

# Sponda



Full year result 1.1.–31.12.2007

## Sponda Plc's Financial Statements Bulletin January – December 2007

Sponda Group's total revenue in the financial period 1 January – 31 December 2007 was EUR 211.0 (31 December 2006: 116.9) million. The company's net operating income after property maintenance costs amounted to EUR 152.8 (87.1) million. Operating profit, including a positive change in value of properties of EUR 92.9 million, grew to EUR 256.7 (103.9) million. The economic occupancy rate of Sponda's property portfolio rose to 91.2 % (88.8 %).

### Result of operations and financial position January-December 2007 (compared with same period in 2006):

- Total revenue rose to EUR 211.0 (116.9) million.
- Net operating income was EUR 152.8 (87.1) million.
- Operating profit increased to EUR 256.7 (103.9) million. The figure includes a change of EUR 92.9 million in the fair value of the property portfolio.
- The profit after tax in 2007 was EUR 136.6 (48.3) million.
- Earnings per share (EPS) were EUR 1.27 (0.61).
- Cash flow from operations per share was EUR 0.81 (0.56).
- The fair value of the investment properties amounted to EUR 2,534.9 (2,455.1) million.
- Net assets per share totalled EUR 8.40 (7.45).
- EPRA net assets per share were EUR 10.04 (9.57).
- The economic occupancy rate rose to 91.2 %.
- The Board proposes a dividend of 0,50/share.

### Result of operations and financial position October-December 2007 (compared with October-December 2006):

- Total revenue rose to EUR 53.6 (37.1) million.
- Net operating income was EUR 39.1 (26.2) million.
- Operating profit increased to EUR 41.5 (30.8) million and included an increase of EUR 0.5 million in the value of the property portfolio.
- The net profit between October and December was EUR 18.0 (10.6) million.
- Earnings per share were EUR 0.16 (0.13).
- Cash flow from operations per share was EUR 0.22 (0.17).

### Key figures

	10-12/07	10-12/06	1-12/07	1-12/06
Economic occupancy rate, %			91.2	88.8*
Total revenue, Me	53.6	37.1	211.0	116.9
Net operating income, Me	39.1	26.2	152.8	87.1
Operating profit, Me	41.5	30.8	256.7	103.9
Earnings per share, e	0.16	0.13	1.27	0.61
Cash flow from operations per share, e**	0.22	0.17	0.81	0.56
Net assets per share, e			8.40	7.45

EPRA net assets per share, e			10.04	9.57
Equity ratio, %			32	20
Gearing, %			175	334
Dividend per share, e			0.50***	0.40

\* The figure is for Sponda's property portfolio before the Kapiteeli acquisition

\*\* Cash flow from operations includes profits and losses on property sales

\*\*\* Board proposal

## CEO Kari Inkinen

"For Sponda, 2007 was a successful year. The integration of Sponda and Kapiteeli was finalized in the first half of the year, greatly helped by the active contribution of personnel.

Leasing operations continued to be active and the economic occupancy rate improved in each quarter of 2007. At the end of 2007 it stood at 91.2 %, a figure that gives us cause for great pride.

Uncertainty in stock markets depressed Sponda's share price, along with those of other listed companies. Despite this, Sponda's operations and profits continued to develop favourably, and the profitability of all Sponda's units was satisfactory. Sponda will continue to pursue a strategy of growth by actively developing properties and by increasing its property investments in Russia. Several property development projects will be completed at the end of 2008, most of which have been leased in advance."

## Prospects in 2008

Sponda forecasts its net operating income for 2008 to improve compared to last year. This estimate is based on the higher average rents and improved economic occupancy rate during 2007. A slight improvement in the economic occupancy rate compared to the end of last year is also forecast for 2008.

Earnings per share will improve in 2008 compared to the figure for 2007 if the changes implemented in fair value are eliminated from the figures. In 2008, the total capital of EUR 150 million will be invested in property development. This, combined with a possible increase in financing expenses, is estimated to result in cash flow from operations per share, including profits and losses on sales of properties, being slightly below the corresponding figure for 2007.

## Business conditions

2007 was a lively year in the Finnish real estate development market, as was the previous year. According to the KTI Property Information Ltd, investments during the year totalled almost EUR 6 billion, some 65 % of which were made by international investors. The crisis in financial markets caused by sub-prime mortgages in the USA has depressed property prices in international real estate markets. However, based on property transactions in Finland, it is reasonable to forecast that the price level of office properties in the Central Business District and other prime locations in Helsinki will continue to stay high at the beginning of 2008. Outside these areas there is a pressure towards a moderate decline in property prices.

Demand for office premises was good. The vacancy rate for office premises in the Helsinki Metropolitan Area rose slightly in the first half of the year, partly due to the emptying of older properties outside the centre of Helsinki. Rent levels rose by some 5 % in 2007, and by slightly more in Helsinki's Central Business District.

The vacancy rate for retail premises was low. Several new retail properties were completed during the year, and more are scheduled for completion in 2008 both in the Helsinki Metropolitan Area and elsewhere in Finland. The market rents for retail premises rose slightly.

The vacancy rate for logistics properties was low in the Helsinki Metropolitan Area. New properties are being constructed, especially along the routes to Vuosaari Harbour, which will produce new modern logistics premises to meet the high demand. Market rents increased compared to 2006, partly due to the higher rents attracted by new properties.

### Business operations 1.1.-31.12.2007

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

Net operating income from Sponda's property portfolio in 2007 amounted to EUR 152.8 (31 December 2006: 87.1) million. This comprised 74 % for Office and Retail, 16 % for Logistics, 6 % for Real Estate Funds, and 1 % for Russia and the Baltic Countries. Other net operating income, including the subsidiary Ovenia's income, represented 3 %. There was further improvement in the economic occupancy rate of properties, which by type of property and by geographical area was as follows (the figures for 31 December 2006 are for Sponda's property portfolio before the Kapiteeli acquisition):

By type of property	31.12.07	30.9.07	30.6.07	31.3.07	31.12.06
Office and retail, %	91.0	90.0	89.7	89.3	88.8
Logistics, %	91.9	91.0	89.5	89.0	88.6
Russia and Baltic Countries, %	100.0	100.0	100.0	100.0	100.0
Total property portfolio, %	91.2	90.3	89.8	89.3	88.8
By geographical area	31.12.07	30.9.07	30.6.07	31.3.07	31.12.06
Helsinki Business District, %	90.6	90.2	88.3	86.7	89.7
Helsinki Metropolitan Area, %	90.2	88.6	89.3	89.1	87.5
HMA, logistics, %	90.6	89.5	88.2	87.7	87.1
Rest of Finland, %	96.9	96.6	96.7	98.0	93.4
Total property portfolio, %	91.2	90.3	89.8	89.3	88.8

The aggregate cash flow from lease agreements on 31 December 2007 was EUR 797 (31 December 2006: 896) million and the average length of the agreements was 4.4 (4.0) years. The change in the cash flow is the result of the sale of a EUR 400 million property portfolio at the end of March 2007. The average length of lease agreements was 4.8 years

for office and retail premises and 2.5 years for logistics properties. A total of 145 new leases (85,000 m<sup>2</sup>) were signed during the October–December period, and 99 leases (31,700 m<sup>2</sup>) expired. The lease agreements mature as follows:

Year of expiry	% of rental income
1 yr	14.8
2 yrs	13.4
3 yrs	13.4
4 yrs	11.0
5 yrs	7.1
6 yrs	3.0
Over 6 years	23.7
Open-ended	13.6

### Property portfolio

On 31 December 2007 Sponda had a total of 205 properties, with an aggregate leasable area of about 1.3 million m<sup>2</sup>. Of this total, roughly 67 % were office and retail premises and 33 % were logistics properties.

The fair values of Sponda's investment properties are confirmed based on the company's own calculations in which Sponda applies the yield method based on cash flow analysis. The assessment method meets the requirements of the IVS (International Valuation Standards). All the material used to calculate the fair values of the properties will be audited at least twice a year by a qualified independent assessor to ensure that the parameters used by Sponda and the values these have generated are consistent with market trends.

The valuation gain of Sponda's investment properties was EUR 92.9 million between January and December 2007. The fair value of Sponda's investment properties at the end of the year was EUR 2,534.9 (31 December 2006: EUR 2,455.1) million.

The valuation gain of Sponda's investment properties was EUR 0.5 million during the final quarter of the year. Catella Property Oy revalued Sponda's property portfolio in the fourth quarter.

Sponda's investment properties 1.1.-31.12.2007	Office and			Property	Russia & Baltics
	Total	Retail	Logistics	Devel- opment	
Rental income	190.5	154.4	32.0	2.2	1.9
Maintenance costs	-51.0	-40.6	-7.8	-2.2	-0.4
Net operating income	139.5	113.8	24.2	0.0	1.5
Fair value of investment properties					
1.1.2007	2 455.1	2 023.9	245.6	174.9	10.7
Acquisitions 2007	115.1	27.3	39.7	0.3	47.8

Investments	138.9	17.5	8.3	94.4	18.7
Other transfers between segments	9.9	6.2	12.3	-8.6	0.0
Sales in 2007	-277.0	-263.7	-1.8	-11.5	0.0
Valuation gains/losses	92.9	72.7	23.5	-3.3	0.0
<b>Fair value of investment properties 31.12.2007</b>	<b>2 534.9</b>	<b>1 883.9</b>	<b>327.6</b>	<b>246.2</b>	<b>77.2</b>
Change in fair value %	3.8 %	3.6 %	9.6 %		
<b>Annual net operating income/ fair value of properties 31.12.2007 *)</b>	<b>6.2 %</b>	<b>5.9 %</b>	<b>8.4 %</b>		<b>10.4 %</b>
<b>Yield requirement used in calculating fair value</b>			7.0-7.75		
		5.0-8.0 %	%		
<b>Weighted average yield requirement for the total portfolio</b>	6.4 %				

\* Excluding property development

## Investments and divestments

Sponda purchased investment properties for altogether EUR 115.1 million in 2007. Property purchases in the final quarter amounted to EUR 91.4 million. Sponda sold properties during 2007 for a total value of EUR 277.0 million. No properties were sold in the final quarter.

Investments in property maintenance and quality improvements totalled EUR 20.7 million in the full year and EUR 6.2 million in the final quarter. Altogether EUR 118.2 million was invested in property development. This was allocated to the renovation of the City-Center complex in Helsinki city centre and construction of the logistics centre at Vuosaari Harbour, as well as to retail property in the Itäkeskus district of Helsinki and office properties in the Ruoholahti and Sörnäinen districts of Helsinki.

## Office and Retail Properties

There was further improvement in the economic occupancy rate of Office and Retail Properties business unit, which at year's end was 91.0 % (31 December 2006: 88.8 %). Most improvement was seen in office properties situated outside Helsinki's Central Business District.

The fair value of office and retail properties was EUR 1,883.9 million at the end of the year. The valuation gain, compared to the beginning of 2007, was EUR 72.7 million. The leasable area of the property portfolio was roughly 880,000 m<sup>2</sup>, of which an estimated 75 % was office premises and 25 % retail properties. The business unit's total revenue, net operating income and operating profit were as follows:



<b>Office and Retail, Me</b>	<b>10-12/07</b>	<b>10-12/06</b>	<b>1-12/07</b>	<b>1-12/06</b>
Total revenue	37.4	27.9	154.4	84.7
Net operating income	28.3	20.2	113.8	63.1
Operating profit	26.5	29.7	197.4	78.0

In 2007 Sponda purchased office and retail properties for altogether EUR 27.3 million, of which EUR 17.6 million was invested in the final quarter. In addition, Sponda bought the Elovainio shopping centre under construction in Ylöjärvi, Tampere region, for EUR 62 million. The purchase price will be paid when the building is completed in spring 2009.

No properties were sold in the final quarter. Investments in property maintenance amounted to EUR 17.5 million during the year, of which EUR 4.5 million was invested in the final quarter.

### **Logistics Properties**

The economic occupancy rate of the Logistics Properties business unit improved, and on 31 December 2007 was 91.9 % (31 December 2006: 88.6 %). The fair value of the property portfolio was EUR 327.6 million, and the valuation gain, compared to the beginning of 2007, was EUR 23.5 million. The aggregate leasable area of the property portfolio was roughly 440,000 m<sup>2</sup>. The net sales, net operating income and operating profit of the Logistics Property unit were as follows:

<b>Logistics, Me</b>	<b>10-12/07</b>	<b>10-12/06</b>	<b>1-12/07</b>	<b>1-12/06</b>
Total revenue	9.2	6.6	32.0	28.6
Net operating income	7.3	4.7	24.2	22.2
Operating profit	6.5	0.0	47.0	24.9

During 2007 Sponda purchased logistics premises for EUR 39.7 million. Of this, EUR 30.3 million was purchased in the final quarter, and included the property at Tulppatie road 1 in Helsinki. No properties were sold during the period.

Investments in property maintenance amounted to EUR 3.2 million at the end of the year, EUR 0.6 million of this in the final quarter.

### **Property Development**

The book value of Sponda's property development portfolio at the end of 2007 was EUR 246.2 million. Of this, roughly EUR 100 million was in undeveloped land sites and the remaining EUR 146.2 million was tied up in active property development projects. Investments and acquisitions in the property development during the year totalled EUR 94.7 million, EUR 36.2 million of this during October-December.

Sponda sold a land site, planned for residential housing, in the Itäkeskus district of Helsinki for some EUR 13 million in November 2007. The site has building rights for roughly 25,000 m<sup>2</sup> and is situated on Vanhanlinnantie road in the same block in which Sponda is constructing HOK-Elanto's new Prisma shopping centre. Sponda posted a profit of EUR 8.5 million on the sale.

The current phase of the City-Center project, which includes the Kaivokatu street-level premises and station tunnel premises, is under way and should be completed in spring 2008. The phase reached full roof height in January 2008. The next phase, construction of the underground service facilities to be connected to the city centre service tunnel, will start early in 2008. The renovation of the City-Center complex is expected to be completed in 2011 and the total investment is estimated at some EUR 110 million.

Construction of the logistics area and gatehouse building at Vuosaari Harbour reached full roof height in January 2008. About 25 % of the premises have been leased, as was expected for this stage of the project. Construction of the car park building and passenger terminal started on schedule at the beginning of 2008. The project will have a total investment value of roughly EUR 140 million, of which the first phase due for completion at the end of 2008 accounts for EUR 100 million. The harbour will start operations in November 2008. Sponda is responsible for developing, leasing and managing all the premises that it owns.

Construction of the retail property in the Itäkeskus district in Helsinki started in spring 2007 and the project is proceeding on schedule. Construction of the interior will start in spring 2008. The total investment value for the retail property will be about EUR 56 million and it will have a leasable area of 21,500 m<sup>2</sup>. The property has been leased in its entirety to HOK-Elanto and will be completed by the end of 2008.

Construction of the office building at Porkkalankatu 22 in the Ruoholahti district of Helsinki is progressing according to plan. The investment value of the project will be about EUR 29 million and it will have a leasable area of 13,500 m<sup>2</sup>. At present almost all the building has been leased, and the estimated completion date is autumn 2008. The main tenants will be Altia and Diacor.

Sponda started construction of an office building at Lautatarhankatu 2 in the Sörnäinen district of Helsinki. Some 51 % of the building has been leased and its main tenant will be Tradeka, which will move its head office into the new premises. The project will have a total investment cost of about EUR 22 million and the property will have a leasable area of 9200 m<sup>2</sup>. The estimated completion date is towards the end of 2008.

Sponda and Sponda Kiinteistöt (formerly Kapiteeli) were chosen in April 2006 as main contractors for the Ratina shopping centre in Tampere and for development projects in adjacent areas. Sponda is designing a 48,000 m<sup>2</sup> shopping centre for the area. The total investment cost is estimated at EUR 200 million. Planning of the project has started and construction is scheduled to start in autumn 2008.

In October 2007 the city government of Vaasa chose Sponda to be its partner in developing the shopping centre planned to replace the disused bus station. The goal is for Sponda and the City of Vaasa to design and plan the land site for the shopping centre together. After the planning process, Sponda and the City of Vaasa will agree on the sale of the land site. It is hoped to obtain building rights of 40,000 m<sup>2</sup> for the land as well as parking space for 1000 cars. The shopping centre will be completed at the earliest in 2010.



## Real Estate Funds

Sponda is a minority holder in two real estate funds, First Top LuxCo and Sponda Real Estate Fund I Ky. Sponda is responsible for managing the funds and the properties acquired by them, and receives management fees.

The total revenue, net operating income and operating profit of the Real Estate Funds unit were as follows:

Real Estate Funds, Me	10-12/07	10-12/06	1-12/07	1-12/06
Total revenue	6.8	1.9	14.5	2.7
Net operating income	5.2	0.7	10.0	1.3
Operating profit	4.5	1.1	6.8	1.1

First Top LuxCo (Sponda's holding 20 %) invests in office and retail properties outside Finland's largest cities. At the end of 2007 the fund's property investments had a fair value of EUR 109 million.

Sponda Real Estate Fund I Ky (Sponda's holding 46 %) invests in logistics sites outside the Helsinki Metropolitan Area. At the end of the review period the fund's property investments had a fair value of EUR 190.0 million, while the fund has a target size of EUR 200 million. The target size will be reached in early 2008.

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

## Russia and the Baltic Countries

Sponda is actively looking for properties for investment and development in the Russian and Baltic markets. At the end of 2007 Sponda's property portfolio had a value of some EUR 77 million, including office and logistics properties and a 46-hectare land site in St Petersburg. Sponda also owns a 20-hectare site in Moscow province. The business unit's total revenue, net operating income and operating profit in 2007 were as follows:

Russia & Baltic, Me	10-12/07	10-12/06	1-12/07	1-12/06
Total revenue	0.6	0.0	1.9	0.0
Net operating income	0.5	0.0	1.5	0.0
Operating profit	0.0	0.0	-0.4	0.0

Sponda purchased an office property that is under construction in the centre of Moscow for USD 47.5 million in October 2007. The premises will have a total of 3,025 m<sup>2</sup> of leasable office space and parking space for 54 cars. Sponda is engaged in initial negotiations with various potential tenants. The building will be ready for occupancy in spring 2008.

In October Sponda purchased an office property for USD 11.5 million in St Petersburg at Kaluzhskij pereulok 3. The property comprises a total of 2,730 m<sup>2</sup> of leasable office premises and parking for 27 cars. The property is fully leased.

## Cash flow and financing

Sponda's net cash flow from operations on 31 December 2007 totalled EUR 211.5 (31 December 2006: EUR 45.4) million. Net cash flow from investing activities was EUR -19.0 (-1,020.9) million and after financing activities was EUR -188.7 (998.3) million.

Financial income and expenses at the end of the period totalled EUR -72.3 (-38.5) million. The 2007 figure includes a provision of EUR 0.6 million for interest costs in connection with Sampo Bank's suit for payment. Sponda's equity ratio on 31 December 2007 was 32 % (31 December 2006: 20 %) and gearing was 175 % (334 %). Interest-bearing debt amounted to EUR 1,662.7 (2,005.6) million, the average maturity of Sponda's loans was 2.6 (1.7) years and the average interest rate 4.6 % (4.6 %). Fixed-coupon and hedged loans accounted for 65 % of the loan portfolio. The average interest-bearing period of the whole debt portfolio was 2.6 (1.7) years. The interest margin, which describes the company's solvency, was 2.0 (2.5).

At the end of 2007, Sponda Group's debt portfolio comprised EUR 650 million in syndicated loans, EUR 396 million in bonds, EUR 312 million in issued commercial papers, and EUR 306 million in loans from financial institutions. Sponda has EUR 158 million in unused credit limits. Sponda Group has mortgaged loans of EUR 12 million, representing 0.4 % of the company's balance sheet total.

In November 2007, Sponda Plc secured a 5-year EUR 100 million loan with Bank DnB NORD A/S to refinance the company's loan portfolio. The loan, which replaces others raised in 2002 and 2003, has a margin on the date of signing of 0.425 % above the Euribor rate.

## Personnel and administration

During 2007 Sponda Group had on average 217 employees (63 in the corresponding period of 2006), of whom 126 (57) worked for the parent company Sponda Plc and 85 for the subsidiary Ovenia Oy. On 31 December 2007 Sponda Group had 216 (225) employees, of whom 120 (58) were employed in the parent company and 90 at Ovenia Oy. Sponda has personnel in Finland and Russia.

In 2007 Sponda's sales and administration costs totalled EUR 25.9 (31 December 2006: EUR 11.9) million, of which EUR 21.2 million were for the parent company Sponda and EUR 4.7 million for the subsidiary Ovenia. The increase was due mainly to the growth in the number of personnel after the Kapiteeli acquisition.

All Sponda employees are included in the company's incentive bonus scheme, under which bonuses are indexed to the company's targets. The company also operates a long-term share-based incentive scheme for its senior executives that was launched on 1 January 2006. Bonuses under this scheme are based on cash flow from operations per share and return on investment, and Sponda shares are bought with these bonuses. These shares also carry a restriction forbidding their disposal within two years of their issue. The bonus is paid annually.

## Group structure

Sponda increased its holding in Ovenia Oy, which provides property management services, from 51 % to 70 % in August 2007. In order to broaden the ownership of Ovenia, Sponda reduced its holding from 70 % to 55 % in December 2007.

Sponda Group comprises the parent company, the subsidiary Sponda Kiinteistöt Oy (formerly Kapiteeli Oy) and Sponda Kiinteistöt Oy's 55 %-owned subsidiary Ovenia Oy, as well as the Group's mutually owned property companies, which are either wholly or majority owned by Sponda Plc or Sponda Kiinteistöt Oy. Sponda Group also includes Sponda Russia Ltd and Sponda Asset Management Oy.

## The Sponda share

In November 2007 Sponda moved from the large company group to the medium size group in the classification of the OMX Nordic Exchange, based on the company's market capitalization.

An extraordinary general meeting of Sponda Plc shareholders on 5 January 2007 authorized the Board of Directors to launch a paid share issue in the maximum amount of EUR 250 million. A total of 31,722,910 new shares were issued based on the authorization at a subscription price of EUR 7.80. As a result of the increase in share capital based on the new issue, Sponda's share capital increased to EUR 111,030,185 and the number of shares to 111,030,185. The shares subscribed for in the issue carry entitlement to a full dividend for 2006 and produce the same rights as those of other shareholders in Sponda with effect from 9 February 2007, the date the increase in share capital was registered in the Trade Register.

The weighted average price of the Sponda share in the January-December 2007 period was EUR 10.55. The highest quotation on the Helsinki Stock Exchange was EUR 13.29 and the lowest EUR 7.40. Turnover during January-December totalled 95 million shares or EUR 1,007 million. The closing price of the share on 28 December 2007 was EUR 8.17, and the market capitalization of the company's share capital was EUR 907 million.

The Annual General Meeting on 4 April 2007 authorized the Board of Directors to purchase the company's own shares. The authorization was not exercised during the review period.

Sponda issued the following flagging announcements in the October-December 2007 period:

— 18 October 2007: Cohen & Steers, Inc. announced that its holding of shares represented 4.959 % of the total number of shares and votes in Sponda Plc.

At the close of the financial year on 31 December 2007 Sponda's ownership structure was as follows:

	No. of shares	% of total
The Finnish State	38,065,498	34.3
Other public sector bodies	2,925,190	2.6
Nominee registered	60,611,066	54.6
Households	6,455,563	5.8

Non-profit organizations, total	1,391,122	1.3
Companies, total	912,796	0.8
Financial and insurance institutions, total	596,179	0.5
Foreign , total	72,771	0.1
No. of shares, total	111,030,185	100.0

### **Board of Directors and auditors**

Sponda's Board of Directors has six members: Tuula Entelä, Timo Korvenpää, Harri Pynnä, Lauri Ratia, Arja Talma and Jarmo Väisänen. The chairman of the Board is Lauri Ratia and the deputy chairman is Jarmo Väisänen. All Board members are independent of the company, and five of the six members are independent of major shareholders.

Sponda Plc's auditors are Sixten Nyman APA and the firm of public auditors KPMG Oy Ab under the supervision of lead auditor Raija-Leena Hankonen APA. The deputy auditor is Riitta Pyykkö APA.

### **Committees of the Board of Directors**

On 4 April 2007 the Board of Directors established two permanent committees to assist the Board by preparing matters for which the Board is responsible. The permanent committees are the Audit Committee and the Structure and Remuneration Committee.

The Audit Committee comprises Chairman Arja Talma and ordinary members Tuula Entelä and Timo Korvenpää. The Structure and Remuneration Committee comprises Chairman Lauri Ratia and ordinary members Jarmo Väisänen and Harri Pynnä.

### **Management**

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

### **Nomination Committee of the shareholders**

The Nomination Committee of the shareholders has prepared a proposal for candidate members of the Board of Directors and their compensation. The members represented the three principal shareholders, who on 1 November 2007 were:

1. The Finnish State, 34.3 % of the shares and votes, represented by special advisor Pekka Timonen,
2. The State Pension Fund, 0.6 % of the shares and votes, represented by Eino Keinänen, and
3. Ilmarinen Mutual Pension Insurance Company, 0.4 % of the shares and votes, represented by Esko Torsti.

The Nomination Committee will propose to the Annual General Meeting on 19 March 2008 that the number of members of the Board of Directors be confirmed as six and that of the existing members Tuula Entelä, Timo Korvenpää, Lauri Ratia and Arja Talma be re-elected and that Klaus Cawén and Erkki Virtanen be elected as new members.

The Annual General Meeting confirms the fees paid to the Board members for one year at a time. The Nomination Committee proposes that the following fees be paid to the Board members in 2008 (figures in brackets are fees paid in 2007):

- to the chairman a monthly fee of EUR 5,000 (5,000)
- to the deputy chairman a monthly fee of EUR 3,000 (3,000)
- to the ordinary members a monthly fee of EUR 2,600 (2,600)
- a separate fee of EUR 600 (500) to each member for attendance at Board meetings.

### **Suit for payment**

In a ruling issued on 11 January 2007, the Helsinki city court ordered Sponda Plc to pay interest, penal interest and court costs totalling EUR 7.6 million to Sampo Bank Plc based on a credit agreement. Sponda appealed the decision to the Helsinki court of appeal on 9 February 2007. The amount of Sampo Bank's suit for payment, EUR 7.6 million, was recognized as an expense under provisions in the 2006 financial statements. In financial year 2007 EUR 0.6 million was recognized as an expense under provisions.

### **Tax authority decision**

Sponda announced in its interim report on 1 November 2007 that the Uusimaa corporate tax office had decided to deviate from the company's 2006 tax returns with respect to the deductible losses allowable against the company's profit.

The tax assessment adjustment board has amended the Uusimaa corporate tax office's decision regarding the deductibility of Sponda Kiinteistöt Oy's (formerly Kapiteeli Oyj) confirmed losses for previous years.

The state official representing the interests of tax recipients has the right of appeal until the end of 2008. If the decision of the tax assessment adjustment board stands, Sponda has confirmed losses for tax years 1996 – 1999 totalling some EUR 558 million that can be set against taxable profit. The solution will have no effect on Sponda's result for 2007.

### **Events after the close of the financial year**

The real estate investment company Sponda reduced its shareholding in Ovenia Oy, which provides property management services, from 55 % to 45 %.

### **Prospects in 2008**

Sponda forecasts its net operating income for 2008 to improve compared to last year. This estimate is based on the higher average rents and improved economic occupancy rate during 2007. A slight improvement in the economic occupancy rate compared to the end of last year is also forecast for 2008.

Earnings per share will improve in 2008 compared to the figure for 2007 if the changes implemented in fair value are eliminated from the figures. In 2008, the total capital of EUR 150 million will be invested in property development. This, combined with a possible

increase in financing expenses, is estimated to result in cash flow from operations per share, including profits and losses on sales of properties, being slightly below the corresponding figure for 2007.

### **Risks and uncertainty factors in the near future**

Recognized risks in the property investment sector include the risks associated with the property market and the risks relating to property investments and capital expenditure. If they materialize these could weaken Sponda's financial result. Rising construction costs and delays in project schedules may increase the costs of property development. In Russia there are also risks relating to permit procedures that may have an impact on the schedules of property development projects.

Financing involves refinancing risks and loan agreements have an interest rate risk. Sponda reduces the refinancing risk by using credit agreements of varying durations, employing a number of funding sources and maintaining the company's reputation as a trustworthy debtor. Risks from floating rate financing are reduced with interest hedging agreements. Expanding international operations increase Sponda's foreign exchange risk.

Sponda's operational risks are risks resulting from inadequate or defective internal processes or systems. They also include risks associated with the legal operating environment. Operational risks relate for example to the functionality of the company's information systems and to the permanence of its skilled employees.

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

The Board of Directors of Sponda Plc plans to hold the Annual General Meeting on 19 March 2008 and proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid. The Board proposes that the date of payment be 2 April 2008.

5 February 2008  
Sponda Plc  
Board of Directors

Further information: Kari Inkinen, President & CEO, tel. +358 (0) 20-431 3311 or +358 (04)00-402 653 and  
Robert Öhman, CFO, tel. +358 (0) 20-431 3320 or +358 (0)40-540 0741.

Distribution:  
Helsinki Stock Exchange  
The media  
[www.sponda.fi](http://www.sponda.fi)

This financial statement is unaudited. It has been prepared applying IAS 34 (Interim Reports). The same accounting and measurement principles have been applied in this interim report as in the previous annual financial statements bulletin.



Sponda Plc

Consolidated income statement (IFRS)

Me

	10-12/07	10-12/06	1-12/07	1-12/06
Total revenue				
Rental income and recoverables	47.4	36.4	193.4	115.4
Interest income from finance lease agreements	0.1	-	0.3	-
Service income, fund management fees and share of profits	6.1	0.7	17.2	1.5
	53.6	37.1	211.0	116.9
Expenses				
Maintenance expenses	-13.6	-10.7	-55.2	-29.4
Service expenses and direct fund expenses	-0.9	-0.2	-2.9	-0.4
	-14.5	-10.9	-58.1	-29.8
Net operating income	39.1	26.2	152.8	87.1
Profit/loss from sales of investment properties	0.0	0.0	1.2	-
Valuation gains/losses	0.5	7.1	92.9	26.2
Profit/loss from sale of trading properties	8.7	1.6	35.6	1.6
Sales and marketing expenses	-0.6	-0.3	-2.0	-1.1
Administrative expenses	-6.1	-4.4	-23.9	-10.8
Other operating income	0.0	1.1	0.5	1.4
Other operating expenses	-0.1	-0.5	-0.4	-0.5
Operating profit	41.5	30.8	256.7	103.9
Financial income	1.2	3.6	4.4	3.7
Financial expenses	-17.9	-12.5	-76.1	-34.7
Provision for interest expenses	-0.1	-7.5	-0.6	-7.5
Financial income and expenses, total	-16.8	-16.4	-72.3	-38.5
Profit before taxes	24.6	14.4	184.4	65.4
Taxes for current and previous financial years	-0.3	0.5	-0.4	-0.4
Deferred taxes	-6.4	-4.3	-47.4	-16.7
Income taxes total	-6.7	-3.8	-47.7	-17.1
Profit for the period	18.0	10.6	136.6	48.3
Distribution:				
To parent company owners	18.0	10.6	136.5	48.4
To minority interests	0.0	-	0.1	-0.1
Net profit for the period	18.0	10.6	136.6	48.3
WPS calculated on net profit to the parent company owners:				

Earnings per share, basic, EUR			1.27	0.61
Earnings per share, diluted, EUR			1.27	0.61
No. of shares on average, million				
Basic			107.8	79.3
Diluted			107.8	79.3

### Consolidated balance sheet (IFRS)

Me

	31.12.2007	31.12.2006
<b>ASSETS</b>		
Non-current assets		
Investment properties	2,534.9	2,455.1
Investments in real estate funds	34.9	19.4
Property, plant and equipment	15.6	19.5
Goodwill	27.5	27.5
Other intangible assets	4.1	5.2
Finance lease receivables	2.7	2.7
Long-term receivables	26.4	5.2
Deferred tax assets	56.9	110.5
Total non-current assets	2,703.2	2,645.1
Current assets		
Trading properties	37.2	231.1
Trade and other receivables	130.7	39.6
Cash and cash equivalents	27.4	23.6
Total current assets	195.2	294.3
Total assets	2,898.5	2,939.4
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Equity owed to the parent company		
Share capital	111.0	79.3
Share premium fund	159.4	159.5
Translation differences	0.7	-
Fair value fund	9.8	2.3
Revaluation fund	0.6	0.6
Reserve for invested unrestricted equity	209.7	-
Retained earnings	441.3	349.3
	932.6	591.0
Minority interest	2.2	1.8
Total shareholders' equity	934.8	592.8

Liabilities		
Non-current liabilities		
Interest-bearing debt	1,056.4	658.2
Provisions	15.1	22.7
Other liabilities	-	-
Deferred tax liabilities	212.6	218.7
Total non-current liabilities	1,284.0	899.6
Current liabilities		
Current interest-bearing liabilities	606.3	1 347.4
Trade and other payables	73.4	99.6
Total current liabilities	679.6	1 447.0
Total liabilities	1,963.7	2,346.6
Total shareholders' equity and liabilities	2,898.5	2,939.4
Total interest-bearing debt	1,662.7	2,005.6

### Consolidated cash flow statement (IFRS)

Me

		1-12/2007	1-12/2006
Cash flow from operating activities			
Net profit for the period		136.5	48.3
Adjustments		27.0	29.6
Change in net working capital	1)	135.1	8.6
Interest received		4.5	0.8
Interest paid		-78.4	-34.3
Other financial items		-13.7	-6.7
Taxes received/paid		0.5	-0.9
Net cash from operating activities		211.5	45.4
Cash flow from investing activities			
Acquisition of Kapiteeli		-15.1	-929.1
Investments in investment properties		-265.2	-110.0
Investments in real estate funds		-15.6	-19.4
Investments in tangible and intangible assets		-1.7	-0.6
Proceeds from sale of investment properties		277.9	37.8
Loans granted		-	-0.9
Repayments of loan receivables		0.7	1.3
Net cash from investing activities		-19.0	-1,020.9
Cash flow from financing activities			
Proceeds from share issue		239.5	0.7

Non-current loans, raised		810.5	300.0
Non-current loans, repayments		-371.9	-250.0
Current loans, raised/repayments		-822.2	987.2
Dividends paid		-44.6	-39.6
Net cash from financing activities		-188.7	998.3
Change in cash and cash equivalents		3.8	22.8
Cash and cash equivalents, start of period		23.6	0.8
Cash and cash equivalents, end of period		27.4	23.6
1) Includes reductions in trading properties		186.3	10.0

#### Changes in Group shareholders' equity Me

	Share capital	Share premium fund	Translation differences	Fair value fund	Revaluation fund
Equity at 31 Dec 2005	79.2	158.8	-	-4.2	-
Cash flow hedging:					
Amount taken to equity				8.5	
Amount recognized in income statement				0.1	
Reversed hedging instruments				0.2	
Increase					0.8
Taxes included in items recognized in or moved from equity				-2.3	-0.2
Total income and expenses entered in equity				6.5	0.6
Profit for the period					
Total income and expenses in the period				6.5	0.6
Dividend payment					
Share issue	0.1	0.7			
Equity at 31 Dec 2006	79.3	159.5	-	2.3	0.6

	Reserve for invested unrestricted equity	Retained earnings	Total	Minority interest	Total
Equity at 31 Dec 2005	-	340.5	574.3	-	574.3
Cash flow hedging:					
Amount taken to equity			8.5		8.5
Amount recognized in income statement			0.1		0.1
Reversed hedging instruments			0.2		0.2
Increase			0.8		0.8
Taxes included in items recognized in or moved from equity			-2.5		-2.5
Total income and expenses entered in equity			7.1		7.1
Profit for the period		48.4	48.4	-0.1	48.3
Total income and expenses in the period		48.4	55.5	-0.1	55.4
Increase				1.9	1.9
Dividend payment		-39.6	-39.6		-39.6
Share issue			0.8		0.8
Equity at 31 Dec 2006	-	349.3	591.0	1.8	592.8
<b>Changes in Group shareholders' equity</b>					
<b>Me</b>					
	Share capital	Share premium fund	Translation differences	Fair value fund	Revaluation fund
Equity at 31 Dec 2006	79.3	159.5	-	2.3	0.6
Cash flow hedging:					
Amount taken to equity				9.6	
Amount recognized in income statement				0.1	
Reversed hedging instruments				0.4	
Translation differences			0.7		
Taxes included in items recognized in or moved from equity				-2.6	
Total income and expenses entered in equity			0.7	7.5	

Profit for the period					
Total income and expenses in the period			0.7	7.5	
Decrease					
Dividend payment					
Share issue	31.7				
Equity at 31 Dec 2007	111.0	159.5	0.7	9.8	0.6
	Reserve for invested				
	unrestricted	Retained		Minority	Equity,
	equity	earnings	Total	interest	total
Equity at 31 Dec 2006	-	349.3	591.0	1.8	592.8
Cash flow hedging:					
Amount taken to equity			9.6		9.6
Amount recognized in income statement			0.1		0.1
Reversed hedging instruments			0.4		0.4
Translation differences			0.7		0.7
Taxes included in items recognized in or moved from equity			-2.6		-2.6
Total income and expenses entered in equity			8.2		8.2
Profit for the period		136.5	136.5	0.1	136.6
Total income and expenses in the period		136.5	146.6	0.1	146.7
Increase			-	0.5	0.5
Dividend payment		-44.4	-44.4	-0.2	-44.6
Share issue	209.7		241.4		241.4
Options implemented and paid as shares		-0.1	-0.1		-0.1
Equity at 31 Dec 2007	209.7	441.3	932.6	2.2	934.8



## Notes to the Group's Annual Report

### Accounting principles

The Group adopted on 1 January 2007 the IFRS 7 standard: 'Financial instruments: disclosures in financial statements' and the amendment to the IAS 1 standard concerning presentation of equity. The adoption of both standards will mainly affect the information to be presented in the notes to the Group's financial statements. In other respects the accounting principles for the financial statements are the same as those used for the financial statements at 31 December 2006.

### Income statement by business area

Me

Income statement 1-12/2007	Office & retail	Logis- tics	Prop- erty devel- opment	Russia/ Baltic	Funds	Other	Group, total
Total revenue	154.4	32.0	2.2	1.9	14.5	6.0	211.0
Maintenance expenses and direct fund expenses	-40.6	-7.8	-2.2	-0.4	-4.5	-2.6	-58.1
<b>Net operating income</b>	<b>113.8</b>	<b>24.2</b>	<b>0.0</b>	<b>1.5</b>	<b>10.0</b>	<b>3.4</b>	<b>152.9</b>
Profit/loss on sale of investment properties	-0.6	1.7	0.0	0.0	0.0	0.0	1.2
Profit/loss on sale of trading properties	20.7	0.0	15.4	0.0	-0.5	0.0	35.6
Valuation gains/losses	72.5	23.7	-3.3	0.0	0.0	0.0	92.9
Administration and marketing	-9.0	-2.6	-3.2	-1.9	-2.7	-6.5	-25.9
Other operating income and expenses	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<b>Operating profit</b>	<b>197.4</b>	<b>47.0</b>	<b>8.9</b>	<b>-0.4</b>	<b>6.8</b>	<b>-3.0</b>	<b>256.8</b>
Income statement 1-12/2006	Office & retail	Logis- tics	Prop- erty devel- opment	Russia/ Baltic	Funds	Other	Group, total
Total revenue	84.7	28.7	0.6		2.7	0.2	116.9
Maintenance expenses and direct fund expenses	-21.6	-6.5	-0.3		-1.4		-29.8
<b>Net operating income</b>	<b>63.1</b>	<b>22.2</b>	<b>0.3</b>		<b>1.3</b>	<b>0.2</b>	<b>87.1</b>
Profit/loss on sale of investment properties							
Profit/loss on sale of trading properties	0.2				1.4		1.6
Fair value adjustment	21.3	4.8	0.1				26.2
Administration and marketing	-6.6	-2.1	-0.9	-0.8	-1.5		-11.9

Other operating income and expenses					-0.1	1.0	0.9
<b>Operating profit</b>	<b>78.0</b>	<b>24.9</b>	<b>-0.5</b>	<b>-0.8</b>	<b>1.1</b>	<b>1.2</b>	<b>103.9</b>

### Investment properties

Me	31.12.2007	31.12.2006
Fair value of investment properties, start of period	2 455,1	1 259,7
Kapiteeli acquisition		1 070,0
Purchase of investment properties	115,1	94,3
Other investments in investment properties	138,9	43,3
Disposal of investment properties	-277,0	-37,7
Transfers to/from property, plant and equipment	4,2	-1,5
Transfers from trading properties	7,6	
Other transfers	-1,9	0,8
Valuation gains/losses	92,9	26,2
<b>Fair value of investment properties, end of period</b>	<b>2 534,9</b>	<b>2 455,1</b>

Investment properties are properties held by the company for the purpose of earning rental revenue or for capital appreciation. Sponda has chosen the fair value method to measure its investment properties, recognizing changes in their fair value in the income statement.

The fair values of Sponda's investment properties are confirmed based on the company's own calculations in which Sponda applies the yield method based on cash flow analysis. The assessment method meets the requirements of the IVS (International Valuation Standards). All the material used to calculate the fair values of the properties are audited at least twice a year by a qualified independent assessor to ensure that the parameters used by Sponda and the values these have generated are consistent with market trends. Sponda's whole property portfolio was revalued at the end of 2007 by Catella Property Oy.

### The Group's most significant investment commitments are in the following projects:

Development work on the City-Center complex is continuing on schedule. Construction of the underground service facilities to be connected to the city centre service tunnel, will start early in 2008. The renovation of the City-Center complex is expected to be completed in 2011 and the total investment is estimated at some EUR 110 million.

Construction of the logistics area and gatehouse building at Vuosaari Harbour reached full roof height in January 2008. Construction of the car park building and passenger terminal also started on schedule at the beginning of 2008. The project will have a total investment value of roughly EUR 140 million, of which the first phase due for completion at the end of 2008 accounts for EUR 100 million. The harbour will start operations in November 2008.

Construction of the retail property in the Itäkeskus district in Helsinki started and is proceeding on schedule. The total investment value for the retail property will be about EUR 56 million and it will have a leasable area of 21,500 m<sup>2</sup>. The property has been leased in its entirety to HOK-Elanto and will be completed by the end of 2008.

Construction of the office building at Porkkalankatu 22 in the Ruoholahti district of Helsinki is progressing according to plan. The investment value of the project will be about EUR 29 million and it will have a leasable area of 13,500 m<sup>2</sup>. At present almost all the building has been leased, and the estimated completion date is autumn 2008.

Sponda started construction of an office building at Lautatarhankatu 2 in the Sörnäinen district of Helsinki. Some 51% of the building has been leased. The project will have a total investment cost of about EUR 22 million and the property will have a leasable area of 9200 m<sup>2</sup>. The estimated completion date is towards the end of 2008.

Sponda and Sponda Kiinteistöt (formerly Kapiteeli) were chosen in April 2006 as main contractors for the Ratina shopping centre in Tampere and for development projects in adjacent areas. Sponda is designing a 48,000 m<sup>2</sup> shopping centre for the area. The total investment cost is estimated at EUR 200 million. Planning of the project has started and construction is scheduled to start in autumn 2008.

In October 2007 the city government of Vaasa chose Sponda to be its partner in developing the shopping centre planned to replace the disused bus station. The goal is for Sponda and the City of Vaasa to design and plan the land site for the shopping centre together. After the planning process, Sponda and the city will decide on the sale of the piece of land being planned. After the planning process, Sponda and the City of Vaasa will agree on the sale of the land site. It is hoped to obtain building rights of 40,000 m<sup>2</sup> for the land as well as parking space for 1,000 cars. The shopping centre will be completed at the earliest in 2010.

### Property, plant and equipment

Me	31.12.2007	31.12.2006
Carrying amount, start of period	19,5	8,8
Kapiteeli acquisition	-	5,2
Additions	1,9	4,5
Disposals	-1,8	-
Reclassifications to/from investment properties	-3,4	1,5
Depreciation for the period	-0,6	-0,5
Carrying amount, end of period	15,6	19,5

### Trading properties

Trading properties consist of 74 properties that are owned mainly through real estate companies or housing corporations.

Me	31.12.2007	31.12.2006
Carrying amount, start of period	231,1	
Kapiteeli acquisition		241,8
Trading properties sold	-186,3	-10,7
Transfers to investment properties	-7,6	
<b>Carrying amount, end of period</b>	<b>37,2</b>	<b>231,1</b>
Profits on trading properties sold	221,9	12,3

Book value of trading properties sold	-186,3	-10,7
<b>Valuation gains/losses of trading properties</b>	<b>35,6</b>	<b>1,6</b>

### Sampo Bank Ltd's suit for payment

In a ruling issued on 11 January 2007, the Helsinki city court ordered Sponda Plc to pay interest, penal interest and court costs totalling EUR 7.6 million to Sampo Bank Plc based on a credit agreement. Sponda appealed the decision to the Helsinki court of appeal on 9 February 2007. The amount of Sampo Bank's suit for payment, EUR 7.6 million, was recognized as an expense under provisions in the 2006 financial statements. In financial year 2007 EUR 0.6 million was recognized as an expense under provisions.

### Tax authority decision

Sponda declared in its interim report on 1 November 2007 that the Uusimaa corporate tax office had decided to deviate from the company's 2006 tax returns with respect to the deductible losses allowable against the company's profit.

The tax assessment adjustment board has amended the Uusimaa corporate tax office's decision regarding the deductibility of Sponda Kiinteistöt Oy's (formerly Kapiteeli Oyj) confirmed losses for previous years.

The state official representing the interests of tax recipients has the right of appeal until the end of 2008. If the decision of the tax assessment adjustment board stands, Sponda has confirmed losses for tax years 1996 – 1999 totalling some EUR 558 million that can be set against taxable profit. The solution will have no effect on Sponda's result for 2007.

### Contingent liabilities

#### Collateral and commitments given by the Group

Me	31.12.2007	31.12.2006
Loans from financial institutions covered by collateral	12.1	15.8
Mortgages	81.9	0.2
Book value of pledged shares	0.0	149.7
Guarantees	0.0	17.1
Total collateral	81.9	167.0
<b>Lease and other liabilities</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Me		
Lease liability	28.1	22.9
Other liabilities	0.1	0.1
Mortgages	2.3	2.3
Guarantees	7.5	0.1
<b>Interest derivatives</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Me		
Swap contracts, notional value	660.0	541.8

Swap contracts, fair value	10.0	2.3
Interest cap options bought, notional value	557.0	737.0
Interest cap options bought, fair value	14.7	10.0
Forward-rate agreements, notional value	50.0	-
Forward-rate agreements, fair value	0.0	-

### Key figures

	10-12/07	10-12/06	1-12/07	1-12/06
Earnings per share, e	0.16	0.13	1.27	0.61
Equity ratio, %			32	20
Gearing, %			175	334
Net assets per share, e			8.40	7.45
Cash flow from operations per share, e	0.22	0.17	0.81	0.56

### Calculation of financial ratios

Earnings per share, EUR =  $\frac{\text{Share of profit for the period attributable to equity holders of the parent company}}{\text{Adjusted average number of shares during the period}}$

Equity ratio, % =  $100 \times \frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}}$

Gearing, % =  $100 \times \frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Shareholders' equity}}$

Equity per share, EUR =  $\frac{\text{Equity attributable to equity holders of parent company on 31 December}}{\text{Adjusted number of shares on 31 December}}$

Cash flow from operations/share EUR 1) =  $\frac{\text{Operating profit} - / + \text{Valuation gains and losses} + / - \text{Changes in provisions} + / - \text{Defined benefit pension expenses} - \text{Financial income \& expenses affecting cash flow} - \text{Taxes affecting cash flow}}{\text{Average adjusted number of shares during the period}}$

EPRA equity per share, EUR =  $\frac{\text{Equity attributable to equity holders of parent company on 31 December} + \text{Deferred tax relating to the fair valuation of property and to property depreciation allowances} - \text{Goodwill relating to deferred tax liability}}{\text{Adjusted number of shares on 31 December}}$

1) Profit on the sale of non-current assets has been deducted and losses from their sale have been added to the operating profit for the years 2004-2006.

### Related party transactions

The following transactions took place with related parties:

Rental income from state institutions and companies totalled EUR 24.9 million in 2007 (1-12/2006: EUR 13.6 million).

Members of the Board of Directors held 3,970 shares and the Executive Board owned 31,368 shares as at 31 December 2007 (31 December 2006: 48,009 and 7,682 shares, respectively).

The Finnish State held 34.3% of Sponda's shares on 31 December 2007 (31 Dec 2006: 34.3%). Sponda sold three land areas for about EUR 65 million in accordance with a purchase option agreed with the Finnish State in February 2007.

There were no outstanding loans receivable from key management on 31 December 2007 or 31 December 2006.

### Management employee benefits

	1-12/2007	1-12/2006
Management remuneration	1.2	1.0
Incentive bonuses paid to management	0.4	0.2
Share-based payments to management	0.9	1.1
Total	2.5	2.3

### Significant property transaction

In a transaction signed on 30 March 2007, Sponda sold shares in real estate companies, business properties and land sites that were outside its strategic focus to Whitehall Street Real Estate Limited and Niam Nordic Investment Fund III for EUR 401.1 million. The sale comprised in total 564 real estate items, of which 43 were investment properties. Sponda recorded a profit on the sale of some EUR 18 million, which was reduced in a review of the selling price in the second quarter by EUR 1.3 million. Sponda is responsible for managing the funds and properties in them.

### Events after the close of the financial year

The real estate investment company Sponda reduced its shareholding in Ovenia Oy, which provides property management services, from 55% to 45%.