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JULIUS TALLBERG KIINTEISTÖT

ANNUAL REPORT 2007

Julius Tallberg Real Estate Corporation

(Julius Tallberg-Kiinteistöt Oyj)

Annual Report 2007

2007 marked the twentieth year of operations for the Julius Tallberg Real Estate Corporation

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Cover picture: Econia Business Park

ANNUAL GENERAL MEETING

The annual general meeting of Julius Tallberg Real Estate Corporation will be held at 4.30 p.m. on Tuesday, 18 March 2008 at the Corporation's head office at Suomalaistentie 7, 02270 Espoo, Finland.

The meeting agenda will consist of the matters to be submitted to the annual general meeting pursuant to article 10 of the company's articles of association:

Meeting agenda:

1. Standard business of the Annual General Meeting under article 10 of the company's Articles of Association, and
2. The Board of Directors' proposal that it be authorized to decide on the acquisition of a maximum of 1,320,351 of the company's own shares in other than a proportional relationship to the shares held by the shareholders.

Right to attend

Any shareholder that has been entered in the register of shareholders maintained by the Finnish Central Securities Depository Ltd by 7 March 2008 will have the right to attend the annual general meeting.

Notice of attendance

Shareholders wishing to attend the annual general meeting will be required to deliver notice of their attendance to the company no later than 4 p.m. on Friday, 14 March 2008 in any of the following ways:

- by telephone to Ritva Savaspuro-Olli at +358 (0)20 742 0705
- by letter to Julius Tallberg Real Estate Corporation, Suomalaistentie 7, 02270 Espoo, Finland
- by e-mail to ritva.savaspuro@tallberg.fi
- by way of the company's website at www.jtkoyj.com => In English => Contact us

Shareholders are requested to provide their name, social security number or business ID.

Possible proxies, on the basis of which designated representatives wish to exercise the voting rights of shareholders at the meeting, are requested to be declared in connection with notices of attendance, and such proxies are requested to be left at, or otherwise delivered to, the company's administrative offices at the above address prior to the indicated attendance notification deadline.

ADDRESS CHANGES

Shareholders are requested to report any address, name or ownership changes to the book-entry account operator administering their book-entry securities account.

DIVIDEND PAYMENT

The board of directors will propose to the annual general meeting the payment of a dividend amounting to EUR 0.10 per share for the 2007 financial year. Dividends will be payable to shareholders entered in the register of shareholders maintained by the Finnish Central Securities Depository Ltd on the record date for dividend distribution, 25 March 2008. The board of directors proposes to the annual general meeting that the dividend be paid after the record date, starting on 1 April 2008.

JULIUS TALLBERG REAL ESTATE CORPORATION FINANCIAL REPORTING IN 2008

Julius Tallberg Real Estate Corporation will release its 2007 financial statements on Wednesday, 13 February 2008.

The company will publish three interim reports during 2008:

- Tuesday, 6 May 2008 for the first quarter
- Thursday, 7 August 2008 for the second quarter
- Wednesday, 29 October 2008 for the third quarter

The company's annual report will be mailed to its registered shareholders. Reports can also be ordered by mail from Julius Tallberg Real Estate Corporation, Box 16, 02611 Espoo, Finland, by telephone from +358 (0)20 742 0705, by e-mail from ritva.savaspuro@tallberg.fi, or by way of the company's website.
The quarterly reports will be published only online at www.jtkoyj.com.

They can also be ordered by mail in the manner described above.

GROUP IN FIGURES (IFRS)

	Dec. 31, 2007	Dec. 31, 2006
Market value of real estate assets, EUR million	**149.9**	129.7
- Change %	**+15.6**	+20.2
Consolidated equity, EUR million	**86.9**	73.1
- Change %	**+18.9**	+24.3
Equity per share, EUR	**3.29**	2.95
Equity to assets %	**57.0**	57.7

	Jan. 1 – Dec. 31, 2007	Jan. 1 – Dec. 31, 2006
Revenue, EUR million	**11.4**	10.4
- Change %	**+9.6**	+6.9
Profit before taxes, EUR million	**14.2**	20.7
- Change %	**-31.1**	+123.4
Dividend/share, EUR	**0.10***	0.06

*Proposal by the Board of Directors

MANAGING DIRECTOR'S REVIEW

The company's 20th operating year, 2007, was as active and successful as the previous year.

At the end of the year under review, a third party appraisal valued the Group's real estate assets at about EUR 150 million, which represents a 15% increase on the previous year. Equity per share was EUR 3.29, up on the previous year by 12 %. Net revenue rose by 10 % to EUR 11.4 million. Earnings before taxes were EUR 14.2 million (EUR 20.7 million in 2006). The value increase of EUR 10.8 million for the year was substantial, but a record rise such as that achieved in 2006 was no longer possible, even though investor demand continued to be lively in the real estate markets of the Helsinki region (the value increase in 2006 was EUR 16.5 million).

The investment and property disposal volume of Julius Tallberg Real Estate Corporation was substantial. The value of investments was almost EUR 38 million and the value of disposals exceeded EUR 28 million. During the financial year, the company acquired the stock of seven real estate companies from Hannu and Airi Sohlberg. In addition, the year saw the acquisitions of SK Property Oy and the Tietäjäntie 12 property. In January, 2007, the rights of proprietorship and possession from the sale of Koy Helsingin Kanavaranta 7 and Koy Nahkahousuntie 3 were transferred to the buyer in accordance with agreements made at the end of 2006. The shareholding in Koy DataCity (13%) was also sold in December 2007.

In December 2007, the company signed an agreement on the sale of the stock of Koy Kauppakeskus Martinsilla, which was the biggest transaction in the company's history, being valued at approximately EUR 45 million. At the same time, a preliminary agreement was made on the acquisition of the stock of Koy Rälssintie 10. These transactions' rights of proprietorship and possession were transferred in January 2008.

The price of the company's share listed on the OMX Nordic Exchange was EUR 3.00 on December 31, 2007 (EUR 3.12 on December 31, 2006). The share's P/E ratio was 7 (5 on December 31, 2006).

In terms of earnings and the development of equity per share, the company's year can be considered good. The return on capital employed was 13.2 % (21.2 % in 2006) and the return on equity was 13.1 % (23.2 % in 2006), the equity-to-assets ratio being 57 % (58% in 2006).

In assessing the performance of the real estate sector, there is good reason to look at performance and earnings over the long term, rather than just focusing on the quarterly results. When the Group's growth is examined from this perspective, we can conclude that growth has been balanced and has occurred without significant risk taking.

Throughout the last decade (1998-2007) the Group has grown appreciably. The value of real estate assets has climbed from EUR 58.5 million to about EUR 150 million, an increase of 156%. The figure for net assets after tax liabilities, i.e. the company's equity, has risen from EUR 35.9 million to EUR 86.9 million, or by over 142%. During all these years, the company has distributed increasing dividends. The company's real estate occupancy rate has also remained high. Throughout the decade, the financial structure has met all targets, despite substantial investments. It is noteworthy that the company's credit rating has increased to an outstanding level (according to Suomen Asiakastieto Oy, the company has the highest possible rating of AAA).

OUTLOOK FOR 2008

Property disposals effected under favorable market conditions in 2007 and 2008 will temporarily reduce the value of the company's real estate assets, but the Econia Business Park development project will raise it again significantly.

The Group's operating environment is expected to weaken overall, and the company will therefore focus on executing the Econia Business Park project in the near future. It is unlikely that investments will be made in new targets this year. For this reason, the assets received from the disposal of the Martinsilta Shopping Center will be held in liquid investments or they will be used to reduce the Group's debts.

The company's real estate occupancy rate and net rental yield are expected to stay at their current high level. The value of the lease portfolio was approximately EUR 32 million on 31 December, 2007 and its average duration is about 2.6 years.

The company's dividend proposal is EUR 0.10 per share. The amount of the dividend has grown steadily for 12 consecutive years.

In the longer term the Group's aim is to increase the company's real estate stock in a balanced and profitable way within the framework of the company's equity-to-assets ratio target.

I would like to thank all our customers and partners for contributing to our successful, long-term collaboration. The personnel also deserve the warmest thanks for their valuable efforts, without which the company's excellent result would not have been possible. We have worked together for 20 years already, and we will continue to do our very best to serve our customers even better than before.

Espoo, 13 February 2008

Martti Leisti

Julius Tallberg Real Estate Corporation's 20th anniversary on 13 November 2007

Customers and business partners joined in the celebration by first watching a preview of the Finnish film 'Tali-Ihantala', after which they moved to the Helsinki Bourse Club.

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR, JANUARY 1, 2007 – DECEMBER 31, 2007

OVERVIEW

The year 2007 marked the twentieth full year of operation for Julius Tallberg Real Estate Corporation.

The company's 20th anniversary was celebrated on November 13, 2007, at the Maxim movie theatre and the Helsinki Bourse Club with distinguished guests.

The profit before taxes was EUR 14.2 million (EUR 20.7 million in 2006), which was the second best result in the company's history. The rise in the value of real estate stock was EUR 10.8 million (16.5). The rise in value was substantial, although less than the record increase in 2006. The Group's revenue was EUR 11.4 million (10.4), an increase of 10% on the previous year. The occupancy rate of the Corporation's real estate stock was 97% (93%).

The debt-free value of the Corporation's investment property based on a third-party appraisal determined in accordance with the International Valuation Standards (IVS 2005 5.2) was EUR 149.9 million at the end of the financial year (129.7). This represents growth of EUR 20.2 million, or 15%, on 2006. The Group's equity per share rose to EUR 3.29 (2.95), an increase of 12%.

The Group's capital expenditure totaled EUR 37.7 million during the year, compared with EUR 5.3 million in 2006. Disposals concluded in 2007 totaled EUR 27.9 million (EUR 0 in 2006).

Property acquisitions in the financial year:

1. A majority of SK Property Oy was acquired from the American company CFSC Capital Corp at the beginning of 2007, based on an agreement made in 2006. Julius Tallberg Real Estate Corporation already owned a minority stake in the company. SK Property Oy owns two office buildings in Espoo, at Luomannotko 3 and Kappelitie 6. The majority stake was acquired for EUR 10 million.
2. A property at Tietäjäntie 12 in Espoo, acquired from the bankruptcy estate of Lancro Oy (EUR 2 million).
3. The stock of seven properties in the Helsinki region, acquired from Hannu and Airi Sohlberg (EUR 25.5 million). Of the acquisition price, EUR 5 million was financed with a directed issue.

Property disposals in the financial year:

1. The sales transactions concerning Koy Helsingin Kanavaranta 7 and Koy Nahkahousuntie 3, agreed at the end of 2006 and totaling EUR 24.7 million, were concluded in January 2007.
2. On December 17, 2007, the company sold the shares of Koy Turun Datacity for EUR 3.2 million. The rights of proprietorship and possession were transferred to the buyer on the same date.

Property disposals agreed in the financial year:

The company signed a deed of sale on December 17, 2007, with Genesta Nordic Baltic Real Estate fund on the sale of the stock of Koy Kauppakeskus Martinsilta. The total debt-free transaction value was EUR 44.9 million. However, the rights of proprietorship and possession were assigned to the buyer not until January 31, 2008. The Corporation has classified the property as a 'non-current investment held for sale' and it has been measured at its fair value on December 31, 2007, i.e. at its sales price. However, the parent company of the Julius Tallberg Real Estate Group follows the Finnish Accounting Standards (FAS) and does not include increases in value in its result; hence the total capital gains from the transaction, approx. EUR 32 million, will be included in the parent company's result for 2008.

The company's equity-to-assets ratio remained clearly above target at 57% (58%). The return on investment was 13.2% (21.2%), and the return on equity was 13.1% (23.2%).

CHANGE IN VALUE OF THE GROUP'S INVESTMENT ASSETS AND AVAILABLE-FOR-SALE ASSETS

EUR million	2007	2006
Market value of investment assets	98.8	96.3
Market value of available-for-sale assets	51.1	33.4
Total	149.9	129.7
Debt portion of available-for-sale assets	-	- 1.1
Total non-current assets of real estate assets	149.9	28.6
Increase in investment property	37.7	5.3
Decrease in investment property	-28.3	
Change in fair value of investment property	10.8	16.5
Total change	20.2	21.8

CHANGE IN CONSOLIDATED EQUITY

	2007	2006	Change
Equity on Dec 31, EUR million	86.9	73.1	19%
Equity on Dec 31/share, EUR	3.29	2.95	12%

THE GROUP'S OPERATING ENVIRONMENT

Property investment market

The investment volume of the business premises market in the Helsinki region increased substantially on the previous years. Based on preliminary information from Catella Property Oy, the value of transactions made in 2007 was approximately EUR 5.6 billion, of which foreign investors accounted for about 54%. The transactions concerned both individual properties and portfolios. Investment appetite and activity on the market were at a high level and also focused on growth centers outside the Helsinki region.

Rental markets

According to Catella Property Oy, the amount of vacant office space in the Helsinki region's business premises market – which is the Corporation's key market – was roughly 8.4% in the fall of 2007, as it had been in 2006. In relative terms, the amount of vacant office space was greatest in Espoo, at 12%, with 7.8% in Helsinki and 6.7% in Vantaa. In the most popular areas, rents increased somewhat in the review period, and new construction continued to be brisk.

The supply of available shop, production and storage premises has been poor, but rents have nevertheless remained more or less unchanged

NET REVENUE AND INCOME

Consolidated rental income increased by 10% and was EUR 11.4 million (10.4). Profit before taxes was EUR 14.2 million (20.7), of which the increase in the value of investment property was EUR 10.8 million (16.5).

Employee expenses, investment property maintenance costs and other operating expenses increased on the previous year as a result of the company's expanded operations. Financial expenses also rose as a result of increases in interest expenses and the company's investment financing.

The Group's earnings per share were EUR 0.41 (0.62).

Return on investment was 13.2% (21.2%) and return on equity was 13.1% (23.2%). The P/E ratio was 7 on December 31, 2007 (5).

CHANGES IN PROPERTY VALUES AND NET ASSETS PER SHARE

The value of the Group's investment property and non-current investments held for sale at December 31, 2007, based on a third party (Catella Property Oy) estimate in accordance with IVS 2005 5.2, was EUR 149.9 million (129.7). This represents an increase of 15% on 2006. The value of the Group's investment properties was EUR 98.8 million (96.3), and the value of non-current assets held for sale was EUR 51.1 million (33.4).

CASH FLOW, CASH FLOW STATEMENT AND BALANCE SHEET

The Group's financial position was good throughout the financial year. The equity-to-assets ratio was in line with long-term targets and stood at 57.0% (57.7%).

In anticipation of interest rate rises, the company has made interest rate hedge contracts for the period 2008-2013. Their total value was EUR 24.3 on December 31, 2007, and the interest rate hedging ratio was 61%, taking into account the company's EUR 5.4 million fixed-interest loan. The hedging rate thus exceeds the minimum target of 60% set in the company's risk management policy.

Cash flow from operating activities was EUR 3.8 million (3.5). Net cash used in investing activities was EUR -11.2 million (-3.6) and cash flow from financing activities was EUR 7.4 million (0). The cash flow from the substantial Koy Martinsilta property transaction that took place at the end of 2007 will be recognized in early 2008.

The balance sheet total was EUR 154.1 million (129.6). Interest-bearing liabilities were EUR 47.8 million (39.2). The average maturity of loans on December 31, 2007, was 5 years (3.6) and the average interest rate was 4.1% in 2007 (4.3%).

MERGING OF SHARE CATEGORIES, SHARE ISSUE AUTHORIZATONS AND THEIR USE

Julius Tallberg Real Estate Corporation's Annual General Meeting of March 7, 2007:

1. approved the Board's proposal on the merging of share categories. The company's A and B shares were merged, and a decision was made to offer a bonus issue of 56,505 shares to holders of A shares. Application was made for the company's unlisted shares, 621,575 in total, to be traded publicly on the OMX Nordic Exchange Helsinki. Application was also made for a new trading code, JTK1V, for the company share.

2. authorized the Board of Directors to decide on a bonus share issue to shareholders in proportion to their respective shareholdings. Under the authorization, the Board of Directors can issue, in one or more lots, a maximum of 21,000,000 new shares. The Board used its authorization on March 21, 2007, by carrying out a bonus issue to shareholders who were entered in the company's shareholder register on the record date March 26, 2007. A total of 20,897,525 new shares were issued.

Julius Tallberg Real Estate Corporation's Extraordinary General Meeting of May 31, 2007:

1. authorized the Board of Directors to decide on the acquisition of a maximum of 1,253,850 of the company's own shares. The company's own shares may be acquired with the company's unrestricted equity at their market price on the OMX Nordic Exchange Helsinki at the time of acquisition, and in other than a proportional relationship to the shares held by the shareholders, provided the company has a compelling financial reason for the acquisition. The authorization had not been used by December 31, 2007, and it will remain in force until May 31, 2008.

2. authorized the Board of Directors to decide on one or more share issues and on the issuance of special rights entitling to shares as referred to in Chapter 10, section 1, of the Finnish Companies Act (624/2006), as follows:

The Board of Directors is authorized to decide on the number of company shares to be issued and the number of special rights entitling to shares, with the maximum number of company shares to be issued pursuant to this authorization being 18,000,000. The Board of Directors is authorized to decide on all other terms and conditions of the share issue and of the issuance of special rights entitling to shares. This authorization applies to both the issue of new shares of the company and the conveyance of the company's own shares in the possession of the company. Share issues and the issuance of special rights entitling to shares may occur in deviation from the pre-emptive subscription rights of shareholders as share offerings, if the company has a compelling financial reason for so doing, such as the use of shares as consideration in acquisitions or other business restructuring, as a means of financing investments or as part of the company's incentive system for personnel.

The Board of Directors decided on June 13, 2007, to offer 1.33 million shares to Hannu Sohlberg as part of a transaction price. On December 31, 2007, 16.67 million shares of the authorization were unused and the authorization will remain in force until May 31, 2010.

RISK MANAGEMENT

The Julius Tallberg Real Estate Corporation's risk management policies, which were defined in 2005, are an integral part of strategic and operational planning, decision-making and the internal control system. The risk management policies will be updated during spring 2008, at which time a more detailed risk survey will also be conducted.

The company views risk conservatively and takes risks only within the bounds of its business strategy. The company improves and balances the structure of its investment portfolio on a continual basis in various ways (for example, by diversifying properties according to their intended use, avoiding excessively large tenants and concentrating on the Helsinki region).

The strategic principles of real estate investment have been defined and a key principle in assessing new projects and sales is their impact on strategic goals.

Currently, the company views key personnel and the general uncertainty of the global market, which may have indirect bearing on the company, as its main risks.

Strategic risks identified by the company and which it seeks to manage are the geographical location of its real estate investments, partial holdings in real estate investments and an unbalanced client portfolio.

In addition to the key personnel risk, operational risks include risks related to the purchase and sale processes of properties, especially unsuccessful assessment of future yield potential, and risks related to the quality of external service providers and to data systems and security.

Financial risks include risks related to liquidity, interest rates and credit. The company manages these risks with a high equity-to-assets ratio of at least 50%, interest rate hedges for floating rate loans and the structure of loan maturities.

In terms of damage and liability risks, the principal risks to be managed are from fire and safety of facilities and management liability. To cover these risks, the company has taken out comprehensive insurance.

A more detailed description of identified areas of risk and their management is found in the annual report, under the section Corporate Governance.

GROUP'S STRATEGIC GOALS

Julius Tallberg Real Estate Corporation operates actively primarily in the property investment markets of the Helsinki region. All investment properties are expected to feature good location, superior quality, and good functionality and development potential in addition to a high yield potential. The company seeks yield and value increase through a high-standard of professional management, improvement and development. The Group employs this operating approach in pursuit of the following objectives:

- steady increase in equity
- steady increase in operating income and dividends
- profitable and steady increase in real estate assets.

A high equity-to-assets ratio, currently above 50% at the minimum, is a basic prerequisite for operational stability.

The Corporation's strategic goal is to continue to increase its current real estate portfolio within the constraints of its equity-to-assets target, in keeping with the company's investment policies and by developing unused building rights. The company's goal is also to utilize favorable market situations by divesting a part or parts of its investment assets. Funds freed up this way are intended to be invested in real estate complying with the company's investment policies.

The growth objective of the Group's real estate portfolio facilitates risk spreading and improves cost efficiency.

The goal of Julius Tallberg Real Estate Corporation is to provide shareholders with a safe and stable investment alternative by steadily improving share value and its capacity to distribute dividends.

FUTURE OUTLOOK

Property market

The volume of trade in business premises in Europe is generally expected to decline. As a result of the uncertainty of last fall and early 2008 in the international financing and capital markets, investors on the Finnish real estate market are more selective and demanding. The lending rate of investments has decreased. Yield demands from investors have not yet increased significantly, but an increase is likely in 2008. Demand for good targets in the Group's operating area is likely to remain stable in 2008 because the need to diversify investments will remain and Finland is considered one of Europe's most stable markets. In the Helsinki region purchase demand for business premises will remain on the normal long-term level, at the least. Investors applying large volumes of capital are likely to have a stronger role.

Rental markets

The Ministry of Finance forecasts that the Finnish GDP will grow by about 2.5% in 2008, which is less than in 2007. Growth will probably slow down in the Helsinki region, too.

Rental demand for business premises is expected to remain roughly unchanged. Due to the large volume of new buildings, vacancy rates can be expected to increase and will likely concern mostly older office buildings. Rents in modern office buildings in the most popular areas will probably increase somewhat, whereas they will likely decrease in dated buildings.

Near-term outlook

The sales carried out by the company in the favorable market situation of 2007 and early 2008 will reduce the value of real estate assets temporarily, but the progress of the Econia Business Park development project, which will be launched in 2008, will increase it substantially.

The Corporation's revenue is estimated to decrease but the occupancy rate of the real estate portfolio is expected to remain at the current level and income from rental activities for the near-term is expected to remain good despite the sale of real estate.

The Corporation's leases are based on long-term partnerships with reliable corporate tenants. The Corporation's lease portfolio stood at EUR 32 million on December 31, 2007 (36 million) and the average remaining lease term was 2.6 years (3.4). Due to the slow-down of economic activity in Finland, the Corporation will focus its near-term investments mainly on exploiting development potential.

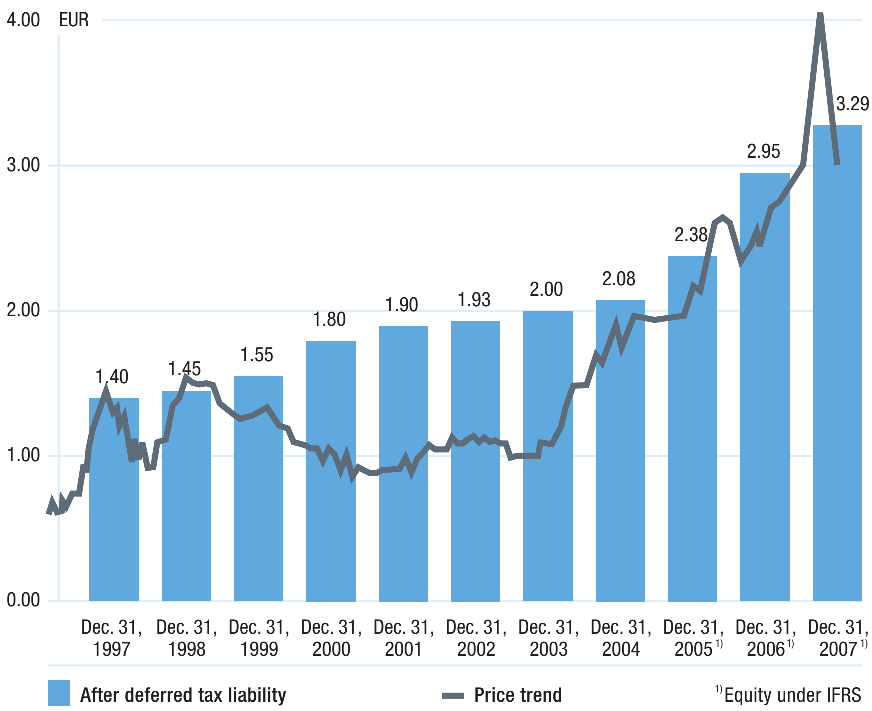
No material adverse factors affecting the fair value are visible in the short term due to the situation prevailing in the Helsinki regiuon's real estate market.

POST-BALANCE SHEET EVENTS

By a purchase deed on December 17, 2007, Julius Tallberg Real Estate Corporation has acquired the stock of Koy Helsingin Rälssintie 10 for a debt-free price of EUR 2.2 million from Tycla Oy. The rights of proprietorship and possession were assigned on January 25, 2008. The office and warehouse building owned by Koy Helsingin Rälssintie 10 is next to the intersection of Ring Road I and Käskynhaltijantie road. The floor area of the building, completed in 1990, is approximately 3,130 floor square meters.

The company signed a deed of sale on December 17, 2007, with Genesta Nordic Baltic Real Estate fund on the sale of the stock of Koy Kauppakeskus Martinsilta for a debt-free price of EUR 44.9 million. The rights of proprietorship and possession were assigned to the buyer on January 31, 2008.

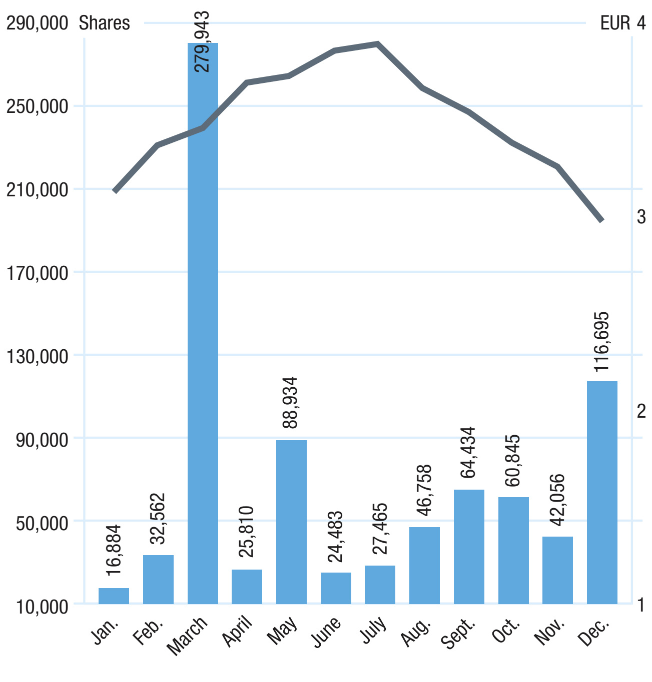
NET ASSETS/EQUITY PER SHARE AND SHARE PRICE



CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	Jan. 1 - Dec. 31 2007	Jan. 1 - Dec. 31 2006
REVENUE	1	**11,447**	10,447
Costs of employment benefits	2	**-710**	-586
Depreciation	3	**-15**	-16
Change in fair value of investment properties	12	**10,774**	16,525
Proceeds from disposal of investment properties	4	**94**	0
Maintenance costs of investment properties	5	**-4,624**	-3,701
Other operating expenses	6	**-752**	-502
OPERATING PROFIT		**16,214**	22,167
Financial income	7	**144**	128
Financial expenses	7	**-2,116**	-1,621
PROFIT BEFORE TAXES		**14,242**	20,674
Income tax	8	**-3,785**	-5,351
PROFIT FOR THE YEAR	9	**10,457**	15,323
Earnings per share			
Diluted		**0.41**	0.62
Undiluted		**0.41**	0.62

SHARE PRICES AND SHARE TRADING VOLUMES 2007



CASH FLOW STATEMENT

EUR 1,000	Jan. 1 - Dec. 31 2007	Jan. 1 - Dec. 31 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**10,457**	15,323
Adjustments for:		
Non-cash transactions		
Depreciation	**15**	16
Change in fair value of investment properties	**-10,774**	-16,524
Proceeds from disposal of investment properties	**-94**	0
Financial items	**1,972**	1,493
Taxes	**3,785**	5,351
Changes in working capital		
Change in trade and other receivables	**176**	413
Change in trade and other payables	**697**	-590
Interests paid and financial expenses	**-2,078**	-1,593
Interests received	**144**	30
Taxes paid	**-514**	-442
NET CASH FROM OPERATING ACTIVITIES	**3,786**	3,477
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-99**	-5
Disposal of investment properties	**22,444**	1,552
Investments in investment properties	**-33,510**	-5,261
Dividends received	**0**	98
NET CASH USED IN INVESTING ACTIVITIES	**-11,165**	-3,616
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans withdrawn	**22,100**	6,469
Repayments on loans	**-13,319**	-5,052
Dividends paid	**-1,402**	-1,278
NET CASH FROM FINANCING ACTIVITIES	**7,379**	139
Change in liquid assets	**0**	0
Liquid assets on Jan. 1	**1**	1
LIQUID ASSETS ON DEC. 31	**1**	1

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	Dec. 31, 2007	Dec. 31, 2006
ASSETS			
Non-current assets			
Tangible fixed assets	10	**120**	33
Intangible assets	11	**3**	6
Investment properties	12	**98,800**	96,300
Available-for-sale investments	13	**0**	748
Financial receivables	14	**0**	309
Derivatives contracts	15	**296**	203
Deferred tax assets	16	**0**	113
		99,219	97,712
Current assets			
Trade and other receivables	17	**3,778**	693
Tax assets based on taxable income for the year		**0**	35
Cash and cash equivalents	18	**1**	1
		3,779	729
Long-term assets held for sale	19	**51,100**	31,200
TOTAL ASSETS		**154,098**	129,641

EUR 1,000	Note	Dec. 31, 2007	Dec. 31, 2006
EQUITY AND LIABILITIES			
Equity attributable to equity holders of parent			
Share capital	20	**21,027**	21,027
Share premium fund	20	**0**	6,109
Invested unrestricted equity fund	20	**11,110**	
Revaluation reserve	21	**0**	191
Hedge fund	22	**116**	150
Retained earnings	23	**54,648**	45,593
TOTAL EQUITY		**86,901**	73,070
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	**14,447**	12,911
Loans from financial institutions	24	**36,806**	26,484
Derivatives contracts	15	**149**	
Other liabilities	25	**0**	1,400
		51,402	40,795
CURRENT LIABILITIES			
Trade payables and other liabilities	25	**3,266**	3,015
Tax liabilities based on taxable income for the year		**1,552**	0
Loans from financial institutions	24	**10,977**	12,761
		15,795	15,776
TOTAL LIABILITIES		**67,197**	56,571
TOTAL EQUITY AND LIABILITIES		**154,098**	129,641

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Share premium fund	Revaluation fund	Hedge fund	Invested unrestricted equity fund	Retained earnings	Total
Equity, Jan. 1, 2006	**21,027**	**6,109**	**277**	**-190**	**0**	**31,547**	**58,770**
Interest rate hedges							
Gains/losses recognized in equity				376			376
Transferred as an adjustment of financial income or expenses				83			83
Taxes on items recognized in equity or transferred from equity				-119			-119
Available-for-sale investments							
Gains/losses from measurement at fair value			-116				-116
Amount transferred to income statement							
Taxes on items recognized in equity or transferred from equity			30				30
Net revenue recognised directly in equity			**-86**	**340**			**254**
Profit for the financial year						15,323	15,323
Income and expenses recognized for the year, total	**0**	**0**	**-86**	**340**	**0**	**15,323**	**15,577**
Dividends						-1,278	-1,278
Equity Dec. 31, 2006	**21,027**	**6,109**	**191**	**150**	**0**	**45,592**	**73,070**
Interest rate hedges							
Gains recognised in equity				56			56
Transferred as an adjustment of financial income or expenses				-102			-102
Taxes on items recognized in equity or transferred from equity				12			12
Available-for-sale investments							
Amount transferred to income statement			-258				-258
Taxes on items recognized in equity or transferred from equity			67				67
Net revenue recognised directly in equity			**-191**	**-34**			**-225**
Profit for the financial year						10,457	10,457
Income and expenses recognized for the year, total	**0**	**0**	**-191**	**-34**	**0**	**10,457**	**10,232**
Share offering					5,001		5,001
Transfers		-6,109			6 109		0
Dividends						-1,402	-1,402
Equity Dec. 31, 2007	**21,027**	**0**	**0**	**116**	**11,110**	**54,648**	**86,901**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

ACCOUNTING POLICIES APPLIED TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION ON THE COMPANY

Julius Tallberg Real Estate is a real estate investment Group that is engaged in real estate investment and development in the Helsinki region and other emerging economic centers in Finland.

The Group's parent company is Julius Tallberg Real Estate Corporation. Julius Tallberg Real Estate Corporation is a Finnish public limited company domiciled in Espoo at the registered address Suomalaistentie 7, FI-02270 Espoo. The company's shares are listed on the OMX Nordic Exchange in the "Finance" category.

Julius Tallberg Real Estate Corporation is part of a group whose parent company is Oy Julius Tallberg Ab. The parent company's domicile is Helsinki, Finland and its registered address is Suomalaistentie 7, 02270 Espoo.

The Board of Directors approved these financial statements for release at its meeting on February 13, 2008. Under the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the shareholders' meeting that follows their release. The shareholders' meeting may also amend the financial statements.

ACCOUNTING BASIS

The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS) approved for use in the EU and in compliance with the standards and interpretations valid on December 31 2007.

The consolidated financial statements have been prepared on the basis of original acquisition costs, except for investment properties, available-for-sale investments, financial assets and liabilities measured at fair value through profit or loss, derivative contracts and non-current assets held for sale, which are measured at fair value.

Preparation of the financial statements in conformity with the IFRS requires Group management to make certain estimates and judgements with respect to the application of accounting policies. The section "Accounting policies requiring management's judgement and key sources of estimation uncertainty" contains information on the judgements made by management in applying the Group's accounting policies and which have the greatest impact on the figures presented in the financial statements.

As of January 1, 2007, the Group has applied the following new or amended standards and interpretations: IFRS 7 'Financial instruments: Disclosures', and an amendment of IAS 1 'Presentation of Financial Statements - Capital disclosures'. Application of IFRS 7 requires more comprehensive disclosures on financial instruments, their effect on the company's profit or loss, and financial position, and information on the nature and scope of financial risks. The amended IAS 1 requires disclosures on the quality of capital and its management. Both standards have increased the information to be presented in the Notes to the Financial Statements. In addition, IFRIC 10 'Interim Financial Reporting and Impairment', which has not affected the consolidated financial statements, has been introduced. The new interpretations, IFRIC 8 'Scope of IFRS 2' and IFRIC 9 'Reassessment of embedded derivatives', have not affected the consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared by consolidating the income statements, balance sheets and accompanying notes of the parent company and its subsidiaries.

Subsidiaries are companies in which the Group exercises control. The Group exercises control if it owns more than half of the voting rights or it has the right to exercise control over the financial and operating policies of the entity. Internal shareholdings are eliminated by the acquisition cost method. Acquired subsidiaries are consolidated from the date on which the Group gains control until the date on which control ceases. All intra-Group transactions, receivables, payables and profits are eliminated in preparing the consolidated financial statements.

Mutually owned real estate companies are consolidated by the proportionate consolidation method, so that the consolidated financial statements include the premises controlled by the Group and the other assets and liabilities related to them.

The consolidated financial statements have been prepared by applying the acquisition cost method, according to which the cost of acquiring subsidiary shares included in the parent company's fixed assets has been eliminated against the subsidiary's equity as per the acquisition date. The portion of the value of the acquired net assets that exceeds their respective carrying amounts is allocated in its entirety to land and buildings. Individual acquisitions of investment properties are treated as acquisitions of asset items as intended in IAS 40 instead of treating them as business acquisitions as intended in IFRS 3.

INVESTMENT PROPERTIES

Investment properties are properties which the Group holds in order to gain rental income or appreciation of assets, or both. In measuring the value of investment properties, the fair value model compliant with IAS 40 'Investment Properties' is applied, according to which changes in value are recognised through profit or loss. Changes in the fair value of investment properties are presented as a separate item in the income statement.

Investment properties are originally measured at acquisition cost and thereafter by using the fair value model. The fair value determined by an external property valuer is requested at the end of the first full quarter-year that follows the acquisition. The fair value of investment properties is determined by an external property valuer in compliance with the IVS (International Valuation Standards) at least once per year.

The fair value corresponds with the market value on active markets, and it has been determined using capitalized return and commercial valuation methods together with the market knowledge of real estate agents. The commercial valuation method has been used in determining the value of undeveloped plots of land and unused building rights. The capitalized return method has been emphasized with respect to properties that are clearly investment properties by nature. The current net capitalized return requirements of property investments can be concluded not only from theoretical examinations, but also by comparing actual transactions made by investors concerning similar properties. Each property's return requirement is defined separately, taking account of the risks specific for each property and market.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale, if their carrying amount will be recovered principally through sales transactions rather than from continuing use. For this to be the case, the sale must be highly probable, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, the management must be committed to sell the asset, and the sale should be expected to occur within one year of the date of classification.

Immediately before classification, assets held for sale are measured in accordance with the applicable IFRSs. Investment properties classified as non-current assets held for sale are measured at fair value inaccordance with IAS 40.

TANGIBLE FIXED ASSETS

Tangible fixed assets include office equipment & fixtures and vehicles used by the Group and the costs of renovating rental properties used by the Group.

Tangible fixed assets are measured at original cost less depreciation. Depreciation according to plan is applied to the assets over their useful lives.

The estimated useful lives are as follows:

- Machinery, equipment and motor vehicles: 3-10 years.
- Renovations made in rented premises are entered in the balance sheet and recognised as an expense over the term of the lease.

INTANGIBLE ASSETS

Intangible assets include software licences that are entered in the balance sheet at cost and depreciated in the income statement on a straight-line basis through their useful lives (5 years).

IMPAIRMENT

On each balance sheet date, the Group assesses whether there are any indications that the value of a tangible or intangible asset has decreased. If such indications exist, the recoverable amount of the asset will be estimated. If the carrying amount is higher than the recoverable amount, an impairment loss will be recognised in the income statement.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES RECOGNITION AND MEASUREMENT

The Group has applied IAS 39: 'Financial instruments: recognition and measurement' as of 1 January 2005. Since that date, the Group's financial assets have been classified under IFRS into the following categories:

- Loans and other receivables
- Available-for-sale investments

Financial assets are classified on the basis of the purpose for which they were acquired, and are classified at the time of original acquisition. Transaction costs arising directly from an acquisition and clearly related to a certain asset are included in the original carrying amount with respect to an asset that is not measured at fair value through profit or loss. All purchases and sales of financial assets are recognised at the date of the transaction.

Loans and other receivables

Loans and other receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company is not keeping for trading purposes. This category includes the Group's financial assets that have been gained by transferring money, goods or services to a debtor. They are measured at amortised cost and are included in current financial assets because they mature within 12 months.

Available-for-sale investments

Available-for-sale investments comprise non-derivative financial assets that are designated as available-for-sale and are not classified in any other category. Shares are classified as available-for-sale financial assets and are measured at fair value. The fair values of the investments of this category are mainly determined by a third-party expert valuer as explained in the Investment Properties section of the Accounting Policies. Changes in the fair value of available-for-sale financial assets are entered in the revaluation fund in equity. The cumulative change in fair value is transferred from equity to profit or loss when the assets are sold or when an impairment loss is recognised.

Liquid assets

Liquid assets comprise cash in hand and in demand bank deposits.

Financial liabilities

Interest-bearing liabilities are included in Other liabilities. The used portion of a bank overdraft facility is included in current interest-bearing liabilities. Financial liabilities are originally recognised at the value of the consideration received and are measured in the balance sheet at amortised cost.

DERIVATIVES AND HEDGE ACCOUNTING

The Group has treated derivative contracts as defined in IAS 39 'Financial instruments: recognition and measurement' as of January 1, 2005. Derivative contracts are recognised at original cost, which corresponds to their fair value.

The fair value of interest rate swaps is determined by discounting the expected cash flows of the swaps with the interest rates prevailing at the balance sheet date. The Group uses the financial statement measurements of the counterparty as an aid. The Group applies cash flow hedge accounting to hedge the exposure to variable rate loans by using interest rate swaps.

When a hedging relationship is formed, the Group documents the relationship between the hedged item and the hedging instruments as well as the Group's risk management objectives and the strategy for inception of a hedge. When initiating hedging and continuously thereafter, the Group documents its estimate of whether the change in the fair value of hedging instruments corresponds very effectively to the underlying cash flows or the change in fair value of other hedged items.

The change in fair value of the effective portion of derivative instruments fulfilling the conditions of a cash flow hedge is recognised directly in the hedge fund in equity. The gains and losses recognised in equity are transferred to the income statement for that period in which the hedged item is entered in the income statement. When a hedging instrument acquired to hedge a cash flow matures, is sold or no longer fulfils the criteria of hedge accounting, the profit or loss accumulated through the hedging instrument is left in equity until the forecast transaction occurs. However, if it is assumed that the forecast transaction will no longer occur, the profit or loss left in equity is recognised in the income statement. The fair value of derivatives maturing within a year is presented in current assets or liabilities.

IMPAIRMENT OF FINANCIAL ASSETS

The recoverable amount of financial assets is either the fair value or the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if the circumstances have changed. The Group recognises an impairment loss arising from trade receivables, when there is objective evidence suggesting that the receivables cannot be collected in their full amount.

BORROWING COSTS

Borrowing costs are recognised as an expense for the period in which they are incurred. Transaction costs which arise directly from loan arrangements and which are clearly attributable to a given loan are amortised as an expense using the effective interest rate method.

INCOME TAXES

The income statement's tax expense comprises the current tax for the period and deferred taxes. The current tax for the period is calculated on taxable revenue in accordance with the valid tax rate, adjusted by any taxes related to previous periods. Deferred taxes are calculated on all temporary differences between the tax bases and carrying amounts of assets and liabilities. The most significant temporary differences arise from measurement at fair value of investment properties and derivative contracts. Changes in deferred taxes are recognised in the income statement, except when they relate to items that are credited or charged directly to equity. A deferred tax asset is recognised if it is probable that it can be utilised against future profit. Deferred taxes are calculated using the tax rates enacted by the balance sheet date.

REVENUE RECOGNITION

Revenue from leases is recognised in accordance with the monthly rents defined in the leases. A lump-sum compensation received on the jointly agreed termination of a valid lease is amortised over the shorter of the outstanding terminated lease period or the useful life.

LEASES

Julius Tallberg Real Estate Corporation is the lessor in all leases relating to the premises of mutual real estate companies included in investment properties, because it controls the leased out apartments as a shareholder of the mutual real estate companies. Rent incomes are recognised in the income statement on a straight-line basis over the lease term. Contingent rent incomes tied to the revenue are recognised on the basis of the lessee's actual revenue. Brokerage fees relating to lease assignments are amortized over the lease periods. Rents are tied to the cost-of-living index.

Leases in which the company is the lessee and in which the risks and rewards essentially related to ownership remain with the lessee, are treated as other leases. Rents paid on the basis of other leases are recognised as expenses on a straight-line basis over the lease period. The Group has no leases classified as finance leases in which it would be the lessor or the lessee.

EMPLOYEE BENEFITS

The Group's personnel have statutory and voluntary pension insurance in a Finnish pension insurance company. The contributions made under these pension plans are recognised in the income statement for the period in which they are incurred.

The Group has an incentive system covering the entire personnel. Payment of bonuses requires that certain long-term and short-term financial targets are met. Any bonuses paid are annually recognised as expenses based on the achievement of the financial targets set.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements it is necessary to make forward-looking estimates and assumptions which may not, in fact, turn out to be true. In addition, it is necessary to use judgements in applying accounting policies to the financial statements. With respect to the Group, the estimates are mainly related to the measurement of investment properties at fair value and recognition of deferred taxes.

The fair value of investment assets represents the cash sum by which the assets would change ownership on the value date in an arm's length transaction between a willing buyer and seller, following appropriate marketing and with the parties acting competently, with discretion and without force. The most significant variables in the fair value of investment properties are the return requirement, occupancy rate, market rents and maintenance expenses. At the same time, the management is required to provide estimates on various matters such as the future inflation expectation, cash flows, modernization expenses, investments and the probabilities of continuing current agreements.

The management are also required to make significant estimates relating to the recognition of deferred tax liabities and assets. For the Julius Tallberg Real Estate Corporation, the most significant deferred tax liability is recognized with respect to the difference between the fair value and the tax base of investment properties.

SEGMENT INFORMATION

The Group's business comprises the leasing of investment properties and their related value increase, which are monitored as a whole. As the investment properties are mainly located in the Helsinki region, there is no reason for any geographical segmentation.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS

The following are the new standards and interpretations published before the publishing date of the financial statements, but not yet adopted by the Group:

To be adopted in 2008

- IFRIC 11/IFRS 2 - Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 14 /IAS 19 - Defined Benefit Assets and Minimum Funding Requirements and their inter-relationships.

To be adopted in 2009

- IFRS 8 Operating segments
- IAS 23 (Amendment) Borrowing Costs
- IFRIC 13 Customer Loyalty Programmes
- IAS 1 (Amendment) Presentation of Financial Statements

The standards to be applied in 2008 cannot, from the perspective of current activities, be considered to have an effect on the content or presentation of the financial statements.

Of the standards to be applied from 2009, the management currently estimates that mainly only the amendments to IAS23 and IAS1 will have significance. The amended IAS 1 will affect the presentation of the financial statements. According to the amended IAS 23, the borrowing costs related to certain assets with long construction/production periods will be capitalized as part of the cost of that asset. With respect to the Group, this would be applicable in the near future mainly to the measurement of new projects during their construction period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EUR 1,000	2007	2006
1. Revenue		
Rental income from investment properties	11,441	10,440
Other revenue	6	7
	11,447	10,447
2. Employee expenses		
Salaries, fees and commissions	560	447
Pension costs, defined contribution plans	79	120
Other indirect employee expenses	71	19
Total	710	586

"Information on the management's employment benefits is presented in Note 30, "Insiders".

Average number of Group personnel during the year	5	4
Number of Group personnel at the end of the year	6	4
3. Depreciation and impairment		
Intangible assets		
ADP software	2	3
	2	3
Tangible fixed assets		
Machinery and equipment	7	5
Motor vehicles	6	5
Basic improvement of rental apartments		3
	13	13
4. Proceeds from disposal of investment properties		
Proceeds from disposal of investment properties	94	0
	94	0

The asset is classified as a 'Non-current asset held for sale', if its sale is deemed probable and likely to happen within one year of the classification.

5. Maintenance costs of investment properties		
Direct maintenance costs		
On investment properties that have accumulated rental income during the year	4,289	3,521
On investment properties that have not accumulated rental income during the year	335	180
	4,624	3,701
6. Other operating expenses		
Administrative overheads	752	502
Principally responsible auditor's fees and services:		
Auditing services	51	50
Other fees	40	12
	91	62
7. Financial income and expenses		
Interest income from loans and trade receivables	39	9
Interest income from available-for-sale investments	0	21
Dividend income from available-for-sale investments	0	98
Income from cash flow hedging	105	0
Other financial income	0	0
	144	128

EUR 1,000	2007	2006
Note 7. continued		
Interest expenses from liabilities recognised in amortised acquisition cost	-1,878	-1,491
Expenses from cash flow hedging	-17	-108
Other financial expenses	-221	-22
	-2,116	-1,621
Net financial expenses	-1,972	-1,493

Other financial expenses include EUR 40,000 in fees (EUR 22,000 in 2006), which were not recognized in loan capital and amortised by the effective interest rate method, because they were not deemed to have a material effect on the financial result.

8. Income tax		
Current taxes	2,000	444
Tax from prior periods	45	
Deferred taxes		
Deferred tax liability or asset from the creation or cancellation of temporary differences	1,740	4,907
Total	3,785	5,351
Reconciliation of tax liability in the income statement and taxes assessed for the Group:		
Profit before taxes	14,242	20,674
Taxes at 26% tax rate	3,703	5,375
Tax-exempt dividends		-25
Taxes from previous years	45	
Others	37	1
Taxes in the income statement	3,785	5,351
Effective tax rate %	26.6	25.9
9. Earnings per share		
Profit for year attributable to equity holders of parent	10,457,303,77	15,323,063,90
Average number of parent company's shares in the financial year	25,716,674	24,738,000
Undiluted earnings per share	0.41	0.62

When calculating the dilution-adjusted earnings per share, the diluting effect of possible conversions into shares is taken into account in the weighted number of shares. The Group has no diluting instruments that would increase the number of shares.

EUR 1,000	Machinery and equipment	Motor vehicles	Other tangible assets	Total
10. Tangible fixed assets				
Acquisition cost Jan. 1, 2007	48	34	65	147
Increases	30	84	0	114
Decreases	0	-33	0	-33
Acquisition cost Dec. 31, 2007	78	85	65	228
Accumulated depreciation Jan. 1, 2007	-28	-21	-65	-114
Depreciation	-7	-6	0	-13
Reversal of depreciation	0	19	0	19
Accumulated depreciation Dec. 31, 2007	-35	-8	-65	-108
Carrying amount Jan. 1, 2007	20	13	0	33
Carrying amount Dec. 31, 2007	43	77	0	120
Acquisition cost Jan. 1, 2006	43	34	65	142
Increases	5	0	0	5
Decreases	0	0	0	0
Acquisition cost Dec. 31, 2006	48	34	65	147
Accumulated depreciation Jan. 1, 2006	-23	-16	-62	-101
Depreciation	-5	-5	-3	-13
Reversal of depreciation	0	0	0	0
Accumulated depreciation Dec. 31, 2006	-28	-21	-65	-114
Carrying amount Jan. 1, 2006	20	18	3	41
Carrying amount Dec. 31, 2006	20	13	0	33

EUR 1,000	Computer software	Total
11. Intangible assets		
Acquisition cost Jan. 1, 2007	24	24
Increases	0	0
Decreases	0	0
Acquisition cost Dec. 31, 2007	24	24
Accumulated depreciation Jan. 1, 2007	-18	-18
Depreciation	-3	-3
Reversals	0	0
Accumulated depreciation Dec. 31, 2007	-21	-21
Carrying amount Jan. 1, 2007	6	6
Carrying amount Dec. 31, 2007	3	3
Acquisition cost Jan. 1, 2006	24	24
Increases	0	0
Decreases	0	0
Acquisition cost Dec. 31, 2006	24	24
Accumulated depreciation Jan. 1, 2006	-15	-15
Depreciation	-3	-3
Reversals	0	0
Accumulated depreciation Dec. 31, 2006	-18	-18
Carrying amount Jan. 1, 2006	9	9
Carrying amount Dec. 31, 2006	6	6

EUR 1,000	2007	2006
12. Investment properties		
On Jan. 1	**96,300**	105,700
Increases	**37,724**	5,261
Change in fair value	**10,474**	16,539
Transfer to long-term assets held for sale	**-47,858**	-31,200
Transfer from available-for-sale investments	**1,057**	
Debt component	**1,103**	
On Dec. 31	**98,800**	96,300
Recognized through profit/loss		
Rental income from investment properties	**11,441**	10,440
Direct maintenance costs that have generated rental income during the year	**-4,289**	-3,521
Direct maintenance costs that have not generated rental income during the year	**-335**	-180

The figures of properties transferred to long-term assets held for sale are included in rental income from the above investment properties.

Rental income	**4,057**	2,453
Direct maintenance costs from premises that have generated rental income	**-1,218**	-869

INSURANCE VALUES ON 31 DECEMBER 2007
The investment properties are insured at full value, with the exception of Koy Liukumäentie 15 and Koy Arinatie 8, which have real estate insurance totaling EUR 30.2 million. The industrial buildings/warehouse of Oy Soffcon Kiinteistö Ab are insured against fire for EUR 1.1 million. The Group's insurance policies have been with Fennia and Pension Fennia since 1 January, 2004.

13. Available-for-sale investments

In the comparison year 2006, available-for-sale investments comprised the shares of SK Property Oy, jointly owned by the U.S. company Cargill, and of which the Group held 18%. In early 2007, the Group acquired the remaining 82% of the shares of SK Property Oy, which was then consolidated in the financial statements as a subsidiary. On December 31, 2007, SK Property Oy was divided into two companies: Koy Luomannotko 3 and Koy Kappelitie 6. Jert Properties was liquidated in 2007.

EUR 1,000	2007	2006
On Jan 1	748	878
Change in fair value (recognized in equity)		-116
Recognised as an expense in the income statement (impairment)	-1	-14
Transfer of change in fair value to profit/loss	-258	
Transfer to investment properties	-489	
On Dec 31	0	748
Jert Properties Oy	0	1
SK Property Oy	0	747
	0	748

EUR 1,000	2007	2006
14. Financial receivables		
Loans and other receivables		
Loan receivables from available-for-sale investments	0	309
	0	309
Effective interest rate of loan receivables		6.75

Loan receivables are loans with an indefinite term.
Receivables do not include major credit concentrations.

15. Derivative contracts

Interest rate derivatives are entirely non-current receivables/payables when interest rate swaps mature in more than one year. Changes in the fair value of the effective part of derivative instruments meeting the conditions of a cash flow hedge are recognized directly in the hedge fund in equity (see Note 22). Profits and losses in equity are transferred to the income statement for the period in which the hedged items are entered in the income statement.

	2007		2006	
Interest rate swaps	Assets	Liabilities	Assets	Liabilities
Positive (assets) /negative (liabilities) fair value	296	149	203	0

The Group has interest rate swaps whose fixed interest rates on 31.12.2007 ranged between 3.07% and 4.82% (3.07 % - 3.89%).The interests of variable rate loans are mainly tied to the 3 mth Euribor. The nominal value of interest rate swaps on 31.12.2007 was EUR 24,312,000 (EUR 19,690,000). Interest rate swaps and loans have been treated in accordance with the cash flow hedging principles specified in IAS 39.

16. Deferred tax assets and liabilities

Changes in deferred taxes during 2007: Deferred tax assets	Jan. 1, 2007	Recognised in income statement	Recognised in equity	Dec. 31, 2007
Elimination of intra-Group sales gains	113	-113		0
Derivatives at fair value				0
	113	**-113**	**0**	**0**
Deferred tax liabilities				
Available-for-sale investments at fair value	67		-67	0
Investment properties at fair value	12,791	1,626		14,417
Derivatives at fair value	53		-23	30
	12,911	**1,626**	**-90**	**14,447**

Changes in deferred taxes during 2006: Deferred tax assets	Jan. 1, 2006	Recognised in income statement	Recognised in equity	Dec. 31, 2006
Elimination of intra-Group sales gains	113			113
Derivatives at fair value	66		-66	0
	180		**-66**	**113**
Deferred tax liabilities				
Available-for-sale investments at fair value	97		-30	67
Investment properties at fair value	7,884	4,907		12,791
Derivatives at fair value			53	53
	7,981	**4,907**	**23**	**12,911**

EUR 1,000 euroa	2007	2006
17. Trade and other receivables		
Loans and other receivables		
Trade receivables	**158**	144
Prepaid expenses and accrued income	**91**	105
Other receivables	**3,529**	444
	3,778	693

Other receivables include a VAT receivable of EUR 329,000 (EUR 444,000) and a sales price receivable of EUR 3.2 million for the shares of Koy Datacity in Turku.

Prepaid expenses and accrued income:		
Interest on available-for-sale investments	**0**	51
Other interests and financial items	**0**	1
Receivables based on derivative contracts	**33**	3
Others	**58**	50
	91	105

The item 'Others' includes mainly prepaid expenses. No receivables were impaired during the year. All receivables are in euros.

Non-matured	**112**	108
Matured	**46**	36
Under 30 days	**35**	28
30-60 days	**11**	8
Total	**158**	144

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:		
Cash in hand and at bank according to the balance sheet	**1**	1
	1	1

EUR 1,000 euroa	2007	2006
19. Non-current assets held for sale		
Non-current assets held for sale on Jan. 1	**31,200**	0
Disposals	**-28,258**	0
Change in value	**300**	0
Transfer from investment properties	**47,858**	31,200
Non-current assets held for sale on Dec. 31	**51,100**	31,200

The disposals of Koy Helsingin Kanavaranta and Koy Nahkahousuntie 3 signed in 2006 were closed according to plan in January 2007. On Dec. 31 2007, non-current assets held for sale comprised the following investment properties: Koy Arinatie 8 and Koy Kauppakeskus Martinsilta. Kyo Datacity in Turku (13 % holding) was sold in December 2007.

21. Revaluation reserve

The revaluation reserve includes changes in the fair value of available-for-sale investments.		
Revaluation fund on Jan. 1	**191**	277
Recognised revaluation		-86
Transferred from balance sheet	**-191**	
Revaluation fund on Dec. 31	**0**	191

22. Hedge fund

The hedge fund includes the measurement at fair value of derivative instruments used as a cash flow hedge.		
Hedge fund on Jan. 1	**150**	-190
Recognised in income statement as an adjustment to financial income and expenses	**-102**	83
New contracts	**-149**	21
Revaluation of earlier contracts	**206**	355
Deferred taxes transferred to equity and the income statement	**12**	-119
Hedge fund on Dec. 31	**116**	150

20. Notes on equity

	Number of shares	Share capital	Share premium fund	Invested unrestricted equity fund	Total
Jan. 1, 2006	4,123,000	21,027	6,109	0	27,136
Dec. 31, 2006	4,123,000	21,027	6,109	0	27,136
Share issue and consolidation	56,505				0
Bonus share issue 1:5	20,897,525				0
Directed share issue	1,330,000			5,001	5,001
Transfer			-6,109	6,109	0
Dec. 31, 2007	26,407,030	21,027	0	11,110	32,137

The company's A and B shares were combined and it was decided to offer a share issue of 56,505 shares to holders of the company's A shares. The board of directors decided at its meeting of 21.3.2007 to use its authorization to execute a bonus share issue, in which the shareholders would be offered a total of 20,897,525 new shares. After the combination, the company has one share category, whose trading code on the OMX Nordic Exchange is JTK1V. The share has no nominal value and there is no maximum number of shares.

Share premium fund

An extraordinary shareholders' meeting decided on 31.5.2007 to decrease the company's share premium fund by transferring the EUR 6,109,000 recognised in the fund by the 31.12.2006 financial statements to the invested unrestricted equity fund.

Invested unrestricted equity fund

The invested unrestricted equity fund includes EUR 6,109,000 transferred from the share premium fund during the year and the counter value of 1.33 million shares (subscription price EUR 3.76 / share) issued in a share offering to Hannu Sohlberg as part payment in a real estate company transaction.

EUR 1,000	2007	2006
23. Dividends		
Dividends distributed, EUR	**1,401,820**	1,278,130
Dividend per share, EUR	**0.06**	0.05

After the balance sheet date, the Board proposed the distribution of a dividend of EUR 0.10 per share.

24. Loans from financial		
Non-current financial liabilities measured at amortised cost		
Bank loans	**36,806**	26,484
Current financial liabilities measured at amortised cost		
Bank loans	**6,300**	8,000
Bank overdraft facility	**541**	540
Repayments on long-term loans	**4,136**	4,221
	10,977	12,761
Loans classified as non-current liabilities will mature in over 5 years:	**13,845**	1,933

The fair values of liabilities are presented in Note 27. The Group's bank loans have both fixed and floating interest rates. The Group's average interest rate was 4.1 %. (4.3 % in 2006). EUR 5.4 million of the loans (EUR 5.4 million on 31.12.2006) have fixed interest rates and EUR 42.4 million (EUR 33.8 million on 31.12.2006) have floating rates. Through interest rate swaps, 61 % of the loans had been converted into fixed interest rate loans on 31.12.2007 (63 % on 31.12.2006). The effective interest rate of the cheque account was 7.79 % (5.76 % in 2006) including the overdraft facility interest.

25. Trade and other payables		
Non-current financial liabilities measured at amortised cost		
Advances received	**0**	1,400
Total	**0**	1,400
Current financial liabilities measured at amortised cost		
Advances received	**1,611**	1,616
Trade payables	**362**	168
Accrued liabilities	**757**	475
Liabilities based on derivative contracts	**0**	8
Other payables	**536**	748
	3,266	3,015

Other payables include a VAT liability of EUR 451,000 (EUR 689,000) and other employer obligations of EUR 80,000 (EUR 76,000). Advances received comprise advance payments made on available-for-sale investments. Current advances received also include advance rents of EUR 108,000 (EUR 13,000) and advance rents paid as deposits totaling EUR 103,000 (EUR 78,000).

Main items included in accrued liabilities:		
From interests and financial items	**268**	202
From employee expenses	**168**	127
From others	**321**	146
Total	**757**	475

Other accrued liabilities include mainly accrued expenses.

26. Management of financial risks

In undertaking its normal business the Group is exposed to various risks. The objective of the Group's risk management is to minimize the variations in the income statement, balance sheet and cash flow and to secure an efficient and competitive financial situation for the Group. The general risk management principles are approved by the board of directors, and their practical implementation is the responsibility of the Group's managing director.

Market risk - interest rate risk

The Group's market risks relate mainly to interest rate risks. The Group is exposed to interest rate risks through its interest-bearing liabilities. According to the company's general risk management principles, at least 60% of the loan portfolio should have fixed interest rates. The Group may draw loans with either fixed or floating interest rates and apply interest rate swaps to meet the policy's target. On the balance sheet date, the Group had eight open euro-denominated interest rate swaps.

Interest rate swaps and loans have been treated in accordance with the cash flow hedging principles specified in IAS 39.

On the balance sheet date, the Group had various open euro-denominated interest rate swaps, based on which the Group receives on average 3.96 % fixed interest (3.54 % on 31.12.2006) and pays interest tied to the 3-month Euribor. The average 3-month Euribor in 2007 was 4.27 % (3.08 % in 2006). The average maturity of loans was 5 years on 31.12.2007 (3.6 years on 31.12.2006) and the average interest rate was 4.1 % in 2007 (4.3 % in 2006). The interest spread of the loans is 0.43 - 0.52 % p.a.

The effect of a one percentage point rise in the market rates on the Group's net interest expenses would be EUR 0.1 million during the following 12 months. A corresponding rise in interests would increase equity by EUR 1 million due to the change in the market value of the interest rate swaps. The other variables are assumed to stay constant. The effect on equity has been calculated as a rough estimate by calculating the interest differences on the legs. The bank's more exact calculation of the present value of future cash flows based on the interest curve is used as the recognition basis for fair value in the balance sheet. Interest rate swaps, which have been defined for the cash flow hedging ratio, are recognized in the hedge fund in equity and will be entered as income by 2017. The efficiency of cash flow hedging was good in 2007.

The Group's bank loans have both fixed and floating interest rates. EUR 5.4 million of the loans (EUR 5.4 million on 31.12.2006) have fixed rates and EUR 17.5 million (EUR 13.6 million on 31.12.2006) have floating rates. Including the effect of interest rate swaps, EUR 29.7 million of the loans had fixed interest rates (EUR 25.1 million in 2006). Thus, on 31.12.2007, 61 % of the loan portfolio was, or had been converted to, fixed rate loans (63 % "on 31.12.2006; the whole cheque account overdraft facility of EUR 1,093,000 was treated in the calculation as " a floating rate loan). All loans are denominated in euros.

EUR 1,000	2007	2006
The breakdown of interest-bearing liabilities on the balance sheet date is as follows:		
Fixed interest rate financial liabilities		
Bank loans	**29,712**	25,090
Variable interest rate financial liabilities		
Bank loans	**18,071**	14,155
Total	**47,783**	39,245

Note 26. continued

The following is a breakdown of the time of change of interest of the Group's interest-bearing debt (EUR 5.4 million fixed interest: bullet loan matures in its entirety in 2010):

Maturity of interest period	Repayments on bank loans	Repayments on swaps
2008	10,977	2,877
2009	4,136	4,189
2010	9,148	1,671
2011	6,889	6,230
2012	2,788	1,980
2013-	13,845	7,365
Total	47,783	24,312

Because the Group has no significant interest-bearing assets, the Group's profit for the year and cash flows are not materially exposed to variations in market interest rates.

Estimated future interest payments from loans subject to hedging:

EUR 1,000	**2007**	2006
0-1 year	**1,038**	750
1-5 years	**2,740**	1,720
Over 5 years	**910**	65

Note 26. continued

Credit risk

The Group's policy determines the creditworthiness requirements for customers, and the counterparties of investment transactions and derivative contracts. Leases will only be made with companies that have no payment defaults in their borrowing history. The Group has no significant credit risk concentrations, because most of the leases incorporate deposits, the payment of receivables is continuously monitored, and even minor deviations in cash flow are immediately identified for each tenant. The counterparties of derivative contracts and investment transactions are companies with good creditworthiness. The Group's maximum credit risk is the carrying amount of financial assets on December 31, 2007. The investment property acquisitions of 2007 have further spread the tenant risk. The ten largest tenants represent 47.5 % (55.6 %) of the company's total monthly rental income and 46.7 % (57.4%) of the lease portfolio. The rent collateral received amounted to EUR 103,000 in the balance sheet on 31.12.2007 (EUR 78,000 on 31.12.2006). EUR 70,000 was received in rent collateral during 2007 (EUR 42,000 in 2006). EUR 108,000 in rent advances were recognised in the balance sheet on 31.12.2007 (EUR 13,000 on 31.12.2006).

Liquidity risk

In accordance with the Group's strategy and in order to secure funding, the basic premise is that the company's market value-based equity-to-assets ratio must be over 50%. The Group's objective is to continuously estimate and track the amount of funding required by the business, so that the Group would have sufficient liquid assets to finance operations and repay maturing loans. The intention is to ensure the availability and flexibility of funding through undrawn bank overdraft facilities. On 31.12.2007, the undrawn bank overdraft facilities totaled EUR 1.1 million (EUR 2 million on 31.12.2006). The cash surpluses will be invested in the markets in money market instruments or short-term bank deposits.

Note 26. continued

The cash flows required for repayments of financial liabilities and estimated financial expenses were as follows:

Dec. 31, 2007	Balance sheet value	Contract-based cash flows	Under 1 year	1-5 years	Over 5 years
Bank loans	47,242	-55,455	-12,304	-27,667	-15,484
Bank overdraft facilities	541	-541	-541		
Trade and other liabilities	2,735	-2,735	-2,735		
Derivative contracts					
Interest rate swaps	-147	215	113	166	-64
Dec. 31, 2006					
Bank loans	38,706	-42,443	-13,478	-26,962	-2,003
Bank overdraft facilities	540	-540	-540		
Trade and other liabilities	3,650	-3,650	-2,250	-1,400	
Derivative contracts					
Interest rate swaps	-203	338	94	238	6

Note 26. continued

Managing the capital structure

The Group's objective is to increase the Group's real estate portfolio in a balanced and profitable way within the framework of the company's equity-to-assets target.

The equity-to-assets ratio compares equity to the total assets in the balance sheet (less advances received). The equity-to-assets ratio varies according to the stage of the business cycle, and the Group is currently targeting an equity-to-assets ratio of at least 50 %. The target reflects the Group's optimal capital structure and risk level.

Note 26. continued

EUR 1,000	**2007**	2006
Equity	**86,901**	73,070
Total assets	**154,098**	129,641
Advances received	**1,610**	3,016
Equity-to-assets ratio	**57.0 %**	57.7 %

27. Carrying amounts of financial assets and liabilities, classified according to IAS 39

The cash flows required for repayments of financial liabilities and estimated financial expenses were as follows:

	Note	Carrying amount 2007	Fair value 2007	Carrying amount 2006	Fair value 2006
Financial assets					
Available-for-sale investments	13	**0**	**0**	748	748
Derivative contracts	15	**296**	**296**	203	203
Loans and other receivables	14	**0**	**0**	309	309
Trade and other receivables	17	**3,449**	**3,449**	249	249
Cash and cash equivalents	18	**1**	**1**	1	1
Total financial assets		**3,746**	**3,746**	1,510	1,510
Financial liabilities					
Bank loans	24	**47,242**	**47,242**	38,706	38,706
Bank overdraft facilities	24	**541**	**541**	540	540
Trade and other payables	25	**2,735**	**2 735**	3,650	3,650
Derivative contracts	15	**149**	**149**		
Total financial liabilities		**50,667**	**50,667**	42,896	42,896

The management estimates that the nominal values of loans are close to the fair values because the interest spreads have remained the same.

EUR 1,000	2007	2006
28. Operating leases		
Group as lessor		
The minimum rental income based on non-cancellable leases		
For up to one year	**6,962**	7,085
For more than one year, but less than five years	**21,183**	22,813
For more than five years	**3,695**	6,112
Total	**31,840**	36,010
The proportion of minimum rental income based on non-cancellable leases that consists of properties transferred to long-term assets held for sale		
For up to one year	**999**	795
For more than one year, but less than five years	**6,244**	730
For more than five years	**504**	3,985
Total	**7,747**	5,510

The Group leases out properties in its ownership as office, production, sales, and warehousing premises. The properties are classified as investment properties. The average maturity of the lease portfolio is 2.6 years (3.4 years on 31.12.2006).

	2007	2006
Group as lessee		
The minimum rent payable based on non-cancellable leases		
For up to one year	**160**	74
For more than one year, but less than five years	**640**	295
For more than than five years	**2,630**	1,406
	3,430	1,775

Three of the Group's investment properties are located on land leased from the City of Helsinki (one in 2006). The leases are long-term and include an index condition. EUR 116,000 (EUR 74,000 in 2006) in rents paid on the basis of operating leases are included in the income statement for 2007.

EUR 1,000	2007	2006
29. Contingent liabilities		
Pledges given as collateral for own debts, and liabilities secured by mortgages on properties		
Bank loans	**47,242**	39,002
Advances received	**1,400**	1,400
	48,642	40,402
Mortgages	**46,168**	49,120
Investment property shares pledged	**22,937**	0

30. Insiders

The Julius Tallberg Real Estate Group is part of a Group whose parent company is Oy Julius Tallberg Ab. (Julius Tallberg Real Estate Corporation = JTREC. The parent company, Oy Julius Tallberg Ab, = JT.)

Susanna Renlund, Chairman of the Board, JTREC and member of the Board, JT
Thomas Tallberg, member of the Board, JTREC and Chairman of the Board, JT
Kari Jordan, member of the Board, JTREC
Magnus Bargum, member of the Board, JTREC
Kaj Hedvall, member of the Board, JTREC
Kari Sainio, member of the Board, JTREC
Martin Tallberg, member of the Board, JTREC and JT, and Managing Director of JT
Marja Tallberg, member of the Board, JT
Nina Tallberg, member of the Board, JT
Tuomas Särkilahti, member of the Board, JT
Kaj-Gustaf Bergh, member of the Board, JT
Martti Leisti, Managing Director, JTREC

Julius Tallberg Real Estate Corporation's parent and subsidiary relationships are as follows:

Company	Domicile	Holding of Group	Holding of parent company
Julius Tallberg Real Estate Corporation (parent)	Espoo		
Koy Espoon Suomalaistentie 7	Espoo	100 %	100 %
Koy Gyldenintie 2	Helsinki	100 %	100 %
Koy Helsingin Valimotie 2	Helsinki	100 %	100 %
Koy Tiilitie 8	Vantaa	100 %	100 %
Koy Tiilitie 10	Vantaa	100 %	100 %
Koy Petikon Palvelutalo	Vantaa	100 %	100 %
Koy Sirrikujan Teollisuustalo	Helsinki	100 %	100 %
Koy Kivensilmänkuja 2	Helsinki	100 %	100 %
Koy Helsingin Höyläämötie 2	Helsinki	100 %	100 %
Koy Tietäjäntie 12 Espoo	Espoo	100 %	100 %
Koy Luomannotko 3	Espoo	100 %	100 %
Koy Kappelitie 6	Espoo	100 %	100 %
Oy Soffcon Kiinteistö Ab	Espoo	100 %	100 %
Koy Kauppakeskus Martinsilta	Espoo	100 %	100 %
Koy Arinatie 8	Vantaa	100 %	100 %
Koy Liukumäentie 15 Helsinki	Helsinki	100 %	100 %
Koy Suutarilan Huoltokeskus	Helsinki	100 %	100 %
Koy Suutarilan Lamppupolku	Helsinki	100 %	100 %
Koy Äyritie 4 Vantaa	Vantaa	100 %	100 %
Koy Vantaan Äyri	Vantaa	100 %	100 %

The Oy Julius Tallberg Ab Group includes other companies:

Oy Soffco Ab
Tallberg Roboma Oy Ab
The Institute for Bio-Immunotherapy Helsinki Ltd
Ekomans Oy

The following transactions were carried out with insiders: EUR 1,000	2007	Purchases	Sales	Receivables	Liabilities
Oy Julius Tallberg Ab		89	33	6	29
The Institute for Bio-Immunotherapy Helsinki Ltd			25		
Oy Soffco Ab			62		
	Yht.	89	120	6	29

The following transactions were carried out with insiders:	2006	Purchases	Sales	Receivables	Liabilities
Oy Julius Tallberg Ab		23	32		
The Institute for Bio-Immunotherapy Helsinki Ltd			25		
Oy Soffco Ab			60		
	Yht.	23	117	0	0

The transactions with insiders resulted in no credit losses.

EUR 1,000	2007	2006
Service benefits of management		
Salaries and other short-term service benefits	**252**	237
Board members	**78**	74
No pension liabilities, contingent liabilities or collateral		
Managing Director's salary including fringe benefits	**174**	163
Voluntary pension insurance, contribution-based	**9**	9
No contingencies or collateral		

Notice of termination is four months for the Managing Director but 12 months if termination is initiated by the company, unless there is a substantial reason for dismissal, as referred to in the Employment Contracts Act.

31. Events after the balance sheet date

The deed of sale concerning Koy Kauppakeskus Martinsilta, signed in 2007, was closed in January, 2008. The proprietary rights to the shares of Koy Helsingin Rälssintie 10 were transferred to the Group in January, 2008.

KEY FIGURES

FOUR-YEAR COMPARISONS	**2007 IFRS**	2006 IFRS	2005 IFRS	2004 IFRS
Revenue, EUR million	**11.4**	10.4	9.8	9.9
Operating profit, EUR 1,000	**16.2**	22.2	10.6	6.8
% in relation to revenue	**141.6**	212.2	108.5	68.9
Profit before taxes, EUR million	**14.2**	20.7	9.3	5.5
% in relation to revenue	**124.4**	197.9	94.7	55.6
Profit for the year	**10.5**	15.3	6.7	4.7
% in relation to revenue	**91.4**	146.7	68.9	47.1
Return on equity (ROE), %	**13.1**	23.2	12.2	11.0
Return on investment (ROI), %	**13.2**	21.2	11.6	8.9
Equity-to-assets ratio, %	**57.0**	57.7	54.4	54.2
Gross capital expenditure, EUR million	**37.7**	5.3	7.2	1.0
% in relation to revenue	**329.6**	50.4	79.5	42.6
Lease portfolio, EUR million	**32**	36	41	35
Average personnel	**5**	4	4	4
Earnings per share, EUR	**0.41**	0.62	0.28	0.19
Equity per share, EUR	**3.29**	2.95	2.38	2.08
Dividends, EUR 1,000 *)	**2,641**	1,402	1,278	1,237
Dividend per share, EUR *)	**0.10**	0.06	0.05	0.05
Dividend per profit, %	**25.25**	9.15	13.1	26.6
Effective dividend yield, %	**3.3**	1.8	2.3	3.1
P/E ratio	**7.38**	5.03	8.07	9
Highest price of share, EUR	**4.10**	3.28	2.35	1.68
Lowest price of share, EUR	**2.80**	2.17	1.57	1.18
Average price in year, EUR	**3.50**	2.56	1.96	1.48
Share price at 31 Dec	**3.00**	3.12	2.23	1.63
Market value of share portfolio, EUR 1,000	**79,221**	77,100	55,248	40,323
Share turnover, EUR 1,000	**2,842**	1,771	6,577	663
Share turnover, no.	**826,869**	689,670	3,733,830	449,730
Share turnover, %	**3.2**	2.8	15.1	1.8
Weighted average of share issue-adjusted number of shares in year (1000 no.)	**25,717**	24,738	24,738	24,738
Share issue-adjusted number of shares at end of year (1000 no.)	**26,407**	24,738	24,738	24,738

*) Board proposal for 2007

CALCULATION OF KEY FIGURES

Return on equity (ROE), % = $\frac{\text{Profit/loss for the year}}{\text{Equity + minority interests + reserves (average for year)}} \times 100$

Return on investment (ROI), % = $\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average for year)}} \times 100$

Equity-to-assets ratio, % = $\frac{\text{Equity + minority interests + reserves}}{\text{Balance sheet total - advances received}} \times 100$

Earnings/share, EUR = $\frac{\text{Profit for the year attributable to parent company shareholders}}{\text{Weighted average number of issue-adjusted shares}}$

Equity/share, EUR = $\frac{\text{Equity + reserves}}{\text{Issue-adjusted number of shares at end of year}}$

Dividend/share, EUR = $\frac{\text{Dividend paid for the financial year}}{\text{Issue-adjusted number of shares at end of year}}$

Dividend payout ratio, % = $\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$

Effective dividend yield, % = $\frac{\text{Dividend per share}}{\text{Issue-adjusted trading price of share (average) at end of year}} \times 100$

Price/earnings (P/E) ratio = $\frac{\text{Issue-adjusted trading price of share (average) at end of year}}{\text{Earnings per share}}$

Average share price = $\frac{\text{Total turnover of shares, EUR}}{\text{Average number of shares traded}}$

Market value of share portfolio = Total number of shares x final trading price of share on Dec 31, 2007

SHARE CAPITAL STRUCTURE

	Number	%	Votes	%
Shares	26,407,030	100	26,407,030	100

SHAREHOLDERS BY SECTOR DEC. 31, 2007

	Shareholders		Shares	
Sector	Number	%	Number	%
Private companies	33	5.98	20,142,588	76.28
Financial and insurance institutions	9	1.63	586,189	2.22
Households	507	91.85	5,518,647	20.90
Foreign	1	0.18	46,000	0.17
Public companies	1	0.18	113,600	0.43
Non-profit corporations	1	0.18	6	0.00
	552	100.00	26,407,030	100.00

LARGEST SHAREHOLDERS ACCORDING TO THE SHARE REGISTER DEC. 31, 2007

Shareholder	Shares and votes Number	Shares and votes %
Oy Julius Tallberg Ab	16,654,242	63.07
Oy Mogador Ab	2,523,000	9.55
Tallberg Thomas	1,505,892	5.71
Sohlberg Hannu	1,330,000	5.04
Tallberg Martin	916,044	3.47
Rosaco Oy Ab	592,010	2.25
Renlund Susanna	426,936	1.62
Tallberg Nina	341,820	1.30
Helsinki Investment Trust Oy	180,000	0.69
Nordea Bank Plc (nominee-registered)	142,404	0.54
Aktia Secura Mutual Fund	119,658	0.46
The Seamens' Pension Fund	113,600	0.44
Other	1,561,424	5.86
Total	26,407,030	100

SHAREHOLDING BREAKDOWN BY SIZE CLASS DEC. 31, 2007

	Shareholders		Shares	
	Number	%	Number	%
1 - 100	75	13.59	4,068	0.02
101 - 1,000	288	52.17	138,507	0.52
1,001 - 10,000	145	26.27	477,115	1.81
10,001 - 100,000	31	5.62	830,134	3.14
100,001 - 1,000,000	9	1.63	2,944,072	11.15
1,000,001 - 99,999,999	4	0.72	22,013,134	83.36
	552	100.00	26,407,030	100.00

On December 31, 2007, the members of the board and the managing director directly held a total of 2,882,766 shares, carrying 10.92 % of the shareholding and of the votes in the company. Entities under the control of the members of the board and the managing director which held company shares were: Oy Julius Tallberg Ab, Oy Mogador Ab and Oy Montall Ab. These entities held a total of 19,188,162 shares, carrying 72.66 % of the shareholding and of the votes in the company.

PARENT COMPANY INCOME STATEMENT

EUR 1,000	Note	Jan. 1 - Dec. 31 2007	Jan. 1 - Dec. 31 2006
REVENUE	1	**11,195**	10,447
Other operating income	2	**6,822**	0
Salaries and wages	3	**-686**	-586
Depreciation and impairment	4	**-615**	-30
Other operating expenses		**-9,413**	-8,506
OPERATING PROFIT		**7,303**	1,325
Financial income and expenses	5		
Income from other non-current investments		**0**	119
Other interest and financial income		**2,050**	1,891
Interest and other financial expenses		**-2,061**	-1,537
		-11	473
INCOME BEFORE APPROPRIATIONS AND TAXES		**7,292**	1,798
Depreciation difference, increase (-) or decrease (+)		**0**	0
Income taxes	6	**-2,057**	-443
PROFIT FOR THE FINANCIAL YEAR		**5,235**	1,355

PARENT COMPANY CASH FLOW STATEMENT

EUR 1,000	Jan. 1 - Dec. 31 2007	Jan. 1 - Dec. 31 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**5,235**	1,355
Adjustments for:		
Non-cash transactions		
Other operating income	**-6,822**	0
Depreciation and impairment	**615**	16
Financial items	**11**	-473
Taxes	**2,057**	443
Changes in working capital		
Change in trade and other receivables	**137**	-135
Change in trade and other payables	**508**	395
Interests paid and financial expenses	**-2,002**	-1,452
Interests received	**2,020**	1,810
Taxes paid	**-512**	-437
NET CASH FROM OPERATING ACTIVITIES	**1,247**	1,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-99**	-5
Investments in other investments	**-31,273**	-3,662
Sales gains from investments	**22,411**	1,571
Dividends received	**0**	98
NET CASH USED IN INVESTING ACTIVITIES	**-8,962**	-1,998
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans withdrawn	**22,100**	6,469
Repayments on loans	**-12,984**	-4,715
Dividends paid	**-1,402**	-1,278
Net cash from financing activities	**7,714**	476
Change in liquid assets	**0**	0
Liquid assets on Jan. 1	**0**	0
Liquid assets on Dec. 31	**0**	0

PARENT COMPANY BALANCE SHEET

EUR 1,000	Note	Dec. 31 2007	Dec. 31 2006
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	7		
Intangible rights		3	6
TANGIBLE ASSETS	8		
Machinery and equipment		120	33
		120	33
INVESTMENTS	9		
Interests in Group companies		39,823	16,900
Receivables from Group companies		48,275	48,818
Other shares and participations		0	6,650
Loan receivables		0	309
		88,098	72,677
TOTAL NON-CURRENT ASSETS		88,221	72,716
CURRENT ASSETS			
Current receivables	10		
Trade receivables		96	70
Other receivables		3,528	444
Prepaid expenses and accrued income		49	101
Cash and bank balances		0	0
TOTAL CURRENT ASSETS		3,673	615
TOTAL ASSETS		91,894	73,331

EUR 1,000		Dec. 31 2007	Dec. 31 2006
LIABILITIES			
EQUITY	11		
Share capital		21,027	21,027
Share premium fund		0	6,109
Invested unrestricted equity fund		11,110	0
Retained earnings		2,913	2,960
Net profit for the year		5,235	1,355
		40,286	31,452
LIABILITIES			
Non-current liabilities	12		
Loans from financial institutions		36,301	25,401
Advance payments		0	1,400
		36,301	26,801
Current liabilities	13		
Loans from financial institutions		10,640	12,424
Advances received		1,508	1,616
Accounts payable		192	71
Payables to Group companies		722	546
Accrued liabilities		2,056	338
Other current liabilities		189	83
		15,307	15,078
TOTAL LIABILITIES		51,608	41,879
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		91,894	73,331

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

EUR 1,000	2007	2006
1. Revenue		
Rental income	11,189	10,440
Other revenue	6	7
	11,195	10,447
2. Other operating income		
Capital gain from sale of investments	6,822	0
(Koy Helsingin Kanavaranta 7,		
Koy Nahkahousuntie 3 and Koy Turun Datacity)		
	6,822	0
3. Salaries and wages		
Salaries, fees and commissions	536	448
Pension contributions	127	120
Other indirect employee expenses	23	18
	686	586
Average number of personnel in year	5	4
Executive compensation		
Fees paid to board of directors	78	73
Salary and fees paid to managing director	174	163

Pension commitments
The personnel have a voluntary pension plan with an annual cost of EUR 27,000. Apart from this and the statutory pension insurance under the Employees' Pension Act (TEL), there are no other pension plans for management or personnel.

EUR 1,000	2007	2006
4. Depreciation and writedowns		
Other non-current expenditure	2	6
Buildings	0	0
Machinery and equipment	13	10
Writedowns of non-current investments	600	14
	615	30
5. Financial income and expenses		
Dividends from other non-current investments	0	98
Interest on loan receivables	0	21
Other interest and financial income		
from Group companies	1,885	1,876
from others	142	9
Interest and other financial expenses	-2,038	-1,531
Financing contribution [1]	-36	-86
Total financial income and expenses	-47	387

[1] Included in rents and maintenance charges

EUR 1,000	2007	2006
6. Income taxes		
Tax on income from operations	2,057	443
	2,057	443

EUR 1,000	2007	2006
NON-CURRENT ASSETS		
7. Intangible assets		
Intangible rights		
Acquisition cost, Jan 1	24	24
Increase, Jan 1 - Dec 31	0	0
Acquisition cost, Dec. 31	24	24
Accumulated depreciation, Jan 1	-18	-15
Depreciation, Jan 1 - Dec 31	-3	-3
Carrying amount, Dec 31	3	6
8. Tangible assets		
Machinery and equipment, acquisition cost, Jan 1	82	77
Increases, Jan 1 - Dec 31	113	5
Decreases, Jan 1 - Dec 31	-33	0
Acquisition cost, Dec 31	162	82
Accumulated depreciation, Jan 1	-49	-39
Depreciation recapture on retired assets	19	0
Depreciation, Jan 1 - Dec 31	-12	-10
Carrying amount, Dec 31	120	33
Other tangible assets		
Acquisition cost, Jan 1	65	65
Increases, Jan 1 - Dec 31	0	0
Decreases, Jan 1 - Dec 31	0	0
Acquisition cost, Dec 31	65	65
Accumulated depreciation, Jan 1	-65	-62
Depreciation, Jan 1 - Dec 31	0	-3
Carrying amount, Dec 31	0	0
9. Investments		
Equity in subsidiaries		
Acquisition cost, Jan 1	16,900	15,516
Increases, Jan 1 - Dec 31	27,070	1,384
Decreases, Jan 1 - Dec 31	-4,147	0
Acquisition cost, Dec 31	39,823	16,900
Other equity investments		
Koy Data-City	6,160	6,160
Koy Data-City disposal	-6,160	0
SK Property Oy	490	490
SK Property Oy transfer to investments	-490	0
Other participations (Jert)	1	15
Decrease in other participations, Jert	-1	-14
	0	6,651
Other equity investments		
Acquisition cost, Jan 1	6,651	6,665
Increases, Jan 1 - Dec 31	0	0
Decreases, Jan 1 - Dec 31	-6,651	-14
Acquisition cost, Dec 31	0	6,651
Loan receivables		
Receivables from other investments	0	309

Non-current receivables from Group companies are loan receivables (Group account)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

EUR 1,000	2007	2006
10. Current receivables		
Main items in prepaid expenses and accrued income:		
Receivables from Group companies	6	0
Interest on loan receivables	0	51
Receivables from derivative contracts	33	3
Other interest receivables	0	1
Taxes	0	35
Others	10	11
	49	101

Other receivables include a year 2007 transaction price receivable of EUR 3.2 million from Turun Koy Datacity shares.

11. Equity

In 2007 the two classes of shares were merged and a bonus share offering to holders of a shares was executed. After this the company has one class of shares and all shares have the same rights. The company's share is "listed on the OMX Nordic Exchange under the GICS sector 40 "Financials". No convertible bonds or options have" been issued. The company has no valid option program. An extraordinary general meeting of May 31, 2007 decided to reduce the share premium fund by transferring the EUR 6,109,233.27 recognized in the fund in the financial statements for 2006 entirely to the invested unrestricted equity fund that is part of the company's unrestricted equity.

Year 2006	Number of shares	Carrying amount EUR 1,000
A shares (20 votes/share)	565,070	2,882
B shares (1 vote/share)	3,557,930	18,145
Total	4,123,000	21,027
Year 2007		
15.3.2007 new B shares and merger of share classes	56,505	
26.3.2007 bonus share issue 1:5	20,897,525	
19.6.2007 directed share issue	1,330,000	
Total	26,407,030	21,027

EUR 1,000	2007	2006
Share capital, Jan 1	21,027	21,027
Share capital, Dec 31	21,027	21,027
Share premium fund, Jan 1	6,109	6,109
Transfer to invested unrestricted equity fund	-6,109	0
Share premium fund, Dec 31	0	6,109
Invested unrestricted equity fund, Jan 1	0	0
Increase (share issue)	5,001	0
Transfers from share premium fund	6,109	0
Invested unrestricted equity fund, Dec 31	11,110	0
Retained earnings, Jan 1	4,315	4,238
Dividends paid	-1,402	-1,278
Profit for the financial year	5,235	1,355
Retained earnings, Dec 31	8,148	4,315
Total equity	40,286	31,452
Distributable funds	19,258	4,315

EUR 1,000 euroa	2007	2006
12. Non-current liabilities		
Liabilities that mature after 5 or more years		
Loans from credit institutions	13,845	1,932
13. Current liabilities		
Non-interest-bearing current liabilities	3,945	2,108
Interest-bearing current liabilities	11,362	12,970
	15,307	15,078
Payables to Group companies		
Short-term loans from subsidiaries	722	546
Main items of accrued liabilities:		
Taxes	1,552	0
Interests	262	211
Employee expenses	167	127
Others	75	0
	2,056	338
14. Exposures from derivative contracts		
Interest rate swaps		
Value of underlying instrument	24,312	19,690
Market value	180	198
15. Corporate debt obligations		
Unpaid debt from shares in real estate companies outside the Group on Dec 31	0	1,322
16. Pledged assets		
Debt secured by liens on real estate		
Loans from credit institutions		
Loans	46,941	37,825
Other liabilities		
Advance payments	1,400	1,400
Collateral		
-liens	0	0
-real estate company shares	22,937	0
Total liens on real estate	0	0

17. Insurance values Dec. 31, 2007

The parent company has loss-of-profits insurance regarding rental income (12 months). The company's insurance policies have been with Fennia and Pension Fennia since Jan 1, 2004.

The parent company's retained earnings totaled EUR 8,148,211.06 of which profit for the year is EUR 5,234,948.02.

The Board of Directors' proposes to the general meeting of shareholders that:

– a dividend of EUR 0.10 per share be distributed on 26,407,030 shares, for a total of	EUR 2,640,703.00
– and that the remainder be left in retained earnings	EUR 5,507,508.06

It is the Board's opinion that the proposed distribution of dividends will not endanger the company's equity-to-assets ratio.

Espoo, 13 February, 2008

Susanna Renlund	Thomas Tallberg	Magnus Bargum	Kaj Hedvall
Kari Jordan	Kari Sainio	Martin Tallberg	Martti Leisti Managing Director

AUDITORS´ REPORT
To the shareholders of Julius Tallberg-Kiinteistöt Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Julius Tallberg-Kiinteistöt Oyj for the period 1.1. – 31.12.2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Espoo, 14 February 2008

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant

CORPORATE GOVERNANCE OVERVIEW

The company complies with the Insider Guidelines of the OMX Nordic Exchange Helsinki and the Corporate Governance Recommendation for Listed Companies of the OMX Nordic Exchange Helsinki, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries EK, which entered into force on 1 July 2004.

The operations of Julius Tallberg Real Estate Corporation are governed by the company's general meeting, board of directors and managing director.

GENERAL MEETING

The highest decision-making body of Julius Tallberg Real Estate Corporation is its general meeting, through which the company's shareholders participate in the supervision and control of the company. The company must summon one annual general meeting before the end of June each year. An extraordinary general meeting is convened as required. Shareholders can exercise their right to speak and vote at these general meetings. General meetings must be attended by the company's managing director, chairman of the board and a sufficient number of directors. New nominees to the board of directors are required to attend the general meeting deciding on their election, unless they can show a well-founded reason for their absence.

Annual general meetings decide such matters as the adoption of the company's financial statements and the disposition of its earnings, and elect the company's board of directors and its auditors.

Article 9 of the company's articles of association requires notices of general meetings to be delivered no more than three (3) months and no less than seventeen (17) days prior to the meeting date. Notice of meetings is provided either by publication in a newspaper appearing regularly at the company's registered domicile or by registered mail sent to the address recorded for each shareholder in the company's share register.

The board of directors may require shareholders to register for a general meeting by a date indicated on the meeting notice, which cannot precede the meeting by more than five days, in order to be able to attend the meeting.

BOARD OF DIRECTORS

The company's board of directors consists of 5 to 8 directors.

The presence of more than one-half of the directors constitutes a quorum.

The size and composition of the board of directors are decided by the company's annual general meeting.

Each director is required to supply the board with sufficient information for the evaluation of his or her qualifications and independence, and to also report any changes in such information.

Directors are elected for terms of service ending at the following annual general meeting. The current board consists of seven directors, none of whom serves full-time.

The board of directors elects a chairman and vice chairman from its midst for a term of one year.

All persons elected to the board must possess appropriate qualifications and be able to devote sufficient time to their directorial duties. The majority of the directors must be independent of the company. At least two of these majority directors must also be independent of the company's major shareholders.

The board considers four of the directors elected by the annual general meeting held on 7 March 2007, namely Magnus Bargum, Kaj Hedvall, Kari Jordan and Kari Sainio, to be independent of the company.

The managing director, who is not a member of the board of directors, regularly attends board meetings as a representative of the company's operating management. The managing director serves as the secretary of the board.

The board of directors supervises the general management of the company and the proper organization of its operations. The board oversees and gives instructions to the company's operating management, appoints and discharges the managing director, approves the company's strategic objectives and risk management policies, and ensures the appropriateness of the company's management system. The board also approves guidelines for the management of financial risks. The board is charged with advancing the best interests of the company and all its shareholders. The directors do not represent the parties who nominated them for the board.

In addition to the duties prescribed by law and the articles of association, the board of directors also approves the company's operating plan and budget and decides all major investments, business and real estate acquisitions and divestitures, and other strategically important undertakings.

The company is expected to supply the board of directors with all required information on its activities. Such information includes the company's organizational structure, business operations and markets. Each new director must become familiar with the operations of the company.

The board of directors adopts a written charter describing its work.

In 2007 the board of directors met ten times with an average attendance rate of 84%.

The board of directors conducts an annual self-evaluation of its performance.

BOARD COMMITTEES

At its organizational meeting on 7 March, 2007, the board of directors did not form any committees.

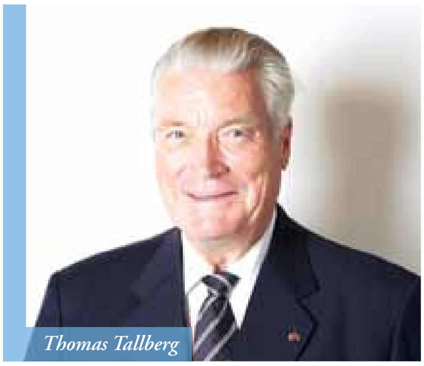
BOARD OF DIRECTORS


Susanna Renlund

Chairman

Susanna Renlund, Administrative Manager, Helsinki, Finland
Born 1958
M.Sc. (Agric.)

- Vice Chairman of Oy Julius Tallberg Ab
- Board Member of Ramirent Plc
- Board Member in several Finnish companies
- Board Member of Julius Tallberg Real Estate Corporation since 1997, Vice Chairman 2005-2006, Chairman from 2006
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2007: 426,936 shares
- Susanna Renlund's key duties have consisted of the general management of a number of real estate properties and the financial management of the Institute for Bio-Immunotherapy Helsinki Ltd since 1994.


Thomas Tallberg

Vice Chairman

Thomas Tallberg, Docent, Helsinki, Finland
Born 1934
MD

- Chairman of Oy Julius Tallberg Ab
- Board Member in several foundations
- Vice Chairman of Julius Tallberg Real Estate Corporation from 1987 to 1997, Chairman from 1998 to 2005, and Vice Chairman from 2006
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2007: 1,505,892 shares
- Thomas Tallberg has worked at Helsinki University Hospital as Docent of Immunology since 1967 and as Staff Specialist in Immunology from 1971 to 1997, and has directed the Institute for Bio-Immunotherapy Helsinki Ltd since 1996.

BOARD MEMBERS


Magnus Bargum

Magnus Bargum, Commercial Counselor (Hon.), Helsinki, Finland
Born 1947
M.Sc. (Econ.)

- Managing Director of Algol Oy since 1985 and Director since 1976
- Vice Chairman of Paulig Ltd
- Board Member of Julius Tallberg Real Estate Corporation since 2005
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- Member of the Supervisory Board of the Finnish Fair Corporation
- Board Member of the Confederation of Finnish Industries EK since 2005
- Chairman of the Federation of Finnish Commerce since 2007
- Board Member in several foundations and trusts.


Kaj Hedvall

Kaj Hedvall, Director, Helsinki, Finland
Born 1960
PhD (Econ.), M.Sc. (Eng.)

- Business Development Director, Senate Properties
- Board Member of Finnish investment trust and foundation
- Board Member of Julius Tallberg Real Estate Corporation since 2005
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- From 1984 to 1998 Kaj Hedvall held teaching and research positions at the Department of Finance and Statistics of the Swedish School of Economics and Business Administration in Helsinki. From 1998 to 2002 he served as Development Director for the Finnish Association of Building Owners and Construction Clients. Since 2002 Kaj Hedvall has been a Director and member of the Executive Board of Senate Properties in charge of business development.

Kari Jordan

Kari Jordan, President and CEO, Kauniainen, Finland
Born 1956
M.Sc. (Econ.)
- President and CEO of Metsäliitto Group
- Board Member in several Finnish companies
- Board Member of Julius Tallberg Real Estate Corporation since 1998
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- From 1987 to 1994 Kari Jordan served on the Executive Board of OKO Bank, first as a deputy and then as a regular member
- Between 1994 and 2004 he held various executive positions at KOP, Merita and Merita Nordbanken, most recently as Group Vice President at Nordea AB and a member of the company's Executive Committee.

Kari Sainio

Kari Sainio, Managing Director, Espoo, Finland
Born 1959
M.Sc. (Econ.), M.Sc. (Eng.)
- Managing Director of Hadrianus Development Ltd since 2004
- Managing Director of Kiinteistökomppania Oy, 2005-2008
- Managing Director of K. Trading UAB (Lithuania) since 2006
- Board Member of Julius Tallberg Real Estate Corporation since 2007
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- Between 1987 and 1994, he was mainly responsible for the international construction contracting and property development business lines in Polar Construction Ltd, living abroad for several years in USA and Latvia. During 1994-1998, he was responsible for the Baltic and Polish contracting and property development business of Lemcon Ltd. From 1998 to 2004 he acted as Export Director for Lemminkäinen Corporation's Paving Division (Nordic countries, Baltic countries, IVY, Poland and Zambia).

Martin Tallberg

Martin Tallberg, Managing Director, Helsinki, Finland
Born 1963
M.Sc. (Econ.)
- Managing Director of Oy Julius Tallberg Ab
- Board Member in several Finnish companies
- Board Member of Julius Tallberg Real Estate Corporation since 1991
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2007: 916,044 shares
- Martin Tallberg worked briefly at SKV as Real Estate Specialist in 1989 and 1990, after which he served as Management Assistant at Oy Julius Tallberg Ab, where his responsibilities included the leasing and sale of properties as well as general administrative and business development duties.
- Since 1995 he has been the Managing Director of Oy Julius Tallberg Ab.

Managing Director

The managing director is appointed by the board of directors, which also determines the terms of his or her service. The managing director's terms of service are specified in a written service contract approved by the board.

The managing director is responsible for the performance and financial position of the company.

The managing director is in charge of the daily management of the company in accordance with Finland's Companies Act, the company's articles of association, and the instructions and orders given by the board of directors. The managing director may undertake acts which, considering the scope and nature of the operations of the company, are unusual or extensive, only with the authorization of the board of directors. The managing director must also ensure that the accounting practices of the company comply with the law and that the financial matters are handled in a reliable manner.

Managing Director:
Martti Leisti
Born 1947
M.Sc. (Econ.)
- Managing Director of Julius Tallberg Real Estate Corporation since 1987 and Chairman of its subsidiaries
- Member of the Advisory Board of the Finnish Association of Building Owners and Construction Clients
- Prior to 1987 Martti Leisti worked at YIT Corporation for 10 years, 6½ of which in export management positions dealing with the Middle East and Spain.
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2007: 33,894 shares. No holdings or rights based on any equity incentive plans.

The managing director's 2007 salary and other cash compensation totaled EUR 173,776. Voluntary retirement insurance premiums paid in 2007 totaled EUR 8,500. The managing director's service contract is terminable upon 4 months notice. If the service contract is terminated by the company, the managing director will be entitled to severance pay to the amount of 12 months' salary, unless terminated for "grievous cause" within the meaning of Finland's Employment Contracts Act.

OTHER EXECUTIVE MANAGEMENT

Julius Tallberg Real Estate Corporation has no other executive management.

COMPENSATION ARRANGEMENTS

The compensation payable to the directors is decided by the company's annual general meeting each year. The salary and other benefits of the managing director are set by the board of directors.

In 2007, the directors of Julius Tallberg Real Estate Corporation were compensated as follows:

	EUR
Susanna Renlund	13,500
Thomas Tallberg	12,350
Magnus Bargum	10,350
Kaj Hedvall	10,350
Kari Jordan	10,350
Kari Sainio	10,200
Martin Tallberg	10,500
Total	77,600

The Julius Tallberg Real Estate Corporation directors are not compensated through options or other incentive plans.

PERSONNEL INCENTIVE PLANS

The company operates a personnel incentive plan confirmed on 13 February 2008, which supports the attainment of the company's long-term and near-term objectives. The basis of the managing director's and employees' incentive compensation and the magnitude of bonus payments are fixed annually by the board of directors. Both the managing director's and employees' option arrangements have been discontinued. The managing director and company personnel are covered by a voluntary retirement plan costing EUR 27,000 in 2007.

FINANCIAL AUDITS AND AUDITORS

Financial audits

The company is required to have one auditor and one deputy for the auditor. If the company's auditor is an authorized public accounting firm, the appointment of a deputy is not necessary. The company's accounts must be audited by an authorized public accountant or accounting firm. The auditors' fees totaled EUR 91,314 in 2007 (EUR 62,097 in 2006), of which approximately EUR 50,892 (EUR 50,265 in 2006) was paid for audit-related services.

Auditors

Auditor: PricewaterhouseCoopers Oy, Authorized Public Accountants, with Kim Karhu, APA, as principal auditor.

Insider administration

The company complies with the insider administration guidelines endorsed by the OMX Nordic Exchange Helsinki. The statutory insiders of Julius Tallberg Real Estate Corporation consist of the company's board of directors, managing director and auditors. Persons holding certain other positions, as determined by the managing director from time to time, are also deemed permanent insiders. The company makes use of the insider register service of the Finnish Central Securities Depository Ltd, which tracks the current share holdings of insiders.

All insiders have been provided with written rules. They are also notified in writing of any times when they are not permitted to trade in the company's shares.

According to insider register information, the board of directors, directly or through entities controlled by them, and the personnel of Julius Tallberg Real Estate Corporation held 22,076,928 shares on 31 December 2007, which entitled them to 83.6% of the votes and ownership in the company.

CONTROL SYSTEMS

The business operations of Julius Tallberg Real Estate Corporation are managed and controlled by means of the governance and control systems described above. The company employs appropriate and reliable accounting and other information systems to track its business operations and to control the management of its assets.

The company's accounting system facilitates the tracking of actual and forecast figures and the preparation of budget variance analyses for periods of one, three and twelve months. The system also serves as a long-term planning and budgeting tool.

INTERNAL AUDIT AND CONTROL SYSTEM

The internal control system of Julius Tallberg Real Estate Corporation covers both financial and other controls. Internal control is carried out by the company's board of directors, managing director and all company personnel. The objectives of internal control are:

- Attainment of approved operating plan and budget targets and objectives
- Economical and effective use of the company's resources
- Management of operational risks
- Reliability and accuracy of financial and other management information
- Compliance with external regulations and internal procedures, including appropriate customer relationship practices
- Securing the company's operations, information assets and physical assets, and compliance with insurance policies
- Appropriate information systems and work processes in support of corporate operations

The organization and maintenance of sufficient and well-functioning internal controls is the responsibility of the board of directors. The managing director is in charge of the practical implementation of internal control measures.

The managing director is responsible for ensuring compliance with the objectives, procedures and strategic plans established by the board of directors. The managing director is required to maintain an organizational structure that defines the responsibilities, authorities and reporting relationships of personnel clearly, comprehensively and in writing.

The managing director is responsible for ensuring that the company's daily operations conform to applicable law and related regulations, and to the company's operating principles and the decisions of the board of directors.

Auditors' reports prepared for the board of directors and the managing director in the course of the year also cover administrative reviews and, to the extent appropriate, internal audit procedures.

RISK MANAGEMENT

In 2005, Julius Tallberg Real Estate Corporation defined its risk management policy, according to which risk management is an integral part of strategic and operational planning, the decision-making process and the internal control system. The risk management policy will be updated in the spring of 2008, and, at the same time, a more detailed survey of risks will be carried out.

The company relates to risks conservatively and risk taking is kept within the limits defined in the business strategy. The aim is to constantly develop and balance the structure of the investment portfolio from different perspectives - by diversifying properties according to their use, for example, by avoiding excessively large tenants, and by focusing on the Helsinki region.

The strategic principles of real estate investment have been defined, and a key consideration in assessing new projects or disposals is their impact on the company's strategic goals.

The company considers the currently most important risk areas to be the key employee risk and the general climate of uncertainty about the global economy, both of which may indirectly affect the company. These and other risk areas identified by the management, together with the measures taken by the management to counter them, are described below.

Strategic risks

Uncertainty about the global economy

The company's business may be significantly affected by a climate of uncertainty about the global economy. These concerns were reflected in the return requirements of investors in the second half of 2007. With respect to the business of Julius Tallberg Real Estate Corporation, uncertainty about the global economy may affect the business of tenants and thereby the company's returns.

The company has attempted to manage these uncertainties by selling real estate assets that have been in the company's long-term investment portfolio, but for which it considers it has been offered a good price in view of the uncertain situation. Examples of such property sales carried out during 2006 and 2007 were the sales of the total stock of Kanavaranta 7 and Kauppakeskus Martinsilta.

Geographical location of real estate assets
Investing in properties in geographical locations where the company has less opportunity to influence or less market expertise may be a risk.

The company has focused its real estate investments in the Helsinki region where the company's expertise and the general predictability of the market is at an acceptable level. During 2007, the company sold its shares in Kiinteistö Oy Datacity, its only investment in Turku.

Real estate investments based on shared ownership
The company considers that, in real estate investments with shared ownership, there is a risk that the parties involved will have differing views on the development and potential of the property.

The company believes it has diminished this risk by purchasing the majority stake in SK Property Oy from CarVal Investors. In addition, the company exchanged its ownership share of 4,394 m^2 of net floor area in Kiinteistö Oy Datacity in Turku for the shares of Kiinteistö Oy Rälssintie 10 located in Helsinki.

The company will continue to manage the risk related to shared ownership by investing only in land and buildings that it owns exclusively.

Too many customers in the same field
An excessive dependence on customers of one type or in one field may be a risk. The company's policy is to obtain tenants from different business sectors so that, if a business recession in one sector causes a reduced need for premises, it will not decisively and suddenly affect the company's returns.

Development of Aviapolis district
The company has a major development underway at the Econia Business Park located in the Aviapolis district of the City of Vantaa. There is a strategic risk that the Aviapolis district will not develop as planned or that the growth rate will be slower than expected.

The company is managing this risk by constructing the building in stages, in accordance with the number of leases signed.

Operational risks

Key employee risk
Due to the company's small number of personnel (6 employees), the key employee risk is great. This risk was reduced by hiring two more persons in 2007. However, the key employee risk and the risks related to the replacement system are still significant. The company manages the key employee risk partially through overlapping job descriptions.

Risks related to the real estate acquisition and disposal process
There is a risk related to real estate investments if the company does not assess the future return potential correctly.

The company seeks to manage the risks related to major projects by using a specified process in which the projects (acquisitions/disposals) are examined by an investment committee before being presented to the board of directors. The investment committee comprises two directors and the operating management. Various indicators have been devised by which the management can simulate and monitor the impact of the investment on the more important key figures.

External service providers
Property maintenance involves operational risks such as the risks related to the quality of the work done by external service providers.

The company is investigating the options and potential of increasingly taking responsibility for property management and maintenance into its own hands.

Information systems
Even brief interruptions to the efficient working of information systems and data communications complicate the company's operation. Julius Tallberg Real Estate Corporation relies on the information management of the Tallberg Group, and contingency plans have been drawn up for information systems.

Financial risks

The possible financial risks relate to liquidity, interest rate, and receivables- and credit-related risks.

Liquidity
More information on the management of liquidity risks can be found in note 26 of the Notes to the Financial Statements - 'Management of financial risks: Liquidity risk'.

Interest rate risks
The Group is susceptible to market risks mainly in the form of interest rate risks. More information on the management of interest rate risks can be found in note 26 of the Notes to the Financial Statements - 'Management of financial risks: Market risk - interest rate risk'.

Risks related to receivables and credit
The Group's policy determines the requirements for the investment policy and the creditworthiness of customers and counterparties of investment transactions and derivative contracts. More information on the management of risks related to receivables and credit can be found in note 26 of the Notes to the Financial Statements - 'Management of financial risks: Credit risk'.

Damage and liability risks
The risks of damage or loss include risks related to fire and premises security and questions of management liability.

Almost without exception in its owned properties, the company has full value insurance and loss-of-rent insurance covering 12 months rental income. The managing director and board of directors have general liability insurance.

Operational risks are tracked by the board of directors and managing director of Julius Tallberg Real Estate Corporation. The purpose of risk management is to reduce the likelihood or threat of an unexpected loss. Risk management needs to cover all internal as well as external risks, whether quantifiable or non-quantifiable and whether within or outside the control of the company.

Tenant-specific risk has been diversified by expanding the company's real estate base and thereby increasing the number of leases.

Julius Tallberg Real Estate Corporation carries out an annual risk management process resulting in an updated risk map and action plan that are presented to the board of directors in the fall of each year.

REDEMPTION PROVISIONS

The company's articles of association include no share redemption provisions.

SHAREHOLDERS' AGREEMENTS

The company is not aware of any shareholders' agreements.

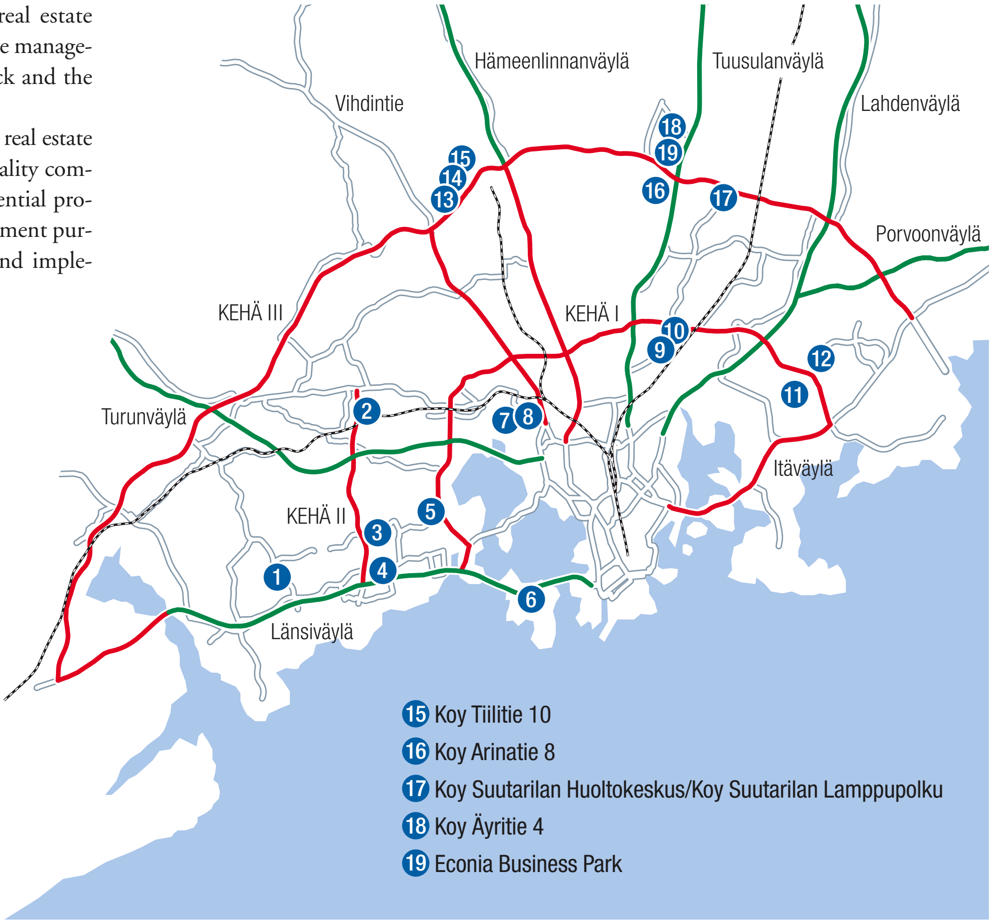
INFORMATION DISCLOSURES

The following information is provided on the company's website:

- Corporate governance and control system
- Information on general meetings
- Shares, share capital and major shareholders
- Annual report
- Other recommended disclosures

The objective of the Company's real estate investment operations is the effective management of the existing real estate stock and the development of tenancy relations.

The objective of the Company's real estate development is to produce high-quality commercial, office, industrial and residential properties for sale and long-term investment purposes through efficient planning and implementation.



1 Koy Espoon Suomalaistentie 7
2 Oy Soffcon Kiinteistö Ab
3 Koy Luomannotko 3
4 Koy Kappelitie 6
5 Koy Tietäjäntie 12 Espoo
6 Koy Gyldénintie 2
7 Koy Helsingin Valimotie 2
8 Koy Helsingin Höyläämötie 2
9 Koy Liukumäentie 15 Helsinki
10 Koy Helsingin Rälssintie 10
11 Koy Kivensilmänkuja 2
12 Koy Sirrikujan Teollisuustalo
13 Koy Petikon Palvelutalo
14 Koy Tiilitie 8
15 Koy Tiilitie 10
16 Koy Arinatie 8
17 Koy Suutarilan Huoltokeskus/Koy Suutarilan Lamppupolku
18 Koy Äyritie 4
19 Econia Business Park

1 Espoo/Suomenoja, Suomalaistentie 7

Office and warehouse property
Rentable space approx. 11,300 m^2

Significant tenants:
- Oy Agfa-Gevaert Ab
- A.I.N.A Mainos Oy
- Carpentum Oy
- Förlagssystem Finland Oy
- Jo-He Oy
- Oy Julius Tallberg Ab
- Kauppahuone Taito Oy
- Oy Norstar Ab
- Rustholli Remontit Oy
- Oy Senseware Ltd
- Suomen Polkupyörätukku Oy

2 Espoo/Kilo, Karapellontie 11-13

Office, production and warehouse property
6,800 m^2

Significant tenants:
- Oy Albarossa Ab
- Evolvit Oy
- Microtieto Suomi Oy
- HSG-Package Oy
- Oy Prime Development Ltd
- Oy Soffco Ab

3 Espoo/Olarinluoma, Luomannotko 3

Office and warehouse property
4,300m²

Significant tenants:
- Lassila & Tikanoja Oyj
- Laattamaailma Oy

4 Espoo/Niittykumpu, Kappelitie 6

Office property
8,700m²

Tärkeimmät vuokralaiset:
- Espotel Oy
- Futuremark Oy
- Space Systems Finland Oy

5 Espoo/Tapiola, Tietäjäntie 12

Office property
2,100m²

Significant tenants:
- Oy Indmeas Industrial Measurements Ab
- Sito Oy
- Sun-Flex Työhyvinvointipalvelut Oy

6 Helsinki/Lauttasaari , Gyldénintie 2

Office and commercial property
3,500 m²

Significant tenants:
- Suomen Terveystalo Oy Lauttasaari
- Casarest Consulting Oy
  (Restaurants C.W. Gyldén and Piratti)

7 Helsinki/Pitäjänmäki, Valimotie 2

Office and commercial property
1,300 m²

Significant tenants:
- Normomedical Oy
- Samtect Finland Oy Ab
- Video Film Town Oy

8 Helsinki/Pitäjänmäki, Höyläämötie 2

Office and commercial property
2,700 m²

Significant tenants:
- Helsingin Rengaskolmio Oy
- Kopio Niini Oy

9 Helsinki/Oulunkylä, Liukumäentie 15

Warehouse property
23,600 m²

Significant tenants:
- Rented entirely to Schenker Cargo Oy

10 Helsinki/Pukinmäki, Rälssintie 10*

Office property
3,130 m²

Significant tenants:
- Kalle Media Oy
- Kiinnike-Kolmio Oy
- NHK Rakennus Oy
- Oy Netmedia Finland Ab
- Oy Sandman-Nupnau Ab

*Acquired on January 25, 2008

11 Helsinki/Myllypuro, Kivensilmänkuja 2

Office property
3,000 m²

Significant tenants:
- Helsingin kaupunki
- Myllynpuron Huolto Oy
- Non Fighting Generation Ry

12 Helsinki/Kontula, Sirrikuja 1

Office and warehouse property
4,500 m²

Significant tenants:
- Itella Oyj
- Pintavision Oy

13 Vantaa/Petikko, Petikontie 6

Commercial property
5,900 m²

Significant tenants:
- Eurokangas Oy
- Suomen Polkupyörätukku Oy

14 Vantaa/Petikko, Tiilitie 8

Office and warehouse property
2,200 m²

Significant tenants:
- Heidelberg Finland Oy
- KLT-Tiimi Oy
- Scalen Maiorov Oy

15 Vantaa/Petikko, Tiilitie 10

Office and warehouse property
1,840 m^2

Significant tenants:
- Finn-Id Oy
- Scalen Maiorov Oy

16 Vantaa/Pakkala, Arinatie 8

Office and warehouse property
9,400 m^2

Significant tenants:
- Oy Meluton Ab
- Naps Systems Oy
- Ramirent Oyj
- Schiedel Savuhormistot Oy

17 Helsinki/Suutarila, Tapulikaupungintie 37 and Lamppupolku 3

Office, production and warehouse property
5,800 m^2

Significant tenants:
- Rented entirely to Ramirent PLC

18 Vantaa/Aviapolis, Äyritie 4

Office and production property
8,744 m^2

Significant tenants:
- Rented entirely to Oy Philips Ab

AVAILABLE-FOR-SALE PROPERTIES

Vantaa/Pakkala, Arinatie 8

The company signed a preliminary agreement on 31.5.2006 with Hartela Kiinteistömarkkinointi Oy on the sale of Kiint. Oy Arinatie 8 located in the Kartanonkoski area of the Aviapolis district of the City of Vantaa. The sale was conditional on a rezoning proposal filed on 31.8.2006 and expected to be approved by August 2008. The City of Vantaa's City Planning Board approved the rezoning at its meeting on 13.2.2008.

SOLD PROPERTIES

Kiinteistö Oy Kauppakeskus Martinsilta, Espoo

The company sold, by a deed of sale dated 17.12.2007, the total stock of Koy Kauppakeskus Martinsilta to the Genesta Nordic Baltic Real Estate Property Fund. The rights of proprietorship and possession were transferred to the new owner on 31.1.2008.

Kiinteistö Oy DataCity, Turku

The company sold, by a deed of sale dated 17.12.2007, shares of Koy Datacity to Tycla Oy. The rights of proprietorship and possession were transferred to the new owner at the time of signing the transaction.

19 Econia Business Park
Äyritie 6, Vantaa

- Total rentable area approx. 23,000 m^2
- Rentable surface area per building 5,500 m^2
- Floor areas 1,300 – 3,500 m^2
- Premises beginning at approx. 80 m^2
- Approx. 550 parking places
- Comprehensive service selection available for users of the premises

Further information: www.econia.fi

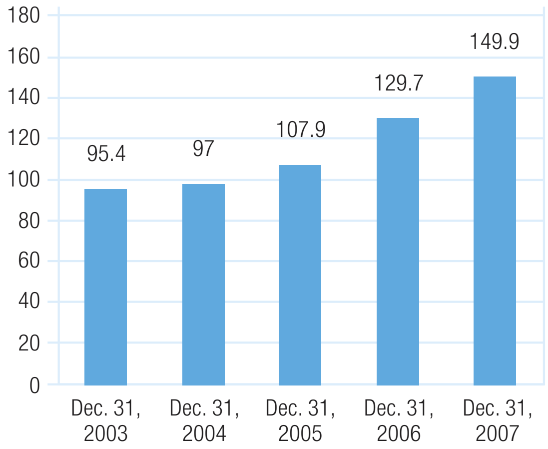
The Econia Business Park, being developed by Julius Tallberg Real Estate Corporation in the Aviapolis district of the City of Vantaa, is the company's most significant project this decade. The construction firm involved is Rakennusosakeyhtiö Hartela.

Econia combines future technology, energy savings and ecology. Much attention has been paid to the quality of indoor air, and good acoustical, lighting and temperature solutions in its pleasant, efficient premises.

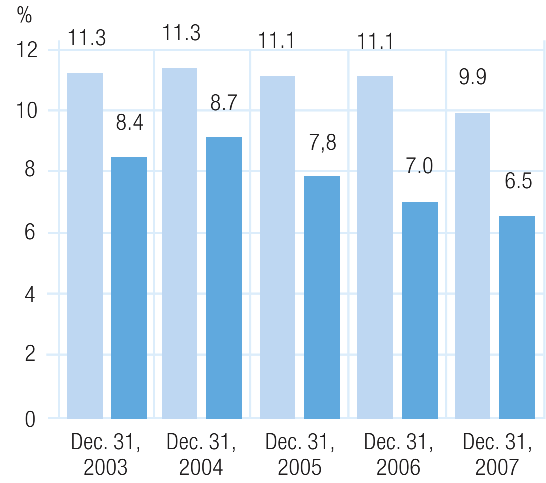
Econia consists of four 7-floor buildings, whose flexible premises can also be extended from one building to the next. The total rentable surface area is approx. 23,000 m^2. All premises can be tailored for the needs of users.

The property is being built on sustainable ecological principles. It can be seen in the building's location, the shape of the frame, the building materials, the size of windows and their location, the solar panels on the facade, the thermal comfort and the operational functions.

MARKET VALUE OF REAL ESTATE ASSETS, EUR MILLION



NET RENTAL INCOME %

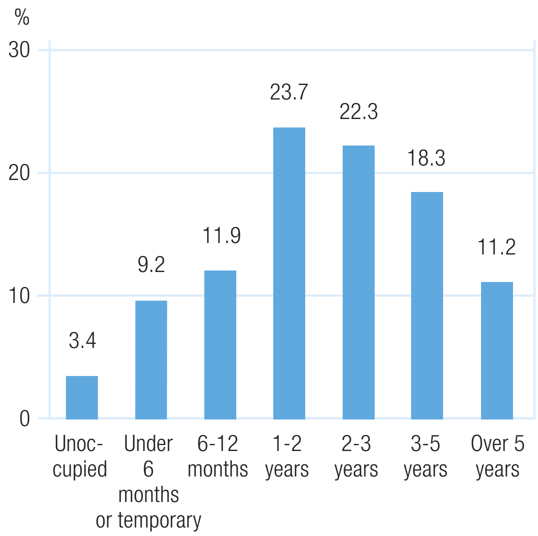


FAS Net Rental Income -% = Annual net rental income (=rental income - maintenance costs) / Acquisition or FAS balance sheet value of completed real estate assets including capital transfer tax (average for year) x 100

IFRS Net Rental Income -% = Annual net rental income (=rental income - maintenance costs) / Market value of completed investment property assets including capital transfer tax (average for year) x 100

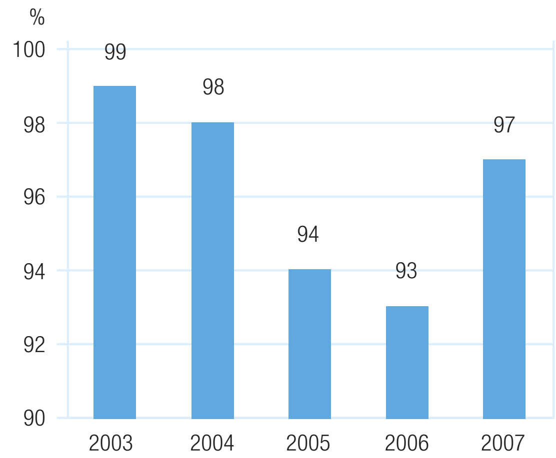
RENTAL INCOME ANALYSIS ON DECEMBER 31, 2007

Average length of rental agreements 2.6 years (2006: 3.5 years)

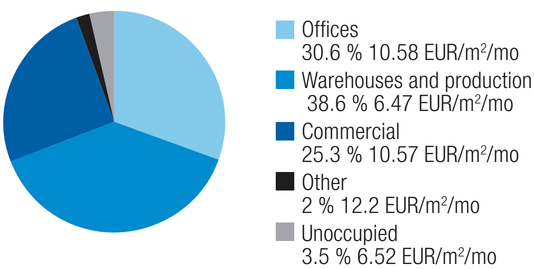


Tenancy agreement stock, total value (vat 0%) EUR 31.8 million (2006: EUR 36.0 million).
As for agreements valid until further notice, rent for term of notice recognized.

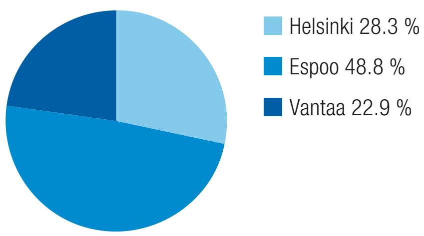
YIELD-WEIGHTED OCCUPANCY RATE 2003–2007



RENTAL INCOME PROPERTY SPECIFICATION AND RENTS EUR/M²/MONTH (VAT 0%)



GEOGRAPHICAL DISTRIBUTION OF REAL ESTATE OWNINGS BY MARKET VALUE



REAL ESTATE SUMMARY DEC. 31, 2007

Real estate	Holding	Rentable floorspace, m² Total	Commercial	Office	Storage/ production	Other	Unused building rights m²	Year of acquisition
HELSINKI								
Koy Gyldenintie 2	100	3,507	630	2,401	406	70	0	1987
Lauttasaari								
Koy Suutarilan Huoltokeskus	100	5,776	0	1,441	4,335	0	10,845	2000
Suutarila								
Koy Suutarilan Lamppupolku	100	0	0	0	0	0	8,838	2000
Suutarila								
Koy Liukumäentie 15 Helsinki	100 [1]	23,634	0	0	23,634	0	0	2000
Oulunkylä								
Koy Helsingin Valimotie 2	100	1,299	704	294	251	50	1,900	2007
Pitäjänmäki								
Koy Helsingin Höyläämötie 2	100	2,711	0	200	2,511	0	4,860	2007
Pitäjänmäki								
Koy Sirrikujan Teollisuustalo	100 [2]	4,562	0	2,714	1,848	0	0	2007
Kontula								
Koy Kivensilmänkuja 2	100 [3]	3,063	0	2,603	460	0	1,000	2007
Myllypuro								
Total		44,552	1,334	9,653	33,445	120	27,443	
ESPOO								
Oy Soffcon Kiinteistö Ab	100	6,803	0	3,777	2,663	363	7,564	1988
Kilo								
Koy Kauppakeskus Martinsilta								
Suomenoja								
- old property	100	12,258	7,133	1,320	3,284	521	0	1997
- new building	100	11,935	11,467	0	447	21	0	2000
Koy Espoon Suomalaistentie 7	100	11,323	207	5,199	5,725	192	970	2005
Suomenoja								
Koy Kappelitie 6	100	8,766	783	7,720	143	120	0	2007
Niittykumpu								
Koy Luomannotko 3	100	4,269	0	1,695	2,279	295	0	2007
Olarinluoma								
Koy Tietäjäntie 12 Espoo	100	2,153	0	1,983	170	0	0	2007
Tapiola								
Total		57,507	19,590	21,694	14,711	1,512	8,534	
VANTAA								
Koy Arinatie 8	100	9,408	285	1,057	8,066	0	3,880	1991
Pakkala								
Koy Äyritie 4 Vantaa	100	8,744	0	2,267	5,899	578	4,068	1997
Veromies								
Koy Vantaan Äyri	100	0	0	0	0	0	24,144	1997
Veromies								
Koy Petikon Palvelutalo	100	5,905	4,361	0	1,544	0	0	2007
Petikko								
Koy Tiilitie 8	100	2,190	0	900	1,290	0	0	2007
Petikko								
Koy Tiilitie 10	100	1,842	0	738	1,104	0	0	2007
Petikko								
Total		28,089	4,646	4,962	17,903	578	32,092	
GRAND TOTAL		130,148	25,570	36,309	66,059	2,210	68,069	

[1] The lot has been leased from the City of Helsinki. The lease is valid until December 31, 2030.
[2] The lot has been leased from the City of Helsinki. The lease is valid until December 31, 2020.
[3] The lot has been leased from the City of Helsinki. The lease is valid until December 31, 2030.

CATELLA PROPERTY GROUP

VALUATION REPORT ON JULIUS TALLBERG REAL ESTATE CORPORATION'S REAL ESTATE STOCK

Catella Property Ltd, Valuation Service, has, at the request of the Julius Tallberg Real Estate Corpora-tion, valued the debt-free market value of properties owned by the Company on December 31, 2007. The market value is determined in accordance with section 5.2 of IVS 2007 as the cash sum by which the assets would change owners on the value date in an arm's length transaction between a willing buyer and seller, following appropriate marketing and with the parties acting competently, with discre-tion and without force. The subjective special interests of the purchasing parties in the assets are not considered in the valuation. Debt-free value means that no company debts, VAT debts etc. have been deducted.

We valued eight properties that were the same as in the previous valuation the year before on December 31, 2006 and ten new properties. Seven of these properties were in Helsinki at Gyldénintie 2, Tapulikaupungintie 37 / Lamppupolku 3, Liukumäentie 15, Sirrikuja 1, Kivensilmänkuja 2, Höyläämötie 2 and Valimotie 2; six were in Espoo at Martinsillantie 10, Karapellontie 11-13, Suomalaistentie 7, Tietäjäntie 12, Luomannotko 3 and Kappelitie 6; and five were in Vantaa at Arinatie 8, Tiilitie 8, Tiilitie 10, Petikontie 6 and Äyritie 4-6.

The valued investment properties are 96.5% leased, calculated by their rental yield potential. During the year, the length of the average lease term has remained more or less unchanged. Rental rates used in new leases correspond well with current market rates. The rental status of the properties is generally good. The properties at Lamppupolku 3, Karapellontie 13 and Äyritie 6 have ample unutilized building rights. With respect to one property (Martinsillantie 10), the market value (total EUR 44.5 million) is included in the market value of the real estate stock presented hereinafter, based on the net sales prices calculated by the owner on the basis of deeds of sale signed in 2007.

We value the December 31, 2007 debt-free market value of the aforementioned Julius Tallberg Real Estate Corporation properties at one hundred and forty nine million, nine hundred thousand euros (EUR 149,900,000). Of this sum, the market value of the investment assets totaled EUR 98,800,000 and the market value of available-for-sale investments totaled EUR 51,100,000.

Helsinki, January 15, 2008

Catella Property Ltd
Valuation Service

Risto Vainionpää	Arja Lehtonen
Valuation Consultant	Valuation Consultant Manager
M.Sc. (Eng.)	M.Sc. (Eng.)
Authorized Real Estate Valuator	Authorized Real Estate Valuator
General Practice	General Practice

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