

Interim Report

1.1.–30.9.2008

SPONDA



Sponda Plc Interim report January – September 2008

Sponda Group's total revenue increased to EUR 166.1 million (30 September 2007: EUR 157.4 million) and net operating income after property maintenance costs and direct costs for funds rose to EUR 125.1 (113.7) million.

Operating profit was EUR 88.4 (215.1) million. The figure includes a revaluation of investment properties of EUR -26.2 (92.4) million. The change in value of Sponda's property portfolio in the third quarter was EUR -35.6 million, which comprised mainly a decline in the values of investment properties. The economic occupancy rate of Sponda's properties was 91.7 % (90.3 %) at the end of September 2008.

Result of operations and financial position January – September 2008 (compared with same period in 2007)

- Total revenue increased to EUR 166.1 (157.4) million.
- Net operating income rose to EUR 125.1 (113.7) million.
- Operating profit was EUR 88.4 (215.2) million. The change in value of investment properties was EUR -26.2 (92.4) million.
- Profit after tax was EUR 18.9 (118.7) million.
- Earnings per share were EUR 0.17 (1.11)
- Cash flow from operations per share was EUR 0.48 (0.59).
- The investment properties had a fair value of EUR 2,866.3 (2,386.2) million.
- Net assets per share totalled EUR 8.06 (8.23).
- EPRA net assets per share were EUR 9.60 (9.80).
- The economic occupancy rate was 91.7 % (90.3 %).
- Like-for-like rental growth during the past two years for the property portfolio that Sponda has owned for two years was 7.19 % for office and retail property and 3.59 % for logistics property.

Result of operations and financial position July – September 2008 (compared with same period in 2007):

- Total revenue was EUR 56.9 (49.2) million.
- Net operating income was EUR 44.6 (36.2) million.
- Operating profit was EUR 7.0 (68.7) million, which included negative revaluation of EUR -35.6 million (EUR 36.0 million).
- The result after tax was EUR -11.6 (39.0) million.
- Earnings per share were EUR -0.10 (0.35).
- Cash flow from operations per share was EUR 0.19 (0.15).

Key figures

	7-9/08	7-9/07	1-9/08	1-9/07	1-12/07
<i>Economic occupancy rate, %</i>			91.7	90.3	91.2
<i>Total revenue, M€</i>	56.9	49.2	166.1	157.4	210.9
<i>Net operating income, M€</i>	44.6	36.2	125.1	113.7	152.8
<i>Operating profit, M€</i>	7.0	68.7	88.4	215.2	256.7
<i>Earnings per share, €</i>	-0.10	0.35	0.17	1.11	1.27
<i>Cash flow from operations per share, €</i>	0.19	0.15	0.48	0.59	0.81
<i>Net assets per share, €</i>			8.06	8.23	8.40

<i>EPRA net assets per share, €</i>		9.60	9.80	10.04
<i>Equity ratio, %</i>		32	35	32
<i>Gearing, %</i>		177	155	175

President and CEO Kari Inkinen

"Sponda's cash flow from operations and economic occupancy rate have continued to develop positively compared to the corresponding situation in 2007. The company's property development projects are being completed on schedule and the company will meet its target of a profit margin of 15 % on the projects. Thorough consideration is given to future development projects before starting them in the present state of the market, and any future investments will be financed by selling property in Finland. Sponda's decisions to make investments are based on the condition that the investment calculations for the property show that it meets the 15 % target profit margin, at least 50 % of the property has been leased in advance, and financing has been arranged.

I am satisfied with Sponda's successes in a challenging market. We sold a hotel property in the centre of Helsinki in July and an office and retail property in the centre of Tapiola, in Espoo in October. In addition, as planned we arranged the refinancing of a bond loan in a challenging financial market in October. In my opinion this shows that investors and financiers consider Sponda to be an expert and reliable company.

Regarding the property portfolio in Russia, I am satisfied with the existing strong cash flow at the moment. The latest investment, Ducat II, is a high quality office building in high demand in the centre of Moscow, and I believe that the property's occupancy rate will also remain high in the future. Sponda is monitoring the property market in Russia, and will be scrutinizing any investments extremely carefully. Sponda has no local financial arrangements in Russia."

Prospects

Sponda expects its net operating income for 2008 to improve from the previous year. This estimate is based on the higher average rents and improved economic occupancy rate. The economic occupancy rate in 2008 is forecast to be lower than at the end of 2007. The change from the forecast in the previous quarter, which expected the occupancy rate to be the same as in 2007, is because leasing of the logistics centre at Vuosaari Harbour has been slower than expected.

The earnings per share in 2008 is estimated to improve from the figure for 2007, after eliminating from the figures the fair value revaluations. In order to reach this target, Sponda will need to complete the planned property sales in 2008. Some EUR 150 million of capital is allocated to property development in 2008. Coupled with the rise in forecast financing costs, this means that the cash flow from operations per share, which includes capital gains and losses on the sale of properties, is expected to be slightly below the comparable figure for 2007.

Business conditions – Finland

Finland's property market has slowed down since the beginning of the year. According to initial estimates from the Finnish Institute for Real Estate Economics (KTI), property transactions with a value of some EUR 3.2 billion had been carried out by the end of August, compared with EUR 2.7 billion at the end of June.

The occupancy rate for office premises is expected to decrease slightly due to the new property being completed in the Helsinki metropolitan area in 2009. The occupancy rate in Helsinki's central business district is expected to remain at the previous, higher level.

The occupancy rate for retail premises remains high, and the retail premises being completed are expected to find both users and customers.

The occupancy rate for logistics premises is also high. Modern storage premises will be completed during 2008 in the Helsinki metropolitan area. As a result, the occupancy rate is expected to decrease slightly, especially for older property that is in poor condition.

Business conditions - Russia

Due to the global financial crisis, the investment market in Russia has changed. Development investments have been suspended as a result of the difficulties with the availability of finance, and the buying and selling of completed properties has slowed down. According to Colliers International, many properties are on offer.

Demand for office premises in St Petersburg and Moscow has been active and there is a shortage of high-quality office premises, especially in Moscow. Rents are estimated to be still on a positive course, although increases are more moderate. The vacancy rate in Moscow and St Petersburg is on average less than 5 %.

The retail property market in Russia has expanded extremely rapidly due to strong economic growth and the resulting increase in consumption. In Moscow demand is still greater for retail premises than supply, but in St Petersburg construction of new retail property has slowed down compared to recent years. It is estimated that the rise in rents has evened off and the vacancy rate is about 5 %.

The vacancy rate for logistics premises in St Petersburg is currently some 3 % and in Moscow close to zero. It is estimated that rents for logistics properties are rising moderately.

Sponda's operations in January – September 2008

Sponda owns, leases and develops business properties in Finland, mainly in the Helsinki Metropolitan Area and in the largest cities, and in Russia. Sponda's operations are organized in five business units: Office & Retail Properties, Logistics Properties, Property Development, Real Estate Funds, and Russia & the Baltic States.

Net operating income from Sponda's property assets totalled EUR 125.1 million at the end of September (30 September 2007: EUR 113.7 million). Office & Retail accounted for 70 % of this, Logistics for 17 %, Real Estate Funds for 7 % and Russia & the Baltic States for 6 %. Like-for-like rental growth during the past two years for the property portfolio that Sponda has owned for two years (not including the property that came in the Kapiteeli acquisition) was 7.19 % for office and retail property and 3.59 % for logistics property. Rental growth is calculated in accordance with EPRA recommendations.

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

<i>Type of property</i>	30.9.08	30.6.08	31.3.08	31.12.07
<i>Offices and retail, %</i>	91.5	91.5	91.2	91.0
<i>Logistics, %</i>	88.3	87.5	92.8	91.9
<i>Russia & the Baltic States</i>	100.0	100.0	100.0	100.0
<i>Total property portfolio, %</i>	91.7	91.1	92.0	91.2
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<i>Geographical area</i>	30.9.08	30.6.08	31.3.08	31.12.07
<i>Helsinki Business District, %</i>	90.3	91.9	90.9	90.6
<i>Helsinki Metropolitan Area, %</i>	91.2	90.6	90.3	90.2

<i>HMA logistics, %</i>	86.8	85.8	91.8	90.6
<i>Other areas, %</i>	98.2	96.9	97.8	96.9
<i>Total property portfolio, %</i>	91.7	91.1	92.0	91.2

Total cash flow derived from leasing agreements on 30 September 2008 was EUR 843 million (30 September 2007: EUR 779 million) and the average length of all the agreements was 4.3 (4.3) years. The average length of leasing agreements for office and retail properties was 4.6 years and for logistics premises it was 3.0 years. Sponda signed a total of 182 new leases (80,000 m²) during July – September 2008 and 128 leases (48,000 m²) expired. The lease agreements for Sponda's property portfolio expire as follows:

<i>Expiry within</i>	<i>% of rental income</i>
1 year	13.6
2 years	12.5
3 years	18.0
4 years	5.0
5 years	7.6
6 years	4.3
More than 6 years	23.1
Open ended	15.9

Property portfolio

On 30 September 2008 Sponda had a total of 207 properties, with an aggregate leasable area of about 1.4 million square metres. Of this 65 % are office and retail premises and 35 % logistics premises.

At the end of September 2008 Sponda's property portfolio was assessed by Catella Property Group. Their official statement, including the principles used for calculating the values, can be read on Sponda's year-end financial statements and on company's Internet site.

During January – September 2008 Sponda recorded valuation losses from assessing its investment property at fair value of EUR -26.2 million. At the end of the period the entire property portfolio had a fair value of EUR 2,866.3 million (30 September 2007: EUR 2,386.2 million).

In July – September the valuation losses on assessing Sponda's investment property at fair value were EUR -35.6 million (30 September 2007: EUR 36.0 million). The main factor in this change was the rise in the yield requirements for properties.

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

	7-9/2008	1-9/2008
<i>Changes in yield requirements</i>	-34.2	-45.6
<i>Profit from property development projects</i>	0.0	1.0
<i>Modernization investments</i>	-8.5	-20.9
<i>Change in market rents and maintenance costs</i>	7.1	29.9
<i>Investment properties, total</i>	-35.6	-35.6
<i>Real estate funds</i>	-	9.4
<i>Group, total</i>	-35.6	-26.2

The changes in Sponda's investment property assets since the beginning of 2008 by business unit were as follows:

Sponda's investment properties	Group, total	Office & Retail	Logistics	Property Development	Russia & Baltic
<i>Operating income</i>	155.4	115.9	28.3	1.3	9.9
<i>Maintenance costs</i>	-39.6	-28.7	-6.9	-1.6	-2.4
<i>Net operating income</i>	115.8	87.2	21.4	-0.3	7.5
<i>Fair value of investment properties at 1 Jan 2008</i>	2 534.9	1 883.9	327.6	246.2	77.2
<i>Acquisitions in 2008</i>	210.6	8.3	18.7	0.0	183.6
<i>Investments</i>	210.3	50.9	3.8	151.3	4.3
<i>Other transfers</i>	-1.2	-1.2	12.1	-12.1	0.0
<i>Sales in 2008</i>	-52.8	-51.9	0.0	-0.9	0.0
<i>Valuation gains/losses</i>	-35.5	-21.1	-13.9	-0.5	0.0
<i>Fair value of investment properties at 30 September 2008</i>	2 866.3	1 868.9	348.3	384.0	265.1
<i>Change in fair value %</i>	-1.4	-1.1	-4.2	-0.2	0.0
<i>Annual net operating income/fair value at 30 September 2008 (*</i>	6.7 %	6.3 %	8.4 %		9.3 %
<i>Yield requirement used in calculating fair value -%</i>		5.2-10.0	7.25-8.70		
<i>Weighted average yield requirement -% for entire portfolio</i>	6.6				

*) Excluding property development

Investments and divestments

During the January – September 2008 period Sponda purchased investment properties for altogether EUR 210.6 million, with EUR 120.2 million of this being spent during the third quarter. During January – September Sponda sold investment properties for EUR 52.8 million, with the third quarter accounting for EUR 44.6 million of these sales.

Capital expenditure on property maintenance amounted to EUR 20.9 million in the January – September period, with expenditure in July – September accounting for EUR 8.5 million of this. Sponda invested EUR 189.4 million in property development during the first nine months of the year, and the third quarter accounted for EUR 65.9 million of this. This was spent on the projects in progress, such as the renovation of the City-Center complex in the centre of Helsinki, the logistics centre at Vuosaari Harbour, the office properties in the Ruoholahti and Sörnäinen districts of Helsinki, and the retail property in the Itäkeskus district of Helsinki.

Office and Retail Properties

The economic occupancy rate for the Office and Retail Properties unit improved from the previous year to 91.5 % (30 September 2007: 90.0 %). The positive trend was seen particularly in the Helsinki metropolitan area. The property portfolio had a fair value on 30 September 2008 of EUR 1,868.9 (1,854.6) million, Valuation losses from assessing at fair value amounted to EUR - 21.1 (41.7) million. Office and retail property had a leasable area of about 860,000 m². The unit's total revenue, net operating income and operating profit were as follows:

<i>Office and retail, M€</i>	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<i>Total revenue</i>	39.1	36.1	115.9	117	154.4
<i>Net operating income</i>	30.2	26.8	87.2	85.5	113.8
<i>Operating profit</i>	9.3	55.3	65.0	170.9	197.4

During the third quarter of 2008 Sponda purchased office and retail property for EUR 1.3 million. Sponda sold property for EUR 44.6 million. Capital expenditure on property maintenance totalled EUR 18.1 million during the January – September period, and EUR 7.2 million of this was spent in the third quarter.

During the review period Sponda sold real estate company Kluuvikatu 8 to a real estate equity fund managed by Exilion Capital Oy for approximately EUR 42 million. The property is rented under a long-term lease to Sokotel Oy, and Sokos Hotelli Helsinki functions on the premises.

Logistics Properties

The economic occupancy rate for the Logistics Properties unit was 88.3 % (30 September 2007: 91.0 %). The decline was due to the ending of the lease on an 18,000 m² property in Vantaa. The unit's properties had a fair value of EUR 348.3 (297.5) million at the end of September, and valuation losses/gains totalled EUR -13.9 (23.7) million. The property portfolio had a leasable area of about 485,000 m². The unit's total revenue, net operating income and operating profit were as follows:

<i>Logistics, M€</i>	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<i>Total revenue</i>	9.4	7.9	28.3	22.8	32.0
<i>Net operating income</i>	7.4	6.1	21.4	16.9	24.2
<i>Operating profit</i>	-4.1	14.5	6.0	40.5	47.0

During the third quarter of 2008 Sponda neither purchased nor sold any logistics property. Capital expenditure on property maintenance totalled EUR 2.9 million in the January – September period, and EUR 1.3 million of this was spent in the third quarter.

Property Development

The book value of Sponda's property development portfolio at the end of September 2008 was EUR 384.0 million. Undeveloped land sites accounted for some EUR 74 million of this, and the remainder, EUR 310 million, was tied up in property development projects in progress.

Altogether EUR 151.3 million was spent on developing properties and new purchases during January – September 2008, and EUR 57.1 million of this was spent during the third quarter. Sponda assesses development projects at fair value after the project is completed, and the company aims to obtain development gains of 15 % on the investment costs of projects. All of Sponda's property development projects, except for the City-Center complex, will be completed at the end of 2008 and financing for these investments has been arranged.

The current phase of the City-Center project, construction of the underground service facilities for the city centre service tunnel, is progressing on schedule. The renovation of the City-Center

complex is expected to be completed in 2011 and the total investment is estimated at some EUR 110 million.

Construction of the logistics area, gatehouse building, car park building and passenger terminal at Vuosaari Harbour is progressing on schedule. About 40 % of the premises have been leased at this point. The project will have a total investment value of roughly EUR 140 million, and the first phase, due for completion at the end of November 2008, accounts for EUR 100 million of this. Sponda is responsible for developing, leasing and managing all the premises that it owns.

On 11 April 2008, Sponda Plc and the Port of Helsinki signed a contract to build the Vuosaari Harbour Service Center. The project will be carried out in three phases, and the total investment for the first phase will be about EUR 12 million. At present 67 % of the premises in the Vuosaari Service Center have been leased, and the main tenants will be Multilink Oy and Stevco Oy.

The retail property in the Itäkeskus district in Helsinki will be completed by the end of 2008 and will be taken into use at the beginning of 2009. The total investment value for the property will be about EUR 56 million and it will have a leasable area of 21,500 m². The property has been leased in its entirety to HOK-Elanto.

The office building at Porkkalankatu 22 in the Ruoholahti district of Helsinki will also be completed at the end of 2008. The investment value of the project will be about EUR 29 million and it will have a leasable area of 13,500 m². The building has been fully leased, and the main tenants will be Altia Corporation and Diacor Oy.

The office building at Lautatarhankatu 2 in the Sörnäinen district of Helsinki will be ready at the end of 2008. The building has been fully leased and its main tenant will be Tradeka Oy, which will move its head office into the new premises. The project will have a total investment cost of about EUR 22 million and the property will have a leasable area of 9200 m².

Sponda is developing the Ratina shopping centre in Tampere and carrying out other development projects in adjacent areas. The area will house a 55,000 m² shopping centre, 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.

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 unit's total revenue, net operating income and operating profit were as follows:

<i>Real estate funds, M€</i>	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<i>Total revenue</i>	2.5	2.6	10.7	7.7	14.5
<i>Net operating income</i>	2.7	2.2	9.3	4.9	10.0
<i>Operating profit</i>	0.9	1.4	15.4	2.3	6.8

First Top LuxCo (Sponda's holding 20 %) invests in office and retail properties outside Finland's largest cities. At the end of September 2008 the fund's property investments had a fair value of EUR 109 million.

Sponda Real Estate Fund I Ky (Sponda's holding 46 %) invests in logistics sites outside the Helsinki metropolitan area. The fund has reached its target and at the end of September 2008 the properties it owned had a fair value of EUR 205 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 2008 was EUR 76.2 million.

In addition to those mentioned above, Sponda is also responsible for managing the properties in the property portfolio, with a value of just under EUR 300 million, sold in March 2007 to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III.

Russia & the Baltic countries

At the end of September 2008, the economic occupancy rate for the Russia and Baltic countries unit was 100 % (30 September 2007: 100 %). The property portfolio had a fair value at the end of September of EUR 265.1 million. Capital expenditure in the January – September period on property development and new purchases totalled EUR 187.9 million, and EUR 121.2 million of this was spent in the third quarter. The unit's total revenue, net operating income and operating profit were as follows:

<i>Russia & the Baltic countries, M€</i>	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<i>Total revenue</i>	5.6	0.6	9.9	1.3	1.9
<i>Net operating income</i>	4.3	0.4	7.5	1	1.5
<i>Operating profit</i>	3.1	0.0	4.4	-0.4	-0.4

In July 2008 Sponda purchased the Ducat II office property located in the centre of Moscow for USD 185 million from LR Ducat Holding AB. Sponda has a net operating income target of more than 9 % for the property.

Ducat II lies in a central location close to Tverskaya Street and Pushkin Square, near to Mayakovskaya metro station. The fully leased property has about 14,300 square metres of A-grade office premises, 1300 square metres of retail property and parking for 143 vehicles. The purchase was financed by credit facilities agreed in March 2008.

Cash flow and financing

Sponda's net cash flow from operations on 30 September 2008 totalled EUR 135.2 million (30 September 2007: EUR 257.3 million). Net cash flow from investing activities was EUR -385.3 (122.9) million and after financing activities was EUR 263.1 (-398.4) million.

Net financial income and expenses during the review period totalled EUR -63.8 (-55.4) million. The higher figure was due mainly to the increase in loans and the slight rise in interest rates. No interest expenses for property development projects have been capitalized during 2008.

Sponda's equity ratio on 30 September 2008 was 32 % (30 September 2007: 35 %) and gearing was 177 % (155 %). The decline in the equity ratio was due to the investments made during the review period, which were mainly financed with long-term loans. The net change in the fair value of investment properties, which has an impact on the equity ratio, was EUR – 26.2 million in January – September 2008. Interest-bearing debt amounted to EUR 1,854.1 (1,427.7) million, the average maturity of Sponda's loans was 3.1 (2.9) years and the average interest rate 4.8 % (4.5 %). Fixed-rate and interest-hedged loans accounted for 63 % of the loan portfolio. The average interest-bearing period of the whole debt portfolio was 2.2 (3.3) years. The interest margin, which describes the company's solvency, was 2.0 (2.0).

Sponda applies hedge accounting, so that the changes in fair value of interest swap contracts and interest options that meet the criteria for hedge accounting are recognized under shareholders' capital in the balance sheet.

Sponda Group's debt portfolio on 30 September 2008 comprised EUR 650 million in syndicated loans, EUR 359 million in bonds, EUR 210 million in issued commercial papers, and EUR 636

million in loans from financial institutions. Sponda had EUR 150 million in unused credit limits. The credit limits are a back-stop facility for the commercial papers. Sponda Group has mortgaged loans of EUR 35.7 million or 1.1 % of the company's balance sheet.

Personnel and administration

During the January-September period Sponda Group had on average 138 employees (219 in the corresponding period of 2007), of whom 127 (135) worked for the parent company Sponda Plc. On 30 September 2008 Sponda Group had altogether 140 (216) employees, of whom 128 (134) were employed in the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in the January - September 2008 period totalled EUR 18.5 million (January-September 2007: EUR 25.9 million). The number of personnel in the corresponding period of 2007 includes Ovenia Oy's personnel.

All Sponda employees are included in the company's 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. 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 Oyj), 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.

The Sponda share

The weighted average price of the Sponda share in the January-September 2008 period was EUR 6.79. The highest quotation on the Helsinki Stock Exchange was EUR 8.75 and the lowest EUR 4.21. Turnover during January-September totalled 67.2 million shares or EUR 455 million. The closing price of the share on 30 September 2008 was EUR 4.24, and the market capitalization of the company's share capital was EUR 471 million.

The Annual General Meeting on 19 March 2008 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 during the January-September period.

At the end of the review period on 30 September 2008 Sponda's ownership structure was as follows:

	Number of shares	% of total
<i>The Finnish State</i>	38 065 498	34.3
<i>Other public entities</i>	3 924 154	3.5
<i>Nominee registered</i>	56 676 851	51.1
<i>Households</i>	8 512 314	7.7
<i>Non-profit organizations, total</i>	1 460 065	1.3
<i>Private corporations, total</i>	1 332 996	1.2
<i>Financial and insurance institutions, total</i>	911 942	0.8
<i>Foreign owners, total</i>	146 365	0.1
<i>Total number of shares</i>	111 030 185	100.0

Board of Directors and auditors

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

Sponda's Board of Directors established two permanent committees: the Audit Committee and the Structure and Remuneration Committee. The members of the audit committee are: Arja Talma (chairman) and Timo Korvenpää and Erkki Virtanen (ordinary members).

The members of the Structure and Remuneration Committee are: Lauri Ratia (chairman) and Tuula Entelä and Klaus Cawén (ordinary members).

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

Management

Sponda Plc's president and chief executive officer is Kari Inkinen. The Executive Board comprises the president and CEO, the CFO, the SVP Legal Affairs and Treasury, and the heads of the business units, in total eight persons.

Suit for payment

In a ruling issued on 11 January 2007, the Helsinki city court ordered Sponda Plc to pay interest, penal interest and court costs totalling EUR 7.6 million to Sampo Bank Plc based on a credit agreement. The court of appeal considered the case on 21 October 2008. The court's ruling is expected by the end of 2008.

The amount of Sampo Bank's suit for payment, EUR 7.6 million, was recognized as an expense under provisions in the 2006 financial statements. EUR 0.6 million was recognized as an interest expense under provisions in 2007 and EUR 0.1 million in 2008, so the total provision is EUR 8.3 million on 30 September 2008.

Tax authority decision

Sponda stated in its interim report on 1 November 2007 that the Uusimaa corporate tax office had decided to deviate from the company's 2006 tax returns with respect to the deductible losses allowable against the company's profit. The tax assessment adjustment board amended the Uusimaa corporate tax office's decision regarding the deductibility of Sponda Kiinteistöt Oy's (formerly Kapiteeli Oyj) confirmed losses for previous years in favour of Sponda in December 2007. The company issued a statement about this on 19 December 2007.

The state official representing the interests of tax recipients has appealed the decision of the adjustment board.

Subsequent events

On 21 October 2008 Sponda signed a binding agreement to sell real estate company Kiinteistöosakeyhtiö Tapiolan Toimitalo located in the centre of Tapiola, Espoo to the Tapiola KR III Ky real estate equity fund for EUR 28.3 million. The property, located at Länsituulentie 7, contains 5000 square metres of retail premises and 2300 square metres of offices. Sponda is recording a capital gain of EUR 9 million on the sale. It is planned to close the sale by the end of October.

On 22 October 2008 Sponda Plc signed an agreement for a three-year syndicated loan of EUR 150 million. The loan is unsecured and it will be used to refinance long-term loans that are maturing and the bonds issued in November 2003. The margin on the syndicated loan is slightly higher than that on the bonds it is replacing, but the change will not have a significant impact on Sponda's annual interest costs.

The lead bank is Skandinaviska Enskilda Bank AB (publ) and the other participants in the syndicate are Danske Bank A/S, Helsinki Branch, Pohjola Bank Plc and Ilmarinen Mutual Pension Insurance Company.

Prospects

Sponda expects its net operating income for 2008 to improve from the previous year. This estimate is based on the higher average rents and improved economic occupancy rate. The economic occupancy rate in 2008 is forecast to be lower than at the end of 2007. The change from the forecast in the previous quarter, which expected the occupancy rate to be the same as in 2007, is because leasing of the logistics centre at Vuosaari Harbour has been slower than expected.

The earnings per share in 2008 is estimated to improve from the figure for 2007, after eliminating from the figures the fair value revaluations. In order to reach this target, Sponda will need to complete the planned property sales in 2008. Some EUR 150 million of capital is allocated to property development in 2008. Coupled with the rise in forecast financing costs, this means that the cash flow from operations per share, which includes capital gains and losses on the sale of properties, is expected to be slightly below the comparable figure for 2007.

Risks and uncertainty factors in the near future

Sponda believes that the main risks and uncertainty factors in the current financial year are related to changes in the fair value of properties, to developments in the economic occupancy rate and to the improvement of earnings per share. Weaker progress than expected in leasing the property at Vuosaari Harbour may mean that Sponda will not meet its targets for economic occupancy rates. In order to reach the earnings per share target, Sponda will need to complete the planned property sales in 2008.

The uncertainty in the finance market may mean that in 2008 the price of the capital needed to carry out Sponda's growth strategy will rise and that it will be less readily available. Sponda reduces the refinancing risk by using credit agreements of varying durations, employing a number of funding sources and maintaining the company's reputation as a trustworthy debtor. Risks from floating rate financing are reduced with interest hedging agreements.

The expanding operations in Russia increase Sponda's foreign exchange risk. The company has started to hedge the cash flow risk in Russia and the target is to hedge the cash flows for the coming 6 months. There are also risks in Russia relating to the procedures for obtaining permits, which may affect the timetable for planned property development projects.

Schedule for financial information in 2009

Sponda will publish its financial statements bulletin for 2008 on Friday, 6 February 2009. The Annual General meeting will be held on 25 March 2009. Sponda will publish its 2009 interim reports on 7 May 2009, 6 August 2009 and 5 November 2009.

30 October 2008
Sponda Plc
Board of Directors

Further information: Kari Inkinen, President and CEO, tel. +358 20-431 3311 or +358 400-402 653 and
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Helsinki Exchanges
Media
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This interim report is unaudited. It has been prepared applying IAS 34 (Interim Reports).

Sponda Plc

Consolidated income statement (IFRS)

Me

	7-9/08	7-9/07	1-9/08	1-9/07	1-12/07
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	54.6	44.4	155.1	146.1	193,4
<i>Interest income from finance leasing agreements</i>	-	-	0.2	0.2	0,3
<i>Service income</i>	-	1.6	-	4.3	6,1
<i>Fund management fees and share of fund profit</i>	2.3	3.2	10.8	6.8	11,1
	56.9	49.2	166.1	157.4	210,9
<i>Expenses</i>					
<i>Maintenance expenses</i>	-12.2	-12.2	-39.5	-41.7	-55,2
<i>Service expenses</i>	-	-0.4	-	-1.0	-1,4
<i>Direct fund expenses</i>	-0.1	-0.4	-1.5	-1.0	-1,5
	-12.3	-13.0	-41.0	-43.7	-58,1
<i>Net operating income</i>	44,6	36.2	125.1	113.7	152.8
<i>Profit/loss on sales of investment properties</i>	1.1	0.1	2.4	1.2	1.2
<i>Valuation gains/losses</i>	-35.6	36.0	-26.2	92.4	92.9
<i>Profit/loss on sales of trading properties</i>	3.6	0.2	5.8	27.0	35.6
<i>Sales and marketing expenses</i>	-0.6	-0.4	-1.7	-1.3	-2.0
<i>Administrative expenses</i>	-5.6	-3.5	-16.8	-18.0	-23.9
<i>Other operating income</i>	0.1	0.2	0.9	0.5	0.5
<i>Other operating expenses</i>	-0.6	-0.1	-1.1	-0.3	-0.4
<i>Operating profit</i>	7.0	68.7	88.4	215.2	256.7
<i>Financial income</i>	0.5	-	1.8	3.3	4.4
<i>Financial expenses</i>	-22.9	-16.2	-65.5	-58.2	-76.1
<i>Provision for interest expenses</i>	-	-0.5	-0.1	-0.5	-0.6
<i>Financial income and expenses, net</i>	-22.4	-16.7	-63.8	-55.4	-72.3
<i>Profit before taxes</i>	-15.4	52.0	24.6	159.8	184.4
<i>Income taxes for current and previous fiscal years</i>	-0.1	-0.1	-0.2	-0.1	-0.4
<i>Deferred taxes</i>	3.9	-12.9	-5.5	-41.0	-47.4
<i>Income taxes, total</i>	3.8	-13.0	-5.7	-41.1	-47.8
<i>Profit for period</i>	-11.6	39.0	18.9	118.7	136.6
<i>Attributable to:</i>					
<i>Equity holders of the parent company</i>	-11.6	38.9	19.0	118.5	136.5
<i>Minority interest</i>	-	0.1	-0.1	0.2	0.1
<i>Profit for period</i>	-11.6	39.0	18.9	118.7	136.6
<i>Earnings per share based on profit attributable to equity holders of the parent company:</i>					

<i>Basic and diluted,€</i>		0.17	1.11	1.27
<i>Average number of shares, million</i>				
<i>Basic and diluted</i>		111.0	106.8	107.8

Consolidated balance sheet Me

	30.9.2008	31.12.2007	30.9.2007
ASSETS			
<i>Non-current assets</i>			
<i>Investment properties</i>	2 866.3	2 534.9	2 386.2
<i>Investments in real estate funds</i>	61.5	35.0	28.6
<i>Property, plant and equipment</i>	14.5	15.7	14.8
<i>Goodwill</i>	27.5	27.5	27.5
<i>Other intangible assets</i>	-	4.1	4.7
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Investments in associated companies</i>	3.5	-	-
<i>Long-term receivables</i>	22.3	26.4	24.3
<i>Deferred tax assets</i>	49.9	56.9	57.7
<i>Total non-current assets</i>	3 048.2	2 703.2	2 546.5
<i>Current assets</i>			
<i>Trading properties</i>	35.4	37.2	48.4
<i>Trade and other receivables</i>	49.8	130.7	26.5
<i>Cash and cash equivalents</i>	40.4	27.4	5.4
<i>Total current assets</i>	125.6	195.3	80.3
<i>Total assets</i>	3 173.8	2 898.5	2 626.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of parent company</i>			
<i>Share capital</i>	159.5	159.5	159.5
<i>Share premium fund</i>	1.7	0.7	0.4
<i>Translation differences</i>	7.8	9.8	9.6
<i>Fair value fund</i>	0.6	0.6	0.6
<i>Revaluation fund</i>	209.7	209.7	209.7
<i>Reserve for invested unrestricted equity</i>	129.0	-	-
<i>Other equity fund</i>	404.5	441.3	423.2
<i>Retained earnings</i>	1 023.8	932.6	914.0
<i>Minority interest</i>	1.8	2.2	1.6

<i>Total shareholders' equity</i>	1 025.6	934.8	915.6
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Interest-bearing loans and borrowings</i>	1 380.4	1 056.4	1 101.2
<i>Provisions</i>	11.5	15.0	14.9
<i>Deferred tax liabilities</i>	210.1	212.6	206.9
<i>Total non-current liabilities</i>	1 602.0	1 284.0	1 323.0
<i>Current liabilities</i>			
<i>Current interest-bearing loans and borrowings</i>	473.8	606.3	326.5
<i>Trade and other payables</i>	72.4	73.4	61.7
<i>Total current liabilities</i>	546.2	679.7	388.2
<i>Total liabilities</i>	2 148.2	1 963.7	1 711.2
<i>Total shareholders' equity and liabilities</i>	3 173.8	2 898.5	2 626.8
<i>Interest-bearing loans and borrowings</i>	1 854.2	1 662.7	1 427.7

Consolidated statement of cash flows

	1-9/2008	1-12/2007	1-9/2007
<i>Cash flow from operating activities</i>			
<i>Net profit for the period</i>	18.9	136.6	118.7
<i>Adjustments</i>	89.7	26.9	-3.8
<i>Change in net working capital</i>	80.6	135.1	200.4
<i>Interest received</i>	1.2	4.5	4.0
<i>Interest paid</i>	-53.7	-78.4	-60.6
<i>Other financial items</i>	-1.3	-13.7	-1.9
<i>Taxes received/paid</i>	-0.2	0.5	0.5
<i>Net cash from operating activities</i>	135.2	211.5	257.3
<i>Cash flow from investing activities</i>			
<i>Investments in investment properties</i>	-423.2	-280.3	-145.2
<i>Investments in real estate funds</i>	-15.5	-15.6	-9.2
<i>Investments in tangible and intangible assets</i>	-0.6	-1.7	-1.1
<i>Proceeds from sale of investment properties</i>	54.0	277.9	277.8
<i>Repayment of loan receivables</i>	-	0.7	0.6
<i>Net cash from investing activities</i>	-385.3	-19.0	122.9
<i>Cash flow from financing activities</i>			

<i>Proceeds from share issue</i>	-	239.5	239.5
<i>Proceeds from equity bond</i>	128.6	-	-
<i>Non-current loans, raised</i>	350.1	810.5	710.5
<i>Non-current loans, repayments</i>	-5.4	-371.9	-352.7
<i>Current loans, raised / repayments</i>	-154.7	-822.1	-951.1
<i>Dividends paid</i>	-55.5	-44.7	-44.6
<i>Net cash from financing activities</i>	263.1	-188.7	-398.4
<i>Change in cash and cash equivalents</i>	13.0	3.8	-18.2
<i>Cash and cash equivalents, start of period</i>	27.4	23.6	23.6
<i>Cash and cash equivalents, end of period</i>	40.4	27.4	5.4

Changes in Group shareholders' equity

	Share capital	Share premium reserve	Translation differences	Fair value reserve	Re-valuation reserve	Invested non-restricted equity reserve
<i>Equity at 31 Dec. 2006</i>	79.3	159.5	-	2.3	0.6	-
<i>Cash flow hedges:</i>						
<i>Amount taken to equity</i>				9.3		
<i>Amount recognized in income statement</i>				0.3		
<i>Reversed hedging instruments</i>				0.3		
<i>Translation difference</i>			0.4			
<i>Taxes on items recognized in equity or transferred from equity</i>				-2.6		
<i>Total income and expenses recognized directly in equity</i>			0.4	7.3		
<i>Profit for period</i>						
<i>Total income and expenses for the period</i>			0.4	7.3		
<i>Decrease</i>						
<i>Dividend payment</i>						
<i>Share issue</i>	31.7					209.7
<i>Equity 30 September 2007</i>	111.0	159.5	0.4	9.6	0.6	209.7

	Other equity reserve	Retained earnings	Total	Minority interest	Total shareholders' equity
<i>Equity at 31 Dec. 2006</i>	-	349.3	591.0	1.8	592.8
<i>Cash flow hedges:</i>					
<i>Amount taken to equity</i>			9.3		9.3
<i>Amount recognized in income statement</i>			0.3		0.3
<i>Reversed hedging instruments</i>			0.3		0.3
<i>Translation difference</i>			0.4		0.4

Taxes on items recognized in equity or transferred from equity		-2.6		-2.6	
Total income and expenses recognized directly in equity		7.7		7.7	
Profit for period	118.5	118.5	0.2	118.7	
Total income and expenses for the period	118.5	126.2	0.2	126.4	
Decrease		-	-0.1	-0.1	
Dividend payment	-44.6	-44.6	-0.3	-44.9	
Share issue		241.4		241.4	
Equity 30 September 2007	-	423.2	914.0	1.6	915.6

Changes in Group shareholders' equity
Me

	Share capital	Share premium reserve	Translation differences	Fair value reserve	Re-valuation reserve	Invested non-restricted equity reserve
Equity at 31 Dec. 2007	111.0	159.5	0.7	9.8	0.6	209.7
Cash flow hedges:						
Amount taken to equity				-3.4		
Amount recognized in income statement				0.4		
Reversed hedging instruments				0.3		
Translation difference			1.2			
Taxes on items recognized in equity or transferred from equity			-0.2	0.7		
Total income and expenses recognized directly in equity			1.0	-2.0		
Profit for period						
Total income and expenses for the period			1.0	-2.0		
Increase						
Decrease						
Dividend payment						
Equity bond						
Options implemented and paid as shares						
Equity 30 September 2008	111.0	159.5	1.7	7.8	0.6	209.7

	Other equity reserve	Retained earnings	Total	Minority interest	Total shareholders' equity
Equity at 31 Dec. 2007	-	441.3	932.6	2.2	934.8
Cash flow hedges:					
Amount taken to equity			-3.4		-3.4
Amount recognized in income statement			0.4		0.4
Reversed hedging instruments			0.3		0.3
Translation difference			1.2		1.2
Taxes on items recognized in equity or transferred from equity			0.5		0.5

<i>Total income and expenses recognized directly in equity</i>			-1.0		-1.0
<i>Profit for period</i>		19.0	19.0	-0.1	18.9
<i>Total income and expenses for the period</i>		19.0	18.0	-0.1	17.9
<i>Increase</i>			-	0.3	0.3
<i>Decrease</i>			-	-0.6	-0.6
<i>Dividend payment</i>		-55.5	-55.5		-55.5
<i>Equity bond</i>	129.0		129.0		129.0
<i>Options implemented and paid as shares</i>		-0.3	-0.3		-0.3
<i>Equity 30 September 2008</i>	129.0	404.5	1 023.8	1.8	1 025.6

Notes to the Group's interim report

Accounting principles

The accounting principles for this interim report are the same as those used for the financial statements of 31 December 2007.

Income statement by business area

<i>Income statement 1-9/2008</i>	Office & retail	Logis- tics	Prop- erty devel- opment	Russia/ Baltic	Funds	Other	Group, total
<i>Total revenue</i>	115.9	28.3	1.3	9.9	10.7	0.0	166.1
<i>Maintenance expenses and direct fund expenses</i>	-28.7	-6.9	-1.6	-2.4	-1.4	0.0	-41.0
<i>Net operating income</i>	87.2	21.4	-0.3	7.5	9.3	0.0	125.1
<i>Profit on sale of investment properties</i>	1.8	0.0	0.8	0.0	0.0	0.0	2.6
<i>Loss on sale of investment properties</i>	-0.2	0.0	0.0	0.0	0.0	0.0	-0.2
<i>Profit/loss on sale of trading properties</i>	4.0	0.0	0.3	0.0	1.5	0.0	5.8
<i>Valuation gains and losses</i>	-21.1	-13.9	-0.6	0.0	9.4	0.0	-26.2
<i>Administration and marketing expenses</i>	-5.9	-1.5	-2.6	-3.7	-4.8	0.0	-18.5
<i>Other income and expenses</i>	-0.8	0.0	0.0	0.6	0.0	0.0	-0.2
<i>Operating profit</i>	65.0	6.0	-2.4	4.4	15.4	0.0	88.4

<i>Income statement 1-9/2007</i>	Office & retail	Logis- tics	Prop- erty devel- opment	Russia/ Baltic	Funds	Other	Group, total
<i>Total revenue</i>	117.0	22.8	1.3	1.3	7.7	7.3	157.4
<i>Maintenance expenses and direct fund expenses</i>	-31.5	-5.9	-1.1	-0.3	-2.9	-2.0	-43.6
<i>Net operating income</i>	85.5	16.9	0.2	1.0	4.9	5.3	113.8
<i>Profit on sale of investment properties</i>	0.0	1.8	0.0	0.0	0.0	0.0	1.8
<i>Loss on sale of investment properties</i>	-0.7	0.0	0.0	0.0	0.0	0.0	-0.7
<i>Profit/loss on sale of trading properties</i>	20.7	0.0	6.7	0.0	-0.5	0.0	27.0
<i>Valuation gains and losses</i>	72.0	23.7	-3.3	0.0	0.0	0.0	92.4
<i>Administration and marketing expenses</i>	-6.7	-1.9	-2.4	-1.4	-2.0	-4.8	-19.2
<i>Other income and expenses</i>	0.0	0.0	0.0	0.0	0.0	0.2	0.2
<i>Operating profit</i>	170.9	40.5	1.3	-0.4	2.3	0.8	215.2

Investment properties

	30.9.2008	31.12.2007	30.9.2007
<i>Fair value of investment properties, start of period</i>	2 534.9	2 455.1	2 455.1
<i>Purchase of investment properties</i>	210.6	115.1	23.7
<i>Other capital expenditure on investment properties</i>	210.3	138.9	87.1
<i>Disposal of investment properties</i>	-52.8	-277.0	-276.9
<i>Transfers to/from property, plant and equipment</i>	1.3	4.2	4.2
<i>Transfers from trading properties</i>	-	7.6	0.3
<i>Other transfers</i>	-2.5	-1.9	0.3
<i>Valuation gains/losses</i>	-35.5	92.9	92.4
<i>Fair value of investment properties, end of period</i>	2 866.3	2 534.9	2 386.2

On 30 September 2008 Sponda had a total of 207 properties, with a combined leasable area of 1.4 million square metres. Some 65 % of this is office and retail property and 35 % logistics property.

At the end of September 2008 Sponda's property portfolio was assessed by Catella Property Group, and their official statement can be read on Sponda's year-end financial statements and on company's Internet site.

During January – September 2008 Sponda recorded valuation losses from assessing its investment property at fair value of EUR -26.2 million. At the end of the period the entire property portfolio had a fair value of EUR 2866.3 million (30 September 2007: EUR 2386.2 million).

In July – September the valuation losses on assessing Sponda's investment property at fair value were EUR -35.6 million (30 September 2007: profit of EUR 36.0 million). The main factor in this change was the rise in the yield requirements for properties.

The Group's most significant investment commitments

The current phase of the City-Center project, construction of the underground service facilities for the city centre service tunnel, is progressing on schedule. The renovation of the City-Center complex is expected to be completed in 2011 and the total investment is estimated at some EUR 110 million.

Construction of the logistics area, gatehouse building, car park building and passenger terminal at Vuosaari Harbour is progressing on schedule. About 40 % of the premises have been leased at this point. The project will have a total investment value of roughly EUR 140 million, and the first phase, due for completion at the end of November 2008, accounts for EUR 100 million of this. Sponda is responsible for developing, leasing and managing all the premises that it owns.

On 11 April 2008, Sponda Plc and the Port of Helsinki signed a contract to build the Vuosaari Harbour Service Center. The project will be carried out in three phases, and the total investment for the first phase will be about EUR 12 million. At present 67 % of the premises in the Vuosaari Service Center have been leased, and the main tenants will be Multilink Oy and Steveco Oy.

The retail property in the Itäkeskus district in Helsinki will be completed by the end of 2008 and will be taken into use at the beginning of 2009. The total investment value for the property will be about EUR 56 million and it will have a leasable area of 21,500 m². The property has been leased in its entirety to HOK-Elanto.

The office building at Porkkalankatu 22 in the Ruoholahti district of Helsinki will also be completed at the end of 2008. The investment value of the project will be about EUR 29 million and it will have a leasable area of 13,500 m². The building has been fully leased, and the main tenants will be Altia Corporation and Diacor Oy.

The office building at Lautatarhankatu 2 in the Sörnäinen district of Helsinki will be ready at the end of 2008. The building has been fully leased and its main tenant will be Tradeka Oy, which will move its head office into the new premises. The project will have a total investment cost of about EUR 22 million and the property will have a leasable area of 9200 m².

Sponda is developing the Ratina shopping centre in Tampere and carrying out other development projects in adjacent areas. The area will house a 55,000 m² shopping centre, 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

	30.9.2008	31.12.2007	30.9.2007
<i>Carrying amount, start of period</i>	15.7	19.5	19.5
<i>Additions</i>	0.6	2.6	1.8
<i>Disposals</i>	-	-1.7	-1.7
<i>Reclassifications to/from investment properties</i>	-1.3	-4.2	-4.2
<i>Other transfers</i>	-0.1	-	-
<i>Depreciation for the period</i>	-0.4	-0.5	-0.6
<i>Carrying amount, end of period</i>	14.5	15.7	14.8

Trading properties

	30.9.2008	31.12.2007	30.9.2007
<i>Carrying amount, start of period</i>	37.2	231.1	231.1
<i>Disposals and other changes</i>	-1.8	-186.3	-182.7
<i>Reclassifications to investment properties</i>	-	-7.6	-
<i>Carrying amount, end of period</i>	35.4	37.2	48.4

Suit for payment

In its ruling issued on 11 January 2007, the Helsinki city court ordered Sponda Plc to pay interest, penal interest and court costs totalling EUR 7.6 million to Sampo Bank Plc based on a credit agreement. The court of appeal considered the case on 21 October 2008. The court's ruling is expected by the end of 2008.

The amount of Sampo Bank's suit for payment, EUR 7.6 million, was recognized as an expense under provisions in the 2006 financial statements. EUR 0.6 million was recognized as an interest expense under provisions in 2007 and EUR 0.1 million in 2008, so the total provision is EUR 8.3 million on 30 September 2008.

Tax authority decision

Sponda stated in its interim report on 1 November 2007 that the Uusimaa corporate tax office had decided to deviate from the company's 2006 tax returns with respect to the deductible losses allowable against the company's profit. The tax assessment adjustment board amended the Uusimaa corporate tax office's decision regarding the deductibility of Sponda Kiinteistöt Oy's (formerly Kapiteeli Oy) confirmed losses for previous years in favour of Sponda in December 2007. The company issued a statement about this on 19 December 2007.

The state official representing the interests of tax recipients has appealed the decision of the adjustment board.

Contingent liabilities
Collateral and commitments given by Group
Me

	30.9.2008	30.9.2007
<i>Loans from financial institutions, covered by collateral</i>	35.7	2.5
<i>Mortgages</i>	80.2	3.0
<i>Collateral, total</i>	80.2	3.0
<i>Lease and other liabilities</i>	30.9.2008	30.9.2007
Me		
<i>Lease liabilities</i>	1.9	1.1
<i>Other liabilities</i>	0.1	0.1
<i>Mortgages</i>	2.8	2.3
<i>Guarantees</i>	7.9	25.0
<i>Interest derivatives</i>	30.9.2008	30.9.2007
Me		
<i>Swap contracts, notional value</i>	645.0	605.0
<i>Swap contracts, fair value</i>	7.5	9.7
<i>Cap options purchased, notional value</i>	517.5	557.0
<i>Cap options purchased, fair value</i>	12.5	14.3
<i>Forward rate agreements, notional value</i>	0.0	50.0
<i>Forward rate agreements, fair value</i>	0.0	0.0
<i>Currency derivatives</i>		
Me		
<i>Currency options purchased, notional value</i>	4.8	0.0
<i>Currency options purchased, fair value</i>	0.0	0.0
<i>Currency options put, notional value</i>	4.8	0.0
<i>Currency options put, fair value</i>	0.0	0.0

Key figures

	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<i>Earnings per share, €</i>	-0.10	0.35	0.17	1.11	1.27
<i>Equity ratio, %</i>			32	35	32
<i>Gearing, %</i>			177	155	175
<i>Equity per share, €</i>			8.06	8.23	8.40
<i>Cash flow from operations per share, €</i>	0.19	0.15	0.48	0.59	0.81
<i>EPRA NAV, net assets per share, €</i>			9.60	9.80	10.04

Calculation of financial ratios

Earnings per share, €	=	Share of profit/loss for the period attributable to equity holders of the parent company <u>Adjusted average number of shares during the period</u>
Equity ratio, %	= 100 X	<u>Shareholders' equity</u> Balance sheet total – advances received
Gearing, %	= 100 X	<u>Interest-bearing liabilities – cash and cash equivalents</u> Shareholders' equity
Equity per share, €	=	Equity attributable to equity holders of parent company on 30 September – <u>Other equity reserve*</u> Basic number of shares on 30 September
Cash flow from operations/share €	=	Operating profit -/+ Valuation gains and losses + Depreciation in administration +/- Changes in provisions +/- Defined benefit pension expenses - Financial income & expenses affecting cash flow - <u>Taxes affecting cash flow</u> Average adjusted number of shares during the period
EPRA NAV, net assets per share, €	=	Equity attributable to equity holders of parent company on 30 September - Other equity reserve* + Deferred tax relating to the fair valuation of property and to property depreciation allowances - <u>Goodwill relating to deferred tax liability</u> Basic number of shares on 30 September

*) The other equity reserve comprises the hybrid loan

Related party transactions

The following transactions took place with related parties:

Rental income from state institutions and companies totalled EUR 18.1 million in the January – September 2008 period (1-12/2007: EUR 24.9 million).

Management employee benefits

	1-9/2008	1-12/2007	1-9/2007
<i>Salaries and bonuses</i>	2.3	2.3	1.5
<i>Incentive bonuses</i>	-	0.7	1.3
<i>Share-based payments</i>	-	0.2	-
<i>Total</i>	2.3	3.2	2.8

There were no outstanding loans receivable from key management on 30 September 2008 or 31 December 2007.

Members of the Board of Directors and related parties held 5600 shares and members of the Executive Board 107,981 shares on 30 September 2008 (31 December 2007: 3970 and 31,368 shares).

The Finnish State held 34.3 % of Sponda's shares on 30 September 2008 (31 December 2007: 34.3 %).

Events after the close of the period

On 21 October 2008 Sponda signed a binding agreement to sell real estate company Kiinteistöosakeyhtiö Tapiolan Toimitalo located in the centre of Tapiola, Espoo to the Tapiola KR III Ky real estate equity fund for EUR 28.3 million. The property, located at Länsituulentie 7, contains 5000 square metres of retail premises and 2300 square metres of offices. Sponda is recording a capital gain of EUR 9 million on the sale. It is planned to close the sale by the end of October.

On 22 October 2008 Sponda Plc signed an agreement for a three-year syndicated loan of EUR 150 million. The loan is unsecured and it will be used to refinance long-term loans that are maturing and the bonds issued in November 2003. The margin on the syndicated loan is slightly higher than that on the bonds it is replacing, but the change will not have a significant impact on Sponda's annual interest costs.

The lead bank is Skandinaviska Enskilda Bank AB (publ) and the other participants in the syndicate are Danske Bank A/S, Helsinki Branch, Pohjola Bank Plc and Ilmarinen Mutual Pension Insurance Company.