

Interim Report

1.1.–30.6.2008

SPONDA



Sponda Plc interim report January – June 2008

Sponda Group's total revenue at the end of June 2008 was EUR 109.2 million (30 June 2007: EUR 107.5 million). Net operating income after property maintenance costs and direct costs for funds was EUR 80.5 (76.8) million.

Operating profit, including an upward revaluation of the funds' properties of EUR 9.4 (56.4) million made in Q1, was EUR 81.4 (146.5) million. The change in value of Sponda's property portfolio in the second quarter was EUR -3.2 million. The change in fair value was due to the rise in the yield requirements for properties, the rise in market rents, and expenditure on upgrading property. The logistics property in Vantaa completed during the second quarter also made a positive impact on the change in the fair value of the properties. The economic occupancy rate of Sponda's properties was 91.1 % (89.8 %) at the end of June.

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

- Total revenue was EUR 109.2 (107.5) million.
- Net operating income was EUR 80.5 (76.8) million.
- Operating profit was EUR 81.4 (146.5) million.
- Profit after tax was EUR 30.5 (79.7) million.
- Earnings per share were EUR 0.28 (0.76).
- Cash flow from operations per share was EUR 0.29 (0.45).
- The fair value of investment properties amounted to EUR 2,751.8 (2,305.4) million.
- Net assets per share totalled EUR 8.29 (7.94).
- EPRA net assets per share were EUR 9.95 (9.43).
- The economic occupancy rate was 91.1 (89.8) %.
- Like-for-like rental growth during the past two years for the property portfolio that Sponda has owned for two years was 6.73 % for office and retail property and 9.48 % for logistics property.

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

- Total revenue was EUR 57.3 (48.4) million.
- Net operating income was EUR 42.3 (36.4) million.
- Operating profit was EUR 34.9 (43.1) million.
- Profit after tax was EUR 11.7 (22.0) million.
- Earnings per share were EUR 0.11 (0.20).
- Cash flow from operations per share was EUR 0.15 (0.17).

Key figures

	4-6/08	4-6/07	1-6/08	1-6/07	1-12/07
<i>Economic occupancy rate, %</i>			91.1	89.8	91.2
<i>Total revenue, M€</i>	57.3	48.4	109.2	107.5	210.9
<i>Net operating income, M€</i>	42.3	36.4	80.5	76.8	152.8
<i>Operating profit, M€</i>	34.9	43.1	81.4	146.5	256.7

<i>Earnings per share, €</i>	0.11	0.20	0.28	0.76	1.27
<i>Cash flow from operations per share, €</i>	0.15	0.17	0.29	0.45	0.81
<i>Net assets per share, €</i>			8.29	7.94	8.40
<i>EPRA net assets per share, €</i>			9.95	9.43	10.04
<i>Equity ratio, %</i>			34	35	32
<i>Gearing, %</i>			161	159	175

President and CEO Kari Inkinen:

"The financial performance of Sponda's leasing operations developed extremely positively during the second quarter, with net operating income increasing 16 % from the corresponding figure in 2007. The company's economic occupancy rate declined slightly from the first quarter of the year because the lease ended on one property in the Logistics Property unit. The occupancy rate for the Office and Retail Property unit continued to improve, however. Sponda's property development projects are running on schedule and most of the projects currently in progress will be completed according to plan by the end of this year. Investments in property development projects that will be completed by the end of 2008 are estimated at EUR 220 million. The company will meet its target of a profit margin of at least 15 % for the projects as planned.

The property market has slowed down in Finland, and only a few transactions took place during the second quarter. So far property prices in Helsinki's central business district have not shown a decline, even though the market has been expecting this. Sponda is geared up for a fall in the value of properties in the future. The change in yield requirements in the second quarter reduced the value of Sponda's property portfolio by EUR -11.4 million.

Due to the uncertainty in the financial and property markets at the moment, any possible new investments in Russia or in property development in Finland will be financed mainly by selling some of the existing property portfolio."

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 during 2007. The economic occupancy rate in 2008 is forecast to be the same as at the end of 2007. The change from the previous forecast, which expected the occupancy rate to improve from 2007, is because leasing of the logistics centre at Vuosaari Harbour has developed slower than expected. This will have no effect on Sponda's financial performance in 2008.

The earnings per share in 2008 will improve from the figure for 2007, after eliminating from the figures the fair value revaluations. 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

Activity in Finland's property market, which has been brisk, slowed down considerably during the second quarter of 2008. According to initial estimates from the Finnish Institute for Real Estate Economics (KTI), property transactions with a value of some EUR 2.7 billion had been carried out by the end of June, compared with EUR 2 billion at the end of March. Property yield requirements have shown a slight rise in the Helsinki metropolitan area.

The vacancy rate for office premises is expected to rise slightly outside the Helsinki metropolitan area in the first half of 2009 when an estimated 240,000 m² of new office premises comes on the market. Rents are still expected to rise slightly during 2008.

The vacancy rate for retail premises remains low, even though according to Catella Property Group almost 200,000 m² of new property is being built. This is considerably more than in the previous year, but even so demand seems to exceed supply.

The vacancy rate for logistics premises is low, and there is a shortage of new property. Modern storage premises will be completed during 2008 to meet demand, and most of the vacant premises are expected to be unrenovated logistics premises. The new premises mean that rents for logistics premises will rise slightly.

Business conditions - Russia

Russia's rapid economic growth has made the country's real estate market one of the most dynamic in the world, which has attracted international property investors to the market for several years now. The global financial crisis has meant that the volume of actual investments has levelled off, and correspondingly the market has more properties for sale. According to Knight Frank, expectations of rental income have settled at 2007 levels.

Demand for office premises remains brisk in St Petersburg and Moscow and there is still a shortage of high-quality office premises, especially in Moscow. Because of this, rents are still expected to be on a positive course. Colliers estimates that some two billion square metres of new office premises will be completed in Moscow this year, but demands still exceeds supply. In St Petersburg about 500,000 m² of new offices should be built this year, which is the equivalent of one third of the existing office premises in the city. The vacancy rate in both cities continues to be on average less than 5 %.

According to the experts at Jones Lang LaSalle, the retail property market in Russia has expanded extremely rapidly due to strong economic growth and the resulting increase in consumption. Moscow still has only 171 m² of retail space per 1000 inhabitants, compared with a European average of more than 200 m²/1000 inhabitants. In St Petersburg the corresponding figure is 349 m²/1000 inhabitants. In St Petersburg construction of new retail property has in fact slowed down compared to recent years. The rise in rents has evened off but the vacancy rate remains very low (2-5 %).

The global economic slowdown has had an impact on development projects for logistics property in Russia. According to estimates by Knight Frank, international and major local property developers in the Moscow region have postponed new development projects until 2009. In St Petersburg, 630,000 m² of new property is under construction, which when completed will double the amount of logistics property on the market. The vacancy rate in St Petersburg stands currently at about 3 %. In Moscow there is no A-grade logistics property available, and the vacancy rate for B-grade property is also close to zero. Despite the high occupancy rates, rents are rising very moderately.

Sponda's operations in January – June 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 80.5 million at the end of June (30 June 2007: EUR 76.8 million). Office & Retail accounted for 71 % of this, Logistics for 17 %, Real Estate Funds for 8 %, and Russia & Baltic States for 4 %. Like-for-like rental growth during the past two years for the property portfolio that Sponda has owned for two years (does not include the property that came in the Kapiteeli acquisition)

was 6.73 % for office and retail property and 9.48 % for logistics property. Rental growth is calculated in accordance with EPRA recommendations.

The economic occupancy rate continued to improve in the Office & Retail Properties unit. The economic occupancy rate declined at the Logistics Properties unit as the lease ended on one property of about 18,000 m². The economic occupancy rates by type of property and geographical area were as follows:

Type of property	30.6.08	31.3.08	31.12.07
<i>Offices and retail, %</i>	91.5	91.2	91.0
<i>Logistics, %</i>	87.5	92.8	91.9
<i>Russia & Baltic States</i>	100.0	100.0	100.0
<i>Total property portfolio, %</i>	91.1	92.0	91.2
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Geographical area	30.6.08	31.3.08	31.12.07
<i>Helsinki Business District, %</i>	91.9	90.9	90.6
<i>Helsinki Metropolitan Area, %</i>	90.6	90.3	90.2
<i>HMA logistics, %</i>	85.8	91.8	90.6
<i>Other areas, %</i>	96.9	97.8	96.9
<i>Total property portfolio, %</i>	91.1	92.0	91.2

Total cash flow derived from leasing agreements on 30 June 2008 was EUR 862 million (30 June 2007: EUR 755 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 4.7 years and for logistics premises it was 3.0 years. Sponda signed a total of 138 new leases (40,300 m²) during April – June 2008 and 115 leases (31,500 m²) expired. The lease agreements for Sponda's property portfolio expire as follows:

Expiry within	% of rental income
1 year	14.6
2 years	11.1
3 years	18.2
4 years	5.4
5 years	7.0
6 years	5.3
More than 6 years	23.7
Open-ended	14.8

Property portfolio

On 30 June 2008 Sponda had a total of 210 properties, with an aggregate leasable area of about 1.4 million square metres. Of this 64 % are office and retail premises and 36 % logistics premises.

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 June 2008 Sponda's property portfolio was assessed by Catella, and their official statement can be read on Sponda's Internet site.

During January – June 2008 Sponda valuation of investment properties had no impact on Sponda's result. At the end of the period the entire property portfolio had a fair value of EUR 2,751.8 million (30 June 2007: EUR 2,305.4 million).

In April – June the valuation losses on assessing Sponda's investment property at fair value were EUR -3.2 million (30 June 2007: profit of EUR 9.4 million). Factors contributing to the losses were changes in lease rents and maintenance costs, the valuation of the logistics property completed in the second quarter and the rise in the yield requirements for certain properties.

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

	4-6/2008	1-6/2008
<i>Changes in yield requirements</i>	-11.4	-11.4
<i>Profit from property development projects</i>	1.0	1.0
<i>Modernization investments</i>	-6.1	-12.4
<i>Change in market rents and maintenance costs</i>	13.3	22.8
<i>Investment properties, total</i>	-3.2	0.0
<i>Real estate funds</i>	-	9.4
<i>Group, total</i>	-3.2	9.4

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

<i>Sponda's investment properties 1.1.-30.6.2008</i>	Group, total	Office & Retail	Logistics	Property Develop ment	Russia & Baltic
<i>Operating income</i>	101.0	76.8	18.9	1.0	4.3
<i>Maintenance costs</i>	-27.1	-19.8	-4.9	-1.3	-1.1
<i>Net operating income</i>	73.9	57.0	14.0	-0.3	3.2
<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>	90.4	7.0	18.8	0.0	64.6
<i>Investments</i>	135.9	37.3	2.3	94.2	2.1
<i>Other transfers</i>	-1.2	-1.2	11.5	-11.5	0.0
<i>Sales in 2008</i>	-8.2	-7.3	0.0	-0.9	0.0
<i>Valuation gains/losses</i>	0.0	1.7	-2.7	1.0	0.0
<i>Fair value of investment properties at 30 June 2008</i>	2 751.8	1 921.4	357.5	329.0	143.9
<i>Change in fair value %</i>	0.0	0.1	-0.8	0.4	0.0

<i>Annual net operating income/fair value at 30 June 2008(*</i>	6.5 %	6.1 %	8.2 %	10.9 %
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<i>Yield requirement used in calculating fair value -%</i>	5.2-10.0	7.0-8.25
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<i>Weighted average yield requirement for -% for entire portfolio</i>	6.5
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(* Excluding property development)

Investments and divestments

During the January – June 2008 period Sponda purchased investment properties for altogether EUR 90.4 million, with EUR 0.3 million of this being spent during the second quarter. During January – June Sponda sold investment properties for EUR 8.2 million, with the second quarter accounting for EUR 2.5 million of these sales.

Capital expenditure on property maintenance amounted to EUR 11.2 million in the January – June period, with expenditure in April – June accounting for EUR 4.9 million of this. Sponda invested EUR 124.7 million in property development during the first half of the year, and the second quarter accounted for EUR 67.2 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 continued to improve, to 91.5 % (30 June 2007: 89.7 %). The positive trend continued in both the central business district of Helsinki and the entire Helsinki metropolitan area. The property portfolio had a fair value on 30 June 2008 of EUR 1,921.4 (1,820.4) million. Valuation gains amounted to EUR 1.7 (41.7) million. Office and retail property had a leasable area of about 870,000 m². The unit's total revenue, net operating income and operating profit were as follows:

<i>Office and retail, M€</i>	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
<i>Total revenue</i>	39.5	36.5	76.8	80.9	154.4
<i>Net operating income</i>	29.4	27.8	57.0	58.8	113.8
<i>Operating profit</i>	25.9	34.3	55.7	115.6	197.4

Sponda purchased no office or retail property during the second quarter of 2008. Sponda sold property for EUR 1.6 million. Capital expenditure on property maintenance totalled EUR 9.8 million during the January – June period, and EUR 4.3 million of this was spent in the second quarter.

Logistics properties

The economic occupancy rate for the Logistics Properties unit declined to 87.5 % (30 June 2007: 89.5 %). 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 357.5 (280.8) million at the end of June, and valuation losses totalled EUR -2.7 (-0.8) 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>	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
<i>Total revenue</i>	9.1	7.1	18.9	14.9	32.0
<i>Net operating income</i>	6.7	5.1	14.0	10.8	24.2
<i>Operating profit</i>	4.1	8.1	10.1	25.9	47.0

During the second quarter of 2008 Sponda purchased logistics property for EUR 0.2 million. No property was sold during the quarter. Capital expenditure on property maintenance totalled EUR 1.5 million in the January – June period, and EUR 0.6 million of this was spent in the second quarter.

Property development

The balance sheet value of Sponda's property development portfolio at the end of June 2008 was EUR 329.0 million. Land sites accounted for some EUR 74 million of this, and the remainder, EUR 255 million, was tied up in property development projects in progress.

Altogether EUR 93.3 million was spent on developing properties and new purchases during January – June 2008, and EUR 38.0 million of this was spent during the second 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.

The current phase of the City-Center project, construction of the underground service facilities for the city centre service tunnel, got underway early in 2008 and 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 30 % of the premises have been leased at this point. The project will have a total investment value of roughly EUR 140 million, of which the first phase due for completion towards the end of 2008 accounts for EUR 100 million. The harbour will start operations in November 2008. Sponda is responsible for developing, leasing and managing all the premises that it owns.

Construction of the retail property in the Itäkeskus district in Helsinki is proceeding on schedule. 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 and will be completed by the end of 2008.

Construction of the office building at Porkkalankatu 22 in the Ruoholahti district of Helsinki is progressing according to plan. 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 it will be completed in autumn 2008. The main tenants will be Altia Corporation and Diacor Oy.

Construction of the office building at Lautatarhankatu 2 in the Sörnäinen district of Helsinki is progressing on schedule. 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. The estimated completion date is towards the end of 2008.

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 has started and construction is expected to start at the earliest towards the end of 2008.

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.

The first phase of the project comprises the construction of an office and staff facilities building with 2600 square metres of leasable space, a 1500 square metre service and repair workshop building, and parking facilities for about 300 vehicles to serve these buildings. Construction of the office and staff facilities building and the service and repair workshop building got underway in April 2008. Some of the premises will be completed by the end of November, when the harbour is opened, and the remainder by the end of February 2009. The buildings will serve the needs of the companies operating in Vuosaari Harbour.

At present 60 % of the premises in the Vuosaari Service Center have been leased, and the main tenants will be Multilink Oy and Steveco Oy.

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>	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
<i>Total revenue</i>	5.2	0.5	8.2	5.1	14.5
<i>Net operating income</i>	4.1	0.4	6.6	2.7	10.0
<i>Operating profit</i>	3.3	-5.3	14.5	0.9	6.8

First Top LuxCo (Sponda's holding 20 %) invests in office and retail properties outside Finland's largest cities. At the end of June 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. At the end of the review period the properties had a fair value of EUR 205 million. The fund reached its target size at the beginning of 2008.

In February 2008 Sponda set up a new real estate fund, Sponda Real Estate Fund II Ky, which mainly invests in logistics properties in medium sized towns in Finland. Sponda has a 44 % holding in the fund, and the other investors are Veritas Pension Insurance Company Ltd, Veritas Life Insurance Company Ltd, Varma Mutual Pension Insurance Company and the Central Fund of the Evangelical Lutheran Church of 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 June 2008 was EUR 73.8 million. The fund will operate for seven years.

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 & Baltic countries

At the end of June 2008, the economic occupancy rate for the Russia and Baltic countries unit was 100 % (30 June 2007: 100 %). The property portfolio had a fair value at the end of June of EUR 143.9 million. Capital expenditure on property development and new purchases totalled EUR 66.7 million, and EUR 1.1 million of this was spent in the second quarter. The unit's total revenue, net operating income and operating profit were as follows:

<i>Russia & Baltic, M€</i>	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
<i>Total revenue</i>	2.8	0.4	4.3	0.7	1.9
<i>Net operating income</i>	2.1	0.3	3.2	0.6	1.5
<i>Operating profit</i>	0.8	-0.1	1.3	-0.4	-0.4

On 8 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 yield target of more than 9 % for the property.

Ducat II lies in a central location close to Tverskaya Street and Pushkin Square near the 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 unused credit facilities agreed in March 2008.

Cash flow and financing

Sponda's net cash flow from operations on 30 June 2008 totalled EUR 105.1 million (30 June 2007: EUR 227.1 million). Net cash flow from investing activities was EUR -234.4 (169.9) million and after financing activities was EUR 114.5 (-413.7) million.

Financial income and expenses during the review period totalled EUR -41.4 (-38.7) million. Sponda's equity ratio on 30 June 2008 was 34 % (30 June 2007: 35 %) and gearing was 161 % (159 %). Interest-bearing debt amounted to EUR 1705.5 (1409.6) million, the average maturity of Sponda's loans was 2.9 (3.1) years and the average interest rate 4.7 % (4.5 %). Fixed-rate and interest-hedged loans accounted for 69 % of the loan portfolio. The average interest-bearing period of the whole debt portfolio was 2.4 (3.5) years. The interest margin, which describes the company's solvency, was 2.2 (2.0).

Sponda Group's debt portfolio comprised EUR 650 million in syndicated loans, EUR 396 million in bonds, EUR 286 million in issued commercial papers, and EUR 374 million in loans from financial institutions. Sponda had EUR 250 million in unused credit limits and binding unused long-term credit facilities of EUR 150 million. Sponda Group has mortgaged loans of EUR 24 million, or 0.8 % of the company's balance sheet.

On 17 June 2008 Sponda issued a EUR 130 million hybrid bond to Finnish institutional investors, with a coupon rate of 8.750 %. The bond has no maturity, but Sponda is entitled to redeem the bond in five years time. If Sponda has not paid dividend during previous year, the company can postpone the payment of the coupon rate.

The bond will be treated in Sponda's IFRS financial statements in its entirety as equity, and it is shown in the balance sheet as other equity fund. The issue does not dilute the holdings of the company's current shareholders. The company will apply for public listing of the bond by the end of September 2008.

With this issue, and with the other financial arrangements agreed earlier this year, Sponda is ensuring that it has the financing for its planned investments in 2008.

Sponda is also preparing to sell individual properties in the near future.

Personnel and administration

During the January-June period Sponda Group had on average 136 employees (220 in the corresponding period of 2007), of whom 126 (133) worked for the parent company Sponda Plc. On 30 June 2008 Sponda Group had altogether 137 (222) employees, of whom 128 (133) were employed in the parent company Sponda Plc. Sponda has personnel in Finland and in Russia. Sponda's sales and administration costs in January-June totalled EUR 12.3 million (January-June 2007: EUR 15.4 million).

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 and the subsidiary Sponda Kiinteistöt Oy (formerly Kapiteeli Oyj), as well as 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-June 2008 period was EUR 7.38. The highest quotation on the Helsinki Stock Exchange was EUR 8.75 and the lowest EUR 5.35. Turnover during January-June totalled 46.6 million shares or EUR 342.9 million. The closing price of the share on 30 June 2008 was EUR 5.53, and the market capitalization of the company's share capital was EUR 614 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-June period.

At the end of the review period on 30 June 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>	4 065 440	3.7
<i>Nominee registered</i>	57 061 118	51.4
<i>Households</i>	7 714 985	6.9
<i>Non-profit organizations, total</i>	1 459 310	1.3
<i>Private corporations, total</i>	1 675 124	1.5
<i>Financial and insurance institutions, total</i>	896 122	0.8
<i>Foreign owners, total</i>	92 588	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. Sponda appealed the decision to the Helsinki court of appeal on 9 February 2007, and the court of appeal will consider the case on 21 October 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 June 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.

Subsequent events

On 3 July 2008 Sponda Plc signed a binding agreement to sell real estate company Kluuvikatu 8 to a real estate equity fund managed by Exilion Capital Oy for approximately EUR 42 million. The property, with a floor area of about 10,000 square metres, is rented under a long-term lease to Sokotel Oy and the Sokos Hotel Helsinki operates on the property.

The sale will not affect the financial result, and it is planned to complete the transaction by the end of August.

On 8 July 2008 Sponda Plc 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 yield target of more than 9 % for the property.

Ducat II lies in a central location close to Tverskaya Street and Pushkin Square, near the 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 unused credit facilities agreed in March 2008.

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 during 2007. The economic occupancy rate in 2008 is forecast to be the same as at the end of 2007. The change from the previous forecast, which expected the occupancy rate to improve from 2007, is because leasing of the logistics centre at Vuosaari Harbour has developed slower than expected. This will have no effect on Sponda's financial performance in 2008.

The earnings per share in 2008 will improve from the figure for 2007, after eliminating from the figures the fair value revaluations. 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 and to an increase in interest rates for financing. In addition, rising construction costs and delays in project schedules may increase the costs of property development and weaken the company's financial performance. Before starting development projects, the company draws up investment calculations that take into account changes in the schedule and in prices for projects.

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. It is the company's intention to hedge the cash flow risk in Russia for the coming 6 months. There are also risks in Russia relating to the procedures for obtaining permits, which may affect the timetable for the planned property development projects in progress.

7 August 2008
Sponda Plc
Board of Directors

Further information: Kari Inkinen, President and CEO, tel. +358 20-431 3311 or +358 400-402 653 and
Robert Öhman, CFO, tel. +358 20-431 3320 or +358 40-540 0741.

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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)

M€

	4-6/08	4-6/07	1-6/08	1-6/07	1-12/07
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	51.7	44.0	100.5	101.0	193.4
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.2	0.2	0.3
<i>Service income</i>	-	1.5	-	2.7	6.1
<i>Fund management fees and share of fund profit</i>	5.5	2.8	8.5	3.6	11.1
	57.3	48.4	109.2	107.5	210.9
<i>Expenses</i>					
<i>Maintenance expenses</i>	-14.2	-11.2	-27.3	-29.5	-55.2
<i>Service expenses</i>	-	-0.3	-	-0.6	-1.4
<i>Direct fund expenses</i>	-0.8	-0.5	-1.4	-0.6	-1.5
	-15.0	-12.0	-28.7	-30.7	-58.1
<i>Net operating income</i>	42.3	36.4	80.5	76.8	152.8
<i>Profit/loss on sales of investment properties</i>	0.9	-0.2	1.3	1.1	1.2
<i>Valuation gains/losses</i>	-3.2	9.4	9.4	56.4	92.9
<i>Profit/loss on sales of trading properties</i>	1.7	5.2	2.2	26.8	35.6
<i>Sales and marketing expenses</i>	-0.6	-0.4	-1.1	-0.9	-2.0
<i>Administrative expenses</i>	-6.0	-7.7	-11.2	-14.5	-23.9
<i>Other operating income</i>	0.1	0.5	0.8	1.0	0.5
<i>Other operating expenses</i>	-0.3	-0.1	-0.5	-0.2	-0.4
<i>Operating profit</i>	34.9	43.1	81.4	146.5	256.7
<i>Financial income</i>	0.7	1.5	1.3	3.3	4.4
<i>Financial expenses</i>	-21.3	-14.9	-42.6	-42.0	-76.1
<i>Provision for interest expenses</i>	-	-	-0.1	-	-0.6
<i>Financial income and expenses, net</i>	-20.6	-13.4	-41.4	-38.7	-72.3
<i>Profit before taxes</i>	14.3	29.7	40.0	107.8	184.4
<i>Income taxes for current and previous fiscal years</i>	-0.2	-	-0.1	-	-0.4
<i>Deferred taxes</i>	-2.4	-7.7	-9.4	-28.1	-47.4
<i>Income taxes, total</i>	-2.6	-7.7	-9.5	-28.1	-47.8
<i>Profit for period</i>	11.7	22.0	30.5	79.7	136.6
<i>Attributable to:</i>					
<i>Equity holders of the parent company</i>	11.8	21.8	30.6	79.6	136.5
<i>Minority interest</i>	-0.1	0.2	-0.1	0.1	0.1
<i>Profit for period</i>	11.7	22.0	30.5	79.7	136.6

<i>Earnings per share based on profit attributable to equity holders of the parent company:</i>					
<i>Earnings per share, basic, €</i>			0.28	0.76	1.27
<i>Earnings per share, diluted, €</i>			0.28	0.76	1.27
<i>Average number of shares, million</i>					
<i>Basic</i>			111.0	104.7	107.8
<i>Diluted</i>			111.0	104.7	107.8

Consolidated balance sheet (IFRS)

M€

	30.6.2008	31.12.2007	30.6.2007
ASSETS			
<i>Non-current assets</i>			
<i>Investment properties</i>	2 751.8	2 534.9	2 305.4
<i>Investments in real estate funds</i>	57.2	35.0	26.2
<i>Property, plant and equipment</i>	14.4	15.7	15.8
<i>Goodwill</i>	27.5	27.5	27.5
<i>Other intangible assets</i>	0.1	4.1	4.6
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Investments in associated companies</i>	3.0	-	-
<i>Long-term receivables</i>	43.9	26.4	33.1
<i>Deferred tax assets</i>	53.1	56.9	60.3
<i>Total non-current assets</i>	2 953.7	2 703.2	2 475.6
<i>Current assets</i>			
<i>Trading properties</i>	36.5	37.2	48.4
<i>Trade and other receivables</i>	60.9	130.7	24.3
<i>Cash and cash equivalents</i>	12.5	27.4	6.9
<i>Total current assets</i>	109.9	195.3	79.6
<i>Total assets</i>	3 063.6	2 898.5	2 555.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of parent company</i>			
<i>Share capital</i>	111.0	111.0	111.0
<i>Share premium fund</i>	159.5	159.5	159.5
<i>Translation differences</i>	0.3	0.7	-
<i>Fair value fund</i>	22.9	9.8	16.0

<i>Revaluation fund</i>	0.6	0.6	0.6
<i>Reserve for invested unrestricted equity</i>	209.7	209.7	209.7
<i>Other equity fund</i>	129.0	-	-
<i>Retained earnings</i>	416.0	441.3	384.3
	1 049.0	932.6	881.1
<i>Minority interest</i>	1.5	2.2	1.6
<i>Total shareholders' equity</i>	1 050.5	934.8	882.7
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Interest-bearing loans and borrowings</i>	1 262.1	1 056.4	1 100.6
<i>Provisions</i>	13.7	15.0	14.5
<i>Deferred tax liabilities</i>	222.3	212.6	199.2
<i>Total non-current liabilities</i>	1 498.1	1 284.0	1 314.3
<i>Current liabilities</i>			
<i>Current interest-bearing loans and borrowings</i>	443.4	606.3	309.0
<i>Trade and other payables</i>	71.6	73.4	49.2
<i>Total current liabilities</i>	515.0	679.7	358.2
<i>Total liabilities</i>	2 013.1	1 963.7	1 672.5
<i>Total shareholders' equity and liabilities</i>	3 063.6	2 898.5	2 555.2
<i>Interest-bearing loans and borrowings</i>	1 705.5	1 662.7	1 409.6

Consolidated statement of cash flows (IFRS)

M€

	1-6/2008	1-12/2007	1-6/2007
<i>Cash flow from operating activities</i>			
<i>Net profit for the period</i>	30.5	136.6	79.7
<i>Adjustments</i>	38.6	26.9	1.7
<i>Change in net working capital</i>	73.0	135.1	189.2
<i>Interest received</i>	1.1	4.5	2.6
<i>Interest paid</i>	-37.1	-78.4	-45.8
<i>Other financial items</i>	-0.9	-13.7	-1.0
<i>Taxes received/paid</i>	-0.1	0.5	0.7
<i>Net cash from operating activities</i>	105.1	211.5	227.1
<i>Cash flow from investing activities</i>			
<i>Investments in investment properties</i>	-231.1	-280.3	-100.7
<i>Investments in real estate funds</i>	-11.3	-15.6	-6.8

<i>Investments in tangible and intangible assets</i>	-0.5	-1.7	-0.9
<i>Proceeds from sale of investment properties</i>	8.5	277.9	277.7
<i>Repayment of loan receivables</i>	-	0.7	0.6
<i>Net cash from investing activities</i>	-234.4	-19.0	169.9
<i>Cash flow from financing activities</i>			
<i>Proceeds from share issue</i>	-	239.5	239.5
<i>Proceeds from equity bond</i>	128.7	-	-
<i>Non-current loans, raised</i>	214.4	810.5	680.5
<i>Non-current loans, repayments</i>	-5.2	-371.9	-337.4
<i>Current loans, raised / repayments</i>	-167.9	-822.1	-951.7
<i>Dividends paid</i>	-55.5	-44.7	-44.6
<i>Net cash from financing activities</i>	114.5	-188.7	-413.7
<i>Change in cash and cash equivalents</i>			
	-14.8	3.8	-16.7
<i>Cash and cash equivalents, start of period</i>			
	27.4	23.6	23.6
<i>Impact of changes in currency exchange rates</i>			
	-0.1	-	-
<i>Cash and cash equivalents, end of period</i>			
	12.5	27.4	6.9

Changes in Group shareholders' equity

M€

	Share capital	Share premium reserve	Translation differences	Fair value reserve	Re-valuation reserve	Invested non-restricted equity reserve
Equity at 31 Dec. 2006	79.3	159.5	-	2.3	0.6	-
Cash flow hedges:						
Amount taken to equity				17.9		
Amount recognized in income statement				0.3		
Reversed hedging instruments				0.3		
Taxes on items recognized in equity or transferred from equity				-4.8		
Total income and expenses recognized directly in equity				13.7		
Profit for period						

Total income and expenses for the period				13.7		
Dividend payment						
Share issue	31.7					209.7
Equity 30 June 2007	111.0	159.5	-	16.0	0.6	209.7
	Other equity reserve	Retained earnings	Total	Minority interest	Total shareholders' equity	
Equity 31 Dec. 2006	-	349.3	591.0	1.8	592.8	
Cash flow hedging:						
Amount taken to equity			17.9		17,9	
Amount recognized in income statement			0.3		0,3	
Reversed hedging instruments			0.3		0,3	
Taxes on items recognized in equity or transferred from equity			-4.8		-4.8	
Total income and expense recognized directly in equity			13.7		13.7	
Profit for period		79.6	79.6	0.1	79.7	
Total income and expense for the period		79.6	93.3	0.1	93.4	
Dividend payment		-44.6	-44.6	-0.3	-44.9	
Share issue			241.4		241.4	
Equity 30 June 2007	-	384.3	881.1	1.6	882.7	
Changes in Group shareholders' equity						
M€						
	Share capital	Share premium reserve	Translation differences	Fair value reserve	Re-valuation reserve	Invested non-restricted equity reserve
Equity 31 Dec. 2007	111.0	159.5	0.7	9.8	0.6	209.7
Cash flow hedging:						

Amount taken to equity			17.0			
Amount recognized in income statement			0.5			
Reversed hedging instruments			0.2			
Decrease			-0.5			
Taxes on items recognized in equity or transferred from equity			0.1	-4.6		
Total income and expense recognized directly in equity			-0.4	13.1		
Profit for period						
Total income and expense for the period			-0.4	13.1		
Decrease						
Dividend payment						
Equity bond						
Options implemented and paid as shares						
Equity 30 June 2008	111.0	159.5	0.3	22.9	0.6	209.7

	Other equity reserve	Retained earnings	Total	Minority interest	Total shareholders' equity
Equity 31 Dec. 2007	-	441.3	932.6	2.2	934.8
Cash flow hedging:					
Amount taken to equity			17.0		17,0
Amount recognized in income statement			0.5		0,5
Reversed hedging instruments			0.2		0,2
Decrease			-0.5		-0.5
Taxes on items recognized in equity or transferred from equity			-4.5		-4.5
Total income and expense recognized			12.7		12.7

directly in equity					
Profit for period		30.6	30.6	-0.1	30.5
Total income and expense for the period		30.6	43.3	-0.1	43.2
Decrease			-	-0.6	-0.6
Dividend payment		-55.5	-55.5		-55.5
Equity bond	129.0		129.0		129.0
Options implemented and paid as shares		-0.4	-0.4		-0.4
Equity 30 June 2008	129.0	416.0	1 049.0	1.5	1 050.5

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 1-6/2008</i>	Office & retail	Logis- tics	Prop- erty devel- opment	Russia/ Baltic	Funds	Other	Group, total
<i>Total revenue</i>	76.8	18.9	1.0	4.3	8.2	0.0	109.2
<i>Maintenance expenses and direct fund expenses</i>	-19.8	-4.9	-1.3	-1.1	-1.6	0.0	-28.7
<i>Net operating income</i>	57.0	14.0	-0.3	3.2	6.6	0.0	80.5
<i>Profit on sale of investment properties</i>	0.5	0.0	0.8	0.0	0.0	0.0	1.3
<i>Loss on sale of investment properties</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Profit/loss on sale of trading properties</i>	0.9	0.0	0.1	0.0	1.2	0.0	2.2
<i>Valuation gains and losses</i>	1.7	-2.7	1.0	0.0	9.4	0.0	9.4
<i>Administration and marketing expenses</i>	-4.2	-1.1	-1.8	-2.5	-2.7	0.0	-12.3
<i>Other income and expenses</i>	-0.2	-0.1	0.0	0.6	0.0	0.0	0.3
<i>Operating profit</i>	55.7	10.1	-0.2	1.3	14.5	0.0	81.4

<i>Income statement 1-6/2007</i>	Office & retail	Logis- tics	Prop- erty devel- opment	Russia/ Baltic	Funds	Other	Group, total
<i>Total revenue</i>	80.9	14.9	0.8	0.7	5.1	5.1	107.5
<i>Maintenance expenses and direct fund expenses</i>	-22.2	-4.1	-0.7	-0.1	-2.4	-1.4	-30.8
<i>Net operating income</i>	58.8	10.8	0.2	0.6	2.7	3.7	76.8
<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	6.6	0.0	-0.5	0.0	26.8
<i>Valuation gains and losses</i>	41.7	14.8	0.0	0.0	0.0	0.0	56.4
<i>Administration and marketing expenses</i>	-4.9	-1.4	-1.7	-1.0	-1.3	-5.1	-15.4
<i>Other income and expenses</i>	0.0	0.0	0.0	0.0	0.0	0.8	0.8

<i>Operating profit</i>	115.6	25.9	5.0	-0.4	0.9	-0.6	146.5
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Investment properties

	30.6.2008	31.12.2007	30.6.2007
<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>	90.4	115.1	18.8
<i>Other capital expenditure on investment properties</i>	135.9	138.9	48.0
<i>Disposal of investment properties</i>	-8.2	-277.0	-276.7
<i>Transfers to/from property, plant and equipment</i>	1.3	4.2	3.2
<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>	-	92.9	56.4
<i>Fair value of investment properties, end of period</i>	2 751.8	2 534.9	2 305.4

Investment properties are properties held by the company for the purpose of earning rental revenue or for capital appreciation. 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 IVS requirements (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 June 2008 Sponda's property portfolio was assessed by Catella, and their official statement can be read on Sponda's Internet site.

During January – June 2008 Sponda valuation of investment properties had no impact on Sponda's result. At the end of the period the entire property portfolio had a fair value of EUR 2,751.8 million (30 June 2007: EUR 2,305.4 million).

In April – June the valuation losses on assessing Sponda's investment property at fair value were EUR -3.2 million (30 June 2007: profit of EUR 9.4 million). Factors contributing to the losses were changes in lease rents and maintenance costs, the valuation of the logistics property completed in the second quarter and the rise in the yield requirements for certain 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, got underway early in 2008 and 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 30 % of the premises have been leased at this point. The project will have a total investment value of roughly EUR 140 million, with the first phase due for completion towards the end of 2008 accounting for EUR 100 million of this. The harbour will start operations in November 2008. Sponda is responsible for developing, leasing and managing all the premises that it owns.

Construction of the retail property in the Itäkeskus district in Helsinki is proceeding on schedule. 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 and will be completed by the end of 2008.

Construction of the office building at Porkkalankatu 22 in the Ruoholahti district of Helsinki is progressing according to plan. 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 it will be completed in autumn 2008. The main tenants will be Altia Corporation and Diacor Oy.

Construction of the office building at Lautatarhankatu 2 in the Sörnäinen district of Helsinki is progressing on schedule. 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. The estimated completion date is towards the end of 2008.

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 has started and construction is expected to start at the earliest towards the end of 2008.

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 60 % of the premises in the Vuosaari Service Center have been leased, and the main tenants will be Multilink Oy and Steveco Oy.

Property, plant and equipment

	30.6.2008	31.12.2007	30.6.2007
<i>Carrying amount, start of period</i>	15.7	19.5	19.5
<i>Additions</i>	0.4	2.6	1.6
<i>Disposals</i>	-	-1.7	-1.7
<i>Reclassifications to/from investment properties</i>	-1.3	-4.2	-3.2
<i>Other transfers</i>	-0.1	-	-
<i>Depreciation for the period</i>	-0.3	-0.5	-0.4
<i>Carrying amount, end of period</i>	14.4	15.7	15.8

Trading properties

	30.6.2008	31.12.2007	30.6.2007
<i>Carrying amount, start of period</i>	37.2	231.1	231.1
<i>Disposals and other changes</i>	-1.7	-186.3	-182.7
<i>Additions</i>	1.0	-	-
<i>Reclassifications to investment properties</i>	-	-7.6	-
<i>Carrying amount, end of period</i>	36.5	37.2	48.4

Sampo Bank Ltd's suit for payment

In its ruling, 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. Sponda appealed the decision to the Helsinki court of appeal on 9 February 2007, and the court of appeal will consider the case on 21 October 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. In 2007 EUR 0.6 million was recognized as an expense under provisions and in 2008 EUR 0.1 million, so the total provision is EUR 8.3 million on 30 June 2008.

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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

M€

	30.6.2008	30.6.2007
<i>Loans from financial institutions, covered by collateral</i>	24.2	0.0
<i>Mortgages</i>	80.3	0.2
<i>Collateral, total</i>	80.3	0.2
<i>Lease and other liabilities</i>	30.6.2008	30.6.2007
<i>M€</i>		
<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	25.8
<i>Interest derivatives</i>	30.6.2008	30.6.2007
<i>M€</i>		
<i>Swap contracts, notional value</i>	735.0	605.0
<i>Swap contracts, fair value</i>	21.0	14.8
<i>Cap options purchased, notional value</i>	547.5	557.0
<i>Cap options purchased, fair value</i>	20.2	17.6

Key indicators

	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
<i>Earnings per share, €</i>	0.11	0.20	0.28	0.76	1.27
<i>Equity ratio, %</i>			34	35	32
<i>Gearing, %</i>			161	159	175
<i>Equity per share, €</i>			8.29	7.94	8.40
<i>Cash flow from operations per share, €</i>	0.15	0.17	0.29	0.45	0.81
<i>EPRA NAV, net assets per share, €</i>			9.95	9.43	10.04

Calculation of financial ratios

Earnings per share, €	=	Share of profit/loss for the period attributable to <u>equity holders of the parent company</u> Adjusted average number of shares during the period
Equity ratio, %	= 100 X	<u>Shareholders' equity</u> Balance sheet total – advances received
Gearing, %	= 100 X	Interest-bearing liabilities – cash and cash <u>equivalents</u> Shareholders' equity
Equity per share, €	=	Equity attributable to equity holders of parent company on 30 June - other equity fund* <u>Basic number of shares on 30 June</u>
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 June - 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 June

*) Other equity fund consists of hybrid bond.

Related party transactions

The following transactions took place with related parties:

Rental income from state institutions and companies totalled EUR 12.3 million in the January – June 2008 period (1-12/2007: EUR 24.9 million).

Management employee benefits

	1-6/2008	1-12/2007	1-6/2007
Salaries and bonuses	2.0	2.3	0.9
Incentive bonuses	-	0.7	0.7
Share-based payments	-	0.2	-
Total	2.0	3.2	1.6

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

Members of the Board of Directors held 4600 shares and members of the Executive Board 107,981 shares on 30 June 2008 (31 December 2007: 3970 and 31,368 shares).

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

Events after the close of the period

On 3 July 2008 Sponda Plc signed a binding agreement to sell real estate company Kluuvikatu 8 to a real estate equity fund managed by Exilion Capital Oy for approximately EUR 42 million. The property, with a floor area of about 10,000 square metres, is rented under a long-term lease to Sokotel Oy and the Sokos Hotel Helsinki operates on the property.

The sale will not affect the financial result, and it is planned to complete the transaction by the end of August.

On 8 July 2008 Sponda Plc 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 yield target of more than 9 % for the property.

Ducat II lies in a central location close to Tverskaya Street and Pushkin Square, near the 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 unused credit facilities agreed in March 2008.