

Sponda Plc Financial Statements Bulletin 6.2.2003, a 9,00 am

SPONDA'S 2002 RESULT EXCELLENT, DIVIDEND EUR 0.90 PER SHARE.

Sponda Group recorded net income of EUR 78.8 (31.8) million in 2002. Total revenue was EUR 100.7 (122.2) million and was derived from rental income. The operating profit was EUR 125.3 (77.7) million and included a profit of EUR 67 million on the sale of the Itäkeskus Shopping Mall. EPS (earnings per share) was EUR 0.97 (0.39). The Board proposes a dividend payment of EUR 0.90 (0.30) per share.

The book value of Sponda's property portfolio was EUR 1 028.8 million and the balance sheet totalled EUR 1 038.9 million. Net assets per share were EUR 8.73 (9.06). Shareholders' equity per share was EUR 6.81 (6.12).

Financing

Financial income and expenses amounted to EUR -17.1 (-35.8) million and included a EUR 7.9 million dividend paid by Wereldhave N.V.

Sponda's equity ratio at the close of the period was 52.8 % (41.6 %). Interest-bearing debt totalled EUR 456.7 (680.9) million and net financial expenses were EUR 22.6 million. The average maturity of Sponda's loans was 3.3 (3.3) years and they carried average interest of 4.8 (4.5) %. The average maturity of the interest rate derivatives was 2.0 (1.9) years. Secured loans represented 13.6 % of the balance sheet total.

Business conditions

The vacancy rate for business premises in the Helsinki Metropolitan Area was over 5 % at the end of the year. The highest variation was in Espoo where the availability of vacant premises varied from 1.7 % in Tapiola to as high as 14 % in Leppävaara. The economic occupancy rate of Sponda's business premises was 90.3 %; for the company's office premises the economic occupancy rate was 88.1 %, for retail premises 97.8 % and for logistics premises 92.1 %. The decline in rent levels in the Helsinki Metropolitan Area appears to have halted.

Property portfolio

Sponda estimates that the market value of its property portfolio on 31 December 2002 was EUR 1.18 (1.42) billion.

Sponda's properties are divided into four business areas. Helsinki Metropolitan Area, Helsinki Business District and Logistics Properties are the company's core businesses. The fourth area, Other Properties, contains the company's non-core properties.

Sponda owns altogether 90 properties: 24 of these are located in the Helsinki Business District and 22 in the Helsinki Metropolitan Area,

while 22 fall under Logistics Properties. All of these are in the Greater Helsinki area. The remaining 22 properties are located elsewhere in Finland (Other Properties).

The aggregate leasable area of these properties is 834 000 m², comprising 374 000 m² of office space (44.8 % of total leasable area), 15 000 m² (1.8 %) of retail premises, 21 000 m² (2.5 %) of hotels and 243 000 m² (29.2 %) of logistics properties. The aggregate leasable area of the Other Properties is 179 000 m² (21.5 %).

Maintenance and repairs

Sponda's investments in maintenance and upgrading of its real estate totalled EUR 12.8 (12.3) million in 2002.

Leasing activities

Net operating income from Sponda's properties totalled EUR 74.9 (94.4) million and was generated as follows: 51.6 % from Helsinki Business District, 18.1 % from Helsinki Metropolitan Area, and 18.7 % from Logistics Properties. Other Properties accounted for 11.6 % of net operating income.

The decrease in net operating income was mostly due to the sale of the Itäkeskus Shopping Mall in January 2002 and partly to the increase in the vacancy rate. On the other hand new investments had a positive impact on net operating income.

Property acquisitions and sales

Sponda Plc purchased two office properties in Helsinki from Sampo Liikekiinteistöt Oy (Sampo Business Properties), a subsidiary of Sampo Oyj: Fabianinkatu 23 (5 100 m²) and Kaupintie 3, Lassila (54 800 m²). The total price was EUR 79.5 million.

Fabianinkatu 23 is situated adjacent to the Unioninkatu 18, 20, 22 and 24 properties and the Fabianinkatu 19-21 properties already owned by Sponda. The purchase raised Sponda's portfolio in the area to over 43 000 m², forming a large property complex that enables Sponda to develop the area further. The 54 800 m² site at Kaupintie 3, consisting of several buildings, is leased to Sampo for 15 years.

In January 2002 Sponda sold the Itäkeskus Shopping Mall to Dutch property investment company Wereldhave N.V. for EUR 317 million. Sponda recorded total income of EUR 75 million on this transaction comprising a profit of EUR 67 million and dividend income of EUR 7.9 million. The 1 935 000 Wereldhave shares which Sponda subscribed for in conjunction with the sale were sold by Sponda to international institutional investors in April 2002 for approximately EUR 104 million.

During the year Sponda also sold 7 sites outside its core business areas for EUR 12.3 million, recording a total profit on these transactions of EUR 2.7 million.

City-Center is most important development priority

The City-Center complex (previously known locally as the Makkaratalo site) in the centre of Helsinki is Sponda's most important property development project. An application for exceptional permission to refurbish and expand the complex was submitted on 20 September 2002. Sponda estimates that the building costs will reach approximately EUR 100 million and that the expansion will yield a return of 10 %.

Group structure and changes

Sponda Group comprises the parent company, Sponda Plc, and its wholly owned subsidiaries. With the exception of Tamsoil, these are all mutual property companies. The merger of Castrum Oy with the parent company was recorded in the Trade Register on 31 December 2002.

Organization and personnel

The Sponda Group had 50 (54) employees on average between 1 January and 31 December 2002, which included 49 (46) in the parent company. At the close of the period personnel totalled 52 (55), which included 51 (47) in the parent company.

Wages and salaries paid by the parent company amounted to EUR 2 617 177.89. Remuneration paid to the Board of Directors and the CEO totalled EUR 314 659.51. The Sponda Group paid EUR 2 705 300.39 in wages and salaries during the review period. Of this, remuneration to the Board of Directors and the Presidents totalled EUR 402 782.05 and wages and salaries to other employees amounted to EUR 2 302 518.34.

Board of Directors

The following were elected to the Board of Directors by the Annual General Meeting on 27 March 2002: Heikki Bergholm, Maija-Liisa Friman, Jarmo Laiho, Harri Pynnä, Anssi Soila and Jarmo Väisänen. The Board elected Anssi Soila Chairman and Jarmo Väisänen Deputy Chairman.

Auditors

The meeting appointed Sixten Nymanin 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 in 2002 than the HEX all-share index and also Sponda's own industrial index (Investment). The closing price on 31 December 2002 was EUR 5.45. The lowest price during the year was EUR 4.48 and the highest price was EUR 6.45. The company's market capitalization at the end of the year was EUR 437 million.

Purchase of own shares

The Annual General Meeting on 27 March 2002 authorized the Board of Directors for one year from the AGM to purchase at most 3 500 000 of the company's own shares using distributable funds provided that after the purchase the aggregate nominal value of the shares owned by the company and its subsidiary companies, or the voting rights carried by these shares, does not exceed five (5) percent of the total share capital or the voting rights carried by all the shares.

The meeting also authorized the Board of Directors for one year from the AGM to surrender at most 3 500 000 of the purchased company shares.

By 31 December 2002 Sponda had purchased 888 200 of the company's own shares for EUR 4 926 300. The average price was EUR 5.55, the highest was EUR 6.00 and the lowest was EUR 5.38 per share. The aggregate nominal value of the shares was EUR 888 200 and they represented 1.1 % of the share capital and votes. These shares are in the company's possession.

Prospects

Economic recovery is expected to remain slow during 2003. The business property leasing market is forecast to remain at last year's level and Sponda's result of leasing operations in 2003 is expected to remain at the level in 2002.

Extra dividend on property sale profits

In line with its strategy, Sponda concentrates on developing and selling large property complexes. The sale of the Itäkeskus Shopping Mall has made it possible to pay an extra dividend of EUR 0.60 per share in addition to a normal dividend of EUR 0.30 per share on Sponda's leasing operations in 2002.

Annual General Meeting and dividend

Sponda Plc's Board of Directors has decided that the Annual General Meeting will be held on 8 April 2003, commencing at 2.00 pm. The Board will propose a total dividend of EUR EUR 0.90 per share on the financial year 2002. The Finnish Central Securities Depository Ltd, under Item 3.3.4. of its regulations, has granted Sponda special permission to postpone the payment of the dividend by one day owing to the Easter

holidays. The Board will therefore propose to the AGM that the dividend be paid on 23 April 2003.

Sponda Plc's Board of Directors has decided that the Annual General Meeting will be held on 8 April 2003, commencing at 2.00 pm. The Board will propose a dividend of EUR 0.90 per share on the financial year 2002.

6 February 2003

Sponda Plc
Board of Directors

Further information: Mr Kari Kolu, President and CEO, Sponda Plc, tel. +358-9-680 581

Consolidated Income Statement 1 Jan. - 31 Dec. 2002 1 Jan. - 31 Dec. 2001

	MEUR	MEUR
Total revenue	100.7	122.2
Result of leasing operations	- 41.6	- 43.4
Gross profit	<u>59.1</u>	<u>78.8</u>
Sales and marketing expenses	- 0.6	- 0.8
Administrative expenses	- 4.2	- 3.6
Other operating expenses	- 0.1	-
Other operating income	<u>71.1</u>	<u>3.3</u>
Operating profit	125.3	77.7
Financial income and expense	<u>- 17.1</u>	<u>- 35.8</u>
Profit before extraordinary items and taxes	108.2	41.9
Income taxes	<u>-29.4</u>	<u>- 10.1</u>
Net income for the year	78.8	31.8

Consolidated Balance Sheet

	31 Dec. 2002	31 Dec. 2001
	MEUR	MEUR
ASSETS		
FIXED ASSETS		
Intangible assets	0.4	0.4
Tangible assets		
Land and water	268.7	302.4
Buildings	722.2	845.5
Machinery and equipment	5.3	6.2
Other tangible assets	8.0	10.5
Advance payments and work in progress	3.2	-
	<u>1 007.4</u>	<u>1 164.6</u>
Investments		
Profits from assoc. companies	6.6	6.0
Own shares	4.9	3.6
Other investments	15.4	9.1
	<u>26.9</u>	<u>18.7</u>
FIXED ASSETS, TOTAL	1 034.7	1 183.7
CURRENT ASSETS		
Trade receivables	3.3	10.1
Cash and bank deposits	0.9	4.9
CURRENT ASSETS, TOTAL	<u>4.2</u>	<u>15.0</u>
ASSETS, TOTAL	1 038.9	1 198.7
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	81.2	82.0
Share premium fund	152.3	151.4
Share buyback fund	4.9	3.6
Retained earnings	234.2	231.7
Net income for the year	79.9	31.8
SHAREHOLDERS' EQUITY, TOTAL	<u>551.4</u>	<u>500.5</u>
LIABILITIES		
Long-term liabilities	436.7	558.7
Short-term liabilities	50.8	139.5
LIABILITIES, TOTAL	<u>487.5</u>	<u>698.2</u>
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	1 038.9	1 198.7

The figures in this Financial Statements Bulletin are unaudited.