



REVIEW PERIOD IN BRIEF

		1.1.–31.3.2006	1.1.–31.3.2005
Revenue	EUR 1,000	2,474	2,314
Profit before taxes	EUR 1,000	1,658	1,057
		31.3.2006	31.3.2005
Market value of real estate stock	EUR million	110.7	97.0
Equity per share	EUR	13.83	12.50
Change	%	+11	
Equity-to-assets ratio	%	52	54
Interest rate hedging ratio	%	52	65
Occupancy rate	%	95	98

The company adopted IFRS reporting as of December 31, 2005. All figures are IFRS-compliant.
Not all the requirements of IAS 34 have been applied in drawing up the Interim Report.

MARKET OUTLOOK INVESTMENT MARKET

The Finnish real estate market continued to be characterized by lively investment activity and a healthy investment appetite which is now also focused on growth centers outside the Helsinki metropolitan area. The demand for good investment opportunities exceeds the supply, especially in the Helsinki metropolitan area. The yield requirements for real estate investments have decreased significantly during the past year.

PREMISES MARKET

Catella Property Ltd estimates that 8.1% of the office space in the Helsinki metropolitan area was vacant at the end of 2005; in other words, the figure was on the decline. Only 2-3% of commercial premises and logistics facilities were still vacant, reflecting an extended period of excessive demand compared with the supply of these types of premises.

MAIN EVENTS DURING THE REVIEW PERIOD

Julius Tallberg Real Estate Corporation has focused on an extension project relating to the Kiinteistö Oy Liukumäentie 15 property and on the rental management and economic upkeep of the remaining real es-

tate stock. The Liukumäentie project has advanced according to plan. The best results in the rental management were achieved in Suomalaisentie property. This had a positive effect on the real estate value.

The occupancy rate of the company's real estate stock was high during the review period and stood at 95% on March 31, 2006 (94% on December 31, 2005). The company's equity-to-assets ratio remained at the target level and was 52%.

Cooperation with the U.S. company, Cargill Inc., has continued in the Helsinki metropolitan area. On March 21, 2006, Jert Properties Oy sold the property it owned at a price slightly over its IFRS value on December 31, 2005. The property company is in process of being wound up.

DECISIONS OF THE ANNUAL GENERAL MEETING

Julius Tallberg Real Estate Corporation's Annual General Meeting of March 21, 2006 approved the company's financial statements for 2005 and discharged the Board of Directors and the Managing Director from liability. The AGM decided, in accordance with the Board's proposal, to distribute a dividend of EUR 0.31 per share. Magnus Bargum, Ernst Gylfe, Kaj Hedvall, Kari Jordan, Susanna Renlund, Martin Tallberg and Thomas Tallberg were re-elected as the company's Board of Directors. Of these, Magnus Bargum, Ernst Gylfe, Kaj Hedvall and Kari Jor-

dan are independent of the company. PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the company's Auditor.

The Board elected Susanna Renlund as Chairman of the Board and Thomas Tallberg as Vice Chairman. The Board established a Planning and Finance Committee, electing Martin Tallberg as its chairman and Thomas Tallberg, Susanna Renlund and Ernst Gylfe as its members.

The Board has no valid authorizations to increase the share capital or buy back the company's own shares.

PROFIT PERFORMANCE

Revenue from rental income during the review period was slightly higher than in the corresponding period of 2005 and totaled EUR 2.47 million. Profit before taxes was EUR 1.66 million, up by 57% on the com-

parison period. Profit increased mainly as a result of the revaluation of 0,6 million euros of investment property in the beginning of this year.

To protect against interest rate rises, the company had valid interest rate hedges totaling EUR 16.5 million and maturing in the period 2005–2013. These hedges represent an interest rate hedging ratio of 52%, taking into consideration the company's EUR 5.4 million fixed-rate loan (interest rate hedges+fixed-interest-rate loans/company's total loan portfolio).

The hedging ratio was increased on May 2, 2006 by additional interest rate hedging of EUR 5 million. The hedging ratio thus increased to the company's target level of 61%.

The company's real estate assets were revalued for the situation at March 31, 2006, and this was based on the company's internal assess-

THE VALUE OF THE GROUP'S INVESTMENT ASSETS AND AVAILABLE-FOR-SALE ASSETS CHANGED DURING JANUARY 1-MARCH 31, 2006 AS FOLLOWS:

EUR million	31.3.2006	31.12.2005
Market value of investment assets	108.7	105.7
Market value of available-for-sale assets	2.0	2.2
Total	110.7	107.9
Debt portion of available-for-sale assets	-0.9	-1.10
Total	109.8	106.9
Increase in investment assets	2.4	7.2
Change in fair value of investment assets	0.6	4.7
Total change	3.0	11.9

ment of its real estate holdings defined in accordance with section 5.2 of the IVS (Internal Valuation Standards) 2005. For this assessment, the company consulted Catella Property Ltd concerning changes in the market situation and in the company's yield requirements per property, bearing in mind the relevant events of the review period.

46,113 (1.3%) of the company's B shares were exchanged during January 1–March 31, 2006 at a total value of EUR 633,193. The share price was EUR 14.00 on March 31, 2006 (EUR 13.40 on December 31, 2005). Despite low share turnover, the share price increased by 4.5% during the review period.

OUTLOOK FOR 2006 AND THE FUTURE

The slowly improving demand outlook on the office rental market in the Helsinki metropolitan area will strengthen yield expectations, although development is not expected to be very rapid. The attractiveness of real estate will increase due to the continuation of relatively low interest rates, which will not only create interesting financing opportunities, but also reduce the attractiveness of fixed income investment instruments. Although interest rates have been increasing recently, they are likely to remain at a relatively low level.

The occupancy rate of Julius Tallberg Real Estate Corporation's real

estate stock is expected to remain at its current high level as leases are based on long-term partnerships with reliable corporate tenants. The value of the company's lease portfolio remained at a high level of EUR 42 million on March 31, 2006 (approx. EUR 42 million on December 31, 2005), and the average duration was over 4 years (4.2 years on December 31, 2005). The company's financial situation and liquidity are expected to continue to be good.

Revenue is expected to increase from the previous year's level.

The company's strategic goal is to increase the current value (EUR 110 million) of its real estate assets through new acquisitions in line with the company's investment policy, and to develop the company's building rights. The company's intent to increase its real estate portfolio promotes the diversification of risk and improves cost-effectiveness.

The goal is to provide shareholders with a safe and stable investment alternative by steadily improving the ability to distribute dividends. The company has increased its dividend for 10 consecutive years.

The information in this Interim Report is unaudited.

Espoo, May 9, 2006

Board of Directors

KEY FIGURES

	IFRS 1.1.-31.3.2006	IFRS 1.1.-31.3.2005	IFRS 1.1.-31.12.2005
Occupancy rate, %	95	98	94
Revenue	2,474	2,314	9,773
Operating profit	2,009	1,372	10,599
Earnings/share, EUR	0.30	0.19	1.63
Equity/share, EUR	13.83	12.50	13.82
Return on investment (ROI), % p.a.	8.2	6.3	11.7
Return on equity (ROE), % p.a.	8.6	6.0	12.4
Equity-to-assets ratio, %	51.8	53.6	52.8
Gross investments in fixed assets, EUR million	2.4	0.1	7.2
Gross investments in fixed assets, % of revenue	95.5	4.7	79.5
Personnel	4	4	4

CONSOLIDATED INCOME STATEMENT

EUR 1,000	IFRS 1.1.-31.3.2006	IFRS 1.1.-31.3.2005	Change	IFRS 1.1.-31.12.2005
REVENUE	2,474	2,314	160	9,773
Other income from operations	0	-2	2	13
Expenses				
Employee benefits	-92	-89		-582
Depreciation	-4	-6		-22
Change in the fair value of investment property	642	0	642	4,722
Property maintenance costs	-789	-647		-2,814
Other operating expenses	-222	-198	-24	-491
OPERATING PROFIT	2,009	1,372	637	10,599
Financial income	7	7	0	27
Finance costs	-358	-322	-36	-1,372
Profit before taxes	1,658	1,057	601	9,254
Income tax	-430	-280	-150	-2,529
PROFIT FOR THE REVIEW PERIOD	1,228	777	451	6,725
Earnings/share, EUR				
Diluted and undiluted	0.30	0.19		1.63

CONSOLIDATED BALANCE SHEET

EUR 1,000	IFRS 31.3.2006	IFRS 31.3.2005	IFRS 31.12.2005
ASSETS			
Non-current assets			
Tangible fixed assets	40	50	41
Intangible assets	8	13	9
Investment property	108,700	93,800	105,700
Available-for-sale investments	711	1,655	878
Receivables	336	336	336
Deferred tax assets	113	205	180
	109,908	96,059	107,144
Current assets			
Trade and other receivables	264	153	886
Cash and cash equivalents	1	2	1
TOTAL ASSETS	110,173	96,214	108,031
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of parent company			
Share capital	21,027	21,027	21,027
Share premium account	6,109	6,109	6,109
Revaluation reserve	153	848	277
Hedge fund	32	-250	-190
Retained earnings	28,460	23,012	23,013
Profit for the period	1,228	777	6,725
Total equity	57,009	51,524	56,961
Non-current liabilities			
Interest-bearing liabilities	24,969	23,730	25,641
Deferred tax liabilities	10,030	8,119	9,790
Total non-current liabilities	34,999	31,849	35,431
Current liabilities			
Trade and other payables	881	1,225	2,031
Current interest-bearing liabilities	17,284	11,616	13,607
Total current liabilities	18,165	12,841	15,638
Total liabilities	53,164	44,690	51,069
TOTAL EQUITY AND LIABILITIES	110,173	96,214	108,031
Interest-bearing liabilities			
	42,253	35,346	39,248

CONSOLIDATED CASH FLOW STATEMENT

	IFRS	IFRS	IFRS
EUR 1,000	1.1.-31.3.2006	1.1.-31.3.2005	1.1.-31.12.2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,228	777	6,725
Adjustments for:			
Non-cash transactions			
Proceeds from disposal of fixed assets	0	0	-13
Depreciation	4	6	22
Changes in fair value of investment property	-642	0	-4,722
Financial items	351	315	1,345
Income tax expense	430	280	2,529
Changes in working capital			
Change in trade and other receivables	664	260	-453
Change in trade and other payables	-887	-656	458
Interests and financing expenses, paid	-358	-281	-1,641
Interests received	0	1	8
Tax paid	-158	-129	-623
NET CASH FROM OPERATING ACTIVITIES	633	573	3,635
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	3	0	-3
Investments in investment property	-2,363	0	-7,182
Proceeds from sale of investment property	0	0	18
Dividends received	0	1	1
NET CASH USED IN INVESTING ACTIVITIES	-2,360	1	-7,163
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raised	3,677	1,335	8,900
Loan repayments	-672	-672	-4,136
Dividends paid	-1,278	-1,237	-1,237
NET CASH FROM FINANCING ACTIVITIES	1,727	-574	3,527
Change in liquid assets	0	0	-1
Liquid assets at beginning of period	1	2	2
LIQUID ASSETS AT END OF PERIOD	1	2	1

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium account	Revaluation reserve	Hedge fund	Retained earnings	Total
Equity 1.1.2005	21,027	6,109	848	-250	24,250	51,984
Dividends paid					-1,237	-1,237
Profit for the period					777	777
Equity 31.3.2005	21,027	6,109	848	-250	23,790	51,523
Equity 31.12.2005	21,027	6,109	277	-190	29,738	56,961
Equity 1.1.2006	21,027	6,109	277	-190	29,738	56,961
Revaluation reserve, change recognized in equity			-167			-167
Cash flow hedges, amount recognized in equity			300			300
Deferred taxes		43		-78		-35
Dividends paid					-1,278	-1,278
Profit for the period					1,228	1,228
Equity 31.3.2006	21,027	6,109	153	32	29,688	57,009

MARKET VALUE OF INVESTMENT PROPERTY

EUR 1,000	IFRS 1.1.-31.3.2006	IFRS 1.1.-31.3.2005	IFRS 1.1.-31.12.2005
Market value of investment property, 1.1.2006	105,700	93,800	93,800
Expenditure on investment property	2,358	0	1,765
Investment properties acquired	0	0	5,413
Change in fair value of investment property	642	0	4,722
Market value of investment property, 31.3.2006	108,700	93,800	105,700

The 2006 amendments to the IFRS are included in the interim report. The standards affecting Julius Tallberg Real Estate Corporation are:

IAS 19 (Amendment) Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures

IAS 39 (Amendment) Financial Instruments: Recognition and Measurement (application of cash flow hedge accounting to projected intragroup transactions)

IAS 39 (Amendment) Financial Instruments: Recognition and Measurement and IFRS 4 (Change) Insurance Contracts - Guarantee Contracts

IFRIC 4 Determining Whether an Arrangement Contains a Lease

The adoption of these amendments did not cause changes to the accounting policies that

EXPOSURES FROM DERIVATIVE CONTRACTS

EUR 1,000	31.3.2006	31.3.2005	31.12.2005
Interest rate swaps			
Interest rate swaps, nominal value of capital	17,083	23,545	17,567

PLEDGES, MORTGAGES AND LIABILITIES

EUR 1,000	31.3.2006	31.3.2005	31.12.2005
Secured loans from financial institutions	41,990	34,909	38,985
Collateral pledged on own debt			
Mortgages	49,020	39,641	45,020