

**SPONDA'S OPERATING PROFIT ROSE 12.5 % IN 2001**

Sponda Group recorded a net profit in 2001 of EUR 31.9 (28.4) million, which included profits on property sales totalling EUR 3.3 (3.2) million. Total revenue was EUR 122.2 (109.4) million and was derived from rental income. The operating profit was EUR 77.7 (69.1) million, an increase of 12.5 % on the previous year. The consolidated profit before extraordinary items, provisions and taxes increased 13.7 % to EUR 41.9 (36.8) million. The Board of Directors will propose a dividend of EUR 0.30 per share.

The result of leasing operations before profits on property sales was EUR 94.4 million, up 13.8 % up on the result in 2000, which was EUR 83.0 million. The market value of Sponda's property portfolio at the end of 2001 was EUR 1.42 billion and the balance sheet total was EUR 1 233.8 million. Sponda's property portfolio had a book value of EUR 1,181.2 million. Net assets per share were EUR 9.06 (9.00). Shareholder's equity per share was EUR 6.12 (6.00) and earnings per share were EUR 0.39 (0.36).

**Financing**

Sponda's equity ratio at the close of the period was 40.4 % (41.6 %). Interest-bearing debt totalled EUR 716.0 (654.8) million and net financial expenses were EUR 35.8 million. The average maturity of Sponda's loans was 3.3 (4.4) years and they carried average interest of 4.5 % (5.6 %). The average maturity of the interest rate derivatives was 1.9 (2.9) years. Secured loans represented 12 % of the balance sheet total.

**Business conditions**

The vacancy rate for business premises in the Helsinki Metropolitan Area continues to be low although an increase was evident, the rate being 1.7 % according to September 2001 statistics. With demand for premises lower in the IT sector there is more business space available in Espoo, where the vacancy rate now stands at 2.7 %. The vacancy rate for business premises in the Helsinki Metropolitan Area is still only 1.4 % and demand remains strong for logistics premises as well. The number of new office and commercial building projects in the Helsinki Metropolitan Area has declined sharply and substantially less new space will become available in the Helsinki Metropolitan area in 2002 than one year ago.

**Property portfolio**

The value of Sponda's real estate portfolio on 31 December 2001 was EUR 1.42 (1.41) billion, according to the company's estimate.

Sponda's properties were in 2001 divided into four business areas: Helsinki Metropolitan Area, Helsinki Business District, Itäkeskus and Logistics Properties. The office properties in Itäkeskus, which Sponda still owns, were added to Helsinki Metropolitan Area in 2002.

Sponda Group owns altogether 101 properties, 29 of which are located in the Helsinki Business District. Sponda has 24 properties in the Helsinki Metropolitan Area. Sponda also owns 26 properties in other areas of Finland. The aggregate leasable area of Sponda's properties is 893 000 m<sup>2</sup> comprising 315 000 m<sup>2</sup> of office space (35.2 % of the total leasable area), 110 000 m<sup>2</sup> of retail premises (12.3 %), 21 000 m<sup>2</sup> of hotels (2.4 %) and 447 000 m<sup>2</sup> of logistics properties (50.1 %).

#### **Tenant improvements**

Sponda's investments in maintenance and upgrading of its real estate totalled EUR 12.3 million during 2001.

#### **Leasing operations**

Net operating income from Sponda's properties totalled EUR 94.4 million. The book value of the property portfolio was EUR 1.2 billion. Net operating income was generated as follows: 43.0 % from Helsinki Business District, 20.8 % from the Itäkeskus Shopping Mall, 11.2 % from Helsinki Metropolitan Area, 14.7 % from Logistics Properties, and 10.3 % from the rest of Finland.

#### **Castrum becomes wholly owned subsidiary**

Sponda Plc's compulsory public offer for the outstanding shares and warrants in Castrum Oyj, required under the Finnish Securities Markets Act, ended on 18 January 2001. The offer was taken up by shareholders representing altogether 3 761 143 shares, or approximately 4.9 % of Castrum's share capital and voting power, and accordingly Sponda's holding in Castrum rose to 99.6 % of Castrum's shares and votes.

Trading in Castrum shares ended on 1 August 2001 and the company was delisted. Sponda now owns 100 % of Castrum's share capital. A court of arbitration on 15 January 2002 set the redemption price of the Castrum share at EUR 1.45 and confirmed the price of the bond warrants to be EUR 10 per warrant.

#### **Property acquisitions and sales**

On 6 March 2001 Sponda bought the entire share capital of Kiinteistö Oy Vantaa's property at Vanha Porvoontie 231 for EUR 8.6 million. On 28 February 2001 Sponda raised its holding in Kaivokadun Tunneli Oy from 40 % to 65.4 % at a cost of EUR 1.9 million. Furthermore, on 28 June 2001 Sponda raised its holding in Kaivokadun tunneli to 83.6 % at a cost of EUR 2.7 million.

Sponda sold eight properties outside its core business area during 2001 for a total of EUR 21.9 million in the following localities: Tampere, Helsinki, Kauniainen, Kuopio, Humppila and Pori.

### **Group structure and changes**

Sponda Group comprises the parent company and its wholly owned subsidiaries. With the exception of Tamsoil Oy and Castrum Oyj, these are mutual property companies.

### **Organization and personnel**

The Sponda Group had 55 (49) employees on average between 1 January and 31 December 2001, which included 47 (33) in the parent company Sponda Plc. At the close of the period personnel totalled 55 (52), which included 47 (34) in the parent company.

Wages and salaries paid by the parent company amounted to EUR 2 103 538.56. Remuneration paid to the Board of Directors and the CEO totalled EUR 226 885.06. The Sponda Group paid EUR 2 611 633.42 in wages and salaries during the review period. Of this, remuneration to the Board of Directors and the Presidents totalled EUR 473 280.45 and wages and salaries to other employees totalled EUR 2 149 352.97.

### **Board of Directors**

The Annual General Meeting 28 March 2001 elected the following to the Board of Directors: Heikki Bergholm, MSc(Eng); Maija-Liisa Friman, President, Vattenfall Oy; Heikki Hyppönen, Director Real Estate, Nordea; Harri Pynnä, Legal Counsellor, Fortum Oyj; Anssi Soila MSc(Eng.); and Jarmo Väisänen, Financial Counsellor, Ministry of Finance. The Chairman of the Board is Anssi Soila and the Deputy Chairman is Jarmo Väisänen.

### **Auditors**

The Annual General Meeting appointed Sixten Nyman APA and KPMG Wideri Oy Ab as the company's auditors and Ari Viitala APA as the deputy auditor.

### **Corporate Governance**

The Rules of Procedure endorsed by Sponda's Board of Directors in 1999 are still in force. They are based on the corporate governance guidelines prepared jointly by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The Guidelines for Insiders, drawn up by the Helsinki Exchanges, were approved by the Board of Directors for adoption by Sponda Plc with effect from 1 March 2000.

### **Share performance**

The Sponda share performed better during 2001 than the HEX all-share index in general and the closing share price on 31 December 2001 was EUR 4.68. The lowest quotation during the financial year was EUR 3.70 and the highest was EUR 5.25. The company's market capitalization at the end of the year was EUR 384 million.

### **Authorizations to purchase own shares**

Following authorization by an Extraordinary General Meeting of shareholders held on 14 December 2000, Sponda Plc's Board of Directors decided on 22 December 2000 to purchase the Company's own shares using the Company's distributable funds.

Sponda began purchasing its own shares on 2 January 2001 and by the expiry date of the authorization, 14 December 2001, had purchased 827 400 shares for EUR 3 595 513. The average price was EUR 4.35 per share, the highest price was EUR 5.05 per share and the lowest price was EUR 3.80 per share. The aggregate nominal value of these shares was EUR 827 400 and they represented 1.01 % of the total share capital.

### **Subsequent events**

Sponda sold the Itäkeskus Shopping Mall to a Dutch property investment company, Wereldhave N.V., for EUR 317 million, recording a capital gain on the transaction of approximately EUR 62 million. At the same time Sponda committed itself to subscribing for 1 935 000 Wereldhave shares. These shares represent approximately 10 % of Wereldhave's share capital and carry full dividend rights for the year 2001. Itäkeskus Shopping Mall was the largest one of Sponda's properties with a net operating income of EUR 18.9 million.

### **Prospects**

Sponda's result in 2002 will be better than in 2001. The Mall divestment will mean that Sponda's revenue and result from leasing operations will be lower than in 2001. The capital released from the Itäkeskus Shopping Mall will be actively re-invested in Sponda's business operations.

### **Annual General Meeting and dividend**

Sponda Plc's Board of Directors has decided to hold the Annual General Meeting on 27 March, starting at 2.00 pm, where it will propose a dividend of EUR 0.25 ? per share on the financial year 2001.

31 January 2002

Sponda Plc  
Board of Directors

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**Consolidated Income Statement**      **1 Jan.-31 Dec.2001**      **1 Jan.-31 Dec.2000**

	MEUR	MEUR
TOTAL REVENUE	122.2	109.4
Operating expenses	<u>-27.8</u>	<u>-26.5</u>
Net operating income	94.4	82.9
Other operating income	3.3	3.2
Personnel expenses	-2.4	-2.9
Depreciation and value writedowns	-15.9	-12.5
Other operating expenses	<u>-1.7</u>	<u>-1.6</u>
OPERATING PROFIT	77.7	69.1
Share of associated companies' results	-0.0	-0.0
Financial income and expenses	<u>-35.8</u>	<u>-32.3</u>
	-35.8	-32.3
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	41.9	36.8
Income taxes	-10.0	-8.3
Minority interest	<u>- 0.0</u>	<u>-0.1</u>
NET INCOME FOR THE FINANCIAL YEAR	31.9	28.4

<b>Consolidated Balance Sheet</b>	<b>31 December 2001</b>	<b>31 December 2000</b>
	MEUR	MEUR
ASSETS		
FIXED ASSETS		
Intangible assets	0.4	1.8
Tangible assets		
Land and water	302.4	308.8
Buildings	845.4	822.7
Machinery and equipment	6.2	5.5
Other tangible assets	<u>10.5</u>	<u>3.3</u>
	1 164.6	1 140.3
Investments		
Holdings in associated companies	6.1	13.7
Own shares	3.6	
Other investments	<u>8.0</u>	<u>6.9</u>
	17.7	20.6

FIXED ASSETS, TOTAL	1 182.7	1 162.7
CURRENT ASSETS		
Trade receivables	2.9	2.7
Short term receivables	8.3	12.3
Cash and bank deposits	39.9	7.4
CURRENT ASSETS, TOTAL	51.1	22.4
ASSETS, TOTAL	1 233.8	1 185.1
Shareholders' Equity and liabilities		
SHAREHOLDERS' EQUITY		
Share capital	82.0	68.9
Share premium fund	151.4	164.5
Share buyback fund	3.6	
Retained earnings	231.7	227.5
Net income for the year	31.9	28.4
SHAREHOLDERS' EQUITY, TOTAL	500.6	489.3
MINORITY INTERES		3.2
LIABILITIES		
Long-term liabilities	558.7	538.6
Short term liabilities	174.5	154.0
LIABILITIES, TOTAL	733.2	692.7
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	1 233.8	1 185.1

The figures are unaudited.