

Financial Results Q1 2012

4 May 2012

Conference call 11.00 am EET

Dial-in number:

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Webcast available at our website:

Investors > performance > results and presentations

SPONDA

Agenda

- **Performance highlights and our priorities– Kari Inkinen**
- Market Update – Kari Inkinen
- Financials – Erik Hjelt
- Business Update – Kari Inkinen

Sponda Q1 2012: Performance highlights

	1-3/12	1-3/11	1-12/11
Total revenue, M€	66.0	58.6	248.2
Net Operating Income, M€	46.1	39.6	179.4
Operating profit, M€	43.6	37.4	209.6
Cash flow from operations/share, €	0.09	0.07	0.37
Earnings/share, €	0.07	0.06	0.39
NAV/share, €	3.98	3.82	4.06
EPRA NAV/share, €	4.76	4.56	4.84
Economic occupancy rate, %	88.4	88.2	88.2

Key issues in Q1 2012

- Finland's GDP growth estimate (MofF) is 0.8% for 2012.
- Our portfolio's performance is strong.
 - Vacancy decreased during Q1 from the year-end.
 - Net operating income up by 16 % compared to last year.
 - Rental levels are stable in all property sectors.
- Guidance for 2012 occupancy rate development was raised.
- Valuation of investment properties done internally in Q1.
 - Slight increase was mainly due to new signed leases and their rental levels in both Finland and Russia.
- Committed property development projects (Citycenter and Ruoholahti office building) are progressing as scheduled.
 - Property development investments for the rest of 2012 are EUR 27.4 million.
 - Maintenance investments in Q1 were EUR 6.8 million.

How has Sponda's portfolio performed in the market?

Office and Retail

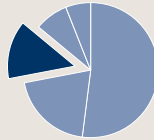


Occupancy rate rose to 88.7% from 88.4% from the year-end 2011.

New leases are mainly signed at the same level than expiries*.

Property values have risen slightly due to new leases signed.

Logistics



Occupancy rate remained at the year-end level of 78.1%.

Average rents are at the same level than expiries*.

Values decreased slightly.

Shopping Centres

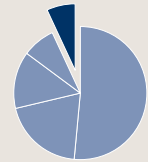


Occupancy rate declined slightly to 93.9 % from 94.1%.

Rents have stabilised*. For the Q1 2012 one larger lease agreement came into force at lower level which in turn impacted I-f-I development.

Values of shopping centres remained as before.

Russia



Occupancy rate remained high at 98.7 %.

Moscow rents are rising due to shortage of class A offices. St Petersburg market is more stable.

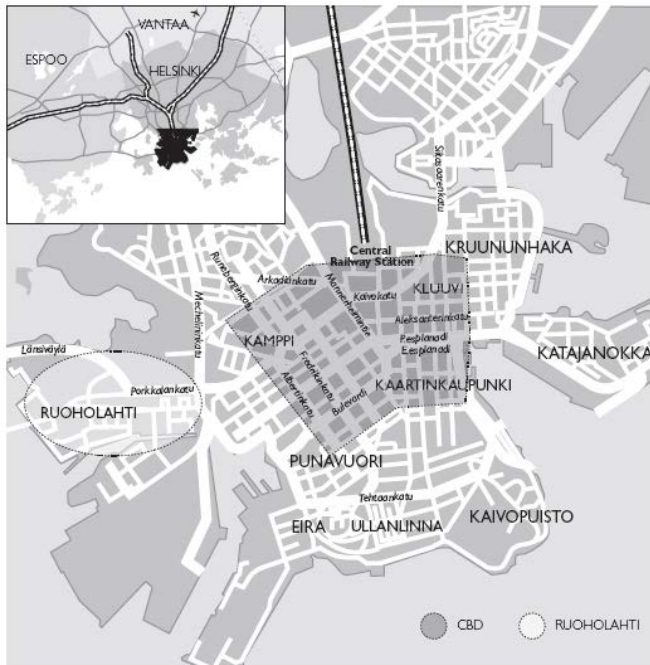
Values increased EUR 0.7 million due to increased market rents.

** The figure refers to average rental levels in new agreements compared to rental levels in expired leases in Sponda's portfolio.*

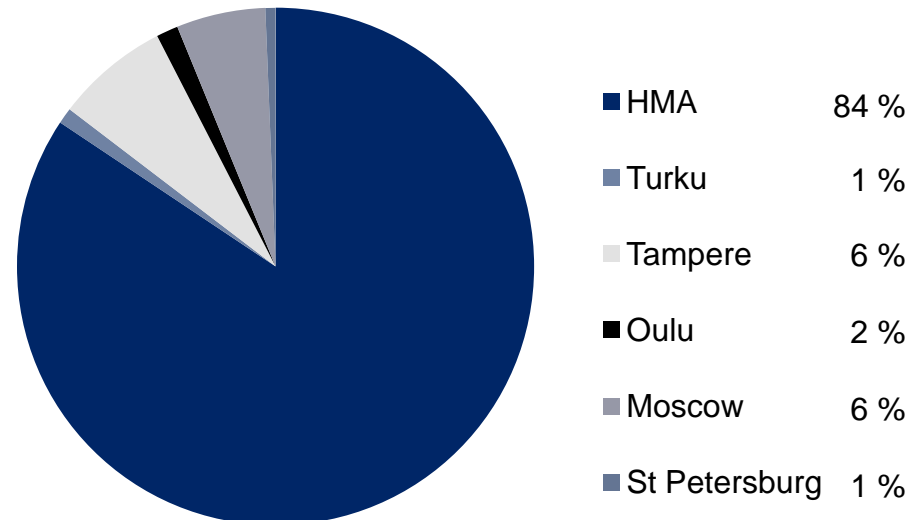
Property portfolio focused on prime locations in the Helsinki Metropolitan Area

Sponda owns a diversified property portfolio with a wide range of space solutions

Helsinki CBD and Ruoholahti areas



Investment properties by location (excl. Property development & Funds)



EUR 2,913.2 million

Our strengths and possibilities

- We believe in non-speculative development; it is attractive and value-adding.
- We believe in location for the sake of properties keeping their value (rent and vacancy-wise).
 - Our Finnish portfolio is mostly located in CBD Helsinki and Ruoholahti areas (67 %).
 - In Q1 2012 our occupancy rose from 88.2% to 88.4% against expectations.
 - Net Operating Income rose 16% from Q1 2011.
- Russia performs strongly with NIY of 11.4% in Q1 2012 and with 1.3% vacancy.
- Nordics is the place to be in Europe.
- Values tend to move less aggressively in Finland than in continental Europe.
 - Prime properties seem to hold their value well in current market.

Our priorities in 2012

- We will further develop our portfolio.
- We will guard our vacancy.
- We aim to retain the rental levels.
- We will guard our balance sheet.



- For many, priority in 2012 is refinancing. We have completed ours until 2014.

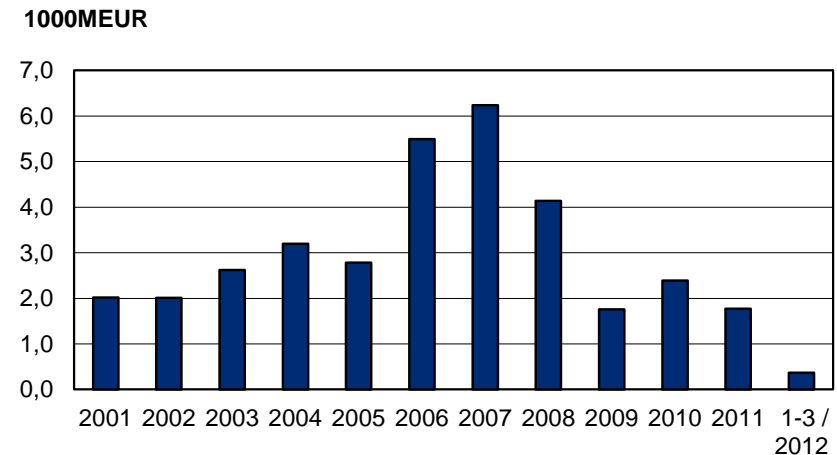
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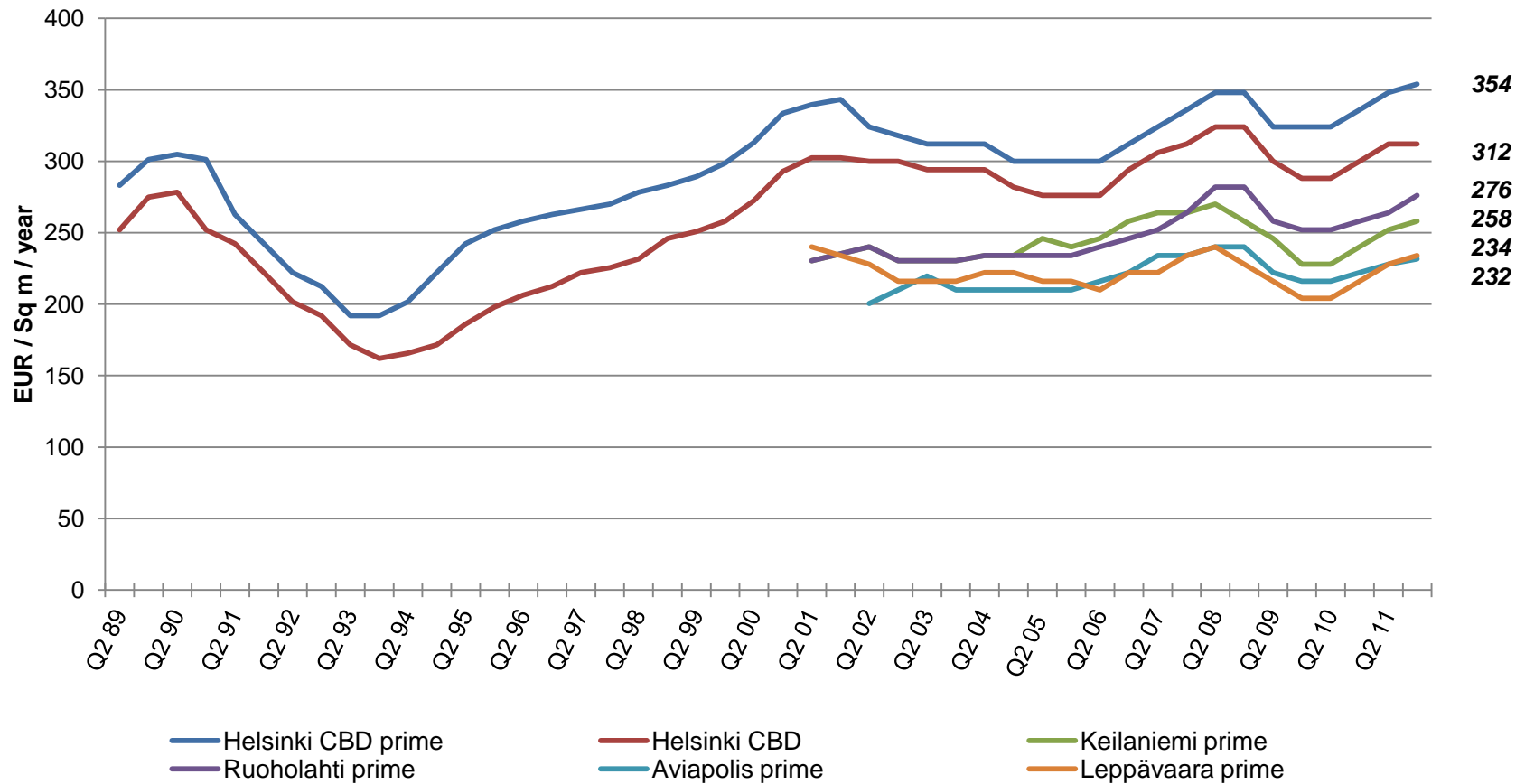
The Finnish property market

- At the end of March 2012, the transaction level was at a modest EUR 0.4 bn but still higher than a year ago (0.19 bn).
- Office market vacancy decline is expected to level out in 2012.
- In 2012, approx. 200 000 m² of new office space will be completed in the HMA.
- Market office rents have stabilized.

Property transaction volume



Rental levels of offices, HMA

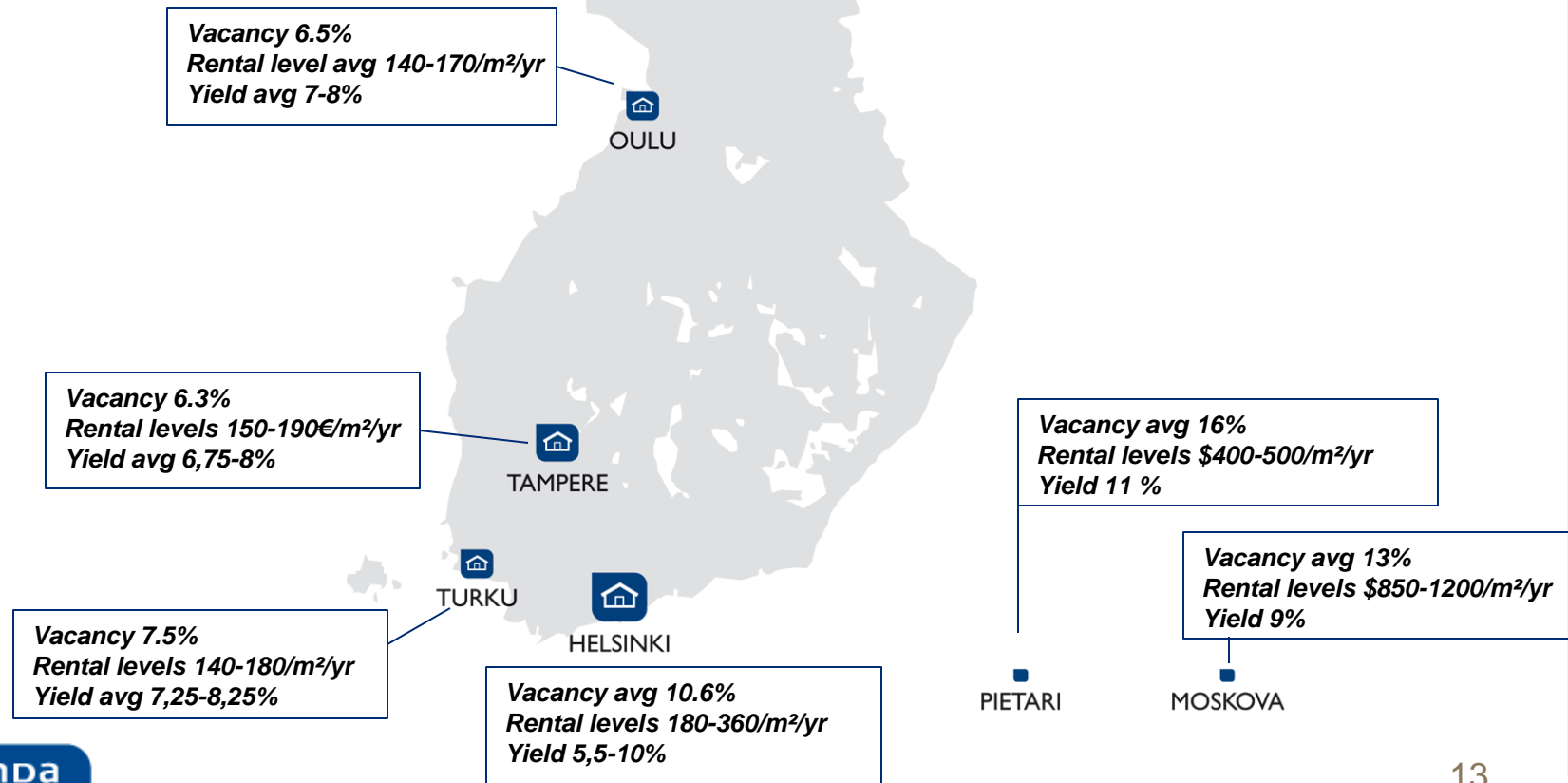


The Russian property market

- GDP growth for 2012 is expected to around 3.7%.
- Yields for Class-A office properties in Moscow are around 9%.
- In Moscow office market prime rents have been USD 1200/m²/year due to the lack of grade A office space in the central Moscow.
 - New office stock coming to the market by the end of 2013, approximately 1-1,6 million m² (A and B classes combined).
- After 2013, most of the new development will be coming outside the 3-ring road.
- In St. Petersburg, both vacancy and rents are stable. There is more office stock, ca. 300 000 m², coming to the market in the next couple of years.

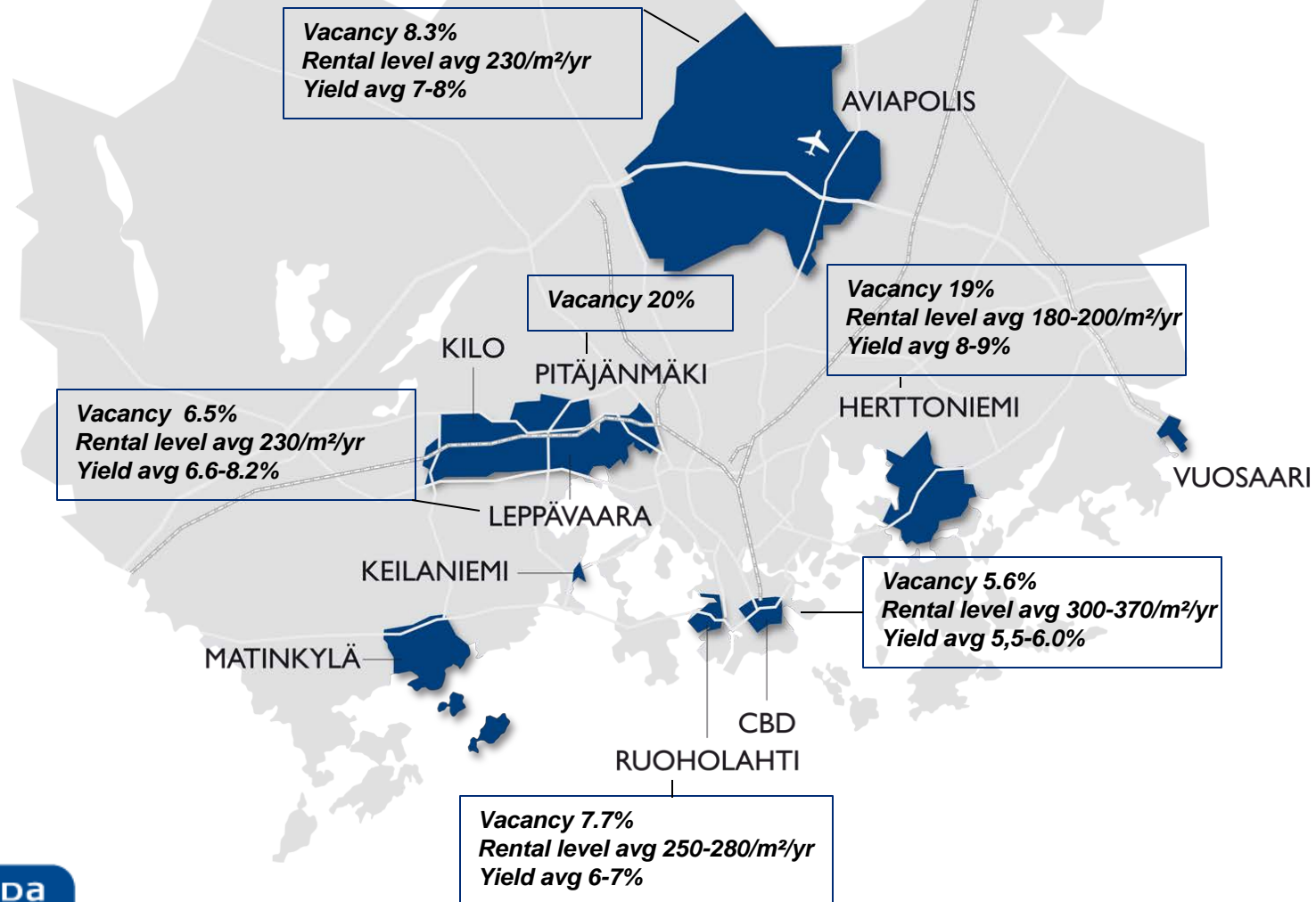
Office market, Finland and Russia

Source: Catella Property, Sponda,



Office market, Helsinki Metropolitan Area

Source: Catella Property, Sponda



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Profit & loss statement

Me	1-3/2012	1-3/2011	1-12/2011
Total revenue	66.0	58.6	248.2
Expenses	(20.0)	(19.0)	(68.8)
Net operating income	46.1	39.6	179.4
Profit on sale of inv. properties	0.9	0.2	7.2
Valuation gain / loss	2.8	3.1	39.6
Profit on sale of trading properties	0.0	0.0	0.7
Valuation gain/loss from trading properties	0.0	0.0	(1.8)
SGA expenses	(5.8)	(5.6)	(23.1)
Share of result of associated companies	0.0	(0.1)	(0.1)
Other operating income/expenses	(0.3)	0.3	7.6
Operating profit	43.6	37.4	209.6
Financial income and expenses	(14.0)	(12.6)	(75.6)
Profit before taxes	29.6	24.8	134.0
Taxes from previous and current fin. years	(0.7)	(0.8)	(3.1)
Deferred taxes	(6.2)	(5.0)	(25.1)
Change of tax base of deferred taxes	0.0	0.0	12.0
Profit for the period	22.7	19.1	117.8

Valuation gains/losses

M€	1-3/2012	1-3/2011	1-12/2011
Changes in yield requirements (Finland)	0.0	6.9	16.2
Changes in yield requirements (Russia)	0.0	0.0	17.5
Profit/loss from property development projects	(1.2)	4.9	8.2
Modernization investments	(6.8)	(11.9)	(50.6)
Change in market rents and maintenance costs (Finland)	8.2	4.1	44.7
Change in market rents and maintenance costs (Russia)	0.6	2.2	2.7
Change in exchange rates	0.1	(4.5)	0.4
Investment properties, total	0.9	1.7	39.0
Real estate funds	0.0	0.0	(4.4)
Realised gains/losses in re funds	1.9	1.4	5.0
Group, total	2.8	3.1	39.6

Balance sheet

M€	31.3.2012	31.3.2011	31.12.2011
ASSETS			
Non-current assets	3,320.3	3,047.7	3,311.1
Current assets	62.6	53.9	76.1
Assets, total	3,382.5	3,101.6	3,387.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity total	1,258.5	1,189.9	1,281.1
Non-current liabilities			
Interest-bearing debt	1,307.0	1,345.8	1,380.8
Other liabilities	39.0	10.5	39.7
Deferred tax liabilities	236.4	223.2	235.7
Non-current liabilities, total	1,582.5	1,579.5	1,656.2
Current liabilities, total	541.5	332.2	449.9
Liabilities, total	2,124.0	1,911.7	2,106.2
Shareholders' equity and liabilities	3,382.5	3,101.6	3,387.3

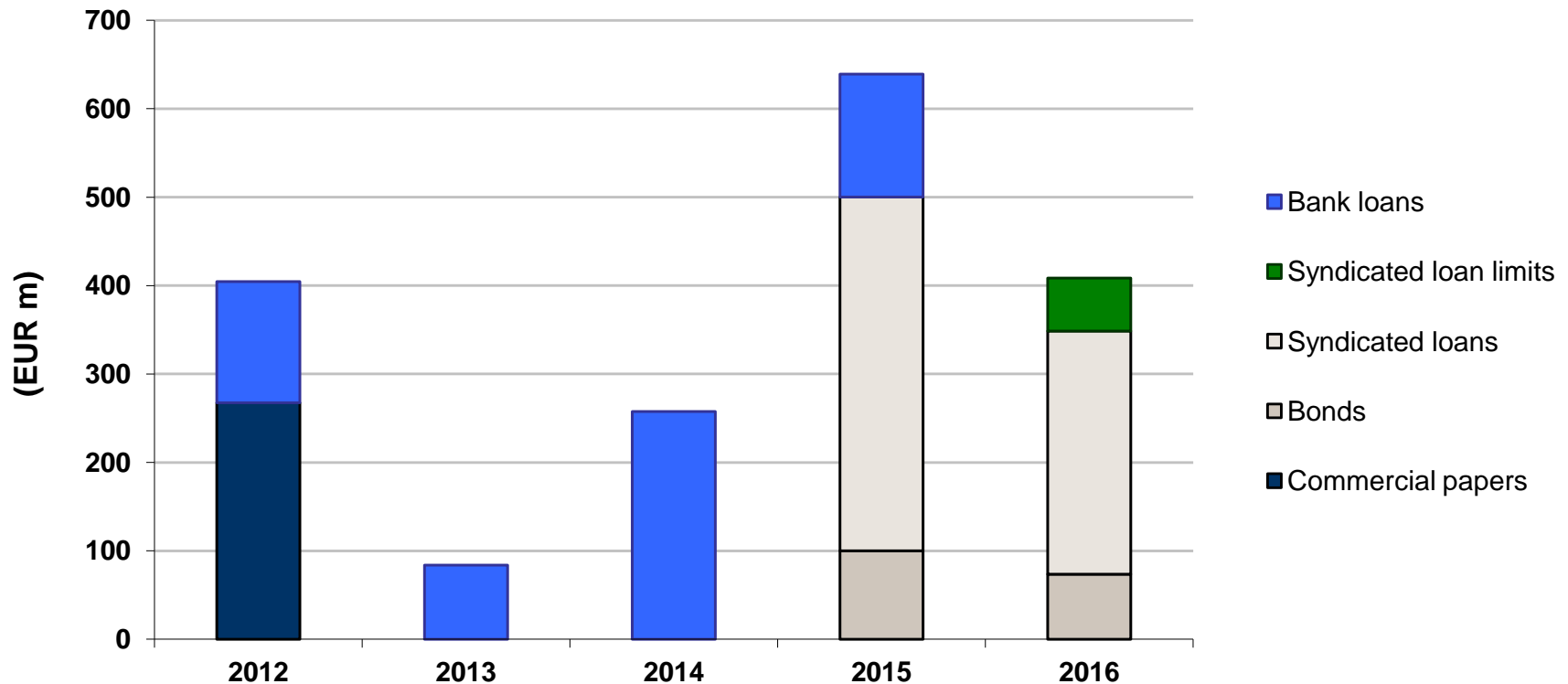
Financing

	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Equity ratio, %	37	38	38	38	38
Average interest rate, %	3.7	4.0	4.0	3.9	3.8
Hedging, %	75	77	80	85	87
Average loan maturity, yrs	2.8	3.1	2.7	2.9	2.9
Average fixed interest rate period, yrs	1.9	2.2	2.2	2.5	2.5
Interest cover	2.6 x	2.7x	2.8x	2.9x	3.0x
Loan to Value, %	55	54	54	55	54

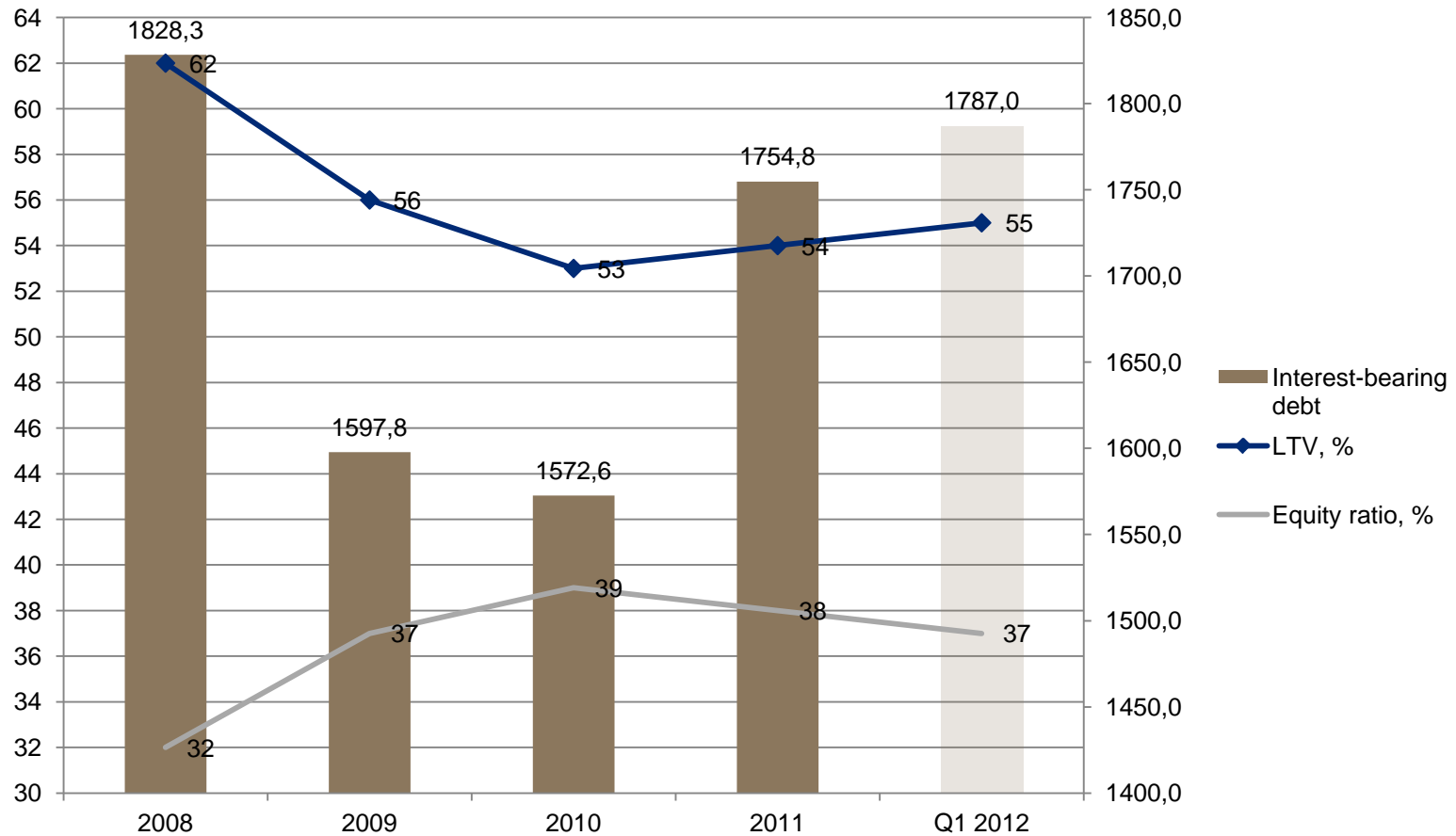
- *Long-term equity ratio target 40 %*
- *Covenants at equity ratio (28 %) and ICR (1.75 x)*

Loan maturities 31 March 2012

- Interest-bearing debt EUR 1,787.0 million
- Unused financing limits EUR 450 million



Development of financing position

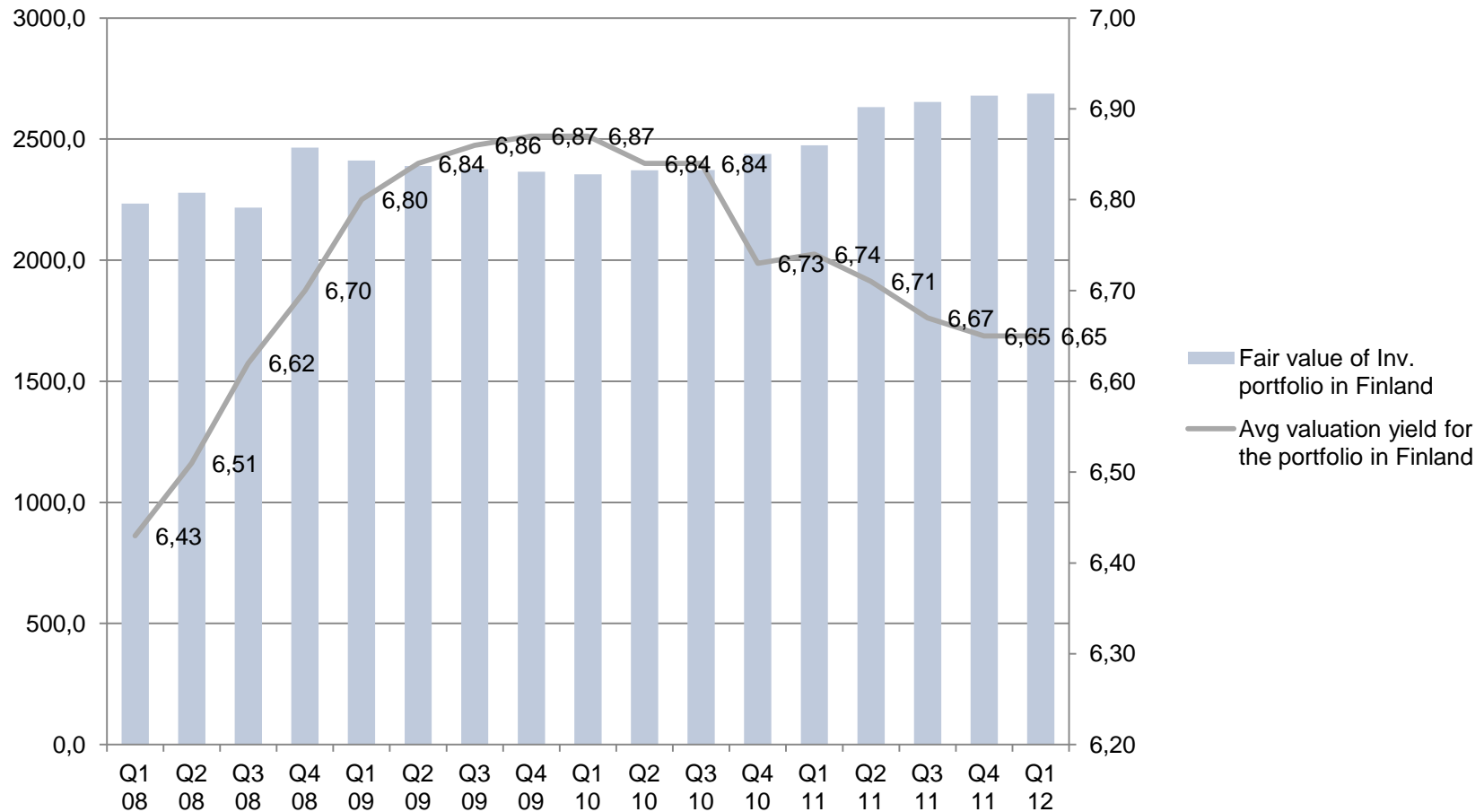


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Valuation yield development

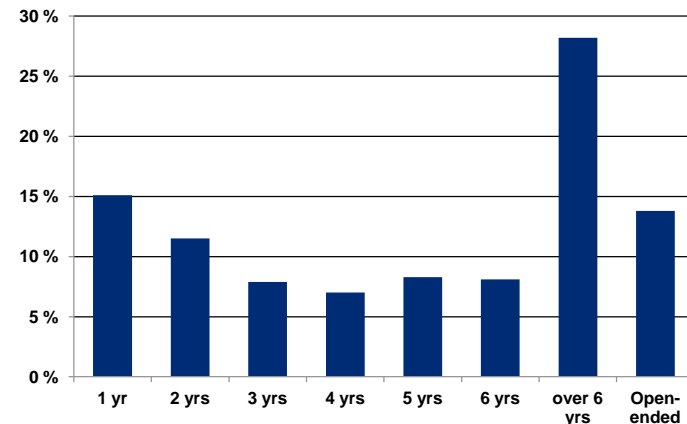
Average valuation yield for the investment portfolio in Finland (excl. Property development and Russia)



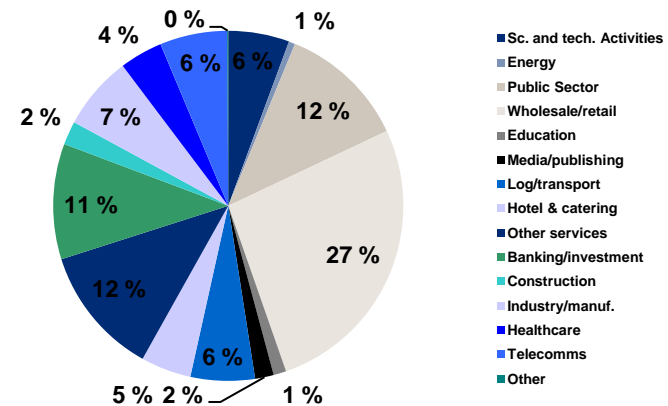
High-quality tenant base and balanced lease agreement base

- Future cash flows
EUR 1,265.0 million
- Average length of contracts
4.9 years:
 - O&R 4.9 yrs
 - Shopping Centres 6.7 yrs
 - Log 4.3 yrs
 - Russia 2.4 yrs
- Approximately 31 % of total rental income comes from 10 largest tenants
- All agreements in Finland are linked to CPI

Lease maturity profile



Tenant breakdown by sector¹



Note 1: Based on rental income

Lease agreements in Q1 2012

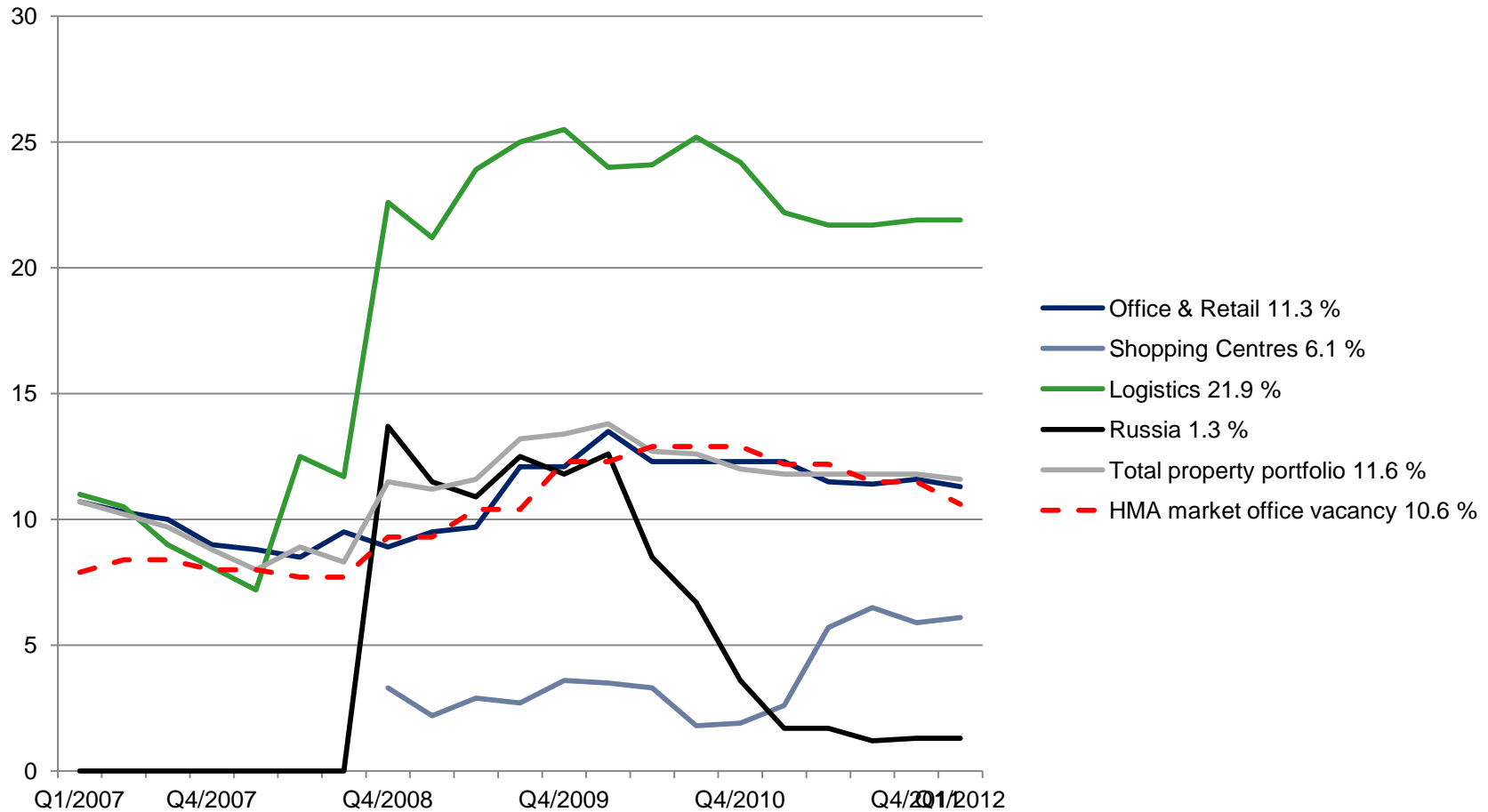
	Pcs	M ²	€/m ² /month (avg)*
Agreements that came into force during the period	102	22 040	13.50
Agreements that ended during the period	96	20 506	16.17
Agreements that were extended during the period	56	74 907	15.29

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

	Office and Retail	Shopping Centres	Logistics	Russia
Like-for-like net rental growth*	9.7%	-8.2%	4.0%	5.4%

**) Portfolio that Sponda has held for 2 years excluding acquisitions, disposals and property development*

Economic vacancy rate 2007 – Q1 2012



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	Q1/2012	2013
Committed property development investments for the remainder of the year	30.5	58.5	27.4	16.2
Maintenance investments Q1 2012	29.9	50.5	6.8	
Acquisitions	0.8	150.4	-	
Disposals	57.0	14.1	1.8	



Property development

- The value of development portfolio was EUR 264.2 million
 - Land sites: EUR 90.3 million
 - Development projects: EUR 161.8 million
 - Development investments include mainly investments to Citycenter project and the construction of the office building in Ruoholahti.

	City-Center	Ruoholahti office building
Total investment, M€	134.0*)	23.5
Of which yet to be invested	24.0	13.4
Capitalized interest costs by 31 March 2012, M€	13.1	-
Completion time	End of 2012	April 2013

Currently ongoing development projects

Citycenter

- Last construction phase along Keskuskatu has started. The whole project will be completed for the most part by the end of 2012.

Ruoholahti office building

- Sponda will build a new environmentally-friendly office building in Ruoholahti.
- Total investment is EUR 23.5 million, leasable area is 6,000 m².
- Construction is ongoing. Building will be completed in April 2013.
- Building is 70 % pre-let.



Prospects and financial targets

Prospects

- Sponda expects the vacancy rates of its investment properties at year's end 2012 to be largely unchanged from the end of 2011. The earlier estimate of vacancy rates increasing slightly in 2012 has been adjusted upwards in response to the success in letting operations and the improved prospects for the remainder of the year.
- The comparable net operating income (excluding any property disposals) of 2012 is expected to increase moderately compared to 2011. This is based on property acquisitions and the completed property development projects in 2011.

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.

IR contact:

Pia Arrhenius


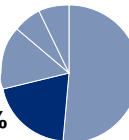
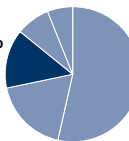
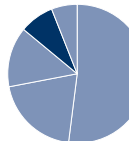
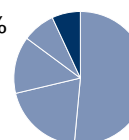
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*City-Center during night-time
Photograph: Tomi Parkkonen*

Overview of reporting segments

	Segment in brief	Fair value ¹	% of portfolio ²	Yield requirement ³
Office & Retail	<ul style="list-style-type: none"> Office and retail properties in the largest cities of Finland Focus on Helsinki CBD and the Ruoholahti area 	EUR 1,653.5m	 53%	6.5%
Shopping Centres	<ul style="list-style-type: none"> Specialises in leasing shopping centres in the largest cities in Finland 	EUR 585.7m	 18%	5.9%
Logistics	<ul style="list-style-type: none"> One of the largest owners and lessors of logistics properties in Finland and largest supplier in the Helsinki Metropolitan Area 	EUR 448.7m	 14%	8.0%
Property Development	<ul style="list-style-type: none"> Sponda's development projects and land assets Currently active projects are the Citycenter project and office building in Ruoholahti. 	EUR 264.2m	 8%	n/m
Russia	<ul style="list-style-type: none"> Office and logistics properties, shopping centres and land assets in the Moscow and St Petersburg areas 	EUR 225.3m	 7%	9.8%
Real Estate Funds	<ul style="list-style-type: none"> Owns and manages office, retail and logistics properties through real estate funds 	EUR 590m (assets under management)	n/m	n/m

Strategy

- *Sponda's strategic goal* is to seek growth and profitability through customer-focused operations and active property development, by purchasing property, and through operating real estate funds in Finland and Russia.
- Sponda will focus on active portfolio management through divesting non-core properties, acquiring properties that the company considers to be in core locations and core segments.
- Sponda reviews its strategy regularly so that it can, if necessary, adjust its operations to prevailing market conditions.

Strategy 2005-2011

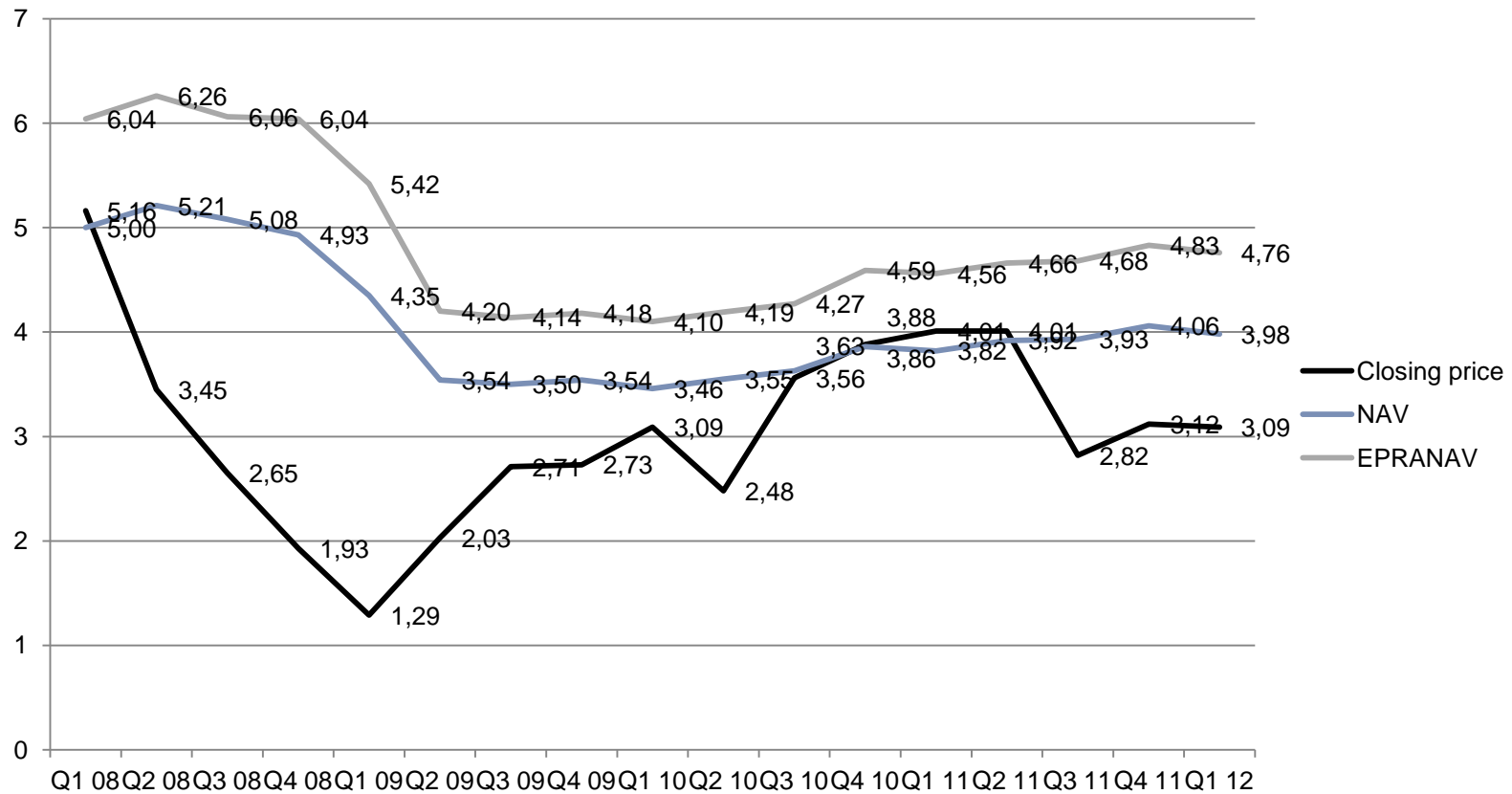
2005	2006	2007	2008	2009	2010	2011
<ul style="list-style-type: none"> • Strategy revised: Profitable growth strategy and expansion plans to Russia and the Baltic Countries 	<ul style="list-style-type: none"> • First property fund established: First TopLux Co. • First investment to Russia made, a logistics property in St Petersburg. 	<ul style="list-style-type: none"> • Rights offering for EUR 250 million completed to partly finance Kapiteeli acquisition. • Sale of asset portfolio, in total EUR 400 million 	<ul style="list-style-type: none"> • Along with the economic downturn, Sponda started to sell properties in order to strengthen its balance sheet. 	<ul style="list-style-type: none"> • Strategy revised: Baltic Countries no longer as a strategic inv. target. • Strategy adjusted : modest growth financed by property disposals. 	<ul style="list-style-type: none"> • Sponda sold its properties for EUR 57 million in total. • In total, EUR 800 million was refinanced during the year. 	<ul style="list-style-type: none"> • Sponda bought Fennia Quarter for EUR 122 million. • Re-financing was completed until 2014.
<p>Organisation streamlined to four business units: Office and Retail, Logistics, Property Development and New Business areas.</p>	<ul style="list-style-type: none"> • Sponda signed agreement with Helsinki Harbour to build logistics centre in the new Vuosaari Harbour. 	<ul style="list-style-type: none"> • A number of property development projects were started in Helsinki Metropolitan Area. 	<ul style="list-style-type: none"> • At the end of the year, all property development projects were completed on schedule, apart from the City-Center project. 	<ul style="list-style-type: none"> • Rights offering for EUR 200 million completed to strengthen balance sheet.. 	<ul style="list-style-type: none"> • Property development was accelerated after a couple of slower years. 	<ul style="list-style-type: none"> • Building of new headquarters for publishing house Talentum started. • 2nd phase of Citycenter completed.
	<ul style="list-style-type: none"> • Sponda bought property investment company Kapiteeli Plc for EUR 950 million. 			<ul style="list-style-type: none"> • Property development activities increased at the end of the year. 	<ul style="list-style-type: none"> • Activities in environmental responsibility increased. 	<ul style="list-style-type: none"> • Russia Invest – company co-founded with four other parties.

Environmental responsibility in 2012

Targets for 2012

- **Low-energy concept will be taken into use**
- **Energy efficiency program expanded from last year**
- **Energy consumption in Sponda's own office will decrease by 2%**
- **Properties' environmental strain**
 - Recycling of waste increased to over 70%
 - Comparable energy consumption in properties will decrease
 - Comparable water consumption will decrease
- **Energy consumption in Russia**
 - Energy consumption monitoring (water and electricity) developed further in Moscow
 - Environmental certificate for possible new properties and for properties under modernization process.
- **Environmental certificates**
 - Obtained for all new development properties and properties under modernization
 - Certification process for an office property in Russia completed

NAV/share and EPRA NAV/share



EPRA NAV calculation

	M€
Equity attributable to equity holders of parent company	1 256.8
Other equity reserve	-129.0
Goodwill relating to deferred tax liability on properties	-14.5
Deferred tax*)	233.0
Capitalized borrowing cost	0.6
Total	1 346.9
No of shares at the end of period	283 075 462
EPRA NAV	4.76

**) Deferred tax relating to fair valuation of property and interest rate derivatives*