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JULIUS TALLBERG KIINTEISTÖT

ANNUAL REPORT 2008

Julius Tallberg Real Estate Corporation's Annual Report 2008

The company's 21st year of operations

Contents

ANNUAL GENERAL MEETING

The Annual General Meeting of Julius Tallberg Real Estate Corporation will be held at 4,30 p.m. on March 18, 2009, at the Corporation's head office at the following address: Suomalaistentie 7, 02270 Espoo, Finland.

Meeting agenda:

1. Standard business of the Annual General Meeting under article 10 of the 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 using funds from the company's unrestricted equity. The shares would be acquired in public trading, which is why the acquisition would be other than in proportion to the shares held by the shareholders.

Right to attend

Shareholders registered in the company's shareholder register maintained by Euroclear Finland Oy (formerly Finnish Central Securities Depository Ltd) on the record date for the Annual General Meeting, March 6, 2009, will have the right to attend the Annual General Meeting.

Notice of attendance

Shareholders wishing to attend the Annual General Meeting must notify the company's offices of their intention to do so by 4,00 p.m. on Friday March 13, 2009. This may be done:

- by telephone to Ritva Savaspuro-Olli on +358 207 420 705
- by letter to Julius Tallberg Real Estate Corporation, Suomalaistentie 7, 02270 Espoo, Finland
- by e-mail to ritva.savaspuro@tallberg.fi or
- on the company's website at http://www.jtkoyj.com/contactus/contactus_1.html.

Shareholders are requested to provide their name and their personal ID number or business code.

It is requested that any proxies, by virtue of which a designated representative may exercise the shareholder's voting right at the meeting, be declared in connection with the notice of attendance. Such proxies should be left at, or otherwise delivered to, the company's offices at the above-mentioned address prior to the indicated attendance notice deadline.

Shareholders whose shares are nominee-registered and who wish to attend the Annual General Meeting must be registered in the company's shareholder register on March 6, 2009, the record date for the AGM.

DIVIDEND PAYMENT

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.10 per share be paid for the financial year 2008. To be entitled to a dividend, shareholders must be registered in the company's shareholder register maintained by Euroclear Finland Oy (formerly Finnish Central Securities Depository Ltd) on March 23 , 2009, the record date for dividend payment. The Board of Directors will propose to the Annual General Meeting that the dividend be paid after the record date, starting on March 30 , 2009.

JULIUS TALLBERG REAL ESTATE CORPORATION FINANCIAL REPORTING IN 2009

Julius Tallberg Real Estate Corporation will publish its Financial Statements release for 2008 on February 13, 2009.

The company will publish three interim reports during 2009:

- for the first quarter on Wednesday May 6, 2009
- for the second quarter on Thursday August 13, 2009 and
- for the third quarter on Thursday October 29, 2009.

The company's Annual Report will be sent to all its registered shareholders. The Annual Report can also be ordered as follows: By mail from Julius Tallberg Real Estate Corporation, Suomalaistentie 7, 02270 Espoo, Finland, by telephone on +358 207 420 705, by e-mail from ritva.savaspuro@tallberg.fi or via the company's website. The Interim Reports will only be published online, at www.jtkoyj.com. Copies may be ordered separately by contacting the company (see details above).

GROUP IN FIGURES (IFRS)

	31.12.2008	31.12.2007
Market value of real estate assets, EUR million	**129.0**	149.9
- Change %	**-13.9**	+15.6
Consolidated equity, EUR million	**81.9**	86.9
- Change %	**-5.8**	+18.9
Equity per share, EUR	**3.10**	3.29
Equity to assets %	**52.3**	57.0

	1.1.–31.12.2008	1.1.–31.12.2007
Revenue, EUR	**10.2**	11.4
- Change %	**-10.5**	+9.6
Profit before taxes, EUR million	**-0.8**	14.2
- Change %	**-105.7**	-31.1
Dividend/share, EUR	**0.10***	0.10

*Proposal by the Broad of Directors

The company's 21st operating year, 2008, was very exceptional because of the global financial crisis and the economic recession. In the early part of 2008 the economic boom continued along the lines of 2007, but later in the year, and especially in the fourth quarter, the global economy plunged into freefall. This negative trend will persist in 2009, too.

Julius Tallberg Real Estate Corporation anticipated this downward turn in the economy and was already making provisions during the 2007 and 2008 boom years by liquidating some EUR 80 million worth of its real estate assets. With our direct real estate investments in the same period being only some EUR 40 million, the company is highly solvent (credit rating AAA). A strong financial position has always been a primary strategic goal of the company. It allows us to respond to the challenges of a weak economy and also to make the best of market conditions. The company has, in fact, turned the market situation to its benefit by broadening its strategy to include indirect property investments and, at the end of 2008, investing EUR 34.4 million to acquire 10 percent of the stock of Sponda Plc. The holding is considered a strategic and long-term investment.

The company's solid financial position has also allowed it to pay out a dividend which matches that of 2007, in contrast to the generally lower dividends paid out by other companies. A consistent and long-term dividend policy is another important strategic goal.

Based on third-party appraisal, the value of the company's direct and indirect real estate assets were approximately EUR 129 million at the end of the financial year, including the market value of the shares in Sponda Plc as an indirect real estate investment. The value of other financial assets (Nordea's credit basket and bank debentures) was EUR 22.6 million, and consolidated equity per share was EUR 3.10 (3.29) (-6%). The decline in equity per share was due to the recognized fair value change exceeding the direct result. Earnings before taxes were EUR -0.8 million (EUR 14.2 in 2007). Nevertheless, earnings before change in value of investment properties and financial items and taxes rose 47 percent to EUR 5.0 million (EUR 3.4 million). The company's equity-to-assets ratio was 52% (57%), or at target level.

The distributable assets of the parent company, Julius Tallberg Real Estate Corporation, were EUR 42.2 million, of which profit for the year was EUR 25.6 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.10, totaling EUR 2.6 million, be paid.

The price of the company's shares listed on NASDAQ OMX Helsinki was EUR 1.88 on December 31, 2008 (EUR 3.00 on December 31, 2007). Compared to the company's equity per share, the premium was 39% negative.

Looking at the development of the real estate sector, there is good reason to view performance and earnings over the long term instead of merely focusing on quarterly analysis. From this perspective, the Group's growth has been balanced and achieved without taking appreciable risks.

During the past ten years (1999-2008), the Group has experienced significant growth. The value of its real estate assets has climbed from EUR 63 million to approximately EUR 129 million, an increase of 103% despite the significant divestments made in 2007 and 2008. This includes the market value of the Sponda Plc share. In addition, the company has other financial assets of EUR 22.6 million. The figure for net assets after tax liabilities, i.e. the company's equity, has risen from EUR 38.2 million to EUR 81.9 million, or by more than 114%. Moreover, right through the period in question the company has distributed a dividend that has increased year on year. The occupancy rate of the company's real estate has also remained high. The financial structure has conformed to goals throughout the period, despite the substantial investments made by the company.

OUTLOOK FOR 2009

According to Nordea's forecast published in January 2009, the eurozone is in the deepest recession since the Second World War. This recession has hit Finland, too, and Nordea forecasts a clear contraction in GDP for 2009. In the real estate market of the Helsinki region, return requirements are rising strongly and the rise is expected to continue at least through 2009. This means that a further decline in real estate values is to be expected. Being post-cyclical, the weak situation on the office rental market is expected to become apparent during 2009 and continue also in 2010.

The financial position and liquidity of Julius Tallberg Real Estate Corporation are anticipated to remain strong despite the general economic circumstances. The value of the company's lease agreement portfolio stood at EUR 22 million on December 31, 2008, with an average duration of 2.2 years. The current high occupancy rate is also expected to remain unchanged. The company will concentrate on serving its customers, or tenants, well and to this end it has invested in personnel resources and improved the efficiency of service providers.

It is unlikely that Julius Tallberg Real Estate Corporation will increase its real estate assets in the short term through investing in new targets. Marketing of the leasable premises in Econia Business Park project at Vantaa's Aviapolis will continue and the project will be launched when a sufficient occupancy rate has been attained.

I would like to thank all our customers and partners for our successful and long-term collaboration. My warmest thanks also go to our personnel for their valuable and productive efforts, without which the company's success would not have been and will not be possible. We have been in this business for 21 years now and will continue to give our very best in order to improve our service to customers wherever possible.

Espoo, February 13, 2009

Martti Leisti

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR JANUARY 1, 2008 – DECEMBER 31, 2008

OVERVIEW

Julius Tallberg Real Estate Corporation's current operating environment is a challenging one. During the financial year, the outlook for the real estate market weakened and the value of real estate decreased substantially, particularly during the last two quarters. As a result, the company made a loss for the year. The profit before taxes was EUR -0.8 million (EUR 14.2 million in 2007). This loss was due solely to the decrease in the value of investment property, which amounted to EUR -6.0 million (EUR 10.9 million). This was a considerable decrease in value and was caused by the global economic recession.

In spite of the loss for the financial year, the company's financial situation is at least satisfactory. The real estate market was favorable during 2006 and 2007, and the value of the properties owned by the company increased by a total of EUR 27.3 million.

During 2007 and 2008, Julius Tallberg Real Estate Corporation took advantage of the market situation and divested a total of approximately EUR 80 million in real estate assets. During this period the company invested only about EUR 40 million in direct property investments.

The financial occupancy rate of the Group's real estate stock remained on a high level, at 97% (97%), but the Group's revenue fell by 11% from the previous year and totaled EUR 10.2 million (EUR 11.4 million). This decrease was due to the sale of Kauppakeskus Martinsilta in January 2008. In spite of the decrease in revenue, the Group's earnings before change in value of investment properties and financial items and taxes rose 47% to EUR 5.0 million (EUR 3.4 million). This considerable increase in earnings resulted mainly from significantly lower net financial expenses of EUR 0.3 million (EUR 2.0 million). Cash earnings per share (CEPS) were EUR 0.15 (EUR 0.16)

During the financial year, Julius Tallberg Real Estate Corporation made two significant real estate sales. The decisions regarding these sales were already made in 2006 and 2007. During the first quarter the company used the funds freed up from the sales to acquire the stock of Koy Rälssintie 10 and to make loan repayments. During the second quarter funds were invested in financial instruments, and during the fourth quarter the company made indirect property investments by acquiring 10.02% of the stock of Sponda Plc.

During the financial year the Group invested a total of EUR 2.6 million in real estate investments and EUR 58.5 million in other investments, bringing total investments for the financial year to EUR 61.2 million, compared with EUR 37.7 million in 2007. Sales concluded in 2008 came to EUR 51.9 million (EUR 28.4 million). The Group's equity-to-assets ratio remained above the 50% target, at 52% (57%).

The fair value of the Group's real estate assets at the end of the financial year was EUR 94.5 million (EUR 149.9 million), and the market value of its indirect property investments was EUR 34.5 million (EUR 0 million). The value of other financial assets was EUR 22.6 million (EUR 0 million). The balance sheet total was EUR 156.9 million (EUR 154.1 million) but the consolidated equity per share fell to EUR 3.10 (EUR 3.29) as a result of fair value change, i.e. a decrease of 6%. Return on investment was 1% (13.2%) and return on equity was -0.6% (13.1%).

THE GROUP'S OPERATING ENVIRONMENT

Investment market

The property market in Finland is currently marked by great uncertainty due to the global financial crisis. There are noticeably fewer buyers around than before and the criteria used to select investment targets have become much tougher. Foreign investors in particular are being cautious and are preferring to wait and see. The return requirement on investment targets has risen during 2008. This was due particularly to the crisis in the financing sector, which has led to a situation in which it is much more difficult to acquire credit for property investments.

Business premises market

At the beginning of the financial year, the vacancy rate for office premises in the Helsinki region was about 8% and this figure increased slightly during the year. Rents for office premises were, however, more or less unchanged. The supply of vacant commercial premises and production and warehousing premises remained limited and the level of rents remained unchanged.

REVENUE AND EARNINGS

Consolidated rental income for the period January 1 – December 31, 2008, was EUR 10.2 million (EUR 11.4 million). The financial occupancy rate was 97% (97%) and net rental yield grew 5% to EUR 7.2 million (EUR 6.8 million). Profit before taxes was EUR -0.8 million (EUR 14.2 million), of which the change in value of real estate assets accounted for EUR -0.6 million (EUR 10.9 million). The Group's earnings per share were EUR -0.02 (EUR 0.41) for the year.

THE GROUP'S DIVESTMENTS AND INVESTMENTS

The rights of proprietorship and possession of Kauppakeskus Martinsilta were assigned to the buyer in January 2008 under a share transaction totaling approximately EUR 45 million. In December 2008 the Group sold the property at Arinatie 8 for approximately EUR 8 million. Under the IFRS rules, properties are measured at fair value and hence the disposal had no material profit impact in the financial year.

In January 2008 the rights of proprietorship and possession of Koy Rälssintie 10 were assigned to the company under a share transaction totaling EUR 2.2 million, and during the second quarter the company invested EUR 24.1 million in financial instruments. In October, the company's Board of Directors decided that indirect property investments would also be included in the company's strategy. During the final quarter of the financial year, the company acquired 10.02% of the share capital and voting rights of Sponda Plc, at a cost of EUR 34.4 million.

CHANGE IN VALUE OF THE GROUP'S PROPERTIES

The company's real estate assets were revalued as per December 31, 2008. The revaluation was based on Catella Property Ltd's statement made under IVS 2005, in which changes in the market and in the company's real estate-specific return requirements and significant events occurring during the financial year were taken into account. The average return requirement for investment properties was 8.6% at the end of the year, based on external assessment. The net return requirement increased by approximately 0.7% during the financial year, resulting largely from a change in the real estate market. During the year, EUR 0.8 million was entered as an increase, and EUR 6.8 million as a decrease, in the fair value of investment properties. The net effect on the result of these changes in fair value was EUR -6,0 million (EUR 10.9 million).

The value of the Group's investment property assets fell from EUR 149.9 million to EUR 94.5 million as a result of property disposals and fair value change, whereas the indirect property investments increased to EUR 34.5 million (EUR 0 million). In addition to this, financial assets of EUR 22.6 million (EUR 0 million) are invested in Nordea Bank's corporate bond basket and in Danish and Swedish bank debentures.

CASH FLOW, FINANCIAL POSITION AND BALANCE SHEET

The Group's financial position was good throughout the financial year. The equity-to-assets ratio exceeded the long-term target level and stood at 52% (57%) at the end of the financial year. The balance sheet total was EUR 156.9 million (EUR 154.1 million).

Cash flow from operations in January-December was EUR 4.0 million (EUR 4.0 million). This figure includes EUR 0.7 million (EUR 0.3 million) in taxes paid during the period.

Cash flow from investing activities in January-December was EUR -14.9 million (EUR -11.4 million). During the year, the Group used funds from the disposal of investment properties to invest EUR 24.1 million (EUR 0 million) in financial instruments. EUR 2.6 million (EUR 37.7 million) was invested in investment properties and EUR 34.4 million (EUR 0 million) was invested as an indirect property investment in shares of Sponda Plc. Cash flow from investing activities includes EUR 9.0 million (EUR 0.2 million) in taxes paid during the year that were associated with the proceeds from the disposal of investment properties.

Cash flow from financing activities in January-December was EUR 14.8 million (EUR 7.4 million). The Group repaid EUR 18.5 million in loans during the financial year, of which EUR 15 million was an extraordinary repayment made using funds from the disposal of investment properties. In the second half of the year, the Group took out short-term loans amounting to EUR 36 million for indirect property investments. In January 2009, these loans were converted into longer-term loans whose maturities matched the maturities of financial securities. During the year, the net increase in debt was EUR 17.5 million (EUR 8.8 million). Dividends paid amounted to EUR 2.6 million (EUR 1.4 million), and liquid assets grew by EUR 3.9 million (EUR 0 million) during the year.

Loans and other receivables include investments in debentures of EUR 11.6 million (EUR 0 million). Available-for-sale financial assets include EUR 11.0 million (EUR 0 million) in investments in a corporate bond basket and EUR 34.5 million (EUR 0 million) in indirect property investments in shares of Sponda Plc. An interest-rate hedging agreement has been used to hedge half of the original deposit in the corporate bond basket from interest rate fluctuations. Hedge accounting is not applied to the hedging of the corporate bond basket, and EUR 0.2 million was entered in valuation difference on the agreement in the financial year. The average interest rate on the corporate bond basket and on debentures was 6.5%.

Amendments to IFRS 7 and IAS 39 have made it possible for the Group to reclassify investments in debentures as 'Loans and other receivables' retroactively as of July 1, 2008. They were previously classified as 'Financial assets recognized at fair value through profit or loss'. Without this reclassification, the Group would have entered EUR 1.0 million as financial expenses and EUR -0.3 million as deferred taxes, and the net impact on the result would have been EUR -0.7 million. The subordinated loan deposits were reclassified because the company has no intention of selling them before they mature, thus the impairment loss will not be recognized.

In anticipation of interest rate rises, the Group has made interest-rate hedging agreements for the period 2008–2017. Their total nominal value on December 31, 2008 was EUR 18.0 million (EUR 24.3 million), and therefore the interest rate hedging ratio was 35% (61%) when taking into account the company's EUR 5.4 million fixed-interest loan. The hedging ratio is lower than the minimum hedging ratio target of 60% set out in the Group's risk management policy. As interest rates have been declining, the Group has decided to temporarily lower its hedging ratio target. Consolidated interest-bearing liabilities on December 31, 2008 were EUR 66.6 million (EUR 47.8 million), and the average interest rate for these liabilities was 4.6% (4.1%).

Net financial expenses were EUR 0.3 million (EUR 2.0 million) in January-December, or 2.8% of revenue (17.2%). Following the repayment of loans and investment in financial instruments, net financial expenses decreased despite the increase in interest rates during the period. Financial expenses include EUR 0.05 million in expenses resulting from impairment of liquid assets measured at fair value and recognized through profit and loss, and EUR 0.2 million in earnings from the increase in value of interest-rate hedging agreements not subject to hedge accounting.

NEAR-TERM RISKS AND UNCERTAINTIES

The company's risk bearing capacity is decided by the Board of Directors and is determined regularly in accordance with the company's long-term strategic goals. Julius Tallberg Real Estate Corporation updated its risk identification and assessment procedures in spring 2008. The risk assessment process produces risk maps and identified the key risks for Julius Tallberg Real Estate Corporation. The company has drawn up risk management strategies for the risks identified. Risk management is outlined in the company's annual report for 2008 and on the company's website.

The company considers the global financial crisis to be its principal risk and the main uncertainty currently. As return requirements increase the fair values of properties decrease. When the model for calculating fair value is applied, valuation changes have a direct effect on consolidated operating profit. In addition, the economic recession could adversely affect the business of customer companies, and this could be reflected in rental income from properties. A deterioration in the economic situation could, in an extreme case, also lead to credit losses in money market investments.

THE GROUP'S STRATEGIC GOALS

Julius Tallberg Real Estate Corporation operates actively primarily in the real estate investment markets of the Helsinki region. All property investment is expected to have not only a high yield potential but also to be in a good location, to be of superior quality, to function well, and to have development potential. The company aims to increase yield and values by professionally managing, improving and developing its properties. The Group employs this operating approach in pursuit of the following strategic objectives:

- steady increase in equity
- increase in operating income and stable dividend distribution
- profitable and steady growth in real estate assets.

A high equity-to-assets ratio, currently a minimum of 50%, is a basic prerequisite for securing the Group's operations.

The Group'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 may also make indirect property investments. The growth objective of the real estate portfolio and the investment in indirect property investments will help to spread the risks and improve 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 the company's capacity to distribute dividends.

SHARES AND SHARE CAPITAL

The issue-adjusted turnover of the company's shares on the NASDAQ OMX Helsinki exchange for the period January 1 – December 31, 2008 was 946,056 shares (3.6% of the average number of shares). The turnover value was EUR 2.1 million (EUR 2.8 million). The share issue-adjusted trading price varied between EUR 1.61 and EUR 3.03 (EUR 2.80 and EUR 4.10 in 2007). The final trading price on December 31, 2008 was EUR 1.88 (EUR 3.00 on December 31, 2007). The market capitalization of the company's stock on December 31, 2008 was EUR 49.6 million (EUR 79.2 on December 31, 2007). At the end of the financial year, Julius Tallberg Real Estate Corporation's share capital was EUR 21,027,300, divided into 26,407,030 fully paid shares. The company does not hold any Julius Tallberg Real Estate Corporation shares.

Consolidated equity per share was EUR 3.10 (EUR 3.29).

DISCLOSURES

The company was provided with a notification stating that on September 25, 2008 Oy Mogador Ab's holding in the company's stock and votes had exceeded one tenth (10%).

SHAREHOLDINGS OF BOARD MEMBERS AND MANAGING DIRECTOR

On December 31, 2008, the members of the Board of Directors and the Managing Director held a total of 2,874,666 shares, which correspond to 10.87% of the company's stock and votes.

Entities which own shares of the company and are controlled by members of the Board are: Julius Tallberg Corporation, Oy Mogador Ab and Oy Montall Ab. Their total holdings were 19,369,162 shares, or 73.35% of the stock and votes.

RELATED PARTY TRANSACTIONS

There have been no exceptional business transactions with related parties. The service benefits of the management are at the previous year's level.

DECISIONS OF THE ANNUAL GENERAL MEETING AND BOARD AUTHORIZATIONS

Julius Tallberg Real Estate Corporation's Annual General Meeting of March 18, 2008 approved the company's financial statements for 2007 and discharged the members of the Board of Directors and the Managing Director from liability. In accordance with the Board's proposal, the AGM decided to distribute a dividend of EUR 0.10 per share.

The company's Board of Directors is made up of the following members: Magnus Bargum, Markus Fogelholm (as of March 18, 2008), Kaj Hedvall, Kari Jordan (until March 18, 2008), Susanna Renlund, Kari Sainio, Martin Tallberg (until January 20, 2009) and Thomas Tallberg. Four of the Board members elected, Magnus Bargum, Markus Fogelholm, Kaj Hedvall and Kari Sainio, are independent of the company and of the company's major shareholders.

The Board elected from among its members Susanna Renlund as Chairman and Thomas Tallberg as Vice Chairman. The Board did not establish any committees.

PriceWaterhouseCoopers Oy, Authorized Public Accountants, was elected as the company's Auditor.

The Board of Directors was authorized to decide on the acquisition of a maximum of 1,320,351 of the company's own shares in a manner other than in proportion to the shares held by the shareholders. The authorization will be in force until March 18, 2009.

In addition, 16.67 million of the total of 18 million shares referred to in the Board's share-issue authorization granted by an Extraordinary General Meeting on May 31, 2007 were unused; the authorization will remain in force until May 31, 2010.

EVENTS AFTER THE REVIEW PERIOD

Martin Tallberg, member of the Board of Directors of Julius Tallberg Real Estate Corporation, resigned from the Board on January 20, 2009 because Sponda Plc's Nomination Committee has proposed him for the Board of Sponda Plc.

OUTLOOK FOR 2009 AND BEYOND

According to Nordea's forecast published in January 2009, the Eurozone is experiencing a recession deeper than any since the Second World War. This recession has also hit Finland and Nordea forecasts a clear contraction in GDP for 2009 (-1.3%).

Return requirements have risen significantly in the real estate market of the Helsinki region, and the rise is expected to continue at least through 2009. Therefore it is to be expected that real estate values will decline from the current levels. The difficult financial situation may also increase the number of enforced sales.

The vacancy rate for office premises is expected to increase, rising to approximately 10% in the Helsinki region. The rental market for industrial and warehousing premises is expected to remain more or less unchanged, while rents for office premises are expected to remain unchanged or to fall somewhat.

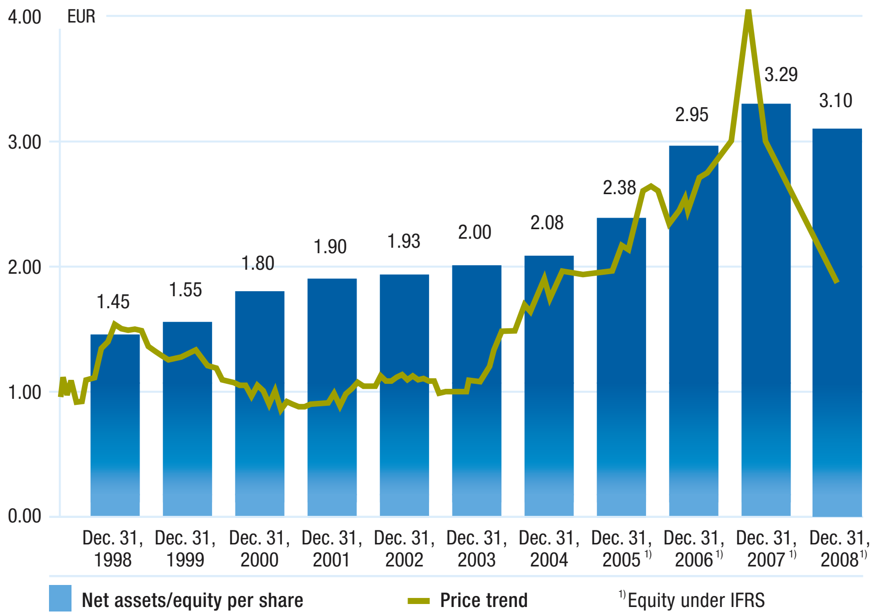
The financial position and liquidity of Julius Tallberg Real Estate Corporation are anticipated to remain strong despite the general economic circumstances, even if there is no dividend income from indirect property investments. The value of the company's lease agreement portfolio stood at EUR 22 million (EUR 32 million) on December 31, 2008, with an average duration of 2.2 years (2.6 years). The current high occupancy rate is also expected to remain unchanged. The company will concentrate on serving its customers, i.e. tenants, and to this end, it has invested in personnel resources and improved the efficiency of service providers.

It is unlikely that Julius Tallberg Real Estate Corporation will increase its real estate assets in the short term through investing in new targets. Marketing of the leasable premises in the Econia Business Park project at Vantaa's Aviapolis is still underway and the project will be launched when a sufficient occupancy rate has been attained.

Julius Tallberg Real Estate Corporation's strong financial structure and high occupancy rate mean that the company is well placed to meet the challenges of the recession.

The goal is to provide shareholders with a safe and stable investment alternative.

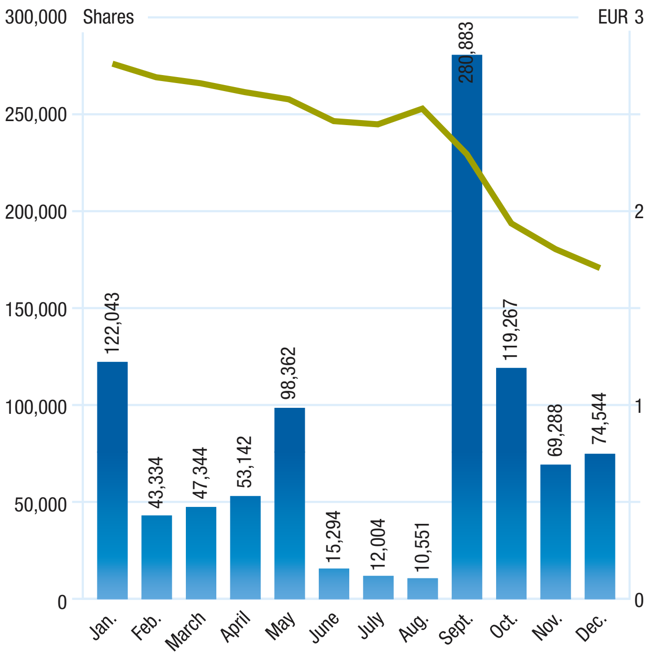
NET ASSETS/EQUITY PER SHARE AND SHARE PRICE



CONSOLIDATED INCOME STATEMENT

EUR 1,000	Notes	1.1.-31.12. 2008	1.1.-31.12. 2007
REVENUE	1	**10,242**	11,447
Maintenance costs of investment properties	2	**-3,075**	-4,625
NET RENTAL INCOME		**7,167**	6,822
Administrative costs	3,4,5	**-1,678**	-1,476
Profit/loss from fair value measurement	6	**-6,019**	10,868
OPERATING PROFIT		**-530**	16,214
Financial income	7	**1,877**	144
Financial expenses	7	**-2,160**	-2,116
PROFIT BEFORE TAXES		**-813**	14,242
Income tax	8	**292**	-3,785
PROFIT FOR THE YEAR		**-521**	10,457
Earnings per share			
Diluted	9	**-0.02**	0.41
Undiluted		**-0.02**	0.41

SHARE PRICES AND SHARE TRADING VOLUMES 2008



CASH FLOW STATEMENT

EUR 1,000	1.1.-31.12. 2008	1.1.-31.12. 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**-521**	10,457
Adjustments for;		
Non-cash transactions		
Depreciation	**32**	15
Change in fair value of investment properties	**6,019**	-10,868
Financial items	**283**	1,972
Taxes	**-292**	3,785
Changes in working capital		
Change in trade and other receivables	**22**	176
Change in trade and other payables	**-555**	697
Interests paid and financial expenses	**-1,858**	-2,078
Interests received	**1,539**	144
Taxes paid	**-696**	-290
NET CASH FROM OPERATING ACTIVITIES	**3,973**	4,010
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-9**	-99
Disposal of investment properties	**55,213**	22,444
Taxes from sale of investment properties	**-8,958**	-224
Investments in investment properties	**-2,615**	-33,510
Other investments	**-58,549**	0
NET CASH USED IN INVESTING ACTIVITIES	**-14,918**	-11,389
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans withdrawn	**36,000**	22,100
Repayments on loans	**-18,548**	-13,319
Dividends paid	**-2,641**	-1,402
NET CASH FROM FINANCING ACTIVITIES	**14,811**	7,379
Change in liquid assets	**3,866**	0
Liquid assets at beginning of year	**1**	1
LIQUID ASSETS AT END OF YEAR	**3,867**	1

The Notes on pages 10-25 are a material part of the Financial Statements.

CONSOLIDATED BALANCE SHEET

EUR 1,000	Notes	31.12. 2008	31.12. 2007
ASSETS			
Non-current assets			
Tangible fixed assets	10	**99**	120
Intangible assets	11	**2**	3
Investment properties	12	**94,500**	98,800
Available-for-sale financial assets	13	**45,481**	0
Loans and other receivables	14	**7,671**	0
Derivatives contracts	15	**0**	329
Deferred tax assets	16	**631**	0
		148,384	99,252
Current assets			
Trade and other receivables	17	**522**	3,745
Loans and other receivables	14	**3,977**	0
Derivatives contracts	15	**156**	0
Cash and cash equivalents	18	**3,867**	1
		8,522	3,746
Long-term assets held for sale	19	**0**	51,100
TOTAL ASSETS		**156,906**	154,098

EUR 1,000	Notes	31.12. 2008	31.12. 2007
EQUITY AND LIABILITIES			
Equity attributable to equity holders of parent	20		
Share capital		**21,027**	21,027
Invested unrestricted equity fund		**11,110**	11,110
Revaluation reserve		**-1,051**	0
Hedge fund		**-652**	116
Retained earnings		**51,487**	54,648
TOTAL EQUITY		**81,921**	86,901
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	**4,213**	14,447
Financial liabilities	21	**29,405**	36,806
Derivatives contracts	15	**858**	149
		34,476	51,402
CURRENT LIABILITIES			
Trade payables and other liabilities	22	**1,454**	3,266
Tax liabilities based on taxable income for the year		**1,842**	1,552
Financial liabilities	21	**37,213**	10,977
		40,509	15,795
TOTAL LIABILITIES		**74,985**	67,197
TOTAL EQUITY AND LIABILITIES		**156,906**	154,098

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, 2007	**21,027**	**6,109**	**191**	**150**	**0**	**45,592**	**73,070**
Interest rate hedges							
Gains/losses recognized in equity				56			56
Transferred as an adjustment of financial income				-102			-102
Taxes on items recognized in equity or transferred from equity				12			12
Available-for-sale investments							
Gaines/losses from measurement at fair value							
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**

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, 2008	**21,027**	**0**	**0**	**116**	**11,110**	**54,648**	**86,901**
Interest rate hedges							
Gains/losses recognized in equity				-856			-856
Transferred as an adjustment of financial income				-173			-173
Taxes on items recognized in equity							
or transferred from equity				262			262
Available-for-sale investments							
Gaines/losses from measurement							
at fair value			-1,420				-1,420
Amount transferred to income statement							
Taxes on items recognized in equity							
or transferred from equity			369				369
Net revenue recognised directly in equity			**-1,051**	-767			**-1,818**
Profit for the financial year						-521	-521
Income and expenses recognized for the year, total	**0**	**0**	**-1,051**	**-767**	**0**	**-521**	**-2,339**
Share offering							
Transfers							
Dividends						-2,641	-2,641
Equity, Dec. 31, 2008	**21,027**	**0**	**-1,051**	**-651**	**11,110**	**51,486**	**81,921**

The Notes on pages 10-25 are a material part of the Financial Statements.

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, which 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 NASDAQ OMX Helsinki 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, 2009. 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, 2008.

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 on the figures presented in the financial statements.

As of January 1, 2008, the Group has applied the following new or amended standards and interpretations:

- IFRIC 11/IFRS 2: Group and Treasury Share Transactions
- IFRIC 12: Service Concession Arrangements
- IFRIC 14/IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Their application does not affect the financial statements.

In addition, the Group has applied reclassification in accordance with the amendments of IAS 39 and IFRS 7 'Reclassification of Financial Assets' by reclassifying subordinated loan deposits, previously under 'Financial assets recognized at fair value through profit or loss', under 'Loans and receivables' retroactively as of July 1, 2008. Reclassification is possible when certain conditions are met, and, in this case, further information must be provided in the 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 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. Acquisitions that do not meet the criteria set for business acquisitions are treated as acquisitions of asset items as intended in IAS 40, instead of treating them as business acquisitions as intended in IFRS 3. In the consolidation, individual acquisitions of investment properties are treated as acquisitions of asset items, and no deferred tax liabilities are recognized on the situation prevailing at the time of acquisition.

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 recognized 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 emphasiezed 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 into account the risks specific for each property and market.

Costs arising after the acquisition of an investment property from additions made to the property, replacement of its part, or property maintenance are included in the property investment's carrying amount only if it is probable that future financial benefit will flow to the entity and that the cost can be reliably determined. An investment property's carrying amount shall not include property servicing costs (repair and maintenance), but these will be recognized through profit or loss after they have occurred.

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. After classification, assets held for sale are measured at the lower of their carrying amounts or their fair value less costs to sell. If the asset's fair value less costs to sell increases later, the entity must recognize this as profit.

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 recognized as an expense over the term of the lease.

INTANGIBLE ASSETS

Intangible assets include software licenses 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 recognized in the income statement.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group's financial assets have been classified under IFRS into the following categories:

- Loans and other receivables
- Available-for-sale financial assets
- Financial assets recognized at fair value through profit or loss

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 recognized 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 amortized cost and are included in current financial assets because they mature within 12 months. Receivables maturing after 12 months are recognized under non-current items.

The company has also classified in this category the subordinated loan deposits transferred from assets recognized at fair value through profit or loss, to which it has applied reclassification, as allowed by the IAS 39 and IFRS 7 amendments 'Reclassification of Financial Assets', retroactively from July 1, 2008. The items will be reclassified at the fair value of the reclassification date. The fair value will be their new acquisition cost or amortized cost. Profit or loss due to changes in fair value recognized before the reclassification will not be cancelled. The effective interest rates of investments reclassified as loans and other receivables and held-to-maturity investments will be determined on the reclassification date. Any later changes in cash flow forecasts will be taken into account non-retroactively in effective interest rates.

Available-for-sale financial assets

Available-for-sale financial assets 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. Changes in the fair value of available-for-sale financial assets are entered in the revaluation fund in equity. The changes in fair value are transferred from equity to profit or loss when the assets are sold or when an impairment loss is recognized.

Financial assets recognized at fair value through profit or loss

A financial asset is classified as a financial asset recognized at fair value through profit or loss, if it has been acquired for trading purposes or if it is classified in this category when initially recognized. Derivatives that do not meet the conditions of IAS 39 hedge accounting or to which hedge accounting is not applied belong to this category. The Group has an interest rate hedge to which hedge accounting is not applied. A change in the fair value of this derivative is recognized in the income statement for the financial year during which it arose.

Liquid assets

Liquid assets comprise cash in hand and in demand bank deposits, as well as other current highly liquid investments whose maturity is no more than three months.

Financial liabilities

Financial liabilities are recognized in the balance sheet originally at their fair value including transaction costs. After the original recognition, they are measured at amortized acquisition cost using the effective interest rate method. The used portion of the overdraft facility is included in current liabilities.

DERIVATIVES AND HEDGE ACCOUNTING

The Group has treated derivative contracts as defined in IAS 39 'Financial instruments: recognition and measurement'. Derivative contracts are recognized 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 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 fairvalue 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 recognized directly in the hedge fund in equity. The gains and losses recognized 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 recognized in the income statement. The fair value of derivatives maturing within a year is presented in current assets or liabilities.

The Group does not apply hedge accounting to the hedging of a deposit in a corporate bond basket (half of the capital, i.e. EUR 6.25 million), but the derivative is classified as recognized at fair value through profit or loss.

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 recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if the circumstances have changed. The Group recognizes an impairment loss arising from trade receivables, when there is objective evidence suggesting that the receivables cannot be collected in their full amount.

Stock exchange listed shares included in available-for-sale financial assets are measured in the financial statements at the buying price of the balance sheet date. If the fair value of share investments is substantially less than their acquisition cost and the impairment is expected to be permanent (at least one year), the loss in the fair value reserve is recognized through profit or loss. The corporate bond basket included in available-for-sale financial assets is measured at the repurchase value of the balance sheet date. If the risk of a credit event related to the corporate bond basket materializes, the impairment loss will be recognized through profit or loss. However, the company does not consider the materialization of such a risk to be probable.

Impairment losses relating to equity investments classified in available-for-sale financial assets are not reversed through profit or loss, whereas a subsequent reversal of an impairment loss relating to fixed income instruments is recognized through profit or loss.

BORROWING COSTS

Borrowing costs are recognized 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 amortized 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 recognized in the income statement, except when they relate to items that are credited or charged directly to equity. A deferred tax asset is recognized if it is probable that it can be utilized against future profit. Deferred taxes are calculated using the tax rates enacted by the balance sheet date. If the business combination criteria defined in IFRS 3 are not met, acquisitions of investment properties are interpreted as acquisitions of assets, and no deferred tax liabilities are recognized on the situation at the acquisition date.

REVENUE RECOGNITION

Revenue from leases is recognized 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 amortized 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 recognized in the income statement on a straight-line basis over the lease term. Contingent rent incomes tied to the revenue are recognized 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 recognized 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 and the lessee.

EMPLOYEE BENEFITS

The Group's personnel have statutory and voluntary pension insurance in a Finnish pension insurance company. Contributions made for defined contribution plans are recognized 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 recognized 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 liabilities 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 located in the Helsinki region, there is no reason for any geographical segmentation.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS

IASB has published the following new or amended standards and interpretations that are not yet in force and have not yet been applied by the Group. Standards and interpretations approved by the European Union and to be adopted by the Group in 2009:

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

Of the standards to be applied from 2009, the management currently estimates that mainly only the amendments to IAS 23 and IAS 1 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 Application of the standard will have no profit effect, but will result in a cost transfer from 'interest expenses' to 'change in the fair value of investment properties'.

Standards and interpretations not yet approved by the European Union and to be adopted by the Group in 2009:

- IAS 27 (amended) Consolidated Financial Statements and Accounting for Investments in Subsidiaries
- IFRS 2 (amended) Share-based payment – Vesting Conditions and Cancellations
- IAS 1 (amended) Presentation of Financial Statements and IAS 32 (amended) Financial Instruments: Presentation - Puttable Instruments and Obligations Arising on Liquidation
- Improvements to IFRSs
- Amendments to standards IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IAS 39 Financial instruments: Recognition and Measurement - Amendment to the standard - Eligible Hedged Items

The Group's management currently estimates that the interpretations and amendments not yet approved by the European Union and to be adopted by the Group in 2009 will not be significant for the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

EUR 1,000	2008	2007
1. Revenue		
Rental income from investment properties	10,236	11,441
Other revenue	6	6
	10,242	11,447
2. Maintenance costs of investment properties		
Maintenance costs:		
Direct maintenance costs		
On investment properties that have accumulated rental income during the year	2,901	4,289
On investment properties that have not accumulated rental income during the year	174	335
	3,075	4,624

Property repair costs included in maintenance costs amounted to EUR 87,000 in 2008 (EUR 917,000 in 2007). Costs arising from tenant repairs were EUR 935,000 in 2008 (EUR 1,115,000 in 2007).

EUR 1,000	2008	2007
3. Employee expenses		
Salaries, fees and commissions	664	560
Pension costs, defined contribution plans	101	79
Other indirect employee expenses	62	71
Total	827	710

Information on the management's employment benefits is presented in Note 29, "Insiders".

EUR 1,000	2008	2007
Average number of Group personnel during the year	6	5
Number of Group personnel at the end of the year	7	6
4. Depreciation and impairment		
Intangible assets		
Software	1	2
	1	2
Tangible fixed assets		
Machinery and equipment	12	7
Motor vehicles	19	6
	31	13
5. Other operating expenses		
Administrative overheads	819	752
Principally responsible auditor's fees and services:		
Auditing services	49	51
Assignments	13	18
Tax planning	8	0
Other fees	23	22
	93	91
6. Profit/loss from fair value measurement		
Change in the fair value of investment properties	-6,868	10,568
Change in the value of non-current assets held for sale	849	300
	-6,019	10,868
7. Financial income and financial expenses		
Interest income		
Interest income from loans and other receivables	518	8
Interest income from available-for-sale liquid assets	677	0
Interest income from short-term bank deposits	344	31
Change in the fair value of financial assets		
- Interest rate swaps, not included in hedge accounting	155	0
Change in the fair value of financial liabilities		
- Interest rate swaps, included in hedge accounting, transferred from equity	183	105
Financial income	1,877	144
Interest expenses from liabilities recognized in amortized acquisition cost	-2,067	-1,878
Change in the fair value of financial assets		
- Interest rate swaps, not included in hedge accounting	-37	0
Change in the fair value of financial liabilities		
- Interest rate swaps, included in hedge accounting, transferred from equity	-10	-3
- Interest rate swaps, included in hedge accounting, others	0	-14
Changes in the value of financial assets recognized at fair value through profit or loss	-46	0
Other financial expenses	0	-221
Financial expenses	-2,160	-2,116
Net financial expenses	-283	-1,972
8. Income tax		
Tax based on taxable income for the year	10,031	2,000
Tax from prior periods	-87	45
Deferred taxes		
Deferred tax liability or asset from the creation or cancellation of temporary differences	-10,236	1,740
Total	-292	3,785
Reconciliation of tax liability in the income statement and taxes assessed for the Group;		
Profit before taxes	-813	14,242
Taxes at 26% tax rate	-211	3,703
Tax-exempt dividends		
Taxes from previous years	-87	45
Others	6	37
Taxes in the income statement	-292	3,785
Effective tax rate %	35.9	26.6
9. Earnings per share		
Profit for year attributable to equity holders of parent, EUR	-520,881.18	10,457,303.77
Average number of parent company's shares in the financial year	26,407,030	25,716,674
Undiluted earnings per share, EUR	-0.02	0.41

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, 2008	78	85	65	228
Increases	10	0	0	10
Decreases	0	0	0	0
Acquisition cost, Dec 31, 2008	88	85	65	238
Accumulated depreciation, Jan 1, 2008	-35	-8	-65	-108
Depreciation	-12	-19	0	-31
Reversal of depreciation	0	0	0	0
Accumulated depreciation, Dec 31, 2008	-47	-27	-65	-139
Carrying amount, Jan 1, 2008	43	77	0	120
Carrying amount, Dec 31, 2008	41	58	0	99
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

EUR 1,000	Software	Total
11. Intangible fixed assets		
Acquisition cost, Jan 1, 2008	24	24
Increases	0	0
Decreases	0	0
Acquisition cost, Dec 31, 2008	24	24
Accumulated depreciation, Jan. 1, 2008	-21	-21
Depreciation	-1	-1
Reversals	0	0
Accumulated depreciation, Dec. 31, 2008	-22	-22
Carrying amount, Jan 1, 2008	3	3
Carrying amount, Dec 31, 2008	2	2
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

EUR 1,000 — **2008** — 2007

12. Investment properties

Investment properties are properties which the Group holds in order to gain rental income or appreciation of assets. In measuring property values, the Group applies the fair value model. Catella Property Oy is used as a third-party valuer in measuring investment property values.

EUR 1,000	2008	2007
On Jan 1	**98,800**	96,300
Increases	**2,612**	37,724
Disposals	**-44**	
Change in fair value	**-6,868**	10,474
Transfer to non-current assets held for sale		-47,858
Transfer from available-for-sale investments		1,057
Debt component		1,103
On Dec 31	**94,500**	98,800

The capitalized return method has been emphasized with respect to properties that are clearly investment properties by nature.

	2008	2007
Return requirements used in calculating the fair value of investment properties	**8.61 %**	7.93 %

The commercial valuation method has been used in measuring the value of land and unused building rights.

Note 19 presents a breakdown of investment properties classified as 'Non-current assets held for sale'

Recognized through profit/loss

	2008	2007
Rental income from investment properties	**10,236**	11,441
Direct maintenance costs that have generated rental income during the year	**-2,901**	-4,289
Direct maintenance costs that have not generated rental income during the year	**-174**	-335

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

	2008	2007
Rental income	**706**	4,057
Direct maintenance costs from premises that have generated rental income	**-195**	-1 218

INSURANCE VALUES ON DECEMBER 31, 2008 The investment properties are insured at full value, with the exception of Koy Liukumäentie 15, which has real estate insurance totaling EUR 21.3 million, and the industrial buildings/warehouse of Oy Soffcon Kiinteistö Ab, which are insured against fire for EUR 1.2 million. The Group's insurance policies have been with Fennia and Pension Fennia since January 1, 2004.

13. Available-for-sale financial assets

The Group has classified a EUR 12.5 million investment in a basket of corporate bonds made in spring 2008 as 'Available-for-sale financial assets'. The Nordic corporate bond basket is a bond issued by Nordea Bank Finland Plc, maturing in 2010. It has a variable interest rate (reference rate Euribor 3 months) and its return comprises the reference rate plus the reference companies' average credit risk premium for the loan period. There are five reference companies, each of which have the same weighting (20%) in the reference portfolio. Half of the original deposit in the corporate bond basket, i.e. EUR 6.25 million, has been hedged with an interest-rate hedge contract. Hedge accounting is not applied to the hedging of the corporate bond basket, and a return of EUR 0.2 million was recognized on it in 2008. The fair value of the corporate bond basket is based on the repurchase value at the balance sheet date, as announced by Nordea. A loss of EUR 1.5 million has been entered in the equity fund in 2008 from the measurement of the corporate bond basket at fair value. The investment's average interest rate in 2008 was 6.9%.

Also classified in available-for-sale financial assets is an indirect property investment in the shares of Sponda Plc, a property investment company, amounting to10.02% of shares and votes, made in the second half of 2008. The shares have been measured at the buying price of the balance sheet date, and a change in value of EUR 0.1 million has been recognized in the equity fund.

EUR 1,000	2008	2007
On Jan. 1	0	748
Increases:		
- indirect property investments (Sponda Plc's shares)	34,401	
- corporate bond basket (bond issued by Nordea)	12,500	
Change in fair value (recognized in equity)	-1,420	
Recognized as an expense in the income statement (impairment)		-1
Transfer of change in fair value to profit/loss		-258
Transfer to investment properties		-489
On Dec. 31	45,481	0

14. Loans and other receivables

	2008	2007
Non-current		
Loans and other receivables	7,671	0
Current		
Loans and other receivables	3,977	0
	11,648	0

Note 14. continued

Amendments to IFRS 7 and IAS 39 have made it possible for the Group to reclassify subordinated loan deposits as 'Loans and other receivables' retroactively as of July 1, 2008. They were previously classified as 'Financial assets recognized at fair value through profit or loss'. The receivables have been reclassified as of July 1, 2008 to their balance sheet value EUR 11,596,000 and financial expenses in the income statement include impairment of receivables recognized until June 30, 2008, totaling EUR 46,000. As at December 31, 2008, the fair values of the reclassified liquid assets were EUR 10,579,000 and the carrying amounts EUR 11,648,000.

The following profits, losses, returns and expenses relating to the reclassified liquid assets have been entered in the income statement:

	2008	
EUR 1,000	After reclassification	Before reclassification
Loss resulting from change in fair value	0	-46
Interest income	366	146
	366	100

The Group considers the global deterioration of the financial markets in the third quarter of 2008 to have been the kind of rare event that justifies this reclassification. Additionally, the Group fully intends and is able to retain the subordinated loan deposits until their maturities. The deposits comprise subordinated loans from three Nordic banks, of which one matures in 2009 and has been recognized in current receivables. The subordinated loans have variable interest rates (Euribor 3 months).

The receivables are recognized at their amortized acquisition cost using the effective interest rate method. In 2008, the effective interest rate of the receivables was 5.7%.

The estimated undiscounted cash flows that the Group expects, as at the reclassification date, to receive from these reclassified financial assets are as follows:

2009	4,000
2010	0
2011	3,900
2012	4,000
	11,900

Excluding the reclassification of the subordinated loan deposits away from 'Financial assets recognized at fair value through profit or loss' to 'Loans and receivables', the Group would have recognized a change in value in the income statement as follows:

EUR 1,000	2008
Financial expenses	1,016
- Change in deferred tax assets	-264
Total	752

15. Derivative contracts

Interest rate derivatives included in hedge accounting are entirely non-current assets/liabilities if the interest rate swaps mature after 12 months, and current assets/liabilities if they mature within 12 months. The change in fair value of the effective portion of derivative instruments fulfilling the conditions of a cash flow hedge is recognized directly in the hedge fund in equity. The gains and losses recognized in equity are transferred to the income statement for that period in which the hedged item is entered in the income statement.

	2008		2007	
Interest rate swaps included in hedge accounting	Assets	Liabilities	Assets	Liabilities
Non-current component:				
Positive (assets) / negative (liabilities) fair value	0	858	329	149

The Group has interest rate swaps linked to non-current financial loans whose fixed interest rates on December 31, 2008 ranged between 3.68% and 4.82% (3.07% - 4.82%). The interest rates of variable rate loans are mainly tied to the 3 month Euribor. The nominal value of the interest rate swaps of the loans on December 31, 2008 was EUR 18,035,000 (EUR 24,312,000). The Group does not apply hedge accounting to the hedging of the corporate bond basket investment, but the derivative is classified as recognized at fair value through profit or loss. These type of derivatives are recognized in current assets or liabilities.

Note 15. continued

Interest rate swaps, not included in hedge accounting	2008 Assets	2008 Liabilities	2007 Assets	2007 Liabilities
Current component:				
Positive (assets) / negative (liabilities) fair value	**156**	**0**	0	0

The nominal value of the corporate bond basket's interest rate derivative is half of the initial capital, i.e. EUR 6,250,000. The fixed interest rate of the interest rate swap is 4.05%. The corporate bond basket's interest rate is tied to the 3-month Euribor.

The maturing of interest rate swaps is presented in note 26.

16. Derivative tax assets and liabilities

Deferred tax assets	1.1.2008	Recognized in income statement	Recognized in equity	Bought/sold investment properties	31.12.2008
Available-for-sale investments at fair value			390		390
Financial items at fair value		12			12
Derivatives at fair value			229		229
		12	**619**		**631**
Deferred tax liabilities	**1.1.2008**				**31.12.2008**
Available-for-sale investments at fair value	0		20		20
Financial items at fair value	0	18			18
Investment properties at fair value	14,417	-1,189		-9,093	4,135
Derivatives at fair value	30	40	-30		40
	14,447	**-1,131**	**-10**	**-9,093**	**4,213**
Deferred tax assets	**1.1.2007**				**31.12.2007**
Elimination of intra-Group sales gains	113	-113			0
Derivatives at fair value					0
	113	**-113**			**0**
Deferred tax liabilities	**1.1.2007**				**31.12.2007**
Available-for-sale investments at fair value	67		-67		0
Investment properties at fair value	12,791	4,170		-2,544	14,417
Derivatives at fair value	53		-23		30
	12,911	**4,170**	**-90**	**-2,544**	**14,447**

EUR 1,000	2008	2007
17. Trade and other receivables		
Loans and other receivables		
Trade receivables	**120**	158
Prepaid expenses and accrued income	**248**	58
Receivables deriving from items comparable to tax	**154**	329
Sales price receivable	**0**	3 200
	522	3 745
Prepaid expenses and accrued income:		
Interest on available-for-sale investments	**0**	51
Other interests and financial items	**135**	1
Insurance compensation	**25**	0
Others	**88**	6
	248	58

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

	2008	2007
Non-matured	**26**	112
Matured	**94**	46
Under 30 days	**92**	35
30-60 days	**0**	11
Over 60 days	**2**	
Total	**120**	158

EUR 1,000	2008	2007
18. Cash and cash equivalents		
Cash and cash equivalents comprise the following:		
Cash in hand and at bank	**367**	1
Current bank deposits	**3,500**	0
	3,867	1

19. Non-current assets held for sale

	2008	2007
Non-current assets held for sale on Jan. 1	**51,100**	31,200
Disposals	**-51,949**	-28,258
Change in value	**849**	300
Transfer from investment properties	**0**	47,858
Non-current assets held for sale on Dec. 31	**0**	51,100

Of the non-current assets that were classified as held for sale in 2007, the disposals of Koy Kauppakeskus Martinsilta and Koy Arinatie 8 were carried out as planned in 2008. The sale of Koy Arinatie 8 was carried out as a property transaction, while the sale of Kauppakeskus Martinsilta took place as a share transaction. In the comparison year 2007, the disposals of Koy Helsingin Kanavaranta 7 and Koy Nahkahousuntie 3 were carried out.

20. Notes on equity

	Number of shares	Share capital	Share premium fund	Invested unrestricted equity fund	Total
1.1.2007	4,123,000	21,027	6,109		27,136
Share issue and consolidation	56,505				
Bonus share issue 1:5	20,897,525				
Directed share issue	1,330,000			5,001	5,001
Transfer			-6,109	6,109	
31.12.2007	26,407,030	21,027	0	11,110	32,137
31.12.2008	26,407,030	21,027	0	11,110	32,137

In 2007, 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 on March 21, 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 Nasdaq OMX Helsinki stock exchange is JTK1V. The share has no nominal value and there is no maximum number of shares.

Note 20. continued

Share premium fund
An extraordinary shareholders' meeting decided on May 31, 2007 to decrease the company's share premium fund by transferring the EUR 6,109,000 recognized in the fund by the December 31, 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.

Revaluation reserve
The revaluation reserve includes changes in the fair value of available-for-sale investments.

Hedge fund
The hedge fund includes the measurement at fair value of derivative instruments used as a cash flow hedge.

EUR 1,000	2008	2007
Dividends		
Dividends distributed, EUR	**2,640,703**	1,401,820
Dividend per share, EUR	**0.10**	0.06

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

21. Financial liabilities

	2008	2007
Non-current financial liabilities measured at amortised cost		
Bank loans	**29,405**	36,806
Current financial liabilities measured at amortised cost		
Bank loans	**35,983**	6,300
Bank overdraft facility	**0**	541
Repayments on long-term loans	**1,230**	4,136
	37,213	10,977
Loans classified as non-current liabilities will mature in over 5 years:	**10,290**	13,845

The fair values of liabilities are presented in Note 25.

Note 21. continued

The Group's bank loans have both fixed and floating interest rates. The Group's average interest rate was 4.6% in 2008 (4.1% in 2007). EUR 5.4 million of the loans (EUR 5.4 million on December 31, 2007) have fixed interest rates and EUR 61.2 million (EUR 42.4 million on December 31, 2007) have floating rates. Through interest rate swaps, 35% of the loans had been converted into fixed interest rate loans on December 31, 2008 (61% on December 31, 2007). The foreign currency loans maturing in January 2009 but due to be restructured are included in floating-rate loans. The bank loans mature by 2017 (see Note 26). All bank loans excluding the EUR 5.4 million fixed-rate loan maturing in 2010 have been tied to the 3-month Euribor, and the interest rate is reviewed every three months.

22. Trade and other payables

EUR 1,000	2008	2007
Current financial liabilities measured at amortised cost		
Advances received	**146**	1,611
Trade payables	**101**	362
Accrued liabilities	**846**	757
Liabilities based on social security and other items comparable to tax	**361**	531
Other payables	**0**	5
	1,454	3,266

Advances received comprise advance payments made on available-for-sale investments. Current advances received also include advance rents of EUR 48,000 (EUR 108,000) and advance rents paid as deposits totaling EUR 98,000 (EUR 103,000).

Main items included in accrued liabilities:	2008	2007
From interests and financial items	**479**	268
From employee expenses	**126**	168
From other accrued liabilities	**241**	321
	846	757

Other accrued liabilities include mainly accrued expenses.

23. Management of financial risks

In undertaking its normal business the Group is exposed to various financial risks: market risk (mainly fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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.

Note 23. continued

Market risk - interest rate risk relating to cash flow and fair value
Financial liabilities
The Group is exposed to interest rate risk through its interest-bearing liabilities. Floating-rate loans expose the Group to cash flow interest rate risk. Fixed-rate loans expose the Group to fair value interest rate risk. According to the company's general risk management principles, at least 60% of the loan portfolio should have fixed interest rates. On December 31, 2008, the interest rate hedging rate was 35% (61% on December 31, 2007). Due to the exceptional financial situation, the Board of Directors has decided to postpone the application of interest rate hedging for the time being.

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 three open euro-denominated interest rate swaps relating to loans (eight on December 31, 2007). 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 euro-denominated interest rate swaps, based on which the Group receives on average 4.2% fixed interest (3.96% on December 31, 2007) and pays interest tied to the 3-month Euribor. The average 3-month Euribor in 2008 was 4.6% (4.27% in 2007). The average maturity of loans (including the expected payment scheme of the EUR 36 million loan maturing in January 2009 but due to be restructured) was 4.1 years on December 31, 2007 (5 years on December 31, 2007) and the average interest rate was 4.6% in 2008 (4.1% in 2007).

The effect of a one percentage point rise in the market rates on the Group's net interest expenses would be EUR 0.3 million during the following 12 months (EUR 0.1 million). A corresponding rise in interest would increase the equity by EUR 0.7 million (EUR 1 million) due to the change in the market value of the interest rate swaps. The other variables are assumed to stay constant, and the effects are presented after taxes.

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 (Note 26). Cash flow hedging was efficient in 2008, and the change in fair value has been entered in equity in its entirety.

The Group's bank loans have both fixed and floating interest rates. EUR 5.4 million of the loans (EUR 5.4 million on December 31, 2007) have fixed rates and EUR 43.2 million (EUR 17.5 million in December 31, 2007) have floating rates. Including the effect of interest rate swaps, EUR 23.4 million of the loans had fixed interest rates (EUR 29.7 million in 2007). Thus, on December 31, 2008, 35% of the loan portfolio was, or had been converted to, fixed rate loans (61% on December 31, 2007). The whole cheque account overdraft facility of EUR 1 million (EUR 1.1 million) was treated in calculation as a floating rate loan. All loans are denominated in euros.

The breakdown of interest-bearing liabilities on the balance sheet date is as follows:

EUR 1,000	2008	2007
Fixed interest rate financial liabilities		
Bank loans	**23,435**	29,712
Variable interest rate financial liabilities		
Bank loans	**43,183**	18,071
Total	**66,618**	47,783

Financial receivables
In the financial year, the Group was exposed to interest rate risk relating to cash flow and fair value also through interest-bearing receivables. In 2008, the Group invested EUR 12.5 million in a basket of corporate bonds arranged by Nordea, maturing on June 20, 2010. The corporate bond basket has been recognized in 'Available-for-sale financial assets', and the change in its value is recognized, less tax, directly in equity. The corporate bond basket's interest rate is tied to the 3-month Euribor. Half of the initial capital, EUR 6.25 million, has been hedged against interest rate fluctuations by an interest rate swap. Hedge accounting is not applied to the hedging of the corporate bond basket, and a return of EUR 155,000 was recognized on it in 2008. Based on the hedging made, the Group will gain fixed interest of 4.05% on the EUR 6.25 million capital and will pay interest tied to the 3-month Euribor. The interest rate swap matures at the corporate bond basket's maturity in 2010. The credit basket's effective interest rate return in 2008 was 6.9%. The interest rate period is three months.

Investments made in banks' subordinated loans, totaling EUR 11.9 million, will mature in 2009, 2011 and 2012. Upon acquisition, the Group classified the subordinated loans in 'Financial assets recognized at fair value through profit or loss' but applied retroactively as per July 1, 2008 the reclassification allowed by the IAS 39 and IFRS 7 amendments and reclassified the subordinated loan deposits away from 'Financial assets recognized at fair value through profit or loss' to 'Loans and receivables'. Loans and receivables are recognized at the amortized acquisition cost using the effective interest rate method. The new acquisition cost is the fair value of the subordinated loans as at July 1, 2008, totaling over EUR 11.6 million. Financial expenses include EUR 46,000 in change in fair value occurred early in the year. The under-value price of EUR 0.3 million will be amortized for the subordinated loans' exercise period using the effective interest rate method. In 2008, the effective interest rate of the subordinated loans was 5.7%. Their interest rate is the 3-month Euribor + margin, and the interest rate period is three months.

The effect of a one percentage point rise in the market rates on the Group's net interest income would be EUR 0.1 million during the following 12 months. A corresponding rise in interest rates would decrease equity by EUR 0.1 million, owing to the change in the market value of the interest rate swap. The other variables are assumed to stay constant, and the effects presented are after taxes.

Market risk - price risk
In its operations, the Group is exposed to the price risk arising from fluctuation of the market prices of quoted shares. Late in 2008, the Group made an indirect property investment by acquiring 11.1 million shares in the property investment company Sponda Plc at a total price of EUR 34.4 million. Sponda's shares have been recognized in 'Available-for-sale investments', and any changes in their valuations less tax are entered directly in Equity.

A ten percent decrease in the price of Sponda's share, as at the balance sheet date, would have resulted in a EUR 2.6 million decrease in consolidated equity after taxes. The other variables are expected to remain unchanged.

The Group is also exposed to another price risk, through the corporate bond basket. The Group has classified the basket in 'Available-for-sale investments', due to which changes in its fair value are recognized in equity. The fair value of the corporate bond basket fluctuates depending on changes in market prices. The Group applies as the fair value of the basket the repurchase price announced by Nordea.

Credit risk
The Group's policy determines the creditworthiness requirements for customers, investment transactions and derivative contracts, and also the investment policy. 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, 2008. In 2008, the Group invested EUR 24.4 million of gains from sales of investment properties in money market instruments. The Nordic corporate bond basket of EUR 12.5 million matures on June 20, 2010, and is targeted at five Nordic reference companies, each of which has the same weighting in the reference basket (EUR 2.5 million). Recent developments in the financial markets have increased this so-called default risk relating to the corporate bond basket. However, according to the company's management, this risk is not considered probable. The Group invested EUR 11.9 million of its assets in subordinated loans issued by two Swedish banks and one Danish bank. The loans mature in 2009, 2011 and 2012.

Note 23. continued

The ten largest tenants represent 55.8% (47.5%) of the company's total monthly rental income and 57.9% (46.7%) of the lease portfolio. The rent collateral received amounted to EUR 98,000 in the balance sheet on December 31, 2008 (EUR 103,000 on December 31, 2007). EUR 46,000 was received in rent collateral during 2008 (EUR 70,000 in 2007). EUR 48,000 in rent advances were recognized in the balance sheet on December 31, 2007 (EUR 108,000 on December 31, 2007).

Liquidity risk and refinancing risk

The cautious management of liquidity risks involves ensuring that sufficient liquid funds and marketable securities are available and that the accessibility of finance is secured through sufficiently binding credit limits. Management continuously monitors the cash flow forecasts and the Group's liquidity position which includes the undrawn credit limits and liquid assets. In accordance with the Group's strategy, the basic premise in securing funding is that the Group's equity-to-assets ratio must be over 50%.

The intention is to ensure the availability and flexibility of funding through undrawn bank overdraft facilities. On December 31, 2008, the undrawn bank overdraft facilities totaled EUR 5 million (EUR 1.1 million on December 31, 2007). The overdraft facility agreement is valid indefinitely. The cash surpluses will be invested in the markets in money market instruments or short-term bank deposits.

Late in 2008, short-term currency credits with maturities of up to 3 months were raised for indirect property investments totaling EUR 36 million. The credits mature in January 2009, and a binding agreement has been made with Nordea on the arrangement of further credits totaling EUR 34 million. According to the agreement, EUR 24.4 million of the loans will mature in accordance with the maturing of the subordinated and corporate bond basket investments (see below). For the continuation concerning the remaining part (EUR 9.6 million loan), a payment scheme will be prepared for 2012 onwards.

The following table shows the Group's financial liabilities and net derivative liability positions divided in accordance with the contractual due dates on the balance sheet date. The figures shown in the table are undiscounted cash flows based on the contracts. The maturity analysis only concerns financial instruments and thus does not include statutory liabilities.

31.12.2008	Balance sheet value	Contract-based cash flows	Under 1 year	1-5 years	Over 5 years
Bank loans	66,635	-76,000	-9,874	-46,837	-19,289
Bank overdraft facilities					
Trade and other payables	1,093	-1,093	-1,093		
Derivative contracts					
Interest rate swaps	858	-945	-171	-609	-165
31.12.2007					
Bank loans	47,242	-55,455	-12,304	-27,667	-15,484
Bank overdraft facilities	541	-541	-541		
Trade and other payables	2,735	-2,735	-2,735		
Derivative contracts					
Interest rate swaps	-147	215	113	166	-64

The estimated undiscounted cash flows from money market investments included in financial assets, to be used for bank loan repayments:

31.12.2008	Balance sheet value	Contract-based cash flows	Under 1 year	1-5 years	Over 5 years
Loans and other receivables					
Subordinated loan investments	11,648	11,900	4,000	7,900	
Available-for-sale financial assets					
Corporate bond basket	11,000	12,500		12,500	

Capital management

The purpose of capital management is to maintain an optimal capital structure as defined in the Group's strategy. The Group's objective is to increase the Group's real estate portfolio in a balanced and profitable way through direct or indirect property investments within the framework of the company's equity-to-assets ratio. Capital structure is affected not only by profit, but by dividends, share issues, investments and asset disposals, for example. The capital managed is the equity in the consolidated balance sheet.

The equity-to-assets ratio compares equity to the total balance sheet assets (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.

The Group's capital structure and equity-to-assets ratio were as follows:

EUR 1,000	2008	2007
Interest-bearing liabilities	66,618	47,783
Interest-bearing receivables	-11,648	0
Other liquid assets *)	-14,867	-1
Net liabilities	40,103	47,782
Equity	81,921	86,901
Total balance sheet assets	156,906	154,098
Advances received	146	1,610
Equity-to-assets ratio	52.3 %	57.0 %

*) Other liquid assets include cash at the bank, short-term deposits and the investment in the corporate bond basket managed by Nordea.

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

31.12.2008	Loans and other receivables	Recognized at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
Financial assets					
Available-for-sale financial assets				45,481	45,481
Derivative contracts		156			156
Loans and other receivables	11,648				11,648
Trade and other receivables	368				368
Cash and cash equivalents	3,867				3,867
Total financial assets	15,883	156		45,481	61,520
Financial liabilities					
Bank loans				66,618	66,618
Bank overdraft facilities					0
Trade and other payables				1,093	1,093
Derivative contracts			858		858
Total financial liabilities			858	67,711	68,569
31.12.2007					
Financial assets					
Available-for-sale financial assets					0
Derivative contracts			329		329
Loans and other receivables					0
Trade and other receivables	3,416				3,416
Cash and cash equivalents	1				1
Total financial assets	3,417		329		3,746
Financial liabilities					
Bank loans				47,242	47,242
Bank overdraft facilities				541	541
Trade and other payables				2,735	2,735
Derivative contracts			149		149
Total financial liabilities			149	50,518	50,667

25. Carrying amounts and fair values of financial assets and liabilities

The table shows each of each financial asset and liability item's fair values and carrying amounts which correspond with the consolidated balance sheet values.

Financial assets	Note	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Non-current financial assets					
Available-for-sale financial assets	13	**45,481**	**45,481**		
Derivative contracts	15			329	329
Loans and other receivables	14	**7,671**	**6,755**		
Current financial assets					
Derivative contracts	15	**156**	**156**		
Loans and other receivables	14	**3,977**	**3,824**		
Trade and other receivables	17	**368**	**368**	3,416	3,416
Cash and cash equivalents	18	**3,867**	**3,867**	1	1
Total financial assets		**61,520**	**60,451**	3,746	3,746
Financial liabilities					
Non-current financial liabilities					
Bank loans	24	**29,405**	**29,410**	36,806	36,614
Derivative contracts	15	**858**	**858**	149	149
Current financial liabilities					
Bank loans	24	**37,213**	**37,213**	10,977	10,977
Bank overdraft facilities	24			541	541
Trade and other payables	25	**1,093**	**1,093**	2,735	2,735
Total financial liabilities		**68,569**	**68,574**	51,208	51,016

26. Maturities of financial liabilities and interest rate swaps

The following table shows the maturities of bank loans and derivatives contracts (nominal values). The classification of bank loan maturities takes into account the pre-agreed repayment program for the EUR 36 million loan maturing in January 2009 but due to be restructured. In the financial statements, the entire EUR 36 million loan is included in current financial liabilities.

	Maturities of bank loans	Maturities of deriv. contracts
2009 **)	7,230	1,230
2010	19,130	1,230
2011	10,130	6,230
2012	6,700	1,980
2013	6,755	2,115
2014-	16,690	5,250
Total	66,635	18,035

**) Bank loan maturities in 2009 include the net result of a restructuring of a EUR 36 million short-term loan (= EUR 36 million repayment - withdrawal of EUR 34 million in restructured loan + EUR 4 million repayment instalment + EUR 1.23 million repayment on old loan).

27. Operating leases

EUR 1,000	2008	2007
Group as lessor		
The minimum rental income based on non-cancellable leases		
For up to one year	**6,826**	6,962
For more than one year, but less than five years	**11,563**	21,183
For more than five years	**3,345**	3,695
Total	**21,734**	31,840
The proportion of minimum rental income based on non-cancellable leases that consists of properties transferred to non-current assets held for sale		
For up to one year	**0**	999
For more than one year, but less than five years	**0**	6,244
For more than five years	**0**	504
Total	**0**	7,747
Total amount of variable rents intered as income during the year	**24**	76

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 2.2 years (2.6 years on December 31, 2007).

Note 27. continued

EUR 1,000	2008	2006
Group as lessee		
The minimum rent payable based on non-cancellable leases		
For up to one year	**165**	160
For more than one year, but less than five years	**658**	640
For more than five years	**2,547**	2,630
	3,370	3,430

Three of the Group's investment properties are located on land leases from the City of Helsinki. The leases are long-term and include an index condition (the leases are tied to the cost-of-living index). EUR 159,000 (EUR 116,000 in 2007) in rents paid on the basis of operating leases are included in the income statement for 2008.

28. Contingent liabilities

Pledges given as collateral for own debts, and liabilities secured by mortgages on properties.		
Bank loans	**66,618**	47,242
Advances received	**0**	1,400
	66,618	48,642
Mortgages	**20,615**	46,168
Investment property shares pledged	**23,565**	22,937
Financial securities pledged, carrying amount	**57,129**	
Other financial liabilities		
VAT verification liability for property investments	**731**	

The Group's property companies are obliged, according to chapter 11 of the amended VAT Act, to verify the VAT deductions made on property investments and capitalized expenditure on basic improvements, if the property's taxable use decreases during the verification period (5-10 years).

29. 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
Markus Fogelholm, 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 until January 20, 2009 and member of the Board, 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
Parent company Julius Tallberg Real Estate Corporation	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 Helsingin Rälssintie 10	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 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
Oy Neurofood Ab
Ekomans Oy
Riverbank Oü

The following transactions were carried out with insiders, EUR 1,000	2008	Purchases	Sales	Receivables	Liabilities
Oy Julius Tallberg Ab		22	42		
The Institute for Bio-Immunotherapy Helsinki Ltd			26		
Oy Soffco Ab			32		
	Total	22	100	0	0

The following transactions were carried out with insiders	2007	Purchases	Sales	Receivables	Liabilities
Oy Julius Tallberg Ab		19	33	6	29
The Institute for Bio-Immunotherapy Helsinki Ltd			25		
Oy Soffco Ab			62		
	Total	19	120	6	29

The transactions with insiders resulted no credit losses.

EUR 1,000	2008	2007
Service benefits of management		
Salaries and other short-term service benefits	277	252
Board members	94	78
No pension liabilities, contingent liabilities or collateral		
Managing Director's salary including fringe benefits	183	174
Voluntary pension insurance, defined contribution plans	10	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.

30. Events after the balance sheet date

Martin Tallberg resigned from the Board of Julius Tallberg Real Estate Corporation on January 20, 2009, because Sponda Plc's Nomination Committee has proposed him for the Board of Sponda Plc.

KEY FIGURES FIGURES FOR FIVE YEARS	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS
Revenue, EUR million	**10.2**	11.4	10.4	9.8	9.9
Operating profit, EUR million	**-0.5**	16.2	22.2	10.6	6.8
% of revenue	**-5.2**	141.6	212.2	108.5	68.9
Profit before taxes, EUR million	**-0.8**	14.2	20.7	9.3	5.5
% of revenue	**-7.9**	124.4	197.9	94.7	55.6
Profit for the year	**-0.5**	10.5	15.3	6.7	4.7
% of revenue	**-5.1**	91.4	146.7	68.9	47.1
Return on equity (ROE), %	**-0.6**	13.1	23.2	12.2	11.0
Return on investment (ROI), %	**1.0**	13.1	21.2	11.6	8.9
Equity-to-assets ratio, %	**52.3**	57.0	57.7	54.4	54.2
Gross capital expenditure, EUR million	**2.6**	37.7	5.3	7.2	1.0
% of revenue	**25.5**	329.6	50.4	79.5	42.6
Lease portfolio, EUR million	**22**	32	36	41	35
Average personnel	**6**	5	4	4	4
Earnings per share, EUR	**-0.02**	0.41	0.62	0.28	0.19
Equity per share, EUR	**3.10**	3.29	2.95	2.38	2.08
Dividends, EUR 1,000 *)	**2,641**	2,641	1,402	1,278	1,237
Dividend per share, EUR *)	**0.10**	0.10	0.06	0.05	0.05
Dividend per profit, %	**-506.97**	25.25	9.15	13.1	26.6
Effective dividend yield, %	**5.3**	3.3	1.8	2.3	3.1
P/E ratio	**-95.31**	7.38	5.03	8.07	9
Highest price of share, €	**3.03**	4.10	3.28	2.35	1.68
Lowest price of share, €	**1.61**	2.80	2.17	1.57	1.18
Average share price for year, EUR	**2.38**	3.50	2.56	1.96	1.48
Share price at Dec 31	**1.88**	3.00	3.12	2.23	1.63
Market value of share portfolio, EUR 1,000	**49,645**	79,221	77,100	55,248	40,323
Share turnover, EUR 1,000	**2,138**	2,842	1,771	6,577	663
Share turnover, no.	**946,056**	826,869	689,670	3,733,830	449,730
Share turnover, %	**3.6**	3.2	2.8	15.1	1.8
Weighted average of share issue-adjusted number of shares during year (1,000 shares)	**26,407**	25,717	24,738	24,738	24,738
Share issue-adjusted number of shares at end of year (1,000 shares)	**26,407**	26,407	24,738	24,738	24,738

*) Board proposal for 2008

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 = $\frac{\text{Oma pääoma + varaukset}}{\text{Osakkeiden osakeantioikaistu lukumäärä tilikauden päättyessä}}$

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

Net cash from operating activities / share, EUR = $\frac{\text{Net cash from operating activities}}{\text{Weighted average number of issue-adjusted shares}}$

SHARE CAPITAL STRUCTURE

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

SHAREHOLDERS BY SECTOR DEC. 31, 2008

	Shareholders		Shares	
Sector	Number	%	Number	%
Private companies	40	6.83	20,335,259	77.01
Financial and insurance institutions	7	1.19	349,630	1.32
Households	538	91.81	5,722,135	21.67
Non-profit corporations	1	0.17	6	0.00
	586	100.00	26,407,030	100.00

LARGEST SHAREHOLDERS ACCORDING TO THE SHARE REGISTER DEC. 31, 2008

Shareholder	Shares and votes Number	Shares and votes %
Oy Julius Tallberg Ab	16,654,242	63.07
Oy Mogador Ab	2,704,000	10.24
Tallberg Thomas	1,505,892	5.70
Sohlberg Hannu	1,330,000	5.04
Tallberg Martin	916,044	3.47
Rosaco Oy Ab	592,010	2.24
Renlund Susanna	426,936	1.61
Tallberg Nina	341,820	1.29
Helsinki Investment Trust Oy	180,000	0.68
Nieminen Jorma	124,807	0.47
Sijoitusrahasto Aktia Secura	119,658	0.45
Tallberg Marja	97,344	0.37
Other	1,414,277	5.37
Total	26,407,030	100.00

SHAREHOLDING BREAKDOWN BY SIZE CLASS DEC. 31, 2008

	Shareholders		Shares	
Number of shares	Number	%	Number	%
1 - 100	81	13.82	4,211	0.02
101 - 1,000	299	51.04	142,421	0.54
1,001 - 10,000	162	27.64	502,788	1.90
10,001 - 100,000	33	5.63	862,201	3.26
100,001 - 1,000,000	7	1.19	2,701,275	10.23
1,000,001 - 99,999,999	4	0.68	22,194,134	84.05
	586	100.00	26,407,030	100.00

On December 31, 2008, the members of the board and the managing director directly held a total of 2,874,666 shares, carrying 10.87 % of the shareholding and of the votes in the company. Entities under the control of the members of the board which held company shares were: Oy Julius Tallberg Ab, Oy Mogador Ab and Oy Montall Ab. These entities held a total of 19,369,162 shares, carrying 73.35 % of the shareholding and of the votes in the company.

PARENT COMPANY INCOME STATEMENT

EUR 1,000	Note	1.1.-31.12. 2008	1.1.-31.12. 2007
REVENUE	1	**10,223**	11,195
Other operating income	2	**31,763**	6,822
Salaries and wages	3	**-827**	-686
Depreciation and impairment	4	**-32**	-615
Other operating expenses		**-7 882**	-9,413
OPERATING PROFIT		**33,245**	7,303
Financial income and expenses	5		
Income from other non-current investments		**0**	0
Other interest and financial income		**3,354**	2,050
Interest and other financial expenses		**-2,162**	-2,061
		1,192	-11
INCOME BEFORE APPROPRIATIONS AND TAXES		**34,437**	7,292
Depreciation difference, increase (-) or decrease (+)	0	**0**	
Income taxes	6	**-8,867**	-2,057
PROFIT FOR THE FINANCIAL YEAR		**25,570**	5,235

PARENT COMPANY CASH FLOW STATEMENT

EUR 1,000	1.1.-31.12. 2008	1.1.-31.12. 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**25,570**	5,235
Adjustments for		
Non-cash transactions		
Other operating income	**-31,763**	-6,822
Depreciation and impairment	**32**	615
Financial items	**-1,192**	11
Taxes	**8,867**	2,057
Changes in working capital		
Change in trade and other receivables	**-852**	137
Change in trade and other payables	**-156**	508
Interests paid and financial expenses	**-1,945**	-2,002
Interests received	**3,222**	2,020
Taxes paid	**-696**	-290
NET CASH FROM OPERATING ACTIVITIES	**1,088**	1,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-10**	-99
Investments in other investments	**-59,044**	-31,273
Sales income from investments	**47,634**	22,411
Tax on sales of investments	**-8,958**	-222
NET CASH USED IN INVESTING ACTIVITIES	**-20,378**	-9,183
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans withdrawn	**43,504**	22,100
Repayments on loans	**-17,706**	-12,984
Dividends paid	**-2,641**	-1,402
NET CASH FROM FINANCING ACTIVITIES	**23,157**	7,714
Change in liquid assets	**3,867**	0
Liquid assets on Jan. 1	**0**	0
Liquid assets on Dec. 31	**3,867**	0

PARENT COMPANY BALANCE SHEET

EUR 1,000	Note	31.12. 2008	31.12. 2007
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	7		
Intangible rights		**1**	3
TANGIBLE ASSETS	8		
Machinery and equipment		**99**	120
		99	120
INVESTMENTS	9		
Interests in Group companies		**39,650**	39,823
Receivables from Group companies		**35,013**	48,275
Other shares and participations		**34,402**	0
		109,065	88,098
TOTAL NON-CURRENT ASSETS		**109,165**	88,221
CURRENT ASSETS			
Non-current receivables	10		
Other non-current receivables		**20,172**	0
Current receivables			
Trade receivables		**97**	96
Other receivables		**133**	3,528
Prepaid expenses and accrued income	11	**215**	49
Financial assets		**3,970**	0
Cash and bank balances		**3,867**	0
TOTAL CURRENT RECEIVABLES		**28,454**	3,673
TOTAL ASSETS		**137,619**	91,894

EUR 1,000	Note	31.12. 2008	31.12. 2007
LIABILITIES			
EQUITY	12		
Share capital		**21,027**	21,027
Share premium fund		**0**	0
Invested unrestricted equity fund		**11,110**	11,110
Retained earnings		**5,507**	2,913
Net profit for the year		**25,570**	5,235
		63,215	40,286
LIABILITIES			
Non-current liabilities	13		
Loans from financial institutions		**29,405**	36,301
		29,405	36,301
Current liabilities	14		
Loans from financial institutions		**37,230**	10,640
Advances received		**48**	1,508
Accounts payable		**47**	192
Payables to Group companies		**6,127**	722
Accrued liabilities		**1,379**	2,056
Other current liabilities		**168**	189
		44,999	15,307
TOTAL LIABILITIES		**74,404**	51,608
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**137,619**	91,894

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

EUR 1,000	2008	2007
1. Revenue		
Rental income	10,216	11,189
Other revenue	7	6
	10,223	11,195
2. Other operating income		
Capital gain from sale of investments (Koy Kauppakeskus Martinsilta)	31,740	6,822
Other	23	0
	31,763	6,822
3. Salaries and wages		
Salaries, fees and commissions	664	536
Pension contributions	140	127
Other indirect employee expenses	23	23
	827	686
Average number of personnel in year	6	5
Executive compensation		
Fees paid to Board of Directors	94	78
Salary and fees paid to Managing Director	183	174

Pension commitments

The personnel have a voluntary pension plan with an annual cost of EUR 47,084.32. Apart from this and the statutory TyEL pension insurance, there are no other pension plans for management or personnel.

EUR 1,000	2008	2007
4. Depreciation and writedowns		
Other non-current expenditure	2	2
Buildings	0	0
Machinery and equipment	30	13
Writedowns of non-current investments	0	600
	32	615
5. Financial income and expenses		
Dividends from other non-current investments	0	0
Interest on loan receivables	0	0
Other interest and financial income		
from Group companies	1,683	1,885
from subordinated deposits and credit basket	1,138	0
from others	533	142
Interest and other financial expenses		
to Group companies	-41	-24
to others	-2,121	-2,014
Financing contribution [1]	0	-36
Total financial income and expenses	1,192	-47

[1] Included in rents and maintenance charges

EUR 1,000	2008	2007
6. Taxes		
Tax on sales of investments	8,171	1,767
Tax on income from operations	696	290
	8,867	2,057

EUR 1,000	2008	2007
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	-21	-18
Depreciation, Jan. 1 - Dec. 31	-2	-3
Carrying amount, Dec. 31	1	3
8. Tangible assets		
Machinery and equipment, acquisition cost, Jan. 1	162	82
Increases, Jan. 1 - Dec. 31	10	113
Decreases, Jan. 1 - Dec. 31	0	-33
Acquisition cost, Dec. 31	172	162
Accumulated depreciation, Jan. 1	-42	-49
Depreciation recapture on retired assets	0	19
Depreciation, Jan. 1 - Dec. 31	-31	-12
Carrying amount, Dec. 31	99	120
9. Investments		
Equity in subsidiaries		
Acquisition cost, Jan. 1	39,823	16,900
Increases, Jan. 1 - Dec. 31	500	27,070
Decreases, Jan. 1 - Dec. 31	-673	-4,147
Acquisition cost, Dec. 31	39,650	39,823
Other equity investments		
Koy Data-City	0	6,160
Koy Data-City disposal	0	-6,160
SK Property Oy	0	490
SK Property transfer to investments	0	-490
Other participations (Cargill)	0	1
Decrease in other participations, Cargill	0	-1
Increases Sponda Plc 11,123,018 shares	34,401	0
	34,401	0
Other equity and investments		
Acquisition cost, Jan. 1	0	6,651
Increases, Jan. 1 - Dec. 31	34,401	0
Decreases, Jan. 1 - Dec. 31	0	-6,651
Acquisition cost, Dec. 31	34,401	0

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

EUR 1,000	2008	2007
10. Non-current receivables		
Nordea credit basket	12,500	0
Danske Bank subordinated deposit	3,825	0
Svenska Handelsbanken subordinated deposit	3,847	0
	20,172	0

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

11. Current receivables		
Main items included in prepaid expenses and accrued income:		
Receivables from Group companies	0	6
Interest receivable from investments and deposits	135	0
Receivables from derivative contracts	31	33
Insurance compensation	25	0
Other receivables	24	10
	215	49

12. Equity

2007	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
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
2008		
Shares, total	26,407,030	21,027

EUR 1,000	2008	2007
Share capital, Jan. 1	21,027	21,027
Share capital, Dec. 31	21,027	21,027
Share premium fund, Jan. 1	0	6,109
Transfer to invested unrestricted equity fund	0	-6,109
Share premium fund, Dec. 31	0	0
Invested unrestricted equity fund, Jan. 1	11,110	0
Increase (share issue)	0	5,001
Transfers from share premium fund	0	6,109
Invested unrestricted equity fund, Dec. 31	11,110	11,110
Retained earnings, Jan. 1	8,148	4,315
Dividends paid	-2,641	-1,402
Profit for the financial year	25,570	5,235
Retained earnings, Dec. 31	31,077	8,148
Total equity	63,215	40,286
Distributable funds	42,187	19,258

EUR 1,000	2008	2007
13. Non-current liabilities		
Liabilities that mature after 5 or more years		
Loans from credit institutions	10,290	13,845
14. Current liabilities		
Non-interest bearing current liabilities	1,642	3,945
Interest-bearing current liabilities	43,357	11,362
	44,999	15,307
Payables to Group companies		
Short-term loans from subsidiaries	6,127	722
Main items of accrued liabilities		
Taxes	765	1,552
Interests	479	262
Employee expenses	126	167
Others	10	75
	1,380	2,056
15. Exposures from derivative contracts		
Interest rate swaps		
Value of underlying instrument	18,035	24,312
Market value	-858	180
16. Pledged assets		
Debt secured by liens on real estate		
Loans from credit institutions		
Loans	66,635	46,941
Other liabilities		
Advance payments	0	1,400
Collateral		
- liens	0	0
- real estate company shares	23,566	22,937
- pledged financial securities	58,543	0
Collateral, total	82,109	22,937

17. Insurance values on december 31, 2008

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

The parent company's distributable funds amount to EUR 42,187,327.48, of which profit for the year is EUR 25,569,786.15.

The Board of Directors proposes to the Annual General Meeting that:

– a dividend of EUR 0.10 / share be distributed on 26,407,030 shares, for a total of EUR 2,640,703.00.
– and that EUR 39,546,624.48 be left in equity.

It is the Board's opinion that the proposed distribution of dividends will not endanger the company's solvency.

Espoo, February 13, 2009

Susanna Renlund Thomas Tallberg Magnus Bargum

Markus Fogelholm Kaj Hedvall Kari Sainio Martti Leisti
Managing Director

AUDITOR'S REPORT
To the Annual General Meeting 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 year ended on 1.1. – 31.12.2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 13 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant

CORPORATE GOVERNANCE OVERVIEW

The company complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd and with the Finnish Corporate Governance Code approved by the Securities Market Association, which entered into force on 1 January 2009.

The administration and operations of Julius Tallberg Real Estate Corporation are governed by its 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 annual general meeting is held before the end of June each year, and extraordinary general meetings are convened as required. At these general meetings, shareholders can exercise their right to speak and vote. General meetings must be attended by the company's managing director, the chairman of the board and a sufficient number of board directors. New nominees to the board of directors are required to attend the general meeting that decides on their election, unless they can present a well-founded reason for their absence.

The principal matters decided by annual general meetings include:

- the number of directors on the board
- electing directors to the board
- the fees and financial benefits of the board's directors and committees
- electing the auditor and deciding the auditor's fee
- adopting the financial statements
- discharging the board and the managing director from liability
- amending the articles of association
- deciding on increasing share capital
- distribution of the company's assets, such as profit sharing

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 that is regularly published in the municipality of the company's registered domicile or by mail sent to the address recorded for each shareholder in the company's share register. The notice of a general meeting includes the following:

- time and place
- proposal for the agenda of the general meeting
- proposal for board directors and the personal information of nominees
- proposal for auditor
- description of the procedure that shareholders must observe to attend and vote at the general meeting
- the right to participate in the general meeting and the so-called record date which determines the right to vote
- the place at which annual general meeting documents and proposed decisions are available
- the address of the company's web pages

The information above and below is made available to the shareholders on the company's website no later than 21 days before the general meeting:

- the total number of shares and voting rights per share class on the day of the notice of meeting
- documents to be presented to the general meeting
- proposed decision of the board or other competent body
- matters included on the agenda of the general meeting but on which no decision is proposed

BOARD OF DIRECTORS

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

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

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

The board directors are elected to serve for one year at a time, such that their term begins upon the conclusion of the general meeting that elected them and ends when the following annual general meeting is concluded. The current board consists of six directors, none of whom serves full-time.

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

All persons elected to the board must be appropriately qualified and be able to devote sufficient time to these duties. A 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 18 March 2008, namely Magnus Bargum, Markus Fogelholm, Kaj Hedvall and Kari Sainio, to be independent of the company and of the company's major shareholders.

The managing director, who is not a member of the board of directors, shall regularly attend 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, risk management policies and reward system, and ensures the functioning 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 within the company those parties who nominated them for the board.

In addition to the duties specified by law and in the articles of association, the board of directors approves the company's operating plans and budget, and decides on major single investments, corporate and real estate acquisitions, and other strategically significant undertakings.

The company is expected to supply the board's 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 2008 the board of directors met seven times and the average attendance rate was 94%.

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

BOARD COMMITTEES

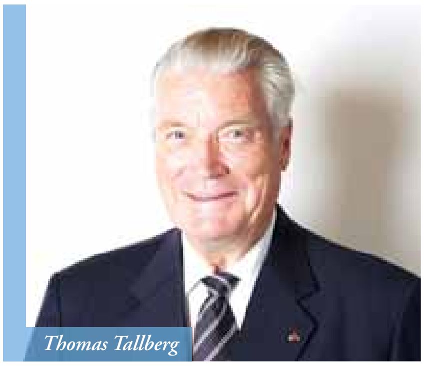
At its organizational meeting on 18 March, 2008, the board of directors did not form any committees. The board is responsible for the duties of the audit committee referred to in Recommendation 27 of the Corporate Governance Code.

BOARD OF DIRECTORS

Chairman

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

- Vice chairman of the board of directors of Julius Tallberg Corporation
- Vice chairman of the board of directors of Ramirent Plc, member of the audit committee
- Director on the board 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 2008: 426,936 shares.



Vice chairman

Thomas Tallberg, Docent, Helsinki
Born 1934
MD

- Chairman of the board of directors of Julius Tallberg Corporation
- Vice chairman of the board of directors of Julius Tallberg Real Estate Corporation 1987-1997, chairman 1998-2005, and vice chairman from 2006
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2008: 1,505,892 shares
- Thomas Tallberg has worked at Helsinki University Hospital as Docent of Immunology since 1967 and as Staff Specialist in Immunology 1971-1997, and has directed the Institute for Bio-Immunotherapy Helsinki Ltd since 1994.

Directors

Magnus Bargum, Commercial Counsellor, Helsinki
Born 1947
M.Sc. (Econ.)

- Managing Director of Algol Oy since 1985 and board director since 1976
- Vice chairman of the board of directors of Paulig Ltd
- Director on the board of directors 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
- Member of the board of directors of the Confederation of Finnish Industries (EK) since 2005
- Chairman of the Federation of Finnish Commerce since 2007
- Board member of a number of foundations and trusts
- Magnus Bargum is independent of the company and of major shareholders.

Kaj Hedvall, Director, Helsinki
Born 1960
Ph.D. (Econ.), M.Sc. (Eng.)

- Business Development Director, Senate Properties
- Member of the board of directors of a Finnish investment trust and foundation
- Director on the board of directors 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.
- Kaj Hedvall is independent of the company and of major shareholders.


Markus Fogelholm

Markus Fogelholm, Espoo
Born 1946
M.Sc. (Politics)

- Director on the board of directors of Julius Tallberg Real Estate Corporation since 2008
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- Markus Fogelholm was the managing director of the Finnish Bankers' Assocation in 2001-2006, head of the Bank of Finland's Market Operations Department in 1991-2001, IMF board member (Nordic representative) in 1989-1991 and vicarkus Fogelholm has been appointed to a position of trust in a number of companies
- Markus Fogelholm is independent of the company and of major shareholders.


Kari Sainio

Kari Sainio, Managing Director, Espoo
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
- Director on the board of directors 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 the USA and Latvia. From 1994 to 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, CIS, Poland and Zambia).
- Kari Sainio is independent of the company and of major shareholders.

Managing director Martin Tallberg, member on the board of directors of Julius Tallberg Real Estate Corporation since 1991, resigned from the board on 20 January 2009 because Sponda Plc's nomination committee has proposed him on the board of Sponda Plc.

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 company's financial performance and balance sheet.

The managing director is in charge of the daily management of the company in accordance with Finland's Limited Liability 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, in relation to 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 management of assets is arranged in a reliable manner.

Managing director:
Martti Leisti, Espoo
Born 1947
M.Sc. (Econ.)

- Managing director of Julius Tallberg Real Estate Corporation since 1987 and board 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 for 10 years at YIT Corporation, 6½ years of which were in export management positions dealing with the Middle East and Spain.
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2008: 25,794 shares. No holdings or rights based on any equity incentive plans.

The managing director's 2008 salary amounted to EUR 136,983.26 and other cash compensation EUR 46,050. Voluntary retirement insurance premiums paid in 2008 totaled EUR 10,350. 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. The managing director shall reach retirement age when he is 65 years old, but shall nevertheless be entitled to retire earlier than this if he so wishes, but not before reaching the age of 62.

Compensation arrangements
The managing director has no separate reward system but is instead covered by the personnel's incentive plan.

OTHER EXECUTIVE MANAGEMENT

Julius Tallberg Real Estate Corporation has no other executive management.

SALARIES AND FEES

The fees of the board's directors are set annually in advance by the general meeting. The board approves the managing director's salary and other benefits.

In 2008, the members on the board of Julius Tallberg Real Estate Corporation were compensated as follows:

	Annual fee EUR	Meeting fee EUR
Susanna Renlund	17,000	2,100
Thomas Tallberg	13,000	1,500
Magnus Bargum	10,000	2,100
Markus Fogelholm	10,000	1,800
Kaj Hedvall	10,000	2,100
Kari Jordan		150
Kari Sainio	10,000	2,100
Martin Tallberg	10,000	1,800
Total	80,000	13,650

The members on the board of directors of Julius Tallberg Real Estate Corporation are not compensated through options or other incentive plans.

PERSONNEL INCENTIVE PLANS

The company operates a personnel bonus plan confirmed on 8 December 2008, which supports the attainment of the company's objectives. The basis of the managing director's and the personnel's incentive compensation and the magnitude of bonus payments are confirmed annually by the board of directors. Both the managing director's and the personnel's option arrangements have been discontinued. The managing director and the personnel are covered by a voluntary retirement plan costing an annual EUR 47,084.39 in 2008.

FINANCIAL AUDITS AND AUDITORS

Financial audits

The company has 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. In 2008, the fees paid to the auditors were as follows: auditing EUR 48,565 (2007: EUR 50,892), audit-related services EUR 12,542 (2007: EUR 18,232), tax advice EUR 8,357 (2007: EUR 0), other services EUR 23,141 (2007: EUR 22,198), total EUR 92,605 (2007: EUR 91,322).

Auditors

Auditor: PricewaterhouseCoopers Oy, Authorized Public Accountants, represented by chief auditor Kim Karhu, APA.

Insider administration

The company complies with the insider administration guidelines endorsed by NASDAQ OMX Helsinki Ltd. The statutory insiders of Julius Tallberg Real Estate Corporation consist of the company's board of directors, managing director and auditors. Persons performing certain tasks determined by the managing director at any given time are also deemed permanent insiders. The company makes use of the insider register service of Euroclear Finland Oy (formerly 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's members and the companies under their control, and the personnel of Julius Tallberg Real Estate Corporation, held 22,256,328 shares on 31 December 2008, which entitled them to 84.3% 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 in one, three and twelve month periods, and the preparation of budget variance analyses for the corresponding period. The system also serves as a long-term planning and budgeting tool.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

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 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 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 include an administrative review and, to the extent appropriate, internal auditing.

RISK MANAGEMENT

The risk management principles of Julius Tallberg Real Estate Corporation were updated in 2008, according to which risk management is an integral part of strategic and operational planning, the decision-making process and the internal control system.

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 most important risk areas currently to be the key employee risk and the general climate of uncertainty about the global economy, 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 the climate of uncertainty concerning the global economy. These concerns were reflected in investors' return requirements in the second half of 2008. With respect to the business of Julius Tallberg Real Estate Corporation, uncertainty about the global economy may affect the business of tenants and thereby, indirectly, 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 was offered a good price in view of the uncertain situation.

Geographical location of real estate investments

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.

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

Lack of diversity in clientele

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 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 (address: Äyritie 6) 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 (7 employees), the key employee risk is great. This risk was reduced by hiring one more person in 2008. However, the key employee risk and the risks related to the deputizing 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 before being presented to the board of directors. 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 concern liquidity, interest rates and prices, and the risks related to receivables and credit.

Liquidity

More information on the management of liquidity risks can be found in note 23 of the Notes to the Financial Statements ('Management of financial risks: Liquidity and refinancing risk').

Interest rate and price risks

The Group is susceptible to market risks in the form of interest rate and price risks. More information on the management of interest rate and price risks can be found in note 23 of the Notes to the Financial Statements ('Management of financial risks: Market risk').

Risks related to receivables and credit

The Group's policy determines the creditworthiness requirements for customers, investment transactions and derivative contracts, and also the investment policy.

More information on the management of risks related to receivables and credit can be found in note 23 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 the premises it owns, 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 annual 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

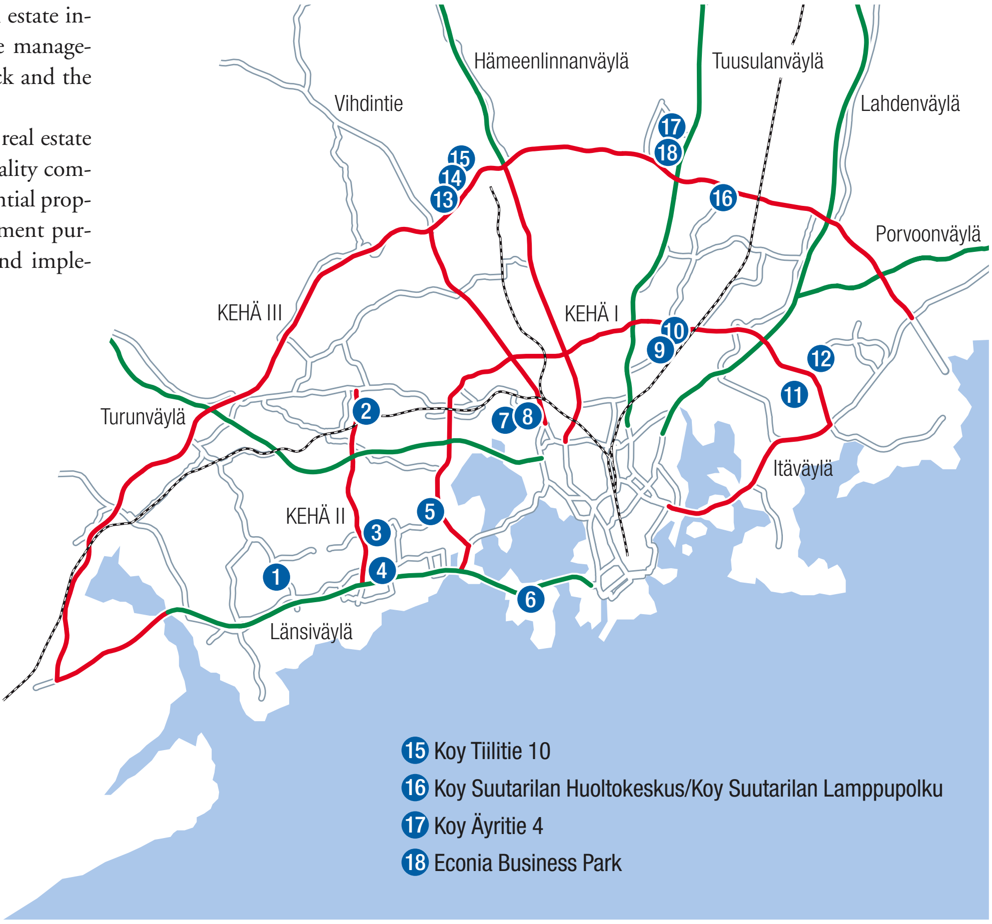
The following information is provided on the company's website:

- Corporate governance
- General meeting
  - invitation to general meeting
  - total number of shares and voting rights by share series on the date of the meeting invitation
  - documents to be presented at the general meeting
  - proposed decisions by the Board of Directors
  - matters included on the agenda of the general meeting but on which no decision is proposed
  - minutes of general meeting, including attachments
- Shares, share capital and principal shareholders
- Annual report, interim reports
- Calendar of events
- Other points to be reported in accordance with these recommendations

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 Suutarilan Huoltokeskus/Koy Suutarilan Lamppupolku
17 Koy Äyritie 4
18 Econia Business Park

1 Espoo/Suomenoja, Suomalaistentie 7

Office and warehouse property
Rentable area approx. 11,300 m²

Principal tenants:
- Oy Agfa-Gevaert Ab
- A.I.N.A Mainos Oy
- Carpentum Oy
- Espoon Urheilu-hierontakeskus
- Fischer Finland
- Förlagssystem Finland Oy
- Jo-He Oy
- Oy Julius Tallberg Ab
- Kajon Oy
- Oy Norstar Ab
- Oy Senseware Ltd
- Suomen Polkupyörä-tukku Oy

2 Espoo/Kilo, Karapellontie 11-13

Office, production and warehouse property
6,800 m²

Principal tenants:
- Oy Albarossa Ab
- City of Espoo
- Evolvit Oy
- Microtieto Suomi Oy
- HSG-Package Oy
- Oy Prime Development Ltd

3 Espoo/Olarinluoma, Luomannotko 3

Office and warehouse property

4,300 m²

Principal tenants:
- Lassila & Tikanoja Oyj
- Laattamaailma Oy

4 Espoo/Niittykumpu, Kappelitie 6

Office property

8,700 m²

Principal tenants:
- Atmel Oy
- Espotel Oy
- Futuremark Oy
- Space Systems Finland Oy

5 Espoo/Tapiola, Tietäjäntie 12

Office property

2,100 m²

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

6 Helsinki/Lauttasaari , Gyldénintie 2

Office and commercial property

3,500 m²

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

7 Helsinki/Pitäjänmäki, Valimotie 2

Office and commercial property
1,300 m^2

Principal tenants:
– Normomedical Oy
– Samtext Finland Oy Ab
– Video Film Town Oy

8 Helsinki/Pitäjänmäki, Höyläämötie 2

Office and commercial property
2,700 m^2

Principal tenants:
– Fin-Albakos Oy
– Kopio Niini Oy

9 Helsinki/Oulunkylä , Liukumäentie 15

Warehouse property
23,600 m^2

Principal tenants:
– Rented entirely to
Schenker Cargo Oy

10 Helsinki/Pukinmäki, Rälssintie 10

Office property
3,130 m^2

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

11 Helsinki/Myllypuro, Kivensilmänkuja 2

Office property
3,000 m^2

Principal tenants:
– City of Helsinki
– Non Fighting Generation Ry
– Myllypuron Huolto Oy

12 Helsinki/Kontula, Sirrikuja 1

Office and warehouse property
4,500 m^2

Principal tenants:
– Itella Oyj
– Pintavision Oy

13 Vantaa/Petikko, Petikontie 6

Commercial property
5,900 m^2

Principal tenants:
– Eurokangas Oy
– Suomen Polkupyörätukku Oy

14 Vantaa/Petikko, Tiilitie 8

Office and warehouse property
2,200 m^2

Principal tenants:
– Heidelberg Finland Oy
– KLT-Tiimi Oy
– Scalen Maiorov Oy

15 Vantaa/Petikko, Tiilitie 10

Office and warehouse property
1,840 m^2

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

16 Helsinki/Suutarila, Tapulikaupungintie 37 ja Lamppupolku 3

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

Principal tenants:
- Rented entirely to Ramirent Plc

17 Vantaa/Aviapolis, Äyritie 4

Office and production property
8,744 m^2

Principal tenants:
- Rented entirely to Philips Inc.

18 Econia Business Park, Äyritie 6

- rentable total surface area approx. 23,000 m^2
- rentable area/building 5,500 m^2
- floor areas 1,300 – 3,500 m^2
- premises beginning at approx. 80 m^2
- parking for approx. 550 cars
- a comprehensive range of services is available to tenants

Julius Tallberg Real Estate Corporation's main development project this decade is Econia Business Park, which will be built in Aviapolis in the City of Vantaa. Econia will be developed and built in collaboration with the construction firm Hartela. Conditions to go ahead with building have not yet been met, but active marketing of Econia's premises continues, and if marketing efforts meet with sufficient success, possibilities to commence the Econia Business Park construction will be realistic.

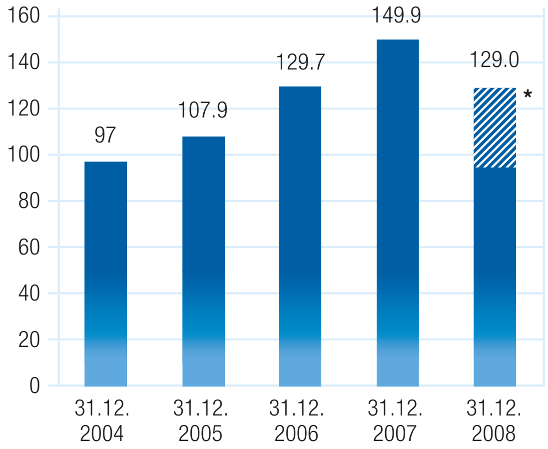
SOLD PROPERTIES

On December 19, 2008, the company sold the stock of Koy Arinatie 8 to Koy Tuuvantupa, which is owned by Suomen Osatontti Ky, which is owned by Suomen AsuntoHypoPankki Oy and Hartela Kiinteistömarkkinointi Oy, under a preliminary agreement signed on May 31, 2006. The rights of proprietorship and possession were transferred to the owner in conjunction with the transaction.

INDIRECT PROPERTY HOLDING

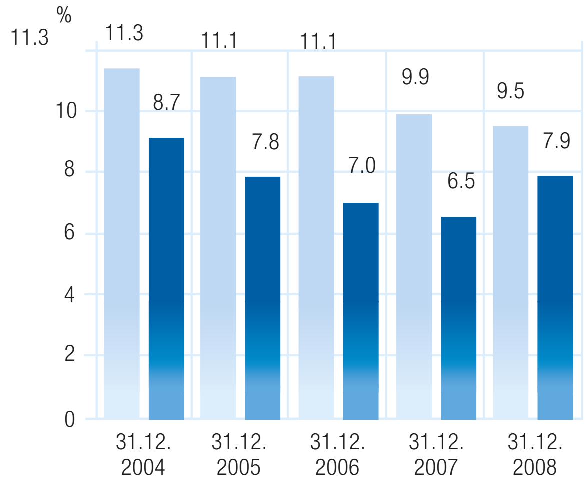
In light of the current market situation and the company's strong financial position, the company decided on October 15, 2008, to include indirect real estate investments in its strategy. At the end of the year 2008, the company invested EUR 34.4 million in Sponda Plc's shares, representing some 10% of Sponda Plc's stock. The holding is considered a strategic and long-term investment. Sponda Plc's investment policy is essentially in line with that of Julius Tallberg Real Estate Corporation with regard to direct real estate investment and strategy.

MARKET VALUE OF REAL ESTATE ASSETS, EUR MILLION



* The total value of indirect real estate assets is EUR 34.5 million (Market value of Sponda Plc shares).

NET RENTAL INCOME %

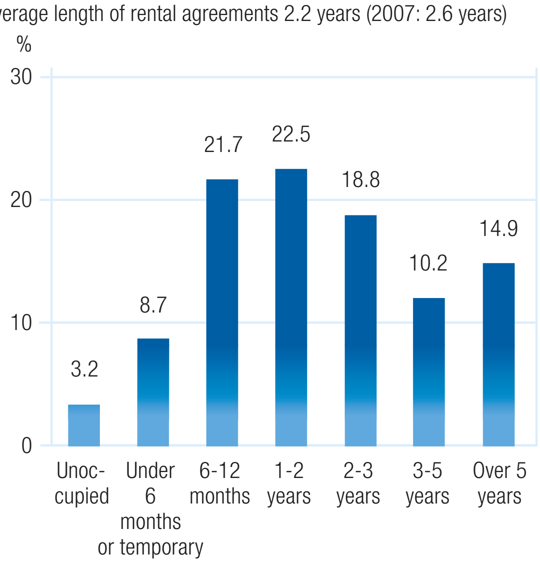


FAS Net Rental Income -% = $\frac{\text{Annual net rental income (=rental income - maintenance costs)}}{\text{Acquisition or FAS balance sheet value of completed real estate assets including capital transfer tax}} \times 100$

IFRS Net Rental Income -% = $\frac{\text{Annual net rental income (=rental income - maintenance costs)}}{\text{Market value of completed investment property assets}} \times 100$

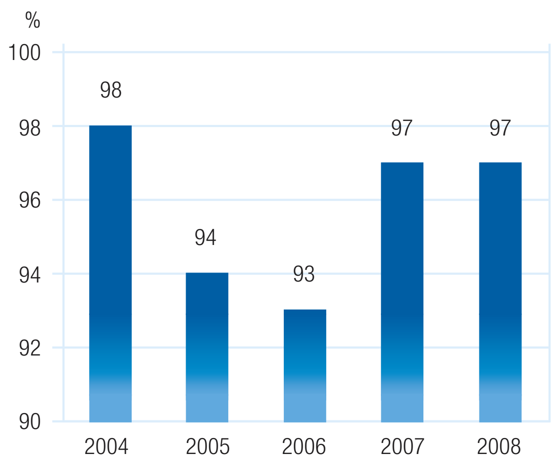
RENTAL INCOME ANALYSIS ON DECEMBER 31, 2008

Average length of rental agreements 2.2 years (2007: 2.6 years)

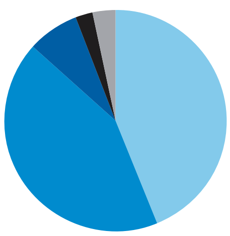


Tenancy agreement stock, total value (vat 0%) EUR 21.7 million (2007: EUR 31.8 million).
As for agreements valid until further notice, rent for term of notice recognized.

YIELD-WEIGHTED OCCUPANCY RATE 2004-2008

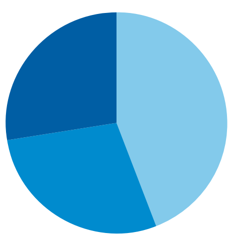


RENTAL INCOME PROPERTY SPECIFICATION AND RENTS EUR/M²/MONTH (VAT 0 %)



- Offices
  43.9 % 11.22 EUR/m²/mo
- Warehouses and production
  42.7 % 6.55 EUR/m²/mo
- Commercial
  7.7 % 9.65 EUR/m²/mo
- Other
  2.5 % 11.21 EUR/m²/mo
- Unoccupied
  3.2 % 7.57 EUR/m²/mo

GEOGRAPHICAL DISTRIBUTION OF REAL ESTATE OWNINGS BY MARKET VALUE



- Helsinki 44.2 %
- Espoo 28.3 %
- Vantaa 27.5 %

REAL ESTATE SUMMARY DEC. 31, 2008

Real estate	Holding	Rentable floorspace, m² Total	Commercial	Office	Storage/ production	Other	Unused building rights m²	Year of acquisition
HELSINKI								
Koy Gyldenintie 2 Lauttasaari	100	3,507	630	2,401	406	70	0	1987
Koy Suutarilan Huoltokeskus Suutarila	100	5,776	0	1,441	4,335	0	10,845	2000
Koy Suutarilan Lamppupolku Suutarila	100	0	0	0	0	0	8,838	2000
Koy Liukumäentie 15 Helsinki Oulunkylä	100 [1)]	23,634	0	0	23,634	0	0	2000
Koy Helsingin Valimotie 2 Pitäjänmäki	100	1,299	704	294	251	50	1,900	2007
Koy Helsingin Höyläämötie 2 Pitäjänmäki	100	2,711	0	200	2,511	0	4,860	2007
Koy Sirrikujan Teollisuustalo Kontula	100 [2)]	4,674	0	2,683	1,888	103	0	2007
Koy Kivensilmänkuja 2 Myllypuro	100 [3)]	2,876	0	2,416	460	0	1,000	2007
KOy Helsingin Rälssintie 10 Pukinmäki	100	2,508		1,596	912	0	0	2008
Total		46,985	1,334	11,031	34,397	223	27,443	
ESPOO								
Oy Soffcon Kiinteistö Ab Kilo	100	6,739	0	3,649	2,710	380	7,564	1988
Koy Espoon Suomalaistentie 7 Suomenoja	100	11,311	207	4,932	5,980	192	970	2005
Koy Kappelitie 6 Niittykumpu	100	8,725	783	7,634	188	120	0	2007
Koy Luomannotko 3 Olarinluoma	100	4,619	0	1,695	2,629	295	0	2007
Koy Tietäjäntie 12 Espoo Tapiola	100	2,239	0	1,983	172	84	0	2007
Total		33,633	990	19,893	11,679	1,071	8,534	
VANTAA								
Koy Äyritie 4 Vantaa Veromies	100	8,744	0	2,267	5,899	578	4,068	1997
Koy Vantaan Äyri Veromies	100	0	0	0	0	0	24,144	1997
Koy Petikon Palvelutalo Petikko	100	5,905	4,361	0	1,544	0	0	2007
Koy Tiilitie 8 Petikko	100	2,190	0	900	1,290	0	0	2007
Koy Tiilitie 10 Petikko	100	1,769	0	738	1,031	0	0	2007
Total		18,608	4,361	3,905	9,764	578	28,212	
GRAND TOTAL		99,226	6,685	34,829	55,840	1,872	64,189	

[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

CATELLA PROPERTY GROUP

APPRAISAL 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 Corporation, valuated the debt-free market value of real estate owned by the Company on December 31, 2008. The market value is determined as the amount, valuated in accordance with IVS 2007 5.2, at which the asset would, on the value date, change hands between a seller and a buyer who are willing participants in a commercial transaction and independent of each other, after appropriate marketing and with the parties acting in full knowledge, prudently and without coercion. Any subjective special interests of the buyer parties in regard to the properties are not taken into account in the valuation. Debt-free value means that no deductions have been made for any company debts, value added tax debts or similar liabilities.

The appraisal covers 16 of the same properties as the prior December 31, 2007 appraisal, as well as one new property. Eight of the properties were in Helsinki, at Gyldenintie 2, Tapulikaupungintie 37 / Lamppupolku 3, Liukumäentie 15, Rälssintie 10, Sirrikuja 1, Kivensilmänkuja 2, Höyläämötie 2 and Valimotie 2, five were in Espoo, at Karapellontie 11–13, Suomalaistentie 7, Tietäjäntie 12, Luomannotko 3 and Kappelitie 6, and four were in Vantaa, at Tiilitie 8, Tiilitie 10, Petikontie 6 and Äyritie 4–6.

The valuated investment properties are 97% leased, calculated by their rental yield potential. This figure was obtained by first calculating the rental yield potential of vacant premises on the basis of the unit rents used by the owner. During the year, the length of the average lease term has remained more or less unchanged. Rental rates used in new lease agreements 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.

We have valuated the debt-free market value of the aforementioned Julius Tallberg Real Estate Corporation properties at a total of ninety-four million five hundred thousand euros (EUR 94,500,000) on December 31, 2008. The real estate stock is wholly comprised of investment assets.

Helsinki, January 14, 2009

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