JULIUS TALLBERG KIINTEISTÖT

Interim Report, January 1 - June 30, 2007

The company's twentieth year of operations

Q2/2007

REVIEW PERIOD IN BRIEF

		1.1.-30.6.2007	1.1.-30.6.2006	1.1.-31.12.2006
Revenue	(EUR 1,000)	**5,142**	5,013	10,447
Profit before taxes	(EUR 1,000)	**3,493**	3,532	20,674
Operative cash flow [1]	(EUR 1,000)	**10,928**	1,491	3,738
Market value of real estate assets				
at end of review period	(EUR million)	**139.6**	113.8	129.7
Increase in investment properties	(EUR million)	**33.1**	4.2	5.3
Sales profits of investment properties	(EUR million)	**24.9**	0	0
Equity per share at end of review period	(EUR)	**3.16**	2.44	2.95
Equity-to-assets ratio at end of review period	%	**57**	52	58
Interest rate hedging ratio at end of review period	%	**67**	63	63
Occupancy rate at end of review period	%	**91**	95	93

[1] Calculation of the operative cash flow:
Operating profit +/- sales profits or losses of real estate properties ./. cash flow interests, net +/- cash flow taxes and +/- change in fair value of investment properties

OUTLOOK FOR 2007 IN BRIEF

Revenue and especially operative cash flow increased compared with the corresponding period of 2006 due to the purchase and sales transactions during the period.

- Result before the change in fair value of investment properties is expected to improve on last year
- High property value increases are not expected this year as last year, so the book result will not reach the level of the previous year
- Net rental income is expected to remain high
- Occupancy rate is expected to increase
- Preliminary planning and rental marketing of the new office building project in Aviapolis area in Vantaa have been commenced.

MARKET OUTLOOK

INVESTMENT MARKET

Transaction volumes continued to be high on Finland's property market in the first half of 2007. According to Catella Property Oy, the return requirements for property investments dropped a further 0.2 %-points in the first half-year. The net return requirement for prime investment objects in the Helsinki city center is currently about 4.7-5.1%. The equivalent figure for office buildings located outside the center is around 5.9-7.5%, depending on the site-specific characteristics. Foreign demand continues to be strong and, due to scarce supply, deals have been made on riskier objects with relatively low return requirements.

PREMISES MARKET

In the first half-year, the vacancy rate for office premises in the Helsinki metropolitan area was about 7.9%. The volume of vacant commercial and logistics premises is at the 1.7-2.5% level. In other words, the long continuing situation of excessive demand for these types of premises continues.

MAIN EVENTS DURING THE REVIEW PERIOD

PROPERTY DISPOSALS

No disposals of the company's investment properties have taken place since the share transactions related to the Koy Helsingin Kanavaranta 7 and Koy Nahkahousuntie 3 properties were concluded in the first quarter.

PROPERTY INVESTMENTS

Following the acquisition of SK Property Oy and the Tietäjäntie 12 property in the first quarter, Julius Tallberg Real Estate Corporation signed an agreement on June 13, 2007 to purchase the entire stock of six real estate companies from Hannu and Airi Sohlberg and also made a preliminary agreement on a further real estate company. The total price of these transactions, including the preliminary agreement, is approx. EUR 25.5 million. Three of the properties owned by these real estate companies are located in Vantaa and four are located in Helsinki. Their combined surface area is about 21,500 m^2 and the occupancy rate is about 94%. The premises are mainly in office or commercial use.

The Board of Directors of Julius Tallberg Real Estate Corporation decided to offer 1.33 million shares, equivalent to 5.04% of the company's total shares and votes, to Hannu Sohlberg on June 13, 2007 as part of the transaction price. The share offering was valued at approx. EUR 5.0 million.

The transaction related to the stock of the following real estate companies:
1. Kiinteistö Oy Helsingin Valimotie 2, Pitäjänmäki, Helsinki
2. Kiinteistö Oy Tiilitie 8, Petikko, Vantaa
3. Kiinteistö Oy Petikon Palvelutalo, Petikontie 6, Vantaa
4. Kiinteistö Oy Tiilitie 10, Petikko, Vantaa
5. Kiinteistö Oy Sirrikujan Teollisuustalo, Sirrikuja 1, Helsinki
6. Kiinteistö Oy Kivensilmänkuja 2, Myllypuro, Helsinki

The preliminary agreement concerned the shares of the Kiinteistö Oy Helsingin Höyläämötie 2 real estate company, located at Pitäjänmäki, Helsinki.

The rights of proprietorship and possession of the above-mentioned companies 1 - 6 were transferred on June 13, 2007. The preliminary agreement made with respect to the Kiinteistö Oy Helsingin Höyläämötie 2 real estate company concerned the right to conclude a share transaction no later than three months after the agreement, if the tenant does not exercise his pre-emptive right of purchase.

The investment made, which is the largest in the company's history, is in line with its strategic goals and increases the fair value of its investment property to approx. EUR 140 million. The Group's revenue will grow as a result of the transaction and its impact on profit will be positive.

The occupancy rate of the company's investment properties is currently 91% (95% on December 31, 2006). The company's equity-to-assets ratio was 57% on June 30, 2007.

DECISIONS OF THE ANNUAL GENERAL MEETING

Julius Tallberg Real Estate Corporation's Annual General Meeting of March 7, 2007 approved the company's financial statements for 2006 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 0.34 per share.

Magnus Bargum, Kaj Hedvall, Kari Jordan, Susanna Renlund, Kari Sainio, Martin Tallberg and Thomas Tallberg were elected as the company's Board of Directors. As interpreted by the Board, four members elected to the Board, i.e. Magnus Bargum, Kaj Hedvall, Kari Jordan and Kari Sainio, are independent of the company and the company's major shareholders. The Board elected Susanna Renlund as Chairman of the Board and Thomas Tallberg as Vice Chairman. The Board did not establish any committees.

PricewaterhouseCoopers Oy, Authorized Public Accountants, were re-elected as the company's Auditor.

The Annual General Meeting approved the Board's proposal on the merging of share categories. The company's A and B shares were merged and it was decided to offer a bonus issue of 56,505 shares to holders of A shares. Application was made to the OMX Nordic Exchange for public trading of the company's unquoted shares, 621,575 shares in all.

The Annual General Meeting approved the Board's proposal on amending the Articles of Association. The amendments concern the elimination of the company's minimum and maximum capital, the nominal value and different categories of shares. In addition, it was decided that a notice of a general meeting could be delivered no earlier than three months and no later than 17 days before a meeting, by publishing the notice in one newspaper or by letter. In other respects the article was amended to correspond with the requirements of the new Finnish Companies' Act.

The Annual General Meeting authorized the Board of Directors to decide on a bonus share issue for shareholders in relation to their respective shareholdings without changing the company's share capital. The Board of Directors can issue, in one or more lots, a maximum of 21,000,000 new shares. The authorization is valid for five years from the decision of the General Meeting. The authorization was registered in the Trade Register on March 15, 2007.

The Board decided, at its meeting on March 21, 2007, to utilize the authorization to implement a bonus share issue, in which a total of 20,897,525 new shares would be issued to shareholders. As a result of the share issue, the number of the company's shares would increase to 25,077,030 shares. The decision was registered in the Trade Register on March 26, 2007.

DECISIONS OF THE EXTRAORDINARY GENERAL MEETING

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

1. Authorized the Board of Directors to decide on the acquisition of a maximum of 1,253,850 of the company's own shares. The company's own shares may be acquired with the company's non-restricted equity at their market price on the Helsinki Stock Exchange at the time of acquisition, and in other than a proportional relationship to the shares owned by the shareholders provided that the company has a weighty financial reason for the acquisition.
2. Authorized the Board of Directors to decide on one or more issues of the company's shares and on the issuance of special rights entitling to shares referred to in the Finnish Companies' Act (624/2006), chapter 10, section 1 as follows:

   The Board of Directors is authorized to decide on the number of company shares to be issued and the number of special rights entitling to shares provided that no more than 18,000,000 company shares may be issued pursuant to this authorization. The Board of Directors is authorized to decide on all other terms and conditions of share issues and of the issuance of special rights entitling to shares. This authorization applies to both the issue of new shares of the company and the conveyance of the company's own shares in the possession of the company. Share offerings and the issuance of special rights entitling to shares may occur in deviation from the preemptive subscription rights of shareholders, if the company has a weighty financial reason for so doing, such as the use of shares as consideration in acquisitions or other business restructuring, as a means of financing investments or as part of the company's incentive system for personnel.
3. Decided to reduce the company's share premium account by transferring the EUR 6,109,233.27 recognized in it in the financial statements of December 31, 2006, entirely to the invested non-restricted equity fund, which is part of the company's non-restricted equity. The share premium account will be reduced without compensation, and will not affect the number of the company's shares, the rights pertaining to the company's shares or the holdings of shareholders in the company. The reduction of the share premium account is expected to be concluded during the fall.

The authorization decisions of the Extraordinary General Meeting have been entered in the Trade Register.

THE CHANGE IN THE FAIR VALUE OF THE GROUP'S INVESTMENT ASSETS AND AVAILABLE-FOR-SALE ASSETS DURING JANUARY 1 - JUNE 30, 2007 WAS AS FOLLOWS:

EUR million	30.6.2007	31.12.2006
Market value of investment assets	**133.3**	96.3
Market value of available-for-sale assets	**6.3**	33.4
Total	**139.6**	129.7
Debt portion of available-for-sale assets	**-**	-1.1
Total	**139.6**	128.6
Increase in investment assets	**33.1**	5.3
Decrease in real estate stock	**-24.9**	-
Change in fair value of investment assets	**1.7**	16.5
Total change	**9.9**	21.8

PROFIT PERFORMANCE

Revenue from rental income during the review period totaled EUR 5.14 million, i.e. 3% higher than in the corresponding period of 2006. Profit before taxes was EUR 3.49 million, which is almost the same as in the previous year.

To hedge against interest rate rises, the company had valid interest rate hedges on June 30, 2007 totaling EUR 25.8 million and maturing in the period 2007-2017. These hedges represent an interest hedging ratio of 67%, taking into consideration the company's EUR 5.4 million fixed rate loan (interest risk hedges + fixed rate loans / company's total loan portfolio).

The company's real estate stock was revalued for the situation on June 30, 2007. The revaluation is based on Catella Property Oy's statement made under IVS 2005 in which changes in the market and in the company's property-specific return requirements and significant events occurring during the review period are taken into account. Concerning the portfolio of six properties acquired on June 13, 2007, their acquisition price has been used as the market value.

The EUR 2.0 million change in the fair value of investment property recognized in the income statement includes EUR 0.3 million resulting from cancellation of the revaluation reserve and corresponding deferred tax liability, related to the increase in the company's holding in SK Property Oy. During the review period, the Group's equity increased to EUR 79.1 million, i.e. by 8% (1 July 2006-30 June 2007 31%), while equity per share increased to EUR 3.16, i.e. by 7% (1 July 2006-30 June 2007 30%).

The turnover of the company's issue-adjusted shares on the OMX Nordic Exchange for the period January 1 - June 30, 2007 was 468,616 shares (i.e. 1.87% of the average number of shares), and was valued at EUR 1,643,409.20. The share-issue adjusted trading price varied between EUR 2.97 and EUR 4.10. The final trading price on June 30, 2007 was EUR 3.85. The market capitalization of the company's stock on June 30, 2007 was EUR 101,667,065.50. Despite the small turnover, the share price rose by 23% during the review period.

RISK MANAGEMENT

According to the Group's risk assessment, the risk level related to the Group's strategic targets is low. The risk level can be considered low with respect to the tenant portfolio, the competitors and operating environment, subcontractors and suppliers. Similarly, the risk level is low with respect to financing and investments. To hedge against interest rate rises, the company has made significant interest hedges for the period 2007-2017. The company is also well-prepared with respect to accident and liability risks and data security. Due to the small number of personnel, the company's personnel resources have been strengthened by recruiting a new financial manager and a real estate manager, in order to reduce the risk of the back-up system.

There have been no exceptional business transactions with insiders. The employee benefits of the management are at the level of the comparison period.

OUTLOOK FOR 2007 AND THE FUTURE

This year's growth forecast for the Finnish economy continues to be more optimistic than that for the rest of Europe. Foreign investors are still very interested in the Helsinki metropolitan area's property market. International investors' faith in Finland is based on the favorable economic outlook, social stability and reliable market intelligence. Real estate fund have also been established and the return requirements have declined in all property types, which is evidence of the trust shown in Finland's property market. According to the Finnish Association of Building Owners and Construction Clients (Rakli), rent trends are rising in both commercial and office properties. The construction of office premises has quickened and growth is continuing strongly, although a slight slackening is apparent in the construction of new apartments.

The value of Julius Tallberg Real Estate Corporation's lease portfolio was still at a high level of approx. EUR 33 million on June 30, 2007 (approx. EUR 32 million on December 31, 2006), but its average duration had dropped to 2.8 years (3.5 years on December 31, 2006). The company's financial solvency and liquidity are forecast to remain good.

Revenue will grow from the previous year's level. It is expected that the current net rental yield will remain high and that the occupancy rate will rise after the marketing of the Tietäjäntie 12 property begins to yield results and after the successful outcome of rent negotiations with Turun Datacity during the fall.

No material adverse factors affecting the fair value are visible in the short term due to the positive situation prevailing in the Helsinki metropolitan area's property market. However, the significant value increase of last year (EUR 16.5 million) is not likely to be repeated this year (EUR 2.0 million increase in value during 1-6/2007). The result before the change in fair value is expected to improve on last year.

The company's strategic goal is to continue increasing the company's real estate assets by using share offerings as a means of payment in transactions. The company's Board of Directors still has an unused share issue authorization of about EUR 16.7 million. In addition, the company's goal is to develop the company's building rights, especially with respect to the approximately 24,000 m^2 office building rights held by the company at the Äyritie site in Aviapolis, Vantaa. Premilinary planning and rental marketing of the new building project in Aviapolis area in Vantaa have been commenced.

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 dividends for 11 years already.

ACCOUNTING POLICIES

This Interim Report complies with IAS 34, Interim financial reporting. The company has applied the same accounting policies in compiling the Interim Report as it did in compiling the annual financial statements for 2006. All new and amended standards and interpretations have been taken into account, but have had no material impact.

The information in this Interim Report is unaudited.

Espoo, August 9, 2007
Board of Directors

KEY FIGURES

	1.1.-30.6.2007	1.1.-30.6.2006	1.1.-31.12.2006
Occupancy rate, %	**91**	95	93
Revenue	**5,142**	5,013	10,447
Operating profit	**4,190**	4,319	22,167
Earnings/share, EUR	**0.10**	0.10	0.62
Equity/share, EUR	**3.16**	2.44	2.95
Return on investment (ROI), % p.a.	**7.1**	8.7	21.2
Return on equity (ROE), % p.a.	**6.6**	8.7	23.2
Equity-to-assets ratio, %	**56.6**	53.8	57.7
Gross investments in fixed assets, EUR million	**38.1**	4.2	5.3
Gross investments in fixed assets, % of revenue	**741.0**	83.0	50.4
Personnel	**4**	4	4

CONSOLIDATED INCOME STATEMENT

	Actual			Comparison	
1 000 EUR	**1.4.-30.6.2007**	1.1.-30.6.2007	1.4.-30.6.2006	1.1.-30.6.2006	1.1.-31.12.2006
REVENUE	**2,522**	5,142	2,539	5,013	10,447
Expenses					
From employee benefits	**-128**	-269	-90	-182	-586
Depreciation	**-2**	-5	-4	-8	-16
Change in the fair value of investment property	**-140**	2,021	1,101	1,743	16,525
Property maintenance costs	**-1,054**	-2,077	-838	-1,627	-3,701
Other operating expenses	**-250**	-622	-398	-620	-502
OPERATING PROFIT	**948**	4,190	2,310	4,319	22,167
Financial income	**18**	59	7	14	128
Financial expenses	**-393**	-756	-443	-801	-1,621
Profit before taxes	**573**	3,493	1,874	3,532	20,674
Income tax	**-225**	-983	-512	-942	-5,351
NET PROFIT FOR THE REVIEW PERIOD	**348**	2,510	1,362	2,590	15,323
Earnings/share, EUR					
Diluted and undiluted	**0.01**	0.10	0.06	0.10	0.62

CONSOLIDATED BALANCE SHEET

EUR 1,000	**30.6.2007**	30.6.2006	31.12.2006
ASSETS			
Non-current assets			
Tangible fixed assets	**64**	36	33
Intangible assets	**4**	7	6
Investment property	**133,300**	111,600	96,300
Available-for-sale investments	**0**	725	748
Receivables	**0**	309	309
Deferred tax assets	**0**	113	113
	133,368	112,791	97,509
Current assets			
Trade and other receivables	**1,730**	730	931
Cash and cash equivalents	**1**	1	1
	1,731	731	932
Non-current asset items held for sale	**6,300**	0	31,200
TOTAL ASSETS	**141,399**	113,522	129,641
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Share capital	**21,027**	21,027	21,027
Share premium account	**6,109**	6,109	6,109
Revaluation reserve	**0**	164	191
Hedge fund	**271**	122	150
Invested non-restricted equity fund	**5,001**	0	0
Retained earnings	**44,191**	30,270	30,270
Net profit for the period	**2,510**	2,590	15,323
Total equity	**79,110**	60,282	73,070
Non-current liabilities			
Interest-bearing liabilities	**39,117**	28,552	26,484
Other liabilities	**1,400**	1,400	1,400
Deferred tax liabilities	**10,959**	8,604	12,911
Total non-current liabilities	**51,476**	38,556	40,795
Current liabilities			
Trade and other payables	**3,686**	1,443	3,015
Current interest-bearing liabilities	**7,128**	13,241	12,761
Total current liabilities	**10,814**	14,684	15,776
Total liabilities	**62,290**	53,240	56,571
TOTAL EQUITY AND LIABILITIES	**141,399**	113,522	129,641
Interest-bearing liabilities	**46,245**	41,793	39,245

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	**1.1.-30.6.2007**	1.1.-30.6.2006	1.1.-31.12.2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	**2,510**	2,590	15,323
Adjustments for:			
Non-cash transactions			
Depreciation	**5**	8	16
Changes in fair value of investment property	**-2,021**	-1,743	-16,524
Financial items	**515**	787	1,493
Tax	**983**	942	5,351
Changes in working capital			
Change in trade and other receivables	**393**	321	413
Change in trade and other payables	**-228**	-370	-590
Interest and financing expenses paid	**-756**	-761	-1,593
Interest received	**59**	6	30
Tax paid	**-252**	-316	-442
NET CASH FROM/USED IN OPERATING ACTIVITIES	**1,208**	1,464	3,477
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and			
intangible assets	**-35**	-2	-5
Advances received on disposal of tangible assets	**0**	0	1,525
Investments in investment property	**-28,044**	-4,157	-5,261
Proceeds from disposal of investments	**21,273**	27	27
Dividends received	**0**	0	98
NET CASH FROM/USED IN INVESTING ACTIVITIES	**-6,806**	-4,131	-3,616
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans withdrawn	**17,700**	6,014	6,469
Repayments on loans	**-10,701**	-2,068	-5,052
Dividends paid	**-1,402**	-1,278	-1,278
NET CASH FROM/USED IN FINANCING ACTIVITIES	**5,598**	2,668	139
Change in liquid assets	**0**	0	0
Liquid assets at beginning of period	**1**	1	1
LIQUID ASSETS AT END OF PERIOD	**1**	1	1

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Share premium account	Revaluation reserve	Hedge fund	Invested non-restricted equity fund	Retained earnings	**Total**
Equity 1.1.2006	21,027	6,109	277	-190	0	31,547	**58,770**
Interest hedges							
Gains recognized in equity				422			**422**
Deferred tax liabilities				-110			**-110**
Available-for-sale investments							
Gains/losses on measurement at fair value			-153				**-153**
Taxes related to items recognized in equity or transferred from equity			40				**40**
Net income recognized directly in equity							**0**
Net profit for the period						2,590	**2,590**
Total income/expenses recognized in period		0	-113	312	0	2,590	**2,789**
Dividends paid						-1,278	**-1,278**
Equity 30.6.2006	21,027	6,109	164	122	0	32,859	**60,282**
Equity 31.12.2006	21,027	6,109	191	150	0	45,593	**73,070**
Equity 1.1.2007	21,027	6,109	191	150	0	45,593	**73,070**
Available-for-sale investments							
Gains/losses on measurement at fair value			-258				**-258**
Taxes related to items recognized in equity or transferred from equity			67				**67**
Net income recognized directly in equity				164			**164**
Deferred tax liabilities				-43			**-43**
Share offering					5,001		**5,001**
Net profit for the period						2,510	**2,510**
Total income/expenses recognized in period			-191	121	5,001	2,510	**7,441**
Dividends paid						-1,402	**-1,402**
Equity 30.6.2007	21,027	6,109	0	271	5,001	46,701	**79,110**

CHANGES IN SHARES

					Total
31.12.2006		A shares	565,070		
		B shares	3,557,930	4,123,000	**4,123,000**
15.3.2007	New B shares and merging of share categories			56,505	**4,179,505**
26.3.2007	Bonus issue 1:5			20,615,000	**25,077,030**
19.6.2007	Share offering			1,330,000	**26,407,030**

MARKET VALUE OF INVESTMENT PROPERTY

EUR 1,000	**1.1.-30.6.2007**	1.1.-30.6.2006	1.1.-31.12.2006
Market value of investment property at start of period	**96,300**	105,700	105,700
Investments in investment property	**0**	4,157	5,261
Investment properties acquired	**33,045**	0	0
Transfer from available-for-sale investments	**489**	0	0
Share of debt	**1,445**	0	0
Change in fair value of investment property	**2,021**	1,743	16,539
Transfer to available-for-sale investments	**0**	0	-31,200
Market value of investment property at end of period	**133,300**	111,600	96,300

DERIVATIVE CONTRACTS

EUR 1,000	**30.6.2007**	30.6.2006	31.12.2006
Interest rate swaps			
Interest rate swaps, nominal value of capital	**25,751**	21,128	19,690
Positive fair value	**375**	137	198

PLEDGES, MORTGAGES AND LIABILITIES

EUR 1,000	**30.6.2007**	30.6.2006	31.12.2006
Secured loans and other debt from financial institutions	**47,402**	43,193	40,402
Collateral pledged on own debt			
Mortgages	**45,073**	51,420	49,120
Pledged investment property shares	**21,275**	0	0