



Sponda Financial Results Q1 2014 Events After the Period

30 April 2014

SPONDA



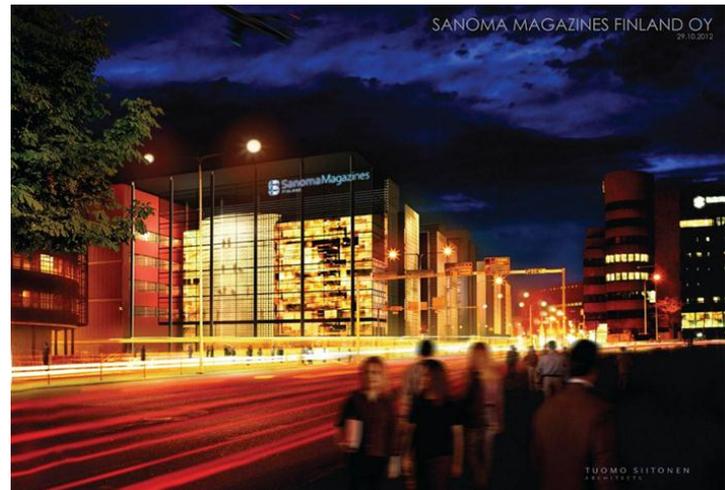
Performance Highlights

Kari Inkinen

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Sponda's Q1 2014 in brief

- Finnish operations are stable, Russian letting market challenging.
- Property development is accelerating. In the committed pipeline are three projects:
 - Ilmala office complex;
 - Lassila office property; and
 - renovation for Sanoma Media Finland Oy.



Sponda Q1 2014: Performance highlights

	1-3/14	Change %	1-3/13	1-12/13
Total revenue, M€	63.5	(3.8)	66.0	264.3
Net Operating Income, M€	44.0	(3.1)	45.4	190.9
Operating profit, M€	31.7	(41.3)	44.8	153.0
Cash flow from operations/share, €	0.09	-	0.09	0.40
Earnings/share, €	0.04	(42.9)	0.07	0.34
NAV/share, €	4.49	2.5	4.38	4.64
EPRA NAV/share, €	5.18	1.8	5.09	5.29
Economic occupancy rate, %	86.2	(2.3)	88.2	87.9

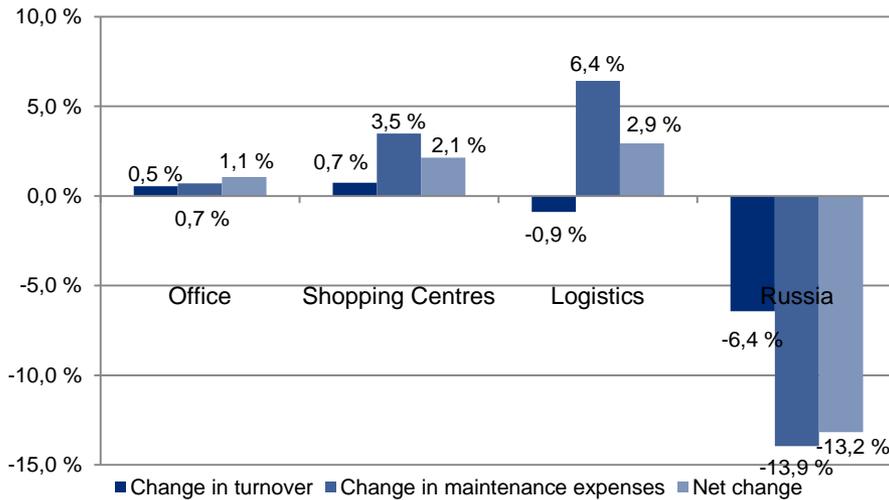
Key issues in Q1 2014

- Cash flows stable, occupancy rate down as expected.
 - Cash flow from operations was 0.09 (0.09) €.
 - Occupancy rate 86.2% (Q4/2013: 87.9%, Q1/2013: 88.2%).
 - NAV per share increased by 2.5% to 4.49 (4.38) €.
 - Like-for-like rental development was positive in all segments apart from Russia.
 - Office 1.1 (1.5)%;
 - Shopping Centres 2.1 (0.4)%;
 - Logistics properties 2.9 (-16.2)%; and
 - Russia -13.2 (-1.3)%.

Like-for-like development in Q1 2014

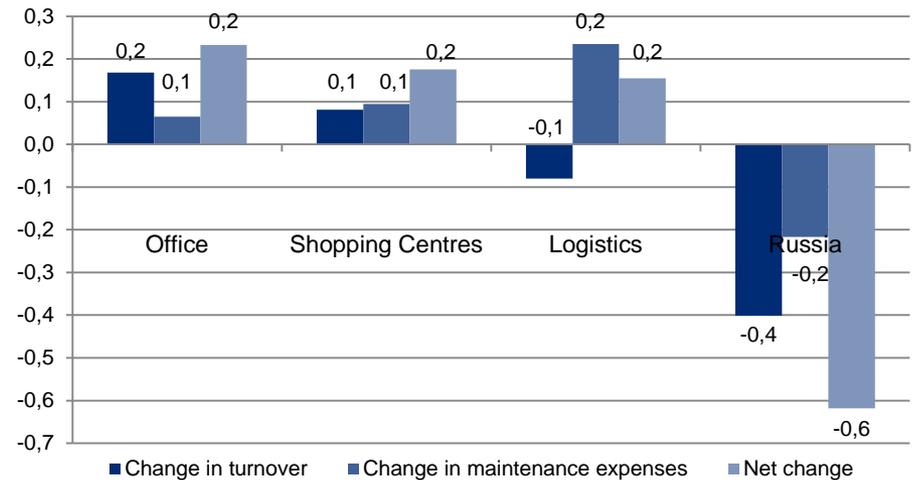
Like-for-like net rental growth has been calculated from a portfolio that Sponda has held for 2 years excluding acquisitions, disposals and property development.

Like-for-like net rental growth, %



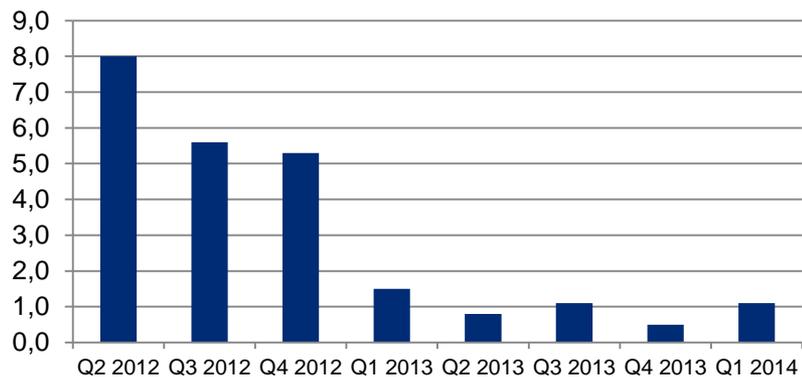
- L-f-l development as a percentage is positive in all segments apart from Russia.

Like-for-like net rental growth, M€

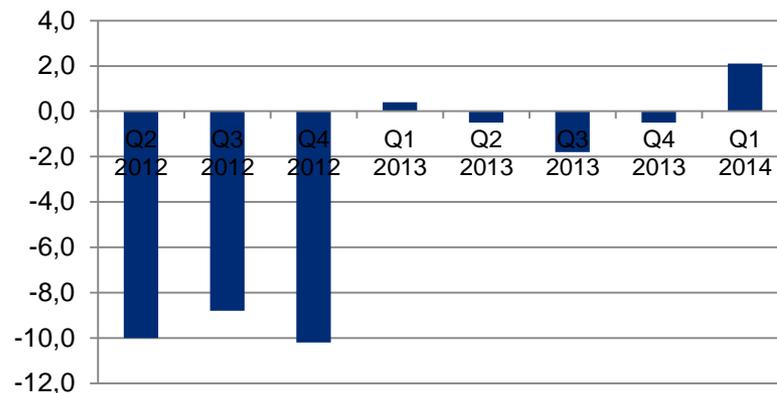


Like-for-like rental growth Q2 2012-Q1 2014, %

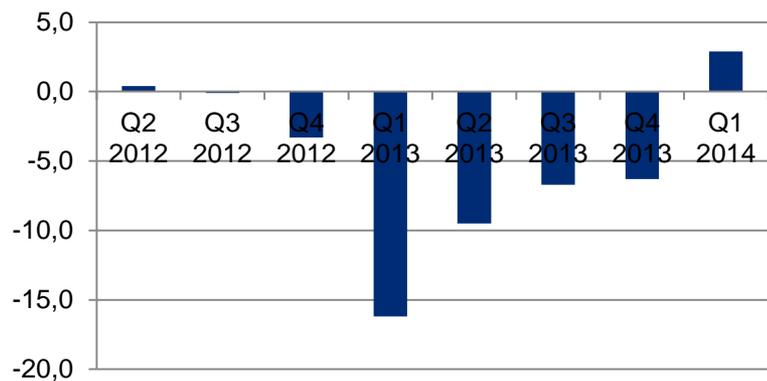
Office



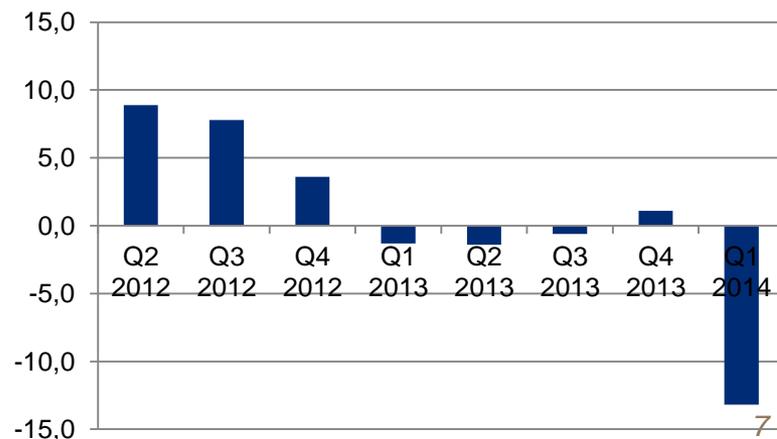
Shopping Centres



Logistics



Russia



Our priorities 2014

Occupancy rate development

Our target is to keep occupancy rate at the end-of-2013 level.

Implementing our new strategy

We are in the process of disposing logistics properties for EUR 216.7 million and disposing our share of the Sponda Fund I, Sponda Fund II and Sponda Fund III into a new property company.

Stable cash flow from operations per share

We aim to maintain our ability to pay stable dividend.

Increased focus in property development

During 2014, we will start at least three projects: Ilmala office, Lassila office and Sanoma renovation.



Market Update

Kari Inkinen

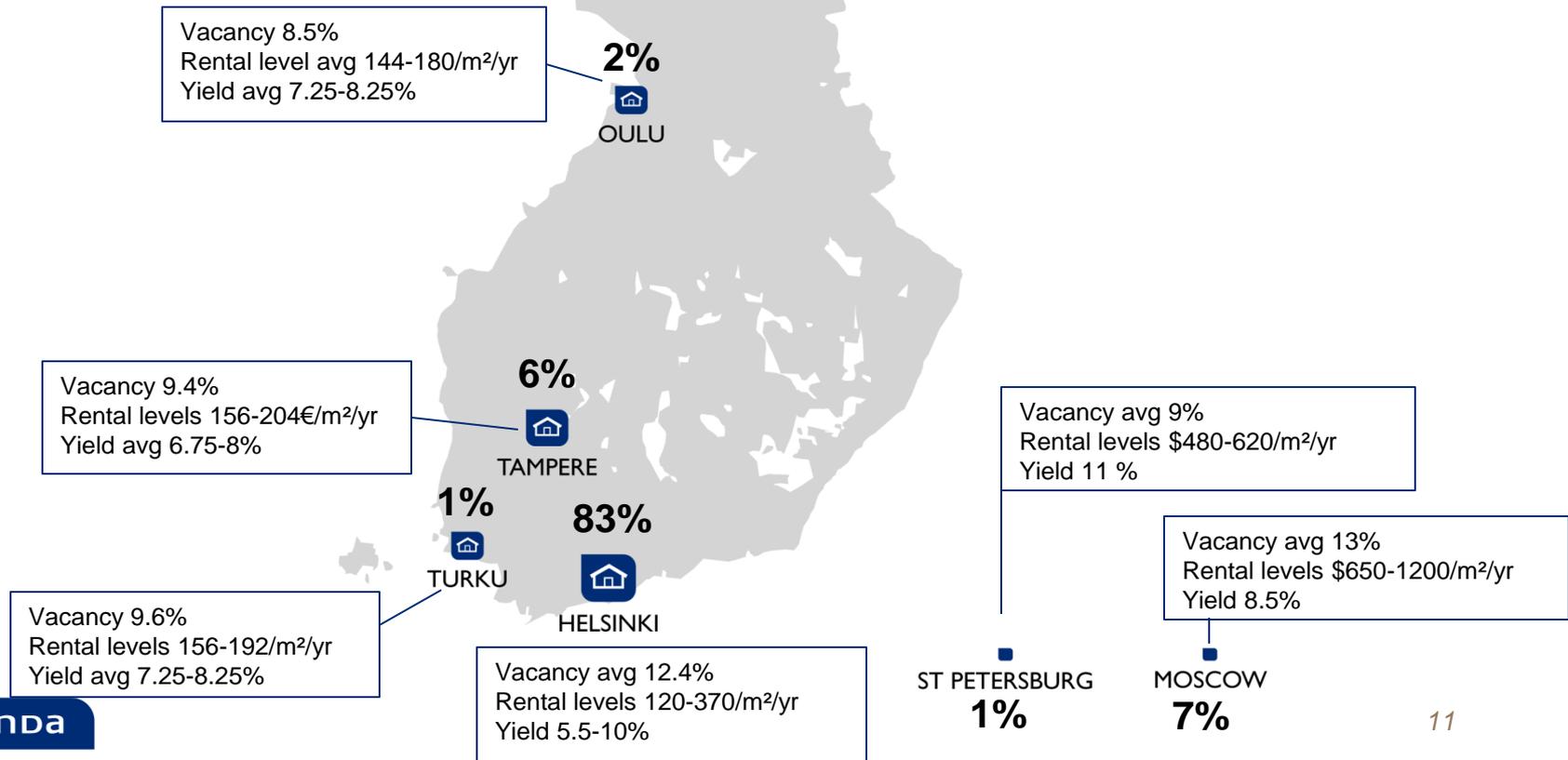
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Finnish property market

- The GDP growth is estimated to be 0.5% in 2014.
- Transaction market picked up in the last quarter of 2013. The same trend has continued at the beginning of 2014 and the transaction volume for Q1 in 2014 was EUR 0.63 billion.
- Rental levels are stable in the prime offices but vacancy rates for office properties are estimated to have increased. Helsinki CBD continues to outperform the rest of the market.
- According to Jones Lang LaSalle, property yields are stable except from Helsinki CBD offices, where yields have compressed 0.1%-points to 5.1%.

Office market statistics and Sponda's holdings

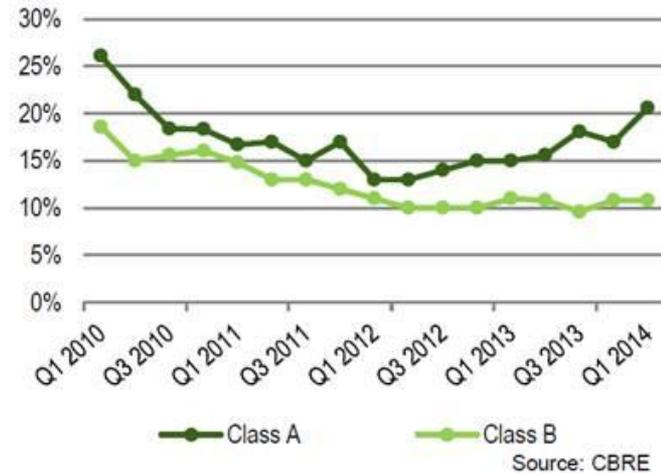
Source: Catella Property, Sponda



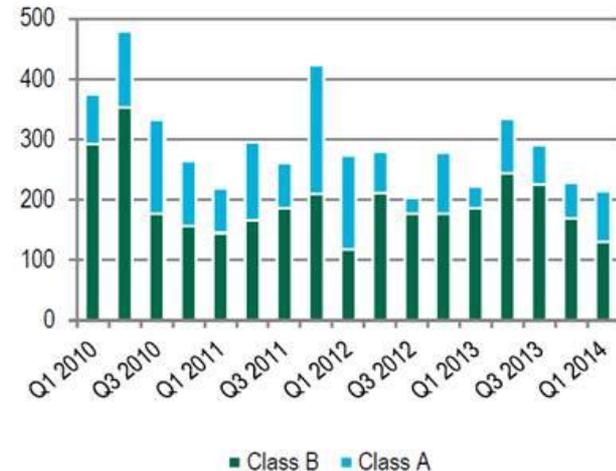
Russian property market

- The GDP growth has slowed down more than expected. The estimate for 2014 is 0.5%.
- Transaction market was also slower than last year. In Q1 2014 the volume was USD 0.6 billion (Q1 2013: USD 2.5 billion).
- Vacancy rate in office properties in Moscow increased to 13%.
- The top rents for A-class offices in Moscow are still stable at 1000 USD/m²/year. The bottom rents for A-class offices have come down somewhat.

Vacancy Rate by Class



Take-up by class, 000 sq m





Financials

Erik Hjelt

SPONDA

Profit & loss statement

M€	1-3/2014	1-3/2013	1-12/2013
Total revenue	63.5	66.0	264.3
Expenses	(19.5)	(20.6)	(73.4)
Net operating income	44.0	45.4	190.9
Profit on sale of inv. Properties	0.1	0.0	0.8
Valuation gain / loss	(6.7)	5.5	(14.2)
Profit on sale of trading properties	0.1	0.0	0.0
SGA expenses	(5.5)	(5.9)	(23.2)
Other operating income/expenses	(0.3)	(0.3)	(1.4)
Operating profit	31.7	44.8	153.0
Financial income and expenses	(15.3)	(13.5)	(59.8)
Profit before taxes	16.4	31.3	93.2
Taxes from previous and current fin. Years	(0.4)	(1.1)	(3.8)
Deferred taxes	(3.0)	(6.4)	(22.5)
Change of tax base of deferred taxes	0.0	0.0	36.3
Profit for the period	12.9	23.7	103.1

Valuation gains/losses

M€	1-3/2014	1-3/2013	1-12/2013
Changes in yield requirements (Finland)	0.0	0.0	(5.0)
Changes in yield requirements (Russia)	0.0	0.0	0.0
Profit/loss from property development projects	0.0	0.2	2.2
Modernization investments	(5.4)	(4.6)	(22.6)
Change in market rents and maintenance costs (Finland)	5.4	4.7	22.1
Change in market rents and maintenance costs (Russia)	(7.2)	1.3	(7.1)
Change in exchange rates	(1.2)	3.3	(5.7)
Investment properties, total	(8.5)	5.0	(16.1)
Real estate funds	0.1	(1.9)	(8.8)
Realised gains/losses in re funds	1.7	2.4	10.7
Group, total	(6.7)	5.5	(14.2)

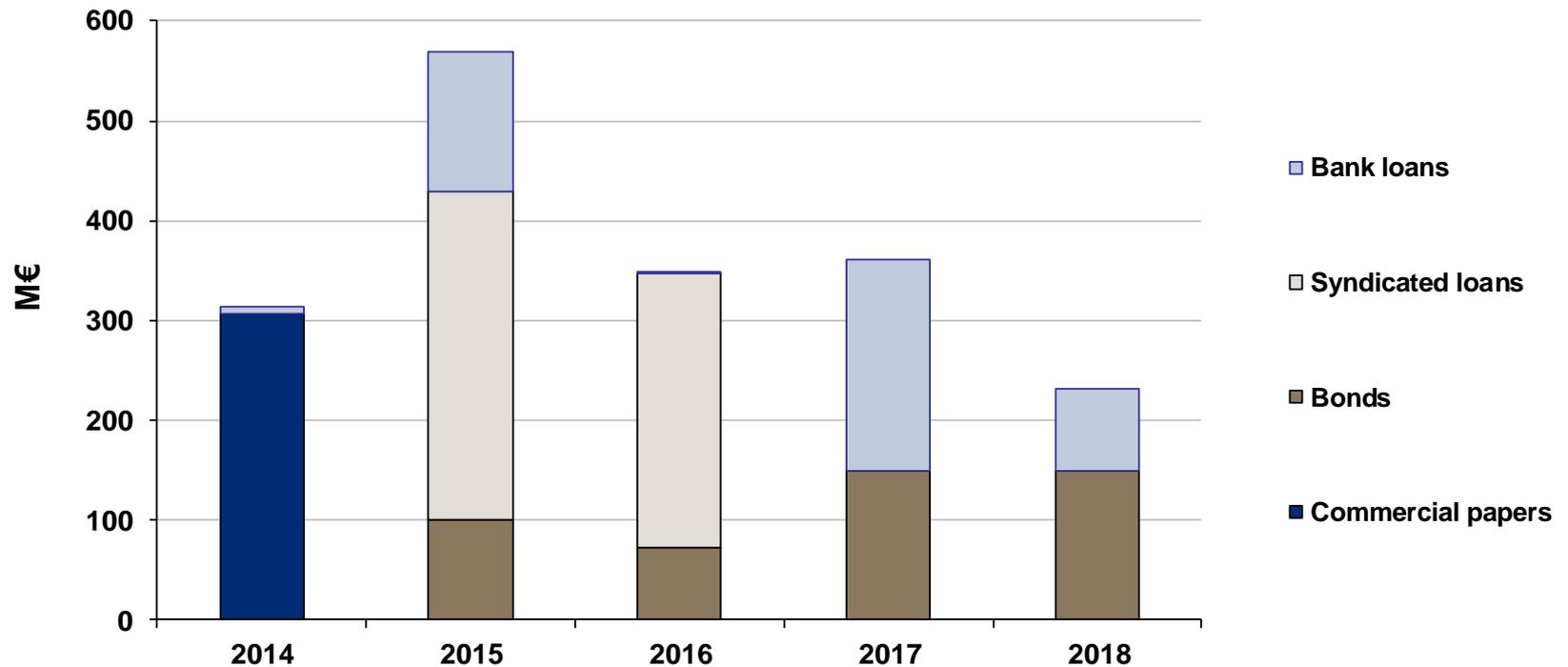
Financing

	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Equity ratio, %	40	41	39	39	41
Average interest rate, %	3.1	3.2	3.1	3.3	3.4
Hedging, %	78	79	74	68	70
Average loan maturity, yrs	2.2	2.5	2.2	2.1	2.4
Average fixed interest rate period, yrs	2.4	2.3	1.9	1.5	1.7
Interest cover ratio	3.1x	3.1x	3.0x	2.9x	2.9x
Loan to Value, %	54	53	54	54	52

- Long-term equity ratio target 40 %
- Covenants at equity ratio (28 %) and ICR (1.75 x)

Loan maturities 31 March 2014

- Interest-bearing debt EUR 1,816.8 million
- Unused financing limits EUR 510 million





Business Update

Kari Inkinen

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Segment performance



Office

Occupancy rate was 88.2% *) (Q1 2013 : 89.2%).
The effect of restatement was -1.2%-points.

Like-for-like rents were up by 1.1%.



Shopping Centres

Occupancy rate was 92.9% *) (Q1 2013: 94.1%).
The effect of restatement was 3.6%-points.

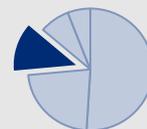
Like-for-like rents were up by 2.1%.



Logistics

Occupancy rate was 71.7% (Q1 2013: 74.8%).

Like-for-like rents were up by 2.9%.



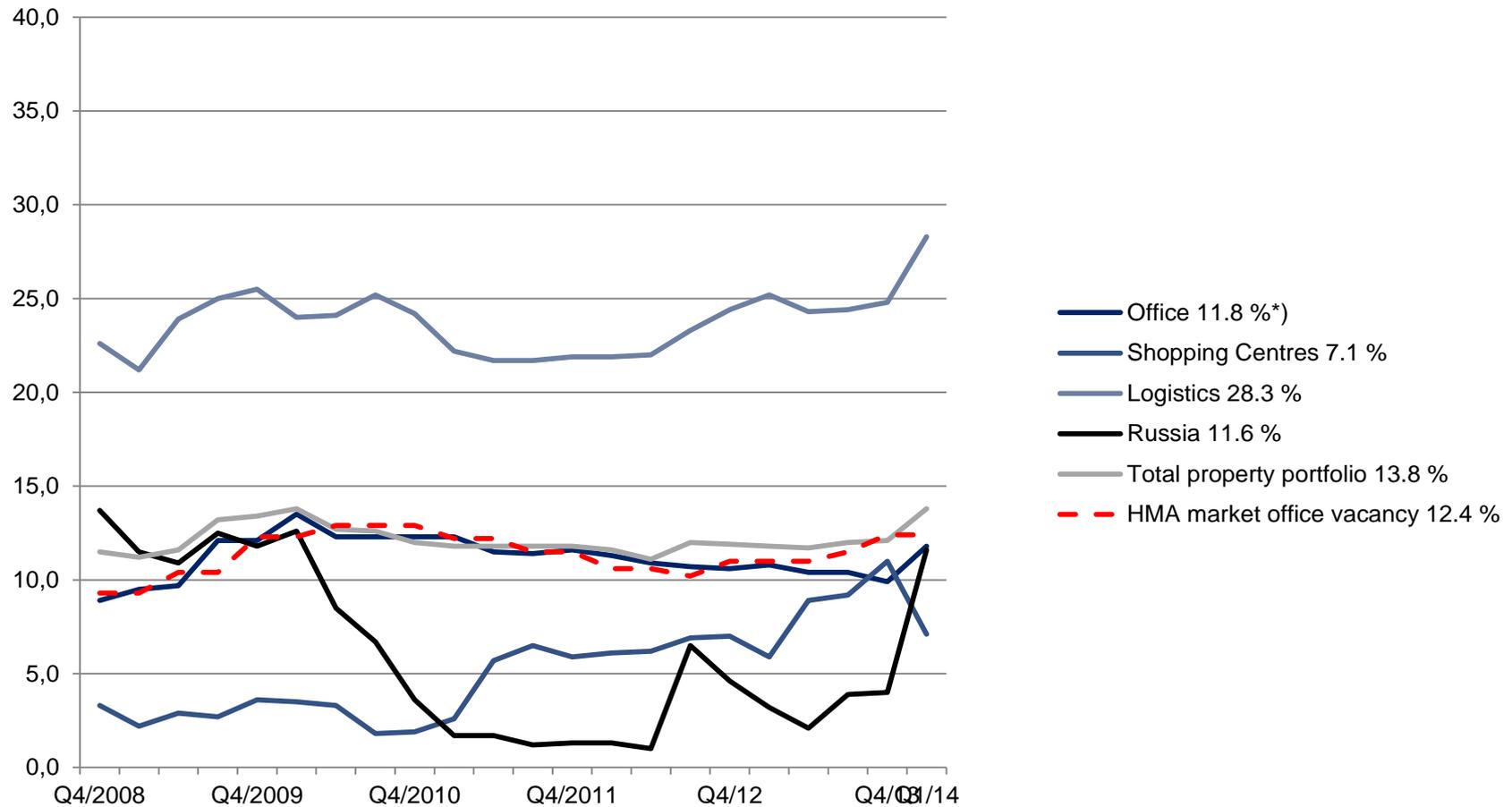
Russia

Occupancy was 88.4% (Q1 2013: 96.8%).

Like-for-like rents were down, -13.2%

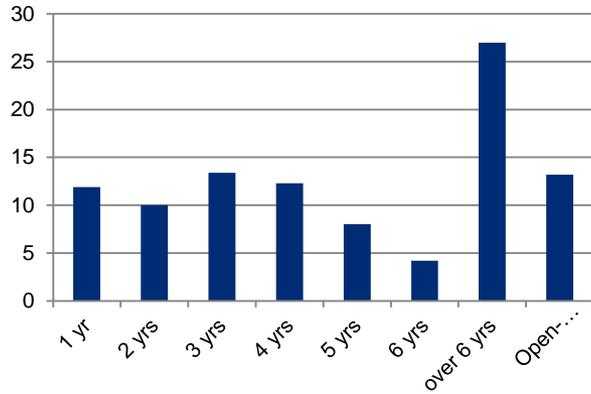


Economic vacancy rate 2007 – Q1 2014

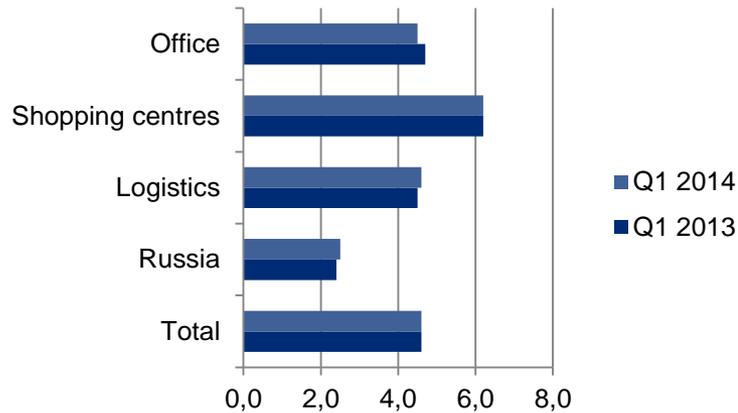


Lease agreement composition Q1 2014

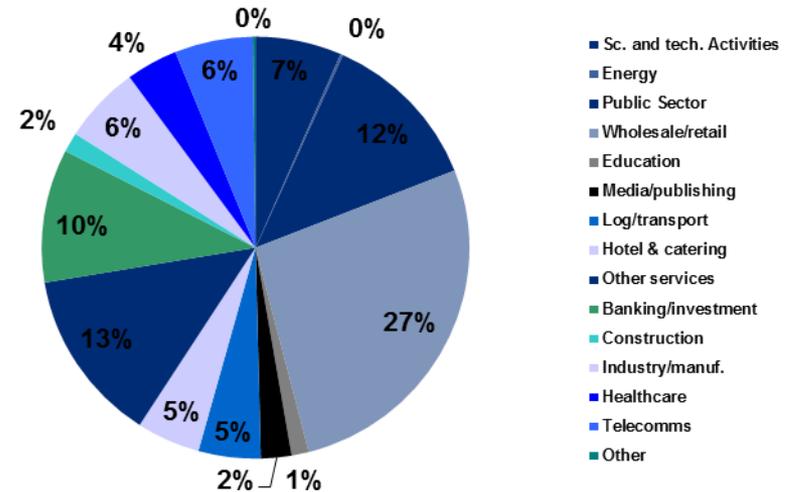
Lease maturity profile,
% of rental income



Average lease maturity



Tenant breakdown by sector¹



Note 1: Based on rental income

Lease agreements in Q1 2014

	Pcs	M ²	€/m ² /month (avg)*
Agreements that came into force during the period	97	21 449	15.40
Agreements that ended during the period	95	53 048	10.80
Agreements that were extended during the period	47	20 832	14.40

*) 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 30 % 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€	2010	2011	2012	2013	Q1 2014
Property development investments	30.5	58.5	47.5	14.0	3.3
Maintenance investments	29.9	50.5	28.4	22.6	5.4
Acquisitions	0.8	150.4	53.1	3.1	-
Disposals	57.0	14.1	61.8	33.1	0.3



Strategic disposals

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Sponda to sell 12 logistics properties and funds

- Sponda has today agreed to sell 12 logistics properties and Sponda Fund I, Sponda Fund II and Sponda Fund III (or mrecs owned by these funds).
- The buyer will be a new logistics and industrial property company, Certeum Oy.
- The logistics sale totals EUR 216.7 million, which corresponds the fair value at the end of March 2014.
- The equity in the property funds was valued at EUR 77.4 million at the time of signing. Compared to the end-of-March value, Sponda will book EUR 2.6 million profit.

Certeum Oy

- The largest shareholders of Certeum will be Mutual Pension Fund Varma, Sponda and the State Pension Fund.
 - In addition, shareholders of Sponda Fund I, Sponda Fund II and Sponda Fund III or the funds themselves will be shareholders of the new company.
- Sponda's share will be 38% of Certeum at most.
 - Sponda has a lock-up for the shares until the AGM of the new company in the spring 2015.
- Total value of the properties in Certeum will be approx. EUR 920 million and LTV 50%.

Logistics Properties

Property	Address	Leasable area (m ²)
Malmin Kankirauta Kkoy	Kankiraudantie 6, Helsinki	6 604
Ruosilantie 14 Kkoy	Ruosilantie 14, Helsinki	16 802
Ruosilantie 16 Kkoy	Ruosilantie 16, Helsinki	40 729
Ruosilantie 18 Kkoy	Ruosilantie 18, Helsinki	7 835
Espoon Juvanpuisto Koy	Juvan Teollisuuskatu 23, Espoo	14 172
Olarintörmä Koy	Olarinluoma 14, Espoo	8 441
Kuninkaankaari Koy	Heidehofintie 2, Vantaa	17 949
Kuninkaankruunu Koy	Heidehofintie 4, Vantaa	10 902
Vantaan Honkatalo Koy	Vanha Porvootie 229, Vantaa	60 165
Vantaan Vanha Porvoontie 231 Koy	Vanha Porvoontie 231, Vantaa	35 968
Tonttipaino Koy	Toinen savu 8, Vantaa	5 974
Vantaan Kuussillantie 27 Koy	Kuussillantie 27, Vantaa	4 947

Transaction details

- The average economic occupancy rate of the 12 properties is 80.2%.
- The average net initial yield is 7.2%.
- Instead of NOI, the share of Certeum's result corresponding Sponda's ownership will be booked in "Share of results of associated companies".
- The closing of the transaction is estimated to be at the end of September 2014.
- The impact of the transaction is expected to be cash flow-neutral for Sponda in the long term.

Prospects and financial targets

Prospect for NOI has been revised for 2014

Prospects

- Sponda expects the economic occupancy rate of the Group's properties in 2014 to remain largely unchanged from 2013. This estimate is based on the slow positive development of the Finnish economy as well as current information on expiring leases.
- Earlier Sponda estimated that the comparable net operating income in 2014 is expected to be at the same level as in 2013. After the planned transaction, Sponda estimates that the NOI will be EUR 175-183 million at the end of 2014 (including NOI from the properties to be sold from the time they are held). This view is mainly based on sale of the 12 logistics properties and sale of the share of the funds business being closed at the end of September 2014.

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.



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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 planning:
 - To sell the logistics portfolio;
 - To sell the Russian portfolio;
 - To exit the Property Funds business;
 - To sell the properties in Turku; and
 - To invest in prime properties in Helsinki and Tampere.
- After the reporting period, Sponda announced signing of a deal whereby Sponda is planning to sell 12 logistics properties and property funds' business for EUR 216.7 million and EUR 77.4 million respectively.

Strategy

- Time frame for the possible disposals is 3 to 5 years to achieve the best possible result.
- Capital received from the planned disposals will be re-invested in Helsinki and Tampere areas in office and shopping centre properties and property development projects.
- The possible acquisitions will be made if and when suitable properties are found.

Environmental responsibility 2014

Target	Result
Energy consumption declines in properties located in Finland (energy consumption in total).	
Comparable water consumption decreases in properties in Finland.	
Recycling of waste stays at the level of 87% (as was in 2013) of all waste.	
Environmental partnership program expanded from last year to 22 (in 2013, Sponda had 20 partners).	
Environmental certificates obtained for possible new properties and for all major maintenance investments.	

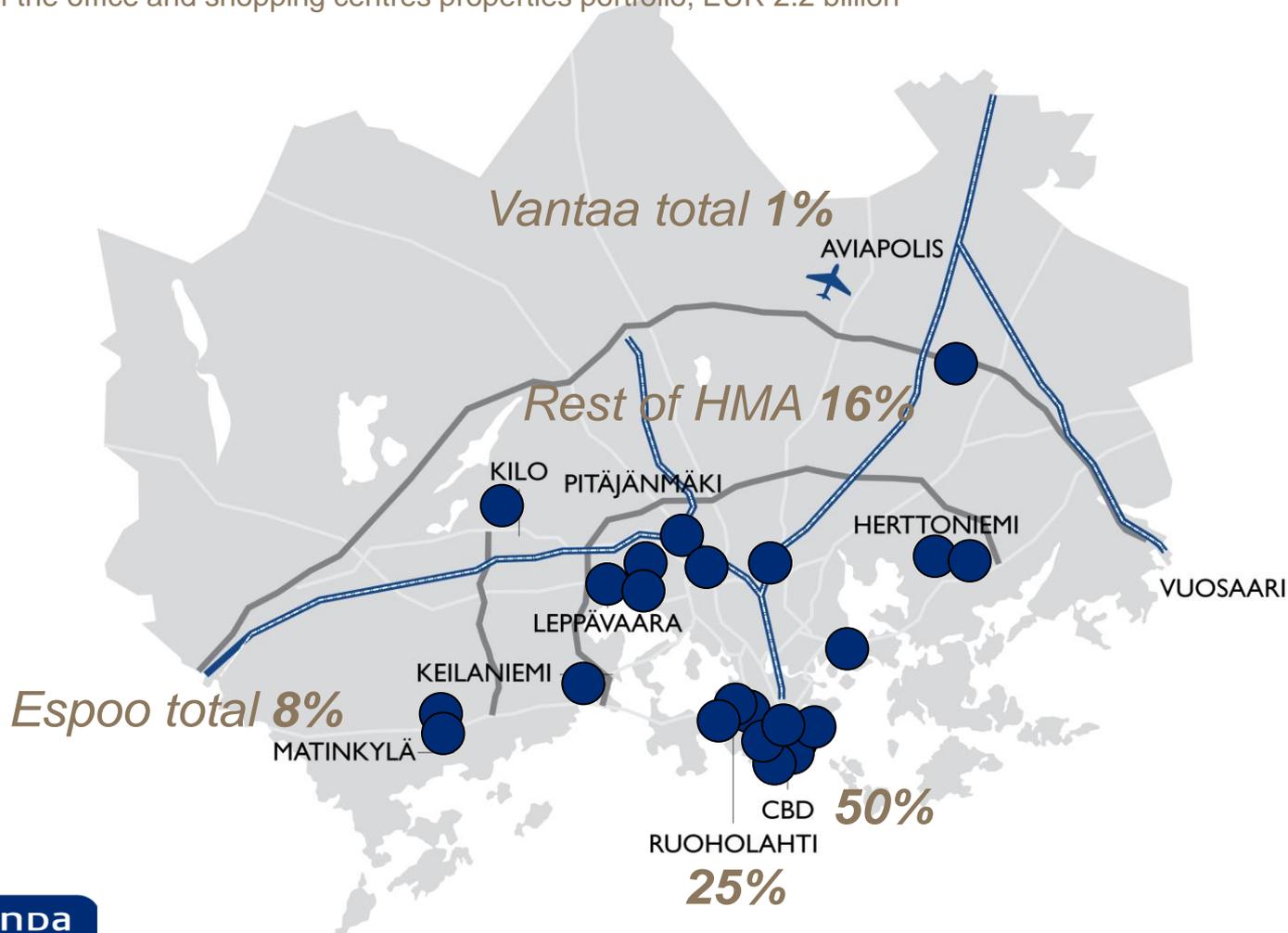


Overview of the current reporting segments

	Fair value ¹	Yield requirement ²	Net initial yield ³	% of portfolio ⁴
Office	1 759.4 M€	6.4 %	5.6 %	53%
Shopping Centres	717.6 M€	5.8 %	5.4 %	23%
Logistics	426.6 M€	8.2 %	5.6 %	13%
Property Development	110.5 M€	n/m	n/m	3%
Russia	239.4 M€	9.6 %	6.7 %	8%
Real Estate Funds	560 M€ (AUM)	n/m	n/m	n/m

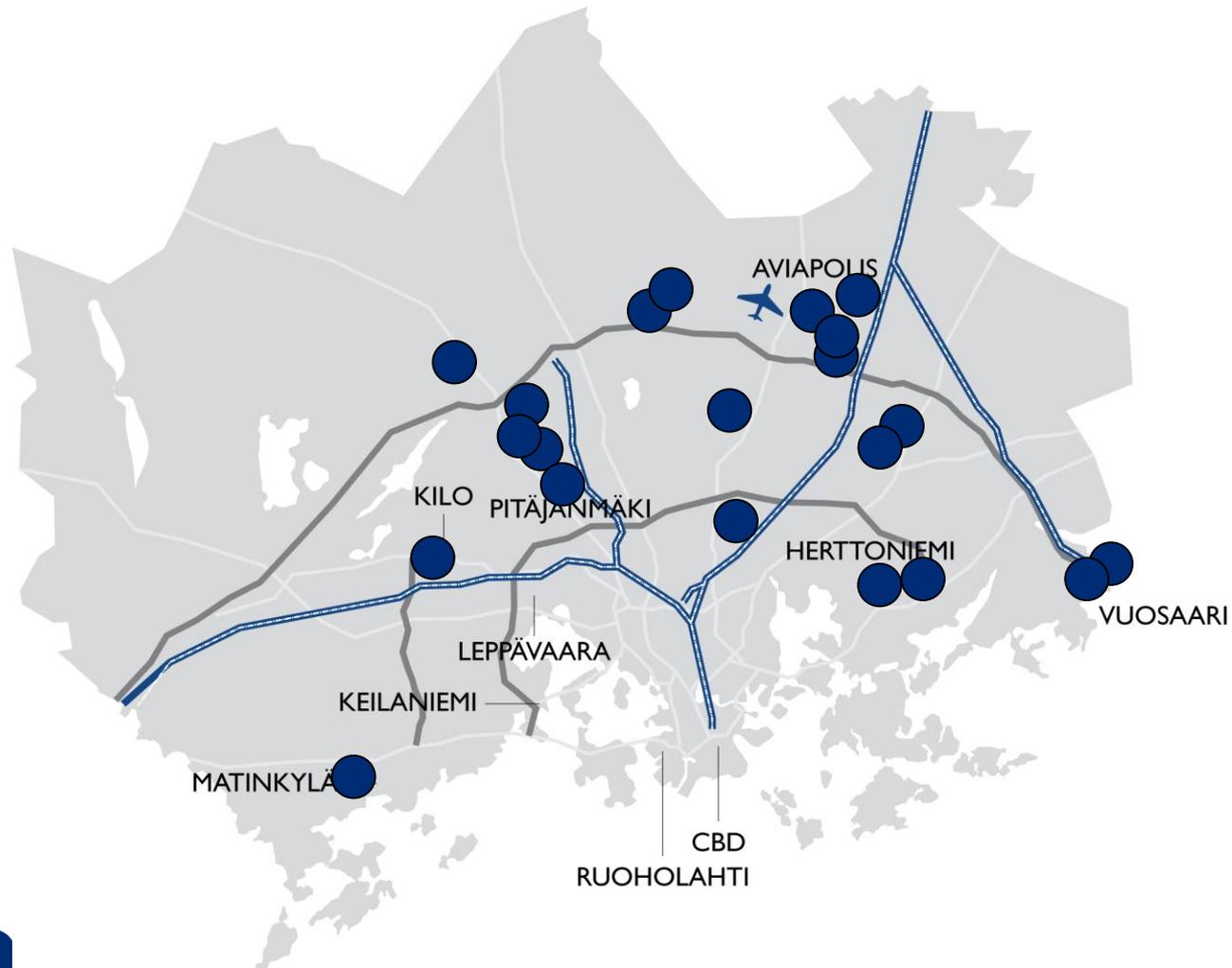
Sponda's office and shopping centre properties, HMA

Total of the office and shopping centres properties portfolio, EUR 2.2 billion



Sponda's logistics properties

Total of 13% of the Investment Properties portfolio

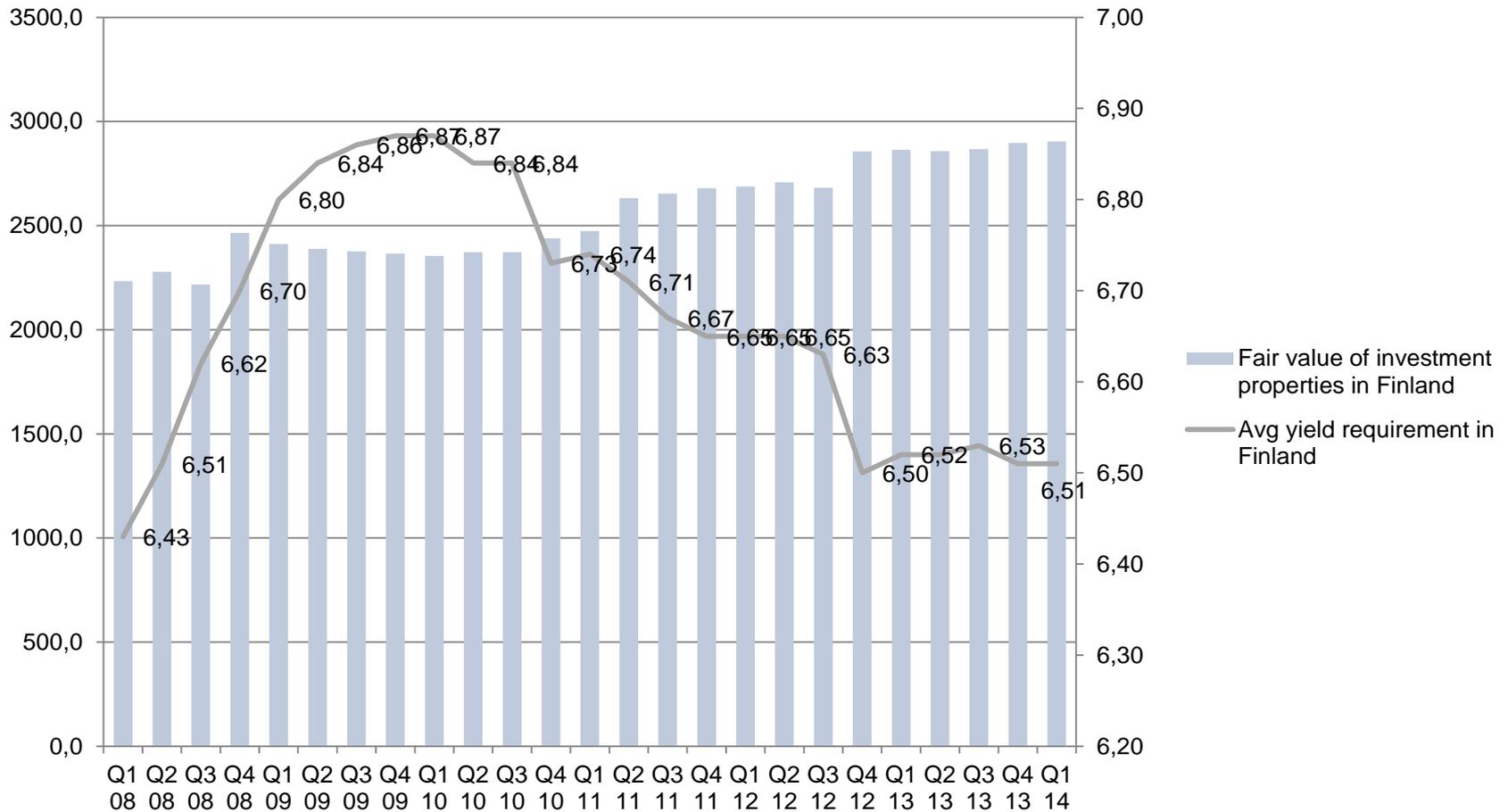


Balance sheet

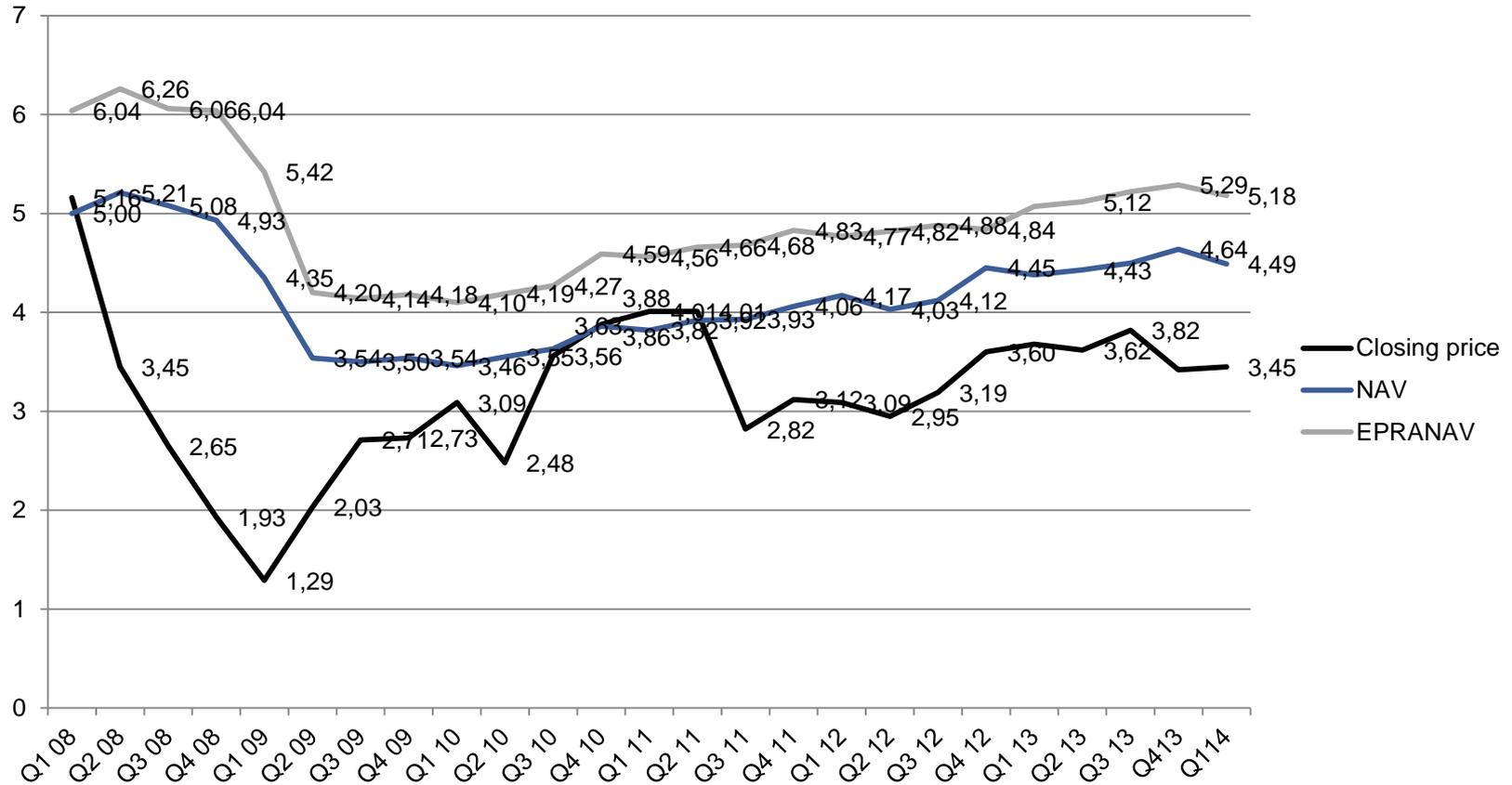
M€	31.3.2014	31.3.2013	31.12.2013
ASSETS			
Non-current assets	3,409.7	3,458.3	3,411.4
Current assets	52.1	54.2	60.3
Assets, total	3,461.8	3,512.5	3,471.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity total	1,367.9	1,427.9	1,409.3
Non-current liabilities			
Interest-bearing debt	1,485.1	1,451.3	1,505.5
Other liabilities	32.0	33.0	27.2
Deferred tax liabilities	184.7	212.7	182.1
Non-current liabilities, total	1,701.9	1,697.0	1,714.8
Current liabilities, total	392.0	387.6	347.6
Liabilities, total	2,093.9	2,084.6	2,062.5
Shareholders' equity and liabilities	3,461.8	3,512.5	3,471.7

Fair value and valuation yield

(Includes investment properties in Finland only)



NAV/share and EPRA NAV/share



EPRA NAV calculation

5.18 €/share

