



STATEMENT

Evaluation of the fair value of the investment properties owned by Sponda PLC in:

Moscow, Moscow Region and Saint Petersburg, Russia

December 31, 2011

On behalf of Sponda Plc

SPONDA

CBRE

EVALUATION OF THE FAIR VALUE OF THE INVESTMENT PROPERTIES OWNED BY SPONDA PLC IN RUSSIA

Our Assignment

In accordance with the engagement contract #10/11-307CV dated November 10th, 2011 between Sponda Plc (hereinafter referred to as “the Client”, “the Company” or “Sponda”) and CB Richard Ellis LLC, we have reviewed the property valuations carried out internally by Sponda.

CB Richard Ellis has been asked to review the internal valuation of the Sponda real estate Portfolio in accordance with the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Standards (7th Edition) (the “Standards”). The review of the internal valuation of the Portfolio was conducted for accounting purposes. It may therefore not be reproduced or used for any purpose other than the purpose stated above without the prior written consent of *CB Richard Ellis* in each specific instance.

The Portfolio covered in our analysis consisted of 7 (seven) operational properties held for investment as described in Appendix 1 of this Statement. Our review covered the properties which we believe are owned by the Client or its subsidiaries. CB Richard Ellis made relevant enquiries in order to provide our opinion of the Fair Value of the Property Portfolio as of December 31st, 2011.

We confirm that we provide this advice as independent valuers and we are not aware of any conflict of interest or potential conflict of interest arising in carrying out this instruction.

Approach

In accordance with the Standards, our valuations have been prepared on the basis of Fair Value, which is defined in the Standards as follows:

“The amount for which an asset could be exchanged between knowledgeable, willing parties, in an arm’s length transaction.” According to International Valuation Standard 2, para 6.2, “In accounting standards, Fair Value is normally equated to Market Value”.

We found the general valuation methodology used by the Company to be appropriate, and based our valuation on the Income Approach, adopting a 10-year discounted cash flow method to arrive at a Net Present Value. We amended some of the assumptions on market rental rates used by the Company by checking current rental rates, and then incorporating these into the discounted cash flow model upon expiry of current leases taking into account the cyclical nature of the real estate market and the economy. The Sales Comparison Approach was used in addition to the Income Approach in the valuation of the “Anchor” mansion, reflecting the specific characteristics of the Property.

We have used gross floor areas as shown in the title documents. This valuation was based on the premise that the Subject Properties have a clear title and are free from any pending encumbrances, disputes, claims etc.

We have relied upon the rentable areas, tenancy schedule, running rental rates and operating expenses as provided to us by the Client. We have not made check measurements to verify any areas. We assume that all areas provided for the Properties and site areas are complete and correct.

The Moscow and Moscow Region Properties were inspected between November 29th and November 30nd, 2011. The Saint Petersburg Properties were inspected on November 30nd, 2011. We have assumed that no significant events that could affect the value of the Properties have occurred to the Properties in the period between the last inspection and the valuation date. We have not undertaken structural surveys or tested any of the services. At the time of our inspection the Properties generally appeared to be in a decent state of repair and decoration commensurate with age and use. We have not been provided with a copy of any building surveys or structural reports, and have assumed that there are no defects that could have an impact on value.

For the avoidance of doubt, we have not undertaken any environmental audit or other environmental investigation or soil survey on the Properties that may draw attention to the existence of any contamination or the possibility of any such contamination. We have not carried out any investigation into past or present uses of the Properties nor of any neighbouring land to establish whether there is any potential for contamination from these uses or sites adjacent to the subject Properties and have therefore assumed that none exists.

CB Richard Ellis will not assume any responsibility or liability for losses occurred to Sponda Plc, or other parties, as a result of the circulation, publication, reproduction or use of this Statement contrary to the provisions stated. We wish to emphasise that our liability rests with Sponda Plc and that we are under no obligation, contractual or otherwise, to any other parties.

MARKET SITUATION

Macroeconomic Overview

The Russian economy has shown significant signs of recovery in the aftermath of the global financial crisis. While Russia's strong short-term macroeconomic fundamentals, together with substantial financial reserves, made it better prepared than many emerging economies to deal with the crisis, the underlying structural weaknesses and high dependence on commodity prices made the impact of the crisis more pronounced than might otherwise have been the case.

In Q3 2011 year-on-year GDP growth was reported at 4.8 per cent compared to the same period of 2010. GDP is currently estimated by the Ministry of Economic Development and the International Monetary Fund at around 4.1 per cent in 2011; it is expected that the weaker external environment and tighter monetary control will slow recovery. The main macroeconomic indicators are shown in the table below:

Table 1. Key Macroeconomic Indicators

Main Macroeconomic Indicators	2006	2007	2008	2009	2010	2011	2012F
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec		
GDP Growth, per cent	7.7	8.1	5.6	-7.5	3.9	4.8 (Q3)	3.5-4.0
Industrial Production growth y-o-y per cent	6.3	6.3	2.1	-11.0	6.7	5 (Jan-Nov)	3.4
Inflation (CPI), per cent change, e-o-p	9.0	11.9	13.3	9.0	8.8	8.4	5-6
Unemployment, per cent (average for period)	7.2	6.1	6.4	8.3	6.7	6.3 (November)	6.5
Oil Prices, Urals (USD barrel) average for period	61.2	69.5	95.1	61.0	90.94	107	90

Source: Rosstat, Central Bank of Russia, Ministry of Finance, Bloomberg, World Bank, Goldman Sachs

Recent statistics indicate that after strong growth in industrial production during 2010 and the first half of 2011, at 6.7 per cent and 5.3 per cent respectively year-on-year, the overall global uncertainty is having an effect, which was partially compensated by the strong oil price growth. The January-November 2011 figures show a 5 per cent year-on-year growth; however, November 2011 saw a 0.3 per cent contraction month-on-month.

Personal purchasing power showed some recovery during 2010 and into early 2011; according to data from the Federal Statistics Service, growth in real incomes stood at 4.2 per cent at the end of 2010 in comparison with the end of 2009. By the end of 2011, however, incomes had fallen by 0.7 per cent year-on-year. The situation has been further exacerbated in recent weeks by a significant weakening of the Rouble against the US Dollar and Euro; on July 1 2011 the Central Bank Exchange rate was around 40 Roubles to 1 Euro and 27.87 to 1 US Dollar, rising to a high of 43.64 to 1 Euro in late September and 32.68 to 1 US Dollar in early October. The Rouble has strengthened from these weak points largely through the intervention of the Central Bank.

The improving labour market and positive growth in incomes have translated into retail sales growth. Retail turnover in Russia for January-November 2011 is estimated at 17,033 billion Roubles, which is 6.9 per cent higher than in the corresponding period of 2010. In November 2011 retail turnover in Russia is estimated at 1,693 billion Roubles, 8.6% higher than in the corresponding period of 2010.

Consumer confidence is continuing to pick up after a sharp correction. The inflation rate, which was 8.8% in 2010, is stabilising and according to the Federal Statistics Service was estimated at 6.4% in December 2011, with the average for the year at 8.4%. Stability in inflation aids recovery in the consumer sector. Nevertheless, despite the fact that consumer confidence has been gaining some strength, the speed of retail market recovery will still depend on the overall market situation. Consumers remain quite cautious about their spending habits, keeping their expectations for a rapid market recovery low.

Despite the increase in the premium rate (social tax paid by employers) from 26% to 34%, the overall condition of the labour market has improved since Q1 2011, with a reduction in unemployment to 6.3% in November 2011 compared to 7.2% in December 2010. The wave of post-crisis recovery is evaporating, and growth in wages and incomes is stabilising. According to Rosstat, the average income per capita in the Moscow Region in October 2011 stood at 830 US Dollars or 26,077 Roubles, representing 13.6% year-on-year growth, while real disposable incomes increased by 8.6% compared to the same period of the previous year.

Interest rates remain relatively high in comparison to Western Europe and the US, where the European Central Bank rate is 1.5 per cent, the Bank of England rate is 0.5 per cent and the US Federal Reserve rate is 0.25 per cent.

Oil remains a major part of Russia's economic strength. The sharp decline in oil prices in 2008-2009, the first in ten years, caused Russia to experience a fiscal deficit in 2009. There was a recovery in prices during 2010 and then stabilisation during 2011 with oil prices as of December 2011 at around \$110 per barrel.

As a result of Russia's reliance on oil and other natural resources, it remains vulnerable to external demand. The current budget has a deficit of around 1.6% of GDP, but if oil were to fall to \$60 per barrel, as has been suggested should a double dip recession occur, this deficit rises to more than 4.5 per cent of GDP. An oil price of around \$115-\$117 per barrel is required to balance the budget in 2012.

The ongoing problems in the Eurozone and the risk of Sovereign Debt default together with the downgrading of the US's credit rating have added to the uncertainty in global markets, and generated volatility in stock markets. This was particularly acute during early August when the FTSE fell from over 5,900 to around 5,000 in the space of a few days' trading. This was repeated in all the major indexes including Dow Jones, CAC 40 and DAX as well as the two Russian indexes, MICEX and RTS. The markets continued to show volatility over September and into October with some rallies and a few significant falls.

In reaction to this uncertainty, gold prices reached record levels in excess of \$1,920 per ounce during late August and into September, an increase since the beginning of the year of around 35 per cent, from \$1,420 per ounce. Prices had fallen back to around \$1,600 per ounce by mid October, and stood at \$1,567 per ounce as of December 31, 2011. This growth has been driven by investor anxiety over macroeconomic risks and uncertainty, including the US debt, the Eurozone crisis, potential Sovereign Debt default and inflation in emerging markets. The price of gold is thought to be the mirror of macroeconomic stability and price increases can be interpreted as a lack of confidence in currency and the resilience of the economic recovery. The current record prices reflect the lack of confidence globally.

The biggest risk for Russia could be a fall in demand for natural resources such as oil and metals and a reduction in inward investment, driven by the so called double dip recession in Europe and the US. There have also been substantial capital outflows from Russia during 2011, estimated by some commentators to reach over \$70 billion.

The main policy challenge now is to continue to revitalise the economy by improving the financial system, diversifying exports and the economy, increasing the competitiveness of the manufacturing sector, and forming a new model of regulation, including the financial markets, while also cushioning the social impact of change.

Given the current economic environment and the difficulties ahead, Russia is more likely to experience slower recovery and growth rather than a sharp rebound. The pace and strength of the recovery are still unclear and will depend on further domestic government actions as well as the overall global economic recovery.

Summary

- Russia has continued to see modest improvements in GDP, industrial output and investment through 2011, building on the post crisis growth of 2010;
- Unemployment has remained stable at between 6 and 6.5 per cent for much of the year. Real incomes have been under some pressure during the year, however an increasing inflation situation has lessened the effect;
- The budget surplus has been maintained due the high oil prices driven by unrest in the Middle East, in particular Libya. It is expected that a level of around \$100 per barrel will be maintained by restriction of supply by OPEC;
- Interest rates have remained high relative to Europe and US;
- Global uncertainty and in particular the Eurozone crisis has affected Russia, primarily in terms of currency fluctuations and the performance of the stock exchanges.

Trends and Forecast

- It is widely expected during that Q1 and possibly Q2 2012 the economy will continue to experience some volatility, reflecting the wider global picture. This will largely be determined by the speed of a resolution to the Eurozone crisis, the depth of the

expected European recession and the impact on China of the difficulties in the US and Europe;

- The price of oil and other natural resources will have an impact on the Russian economy and the budget deficit in particular. It is likely that oil will remain close to the required level in 2012 based on continued uncertainty in Iran and Nigeria, followed by supply restrictions by OPEC;
- Political stability related to the protest movement and the Presidential election is likely to be a factor in Q1. The acknowledgement of the concerns of the public by the ruling elite is expected to lead to modernisation which will help improve the business climate. This improvement in perception will be aided by Russia’s entry to the WTO, which should be completed by mid 2012;
- GDP growth for Russia is widely predicted to be around slightly reduced from 2011, the range is between 3.5 and 4.0 percent as a base case, however if there are any external shocks then these figures could well fall;
- Inflation, which is expected to continue its downward trajectory in 2012, is forecast at between 5 and 6 per cent.

LETTING MARKET

Moscow Office Market Overview

Although Moscow’s prime office market continued to recover in Q3 2011, the overall macroeconomic situation risks disrupting this recovery. Nevertheless, the dramatic level of undersupply in this sector may serve as some protection against any fall in demand.

New supply

121,200 sq m was delivered to the market in Q3 2011, 41% of which was class A. The overall figure was a 24% increase over Q2, but a 57% decrease year-on-year. However, the class A delivery figure in Q3, at 49,300 sq m, although low, is an improvement on Q3 2010 which saw zero delivery.

The table below describes the new office properties completed in Q3:

PROPERTY	CLASS	MOSCOW SECTOR	TOTAL GROSS SQ M	RENTABLE SQ M
Delta Plaza/2nd Syromyatnichesky per., 1	B+	GR>TTK	27,200	21,500
Olympia BP/Leningradskoe sh., 39-49a	A	TTK>MKAD	71,500	43,700
Eko/Mironovskaya ul., 27	B+	TTK>MKAD	65,600	11,600

Unlike Q2, the CBD accounted for only a small proportion of new delivery (5%). 50% of new projects were delivered in the area between the Garden Ring and the Third Ring Road (GR>TTK), and 45% in the area between the Third Ring Road and the MKAD (TTK>MKAD).

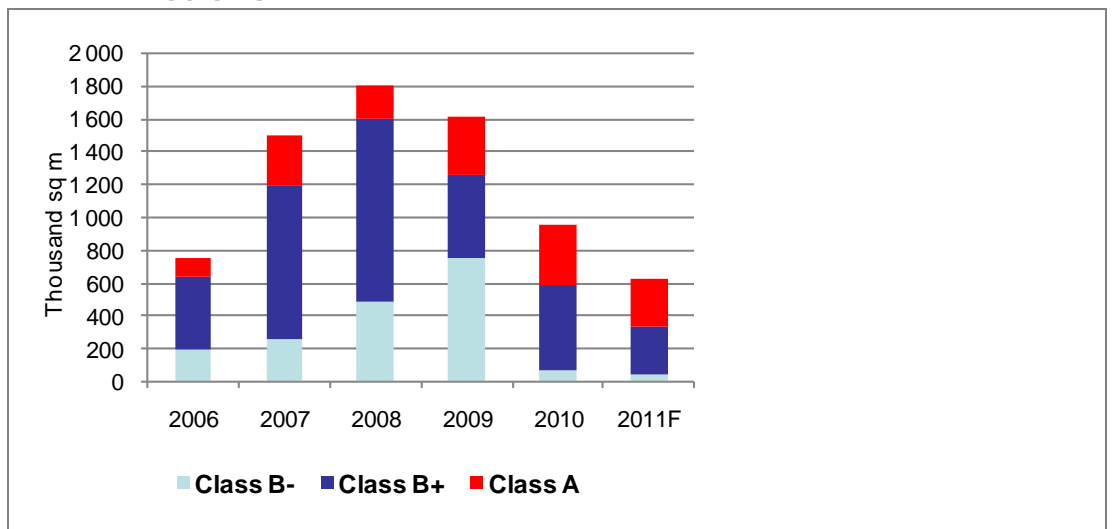
Take-Up, Delivery and Vacancy Rate, 1998-2011



Source: CB Richard Ellis

As of the end of Q3, overall stock in Moscow stood at 12.4 mln sq m. Total delivery in 2011 will be low (approximately 600,000 sq m), as a result principally of the freeze on financing for new projects at the onset of the economic downturn, in combination with the suspension by the city government of new construction permits while Moscow’s development policies are reviewed.

Annual Supply by Class



Source: CB Richard Ellis

Take-up

In Q3, deals were closed for a total of 260,900 sq m. This represents a fall of 5% on a quarterly basis, mainly because of seasonal factors (July and August summer months).

Some of the major deals closed in Q3 2011 are listed below:

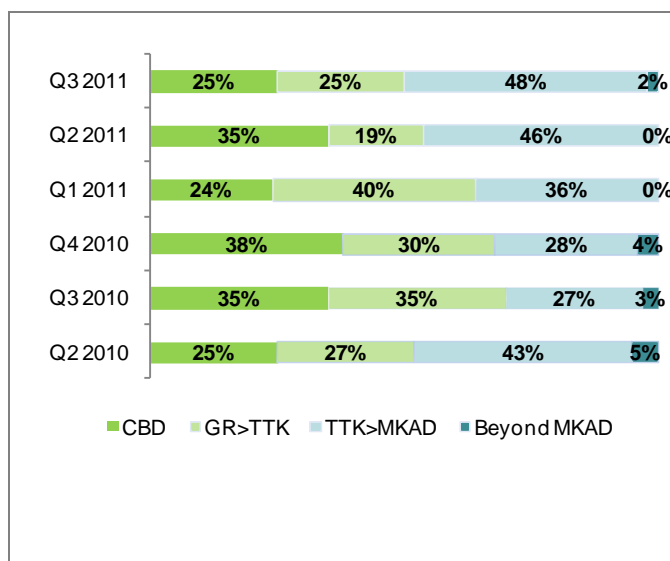
PROPERTY	ADDRESS	CLASS	TENANT	AREA SQ M
Olympia Park	Leningradskoe sh., 39	A	BMW	4,777
Olympia Park	Leningradskoe sh., 39	A	Kaspersky Lab	29,840
Ocean Plaza	Sushevsky Val ul., 12	A	"Bud' Zdorov' (Ingosstrakh)	7,400
Linkor BC	Aviakonstruktora Mikoyana ul., 12	B+	OBI	5,300
Nevsky Dom	2nd Yamskaya ul., 4	B+	MRSK	7,600
Donskoy BC	Ordzhonikidze ul., 11, str. 10	B-	Svyaznoy Market	5,282
Danilovsky Fort	Novodanilovskaya nab., 10, bld. 1, 2	B+	Sberbank	19,913
Nagatino i-Land Phase I	Andropova pr-t., 18, str. 1	B+	UniCreditBank	11,683

In contrast with previous quarters, take-up was evenly matched between the central and outlying regions of Moscow. The CBD and GR>TTK accounted for 25% each, while TTK>MKAD and BEYOND MKAD accounted for 48% and 2% respectively. However, it is too early to say whether this represents a return to occupier favour of the peripheral areas, particularly while rents in central areas are at a significant discount to their pre-crisis levels.

Class A accounted for 28% of deals (44% in Q2) and class B 72% (56% in Q2).

As in previous quarters, take-up in 2011 is significantly lagging behind 2010 levels. The total in 2010 was 1.47 mln sq m, while in contrast we expect the total in 2011 to be approximately 1.2 mln sq m.

Take-up by Geographic Submarket



Source: CB Richard Ellis

Quarterly Take-up by Class of Space



Source: CB Richard Ellis

Vacancy rates

Following a brief spike in Q2, vacancy rates in Moscow have resumed their downward trajectory. The spike was caused in part by the delivery of a major project in the centre (Vivaldi Plaza). Although this building remains vacant, occupier activity with regard to other buildings has brought the vacancy rate down.

Overall vacancy in Q3 was 13%, with class A at 15%, and class B at 13%. The class B vacancy level has remained stable (it was also 13% in Q2), while the class A rate has fallen by 3 percentage points from Q2. Class A vacancy will fall further as many large occupiers are still moving to class A space from class B or C while rents there are lower than pre-crisis levels.

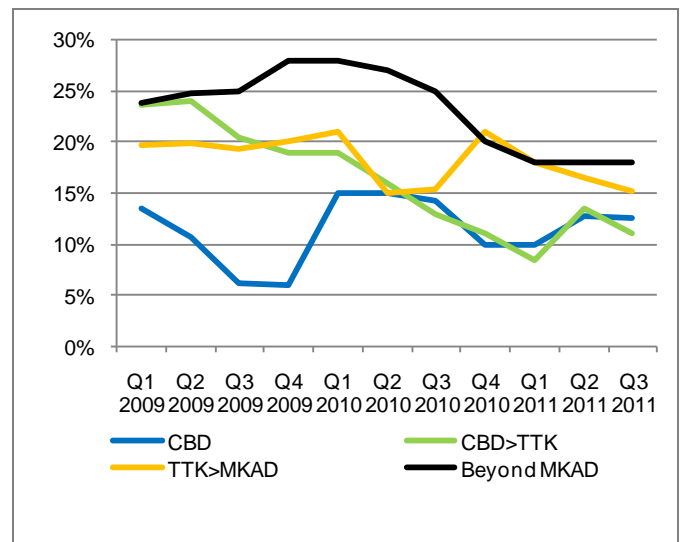
Limited new delivery, along with continuing occupier activity, will combine to bring the overall vacancy rate down to approximately 10% by the end of the year.

Vacancy Rate by Class of Space (%)



Source: CB Richard Ellis

Vacancy by Geographic Submarket

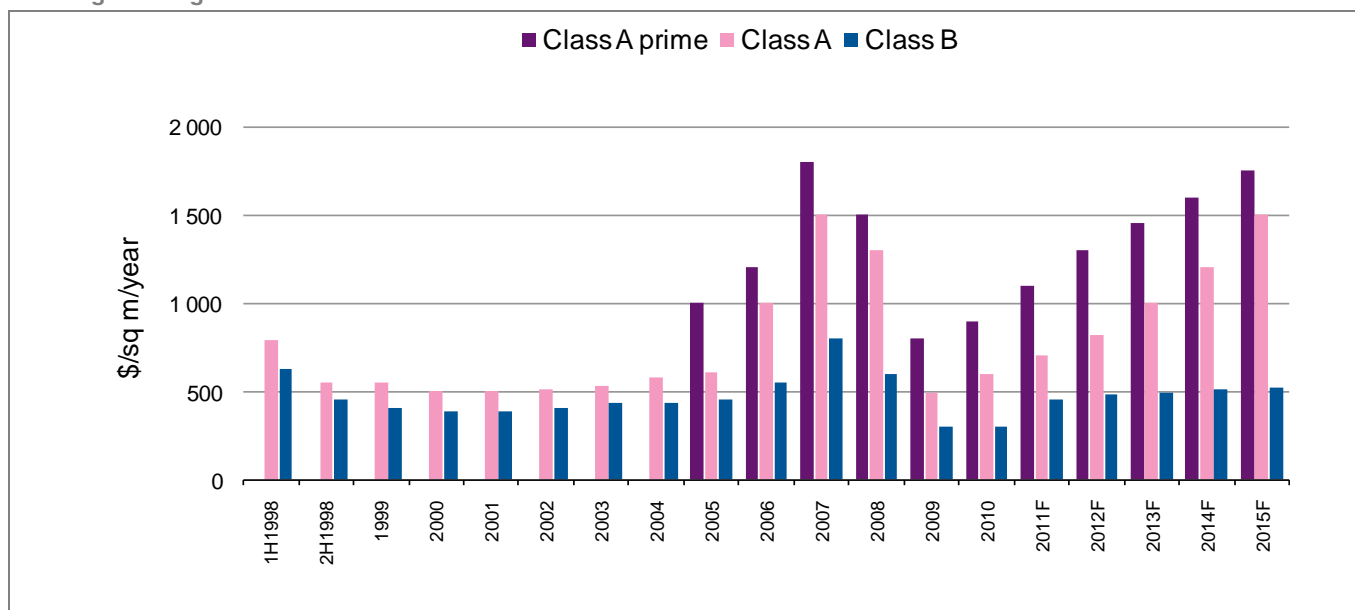


Source: CB Richard Ellis

Rental rates

With new supply of prime quality projects remaining stagnant even as demand intensifies, asking rents for fitted-out prime buildings inevitably rose further in Q3 to approximately \$1,150 per sq m per year. Non-prime class A buildings have also shown some growth, while class B have remained flat.

Average Asking Rents



Source: CB Richard Ellis

Yields

As expected, some key office assets were brought to the market during 2011 and this has assisted the real estate community to understand where the benchmarks stand in terms of yields. Nevertheless, there continues to be a lack of transparency in the Russian market, together with a relatively small number of transactions, making it difficult to assess the true level of yields. However, we estimate that for a fully leased prime office complex the yield would be approximately 8.75 to 9 per cent.

Outlook

The uncertain economic outlook risks destabilising the delicate recovery that is underway in the prime sectors of Moscow’s commercial real estate market. While the prime sector can continue to flourish even in flat or slow growth scenarios, due mainly to the lack of supply, a major external shock could throw any recovery off course and companies would re-consider their expansion plans. However, if the Russian economy continues to recover slowly, then we forecast stability on the office market: we expect class B rental rates to remain largely flat, class A to show some recovery and Prime to grow more strongly.

Overview of the Moscow and Moscow Region Retail Markets

The Central Federal District, and especially Moscow and the Moscow Region, has a special status in that the leading domestic retail operators, as well as foreign retailers establishing their operations in Russia, have a presence there. The Moscow and Moscow Region retail markets are usually considered to be interdependent. The major advantage of the Moscow Region compared to other regions in Russia is its proximity to Moscow. As a result, the Region is highly developed and diversified in terms of the presence and development of retail units. According to official statistics, the Moscow Region is one of the five most highly developed regions in Russia. The major trends that started at the end of 2009 continued throughout 2010 and 2011:

- A snapshot of the supply situation in Moscow and the Moscow Region in Q3 is provided in the table below:

		MOSCOW	MOSCOW REGION
Shopping centre stock per 1,000 inhabitants	sq m	274	n/a
Completions, Q1-Q3 2011	000 sq m	126	33
Pipeline of SCs through end-2013	000 sq m	426	455
Number of shopping centres in pipeline		10	20

Despite recent dynamic growth, the supply of retail space in Moscow and the Moscow Region remains modest for the size of the city. Because of uncertainty with construction permits in Moscow, most of the new supply is planned for the Moscow Region. In fact, about 52% of new stock is being developed in the Moscow Region compared to no more than 20% in 2010. The only one big shopping centre was opened in 2011 in Moscow - AFIMALL City (AFI Development, GLA 101,000 sq m) was opened with high occupancy (70-80% of the stores are already leased);

- One of the major trends that began in 2009 and continued in 2010 and 2011 was a shift towards turnover rents as opposed to fixed rents; these were considered to be beneficial for tenants as they minimised the tenant’s risk associated with the business. This trend is gaining strength in 2011 as many large tenants prefer to sign contracts with turnover rents. It should be noted that in the case of turnover rents, anchor tenants are often allowed to fix the maximum level of rents;
- In March 2011, the mayor of Moscow, Sergey Sobyanin, announced new initiatives to ban the construction of new shopping centres in the city centre. Since the autumn of 2010, the city authorities have been conducting an audit of existing investment contracts and some of the contracts have now been terminated. Several significant commercial projects are to be reviewed or revoked. As a result, vacancy rates in shopping centres in central Moscow could fall to approximately 2-3% in 2012 compared with the current average of 4%. The decrease in the amount of vacant space will inevitably impact on rental levels;
- Several prominent clothing brands entered the Moscow market in Q3 2011, including Banana Republic, Desigual, Wendy’s, Diesel, Donna Karan, Pinkberry and Mr. Sandy, while many other companies are planning to open their stores here in the near future, including Lotte cinema, US BOWLING CORPORATION, Laura Ashley, Tempe, Abercrombie & Fitch, LC Waikiki, Victoria Secret, Bath and Body Works, Jaeger, Berghaus, Disney, Firetrap, Johnny Rockets, K-Food, Arc’Teryx and Bauknecht. Retailers are following developers into the towns of the Moscow Region: Azbuka Vkusa supermarkets has opened a fourth store in the Region and the footwear chain Obuv’ Rossii opened three stores in the Moscow Region during the summer and plans further openings by the end of the year;
- The launch of new formats is one of the main trends in the retail market in 2011. McDonalds has opened its first experimental McKiosk, which offers a dessert menu only. Russia’s largest mobile retailer — Euroset — will be opening stores under that name for its shareholder Vympelcom. Ginza Project has signed a franchise agreement to open Burger King fast food restaurants and plans to open outlets in Moscow and St Petersburg. ATAC (Auchan Group) is planning to open a number of stores in central Moscow – one has already opened. Metro Cash & Carry is to launch two new smaller formats, Eco with area of about 3,000-3,500 sq m, and Metro with an area of 1,500 sq m. Starik Khottabych plans to develop a chain of ministores, which are half the size of the company’s present outlets. Svyaznoy plans to develop “Svyaznoy Market”

department stores in Moscow, offering a range of everyday goods in addition to its traditional mobile phone related products;

- Retailers are improving both product mix (which was rather poor during the crisis) and service mix: online stores, loyalty programmes (including SMS and social networks), credit card payments and catalogue sales are among the most popular. Internet retail turnover is increasing as the number of internet users in Russia rises. "Traditional" retailers are attempting to match this trend: for example X5, Metro Cash & Carry, Mango, etc. have projects for the development of online stores. In 2011, M. Video opened an online shop on Facebook which is the first Russian store in the social network;
- Rental rates declined during the crisis, a result of a decrease in retailer demand. By the end of the first half of 2009, rents had reached the bottom and had fallen by 25-30% compared to the end of 2008. However, increased demand for retail space since then has helped to prevent rents from falling further and in Q3 2009 they began to stabilise. The Moscow retail real estate market saw a sharp rental increase during Q3 2010. As a whole, rental rates in Moscow shopping centres are demonstrating a moderately positive trend and grew by 7% on average by Q3 2011. Operating costs remained unchanged in general, although there were increases in some shopping centres. In view of the rising activity of retailers that are frequently announcing expansion ambitions and plans to open new stores, the existing vacancy is likely to fall, and rental rates and selling prices for advantageously located properties will continue to grow. Intense competition between retail operators is enabling property owners to rotate tenants with resultant rental increases;
- Demand for retail space in Q3 2010 increased significantly compared to Q3 2009 as the market stepped into a period of seasonal growth. No new shopping centres were opened in Moscow and the Moscow Region and existing shopping centres were in high demand and were rapidly populated with retailers. At the same time, few shopping centres are expected to be delivered to the Moscow and Moscow Region markets, so the vacancy rate is expected to decline further;
- Capitalisation rates have shown compression across all sectors since the end of 2010. They are now hovering at around 9.5-9.75% for prime shopping centres. For non-prime local shopping with mostly Russian tenants yields are usually higher and could be in range from 11% to 12%;
- Market data indicates that demand for good quality retail premises started to pick up in the first half of 2010. However, it is important to distinguish between established quality shopping centres with adequate concepts and location which enjoy high footfall, and retail schemes of poor quality, location and concept. Demand and occupancy levels for the best shopping centres proved to be high even during the crisis;
- Retail sector development prospects are by and large dependent upon the macroeconomic outlook. According to market players, there is a possibility of growth in the sector in the course of 2012 if living standards and consumer sentiment become more positive.

SAINT PETERSBURG PROPERTY MARKET OVERVIEW

Saint Petersburg Office Market

Supply

In Q3 2011, the situation in the office market could be described as stable.

In Q3 2011, one class A office centre, Saint-Petersburg Plaza (45,600 sq m), was commissioned, and 5 class B buildings with a total area of 60,000 sq m (Vant phase 2, Okhta House phase 2, Na Parnase, Leto and Light House).

The total stock of offices in high quality class A and B business centres therefore amounted to slightly more than 2 million sq m.

Office market key figures (Q3 2011)

	Class A	Class B
Total stock, sq m	525,000	1,634,000
Delivery in Q3 2011, sq m	45,600	59,200
Vacancy	17%	14%
Lease terms	3 years	11 months
Capitalisation rate	11-12%	
Rental rate, \$/sq m/year net of VAT and opex	\$420	\$280

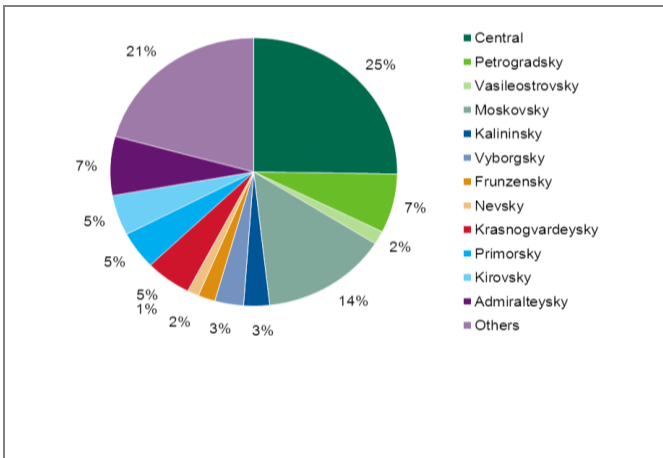
Source: *Maris Properties in association with CB Richard Ellis*

The shortfall in the supply of very desirable properties which came about during the summer of 2011 was partially offset at the beginning of autumn with the opening of a number of projects whose commissioning had been repeatedly postponed.

Demand

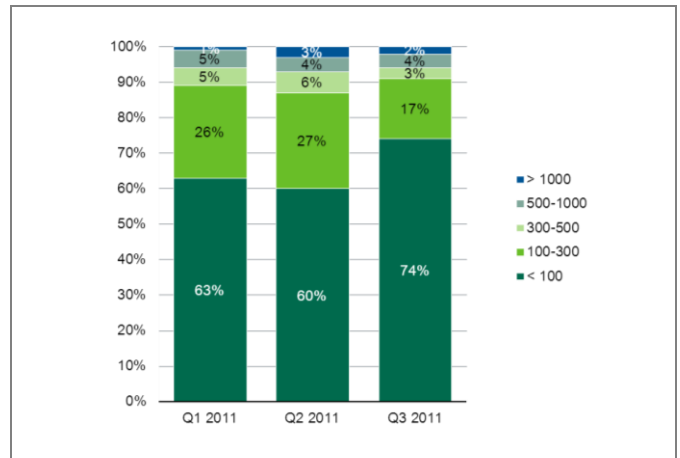
Demand for offices began to reestablish itself at the end of August following the seasonal decline during the summer. The number of enquiries was significantly higher in September-October than during the crisis period, although the figures have still not approached pre-crisis levels. Small office premises with an area of under 100 sq m are always in great demand and their share is constantly growing. Whereas in Q1 and Q2 requests for small office units accounted for around 60% of the overall total, this rose to 74% in Q3. The pick-up in demand at the end of the summer was therefore driven by small tenants.

Demand structure by district



Source: Maris Properties in association with CB Richard Ellis

Demand structure by size of unit (sq m)



Source: Maris Properties in association with CB Richard Ellis

Vacancy rates

Despite the high level of demand in Q3 2011, the occupancy level in business centres has not changed following the opening of some large buildings, such as Saint-Petersburg Plaza. Class A business centres had an average occupancy rate of 83%, and class B centres 86%.

Vacancy Rates by Class of Space



Source: Maris Properties in association with CB Richard Ellis

Main transactions in Q3 2011

COMPANY	OFFICE CENTRE (CLASS)	SQ M
MRSK	Konstitusii, 3 (B)	6,000
Vodokanal	RESO (A)	3,700
SPB Renovation	Nekrasova, 14 (A)	3,000

COMPANY	OFFICE CENTRE (CLASS)	SQ M
Philip Morris	Nekrasova, 14 (A)	2,300
Svyaznoy	Medved (B)	1,483

Source: Maris Properties in association with CB Richard Ellis

Rental rates

During the summer slowdown, class A office rents did not change. However, the pick-up in demand with the onset of autumn led to a situation where owners of office buildings began to raise rents. In Q3 2011, rental rates for class A and B office space stood at \$420 and \$280 per sq m per year respectively.

Rental Trends (\$ per sq m per year)



Source: Maris Properties in association with CB Richard Ellis

The change in rents in 2011 did not greatly exceed the inflation rate. In the first 11 months of the year, rents for class A and B offices increased by 8% in Rouble terms. Inflation during the first 9 months of the year came to 4.7%.

At the same time, rents in US dollar terms have fallen as a result of the change in the RUR/USD exchange rate.

Rental rates*

LOCATION	CLASS A	CLASS B
Nevsky Prospect	\$600	\$420
Centre	\$350	\$300
Dormitory districts	\$320	\$260
Outlying districts	\$280	\$250
Average	\$420	\$280

Source: Maris Properties in association with CB Richard Ellis

*in USD/sq m/year, excluding OPEX and VAT

There is more demand to lease office space than to purchase it in St Petersburg. This is related first of all to the unwillingness of companies which need office space to tie up their own working capital or to take out bank loans. In addition, leasing gives companies greater flexibility to change location, the quality of the space occupied, lease terms, etc.

Sale prices

CLASS	AVERAGE SALE PRICES, \$/SQ M
Class A	\$3,400–\$5,500
Class B	\$2,200–\$3,400

Source: *Maris Properties in association with CB Richard Ellis*

Saint Petersburg Warehouse Market

Supply

At the end of September 2011, the total stock of high-quality warehousing complexes stood at 1.5 million sq m.

Only one project was commissioned in 2011, the second phase of the Osinovaya Roshcha warehousing complex (12,000 sq m), developed by GK “Sterkh”.

Before the crisis, the amount of warehouse premises under construction or planned stood at around 2 million sq m. At present, it is not greater than 400,000 sq m.

The openings of phase 1 of the Orion Logistics warehousing complex (11,700 sq m) and the Nordway warehousing complex (102,700 sq m) in Shushary, and the 3rd phase of the Teorema Terminal (43,700 sq m) on Prospekt Obukhovskoy Oborony have been postponed to 2012. In addition, in 2012 there will be the planned opening of the 1st phase of Login Park (55,000 sq m).

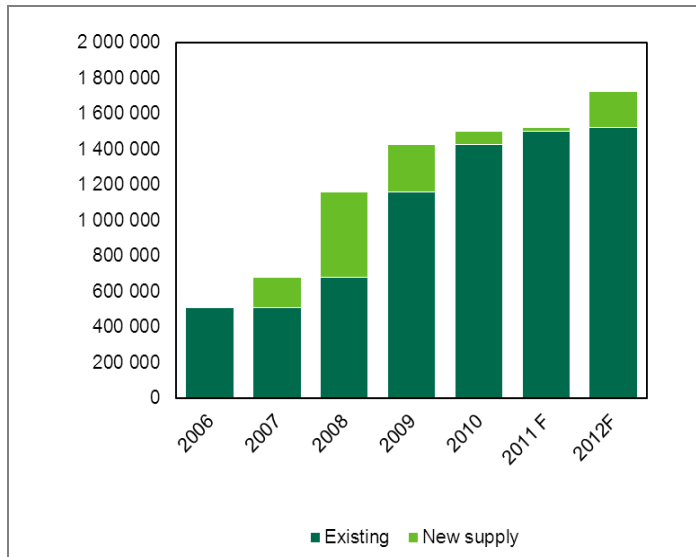
Warehouse Market - Key Figures

Saint Petersburg, Q3 2011

	CLASS A	CLASS B
Total stock, sq m	999,000 (66%)	512,300 (34%)
Delivery in 2011, sq m	12,000	-
Vacancy	7%	5%
Lease lengths, years	5 years	3 years
Capitalisation rate	13%	14%
Rental rate, \$/sq m/year (triple net)	\$95-\$120	\$80-\$100

Source: *Maris Properties in association with CB Richard Ellis*

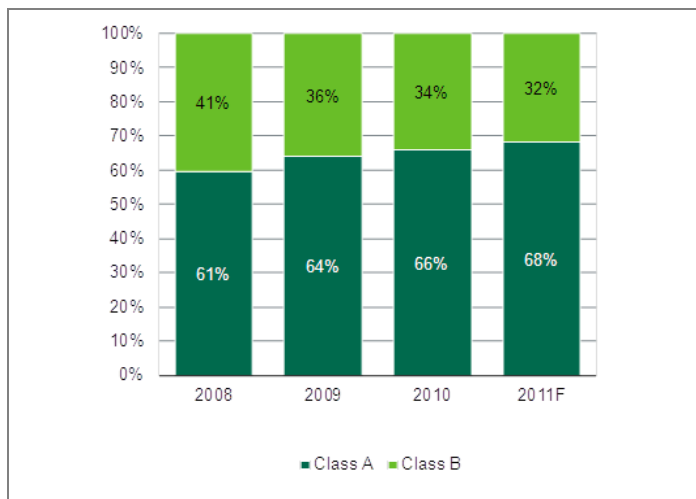
Supply trends (sq m)



Source: Maris Properties in association with CB Richard Ellis

Developers are still in no rush to resume projects and begin building new warehouses for lease when the level of vacant space is so high. Towards the end of the year there may therefore be a shortage of high-quality warehouse projects.

Warehouse stock by class



Source: Maris Properties in association with CB Richard Ellis

Demand

Activity was at a stable high level in 2011, which is confirmed by the large number of transactions. The volume of transactions in Q3 amounted to no less than 130,000 sq m.

The largest transaction in Q3 2011 was the lease of a 9,000 sq m property by Petrovich within the MLP Utkina Zavod warehousing complex. The company’s distribution centre is located on the same site.

Retailing and production companies make up a big share of the structure of demand.

Growing demand and the absence of newly commissioned projects on the market in 2011 have led to a further decline in the level of vacant space to 7% for class A and 5% for class B.

In terms of geography, the greatest amount of vacant space is located in the southern part of the city, in the Shushary industrial area.

Rental Rates

Rental growth for class A warehousing complexes amounted to 4-5% in Rouble terms during the first 9 months of 2011, and up to 10% for class B. In addition, landlords are offering discounts less and less frequently.

Major transactions

COMPANY	WAREHOUSE	SQ M
TPV Technology	AKM Logistics	19,000
Petrovich	MLP Utkina Zavod	9,000
Imperia Farma	Gorigo	8,500
Alidi	Kulon Pulkovo	5,000
Akvatoria	Interterminal trade	5,000

Source: *Maris Properties in association with CB Richard Ellis*

REAL ESTATE INVESTMENT MARKET OVERVIEW

2011 was a record year for investment in Russian real estate. Euro 4.55 billion was invested in 42 deals, which is over 1.5 times higher than in 2008 (48 deals), the previous record year. The total for 2011 is twice as high as the amount invested in 2010 (Euro 2.28 billion over 26 deals).

The largest deal in 2011 was the purchase by Morgan Stanley of the 192,000 sq m Galleria shopping centre in St. Petersburg in December, for an estimated Euro 840 million, from Meridian Capital CIS Fund, with an estimated yield of sub 9%. This deal alone accounts for 19% of total investment into Russian real estate in 2011. Other significant deals included:

- The purchase in May of the 334-room Ritz-Carlton Hotel in central Moscow for an estimated Euro 424 million by Verry Capital of Kazakhstan from Capital Partners. The hotel sector has hitherto been a niche investment sector in Russia, due mainly to the lack of investment-grade supply.
- A 47% stake of White Square business centre in Moscow CBD (110,750 sqm), purchased in Q2 by a consortium of VTB and TPG from Coalco. In Q2 the same consortium purchased approximately 50% of the adjacent White Gardens business centre (95,000 sqm, still under construction, due for delivery at the end of 2012) from Coalco. In each case the sale price was not announced.
- FM Logistic Industrial Park in Khimki, to the north of Moscow (75,000 sq m), bought by Hines Global REIT (USA) from AIG Global Real Estate and others in Q2.

The majority of investment came from domestic money – 59%. This was much more balanced than in recent years, when 70-80% of investments was accounted for by Russian

money. In pre-crisis years the balance was usually 70-80% foreign money. However, if the Galleria deal is excluded, the proportion is 72% domestic money, and thus it is too early to conclude that foreign investors are returning to Russia in significant numbers.

Moscow accounted for the majority of investments, with over 74% of all investments (91% excluding Galleria). St. Petersburg accounted for 22%, or 4% excluding Galleria. Other Russian cities which received investment in 2011 included Kaliningrad, Kaluga, Murmansk, Ulan-Ude and Samara. The majority of foreign investment outside Moscow was directed to St. Petersburg. Additionally one deal was located in Kaliningrad, and one in Murmansk, both involving the same Swedish investor.

Unusually, the retail sector attracted slightly more investment than the office sector in 2011 – 38% versus 37%. This, of course, is due to the Galleria sale. The hotel sector also featured prominently (13%) due to the Ritz-Carlton sale. The industrial sector, which is very immature in Russia, accounted for just 3%, and mixed-use projects for 9%.

Yields are rarely disclosed in Russia, however we believe that yields for prime objects in Moscow at the end of 2011 were 8.75% (offices), 9.5% (retail) and 11% (industrial). Prime objects in St. Petersburg can expect to attract similar levels in retail, as it is a large city with a population that has greater wealth than the national average. Office yields will be slightly higher, as unlike Moscow, St. Petersburg is not a major business centre. Yield levels in other provincial cities will be significantly higher.

During Q4 2011 the Russian real estate investment market has been demonstrating signs of increasing caution amongst both foreign and domestic investors. The market cannot be described in the same terms of liquidity it was in the middle of 2011 and lending is becoming increasingly tight. This of course is to be expected as Europe continues to raise red flags about its mid-term view on growth. Despite this however, the Russian economy continues to exhibit strong performance across basic fundamentals including GDP growth attracting investments into Russian market. Also today's investors concerned more not with maximizing profits, but with securing capital when currencies and stocks fall off the cliff.

Conclusions

Having reviewed the internal valuation of the Company Portfolio, CB Richard Ellis concluded that the Fair Value of the subject Property Portfolio corresponds to the Fair Value of the Portfolio as published in the company's unaudited consolidated annual report for 2011 as of February 3rd, 2012.

Yours faithfully,



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APPENDIX 1: SUMMARY OF THE PROPERTIES

The Property Portfolio of Sponda Plc consists of 7 (seven) properties held for investment. Three of the seven are located in Moscow, one in the Moscow Region and three in Saint Petersburg. Approximately 69% of the value of the Portfolio is represented by two office buildings in Moscow. The retail properties, including 2 (two) shopping centres in Moscow and in Ramenskoe in the Moscow Region, comprise approximately 23% of the total Portfolio value. The lowest shares in the total value of the Portfolio (around 4% and 4% respectively) are accounted for by the warehouse building in Saint Petersburg and two office buildings in Saint Petersburg. The majority of the properties are modern, recently developed or redeveloped, except for two older buildings converted into business centres in Saint Petersburg in the late 1990s/early 2000s after reconstruction.

A brief description of the Properties in the Portfolio is provided below:



Adastra

Address: 7, “Zanevka” warehouse zone, Zanevka Village, Vsevolzhsky District, Leningrad Region, Russia

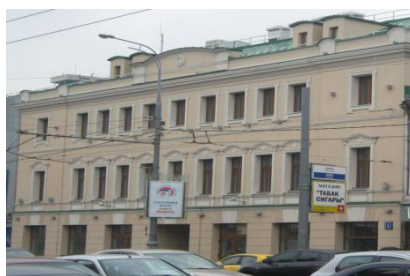
Main Use: Warehouse Complex (“Onninen”)

Description: The Property comprises a Class A warehouse complex of 7,872.3 sq m built in 2006.

As of the valuation date, the subject warehouse was fully leased and occupied on a long-term basis by *Onninen, LLC*. The lease expires at the end of 2016.

Address: 6 Prospect Mira St., Moscow, Russia

Main Use: Business Centre



Ancor

Description: The Property is a 4-storey office building (mansion) with 1 level of underground parking, built in 2008. It has a GBA of 4,842.5 sq m and a GLA of 2,781.41 sq m.

The Property is fully let to multiple tenants. The office space in the Property is let on a long-term basis mainly to local tenants where the areas of the occupied blocks vary from 44 to 382 sq m. The majority of the lease agreements expire between 2012 and 2014.



Inform-Future

Address: 12A Tambovskaya St., Frunzensky District, Saint Petersburg, Russia

Main Use: Business Centre

Description: The Business Centre comprises three buildings with a combined GBA of 3,695 sq m and a GLA of 2,799 sq m. The buildings are almost equal in size. They were built in the 1900s before the revolution and substantially reconstructed in

1992-1997 with some minor re-decoration in 2004.

As of the valuation date the Property was 87% let to multiple tenants. The long-term leases representing circa 15% of the secure income are due to expire in 2012-2015. The pool of tenants consists of reputable international and local companies.



Korbis

Address: 4B Vokzal'naya St., Ramenskoe City, Moscow Region, Russia

Main Use: "Solnechniy Rai II" Shopping Centre

Description: The Property is a two-storey shopping centre with an underground level, built in 2005. It comprises 9,018.8 sq m GBA and 6,519.4 sq m GLA. The Property has surface parking for 110 cars providing a parking ratio of approximately 59 sq m of GLA per car space.

The Subject Property is located on Privokzal'naya Plashad', in the centre of Ramenskoye City. The advantages of the Subject Property include its central location, convenient access by car, and the vicinity of the railway station.

As of the valuation date the Property was 100% let to multiple tenants. The long-term leases with anchor and min-anchor tenants, representing circa 55% of the total revenues, are due to expire between 2012 and 2020. The pool of tenants consists entirely of local companies, some of whom operate on franchises from international brands.



NRC

Address: 3A Kaluzhsky Lane, Saint Petersburg, Russia

Main Use: Office Centre

Description: The Property is an office building with four above-ground floors and a basement, totalling 3,835.8 sq m GBA and 3,602 sq m GLA. The building was constructed before the revolution in 1886 and substantially reconstructed in 1996.

The Property is 87% let to multiple tenants. The anchor tenants provide circa 35% of the secure income. The pool of tenants consists of reputable international companies, including state-owned companies, mainly from Northern Europe.



Slavanka

Address: 6 Borovskoye Shosse, Solncevo District, Moscow, Russia

Main Use: “Solnechniy Rai” Shopping Centre

Description: The Property is a two-storey shopping centre with an underground level, built in 2004. It comprises 11,652 sq m GBA and 9,065 sq m GLA. The Property has surface parking for 140 cars providing a parking ratio of approximately 64 sq m of GLA per car space.

As of the valuation date the Property was 100% let to multiple tenants. The long-term leases with anchor and min-anchor tenants, representing circa 38% of the total revenues, expire between 2012 and 2016. The pool of tenants consists totally of local companies, some of whom operate on franchises from international brands.



Western Realty

Address: 7 Gasheka Street, Moscow, Russia

Main Use: Office Centre (“Ducat II”).

Description: The Property is a multi-level office building with floors on levels 4 to 10 and a two-level underground car park. The building comprises 19,190.3 sq m GBA and 14,419.6 sq m GLA. The Property was delivered to the market in 1997.

The Property is 98% let to multiple tenants. The office space in the Property is let on a long term basis to reputable, internationally recognised tenants. The majority of the lease agreements expire between 2012 and 2017.