STATEMENT

Evaluation of the fair value of Sponda Plc's investment properties on 31 December 2010

CATELLA PROPERTY GROUP

SPONDA

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, 31 December 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, December 2010
- OP-Pohjola-group, Update to the Economic Forecast 2010-2011, December 2010
- Ministry of Finance Economics Department, Economic Bulletin 2 / 2010, 20 December 2010
- Confederation of Finnish Industries EK, Confidence indicators, December 2010
- Statistics Finland, Consumers confidence, December 2010

The global economy is continuing to grow despite the euro zone's debt crisis and concerns over the douple-dip recession have decreased due to the fact that the data on the present state of the economic situation and the indicators viewing the future development have been mainly more positive than anticipated. The growth of the global economy decelerated slightly towards the end of 2010, but in the biggest countries the proactive indicators and business tendency surveys looked up again at the end of the year. The World Bank's forecast for the growth of the global economy is 3.3 % in 2011. The recovery of the economy is mainly based on the resuscitation actions conducted by governments, discharging of the pent-up demand and stocking up, but especially in the developing economies in Asia, private demand is also strong. The growth of China's GDP was 10.6 % in the third quarter and the estimated growth for the whole year is approx. 10 %. In order to prevent economic overheating, China had to put limits on the growth of lending and restrain investments. On Christmas Day the Central Bank of China raised its steering rate by 25 basis points. On an annual basis inflation in China climbed to 5.1 % in November. In the United States GDP grew 2.6 percent in the third quarter compared to the previous year. The Manufacturing Purchasing Manager Index 57 tells that industrial production is clearly rising. Also the expectations in the service sector improved further during the autumn. The unemployment situation in the United States has slightly eased off: the unemployment rate decreased in December to 9.4 percent whereas in November it was 9.8 percent. On the other hand, new jobs sprang up less than expected and long-term unemployed are in jeopardy of loosing their unemployment benefits. The fear of further collapsing income still overshadows consumer confidence. However, retail trade has developed positively; already in October sales grew to the same level as in August 2008, meaning the time before the Lehman Brothers bankruptcy, and the growth continued in November. The trade of durable goods is still weaker than before the crisis. Consumer confidence on 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 **euro zone's** economic growth surprised expectations positively in the first half of 2010. In the second quarter GDP grew 1.0 % compared to the previous quarter and 1.9 % compared to the same period the previous year. In the third quarter the growth rate slowed down – the upswing was 0.4 percent compared to the previous quarter, however on an annual level the growth was 1.9 percent. In 2011 and 2012 alike the GDP growth may rise to nearly two percent, but the risk of a new hiccough still exists. The economic development in Europe has polarized: the export driven northern economies like Germany, Sweden and Finland are in a good growth rhythm, but the troubles in some fringe states are widening. Greece's financial crisis gained company in Ireland and it is assumed that Portugal is the next state that will need support. If the debt problems also materialize in Spain, Italy and Belgium, it is questionable, whether EU's relief funds are sufficient. Europe's biggest economy, Germany, is a driving engine of the EU's economy: in the second quarter of 2010 Germany's economy grew 4.3 percent on an annual basis, but in the third quarter the deceleration of the world economy imposed the demand on Germany's export products and the economic growth decreased slightly compared to the previous quarter; on an annual level the national economy still grew 3.9 %. In 2010 the growth rate of Germany's economy has been the fastest in twenty years. Germany's recovery is primarily based on exports, but at the end of the year private consumption also accelerated. Germany is among Finland's three biggest trading partners, so it can be expected that the positive development will also have an effect on Finland's economy. In the euro zone, consumer confidence in the economy has developed positively the entire autumn. According to Eurostat, the euro zone's consumer confidence is almost at the same level as in December 2007. The euro zone's industrial production grew in November 1.2 percent compared to the previous month and 7.4 percent compared to November 2009. However, the euro zone's unemployment is still growing: in November the amount of unemployed was 15.9 million, meaning that the unemployment rate grew to 10.1 percent. In all of Europe the unemployment rate in November was 9.6 % meaning 23.2 million unemployed people.

Finnish GDP contracted still in the first quarter of 2010 by -0.8 % compared to the previous year and -0.4 % compared to the previous quarter, but in the second quarter the economy started to grow by 1.9 % compared to the previous quarter and 3.7 % compared to the previous year. In the third quarter the annual growth was 4.3 %. Based on the latest preliminary statistics (November 2010) of the National Board of Customs Finland's exports to EU countries grew at the same rate as exports to other countries. Between January - November exports grew 22 % and imports 25 % compared to the same period last year. Household consumption has been increasing already for one and a half years. The growth of consumption is focused on durable goods, especially on vehicles and new technology and due to the growing housing market on furniture as well. Also the consumption of services has increased significantly, so it can be said that the growth of consumption has been extensive. The Ministry of Finance forecasts that the growth of consumption will be nearly three percent compared to 2009. The Ministry forecasts that next year the growth rate will slow down to a half percent due to the facts that indirect taxes will have an increasing effect on consumer prices, municipal taxes will grow further and the increase of real salaries will come to an end. The Ministry estimates that in 2012 the savings ratio will decrease further and the growth of consumption will accelerate again to almost three percent despite the weakening purchasing power.

According to a confidence indicator survey published on 27 December 2010 by the Confederation of Finnish Industries (EK) confidence is rather strong in every sector. Industrial production is expected to grow further at the beginning of 2010. The Finnish industrial economic trend is somewhat brighter than the European average. The dispersion among European countries at the moment is exceptionally wide; the best outlook is in Germany and in Sweden – Greece has the worst.

In Finland consumer confidence in the economy decreased in December 2010 ending up at the same level as the year before and at the long-term average. The consumer confidence indicator stood at 13.5 in December, while in November it was 20.8 and in October 20.5. The long-term average is 13.2. Of the four components of the consumer confidence indicator, expectations concerning Finland's economy and the development of unemployment weakened sharply in December from the previous month. Consumer confidence is a relevant factor also from the point of view of the Finnish economy, because private consumption constitutes 40 – 50 % of Finnish national economy.

Towards the end of the year the development of employment was better than expected. In November the unemployment rate decreased to a level of 7.1 %. The unemployment rate decreased 1.4 percentage units compared to November 2009. According to Statistics Finland there were approx. 186,000 unemployed people in November, which is 38,000 less than the previous November. Still in May 2010 the amount of unemployed was 293,000, but the seasonal variation has an effect on the monthly differences.

During the autumn, domestic forecasters changed their predictions for economic development in a more positive direction. Forecasts given in December 2010 are in the table below.

FORECASTER - December 2010	**GDP 2010**	**GDP 2011**	**EXPORT 2010**	**INFLATION 2010 - 2011**	**UNEMPLOYMENT RATE 2010 – 2011**
Sampo Bank	+ 3.3 %	+ 2.8 %	+ 5.5 %	1.2 % - 2.4 %	8.3 % - 7.5 %
OP-Pohjola group	+ 3.4 %	+ 3.3 %	+ 9.0 %	1.2 % - 2.3 %	8.4 % - 7.6 %
Ministry of Finance	+ 3.2 %	+ 2.9 %	+ 5.7 %	1.2 % - 2.4 %	8.4 % - 7.8 %
Handelsbanken	+ 3.4 %	+ 2.9 %	+ 5.9 %	1.2 % - 2.3 %	8.4 % - 8.0 %

According to the World Economic Forum's survey, Finland was the seventh most competitive country in the world in 2010; Finland's ranking dropped one place compared to the previous year.

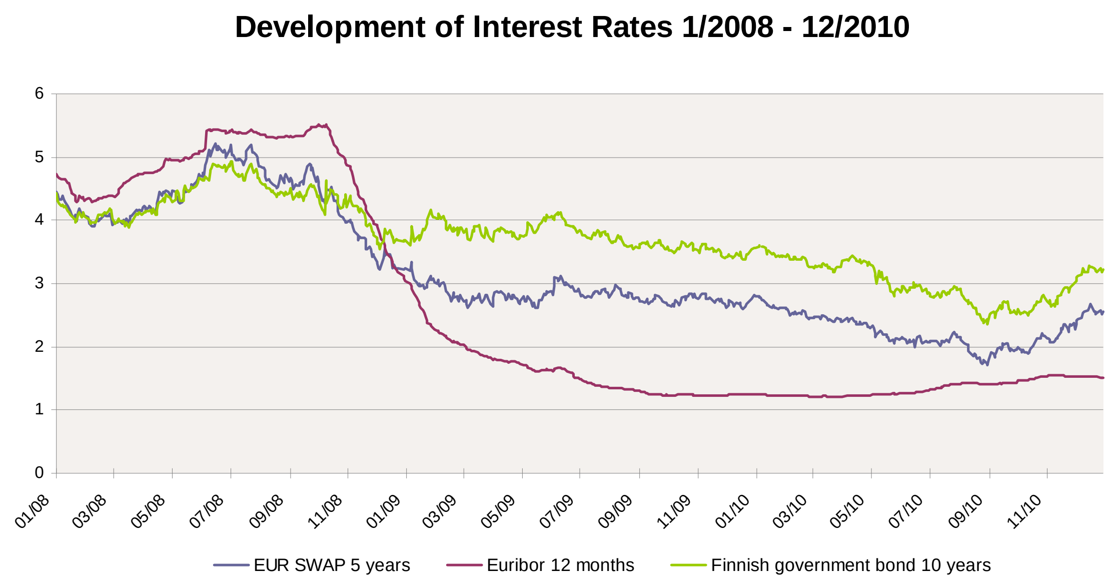
To summarize the general economic situation, it can be stated that the global recovery continues but the recovery rate is slowing down somewhat according to the expectations while the support of the warehousing cycle and financial actions is weakening. The economic growth in the United States is rather weak, but the developing Asian economies, like China, continue their rapid growth. Euro zone growth is polarized, but countries which have a modest debt burden and good competitiveness, have the best chances to recover from the recession. Germany and several Northern European countries, including Finland, belong to this group.

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 economic development will strengthen companies' confidence in the future which will affect the property market so that the increase in vacancy rates will halt in 2011. However, the net-demand for office premises will remain at a low level. 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 again functioning normally, which means that loans for property investments are available at reasonable terms.

Interest Level and Financial Market

The European Central Bank (ECB) has kept the steering rate at 1.00 % for over a year. The Central Bank of Sweden instead has raised its steering rate four times in the last year, lately in December to the level of 1.25 %. During the recession the ECB offered additional liquidity to European banks. This increased liquidity weighed down the short-term market interest rates even below the steering rate. In autumn 3-month Euribor peaked temporarily above the 1 percent level, but at the beginning of 2011 it returned again to the same level as the steering rate. Generally speaking market interest rates have been on a slight upswing after the spring 2010. There are two reasons for the increase: in spring the market interest rates were raised due to the increased uncertainty in the financial market and after that the decreased liquidity in the bank-to-bank lending market. In order to consolidate the markets the ECB started to buy governmental bonds of some euro zone's fringe states from the secondary market and most probably the ECB must continue this activity to maintain market stability. It is a very extraordinary action for the ECB to buy governmental bonds, because this does not belong to the normal control package of the ECB's monetary policy. However, the option is that the debt problems of these states would weaken the solidity of the European private banking sector and cause a new financial crisis, which would lead on to a new recession. However, the realization of this scenario seems to be unlikely, although uncertainty has increased and spread out over the whole euro zone causing decreased interest in the governmental bonds of stable countries as well. When the markets are stabilizing the Central Bank will progressively back off from buying bonds and it will also decrease the extraordinary liquidity in the monetary market. Support to the financial crisis of Greece, Ireland and other countries which have debt problems will force the ECB to postpone the raising of the steering rate.

The chart below describes the development of the Euribor (12-month) 1/2008 – 12/2010, Finnish Government bond (10-year) and EUR SWAP (5-year) which is commonly used as the interest rate base for real estate investment loans (situation 29 December 2010).



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. Additionally, the amount of banks, which offer financing to the real estate investments, has decreased in Finland, while some foreign banks have withdrawn from the Finnish market.

PROPERTY MARKET

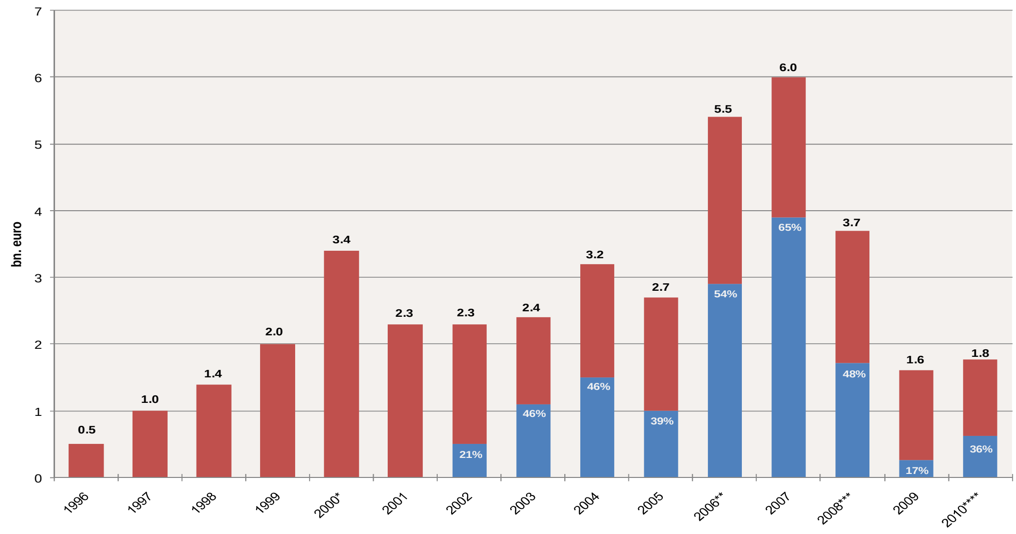
The atmosphere on the Finnish investment property market has slowly improved since spring 2010, although measured by the transaction volume the recovery has not been as brisk as in some other European countries. For example in Sweden the transaction volume was approx. EUR 6.7 billion during the first three quarters of 2010 and the volume increased 140 % compared to the same period year earlier. 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. According to Catella's preliminary forecast the transaction volume of the commercial property market was approx. EUR 1.8 billion in 2010.

Investment Market

During the recession the corrective movement in property values was not as remarkable as in many other countries, which weakened the attractiveness of the Finnish commercial property market compared to other markets. However, we believe that in the future the improved fundamentals of the Finnish economy and decreased yield requirements in other European property markets will increase foreign investor's interest in the Finnish property market. The increasing demand will encourage property owners to put up their properties for sale and constructors to start new projects.

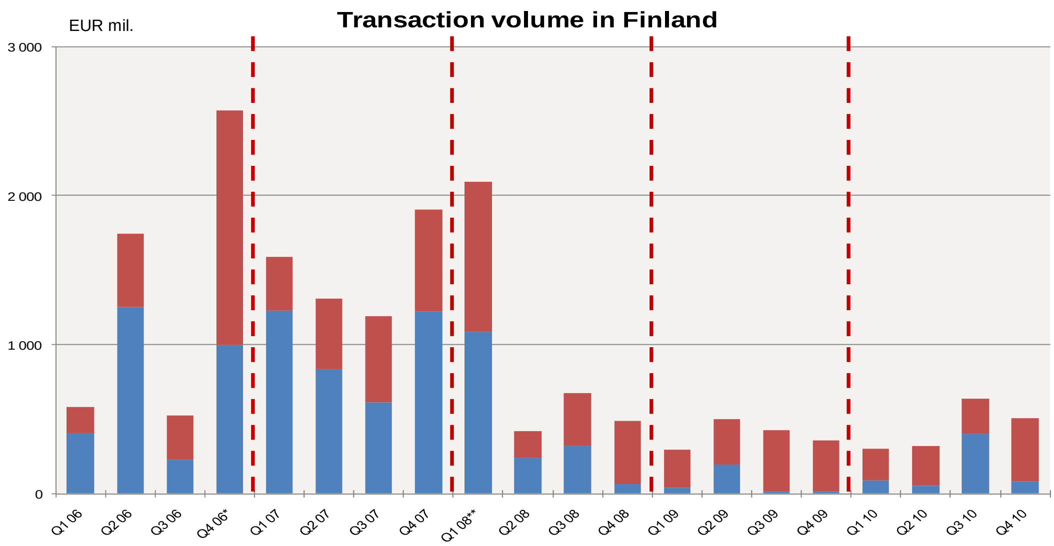
The general atmosphere on the investment market has shifted in a more positive direction compared to the situation a year ago. Financing for property investments is again available and the loan margins are diminishing, while the competition between banks is slowly getting off the ground. However, banks are still critical when considering their lending decisions and financing is available only for low-risk objects with a moderate loan-to-value ratio. During the recession the foreign investors' proportion of the transaction volume was low, but the latest transactions made in the Helsinki Metropolitan Area also featured some foreign investors as buyers.

The following charts describe the transaction volume in the Finnish commercial property market between 1996 – 2010 (first chart) and quarterly in the time period Q1/2006 – Q4/2010 (second chart).



*) Aleksia sale approx. 1.1 bn. euro
**) Sponda - Kapiteeli deal 1.3 bn. euro
***) Capman purchased hotel portfolio 0.8 bn. Euro
****) Situation on 22th December 2010

■ Foreign ■ Domestic



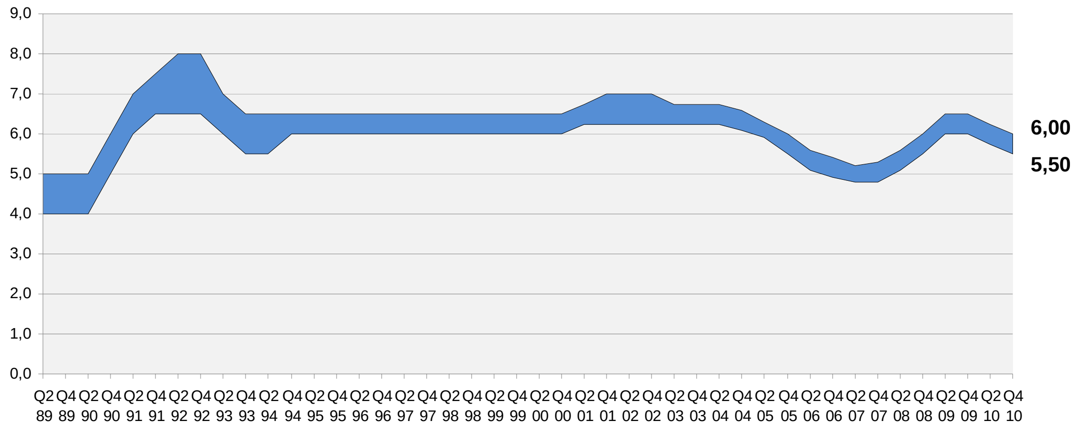
*) Sponda - Kapiteeli deal EUR 1.3 bn.
**) Capman purchased hotel portfolio EUR 0.8 bn.

■ Foreign ■ Domestic

In Catella's opinion, the lack of supply of prime properties and the demand for them have further decreasingly affected investor's yield requirements e.g. in the Helsinki CBD and in other good locations. Based on the recently made transactions related to new construction production, there is interest in prime properties located in good office areas in Espoo and Vantaa as well. There are only a few concrete examples 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.

Helsinki CBD (prime)



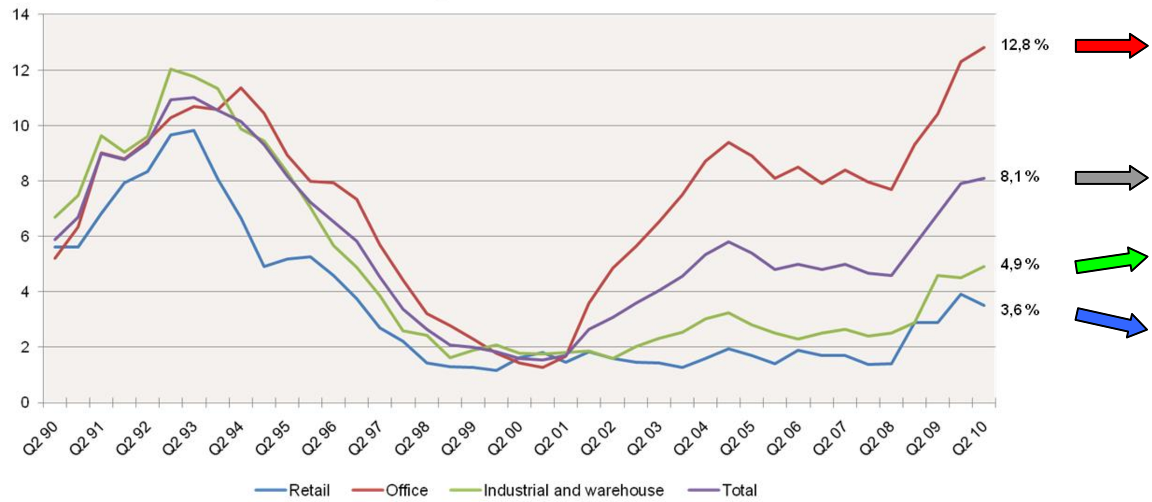
* Long agreements will lay down yield levels by 0,1 – 0,3 % -units. Source: Catella Property Oy

Letting Market

The decline in office rents stopped already last spring and asking rents climbed in the second half of 2010. Due to the positive economic figures and forecasts, the actual prime office rents have increased slightly at the end of the year. Other than prime rents are still at quite a low level. Also the rent levels of new construction production are still 1 – 2 euros lower than before the beginning of the financial crisis.

The following chart describes the different premises types' vacancy rates in the HMA at the end of June 2010. Catella is just now collecting data in order to update these figures for the vacancy situation through the end of December 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 June 2010.

Vacancy rate in the HMA



Source: Catella Property

In 2010 approx. fifteen new office construction projects were launched in the HMA and some more will be launched at the beginning of 2011. At the moment approx. 100,000 floor m^2 of new office space is under construction. The constructors are encouraged to start new construction production due to the fact that there is still a strong trend in the office market where users want both higher quality and better cost-efficiency premises and this has led to more cost-efficient layouts of the leased space.

In the Helsinki Metropolitan Area approx. 1.5 million sqm of new office space was constructed between 2000 – 2009 and the net take-up was only 0.5 million sqm during the same period. In the past three years over 400,000 sqm of new office space has been constructed. The amount of white-collar workers, which would need a traditional office space, will hardly increase any more, so the net take-up will not solve the current vacancy problems. It seems that the positive development of the general economic situation has stopped the increase of office vacancy, but due to the new construction production more of the older office premises will be vacant again.

THE RESULTS OF THE VALUATION

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

The weighted average net yield requirement in the cash flow calculations was 6.73 % (30 June 2010: 6.84 %) for the entire investment property portfolio. The initial yield for the investment property portfolio inspected by Catella was approx. 6.48 % (30 June 2010: 6.54 %). The economic occupancy rate of Sponda's whole Finnish property portfolio was approx. 87.0 % (30 June 2010: approx. 86.8 %). 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. 66 % of the value of the HMA properties and their proportion of the entire office and retail portfolio is approx. 60 %. No acquisitions were carried out in the portfolio in the second half of 2010; one office property (MREC Turun Kauppiaskatu 9b, 7,450 m^2) located in Turku was divested.

The cash flow yield requirements in the office and retail property portfolio were decreased in 46 cases based on improved market situation or object-specific features (e.g. improved rental situation) by 5 - 25 basis points compared to the figures in Q2-2010. The yield requirement was raised in one case by 30 basis points due to the weakened rental situation. In the other properties the yield requirement remained unchanged. In addition, the occupancy rate assumptions in the cash flow calculation were updated in some cases. The weighted average net yield requirement in the cash flow calculations was 6.57 % for the entire portfolio (30 June 2010: 6.63 %). The initial yield for the portfolio inspected by Catella was slightly higher, approx. 6.61 % (30 June 2010: 6.54 %). The economic occupancy rate of office and retail properties was approx. 87.7 % (30 June 2010: approx. 87.7 %).

Shopping Centre Properties

The shopping centre portfolio consists of fifteen properties, but Catella has not inspected two of these properties, because they are unfinished development properties included in the City-Center complex. One of the City-Center properties (Aleksi-Hermes) is completed and was inspected by Catella for the first time.

The cash flow yield requirement in the shopping centre property portfolio was decreased in four cases by 20 - 30 basis points compared to the figures in Q2-2010, 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 % (30 June 2010: 6.12 %). However, the initial yield for the portfolio was higher, approx. 6.38 % (30 June 2010: 6.80 %). The economic occupancy rate of the portfolio’s shopping centres was approx. 98.1 % (30 June 2010: approx 96.7 %), which also includes rentable premises in the City-Center properties.

No acquisitions or divestments were carried out from the portfolio in the second 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 64,500 m^2 in size. No acquisitions were carried out from the portfolio in the second half of 2010. A part (16,560 m^2) of one logistic property (Messukylän Castrulli) located in Tampere was divested.

The cash flow net yield requirements in the logistics property portfolio were decreased in 6 cases depending on object-specific features by 10 basis points compared to the figures in Q2-2010. The yield requirement was raised in one case by 10 basis points based on weakened object-specific feature (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 (30 June 2010: 8.08 %) The initial yield for the logistics property portfolio inspected by Catella was approx. 6.12 % (30 June 2010: 6.33 %) while the economic occupancy rate was approx. 75.8 % (30 June 2010: approx. 75.9 %).

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. 83.4 % and initial yield approx. 7.5 %.

Additional Properties

In addition to the properties mentioned above, Catella reviewed the results of Sponda's internal property valuation regarding 19 real properties, which have been transferred from trading properties to investment properties. The properties in question will later be placed into suitable portfolios according to their purpose of use, but as of now they form a separate group and their effect on the key figures of the portfolios mentioned above has not been considered.

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.

During the second half of 2010 the transaction volume has slightly increased compared to the first half of the year and based on actual transactions the yield requirements of prime properties have decreased slightly. The decline of the yield requirements of Sponda's prime properties was caused by the improved market situation and/or the improved rental conditions. The increase of yield requirements seen in some properties was due to property specific characteristics related to i.a. the location, current rental situation and the future rentability of the premises.

The weighted average net yield requirement of the all investment properties in the cash flow calculations has decreased by 0.11 percentage units in the second half of 2010. In single properties the yield requirements have decreased by 0.05 – 0.25 percentage units. When viewing the portfolio level, the average cash flow yield requirement has decreased by 0.06 percentage units in the office and retail portfolio and 0.22 percentage units in the shopping centre portfolio and remained unchanged in the logistics portfolio. The effect of the changes in market rent levels and/or vacancy rate assumptions to the market values of the properties were minor. The increase in value was caused by the decline of yield requirements of prime properties and the improved rental situation of certain properties.

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

According to Catella's opinion, in those Sponda's premises, which have got new lease agreements, the new contract rents comply with the common market trend: the rent levels in the Helsinki CBD and Ruoholahti offices have remained unchanged 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. However, in the past six months rather few new lease agreements have been established.

Catella Property Oy

Helsinki, 18 January 2011

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

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