



2002

Annual Report 2002

S p o n d a

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Sponda Plc is a property investment company specializing in business premises. The company owns and leases high-quality office, retail and logistics properties in prime locations in the Helsinki Metropolitan Area ■

Sponda's property portfolio has a market value of EUR 1.2 billion and a total leasable area of approximately 834,000 m² ■

Sponda had 52 employees at the end of 2002 ■

Sponda is the largest real estate investment company listed on the Helsinki Stock Exchange ■

The market capitalization of Sponda's share capital on 31 December 2002 was EUR 437 million ■

Key Ratios	2002	2001
Shareholder's equity per share, EUR	6.81	6.12
NAV/share, EUR	8.73	9.06
Earnings per share, EUR	0.97	0.39
Return on equity, %	12.4	6.7
P/E ratio	5.6	12.0
Equity ratio, %	53	42
Gearing, %	83	135
Dividend, EUR *)	0.90	0.30
Payout ratio, % *)	92.8	76.6
Effective dividend yield, % *)	16.5	6.4
Market capitalization, EUR million	437	380

*) Board's proposal

Sponda Group reported an outstanding result for 2002 with net income totalling EUR 78.8 (31.8) million. Total revenue, which was derived from leasing operations, was EUR 100.7 (122.2) million and the operating profit was EUR 125.3 (77.7) million, which included a EUR 67 million capital gain on the sale of the Itäkeskus Shopping Mall.

The Itäkeskus sale will enable Sponda to distribute a dividend this year of EUR 0.90 per share.

The company estimated the market value of its property portfolio on 31 December 2002 to total EUR 1.18 (1.42) billion. The economic occupancy rate of its business premises was 90.3%.

In 2003 Sponda expects the market for leased business premises, and its net operating income, to remain at last year's level.

Sponda's strategy is to concentrate on developing and selling large property complexes in the Helsinki Metropolitan Area. Its most important development project is City-Center, which Sponda will upgrade into a business and shopping complex containing approximately 52,600 m² of office and retail space.

Highlights of 2002

21 January — Sponda sells the Itäkeskus Shopping Mall to Dutch property investment company Wereldhave for EUR 317 million. The deal is seen as a milestone in the internationalization of Finland's property market.

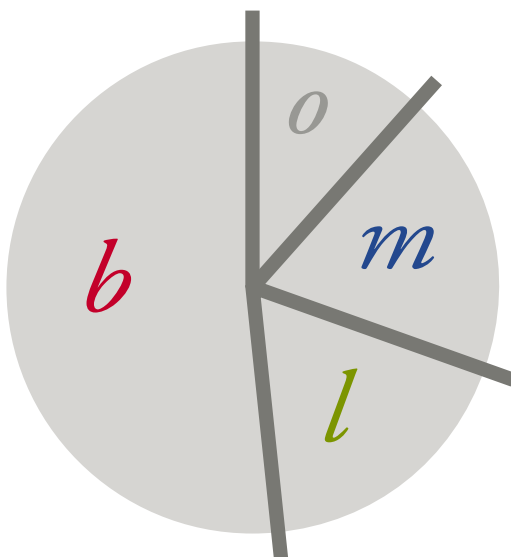
28 June — Sponda purchases two office properties in Helsinki from Sampo for EUR 79.5 million:

<i>Kaupintie 3</i>	54,800 m ²
<i>Fabianinkatu 23</i>	5,100 m ²

20 September — Sponda submits a rezoning application covering redevelopment of the City-Center complex, Keskuskatu street and its surroundings. City-Center will be turned into a modern office and commercial centre and a central rendezvous in the heart of Helsinki. The application coincides with the Stockmann department store's redevelopment application.

The project is due for completion in 2007 and has an estimated construction cost of EUR 100 million.

Net operating income by business areas 2002



- b** ■ Helsinki Business District 51%
- l** ■ Logistics 19%
- m** ■ Helsinki Metropolitan Area 18%
- o** ■ Other 12%



Chief Executive's Review

Sponda booked an outstanding result in 2002, due largely to the sale of the Itäkeskus Shopping Mall to the Dutch property investment company Wereldhave N.V. This year shareholders will reap the benefit of Itäkeskus's success through an exceptionally large dividend. After years of development the shopping mall was ready for sale and the deal released capital for planning and implementing new projects of a similar calibre.

Last year was an opportunity for Sponda to rethink its strategy. We shifted the focus of our operations from the walls of our properties to our clients, their businesses, and how they employ the premises they occupy. A more active approach on our part gives a new meaning to customer orientation in Sponda. Co-evolution with our clients, recognizing and anticipating their needs, guarantees longer partnerships and customers that are financially solid and satisfied.

Large property complexes like the City-Center also offer Sponda and its customers greater opportunity for co-operation. Full ownership, likewise, enables us to make decisions fast and independently without the need to reach consensus with many owners, a clear benefit for our clients. Size is also a strength when negotiating with prospective business partners.

A real estate company

Our core business is owning and leasing real estate. I consider it a problem in this sector that owning and leasing property is not regarded as an active mode of business, but rather as a means of passive investment. Consequently respect for this sector has weakened and there is little pride in being profitable. There should be no shame in stating that we make money out of leasing property because this benefits our owners. We don't wish to act as a faceless, passive property investor. We wish to make a profit; we actively develop our products and we expect to derive the right price from them.

How Sponda works

We have recently completed a major assessment and definition of the way we work in order to improve our business processes. All our employees were involved and we also interviewed clients and partners.

The project was started when Sponda had significantly expanded following acquisitions and investments. Our workforce had doubled in the space of a few years and Sponda's external and internal image was felt to be rather remote and shapeless. We observed that unclear and widely varying practices in our day-to-day work created uncertainty among our clients and we therefore wished to clarify our operating procedures.

In a project that took several months, we considered our processes together and teams of staff were assigned to examine specific issues. The result was clearer definition of working methods and the removal of overlaps. In this context I should like to extend my warm thanks to all Sponda employees, who showed commitment to our goals and exemplary dedication to this project alongside their normal duties. This enormous task was completed in January 2003 and has yielded new tools for use throughout the company.

Priority on developing large complexes

City-Center is currently the most important development priority for Sponda among its large property complexes. Its renewal and the conversion of Keskuskatu street into a pedestrian precinct with the City of Helsinki and the Stockmann department store demonstrates a concrete commitment to the revitalization of Helsinki city centre.

Sponda owns other such complexes including the block between Unioninkatu and Fabianinkatu (except the part on Eteläesplanadi). We added to this property last summer with the purchase of the Fabianinkatu 23 office block, where Sponda will move its head office in May 2003.

Large properties like these offer economies of scale for both our clients and for us. They place us in a strong negotiating position when seeking new partners and investors. They make us an attractive prospect for the sort of highly qualified jobseekers we need. And they give us the latitude to formulate new operating models that will raise profitability. We are constantly looking for new means of earning more.

Prospects

I believe the real estate sector should be developed into a genuine, profitable business. It is ready, I think, for new ideas for raising the return on passive ownership. But this calls for a new way of thinking.

I consider our most important task in the future to be the full introduction of customer thinking in our company coupled with the development of large property complexes. Customer orientation is not just an empty phrase. It is the result of a clear need because Sponda and its clients support each other's success. We will give even more emphasis to our core business in the future and, together with our clients, develop ways of operating that will be to our mutual benefit.

Sponda plays a significant role in the real estate arena in Finland and I believe we will maintain our front-line position. In closing, I should like to thank our shareholders and partners for their confidence in our company, and also our employees for their outstanding efforts during the year now behind us.



Kari Kolu

Kari Kolu: "I extend my warm thanks to all Sponda employees for their outstanding efforts during 2002, a tough year for us as we streamlined and refined our business processes.

We want our clients, shareholders and partners to know how we work at Sponda. We still have a great deal to do but I am convinced we can reach our targets. Each Sponda employee is crucial to our overall success."



Business Conditions

The real estate and building construction industry in Finland form a cluster employing roughly half a million people and its impact on employment in Finland is therefore significant. Systematic efforts were made to ensure uniformity and transparency in the information provided by the companies in the cluster. Many research and development projects, such as securitization of real estate assets and development of leasing practice, are making the cluster's operations more efficient.

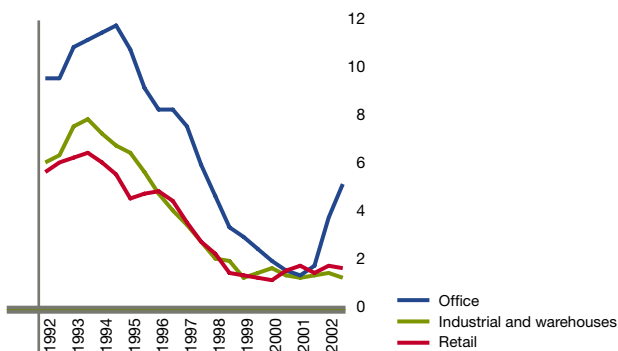
The growth forecast for the Finnish economy in 2003 has been revised downwards. Despite an increase in exports the Research Institute of the Finnish Economy (ETLA) has reduced its GDP growth forecast to 2.7%. The European Central Bank lowered its interest rate in December 2002 to the present level of 2.75%. Inflation is expected to settle at around 1.9%. Unemployment is rising slightly and this year is expected to be 9.3%. The volume of new industrial and office buildings under construction is declining further this year and there are no signs of any recovery in the near future.

Vacant business premises in plentiful supply

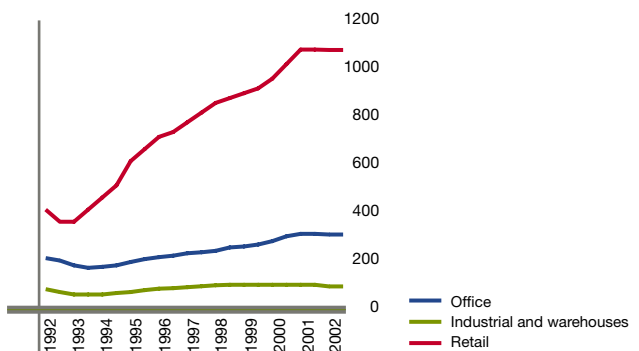
The supply of vacant business premises in the Helsinki Metropolitan Area rose steadily throughout 2002, according to Catella Property Consultants Ltd. Catella's market survey published in spring 2003 stated that the vacancy rate of all business premises in the Helsinki Metropolitan Area is more than 3%. Where retail premises are concerned, the situation is better. Demand for retail premises in the centre of Helsinki is good; the vacancy rate is below 1% and price levels have remained more or less unchanged. The vacancy rate of office premises throughout Helsinki Metropolitan Area is reaching 6%, Catella states, while the vacancy rate of retail premises is below 2%. Demand for logistics premises continues to be steady and in this segment the vacancy rate is still slightly below 2%.

The volume of new industrial and office building is very low in 2003. Speculative new building is almost non-existent and the pre-leasing requirement for new projects is now approximately 80%.

Vacancy rate, %
Helsinki Metropolitan Area



Rental levels, e/m²/month
Helsinki Metropolitan Area



Source: Catella Property Consultants Ltd spring / 2003

Raising the appeal of Helsinki city centre

Sponda's City-Center property will be renovated over the next few years and on its completion will substantially increase the commercial attraction of Helsinki city centre by adding a large variety of new shops and services. A report commissioned by the Helsinki Business Advisory Board on the commercial structure of Helsinki city centre emphasizes the importance of its compactness. This aspect will be further enhanced by construction of a new service tunnel under Aleksanterinkatu street and expansions to the existing pedestrian precincts, which will also raise the area's commercial appeal. The centre of Helsinki is particularly strong in boutiques and other speciality stores. It also accounts for roughly half of total retail sales in the Helsinki Metropolitan Area.

Electronic communications in real time

Sponda has responded rapidly to changes in its operating environment by giving high priority to both electronic communications and marketing.

Sponda has gradually introduced an interactive extranet service, called Spondanet, that allows the company, its corporate tenants and service companies to maintain dialogue on all aspects of its

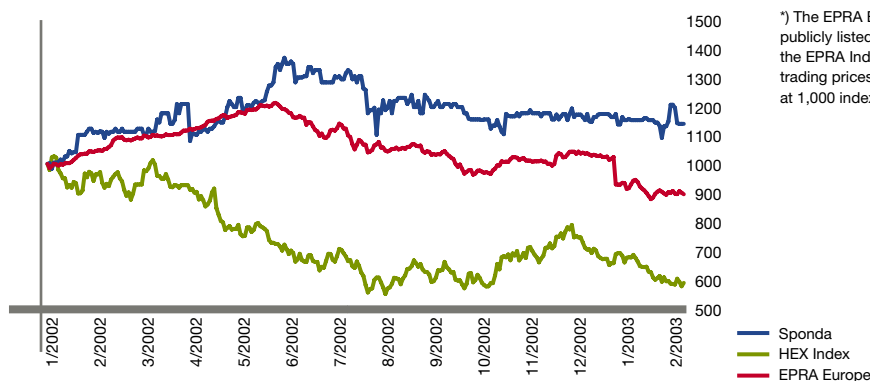
properties in real time. Spondanet speeds up the exchange of information and monitoring of ongoing assignments.

Sponda has improved its marketing by taking advantage of a real-time register of properties. Business premises available for leasing are linked both to Sponda's own web pages and to the Dime online property service managed by the business newspaper Kauppalehti. This has made it faster and easier for clients to find suitable premises from Sponda's selection.

Sponda involved in securitization of real estate assets

Sponda's aim is to actively promote the securitization of real estate assets and is one of the parties financing a project set up for this purpose by the Finnish Institute of Real Estate Management (KTI). The project's goal is to raise the level of information available, improve share liquidity and thereby attract new investors to the real estate market.

EPRA Europe*) vs. Sponda and HEX (total returns)



*) The EPRA Europe Index measures the total return performance of 75 publicly listed European property companies. Companies included in the EPRA Index are market capitalization weighted based on their latest trading prices on the relevant European exchanges. The Index is based at 1,000 index points as at 1 Jan. 2002.

Source: European Public Real Estate Association (EPRA)

Sponda Plc

Sponda is a property investment company that specializes in business premises. The market value of its property portfolio at the end of 2002 was an estimated EUR 1.2 billion. Sponda owns and leases office, retail and logistics premises in the Helsinki Metropolitan Area, which is where the company derives 90% of its net operating income. The net yield of the properties on their book value at the end of the year was 7.4% and the book value of the properties was EUR 1.0 billion.

	2002	2001
Economic occupancy rate, %	90.3	93.5
Area for lease, m ²	831 950	893 668
Net operating income, MEUR	74.9	94.4
Book value, properties, MEUR	1 028.8	1 181.2
Annualized operating income / book value, %	7.4	8.0

Sponda has divided its properties into three business areas: Helsinki Business District, Helsinki Metropolitan Area and Logistics Properties. The aggregate area is 834,000 m², comprising 374,000 m² of office space (44.9% of total leasable area), 15,000 m² (1.8%) of retail premises, 21,000 m² (2.6%) of hotels and 243,000 m² (29.2%) of logistics properties, according to the predominant use of the property. Other Properties, 180,000 m² (21.5%), includes properties which are situated elsewhere in Finland. Sponda owns altogether 90 sites and at the end of 2002 had building rights on undeveloped land totalling 74,000 m².

Sponda's portfolio also contains some very large complexes such as City-Center and the Unioninkatu-Fabianinkatu block in the centre of Helsinki, Upseerinkatu in Perkkaa (Espoo) and the Honkatalo logistics centre in Hakkila. Owing to their large size Sponda can build a separate identity and business concept for each of them, to make their management easier. Sponda's geographical sphere of operations encompasses Helsinki Metropolitan Area in its entirety.

Economic occupancy rate 31 December 2002

Property type	%	Business area	%
Office	88.1	Helsinki Business District	91.9
Retail	97.8	Helsinki Metropolitan Area	83.6
Hotel	100.0	Logistics	92.1
Logistics	92.1	Other	94.7
Other	94.7		
Average	90.3	Average	90.3

By predominant use of each property.

Impact of changes in real estate capital on the gross profit 2002

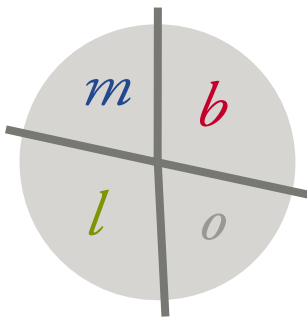
MEUR	Properties sold	Properties bought
Rental revenue	2.2	3.2
Operating expenses	-0.7	-0.5
Depreciation	-0.1	-1.0
Gross profit	1.4	1.7

Sponda's strategy is to actively develop its properties and leasing activities in the Helsinki Metropolitan Area. Sponda shapes the working environments of its properties and client companies in order to provide its clients with the best possible conditions for success ■

Sponda develops complete property complexes and their management, making them attractive prospects for investors ■

Sponda's key competences are understanding its clients' businesses and innovative investment skills ■

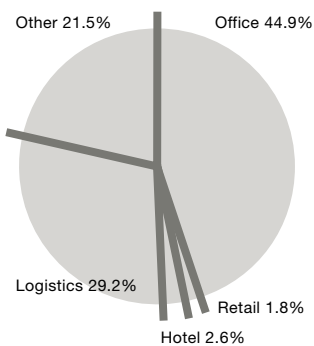
Area for lease 31 December 2002
by business area



	Area, m ²	%
<i>b</i> Helsinki Business District	235 825	28.4
<i>m</i> Helsinki Metropolitan Area	173 411	20.8
<i>l</i> Logistics	243 035	29.2
<i>o</i> Other	179 679	21.6
Total	831 950	100.0

By actual leasable area.

Area for lease 31 December 2002
by property type



	Area, m ²	%
Office	373 660	44.9
Retail	14 791	1.8
Hotel	20 785	2.6
Logistics	243 035	29.2
Other	179 679	21.5
Total	831 950	100.0

By predominant use of each property.

Sponda Plc

Our business objectives at Sponda are working closely with our clients and building a stronger identity for the large property complexes we own. Sponda and its clients are successful together and our aim is that the people who work in our properties are well satisfied with their premises. Property development and management should become a genuine, profitable business.

Sponda's history

- 1991** — Sponda is formed by the Bank of Finland on 19 September 1991 following a banking crisis for the purpose of acquiring investment assets, both real estate properties and a portfolio of equity holdings, held by the Skopbank Group. The total value of the properties is EUR 437 million (FIM 2.6 billion), the largest of which is the Itäkeskus Shopping Mall.
- 1992** — First extension of the Itäkeskus Shopping Mall completed. It includes a glass-roofed boulevard almost half a kilometre long, making Itäkeskus the largest shopping mall in the Nordic countries.
- 1997** — Sponda refocuses its strategy and liquidates its EUR 1.2 billion (FIM 7 billion) equity holdings portfolio.
- 1998** — Sponda becomes a company concentrating exclusively on real estate investment and management.
- 1998** — Sponda Plc is listed on the Helsinki Stock Exchange, share trading begins on 1 June.
- 1999** — Sponda further concentrates its property holdings on the Helsinki Metropolitan Area. The company purchases properties including the City-Center and Unioninkatu complexes for EUR 252 million (FIM 1.5 billion) from Leonia bank (now Sampo plc).
- Construction of second extension to Itäkeskus Shopping Mall starts, adding 8,500 m² of retail premises and some 500 car parking slots.
- 2000** — Sponda acquires Castrum Oyj, a listed company specializing in logistics properties. The deal gives Sponda some 60 properties. The Castrum-Sponda merger is completed at the end of 2002.
- 2001** — The newly expanded Itäkeskus Shopping Mall is opened to the public in October and covers an area of about 10 hectares.

*Sponda's total property portfolio 1 January – 31 December 2002,
MEUR*

	Total	Helsinki Business District	Helsinki Metropolitan Area	Logistics	Other
Rental revenue	100.7	51.3	19.2	19.2	11.0
Operating expenses	-25.8	-12.7	-5.6	-5.2	-2.3
Net operating income	74.9	38.6	13.6	14.0	8.7
Book value of properties 31 Dec. 2001	1 181.2	584.3	365.4	148.1	83.4
Investments 2002	94.4	19.2	67.6	4.2	3.4
Divestments 2002	-231.0	0.0	-221.0	0.0	-10.0
Depreciation	-15.8	-8.1	-3.0	-3.1	-1.6
Book value 31 Dec. 2002	1 028.8	595.4	209.0	149.2	75.2
Annualized operating income / book value at 31 Dec. 2002	7.4%	6.5%	7.4%	9.4%	11.0%
Market value of properties 31 Dec. 2002	1 182.9	671.1	242.6	177.4	91.8
New acquisitions	81.6	13.0	66.5	0.5	1.6
Construction	4.3	3.4	0.1	0.0	0.8
Maintenance	7.5	1.9	1.0	3.7	0.9
Tenant improvements	1.0	0.9	0.0	0.0	0.1
Investments	94.4	19.2	67.6	4.2	3.4
Maintenance (capitalized)	7.5	1.9	1.0	3.7	0.9
Maintenance (expensed)	5.5	3.1	1.2	0.9	0.3
Total	13.0	5.0	2.2	4.6	1.2
Tenant improvements (capitalized)	1.0	0.9	0.0	0.0	0.1
Tenant improvements (expensed)	1.7	1.0	0.3	0.2	0.2
Total	2.7	1.9	0.3	0.2	0.3



890

Sponda's Clients

Bulevardi 1, on the corner of Mannerheimintie and Bulevardi, is one of the buildings designed in 1890 by Theodor Höijer. The Bulevardi 1 and Mannerheimintie 2 buildings are both managed by Sponda, which also owns the adjacent properties at Mannerheimintie 4 and 6.

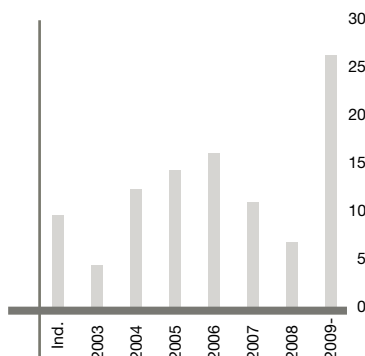
Sponda owns some 832,000 m² of leasable business premises. The company has more than 600 clients and a portfolio of over 1,000 leasing contracts. The total value of these contracts at the end of 2002 amounted to roughly EUR 390 million, and 10–15% of them expire annually. Sponda's premises are classified according to their primary use into office, retail and logistics properties.

Closeness to clients and large size

Sponda's business priorities are closeness to its clients and the development of large property complexes, each of which supports the other. Large complexes offer economies of scale for both our clients and ourselves. Having full ownership of a property enables us to take independent decisions of mutual benefit to our clients and ourselves. Closeness to clients, which for Sponda means knowing and anticipating each company's needs, guarantees longer business relationships and satisfied customers. It also reduces Sponda's costs while allowing Sponda to target financially solid tenants.

Sponda's 10 principal clients represent roughly 42% of its total rental income. Almost 20% of this figure is made up of major Finnish wholesale and retail chains like Kesko, Stockmann, Sokos and Elanto. Banks and insurance companies, the largest of which is Sampo plc, account for about 14% of rental income. Other major clients include the Board of Patents and Registration, Nordic IT consultants TietoEnator, and Finland Post.

Expiration of lease agreements, Sponda Plc, %



Largest tenants

Largest tenants	% of rental income
Sampo	11.97
Kesko	9.09
Nat. Bd of Patents and Reg	3.88
HOK	3.74
TietoEnator	3.25
Finland Post	2.68
Elanto	2.43
Nordea	2.27
Alko	1.53
Silja Line	1.24
	42.08

Tenants and tenant agreements

Tenant agreements
Tenants

2002

1 049
623

2001

1 452
828

Meetings for clients in individual properties

Sponda holds meetings for its clients on average twice a year in order to enhance communication. Feedback on these meetings has been only positive. They offer the clients in a property, Sponda's partners such as service companies, and Sponda's property manager the opportunity to meet each other in an informal atmosphere. They also provide a forum for discussing topical issues relating to the property such as market trends in the neighbourhood, planned repairs to the property, action planned by the authorities, and the availability of various services. Sponda's partners, likewise, gain direct feedback from the property's tenants, who thereby have the opportunity to make the changes they wish.

Sponda's extranet 'Spondanet' and other electronic tools are increasingly becoming everyday tools among Sponda's clients and its partners. Sponda helps its clients to find suitable premises using online services in real time. Vacant premises are automatically updated daily on the company's website from the 'Haltia' databank and are also placed in the nationwide Dime e-property service.

Property manager in a key positions

Sponda's property managers are fully and independently responsible for the sites assigned to their care. This ensures that clients have only one person at Sponda to deal with on all matters related to their premises from the leasing negotiations onwards. Our wish is to contribute to each client's success by creating a working atmosphere that their employees are satisfied with. Sponda surveys its clients' satisfaction every year and gains valuable feedback for further development. The essential qualities of Sponda's property managers are keeping promises, professional competence and honesty.

Project manager Mika Kokkonen (left) is Sponda's contact person at the Silja shipping line for matters concerning Silja's properties. Silja's headquarters on the corner of Bulevardi and Mannerheimintie contain altogether 3,500 m² of office space and are occupied by roughly 150 employees.

"Silja has had its Helsinki offices in this building since 1991. The premises are ideal for our purposes even though they are a bit cramped. We occupy four floors and we also have a ticket office at street level. Co-operation with Sponda's property managers has been smooth. A good idea is to hold meetings for tenants twice a year as that gives clients, Sponda and its partners the chance to share ideas," Mika Kokkonen adds.

Silja's ticket office in Helsinki has 10 service desks and covers roughly 190 m². We get 200–500 daily visitors depending on the season.





940 Helsinki Business District

Eteläesplanadi 22 was a development commissioned by the Bensow trading house in 1940 and the late work of architect Uno Ullberg. The building, with a total leasable area of almost 9,000 m², is currently occupied by a law firm, an advertising agency, several restaurants and various shops. The inner courtyard has an attractive fountain, the centrepiece of which is a mermaid (1941). This slender sculpture is the work of Viktor Jansson, who used his daughter Tove Jansson as the model.

Sponda owns 24 properties in the Helsinki Business District, 13 of them in the Prime Central Business District (CBD Prime).

Helsinki Business District represented 51.5% of Sponda's net operating income and 28.4% of Sponda's total leasable area in 2002.

Holdings in Unioninkatu-Fabianinkatu block expanded

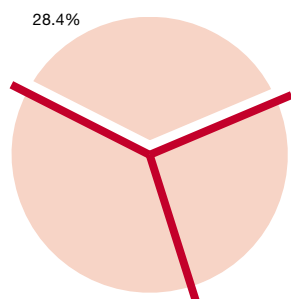
In the summer Sponda purchased the office building at Fabianinkatu 23, which is in the same block as the Unioninkatu 20, 22 and 24 buildings already owned by the company. Sponda plans to move its head office to Fabianinkatu in spring 2003 at the same time adopting a new service concept in these new facilities.

Sponda owns an office building with more than 43,000 m² in the Kaartinkaupunki district of Helsinki and is currently studying the feasibility of developing the services offered there.

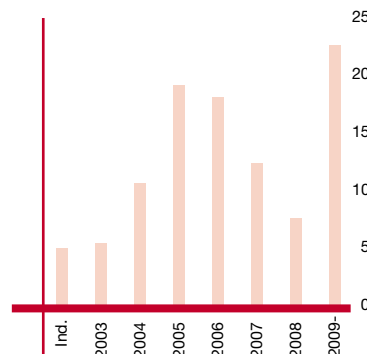
Renovations and maintenance

Renovation of the 4,300 m² office building at Unioninkatu 18, immediately adjacent to the other Unioninkatu and Fabianinkatu properties, will start in spring 2003. All the technical facilities in the building will be modernized and a new air-conditioning system installed with separate air intake regulators on each floor. The building's

Helsinki Business District's share of total leasable premises in Sponda's core business areas, %



Expiration of lease agreements, % Helsinki Business District



b

	2002	2001
Economic occupancy rate, %	91.9	97.1
Area for lease, m ²	235 825	232 169
Net operating income, MEUR	38.6	40.6
Book value, MEUR	595.4	584.3
Annualized operating income / book value, %	6.5	6.9

façade and inside surfaces will be renewed and all the water and sewage pipes replaced. The project is scheduled for completion during the winter of 2004.

Renovation of Sponda's part-owned property at Lönnrotinkatu 13 was completed at the end of 2002. This involved renewal of the building's systems and water and sewage pipes at a cost of about EUR 3 million.

An application was submitted in December for rezoning of the granite-faced building at Kaivokatu 12, designed by Armas Lindgren. The new zoning agreement is expected to take effect from 2004. The building's top (attic) floor will be converted into office space, while retail premises will be built in the basement floor and service access to the building will be rerouted. The renovation will provide an extra 2,100 m² of leasable premises. The basement will have new retail premises as well as new entrances on the Forum and Kaivokatu sides of the building.

The façade of Bulevardi 1, designed in 1890 by Theodor Höjjer, was renewed during the year in a technically demanding renovation project costing EUR 300,000.

Space for 450 new parking slots at Erottaja

Car parking capacity in the city centre will be improved on completion of a new parking facility with space for 450 vehicles in Erottaja. The project, which involves the participation of the property owners in the area, has an estimated cost of EUR 14 million. Sponda is the biggest investor in the project and owns 150 car slots in the building, which will be managed by another operator. The new parking space will be available for both the property's owners and for customers in the area.

"Law firms that handle corporate clients tend to be located right in the city centre. It's the normal international practice and also a question of credibility," thinks Pekka Merilampi (left) of Merilampi Marttila Laitasalo Oy. The company's address has been the Hauki building at Eteläesplanadi 22 since 1997 and, with 30 employees, the law firm occupies more than 1,100 m² on two floors. The law firm ranks among the top ten in Finland and its clientele includes the top corporations in the country.

"These offices are ideal for our purposes. We used to occupy the fifth floor but we needed more room and we found it in the same building just one floor below us. The essential thing, though, was to combine the two floors. While doing this, we also updated our computer systems and got good conference facilities into the bargain too," says Merilampi, stating his satisfaction with Sponda.





1988 Helsinki Metropolitan Area

Upseerinkatu 1–3 is one of Sponda's large properties with its own identity in the making. The 15-year-old office complex was vacated by Nokia in 2001. Marketing of its leasable premises has been satisfactory and its renovation, scheduled to take place this year, will make it even easier to rent. Its location right next to the Leppävaara railway station in the Perkkaa district of Espoo is outstanding. Leppävaara is one of Espoo's growth centres and its excellent transport communications add to its appeal.

Sponda's Helsinki Metropolitan Area (HMA) business comprises 22 office and retail properties in High Tech Espoo, Aviapolis Vantaa and the outskirts of Helsinki.

Helsinki Metropolitan Area represented 18.2% of Sponda's net operating income and 20.8% of Sponda's total leasable area in 2002.

New projects

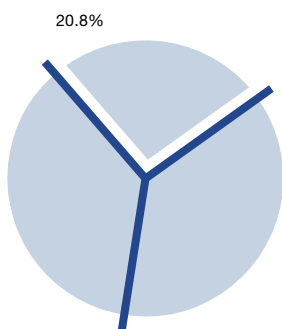
Sponda owns zoned sites totalling 16,200 m² in Espoo and 57,500 m² in Vantaa. These have building permission but no building decisions have yet been made for them owing to the current economic slump.

Building permission has been granted for a new office building on the Pohjantie site in Tapiola.

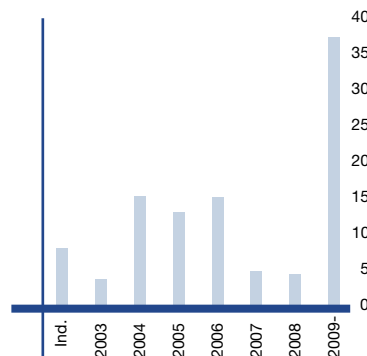
A zoning plan covering Komentajakatu 3 in Leppävaara opens the way for the construction of an 11,600 m² office building.

Sponda is a shareholder in Tapiola's regional development company Tapiolan Alueen Kehitys Oy. Sponda is collaborating with the City of Espoo and property owners in Tapiola on the Kesäkeli project, the purpose of which is to heat the pedestrian precincts in Tapiola business centre using district heat.

Helsinki Metropolitan Area's share of total leasable premises in Sponda's core business areas, %



Expiration of lease agreements, % Helsinki Metropolitan Area





	2002	2001
Economic occupancy rate, %	83.6	70.5
Area for lease, m ²	173 411	103 104
Net operating income, MEUR	13.6	10.6
Book value, MEUR	209.0	130.6
Annualized operating income / book value, %	7.4	8.1

The building rights for the Sirius I and Sirius II projects in Vantaa's Aviapolis estate, close to the Helsinki-Vantaa airport, will make it possible to build office buildings with a total floor area of almost 30,000 m².

Kaupintie's 55,000 m² fully leased

The 55,000 m² property complex at Kaupintie purchased in June 2002 is leased entirely to the Sampo plc banking group. The complex comprises four office buildings and a car parking facility.

Upseerinkatu 1–3, its clients and renovations

With roughly 20,000 m² of leased office and warehouse space, Upseerinkatu 1–3 in the Perkkää district of Espoo is one of Sponda's largest properties. It is currently occupied by healthcare services provider Diacor Terveyspalvelut Oy, as well as the day clinic for the Jorvi hospital's paediatric psychology unit, SOS-lapsikylä ry, Jyda-com Oy, Engel Finland Oy and Oka Oy.

Renovation of the property will start this year and, among other things, will involve the renewal of the foyer, conference rooms and sports facilities including a swimming pool. The property will also be equipped with the Sponda-net extranet portal with services for use by the companies and employees in the building.

The responsibilities of Director Marleena Helamaa (left) of Diacor Terveyspalvelut Oy, a healthcare service provider, include the company's building projects and its offices at Upseerinkatu. Diacor's administrative units moved to Perkkää in Espoo in November 2001. "We chose the Upseerinkatu location because of the good public transport connections. The Sponda property is like a landmark that's easy to find. The offices are well suited to the needs of our management and administrative staff."

"We are about 70 people here at Upseerinkatu and we have 1,150 m² at our disposal. Having the appointments desk for all our health centres in one place has improved customer service and efficiency. Our new computer system also makes it fast to reserve doctor's appointments at all our health centres."





1976

Logistics Properties

The Honkatalo building in Hakkila, Helsinki, is a combined office-logistics complex and one of Sponda's major development priorities. The 12,000 m² office building and 17,000 m² warehouse was built in the 1970s. Sponda purchased the adjacent site at Vanha Porvoontie 231 in 2001. The complex enables Sponda to provide its clients with office space and associated services. Last November Sponda also bought an undeveloped site next to Honkatalo, with building rights of roughly 6,000 m². This year Sponda will begin renovating the building's façade at an estimated cost of EUR 3 million.

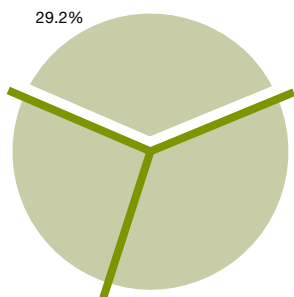
Sponda's Logistics Properties business area consists of 22 logistics properties in Espoo, Vantaa and the outskirts of Helsinki. The most important of these are Aviapolis (near Helsinki-Vantaa airport) and the region around the new Vuosaari harbour east of Helsinki.

Logistics Properties represented 18.7% of Sponda's net operating income and 29.2% of Sponda's total leasable area in 2002.

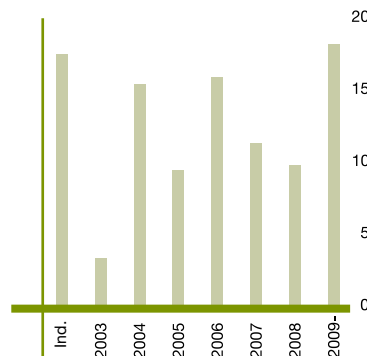
Logistics service become more specialized

Outsourcing of services is a clear trend among Sponda's logistics clients. Finland Post, for example, makes extensive use of outsourcing. Its subsidiary LP-Logistiikkapalvelut Oy manages Alko's central warehouse, the storage and handling of hospital supplies, and the warehouse used by the Rautakirja chain of kiosks. The same logistics property also serves both large and small companies – from the large wholesale and retail chains to customers with only minor storage requirements. Ykkösjakelu and Global Mail, also subsidiaries of Finland Post, are likewise specialists in their own fields; the first specializes in packaging and distribution, while the second provides international courier services. AW-Store Oy at Äyrikuja is a 'warehouse hotel' where, among other things, goods are repackaged for distribution. John Nurminen Oy is a removals company and one of its specialities is works of art and other goods that are difficult to transport.

Logistics Properties' share of total leasable premises in Sponda's core business areas, %



Expiration of lease agreements, % Logistics Properties





	2002	2001
Economic occupancy rate, %	92.1	91.1
Area for lease, m ²	243 035	243 585
Net operating income, MEUR	14.0	13.8
Book value, MEUR	149.2	146.2
Annualized operating income / book value, %	9.4	9.4

Full service for Honkatalo logistics firms

Sponda's Honkatalo property and the adjacent 36,000 m² warehouse offers clients not only warehousing and terminal facilities but high-standard office space and comprehensive service as well.

The location of the Honkatalo building in Hakkila is excellent from the logistics point of view as it stands along key transport routes and close to the Helsinki-Vantaa airport and future Vuosaari harbour. Hakkila continues to be an important investment priority for Sponda. The Honkatalo property also houses a fine staff restaurant, guest sauna, and meeting and conference facilities. Its tenants include Rauta-Kesko's head office, the Petrasol Business Center, which offers reception and mail distribution services, the logistics company UPS Freight Services and Osram Oy.

Sponda part of Aviapolis marketing

Sponda owns large land areas and properties in Aviapolis, the new business and service complex under construction around Helsinki-Vantaa airport. These include office and logistics properties total-

ling approximately 31,000 m², another 141,000 m² of land, and 93,000 m² of unused building rights, all of which lie along Ring Road III and Lentoasemantie (Airport Road) at the very hub of Aviapolis. A group of several landowners, the City of Vantaa and the Finnish Aviation Authority have started a joint campaign to market Aviapolis to the business community. For Sponda's clients the area offers outstanding opportunity for business operations and their development.

Honkatalo provides a variety of services including a kindergarten. (The children in this photo are not at this kindergarten.)

Building materials retailer Rautakesko Oy occupies business premises in Honkatalo. Director Jouko Björkman is responsible for Rautakesko's retail store and trader network: "Most of Rautakesko's domestic offices have been in Honkatalo since 1999. The most important factor in our choice was the location in Hakkila along with other important issues like having sufficient space, good transport connections and competitive price. Co-operation with Sponda is good and our requests are listened to. The building itself is clean and pleasant to look at despite its 30 years."





1967

City-Center

Sponda purchased the City-Center complex from Leonia bank (now Sampoplc) in 1999 and in the following years the remaining properties in the block as well as part of the adjacent Kaivokatu Tunneli site. City-Center has a floor area of approximately 33,600 m², which will increase to over 52,600 m² after its renovation is completed. Designed by Heikki Castrén and Viljo Rewell, City-Center was built in 1967 and was promptly nicknamed 'Makkaratalo' (the Sausage Building) by Kari Suomalainen, Finland's leading political cartoonist at the time.

City-Center (known to Helsinki residents as the 'Makkaratalo' or Sausage Building site) is Sponda's top development priority. Sponda plans to turn the entire block, and the area around the Helsinki Railway Station, into an attractive 'foyer' for visitors to the country's capital. Sponda's key principles in this work are safety, cleanness and illumination.

City-Center is the busiest commercial complex in all Finland, attracting more than 400,000 visitors on average every week. For these people, Sponda wishes to make City-Center a pleasant and rewarding place to visit, encouraging them to spend more time there. The expanded range of retail outlets will continue to cater to the shopping and spending habits of the public at large. Demand for space is already intense and the centre's leasing prospects are good.

New retail and office space

Sponda plans to refurbish the City-Center property into a modern commercial and office complex with a full range of amenities. According to the plans of Architects CJN, on its completion the new City-Center will have a total leasable area of 52,600 m² (now 36,600 m²) comprising 26,000 m² (13,150 m²) of retail space, 21,000 m² (15,900 m²) of office space and 5,600 m² (7,550 m²) of storage space. The project is expected to start in spring 2004 for completion in 2007. The estimated construction cost is EUR 100 million.

Keskuskatu street for pedestrians only

Under the rezoning plan Keskuskatu street will be turned into a pedestrian precinct and the existing service access ramps will be removed. Crucial to the project will be a new underground service road stretching for more than one kilometre below Aleksanterinkatu street. The owner of the underground service road project is the City of Helsinki and it also involves participation by Sponda. The five basement floors under City-Center will be rendered more efficient and new logistical facilities will be built next to the service road.

Renovation already underway

City-Center's renovation has already started and new retail premises totalling 1,500 m² will be completed at the tunnel level in autumn 2003. Access elevators to and from the new underground retail space will open into the inner courtyard of Keskuskatu 6 next to the building designed by Eliel Saarinen. This section is part of the new City-Center. Plans call for converting the parking deck in the middle of the building, as well as the service and loading facilities and their ramps on the 2nd basement level, into new premises for retail businesses. An office building will be built in the centre of the block. The centre of the property will be covered by a glass roof to admit natural light onto the shopping levels.

The new underground retail space is a pilot project. All its materials, colours and technical systems will be thoroughly tested and the results used in future projects.

Minimum disruption for clients

Occupiers of office premises will be able to continue working throughout the renovation period but retail businesses may need to move temporarily. Some 3,000 m² of existing office space will be upgraded to meet modern standards. City-Center's largest clients are the Finnish Rail Administration, wholesale and retail chain Kesko, the restaurants owned by HOK and Center-Inn, four medical healthcare centres, a dental care centre and Evli Bank Plc.

Coffee House, owned by the wholesale and retail chain S-group, was established in 2000 in the City-Center. Restaurant manager Mika Jaakkola (left) has worked in City-Center since 1996 and, besides Coffee House, is also responsible for the Sports Academy restaurant next door. A street-level café will be opened in March this year and the restaurant complex will have seating for 600 customers. There are roughly 50 employees.

Jaakkola is positive about the renovation of the property. "Extra lighting has been installed and safety has been increased but the building itself dates from the 1960s and needs modernizing. Our business concept is 'customer service straight up' and it works. Although we are on the first floor, our customers have no difficulty finding us."



Summary of Real Estate Portfolio

Helsinki Business District

Property address	Occupancy rate %, m ²	Economic occupancy rate %, EUR	Area m ² , total	Area m ²							Parent Company holding	Year build
				Office	Retail	Logistics	High ware-house	Ware-house	Hotel	Other		
CBD Prime												
1. Arkadiankatu 4–6	100.0%	100.0%	27294	15733	4834	671	0	4000	0	2056	100.0%	1977
2. Bulevardi 1	80.4%	75.5%	6312	4062	1146	0	0	477	0	627	100.0%	1890/1978
3. Erottajankatu 5	100.0%	100.0%	3165	2630	161	0	0	188	0	186	100.0%	1910
4. Erottajankatu 7	99.6%	99.8%	3662	1631	886	0	0	448	0	697	100.0%	1988
5. Eteläesplanadi 22	93.0%	94.2%	8979	6375	1897	0	0	707	0	0	100.0%	1940
6. Kaivokatu 12	99.5%	99.7%	11035	3004	1785	0	0	0	6246	0	100.0%	1911
7. CityCenter												
a. Kaivokatu 6	100.0%	100.0%	13268	5576	4528	0	0	3158	0	6	100.0%	1964
b. Kaivokatu 8	100.0%	100.0%	12235	5371	4323	0	0	2453	0	88	100.0%	1964
c. Keskuskatu 6	99.9%	99.9%	10423	3986	4298	0	0	1976	0	163	100.0%	1904/1964
d. Kaivokadun Tunneli	91.7%	96.2%	2547	0	1693	0	0	854	0	0	83.6%	1967
8. Keskuskatu 1 B	96.1%	96.7%	2955	1979	735	0	0	241	0	0	100.0%	1920
9. Kluuvikatu 8	100.0%	100.0%	9750	0	0	0	0	0	9750	0	100.0%	1930
10. Korkeavuorenkatu 45	100.0%	100.0%	3828	2033	472	0	0	243	0	1080	100.0%	1912/1984
11. Mannerheimintie 4	62.7%	64.2%	5205	2619	1604	0	0	982	0	0	100.0%	1965
12. Mannerheimintie 6	100.0%	100.0%	3871	1218	2156	0	0	497	0	0	100.0%	1870
13.a. Unioninkatu 18	79.1%	89.5%	4364	2878	678	0	0	808	0	0	100.0%	1933
b. Unioninkatu 20–22	100.0%	100.0%	29912	17363	3074	0	0	7815	0	1660	100.0%	1954/1969
c. Unioninkatu 24	36.3%	37.5%	3817	2688	770	0	0	359	0	0	100.0%	1890
d. Fabianinkatu 23	41.4%	31.5%	5114	3839	0	0	0	1275	0	0	100.0%	
	93.7%	93.8%	167736	82985	35040	671	0	26481	15996	6563		
CBD												
14. Iso Roobertinkatu 21–25	87.2%	92.9%	7703	3585	796	612	0	1947	0	763	91.2%	1965/1984
15. Itälahdenkatu 20	78.5%	73.6%	4573	4061	0	0	0	465	0	47	100.0%	1964
16. Itälahdenkatu 22	0.0%	0.0%	6183	4764	0	0	0	247	0	1172	100.0%	1975
17. Kalevankatu 30	93.2%	92.4%	3565	3271	0	0	0	294	0	0	100.0%	1928
18. Kumpulantie 11	100.0%	100.0%	15422	11105	0	0	0	939	0	3378	100.0%	1991
19. Lönnrotinkatu 13	96.3%	98.4%	2365	1803	346	0	0	216	0	0	57.8%	1937/1963
20. Lönnrotinkatu 27	78.3%	77.6%	4969	3745	758	0	0	255	0	211	100.0%	1938
21. Lönnrotinkatu 28	100.0%	100.0%	3345	2725	402	0	0	218	0	0	100.0%	1938
22. Lönnrotinkatu 29	100.0%	100.0%	3176	0	1558	0	0	62	1244	312	100.0%	1903
23. Runeberginkatu 60	100.0%	100.0%	1306	417	455	0	0	124	0	310	25.9%	1929
24. Ratapihantie 11	90.2%	92.3%	15482	10267	1133	0	0	1406	0	2676	100.0%	1989
	83.7%	85.5%	68089	45743	5448	612	0	6173	1244	8869		
CBD, total	90.8%	91.9%	235825	128728	40488	1283	0	32654	17240	15432		

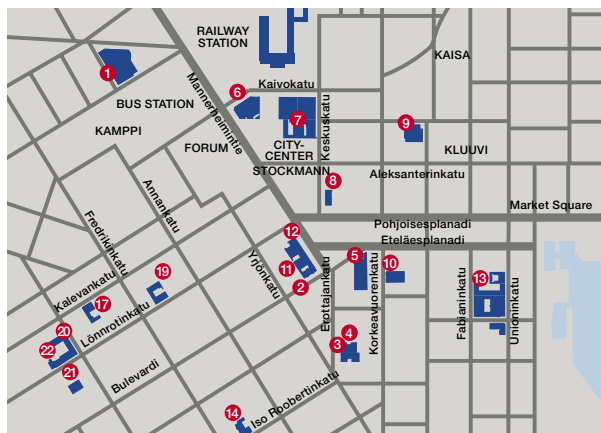
Leasing rate %, m² = The leased space in a property in relation to the property's total leasable area.

Economic occupancy rate %, EUR = The rental income from a property in relation to the theoretical maximum rental income obtainable from the property. The theoretical maximum is the rental income from current leasing contracts plus the rental income available at the market rate from any vacant premises in the property.

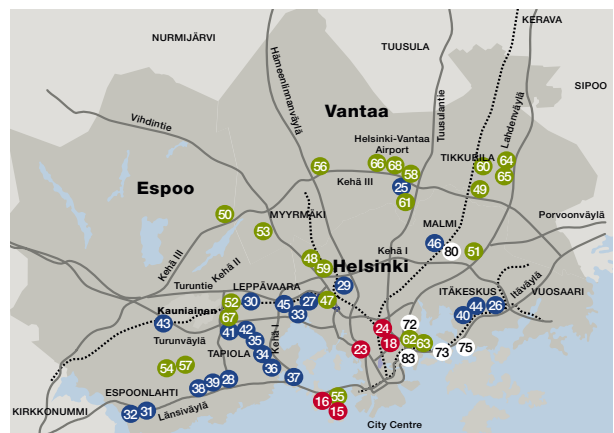
Helsinki Metropolitan Area

Property address	Occupancy rate % ² , m ²	Economic occupancy rate % ² , EUR	Area m ² , total	Area m ²							Parent Company holding	Year build
				Office	Retail	Logistics	High warehouse	Warehouse	Hotel	Other		
Suburban												
Espoo, Vantaa, Helsinki												
25. Elannontie 5, Vantaa	100.0%	94.6%	7 120	4 920	1 606	0	346	43	0	205	100.0%	1991
26. Itäkatu 11, Helsinki	94.5%	97.1%	8 178	5 708	1 499	0	0	965	0	6	100.0%	1985
27. Kalkkipellontie 4, Espoo	100.0%	100.0%	3 793	3 493	0	0	0	300	0	0	100.0%	1973
28. Kappelitie 8, Espoo	100.0%	100.0%	2 093	2 093	0	0	0	0	0	0	100.0%	1988
29. Kaupintie 3, Helsinki	100.0%	100.0%	54 816	35 704	0	0	0	904	0	18 208	100.0%	
30. Kilonkartanontie 3, Espoo	52.2%	49.9%	3 848	1 924	0	0	1 924	0	0	0	100.0%	1984
31. Kipparinkatu 2, Espoo	67.0%	66.7%	799	0	535	0	0	264	0	0	19.4%	1986
32. Kivenlahdenkatu 1, Espoo	89.1%	89.2%	3 700	2 855	811	0	0	0	0	34	100.0%	1992
33. Komentajankatu 5, Espoo	100.0%	100.0%	4 415	4 232	0	0	0	183	0	0	100.0%	1991
34. Kulttuuritori, Espoo	100.0%	100.0%	1 030	543	214	0	0	0	0	273	66.2%	1959
35. Läkkipätkäntie 3, Espoo	95.0%	95.6%	3 282	2 148	1 134	0	0	0	0	0	95.2%	1986
36. Länsituulentie 7, Espoo	91.2%	94.7%	7 808	2 338	4 238	0	0	230	0	1 002	100.0%	1979
37. Miestentie 3, Espoo	100.0%	100.0%	5 630	5 049	0	0	0	0	0	581	100.0%	1984
38. Pihatörmä 1, Espoo	74.7%	71.7%	15 986	15 529	0	0	0	181	0	276	58.6%	1991/1998
39. Piispanportti 12, Espoo	100.0%	100.0%	5 131	4 700	0	321	0	110	0	0	100.0%	1991
40. Puotinharjun Puhos, Helsinki	100.0%	100.0%	3 092	0	3 092	0	0	0	0	0	20.4%	1984/1987/1990
41. Sinikallontie 10, Espoo	47.9%	44.9%	4 289	3 805	211	0	0	183	0	90	100.0%	1989
42. Sinimäentie 14, Espoo	96.7%	97.5%	6 100	3 955	210	0	0	1 105	0	830	100.0%	1980
43. Tuomarilantie 19, Espoo	60.8%	65.2%	4 564	4 564	0	0	0	0	0	0	100.0%	1991
44. Turunlinnantie 12, Helsinki	100.0%	100.0%	4 524	2 350	2 011	0	0	0	0	163	100.0%	1985
45. Upseerinkatu 1, Espoo	13.7%	19.9%	20 539	17 228	0	0	0	2 376	0	935	100.0%	1988
46. Ylä-Malmintori 6, Helsinki	79.5%	89.0%	2 674	1 585	1 089	0	0	0	0	0	100.0%	1989
Helsinki Metropolitan Area, total	82.5%	83.6%	173 411	124 723	16 650	321	2 270	6 844	0	22 603		

Helsinki Business District



Helsinki Metropolitan Area, Logistics Properties and Outskirts of CBD



Summary of Real Estate Portfolio

Logistics Properties

Property address	Occupancy rate % ¹ , m ²	Economic occupancy rate % ² , EUR	Area m ² , total	Area m ²							Parent Company holding	Year build
				Office	Retail	Logistics	High warehouse	Warehouse	Hotel	Other		
47. Atomitie 1, Helsinki	88.4%	87.1%	6020	1863	0	0	4157	0	0	0	100.0%	1972
48. Hankasuontie 13, Helsinki	96.9%	97.6%	9732	0	0	0	9732	0	0	0	100.0%	1961
49. Heidehofintie 2-4, Vantaa	95.0%	96.3%	28410	3675	0	0	24735	0	0	0	100.0%	1981/1998
50. Juvan Teollisuuskatu 23, Espoo	100.0%	100.0%	11443	0	0	0	11443	0	0	0	100.0%	1974
51. Kankiraudantie 6, Helsinki	100.0%	100.0%	6650	0	0	0	6650	0	0	0	100.0%	1983
52. Karapellontie 4, Espoo	63.9%	59.4%	9585	4051	0	0	5534	0	0	0	100.0%	1961/1973
53. Köysikuja 1, Vantaa	100.0%	96.5%	12193	1063	0	0	11130	0	0	0	100.0%	1961
54. Matinpurontie 3, Espoo	100.0%	100.0%	2558	557	0	0	2001	0	0	0	100.0%	1974
55. Melkonkatu 26, Helsinki	100.0%	100.0%	6505	0	0	0	6505	0	0	0	100.0%	1982
56. Mestarintie 6, Vantaa	100.0%	100.0%	5007	0	0	0	0	5007	0	0	100.0%	1991
57. Olarinluoma 14, Espoo	100.0%	100.0%	8364	4182	0	0	0	4182	0	0	100.0%	1987
58. Robert Huberin tie 2, Vantaa	76.5%	76.5%	6842	2526	433	0	1935	1948	0	0	100.0%	1989
59. Ruosilantie 14, Helsinki	94.9%	92.8%	16632	6232	0	0	10400	0	0	0	100.0%	1974
60. Santaradantie 8, Vantaa	100.0%	100.0%	2729	0	0	0	2729	0	0	0	100.0%	1974
61. Sähkötie 1, Vantaa	100.0%	100.0%	11025	2400	0	0	0	8625	0	0	100.0%	1973
62. Työpajankatu 2, Helsinki	100.0%	100.0%	3203	0	0	0	3203	0	0	0	100.0%	1988
63. Vanha Talvitie 12, Helsinki	100.0%	100.0%	3648	0	0	0	3648	0	0	0	100.0%	1991
64. Vanha Porvoontie 231, Vantaa	88.9%	84.5%	35091	4778	261	1178	0	28852	0	22	100.0%	1972/1974/1999
65. Vanha Porvoontie 229, Vantaa	91.4%	86.5%	29199	13531	0	0	15668	0	0	0	100.0%	1976
66. Virkatie 12-14, Vantaa	99.6%	99.5%	15023	0	0	0	15023	0	0	0	100.0%	1972
67. Vitikka 6, Espoo	93.7%	93.5%	3979	0	0	0	3979	0	0	0	100.0%	1976
68. Äyrikuja 3, Vantaa	100.0%	100.0%	9197	800	0	0	8397	0	0	0	100.0%	1984
Logistics Properties, total	93.8%	92.1%	243035	45658	694	1178	146869	48614	0	22		

Land bank

	Building rights m ²	Area m ² , office	Holding
Komentajankatu 3, Espoo	10023	10023	100.0%
Pohjantie 14, Espoo	6200	6200	100.0%
Robert Huberin tie 2, Sirius I, Vantaa	11000	11000	100.0%
Valimotie 13, Vantaa		6882	100.0%
Väinö Tannerin tie, Vantaa	21640		85.0%
Virkatie 9, Sirius II, Vantaa	18000	18000	100.0%
	73745	45223	

Other

Property address	Occupancy rate %, m ²	Economic occupancy rate %, EUR	Area m ² , total	Area m ²							Parent Company holding	Year build
				Office	Retail	Logistics	High warehouse	Warehouse	Hotel	Other		
69. Brahenkatu 3, Lappeenranta	91.2%	93.1%	8 459	0	6 908	1 551	0	0	0	0	100.0%	1987
70. Etu-Hankkionkatu 1, Tampere	96.3%	94.9%	43 787	3 277	0	40 510	0	0	0	0	100.0%	1961
71. Gropintie. Tammissaari	100.0%	100.0%	1 152	0	0	0	0	1 152	0	0	21.4%	1983
72. Haukilahdenkatu 4, Helsinki	100.0%	100.0%	4 106	0	0	4 106	0	0	0	0	100.0%	1988
73. Hitsaajankatu 8, Helsinki	77.7%	73.1%	5 290	0	0	5 290	0	0	0	0	100.0%	1958
74. Inkeröisten Koekeskus, Anjalankoski	100.0%	100.0%	6 245	0	0	6 245	0	0	0	0	100.0%	1988
75. Insinöörikatu 2, Helsinki	89.7%	88.2%	4 118	0	0	4 118	0	0	0	0	100.0%	1988
76. Jokipohjantie 28, Tampere	100.0%	100.0%	22 034	0	0	0	22 034	0	0	0	100.0%	1990
77. Kelloportinkatu 2, Kelloportti, Tampere	100.0%	100.0%	4 056	3 821	0	0	0	0	235	100.0%		2001
78. Keskikankaantie 9, Hollola	100.0%	100.0%	19 201	3 958	0	15 243	0	0	0	0	100.0%	1970
79. Kouvolantie 227, Nastola	100.0%	100.0%	16 335	0	0	16 335	0	0	0	0	100.0%	1961/2000
80. Malminkaari 10, Helsinki	90.2%	90.8%	4 020	617	109	3 189	0	0	0	105	100.0%	1989
81. Rydönnotko 1, Turku	100.0%	100.0%	19 932	0	0	0	19 932	0	0	0	100.0%	1982
82. Sarankulmankatu 22, Tampere	100.0%	100.0%	4 339	0	0	0	4 339	0	0	0	100.0%	1974
83. Sörnäisten Rantatie 33, Helsinki	100.0%	100.0%	2 208	0	0	2 208	0	0	0	0	10.3%	1976
84. Tampereen Kauppakatu 14, Tampere	95.9%	97.7%	1 517	0	1 257	0	0	236	0	24	23.9%	
85. Tampereen Pellava, Tampere	84.3%	83.4%	826	190	636	0	0	0	0	0	12.7%	1998
86. Tampereen Pellavanhovi, Tampere	30.2%	31.1%	465	48	417	0	0	0	0	0	12.1%	2000
87. Tampereen Pellavankulma, Tampere	64.5%	65.5%	528	151	377	0	0	0	0	0	9.3%	2001
88. Tampereen Pellavanliikka, Tampere	35.8%	20.0%	652	130	522	0	0	0	0	0		
89. Varjolanrinteentie 1, Nastola	100.0%	100.0%	5 218	0	0	5 218	0	0	0	0	100.0%	1983
90. Vihiojantie 1, Tampere	100.0%	100.0%	5 191	0	0	0	5 191	0	0	0	100.0%	1991
Other total	96.9%	94.7%	179 679	12 192	10 226	104 013	51 496	1 388	0	364		
Leasable Area, total	91.3%	90.3%	831 950	311 301	68 058	106 795	200 635	89 500	17 240	38 421		
Development sites												
6. Kaivokatu 12, Helsinki			458	458	0	0	0	0	0	0		
7c. Keskuskatu 6, Helsinki			1 000	1 000	0	0	0	0	0	0		
49. Heidehofintie 2-4, Vantaa			330	0	0	0	330	0	0	0		
53. Köysikuja 1, Vantaa			220	0	0	0	220	0	0	0		
			2 008	1 458	0	0	550	0	0	0		
Total			833 958	312 759	68 058	106 795	201 185	89 500	17 240	38 421		
<i>By predominant use of each property m²</i>												
Office			373 660	248 812	45 864	1 604	2 270	37 697	0	37 413		
Retail			14 791	1 635	9 489	0	0	1 801	1 244	622		
Hotel			20 785	3 004	1 785	0	0	0	15 996	0		
Logistics/Warehouse			243 035	45 658	694	1 178	146 869	48 614	0	22		
Other			179 679	12 192	10 226	104 013	51 496	1 388	0	364		
			831 950	311 301	68 058	106 795	200 635	89 500	17 240	38 421		

Financing and Risk Management

Loan capital reduced

Following the sale of the Itäkeskus Shopping Mall Sponda completely repaid its short-term loans during the year, which reduced the loan capital in 2002 by EUR 223 million and at the same time lengthened the average maturity of Sponda's loans. Financial costs were also reduced by EUR 7.9 million in dividend income from Wereldhave N.V.

No new interest derivative contracts were made to hedge the loan portfolio and the average interest-bearing period was two years. 36% of the loans carried fixed interest. Floating-rate loans are hedged using interest rate cap and swap contracts totalling EUR 154 million. 70% of the loan portfolio was hedged.

Sponda had EUR 133 million in committed but unused credit lines at the end of the year.

Key indicators in 2002

Sponda's equity ratio at the close of the period was 52.9 (41.6)%. Interest-bearing debt totalled EUR 456.7 (680.9) million and net interest expenses amounted to EUR 22.6 million. The average maturity of Sponda's loans was 3.3 (3.3) years, they carried average interest of 4.8 (4.5)%, and the average interest-bearing period was 2.0 (1.9) years. The interest cover (EBITDA / net interest expenses) was 6.5. Secured loans represented 13.6% of the balance sheet total.

Risk management

Sponda reduces its business risks using leasing contracts of varying lengths. The average duration of the leasing contracts is 3.9 years and the contract portfolio has a total value of EUR 390 million, i.e. the aggregate cash flow from the individual contracts currently in force. The leasing contracts are indexed to the cost-of-living index and the surety for each lease is dimensioned in proportion to the contract length. Clients represent different business sectors. In the event of a client becoming bankrupt, the risk associated with tenant improvements in the property is transferred to the landlord. Non-depreciated tenant improvements in the balance sheet totalled EUR 5.4 million.

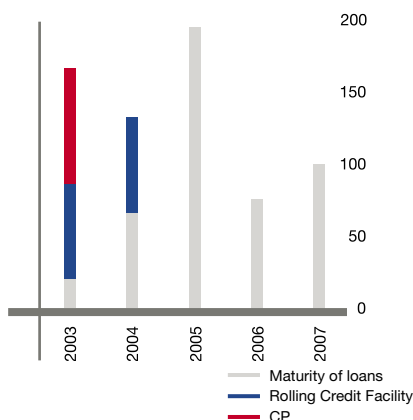
The properties are insured for their full value and are covered by 12-month rental income interruption insurance.

Sponda reduces the refinancing risk using financing agreements of varying lengths and employing a wide spread of funding sources. The interest rate risk arising from changes to market interest rates is balanced using fixed-interest contracts and off-balance-sheet interest instruments. Sponda has no foreign exchange risk exposure.

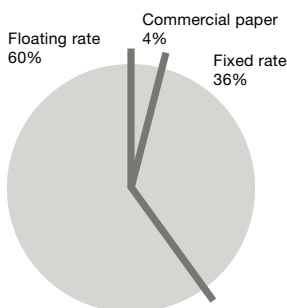
Sensitivity analysis

Sponda has calculated the impact of different factors on its performance. The figures in the table below are based on Sponda's cost structure in 2002 and are only indicative.

Maturity of loans, MEUR



Type of interest rates, %



Impact on pretax profits

Factor	Change	Impact MEUR
Leasing rate %	+ / - 1%	1.0
Leasing rate/m ²	+ / - 4 euros / m ²	3.3
Maintenance costs	+ / - 5%	1.3
Administration	+ / - 10%	0.4
Property tax	+ / - 10%	0.4
Interest levels	+ / - 1%-unit	1.7

Report by the Board of Directors

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

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

Financing

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

Sponda's equity ratio at the close of the period was 52.9% (41.6%). Interest-bearing debt totalled EUR 456.7 (680.9) million and net financial expenses were EUR 22.6 million. The average maturity of Sponda's loans was 3.3 (3.3) years and they carried average interest of 4.8 (4.5)%. The average maturity of the interest rate derivatives was 2.0 (1.9) years. Secured loans represented 13.6% of the balance sheet total.

Business conditions

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

Property portfolio

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

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

Sponda owns altogether 90 properties: 24 of these are located in the Helsinki Business District and 22 in the Helsinki Metropolitan Area, while 22 fall under Logistics Properties. All of these are in the Greater Helsinki area. The remaining 22 properties are located elsewhere in Finland (Other Properties). The aggregate leasable area of these properties is 834,000 m², comprising 374,000 m² of office space (44.9% of total leasable area), 15,000 m² (1.8%) of retail premises, 21,000 m² (2.6%) of hotels and 243,000 m² (29.2%) of logistics properties. The aggregate leasable area of the Other Properties is 179,000 m² (21.5%).

Maintenance and repairs

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

Leasing activities

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

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

Property acquisitions and sales

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

Fabianinkatu 23 is situated adjacent to the Unioninkatu 18, 20, 22 and 24 properties and the Fabianinkatu 19-21 properties already owned by Sponda. The purchase raised Sponda's portfolio in

Report by the Board of Directors

the area to over 43,000 m², forming a large property complex that enables Sponda to develop the area further. The 54,800 m² site at Kaupintie 3, consisting of several buildings, is leased to Sampo for 15 years.

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

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

City-Center is most important development priority

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

Group structure and changes

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

Organization and personnel

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

Wages and salaries paid by the parent company amounted to

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

Board of Directors

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

Auditors

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

Corporate Governance

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

Share performance

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

Purchase of own shares

The Annual General Meeting on 27 March 2003 authorized the

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

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

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

Prospects

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

Extra dividend on property sale profits

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

Annual General Meeting and dividend

Sponda Plc's Board of Directors has decided that the Annual General Meeting will be held on 8 April 2003, commencing at 2.00 pm. The Board will propose a total dividend of EUR 0.90 per share on the financial year 2002. The Finnish Central Securities Depository Ltd, under Item 3.3.4. of its regulations, has granted Sponda special permission to postpone the payment of the dividend by one day owing to the Easter holidays. The Board will therefore propose to the AGM that the dividend be paid at the close of the record period on 23 April 2003.

6 February 2003

Sponda Plc
Board of Directors

Shares and Shareholders

Share capital and shares

Sponda Plc's share capital on 31 December 2002 was EUR 81,155,275 which was distributed between 81,155,275 shares. The company held 888,200 shares without voting or dividend rights. The shares have a nominal value of EUR 1.00 per share.

The Sponda share is quoted on the Helsinki Stock Exchange in lots of 200 under the trading code SDAIV. The shares are managed under the book-entry securities system.

On 31 December 2002 there were 5,553 registered shareholders. 21.7% of the shares were owned by foreign shareholders.

Trading and performance

Altogether 8,082,132 Sponda Plc shares were traded on the Helsinki Exchanges between 1 January and 31 December 2002. The total trading value was EUR 45 million and the weighted average price was EUR 5.54 per share. The highest quotation during the year was EUR 6.45 and the lowest was EUR 4.48. The share price at the close of the period on 31 December 2002 was EUR 5.45. The market capitalization of the company's share capital at the year end totalled EUR 437 million.

Buyback of own shares

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

Distribution of ownership

No. of shares	Shareholders	% of total shareholders	No. of shares	% of total shares	No. of votes	% of total votes
1 – 100	202	3.64	10 793	0.01	10 793	0.01
101 – 1 000	4 269	76.84	1 884 629	2.32	1 884 629	2.32
1 001 – 10 000	1 014	18.25	2 083 856	2.57	2 083 856	2.57
10 001 – 100 000	48	0.86	1 570 697	1.94	1 570 697	1.94
100 001 – 1 000 000	17	0.32	5 010 670	6.17	5 010 670	6.17
1 000 001 – 999 999 999 999	5	0.09	69 706 430	85.89	69 706 430	85.89
Total	5 555		80 267 075	98.91	80 267 075	98.91
Owned by Sponda Plc	1		888 200	1.09	888 200	1.09
	5 556	100.00	81 155 275	100.00	81 155 275	100.00
Non-transferred total			0	0.00	0	0.00
In general account			0	0.00	0	0.00
Total issued			81 155 275	100.00	81 155 275	100.00

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

Convertible bond

The EUR 635 750.36 convertible bond approved by Sponda's annual general meeting on 27 March 2000 became invalid owing to insufficient registration of subscriptions in the Trade Register. The Board of Directors will propose to the Annual General Meeting on 8 April 2003 that the decision to raise the convertible bond, and the terms and conditions of the bond, remain in force regardless of the fact that the bond was not recorded in the Trade Register within the period stipulated by the Companies Act.

As a result of conversions under this bond, Sponda Plc's share capital may be increased by at most 1 890 000 new shares, representing 2.33 % of the total number of shares.

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

Ownership structure on 31 December 2002

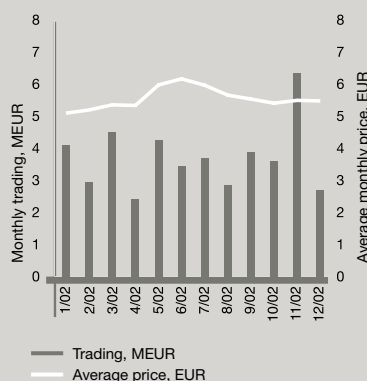
	Number of shares	% of shares and votes
Private corporations	1 125 770	1.39
Banks and insurance companies	32 870 047	40.50
The Finnish State	38 699 642	47.69
Public sector entities	2 118 561	2.61
Non-profit organizations	1 801 500	2.22
Households	4 198 959	5.17
Outside Finland	340 796	0.42
	81 155 275	100.00

20 principal shareholders at 31 December 2002

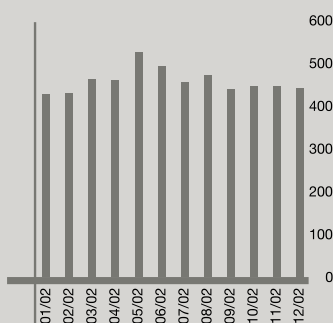
	Number of shares	% of shares and votes
1 Ministry of Finance	38 689 642	47.7
2 Fidelity International Limited	10 461 653	12.9
3 Nordea Pankki Suomi Oyj	9 826 499	12.1
4 Sampo Life Insurance Company	2 582 098	3.2
5 Nokia Corporation Pension Fund	1 044 444	1.3
6 SITRA, The Finnish National Fund for Research and Development	1 000 000	1.2
7 Suomi Mutual Life Insurance Company	645 200	0.8
8 Suomi Insurance Company	641 600	0.8
9 The State Pension Fund	400 000	0.5
10 Pension Trust of the Finnish Broadcasting Company	300 000	0.4
11 LEL Employment Pension Fund	255 070	0.3
12 Nordea Life Insurance Suomi Ltd	231 600	0.3
13 Livränteanstalten Hereditas	210 000	0.3
14 Support Fund for the Commercial and Technical Sciences	200 200	0.2
15 Suomen Ekonomiliitto-Finlands Ekonomförbund	200 000	0.2
16 OKOBANK Osuuspankkien Keskuspankki OYJ	160 200	0.2
17 ODIN Finland	158 800	0.2
18 Conventum Finland Value mutual fund	152 200	0.2
19 Bergholm Heikki Lauri Herman	130 000	0.2
20 Medicinska Understödsföreningen Liv och Hälsa	125 000	0.2
Total	67 414 206	83.1
Shares owned by Sponda Plc	888 200	1.1
Other	12 852 869	15.8
Total	81 155 275	100.0
NOMINEE-REGISTERED (foreign shareholders)	17 622 647	21.7
Altogether 5,553 shareholders		

The Board of Directors and the chief executive officer owned altogether 259,259 shares at the year end, representing 0.6% of the total number of shares and voting rights.

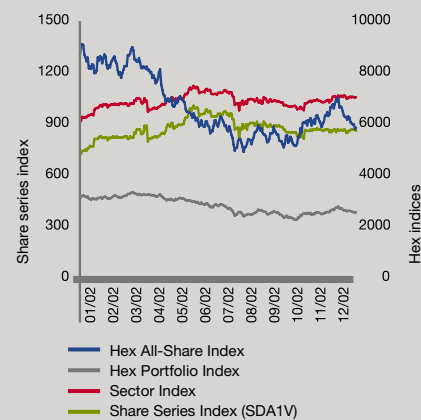
Trading and average prices 1 Jan.–31 Dec. 2002



Market capitalization, MEUR



Hex indices and share series index 1 Jan.–31 Dec. 2002



Income Statement

	<i>Note</i>	<i>Consolidated</i>		<i>Sponda Plc</i>	
		1 Jan.–31 Dec. 2002 1 000 €	1 Jan.–31 Dec. 2001 1 000 €	1 Jan.–31 Dec. 2002 1 000 €	1 Jan.–31 Dec. 2001 1 000 €
Total revenue	1, 3	100 747	122 204	74 600	94 301
Expenses from leasing operations	2, 3	-41 615	-43 448	-26 677	-28 582
Gross profit		59 132	78 756	47 923	65 719
Sales and marketing expenses		-567	-827	-567	-827
Administrative expenses		-4 217	-3 568	-5 275	-4 458
Other operating expenses		-133	-	-62	-
Other operating income	4	71 071	3 340	56 949	824
Operating profit	5, 6	125 286	77 701	98 968	61 258
Share of associated companies' results		-	-5	-	-
Financial income and expenses	7	-17 125	-35 837	-13 372	-30 182
		-17 125	-35 842	-13 372	-30 182
Profit before extraordinary items and taxes		108 161	41 859	85 596	31 076
Extraordinary items	8	-	-	69 306	-
Profit before taxes		108 161	41 859	154 902	31 076
Income taxes	9	-29 382	-10 086	-29 519	-10 046
Net income for the financial year		78 779	31 773	125 383	21 030

Balance Sheet

		<i>Consolidated</i>		<i>Sponda Plc</i>	
		31 Dec. 2002 1 000 €	31 Dec. 2001 1 000 €	31 Dec. 2002 1 000 €	31 Dec. 2001 1 000 €
ASSETS					
	<i>Note</i>				
Fixed assets					
Intangible assets	10, 11	436	353	198	–
Tangible assets	10, 11				
Land and water		268 742	302 397	1 890	–
Buildings		722 157	845 436	–	–
Machinery and equipment		5 328	6 236	562	491
Other tangible assets		8 012	10 526	5 371	7 582
Advance payments and projects in progress		3 185	–	477	–
		1 007 424	1 164 595	8 300	8 073
Investments	12				
Holdings in Group companies		–	–	496 162	563 792
Receivables from Group companies	12, 13	–	–	607 538	654 419
Holdings in associated companies		6 547	6 052	4 755	4 755
Own shares		4 926	3 596	4 926	3 596
Other investments	12, 13	15 369	9 062	12 199	5 925
		26 842	18 710	1 125 580	1 232 487
Fixed assets, total		1 034 702	1 183 658	1 134 078	1 240 560
Current assets					
Short-term receivables	14	3 300	10 149	1 882	1 421
Cash and bank deposits		852	4 902	3 216	30 255
Current assets, total		4 152	15 051	5 098	31 676
Assets, total		1 038 854	1 198 709	1 139 176	1 272 236
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	15	81 155	81 983	81 155	81 983
Share premium fund		152 253	151 425	152 253	151 425
Share buyback fund		4 926	3 596	4 926	3 596
Retained earnings		234 250	231 749	276 746	284 988
Net income for the year		78 779	31 773	125 383	21 030
Shareholders' equity, total		551 363	500 526	640 463	543 022
Liabilities					
Long-term liabilities	18, 19	436 649	558 680	440 075	558 921
Short-term liabilities	17	50 842	139 503	58 638	170 293
Liabilities, total		487 491	698 183	498 713	729 214
Shareholders' equity and liabilities, total		1 038 854	1 198 709	1 139 176	1 272 236

Cash Flow Statements

Consolidated Cash Flow Statement

	1 Jan.–31 Dec. 2002 1 000 €	1 Jan.–31 Dec. 2001 1 000 €
Cash flow from operating activities		
Operating profit	125 286	77 701
Adjustments to operating profit	-54 274	15 705
Change in net working capital	-875	5 227
Interest received	1 908	1 183
Interest paid and other payments	-24 843	-37 643
Dividends received	7 949	56
Income taxes paid	-10 819	-17 298
Net cash from operating activities	44 332	44 931
Cash flow from investing activities		
Group companies acquired	-	-14 182
Investments in other investments	-970	-1 637
Investments in tangible and intangible assets	-89 743	-46 938
Group companies sold	298 396	20 286
Proceeds from sale of other investments	113	2 730
Profits from sale of tangible and intangible assets	438	4 419
Loans granted	-3 150	-1 013
Net cash from investing activities	205 084	-36 335
Cash flow from financing activities		
Buybacks of own shares	-4 861	-3 595
Long-term loans raised	-	20 067
Long-term loans, repayment of principal	-122 018	-61
Short-term loans raised/repayment of principal	-102 240	-6 968
Dividends paid	-24 347	-20 518
Cash flow from financing activities	-253 466	-11 075
Change in cash and cash equivalents	-4 050	-2 479
Cash and cash equivalents on 1 Jan.	4 902	7 381
Cash and cash equivalents on 31 Dec.	852	4 902

Sponda Plc Cash Flow Statement

	1 Jan.–31 Dec. 2002 1 000 €	1 Jan.–31 Dec. 2001 1 000 €
Cash flow from operating activities		
Payments received from sales	77 669	96 265
Other operating income/expenses, net payments	299	-235
Payments on operating expenses	-29 098	-34 482
Cash flow from operating activities before financial items and taxes	48 870	61 548
Interest paid and payments on other financial expenses arising from operating activities	-25 155	-37 634
Dividend received on operating activities	8 225	-
Interest received on operating activities	5 679	6 810
Income taxes paid	-12 478	-15 700
Net cash from operating activities	25 141	15 024
Cash flow from investing activities		
Investments in other investments	-924	-15 901
Investments in tangible and intangible assets	-1 612	-6 614
Proceeds from investments	123 931	-
Proceeds from sale of tangible and intangible assets	801	870
Loans granted	-85 271	-1 857
Repayments of loans receivable	189 834	-
Net cash from investing activities	226 759	-23 502
Cash flow from financing activities		
Buybacks of own shares	-4 861	-3 595
Long-term loans raised	-	20 002
Long-term loans, repayment of principal	-122 007	-
Short-term loans raised	20 000	43 539
Short-term loans repayment of principal	-150 005	-29 205
Dividends paid	-24 347	-20 518
Net cash used in financing activities	-281 220	10 223
Change in cash and cash equivalents	-29 320	1 745
Cash and cash equivalents on 1 Jan.	30 255	28 510
Cash transfers due to merger	2 281	-
Cash and cash equivalents on 31 Dec.	3 216	30 255

Key Ratios

	31 Dec. 2002	31 Dec. 2001	31 Dec. 2000	31 Dec. 1999	31 Dec. 1998
Total revenue, MEUR	100.75	122.20	109.44	74.15	57.68
Operating profit, MEUR	125.29	77.70	69.06	47.32	46.53
% of total revenue	124.36	63.58	63.10	63.81	80.68
Profit before extraordinary items, provisions and taxes, MEUR	108.16	41.86	36.82	31.28	36.51
% of total revenue	107.36	34.25	33.64	42.19	63.30
Gross expenditure on fixed assets, MEUR	94.40	62.10	80.80	367.46	28.55
% of total revenue	93.70	50.82	73.83	495.54	49.50
Shareholders' equity per share, EUR	6.81	6.12	5.97	5.85	5.64
Earnings per share, EUR	0.97	0.39	0.36	0.41	0.49
Earnings per share, excl. other operating income, EUR	0.10	0.35	0.32	0.37	0.31
Return on investment, %	12.36	6.73	6.54	6.00	7.69
P/E ratio	5.62	11.98	10.87	9.60	10.24
P/E excl. other operating income	54.50	13.38	12.25	10.42	16.08
Equity ratio, %	52.87	41.58	41.56	46.35	67.70
Gearing, %	82.67	135.06	132.95	113.82	44.17
Dividend, EUR ¹⁾	0.90	0.30	0.25	0.17	0.17
Payout ratio, % ¹⁾	92.78	76.63	69.44	41.50	34.48
Effective dividend yield, % ¹⁾	16.51	6.41	6.39	4.32	3.37
Market capitalization, MEUR	437.46	379.81	323.83	282.78	363.13
Lowest and highest share prices, EUR	4.48/6.45	3.70/5.25	3.64/4.30	3.75/5.70	4.96/7.23
Average share price, EUR	5.53	4.63	3.89	4.55	6.31
Return on shareholders' equity, %	14.98	6.42	6.03	6.75	8.85
Interest-bearing debt, MEUR	456.66	680.92	654.76	513.70	185.17
Interest-free debt, MEUR	30.83	17.26	37.91	7.57	12.56
Net assets per share, EUR	8.73	9.06	9.00	–	–

¹⁾ Board's proposal

Accounting Principles

The financial statements have been prepared in accordance with the regulations of the Finnish Accounting Act and other relevant regulations.

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 sold during the financial period are included in the consolidated income statement 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.

Castrum Oy was merged with Sponda Plc on 31 December 2002. Goodwill (liabilities) arising from the acquisition of the Castrum group in 2000 and allocated to the Castrum group's real estate assets is recognized according to the original plan.

All intragroup transactions and profit distributions are eliminated.

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.

Associated companies

Associated property companies As. Oy Runerberginkatu 60, Erot-tajan Pysäköintilaitos Oy, Koski-Pysäköinti Oy and Puotinharjun Puhos Oy 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.

Changes in Group structure

Sponda Plc sold the following property companies during 2002: Agenttitalo, Helsingin Luiskakulma, Hollolan Keskikankaantie 19, Kauppakeskus Itäkeskus, Kirkkoherrantie 6–8, Naulakatu 3, Puistokukko, Riihimäen Tehtaankatu 11, Takojantie 32 and Valkea-kosken Huhtakatu.

Property companies Ormuspellontie 20, Teollisuustie 5,

Turkkirata and Verkatehtaankatu 1 were dissolved during 2002. The Group's holding in Koski-Pysäköinti Oy on 31 December 2002 was 35.97% (31 December 2001: 60.82%) and this company was therefore not consolidated in the 2002 accounts.

Castrum Oy was merged with the Group's parent company, Sponda Plc, on 31 December 2002. The capital gain on the merger was entered in the parent company's income statement in 2002.

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

Tenant improvements

Costs arising from renovation work are entered as an annual expense or capitalized to other tangible assets of the owner, Sponda Plc. Tenant improvements are capitalized when they generate income in several accounting periods.

Fixed assets and depreciation

Fixed assets are valued at cost less depreciation according to plan and less any depreciation above plan, plus capitalized costs arising from improvements. Goodwill arising from consolidation and allocated to buildings is amortized according to a predefined plan in the same way as the acquisition cost of buildings.

Depreciation according to plan on buildings, machinery and equipment owned by Group companies is calculated using the declining balance method. Renovation costs related to tenant improvements and capitalized to other tangible assets are depreciated over the lease period.

Retail premises and offices	1%
Logistics properties	2–2.5%
Machinery and equipment in buildings	15–25%
Other machinery and equipment	15–25%
Other long-term assets	3–10 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 costs include computer

software, asphaltting costs and the acquisition cost of the Kiinteistö Oy Kaivokadun Tunneli shares.

Investments

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

Derivative financial instruments

Derivative contracts are made to hedge the interest risks associated with long-term loans. Accordingly they are not entered in the financial statements at their fair value but in the notes to the balance sheet. Interest based on leasing contracts is charged to the income statement as it is paid.

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. Ac-

rued tax assets in connection with loss carryforwards have not been valued.

Presentation of the income statement

Based on a decision of the Finnish Accountancy Board the classification of items in the income statement has been changed to correspond to an operations based income statement. The figures for the previous year have been changed correspondingly.

Other principles

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.

Calculation of Key Ratios

Return on equity, % =	100 x	$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest}}$
Return on investment, % =	100 x	$\frac{\text{Profit before extraordinary items,} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{interest-free debt (average during the year)}}$
Equity ratio, % =	100 x	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}}$
Earnings per share =		$\frac{\text{Profit before extraordinary items, provision and taxes} -/+ \text{minority interest} - \text{taxes}}{\text{Average adjusted number of shares during the year}}$
Gearing, % =	100 x	$\frac{\text{Interest-bearing liabilities} - \text{cash and bank deposits}}{\text{Shareholders' equity} + \text{minority interest}}$
Shareholders' equity per share =		$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on the balance sheet date}}$
Market capitalization =		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 =		$\frac{\text{Total trading in euros}}{\text{Average number of shares traded during the year}}$
Payout ratio, % =	100 x	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, % =	100 x	$\frac{\text{Dividend per share}}{\text{Adjusted closing price on the balance sheet date}}$
P/E ratio =		$\frac{\text{Adjusted closing price on the balance sheet date}}{\text{Earnings per share}}$
Net assets per share =		$\frac{\text{Market value of assets} - \text{liabilities}}{\text{Number of outstanding shares at end of period}}$

Notes to the Income Statement and Balance Sheet

1 000 €	Group		Parent Company		1 000 €	Group		Parent Company	
	2002	2001	2002	2001		2002	2001	2002	2001
1) Total revenue									
Rental income	97 233	117 281	73 307	93 001					
Recoverables	3 514	4 923	1 293	1 300					
	100 747	122 204	74 600	94 301					
2) Expenses from leasing operations									
Maintenance costs	25 890	27 808	23 738	27 750					
Depreciation	15 725	15 640	2 939	832					
	41 615	43 448	26 677	28 582					
3) Net operating income									
Net sales	100 747	122 204	74 600	94 301					
Maintenance costs	-25 890	-27 808	-23 738	-27 750					
	74 857	94 396	50 862	66 551					
4) Other operating income									
Proceeds on sales of property shares	70 217	3 140	56 639	693					
Other income	854	200	310	131					
	71 071	3 340	56 949	824					
5) Personnel expenses									
Salaries and wages	2 433	2 259	2 352	1 943					
Pension expenses	477	398	464	308					
Other personnel expenses	193	143	186	123					
	3 103	2 800	3 002	2 374					
Salaries and fees to management									
Presidents and members of the Board of Directors	403	473	315	227					
Average number of employees									
Number of employees	50	54	49	46					
6) Depreciation									
Depreciation by fixed asset categories									
Intangible assets									
Other long-term expenditure	119	85	74	-					
Tangible assets									
Buildings	11 551	12 961	-	-					
Machinery and equipment	1 059	1 381	164	163					
Other tangible assets	3 235	1 432	2 938	888					
Total	15 964	15 859	3 176	1 051					
7) Financial income and expenses									
Dividend income from									
Group companies	-	-	411	-					
Dividend income from									
other companies	7 949	47	7 933	-					
Dividend income, total	7 949	47	8 344	-					
Interest income from long-term investments in Group companies									
	-	-	3 728	5 968					
Other interest and financial income									
	2 111	1 199	2 011	925					
Interest and financial income, total	2 111	1 199	5 739	6 893					
Interest expenses and other financial expenses paid									
to Group companies	-	-	-285	-167					
Interest expenses and other financial expenses paid to others									
	-27 185	-37 083	-27 170	-36 908					
Interest and other financial expenses, total	-27 185	-37 083	-27 455	-37 075					
Financial income and expenses, total	-17 125	-35 837	-13 372	-30 182					
8) Extraordinary income									
Merger gain	-	-	69 306	-					
9) Income taxes									
Income taxes from operating activities	29 382	10 086	29 519	10 046					
10) Intangible and tangible assets									
		Intangible assets	Tangible assets						
Group		Other long-term expenses	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and projects in progress	Tangible assets, total	
Acquisition cost 1 Jan. 2002		1 015	310 055	1 039 639	26 790	12 797	-	1 389 281	
Increases		207	2 899	81 423	712	1 170	3 333	89 537	
Decreases		-201	-36 744	-199 801	-1 317	-1 898	-148	-239 908	
Transfers between items		302	-	-	-	-302	-	-302	
Acquisition cost 31 Dec. 2002		1 323	276 210	921 261	26 185	11 767	3 185	1 238 608	
Accumulated depreciation and writedowns 1 Jan. 2002									
		-662	-7 944	-195 666	-20 554	-2 271	-	-226 435	
Accumulated depreciation in decreases and transfers									
		-106	190	6 650	756	1 751	-	9 347	
Depreciation in period									
		-119	-	-11 551	-1 059	-3 235	-	-15 845	
Accumulated depreciation 31 Dec. 2002		-887	-7 754	-200 567	-20 857	-3 755	-	-232 933	
Revaluations		-	286	1 463	-	-	-	1 749	
Net carrying amount 31 Dec. 2002		436	268 742	722 157	5 328	8 012	3 185	1 007 424	

Group	Intangible assets	Tangible assets	Machinery and equipment	Other tangible assets	Advance payments and projects in progress	Tangible assets, total
	Other long-term expenses	Land				
Acquisition cost 1 Jan. 2001	2 399	316 425	1 004 055	24 760	4 164	1 349 404
Increases	425	240	59 023	2 173	12 012	73 448
Decreases	-251	-6 610	-23 439	-143	-4 937	-35 129
Transfers between items	-1 558	-	-	-	1 558	1 558
Acquisition cost 31 Dec. 2001	1 015	310 055	1 039 639	26 790	12 797	1 389 281
Accumulated depreciation and writedowns 1 Jan. 2001	-577	-7 944	-182 814	-19 218	-839	-210 815
Accumulated depreciation in decreases and transfers	-	-	109	45	-	154
Depreciation in period	-85	-	-12 961	-1 381	-1 432	-15 774
Accumulated depreciation 31 Dec. 2001	-662	-7 944	-195 666	-20 554	-2 271	-226 435
Revaluations	-	286	1 463	-	-	1 749
Net carrying amount 31 Dec. 2001	353	302 397	845 436	6 236	10 526	1 164 595

11) Intangible and tangible assets

Parent company	Intangible assets	Tangible assets	Machinery and equipment	Other tangible assets	Advance payments and projects in progress	Tangible assets, total
	Other long-term expenses	Land				
Acquisition cost 1 Jan. 2002	-	-	1 174	8 822	-	9 996
Increases	92	1 890	312	1 619	477	4 298
Decreases	-	-	-69	-1 948	-	-2 017
Transfers between items	302	-	-	-302	-	-302
Acquisition cost 31 Dec. 2002	394	1 890	1 417	8 191	477	11 975
Accumulated depreciation and writedowns 1 Jan. 2002	-	-	-683	-1 240	-	-1 923
Accumulated depreciation in decreases and transfers	-122	-	-8	1 358	-	1 350
Depreciation in period	-74	-	-164	-2 938	-	-3 102
Accumulated depreciation 31 Dec. 2002	-196	-	-855	-2 820	-	-3 675
Net carrying amount 31 Dec. 2002	198	1 890	562	5 371	477	8 300
Acquisition cost 1 Jan. 2001	-	-	897	2 591	-	3 488
Increases	-	-	382	6 231	-	6 613
Decreases	-	-	-105	-	-	-105
Acquisition cost 31 Dec. 2001	-	-	1 174	8 822	-	9 996
Accumulated depreciation and writedowns 1 Jan. 2001	-	-	-530	-352	-	-882
Accumulated depreciation in decreases and transfers	-	-	10	-	-	10
Depreciation in period	-	-	-163	-888	-	-1 051
Accumulated depreciation 31 Dec. 2001	-	-	-683	-1 240	-	-1 923
Net carrying amount 31 Dec. 2001	-	-	491	7 582	-	8 073

12) Investments

Group	Shares in associated companies	Other investments			Receivables from others	Other investments	Other investments, total
		Own shares	Other shares	Receivables from associated companies			
Acquisition cost 1 Jan. 2002	6 052	3 596	6 258	1 710	1 013	81	9 062
Increases	7	4 926	131 675	3 150	66	1	134 892
Decreases	–	–3 596	–132 299	–	–	–	–132 299
Transfers between items	488	–	3 714	–	–	–	3 714
Net carrying amount 31 Dec. 2002	6 547	4 926	9 348	4 860	1 079	82	15 369

Group	Shares in associated companies	Other investments			Receivables from others	Other investments	Other investments, total
		Own shares	Other shares	Receivables from associated companies			
Acquisition cost 1 Jan. 2001	14 003	–	5 404	360	–	1 113	6 877
Increases	2 247	3 596	1 637	1 350	1 013	–	4 000
Decreases	–7	–	–783	–	–	–1 032	–1 815
Transfers between items	–10 191	–	–	–	–	–	–
Net carrying amount 31 Dec. 2001	6 052	3 596	6 258	1 710	1 013	81	9 062

Parent company	Shares in Group companies	Receivables from Group companies	Other investments			Receivables from associated companies	Other investments	Other investments total
			Shares in associated companies	Own shares	Other shares			
Acquisition cost 1 Jan. 2002	563 792	654 419	4 755	3 596	4 167	1 710	48	5 925
Increases	76 094	221 628	–	4 926	133 976	3 150	4	137 130
Decreases	–143 724	–268 509	–	–3 596	–130 856	–	–	–130 856
Net carrying amount 31 Dec. 2002	496 162	607 538	4 755	4 926	7 287	4 860	52	12 199

Parent company	Shares in Group companies	Receivables from Group companies	Other investments			Receivables from associated companies	Other investments	Other investments total
			Shares in associated companies	Own shares	Other shares			
Acquisition cost 1 Jan. 2001	541 590	653 912	12 699	–	2 615	360	47	3 022
Increases	12 101	49 346	2 247	3 596	1 552	1 350	1	2 903
Decreases	–90	–48 839	–	–	–	–	–	–
Transfers between items	10 191	–	–10 191	–	–	–	–	–
Net carrying amount 31 Dec. 2001	563 792	654 419	4 755	3 596	4 167	1 710	48	5 925

Shares and holdings owned by the Group and Parent Company

Group companies		Group holding %	Parent Company %	Group companies		Group holding %	Parent Company %
Mutual property companies				Perkkaanpuiston Paikoitustalo II	Espoo	100.00	–
Arkadiankatu 4–6	Helsinki	100.00	100.00	Piispanpiha 5	Helsinki	100.00	100.00
Atomitie 1	Helsinki	100.00	100.00	Pojupuisto	Espoo	100.00	100.00
Backaksenpelto	Vantaa	100.00	100.00	Ratapihantie 11	Helsinki	100.00	100.00
Bulevardi 1	Helsinki	100.00	100.00	Robert Huberintie 2	Vantaa	100.00	100.00
Dianapuisto	Helsinki	100.00	100.00	Ruosalantie 14	Helsinki	100.00	100.00
Espoon Juvanpuisto	Espoo	100.00	100.00	Rydönnotko 1	Turku	100.00	100.00
Espoon Komentajankatu 3	Espoo	100.00	100.00	Sarankulmankatu 22	Tampere	100.00	100.00
Espoon Pohjantie 14	Espoo	100.00	100.00	Sinikalliontie 10	Espoo	100.00	100.00
Espoonportti	Espoo	100.00	100.00	Sinimäentie 14	Espoo	100.00	100.00
Fabianinkatu 23	Helsinki	100.00	100.00	Tampereen Vihiojantalo	Tampere	100.00	100.00
Hankasuontie 13	Helsinki	100.00	100.00	Tapiolan Kulttuuritori	Espoo	66.22	66.22
Hauki	Helsinki	100.00	100.00	Tapiolan Toimitalo	Espoo	100.00	100.00
Haukilahdenkatu 4	Espoo	100.00	100.00	Tonttipaino	Vantaa	100.00	100.00
Helsingin Erottajanmäki	Helsinki	100.00	100.00	Turunlinnantie 12	Helsinki	100.00	100.00
Helsingin Itäkatu 11	Helsinki	100.00	100.00	Tuusulan Kartanonmäki	Tuusula	100.00	100.00
Helsingin Kaivokatu 6	Helsinki	100.00	100.00	Tuusulan Nukarinsuora	Tuusula	100.00	100.00
Helsingin Kaivokatu 8	Helsinki	100.00	100.00	Tuusulan Opinkulma	Tuusula	100.00	100.00
Helsingin Kalatori	Helsinki	100.00	100.00	Tuusulan Puistonreuna	Tuusula	100.00	100.00
Helsingin Kalevankatu 30	Helsinki	100.00	100.00	Tuusulan Tärkkelystehdas	Tuusula	100.00	100.00
Helsingin Keskuskatu 6	Helsinki	100.00	100.00	Unioninkatu 18	Helsinki	100.00	100.00
Hitsaajatalo	Helsinki	100.00	100.00	Unioninkatu 20–22	Helsinki	100.00	100.00
Hollolan Keskikankaantie 9	Hollola	100.00	100.00	Unioninkatu 24	Helsinki	100.00	100.00
Hämeenportin Yritystalo	Vantaa	100.00	100.00	Upseerinkatu 1	Espoo	100.00	100.00
Insinöörinkatu	Helsinki	100.00	100.00	Vanhajämärä	Helsinki	100.00	100.00
Iso Roobertinkatu 21–25	Helsinki	91.18	91.18	Vanha Talvitie 12	Helsinki	100.00	100.00
Itälahdenkatu 20	Helsinki	100.00	100.00	Vantaan Alfa	Vantaa	85.00	85.00
Itälahdenkatu 22	Helsinki	100.00	100.00	Vantaan Beta	Vantaa	85.00	85.00
Jokipohjantie 28	Tampere	100.00	100.00	Vantaan Epsilon	Vantaa	100.00	100.00
Kaivokadun Tunneli	Helsinki	83.58	83.58	Vantaan Gamma	Vantaa	85.00	85.00
Kaivokatu 12	Helsinki	100.00	100.00	Vantaan Honkatalo	Vantaa	100.00	100.00
Kappelitie 8	Espoo	100.00	100.00	Vantaan Köysikuja 1	Vantaa	100.00	100.00
Karapellontie 4 C	Espoo	100.00	100.00	Vantaan Lambda	Vantaa	100.00	100.00
Karjalan Kauppakeskus	Lappeenranta	100.00	100.00	Vantaan Omega	Vantaa	100.00	100.00
Kaupintie 3	Helsinki	100.00	100.00	Vantaan Omigron	Vantaa	100.00	100.00
Keskuskatu 1 B	Helsinki	100.00	100.00	Vantaan Santaradantie 8	Vantaa	100.00	100.00
Kilonkallio 1	Espoo	100.00	100.00	Vantaan Sähkötie 1	Vantaa	100.00	100.00
Kluuvikatu 8	Helsinki	100.00	100.00	Vantaan Vanha Porvoontie 231	Vantaa	100.00	100.00
Korkeavuorenkatu 25	Helsinki	100.00	100.00	Vantaan Zeeta	Vantaa	100.00	100.00
Koskituomi	Tampere	100.00	100.00	Vantaan Äyrikuja 3	Vantaa	100.00	100.00
Kouvolantie 227	Nastola	100.00	100.00	Vitikka 6	Espoo	100.00	100.00
Kumpulantie 11	Helsinki	100.00	100.00	Ylä-Malmintori 6	Helsinki	100.00	100.00
Kuninkaankaari	Vantaa	100.00	100.00	Limited liability companies			
Kuninkaankruunu	Vantaa	100.00	100.00	Drawer	Tampere	100.00	100.00
Kunikaanlinna	Vantaa	100.00	100.00	Messukylän Kattila	Tampere	100.00	100.00
Kunikaanpuisto	Vantaa	100.00	100.00	Messukylän Turpiini	Tampere	100.00	100.00
Kunikaanvala	Vantaa	100.00	100.00	Puistometso	Helsinki	100.00	100.00
Läkkitori	Espoo	95.23	95.23	SRK-Kiinteistöt	Helsinki	100.00	100.00
Länsi-Keskus	Espoo	58.64	58.64	Tamforest	Tampere	100.00	100.00
Lönkka	Helsinki	100.00	100.00	Tamsilva	Tampere	100.00	100.00
Lönnotinkatu 13	Helsinki	57.81	57.81	Tamsoil	Tampere	100.00	100.00
Lönnotinkatu 29	Helsinki	100.00	100.00	Inkeröisten Koekeskus	Anjalankoski	100.00	–
Malmin Kankirauta	Helsinki	100.00	100.00	Tamwell	Tampere	100.00	100.00
Malmin Yritystalo	Helsinki	100.00	100.00	Associated companies			
Mannerheimintie 6	Helsinki	100.00	100.00	Asunto Oy Runeberginkatu 60	Helsinki	25.86	25.86
Mansku 4	Helsinki	100.00	100.00	Erottajan Pysäköintilaitos Oy	Helsinki	42.86	42.86
Matinpurontie 3	Espoo	100.00	100.00	Koski-Pysäköinti Oy	Tampere	35.97	–
Melkonkatu 26	Helsinki	100.00	100.00	Puotinharjun Puhos Oy	Helsinki	20.43	20.43
Messukylän Castrulli	Tampere	100.00	100.00				
Miestentie	Espoo	100.00	100.00				
Mäkkylän toimistotalo	Helsinki	100.00	100.00				
Nastolan Varjolanrinne	Nastola	100.00	100.00				
Olarintörmä	Espoo	100.00	100.00				

1 000 €	Group		Parent Company	
	2002	2001	2002	2001
13) Long-term receivables				
Investments				
Receivables from Group companies				
Long-term loans receivable	-	-	607 538	654 419
Receivables from associated companies				
Long-term loans receivable	4 860	1 710	4 860	1 710
Receivables from others				
Other long-term receivables	1 079	1 013	-	-
Long-term receivables, total	5 939	2 723	612 398	656 129

14) Short-term receivables				
Short-term receivables from Group companies				
Trade receivables	-	-	-	63
Prepaid expenses and accrued income	-	-	478	10
Total	-	-	478	73
Short-term receivables from others				
Trade receivables	878	1 706	528	992
Other receivables	1 679	6 462	612	323
Prepaid expenses and accrued income	743	1 981	264	33
Total	3 300	10 149	1 404	1 348
Short-term receivables, total	3 300	10 149	1 882	1 421
Prepaid expenses and accrued income				
Interest	69	28	69	28
Taxes	-	1 708	-	-
Other items	674	245	673	15
	743	1 981	742	43

Deferred tax assets and liabilities

Sponda Group's confirmed tax losses total MEUR 16 and deferred tax assets arising from writedowns not deducted in taxation total MEUR 78. The deferred tax assets calculated from the first items is MEUR 27.

Goodwill on consolidation (assets) from buildings less goodwill on consolidation (liabilities) from buildings amounts to MEUR 20. The deferred tax liabilities calculated on this amount is MEUR 6.

Deferred tax assets and liabilities are not entered in the balance sheet.

1 000 €	Group		Parent Company	
	2002	2001	2002	2001
15) Shareholders' equity				
Share capital 1 Jan.	81 983	68 943	81 983	68 943
Increase in share capital	-	13 040	-	13 040
Cancellation of shares	-828	-	-828	-
Share capital 31 Dec.	81 155	81 983	81 155	81 983
Share premium fund 1 Jan.	151 425	164 465	151 425	164 465
Transfer to share capital	-	-13 040	-	-13 040
Transfer from share capital	828	-	828	-
Share premium fund 31 Dec.	152 253	151 425	152 253	151 425
Share buyback fund 1 Jan.	3 596	-	3 596	-
Share buybacks	4 926	3 596	4 926	3 596
Cancellation of own shares	-3 596	-	-3 596	-
Share buyback fund 31 Dec.	4 926	3 596	4 926	3 596
Retained earnings 1 Jan.	263 522	255 863	306 018	309 102
Dividend payment	-24 346	-20 518	-24 346	-20 518
Transfer to share buyback fund	-4 926	-3 596	-4 926	-3 596
Retained earnings 31 Dec.	234 250	231 749	276 746	284 988
Net income for the year	78 779	31 773	125 383	21 030
Shareholders' equity, total	551 363	500 526	640 463	543 022
Calculation of distributable funds 31 Dec.				
Retained earnings	234 250	231 749	276 746	284 988
Net income for the year	78 779	31 773	125 383	21 030
Total	313 029	263 522	402 129	306 018
Own shares				
Own shares owned by the company			888 200	827 400
Nominal value			888	827
Purchasing cost			4 926	3 596

1 000 €	Group		Parent Company	
	2002	2001	2002	2001
16) Long-term liabilities				
Long-term interest-bearing liabilities				
Serial bonds	100 000	100 000	100 000	100 000
Convertible bonds	304	297	636	636
Loans from financial institutions	336 345	458 373	336 278	458 278
	436 649	558 670	436 914	558 914
Other long-term debt payable to Group companies	-	-	3 161	-
Long-term interest-bearing liabilities, total	436 649	558 670	440 075	558 914
Long-term interest-free liabilities				
Other long-term debt	-	10	-	7
Long-term liabilities, total	436 649	558 680	440 075	558 921
Debt maturing after five years				
Serial bonds	-	100 000	-	100 000
Loans from financial institutions	56	-	-	-

1 000 €	Group		Parent Company	
	2002	2001	2002	2001
17) Short-term liabilities				
Short-term interest-bearing liabilities				
Loans from financial institutions	20 010	122 240	27 538	156 095
Short-term interest-free liabilities				
Advances received	376	101	112	94
Accounts payable				
To Group companies	-	-	3 142	-
To others	1 731	1 870	349	307
Accounts payable, total	1 731	1 870	3 491	307
Accrued expenses and prepaid income				
Payable to Group companies	-	-	282	3 181
Payable to others	26 219	10 613	25 261	8 233
Accrued expenses and prepaid income, total	26 219	10 613	25 543	11 414
Other short-term debt	2 506	4 679	1 954	2 383
Short-term interest-free liabilities, total	30 832	17 263	31 100	14 198
Short-term liabilities, total	50 842	139 503	58 638	170 293
Accrued expenses and prepaid income				
Interest	5 224	5 193	5 233	5 348
Personnel expenses	365	273	365	261
Taxes	19 405	2 550	19 405	2 521
Other items	1 225	2 597	540	3 284
	26 219	10 613	25 543	11 414

18) Maturity of loans at 31 December 2002

Year	M€	Average interest %
2003	20.0	3.16
2004	65.6	5.55
2005	195.0	3.68
2006	75.7	3.43
2007	100.0	6.25
Total	456.3	

The average rate of all the loans on 31 December 2002 was 4.77%, the average interest period was 2.0 years and the average maturity was 3.3 years.

The figures do not include the convertible bond offered to personnel or non-Group loans raised by the subsidiaries.

Term Loan Facility

On 28 November 2000 Sponda Plc signed a syndicated term loan facility with nine international banks totalling EUR 195 million. This facility falls due on 28 November 2005. The loan is unsecured and carries interest of 0.75% above the 6-month 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 has a maturity of 7 years. The bond is part of Sponda's EUR 250 million domestic bond programme.

Revolving Credit Facility

Sponda signed a EUR 200 million revolving credit facility with a syndicate of six international banks on 13 October 1999. One third of the loan matured in 2002 and the other two thirds in 2003 and 2004 respectively. The facility was entirely unused at the end of 2002.

Commercial Paper Programme

Sponda has a EUR 100 million commercial paper programme to cover its short-term financing needs. EUR 20 million of this programme was in use on 31 December 2002.

Convertible bond loan

The EUR 635,750.36 convertible bond loan approved by the Annual General Meeting on 27 March 2000 was declared invalid because the subscriptions to the bond were not registered by the end of the statutory period. The Board of Directors nonetheless intends to safeguard the interests of the bond holders. Subscriptions by company employees totalled EUR 304,756.55.

Derivative financial instruments

Sponda Group hedges the interest risk exposure arising from its long-term loans using derivative financial instruments.

Interest rate instruments		Notional value	Market value
Notional and market values of open contracts		1 000 €	M€
Swap contracts			
	4 years	102 107	-2,0
	7 years	16 802	-0,6
		118 909	-2,6
Cap options			
	4 years	18 013	0,0
	7 years	16 802	0,1
		34 815	0,1

Interest rate derivative contracts had a total notional value of EUR 154 million and total market value of EUR -2.5 million. The market value represents the return that would have arisen if the derivative positions had been closed on the balance sheet date.

19) Collateral and commitments given by the Group

1 000 €	Group		Parent Company	
	2002	2001	2002	2001
Loans from financial institutions covered by collateral	141 278	141 278	141 278	141 278
Mortgages	82 590	46 143		
Book value of pledged shares	46 260	46 267	46 260	46 267
Collateral, total	128 850	92 410	46 260	46 267

Commitments arising from land lease agreements

1 000 €	Group	
	2002	2001
Lease liability	21 715	28 319
Mortgages	1 828	1 920

The average duration of the land lease agreements at 31 December 2002 was 22 years. The Group has no significant leasing liabilities.

1 000 €	Group		Parent Company	
	2002	2001	2002	2001
VAT deductions made on renovation investments	98		98	

Liabilities in accordance with §33 of the VAT Act have been calculated for all the Group companies and they have an aggregate total of EUR 10.7 million in the annual accounts.

Distribution of Profit and Auditors' Report

Board of Directors' Proposal

On 31 December 2002 the Group's distributable funds totalled EUR 313,029,019.

On 31 December 2002 the Parent Company's distributable funds totalled EUR 402,128,706.69.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.90 per share be paid, i.e. EUR 72,240,367.50 at 31 December 2002.

Helsinki, 6 February 2003

	SPONDA PLC	
	Board of Directors	
Anssi Soila	Jarmo Väisänen	Heikki Bergholm
Maija-Liisa Friman	Jarmo Laiho	Harri Pynnä
	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, 10 February 2003

Sixten Nyman APA

KPMG WIDERI OY AB
Raija-Leena Hankonen 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 2002. 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 parent company's 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 of the Board of Directors concerning the disposal of the profit for the year is in compliance with the Finnish Companies Act.

Helsinki, 10 February 2003

Sixten Nyman, APA

KPMG WIDERI OY AB
Raija-Leena Hankonen, APA

Personnel

Personnel	2002	2001
Personnel	52	54
Average age	42 years	41 years
Average length of employment	5 years	5 years

Sponda Group had 52 employees at the end of 2002, 51 of whom worked for the parent company. The average age of the employees was 42 and their average duration of employment 5 years. There were 29 female staff and 23 male staff. Employee turnover in Sponda has been extremely low.

Each Sponda employee is entitled to extended medical health-care. The company's training schemes take the professional career plans of its employees into consideration and personal development is actively encouraged.

Sponda also maintains close relations with educational institutions and universities in its field. The company has also offered the opportunity to selected students to do their thesis work on subjects related to Sponda's activities, enabling Sponda to recruit competent professionals who already know the company. The average age

of Sponda's employees is relatively high so the company must also make provision for the eventual retirement of its older staff.

How Sponda works

Sponda launched an identity project in December 2001, the purpose of which was to study internally and externally how Sponda operates. This led to a review and reformulation of Sponda's strategy and the way it operates.

Property managers have total responsibility

Separate property managers and two property directors are responsible for Sponda's properties. Sponda's property portfolio is divided into three main business areas based on both operational and geographical considerations: Helsinki Business District, Helsinki Metropolitan Area, and Logistics Properties.

Sponda employees like their jobs and staff turnover is very low. An acquisition a few years ago doubled Sponda's workforce but everyone in the company now identifies fully with Sponda.

The integration has gone well, thinks Eva Schalin (large photo), and people work well together.

Small photo, from left: property manager Pasi Viitaniemi, accountant Riitta Mäkelä, property manager Eino Karhapää and marketing secretary Eva Schalin.



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 and normally convenes once a year. General Meetings considers the matters stipulated by Finnish legislation and the company's Articles of Association. These include adopting the annual income statements and balance sheets, and deciding on the size of any dividend to be paid. The Meeting also elects the Board of Directors and auditors and decides on their remuneration. 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.

The Board of Directors

The Board of Directors has supreme responsibility for the company's operations. It comprises from four to six members. The Board elects a chairman and deputy chairman from among its members. Board members are elected for a term of one year. Sponda has an external Board of Directors whose members have a broad range of experience. Sponda's Board of Directors does not contain company employees.

The Board of Directors appoints the President and CEO of the company and his deputy. Based on the CEO's proposal, the Board also approves the composition of the company's Management Team and decides on the terms of their employment.

The Board's main responsibility is the management of the company and appropriate organization of its business operations. The Board 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 expansions of operations. The Board also decides on investments and loans. The Board normally meets once a month.

Information on the Board of Directors is provided on page 46.

Remuneration

The Annual General Meeting confirms the salaries and fees payable to the Board of Directors annually, one year in advance, and the Board also confirms the salary and other benefits of the President and CEO and the members of the Management Team.

Board members are paid the following fees:

- Monthly fee to the Chairman, EUR 1,700
- Monthly fee to the Deputy Chairman, EUR 1,200
- Monthly fee to Board members, EUR 1,000
- Meeting fee, EUR 200/meeting/person

Insiders

The Guidelines for Insiders, prepared by the HEX Helsinki Exchanges, were approved by the Board of Directors for adoption by Sponda Plc with effect from 1 March 2000. By law Sponda's permanent insiders are the members of the Board of Directors, the President and CEO and the auditors. In addition all Sponda employees are listed as permanent insiders. The holdings of Sponda's insiders are listed in the insider register maintained by the Finnish Central Securities Depository Ltd.

Corporate Governance

Sponda Plc's Board of Directors 2002

Anssi Soila



Chairman since 1999
MSc (Eng.)
MSc (Econ.)
A&R Carton, Chairman
of the Board
Owns 87,700 Sponda
shares

Jarmo Väisänen



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

Heikki Bergholm



Member since 1998
MSc (Eng.)
Suominen Corporation,
President and CEO
Owns 130,000 Sponda
shares

Maija-Liisa Friman



Member since 2001
MSc (Eng.)
Vattenfall Oy, President
Owns 759 Sponda shares

Jarmo Laiho



Member since 2002
BSc (Econ.)
Nordea Bank, Executive
Vice President
Owns 0 Sponda shares

Harri Pynnä



Member since 1999
LLM
Fortum Oyj, Legal Counsel
Owns 0 Sponda shares

Corporate Governance

Supervision

The company's accounts and operations are audited by a firm of authorized public accountants approved by the Central Chamber of Commerce, an auditor and a deputy auditor.

The purpose of the statutory audit is to verify that the annual accounts give a true and fair view of the Group's result and financial position. The auditors also submit a report to the Board of Directors on their audit of the day-to-day management and operations of the company.

Chief Executive Officer and Management Team

The President and CEO is responsible for managing the company's day-to-day operations in accordance with the guidelines and instructions conferred by the Board of Directors. The Management Team handles matters of major significance to the company such as investments and divestments, procedural rules and reporting. The members of the Management Team, with the exception of the

Auditors

KPMG Wideri Oy Ab
APA Sixten Nyman

Deputy auditor
APA Ari Viitala

President and CEO, also form the boards of directors of Sponda's property companies.

The Management Team was established in 2002 and has three members in addition to the President and CEO.

Mr Kari Kolu has been President and CEO since 1995. The other members are CFO Sari Aitokallio, Property Director Lea Jokinen and Property Director Veikko Majava.

Corporate Management

Kari Kolu, born 1956

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

Sari Aitokallio, born 1960

Chief Financial Officer
Owns 0 Sponda shares

Veikko Majava, born 1945

Director, Business Properties
Owns 2,750 Sponda shares

Lea Jokinen, born 1962

Director, Logistics Properties
Owns 0 Sponda shares

Jaakko Holkeri, born 1946

President, Tamsol Oy
Owns 0 Sponda shares

Management Team (left)

*Sari Aitokallio, Kari Kolu,
Veikko Majava and Lea Jokinen.*



Information for Shareholders

Annual General Meeting

Sponda Plc's Annual General Meeting in 2003 will be held at the LordHotel, Lönnrotinkatu 29, in Helsinki on Tuesday, 8 April 2003, starting at 2.00 pm.

The Company must be notified of shareholders' attendance at the Annual General Meeting no later than by 4.00 pm on 31 March 2003 either by phone, +358 9 680 581/Ms Eva Schalin, or by e-mail: eva.schalin@sponda.fi.

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 28 March 2003.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.90 per share be paid on the financial year 2002. The dividend approved by the Annual General Meeting will be paid to shareholders who are entered in the shareholders' register maintained by the FCSD on 11 April 2003, i.e. the date of record confirmed by the Board of Directors for distribution of dividends. The FCSD has granted Sponda exceptional permission to move the normal dividend payment date forward by one day owing to the Easter holidays. Hence, the Board of Directors will propose dividend payment at the end of the settlement period on 23 April 2003.

Changes of name and address

Shareholders are kindly requested to notify their bank or 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 2003:

Interim Report for January–March 2003	8 May 2003
Interim Report for January–June 2003	7 August 2003
Interim Report for January–September 2003	30 October 2003

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
e-mail: laila.keto-lassa@sponda.fi.

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

The following banking groups and stockbrokers have announced that they conduct investment analyses of Sponda's business operations. The list may be incomplete. Sponda takes no responsibility for the assessments contained in these analyses.

	Phone		Phone
Aktia Securities	+358 10 247 6412	Handelsbanken Investment	
Alfred Berg Finland	+358 9 228 321	Banking	+358 10 444 2454
D. Carnegie AB Finland	+358 9 6187 1241	Mandatium Bank Ltd	+358 10 236 4707
Conventum Securities Ltd	+358 9 2312 3315	Merrill Lynch	+44 20 7996 4668
Enskilda Securities, Stockholm	+46 8 522 29814	Nordea Securities	+358 9 3694 9426
Evli Securities	+358 9 476 696 35	Opstock Ltd	+358 9 404 4494

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www.sponda.fi
firstname.lastname@sponda.fi

**Sponda is moving its head office.
The new address from May 2003 is:
Fabianinkatu 23
FIN-00130 Helsinki**

Tamsoil Oy

Kelloportinkatu 1 B
P.O. Box 554
FIN-33101 Tampere
Telephone +358 205 444 990
Telefax +358 205 444 991
firstname.lastname@sponda.fi

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