

Annual Report 2000



Sponda

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The terms Sponda, the company and the Group refer to the entire Sponda Group.
The name Sponda Plc refers to the parent company of the Sponda Group.

City Center. 150,000 people
frequent every day the
Makkaratalo complex, owned
by Sponda.

Business Strategy

1

Sponda owns and leases high-standard office, retail and logistics premises in prime locations in the Helsinki Metropolitan Area.

Sponda offers its owners the best possible return on their investment, maintaining and increasing the value of their commitment.

Sponda is a highly sought-after partner among its shareholders, financiers, employees, customers and suppliers.



Sponda in brief

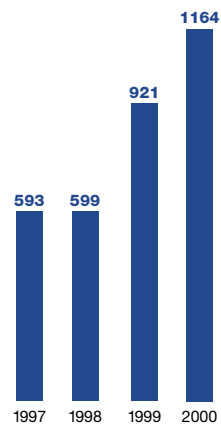
Real estate investment company Sponda Plc owns and leases high-quality business premises in prime locations in the Helsinki Metropolitan Area. Sponda's property portfolio had a market value of FIM 8,400 million at the end of 2000. The aggregate leasable area of Sponda's properties is 900,000 m². Ninety percent of Sponda's net operating income comes from the Helsinki Metropolitan Area.

Key ratios, 31 December 2000

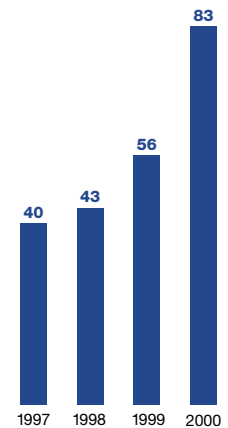
	2000	1999
Shareholder's equity per share, FIM	35.48	35.16
NAV/share, EUR	9.00	7.80
Earnings per share, FIM	2.16	2.41
Return on equity, %	6.5	6.0
P/E ratio	10.9	9.6
Equity ratio, %	42	46
Gearing, %	133	113
Dividend, FIM *)	1.50	1.00
Payout ratio, %	69.4	41.5
Effective dividend yield, %	6.4	4.3
Market capitalization, FIM billion	1.9	1.7

*) Board's proposal

Property portfolio,
MEUR



Net operating income,
MEUR



Highlights of the year 2000

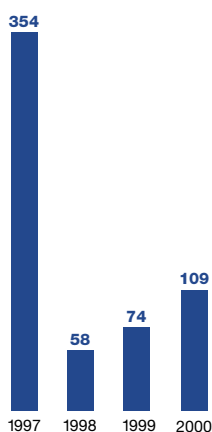
Sponda acquired the logistics real estate company Castrum Oyj in two installments: through a share swap, Sponda's holding of Castrum's share capital and voting rights increased to about 66 % on 14 March 2000 and to 94.7 % on 29 November 2000. Castrum's financials were consolidated in Sponda's accounts from 1 April 2000.

Sponda Group posted a net profit of MFIM 168.8 (175.0) in 2000, which included profits on property sales totalling MFIM 19.0 (13.8). Total revenue was MFIM 650.7 (440.9) and was derived from rental income. The operating profit was MFIM 410.6 (281.3), up 45.9 %. The Group's profit before extraordinary items, provisions and taxes increased 17.7 % to MFIM 218.9 (186.0).

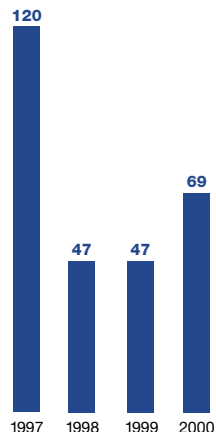
The Board of Directors proposes a dividend of FIM 1.50 per share, which is 50 % higher than in the previous year.

The Itäkeskus Shopping Mall, the largest shopping complex in Finland and Scandinavia, will soon become one of the largest in Europe when a new 8,500 m² extension and renovation of 5,000 m² of existing retail space are completed in October 2001. Itäkeskus will then have a total leasable area of 94,000 m². The extension will add 500 new car parking spaces to the Itäkeskus Shopping Mall. More than 90 % of the new premises are already leased and the extension will have an income return of 11 %.

Total revenue,
MEUR



Operating profit,
MEUR



Chief Executive's Review

Sponda continued to concentrate the geographical coverage of its holdings during 2000 and is today the largest real estate investment company owning business premises in Finland. Some 90 % of Sponda's 900,000 m² real estate portfolio is situated in the Helsinki Metropolitan Area, where economic and population growth prospects remain bright, indicating that property values will continue to rise as well.

Sponda's prospects in the Helsinki Metropolitan Area are good, thinks the Group's President and CEO Kari Kolu.



Our original strategy has proved correct since the company's net assets per share have increased. The net asset value per share now totals roughly nine euros, an increase of 15 % on the year before.

The company's strong financial position has not been reflected in its share value, however, even though this was above the HEX average last year. Sponda's share price has risen slightly from the previous year's figures but it is still below the listing price. Nonetheless the share price has remained stable. Sponda's Board of Directors will propose a dividend of FIM 1.50 per share, a high figure that reflects Sponda's strong prospects in the Helsinki Metropolitan Area's real estate market in 2001. At its current price, the Sponda share offers a tax-free dividend yield of approximately 6 %.

Last year we grew profitably with Sponda's operating profit and total revenue increasing almost 50 %. Our pretax profit rose from FIM 180 million to FIM 220 million, an increase of almost one-fifth. The result of leasing operations improved as well and rent levels continue to rise.

Sponda's range of business premises was expanded with the acquisition of Castrum, which specializes in logistics premises. Sponda can now achieve greater economies of scale, which improves our negotiating position in issues such as

financing, service contracts and construction. At the same time we are consistently attracting the best talent in the business since the biggest company in the property investment sector is able to offer interesting and challenging opportunities.

Property management services for owners

Sponda's property management concept is comprehensive in scope; each property is assigned its own property manager, which ensures direct and immediate communication between Sponda and its tenants. We see property management as a service that we produce for our shareholders.

Sponda's property managers are responsible for leasing and maintaining the premises under their control. They also participate in the property's administration. They are separately responsible for agreed construction work such as new building, renovation, and repair and modifications requested by their tenants. The aim is to offer efficient total property management commensurate with market rent levels.

Property leasing forms the core

Property investment is based on leasing of premises. The leasing contract determines the cash flow and its schedule for each property. The net rental income that Sponda receives from its properties is based on its property managers' detailed knowledge of local rent levels, Sponda's own extensive network of customers and co-operative real estate agents, and solid teamwork among Sponda staff. Sponda is constantly accruing a deeper knowledge of the Helsinki Metropolitan Area, which gives the company greater confidence that it is setting the right levels of rent.

To obtain a good level of net operating income, Sponda must ensure that it takes a systematic lifecycle approach to managing its properties. This requires action plans for each property based on the property's condition assessment and service records. The geographical concentration of Sponda's real estate portfolio, rapid decision-making in a flat and efficient organization, condition assessments and comprehensive service records all support cost-effective lifecycle management. Geographical concentration also enables Sponda to source top-quality property services and materials at attractive prices.

Sponda focuses on large units in Helsinki

During the year Sponda sold properties that were outside its core interests either because of their location or their size. Sponda's single most important property, the Itäkeskus Shop-

ping Mall, generated a solid profit despite the expansion work still in progress, and we will be able to open the new wing at the end of the year, perfect timing for the Christmas rush. The expansion is slightly behind schedule but leasing of the new premises has proceeded well.

Prospects

Vacant premises are still in short supply in the Helsinki Metropolitan Area, Sponda's first priority. New business premises are under construction but these will not satisfy demand. The outlook for the Itäkeskus Shopping Mall is bright as well with 90 % of the extension now already leased.

Let me, in closing, thank our shareholders for their confidence in the company. My thanks also to all our outstanding employees for their excellent efforts and flexibility in rapidly integrating the Castrum logistics properties into Sponda. I believe in Sponda as a company and that we will continue to lead the way in the real estate investment sector in Finland.

Kari Kolu
President and CEO



The global economy and the Finnish economy both peaked during the course of 2000 according to the Research Institute of the Finnish Economy (ETLA). In Finland GDP will rise 4.5% during 2001. Inflation will slow to 2% next year if oil prices decline and the euro strengthens. Income tax cuts, wage increases and higher employment will improve the real purchasing power of households to 4% during 2001. The European Central Bank's interest rate in December 2000 was 4.75% but interest rates are not expected to rise further in the near future.

According to Catella Real Estate Consulting Ltd, rent levels in the Helsinki Metropolitan Area have continued to rise and the vacancy rate was only 1.3% in spring 2001. Demand for premises exceeds supply and construction of new buildings is not sufficient to meet the shortfall. Despite new building the vacancy rate in the Helsinki Metropolitan District continued to fall last year.

Sponda involved in benchmarking

Sponda is a member of the Finnish Institute of Real Estate Management (KTI) and an active participant in the institute's benchmarking project which includes a property yield index, a glossary of real estate terms, lease-benchmarking and cost-benchmarking.

The property yield index used by KTI and real estate companies is a measure of the overall return on real estate investments and is expressed as a percentage of the market capitalization of the real estate portfolio. The index covers all the main types of property and the largest towns and cities in Finland. In 2000 the index comprised 25 large real estate owners in Finland with an aggregate portfolio worth over

FIM 50 billion, roughly 30% of the total volume of business premises in the country.

The Glossary of Basic Real Estate Terms is one result of a KTI project to develop marketing information services for property managers. The glossary presents standardized definitions of concepts and terms to make it easier to use and interpret market information.

KTI's database of leases provides information on the rents covered by existing and new leasing agreements and their development, the content and terms of the leasing agreements, and the performance of the owners' properties in the leasing market. In autumn 2000 the lease database contained information on about 25,000 office premises in more than 50 towns in Finland.

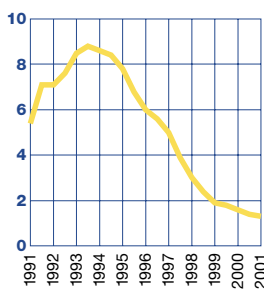
Sponda is also part of a cost-benchmarking system designed to facilitate management of the operational and maintenance costs of properties in Finland. The database gathers data on annual costs and their contributing factors as well as basic information on the properties concerned. Key indicators are then calculated from this data to provide comparative and market information for the use of property owners. In 2000 the project involved 50 property owners with altogether 2,200 properties.

Sponda a founder member of EPRA

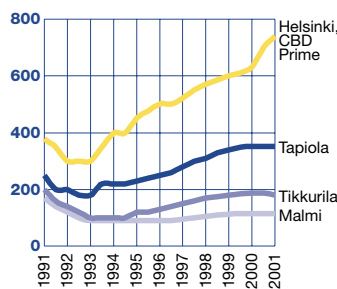
Sponda has been a founder member of the European Public Real Estate Association (EPRA) since 1999.

EPRA's strategy is built around four basic objectives. The association aims to develop the European real estate sector, to promote common reporting procedures, and to work together with legislators in various countries. It also seeks to generate information for its members on market conditions and EPRA's activities. EPRA's index series are released in real time and are available under Amsterdam at the Euronext.com website.

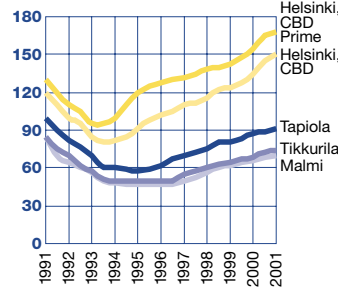
Vacancy rate, %
Helsinki Metropolitan Area



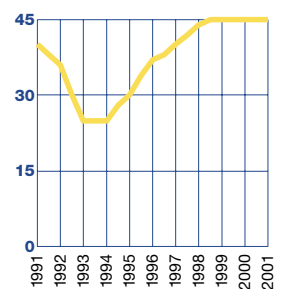
Rental levels of prime retail premises, FIM/m²/month
Helsinki Metropolitan Area



Rental levels of office premises, FIM/m²/month
Helsinki Metropolitan Area



Rental levels of logistics premises, Helsinki Metropolitan Area, FIM/m²/month, new lease agreements



Bulevardi 1. Sponda's four office buildings stretching from the corner of Bulevardi to the Uusi Suomi building along Mannerheimintie street form a cost-efficient unit.

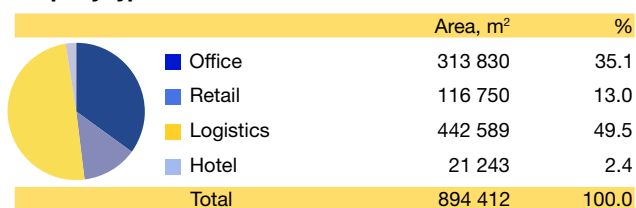


Sponda is Finland's largest real estate investment company specializing in business premises. Its property portfolio had a market value of FIM 8,400 million at the end of 2000. Sponda derives 90 % of its net operating income from the Helsinki Metropolitan Area.

Sponda's properties are divided into four business areas: Helsinki Metropolitan Area, Helsinki Business District, Itäkeskus and Logistics Properties, the latter mainly comprising the real estate assets of Castrum Oyj. The aggregate leasable area of Sponda's properties is 894,412 m² comprising 313,830 m² of office space (35.1 % of the total leasable area), 116,750 m² of retail premises (13.0 %), 21,243 m² of hotels (2.4 %) and 442,589 m² of logistics properties (49.5 %). The income return on Sponda's properties was 7.6 % at the end of 2000 and the net carrying value of the properties in the balance sheet was FIM 6,900 million. Sponda owned 81,000 m² of building rights on undeveloped sites and 11,500 m² of building rights covering new and renovated buildings.

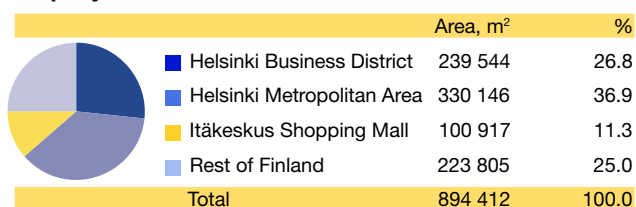
Area for lease 31 December 2000

Property type



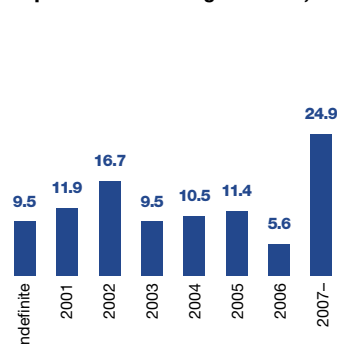
By predominant use of each property.

Property location



By actual leasable area.

Expiration of lease agreements, %



Eteläesplanadi 21. This property with almost 9,000 m² of floor space is called the Bensow Building after the investment bank that owned it previously.

Sponda's total property portfolio 1 Jan.–31 Dec. 2000, MFIM

	Total	Helsinki Business District	Helsinki Metropolitan Area	Itäkeskus	Castrum 1 Apr.–31 Dec. 2000	Rest of Finland
Rental revenue	650.7	270.4	85.5	154.8	121.1	18.9
Operating expenses	-157.6	-62.4	-17.5	-43.8	-28.9	-5.0
Net operating income	493.1	208.0	68.0	111.0	92.2	13.9
Book value of properties, 1 Jan. 2000 ¹⁾	6 696.1	3 352.3	758.7	1 181.9	1 217.9	185.3
Investments 2000	480.4	162.9	132.9	137.2	23.8	23.6
Divestments 2000	-179.9	-59.4	-27.9	0.0	-40.0	-52.6
Depreciation	-76.7	-34.2	-9.0	-13.2	-18.6	-1.7
Book value, 31 Dec. 2000	6 919.9	3 421.6	854.7	1 305.9	1 183.1	154.6
Annualized net operating income / book value at 31 Dec. 2000	7.6 %	6.1 %	8.0 %	8.5 %	10.4 %	9.0 %
New acquisitions	287.6	116.1	127.0	35.6	0.0	8.9
Construction	131.6	5.0	3.2	92.6	16.5	14.3
Maintenance	28.8	17.8	2.6	3.7	4.3	0.4
Tenant improvements	32.4	24.0	0.1	5.3	3.0	0.0
Investments	480.4	162.9	132.9	137.2	23.8	23.6
Maintenance (capitalized)	28.8	17.8	2.6	3.7	4.3	0.4
Maintenance (expensed)	29.1	15.5	3.6	7.2	2.1	0.7
Total	57.9	33.3	6.2	10.9	6.4	1.1
Tenant improvements (capitalized)	32.4	24.0	0.1	5.3	3.0	0.0
Tenant improvements (expensed)	12.0	4.2	2.1	2.8	2.7	0.2
Total	44.4	28.2	2.2	8.1	5.7	0.2

¹⁾ The book values at 1 January 2000 include the change in the method of calculating minority holdings.

Economic occupancy rate 31 December 2000, %**Property type**

Office	96.4
Retail	96.3
Logistics	95.6
Hotel	100.0
Average	96.3

Property location

Helsinki Business District	97.8
Helsinki Metropolitan Area	93.1
Itäkeskus	96.6
Others	98.3
Average	96.3

By predominant use of property.

**Impact of taxation of real estate capital
on the income statement 2000**

	Properties sold	Properties bought
Rental revenue	3.5	9.5
Operating expenses	1.3	3.0
Net operating income	2.2	6.5

Kauppakeskus Itäkeskus. The water towers and tall palm trees lining the main boulevard of the Itäkeskus Shopping Mall are admired by more than 20 million visitors to the mall every year.



Real Estate Operations

Helsinki Business District

Sponda owns 26 properties in the Helsinki Business District, 13 of them in the Prime Central Business District (CBD Prime), 7 in the Central Business District and 6 in CBD Outskirts. The economic occupancy rate of all Sponda's properties in Helsinki Business District was 97.8%, net operating income totalled FIM 208.0 (153.9) million and the total leasable area was approximately 239,500 m². The book value of the properties was FIM 3,400 million.

Central location generates synergic benefits

Sponda's properties in CBD Prime are close enough to each other as to offer synergic benefits in their administration. The properties stretching from the beginning of Mannerheimintie to the former Uusi Suomi building form a prestigious group of four office buildings faced on the other side of the street by Eteläesplanadi 22, known as the Bensow Building. The Unionkatu, Kluuvikatu, Keskuskatu, Kasarminkatu, Kaivokatu and Arkadiankatu streets as well as all Sponda's other CBD Prime holdings lie within a half kilometre's radius of the central railway station at the very hub of the city.

The City Centre complex (known locally as Makkaratalo, the "sausage building" on account of its design) is one of the most disputed buildings in the city of Helsinki. This 30,000 m² office complex has gained notoriety among cartoonists and the general public due to the "concrete sausage" running along its façade. Sponda is investigating the feasibility of turning this complex into a shopping mall. The building and its surroundings are part of the city of Helsinki's plan to extend the pedestrian precincts in the city centre.

Property acquisitions and sales

Acquisitions during the year comprised the outstanding minority holdings in the City Centre complex. Sponda now owns 100% of City Centre itself and 1,300 m² of Kaivokadun Tunneli Oy, an underpass connecting City Centre with the central railway station. The acquired holdings were owned by Polar Real Estate (1,600 m² of offices at Kaivokatu 8), Tasavalta Myymälät Oy (270 m² of retail store and stockroom), and the pension fund of the Co-operative Dairies (640 m² of restaurant space).

On 29 May 2000 Sponda bought a 4,700 m² office building at Itälahdenkatu 20 in Lauttasaari from the pension fund of the Co-operative Dairies for FIM 19 million.

On 29 February 2000 Sponda sold the property company Kiinteistö Oy Yrjönkatu 16, i.e. the entire share capital of

Dianankulma, for FIM 71 million to the Svenska folkskolans vänner association. This property also contained residential apartments that are not part of Sponda's core business. This divestment generated a profit of approximately FIM 9 million. The property had a total leasable area of about 3,400 m².

Tenant improvements

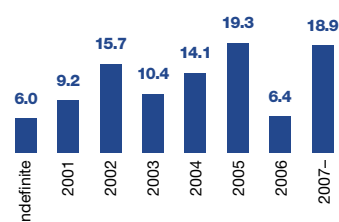
The renovation of the office premises in Sponda's Seurahuone building at Kaivokatu 12 will be completed in May 2001 for an estimated cost of about FIM 19 million. The renovated premises will be occupied by Conventum Oyj.

The Seurahuone building is one of the most valued in Helsinki. Designed by Armas Lindgren in 1911 for the Kaleva insurance company, this building represents Finnish nationalist-romantic architecture at its finest. Some of the fittings in the rooms are subject to a protection order by the Museum Office and Sponda worked closely with experts when carrying out the renovation.

Sponda's renovations in Helsinki Business District totalled FIM 41.8 million. A 1,100 m² renovation was carried out at Lönnrotinkatu 28 in the centre of Helsinki in which the building's basement and groundfloor were converted into a multimedia studio for handling digital photo material at a total cost of FIM 7 million.

In Pasila, in the CBD Outskirts area, a tenant renovation was completed at Ratapihantie 11 comprising approximately 1,500 m² and costing about FIM 6 million.

Expiration of lease agreements, %
Helsinki Business District



Helsinki Metropolitan Area

Sponda owns altogether 330,000 m² of leasable premises in the Helsinki Metropolitan Area, principally in the Espoo High Tech area and Vantaa Airport City. The former, in the Tapiola suburb of Espoo, is the largest high-tech competency area in Northern Europe. Espoo, Finland's second largest city, offers an enormous range of opportunities with companies specializing in advanced technology for consumers.

In Vantaa, development of Helsinki-Vantaa Airport and its services has high priority in Helsinki's gateway strategy. The plan is to make the area more appealing for enterprises eager to use its economically attractive position as a gateway between eastern and western Europe.

Net operating income from the Helsinki Metropolitan Area totalled FIM 68 million, or 13.8% of Sponda's total net operating income. The economic occupancy rate was 93.1% and Sponda's real estate had a book value of approximately FIM 850 million.

Property acquisitions and sales

Sponda purchased properties in the Helsinki Metropolitan Area for FIM 121 million during the year in addition to the Castrum logistics properties. On 17 January 2000 Sponda Plc bought the office and warehouse property Fastighets Ab Blåbackavägen 14 at Sinimäentie 14 in Espoo from Aktia Bank. This building has a leasable area of 6,100 m². The debt-free price was FIM 37 million and its annual net income at the time of purchase was FIM 3.7 million. This property is situated close to Sponda's office building on Sinikalliontie 10.

On 29 May 2000 Sponda Plc bought an office building on Kalkkipellontie 2 in the Mäkkylä suburb of Espoo from the pension fund of the Co-operative Dairies. The price was FIM 21 million and the building has a floor area of approximately 3,800 m².

On 14 June 2000 Sponda Plc bought an 11,000 m² logistics property on Sähkötie, Vantaa, from Tamro Oyj for FIM 63 million. This property lies adjacent a plot of land owned by Sponda's subsidiary Castrum and the Gigantti domestic appliance department store.

On 2 October 2000 Sponda the entire share capital of the property company Kiinteistö Oy Ulappatori to property investment company Kiinteistösijoitus Oyj Citycon for a debt-free price of roughly FIM 25 million.

New projects

The zoning plan for Sponda's office building project Sirius I on Robert Huber road close to Helsinki-Vantaa Airport was approved at the end of June. This gave Sponda confirmed building rights totalling 17,200 m² which includes 11,000 m² in new building rights.

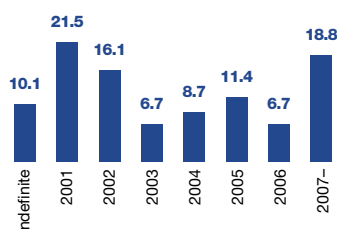
On 29 June 2000 Sponda was granted building permission for a new office building with a floor area of 5,700 m² on Pohjantie road in Tapiola. The original buildings on the Pohjantie site have been demolished and construction work is scheduled to start this summer.

A zoning agreement for the site at Komentajakatu 3 in Leppävaara was signed on 30 June 2000. This site has space for a new 10,000 m² office building. Office premises totalling 4,400 m² at Komentajakatu 3-5 became vacant at the end of January 2001. These premises, together with a new office building, will enable Sponda to offer a large office complex in the area for which there is already strong demand.

Tenant improvements

The renovation of the Mäkkylä office building in Espoo covers about 3,900 m² of floor area and has an estimated cost of FIM 10 million. The building will be ready for its tenants, Arrow Finland Oy and TietoEnator Applications Oy, in March 2001.

Expiration of lease agreements, %
Helsinki Metropolitan Area



Itäkeskus

The Itäkeskus Shopping Mall, the largest shopping mall in Finland and the entire Nordic area, continues to grow. On completion of its new extension in autumn this year Itäkeskus will rank among the largest shopping malls in the whole of Europe. Its leasable area now totals 85,000 m², which will rise to 94,000 m² with the new extension. Including office buildings and the Puhos shopping center businesses, Sponda has 101,000 m² of space in Itäkeskus. The extension will add 500 new parking slots and about 30 new garment, leisure and domestic appliance outlets.

Net operating income totalled FIM 111 million, 22.5% of Sponda's total figure. The economic occupancy rate of Itäkeskus was 96.6% it had a book value of approximately FIM 1,300 million. The aggregate sales of the Itäkeskus retail outlets in 2000 amounted to FIM 1,582 (1,542) million, up 2.6% on the previous year. Demand for these retail premises remained strong.

Some FIM 3 million was invested in raising quality levels and renovation to commercial premises at Itäkeskus. Stockmann's menswear department on the ground floor was expanded by 460 m², and the restaurant toilets and childcare room were renovated.

Extension ready in October 2001

The extension to the Itäkeskus Shopping Mall will be completed in October 2001. The work comprises about 8,500 m² of new space as well as the renovation of some 5,000 m² of existing premises. The estimated cost of the extension is FIM 170 million, plus about FIM 30 million for the renovation work. The new premises will yield an income return of approximately 11% on their acquisition cost. The enterprises in the extension are expected to raise the shopping mall's entire annual retail sales by about FIM 280 million. About 93% of the extension's retail premises had been leased by the beginning of 2001.

The architects for the extension are Hyvämäki-Karhunen-Parkkinen under the supervision of principal architect Jukka Karhunen. The façade of the extension will consist of metal sheets with gaps that will allow the shopping mall to be semi-visible from the outside.

Itäkeskus now a 10 hectare winter town

The extended Itäkeskus Shopping Mall will be a real "winter town" with covered boulevards and restaurants. The main boulevard, adorned with waterfalls and genuine palm trees many metres high, leads to the piazza of the new extension where cafeterias and restaurants surrounding a central fountain create a attractive new rendezvous area. There shoppers can enjoy Fazer's continental-style patisserie, J&R Lehtonen's up-market lunch restaurant, and an American-style wok and fastfood restaurant for the whole family. A large McDonalds will also be available for families with children.

The piazza's pleasant and relaxed atmosphere is further enhanced by a direct view of the retail stores on both floors since the red-granite floor of the piazza is about half a metre below the ground floor. The roof is supported on diagonal, matte-surfaced steel pillars, while a 30-metre high glass dome crowns the extension and acts as a beacon for the local suburbs. Three adjacent externally mounted, transparent lifts take visitors from the parking levels directly to the retail stores, ensuring a short distance from each of the five parking levels to the main mall.

Shopping and services under the same roof

Itäkeskus Shopping Mall has altogether 190 retail enterprises, 40 of which are boutiques. The Shopping Mall profiles itself as a centre for clothing for the whole family including the fashion-conscious. New enterprises include Dressmann, a Norwegian chain specializing in clothes and accessories for men; Stadium, a Swedish company marketing sportswear and equipment; the Danish menswear chain Carnet; and the Swedish home textiles chain Hemtex.

Active association of entrepreneurs

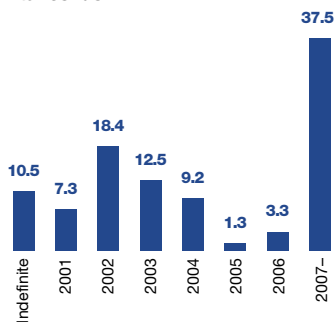
The Itäkeskus Shopping Mall has had an active association of entrepreneurs since its establishment in 1984. The association includes all the more than 190 enterprises that do business in the mall. The association's marketing budget in 2000 totalled FIM 6 million, one quarter of which was paid by the property's owner, Sponda.

Sponda increases property ownership adjacent to Itäkeskus

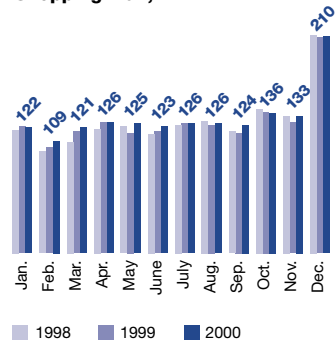
Sponda has increased its holdings in properties adjacent to the Itäkeskus Shopping Mall, which makes administration of all the properties in the area more efficient. In addition to the property on Turunlinnantie 12, Sponda now owns the whole of the Itäkatu 11 office building, having bought the 2,505 m² (31 %) and 190 m² (2 %) minority holdings from Antilooppi Oy and a private individual for altogether FIM 16.5 million on 3 October 2000. This building has a total floor area of approximately 8,200 m² and the net income from the purchased apartments totalled FIM 1.5 million a year at the time of purchase.

On 2 October 2000 Sponda Plc acquired the shares in Puotinharjun Pohos Oy (2,200 m²) from Citycon Oyj, giving the company 20 % of the retail premises in the Puhos shopping center on the other side of the Turunlinnantie road.

Expiration of lease agreements, %
Itäkeskus



Sales by stores in Itäkeskus
Shopping Mall, MFIM



Logistics Properties

Sponda's Castrum properties are treated as a separate business area called Logistics Properties. Castrum is the leading logistics property investment company in the Nordic countries. Approximately 70% of Castrum's properties are located in the Helsinki Metropolitan Area. The size and location of the logistics properties broaden Sponda's portfolio of business premises. Castrum was consolidated within Sponda from 1 April 2000.

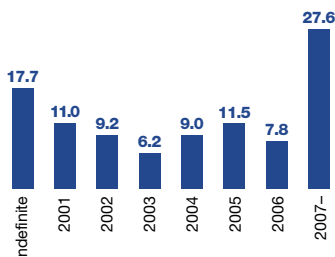
The net operating income from the logistics properties totalled FIM 92.2 million, accounting for 18.7% of Sponda's total net operating income. The economic occupancy rate of the properties was 94.6% and they had a book value of FIM 1,180 million. Sponda had altogether approximately 50 logistics properties at the year end with a total floor area of 440,000 m².

Larger properties in Helsinki

Sponda's policy is to divest its logistics properties with a value of below FIM 10 million and lying outside the Helsinki Metropolitan Area. Altogether 11 such properties were sold for FIM 43 million during 2000.

The logistics properties were reorganized giving their property managers wider responsibilities and merging property administration and other functions. The property managers are responsible for all aspects of the properties assigned to them and are individually in charge of marketing, leasing, contracts with subcontractors and suppliers, and contacts with tenants. Castrum's finance and accounting functions were merged with Sponda in May–June. Sponda took on altogether 10 of Castrum's staff. Besides the new logistics properties, Sponda also gained personnel with special skills in this sector as well as qualified new staff for its finance and accounting department.

**Expiration of lease agreements, %
Logistics Properties**



Synergetic benefits

Warehouses and logistics properties situated at prime business sites and along good transport routes in the Helsinki Metropolitan Area will grow in importance as e-commerce develops. Growth in the property portfolio will generate synergetic benefits in financing and property maintenance.

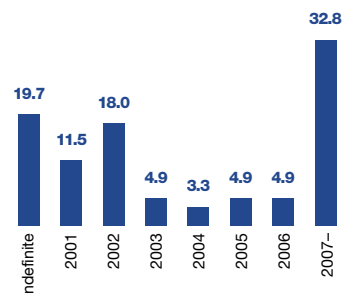
Castrum will be delisted from the main list of the Helsinki Exchanges in 2001.

Tenant improvements

A warehouse at the Konala Enterprise Centre at Ruosilantie 14 in Helsinki was renovated for Tech Data Finland Oy during the year at a cost of FIM 15 million. Other large renovation and building projects included a 1,200 m² extension at Kouvolantie 227 in Nastola.

Rest of Finland

**Expiration of lease agreements, %
Rest of Finland**



The objective of Sponda's treasury function is to reduce the financial exposure of the company's operations and to arrange adequate funding at lowest possible cost.

The company aims to keep the average interest-bearing period to three years and the average maturity of its loans to over 4 years. At least 50 % of the company's fixed-interest contracts and off-balance-sheet interest derivatives are hedged.

Sponda's treasury function is responsible for debt financing, cash flow and financial risk management. It is governed by covenants covering the use of pledges, the equality of financiers and various financial indicators.

Structure

Sponda's capital structure is simple and flexible. Payments are allocated to different periods to reduce the refinancing risk and increase control. Funding adequacy is ensured by using a number of different sources. 36 % of loans carry fixed interest. Floating-rate loans are hedged using cap and swap contracts totalling FIM 914 million. The market value of these contracts at the year end was FIM 21.5 million.

The Castrum acquisition was financed mainly through a privileged share issue. EUR 98 million of Sponda's committed credit limits are in use.

New financial instruments

The company's debt portfolio grew strongly during 2000 with the adoption of three new financial instruments.

On 3 February 2000 Sponda Plc signed a EUR 100 million commercial paper programme to manage its short-term financing needs and to reduce interest expenses.

On 6 April 2000 Sponda Plc floated a EUR 150 million fixed rate serial bond under its EUR 250 million domestic bond programme. This programme increased the number of financiers and the average maturity of its interest rates.

On 28 November 2000 signed a syndicated term loan facility with nine international banks totalling EUR 195 million. This facility is in force for 5 years and it was used mainly to refinance Castrum's credit limits.

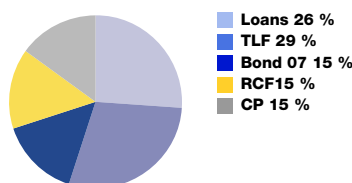
Key indicators

Sponda's equity ratio at the close of the period was 41.6 % (46.3 %). Interest-bearing debt totalled FIM 3,893.0 (3,054.3) million and net interest expenses were FIM 191.5 million. The average maturity of Sponda's loans was 4.4 (3.4) years, the average interest rate was 5.6 % (4.6 %), and the average interest-bearing period was 2.9 (2.2) years. The interest cover was 2.5. Indebtedness represented 12 % of the balance sheet total.

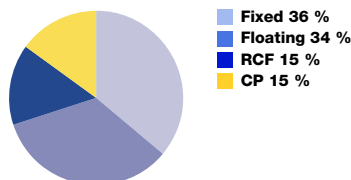
Goals

The principal goals of Sponda's treasury function are to balance its loan capital exposure, increase the number of new instruments and financiers, and maintain unsecured financing.

Instruments



Types of interest rates





Report by the Board of Directors

Sponda Group recorded a net profit for 2000 of FIM 168.8 (175.0) million, which included profits on property sales totalling FIM 19.0 (13.8) million. Total revenue was FIM 650.7 (440.9) million and was derived from rental income. The operating profit was FIM 410.6 (281.3) million, an increase of 45.9 % on the previous year. The consolidated profit before extraordinary items, provisions and taxes increased 17.7 % to FIM 218.9 (186.0) million. The Board of Directors will propose a dividend of FIM 1.50 per share.

The result of leasing operations before profits on property sales was FIM 150.0 million, down 7.0 % up on the result in 1999, which was FIM 161.2 million. The estimated market value of Sponda's property portfolio at the end of 2000 was FIM 8 370 million and the balance sheet total was FIM 7,046.6 million. The net asset value per share was FIM 53.30 (EUR 9.0), an increase of 15.0 %. Shareholder's equity per share was FIM 35.48 (35.16) and earnings per share were FIM 2.16 (2.41).

Financing

Sponda's equity ratio at the close of the period was 41.6 % (46.3 %). Interest-bearing debt totalled FIM 3,893.0 (3,054.3) million and net financial expenses were FIM 191.5 million. The average maturity of Sponda's loans was 4.4 (3.4) years and they carried average interest of 5.6 % (4.6 %). The average maturity of the interest rate derivatives was 2.9 (2.2) years. The interest cover was 2.5. Secured loans represented 12 % of the balance sheet total.

Business conditions

According to ETLA, The Research Institute of the Finnish Economy, the economy has peaked. GDP in Finland is expected to rise 4.5 % during 2001, inflation will slow to 2 % and the real purchasing power of households will increase to 4 %.

Rent levels in the Helsinki Metropolitan Area continued to rise. According to Catella Real Estate Consulting Ltd, the vacancy rate stood at 1.4 % in the autumn. Demand and supply in business premises have started to balance out.

Property portfolio

The market value of Sponda's real estate portfolio at the end of 2000 was FIM 8,370 million, which Sponda has valued for the purposes of the property yield index of the Finnish Institute of Real Estate Management.

areas: Helsinki Metropolitan Area, Helsinki Business District, Itäkeskus and Logistics Properties, the latter mainly comprising the real estate assets of Castrum Oyj. Sponda Group owns altogether 96 properties, 26 of which are located in the Helsinki Business District. Sponda has 46 properties in the Helsinki Metropolitan Area, one of which, Itäkeskus, is a separate business area. Sponda also owns 23 properties in the rest of Finland. The aggregate leasable area of Sponda's properties is 894,12 m² comprising 313,830 m² of office space (35.1 % of the total leasable area), 116,750 m² of retail premises (13.0 %), 21,243 m² of hotels (2.4 %) and 442,589 m² of logistics properties (49.5 %).

Sponda owns a further 8 sites, 6 in the Helsinki Metropolitan Area and 2 in Tampere. It has altogether 73,700 m² of building rights in the Helsinki Metropolitan Area and 7,300 m² in Tampere. Sponda's building rights in Vantaa Airport City total 57,500 m² and in Espoo 16,200 m².

Tenant improvements

Sponda's investments in maintenance and upgrading of its real estate totalled FIM 28.8 million during 2000. Capitalized tenant improvements, namely renovations agreed when leasing agreements are signed, amounted to FIM 32.4 million.

Leasing operations

Net operating income from Sponda's properties totalled FIM 493.1 million. The book value of the property portfolio was FIM 6.9 billion. Net operating income was generated as follows: 42.2 % from Helsinki Business District, 22.5 % from the Itäkeskus Shopping Mall, 13.8 % from Helsinki Metropolitan Area, 18.7 % from Logistics Properties (Castrum), and 2.8 % from the rest of Finland.

Itäkeskus Shopping Mall

The Itäkeskus Shopping Mall will rank among the 10 largest shopping complexes in Europe when its 8,500 m² extension is completed in the autumn of 2001. The project also includes refurbishing approximately 5,000 m² of space in the original mall.

Sales by the retail outlets in the Itäkeskus Shopping Mall during 2000 totalled FIM 1,582 (1 542) million, 2.6 % up on the previous year. Sales growth was hampered by construction of the new wing and a shortage of parking space, part of which was required by the worksite. Sales were also affected by the refurbishment of roughly 5,000 m² of retail premises related to the extension.

Mannerheimintie 2. Sponda owns and leases 13 office and commercial buildings in Helsinki's CBD Prime district.

Sponda's properties are divided into four business

The Castrum acquisition

Sponda acquired Castrum Oyj in two stages. On 14 March 2000 Sponda reached agreement on raising its holding to 65.9% of Castrum's share capital. This deal was closed after the approval of Sponda's Annual General Meeting was received on 27 March 2000. Sponda paid for the transaction through a privileged share issue to the sellers, offering 1 Sponda share in exchange for five Castrum shares. The total transaction price was approx. EUR 29 million calculated from the share price on the day preceding the deal's announcement. Castrum was consolidated in Sponda's financial accounts from 1 April 2000 onwards.

Sponda Plc then bought the Castrum shares owned by Henki-Sampo Insurance Company, ST International Insurance Company and Kesko Oyj on 29 November 2000 through an exchange of shares. Following Sponda's extraordinary shareholders' meeting on 14 December 2000, Sponda owned 94.7% of the Castrum shares and voting rights.

With Sponda's holding in Castrum now exceeding 90% of the total, Sponda had the legal obligation to make a public offer to redeem the remaining issued Castrum shares and bond warrants. This offer ended on 18 January 2001 and was accepted by shareholders representing altogether 3,761,143 shares, i.e. roughly 4.9% of Castrum's shares and voting rights, raising Sponda's holding to 99.6% of Castrum's shares and voting rights.

On 25 January 2001 Sponda will demand the compulsory redemption of the outstanding Castrum shares and voting rights, as permitted by the Companies Act.

Following this action Sponda will apply for delisting of the Castrum shares and bond warrants from the main list of the Helsinki Exchanges.

Other property acquisitions

Sponda also acquired various properties during 2000 totalling FIM 272 million.

On 29 May 2000 Sponda Plc bought the remaining shares (approx. 2 500 m²) in Kaivokatu 8, part of the City Centre ("Makkaratalo") complex, for FIM 74 million, giving Sponda 100% ownership of the property.

In the Helsinki Business District Sponda bought an office building in Lauttasaari and a 40% holding in Tunneli Oy on Kaivokatu.

In Helsinki Metropolitan Area Sponda bought office properties at Sinimäentie 14 and in Mäkkylä, Espoo.

In Itäkeskus Sponda bought the outstanding minority holdings in Itäkatu 11 and shares of Puotinharjun Puhos Oy.

Sponda also bought logistics properties on Sähkötie in Vantaa and on Rieskalähteentie in Turku.

Property sales

Sponda sold real estate for altogether FIM 196.5 million in 2000. The properties sold were either outside Sponda's core business areas or so small that their administration offered no synergic benefits.

On 29 February 2000 Sponda sold the entire share capital of the Dianakulma residential and office building at Yrjönkatu 16 to the Svenska folkskolans vänner association, for FIM 71 million. The leasable area of this property was approx. 3,400 m².

On 30 June 2000 Sponda sold the share capital of Kiinteistö Oy Koskipaju, a property on the former Tampella industrial site in Tampere city centre, to Tamrock Oy's Pension Foundation for FIM 48.5 million.

On 2 October 2000 the entire share capital of Kiinteistö Oy Ulappatori, owned by Sponda, was transferred to Citycon for a debt-free price of approx. FIM 25 million.

On 19 October 2000 Sponda sold the logistics property at Rieskalähteentie in Turku to Toptronics Oy for FIM 10 million. Castrum sold altogether 11 properties for FIM 43 million. These properties had an aggregate area of 28,485 m² and were situated in Hanko, Helsinki, Hyvinkää, Kirkkonummi, Kouvola, Lahti, Oulu, Tampere and Valkeakoski.

On 15 January 2001 Sponda Plc sold an office building with an area of approx. 8,000 m² at Hämeenkatu 23 in Tampere to the Pension Fund of Tampereen Puhelin Oyj for FIM 70.5 million.

Group structure and changes

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

Organization and personnel

The Sponda Group had 49 (32) employees on average between 1 January and 31 December 2000, which included 33 (25) in the parent company Sponda Plc. At the close of the period personnel totalled 52 (37), which included 34 (29) in the parent company.

Wages and salaries paid by the parent company amounted to FIM 8,499,602. Remuneration paid to the Board of Directors and the CEO totalled FIM 1,334,650.

The Sponda Group paid FIM 14,322,985 in wages and salaries during the review period. Of this, remuneration to the Board of Directors and the Presidents totalled FIM 3,156,486 and wages and salaries to other employees totalled FIM 11,166,433.

Board of Directors

The Annual General Meeting re-elected the following to the Board of Directors: Anssi Soila (chairman), Jarmo Väisänen (deputy chairman), Heikki Bergholm, Kari Inkinen, Harri Pynnä, and Pertti Voutilainen.

Auditors

The Annual General Meeting appointed KPMG Wideri Oy Ab and Raija-Leena Hankonen APA as the company's auditors and Tiina Tornainen APA as the deputy auditor.

Corporate Governance

The Rules of Procedure endorsed by Sponda's Board of Directors endorsed 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, prepared 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 2000 than the HEX all-share index in general and the closing share price on 30 December 2000 was EUR 3.95, i.e. FIM 23.49. The company's market capitalization at the end of the year was EUR 324 million, i.e. FIM 1.9 billion.

Share capital

Sponda Plc's share capital was reduced by annulling the company's own shares, as decided by the Annual General Meeting on 27 March 2000, and then raised on 3 April 2000 through a privileged rights issue, which reduced the Finnish government's holding in Sponda to 49.1%. An extraordinary general meeting on 14 December 2000 revoked the AGM's authorization to the Board of Directors to acquire the company's own shares. Sponda Plc's share capital was reduced by annulling the company's own shares, as decided by the extraordinary general meeting, and then raised on 18 December 2000 through a privileged rights issue.

	Share capital FIM	No. of shares
31 December 1999		
AGM 27 March 2000	363 476 095	72 695 219
Annulment	6 956 325	1 391 265
Rights issue	37 654 040	7 530 808
EGM 14 December 2000	394 173 810	78 834 762
Annulment	6 366 000	1 273 200
Rights issue	22 105 565	4 421 113
31 December 2000	409 913 375	81 982 675

Authorizations to purchase own shares

Sponda Plc's Board of Directors decided on 3 May 2000, as authorized by the AGM on 27 March 2000, to purchase the Company's own shares using the Company's distributable funds. Altogether 1,391,265 shares were purchased.

The company began purchasing its own shares on 11 March 2000 and the final date for purchasing should have been 27 March 2001. Sponda's extraordinary general meeting on 14 December 2000 cancelled the Board of Directors' authorization, granted by the AGM on 27 March 2000, to purchase the company's own shares and authorized the Board to purchase the company's shares using its distributable funds.

Based on this new authorization altogether 3,000,000 shares will be purchased so that the aggregate nominal value of the shares owned by the Company and its subsidiary companies, or the voting rights carried by these shares, after the purchase does not exceed five (5) percent of the company's total share capital or the voting rights carried by all the shares.

The company started to purchase its own shares on 2 January 2001 and this action will end on 14 December 2001.

Prospects

The property leasing market will remain stable. The occupancy rate of Sponda's properties will remain high and the company's leasing operations are expected to generate a better result than last year. Sponda's performance is forecast to improve during 2001.

Annual General Meeting and dividend

Sponda Plc's Board of Directors has decided to convene the Annual General Meeting on 28 March 2001, commencing at 2.30 pm. The Board will propose payment of a dividend of FIM 1.50 per share on the result for 2000.

Sponda Plc Board of Directors



Shares and shareholders

Share capital and shares

Sponda Plc's share capital on 31 December 2000 was FIM 409,913,375 which was distributed between 81,982,675 shares. The nominal value was FIM 5.00 per share.

The shares are quoted on the HEX Helsinki Exchanges in lots of 200 under the trading code SDAIV. The shares are part of the book-entry securities system.

Shareholders

On 31 December 2000 there were 6,304 shareholders, 16.0% of whom were foreign shareholders.

Trading and performance

Altogether 22,324,687 Sponda Plc shares were traded on the Helsinki Exchanges between 1 January and 31 December 2000. The total trading value was EUR 87 million and the weighted average price was EUR 3.89 per share. The highest quotation during the financial year was EUR 4.30 and the lowest was EUR 3.65. The share price at the close of the period on 31 December 2000 was EUR 4.02. The market capitalization of the company's share capital at the year end totalled EUR 317 million.

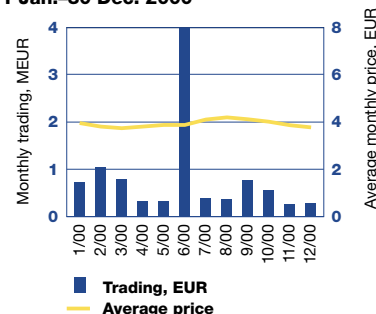
Ownership structure on 31 December 2000

	Number of shares	% of shares and votes
Private corporations	17 200 063	20.98
Banks and insurance companies	17 426 029	21.26
The Finnish state	38 709 642	47.22
Public sector entities	1 814 510	2.21
Non-profit organizations	1 696 600	2.07
Households	4 781 611	5.83
Outside Finland	354 220	0.43
	<u>81 982 675</u>	<u>100.00</u>

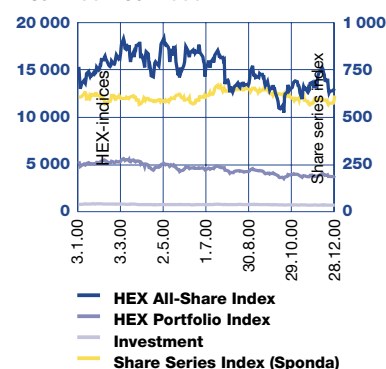
Buyback of own shares

An Extraordinary General Meeting on 14 December 2000 authorized the Board of Directors to buy back the company's own shares using distributable funds. The company may buy back at most 3,000,000 of its own shares. However, the aggregate nominal value of the shares repurchased by the company and its subsidiaries, and the votes carried by these shares, may not exceed five (5) percent of the company's total share capital and number of votes. The company started to buy back its own shares on 2 January 2001 and the buyback period ends on 14 December 2001.

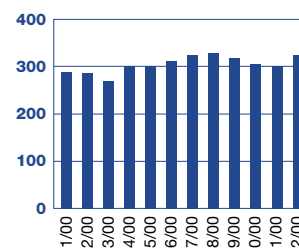
Trading and average prices
1 Jan.–30 Dec. 2000



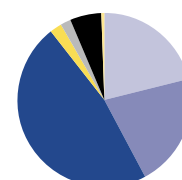
HEX indices and share series index
1 Jan.–30 Dec. 2000



Market capitalization, MEUR



Division of shares



- Private corporations
- Banks and insurance companies
- The Finnish state
- Public sector entities
- Non-profit organizations
- Households
- Outside Finland

Distribution of ownership

Number of shares	Number of shareholders	% of shareholder	Number of shares	% of shares	Number of votes	% of total votes
1–100	155	2.46	8 261	0.01	8 621	0.01
101–1 000	4 859	77.08	2 170 614	2.65	2 170 614	2.65
1 001–10 000	1 209	19.18	2 434 348	2.97	2 434 348	2.97
10 001–100 000	59	0.94	1 735 237	2.12	1 735 237	2.12
100 001–1 000 000	14	0.22	4 287 334	5.23	4 287 334	5.23
1 000 001–	9	0.13	71 346 521	87.03	71 346 521	87.03
Total	6 304	100.00	81 982 675	100.00	81 982 675	100.00
Non-transferred, total			0	0.00	0	0.00
In general account			0	0.00	0	0.00
Issued			81 982 675	100.00	81 982 675	100.00

20 principal shareholders based on holdings on 29 December 2000

	Number of shares	% of shares and votes
1. The State Treasury	38 689 642	47.2
2. Partita Oy	9 826 499	12.0
3. Fidelity International Limited	3 953 300	4.8
4. Kesko Oy	2 742 223	3.3
5. Sampo Life Insurance Company	2 582 098	3.1
6. Oy Tamro Ab	2 574 958	3.1
7. Ilmarinen Mutual Pension Insurance Company	1 134 490	1.4
8. Nokia Corporation	1 044 444	1.3
9. SITRA, The Finnish National Fund for Research and Development	1 000 000	1.2
10. Pohjola Life Insurance Company	800 000	1.0
11. The English Tearoom Oy Ab	386 800	0.5
12. Pension Trust of the Finnish Broadcasting Company	300 000	0.4
13. OKOBANK Osuuspankkien Keskuspankki Oyj	244 267	0.3
14. Merita Life Assurance Ltd	231 600	0.3
15. Pension Fennia Mutual Insurance Company	220 000	0.3
16. Aurum Life Insurance Company	200 000	0.2
17. ST Internat Insurance Company	196 667	0.2
18. Life-Fennia Insurance Company	180 000	0.2
19. Support Fund for the Commercial and Technical Sciences	154 200	0.2
20. Odin Finland	138 800	0.2
Total	66 599 988	81.2
Other, total	15 382 687	18.8
Grand total	81 982 675	100.0
Nominee-registered, total	12 760 167	15.6
Altogether 6 304 shareholders		

The Board of Directors, the Chief Executive Officer and his deputy owned altogether 228,500 shares at the end of the year, representing 0.28 % of the total number of shares and voting rights.

Consolidated Income Statement

	1 Jan.–31 Dec. 2000		Jan.–31 Dec. 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
TOTAL REVENUE	650 706	109 441	440 895	74 153
Operating expenses	-157 641	-26 513	-111 980	-18 834
Net operating income	493 065	82 928	328 915	55 320
Other operating income	18 966	3 190	13 806	2 322
Personnel expenses	17 045	2 867	11 967	2 013
Depreciation and value writedowns	74 278	12 493	47 425	7 976
Other operating expenses	10 107	1 700	1 991	335
OPERATING PROFIT	410 600	69 058	281 338	47 318
Share of associated companies' results	-138	-23	-707	-119
Financial income and expenses	-191 540	-32 215	-94 622	-15 914
	-191 678	-32 238	-95 329	-16 033
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	218 922	36 820	186 010	31 285
Income taxes	-49 248	-8 283	-10 975	-1 846
Minority interest	-831	-140		
NET INCOME FOR THE FINANCIAL YEAR	168 844	28 397	175 035	29 439

Consolidated Balance Sheet

	31 December 2000		31 December 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
Assets				
FIXED ASSETS				
Intangible assets	10 837	1 823	414	70
Tangible assets				
Land and water	1 835 845	308 767	1 508 929	253 784
Buildings	4 891 581	822 705	3 841 959	646 171
Machinery and equipment	32 947	5 541	32 022	5 386
Other tangible assets	19 772	3 325	14 267	2 400
	<u>6 780 145</u>	<u>1 140 339</u>	<u>5 397 177</u>	<u>907 741</u>
Investments				
Holdings in associated companies	81 646	13 732	44 116	7 420
Other shares and holdings			22 100	3 717
Other investments	40 889	6 877	140 313	23 598
	<u>122 535</u>	<u>20 609</u>	<u>206 528</u>	<u>34 735</u>
FIXED ASSETS, TOTAL	<u>6 913 517</u>	<u>1 162 770</u>	<u>5 604 120</u>	<u>942 546</u>
CURRENT ASSETS				
Trade receivables	89 147	14 993	38 362	6 452
Cash and bank deposits	43 888	7 381	3 414	574
CURRENT ASSETS, TOTAL	<u>133 035</u>	<u>22 375</u>	<u>41 776</u>	<u>7 026</u>
ASSETS, TOTAL	<u>7 046 552</u>	<u>1 185 145</u>	<u>5 645 896</u>	<u>949 572</u>

	31 December 2000		31 December 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
Shareholders' Equity and liabilities				
SHAREHOLDERS' EQUITY				
Share capital	409 913	68 942	363 476	61 132
Share premium fund	977 867	164 465	695 040	116 897
Share buyback fund			22 100	3 717
Retained earnings	1 352 446	227 465	1 290 951	217 122
Net income for the year	168 844	28 397	175 035	29 439
SHAREHOLDERS' EQUITY, TOTAL	2 909 070	489 270	2 546 602	428 308
MINORITY INTEREST	19 085	3 210		
LIABILITIES				
Long-term liabilities	3 202 806	538 673	2 204 356	370 746
Short term liabilities	915 592	153 992	894 939	150 518
LIABILITIES, TOTAL	4 118 398	692 665	3 099 294	521 264
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	7 046 552	1 185 145	5 645 896	949 572

28 **Consolidated Cash Flow Statement**

	1 Jan.–31 Dec. 2000		1 Jan.–31 Dec. 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
CASH FLOW FROM OPERATING ACTIVITIES				
Operating profit	410 600	69 058	279 603	47 026
Adjustments to operating profit	64 326	10 819	25 375	4 268
Change in net working capital	-25 523	-4 293	304 978	51 294
Interest received	3 152	530	480	81
Interest paid and other payments	-166 881	-28 067	-95 757	-16 105
Dividends received			12	2
Income taxes paid			-10 973	-1 846
NET CASH FROM OPERATING ACTIVITIES	285 674	48 047	198 740	33 426
CASH FLOW FROM INVESTING ACTIVITIES				
Cash flow from investing activities	-201 962	-33 968	-1 141 425	-191 974
Associated companies acquired	-37 593	-6 323	-12 370	-2 080
Investments in other shares	-594	-100	-127 604	-21 461
Investments in tangible and intangible assets	-210 085	-35 334	-1 035 761	-174 203
Group companies sold	196 500	33 049	94 340	15 867
Associated companies sold				
Proceeds from sale of other investments	115	19		
Profits from sale of tangible and intangible assets			118 265	19 891
Loans granted	-1 739	-292	-2 875	-484
Repayment of loan principal				
NET CASH FROM INVESTING ACTIVITIES	-255 358	-42 948	-2 107 430	-354 444
CASH FLOW FROM FINANCING ACTIVITIES				
Buybacks of own shares	-42 236	-7 104	-21 000	-3 532
Long-term loans raised	963 114	161 984	1 203 396	202 397
Long-term loans, repayment of principal	-757 748	-127 444		
Short-term loans raised/repayment of principal	-81 668	-13 736	785 007	132 029
Dividends paid	-71 304	-11 992	-72 695	-12 226
NET CASH USED IN FINANCING ACTIVITIES	10 158	1 708	1 894 708	318 667
CHANGE IN CASH AND CASH EQUIVALENTS	40 474	6 807	-13 982	-2 352
CASH AND CASH EQUIVALENTS ON 1 JAN.	3 414	574	18 199	3 061
CASH AND CASH EQUIVALENTS ON 31 DEC.	43 888	7 381	4 216	709

Sponda Plc Income Statement

	1 Jan.–31 Dec. 2000		1 Jan.–31 Dec. 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
TOTAL REVENUE	509 499	85 692	294 551	49 540
Other operating income	15 358	2 583	5 711	960
Personnel expenses	10 498	1 766	9 024	1 518
Depreciation and value writedowns	2 701	454	64 678	10 878
Other operating expenses	165 709	27 870	101 087	17 002
OPERATING PROFIT	345 950	58 185	125 472	21 103
Financial income and expenses	-161 005	-27 079	-43 324	-7 287
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	184 945	31 106	82 148	13 816
Extraordinary items			60 459	10 169
Profit before appropriations and taxes	184 945	31 106	142 607	23 985
Income taxes	-49 213	-8 277	-11 289	-1 899
NET INCOME FOR THE FINANCIAL YEAR	135 732	22 829	131 317	22 086

Sponda Plc Balance Sheet

	31 December 2000		31 December 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
Assets				
FIXED ASSETS				
Tangible assets	15 489	2 605	2 697	454
Investments				
Holdings in Group companies	3 220 145	541 590	2 708 982	455 619
Receivables from Group companies	3 887 987	653 913	3 115 452	523 982
Own shares	0	0	22 100	3 717
Other investments	93 472	15 721	102 395	17 222
	7 201 604	1 211 223	5 948 931	1 000 539
FIXED ASSETS, TOTAL	7 217 093	1 213 828	5 951 627	1 000 992
CURRENT ASSETS				
Trade receivables	20 124	3 385	29 755	5 004
Cash and bank deposits	169 515	28 510	78 311	13 171
CURRENT ASSETS, TOTAL	189 638	31 895	108 066	18 175
ASSETS, TOTAL	7 406 731	1 245 723	6 059 693	1 019 168

	31 December 2000		31 December 1999	
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
Shareholders' Equity and liabilities				
SHAREHOLDERS' EQUITY				
Share capital	409 913	68 942	363 476	61 132
Share premium fund	977 867	164 465	695 040	116 898
Share buyback fund			22 100	3 717
Retained earnings	1 702 103	286 273	1 684 325	283 283
Net income for the year	135 732	22 829	131 317	22 086
SHAREHOLDERS' EQUITY, TOTAL	<u>3 225 615</u>	<u>542 509</u>	<u>2 896 258</u>	<u>487 116</u>
LIABILITIES				
Long-term liabilities	3 204 267	538 919	2 204 146	370 711
Short term liabilities	976 850	164 294	959 289	161 341
SHORT-TERM LIABILITIES, TOTAL	<u>4 181 116</u>	<u>703 213</u>	<u>3 163 435</u>	<u>532 052</u>
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	<u>7 406 731</u>	<u>1 245 723</u>	<u>6 059 693</u>	<u>1 019 168</u>

Sponda Plc Cash Flow Statement

	1 Jan.–31 Dec. 2000	1 Jan.–31 Dec. 2000	1 Jan.–31 Dec. 1999	1 Jan.–31 Dec. 1999
	1 000 FIM	1 000 EUR	1 000 FIM	1 000 EUR
CASH FLOW FROM OPERATING ACTIVITIES				
Payments received from sales	518 885	87 270	288 378	48 502
Payments received from other operating income	3 859	649	5 313	894
Payments on operating expenses	-187 277	-31 498	-100 260	-16 863
Cash flow from operating activities before financial items and taxes	335 467	56 422	193 431	32 533
Interest paid and payments on other financial expenses arising from operating activities	-139 685	-23 493	-95 376	-16 041
Dividend paid on operating activities	2 161	363		
Interest paid on operating activities	3 675	618		
Income taxes paid			-5 500	-925
NET CASH FROM OPERATING ACTIVITIES	201 618	33 910	92 555	15 567
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in other shares	-77 402	-13 018	-1 103 507	-185 597
Investments in tangible and intangible assets	-227 261	-38 223	-1 978	-333
Proceeds from sale of tangible and intangible assets	131 109	22 051	99 327	16 706
Loans granted	-772 535	-129 931	-961 952	-161 789
Interest received from investments			25 053	4 214
Dividends received from investments			14 958	2 516
NET CASH FROM INVESTING ACTIVITIES	-946 089	-159 121	-1 928 099	-324 283
CASH FLOW FROM FINANCING ACTIVITIES				
Buybacks of own shares	-42 236	-7 104	-21 000	-3 532
Long-term loans raised	1 756 114	295 357	1 153 146	193 945
Long-term loans, repayment of principal	-732 748	-123 239		
Short-term loans raised	148 663	25 003	857 516	144 224
Short-term loans, repayment of principal	-222 814	-37 475	-20 352	-3 423
Dividends paid	-71 304	-11 992	-72 695	-12 226
NET CASH USED IN FINANCING ACTIVITIES	835 675	140 551	1 896 615	318 988
CHANGE IN CASH AND CASH EQUIVALENTS	91 204	15 339	61 071	10 271
CASH AND CASH EQUIVALENTS ON 1 JAN.	78 311	13 171	17 240	2 900
CASH AND CASH EQUIVALENTS ON 31 DEC.	169 515	28 510	78 311	13 171

Accounting Principles

The financial statements have been prepared in accordance with the regulations of the Finnish Accounting Act and other relevant regulations. Figures are presented in Finnish markka. Figures in the consolidated and parent company income statements, balance sheets and cash flow statements are also presented in euros using a conversion factor of 0.168188.

Basis of consolidation

The consolidated financial statements included all companies in which the parent company owns directly or indirectly over 50 % of the voting rights or other controlling power conferred by the shares.

The results of subsidiaries acquired or sold during the financial period are included in the consolidated income statement from the time of acquisition or until the time of sale.

All mutual shareholdings are eliminated using the purchase method. Hence, the Group's share of subsidiary shareholders' equity at the time of acquisition is deducted from the acquisition cost of the subsidiary's shares. The excess of acquisition cost over shareholders' equity at the time of acquisition is allocated to the land and buildings of the acquired company. The share allocated to buildings is depreciated according to plan.

Goodwill (liabilities) arising from the consolidation of the Castrum subgroup is allocated to the Castrum subgroup's real estate assets and is recognized according to plan.

All intragroup transactions and profit distributions are eliminated. Minority interest is separated from Group equity and profit and presented as a separate item.

Mutual property companies whose shares carry entitlement to control of specified premises are consolidated in the Group's financial statements in proportion to the Group's holding in these companies.

The figures for the previous financial year have been adjusted to correspond with the principles of consolidation applied during 2000.

Associated companies

Associated companies are consolidated using the equity method of accounting. The Group's share of profits and losses of associated companies is entered under financial items in the consolidated income statement. The Group's share of retained profits and losses at the time of acquisition is included under acquisition costs of associated companies in the consolidated balance sheet.

Exceptions to the above are the property companies As. Oy Runerberginkatu 60 (25.86 %) and As. Oy Lönnrotinkatu 28 (30.81 %), which are not consolidated. These non-consolidated companies have no significant impact on the Group's result or non-restricted shareholders' equity, nor do they prevent the company from giving a true and fair view of its operations. The shares of As. Oy Runerberginkatu 60 and As. Oy Lönnrotinkatu 28 are not encumbered by debt holdings.

Changes in Group structure

Sponda Plc acquired the following property companies during 2000:

	Holding %
Vantaan Sähkötie 1	100
Koy Sinimäentie 14	100
Kou Itälahti 20	100
Koy Mäkkylän toimistotalo	100

During 2000 Sponda Plc sold the following property companies:

Koy Yrjönkatu 16, Koy Koskipaju, Koy Ulappatori and Ulappapaikotus.

Castrum Oyj sold the following property companies during its period of consolidation:

Koy Oulun Jurvakainen, Kkoy Ilmarisentie 3. Kkoy Höyläämötie 12, Pihtisulku Oy, Kkoy Rautajalankatu 1, Kko Kirkkonummen Purotie 1, Koy Järvenpään Vierikuja 5–7 and Kkoy Takojantie 7.

Valuation and timing principles

Repair and renovation costs

Items which raise the value of a building are capitalized to leasehold improvements or additional building expenses.

Tenant improvements

Costs arising from renovation work undertaken for new tenants are entered as an annual expense or capitalized to other long-term costs of the owner, Sponda Plc.

Annual maintenance and repair costs are costs incurred to maintain the building or movable asset at its existing level.

Fixed assets and depreciation

Fixed assets are valued at cost less depreciation according to plan and less possible depreciation above plan, plus

capitalized costs arising from improvements. Goodwill on consolidation arising building costs is amortized in the same way as depreciation on buildings.

Depreciation according to plan for buildings owned by Group companies is calculated using the declining balance method in the case of retail and office premises and the straight line method in the case of the logistics properties.

Machinery and equipment are depreciated using the declining balance method.

Renovation costs related to tenant improvements and capitalized to other long-term costs are depreciated over the lease period.

Retail premises and offices	1 %
Logistics properties	50–75 years
Machinery and equipment in buildings	15 %
Other machinery and equipment	25 %
Other long-term assets	2–10 years

Machinery and equipment that are components of buildings, such as elevators and air conditioning, are included under the acquisition costs of the buildings in the balance sheet.

The company has not capitalized interest during construction.

Other items capitalized to long-term assets include computer software, asphaltting costs and the acquisition cost of the Kaivokadun Tunneli Oy shares.

Investments

The company's own shares and its other investments in marketable securities are valued at acquisition cost.

Derivative financial instruments

Derivative contracts made to hedge the interest risks associated with long-term loans are not entered in the financial statements at their market value.

Taxes

Income taxes comprise taxes paid during the financial period. Group companies have no provisions, depreciation differences or other items that would include a deferred tax liability. Accrued tax assets in connection with loss carryforwards have not been valued.

Other principles

No Group debt is allocated to shares in housing companies owned by the Group. The Group has arranged statutory pension insurance for its personnel with a pension insurance company. The costs arising from pension expenses are entered as an expense in relation to salaries.

The Group's research and development expenses, i.e. project development expenses, are entered as costs.

Fees arising from leasing assignments are entered as costs.

The Group has no items denominated in foreign currencies or finance leasing agreements.

Notes to the Income Statement and Balance Sheet

1 000 FIM	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
1) Total revenue				
Rental income	656 057	424 907	503 576	289 976
Recoverables	5 351	15 988	5 923	4 575
	<u>650 706</u>	<u>440 895</u>	<u>509 499</u>	<u>294 551</u>
2) Other operating income				
Result of sales of real estate shares, and returned credit loss	18 966	13 806	15 358	5 711
3) Personnel				
Salaried employees	49	32	33	25
4) Personnel expenses				
Salaries and wages	13 054	9 545	8 164	7 288
Pension expenses	3 026	1 896	1 767	1 343
Other personnel expenses	965	526	567	393
Total	<u>17 045</u>	<u>11 967</u>	<u>10 498</u>	<u>9 024</u>
5) Salaries and fees to management				
Presidents	1 755	2 153	917	1 105
Members of the Board of Directors	429	371	354	336
	<u>2 184</u>	<u>2 524</u>	<u>1 271</u>	<u>1 441</u>
6) Depreciation and writedowns				
Depreciation on tangible and intangible assets	74 278	47 425	2 701	753
Writedowns of fixed assets and long-term investments				63 925
Total	<u>74 278</u>	<u>47 425</u>	<u>2 701</u>	<u>64 678</u>
7) Other operating expenses				
Operating expenses of properties (maintenance charge)			125 635	91 956
Office expenses			32 974	3 911
Subcontracted services			4 694	2 809
Communications and marketing			2 406	2 411
			<u>165 709</u>	<u>101 087</u>
8) Financial income and expenses				
Dividend income from Group companies			2 161	40 317
Dividend income from other companies	76	12		2
Dividend income, total	<u>76</u>	<u>12</u>	<u>2 161</u>	<u>40 319</u>
Interest income from long-term investments in Group companies			1 314	24 624
Interest income from long-term investments in other companies	-4	4	-4	4
Other interest and financial income	3 152	690	2 361	560
Interest income, total	<u>3 148</u>	<u>693</u>	<u>3 671</u>	<u>25 187</u>
Share of associated companies' losses	138	707		
Interest expenses and other financial expenses paid to Group companies				13 885
Interest expenses and other financial expenses paid to other companies	194 626	94 621	166 835	94 945
Interest expenses, total	<u>194 626</u>	<u>94 621</u>	<u>166 835</u>	<u>108 830</u>
Financial income and expenses, total	-191 540	-94 623	-161 005	-43 324

1 000 FIM	Group	Group	Parent Company	Parent Company
	2000	1999	2000	1999
9) Income taxes				
Income taxes from operating activities	49 248	10 975	49 213	11 289

Taxes due for payment by Sponda Group are a supplementary tax payable on dividend distribution. The tax allocated in the financial year 2000 is calculated on the Board's dividend proposal.

10) Fixed assets

	Intangible assets Other long-term expenditure	Tangible assets Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan. 2000	3 243	1 554 460	4 868 794	139 283	17 339	6 583 119
Increases	13 207	363 543	1 239 652	9 416	7 421	
Decreases	-5 012	-36 628	-138 603	-1 485		
Transfers between items						
Acquisition cost 31 Dec. 2000	11 439	1 881 376	5 969 843	147 215	24 760	8 034 632
Accumulated depreciation and writedowns 1 Jan. 2000	-2 829	-47 231	-1 035 534	-107 262	-3 071	-1 195 927
Accumulated depreciation in decreases and transfers			12 477	846	4	
Depreciation in period	-602		-63 904	-7 851	-1 921	-74 278
Accumulated depreciation on 31 Dec. 2000	-3 431	-47 231	-1 086 961	-114 267	-4 988	-1 256 878
Revaluations		1 700	8 699			10 399
Net carrying amount 31 Dec. 2000	10 837	1 835 845	4 891 581	32 947	19 772	6 790 982
Acquisition cost 1 Jan. 1999	3 458	957 111	3 433 700	122 086	13 870	4 530 226
Increases	149	668 577	1 746 433	25 745	6 607	2 447 511
Decreases	-364	-71 227	-311 273	-8 548	-3 139	-394 551
Transfers between items			-67			-67
Acquisition cost 31 Dec. 1999	3 243	1 554 460	4 868 794	139 283	17 339	6 583 119
Accumulated depreciation and writedowns 1 Jan. 1999	-2 781	-47 231	-1 125 694	-106 535	-4 634	-1 286 875
Accumulated depreciation in decreases and transfers						
Depreciation in period			136 582	6 209	1 946	144 736
Revaluations of sold items	-49		-46 421	-6 936	-383	-53 788
Accumulated depreciation on 31 Dec. 1999	-2 829	-47 231	-1 035 534	-107 262	-3 071	-1 195 927
Revaluations		1 700	8 699			10 399
Net carrying amount 31 Dec. 1999	414	1 508 929	3 841 959	32 022	14 267	5 397 592
Revaluations						
	Value	Revaluations	Reversals of		Value	
	1 Jan. 2000	1 Jan.-31 Dec.	1 Jan.-31 Dec.		31 Dec. 2000	
		2000	2000			
Group						
Land and water	1 700				1 700	
Buildings and machinery	8 699				8 699	
				Machinery and	Other	
				equipment	tangible	Total
					assets	
Parent Company						
Acquisition cost 1 Jan. 2000		4 341	938			5 279
Increases		1 089	14 466			15 554
Decreases		-97				-97
Transfers between items						
Acquisition cost 31 Dec. 2000		5 333	15 403			20 736
Accumulated depreciation and writedowns 1 Jan. 2000		-2 461	-121			-2 582
Accumulated depreciation in decreases and transfers		35				35

	Machinery and equipment	Other tangible assets	Total
Depreciation in period	-727	-1 974	-2 701
Accumulated depreciation on 31 Dec. 2000	-3 153	-2 095	-5 248
Revaluations			
Net carrying amount 31 Dec. 2000	2 180	13 308	15 489
Acquisition cost 1 Jan.1999	3 612	3 804	7 417
Increases	1 337	641	1 978
Decreases	-608	-3 507	-4 116
Transfers between items			
Acquisition cost 31 Dec.1999	4 341	938	5 279
Accumulated depreciation and writedowns 1 Jan. 1999	-2 133	-2 605	-4 738
Accumulated depreciation in decreases and transfers	334	2 575	2 909
Depreciation in period	-662	-91	-753
Accumulated depreciation on 31 Dec. 1999	-2 461	-121	-2 582
Revaluations			
Net carrying amount 31 Dec.1999	1 880	817	2 697

11) Investments

1 000 FIM		Shares in associated companies	Shares in other companies	Receivables from associated companies	Other receivables and investments	Total
Group						
Acquisition cost 1 Jan. 2000		44 116	134 061	401	5 850	184 429
Increases		37 594	37 746	1 739	594	77 672
Decreases		-64	-104 751		-115	-104 929
Transfers between items			-34 926		290	-34 636
Share of results, increases						
Net carrying amount 31 Dec. 2000		81 646	32 129	2 140	6 620	122 536
Parent Company						
1 000 FIM	Group Companies	Shares in associated companies	Shares in other companies	Receivables from associated companies	Other receivables and investments	Total
Acquisition cost 1 Jan. 2000	2 708 983	37 370	64 394	401	230	102 395
Increases	658 992	38 132	37 477	1 739	53	77 402
Decreases	-147 830		-86 324		-1	-86 325
Transfers between items						
Share of profits, increase						
Writeoffs						
Net carrying amount 31 Dec. 2000	3 220 145	75 502	15 547	2 140	282	93 472

Shares and holdings owned by the Group and Parent Company

Associated companies	Group holding %	Parent Company holding %
Kiinteistö Oy Agenttitalo, Helsinki	44.72	44.72
Erottajan Pysäköintilaitos, Helsinki	42.86	42.86
As. Oy Lönnrotinkatu 28, Helsinki	30.81	30.81
As. Oy Runeberginkatu 60, Helsinki	25.86	25.86
Puotinharjun Puhos	20.09	20.09
Kaivokadun Tunneli	39.70	39.70
Group Companies		
	Group holding %	Parent Company holding %
Tamsoil Oy, Tampere		100.00
Inkeröisten Koekeskus, Anjalankoski	100.00	
Koy Koskipoppeli, Tampere	100.00	
Koy Koskivaahtera, Tampere	100.00	
Koy Koskipihlaja, Tampere	100.00	
Castrum Oyj		97.70

Group companies	Group holding %	Group companies	Group holding %	Parent company holding %
Kiinteistö Oy Mäntsälän teollisuushallit, Mäntsälä	100.00	Kiinteistö Oy Vantaan Beta, Vantaa	85.00	
Kiinteistö Oy Karapellontie 4 C, Espoo	100.00	Kiinteistö Oy Vantaan Gamma, Vantaa	85.00	
Keskinäinen Kiinteistö Oy Ruosilantie 14, Helsinki	100.00	Vedex Oy, Helsinki	100.00	
Kiinteistö Oy Vantaan Omega, Vantaa	100.00	Hangan Kiinteistösijoitus Oy, Hanko	100.00	
Kiinteistö Oy Vantaan Epsilon, Vantaa	100.00	Koy Kirkkoherrantie 6–8, Helsinki	100.00	
Kiinteistö Oy Vantaan Lambda, Vantaa	100.00	Koy Ylä-Malmintori 6, Helsinki	100.00	
Kiinteistö Oy Vantaan Omigron, Vantaa	100.00			
Kiinteistö Oy Vantaan Zeeta, Vantaa	100.00	Real estate companies		
Kiinteistö Oy Kuninkaankaari, Vantaa	100.00	Arkadiankatu 4–6, Helsinki,		100.00
Kiinteistö Oy Kuninkaankruunu, Vantaa	100.00	Backaksenpelto, Vantaa		100.00
Kiinteistö Oy Kuninkaanlinna, Vantaa	100.00	Bulevardi 1, Helsinki		100.00
Kiinteistö Oy Kuninkaanpuisto, Vantaa	100.00	Dianapuisto, Helsinki		100.00
Kiinteistö Oy Kuninkaanvala, Vantaa	100.00	Espoon Pohjantie 14, Espoo		100.00
Kiinteistö Oy Hankasuontie 13, Helsinki	100.00	Espoonportti, Espoo		100.00
Kiinteistö Oy Haukilahdenkatu 4, Espoo	100.00	Hauki, Helsinki		100.00
Kiinteistö Oy Vantaan Santaradantie 8, Vantaa	100.00	Helsingin Erottajanmäki, Helsinki		100.00
Kiinteistö Oy Hollolan Keskikankaantie 9, Hollola	100.00	Helsingin Itäkatu 11, Helsinki		100.00
Kiinteistö Oy Hollolan Keskikankaantie 19, Hollola	100.00	Helsingin Kaivokatu 8, Helsinki		100.00
Kiinteistö Oy Humpplantie 35, Humpkala	100.00	Helsingin Kaivokatu 6, Helsinki		100.00
Keskinäinen Kiinteistö Oy Kilonkallio 1, Espoo	100.00	Helsingin Kalevankatu 30, Helsinki		100.00
Kiinteistö Oy Tampereen Vihiojantalo, Tampere	100.00	Helsingin Keskuskatu 6, Helsinki		100.00
Kiinteistö Oy Riihimäen Tehtaankatu 11, Riihimäki	100.00	Hämeenkatu 23, Tampere		100.00
Kiinteistö Oy Helsingin Luiskakulma, Helsinki	100.00	Iso Roobertinkatu 21–25, Helsinki		91.00
Kiinteistö Oy Nastolan Varjolanrinne, Nastola	100.00	Itälahdenkatu 22, Helsinki		100.00
Kiinteistö Oy Vantaan Honkatalo, Vantaa	100.00	Itälahdenkatu 20, Helsinki		100.00
Kiinteistö Oy Vantaan Äyrikuja 3, Vantaa	100.00	Kaivokatu 12, Helsinki		100.00
Kiinteistö Oy Melkonkatu 26, Helsinki	100.00	Kappelitie 8, Espoo		100.00
Kiinteistö Oy Olarintörmä, Espoo	100.00	Karjalan Kauppakeskus, Lappeenranta		100.00
Kiinteistö Oy Espoon Juvanpuisto, Espoo	100.00	Kauppakeskus Itäkeskus, Helsinki		100.00
Kiinteistö Oy Hämeenportin Yritystalo, Vantaa	100.00	Keskuskatu 1 B, Helsinki		100.00
Keskinäinen Kiinteistö Oy Kouvolantie 227, Nastola	100.00	Kluuvikatu 8, Helsinki		100.00
Keskinäinen Kiinteistö Oy Naulakatu 3, Tampere	100.00	Korkeavuorenkatu 45, Helsinki,		100.00
Kiinteistö Oy Insinöörinkatu 2, Helsinki	100.00	Koskituomi, Tampere		100.00
Keskinäinen Kiinteistö Oy Matinpurontie 3, Espoo	100.00	Kumpulantie 11, Helsinki		100.00
Keskinäinen Kiinteistö Oy Vitikka 6, Espoo	100.00	Läkkitori, Espoo		95.23
Keskinäinen Kiinteistö Oy Teollisuustie 5, Kauniainen	100.00	Länsi-Keskus, Espoo		58.64
Keskinäinen Kiinteistö Oy		Lönkka, Helsinki		100.00
Sarankulmankatu 22, Tampere	100.00	Lönnrotinkatu 13, Helsinki		57.80
Kiinteistö Oy Takojantie 32, Kotka	100.00	Lönnrotinkatu 29, Helsinki		100.00
Keskinäinen Kiinteistö Oy Rydönnotko 1, Turku	100.00	Malmi Yritystalo, Helsinki		100.00
Keskinäinen Kiinteistö Oy Satakunnankatu 27, Pori	100.00	Mannerheimintie 6, Helsinki		100.00
Keskinäinen Kiinteistö Oy Jokipohjantie 28, Tampere	100.00	Mansku 4, Helsinki		100.00
Keskinäinen Kiinteistö Oy Malmi Kankirauta, Helsinki	100.00	Miestentie, Espoo		100.00
Kiinteistö Oy Kalatori, Helsinki	100.00	Mäkkylän toimistotalo, Espoo		100.00
Kiinteistö Oy Atomitie 1, Helsinki	100.00	Puistokukka, Helsinki		100.00
Messukylän Kattila Oy, Tampere	100.00	Piispanpiha 5, Espoo		100.00
Messukylän Oy Turpiini, Tampere	100.00	Pojupuisto, Espoo		100.00
Kiinteistö Oy Päivärannantie 18, Kuopio	100.00	Puistometso, Helsinki		100.00
Kiinteistö Oy Vanha Talvitie 12, Helsinki	100.00	Puistoteeri, Helsinki		100.00
Kiinteistö Oy Valkeakosken Huhtakatu 1, Valkeakoski	100.00	Puistovarpunen, Helsinki		100.00
Tamsilva Oy, Tampere	100.00	Ratapihantie 11, Helsinki		100.00
Keskinäinen Kiinteistö Oy Verkatehtaank. 1, Hyvinkää	100.00	Robert Huberin tie 2, Vantaa		100.00
Keskinäinen Kiinteistö Oy Turkkirata 14, Pirkkala	100.00	Sinikalliontie 10, Espoo		100.00
Kiinteistö Oy Harjavallan Teollisuustalo, Harjavalta	100.00	Sinimäentie 14, Espoo		100.00
Drawer Oy, Tampere	100.00	SRK-Kiinteistöt, Vantaa		100.00
Tamforest Oy, Tampere	100.00	Tapiolan Kulttuuritori, Espoo		66.18
Tamwell Oy, Tampere	100.00	Tapiolan Toimitalo, Espoo		100.00
Kiinteistö Oy Mukulakuja 4, Tuusula	85.00	Turunlinnanatie 12, Helsinki		100.00
Castratti Oy, Helsinki	100.00	Unioninkatu 18, Helsinki		100.00
Kiinteistö Oy Tonttipaino, Vantaa	100.00	Unioninkatu 20–22, Helsinki		100.00
Kiinteistö Oy Ormuspellontie 20, Helsinki	100.00	Unioninkatu 24, Helsinki		100.00
Kiinteistö Oy Hitsaajatalo, Helsinki	100.00	Upseerikatu 1, Espoo		100.00
Castrum Generator Oy, Helsinki	100.00	Kiinteistö Oy Vanhajämerä, Helsinki		100.00
Kiinteistö Oy Vantaan Köysikuja 1, Vantaa	100.00	Vantaan Sähkötie 1, Vantaa		100.00
Kiinteistö Oy Vantaan Alfa, Vantaa	85.00	Perkkaanpuiston Paikoitustalo II, Espoo	100.00	

1 000 FIM	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
12) Receivables				
Receivables from Group companies				
Long-term receivables				
Loans receivable			3 887 987	3 115 452
Total			3 887 987	3 115 452
Current receivables				
Trade receivables				
Other receivables			1 660	17 057
Prepaid expenses and accrued income			19	1 255
Total			1 679	18 312
Receivables from associated companies				
Long-term				
Current		401	2 140	401
Total		401	2 140	401
Current receivables				
Prepaid expenses and accrued income	492	4		4
Total	492	4		4
Trade receivables	16 121	11 763	5 039	3 274
Loans receivable		278		278
Other receivables	67 341	17 108	12 275	684
Prepaid expenses and accrued income	5 193	8 808	1 131	7 203
Receivables, total	89 147	38 362	3 910 251	3 145 608
13) Accrued tax assets				
Sponda Plc has MFIM 690 in confirmed tax losses which become out of date as follows: MFIM 103 in 2003, MFIM 232 in 2004 and MFIM 355 in 2006. The tax receivable on these losses is MFIM 200 at the current 29% tax rate. Sponda Group, correspondingly, has confirmed tax losses totalling MFIM 729.				
Accrued tax assets arising from writedowns not deducted in taxation total MFIM 613 in Sponda Group. The Group's deferred tax liability from goodwill on consolidation allocated to buildings totals MFIM 72.				
At the Group's current level of operating income these losses will be taken up in future years, during which time the company will not pay tax on income. During this period taxes will arise from a supplementary tax liability based on dividend payments and for this reason no value has been given to accrued tax assets.				
14) Shareholders' equity				
Share capital 1 Jan.	363 476	363 476	363 476	363 476
Privileged issue, 3 Apr.	37 654		37 654	
Privileged issue, 18 Dec.	22 106		22 106	
Cancellation of shares, 3 Apr.	-6 956		-6 956	
Cancellation of shares, 18 Dec.	-6 366		-6 366	
Share capital 31 Dec.	409 913	363 476	409 913	363 476
Share premium fund 1 Jan.	695 040	695 040	695 040	695 040
Privileged issue, 3 Apr.	186 388		186 388	
Privileged issue, 18 Dec.	83 117		83 117	
Transfer from share capital, 3 Apr.	6 956		6 956	
Transfer from share capital 18 Dec.	6 366		6 366	
Share premium account 31 Dec.	977 867	695 040	977 867	695 040
Share buyback fund 1 Jan.	22 100		22 100	
Share buybacks	42 236	22 100	42 236	22 100
Cancellation of own shares, 3 Apr.	-33 766		-33 766	
Cancellation of own shares 18 Dec.	-30 570		-30 570	
Share buyback fund 31 Dec.		22 100		22 100
Retained earnings 1 Jan.	1 465 986	1 385 746	1 815 643	1 779 120
Dividend payment	-71 304	-72 695	-71 304	-72 695
Transfer to share buyback fund	-42 236	-22 100	-42 236	-22 100
Retained earnings 31 Dec.	1 352 446	1 290 951	1 702 103	1 684 325
Net income for the financial year	168 844	175 035	135 732	131 317
Shareholders' equity, total	2 909 070	2 546 602	3 225 615	2 896 258

1 000 FIM	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Calculation of distributable funds 31 Dec.				
Retained earnings	1 352 446	1 290 951	1 702 103	1 684 325
Net income for the financial year	168 844	175 035	135 732	131 317
Accumulated depreciation difference		-28 936		
Total	1 521 289	1 437 050	1 837 835	1 815 643
Own shares				
No own shares				
15) Long-term debt				
Serial bonds	594 573		594 573	
Convertible bonds	2 124		3 768	
Loans from financial institutions	2 606 066	2 204 311	2 605 882	2 204 146
Other long-term debt	44	44	44	
Long-term liabilities, total	3 202 807	2 204 355	3 204 267	2 204 146
Debts due after five years				
Loans from financial institutions	104 457	840 000	104 457	840 000
16) Current liabilities				
Loans from financial institutions	768 236	849 904	842 867	917 018
Advance payments	525	31	491	
Trade creditors	21 326	19 894	5 605	6 554
Debts to Group companies				
Trade creditors				
Other debts				
Accrued expenses and prepaid income			27 363	19 216
Total			27 363	19 216
Other debt	80 304	12 202	62 957	7 029
Accrued expenses and prepaid income	45 201	12 907	37 567	9 472
Current liabilities, total	915 592	894 939	976 850	959 289

17) Maturity of loans

Maturity of loans at 31 December 2000

Year	MFIM	Average interest %
2001	768.2	5.300
2002	202.2	5.680
2003	202.1	5.680
2004	592.2	5.58
2005	1159.4	5.68
2006	450.0	5.8
2007	594.6	6.25
Total	3 968.7	5.56

The average rate of all the loans on 31 December 2000 was 5.56 %, the average interest period was 2.9 years and the average maturity was 4.4 years.

Term Loan Facility

On 28 November 2000 Sponda Plc signed a syndicated term loan facility with nine international banks totalling EUR 195 million (approx. FIM 1,159 million). This facility, which fell due on 28 November 2005, was refinanced using Sponda Group's existing credit lines. The loan is unsecured and carries interest of 0.75 % above Euribor.

EUR 150 million bond

The first tranche in Sponda Plc's EUR 150 million serial bond loan totalled EUR 100 million in the first auction held on 11 April 2000, giving a return of 6.21 % and price of 100.222 %. The bond carries a coupon of 6.25 % p.a. and matures on 14 July 2007. The bond is part of Sponda's EUR 250 million domestic bond programme.

Revolving Credit Facility

Sponda has a EUR 200 million revolving credit facility with a syndicate of six international banks. EUR 102 million of the limit was in use at the end of 2000. One third of the loan matures annually from the year 2002.

Commercial Paper Programme

Sponda has a EUR 100 million commercial paper programme to cover its short-term financing needs. The programme use in full use on 31 December 2000.

Convertible bond loan

A convertible bond loan totalling FIM 3,780,000 was offered to personnel. FIM 1,449,000 of this loan was subscribed by Sponda Plc's subsidiary Tamsoil Oy. Tamsoil Oy may offer its convertible bonds to personnel of Sponda Group at a later date. The loan was issued in lots of three bonds marked A, B and C, the minimum subscription being FIM 3,000.

Bond A may be converted into shares between 28 April 2003 and 28 April 2006, Bond B between 28 April 2004 and 28 April 2006, and Bond C between 28 April 2005 and 28 April 2006. Each FIM 1,000 bond may be converted into 500 Sponda Plc shares.

Subscribers are required to pay a conversion price when converting their bonds into shares. The conversion price is FIM 32 per share for A bonds, FIM 35 per share for B bonds and FIM 38 per share for C bonds. The conversion price will be reduced by annual dividends.

Conversion of the bonds would raise Sponda Plc's share capital by at most 1,890,000 new shares, corresponding to 2.31 % of the total number of shares.

The shares carry dividend rights for the financial period during which the conversion takes place.

Derivative financial instruments

Sponda Group hedges the interest risk exposure arising from its long-term loans using derivative financial instruments. A single foreign currency receivable is hedged using a forward foreign exchange contract.

Interest rate instruments

Notional and market values of open contracts

		Notional value, FIM 1 000	Market value, MFIM
Swap contracts	4 years	607 100	13.0
	7 years	99 900	3.8
		707 000	16.8
Cap options	4 years	107 100	1.5
	7 years	99 900	3.2
		207 000	4.7

Interest rate derivative contracts had a total notional value of FIM 914 million and total market value of FIM 21.5 million. The market value represents the return that would have arisen in the derivative positions had been closed on the balance sheet date.

18) Collateral and commitments given by the Group

	Group 2000	Group 1999	Parent Company 2000	Parent company 1999
--	---------------	---------------	------------------------	------------------------

Debt covered by mortgages on real estate and shares

Loans from financial institutions covered by collateral	851 000	1 015 000	850 000	1 015 000
Mortgages	265 000	656 767		
Book value of pledged shares			418 794	609 732
Book value of pledged shares	225 562	230 950		
Collateral, total	490 562	887 717	418 794	609 732

Commitments arising from land lease agreements

Lease liability	165 716	51 370
Mortgages	7 994	4 161

The average duration of the land lease agreements at 31 December 2000 was 34 years. The Group has no significant leasing liabilities.

VAT deductions made on renovation investments

Liabilities in accordance with §33 of the VAT Act have been calculated for all the Group companies and they have an aggregate total of MFIM 69.5 in the annual accounts.

Key Ratios

Key ratios	31 Dec. 2000 FIM	31 Dec.1999 FIM	31 Dec. 1998 FIM	31 Dec. 2000 EUR	31 Dec.1999 EUR	31 Dec. 1998 EUR
Total revenue, million	650.71	440.89	342.92	109.44	74.15	57.68
Operating profit, million	410.6	281.34	276.67	69.06	47.32	46.53
% of total revenue	63.10	63.81	80.68			
Profit before extraordinary items, provisions and taxes, million	218.92	186.01	217.08	36.82	31.28	36.51
% of total revenue	33.64	42.19	63.30			
Gross expenditure in fixed assets, million	480.4	2 184.80	169.76	80.80	367.46	28.55
% of total revenue	73.83	495.54	49.50			
Shareholder's equity per share, FIM/EUR	35.48	35.16	33.62	5.97	5.85	5.64
Earnings per share, FIM/EUR	2.16	2.41	2.90	0.36	0.41	0.49
Earnings per share, excl. other operating income	1.92	2.22	1.85	0.32	0.37	0.31
Return on investment, %	6.54	6.00	7.69			
P/E ratio	10.87	9.60	10.24	10.87	9.60	10.24
Equity ratio, %	41.56	46.35	67.70			
Gearing, %	132.95	113.82	44.17			
Dividend, FIM/EUR *)	1.50	1.00	1.00	0.25	0.17	0.17
Pay-out ratio, % *)	69.44	41.50	34.48			
Effective dividend yield, % *)	6.39	4.32	3.37			
Market capitalization	1 925.42	1 681.36	2 159.05	323.83	282.78	363.13
Lowest and highest share prices	21.64/25.57	22.30/33.89	29.50/43.00	3.64/4.30	3.75/5.70	4.96/7.23
Average share price	23.13	27.05	37.50	3.89	4.55	6.31
Return on shareholders' equity, %	6.03	6.75	8.85			
Interest-bearing debt	3 893.0	3 054.3	1 101.0	654.76	513.7	185.2
Interest-free debt	225.4	45.0	74.7	37.91	7.6	12.6

*) Board's proposal

Calculation of Key Ratios

Return on equity, %	= $\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest}}$
Return on investment, %	= $\frac{\text{Profit before extraordinary items} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{interest-free debt (average during the year)}}$
Equity ratio, %	= $\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}}$
Earnings per share	= $\frac{\text{Profit before extraordinary items, provisions and taxes} -/+ \text{minority interest} - \text{taxes}}{\text{Average adjusted number of shares during the year}}$
Gearing, %	= $\frac{\text{Interest-bearing liabilities} - \text{cash and bank deposits}}{\text{Shareholders' equity} + \text{minority interest}}$
Shareholders equity per share	= $\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on the balance sheet date}}$
Market capitalization	= $\text{Number of outstanding shares on the balance sheet date times the adjusted, trade volume weighted average share price on the balance sheet date}$
Average share price	= $\frac{\text{Total trading in Finnish markka}}{\text{Average number of shares traded during the year}}$
Payout ratio, %	= $\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, %	= $\frac{\text{Dividend per share}}{\text{Adjusted closing price on the balance sheet date}}$
P/E ratio	= $\frac{\text{Adjusted closing price on the balance sheet date}}{\text{Earnings per share}}$

Board of Director's Proposal

On 31 December 2000 the Group's distributable funds totalled FIM 1,521,289,280.63.

On 31 December 2000 the Parent Company's distributable funds totalled FIM 1,837,834,561.56.

The Board of Directors proposes to the Annual General Meeting that a dividend of FIM 1.50 per share be paid, i.e. FIM 122,974,012.50 and that the remainder FIM 12,758,014.98 be carried forward to retained earnings.

Helsinki, 1 February 2001

	SPONDA PLC	
	Board of Directors	
Anssi Soila	Jarmo Väisänen	Heikki Bergholm
Kari Inkinen	Harri Pynnä	Pertti Voutilainen
	Kari Kolu	
	President and CEO	

The foregoing financial statements have been prepared in accordance with generally accepted accounting standards in Finland. We have today submitted our auditors' report.

Helsinki, 21 February 2001

KPMG Wideri Oy Ab	
Sixten Nyman	Raija-Leena Hankonen
APA	APA

Auditors' Report

To the shareholders of Sponda Plc

We have audited the accounting records, the financial statements and the administration of Sponda Plc. for the financial year 1 January–31 December 1999. The accounts prepared by the Board of Directors and the President and CEO include the report of the Board of Directors as well as an income statement, balance sheet and notes to the accounts for both the Group and the Parent Company. Based on our audit we express an opinion on the financial statements and administration.

We conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant

estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the President and CEO have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors concerning the disposition of the profit for the year is in compliance with the Finnish Companies Act.

Helsinki, 21 February 2001

KPMG Wideri Oy Ab	
Sixten Nyman	Raija-Leena Hankonen
APA	APA

Upseerikatu 1, Espoo. Sponda owns several office buildings in Leppävaara, Espoo. Their size and high standard make them ideal as head offices for business enterprises.



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.

General Meetings of Shareholders

The general meeting of shareholders is the company's supreme decision-making body. Certain important issues such as adoption of the accounts, the size of the dividend, and election to the Board of Directors may be decided only by a general meeting of shareholders. The Annual General Meeting is held no later than six months after the closing of the annual accounts.

Shares

Sponda has one share series with equal voting and dividend rights. Each share carries one vote at general meetings of shareholders.

The Board of Directors

The Annual General Meeting elects the members of the Board of Directors, 4–6 in number. The Board of Directors elects a chairman and a deputy chairman from among its members. Board members are elected for a term of one year. Sponda has an external Board of Directors consisting of members with varied international experience. Sponda's Board of Directors does not contain company employees. Information on the Board of Directors is shown opposite.

The Board is responsible for organizing and supervising the management of the company and its business. The Board of Directors resolves on issues of significance to the company's scope and quality of operations. These include the company's long-term goals and strategy, major property acquisitions and divestments, and expansion of operations. The Board also decides on investments and loans. The Board normally meets once a month.

The President and CEO

The Board of Directors appoints the President and CEO of the company and his deputy, and decides on the terms and conditions of their employment. The President is responsible for managing the company in accordance with the instructions and authority given by the Board of Directors. Kari Kolu has been President and CEO since 1995 and Tapani Väljä his deputy from 1998.

Remuneration

The Annual General Meeting confirms the salaries and fees payable to the Board of Directors annually, one year in advance, and the Board confirms the salary and other benefits of the President and CEO. The Board also decides the salaries and benefits of the company's other senior managers.

The salaries and fees (aggregate figures), including benefits in kind, paid to the President and CEO and to the members of the Board of Directors in 2000 totalled FIM 3.2 million by the Group and FIM 1.3 million by the parent company.

Supervision

The Guidelines for Insiders, prepared by the Helsinki Exchanges, were approved by the Board of Directors for adoption by Sponda Plc with effect from 1 March 2000.

The auditor appointed by the Annual General Meeting is also responsible for the internal audit where appropriate.



Sponda Plc's Board of Directors. From left: Anssi Soila, Jarmo Väisänen, Heikki Bergholm, Kari Inkinen, Harri Pynnä and Pertti Voutilainen.

Board of Directors

Anssi Soila, 52

Chairman since 1999
MSc (Eng.), MSc (Econ.)
Chairman of the Board of
A&R Carton since 1999
Owns 72,700 Sponda shares

Jarmo Väisänen, 49

Deputy Chairman since 1996
LicSocSc
Ministry of Finance, Senior
Management Advice / Ownership Policy
Deputy Chairman of the Board of
Solidium Oy since 1996
Owns 550 Sponda shares

Heikki Bergholm, 44

Member since 1998
MSc (Eng.)
Lassila & Tikanoja group, President
and CEO since 1998
Owns 100,000 Sponda shares

Kari Inkinen, 43

Member of the Board since 1999
MSc (Eng.)
Kapiteeli Oy, President and CEO
since 1999
Owns 0 Sponda shares

Harri Pynnä, 44

Member since 1999
LLM
Fortum Oyj, Legal Counsellor
since 1998
Ministry of Trade and Industry,
Industrial Counsellor 1994–1998
Bank of Finland, Director 1985–1994
Finnish Industry Investment Ltd,
member of the Board
Owns 0 Sponda shares

Pertti Voutilainen, 60

Member since 1999
MSc (Eng.), MSc (Econ.)
Metso Corporation, Chairman of the
Board 1999–
Merita Bank Plc, President, 1995–2000
MeritaNordbanken, Executive Vice
President, 1998–2000
Owns 0 Sponda shares

Auditors

KPMG Wideri Oy Ab
KHT Raija-Leena Hankonen

Deputy auditor
KHT Tiina Tornainen

Corporate Administration and Management

Kari Kolu, 44

President and CEO
European Public Real Estate Association,
member of the Board
Engel Oyj, member of the Board
Owns 40,250 Sponda shares

Tapani Väljä, 45

CFO and CEO's deputy
Owns 17,000 Sponda shares

Veikko Majava, 56

Director, Business Properties
Owns 2,750 Sponda shares

Lea Jokinen, 38

Director, Logistics Properties
Owns 0 Sponda shares

Arto Asikainen, 53

President, Itäkeskus Shopping Mall
Nordic Council of Shopping Centres,
member of the Board
Finnish Association of Shopping Centres,
member of the Board
Owns 2,750 Sponda shares

Jaakko Holkeri, 54

President, Tamsoil Oy
Owns 0 Sponda shares

Sponda Group's organization is divided into Administration, Finance and Accounting, Business Properties, Logistics Properties and the Itäkeskus Shopping Mall.

Sponda Group had 51 employees at the end of 2000, including 34 in the parent company. The average age of the employees was 42 years and their average duration of employment was five years. There were 29 female staff and 22 male staff.

Finance and Administration comprises treasury, financial control, payroll administration and personnel administration. Finance and Administration had 20 employees.

Property Management consists of the office buildings in the Helsinki Metropolitan Area and their commercial business premises. Sponda's 14 property managers are individually responsible for all aspects of the properties under their charge. Sponda's properties in Tampere are managed by Tamsol Oy. Property Management had 19 employees.

The seven Logistics Properties staff administer the company's warehouse and light industry properties, most of which are in the Helsinki Metropolitan Area.

The seven Itäkeskus Shopping Mall staff work independently in the Itäkeskus complex and are responsible for its operation.

Administration and finance and accounting staff, from the right: Kari Kolu, Minna Partanen, Ulla Tiainen, Petri Salminen, Sirpa Kakkonen, Virpi Mäkelä, Raili Wilkman, Minna Riihonen, Riitta Lamminmäki, Raija Tähhä, Tapani Väljä, Pirjo Wiksten, Laila Keto-Lassas, Raili Kaasinen, Eva Schalin, Liisa Salo, Veli-Pekka Mäkinen, Päivi Pursiainen, Sari Välitälo and Salla Karvinen.



The staff of Property Administration and Tamsol, from the right: Veikko Majava, Jyrki Jaatinen, Mika Valtonen, Riitta Riihimäki, Petteri Säntti, Timo Vihavainen, Terttu Mattila, Pirkko Autio, Markku Laitila, Juha Kytömäki, Minna Karhu, Teemu Nurminen, Eino Karhapää, Eila Isotalo, Jyrki Palos, Tiina Ryyppö, Jaakko Holkeri (Tamsol Oy), Atte Köykkä and Marko Honkaranta.



The Logistics Properties staff, from the right: Jari Kähkönen (Castrum Oy), Eija Riitala, Marja Kuosma, Lea Jokinen, Risto Adler, Hanna Nurminen and Juha Hakkarainen.



The staff of the Itäkeskus Shopping Mall, from the right: Arto Asikainen, Raila Harjala, Taija Koskinen, Mauri Ranta, Anne Simonen, Martti Nevalampi and Kirsi Teperi.



Iso Roobertinkatu 21–25.

The office buildings and retail premises along Iso Roobertinkatu in Helsinki Business District are highly favoured locations.

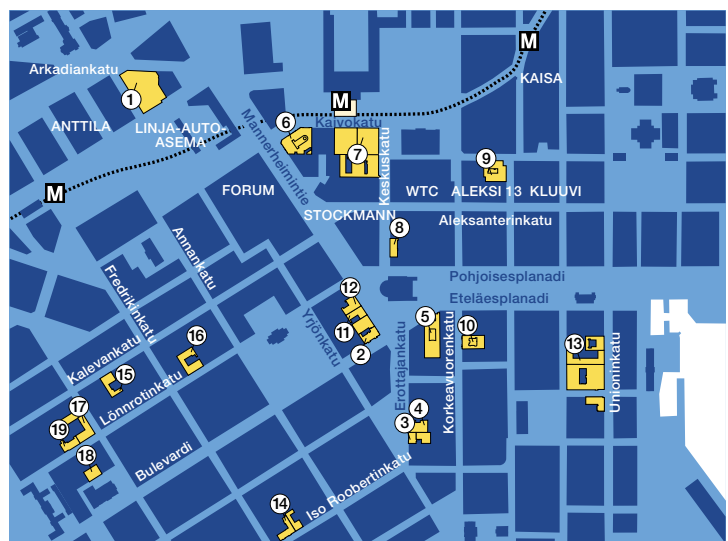


Summary of Real Estate Portfolio

The table set forth below summarizes key statistics relating to Sponda's real estate portfolio as of December 31, 2000.

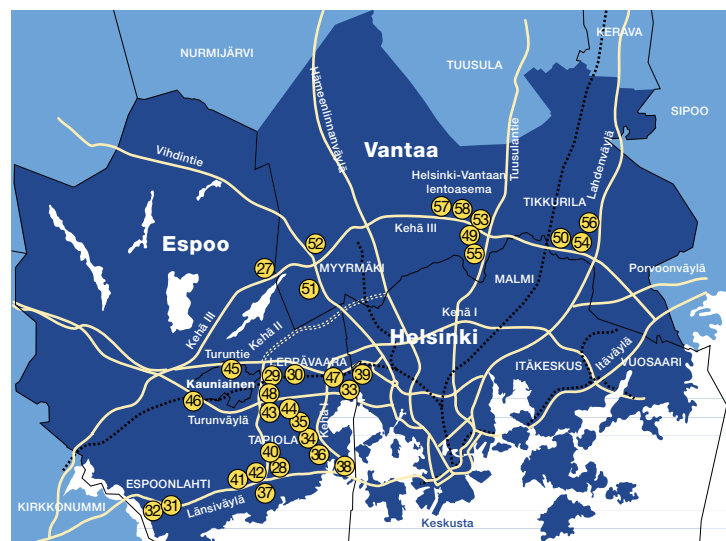
Property address	Holding %	Area, m ²								Total m ²	Year originally constructed	Economic	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Ware-house m ²	Hotel m ²	Other m ²	occupancy rate % m ²			% FIM	
Helsinki Business District													
CBD Prime													
1. Arkadiankatu 4-6	100.0	15 733	4 834	671	0	4 000	0	2 056	27 294	1977	100.0	100.0	
2. Bulevardi 1	100.0	4 062	1 146	0	0	477	0	627	6 312	1890/1978	100.0	100.0	
3. Erottajankatu 5	100.0	2 630	161	0	0	188	0	186	3 165	1910	100.0	100.0	
4. Erottajankatu 7	100.0	1 631	886	0	0	448	0	697	3 662	1988	100.0	99.8	
5. Eteläesplanadi 22	100.0	6 375	1 897	0	0	707	0	0	8 979	1940	97.4	97.8	
6. Kaivokatu 12	100.0	3 462	1 785	0	0	0	6 246	0	11 493	1911	100.0	100.0	
7.a) Kaivokatu 6	100.0	5 576	4 528	0	0	3 158	0	6	13 268	1964	100.0	100.0	
7.b) Kaivokatu 8	100.0	4 471	4 323	0	0	2 453	0	88	11 335	1964	100.0	100.0	
7.c) Keskuskatu 6	100.0	4 986	4 298	0	0	1 976	0	163	11 423	1904/1964	100.0	99.2	
7.d) Kaivokadun Tunneli	39.7	0	858	0	0	454	0	0	1 312	1967	100.0	100.0	
8. Keskuskatu 1B	100.0	1 979	735	0	0	241	0	0	2 955	1920	100.0	88.4	
9. Kluuvikatu 8	100.0	0	0	0	0	0	9 750	0	9 750	1930	100.0	100.0	
10. Korkeavuorenkatu 45	100.0	2 033	472	0	0	243	0	1 080	3 828	1912/1984	100.0	100.0	
11. Mannerheimintie 4	100.0	2 619	1 604	0	0	982	0	0	5 205	1965	86.6	93.3	
12. Mannerheimintie 6	100.0	1 218	2 156	0	0	497	0	0	3 871	1870	100.0	100.0	
13.a) Unioninkatu 18	100.0	2 878	678	0	0	808	0	0	4 364	1933	77.4	57.6	
13.b) Unioninkatu 20-22	100.0	17 363	3 074	0	0	7 815	0	1 660	29 912	1954/1969	100.0	100.0	
13.c) Unioninkatu 24	100.0	2 688	770	0	0	359	0	0	3 817	1890	92.5	98.0	
		79 704	34 205	671	0	24 806	15 996	6 563	161 945		98.6	98.2	
CBD													
14. Iso Roobertinkatu 21-25	91.0	3 585	796	612	0	1 947	0	763	7 703	1965/1984	87.8	87.7	
15. Kalevankatu 30	100.0	3 271	0	0	0	294	0	0	3 565	1928	92.6	94.1	
16. Lönnrotinkatu 13	57.8	1 803	346	0	0	216	0	0	2 365	1937/1963	100.0	100.0	
17. Lönnrotinkatu 27	100.0	3 745	758	0	0	255	0	211	4 969	1938	99.8	99.9	
18. Lönnrotinkatu 28	100.0	2 725	402	0	0	218	0	0	3 345	1938	100.0	100.0	
19. Lönnrotinkatu 29	100.0	0	1 558	0	0	62	1 244	312	3 176	1903	100.0	100.0	
20. Runeberginkatu 60	25.9	417	455	0	0	124	0	310	1 306	1929	100.0	100.0	
		15 546	4 315	612	0	3 116	1 244	1 596	26 429		95.4	95.3	
Outskirts of CBD													
21. Itälahdenkatu 20	100.0	4 061	0	0	0	465	0	47	4 573	1964	100.0	100.0	
22. Itälahdenkatu 22	100.0	4 764	0	0	0	247	0	1 172	6 183	1975	100.0	100.0	
23. Kumpulantie 11	100.0	11 105	0	0	0	939	0	3 378	15 422	1991	100.0	100.0	
24. Melkonkatu 26	100.0	0	0	0	6 505	0	0	0	6 505	1982	100.0	100.0	
25. Ratapihantie 11	100.0	10 267	1 133	0	0	1 406	0	2 676	15 482	1989	97.0	93.9	
26. Sörnäisten Rantatie 33	13.8	0	0	3 005	0	0	0	0	3 005	1976	100.0	100.0	
		30 197	1 133	3 005	6 505	3 057	0	7 273	51 170		99.1	97.7	
Total CBD		125 447	39 653	4 288	6 505	30 979	17 240	15 432	239 544		98.4	97.8	

Sponda's properties in Helsinki Business District



Property address	Holding %	Area, m ²								Total m ²	Year originally constructed	Economic occupancy rate 2000	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Ware-house m ²	Hotel m ²	Other m ²	% m ²			% FIM	
Helsinki Metropolitan Area													
Espoo													
27. Juvan Teollisuuskatu 23	100.0	0	0	0	11 443	0	0	0	11 443	1974	100.0	100.0	
28. Kappeliteie 8	100.0	2 093	0	0	0	0	0	0	2 093	1988	100.0	100.0	
29. Karapellontie 4	100.0	4 051	0	0	5 534	0	0	0	9 585	1961/1973	100.0	100.0	
30. Kilonkartanon tie 3	100.0	1 924	0	0	1 924	0	0	0	3 848	1984	100.0	100.0	
31. Kipparinkatu 2	19.4	0	535	0	0	264	0	0	799	1986	100.0	100.0	
32. Kivenlahdenkatu 1	100.0	2 855	811	0	0	0	0	34	3 700	1992	100.0	97.6	
33. Komentajankatu 5	100.0	4 232	0	0	0	183	0	0	4 415	1991	100.0	100.0	
34. Kulttuuritori	66.2	543	214	0	0	0	0	273	1 030	1959	100.0	100.0	
35. Läkkipänsäntie 3	95.2	2 148	1 134	0	0	0	0	0	3 282	1986	100.0	100.0	
36. Länsituulentie 7	100.0	2 338	4 238	0	0	230	0	1 002	7 808	1979	100.0	100.0	
37. Matinpurontie 3	100.0	557	0	0	2 001	0	0	0	2 558	1974	100.0	100.0	
38. Miestentie 3	100.0	5 049	0	0	0	0	0	581	5 630	1984	100.0	100.0	
39. Mäkkylän toimistotalo	100.0	3 493	0	0	0	300	0	0	3 793	1973	89.7	0.0	
40. Olarinluoma 14	100.0	4 182	0	4 182	0	0	0	0	8 364	1987	100.0	100.0	
41. Pihatörmä 1	58.6	15 529	0	0	0	181	0	276	15 986	1991/1998	100.0	100.0	
42. Piispanportti 12	100.0	4 700	0	321	0	110	0	0	5 131	1991	100.0	100.0	
43. Sinikalliontie 10	100.0	3 805	211	0	0	183	0	90	4 289	1989	88.0	81.0	
44. Sinimäentie 14	100.0	3 955	210	0	0	1 105	0	830	6 100	1980	100.0	100.0	
45. Teollisuust. 5, Kauniainen	100.0	521	0	1 310	0	0	0	0	1 831	1981	83.8	68.6	
46. Tuomarilantie 19	100.0	4 564	0	0	0	0	0	0	4 564	1991	100.0	100.0	
47. Upseerinkatu 1	100.0	17 228	0	0	0	2 376	0	935	20 539	1988	100.0	100.0	
48. Vitikka 6	100.0	0	0	0	3 979	0	0	0	3 979	1976	100.0	100.0	
			83 767	7 353	5 813	24 881	4 932	0	4 021	130 767	99.1	95.1	
Vantaa													
49. Eläntie 5	100.0	4 920	1 606	0	346	43	0	205	7 120	1991	100.0	100.0	
50. Heidehofintie 2	100.0	3 675	0	0	25 065	0	0	0	28 740	1981/1998	92.3	93.1	
51. Köysikuja 1	100.0	1 063	0	0	11 350	0	0	0	12 413	1961	95.5	94.8	
52. Mestarintie 6	100.0	0	0	5 007	0	0	0	0	5 007	1991	100.0	100.0	
53. Robert Huberin tie 2	100.0	2 526	433	0	1 935	1 948	0	0	6 842	1989	99.1	99.3	
54. Santaradantie 8	100.0	0	0	0	2 729	0	0	0	2 729	1974	100.0	100.0	
55. Sähkötie 1	100.0	2 400	0	0	0	8 625	0	0	11 025	1973	100.0	100.0	
56. Vanha Porvoontie 229	100.0	13 531	0	0	15 668	0	0	0	29 199	1976	92.6	92.1	
57. Virkatie 12-14	100.0	3 531	0	0	15 023	0	0	0	18 554	1972	81.0	78.5	
58. Äyrikuja 3	100.0	800	0	0	8 397	0	0	0	9 197	1984	100.0	100.0	
			32 446	2 039	5 007	80 513	10 616	0	205	130 826	93.5	93.4	

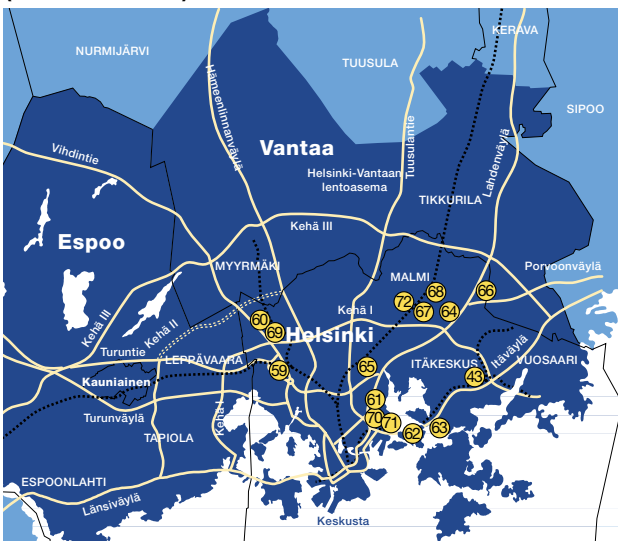
Sponda's properties in Helsinki Metropolitan Area
(Espoo and Vantaa)



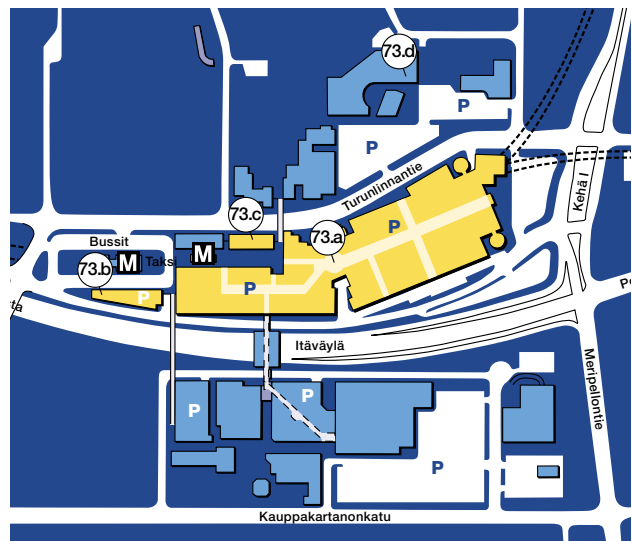
Property address	Holding %	Area, m ²							Total m ²	Year originally constructed	Economic occupancy rate 2000	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Ware-house m ²	Hotel m ²	Other m ²			% m ²	% FIM
Suburban Helsinki												
59. Atomitie 1	100.0	1 863	0	0	4 157	0	0	0	6 020	1972	100.0	100.0
60. Hankasuontie 13	100.0	0	0	0	9 732	0	0	0	9 732	1961	100.0	100.0
61. Haukilahdenkatu 4	100.0	0	0	4 106	0	0	0	0	4 106	1988	100.0	100.0
62. Hitsaajankatu 8	100.0	0	0	5 290	0	0	0	0	5 290	1958	100.0	100.0
63. Insinööriinkatu 2	100.0	0	0	4 118	0	0	0	0	4 118	1988	100.0	100.0
64. Kankiraudantie 6	100.0	0	0	0	6 650	0	0	0	6 650	1983	100.0	100.0
65. Kirkkoherrantie 6-8	100.0	0	303	0	0	0	0	0	303	1963	0.0	0.0
66. Luiskatie 8	100.0	0	0	0	1 088	0	0	0	1 088	1992	64.9	63.5
67. Malminkaari 10	100.0	617	109	3 189	0	0	105	4 020	1989	90.9	90.7	
68. Ormuspellontie 20	100.0	0	0	1 069	0	0	0	1 069	1974	100.0	100.0	
69. Ruosilantie 14	100.0	6 232	0	0	10 400	0	0	16 632	1974	98.5	73.8	
70. Työpajankatu 2	100.0	0	0	0	3 203	0	0	3 203	1988	100.0	100.0	
71. Vanha Talvitie 12	100.0	0	0	0	3 648	0	0	3 648	1991	100.0	100.0	
72. Ylä-Malmintori 6	100.0	1 585	1 089	0	0	0	0	2 674	1989	34.2	73.0	
		10 297	1 501	17 772	38 878	0	0	105	68 553		95.5	86.8
Total Helsinki Metropolitan Area		126 510	10 893	28 592	144 272	15 548	0	4 331	330 146		96.2	93.1

Property address	Holding %	Area, m ²							Total m ²	Year originally constructed	Economic occupancy rate 2000	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Ware-house m ²	Hotel m ²	Other m ²			% m ²	% FIM
Itäkeskus												
73.a) Itäkeskus	98.4	10 659	63 174	0	0	9 541	0	1 810	85 184	1984/1992	99.5	96.5
73.b) Itäkatu 11	100.0	5 708	1 499	0	0	965	0	6	8 178	1985	100.0	97.2
73.c) Turunlinnantie 12	100.0	2 350	2 011	0	0	0	0	163	4 524	1985	100.0	100.0
73.d) Puotinharjun Puhos	20.1	0	3 031	0	0	0	0	0	3 031	1984/1987/1990	100.0	100.0
Total Itäkeskus		18 717	69 715	0	0	10 506	0	1 979	100 917		99.4	96.6

Sponda's properties in Helsinki Metropolitan Area (Suburban Helsinki)



Sponda's properties in Itäkeskus Shopping Mall



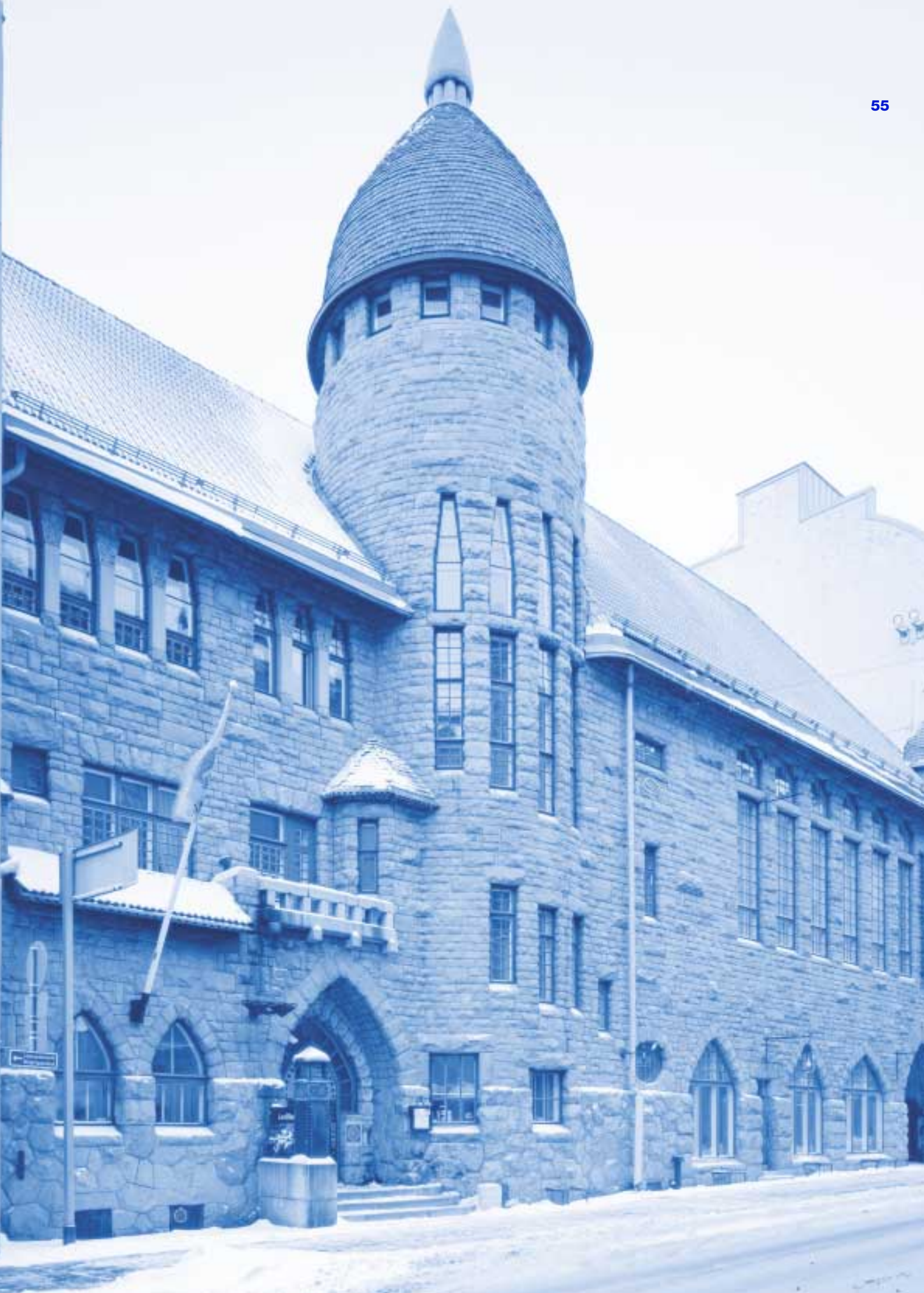
Property address	Holding %	Area, m ²							Total m ² constructed	Year originally constructed	Economic occupancy rate 2000	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Ware-house m ²	Hotel m ²	Other m ²			% m ²	% FIM
Rest of Finland												
74. Keskikankaantie 19, Hollola	100.0	0	0	3844	0	0	0	0	3844	1992	100.0	100.0
75. Keskikankaantie 9, Hollola	100.0	3958	0	15243	0	0	0	0	19201	1970	100.0	100.0
76. Kouvolantie 227, Nastola	100.0	0	0	15535	0	0	0	0	15535	1961/2000	100.0	100.0
77. Mukulakuja 4, Tuusula	85.0	0	0	2200	0	0	0	0	2200	1987	86.1	79.5
78. Tehtaankatu 11, Riihimäki	100.0	0	0	2497	0	0	0	0	2497	1990	100.0	100.0
79. Varjolanrinteentie 1, Nastola	100.0	0	0	5218	0	0	0	0	5218	1983	100.0	100.0
80. Brahenkatu 3, Lappeenranta	100.0	0	6908	1551	0	0	0	0	8459	1987	93.2	93.6
81. Etu-Hankkionkatu 1, Tampere	100.0	3277	0	40510	0	0	0	0	43787	1961	100.0	100.0
82. Gropintie, Tammisaari	21.4	0	0	0	0	1152	0	0	1152	1983	100.0	100.0
83. Humppilantie 35, Humppila	100.0	0	0	18415	0	0	0	0	18415	1968	100.0	100.0
84. Hämeenkatu 23, Tampere	100.0	1554	6045	374	0	0	0	0	7973	1905	98.9	99.6
85. Inkeröisten Koekeskus, Anjalankoski	100.0	0	0	6245	0	0	0	0	6245	1988	100.0	100.0
86. Jokipohjantie 28, Tampere	100.0	0	0	0	22034	0	0	0	22034	1990	100.0	100.0
87. Mottitie 2, Valkeakoski	100.0	0	0	1207	0	0	0	0	1207	1969	100.0	100.0
88. Naulakatu 3, Tampere	100.0	0	0	16025	0	0	0	0	16025	1983	100.0	100.0
89. Päivärannantie 18, Kuopio	100.0	0	0	0	13778	0	0	0	13778	1990	100.0	100.0
90. Rydönnotko 1, Turku	100.0	0	0	0	19932	0	0	0	19932	1982	100.0	100.0
91. Sarankulmankatu 22, Tampere	100.0	0	0	0	4339	0	0	0	4339	1974	100.0	100.0
92. Satakunnankatu 27, Pori	100.0	0	0	0	3046	0	0	0	3046	1972	100.0	100.0
93. Takojantie 32, Kotka	100.0	0	0	0	2391	0	0	0	2391	1980	100.0	100.0
94. Tampereen Pellava, Tampere	12.1	190	636	0	0	0	0	0	826	1998	91.3	86.7
95. Tampereen Pellavanhovi, Tampere	12.1	93	417	0	0	0	0	0	510	2000	48.6	7.8
96. Vihiojantie 1, Tampere	100.0	0	0	0	5191	0	0	0	5191	1991	100.0	100.0
			9072	14006	128864	70711	1152	0	0	223805	99.4	98.3
Total		279746	134267	161744	221488	58185	17240	21742	894412		98.0	96.3

Sponda's properties in rest of Finland



Property address	Holding %	Area, m ²							Total m ²	Year originally constructed
		Office m ²	Retail m ²	Industrial m ²	High warehouse m ²	Warehouse m ²	Hotel m ²	Other m ²		
By predominant use of each property										
Office		161 916	45 056	5 465	27 753	30 604	0	14 488	285 282	
Retail		21 080	84 395	60 850	1 088	11 783	1 244	3 262	183 702	
Hotel		3 462	1 785	0	0	0	15 996	0	21 243	
Warehouse		65 675	3 031	21 385	138 108	12 270	0	3 057	243 526	
Industrial		27 613	0	74 044	54 539	3 528	0	935	160 659	
		279 746	134 267	161 744	221 488	58 185	17 240	21 742	894 412	
Under construction										
										Building rights
Itäkeskus, extension, Helsinki	100.0	0	11 000	0	0	0	0	0	11 000	09/2001
Tampereen Pellavankulma, Tampere	9.3	151	377	0	0	0	0	0	528	
		151	11 377	0	0	0	0	0	11 528	
Land Bank										
										Building rights
Kelloportinkatu 2, "Ammattikoulu", Tampere	100.0	2 780	0	0	0	0	0	0	2 780	
Kelloportinkatu 2, Kelloportti, Tampere	100.0	4 496	0	0	0	0	0	0	4 496	
Komentajankatu 3, Espoo	100.0	10 023	0	0	0	0	0	0	10 023	
Pohjantie 14, Espoo	100.0	6 200	0	0	0	0	0	0	6 200	
Robert Huberin tie 2, Sirius I, Vantaa	100.0	11 000	0	0	0	0	0	0	11 000	
Valimotie 30, Vantaa	100.0								6 882	
Väinö Tannerin tie, Vantaa	85.0								21 640	
Virkatie 9, Sirius II, Vantaa	100.0	18 000	0	0	0	0	0	0	18 000	
		52 499	0	0	0	0	0	0	81 021	
Building rights										
Under construction									11 528	
Land Bank									81 021	
									92 549	

Lönnrotinkatu 29. The old poly-technic, nowadays the Lord Hotel is a fine example of a prestigious 100-year-old property leased by a modern enterprise.



Information for shareholders

Annual General Meeting

Sponda Plc's Annual General Meeting in 2001 will be held at 2.30 pm on Wednesday, 28 March 2001 at Paasitorni, Paasivuorenkatu 5 in Helsinki. Attendance at the Annual General Meeting must be notified by phone (+358-9-680 581) no later than by 4.00 pm on 23 March 2001. Shareholders wishing to attend must be entered in the company's register of shareholders maintained by the Finnish Central Securities Depository (FCSD) Ltd no later than on 16 March 2001.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of FIM 1.50 per share be paid on the financial year 2000. The dividend decided by the Annual General Meeting shall be paid to shareholders who are entered in the shareholders' register maintained by the FCSD on 2 April 2001, i.e. the date of record confirmed by the Board of Directors for distribution of dividends. The Board of Directors will propose dividend payment at the end of the settlement period on 9 April 2001.

Changes of name and address

Shareholders are kindly requested to notify their bank or to the FCSD, whichever holds the shareholder's book-entry securities account, of any changes of address.

Financial bulletins

Sponda will publish the following Interim Reports during 2001:

Interim Report for January–March 2001
3 May 2001

Interim Report for January–June 2001
23 August 2001

Interim Report for January–September 2001
25 October 2001

Sponda additionally publishes regular press releases on the monthly sales of the retail stores in Itäkeskus Shopping Mall.

To receive these bulletins and press releases please contact: Sponda Plc, Corporate Communications, P.O. Box 940, FIN-00101 Helsinki, Finland, tel +358-9-680 581, fax +358-9-260 0181, e-mail: laila.keto-lassas@sponda.fi.

The annual report, interim reports and financial press releases are published in Finnish and English. The annual

report is printed and the interim reports are published on Sponda's internet pages www.sponda.fi.

The following banking groups and stockbrokers have announced that they conduct investment analyses of Sponda's business operations. Sponda is not responsible for the assessments in these analyses.

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Aktia Securities	+358 10 247 6685
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D. Carnegie AB Finland	+358 9 6187 1233
Conventum Securities Ltd	+358 9 549 930
Enskilda Securities, Stockholm	+46 8 522 29814
Evli Securities	+358 9 476 696 32
Handelsbanken Markets	+358 10 444 2454
Merita Securities Ltd	+358 9 1234 0313
Morgan Stanley Dean Witter, UK	+44 171 425 5255
Opstock Ltd	+358 9 404 4494

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