STATEMENT

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

Moscow, Moscow Region and Saint Petersburg, Russia

June 30, 2012

On behalf of Sponda Plc

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

Our Assignment

In accordance with the engagement contract #02/05-380CV dated May 03, 2012 between Sponda Plc (hereinafter referred to as "the Client", "the Company" or "Sponda") and CB Richard Ellis LLC, we have reviewed the property valuations carried out internally by Sponda.

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

The Portfolio covered in our analysis consists of 8 (eight) operational properties held for investment, the assets are described in Appendix 1 of this Statement. In June 2012 Sponda Plc purchased Bakhrushina House, an office building in central Moscow. Our review covered the properties which we believe are owned by the Client or its subsidiaries. CBRE made relevant enquiries in order to provide our opinion of the Fair Value of the Property Portfolio as at June 30, 2012.

We confirm that we provide this advice as external valuers and we are not aware of any conflict of interest or potential conflict of interest arising in carrying out this instruction.

Approach

In accordance with the Standards, our valuations have been prepared on the basis of Fair Value. There are two definitions of Fair Value defined in the Standards:

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

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

We found the general valuation methodology used by the Company to be appropriate, and based our valuation on the Income Approach, adopting a 10-year discounted cash flow method to arrive at a Net Present Value. We amended some of the assumptions on market rental rates used by the Company by checking current rental rates, and then incorporating these into the discounted cash flow model upon expiry of current leases taking into account the cyclical nature of the real estate market and the economy. The Sales Comparison Approach was used in addition to the Income Approach in the valuation of the "Meliora Place" mansion, reflecting the specific characteristics of the Property.

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

We have relied upon the rentable areas, tenancy schedules, current rental rates and operating expenses as provided to us by the Client. We have not made check measurements to verify any areas. We assume that all areas provided for the Properties and site areas are complete and correct.

The Moscow and Moscow Region Properties were inspected between November 29th and November 30th, 2011. The Saint Petersburg Properties were inspected on November 30th, 2011. We have assumed that no significant changes that could affect the value of the Properties have occurred in the period between the last inspection and the valuation date.

We have not undertaken structural surveys or tested any of the services. At the time of our inspection the Properties generally appeared to be in a reasonable state of repair and decoration commensurate with age and use. We have not been provided with a copy of any building surveys or structural reports, and have assumed that there are no defects that could have an impact on value.

For the avoidance of doubt, we have not undertaken any environmental audits or other environmental investigations or soil surveys at the Properties that may draw attention to the existence of any contamination or the possibility of any such contamination. We have not carried out any investigation into past or present uses of the Properties nor of any neighbouring land to establish whether there is any potential for contamination from these uses or sites adjacent to the subject Properties and have therefore assumed that none exists.

CB Richard Ellis, LLC will not assume any responsibility or liability for losses occurred to Sponda Plc, or other parties, as a result of the circulation, publication, reproduction or use of this Statement contrary to the provisions stated. We wish to emphasise that our liability rests with Sponda Plc and that we are under no obligation, contractual or otherwise, to any other parties.

MARKET SITUATION

MACROECONOMIC OVERVIEW

Russia's application to join the WTO was finally approved after 18 years of negotiation at the end of 2011 in Geneva. Russia will become a full member of the WTO in July 2012 after ratification of the agreement with the World Trade Organisation.

According to the World Bank Report, Russia's admission to the WTO should benefit the country by 3% of GDP per year in the medium term. Some experts forecast price reductions in consumer goods of around 2% to 5% as a result of trade liberalisation.

In Q1 2012 the Russian economy was still affected by the consequences of the crisis and developments in the Eurozone, the problems inside Europe remain unresolved and are widely considered as a significant negative factor and risk to the recovery and growth of the world economy.

Table 1. Key Macroeconomic Indicators

MAIN MACROECONOMIC INDICATORS	2006 JAN-DEC	2007 JAN-DEC	2008 JAN-DEC	2009 JAN-DEC	2010 JAN-DEC	2011 JAN-DEC	2012 Q1
GDP Growth, percent	**7.7**	**8.1**	**5.6**	**-7.5**	**3.9**	**4.3**	**4.9**
Industrial Production growth y-o-y percent	6.3	6.3	2.1	-11.0	8.2	4.7	4
Inflation (CPI), percent change, e-o-p	9	11.9	13.3	9.0	8.8	6.1	3.7
Unemployment, percent (average for period)	7.2	6.1	6.4	8.3	6.7	6.6	6.5
Oil Prices, Urals (USD barrel) average for period	61.2	69.5	95.1	61.0	90.94	107	117.19

Source: Rosstat, Infostat, Central Bank of Russia, Ministry of Finance, Bloomberg, World Bank, Goldman Sachs

Personal purchasing power recovered after the crisis during 2010 and into early 2011, according to data from the Federal Statistics Service, growth in real incomes was 4.2% at the end of 2010 in comparison with the end of 2009. In 2011, total incomes rose by 0.8% on a year-on-year basis. Q1 2012 showed an increase of about 2.3% compared to the same period last year.

The Rouble strengthened during the period January-April 2012. On January 1, 2012 the Central Bank exchange rate was about 41.67 Roubles to 1 Euro and 32.20 Roubles to 1 US Dollar compared to an exchange rate on April 30, 2012 of about 38.92 Roubles to 1 Euro and 29.36 Roubles to 1 US Dollar. However, the situation has reversed in recent weeks (May–June 2012) with a significant weakening of the Rouble and further instability against the US Dollar and Euro - on May 3, 2012 the Central Bank Exchange rate was around 38.82 Roubles to 1 Euro and 29.37 Roubles to 1 US Dollar, dramatically rising to 42.24 Roubles to 1 Euro and 34.03 Roubles to 1 US Dollar at the beginning of June. The Rouble has since strengthened slightly following the intervention of the Central Bank. However the instability of currency rates remains a considerable issue.

Overall figures for retail sales in 2011 show 7.7% growth year on year. Improvement in the labour market, recovering consumer credit and a moderate increase in salaries stimulated an increase in retail sales, in Q1 2012 the index shows 7.5% growth compared to the same period of 2011. These figures however are for the period before the most recent volatility in the markets and the current pressure on the Rouble, it is unclear how much effect these factors will have on consumer spending.

One of the beneficial changes in the economy in 2011 was a considerable decrease in inflation. Actual inflation in 2011 totalled in 6.1%. It should be noted, however, that this level of inflation is among the lowest that Russia has recorded since 1991.

Interest rates in the Russian Federation remain relatively high in comparison to Western Europe and the US. The European Central Bank interest rate in December 2011 was reduced from 1.5% to 1.0%. The Bank of England and the US Federal Reserve interest rates remained unchanged at 0.5% and 0.25% respectively; they have been at this level for much of the crisis period. The Russian Central Bank decreased the interest rate from 9.2% in March 2012 to 9% in April 2012. The Russian Central Bank has held the refinancing rate at 8% since December 26, 2011.

Oil remains a major part of Russia's economic strength. After the sharp decline in oil prices in 2008-2009 (the lowest price was $40 per barrel) there was a recovery in prices during

2010-2011 with Brent rising from around $95 a barrel in January 2011 to a peak of more than $125 per barrel in April 2011. During early June 2012 prices for oil have been decreasing slightly, waiting for the decision of OPEC and on June 27, 2012 Brent was equal to $93.44 per barrel.

In reaction to the global uncertainty during late August and into September 2011, gold prices reached record levels in excess of $1,920 per ounce, an increase of around 35% from $1,420 per ounce at the beginning of the year. This growth has been driven by investor anxiety over macroeconomic risks and uncertainty, including the US debt, the European crisis, potential Sovereign Debt default and inflation in emerging markets. The price of gold is thought to be the mirror of macroeconomic stability and price increase can be interpreted as lack of confidence in currency and the resilience of the economic recovery. The current record prices reflect the lack of confidence globally. As at beginning of June 2012 gold price was at the level of $1,600 per ounce.

It should be noted that in 2011 there was a constant capital outflow from Russia, estimated at more than $84 billion (2.5 times higher than in 2010) caused in part by the uncertain political situation in the country due to the presidential election of March 4, 2012 and also by instability in other world markets, primarily in Europe. Moreover, the level of capital outflows in 2011 was higher even than in 2009, the worst year of the recession, when net outflows were recorded at $57 billion. The highest capital outflow was in 2008, at $129.9 billion.

Trends and Forecast

- It is expected that Russia's economy will experience some volatility during 2012, reflecting the current global situation. The duration of this volatility will be largely determined by the time it takes for the Eurozone to recover from the crisis and by the duration of the recession in the Eurozone, as well as the influence of the European and US economic problems on the Chinese economy;
- Oil prices and prices of other natural resources will greatly affect the Russian economy and by extension the budget deficit. It is anticipated that oil prices will change slightly during 2012 due to restrictions on the oil supply imposed by OPEC countries, in the face of reduced demand;
- GDP growth in 2012 is forecast to be lower than in 2011, and is estimated at about 3.75% to 4.0%. However, if there are any force majeure external influences, these figures may be revised.

LEASING MARKET

Moscow Office Market Overview

During Q1 2012 the major trends on the Moscow office market were:

- Low volume of new supply due to the continuing after effects of the financial crisis, in particular a lack of financing;
- High tenant activity in the market, including large companies implementing their long-term growth strategies, seeking improved office space;
- Falling vacancy rates due to high demand and lack of new supply;
- Stable rental rates. Rental growth was seen in only a few business centres which are particularly attractive to tenants.

New supply

Just 111,300 sq m of office space was delivered to the market (55,000 sq m less than in Q4 2011). The low volume of new supply that was observed in 2011 is expected to continue throughout 2012. Only one Class A office building, LightHouse BC, entered the market.

The new town-planning policy of the Moscow Government has had a major influence on future office market development. As a result, during 2012 – 2013 we do not expect that the volume of newly delivered office space will reach the levels experienced between 2007 and 2009 when more than 1 million sq m entered the market annually.

The table below shows the new office properties completed in Q1 2012:

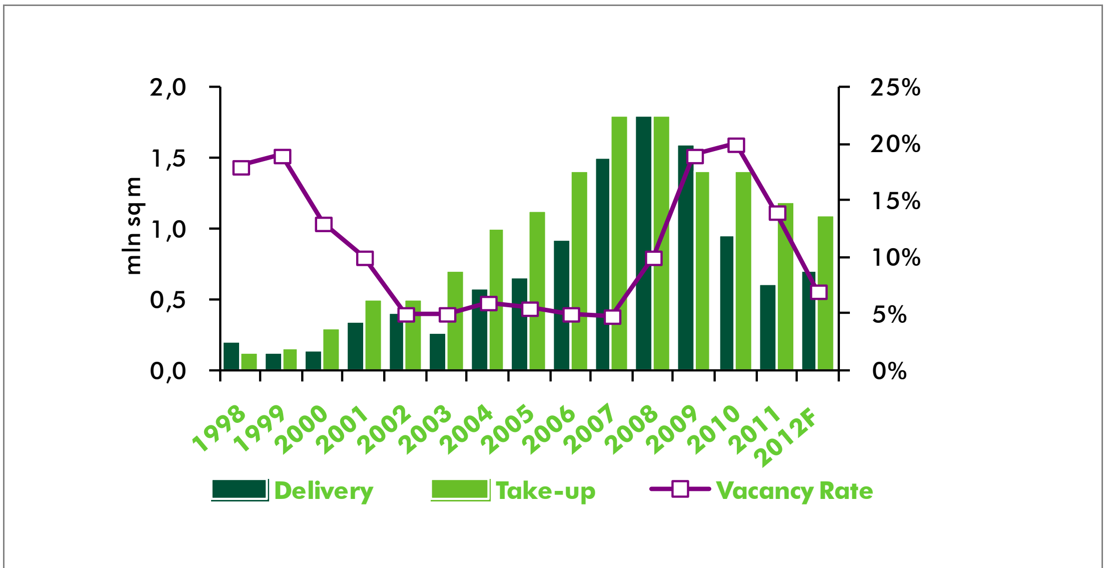
Table 2. New office properties completed in Q1 2012

PROPERTY	CLASS	TOTAL GROSS SQ M	RENTABLE SQ M
Grand Setun Gorbunova ul. 2	B+	75 462	58,200
LightHouse Valovaya ul. 26	A	44 580	22,500
BC at Universitetsky Av., 12	B+	16 000	14,400

Source: *CBRE*

Most of the new delivery (67%) took place in the zone between the Third Transportation Ring (TTK) and MKAD. The remainder entered the market in the CBD (the area inside the Garden Ring – GR). No office project was delivered in the zone between GR>TTK or beyond MKAD.

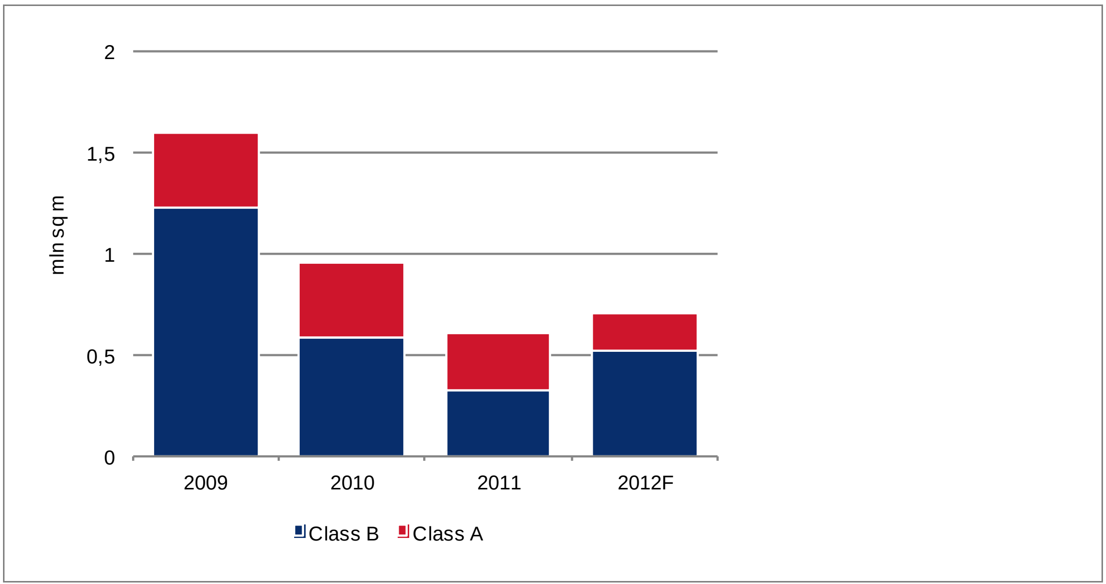
Chart 1. Take-Up, Delivery and Vacancy Rate, 1998-2012



Source: *CBRE*

The total volume of quality office stock in Moscow is 12.7 million sq m. The share of Class A is 18% and Class B 82%. According to announcements from developers, the total new supply in 2012 will be about 700,000 sq m.

Chart 2. Annual Supply by Class



Source: CBRE

Take-up

The volume of deals closed during Q1 2012 was 274,000 sq m, half the level seen in Q4 2011. Nevertheless, the volume of Q1 take-up is typical for this time of year and can therefore be explained by seasonal factors: business activity is low during the first months of the year.

Some of the major deals closed in Q1 2012 are listed below:

Table 3. Major deals closed in Q1 2012

PROPERTY	ADDRESS	CLASS	TENANT	AREA SQ M
Preo BC	Preobrazhenskaya pl., 8	A	BDO Unikon	6,300
Olimpia Park	Leningradskoe sh., 39	A	Tinkoff Credit Systems	3,100
Chaika Plaza 10	Varshavskoe sh., 25	B+	ALD Automotive	1,500
Dvintsev BC	Dvintsev ul., 14	A	Energoprom	1,300
Linkor BC	Aviakonstruktora Mikoyana ul., 12	B+	Ozon.ru	1,000

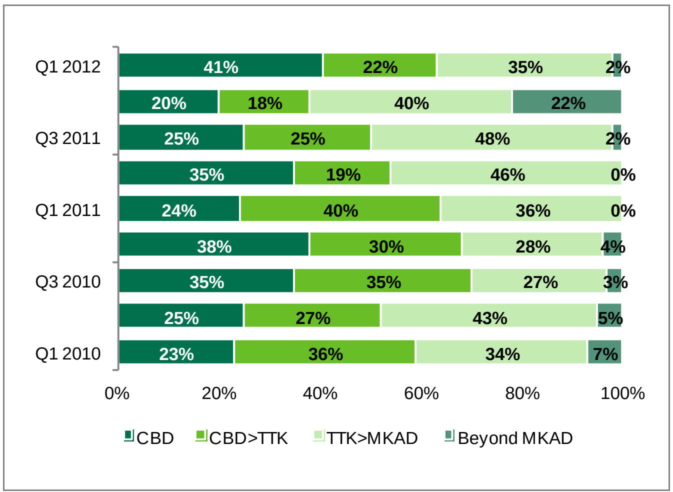
Source: CBRE

Geographically, the majority of take-up took place in the CBD (41%), while the lowest level of take-up observed was beyond MKAD (2%). CBD has consistently seen the highest level of tenant activity in the last few years. However, we expect changes in tenant demand by the end of 2012 and in 2013 because of the falling vacancy in secondary space and the low volume of new delivery in the CBD. We also expect a return of the trend seen in 2005 to 2007, when quality office premises were pre-leased at an early stage of construction.

As in Q4 2011, the share of total deals completed in Class A buildings (57%) was larger than the share in Class B buildings (43%). Deals signed for Class B- offices amounted to just 13,500 sq m. Over the last five years the average share of transactions for Class A premises was 30%. We expect the recent growth in the share of deals completed in Class A buildings to continue.

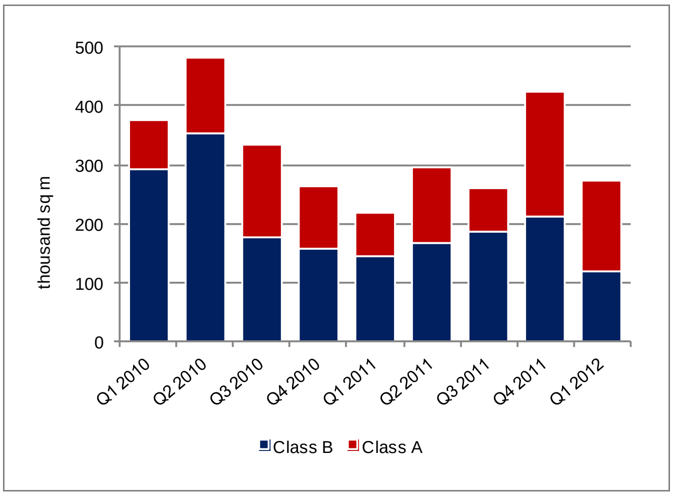
According to an analysis of deals in Q1, the most popular office size was from 100 sq m up to 400 sq m and from 500 up to 1,000 sq m. Such premises comprise more than half the total number of transactions. There were few leases for more than 5,000 sq m.

Chart 3. Take-up by Geographic Submarket



Source: CBRE

Chart 4. Quarterly Take-up by Class of Space



Source: CBRE

Vacancy rates

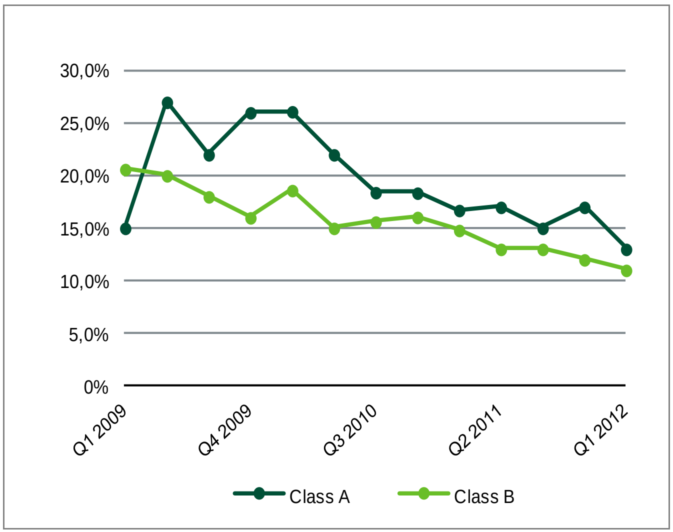
In Q1, overall vacancy decreased and reached 12%. Falling vacancy was registered in both Class A and Class B buildings. Newly delivered office space did not increase the vacancy rate, as the level of delivery was low while tenant activity was high. The vacancy rate in Class A buildings in Q1 had fallen to 13% and in Class B to 11%, compared with 17% and 12% in Q4 2011 respectively.

Falling vacancy was registered in all Moscow submarkets, declining by 1% to 2% compared with Q4 2011. The lowest level of vacant space was in the CBD (9%).

The zone beyond MKAD had the highest vacancy (17%), due to the large number of alternatives available to tenants in more preferred locations inside MKAD. Nevertheless, we forecast that tenants will be forced to show more interest in premises beyond MKAD by the year-end due to the limited number of vacant offices and growing rental rates inside MKAD.

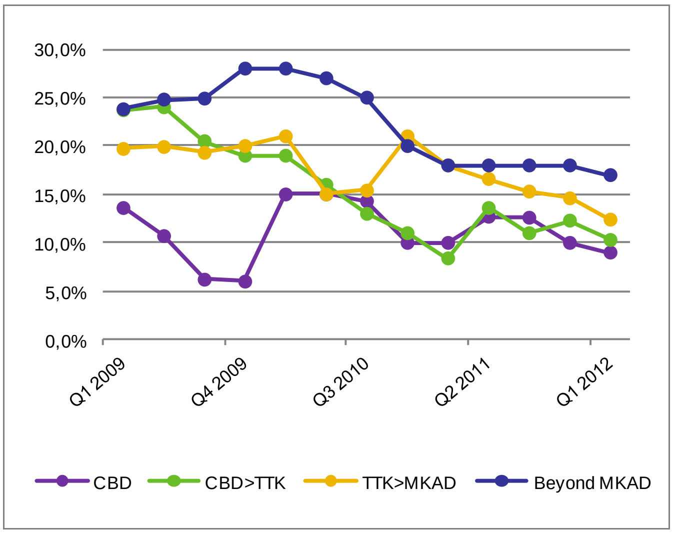
We forecast that the vacancy rate will be 7% by the year-end.

Chart 5. Vacancy Rate by Class of Space (%)



Source: CBRE

Chart 6. Vacancy by Geographic Submarket



Source: CBRE

Rental rates

During Q1 rental rates were stable: $1,200 per sq m for prime Class A buildings, $800 per sq m for Class A buildings and $450 per sq m for Class B buildings. Given the falling vacancy rates, the owners of the most sought-after office buildings announced their intentions to increase rates in future.

Chart 7. Average Asking Rents

Source: CBRE

Yields

There continues to be a lack of transparency in the Russian market, together with a relatively small number of transactions, making it difficult to assess the true level of yields. However, we estimate that for a fully leased prime office complex the yield would be approximately 8.75 to 9 per cent.

Outlook

The trends seen in Q1 2012 will continue throughout 2012. We will see high levels of tenant activity due to increased confidence in the Russian economy and the country's political leadership. Now companies which had exercised caution with regard to their long-term expansion plans before the elections will start to implement their strategies for future development. Recruitment data further lends credence to this, companies are reporting an increase in staff numbers, and indeed employment figures have reached pre-crisis levels. Nevertheless, the volatility of European markets and the Eurozone suggests continued risks for Russia's economy and by extension the labour and real estate markets.

As we noted in 2011 the demand for office space began to develop outside the Garden Ring. Due to the growing rents, low vacancy and limited new construction in the CBD, geographical segmentation will continue throughout 2012.

Taking into account the above, we forecast further growth in rents for all classes of space, particularly in the best Moscow submarkets. During 2012 we expect that Prime Class A rents will reach $1,300 per sq m/year net of VAT and OpEx, Class A - $850 per sq m/year and Class B - $500 per sq m/year.

Overview of the Moscow and Moscow Region Retail Markets

The Central Federal District, and especially Moscow and the Moscow Region, has a special status in that the leading domestic retail operators, as well as foreign retailers establishing their operations in Russia, have a presence there. The Moscow and Moscow Region retail markets are usually considered to be interdependent. The major advantage of Moscow Region compared to other regions in Russia is its proximity to Moscow. As a result, the Region is highly developed and diversified in terms of the presence and development of retail units. According to official statistics, Moscow Region is one of the five most highly developed regions in Russia. The major trends of 2011 having an impact on Q1 2012 are described below:

- A snapshot of the supply situation in Moscow and the Moscow Region in Q1 2012 is provided in the table below:

		MOSCOW	MOSCOW REGION
Shopping centre stock per 1,000 inhabitants	sq m	276	n/a
Completions, Q1 2012	000 sq m	23	22.5
Pipeline of SCs to end-2014	000 sq m	827	1,035
Number of shopping centres in pipeline		19	27

Source: CBRE

Despite the recent growth, the supply of retail space in Moscow and the Moscow Region remains modest for the size of the city. Due to uncertainty surrounding construction permits in Moscow, most of the new supply is planned for the Moscow Region. It is expected that no large schemes will enter the Moscow market before 2013-2014 at the earliest.

The total stock of modern retail space in Moscow reached 3.84 million sq m GLA in 117 retail centres at the end of Q1 2012. The number of completions was one of the lowest for a first quarter over the last 6 years, at the same time a number of projects are currently being developed in Moscow. The largest are River Mall shopping centre (88,000 sq m GLA), GoodZone (70,000 sq m GLA), Otrada (70,000 sq m GLA), a shopping centre on Altufevskoye highway by FinStroy (56,000 sq m GLA), and Kaleidoscope (41,000 sq m GLA).

- Rental rates and lease terms for Moscow and Moscow Region did not change significantly in Q1 2012. However it should be noted that rental rates in Moscow shopping centres increased by 7-8% in 2011 and practically regained their pre-crisis level. At the same time the shift towards turnover rents as opposed to fixed rents is gaining strength in 2012. As a result of the increase in retail turnover observed in 2011 and Q1 2012, rents saw some moderate growth. It should be noted that, in the case of turnover rents, anchor tenants are often allowed to fix the upper cap for rental level;
- In view of the rising activity of retailers who continue to announce expansion plans and plans to open new stores the existing vacancy is likely to fall and rental rates and sale prices for well located properties will continue to grow. Intense competition between retail operators is enabling property owners to rotate tenants, with resultant rental increases;
- Capitalisation rates have reduced across all sectors since the end of 2010. They are now hovering at around 9.25-9.5% for prime shopping centres. For sub-prime local shopping centres with a primarily Russian tenant mix, yields are usually higher and could be in the range of 11% to 12%;
- New large retail projects have been prohibited in the central part of Moscow since the beginning of 2011 and most investment agreements have been revised by the Moscow government. As a result, in Q1 2012 vacancy rates in quality shopping centres in central Moscow fell to approximately 3%. The reasons lie in high demand for quality retail space from retailers and in the shortage of such space. Few shopping centres are expected to be delivered in Moscow and the Moscow Region markets in 2012, so the vacancy rate is expected to decline a little further;
- Positive trends in retail impacted positively on the operating results and plans for further development of retail chains. The past year brought a number of new brands into the Moscow retail market, such as Imaginarium, Desigual, Pandora, Gap, DKNY and DKNY Jeans, Jimmy Choo, SONIA by SONIA RYKIEL, Petit Patapon, Banana Republic, Victoria's Secret, Reiss, and La Senza, and food chains such as Wendy's, Nordsee, Kitchenette, and Chili's Grill & Bar. Several prominent brands announced plans to enter the Moscow market in 2012, including Juicy Couture, The Noodle House, Hamleys, M & Co, Cosmopolitan Jewellery & Accessories, Marc O'Polo, Jeanswest, SIA Home Fashion, Moe's Southwest Grill, GNC, and Krispy Kreme;
- The launch of new formats was one of the main trends in the retail market in 2011. McDonalds has opened its first experimental McKiosk, which offers a dessert menu only. Russia's largest mobile retailer, Euroset, plans to rebrand the existing chain and to develop the Bee-line mono-brand chain. The Coffee House chain has launched a new format, Aroma café, a "full cycle" café, where everything is cooked on the premises. Starbucks will launch its new chain Seattle's Best Coffee, and RosInter Restaurants has launched the Il Patio Vita Fresca restaurant. The first Podium Market was opened in the retail gallery of the hotel "Moscow" this differs from other chains by occupying a larger

area (7,000 sq m) and offering a larger range of goods. "36,6" launched its new pharmacy chain, "LEKO", selling medical goods at reduced prices;

- Three new outlet centres will enter the Moscow market in 2012 (Fashion House Moscow Outlet Centre, Outlet Village Belaya Dacha, Vnukovo Outlet Village); this is a new shopping centre format for Russia. Fashion House Moscow Outlet Centre is a project of Fashion House Group, which is one of the largest developers of outlet centres in Central and Eastern Europe; it is 28,765 sq m GLA, has 192 shops planned and is situated close to Sheremetievo airport. Outlet Village Belaya Dacha (38,000 sq m GLA and more than 200 retailers planned) is a jointly owned project of the American company Hines and the Russian company Belaya Dacha. Vnukovo Outlet Village (26,252 sq m GLA planned) will be situated on the highway leading to Vnukovo airport, the developer of the project is a Russian company;
- Retailers are improving both product mix (which was rather poor during the crisis) and service mix: online stores, loyalty programmes (including SMS and social networks), credit card payments and catalogue sales are among the most popular innovations. Internet retail turnover is increasing as the number of internet users in Russia rises. "Traditional" retailers are attempting to match this trend: for example, Auchan is planning to implement a new format project, "Auchan-drive", in 2012. This enables buyers to choose items on-line and to collect them in-store. At the beginning of 2012 X5 Retail Group launched a retail internet channel providing an electronic service, covering 400,000 items which can be obtained and paid for in Perekryostok stores in Moscow and Saint Petersburg, as well as at some Pyaterochka stores in Moscow, and using courier delivery all over Russia. In addition, due to the growing popularity of mobile devices, a lot of chains (Mango, H & M, Auchan, Azbuka Vkusa etc) are designing brand Apps for Iphone, Android, Windows and Symbian, providing an opportunity for customers to shop using only their mobile devices. However at the moment online sales cannot compete with traditional retail. In 2011 online sales represented only about 1.6% of total Russian retail turnover;
- Retail sector development prospects are by and large dependent upon the macroeconomic outlook. According to market players, there is a possibility of growth in the sector in the course of 2012 if living standards and consumer sentiment see further growth.

SAINT PETERSBURG PROPERTY MARKET OVERVIEW

Saint Petersburg Office Market

Supply

36,000 sq m of new office space was brought to the market in four office centres in Q1 2012, only one of which was Class A (Senator office centre). More than 90% of all new premises are second phases of existing projects.

At the end of Q1 2012 the total stock of offices in high quality Class A and B business centres amounted to slightly more than 2.2 million sq m.

Office Market Key Figures (Q1 2012)

	CLASS A	CLASS B
Total stock, sq m	563,000	1,677,000
Delivery in Q1 2012, sq m	16,500	19,500
Vacancy	17%	11%
Lease terms	3-5 years	11 months-3 years
Capitalisation rate	11-12%	
Rental rate, USD/sq m/year, incl. OPEX, excl. VAT	$470	$340

Source: Maris Properties in association with CBRE

The market for quality offices in St Petersburg is represented by small reconstructed buildings with a total area of not more than 10-15,000 sq m.

It is quite rare to see large office premises on the market and these are most commonly offered and leased while under construction. The largest office buildings in St Petersburg are Pulkovo Sky (total area of 80,000 sq m) and Saint-Petersburg Plaza (total area of 100,000 sq m).

Several large office properties are expected to be delivered to the market in 2013. 2012 can be characterised as a year of ongoing office market development and delivery of new small office centres. The average area of new office centres in 2013 will be almost twice as large as in 2012 (16,000 sq m against 8,700 sq m). This indicates the gradual increase in size of new office buildings in St Petersburg.

Projects Under Construction as at Q1 2012

OFFICE CENTRE	CLASS	AREA SQ M
Saint Petersburg Plaza	A	100 000
Pulkovo Sky	A	80 000
Leader Tower / Leninsky Prospect	A	50 000
Nevskay Ratusha, 1st Phase / Degtyarny Lane	A	48 850
Renaissance Pravda / Hersonskaya St.	A	30 000
Renaissance Premium / Reshetnikova St.	B	25 400
Russian Samotsvety / Karl Faberge Sq.	B	13 000

Source: Maris Properties in association with CBRE

Demand

Demand was at a fairly high level in the first quarter of 2012, although pre-crisis levels have yet to be reached. The number of enquiries is higher than the same period last year. Most requests and transactions are for class B office centres.

Demand for office space in different parts of the city is unbalanced. The most popular districts are Central, Moskovsky, and Petrogradsky.

The least popular districts among tenants are those outside the centre - Krasnoselskiy and Kalininsky residential areas, for example. The popularity of Vasilievskiy Island is falling because of poor transport accessibility (crowded metro stations, traffic jams, lack of parking spaces).

Small office premises up to 100 sq m are always in high demand. In early 2012, requests for this size of unit represented 68% of the total.

Quarterly take-up reached a total of 23,140 sq m of Class A and B space, with 9,370 sq m Class A and 13,770 sq m Class B. Total take-up was almost double that in the same quarter of last year, indicating an overall improvement in the market.

Main Transactions in Q1 2012

COMPANY	OFFICE CENTRE	AREA, SQ M
North-West passenger company	1st Sovetskaya,6 BC	2,570
Embriya Razrabotka	Light House	1,000
Union Clinik	Renaissance Plaza	1,096
Sberbank	Pulkovo Sky	1,200

Source: Maris Properties in association with CBRE

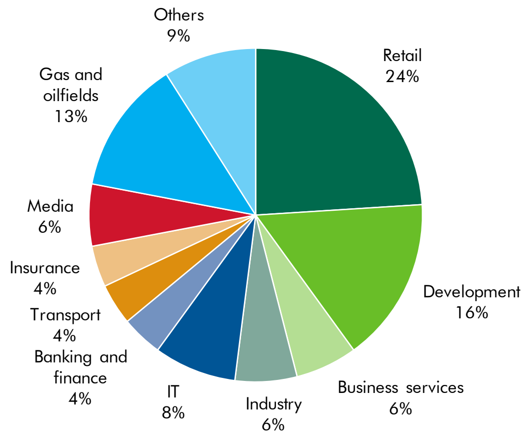
Vacancy rates

The vacancy rate for Class A business centres in the first quarter of 2012 was unchanged from 2011 at 17%, while Class B vacancy continued to fall, reaching 11%.

However, the average vacancy level does not represent a true picture of the market. 90% of buildings are 90-95% occupied while the rest have an occupancy level of 50% or less. There are small vacant units on various floors in practically every building.

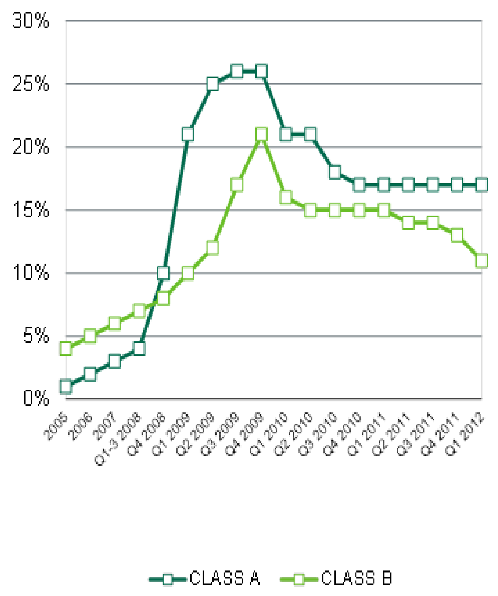
Occupancy levels vary by location. Office centres located on Nevsky Prospect and in the city centre usually have minimal vacancy. By the end of Q1 2012, the vacancy rate in Class A office centres in the central part of the city was 6%, and 10% in Class B. In outlying districts, the vacancy level in Class A office centres was 32% and 17% in Class B.

Demand Structure by Sector, 2011



Source: Jones Lang LaSalle

Vacancy Rates by Class of Space



Source: Maris Properties in association with CBRE

Rental rates

Stable demand for office premises and a reduction in vacancy have led to an increase in rental rates. Rents for Class B office premises have increased by 3-4% in Q1 2012.

Rental rates in existing Class A office centres have not changed significantly during the year because some vacancy remains.

Minimum, maximum and average rental rates in business centres in St Petersburg are shown in the table below:

Rental Rates as at Q1 2012

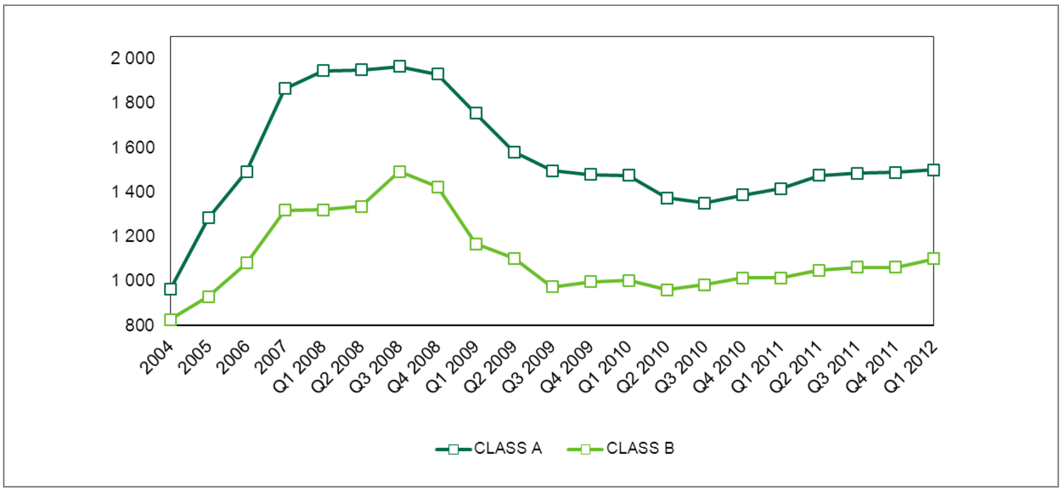
RENTAL RATE* | CLASS	CLASS A	CLASS B
Minimum	$340	$300
Average	$440-$530	$280-$380
Maximum	$630	$470

**USD per sq m per year (including OPEX, excluding VAT)*

Source: Maris Properties in association with CBRE

Rental growth will be driven by the low level of new supply of quality office space. Take-up in Q1 2012 showed an increase in demand for quality office space in the central city districts. These factors together will lead to a reduction in vacancy rates and will increase the opportunity for growth in rental rates.

Rental Trends (Roubles per sq m per month)



Source: Maris Properties in association with CBRE

Saint Petersburg Warehouse Market

Supply

A shortage of quality supply and a high level of demand on the St Petersburg warehouse market at the beginning of 2012 have led to an increase in rental rates.

The first phase of the Nordway logistics centre in Shushary, with a total area of 43,000 sq m and the first phase of Orion Logistics in Pargolovo, with a total area of 15,000 sq m, were completed during Q1 2012.

The opening of the first phase of St Petersburg Terminal Complex (55,000 sq m) is planned by the end of the year.

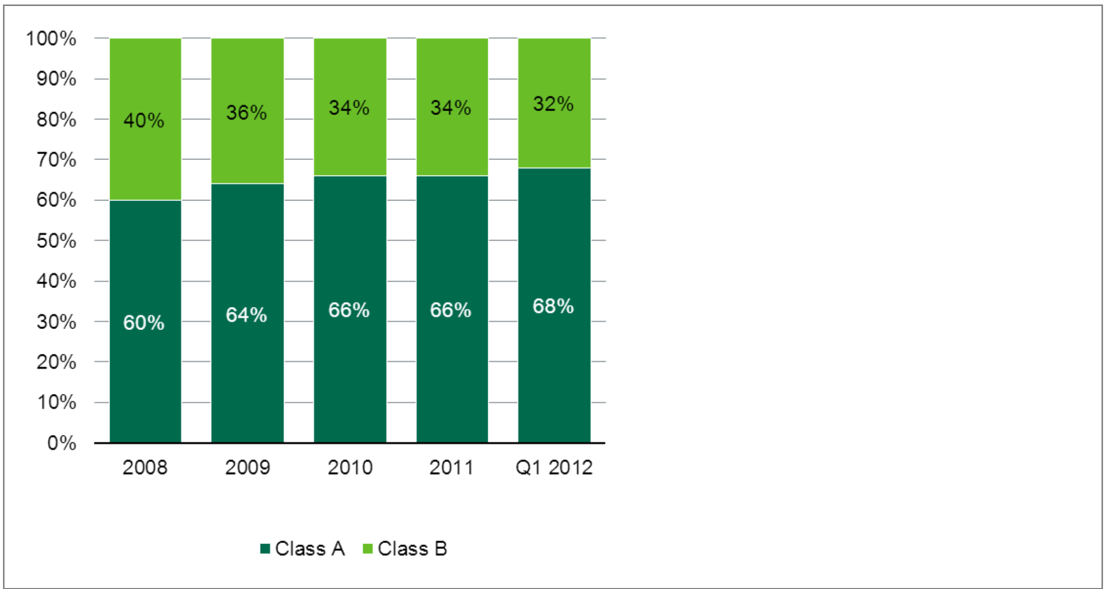
By the end of Q1 2012, the total stock of good quality warehouses in St Petersburg stood at around 1.6 million sq m (excluding warehouses built for owner occupation).

Warehouse Market Key Figures (Q1 2012)

	CLASS A	CLASS B
Total stock, sq m	1,067,000 (67%)	512,000 (33%)
Delivery in Q1 2012, sq m	58,000	-
Vacancy	3-5%	3-5%
Lease lengths, years	5-7 years	3-5 years
Capitalisation rate	13%	14%
Rental rate, USD/sq m/year (triple net)	$90-$110	$70-$90

Source: Maris Properties in association with CBRE

Warehouse Stock by Class



Source: Maris Properties in association with CBRE

Demand

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

The largest transaction in the first quarter of 2012 was the leasing of 30,000 sq m by Major in the newly built Class A "St. Petersburg Terminal Complex". Marvel Distribution also leased 13,000 sq m in Logopark Shushary.

Warehouse units of 2,000-5,000 sq m were in high demand. For example, "Kvattro" leased 3,400 sq m and "Mir Instrumenta" 5,100 sq m in the "Interterminal Parnas" warehouse complex.

In Q1 2012, the most active companies in the warehouse market were retailers. Logistics companies, which were very active at the end of 2011, have been less in evidence.

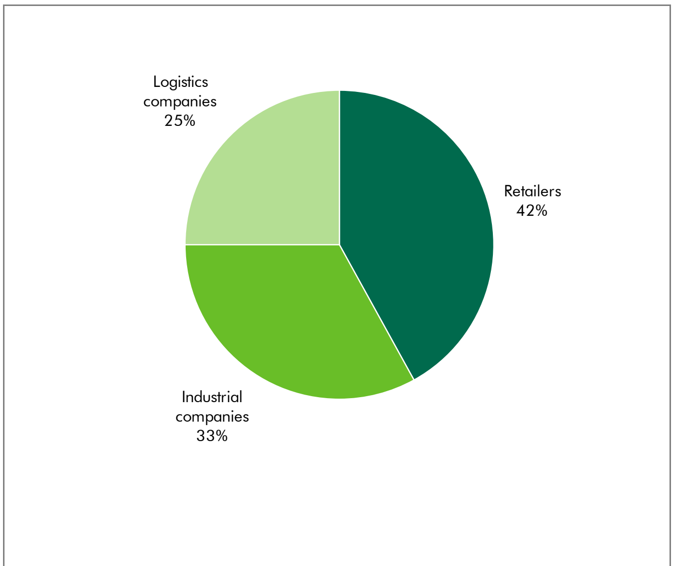
The high level of demand together with the small increase in stock has led to a further reduction in vacancy rates to 3-5%. Geographically, the highest amount of vacant space is located in the southern part of the city, in the Shushary industrial zone.

Major Transactions

COMPANY	WAREHOUSE	AREA, SQ M
Major	St.-Petersburg Terminal Complex	30,000
Marvel Distribution	Logopark Shushary	13,000
Mir Instrumenta	Interterminal Trade	5,100
KVATTRO	Interterminal Trade	3,400

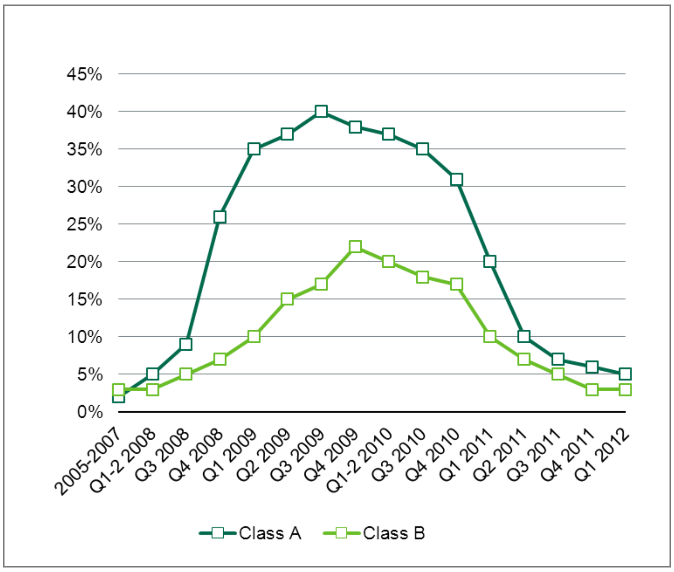
Source: Maris Properties in association with CBRE

Demand Structure by Tenant Type



Source: Jones Lang LaSalle

Vacancy Rates by Class of Space



Source: Maris Properties in association with CBRE

Rental Rates

Asking rents have not changed in 2012, although owners now rarely provide discounts and so achieved rents have risen. Rental rates vary from US$90 to US$100 for Class A warehouses and from US$70 to US$90 for Class B, net of VAT. These rents are per sq m per annum on a triple net basis.

Forecast

The major trends seen last year will continue in 2012. Among these is the resumption of the practice of signing preliminary lease agreements when a warehouse complex is still under construction. This is because of the acute lack of vacant premises in completed warehouse complexes.

On the other hand, developers trying to minimise their risks will be trying to promote build-to-suit projects (when the building is constructed to suit the needs of a specific client).

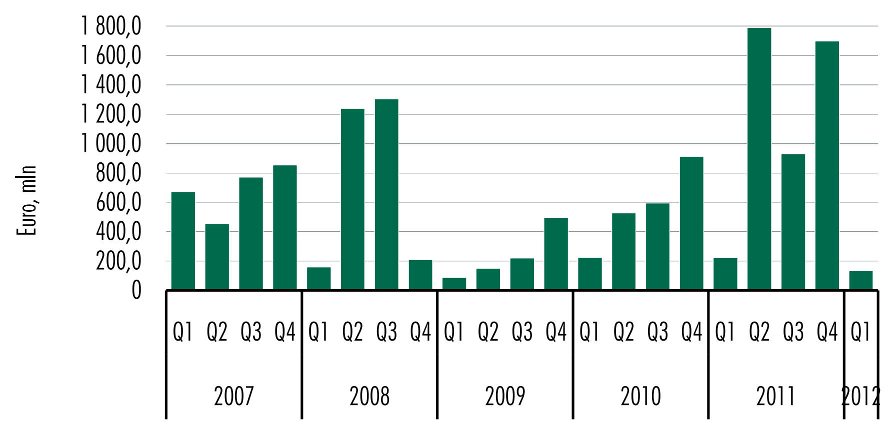
The largest share of demand will be from end users i.e. manufacturing and retail companies. Before the crisis, the major share of demand had come from logistics operators.

Industrial park projects will be actively developed over the coming year. The most well-known industrial parks in St Petersburg are Greenestate, Fedorovskoye, Doni-Verevo, Marienburg, etc.

REAL ESTATE INVESTMENT MARKET OVERVIEW

Investment in the Russian real estate market totalled €132 million in Q1 2012, lower than in Q1 2011. However, the decrease in investment volume could be a direct result of the record quantity of deals closed in 2011. €4.55 billion was invested in 2011, which is over 50% higher than in 2008, the previous record year and twice the level of 2010 (€2.28 billion).

Chart 8. Dynamics of the Total Real Estate Investment Volume
2007-2012 Q1



Source: CBRE

The largest deal in 2011 was the purchase by Morgan Stanley of the 191,000 sq m (GBA) Galleria shopping centre in St Petersburg in December, for an estimated €840 million, with an estimated yield of sub 9%; the vendor was Meridian Capital CIS Fund.

Other significant deals in the second half of 2011 included:

- In September, Hines Global REIT purchased the 8,000 sq m business centre at 11 Gogolevsky Bulvar in the CBD, at an estimated 8.9% yield, from Flemings Family & Partners.
- Lenhart Global bought a 47,500 sq m office complex on Vyatskaya Street from Polishelk property company in Q3.
- Heitman (USA) bought building 2 of the Metropolis office centre on Leningradsky Prospekt (33,500 sq m) from Capital Partners in Q3.
- UFG Real Estate Fund II bought 3 properties in Q3 from Capital Group: Concord Business Centre on Shabolovka Street (30,300 sq m); Pushkinsky Business Centre in the CBD (17,800 sq m); and Metromarket Shopping Centre (9,500 sq m).

The recent Presidential elections in Russia, the continuing instability of the Eurozone and general low investment activity in Europe have had an impact on the Russian real estate investment market. However, some significant deals were closed during the period January–April 2012:

- In February, Hals Development completed the purchase of a 50% stake in the 116,000 sq m "Leto" shopping centre at Pulkovskoe Shosse in St Petersburg from the former partner of Apsys Group.
- O1 Properties and Tactics Group bought a 50% plus 1 share stake and a 50% stake respectively in the total area of 55,000 sq m of the Bolshevik factory located at Leningradsky Prospect, 15, from Kraft Foods.
- Trinity Russian Retail Partnership purchased a 14,130 sq m Klondike DIY-Hypermarket from Klondike in Rostov-on-Don.
- In April, a 50% stake in Golden Babylon Rostokino was bought by Immofinanz from Patero Development for €545 million.
- Europolis sold its 40% stake in Vremena Goda shopping centre located at Kutuzovsky Prospect, 48 to Romanov Property Holding for €114 million.

Moscow as usual accounted for the majority of investment in 2011, with over 74% of the total (91% if Galleria is excluded). St Petersburg accounted for 22%, or 4% excluding Galleria. Other Russian cities which received investment in 2011 included Kaliningrad, Kaluga, Murmansk, Ulan-Ude and Samara. The majority of foreign investment outside Moscow was directed to St Petersburg. Additionally one deal was located in Kaliningrad, and one in Murmansk, both involving the same Swedish investor, indicating that Scandinavian investors, on the whole, are attracted to St Petersburg and the wider Baltic area of Russia and those cities which are close to Scandinavia.

During the pre crisis period of 2007 and 2008, Russia was forging ahead as an increasingly attractive investment market, there was significant interest from domestic and international investors and banks were willing to provide finance. They were attracted by the higher returns offered relative to the overheated Western and Central European markets. With the advent of the crisis this interest largely fell away in line with most other Real Property markets.

In 2009-2010 foreign investors showed a cautious approach in a desire to wait and see how the situation developed, whereas Russian investors took the leading role in benefitting from the low market.

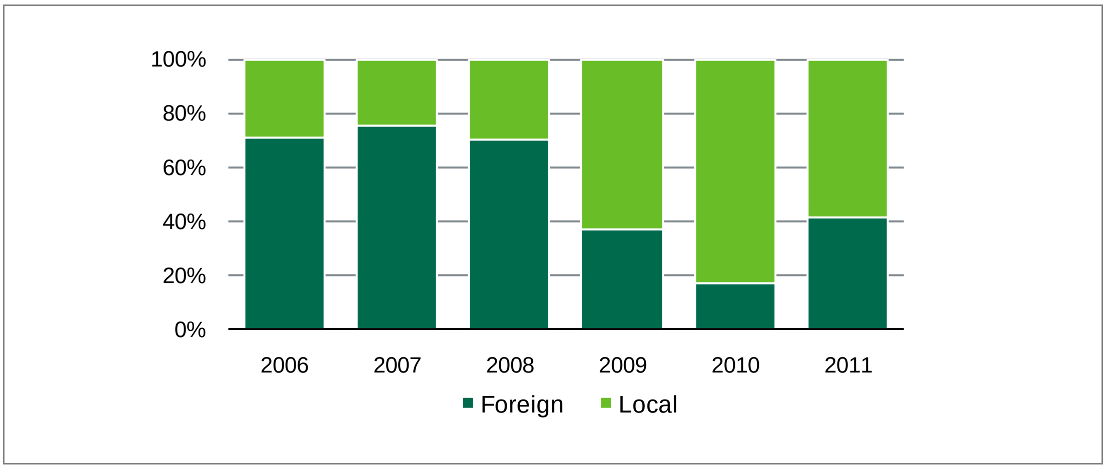
There was increasing interest and transactions over late 2010 and into 2011. However, the transactions were primarily domestic in nature and often connected to large state-backed banks or companies. In 2011, Russian investor continued to dominate with the majority of investment, 59%, coming from domestic sources.

There has been some improvement in the international and cross border investment markets and more foreign investors are expressing interest in the Russian market, although this is predominantly confined to top quality assets in Moscow or St Petersburg.

The majority of investment in 2011 came from domestic money – 59%. This was much more balanced than in recent years, when 70-80% of investments were accounted for by Russian money. It is expected that foreign investors will continue to return to the market, in the pre-crisis years foreign sources usually accounted for 70-80% of investment so there is still room in the market and the most significant international investors are yet to come.

Chart 9. Dynamics of Foreign and Local Investments

2006 – 2011

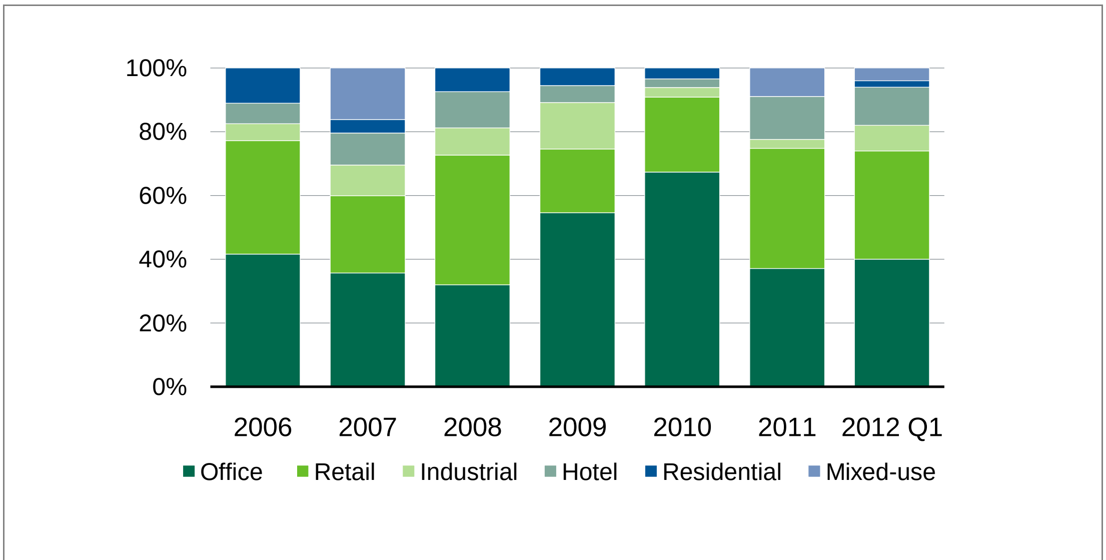


Source: CBRE

In Q1 2012 real estate investment in Russia focused on two sectors, offices and retail, which accounted for 40% and 34% respectively of the total volume of deals in Q1 2012. The hotel sector accounted for 12% of the total and the industrial sector 8%. Investment into commercial real estate in Moscow was mainly divided between shopping centres and mixed use properties, which accounted for 55% and 44% of the total respectively.

Chart 10. Investment by Sector

2006- 2012 Q1



Source: CBRE

There are two noticeable trends in the market: the firm and growing confidence from foreign investors, which we have discussed above and a growing interest in regional assets.

Growing appetite for higher investment returns and a more flexible attitude to risk has encouraged investment interest in regional projects. The Moscow market cannot satisfy this appetite alone, although it is still the leading Russian region for real estate investment by both quality and quantity of investment opportunities. Whereas Moscow's position in the quality office and industrial market is strong, the lack of investment opportunities in the retail and hospitality markets forces investors to consider riskier but more profitable options in the relatively more developed regional markets. Rostov-on-Don, for example, has seen strong investment activity with three closed deals during January-April 2012 ("Rostov" hotel, "Klondike" retail warehouse and "Horizont" shopping centres).

December's successful sale of the Galleria shopping centre in St Petersburg, which was an example of both these trends, may draw domestic and international investor attention in 2012 to the growth potential in regional retail. Outside of Moscow there are 12 cities with populations of over one million whose populations continue to enjoy significant purchasing power, but whose retail options in terms of shopping centres are currently limited. A well-designed well-located shopping centre in these cities is likely to be very successful. And then there are a further 49 cities with populations of over 300,000, many of which are also under-supplied with modern, good quality shopping centres.

A key restriction to Russia generally is the very small number of international investment-grade buildings. International investors are less likely to consider lower standard buildings than Russian investors, due to a lack of experience in the market and perceptions of, and appetite for risk. This shortage drives values higher for the best quality buildings which become available.

The financial crisis and its aftermath, together with changes to the planning system, have exacerbated the situation by significantly reducing the pipeline of new projects. As a result, Moscow and Russia generally will remain severely undersupplied in terms of quality new investments over the short to medium term.

There are two domestic economic factors which will influence the real estate market. Firstly, overall economic growth in Russia is believed to have been in the region of 4 to 4.5% in 2011. The consensus view is that growth will be slightly lower in 2012, but still far higher than the expected levels in the European Union. As such, the record volumes of investment in 2011 are unlikely to be repeated in 2012.

Secondly, capital flight remains high. According to the estimates of the Central Bank, the Q1 outflow stood at €28 billion, almost the same as Q4 2011. Although the CBR's forecast for 2012 remains the same (-€8.4 billion), the forecasts of the Ministry of Economic Development (-€8 to -€20 billion) and Ministry of Finance (-€32 billion) look more realistic. Whichever is closer to the mark, the year will end with significant capital outflows, meaning that investors remain either cannot see the rationale or opportunities for making major investments within Russia or are financially unable to make these investments. Overall, Q1 2012 continued to show the improvement of sentiment in capital markets seen in 2011, although the results are lower than 2011, when a record number of deals were closed. The recent Presidential elections in Russia, continuing financial uncertainty in several European countries as well as low investment activity in Europe have influenced the Russian real estate investment market. The current situation in the Eurozone and new Basel III requirements have impacted on the appetite of European banks for Russia. However, Russian banks, mainly Sberbank, continue to finance the real estate sector or to delay maturity dates for previously issued loans for development projects with effective concepts.

Conclusions

Having reviewed the internal valuation of the Company Portfolio, CBRE concluded that the Fair Value of the subject Property Portfolio corresponds to the Fair Value of the Portfolio as published in the company's unaudited consolidated interim report for January-June 2012 as of August 3rd, 2012.

Yours faithfully,

Sergey Belov MRICS

Director – Head of Strategic Consulting and Valuation

For and on behalf of CBRE

T: +7 495 258 3990

E: Sergey.Belov@cbre.com

CB Richard Ellis LLC

T/(F): + 7 495 258 3990 (80)

W: www.cbre.ru

Yours faithfully,

Joseph Hardy MRICS

Director – Strategic Consulting and Valuation

For and on behalf of CBRE

T: +7 495 258 3990

E: Joseph.hardy@cbre.com

CB Richard Ellis LLC

T/(F): + 7 495 258 3990 (80)

W: www.cbre.ru

APPENDIX 1: SUMMARY OF THE PROPERTIES

The Property Portfolio of Sponda Plc consists of eight properties held for investment. Four of the eight are located in Moscow, one in the Moscow Region and three in Saint Petersburg. Approximately 75% of the value of the Portfolio is represented by three office buildings in Moscow. The retail properties, including 2 (two) shopping centres in Moscow and in Ramenskoe in the Moscow Region, comprise approximately 19% of the total Portfolio value. The lowest shares in the total value of the Portfolio (around 3% and 3% respectively) are accounted for by the warehouse building in Saint Petersburg and two office buildings in Saint Petersburg. The majority of the properties are modern, recently developed or redeveloped, except for two older buildings converted into business centres in Saint Petersburg in the late 1990s/early 2000s after reconstruction.

A brief description of the Properties in the Portfolio is provided below:

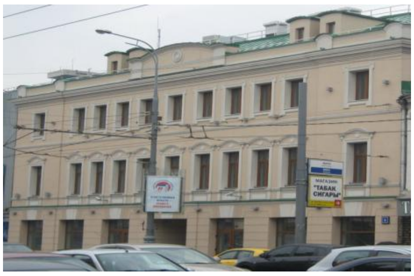
Adastra

Address: 7, "Zanevka" warehouse zone, Zanevka Village, Vsevolzhsky District, Leningrad Region, Russia

Main Use: Warehouse Complex ("Onninen")

Description: The Property comprises a Class A warehouse complex of 7,872.3 sq m built in 2006.

As at the valuation date, the subject warehouse was fully leased and occupied on a long-term basis by *Onninen, LLC*. The lease expires at the end of 2016.



Meliora Place (Ancor)

Address: 6 Prospect Mira St., Moscow, Russia

Main Use: Business Centre

Description: The Property is a 4-storey office building (mansion) with 1 level of underground parking, built in 2008. It has a GBA of 4,842.5 sq m and a GLA of 2,781.41 sq m.

The Property is fully let to multiple tenants. The office space in the Property is let on a long-term basis mainly to local tenants where the areas of the occupied blocks vary from 44 to 382 sq m. The majority of the lease agreements expire between 2012 and 2015.

Inform-Future

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

Main Use: Business Centre

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

1992-1997 with some minor re-decoration in 2004.

As at the valuation date the Property was 94% let to multiple tenants. The long-term leases (5-year term) representing circa 11% of the leasable area are due to expire in 2013-2016. The pool of tenants consists of reputable international and local companies.

Korbis

Address: 4B Vokzal'naya St., Ramenskoe City, Moscow Region, Russia

Main Use: "Solnechniy Rai II" Shopping Centre

Description: The Property is a two-storey shopping centre with an underground level, built in 2005. It comprises 9,018.8 sq m GBA and 6,533.7 sq m GLA. The Property has surface parking for 110 cars providing a parking ratio of approximately 65 sq m of GLA per car space.

The Subject Property is located on Privokzal'naya Plashad', in the centre of Ramenskoye City. The advantages of the Subject Property include its central location, convenient access by car, and the vicinity of the railway station.

As of the valuation date the Property was 100% let to multiple tenants. The long-term leases with anchor and min-anchor tenants, representing circa 55% of the total revenues, are due to expire between 2012 and 2020. The pool of tenants consists entirely of local companies, some of whom operate on franchises from international brands.

NRC

Address: 3A Kaluzhsky Lane, Saint Petersburg, Russia

Main Use: Office Centre

Description: The Property is an office building with four above-ground floors and a basement, totalling 3,836 sq m GBA and 3,032 sq m GLA. The building was constructed before the revolution in 1886 and substantially reconstructed in 1996.

The Property is 80% let to multiple tenants The long-term leases (3-10-year term) representing circa 34% of the leasable area are due to expire in 2012-2019. The pool of tenants consists of reputable international companies, including state-owned companies, mainly from Northern Europe.

Slavyanka

Address: 6 Borovskoye Shosse, Solncevo District, Moscow, Russia

Main Use: "Solnechniy Rai" Shopping Centre

Description: The Property is a two-storey shopping centre with an underground level, built in 2004. It comprises 11,652 sq m GBA and 9,067.5 sq m GLA. The Property has surface parking for 140 cars providing a parking ratio of approximately 65 sq m of GLA per car space.

As of the valuation date the Property was 100% let to multiple tenants. The long-term leases with anchor and min-anchor tenants, representing circa 39% of the total revenues, expire between 2012 and 2016. The pool of tenants consists totally of local companies, some of whom operate on franchises from international brands.

Western Realty

Address: 7 Gasheka Street, Moscow, Russia

Main Use: Office Centre ("Ducat II").

Description: The Property is a multi-level office building with floors on levels 4 to 10 and a two-level underground car park. The building comprises 19,190.3 sq m GBA and 14,419.6 sq m GLA. The Property was delivered to the market in 1997.

The Property is 98% let to multiple tenants. The office space in the Property is let on a long term basis to reputable, internationally recognised tenants. The majority of the lease agreements expire between 2012 and 2017.

Bakhrushina House

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

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

Description: The building is laid out over six upper floors and a basement level. The building comprises 5,079 sq m GBA and 3,959 sq m GLA. The Property was delivered to the market in 2002.

At the valuation date the Property is fully leased. The office space in the Property is let to reputable, internationally recognised tenants. The majority of the lease agreements expire in 2016 and 2017.