



ANNUAL REPORT 2001

Sponnda

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The terms Sponda, the company and the Group refer to the entire Sponda Group. The name Sponda Plc refers to the parent company of the Sponda Group.

Information for Shareholders

ANNUAL GENERAL MEETING

Sponda Plc's Annual General Meeting in 2002 will be held at the Presidentti Congress Center, Annankatu 41, in Helsinki on Wednesday, 27 March 2002, starting at 2.00 pm. Attendance at the Annual General Meeting must be notified by phone (+358 9 680581) no later than by 4.00 pm on 21 March 2002. 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 15 March 2002.

PAYMENT OF DIVIDEND

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.30 per share be paid on the financial year 2001. 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 4 April 2002, i.e. the date of record confirmed by the Board of Directors for distribution of dividends. The Board of Directors will propose dividend payment at the end of the settlement period on 11 April 2002.

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 2002:

Interim Report for January–March 2002	25 April 2002
Interim Report for January–June 2002	29 August 2002
Interim Report for January–September 2002	24 October 2002

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,
fax +358 9 260 0181, e-mail: laila.keto-lassas@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. Sponda takes no responsibility for the assessments contained in these analyses.

	Phone
Aktia Securities	+358 10 247 5000
Alfred Berg Finland	+358 9 228 321
D. Carnegie AB Finland	+358 9 6187 1233
Conventum Securities Ltd	+358 9 549 930
Enskilda Securities, Stockholm	+46 8 522 29814
Evli Securities	+358 9 476 696 32
Handelsbanken Investment Banking	+358 10 444 2454
Nordea Securities	+358 9 3694 9426
Morgan Stanley Dean Witter	+44 171 425 5255
Opstock Ltd	+358 9 404 4494

Sponda in Brief

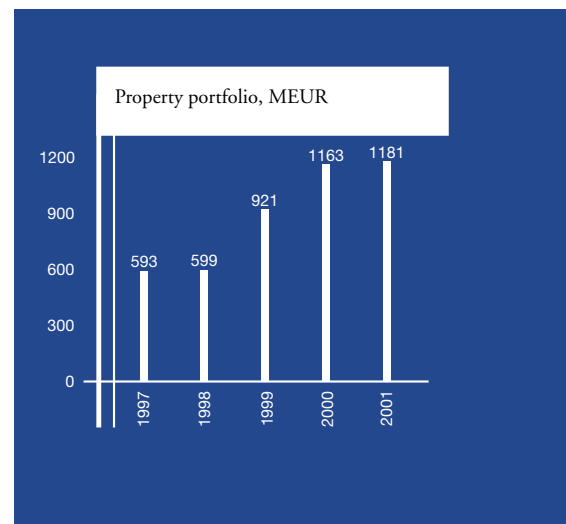
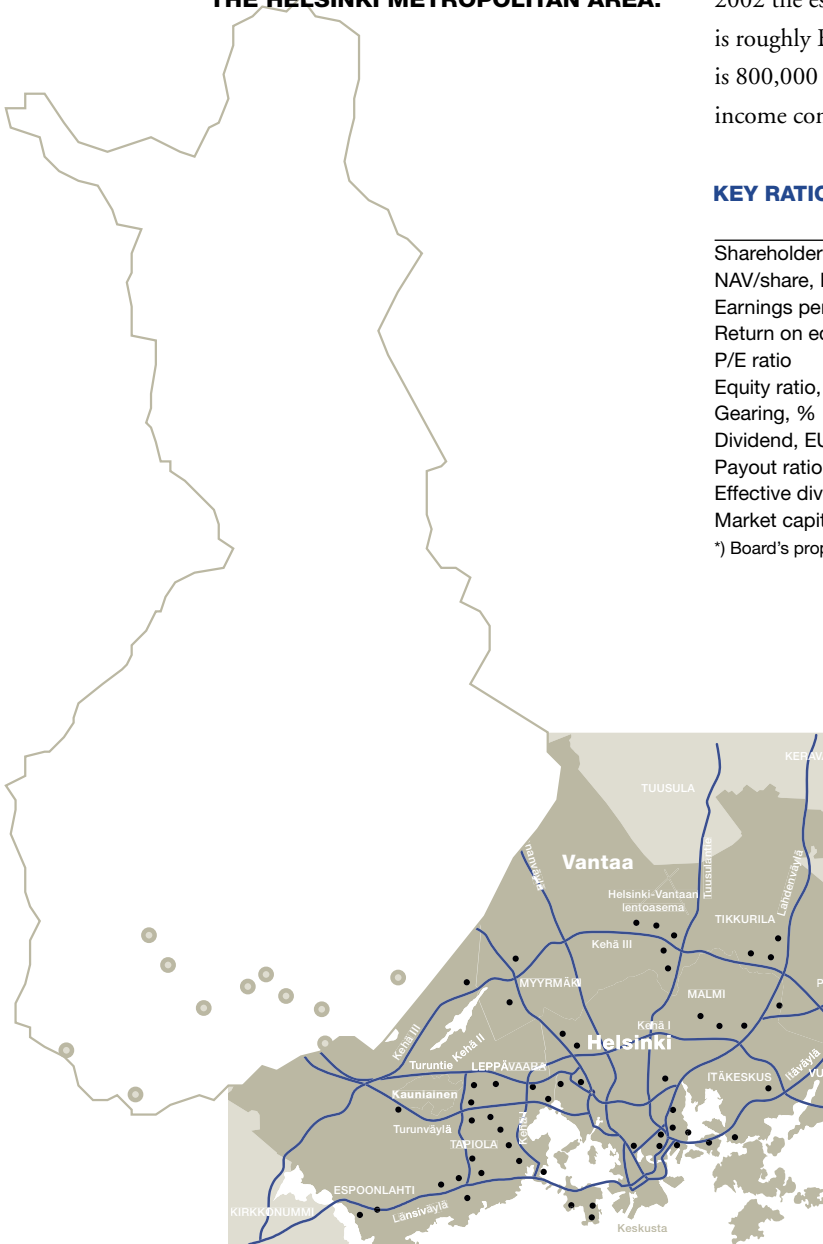
SPONDA PLC IS THE LARGEST REAL ESTATE INVESTMENT COMPANY LISTED ON THE HELSINKI STOCK EXCHANGE AND THE FIFTH LARGEST OWNER OF BUSINESS PREMISES IN FINLAND. SPONDA PLC OWNS AND LEASES OFFICE, COMMERCIAL AND LOGISTICAL PROPERTIES IN PRIME LOCATIONS IN THE HELSINKI METROPOLITAN AREA.

Sponda develops its leasing activities in its chosen priority areas, offering its customers a complete solution for business premises. Sponda's property portfolio had a market value of EUR 1,420 million at the end of 2001. The aggregate leasable area of Sponda's properties was approximately 900,000 m². Following the sale of the Itäkeskus Shopping Mall in January 2002 the estimated market value of Sponda's property portfolio is roughly EUR 1,100 million and its aggregate leasable area is 800,000 m². Approximately 90% of Sponda's net operating income comes from the Helsinki Metropolitan Area.

KEY RATIOS, 31 DECEMBER 2001

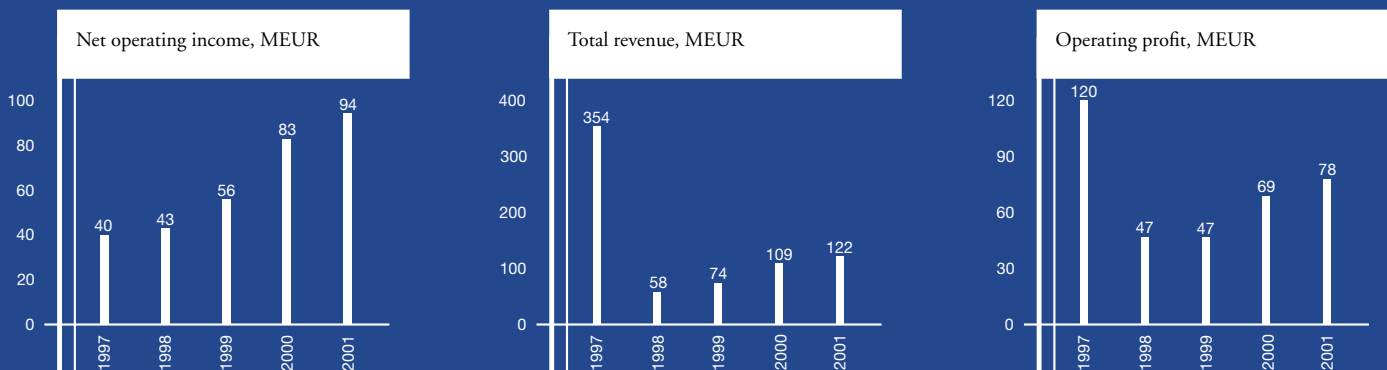
	2001	2000
Shareholder's equity per share, EUR	6.12	5.97
NAV/share, EUR	9.06	9.00
Earnings per share, EUR	0.39	0.36
Return on equity, %	6.7	6.5
P/E ratio	12.0	10.9
Equity ratio, %	42	42
Gearing, %	135	133
Dividend, EUR *)	0.30	0.25
Payout ratio, %	76.6	69.4
Effective dividend yield, %	6.4	6.4
Market capitalization, EUR million	380	324

*) Board's proposal



Highlights of the Year 2001

- Sponda further concentrated its property portfolio around office, retail and logistics premises in the Helsinki Metropolitan Area during 2001. Sponda also developed and tested a new service for its customers that enables interactive electronic communication with tenants on all aspects of property management.
- Sponda Group recorded a net profit of MEUR 31.8 (28.4) in 2001, which included profits on property sales totalling MEUR 3.3 (3.2). Total revenue was MEUR 122.2 (109.4) and was derived from rental income. The operating profit was MEUR 77.7 (69.1), up 12.5%. The Group's profit before extraordinary items, provisions and taxes increased 13.7% to MEUR 41.9 (36.8).
- In 2001 Sponda sold altogether eight properties outside its core business area for MEUR 21.9 in the following localities: Tampere, Helsinki, Kauniainen, Kuopio, Humpilla and Pori.
- Listing of the shares of Sponda's subsidiary Castrum Oyj on the Helsinki stock exchange ceased on 1 August 2001 and the company was delisted. A ruling issued by a court of arbitration in June was legally endorsed giving Sponda 100% ownership of Castrum's share capital. Sponda's and Castrum's operations were merged and Castrum's former warehouse and industry properties were formed into a new Sponda business area called Logistics Properties.
- The extension to the Itäkeskus Shopping Mall and the existing mall's modernized retail premises, totalling approximately 13,000 m², were opened to the public on 4 October 2001. The extension added 40 new retail businesses to the previous 200 in the Itäkeskus Shopping Mall as well as 500 more car parking slots. The entire extension cost approximately MEUR 33.6.
- Sponda sold the Itäkeskus Shopping Mall on 21 January 2002 to the Dutch real estate investment company Wereldhave N.V. for a price of MEUR 317.



Chief Executive's Review

ONE OF SPONDA'S MAIN OBJECTIVES IS TO PROMOTE INTERNATIONALIZATION OF THE FINNISH PROPERTY INVESTMENT MARKET. SPONDA ALSO WISHES TO UNDERSTAND ITS CLIENTS' NEEDS AND DEVELOPMENT POTENTIAL, TAKING THESE INTO CONSIDERATION IN THE PREMISES IT OFFERS.

Since the securitization of Sponda's portfolio, one of the company's main goals has been to increase international ownership of the Finnish real estate investment market. The sale of the Itäkeskus Shopping Mall to the Dutch real estate investment company Werelhave N.V. marked the first major investment by a foreign company in the Finnish property market and is expected to generate further international interest in this market. The small size of the property sector in Finland and the absence of foreign investors have hindered investment growth in Finnish real estate. Liquidity is expected to improve as foreign capital flows in. Sponda can be considered a forerunner in this development. Finland's accession to the European Union and the common European currency have reduced the risk of investing in Finland substantially.

DEVELOPING THE CLIENT'S OPERATING ENVIRONMENT

Transparency and new total service concepts will become more widespread in the property sector. Sponda is clear in its mind



Kari Kolu has confidence in Sponda's positive development.

that the sector will remain strongly committed to providing total service to its customers. Property owners are now able to take account of their customers' needs and business development potential in the space they offer. Sponda wishes to be a partner to its customers in the future, one for whom its customers' success is important. We are continuously examining and developing new ways of operating and we are closely involved in the regional development work now under way in the Helsinki metropolitan area. Sponda wishes to own large blocks of property and to develop their environments and infrastructures. In that way we feel we can create a better operating environment for our customers.

The reduced need for business premises in the IT sector has raised the vacancy rate of these premises in the Helsinki metropolitan area. In the Helsinki Business District, however, vacant space is still in extremely short supply. Sponda's leasable premises are for the most part in the neighbouring city of Espoo, where we are able to offer companies business premises with full service. There are signs that the completion of new office space will come to a halt by the summer. The building industry has therefore reacted to the recessionary conditions and is now demonstrating a greater sense of realism.

SPONDA'S VALUES ARE HONESTY AND OPENNESS

Honesty and openness are our company's core values. By honesty I mean absence of corruption and keeping promises. Transparency, likewise, is another core value of the modern real estate investment company, both internally and externally, as it increases confidence among customers and investors. Smooth internal communication is of crucial importance to the leasing business. "Knowledge is power" finds no place in Sponda's thinking. Personnel development and participation in the property sector's research activities are investments in the future.

To Sponda's employees I would extend my thanks for your diligence and honesty. My thanks are also due to our loyal shareholders for their confidence in our company.

Sponda continues to head the field and we intend to keep our lead.



Kari Kolu

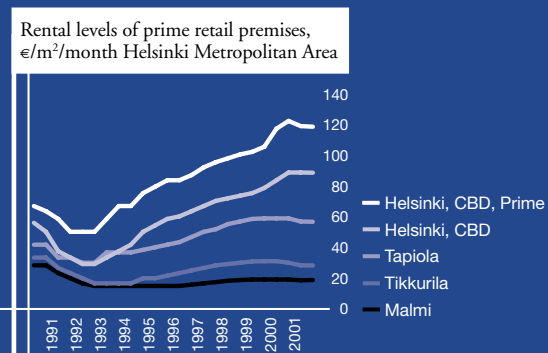
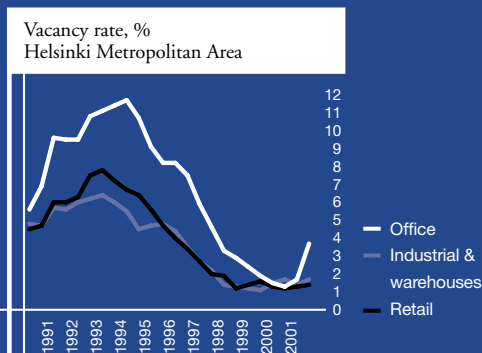
Business Conditions

THE FINNISH ECONOMY SLOWED DOWN IN RESPONSE TO GLOBAL ECONOMIC UNCERTAINTY. THE NUMBER OF NEW BUILDING PROJECTS IN THE HELSINKI METROPOLITAN AREA DECREASED STRONGLY AND NEW BUSINESS PREMISES WILL NOT BE COMPLETED ON THE SAME SCALE AFTER SUMMER 2002. SPONDA ENHANCED INTERACTIVE ONLINE COMMUNICATION WITH ITS CUSTOMERS.

In its December review the Research Institute of the Finnish Economy (ETLA) estimated that GDP in Finland rose 0.7% during 2001 and will rise 1.9% in 2002. Inflation could slow to 1.4% and the rate of unemployment is forecast to rise slightly to 9.4%. These factors have lowered growth forecasts for investments and private consumption.

CHANGES IN SUPPLY OF BUSINESS PREMISES IN HELSINKI METROPOLITAN AREA

Changes were evident in the availability of business premises in the Helsinki metropolitan area according to Catella Property Consultants Ltd. Office space is in greater supply than earlier. Although the vacancy rate for business premises is still only 2.3% this nonetheless clearly signals a decline in demand. Vacant office space was most in evidence in Espoo, where the vacancy rate is 6.5%. Demand remains strong for retail premises and Catella puts the vacancy rate for retail premises in the entire Helsinki metropolitan area at only 1.7%. The situation is similar in the case of logistics premises where the vacancy rate stands at 1.4%. A considerable volume of new office space has been built in the Helsinki metropolitan area in recent years but the number of new construction projects has been sharply curtailed and during 2002 new office premises will not be completed to the same extent as before. Catella states that the pre-leasing rate for new premises has risen



to as high as 80% from the previous level of 50–60%. Supply has adjusted itself to business conditions and no new projects are started unless tenant agreements already exist.

ELECTRONIC TOOLS IN REAL TIME

Sponda has reacted swiftly to changes in its operating environment, investing considerable resources in both electronic communications and in marketing. A new extranet tool called Spondanet will gradually be brought into use enabling Sponda and its customers – tenants and property maintenance companies – to communicate interactively using an Internet browser. Spondanet speeds up communication between all parties and makes it easier to monitor the completion of assignments.

Marketing of vacant space was intensified using the Haltia property management program. This links properties available for leasing with both Sponda’s own website and the online Dime property service in Kauppalehti, Finland’s leading daily business paper, in real time. This service makes it easier and faster for potential tenants to find suitable premises among those offered by Sponda.

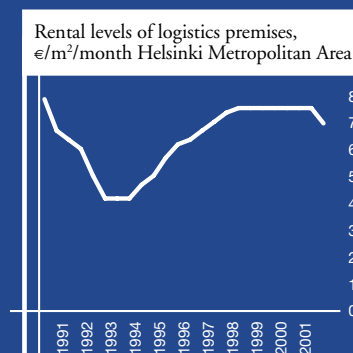
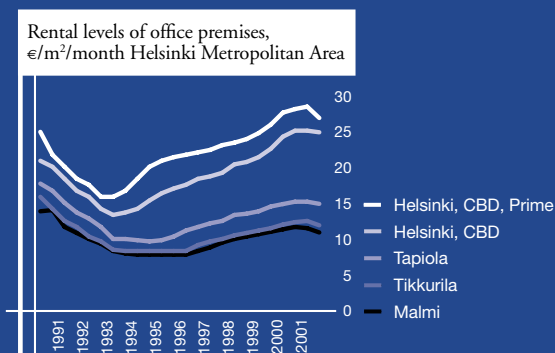
SPONDA IS STUDYING AND DEVELOPING ITS OPERATING ENVIRONMENT

Sponda plays an active role in development of the real estate business in Finland. At Sponda’s request the Finnish Institute

of Real Estate Management (KTI) evaluated the significance of information and communication technology (ICT) companies in the overall property market. The analysis shows that in the Helsinki metropolitan area the proportion of office space leased by ICT companies doubled at the end of the 1990s.

Sponda participated for the second time in KTI’s customer satisfaction benchmarking survey and this time emerged slightly better than the average. Benchmarking gives Sponda important information on the sufficiency of its services and the need for new services. This in turn helps the company improve customer satisfaction and develop its leasing activities. The survey covered 16 companies active in the property business and contained 1,221 interviews, 86 of which were Sponda customers. Information was collected on how satisfied respondents were with their business premises, their landlord and service contracts. The survey also evaluated customer loyalty and the need for business premises in the future.

Sponda is also involved in a study coordinated jointly by the Finnish Association of Building Owners and Construction Clients (RAKLI ry) and KTI to develop leasing practice in the real estate business. One aim of the study is to achieve uniform model leasing agreements for different needs. Sponda has played an active role in furthering this study as well as participating in the preparation of a glossary of real estate terms, which is an essential element in drawing up these model agreements.



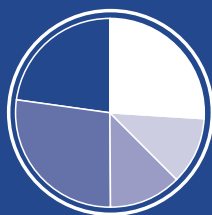
Source: Catella Real Estate Consulting, Spring/2002

SPONDA IS THE LARGEST REAL ESTATE INVESTMENT COMPANY IN FINLAND SPECIALIZING IN BUSINESS PREMISES. THE MARKET VALUE OF SPONDA'S PROPERTY PORTFOLIO AT THE END OF 2001 TOTALLED EUR 1.4 BILLION. SPONDA DERIVED MORE THAN 90% OF ITS NET OPERATING INCOME FROM THE HELSINKI METROPOLITAN AREA.

Sponda's properties were divided into four business areas: Helsinki Business District, Helsinki Metropolitan Area, Itäkeskus and Logistics Properties. The aggregate leasing area of Sponda's properties was 893,668 m², comprising 314,730 m² (35.2%) of office space, 110,303 m² (12.3%) of retail premises, 21,243 m² (2.4%) of hotels and 243,585 m² (27.3%) of logistics properties. Rest of Finland includes large sites in various parts of the country as well as certain properties in the Helsinki metropolitan area. Sponda sold the Itäkeskus Shopping Mall in January 2002. Accordingly, the office buildings attached to the mall as well as part of the Puhos shopping center were placed under Sponda's HMA business area. Following the Itäkeskus transaction the leasable area of Sponda's property portfolio totals approximately 800,000 m², roughly 2% of which consists of retail and commercial space.

The income return on Sponda's properties at the end of 2001 was 8% and their net carrying value in the balance sheet was EUR 1,181.2 million. Sponda owns altogether 101 sites. At the end of the year Sponda owned 74,000 m² of building rights on undeveloped sites.

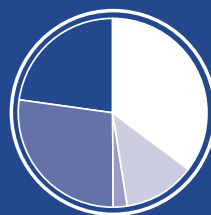
Area for lease 31 December 2001
Business area



	Area, m ²	%
■ Helsinki Business District	232 169	26.0
■ Helsinki Metropolitan Area	103 104	11.5
■ Itäkeskus	111 003	12.4
■ Logistics	243 585	27.3
■ Other	203 807	22.8
Total	893 668	100.0

By actual leasable area.

Area for lease 31 December 2001
Property type



	Area, m ²	%
■ Office	314 730	35.2
■ Retail	110 303	12.3
■ Hotel	21 243	2.4
■ Logistics	243 585	27.3
■ Other	203 807	22.8
Total	893 668	100.0

By predominant use of each property.

SPONDA'S TOTAL PROPERTY PORTFOLIO 1 JAN.-31 DEC. 2001, MEUR

	Total	Helsinki Business District	Helsinki Metropolitan Area	Itäkeskus	Logistics	Rest of Finland
Rental revenue	122.2	51.2	13.5	27.3	18.3	11.9
Operating expenses	-27.8	-10.6	-2.9	-7.7	-4.5	-2.1
Net operating income	94.4	40.6	10.6	19.6	13.8	9.8
Book value of properties, 1 Jan. 2001	1 162.7	575.5	129.0	219.6	137.5	101.1
Investments 2001	62.1	15.8	3.6	17.5	13.0	12.2
Divestments 2001	-26.9	0.0	0.0	0.0	0.0	-26.9
Depreciation	-16.7	-7.0	-2.0	-2.3	-4.3	-1.1
Book value, 31 Dec. 2001	1 181.2	584.3	130.6	234.8	146.2	85.3
Annualized operating income / book value at 31 Dec. 2001	8.0 %	6.9 %	8.1 %	8.3 %	9.4 %	11.5 %
New acquisitions	13.9	4.7	0.0	0.4	8.8	0.0
Construction	34.2	5.0	1.6	16.4	0.0	11.2
Maintenance	12.3	6.0	2.0	0.2	3.3	0.8
Tenant improvements	1.7	0.1	0.0	0.5	0.9	0.2
Investments	62.1	15.8	3.6	17.5	13.0	12.2
Maintenance (capitalized)	12.3	6.0	2.0	0.2	3.3	0.8
Maintenance (expensed)	5.1	2.6	0.5	1.0	0.8	0.2
Total	17.4	8.6	2.5	1.2	4.1	1.0
Tenant improvements (capitalized)	1.7	0.1	0.0	0.5	0.9	0.2
Tenant improvements (expensed)	0.6	0.3	0.0	0.2	0.1	0.0
Total	2.3	0.4	0.0	0.7	1.0	0.2

**ECONOMIC OCCUPANCY RATE
31 DECEMBER 2001, %**

Property type	%	Business area	%
Office	89.6	Helsinki Business District	97.1
Retail	99.4	Helsinki Metropolitan area	70.5
Hotel	100.0	Itäkeskus	99.4
Logistics	91.1	Logistics	91.1
Other	97.7	Other	97.7
Average	93.5	Average	93.5
By predominant use of each property		By actual leasable area	

**IMPACT OF CHANGES IN REAL ESTATE
CAPITAL ON THE INCOME STATEMENT 2001**

MEUR	Properties sold	Properties bought
Rental revenue	0.7	1.3
Operating expenses	-0.1	-0.5
Net operating income	0.6	0.8

REAL ESTATE OPERATIONS Sponda's Clients

**SPONDA OWNED BUSINESS PREMISES
TOTALLING 900,000 M². THESE PROPERTIES HAD
MORE THAN 800 TENANTS. THE TOTAL VALUE OF
SPONDA'S TENANT AGREEMENTS AT THE
YEAR END WAS EUR 500 MILLION.**

Sponda had 828 tenants, and 1,452 agreements with them, at the end of 2001. The total value of these agreements was EUR 500 million and 10–15% of them fall due for renewal every year.

Sponda's property portfolio had a total leasable area of approximately 900,000 m². The properties are categorized according to their primary use: offices, commercial premises and logistics space. Sponda's strategy is to gain and maintain full ownership of its properties since decisions that relate to them can then be made fast and directly with the property owner, Sponda itself.

Sponda's ten largest tenants represent roughly 35% of its rental income. Retailers and large wholesale and retail chains account for about 20% of this figure and include Kesko, Stockmann, Sokos and Elanto. Banks and insurance companies account for about 10% of the figure. Among the largest sites are the 15,700 m² office building at Arkadiankatu 4–6, leased to the



Hotel and office building at
Kaivokatu 12 in Helsinki.

National Board of Patents and Registration, and a 28,700 m² logistics centre in Vantaa leased to Alko.

SPONDA IS A PARTNER TO ITS CLIENTS

Sponda wishes to be a partner to its clients in all aspects of space management. It is often the case that the same client needs offices, commercial premises and warehousing space. Sponda's property managers make it their business to get to know their clients, and their businesses, since they are then able to offer the space that best suits their clients' needs.

The property manager is also a consultant whose experience, expertise and knowledge of the market can be of considerable value. Sponda's property managers carry full and independent responsibility for the sites under their control. This gives clients a single professional contact for all matters related to their business premises. Maintenance plans are carried out for each property separately in compliance with the set targets.

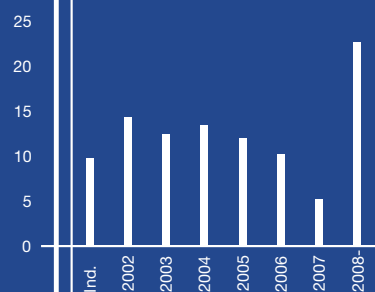
Property maintenance planning is continuous and the process also ensures that the standard of the properties is maintained.

Sponda also aims to serve its clients flexibly and in real time when they are looking for new business space. Vacant premises are automatically posted or updated on Sponda's Haltia property register website daily, ensuring that information is always right up to date. The information is also updated in real time as leasing agreements are signed. The same information is forwarded to Kauppalehti's Dime online property service.

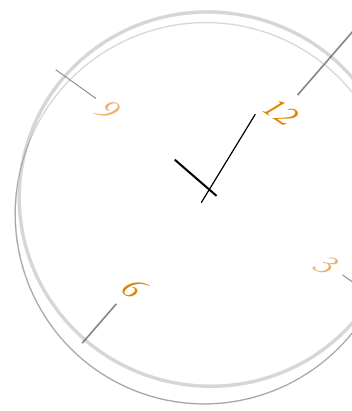
Largest tenants

Kesko	10.3 %
Sampo	4.6 %
Stockmann	4.0 %
Nat. Bd of Patents and Reg.	3.1 %
Sokos	2.9 %
TietoEnator	2.6 %
Elanto	2.5 %
Nordea	2.2 %
Nokia	1.6 %
Alko	1.4 %

Expiration of lease agreements, Sponda Plc, %



Helsinki Business District



SPONDA OWNS 29 PROPERTIES IN THE HELSINKI BUSINESS DISTRICT, 18 OF THEM IN THE PRIME CENTRAL BUSINESS DISTRICT (CBD PRIME), 7 IN THE CENTRAL BUSINESS DISTRICT AND 4 IN CBD OUTSKIRTS.

The economic occupancy rate of all Sponda's properties in Helsinki Business District was 97.1% (97.8), net income totalled EUR 40.6 (35.0) million and the total leasable area was approximately 232,000 m². The book value of the properties was EUR 584.3 million.

HBD represented 43% of the net operating income from Sponda's property portfolio and 26% of Sponda's total leasable area.

PLANS TO ENLIVEN HELSINKI CITY CENTRE

Sponda is involved in a project including the City of Helsinki and property owners in the heart of the city to improve the amenities and safety of Helsinki city centre. Part of this project includes the development of the "Makkaratalo" (Sausage Building, so called because of the sausage-shaped pipe structure that surrounds the building outside its upper parking level) and neighbouring properties. Plans call for improving pedestrian access on Keskuskatu street, the main thoroughfare in front of Makkaratalo. Removal of the Makkaratalo vehicle ramps is also



Advertising agency Ogilvy & Mather's office is at Kiinteistö Vanhajämerä Oy, Lönnrotinkatu 27. 8.55 am: sharing ideas over morning coffee.

planned. A study for this project has been under way since 1999 and the project has been set clear zoning and structural targets.

The intention is to get the zoning plan confirmed during 2003 for preparatory work to start the same year. The entire project will take some 2.5 to 3 years to complete and it has a budgeted cost of about EUR 100 million. The plans also include turning the Makkaratalo building into an attractive new business and commercial centre. The ambitious aim is to allow occupants in the building to continue working while renovation is in progress. An evacuation plan will be drawn up under which businesses will be required to move premises temporarily as the construction work proceeds. Only minimum changes will be made to the existing office space, which will keep rental income from the building stable.

PROPERTY ACQUISITIONS

On 28 February 2001 Sponda Plc purchased the shares in Kaivokadun Tunneli Oy, covering an area of 718 m², from Osuuspankki Realum and OKOBANK Osuuspankkien Keskus-

pankki Oyj for EUR 1.9 million. This raised Sponda's holding in Kaivokadun Tunneli Oy, next to the Makkaratalo building, from 40% to 65.4%. The transaction also included a McDonalds hamburger restaurant and the Kultavasara and Aseman Kello goldsmith and watchsmith business premises.

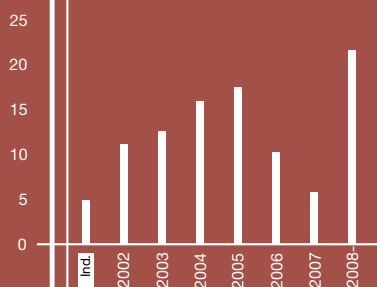
On 28 June 2001 Sponda took a further 18.15 % holding in Kaivokadun Tunneli, raising its holding to 83.6 % when it purchased Elanto's commercial and warehouse premises for EUR 2.7 million. Ownership of these premises gives Sponda a wider unbroken holding in this complex.

TENANT IMPROVEMENTS AND MAINTENANCE

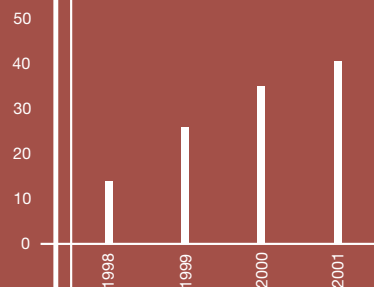
Sponda completed renovation of the office premises at Kaivokatu 12, the so-called Seurahuone building which it owns, in May. These premises, designed by Armas Lindgren, were renovated under the supervision of Helsinki City Museum. The cost of this project was approximately EUR 6 million. The renovated premises were then leased to Conventum Oyj.

A large renovation and maintenance project is in progress at Lönnrotinkatu 13. Costing approximately EUR 3 million, the project entails repair work from the roof down to the sewage piping. It is scheduled for completion in the first half of 2002.

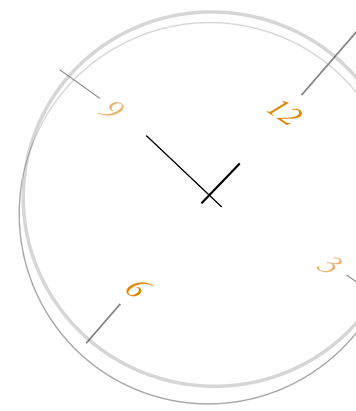
Expiration of lease agreements, %
Helsinki Business District



Net leasing income, MEUR
Helsinki Business District



Helsinki Metropolitan Area



SPONDA'S BUSINESS AREA HELSINKI METROPOLITAN AREA (HMA) COMPRISES 19 OFFICE BUILDINGS IN THE NEIGHBOURING CITIES OF ESPOO AND VANTAA AS WELL AS THE OUTSKIRTS OF HELSINKI ITSELF.

The economic occupancy rate of Helsinki Metropolitan Area was 70.5% (93.1). Net operating income totalled EUR 10.6 (11.4) million and the leasable area was 103,000 m². The book value of the properties in this area was EUR 130.6 million.

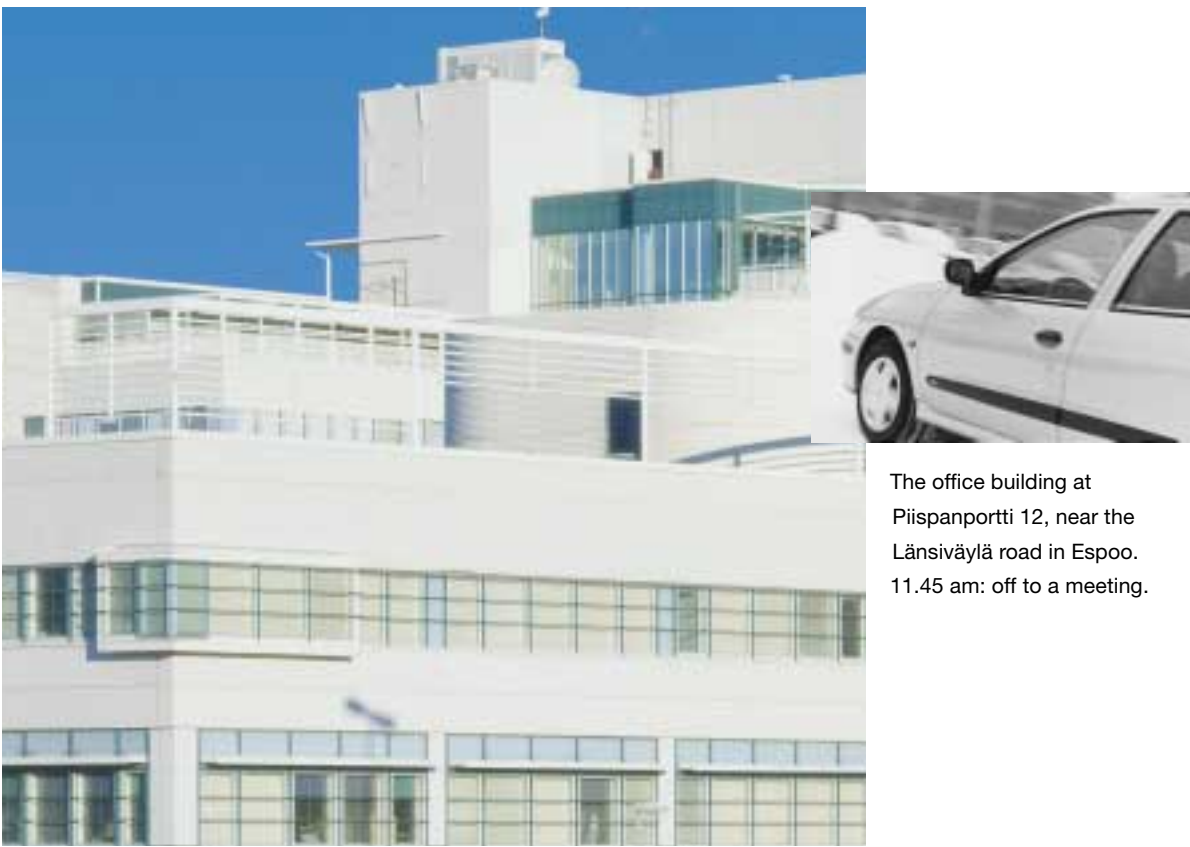
HMA represented 11% of the net operating income from Sponda's property portfolio and 12% of Sponda's total leasable area.

NEW BUILDING

Office space became vacant in the Helsinki Metropolitan Area which Sponda hopes to release early in 2002.

Sponda owns zoned sites with building permission but for which no building decisions have yet been made owing to the slowdown in economic growth.

Building permission was granted for a new office building on the Pohjantie site in Tapiola. A zoning plan covering Komentajakatu 3 in Leppävaara paves the way for construction of an 11,600 m² office building.



The office building at Piispanportti 12, near the Länsiväylä road in Espoo. 11.45 am: off to a meeting.

The building rights for the Sirius I and Sirius II office building projects in Vantaa and close to the Helsinki-Vantaa airport total approximately 36,000 m².

ICT COMPANIES AND LEASING OF BUSINESS PREMISES

An analysis performed by the Finnish Institute of Real Estate Management (KTI) shows that in the Helsinki Metropolitan Area the proportion of office space leased by information and communication technology (ICT) companies rose sharply during the 1990s. These companies are looking for space that matches their ideal of a young, dynamic working environment with plenty of services, rather than simply a prime address in the centre of Helsinki. Although the volume of ICT companies has decreased recently, this trend does not necessarily point to any major risks.

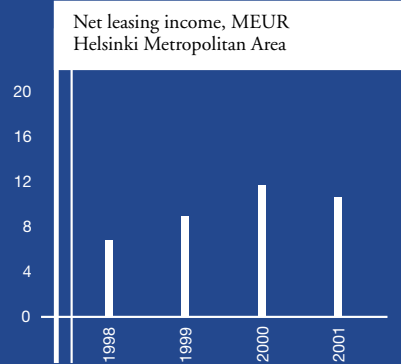
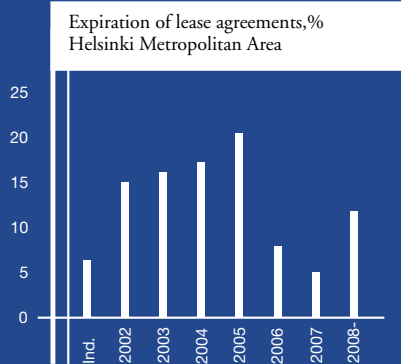
Certain business premises owned by Sponda in HMA were made vacant during 2001 owing to the downturn in the ICT sector. This increased the vacancy rate somewhat and reduced

net operating income. However, Sponda estimates that there is still underlying pressure for business premises in HMA which will now be released. Sponda is also able to offer larger entities suitable, for example, for corporate head offices.

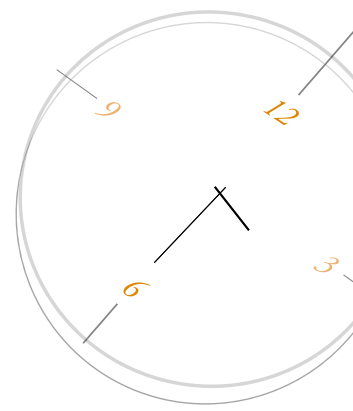
TENANT IMPROVEMENTS AND MAINTENANCE

The office building at Kalkkipellontie 4 in Mäkkylä, Espoo, was renovated at a cost of approximately EUR 3 million. The 3,900 m² building was ready for its new tenants in March 2001 and is now occupied by Arrow Finland Oy and Tieto-Enator Resource Management Oy.

Renovation of the Tapiolan Toimitalo office complex in Tapiola started in 2001 and will be completed at the end of the current year. The work will cover repairs from reroofing the building to renewal of the sewage pipes. The cost will be roughly EUR 0.8 million. The building's tenants are Huhtamäki Oyj's head office, Kesko and certain smaller businesses.



Itäkeskus



THE SALE OF THE ITÄKESKUS SHOPPING MALL TO THE DUTCH COMPANY WERELDHAVE IN JANUARY 2002 MARKED THE FIRST MAJOR INTERNATIONAL REAL ESTATE TRANSACTION IN FINLAND AND A STIMULUS FOR THE ENTIRE FINNISH PROPERTY MARKET.

On 21 January 2002 Sponda sold the Itäkeskus Shopping Mall to Wereldhave N.V., a Dutch real estate investment company, for a cash price of EUR 317 million. Sponda recorded a profit of approximately EUR 62 million on this transaction, which is the first large property purchase in Finland by an international investor and a welcome stimulus for the Finnish property market.

The Mall had an economic occupancy rate of 99.4% (96.6), net operating income totalling EUR 19.6 (18.7) million and a total leasable area of approximately 111,000 m². The book value of the Itäkeskus properties was EUR 234.8 million.

Itäkeskus accounted for 21% of Sponda's total net operating income and 12% of its total leasable area.

The Itäkeskus Shopping Mall was the largest single property in Sponda's portfolio. Sales of its more than 240 retail outlets totalled EUR 282.1 million in 2001, an increase of 6% on the year before.



The Piazza in the new extension of the Itäkeskus Shopping Mall. 3.30 pm: a moment's shopping during a coffee break.

SPONDA DEVELOPED LARGEST NORDIC SHOPPING MALL

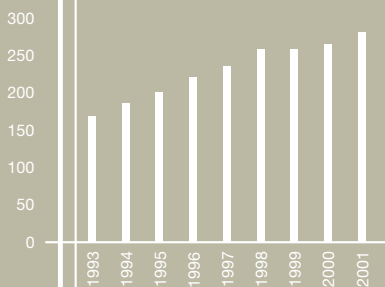
Sponda turned Itäkeskus into the largest shopping mall in the Nordic countries and an attractive prospect for foreign investors as well. Sponda developed the original 22,000 m² Itämarket mall into a shopping mall of high standard covering an area of almost 10 hectares. Retailers particularly attracted to Itäkeskus included Nordic fashion chains, which in many cases used the mall as a platform for further expansion into Finland. Wereldhave, a large owner of European shopping malls, will further promote the development of Itäkeskus. Sponda is actively seeking new potential sites in the Helsinki Metropolitan Area, where its aim is to own top-rated business properties in prime locations.

The Itäkeskus Shopping Mall is a well-known brand outside the Helsinki Metropolitan Area as well. The mall's active traders' association, working with the property's owner, has

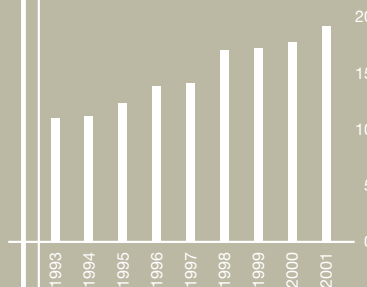
succeeded in attracting more than 20 million visitors to the mall every year through successful marketing. Excellent public communications and supplementary services added to the mall's appeal.

The office buildings and part of the Puhos shopping center that belonged to Sponda's former Itäkeskus business area were added to the company's HMA business area at the beginning of 2002.

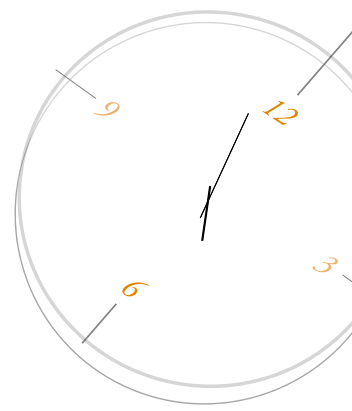
Sales of Itäkeskus retail outlets
1993–2001, MEUR



Net leasing income, MEUR
Itäkeskus



Logistics Properties



SPONDA'S AIM IS TO OWN LARGER CONCENTRATIONS OF REAL ESTATE ALSO IN ITS LOGISTICS PROPERTIES BUSINESS. SPONDA OFFERS ITS LOGISTICS CUSTOMERS NOT JUST SPACE BUT A COMPLETE ENVIRONMENT THAT SUPPORTS THEIR BUSINESS. RECOVERY IN THE RUSSIAN MARKET IS GENERATING A NEED FOR WAREHOUSES IN FINLAND, WHICH IS INCREASING DEMAND FOR LOGISTICS PROPERTIES.

Sponda's Logistics Properties business area consists of 22 logistics properties in the Helsinki Metropolitan Area.

The economic occupancy rate of these properties was 91.1% in 2001 (94.6). Their net operating income totalled EUR 13.8 million and they covered a leasable area of 244,000 m². The book value of the properties was approximately EUR 146.2 million.

Logistics Properties represented 15% of the net operating income from Sponda's property portfolio and 27% of Sponda's total leasable area.

Sponda has approximately 178,000 m² of unused building rights in its logistics properties in the Helsinki Metropolitan Area.

PROPERTY ACQUISITIONS AND SALES

Sponda developed its portfolio of logistics properties in line with its strategy. In March Sponda purchased a logistics property at Vanha Porvoontie 231 in Hakkila, Vantaa, adjacent to Vanha Porvoontie 229 ("Honkatalo") which Sponda also owns.



Alko's central warehouse at Heidehofintie 2 in Vantaa is a modern logistics site. 4.55 pm: restocking of the warehouse at the end of the working day.

In Hakkila Sponda's principle is to turn the area into a fully developed property entity including services and support functions.

Sponda sold eight logistics properties in the year, all of which were located outside its core business areas. Sponda will pursue the same strategy in the future, concentrating property ownership on large sites in the Helsinki Metropolitan Area.

GOOD SERVICES FOR TENANTS

Sponda has developed electronic services for its customers. An pilot extranet project, for example, was started with selected logistics property customers during 2001. Called Spondanet, this online service enables interactive communication with the customer, service company and property owner, making it easier and faster to monitor and document service calls. Spondanet also acts as a free online property notice board on which users can post instructions and announcements.

In another example of property and service development Sponda has held regular user meetings for a number of years in its Logistics Properties business. These bring together Sponda's customers, the property's various service providers and Sponda's own representatives for discussions on issues of importance to the property. These events have been warmly welcomed by all parties as they increase dialogue and involvement in decisions.

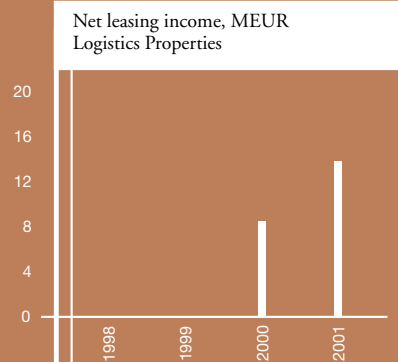
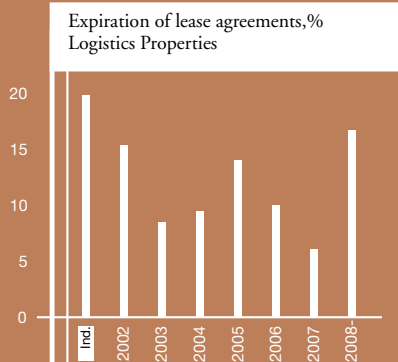
TENANT IMPROVEMENTS AND MAINTENANCE

Sponda spent approximately EUR 800,000 on renovation of its logistics properties during the year.

The 3,700 m² property at Karapellontie 4 was renovated in accordance with the customer's needs.

A 150-metre support wall was rebuilt at Hankasuontie 13.

At Köysikuja 1 the property's fire detection system and ventilation machinery were replaced and part of the façade was renovated.



Summary of Real Estate Portfolio

HELSINKI BUSINESS DISTRICT

Property address	Parent Company Holding %	Area, m ²							Total m ²	Year originally constructed	Economic occupancy rate 2001	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Warehouse m ²	Hotel m ²	Other m ²			% m ²	% EUR
CBD Prime												
1. Arkadiankatu 4–6	100.0%	15733	4834	671	0	4000	0	2056	27294	1977	100.0%	100.0%
2. Bulevardi 1	100.0%	4062	1146	0	0	477	0	627	6312	1890/1978	77.4%	65.2%
3. Erottajankatu 5	100.0%	2630	161	0	0	188	0	186	3165	1910	100.0%	100.0%
4. Erottajankatu 7	100.0%	1631	886	0	0	448	0	697	3662	1988	92.3%	89.2%
5. Eteläesplanadi 22	100.0%	6375	1897	0	0	707	0	0	8979	1940	100.0%	99.7%
6. Kaivokatu 12	100.0%	3462	1785	0	0	0	6246	0	11493	1911	100.0%	100.0%
7. a. Kaivokatu 6	100.0%	5576	4528	0	0	3158	0	6	13268	1964	100.0%	98.6%
b. Kaivokatu 8	100.0%	5371	4323	0	0	2453	0	88	12235	1964	99.9%	99.9%
c. Keskuskatu 6	100.0%	4986	4298	0	0	1976	0	163	11423	1904/1964	99.8%	99.9%
d. Kaivokadun Tunneli	83.6%	0	1693	0	0	854	0	0	2547	1967	100.0%	100.0%
8. Keskuskatu 1 B	100.0%	1979	735	0	0	241	0	0	2955	1920	100.0%	100.0%
9. Kluuvikatu 8	100.0%	0	0	0	0	0	9750	0	9750	1930	100.0%	100.0%
10. Korkeavuorenkatu 45	100.0%	2033	472	0	0	243	0	1080	3828	1912/1984	100.0%	100.0%
11. Mannerheimintie 4	100.0%	2619	1604	0	0	982	0	0	5205	1965	85.6%	92.5%
12. Mannerheimintie 6	100.0%	1218	2156	0	0	497	0	0	3871	1870	100.0%	100.0%
13. a. Unioninkatu 18	100.0%	2878	678	0	0	808	0	0	4364	1933	78.7%	89.3%
b. Unioninkatu 20–22	100.0%	17363	3074	0	0	7815	0	1660	29912	1954/1969	100.0%	100.0%
c. Unioninkatu 24	100.0%	2688	770	0	0	359	0	0	3817	1890	92.5%	98.0%
		80604	35040	671	0	25206	15996	6563	164080		97.7%	97.9%
CBD												
14. Iso Roobertinkatu 21–25	91.2%	3585	796	612	0	1947	0	763	7703	1965/1984	78.9%	88.6%
15. Kalevankatu 30	100.0%	3271	0	0	0	294	0	0	3565	1928	99.5%	97.7%
16. Lönnrotinkatu 13	57.8%	1803	346	0	0	216	0	0	2365	1937/1963	74.6%	67.8%
17. Lönnrotinkatu 27	100.0%	3745	758	0	0	255	0	211	4969	1938	86.6%	84.3%
18. Lönnrotinkatu 28	100.0%	2725	402	0	0	218	0	0	3345	1938	100.0%	100.0%
19. Lönnrotinkatu 29	100.0%	0	1558	0	0	62	1244	312	3176	1903	100.0%	100.0%
20. Runeberginkatu 60	25.9%	417	455	0	0	124	0	310	1306	1929	100.0%	100.0%
		15546	4315	612	0	3116	1244	1596	26429		89.0%	89.7%
Outskirts of CBD												
21. Itälahdenkatu 20	100.0%	4061	0	0	0	465	0	47	4573	1964	70.5%	71.7%
22. Itälahdenkatu 22	100.0%	4764	0	0	0	247	0	1172	6183	1975	100.0%	100.0%
23. Kumpulantie 11	100.0%	11105	0	0	0	939	0	3378	15422	1991	100.0%	100.0%
25. Ratapihantie 11	100.0%	10267	1133	0	0	1406	0	2676	15482	1989	98.6%	99.4%
		30197	1133	0	0	3057	0	7273	41660		96.2%	97.9%
CBD, total		126347	40488	1283	0	31379	17240	15432	232169		96.5%	97.1%

HELSINKI METROPOLITAN AREA

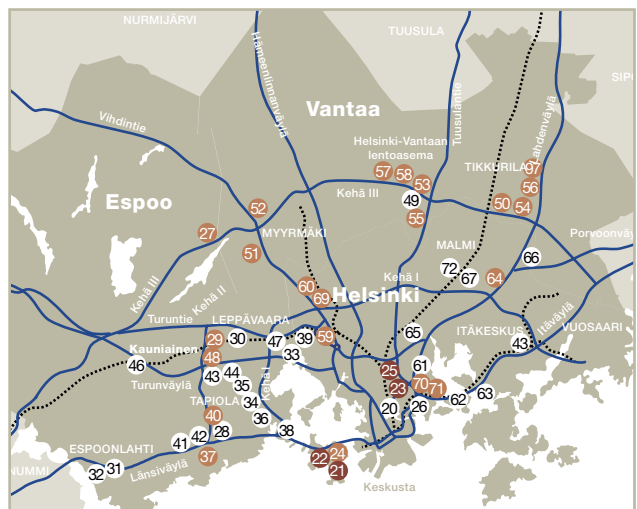
Area, m²

Property address	Parent Company Holding %	Area, m ²								Total m ²	Year originally constructed	Economic occupancy rate 2001 % EUR	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Warehouse m ²	Hotel m ²	Other m ²	% m ²			% EUR	
High Tech Espoo													
28. Kappelitie 8	100.0%	2093	0	0	0	0	0	0	0	2093	1988	100.0%	100.0%
30. Kilonkartanontie 3	100.0%	1924	0	0	1924	0	0	0	0	3848	1984	6.1%	0.0%
31. Kipparinkatu 2	19.4%	0	535	0	0	264	0	0	799	1986	67.0%	66.5%	
32. Kivenlahdenkatu 1	100.0%	2855	811	0	0	0	0	34	3700	1992	100.0%	100.0%	
33. Komentajankatu 5	100.0%	4232	0	0	0	183	0	0	4415	1991	100.0%	100.0%	
34. Kulttuuritori	66.2%	543	214	0	0	0	0	273	1030	1959	100.0%	100.0%	
35. Läkkipänsäntie 3	95.2%	2148	1134	0	0	0	0	0	3282	1986	100.0%	100.0%	
36. Länsituulentie 7	100.0%	2338	4238	0	0	230	0	1002	7808	1979	91.2%	92.7%	
38. Miestentie 3	100.0%	5049	0	0	0	0	0	581	5630	1984	100.0%	100.0%	
39. Kalkkipellontie 4	100.0%	3493	0	0	0	300	0	0	3793	1973	100.0%	100.0%	
41. Pihatörmä 1	58.6%	15 529	0	0	0	181	0	276	15 986	1991/1998	74.1%	60.0%	
42. Piispanportti 12	100.0%	4700	0	321	0	110	0	0	5131	1991	100.0%	100.0%	
43. Sinikalliontie 10	100.0%	3805	211	0	0	183	0	90	4289	1989	84.5%	83.6%	
44. Sinimäentie 14	100.0%	3955	210	0	0	1105	0	830	6100	1980	99.2%	99.4%	
46. Tuomarilantie 19	100.0%	4564	0	0	0	0	0	0	4564	1991	0.0%	0.0%	
47. Upseerinkatu 1	100.0%	17 228	0	0	0	2 376	0	935	20 539	1988	12.4%	15.1%	
		74 456	7 353	321	1 924	4 932	0	4 021	93 007			69.0%	68.4%
Vantaa Airport City													
49. Elannonatie 5	100.0%	4 920	1 606	0	346	43	0	205	7 120	1991	100.0%	100.0%	
		4 920	1 606	0	346	43	0	205	7 120			100.0%	100.0%
Suburban Helsinki													
65. Kirkkoherrantie 6-8	100.0%	0	303	0	0	0	0	0	303	1963	0.0%	0.0%	
72. Ylä-Malmintori 6	100.0%	1 585	1 089	0	0	0	0	0	2 674	1989	39.6%	43.3%	
		1 585	1 392	0	0	0	0	0	2 977			35.6%	38.5%
Helsinki Metropolitan Area, total													
		80 961	10 351	321	2 270	4 975	0	4 226	103 104			70.9%	70.5%

CBD Prime and CBD



Helsinki Metropolitan Area, Outskirts of CBD and Logistics Properties



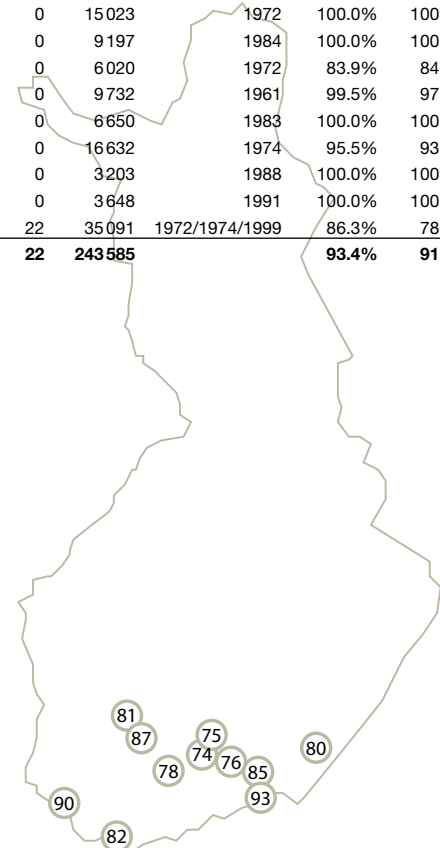
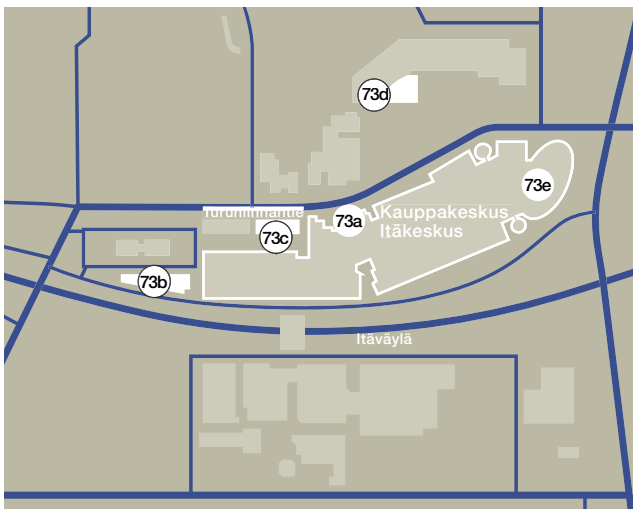
ITÄKESKUS

Property address	Parent Company Holding %	Area, m ²							Total m ²	Year originally constructed	Economic occupancy rate 2001 % EUR	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Warehouse m ²	Hotel m ²	Other m ²			% m ²	% EUR
73. a. Itäkeskus	98.6%	10865	65649	0	0	9531	0	1702	87747	1984/1992	99.3%	99.6%
b. Itäkatu 11	100.0%	5708	1499	0	0	965	0	6	8178	1985	96.3%	97.5%
c. Turunlinnantie 12	100.0%	2350	2011	0	0	0	0	163	4524	1985	97.1%	92.7%
d. Puotinharjun Puhos	20.4%	0	3092	0	0	0	0	0	3092	1984/1987/1990	100.0%	100.0%
e. Itäkeskus III	100.0%	0	6294	0	0	1168	0	0	7462	2001	100.0%	100.0%
Itäkeskus, total		18923	78545	0	0	11664	0	1871	111003		99.1%	99.4%

LOGISTICS PROPERTIES

Property address	Parent Company Holding %	Area, m ²							Total m ²	Year originally constructed	Economic occupancy rate 2001 % EUR	
		Office m ²	Retail m ²	Industrial m ²	High ware-house m ²	Warehouse m ²	Hotel m ²	Other m ²			% m ²	% EUR
24. Melkonkatu 26, Helsinki	100.0%	0	0	0	6505	0	0	0	6505	1982	100.0%	100.0%
27. Juvan Teollisuuskatu 23, Espoo	100.0%	0	0	0	11443	0	0	0	11443	1974	100.0%	100.0%
29. Karapellontie 4, Espoo	100.0%	4051	0	0	5534	0	0	0	9585	1961/1973	66.8%	41.9%
37. Matinpurontie 3, Espoo	100.0%	557	0	0	2001	0	0	0	2558	1974	100.0%	100.0%
40. Olarinluoma 14, Espoo	100.0%	4182	0	0	0	4182	0	0	8364	1987	100.0%	100.0%
48. Vitikka 6, Espoo	100.0%	0	0	0	3979	0	0	0	3979	1976	93.7%	92.2%
50. Heidehofintie 2-4, Vantaa	100.0%	3675	0	0	25065	0	0	0	28740	1981/1998	90.5%	94.8%
51. Köysikuja 1, Vantaa	100.0%	1063	0	0	11350	0	0	0	12413	1961	95.5%	94.8%
52. Mestarintie 6, Vantaa	100.0%	0	0	0	0	5007	0	0	5007	1991	100.0%	100.0%
53. Robert Huberin tie 2, Vantaa	100.0%	2526	433	0	1935	1948	0	0	6842	1989	100.0%	100.0%
54. Santaradantie 8, Vantaa	100.0%	0	0	0	2729	0	0	0	2729	1974	100.0%	100.0%
55. Sähkötie 1, Vantaa	100.0%	2400	0	0	0	8625	0	0	11025	1973	100.0%	100.0%
56. Vanha Porvoontie 229, Vantaa	100.0%	13531	0	0	15668	0	0	0	29199	1976	90.2%	81.3%
57. Virkatie 12-14, Vantaa	100.0%	0	0	0	15023	0	0	0	15023	1972	100.0%	100.0%
58. Äyrikuja 3, Vantaa	100.0%	800	0	0	8397	0	0	0	9197	1984	100.0%	100.0%
59. Atomitie 1, Helsinki	100.0%	1863	0	0	4157	0	0	0	6020	1972	83.9%	84.7%
60. Hankasuontie 13, Helsinki	100.0%	0	0	0	9732	0	0	0	9732	1961	99.5%	97.9%
64. Kankiraudantie 6, Helsinki	100.0%	0	0	0	6650	0	0	0	6650	1983	100.0%	100.0%
69. Ruosilantie 14, Helsinki	100.0%	6232	0	0	10400	0	0	0	16632	1974	95.5%	93.4%
70. Työpajankatu 2, Helsinki	100.0%	0	0	0	3203	0	0	0	3203	1988	100.0%	100.0%
71. Vanha Tälvitie 12, Helsinki	100.0%	0	0	0	3648	0	0	0	3648	1991	100.0%	100.0%
97. Vanha Porvoontie 231, Vantaa	100.0%	4778	261	1178	0	28852	0	22	35091	1972/1974/1999	86.3%	78.2%
Logistics Properties, total		45658	694	1178	147419	48614	0	22	243585		93.4%	91.1%

Itäkeskus



OTHER

Property address	Parent Company Holding %	Area, m ²							Total m ²	Year originally constructed	Economic occupancy rate 2001	
		Office m ²	Retail m ²	Industrial m ²	High warehouse m ²	Warehouse m ²	Hotel m ²	Other m ²			% m ²	% EUR
26. Sörnäisten Rantatie 33, Helsinki	10.3%	0	0	2208	0	0	0	0	2208	1976	100.0%	100.0%
61. Haukilahdenkatu 4, Helsinki	100.0%	0	0	4106	0	0	0	0	4106	1988	100.0%	100.0%
62. Hitsaajankatu 8, Helsinki	100.0%	0	0	5290	0	0	0	0	5290	1958	99.6%	99.6%
63. Insinöörintie 2, Helsinki	100.0%	0	0	4118	0	0	0	0	4118	1988	100.0%	100.0%
66. Luiskatie 8, Helsinki	100.0%	0	0	1088	0	0	0	0	1088	1992	62.6%	62.1%
67. Malminkaari 10, Helsinki	100.0%	617	109	3189	0	0	0	105	4020	1989	100.0%	100.0%
74. Keskikankaantie 19, Hollola	100.0%	0	0	3844	0	0	0	0	3844	1992	100.0%	100.0%
75. Keskikankaantie 9, Hollola	100.0%	3958	0	15243	0	0	0	0	19201	1970	100.0%	100.0%
76. Kouvolaantie 227, Nastola	100.0%	0	0	15535	0	0	0	0	15535	1961/2000	100.0%	100.0%
78. Tehtaankatu 11, Riihimäki	100.0%	0	0	2497	0	0	0	0	2497	1990	100.0%	100.0%
79. Varjolanrinteentie 1, Nastola	100.0%	0	0	5218	0	0	0	0	5218	1983	100.0%	100.0%
80. Brahenkatu 3, Lappeenranta	100.0%	0	6908	1551	0	0	0	0	8459	1987	92.5%	95.6%
81. Etu-Hankkionkatu 1, Tampere	100.0%	3277	0	40510	0	0	0	0	43787	1961	96.3%	94.0%
82. Gropintie, Tammisaari	21.4%	0	0	0	0	1152	0	0	1152	1983	100.0%	100.0%
85. Inkeröisten Koekeskus. Anjalankoski	100.0%	0	0	6245	0	0	0	0	6245	1988	100.0%	100.0%
86. Jokipohjantie 28, Tampere	100.0%	0	0	0	22034	0	0	0	22034	1990	100.0%	100.0%
87. Mottitie 2, Valkeakoski	100.0%	0	0	1207	0	0	0	0	1207	1969	100.0%	100.0%
88. Naulakatu 3, Tampere	100.0%	0	0	16025	0	0	0	0	16025	1983	98.1%	98.5%
90. Rydönnotko 1, Turku	100.0%	0	0	0	19932	0	0	0	19932	1982	100.0%	100.0%
91. Sarankulmankatu 22, Tampere	100.0%	0	0	0	4339	0	0	0	4339	1974	100.0%	100.0%
93. Takojantie 32, Kotka	100.0%	0	0	0	2391	0	0	0	2391	1980	100.0%	100.0%
94. Tampereen Pellava, Tampere	12.7%	190	636	0	0	0	0	0	826	1998	100.0%	100.0%
95. Tampereen Pellavanhovi, Tampere	12.1%	93	417	0	0	0	0	0	510	2000	70.3%	61.6%
96. Vihiojantie 1, Tampere	100.0%	0	0	0	5191	0	0	0	5191	1991	100.0%	100.0%
98. Tampereen Pellavankulma, Tampere	9.3%	151	377	0	0	0	0	0	528	2001	73.1%	67.6%
100. Kelloportinkatu 2. Kelloportti, Tampere	100.0%	3821	0	0	0	0	0	235	4056	2001	100.0%	100.0%
Other total		12107	8447	127874	53887	1152	0	340	203807		98.4%	97.7%
Total		283996	138525	130656	203576	97784	17240	21891	893668		93.1%	93.5%

By predominant use of each property, m²

Office	210269	45864	1604	2270	35518	0	19205	314730
Retail	12500	81735	0	0	12500	1244	2324	110303
Hotel	3462	1785	0	0	0	15996	0	21243
Logistics	45658	694	1178	147419	48614	0	22	243585
Others	12107	8447	127874	53887	1152	0	340	203807
Total	283996	138525	130656	203576	97784	17240	21891	893668

Land bank, m²

		Building rights m ²										
Komentajankatu 3, Espoo	100.0%	10023	0	0	0	0	0	0	0	10023		
Pohjantie 14, Espoo	100.0%	6200	0	0	0	0	0	0	0	6200		
Robert Huberin tie 2, Sirius I, Vantaa	100.0%	11000	0	0	0	0	0	0	0	11000		
Valimotie 13, Vantaa	100.0%									6882		
Väinö Tannerin tie, Vantaa	85.0%									21640		
Virkatie 9, Sirius II, Vantaa	100.0%	18000	0	0	0	0	0	0	0	18000		
		45223	0	0	0	0	0	0	0	73745		

Financing

Sponda's financing strategy is to balance its loan capital exposure, to increase the use of new instruments and financiers, and to maintain unsecured financing.

The company aims to keep the average interest-bearing period to 3 years and the average maturity of its loans to over 4 years. The interest-bearing period has been shortened owing to changes in market interest rates and Sponda's property portfolio. The interest-bearing period is governed by fixed-interest agreements and off-balance-sheet interest instruments.

STRUCTURE

Sponda aims to keep its capital structure simple and flexible. Payments are allocated to different periods to reduce the refinancing risk and increase control. Funding adequacy is ensured by using a number of different sources.

24% of loans carry fixed interest. Floating-rate loans are hedged using cap and swap contracts. Sponda had EUR 78 million in committed unused credit lines.

KEY INDICATORS

Sponda's equity ratio at the close of the period was 41.6% (41.6). Interest-bearing debt totalled EUR 680.9 (654.7) million and net interest expenses were EUR 35.8 million. The aver-

age maturity of Sponda's loans was 3.3 (4.4) years, the average interest rate was 4.5% (5.6), and the average interest-bearing period was 1.9 (2.9) years. The interest cover (EBITDA/ net interest expenses) was 2.6. Indebtedness represented 12% of the balance sheet total.

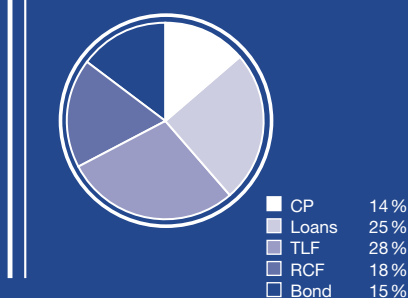
SENSITIVITY ANALYSIS

Sponda has calculated the impact of different factors on its performance to make it easier to forecast its return on share ownership in property companies. The figures in the table below are based on Sponda's cost structure in 2001 and are only indicative.

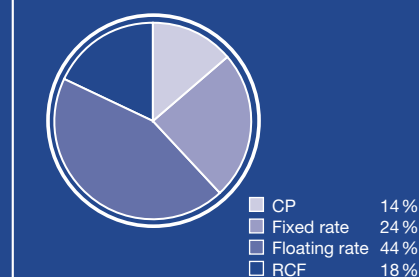
Impact on pretax profits

Factor	Change	Impact
		MEUR
Leasing level %	+ / - 1 %	1.2
Leasing level/m ²	+ / - 4 euros / m ²	3.5
Maintenance costs	+ / - 5 %	1.4
Administration	+ / - 10 %	0.4
Property tax	+ / - 10 %	0.4
Interest levels	+ / - 1 %-unit	3.5

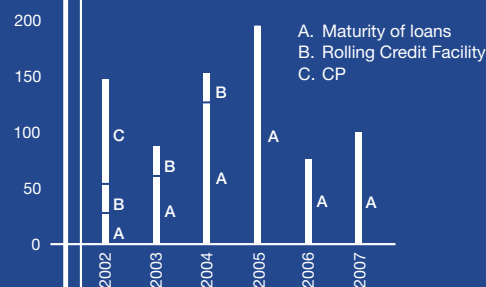
Instruments, %



Types of interest rates, %



Maturity of loans, MEUR



CP= Commercial Paper TLF= Term Loan Facility RCF= Rolling Credit Facility

Sponda Group recorded a net profit in 2001 of EUR 31.8 (28.4) million, which included profits on property sales totalling EUR 3.3 (3.2) million. Total revenue was EUR 122.2 (109.4) million and was derived from rental income. The operating profit was EUR 77.7 (69.1) million, an increase of 12.5% on the previous year. The consolidated profit before extraordinary items, provisions and taxes increased 13.7% to EUR 41.9 (36.8) million. The Board of Directors will propose a dividend of EUR 0.30 per share.

The result of leasing operations before profits on property sales was EUR 94.4 million, up 13.8% on the result in 2000, which was EUR 83.0 million. The market value of Sponda's property portfolio at the end of 2001 was EUR 1.42 billion and the balance sheet total was EUR 1,198.7 million. Sponda's property portfolio had a book value of EUR 1,181.2 million. Net assets per share were EUR 9.06 (9.00). Shareholder's equity per share was EUR 6.12 (6.00) and earnings per share were EUR 0.39 (0.36).

FINANCING

Sponda's equity ratio at the close of the period was 41.6% (41.6). Interest-bearing debt totalled EUR 680.9 (654.8) million and net financial expenses were EUR 35.8 million. The average maturity of Sponda's loans was 3.3 (4.4) years and they carried average interest of 4.5% (5.6). The average maturity of the interest rate derivatives was 1.9 (2.9) years. Secured loans represented 12% of the balance sheet total.

BUSINESS CONDITIONS

The vacancy rate for business premises in the Helsinki Metropolitan Area continues to be low although an increase was evident, the rate being 1.7% according to September 2001 statistics. With demand for premises lower in the IT sector there is more business space available in Espoo, where the vacancy rate now stands at 2.7%. The vacancy rate for business premises in the Helsinki Metropolitan Area is still only 1.4%

and demand remains strong for logistics premises as well. The number of new office and commercial building projects in the Helsinki Metropolitan Area has declined sharply and substantially less new space will become available in the Helsinki Metropolitan Area in 2002 than one year ago.

PROPERTY PORTFOLIO

The value of Sponda's real estate portfolio on 31 December 2001 was EUR 1.42 (1.41) billion, according to the company's estimate.

Sponda's properties were in 2001 divided into four business areas: Helsinki Metropolitan Area, Helsinki Business District, Itäkeskus and Logistics Properties. The office properties in Itäkeskus, which Sponda still owns, were added to Helsinki Metropolitan Area in 2002.

Sponda Group owns altogether 101 properties, 29 of which are located in the Helsinki Business District. Sponda has 24 properties in the Helsinki Metropolitan Area. Sponda owns 22 logistics properties. Sponda also owns 26 properties in other areas of Finland. The aggregate leasable area of Sponda's properties is 893,000 m² comprising 315,000 m² of office space (35.2% of the total leasable area), 110,000 m² of retail premises (12.3%), 21,000 m² of hotels (2.4%) and 447,000 m² of logistics properties (50.1%).

TENANT IMPROVEMENTS

Sponda's investments in maintenance and upgrading of its real estate totalled EUR 12.3 million during 2001.

LEASING OPERATIONS

Net operating income from Sponda's properties totalled EUR 94.4 million. The book value of the property portfolio was EUR 1.2 billion. Net operating income was generated as follows: 43.0% from Helsinki Business District, 20.8% from the Itäkeskus Shopping Mall, 11.2% from Helsinki Metropolitan Area, 14.7% from Logistics Properties, and 10.3% from the rest of Finland.

Report by the Board of Directors

CASTRUM BECOMES WHOLLY OWNED SUBSIDIARY

Sponda Plc's compulsory public offer for the outstanding shares and warrants in Castrum Oyj, required under the Finnish Securities Markets Act, ended on 18 January 2001. The offer was taken up by shareholders representing altogether 3,761,143 shares, or approximately 4.9% of Castrum's share capital and voting power, and accordingly Sponda's holding in Castrum rose to 99.6% of Castrum's shares and votes.

Trading in Castrum shares ended on 1 August 2001 and the company was delisted. Sponda now owns 100% of Castrum's share capital. A court of arbitration on 15 January 2002 set the redemption price of the Castrum share at EUR 1.45 and confirmed the price of the bond warrants to be EUR 10 per warrant.

PROPERTY ACQUISITIONS AND SALES

On 6 March 2001 Sponda bought the entire share capital of Kiinteistö Oy Vantaa's property at Vanha Porvoontie 231 for EUR 8.6 million.

On 28 February 2001 Sponda raised its holding in Kaivokadun Tunneli Oy from 40% to 65.4% at a cost of EUR 1.9 million. Furthermore, on 28 June 2001 Sponda raised its holding in Kaivokadun tunneli to 83.6% at a cost of EUR 2.7 million.

Sponda sold eight properties outside its core business area during 2001 for a total of EUR 21.9 million in the following localities: Tampere, Helsinki, Kauniainen, Kuopio, Humppila and Pori.

GROUP STRUCTURE AND CHANGES

Sponda Group comprises the parent company and its wholly owned subsidiaries. With the exception of Tamsoil Oy and Castrum Oyj, these are mutual property companies.

ORGANIZATION AND PERSONNEL

The Sponda Group had 55 (49) employees on average between 1 January and 31 December 2001, which included 47 (33) in the parent company Sponda Plc. At the close of the period personnel totalled 54 (52), which included 46 (34) in the parent company.

Wages and salaries paid by the parent company amounted to EUR 2,103,538.56. Remuneration paid to the Board of Directors and the CEO totalled EUR 226,885.06. The Sponda Group paid EUR 2,611,633.42 in wages and salaries during the review period. Of this, remuneration to the Board of Directors and the Presidents totalled EUR 473,280.45 and wages and salaries to other employees totalled EUR 2,149,352.97.

BOARD OF DIRECTORS

The Annual General Meeting 28 March 2001 elected the following to the Board of Directors: Heikki Bergholm, MSc (Eng); Maija-Liisa Friman, President, Vattenfall Oy; Heikki Hyppönen, Director Real Estate, Nordea; Harri Pynnä, Legal Counsel, Fortum Oyj; Anssi Soila MSc (Eng.); and Jarmo Väisänen, Financial Counsellor, Ministry of Finance. The Chairman of the Board is Anssi Soila and the Deputy Chairman is Jarmo Väisänen.

AUDITORS

The Annual General 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

Report by the Board of Directors

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 during 2001 than the HEX all-share index in general and the closing share price on 31 December 2001 was EUR 4.68. The lowest quotation during the financial year was EUR 3.70 and the highest was EUR 5.25. The company's market capitalization at the end of the year was EUR 380 million.

AUTHORIZATIONS TO PURCHASE OWN SHARES

Following authorization by an Extraordinary General Meeting of shareholders held on 14 December 2000, Sponda Plc's Board of Directors decided on 22 December 2000 to purchase the Company's own shares using the Company's distributable funds.

Sponda began purchasing its own shares on 2 January 2001 and by the expiry date of the authorization, 14 December 2001, had purchased 827,400 shares for EUR 3,595,513. The average price was EUR 4.35 per share, the highest price was EUR 5.05 per share and the lowest price was EUR 3.80 per share. The aggregate nominal value of these shares was EUR 827,400 and they represented 1.01% of the total share capital.

SUBSEQUENT EVENTS

Sponda sold the Itäkeskus Shopping Mall to a Dutch property investment company, Wereldhave N.V., for EUR 317 million, recording a capital gain on the transaction of approximately

EUR 62 million. At the same time Sponda committed itself to subscribing for 1,935,000 Wereldhave shares. These shares represent approximately 10% of Wereldhave's share capital and carry full dividend rights for the year 2001. Itäkeskus Shopping Mall was the largest one of Sponda's properties with a net operating income of EUR 18.9 million.

PROSPECTS

Sponda's result in 2002 will be better than in 2001. The Mall divestment will mean that Sponda's revenue and result from leasing operations will be lower than in 2001. The capital released from the Itäkeskus Shopping Mall will be actively re-invested in Sponda's business operations.

ANNUAL GENERAL MEETING AND DIVIDEND

Sponda Plc's Board of Directors has decided to hold the Annual General Meeting on 27 March 2002, starting at 2.00 pm, where it will propose a dividend of EUR 0.30 per share on the financial year 2001.

31 January 2002

Sponda Plc
Board of Directors

Shares and Shareholders

SHARE CAPITAL AND SHARES

Sponda Plc's share capital on 31 December 2001 was EUR 81,982,675 which was distributed between 81,982,675 shares. The company held 827,400 shares without voting or dividend rights. The shares had a nominal value of EUR 1.00 per share.

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

SHAREHOLDERS

On 31 December 2001 there were 5,841 shareholders, 22.2% of whom were foreign shareholders.

TRADING AND PERFORMANCE

Altogether 14,608,861 Sponda Plc shares were traded on the Helsinki Exchanges between 1 January and 31 December 2001. The total trading value was EUR 68 million and the weighted average price was EUR 4.63 per share. The highest quotation during the year was EUR 5.25 and the lowest was EUR 3.70. The share price at the close of the period on 31 December 2001 was EUR 4.68. The market capitalization of the company's share capital at the year end totalled EUR 380 million.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2001

	Number of shares	% of shares and votes
Private corporations	1 650 649	2.01
Banks and insurance companies	33 179 997	40.47
The Finnish State	38 711 442	47.22
Public sector entities	2 025 891	2.47
Non-profit organizations	1 710 600	2.09
Households	4 357 880	5.32
Outside Finland	346 216	0.42
	81 982 675	100.00

BUYBACK OF OWN SHARES

An Extraordinary General Meeting on 14 December 2000 authorized the Board of Directors to buy back the company's own shares using distributable funds. Purchasing began on 2 January 2001 and by 14 December 2001, the date of expiry of the authorization, the company had bought back altogether 827,400 shares for EUR 3,595,513. The average price was EUR 4.35 per share, the highest price being EUR 5.05 per share and the lowest EUR 3.80 per share. The aggregate nominal value of the acquired shares was EUR 827,400 and they represented 1.01% of the total votes.

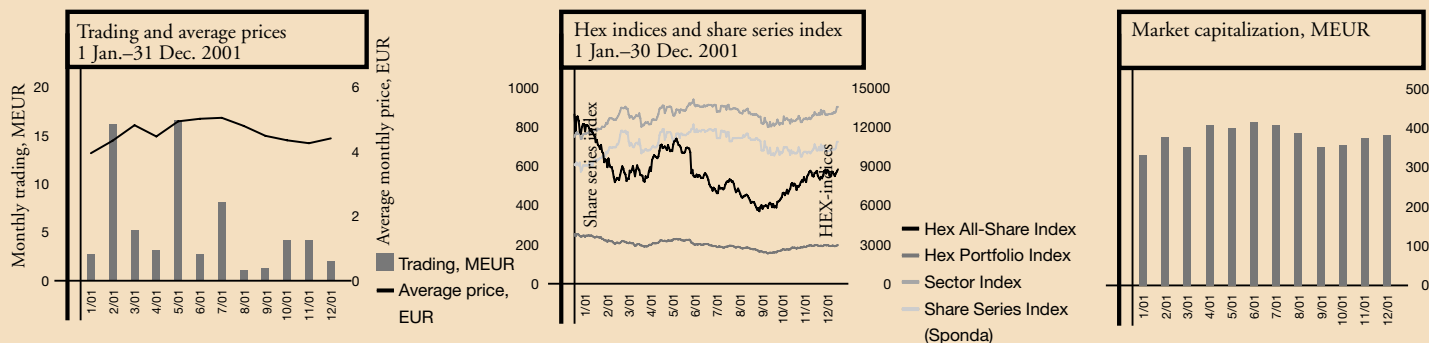
Distribution of ownership

Number of shares	No. of shareholders	% of total shareholders	No. of shares	% of total shares	No. of votes	% of total votes
1 – 100	187	3.20	9 889	0.01	9 889	0.01
101 – 1,000	4 498	76.98	1 988 514	2.43	1 988 514	2.43
1,001 – 10,000	1 083	18.53	2 161 612	2.64	2 161 612	2.64
10,001 – 100,000	54	0.92	1 621 401	1.98	1 621 401	1.98
100,001 – 1,000,000	15	0.26	5 028 867	6.13	5 028 867	6.13
1,000,001 –	9	0.13	71 346 521	87.03	71 346 521	87.03
Total	5 842	99.99	81 155 275	98.99	81 155 275	98.99
Owned by Sponda Plc	1	0.01	827 400	1.01	827 400	1.01
Total	5 843	100.00	81 982 675	100.00	81 982 675	100.00
Non-transferred, total			0	0.00	0	0.00
In general account			0	0.00	0	0.00
Issued			81 982 675	100.00	81 982 675	100.00

20 principal shareholders based on the share register at 31 December 2001

	Number of shares	% of shares and votes
1 The State Treasury	38 686 642	47.2
2 Fidelity International Limited	10 554 381	12.9
3 Nordea Pankki Suomi Oyj	9 826 499	12.0
4 Sampo Life Insurance Company	2 582 098	3.1
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 Insurance Company	800 000	1.0
8 Suomi Mutual Life Insurance Company	600 000	0.7
9 The State Pension Fund	400 000	0.5
10 Pension Trust of the Finnish Broadcasting Company	300 000	0.4
11 OKOBANK Osuuspankki Keskuspankki Oyj	244 267	0.3
12 Nordea Life Insurance Suomi Ltd	231 600	0.3
13 Livräntestalten Hereditas	210 000	0.3
14 Support Fund for the Commercial and Technical Sciences	200 200	0.2
15 Fennia Life Insurance Company	190 000	0.2
16 Varma-Sampo Mutual Life Insurance Company	150 000	0.2
17 ODIN Finland	148 800	0.2
18 Medicinska Understödsfören. Liv o Hälsa	125 000	0.2
19 Conventum Finland Value mutual fund	119 000	0.1
20 Confederation of Finnish Industry and Employers	110 000	0.1
Total	67 525 931	82.4
Shares owned by Sponda Plc	872 400	1.0
Other	13 739 344	16.8
Total	81 982 675	100.0
NOMINEE-REGISTERED (foreign shareholders)	18 221 303	22.2
Altogether 5 841 shareholders		

The Board of Directors and the chief executive officer owned altogether 222,895 shares at the year end, representing 0.27% of the total number of shares and voting rights.



Income Statement

	CONSOLIDATED		SPONDA PLC	
	1 Jan.–31 Dec. 2001	1 Jan.–31 Dec. 2000	1 Jan.–31 Dec. 2001	1 Jan.–31 Dec. 2000
	1 000 €	1 000 €	1 000 €	1 000 €
Total revenue	122 204	109 441	94 301	85 692
Operating expenses	-27 808	-26 513		
Net operating income	94 396	82 928	94 301	85 692
Other operating income	3 340	3 190	824	2 583
Personnel expenses	2 445	2 867	2 374	1 766
Depreciation and value writedowns	15 859	12 493	1 051	454
Other operating expenses	1 731	1 700	30 442	27 870
Operating profit	77 701	69 058	61 258	58 185
Share of associated companies' results	-5	-23		0
Financial income and expenses	-35 837	-32 215	-30 182	-27 079
	-35 842	-32 238	-30 182	-27 079
Profit before extraordinary items and taxes	41 859	36 820	31 076	31 106
Income taxes	-10 086	-8 283	-10 046	-8 278
Minority interest		-140		0
Net income for the financial year	31 773	28 397	21 030	22 828

Balance Sheet

	CONSOLIDATED		SPONDA PLC	
	1 Jan.–31 Dec. 2001	1 Jan.–31 Dec. 2000	1 Jan.–31 Dec. 2001	1 Jan.–31 Dec. 2000
	1 000 €	1 000 €	1 000 €	1 000 €
ASSETS				
Fixed assets				
Intangible assets	354	1 823		
Tangible assets				
Land and water	302 397	308 767		
Buildings	845 436	822 705		
Machinery and equipment	6 236	5 541		
Other tangible assets	10 526	3 325	8 073	2 605
	1 164 595	1 140 339	8 073	2 605
Investments				
Holdings in Group companies			563 792	541 590
Receivables from Group companies			654 419	653 912
Holdings in associated companies	6 052	13 732	4 755	12 699
Own shares	3 596		3 596	
Other investments	8 050	6 877	5 926	3 022
	17 697	20 609	1 232 487	1 211 223
Fixed assets, total	1 182 645	1 162 771	1 240 560	1 213 828
Current assets				
Trade receivables				
Short-term liabilities	11 161	14 993	1 420	3 385
Cash and bank deposits	4 902	7 381	30 255	28 510
Current assets, total	16 063	22 374	31 675	31 895
Assets, total	1 198 709	1 185 145	1 272 236	1 245 723
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	81 983	68 942	81 983	68 942
Share premium fund	151 425	164 465	151 425	164 465
Share buyback fund	3 596		3 596	
Retained earnings	231 750	227 465	284 989	286 273
Net income for the year	31 773	28 397	21 030	22 828
Shareholders' equity, total	500 526	489 270	543 022	542 509
Minority interest		3 210		
Liabilities				
Long-term liabilities	558 680	538 673	558 921	538 919
Short-term liabilities	139 502	153 992	170 292	164 295
Liabilities, total	698 182	692 665	729 213	703 214
Shareholders' equity and liabilities, total	1 198 709	1 185 145	1 272 236	1 245 723

Cash Flow Statements

Consolidated Cash Flow Statement

	1 Jan.–31 Dec. 2001 1000 €	1 Jan.–31 Dec. 2000 1000 €
Cash flow from operating activities		
Operating profit	77 701	69 058
Adjustments to operating profit	15 705	10 819
Change in net working capital	5 227	-4 293
Interest received	1 183	530
Interest paid and other payments	-37 643	-28 067
Dividends received	56	
Income taxes paid	-17 298	
Net cash from operating activities	44 931	48 047
Cash flow from investing activities		
Group companies acquired	-14 182	-33 968
Associated companies acquired		-6 323
Investments in other shares	-1 637	-100
Investments in tangible and intangible assets	-46 938	-35 334
Group companies sold	20 286	33 049
Proceeds from sale of other investments	2 730	19
Profits from sale of tangible and intangible assets	4 419	
Loans granted	-1 013	-292
Net cash from investing activities	-36 335	-42 948
Cash flow from financing activities		
Buybacks of own shares	-3 595	-7 104
Long-term loans raised	20 067	161 984
Long-term loans, repayment of principal	-61	-127 444
Short-term loans raised/repayment of principal	-6 968	-13 736
Dividends paid	-20 518	-11 992
Cash flow from financing activities	-11 075	1 708
Change in cash and cash equivalents	-2 479	6 807
Cash and cash equivalents on 1 Jan	7 381	574
Cash and cash equivalents on 31 Dec.	4 902	7 381

Sponda Plc Cash Flow Statement

	1 Jan.–31 Dec. 2001 1000 €	1 Jan.–31 Dec. 2000 1000 €
Cash flow from operating activities		
Payments received from sales	96 265	87 270
Payments received from other operating income	-235	649
Payments on operating expenses	-34 482	-31 498
Cash flow from operating activities before financial items and taxes	61 548	56 422
Interest paid and payments on other financial expenses arising from operating activities	-37 634	-23 493
Dividend paid on operating activities		363
Interest paid on operating activities	6 810	618
Income taxes paid	-15 700	
Net cash from operating activities	15 024	33 910
Cash flow from investing activities		
Investments in other shares	-15 901	-13 018
Investments in tangible and intangible assets	-6 614	-38 223
Proceeds from sale of tangible and intangible assets	870	22 051
Loans granted	-1 857	-129 931
Net cash from investing activities	-23 502	-159 121
Cash flow from financing activities		
Buybacks of own shares	-3 596	-7 104
Long-term loans raised	20 002	295 357
Long-term loans, repayment of principal		-123 239
Short-term loans raised	43 539	25 003
Short-term loans repayment of principal	-29 205	-37 475
Dividends paid	-20 517	-11 992
Net cash used in financing activities	10 223	140 551
Change in cash and cash equivalents	1 745	15 339
Cash and cash equivalents on 1 Jan	28 510	13 171
Cash and cash equivalents on 31 Dec.	30 255	28 510

Key Ratios

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

*) 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 acquired or sold during the financial period are included in the consolidated income statement from the time of acquisition or 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.

Goodwill (liabilities) arising from the consolidation of the Castrum subgroup is allocated to the Castrum subgroup's real estate assets and is recognized according to 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 companies are consolidated using the equity method of accounting. The Group's share of profits and losses of associated companies is entered under financial items in the consolidated income statement. The Group's share of retained profits and losses at the time of acquisition is included under acquisition costs of associated companies in the consolidated balance sheet.

Exceptions to the above are the property companies Asunto-osakeyhtiö Runerberginkatu 60 (25.86%) and Asunto Oy Lönnrotinkatu 28 (30.81%), which 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. The shares of Asunto-osakeyhtiö Runerberginkatu 60 and Asunto Oy Lönnrotinkatu 28 are not encumbered by debt holdings.

CHANGES IN GROUP STRUCTURE

Sponda Plc acquired the following property companies during 2001:

	Holding
Vantaan Vanha Porvoontie 231	100%
By the end of the year Sponda Plc had purchased 2.3% of Castrum Oyj's shares, making this company a wholly owned Sponda subsidiary.	
A further 7.86% of Kiinteistö Oy Agenttitalo was acquired	52.59%
A further 43.88% of Kaivokadun Tunneli Oy was acquired	83.58%

During 2001 Sponda sold the following property companies: Koy Hämeenkatu 23, Koy Päivärannantie 18, Koy Satakunnankatu 27, Koy Humpilantie 353, Tuusulan Mukulakuja 4, Koy Koskipihlaja and Koy Koskivaahtera.

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.

Tenant improvements

Costs arising from renovation work are entered as an annual expense or capitalized to other long-term costs of the owner, Sponda Plc.

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

Fixed assets and depreciation

Fixed assets are valued at cost less depreciation according to plan and less possible depreciation above plan, plus capitalized costs arising from improvements. Goodwill on consolidation arising building costs is amortized in the same way as depreciation on buildings.

Depreciation according to plan for buildings owned by Group companies is calculated using the declining balance method in the case of retail and office premises and the straight line method in the case of the logistics properties.

Machinery and equipment are depreciated using the declining balance method.

Renovation costs related to tenant improvements and capitalized to other long-term costs are depreciated over the lease period.

Retail premises and offices	1%
Logistics properties	40–60 years
Machinery and equipment in buildings	15–25%
Other machinery and equipment	25%
Other long-term assets	2–10 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 assets include computer software, asphaltting costs and the acquisition cost of the Kiinteistö Oy Kaivokadun tunneli.

INVESTMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts made to hedge the interest risks associated with long-term loans are not entered in the financial statements at their fair value.

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

OTHER PRINCIPLES

No Group debt is allocated to shares in housing companies owned by the Group.

The Group has arranged statutory pension insurance for its personnel with a pension insurance company. The costs arising from pension expenses are entered as 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, %	=	$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest}}$
Return on investment, %	=	$\frac{\text{Profit before extraordinary items} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{interest-free debt (average during the year)}}$
Equity ratio, %	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}}$
Earnings per share	=	$\frac{\text{Profit before extraordinary items, provisions and taxes} -/+ \text{minority interest} - \text{taxes}}{\text{Average adjusted number of shares during the year}}$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{cash and bank deposits}}{\text{Shareholders' equity} + \text{minority interest}}$
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	=	$\frac{\text{Total trading in EUR}}{\text{Average number of shares traded during the year}}$
Payout ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Adjusted closing price on the balance sheet date}}$
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 2001	Group Parent Company 2000	Parent Company 2001	Parent Company 2000	1 000 €	Group 2001	Group Parent Company 2000	Parent Company 2001	Parent Company 2000
1) Total revenue					7) Other operating expenses				
Rental income	117 281	105 789	93 001	84 695	Operating expenses of properties (maintenance charge)		27 750	21 130	
Recoverables	4 922	3 652	1 300	996	Office expenses	382	551	1 271	5 546
Total	122 204	109 441	94 301	85 692	Subcontracted services	1 120	905	1 019	789
2) Other operating income					Communications and marketing	229	244	402	405
Profit on sales of real estate shares	3 340	3 190	833	2 583	Total	1 731	1 700	30 442	27 870
3) Personnel					8) Financial income and expenses				
Salaried employees, on average in period	54	49	46	33	Dividend income from Group companies	0	0	0	363
4) Personnel expenses					Dividend income from other companies	47	13	0	0
Salaries and wages	2 016	2 196	1 943	1 373	Dividend income, total	47	13	0	363
Pension expenses	307	509	308	297	Interest income from long-term investments in Group companies	0	0	5 969	221
Other personnel expenses	122	162	122	95	Interest income from long-term investments in other companies	0	-1	0	-1
Total	2 445	2 867	2 374	1 766	Other interest and financial income	1 199	530	925	397
5) Salaries and fees to management					Interest income, total	1 199	529	6 894	617
Presidents	405	295	167	154	Share of associated companies' losses	5	23		
Members of the Board of Directors	68	72	60	60	Interest expenses and other financial expenses paid to Group companies	0	0	167	0
Total	473	367	227	214	Interest expenses and other financial expenses paid to others	37 078	32 734	36 908	28 060
6) Depreciation and writedowns					Interest expenses, total	37 078	32 734	37 075	28 060
Depreciation on tangible and intangible assets	15 859	12 493	1 051	454	Financial income and expenses, total	-35 837	-32 215	-30 182	-27 079
Writedowns of fixed assets and long-term investments	0	0	0	0	9) Income taxes				
Total	15 859	12 493	1 051	454	Income taxes from operating activities	10 086	8 283	10 046	8 277

10) Fixed assets	Intangible assets	Tangible assets	Machinery and equipment		Other tangible assets	Total
	Other long-term expenditure	Land	Buildings			
Acquisition cost 1 Jan. 2001	2 399	316 425	1 004 055	24 760	4 164	1 351 804
Increases	426	240	59 023	2 173	12 012	73 872
Decreases	-251	-6 610	-23 439	-143	-4 938	-35 381
Transfers between items	-1 558	0	0	0	1 558	0
Acquisition cost 31 Dec. 2001	1 016	310 054	1 039 639	26 790	12 797	1 390 296
Accumulated depreciation and writedowns 1 Jan. 2001	-577	-7 944	-182 814	-19 218	-839	-211 392
Accumulated depreciation in decreases and transfers	0	0	109	45	0	154
Depreciation in period	-85	0	-12 961	-1 381	-1 432	-15 859
Accumulated depreciation on 31 Dec. 2001	-662	-7 944	-195 665	-20 554	-2 271	-227 096
Revaluations	0	286	1 463	0	0	1 749
Net carrying amount 31 Dec. 2001	354	302 397	845 436	6 236	10 526	1 164 948

	Intangible assets Other long-term expenditure	Tangible assets Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan. 2000	1 021	261 441	818 872	23 426	2 916	1 107 677
Increases	2 221	61 144	208 494	1 584	1 248	274 691
Decreases	-843	-6 160	-23 311	-250		-30 564
Transfers between items	0	0	0	0	0	0
Acquisition cost 31 Dec. 2000	2 399	316 425	1 004 055	24 760	4 164	1 351 804
Accumulated depreciation and writedowns 1 Jan. 2000	-476	-7 944	-174 164	-18 040	-517	-201 140
Accumulated depreciation indecreases and transfers			2 098	142	1	2 241
Depreciation in period	-101	0	-10 748	-1 321	-323	-12 493
Accumulated depreciation on 31 Dec. 2000	-577	-7 944	-182 814	-19 218	-839	-211 392
Revaluations	0	286	1 463	0	0	1 749
Net carrying amount 31 Dec. 2000	1 823	308 767	822 705	5 541	3 325	1 142 161
Revaluations						
	Value 1 Jan. 2001	Revaluations 1 Jan.-31 Dec. 2001	Reversals of revaluations 1 Jan.-31 Dec. 2001	Value 31 Dec. 2001		
Group						
Land and water	286	0	0	286		
Buildings and machinery	1 463	0	0	1 463		
Parent Company						
			Machinery and equipment	Other tangible assets	Total	
Acquisition cost 1 Jan. 2001			897	2 591	3 488	
Increases			382	6 232	6 614	
Decreases			-105	0	-105	
Transfers between items			0	0	0	
Acquisition cost 31 Dec. 2001			1 174	8 822	9 996	
Accumulated depreciation and writedowns 1 Jan. 2001			-530	-352	-883	
Accumulated depreciation in decreases and transfers			10	0	10	
Depreciation in period			-163	-888	-1 051	
Accumulated depreciation on 31 Dec. 2001			-683	-1 240	-1 923	
Revaluations			0			
Net carrying amount 31 Dec. 2001			491	7 582	8 073	
Acquisition cost 1 Jan. 2000			730	158	888	
Increases			183	2 433	2 616	
Decreases			-16		-16	
Transfers between items			0	0	0	
Acquisition cost 31 Dec. 2000			897	2 591	3 488	
Accumulated depreciation and writedowns 1 Jan. 2000			-414	-20	-434	
Accumulated depreciation in decreases and transfers			6		6	
Depreciation in period			-122	-332	-454	
Accumulated depreciation on 31 Dec. 2000			-530	-352	-883	
Revaluations			0	0		
Net carrying amount 31 Dec. 2000			367	2 238	2 605	

11) Investments

Group	Shares in associated companies	Shares in other companies	Receivables from associated companies	Other receivables and investments	Total
Acquisition cost 1 Jan. 2001	14 003	5 404	360	1 113	20 880
Increases	2 247	1 637	1 350	3 596	8 830
Decreases	-7	-783	0	-1 032	-1 821
Transfers between items	-10 191	0	0		-10 191
Share of results, increases		0	0	0	0
Net carrying amount 31 Dec. 2001	6 052	6 258	1 710	3 677	17 697

Parent Company	Shares in Group Companies	Shares in associated companies	Shares in other companies	Receivables from Group Companies	Receivables from associated companies	Other receivables and investments	Total
Acquisition cost 1 Jan. 2001	541 590	12 699	2 615	653 912	360	47	1 211 223
Increases	12 102	2 247	1 553	49 346	1 350	3 597	70 194
Decreases	-90		0	-48 839	0	0	-48 929
Transfers between items	10 191	-10 191	0			0	0
Share of profits, increase	0	0	0		0	0	0
Writeoffs							
Net carrying amount 31 Dec. 2001	563 792	4 755	4 168	654 419	1 710	3 644	1 232 487

Shares and holdings owned by the Group and Parent Company

Associated companies	Group holding %	Parent Company %	Associated companies	Group holding %	Parent Company %
Tamsoil Oy, Tampere		100.00	Kiinteistö Oy Hämeenportin Yritystalo, Vantaa	100.00	
Inkeröisten Koekeskus, Anjalankoski	100.00		Keskinäinen Kiinteistö Oy Kouvolaantie 227, Nastola	100.00	
Koski-Pysäköinti Oy, Tampere	60.82		Keskinäinen Kiinteistö Oy Naulakatu 3, Tampere	100.00	
Castrum Oyj		100.00	Kiinteistö Oy Insinöörikatu, Helsinki	100.00	
Kiinteistö Oy Karapellontie 4 C, Espoo	100.00		Keskinäinen Kiinteistö Oy Matinpurontie 3, Espoo	100.00	
Keskinäinen Kiinteistö Oy Ruosilantie 14, Helsinki	100.00		Keskinäinen Kiinteistö Oy Vitikka 6, Espoo	100.00	
Kiinteistö Oy Vantaan Omega, Vantaa	100.00		Keskinäinen Kiinteistö Oy Teollisuustie 5, Kauniainen	100.00	
Kiinteistö Oy Vantaan Epsilon, Vantaa	100.00		Keskinäinen Kiinteistö Oy Sarankulmankatu 22, Tampere	100.00	
Kiinteistö Oy Vantaan Lambda, Vantaa	100.00		Kiinteistö Oy Takojantie 32, Kotka	100.00	
Kiinteistö Oy Vantaan Omigron, Vantaa	100.00		Keskinäinen Kiinteistö Oy Rydönnotko 1, Turku	100.00	
Kiinteistö Oy Vantaan Zeeta, Vantaa	100.00		Keskinäinen Kiinteistö Oy Jokipohjantie 28, Tampere	100.00	
Kiinteistö Oy Kuninkaankaari, Vantaa	100.00		Keskinäinen Kiinteistö Oy Malmin Kankirauta, Helsinki	100.00	
Kiinteistö Oy Kuninkaankruunu, Vantaa	100.00		Kiinteistö Oy Helsingin Kalatori, Helsinki	100.00	
Kiinteistö Oy Kuninkaanlinna, Vantaa	100.00		Keskinäinen Kiinteistö Oy Atomitie 1, Helsinki	100.00	
Kiinteistö Oy Kuninkaanpuisto, Vantaa	100.00		Messukylän Kattila Oy, Tampere	100.00	
Kiinteistö Oy Kuninkaanvala, Vantaa	100.00		Messukylän Turpiini Oy, Tampere	100.00	
Kiinteistö Oy Hankasuontie 13, Helsinki	100.00		Keskinäinen Kiinteistö Oy Vanha Talvitie 12, Helsinki	100.00	
Kiinteistö Oy Haukilahdenkatu 4, Espoo	100.00		Tamsilva Oy, Tampere	100.00	
Kiinteistö Oy Vantaan Santaradantie 8, Vantaa	100.00		Keskinäinen Kiinteistö Oy Verkatehtaankatu 1, Hyvinkää	100.00	
Kiinteistö Oy Hollolan Keskikankaantie 9, Hollola	100.00		Keskinäinen Kiinteistö Oy Turkkirata, Pirkkala	100.00	
Kiinteistö Oy Hollolan Keskikankaantie 19, Hollola	100.00		Drawer Oy, Tampere	100.00	
Keskinäinen Kiinteistö Oy Kilonkallio 1, Espoo	100.00		Tamforest Oy, Tampere	100.00	
Kiinteistö Oy Tampereen Vihiojantalo, Tampere	100.00		Tamwell Oy, Tampere	100.00	
Kiinteistö Oy Riihimäen Tehtaankatu 11, Riihimäki	100.00		Kiinteistö Oy Tonttipaino, Vantaa	100.00	
Kiinteistö Oy Helsingin Luiskakulma, Helsinki	100.00		Kiinteistö Oy Ormuspellontie 20, Helsinki	100.00	
Kiinteistö Oy Nastolan Varjolanrinne, Nastola	100.00		Kiinteistö Oy Hitsaajatalo, Helsinki	100.00	
Kiinteistö Oy Vantaan Honkatalo, Vantaa	100.00				
Kiinteistö Oy Vantaan Äyrikuja 3, Vantaa	100.00				
Kiinteistö Oy Melkonkatu 26, Helsinki	100.00				
Kiinteistö Oy Olarintörmä, Espoo	100.00				
Kiinteistö Oy Espoon Juvanpuisto, Espoo	100.00				

Associated companies	Group holding %	Parent Company holding %
Kiinteistö Oy Valkeakosken Huhtakatu, Valkeakoski	100.00	
Kiinteistö Oy Messukylän Castrulli, Tampere	100.00	
Kiinteistöosakeyhtiö Vantaan Köysikuja 1, Vantaa	100.00	
Kiinteistö Oy Vantaan Alfa, Vantaa	85.00	
Kiinteistö Oy Vantaan Beta, Vantaa	85.00	
Kiinteistö Oy Vantaan Gamma, Vantaa	85.00	
Kiinteistö Oy Tuusulan Nukarinsuora, Tuusula	100.00	
Kiinteistö Oy Tuusulan Opinkulma, Tuusula	100.00	
Kiinteistö Oy Tuusulan Tärkkelystehdas, Tuusula	100.00	
Kiinteistö Oy Tuusulan Kartanonmäki, Tuusula	100.00	
Kiinteistö Oy Tuusulan Puistonreuna, Tuusula	100.00	
Kiinteistö Oy Kirkkoherrantie 6–8, Helsinki	100.00	
Kiinteistö Oy Ylä-Malmin tori, Helsinki	100.00	
Real estate companies:		
Agenttitalo, Helsinki		52.58
Arkadiankatu 4–6, Helsinki,	100.00	
Backaksenpelto, Vantaa	100.00	
Bulevardi 1, Helsinki	100.00	
Dianapuisto, Helsinki	100.00	
Espoon Pohjantie 14, Espoo	100.00	
Espoonportti, Espoo	100.00	
Hauki, Helsinki	100.00	
Helsingin Erottajanmäki, Helsinki	100.00	
Helsingin Itäkatu 11, Helsinki	100.00	
Helsingin Kaivokatu 8, Helsinki	100.00	
Helsingin Kaivokatu 6, Helsinki	100.00	
Kaivokatu 12, Helsinki	100.00	
Helsingin Kalevankatu 30, Helsinki	100.00	
Helsingin Keskuskatu 6, Helsinki	100.00	
Iso-Roobertinkatu 21–25, Helsinki	91.18	
Itälähdenkatu 20, Helsinki	100.00	
Itälähdenkatu 22, Helsinki	100.00	
Kaivokadun Tunneli, Helsinki	83.58	
Kappelitie 8, Espoo	100.00	
Karjalan Kauppakeskus, Lappeenranta	100.00	
Kauppakeskus Itäkeskus, Helsinki	100.00	
Keskuskatu 1 B, Helsinki	100.00	
Kluuvikatu 8, Helsinki	100.00	
Espoon Komentajankatu 3, Espoo	100.00	
Korkeavuorenkatu 45, Helsinki	100.00	
Koskituomi, Tampere	100.00	
Kumpulantie 11, Helsinki	100.00	

Associated companies	Group holding %	Parent Company holding %
Läkkitori, Espoo		95.23
Länsi-Keskus, Espoo		58.64
Lönkka, Helsinki		100.00
Lönnotinkatu 13, Helsinki		57.81
Lönnotinkatu 29, Helsinki		100.00
Malmin Yritystalo, Helsinki		100.00
Mannerheimintie 6, Helsinki		100.00
Mansku 4, Helsinki		100.00
Miestentie, Espoo		100.00
Mäkkylän toimistotalo, Helsinki		100.00
Upseerinkatu 1, Espoo		100.00
Piispanpiha 5, Helsinki		100.00
Pojupuisto, Espoo		100.00
Puistokukko, Helsinki		100.00
Puistometso Oy, Helsinki		100.00
Puistoteeri Oy, Helsinki		100.00
Puistovarpuunen Oy, Helsinki		100.00
Ratapihantie 11, Helsinki		100.00
Robert Huberintie 2, Vantaa		100.00
Sinikalliontie 10, Espoo		100.00
Sinimäentie 14, Espoo		100.00
SRK-Kiinteistöt, Helsinki		100.00
Tapiolan Kulttuuritori, Espoo		66.22
Tapiolan Toimitalo Oy, Espoo		100.00
Turunlinnantie 12, Helsinki		100.00
Unioninkatu 18, Helsinki		100.00
Unioninkatu 20–22, Helsinki		100.00
Unioninkatu 24, Helsinki		100.00
Vanhajämärä Oy, Helsinki		100.00
Vantaan Sähkötie 1, Vantaa		100.00
Vantaan Vanha Porvoontie 231		100.00
Perkkaanpuiston Paikoitustalo II, Espoo	100.00	
Associated companies		
	Group holding %	Parent Company holding %
Erottajan Pysäköintilaitos, Helsinki	42.86	42.86
As. Oy Lönnotinkatu 28, Helsinki	30.81	30.81
As. Oy Runeberginkatu 60, Helsinki	25.86	25.86
Puotinharjun Puhos	20.43	20.43

1 000 €	Group 2001	Group Parent Company 2000	Parent Company 2001	Parent Company 2000
12) Receivables				
Receivables from Group companies				
Long-term receivables				
Loans receivable	0	0	654 419	653 912
Total	0	0	654 419	653 912
Current receivables				
Trade receivables	0	0	63	0
Other receivables	0	0	0	279
Prepaid expenses and accrued income	0	0	10	3
Total	0	0	73	282
Receivables from associated companies				
Long-term				
Current	1 710	360	1 710	360
Total	1 710	360	1 710	360
Current receivables				
Prepaid expenses and accrued income	0	83	0	0
Total	0	83	0	0
Receivables from other companies				
Short-term receivables				
Trade receivables	1 706	2 711	992	847
Loan receivables	1 014	0	0	0
Other receivables	6 461	11 326	322	2 064
Prepaid expenses and accrued income	1 981	873	33	190
Total	11 161	14 911	1 347	3 102
Long-term receivables, total	1 710	360	656 129	654 272
Short-term receivables, total	11 161	14 993	1 420	3 384
Receivables, total	12 871	15 353	657 550	657 656

13) Accrued tax assets				
Sponda Plc has MEUR 85 in confirmed tax losses which become out of date as follows: MEUR 25 in 2004 and MEUR 60 in 2006. The tax receivable on these losses is MEUR 24 at the current 29% tax rate. Sponda Group, correspondingly, has confirmed tax losses totalling MEUR 93.				
Accrued tax assets arising from writedowns not deducted in taxation total MEUR 26 in Sponda Group. The Group's deferred tax liability from goodwill on consolidation allocated to buildings totals MEUR 11.				
At the Group's current level of operating income these losses will be taken up in future years, during which time the company will not pay tax on income. During this period taxes will arise from a supplementary tax liability based on dividend payments and for this reason no value has been given to accrued tax assets.				

1 000 €	Group 2001	Group Parent Company 2000	Parent Company 2001	Parent Company 2000
14) Shareholders' equity				
Share capital 1 Jan.	68 942	61 132	68 942	61 132
Privileged issue, 3 Apr.	0	6 333	0	6 333
Privileged issue, 18 Dec.	0	3 718	0	3 718
Increase in share capital 2 May	13 040		13 040	0
Cancellation of shares, 3 Apr.	0	-1 170	0	-1 170
Cancellation of shares, 18 Dec.	0	-1 071	0	-1 071
Share capital 31 Dec.	81 983	68 942	81 983	68 942
Share premium fund 1 Jan.	164 465	116 897	164 465	116 897
Privileged issue, 3 Apr.	0	31 348	0	31 348
Privileged issue, 18 Dec.	0	13 979	0	13 979
Transfer to share capital, 2 May	-13 040		-13 040	
Transfer from share capital, 3 Apr.	0	1 170	0	1 170
Transfer from share capital 18 Dec.	0	1 071	0	1 071
Share premium account 31 Dec.	151 425	164 465	151 425	164 465
Share buyback fund 1 Jan.	0	3 717	0	3 717
Share buybacks	3 596	7 104	3 596	7 104
Cancellation of own shares, 3 Apr.	0	-5 679	0	-5 679
Cancellation of own shares 18 Dec.	0	-5 142	0	-5 142
Share buyback fund 31 Dec.	3 596	0	3 596	0
Retained earnings 1 Jan.	255 863	246 561	309 102	305 369
Dividend payment	-20 518	-11 992	-20 518	-11 992
Transfer to share buyback fund	-3 596	-7 104	-3 596	-7 104
Retained earnings 31 Dec.	231 750	227 465	284 989	286 273
Net income for the financial year	31 773	28 397	21 030	22 828
Shareholders' equity, total	500 526	489 270	543 022	542 509
Calculation of distributable funds 31 Dec.				
Retained earnings	231 750	227 465	284 989	286 273
Net income for the financial year	31 773	28 397	21 030	22 828
Accumulated depreciation difference	0	0	0	0
Total	263 523	255 863	306 019	309 102
Own shares				
Own shares owned by the company		827 400		0
Nominal value		827		0
Purchasing cost		3 596		0

1 000 €	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
15) Long-term debt				
Serial bonds	100 000	100 000	100 000	100 000
Convertible bonds	297	357	636	634
Loans from financial institutions	458 373	438 309	458 278	438 278
Other long-term debt	10	7	7	7
Long-term liabilities, total	558 680	538 673	558 921	538 919
Debts due after five years				
Loans from financial institutions	100 000	17 568	100 000	17 568
16) Current liabilities				
Loans from financial institutions	122 240	129 208	156 095	141 760
Advance payments	101	88	94	83
Trade creditors	1 870	3 587	307	943
Debts to Group companies				
Accrued expenses and prepaid income	0.00	0.00	3 188	4 602
Total	0.00	0.00	3 188	4 602
Other debt	3 646	13 506	3 932	10 588
Accrued expenses and prepaid income	11 645	7 602	6 676	6 318
Current liabilities, total	139 502	153 991	170 292	164 294

17) Maturity of loans at 31 December 2000

Year	M€	Average interest %
2002	121.0	3.63
2003	61.0	3.98
2004	126.6	4.79
2005	195.0	4.12
2006	75.7	4.00
2007	100.0	6.25
Total	679.3	

The average rate of all the loans on 31 December 2001 was 4.52%, the average interest period was 1.9 years and the average maturity was 3.3 years.

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 6 months' 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. EUR 122 million of the limit was in use at the end of 2001. One third of the loan matures annually in 2002, 2003 and 2004.

Commercial Paper Programme

Sponda has a EUR 100 million commercial paper programme to cover its short-term financing needs. EUR 93 million of this programme was in use on 31 December 2001.

Convertible bond loan

A convertible bond loan totalling EUR 635,750.36 was offered in 2000 to personnel. EUR 339,066.86 of this loan was subscribed by Sponda Plc's subsidiary Tamsoil Oy. Tamsoil Oy may offer its convertible bonds to personnel of Sponda Group at a later date. The loan was issued in lots of three bonds marked A, B and C, the minimum subscription being EUR 504.56.

Bond A may be converted into shares between 28 April 2003 and 28 April 2006, Bond B between 28 April 2004 and 28 April 2006, and Bond C between 28 April 2005 and 28 April 2006. Each EUR 168.18 bond may be converted into 500 Sponda Plc shares.

Subscribers are required to pay a conversion price when converting their bonds into shares. The conversion price is EUR 5.38 per share for A bonds, EUR 5.89 per share for B bonds and EUR 6.39 per share for C bonds. The conversion price will be reduced by annual dividends.

Conversion of the bonds would raise Sponda Plc's share capital by at most 1,890,000 new shares, corresponding to 2.31% of the total number of shares.

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

Derivative financial instruments

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

Interest rate instruments

Notional and market values of open contracts		Notional value, 1 000 €	Market value, M€
Swap contracts	4 years	102107	-0.6
	7 years	16802	0.1
		118909	-0.5
Cap options	4 years	18013	0,1
	7 years	16802	0,6
		34815	0.7

Interest rate derivative contracts had a total notional value of EUR 154 million and total market value of EUR 0.2 million. The market value represents the return that would have arisen if the derivative positions had been closed on the balance sheet date.

18) Collateral and commitments given by the Group

Debt covered by mortgages on real estate and shares

1 000 €	Group 2001	Group Parent 2000	Parent Company 2001	Parent Company 2000
Loans from financial institutions covered by collateral	141 278	143 128	141 278	142 960
Mortgages	46 143	44 570		
Book value of pledged shares			46 267	70 436
Book value of pledged shares	46 267	37 937		
Collateral, total	92 410	82 507	46 267	70 436
Commitments arising from land lease agreements				
Lease liability	28 319	27 871		
Mortgages	1 920	1 344		

The average duration of the land lease agreements at 31 December 2001 was 31 years. The Group has no significant leasing liabilities.

VAT deductions made on renovation investments

Liabilities in accordance with §33 of the VAT Act have been calculated for all the Group companies and they have an aggregate total of M€ 23.4 in the annual accounts.

Distribution of Profit and Auditor's Report

BOARD OF DIRECTORS' PROPOSAL

On 31 December 2001 the Group's distributable funds totalled EUR 263,522,874.58.

On 31 December 2001 the Parent Company's distributable funds totalled EUR 306,018,877.43.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.30 per share be paid, i.e. EUR 24,346,582.50 at 31 December 2001.

Helsinki, 15 February 2002

	SPONDA PLC	
	Board of Directors	
Anssi Soila	Jarmo Väisänen	Heikki Bergholm
Majja-Liisa Friman	Heikki Hyppönen	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, 18 February 2002

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 2001. 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 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, 18 February 2002

Sixten Nyman
APA

KPMG WIDERI OY AB
Raija-Leena Hankonen
APA

Personnel

SPONDA GROUP'S ORGANIZATION IS DIVIDED INTO ADMINISTRATION, FINANCE AND ACCOUNTING, BUSINESS PROPERTIES AND LOGISTICS PROPERTIES.

Sponda Group's organization is divided into Administration, Finance and Accounting, Business Properties and Logistics Properties.

Sponda Group had 54 employees at the end of 2001, including 46 in the parent company. The average age of the employees was 41 years and their average duration of employment was five years. There were 30 female staff and 24 male staff.

Separate property managers and two property directors are responsible for Sponda's office properties and logistics properties. Sponda's property portfolio is divided into three business areas based both on operational and geographical considerations. These are Helsinki Business District, Helsinki Metropolitan Area, and Logistics Properties. The property managers have overall responsibility for the properties under their charge and they handle all matters related to these properties independently. Sponda's subsidiary Tamsoil is responsible for the company's logistics, industrial and office premises in Tampere.



9.20 am: Sponda people sit down to a meeting.

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. Certain important issues such as the adoption of the accounts, the size of the dividend, and election to the Board of Directors may be decided only by a general meeting of shareholders. 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 of shareholders.

THE BOARD OF DIRECTORS

The Annual General Meeting elects the members of the Board of Directors, between four and six in number. 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 widely varying international experience. Sponda's Board of Directors does not contain company employees. Information on the Board of Directors is provided on page 47.

The Board is responsible for organizing and supervising the management of the company and its business. 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.

THE PRESIDENT AND CEO

The Board of Directors appoints the President and CEO of the company and his deputy, and decides on the terms and conditions of their employment. The President is responsible for managing the company in accordance with the instructions and authority conferred by the Board of Directors. Mr Kari Kolu has been President and CEO since 1995.

REMUNERATION

The Annual General Meeting confirms the salaries and fees payable to the Board of Directors annually, one year in advance, and the Board confirms the salary and other benefits of the President and CEO. The Board also decides the salaries and benefits of the company's other senior managers.

The salaries and fees (aggregate figures), including benefits in kind, paid to the President and CEO and to the members of the Board of Directors in 2001 totalled EUR 473,280.45 by the Group and EUR 226,885.06 by the parent company.

SUPERVISION

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.

The auditor appointed by the Annual General Meeting is also responsible for the internal audit where appropriate.

Corporate Administration and Management

SPONDA PLC'S BOARD OF DIRECTORS

Anssi Soila, 53

Chairman since 1999
MSc (Eng.), MSc (Econ.)
A&R Carton, Chairman
of the Board
Owns 72,700 Sponda shares

Jarmo Väisänen, 50

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

Heikki Bergholm, 45

Member since 1998
MSc (Eng.)
Owns 100,000 Sponda shares

Maija-Liisa Friman, 50

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

Heikki Hyppönen, 56

Member since 2001
MSc (Econ.)
Nordea, Director of Real Estate
Owns 8,636 Sponda shares

Harri Pynnä, 45

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

AUDITORS

KPMG Wideri Oy Ab
Sixten Nyman APA

Deputy auditor
Ari Viitala APA

CORPORATE MANAGEMENT

Kari Kolu, 45
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, 42

Chief Financial Officer
Owns 0 Sponda shares

Jari Kähkönen, 40

Group Treasurer
Owns 0 Sponda shares

Veikko Majava, 57

Director, Business Properties
Owns 2,750 Sponda shares

Lea Jokinen, 39

Director, Logistics Properties
Owns 0 Sponda shares

Jaakko Holkeri, 55

President, Tamsoil Oy
Owns 0 Sponda shares



Sponda Plc's Board of Directors:
Front from left Heikki Bergholm,
Jarmo Väisänen, Heikki Hyppönen,
Harri Pynnä, Anssi Soila ja
Maija-Liisa Friman.

Addresses

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Background:
Makkaratalo, Kaivokatu 6



Kaivokatu 12 in Helsinki Business District is occupied by Hotel Seura-huone and Conventum Oyj.



Advertising agency Ogilvy & Mather Oy operates in Kiinteistö Vanhajämerä Oy, Lönnrotinkatu 27, Helsinki.



The office building at Piispanportti 12 near the Länsiväylä road in Espoo.



Alko has its main central warehouse at Heidehofintie 2 in Vantaa.



The Piazza in the new extension of the Itäkeskus Shopping Mall.



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Property on front and back cover:

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