

SPONDA

 *Interim Report*

1.1.–30.9.2016



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

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Sponda Plc's interim report January–September 2016: Strong result supported by the Forum acquisition

JANUARY–SEPTEMBER 2016 IN BRIEF (compared with 1 January – 30 September 2015)

- Total revenue increased to EUR 193.2 (173.3) million, primarily due to a property transaction completed in February 2016.
- Net operating income increased by more than 15% and totalled EUR 143.8 (124.4) million.
- Operating profit was EUR 132.8 (130.3) million. This includes a fair value change of EUR -7.0 (12.9) million.
- Cash flow from operations per share was EUR 0.31 (0.29).
- The fair value of the investment properties amounted to EUR 3,692.7 (3,161.4) million.
- Net assets (NAV) per share totalled EUR 5.05 (4.71).
- The economic occupancy rate was 89.3% (86.2%).
- The prospects were revised.

JULY–SEPTEMBER 2016 IN BRIEF (compared with 1 July – 30 September 2015)

- Total revenue was EUR 66.3 (56.7) million.
- Net operating income was EUR 51.5 (42.2) million.
- Operating profit was EUR 37.2 (38.3) million. This includes a fair value change of EUR -10.0 (0.5) million.
- Cash flow from operations per share was EUR 0.10 (0.10).

KEY FIGURES

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
<i>Total revenue, M€</i>	66.3	56.7	193.2	173.3	230.5
<i>Net operating income, M€</i>	51.5	42.2	143.8	124.4	165.7
<i>Operating profit, M€</i>	37.2	38.3	132.8	130.3	178.1
<i>Earnings per share, €</i>	0.05	0.06	0.23	0.23	0.78
<i>Cash flow from operations per share, €</i>	0.10	0.10	0.31	0.29	0.36
<i>Equity per share, €</i>			5.05	4.71	5.26
<i>Equity ratio, %</i>			47.2	41.4	46.2

KEY FIGURES ACCORDING TO EPRA BEST PRACTICES RECOMMENDATIONS

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
<i>EPRA Earnings, M€</i>	31.0	27.4	84.9	78.7	232.0
<i>EPRA Earnings per share, €</i>	0.09	0.10	0.26	0.28	0.82
<i>Company adjusted EPRA Earnings, M€</i>	32.2	29.1	87.1	82.5	98.6
<i>Company adjusted EPRA Earnings per share, €</i>	0.09	0.10	0.27	0.29	0.35
<i>EPRA NAV/share, €</i>			5.38	5.58	5.60
<i>EPRA NNNAV/share, €</i>			4.97	4.57	5.15
<i>EPRA Net Initial Yield (NIY), %</i>			5.53	5.39	5.62
<i>EPRA "topped-up" NIY, %</i>			5.55	5.40	5.63
<i>EPRA Vacancy rate, %</i>			10.73	13.76	12.26
<i>EPRA Cost Ratio (including direct vacancy costs), %</i>					17.68
<i>EPRA Cost Ratio (excluding direct vacancy costs), %</i>					12.90

PRESIDENT AND CEO KARI INKINEN

Sponda's result for January–September 2016 was strong. The Group's economic occupancy rate continued to increase and was higher compared to both the end of September 2015 and the end of June 2016. The economic occupancy rate rose particularly in office properties in Russia and Finland.

The development of like-for-like net rental income was positive across all segments. The Shopping Centres segment's increase of 4.7% was particularly significant, highlighting the expertise of Sponda's organisation and the importance of the location of shopping centres. Furthermore, after the end of the review period, the Forum shopping centre was awarded the title The Best Finnish Shopping Centre by the Nordic Council of Shopping Centres (NCSC).

The fair value of the Group's investment properties declined by EUR 10 million in the third quarter of 2016. This decrease was mainly attributable to the Shopping Centres unit and specifically a tenant changes in Citycenter. No changes were made to yield requirements.

The construction of the Ratina shopping centre in Tampere is moving ahead on schedule, and pre-letting has progressed to the point where the pre-let rate for the property now stands at approximately 40%. The property will be completed in spring 2018.

PROSPECTS FOR 2016

Sponda provides prospects for 2016 with regard to the development of the company's net operating income and adjusted EPRA Earnings. Sponda is revising its prospects for 2016.

Net operating income

Sponda estimates that the net operating income for 2016 will amount to EUR 189-194 million (previously EUR 182-192 million). The change is primarily due to the timing of property sales in 2016.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 111-116 million (previously EUR 102-114 million). The change is primarily due to the timing of property sales in 2016.

BUSINESS CONDITIONS – FINLAND

According to the latest preliminary data from Statistics Finland, Finland's GDP in the second quarter was unchanged from the first quarter. The year-on-year increase was 0.4%.

According to the Ministry of Finance's forecast, Finland's GDP will grow by 1.1% this year. The growth is largely based on the favourable development of private consumption and investments. Economic growth will remain slow in the coming years. The forecast for GDP growth in 2017 is 0.9%.

The property transaction market continued to be active in the third quarter. According to KTI Property Information, the transaction volume was EUR 1.59 billion. The volume for the first three quarters of the year was EUR 5.32 billion. International buyers accounted for approximately 25% of the total. According to KTI's estimate, the transaction volume for the full year 2016 will substantially exceed the previous year's level of EUR 5.51 billion.

According to a market review published by Catella in September, the vacancy rate of office properties in the Helsinki metropolitan area has risen to the record-high level of 13.5% this year. With some 100,000 m² of new office space already under construction, there is upward pressure on the vacancy rate. Vacancy rates in Helsinki's central business district and Ruoholahti decreased slightly in the first half of the year. At the end of June, the vacancy rate was 12.4% in the central business district and 11.2% in Ruoholahti.

Activity is high in the construction of retail space. The amount of new space under construction in the Helsinki metropolitan area was approximately 150,000 m² at the end of June. Construction is also likely to begin on the Tripla project in Pasila and the Kivistö shopping centre before the end of the year.

BUSINESS CONDITIONS – RUSSIA

According to the Bank of Finland, Russian GDP will decline by 1% in 2016. Increased oil prices and a steep decline in imports have mitigated the contraction of the economy. Russia's GDP is predicted to turn to growth of about 1% next year. Oil prices, state finances and imports are the key forecast risks.

According to preliminary information from CBRE, activity in the transaction market has increased compared to last year. The transaction volume in the third quarter was EUR 1.1 billion. The cumulative transaction volume stood at EUR 3.4 billion at the end of September, which is 38% higher than a year ago.

The preliminary information from CBRE indicates that the average vacancy rate for office premises in Moscow decreased by 0.1 percentage points to 16.6% in the third quarter. The rental levels are stable.

GROUP RESULT IN JANUARY–SEPTEMBER 2016

Sponda Group's result for January–September was EUR 77.3 (69.2) million, while the profit before taxes was EUR 94.7 (93.4) million and operating profit was EUR 132.8 (130.3).

Net operating income for the period was EUR 143.8 (124.4) million. The increase in net operating income was primarily attributable to the Forum property acquisition, the effect of which is included in the consolidated figures starting from 1 March 2016, as well as completed property development projects. Net operating income was reduced by property divestments made in 2015 and 2016. Marketing and administration expenses and other operating income and expenses amounted to EUR 16.0 (15.7) million, which represents an increase of EUR 0.3 million compared to the previous year. The increase was mainly due to the Forum acquisition. The net operating income for the third quarter of 2016 amounted to EUR 51.5 (42.2) million.

During the period, the Group recognised profit on sales of EUR 14.2 (1.1) million, primarily from the sale of land in trading properties. The change in fair value of the investment properties was EUR -7.0 (12.9) million. The Group's result was weighed down by amortisation of goodwill amounting to EUR 2.1 (2.6) million. The result for the comparison period includes EUR 10.2 million attributable to the Group's share of the result of Certeum Oy, an associated company that was divested in September 2015.

Financial income and expenses for the period totalled EUR -38.1 (-36.8) million. The increase in financial expenses was attributable to non-recurring financial expenses related to the Forum acquisition as well as interest derivatives.

In accordance with IFRIC 21, the company recognises a liability in the balance sheet when the obligating event occurs. The company periodises real estate taxes in the profit and loss statement based on the passage of time.

PROPERTY ASSETS 1 JANUARY – 30 SEPTEMBER 2016

At the end of September 2016, Sponda had a total of 170 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 68% is office premises, 17% shopping centres and 13% logistics premises. Some 2% of the leasable area of the properties is located in Russia.

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

At the end of September 2016, the fair value of Sponda's investment properties was assessed internally for both Finland and Russia. The change in the fair value of the investment properties in January–September 2016 was EUR -7.0 (12.9) million and in July–September EUR -10.0 (0.5) million. The value of Sponda's properties in Finland developed negatively mainly due to tenant changes in the Citycenter shopping centre. No changes were made to the yield requirements for properties.

Valuation gains/losses on fair value assessment

M€	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
Changes in yield requirements (Finland)	0.0	0.0	17.1	32.2	39.2
Changes in yield requirements (Russia)	0.0	0.0	-4.1	-7.4	-7.4
Development gains on property development projects	1.5	6.7	5.4	9.7	25.4
Modernisation investments	-7.4	-6.8	-19.9	-27.5	-37.8
Change in market rents and maintenance costs (Finland)	-3.6	1.9	10.0	20.4	30.2
Change in market rents and maintenance costs (Russia)	-0.4	1.0	-11.1	-14.3	-26.8
Change in currency exchange rates	-0.1	-2.4	-2.5	-0.2	0.3
Investment properties, total	-10.0	0.5	-5.0	12.9	23.2
Real estate funds	0.0	0.0	-2.0	0.0	0.0
Realised share of fund profits	0.0	0.0	0.0	0.0	0.0
Group, total	-10.0	0.5	-7.0	12.9	23.2

Changes in Sponda's investment property assets 1 January–30 September 2016

M€	Total	Office properties	Shopping centres	Logistics properties	Property development	Russia
Operating income	192.3	125.2	51.8	6.4	0.4	8.5
Maintenance expenses	-48.3	-31.0	-10.7	-3.2	-1.1	-2.2
Net operating income	144.0	94.1	41.1	3.3	-0.8	6.3
Investment properties on 1 January 2016	3,101.7	1,994.8	733.6	92.9	129.7	150.7
Investment properties held for sale on 1 January 2016	10.2	8.4	-	1.8	-	-
Capitalised interest 2016	0.7	-	-	-	0.7	-
Acquisitions	589.5	161.2	428.2	-	-	-
Investments	61.0	15.6	3.4	0.9	41.0	0.1
Transfers between segments	-	-	7.2	-	-7.2	-
Sales	-26.7	-9.8	-	-5.7	-1.7	-9.6
Change in fair value	-5.0	10.8	-1.5	-1.2	4.7	-17.8
Reclassifications to non-current assets held for sale	-38.6	-30.1	-	-8.5	-	-
Investment properties on 30 September 2016	3,692.7	2,151.0	1,170.9	80.2	167.3	123.4
Change in fair value, %	-0.2	0.5	-0.2	-1.3	3.6	-11.8
Weighted average yield requirement %	6.0	6.0	5.3	9.2		10.2
Weighted average yield requirement %, Finland	5.9					

RENTAL OPERATIONS

Expired lease agreements and new agreements that came into effect in the third quarter of the year were as follows:

	Number (agreements)	Area (m ²)	EUR/m ² /month
<i>New agreements that came into effect during the period</i>	64	8,154	16.30
<i>Expired during the period</i>	80	22,354	15.80
<i>Renewed during the period</i>	38	10,420	16.60

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

Sponda calculates the growth in net rental income for its properties during the review period according to EPRA Best Practices Recommendations by using a **like-for-like net rental growth** formula based on a comparable property portfolio owned by the company for two years. For January-September like-for-like net rental growth was 0.6% (3.7%) for office properties, 4.7% (1.7%) for shopping centres, 12.0% (16.2%) for logistics properties and 0.1% (-6.9%) for properties in Russia. All of Sponda's lease agreements in Finland are tied to the cost of living index.

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

Type of property	30.9.2016	30.6.2016	31.3.2016	31.12.2015	30.9.2015
<i>Office properties, %</i>	88.8	88.3	88.1	88.2	88.0
<i>Shopping centres*</i>	93.2	94.2	93.8	91.3	90.6
<i>Logistics properties, %</i>	72.8	73.4	68.9	68.3	67.8
<i>Russia, %</i>	85.3	81.9	82.9	84.6	82.3
<i>Total property portfolio, %</i>	89.3	89.1	88.7	87.7	86.2

**) The economic occupancy rate of shopping centres on 30 September 2016 was reduced by the bankruptcy of Anttila, which had an effect of 1.5 percentage points in the third quarter.*

Geographical area	30.9.2016	30.6.2016	31.3.2016	31.12.2015	30.9.2015
<i>Helsinki business district, %</i>	91.9	92.6	92.4	90.1	89.3
<i>Helsinki Metropolitan Area, %</i>	86.5	86.1	85.3	85.7	83.5
<i>Tampere, Oulu, %*</i>	91.0	89.9	89.4	90.8	91.1
<i>Russia, %</i>	85.3	81.9	82.9	84.6	82.3
<i>Total property portfolio, %</i>	89.3	89.1	88.7	87.7	86.2

**) The comparison figures also include properties in Turku*

Total cash flow from lease agreements at the end of September 2016 was EUR 1,061.6 (961.1) million. Sponda had 1,886 clients and a total of 3,061 lease agreements. The company's largest tenants were the State of Finland (6.7% of rental income), Kesko Group (4.5% of rental income), HOK-Elanto (4.0% of rental income) and Danske Bank Oyj (3.4% of rental income). Sponda's 10 largest tenants generate approximately 28% of the company's total rental income. **Sponda's tenants by sector were as follows:**

Sector	% of net rental income
<i>Professional, scientific and technical</i>	8.0
<i>Energy</i>	0.3
<i>Public sector</i>	10.9
<i>Wholesale/retail</i>	26.3
<i>Education</i>	1.3
<i>Logistics/transport</i>	0.9
<i>Hotel and catering business</i>	7.0
<i>Media/publishing</i>	3.1
<i>Other services</i>	14.9
<i>Banking/investment</i>	10.0
<i>Construction</i>	3.2
<i>Industry/manufacturing</i>	3.4
<i>Healthcare</i>	4.8
<i>Telecommunications</i>	5.6
<i>Other</i>	0.3

The **average length of all lease agreements** was 3.8 (4.1) years. The average length of lease agreements was 3.8 (4.0) years for office properties, 4.5 (5.3) years for shopping centres, 2.3 (3.2) years for logistics properties and 1.3 (2.1) years for properties in Russia. **The lease agreements expire as follows:**

	% of rental income 30 Sep 2016	% of rental income 30 Sep 2015
<i>Within 1 year</i>	18.7	12.8
<i>Within 2 years</i>	12.4	18.0
<i>Within 3 years</i>	11.5	11.3
<i>Within 4 years</i>	7.7	10.0
<i>Within 5 years</i>	10.1	6.4
<i>Within 6 years</i>	7.5	6.2
<i>After more than 6 years</i>	19.2	22.6
<i>Valid indefinitely</i>	12.8	12.8

DIVESTMENTS AND INVESTMENTS

Sponda is continuing to actively manage its property portfolio and sell non-strategic properties. New investments and property development projects will be centralised in office and shopping centre properties in identified growth areas. Investment properties were sold for EUR 27.6 million during the review period, with EUR 19.3 million of this total divested in July–September.

Divestments

M€	1.7.- 30.9.2016	1.7.- 30.9.2015	1.1.- 30.9.2016	1.1.- 30.9.2015	1.1.- 31.12.2015
<i>Disposals of investment properties</i>					
<i>Selling price</i>	19.3	-	27.6	56.4	157.6
<i>Profit/loss on sale, incl. costs</i>	0.9	-	0.9	-1.4	-4.3
<i>Balance sheet value</i>	18.4	-	26.7	57.8	161.9

In addition, trading properties were sold for EUR 26.0 million during the review period, with EUR 0.8 million of this total divested in July–September.

Investments

M€	1.7.- 30.9.2016	1.7.- 30.9.2015	1.1.- 30.9.2016	1.1.- 30.9.2015	1.1.- 31.12.2015
<i>Properties acquired</i>	-	-	-589.5	-	-4.7
<i>Modernisation investments</i>	-7.4	-6.8	-19.9	-27.5	-37.8
<i>Property development investments</i>	-16.8	-14.2	-41.1	-39.8	-65.2
<i>Investments, total</i>	-24.2	-21.0	-650.5	-67.3	-107.7

Property development investments were mainly directed to the construction of the Ratina shopping centre and an office and retail complex in Vantaa's Tikkurila district.

RESULTS BY SEGMENT

Sponda's operations are organised into seven segments: The segments under the Investment Properties business unit are Office Properties, Shopping Centres and Logistics Properties. The other segments are Property Development, Russia and Property Investment Companies. In addition, Sponda reports the Other segment, which includes expenses not attributed to any segment, as well as tax and financing expenses and any operating segments for which separate segment information does not need to be presented.

Office Properties

	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
<i>Total revenue, M€</i>	42.5	37.4	125.3	111.6	149.1
<i>Net operating income, M€</i>	33.1	28.6	93.6	81.9	109.7
<i>Operating profit, M€</i>	28.6	27.3	96.2	103.5	134.1
<i>EPRA Net Initial Yield (NIY), %</i>			5.9	5.8	5.9
<i>Economic occupancy rate, %</i>			88.8	88.0	88.2
<i>Fair value of properties, M€</i>			2,151.0	1,891.6	1,994.8
<i>-excludes properties classified as held for sale, M€</i>			30.1	3.6	8.4
<i>Change in fair value from beginning of year, M€</i>			10.8	30.2	35.5
<i>Leasable area, m²</i>			803,000	756,000	775,000

Investments and divestments in the Office Properties segment during the period were:

M€	1.7.- 30.9.2016	1.7.- 30.9.2015	1.1.- 30.9.2016	1.1.- 30.9.2015	1.1.- 31.12.2015
<i>Properties sold</i>					
<i>Selling price</i>	4.9	-	9.9	17.7	17.9
<i>Profit/loss on sale, incl. costs</i>	-0.1	-	0.1	-0.3	-0.2
<i>Balance sheet value</i>	5.0	-	9.8	18.0	18.1
<i>Properties acquired</i>	-	-	-161.2	-	-4.7
<i>Modernisation investments</i>	-5.6	-3.1	-15.6	-21.4	-29.7
<i>Property development investments</i>	0.0	0.6	0.0	0.4	0.4

The **lease agreements** will expire as follows:

	% of rental income 30 Sep 2016	% of rental income 30 Sep 2015
<i>Within 1 year</i>	18.3	11.4
<i>Within 2 years</i>	12.3	20.7
<i>Within 3 years</i>	13.1	11.6
<i>Within 4 years</i>	6.9	10.1
<i>Within 5 years</i>	9.2	6.4
<i>Within 6 years</i>	4.8	3.8
<i>After more than 6 years</i>	18.7	19.9
<i>Valid indefinitely</i>	16.7	16.1

Shopping Centres

	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
<i>Total revenue, M€</i>	18.5	11.6	51.8	34.8	46.6
<i>Net operating income, M€</i>	15.0	9.1	41.1	26.8	35.7
<i>Operating profit, M€</i>	6.5	6.9	36.8	25.7	35.8
<i>EPRA Net Initial Yield (NIY), %</i>			4.7	4.8	4.7
<i>Economic occupancy rate, %</i>			93.2	90.6	91.3
<i>Fair value of properties, M€</i>			1,170.9	732.3	733.6
<i>Change in fair value from beginning of year, M€</i>			-1.5	1.1	3.2
<i>Leasable area, m²</i>			198,500	152,000	153,500

Investments and divestments in the Shopping Centres segment during the period were:

M€	1.7.- 30.9.2016	1.7.- 30.9.2015	1.1.- 30.9.2016	1.1.- 30.9.2015	1.1.- 31.12.2015
<i>Properties sold</i>					
<i>Selling price</i>	-	-	-	-	-
<i>Profit/loss on sale, incl. costs</i>	-	-	-	-	-
<i>Balance sheet value</i>	-	-	-	-	-
<i>Properties acquired</i>	-	-	-428.2	-	-
<i>Modernisation investments</i>	-1.5	-3.3	-3.4	-5.2	-6.8
<i>Property development investments</i>	-	-	-	-	-

The **lease agreements** will expire as follows:

	% of rental income 30 Sep 2016	% of rental income 30 Sep 2015
<i>Within 1 year</i>	9.6	7.5
<i>Within 2 years</i>	11.2	10.1
<i>Within 3 years</i>	9.0	9.0
<i>Within 4 years</i>	9.4	6.7
<i>Within 5 years</i>	14.0	3.6
<i>Within 6 years</i>	15.7	16.2
<i>After more than 6 years</i>	25.9	42.3
<i>Valid indefinitely</i>	5.2	4.6

Logistics Properties

	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
<i>Total revenue, M€</i>	2.1	4.3	6.4	12.6	16.8
<i>Net operating income, M€</i>	1.4	2.5	3.3	6.8	9.1
<i>Operating profit, M€</i>	1.3	-3.3	3.1	-0.1	-1.9
<i>EPRA Net Initial Yield (NIY), %</i>			5.0	4.4	7.4
<i>Economic occupancy rate, %</i>			72.8	67.8	68.3
<i>Fair value of properties, M€</i>			80.2	199.0	92.9
<i>-excludes properties classified as held for sale, M€</i>			8.5	-	1.8
<i>Change in fair value from beginning of year, M€</i>			-1.2	-6.6	-7.4
<i>Leasable area, m²</i>			149,000	240,000	152,500

Investments and divestments in the Logistics Properties segment during the period were:

M€	1.7.- 30.9.2016	1.7.- 30.9.2015	1.1.- 30.9.2016	1.1.- 30.9.2015	1.1.- 31.12.2015
<i>Properties sold</i>					
<i>Selling price</i>	4.7	-	6.7	-	100.8
<i>Profit/loss on sale, incl. costs</i>	0.9	-	1.1	-	-3.1
<i>Balance sheet value</i>	3.8	-	5.7	-	103.9
<i>Properties acquired</i>	-	-	-	-	-
<i>Modernisation investments</i>	-0.3	-0.1	-0.9	-0.5	-0.9
<i>Property development investments</i>	-	-	-	-	-

The **lease agreements** will expire as follows:

	% of rental income 30 Sep 2016	% of rental income 30 Sep 2015
<i>Within 1 year</i>	27.2	16.6
<i>Within 2 years</i>	6.1	9.3
<i>Within 3 years</i>	10.6	8.6
<i>Within 4 years</i>	11.3	11.8
<i>Within 5 years</i>	6.8	13.2
<i>Within 6 years</i>	4.0	5.8
<i>After more than 6 years</i>	8.4	13.5
<i>Valid indefinitely</i>	25.6	21.2

Property Development

The balance sheet value of Sponda's property development portfolio stood at EUR 167.3 million at the end of September 2016. Of this total, EUR 52.6 million was in undeveloped land sites and the remaining EUR 114.6 million was tied up in property development projects in progress. The value of unused building rights is presented in the assets of the segment concerned for investment properties that have a building, and as part of the Property Development segment for building rights for unbuilt land.

Sponda's property development operations comprise new construction projects and the refurbishment of existing properties. At the end of the review period, the Property Development segment had invested a total of EUR 41.1 million, of which EUR 16.8 million was invested in July–September. The investments were primarily directed to the construction of the Ratina shopping centre and the office and retail complex in Tikkurila.

Most of the excavation and foundation work on the Ratina shopping centre has been completed, and construction has progressed according to plan. The construction of the frame has progressed to the point where roofing work is now underway and work on the facade has begun. The expansion of the Ranta-Ratina building began in September and the renovation of the Funkkis-Ratina building will start in November 2016.

The shopping centre is expected to be completed in spring 2018. The complex comprises a total of approximately 53,000 m² of retail and service premises for more than 150 businesses. The project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 87 million invested to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's signed and agreed lease agreements cover approximately 40% of the leasable area.

Sponda's other significant new construction project, an office and retail complex at Tikkurila railway station in Vantaa, will be implemented in two phases. The first phase began with excavation work in July 2016. The first phase will comprise a total of 9,500 m² of leasable space, half of which will be office space and the other half retail and service premises as well as parking space. The investment size for the first phase is approximately EUR 31 million and the property is 57% pre-let. The project's yield on cost is estimated at approximately 7.3%. Some EUR 3.5 million has been invested in the project to date. The project's first phase will be completed in March 2018. The plan for the project's second phase involves the construction of approximately a further 4,000 m² of leasable business premises. The decision on commencing the second phase will be made later based on the occupancy rate.

Russia

	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
Total revenue, M€	2.6	3.2	8.5	13.5	16.9
Net operating income, M€	2.0	2.4	6.3	10.1	12.8
Operating profit, M€	1.1	0.5	-13.2	-14.7	-24.8
EPRA Net Initial Yield (NIY), %			7.8	4.8	5.8
Economic occupancy rate, %			85.3	82.3	84.6
Fair value of properties, M€			123.4	162.7	150.7
Change in fair value from beginning of year, M€			-17.8	-21.9	-33.9
Leasable area, m ²			25,000	34,500	34,500

The unstable situation in the Russian economy is affecting tenants' ability to pay rent. In the current market situation, Sponda has had to negotiate reductions in rent with several tenants.

Investments in and **divestments** of properties in the Russia unit during the period were:

M€	1.7.- 30.9.2016	1.7.- 30.9.2015	1.1.- 30.9.2016	1.1.- 30.9.2015	1.1.- 31.12.2015
Properties sold					
Selling price	9.7	-	9.7	38.7	38.7
Profit/loss on sale, incl. costs	0.1	-	0.1	-1.1	-1.1
Balance sheet value	9.6	-	9.6	39.8	39.8
Properties acquired	-	-	-	-	-
Modernisation investments	0.0	0.0	-0.1	-0.1	-0.1
Property development investments	-	-	-	-	-

In July 2016, Sponda sold the Solnechniy I shopping centre located in Moscow to LLC IT Development at a price of approximately USD 11 million, corresponding to the property's fair value at the end of June. The sale of the Solnechniy I shopping centre is a part of Sponda's strategy to sell the properties it owns in Russia.

The **lease agreements** will expire as follows:

	% of rental income 30 Sep 2016	% of rental income 30 Sep 2015
<i>Within 1 year</i>	59.4	34.1
<i>Within 2 years</i>	22.4	22.7
<i>Within 3 years</i>	7.0	16.8
<i>Within 4 years</i>	6.9	16.6
<i>Within 5 years</i>	4.0	6.8
<i>Within 6 years</i>	0.0	0.0
<i>After more than 6 years</i>	0.4	3.0
<i>Valid indefinitely</i>	0.0	0.0

Property Investment Companies

Sponda's holding in Russia Invest, which invests in property development projects in Russia, is 27%. Russia Invest owns a 55% share in the Okhta Mall shopping centre project, which is Phase I of the Septem City project located in St. Petersburg. Sponda's investment amounted to approximately EUR 20.5 million at the end of September 2016.

FINANCING AND BALANCE SHEET KEY FIGURES

Sponda Group's interest-bearing debt amounted to EUR 1,840 (1,725) million at the end of September 2016. The Group's cash funds totalled EUR 15 (18) million, which meant that net debt was EUR 1,825 (1,707) million. The increase in net debt is related to the Forum acquisition made in the first quarter. The debt portfolio comprised EUR 500 million in syndicated loans, EUR 475 million in bonds, EUR 225 million in issued commercial papers, and EUR 639 million in loans from financial institutions. Sponda had EUR 440 million in unused credit limits. Sponda Group had mortgaged loans of EUR 178.2 million, or 4.6% of the consolidated balance sheet.

The key balance sheet figures for the end of the third quarter showed positive development. Sponda's equity ratio on 30 September 2016 stood at 47.2% (41.4%). The gearing ratio was 100.8% (119.4%) and Loan to Value (LTV) based on net debt was 48.3% (50.4%). The weighted average maturity of Sponda's loans was 2.8 (2.3) years. The average interest rate was 2.8% (2.9%) including interest derivatives. Fixed-rate and interest-hedged loans accounted for 67% (86%) of the loan portfolio. The average fixed interest rate period of the debt portfolio was 1.5 (2.3) years.

Sponda's net financing costs for the period totalled EUR -38.1 (-36.8) million. Interest expenses of EUR 0.7 (0.5) million were capitalised. Net cash flow from operations in the period under review totalled EUR 95.9 (77.3) million. Net cash flow from investing activities was EUR -626.2 (-18.5) million and the net cash flow from financing activities was EUR 323.7 (-61.8) million.

Balance sheet key figures

	30.9.2016	30.6.2016	31.3.2016	31.12.2015	30.9.2015
<i>Equity ratio, %</i>	47.2	46.3	45.7	46.2	41.4
<i>Gearing ratio, %</i>	100.8	101.3	102.6	90.9	119.4
<i>Average interest rate, %</i>	2.8	2.7	2.7	2.9	2.9
<i>Hedging, %</i>	67	70	78	90	86
<i>Average loan maturity, years</i>	2.8	2.8	1.8	2.2	2.3
<i>Average fixed interest rate period, years</i>	1.5	1.6	1.8	2.2	2.3
<i>Loan to Value (LTV)*, %</i>	48.3	48.5	48.5	45.7	50.4
<i>Interest-bearing debt, EUR million</i>	1,840	1,913	1,902	1,661	1,725
<i>Unused credit limits, EUR million</i>	440	440	440	440	510

*) Based on net debt

PERSONNEL

During the review period Sponda Group had, on average, 109 (103) employees, of whom 99 (94) worked for parent company Sponda Plc. On 30 September 2016, Sponda Group had a total of 109 (105) employees, of whom 102 (96) were employed by the parent company Sponda Plc. Sponda has personnel in Finland and in Russia.

ANNUAL REMUNERATION AND INCENTIVE SCHEMES

Sponda has an annual remuneration scheme that covers all employees and is based on both company objectives and personal targets. The key factors affecting the individual's bonus are profitability and business development. Sponda's employees have the opportunity to participate annually in a Share Programme, the target group of which includes all employees of Group companies, excluding persons in an employment or service relationship with the Group who are included in Sponda's long-term share-based incentive scheme.

Sponda also has a long-term share-based incentive scheme with three three-year vesting periods, the calendar years 2014–2016, 2015–2017 and 2016–2018. The Board of Directors will decide on the earning criteria and on the targets to be laid down for the earning criteria for each vesting period. The earning criteria for the vesting periods 1 January 2014–31 December 2016, 1 January 2015–31 December 2017 and 1 January 2016–31 December 2018 are the Group's average Return on Capital Employed (ROCE) and cumulative Operational Cash Earnings Per Share (CEPS) for the financial years in question, as well as property sales.

The long-term incentive scheme currently covers the members of the Executive Board, six people in all. The Board of Directors can decide on including new key personnel in the scheme. The incentive scheme is described in more detail in the company's stock exchange releases dated 5 February 2014, 5 February 2015 and 4 February 2016.

GROUP STRUCTURE

Sponda Group comprises the parent company Sponda Plc and its wholly- or partly-owned Finnish limited liability companies and property companies. The Group also includes the foreign subsidiaries owned by Sponda Russia Ltd.

SPONDA'S SHARE AND SHAREHOLDERS

Issued shares and share capital

At the end of September 2016, Sponda Plc's share capital amounted to EUR 111,030,185 and the number of issued shares was 339,690,554. The number of shares increased by 56,615,092 due to a rights offering carried out in March 2016.

Trading in Sponda's shares

The weighted average price of the Sponda share in January–September 2016 was EUR 3.89. The highest quotation on NASDAQ Helsinki was EUR 4.85 and the lowest EUR 3.32. Turnover during the period totalled some 98.0 million shares, or approximately EUR 381.2 million. The closing price of the share on 30 September 2016 was EUR 4.58 and the market capitalisation of the company's share capital was EUR 1,555.8 million.

Board authorisations

The Annual General Meeting on 21 March 2016 authorised the Board of Directors to purchase the company's own shares. The authorisation is valid until the next Annual General Meeting. The authorisation was not exercised during the review period.

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

The Annual General Meeting authorised the Board of Directors to decide, at its discretion, on the payment of dividend on the result for 2016, in no more than two tranches, based on the annual accounts adopted for the financial year 2015. The maximum amount of dividend to be distributed based on the authorisation is EUR 0.12 per share. The authorisation granted by the General Meeting will be in force until the beginning of the Annual General Meeting of 2017. The authorisation was exercised during the review period.

Treasury shares

Sponda did not own any treasury shares during the review period.

Dividend

The Board of Directors of Sponda Plc decided on 4 August 2016, based on the authorisation granted to it by the Annual General Meeting on 21 March 2016, that a dividend of EUR 0.06 per share be paid from the company's distributable profits based on the annual accounts adopted for the financial year 2015. The dividend payment date was 15 August 2016.

Based on the authorisation and a separate decision of the Board, a further dividend totalling a maximum of EUR 0.06 per share can be distributed in addition to the dividend decided upon on 4 August 2016. For this purpose, the planned dividend payment date would be 8 December 2016. The payment of a second dividend is subject to a separate decision by the Board.

The aforementioned dividend payments constitute part of the dividend to be paid for the financial year 2016, the total amount of which will be decided on by the Annual General Meeting to be held in 2017.

Shareholders

On 30 September 2016, the company had altogether 10,108 shareholders and its ownership structure by sector was as follows:

	Number of shares	Holding, %
<i>Public entities</i>	39,244,254	11.6
<i>Nominee-registered</i>	121,562,443	35.8
<i>Financial and insurance institutions, total</i>	41,378,380	12.2
<i>Households</i>	23,289,873	6.9
<i>Private corporations, total</i>	102,599,189	30.2
<i>Non-profit organisations, total</i>	8,513,089	2.5
<i>Foreign owners, total</i>	3,103,326	0.9
<i>Total number of shares</i>	339,690,554	100.0

The following flagging notices were issued:

- 1 April 2016: Varma Mutual Pension Insurance Company announced that its holding of shares represented 8.56% of the total number of shares and votes in Sponda Plc.
- 1 April 2016: Forum Fastighets Ab announced that its holding of shares represented 28.07% of the total number of shares and votes in Sponda Plc.

BOARD OF DIRECTORS AND AUDITORS

Sponda's Board of Directors has eight members: Kaj-Gustaf Bergh (Chairman), Christian Elfving, Paul Hartwall, Outi Henriksson, Leena Laitinen, Juha Metsälä, Arja Talma (Deputy Chairman) and Raimo Valo.

The Board of Directors assesses that, of its members, Arja Talma, Outi Henriksson, Leena Laitinen, Juha Metsälä and Raimo Valo are independent of the company and its major shareholders and Kaj-Gustaf Bergh, Christian Elfving and Paul Hartwall are independent of the company.

APA Esa Kailiala and authorised public accountants KPMG Oy Ab, with APA Lasse Holopainen as the responsible auditor and APA Petri Kettunen as the deputy auditor, will serve as the company's auditors for a term ending at the close of the next Annual General Meeting.

BOARD COMMITTEES

The members of the Audit Committee are as follows: Arja Talma (Chairman), Raimo Valo (Deputy Chairman), Paul Hartwall (ordinary member) and Outi Henriksson (ordinary member).

The members of the Structure and Remuneration Committee are as follows: Kaj-Gustaf Bergh (Chairman), Christian Elfving (Deputy Chairman), Leena Laitinen (ordinary member) and Juha Metsälä (ordinary member).

SPONDA'S MANAGEMENT

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

ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility is one of Sponda's strategic priorities. The main goals of Sponda's environmental responsibility are related to reducing the energy consumption

and carbon dioxide emissions of properties, decreasing water consumption, maximising the waste recovery rate and increasing the recycling rate. Sponda works together with customers to reduce the environmental impacts arising from the use of properties. In new construction and renovation, Sponda observes the principles of sustainable development by implementing projects in accordance with international environmental certification systems.

Sponda has again been ranked among the best companies in the property sector in the international Global Real Estate Sustainability Benchmark (GRESB) survey. Sponda was awarded a Green Star in the survey for the fourth year running. Sponda's ranking was favourably affected by the environmental efficiency of its properties.

Sponda's Annual Report 2015 received a Bronze Award at the EPRA sBPR Awards.

Sponda's latest environmentally certified properties are Arkadiankatu 4–6 and Sörnäistenkatu 2. For Arkadiankatu 4–6, the BREEAM environmental certificate was awarded to the property's renovated section, which comprises approximately 3,000 m². The property's energy efficiency and comfort was improved by replacing the building services and investing in a new ventilation system. For Sörnäistenkatu, the property's LEED for Existing Buildings certificate was renewed for a period of five years and the certificate level was raised from Silver to Gold.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

Sponda estimates that the risks and uncertainty factors in the current financial year are related to the development of the Finnish and Russian economies.

In Russia, these risks are related to the depreciation of the Russian rouble, which may cause tenant insolvency and a decrease in property values. The operations in Russia present a foreign exchange risk to Sponda. Changes in exchange rates may cause exchange rate losses that have a negative impact on the company's financial result. The uncertain situation in the Russian market may slow down the sale of Sponda's properties in Russia in 2016.

The slow positive development of the Finnish economy may cause a decline in net operating income and tenant insolvency.

For Sponda's property development projects, the key risk is related to the degree of success in leasing premises.

PROSPECTS FOR 2016

Sponda provides prospects for 2016 with regard to the development of the company's net operating income and adjusted EPRA Earnings. Sponda is revising its prospects for 2016.

Net operating income

Sponda estimates that the net operating income for 2016 will amount to EUR 189-194 million (previously EUR 182-192 million). The change is primarily due to the timing of property sales in 2016.

Adjusted EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 111-116 million (previously EUR 102-114 million). The change is primarily due to the timing of property sales in 2016.

4 November 2016
Sponda Plc
Board of Directors

Additional information:

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SPONDA PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2016, TABLES

Consolidated income statement M€

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
<i>Total revenue</i>					
<i>Rental income and recoverables</i>	66.2	56.6	193.0	173.0	230.2
<i>Interest income from finance leasing agreements</i>	0.1	0.1	0.2	0.2	0.3
	66.3	56.7	193.2	173.3	230.5
<i>Expenses</i>					
<i>Maintenance expenses</i>	-14.8	-14.5	-49.5	-48.9	-64.8
Net operating income	51.5	42.2	143.8	124.4	165.7
<i>Profit/loss on sales of investment properties</i>	0.9	0.0	0.9	-1.5	-4.5
<i>Valuation gains/losses on fair value assessment</i>	-10.0	0.5	-7.0	12.9	23.2
<i>Amortisation of goodwill</i>	-0.8	-2.6	-2.1	-2.6	-3.0
<i>Profit/loss on sales of associated companies</i>	-0.1	-	-0.1	-	5.2
<i>Profit/loss on sales of trading properties</i>	0.8	-	13.3	2.6	2.8
<i>Sales and marketing expenses</i>	-0.5	-0.5	-1.6	-1.7	-2.3
<i>Administrative expenses</i>	-4.4	-4.7	-14.8	-14.4	-19.4
<i>Share of result of associated companies</i>	-	3.4	-	10.2	10.2
<i>Other operating income</i>	-0.1	0.1	0.5	0.8	0.9
<i>Other operating expenses</i>	0.0	-0.1	-0.1	-0.5	-0.7
Operating profit	37.2	38.3	132.8	130.3	178.1
<i>Financial income</i>	0.3	-0.6	2.8	5.4	6.8
<i>Financial expenses</i>	-13.1	-12.4	-41.0	-42.2	-55.7
Total amount of financial income and expenses	-12.8	-13.0	-38.1	-36.8	-48.9
<i>Profit before taxes</i>	24.4	25.3	94.7	93.4	129.2
<i>Income taxes for current and previous fiscal years</i>	-0.1	-0.3	-2.5	-1.7	-9.3
<i>Deferred taxes</i>	-5.6	-7.1	-14.9	-22.5	107.3
Income taxes, total	-5.7	-7.3	-17.4	-24.3	98.1
Profit/loss for the period	18.8	18.0	77.2	69.2	227.2
<i>Attributable to:</i>					
<i>Equity holders of parent company</i>	18.8	18.0	77.3	69.2	227.2
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0
<i>Earnings per share based on profit attributable to equity holders of the parent company</i>					
<i>Basic and diluted, €</i>	0.05	0.06	0.23	0.23	0.78

Consolidated statement of other comprehensive income
M€

	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
<i>Profit/loss for the period</i>	18.8	18.0	77.2	69.2	227.2
<i>Other comprehensive income</i>					
<i>Items that will not be reclassified to profit or loss</i>					
<i>Items arising from the remeasurement of defined benefit liabilities (or assets)</i>	0.0	-	0.0	-	0.1
<i>Taxes on items that will not be reclassified to profit or loss</i>	0.0	-	0.0	-	0.0
<i>Items that will not be reclassified to profit or loss, total</i>	0.0	-	0.0	-	0.1
<i>Items that may be reclassified subsequently to profit or loss</i>					
<i>Changes in associated companies recognised directly in comprehensive income</i>	-	0.3	-	0.4	1.4
<i>Net loss/profit from cash flow hedges</i>	3.5	-1.6	3.5	4.5	5.9
<i>Translation differences</i>	0.1	-0.1	0.8	0.3	-0.2
<i>Taxes on items that may be reclassified subsequently to profit or loss</i>	-1.0	0.5	-1.2	-1.5	-1.9
<i>Items that may be reclassified subsequently to profit or loss, total</i>	2.6	-0.9	3.1	3.7	5.2
<i>Other comprehensive income for the period after taxes</i>	2.6	-0.9	3.1	3.7	5.3
<i>Comprehensive profit/loss for the period</i>	21.4	17.1	80.3	72.9	232.6
<i>Attributable to:</i>					
<i>Equity holders of parent company</i>	21.4	17.1	80.4	72.9	232.6
<i>Non-controlling interest</i>	0.0	0.0	0.0	0.0	0.0

Consolidated balance sheet

M€	30.9.2016	30.9.2015	31.12.2015
ASSETS			
<i>Non-current assets</i>			
<i>Investment properties</i>	3,692.7	3,161.4	3,101.7
<i>Investments in real estate funds</i>	20.5	21.4	21.4
<i>Investments in associated companies</i>	-	0.0	-
<i>Property, plant and equipment</i>	13.0	13.1	13.0
<i>Goodwill</i>	9.5	12.0	11.5
<i>Other intangible assets</i>	1.9	2.5	2.4
<i>Finance lease receivables</i>	2.7	2.7	2.7
<i>Other investments</i>	0.1	2.2	0.9
<i>Deferred tax assets</i>	14.6	24.7	9.4
Non-current assets total	3,755.0	3,240.1	3,163.1
<i>Current assets</i>			
<i>Trading properties</i>	9.9	7.7	7.7
<i>Trade and other receivables</i>	26.4	10.4	39.9
<i>Cash and cash equivalents</i>	14.9	17.6	220.0
Current assets total	51.1	35.7	267.7
<i>Non-current assets held for sale</i>	38.6	185.1	10.2
<i>Receivables associated with non-current assets held for sale</i>	0.0	-	-
Total assets	3,844.8	3,461.0	3,441.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent company</i>			
<i>Share capital</i>	111.0	111.0	111.0
<i>Share issue premium</i>	159.4	159.4	159.4
<i>Invested non-restricted equity reserve</i>	652.7	433.8	433.8
<i>Fair value reserve</i>	-26.4	-31.1	-29.2
<i>Revaluation reserve</i>	0.7	0.7	0.7
<i>Other equity fund</i>	94.0	94.0	94.0
<i>Translation differences</i>	0.1	0.1	-0.2
<i>Retained earnings</i>	816.8	660.6	813.7
	1,808.3	1,428.6	1,583.2
<i>Non-controlling interest</i>	1.8	1.8	1.8

Shareholders' equity, total	1,810.1	1,430.4	1,585.0
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
<i>Deferred tax liabilities</i>	92.0	217.9	71.5
<i>Provisions</i>	2.4	-	2.4
<i>Interest-bearing loans and borrowings</i>	1,403.8	1,389.4	1,080.4
<i>Other liabilities</i>	33.0	38.4	37.6
Non-current liabilities total	1,531.2	1,645.6	1,192.0
<i>Current liabilities</i>			
<i>Current interest-bearing liabilities</i>	436.1	335.3	580.5
<i>Trade and other payables</i>	59.8	49.7	76.4
<i>Tax liabilities based on the taxable income for the period</i>	7.5	-	7.1
Current liabilities total	503.5	385.0	664.0
<i>Liabilities associated with non-current assets held for sale</i>	0.1	-	0.0
Total borrowings	2,034.7	2,030.6	1,856.0
Total equity and liabilities	3,844.8	3,461.0	3,441.0

Consolidated Cash Flow Statement

M€	1-9/2016	1-9/2015	1-12/2015
<i>Cash flow from operating activities</i>			
<i>Profit for the period</i>	77.2	69.2	227.2
<i>Adjustments</i>	56.5	42.0	-80.1
<i>Change in net working capital</i>	2.6	3.3	-1.3
<i>Interest received</i>	0.3	0.2	0.5
<i>Interest paid</i>	-32.6	-32.5	-44.8
<i>Other financial items</i>	-6.2	-3.4	-4.7
<i>Dividends received</i>	0.0	0.0	0.0
<i>Taxes received/paid</i>	-2.0	-1.6	-2.0
Net cash provided by operating activities	95.9	77.3	94.9
<i>Cash flow from investing activities</i>			
<i>Acquisition of investment properties</i>	-652.9	-69.6	-99.6
<i>Capital expenditure on real estate funds</i>	-1.1	-2.2	-2.2
<i>Acquisition of tangible and intangible assets</i>	-0.1	-0.2	-0.2
<i>Proceeds from disposal of investment properties</i>	27.3	53.6	154.4
<i>Proceeds from disposal of real estate funds</i>	-	-	0.3
<i>Proceeds from disposal of shares in associated companies</i>	0.2	-	180.6
<i>Proceeds from disposal of tangible and intangible assets</i>	0.4	-	0.0
<i>Capital repayments from associated companies</i>	-	-	7.6
<i>Repayments of loan receivables</i>	-	-	0.6
Net cash flow from investment activities	-626.2	-18.5	241.5
<i>Cash flow from financing activities</i>			
<i>Proceeds from share issue</i>	219.0	-	0.0
<i>Non-current loans, raised</i>	535.8	320.0	320.0
<i>Non-current loans, repayments</i>	-383.8	-344.4	-345.4
<i>Current loans, raised/repayments</i>	26.9	16.4	-50.5
<i>Interest paid on hybrid bond</i>	-	-	-6.4
<i>Dividends paid</i>	-74.2	-53.8	-53.8
Net cash flow from financing activities	323.7	-61.8	-136.1
<i>Change in cash and cash equivalents</i>	-206.6	-3.1	200.4
<i>Cash and cash equivalents, beginning of period</i>	220.0	20.3	20.3
<i>Impact of changes in exchange rates</i>	1.5	0.3	-0.7
Cash and cash equivalents, end of period	14.9	17.6	220.0

Consolidated statement of changes in equity
M€

	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity reserve	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
<i>Equity 1 January 2015</i>	111.0	159.4	433.8	-35.1	0.7	94.0	0.4	645.5	1,409.7	1.8	1,411.5
<i>Comprehensive income</i>											
<i>Profit for the period</i>								69.2	69.2	0.0	69.2
<i>Other comprehensive income (net of tax)</i>											
<i>Changes in associated companies recognised directly in comprehensive income</i>				0.4					0.4		0.4
<i>Cash flow hedges</i>				3.6					3.6	0.0	3.6
<i>Translation differences</i>							-0.2		-0.2	0.0	-0.2
<i>Comprehensive income, total</i>				3.9			-0.2	69.2	72.9	0.0	72.9
<i>Transactions with shareholders</i>											
<i>Share issue</i>											
<i>Dividend payment</i>								-53.8	-53.8	0.0	-53.8
<i>Transactions with shareholders, total</i>								-53.8	-53.8	0.0	-53.8
<i>Repurchase of hybrid bond</i>											
<i>Interest paid on hybrid bond</i>											
<i>Change</i>								-0.3	-0.3	0.0	-0.3
<i>Equity 30 September 2015</i>	111.0	159.4	433.8	-31.1	0.7	94.0	0.1	660.6	1,428.6	1.8	1,430.4

	Share capital	Share premium reserve	Invested non-restricted equity reserve	Fair value reserve	Revaluation reserve	Other equity reserve	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
<i>Equity 1 January 2016</i>	111.0	159.4	433.8	-29.2	0.7	94.0	-0.2	813.7	1,583.2	1.8	1,585.0
<i>Comprehensive income</i>											
<i>Profit for the period</i>								77.2	77.2	0.0	77.3
<i>Other comprehensive income (net of tax)</i>											
<i>Changes in associated companies recognised directly in comprehensive income</i>											
<i>Cash flow hedges</i>				2.8					2.8	0.0	2.8
<i>Translation differences</i>							0.3		0.3	0.0	0.3
<i>Comprehensive income, total</i>				2.8			0.3	77.2	80.3	0.0	80.4
<i>Transactions with shareholders</i>											
<i>Share issue</i>			219.0						219.0		219.0
<i>Dividend payment</i>								-74.2	-74.2	0.0	-74.2
<i>Transactions with shareholders, total</i>			219.0					-74.2	144.8	0.0	144.8
<i>Repurchase of hybrid bond</i>											
<i>Interest paid on hybrid bond</i>											
<i>Change</i>								-0.1	-0.1	0.0	-0.1
<i>Equity 30 September 2016</i>	111.0	159.4	652.7	-26.4	0.7	94.0	0.1	816.8	1,808.3	1.8	1,810.1

EPRA KEY FIGURES

Sponda reports operational performance measures in accordance with the recommendations of the European Public Real Estate Association (EPRA). More information on these performance measures is available in Sponda's financial statements.

EPRA Earnings, M€

Sponda's result includes several non-operating items. These items are primarily due to the nature of Sponda's business operations and IFRS reporting obligations. In order to facilitate the monitoring of the operating result, Sponda presents the Group's operating result and operating result per share in accordance with EPRA recommendations. The direct result represents the result from the Group's core business operations. Operating result is calculated by adjusting the Group's result by, inter alia, changes in the fair values of properties and financial instruments, gains and losses on sales, impairment on goodwill and other income and expenses considered by the company to be non-operating items.

The EPRA Earnings figure includes the share of the result of the associated companies adjusted by the changes in fair value of the associated companies' investment properties and financial instruments, and deferred taxes.

The EPRA Earnings figure is presented below using two different calculation methods.

EPRA Earnings, M€

M€	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
<i>EPRA Earnings</i>					
<i>Earnings for the period per IFRS income statement</i>	18.8	18.0	77.2	69.2	227.2
<i>-/+ Net profits or losses from fair value assessment of investment properties</i>	10.0	0.6	7.0	-12.1	-22.4
<i>-/+ Net profits or losses on disposal of investment properties</i>	-0.8	0.0	-0.8	1.5	-0.7
<i>-/+ Net profits or losses on sales of trading properties</i>	-0.8	-	-13.3	-2.6	-2.8
<i>+/- Taxes arising from above items based on result</i>	-1.3	-	-0.5	-	-
<i>+/- Impairment and amortisation of goodwill</i>	0.8	2.6	2.1	2.6	3.0
<i>-/+ Changes in fair value of financial instruments</i>	0.0	0.9	0.6	0.0	0.1
<i>+/- Deferred taxes arising from the above items</i>	4.3	5.4	12.7	20.2	27.6
EPRA Earnings	31.0	27.4	84.9	78.7	232.0
EPRA Earnings per share, €	0.09	0.10	0.26	0.28	0.82
<i>Company adjustments:</i>					
<i>Deferred taxes on operating result</i>	1.2	1.7	2.3	3.8	-133.5
Adjusted EPRA Earnings	32.2	29.1	87.1	82.5	98.6
Adjusted Earnings per share, €	0.09	0.10	0.27	0.29	0.35

EPRA Earnings can also be calculated from the income statement from top to bottom. The following table presents the EPRA Earnings calculation using this method.

M€	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
<i>EPRA Earnings</i>					
<i>Net operating income</i>	51.5	42.2	143.8	124.4	165.7
<i>+ Realised shares of profit from real estate funds</i>	-	-	-	-	-
<i>- Operational marketing and administration expenses</i>	-4.9	-5.2	-16.4	-16.1	-21.7
<i>+/- Other operational income and expenses from business operations</i>	-0.1	4.5	0.3	12.8	12.7
<i>Operating profit</i>	46.4	41.5	127.7	121.1	156.7
<i>+/- Operational financial income and expenses</i>	-12.8	-12.1	-37.6	-36.8	-48.8
<i>-/+ Taxes based on operating result</i>	-1.4	-0.3	-3.0	-1.7	-9.3
<i>- Deferred taxes based on operating result</i>	-1.2	-1.7	-2.3	-3.8	133.5
EPRA Earnings	31.0	27.4	84.9	78.7	232.0
EPRA Earnings per share, €	0.09	0.10	0.26	0.28	0.82
<i>Company adjustments:</i>					
<i>Deferred taxes on operating result</i>	1.2	1.7	2.3	3.8	-133.5
Adjusted EPRA Earnings	32.2	29.1	87.1	82.5	98.6
Adjusted Earnings per share, €	0.09	0.10	0.27	0.29	0.35

EPRA NAV (net asset value) and EPRA NNAV (adjusted net asset value)

EPRA NAV, €	30.9.2016	30.9.2015	31.12.2015
<i>Equity attributable to equity holders of the parent company</i>	1,808.6	1,428.6	1,583.2
<i>- Other equity reserve</i>	-94.0	-94.0	-94.0
<i>+ Fair value of financial instruments</i>	33.1	39.8	37.7
<i>+ Deferred tax liabilities arising from the fair value assessment of investment properties</i>	90.6	217.5	71.3
<i>- Goodwill arising from the fair value assessment of investment properties</i>	-9.5	-12.0	-11.5
EPRA NAV, M€	1,828.8	1,579.9	1,586.6
EPRA NAV/share, €	5.38	5.58	5.60

EPRA NNAV/share, €	30.9.2016	30.9.2015	31.12.2015
EPRA NAV, M€	1,828.8	1,579.9	1,586.6
- Fair value of financial instruments	-33.1	-39.8	-37.7
-/+ Difference between the fair value and balance sheet value of liabilities	-15.9	-29.5	-19.8
- Deferred tax liabilities arising from the fair value assessment of investment properties	-90.6	-217.5	-71.3
EPRA NNAV, M€	1,689.1	1,293.1	1,457.9
EPRA NNAV/share, €	4.97	4.57	5.15

NOTES TO THE INTERIM REPORT

Accounting principles

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting).

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

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

More detailed information on the accounting principles can be found in Sponda Plc's consolidated financial statements dated 31 December 2015.

The figures in the interim report have not been audited.

Income statement by segment
M€

<i>Income statement information 1-9/2016</i>	Office Properties	Shopping Centres	Logistics Properties	Property Development	Russia	Property Investment	Other	Group, total
Total revenue	125.3	51.8	6.4	1.0	8.5	-	0.2	193.2
<i>Maintenance expenses and direct fund expenses</i>	-31.7	-10.7	-3.2	-1.7	-2.2	-	0.0	-49.5
Net operating income	93.6	41.1	3.3	-0.6	6.3	-	0.1	143.8
<i>Profit on sales of investment properties</i>	0.2	-	1.1	-	0.1	-	-	1.4
<i>Loss on sales of investment properties</i>	-0.1	-	0.0	-0.4	0.0	-	0.0	-0.5
<i>Profit/loss on disposal of associated companies</i>	-	-	-	-	-	-0.1	-	-0.1
<i>Profit/loss on trading properties</i>	-	-	-	13.3	-	-	0.0	13.3
<i>Valuation gains/losses on fair value assessment</i>	10.8	-1.5	-1.2	4.7	-17.8	-2.0	-	-7.0
<i>Amortisation of goodwill</i>	-	-	-	-2.1	-	-	0.0	-2.1
<i>Administration and marketing</i>	-8.3	-2.8	-0.1	-3.0	-1.8	0.0	-0.3	-16.4
<i>Share of result of associated companies</i>	-	-	-	-	-	-	-	-
<i>Other operating income and expenses</i>	0.0	0.0	0.1	0.0	0.0	-	0.2	0.3
Operating profit	96.2	36.8	3.1	11.9	-13.2	-2.1	0.1	132.8
<i>Investments</i>	176.8	431.6	0.9	41.0	0.1	1.1	0.1	651.7
<i>Segment assets</i>	2,183.9	1,170.9	88.7	176.7	123.4	20.5	80.7	3,844.8
<i>- of which classified as held for sale</i>	30.2	-	8.5	-	-	-	-	38.7
<i>Economic Occupancy Rate</i>	88.8	93.2	72.8	-	85.3	-	-	89.3

Income statement information 1-9/2015	Office Properties	Shopping Centres	Logistics Properties	Property Development	Russia	Property Investment	Other	Group, total
Total revenue	111.6	34.8	12.6	0.9	13.5	-	-	173.3
<i>Maintenance expenses and direct fund expenses</i>	-29.7	-8.0	-5.8	-2.1	-3.4	-	-	-48.9
Net operating income	81.9	26.8	6.8	-1.2	10.1	-	-	124.4
<i>Profit on sales of investment properties</i>	-	-	-	-	-	-	-	0.1
<i>Loss on sales of investment properties</i>	-0.3	-	-	-	-1.1	-	-0.1	-1.5
<i>Profit/loss on disposal of associated companies</i>	-	-	-	-	-	-	-	-
<i>Profit/loss on trading properties</i>	-	-	-	2.5	-	-	-	2.6
<i>Valuation gains/losses on fair value assessment</i>	30.2	1.1	-6.6	10.2	-21.9	-	-	12.9
<i>Amortisation of goodwill</i>	-	-	-	-2.6	-	-	-	-2.6
<i>Administration and marketing</i>	-8.0	-2.1	-1.0	-3.1	-1.9	-	-0.1	-16.1
<i>Share of result of associated companies</i>	-	-	-	-	-	10.2	-	10.2
<i>Other operating income and expenses</i>	-0.2	-0.1	0.7	-	-	0.1	-	0.4
Operating profit	103.5	25.7	-0.1	5.9	-14.7	10.2	-0.2	130.3
<i>Investments</i>	21.0	5.2	0.5	40.5	0.1	2.7	0.3	70.3
<i>Segment assets</i>	1,897.9	732.3	199.0	187.8	162.7	202.9	78.4	3,461.0
<i>- of which investment properties held for sale</i>	3.6	-	-	-	-	181.5	-	185.1
<i>Economic Occupancy Rate</i>	88.0	90.6	67.8	-	82.3	-	-	86.2

Key figures

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
<i>Earnings per share, €</i>	0.05	0.06	0.23	0.23	0.78
<i>Equity ratio, %</i>			47.2	41.4	46.2
<i>Gearing ratio, %</i>			100.8	119.4	90.9
<i>Equity per share, €</i>			5.05	4.71	5.26
<i>Cash flow from operations per share, €</i>	0.10	0.10	0.31	0.29	0.36

Quarterly key figures

	Q3/2016	Q2/2016	Q1/2016	Q4/2015	Q3/2015
Total revenue, M€	66.3	67.6	59.3	57.2	56.7
Net operating income, M€	51.5	50.2	42.1	41.3	42.2
Valuation gains/losses on fair value assessment, M€	-10.0	5.0	-2.0	10.3	0.5
Operating profit, M€	37.2	48.8	46.7	47.8	38.3
Financial income and expenses, M€	-12.8	-12.3	-13.0	-12.1	-13.0
Profit/loss for the period, M€	18.8	31.7	26.7	158.0	18.0
Investment properties, M€	3,692.7	3,713.2	3,702.5	3,101.7	3,161.4
Shareholders' equity, M€	1,810.1	1,809.0	1,776.1	1,585.0	1,430.4
Interest-bearing liabilities, M€	1,839.9	1,912.7	1,902.0	1,660.9	1,724.7
Earnings per share, €	0.05	0.09	0.09	0.55	0.06
Cash flow from operations per share, €	0.10	0.09	0.12	0.07	0.10
EPRA NAV/share, €	5.38	5.35	5.25	5.60	5.58
Economic Occupancy Rate, %	89.3	89.1	88.7	87.7	86.2

Itemisations required for alternative key figures

M€	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Depreciation in administration	-0.2	-0.2	-0.7	-0.7	-0.9
Defined benefit pension plans	0.0	0.0	0.0	0.0	0.0
Financial income and expenses affecting cash flow	-13.4	-12.9	-39.2	-38.9	-51.5
Change in provisions in the income statement	-	-	-	-	-2.4
Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes	-	-1.1	-	-2.3	-2.3
Advances received			5.1	5.2	4.4
Rent deposits received			5.0	4.2	4.3

Investment Properties

At the end of September 2016, Sponda had a total of 170 leasable properties, with an aggregate leasable area of approximately 1.2 million m². Of this total, approximately 68% is office premises, 17% shopping centres and 13% logistics premises. Some 2% of the leasable area of the properties is located in Russia.

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

At the end of September 2016, the fair value of Sponda's investment properties was assessed internally for both Finland and Russia. The change in the fair value of the investment properties in January–September 2016 was EUR -7.0 (12.9) million and in July–September alone EUR -10.0 (0.5) million. The value of Sponda's properties in Finland developed negatively mainly due to tenant changes in the Citycenter shopping centre. No changes were made to the yield requirements for properties.

M€	30.9.2016	30.9.2015	31.12.2015
<i>Fair value of investment properties, 1 Jan.</i>	3,101.7	3,142.1	3,142.1
<i>Non-current assets held for sale, 1 Jan.</i>	10.2	-	-
<i>Acquisition of investment properties</i>	589.5	-	4.7
<i>Other capital expenditure on investment properties</i>	61.0	67.3	103.0
<i>Disposals of investment properties</i>	-26.7	-57.8	-161.9
<i>Capitalised borrowing costs, increase in period</i>	0.7	0.5	0.8
<i>Valuation gains/losses on fair value assessment</i>	-5.0	12.9	23.2
<i>Investment properties reclassified as held for sale</i>	-38.6	-3.6	-10.2
<i>Fair value of investment properties, end of period</i>	3,692.7	3,161.4	3,101.7
<i>Investment properties held for sale</i>	38.6	-3.6	10.2

The Group's most significant investment commitments

Sponda's property development operations comprise new construction projects and the refurbishment of existing properties. At the end of the review period, the Property Development unit had invested a total of EUR 41.1 million, of which EUR 16.8 million was invested in July–September. The investments were primarily directed to the construction of the Ratina shopping centre and the office and retail complex in Tikkurila.

Most of the excavation and foundation work on the Ratina shopping centre has been completed, and construction has progressed according to plan. The construction of the frame has progressed to the point where roofing work is now underway and work on the facade has begun. The expansion of the Ranta-Ratina building began in September and the renovation of the Funkkis-Ratina building will start in November 2016.

The shopping centre is expected to be completed in spring 2018. The complex comprises a total of approximately 53,000 m² of retail and service premises for more than 150 businesses. The project's total investment, including the land value, is estimated at approximately EUR 240 million, with some EUR 87 million invested to date. The project's target development margin is 15% and the estimated net yield on cost is 7.5%. The shopping centre's signed and agreed lease agreements cover approximately 40% of the leasable area.

Sponda's other significant new construction project, an office and retail complex at Tikkurila railway station in Vantaa, will be implemented in two phases. The first phase began with excavation work in July 2016. The first phase will comprise a total of 9,500 m² of leasable space, half of which will be office space and the other half retail and service premises as well as parking space. The investment size for the first phase is approximately EUR 31 million and the property is 57% pre-let. The project's yield on cost is estimated at approximately 7.3%. Some EUR 3.5 million has been invested in the project to date. The project's first phase will be completed in March 2018. The plan for the project's second phase involves the construction of approximately a further 4,000 m² of leasable business premises. The decision on commencing the second phase will be made later based on the occupancy rate.

Property, plant and equipment

M€	30.9.2016	30.9.2015	31.12.2015
<i>Carrying amount, beginning of period</i>	13.0	13.2	13.2
<i>Increases</i>	0.1	-	-
<i>Disposals</i>	-	-	0.0
<i>Depreciation for the period</i>	-0.1	-0.1	-0.2
<i>Carrying amount, end of period</i>	13.0	13.1	13.0

Trading properties

M€	30.9.2016	30.9.2015	31.12.2015
<i>Carrying amount, beginning of period</i>	7.7	7.8	7.8
<i>Disposals and other changes</i>	-0.9	-0.1	-0.1
<i>Increases</i>	3.0	-	-
<i>Reclassifications to investment properties</i>	-	-	-
<i>Valuation changes</i>	-	-	-
<i>Carrying amount, end of period</i>	9.9	7.7	7.7

Collateral and contingent liabilities

Collateral and commitments given by the Group, M€	30.9.2016	30.9.2015	31.12.2015
<i>Loans from financial institutions, covered by collateral</i>	178.2	179.1	125.8
<i>Mortgages</i>	288.1	312.1	288.1
<i>Carrying amount of pledged shares</i>	45.1	20.0	44.6
<i>Total collateral</i>	333.2	332.0	332.7
<i>Lease and other liabilities, M€</i>	30.9.2016	30.9.2015	31.12.2015
<i>Lease liabilities</i>	49.9	102.1	53.9
<i>Mortgages</i>	14.5	24.2	23.1
<i>Guarantees and deposit guarantees</i>	2	2.3	3.1
<i>Investment commitments to real estate funds</i>	5.5	6.6	6.6
<i>Interest rate derivatives, M€</i>	30.9.2016	30.9.2015	31.12.2015
<i>Swap contracts, notional value</i>	655.0	655.0	655.0
<i>Swap contracts, fair value</i>	-33.0	-37.3	-36.6
<i>Eurobasis swaps, notional value</i>	150.0	150.0	150.0
<i>Eurobasis swaps, fair value</i>	-0.2	-0.3	-0.3
<i>Cap options purchased, notional value</i>	362.5	513.0	363.1

<i>Cap options purchased, fair value</i>	0.1	1.0	0.8
Currency derivatives, M€	30.9.2016	30.9.2015	31.12.2015
<i>Currency options, bought, notional value</i>	5.1	6.9	6.4
<i>Currency options, bought, fair value</i>	0.0	0.0	0.0
<i>Currency options, put, notional value</i>	-	-	-
<i>Currency options, put, fair value</i>	-	-	-
Interest rate and currency swaps, M€	30.9.2016	30.9.2015	31.12.2015
<i>Interest rate and currency swaps, notional value*</i>	-	72.4	72.4
<i>Interest rate and currency swaps, fair value*</i>	-	-3.2	-1.7

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

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

Related party transactions

The following related party transactions were carried out:

Management employee benefits, M€	30.9.2016	30.9.2015	31.12.2015
<i>Salaries and other short-term employee benefits</i>	1.4	1.2	1.7
<i>Share-based payments</i>	0.6	0.7	0.9
Total	2.0	1.9	2.6

Business transactions carried out with related parties; receivables from and liabilities to related parties, M€

	30.9.2016	30.9.2016
	Income	Expenses
<i>Mercator Invest Ab</i>	-	-
<i>Konstsamfundet rf</i>	0.2	-
<i>Total</i>	0.2	-

*) Sponda acquired six properties from Forum Fastighets Ab for EUR 576 million on 29 February 2016.

Formulas for the key indicators

Formulas for the key indicators and itemisations and bridge calculations required for alternative key figures in accordance with ESMA guidance

Formulas

IFRS key figures

$$\text{Earnings per share, €} = \frac{\text{Share of earnings for the period attributable to equity holders of the parent company – interest and expenses on hybrid loan allocated to the period, adjusted for taxes}}{\text{Weighted average number of shares outstanding during the period}}$$

$$\text{Equity per share, €} = \frac{\text{Equity attributable to parent company equity holders} - \text{Other equity reserve}}{\text{Undiluted total number of shares on the date of closing the books}}$$

Alternative key figures defined in accordance with ESMA guidance

$$\text{Equity ratio, \%} = \frac{100 \times \text{Equity}}{\text{Balance sheet total - advances and rent deposits received}}$$

The equity ratio is an indicator of the financial structure that shows the percentage of equity in the capital tied up in operations. Reflects the company's financial structure.

$$\text{Gearing ratio, \%} = \frac{100 \times \text{Non-current and current interest-bearing liabilities - Cash and cash equivalents}}{\text{Equity}}$$

The gearing ratio is an indicator of the financial structure that illustrates the ratio between net debt and equity items. Reflects the company's financial structure.

$$\text{LTV, Loan to value} = \frac{\text{Non-current and current interest-bearing liabilities - Cash and cash equivalents}}{\text{Investment properties, Investments in real estate funds, Investments in associated companies, Property, plant and equipment, Trading properties and Non-current assets held for sale total}}$$

Loan to Value indicates the share of liabilities, less cash and cash equivalents, in funding the asset items included in the denominator. Reflects the company's financial structure.

Cash flow from operations per share, €	=	<p>Operating profit</p> <p>-/+ Fair value adjustment</p> <p>+ Amortisation of goodwill</p> <p>+ Depreciation in administration</p> <p>+/- Changes in provisions</p> <p>+/- Defined benefit pension expenses</p> <p>- Financial income & expenses affecting cash flow</p> <p>- Taxes affecting cash flow</p> <p>+/- Changes in fair value of associated companies' investment properties and financial instruments, and deferred taxes</p> <hr/> <p>Weighted average number of shares outstanding during the period</p>
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Cash flow from operations per share is an indicator of cash flow per share based on the income statement. The company uses this figure as a measure of its dividend payout capacity in its dividend policy.

EPRA Earnings	=	<p>Earnings for the period per IFRS income statement</p> <p>-/+ Net profits or losses from fair value assessment of investment properties</p> <p>-/+ Net profits or losses on disposal of investment properties</p> <p>-/+ Net profits or losses on sales of trading properties</p> <p>+/- Taxes arising from above items based on result</p> <p>+/- Impairment and amortisation of goodwill</p> <p>-/+ Changes in fair value of financial instruments</p> <p>+/- Deferred taxes arising from the above items</p>
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Adjusted EPRA Earnings	=	<p>EPRA Earnings</p> <p>+/- Deferred taxes based on operating result</p>
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EPRA Earnings and company adjusted EPRA Earnings illustrate the earnings from the Group's core business

EPRA NAV per share, € = Equity attributable to parent company equity holders

- Other equity reserve
- + Fair value of financial instruments
- + Deferred tax liabilities resulting from the assessment of fair value of properties and depreciation difference
- Goodwill created from the deferred tax liabilities on properties

Undiluted total number of shares on the date of closing the books

EPRA NAV/share is an indicator of net assets per share adjusted by items that are not assumed to be realised provided that the company continues its business operations in accordance with the going concern principle.

EPRA NNNNAV/share, € = EPRA NAV

- Fair value of financial instruments
- Difference between the fair value and balance sheet value of liabilities
- Deferred tax liabilities arising from the fair value assessment of investment properties

Undiluted total number of shares on the date of closing the books

EPRA NNNNAV per share is an indicator of net assets per share based on the fair value assessment of balance sheet items on the reporting date.

Other key figures

EPRA Net Initial Yield (NIY), % = $\frac{\text{Annualised net rental income}}{\text{Investment properties}}$

- Development properties
- + Estimated purchaser's costs

EPRA "topped-up" NIY, % = $\frac{\text{Annualised net rental income} + \text{Step rents, rent free periods, etc.}}{\text{Investment properties}}$

- Development properties
- + Estimated purchaser's costs

The reconciliation calculations for the selected alternative key figures are provided under EPRA Earnings, EPRA NAV and EPRA NNAV.