STATEMENT

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

Moscow, Moscow Region and Saint Petersburg, Russia

December 31, 2012

On behalf of Sponda Plc

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

Our Assignment

In accordance with the engagement contract #17/10-388CV dated October 17, 2012 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.

CBRE has been asked to review the internal valuation of the Sponda real estate Portfolio in accordance with RICS Valuation – Professional Standards (2012) (the "Standards"). Our review of the internal valuation of the Portfolio was conducted for accounting purposes. It may not be reproduced or used for any purpose other than the purpose stated above without the prior written consent of *CB Richard Ellis LLC* in each specific instance.

The Portfolio covered in our analysis consists of 8 (eight) operational properties held for investment purposes; the assets are described in Appendix 1 of this Statement. Our review covered the properties which we believe are owned by the Client or its subsidiaries. CBRE made relevant enquiries in order to provide our opinion of the Fair Value of the Property Portfolio as at December 31, 2012.

We confirm that we provide this advice as external 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. There are two definitions of Fair Value defined in the Standards:

- "The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties" (definition adopted by the IVSC);
- "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date" (definition adopted by the International Accounting Standards Board – IASB).

According to Point 2 of the Comments in VS 3.5, "In applying the IVS definition, reference should be made to paragraphs 39–43 of the IVS Framework". According to paragraph 40 of the IVS Framework, "The IVSB considers that the definitions of fair value in IFRS are generally consistent with 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 based on our research of 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.

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

We have relied upon the rentable areas, tenancy schedules, current 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 27th and December 5th, 2012. The Saint Petersburg Properties were inspected on December 6th and 7th, 2012. We have assumed that no significant changes that could affect the value of the Properties have occurred in the period between the inspection and valuation dates.

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 reasonable 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 audits or other environmental investigations or soil surveys at 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, LLC 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

Macroeconomic Overview

- Q3 saw some negative changes in Russian GDP, inflation and lending conditions;
- Some of these changes were triggered by special events, including the drought and increases in energy and other household service prices; others were related to general macroeconomic uncertainty in the world, primarily, the Eurozone;
- Nonetheless, Russia is still in a group of countries which are showing high economic growth, and this is not expected to change in 2013.

Prospects for the Rouble Exchange Rate

In the third quarter of 2012, the Eurozone's problems continued as expected, while the announcement of a third round of quantitative easing in the US did not create any strong positive effect.

- The Eurozone economy is adapting to recession conditions and increasing unemployment;

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- International financial institutions are expecting that the Eurozone will overcome the economic slide in 2013, although for now there are no clear signs of a medium-term reversal;
- The expectations of a Greek exit from the Eurozone are getting stronger. The most difficult periods will be seen in January and May 2013, when debt repayment requirements will be especially high.

Oil prices have returned to a comfortable medium-term level. In addition to the situation in the Eurozone, oil prices are strongly influenced by the economic situation in both the US and China, which in the third quarter was relatively good. The US economy is showing signs of improvement, and China, while experiencing some degree of economic slowdown seem to have experienced a soft landing. Both factors are good news for demand for oil. The Brent index at $110-115 per barrel is quite comfortable for the Russian budget, and for the rouble exchange rate.

Monthly average price, Brent, $ per barrel
December 2010 – September 2012

Source: *IndexMundi*

The rouble strengthened against the dollar by 5.8% in the third quarter. There is potential for a further strengthening of around 2-3%. For more significant growth it would be necessary to see oil prices rise to $120 per barrel or higher. The real rouble exchange rate against the currency basket of trading partners strengthened versus the same period of 2011 by 1.1%. Thus the influence of the exchange rate on the trade balance can be considered to be neutral.

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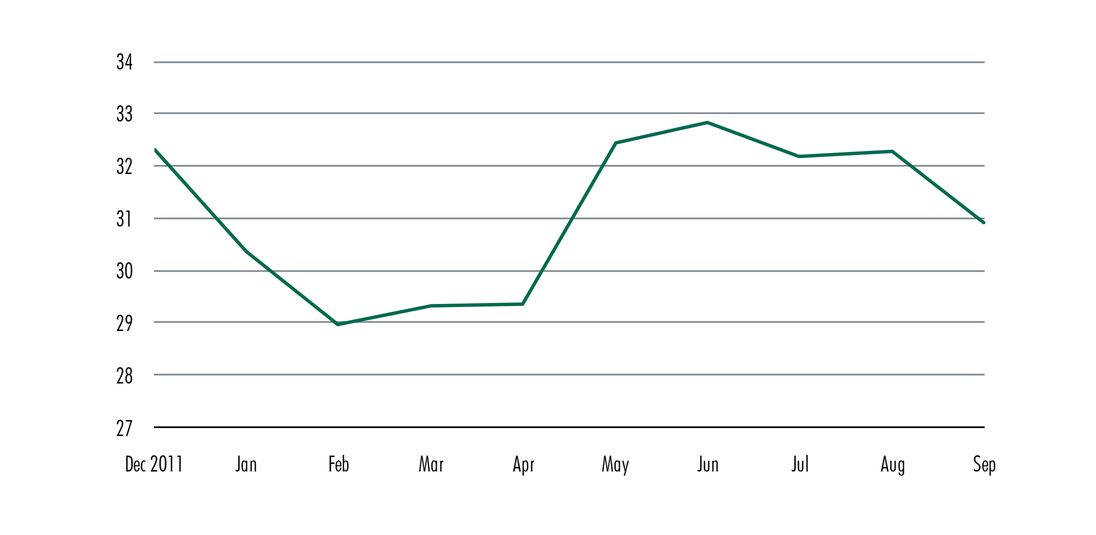
RUR/USD, end of period
December 2011 – September 2012



Source: CBR

Conclusions and Forecast

In the context of high oil prices, the rouble exchange rate and balance of payments are showing good results. In the fourth quarter of 2012 the overall positive situation was expected to continue, although the end of the year and the seasonal increase in capital flight could have some negative impact on the rouble.

The situation regarding the repayment of Greek debt, the fourth quarter peak of which was due in November, could become a factor in falling oil prices and a subsequent increase in instability of the rouble rate. Taking into account the growing risk of Greece exiting the Eurozone, the rouble in this situation could show a pattern similar to that seen in the second quarter of 2012.

Lending Conditions

According to the Russian Central Bank, in the second half of 2012 banks were expecting a slight worsening of lending conditions in comparison to the situation in the first half of the year. Regular research conducted by the Russian Central Bank in Q2 2012 showed that banks were expecting a further worsening of internal and external funding conditions. Changes in these conditions are particularly important for large corporate borrowers. As a result, particularly negative expectations were cast for this sector, primarily in the form of higher interest rates.

In the third quarter, external factors showed generally positive trends. At the same time, in October-December, Greece's problems were expected once again to put stress on world financial markets.

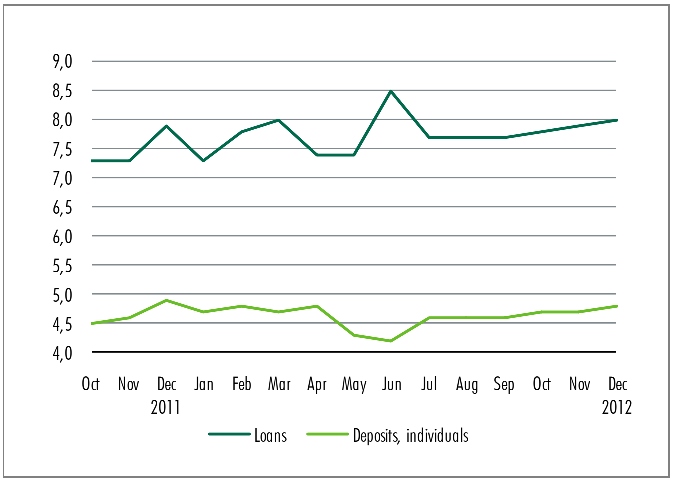
In the third quarter Sberbank successfully carried out its SPO, and there were also on-going falls in the price of CDS for Russian sovereign bonds. LIBOR and EURIBOR trends were also positive. Russian banks – leaders in attracting personal deposits from individuals – continued their fairly conservative policy towards increasing interest rates on foreign currency deposits. In the basic scenario, the average weighted rate was expected to increase by up to half a percentage point in the fourth quarter.

Higher growth is possible in the case of an exacerbation of the Greek problems and further stress in financial markets. This scenario is also worth taking into account since the likelihood of a Greek exit from the Eurozone is, at best, not decreasing.

Higher inflation in the third quarter led to growth in inflationary expectations and increasing interest rates on rouble resources. The reason for rising inflation was the increasing energy and other household service prices, as well as the increase in food prices. As a result, inflation forecasts for 2012 rose from 5-6% to 6.5-7%. In response to this situation, in mid-September the Central Bank increased the refinancing rate by 0.25 percentage points to 8.25%, following which leading banks, including Sberbank and VTB, raised rates on deposits by 0.5-1.5%.

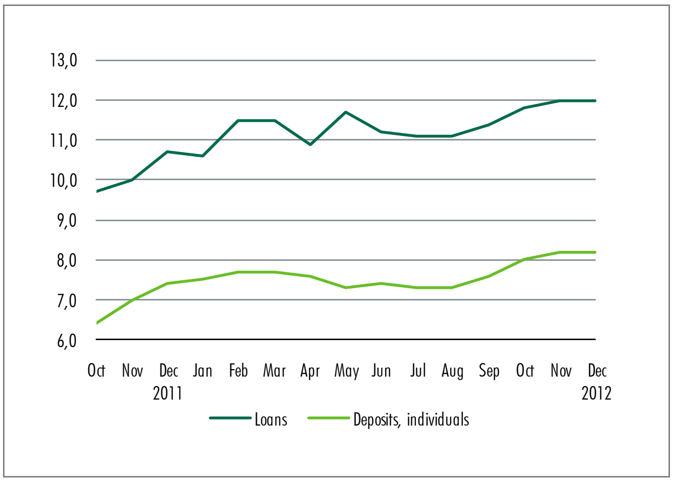
As a result, the market has also seen a trend of growing interest rates for lending. In the fourth quarter the average weighted rate for newly issued loans with a term of more than 1 year to non-financial organisations could exceed 12%.

Weighted average rates for USD-denominated assets, %, October 2011 – December 2012



Source: CBR, CBRE

Weighted average rates for RUR-denominated assets, %, October 2011 – December 2012



Source: CBR, CBRE

Despite a degree of worsening in lending conditions compared to 2011, lending activity in the real estate sector was growing. In the construction sector in January-July, issued loans increased by 15% relative to the same period of 2011. Loans to the 'Real estate, rentals, and services operations' sector increased by 25%. The volume of loans issued is more or less balanced between primary and secondary real estate markets, showing continued interest in development, as well as in investment.

Conclusions and Forecast

An increase in the average weighted rate on rouble loans of 1-1.5 percentage points to 12-12.5%, , was expected in the fourth quarter. At the same time, rates for developers could be in the range of 13-17% depending on the quality of the project, the developers' own resources and other individual factors.

The increase in the average weighted rates on foreign currency loans could amount to about 0.5 percentage points. At the same time the rates for developers could be in the range of 9.2 -12%.

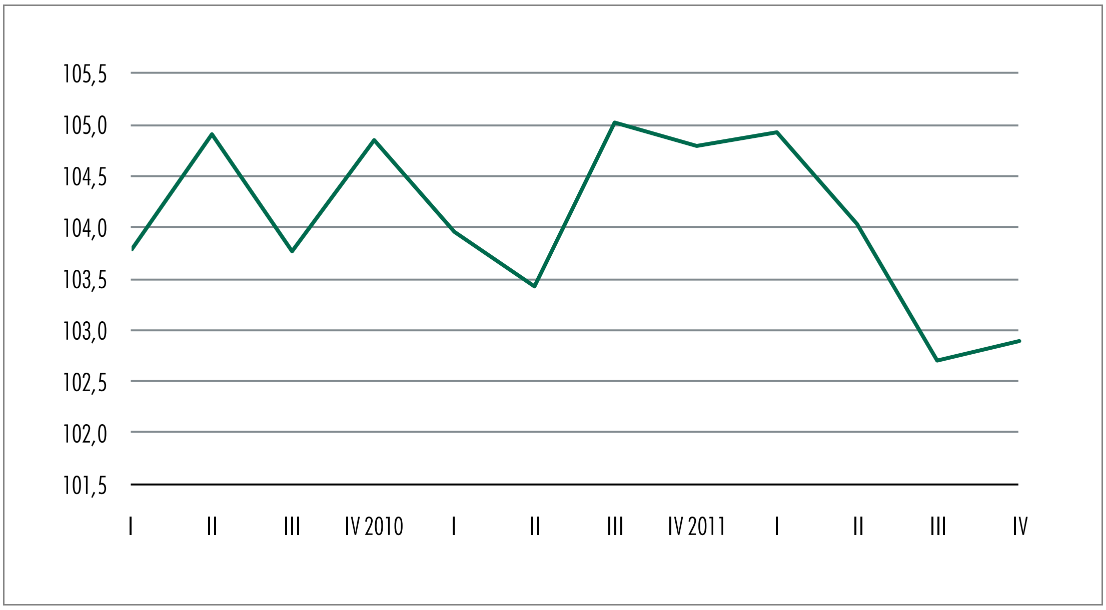
The increasing risk of a Greek exit from the Eurozone could lead to banks lowering accessibility to credit for the real estate sector.

Economic Trends

In the third quarter GDP growth began to slow. According to the Ministry of Economic Development, GDP third quarter growth was expected at 2.7% y-o-y, with 2.9% in the fourth quarter. Accordingly, for the whole of 2012, GDP growth could amount to about 3.7%. Drought and lower agricultural productivity could contribute to slowing GDP growth, as well as slower growth in retail turnover (consumer demand) and investment activity (business' desire to expand production). Quarterly GDP growth rates could therefore dip below 3% for the first time in three years.

GDP growth, %, QoQ

2010 – 2012

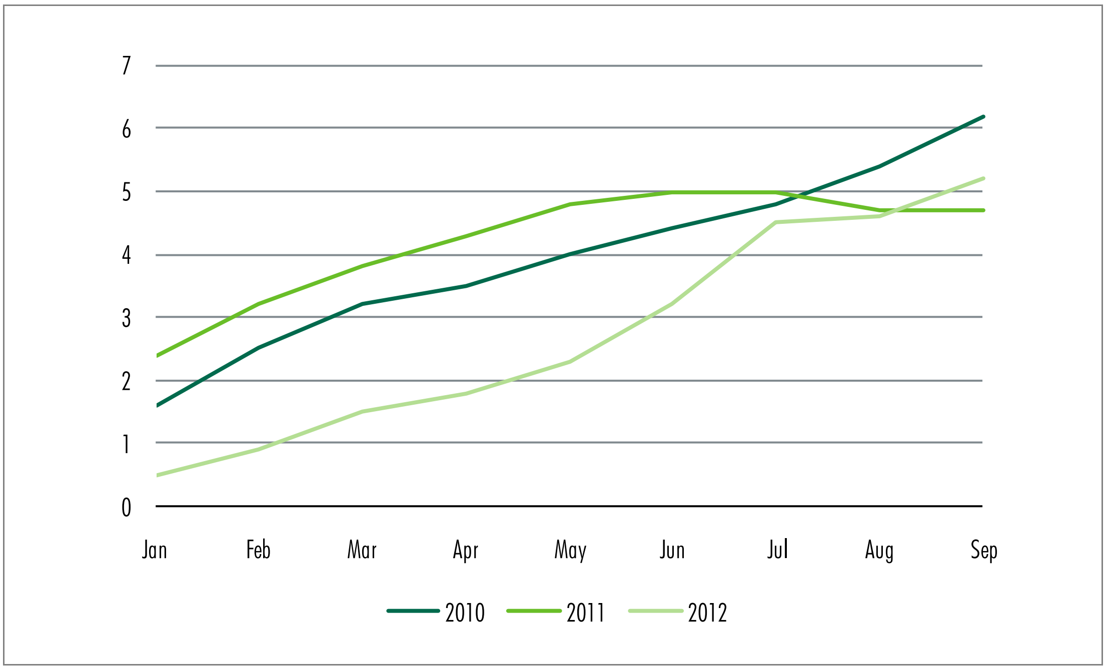


Source: Bloomberg

At the same time, however, Russia remains in the group of rapidly-developing countries. In October the IMF lowered expected growth rates for the global economy as a whole, and for the majority of developed and developing countries. The few regions for whom the forecast improved included the USA and countries in Central and Eastern Europe.

Inflation increased in the third quarter, and as a result was 0.5 percentage points higher in January-September 2012 than in the same period of 2011. Consumer prices increased by 1.9% in the third quarter, resulting in a cumulative growth of 5.2% since the beginning of the year. The rise in energy and other household service prices, together with rising food prices as a result of the drought in the southern regions of the country, significantly contributed to the overall third quarter growth in prices. This inflation is not due to monetary factors, as a consequence of which the reaction to rising prices from the Central Bank has been quite moderate.

Consumer inflation, %
January-September 2010 – January-September 2012



Source: CBR

Overall for 2012, inflation is expected to be in the range of 6.5-7%. If this is the case, further increases in the refinancing rate by the Central Bank may prove unnecessary.

Conclusions and Forecast

The emergence of negative trends in GDP growth is partly due to one-off events (the drought, increase in energy and other household service prices), and partly connected with the fall in business and consumer optimism as a result of on-going negativity in the Eurozone. At the same time, Russia remains one of the fastest developing countries.

GDP growth in 2013, according to the IMF, could reach about 3.8%, which is significantly higher than the majority of developed countries.

LEASING MARKET

Moscow Office Market Overview

Hot Topics

- Local increase in the volume of new supply;
- Stable vacancy rates confirm the current balance between demand and supply in the market;
- Demand is:
  - mostly attributable to Russian companies;
  - concentrated on Class B;
  - for office buildings outside the Garden Ring;
- Stable rental rates in all classes (A Prime, A, B) and across all districts;

- Moderate increase in pipeline for 2013 – 2014 compared to 2012.

Market Cycle Overview

The Russian office market is currently in an "on-hold" pattern. Having gone through a boom and a crisis, the market has been in a stabilisation phase for a relatively long period. The growth in new construction remains quite small, and the amount of vacant space is falling slowly. In other sectors of the Russian commercial real estate market (for example, warehouses and retail property), the amount of vacant space has already fallen back to pre-crisis levels.

The relatively low supply of quality office space supports the long-term incentives for further market growth. At the same time, implementation of these incentives is restrained by medium-term factors related to the threat of recession in the Eurozone and the possible consequences of a Greek exit from it within the next 6-9 months.

In this vein, a key point for the beginning of change in the market trend could be the end of the first half of 2013, when the peak of Greek debt repayments will have passed and positive economic trends could become apparent in the Eurozone.

Rents are unlikely to increase in the near future, and are more likely to remain stable or to fall slightly. After reaching their lowest point in 2009, rents have shown some recovery in line with decreasing vacancy rates.

At present, despite the significant fall in the rates of growth of new supply, the vacancy rate has stopped falling. There is some evidence to suggest a limited increase for Class A properties.

Occupiers' interest in buying offices for their own use is low. Historically the majority of these sorts of deals have been for relatively inexpensive Class B office properties. This trend suggests that tenants are relatively comfortable with current rents and are adopting a risk minimisation strategy; deferred demand for these deals will however be accumulating for the future.

New Supply

In Q3, 176,537 sq m was delivered to the market, of which 38% was Class A and 62% Class B. The overall figure represented a 67% increase over Q2 2012 and a 45% increase compared to Q2 2011.

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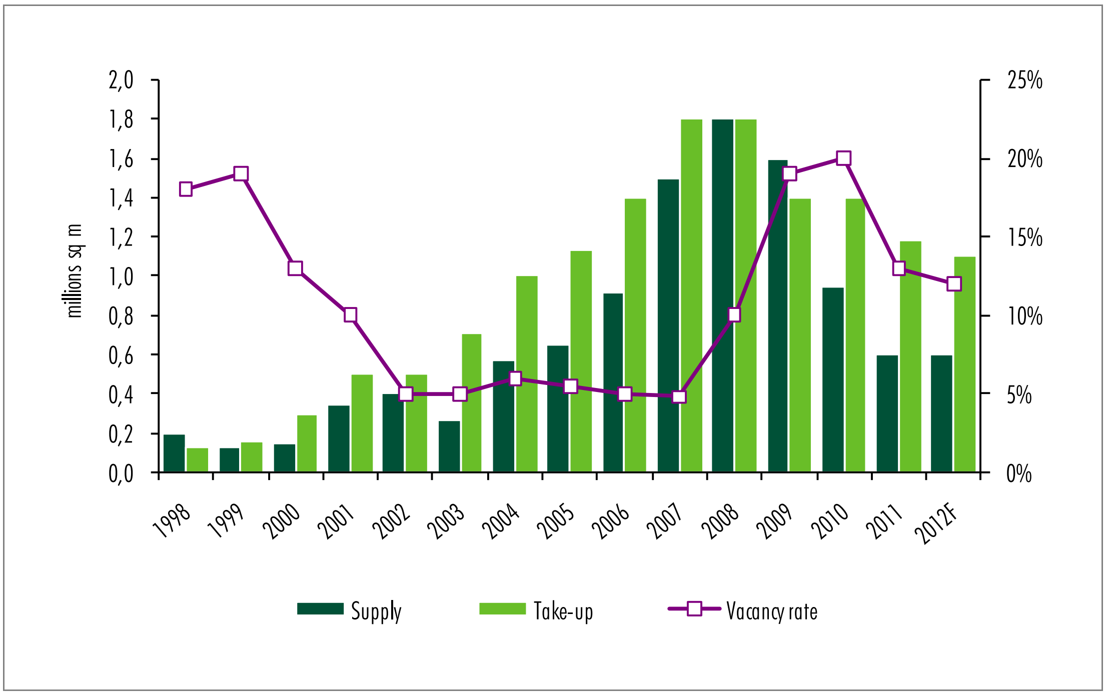
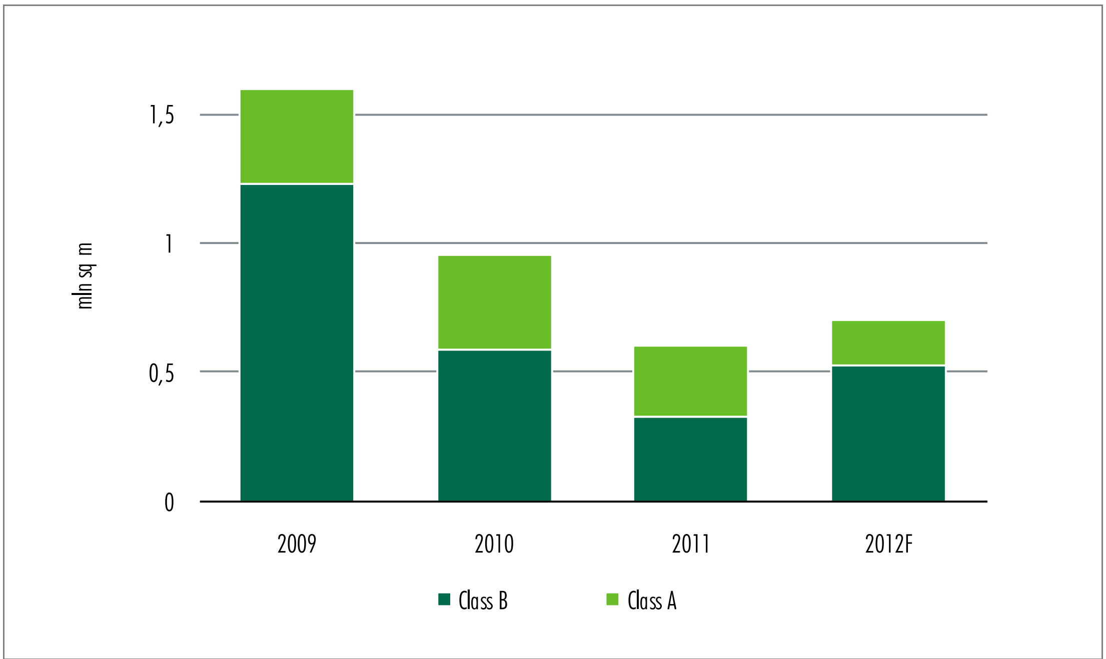
Take-Up, Delivery and Vacancy Rate
1998 – 2012F



Source: CBRE

Total new supply delivered in 2012 reached 393,900 sq m. The overall quality office stock therefore rose to 12.9 million sq m, of which 19% is Class A (2.5 million sq m).

New Supply by Class, million sq m
2009 – 2012F



Source: CBRE

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Two Class A office buildings were put into operation in Q3 – Aquamarine Phase III and Olympic Hall. The other properties were all Class B.

Major office buildings completed in Q3

PROPERTY NAME	ADDRESS	OFFICE AREA, SQ M
Aquamarine Phase III	Ozerkovskaya Emb., 24	55,400
RigaLand Block B	Baltiya Highway 26 km	22,800
Olympic Hall	Olimpiyskiy Ave., 16	12,533
Mixed-use Complex at Snezhnaya	Snezhnaya St., 26	8,281

Source: CBRE

As a result of the large project Aquamarine Phase III, the Central Business District (CBD), the area inside the Garden Ring (GR) plus Belorussky railway station area) accounted for 34% of the new supply. 68% of newly delivered office space was inside the TTR. One new office building, RigaLand Block B, was delivered outside the MKAD.

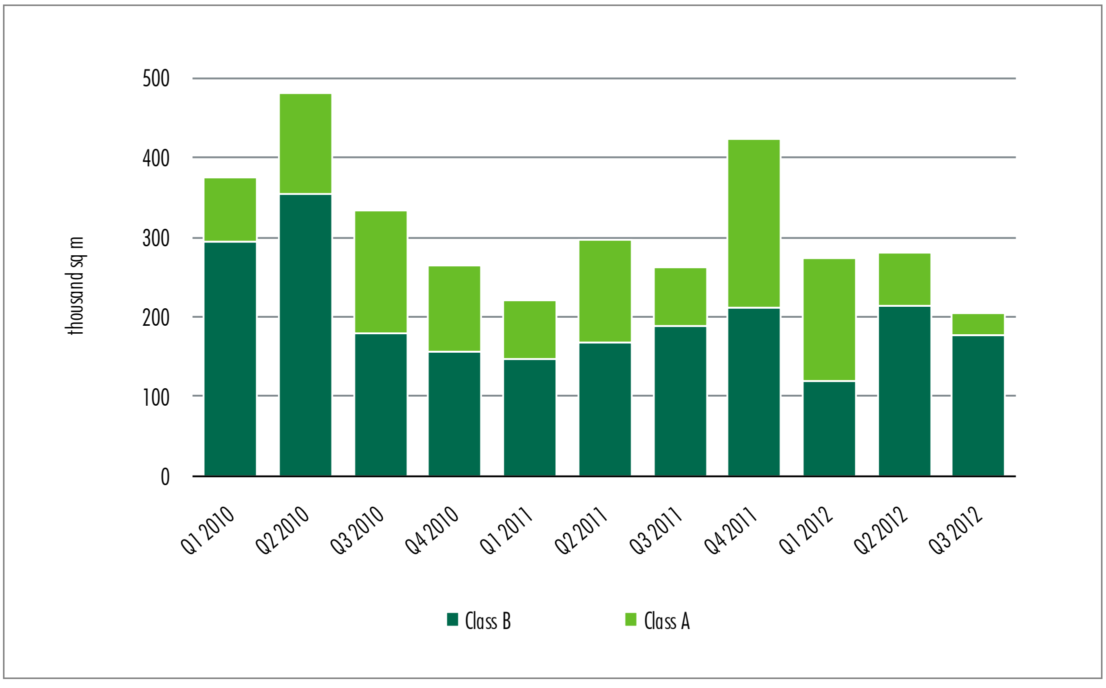
About 300,000 sq m was expected to be delivered in Q4, bringing the total new supply for 2012 to 700,000 sq m (13% more than in 2011).

Take-up

In Q3, the total volume of deals signed was 203,000 sq m (27% less than in Q2 2012, and 22% less than in Q3 2011). The total volume of deals closed in the first 3 quarters of the year was therefore 757,500 sq m (775,900 sq m for the same period of 2011).

Take-up by class, thousand sq m

Q1 2010 – Q3 2012

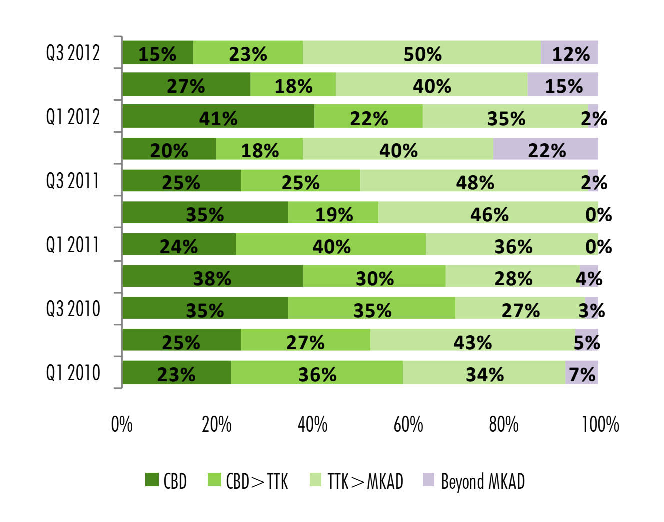


Source: CBRE

As in Q2 2012, we continued to observe a decrease in take-up of Class A space (26,000 sq m or 13% of the total, 62% less than in Q2). The falling share of leasing deals accounted for by Class A premises is in a large part due to the decreasing activity of international companies. Because of the unstable economic situation in the Eurozone, these companies prefer to extend their existing rental agreements rather than move to new space (in Q3 international companies represented 14% of new deals or about 29,000 sq m, compared to 32% or 90,000 sq m in Q2).

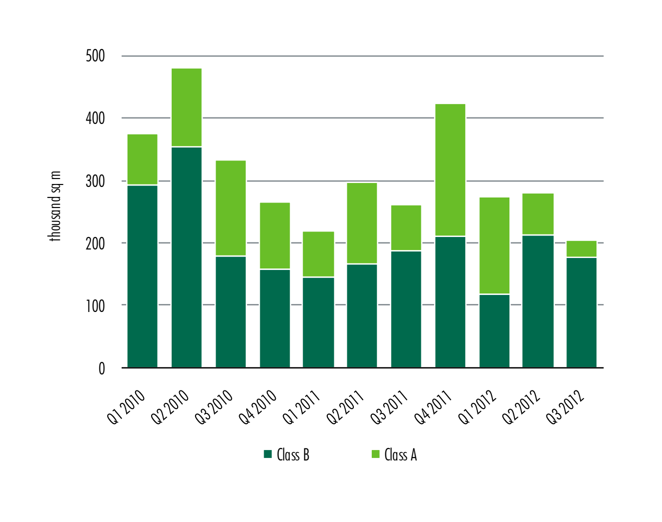
Demand is concentrated primarily on Class B properties outside the TTR (50% of the total). About 38% of the total was for properties within the TTR, with 30,000 sq m inside the CBD and 44,000 sq m between the GR and the TTR.

Take-up by Geographic Submarket
Q1 2010 – Q3 2012



Source: CBRE

Take-up by class, thousand sq m
Q1 2010 – Q3 2012



Source: CBRE

An analysis of signed deals reveals that the most popular office size remains the 100-500 sq m band (35% of all deals), with transactions above 3,000 sq m rare (5% of the total).

Vacancy Rates

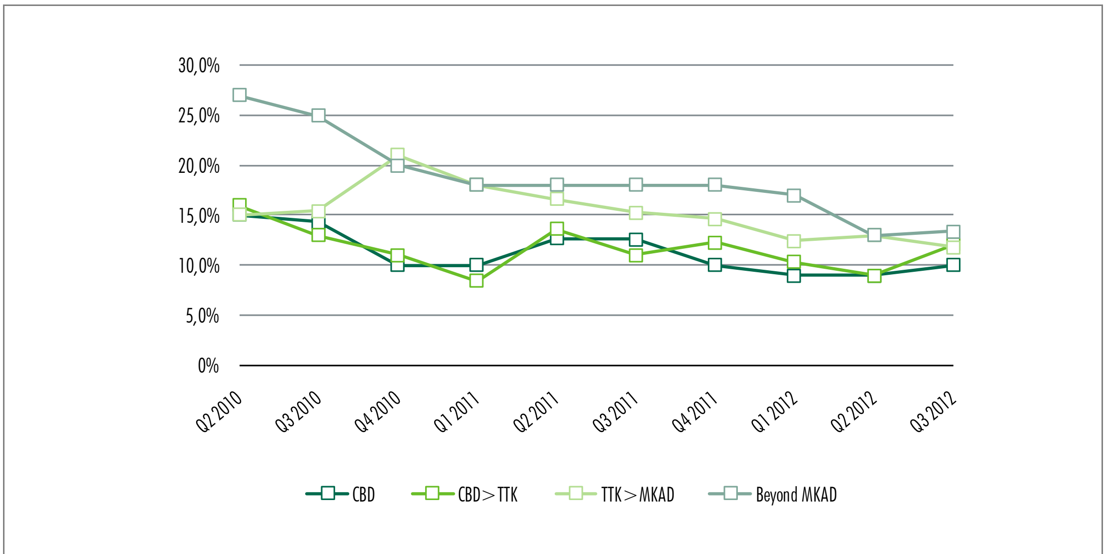
Vacancy rates in Q3 2012 were practically unchanged compared to Q2, allowing us to conclude that there is a balance between demand and supply. Class B vacancy rates remained at 10%, with a slight increase of 1% in Class A, which totalled 14%. 86% of vacant Class A properties are in shell-and-core condition. In Class B, finished premises are more common, accounting for 60% of the total for this class.

Vacancy rates by class
Q1 2010 – Q3 2012

Source: CBRE

There were also minor changes in vacancy rates across the city. Vacancy increased by 1 percentage point in the CBD (primarily due to the delivery of Aquamarine Phase III), and by 3 percentage points in the zone between the GR and the TTR (due to the delivery of new properties and the appearance of new vacant space in existing office buildings such as the business centre at Letnikovskyaya St., 10 which has a total of about 16,000 sq m of office space). The vacancy rate in the CBD therefore stood at 10%, while in the area between the GR and the TTR it was 12%. In the zone between the TTR and the MKAD, the vacancy rate fell by 1 percentage point to 12% thanks to high demand for office space in this district.

Vacancy rates by geographic area
Q2 2010 – Q3 2012



Source: CBRE

A sharp increase in the number of transactions for Class A office space was not expected in Q4. Taking into account the delivery of several large Class A properties, future increases in vacancy rates in this sector are expected. Vacancy rates for Class B properties should remain stable at about 9-10%.

Rental Rates

Rents remained stable in Q3 at $1,100-1,200 for Class A Prime, $650-750 for Class A, and $400-450 for Class B. Class A capitalisation rates remained stable across the year, at 8.75%.

Rental rates at year-end

2005 – 2013F

Source: CBRE

It is important to note that in the current unstable macroeconomic conditions, the majority of tenants are trying to sign rental agreements fixing rents in roubles, or, at least, to agree an exchange rate band in order to minimise risks arising from dollar rate increases. This is true for both Russian and international companies, since the majority of both see their income in roubles. However, not all landlords are ready to sign rental agreements in roubles, as some hold outstanding debt in foreign currencies.

Outlook

Q4 was expected to see the largest volume of newly delivered office space of any quarter in 2012 (about 300,000 sq m) together with the largest volume of new deals signed (about 400,000 sq m). A small rise in vacancy rates was also expected although rents will remain stable. Many market players are waiting to see how the crisis in the Eurozone develops. They are therefore not rushing to make immediate decisions about their own long-term development. Tenants prefer to extend existing rental agreements and developers are in no rush to start construction of new properties, given current levels of demand and availability. We expect that the situation on the Moscow office market will remain stable in the medium-term. Several large projects are scheduled for delivery in 2013. Vacancy rates may increase for Class A space, but for Class B will be more or less at 2012 levels, with the possibility of a small decrease. We expect that in the first half of 2013 demand will be similar to that in 2012, and come primarily from Russian companies. Taking into account current macroeconomic trends, rents are likely to remain at 2012 levels.

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 retail market remained stable during the first nine months of 2012. The results of the balanced market are strong trading activity and steady indicators such as rental rates and vacancy rates. Active retailers prefer to concentrate on projects which have a proven track record of success. International and local retail chains alike are continuing to expand their operations in Russia and many international operators have entered the Russian market. As a result of its close proximity to the capital and strong consumer demand, the Moscow region is ranked second after the city of Moscow in terms of investment prospects. Developers are therefore keen to develop projects not just in Moscow, but also close to the Moscow City Ring Road (MKAD).

The major trends are described below:

- By the end of November six new retail centres with a total gross area of 318,100 sq m (156,300 sq m GLA) were commissioned in Moscow. Two retail centres (Otrada and Tropa) with a total area of 92,800 sq m (33,500 sq m GLA) were scheduled to be commissioned in December 2012.
- As a result, the total stock of modern retail centres in Moscow was expected to reach approximately 4 million sq m GLA by the end of 2012. This would represent an increase of approximately 5% during the year, the same as that seen in 2011.
- In early July 2012 the amount of modern shopping centre space per 1,000 inhabitants in Moscow averaged 327 sq m, which is significantly lower than in other major European cities.
- In 2012 retailers continued to demonstrate a high level of business activity. Food chains and catering were performing particularly well and actively expanding their operations, especially by adapting their concepts to suit the format of the premises they are renting.
- Available data for 2012 shows that as a result of the low growth in supply and the high level of business activity and demand on the part of retailers, the vacancy rate for quality retail facilities has remained stable at around 3% since 2010. Waiting lists are common for the most successful centres, but at the same time new facilities are often brought on to the market with high vacancy rates. This is explained by the policy of retailers to not sign contracts while the centre is under construction, preferring to wait until the shopping centre is operating. This allows for additional analysis of the centre's positioning in the market, as well as the tenant mix, footfall, etc.
- Retail rental rates did not undergo substantial changes in 2012. With confidence in economic stability low, developers prefer to wait. As would be expected, rental rates in the most successful and popular shopping centres have continued to increase, although these changes were insignificant in average quarterly terms.
- Stronger competition is expected to contribute to the improved quality of retail facilities both in the Moscow region and in other Russian regions. The partial or complete redevelopment of unsuccessful and out of date shopping centres could become an important way to secure tenants and customers and so could become a strong market trend.

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- Some large, high profile projects have been announced during 2012, including the following: Moscow municipality has approved the Amma Development project known as Avia Park which has a GLA of 235,000 sq m; the developer expects construction work to start in Q3 2012. The Crocus Group plans to replicate their successful Vegas project and open two more centres of the same name in Myakinino (111,400 sq m GLA, close to the existing Crocus City Mall) and in Kuntsevo at the 56 km marker of the MKAD (113,400 sq m GLA). The BIN group is to develop a land plot of 22 hectares on Varshavskoye Highway with the Galactica Plaza project (700,000 sq m GBA), which will include a shopping centre of 100,000 sq m and the first Universal Park & Resorts operated theme park in Russia. The development of Mosaica shopping centre with a GBA of 134,000 sq m has been resumed.
- Provided the favourable economic environment continues in Russia, the situation in the retail market is expected to remain stable into 2013. The main features of this stable market will be strong demand for retail space from potential tenants, low vacancy rates and moderate growth in average rents.

SAINT PETERSBURG PROPERTY MARKET OVERVIEW

Saint Petersburg Office Market

Office developers increased their activity in 2012. At the beginning of the year, approximately 650,000 sq m of office space was under construction, but by the beginning of October this had increased to 750,000 sq m.

Supply

By the end of Q3 2012 the total stock of offices in high quality Class A and B business centres amounted to slightly more than 2.3 million sq m.

One Class A office centre - on Krestovskiy Island (7,850 sq m) - and two Class B office centres - Sobranie (35,000 sq m) and Oriental (5,000 sq m) - were brought to the market in Q3 2012. Several other office buildings opened but as they had not yet obtained their Operational Acceptance Certificate, they are not included in the Q3 2012 statistics.

Overall, by the third quarter of 2012, 25% of office centres were Class A and 75% Class B.

Office Market Key Figures
Q3 2012

	CLASS A	CLASS B
Total stock, sq m	570,000	1,725,000
Delivery in Q3 2012, sq m	7,850	40,000
Vacancy rate	13%	8%
Lease terms	3-5 years	11 months - 3 years
Capitalisation rate	10-11%	11-12%
Average rental rate, RUB/sq m/month, incl. OPEX and VAT	1,500	1,120
Average rental rate, USD/sq m/ year, incl. OPEX, excl. VAT	500	375

Source: Maris/part of the CBRE Affiliate network

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Demand

The third quarter was characterised by a significant increase in the level of demand for office space. August-September 2012 saw a significant growth in the number of enquiries for offices, compared to June-July. This was a result of seasonal fluctuations in demand due to the summer holidays as many companies postponed decisions on corporate moves to the autumn.

In Q3 2012 the office market experienced strong demand for Class A space, and the majority of large transactions were for this type of space (64%).

Companies already with a presence in Saint Petersburg accounted for the main part of demand (92%), with new companies representing only 8%. However, this latter figure was 3 percentage points higher than in the previous quarter (5%).

IT, manufacturing and construction companies were the main sectors taking space in Q3 2012.

Main Lease Transactions
Q3 2012

COMPANY	OFFICE CENTRE	AREA, SQ M
Jet Brains	Universe	6,300
Gazprom	Ligovskiy, 61B	3,330
Genesys	Baltis Plaza	1,070
Fitness Family	Veda House	940

Source: Maris/part of the CBRE Affiliate network

Vacancy Rates

The vacancy rate continued to decline in Q3 2012. The vacancy rate in Class A office centres is 13% (3 percentage points lower than in the previous quarter), and 8% in Class B (1 percentage point lower).

However, the average vacancy rate does not reflect the real situation on the market. Many Class A and Class B buildings are 100% occupied, with a small number of office centres 50% occupied or less.

47% of Class A and 51% of Class B office centres have 100% occupancy. 14% of Class A office buildings and 5% of Class B are occupied less than 50%.

The level of occupancy depends on location. Business centres in the central part of the city usually have minimum vacancy. In Q3 2012, only 10% of space in the Class A business centres in the centre of the city (Nevsky Prospect and nearby streets) was vacant, and in Class B centres this was as low as 6%. In areas further from the centre, 28% of space in Class A office centres was vacant and 7% in Class B.

Vacancy Rates, %
2005-Q3 2012

Source: Maris/part of the CBRE Affiliate network

Rental Rates

During the seasonal summer stagnation, rents for Class A and B offices remained stable. The increase in demand at the beginning of the business season in September has encouraged owners of office centres to begin to raise rental rates. Rents on Class B offices rose by 2%, while in existing Class A offices rents were unchanged.

At the end of the year, average rents for Class A business centres stood at RUB 1,400-1,700 per sq m per month (including VAT and OPEX) and RUR 900-1,200 for Class B.

Rental Rates, RUB/sq m/month, incl. VAT and OPEX
2004 – Q3 2012

Source: Maris/part of the CBRE Affiliate network

Rents for existing business centres in Saint Petersburg are calculated mainly in roubles (95%), and less frequently in US dollars and Euros (5%).

Saint Petersburg Warehouse Market

Supply

Several projects scheduled to be brought on to the market in 2012 were delivered in the first half of the year. The second half of 2012 therefore saw no new additional warehouse premises.

The total stock of good quality warehouses in St Petersburg stood at 1.6 million sq m (not including warehouses built for owner occupation).

Class A and B warehouse complexes account for 21% of the total stock, and Class C 79%. The total warehouse stock in Saint Petersburg according to GUION (the City Real-Estate Inventory Department) is 7.7 million sq m.

Good quality warehouse complexes can be divided into two groups, depending on the services provided: those which are only offered for lease with no additional services (57% of the total stock); and those which are offered with a full range of support logistical services, including professionally executed management, security and other services (43% of the total stock).

Warehouse Market Key Figures
Q3 2012

	CLASS A	CLASS B
Total stock, sq m	1.07 mln	567,000
Delivery in Q3 2012, sq m	0	0
Vacancy	7%	5%
Lease lengths, years	5-7 years	3-5 years
Capitalisation rate	13%	14%
Rental rate, USD/sq m/year (triple net)	100-130	90-110

Source: Maris/part of the CBRE Affiliate network

Demand

Demand in 2012 was at a high, stable level, which is confirmed by the large number of transactions.

Projects in industrial parks will be actively developed over the coming year. In Q3 2012 the first phase of Marino Industrial Park in Petrodvortsoviy district was introduced. The first phase of the park has a total area of 68 hectares. About 40 hectares of the first stage have already been sold to several anchors. The most well-known industrial parks in Saint Petersburg include Greenestate, Fedorovskoye, Doni-Verevo and Marienburg.

Given the shortage of new warehouse space and stable demand, the vacancy rate fell slightly, 7% of Class A space is vacant and 5% of Class B.

During the first three quarters of 2012, transactions on the warehouse market totalled approximately 100,000 sq m.

Trading and manufacturing companies accounted for the largest part of demand in 2012.

Major Lease Transactions in 2012

COMPANY	WAREHOUSE	AREA, SQ M
Major	STK	30,000
Marvel Distribution	Megalogix	13,000
SOK Retail International Oy	Nordway	10,000
Lear Corporation	Logopark, Shushary	5,000
QUATTRO	Interterminal Trade	5,100
Intexo	Ahlers Logistics Center	3,600

Source: Maris/part of the CBRE Affiliate network

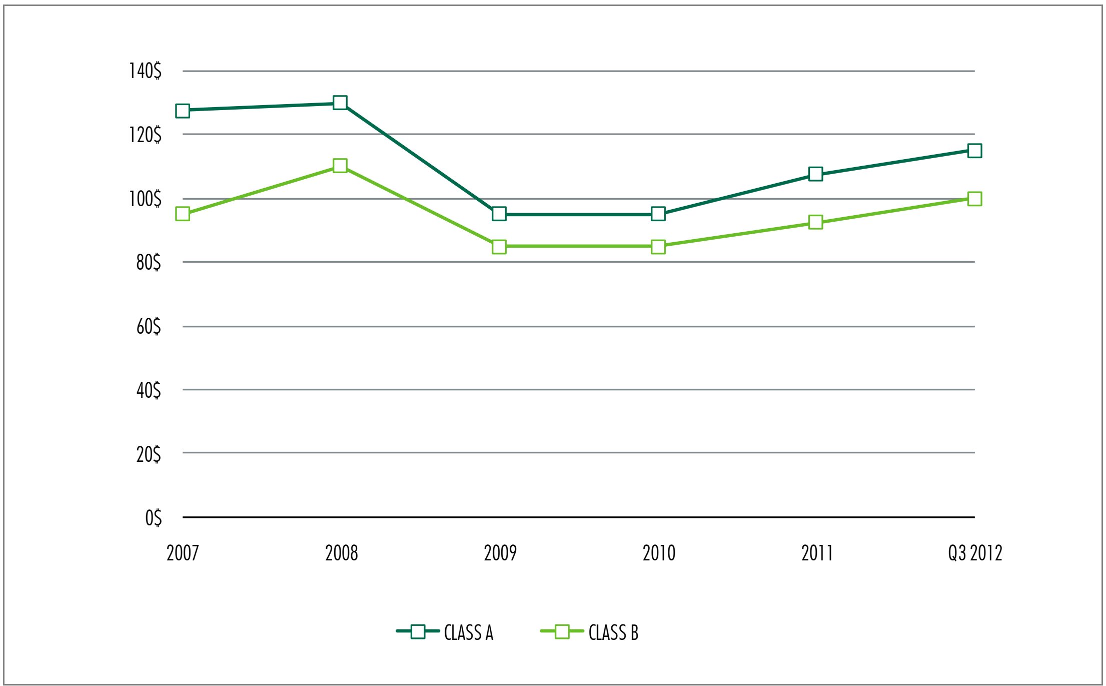
Rental Rates

By the end of Q3 2012, rental rates for Class A and B warehouses had begun to increase as a result of exchange rate fluctuations and a lack of quality supply in the market.

The main characteristics influencing rents are: location, class of building, technical characteristics, transport accessibility and leasable area.

No warehouse investment sales transactions were reported in 2012.

Rental Rates, USD/sq m/year (Triple Net)
2007 – Q3 2012



Source: Maris/part of the CBRE Affiliate network

REAL ESTATE INVESTMENT MARKET OVERVIEW

Investments Volumes

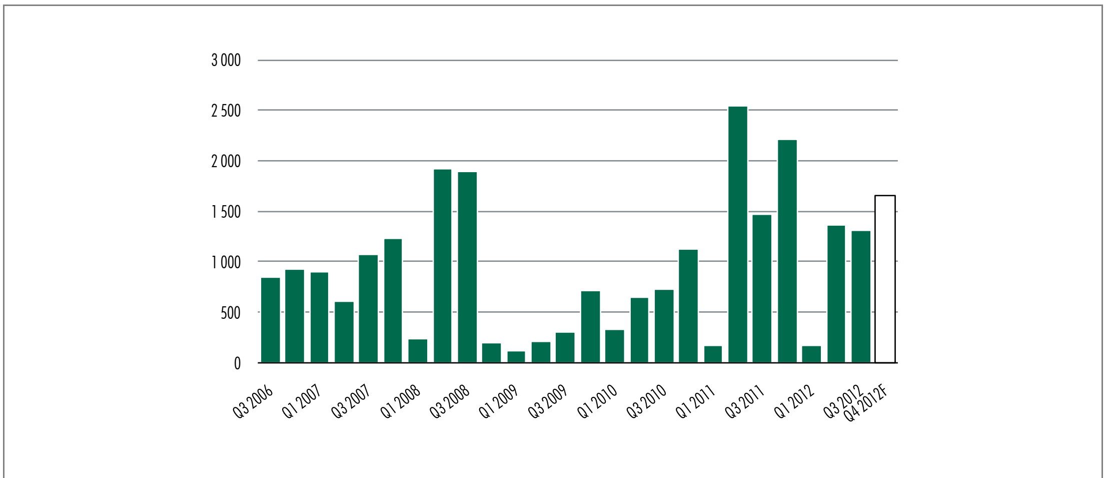
In Q3 2012 the investment in Russian commercial real estate reached $1.3 billion, which is 11% less than in Q3 2011. It was a drop of just 3% compared to Q2 2012. The cumulative volume of investments in Q1 – Q3 2012 is equal to $2.85 billion, 32% less than in the same period of 2011. The current list of the deals at various stages of completion suggests that in the fourth quarter, investment into commercial real estate could exceed $1.5 billion. This indicates a continuing healthy interest in the Russian market.

The Russian real estate market feels quite comfortable, being far ahead of European recovery levels. 2012 results for investment into Russian commercial real estate could add up to about $4-4.5 billion, equalling or even exceeding the same figures from 2007 and 2008. The lack of clear signals of a turnaround in the Eurozone economy is having a conservative influence on investors' activity in Russia. This is due to the high risk of, at least, one of the southern countries exiting the Eurozone, and the subsequent high volatility on the financial markets. In this context the European markets are facing greater difficulties with recovery.

The reasonable movement on the Russian market tells us that investors are gradually finding ways to lower the risks, associated with traditional Russian volatility. In this context we can single out three main strategies:

- Buying high-calibre investment grade properties that are fully rented out, in good locations and with good, preferably foreign tenants with long-term interests in Russia. In certain properties, say, retail, even during the 2008-2009 crisis vacancy rates remained low and rents decreased only marginally.
- Including development projects into the investment portfolio to optimize "risk-reward" ratio. Investing at the development stage increases the overall profitability of the portfolio, and having high-calibre investment grade properties stabilises cash flows.
- Investing in niche segments, characterised by a deficit of supply. For example, warehouses or retail outlets. Investment into high-quality warehouse properties could have made a return of 10-14% IRR in the period of 2007-2012.

Investment volumes, USD million
Q3 2006 – Q3 2012



Source: CBRE

Professional foreign investors realise this fact and have confirmed their long-term interest in the Russian market.

- Immofinanz Group and Raven Russia have formed rather large investment portfolios in Russia. The recent acquisitions in 2012 of Golden Babylon Rostokino Shopping Centre by Immofinanz (increasing their holding from 50% to 100%) and Raven's purchase of Pushkino Logistics Park and Sholokhovo warehouse complex. In addition Raven acquired a land plot on Novorizhskoye Shosse to the west of Moscow for development of a warehouse complex, this in particular shows confidence in the long term prospects of Russian real estate.
- At the end of 2011 Morgan Stanley Real Estate Fund made a high profile purchase in Saint Petersburg, acquiring the Galeria Shopping Centre for $1.1 billion. This asset is a "best in class" grade property and shows that this type of investment is always in demand.
- At the end of H1 2012 Hines announced the closing of HRPF (Hines Russia & Poland Fund), which has been formed to invest more than €900 million (total leveraged capacity) into Russian and Polish real estate investments. Approximately 80% of the fund is allocated for investments into Russian development.
- O1 Properties have made a number of recent acquisitions including Ducat III one of the best Prime office buildings in Moscow and also Silver City a Class A office building on the edge of the city centre. This investor now holds a significant proportion of the Class A office centres in Moscow.
- There are continued rumours that Metropolis Shopping Centre will be sold during Q4 of 2012. There are no definite details of this transaction at present, however, if it completes it will be one of the largest transactions ever in Russian real estate.

Target of investments and source

Q3 2012 saw a fall in investment activity in retail real estate. Investment in Q3 reached $75.6 million, or just 20% of the level y-o-y, or 12% of the level for Q2 2012. At the same time, investment into retail property since the beginning of the year accounted for about 29% of the overall total, which broadly corresponds to medium-term market trends.

In absolute terms, the volume of investment into retail property since the beginning of the year stood at $824 million, which is 35% lower than the same period of 2011. This fall is in line with the general trend of reduced investment in Russian commercial real estate after the record year of 2011. At the same time, it is worth noting that in the fourth quarter there were deals at the negotiation stage which, if closed in Q4, would significantly increase the share and absolute volume of investment into retail property.

Investment in the office sector in Q3 was more than 1.5 times higher than in Q2 2012, although 20% less than in Q3 2011. Investment reached $764 million in Q3 2012. The first three quarters saw $1.26 billion invested, which is 37% lower than the same period of 2011. In absolute terms the volume of investment into the office sector, as in retail, has a very good chance of exceeding the pre-crisis figures of 2007 and 2008.

In Q1-Q3 2012 the office sector attracted 44% of all investment into commercial real estate. This differs from the situation in Europe where prevailing interest is in retail. Strong demand in the office sector in Russia is generated by two players, O1 and BIN Group, who are increasing their portfolios of high quality office buildings in prime locations in Moscow.

The largest deals concluded in the third quarter were:

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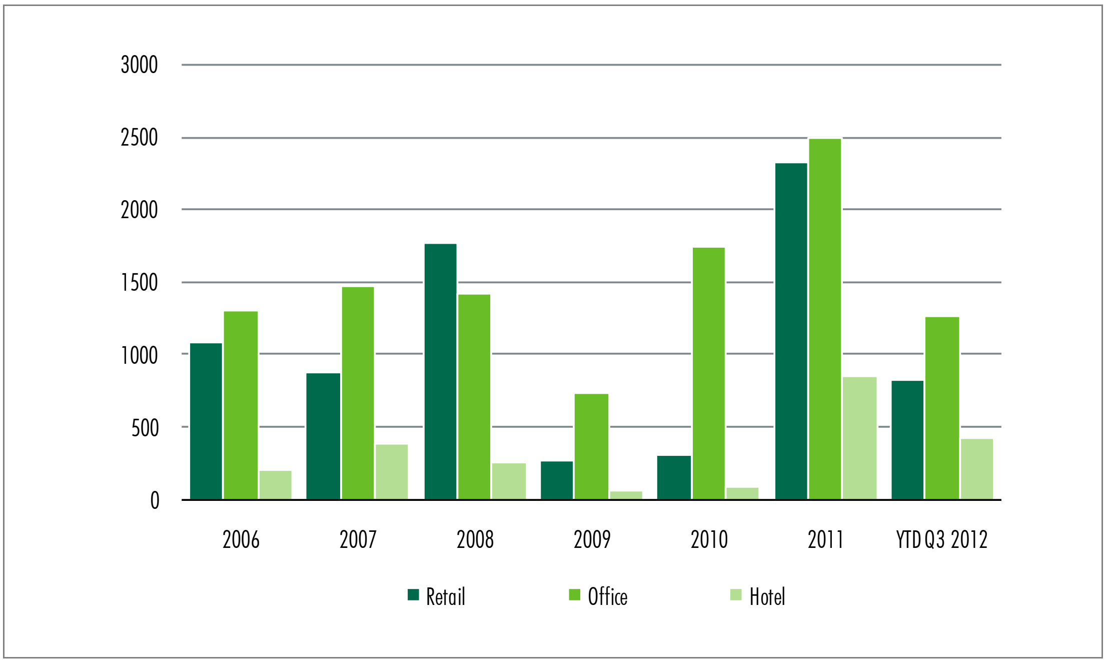
- The sale of the Silver City business centre for $333 million (CBRE acted as a broker on behalf of the Seller);
- The Summit mixed use centre, as part of the BIN Group acquisition of Unicor Management Company assets (expected formal deal closure).

A further one or two relatively large office transactions were expected to be concluded in Q4 2012.

Investment by Sector
2006 – Q3 2012



Source: CBRE

Investment in the warehouse sector in Q3 amounted to $50 million with Raven Russia's acquisition of the Sholokhovo logistics complex. Total deals in this sector in Q1-Q3 stood at about $265 million, which is 48% higher than Q1 – Q3 2011. Warehouses accounted for 9% of the total volume of investment, which broadly corresponds to pre-crisis levels.

The activity of the Moscow government in selling assets has led to a short-term investment boom in the hotel sector, with the volume of deals totalling $427 million in the third quarter. One of the largest deals was the sale of the Metropol Hotel at auction for around $272 million. Investment in this sector during the first three quarters reached a historic high of 15% of the total volume of investment.

Hotel investment is likely to remain active in the fourth quarter, primarily as a result of the expected sale of the municipality's shares in the Radisson Slavyanskaya and Budapest hotels.

Yields

In 2011-2012 both Russian and foreign investors adopted these strategies.

Capitalisation rates for Class A properties have remained stable for more than a year, and are 250-325 base points above those in alternative investment asset classes.

- Offices – 8.75%;

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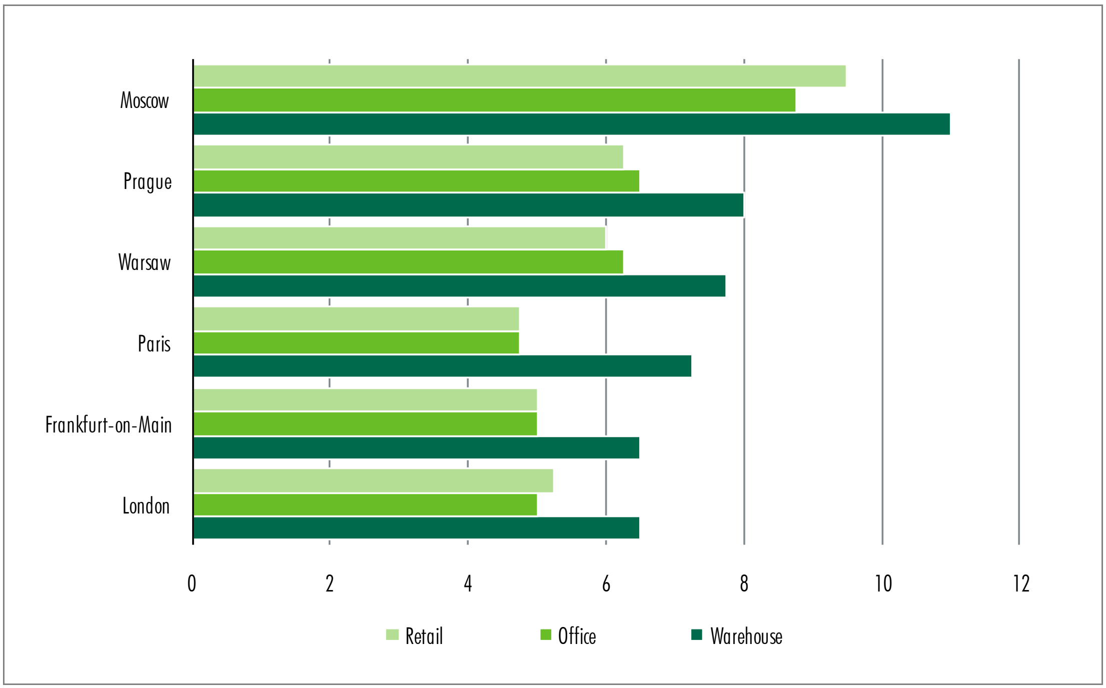
- Retail (shopping malls) – 9.5%;
- Industrial (warehouses) – 11%.

Capitalisation rates, %
Q3 2012



Source: CBRE

Yields have plateaued and stand at between 200 and 500 bps higher than respective rates in other European markets.

The current gap in capitalisation rates is comparable to the country risk premium paid for investments in Russia. As far as the risk of a second wave of world economic crisis will be decreased, the capitalisation rate in Russia will compress slower compared to other countries due to a structural deficit of quality supply.

The lower levels of investment could indicate some reassessment by investors of the risks of investing in Russian assets. The limited level of investment in Russia remains in part due to the risk averse attitude of foreign investors, although this is being reviewed and mitigation strategies employed. However, the shortage of available high quality assets for investment and the concentration of assets in the hands of a relatively small group of investors are now also important factors.

Investment by Geographic Area

Moscow remains the main centre for investment in commercial real estate. In Q3 2012 investment in other Regions totalled $85 million, or about 6.5% of the total volume. During Q1-Q3, investment in the other regions represented 13% of the total in Russia, or $374 million in absolute terms. Practically all of this investment was aimed at retail property.

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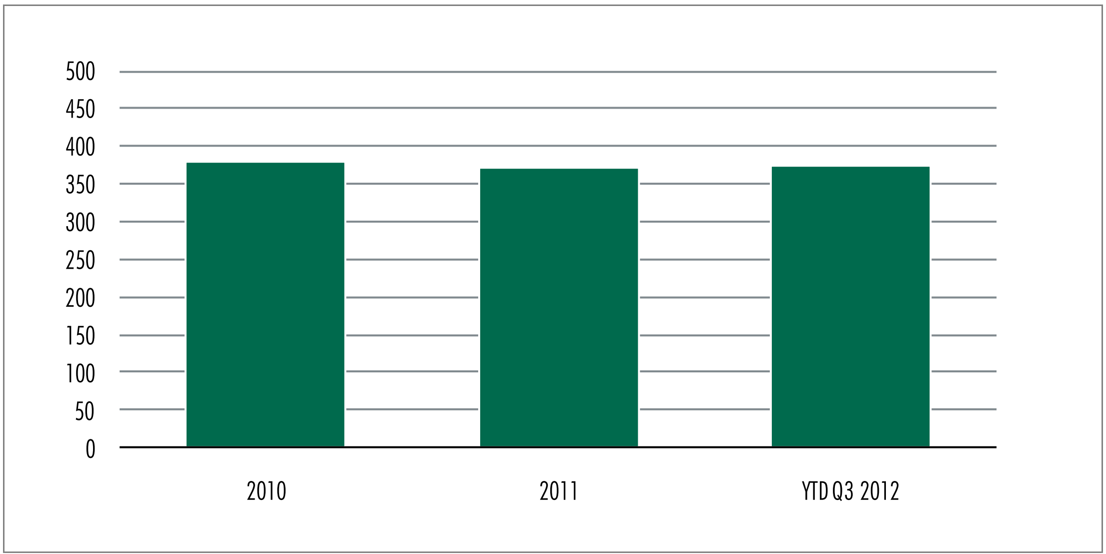
Investment in regional properties*, USD million
2010 – Q3 2012

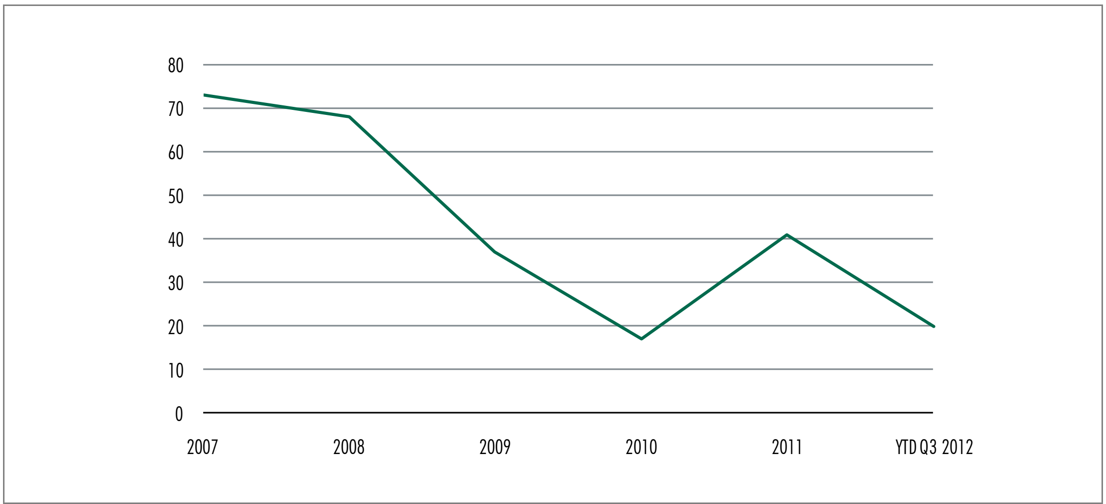


** "Galereya" deal not included*

Source: CBRE

Russian investors are the main market drivers, while activity by foreign investors is showing some signs of weakening. Foreign investment amounted to about $60 million, or about 4.6% of the total volume of investment for Q3. At the same time, the total share of foreign investment in Q1-Q3 was about 20%. If market rumours of the purchase of the Metropolis shopping mall in Moscow are borne out, then the total share of foreign investment into Russian commercial real estate would be about 44%. Therefore, it would be a little premature to talk about a break in the trend in recovery of foreign investment.

Foreign investment, % of total investment
2007 – Q3 2012



Source: CBRE

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From the point of view of the net flows of funds, foreign investors are still ”draining away” from the investment market. Since the beginning of the year, foreign investors have sold property to the value of $1,291 million, of which $1,016 million was purchased by Russian investors and $275 million was by foreign investors. Foreign investors acquired property in the amount of $308 million from Russian investors. The net outflow of foreign investment from Russian real estate therefore amounts to $708 million. The largest sales by foreign investors were the Ducat Place III and Silver City business centres.

Foreign allocations to real estate are partially returning in the form of investment into the development market, for example, in the case of Hines.

Conclusions

- Third quarter figures are in line with an expected fall in investment activity for 2012 of 30-40% compared to the 2011 peak;
- The recession in the Eurozone and the risk of a Greek exit from it in the next 6-9 months are forcing investors to be more cautious compared to 2011 when making decisions about investments;
- The most popular risk-management strategies include (but are not limited to):
  - Niche investment, where a shortage of supply is expected (outlets, apartments, and warehouses).
  - Investment in best in class assets, similar to, say, the Evropeyskiy shopping mall, which had prospective tenants on waiting lists even during the crisis or Metropolis.
  - Entering development projects to optimise the “risk-reward” ratio of the whole portfolio;
- The Russian commercial real estate market lacks long-term stabilisers such as pension funds, even though the economic conditions have already been established.

Conclusions

Having reviewed the internal valuation of the Company Portfolio, CBRE 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 2012 as of February 1st, 2013.

Yours faithfully,

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APPENDIX 1: SUMMARY OF THE PROPERTIES

The Property Portfolio of Sponda Plc consists of eight properties held for investment. Four of the eight are located in Moscow, one in the Moscow Region and three in Saint Petersburg. Approximately 75% of the value of the Portfolio is represented by three office buildings in Moscow. The retail properties, including 2 (two) shopping centres in Moscow and in Ramenskoe in the Moscow Region, comprise approximately 19% of the total Portfolio value. The lowest shares in the total value of the Portfolio (around 3% and 3% 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 properties, 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 at 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.

Meliora Place (Ancor)

Address: 6 Prospect Mira St., Moscow, Russia

Main Use: Office Centre

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 2,781.4 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 2013 and 2015.

Inform-Future

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

Main Use: Office Centre

Description: The Business Centre comprises three buildings with a combined GBA of 3,694.6 sq m and a GLA of 2,695 sq m. The buildings are almost equal in size. They were built in the 1900s before the revolution and in 1992-1997 were substantially reconstructed with some minor re-decoration in 2004.

As at the valuation date the Property was 96% let to multiple tenants. The long-term leases (5-year term) representing circa 11% of the leasable area are due to expire in 2013-2016. 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 6,558.8 sq m GLA. The Property has surface parking for 110 cars providing a parking ratio of approximately 60 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 mini-anchor tenants, representing circa 54% of the total revenues, are due to expire between 2013 and 2022. 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 3,040.7 sq m GLA. The building was constructed before the revolution in 1886 and substantially reconstructed in 1996.

The Property is 84% let to multiple tenants, long term leases (5-10-year term) representing circa 43% of the leasable area are due to expire in 2017-2022. The mid-term lease agreements (2-3-year term) are signed for circa 16% of the leasable area. The pool of tenants consists of reputable international companies, including state-owned companies, mainly from Northern Europe.

Slavyanka

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 9,048.1 sq m GLA. The Property has surface parking for 140 cars providing a parking ratio of approximately 65 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 mini-anchor tenants, representing circa 41% of the total revenues, expire between 2015 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 multilevel, with 4 and 10 aboveground office levels and a two-level underground car park. The building comprises 19,190.3 sq m GBA and 14,410.6 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 mainly let on a long term basis to reputable, internationally recognised tenants. The lease agreements expire between 2013 and 2018.

Bakhrushina House

Address: bld.1, 32 Bakhrushina Street, Moscow, Russia

Main Use: Office Centre ("Bakhrushina House").

Description: The building is laid out over six upper floors and a basement level. The building comprises 5,078.8 sq m GBA and 3,905.1 sq m GLA. The Property was delivered to the market in 2002.

At the valuation date the Property is fully leased. The office space in the Property is let to reputable, internationally recognised tenants. The majority of the lease agreements expire in 2016 and 2018.