2008</i> | 129.0 | 418.4 | 1 007.1 | 1.8 | 1 008.9 |
| <i>Comprehensive income in period</i> | | -87.9 | -99.8 | -0.1 | -99.9 |
| <i>Interest paid on equity bond</i> | | -8.4 | -8.4 | | -8.4 |
| <i>Change</i> | | -0.6 | 201.7 | 0.2 | 201.9 |
| <i>Equity 30 September 2009</i> | 129.0 | 321.5 | 1 100.6 | 1.9 | 1 102.5 |

Notes to the Group's interim report

Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, applying the same accounting principles as those used for the 2008 financial statements. All the figures have been rounded, so the total of the individual figures may differ from the total amounts given. The figures in the interim report have not been audited.

Assessment of impact of new standards and interpretations

The following revised standards that came into force at the beginning of 2009 have had an impact on Sponda's consolidated reporting:

IAS 23 Borrowing costs: The revised standard requires the borrowing costs arising from purchasing, building or manufacturing a qualifying asset to be immediately included in the acquisition cost of the asset. For Sponda, this mainly affects the construction projects of its property development activities. The company adopted the standard retroactively, as from 1 January 2006. Previously, borrowing costs have been recognized in the financial period in which they were incurred. The change in the accounting principles affects borrowing costs and the change in the fair value of property development projects in the income statement. The figures in the 2008 interim reports and financial statements have been adjusted accordingly. The impact on the retained earnings at 1 January 2008 is EUR 3.3 million and on the net profit for 2008 EUR 2.6 million. The impact on the net profit for Q3 2008 was EUR 1.6 million and for the January-September 2008 period EUR 5.5 million

IAS 1 Presentation of Financial Statements: In accordance with the revised standard, as from the beginning of 2009 Sponda is presenting two separate statements, an income statement and a statement of comprehensive income. The revision also affects the presentation of the calculation of shareholders equity.

IAS 40 Investment Properties: As a result of the amendment to the standard, Sponda is presenting investment properties that are under construction at fair value. One condition for this, however, is that the fair value can be reliably measured. The fair value has not been measured for the development investments for the City-Center project in the centre of Helsinki. The amendment is not applied retroactively

IFRS 8 Operating segments: The standard states that segment information shall be based on regular internal reporting to management. After adopting the standard, Sponda has added Shopping Centres to segment reporting.

Deferred tax assets have not been recognized for the difference between the acquisition cost of a property and a lower fair value, if the property has been recognized as an asset item in accordance with IAS 12.15b and a tax liability was not originally recognized at the time of purchase for the difference between the acquisition cost and the taxable value of the property.

Segment information, income statement

M€

Business areas

| <i>Income statement 1-9/2009</i> | Office & Retail | Shop- ping cen- tres | Logis- tics | Proper- ty develo pment | Russia | Funds | Other | Group total |
|--------------------------------------|--------------------------------|---|------------------------|--|---------------|--------------|--------------|------------------------|
| <i>Total revenue</i> | 97.1 | 29.0 | 29.9 | 0.9 | 16.9 | 9.3 | 0.0 | 183.2 |

| | | | | | | | | |
|---|----------------------------|--------------------------|-------------------|-------------------------------|---------------|--------------|--------------|--------------------|
| Maintenance expenses and direct fund expenses | -24.4 | -6.3 | -8.1 | -2.0 | -4.0 | -1.4 | 0.0 | -46.2 |
| Net operating income | 72.7 | 22.7 | 21.8 | -1.1 | 12.9 | 8.0 | 0.0 | 137.0 |
| Profit on sale of investment properties | 0.2 | 0.0 | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 |
| Loss on sale of investment properties | 0.0 | 0.0 | -1.1 | 0.0 | 0.0 | 0.0 | 0.0 | -1.1 |
| Profit/loss on sale of trading properties | 2.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 |
| Valuation gains and losses | -38.6 | -11.3 | -26.4 | 4.0 | -82.7 | -5.6 | 0.0 | -160.7 |
| Allocation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Administration and marketing | -4.8 | -0.9 | -0.9 | -2.5 | -2.4 | -4.6 | 0.0 | -16.2 |
| Other operating income and expenses | 0.0 | -0.1 | 0.0 | -0.2 | 0.1 | 0.0 | 0.0 | -0.2 |
| Operating profit | 32.3 | 10.3 | -5.1 | 0.2 | -72.2 | -2.2 | 0.0 | -36.7 |
| | | | | | | | | |
| Capital expenditure | 9.8 | 12.6 | 0.7 | 16.2 | 0.9 | 2.9 | 0.4 | 43.5 |
| Segment assets | 1 435.5 | 542.9 | 400.7 | 227.0 | 179.9 | 57.8 | 164.2 | 3 008.0 |
| | | | | | | | | |
| Income statement 1-9/2008 | Office & Retail | Shop-ping centres | Logis-tics | Proper-ty develo-pment | Russia | Funds | Other | Group total |
| Total revenue | 94.2 | 21.7 | 28.3 | 1.3 | 9.9 | 10.7 | 0.0 | 166.1 |
| Maintenance expenses and direct fund expenses | -23.6 | -5.1 | -6.9 | -1.6 | -2.4 | -1.4 | 0.0 | -41.0 |
| Net operating income | 70.6 | 16.6 | 21.4 | -0.3 | 7.5 | 9.3 | 0.0 | 125.1 |
| Profit on sale of investment properties | 1.8 | 0.0 | 0.0 | 0.8 | 0.0 | 0.0 | 0.0 | 2.6 |
| Loss on sale of investment properties | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 |
| Profit/loss on sale of trading properties | 4.0 | 0.0 | 0.0 | 0.3 | 0.0 | 1.5 | 0.0 | 5.8 |
| Valuation gains and losses | -22.2 | -0.1 | -14.0 | -0.6 | 0.0 | 9.4 | 0.0 | -27.5 |
| Administration and marketing | -5.0 | -0.9 | -1.5 | -2.6 | -3.7 | -4.8 | 0.0 | -18.5 |
| Other operating income and expenses | -0.8 | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | -0.2 |
| Operating profit | 48.2 | 15.6 | 5.9 | -2.4 | 4.4 | 15.4 | 0.0 | 87.1 |
| | | | | | | | | |
| Capital expenditure | 25.7 | 33.5 | 22.5 | 151.3 | 187.9 | 15.5 | 0.6 | 437.0 |
| Segment assets | 1 417.1 | 454.5 | 348.3 | 421.0 | 267.5 | 61.4 | 215.8 | 3 185.6 |

Geographical areas

| 30 September 2009 | Income | Assets |
|-------------------|--------|---------|
| Finland | 166.3 | 2 828.1 |
| Russia | 16.9 | 179.9 |
| Total | 183.2 | 3 008.0 |

| 30 September 2008 | Income | Assets |
|-------------------|--------|---------|
| Finland | 156.2 | 2 918.1 |
| Russia | 9.9 | 267.5 |
| Total | 166.1 | 3 185.6 |

Investment properties M€

| | 30.9.2009 | 31.12.2008 | 30.9.2008 |
|---|-----------|------------|-----------|
| Fair value of investment properties, start of period | 2 915.5 | 2 534.9 | 2 534.9 |
| Impact of adopting IAS 23 on balance at start of period | | 4.5 | 4.5 |
| Purchase of investment properties | | 210.6 | 210.6 |
| Other capital expenditure on investment properties | 40.2 | 275.0 | 210.3 |
| Disposal of investment properties | -36.6 | -82.8 | -52.8 |
| Transfers to/from property, plant and equipment | 0.0 | 1.3 | 1.3 |
| Transfers from trading properties | 2.0 | 14.7 | 0.0 |
| Other transfers | 0.0 | -2.5 | -2.5 |
| Capitalized equity expenses, increase in period | 2.7 | 12.4 | 8.7 |
| Valuation gains/losses | -155.0 | -52.6 | -36.8 |
| Fair value of investment properties, end of period | 2 768.8 | 2 915.5 | 2 878.1 |

On 30 September 2009 Sponda had a total of 202 properties, with an aggregate leasable area of about 1.5 million m². Of this, some 52 % is office and retail premises, 9 % shopping centres and 36 % logistics premises. Some 3 % of the leasable area of the properties is located in Russia.

The fair values of Sponda's investment properties are confirmed based on the company's own calculations in which Sponda applies the yield method based on cash flow analysis. The assessment method meets the requirements of the IVS (International Valuation Standards). All the material used to calculate the fair values of the properties is audited at least twice a year by a qualified independent assessor to ensure that the parameters used by Sponda and the values these have generated are consistent with market trends.

At the end of September 2009 an external evaluator assessed the value of Sponda's investment properties. The change in fair value in July – September was EUR -31.4 million (30 September 2008: EUR -36.8 million) and in January –September EUR -160.7 (-27.5) million. In the third quarter, the main factors affecting the fair value were changes

in market rents for properties and the increase in vacancy rates. The assessments were made by Catella Property Group in Finland and CB Richard Ellis in Russia, and their statements can be seen on the company's Internet site. Sponda's land sites values were assessed by Newsec. An external evaluator did not make value assessments during the third quarter of 2009 of the properties owned by the real estate funds in which Sponda is a minority shareholder.

The Group's most significant investment commitments

In the City-Center project, construction work is continuing on the underground service facilities and the shafts for technical services. The next phase involves construction of the office building, the retail premises on the third floor, and the light shaft into the shopping centre, and this will begin at the earliest towards the end of 2009. It is estimated that the renovation of the City-Center complex will be completed in 2012 and the total investment will be some EUR 110 million.

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

Property, plant and equipment M€

| | 30.9.2009 | 31.12.2008 | 30.9.2008 |
|--|------------------|-------------------|------------------|
| <i>Carrying amount, start of period</i> | 14.5 | 15.7 | 15.7 |
| <i>Additions</i> | 0.3 | 0.8 | 0.6 |
| <i>Disposals</i> | - | 0.0 | - |
| <i>Reclassifications to/from investment properties</i> | - | -1.3 | -1.3 |
| <i>Other transfers</i> | - | -0.1 | -0.1 |
| <i>Depreciation for the period</i> | -0.4 | -0.6 | -0.4 |
| <i>Carrying amount, end of period</i> | 14.4 | 14.5 | 14.5 |
| Trading properties | 30.9.2009 | 31.12.2008 | 30.9.2008 |
| M€ | | | |
| <i>Carrying amount, start of period</i> | 29.5 | 37.2 | 37.2 |
| <i>Disposals and other changes</i> | -3.3 | -4.5 | -1.8 |
| <i>Increases</i> | | | |
| <i>Reclassifications to investment properties</i> | -2.0 | -3.1 | - |
| <i>Carrying amount, end of period</i> | 24.2 | 29.5 | 35.4 |

Contingent liabilities Collateral and commitments given by the Group M€

| | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|-----------|-----------|------------|
| <i>Loans from financial institutions, covered by collateral</i> | 141.3 | 35.7 | 50.3 |

| | | | |
|---|------------------|------------------|-------------------|
| <i>Mortgages</i> | 269.2 | 80.2 | 109.2 |
| <i>Book value of pledged shares</i> | 16.9 | - | 17.0 |
| <i>Guarantees</i> | - | - | 57.6 |
| <i>Total collateral</i> | 286.0 | 80.2 | 183.8 |
| | | | |
| Lease and other liabilities | 30.9.2009 | 30.9.2008 | 31.12.2008 |
| M€ | | | |
| <i>Lease liabilities</i> | 104.1 | 45.0 | 44.6 |
| <i>Other liabilities</i> | - | 0.1 | |
| <i>Mortgages</i> | 2.9 | 2.8 | 3.0 |
| <i>Guarantees</i> | 13.4 | 7.9 | 7.3 |
| | | | |
| | | | |
| Interest derivatives | 30.9.2009 | 30.9.2008 | 31.12.2008 |
| M€ | | | |
| <i>Swap contracts, notional value</i> | 997.8 | 645.0 | 915.0 |
| <i>Swap contracts, fair value</i> | -42.7 | 7.5 | -27.0 |
| <i>Cap options purchased, notional value</i> | 382.5 | 517.5 | 187.5 |
| <i>Cap options purchased, fair value</i> | 1.1 | 12.5 | 1.0 |
| <i>Forward rate agreements, notional value</i> | - | - | - |
| <i>Forward rate agreements, fair value</i> | - | - | - |
| | | | |
| | | | |
| Currency derivatives | | | |
| M€ | | | |
| <i>Currency forward, notional value</i> | - | - | 5.1 |
| <i>Currency forward, fair value</i> | - | - | 0.0 |
| | | | |
| <i>Currency options, bought, notional value</i> | 4.7 | 4.8 | - |
| <i>Currency options, put, notional value</i> | 4.7 | 4.8 | - |
| <i>Net fair value of currency options</i> | 0.0 | 0.0 | - |

Key figures

| | 7-9/09 | 7-9/08 | 1-9/09 | 1-12/08 | 1-9/08 |
|---|---------------|--------|---------------|---------|--------|
| <i>Earnings per share, €</i> | -0.02 | -0.06 | -0.41 | 0.16 | 0.14 |
| <i>Equity ratio, %</i> | | | 37 | 32 | 33 |
| <i>Gearing, %</i> | | | 144 | 180 | 175 |
| <i>Equity per share, €</i> | | | 3.50 | 4.93 | 5.08 |
| <i>Cash flow from operations per share, €</i> | 0.10 | 0.19 | 0.41 | 0.78 | 0.48 |
| <i>EPRA, NAV, net assets per share, €</i> | | | 4.14 | 6.04 | 6.06 |

Calculation of financial ratios

| | | |
|---|---|--|
| Earnings/share, € | = | Share of earnings for the period attributable to equity holders of the parent company |
| | | Adjusted average number of shares during the period |
| Earning/share, attributable to equity holders, € | = | Share of earnings for the period attributable to equity holders of the parent company - interest of the hybrid bond |
| | | Adjusted average number of shares during the period |
| Earning/share, attributable to hybrid bond holders, € | = | Interest of the hybrid bond |
| | | Adjusted average number of shares during the period |
| Equity ratio, % | = | 100 x Shareholders' equity |
| | | Balance sheet total – advances received |
| Gearing, % | = | 100 x Interest-bearing liabilities - cash and cash equivalents |
| | | Shareholders' equity |
| Equity/share, € | = | Equity attributable to equity holders of parent company - Other equity reserve |
| | | Basic number of shares on the last day of the reporting period |
| Cash flow from operations/share, € | = | Operating profit |
| | | -/+ Valuation gains/losses |
| | | + Allocation of goodwill |
| | | + Depreciation in administration |
| | | +/- Changes in provisions |
| | | +/- Defined benefit pension expenses |
| | | - Financial income & expenses affecting cash flow |
| | | - Taxes affecting cash flow |
| | | +/- Other items |
| | | Average weighted number of shares during the period |
| EPRA NAV, net assets per share, € | = | Equity attributable to equity holders of parent company |
| | | - Other equity reserve |
| | | + Deferred tax relating to the fair valuation of property and to property depreciation allowances |
| | | - Goodwill relating to deferred tax liability |
| | | Basid number of shares on the last day of the reporting period |

Related party transactions

The following transactions took place with related parties:

Rental income from state institutions and companies totalled EUR 16.8 million in January-September 2009 (1-12/2008: EUR 23.9 million).

| <i>Management employee benefits</i> | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|--|------------------|------------------|-------------------|
| <i>Salaries and other short-term employee benefits</i> | 1.9 | 1.8 | 2.3 |
| <i>Share-based payments</i> | 0.3 | 0.3 | 0.3 |
| <i>Total</i> | 2.2 | 2.1 | 2.6 |

Events after end of period

Sponda Plc and Metso Automation Oy signed an agreement on 27 October 2009 for production premises to be built in Hakkila, Vantaa. The new building, with a floor area of some 22,000 square metres, will be erected beside the Honkatalo logistics centre owned by Sponda at Vanha Porvoontie 229 in Vantaa. The new building will be leased in its entirety to Metso's Automation business line with a long-term, 15 year lease.

Sponda is also leasing to Metso some 12,000 square metres of office and warehouse premises in the Honkatalo office building next to the new building. Almost the entire office building will be occupied by Metso

Sponda's total investment is estimated at about EUR 40 million, and this will be financed by the sale of property. Construction work on the new building is expected to begin in January 2010, and the project should be completed by the end of 2010. The new build investment meets the profitability targets set by Sponda for its development projects.