STATEMENT

Evaluation of the fair value of Sponda Plc's investment properties on 30 June 2010

CATELLA PROPERTY GROUP

SPONDA

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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 as "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).

On the date of valuation, 30 June 2010, 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***, which is defined in IVS 2, par. 3.2 as follows: "The amount for which an asset could be exchanged between knowledgeable, willing parties, in an arm's-length transaction". IVS 2 par. 6.2 states, "In accounting standards, ***Fair Value*** is normally equated to ***Market Value***."

Catella inspected the data regarding assumptions of market rents, operating costs 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, properties located in Russia, and real estate funds 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.

Catella has not carried out any inspections on the sites 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 (6th Edition) and the International Valuation Standards. 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 the 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 conflict of interests arising in carrying out this assignment.

GENERAL ABOUT ECONOMIC SITUATION

SOURCES:
- Sampo Bank, Economic trends and finance market, June 2010
- Tapiola-group, Economic Bulletin, 15 June 2010
- Ministry of Finance Economics Department, Economic Bulletin 1 / 2010, 23 June 2010
- Confederation of Finnish Industries EK, Confidence indicators, June 2010
- Statistics Finland, Consumers confidence, June 2010

The overall world economic picture in the spring has been optimistic and growth has continued positively. According to forecasts by the Ministry of Finance the world's GDP, corrected for purchase power, will grow this and next year over 4 %. A partial reason for the quick growth is the strong support and stimulus packages, with which governments have used to patch up any shrinkage in private demand. The main growth point is in developing countries such as China, but also the United States' economy has recovered quickly, although the pace quieted down slightly in the first quarter of 2010. Employment began to rise in the US in the spring; however the unemployment rate in May was still at 9.7 % and it shall remain at rather high level throughout the year. According to the latest information, the US consumer confidence numbers declined in June, which is a consequence of a slower development in the employment market and doubt and concern in economic development. Consumer confidence is an important indicator, due to the fact that nearly two-thirds of the US national economy is built on private consumption. According to the latest Reuters news agency information, the Purchasing Manager Indices in China, Japan, the US, and the euro zone have fallen, which indicates a slowdown in production in a majority of the world and this will have the effect of increased fear that the recovery of the world economy has stopped. Also, the most recent home sales figures from the US were weaker than expected.

The bottom was reached in the **euro zone** last spring, but growth has been troublesome and based mainly on the recovery programs financed by the governments. The GDP growth has still been weak in the first quarter of this year, only 0.2 % on previous quarter. The Ministry of Finance predicts a growth of approx. 1 % in the euro zone this year and nearly 2 % for next year. The threat to the euro zone however is a new recession since several governments had to increase their debt burden and as a result may have to tighten financial policies. In the most troubling situation are the southern European countries and the best prospects for recovery have Germany and many northern European countries which have lower debt burden and good competitiveness. With the tightening of financial policy the remaining growth vehicle is exports. The weakening of the Euro has improved euro zone's price competitiveness, but to growth the entire economic area on the back of the power of exports may prove to be difficult. Consumer confidence in the euro zone is generally speaking weak, nor has private consumption shown signs of recovery. Also investments in industry have remained guarded.

Finnish GDP contracted in 2009 by 7.8 %. The bottom was reached in Q2 2009 and in the latter half of 2009 the GDP remained at the same level. In Q1 2010 the Finnish economy found itself technically in a new recession when GDP contracted 0.4 % compared to the previous quarter. Reasons for this are seen as the exceptionally hard winter and the work disruptions in harbors. Due to international economic growth and the weakening of the Euro an increase in demand was seen in April as a growth of exports and GDP. Investments decreased still 6 % in Q1 2010 on the previous year and Sampo Bank predicts overall investments to shrink this year by 3 %, but next year is already expected to see a growth of 4 %. According to a confidence indicator survey published on 28 June 2010 by the Confederation of Finnish Industries (EK), industrial production is expected to grow in the coming months. The industrial confidence indicator in many EU-countries is stronger than the long period average and the Finnish industrial economic trend is somewhat brighter that the European average.

Private consumption increased in the first quarter of 2010 approx. 1 % compared to Q1 of last year. Consumer confidence has risen sharply and is at the highest level in three years, but high unemployment puts the breaks on the increase in domestic expenditures. In May the unemployment rate was 10.5 % while in March it was 9.1 %. According to Statistics Finland there were approx. 293,000 unemployed people in May, which is 12,000 less than the previous May. The Ministry of Employment and the Economy estimates the number of furloughed in Finland was approx. 41,000 at the end of May. This figure is half of what it was one year earlier.

By spring domestic forecasters (excluding Tapiola) have changed their predictions for economic development in a slightly positive direction. The differences in opinion on economic development between forecasters are still rather big. Forecasts given in June 2010 are in the table below.

FORECASTER - December 2009	GDP 2010	GDP 2011	EXPORT 2010	INFLATION 2010 - 2011	UNEMPLOYMENT RATE 2010 – 2011
Sampo Bank	+ 1.8 %	+ 2.5 %	+ 4.0 %	1.4 % - 2.0 %	9.0 % - 8.6 %
Aktia Bank	+ 0.8 %	+ 2.5 %	+ 4.0 %	1.1 % - 1.6 %	9.7 % - 9.3 %
PO-Pohjola group	+ 1.5 %	+ 2.5 %	+ 4.5 %	1.2 % - 1.6 %	9.4 % - 9.3 %
Ministry of Finance	+ 1.5 %	+ 2.5 %	+ 5.5 %	1.5 % - 2.5 %	9.5 % - 8.9 %
Tapiola group	0.0 %	+ 1.0 %	+ 1.5 %	1.5 % - 1.5 %	9.5 % - 10.0 %

To summarize the general economic situation, it can be stated that the global recovery has continued better than predicted in the spring, especially in developing countries. The US economy has also risen from the recession quickly. Euro zone growth is however expected to proceed rather slowly. World trade has recovered and developing countries' imports are already surpassing the level prior to the recession. Finland has lost some of its share of world trade, but industrial order books are growing according to the latest statistics. Fears of a stop in the world economic recovery have increased recently and the signals for future development are contradictory.

Real estate markets are typically post cyclical; a delayed reaction will be reflected on the real estate market after an improvement in the general economic situation. The positive economical development will strengthen companies' confidence in the future which will affect the property market so that the increase in vacancy rates will halt at the end of 2010. However, high unemployment has kept the net-demand for office premises down. Despite the temporary weakening of private consumption and consumer confidence, the vacancy rate of retail premises have stayed at a surprisingly low level during the whole recession.

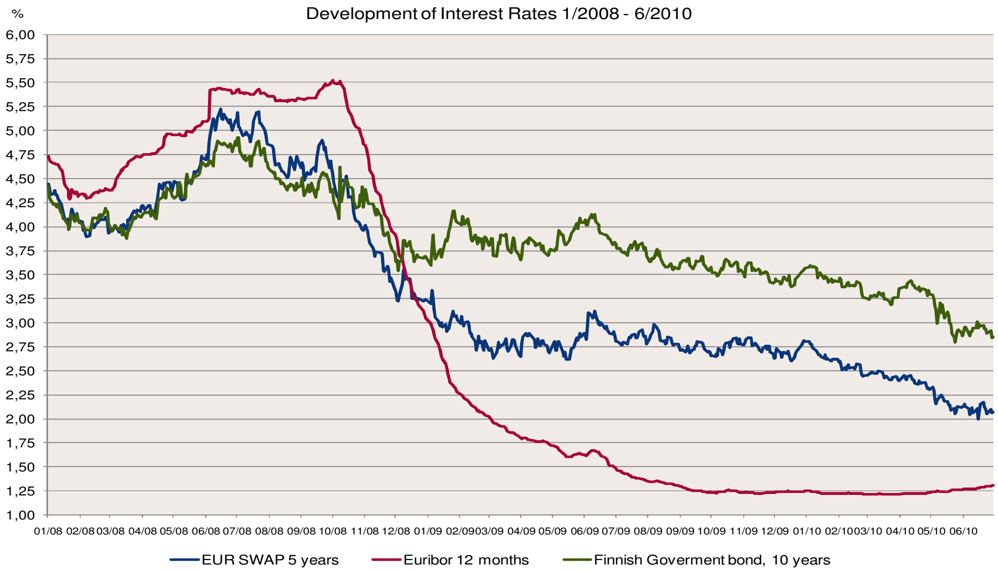
Interest Level and Financial Market

Greece's tumble into a debt crisis has renewed uncertainty in the financial market, which threatens the functionality of bank-to-bank lending channels. This has led to the European Central Bank (ECB) announcing its own financial market stabilization support program in May. The ECB has promised to purchase both governmental and private business bonds to improve market depth and liquidity. The ECB will also reuse earlier financial crisis tools to finance banks.

The costs of bank loans have risen somewhat on the financial market: both long-term interest rates and Euribors have risen slightly. At the same time, however, the cost of secured lending has decreased. There are some of the same characteristics that were seen on the financial market in the fall 2008, but now the situation is not, however, seen as bad as then. The bank-to-bank lending market does not function at the moment in the same manner as at the beginning of the year, when the return to confidence was proceeding at a good pace. Business' obtaining of credit in Finland, however, continues rather well.

Retained minor inflation pressure, the debt crisis and uncertainty in the speed of future economic growth have continued to postpone expectations to raise the interest rate by the ECB. The markets expect the ECB to start to raise the interest rate only at the latter half of 2011.

The chart below describes the development of the Euribor (12-month) 1/2008 – 06/2010, Finnish Government bond (10-year) and EUR SWAP (5-year) which is commonly used as the interest rate base for real estate investment loans.



Source: Nordea, the Bank of Finland and Bloomberg

The finance market still constitutes a menace to the recovery of the real estate sector, because the refinancing of loans, which were taken during the boom, will be a larger topical issue in 2011 – 2013. Banks may not be willing to continue the current loans, especially, if the loan-to-value ratio has been high and if the market values of the properties have decreased compared to the amount of the loan.

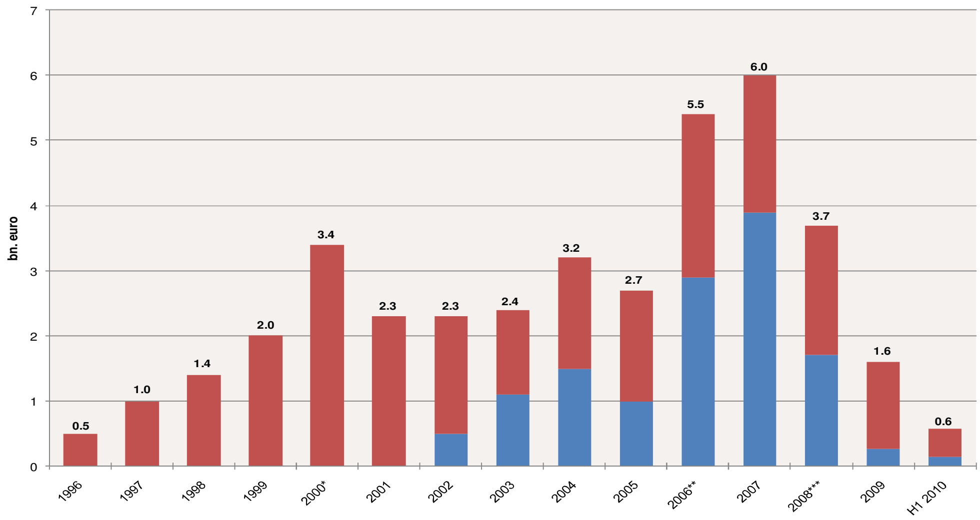
PROPERTY MARKET

Investment Market

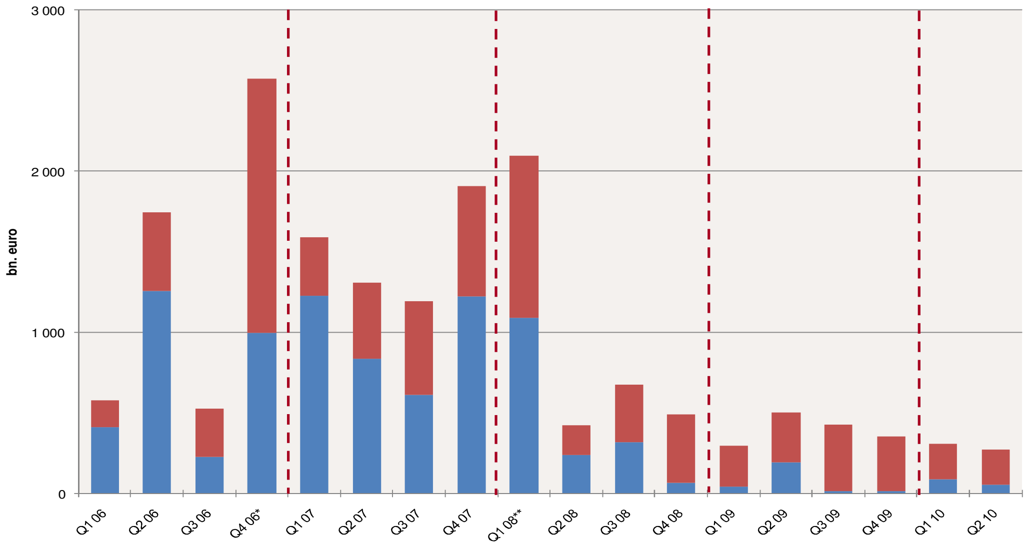
Activity on the Finnish the property market has been at a low level already for over two years. The commercial property transaction volume in the first quarter was approx. EUR 300 million and in the second quarter the volume was approx. EUR 270 million according to Catella's information. The lack of transactions is due partly to the supply of objects that fulfil the demand criteria are not available and partly that the difference between sellers' and purchases' views on pricing is still too wide. The reason for the lack of supply might be that the significant amount of properties is owned by institutional investors, who are not forced to sell properties in the current market situation. On the other hand, between 2003 – 2008 there were a noticeable number of sales to international investors, who are basically active owners and could reorganize their property portfolios. In many cases reorganizing would cause realization of losses, which is not wanted by the investors nor have banks demanded the liquidation of the property guarantees, if the rental cash flow is sufficient for interests and instalments of the loan.

Good location has become more important factor when assessing the interest in an investment property and there would be demand for prime-location properties even if the rental situation of the premises were not quite optimal. On the other hand, there is room for compromise on location, if the object for offer is attractive, i.e. it has a long-term rental agreement, a reliable tenant and the technical risks for the building are low. Opportunistic investors are searching for objects that have noticeable yield potential, e.g. due to low purchase price.

The charts below describe the transaction volume in the Finnish commercial property market between 1996 – 2009 (first chart) and quarterly in the time period Q1/2006 – Q2/2010 (second chart).

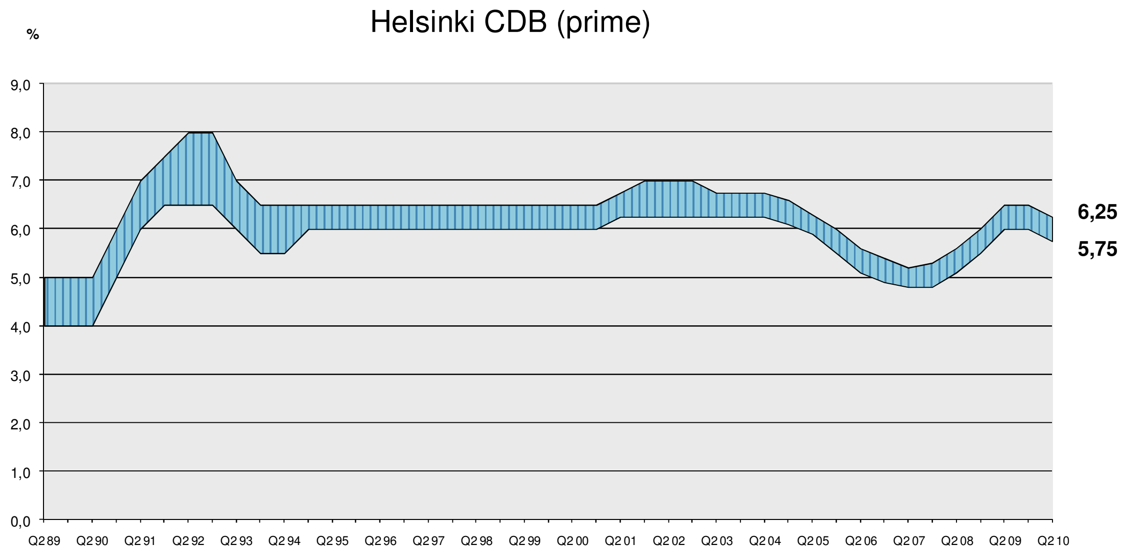


*) Aleksia sale approx. 1.1 bn. euro
**) Sponda - Kapiteeli deal 1.3 bn. euro
***) Capman purchased hotel portfolio 0.8 bn. euro



*) Sponda - Kapiteeli deal 1.3 bn. euro
**) Capman purchased hotel portfolio 0.8 bn. euroa

In Catella's opinion investor's yield requirements have slightly decreased e.g. in Helsinki CBD due to the lack of supply of the prime-properties and the demand for them. The attractiveness of office areas in Espoo and Vantaa is weakened by the high vacancy rates of the office premises which is the reason why the decrease in yield requirements in these areas has not occurred. There is only a little concrete evidence of yield requirements based on actual transactions. Catella's view on the development of yield is based on this evidence, more positive scenarios of the future general economic situation, observations on biddings and discussions with investors. The chart below describes the development of the prime-properties in the Helsinki CBD.



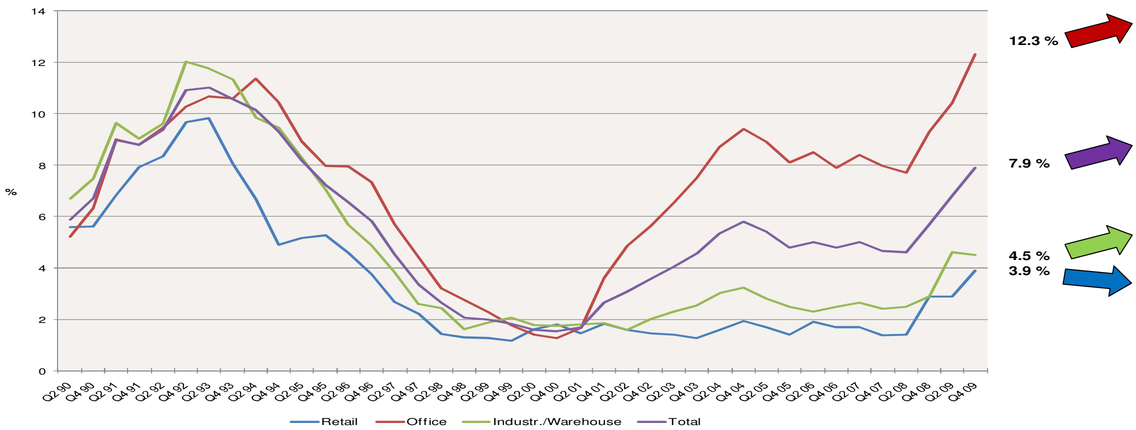
* Long agreements will lay down yield levels by 0,1 -0,3 %-units

Source: Catella Property Oy

Letting Market

In the first half of 2010 the letting volume has been at a low level and according to preliminary information, vacancy rates in the Helsinki Metropolitan Area (HMA) have still increased slightly in office premises as well as in industrial and warehouse premises, while the occupancy rate for retail premises have improved slightly. The problems in real economy are seen in tenants' economic situation and due to the diminishing volume of business activities and the number of employees, less business premises are needed. Lessors are more willing to accept lump sum discounts such as rent-free months or temporary rent discounts rather than long-term rent level reductions Agreeing to long-term rental agreements is still difficult due to the unstable general economic situation.

The following chart describes the different premises types' vacancy rates in the HMA at the end of December 2009. Catella is just now collecting data in order to update these figures for the vacancy situation through the end of June 2010, but the final results were not available at the time of this writing. The arrows, however, show the predicted direction of development. The changes are not, however, very significant compared to the situation at the end of December 2009.



Due to the vacancy rate increase and the lack of investment demand only one new office construction project was launched in the HMA in 2009. In 2010 there has, however, started up new projects and at the moment nine office construction projects, totalling approx. 45,000 floor m^2, are under way. In the coming years new construction production will be scant. Based on the preliminary information the vacancy rate of office premises in HMA has increased with approx. the same amount than new construction projects have been completed, which means that the net take-up has been +/- 0. The demand in the market is based on the rearrangement needs of the companies' existing premises.

Little by little office premises market rents in the HMA seem to stabilized. However, there is flexibility in rents, especially in older premises which have the highest vacancy rates. Rents in newer and good quality office premises have stopped decreasing, but often tenants will benefit from rent-free months and / or the lessor will pay for improvements, which would have been paid by the tenant a couple of years ago. These incentives decrease the property owner's net yield even if the nominal rent seems to be at a higher level.

THE RESULTS OF THE VALUATION

The date of valuation for Sponda's investment properties is 30 June 2010. Hereafter the key figures of this valuation date have been compared with the key figures of the valuation made in 31 December 2009, because Catella did not give a statement on Sponda's internal calculation of the fair value on 31 March 2009.

The weighted average net yield requirement in the cash flow calculations was 6.84 % (31 December 2009: 6.87 %) for the entire investment property portfolio. The initial yield for the investment property portfolio inspected by Catella was approx. 6.54 % (30 December 2009: 6.58 %). The economic occupancy rate of Sponda's whole Finnish property portfolio was approx. 86.8 % (30 December 2009: approx. 86.5 %). The calculation method of the economic occupancy rate has been changed according to the instructions of European Public Real Estate Association (EPRA) and therefore occupancy rate figures at the year end 2009 and at the moment are not comparable.

Office and Retail Properties

Approx. 90 % of the value of Sponda's office and retail 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. 66 % of the value of the HMA properties and their proportion of the entire office and retail portfolio is approx. 59 %. No acquisitions were carried out in the portfolio in the first half of 2010; one office property (Vanhajämerä, 4,600 m^2) located in Helsinki was divested as well as a small retail premises in Tampere. The portfolio has obtained one new service station store located in Turku (Turun Koulukatu 29, 3,000 m^2), which was opened in the second quarter of 2010.

The cash flow yield requirements in the office and retail property portfolio were raised in 18 cases depending on object-specific features by 5 - 50 basis points compared to the figures at the year end 2009. The yield requirements were decreased in 13 cases by 5 – 15 basis points due to a prime-location or depending on other object-specific features (e.g. improved rental situation). In other properties the yield requirement remained unchanged. In addition, the occupancy rate assumptions in the cash flow calculation were decreased slightly in some cases. The weighted average net yield requirement in the cash flow calculations was 6.63 % for the entire portfolio (31 December 2009: 6.67 %). The initial yield for the portfolio inspected by Catella was slightly lower, approx. 6.54 % (31 December 2009: 6.68 %). The economic occupancy rate of office and retail properties was approx. 87.7 % (31 December 2009: approx. 87.9 %). The calculation method of the economic occupancy rate has been changed according to the instructions of EPRA and therefore occupancy rate figures at the year end 2009 and at the moment are not comparable.

Shopping Centre Properties

The shopping centre portfolio consists of fifteen properties, but Catella has not inspected three of these properties, because they are unfinished development properties included in the City-Center complex. The value at the beginning of the development project is used as the current fair value for two of these properties. One property (Aleksi-Hermes) is valued as an investment property under construction according to IFRS standards.

The cash flow yield requirement in the shopping centre property portfolio was raised in one case by 10 basis points compared to the figure at the year end 2009, in the other properties the yield requirement remained unchanged. In addition, in the cash flow calculation, the market rent assumption regarding a certain type of premises was decreased in one case. The weighted average net yield requirement in the cash flow calculations for the shopping centre property portfolio inspected by Catella was 6.12 % (31 December 2009: 6.12 %). However, the initial yield for the portfolio was higher, approx. 6.80 % (31 December 2009: 6.89 %). The economic occupancy rate of the portfolio's shopping centres was approx. 96.7 % (31 December 2009: approx 96.4 %), which also includes rentable premises in the City-Center properties. The calculation method of the economic occupancy rate has been changed according to the instructions of EPRA and therefore occupancy rate figures at the year end 2009 and at the moment are not comparable.

No acquisitions or divestments were carried out from the portfolio in the first half of 2010.

Logistics Properties

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 m^2 in size while the largest property is over 64,000 m^2 in size. No acquisitions or divestments were carried out from the portfolio in the first half of 2010.

The cash flow net yield requirements in the logistics property portfolio were raised in 9 cases depending on object-specific features by 10 - 25 basis points compared to the figures at the year end 2009. The yield requirements were decreased in 5 cases by 10 – 20 basis points depending on improved object-specific features (e.g. rental situation). The occupancy rate and market rent assumptions in the cash flow calculation remained mainly unchanged. The weighted average net yield requirement in the cash flow calculations was 8.08 % for the entire logistics property portfolio (31 December 2009: 8.11 %) The initial yield for the logistics property portfolio inspected by Catella was approx. 6.33 % (31 December 2009: 6.0 %) while the economic occupancy rate was approx. 75.9 % (31 December 2009: approx. 74.5 %). The calculation method of the economic occupancy rate has been changed according to the instructions of EPRA and therefore occupancy rate figures at the year end 2009 and at the moment are not comparable.

The occupancy rate of the new properties at Vuosaari Harbour is still rather low, which has a lowering effect on the whole portfolio's occupancy rate and initial yield. Excluding the properties in Vuosaari the portfolio's economic occupancy rate is approx. 83.3 % and initial yield approx. 7.8 %.

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 and retail property portfolio and the shopping centre property portfolio. The economic occupancy rate of the logistics property portfolio is lower than the average rate on the market, which is partly caused by the high vacancy of the new properties at Vuosaari Harbour. Even if excluding the properties in Vuosaari the occupancy rate of the logistics portfolio is lower than the average rate of the logistic properties in the Helsinki Metropolitan Area.

The weighted average net yield requirement of the all investment properties in the cash flow calculations has decreased by 0.03 percentage units during the first half of 2010. In single properties the yield requirements have decreased by 0.05 – 0.20 percentage units in some cases due to prime location or improved rental situation. On the other hand yield requirements have increased in some B-class properties, if they have an unattractive location or if the risks related to the rentability of the premises have increased. When viewing the portfolio level, the average cash flow yield requirement has decreased by 0.03 - 0.04 percentage units in office and retail portfolio and logistics portfolio, and remained unchanged in shopping centre portfolio. In addition to the changes of yield requirements, regarding some properties, the decrease of market rent level assumptions and / or the increase of vacancy rate assumptions caused a decrease in the fair value of these properties.

In the first half of 2010 the transaction volume has been low in Finnish property market and there is very few evidence of the yield requirements based on actual transactions. However, demand for the prime properties is higher than the supply and according to Catella's opinion their yield requirement on the market has slightly reduced. The decrease of the yields in some of Sponda's investment properties were caused by the improved market conditions and / or improved rental situation. On the other hand the increase of yields were caused property specific characters related to e.g. property's location, current rental situation of the premises or their rentability in the future.

Sponda has revised the operating costs of the properties in connection with this valuation and according to the obtained information Sponda has updated the operating costs of each property based on the realized operating costs from 2009, the budgeted operating costs for 2010 and the forecasted operating costs for 2010. From these three figures the best estimation for the long term operating cost level was used in the valuation; in some properties the operating costs decreased while in some they increased. According to the information obtained from Sponda, the total affect of the revised operating costs on the fair value of the investment property portfolio on 30 June 2010 was approx. EUR – 0.6 million. In connection with this inspection, Catella did not have detailed information available regarding the factors that caused the change in the operating cost level, nor could Catella have any influence on the operating cost levels used in the calculation.

In those Sponda's premises, which have got new lease agreements, the new contract rents comply with the general market trend: the rent levels in the Helsinki CBD offices have remained unchanged or slightly increased compared to the previous contract rent level, in other locations there are observable individual changes upwards and downwards alike, but remarkable changes in the rent levels cannot be mentioned. However, during the past six months rather few new lease agreements have been established.

Catella Property Oy

Helsinki, 14 July 2010

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