

**Interim Report January-June 2002****SPONDA'S RESULT GOOD AND NEW INVESTMENTS STRENGTHENED RESULT OF LEASING OPERATIONS**

Sponda Group recorded a net profit of EUR 86.5 (16.3) million for the first six months of the year. Revenue from rental income amounted to EUR 50.0 (60.2) million. The operating profit was EUR 97.0 (39.0) million, which included a EUR 67 million capital gain on the sale of the Itäkeskus Shopping Mall. Earnings per share in the six-month period were EUR 1.07 (0.20). Financial income and expenses totalled EUR -5.5 (-18.5) million.

Net operating income totalled EUR 37.5 (46.7) million, which was EUR 9.2 million below last year's figure. The Itäkeskus Shopping Mall accounted for EUR 7.8 million of the decrease. The book value of Sponda's property portfolio was EUR 1 031.8 million. Shareholders' equity per share was EUR 6.89 (31 December 2001: EUR 6.12).

**Financing**

Interest-bearing net debt totalled EUR 494.3 million (31 December 2001: EUR 680.9 million) and the equity ratio was 52.2% (31 December 2001: 41.6%). The average maturity of Sponda's credit lines was 3.7 years, the average interest rate was 5.0% and the average interest period was 2.3 years. Sponda had EUR 200 million in unused credit facilities.

**Business conditions**

The market for business premises in the Helsinki Metropolitan Area has become slack whereas demand for retail and logistic space has remained stable. The vacancy rate has risen and rent levels have started to decline slightly. The highest availability of office space is in Espoo, where the vacancy rate of properties now exceeds 6%.

**Leasing**

Net operating income from Sponda's properties totalled EUR 37.5 (46.7) million, of which 53.0% was derived from Helsinki CBD, 15.7% from Helsinki Metropolitan Area, 18.9% from Logistics Properties and 12.4% from the rest of Finland. The economic occupancy rate of Sponda's entire property portfolio at the end of June was 90.0% (31 March 2002: 92.5%).

At the end of the reporting period the economic occupancy rate of Sponda's properties in Helsinki CBD was 91.7% (31 March 2002: 97.0%) and net operating income totalled EUR 19.9 million. The economic occupancy rate of Sponda's properties in Helsinki Metropolitan Area rose to 81.9% (76.7%) and net operating income totalled EUR 5.9 million. The economic occupancy rate in Logistics Properties was 92.0%

(93.0%) and net operating income was EUR 7.1 million. In the rest of Finland the economic occupancy rate of Sponda's properties was 95.4% (96.3%) and net operating income amounted to EUR 4.6 million.

### **Property acquisitions and sales**

On 28 June 2002 Sponda Plc bought two office properties in Helsinki from Sampo Oyj's subsidiary Sampo Liikekiinteistöt Oy: Fabianinkatu 23 (5 100 m<sup>2</sup>) and Kaupintie 3, Lassila (54 800 m<sup>2</sup>) for altogether EUR 79.5 million including capital transfer tax.

The Fabianinkatu 23 property is in the same block as the Unionkatu 20, 22 and 24 properties and Fabianinkatu 19-21, all of which Sponda already owns. These buildings form a large entity enabling further development of the area, which meets Sponda's strategic aims. Sponda's holding in the area has now risen to over 43 000 m<sup>2</sup>. When fully leased the acquired property yields an estimated net return of 7.4%.

Kaupintie 3 comprises several office buildings. It has been leased back to Sampo Pankki Oyj for 15 years and the total capital lease of the property represents 8.5% of the purchase price.

Sponda sold the Itäkeskus Shopping Mall to the Dutch property investment company Wereldhave N.V. for EUR 317 million in January 2002. The total impact of the Itäkeskus sale on Sponda's result was EUR 75 million.

During the first six months of the year Sponda also sold six properties not related to its core business for altogether EUR 10.6 million in the following localities: the outskirts of Helsinki, Kotka, Riihimäki and Tampere. Sponda recorded a total capital gain of EUR 2.5 million on these divestments.

### **Personnel**

The Sponda Group had 51 (53) employees on average between January and June 2002, which included 49 (45) employed by the parent company Sponda Plc. Personnel numbered 50 (54) at the close of the period, including 49 (45) in the parent company.

### **Group structure**

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. The merger of Castrum Oy with the parent company Sponda Plc is under way.

### **Share performance**

Sponda's share price in the 1-6/2002 period was higher than in the previous quarter and the closing price at the end of June was EUR 6.00. The average price between January and June was EUR 5.50, the lowest price being EUR 4.48 and the highest price EUR 6.45. Sponda's market capitalization at the close of the period was EUR 492 million.

### Purchase of own shares

Sponda purchased 21 400 of the company's own shares for EUR 128 400 between 6 May and 30 June 2002. The average, highest and lowest prices were all EUR 6.00 per share. The aggregate nominal value of the shares was EUR 21 400 and they represented 0.03% of the share capital and votes.

### Invalidation of convertible bond loan

The EUR 635 750.36 convertible bond loan approved by Sponda's annual general meeting on 27 March 2000 became invalid owing to insufficient registration of subscriptions in the Trade Register. However, the aim of Sponda's Board of Directors is to safeguard the interests of the bond holders. Subscriptions by company employees total EUR 304 756.53.

### Composition of the Board of Directors

The Board of Directors has the following members: 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.

### Prospects

Sponda's result in 2002 will be substantially better than in 2001 due to the sale of the Itäkeskus Shopping Mall. The result of ongoing leasing operations is expected to reach last year's level. Capital released from the Itäkeskus divestment will be employed to finance new investment opportunities arising from market conditions.

29 August 2002

Sponda Plc

Board of Directors

The terms "Sponda", "the Group", or "the company" refer to the entire Sponda Group. The term "Sponda Plc" refers to the Group's parent company. The figures in this interim report are unaudited.

### SPONDA PLC

1 January - 30 June 2002

| INCOME STATEMENT     | 1-6/02<br>MEUR | 1-6/01<br>MEUR | 1-12/01<br>MEUR |
|----------------------|----------------|----------------|-----------------|
| Totala revenue       | 50,0           | 60,2           | 122,2           |
| Operating expenses   | -12,5          | -13,5          | - 27,8          |
| Net operating income | 37,5           | 46,7           | 94,4            |

|                                             |       |       |       |
|---------------------------------------------|-------|-------|-------|
| Administrative expenses                     | -2,4  | -2,3  | -2,4  |
| Other operating income                      | 70,4  | 2,5   | 3,3   |
| Other operating expenses                    | -0,1  | -0,6  | -1,7  |
| Depreciation acc. to plan                   | -8,4  | -7,3  | -15,9 |
|                                             | <hr/> |       |       |
| Operating profit                            | 97,0  | 39,0  | 77,7  |
| Financial income and expenses               | -5,5  | -18,5 | -35,8 |
| Profit before extraordinary items and taxes | 91,5  | 20,5  | 41,9  |
|                                             | <hr/> |       |       |
| Income taxes                                | -5,0  | -4,2  | -10,1 |
| Net income for the financial year           | 86,5  | 16,3  | 31,8  |

**30 JUNE 2002  
BALANCE SHEET**

|                                             | 30 June 2002<br>MEUR | 30 June 2001<br>MEUR | 31 Dec. 2001<br>MEUR |
|---------------------------------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                               |                      |                      |                      |
| Fixed assets                                |                      |                      |                      |
| Intangible assets                           | 0,4                  | 1,8                  | 0,4                  |
| Tangible assets                             |                      |                      |                      |
| Land and water                              | 272,3                | 303,0                | 302,4                |
| Buildings                                   | 725,7                | 848,4                | 845,4                |
| Machinery and equipment                     | 5,3                  | 6,4                  | 6,2                  |
| Other tangible assets                       | 8,5                  | 5,0                  | 10,6                 |
|                                             | <hr/> 1 011,8        | <hr/> 1 162,8        | <hr/> 1 164,6        |
| Investments                                 |                      |                      |                      |
| Holdings in associated companies            | 6,0                  | 6,1                  | 6,1                  |
| Own shares                                  | 0,1                  | 2,9                  | 3,6                  |
| Other investments                           | 13,1                 | 7,1                  | 8,0                  |
|                                             | <hr/> 19,2           | <hr/> 16,1           | <hr/> 17,7           |
| Fixed assets, total                         | 1 031,4              | 1 180,7              | 1 182,7              |
| Current assets                              |                      |                      |                      |
| Trade receivables                           | -                    | 2,3                  | 2,9                  |
| Short-term liabilities                      | 10,0                 | 9,4                  | 8,3                  |
| Other marketable securities                 | 28,0                 | -                    | -                    |
| Cash and bank deposits                      | 1,3                  | 2,4                  | 39,9                 |
| Current assets total                        | <hr/> 39,3           | <hr/> 14,1           | <hr/> 51,1           |
| Total                                       | 1 070,7              | 1 194,8              | 1 233,8              |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> |                      |                      |                      |
| Shareholders' equity                        | 559,1                | 485,0                | 500,6                |
| Long-term liabilities                       | 436,7                | 556,9                | 558,7                |
| Short-term liabilities                      | 74,9                 | 152,9                | 174,5                |

|              |                |                |                |
|--------------|----------------|----------------|----------------|
| <b>Total</b> | <b>1 070,7</b> | <b>1 194,8</b> | <b>1 233,8</b> |
|--------------|----------------|----------------|----------------|

#### **CONTINGENT LIABILITIES**

##### **Debt covered by mortgages on real estate**

|                                                       | <b>6/2002</b> | <b>6/2001</b> | <b>12/2001</b> |
|-------------------------------------------------------|---------------|---------------|----------------|
|                                                       | <b>MEUR</b>   | <b>MEUR</b>   | <b>MEUR</b>    |
| <b>Loans from financial institutions</b>              | <b>141,3</b>  | <b>143,1</b>  | <b>141,3</b>   |
| <b>Assets pledged</b>                                 | <b>82,5</b>   | <b>44,6</b>   | <b>46,1</b>    |
| <b>Mortgages pledged<br/>    as collateral, total</b> | <b>32,5</b>   | <b>45,8</b>   | <b>46,3</b>    |
| <b>Rental liabilities</b>                             | <b>20,4</b>   | <b>27,5</b>   | <b>28,3</b>    |
| <b>Assets pledged</b>                                 | <b>1,8</b>    | <b>3,8</b>    | <b>1,9</b>     |

##### **Interest derivatives**

|                                                         |              |              |              |
|---------------------------------------------------------|--------------|--------------|--------------|
| <b>Interest rate swap contracts,<br/>notional value</b> | <b>118,9</b> | <b>118,9</b> | <b>118,9</b> |
| <b>Interest rate swap contracts,<br/>market value</b>   | <b>-0,3</b>  | <b>1,7</b>   | <b>-0,5</b>  |
| <b>Interest rate cap contracts,<br/>notional value</b>  | <b>34,8</b>  | <b>34,8</b>  | <b>34,8</b>  |
| <b>Interest rate cap contracts,<br/>Market value</b>    | <b>0,8</b>   | <b>0,7</b>   | <b>0,7</b>   |

#### **KEY RATIOS**

|                                                | <b>30 June 2002</b> | <b>30 June 2001</b> |
|------------------------------------------------|---------------------|---------------------|
| <b>Shareholders' equity<br/>per share, EUR</b> | <b>6,89</b>         | <b>5,93</b>         |
| <b>Equity ratio, %</b>                         | <b>52.2</b>         | <b>40.5</b>         |
| <b>Earnings per share, EUR</b>                 | <b>1.07</b>         | <b>0.20</b>         |
| <b>Gearing, %</b>                              | <b>83</b>           | <b>143</b>          |