STATEMENT

Evaluation of the fair value of Sponda Plc's investment properties on 31 December 2011

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") has 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, 31 December 2011, 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, 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.

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 (7^{th} Edition) and the International Valuation Standards (IVS 2011). 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 conflict of interests arising in carrying out this assignment.

GENERAL ABOUT ECONOMIC SITUATION

Sources:
- Eurostat
- Ministry of Finance Economics Department, Economic Bulletin 2 / 2011, 20 December 2011
- Sampo Bank, Economic trends and finance market, December 2011
- Confederation of Finnish Industries EK, Confidence indicators, December 2011
- Statistics Finland, Consumers confidence, December 2011

The global economy will decelerate to a rate of 3.5 % in 2012, but in 2013 the growth will again reach a rate of over 4 percent, forecasts the Finnish Ministry of Finance. After the last summer the risk focus for global economic growth has transferred to the euro zone, where some overleveraged countries and the weakness of the financial system creates a threatening factor for the whole global economy. Also economic slowdown in China can be an unpredictable risk. On the other hand some positive signals related to the US economy were published at the end of 2011.

In Asia the growth of the real economy has clearly decelerated. In 2010 China reached GDP growth of 10.3 %, but in the third quarter of 2011 the growth rate diminished to the level of 9.1 %. It is estimated that in 2012 the growth rate of the Chinese economy will diminish close to 8 percent which is considered a critical level. The reason for the economic slowdown in China is the slump in consumption and investments in Europe and the United States which are the most important customers for Chinese products. China's domestic market is so thin and underdeveloped that it cannot compensate decreasing demand in the export sector. Also in India the economy has developed in the same direction: the economic growth in the third quarter of 2011 was 6.9 % while in 2010 the growth rate was still 8.6 %. Japan's gross domestic product will barely reach zero growth in 2011 due to the tsunami and nuclear catastrophe.

In the United States resuscitation has not succeeded as was hoped for. In 2010 gross production grew 2.8 %. In the first quarter of 2011 growth was 0.4 %, in the second quarter 1.3 % and in the third quarter 1.8 % compared to the same period the previous year. The Federal Reserve forecasted still in June that the US economy will grow 3.3 – 3.7 percent in 2012; in November the FED decreased its forecast to a level of 2.5 – 2.9 percent. There are three major problems which prevent US economic growth and the emergence of jobs: continual weakness in the housing market, perpetual adjusting of loans in the private sector and unsustainable public finance. The unemployment situation in the United States has been difficult, but at the end of the year some signs of relief could be seen: at the beginning of 2011 unemployment decreased slightly, but during the summer it remained over 9 percent. In November the unemployment rate decreased to 8.7 percent and in December further to 8.5 percent which is the lowest level in three years. Also consumer confidence improved towards the end of 2011; in August the confidence indicator was at a level of 44.5, but in December it had climbed up to a level of 64.5. Consumer confidence in the economy has a significant impact on consumer demand, because private consumption constitutes approx. two-thirds of the US national economy and approx. 15 % of the world economy. The US public economy is fast running toward a debt rate of 100 % of GDP - according to the latest news the amount of debt was approx. 93.2 % of GDP, but the state still can afford to take more loan. Congress has raised the debt ceiling twice during the autumn and the next revision is expected to take place at the beginning of 2012.

The euro zone’s GDP development in 2012 is expected to be within the range of -0.4 - +1.0 percent according to the forecast by the European Central Bank. The development which was caused by the Greek debt crisis last summer has driven the market into a very nervous situation. In the autumn it was discovered that public finance is deeply indebted in many other European countries and due to the bonds granted to these countries the banking sector is also threatened with severe losses. During the autumn the euro zone’s politicians have searched for tools which could solve the debt crisis and revive the stability to euro zone’s finance sector, but delays in decision making have caused speculations of even the disintegration of the euro zone. The engine of the European economy has been Germany where economic growth was over 3 percent during the first three quarters of 2011. However, the effects of the crisis started to be revealed also in Germany where the GDP turned down in the last quarter of 2011. The euro zone’s consumer confidence collapsed in September (-16.5) and the downward trend has continued from then onward; in December the confidence was at the level of -20.4. The euro zone’s (EA 17) industrial production decreased 0.1 percent in October compared to the previous month but grew 1.3 percent compared to October 2010. The unemployment in the euro zone (EA17) started to increase after the summer: in November 2011 the amount of unemployed was 16.372 million, meaning that the unemployment rate was 10.3 percent. In all of the European Union (EA27) the unemployment rate in November was 9.8 % meaning 23.674 million unemployed people.

Finnish GDP grew in the first three quarters of 2011. However, exports decreased already during the second quarter and the downward trend continued in the third quarter. GDP growth was maintained by private consumption. In 2012 the preconditions for continuation of the growth of private consumption will clearly decline. The Ministry of Finance forecasts that private consumption will grow only 0.5 percent in 2012. Sampo Bank forecasts in its survey in December a growth of 3.4 percent for household consumption volume in 2011, but only 1.3 percent growth in 2012.

According to a confidence indicator survey published on 27 December 2011 by the Confederation of Finnish Industries (EK) confidence has declined remarkably after last summer. In every sector confidence has decreased and excluding retail trade the indicator figures are below the long term average. Based on the indicator figure the Finnish industrial economic trend is somewhat weaker than the European average. The dispersion among European countries at the moment is exceptionally wide; the best outlook is in Germany – Greece and Cyprus have the worst.

In Finland consumer confidence in the economy has decreased during the whole autumn and in December the indicator figure was at a level of 0.4, which is clearly below the long term average (13.0). Consumer confidence is a relevant factor also from the point of view of the Finnish national economy, because private consumption constitutes 40 – 50 % of the Finnish national economy.

in 2011 employment development has been positive. In November 2011 the unemployment rate was 6.2 %. The unemployment rate decreased 0.9 percentage units compared to November 2010. According to Statistics Finland there were approx. 166,000 unemployed people in November, which is 20,000 less than the previous November. The seasonal variation has an effect on the monthly differences. Based on latest forecasts unemployment might start growing again due to the remarkable slow-down of economic growth.

After the summer domestic forecasters changed their predictions for Finland's economic development in a negative direction. Forecasts given in December 2011 are in the table below.

FORECASTER - December 2011	GDP 2012	GDP 2013	EXPORT 2012 => 2013	INFLATION 2012 => 2013	UNEMPLOYMENT RATE 2012 => 2013
Sampo Bank	- 1.0 %	+ 1.5 %	- 3.0 % => + 2.0 %	2.6 % => 2.0 %	8.0 % => 8.0 %
Handelsbanken	+ 1.0 %	+ 2.4 %	+ 1.3 % => + 3.9 %	2.4 % => 2.0 %	8.3 % => 8.5 %
Tapiola Bank	- 1.5 %	+ 0.5 %	- 2.0 % => + 0.4 %	1.4 % => 1.8 %	8.5 % => 9.0 %
Bank of Finland	+ 0.4 %	+ 1.8 %	+ 0.4 % => +6.4 %	2.6 % => 1.9 %	7.9 % => 7.9 %
Ministry of Finance	+ 0.4 %	+ 1.7 %	+ 0.6 % => + 3.1 %	2.7 % => 2.2 %	8.1 % => 8.0 %

To summarize the general economic situation, it can be stated that the risks, which arose last summer, seem to come true in many aspects. The outlook for the growth of global economy has strongly declined mainly due to Europe's debt crisis and also because of the fact that the recovery of the U.S. economy has been slower than expected. In addition, the latest forecasts regarding the future development of China's and Asian countries' economies indicate that help cannot be expected from Asia either.

The general economic situation above is considered rather widely, because exports traditionally constitute approx. 40 % of Finland's GDP and thus the economic outlook of Finland's most important export countries in Europe and elsewhere in the world has a significant impact on Finland's economic growth. It seems that Finland's exports declined last summer. Another important factor affecting GDP is private consumption, which depends on many factors including the employment situation and people's confidence in the development of their own economic situation. Also private consumption is forecasted to diminish in 2012 and unemployment is expected to increase. All this is reflected in the property market so that companies' needs for office, industrial and warehouse premises decrease when exports and the general economic situation is declining. Increasing unemployment and as a consequence of that decreasing amounts of spending money in households is reflected in the turnover and need for business premises of the companies, which are the end users of retail premises.

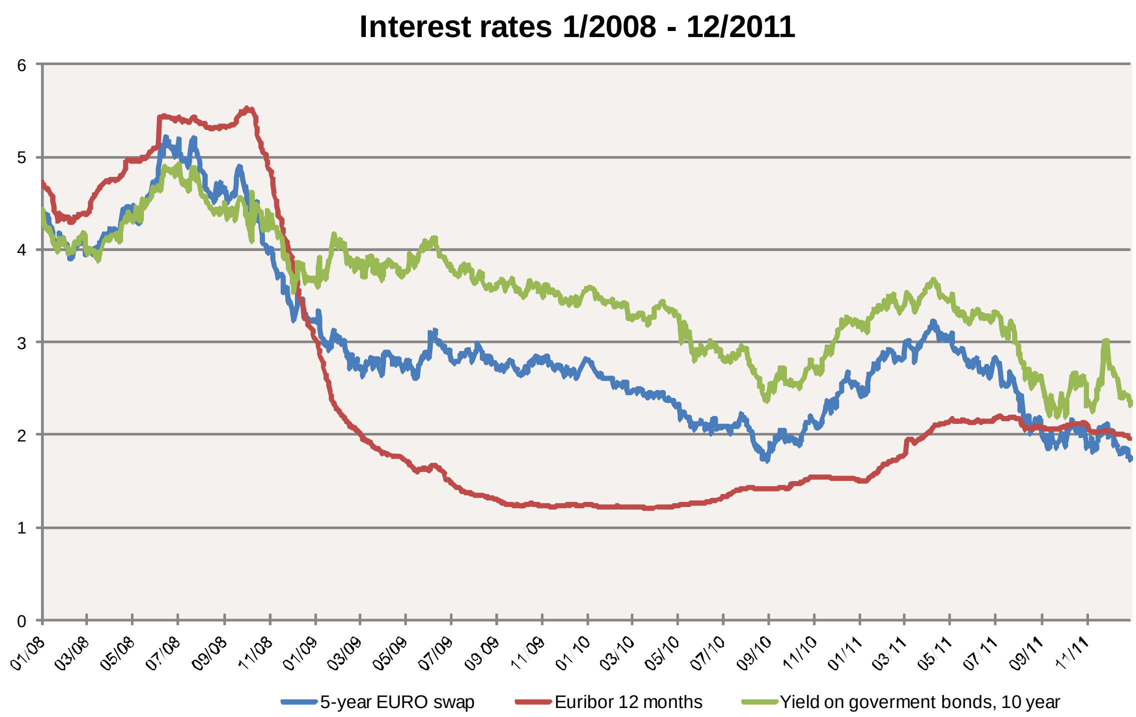
Real estate markets are typically post cyclical; a delayed reaction will be reflected on the real estate market after a change in the general economic situation. The positive economic development until last summer strengthened companies' confidence in the future which affected the property market so that the vacancy rates decreased slightly. However, the net-demand for office premises will remain at a low level and the completion of the new office buildings under construction will turn the vacancy rate upwards again in the near future. Finland's strength also from the property market's point of view is that the state of the public economy, national debt and planned retrenchments in the public sector are modest compared to many other European countries. It is important to the functionality of the property market that the financial market is functioning normally, which means that loans for property investments are available at reasonable terms. In autumn 2011 the availability and terms of real estate financing have tightened which restricts the activity of the property market.

Interest Level and Financial Market

Still in the first half of 2011 the European Central Bank (ECB) raised the steering rate: in April to 1.25 % and in July to 1.50 %. During the summer there was a change in the European economic situation and after that the ECB decreased the steering rate twice: in November to 1.25 % and in December to 1.00 %. Thus the steering rate is again at the same level where it has been since spring 2009, excluding the short term increase in the first half of 2011. There is an expectation in the market that the central bank will decrease the steering rate further in 2012.

At the end of December the 12 month Euribor was at a level of 1.95 % meaning that the gap to the ECB's steering rate is 95 basis points which is higher than usual. So, the decrease in the steering rate has not directly reflected the Euribor rates. This tells that the confidence between the banks is not at the best possible level. However, the ECB tries to prevent a 2008-type credit crunch from developing by giving banks financing with unusual terms. In December 2011 the ECB granted € 489 billion in 3-year loans to European banks at 1 percent interest. Another operation which deviates from the ECB's usual monetary policy is the so-called Securities Market Programme where the ECB buys government bonds from the markets in order to keep the secondary market interest rates moderate for the countries in crisis and in order to calm the debt markets. The ECB cannot give direct loans to governments.

The chart below describes the development of the Euribor (12-month) 1/2008 – 12/2011, Finnish Government bond (10-year) and EUR SWAP (5-year) which is commonly used as the interest rate base for real estate investment loans (situation 28 December 2011).



Source: Nordea, the Bank of Finland and Bloomberg

Especially SWAP rates have clearly decreased after last summer, but respectively the margins for the loans given for real estate investments have increased. The quality of the pledged property and the reliability of the customer have become more and more emphasized in the loan negotiations. Despite the increased margins, the final interest rate level is low and offers the possibility for gearing the property investments – the actual problem is the availability of financing rather than the financing costs. Banks inspect the properties pledged as security for the loan more carefully; the sustainability of the rental cash flow is important and also they pay attention to the expertise of the property manager.

Refinancing negotiations for loans taken during the boom in 2006 – 2007 are still topical. For the time being banks have disposed flexibly towards refinancing and they have not let possible problems realize, at least via forced sales, but they have found solutions by other means. It is interesting to see, whether the changed situation in the finance market affects the refinancing of the existing loans and how banks respond to the financing of new real estate investments.

PROPERTY MARKET

A distinctive feature of the Finnish commercial property market for three years already has been a low transaction volume. The last quarter of 2011 did not bring any change to this trend. According to Catella’s preliminary calculation the commercial property market transaction volume reached a level of approx. EUR 1.7 billion in 2011. The final figure can still vary a bit, if some new information is published regarding transactions made at the turn of the year and depending on which year is the actual closing date. In Finland the reason for the low activity in the property market has been the lack of prime investment opportunities; there would have been demand for prime investment properties, but the supply has been low.

Investment Market

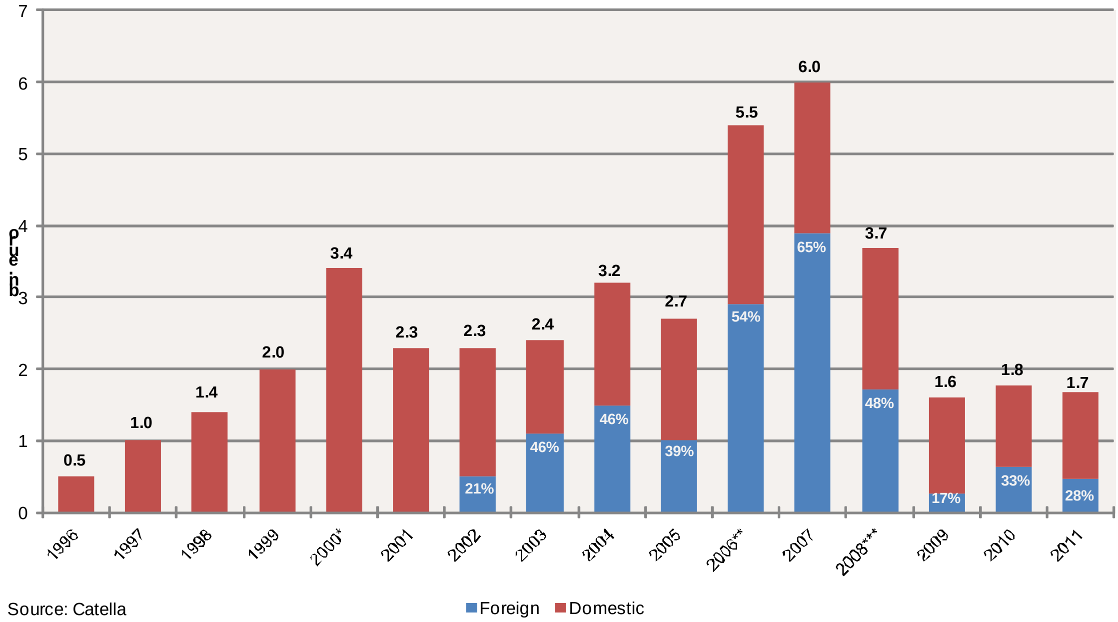
There is nothing much new to tell about the investment market in the second half of 2011. The awaited sprint in property transactions did not materialize, the transaction volume in the last quarter remained at a level of € 400 million and the entire volume of 2011 will remain lower than the previous year.

A common feature for most of the transactions executed in 2011 was that the sold properties had long lease agreements with reliable tenants and buildings were new or newish meaning that the assets’ technical risks were low. Another common dominator was a location in the city centre or in another area where rental demand is stable. In this case the maturity of the existing leases on the transaction date did not need to be long, because releasing was not considered a risk. At the moment, a property which generates a stable rental cash flow is a safe investment which gives reasonable return compared to many other investment instruments. The problem is that the supply of these kinds of assets is very limited.

Buyers could not be found for some property portfolios and single assets which were for sale in the market in 2011. It seems that these portfolios will be split up and some of the single assets will be sold in the near future.

It is even more problematic than before to find buyers for B-class properties, because the availability of financing for B-class properties is difficult. Some older office properties located outside the prime areas have been sold, if they have development potential for alternative use e.g. apartments or elderly nursing homes.

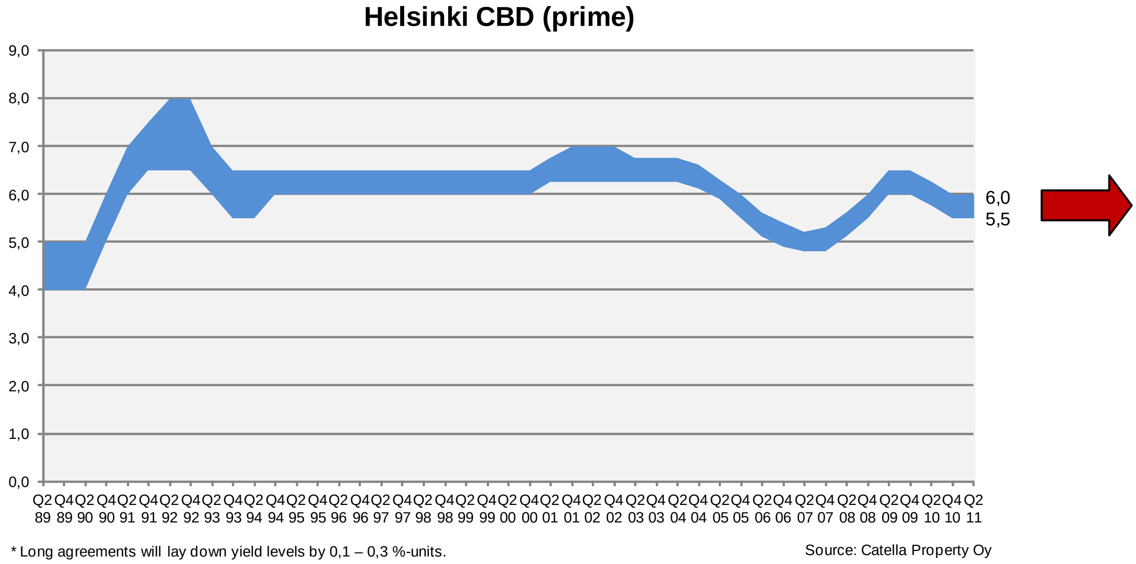
The following chart describes the transaction volume in the Finnish commercial property market for the time period 1996 – 2011.



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

In Catella's opinion there is no evidence based on executed transactions that any change in investors' yield requirements took place in the second half of 2011. Transactions were made mainly for prime properties and in these cases the yield requirements remained at earlier levels despite the weakening forecasts of the general economic situation. Concrete evidence of transactions and yield requirements for B-class properties has not been available for a long time.

The following chart describes the development of prime-properties in the Helsinki CBD until Q2-2011 and the arrow shows the development direction in the second half of 2011.

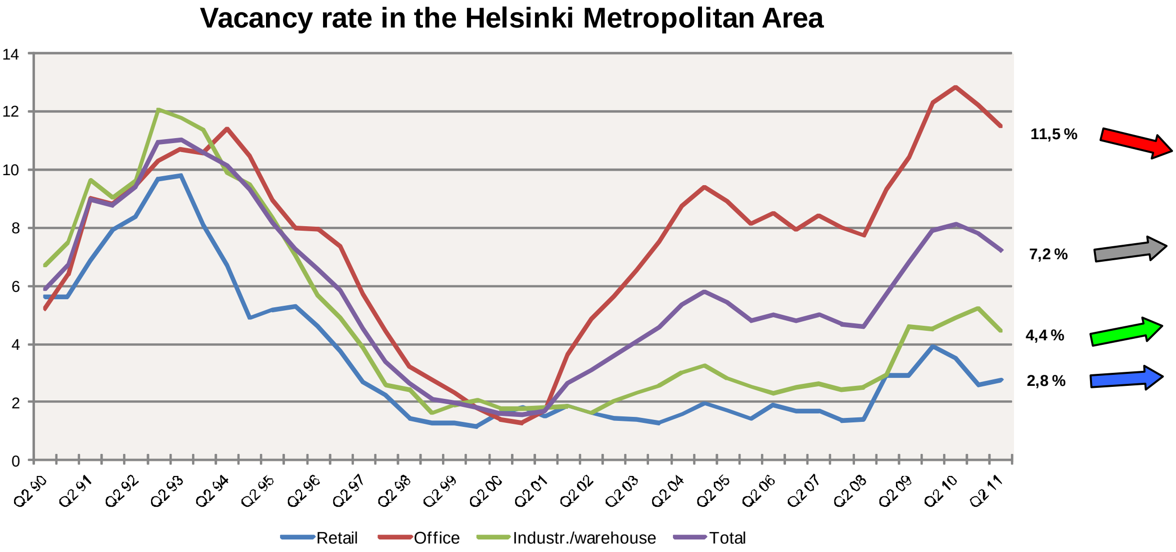


The transaction volume in 2011 remained slightly lower than the previous year, but according to information obtained from the market there have been some delays in the pending transactions at the end of 2011, so, one could hope that there will be a "flying start" for the transaction volume at the beginning of 2012. However, remarkable improvement in the real estate market cannot be expected until the outlook of the general economic situation turns in a positive direction.

Letting Market

In spring the letting market still seemed to brighten and gross rents increased slightly in the Helsinki CBD area and in other attractive office districts. Pressure to increase rents is created by a rather sharp increase in operating costs and while the economic situation was improving property owners attempted to transfer this increase into rents. Also in newly constructed properties the increase in construction costs puts upwards pressure on the rent levels. Forecasts regarding the general economic situation became bleak in autumn which caused delays in decision making and improved negotiation positions of the tenants. It seems that the rental growth, which took place in 2011, will stabilize and there is no room for significant increase of office rents in the near future. In less attractive office districts, where the vacancy rate is high, the competition did not allow any increase in rent levels at any stage. Industrial and warehouse rents increased slightly at the beginning of 2011 due to increased demand together with decreased vacancy rates, but in the future the rents will hardly increase before the general economic situation improves.

The following chart describes the vacancy rates of different premises types in the HMA at the end of June 2011. Catella is just now collecting data in order to update these figures for the vacancy situation through the end of December 2011, but the final results were not available at the time of this writing. The arrows, however, show the predicted direction of development in the second half of 2011. It seems that the vacancy rate of office premises has further decreased while the amount of vacant retail premises as well as industrial and warehouse premises has slightly increased.



At the moment sixteen new office construction projects are under construction in the HMA and when these are finished approx. 170,0000 floor m^2 of new office space will be on the market. Despite the high vacancy of office space the constructors are encouraged to start new construction production due to the fact that tenants can be found for modern office premises and they are also attractive investment objects.

THE RESULTS OF THE VALUATION

The date of valuation for Sponda's investment properties is 31 December 2011. Hereafter the key figures of this valuation date have been compared with the key figures of the valuation made on 30 June 2011 because Catella did not give a statement on Sponda's internal calculation of the fair value on 30 September 2011.

The weighted average net yield requirement in the cash flow calculations was 6.65 % (30 June 2011: 6.71 %) for the entire investment property portfolio. The initial yield for the investment property portfolio inspected by Catella was approx. 6.62 % (33 June 2011: 6.52 %). The economic occupancy rate of Sponda's whole Finnish property portfolio was approx. 87.2 % (30 June 2011: approx. 87.2 %). Starting from summer 2010 Sponda has counted the economic occupancy rate according to the instructions of the European Public Real Estate Association (EPRA).

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. 69 % of the value of the HMA properties and their proportion of the entire office and retail portfolio is approx. 62 %. The weight of the Helsinki city centre and Ruoholahti districts have slightly increased due to the acquisition of the Fennia Quarter which took place in the first half of 2011. The properties located in the Fennia Quarter (39,517 m^2) are now included in Catella's inspection for the first time.

In 2011 Sponda also bought office and retail property located in the city centre of Tampere (Hämeenkatu 16), but it is not included in this inspection, because at the time of inspection the premises were still partly under renovation.

The following assets or single premises of the assets were divested from the office and retail property portfolio during the second half of 2011:

- Asunto Oy Kauppiaskatu 9, Turku (retail premises 222 m^2)
- Kiinteistö Oy Massun Parkki, Tampere (25 parking units in the parking hall)
- Asunto Oy Tampereen Pellavanlikka, Tampere (retail premises 651,5 m^2)
- Kilpakujan Liikekiinteistö Oy, Vantaa (retail premises 100 m^2)
- Kiinteistö Oy Hiihtomäentie 14, Helsinki (retail premises 300 m^2)

The cash flow yield requirements in the office and retail property portfolio were decreased in 14 cases based mainly on object-specific features (e.g. improved rental situation) by 10 - 25 basis points compared to the figures in Q2-2011. The yield requirement was raised in 17 cases by 5 - 10 basis points due to object-specific features as well. In the other properties the yield requirement remained unchanged. In addition, the market rent levels used in the cash flow calculation were raised slightly and the occupancy rate assumptions updated in some cases. The weighted average net yield requirement in the cash flow calculations was 6.45 % for the entire portfolio (30 June 2011: 6.52 %). The initial yield for the portfolio inspected by Catella was approx. 6.56 % (30 June 2011: 6.52 %). The economic occupancy rate of office and retail properties was approx. 88.4 % (30 June 2011: approx. 88.5 %).

Shopping Centre Properties

The shopping centre portfolio consists of sixteen properties, but Catella did not inspect two of these properties, because they are unfinished development properties included in the City-Center complex. Compared to the previous inspection the additional holding in the Zeppelin Shopping Centre, which Sponda acquired in the first half of 2011 and the extension which was completed in autumn are now included in Catella’s inspection.

The cash flow yield requirement in the shopping centre property portfolio was increased in one case by 5 basis points compared to the figures in Q2-2011, in the other properties the yield requirements remained unchanged. The weighted average net yield requirement in the cash flow calculations for the shopping centre property portfolio inspected by Catella was 5.90 % (3 June 2011: 5.83 %). However, the initial yield for the portfolio was higher, approx. 6.54 % (30 June 2011: 6.73 %). The economic occupancy rate of the portfolio’s shopping centres was approx. 94.1 % (30 June 2011: approx 94.3 %), which also includes rentable premises in the City-Center properties.

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 64,500 m^2 in size. No acquisitions or divestments were carried out from the portfolio in the second half of 2011.

The cash flow net yield requirements in the logistics property portfolio were decreased in one case depending on object-specific features by 25 basis points compared to the figures in Q2-2011. The yield requirement was raised in six cases by 10 - 30 basis points based on weakened object-specific features (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 8.02 % for the entire logistics property portfolio (30 June 2011: 8.03 %) The initial yield for the logistics property portfolio inspected by Catella was approx. 6.92 % (30 June 2011: 6.89 %) while the economic occupancy rate was approx. 78.1 % (30 June 2011: approx. 78.3 %).

The occupancy rate of the 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. 85.5 % and initial yield approx. 8.3 %.

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 logistic properties in the Helsinki Metropolitan Area.

The transaction volume in 2011 remained slightly lower than the previous year, but based on the actual transactions there was no evidence of any change in the yield requirements on the market. The changes of the yield requirements of Sponda's properties were caused by object-specific changes or characteristics related to factors such as the location, current rental situation and the future rentability of the premises.

The weighted average net yield requirement of all the investment properties in the cash flow calculations has decreased by 0.06 percentage units in the second half of 2011. When viewing the portfolio level, the average cash flow yield requirement has decreased by 0.07 percentage units in the office and retail portfolio and by 0.01 percentage units in the logistics portfolio. In the shopping centre portfolio the average cash flow yield requirement increased by 0.07 percentage units.

Slight index increments were the only revisions made to the operating costs of the properties in the context of this valuation.

In the second half of 2011 new lease agreements have been established numerically more than in the first half, but the rented area in the new leases was smaller than in the first half of 2011. In the most attractive locations, in Helsinki city centre and in Ruoholahti, the rent levels in new leases have remained stable or slightly increased. In other locations there are observable individual changes upwards and downwards alike, but remarkable changes in the rent levels cannot be mentioned. Investments improving the quality of the premises made in certain properties have also increased the agreement and market rent levels of the premises.

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