

STATEMENT

Evaluation of the fair value of Sponda Plc's
investment properties on 31 December 2014



EVALUATION OF THE FAIR VALUE OF SPONDA PLC'S INVESTMENT PROPERTIES

Sponda Plc (hereinafter referred to as "Sponda" or "the Company") conducts its own quarterly internal calculation of the fair value of the investment property portfolio of the Company by using a 10-year cash flow model as the valuation method. Catella Property Oy (hereinafter referred to "Catella") audited Sponda's internal property assessment process and calculation methods in autumn 2007 and verified that these fulfil IFSR requirements, the commonly approved valuation criteria, and are made according to International Valuation Standards (IVS).

Starting from Q4-2012 Sponda adopted the mid-period convention for discounting cash flow instead of the previously used end-of-year method. This change accounts for the timing of cash flow better and corresponds with the prevailing market practice.

On the date of valuation, 31 December 2014, Catella reviewed the property valuations of the investment properties located in Finland carried out internally by Sponda. The valuations have been prepared on the basis of **Fair Value** for financial reporting, which is defined in IVS 300, par. G1 based on IFRS 13 as follows: "*Fair Value is 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.*" IVS 300 par. G2 states that **Fair Value** under IFRSs is generally consistent with **Market Value**.

Catella inspected the data regarding assumptions of market rents and occupancy rates and enquired into the net yield requirements and their affect on the fair value of the properties. In addition to the cash flow method, Catella has used the sales comparison approach as a verifying method when analysing the fair value of the properties.

Development properties, trading properties and properties located in Russia, are excluded from Catella's inspection, neither has Catella inspected the value of the unused building right related to some of the properties in the portfolio.

In a few properties a cursory inspection was carried out in December 2011, but in most properties Catella has not carried out any inspections during this valuation period nor on any earlier occasions. We have relied upon the data of rentable areas, tenancy schedules and operating expenses as provided to us by Sponda in table format; the actual lease agreements have not been inspected.

Catella has reviewed the internal valuation of Sponda's investment property portfolio in accordance with the requirements of the RICS Valuation Standards (January 2014) and the International Valuation Standards (IVS 2013). The review of Sponda's internal property valuations and this statement is conducted for a financial statement for Sponda Plc and it may not be used for any other purpose without the prior written consent of Catella Property Oy. We confirm that Catella's valuers have conducted the review of Sponda's internal property valuations as independent, external and authorized property valuers approved by the Central Chamber of Commerce. We are not aware of any conflicts of interest arising in carrying out this assignment.

GENERAL ABOUT ECONOMIC SITUATION

- Sources:**
- Statistics Finland
 - Danske Bank, Economic trends and finance market, December 2014
 - Ministry of Finance Economics Department, Economic Survey, Winter 2014
 - Confederation of Finnish Industries EK, Confidence indicators, December 2014

As an overview of the economic situation it can be stated that the world economy is expected to turn to more wide-ranging growth in 2015 and the promoter of global growth is the United States where the economic growth accelerated at the end of the year. Positive signs can also be observed in the euro zone and preconditions for a rebound in the economy seem to be better than in years, unless new negative surprises turn up. Economic growth is fed by the collapse of oil price, facilitations for the restrictions of public economy, revitalized monetary policy and an improved financial market. In Finland GDP increased slightly in the second and third quarter, but it is expected that the development for all of 2014 will be negative or in the best case, a zero growth can be reached. Slight economic growth is forecasted for Finland for 2015. The Ukraine crisis, loan arrangements in Greece and fading economic growth in China are threats for the recovery of the world economy. The economic sanctions imposed on Russia due to the Ukraine situation and the weak exchange of the rouble will affect the development of Finland's exports.

In emerging Asia economic growth has been rather stable the last two years, although the growth rate has been lower than in preceding years; the problems in emerging economies have not turned into debt crises. At the same time, the development in different economies has become clearly differentiated, because part of the countries have overcome problems and found new growth while the outlook in some other countries has remained weak. The emerging economies in Asia should not be reviewed as one unity, but as a group of very different economies, which have a low standard of living compared to industrial countries and big development potential, if they can improve productivity and maintain stability.

In the United States economic growth was 1.9 percent in 2013; after a weak beginning of the year the GDP grew 4.6 percent in the second quarter and 5.0 percent in the third quarter compared to the previous quarter due to the rebound of investments and exports. Preconditions for growth seem to be better than in years, because the economy is now functioning more normally in several sectors. The Federal Reserve (FED) increased its forecast regarding the economic growth for all of 2014 to the level of 2.3 – 2.4 percent. In 2015 the economic growth can top 3 percent, the first time since 2005. Also unemployment has decreased with record speed and in December it was only 5.6 percent. The household debt burden has lightened to a sustainable level and asset values have developed favourably. Good employment development and growth in earnings will increase disposable incomes. These factors will support the American consumer, who is still the most important player in the world economy. The US public economy is reaching equilibrium; improving economic situation, decelerating increase of the debt ratio and the sustaining political consensus will ease the pressures on the public economy.

In the euro zone GDP grew slightly in the summer of 2013 after a decline of one and a half years and the growth has now lasted six consecutive quarters. However, the growth has been weak, only in the range of 0.1 – 0.3 percent. Companies have responded to the

Ukraine crisis by postponing their investment decisions and decreasing their stocks. At the same time, private consumption has not decreased, but households have even increased their consumption when unemployment has decreased and real incomes have increased. Without new negative surprises, preconditions for a rebound in the economy seem to be better than in a long time. The growth is supported by the weakening effective exchange rate of the euro, which makes export products more competitive in markets outside the euro zone. Another factor, which supports the growth, is the ECB's revitalizing monetary policy. In addition to exports, the growth in the euro zone is based on the European consumer. Domestic demand will be a more important promoter for growth than exports. Low inflation, collapse of oil prices and decreasing unemployment will support the purchasing power of households.

Finnish GDP decreased 1.2 percent in 2013 according to recalculated information. In the first quarter of 2014 GDP decreased 0.4 percent compared to the previous quarter and 0.6 percent compared to the same period the previous year, but in the rest of the year growth has been slightly positive and for the whole year a zero growth could be reached. The weakened economic situation in Russia and the weak exchange rate of the rouble have delayed the recovery of the Finnish economy. It is expected that the economical situation will become a slightly more favourable in 2015 and stronger growth could be achieved in 2016.

According to a confidence indicator survey published on 29 December 2014 by the Confederation of Finnish Industries (EK), the economic view of the Finnish business life is still weak. Construction confidence recovered somewhat from the very low levels recorded earlier this year, but on the other hand, the retail trade confidence indicator declined further, reaching the lowest score in its history. Sales volumes have been in a widespread decline and the outlook for the beginning of 2015 is rather bleak.

Consumer confidence has recently roller-coastered being consistently below the long-term average. In December 2014 the confidence indicator was +4.4 while in September it was -0.7 and in June +8.7. The long-term average is 11.9. In December 2014 the unemployment rate was 8.8 %, while it was 7.9 % the previous December. According to Statistics Finland there were approx. 232,000 unemployed people in December which is 27,000 more than the previous December.

The rapidly weakened economic situation in Russia is a significant threat for the development of the Finnish economy. Export to Russia is approx. 8 percent of total Finnish exports. If the oil price remains below \$ 60 per barrel in 2015, according to analysts it would cause a 4.5 – 5.0 percent decrease in the Russian economy and in Finland this would mean a 1.5 percent decrease in GDP. The collapse of the rouble exchange rate will significantly decrease the amount of Russian tourists to Finland and will make a big dent in the turnover in the tourism and service sector and in retail trade volumes. On the other hand exports to the west will compensate the reduction of Russian exports and the weakening exchange rate of the euro and the decreased oil price supports economic growth.

The outlook by domestic forecasters regarding the development of the Finnish economy in the near future is more cautious than last summer. Some of the forecasters expect the economy will further reduce in 2015, but some forecasters predict slight economic growth. The inflation forecast is below 2 percent in 2015 – 2016, which indicates that the development of index-linked rents will be moderate in the coming few years.

Forecasts given in December 2014 are in the following table.

FORECASTER - December 2013	GDP 2015 => 2016	EXPORT 2015 => 2016	INFLATION 2015 => 2016	UNEMPLOYMENT RATE 2015 => 2016
Danske Bank	+ 0,5 % => + 1,3 %	+3,0 % => +4,0 %	0,9 % => 1,2 %	9,0 % => 8,8 %
Nordea	- 0,3 % => + 1,0 %	+1,0 % => +3,7 %	0,4 % => 1,0 %	9,0 % => 9,0 %
LähiTapiola	+ 0,0 % => + 1,0 %	+1,5 % => +3,5 %	0,8 % => 1,4 %	9,0 % => 8,8 %
Bank of Finland	- 0,1 % => + 1,0 %	+1,4 % => +3,1 %	1,1 % => 1,2 %	8,5 % => 8,2 %
Ministry of Finance	+ 0,9 % => + 1,3 %	+3,3 % => +4,2 %	0,8 % => 1,7 %	8,8 % => 8,6 %

The general economic situation affects the Finnish commercial property market in two different ways. The letting market especially suffers from the weak economic situation, but if a property is fully leased with long lease agreements and its other features fulfil investors' requirements, in the investment market these kinds of prime-properties are desirable investment objects. Properties are considered an attractive asset class, because the bond and fixed income market offers historically low returns and the risks in the stock market have increased while share prices have risen to the same level as before the financial crisis.

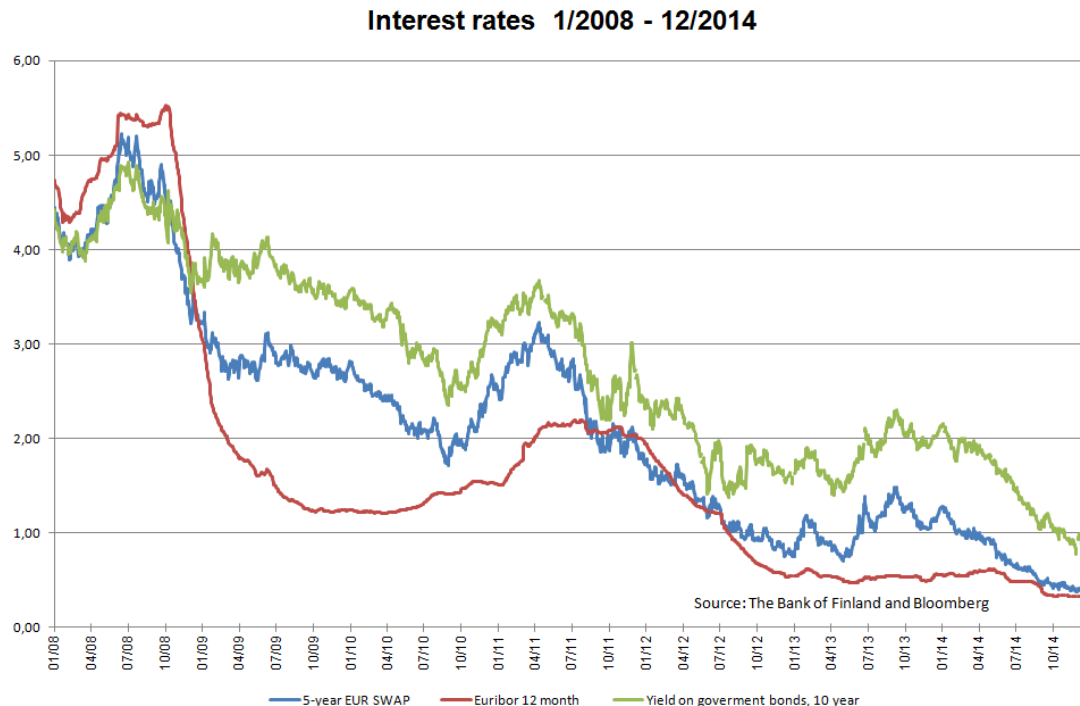
The weakening economic situation has led to lay-offs in companies and all investments, including the renting of new premises, are considered critically. The affects of this development can also be seen in the Helsinki Metropolitan Area office market: the office occupancy rate started to decrease in autumn 2012, the bearish development continued in 2013 and 2014. The net-demand for office premises will remain at a low level in the near future. Only three new office development projects were launched in 2013. In 2014 six new office projects, having a total area of 46,000 m² were launched. However, the Finnish commercial property market has perked up, if measured by the recent transaction volume, although the fundamental aspects of the economy have remained weak.

INTEREST LEVEL AND FINANCIAL MARKET

The European Central Bank (ECB) has taken the risk of deflation seriously. Surprisingly, the ECB decreased the steering rate again in September to 0.05 percent and the deposit rate to – 0.2 percent. The previous reduction of the steering rate took place in June. Nowadays, banks have to pay the central bank if they want to make deposits. When the deposits are subject to a charge, the ECB hopes that it will encourage banks to increase credit granting to firms, which could spur economic growth. It is expected that interest rates will remain at a low level for a rather long time. In addition to the decrease in interest rates, the ECB will start a financing operation with a view to simplify commercial banks' credit granting to firms. If the ECB, according its goal, gets more liquid money on the market by using a negative deposit rate, more money might be steered to real estate investments as well.

The development of market interest rates has normally followed the decline of the steering rate. At the end of 2011 the 12-month Euribor was still at a level of 1.95 % (steering rate at 1.0 %). Since the first half of 2013 the 12-month Euribor remained over the 0.50 % level until last June, but as a consequence of the recent reductions of the steering rate, the 12-month Euribor has decreased and was at a level of 0.33 % in December.

The chart below describes the development of the Euribor (12-month) 2008 – 2014, Finnish Government bond (10-year) and EUR SWAP (5-year).



Loans given for real estate investments are often tied to the 5-year SWAP interest rate, which has followed the decrease of 12-month Euribor and these two rates are now very close to each other.

In summer 2014 Catella carried out a CREDI-survey, which charts the trends in the real estate debt financing market and is directed to active property investors and banks offering property funding. The results of the enquiry indicated almost unanimously that the availability of loans has become easier and margins decreased in the first half of 2014. The results of the CREDI-survey were clearly more positive than a year ago.

Catella carried out a new CREDI-survey at the end of 2014, but the results of that survey are not yet available. Otherwise, the observations obtained from the market bear out the results of the survey carried out last summer in the regard that the availability of loans has become easier and margins have decreased in autumn.

The quality of the pledged property, the reliability of the customer and the long-term relationship with the bank are emphasized in loan negotiations. Banks inspect the properties pledged as security for the loan carefully: the stability of the rental cash flow is an important factor and attention is also paid to the expertise of the property manager. Financial negotiations often take a rather long time. The number of banks offering financing for property investments has recently increased while some foreign banks have reactivated their financing operations in the Finnish commercial property market. The reduced interest rate level and lower margins offer the possibility for gearing property investments. When the availability of financing has become easier, the bottleneck, which has restricted the activity in the property market, has now faded away.

The rearrangements of the loans granted during the boom in 2006 – 2007 have become concrete actions in recent years. However, it is desired to solve problems in a well-managed, case-by-case manner and it is not expected that forced sales would play a significant role in the market. Lenders have reached different solutions based on their own situation or that of the financed property. During the past year, international banks have rearranged their balance sheets also by selling loans secured by Finland-based properties. Lenders have also taken other measures, such as repossessioning properties, taking over decision-making from the owners and transferring property management to new parties.

PROPERTY MARKET

European Property Market Situation

Sources: Savills, CBRE, DTZ, Catella

The European commercial property market perked up significantly in 2013 and the transaction volume increased to the level of €141 billion, which is 22 % more than in the previous year and the highest level since the beginning of the crisis in 2007. Data for all of 2014 is not yet available, but based on the preliminary information it seems that the growth of the investment market has been strong also in 2014. According to CBRE the transaction volume for the European commercial property market was EUR 84 Bn in the first half of 2014 while in H1-2013 it was EUR 67 Bn. Especially strong growth compared to the same period in the previous year was seen in France (84 %), Holland (109 %), Spain (106 %) and Sweden (30 %). According to DTZ the Swedish transaction volume for all of 2014 grew up to EUR 17 Bn, which is an all-time record level, showing an almost 60 % increase compared to the previous year.

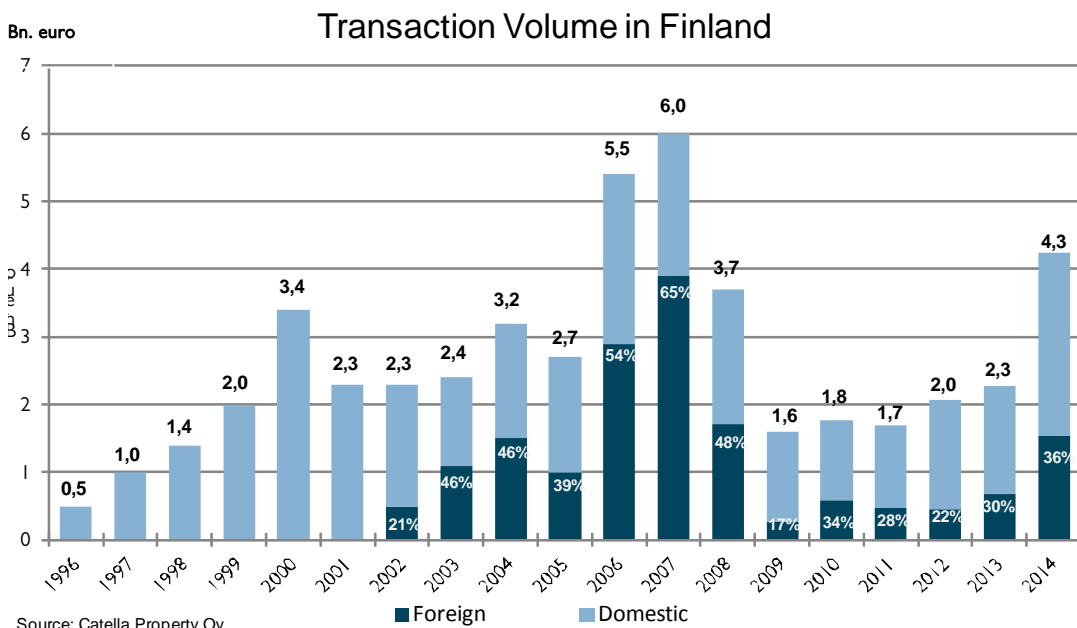
Catella forecasts that the European transaction volume in 2014 will be around EUR 219 Bn meaning an increase of as much as 56 % compared to 2013. Property funds have been active buyers in the European market while the activity of institutional investors has lessened. According to CBRE, in the first half of 2014, US based investors were the most considerable foreign buyer group in many European sub-markets and they were responsible for 63 percent of cross-regional investments in Europe. Equity also comes to the European property market from Asia and the Middle East. The amount of large portfolio transactions has increased and in some cases investors are again willing to pay a portfolio premium.

The investment demand for Europe's core markets' prime properties continues to be high and the prime yields of these assets have almost reached the same level that was last achieved pre-crisis in 2007. Investors' interest focuses now more wide-ranging all across Europe and not only on the traditionally strong investment markets like Paris and London. Higher returns are sought for value-added or opportunistic investment opportunities in the core markets or with prime assets in secondary markets. When the lending restrictions are softening, financing is more easily available also for secondary markets and assets. Based on the above mentioned development, it is expected that a more diverse group of investors will be interested in secondary markets and non-core assets in the future. The brightened situation in the property market in Europe can be seen also in Finland as a clear growth of transactions, where the buyer was a foreign investor, and it has also brought new international players to the Finnish property market.

Finnish Investment market

After the financial crisis in 2009 – 2013 the transaction volume of the commercial property market in Finland has fluctuated between EUR 1.6 and 2.3 billion. The annual transaction volume has increased slightly since 2011 and in 2013 the same level as at the beginning of the 2000's was reached.

The active trade, which started at the end of 2013, continued in 2014 and the transaction volume for all of 2014 increased to approx. EUR 4.3 billion.



One explanation for the sharp increase in the transaction volume is that in 2014 several large portfolio transactions were executed again. Some notable examples of these are as follows:

- The newly established logistics and industrial property investment company called Certeum Oy bought 124 properties for the price of EUR 917 million. The sellers were Sponda Plc (12 properties) and Varma Mutual Pension Insurance Company (22 properties). In addition the transaction comprised three property funds: Sponda Funds I, II and III, which owned 90 industrial and warehouse properties.
- Swiss Partners Group acquired properties owned by the Niam III fund for EUR 300 million and most of the properties are located in Finland.
- AXA Real Estate completes sold a Finnish retail portfolio of 123 assets to Trevian Asset Management and U.S. based H.I.G. Capital for approx. EUR 107 million
- Pohjoja Kiinteistösihteistö Oy established a new property fund called Suomi Toimitilakiinteistö Ky and this fund bought Finnish industrial and warehouse properties worth EUR 100 million in June.
- A property fund called Trevian Care I Ky managed by Trevian Asset Management Oy sold a portfolio of 15 care properties to Swedish Hemsö Fastighets Ab for the price of approx. EUR 100 million.

- A retail portfolio of 68 grocery stores bought by Trophi Fastighets Ab, which is managed by Swedish property investor Redito. The seller was Sveafastigheter Fund III and the price was €124 million.
- Earlier in the spring the same fund managed by Redito bought seven grocery stores and one DIY store from HOK-Elanto.

Both Redito and Hemsö are using Swedish AP3 pension fund's equity in their investments.

The volume of portfolio transactions in 2014 was approx. EUR 2.6 billion, which is slightly over 60 percent of the whole transaction volume. Due to the large portfolio transactions the trading activity outside the Helsinki Metropolitan Area was higher than in previous years and the growth centres' portion of the volume increased to 50 percent.

The portion of the traditional commercial property types (office, retail, industrial and warehouse properties) of the transaction volume was larger than in the previous year, approx. 75 %. The amount of residential portfolios was 17 % (EUR 711 million) and the amount of so called "care properties" was 6 % (EUR 268 million). In 2013 the amount of residential and care properties of the transaction volume was approx. 31 % i.e. EUR 700 million. However, if counted based on transaction prices, the total amount of residential and care property transactions was higher than the previous year. In recent years the industrial and warehouse property market has been rather quiet, but in 2014 big possession arrangements have been made in this segment and therefore the industrial and warehouse properties' portion of the volume increased to 33 percent

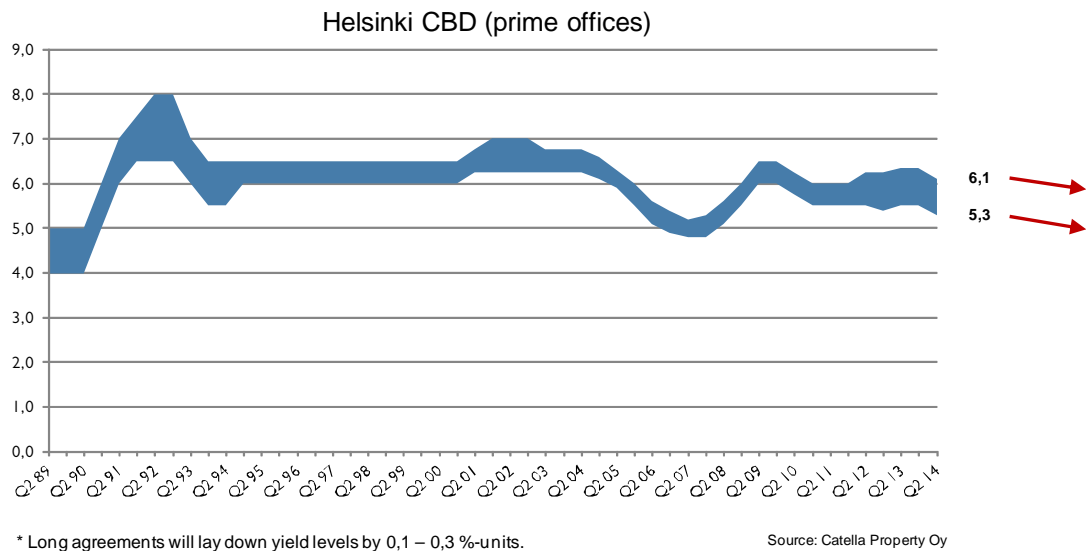
The share of foreign investors of the transaction volume increased to 36 percent. Also some new international investors came to the Finnish property market in 2014; newcomers were e.g. U.S. based H.I.G. capital, and Swiss investors Partnes Group and AFIAA Foundation for International Real Estate Investments.

The Finnish property market interests foreign investors again. In many other European countries the yields have declined to levels so low that the return obtained from the Finnish property investments is at an attractive level. In addition, major international investors can take out a loan with more beneficial terms than previously, which means that gearing is functioning well again. Foreign investors are interested in large single properties and also portfolios, which have a good rental situation and low technical risks. However, cross-border investors are focusing their interest mainly on the Helsinki Metropolitan Area.

When speaking about domestic investors, it is noteworthy that property funds have been active buyers in the market and increased their portfolios with transactions worth over EUR 500 million. On the other hand, institutional investors' portion of the transaction volume was a record low. The reason for this is that institutions have refocused their strategies towards indirect investment instruments and foreign property markets.

Catella's opinion on the yield requirement regarding the Helsinki CBD prime-office properties in June 2014 was in the range of 5.3 – 6.1 %. The market information based on executed transactions on the market indicates that the yield requirement in the Helsinki CBD has decreased compared to last June. Catella's opinion on the development of yield levels is based on closed deals, observations of quotes and discussions with investors.

The following chart describes the development of the yields of prime-office properties in the Helsinki CBD **until Q2-2014** and the arrows show the development direction in the second half of 2014.



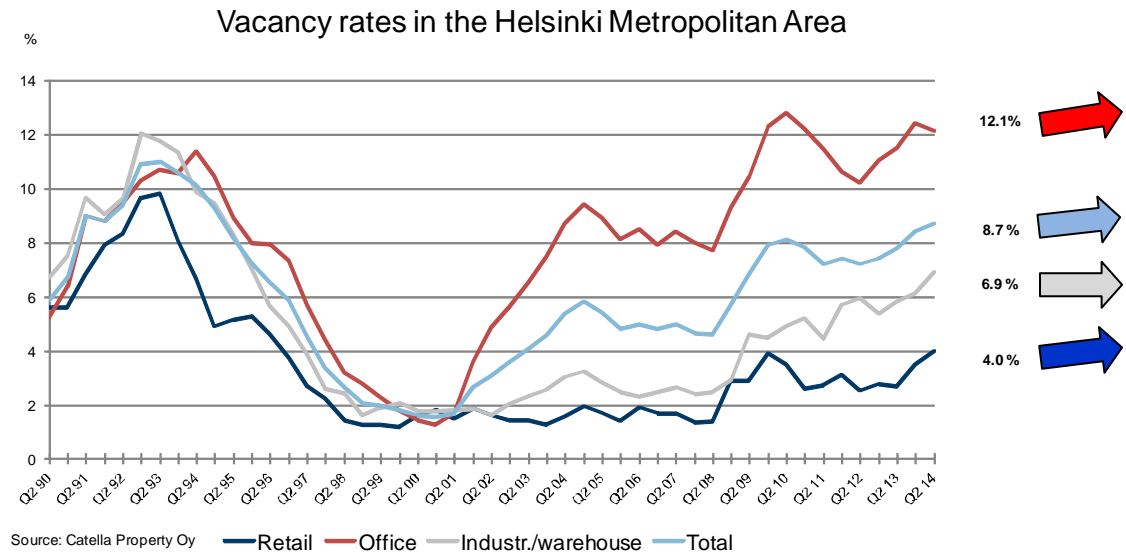
Due to the difficulties in retail trade, the yield requirement of Helsinki CBD prime-retail properties has increased to a slightly higher level than prime-office yield.

Letting Market

Generally speaking it can be said that the office letting market in the Helsinki Metropolitan Area is challenging and in a difficult economic situation the fight for tenants is hard. Landlords are willing to give several rent-free months or stepped rent increases, which means that the starting rent can be quite low. In addition it is typical in this type of market situation that the landlord takes care of the costs of alteration work made at the tenant's request, while in a better economical situation these costs would be paid for by the tenant. Due to the aforementioned factors the effective rent is often lower than the nominal rent shown in the rent rolls. In the office districts outside the Helsinki CBD the rents are under hard pressure to decrease because of the difficult economic situation and oversupply. In new rental agreements rent-free months are a common practise and therefore the effective rent levels have decreased in autumn.

An exception to the general situation is the Helsinki CBD, where the office letting market is still functioning rather well. Tenants' requirements regarding the quality of premises especially in the CBD area have increased and they are willing to pay fairly high rent for modern, high-quality premises, which are in good condition. As there is also plenty of older office space of modest quality in the CBD area, the office market has polarized toward good and poor premises, which also means that the rent level range is wide. The increase of rent did not occur in the CBD area any more in the autumn and in the future, the weak demand will challenge the sustainability of the office rents in the CBD area as well.

The following chart describes the vacancy rates of different premises types in the HMA based on Catella's survey at the **end of June 2014**. Catella is just now collecting data in order to update these figures for the vacancy situation through the end of December 2014 and the arrows on the right side of the chart show the predicted direction of the vacancy rate development.



In the Helsinki Metropolitan Area the office vacancy rate started to increase in summer 2012. The increase of vacant office space was approx. 180,000 sqm by the end of June 2014. Based on Catella's preliminary information, the vacancy rate of office premises has further increased in the second half of 2014, meaning that the amount of vacant office space in the market is now at an all-time high, over one million square meters. Also the amount of vacant retail space increased by 53,000 sqm since summer 2012. The vacancy rate of retail premises was 4.0 % in June 2014, but in the autumn the amount of vacant retail space increased to the highest level since the mid 1990's. The vacancy rate of industrial and warehouse premises has increased since summer 2012 by 78,000 sqm reaching a level of 6.9 % in June 2014. In autumn the amount of vacant industrial and warehouse space did not increase notably.

In the HMA 88,000 m² of new office space is under construction. Completion of the new office developments together with the weak economical situation will most likely further increase the office vacancy rate in the near future. Catella forecasts that the vacancy rate of office premises will increase over 13 percent in 2015. In the long run, the reduction of new construction projects may intercept the increase of the vacancy rate.

THE RESULTS OF THE VALUATION

The date of valuation for Sponda's investment properties is 31 December 2014. Hereafter the key figures of this valuation date have been compared with the key figures of the valuation made on 30 June 2014 because Catella did not give a statement on Sponda's internal calculation of the fair value on 30 September 2014.

The weighted average net yield requirement in the cash flow calculations was 6.33 % (30 June 2014: 6.37 %) for the entire investment property portfolio. The initial yield for the investment property portfolio inspected by Catella was 5.67 % (30 June 2014: 5.56 %). The economic occupancy rate of Sponda's entire Finnish property portfolio was approx. 86.7 % (30 June 2014: approx. 85.4 %). Starting from summer 2010 Sponda has counted the economic occupancy rate according to the instructions of the European Public Real Estate Association (EPRA), which means that e.g. signed lease agreements starting in the near future are taken into account when calculating the occupancy rate. Such vacant properties which are considered to be under development are not taken into account when calculating the occupancy rate.

Changes in the Portfolio Structure

Since the beginning of 2014 Sponda modified the portfolio structure so that in certain properties located in the city centre of Helsinki and Tampere the retail premises are now part of the Shopping Centre portfolio and the office premises are part of the Office portfolio while earlier the whole property belonged either to the Office and Retail portfolio or to the Shopping Centre portfolio. Now, premises located in a single building can belong to two different portfolios. This also means that separate cash flow calculations are made of the building's retail and office premises. However, in the valuation the property is treated as one entity in the sense that in cash flow calculations the office part and the retail part have the same yield requirement and it is assumed that in a potential transaction situation the object of sale would be the whole property. Therefore, the new portfolio structure did not have any effect on the yield requirements. The key figures of the portfolios mentioned in this statement are comparable with the situation in June 2014 but not with the figures in December 2013.

In total, the changes in the portfolio structure affect ten properties, of which three are located in Tampere and seven in the Helsinki city centre.

Office Property Portfolio

Approx. 90 % of the value of Sponda's office property portfolio consists of properties located in the Helsinki Metropolitan Area and the remaining 10 % of the properties are located in Tampere, Turku and Oulu. The properties located in the Helsinki city centre and in Ruoholahti form approx. 71 % of the value of the HMA properties and their proportion of the entire Finnish office and retail portfolio is approx. 64 %. The proportion of the value of the properties located in the Growth Centres has slightly increased compared to the previous inspection due to the acquisition of a large office property located in Tampere.

One new office property (Tulli Business Park, 20,574 m²) located in Tampere was bought to the office property portfolio in the second half of 2014. The following assets were divested from the office property portfolio after Catella's previous inspection:

- Koy Turun Koulukatu 29 (3,000 m²)
- Koy Turun Ilmarisenkulma (1,819 m²)
- Iso Roobertinkatu 28 (3,187 m²)
- Kiinteistö Oy Hiihtomäentie 14 (retail premises 70 m²)
- Puotinharjun Puhos Oy (retail premises 171 m²)

Based on Catella's review, the cash flow yield requirements in the office property portfolio were decreased in 22 cases by mainly 10 - 20 basis points. The changes concerned mainly properties located in the Helsinki city centre where the market situation has improved. In other locations the decrease of the cash flow yield requirements was based on object-specific features (e.g. improved rental situation). The yield requirements were increased in 12 cases by mainly 10 - 20 basis points. The changes concerned mainly properties located in Espoo and Vantaa where the market situation has weakened. In other locations the increase of the cash flow yield requirements was based on object-specific features (e.g. weakened rental situation). In the other properties the yield requirement remained unchanged. In addition, the occupancy rate assumptions were updated in some cases. The weighted average net yield requirement in the cash flow calculations was 6.34 % for the entire portfolio (30 June 2014: 6.39 %). The initial yield for the portfolio inspected by Catella was approx. 6.02 % (30 June 2014: 6.03 %). The economic occupancy rate of office properties was approx. 88.5 % (30 June 2014: approx. 87.9 %).

Shopping Centre Property Portfolio

The amount of assets in the shopping centre portfolio has increased due to the structural portfolio changes described above and now it consists of 24 assets (earlier 16 assets), but Catella did not inspect one of these properties, because it is an unfinished development property included in the City-Center complex. No actual acquisitions or divestments were carried out from the portfolio in the second half of 2014.

Based on Catella's review the cash flow yield requirements in the shopping centre property portfolio were decreased in five cases by 10 - 20 basis points. These were properties located in the Helsinki city centre and in these same properties there are premises, which belong to the office portfolio. In the other properties the yield requirement remained unchanged. The weighted average net yield requirement in the cash flow calculations for the shopping centre property portfolio inspected by Catella was 5.72 % (30 June 2014: 5.75 %). The initial yield for the portfolio was 5.06 % (30 June 2014: 4.87 %). The economic occupancy rate of the portfolio's shopping centres was 91.2 % (30 June 2014: 90.4 %), which also includes rentable premises in the City-Center properties.

Logistics Property Portfolio

The properties of the logistics portfolio are located in the Helsinki Metropolitan Area except for one property. The size of the properties varies significantly; the smallest objects are 2,000 - 3,000 m² in size while the largest property is 64,500 m² in size.

The amount of the inspected properties in the portfolio was the same as in June. Sponda sold 12 logistics properties to Certeum Oy in September, but these properties were excluded in Catella's inspection already in June 2014.

The cash flow net yield requirements in the logistics property portfolio were increased in three cases based on object-specific features mainly by 15 - 50 basis points. Due to an improved rental situation, the yield requirements were decreased in two cases by 50 basis points. In the other properties the yield requirement remained unchanged. The occupancy rate assumptions in some cash flow calculation were adjusted based on object-specific features to correspond with the actual rental situation and market rent assumptions remained mainly unchanged. The weighted average net yield requirement in the cash flow calculations was 8.32 % (30 June 2014: 8.31 %) for the entire logistics property portfolio. The initial yield for the logistics property portfolio inspected by Catella was 4.64 % (30 June 2014: 3.93 %) while the economic occupancy rate was 64.9 % (30 June 2014: 71.9 %). The reason for the decrease of the occupancy rate is that the 12 properties, which were sold to Certeum Oy in September, were included in Sponda's occupancy rate calculation last summer, although they were not included in Catella's inspection in June.

Summary

In our opinion, the yield requirements and market rent assumptions used in Sponda's valuation calculations correspond to the actual market yields and rents on the date of valuation.

Some properties in the office and retail portfolio as well as the logistics portfolio have unused building right, but the values of the unused building right are not taken into account when calculating the aforementioned initial yields. The properties of the shopping centre portfolio do not have any unused building right.

The economic occupancy rates of Sponda's investment properties correspond to the average figures on the market regarding the office property portfolio. The economic occupancy rate of the logistics property portfolio and the shopping centre property portfolio is lower than the average rate on the market. The development project of the City Center and its neighbourhood is reducing the occupancy rate of the shopping centre portfolio.

The transaction volume in 2014 was clearly higher than in previous years. The scarcity of the prime-properties for sale and the demand for them has decreased the yield requirements in the Helsinki city centre. On the other hand, there is pressure for increasing yield requirements in the less attractive office districts. These factors have affected the cash flow yield requirements. Party, the changes in the cash flow yield requirements were caused by object-specific changes or characteristics related to factors such as the location, technical condition, current rental situation and the future rentability of the premises.

Any notable changes in the operating costs of the properties compared to the situation last summer (Q2-2014) were not made in connection with this valuation.

Catella Property Oy

Helsinki, 23 January 2015

A handwritten signature in blue ink, reading "Pertti Raitio".

Pertti Raitio
Senior Valuer, MRICS
M.Sc. (Tech.)
Authorized Property Valuer approved
by the Central Chamber of Commerce

A handwritten signature in blue ink, reading "Arja Lehtonen".

Arja Lehtonen
Director of Valuation & Consulting
M.Sc. (Tech.)
Authorized Property Valuer approved by
the Central Chamber of Commerce