

Financial results Q3 2009

5 November 2009

Conference call 11.00 am EET

Dial-in number:

+44-20-3037 9092

Webcast available at:

http://www.sponda.fi/www/ln_english/Investors.iw3

SPONDA

Agenda

- **Strategy – Kari Inkinen**
- Performance highlights and current issues – Kari Inkinen
- Property market – Kari Inkinen
- Financial results – Erik Hjelt
- Business review – Kari Inkinen

Strategy

- Sponda's strategy is to grow moderately through property development and property acquisitions.
 - Growth is financed mainly with property divestments.
- Long-term equity ratio target is 40 % .
 - Previous long-term target was 33 %.
- 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.

Agenda

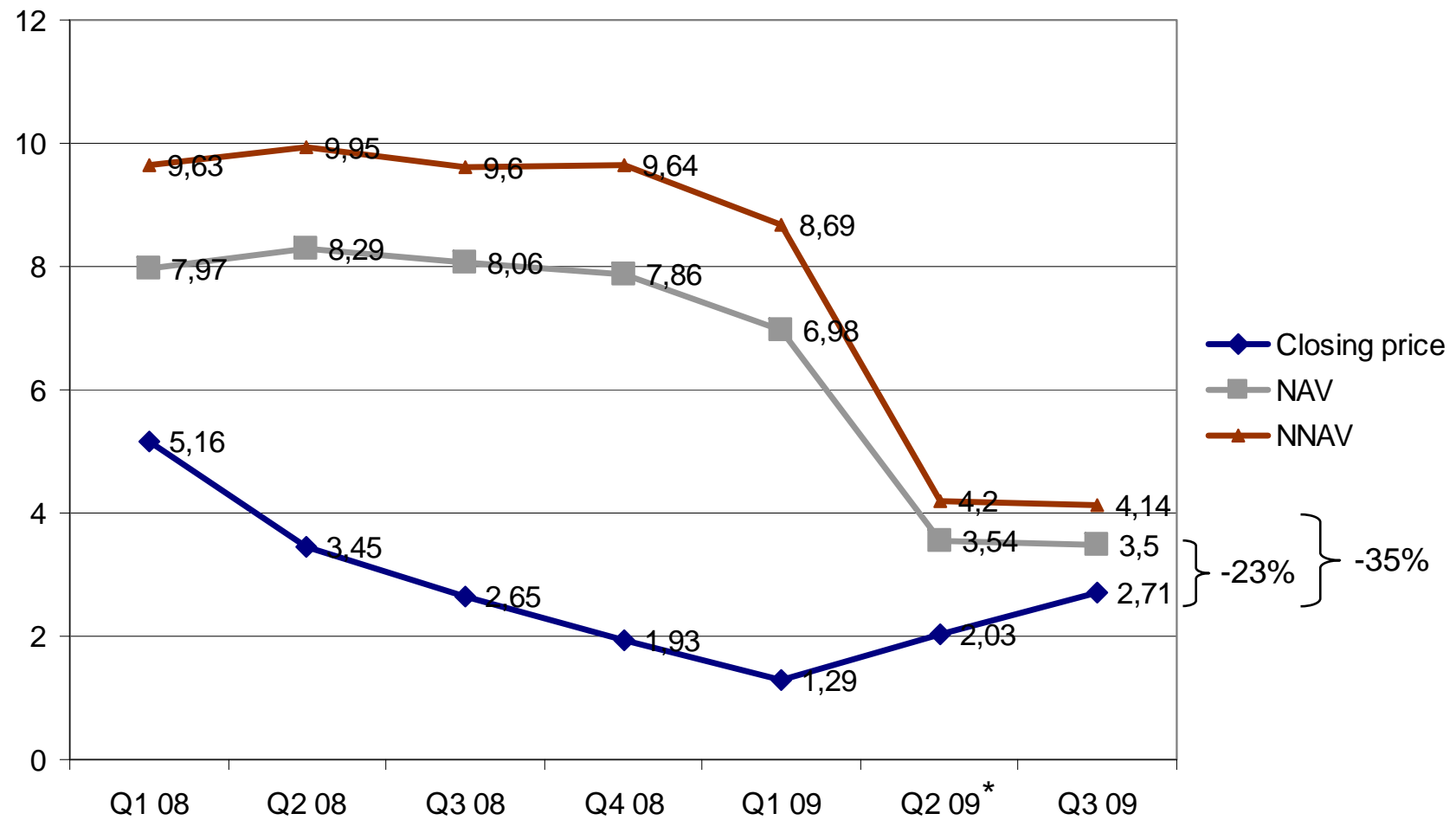
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Performance highlights

- Record high turnover and net operating income y-o-y.
- Cash flow from operations was EUR 69.4 million (30.9.2008: EUR 53.4million).
- Property yield expansion leveling out.
- Declining net financial expenses.

	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08
Turnover, Me	60.8	56.9	183.2	166.1	224.3
Net Operating Income, Me	47.2	44.6	137.0	125.1	166.8
Operating profit	13.1	5.8	(36.7)	87.1	117.3
Cash flow from operations/share, e	0.10	0.19	0.41*	0.48	0.78
NAV/share, e			3.50	5.08	4.93
EPRA NAV/share, e			4.14	6.06	6.04

NAV/share and NNAV/share



Taxation

- On 14 September 2009 the Helsinki Administrative Court, by a vote of 2-1, approved the appeal by the State Official Representative against the decision of the tax Assessment Adjustment board.
- Sponda has appealed to the Supreme Administrative Court.
 - Sponda's advisors estimate that the Court will give the ruling by the end of 2010 at the latest.
- The Supreme Administrative Court has ordered a suspension on enforcing the tax as applied by Sponda.

Implications of the tax expense

	1-9/2009, published	1-9/2009 e, if tax plus interest (estimated EUR 143,8 million) paid
Profit/loss for the period, Me	(88.0)	(232.8)
Shareholders' equity, Me	1,102.5	957.6
Equity ratio, %	37	32
Earnings/share, e	(0.41)	(1.08)
Cash flow from operations/share, e	0.41	(0.44)
NAV/share, e	3.50	2.98

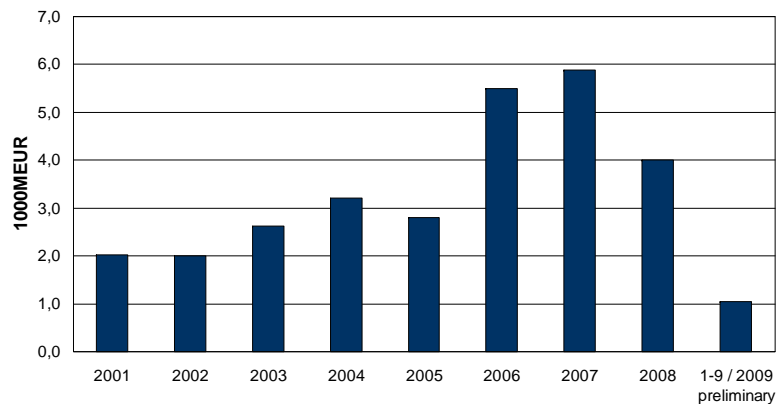
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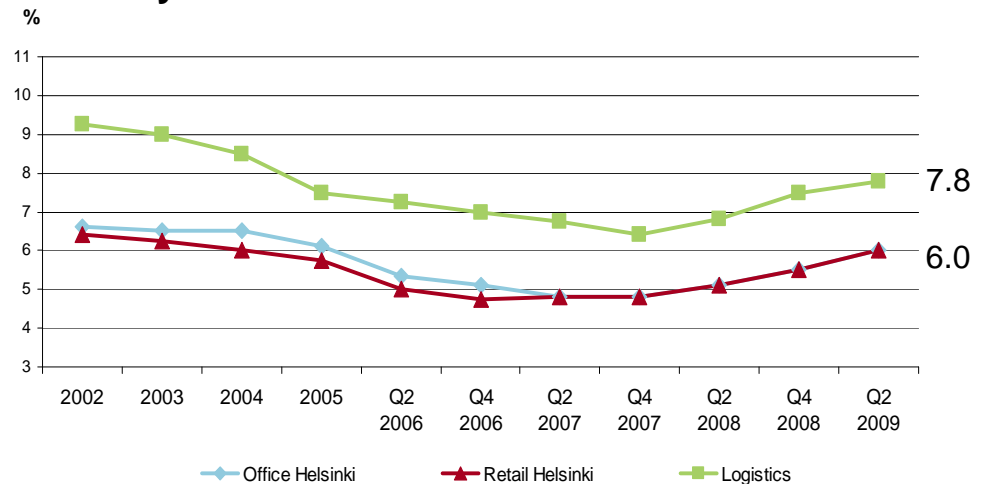
Transaction market

- Transaction volume 1-9/2009 was just over 1 bn euros.
- Property yields seem to be stabilising.
 - Prime office yields are at 6 %
 - Logistics yields just under 8 %.

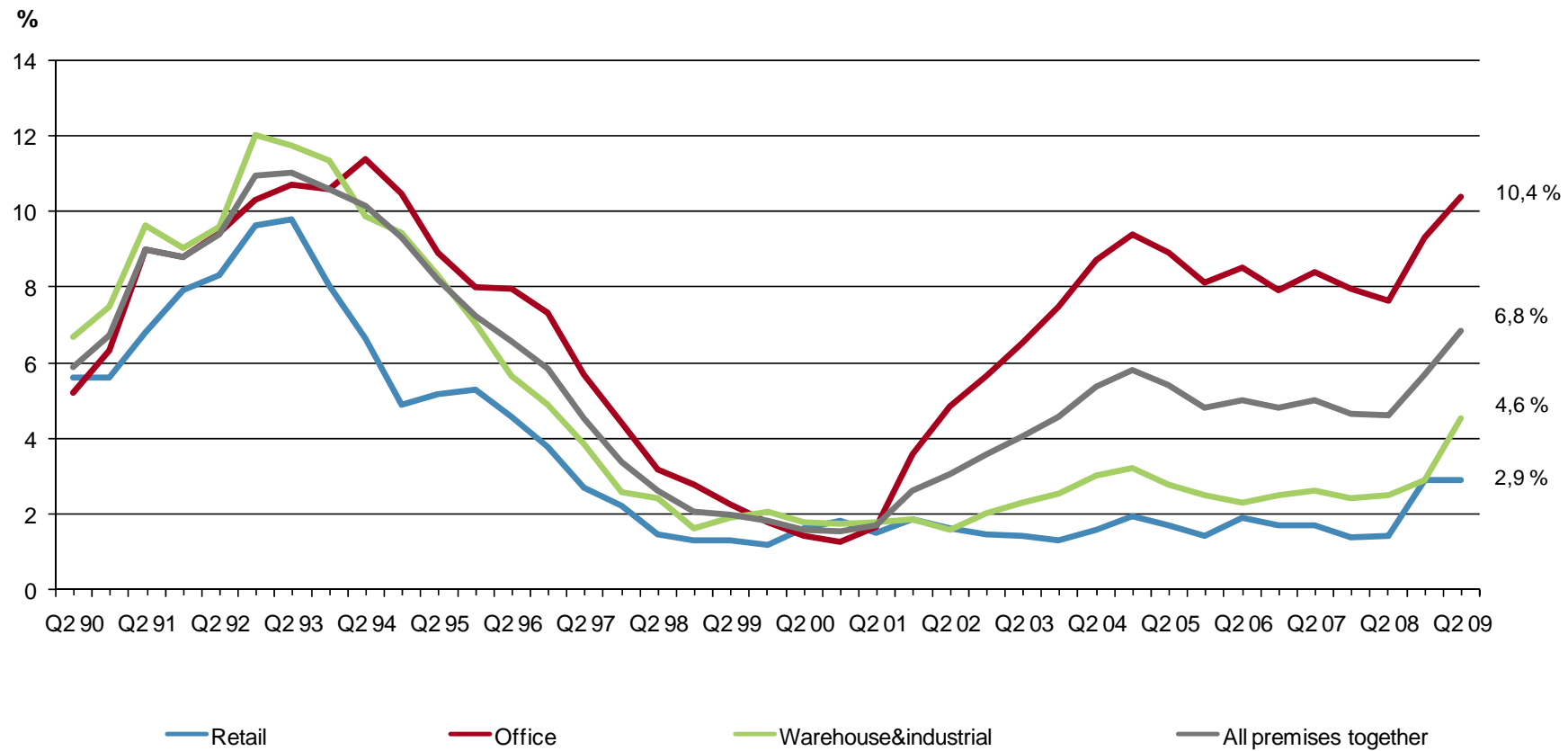
Property transaction volume



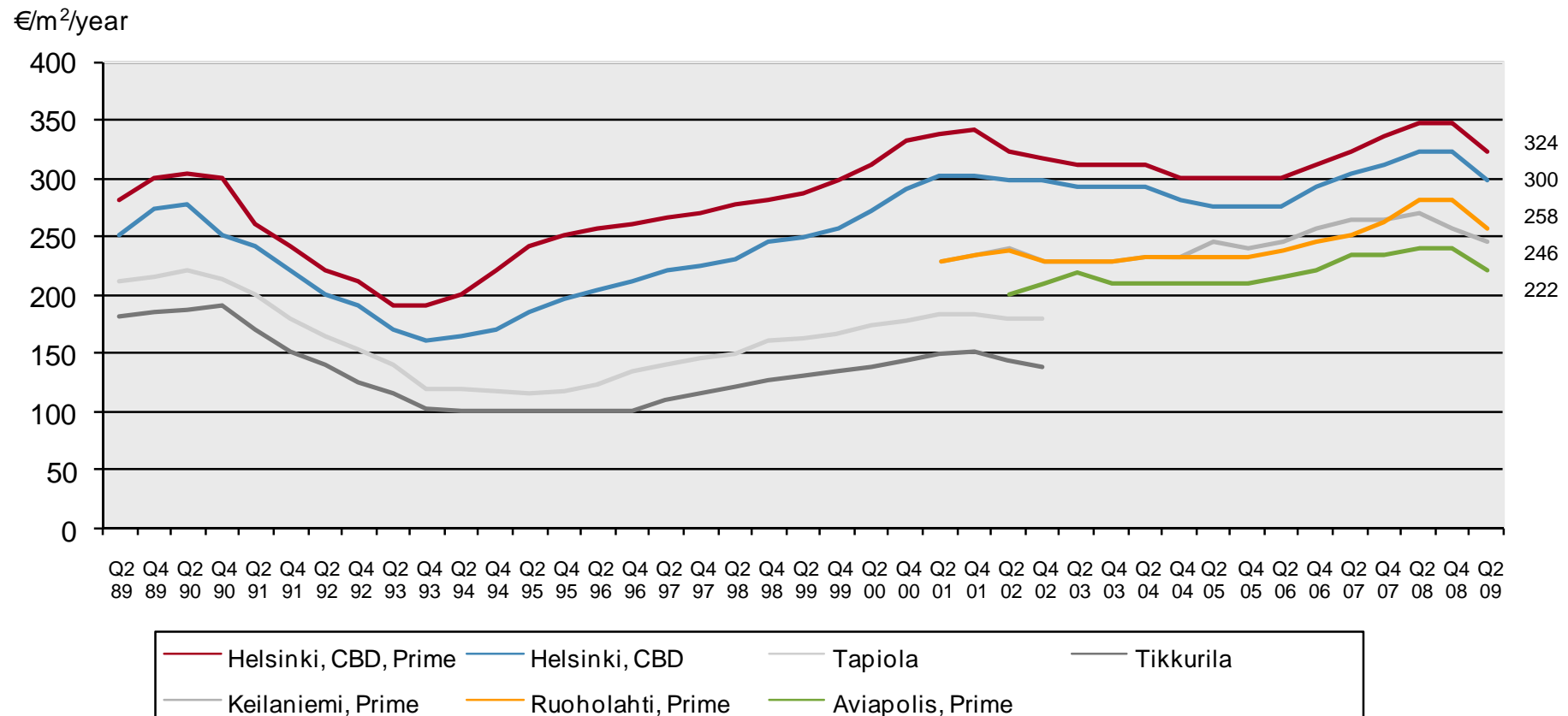
Prime yields in Helsinki



Vacancy rate in Helsinki Metropolitan Area



Rental levels of office properties



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Profit & loss statement

Me	7-9/2009	7-9/2008	1-9/2009	1-9/2008	1-12/2008
Total revenue	60.8	56.9	183.2	166.1	224.3
Expenses	(13.6)	(12.3)	(46.2)	(41.0)	(57.5)
Net operating income	47.2	44.6	137.0	125.1	166.8
Profit on sale of inv. properties	0.0	1.1	0.5	2.4	12.1
Valuation gain / loss	(31.4)	(36.8)	(160.7)	(27.5)	(44.9)
Allocation of goodwill	-	-	-	-	(13.0)
Profit on sale of trading properties	2.6	3.6	2.8	5.8	21.5
SGA expenses	(4.9)	(6.2)	(16.1)	(18.5)	(22.1)
Other operating income/expenses	(0.3)	(0.5)	(0.3)	(0.2)	(0.9)
Operating result	13.1	5.8	(36.7)	87.1	117.3
Financial income and expenses	(16.4)	(19.0)	(49.6)	(55.2)	(75.1)
Profit before taxes	(3.3)	(13.2)	(86.4)	31.9	42.2
Taxes from previous and current fin. year	(0.8)	(0.1)	(2.0)	(0.2)	(1.3)
Deferred taxes	(2.0)	3.4	0.4	(7.4)	(11.8)
Profit for the period	(6.1)	(9.9)	(88.0)	24.4	29.2

Valuation gains/losses on assessing Sponda properties at fair value

	7-9/2009	1-9/2009	1-12/2008
Changes in yield requirements (Finland)	0.7	(50.1)	(88.8)
Changes in yield requirements (Russia)	-	(49.4)	(4.3)
Profit from property development projects	-	-	43.3
Modernization investments	(3.9)	(14.1)	(26.6)
Change in market rents and maintenance costs (Finland)	(6.8)	(8.6)	34.4
Change in market rents and maintenance costs (Russia)	(17.0)	(32.9)*	(1.7)
Change in exchange rates	(4.4)		
Investment properties, total	(31.4)	(155.0)	(43.7)
Real estate funds	-	(5.6)	7.7
Group, total	(31.4)	(160.7)	(36.0)

Balance sheet

ASSETS	30.9.09	31.12.08	30.9.08	1.1.2008
Non-current assets	2,907.9	3,072.5	3,060.1	2,707.7
Current assets	100.0	102.3	125.6	195.3
Assets total	3,008.0	3,174.7	3,185.6	2,903.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity total	1,102.5	1,008.9	1,034.4	938.1
Non-current liabilities				
Interest-bearing debt	1,302.0	1,543.8	1,380.4	1,056.4
Provisions	0.1	8.7	11.4	15.0
Other liabilities	39.5	26.3	0.1	0.0
Deferred tax liabilities	192.6	216.7	213.2	213.7
Non-current liabilities total	1,534.2	1,795.5	1,605.0	1,285.2
Current liabilities total	371.3	370.4	546.2	679.7
Liabilities total	1,905.5	2,165.8	2,151.2	1,964.8
Shareholders' equity and liabilities	3,008.0	3,174.7	3,185.6	2,903.0

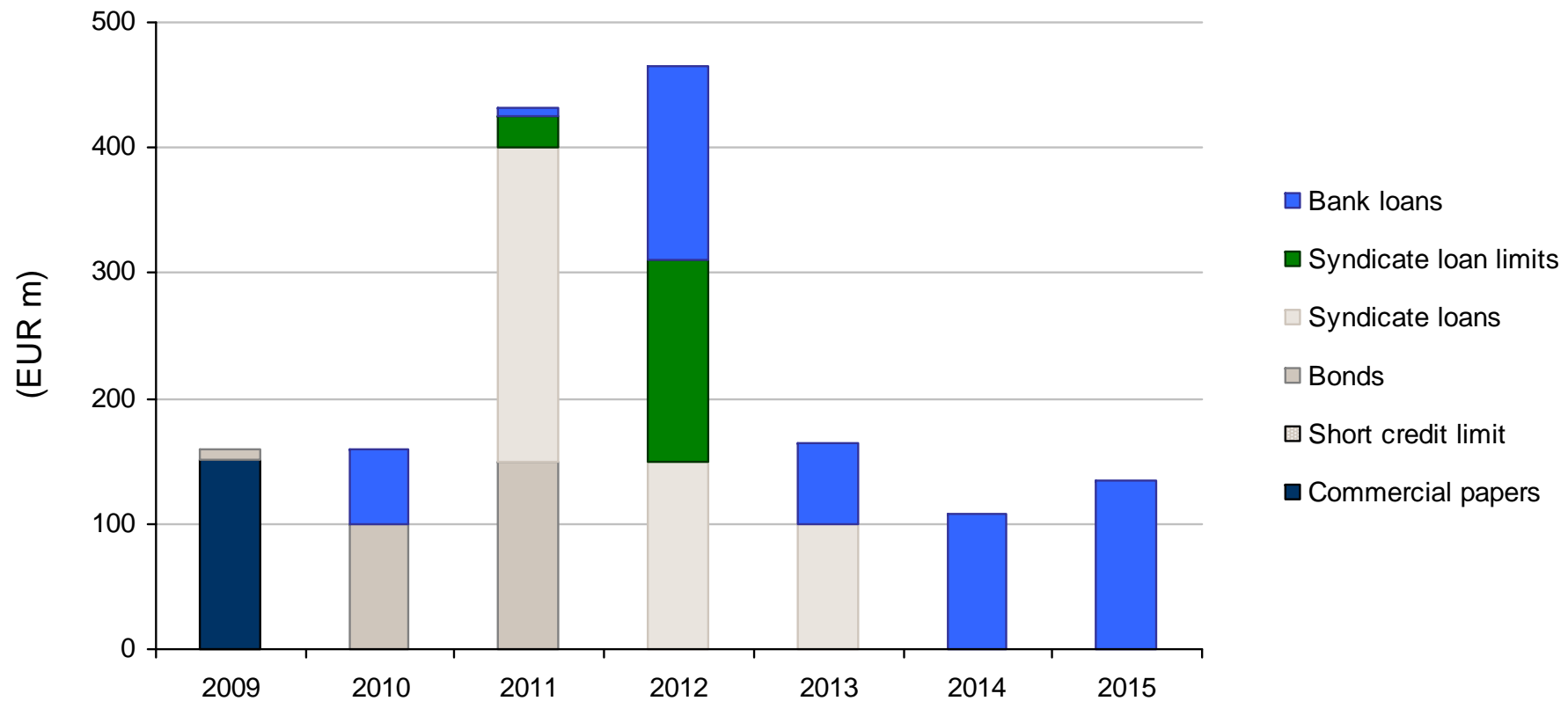
Financing

	Q3/2009	Q2/2009	Q1/2009	Q4/2008	Q3/2008
Equity ratio, %	37	37	30	32	32
Average interest rate, %	3.5	3.8	3.6	4.6	4.8
Hedging, %	63	63	61	58	63
Average loan maturity, yrs	2.6	2.8	2.8	3.0	3.1
Average fixed interest rate period, yrs	1.5	1.7	1.8	1.7	2.2
Interest cover	2.6 x	2.4 x	2.2 x	2.1 x	2.0 x
Loan to Value, %	57	57	63	62	63

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

Loan maturities

- Interest-bearing debt EUR 1,619.2 million
- Unused financing limits EUR 435 million



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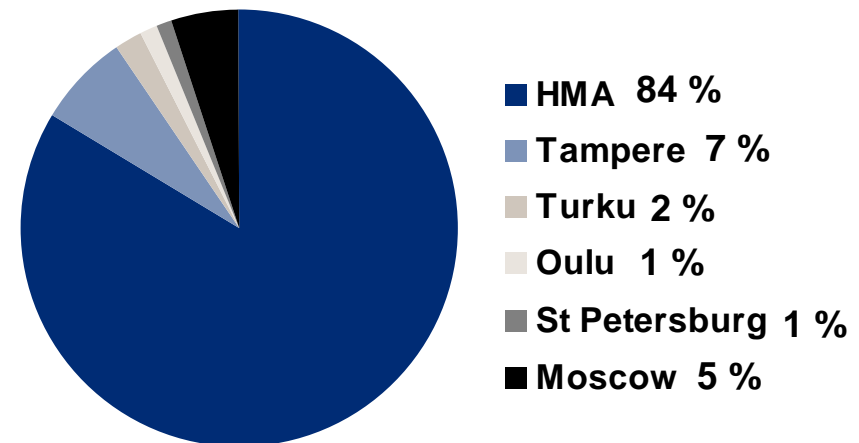
Property portfolio focused on prime locations in the Helsinki Metropolitan Area

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

Helsinki CBD and Ruoholahti areas

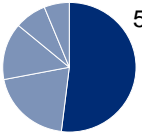
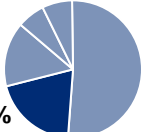
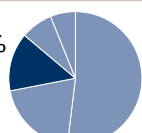
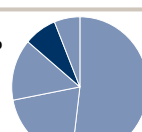
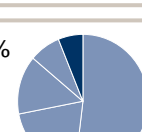


Investment properties by location (excl. Property development & Funds)



EUR 2,556.3 million

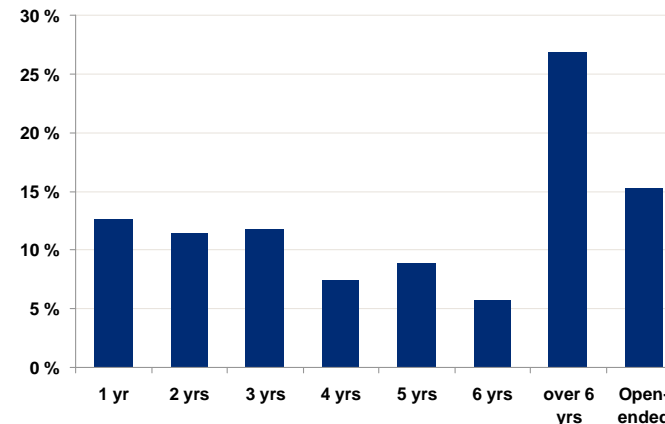
Overview of reporting segments

	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 1,432.8m	 52%	6.65%
Shopping Centres	<ul style="list-style-type: none"> Specialises in leasing shopping centres in Finland Reported as a separate segment as of Q1/09 	EUR 542.9m	 20%	6.11%
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 400.7m	 14%	8.10%
Property Development	<ul style="list-style-type: none"> Sponda's development projects and land assets City-Center shopping centre is currently the only on-going development project 	EUR 212.5m	 8%	n/m
Russia	<ul style="list-style-type: none"> Office properties, shopping centres and land assets in the Moscow and St Petersburg areas 	EUR 179.9m	 6%	11.48%
Real Estate Funds	<ul style="list-style-type: none"> Owns and manages office, retail and logistics properties through real estate funds 	EUR 670m (assets under management)	n/m	n/m

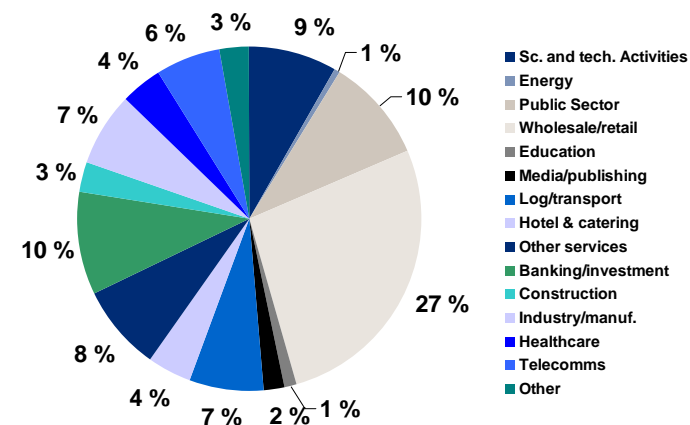
High-quality tenant base and balanced lease agreement base

- Future cash flows
EUR 1,062 million
- Average length of contracts
4.6 years:
 - O&R 5.0 yrs
 - Shopping Centres 5.1 yrs
 - Log 3.0 yrs
- Approximately 30 % of total rental income comes from 10 largest tenants

Lease maturity profile



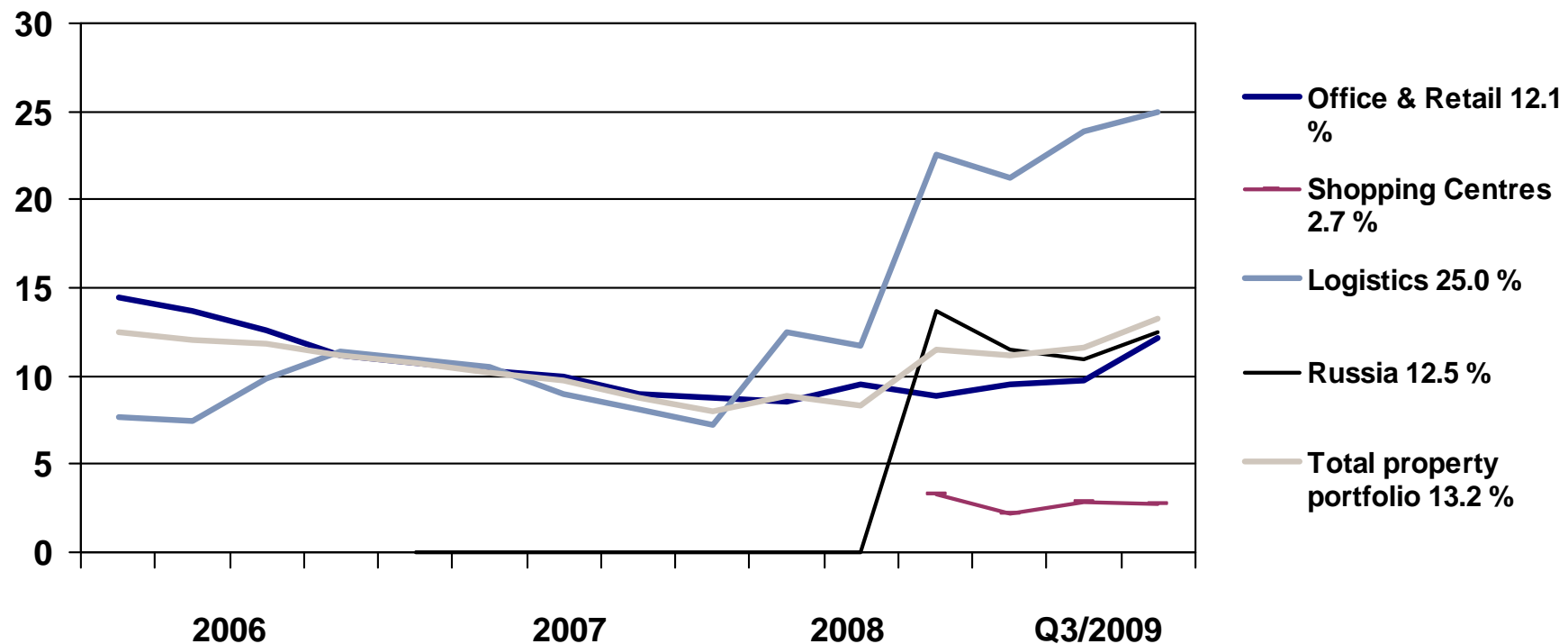
Tenant breakdown by sector¹



Note 1: Based on rental income

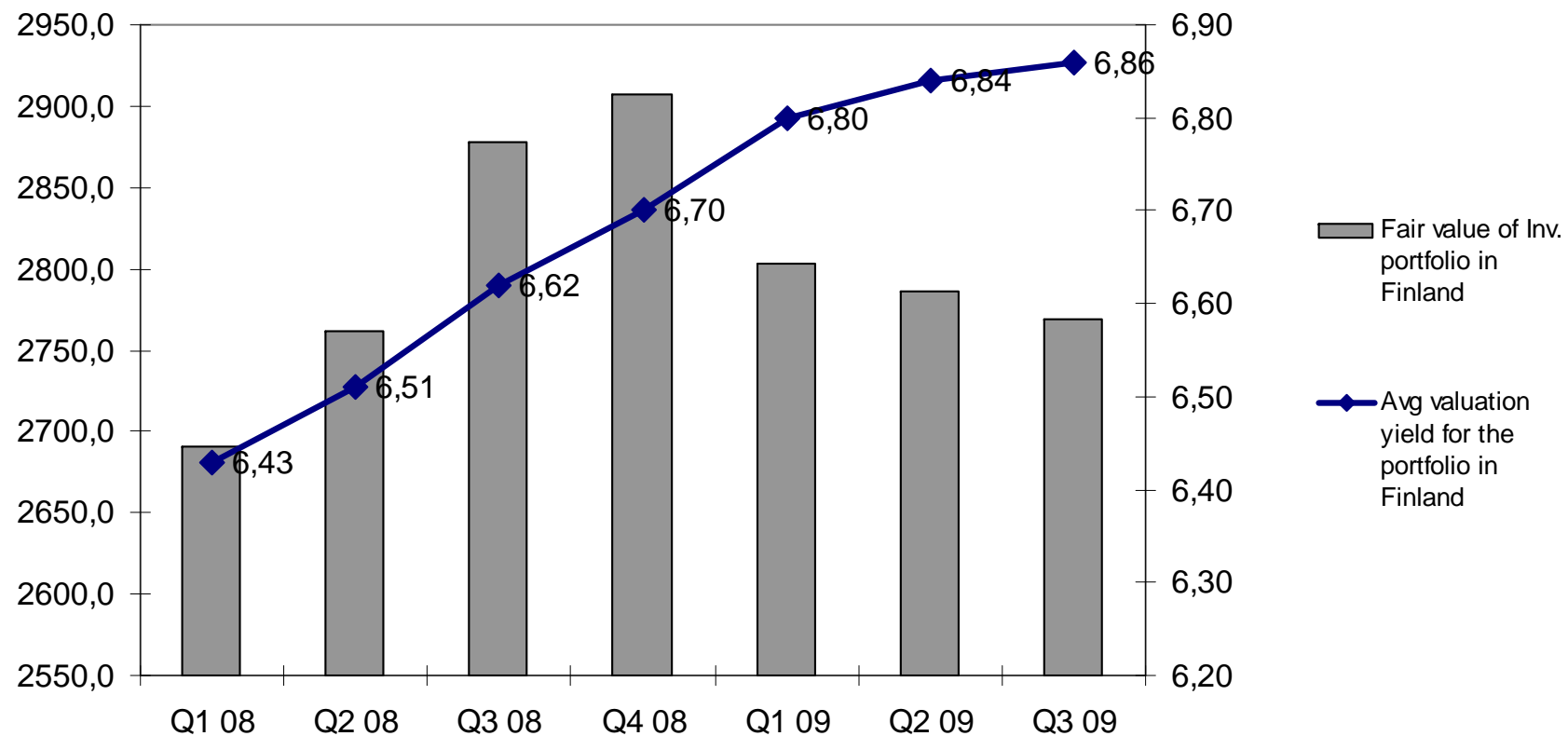
Economic vacancy rate 2006-Q3 2009

- *Figures 2006 exclude the Kapiteeli portfolio*
- *Office & Retail vacancy restated from 31 Dec 2008*
- *Vacancy is not expected to increase during the 4th quarter of 2009.*

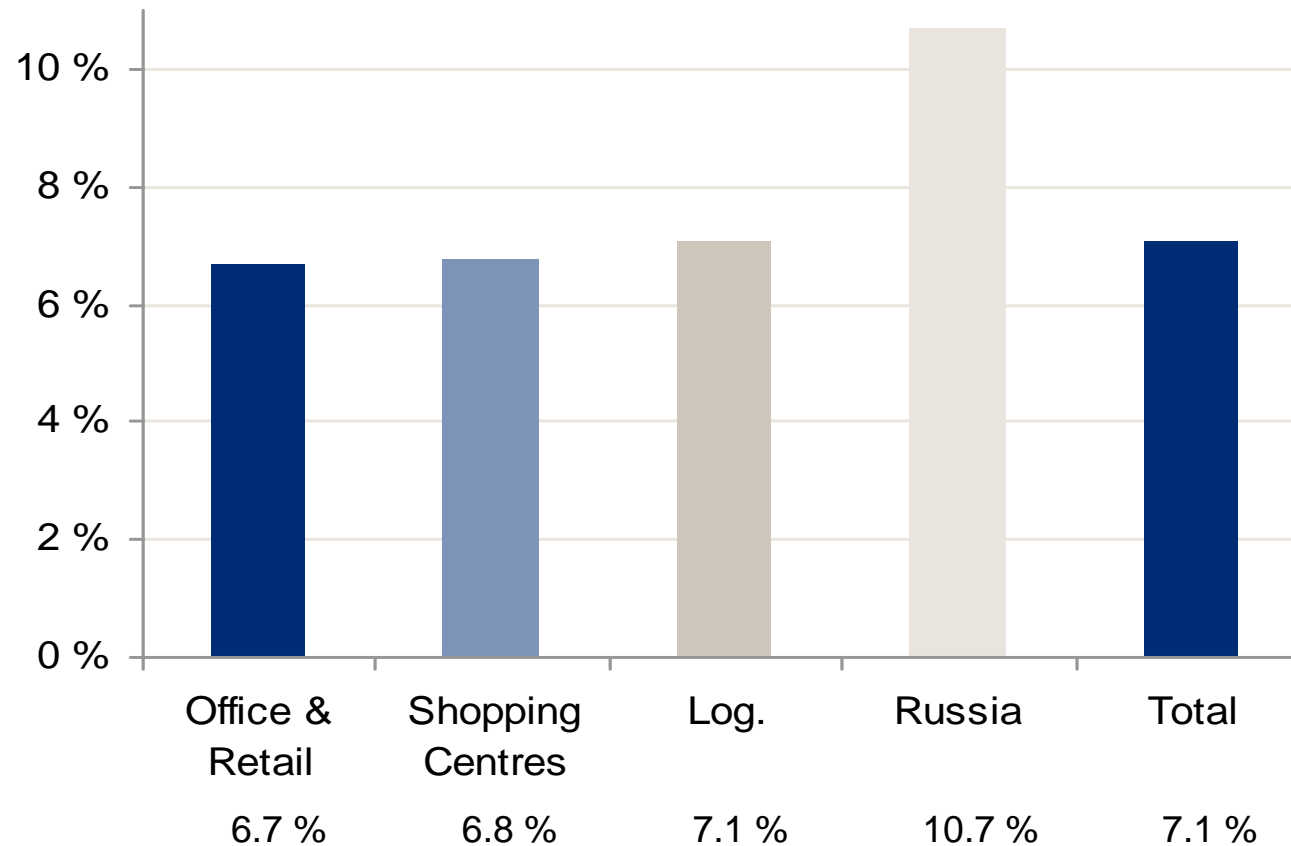


Valuation yield development

- Average valuation yield for the investment portfolio in Finland
- Change from Q1 2008-Q3 2009 approx. 8 %



Cash yield for fair value 30 September 2009



Leading property development operations

- The value of development portfolio was EUR 212.5 million
 - Land sites: EUR 89.6 million
 - Development projects: EUR 122.9 million
- Up to 30 September 2009, approximately EUR 78 million was invested in the project in the City-Center project (total capex estimated at EUR 110 million)
- Sponda will build production premises for Metso Automation in Vantaa with 15 yr lease.
 - New building will have 22 000 m² of floor area.
 - Additional 12 000 m² will also be leased.
 - Investment approx. EUR 40 million
 - Starting at the beginning of 2010, completion at the end of 2010.



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