



Sponda Financial Results Q1 2016

4 May 2016

SPONDA

Creates the conditions for success

1. Highlights for the Period – Kari Inkinen

2. Portfolio Development – Pia Arrhenius

3. Business Environment and Business Update
– Kari Inkinen

4. Financials – Niklas Nylander



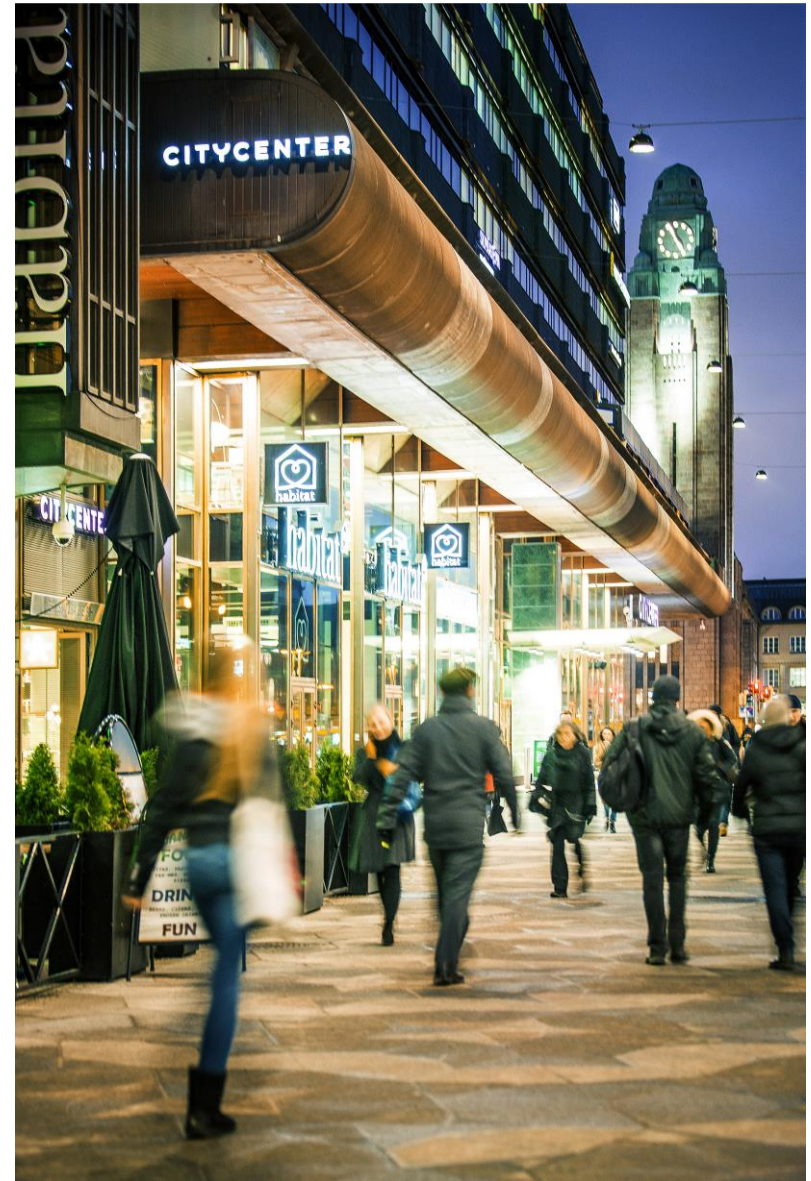
1. Highlights for the Period

Kari Inkinen

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Sponda's Q1 2016 in brief

- The occupancy rate increased to 88.7% (31.3.2015: 86.8%).
 - Shopping Centres had an occupancy of 93.8% (31.3.2015: 90.3%).
 - Office Properties had an occupancy of 88.1% (87.9%).
- Like-for-like development in both shopping centres and offices were positive, 2.7% and 0.7% respectively.
- Divestments in Q1 were EUR 30 million.
- After the rights issue in March, LTV is at a level of 49%.



Sponda has carried out majority of the divestment plans set in its strategy

	30.6.2013	31.3.2016	Divestments
Property Funds business	AUM EUR 720m Investments in Funds EUR 73m	AUM EUR 0m ¹⁾ Investments in Funds EUR 0m	<ul style="list-style-type: none"> The Property Funds business and the properties in the Fund sold to Certeum Sponda's shares in Certeum sold at the end of 2015
Logistics property portfolio	Fair value EUR 409.5m	Fair value EUR 89.4m	<ul style="list-style-type: none"> Logistics properties sold for EUR 320 million
Properties in Turku	# of properties 8	# of properties 1	<ul style="list-style-type: none"> All properties except one small office property sold
Russian portfolio	Fair value EUR 268.3m	Fair value EUR 145.6m	<ul style="list-style-type: none"> Properties in Russia sold for EUR 49 million

Sponda has systematically carried out investments consistent with its strategy

Events in 2015 and in Q1 2016

Property development

- Office building in Lassila completed in June 2015.
- Office building in Ilmala completed in December 2015.
- Estimated completion of the Ratina shopping centre in Tampere in 2018.

Property acquisitions

- Acquisition of six prime properties in the Forum block in Helsinki CBD in February 2016 (EUR 576 million).

Property development investments

For greenfield projects Sponda expects 15% development gain.

	Leasable area m ²	Estimated completion	Total investment M€	Investment by the end of March 2016	Pre-let %	Estimated market rent Eur/m ² /month
Greenfield developments						
Ratina shopping centre, Tampere	53,000	Spring 2018	240.0	61.9	35	N/A
Total	53,000		240,0	61.9		

- Currently our only committed capex is for Ratina shopping centre.
- We are continuously looking for investment opportunities
 - Any possible decision to start a greenfield project will be disciplined and based on more than 50% pre-let and 15% (or more) development gain.

Sponda Q1 2016: Performance highlights

	1-3/16	Change, %	1-3/15	1-12/15
Total revenue, M€	59.3	3.7	57.2	230.5
Net Operating Income, M€	42.1	6.3	39.6	165.7
Operating profit, M€	46.7	69.2	27.6	178.1
Cash flow from operations/share, €	0.12	33.3	0.08	0.36
Earnings/share, €	0.09	125.0	0.04	0.78
NAV/share, €	4.95	10.0	4.50	5.26
EPRA NAV/share, €	5.25	(0.9)	5.30	5.60
Economic occupancy rate, %	88.7	2.2	86.8	87.7

Sponda's priorities in 2016

Occupancy rate development

Our target is to increase the occupancy rate from 87.7% (31.12.2015) level.

Occupancy rate in Q1 2016 was 88.7%

Implementing our strategy

We will continue the non-core property divestments and the core property acquisitions.

During Q1 we acquired CBD properties for EUR 576 million. We have sold three properties for EUR 30 million.

Stable cash flow from operations per share

We aim to maintain our ability to pay stable dividend.

Dividend for 2015 was EUR 0.19 (2014: EUR 0.19).

Focus in property development

Our target is to start at least one development project in 2016 and to keep our property development gain of 15% on each project.

Ratina shopping centre in Tampere is progressing in schedule.



2. Portfolio Development

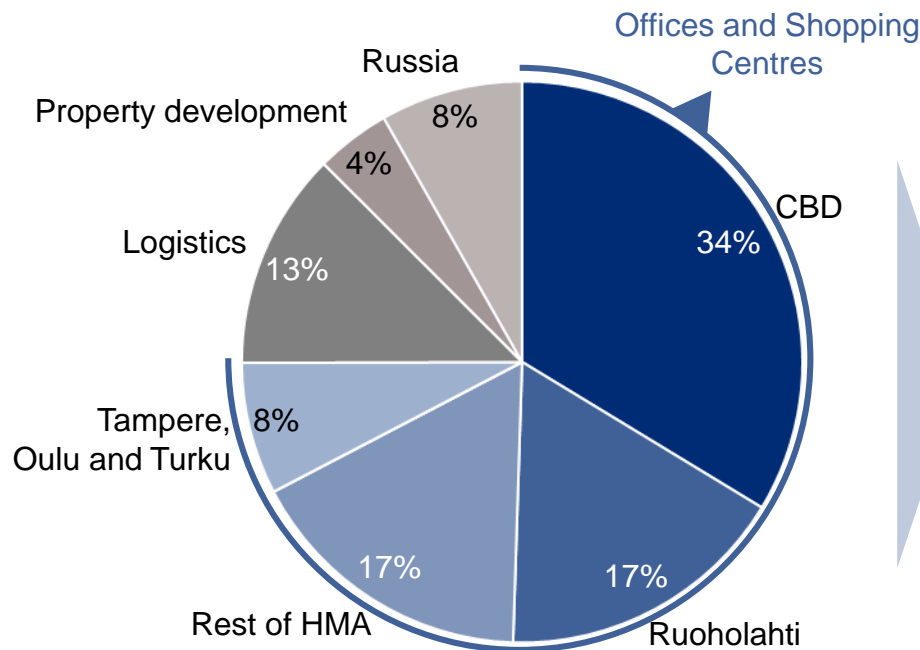
Pia Arrhenius

SPONDA

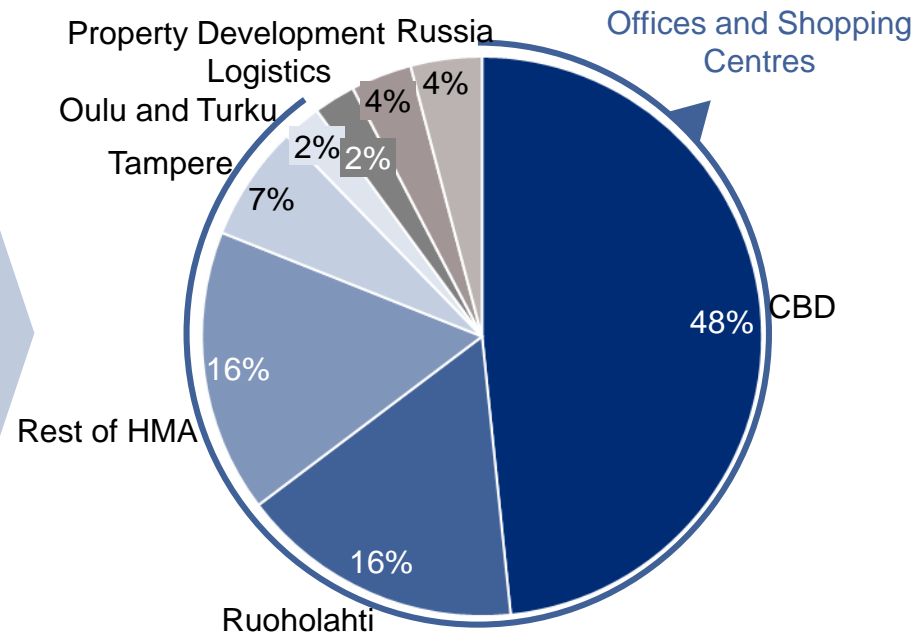
Creates the conditions for success

Share of Helsinki CBD's office and shopping centre properties has clearly increased

Sponda's portfolio 30.6.2013¹⁾



Sponda's portfolio today





MOW is creating buzz in Pikku Roba 9

- Mothership of Work opened on 1 February 2016.
- We received the “Best Office Space” in Finland –title in April 2016.
- There is a continuous demand for small, flexible space.
 - We are responding by creating more small offices in MOW.



Shopping centres

- Forum has been fully integrated to Sponda from 1st March 2016.
- After the acquisition, the total leasable area of shopping centres and all retail space combined in Sponda is approx. 200 000m² and 31% of the value of properties.
- Combined footfall of all shopping centres increased by 2.7% compared to Q1 2015.
- Combined OCR of all shopping centres excluding other retail space was 14%.
 - The OCR for Forum shopping centre will be included in Q2 2016 numbers.
- Combined sales of all shopping centres excluding other retail space increased by 1.2% compared to Q1 2015.
- Like-for-like rental growth was a healthy 2.7%.

Office properties

- Forum offices have also been fully integrated to Sponda from 1st March 2016.
 - The split between retail and office in Forum properties is around 70/30 value-wise.
- Total leasable area for offices is over 800 000m² and 60% of the value of properties.
- Like-for-like rental growth for offices was 0.7%, still positive despite the market conditions.
- Demand for CBD offices remains strong.
 - Q1 CBD office occupancy rate was over 91%.



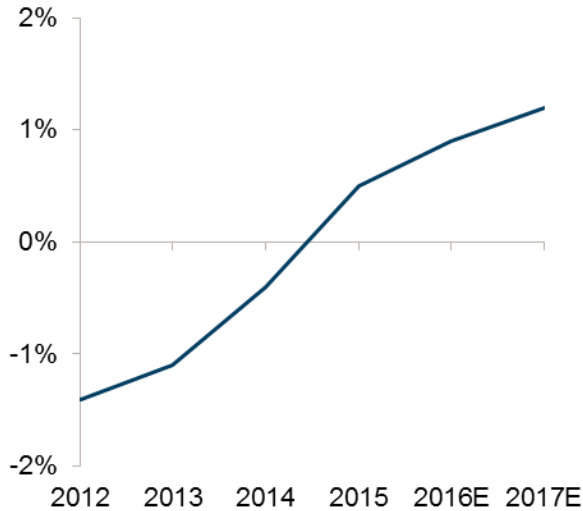
3. Business Environment and Business Update

Kari Inkinen

SPONDA

Activity in the Finnish property market continues

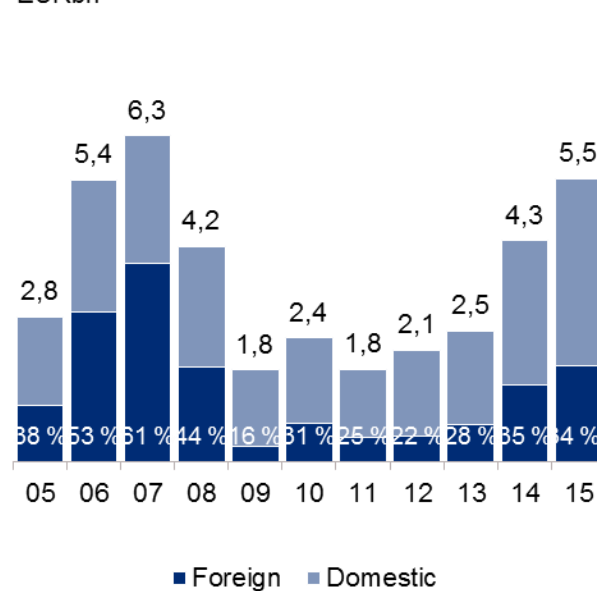
GDP growth in Finland



Economic growth slowly turning positive

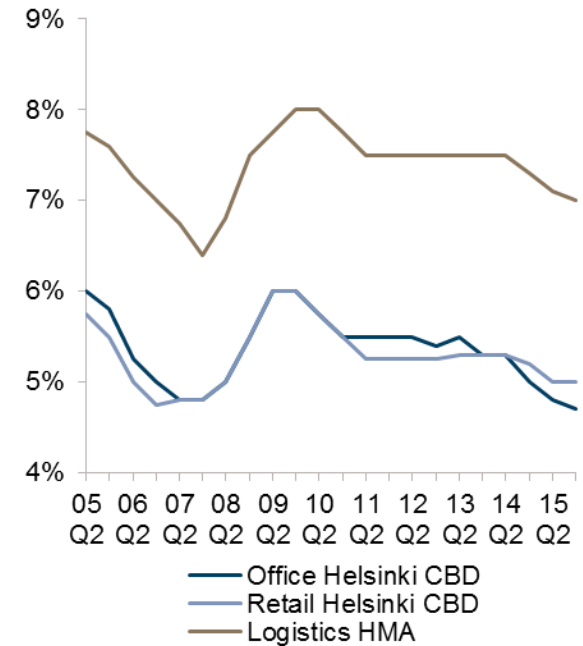
Real estate transaction volume in Finland

EURbn



Record-high transaction volumes

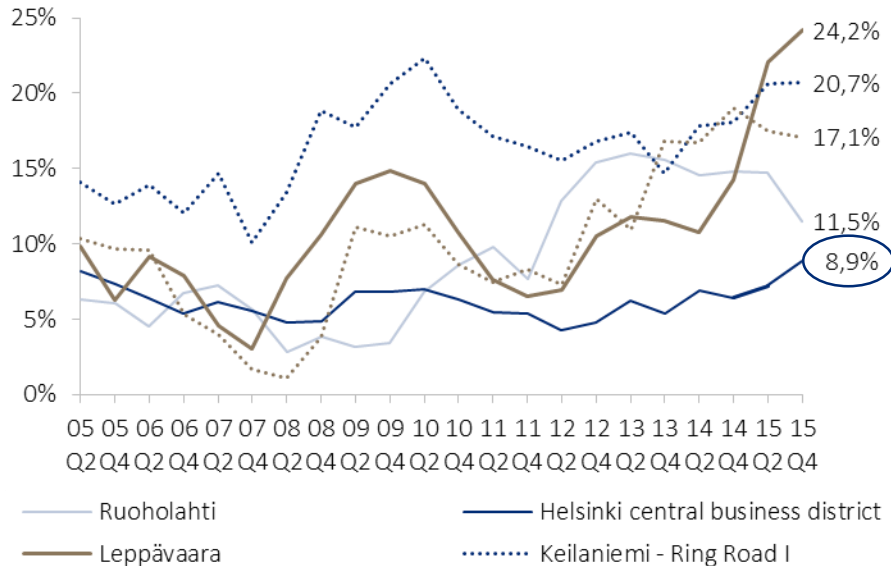
Prime yields in HMA



Prime property yield requirements decreasing

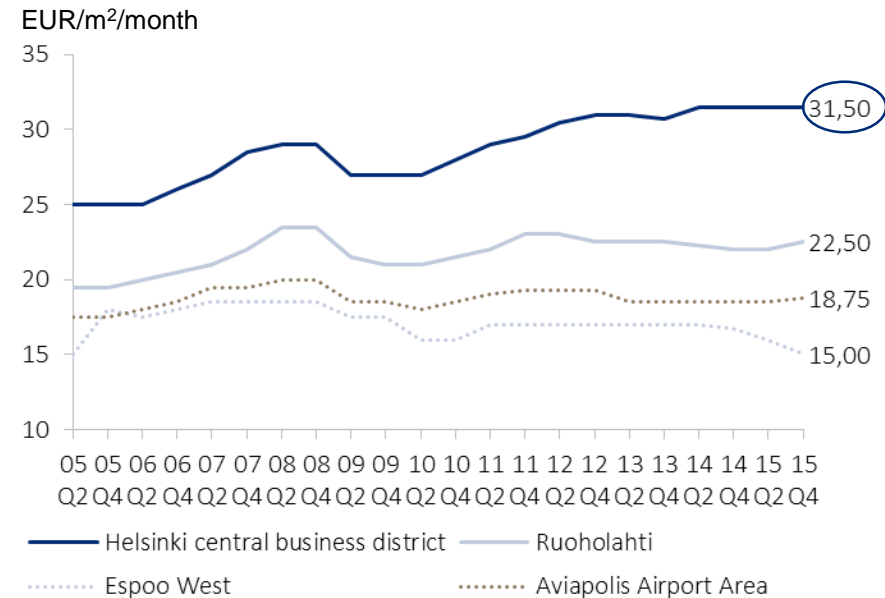
Prime properties performing well

Vacancy rate in HMA, office properties



Vacancy rates in CBD clearly lower than elsewhere in HMA

Rental levels in HMA, office properties



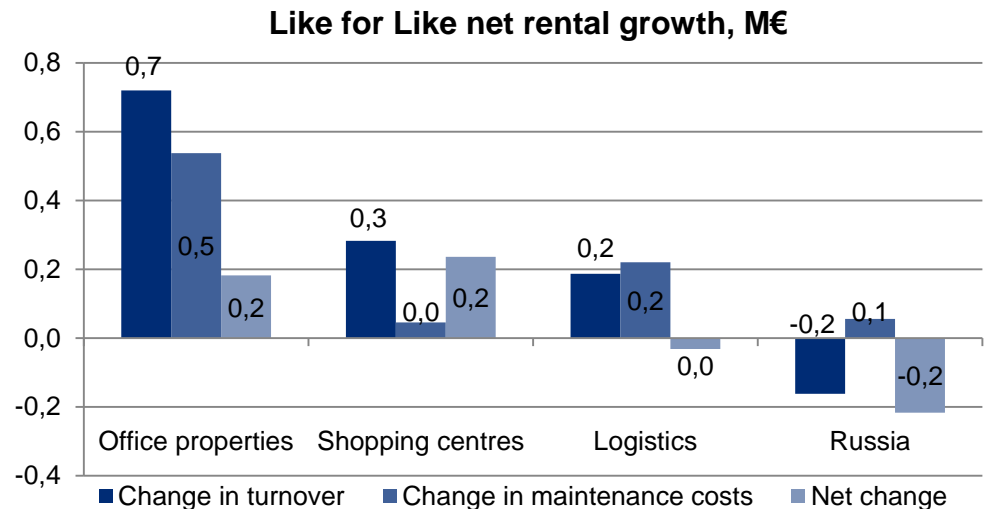
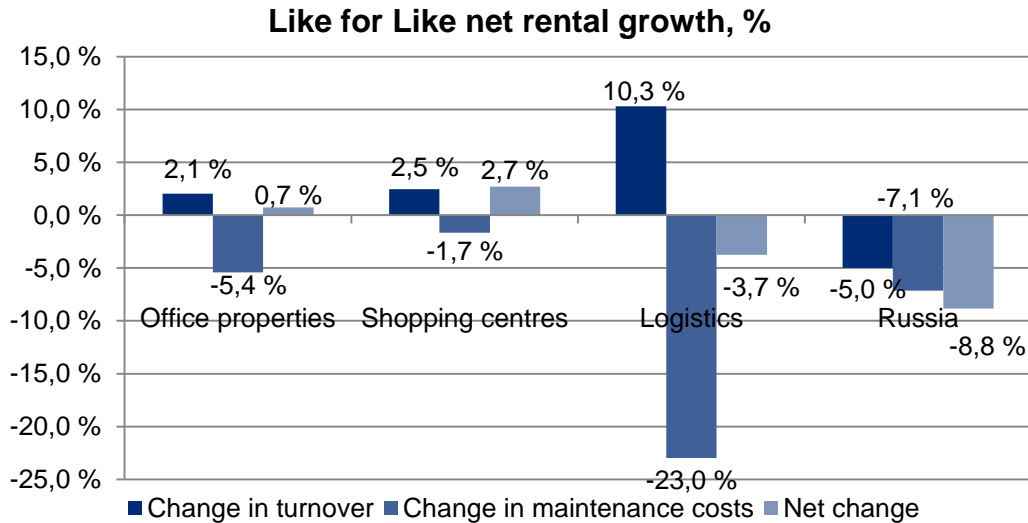
Office rental levels remain high in Helsinki CBD

Segment performance

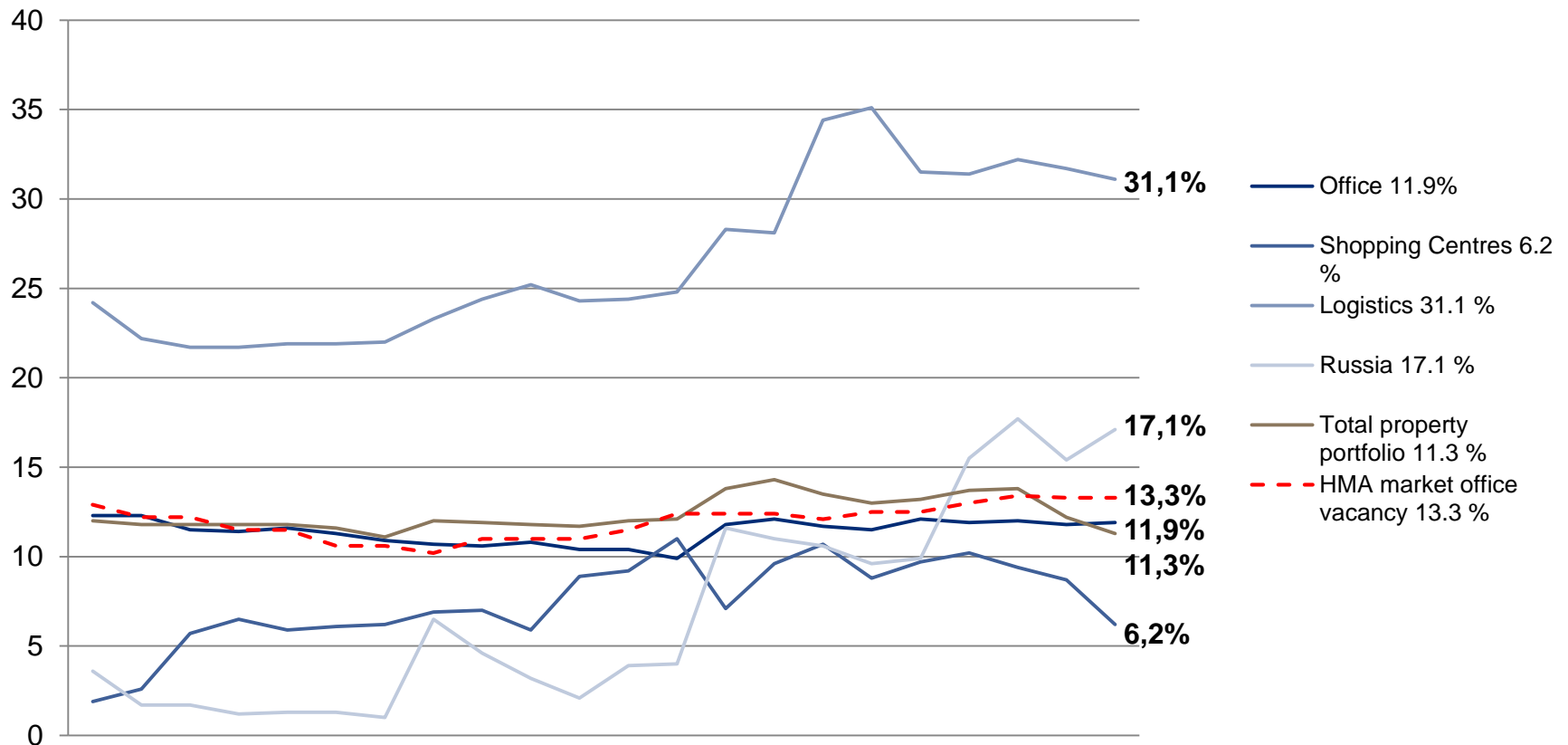
	Office		Shopping Centres		Logistics		Russia	
	1-3/16	1-3/15	1-3/16	1-3/15	1-3/16	1-3/15	1-3/16	1-3/15
Net Operating Income, M€	28.4	25.5	11.1	8.8	0.7	2.0	2.1	3.7
Fair Value of Properties, M€	2,162.2	1,846.4	1,161.7	724.3	89.4	205.3	145.6	215.2
Change in Fair Value of Properties, m€	1.1	0.5	0.2	(2.2)	0.1	0.0	(5.1)	(9.3)
Economic Occupancy Rate, %	88.1	87.9	93.8	90.3	68.9	68.5	82.9	90.1
Divestments, M€	5.0	6.3	-	-	-	-	-	-
Acquisitions, M€	160.7	-	426.8	-	-	-	-	-

Like-for-like development in Q1 2016

Like-for-like net rental growth has been calculated from a portfolio that Sponda has held for 2 years excluding acquisitions, divestments and property development.



Economic vacancy rate 2009 – Q1 2016



Lease agreements in Q1 2016

	Pcs	M²	€/m²/month (avg)*
New agreements that came into force during the period	74	40 502	21.80
Agreements that ended during the period	66	14 791	21.40
Agreements that were extended during the period	58	21 570	20.10

*) Agreements that came into force and ended do not necessarily correlate with same sector or space.

- All lease agreements in Finland are linked to CPI.
- Ten largest tenants account for 29% of rental income.

Investment portfolio development

- We are creating value by property development and active portfolio management.
- Our aim is to sell non-core assets classified as such either by location or development potential.

M€	2012	2013	2014	2015	Q1 2016
Property development investments	47.5	14.0	22.0	65.2	12.1
Maintenance investments/ Tenant improvements	28.4	22.6	42.0	37.8	6.9
Acquisitions	53.1	3.1	65.0	4.7	587.3
Divestments	61.8	33.1	237.2	157.6	4.8*)

*) In addition, Sponda sold land for EUR 25 million in Q1.



4. Financials

Niklas Nylander



Profit & loss statement

M€	1-3/2016	1-3/2015	1-12/2015
Total revenue	59,3	57,2	230.5
Expenses	(17.2)	(17.5)	(64.8)
Net operating income	42.1	39.6	165.7
Profit on sale of inv. properties	0.2	(0.5)	(4.5)
Valuation gain / loss	(2.0)	(9.9)	23.2
Depreciation of goodwill	(0.6)	-	(3.0)
Profit/loss on sales of associated companies	-	-	5.2
Profit on sale of trading properties	12.5	0.0	2.8
SGA expenses	(5.7)	(5.8)	(21.7)
Share of profit from associated companies	-	3.6	10.2
Other operating income/expenses	0.2	0.6	0.2
Operating profit	46.7	27.6	178.1
Financial income and expenses	(13.0)	(12.6)	(48.9)
Profit before taxes	33.7	15.0	129.2
Taxes from previous and current fin. years	(2.3)	(0.8)	(9.3)
Deferred taxes	(4.6)	(2.9)	107.3
Profit for the period	26.7	11.3	227.2

Valuation gains/losses

M€	1-3/2016	1-3/2015	1-12/2015
Changes in yield requirements (Finland)	0.0	0.0	39.2
Changes in yield requirements (Russia)	(1.8)	0.0	(7.4)
Profit/loss from property development projects	1.7	1.1	25.4
Modernization investments	(6.9)	(11.0)	(37.8)
Change in market rents and maintenance costs (Finland)	8.3	9.2	30.2
Change in market rents and maintenance costs (Russia)	(1.1)	(12.5)	(26.8)
Change in exchange rates	(2.3)	3.3	0.3
Group, total	(2.0)	(9.9)	23.2

Financing

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Equity ratio, %	46	46	41	41	40
Average interest rate, %	2.7	2.9	2.9	2.9	2.8
Hedging, %	78	90	86	86	76
Average loan maturity, yrs	1.8	2.2	2.3	2.5	1.9
Average fixed interest rate period, yrs	1.8	2.2	2.3	2.5	2.1
Interest cover ratio	3.5x	3.5x	3.4x	3.4x	3.5x
Loan to Value, %	49	46	51	53	53

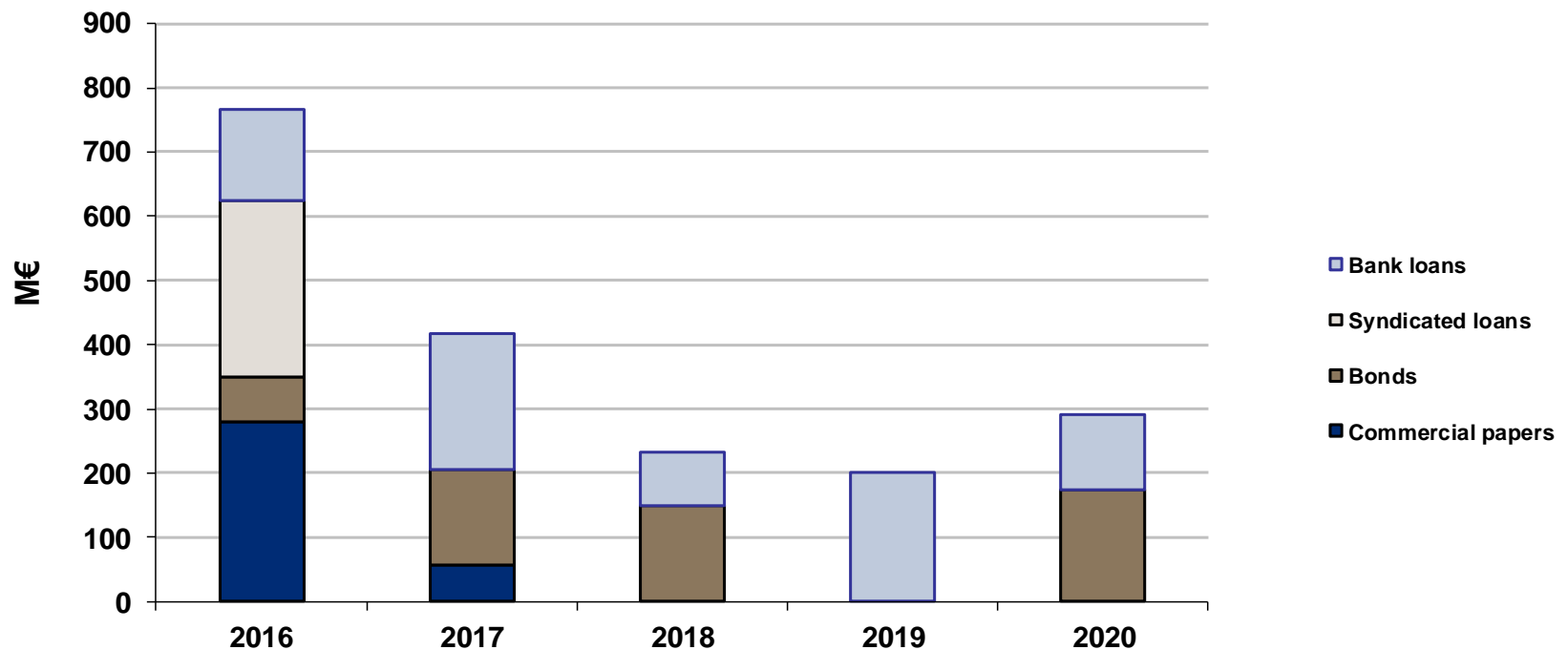
Covenants at:

Equity ratio, 28%
(long-term ER target: 40%)

ICR 1.75x

Loan maturities, 31 March 2016

- Interest-bearing debt EUR 1,902.0 million
- Unused financing limits EUR 440 million



Prospects and financial targets

Net operating income

Sponda estimates that the net operating income for 2016 will amount to EUR 175–190 million. The estimate is based on the company's view of property acquisitions and divestments to be completed and the development of rental operations during the year.

EPRA Earnings

Sponda estimates that company adjusted EPRA Earnings in 2016 will amount to EUR 94–110 million. This outlook is based on the development of net operating income and the company's estimate of the development of financial expenses.

Financial targets

Long-term equity ratio target is 40 %.

Dividend policy is to pay approx. 50 % of the operational cash earnings per share, taking into account of the economic situation and company's development needs.

Starting from 2016, Sponda will pay dividend three times a year.



Strategy

Main goals of Sponda's strategy are to simplify the business as a whole, to have more focused property portfolio, and to grow profitably.

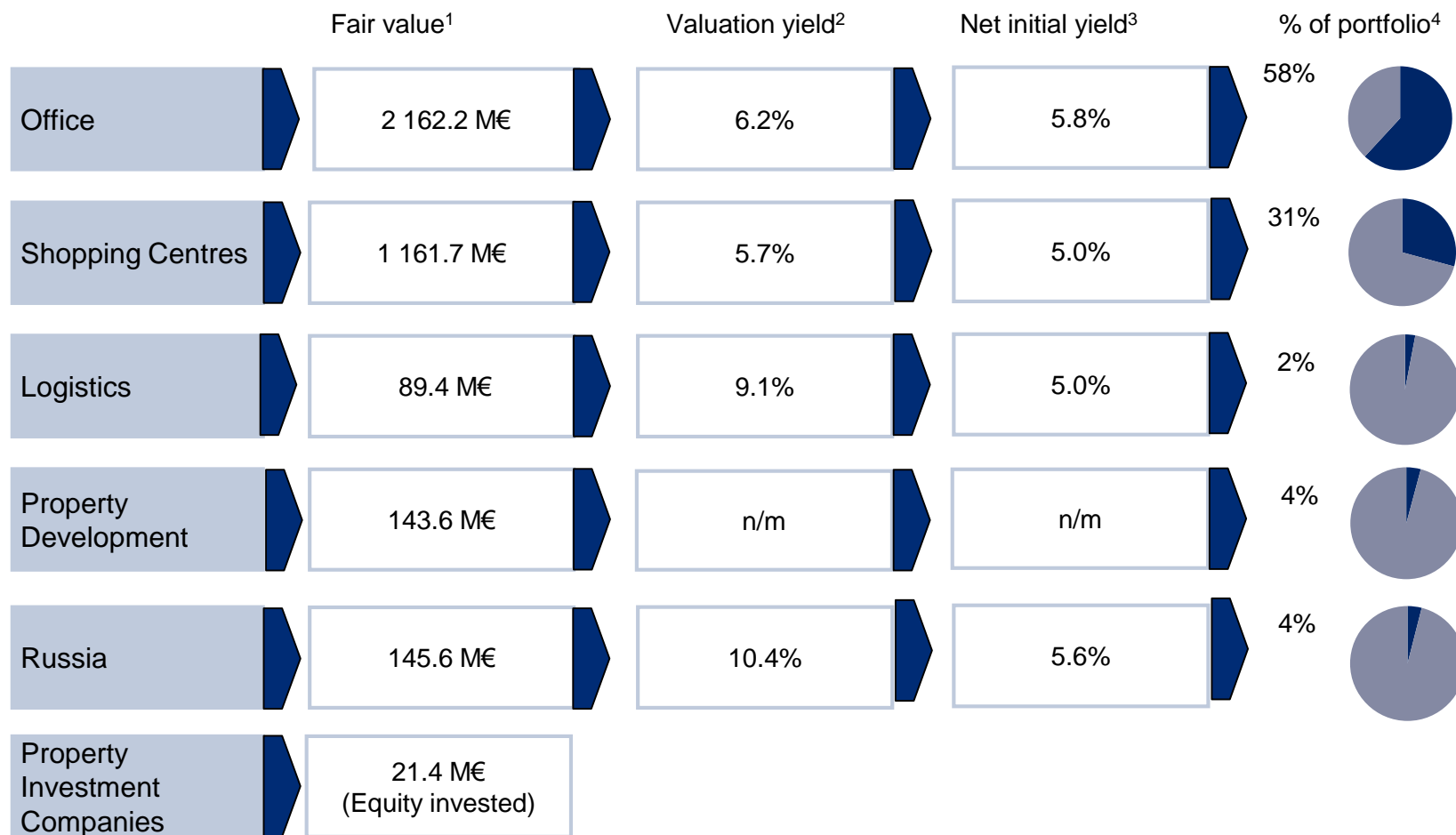
- To achieve the strategic goals, Sponda is:
 - Selling the logistics portfolio;
 - Selling the Russian portfolio; and
 - Investing in prime properties in Helsinki and Tampere.



Largest Shareholders 30 April 2016

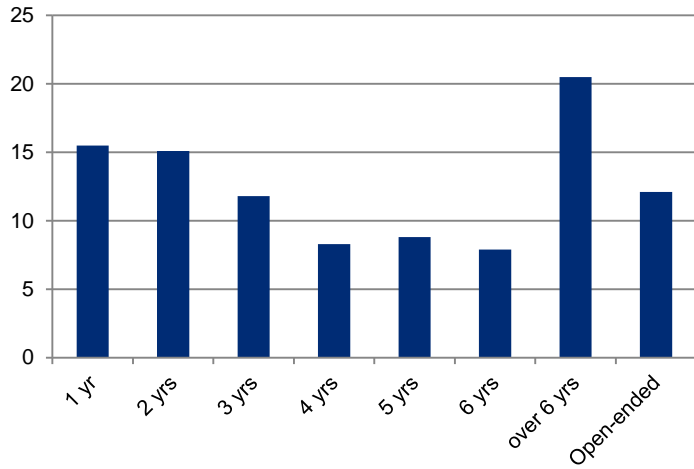
	Major shareholders	No. of shares	Holding %
1.	Forum Fastighets Ab	53,180,863	15.66
2.	Oy Palsk Ab	42,163,745	12.41
3.	HC Fastigheter Holding Oy Ab	34,181,172	10.06
4.	Varma Mutual Pension Insurance Company	29,083,070	8.56
5.	Elo Pension Company	4,893,083	1.44
6.	The State Pension Fund	3,850,000	1.13
7.	Åbo Akademi University Foundation	3,646,430	1.07
8.	OP-Finland Value Fund	1,533,221	0.45
9.	Odin Eiendom	1,254,805	0.37
10.	OP-Finland Small Firms Fund	785,812	0.23
	Nominee-registered shareholders 35.69% of the total		

Overview of the current reporting segments

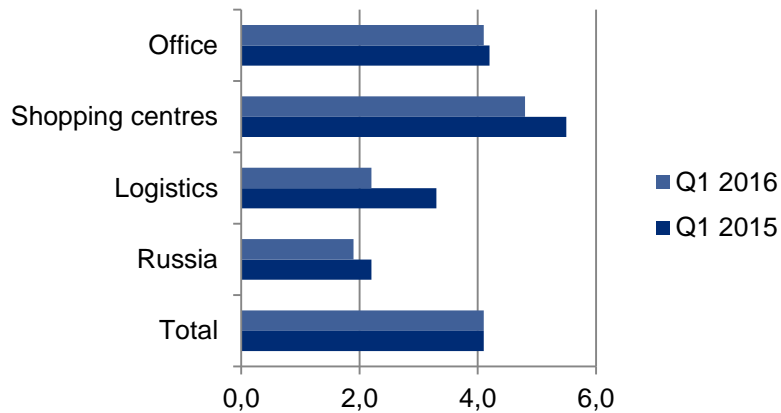


Lease agreement composition Q1 2016

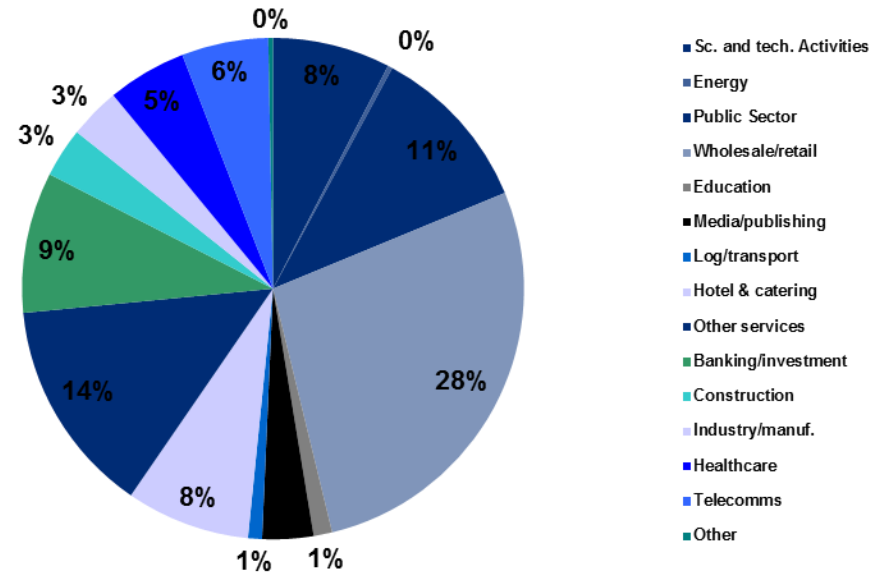
Lease maturity profile,
% of rental income



Average lease maturity



Tenant breakdown by sector¹

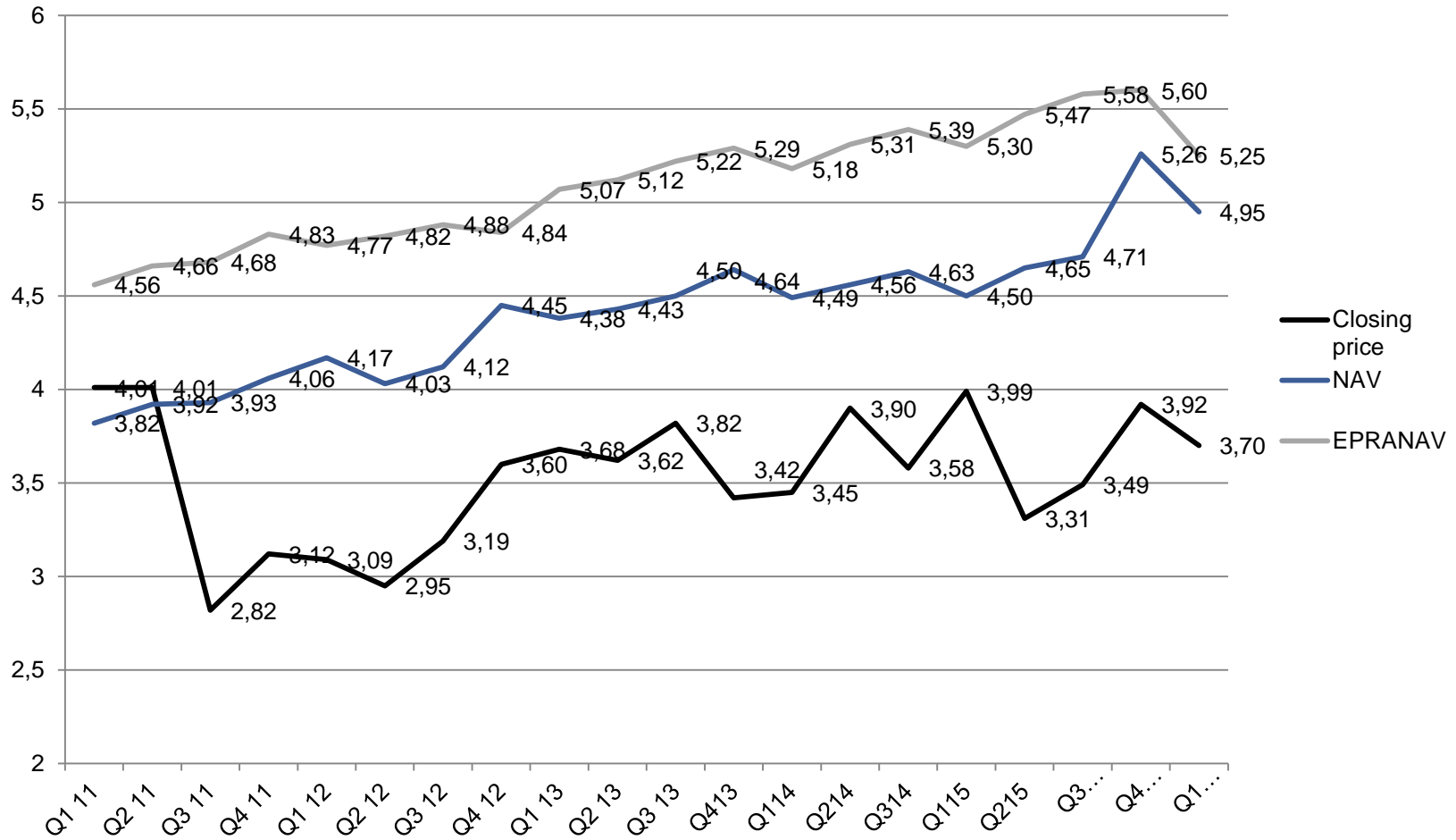


Note 1: Based on rental income

Balance sheet

M€	31.3.2016	31.3.2015	31.12.2015
ASSETS			
Investment properties	3,702.5	3,136.1	3,101.7
Other non-current assets	60.5	254.8	61.4
Fixed assets & other non-current assets, total	3,763.0	3,390.9	3,163.1
Current assets, total	126.4	45.2	267.7
Non-current assets held for sale	9.3	11.3	10.2
Assets, total	3,898.6	3,447.4	3,441.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity, total	1,776.1	1,369.8	1,585.0
Non-current liabilities, total	1,197.3	1,413.9	1,192.0
Current liabilities, total	925.2	663.1	664.0
Shareholders' equity and liabilities, total	3,898.6	3,447.4	3,441.0

NAV/share and EPRA NAV/share



EPRA NAV calculation

5.30 €/share

