

**REVIEW PERIOD IN BRIEF**

		1.1.–30.6.2006	1.1.–30.6.2005
Revenue,	EUR 1,000	5,013	4,777
Profit before taxes,	EUR 1,000	3,532	2,237
		<b>30.6.2006</b>	30.6.2005
Market value of real estate stock	EUR million	113.8	102.4
Equity per share	EUR	14.18	12.65
Change	%	+12	
Equity-to-assets ratio	%	52	54
Interest rate hedging ratio	%	63	62
Occupancy rate	%	95	96

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**

In the Finnish real estate market, foreign purchase demand has been particularly strong for office properties with risk-free leases. For relatively risk-free office buildings located outside the Helsinki city center, investors have a net yield requirement of 6.75-8.75%, depending on site-specific characteristics. Investment volumes increased in the review period and, according to Catella Property Ltd, totaled approximately EUR 2 billion. Investment activity remains lively and the investment appetite continues to be healthy, with focus now also on growth centers outside the Helsinki metropolitan area. The demand for good investment opportunities exceeds the supply, at present most substantially in the Helsinki metropolitan area.

**PREMISES MARKET**

The volume of vacant office space in the Helsinki metropolitan area has declined. Only 2-3% of commercial premises and logistics facilities are vacant, reflecting a still-continuing 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 real estate stock. The Liukumäentie project was completed according to plan at the end of July and was delivered for the use of Schenker Cargo Oy. The company's investments during the review period totaled EUR 4.2 million.

On May 31, 2006, the company signed a preliminary agreement with Hartela Kiinteistömarkkinointi Oy on the sale of the entire stock of Kiinteistö Oy Arinatie 8, located in the Kartanonkoski district within the Aviapolis area in Vantaa and owned by the company. According to the preliminary agreement, the buyer and seller will apply for a revision of the zoning plan to make the site suitable for residential construction. The transaction will be completed once the zoning plan revision has come into legal effect. The preliminary sales price is approximately EUR 6.7 million. If the plan revision is not effected, the transaction will be cancelled.

The occupancy rate of the Group's real estate stock was high during the review period and currently stands at 95% (94% on December 31, 2005). The company's equity-to-assets ratio remained at the target level and was 52% on June 30, 2006.

Cooperation with the U.S. company, Cargill Inc., has continued in the Helsinki metropolitan area. On March 21, 2006, the jointly owned Jert Properties Oy sold the property it owned, and this sale had a positive effect on the result. The property company is in the process of being wound up.

## PROFIT PERFORMANCE

Revenue from rental income during the review period was 5% higher than in the corresponding period of 2005 and totaled EUR 5 million. Profit before taxes was EUR 3.5 million, up by 58% on the comparison period.

Profit increased mainly as a result of an investment property revaluation of EUR 1.7 million.

To protect against interest rate rises, at June 30, 2006 the company had valid interest rate hedges totaling EUR 21.1 million and maturing in the period 2006-2013. These hedges represent an interest hedging ratio of 63%, 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 company's real estate assets were revalued for the situation at June 30, 2006. The revaluation was based on the company's internal assessment 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.

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

### ASSETS CHANGED DURING JANUARY 1-JUNE 30, 2006 AS FOLLOWS:

EUR million	30.6.2006	31.3.2006	31.12.2005
Market value of investment assets	111.6	108.7	105.7
Market value of available-for-sale assets	2.2	2.0	2.2
Total	113.8	110.7	107.9
Debt portion of available-for-sale assets	-0.9	-0.9	-1.0
Total	112.9	109.8	106.9
Increase in investment assets	4.2	2.4	7.2
Change in fair value of investment assets	1.7	0.6	4.7
Total change	5.9	3.0	11.9

67,389 (1.9%) of the company's B shares were exchanged during January 1-June 30, 2006 at a total value of EUR 961,895. The share price was EUR 15.40 on June 30, 2006 (EUR 13.40 on December 31, 2005). Despite low share turnover, the share price increased by 15% during the review period.

## OUTLOOK FOR 2006 AND THE FUTURE

The improving demand outlook on the office rental market in the Helsinki metropolitan area will strengthen yield expectations. According to Catella Property Ltd's estimate, real estate investment volumes in 2006 will rise to a record level of EUR 5.1 billion.

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 40 million on June 30, 2006 (approx. EUR 42 million on December 31, 2005), and the average duration was about 4 years (4.2 years on Decem-

ber 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 114 million) of its real estate assets within the constraints of the equity-to-assets target through new acquisitions in line with the company's investment policy and by developing 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, August 10, 2006*  
Board of Directors

**KEY FIGURES**

	IFRS 1.1.-30.6.2006	IFRS 1.1.-30.6.2005	IFRS 1.1.-31.12.2005
Occupancy rate, %	95	96	94
Revenue	5,013	4,777	9,773
Operating profit	4,319	2,894	10,599
Earnings/share, EUR	0.63	0.40	1.63
Equity/share, EUR	14.18	12.65	13.82
Return on investment (ROI), % p.a.	8.8	6.5	11.7
Return on equity (ROE), % p.a.	9.0	6.4	12.4
Equity-to-assets ratio %	52.2	51.3	52.8
Gross investments in fixed assets, EUR million	4.2	5.7	7.2
Gross investments in fixed assets, % of revenue	83.0	119.6	79.5
Personnel	4	4	4

**CONSOLIDATED INCOME STATEMENT**

1 000 EUR	IFRS 1.1.-30.6.2006	IFRS 1.1.-30.6.2005	Change	IFRS 1.1.-31.12.2005
REVENUE	5,013	4,777	236	9,773
Other income from operations	0	13	-13	13
Expenses				
Employee benefits	-182	-221	39	-582
Depreciation	-8	-11	3	-22
Change in the fair value of investment property	1,743	0	1,743	4,722
Property maintenance costs	-1,627	-1,291	-336	-2,814
Other operating expenses	-620	-373	-247	-491
OPERATING PROFIT	4,319	2,894	1,425	10,599
Financial income	14	13	1	27
Finance costs	-801	-670	-131	-1,372
Profit before taxes	3,532	2,237	1,295	9,254
Income tax	-942	-583	-359	-2,529
PROFIT FOR THE REVIEW PERIOD	2,590	1,654	936	6,725
Earnings/share, EUR				
Diluted and undiluted	0.63	0.40		1.63

**CONSOLIDATED BALANCE SHEET**

	IFRS	IFRS	IFRS
1 000 EUR	30.6.2006	30.6.2005	31.12.2005
<b>ASSETS</b>			
Non-current assets			
Tangible fixed assets	36	46	41
Intangible assets	7	11	9
Investment property	111,600	99,213	105,700
Available-for-sale investments	725	1,636	878
Receivables	309	336	336
Deferred tax assets	113	276	180
	<b>112,791</b>	<b>101,518</b>	<b>107,144</b>
Current assets			
Trade and other receivables	730	207	886
Cash and cash equivalents	1	2	1
<b>TOTAL ASSETS</b>	<b>113,522</b>	<b>101,727</b>	<b>108,031</b>
<b>EQUITY AND LIABILITIES</b>			
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	164	837	277
Hedge fund	122	-465	-190
Retained earnings	28,460	23,012	23,013
Profit for the period	2,590	1,654	6,725
<b>Total equity</b>	<b>58,472</b>	<b>52,175</b>	<b>56,961</b>
Non-current liabilities			
Interest-bearing liabilities	29,952	27,734	25,641
Deferred tax liabilities	10,414	8,184	9,790
<b>Total non-current liabilities</b>	<b>40,366</b>	<b>35,918</b>	<b>35,431</b>
Current liabilities			
Trade and other payables	1,443	1,993	2,031
Current interest-bearing liabilities	13,241	11,641	13,607
<b>Total current liabilities</b>	<b>14,684</b>	<b>13,634</b>	<b>15,638</b>
<b>Total liabilities</b>	<b>55,050</b>	<b>49,552</b>	<b>51,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>113,522</b>	<b>101,727</b>	<b>108,031</b>
Interest-bearing liabilities	43,193	39,375	39,248

**CONSOLIDATED CASH FLOW STATEMENT**

	IFRS	IFRS	IFRS
1 000 EUR	1.1.-30.6.2006	1.1.-30.6.2005	1.1.-31.12.2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	<b>2,590</b>	1,654	6,725
Adjustments for:			
Non-cash transactions			
Proceeds from disposal of fixed assets	<b>0</b>	-13	-13
Depreciation	<b>8</b>	11	22
Changes in fair value of investment property	<b>-1,743</b>	0	-4,722
Financial items	<b>787</b>	670	1,345
Income tax expense	<b>942</b>	583	2,529
Changes in working capital			
Change in trade and other receivables	<b>321</b>	70	-453
Change in trade and other payables	<b>-370</b>	151	458
Interests and financing expenses, paid	<b>-761</b>	-931	-1,641
Interests received	<b>6</b>	1	8
Tax paid	<b>-316</b>	-257	-623
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,464</b>	1,940	3,635
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments in tangible and			
intangible assets	<b>-2</b>	0	-3
Investments in investment property	<b>-4,157</b>	-5,413	-7,182
Proceeds from sale of investment property	<b>27</b>	18	18
Dividends received	<b>0</b>	0	1
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-4,131</b>	-5,395	-7,163
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans raised	<b>6,014</b>	6,760	8,900
Loan repayments	<b>-2,068</b>	-2,068	-4,136
Dividends paid	<b>-1,278</b>	-1,237	-1,237
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>2,668</b>	3,455	3,527
Change in liquid assets	<b>0</b>	0	-1
Liquid assets at beginning of period	<b>1</b>	2	2
<b>LIQUID ASSETS AT END OF PERIOD</b>	<b>1</b>	2	1

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Share premium account	Revaluation reserve	Hedge fund	Retained earnings	<b>Total</b>
Equity 1.1.2005	21,027	6,109	848	-249	24,249	<b>51,985</b>
Revaluation reserve, change recognized in equity			-10			<b>0</b> <b>-10</b>
Cash flow hedges, amount recognized in equity				-216		<b>0</b> <b>-216</b>
Dividends paid					-1,237	<b>-1,237</b>
Profit for the period					1,654	<b>1,654</b>
Equity 30.6.2005	21,027	6,109	838	-465	24,666	<b>52,175</b>
Equity 31.12.2005	21,027	6,109	277	-190	29,738	<b>56,961</b>
Equity 1.1.2006	21,027	6,109	277	-190	29,738	<b>56,961</b>
Revaluation reserve, change recognized in equity			-153			<b>-153</b>
Cash flow hedges, amount recognized in equity				422		<b>422</b>
Deferred taxes			40	-110		<b>-70</b>
Dividends paid					-1,278	<b>-1,278</b>
Profit for the period					2,590	<b>2,590</b>
Equity 30.6.2006	21,027	6,109	164	122	31,050	<b>58,472</b>

**MARKET VALUE OF INVESTMENT PROPERTY**

1 000 EUR	<b>IFRS</b> <b>1.1.-30.6.2006</b>	IFRS 1.1.-30.6.2005	IFRS 1.1.-31.12.2005
Market value of investment property, 1.4.2006	<b>105,700</b>	93,800	93,800
Expenditure on investment property	<b>4,157</b>	0	1,765
Investment properties acquired	<b>0</b>	5,413	5,413
Change in fair value of investment property	<b>1,743</b>	0 <sup>)</sup>	4,722
Market value of investment property, 30.6.2006	<b>111,600</b>	99,213	105,700

<sup>)</sup> Figures are not fully comparable because in 2005, the value of investment property was determined only for the situation on December 31, 2005. As from 2006, the value of investment property has been determined every quarter.

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 (Amendment) 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 would have had an effect on the information presented in this Interim Report.

**EXPOSURES FROM DERIVATIVE CONTRACTS**

1 000 EUR	30.6.2006	30.6.2005	31.12.2005
Interest rate swaps			
Interest rate swaps, nominal value of capital	<b>21,128</b>	19,005	17,567

**PLEDGES, MORTGAGES AND LIABILITIES**

1 000 EUR	30.6.2006	30.6.2005	31.12.2005
Secured loans from financial institutions	<b>43,193</b>	39,375	38,514
Collateral pledged on own debt			
Mortgages	<b>51,420</b>	45,033	45,020