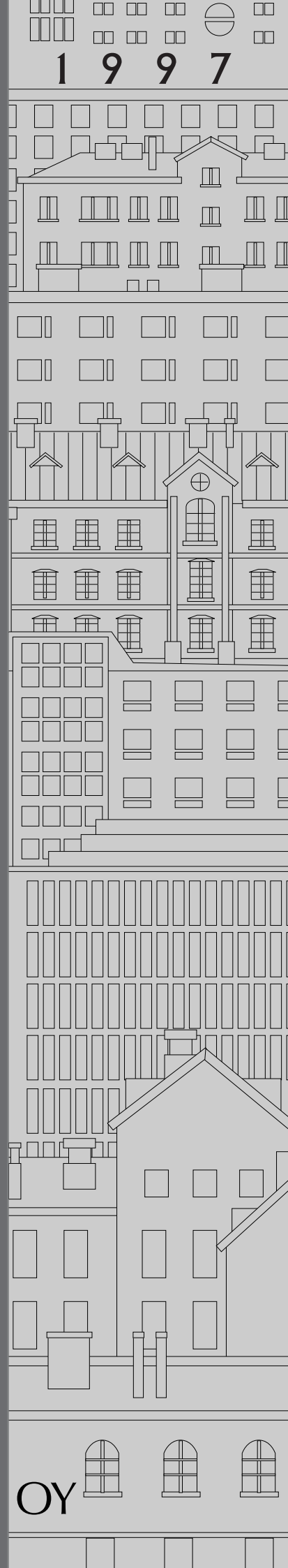


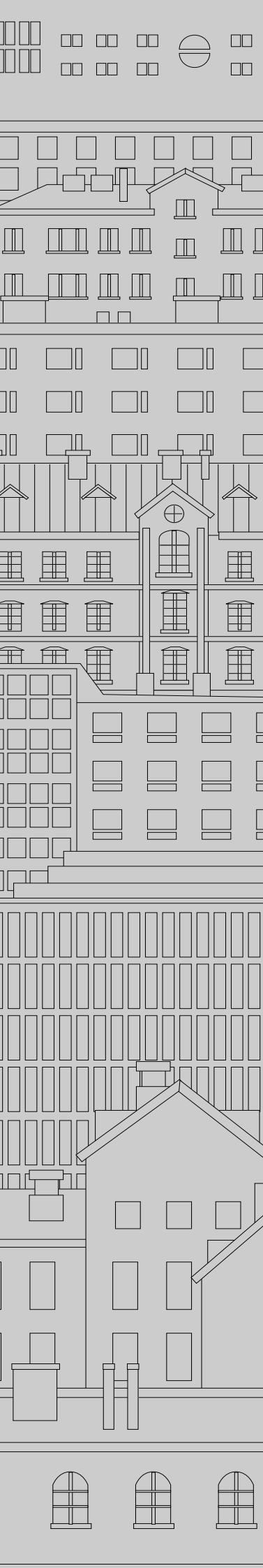
ANNUAL REPORT

1997



INTERAVANTI OY





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INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Interavanti Oy's Annual General Meeting will be held at 3 p.m. on 27th March 1998 in the Finland room of the Radisson SAS Royal hotel, Runeberginkatu 2, 00100 Helsinki.

The meeting will examine:

1. The matters appointed to be on the agenda at the Annual General Meeting in § 10 of the Articles of Association.
2. The Board of Directors' recommendation for amending the Articles of Association as follows:

§ 1 The business name and registered place of business of the company

The business name of the company shall be Interavanti Oyj and its registered place of business Helsinki.

§ 9 Participation in the Annual General Meeting, amendment to paragraph 1 to read as follows:

Both the Annual General Meeting and an extraordinary meeting of shareholders shall be convened by publishing an invitation in a daily newspaper appearing in Helsinki designated by the Annual General Meeting/a shareholders' meeting. The invitation must be delivered no sooner than 2 months and no later than 12 days prior to the meeting. The invitation must state the matters that are to be on the agenda at the meeting.

§ 11 Redemption of own shares. The article on the redemption of the company's own shares is to be removed.

§ 12 Obligation to redeem, amended to become § 11.

Any shareholder entered in the company's register of shareholders held by Suomen Arvopaperikeskus Oy by 20th March 1998 at the latest shall be entitled to participate in the Annual General Meeting.

Any shareholder whose shares have not been transferred to the book-entry securities system is entitled to participate in the Annual General Meeting provided that the shareholder was registered in the company's share register prior to 28th October 1994. In this case, the shareholder must present at the Annual General Meeting his share certificate or other evidence that the right of ownership of the shares has not been transferred to a book-entry securities account.

Documents relating to the financial statements will be available for perusal by shareholders at the company's head office, Mäntytie 13 C, 00270 Helsinki, for one week prior to the meeting. Copies of the documents will be sent to any shareholder requesting this.

In order to be able to exercise his or her right to speak and vote at the Annual General Meeting, the shareholder must register by 4 p.m. on 24th March 1998 by telephone on (09) 477 7220, facsimile (09) 4777 2240 or in writing to Interavanti Oy, Mäntytie 13C, 00270 Helsinki. Any powers of attorney should be sent in connection with the advance registration.

Payment of dividend

The Board of Directors recommends to the Annual General Meeting that dividend of FIM 0.30 per share be paid out for the accounting period which ended on 31st December 1997.

Financial reports

Interavanti Oy will publish two interim reports in 1998. For the period from January to April in Week 23 and for the period from January to August in Week 41. The Annual Report is available in Finnish and English. The interim reports will appear in Finnish. Orders may be addressed to Interavanti Oy, Mäntytie 13 C, 00270 Helsinki or by telephone on (09) 477 7220.

INTERAVANTI OY IN BRIEF

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The company

Interavanti Oy is a real estate investment company that was founded in 1987 and has been quoted on the Helsinki Stock Exchange since 1988.

Field of business

Interavanti's field of business consists of the leasing of its real estate and housing corporation shares.

Real estate holdings

The real estate holdings comprise industrial, warehouse, office and commercial premises and residential properties.

Over a quarter of the premises are situated in the Greater Helsinki area, and the rest in southern Finland in twenty-nine localities.

The company's ownership is confined to Finland, and does not include any undeveloped land areas.

The company controls premises covering a total of 62,318 m², of which 7,408 m² is jointly owned with Suomen Leipuriliitto ry, Laravest Oy, Musette Oy and Solventor-Invest Oy. Interavanti Oy controls 4,024 m² of these jointly owned premises.

Most of the premises are industrial and warehouse facilities, the largest being located in Helsinki, Kouvola, Kuopio, Lahti and Tampere.

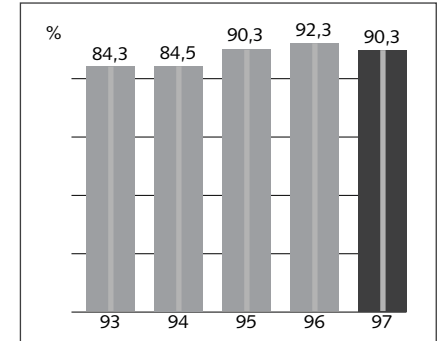
The second largest group of commercial premises are in Hollola, Helsinki, Tampere and Nastola. The office premises are situated in Tampere, Espoo and Lahti.

The apartments, mainly one-room and two-room, are mostly in the centre of Savonlinna.

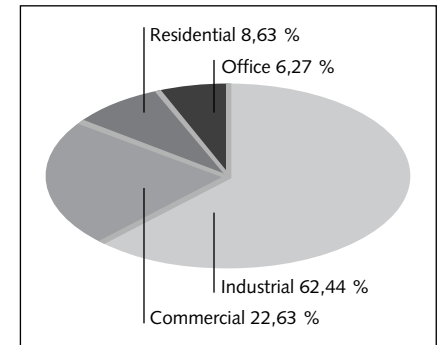
Leasing ratio

The leasing ratio of the premises was 90.3% and the net return ratio of all the properties was 9.0%.

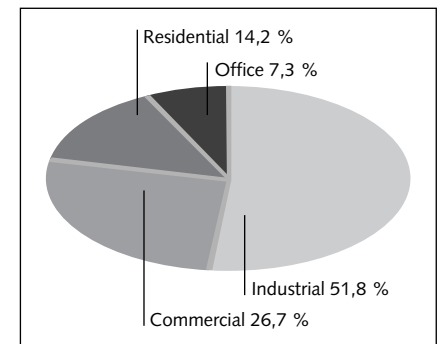
Leasing ratio



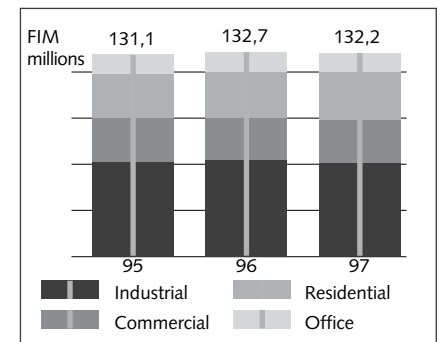
Distribution of rental revenue



Division of premises according to floor space and book values



Book value of premises



Key figures

| | 1997 | 1996 | % change |
|----------------------------------------------------|--------|--------|----------|
| Annual sales, FIM millions | 18.8 | 26.7 | -29.6 |
| incl. rent revenue | 17.1 | 17.6 | -2.8 |
| Operating profit before depreciation, FIM millions | 8.8 | 9.1 | -3.3 |
| Result before transfers, FIM millions | 2.3 | 3.5 | -34.3 |
| Equity ratio, % | 70.3 | 67.8 | 3.7 |
| Premises owned by company, m ² | 58,934 | 60,815 | -3.1 |
| Book value, FIM millions | 132.2 | 132.7 | 0.2 |
| Leasing ratio, % | 90.3 | 92.3 | -2.2 |
| Book value, FIM/m ² | 2,249 | 2,182 | |

MANAGING DIRECTOR'S REPORT



Dear Shareholders!

Interavanti started up a decade ago, when the first transactions in the history of real estate investment on the stock market were registered in Finland.

Since then, the real estate market has experienced both a breathtaking rise and an equally staggering decline.

There is hope that the Act on Real Estate Funds, when it takes effect on 1st March 1998, will give a boost to the real estate investment market and thereby attract investors' interest.

The new form of investment will bring more alternatives, and monitoring will mean that the commensurability of key figures will improve.

Two years ago, we terminated our securities trading activities and placed our assets solely in real estate or real estate securities. At the same time, the book values of our properties were reduced to market level in order to improve the value of the share. The share price has subsequently settled at a relatively stable level close to the nominal value, with a few momentary exceptions. The shareholders' equity/share has in the

course of two years strengthened from FIM 10.05 to FIM 10.47.

Our company's investment in InterGlobia Oy, which carries on real estate investment overseas, has, at the very least, been dissatisfactory. The selling price from the sale of InterGlobia's shares in June has not been received and, on the basis of present knowledge, it is likely to take until the end of this year for the deal to be completed.

The revival in real estate trading has nevertheless given cause for optimism. During the year, we held a number of talks on both our own properties and on others of interest to Interavanti. Since the close of the accounting period, preliminary agreements on both the purchase and sale of properties have been reached, which if implemented will reinforce the company's financial position, cash flow and result. During the accounting period, we paid off FIM 5 million in long-term loans in advance. Our equity ratio has risen to over 70%.

The prospects for this year foresee a steady improvement in profitability, based on the leasing of our real estate

and residential properties in line with our business concept. Although an increase in new building is expected over the next few years, a rise in the rent level is also likely outside the Greater Helsinki area.

We wish to provide a clear picture of the company's financial position and its result-making capacity, and thereby improve the potential for boosting the value of the company.

Helsinki, February 1998

Kari Ruohomaa
Managing Director

REAL ESTATE BUSINESS OPERATIONS



Residential apartments

Either directly or through a subsidiary, Interavanti Oy owned 93 apartments in fifty housing companies and covering a combined area of approx. 5,342 m². In late summer 1997, apartments refurbished to a high standard in a former restaurant were completed in the centre of Helsinki. Thirteen apartments covering 602 m² in all were acquired during the accounting period. Eleven of them are in Espoo and two in Savonlinna. Sixteen apartments were sold in Savonlinna and two in Helsinki. One office/residential apartment was sold in Turku. The tenants changed in 22 apartments.

Offices

There are 35 office apartments, located at 23 addresses, covering a combined area of 5,723 m². The demand for office premises has remained brisk, and the leasing ratio in Greater Helsinki has been virtually 100%. The net return has improved from 9.2 to 10 per cent. A rental agreement for four office premises was concluded during the period.

Commercial premises

There are 51 shop premises at 32 addresses covering a combined area of 12,695 m².

Some of the commercial apartments were put to use as offices during the period. A total of ten rental agreements were concluded.

Industrial premises

There are industrial premises at 37 addresses, covering a combined area of 38,559 m². The demand for premises remained high throughout the year, and in Greater Helsinki the leasing ratio stands at nearly 100%. Five rental agreements were concluded during the period.

Current leases according to category of premises

| | Apartments | Offices | Business | Industrial/ warehouse | Total premises |
|--------------------------------------|------------|---------|----------|--------------------------|-------------------|
| Volume of leases, FIM 1,000 | 206.0 | 815.0 | 4,561.0 | 24,402.7 | 29,985.0 |
| Number of leases | 88 | 18 | 59 | 46 | 211 |
| Average duration of leases in months | 1 | 6 | 7 | 15 | 6 |

The value of the volume of leases have been calculated from the fixed period of each lease at the current rent, and, with leases valid until further notice, the length of the period of notice has been used.



SHARE CAPITAL AND SHARES

Share capital

Interavanti Oy's share capital of FIM 92,600,000 is divided into 11,450,000 shares with a par value of FIM 8. The decision to reduce the par value of the share from FIM 20 to FIM 8, taken by the Annual General Meeting on 29th March 1996, was entered in the trade register on 4th April 1996. The 50,000 shares redeemed to the company in 1995 are included in the share capital with a par value of FIM 20. The company has one series of shares and each share provides entitlement to one vote.

Shareholding by the Board of Directors and Management

According to the insider trading register as per 31st December 1997, the members of the Board of Directors and the Managing Director owned a total of 254,215 shares, with a further 40,675 shares controlled by people with a statutory duty to report. These figures correspond to approx. 2,58% of the shares and voting rights.

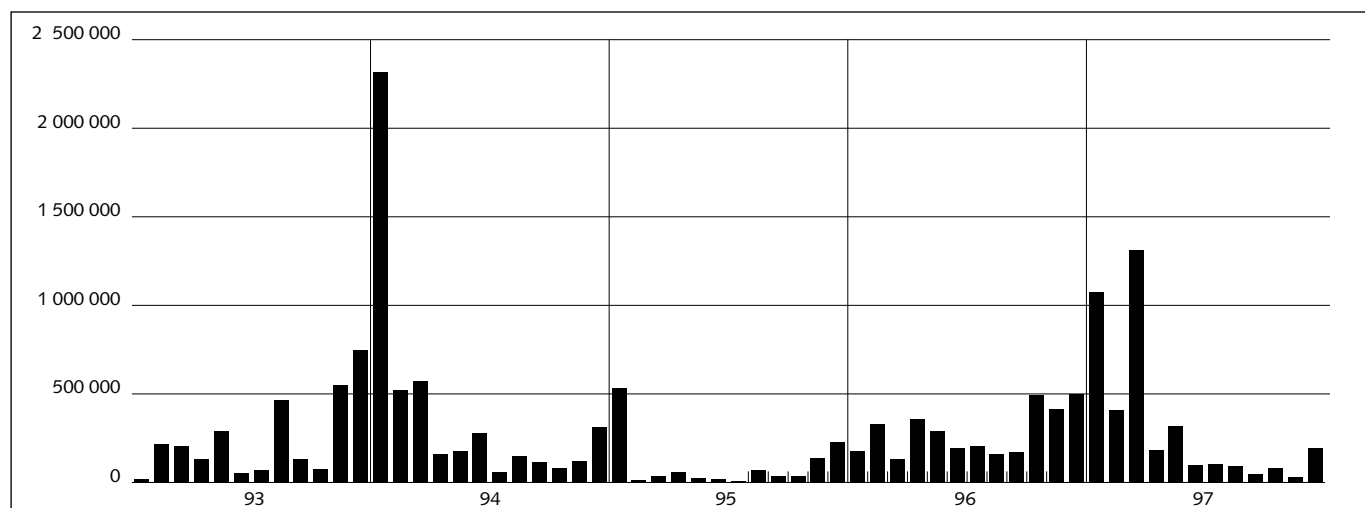
Principal shareholders as per 31st December 1997

| | number of shares | percentage |
|---------------------------|-------------------|--------------|
| Suomen Leipuriliitto ry | 1,183,490 | 10.3 |
| Huoneistokeskus Oy | 907,025 | 7.9 |
| Interbank Osakepankki | 486,080 | 4.2 |
| Matti Raikkala | 359,650 | 3.1 |
| Tapiolan Leipomo Oy | 320,000 | 2.8 |
| Kalevi Paakkinen | 260,325 | 2.3 |
| Tapani Salomaa | 221,490 | |
| Musette Oy | 35,500 | 256,990 |
| Juhani Enkovaara | 17,700 | 2.2 |
| Eho Oy | 230,000 | 247,700 |
| Osinko-Ostos Oy | | 246,000 |
| Teollisuusvakuutus Oy | | 238,000 |
| PT:n eläkesäätiö s.r. | | 229,000 |
| Matti Valtari | | 194,750 |
| OP-Pirkka Sijoitusrahasto | | 179,000 |
| Porin Leipä Oy | | 163,645 |
| Työeläkekassa | | 145,000 |
| Pentti Häkli | | 135,125 |
| Lauri Astola | | 105,775 |
| Onninen Sijoitus Oy | | 100,000 |
| The Old Court House | | 95,830 |
| City of Turku | | 84,000 |
| Others total number 1,195 | 5,512,615 | 48.2 |
| Total | 11,450,000 | 100.0 |

Distribution of shareholding as per 31st December 1997

| number of shares | shereholders | % | shares | % |
|--------------------------------------------------|--------------|--------|-------------------|---------------|
| 1-100 | 56 | 4.60 | 3,598 | 0.03 |
| 101-1,000 | 437 | 35.90 | 228,279 | 1.99 |
| 1,001-10,000 | 589 | 48.40 | 2,034,898 | 17.77 |
| 10,001-100,000 | 118 | 9.70 | 3,397,255 | 29.68 |
| 100,000- | 17 | 1.40 | 5,574,355 | 48.68 |
| All hereholders | 1,217 | 100,00 | 11,238,385 | 98.15 |
| Not affiliated to book-entries securities system | | | 211,615 | 1.85 |
| Total number issued | | | 11,450,000 | 100.00 |

Monthly trading volume of shares



Owner groups as per 31st December 1997

| | No | % | No | % |
|------------------------------------------------|-------|-------|------------|--------|
| Households and private individuals | 1,019 | 83.94 | 4,548,731 | 39.73 |
| Companies | 165 | 13.59 | 3,658,234 | 31.95 |
| Non-profit making bodies | 10 | 0.82 | 1,287,535 | 11.24 |
| General government | 4 | 0.33 | 498,000 | 4.35 |
| Financial & insurance institutions | 11 | 0.91 | 1,232,210 | 10.76 |
| Foreign owners | 5 | 0.41 | 13,675 | 0.12 |
| Not affiliated to book-entry securities system | | | 211,615 | 1.85 |
| Total issued | | | 11,450,000 | 100.00 |
| Nominee share holdings | 3 | 0.00 | 84,500 | 0.74 |

Changes in share capital

The development of Interavanti Oy's share capital since the founding shareholders' meeting on 15th August 1987, FIM millions

| Subscription period | | increase | decrease | issue premium | new share capital |
|---------------------|----------------------------------------------|----------|----------|---------------|-------------------|
| 29 Jan 88 | public issue | 22 | | 0.35 | 32 |
| 17 Mar 88 | public issue | 68 | | 6.8 | 100 |
| 22 Jun 88 | public issue | 100 | | 25.0 | 200 |
| 3 Mar 89 | bonus issue | 30 | | - | 230 |
| 4 Apr 96 | change in nominal value from FIM 20 to FIM 8 | | 137.4 | | 92.6 |

Interavanti Oy has not issued any convertible bonds or options nor has the Board of Directors been granted authorisation for taking out the aforesaid loans or for issuing shares.

Place of trading

Interavanti Oy's shares have been quoted on the Helsinki Stock Exchange since 11th July 1988. The company's shares were transferred to the book-entry securities system in October 1994.

Price development and trading volume of the share

A total of 3,950,715 (3,437,845) shares with a trading value of FIM 35.0 (22.8) changed hands during the period under review. Trading volume accounted for 34.5% (30.0) of the total number of outstanding shares. The trading price was at a peak of FIM 9.85 in March and at its lowest of FIM 6.30 in October.

There were no significant changes among the twenty principal shareholders during the year. The market value of the share capital at the close of the accounting period stood at FIM 79.0 million.

Share price trends



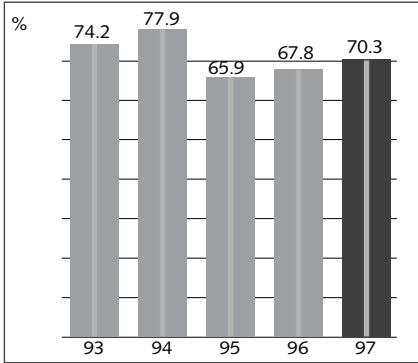
INTERAVANTI CONSOLIDATED FIGURES 1993-1997

| BUSINESS OPERATION | | 1997 | 1996 | 1995 | 1994 | 1993 |
|-------------------------------------------------------|--------------------|--------|--------|--------|--------|--------|
| Annual sales | FIM millions | 18.8 | 26.7 | 27.6 | 23.3 | 19.2 |
| Operating profit before depreciation | FIM millions | 8.8 | 9.1 | 7.1 | 7.5 | 10.1 |
| % of sales | % | 46.6 | 34.1 | 25.7 | 32.2 | 52.6 |
| Operating profit | FIM millions | 5.2 | 5.7 | 2.8 | 3.4 | 6.0 |
| % of sales | % | 27.5 | 21.2 | 10.1 | 14.6 | 31.3 |
| Result before extraordinary items | FIM millions | 4.2 | 3.5 | -0.3 | 4.3 | -1.9 |
| % of sales | % | 22.5 | 13.2 | -1.1 | 18.5 | -9.9 |
| Result before appropriations and taxes | FIM millions | 2.3 | 3.5 | -118.8 | 5.0 | -2.8 |
| % of sales | % | 12.0 | 13.2 | -430.4 | 21.5 | -14.6 |
| Gross capital spending | FIM millions | 6.4 | 5.8 | 5.5 | 7.1 | 4.8 |
| Net capital spending | FIM millions | -19.3 | 4.1 | 4.7 | 6.3 | 4.8 |
| Personnel | | 2 | 2 | 2 | 2 | 2 |
| Return on Equity (ROE) | % | 2.6 | 2.8 | 0.2 | 1.9 | neg. |
| Return on Investment (ROI) | % | 4.8 | 4.3 | 2.4 | 3.4 | 2.9 |
| FINANCIAL POSITION | | | | | | |
| Balance Sheet Total | FIM millions | 187.6 | 192.8 | 193.3 | 318.9 | 324.1 |
| Borrowed capital with interest | FIM millions | 53.0 | 60.0 | 63.0 | 67.4 | 81.3 |
| Share capital | FIM millions | 92.6 | 92.6 | 230.0 | 230.0 | 230.0 |
| Shareholders' equity | FIM millions | 119.9 | 118.8 | 115.1 | 234.0 | 227.3 |
| Equity ratio | % | 70.3 | 67.8 | 65.9 | 77.9 | 74.2 |
| Debt-equity ratio | % | 26.2 | 31.1 | 37.2 | 18.0 | 18.9 |
| Distribution of dividend | FIM/share | 0.30* | - | - | - | - |
| KEY FIGURES PER SHARE | | | | | | |
| Earnings per share | FIM | 0.32 | 0.33 | 0.04 | 0.43 | -0.19 |
| Shareholders' equity/share | FIM | 10.47 | 10.38 | 10.05 | 20.35 | 19.85 |
| P/E ratio | | 21.6 | 23.9 | - | 21.9 | - |
| Market value of share capital | FIM millions | 79.0 | 90.5 | 50.0 | 108.1 | 97.7 |
| Shares' | | | | | | |
| trading value | FIM millions | 35.0 | 22.8 | 8.5 | 55.6 | 20.3 |
| trading level | Thousands | 3,950 | 3,437 | 1,198 | 4,876 | 2,958 |
| percentage of all shares | % | 34.5 | 30.0 | 10.4 | 42.4 | 25.7 |
| Share price development | | | | | | |
| peak | FIM | 9.85 | 8.00 | 9.70 | 14.10 | 9.00 |
| lowest | FIM | 6.30 | 4.00 | 4.30 | 7.70 | 4.80 |
| Number of outstanding shares | Thousands | 11,450 | 11,450 | 11,450 | 11,500 | 11,500 |
| THE COMPANY'S FIXED ASSETS AS PER 31 DEC. 1997 | | | | | | |
| Rented premises | | | | | | |
| Book value | | | | | | |
| rented premises | FIM millions | 118.3 | 122.4 | 117.5 | 196.8 | 195.5 |
| unrented premises | FIM millions | 14.7 | 10.3 | 13.6 | 36.7 | 32.9 |
| Total | FIM millions | 133.0 | 132.7 | 131.1 | 233.5 | 228.4 |
| Annual rent** | FIM millions | 17.5 | 17.4 | 15.9 | 16.2 | 17.4 |
| Net revenue | | | | | | |
| rented premises | % | 10.3 | 10.7 | 11.4 | 6.1 | 6.4 |
| total | % | 9.0 | 9.6 | 10.0 | 4.6 | 5.4 |
| Rentable premises | m ² | 58,934 | 60,815 | 58,086 | 57,629 | 53,564 |
| Average acquisition price | FIM/m ² | 2,249 | 2,182 | 2,256 | 3,930 | 4,165 |

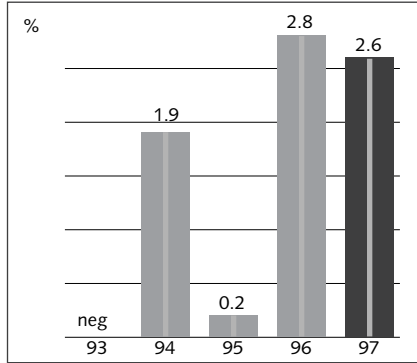
* Board of Directors proposal

** Annual rent according to rental level on date of closing

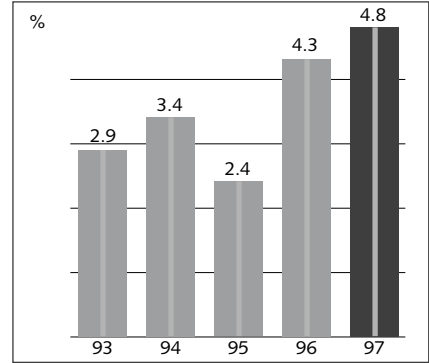
Equity ratio



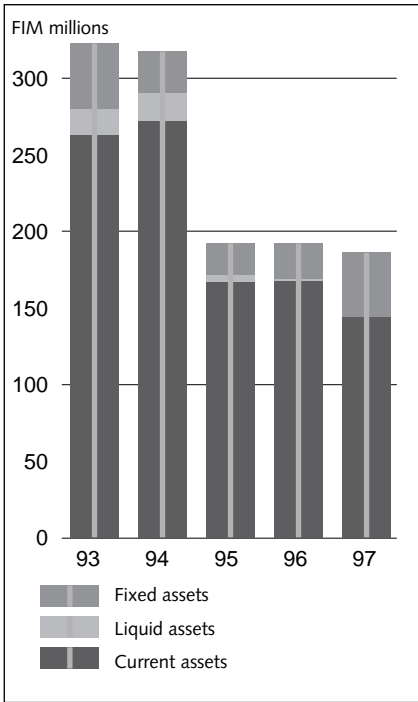
Return on equity



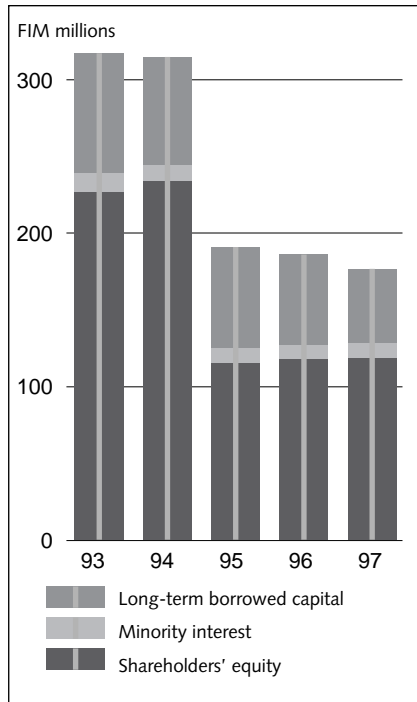
Return on investment



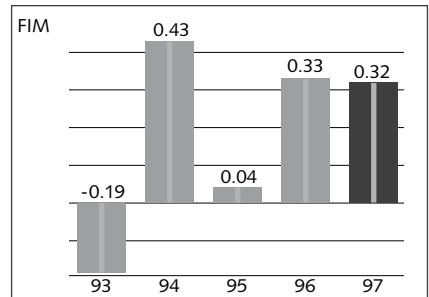
Balance sheet, assets



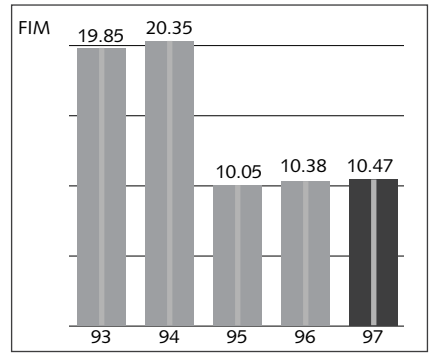
Balance sheet, liabilities



Earnings per share



Shareholders' equity/share



Principles for calculating key figures:

1. Return on Equity (ROE) %

$$100 \times \frac{\text{Result before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest + appropriations}}$$

2. Return on Investment (ROI) %

$$100 \times \frac{\text{Result before extraordinary items + interest and other financing costs}}{\text{Balance Sheet Total - interest-free debts}}$$

3. Equity ratio (%)

$$100 \times \frac{\text{Shareholders' equity + minority interest + appropriations}}{\text{Balance Sheet Total - advances received}}$$

4. Earnings per share (FIM)

$$\frac{\text{Result before extraordinary items +/- minority interest - taxes}}{\text{Average number of shares for accounting period}}$$

5. Shareholders' equity/share (FIM)

$$\frac{\text{Shareholders' equity + appropriations}}{\text{Number of shares at close of accounting period}}$$

6. P/E ratio

$$\frac{\text{Market price on date of closing}}{\text{Earnings per share}}$$

7. Debt-equity ratio

$$\frac{\text{Debts with interest - cash and bank deposits}}{\text{Shareholders' equity - appropriations}}$$

REPORT OF THE BOARD OF DIRECTORS

Annual sales and result

Annual sales according to the consolidated statement of profit and loss came to FIM 18.8 million (26.7), with rental revenue accounting for FIM 17.1 million (17.6). The rental operation incurred credit losses of FIM 0.2 million (0.0). The operating profit before depreciation (gross profit) was FIM 8.8 million (9.1), the operating profit FIM 5.2 million (5.7) and the result before extraordinary items FIM 4.2 million (3.5). The consolidated statement of profit and loss shows a profit of FIM 1.1 million (3.7). The financial income and expenses include exchange rate losses of FIM 1.4 million (0.8) arising from foreign currency credit. The profits on exchange from dollar deposits and forward exchange transactions came to FIM 2.6 million (1.2). The consolidated balance sheet total is FIM 187.6 million (192.8). Of the group's long-term borrowed capital of FIM 48.9 million (59.5), FIM 21.1 million (28.0) is in foreign currency. The foreign currency is protected by foreign currency deposits and forwards. Interavanti Oy's long-term debts were reduced in advance by FIM 5.0 million during the accounting period due to the eased financial situation.

The group's equity ratio stands at 70.3% (67.8).

Real estate holdings

At the end of the year, Interavanti Oy's real estate holdings consisted of industrial, warehouse, office and commercial premises and residential apartments in 29 (30) localities with a combined area of 62,318 m² (64,214). The majority, about 62.4% (62.2) are warehouse and industrial premises, with office premises accounting for 6.3% (9.0), commercial premises for 22.7% (19.8) and residential apartments for 8.6% (9.1). The aforesaid premises include joint ownerships totalling 7,408 m², with Interavanti Oy holding 4,024 m² of this. These properties are located at 116 different addresses mainly to the south of a line running from Tampere to Savonlinna. A quarter of them are located in Helsinki, Espoo and Vantaa, and a sixth in Tampere and Turku combined. More premises were sold than acquired during the year.

The leasing ratio of the entire real estate holdings at the end of the period was 90.3% (92.3) of all the premises owned. The leasing ratio of the warehouse and industrial premises stood at 92.3% (96.2), office premises at 65.6% (66.6), commercial premises at 90.4% (88.3) and residential apartments at 92.9% (92.1). The low leasing ratio of the residential apartments is due to the inclusion of apartments for sale with the vacant ones. The average net yield of the entire real estate holdings, including vacant premises, came to 9.0% (9.6), and that of leased premises to 10.3% (10.7). The corresponding figure for the warehouse and industrial premises was 13.3% (13.5), for the office premises 10.0% (9.2) and for the commercial premises 9.9% (10.7). The average net yield on the apartments was 5.6% (6.4). The reference values relating to the calculation of the net yield include the possible value of the ground. Returns of value adjustments previously entered as costs led to a slight decline in the net yields.

The book average acquisition price of the premises constitutes FIM 2,249/m² (FIM 2,182/m²).

Assessment of assets

An outside expert's evaluation of Interavanti Oy's real estate holdings was also commissioned in 1997. The assessment is an update of that performed last year. It was carried out on a property by property basis, by taking into account changes in the leasing situation and management costs affecting the value, and changes in the market situation by locality. The residential apartments were excluded from the assessment, as they were in the previous year. Value adjustments of FIM 4.1 million, previously entered as costs, have been returned. No value has been calculated for the unused permitted building volume in the new assessment either.

InterGlobia Oy's shares, which were included in the fixed assets in the previous year, were sold in a deal concluded on 23rd June 1997 to Beninco Holdings Canada Inc. The selling price of FIM 17.5 million is still outstanding and is included with Interavanti Oy's sales receivables. The shares have not been surrendered. The penalty interest forming part of the contract is not included in the receivables. Recovery proceedings have been instigated.

Capital spending

During the accounting period, thirteen residential apartments with a combined area of 602 m² were purchased, and the restaurant premises at Iso-Roobertinkatu 3-5-7 were refurbished to form six high-class residential apartments. With the exception of a couple of two-room apartments in Savonlinna, all the residential apartments purchased are in the metropolitan area. The average net yield from residential apartments acquired during the year is 7.6%. Capital spending totalled FIM 6.4 million. Two residential apartments in Raisio, two offices in Turku, two warehouses and two residential apartments in Helsinki and sixteen residential apartments in Savonlinna were sold during 1997. A number of negotiations concerning the purchase of suitable investment properties were conducted during the year.

Company management and auditors

The Annual General Meeting held on 26th March 1997 elected six members to Interavanti Oy's Board of Directors. These were Mr Olli Kuhta, Chairman, Mr Timo Kataja, Mr Patrick Lapveteläinen, Mr Simo Rajakallio, Mr Kari Ruohomaa and Mr Tapani Salomaa. Mr Kari Ruohomaa has served as the company's Managing Director.

The regular auditors were chartered accountant Ms Johanna Perälä and the SVH Coopers & Lybrand firm of chartered accountants. Chartered accountant Mr Hannu Holopainen was the deputy auditor.

Personnel and salaries

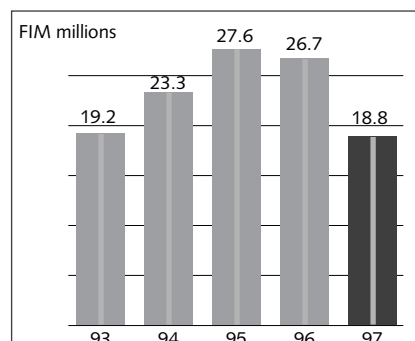
The parent company has had a permanent staff of two and one temporary employee. Salaries paid during the accounting year came to FIM 745,307, of which FIM 488,382 was paid to the Managing Director and members of the Board of Directors. The salaries paid by the group totalled FIM 745,307.

Prospects for 1998

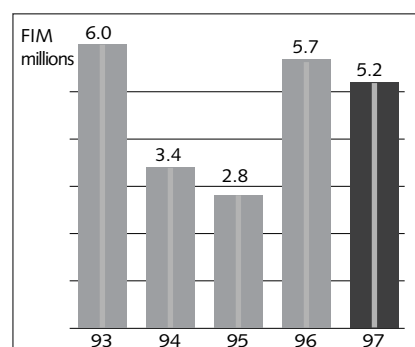
The brisker demand for rented properties, which early this year has been realised in the leasing ratio and the rent level, is a sign of positive trends in store for 1998. We shall be paying particular attention to monitoring the maintenance costs of our premises and to investigating and eliminating any shortcomings. This will all contribute to improving the profitability of our investments.

Our liquidity will remain good and our equity ratio will strengthen in this coming year, too.

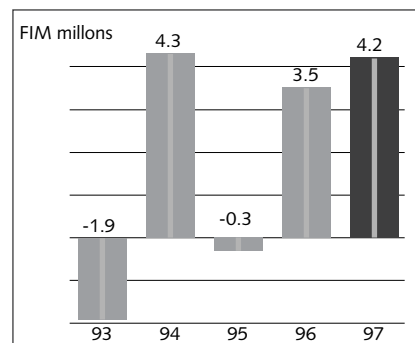
Annual sales



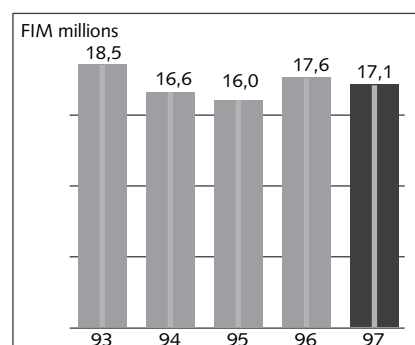
Operating profit



Result before extraordinary items



Rental revenue



EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Principles whereby the final accounts have been drawn up

The consolidated final accounts include the parent company Interavanti Oy and all those subsidiaries in which the parent company directly or indirectly owns over 50% of the votes generated by the shares.

Affiliated companies

As all the affiliated companies are mutual real estate companies, the consolidated final accounts do not contain their results nor the share of shareholders' equity. The expenses of mutual real estate companies are covered annually by condominium payments, and so their result is not significant. The notes show the shares of ownership and book values of the affiliated companies.

Intra-group transactions

The group's internal business transactions, receivables and liabilities have been eliminated with the consolidation of the balance sheets.

Mutual shareholding

The group companies' mutual shareholding has been eliminated by means of the acquisition cost method. The price paid for the shares of subsidiaries in excess of shareholders' equity has been entered under properties owned by the subsidiary or real estate shares. The remaining assets total FIM 1.0 million.

Allocation of voluntary appropriations to the shareholder's equity

In the Balance Sheet, the voluntary appropriations have been divided between the deferred tax liability and shareholders' equity. The deferred tax liability and its change are stated as a separate item.

Minority interest

The minority interest has been separated from the group's shareholders' equity, voluntary appropriations and result and shown as a separate item.

Treatment of foreign currency items

Receivables and liabilities in foreign currency have been converted into marks at the average rate quoted by the Bank of Finland on the day of closing, and the differences in rates are given under financial income and expenses. The difference in rate between the date of closing and the due date caused by a forward agreement affecting a foreign currency credit has been used to correct the corresponding difference in the rate of the protected item.

Current assets

The publicly quoted securities have been evaluated at the buying rate on the final market day of the accounting year if the value has been lower than the acquisition cost. Now that the company has ceased securities trading, the remaining market shares worth FIM 0.1 million have been transferred to the liquid assets.

Fixed assets securities

The sales profits from real estate and housing corporation shares sold during the accounting period have been entered under annual sales.

The principles whereby fixed assets have been evaluated and depreciated

The depreciation of the current fixed assets of Interavanti Oy and its subsidiaries has been defined using an advance depreciation plan. Depreciation according to plan has been calculated in the form

of straight line depreciations on the basis of economic service life. Consolidated business values entered under fixed assets are depreciated in the consolidated final accounts using the same depreciation percentage as that employed in the fixed assets items in question.

An outside expert has produced an evaluation of the industrial, office and commercial premises owned by the parent company and group.

The extraordinary items include the changes in the values of the properties and real estate shares based on the evaluation. The loss incurred by the sale of InterGlobia Oy's shares was also entered among the extraordinary items during the accounting period.

Depreciation according to plan implemented during the accounting period was calculated on 1st January 1996 from the Balance Sheet value in the form of straight line depreciations for the remaining depreciation period.

| | |
|--------------------------|-------------|
| Buildings and structures | 10-40 years |
| Real estate equipment | 10 years |
| Machinery and equipment | 5 years |
| Other long-term expenses | 5-10 years |

Short-term investments

Short-term investments of liquid assets in foreign exchange deposits are given in the Balance Sheet as a separate item under the heading "short-term investments". Deposits have been evaluated at the average rate of the Bank of Finland on the date of closing.

STATEMENTS OF PROFIT AND LOSS

| FIM 1,000 | CONSOLIDATED | | PARENT COMPANY | |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 1.1.97-12.31.97 | 1.2.96-12.31.96 | 1.1.97-12.31.97 | 1.2.96-12.31.96 |
| Annual sales | 18,858 | 26,709 | 17,897 | 25,406 |
| Costs | | | | |
| Purchases | 0 | 4,301 | 0 | 4,301 |
| Personnel expenses | 876 | 883 | 876 | 883 |
| Rents | 3,853 | 3,893 | 4,183 | 4,473 |
| Other costs | 5,272 | 4,700 | 3,463 | 3,342 |
| Change in inventory | 36 | 3 811 | 36 | 3 811 |
| | 10,037 | 17,588 | 8,558 | 16,810 |
| Operating margin | 8,821 | 9,121 | 9,339 | 8,596 |
| Depreciation | | | | |
| On fixed assets and other long-term expenses | -3,645 | -3,452 | -2,099 | -1,944 |
| Operating profit | 5,176 | 5,669 | 7,240 | 6,652 |
| Financial income and expenses | | | | |
| Other financial income | 1,036 | 1,178 | 1,086 | 1,325 |
| Exchange rate gains | 2,612 | 1,151 | 2,523 | 1,121 |
| Interest charges | -3,129 | -3,608 | -3,267 | -3,748 |
| Exchange rate losses | -1,419 | -829 | -1,419 | -829 |
| Other financial expenses | -30 | -28 | -30 | -28 |
| | -930 | -2,136 | -1,107 | -2,159 |
| Result before extraordinary items, appropriations and taxes | 4,246 | 3,533 | 6,133 | 4,493 |
| Extraordinary income and expenses | | | | |
| Extraordinary income | 7,322 | 0 | 4,981 | 0 |
| Extraordinary expenses | -9,304 | 0 | -10,160 | 0 |
| | -1,982 | | -5,179 | |
| Result before appropriations and taxes | 2,264 | 3,533 | 954 | 4,493 |
| Direct taxes | | | | |
| Taxes for the accounting period | -46 | -6 | -46 | |
| Taxes from previous years | -820 | -6 | -820 | -6 |
| Result before minority interest | 1,398 | 3,521 | | |
| Minority interest | -348 | 212 | | |
| Result for the accounting period | 1,050 | 3,733 | 88 | 4,487 |

BALANCE SHEETS

| FIM 1,000 | CONSOLIDATED | | PARENT COMPANY | |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 12.31.1997 | 12.31.1996 | 12.31.1997 | 12.31.1996 |
| ASSETS | | | | |
| Fixed assets and other long-term investments | | | | |
| Intangible assets | | | | |
| Other long-term expenses | 1,279 | 1,681 | 1,116 | 1,599 |
| Tangible assets | | | | |
| Land and waterways | 4,312 | 4,312 | 2,415 | 2,415 |
| Buildings and structures | 63,925 | 62,746 | 30,705 | 31,130 |
| Machinery and equipment | 745 | 1,172 | 458 | 513 |
| | 68,982 | 68,230 | 33,578 | 34,058 |
| Fixed assets securities and other long-term investments | | | | |
| Subsidiary shares | - | - | 30,456 | 30,752 |
| Affiliated company shares | 23,080 | 24,325 | 23,080 | 24,325 |
| Other stocks and shares | 49,246 | 71,736 | 46,788 | 69,278 |
| Loan receivables | 2,097 | 2,354 | 3,709 | 4,213 |
| | 74,423 | 98,415 | 104,033 | 128,568 |
| Current and liquid assets | | | | |
| Current assets | | | | |
| Stocks and shares | 0 | 160 | 0 | 160 |
| Receivables | | | | |
| Sales receivables | 20,335 | 1,534 | 20,335 | 1,535 |
| Loan receivables | 98 | 117 | 98 | 116 |
| Accrued income | 864 | 557 | 738 | 250 |
| | 21,297 | 2,208 | 21,171 | 1,901 |
| Short-term investments | 8,156 | 18,314 | 7,527 | 17,810 |
| Cash and bank deposits | 13,439 | 3,796 | 13,052 | 3,492 |
| Total assets | 187,576 | 192,804 | 180,477 | 187,588 |

| FIM 1,000 | CONSOLIDATED | | PARENT COMPANY | |
|-----------------------------------|--------------|------------|----------------|------------|
| | 12.31.1997 | 12.31.1996 | 12.31.1997 | 12.31.1996 |
| LIABILITIES | | | | |
| Shareholders' equity | | | | |
| Restricted | | | | |
| Share capital | 92,600 | 92,600 | 92,600 | 92,600 |
| Reserve fund | 22,580 | 22,580 | 22,580 | 22,580 |
| | 115,180 | 115,180 | 115,180 | 115,180 |
| Non-restricted | | | | |
| Retained earnings | 3,638 | -95 | 4,487 | 0 |
| Result for the accounting period | 1,050 | 3,733 | 88 | 4,487 |
| | 4,688 | 3,638 | 4,575 | 4,487 |
| Total shareholders' equity | 119,868 | 118,818 | 119,755 | 119,667 |
| Minority interest | 9,432 | 9,084 | | |
| Borrowed capital | | | | |
| Long-term | | | | |
| Loans from financial institutions | 45,821 | 55,817 | 45,821 | 55,817 |
| Advances received | 2,580 | 3,010 | 2,580 | 3,010 |
| Other long-term liabilities | 467 | 676 | 3,124 | 3,816 |
| | 48,868 | 59,503 | 51,525 | 62,643 |
| Short-term | | | | |
| Loans from financial institutions | 6,366 | 3,095 | 6,366 | 3,095 |
| Advances received | 977 | 1,020 | 977 | 1,020 |
| Adjusting entries for liabilities | 1,688 | 877 | 1,477 | 756 |
| Other short-term liabilities | 377 | 407 | 377 | 407 |
| | 9,408 | 5,399 | 9,197 | 5,278 |
| Total liabilities | 187,576 | 192,804 | 180,477 | 187,588 |

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

| FIM 1,000 | CONSOLIDATED | | PARENT COMPANY | |
|-------------------------------------------------------------------------------|--------------|------------|----------------|------------|
| | 12.31.1997 | 12.31.1996 | 12.31.1997 | 12.31.1996 |
| BUSINESS OPERATION | | | | |
| Internal financing | | | | |
| Operating margin | 8,821 | 9,121 | 9,339 | 8,739 |
| Sales profit included in the preceding | -1,542 | -117 | -1,542 | -117 |
| Financial income and expenses*) | +261 | -1,307 | +84 | -1,329 |
| Taxes | -866 | -12 | -867 | -7 |
| | 6,674 | 7,685 | 7,014 | 7,286 |
| Change in working capital | | | | |
| Increase -/decrease + in current assets | 160 | 3,811 | 160 | 3,811 |
| Increase -/decrease + in short-term receivables***) | -1,556 | -888 | -1,737 | -882 |
| Increase +/decrease - in interest-free short-term liabilities | 768 | -456 | 678 | -525 |
| | -628 | 2,467 | -899 | 2,404 |
| Business cash flow | 6,046 | 10,152 | 6,115 | 9,690 |
| CAPITAL SPENDING | | | | |
| Fixed asset investments | -6,437 | -5,768 | -6,468 | -6,362 |
| Income from sale of fixed assets***) | 8,204 | 1,648 | 8,194 | 999 |
| | 1,767 | -4,120 | 1,726 | -5,363 |
| Cash flow before financing | 7,813 | 6,032 | 7,841 | 4,327 |
| FINANCING | | | | |
| Increase -/decrease + in long-term receivables | 257 | 129 | 504 | 1,258 |
| Decrease - in long-term liabilities *) | -8,555 | -4,253 | -9,038 | -3,816 |
| Increase +/decrease - in short-term loans | -30 | -25 | -31 | -25 |
| | -8,328 | -4,149 | -8,565 | -2,583 |
| Change in liquid assets according to Income Statement, increase +/decrease - | -515 | 1,883 | -724 | 1,744 |
| Change in liquid assets according to Balance Sheet, increase +/decrease - **) | -515 | 1,883 | -724 | 1,744 |

*) The unrealised exchange rate difference of foreign exchange credit has not been taken into account as change in the long-term loan in this Statement.

**) Short-term investments have been taken into account in the change in liquid assets.

***) Excluding the sales income and the selling price receivable from the InterGlobia deal.

NOTES TO THE STATEMENT OF PROFIT AND LOSS

| FIM 1,000 | CONSOLIDATED | | PARENT COMPANY | |
|-------------------------------------------------------------------------------------------------------------|-----------------|------------------|-----------------|-----------------|
| | 1.1.-12.31.1997 | 2.1.- 12.31.1996 | 1.1.-12.31.1997 | 2.1.-12.31.1996 |
| ANUAL SALES | | | | |
| Securities sales and remunerations | 188 | 9,019 | 244 | 9,019 |
| Profit from sales of real estate shares | 1,543 | 117 | 1,543 | 117 |
| Rental revenue | 17,127 | 17,573 | 16,111 | 16,270 |
| | 18,858 | 26,709 | 17,898 | 25,406 |
| PERSONNEL COSTS | | | | |
| Performance-based salaries | 676 | 673 | 676 | 673 |
| Pension insurance | 145 | 146 | 145 | 146 |
| Other personnel costs | 55 | 64 | 55 | 64 |
| | 876 | 883 | 876 | 883 |
| Perquisites | 54 | 55 | 54 | 55 |
| | 930 | 938 | 930 | 938 |
| The personnel's pension security has been arranged through statutory pension insurance on the normal terms. | | | | |
| DEPRECIATION | | | | |
| According to plan | | | | |
| Other long-term expenses | 663 | 610 | 616 | 590 |
| Buildings and structures | 2,525 | 2,382 | 1,386 | 1,245 |
| Machinery and equipment | 457 | 460 | 97 | 109 |
| | 3,645 | 3,452 | 2,099 | 1,944 |
| INTRA-GROUP FINANCIAL INCOME AND EXPENSES | | | | |
| Interest received | | | 85 | 193 |
| Interest paid | | | 142 | 155 |

NOTES TO THE BALANCE SHEETS

| FIM 1,000 | CONSOLIDATED | | PARENT COMPANY | |
|------------------------------------------------------------------------|-----------------|------------------|-----------------|-----------------|
| | 1.1.-12.31.1997 | 2.1.- 12.31.1996 | 1.1.-12.31.1997 | 2.1.-12.31.1996 |
| CHANGES IN SHAREHOLDERS' EQUITY | | | | |
| RESTRICTED SHAREHOLDERS' EQUITY | | | | |
| <i>Share capital</i> | | | | |
| At start of accounting period | 92,600 | 230,000 | 92,600 | 230,000 |
| Nominal value of outstanding shares reduced; allocated to reserve fund | 0 | -137,400 | 0 | -137,400 |
| Share capital at end of accounting period | | | | |
| Outstanding shares | 91,600 | 91,600 | 91,600 | 91,600 |
| Redeemed to the company | 1,000 | 1,000 | 1,000 | 1,000 |
| | 92,600 | 92,600 | 92,600 | 92,600 |
| <i>Reserve fund</i> | | | | |
| At start of accounting period | 22,580 | 0 | 22,580 | 0 |
| Reduced share capital | | 137,400 | | 137,400 |
| Covered by retained earnings | 0 | - 114,820 | 0 | -114,820 |
| | 22,580 | 22,580 | 22,580 | 22,580 |
| Total restricted equity | 115,180 | 115,180 | 115,180 | 115,180 |
| NON-RESTRICTED SHAREHOLDERS' EQUITY | | | | |
| <i>Retained earnings</i> | | | | |
| At start of accounting period | -95 | +3,878 | 0 | +4,295 |
| Result for previous period | 3,733 | -118,794 | 4,487 | -119,115 |
| Covered from reserve fund | 0 | +114,820 | 0 | +114,820 |
| Unredeemed dividends | 0 | 0 | 0 | 0 |
| Own shares redeemed | 0 | 0 | 0 | 0 |
| | 3,638 | -95 | 4,487 | 0 |
| Result for accounting period | 1,050 | 3,733 | 88 | 4,487 |
| Total non-restricted equity | 4,688 | 3,638 | 4,575 | 4,487 |
| Total shareholders' equity | 119,868 | 118,818 | 119,755 | 119,667 |
| BORROWED CAPITAL | | | | |
| LIABILITIES WHICH FALL DUE AFTER FIVE YEARS OR LONGER | | | | |
| Advances received | 430 | 860 | 430 | 860 |
| INTRA-GROUP RECEIVABLES AND LIABILITIES | | | | |
| Loan receivables | | | 1,612 | 1,859 |
| Accrued income | | | 6 | 6 |
| Other long-term liabilities | | | 2,657 | 3,140 |
| Adjusting entries for liabilities | | | 29 | 16 |
| CONTINGENT LIABILITIES | | | | |
| Pledges and mortgages | | | | |
| Pledges | | | | |
| Own liabilities | 21,743 | 21,206 | 21,743 | 21,206 |
| Mortgages | | | | |
| Own liabilities | 48,037 | 48,037 | 48,037 | 48,037 |
| Total liabilities | 69,780 | 69,243 | 69,780 | 69,243 |
| | 52,187 | 58,912 | 52,187 | 58,912 |
| TAXATION VALUES OF FIXED ASSETS | | | | |
| Land areas | 2,826 | 2,702 | 1,249 | 1,207 |
| Buildings | 30,742 | 33,060 | 11,903 | 13,071 |
| Stocks and shares | 101,463 | 101,463 | 121,600 | 121,600 |

If the taxation value was not available, the book value was employed.

| Fixed assets and other long-term expenses, changes | Acquisition cost 1.1.1997 | Increases 1.1.1997- 12.31.1997 | Decreases 1.1.1997- 12.31.1997 | Non-recurring depreciation 12.31.1997 | Depreciation according to plan in accounting period | Value adjustments and their returns | Book value 12.31.1997 |
|----------------------------------------------------|------------------------------|--------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------------------|-------------------------------------|--------------------------|
| GROUP | | | | | | | |
| Other long-term expenses | 5,918 | 284 | 23 | 4,237 | 663 | - | 1,279 |
| Land and waterways | 9,502 | - | - | 5,190 | - | - | 4,312 |
| Buildings and structures | 120,574 | 22 | - | 57,828 | 2,525 | + 3,682 | 63,925 |
| Machinery and equipment | 5,412 | 46 | 16 | 4,240 | 457 | - | 745 |
| Stocks and shares | 96,061 | 6,086 | 30,202 | - | - | +381 | 72,326 |
| | 237,467 | 6,438 | 30,241 | -71,495 | -3,645 | + 4,063 | 142,587 |
| PARENT COMPANY | | | | | | | |
| Other long-term expenses | 4,484 | 156 | 24 | 2,885 | 615 | - | 1,116 |
| Land and waterways | 6,948 | - | - | 4,533 | 4,534 | - | 2,415 |
| Buildings and structures | 51,550 | - | - | 20,420 | 1,386 | + 961 | 30,705 |
| Machinery and equipment | 1,894 | 46 | 4 | 1,381 | 97 | - | 458 |
| Stocks and shares | 124,497 | 6,266 | 30,202 | 143 | - | - 94 | 100,324 |
| | 189,373 | 6,468 | 30,230 | 29,362 | 2,098 | + 867 | 135,018 |

| Stocks and shares | Share of ownership /% of votes | Book value FIM 1,000 |
|-------------------------------------|-----------------------------------|-------------------------|
| SUBSIDIARIES | | |
| Ki Oy Kotikyläntie 3, Espoo | 100 / 100 | 2,417 |
| Ki Oy Kirkkojärven Liiketalo, Espoo | 100 / 100 | 4,393 |
| Ki Oy Knaapinkulma, Tuusula | 100 / 100 | 424 |
| Ki Oy Vanha talvitie 8, Hki | 66.75 / 66.75 | 14,000 |
| Ki Oy Meriniitty, Salo | 100 / 100 | 2,258 |
| Ki Oy Lare, Sipoo | 100 / 100 | 700 |
| Ki Oy Hämeenkylläntie 51, Vantaa | 100 / 100 | 825 |
| Ki Oy Multitori, Tampere | 74.07 / 74.07 | 1,800 |
| Ki Oy Ruolantori | 70 / 70 | 1,865 |
| Aladdin Oy, Helsinki | 100 / 100 | 182 |
| TSI-Halli Ky, Rauma | 100 / 100 | 220 |
| Helsingin Nipo-Kiinteistöinvest Oy | 100 / 100 | 15 |
| Oy Nordic Foxes Ab, Helsinki | 57.19 / 57.19 | 409 |
| Old Foxes Oy, Helsinki | 39.34 / 22.64 | 888 |
| As Oy Vantaan Taateli | 100/100 | 60 |
| | | 30,456 |

| Stocks and shares | Share of ownership /% of votes | Book value FIM 1,000 |
|--------------------------------------|-----------------------------------|-------------------------|
| AFFILIATED COMPANIES | | |
| Ki Oy Hollolan Kotikeskus, Hollola | 50 / 50 | 2,500 |
| Ki Oy Nummelan Onnikka, Nummela | 23.7 / 23.7 | 2,500 |
| Espoonatorin Pysäköintitalo, Espoo | 28.9 / 28.9 | 2,600 |
| Ki Oy Tietokartano, Tampere | 21 / 21 | 1,100 |
| Ki Oy Opintie 6, Lappeenranta | 30.9 / 30.9 | 500 |
| Pakilan Liiketalo Oy, Helsinki | 37 / 37 | 1,500 |
| Kirkkokankaan Liiketalo Oy, Ruovesi | 42.7 / 42.7 | 800 |
| Ki Oy Kutola, Turku | 35.7 / 35.7 | 200 |
| Ki Oy Itä-Aukio, Lahti | 29.6 / 29.6 | 800 |
| Ki Oy Savonlinnan Kaartilantie, SLN | 47.5 / 47.5 | 400 |
| Ki Oy Hiekkakiventie 7, Helsinki | 20.9 / 20.9 | 2,250 |
| As Oy Tiiranhovi, Kustavi | 22.6 / 22.6 | 728 |
| As Oy Lahden Harjukatu 16, Lahti | 35.5 / 35.5 | 100 |
| Ki Oy Rakokivi, Nastola | 21 / 21 | 700 |
| As Oy Savonlinnan Kuvernööri, SLN | 26.7 / 26.7 | 4,497 |
| As Oy Tallisaari, Savonlinna | 25 / 25 | 559 |
| As Oy Savonlinnan Neitsytkatu 1, SLN | 30.5 / 30.5 | 660 |
| AS Oy Kaskelanpolku, Vantaa | 25 / 25 | 686 |
| | | 23,080 |

| OTHER STOCKS AND SHARES | Book value FIM 1,000 |
|---------------------------------------------------------|-------------------------|
| Suomen Arvopaperikeskus Oy | 280 |
| Helsingin Arvopaperipörssi Oy | 150 |
| ACM Oy Active Cash Management | 94 |
| Real estate and housing shares, ownership less than 20% | 45,697 |
| Helsinki Telephone Company | 41 |
| | 46,262 |

BOARD'S PROPOSAL FOR DISTRIBUTION OF DIVIDEND

| | |
|---------------------------------------------------|------------------|
| Parent company's profits | |
| - for previous period | FIM 4,486,765.35 |
| - for the period | FIM 87,546.65 |
| | FIM 4,574,312.00 |
| The Board of Directors proposes that | |
| - dividend of FIM 0.30 per share be | |
| paid for the accounting period, totalling | FIM 3,435,000.00 |
| and that be left in the retained earnings account | FIM 1,139,312.00 |
| The non-restricted shareholders equity shown | |
| in the consolidated balance sheet is | FIM 4,688,000.00 |

Dividend can only be distributed with the permission of the registering authority. Interavanti Oy's share capital has been reduced, and the reduction was registered on 4th April 1996. Under the Companies Act, there can be no distribution of dividend for covering a shortfall in the non-restricted shareholders' equity for three years following the registration of reduced share capital without the permission of the registering authority.

Helsinki, 13th February 1998

| | | |
|---------------------------|-------------------|---------------------------------------|
| Mr Olli Kuhta Chairman | Mr Timo Kataja | Mr Patrick Lapveteläinen |
| Mr Simo Rajakallio | Mr Tapani Salomaa | Mr Kari Ruohomaa Managing Director |

AUDITORS' REPORT

To the shareholders of Interavanti Oy

We have examined the bookkeeping, final accounts and administration of Interavanti Oy for the accounting period of 1st January 1997 to 31st December 1997. The final accounts drawn up by the Board of Directors and Managing Director contain the Managing Director's Report and the Statement of Profit and Loss, Balance Sheet and Notes to the Statements of the group and parent company. On the basis of the audit we have performed, we are issuing a statement on the final accounts and administration.

The audit has been performed in accordance with good auditing practice. The principles whereby the bookkeeping and the final accounts have been drawn up, their contents and method of presentation have therefore been examined adequately in order to determine that the final accounts does not contain any fundamental errors or irregularities. The administration has been inspected in order to determine the conformity to law of the activities of the members of the Board of Directors and the Managing Director on the grounds of the regulations of the Companies Act.

We submit as our statement that the final accounts have been drawn up in accordance with the Bookkeeping Act and with other regulations and orders on the drawing up of final accounts. The final accounts provide a true and fair view of the result and financial position of the group and parent company as intended in the Bookkeeping Act. The final accounts and the consolidated final accounts can be adopted and the members of the Board of Directors and the Managing Director may be released from liability for the accounting period examined by us. The Board of Directors' proposal for the application of the profit is in conformity with the Companies' Act.

We have examined the interim reports published during the accounting period. It is our understanding that the interim reports have been drawn up in accordance with the rules governing them.

Helsinki, 6th March 1998

Ms Johanna Perälä
Chartered accountant

SVH COOPERS & LYBRAND OY,
chartered accountants
Mr Henrik Sormunen
Chartered accountant

ITEMISATION OF REAL ESTATE

31ST DECEMBER 1997

| Municipality | Address | Year of construction | Shop, m ² | Office, m ² | Industrial, m ² | Residential apartment, m ² | Total, m ² |
|--------------|-----------------------|----------------------|----------------------|------------------------|----------------------------|---------------------------------------|-----------------------|
| Espoo | Kamreerintie 1 | 1987 | | | 227 | | 227 |
| Espoo | Kaskilaaksontie 3 | 1971 | | | | 63 | 63 |
| Espoo | Kotikyläntie 3 | 1988 | | 519 | | | 519 |
| Espoo | Kuunsäde 2 | 1976 | | | | 456 | 456 |
| Espoo | Kuunsäde 6 | 1975 | | 295 | | | 295 |
| Espoo | Merivirta 6 | 1990 | 40 | | | | 40 |
| Espoo | Sammalkalliontie 5 | 1970 | | | 531 | | 531 |
| Espoo | Vieraskuja 4 | 1983 | 1 041 | | | | 1 041 |
| Espoo | Yläkartanontie 28 | 1972 | 60 | | 8 | | 68 |
| Helsinki | Hiekkakiventie 7 | 1986 | | | 1 462 | | 1 462 |
| Helsinki | Iso Roobertinkatu 3-5 | 1875 | | | | 190 | 190 |
| Helsinki | Klaneettitie 12 | 1983 | 250 | | | | 250 |
| Helsinki | Kustaankatu 7 | 1961 | 69 | | | | 69 |
| Helsinki | Kylänvanhimmantie 29 | 1987 | 316 | | | | 316 |
| Helsinki | Malminraitti 8-10 | 1957 | | | 50 | | 50 |
| Helsinki | Mannerheimintie 53 | 1939 | 39 | | 146 | | 185 |
| Helsinki | Mikonkatu 20 | 1906 | | 64 | | 68 | 132 |
| Helsinki | Minna Cantthinkatu 20 | 1937 | | 127 | | | 127 |
| Helsinki | Mäntytie 13 | 1951 | | 94 | | 88 | 182 |
| Helsinki | Mäntytie 15 | 1951 | | | | 62 | 62 |
| Helsinki | Ohrahuhdantie 2 | 1986 | | | 448 | | 448 |
| Helsinki | Pakilantie 48 | 1968 | 394,5 | | | | 395 |
| Helsinki | Puustellinpolku 16 | 1984/85 | | 45,5 | | | 46 |
| Helsinki | Rajasaarentie 7 | 1938 | | | 292,5 | | 293 |
| Helsinki | Rakuunantie 12 | 1952 | | | | 53 | 53 |
| Helsinki | Rapakiventie 10 | 1977/78 | | 73 | | | 73 |
| Helsinki | Sankaritie 9 | 1969/70 | | | | 63 | 63 |
| Helsinki | Vanha Talvitie 8 | 1988 | | | 5 642 | | 5 642 |
| Helsinki | Vilppulantie 10 | 1987 | | 163 | | | 163 |
| Helsinki | Vuosaarentie 8 | 1967 | | | 886 | | 886 |
| Hollola | Vanhatalontie 2 | 1983/88 | 3 261 | | | | 3 261 |
| Jämsä | Mottilantie 2 | 1959 | 270 | | | | 270 |
| Jämsä | Säyrylän lomakylä | 1988/89 | | | | 148 | 148 |
| Järvenpää | Mannilantie 10 | 1979 | 124 | | | | 124 |
| Kerava | Käenkatu 2 | 1971 | 467 | | | | 467 |
| Kouvola | Kanervistontie 40 | 1982 | | | 2 410 | | 2 410 |
| Kuopio | Suurahontie 3 | 1982/96 | | | 3 937 | | 3 937 |
| Kustavi | Loukkeenkuja 1 | 1989 | | | | 112 | 112 |
| Lahti | Lahden Harjukatu 16 | 1937 | | 174 | | | 174 |
| Lahti | Rautatienkatu 2 | 1982 | | 263 | | | 263 |
| Lahti | Sopenkorvenkatu 9 | 1963 | | 400 | 4 640 | 197 | 5 237 |
| Lahti | Svinhufvudinkatu 7 | 1940/67/74 | | | 3 940 | | 3 940 |
| Lahti | Viipurinkatu 1 | 1965 | 212 | 375 | | | 587 |
| Lappeenranta | Opintie 6 | 1966 | | | 698 | | 698 |
| Lieto | Hyvättyläntie 4 | 1986 | 31 | | | | 31 |
| Lohja | Mäntynummentie 14 | 1986 | 100 | | 135 | | 235 |
| Nastola | Laturintie 1 | 1987 | 544 | 824 | | | 1 368 |
| Nastola | Rakokiventie 15-17 | 1988 | 305 | | | | 305 |
| Nurmijärvi | Viirintie 3 | 1988 | 505 | | | | 505 |
| Orivesi | Keskustie 41 | 1960 | 118 | | | | 118 |
| Paimio | Kalevantie 769 | 1984 | | 200 | 600 | | 800 |
| Pori | Satakunnankatu 22 | 1957 | | | | 53 | 53 |
| Porvoo | Näsintie 25 | 1965 | 131 | | | | 131 |
| Porvoo | Yrittäjänkatu 2 | 1978/80/83 | | | 1 910 | | 1 910 |
| Rauma | Poraajankatu 5 | 1984 | | | 300 | | 300 |
| Ruovesi | Honkalantie 16 | 1979 | 495 | | | | 495 |
| Salo | Kiertokatu 15 | 1985 | | | 589 | | 589 |
| Salo | Myllyojankatu 5 | 1983 | | | 1 753 | 39 | 1 792 |
| Savonlinna | Anninkatu 15 | 1986 | | | | 45 | 45 |

| Municipality | Address | Year of construction | Shop, m ² | Office, m ² | Industrial, m ² | Residential apartment, m ² | Total, m ² |
|--------------|--------------------------|----------------------|----------------------|------------------------|----------------------------|---------------------------------------|-----------------------|
| Savonlinna | Haapavedentie 4 | 1966 | | | | 70 | 70 |
| Savonlinna | Heikinpohjantie 2 | 1962 | | | | 92 | 92 |
| Savonlinna | Heikinpohjantie 36 | 1990 | | | 50 | 530 | 580 |
| Savonlinna | Heikinpohjantie 44 | 1964 | | | | 55 | 55 |
| Savonlinna | Heikinpohjantie 5 | 1968 | | | | 45 | 45 |
| Savonlinna | Heikinpohjantie 6 | 1953 | | | | 47 | 47 |
| Savonlinna | Hernemäentie 5 | 1977 | | | | 79 | 79 |
| Savonlinna | Iloniemenkatu 4 | 1978 | | | | 60 | 60 |
| Savonlinna | Kaartilantie 44 | 1970/80 | 336 | | | | 336 |
| Savonlinna | Kaukaantie 1 | 1970 | | | | 119 | 119 |
| Savonlinna | Kirkkokatu 15 | 1959 | | | | 68 | 68 |
| Savonlinna | Koulukatu 13 | 1981 | | | | 54 | 54 |
| Savonlinna | Koulukatu 15-17 | 1964 | | | | 28 | 28 |
| Savonlinna | Kuninkaankartanonatie 20 | 1952 | | | | 45 | 45 |
| Savonlinna | Kyrönniemenkatu 4 | 1971 | | | | 74 | 74 |
| Savonlinna | Käpykuja 2 | 1979 | | | | 79 | 79 |
| Savonlinna | Laitaatsillantie 14 | 1975 | | | | 76 | 76 |
| Savonlinna | Linnankatu 7 | 1966 | | | | 101 | 101 |
| Savonlinna | Mertatie 9 | 1970 | | | | 71 | 71 |
| Savonlinna | Mustalammenkuja 10 | 1973 | | | | 181 | 181 |
| Savonlinna | Mustalammenkuja 12 | 1974 | | | | 121 | 121 |
| Savonlinna | Neitsytkatu 1 | 1975 | | | | 216 | 216 |
| Savonlinna | Niputtajankatu 14 | 1987 | | | | 64 | 64 |
| Savonlinna | Olavinkatu 34 | 1940 | | | | 75 | 75 |
| Savonlinna | Pihlajavedenkuja 1 | 1979 | | | | 79 | 79 |
| Savonlinna | Pihlajavedenkuja 4 | 1976 | | | | 288 | 288 |
| Savonlinna | Pihlajavedentie 17 | 1978/81 | | | | 298 | 298 |
| Savonlinna | Ravikuja 6 | 1983 | | | | 65 | 65 |
| Savonlinna | Ruunavuorentie 56 | 1989/96 | | | | 58 | 58 |
| Savonlinna | Savonniemenkatu 3 | 1962 | | | | 49 | 49 |
| Savonlinna | Savontie 3 | 1962 | | | | 52 | 52 |
| Savonlinna | Silittäjäncatu 1 | 1978 | | | | 56 | 56 |
| Savonlinna | Tehtaankatu 12 | 1976 | | | | 60 | 60 |
| Savonlinna | Tulliportinkatu 11 | 1954 | | | | 57 | 57 |
| Savonlinna | Tulliportinkatu 13 | 1967 | | | | 141 | 141 |
| Sipoo | Iso Kylätie 43 | 1960 | 636 | 182 | | | 818 |
| Tampere | Hatanpään valtatie 34 | 1915/52 | | 437 | | | 437 |
| Tampere | Kaskimäenkatu 1 | 1991 | | 331 | | | 331 |
| Tampere | Multisillankatu 2 | 1970/74 | 800 | | | | 800 |
| Tampere | Patamäenkatu 2 | 1977 | | | 6 355 | | 6 355 |
| Tampere | Satakunnankatu 50 | 1976 | 530 | | | | 530 |
| Tampere | Takojanatu 1 | 1985 | | 369 | | | 369 |
| Tampere | Tesomanvaltatie 37 | 1986 | 223,5 | | | | 224 |
| Turku | Aninkaistenkatu 16 | 1936/37 | 55 | 44,5 | | | 100 |
| Turku | Jaanintie 34 | 1967/68 | | | | 68 | 68 |
| Turku | Kristiinankatu 6 | 1955 | | 174 | | | 174 |
| Turku | Sibeliuksenkatu 3 | 1920/86 | 283,5 | 179 | | | 463 |
| Turku | Uudenmaankatu 12 | 1960 | 108 | | 108 | | 216 |
| Turku | Uudenmaankatu 9 | 1966 | 167 | | | | 167 |
| Turku | Voimakatu 16 | 1957/60/73 | | | 327,5 | | 328 |
| Turku | Vähä-Heikkiläntie 56 | 1958/68 | | 111 | | | 111 |
| Tuusula | Lahelantie 5 | 1988 | | | 588 | | 588 |
| Vantaa | Hämeenkylläntie 51 | 1959 | | | 526 | | 526 |
| Vantaa | Kaskelanpolku | 1990 | | | | 86 | 86 |
| Vantaa | Lehdokkitie 2 | 1986 | | 279 | | | 279 |
| Vihti | Pisteenpolku 4 | 1978/79 | 286 | | | | 286 |
| Vihti | Tuusantie 1 | 1987 | 497 | | | | 497 |
| Total | | | 12 695 | 5 723 | 38 559 | 5 342 | 62 318 |

ARTICLES OF ASSOCIATION

§ 1 The business name and registered office of the company

The business name of the company shall be Interavanti Oy and its registered place of business Helsinki.

§ 2 Field of business

The field of business of the company shall be to engage in the leasing of real estate and of housing company shares. To this end the company may operate as a property developer. The company can engage in development and processing relating to acquisitions and real estate and in consulting work.

§ 3 Share capital and par value

The minimum share capital of the company shall be eighty million Finnish marks (FIM 80,000,000) and its maximum share capital three hundred and twenty million Finnish marks (FIM 320,000,000). The shares shall have a par value of eight Finnish marks (FIM 8).

§ 4 The book-entry securities system and matching date procedure

The company's shares are included in a book-entry securities system.

Entitlement to receive the company's distributable assets and subscription right when the share capital is raised shall be possessed solely by:

- whoever is entered in the share register as a company shareholder on the matching date, or

- a person whose entitlement to receive payment was entered on the matching date in the book-entry securities account of a shareholder entered in the register of shareholders, and entered in the register of shareholders; or

- if the share has been registered administratively; a person in whose book-entry securities account the share has been entered on the matching date and the manager of whose shares was entered on the matching date in the register of shareholders as manager of the shares.

§ 5 The Board of Directors

The Board of Directors shall be responsible for the administration and proper running of the operations of the company. The Annual General Meeting shall elect a minimum of three (3) and a maximum of six (6) members to the company's Board of Directors for one year at a time. The Board of Directors shall elect a chairman from among its members. The term of office of a member of the Board of Directors shall expire at the end of the first Annual General Meeting following election.

§ 6 Signing for the company

The Chairman of the Board of Directors and the Managing Director each alone and the members of the Board of Directors and persons authorised by the Board of the Directors always two together shall sign for the company.

§ 7 Accounting period and final accounts

The company's accounting period shall be a calendar year.

The final accounts must be drawn up by the end of March and then surrendered to the auditors, who should surrender the Auditors' Report to the Board of Directors within one month.

§ 8 The audit

The company shall have two regular auditors and one deputy auditor.

§ 9 Attendance at a meeting of shareholders

Both the Annual General Meeting and an extraordinary meeting of shareholders shall be convened by publishing an invitation in a daily newspaper appearing in Helsinki designated by a meeting of shareholders. The invitation must be published no earlier than four weeks and no later than one week prior to the end of the registration period. The invitation must state the matters that will be on the agenda at the meeting of shareholders.

In order to be able to exercise his right to speak and vote at a meeting of shareholders, a shareholder must register with the company in a manner appointed by the Board of Directors and stated in the invitation to the meeting. The final date of registration can be five days prior to the meeting at the latest.

As the company's shares belong to a book-entry securities system, account must also be taken of what is stated in the Companies' Act concerning entitlement to attend a shareholders' meeting of a company of this kind.

§ 10 The Annual General Meeting

The Annual General Meeting shall be held annually by the end of May.

The Annual General Meeting must:

present

1. the final accounts, comprising the Statement of Profit and Loss, Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Balance Sheet and the Managing Director's Report;
2. the Auditors' Report;
3. an account by the parties concerned of any admonitions made by the auditor;

decide on

4. the adoption of the Statement of Profit and Loss and the Balance Sheet and of the Consolidated Statement of Profit and Loss and Consolidated Balance Sheet;
5. action justified by the profit or loss according to the adopted Balance Sheet and Consolidated Balance Sheet;
6. releasing the Board of Directors and Managing Director from liability and on action justified by the Board of Directors' activity and explanation;
7. the remuneration for the members of the Board of Directors and auditors;
8. the number of members of the Board of Directors;
9. the newspaper in which the invitation to the meeting is to be published;

elect

10. the members of the Board of Directors, auditors and deputy auditor;

examine

11. other matters referred to in the invitation to the meeting.

§ 11**Redemption of shares**

In response to an offer by a shareholder, the company can without reducing the share capital redeem its own shares using non-restricted shareholders' equity.

§ 12**Redemption obligation**

A shareholder whose share of all the company's shares or of the votes generated by the shares either alone or together with other shareholders as defined hereinafter reaches or exceeds 33 1/3 per cent or 50 per cent (shareholder with an obligation to redeem) is obliged at the request of other shareholders (shareholders entitled to redeem) to redeem their shares and the securities providing entitlement to these under the Companies' Act as defined in this article. What is stated in this article concerning

shares and securities shall apply correspondingly to book-entry securities.

The calculation of a shareholder's share of the company's shares and of the votes generated by them shall also include those shares belonging to

- a community which under the Companies' Act belongs to the same group as the shareholder;
- the pension fund or pension society of the aforesaid communities or companies;
- a community or company other than a Finnish one which - if it were Finnish - would belong in the aforesaid manner to the same group as the shareholder;
- shareholders that are parties to an agreement or other arrangement which, were it implemented, would lead to the said share or vote limits being reached or exceeded.

If the redemption obligation is generated on the basis of combined ownerships or votes, the shareholders with an obligation to redeem shall be responsible for implementing the redemption jointly in relation to the shareholders entitled to redeem. In such a situation, a demand for redemption shall be deemed to be directed even without a separate demand to all the shareholders with an obligation to redeem.

If two shareholders reach or exceed the ownership or vote limit which results in an obligation to redeem such that both are obliged to redeem at the same time, a shareholder entitled to redeem can demand redemption from each of them separately.

The obligation to redeem shall not apply to shares or securities providing entitlement to these which the shareholder demanding redemption has acquired since the obligation to redeem was established.

REDEMPTION PRICE

The redemption price of the shares shall be the higher of the following:

- a) the weighted average price of the trading prices of the share during the

last ten market days at Helsinki Stock Exchange prior to the date when the company was notified by a shareholder with an obligation to redeem that the aforesaid ownership or vote limit had been reached or exceeded or, in the absence of such a notification or if it fails to arrive by the deadline, the company's Board of Directors was otherwise informed of the matter:

b) the average price weighted with the number of shares which a shareholder with an obligation to redeem has paid for shares he has purchased or otherwise acquired over the last 12 months prior to the date referred to in section a.

If some title affecting the average price is in foreign currency, its equivalent value shall be calculated in Finnish marks according to the average rate for the currency in question confirmed by the Bank of Finland seven days before the date when the Board of Directors notifies the shareholder of the opportunity for redeeming the shares.

That which is stated above concerning the definition of the redemption price for the shares shall also apply to other securities that are to be redeemed.

REDEMPTION PROCEDURE

A shareholder with an obligation to redeem should within seven days of the date when the obligation to redeem has been established inform the company's Board of Directors of this in writing at the company's address. The notification should contain information on the numbers of shares owned by the shareholder with an obligation to redeem and on the numbers and prices of shares purchased or otherwise acquired by the shareholder with an obligation to redeem over the last twelve months. The notification should include an address where the shareholder with an obligation to redeem can be reached.

The Board of Directors should notify the shareholders of the establishment of an obligation to redeem within 30 days of the date when it has received the

aforesaid notification, or in the absence of the said notification or if it fails to arrive by the deadline, it has otherwise been notified of the establishment of the obligation to redeem. The notification should include information on the date when the obligation to redeem was established and on the principles whereby the redemption price is defined, to the extent to which the Board of Directors is aware of them, and the date when the demand for redemption must finally be made. The notification to the shareholders must be given in accordance with what is ordered concerning the sending of an invitation to a meeting in § 9 of the Articles of Association.

A shareholder entitled to redeem should demand redemption in writing within 30 days of the publication of the Board of Directors' notice concerning the redemption obligation. A demand for redemption sent to the company should show the number of those shares and other securities to which the demand applies. A shareholder demanding redemption must also supply the company with any share certificates or other documents providing entitlement to receive the shares for surrender to the shareholders with an obligation to redeem in return for the redemption price.

If the demand had not been submitted by the deadline in the aforesaid manner, the shareholder's right to demand redemption in respect of the redemption situation in question shall become void. A shareholder entitled to redemption is entitled to cancel his demand for as long as no redemption has been made. Once the deadline reserved for the shareholders entitled to redemption has expired, the Board of Directors should notify the shareholders with an obligation to redeem of the demands for redemption that have been submitted.

A shareholder with an obligation to redeem must within 14 days of having been informed of the demands for redemption pay the redemption price in the manner designated by the company

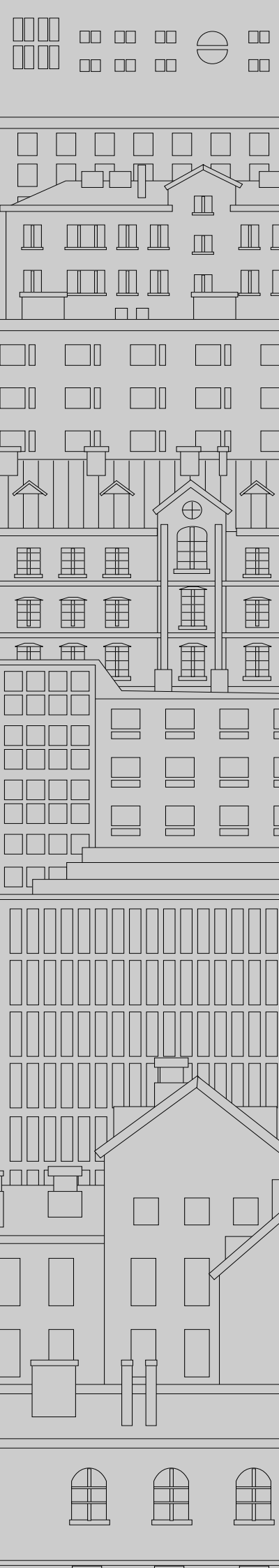
in return for the surrender of the shares and securities providing entitlement to these or, if the shares to be redeemed are entered in the book-entry securities account of the shareholders concerned, in return for a receipt issued by the company. In this case, the company must ensure that the redeemed shares are entered immediately in the redemptor's book-entry securities account.

Penalty interest of 16 per cent a year shall be calculated on a redemption price that has not been paid by the deadline from the date when the redemption should finally have been made. If a shareholder with an obligation to redeem has also neglected to comply with what is laid down above concerning duty to notify, the penalty interest shall be calculated from the date when the duty to notify ought finally to have been fulfilled.

OTHER REGULATIONS ON THE REDEMPTION OBLIGATION, REDEMPTION PRICE AND REDEMPTION PROCEDURE

A decision of a meeting of shareholders to amend or withdraw regulations in this article shall be valid solely if it has received the support of shareholders with a minimum of three-quarters of the votes cast and of the shares represented at the meeting.

Disputes over the aforesaid obligation to redeem, the related right to demand redemption and over the amount of the redemption price shall be settled by arbitration proceedings in the company's registered place of business in line with the provisions of the Act on Arbitration Proceedings (967/92). The arbitration proceedings shall be held in accordance with Finnish law.



Please address inquiries to

INTERAVANTI OY

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00270 Helsinki
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Fax. (09) 4777 2240